Solvency and Financial Condition Report

For the period 1 Jan – 31 Dec 2019

Sveriges Ångfartygs Assurans Förening
Reg.no. 557206-5265

Contents

Summary

The structure of the Regular Supervisory Report (RSR) has been prepared as described in Annex XX (twenty) of the European Union Commission delegated regulation 2015/35.

From the perspective of understanding the business and its inherent risks the most relevant currency from which to evaluate the Company is USD as most revenues and claims related costs of the company are denominated in USD. Therefore, amounts are presented in the statutory reporting currency SEK and also to some extent in USD.

Amounts are presented in millions. Amounts within brackets represent the previous financial year.

The Swedish Club (the Club) is in a sound financial position. This is reflected in this Solvency and Financial Condition Report (SFCR) as well as the company’s annual report. In many aspects, this SFCR overlaps with the annual report; however, it provides additional insights into our solvency position, based on the perspectives of the solvency regulations. In other aspects, the annual report could provide an even more comprehensive view on the company’s operations.

Development of key figures for regulatory solvency calculations:

SEK million	**2019**	**2018**	**2017**	**2016**
Eligible own funds (EOF)	2,776.8	2,490.8	2,372.5	1,961.5
Basic own funds, Tier 1 (BOF)	2,276.3	2,056.5	1,927.0	1,961.5
Ancillary own funds, Tier 2 (AOF)	500.5	434.4	445.5	-
Minimum Capital Requirement (MCR)	332.1	268.5	276.8	322,4
Solvency Capital Requirement (SCR)	1,001.0	868.7	891.1	1,078.1

USD million	**2019**	**2018**	**2017**	**2016**
Eligible own funds (EOF)	298.0	277.7	288.2	215.6
Basic own funds, Tier 1 (BOF)	244.3	229.2	234.1	215.6
Ancillary own funds, Tier 2 (AOF)	53.7	48.4	54.1	-
Minimum Capital Requirement (MCR)	35.6	29.9	33.6	35.4
Solvency Capital Requirement (SCR)	107.4	96.8	108.2	118.5

<u>Business and performance</u>

There was good growth for the Club's insurance activities during the year and very attractive results from investments. The Club’s financial position was consolidated further and the solvency requirements were met with significant margin. During 2019, there was no single insurance case assessed as being larger than the Club’s retention in the reinsurance structure for International Group of P&I Clubs. The Club negotiated additional cost-efficient and risk-limiting reinsurance protection covering 2020.

The combined ratios of 2019 and 2018, measured in USD, were 106% and 99% respectively – the last eight-year average was 100%. Very good returns on financial investments compensated for the underwriting loss and increased the basic own funds, measured in USD, with 7%.

The solvency ratio, i.e. Basic Own Funds (BOF) divided by the Solvency Capital Requirement (SCR) was 227% (237%) at the end of December 2019. The change compared to previous year comes from a higher SCR, due mainly to higher underwriting volume and increased value of the investment assets.

In the beginning of 2020 both Standard & Poor's and AM Best confirmed their "A-" rating of The Swedish Club.

System of governance

In 2019, no material changes were introduced, however, the system of governance is continuously fine-tuned to meet the challenges of operations.

A description of the system of governance is found in section B.

Risk profile

There has been no material changes to insurance or reinsurance undertakings. The operations and performance thereof have followed of the Club's established business models.

The risk exposure profile of the company has not changed materially in the last year; however, the ability to cover risks has improved by means of growing own funds.

The material risks that the Club are exposed to are explained in section C.

Valuation for solvency purpose

Technical provisions are calculated using the probability weighted average of future cash flows discounted with the risk free yield, and a risk margin as defined by the solvency requirements. The Club's investments are valued for Solvency II purposes on the same basis as the annual financial statements.

The valuation for solvency purpose is explained in section D.

Capital management

The capital management set-up has remained virtually unchanged in the course of 2019 in terms of exposures to various asset classes and related counterparties.

Section E contain information on own funds and the regulatory capital requirement they must cover.

Material changes after the reporting period

After the balance sheet date, insurance activities have developed in line with established goals and expectations. The Swedish Club does not have any significant events to report on items that have not previously been communicated but relate to periods up to the balance sheet date.

The impact on the world economy early in 2020 from the spread of Corona virus may result in higher credit losses from unpaid premiums. Based on experience of previous financial crises, however, the Swedish Club has assessed that this risk is relatively limited.

The outbreak and spread of the Corona virus during February and March have led to historic losses in the stock markets. As of 28 February 2020, the value of the Club's investment portfolio had fallen by 1.0%, corresponding to USD 3.6 million. The impact of a one percentage point change in the Club's shareholding is approximately USD +/- 0.7 million. A drop in interest rates results in positive revaluation effects on fixed income holdings.

The medium to long-term effects are very difficult to predict; however, our assessment is that the Club's strong financial position offers an appropriate buffer to absorb unknowns providing comfort to our stake holders.

Sammanfattning (Summary in Swedish)

Solvens- och verksamhetsrapporten (SFCR) har upprättats enligt den struktur som beskrivs i bilaga XX (tjugo) av EU Kommissionens delegerade förordning 2015/35.

Från perspektivet att förstå verksamheten och dess inneboende risker är den mest relevanta valutan för att utvärdera företaget USD eftersom de flesta intäkter och skadekostnader för företaget är i USD. Belopp presenteras därför både i den lagstadgade rapporteringsvalutan SEK och i vissa delar också i USD.

Belopp presenteras i miljoner. Belopp inom parantes representerar föregående års räkenskapsår

The Swedish Club (the Club) har en sund finansiell ställning. Det återspeglas i denna solvens- och verksamhetsrapport (SFCR) samt i företagets årsredovisning. I många aspekter överlappar SFCR och årsrapporten varandra. SFCR ger dock ytterligare insikter om vår solvensposition, baserat på perspektiven i solvensregelverket. I andra aspekter kan årsredovisningen ge en ännu mer utförlig bild av företagets verksamhet.

Utveckling av nyckeltal för regulatoriska solvensberäkningar:

SEK miljoner	**2019**	**2018**	**2017**	**2016**
Medräkningsbara kapitalbasmedel (EOF)	2,776.8	2,490.8	2,372.5	1,961.5
Primärkapital, nivå 1 (BOF)	2,276.3	2,056.5	1,927.0	1,961.5
Tilläggskapital, nivå 2 (AOF)	500.5	434.4	445.5	-
Minimikapitalkrav (MCR)	332.1	268.5	276.8	322,4
Solvenskapitalkrav (SCR)	1,001.0	868.7	891.1	1,078.1

USD miljoner	**2019**	**2018**	**2017**	**2016**
Medräkningsbara kapitalbasmedel (EOF)	298.0	277.7	288.2	215.6
Primärkapital, nivå 1 (BOF)	244.3	229.2	234.1	215.6
Tilläggskapital, nivå 2 (AOF)	53.7	48.4	54.1	-
Minimikapitalkrav (MCR)	35.6	29.9	33.6	35.4
Solvenskapitalkrav (SCR)	107.4	96.8	108.2	118.5

Verksamhet och resultat

Bolaget har under året uppvisat god tillväxt i försäkringsverksamheten och ett mycket gott resultat från investeringar. Bolagets finansiella ställning har konsoliderats ytterligare och solvenskraven möts med god marginal. Under 2019 inträffade inte något enskilt försäkringsärende som bedömts vara större än bolagets självrisk i återförsäkringsstrukturen för International Group of P&I Clubs. Bolaget har framförhandlat ytterligare kostnadseffektivt och riskbegränsande återförsäkringsskydd täckande 2020.

Totalkostnadsprocenten för 2019 och 2018, mätt i USD, uppgick till 106% respektive 99% och genomsnittet för de senaste 8 åren var 100%. Mycket god avkastning på investeringstillgångarna kompenserade för förlusten i försäkringsrörelsen och ökade primärkapitalet, mätt i USD, med 7%.

Solvenskvoten mellan primärkapitalet (BOF) och solvenskapitalkravet (SCR) uppgick till 227% (237%) vid utgången av december 2019. Förändringen jämfört med föregående år består i en högre SCR som i huvudsak beror på högre försäkringsvolymer och en ökning i värdet av investeringstillgångarna.

I början av 2020 bekräftade både Standard & Poor’s och AM Best sin “A-“ rating för The Swedish Club.

Företagsstyrningssystem

Under 2019 introducerades inga materiella förändringar, dock finjusteras företagsstyrningssystemet kontinuerligt för att möta verksamhetens utmaningar.

En beskrivning av företagsstyrningssystemet återfinns i sektion B.

Riskprofil

Det har inte varit några materiella förändringar i försäkringsåtaganden eller i återförsäkringsprogrammet. Verksamheten och dess resultat har inte varit utanför etablerade affärsmodeller.

Företagets riskexponering har inte ändrats materiellt under det senaste året, dock har förmågan att absorbera risker ökat genom att kapitalbasen har vuxit.

De materiella riskerna som företaget är exponerat för förklaras i sektion C.

Värdering för solvensändamål

Försäkringstekniska avsättningar beräknas genom att använda det sannolikhetsvägda genomsnittet av framtida kassaflöden diskonterade med den riskfria räntan med tillägg för en riskmarginal enligt definitionen i solvenskraven. Företagets investeringstillgångar värderas för Solvens II ändamål på samma sätt som i den finansiella årsredovisningen.

Värdering för solvensändamål förklaras i sektion D.

Finansiering

Beträffande exponering till olika tillgångsklasser och relaterade motparter har kapitalhanteringen varit i princip oförändrad under 2019.

Sektion E innehåller information om kapitalbasen och de regulatoriska kapitalkrav den måste täcka.

Väsentliga förändringar efter rapporteringsperioden

Försäkringsverksamheten har efter balansdagen utvecklats i linje med uppsatta mål och förväntningar. Bolaget har inga viktiga händelser att rapportera om sådant som tidigare inte delgivits men avser perioder fram till balansdagen.

Den i början av 2020 svaga världsekonomiska utvecklingen till följd av Coronavirusets spridning kan innebära ökad risk för kreditförluster genom uteblivna premiebetalningar, men bolagets erfarenheter från tidigare finanskriser antyder att denna risk är relativt begränsad.

Corona-epidemin har under februari och i början av mars orsakat sällan tidigare skådade fall på världens börser samtidigt som räntorna rasat. Till och med slutet av februari hade bolaget investeringsportfölj tappat 1,0% motsvarande USD 3,6 miljoner. En procents värdeförändring på bolagets aktieinnehav innebär ca USD +/- 0,7 miljoner. Räntenedgångar innebär positiva omvärderingseffekter av räntepappersinnehav.

A. Business and performance

A.1 Business

The Swedish Club is an independent, self-managed, mutual insurance association, headquartered in Gothenburg, Sweden, with registered branch offices in Hong Kong, Oslo and London and representative offices in Piraeus and Tokyo. The Club is owned and controlled by its members, the policy holders. Mutuality means that the Club's interests are identical to the collective interests of the members.

The registered legal business name is Sveriges Ångfartygs Assurans Förening and its English registered name is The Swedish Club.

The Company is registered and domiciled in Sweden and licensed by the Swedish financial supervisory authority (Finansinspektionen) to carry out Direct and Indirect Non-life insurance under the following classes:

6. Ships
12. Liability for ships
17. Legal expenses

Finansinspektionen's contact details can be obtained from its website: www.fi.se and it can be contacted directly at Brunnsgatan 3 in central Stockholm or by phone on +46 8 408 980 00.

The Company's external auditors are PwC, SE-113 97 Stockholm, Sweden.
Visiting address: Torsgatan 21, Tel: +46 8 555 330 00, Website: www.pwc.se

Contact details to Norwegian branch supervisory authority can be obtained from its website: www.finanstillsynet.no. The Norwegian branch external appointed auditor is PwC Oslo, Dronning Eufernias gate 8, 0191 Oslo, Norway.

The Company's insurance classes are all classified under the line of business MAT, Marine, Aviation and Transport.

No insurance contracts have been issued through the branches in London (under the temporary regime) and Hong Kong.

During 2020 an application for an insurance licence through the Hong Kong branch will be filed with the Insurance Authority in Hong Kong.

Parts of the pool P&I reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is partly owned by the Club. Hydra is a segregated accounts company incorporated under the laws of Bermuda in which each member of the International group of P&I clubs (IG) is an account owner. Hydra's assets are segregated in separate cells in such a way that they can only be used to satisfy the liabilities of the 'owning' Club.

The Club have two subsidiaries; The Swedish Club Hong Kong limited, which principal tasks are to provide for marketing, client liaison and advisory services in Asia; and The Swedish Club Academy AB which is an associated company which is 50% owned by the Club.
The Swedish Club Academy AB provides a training programme, maritime resource

management (MRM), for ship's officers, engineers, pilots and shore-based personnel. The aim is to increase knowledge about human behaviour, capabilities and limitations and to safeguard positive attitudes to safety and teamwork. MRM is generally accepted to be the most efficient framework of improving crew cooperation and minimising the risk of accidents.

The Club writes insurance with members domiciled in several countries. The most important markets by premiums and policyholders' country of domicile are shown in the table below.

Market, amounts in million SEK	**2019 SEK**	**2018 SEK**	**2019%**	**2018%**
China	339	286	22	23
Greece	305	262	20	21
Germany	230	161	15	13
Singapore	112	106	7	8
Sweden	100	79	6	6
Norway	97	69	6	5
Other countries	365	306	24	37
Gross premiums written	**1,548**	**1,269**		

In January 2019 Standard & Poor's upgraded the financial strengths rating from BBB+.to "A-" with stable outlook

The Club increased P&I volume by 4.7% in 2019. This increase, from existing as well as new members, was ahead of the growth rate of the world fleet.

Parts of the pool P&I reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is partly owned by the Club.

The regulatory reported figures for claims incurred, includes the changes in the value of Hydra. This is booked as change in other technical provisions in the financial accounts.

<u>Product innovations 2019</u>
Trade Enabling Loss Prevention (TELP) is the next generation Loss Prevention. Shipowners can now be offered real time personalised loss prevention tailored to their location, and voyage profile.

TELP allows The Swedish Club to use a combination of the latest automatic identification system (AIS) technology along with statistics and expertise built up over the years to map the risk profile for each vessel at every stage of its voyage. It can then provide members with timely, tailored advice when their vessels are approaching areas of particular risk.

We believe that by providing this proactive approach and advice, we can help members to trade more safely.

Prospects for 2020

Going into 2020, we expected the premium volumes for all of our insurance areas to grow due to more insured tonnage and rate increases. We anticipated that claims incurred in 2020 would be on a par with 2019, adjusted for volume changes. Despite the prevailing circumstances, our basic assessment remains the same. However, although emergency measures are being taken worldwide to limit the rate of spread of the Corona virus, most economies around the world are slowing down sharply. This has been particularly evident in the downturns in the stock markets during January, February and early March. Many countries, with the backing of their central banks, have launched massive stimulus packages to support their economies. The prevailing uncertainty as we continue through 2020 is enormous and none of us can predict how drawn out the consequences of this will be. Our assessment is that the Club's competitive strength will be maintained and that the strong financial position will offer comfort to our business partners and members.

The Corona pandemic is not expected to impact the Club's ability to grow. Reported claims, have been in line with expectations so far this year. However, direct marketing and sales activities requiring business travel or participation in major events have been cancelled based on the guidelines issued by the Swedish Government and other authorities.

A.2 Underwriting performance

Amounts in million, net of reinsurance	**2019 SEK**	**2018 SEK**	**2019 USD**	**2018 USD**
Premiums earned (A)	1,094	962	118	111
Claims incurred (B)	-953	-744	-101	-87
Net operating expenses (C)	-228	-202	-24	-24
Combined ratio (B+C)/A	108%	98%	106%	99%
Statutory underwriting result	-44	23	-3	2

Total premiums net of reinsurance amounted to USD 118.2 million (111.2), which was higher than in 2018. The analysis per insurance class shows that Marine increased with USD 7.5 million, FD&D with USD 0.4 million and Energy was on the same level. P&I decreased by USD 0.9 million.

The underwriting result amounted to USD -3.0 million (2.0), a year-on-year deterioration that was mostly expected considering that 2018 had a benign claims outcome.

Total claims cost for current year amounted to USD 108.8 million (93.4). Updates of previous years' claims cost yielded a positive run-off of USD 7.4 million.

Net operating expenses were in line with budget.

The statutory underwriting result includes transferred investment income and, for 2018, the discount made for P&I of USD 4 million, which is not part of the combined ratio.

The part of the investment income that is reallocated to insurance activities is based on the interest for the float generated during the period between premium payment and claim payment. The interest rate that was used corresponds to the expected United States 1-year bond yield. For 2019, the rate used was 2.6%. The transferred investment income amounted to USD 5 (5) million.

Parts of the pool P&I reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is partly owned by the Club.

The reported figure for claims incurred, includes the changes in the value of Hydra. This is booked as change in other technical provisions in the financial accounts. Changes in other technical provisions amounted to USD 1 (2) million.

A.3 Investment performance

Amounts in million	2019 SEK	2018 SEK	2019 USD	2018 USD
Quoted shares	163	-50	18	-6
Interest-bearing securities	143	16	15	2
Other financial income and expenses	-2	-2	0	0
Forward exchange agreement	3	-	0	-
Gains/Losses on foreign exchange, net	79	130	-1	-1
Financial result	386	94	32	-6
Total return	9.2%	-1.0%	9.7%	-1.6%

The Club's primary objective is to identify an acceptable risk level from which it can maximize long-term investment returns, while at the same time matching technical provisions in terms of currency and duration.

At the end of 2019, the value of the Club's investments amounted to USD 355 (345) million, of which 79 (82) % consist of interest-bearing securities and 21 (18) % is equity funds. The financial result, including exchange rate differences amounted to USD 32 (-6) million. The result from interest-bearing securities was USD 15 (2) million. The result for quoted shares amounted to USD 18 (-6) million and the result for other financial income and expenses amounted to USD 0 (0) million.

Gains and losses recognised directly in equity

No gains and losses are recognised directly in equity

Investments in securitisation

The Club does not directly invest in securitisation assets.

A.4 Performance of other activities

No other material income and expenses have incurred over the reporting period.

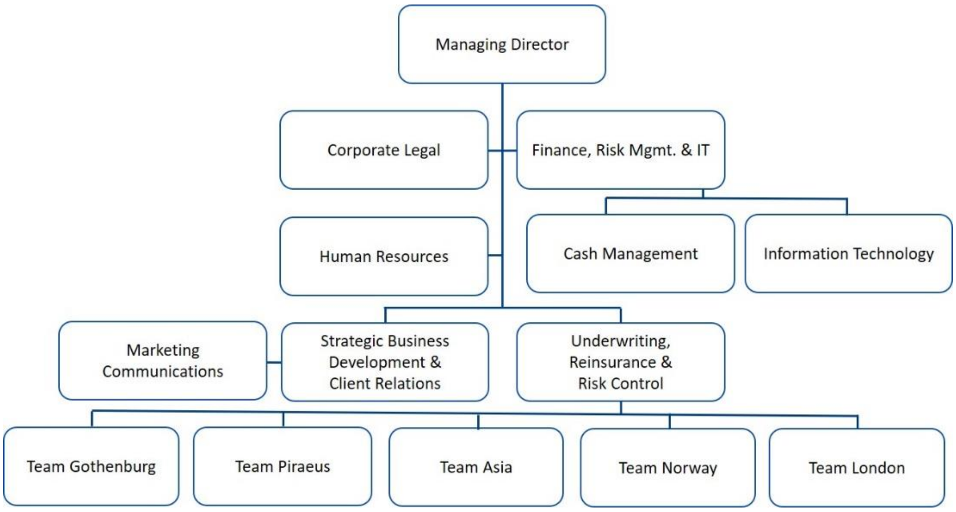
A.5 Any other information

There are no other material matters in respect to the business or performance of the Company.

B. System of governance

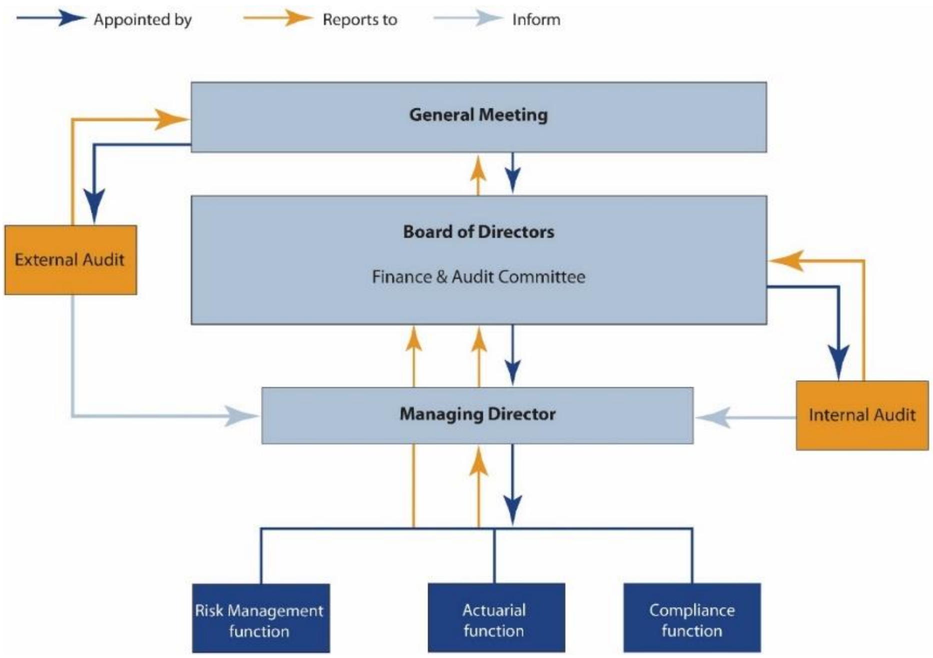
B.1 General information on the system of governance

The Club's organisation is illustrated as follows:



The duties and responsibilities within the organisational structure is defined in the Club's management system[1].

The figure below illustrates important information flows and responsibilities.



[1] The management system covers directives set out by the Board; policies and working instructions set out by the Club's management; and responsibilities and authorities for each individual. It also describes key processes.

Effective internal control is a condition for sound and prudent management of the Club. The internal control within the organisation is exercised through three levels. The first level is carried out by the operational functions. The second level is independent from the operational function and consists of the risk management function, the actuarial function and the compliance function. The third level, which is independent from all other functions, is the function for internal audit. The internal auditor is appointed by the Board.

Managers of an operational function or a geographical team are responsible for internal control and compliance within their area of responsibility. They shall ensure that all the employees in the department are familiar with guidelines and instructions in the management system and all applicable rules and regulations. Managers shall control and follow up compliance within their area of responsibility and take corrective action in case of non-compliance. Managers are also responsible to inform the risk management function, the actuarial function, the compliance function and the internal audit function of any circumstance that may be relevant for the performance of their respective duties.

The Annual General Meeting (AGM) is the highest authority and consists of all the Club's members. It elects the members of the Board and members of the Club's election committee, approves the annual accounts, appoints external auditors and deals with any other business duly referred to it.

The Board of Directors has the ultimate responsibility for the Club's business operating in accordance with applicable laws and regulations. The Board decides on the Club's strategic direction and establishes directives and instructions, as well as ensuring that appropriate internal instructions for risk management and risk control exist.

The Board continuously monitors the company's operations, financial performance and asset management. The Board shall have regular interaction with any committee it establishes as well as with the management team and other key functions. The Board shall request information proactively and challenging it when necessary. The duties and responsibilities of the Board are set out in its working procedures. The Board consists of 24 members including two staff representatives.

The Club's Election Committee proposes new board members, and members to the election committee, to the AGM for election of Board members. The committee also proposes remuneration to board members.It shall comprise of four members including the managing director ex officio.

The Finance & Audit Committee is a subgroup of the Board. Its task is to serve as a link between the Board, management and the auditors regarding financial matters and preparing matters to enable the Board to make well-informed decisions. It shall review recommendations and provide feedback to management on key areas, such as changes in investment allocation, auditing, compliance and premium collection. It shall supervise the performance of the investment operations and decide on investment allocations within limits stated in the Club's investment directive. The Finance & Audit Committee consists of seven members including the managing director and director of finance.

No material changes in the system of governance have taken place over the reporting period.

B.1.1 Remuneration policy

Each year, the Board reviews and establishes a directive for the remuneration policy. The basis for this was a risk analysis that was conducted the Board of Directors upon adoption of the directive. The result of the analysis was that the Club's remuneration policy does not involve any tangible risks. The assessment is based primarily on the conclusion that the policy supports The Club's long-term interests, that it promotes effective risk management and discourages excessive risk taking.

<u>Remuneration model and criteria for variable remuneration</u>

Fixed monthly salary is the primary source of remuneration. Variable remuneration is used as a supplement to the fixed salary and it is either collective or individual. The variable remuneration is meant to stimulate or reward performance that is exceptional and promotes the Club's long-term interests. The Board may suspend payment of variable remuneration if it feels that there are exceptional circumstances and that such payment would be inappropriate, or that it would be contrary to the Club's interests. Senior management may suspend or reduce the bonus payment to an employee if the employee fails to comply with the rules and regulations or has other behavioural issues. Variable remuneration payments are only made in cash.

<u>Collective variable remuneration</u>

The collective remuneration is a bonus that is based on the result criteria Combined Ratio and Required return on capital. The Club's potential total bonus amounts to 20% of the surplus after deduction for the return on capital, which is an amount decided by the Board. The maximum bonus amount, however, is limited to 10% of the Club's gross annual payroll amount, including social security expenses and employer's contributions. The maximum bonus amount per individual is limited to 10% of his or her gross annual salary.

<u>Individual variable remuneration</u>

The individual variable remuneration is a bonus based on performance and results. All employees may qualify themselves for this bonus, but the decision is made by the Board for senior executives. Remuneration to employees who work with compliance or in the control function is to be based on their performance on regulatory compliance, internal control or risk control and it should be independent of the work areas that they control.

Individual bonuses may not exceed 3% of the employee's gross annual salary. Neither may the Club's total payments for individual bonuses exceed 2% of the Club's total annual gross payroll amount.

<u>Pensions and similar renumeration</u>

The pension obligations are comprised of pension plans that are regulated through collective agreement and national insurance laws. The obligations consist of both defined contributions and defined benefit plans. For defined contribution plans, pension costs consists of the premium paid for securing the pension obligations in life insurance companies. The Club’s pension plans for collective pension agreements are guaranteed through insurance agreements.

B.1.2 Related-party transactions

With the exception of what is required by insurance contracts, there are no related party transactions with Board members. Neither are there any related party transactions with senior executives of the Club.

B.2 Fit and proper requirements

The company's Fit & Proper requirements are:

- Formal qualifications, knowledge and experience within the insurance sector, other financial sectors or other relevant sectors or businesses
- In the event duties are to be allocated to a person having a function within the Club that require knowledge within any of the following areas, the person must have adequate skills within the same area. The areas are: accounting, actuarial issues, corporate management, business strategy and business models, system of governance and regulatory framework
- Honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspect.

Processes to verify the fit & proper requirements:

<u>Election of board members</u>

The process for proposing board members for election at the AGM is managed by the Board's election committee. This committee shall meet at least once per year.

The committee shall assess prospective board members with respect to the above fit & proper requirements before a proposal is put forward to the AGM. When making a nomination the committee shall ensure that there is an appropriate diversity within the Board of qualifications, knowledge and relevant experience in the following areas:

- Shipping
- Insurance and financial markets
- Business strategy and business models
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements

The committee shall also verify that there is no conflict of interest between the appointment to the Club's Board and the candidate's other engagements.

The committee shall document its work including its assessments.

<u>Employment of the managing director</u>

The Board shall assess the prospective managing director with respect to the above fit & proper requirements. The assessment shall be documented.

Employment and continuing fit & proper verifications of Persons Having Key Functions

The director human recourses and the director corporate legal shall assess persons having key functions with respect to the above fit & proper requirements. The assessment shall be documented.

Persons subject to the fit & proper requirements shall inform the Club about any change in circumstance that may have an adverse effect on the performed assessment.

The director human recourses and the director corporate legal shall perform annual fit & proper verifications of persons having key functions. The verifications shall be documented.

Reporting

The director corporate legal is responsible for reporting the outcome of the fit & proper assessment to the Swedish financial supervisory authority as follows:

- Whenever a new Board member has been elected
- Whenever a new election committee member has been appointed
- Whenever a person having key function has been employed
- Whenever there has been a change in the Board's constitution, an assessment of that the Board as a collective fulfils the above stated diversity in qualifications, knowledge and experience.

B.3 Risk management system including the own risk and solvency assessment

Risk monitoring

The purpose of The Swedish Club's risk management system is to create and protect value for the members of the undertaking. The risk management system safeguards that the Club is operating within acceptable limits according to its risk appetite and tolerance limits.

The system is characterized by a holistic, integrated and top down driven enterprise-wide risk management. The risk management is based on a risk culture shared by the entire organization and using a common risk language. The risk management activities are executed through the risk management control cycle which involves the systematic identification, valuation, monitoring and reporting of all existing and emerging risks.

The risk management function is responsible for monitoring the Club's risk management system and reporting to the managing director, and in the event of major risk exposure, directly to the Board. The function is headed by a risk manager who is objective and free from undue influences from other functions and from the administrative, management or supervisory body. The risk management function reports to the Board twice a year.

Risk appetite, tolerance and key risk indicators

The Swedish Club has expressed its overall risk appetite in terms of quantitative tolerance levels in its Risk Tolerance and Solvency Directive approved by the Board. In order to be able to monitor whether the risk level for each risk category is within the agreed limits, so called key risk indicators, KRI, have been introduced. The key risk indicators are easily accessible and they are linked to the tolerance limits decided.

Risk Committee and Risk Owners
The Risk Committee is a forum which develops methods and procedures to be used in the operations in order to identify, assess, control, mitigate and report any existing or emerging risks which the Club is, or may be, exposed to in order to create and preserve value. The most important task for the Committee is to communicate these methods and procedures to the operations where the daily risk management is performed.

Each department, together with the risk management function, has appointed risk owners. The risk owners are responsible for coordinating the risk management activities on an operational level, i.e. the first line of defence. The responsibility of managing the risks lays on each individual dealing with these risks. This method leads to a truly holistic, value driven, top-down and integrated Enterprise Risk Management (ERM) process that involves the whole organization.

An annual workshop about risk identification, risk valuation and risk mitigation is carried out and led by the risk owners in each department. The workshop is facilitated by the risk management function and the findings and actions required to mitigate the risks are registered in the Club's web-based application called SCORR, Swedish Club Operational Risk Register.

Incidents or near misses are reported in SCIR, Swedish Club Incident Reporting, which every employee of the Club has access to.

The risk owners report annually to the risk management function on the risk management tasks.

The Own Risk and Solvency Assessment (ORSA) process
The Club has developed its own internal capital model, (ICM) for the purpose of quantifying its own risks. The ICM uses stochastic simulations to generate claims according to probability distributions, which are based on the Club's own historical outcomes and relevant external data. For the purpose of calculation of the market risk of the investment portfolio, an Economic Scenario Generator, ESG, is used.

The main assumption about the business development is the Club's most recent financial plan.

The ORSA of the Club was carried out during the summer and autumn of 2019 following the Club's Directive for Own Solvency and Risk Assessment resulting in a written report which was approved by the Board and filed with Finansinspektionen.

The ORSA is an integral part of the Club's business strategy and business planning process. The result and the findings of the ORSA process are taken into account on an ongoing basis in the Club's strategic decisions.

The process begins with the business planning and builds even on input derived from the risk management process. The forward looking requirement of own capital is calculated for the next 5 years.

The risk management function is responsible for the data quality of the parameters used in the model, i.e. that the data is complete, correct and relevant. Further, relevant stress tests, sensitivity analyses and reverse stress tests are carried out and reported to quantify the effect of these adverse scenarios on the Club's own funds.

B.4 Internal control system

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following three categories: Effectiveness and efficiency of operations; Reliability of financial reporting; Compliance with applicable laws and regulations.

The internal control within the organization is secured through three levels. The first level of internal control is carried out by the operational functions. The second and third levels are independent of the operational functions. The second level consists of the risk management function, the actuarial function and the compliance function.

The third level is the internal audit. This function is fully independent and appointed by the Board.

Managers of an operational function or a geographical team are responsible for internal control and compliance within their area of responsibility. They make sure that the employees in the department are familiar with guidelines and instructions in the management system and all applicable rules and regulations. Managers shall control and follow-up compliance within their area of responsibility and take corrective action in case of non-compliance. The function/team managers are also responsible for informing the risk management, the actuarial, the compliance and the internal audit function of any circumstance that may be relevant for the performance of their respective duties.

The directive for Compliance is reviewed annually by the Board and shall ensure that the company at all times acts in compliance with the applicable laws, rules and regulations that apply to the Swedish Club's operation.

The compliance function consists of a compliance manager, a compliance control officer and compliance coordinators. The role of the compliance manager is to identify, estimate and reduce the risks related to non-compliance; monitor relevant legislation and changes in existing rules and regulations; provide support and advice to the organization in respect of compliance matters; provide information and training in respect of rules and regulations when necessary; obtain compliance confirmation from responsible managers; support the business when new policies, routines and instructions are to be issued. The role of the compliance control officer is to create methods and routines for auditing compliance and to identify essential risks in the business related to non-compliance. The risk analysis is continually updated and monitoring activities are conducted in accordance with the prescribed audit plan agreed with the Board. Control operations that have been carried out are reported to the Finance & Audit Committee. The role of the compliance coordinators is to assist in the compliance work in the operational functions.

B.5 Internal audit function

The internal audit function is fully independent and outsourced to an external auditing firm. The function evaluates the system for internal control, any other parts of the system of governance, the independence of the actuarial function, the employees´ remuneration policy, and reports its findings to the Finance & Audit Committee. The internal audit function is subordinated to the Board.

The audits are conducted in accordance with the prescribed audit plan as approved by the Board.

B.6 Actuarial function

The tasks of the Actuarial Function are governed in the Directive for the Actuarial Function.

The actuarial function is responsible for coordinating the calculations of the technical provisions, participating in the ORSA process and strengthening the Club's risk management system. The function also states an opinion on the overall underwriting policy and suitability of the reinsurance program.

The main task of the actuarial function is the coordination and the validation of the calculations of the technical provisions for both financial reporting purposes and for solvency calculations. The actuarial function is also responsible for only using qualitative data in these calculations.

B.7 Outsourcing

The Company´s outsourcing policy ensures that outsourcing of critical or important functions or activities do not lead to any of the following:

a) Materially impairing the quality of the Club’s system of governance.
b) Unduly increasing the operational risk.
c) Impairing the ability of the supervisory authorities to monitor the compliance of the Club.
d) Undermining continuous and satisfactory service to members.

Management assesses whether a function or activity is critical or important and reports to the Board whenever outsourcing of a critical or important function or activity is considered and also when an agreement has been signed.

The company has outsourced the internal audit function. The appointed service provider is the auditing firm KPMG in Sweden.

B.8 Any other information

No other material information is applicable.

C. Risk profile

We distinguish between four main risk areas: underwriting risk, market risk, credit risk and operational risk. In figures shown in the tables under this section are the results from the regulatory solvency calculations.

C.1 Underwriting risk

Underwriting risk is the uncertainty that future insurance claims stemming from current exposures cannot be covered by the Club's premium income and that the claims provisions are not sufficient to cover claims costs and loss adjustment expenses for incurred claims. The former risk is called premium risk and the latter risk is called reserve risk.

In addition, the Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance. This helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The accuracy of the premium models is monitored on a regular basis, by comparing the actual outcome per insurance class to the expected result. The same model is also used to simulate claims costs in the Club's internal capital model, which enables a consistent treatment of underwriting risk based on the capital requirements at all levels, i.e. from the company level down to the underwriting of an individual risk.

Reserve risk is associated with the uncertainty about the provisions for unpaid claims outstanding and the premium provision.

Amounts in million	**2019 SEK**	**2018 SEK**	**2019 USD**	**2018 USD**
Premium and reserve risk	676	564	73	63
Catastrophe risk	216	235	23	26
Diversification	-133	-136	-14	-15
Total underwriting risk	**760**	**663**	**82**	**74**

C.1.1 Premium risk

Premium risk is managed by careful risk selection. Potential members' vessels and the vessel management teams are thoroughly reviewed prior to acceptance. Rating systems and premium models are used to ensure that correct premium levels have been charged.

The accuracy of the premium models is monitored on a regular basis, by comparing the actual outcome to the expected results. The same model is used to simulate claims costs in the internal capital model which leads to a consistent treatment of the underwriting risk.

The Club's reinsurance program reduces the variance of the claim costs net of reinsurance. This protects the Club from incurring large individual losses and aggregate losses.

C.1.2 Reserve risk

Reserve risk is the uncertainty about the provisions for claims incurred. The Club's claims handlers are instructed to assess the expected claims costs on a best estimate basis with a slight cautionary bias. This means that the final total claims cost is expected to be lower than the claims provisions.

The actuarial function performs reserve calculations at each year end while the finance department follows up the run-off result on a quarterly basis.

C.1.3 Risk concentration

Since the vessels insured by the Club are trading all over the world, the conventional definition of risk concentration, which is a consequence of the insured objects' geographical position, is not applicable. However, risk may accumulate as vessels may be insured for more than one insurance class. In these cases, the same incident can lead to claims in more than one main insurance class, also called clash claims. Based on how the different reinsurance protections have been set up, this could affect the allocation of claims costs between reinsurers and the Club. Clash claims primarily concern the insurance classes shown in the table below.

	Vessels	HM[1)]	P&I[2)]	LH[1)]	Interest[1)]
Four classes	176	X	X	X	X
Three classes	31	X	X	X	
	337	X	X		X
	667	X		X	X
	0		X	X	X
Two classes	80	X	X		
	48	X		X	
	1,371	X			X
	23		X	X	
	6		X		X
	18			X	X
Vessels by class of insurance		3,615	1,310	1,094	2,583
Total number of vessels		4,458			

[1)] Incl. Energy risks *[2)] P&I Owners*

The table shows the concentration of insurance classes per vessel as of 31 December 2019: 3.9 % of vessels were exposed to four insurance classes, 23.2 % to three classes and 34.7 % to two classes.

The top five largest members and brokers in terms of gross annual premium are shown below. The numbers represent the total of affiliated companies, i.e. operations owned by the same parent are consolidated.

	Share of gross annual premium
Member 1	6 %
Member 2	3 %
Member 3	2 %
Member 4	2 %
Member 5	2 %

	Share of gross annual premium
Broker 1	8 %
Broker 2	8 %
Broker 3	6 %
Broker 4	6 %
Broker 5	5 %

C.2 Market risk

Market risk arises from the level or volatility of market prices of financial instruments. Market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates and exchange rates. The Market risk of the Club is composed of interest rate risk, equity risk, spread risk, concentration risk and currency risk.

The Club's investments are made within the framework of the *Directive for Investments* continuously reviewed by the Finance & Audit Committee and established at least annually by the Board of Directors. The Club's investments are managed with the support of Mercer Global Investment through funds. All new funds must be approved by the Finance and Audit Committee.

The investment directive define the following: responsibilities; benchmarks; rating and liquidity requirements on bond holdings; regulatory and liquidity requirements on equities; limitations regarding alternative investments and derivatives; cash counterparty limits; requirements on custodians; risk tolerance calculation methodology and risk limits; and, reporting and follow-up procedures and responsibilities.

The performance of the Club's investments is monitored continuously and summarized on a monthly basis. The market risk is calculated monthly by using a value at risk model with a time horizon of 12 month and confidence level of 99.5%, i.e., 1-in-200 level. The result of the model along with the results from the regulatory stress tests are reported to the Finance and Audit Committee.

The Club´s exposure to changes in interest rates stems from funds of interest-bearing assets and from the Club's liabilities, i.e. the cash flow of future payments which are valued on a discounted basis using the actual yield curve for US government bonds. The structure of the portfolio is such that it matches the duration of assets to liabilities to the extent possible.

The investment portfolio has a composition intended to match the currency exposure of the insurance operations. Consequently, there are investments denominated in USD and EUR in amounts reflecting the calculated exposures to USD and EUR respectively with regard to claim costs.

Concerning risk concentrations in the investment portfolio it is captured by the look-through process applied in the regulatory solvency calculations by grouping the portfolio positions according to single name exposures.

The table below shows the distribution of the asset categories as per 31 December 2019.

Asset category	Current allocation	Strategic allocation
Equity funds	21%	20%
Bond funds	76%	80%
Cash funds	3%	0%

The figures below show an increase in capital requirement for market risk which was mainly driven by change in equity risk. Compared to last year the Club has done some reallocation within bond funds that include equities as underlying asset, and consequently contributed to a higher equity risk.

Amounts in million	2019 SEK	2018 SEK	2019 USD	2018 USD
Interest rate risk	77	59	8	7
Equity risk	274	186	29	21
Property risk	-	-	-	-
Spread risk	185	172	20	19
Concentration risk	-	-	-	-
Currency risk	75	85	8	9
Diversification	-146	-127	-16	-14
Total market risk	**466**	**374**	**50**	**42**

C.3 Credit risk

The credit risk (also referred to as counterparty default risk) is defined as the risk of loss due to default of the Club's counterparties and debtors over the forthcoming twelve months. It includes risk-mitigating contracts, such as reinsurance arrangements and receivables from intermediaries and members.

The Club's exposure to counterparty default is dominated by the receivables from reinsurance contracts, including the risk mitigation effect of hypothetical catastrophe scenarios, due to the extensive reinsurance program described above. Other exposures consist of receivables from members and received guarantees from other P&I Clubs, major insurance companies and banks.

Amounts in million	2019 SEK	2018 SEK	2019 USD	2018 USD
Counterparty default risk	124	81	13	9

C.4 Liquidity risk

Liquidity risk is the probability of loss arising from a situation where (1) there will not be enough cash to meet the needs of paying insurance claims, (2) sale of illiquid assets will yield less than their fair value, or (3) illiquid assets will not be sold at the desired time due to lack of buyers.

The Company seeks to ensure that a suitable level of liquid assets is held to cover all future liabilities as they fall due. There is little liquidity risk in the short term of the Club becoming short of cash funds, since the majority of the assets in the investment portfolio can be converted to cash within a few days. In addition, the Club is not dependent on financing from capital markets. With the current setup, the capital requirement for liquidity risk is considered to be immaterial.

C.5 Operational risk

The Club is exposed to a number of different types of operational risk. In order to assess these risks, the whole organization participates in annual self-assessment activities. The aim with these activities is to identify, measure and mitigate or eliminate these risks.

Important operational risks also include risks that can arise in conjunction with a catastrophic scenario, such as an office fire, IT systems breakdown, a lengthy power failure, etc. The Club has an established contingency plan for such situations. These plans are evaluated annually.

Amounts in million	2019 SEK	2018 SEK	2019 USD	2018 USD
Operational risk	64	54	7	6

C.6 Other material risks

Due to the current Covid-19 pandemic there is an increased risk that key personnel become indisposed due to illness.

C.7 Any other information

C.7.1 Risk strategies and procedures

In this section the risk management strategies and procedures are described for each of the above mentioned risk areas.

Insurance risk is comprised of underwriting risk, reserve risk and catastrophe risk. The treatment of these are described separately below.

Underwriting risk

Effective management of underwriting risks is fundamental to the Club’s operations. Potential member’s vessels and management team are thoroughly reviewed prior to acceptance. Rating systems and premium models are used to ensure that correct premium levels are charged. The Club's comprehensive reinsurance programs are designed to optimize the economic performance of the Club given its risk appetite and to protect the Club from the impact of large losses.

The Club maintains an internal model for pricing insurance risks. The model is also used for simulation of claims costs in the Club’s internal capital model, ICM. This enables a consistent treatment of underwriting risk based on the capital requirements at all levels, i.e. from the company level down to the underwriting of the individual risks.

The model is calibrated regularly by updating the parameters used according to the observed outcome.

In order to increase diversification and avoid large claims the Club’s strategy is to accept smaller shares on the individual risks in the Marine as well as the Energy segment. The risk concentration is measured not only as the average percentage for own accounts but also in terms of number of vessels insured, their age, type and size, the last three of these being also premium arguments. The clash risk, i.e. the same event leading to claims in more than one business areas, is also monitored.

Reserve risk

Reserve risk is the uncertainty associated with the provision for unsettled claims and the provision for unearned premiums. When calculating the provision for unearned premiums, consideration is given to differences in risk exposures during the policy period.

Provisions for reported claims are based on individual assessments of the expected claim costs using the latest relevant information available. Provisions for unsettled claims must reflect the total liability, which includes claims handling costs, expected claims inflation and currency considerations. Issues arising from the claims assessment are discussed once a year within the Reserve Committee.

Incurred but not reported claims, IBNR, are calculated using adequate actuarial methods described in the Actuarial Directives.. The uncertainty of the estimates at different levels of confidence are also calculated.

Run-off analysis are performed once a year giving valuable information about possible over- or underestimation of the provisions.

Catastrophe risk

Reinsurance protection is essential for the successful operation of the Club. The Club has had a consistent reinsurance strategy for many years. For Marine & Energy, the Club purchases its own protection. This is based on a long relationship with some of the world's leading reinsurance companies. For P&I, the reinsurance is based on the cooperation within the

International Group of P&I Clubs, where claim costs between USD 10 million and USD 100 million are pooled. The International Group's joint reinsurance company is Hydra Insurance Group Ltd (Bermuda). It reinsures the Group's P&I pool claims for USD 70 million in excess of USD 30 million. The International Group protects its members exposures above USD 100 million by purchasing excess of loss reinsurance with a limit of USD 3.1 billion.

The Club re-assesses the effectiveness and appropriateness of its reinsurance structure once a year.

Market risk

The Club's primary objective is to maximize its long-term investment returns given its risk appetite for market risk and matching the characteristics of the assets with those of the liabilities'.

The investment portfolio's currency mix and average duration plays thus an important role when matching the Club's assets and liabilities. The investment philosophy is based on risk diversification and investing primarily in assets with a high level of creditworthiness. In order to minimize and control risks, the Board of Directors has established an investment policy, the Investment Directive, which governs the Club's asset management. A model has been developed in order to stress the investments and measure the total value at risk. It is based on similar principles as those applied in the solvency regulation.

Counterparty default risk

The risk appetite for reinsurance counterparty risk is defined in the Risk Tolerance and Solvency directive. Further, the terms and conditions agreed by the parties include a downgrade cancellation clause which gives the Club the right to terminate the contract and receive back already paid reinsurance premiums on a pro rata basis.

The six different types of counterparty risk mentioned in section C.3. above are managed differently due to their difference when it comes to diversifiability and other characteristics. For example, reinsurance counterparties are treated differently from outstanding premium debts.

Common for all counterparties is that the Club needs to assess each counterparty´s probability of default and monitor the exposure towards them at any time. Our aim is to minimize the exposures through timely calls for payments as soon as possible. The outstanding exposures are thoroughly monitored by designated Club personnel.

Counterparties' ratings are used as proxy for their probability of default. The Swedish Club rely the ratings performed by the well-known rating institutions. However, an own assessment is also performed since the Club is together with the reinsurance brokers collecting relevant information in respect to the reinsurer's throughout the year as already mentioned in this report.

Operational risk

Operational risks might arise as a result of inadequate processes, human factors or ambiguous management practices. The Club has no risk appetite towards operational risk. The Club has a history of adequate documentation of critical activities via its quality systems, an operational risk register, SCORR, and an incident register, SCIR. This helps ensure that many undesired operational events are avoided.

C.7.2 Risk transfer mechanism

The Club has had a consistent reinsurance strategy for many years which uses both excess of loss, stop loss and quota share techniques for its risk mitigation.

The Club has a reinsurance solution for the level USD 8 million in excess of USD 2 million with an annual aggregated deductible of USD 25 million covering the insurance classes Marine and P&I.

Energy and Builders Risk is reinsured with a Quota Share contract where the Club retains 20 % of the risk and cedes 80% to the reinsurers. The limit for the contract is USD 30 million.

War Risk reinsurance is placed in the Lloyd´s market with annual aggregated deductible of USD 3 million and a limit of USD 300 million.

Charterer's Liabilities reinsurance cover claims in excess of USD 2 million and a limit of USD 750 million.

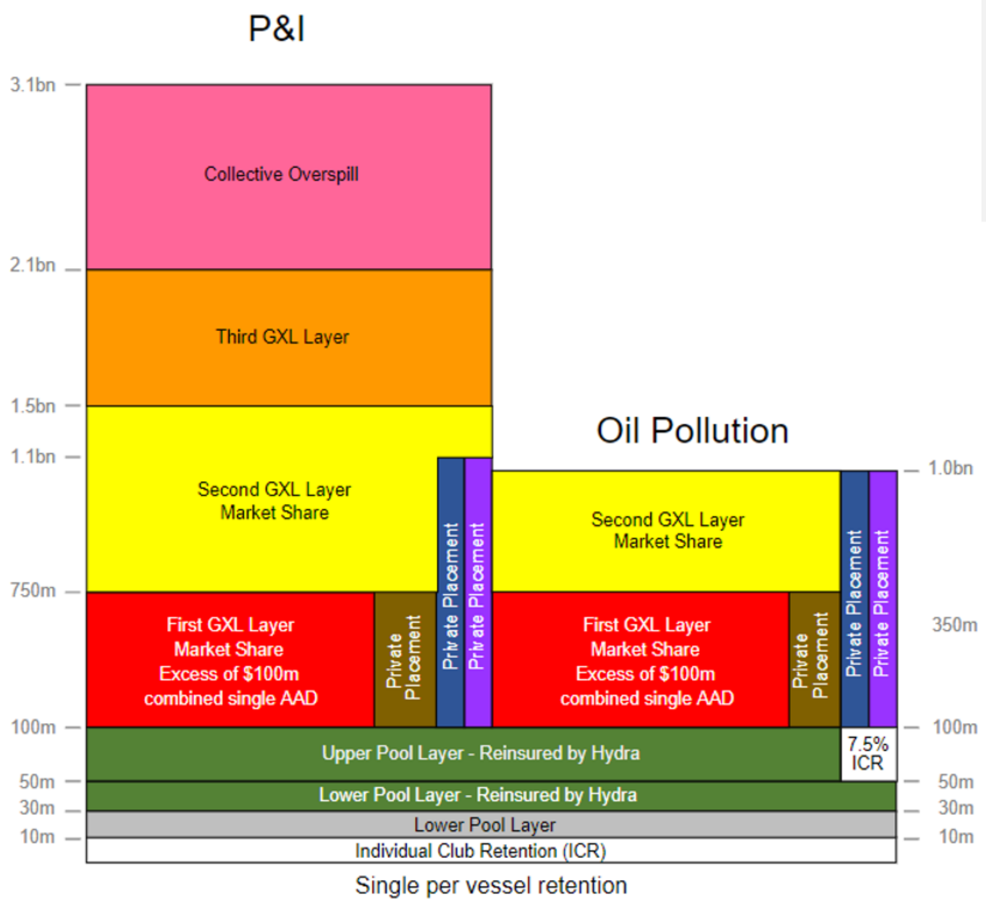
For P&I, the reinsurance is based on co-insurance within the International Group of P&I Clubs, where claim costs between USD 10 million and USD 100 million are pooled (the

Pooling Agreement). To supplement this, the Group purchases excess of loss reinsurance protection up to USD 3,100 million (General Excess of Loss reinsurance program, GXL).

Parts of the pool, as well as parts of the reinsurance protection, are covered by the International Group's joint reinsurance company Hydra Insurance Group Ltd (Bermuda). It reinsures the Group's P&I pool claims for USD 70 million in excess of USD 30 million.

The captive company Hydra is owned by the Group's 13 members who each owns their own protected cells from which claims are paid and premiums received.

The diagram below shows the 2019/20 Pool and GXL reinsurance contract structures for Owners P&I and provides an overview of the complex program. Further information on the Group's claims-sharing arrangements (the "Pool") and the commercial market and captive (Hydra) reinsurance arrangements can be found at https://www.igpandi.org/reinsurance.



C.7.3 Stress testing and sensitivity analysis

In complement to the economic capital calculated by using the Clubs own internal capital model a number of adverse scenarios have been developed in order to assess the Club's expected net loss if these scenarios were to materialise. The tables in the following sections summarises the scenarios and their implications.

The below result of the stress test for underwriting risk is presented net of reinsurance.

#	Event type	Stress test scenario	1-Year Net Loss USD million
1.	High Severity Event	Single vessel catastrophic marine accident (High value vessel causing P&I overspill, and aggregation with Marine, incl. Sue & Labour)	17
2.		Two vessel collision (High value vessels, both entered for H&M and P&I with TSC)	33
3.		Two TSC entered vessels affected by natural disaster (A Tsunami or Windstorms destroying two vessels in port or at yard)*	33
4.		Energy total loss (MOU with TSC line above USD 10 million)	2
5.	Frequency Shift	Significant increase in incidents (20 % higher frequency than expected)	16
6.		Moore pool claims from TSC (TSC's pool share increases by 3 %)	7
7.		Total Loss Model HM/IV increased by 100 %	6
8.	Claims Inflation	Significant shift in claims inflation (20 % higher severity than expected)	12
9.	Terror / War	Terror attack (Loss of 2 vessels with death/injuries)	3
10.		Piracy (Attack on tanker)	3

* Conservatively, it has been assumed that there are no (zero) previous losses from other claims counting towards the USD 8 million excess USD 2 million aggregate box cover in the year. Annual Aggregated Deductible (AAD) amount

The following stress tests for the market risk have been modelled as isolated stresses. The scenarios are intended to reflect the potential impact on the total portfolio, under a range of forward looking economic conditions.

Mercer have modelled Investment Grade (IG) and High Yield (HY) corporate bond shocks independently in stresses 4 and 5, enabling a more granular review and comparison of those areas driving risk.

The table below shows the high-level results of the stress test and scenario analysis performed by Mercer. Negative loss expectations represent real gains in portfolio asset values.

#	Stresses and scenarios	1-Year Portfolio Loss USD million
1.	Global equities decline (1-in-200 VaR)	29
2.	2 % parallel shift in yield curves	14
3.	25 % appreciation of USD in relation to other currencies	9
4.	5 % of IG corporate bonds and 5 % of government bonds below BBB- default (70 %) LGD, plus a 2 % spread increase	15
5.	5 % of HY corporate bonds default (70 % LGD)	1
6.	5 % increase in High Yield spreads	6
7.	1 % loss across active mandates	2
8.	'De-Globalisation'	7
9.	'Weak Growth'	-1
10.	'Stagflation'	27
11.	'China/Emerging Markets Crisis'	9
12.	'Financial Crisis'	16

The following table shows the stress tests for the credit risk and the operational risk.

#	Stress test scenario	1-Year Loss USD million
1.	10 % of outstanding reinsurance defaults (one or more reinsurers, representing 10 % of reinsurance recoverables default)	13
2.	10 % of members and clients default (A severe shipping downturn causes 10 % of members/clients to default)	1
3.	Significant corporate or operational risk event(s) (1-in-200)	7

The result of the stress testing and sensitivity analysis show that the Club is most sensitive to large fall in the equity market and large clash claims effecting several insurance policies.

D. Valuation for solvency purposes

D.1 Assets

Amounts in SEK million	Swedish GAAP value	Solvency II value
Investment assets	3,304	3,304
Reinsurance recoverables	514	491
Receivables	1,150	1,150
Other assets	436	397
Total assets	**5,404**	**5,342**

The Club's investments are valued for Solvency II purposes on the same basis as the annual financial statements, which follow IFRS.

Investments are valuated by market value. For assets which lack market value, a fair value has been estimated by an independent nominee.

The reinsurance recoverables have, for solvency purposes, been discounted with the risk free yield curve for US dollars given by EIOPA.

D.2 Technical provisions

D.2.1 Methodology of calculating the technical provision for Solvency II purposes

The best estimate is calculated separately for each of the following homogenous risk groups:

- Marine: Hull & Machinery and Energy
- FD&D: Freight, Demurrage & Defense
- P&I: Protection & Indemnity
- Pool claims

These risk groups have similar risk characteristics in terms of underwriting policy, claims settlement patterns, risk profile, product features, and expense structure and are also sufficiently so that a statistical analysis of the risks can be performed.

The best estimate of the premium provisions and the best estimate of the claims provisions are calculated separately for each homogeneous risk group.

The best estimate is the probability weighted average of future cash flows discounted with the risk free yield curve for US dollars given by EIOPA. The probability weighted average future cash flows are calculated according to actuarial best practice and use several methods and techniques such as the development factor model, DFM, the Bornhuetter-Ferguson technique and the Cape Cod method. The accrual of the future cash flows is based on smoothed historical payment patterns obtained from the chain ladder method.

The risk margin is computed by calculating the discounted solvency capital requirement for all future run-off years, multiplied by the cost of capital level given by the regulator. In the calculation of the solvency capital requirement for each future run-off year the market risk, the premium risk and the counterparty risk, other than regarding reinsurance counterparties, are all assumed to be nil.

D.2.2 Reconciliation between the technical provisions presented in the financial accounts and the technical provisions calculated on Solvency II basis

The tables below show the amounts of provision booked in the financial accounts and the provisions calculated for solvency purposes along with the differences between these.

Amounts in SEK million	**Swedish GAAP**	**Solvency II**	**Difference**
Gross			
Premium provision	361	345	-16
Claims provision	2,218	1,772	-446
Risk margin	-	135	135
Total	**2,579**	**2,252**	**-363**
Reinsurer's share			
Premium provision	33	32	-1
Claims provision	481	459	-22
Counterparty default adjustment	-	-0	-0
Total	**514**	**491**	**-23**
Net	**2,065**	**1,761**	**-304**

Amounts in USD million	**Swedish GAAP**	**Solvency II**	**Difference**
Gross			
Premium provision	39	37	-2
Claims provision	238	190	-48
Risk margin	-	15	15
Total	**277**	**242**	**-35**
Reinsurer's share			
Premium provision	4	3	-0
Claims provision	52	49	-2
Counterparty default adjustment	-	-0	-0
Total	**55**	**53**	**-2**
Net	**222**	**190**	**-32**

The difference between the provisions, net of reinsurance, calculated on solvency II basis and that booked in the financial accounts amounts to USD 32 million i.e. the provision according to solvency II is lower than that shown in the financial accounts.

There are five possible sources for the differences between the two regimes and these are:

1. Different valuation principles for calculating the premium provisions: The notion of unearned premiums doesn’t exist in the solvency valuation. Instead the premium provision described above is used. The effect of the different valuation principles used amounts to nil. This is due to the fact that the combined ratio assumed in the solvency II

calculation of the premium provision is 100% and thus the undiscounted premium provision equals the unearned premium reserve in the financial accounts.

2. Prudence margin: In the financial accounts it is allowed to use a prudence margin in contrast to the solvency calculations where such a margin is not allowed. This effect amounts to USD 39 million.
3. Discounting effect: The cash flows from the technical provisions calculated for solvency purposes are discounted with the risk-free yield curve for US dollars while the technical provisions shown in the financial report are undiscounted. The discounting effect amounts to USD 8 million.
4. Counterparty default adjustment: Receivables from counterparties need to be adjusted for counterparty default. These effects both the reinsurer's share of premium provisions and the reinsurer's share of claim provisions. The effect of the adjustment amounts to USD 33 thousand. Due to this very low amount a zero value is shown in the tables below.
5. Risk margin: There is no risk margin in the financial accounts while the risk margin is part of the technical provisions calculated on solvency basis. The risk margin amounts to USD 15 million.

The differences between the provisions, net of reinsurance, calculated on solvency II basis and that disclosed in the financial accounts are grouped and summarised according to the source of differences in the table below:

Amounts in million	**Difference SEK**	**Difference USD**
Valuation differences	-0	-0
Prudence margin reserves	-364	-39
Discounting effect	-74	-8
Counterparty default adjustment	0	0
Risk margin	135	15
Total	**-303**	**-32**

The largest difference between the technical provisions is the prudence margin accounted for in the financial statement and which amounts to USD 39 million.

D.2.3 Uncertainty associated with the value of technical provisions

Since the technical provisions are estimated by using different models based on historical outcomes of the claims development there are uncertainties associated with these estimates. These uncertainties have been calculated by using a so called bootstrapping method which captures both process error (random variations) and parameter error (variations due to the uncertainty around the parameters used in the model).

The results of these calculations show, that the probability of the technical provision disclosed in the financial accounts to be insufficient for the total payments for all claims incurred at the balance date on ultimo basis, i.e. for the whole run-off period, is estimated to 9%.

D.3 Other liabilities

Amounts in SEK million	Swedish GAAP	Solvency II
Pension benefit obligations	3	3
Deferred tax	60	116
Insurance & Intermediaries payables	114	114
Reinsurance payables	508	508
Payables (trade, not insurance)	3	3
Any other liabilities, not elsewhere shown	69	69
Total	**757**	**813**

The liabilities described above are all valued using the same valuation bases, methods and main assumptions for solvency purposes as in financial statements. There are no material changes over the reporting period regarding these principles.

In the statutory annual accounts the Club recognised a net deferred tax liability (DTL) position of SEK 60 M. As an effect of Solvency II valuation adjustments the net DTL recognised in the Solvency II balance sheet increased to SEK 116 M.

The revaluated items are specified in the table below with a tax rate of 21.4% applied.

Amounts in million	SEK	USD
Statutory DTL	59.6	6.4
Elimination of intangible assets	-0.0	-0.0
Elimination of deferred acquisition cost	-8.5	-0.9
Recalculation of net technical provisions	64.9	7.0
Solvency II DTL	**116.0**	**12.5**

D.4 Alternative methods for valuation

The Company does not use alternative methods for valuation.

D.5 Any other information

No other material information is applicable.

E. Capital management

E.1 Own funds

The Club’s objective is to maintain a solvency level that is within the limits defined in the Company´s Directive for Risk Tolerance and Solvency. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with a single A Standard & Poor’s capital value.

The directive sets out the Club’s overall risk appetite, its quantitative tolerance levels, defines tolerance limits for each relevant and material category of risk and states the desired level of capitalization of the Club as a function of its own risk tolerance and business plans.

Core risks, i.e. insurance risks and market risks are monitored periodically. The time horizon of the business planning is 3 years, however, in the ORSA process a 5-year projection is used.

The Club has maintained sufficient capital to meet its minimum capital requirement throughout the period covered by this report.

Finansinspektionen has approved an application from the Club to use a method for determining ancillary own funds as tier 2 capital. The method is approved until 31 December 2020 and will after this date require a new approval. The maximum amount allowed can never exceed 50% of the SCR.

The tier 2 ancillary own funds represents the ability for the Club to make an additional call for premiums. However, the probability for this to materialize is low.

The eligible amount of own funds, tier 1 and tier 2 capital, to cover the Solvency Capital Requirement is SEK 2,777 (2,491) million. The eligible amount of own funds to cover the Minimum Capital Requirement is SEK 2,276 (2,056) million and is comprised entirely of Tier 1 Basic Own Funds.

Following table explains the differences between the statutory financial statements and the excess of assets over liabilities as calculated for solvency purposes.

Amounts in million	**SEK**	**USD**
Statutory equity and untaxed reserves	2,128	228.4
Implicit safety margin- net technical provision	+364	+39.1
Discounting effect - net technical provision	+74	+8.0
Risk margin - net technical provision	-135	-14.5
Intangible assets	-0	-0.0
Deferred acquisition cost	-40	-4.2
Deferred tax	-116	-12.5
Solvency II excess of assets over liabilities	**2,276**	**244.3**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the risk modules of the SCR calculation using the Standard Formula.

Amounts in million	**SEK 2019**	**SEK 2018**	**USD 2019**	**USD 2018**
Market risk	466	374	50	42
Counterparty default risk	124	81	13	9
Non-life underwriting risk	760	663	82	74
Diversification between risk modules	-296	-235	-32	-26
Operational risk	64	54	7	6
Loss-absorbing capacity of deferred taxes	-116	-68	-12	-8
Total SCR	**1,001**	**869**	**107**	**97**

The Company uses EIOPA’s Solvency II Standard Formula. Simplified calculations for the standard formula computation is note used nor is Undertaking Specific Parameters (USP) used.

The amount of the Company’s MCR at the end of the reporting period was SEK 332 M.

The inputs used to calculate the MCR of the Company are the best estimate net of reinsurance and the written premiums net of reinsurance in the last 12 months.

	2019	**2018**
Ratio of Basic own funds to SCR	2.27	2.37
Ratio of Eligible own funds to SCR	2.77	2.87
Ratio of Basic own funds to MCR	6.85	7.66

Since the Company´s dominating currency is USD the risk calculations in SEK between quarters can be heavily influenced by currency effects to a larger extent than if the calculations are carried out in USD. However, irrespective of reporting currency the solvency ratios are always the same due to the currency effects in the own funds.

E.3 Use of duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not applicable to the company

E.4 Differences between the standard formula and any internal model used

No internal or partial internal model is used to calculate the Regulatory Capital Requirement.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

As the Company has not faced any form of non-compliance with the MCR, or non-compliance with the SCR during the reporting period, or at the reporting date, no further information is included here.

E.6 Any other information

The directors do not consider that there is any further material information for the reporting period which should be disclosed regarding the capital management of the Company.

Appendix

All monetary amounts in this appendix are in SEK thousands (regulatory reporting currency).

Disclosed templates for the Solvency and Financial Condition Report in accordance with Directive 2009/138/EC:

S.02.01.02	Specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC,
S.05.01.02	Specifying information on premiums, claims and expenses using the valuation and recognition principles used in the financial statements
S.05.02.01	Specifying information on premiums, claims and expenses by country.
S.17.01.02	Specifying information on non-life technical provisions
S.19.01.21	Specifying information on non-life insurance claims in the format of development triangles
S.23.01.01	Specifying information on own funds, including basic own funds and ancillary own funds
S.25.01.21	Specifying information on the Solvency Capital Requirement calculated using the standard formula
S.28.01.01	Specifying the Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	5 541
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	3 303 880
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	3 301 026
Derivatives	**R0190**	2 854
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	491 179
Non-life and health similar to non-life	**R0280**	491 179
Non-life excluding health	**R0290**	491 179
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	1 119 285
Reinsurance receivables	**R0370**	30 314
Receivables (trade, not insurance)	**R0380**	347
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	264 968
Any other assets, not elsewhere shown	**R0420**	126 024
Total assets	**R0500**	5 341 539

S.02.01.02

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	2 252 081
Technical provisions – non-life (excluding health)	**R0520**	2 252 081
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	2 116 921
Risk margin	**R0550**	135 160
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	3 300
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	115 986
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Debts owed to credit institutions resident domestically	**ER0801**	
Debts owed to credit institutions resident in the euro area other than domestic	**ER0802**	
Debts owed to credit institutions resident in rest of the world	**ER0803**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
debts owed to non-credit institutions	**ER0811**	
debts owed to non-credit institutions resident domestically	**ER0812**	
debts owed to non-credit institutions resident in the euro area other than domestic	**ER0813**	
debts owed to non-credit institutions resident in rest of the world	**ER0814**	
other financial liabilities (debt securities issued)	**ER0815**	
Insurance & intermediaries payables	**R0820**	113 798
Reinsurance payables	**R0830**	508 116
Payables (trade, not insurance)	**R0840**	2 863
Subordinated liabilities	**R0850**	
Subordinated liabilities not in basic own funds	**R0860**	
Subordinated liabilities in basic own funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	69 069
Total liabilities	**R0900**	3 065 213
Excess of assets over liabilities	**R1000**	2 276 327

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						1 535 767											1 535 767
Gross - Proportional reinsurance accepted	**R0120**						11 906											11 906
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						370 928											370 928
Net	**R0200**						1 176 745											1 176 745
Premiums earned																		
Gross - Direct Business	**R0210**						1 451 351											1 451 351
Gross - Proportional reinsurance accepted	**R0220**						11 906											11 906
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						368 819											368 819
Net	**R0300**						1 094 439											1 094 439
Claims incurred																		
Gross - Direct Business	**R0310**						1 083 155											1 083 155
Gross - Proportional reinsurance accepted	**R0320**						5 969											5 969
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						129 461											129 461
Net	**R0400**						959 663											959 663
Changes in other technical provisions																		
Gross - Direct Business	**R0410**						7 171											7 171
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**						7 171											7 171
Expenses incurred	**R0550**						228 453											228 453
Other expenses	**R1200**																	
Total expenses	**R1300**																	228 453

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		NO					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	1 381 918	153 849					1 535 767
Gross - Proportional reinsurance accepted	**R0120**	11 906						11 906
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**	332 474	38 455					370 928
Net	**R0200**	1 061 351	115 394					1 176 745
Premiums earned								
Gross - Direct Business	**R0210**	1 321 622	129 729					1 451 351
Gross - Proportional reinsurance accepted	**R0220**	11 906						11 906
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**	330 485	38 334					368 819
Net	**R0300**	1 003 044	91 395					1 094 439
Claims incurred								
Gross - Direct Business	**R0310**	990 488	92 668					1 083 155
Gross - Proportional reinsurance accepted	**R0320**	5 969						5 969
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	128 266	1 196					129 461
Net	**R0400**	868 191	91 472					959 663
Changes in other technical provisions								
Gross - Direct Business	**R0410**	7 171						7 171
Gross - Proportional reinsurance accepted	**R0420**							
Gross - Non- proportional reinsurance accepted	**R0430**							
Reinsurers' share	**R0440**							
Net	**R0500**	7 171						7 171
Expenses incurred	**R0550**	193 581	34 872					228 453
Other expenses	**R1200**							
Total expenses	**R1300**							228 453

S.17.01.02

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross - Total	R0060						344 961 163											344 961 163
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						31 632 779											31 632 779
Net Best Estimate of Premium Provisions	R0150						313 328 384											313 328 384
Claims provisions																		
Gross - Total	R0160						1 771 960 018											1 771 960 018
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						459 546 361											459 546 361
Net Best Estimate of Claims Provisions	R0250						1 312 413 657											1 312 413 657
Total Best estimate - gross	R0260						2 116 921 181											2 116 921 181
Total Best estimate - net	R0270						1 625 742 041											1 625 742 041
Risk margin	R0280						135 159 541											135 159 541
Amount of the transitional on Technical Provisions																		
TP as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320						2 252 080 722											2 252 080 722
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						491 179 140											491 179 140
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340						1 760 901 582											1 760 901 582

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											-41 683	R0100	-41 683	-41 683
N-9	R0160	188 245	223 867	171 397	58 168	21 220	26 351	6 708	12 055	2 664	-255		R0160	-255	710 419
N-8	R0170	538 527	2 439 825	940 272	1 041 268	344 071	90 282	59 410	90 400	17 027			R0170	17 027	5 561 081
N-7	R0180	465 739	701 787	288 106	152 924	152 819	70 577	-407 498	48 303				R0180	48 303	1 472 758
N-6	R0190	296 803	281 552	161 439	44 465	24 447	-18 593	-58					R0190	-58	790 055
N-5	R0200	176 375	249 335	111 076	79 383	93 437	-11 663						R0200	-11 663	697 943
N-4	R0210	531 034	467 202	133 024	67 400	20 438							R0210	20 438	1 219 098
N-3	R0220	425 803	266 564	145 413	148 712								R0220	148 712	986 492
N-2	R0230	340 933	374 802	105 878									R0230	105 878	821 613
N-1	R0240	316 016	281 911										R0240	281 911	597 927
N	R0250	298 514											R0250	298 514	298 514
												Total	R0260	867 123	19 938 570

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											32 459	R0100	29 785
N-9	R0160							30 623	23 538	9 702	-5 335		R0160	-4 896
N-8	R0170						269 745	191 181	110 302	-2 694			R0170	-2 472
N-7	R0180					165 750	81 681	74 830	-23 044				R0180	-21 147
N-6	R0190				138 864	79 604	79 467	62 619					R0190	57 462
N-5	R0200			287 616	171 457	59 016	72 751						R0200	66 759
N-4	R0210		489 313	340 378	208 763	72 651							R0210	66 668
N-3	R0220	539 178	409 931	308 110	122 076								R0220	112 022
N-2	R0230	623 629	354 172	209 385									R0230	192 140
N-1	R0240	434 010	359 350										R0240	329 754
N	R0250	955 572											R0250	876 874
												Total	R0260	1 702 951

S.23.01.01

Own funds

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**					
Share premium account related to ordinary share capital	**R0030**					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	2 276 327	2 276 327			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	2 276 327	2 276 327			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	500 517			500 517	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Total ancillary own funds	**R0400**	500 517			500 517	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	2 776 844	2 776 844		2 776 844	
Total available own funds to meet the MCR	**R0510**	2 276 327	2 276 327			
Total eligible own funds to meet the SCR	**R0540**	2 776 844	2 776 844		2 776 844	
Total eligible own funds to meet the MCR	**R0550**	2 276 327	2 276 327			
SCR	**R0580**	1 001 034				
MCR	**R0600**	332 136				
Ratio of Eligible own funds to SCR	**R0620**					
Ratio of Eligible own funds to MCR	**R0640**					

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	2 276 327
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	2 276 327
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	
Total Expected profits included in future premiums (EPIFP)	**R0790**	

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	465 956		
Counterparty default risk	R0020	123 835		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	759 898		
Diversification	R0060	-296 177		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	1 053 512		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	63 508
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-115 986
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	1 001 034
Capital add-on already set	R0210	
Solvency capital requirement	R0220	1 001 034
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	332 136

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	1 625 742	1 176 319
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	332 136
SCR	R0310	1 001 034
MCR cap	R0320	450 465
MCR floor	R0330	250 258
Combined MCR	R0340	332 136
Absolute floor of the MCR	R0350	38 486
		C0070
Minimum Capital Requirement	R0400	332 136