Solvency and Financial Condition Report

For the period 1 Jan – 31 Dec 2023

Sveriges Ångfartygs Assurans Förening
Reg.no. 557206-5265

Contents

Summary

Introduction

The structure of the Solvency and Financial Condition Report (SFCR) 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 since most revenues and claims related costs of the company are denominated in USD. Therefore, amounts in the tables are presented in both the statutory reporting currency SEK and in USD.

Amounts are presented in millions. Amounts within brackets represent the previous financial year. In many aspects, the SFCR overlaps with the statutory 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.

Business and performance

The Swedish Club (the Club) is in a supportive financial position. This is reflected in this SFCR as well as the Club's annual report.

Development of key figures for regulatory solvency calculations:

SEK million	**2023**	**2022**	**2021**	**2020**	**2019**
Eligible own funds (EOF)	2,711	2,522	2,249	2,434	2,777
Basic own funds, Tier 1 (BOF)	1,920	1,795	1,759	1,906	2,276
Ancillary own funds, Tier 2 (AOF)	790	727	670	528	500
Minimum capital requirement (MCR)	583	518	437	342	332
Solvency capital requirement (SCR)	1,581	1,454	1,340	1,057	1,001

USD million	**2023**	**2022**	**2021**	**2020**	**2019**
Eligible own funds (EOF)	272	242	269	297	298
Basic own funds, Tier 1 (BOF)	192	172	194	233	244
Ancillary own funds, Tier 2 (AOF)	79	70	74	64	54
Minimum capital requirement (MCR)	58	50	48	42	36
Solvency capital requirement (SCR)	158	139	148	129	107
Exchange rate USD/SEK	9.983	10.437	9.044	8.189	9.317

There has been attractive revenue growth for the Club's insurance activities driven by volume and USD price increases, and – when translated to SEK – as an effect of the weaker SEK currency rate. In 2023, the result of investment activities was positive due to supportive developments in financial markets during the year. The Club's financial position strengthened during the year and the solvency requirements as per Solvency II continued to be met with a good margin. During 2023, the outcome for the Club's Protection & Indemnity insurance was favourable while the Club's Hull & Machinery insurance came out negative. The Club has renewed its comprehensive reinsurance program for 2024.

The combined ratios of 2023, 2022 and 2021 measured in USD were 102 %, 102 % and 129 % respectively. In 2021 the levels of claims outcomes was exceptionally high for the Club and the industry, the outcomes of 2023 and 2022 better reflect the long-term level.

The result from the insurance activities amounted to USD 8 (-3) million and including the financial gain of USD 22 (-39) million the total result before appropriations and tax amounted to USD 30 (-42) million.

The solvency ratio, Eligible Own Funds (EOF) divided by the Solvency Capital Requirement (SCR), was 171 (173) % at the end of December 2023. The general increase in P&I premiums from 20 February 2024 and individual fleet adjustments are expected to improve the Club's results going forward.

Standard & Poor's rating of The Swedish Club remains unchanged at BBB+ ; AM Best has confirmed its A- rating of the Club.

System of governance

In 2023 the Board established a Risk committee. It reports to, and is advisory to, the Board on matters of risk management. It assists the Board in fulfilling its responsibilities in relation to the oversight of risks. The Risk Committee shall review and monitor the effectiveness and completeness of the Club's risk management system. It shall also serve as a link between the Board and the risk management function. No other 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 have been no material changes to insurance or reinsurance undertakings. The operations and performance thereof have followed the Club's established business models. The Club´s increase in insurance risk exposure is due to premium growth. The asset allocation in the investment portfolio did not change in the course of 2023.

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 in the statutory accounts.

The valuation for solvency purpose is explained in section D.

Capital management

In order to reduce the unfavourable impact of the negative financial results on eligible own funds and solvency ratio, the Club reduced its investment risk exposures in the course of 2022 and this lower-risk-allocation level still remains. Section E contain information on own funds and the regulatory capital requirement they must cover.

Sammanfattning (Summary in Swedish)

Introduktion

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 i tabellerna presenteras därför både i den lagstadgade rapporteringsvalutan SEK och i USD.

Belopp presenteras i miljoner. Belopp inom parentes representerar föregående års räkenskapsår. I många aspekter överlappar SFCR och årsrapporten varandra. SFCR ger dock ytterligare insikter om företagets solvensposition, baserat på perspektiven i solvensregelverket. I andra aspekter kan årsredovisningen ge en ännu mer utförlig bild av företagets verksamhet.

Verksamhet och resultat

Sveriges Ångfartygs Assurans Förening (SÅAF) har en sund finansiell ställning. Det återspeglas i denna SFCR samt i företagets årsredovisning.

Utvecklingen av nyckeltal i solvenskravsberäkningen:

SEK million	**2023**	**2022**	**2021**	**2020**	**2019**
Medräkningsbara kapitalbasmedel (EOF)	2,711	2,522	2,249	2,434	2,777
Primärkapital, nivå 1 (BOF)	1,920	1,795	1,759	1,906	2,276
Tilläggskapital, nivå 2 (AOF)	790	727	670	528	500
Minimikapitalkrav (MCR)	583	518	437	342	332
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USD million	**2023**	**2022**	**2021**	**2020**	**2019**
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Solvenskapitalkrav (SCR)	158	139	148	129	107
Valutakurs USD/SEK	9.983	10.437	9.044	8.189	9.317

SÅAF har under året uppvisat god tillväxt i försäkringsverksamheten genom volym och prisökningar i USD och – uttryckt i SEK – som en effekt av den försvagade svenska kronan. Under 2023 var investeringsresultatet positivt till följd av den positiva utvecklingen på finansmarknaderna under året. SÅAFs finansiella ställning stärktes och solvenskapitalkravet har fortsatt överskridits med god marginal. Under 2023 var utfallet för SÅAFs Protection & Indemnity försäkring gynnsamt medan utfallet för Hull & Machinery försäkring var negativt. För 2024 har SÅAF förnyat sitt omfattande återförsäkringsprogram.

Totalkostnadsprocenten för 2023, 2022 och 2021 mätt i USD, uppgick till 102 %, 102 % respektive 129 %. Under 2021 var skadeutfallen ovanligt höga, både för SÅAF och branschen som helhet, medan utfallen för 2023 och 2022 är i linje med den långsiktiga nivån.

Vinsten i försäkringsrörelsen uppgick till USD 8 (-3) miljoner och inklusive finansresultatet på USD 22 (-39) miljoner uppgick det totala resultat före bokslutsdispositioner och skatt till USD 30 (-42) miljoner.

Solvenskvoten mellan medräkningsbara kapitalbasmedel (EOF) och solvenskapitalkravet (SCR) uppgick till 171 (173) % vid utgången av december 2023. Den allmänna ökningen av P&I premierna från 20 februari 2024 och individuella justeringar av fartygsflottan bedöms förbättra SÅAFs försäkringsresultat framöver.

Standard & Poor's rating av SÅAF är oförändrat BBB+ och AM Best har bekräftat SÅAFs A-rating.

Företagsstyrningssystem

Under 2023 har styrelsen etablerat en Riskkommittee. Den rapporterar till, och är rådgivande för styrelsen i frågor kring riskhantering. Den assisterar styrelsen i att uppfylla dess ansvar i relation till tillsynen av risker. Riskkommitteen ska granska och övervaka effektiviteten och fullständigheten i företagets riskhanteringssystem. Den ska också tjäna som en länk mellan styrelsen och riskhanteringsfunktionen. Det har inte skett några andra materiella förändringar av företagsstyrningssystemet, 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 åter-försäkringsprogrammet. Verksamheten och dess resultat har inte varit utanför etablerade affärsmodeller. Företagets ökning av försäkringsrisker förklaras av premietillväxt. Tillgångsallokeringen i SÅAFs investeringsportfölj förändrades inte under 2023.

De materiella riskerna som SÅAF 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.

Kapitalhantering

Med syfte att motverka negativa resultats inverkan på primärkapital och solvenskvot reducerade SÅAF sina exponeringar mot investeringsrisker under 2022 och denna allokering innebärande mindre risk kvarstår fortsatt. Sektion E innehåller information om kapitalbasen och de regulatoriska kapitalkrav den måste täcka.

A. Business and performance

A.1 Business

The Swedish Club (the Club) is an independent, self-managed, mutual insurance association, headquartered in Gothenburg, Sweden, with registered branch[1] offices in Hong Kong, Singapore, 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 secondary registered name is The Swedish Club.

The Club is registered and domiciled in Sweden and licensed by the Swedish financial supervisory authority (Finansinspektionen) to carry out the following classes of non-life insurance:

6. Ships (H&M)
12. Liability for ships (P&I)
17. Legal expenses (FD&D)

The Company's insurance classes are all classified under the line of business for Marine, Aviation and Transport (MAT) according to the Solvency II[2] regulation.

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 10 213 30 00, Website: www.pwc.se

The application work for an insurance licence through the Hong Kong branch is ongoing and is expected to be approved during 2024. No insurance contracts have been issued through the branch 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 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 statutory accounts.

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[1] Appendix I provide more information for each branch.
[2] Solvency II is the prudential regime for insurance and reinsurance undertakings in the EU with the aim to ensure the adequate protection of policyholders and beneficiaries. Solvency II is an economic risk-based approach, which should enable the assessment of the "overall solvency" of insurance and reinsurance undertakings through quantitative and qualitative measures.

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 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	USD
Greece	25%	636	63
China	17%	421	42
Singapore	12%	305	30
Germany	9%	219	21
Hong Kong	5%	127	12
Sweden	5%	121	12
Cyprus	3%	82	5
Taiwan	3%	80	8
Norway	3%	70	7
Other countries	18%	442	43
Gross premiums written		**2 504**	**243**

Credit rating

The two rating agencies Standard & Poor's and AM Best both confirmed their ratings of the Club, i.e., BBB+ and A- respectively.

Prospects for 2024

The global economic outlook for the year altogether is difficult to assess. The consequences of the wars in Ukraine and Gaza, and the broader implications thereof, constitute uncertainty to world trade and economic development. The Club's insurance operations are not expected to be significantly affected by short-term economic fluctuations, but the impact on the asset management can be significant. As one result of the uncertainty, the Club – going into 2024 – maintains its investment portfolio's risk exposure at the lower level introduced during 2022.

For 2024, the Club continues to prioritise risk-based quality improvements and price adequacy recovery over volume growth. We estimate that the total claims costs for 2024 will be below the volume-adjusted levels of 2023. Initially, 2024 has started with marginally positive developments on equity markets and slightly decreasing interest rates, which has been favourable for the Club's asset management.

Our assessment is that the Club's relative competitiveness will hold up well and the Club's strong financial position provides security for the Club's business partners and members.

A.2 Underwriting performance

Amounts in million, net of reinsurance	2023 SEK	2022 SEK	2023 USD	2022 USD
Premiums earned (A)	1,864	1,721	179	169
Claims incurred (B)	-1,498	-1,454	-147	-137
Net operating expenses (C)	-376	-331	-37	-35
Combined ratio (B+C)/A	101%	104%	102%	102%

Gross premiums written in 2023 amounted to USD 243 (230) million.
Following the deduction of outgoing reinsurance premiums totalling USD 56 (58) million, net premiums written amounted to USD 187 (172) million. Earned premiums, net of reinsurance, amounted to USD 179 (169) million.

Claims incurred, net of reinsurance, amounted to USD 150 (138) million. Changes in other technical provisions amounted to USD 3 (1) million. The total costs for net claims incurred correspond to 82 (81) % of earned premiums, net of reinsurance.

During the year of 2023, there were 42 claims reported (whereof 7 from the IG pool system) in excess of USD 0.5 million. In 2022, there were 30 such claims (whereof 7 from the IG pool system). Operating expenses for insurance activities amounted to USD 37 (35) million. In relation to earned premiums, net of reinsurance, this level corresponds to 20 (21) %.

An allocation of USD 12.7 (0) million from the investment income is attributed to insurance activities.

The balance on the technical account amounted to USD 8 (-3) million.

The combined ratio was 102 (102) %.

A.3 Investment performance

Amounts in million	2023 SEK	2022 SEK	2023 USD	2022 USD
Quoted shares	117	-123	12	-15
Interest-bearing securities	212	-197	21	-23
Other financial income and expenses	13	-3	1	0
Forward exchange agreement	8	-64	0	0
Gains/Losses on foreign exchange, net	240	240	-0	-2
Financial result	279	-148	34	-39
Total return	8 %	-10 %	8 %	-4 %

The Club's primary objective is to identify an acceptable risk level from which it can optimize long-term investment returns and matching technical provisions in terms of currency and duration. The Club signs hedge contracts to reduce operating-expense related risk for currency exchange rates fluctuations in the USD accounting.

At the end of 2023, the value of the Club's investments had grown by USD 86 million as a result of the positive investment result of USD 34 million and investments of positive cash flows from the insurance activities amounting to USD 52 million. The total invested amount of USD 436 (350) million was composed of 85 (85) % interest-bearing securities and 15 (15) % equity holdings.

<u>Gains and losses recognised directly in equity</u>

No gains and losses are recognised directly in equity.

<u>Investments in securitisation</u>

The Club does not have any direct investments in securitisation assets.

A.4 Performance of other activities

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

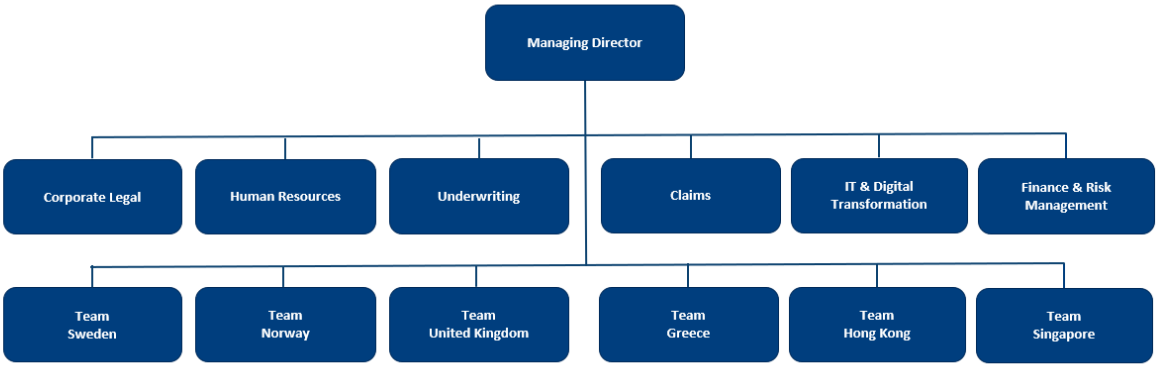
A.5 Any other information

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

B. System of governance

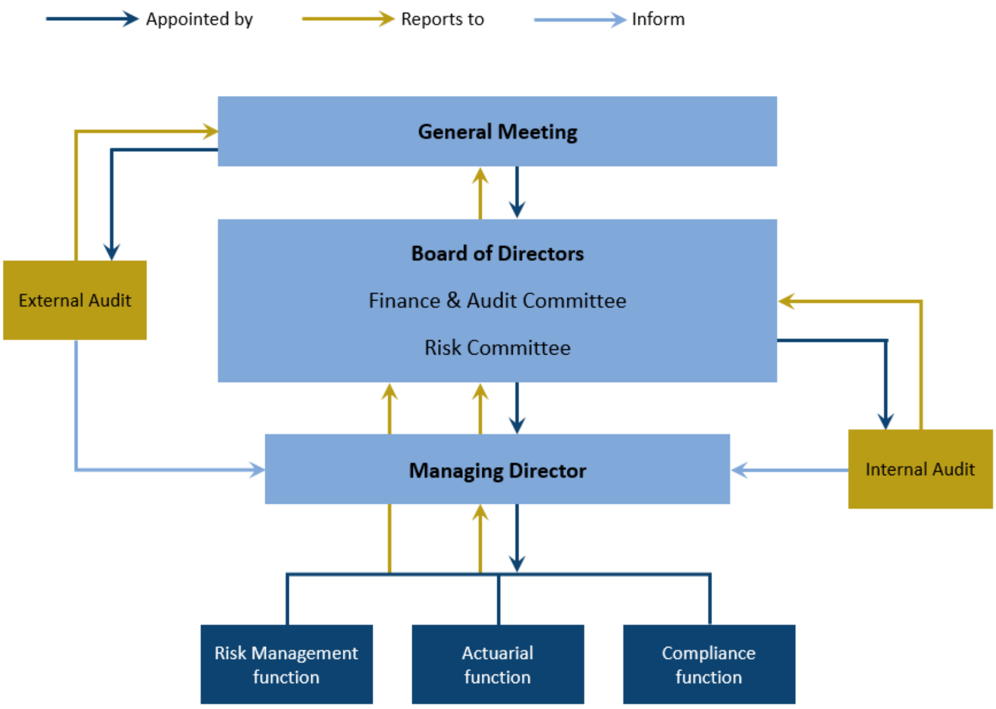
B.1 General information on the system of governance

The Club's organisation is illustrated as follows:



The duties and responsibilities within the organisational structure is defined in the Club's management system[3].

The figure below illustrates important information flows and responsibilities.



[3] 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 Board directors and members of the Club's election committee, approves the annual accounts, appoints external auditors, and deals with any other business duly referred.

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 Club'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 Election Committee proposes to the AGM suitable candidates for members of the Board, as well as fees and other remunerations. It shall comprise four members, including the Managing Director *ex officio*. At least one of the members shall not be employed by the Club or be a member of the Club. The Chairman of the Election Committee shall not be a member of the Club's Board. The Finance & Audit Committee is a Committee of the Board and reports to and is advisory to the Board. It presently consists of seven members, including the Managing director and the Director of Finance &Risk Management, ex officio. The Finance & Audit Committee shall supervise the performance of the investment operations and decide on investment allocations within the limits stated in the Club's *Directive for Risk Management*. It shall also serve as a link between the Board and the functions for auditing and compliance. Further duties include supervision of the Club's financial reporting, the effectiveness of the Club's internal control and internal audit and monitoring the auditing of the annual accounts.

During 2023 the Board established a Risk committee. It reports to, and is advisory to, the Board on matters of risk management. It assists the Board in fulfilling its responsibilities in relation to the oversight of risks. The Risk Committee shall review and monitor the effectiveness and completeness of the Club's risk management system. It shall also serve as a link between the Board and the risk management function.

No other 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 adopts a directive establishing the Club´s remuneration policy. Before the adoption of this years remuneration directive a risk analysis of the implications of the remuneration system proposed was considered by the Board. The result of the risk analysis performed was that the Club's remuneration policy does not involve any tangible risks and that conflicts of interest when determining the remuneration are avoided through the use of different levels of authority where decisions on remuneration are made. 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 consideration for the return on capital requirement, 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.

Pensions and similar remuneration

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 consist 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. The Club maintains a register over all contracts between the Club and its Board members. None of those contracts in 2023 were of such a nature that they should have been included in the Club's Register of Disqualification.

B.2 Fit and proper requirements

The suitability requirements regulated in the Solvency II Framework and the Insurance Distribution Framework can be divided into two different sets of suitability requirements. The requirements in the Solvency II Framework covers a fit and proper assessment of persons in leading positions and key functions. This assessment shall be carried out internally and reported to the Swedish Financial Supervisory Authority, Finansinspektionen. The requirement in the Insurance Distribution Framework covers an assessment of good repute and insight and experience of persons in leading positions. This assessment shall only be carried out internally (no report to the Swedish Financial Supervisory Authority is necessary).

The Club's fit & proper requirements are:

1. Fitness in terms of qualifications, knowledge, and relevant experience within the following areas:
   - Shipping
   - Insurance and financial markets
   - Business strategy and business models
   - System of governance
   - Financial and actuarial analysis
   - Regulatory framework and requirements
2. Propriety in terms of honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspect.

The Club's requirement of good repute and insight and experience are:

1. Good repute in terms of:

- Not appear in the register kept in accordance with the Swedish Criminal Records Act (1998:620) regarding certain serious property crimes or certain serious financial crimes (or an equivalent foreign act),
- Not have debts exceeding SEK 100.000 which have been subject to enforcement by the Swedish Enforcement Agency, and
- Not, in the past five years, have an authorization or a registration revoked, or have been managing director or deputy managing director, board member or deputy board member of a legal entity that has had an authorization or registration revoked according to Chapter 9 Section 1 of the Swedish Insurance Distribution Act or Chapter 8 Section 1 of the Swedish Act on Insurance Mediation, or have been managing director or deputy managing director, or board member or deputy board member of such legal entity within six months before the revocation.

2. Have sufficient insight and experience to be able to fulfil the tasks and assignments that are attributable to the insurance distribution of the Club and have sufficient knowledge about the regulatory requirements, the Clubs' products and the role and function of the insurance market. The insight and experience must be at a level that is appropriate and adequate for the Clubs' business and insurance product distributed by the Club. At least one of the members of the Board or the managing director shall have relevant knowledge about the distribution legal framework

Processes to verify the suitability requirements:

<u>Election of board members</u>

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

The committee shall assess prospective Board members with respect to the above suitability 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 required areas. 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.

<u>Employment and continuing suitability verifications of key functions</u>

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 Election Committee member has been appointed.

• Whenever a person having a key function has been employed.

• Whenever a Board member or a person having a key function has been replaced because he or she no longer fulfils the fit and proper requirements.

• 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 management strategy

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 organisation 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 per year.

Risk appetite and risk tolerance

The Swedish Club's risk appetite is anchored in its strategic objectives, mission, and vision. It also considers applicable legal frameworks, the Club's financial robustness, its specialised expertise, and its capacity for risk management and control.

The Club is dedicated to offering insurance solutions and associated services in jurisdictions where it is licensed and where it holds the necessary expertise and risk control capabilities. This expertise is not just internal; it extends to the Club's collaborative endeavours with partners, making such partnerships an integral part of the Club's organisational competence.

To ensure a dynamic adjustment of its risk appetite, the Club has established a *Comfort Zone.* The comfort zone's lower limit corresponds with the economic capital at a 99.90% confidence level, while its upper limit corresponds to the highest of the economic capital at a 99.99% confidence level or the A-rating requirement of Standard & Poor's (S&P).

This range is where the Club's risk capacity should consistently reside.
The Club applies a risk indicator termed the *Capital Ratio*, which is calculated by dividing the risk capacity by the lower boundary of the comfort zone.

The club's risk framework encompasses both an overall tolerance and specific tolerances for underwriting, reinsurance, investments, asset liability management, liquidity, operational risks and strategic and reputational risks.

Risk Committee, Internal Risk Committee and risk owners
The Risk Committee is a committee of the Board. It reports to, and is advisory to, the Board on matters of risk management. It assists the Board in fulfilling its responsibilities in relation to the oversight of risks. The Risk Committee reviews and monitors the effectiveness and completeness of the Club's risk management system. It also serves as a link between the Board and the risk management function.

The Internal Risk Committee, IRC, is a forum which develops methods and procedures to be used in the operations to identify, assess, control, mitigate and report any existing or emerging risks which the Club is, or may be, exposed to and also create and preserve value. The most important task for the IRC 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 organisation.

An annual workshop dealing with 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. To calculate 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 is carried out at least annually in accordance with the Club's Directive for Own Risk and Solvency Assessment resulting in a written report which is 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 considered on an ongoing basis in the Club's strategic decisions.

The process begins with business planning and builds 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 organisation 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 as well as 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 operational managers are also responsible for informing 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 directive for compliance is reviewed annually by the Board and shall ensure that the Club always acts in compliance with the applicable laws, rules and regulations that apply to the Club's operation.

The compliance function consisted in 2023 of a compliance manager and a compliance control officer. 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 organisation 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 compliance plan. Control operations that have been carried out are reported to the Finance & Audit Committee.

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 by 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 making sure that only qualitative data is used in these calculations.

B.7 Outsourcing

The Club´s outsourcing directive 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 when an agreement has been signed.

Currently, the Club has outsourced only one critical or important function: the internal audit function. The appointed service provider is the auditing firm BDO 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. The tables under this section show the results from the regulatory solvency calculations in millions of the specified currency.

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.

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

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.

Amounts in million	**2023 SEK**	**2022 SEK**	**2023 USD**	**2022 USD**
Premium and reserve risk	1,172	1,074	117	103
Catastrophe risk	251	259	25	25
Diversification	-165	-167	-16	-16
Total underwriting risk	**1,259**	**1,166**	**126**	**112**

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.

	No of vessels	Marine*	PI	FDD
Three classes	438	X	X	X
Two classes	293	X	X	
	32	X		X
	423		X	X
One class	5,380	X		
	349		X	
	134			X
No of Vessels	7,052			
No of Vessels per class		**6,146**	**1,503**	**1,030**

* Including Energy Risks

The table above shows the concentration of insurance classes per vessel as of 31 December 2023: 6 % of vessels were exposed to three insurance classes, 11 % to two classes and 83 % to one class.

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	7 %
Member 2	6 %
Member 3	3 %
Member 4	2 %
Member 5	2 %

	Share of gross annual premium
Broker 1	7 %
Broker 2	5 %
Broker 3	5 %
Broker 4	4 %
Broker 5	4 %

C.2 Market risk

Market risk means the risk of loss or risk of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities, and 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 Risk Management* 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 well diversified funds. All new funds must be approved by the Finance and Audit Committee.

The directive defines 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 summarised monthly. 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 the interest-bearing assets with the duration of the liabilities to the extent possible.

Spread risk refers to the risks that arise from changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

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 regarding claim costs.

Concentration risk in the investment portfolio 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 in Collective Investments Undertakings as per 31 December 2023.

Asset category	Current allocation
Equity	15 %
Fixed income	85 %

Investment funds where full look-through is not applied has been conservatively calculated as equity type 2 in the Solvency II market risk calculation.

The table below show the development of the market risks compared to last year. The increase in the capital requirement for market risk was mainly driven by the increased size of the investment portfolio.

Amounts in million	2023 SEK	2022 SEK	2023 USD	2022 USD
Interest rate risk	66	74	7	7
Equity risk	345	247	35	24
Spread risk	229	150	23	14
Concentration risk	-	-	-	-
Currency risk	53	51	5	5
Diversification	-132	-123	-14	-12
Total market risk	**561**	**399**	**56**	**38**

The asset allocation mentioned above includes derivatives which may be used in the investment portfolio for the purpose of rearranging the exposures. Outside the investment portfolio currency contracts are used for the purpose of hedging SEK operating expenses, the value of these currency contracts is shown in the balance sheet as Derivatives.

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 in section C.7.
Other exposures consist of receivables from members and received guarantees from other P&I Clubs, major insurance companies and banks.

Amounts in million	2023 SEK	2022 SEK	2023 USD	2022 USD
Counterparty default risk	138	144	14	14

C.4 Liquidity risk

Liquidity risk is the risk of loss arising from a situation where (1) there will not be enough cash to meet the needs of paying insurance claims on time, (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 Club 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 most 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 immaterial.

C.5 Operational risk

The Club is exposed to several different types of operational risk. 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 which is reviewed annually.

Amounts in million	2023 SEK	2022 SEK	2023 USD	2022 USD
Operational risk	121	119	12	11

C.6 Other material risks

C.6.1 Climate change risks

Climate change risk is a significant component of environmental risk, which is in turn a part of sustainability risk. Climate change is caused by the accumulation of greenhouse gases in the atmosphere, primarily carbon dioxide from the burning of fossil fuels.

The consequences of climate change that might impact the Club's operations include rising temperatures, more frequent and severe weather events, and rising sea levels. The associated risks to climate change may be categorized in physical risks, transitional risks, and other climate related risks. These apply as well to the asset side of the balance sheet, i.e., investment assets and reinsurance recoverables being affected, as to the liability side of the balance sheet.

Identified physical risks are increased frequency and severity of extreme weather events, such as hurricanes, cyclones, and typhoons, which could result in increased claims for hull and machinery contracts. Rising sea levels and increased flooding could result in damage to ports, ships, and other marine infrastructure, leading to increased claims for hull and machinery, business interruption and third-party liability, P&I, contracts.

As countries transition towards a low-carbon economy, demand for fossil fuel transportation could decrease, which could impact the company's business of insuring ships and related third party liability. Increased regulation around carbon emissions and other environmental factors could result in increased compliance costs for shipping companies, which could impact the company's P&I business.

Some other climate related risks that could affect the Club's operations are reputational risk: If the company is seen as lagging its peers in addressing climate change risks, it could face reputational damage and potential loss of business; regulatory risk: Changes in regulation related to climate change could impact the Club's ability to operate, as well as its relationships with regulators.

C.6.2 Cyber risks

Concerning cyber risks, the Club has implemented a several layered, multi-functional system to secure its operations from both a technical perspective and a human perspective. We are doing our outermost to protect the organisations assets, systems, and our users from cyber-attacks.

These systems are constantly monitored with several warning systems in place. Incident response guidelines and disaster recovery plans are well defined and tested within reasonable intervals. We are continuously discussing with external partners and consultants to understand, improve and keep up the pace with the increasingly advanced external threats. Yearly assessment performed by our auditors are confirming that we are on the right track.

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.

Premium 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 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 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 catastrophic events as well as an accumulation of claims The Club re-assesses the effectiveness and appropriateness of its reinsurance structure once a year. 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 Directive. The uncertainty of the estimates at different levels of confidence are also calculated.

Run-off analyses are performed giving valuable information about possible over- or underestimation of the provisions.

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. To minimize and control risks, the Board of Directors has established an investment policy within the framework of the *Directive for Risk Management* which governs the Club's asset management.

Counterparty default risk

The way the different types of counterparty risks, mentioned in section C.3. above, are managed depend on their characteristics. For example, reinsurance counterparties are selected and managed by monitoring of their external rating development, while monitoring receivables related to members rely on internal evaluations of financial viability.

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 on the ratings performed by the well-known rating institutions. However, an own assessment is also performed since the Club, together with the reinsurance brokers, is collecting relevant information in respect to the reinsurers throughout the year.

Minimum rating limits apply to the participating reinsurers, which means that no reinsurer may have a rating lower than A- (Standard & Poor's) or A3 (Moody's).

Operational risk

Operational risks might arise because 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.

For Marine & Energy, the Club purchases its own protection. This is based on long-term relationships 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 shared (the Pooling Agreement). To supplement this, the Group purchases reinsurance protection up to USD 3,100 million (Excess reinsurance programme). The International Group's joint reinsurance company is Hydra Insurance Group Ltd (Bermuda). Hydra is owned by the Group's 12 members and is a so called protected cell company, which means that the assets and liabilities in each cell are legally separated from the other cells. Each of the 12 clubs owns one of the protected cells from which claims are paid and premiums received.

Hydra covers two reinsurance contracts for the clubs:

- 100 % of claims between USD 30 and 100 million.
- Maximum USD 107 million of claims cost between USD 100 and 750 million.

The Club's Hydra cell's share of Hydra is approximately 4 %. Further information about IG and its reinsurance scheme can be found at www.igpandi.org.

C.7.3 Stress testing and sensitivity analysis

In complement to the economic capital calculated by using the Clubs own internal capital model several adverse scenarios have been developed 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 results of the stress tests for underwriting risk are presented below, 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. Hydra) *	29
2.		Two vessel collision, high value vessels, both entered for H&M and P&I with TSC (incl. Hydra) *	48
3.		Two vessels with Marine affected by natural disaster and becoming total losses*	20
4.		Energy total loss (MOU with TSC line above USD 10 million)	2
5.	Frequency Shift	20% higher frequency than expected	26
6.		TSC's pool lower share increases to 7%	4
7.		Total Loss Model HM/IV increased by 100%	21
8.	Claims Inflation	20% higher severity than expected	10
9.	Terror / War	Terror attack: Loss of 2 vessels with death/injuries	3
10.		Piracy: Attack on tanker	3

* It has been assumed that there are no previous losses from other claims counting towards the USD 8.5 million excess USD 1.5 million aggregate box cover in the year. Annual Aggregated Deductible (AAD) amounts to USD 33 million.

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

Investment Grade (IG) and High Yield (HY) corporate bond shocks are modelled independently in stresses 4. and 5/6., enabling a more granular review and comparison of those areas driving risk.

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)	27
2.	2.0% parallel shift in yield curves	14
	Applied on the Matching[1] portfolio	*13*
	Applied on the Growth[2] portfolio	*1*
3.	10% appreciation of USD in relation to other currencies	4
4.	10% of IG corporate bonds and 5% of government bonds below BBB- default with assumed 70% LGD, plus a 2% spread increase	13
5.	10% of HY corporate bonds + 10% Private Market Debt default with assumed 70% LGD	3
6.	5% increase in HY spreads	9
7.	1% loss across active mandates	2
8.	'Return to Stable Growth/Inflation'	-22
9.	'Goldilocks'	-40
10.	'Return to stimulus'	-36
11.	'Stagflation'	6
12.	'Regional spillover crisis'	14
13.	'Global Liquidity Crisis'	6

1. The Matching portfolio consists of assets covering the technical provisions.
2. The Growth portfolio consists of the remaining portfolio that complements the Matching portfolio.

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)	15

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 million	SEK		USD	
	Swedish GAAP	**Solvency II**	**Swedish GAAP**	**Solvency II**
Investment assets	4,357	4,357	436	436
Reinsurance recoverables	983	892	98	89
Receivables	1,431	1,431	143	143
Other assets	651	558	65	56
Total assets	**7,422**	**7,238**	**743**	**725**

The Club's investments are for Solvency II purposes valued at market value with the same principles used in the statutory accounts.

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

The difference in other assets is explained by deferred acquisition costs which are netted in the technical provisions for Solvency II but disclosed under deferred acquisition costs in the statutory accounts.

D.2 Technical provisions

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

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 where applicable such as the development factor model, DFM, the Bornhuetter- Ferguson technique and the Cape Cod method. Future cash flows are based on smoothed historical payment patterns obtained from the development factor model.

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 assumed to be nil.

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

- Marine: Hull & Machinery and Energy
- FD&D: Freight, Demurrage & Defence
- 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 large enough to enable a statistical analysis for each group.

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

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

The tables below show the amounts of provision booked in the statutory 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	618	561	-57
Claims provision	3,991	3,460	-531
Risk margin	-	202	202
Total	**4,609**	**4,222**	**-387**
Reinsurer's share			
Premium provision	55	50	-5
Claims provision	928	842	-85
Counterparty default adjustment	-	-1	-1
Total	**983**	**892**	**-92**
Net technical provisions	**3,626**	**3,330**	**-296**

Amounts in USD million	Swedish GAAP	Solvency II	Difference
Gross			
Premium provision	62	56	-6
Claims provision	400	347	-53
Risk margin	-	20	20
Total	**462**	**423**	**-39**
Reinsurer's share			
Premium provision	6	5	-1
Claims provision	93	84	-9
Counterparty default adjustment	-	0	0
Total	**98**	**89**	**-9**
Net technical provisions	**363**	**334**	**-30**

The difference between the provisions, net of reinsurance, calculated on solvency II basis and that booked in the statutory accounts amounts to USD 30 million i.e., the provision according to solvency II is lower than that shown in the statutory 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 because 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 statutory accounts.
2. Prudence margin: In the statutory 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 18.1 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 statutory accounts are undiscounted. The discounting effect amounts to USD 31.7 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 56 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 statutory accounts while the risk margin is part of the technical provisions calculated on solvency basis. The risk margin amounts to USD 20.2 million.

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

Amounts in million	**Difference SEK**	**Difference USD**
Premium provisions	-	-
Prudence margin net claim provisions	-181	-18
Discounting of technical provisions	-408	-38
Counterparty default adjustment	-1	0
Risk margin	202	20
Total	**-388**	**-36**

The largest difference between the technical provisions accounted for in the statutory statement is the discounting effect.

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 statutory 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 10%.

D.3 Other liabilities

Amounts in million	SEK		USD	
	Swedish GAAP	**Solvency II**	**Swedish GAAP**	**Solvency II**
Pension benefit obligations	2	2	0	0
Deferred tax	74	116	7	12
Insurance & Intermediaries payables	151	151	15	15
Reinsurance payables	650	650	65	65
Payables (trade, not insurance)	4	4	0	0
Any other liabilities, not elsewhere shown	154	154	15	15
Total	**1,035**	**1,077**	**104**	**108**

The liabilities described above are all valued using the same valuation bases, methods, and main assumptions for solvency purposes as in the statutory accounts. 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 74 million. As an effect of Solvency II valuation adjustments, the net DTL recognised in the Solvency II balance sheet is SEK 115 million.

The revaluated items are specified in the table below with a tax rate of 20.6 % applied.

Amounts in million	SEK	USD
Statutory DTL	73.9	7.4
Elimination of intangible assets	-5.1	-0.5
Elimination of deferred acquisition cost	-14.2	-1.4
Recalculation of net technical provisions	60.9	6.1
Solvency II DTL	**115.6**	**11.6**

D.4 Alternative methods for valuation

The Club 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 Club´s *Directive for Risk Management*. 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 capital requirements 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 2024 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 represent 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 2,711 (2,522) million. The eligible amount of own funds to cover the Minimum Capital Requirement is SEK 1,920 (1,795) million and is comprised entirely of Tier 1 Basic Own Funds.

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

Amounts in million	**SEK**	**USD**
Statutory equity and untaxed reserves	1,834	184
Prudence margin - net technical provision	181	18
Discounting effect - net technical provision	316	32
Risk margin - net technical provision	-202	-20
Intangible assets	-25	-3
Deferred acquisition cost	-69	-7
Deferred tax	-116	-12
Solvency II excess of assets over liabilities	**1,920**	**192**

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 2023	SEK 2022	USD 2023	USD 2022
Market risk	561	399	56	38
Counterparty default risk	138	144	14	14
Non-life underwriting risk	1,259	1,166	126	112
Diversification between risk modules	-382	-306	-38	-29
Operational risk	121	119	12	11
Loss-absorbing capacity of deferred taxes	-116	-68	-12	-7
Total SCR	**1,581**	**1,454**	**158**	**139**

The Club uses EIOPA's Solvency II Standard Formula. Simplified calculations for the standard formula computation or Undertaking Specific Parameters (USP) are not used.

The amount of the Club's MCR at the end of the reporting period was SEK 583 million, corresponding to USD 58 million.

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

	2023	2022
Ratio of Basic own funds to SCR	1.21	1.23
Ratio of Eligible own funds to SCR	1.71	1.73
Ratio of Basic own funds to MCR	3.29	3.46

Since the Club´s dominating currency, both in terms of premium and claim payments, is USD, the risk calculations in SEK between quarters can be heavily influenced by currency effects to a larger extent than if the calculations were 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 Club.

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 Club 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 Club.

Appendix

Appendix I – Branch information

Norway branch

The Norway branch is operating under Freedom of Establishment according to the European Economic Community (EEC) treaty.

The risk profile of *The Swedish Club Norway* branch is in general the same as described in section C of this report. Gross written premiums 2023 amounted to USD 23.6 million and net claims outstanding as at 31 December 2023 amounted to USD 9.3 million. The Norway branch fronts all the Club´s Energy business which include property insurance for Mobile Offshore Units (MOU) and Floating Production Storage and Offloading units (FPSO), for risk mitigation the Energy business use quota share reinsurance.

The branch is covered by the overall reinsurance contracts signed by the Club. The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The Club's branch office activity in Norway is supervised by the Norwegian supervisory authority (Finanstillsynet). Contact details to Finanstillsynet 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.

Singapore branch

The Singapore Branch offers full service to members in Singapore and other Asian markets, including India, Japan and Thailand. The risk profile of *The Swedish Club Singapore* branch is in general the same as described in section C of this report. Gross written premiums for 2023 amounted to USD 28.0 million and net claims outstanding as at 31 December 2023 amounted to USD 13.8 million.

The branch is covered by the overall reinsurance contracts signed by the Club. The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The local regulatory requirement of insurance funds of SGD 3.4 million is met with a margin of SGD 1.7 million.

The Club's branch office activity in Singapore is supervised by the Singapore supervisory authority (MAS). Contact details to MAS can be obtained from its website: https://www.mas.gov.sg/regulation.

The Singapore branch external appointed auditor is PwC Singapore, 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936.

UK branch

During 2023 the Part 4A application to become a licensed Third Country Branch was approved.

The risk profile of *The Swedish Club UK* is in general the same as described in section C of this report.

Gross written premiums 2023 amounted to USD 2.5 million and net claims outstanding as at 31 December 2023 amounted to USD 0.9 million.

The branch is covered by the overall reinsurance contracts signed by the Club. The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

Since the branch insurance activities have been limited, the regulatory absolute minimum capital requirement of GBP 3.5 million applies. The eligible own funds of GBP 5 million cover the capital requirement with a capital adequacy ratio of 1.4.

The Club's branch office activity in the UK is supervised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). Contact details to the supervisory authorities can be obtained from its website: www.bankofengland.co.uk/contact and www.fca.org.uk/contact.

Hong Kong branch

An application for an insurance licence for *Sveriges Ångfartygs Assurans Förening* Hong Kong branch is under review by the Insurance Authority in Hong Kong.

The Hong Kong branch is supervised by the Insurance Authority (IA).

During 2023 no insurance contracts have been issued through the branch in Hong Kong.

Appendix II – Quantitative reporting templates

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. The amounts have been converted from USD to SEK as of the reporting date.
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**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	11 111
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	4 356 860
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**	4 356 860
Derivatives	**R0190**	
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**	892 084
Non-life and health similar to non-life	**R0280**	892 084
Non-life excluding health	**R0290**	892 084
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**	1 431 118
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	
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**	310 704
Any other assets, not elsewhere shown	**R0420**	235 776
Total assets	**R0500**	7 237 653

S.02.01.02

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	4 222 404
Technical provisions – non-life (excluding health)	R0520	4 222 404
TP calculated as a whole	R0530	
Best Estimate	R0540	4 020 826
Risk margin	R0550	201 578
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	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	2 315
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	115 557
Derivatives	R0790	17 756
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	151 032
Reinsurance payables	R0830	650 303
Payables (trade, not insurance)	R0840	3 663
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	154 210
Total liabilities	R0900	5 317 240
Excess of assets over liabilities	R1000	1 920 412

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**						2 494 013											2 494 013
Gross - Proportional reinsurance accepted	**R0120**						10 434											10 434
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						576 390											576 390
Net	**R0200**						1 928 057											1 928 057
Premiums earned																		
Gross - Direct Business	**R0210**						2 441 899											2 441 899
Gross - Proportional reinsurance accepted	**R0220**						10 603											10 603
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						588 999											588 999
Net	**R0300**						1 863 503											1 863 503
Claims incurred																		
Gross - Direct Business	**R0310**						2 632 766											2 632 766
Gross - Proportional reinsurance accepted	**R0320**						6 005											6 005
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						1 241 292											1 241 292
Net	**R0400**						1 397 479											1 397 479
Changes in other technical provisions																		
Gross - Direct Business	**R0410**						34 468											34 468
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**						34 468											34 468
Expenses incurred	**R0550**						515 566											515 566
Other expenses	**R1200**																	
Total expenses	**R1300**																	515 566

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		CN	DE	GR	HK	SG	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	117 050	401 992	212 676	617 537	123 589	334 396	1 807 240
Gross - Proportional reinsurance accepted	R0120		10 434					10 434
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	27 354	93 710	49 259	145 170	28 590	72 665	416 748
Net	R0200	89 696	318 716	163 416	472 367	94 998	261 732	1 400 925
Premiums earned								
Gross - Direct Business	R0210	119 162	412 701	218 170	629 662	126 887	302 091	1 808 673
Gross - Proportional reinsurance accepted	R0220		10 603					10 603
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	28 392	97 412	51 198	150 722	29 720	70 029	427 473
Net	R0300	90 770	325 892	166 972	478 940	97 167	232 062	1 391 803
Claims incurred								
Gross - Direct Business	R0310	46 942	270 928	-12 100	1 603 678	68 121	153 887	2 131 455
Gross - Proportional reinsurance accepted	R0320		6 005					6 005
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	24 708	141 269	-6 880	828 542	35 520	16 964	1 040 124
Net	R0400	22 233	135 664	-5 220	775 136	32 601	136 923	1 097 336
Changes in other technical provisions								
Gross - Direct Business	R0410	709	4 032	-205	23 526	1 014	327	29 403
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500	709	4 032	-205	23 526	1 014	327	29 403
Expenses incurred	R0550	20 033	73 037	31 865	166 429	21 782	63 829	376 974
Other expenses	R1200							
Total expenses	R1300							376 974

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**						560 723											560 723
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						50 265											50 265
Net Best Estimate of Premium Provisions	**R0150**						510 458											510 458
Claims provisions																		
Gross - Total	**R0160**						3 460 103											3 460 103
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						841 819											841 819
Net Best Estimate of Claims Provisions	**R0250**						2 618 285											2 618 285
Total Best estimate - gross	**R0260**						4 020 826											4 020 826
Total Best estimate - net	**R0270**						3 128 743											3 128 743
Risk margin	**R0280**						201 578											201 578
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**						4 222 404											4 222 404
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**						892 084											892 084
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**						3 330 320											3 330 320

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)
		Development year													
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											-144 843	R0100	-144 843	-144 843
N-9	R0160	188 981	267 156	119 014	85 056	100 115	-12 496	22 981	4 958	12 191	18 815		R0160	18 815	806 771
N-8	R0170	568 987	500 593	142 531	72 217	21 899	13 023	30 369	7 086	7 855			R0170	7 855	1 364 561
N-7	R0180	456 235	285 616	155 806	159 340	88 566	-43 647	13 544	309				R0180	309	1 115 769
N-6	R0190	365 300	401 590	113 445	76 232	70 910	46 696	59 895					R0190	59 895	1 134 068
N-5	R0200	338 602	302 059	131 682	105 833	22 350	25 225						R0200	25 225	925 751
N-4	R0210	319 849	398 576	126 948	125 834	33 738							R0210	33 738	1 004 945
N-3	R0220	406 145	399 992	120 976	93 045								R0220	93 045	1 020 158
N-2	R0230	661 736	925 720	1 687 112									R0230	1 687 112	3 274 568
N-1	R0240	308 214	441 589										R0240	441 589	749 803
N	R0250	252 422											R0250	252 422	252 422
												Total	R0260	2 475 163	21 342 384

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		Development year												
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											13 383	R0100	12 152
N-9	R0160			448 248	264 869	86 196	77 951	48 030	28 068	20 585	5 111		R0160	4 641
N-8	R0170		565 293	349 268	182 055	77 844	77 347	36 140	78 112	32 247			R0170	29 282
N-7	R0180	733 827	405 753	288 998	130 801	76 987	43 730	117 962	14 487				R0180	13 155
N-6	R0190	966 862	412 441	224 350	169 471	113 253	92 940	15 636					R0190	14 198
N-5	R0200	769 913	385 032	314 558	219 669	158 900	75 199						R0200	68 283
N-4	R0210	1 023 868	588 181	448 949	294 881	290 916							R0210	264 159
N-3	R0220	1 082 142	605 636	381 536	299 904								R0220	272 321
N-2	R0230	1 559 824	1 265 971	471 207									R0230	427 869
N-1	R0240	1 022 010	968 853										R0240	879 745
N	R0250	1 529 823											R0250	1 389 122
												Total	R0260	3 374 927

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	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**	1 920 412	1 920 412			
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**	1 920 412	1 920 412			
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**	790 469			790 469	
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	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	790 469			790 469	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	2 710 882	2 710 882		790 469	
Total available own funds to meet the MCR	**R0510**	1 920 412	1 920 412			
Total eligible own funds to meet the SCR	**R0540**	2 710 882	2 710 882		790 469	
Total eligible own funds to meet the MCR	**R0550**	1 920 412	1 920 412			
SCR	**R0580**	1 580 939				
MCR	**R0600**	582 934				
Ratio of Eligible own funds to SCR	**R0620**	1,71				
Ratio of Eligible own funds to MCR	**R0640**	3,29				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	1 920 412	
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**	1 920 412	
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	560 963		
Counterparty default risk	R0020	137 766		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	1 258 800		
Diversification	R0060	-381 659		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	1 575 871		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	120 625
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-115 557
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	1 580 939
Capital add-on already set	R0210	
Solvency capital requirement	R0220	1 580 939
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	

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	1

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	-115 557
LAC DT justified by reversion of deferred tax liabilities	R0650	-115 557
LAC DT justified by reference to probable future taxable profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-115 557

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	582 934

		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	3 128 743	1 861 951
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	582 934
SCR	R0310	1 580 939
MCR cap	R0320	711 422
MCR floor	R0330	395 235
Combined MCR	R0340	582 934
Absolute floor of the MCR	R0350	47 310
		C0070
Minimum Capital Requirement	R0400	582 934