Länsförsäkringar AB

Solvency and financial condition of the insurance operations

2020

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Note to the reader

This Solvency and Financial Condition Report (SFCR) contains information about the insurance operations conducted within the Länsförsäkringar AB Group. The Report encompasses Länsförsäkringar AB and its subsidiaries at group level, and each individual insurance subsidiary of Länsförsäkringar AB. Accordingly, the Report is written as a single, joint SFCR. The Report has been prepared in accordance with the public disclosure requirements for a solvency and operations report in the Swedish Insurance Business Act (2010:2043)[1], Commission Delegated Regulation[2] and EIOPA's guidelines[3].

The Swedish version of the SFCR includes all of the insurance subsidiaries. This English version includes the insurance-operations at group level and Agria Djurförsäkring since Agriaconducts insurance operations outside Sweden. All of the insurance operations are described at group level first, followed by Agria.

Please note that from 30 December 2020, Länsförsäkringar AB's legal name is "Gamla Länsförsäkringar AB" but it is referred to as "Länsförsäkringar AB" throughout this report.

1) https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/forsakringsrorelselag-20102043_sfs-2010-2043
2) http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL%3A2015%3A012%3ATOC
3) https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-reporting-and-public-disclosure

Insurance operations at group level

Introduction

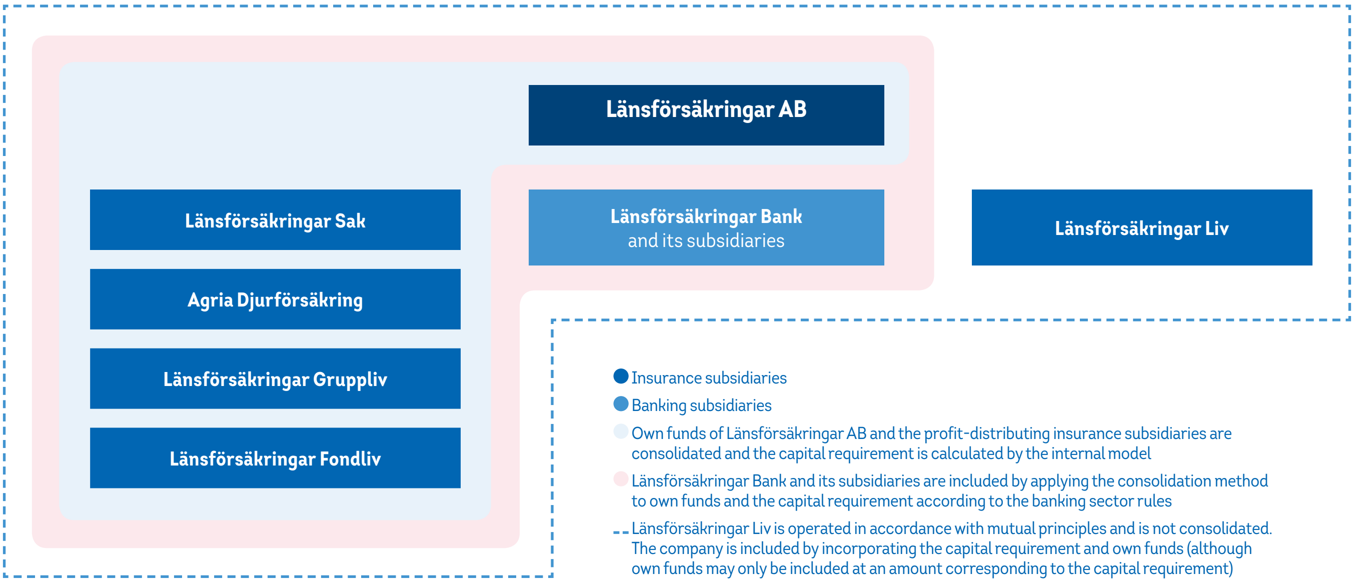
Länsförsäkringar Liv is a subsidiary of Länsförsäkringar AB and is operated according to mutual principles. This means that the policyholders of Länsförsäkringar Liv bear the risk for the deficit in the operations at the same time as they are entitled to receive any surplus capital. Länsförsäkringar Liv's capital requirement is included in the capital requirement at group level, but for own funds only an amount corresponding to the capital requirement is included in own funds at group level since the surplus capital in Länsförsäkringar Liv cannot be distributed to the Parent Company Länsförsäkringar AB. Länsförsäkringar Liv is also treated differently than the profit-distributing insurance subsidiaries in certain other respects because the company is operated according to mutual principles. The group reporting to be submitted must include information on Länsförsäkringar Liv in certain specifications. Each section of this report states whether or not the information on Länsförsäkringar Liv is included. The differences between how Länsförsäkringar Liv is included in the group under the solvency rules of the Swedish Insurance Business Act (IBA) are highly significant compared with the rules for the financial statements. Länsförsäkringar Liv is not consolidated in the Annual Report for the Länsförsäkringar AB Group. The value of the shares is recognised at an amount corresponding to the company's share capital.

The IBA's rules on groups include, in a certain sense, credit institutions. For Länsförsäkringar AB, this means, for example, that the IBA's solvency rules for groups stipulate that the capital position of Länsförsäkringar Bank and its subsidiaries is to be included in own funds and the capital requirement at group level. This is to take place by applying the rules on own funds and capital requirement for credit institutions. Länsförsäkringar Bank and its subsidiaries is included in the group under the IBA's rules on solvency by what is referred to in the Act as a "consolidation method" but which does not entail full consolidation of the Länsförsäkringar Bank Group's assets and liabilities. In this way, the concept of "group" in the IBA and in the Solvency II balance sheet at group level differ in significant respects from the consolidation of both the insurance operations and the banking operations that takes place in the Annual Report for the Länsförsäkringar AB Group.

Accordingly, there are material differences between the concept of "group" in the IBA and the concept of "Group" in the Swedish Annual Accounts Act. The term "group" is used henceforth in this report for the group of companies that is encompassed by the IBA's rules on groups.

It is also the case that the group featuring Länsförsäkringar AB as the Parent Company that is encompassed by the IBA's rules for groups contains the same companies as those included in the Länsförsäkringar AB Group under the accounting regulations. The operational governance of the companies in the Länsförsäkringar AB Group is adapted to meet both the IBA's rules on groups and the rules on groups found in legislation for banks and credit institutions. Consequently, it is sometimes appropriate for descriptions of the insurance operations at group level here to use the term "the Länsförsäkringar AB Group," which thus means the same companies as those included under the IBA's concept of group.

Figure 1: Länsförsäkringar AB's insurance operations at group level



Summary

Länsförsäkringar AB and its subsidiaries are commissioned by the regional insurance companies to conduct joint banking, non-life insurance, pension and life-assurance operations, pursue strategic development activities and provide service in areas that generate economies of scale and efficiency. All to create conditions for the regional insurance companies to develop the offering close to their customers.

Länsförsäkringar Sak underwrites health care, accident and health and commercial special insurance and international reinsurance. Länsförsäkringar Sak also manages the Länsförsäkringar Alliance's total reinsurance cover. Agria Djurförsäkring ("Agria") is a subsidiary of Länsförsäkringar Sak and the Länsförsäkringar Alliance's specialist company for pet and crop insurance. Länsförsäkringar Grupplív, which is also a subsidiary of Länsförsäkringar Sak, underwrites group life assurance and occupational group life assurance. Länsförsäkringar Fondliv underwrites life assurance and pension savings primarily with fund management and a smaller portion of guarantee management.

The effects of the COVID-19 pandemic on the Länsförsäkringar AB Group's earnings were relatively limited in 2020. The technical result for the group amounted to SEK 1,072 M (1,119). The technical result for Länsförsäkringar Sak amounted to SEK 88 M (133). The change in earnings compared with the preceding year was largely due to higher claims costs. Agria's technical result was SEK 66 M (64) with strong growth, partly due to increased interest in getting a pet during the pandemic, while at the same time the claims frequency rose. Grupplív's technical result increased to SEK 82 M (72) mainly due to higher business volume. Länsförsäkringar Fondliv's technical result amounted to SEK 836 M (851). The change in result compared with the preceding year was mainly due to lower repurchase fees given the new rules that regulate fees for transfers of fund and deposit insurance.

The group's business activities are primarily conducted in Sweden, but there are also operations in Denmark, Finland, France, Norway and the UK through Agria's branches. Growth in Agria's international operations was strong and delivered a positive technical result, primarily in the UK operations. Investments continue to be made in building up new markets. In 2020, work started on establishing a branch in Germany.

The group's investment return excluding Länsförsäkringar Liv amounted to 2.6% (8.3). Equities contributed 0.9 of a percentage point to the investment return following the strong recovery of the stock markets in the second half of the year. Alternative investments contributed 0.8 of a percentage point, mainly driven by the positive trend in forest holdings. Properties made a contribution of 0.6 of a percentage point and the fixed-income portfolio 0.3 of a percentage point.

The future trend in the Länsförsäkringar AB Group's earnings is closely linked to the drivers and trends in the business environment that affect future customer requirements and thereby the Group's operations, business model and development needs. Rapid technological advances are creating new conditions, while at the same time significant changes and innovation are needed to leverage the opportunities that are emerging. Expertise, the technical environment and the organisation must be adapted to support rapid developments so as to meet customers' evolving needs.

As regards the COVID-19 pandemic, the outlook for the economic recovery is improving as more vaccines are becoming available. How the global economy will perform now depends on the efficiency of the vaccination programmes that started at year-end.

About the Länsförsäkringar Alliance

Länsförsäkringar comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB and its subsidiaries. Customers are provided with a complete offering of banking, insurance, pension and real-estate brokerage services through the regional insurance companies. The Länsförsäkringar Alliance has 3.9 million customers and 7,500 employees.

Through its distinct role in the Länsförsäkringar Alliance's value chain, Länsförsäkringar AB contributes to increasing competitiveness and reducing costs for joint development. In turn, this creates possibilities for the regional insurance companies to be successful in their respective markets. The Länsförsäkringar AB Group comprises the Parent Company Länsförsäkringar AB, the subsidiaries Länsförsäkringar Sak, Länsförsäkringar Bank, Länsförsäkringar Fondliv and Länsförsäkringar Liv as well as the subsidiaries of these companies. Länsförsäkringar Liv and its subsidiaries are not consolidated in Länsförsäkringar AB since the company is operated according to mutual principles.

Sustainability is a fundamental element of future developments, and has played a part in Länsförsäkringar's operations since the very beginning when the first regional insurance company was founded more than 200 years ago. Länsförsäkringar's products and services must not only strengthen the business but must also contribute to the sustainable development of society.

Länsförsäkringar AB and its subsidiaries have a healthy financial position. Financial strength is primarily measured by comparing own funds with the solvency capital requirement. The comparison shows the group's ability to fulfil its commitments to policyholders and other creditors even when the group's financial position is very highly stressed. Own funds at group level are by law to be higher than the solvency capital requirement at group level.

The Länsförsäkringar AB Group calculates the solvency capital requirement by using a partial internal model at group level and at solo level for Länsförsäkringar Fondliv, Länsförsäkringar Sak, Agria and Länsförsäkringar Liv. A standard formula is used at solo level for Länsförsäkringar Grupplív. At group level, the capital requirement is also included for Länsförsäkringar Bank, calculated in accordance with applicable capital requirement rules for banks and credit institutions.

Own funds

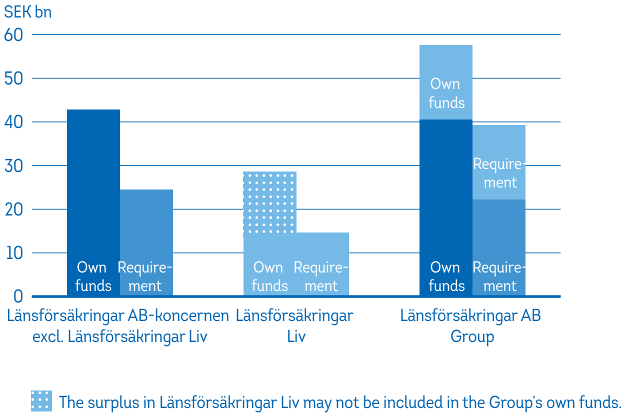
SEK 57,412 M

Capital requirement

SEK 39,186 M

Own funds at group level amounted to SEK 57.4 billion at year-end and comprise Tier 1 capital. The capital requirement amounted to SEK 39.2 billion, which is higher than the regulatory requirement by a healthy margin and represents surplus capital of SEK 18.2 billion. Länsförsäkringar Liv is included in the calculation of own funds and the capital requirement, but excluding its surplus capital. Länsförsäkringar Liv's surplus capital amounted to SEK 13.8 billion at year-end.

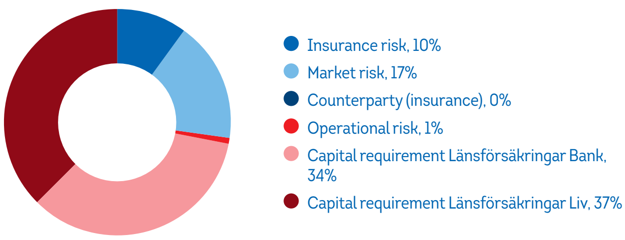
Figure 2. Own funds and capital requirement for Länsförsäkringar AB and its subsidiaries, 31 Dec 2020



Surplus capital at group level increased SEK 6.0 billion4 year-on-year. Own funds strengthened SEK 7.2 billion during the year, mainly due to the Länsförsäkringar AB Group's earnings and the revaluation of the technical provisions. The capital requirement rose SEK 1.2 billion[5] during the year. The surplus capital in Länsförsäkringar Liv fell SEK 0.9 billion.

The solvency capital requirement shows how much capital the company needs based on the risks in the company's business operations. The risk profile for Länsförsäkringar AB and its subsidiaries is dominated by the banking operations' credit risk, the market and long-life expectancy risk of the traditional life-assurance operations, the unit-linked insurance operations' market and cancellation risk, and the non-life insurance operations' market and insurance risk.

Figure 3: Länsförsäkringar AB and its subsidiaries' risks by category, 31 Dec 2020



The capital requirements for Länsförsäkringar Liv and Länsförsäkringar Bank jointly account for 71% of the total capital requirement at group level. Market risk is the third largest risk with a capital requirement comprising 17% of the group's capital requirement. Market risk is the risk of losses due to changes in the value of assets in the financial markets. The capital requirement for market risk primarily derives from Länsförsäkringar Fondliv, whose future earnings are heavily dependent on the trend in unit-linked insurance capital and thus the performance of the equities markets since a large portion of the unit-linked insurance capital is invested in equities funds.

In calculating the solvency capital requirement, the company's assets and liabilities are valued for solvency purposes, which differs from the financial statements. Under the Solvency II regulations, assets and liabilities are to be measured at market value, which entails that the company is to make certain revaluations. In the group's case, the valuation resulted in a reduction in both the assets and liabilities. Liabilities accounted for the largest revaluation effect based on the revaluation of the technical provisions. The largest revaluation in 2020 was Länsförsäkringar Fondliv, for which the gross technical provisions were reduced by just under SEK 14 billion. The revaluation was mainly attributable to unit-linked insurance for which Länsförsäkringar Fondliv's technical provisions are calculated based on a cash-flow method under the Solvency II regulations, whereas the technical provisions in the financial statements correspond to the market value of the assets. The revaluation in the Länsförsäkringar Sak Group led to a net reduction of approximately SEK 2.4 billion in the technical provisions. The revaluation in Länsförsäkringar Liv resulted in an increase of SEK 222 M.

Länsförsäkringar AB's Board assumes the overall responsibility for the organisation and administration of the company and the Group and for assessing and making decisions on issues of material significance and of an overall nature relating to the company's and the Group's operations. The Board appoints the President and CEO, adopts an appropriate operational organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management. The Board has established a Risk and Capital Committee, an Audit Committee and a Remuneration Committee. These Committees do not generally have any decision-making mandates, and instead support the Board and prepare decisions in their relevant areas.

The President and CEO of Länsförsäkringar AB is responsible under the Swedish Companies Act for the daily management and operations of Länsförsäkringar AB. As the CEO of the Länsförsäkringar AB Group, the President assumes the same responsibility for the Group. Länsförsäkringar AB's Group management comprises the Presidents and heads of the various business units.

A Group-wide corporate-governance system, with an internal-governance and -control system that includes a risk-management system and regulatory compliance, has been established in the Länsförsäkringar AB Group.

The risk-management system includes a Group-wide Own Risk and Solvency Assessment (ORSA), the overall aim of which is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial statements and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong ability to identity, measure, monitor and manage risks and full regulatory compliance. No material changes were made to the corporate governance system during the year.

[4] The capital requirement and thus surplus capital on 31 December 2019 were adjusted in 2020 due to the changed method for calculating loss absorption in deferred tax.
[5] The capital requirement on 31 December 2019 was adjusted in 2020 due to the changed method for calculating loss absorption in deferred tax.

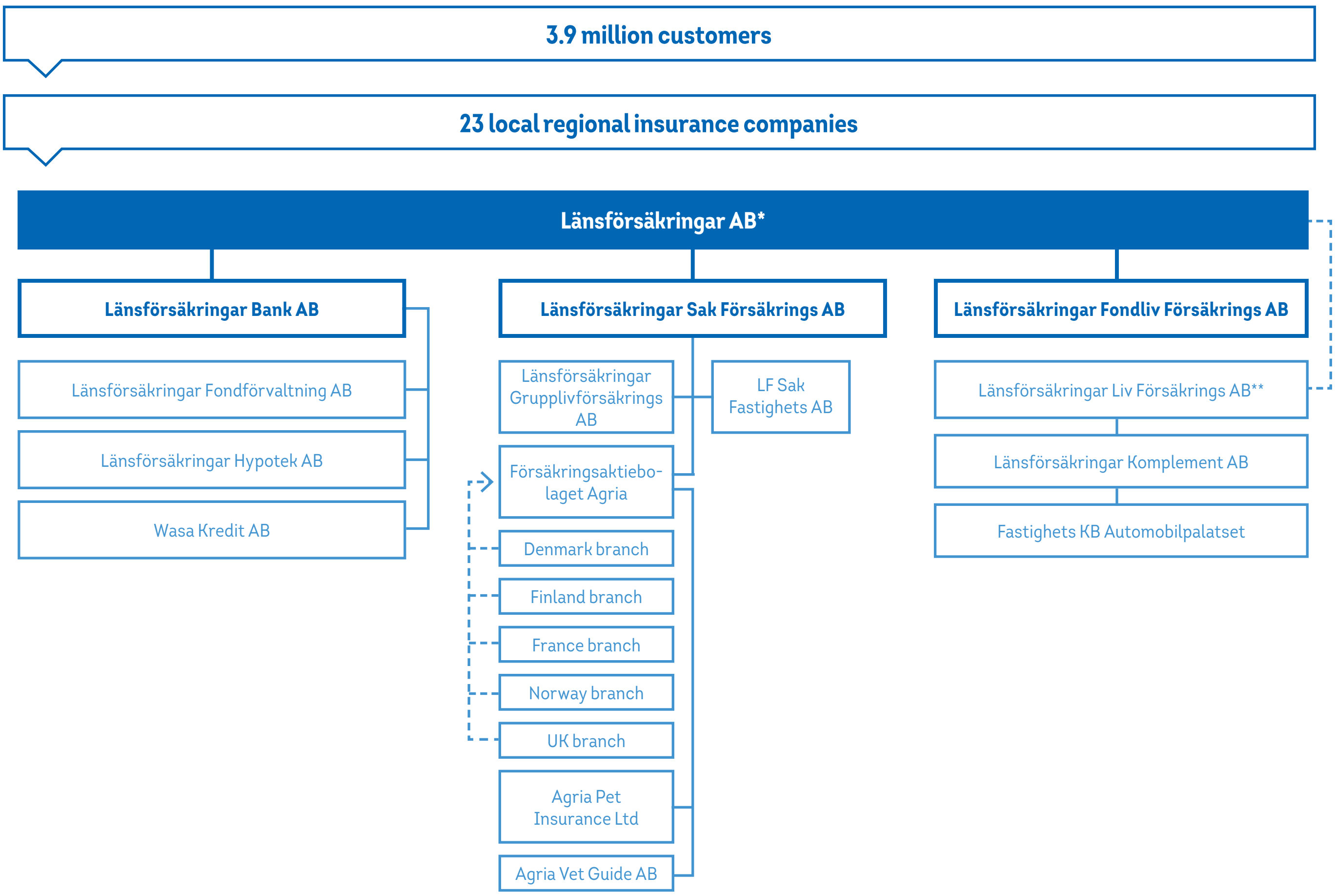
A | Operations and earnings

A.1 Operations

A.1.1 About Länsförsäkringar AB

Ownership
Länsförsäkringar AB[6] is wholly owned by the 23 customer-owned regional insurance companies, together with 15 local insurance companies. The regional insurance companies and the Länsförsäkringar AB Group jointly comprise the Länsförsäkringar Alliance. The Länsförsäkringar AB Group comprises the Parent Company Länsförsäkringar AB with a number of directly and indirectly owned subsidiaries, as described below. The business operations of the Länsförsäkringar AB Group are those deemed by the Länsförsäkringar Alliance as best suited to be run jointly. Most of the Länsförsäkringar Alliance's development and service activities are coordinated with Länsförsäkringar AB, with shared priorities.

Figure A1 (1): Ownership structure of Länsförsäkringar AB Group, 31 Dec 2020



* From 30 December 2020, Länsförsäkringar AB's legal name is "Gamla Länsförsäkringar AB" but it is referred to as "Länsförsäkringar AB" throughout this report.
** The company is operated in accordance with mutual principles and is not consolidated.

Regional insurance companies' participating interests in Länsförsäkringar AB

Table A1(1): Regional insurance companies' participating interests in Länsförsäkringar AB, 31 Dec 2020

Shareholdings in Länsförsäkringar AB	Number of shares[7]			
Company	**A**	**B**	**C**	**Share of equity, %**
Länsförsäkringar Skåne	141,849	882,046	–	9.8
Länsförsäkringar Stockholm	129,212	802,382	–	8.9
Länsförsäkringar Östgöta	114,155	663,463	–	7.5
Dalarnas Försäkringsbolag	104,708	609,639	–	6.9
Länsförsäkringar Göteborg och Bohuslän	87,010	605,143	821	6.6
Länsförsäkringar Älvsborg	100,176	581,374	–	6.5
Länsförsäkringar Bergslagen	86,351	495,089	–	5.6
Länsförsäkringar Jönköping	82,812	474,021	–	5.3
Länsförsäkringar Uppsala	73,298	424,791	–	4.8
Länsförsäkringar Västerbotten	57,195	330,919	–	3.7
Länsförsäkringar Halland	56,785	329,857	–	3.7
Länsförsäkringar Södermanland	58,117	323,139	–	3.7
Länsförsäkringar Göinge-Kristianstad	49,982	322,347	–	3.6
Länsförsäkringar Kalmar län	56,717	295,878	–	3.4
Länsförsäkringar Gävleborg	60,058	281,083	–	3.3
Länsförsäkringar Skaraborg	64,058	253,172	–	3.0
Länsförsäkringar Västernorrland	50,186	257,122	–	2.9
Länsförsäkringar Jämtland	35,795	226,453	–	2.5
Länsförsäkring Kronoberg	36,701	203,130	–	2.3
Länsförsäkringar Värmland	31,160	202,208	–	2.2
LF Norrbotten	16,960	127,878	–	1.4
Länsförsäkringar Blekinge	23,088	120,500	–	1.4
Länsförsäkringar Gotland	16,305	74,315	–	0.9
15 local insurance companies	–	–	5,134	0.0
Total number of shares	**1,532,678**	**8,885,949**	**5,955**	**100.0**

Affiliated companies and branches

Länsförsäkringar AB (publ) 556549-7020

Wholly owned subsidiaries, including branches, of Länsförsäkringar AB (publ)

- *Länsförsäkringar Sak Försäkrings AB (publ), 502010-9681*
  - Försäkringsaktiebolaget Agria (publ), 516401-8003 (wholly owned subsidiary of Länsförsäkringar Sak)
    – Agria Pet Insurance Ltd (wholly owned subsidiary of Agria)
    – Agria Vet Guide AB, 559132-0451 (wholly owned subsidiary of Agria)
    – Agria Dyreforsikring in Denmark, branch
    – Försäkringsaktiebolaget Agria (publ), branch in Finland
    – Agria Dyreforsikring in Norway, branch
    – Försäkringsaktiebolaget Agria (publ), branch in France
    – Agria Forsakring in the UK, branch
  - Länsförsäkringar Grupplivförsäkrings AB (publ), 516401-6692 (wholly owned subsidiary of Länsförsäkringar Sak)
  - LF Sak Fastighets AB, 556683-6416 (wholly owned subsidiary of Länsförsäkringar Sak)
- *Länsförsäkringar Fondliv Försäkrings AB (publ), 516401-8219*
- *Länsförsäkringar Bank AB (publ),* 516401-9878
  - Länsförsäkringar Fondförvaltning AB (publ), 556364-2783 (wholly owned subsidiary of Länsförsäkringar Bank)
  - Länsförsäkringar Hypotek AB (publ), 556244-1781 (wholly owned subsidiary of Länsförsäkringar Bank)
  - Wasa Kredit AB, 556311-9204 (wholly owned subsidiary of Länsförsäkringar Bank)
- *Länsförsäkringar Liv Försäkrings AB (publ), 516401-6627*
  - Länsförsäkringar Komplement AB, 556660-1257 (wholly owned subsidiary of Länsförsäkringar Liv)

Refer also to the quantitative reporting template (referred to below as "QRT") s.32.01 in Appendix 1.1 for more detailed information about the companies included in the Group.

Consolidation methods for calculations at group level

Finansinspektionen has granted permission for Länsförsäkringar AB's subsidiary Länsförsäkringar Liv, which is operated according to mutual principles, to be included in the group calculations using the deduction and aggregation method, method 2 according to Article 233 of Directive 2009/138/EC. This entails that the company's solvency situation in the group calculation is handled differently to other companies in the Group. The other companies in the Group are included in the calculations using a consolidation method, method 1 according to Article 230 of Directive 2009/138/EC. Subsidiaries in the other financial sector, Länsförsäkringar Bank and its subsidiaries, are consolidated by applying method 1 according to Article 335 (e) of Commission Delegated Regulation (EU) 2015/35.

Financial supervision and external auditors

Finansinspektionen is the supervisory authority in Sweden that is responsible for the financial supervision of the Länsförsäkringar AB Group under the insurance companies and all of the insurance companies (solo companies) included in the Länsförsäkringar AB Group under the insurance-operation rules.

[7] Class A shares carry ten votes and Class B and C shares carry one vote.

Finansinspektionen: www.fi.se Postal address: Finansinspektionen, Box 7821, SE-103 97 Stockholm, Sweden. Street address: Brunnsgatan 3 in central Stockholm

External auditors

Länsförsäkringar AB: Mårten Asplund, KPMG AB.
Länsförsäkringar Sak Försäkrings AB: Magnus Ripa, KPMG AB.
Försäkringsaktiebolaget Agria: Magnus Ripa, KPMG AB.
Länsförsäkringar Grupplivförsäkrings AB: Magnus Ripa, KPMG AB.
Länsförsäkringar Fondliv Försäkrings AB: Gunilla Wernelind, KPMG AB.
Länsförsäkringar Liv Försäkrings AB: Gunilla Wernelind, KPMG AB.
Länsförsäkringar Bank AB: Dan Breitner, KPMG AB.
Länsförsäkringar Fondförvaltning AB: Anders Tagde, KPMG AB.
Länsförsäkringar Hypotek AB: Dan Breitner, KPMG AB
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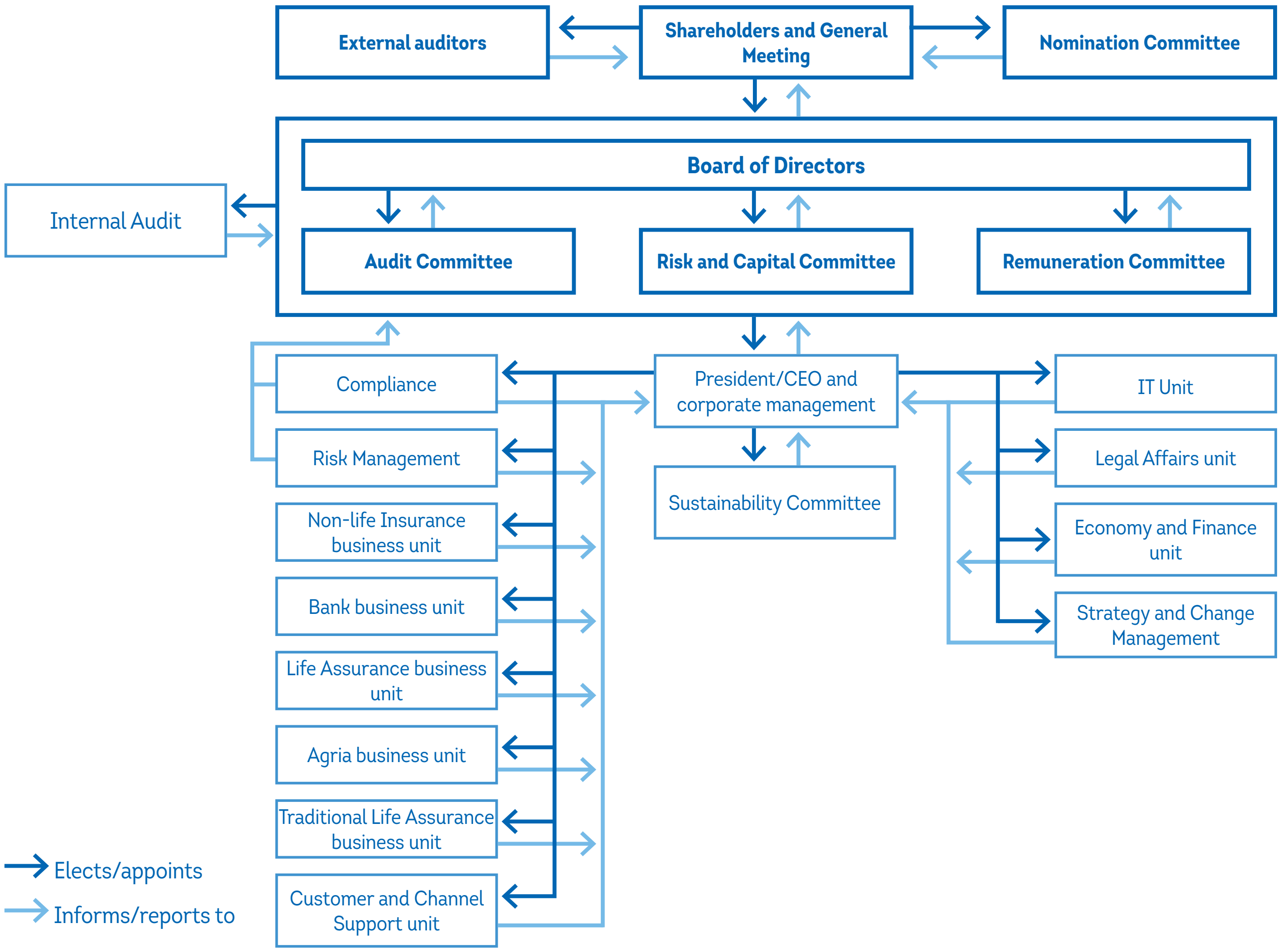
Organisation

The Board of Länsförsäkringar AB establishes an operational organisation for the Länsförsäkringar AB Group with an appropriate and transparent organisational structure, a clear distribution of responsibilities and duties between the various company bodies and between the so-called lines of defence, and a clear decision and reporting procedure. An internal-control system is integrated into the operational organisation, including a regulatory-compliance system and a risk-management system. Economies of scale, for example, are guaranteed within the framework of the organisation via Group-wide functions and outsourced operations, continuity management and contingency plans, efficient systems for reporting and transferring information, information security, management of conflicts of interest and ensuring that Board members and employees are suited to their tasks.

The operational organisation ensures that systems, resources and procedures are in place that are suitable for conducting the business activities in accordance with applicable regulations. The responsibilities and duties in the operational organisation are clearly stipulated to ensure a distribution of responsibilities, that important duties are performed and that double work is avoided. Work methods and processes are efficient and based on established responsibilities.

Figure A1(2): Länsförsäkringar AB Group's operating organisation, 31 Dec 2020



Group-wide functions and outsourced operations

The distribution of work in the Länsförsäkringar AB Group is a key tool for achieving economies of scale in terms of both finance and expertise. It is also a method of implementing effective and proactive governance within the Group. The operational organisation with the business activities conducted in the business units and Group-wide functions in the Parent Company was established based on this approach.

Outsourcing operations to external parties is also a key tool for achieving economies of scale in terms of both finance and expertise. Outsourcing takes place in both Länsförsäkringar AB and in the subsidiaries.

Operations by geographic area and insurance lines

The table below illustrates the Group's operations specified by geographic area and insurance lines.

Table A1(2): Operations per geographic area 2020

	Länsförsäkringar Sak	Agria	Länsförsäkringar Gruppliv	Länsförsäkringar Fondliv	Länsförsäkringar Liv
Sweden	√	√	√	√	√
Denmark		√			
Finland		√			
France		√			
Norway		√			
UK		√			

Table A1(3): Operations per insurance line 2020

	Länsförsäkringar Sak	Agria	Länsförsäkringar Gruppliv	Länsförsäkringar Fondliv	Länsförsäkringar Liv
Non-life insurance, direct insurance of Swedish risks					
Health care	√				
Accident and health	√				
Motor	√				
Motor third-party liability	√				
Marine, air and cargo	√				
Property, commercial lines	√				
Property, other property[8]		√			
Liability	√				
Legal expenses	√				
Credit and guarantees	√				
Direct insurance of foreign risks	√	√			
Assumed reinsurance	√				
Life assurance, direct insurance of Swedish risks					
Occupational pension insurance, defined-contribution traditional insurance				√	√
Occupational pension insurance, unit-linked insurance				√	
Occupational pension insurance, health insurance and premium exemption				√	√
Other life assurance, individual traditional life assurance				√	√
Other life assurance, unit-linked insurance				√	
Group life assurance and occupational group life assurance			√		
Health insurance and premium exemption				√	√

8) Comprises pet and crop insurance in Agria.

Significant business events during the reporting period

Since the outbreak of COVID-19 in the first quarter of 2020 and in light of the spread of the pandemic during the year, the Länsförsäkringar AB Group has taken a number of measures to ensure the continuation of operations. The aim of the measures taken is to minimise the impact on Länsförsäkringar's 3.9 million customers and to continue to provide excellent service. The risk of contagion was minimised by expanding customer meetings via digital channels, employees working remotely and separate premises for the Länsförsäkringar AB Group's critical functions and tasks. The effects of the COVID-19 pandemic on the Länsförsäkringar AB Group's earnings were relatively limited in 2020.

Länsförsäkringar was named Sweden's strongest brand in insurance at the Swedish Brand Award for the seventh consecutive year. Länsförsäkringar also had the highest reputation in the insurance industry according to Kantar Sifo's 2020 reputation survey. According to the Swedish Innovation Index, Länsförsäkringar was the most innovative company in the finance industry in 2020. Overall, Länsförsäkringar came seventh – proof that Länsförsäkringar's development activities are making a difference in customers' everyday lives.

In 2020, Länsförsäkringar AB continued to work according to a long-term business plan aimed at defining how Länsförsäkringar AB can become even better at helping each regional insurance company to best leverage the strength of the entire Länsförsäkringar Alliance in an increasingly digitised world. By introducing the Lean Agile work method, Länsförsäkringar has enhanced the efficiency of development activities and made them more innovative, resulting in rapid product development and testing. This means more efficient deliveries of new services demanded by customers.

In 2020, the Länsförsäkringar AB Group launched an efficiency programme to ensure a long-term, sustainable cost level for its operations, which in turn benefits the regional insurance companies and their competitiveness.

The organisational affiliation of the Asset Management Unit of Länsförsäkringar AB was transferred to Länsförsäkringar Liv in May 2020 to enhance the efficiency of the operations and generate higher returns for Länsförsäkringar's customers.

On 30 December 2020, Länsförsäkringar AB changed its legal name to Gamla Länsförsäkringar AB. The change in name is part of the plans to legally restructure Länsförsäkringar AB and its subsidiaries so that the company name "Länsförsäkringar AB" can be reinstated after the restructuring has been completed. Gamla Länsförsäkringar AB is referred to as "Länsförsäkringar AB" throughout this report.

A.1.2 Internal transactions

Transactions between Group companies are of both a non-recurring nature and take place on a continuous basis. Non-recurring transactions comprise the acquisition and divestment of assets and similar transactions. These are limited in scope. Non-recurring transactions are based on written agreements and their scope complies with market standards and terms.

Transactions of a continuous nature include goods and services provided within the Länsförsäkringar AB Group and to the regional insurance companies for carrying out development projects and service. Transactions of this nature are to follow established routines as below.

Pricing for service and development activities within the Länsförsäkringar Alliance is based on direct and indirect costs according to use or consumption.

The business operations of the Länsförsäkringar AB Group excluding Länsförsäkringar Liv are conducted for profit-making purposes to enable Länsförsäkringar AB to distribute returns through value growth and dividends to the regional insurance companies, whose profits in turn accrue to the non-life insurance collective. For Länsförsäkringar Liv's operations, conducted in mutual form, customers are entitled to the surplus that is generated, which is why the company does not pay dividends.

Transfers of capital within the Länsförsäkringar AB Group are regulated in internal policies and primarily take place in the form of Group contributions, dividends and capital contributions. Subsidiaries in the Group pay dividends to the Parent Company if the company's capital strength is considered to exceed set medium-term targets and the amount of the dividend is determined so that the actual capitalisation level after payments of dividends is at the set target level. Target levels for the company's capital strength are established under the framework of the Group-wide Own Risk and Solvency Assessment (ORSA) and are approved by the Board of each company.

The following table shows the significant internal transactions conducted between subsidiaries and Parent Companies in the Länsförsäkringar AB Group in 2020.

Table A1(4): Significant internal transactions

TSEK	2020	Amounts at the end of the reporting period
Länsförsäkringar Sak's dividends to Länsförsäkringar AB	795,000	–
Länsförsäkringar Sak's Group contributions to Länsförsäkringar AB	365,000	–
Länsförsäkringar Sak's capital contribution to Agria	220,000	–
Länsförsäkringar Grupplіv's Group contributions to Länsförsäkringar Sak	55,000	–

A.2 Technical result

The following section provides commentary on the technical result for the Group excluding Länsförsäkringar Liv and Länsförsäkringar Bank. For information about earnings deriving from Länsförsäkringar Bank, refer to section *A.4 Earnings from other operations.*

A.2.1 Technical result during reporting period

The table below shows the technical result per material insurance line, according to IFRS, for the Group.

Table A2(1): Technical result per insurance line

TSEK	2020	2019
Non-life insurance commitments		
Accident and health	52,206	35,586
Health care	-25,891	32,571
Commercial	1,729	10,737
Liability	40,787	90,355
Motor third-party liability	9,681	-4,491
Motor	8,724	9,097
Marine, air and cargo	10,226	15,696
Direct insurance, foreign risks	-35,608	-27,080
Total assumed reinsurance	-15,124	-55,108
Other property	108,212	89,357
Other insurance classes	-970	-302
Total technical result, non-life insurance commitments	**153,973**	**196,418**
Occupational pension insurance		
Unit-linked insurance	621,079	688,524
Individual traditional insurance	3,648	-11,734
Occupation-linked health insurance and premium exemption	-13,310	-39,148
Life-assurance commitments		
Group life assurance and occupational group life assurance	81,560	72,241
Unit-linked insurance	236,751	220,132
Individual traditional insurance	-6,800	-876
Occupation-linked health insurance and premium exemption	-5,381	-6,265
Total technical result, life-assurance commitments	**917,547**	**922,874**
Total technical result	**1,071,520**	**1,119,292**

Performance analysis

The effects of the COVID-19 pandemic on the Länsförsäkringar AB Group's earnings were relatively limited in 2020. The technical result for the group amounted to TSEK 1,071,520 (1,119,292), with the largest contribution from unit-linked insurance in Länsförsäkringar Fondliv (TSEK 857,830) and pet and crop insurance in Agria (TSEK 108,212).

The technical result for Länsförsäkringar Sak amounted to TSEK 88,435 M (132,542). The change in earnings compared with the preceding year was largely due to higher claims costs. Earnings for health care insurance were negative as a result of higher claims costs, both for claims in 2020 and higher reserves for prior-year claims related to operations and medical care. Assumed reinsurance also reported negative earnings after higher claims costs due to such factors as the explosion in Beirut and natural disasters in the US.

Agria's technical result was TSEK 65,538 (63,876) with strong growth, partly due to increased interest in getting a pet during the pandemic, while at the same time claims costs increased through a combination of a higher claims frequency and increasingly advanced veterinary care. Several animal owners use the insurance for costs for veterinary care.

Länsförsäkringar Fondliv's technical result amounted to TSEK 835,987 (850,633). The change in result compared with the preceding year was mainly due to lower repurchase fees given the new rules that regulate fees for transfers of fund and deposit insurance.

Länsförsäkringar Grupplіv's technical result increased to TSEK 81,560 (72,241) due to higher business volumes. Claims costs were slightly higher year-on-year.

Technical result per material geographic area

The following table presents the technical result per material geographic area.

Table A2(2): Technical result per material geographic area

TSEK	2020	2019
Home country (Sweden)	1,114,195	1,144,773
Denmark	-13,730	-10,334
Finland	-23,766	-18,112
France	-26,667	-19,590
Norway	7,390	33,399
UK	14,098	-10,843
Total technical result	**1,071,520**	**1,119,292**

The Group's business activities are conducted in Sweden as well as Denmark, Finland, France, Norway and the UK through Agria's branches. Only Agria conducts operations in branches outside the home country of Sweden.

Growth was strong in the international operations, while claims costs rose. The mature market in the UK delivered positive earnings, and the earnings in Norway improved and were positive. Finland and France reported weaker earnings due to higher claims costs. Investments continue to be made in building up new markets. In 2020, work started on establishing a branch in Germany.

Refer also to the QRT s.05.01 and s.05.02 in Appendix 1.1 for information about income and expenses per line of business (in accordance with Solvency II) and geographic area.

A.3 Earnings from investments

The following section provides commentary on the earnings from investments for the Group excluding Länsförsäkringar Liv and Länsförsäkringar Bank.

A.3.1 Income and expenses per class of asset

Investment income per class of asset as recognised in the financial statements is presented below, with comments on the relationship with the recognised return of 2.6% (8.3).

Table A3(1): Income and expenses per class of asset

Class of asset 2020 (TSEK)	Income	Expenses	Earnings
Shares and participations	396,587	-7,403	389,184
Bonds and other interest-bearing securities, and bank balances	208,546	-47,885	160,660
Derivatives	18,549	-32,743	-14,194
Shares and participations in associated companies	9,948	0.0	9,948
Exchange-rate gains/losses, net	12,097	-14,356	-2,259
Other financial expenses (not included in return ratio)	0	-16,513	-16,513
Revaluation of annuity reserve (not included in return ratio)	0	-1,189	-1,189
Total return according to income statement	**645,726**	**-120,089**	**525,637**

Class of asset 2019 (TSEK)	Income	Expenses	Earnings
Shares and participations	902,182	-1,122	901,061
Bonds and other interest-bearing securities, and bank balances	163,155	-10,935	152,220
Derivatives	74,320	-62,330	11,990
Shares and participations in associated companies	4,364	8,085	12,449
Exchange-rate gains/losses, net	2,328	-12,591	-10,263
Other financial expenses (not included in return ratio)	0	-25,566	-25,566
Revaluation of annuity reserve (not included in return ratio)	0	-4,082	-4,082
Total return according to income statement	**1,146,349**	**-108,540**	**1,037,810**

Equities contributed 0.9 of a percentage point to the investment return following the strong recovery of the stock markets in the second half of the year. Alternative investments contributed 0.8 of a percentage point, mainly driven by the positive trend in forest holdings. Properties contributed 0.6 of a percentage point to investment income, driven by positive changes in market value. In the fixed-income portfolio, which contributed a total of 0.3 of a percentage point, with the most positive contributions from mainly US interest-rate durations and lower Swedish housing spreads.

Investment income recognised in profit or loss includes expenses for other financial expenses and revaluations of the annuity reserve and are not included in the recognised investment return ratio.

A.3.2 Gains and losses impacting equity

The table below shows the gains and losses on financial assets and liabilities impacting equity through the statement of other comprehensive income.

Table A3(2): Gains and losses impacting equity

2020 (TSEK)	Income	Expenses	Earnings
Change in fair value of financial assets			
Shares and participations	0	1,572	1,572
Cash flow hedges			
Change in value for the period	0	0	0
Owner-occupied property			
Revaluation of owner-occupied property	0	0	0
Comprehensive income for the year	**0**	**1,572**	**1,572**
2019 (TSEK)	**Income**	**Expenses**	**Earnings**
Change in fair value of financial assets			
Shares and participations[9]	2,231	0	2,231
Cash flow hedges			
Change in value for the period	0	0	0
Owner-occupied property			
Revaluation of owner-occupied property	148,270	0	148,270
Comprehensive income for the year	**150,501**	**0**	**150,501**

Unrealised changes in the value of shares and participations presented in other comprehensive income in 2020 amounted to TSEK –1,572. Owner-occupied property is recognised by applying the revaluation technique, which entails a market valuation with revaluations recognised in other comprehensive income.

A.3.3 Investments in securitised products

Not applicable.

A.4 Earnings from other operations

Länsförsäkringar AB's subsidiaries have outsourced certain functions and operations to Länsförsäkringar AB. The operations outsourced to the Parent Company are mainly development operations, the provision of IT-related products and services, asset management, compliance, risk control and internal audit as well as accounting and reporting. In addition, Länsförsäkringar AB provides other services, such as HR, purchasing and office services, communication and legal affairs.

The operations outsourced by the subsidiaries and provision of other services are regulated in outsourcing agreements with Länsförsäkringar AB.

Table A4(1): Länsförsäkringar AB's income and expenses

TSEK	2020	2019
Service income	3,538,587	3,577,490
External expenses and staff costs	-3,718,104	-3,940,970
Profit before tax	777,109	832,697

Leases

Länsförsäkringar AB Group's leases mainly comprise rent for office premises and IT. The Länsförsäkringar AB Group's losses on leases amounted to TSEK –881 (–38,321) for the reporting period. Net profit for the year was mainly attributable to costs for premises. The lease earnings were impacted by the divestment of the holdings in Utile Dulci 2 HB in 2019.

Finance lease activities are conducted on the Länsförsäkringar Bank Group's behalf by the subsidiary Wasa Kredit AB.

Länsförsäkringar Bank AB

Länsförsäkringar Bank offers banking services to private individuals, agricultural customers and small businesses. Sales, advisory services and customer service are carried out through the branches of the regional insurance companies and via digital channels and by telephone. Deposits and certain lending operations are conducted in Länsförsäkringar Bank, while most of the lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek AB. The subsidiary Länsförsäkringar Fondförvaltning AB offers mutual funds. The subsidiary Wasa Kredit AB offers financing services to corporate customers and private individuals – primarily leasing, renting and hire purchase. Business volumes in the banking operations in 2020 amounted to SEK 729 billion (656).

Table A4(2): Länsförsäkringar Bank Group income and expenses

TSEK	2020	2019
Net interest income	4,845,436	4,617,403
Net commission	-558,808	-636,444
Operating expenses	2,109,054	1,926,185
Operating profit	1,843,804	1,893,488

A.5 Other information

Länsförsäkringar AB is planning a legal restructure in 2021 to the extent that Länsförsäkringar Sak, based on a merger with Länsförsäkringar AB, would become the parent company of the Group. The purpose is to make the Länsförsäkringar AB Group a more appropriate, transparent and efficient legal organisation so that the consolidated situation for the banking operations only comprises the Bank Group. Restructuring requires the approval of the Financial Supervisory Authority.

9) Called "interest-bearing securities" in last year's report. These holdings are strategic shares, which is why the name of the item has been changed to "shares and participations."

B | Corporate governance system

B.1 General information about the corporate governance system

B.1.1 Responsibilities of the Board of Directors and Committees

Board of Directors

The Board is responsible for the organisation and administration of the company and decisions on issues of material significance and of an overall nature relating to the company's operations. The Board appoints, evaluates and dismisses the President, adopts an appropriate operational organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management.

The Board is to continuously remain informed about the performance of the company to be able to continuously assess the company's financial situation and position. The Board must also regularly manage and evaluate the company's risk development and risk management. During the year, the Board regularly reviews the earnings and sales trends, investment income, financial position and capital position, risk trends, etc., in relation to the business plan and forecasts. The Board receives regular reports from the control functions and continuously monitors the company's current matters with authorities. In their capacity as parent companies of a group, the Boards of Länsförsäkringar AB and Länsförsäkringar Sak have the same duties, where relevant, from a group perceptive.

The Boards of Länsförsäkringar AB, Länsförsäkringar Sak, Länsförsäkringar Liv and Länsförsäkringar Fondliv have established a Risk and Capital Committee and an Audit Committee. All companies except for Länsförsäkringar Grupplivhave also established a Remuneration Committee. The duties of the Committees are determined by the Board in its separate formal work plans for the Committees. None of the Committees has any general decision-making mandate.

Risk and Capital Committee

The Risk and Capital Committee supports the Board in risk and capital adequacy issues and serves as a forum for analysing and holding in-depth discussions on the company's and the Group's level of risk and capital requirements. The Committee prepares and discusses these matters ahead of Board decisions on the issues. The Committee reports on its work, observations and standpoints to the Board.

Audit Committee

The Audit Committee is responsible for preparing the Board's work in accordance with the provisions of the Swedish Companies Act (2005:551) and the Regulation (EU) No 537/2014 of the European Parliament and of the Council on such matters as financial reporting, auditors' independence and the selection procedure when procuring auditors. In addition, the Audit Committee is responsible for preparing the Regular Supervisory Reports (RSR) and Solvency and Financial Condition Reports (SFCR) and the Board's work on monitoring the effectiveness of the corporate governance system, which includes governance and control and the internal control of operational risks. The Committee reports on its work, observations and standpoints to the Board.

Remuneration Committee

The Remuneration Committee prepares issues on remuneration of corporate management, and, for Länsförsäkringar AB, remuneration of employees with overall responsibility for any of the company's control functions, and prepares decisions for measures to monitor application of the remuneration policy. The Committee reports on its work, observations and standpoints to the Board.

B.1.2 Responsibilities of central functions

Independent audit function – Internal Audit

The function (refer also to section B.5) is an independent review function that supports the Board in the evaluation of the corporate governance system, including the organisation's risk management, governance and controls. The function also audits and evaluates the reliability of the financial reporting. Internal Audit works on behalf of the Board and in accordance with the instruction adopted by the Board. Based on its reviews and recommendations, Internal Audit evaluates and assures that the operations' overall internal governance and control systems are conducted in an efficient manner, that the overall reporting to the Board provides a true and fair view of the operations, that the operations are conducted in accordance with applicable internal and external regulations, and in compliance with the Board's decisions. Regular risk reports are submitted to the Audit Committee and to the Board, when necessary.

Independent risk management function – Risk Management

The function is responsible for independent risk control (refer also to section B.3.1) and provides support for the President, management and operating units in fulfilling their responsibility to conduct operations with a high level of risk control. Regular risk reports are submitted to the President, and, where applicable, the Risk and Capital Committee, the Audit Committee and to the Board.

Regulatory compliance function – Compliance

The function is an independent control function (refer also to section B.4.2) responsible for monitoring and controlling regulatory compliance in the licensable operations. The function identifies and reports on risks that may arise as a result of non-compliance with regulations and provides recommendations for action to relevant personnel, the President and the Board.

Compliance provides support and recommendations to the companies on regulatory compliance risks in the licensable operations. Compliance ensures that operations are informed about new and amended regulations, conducts follow-ups to ensure that the necessary training is implemented and takes part in the implementation of training.

Regular compliance risk reports and a description of actions taken are submitted to the President and, when appropriate, the Audit Committee and the Board.

Actuarial function

An Actuarial function is in place at group level in Länsförsäkringar AB and in each insurance subsidiary.

The Actuarial function in Länsförsäkringar AB is responsible for actuarial matters at group level and, where appropriate, submits actuarial reports to the President and Board.

The Actuarial function in the insurance subsidiaries is responsible for coordinating and ensuring the quality of the technical calculations and investigations and assisting the Board and President in actuarial matters. The Actuarial function is also responsible for reporting, on its own initiative, to the Board and President on matters pertaining to methods, calculations and assessments of the technical provisions, the valuation of insurance risks, reinsurance cover and other risk-reduction techniques. The Actuarial function is also to contribute to the company's risk-management system.

B.1.3 Material changes to the corporate governance system

No material changes were made to the corporate governance system during the reporting period other than the changes in the operating organisation (refer to section A.1.1).

B.1.4 Information on remuneration of Boards and employees

Board fees

Remuneration of Board members is paid in accordance with the resolution of the Annual General Meeting in the form of fees. Fees are not paid to salaried employees of the Länsförsäkringar AB Group or to employee representatives.

Remuneration policy and remuneration model

The Board of Länsförsäkringar AB adopts a remuneration policy every year that is approved by the Boards of the subsidiaries. The remuneration policy stipulates the bases and principles for remuneration in the Länsförsäkringar AB Group and how it is to be adopted.

The basis of the remuneration model is that it must contribute to generating favourable conditions for the Länsförsäkringar AB Group to satisfactorily perform its task from the owners. The remuneration model must be compatible with, and promote sound and efficient risk management and counteract excessive risk-taking, while conforming to the Group's long-term interests. Furthermore, the reimbursement system for employees of the insurance subsidiaries who are employed in insurance distribution is to be structured in a manner that does not inhibit the ability of the insurance company to satisfy the fundamental requirements regarding insurance distribution. Employees are to have market-based employment terms and the principles for remuneration of employees are not to discriminate on the basis of gender, ethnic background, age, disability or any other factor.

The base of the remuneration model comprises fixed remuneration in the form of a fixed cash monthly salary.

In addition to cash remuneration, the Länsförsäkringar AB Group may offer benefits to employees in the form of, for example, discounts on company products, company cars, collectively agreed lunch subsidies and health care benefits. Pension and severance terms and conditions generally follow collective agreements. The Länsförsäkringar AB Group may, within the framework of the remuneration principles adopted by the Annual General Meeting, agree on special pension and severance terms and conditions for senior executives.

The Boards decide on remuneration of employees who are members of corporate management and, for Länsförsäkringar AB, also employees who have overall responsibility for the control functions. The Board is to appoint a Remuneration Committee from within its ranks, assigned with the duties as described in section B.1.1.

Main features of systems for supplementary pensions or early retirement pensions

The systems for supplementary pensions or early retirement pensions follow collective agreements.

B.1.5 Material transactions between shareholders, persons with significant influence in the company and members of the administration, management or supervisory body

The only material transactions during the reporting period were with shareholders. The following table provides information on material transactions with direct and indirect shareholders specified by company.

Table B1(1): Material transaction with direct and indirect shareholders specified by company

TSEK	2020
Länsförsäkringar AB	
Länsförsäkringar AB services sold to regional insurance companies (owner)	1,871,314
Länsförsäkringar AB services purchased from regional insurance companies (owner)	24,104
Länsförsäkringar Sak	
Länsförsäkringar Sak's dividends to Länsförsäkringar AB (owner)	795,000
Länsförsäkringar Sak's Group contributions to Länsförsäkringar AB (owner)	365,000
Länsförsäkringar Sak services sold to regional insurance companies	66,544
Länsförsäkringar Sak services purchased from regional insurance companies	848,855
Of which, net expense of transactions with the regional insurance companies in reinsurance pools	*794,422*
Länsförsäkringar Sak services purchased from Länsförsäkringar AB (owner)	188,818
Länsförsäkringar Sak's capital contribution paid to Agria (subsidiary)	220,000
Agria	
Agria services purchased from Länsförsäkringar AB	183,963
Agria services purchased from Länsförsäkringar Sak (owner)	54,230
Länsförsäkringar Grupppliv	
Länsförsäkringar Grupppliv's Group contributions to Länsförsäkringar Sak (owner)	55,000
Länsförsäkringar Grupppliv services purchased from Länsförsäkringar Sak (owner)	43,338
Länsförsäkringar Fondliv	
Länsförsäkringar Fondliv services purchased from regional insurance companies	798,768
Länsförsäkringar Fondliv services purchased from Länsförsäkringar AB (owner)	321,100
Länsförsäkringar Liv	
Länsförsäkringar Liv services purchased from Länsförsäkringar AB (owner)	163,579

B.2 Fit and proper requirements

The Board members and certain executives of the Länsförsäkringar AB Group's companies must be fit and proper for the duties that they are intended to perform. These fit and proper requirements encompass knowledge, skills and experience, good repute, integrity, any conflicts of interest, and the ability to commit sufficient time for the assignment.

Regarding the Board, Länsförsäkringar AB's Nomination Committee is responsible for submitting proposals, in consultation with the President and CEO of Länsförsäkringar AB, on such issues as Board members in the Länsförsäkringar AB Group's companies. The Nomination Committee is to assess whether the Board has a suitable composition that ensures that the overall competence necessary for the company are in place and that each of the Board members appointed by the General Meeting and by the trade organisation are suitable for their Board appointments.

Based on the company's operations, stage of development and other circumstances, the suitability assessment of Board members also considers relevant training and experience, as well as professional experience in senior positions. In addition to the knowledge, skills and experience of individual Board members, the Board is assessed in its entirety to ensure that it possesses the competence required for leading and managing the company. The competence requirements include competence in the financial markets, insurance operations, insurance distribution, regulatory requirements, strategic planning and understanding of business strategy, business model and business plan, risk management, corporate governance, financial analyses and actuarial analyses.

The suitability assessment of the President, Executive Vice President and branch representatives is performed by the Board, while for other executives subject to particular suitability requirements, relevant managers are responsible for assessing whether an individual is fit and proper. Such an assessment is to be performed in recruitment processes based on a requirements specification prepared for the position in question and every year giving consideration to the duties to be performed.

These fit and proper assessments also consider good repute, any conflicts of interest, and the ability to commit sufficient time for the assignment.

Assessments of whether Board members and certain executives are fit and proper are to be carried out in accordance with applicable guidelines for such assessment when a new Board member or a person in an above-mentioned position takes office. Assessments are also to be conducted annually, and when necessary, to ensure that these individuals are, at any given time, fit and proper to carry out their duties. In addition, a new fit and proper assessment is to be performed if an event occurs that could entail a change to the assessment of whether a person is fit and proper.

If a function subject to special suitability requirements is outsourced, the contractor performing the function is to be subject to a fit and proper assessment as is the client manager at the company in the Länsförsäkringar AB Group that outsourced the function.

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

B.3.1 Risk-management system

The Länsförsäkringar AB Group's risk-management system is defined as the strategies, processes, procedures, internal rules, limits, controls and reporting procedures needed to ensure that the companies in the Group are able to continuously identify, measure, monitor, govern, manage, report and have control over the risks to which the companies are, or could be expected to become, exposed to, and the interdependence of these risks.

The risk-management system is illustrated and described in figure B3(1).

Figure B3(1): Länsförsäkringar AB Group's risk-management system

The Group's risk-management system is described in the Group instructions and a Group-wide risk policy adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. Based on this Group-wide risk-management system, each subsidiary has prepared more detailed rules for managing company-specific risks. This approach and the coordinated risk control within the Group ensure that the risk-management system is consistently implemented in all of the companies in the Group.

The system comprises an integrated part of the organisational structure and decision-making processes and helps the business to meet its targets with a higher degree of certainty. In addition to risk management in the operations, it also encompasses the independent risk-management function. The Compliance and Actuarial functions also play key roles in risk management.

Responsibilities and roles

The Board is ultimately responsible for ensuring that an effective risk-management system is in place and adopting frameworks for risk management based on internal rules in the form of governance documents.

The President and CEO is responsible for incorporating these governance documents as adopted by the Board into the operations. The Chief Risk Officer Group (CRO Group) is responsible for the design of the risk-management system and coordination within the Länsförsäkringar AB Group, while each manager in the Länsförsäkringar AB Group is responsible for the risks in their own operations.

All employees also have an individual responsibility for working towards a healthy risk culture by complying with internal rules on the Group's risk-management system.

The CRO Group and the Head of Risk Management at Länsförsäkringar AB lead the Risk Management function that in the organisational structure is directly under the President and CEO of Länsförsäkringar AB and is thus independent from the other operations. The Risk Management function has the operational responsibility for the independent risk control, which includes identifying, measuring, monitoring, controlling and reporting risks in the company's and the Group's operations. The function reports directly to the President and CEO and, when appropriate, the Risk and Capital Committee, Audit Committee and the Board. The function supports the Board, President and CEO and other members of management in ensuring that the operations are conducted with a high degree of risk management and risk control.

The Actuarial function helps ensure the efficient operation of the risk-management system, for example, by ensuring that calculations of capital requirements for insurance risks correctly reflect the operations' insurance risks. The Compliance function identifies and reports on risks that may arise as a result of non-compliance with regulatory requirements.

Strategies, processes and reporting

The risk strategy is an integrated component of operational governance that, given the business strategy, aims to control risk-taking. The overall risk strategy for the Länsförsäkringar AB Group is that the operations are to be conducted following a conscious risk-taking approach to enable the business strategy to be realised without jeopardising the Group's solvency. The estimated risk level and the organisation's expertise in managing specific risks are taken into consideration in decisions on, for example, the products that the company offers, the customer groups to which sales are directed, the instruments that the company's assets are invested in and how the operations are otherwise conducted.

Prospective analyses in the form of own risk and solvency assessments (ORSA), recovery plans and internal capital and internal liquidity adequacy assessment processes are performed every year. Ongoing activities include handling known risks and identifying new risks. Internal models are used in the first instance to quantitatively measure risks. The regulatory capital requirements are also supplemented with other risk measures and stress tests. Some risk types, such as operational risk and business risk, are mainly assessed on a qualitative basis. Qualitative risk measurement makes use of an overall assessment of the risk's potential consequences for the operations and the probability or frequency of the risk occurring. Control activities are performed regularly and incidents are continuously reported and monitored.

A complete report of all risks in the company's operations is submitted every quarter to, where appropriate, the Risk and Capital Committee, Audit Committee and Board.

Partial internal model

In May 2016, Länsförsäkringar AB and its insurance subsidiaries received permission from Finansinspektionen to calculate the solvency capital requirement for insurance operations using a partial internal model. Capital requirements for most market risks, non-life insurance risks and health-insurance risks are calculated using an internal model, whereas other types of risk are calculated by applying the standard formula. The partial internal model is described in more detail in *section E. Capital management (financing)*.

Since the partial internal model is used jointly by several companies in the Länsförsäkringar AB Group (except Länsförsäkringar Grupplív) and is thus an internal group model, the following shared management model is applied.

- The Board of each company is responsible for that systems are in place that ensure the model functions correctly, is appropriate and provides a satisfactory expression for the company's risk profile. The Board decides on new models and any material further development of the model.
- The President of each company is responsible for ensuring that the model is integrated into the company's risk-management system and ORSA and forms the basis of business decisions and strategic standpoints. The President of each company and the CRO Group are also members of the Decision Group for the partial internal model. The Decision Group is a preparatory group for Board decisions on new models or material further developments to the model.
- The CRO Group, who is also the Head of Risk Management at Länsförsäkringar AB, is responsible for designing and carrying out calculations in the partial internal model and for testing and validating the model every year. The CRO Group is the Chairman of the Management Group, comprising experts and representatives from the business activities in all relevant companies. The Management Group has a mandate to decide on minor further developments to the partial internal model.

Changes to the partial internal model that involve material further development require the approval of Finansinspektionen. A new model requires that a new application be submitted to Finansinspektionen.

Further development includes, alongside changes to calculation methods, changes to the companies' risk profiles, changes to the governance of the internal model and major changes to IT systems that impact the model. The management model only encompasses the internal model, meaning that changes to calculations using the standard formula are not included.

The internal model is validated at least once a year by an independent function in Risk Management in Länsförsäkringar AB. The purpose of the validation is to ensure that the model encompasses all material risks that it is intended to measure, that the selected methods are suitable, that assumptions are reasonable and inputs are correct, that the calculation results from the model are used appropriately in the operations and that the model and the company's use of the model meet all regulatory requirements.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The overall aim of an ORSA is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Accordingly, the ORSA is based on risk and is part of the risk-management system and its starting point is the work on the business plan. Both risks identified using the internal model and other risks are to be analysed and described. The results of the analysis are to lead to potential modifications of the business plan in order to maintain an acceptable risk level aligned with the risk strategy.

The business planning and ORSA are conducted in parallel and form part of the companies' and the Group's operational governance. The Board discusses and adopts the business plan and the ORSA once a year and the Risk and Capital Committee and the Board conduct regular monitoring. In the event of exceptional circumstances, the entire ORSA, or specific elements of it, may be carried out an extra time during the year, known as an extraordinary ORSA.

An ORSA is prepared for each of the Länsförsäkringar AB Group's insurance companies and for the Länsförsäkringar AB insurance group.

The Länsförsäkringar AB Group has an overall Group-wide process for performing ORSAs and the companies base their ORSA on a shared macro-economic base or alternative scenario, but apply their own process in certain areas. The main stages of the ORSA process are described below.

A joint description of the business environment for a base scenario and an alternative scenario for the Länsförsäkringar AB Group is producing containing courses of events and associated quantified trends in financial and macroeconomic variables. Risks arising in the operations and the management of them are described.

The base scenario forms the starting point of the ORSA. The base scenario covers the three-year business plan horizon and provides a forecast of the performance of the balance sheet and income statement under IFRS as well as the capital requirement and own funds under the insurance rules. Data is made up of business-environment descriptions, forecast instructions and the forecasts prepared for trends in business volumes. The alternative scenario covers the same areas as the base scenario but shows a significantly less favourable trend in the business environment.

A Group-wide stress test is defined that is carried out in the company and the Group. The company also decides on supplementary stress tests so that the company's analysis is sufficiently complete. Results are calculated for each stress test as regards to the outcome of own funds and the capital requirement as if the stress had occurred.

An analysis is also conducted as to whether the capital requirement calculations produced from risk calculations using the partial internal model (or the standard formula for Länsförsäkringar Gruppliv) reflect the risk profile. Furthermore, consideration is also given to capital requirements resulting from risks not included in the calculations using the partial internal model (or the standard formula for Länsförsäkringar Gruppliv), the results from the alternative negative scenario, stress tests and the analysis of potential capital measures and risk-reducing measures.

The solvency requirement is thus determined by taking into account regulatory requirements, including buffers for negative events for example, taking into consideration risks that are difficult to quantify and any other specific circumstances.

The ORSA is summarised in a report to the Board and Finansinspektionen. The completed ORSAs are also to be documented by reproducing assumptions, calculation methods and results, and experience feedback is noted for each ORSA to improve the process.

B.4 Internal-control system

B.4.1 Internal-control system

The internal-control system is shared by the Länsförsäkringar AB Group and is part of the governance and management of the companies and the Group. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial statements and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong ability to identity, measure, monitor and manage risks and full regulatory compliance. Risk and capital control and capital planning are a part of the internal control. The internal control process encompasses all parts of the organisation, including outsourced operations, and must be an integral part of the organisational structure and decision-making processes. Internal control is based on a system with a strong culture of risk and regulation, with three lines of defence.

The first line of defence is the operations. The first line of defence includes responsibility for the operation's risks and regulatory compliance and the operations are responsible for ensuring that control processes for monitoring are in place, implemented and reported.

Controls are to be built into each process as far as possible and shortcomings or deviations are to be reported. Each manager is to ensure that material risks in their areas of operation are identified and managed. These managers are also to ensure that risk-management controls are prepared and that these controls are documented. All managers are also to ensure that follow-ups and controls are performed. Such follow-ups and controls are to ensure that the operations are reasonably reflected in the reports to superior managers and, where appropriate, other stated functions.

The internal control comprises the work of the ongoing operations on formulating targets, risk identification, risk indicators, key controls, self-assessments and reporting.

The internal-control system is described in Länsförsäkringar AB's Group instructions adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. The subsidiaries prepare more detailed procedures for internal control and reporting based on the Group-wide internal-control system, including reporting processes. In this way, it can be assured that the internal-control system is performed consistently in all companies in the Group.

To support the internal-control process, a compliance function and an independent Risk Management function are in place and form the *second line of defence* along with the Actuarial function. There is also an internal audit function that serves as the *third line of defence*.

B.4.2 Compliance function

Those responsible for the Compliance function are employed in each insurance company and independent of the operations that are controlled but, in terms of organisational structure, are also part of the central compliance function of Länsförsäkringar AB. The Compliance function controls the first line of defence and reports on the results of its controls directly to the President, and, where appropriate, the Audit Committee and the Board. The Compliance function is to have the resources, authorities and expertise required for carrying out its duties. It is also to have access to the information necessary for performing its duties.

B.5 Internal Audit function

Those responsible for the independent audit function are employed in each insurance company and independent of the operations that are audited but that, in terms of organisational structure, are also part of the central Internal Audit function of Länsförsäkringar AB. Internal Audit examines and evaluates both the first and second lines of defence and reports on the results of its audits directly to, where appropriate, the Audit Committee and the Board, which forms part of ensuring independence and objectivity. Internal auditors are to be objective in performing their duties and are to avoid conflicts of interest, and the function is to be assigned sufficient resources and granted access to the information required for completing its duties. Internal Audit also has documented procedures for rotating auditors to different assignments and procedures that ensure that internally recruited internal auditors do not, within a reasonable time period, examine areas of the business that they previously worked in so as to avoid conflicts of interest.

B.6 Actuarial function

Länsförsäkringar AB has a group actuarial function affiliated to Risk Management and which is independent from the other operations. The Head of the group actuarial function is responsible for submitting direct reports to the Board, and President and CEO of Länsförsäkringar AB. The Actuarial function in the insurance subsidiaries is generally affiliated to the company itself and is independent from the other operations.

B.7 Outsourcing agreements

B.7.1 Governance documents for outsourcing agreements

The Board of Länsförsäkringar AB has adopted a Group-wide policy regarding outsourced operations, which has been approved by the Boards of the subsidiaries. The policy stipulates the Group-wide principles that Länsförsäkringar AB and the licensable companies in the Group are to comply with when managing outsourced operations in order to ensure that the management approach is as standardised as possible within the Group, and the companies' compliance with the requirements of the outsourcing agreements in the external rules.

The policy provides a general description of the process that is to be followed from preparations prior to outsourcing to the discontinuation of the assignment. An assessment of the company's requirements and suitability for outsourcing is first performed based on such factors as risk, cost and efficiency, and taking into account the requirements of internal and external regulations. Potential contractors are subsequently evaluated to ensure that they have the requisite know-how, resources and permits for performing the operations. The company also prepares a suitable structure for governing, controlling and monitoring the outsourced operations, which includes drawing up plans for ensuring business continuity and how the company can return to performing the outsourced operations itself or outsource them to another contractor. The assignment is regulated in a written outsourcing agreement that meets the relevant outsourcing regulations. The policy also describes the preparation and decision-making process before, during and after discontinuation of the assignment and, where applicable, reporting to Finansinspektionen.

Each subsidiary prepares its own governance documents within the framework of the policy that regulates the outsourcing of operations in more detail. In addition, Länsförsäkringar AB has prepared guidelines for how it engages sub-suppliers to ensure that Länsförsäkringar AB's outsourcing of operations performed on behalf of the subsidiaries is conducted in adherence with the applicable rules.

B.7.2 Outsourced operations of material significance

Länsförsäkringar AB performs certain operations and functions on behalf of the insurance subsidiaries that are of material significance to the insurance subsidiaries. Länsförsäkringar AB in turn engages sub-suppliers to perform some of these operations. Refer to the table below.

Table B7(1): Outsourced operations of material significance, 31 Dec 2020

IT operations	Jurisdiction of the contractor
Operation of insurance systems, system support for accounting and reporting, and digital channels	India
IT-related administration and development of insurance systems in mainframe computing environments	Sweden
IT-related administration and development of insurance systems	India
IT-related administration and development of insurance systems, decision-support systems and accounting systems	Sweden
IT-related administration and development of digital channels	Sweden
Operation of system support for asset management	Sweden
24/7 IT security monitoring	Sweden
Operating and developing general ledger and Group consolidation	India

Material intra-group outsourcing agreements are described in section B.7.2 of Agrias's solo report.

B.8 Other information

B.8.1 Description of the corporate governance system

The corporate governance system is considered to be effective and appropriate given the nature, scope and complexity of the risks inherent in the operation, and is thus deemed to ensure healthy and responsible governance and control of the Group and its subsidiaries.

B.8.2 Other information

There is no other material information.

C | Risk profile

The Group conducts business activities in banking, insurance and pensions and customers are private individuals and mostly small companies.

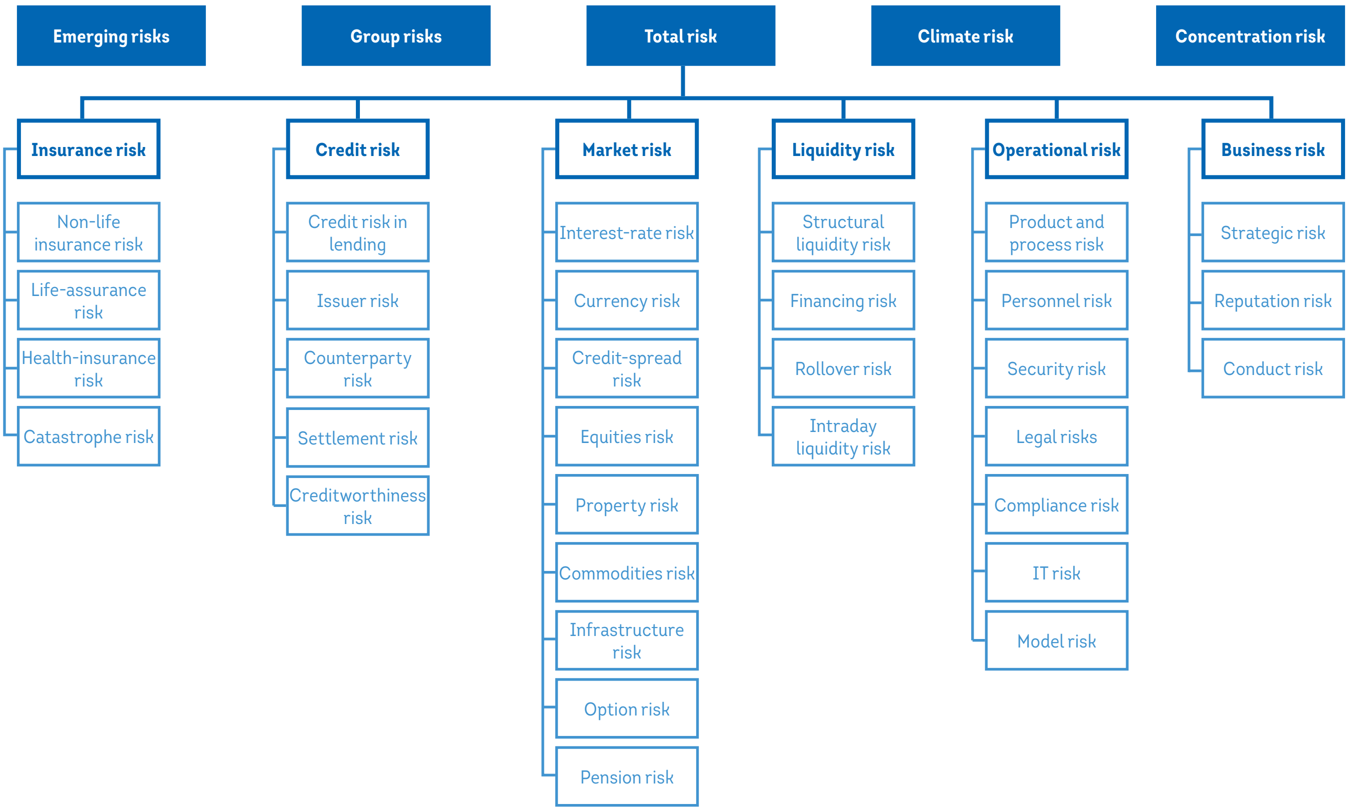
The risk profile for Länsförsäkringar AB and its subsidiaries at group level is dominated by the market risk in the traditional life-assurance and unit-linked insurance operations as well as the banking operations' credit risk from lending. The life-assurance and unit-linked insurance operations also bring a certain level of life-assurance risk, while the non-life insurance risk deriving from the non-life insurance operations is moderate after applying reinsurance. Operational risk is inherent in all type of operations and specific group risks are also found in the Group's risk profile since Länsförsäkringar AB comprises a group that also includes both banking and insurance operations. Climate risk is a relatively new type of risk that has been added to the risk profile and the emergence of new types of risk, emerging risks, is continuously monitored.

The following factors characterise the Länsförsäkringar AB Group's current risk-taking:

- The operations are conducted in Sweden, except for Agria, which has pet insurance business in the Nordic countries, and in France and the UK. All 23 regional insurance companies broker the Group's products, which thereby creates a geographic distribution throughout Sweden. The operations primarily focus on private individuals and small and medium-sized businesses, directly or mediated by the regional insurance companies, and have few major commitments entailing risk with large companies.
- The management of insurance capital in the traditional life-assurance operations gives rise to various types of market risks. In the unit-linked insurance operations, the policyholders primarily bear the market risks, but since the trend in insurance capital is governed by the company's earnings, the company is also exposed to market risk. The risks in the investment assets managed by the Group's companies for own account are held at a low level.
- Loans in the banking operations primarily pertain to households and to a smaller extent to agriculture and businesses. Low loan-to-value ratios, combined with a well-diversified geographic spread and local presence, are the core pillars in ensuring that the loan portfolio maintains high credit quality. The regional insurance companies cover 80% of the provision requirement in the Bank Group (excluding Wasa Kredit) on the date when an impairment is identified, by means of an off-set against accrued distribution remuneration.
- The Länsförsäkringar Bank Group's cash flow is characterised by customers who are primarily retail customers together with well-known, larger flows in the financing activities. The Bank Group's management of liquidity risk is based on highly diversified funding regarding investor base, instruments, currencies and maturities, and a satisfactory liquidity reserve comprising securities with very high liquidity and credit quality, and deposits with the Riksbank and the Swedish National Debt Office. The business activities of the insurance companies are based on premiums being paid in advance and being managed until insurance compensation is to be paid out.
- For the traditional life-assurance operations, correct assumptions about the life expectancy of policyholders are important in order to ensure that the technical provisions are sufficient for fulfilling guaranteed commitments. If unit-linked life assurance customers buy back or transfer their insurance policies to other companies, the long-term profitability of the unit-linked life assurance operations will be negatively affected.
- The non-life insurance operations are well-diversified, including pet insurance, health care, accident and health insurance, some commercial insurance and international reinsurance. The risks taken in non-life insurance are reinsured, where deemed appropriate, and extensive reinsurance operations are conducted on behalf of the Länsförsäkringar Alliance.
- Operational risk comprises a central part of the Group's risk profile. The day-to-day operations include a variety of process risks and the subsidiaries' products and services may be associated with different types of product risks. Security risks, for example, external crime and internal fraud cannot be completely avoided and as digitisation increases greater focus has been directed to cyber risks and IT risks. Compliance risks are continuously in focus, particularly risks associated with money laundering and terror financing, which are the areas actively worked on by the banking operations and in part by the life-assurance operations.
- Climate risk represents a financial risk in the form of potential impact on the insurance business, lending and investments for the Länsförsäkringar AB Group. Länsförsäkringar AB works on climate risk based on both the impact of the operations on the climate and the climate's impact on the operations.

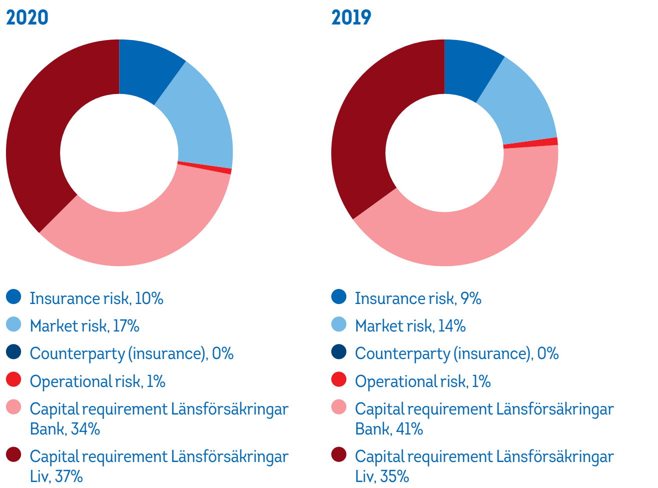
Länsförsäkringar AB applies a joint risk division and definitions of risks to which the operations are exposed. An outline is provided in figure C(1). A number of risks in the figure are attributable to the banking operations.

Figure C(1): Specification of the risks to which the operations are exposed



The figure below illustrates the relative specification of the group's solvency capital requirement under the insurance rules on 31 December 2020 compared with the preceding year-end. The capital requirement for Länsförsäkringar Liv and for market risks declined slightly, whereas the capital requirement for Länsförsäkringar Bank increased during the year.

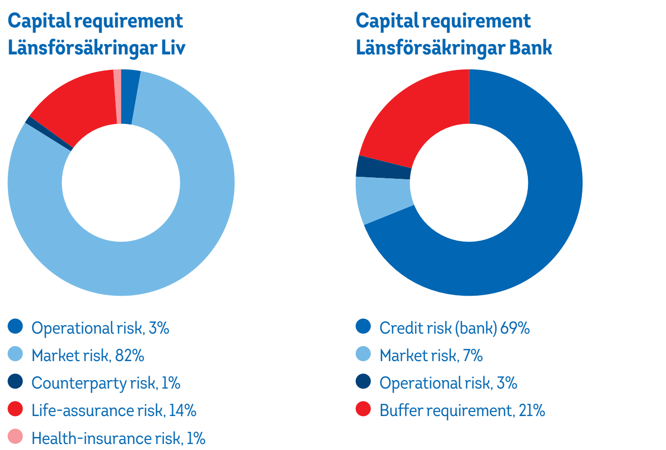
Figure C(2): Länsförsäkringar AB's capital requirement under the insurance rules for groups, 31 Dec 2020 compared with 31 Dec 2019



The Länsförsäkringar Bank Group is subject to the sector rules under the Capital Requirements Directive CRD 2013/36/EU and the Regulation CRR (EU) 575/2013, and provides information about the risks to which the institution is exposed in the document *Risk and capital management Länsförsäkringar Bank AB*, which is why no additional commentary on these matters is presented in this report. The Länsförsäkringar Bank Group's capital requirements are specified by type of risk in the right-hand graph in figure C(3).

Länsförsäkringar Liv is operated in accordance with mutual principles and is not consolidated in the Länsförsäkringar AB insurance group. The solvency capital requirements for risks in Länsförsäkringar Liv are included in the Länsförsäkringar AB Group's solvency capital requirements in accordance with the deduction and aggregation method, with the consent of Finansinspektionen. Länsförsäkringar Liv's capital requirements are specified by type of risk in the left-hand graph in figure C(3).

Figure C(3): Capital requirements in Länsförsäkringar Liv and Länsförsäkringar Bank specified by type of risk, 31 Dec 2020



General commentary on the risk profile for Länsförsäkringar AB and its consolidated insurance subsidiaries is presented below. Länsförsäkringar AB and its consolidated insurance subsidiaries include the Parent Company Länsförsäkringar AB and the insurance subsidiaries Länsförsäkringar Sak, Agria, Länsförsäkringar Gruppliv and Länsförsäkringar Fondliv.

C.1 Underwriting risk[10]

Underwriting risk ("insurance risk" below) refers to the risk of losses arising due to a negative deviation in technical provisions or the valuation of the insurance commitment. The group's insurance risk includes non-life insurance risk, life-assurance and health-insurance risks that arise in insurance subsidiaries.

- Non-life insurance risk refers to the risk of losses arising due to claims costs being higher than expected. Non-life insurance risk also includes cyber insurance risk.
- Life-assurance risk and health-insurance risk refer to the risk of losses in connection with the insurance of a specific person's life and health.
- Catastrophe risk refers to the risk of losses arising due to natural disasters, epidemics or disasters caused by human activities leading to very large claims payments.

C.1.1 Risk exposure

Non-life insurance risk arises in the Länsförsäkringar Sak Group. Premium risk is the largest risk in non-life insurance risk, followed by reserve risk and cancellation risk. Catastrophe risk comprises minor exposure since the low retention of the reinsurance cover limits catastrophe exposure.

The exposure to life-assurance risks primarily derives from the operations in Länsförsäkringar Fondliv, and to a lesser extent from group and occupational group life insurance in Länsförsäkringar Gruppliv and annuities in Länsförsäkringar Sak.

Länsförsäkringar Fondliv's product range has two different management forms: fund management that entails that customers decide the investment orientation and risk level themselves; and guarantee management which is traditional management whereby the company is responsible for the investment orientation and a portion of the customer's savings are guaranteed. Unit-linked insurance operations comprise about 96% of total managed assets.

The dominating life-assurance risk derives from the unit-linked insurance operations and the risk of customers choosing to transfer their insurance capital. The new right of transfer rules could result in a higher level of transfer activity in the unit-linked insurance market and have a material impact on the capital requirement for this life-assurance risk. Increased mobility in the labour market could entail an increase in the number of occupational pensions with paid-up policies, where premium payments cease.

The exposure to health-insurance risk derives from health care insurance and group health and group accident insurance in Länsförsäkringar Sak, and from health and premium exemption, and accident and financial disability insurance in Länsförsäkringar Fondliv.

The Group has low exposure to catastrophe risk for own account. Länsförsäkringar Sak manages common reinsurance cover for the Länsförsäkringar Alliance with respect to storms and natural disasters where Länsförsäkringar Sak assumes a certain level of risk for own account. The other operational area where Länsförsäkringar Sak, for own account, is exposed to a certain level of catastrophe risk is in the internationally assumed reinsurance.

A measure of the exposure to insurance risk is the expected present value of the future cash flows from all insurance contracts. The measure reflects the company's commitments to its customers and corresponds to the best estimate under the IBA. Table C1(1) shows the consolidated best estimate for the Länsförsäkringar AB and its consolidated insurance subsidiaries net, meaning after reinsurance, based on data from the consolidated insurance subsidiaries. Data was collected from each company's insurance and claims system.

Table C1(1): Exposure to insurance risk, 31 Dec 2020. The table shows the net best estimate, after ceded reinsurance

Best estimate, net (TSEK)	Länsförsäkringar Sak Group	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
Non-life insurance risk	2,599,038	0	0	2,599,038
Health-insurance risk	929,786	345,861	0	1,275,647
Life-assurance risk	261,282	153,927,422	0	154,188,704
of which, unit-linked insurance	*0*	*149,414,207*	*0*	*149,414,207*
Total	**3,790,106**	**154,273,283**	**0**	**158,063,389**

The trend in best estimate for non-life insurance and health-insurance risk follows the performance of the business. The best estimate in non-life insurance can normally be expected to fluctuate slightly, related to the time variation of payment streams, the trend in the portfolio and other, sometimes random, factors. The fluctuation during the year is not deemed to be material.

In 2020, the net best estimate increased by a total of TSEK 7,834,383. The increase was primarily attributable to a higher best estimate for unit-linked insurance and was mainly due to the positive change in value and premium payments. Table C1(2) shows the net best estimate per company compared with the preceding year-end.

Table C1(2): Change in net best estimate for the period

Best estimate, net (TSEK)	2020	2019
Länsförsäkringar Fondliv	154,273,283	146,517,335
Länsförsäkringar Sak Group	3,790,106	3,711,671
Parent Company Länsförsäkringar AB	0	0
Total	**158,063,389**	**150,229,006**

C.1.2 Risk concentration

As seen in table C1(1), the group conducts diversified operations in non-life, life assurance and health insurance. The market for Länsförsäkringar AB's insurance subsidiaries is primarily Sweden, but Agria has branches and conducts sales in the Nordic region, France and UK.

[10] Underwriting risk is known internally in the Länsförsäkringar AB Group as Insurance risk.

The Länsförsäkringar Sak Group conducts well-diversified business, including pet insurance, health care, accident and health insurance, some commercial insurance and international reinsurance. The business is divided into 25 reporting classes that make the operations highly diverse with few or minor elements of risk concentration inherent in non-life insurance risk. The subsidiary Agria's business comprises insurance for pets (dogs, cats and other pets), horses, livestock and crop insurance. The operations are conducted in Sweden, Denmark, Finland, Norway, the UK and France. Operations in the Länsförsäkringar Grupplív subsidiary are concentrated to purely death benefit insurance that, with well-differentiated groups of policyholders, represents all of society.

Länsförsäkringar Sak's main risk concentration in insurance risk comprises assumed reinsurance from individual regional insurance companies. Länsförsäkringar Sak assumes reinsurance from these individual companies in a number of pools and subsequently immediately retrocedes the risk back to the regional insurance companies. Examples of risks that are reinsured through pool arrangements are property damage, accidents and motor insurance.

Länsförsäkringar Fondliv conducts unit-linked insurance operations and offers various forms of pension savings and risk insurance that can be taken out together with savings insurance. Länsförsäkringar Fondliv primarily targets private individuals and small and medium-sized businesses. A geographic distribution throughout Sweden is created since all 23 regional insurance companies broker the company's products. As a result, Länsförsäkringar Fondliv's individual concentrations of life-assurance and health-insurance risk are considered to be limited.

C.1.3 Risk-reduction techniques

Reinsurance

Reinsurance agreements with both internal reinsurers within the Länsförsäkringar Alliance and external reinsurers are used to cover the companies in the event of insurance claims. Länsförsäkringar AB's subsidiary Länsförsäkringar Sak manages the Länsförsäkringar Alliance's joint reinsurance cover and internal Alliance reinsurance via a number of pool solutions. The system ensures a stable solution at low cost by distributing risk within the Länsförsäkringar Alliance and procuring external cover for large claims. Reinsurance cover as regards retention and level of protection is adapted based on each subsidiary's reinsurance needs. The Länsförsäkringar Alliance has shared catastrophe reinsurance cover for accident and life assurance. Länsförsäkringar Sak has reinsurance for risk and disaster claims. Agria's reinsurance cover comprises an important tool in providing protection from large individual claim incidents and high total claims costs in the more volatile businesses in the company. Morbidity and mortality risks in Länsförsäkringar Fondliv are reinsured. The efficiency of reinsurance cover is monitored by the Actuarial function and reported to the Board every year.

Other risk-reduction techniques

Other factors that affect risks are the product composition including diversification, structure of insurance terms and conditions, underwriting limits, risk selection rules and risk inspections.

C.1.4 Risk sensitivity

Table C1(3) shows the sensitivity in the group's own funds to changes in operating expenses and changes in assumptions for non-life, life assurance and health insurance.

Table C1(3): Sensitivity analysis, insurance risk

Effect on own funds (TSEK)	2020	2019
10% momentary external transfer from Länsförsäkringar Fondliv	-1,381,339	-1,007,767
10% increase in operating expenses in Länsförsäkringar Fondliv	-451,622	-595,601
10% lower premium level in Länsförsäkringar Sak Group	-536,838	-477,102
10% increased claims frequency/average claim in Länsförsäkringar Sak Group	-391,428	-344,268
1% higher annual claims inflation in Länsförsäkringar Sak Group	-130,004	-120,101
10% increase in morbidity in Länsförsäkringar Fondliv	-108,705	-103,899
10% higher mortality per year in Länsförsäkringar Sak Group	-10,134	-9,033

C.1.5 Use of special purpose vehicles

Group does not make use of special purpose vehicles in accordance with Article 211 of the Solvency II Directive.

C.2 Market risk

Market risk pertains to the risk of loss arising that is directly or indirectly caused by changes in the level or volatility in the market price of assets, liabilities and financial instruments, including losses caused by shortcomings in the matching between assets and liabilities.

The dominant risk at group level is market risk attributable to Länsförsäkringar Liv. Market risk for Länsförsäkringar AB and its consolidated insurance subsidiaries primarily arises in Länsförsäkringar Fondliv's unit-linked insurance operations, but also through asset management in Länsförsäkringar Sak and its subsidiaries and in the Parent Company Länsförsäkringar AB.

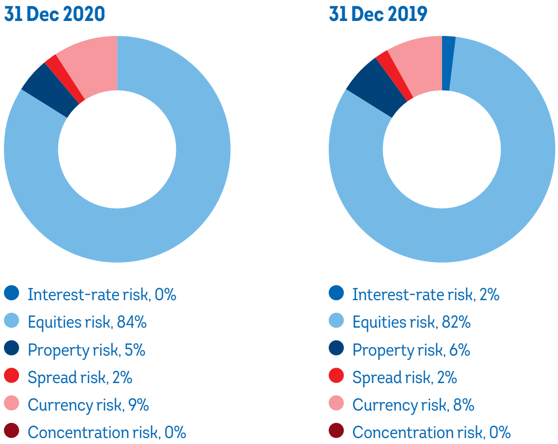
Market risk deriving from Länsförsäkringar Bank is described in the report *Risk and capital management in Länsförsäkringar Bank AB.*

C.2.1 Risk exposure

Market risks in the group's investment assets for own account derive from Länsförsäkringar Sak's and the Parent Company's investments in mainly bonds, properties and equities funds. The Länsförsäkringar AB Group's main exposure to market risk derives from the fact that earnings in the unit-linked insurance operations in Länsförsäkringar Fondliv are sensitive to trends in fund values, which are largely affected by the share index trend. Länsförsäkrings Fondförvaltning's earnings are also impacted by the share index trend. Market risk is also inherent in insurance liabilities by provisions being discounted by the market interest rate. The Länsförsäkringar AB Group's assets and liabilities, excluding Länsförsäkringar Liv and Länsförsäkringar Bank, are presented in table D1(1).

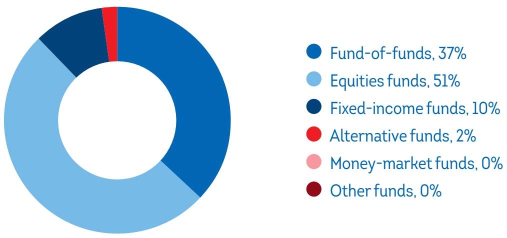
Exposure to market risk is measured as the solvency capital requirement for net market risk in assets and liabilities including diversification effects. The Group's solvency capital requirement is presented in table E2(1). The solvency capital requirement for market risk amounted to TSEK 8,256,122 on 31 December 2020 and is specified by type of risk in market risk as shown in figure C2(1).

Figure C2(1): Solvency capital requirement for net market risk in assets and liabilities including diversification effects



Future earnings in the unit-linked insurance operations are dependent on the performance of the unit-linked insurance assets in the insurance capital and the specification of these on 31 December 2020 is shown in figure C2(2).

Figure C2(2): Unit-linked insurance assets, 31 Dec 2020



Price information for valuation and information on credit quality has been obtained from several different accepted external sources. External appraisers are engaged to value illiquid alternative assets, such as properties and forests. Theoretic valuations of holdings are also used in the valuations of swaps and currency futures for example. For liabilities, the exposure corresponds to the best estimate of liabilities to policyholders.

More detailed commentary on the market risks of interest-rate risk, equities risk, property risk, credit-spread risk and currency risk is provided below.

Interest-rate risk

Interest-rate risk is defined as the risk of losses arising due to changes in market interest rates.

The interest-bearing asset portfolios include interest-rate risk from covered bonds, government bonds, sustainability-focused bonds, fixed-income funds and derivative instruments. Interest-rate risk is also found in insurance liabilities by provisions being discounted by a yield curve stipulated by the supervisory authority with the assumption of an Ultimate Forward Rate (UFR). Länsförsäkringar expects that it may be necessary to review systems and processes in order to manage the changes to contracts including IBORs, including any tax and accounting consequences including the impact on the discount rate for measuring technical provisions.

Equities risk

Equities risk is defined as the risk of losses arising due to changes in share prices.

Länsförsäkringar AB is exposed to equities risk mainly through Länsförsäkringar Fondliv, since the unit-linked insurance capital (82% of which comprises holdings in various equities funds) affects the company's future earnings. Guarantee management's investments in funds and fund units in the trading book, which the company holds to facilitate customer fund trading, also give risk to equities risk. Länsförsäkringar Fondliv's equities exposure primarily derives from Swedish, European and US equities.

Property risk

Property risk is the risk of losses arising due to changes in property prices. The property prices are primarily an effect of the assumptions made on, for example, applicable yield requirements, rental levels and vacancy rates.

Länsförsäkringar AB is exposed to property risk mainly through Länsförsäkringar Sak and Länsförsäkringar Fondliv's units in Humlegården Fastigheter AB.

Credit-spread risk

Credit-spread risk is defined as the risk of losses arising due to changes in the swap spread over the swap rate that are not attributable to gap or basis risk, and are a result of, for example, changes in credit quality.

Länsförsäkringar AB and its consolidated insurance subsidiaries are exposed to credit-spread risk through their holdings in interest-bearing instruments, for example, Swedish mortgage bonds, sustainability-focused bonds of primarily investment grade quality, and public and private loan funds.

Table C2(1): Exposure to credit-spread risk according to market value, 31 Dec 2020

TSEK	Länsförsäkringar Sak Group	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
Bonds and other interest-bearing[11]				
AAA – Swedish Government	21,990	13,571	0	35,561
AAA – Other	2,038,694	3,689,910	2,925,026	8,653,631
AA	104,297	73,886	0	178,183
A	0	197	0	197
BBB or lower	340,647	151,877	0	492,524
No rating available	612,505	260,268	0	872,773
Total	**3,118,134**	**4,189,710**	**2,925,026**	**10,232,870**

[11] Including accrued interest for bonds.

Currency risk

Currency risk is defined as the risk of losses arising due to exchange-rate fluctuations.

Länsförsäkringar AB and its consolidated insurance subsidiaries face currency exposure from insurance liabilities and investment assets as well as from the Bank Group's funding in other currencies. Currency risk is managed using currency and cross-currency interest rate swaps, refer to section *C.2.3 Risk-reduction techniques.*

Table C2(2): Net exposure[12] by currency in each company, 31 Dec 2020

Currency (TSEK)	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
USD	332,836	479,335	0	812,171
GBP	335,248	4,427	0	339,675
EUR	15,644	191,839	49	207,532
DKK	53,073	7,300	0	60,373
NOK	48,099	1,637	0	49,736
JPY	–9,137	43,720	0	34,584
CHF	1,615	27,323	0	28,939
KRW	–21,837	0	0	–21,837
CNY	–21,393	0	0	–21,393
INR	–19,215	0	0	–19,215
ZAR	–9,976	0	0	–9,976
PLN	–7,368	0	0	–7,368
AUD	–6,952	0	0	–6,952
CAD	–6,292	874	0	–5,418
Other currencies	–42,142	0	0	–42,142
Total	**642,202**	**756,456**	**49**	**1,398,707**

[12] Net after taking into account derivatives, assets and liabilities.

Option risk

Option risk refers to the risk of losses arising due to opportunities to change the level and timing of cash flows. Option risk is included as part of other market risks.

Pension risk

Pension risk refers to the risk of losses arising due to fluctuations in the market value of defined-benefit pension plans.

Investments in accordance with the prudence principle

Insurance assets are invested in the best interests of the policyholders and the management of the companies' own assets is conducted in the best interests of the owners, meaning ultimately the interests of the local regional insurance companies and the interests of customers. In turn, this imposes demands on ensuring adequate expertise and following clear, structured and documented processes that take into account prudence, risk diversification and the situation in the financial markets.

Investments are made only in assets that can be fairly valued and whose risks can be identified, measured, managed, monitored and reported. The main asset classes are interest-bearing securities, equities, alternative investments and property. Derivative instruments are utilised in the management of investment assets in order to reduce risks or enhance management efficiency.

Insurance contracts in Länsförsäkringar Fondliv's guarantee management form extend over long periods and technical provisions are thus less sensitive to interest-rate fluctuations. The degree of matching between assets and commitments together with forecasts of the insurance operations' performance are therefore taken into account and assets are invested with respect to the nature and term of the commitments.

Matching deviations between assets and liabilities are identified by performing Asset Liability Management (ALM) analyses of duration gaps, curve risks, currency risks and other market risks. The largest matching risks are found in Länsförsäkringar Liv.

Investment assets are kept at prudent levels if they are not traded on a regulated market and contain a significant element of model valuation whose valuation is not based on observable market data, or have a lack of liquidity or transparency. Directly owned properties, unlisted shares, securitisation, private equity, private debt, infrastructure and forests are examples of investment assets for which assessments of prudent levels are performed that take into account the strength of the balance sheet and the company's commitments in each individual case.

Risk exposure, capital requirements and available capital are continuously monitored and reported to the Board every quarter or more often if dictated by the circumstances.

C.2.2 Risk concentration

Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of the company or its financial position.

The dominating portion of the group's market risk is found in the insurance companies' investment assets. Market risks can also be found to a lesser extent in the Parent Company Länsförsäkringar AB's investment assets and in the Länsförsäkringar Bank Group. The main asset classes in portfolio management are interest-bearing securities, equities, property and alternative investments.

Concentration risk in market risk is deemed to be small in relation to other market risks. However, from time to time, there may be individual investments that may comprise a certain concentration of market risk.

C.2.3 Risk-reduction techniques

Diversification

The main risk-reduction technique applied to the management of directly owned assets is diversification. The companies' investments are spread over several classes of assets and segment in these classes, leading to exposure to various risk factors that react in different ways to fluctuations in the financial markets. This means that as a whole the portfolio is less sensitive to market fluctuations than its portfolio components. The diversification effect is modelled using the internal model that Länsförsäkringar AB has had approved by Finansinspektionen to use in calculations of the solvency capital requirement and is regularly measured as an integrated part of these calculations.

Reducing market risk by using derivatives

Derivative instruments are utilised in the management of investment assets in order to reduce risks or enhance management efficiency. Each new type of derivative instrument undergoes an approval process before it can be used in management. In connection with this, assurances are made that there is understanding of the characteristics of the instruments in the relevant parts of the organisation, that valuations, risk measurement and follow-ups are satisfactory and that risks are adequately identified.

Fixed-income futures and forwards and interest-rate swaps are used in management to reduce interest-rate risk. Using these instruments helps to enhance the efficiency of portfolio management by reducing the interest-rate sensitivity without needing to sell the underlying bonds, and thus any coupons and excess returns can be kept. The effect of these derivative strategies is continuously monitored by measuring the interest-rate duration and interest-rate sensitivity of the portfolio.

Management uses equity index forward contracts when it needs to temporarily reduce equities risk. In this way, the portfolio is protected from sharp price drops in the equities market without needing to sell the underlying equities and equities fund holdings, which improves the efficiency of the portfolio management. The effect of this risk-reducing strategy is measured by equities allocation (including derivatives) being reconciled on a daily basis.

Management makes regular use of derivative instruments to reduce currency risk in the portfolio. This means that the company can consider established limits on currency exposure without having to refrain from investing in desirable assets that have a different currency risk than SEK. Currency exposure (total and to individual currencies) is monitored on a daily basis.

C.2.4 Risk sensitivity

The impact of a selection of other sensitivity measures for market risks on own funds is presented in the table below. For Länsförsäkringar Fondliv, the indirect effect that lower share prices, higher credit spreads or interest-rate effects have on future earnings in the unit-linked insurance operations are also included in the sensitivity in the table.

Table C2(3): Sensitivity to market risks, effect on own funds, 31 Dec 2020

Sensitivity measures[13] (TSEK)	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
1% higher interest rate	81,231	282,144	-1,838	361,537
1% lower interest rate	-88,547	-207,982	-554	-297,083
10% lower share prices	-118,033	-1,394,986	-259	-1,513,279
10% strengthening of all foreign currencies against SEK	50,477	75,646	5	126,128
1% higher credit spread	-33,000	-170,848	-15,204	-219,052
10% lower property prices	-209,753	11,609	0	-198,144

13) Net change in value of investment assets, future earnings from unit-linked insurance operations and technical liabilities.

C.3 Credit risk

Credit risk pertains to the risk of losses arising due to counterparties being unable to fulfil their undertakings and of any collateral provided not covering the receivable. This report describes Länsförsäkringar AB's credit risk, which derives from ceded reinsurance, counterparties in financial derivatives and bank balances.

Credit risk deriving from Länsförsäkringar Bank is described in the report *Risk and capital management in Länsförsäkringar Bank AB.*

C.3.1 Risk exposure

The Parent Company and the insurance subsidiaries' exposure to counterparty-related credit risk primarily arises through ceded reinsurance and the use of financial derivatives in the insurance subsidiaries' investment portfolios.

The insurance subsidiaries take out reinsurance to avoid assuming greater individual liability than that stated in the insurance guidelines and reinsurance policy of each subsidiary. Reinsured risks instead become the responsibility of the reinsurers. However, there is the risk that the reinsurer is unable to fulfil its obligations, which in such a case revert to become a liability for the company to meet.

Derivatives are purchased to protect items in the balance sheet against, for example, interest-rate risk, equities risk and currency risk and entail that the counterparty undertakes, through derivative contracts, to compensate for negative results arising from changes in, for example, market interest rates, share prices or exchange rates. As a result, a receivable from the counterparty may arise in the event of market changes. Credit risk pertains to the risk of losses arising due to counterparties being unable to fulfil their undertakings and that part of the receivable can thus not be paid.

The table below presents the Parent Company's and the consolidated insurance subsidiaries' total counterparty risk to derivatives and reinsurance including collateral received expressed as market values. The calculation uses consolidated data from the securities system of the Group-wide Asset Management Unit and from the actuarial systems of the consolidated insurance subsidiaries.

Table C3(1): Exposure to counterparty-related credit risks per credit quality step including collateral received*

Credit quality step (TSEK)	31 Dec 2020					31 Dec 2019
		Collateral				
Financial derivatives & cash	**Maximum credit risk exposure**	**Cash and cash equivalents**	**Securities**	**Other**	**Net exposure**	**Net exposure**
AA	26,028	0	0	0	26,028	22,653
A	3,977,914	77,638	0	0	3,900,277	2,568,090
BBB or lower	129,393	0	0	0	129,393	87,082
Total	**4,133,336**	**77,638**	**0**	**0**	**4,055,698**	**2,677,825**
Reinsurance						
Regional insurance companies	5,983,841	0	0	0	5,983,841	5,593,193
AA	679,519	0	0	0	679,519	373,834
A	790,686	0	0	0	790,686	395,351
BBB or lower	168,337	0	0	0	168,337	90,625
Total	**7,622,383**	**0**	**0**	**0**	**7,622,383**	**6,453,004**

*) The table does not include exposure to mortgage funds in which the value of collateral received far exceeds exposure.

In addition to the exposure above, the Parent Company and consolidated insurance subsidiaries had joint commitments of SEK 979,908 M in amounts outstanding to invest in investment assets, and also other contingent liabilities in an amount of TSEK 906,300, but otherwise had no pledged assets for bonds, derivatives or repurchase agreements and had not pledged any securities on 31 December 2020.

C.3.2 Risk concentration

The largest potential loss if an external counterparty in financial derivatives or bank accounts were to default was TSEK 904,748 at year-end, and the largest potential loss if a reinsurance counterparty were to default was TSEK 98,839. All ten of the largest counterparty exposures, comprising 75% of the total exposure to external counterparties, had a rating of AA or A or higher or had a solvency ratio of more than 200%.

C.3.3 Risk-reduction techniques

The credit risk that arises through counterparties in financial derivatives is primarily reduced by diversifying the counterparties used by the company for trading in financial derivatives and bank balances. Credit risk is managed by limits for derivative exposures per counterparty, and by standardised collateral agreements signed with all counterparties regarding OTC derivatives. The size of the permitted exposure depends on the credit rating of the counterparty.

Credit risk from counterparties in ceded reinsurance is limited in the first instance by selecting counterparties with high credit ratings and by applying limits for maximum exposure to each counterparty.

C.3.4 Risk sensitivity

Table C3(1) presents the exposure of the Parent Company and insurance subsidiaries to credit risk from counterparties in financial derivatives and ceded reinsurance both excluding and including collateral received. Exposure to credit risk in other receivables is not deemed to be material since the past history of these other receivables shows a low incidence of default receivables and no losses have been confirmed.

C.4 Liquidity risk

Liquidity risk is defined as the risk that payment commitments cannot be fulfilled due to insufficient cash funds.

Liquidity risk in Länsförsäkringar Bank is described in the report *Risk and capital management in Länsförsäkringar Bank AB.*

C.4.1 Risk exposure

For the group's insurance companies, the lack of liquidity could lead to the companies not being able to fulfil their commitments to customers and stakeholders or that these commitments can only be fulfilled by raising funding at significantly higher costs than usual or by divesting assets below their market value. Funding opportunities for the group's insurance companies are restricted by Chapter 4, Item 6 of the Swedish Insurance Business Act. The business activities of the insurance companies are based on premiums being paid in advance and being managed until insurance compensation is to be paid out. The liquidity risk in the insurance subsidiaries is closely related to the investment assets in the companies' investment portfolios, including liquidity requirements for signed derivative agreements.

Management of liquidity risk is based on management taking place in each subsidiary and in the Parent Company of Länsförsäkringar AB, rather than at group level. The nature of the operations differs between the banking and insurance operations and there are legal restrictions for the extent of internal loans. The subsidiaries also clear rules regarding how assets are to be deposited to ensure that they are readily available to the company and can thus be realised as needed. In practice, liquidity risk for the group is primarily an issue for the Länsförsäkringar Bank Group.

Länsförsäkringar Sak's liquidity risks are low since premiums are received in advance and large individual claims and payouts outside normal cash flows are known well in advance of when they fall due.

Länsförsäkringar Fondliv's liquidity is relatively stable, since fund units are divested in line with payments being made to policyholders. The company's liquidity was primarily affected by fund changes and costs for the sale. Liquidity risk is managed by continuously adjusting the need for cash and surplus liquidity based on established liquidity forecasts for the payment of securities transactions and claims payments and, where necessary, other inward and outward payments, such as premiums and operating expenses. The majority of the funds in the trading book are liquid in the short term and purchases on behalf of the insured are not performed until payment has been received for the sales transaction.

The insurance subsidiaries sign collateral agreements with counterparties in financial derivatives. The agreements require that collateral be pledged for derivatives that have a negative value for the company in question. This collateral is pledged in the form of cash funds that are transferred to the counterparties, thus entailing a certain liquidity risk. For derivatives with positive values for the company, collateral is received which can reduce this risk.

The Parent Company's liquidity is mainly affected by dividends and Group contributions from subsidiaries, any requirements for contributions to be made to subsidiaries and dividends to owners. To meet liquidity requirements, the Parent Company maintains cash and cash equivalents, which at year-end amounted to TSEK 220,292.

The specification of investment assets per class of asset with various liquidity is presented in the table C4(1).

Table C4(1): Specification of assets per liquidity class, 31 Dec 2020, as a percentage of total investment assets

Liquidity class	Class of asset	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
1	Cash	28%	12%	12%	19%
2	Direct holdings of treasury bills, government bonds, covered bonds	18%	47%	88%	42%
3	Funds traded daily, listed shares	21%	25%	0%	19%
4	Corporate bonds and other bonds	10%	6%	0%	7%
5	Funds with less frequent trading	0%	0%	0%	0%
6	Unlisted shares, Private Equity, Private Debt, directly owned properties, infrastructure and forest	23%	10%	0%	14%

Investments in accordance with the prudence principle

Each of the Group's insurance company's investment guidelines also state that the investment assets are to be invested by taking into account each company's liquidity needs for meeting their commitments.

C.4.2 Risk concentration

Länsförsäkringar AB believes that the Group does not have any concentrations of liquidity risk.

C.4.3 Risk-reduction techniques

Liquidity risk is minimised by the predominant proportion of investments being made in securities with high liquidity that are listed on established exchanges. To further limit liquidity risk, levels of the liquidity reserve have been established to cover various forecasted requirements and rules exist on how investments are to be made in unlisted assets.

C.4.4 Risk sensitivity

The risk sensitivity for the liquidity risk in the Group's insurance companies is low. Investments are primarily made in assets with high liquidity in well-established markets, which limits liquidity risk.

C.5 Operational risk

Operational risk refers to the risk of losses arising due to inadequate or failed internal processes, human error, erroneous systems or external events and includes legal and compliance risk.

C.5.1 Risk exposure

Operational risk comprises a central part of the Group's risk profile. The day-to-day operations include a variety of process risks and the subsidiaries' products and services may be associated with different types of product risks. Security risks, for example, external crime and internal fraud cannot be completely avoided and as digitisation increases greater focus has been directed to cyber risks and IT risks. Compliance risks are continuously in focus, particularly risks associated with money laundering and terror financing, mainly in the banking operations but also in the insurance operations, which requires active management.

C.5.2 Risk concentration

Länsförsäkringar AB believes that there are no material concentrations of operational risk.

C.5.3 Risk-reduction techniques

Work on operational risk is based on Group-wide methods that encompass business-critical processes and key controls as well as reported incidents and the operations' self-assessment of operational risk. All employees are responsible for actively managing operational risk within their individual operations. The department that takes the risk owns the risk, which means that the daily management of operational risk primarily takes place in the business operations. Risks are minimised by proactive preventive measures and awareness of operational risk in every decision-making situation.

The process of managing and controlling operational risk includes identifying, measuring, monitoring, managing and reporting. Business-critical processes and associated risks have been analysed and documented. Controls of process risks are performed every quarter and reported to each company Board. Operational risk analyses are performed annually. Operational risks are identified, the potential consequences evaluated and probability of the risk occurring assessed. Action plans are prepared for material risks, which are followed up every quarter at management level.

The Länsförsäkringar AB Group has a Group-wide framework for identifying, measure and documenting risks in the decision-making process for decisions that are expected to have a material impact on the Group's profitability, risk profile, organisation or brand. The purpose is to ensure efficient decision-making through proactive and appropriate management of the risks so as to thereby achieve established targets with a higher degree of certainty, to ensure compliance with applicable laws and regulations and to create customer value. Furthermore, the organisation applies a special process for the approval of new investment assets that aims to highlight and manage potential risks prior to investments in a new class of asset, type of instrument or fund.

The Länsförsäkringar AB Group's continuity management involves ensuring the organisation's ability to manage critical operations at an acceptable level, regardless of what disruptions occur, with the aim of protecting customers, confidence in the company and the brand. Preparing business continuity plans and procedures creates contingency and the capability to manage incidents before, during and after a disruption or a crisis has occurred. The overall goal for security work is to protect the organisation's assets from all types of threats – internal or external, intentional or unintentional. Security activities are conducted in accordance with the information security standards SS-ISO/IEC 27001:2014 and 27002:2014 and the normative standard in business continuity management SS-ISO/IEC 22301.

The companies in the Länsförsäkringar AB Group may, from time to time, outsource parts of the operations to external contractors, for example, to enhance the efficiency of operations. In order to maintain a high level of control, the companies' guidelines address issues including the procurement skills of the companies, suitability assessment, impact analysis and realisation plans.

C.5.4 Risk sensitivity

The Group regularly carries out exercises to ensure that every company is highly capable of managing crisis situations. Exercises and testing comprise both manual response procedures and automated IT support. Desktop and system testing of applications and administration objects are carried out annually. Large-scale crisis management exercises are conducted at least every three years. Desktop and system testing of applications and administration objects and crisis management exercise were carried during the year according to plan. The result of the tests and exercise showed that the Group's companies can improve certain processes and procedures but have a sound overall ability and business contingency to manage crises that arise.

C.6 Other material risks

In addition to the risks described above, the Group is also exposed to business risks, emerging risks, climate risks and group risks.

- Business risk pertains to the risk of lower earnings, higher expenses or loss of confidence from customers or other stakeholders.
- Emerging risk refers to new or changed behaviour patterns, situations or trends that may have a material impact on the company's financial situation, market position or brand in a negative direction within the company's business planning horizon.
- Climate risk refers to the risks that the consequences of climate change may have on the company's business activities. Climate risks can materialise either through physical risks, such as more cases of extreme weather and gradually rising sea levels, or through transition risks, such as regulatory, political and market changes related to the transition to a low-carbon society.
- Group risk refers to the risks associated with the complexity of conducting both banking operations and life-assurance and non-life insurance operations in the same group.
- Concentration risk refers to the risk of a single exposure, homogeneous group of exposures or a specific market event resulting in widespread losses even if the operations were to be well-diversified. Concentration risk may derive from concentrations of both assets and liabilities as well as sources of income and suppliers, including suppliers of outsourced services.

C.6.1 Risk exposure

The Länsförsäkringar AB Group's exposure to business risks follows the business strategies decided where the business planning process and results from business risk analyses comprise important instruments in managing challenges associated with harmonising the subsidiaries' strategies and objectives with each other at Group level. Due to the strong brand connection between the companies in the

Group, diminished confidence in one of the companies could entail a reputation risk that damages the brand and thus other companies in the Länsförsäkringar AB Group as well as the entire Länsförsäkringar Alliance.

Exposure to group risks arises by the Group conducting both insurance and banking operations that are subject to different regulations. Simultaneously operating under rules for financial conglomerates, capital adequacy rules for banks (CRR/CRDIV) and regulations for insurance companies (Solvency II) leads to higher costs and could affect the Länsförsäkringar AB Group's competitiveness in relation to its competitors that do not have the same group structure.

Climate risk represents a direct financial risk in the form of potential impact on the insurance business, lending and investments for the Länsförsäkringar AB Group. These areas are likely to be affected simultaneously, which makes the risk both complex and significant. The Länsförsäkringar AB Group identifies climate risks in the business as both physical risks and transition risks.

New risks, emerging risks, can arise over time due to changes in the external business environment or internal circumstances. This could be a brand new behaviour pattern that presents a new risk or a risk that changes its nature and thus should be managed in a new way, but could also be a risk that has previously been deemed to be immaterial that has become material. Examples could be the emergence of new economies, technological advances and social-political changes, etc.

C.6.2 Risk concentration

Given that the Länsförsäkringar AB Group conducts well-diversified operations in non-life insurance, traditional life assurance, unit-linked insurance and banking operations with a geographic spread throughout Sweden, concentration risk is deemed to be low.

C.6.3 Risk-reduction techniques

Business risks are managed at Board and management level through analyses and decisions prior to making strategic choices on the direction of the operations. Business risk analyses are carried out in the annual business planning process, but are also performed in the interim if required due to changes in the external environment or in connection with business decisions. The specific business risks that are deemed to be the most important at any given time are continuously monitored at management level.

Group risks are identified and managed as part of the continuous risk-management activities and in the Group's annual ORSA and in the Group's recovery plan. Continuous monitoring of regulatory developments and efficient processes for identifying, measuring and reporting risks are key tools for keeping group risks at a low level.

The Länsförsäkringar AB Group has a climate-smart vision that entails that Länsförsäkringar AB is to work actively to reduce climate impact and the climate risks throughout its operations and to encourage climate adaptation to reduce the damaging impact of climate change. By 2030, the Länsförsäkringar AB Group's investments in institutional investment portfolios and own managed funds are to be in line with the Paris Agreement, meaning limiting climate change to 1.5 °C. Länsförsäkringar AB supports the Task Force on Climate Related Financial Disclosures (TCFD), which are recommendations on the reporting of climate-related risks and opportunities that are expected to be developed into a standard for climate reporting in the future. The Group has used the TCFD recommendations for reporting since 2019.

Emerging risks are identified and managed as part of the continuous risk-management activities and in the Group's and insurance subsidiaries' annual ORSA and in the Länsförsäkringar Bank Group's internal capital and liquidity adequacy assessment process (ICAAP and ILAAP) for the consolidated situation. The materiality of the risk determines whether action is to be taken and the nature of the risk governs the appropriate course of action.

C.6.4 Risk sensitivity

The group's sensitivity to the other risks described above is deemed to be moderate due to a robust risk-management system that includes an annual ORSA.

C.7 Other information

There is not deemed to be any other relevant information to be provided in this section.

D | Valuation for solvency purposes

Under the Solvency II regulations, assets and liabilities are to be measured at market value in Solvency II balance sheet. The market values of the investment assets can often be read in the financial markets, while the market values of, for example, technical provisions that are not bought or sold to any great extent must be calculated by applying an approximate method.

The group and the subsidiaries value assets and liabilities in the Solvency II balance sheet according to the following main principles.

- Assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction, in accordance with the Solvency II Directive, 2009/138/EC, Article 75:1a.
- Liabilities are valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction, in accordance with the Solvency II Directive, 2009/138/EC, Article 75:1b.
- Assets and liabilities are to be valued based on the assumption that the undertaking will pursue its business as a going concern, in accordance with Article 7 of the Commission Delegated Regulation (EU) 2015/35.

The Group values its assets and liabilities in the financial statements in accordance with IFRS. Assets and liabilities are to be revalued if the Solvency II regulations prescribe different valuation rules to IFRS. In most cases, the IFRS and Solvency II balance sheets are the same. The Group's Solvency II revaluations are described in section D.1 and D.3 below.

The Solvency II balance sheet for the Group includes the Parent Company Länsförsäkringar AB and the insurance subsidiaries Länsförsäkringar Sak, Agria, Länsförsäkringar Gruppliv and Länsförsäkringar Fondliv. The capital requirement and own funds of Länsförsäkringar Bank and its subsidiaries are to be added to the Group's capital requirements and own funds. Länsförsäkringar Liv's capital requirement and own funds must also be added, but own funds are included at a maximum of the company's solvency capital requirement.

Agria's balance sheet is presented in section D in the company's Solvency and Financial Condition Report, found after the group-level report.

No assumptions on future management decisions are deemed to have a material impact on the carrying amounts in the Solvency II balance sheet.

D.1 Assets

D.1.1 Valuation of assets

In accordance with QRT s.02.01 (refer to Appendix 1.1), the following balance sheet shows the material asset items and an overview of total liabilities on 31 December 2020 for the group with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts. The Group's balance sheet does not include Länsförsäkringar Liv or Länsförsäkringar Bank.

Table D1(1): Assets and liabilities, 31 Dec 2020

Assets (TSEK)	Financial statements[14]	Revaluation	Solvency II amount
Property, machinery & equipment for own use	1,341,655	–	1,341,655
Shares and participations in subsidiaries and associated companies	9,309,544	9,522,451	18,831,995
Other equities	2,208,678	–	2,208,678
Bonds	9,109,266	–	9,109,266
Mutual funds	4,065,997	–	4,065,997
Derivatives	101,377	–	101,377
Assets unit-linked insurance or index-linked insurance	165,918,481	–	165,918,481
Reinsurers' portion of technical provisions	10,556,710	-1,895,367	8,661,343
Insurance receivables	2,935,052	-2,529,069	405,983
Cash and bank balances	4,177,486	–	4,177,486
Other assets	7,773,424	-5,528,710[15]	2,244,714
Total assets	**217,497,673**	**-430,695**	**217,066,976**

Liabilities (TSEK)	Financial statements	Revaluation	Solvency II amount
Technical provisions gross before ceded reinsurance			
Non-life insurance	15,297,798	-4,184,546	11,113,252
Life assurance excluding unit-linked insurance	6,617,049	89,994	6,707,043
Unit-linked insurance or index-linked insurance	166,432,747	-13,970,133	152,462,614
Other liabilities (refer to section D.3)	6,260,525	-463,911	5,796,614
Total liabilities	**194,608,119**	**-18,528,596**	**176,079,523**
Assets less liabilities	**22,889,551**	**18,097,901**	**40,987,453**

[14] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The main difference in classification is that investments are distributed between other asset items.

[15] Revaluation of other assets primarily refers to goodwill of TSEK -618,360, deferred acquisition costs of TSEK -1,831,025 and intangible assets of TSEK -3,045,391.

D.1.2 Valuation principles in the solvency calculation of various classes of asset compared with the financial statements

This section addresses the valuation principles, methods and main assumptions used to value the Group's material assets items under the Solvency II rules. It also describes, where applicable, how such valuations differ from valuations in the financial statements. The items described below derive from the Group's balance sheet in the table above and from the subsidiaries' balance sheets.

Goodwill

Included in the item Other assets. The item is not assigned a value in the Solvency II balance sheet since it is to be valued at zero. According to the financial statements, goodwill is valued at cost adjusted for any accumulated impairment and pertains to acquisitions of insurance portfolios. Goodwill is distributed to cash-generating units and is tested for impairment at least once annually.

Deferred acquisition costs (DAC)

Included in the item Other assets. Selling expenses that have a clear connection to underwriting insurance contracts are capitalised as Deferred acquisition costs in the balance sheet and are depreciated over the useful life according to the financial statements. Intangible assets, such as deferred acquisition costs, are valued at market value if they are separable, can be sold separately and if the valuation is based on quoted market prices on active market for the same or similar assets. These conditions are not met since the item deferred acquisition costs is not separable and cannot be sold separately and thus the item is valued at zero in the Solvency II balance sheet.

Other intangible assets

Included in the item Other assets. Other intangible assets are valued at market value if they are separable, can be sold separately and if the valuation is based on quoted market prices on active markets for the same or similar assets. The other intangible assets that the Group recognises in the financial statements refer to proprietary IT systems, acquired IT systems and acquired customer assets. None of these assets are deemed to meet the requirement of being possible to sell with a valuation that can be attributed to quoted market prices in active markets. This means that the item does not have any value in the Solvency II balance sheet.

Other intangible assets in the financial statements are valued at amortised cost less accumulated amortisation and impairment. This differs from the Solvency II valuation under which the value is zero.

Deferred tax assets

Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. Deferred tax assets are recognised only to the extent that it is likely that taxable surpluses will be available against which to utilise the deferred tax assets. The revaluation between Solvency II and the financial statements also entails a calculation of deferred tax assets or tax liabilities for applicable items. The item deferred tax assets is recognised net in the Solvency II balance sheet against calculated deferred tax liabilities.

In terms of reporting, there is no difference in the principles for calculating deferred tax between the financial statements and Solvency II, except for the revaluations to be carried out under Solvency II.

Property, machinery and equipment for own use

This asset item primarily pertains to property for own use (owner-occupied property). IFRS 16 entails accounting by lessees whereby all leases (with certain exemptions) are to be recognised in the statement of financial position as a right-of-use asset for the right to use an underlying asset.

There are no differences in valuation principles and assumptions between the financial statements and Solvency II.

Investments

Shares in subsidiaries and associated companies

At group level, shares in subsidiaries that are not consolidated in the Solvency II balance sheet refer to holdings of unlisted shares in Länsförsäkringar Bank, which are valued in the Solvency II balance sheet according to the adjusted equity method, entailing participating interests in the company's equity. The wholly owned insurance company Länsförsäkringar Liv, which is operated in accordance with mutual principles and is not consolidated in Länsförsäkringar AB, is not recognised in any amount in the Solvency II balance sheet. Shares in associated companies refer to holdings of unlisted shares. These shares are also valued in the Solvency II balance sheet according to the adjusted equity method, which corresponds to the IFRS rules at group level.

Equities

Equities refer to holdings of both listed and unlisted shares. The valuation techniques for listed shares applied are based on market data as far as possible, whereas company-specific information is used a little as possible. Holdings of unlisted shares are measured at cost for cases in which it is not possible to determine a fair value reliably. There are differences in the valuation of equities between the IFRS and the Solvency II balance sheets.

Bonds

Bonds refer to holdings of government bonds and corporate bonds that are essentially listed in an active market. The fair value was calculated based on the quoted buying-rate of the assets on the balance-sheet date. The valuation techniques applied are based on market data as far as possible, whereas company-specific information is used as little as possible.

Mutual funds

Mutual funds primarily refer to equities funds and interest-bearing funds that are essentially listed in an active market. The fair value was calculated based on the quoted buying-rate of the assets on the balance-sheet date.

Derivatives

The calculation bases for derivatives may differ. For derivatives listed in an active market, the fair value is determined as the listed price. However, for derivatives not listed in an active market, the fair value is determined by applying a valuation technique. This technique is based on discounted expected future cash flows.

Assets in unit-linked insurance or index-linked insurance
For this class of asset, Länsförsäkringar holds unit-linked insurance assets where the policyholder bears the risk. The calculation base for the valuation is prices listed in an active market. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

Reinsurers' portion of technical provisions
For ceded reinsurance, the benefits to which the company is entitled under the reinsurance contract are recognised as the reinsurers' portion of technical provisions.

The bases for calculation and assumptions differ between the financial statements and Solvency II. This is described in section D.2.

Insurance receivables
Premium receivables are included in the item in IFRS, but in Solvency II they are included in the best estimate. Premiums due for payment after the balance-sheet date are thus measured in the premium reserve and consequently excluded from the assets side in the Solvency II balance sheet (see also section D.2).

Cash and bank balances
The calculation base for cash and bank balances in the solvency calculation is the nominal amount, which is deemed to be a suitable base for calculating fair value. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

Other assets
Other assets may refer to deposits with companies that have ceded reinsurance, receivables from reinsurers and receivables (operations, not insurance) and prepaid expenses and accrued income. No special calculation methods were used for the items encompassed by other assets. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

D.1.3 Material differences between the group's valuation principles and those used by its subsidiaries
There are no material differences between the group's and the subsidiaries' valuation principles applied to valuations for solvency purposes.

D.1.4 Other information about assets
Assumptions and judgements, including those about future and other significant sources of estimation uncertainty
Judgements and estimates must sometimes be applied to the preparation of financial statements and regulatory reports. The relevance and reasonableness of such judgements and estimates is continuously evaluated. In calculating the life-assurance reserve, assumptions are made regarding the discount rate, mortality, morbidity and expenses. Furthermore, when calculating technical provisions, an actuarial estimate of anticipated additional costs for claims incurred and expenses for claims that may be incurred during the remaining term of the insurance policy is made. There may be some uncertainty in the estimates for the depreciation period for deferred acquisition costs for unit-linked insurance contracts since the assumption for the depreciation period is based on statistics in the term of the insurance contracts. The uncertainty of the valuation of the currency and interest-rate derivatives that exist to a limited extent is deemed to be low since the theoretical value is based on observable data and the fact that standard systems are used.

Effects may arise on the basis of the new accounting policies that will be introduced in the coming years and that could impact the amounts recognised in valuations in the solvency calculation. Accounting policies that have been adopted, or are expected to be adopted, but that have not yet been applied may affect assets and liabilities in the Group.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts was published on 18 May 2017 and will replace the existing standard IFRS 4 Insurance Contracts. The new standard has not yet been approved by the EU but is expected to come into effect for fiscal years beginning on or after 1 January 2023. The standard will eliminate contradictions and weaknesses in the existing method by providing a principle-based set of rules for recognising insurance contracts. The new standard will also impose expanded disclosure requirements to increase comparability between different companies. The standard was updated in 2020.

In October 2020, Finansinspektionen resolved on amendments to regulation FFFS 2019:23, revoking the obligatory application of IAS regulation (full IFRS) in consolidated financial statements for unlisted insurance companies, occupational pension companies and financial holding companies. This means that the regulations have been adapted according to the agreements on consolidated financial statements for unlisted companies in the Swedish Annual Accounts Act for Insurance Companies (1995:1560). The changes came into effect on 1 December 2020 and can be applied to consolidated financial statements prepared for the fiscal year ending on 31 December 2020.

The company is following developments in Sweden and the Financial Supervisory Authority's assessment of any effects on legally restricted IFRS.

Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (phase 2)
The ongoing global Interest Rate Benchmark Reform aims to produce alternative risk-free rates as a replacement for interbank offered rates (IBORs) that are usually used as interest reference rates. On 27 August 2020, the ISAB published amendments to several standards to prevent unwanted accounting consequences in the period after the Reform has been implemented. The amendments have not yet been adopted by the EU but are proposed to come into effect for fiscal years beginning on or after 1 January 2021. The IASB is also adjusting the relief from hedge accounting requirements by making it possible to update documentation for existing hedging relationships in order to adapt to the new interest rate benchmark. A project is currently being conducted within the Länsförsäkringar AB Group to investigate the effects of the Interest Rate Benchmark Reform.

D.2 Technical provisions

Technical provisions are valued at the relevant amount that each company in the Group would need to pay if it were to immediately transfer its insurance and reinsurance obligations to another insurance company. The value is calculated as the total of the best estimate and a risk margin.

An outline of the valuation principles for the technical provisions applied by the Group is provided below. A more detailed description of the bases for calculation, methods and main assumptions, including a description of the degree of uncertainty related to the value of the technical provisions, is provided in Agria's report which follows after the report at group-level.

D.2.1 Valuation of technical provisions

Best estimate

The best estimate corresponds to the probability-weighted average of future cash flows, taking account of the time value of money (expected present value of future cash flows). A discount rate is used according to the Solvency II rules for the best estimate and the risk margin under Solvency II, based on the risk-free base interest rate being calculated on the rate for interest-rate swaps, adjusted to take account of credit risk.

The calculation of the best estimate is based upon up-to-date and credible information and realistic assumptions, and is performed using adequate, applicable and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the best estimate takes account of all the cash in- and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof. The calculation is to take account of the contractual options of the policyholders and the company, and option assumptions are updated every year based on the company's statistics. For products with a conditional bonus in Länsförsäkringar Liv and Länsförsäkringar Fondliv, the time value of the guarantee is included in the calculation of the best estimate.

Risk margin

The risk margin is calculated to correspond to the cost of maintaining the capital that corresponds to the solvency capital requirement (SCR) needed to meet the Group's commitments until they have been finally settled. The risk margin is calculated using the cost of capital method (CoC), with the rate of 6% as stipulated in the rules, separately for the individual companies in the Group and separately for life assurance and non-life insurance in the individual companies. The trend in the solvency capital requirement is assumed to be proportional to the best estimate for existing insurance obligations over their lifetime. Accordingly, the Group makes use of method number 2 of EIOPA's Guidelines on the valuation of technical provisions EIOPA-BoS-14/166 SV for the trend in the solvency capital requirement. For Länsförsäkringar Liv, the risk margin has been subsequently segmented over the business lines at the same proportions as the individual best estimates, calculated for each business line, are segmented. Länsförsäkringar Fondliv segments the risk margin in proportion to the solvency capital requirement for each business line. For the Länsförsäkringar Sak Group, the risk margin is first calculated separately for each individual business line, without taking account of diversification, and as a total for the entire company. The risk margin for the entire company is then segmented over the business lines at the same proportions as the individual risk margins are segmented.

Technical provisions gross before ceded reinsurance on 31 December 2020 by insurance company in the group are presented in the table D2(1). The reinsurers' portion of technical provisions is presented in section D.2.4, which can also be used to obtain the net technical provisions after ceded reinsurance.

Table D2(1): Technical provisions gross before ceded reinsurance, 31 Dec 2020

Operations (TSEK)	Best estimate	Risk margin	Technical provisions
Länsförsäkringar Sak	11,610,540	162,742	11,773,282
Agria	749,940	41,186	791,127
Länsförsäkringar Grupplіv	45,805	4,711	50,516
Länsförsäkringar Fondliv	154,318,446	3,349,538	157,667,984
Länsförsäkringar Liv	80,813,900	2,357,282	83,171,182
Total	**247,538,632**	**5,915,459**	**253,454,091**

The best estimate in the table above includes the technical provisions of TSEK 850,652 calculated as a whole, including the risk margin, for the pension product of Insured Pension in Länsförsäkringar Liv.

Material changes in valuation principles compared with preceding reporting period

The main reason for the changes in the technical provisions during the year are premium payments, claims payments and changes in value of unit-linked insurance.

At the end of the year, Länsförsäkringar Fondliv introduced a new remuneration model for the regional insurance companies for 2021. The change involves replacing the current capital remuneration with earnings-based remuneration and, all other things being equal, is expected to result in an increase in remuneration to the regional insurance companies. The earnings-based remuneration will be determined every year for a period of one year. For more information about these changes, refer to section D.2.1 of Agria's solo report.

D.2.2 Valuation principles in the solvency calculation of various business lines compared with the financial statements

In the financial statements, technical provisions (gross) are valued in accordance with the Annual Accounts Act for Insurance Companies (ÅRFL) and Finansinspektionen's regulations and general guidelines. For information about the material differences between the rules, methods and assumptions applied to valuations for solvency purposes and those used in the financial statements, refer to section D.2.2 of Agria's solo report.

D.2.3 Material differences between the group's valuation principles and those used by its subsidiaries

There are no material differences between valuation principles used at group level and the valuation principles used by the group's subsidiaries in valuations for solvency purposes.

D.2.4 Other information about technical provisions

Recoverables from reinsurance contracts and special purpose vehicles

Reinsurers' portion of technical provisions, calculated annually, are presented below.

For Länsförsäkringar Grupppliv, the reinsurers' portion of technical provisions on 31 December 2020 amounted to TSEK -43. The company has reinsurance cover for catastrophes for which the expectation for the premiums paid for the cover exceeds the expected claims cost that can be reclaimed from the counterparty. For more information about the reinsurers' portion of technical provisions, refer to section D.2.3 of Agria's solo report.

Table D2(2): Reinsurers' portion of technical provisions

Operations (TSEK)	31 Dec 2020
Länsförsäkringar Sak	8,606,894
Agria	9,329
Länsförsäkringar Grupppliv	-43
Länsförsäkringar Fondliv	45,164
Länsförsäkringar Liv	0
Total	**8,661,343**

Other information about technical provisions

Länsförsäkringar AB and its insurance subsidiaries do not apply the matching adjustment, volatility adjustment or the transitional measures for the risk-free interest rate term structure or the transitional measures for calculating technical provisions.

D.3 Other liabilities

The following section encompasses all categories of liabilities that are deemed to be material to Länsförsäkringar AB, except technical provisions.

D.3.1 Valuation of other liabilities

In accordance with QRT s.02.01 (refer to Appendix 1.1), the following table shows the material liability items, excluding technical provisions, on 31 December 2020 for the group with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.

Table: D3(1): Other liabilities, 31 Dec 2020

Other liabilities (TSEK)	Financial statements[16]	Revaluation	Solvency II amount
Other provisions	42,982	376,000	418,982
Deferred tax liabilities	1,229	95,222	96,451
Derivatives	30,741	–	30,741
Financial liabilities	1,331,682	–	1,331,682
Liabilities to insurance companies and brokers	1,228,367	–	1,228,367
Liabilities (operations, not insurance)	1,396,223	–	1,396,223
Accrued expenses and deferred income	1,701,902	-706,614	995,288
Other liabilities	527,399	-228,519	298,880
Total other liabilities	**6,260,525**	**-463,911**	**5,796,614**

16) In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are distributed between other asset items and that investments are also included in accrued interest that according to IFRS is recognised in the item "accrued income."

D.3.2 Valuation principles in the solvency calculation of various liability items compared with the financial statements

This section addresses the valuation principles, methods and main assumptions used to value the Group's material liability items under the Solvency II rules. It also describes, where applicable, how such valuations differ from valuations in the financial statements.

Deferred tax liabilities

Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. The revaluation between the financial statements and Solvency II now also entails a calculation of deferred tax liabilities for applicable items. The item deferred tax liabilities is recognised net against estimated deferred tax assets. Deferred taxes are recognised and valued in relation to all assets and liabilities, including technical provisions recognised for solvency purposes. In addition, deferred tax assets are assigned a positive value only if it is likely that taxable surpluses will be available against which to utilise the deferred tax assets. This corresponds to the valuation of deferred tax in the financial statements.

The differences between the financial statements and Solvency II are attributable to deferred tax on the revaluation amounts and certain untaxed reserves, and that deferred tax liabilities were recognised net against deferred tax assets in Solvency II. In terms of valuation, there is no difference between the financial statements and Solvency II, except for the revaluation amounts under Solvency II.

Table D3(2): Deferred tax liabilities, 31 Dec 2020

TSEK	Financial statements	Revaluation	Solvency II amount	Date of maturity
Non-deductible pension costs	-19,006	–	-19,006	
Other financial investment assets	591	–	591	
Loss carryforwards	-29,718	–	-29,718	
Tax allocation reserve:				
– Reserve for 2015	–	16,312	16,312	31 Dec 2021
– Reserve for 2016	–	15,623	15,623	31 Dec 2022
– Reserve for 2017	–	14,419	14,419	31 Dec 2023
– Reserve for 2018	–	10,019	10,019	31 Dec 2024
– Reserve for 2019	–	11,128	11,128	31 Dec 2025
– Reserve for 2020	–	13,482	13,482	31 Dec 2026
Equalisation reserve	–	7,250	7,250	
Revaluation of intangible assets	1,229	-98,809	-97,580	
Revaluation DAC	–	-49,131	-49,131	31 Dec 2021
Revaluation technical provisions, net	–	203,698	203,698	
Other	-636	–	-636	31 Dec 2021
Total deferred tax assets (–)/liabilities (+)	**-47,540**	**143,991**	**96,451**	

Other provisions

Other provisions comprise other provisions and provisions due to the changed remuneration model for the regional insurance companies.

Derivatives

Refer to section *D.1.2 Investments.*

Financial liabilities

Financial liabilities comprise debt securities in issue. The bases of calculation for financial liabilities regarding the solvency calculation are amortised cost, unrealised changes in value and accrued interest. Financial liabilities are valued using quoted prices in active markets.

The bases of calculation and assumptions according to the financial statements are amortised cost and accrued interest, and differ from the valuation according to Solvency II for which market valuations are performed.

Liabilities to insurance companies and brokers

This items comprises liabilities to insurance companies and brokers.

There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

Liabilities (operations, not insurance)

Liabilities (operations, not insurance) comprises liabilities that are not to insurance companies and brokers, such as VAT liabilities, tax liabilities, certain current accounts, other financial liabilities, etc.

There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

Accrued expenses and deferred income

Accrued expenses and deferred income include advance premiums, accrued interest expense, deferred financial income and accrued staff costs.

The bases of calculation and assumptions according to the financial statements are accrued expenses and deferred income, and differ from the valuation according to Solvency II for which the premium receivable encompasses only past due receivables meaning that deferred premiums earned under Solvency II are included in the technical provisions.

Other liabilities

Other liabilities refer to such items as Other provisions, Pensions and similar commitments, Deposits from reinsurers, Liabilities to insurance companies and brokers, Liabilities to reinsurers, Liabilities (operations, not insurance) and Accrued expenses and deferred income.

No special calculation methods were used for the items encompassed by Other liabilities. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

D.3.3 Material differences between the Group's valuation principles and those used by its subsidiaries

There are no material differences between valuation principles used at group level and the valuation principles used by the Group's insurance subsidiaries in valuations for solvency purposes.

D.3.4 Other information about other liabilities

Assumptions and judgements, including those about future and other significant sources of estimation uncertainty

Regarding assumptions and judgements, including those about future and other significant sources of estimation uncertainty, refer to section D.1.4 above.

Leases and pension provisions

The insurance group is a lessor and to a slight extent also lessee in the form of external lease contracts classified as operating lease and where expenses are recognised as rents.

The group has a number of defined-benefit pension plans that mainly encompass employees who have already reached retirement age. These plans cover old-age pensions and in some cases also survivor's pension. The pension amounts are paid in relation to the final salary level when the employee retires and in the majority of cases are life annuities. In the event that upward adjustment of the pension has been agreed, the group follows the norms applied by the Insurance Industry's Pension Fund (FPK).

The pension provision, except for early retirement, on 31 December 2020 amounted to TSEK 49,118.

Defined-contribution pension plans are plans according to which the company pays fixed contributions to a separate legal entity and does not have a legal or informal obligation to pay additional contributions.

The pension agreement for the insurance industry, the FTP plan, through insurance with the FPK, is a multi-employer defined-benefit pension plan. FPK is unable to provide necessary information which is why the pension plans above are recognised as defined-contribution plans.

D.4 Alternative valuation methods

The default valuation method for solvency purposes under Solvency II is to value assets and liabilities at market value, meaning using quoted market prices for the same assets or liabilities. Where the use of quoted prices in active markets for the same assets or liabilities is not possible, assets and liabilities using are to be valued using quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences. If this option is not available, alternative valuation methods are to be used. Assets valued using alternative valuation methods are primarily illiquid assets such as unlisted shareholdings and properties.

For a number of balance-sheet items, alternative valuation methods are used in accordance with Article 10.5 of the Commission Delegated Regulation (EU) 2015/35.

An alternative valuation method is used for properties where a combination of the market approach and the income approach is applied. Refer also to section *D.1.2. Property, machinery and equipment for own use.*

An alternative valuation method is applied to unlisted shares. These are mostly valued at amortised cost. Refer also to section *D.1.2. Investments.*

An alternative valuation method is applied to certain bonds. Refer also to section *D.1.2. Investments.*

D.5 Other information

Material information about the valuation of the assets and liabilities for solvency purposes is presented in the commentary on each balance-sheet item and in the section on uncertainties.

E | Capital management (financing)

Own funds in Länsförsäkringar AB and its subsidiaries at group level amounted to TSEK 57,411,536 at year-end and comprise Tier 1 capital. The capital requirement amounted to TSEK 39,186,054, resulting in a healthy margin compared with the regulatory requirement and surplus capital of TSEK 18,225,482 at year-end. Surplus capital increased by TSEK 5,971,116[17] year-on-year.

Own funds strengthened TSEK 7,191,212 during the year. The increase was due to the group's equity increasing TSEK 2,144,403, mainly due to net profit for the year. The revaluation of technical provisions strengthened own funds by TSEK 3,818,990, primarily attributable to Länsförsäkringar Fondliv. The capital requirement increased TSEK 1,220,093.

Since Länsförsäkringar Liv is conducted in a mutual form, no more of its own funds can be included at group level than the amount corresponding to the company's solvency capital requirement, which was TSEK 14,638,886 at year-end. Länsförsäkringar Liv's surplus capital, amounting to TSEK 13,839,039 at year-end, is thus not included in the surplus capital calculated according to the regulatory requirements at group level.

E.1 Own funds

E.1.1 Management of own funds: Targets, governance and processes

The Länsförsäkringar AB Group applies Group-wide Guidelines for Financial and Capital Management and Control for ORSAs. The ORSA process is described in section *B.3.2. Own Risk and Solvency Assessment (ORSA)*. Governance documents in these areas apply jointly for Group companies, after adoption by the Board of the Parent Company and subsidiaries.

The business activities of the companies consolidated in the Länsförsäkringar AB Group are conducted for profit-making purposes to enable Länsförsäkringar AB to pay returns through value growth and dividends to the owners. All capital that is not required for operations that the Group is commissioned to conduct by the regional insurance companies is to be paid as a dividend over time, on the condition that a credit rating of A for the Group's credit-rated units can be justified. Länsförsäkringar Liv is a subsidiary that is operated according to mutual principles and is not consolidated in the Länsförsäkringar AB Group. For this reason, specific considerations apply to capital management for this company.

Quantitative capital targets are set at both Group level and for each legal entity. These capital targets are decided every year by each Board and the Board of Länsförsäkringar AB. A target for the solvency ratio is set for each of the Group's insurance companies as well as a limit for the minimum level of acceptable capitalisation. The limit for the minimum level of acceptable capitalisation clearly exceeds the regulatory requirement of 100%. The solvency ratio refers to own funds divided by the solvency capital requirement. A capital target at a specific level is also set at Group level that is supplemented with a limit for the minimum level of acceptable capitalisation. The target level and the limit for the minimum level of acceptable capitalisation at Group level are also based on the contributions to own funds and capital requirements made by the operations in Länsförsäkringar Bank and its subsidiaries.

The Group's capital planning is conducted annually and is integrated into the business planning. These plans include the current year and three years in the future, and are prepared during the autumn. The process analyses the level of the capital requirement and the access to capital based on sales and profitability forecasts.

The purpose of the Group's capital planning is to ensure that own funds are sufficient for bearing the risks associated with realising the business plan in every subsidiary and at Group level. The analysis is based on the business plan activities and its base scenario, but also includes a demanding but realistic negative scenario and stress tests. The capital position of the entire Länsförsäkringar AB Group can be highlighted by performing analyses of shared scenarios and stress tests. In addition, unit-specific stress tests are performed in the Group's insurance companies and in the banking operations to provide supplementary data on the capital position of each subsidiary. The analysis is to be performed in such a manner that the Board and management of each subsidiary – and for the Group, the Board of the Parent Company – gain greater joint understanding of issues relating to capital structure, capital requirement and business contingency to reduce risks and acquire new capital.

Capital planning results in, for example, forecasts for the income statement and balance sheets at Group and subsidiary level, and the capital position in relation to regulatory requirements. The process also creates a plan for dividends and contributions within the Group, and a plan for capital transactions between the Parent Company and its owners and issues of capital instruments to external investors.

After the capital planning has been documented and adopted by each subsidiary Board for its company, and the Parent Company's Board for the Group, the plans are regularly monitored throughout the year in quarterly reports. The plans are continuously updated during the fiscal year as required.

E.1.2 Composition of own funds

Own funds comprise Tier 1 capital and ancillary own funds. Own funds in the companies encompassed by this report and own funds at group level solely comprise Tier 1 capital.

The items in own funds are divided into three tiers depending on the characteristics of each items in terms of their availability for loss absorption ("permanent availability"), the degree to which the items have a lower right to payment than other liabilities ("subordination") and the long-term nature of the items ("sufficient duration"). All own-fund items in Länsförsäkringar AB and in all insurance companies encompassed by this report have been classified as Tier 1, the highest level. At group level, Tier 1 instruments and subordinated debt issued by Länsförsäkringar Bank are included as own-fund items classified as Tier 1 and Tier 2, respectively.

Tier 1 instruments are classified as "restricted Tier 1" that may amount to a maximum of 20% of the total own-fund items in Tier 1. Länsförsäkringar Fondliv and Länsförsäkringar Liv have reported that the regulations introduced through the EU's Solvency II Directive are

[17] The capital requirement and thus surplus capital on 31 December 2019 were adjusted in 2020 due to the changed method for calculating loss absorption in deferred tax.

applied to the entire operations. The transitional measures for occupational pension operations are thus not applied.

Table E1(1): Composition of own funds

Länsförsäkringar AB and its subsidiaries, group level (TSEK)	**31 Dec 2020**	**31 Dec 2019**
Equity according to balance sheet	*33,051,322*	*30,906,919*
Ordinary share capital	1,042,459	1,042,459
Share premium reserve for ordinary share capital	5,483,958	5,483,958
Portion of reconciliation reserve included in the Group's equity	15,924,777	15,131,037
Equity attributable to bank excluding Tier 1 instruments	8,400,128	7,049,465
Tier 1 instruments issued in Länsförsäkringar Bank	2,200,000	2,200,000
Total equity	**33,051,322**	**30,906,919**
Other capital attributable to reconciliation reserve	7,237,684	4,142,864
Deductions for participations in associated credit institutions	-18,761,921	-17,494,979
Total own funds in associated credit institutions	21,245,565	19,422,712
Eligible own funds from Länsförsäkringar Liv	14,638,886	13,242,808
Total own funds	**57,411,536**	**50,220,324**

Own funds at group level increased during the reporting period by TSEK 7,191,212 to TSEK 57,411,536. The increase was due to the group's equity increasing TSEK 2,144,403, mainly due to net profit for the year. The revaluation of technical provisions increased own funds by TSEK 3,818,990, primarily attributable to Länsförsäkringar Fondliv and higher eligible own funds of TSEK 1,396,078 from Länsförsäkringar Liv.

For further information on own funds at group level and its composition (including the composition of the reconciliation reserve) at the end of the reporting period, refer to QRT s.23.01 in Appendix 1.1.

Description of individual sub-items in own funds in the table above

Ordinary share capital: Paid-in share capital according to Parent Company balance sheet.

Share premium reserve for ordinary share capital: Share premiums paid in connection with issues of share capital in the Parent Company.

Portion of reconciliation reserve included in the Group's equity: Statutory reserve, equity shares of untaxed reserves in the Group's consolidated insurance companies and retained earnings and net profit for the year and other reserves attributable to other comprehensive income in the Parent Company and the Group's consolidated insurance companies.

Equity attributable to bank excluding Tier 1 instruments: The bank's share of the Group's consolidated equity.

Other capital attributable to reconciliation reserve: Solvency revaluations of assets and liabilities for the Parent Company and the Group's consolidated insurance companies, the tax portion of parts of untaxed reserves in consolidated insurance companies, deductions for the Parent Company's proposed dividends and deductions for non-transferable funds.

Deductions for participations in associated credit institutions: Deductions are to be made in own funds for the carrying amount of participations in associated credit institutions according to the Solvency II balance sheet. The deduction refers to the wholly owned Länsförsäkringar Bank AB.

Total own funds in associated credit institutions: Associated credit institutions' total own funds at solo level, calculated according to the capital adequacy rules.

Eligible own funds from Länsförsäkringar Liv: Since Länsförsäkringar Liv is operated in accordance with mutual principles, only the portion of own funds that correspond to the amount of the company's capital requirement may be included in the Group's own funds.

Reconciliation reserve

The reconciliation reserve primarily comprises the effects from the revaluation of assets and liabilities, retained earnings and other capital items that are not specified on a separate line. The composition of the reconciliation reserve is presented in the table below. Refer also to QRT s.23.01 in Appendix 1.1. For a specification of the items encompassed by *Revaluation of items from the financial statements to the Solvency II balance sheet*, refer to table E1(3) which presents a bridge from recognised equity to own funds.

Table E1(2): Specification of composition of reconciliation reserve at group level

Länsförsäkringar AB and its subsidiaries, group level (TSEK)	**31 Dec 2020**	**31 Dec 2019**
Other equity than ordinary share capital and share premium reserve	14,351,967	13,588,522
Untaxed reserves	2,012,072	2,022,311
Revaluation of items from the financial statements to the Solvency II balance sheet	18,096,997	13,612,533
Expected dividends	-698,447	-700,000
Total reconciliation reserve	**33,762,589**	**28,523,366**

The largest item regarding the revaluation of items from the financial statements to the Solvency II balance sheet is the revaluation of technical provisions.

Table E1(3) in section *E.1.4 Bridge from recognised equity to own funds* shows to adjustments made on 31 December 2020 from recognised equity in the consolidated balance sheet to calculate the Länsförsäkringar AB Group's own funds.

E.1.3 Own funds to cover solvency capital requirement and minimum capital requirement

The items that may comprise own funds to cover the solvency capital requirement are primarily the same as those to cover the minimum capital requirement (the minimum capital requirement only applies to legal entities, not at group level). The differences take the form of stricter rules on the tier classification of the items for covering the minimum capital requirement. Own-fund items in Tier 3 are not permitted to be used at all for covering the minimum capital requirement, and a smaller portion of Tier 2 own-fund items may be used for covering the minimum capital requirement compared with the portion of own-fund items permitted for covering the solvency capital requirement.

Own funds in insurance companies comprise only Tier 1 own-fund items. Own funds in insurance companies to cover the minimum capital requirement are thus the same as own funds to cover the solvency capital requirement.

As stated in the preceding section, the group level has two items that are classified as restricted Tier 1 and Tier 2. However, these items are not of such a high amount that they infringe the limitation rules established for how items may be included in own funds to cover the capital requirement. Accordingly, the own-fund items that exist may be included in the group's own funds in their entirety to cover the solvency capital requirement. Own funds at group level on 31 December 2020 amounted to TSEK 57,411,540, as stated in the preceding section.

E.1.4 Bridge from recognised equity to own funds

The following table presents a bridge from recognised equity to own funds at group level. More detailed explanations on the rules for items revalued from the financial statements to the Solvency II balance sheet according to the table below are presented in sections D.1.2 and D.3.2.

Table E1(3): Bridge from recognised equity to own funds

Länsförsäkringar AB and its subsidiaries, group level (TSEK)	31 Dec 2020	31 Dec 2019
Equity according to statutory accounts	33,051,322	30,906,919
Subordinated debt	2,589,656	2,589,656
Revaluation of goodwill	-618,360	-558,351
Revaluation of intangible assets	-3,982,091	-4,308,795
Revaluation of deferred acquisition costs	-1,826,095	-1,564,499
Revaluation of technical provisions	14,758,810	10,939,820
Revaluation of deferred tax	294,503	267,042
Contingent liabilities	-150,100	-124,600
Eligible own funds from Länsförsäkringar Liv	14,638,886	13,242,808
Other items	-646,548	-469,676
Deductions for proposed dividends	-698,447	-700,000
Total own funds	**57,411,536**	**50,220,324**

The following section E.1.5 addresses issues regarding own funds at group level and provides additional disclosures on information presented in the table above and here.

Goodwill, intangible assets and deferred acquisition costs are not assigned a value in the Solvency II balance sheet under the solvency rules, which is why the revaluation had a negative impact on own funds.

Technical provisions are revalued in accordance with the solvency rules. The largest item refers to the unit-linked insurance operations in Länsförsäkringar Fondliv. The valuation of technical provisions in accordance with the solvency rules is described in section D.2.

Own funds in Länsförsäkringar Bank and its subsidiaries are included in the group's own funds by applying the rules on own funds in the banking sector. This results in an add-on to own funds for the banking operations according to the sector's rules and adjustments to eliminate the portion of the Group's equity that is attributable to the banking operations. Länsförsäkringar Bank's own funds includes subordinated debt.

Länsförsäkringar Liv is included at group level by applying the deduction and aggregation method. Since Länsförsäkringar Liv is conducted in a mutual form, no more of its own funds can be included than the amount corresponding to its solvency capital requirement.

E.1.5 Specific information about own funds at group level

Method for calculating own funds at group level

Own funds at group level are calculated, with the exceptions listed below, by applying the consolidation method stipulated in the IBA and the Commission Delegated Regulation (EU) 2015/35. Länsförsäkringar AB and the Group's profit-distributing insurance companies are consolidated. Own funds for Länsförsäkringar Bank and its subsidiaries are included in accordance with the banking sector rules. Länsförsäkringar Liv is included by utilising the deduction and aggregation method in accordance with the permit received from Finansinspektionen.

Own-fund items at group level are issued by Länsförsäkringar Bank

Länsförsäkringar Bank has issued Tier 1 instruments and subordinated debt. These are included in Länsförsäkringar Bank's own funds, according to the banking sector rules, as follows:

Table E1(4): Länsförsäkringar Bank Tier 1 capital and subordinated debt, 31 Dec 2020

Type of instrument (TSEK)	Amount	Classification according to banking sector rules
Tier 1 instruments	2,200,000	Tier 1 capital (AT1)
Subordinated debt	2,589,656	Tier 2 capital (T2)

Länsförsäkringar Bank's Tier 1 instruments and subordinated debt were classified as restricted Tier 1 and Tier 2, respectively, when included in the group's own funds.

Calculating the Group's own funds taking into account internal transactions

All internal items that impact own funds were eliminated in the calculation of own funds for Länsförsäkringar AB and its subsidiaries at group level.

Limitations on transferability and capacity to absorb losses

The contingency reserves in Länsförsäkringar Sak and Agria are deemed to be own-fund items that are not available to absorb losses in other parts of the Länsförsäkringar AB Group. Accordingly, they have been included in own funds at group level only to the extent that the contingency reserve in each company corresponds to that company's share of the solvency capital requirement for the insurance operations at group level excluding Länsförsäkringar Liv. On 31 December 2020, Länsförsäkringar Sak's and Agria's share of the solvency capital requirement was higher than their individual contingency reserve, which is why no deductions were made from group own funds. There are not deemed to be any own-fund items, in the Länsförsäkringar Sak Group's companies or in the other companies in the Länsförsäkringar AB Group for which the consolidation method is applied, that are of such a nature that they are to be included in the group's own funds at only the corresponding company's share of the group's solvency capital requirement.

Since Länsförsäkringar Liv is operated in mutual form, no more of its own funds may be included in the Länsförsäkringar AB Group's own funds than the amount corresponding to Länsförsäkringar Liv's solvency capital requirement.

E.1.6 Other information about own funds

None of the companies encompassed by this report make use of any of the transitional measures for including certain instruments in own funds. Such options refer to instruments that are not otherwise approved under current regulations but that were approved own funds instruments under the previous rules.

The option of including a type of ancillary own funds in own funds is also not used.

None of the companies have any ring-fenced funds or use matching adjustment that would give rise to a deduction from own funds.

E.2 Solvency capital requirement and minimum capital requirement

E.2.1 Amount of solvency capital requirement and minimum capital requirement

The following table shows the amount of the solvency and, where applicable, the minimum capital requirement as a total and per company included in the Länsförsäkringar AB Group on 31 December 2020 and 2019. Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added using the deduction and aggregation method. The minimum capital requirement for Länsförsäkringar Liv is reported for information purposes but is not included in the calculation of the floor for the Group's consolidated solvency capital requirement (refer to section E.4.8). The minimum capital requirement for Länsförsäkringar Sak comprises the total of the minimum capital requirements for Agria, Länsförsäkringar Gruppliv and the Parent Company Länsförsäkringar Sak.

Table E2(1): Solvency capital requirement and minimum capital requirement

	2020		2019[18]	
TSEK	**Solvency capital requirement**	**Minimum capital requirement**	**Solvency capital requirement**	**Minimum capital requirement**
Länsförsäkringar Liv[19]	14,638,886	3,659,722	13,242,808	3,310,702
Länsförsäkringar Fondliv	9,866,241	2,466,560	8,137,711	2,034,428
Länsförsäkringar Sak[20]	1,943,643	1,319,616	1,762,074	1,189,261
Parent Company Länsförsäkringar AB[21]	153,727		148,666	
Diversification	-733,833		-703,864	
Capital requirement insurance	**25,868,664**	**3,786,176**	**22,587,394**	**3,223,689**
Capital requirement banking	**13,317,389**		**15,378,566**	
Capital requirement Länsförsäkringar AB group	**39,186,054**		**37,965,961**	

18) The 2019 amount for risk absorption in deferred tax has been adjusted compared with last year's report. The method for calculating loss absorption in deferred tax was changed in 2020 due to regulatory clarifications. The new method reduces the loss-absorption capacity in deferred tax, meaning that the capital requirements increased slightly.

19) Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added to the Group by using the deduction and aggregation method (method 2).

20) Including minimum capital requirement for Agria and Länsförsäkringar Gruppliv.

21) The Parent Company does not conduct any insurance operations and thus does not have its own solvency capital requirement. The Parent Company's capital requirement has been calculated in order to represent its risks in the solvency capital requirement at group level.

According to QRT s.25.02 (refer to Appendix 1.1), the table below shows the Länsförsäkringar AB Group's solvency capital requirement specified by risk category according to Länsförsäkringar AB's partial internal model and the capital requirement for the Länsförsäkringar Bank Group according to the banking sector rules and the solvency capital requirement for Länsförsäkringar Liv which is operated according to mutual principles and is thus included by applying the deduction and aggregation method.

The various risk categories are described in more detail in section C. The partial internal model is described in section E.4.

Table E2(2): Capital requirement decomposition – regulatory capital requirements per risk category for Länsförsäkringar Bank and Länsförsäkringar Liv

Solvency capital requirement (TSEK)	**2020**	**2019[22]**
Life-assurance risk	4,859,208	4,127,557
Health-insurance risk	454,758	456,369
Non-life insurance risk	973,292	841,374
Market risk	8,256,122	6,737,799
Counterparty risk	273,382	182,154
Operational risk	443,631	417,753
Risk absorption in deferred tax	-267,555	-226,723
Diversification	-3,763,059	-3,191,698
Capital requirement Länsförsäkringar Bank	13,317,389	15,378,566
Capital requirement Länsförsäkringar Liv	14,638,886	13,242,808
Capital requirement Länsförsäkringar AB group	**39,186,054**	**37,965,961**

22) The 2019 amount for risk absorption in deferred tax has been adjusted compared with last year's report. The method for calculating loss absorption in deferred tax was changed in 2020 due to regulatory clarifications. The new method reduces the loss-absorption capacity in deferred tax, meaning that the capital requirements increased slightly.

E.2.2 Reason for use of simplified calculations

None of the companies in the Länsförsäkringar AB Group use any such simplification in its calculation of solvency capital requirements that are permitted under certain conditions in accordance with European Commission Delegated Regulation (EU) 2015/35. No such simplified calculations are used at group level.

E.2.3 Reason for use of undertaking-specific parameters

None of the companies in the Länsförsäkringar AB Group use undertaking-specific parameters for calculating the solvency capital requirement for insurance risk. No such undertaking-specific parameters are used at group level.

E.2.4 Capital add-on

Finansinspektionen has not decided on any capital add-on for any of the companies. Finansinspektionen has also not decided on any capital add-on at group level.

E.2.5 Data used for calculating minimum capital requirement

The minimum capital requirement for the Länsförsäkringar AB Group's insurance companies at solo level is calculated by taking into account technical provisions, premium income, positive risk amounts, deferred taxes, administrative costs, ceded reinsurance and the solvency capital requirement. The minimum capital requirement is stated in table E2(1) above. The minimum capital requirement for Länsförsäkringar Sak comprises the total of the minimum capital requirements for Agria, Länsförsäkringar Gruppliv and the Parent Company Länsförsäkringar Sak.

The calculation of the floor for the Group's consolidated solvency capital requirement calculated according to method 1 is described in section E.4 below.

E.2.6 Material changes to capital requirements during the reporting period

The Länsförsäkringar AB Group's capital requirement did not change materially during the reporting period, which can be seen in table E2(2) above. The 2019 amount for risk absorption in deferred tax has been adjusted compared with last year's report. The method for calculating loss absorption in deferred tax was changed in 2020 due to regulatory clarifications. The new method reduces the loss-absorption capacity in deferred tax, meaning that the capital requirement increased slightly. A new model for calculating the capital requirement for credit-spread risk was also implemented during the year after approval from Finansinspektionen.

E.3 Use of duration-based equity risk in calculation of solvency capital requirement

An insurance company that underwrites pension insurance in accordance with the Swedish Income Tax Act has the option to apply to use a duration-based method for calculating the solvency capital requirement for equity risk. None of the companies encompassed by this report have applied to use such a method.

E.4 Partial internal model in calculation of solvency capital requirement

E.4.1 Area of application for internal model

Länsförsäkringar AB's partial internal model is an integrated part of the company's risk management and business governance system. The model is used to calculate the solvency capital requirement according to the rules for insurance companies and the rules for financial conglomerates. The model is used to govern risk-taking, for example, by setting limits, as a basis for ALM analyses and portfolio structure and for effect analyses under the framework of the Group's approval process, for example, in connection with procuring reinsurance cover.

The model is also an important to tool in the ORSA process for stress tests and scenario analyses, etc. and for calculating whether the company's capital resources are sufficient for the future.

Furthermore, the model is used for risk reporting to management and the Board, including monitoring the risk profile, capital targets and limits.

E.4.2 Scope of the internal model

The partial internal model is used to calculate the solvency capital requirements in the Länsförsäkringar AB Group at group level and at solo level for Länsförsäkringar Fondliv, Länsförsäkringar Sak, Agria and Länsförsäkringar Liv. For Länsförsäkringar Grupliv, a standard formula is used at solo level, while the internal model is used for the calculation of the solvency capital requirement at group level for the Länsförsäkringar AB Group.

The following risk categories are calculated using the internal model:

- Market risks, excluding concentration risk which is modelled using the standard formula.
- Insurance risk (underwriting risk); premium and reserve risk (for both non-life insurance risk and health-insurance risk) and to a certain extent catastrophe risk in Länsförsäkringar Sak and Agria.

At group level, the capital requirement is also included for Länsförsäkringar Bank, calculated in accordance with applicable capital requirement rules for banks and credit institutions.

Länsförsäkringar AB's partial internal model encompasses the capital requirement calculation for all risk modules defined in the standard formula of the Solvency II regulations. Risks not encompassed by the model, such as business risk and liquidity risk, are monitored following internally established policies.

E.4.3 Integration of the internal model with the standard formula

Capital requirements for risk categories calculated using the internal model are integrated with the capital requirements for risk categories using the standard formula by following the stipulated standard approaches.

E.4.4 Calculation methods of the internal model

The model for calculating solvency capital requirements for market risk comprise two main components: (i) an economic scenario generator that models such market risk factors as interest rates, share prices, credit spread, property prices and currencies, etc. and (ii) valuation techniques for assets and liabilities. The scenario generator was supplied by Moody's Analytics, a well-established global supplier of system support for financial companies. The valuation model for assets – Algorithmica Risk Management System from Algorithmica – is used by several large companies in the Swedish financial market.

The market risk factors are simulated in the economic scenario generator based on statistical probability distributions in a large number of realistic scenarios. The assets and liabilities are then valued on a one-year basis under the framework of each scenario in the valuation models. The solvency capital requirement can be seen in the forecast probability distribution created from the total result of all of the scenarios. The model for calculating the solvency capital requirement for market risk is calibrated to the shared underlying data for all companies in the Group.

The solvency capital requirement for counterparty risk is calculated using the framework of the standard formula. Counterparty risk is calculated for each counterparty and type of exposure based on credit quality, any collateral and calculated risk mitigating effect. The risk mitigating effect is calculated depending on how the market risk is calculated for the company in question; if the market risk is calculated using the internal model then the effect is calculated using the internal model, otherwise it is calculated using the standard formula (currently only Länsförsäkringar Grupliv calculates market risk using the standard formula).

The model for calculating the solvency capital requirement for premium and reserve risk and catastrophe risk for non-life and health-insurance risks is based on the company's own claims history and internally produced expert judgements. One-year simulations create a forecast probability distribution from which the solvency capital requirement can be ascertained.

To calculate the capital requirement for catastrophe risks for internationally assumed reinsurance, an external model from Risk Management Solutions is used that simulates scenarios based on a selection of causes of claims, such as storms in Europe, hurricanes and earthquakes in North America and hurricanes and earthquakes in Japan. A distribution for each claim cause is produced based on the company's exposure in various geographic areas and the solvency capital requirement can be ascertained from this distribution.

E.4.5 Internal model versus standard formula: Most important differences in methods and assumptions

The differences between Länsförsäkringar AB's partial internal model and the standard formula derive from the risk modules that are modelled internally, meaning the market risk and the non-life insurance risk, and from the risk module for counterparty risk where the results of the internal models comprise the inputs for calculations using the standard formula.

The most important differences in the module for market risk compared with the standard formula are:

- The internal model is a simulation model that provides the entire probability distribution for the balance sheet's sensitivity to market risks as opposed to the standard formula, which is a factor model and only estimates the risk in the 99.5th percentile.
- The calculation in the internal model is regularly updated with a new calibration, meaning that the solvency capital requirement for market risk is adjusted by the market trend as opposed to the standard formula, which is static.
- The internal model contains significantly more risk factors than the standard formula and thus enables a more precise calculation of the solvency capital requirement that can be adapted to the company's investment assets.
- The dependence between various types of risk in market risks is modelled in the internal model, which means that these dependences are dynamic compared with the static dependences in the standard formula.

The most important differences in the module for non-life insurance risk compared with the standard formula are:

- The model for calculating the solvency capital requirement for premium and reserve risk and catastrophe risk for non-life and health-insurance risks is based on the company's own claims history and internally produced expert judgements.
- The model also models the dependence between various types of insurance risk, which means that these are dynamic compared with the static dependences in the standard formula.

The difference between the internal model and the standard formula for the counterparty risk module is that the risk mitigating effect from signed derivative contracts is calculated using the internal model and comprises inputs for the standard formula calculation of counterparty risk.

E.4.6 Risk measures and periods of the internal model

The internal model uses the same risk measures and periods that are used in the IBA to describe the minimum amount of capital that an insurance company must have. Accordingly, the measure states, with a probability of 99.5%, the amount of capital required for having sufficient assets for twelve months in order to cover the value of the commitments to policyholders and other parties eligible to receive payouts.

E.4.7 Data used in the internal model

Data is one of the most important business assets and risk models are entirely dependent on the quality of underlying data for providing correct results.

For market risks, important data for the calculations is the position data from the current asset portfolio and associated market data for valuing the portfolio, as well as the historical market data used to calibrate the probability distribution for all modelled risk factors.

For non-life insurance risk, critical data for the calculations is the data for calculating technical provisions, such as historical claims data, forecasts of volumes and claims costs and data for calibrating probability distribution.

Expert judgements and assumptions are also used in the internal model. Expert judgements are used as substitutes for data when data is unavailable or incomplete. The expert judgements used in Länsförsäkringar AB's partial internal model are updated every year and are also independently validated. Assumptions are largely the result of a modelling decision. Fundamental modelling decisions are made in accordance with internal policies.

Data, expert judgements, assumptions, the internal model and its integration with the standard formula are regularly validated. The management and application of the internal model in the operations are also included in the validation. Such validation is performed at least once a year by an external party. The assessment of the most recent validation is that the model as a whole is reliable.

E.4.8 Specific information about the capital requirement at group level

Sources of diversification at group level

The solvency capital requirement for Länsförsäkringar AB and its consolidated insurance subsidiaries is calculated by applying Länsförsäkringar AB's partial internal model for which the results of the internal model are integrated with the results calculated using the standard formula. The model takes account of diversification effects between the various classes of assets, the various types of insurance commitments and between liabilities and assets. Since the solvency capital requirement is calculated on consolidated data for assets and liabilities, a diversification effect also arises between the companies consolidated, meaning between Länsförsäkringar Sak and Länsförsäkringar Fondliv, and also between these two companies and the Parent Company.

The solvency capital requirement for Länsförsäkringar Liv is also calculated by applying the partial internal model, with the same diversification effects arising in the company. Länsförsäkringar Liv is operated according to mutual principles and is thus not consolidated. Instead, its solvency capital requirement is added by applying method 2 (deduction and aggregation method) for which no diversification effects arise.

The capital requirement for the Länsförsäkringar Bank Group is calculated under the sector rules for banking operations and is added to the consolidated solvency capital requirement by applying method 1 without any diversification effects.

Diversification effects in the calculation of the Länsförsäkringar AB Group's solvency capital requirement are stated in table E2(1) above.

Diversification effects in the Länsförsäkringar Sak Group are described in the company's separate Solvency and Financial Condition Report below.

The floor for the Group's consolidated solvency capital requirement is calculated according to method 1

The Länsförsäkringar AB Group's consolidated solvency capital requirement calculated according to method 1 comprises the Parent Company's, the consolidated insurance subsidiaries' and the Länsförsäkringar Bank Group's capital requirement and amounted to TSEK 24,547,168 on 31 December 2020.

Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added by using method 2 (deduction and aggregation method).

The floor for the Länsförsäkringar AB Group's consolidated solvency capital requirement comprises the total of the minimum capital requirement for the consolidated insurance subsidiaries and amounted to TSEK 3,786,176 on 31 December 2020, as seen in table E2(1) above.

The minimum capital requirement for Länsförsäkringar Liv is reported for information purposes but is not included in the calculation. The minimum capital requirement for Länsförsäkringar Sak in the table comprises the total of the minimum capital requirements for Agria, Länsförsäkringar Gruppliv and the Parent Company Länsförsäkringar Sak.

Companies encompassed by the partial internal model used to calculate the solvency capital requirement at group level

- Länsförsäkringar AB (publ)
  - Länsförsäkringar Fondliv Försäkrings AB (publ)
  - Länsförsäkringar Sak Försäkrings AB (publ)
    - Försäkringsaktiebolaget Agria (publ) (wholly owned subsidiary of Länsförsäkringar Sak)
    - Länsförsäkringar Grupplivförsäkrings AB (publ) (wholly owned subsidiary of Länsförsäkringar Sak)
  - Länsförsäkringar Liv Försäkrings AB (publ) (wholly owned subsidiary of Länsförsäkringar AB)

Difference between internal model at solo level and for the Group

Länsförsäkringar AB's partial internal model applies to all of the companies above that are encompassed by the model. The model is calibrated to the shared underlying data for all companies in the Group.

However, a difference between the application of the model at solo level and at group level is that the solvency capital requirement for Länsförsäkringar Gruppliv is calculated by applying an internal model to calculate the solvency capital requirement at group level for Länsförsäkringar AB, while the calculation of the solvency capital requirement for Länsförsäkringar Gruppliv at solo level uses the standard formula.

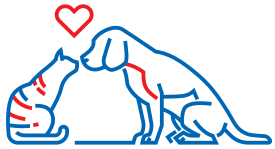
E.5 Infringements of minimum capital requirement and solvency capital requirement

Neither the minimum capital requirement nor the solvency capital requirement were infringed by any of the Länsförsäkringar AB Group's insurance companies during the reporting period. Furthermore, no infringements took place at group level.

E.6 Other information

There is not deemed to be any other relevant information to be provided in this section on *Capital management* for either the insurance companies or at group level.

Agria Djurförsäkring



Summary

Agria Djurförsäkring (referred to below as "Agria") is the Länsförsäkringar Alliance's specialist company for pet and crop insurance, and Länsförsäkringar's subsidiary brand. With immense empathy, Agria is dedicated to creating security for animals and their owners. In addition to Sweden, Agria conducts operations in Denmark, Finland, Norway, France and the UK.

The strong Agria brand is based on such factors as a deep commitment to animal health and research programmes. Agria also participates at various animal events in the form of competitions, exhibitions and clinics. Continuous dialogue is maintained with Agria's customers through partnerships with several animal-owner organisations, such as the Nordic kennel clubs and various pedigree clubs.

Agria's earnings are primarily driven by earnings from the non-life insurance operations, and partly from earnings in investment operations. The main stream of income in the non-life insurance operations is premiums earned. Costs in the insurance operations largely comprise claims payments. A small amount of costs is made up of operating expenses in the form of, for example, costs for insurance contracts, salaries for employees and costs for IT systems and development. Earnings from investment operations are, to a certain extent, sensitive to fluctuations in the financial markets, but a large percentage of investment assets are invested at low risk.

The technical result amounted to SEK 66 M (64). The portfolio grew strongly both in Sweden and in the international business. Premiums earned after ceded reinsurance increased 9%, partly due to increased interest in getting a pet during the pandemic. At the same time, claims costs increased due to a combination of a higher claims frequency and increasingly advanced veterinary care.

Growth was strong in the international operations, while claims costs rose. The mature market in the UK delivered positive earnings, and the earnings in Norway improved and were positive. Finland and France reported weaker earnings due to higher claims costs.

Investments continue to be made in building up new markets. In 2020, work started on establishing a branch in Germany.

About Agria Djurförsäkring

Agria is a wholly owned subsidiary of Länsförsäkringar Sak, which is wholly owned by Länsförsäkringar AB. Länsförsäkringar AB is owned by the 23 customer-owned regional insurance companies and 15 local insurance companies. Agria conducts operations in Sweden and has branches in Denmark, Finland, Norway, France and the UK. The subsidiary Agria Pet Insurance Ltd (API) also operates in the UK. Agria offers insurance cover for animals and crops to private individuals, the agricultural sector and other companies. Insurance cover comprises veterinary care insurance, life assurance and business interruption insurance. Method for calculating tax rate. Agria also offers video calls with vets through the wholly owned subsidiary Agria Vet Guide AB.

The total investment return on investment assets in 2020 amounted to 1.0% (4.1). The equities portfolio made a positive contribution of 0.5 of a percentage point to the total return, while the fixed-income portfolio contributed a marginally negative minus 0.1 of a percentage point. This year's new forest class of asset in alternative investments generated the highest investment returns in the portfolio, contributing 0.6 of a percentage point.

Agria has a healthy financial position. Financial strength is primarily measured by comparing the company's own funds with the solvency capital requirement. The comparison shows the company's ability to fulfil its commitments to policyholders and other creditors even when the company's financial position is very highly stressed. By law, own funds must be higher than the solvency capital requirement. Agria calculates its solvency capital requirement by using a partial internal model.

Agria's own funds at year-end amounted to SEK 1,497 M (1,229), comprised of capital of the highest quality. The solvency capital

Technical result

SEK 66 M

Own funds

SEK 1,497 M

Capital requirement

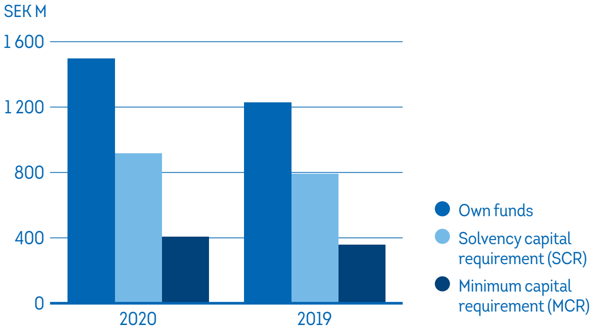
SEK 918 M

Solvency ratio

163%

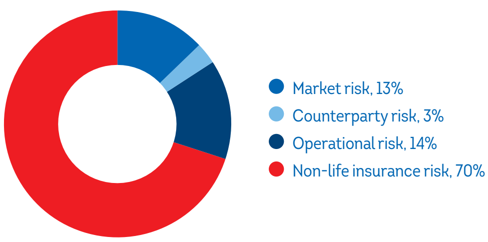
requirement amounted to SEK 918 M (792[23]). This provides a solvency ratio (own funds divided by the solvency capital requirement) of 163% (155[24]) at year-end, thus exceeding the statutory capital requirement. Legislation also contains a minimum capital requirement that is normally significantly lower than the solvency capital requirement. It means that significantly more severe consequences are imposed on the company if it were to contravene the minimum capital requirement compared with contravening the solvency capital requirement. Agria's minimum capital requirement amounted to SEK 407 M (357), which own funds cover by a very healthy margin.

Figure 1: Agria's own funds, solvency capital requirement (SCR) and minimum capital requirement (MCR)



The solvency capital requirement shows how much capital the company needs based on the risks in the company's business operations. The relative amount of the capital requirement for different types of risks makes up the company's risk profile. Agria's solvency capital requirement is based on the operations' exposure to non-life insurance risk, market risk, operational risk and counterparty risk.

Figure 2: Agria' risks by category, 31 Dec 2020



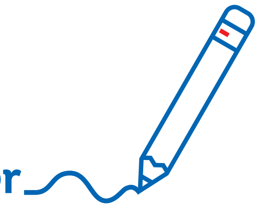
Non-life insurance risk represents Agria's largest risk and pertains to premium, reserve, catastrophe risk and cancellation risk. Non-life insurance risk comprises 70% of Agria's total capital requirement and the company is specifically exposed to the risk of losses arising due to claims in the next year being larger than expected, known as premium risk. The reason for this is that the business has short settlement periods, meaning that the time from claim to final payout is short. Agria is also exposed to operational risk, for example, through the risk of non-compliance with regulations, and market risk comprising the risk of losses due to changes in the value of assets in the financial markets.

In calculating the solvency capital requirement, the company's assets and liabilities are valued for solvency purposes, which differs from the financial statements. Under the Solvency II regulations, assets and liabilities are to be measured at market value, which entails that the company is to make certain revaluations. In Agria's case, the valuation resulted in a reduction in both the assets and liabilities. On 31 December 2020, the revaluation of insurance receivables on the assets side accounted for the largest revaluation effect of about SEK 1,900 M. The technical provisions (meaning liabilities deriving from insurance contracts) were revalued at SEK 1,686 M, and the technical provisions, net after ceded reinsurance, were valued at SEK 782 M in the Solvency II balance sheet on 31 December 2020. The revaluation effect of the technical provisions for 2019 amounted to SEK 1,485 M.

Agria's Board assumes the ultimate responsibility for the organisation and management of the company. The Board appoints the President and CEO, adopts an appropriate operational organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management. The Board has established a Remuneration Committee. The Committee has no decision-making mandate but instead prepares remuneration matters for decision by the Board. Agria's Board has decided not to establish an Audit Committee. Instead, the duties of such a committee are carried out by the Board as a whole.

A shared corporate-governance system, with an internal-governance and -control system that includes a risk-management system and regulatory compliance, has been established in the Länsförsäkringar AB Group. The risk-management system includes an *Own Risk and Solvency Assessment (ORSA),* the overall aim of which is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial statements and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong ability to identity, measure, monitor and manage risks and full regulatory compliance. No material changes were made to the corporate governance system during the year.

Note to the reader



The information in this part of the Solvency and Financial Condition Report is specific to Agria. The information presented here provides more details on the group-level report. References to the group-level report are provided where relevant.

[23] The capital requirement on 31 December 2019 was adjusted in 2020 due to the changed method for calculating loss absorption in deferred tax.
[24] The capital requirement and thus the solvency ratio on 31 December 2019 were adjusted in 2020 due to the changed method for calculating loss absorption in deferred tax.

A | Operations and earnings

A description of Agria's operations and earnings is presented below. For additional information about the company's operations and earnings, refer to the corresponding section of the group-level report.

A.1 Operations

Significant business events during the reporting period

2020 was overshadowed by the pandemic, which forced Agria to make changes. Internally, this primarily meant that essentially all employees worked remotely in 2020. Interest in having a pet or a horse also increased as a result of many people spending more time at home, which in some cases led to greater loneliness. Agria's strong brand meant that the company was chosen by more people to be their animal insurer, and the results at year-end showed that the number of animals insured was at an all-time high and the portfolio was larger than ever before.

At the same time, the organisation succeeded in maintaining a high level of service and availability in all channels resulting in improved customer satisfaction. For the third consecutive year, Agria had a high level of customer satisfaction, as measured by the Swedish Quality Index.

The pandemic also accelerated the changeover to digital channels for customer meetings. Sales, service and events largely moved over to digital channels, which resulted in Agria reaching even more animal owners. The virtual versions of Agria Dog Walk and Agria Cat Parade to benefit homeless dogs and cats attracted a record number of participants and greatly increased customer engagement.

Agria also grew strongly in its international operations. The performance in all countries was positive with strong demand for pet insurance. Investments in digital channels have quickly contributed to robust growth. Market shares and customer awareness of the Agria brand increased in the UK. The Finnish operations reported another year of strong growth with successful sales that exceeded targets. Growth in both Denmark and Norway was healthy. The focus on increased customer loyalty contributed to more and more customers choosing to renew their pet insurance. In 2020, work started on establishing a branch in Germany.

The transition period for EU rules applying in the UK ended on 1 January 2021. Agria has applied for a third-country branch, is closely following developments and taking the necessary actions regarding this transition, focusing on ensuring that the impact on the company's customers is as little as possible.

Agria Telephone Vet started 30 years ago, offering a remote vet clinic. Modern technology now presents new opportunities. Vethem Sweden AB was acquired in autumn 2020, and Agria can now offer video calls with vets through the Agria Vårdguide app in Sweden.

Part of the company's insurance premiums have been set aside for the Agria Research Fund every year since 1938. In 2020, the Agria Research Fund awarded more than SEK 10 M to help dogs, cats, horses and farm animals.

A.2 Technical result

The technical result for non-life insurance per insurance line by Performance analysis and geographic area is presented in the following tables.

Table A2(1): Technical result per insurance line

TSEK	2020	2019
Non-life insurance commitments		
Other property[25]	108,212	89,357[26]
Direct insurance, foreign risks	–42,674	–25,481
Total technical result, non-life insurance commitments	**65,538**	**63,876**

[25] Comprises pet and crop insurance.
[26] The cost distribution between Swedish non-life insurance commitments for other property and direct insurance foreign risks differ by SEK 3.2 M from the amount recognised in the 2019 Annual Report. The difference is due to expenses for establishing branches outside Sweden.

Table A2(2): Technical result per geographic area

Technical result per geographic area (TSEK)	2020	2019
Home country (Sweden)	108,212	89,357
Denmark	–13,730	–10,334
Finland	–23,766	–18,112
Norway	7,390	33,399
France	–26,667	–19,590
UK[27]	14,098	–10,843
Total technical result	**65,538**	**63,876**
of which, investment income transferred from financial operations	96	–4,390
Total technical result excluding investment income in insurance operations	**65,442**	**59,486**

[27] Refers only to branches, meaning excluding the subsidiary Agria Pet Insurance.

Performance analysis

The technical result above is presented so that it corresponds to the technical results of the non-life insurance operations in the annual report, which amounted to TSEK 65,538 (63,876).

Premiums earned after ceded reinsurance increased 9% to TSEK 4,143,376 (3,787,784). Volumes increased in all business lines, with the largest growth in the international operations. The combination of a higher claims frequency and increasingly advanced veterinary care led to continuing high claims costs. Several animal owners use the insurance for costs for veterinary care. The mature market in the UK delivered positive earnings, and the earnings in Norway improved and were positive. Finland and France reported weaker earnings due to higher claims costs. Investments continue to be made in building up new markets. In 2020, work started on establishing a branch in Germany.

Claims payments after ceded reinsurance amounted to TSEK 3,162,899 (2,804,232) and the claims ratio increased to 76 (74). Operating expenses amounted to TSEK 915,547 (924,499) and the expense ratio to 22 (24). The combined ratio amounted to 98 (98).

Refer also to the QRT form s.05.01 and s.05.02 in Appendix 1.2 for information about income and expenses per line of business (in accordance with Solvency II) and geographic area.

A.3 Earnings from investments

A.3.1 Income and expenses per class of asset

Investment income per class of asset as recognised in the financial statements is presented below, with comments on the relationship with the recognised return of 1.0% (4.1).

Table A3(1): Income and expenses per class of asset

Class of asset 2020 (TSEK)	Income	Expenses	Earnings
Shares and participations	24,068	–603	23,465
Bonds and other interest-bearing securities, and bank balances	29,221	–7,348	21,873
Derivatives	2,950	–6,787	–3,836
Shares and participations in associated companies	338	0	338
Exchange-rate gains/losses, net	0	–4,576	–4,576
Asset management expenses (not included in return ratio)	0	–3,884	–3,884
Other financial expenses (not included in return ratio)	0	–1,052	–1,052
Total return according to income statement	**56,577**	**–24,250**	**32,327**

Class of asset 2019 (TSEK)	Income	Expenses	Earnings
Shares and participations	52,957	0	52,957
Bonds and other interest-bearing securities, and bank balances	24,937	–130	24,807
Derivatives	3,711	–15,595	–11,884
Other financial investment assets	0	0	0
Shares and participations in associated companies	1,200	0	1,200
Exchange-rate gains/losses, net	1,797	0	1,797
Asset management expenses (not included in return ratio)	0	–4,658	–4,658
Other financial expenses (not included in return ratio)	0	–1,013	–1,013
Total return according to income statement	**84,602**	**–21,396**	**63,206**

The investment portfolio mainly consists of interest-bearing assets, and has a short duration. In total, the fixed-income portfolio made a marginally negative contribution of minus 0.1 of a percentage point. The equities portfolio contributed 0.5 of a percentage point. This year's new forest class of asset in alternative investments generated the highest investment returns in the portfolio, contributing 0.6 of a percentage point.

The lower return compared with the preceding period was mainly due to the lower contribution from equities and interest-bearing assets as well as the properties class of assets.

Investment income recognised in profit or loss also includes expenses for asset management and other financial expenses that are not included in the recognised investment return ratio.

A.3.2 Gains and losses impacting equity

Income and expenses in branches of foreign operations are translated to SEK at the average exchange rate for the year. The loss on currency translations amounted to TSEK 1,536 (–143) before tax and was recognised in other comprehensive income and accumulated in the revaluation reserve under non-restricted equity.

A.4 Earnings from other operations

There are no other material income or expenses to report.

A.5 Other information

Länsförsäkringar AB is planning a legal restructure in 2021 to the extent that Länsförsäkringar Sak, based on a merger with Länsförsäkringar AB, would become the parent company of the Group. The purpose is to make the Länsförsäkringar AB Group a more appropriate, transparent and efficient legal organisation so that the consolidated situation for the banking operations only comprises the Bank Group. Restructuring requires the approval of the Financial Supervisory Authority.

B | Corporate governance system

B.1 General information about the corporate governance system

General information about the corporate governance system is provided in the group-level report, section B.1.

B.1.1 Responsibilities of the Board of Directors and Committees
Agria's Board has decided not to establish an Audit Committee. In accordance with the Board's formal work plan, the tasks that under the Swedish Companies Act (2005:551) and the Regulation (EU) No 537/2014 of the European Parliament and of the Council are the duty of an audit committee are instead undertaken by the Board as a whole. Furthermore, the company does not have a Risk and Capital Committee.

B.2 Fit and proper requirements

Information about the fit and proper requirements is provided in the group-level report, section B.2.

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

Information about the risk-management system including own risk and solvency assessment is provided in the group-level report, section B.3.

B.4 Internal-control system

Information about the company's internal-control system is provided in the group-level report, section B.4.

B.5 Internal Audit

Information about the company's Internal Audit function is provided in the group-level report, section B.5.

B.6 Actuarial function

The person responsible for the Actuarial function is employed in Agria and independent of the other operations but, in terms of organisational structure, is also part of the central Actuarial function of Länsförsäkringar Sak.

B.7 Outsourcing agreements

B.7.1 Governance documents for outsourcing agreements
A Group-wide policy has been adopted for the Länsförsäkringar AB Group regarding outsourced operations, refer to section B.7.1 in the group-level report.

With the framework of this policy, Agria's Board has adopted guidelines for outsourced activities that describe the company's implementation and management of outsourcing in more detail so as to ensure that the company fulfils its obligations under law and other regulations on outsourcing agreements and that the outsourced activities are performed efficiently. The guidelines describe Agria's process for outsourced operations from preparations ahead of outsourcing operations until the termination of the assignment, and stipulate the requirements on the company, the contractor and outsourcing agreement. More detailed instructions on governance and follow-ups of outsourced operations have been decided on by the President.

B.7.2 Outsourced operations of material significance
Agria has outsourced the following operations and functions of material significance.

Table B7(1): Outsourced operations of material significance, 31 Dec 2020

Operations	Jurisdiction of the contractor
Accounting and Finance*)	Sweden
Asset Management*)	Sweden
Controller*)	Sweden
IT management and operations*)	Sweden
Information and IT security*)	Sweden
Sales and insurance administration and claims adjustment (UK branch)*)	UK
IT management and operations and IT security (UK branch)*)	UK
Claims adjustment for liability insurance, liability claims (Danish branch)	Denmark
Claims adjustment for liability insurance, liability claims (Finnish branch)	Finland
Claims adjustment for liability insurance, liability claims (French branch)	France

*) Outsourced to other companies in the Länsförsäkringar AB Group.

B.8 Other information

There is no other material information.

C | Risk profile

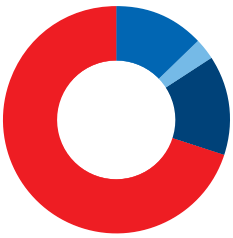
Agria is exposed to a variety of risks that impact the company's financial position, earnings and target fulfilment. The following points describe Agria's operations and risk-taking:

- Conducting non-life insurance operations, specifically pet and crop insurance
- Focusing primarily on private individuals and, to a lesser extent, agricultural companies
- The business has reinsurance cover in the areas where it is deemed relevant.
- The company is exposed to volatility in the financial markets through investment assets. This exposure is restricted by the Board's investment guidelines.
- As a licensable company under the supervision of Finansinspektionen, Agria is affected by regulations that impact its business strategy and risk-taking.
- Operations are conducted in Sweden, Denmark, Finland, France, Norway and the UK.

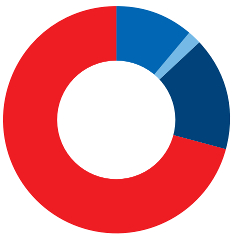
The figure below illustrates the relative specification of Agria's solvency capital requirement under the insurance rules as calculated by applying Länsförsäkringar's internal model. The company's capital requirement for market risk increased slightly during the year following the reallocation in the company's asset portfolio.

Figure C(1): Agria's regulatory capital requirement in accordance with Solvency II, including diversification under Länsförsäkringar's internal model

31 Dec 2020



31 Dec 2019



C.1 Underwriting risk[28]

C.1.1 Risk exposure

Agria's business comprises insurance for pets (dogs, cats and other pets), horses and livestock and crop insurance, and is conducted in Sweden, Denmark, Finland, France, Norway and the UK. From a non-life insurance perspective, the business has short settlement times, meaning that the time from claim to final payout is short. As a result, claims reserves at any given time are small in relation to the premium portfolio and reserve risk is relatively small. Instead, Agria's underwriting risk, referred to below as insurance risk, is dominated by premium risk. The company is also exposed to cancellation risk since expected profit included in future premiums for existing insurance contracts is part of the company's own funds.

A measure of the exposure to insurance risk is the present value of the expected future cash flows from all insurance contracts, which is known as the "best estimate" under the Solvency II regulations. The measure reflects the company's commitments to its customers. Table C1(1) shows the consolidated best estimate for Agria's business areas. Data was collected from the company's insurance and claims system.

Table C1(1): Exposure to insurance risk. The table shows the net best estimate, after ceded reinsurance

Business (TSEK)	2020	2019
Sweden	533,487	480,392
International	207,125	177,407
Total	**740,611**	**657,799**

There are no material changes to the best estimate for non-life insurance risk to be reported for the reporting period.

C.1.2 Risk concentration

Concentration of risk (accumulation risk) could arise when the insurance business is not sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific event threatening the solvency of the company or its financial position. Most business, measured in premium income, is conducted in Sweden. Business is growing in other countries in which Agria conducts operations and expansion to more counties is planned for the next few years. Agria's livestock and crop insurance business increases diversification since it has little covariance with other business lines. Sweden benefits from the fact that the country is sparsely populated and has a cold climate, which makes it difficult for infectious diseases in horses and livestock to spread. Concentration risk is taken into account regarding the location of sensitive breeding plants for cattle, pigs and poultry. The product range contains a number of different products, divided into several different animal types without any clear risk correlation. There is no covariance in the significance between life assurance and veterinary care or between types of animals.

The fact that a large share of the business is linked to Sweden is taken into consideration in calculations of capital requirements and

28) Underwriting risk is known internally in the Länsförsäkringar AB Group as Insurance risk.

stress tests in order to highlight the dependence on and importance of the business area for the company.

C.1.3 Risk-reduction techniques

Reinsurance

The Reinsurance and Special Insurance Business Area in Länsförsäkringar Sak manages all reinsurance for the Länsförsäkringar Alliance through internal and external reinsurance. Agria's reinsurance programme is based on the calendar year and is renewed or renegotiated every year.

Agria's reinsurance cover comprises an important tool in providing protection from large individual claim incidents and high total claims costs in the more volatile businesses in the company. In addition to horse insurance, livestock and crop, Agria takes out reinsurance for dogs (liability) in foreign branches.

The programme provides cover for selected retention up to set limits, with the exception of certain types of risk. Discretionary reinsurance is purchased for insurance amounts exceeding the upper limits of the cover. In addition, the Board regulates the risk levels in the insurance policy by regulating the maximum risk exposure per claim incident and individual risk. The Board decides on the retention and reinsurance conditions, etc. of the stipulated reinsurance at least once a year.

The company's Actuarial function makes an annual statement on the suitability of the reinsurance cover, for which comments are provided in the actuarial report to the Board.

Other risk-reduction techniques

Other factors that affect risks are the product composition including diversification, structure of insurance terms and conditions, risk selection rules and risk inspections.

C.1.4 Risk sensitivity

The table shows the sensitivity of Agria's own funds to changes in premium levels, claims frequency and claims inflation.

Table C1(2): Sensitivity analysis, insurance risk

Effect on own funds (TSEK)	2020	2019
10% lower premium level	-352,914	-308,898
10% increased claims frequency	-248,376	-220,080
1% higher claims inflation	-10,532	-9,275

C.1.5 Use of special purpose vehicles

Agria does not make use of special purpose vehicles in accordance with Article 211 of the Solvency II Directive.

C.2 Market risk

A description of Agria's exposure to market risk is presented below.

C.2.1 Risk exposure

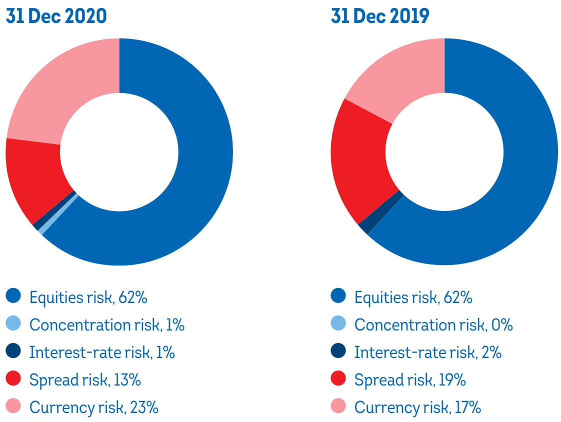
Exposure to market risk is measured as the solvency capital requirement for net market risk in assets and liabilities including diversification effects. Agria's solvency capital requirement is presented in table E2(1) and for market risk it amounted to TSEK 208,096 on 31 December 2020. The solvency capital requirement is specified by type of risk in market risk as shown in figure C2(1). The company's assets and liabilities are presented in table D1(1).

The Board of Agria decides on the framework for risk-taking, for example, by adopting investment guidelines and limits for maximum market risk, including up-to-date sub-limits for various market-risk categories in the company.

Position data for measurement has been collected from the securities system of the Group-wide Asset Management Unit. Price information has been collected from several different sources, mainly Reuters with supplements from Bloomberg and directly from fund companies. Theoretic valuations of holdings are also used in the valuations of swaps and currency futures for example. Information about the credit quality of assets and counterparties has been collected from S&P Capital IQ LLC and Moody's Analytics and supplemented with an internal assessment in relevant cases. For liabilities, the exposure corresponds to the best estimate of liabilities to policyholders.

Market risk in the company primarily derives from investment assets and to a lesser extent from insurance liabilities. The main classes in the investment assets are interest-bearing instruments and equities. The interest-bearing asset portfolios include exposure to interest-rate risk from government bonds, sustainability-focused bonds and derivative instruments. Interest-rate exposure is also inherent in insurance liabilities by provisions being discounted, but is highly limited due to the short duration in the provisions. The company has exposure to the share index in developed markets.

Figure C2(1): Solvency capital requirement for net market risk in assets and liabilities including diversification effects



Agria has exposure to credit-spread risk in Swedish mortgage bonds and through its bond and loan funds. Refer to exposure of credit-spread risk in the following table.

Table C2(1): Exposure to credit-spread risk according to market value

TSEK	31 Dec 2020	31 Dec 2019
Bonds and other interest-bearing[29]		
AAA - Swedish Government	0	0
AAA - Other	883,405	925,334
AA	36,068	18,168
A	0	33,346
BBB or lower	62,860	118,915
No rating available	77,020	42,215
Total	**1,059,353**	**1,137,978**

29) Including accrued interest for bonds.

The currency exposure that exists is due to insurance liabilities and investment assets in other currencies.

Table C2(2): Net exposure by currency in SEK

Currency (TSEK)	31 Dec 2020	31 Dec 2019
GBP	348,892	216,759
USD	104,171	88,370
NOK	53,727	53,676
DKK	14,213	11,685
CHF	4,508	2,352
HKD	0	3,552
EUR	-11,637	-31,018
Other	328	10,531
Total	**514,202**	**355,906**

Investments in accordance with the prudence principle

Refer to section C.2.1 in the group-level report.

C.2.2 Risk concentration

Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified and leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of Agria or its financial position.

Agria has two exposures that are so large in relation to the company's total volume that they generate solvency capital requirements for concentration risk and exceed the Solvency II threshold. These exposures are to Landwirtschaftliche Rentenbank and SCA.

Table C2(3): Exposure exceeding Solvency II threshold

Counterparty (TSEK)	31 Dec 2020	31 Dec 2019
Landwirtschaftliche Rentenbank	45,085	0
SCA	30,468	0
Total	**75,553**	**0**

C.2.3 Risk-reduction techniques

Diversification

The main risk-reduction technique applied to the management of Agria's assets is diversification. The company's investments are spread over several classes of assets and segment in these classes, leading to exposure to various risk factors that react in different ways to fluctuations in the financial markets. This means that as a whole the portfolio is less sensitive to market fluctuations than its portfolio components.

The diversification effect is modelled using the internal model that the company has had approved by Finansinspektionen to use in calculations of capital requirements and is regularly measured as an integrated part of these calculations.

Reducing market risk by using derivatives

Agria uses derivative instruments to a certain extent in the management of its assets to protect the company's balance sheet from undesired market risks.

Each new type of derivative instrument undergoes an approval process before it can be used in management. In connection with this, assurances are made that there is understanding of the characteristics of the instruments in the relevant parts of the organisation, that valuations, risk measurement and follow-ups are satisfactory and that risks are adequately identified.

Fixed-income futures and forwards and interest-rate swaps are used in management to reduce interest-rate risk. By using these instruments, interest-rate sensitivity can be effectively reduced without needing to sell the underlying bonds and thus retaining any coupons and excess returns of spread exposure. The effect of these derivative strategies is continuously monitored by measuring the resulting interest-rate duration and interest-rate sensitivity (DV01) of the portfolio on a daily basis.

Management makes regular use of derivative instruments to reduce currency risk in the portfolio. This means that the company can consider established limits on currency exposure without having to refrain from investing in desirable assets that have a different currency risk than SEK. Currency exposure (total and to individual currencies) is monitored on a daily basis.

C.2.4 Risk sensitivity

The impact of a selection of other sensitivity measures for market risks on own funds is presented in the table below:

Table C2(3): Sensitivity to market risks, effect on own funds (TSEK)

Sensitivity measures (TSEK)	2020	2019
1% higher interest rate[30]	-5,824	-10,454
1% lower interest rate[31]	6,172	10,917
10% lower share prices	-30,663	-5,406
10% strengthening of all foreign currencies against SEK	39,776	32,580
1% higher credit spread	-20,860	-27,379

30) Interest-rate sensitivity to a 1% higher interest-rate level in assets and liabilities in the Länsförsäkringar Sak Group. Bond holdings are stressed including accrued interest.
31) Interest-rate sensitivity to a 1% lower interest-rate level in assets and liabilities in the Länsförsäkringar Sak Group. Bond holdings are stressed including accrued interest.

C.3 Credit risk

A description of Agria's exposure to credit risk, meaning counterparty risk, is presented below.

C.3.1 Risk exposure

Agria's exposure to counterparty risk primarily arises through cash in hand and to a lesser extent ceded reinsurance and the use of financial derivatives.

The following table shows the total counterparty exposure expressed as the market value of financial derivatives, cash in hand and for reinsurers. The calculation uses consolidated data from the securities system of the Group-wide Asset Management Unit and from insurance systems.

Table C3(1): Exposure to counterparty-related credit risks per credit quality step

Credit quality step (TSEK)	31 Dec 2020					31 Dec 2019
		Collateral				
Financial derivatives & cash	Maximum credit risk exposure	Cash and cash equivalents	Securities	Other	Net exposure	Net exposure
AA	0	0	0	0	0	0
A	1,001,256	11,090	0	0	990,166	636,232
BBB or lower	700	0	0	0	700	687
Total	**1,001,956**	**11,090**	**0**	**0**	**990,866**	**636,919**
Reinsurance						
Regional insurance companies	7,659	0	0	0	7,659	92
AA	1,671	0	0	0	1,671	1,501
Total	**9,330**	**0**	**0**	**0**	**9,330**	**1,592**

Table C3(1) does not include exposure to mortgage funds in which the value of collateral received far exceeds exposure.

Investments in accordance with the prudence principle

Refer to section C.3.1 in the group-level report.

C.3.2 Risk concentration

Agria's largest exposure to a single external counterparty on 31 December 2020 was SEB, which represented 41% of the total exposure. All five of the largest counterparty exposures, comprising 99% of the total exposure to external counterparties, had a rating of A or higher.

C.3.3 Risk-reduction techniques

The credit risk that arises through counterparties in financial derivatives is primarily reduced by diversifying the counterparties that the company uses for trading in financial derivatives, and is managed by applying limits to derivative exposures per counterparty and by signing agreements with all counterparties for OTC derivatives. These agreements regulate receivables in derivatives contracts between the contract parties, for example, the amount of receivables permitted, how they are to be paid and at what frequency. In practice, this means that for the majority of cases the collection and provision of collateral takes place on a daily basis. The size of the permitted exposure depends on the credit rating of the counterparty.

Credit risk from counterparties in ceded reinsurance is limited in the first instance by selecting counterparties with high credit ratings and by applying limits for maximum exposure to each counterparty.

C.3.4 Risk sensitivity

As presented in table C3(1), most of the counterparty risk exposure consisted of counterparties with a credit quality step of A or higher.

C.4 Liquidity risk

Agria is exposed to liquidity risk in the event that its commitments cannot be fulfilled due to insufficient cash funds.

C.4.1 Risk exposure

A non-life insurance company's liquidity risks are low since premiums are received in advance and large individual claims payments and normal payment flows are known well in advance of their maturity dates. In addition, most of the investment assets in the company are available at short notice.

The company maintains a liquidity reserve to ensure a high level of short-term access to funds. Agria's Board has set limits for the minimum amount of this liquidity reserve that also take into account potential liquidity requirements for signed derivative agreements. The company also has clear rules regarding how assets are to be deposited to ensure that they are readily available to the company and can thus be realised as needed.

The specification of investment assets per class of asset with various liquidity is presented in the table below.

Table C4(1): Specification of assets per liquidity class, as a percentage of total investment assets

Liquidity class	Class of asset	2020	2019
1	Cash	34%	25%
2	Direct holdings of treasury bills, government bonds, covered bonds	35%	45%
3	Funds traded daily, listed shares	21%	25%
4	Corporate bonds and other bonds	9%	6%
5	Funds with less frequent trading	0%	0%
6	Unlisted shares, Private Equity, Private Debt, directly owned properties, infrastructure, forest	1%	0%

C.4.2 Risk concentration

Agria believes that the company does not have, and will not have, any risk concentration in liquidity risk during the planning period.

C.4.3 Risk-reduction techniques

Investment assets are invested by taking into account the Agria's liquidity needs for meeting its commitments. Liquidity risk is managed by preparing a forecast of the company's short-term liquidity requirements (1–2 days), and daily forecasts that include both inward and outward payments. A liquidity reserve is always maintained to ensure a high level of short-term access to funds. Agria's medium-term liquidity requirements (up to one year) are determined based on, for example, actuarial cash-flow forecasts.

Agria identifies any scenarios where forced sales of assets must take place and estimates the expected loss in such scenarios.

The company strives to identify alternative financing sources. In the event of short-term liquidity shortages, repurchase agreements can be used within the framework of applicable regulations on permissible investment assets. The cost of any alternative financing sources is included in liquidity planning, but not funding according to the provisions of the Insurance Business Act.

If major structural changes are to be made to Agria's operations in the future, the effect on liquidity requirements and available liquidity is analysed before any such changes are carried out.

C.4.4 Risk sensitivity

A non-life insurance company mostly receives payment of premiums in advance. Combined with responsible management of these advance premium payments, and given the liquidity flows of the business, this means that the company's liquidity risk is limited.

C.5 Operational risk

Agria's exposure to operational risk is aligned with the risk strategy and risk appetite that the Group has adopted for operational risk. Information about the company's operational risk is thus provided in the group-level report, section C.5.

C.6 Other material risks

Agria's exposure to other material risks is aligned with the risk strategy and risk appetite that the Group has adopted for other material risks. Information about the company's other material risks is thus provided in the group-level report, section C.6.

C.7 Other information

There is not deemed to be any other relevant information to be provided in this section.

D | Valuation for solvency purposes

D.1 Assets

D.1.1 Valuation of assets

In accordance with QRT form s.02.01 (refer to Appendix 1.2), the following balance sheet shows the material asset items and an overview of total liabilities on 31 December 2020 for Agria with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.

Table D1(1): Assets and liabilities, 31 Dec 2020

Assets (TSEK)	Financial statements[32]	Revaluation	Solvency II amount
Shares and participations in subsidiaries and associated companies	355,723	-161,393	194,330
Bonds	948,222	–	948,222
Mutual funds	457,665	–	457,665
Derivatives	15,853	–	15,853
Insurance receivables	1,939,373	-1,900,096	39,277
Other receivables	121,687	–	121,687
Cash and bank balances	734,222	–	734,222
Other assets	271,888	-182,000[33]	89,888
Total assets	**4,844,633**	**-2,243,489**	**2,601,144**

Liabilities (TSEK)	Financial statements	Revaluation	Solvency II amount
Technical provisions total, gross before ceded reinsurance (refer to section D.2)	2 477 559	-1 686 433	791,127
Other liabilities (refer to section D.3)	776,956	-464,174	312,782
Total liabilities	**3,254,516**	**-2 150 607**	**1,103,909**
Assets less liabilities	**1,590,119**	**-92,882**	**1,497,235**

32) In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are distributed between other asset items.
33) Revaluation of other assets primarily refers to deferred acquisition costs of TSEK -175,197.

D.1.2 Valuation principles in the solvency calculation of various classes of asset compared with the financial statements

A more detailed description of the bases for calculation, methods and main assumptions for valuations of tangible assets in the solvency calculation and how these differ from the financial statements is provided in the group-level report, section D.1.2.

Under Solvency II, the best estimate takes into consideration premium receivables, which differs from the financial statements whereby premium receivables are included in receivables. Premiums due for payment after the balance-sheet date are thus measured in the premium reserve and consequently excluded from the assets side in the Solvency II balance sheet (see also section D.2).

The wholly owned subsidiary Agria Pet Insurance brokers insurance and performs claims adjustment for Agria's branch in the UK. The subsidiary is valued at the difference between assets and liabilities under the rules for the Solvency II balance sheet and intangible assets in Agria Pet Insurance are valued at zero.

The wholly owned subsidiary Agria Vet Guide AB offers digital veterinary care through the Agria Vårdguide app. The subsidiary is valued at the difference between assets and liabilities under the rules for the Solvency II balance sheet and intangible assets in Agria Vet Guide AB are valued at zero.

D.1.3 Other information about assets

Assumptions and judgements, including those about future and other significant sources of estimation uncertainty

Refer to the group-level report, section D.1.4.

D.2 Technical provisions

A description of Agria's valuation of technical provisions is presented below. Supplementary information about the bases for calculation, methods and main assumptions including a description of the simplified methods used in the calculation of the technical provisions is provided in the group-level report, section D.2.

D.2.1 Valuation of technical provisions

Agria divides its operations into two different lines of business, of which the most dominant is business line 7, Insurance for fire and other property damage. Technical provisions net after ceded reinsurance on 31 December 2020 are presented in the following table.

Table D2(1): Technical provisions net after ceded reinsurance, 31 Dec 2020

Business line (TSEK)	Net best estimate	Risk margin	Technical provisions, net
Direct insurance	**740,611**	**41,186**	**781,798**
Insurance for fire and other property damage	724,504	40,430	764,934
General liability insurance	16,108	756	16,864
Total	**740,611**	**41,186**	**781,798**

The technical provisions cover expenses for claims incurred (provision for claims payments), expenses for settling these claims (claims adjustment reserve), and expenses for future claims and other expenses for signed agreements (premium reserve). Uncertainty regarding claims incurred could be significant since not all claims incurred are normally known and the cost for settling known claims can be highly uncertain. The same applies to future claims when the number of and amounts in claims are unknown.

Solvency capital requirement based on the risk in the technical provisions amounted to TSEK 531,891. This figure refers to the amount that the assessment of the final claims costs for existing commitments, with a probability of 0.5% and over one year, could negatively deviate from current provisions and is thus an uncertainty measure for estimating the outflow in the technical provisions.

The best estimate of the premium reserve is expressed as the difference between future outgoing and incoming payments in accordance with the Solvency II rules.

The best estimate of the provision for claims payments is calculated using actuarial methods. The most common methods used are:

- Traditional triangulation techniques, known as Development Factor Methods (DFM) based on the historic claims trend for claims paid, known claims costs and number of claims.
- Bornhuetter-Ferguson (B-F), which is a combination of DFM and experienced-based estimates of the claims costs and which is used for claims periods in the near future.
- Cape Cod (C-C), which is very similar to B-F, where the estimate of claims costs is based on historical exposure data within the scope of the method.
- Naive Loss Ratio provides a provision for claims payments based on an assumed claims ratio. This method is typically used for claims periods in the very near future where the claims trend is short and for operations for which there is no internal claims history.

The method is applied to the various homogeneous risk groups that exist in the same business line. The method chosen for each homogeneous risk group is based on the circumstances and conditions at the time of each analysis. The methods are developed, evaluated, calibrated and adjusted continuously.

The best estimate of the claims adjustment reserve was calculated using Esbjörn Ohlsson's method (Esbjörn Ohlsson (2014): Unallocated loss adjustment expense reserving, Scandinavian Actuarial Journal).

Material changes in valuation principles compared with preceding reporting period

Agria has no material changes to the valuation principles used in the calculation of the technical provisions.

D.2.2 Valuation principles in the solvency calculation of various business lines compared with the financial statements

In the financial statements, technical provisions (gross) are valued in accordance with the Annual Accounts Act for Insurance Companies (ÅRFL) and Finansinspektionen's regulations and general guidelines.

Non-life insurance, premium reserve

Provisions for unearned premiums in the financial statements are calculated based on allocation of premium income. For most of the business, the calculation is made in relation to the remaining term of the contracts (pro rata temporis) and for business for which the costs are not assumed to be distributed in proportion to the term, the calculation is based on the earnings curve. For unprofitable business, future costs for ongoing contracts are assessed and, if these costs exceed the allocated value, the difference (provision for unexpired risks) is added.

In the Solvency II balance sheet, the premium reserve is calculated based on cash-flow forecasts of expenses and premiums related to signed insurance contracts. Premiums due for payment after the balance-sheet date are thus measured in the premium reserve and consequently excluded from the assets side in the Solvency II balance sheet (see also section D.1). The insurance contracts are limited by the contract boundaries stipulated in Article 18 of the Delegated Regulation[34]. The cash flows are discounted by a prescribed market interest rate and a risk margin is added in accordance with Solvency II.

Non-life insurance, provision for claims payments

The basis for the provisions for claims outstanding (provision for claims payments) is an estimate of the future cash flows performed by actuarial and statistical methods. In the financial statements, discounting is only permitted for business with long settlement periods, for which Agria has none. In the Solvency II balance sheet, all business is discounted by the prescribed market interest rate. In addition, the Solvency II balance sheet includes a risk margin calculated according to the Solvency II rules for risk margins. The financial statements contain an uncertainty margin based on the internal guidelines for financial statements. This margin is normally greater than the risk margin under Solvency II.

The revaluation of technical provisions can be summarised as follows. The total revaluation effect amounted to TSEK –1,685,587. The difference between the undiscounted best estimate and the carrying amount was TSEK 1,727,613, where TSEK 1,723,133 derived from the premium reserve and TSEK 4,479 from the provision for claims payments. The discount effect on the technical provisions in the Solvency II balance sheet was TSEK –839 and the risk margin in the Solvency II balance sheet was TSEK 41,186. In addition, there are deductions from premium receivables of TSEK 1,325,379 that reduce the effect on own funds from the technical provisions to TSEK 360,208 (see also section E.1.4).

[34] Commission Delegated Regulation (EU) 2015/35

The differences between the Solvency II balance sheet and the financial statements per business line on 31 December 2020 are presented below.

Table D2(2): Technical provisions net according to financial statements and Solvency II balance sheet, 31 Dec 2020

Business line (TSEK)	Technical provisions Financial statements, net	Revaluation	Technical provisions Solvency II balance sheet, net
Direct insurance	**2,467,385**	**-1,685,587**	**781,798**
Insurance for fire and other property damage	2,452,127	-1,687,192	764,934
General liability insurance	15,258	1,605	16,864
Total technical provisions	**2,467,385**	**-1,685,587**	**781,798**

D.2.3 Other information about technical provisions

Recoverables from reinsurance contracts and special purpose vehicles

The best estimate of the reinsurers' portion of the provision for claims payments has, where appropriate, been calculated based on the relevant ceded portion of known events discounted by and adjusted for default of the counterparty.

The best estimate of the reinsurers' portion of the premium reserve encompasses the cash flows for future outgoing and incoming payments in accordance with the Solvency II rules. Cash flows are discounted and adjusted for default of the counterparty.

Adjustments for default of the counterparty have been based on the company's rating, if it has one, and on the solvency ratio if it does not have a rating.

The reinsurers' portion of technical provisions per line of business on 31 December 2020 is presented below.

Table D2(3): Reinsurers' portion of technical provisions, 31 Dec 2020

Business line (TSEK)	Best estimate
Direct insurance	**9,329**
Insurance for fire and other property damage	7,593
General liability insurance	1,736
Total	**9,329**

D.3 Other liabilities

The following section encompasses all categories of liabilities that are deemed to be material to Agria, except technical provisions.

D.3.1 Valuation of other liabilities

In accordance with QRT form s.02.01 (refer to Appendix 1.2), the following table shows the material liability items, excluding technical provisions, and an overview of total liabilities on 31 December 2020 for Agria with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.

Table: D3(1): Other liabilities, 31 Dec 2020

Other liabilities (TSEK)	Financial statements[35]	Revaluation	Solvency II amount
Deferred tax liabilities	54	110,272	110,326
Derivatives	7,297	–	7,297
Liabilities (operations, not insurance)	102,365	–	102,365
Accrued expenses and deferred income	627,867	–574,527	53,340
Other liabilities	39,373	81	39,454
Total other liabilities	**776,956**	**–464,174**	**312,782**

[35] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are distributed between other asset items.

D.3.2 Valuation principles in the solvency calculation of various liability items compared with the financial statements

A more detailed description of the bases for calculation, methods and main assumptions for valuations of material liabilities in the solvency calculation and how these differ from the financial statements is provided in the group-level report, section D.3.2.

The following table shows deferred tax liabilities in the Solvency II balance sheet. Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. The revaluation between the financial statements and Solvency II now also entails a calculation of deferred tax liabilities for applicable items. The differences between the financial statements and Solvency II are attributable to deferred tax on the revaluation amounts and certain untaxed reserves, and that deferred tax liabilities were recognised net against deferred tax assets in Solvency II.

Table D3(2): Deferred tax liabilities, 31 Dec 2020

TSEK	Financial statements	Revaluation	Solvency II amount	Date of maturity
Tax allocation reserve:				
– Reserve for 2015	–	15,743	15,743	31 Dec 2021
– Reserve for 2016	–	13,104	13,104	31 Dec 2022
– Reserve for 2017	–	10,920	10,920	31 Dec 2023
– Reserve for 2018	–	8,954	8,954	31 Dec 2024
– Reserve for 2019	–	9,202	9,202	31 Dec 2025
– Reserve for 2020	–	8,774	8,774	31 Dec 2026
Equalisation reserve	–	7,250	7,250	
Revaluation of intangible assets	54	-1,152	-1,098	
Revaluation DAC	–	-36,091	-36,091	31 Dec 2021
Revaluation technical provisions, net	–	74,203	74,203	
Other	-636	–	-636	31 Dec 2021
Total deferred tax liabilities	**-582**	**110,908**	**110,326**	

The company's Solvency II balance sheet includes recognition of net deferred tax liabilities amounting to TSEK 110,326 attributable to tax allocation reserves in an amount of TSEK 66,697, the equalisation reserve in an amount of TSEK 7,250, revaluation of intangible assets in an amount of TSEK -1,098, deferred acquisition costs (DAC) in an amount of TSEK -36,091 and revaluation of technical provisions, net in an amount of TSEK 74,203 and other items in an amount of TSEK -636. The tax allocation reserves can be reversed regardless of earnings in the company but not later than six years after a provision is made. The equalisation reserve is an untaxed reserve that according to the Articles of Association may be used only to cover losses in the actual insurance operations and – after such losses have been absorbed – losses in the business operations in their entirety, unless the losses according to the Articles of Association are to be covered by other provisions. Deferred tax attributable to intangible assets is changed in connection with amortisation, any impairment and new acquisitions recognised in the legal reports.

D.3.3 Other information about other liabilities

Assumptions and judgements, including those about future and other significant sources of estimation uncertainty

Regarding assumptions and judgements, including those about future and other significant sources of estimation uncertainty, refer to the group-level report, section D.1.4.

Leases and pension provisions

For information on leases and forms of employment, refer to the group-level report, section D.3.4.

D.4 Alternative valuation methods

Information about the alternative valuation methods is provided in the group-level report, section D.4.

D.5 Other information

Other information about the valuation for solvency purposes is provided in the group-level report, section D.5.

E | Capital management (financing)

Agria's own funds at year-end amounted to TSEK 1,497,235, comprised of capital of the highest quality. The solvency capital requirement amounted to TSEK 918,216, providing a solvency ratio (own funds divided by the solvency capital requirement) of 163% at year-end. The minimum capital requirement amounted to TSEK 406,626, which own funds cover by a very healthy margin.

Own funds increased TSEK 268,433 during the year, while the solvency capital requirement increased TSEK 125,875. The reasons for the changes are presented under the relevant sections below. In total, Agria's solvency ratio increased slightly compared with 155%[36] at the end of the preceding year.

E.1 Own funds

E.1.1 Management of own funds: Targets, governance and processes

Information about own funds is provided in the group-level report, section E.1.1.

E.1.2 Composition of own funds

Own funds comprise Tier 1 capital and ancillary own funds. More detailed information about this is provided in the group-level report, section E.1.2. All capital in Agria comprises Tier 1 capital, which is capital of the highest quality.

The following table shows the composition of own funds for Agria at the end of the reporting period and at the beginning of the period, and specifies the composition of the reconciliation reserve. For further information on the composition of own funds at the end of the reporting period (including the composition of the reconciliation reserve), refer to QRT form s.23.01 in Appendix 1.2.

No own funds instruments were issued or redeemed during the reporting period.

For a specification of the items encompassed by *Revaluation of items from the financial statements to the Solvency II balance sheet*, refer to table E1(2) which presents a bridge from recognised equity to own funds.

Table E1(1): Composition of own funds and reconciliation reserve

Own funds (TSEK)	31 Dec 2020	31 Dec 2019
Ordinary share capital	40,000	40,000
Reconciliation reserve	1,457,235	1,188,802
Total own funds	**1,497,235**	**1,228,802**

Specification of composition of reconciliation reserve (TSEK)	31 Dec 2020	31 Dec 2019
Other equity than ordinary share capital	742,951	419,404
Untaxed reserves	807,199	837,323
Revaluation of items from the financial statements to the Solvency II balance sheet	-92,915	-67,925
Total reconciliation reserve	**1,457,235**	**1,188,802**

All items comprise level 1 Tier 1 capital.

[36] The capital requirement and thus the solvency ratio on 31 December 2019 were adjusted in 2020 due to the changed method for calculating loss absorption in deferred tax.

Own funds in Agria increased TSEK 268,433 during the reporting period to TSEK 1,497,235. Net profit for the year resulted in a positive effect of TSEK 102,010 on own funds. In addition, equity was positively impacted by a shareholders' contribution of TSEK 220,000 from Länsförsäkringar Sak during the year. A larger item that otherwise impacted own funds was the revaluation of technical provisions, which increased by TSEK 26,521 during the year.

E.1.3 Own funds to cover solvency capital requirement and minimum capital requirement

Information about the eligibility criteria of own funds is provided in the group-level report, section E.1.3.

E.1.4 Bridge from recognised equity to own funds

The following table presents a bridge from recognised equity to own funds for Agria. The table refers to own funds available to cover solvency capital requirements. See the reference in the preceding section on the difference compared with own funds available to cover minimum capital requirements.

More detailed explanations for items revalued from the financial statements to the Solvency II balance sheet according to the table below are presented in sections D.1.2 and D.3.2 in the group-level report.

Table E1(2): Bridge from recognised equity to own funds

TSEK	31 Dec 2020
Equity according to statutory accounts including untaxed reserves	1,590,150
Revaluation of intangible assets	-5,592
Revaluation of deferred acquisition costs	-175,197
Revaluation IFRS 16 Leases	-32
Revaluation of technical provisions	360,208
Revaluation of deferred tax	-110,908
Revaluation of shares in subsidiaries and associated companies	-161,393
Total own funds	**1,497,235**

Agria has relatively high deferred acquisition costs that are allocated over the term of the insurance contract. These costs are valued at zero in own funds, which gave rise to a revaluation of TSEK -175,197.

Revaluation of technical provisions, net, amounted to TSEK 360,208. The largest portion refers to revaluation of premium reserves of TSEK 398,884 and a smaller portion refers to the provision for claims payments of TSEK 3,349. The revaluation of premium reserves is positive since the expected profits are included in the Solvency II balance sheet when the insurance contract is signed. The revaluation effect gradually reduces when the premium reserve is dissolved and the actual earnings are accrued in the income statement. Revaluation of technical provisions also comprised a discount effect that amounted to TSEK -839 and a risk margin of TSEK -41,186.

The adjustment of the value of equities in subsidiaries and associated companies of TSEK -161,393 primarily pertains to the subsidiaries Agria Pet Insurance and Agria Vet Guide AB.

Revaluation of deferred tax was TSEK -110,908 and primarily derives from the positive revaluation item for technical provisions and from untaxed reserves.

E.2 Solvency and minimum capital requirements

E.2.1 Amount of solvency capital requirement and minimum capital requirement

In accordance with QRT form s.25.02 and s.28.01 (refer to Appendix 1.2), the company's solvency and minimum capital requirements are presented in the table below.

Agria's capital requirement increased during the year mainly as a result of increased insurance risk and higher market risk due to positive investment income and growing business.

Table E2(1): Capital requirement per risk category and minimum capital requirements

TSEK	31 Dec 2020	31 Dec 2019
Market risk	208,096	154,531
Non-life insurance risk	803,931	695,977
Counterparty risk	51,962	33,671
Operational risk	124,435	113,758
Diversification	-156,720	-116,580
Adjustment, risk absorption tax	-113,487	-89,017[37]
Solvency capital requirement (SCR), Agria	**918,216**	**792,341[38]**
Minimum capital requirement (MCR), Agria	**406,626**	**356,553[39]**

37) Adjustment, risk absorption tax for 2019 has been adjusted due to the changed method for calculating risk absorption in deferred tax.
38) Solvency capital requirement for 2019 has been adjusted due to the changed method for calculating risk absorption in deferred tax.
39) Minimum capital requirement for 2019 has been adjusted due to the changed method for calculating risk absorption in deferred tax.

E.2.2 Reason for use of simplified calculations

Agria does not use any such simplification in its calculation of solvency capital requirements that are permitted under certain conditions in accordance with European Commission Delegated Regulation (EU) 2015/35.

E.2.3 Reason for use of undertaking-specific parameters

Agria does not use undertaking-specific parameters for calculating the solvency capital requirement for insurance risk.

E.2.4 Capital add-on

Finansinspektionen has not decided on any capital add-on for Agria.

E.2.5 Data used for calculating minimum capital requirement

Information regarding the data used for calculating the minimum capital requirement is provided in the group-level report, section E.2.5.

E.2.6 Material changes to capital requirements during the reporting period

No material change to the capital requirement has taken place, refer to table E2(1). The 2019 amount for risk absorption in deferred tax has been adjusted compared with last year's report. The method for calculating loss absorption in deferred tax was changed in 2020 due to regulatory clarifications. The new method reduces the loss-absorption capacity in deferred tax, meaning that the capital requirement increased.

E.3 Use of duration-based equity risk in calculation of solvency capital requirement

The company does not use the duration-based method for calculating the solvency capital requirement for equity risk.

E.4 Partial internal model in calculation of solvency capital requirement

Information regarding the internal model for calculating the solvency capital requirement is provided in the group-level report, section E.4.

E.5 Infringements of minimum capital requirement and solvency capital requirement

Neither the minimum capital requirement nor the solvency capital requirement were infringed during the reporting period.

E.6 Other information

There is not deemed to be any other relevant information to be provided in this section.

Appendix

Appendix 1: Quantitative reporting templates

- **Appendix 1.1: Länsförsäkringar Group under the insurance rules**
- **Appendix 1.2: Agria Djurförsäkring**

Insurance operations at group level

Appendix 1.1: Länsförsäkringar Group under the insurance rules

The following quantitative reporting templates (QRT) for Länsförsäkringar Group under the insurance rules can be found as follows

- **S.02.01.02: Balance sheet** **65**
- **S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance** **67**
- **S.05.01.02: Premiums, claims and expenses by line of business– Life insurance** **70**
- **S.05.02.01: Premiums, claims and expenses by country – Life insurance** **70**
- **S.05.02.01: Premiums, claims and expenses by country – Non-life insurance** **71**
- **S.23.01.22: Own funds** **72**
- **S.25.02.22: Solvency Capital Requirement – for groups using the standard formula and partial internal model** **74**
- **S.32.01.22: Undertakings in the scope of the group** **75**

Explanation:

denotes that the cell is not intended for quantitative data

All amounts are in TSEK unless otherwise stated

S.02.01.02: Balance sheet

Assets		Solvency II value C0010
Goodwill	R0010	✕
Deferred acquisition costs	R0020	✕
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	1,341,655
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	34,317,314
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	18,831,995
Equities	R0100	2,208,678
Equities - listed	R0110	276,808
Equities - unlisted	R0120	1,931,870
Bonds	R0130	9,109,266
Government Bonds	R0140	1,528,957
Corporate Bonds	R0150	7,580,309
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	4,065,997
Derivatives	R0190	101,377
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	165,918,481
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	8,661,343
Non-life and health similar to non-life	R0280	7,345,913
Non-life excluding health	R0290	7,232,666
Health similar to non-life	R0300	113,247
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	1,315,423
Health similar to life	R0320	45,078
Life excluding health and index-linked and unit-linked	R0330	1,270,345
Life index-linked and unit-linked	R0340	7
Deposits to cedants	R0350	125,279
Insurance and intermediaries receivables	R0360	405,983
Reinsurance receivables	R0370	434,304
Receivables (trade, not insurance)	R0380	1,309,012
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	4,177,486
Any other assets, not elsewhere shown	R0420	376,119
Total assets	**R0500**	**217,066,976**

S.02.01.02: Balance sheet, cont.

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	
Technical provisions – non-life (excluding health)	R0520	9,977,661
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	9,831,704
Risk margin	R0550	145,957
Technical provisions - health (similar to non-life)	R0560	1,135,592
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	1,078,616
Risk margin	R0590	56,975
Technical provisions - life (excluding index-linked and unit-linked)	R0600	6,707,042
Technical provisions - health (similar to life)	R0610	513,505
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	356,481
Risk margin	R0640	157,025
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	6,193,537
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	6,043,718
Risk margin	R0680	149,819
Technical provisions – index-linked and unit-linked	R0690	152,462,614
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	149,414,213
Risk margin	R0720	3,048,401
Other technical provisions	R0730	
Contingent liabilities	R0740	150,100
Provisions other than technical provisions	R0750	418,982
Pension benefit obligations	R0760	49,118
Deposits from reinsurers	R0770	65,786
Deferred tax liabilities	R0780	96,451
Derivatives	R0790	30,741
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	1,331,682
Insurance & intermediaries payables	R0820	1,228,367
Reinsurance payables	R0830	33,876
Payables (trade, not insurance)	R0840	1,396,223
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	995,288
Total liabilities	**R0900**	**176,079,523**
Excess of assets over liabilities	**R1000**	**40,987,453**

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written							
Gross - Direct Business	R0110	780,031	423,562		46,389	331,399	141,571
Gross - Proportional reinsurance accepted	R0120		1,103		0	704	2,955
Gross - Non-proportional reinsurance accepted	R0130	X	X	X	X	X	X
Reinsurers' share	R0140	0	1,666		5,962	182,952	4,991
Net	R0200	780,031	422,999		40,427	149,151	139,535
Premiums earned							
Gross - Direct Business	R0210	775,009	417,812		39,555	208,323	137,456
Gross - Proportional reinsurance accepted	R0220		893		0	4,639	4,811
Gross - Non-proportional reinsurance accepted	R0230	X	X	X	X	X	X
Reinsurers' share	R0240	0	1,666		5,962	76,849	4,783
Net	R0300	775,009	417,039		33,593	136,113	137,484
Claims incurred							
Gross - Direct Business	R0310	587,235	223,163		28,499	221,609	76,246
Gross - Proportional reinsurance accepted	R0320		609		-4,854	3,328	5,058
Gross - Non-proportional reinsurance accepted	R0330	X	X	X	X	X	X
Reinsurers' share	R0340	0	0		9,727	126,915	3,563
Net	R0400	587,235	223,772		13,918	98,022	77,741
Changes in other technical provisions							
Gross - Direct Business	R0410	0	0		0	0	0
Gross - Proportional reinsurance accepted	R0420		0		0	0	0
Gross - Non-proportional reinsurance accepted	R0430	X	X	X	X	X	X
Reinsurers' share	R0440	0	0		0	0	0
Net	R0500	0	0		0	0	0
Expenses incurred	R0550	229,764	149,468		8,207	28,880	46,637
Other expenses	**R1200**	X	X	X	X	X	X
Total expenses	**R1300**	X	X	X	X	X	X

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
Premiums written							
Gross - Direct Business	R0110	4,534,422	275,422	10,170	2,561	25,264	
Gross - Proportional reinsurance accepted	R0120	208,157	16,805				
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	130,368	31,456	8,136	143	25,264	
Net	R0200	4,612,211	260,771	2,034	2,418	0	
Premiums earned							
Gross - Direct Business	R0210	4,199,751	251,586	7,886	2,489	17,742	
Gross - Proportional reinsurance accepted	R0220	203,172	16,949				
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	126,043	31,275	6,257	170	17,750	
Net	R0300	4,276,880	237,260	1,629	2,319	-8	
Claims incurred							
Gross - Direct Business	R0310	2,964,652	101,741	1,994	2,115	8,706	
Gross - Proportional reinsurance accepted	R0320	71,475	-18,548				
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	60,406	12,590	1,566	0	8,880	
Net	R0400	2,975,721	70,603	428	2,115	-174	
Changes in other technical provisions							
Gross - Direct Business	R0410	0	0	0	0	0	
Gross - Proportional reinsurance accepted	R0420	0	0				
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	0	0	0	0	0	
Net	R0500	0	0	0	0	0	
Expenses incurred	R0550	1,218,230	97,825	1,588	861	**0**	
Other expenses	**R1200**						
Total expenses	**R1300**						

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of business for: accepted non-proportional reinsurance				
		Health	Casualty	Marine, aviation, transport	Property	Total
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110	×	×	×	×	**6,570,791**
Gross - Proportional reinsurance accepted	R0120	×	×	×	×	**229,724**
Gross - Non-proportional reinsurance accepted	R0130	58,702	336,111	21,419	1,625,819	**2,042,051**
Reinsurers' share	R0140	47,362	329,361	0	1,177,380	**1,945,041**
Net	R0200	11,340	6,750	21,419	448,439	**6,897,525**
Premiums earned						
Gross - Direct Business	R0210	×	×	×	×	**6,057,609**
Gross - Proportional reinsurance accepted	R0220	×	×	×	×	**230,464**
Gross - Non-proportional reinsurance accepted	R0230	58,468	336,083	20,628	1,609,490	**2,024,669**
Reinsurers' share	R0240	47,362	329,361	0	1,173,572	**1,821,050**
Net	R0300	11,106	6,722	20,628	435,918	**6,491,692**
Claims incurred						
Gross - Direct Business	R0310	×	×	×	×	**4,215,960**
Gross - Proportional reinsurance accepted	R0320	×	×	×	×	**57,068**
Gross - Non-proportional reinsurance accepted	R0330	46,201	209,679	47,486	2,029,294	**2,332,660**
Reinsurers' share	R0340	33,842	208,396	0	1,608,694	**2,074,579**
Net	R0400	12,359	1,283	47,486	420,600	**4,531,109**
Changes in other technical provisions						
Gross - Direct Business	R0410	×	×	×	×	**0**
Gross - Proportional reinsurance accepted	R0420	×	×	×	×	**0**
Gross - Non-proportional reinsurance accepted	R0430	0	0	0	0	**0**
Reinsurers' share	R0440	0	0	0	0	**0**
Net	R0500	0	0	0	0	**0**
Expenses incurred	**R0550**	-129	455	3,742	43,316	**1,828,844**
Other expenses	**R1200**	×	×	×	×	**1,433**
Total expenses	**R1300**	×	×	×	×	**1,830,277**

S.05.01.02: Premiums, claims and expenses by line of business – Life insurance

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit partici-pation	Index-linked and unit-linked insurance	Other life insurance	Occupational injury annuities[1]	Annuities[2]	Health insurance	Life insurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	219,693	421,656	11,539,200	343,003	0	1,000			**12,524,552**
Reinsurers' share	R1420	26,891	0	68	1,225	0	1,000			**29,184**
Net	R1500	192,802	421,656	11,539,132	341,778	0	0			**12,495,368**
Premiums earned										
Gross	R1510	219,693	421,656	11,539,200	343,003	0	1,000			**12,524,552**
Reinsurers' share	R1520	26,891	0	68	1,225	0	1,000			**29,184**
Net	R1600	192,802	421,656	11,539,132	341,778	0	0			**12,495,368**
Claims incurred										
Gross	R1610	76,030	113,431	6,272,803	172,309	-111	3,601			**6,638,063**
Reinsurers' share	R1620	-15,408	0	7	10	0	-6,669			**-22,060**
Net	R1700	91,438	113,431	6,272,796	172,299	-111	10,270			**6,660,123**
Changes in other technical provisions										
Gross	R1710	0	-247,461	-7,111,106	-9,035	0	0			**-7,367,602**
Reinsurers' share	R1720	0	0	0	0	0	0			**0**
Net	R1800	0	-247,461	-7,111,106	-9,035	0	0			**-7,367,602**
Expenses incurred	R1900	107,720	33,495	1,055,424	87,589					**1,284,228**
Other expenses	R2500	X	X	X	X	X	X	X	X	**67,428**
Total expenses	R2600	X	X	X	X	X	X	X	X	**1,351,656**

1) Annuities stemming from non-life insurance contracts and relating to health insurance obligations.
2) Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations.

S.05.02.01: Premiums, claims and expenses by country – Life insurance

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) – life obligations				
	R1400	X	X					
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Premiums written								
Gross	R1410	12,524,552	**12,524,552**					
Reinsurers' share	R1420	29,184	**29,184**					
Net	R1500	12,495,368	**12,495,368**					
Premiums earned								
Gross	R1510	12,524,552	**12,524,552**					
Reinsurers' share	R1520	29,184	**29,184**					
Net	R1600	12,495,368	**12,495,368**					
Claims incurred								
Gross	R1610	6,638,063	**6,638,063**					
Reinsurers' share	R1620	-22,060	**-22,060**					
Net	R1700	6,660,123	**6,660,123**					
Changes in other technical provisions								
Gross	R1710	-7,367,602	**-7,367,602**					
Reinsurers' share	R1720	0	**0**					
Net	R1800	-7,367,602	**-7,367,602**					
Expenses incurred	R1900	1,284,228	**1,284,228**					
Other expenses	R2500		**67,428**	X	X	X	X	X
Total expenses	R2600	X	**1,351,656**	X	X	X	X	X

S.05.02.01: Premiums, claims and expenses by country – Non-life insurance

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(GB) United Kingdom	(NO) Norway	(DK) Denmark	(FI) Finland	(US) United States
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	4,750,483	**6,552,987**	859,537	574,454	270,368	98,120	25
Gross - Proportional reinsurance accepted	R0120	64,474	**110,727**	6,824	14,570	5,856	18,704	299
Gross - Non-proportional reinsurance accepted	R0130	1,622,712	**1,755,721**	15,420	6,952	5,662	6,082	98,893
Reinsurers' share	R0140	1,903,627	**1,928,208**	3,285	4,650	4,558	4,438	7,650
Net	R0200	4,534,042	**6,491,227**	878,496	591,326	277,328	118,468	91,567
Premiums earned								
Gross - Direct Business	R0210	4,417,830	**6,045,206**	773,375	527,651	245,557	80,768	25
Gross - Proportional reinsurance accepted	R0220	63,190	**107,222**	6,327	12,951	6,099	18,359	296
Gross - Non-proportional reinsurance accepted	R0230	1,620,400	**1,746,440**	14,829	6,386	5,776	5,962	93,087
Reinsurers' share	R0240	1,779,806	**1,804,085**	3,324	4,056	4,862	4,656	7,381
Net	R0300	4,321,614	**6,094,783**	791,207	542,932	252,570	100,433	86,027
Claims incurred								
Gross - Direct Business	R0310	3,074,503	**4,207,336**	497,646	389,365	179,498	66,324	0
Gross - Proportional reinsurance accepted	R0320	-1,724	**22,825**	2,713	7,884	9,110	4,493	349
Gross - Non-proportional reinsurance accepted	R0330	1,979,478	**2,116,062**	15,704	6,587	5,550	859	107,884
Reinsurers' share	R0340	2,054,848	**2,064,890**	135	1,706	2,827	327	5,047
Net	R0400	2,997,409	**4,281,333**	515,928	402,130	191,331	71,349	103,186
Changes in other technical provisions								
Gross - Direct Business	R0410	0	**0**	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	**0**	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430	0	**0**	0	0	0	0	0
Reinsurers' share	R0440	0	**0**	0	0	0	0	0
Net	R0500	0	**0**	0	0	0	0	0
Expenses incurred	R0550	1,174,829	**1,714,916**	266,062	135,014	80,478	43,493	15,040
Other expenses	R1200		**1,433**					
Total expenses	R1300		**1,716,349**					

S.23.01.22: Own funds

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	1,042,459	1,042,459			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	5,483,958	5,483,958		0	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	33,762,589	33,762,589			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	0				0
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that shall 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 shall 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 other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	18,761,921	18,761,921	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270	0	0	0	0	0
Total deductions	**R0280**	**18,761,921**	**18,761,921**	**0**	**0**	**0**
Total basic own funds after deductions	**R0290**	**21,527,085**	**21,527,085**	**0**	**0**	**0**
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					

S.23.01.22: Own funds, cont.

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fundmanagers, UCITS management companies – total	R0410	21,245,565	16,455,909	2 200 000	2,589,656	
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440	21,245,565	16,455,909	2 200 000	2,589,656	
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	14,638,886	14,638,886	0	0	0
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	14,638,886	14,638,886	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	21,527,085	21,527,085	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	21,527,085	21,527,085	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	21,527,085	21,527,085	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	21,527,085	21,527,085	0	0	
Minimum consolidated Group SCR	**R0610**	**3,786,176**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	**568.5706,%**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	**57,411,536**	**52,621,880**	**2 200 000**	**2,589,656**	**0**
Group SCR	**R0680**	**39,186,054**				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	**146.5101,%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	40,987,453
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	698,447
Other basic own fund items	R0730	6,526,417
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve before deduction for participations in other financial sector	R0760	**33,762,589**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life business	R0770	44,931
Expected profits included in future premiums (EPIFP) – Non- life business	R0780	725,831
Total EPIFP	R0790	**770,762**

S.25.02.22: Solvency Capital Requirement – for groups using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	8,256,122	8,255,811		
2	Counterparty default risk	273,382	0		
3	Life underwriting risk	4,859,208	0		
4	Health underwriting risk	454,758	193,201		
5	Non-life underwriting risk	973,292	889,596		
6	Intangible asset risk	0	0		
7	Operational risk	443,631	0		
9	LAC Deferred Taxes (negative amount)	-267,555	0		

Solvency Capital Requirement – for groups using the standard formula and partial internal model

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	14,992,837
Diversification	R0060	-3,763,059
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement, excluding capital add-on	**R0200**	**11,229,778**
Capital add-ons already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	**R0220**	**24,547,168**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	-267,555
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	
Minimum consolidated group solvency capital requirement	R0470	3,786,176
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	13,317,389
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	13,317,389
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non-regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	0
Overall SCR		
SCR for undertakings included via D and A	R0560	14,638,886
Solvency Capital Requirement	**R0570**	**39,186,054**

S.32.01.22: Undertakings in the scope of the group

Country	Identification code and type of code of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)
C0010	C0020	C0040	C0050	C0060	C0070
(SE) Sweden	LEI/549300C6TUMDXNOVXS82	Länsförsäkringar Bank AB (publ)	(8) Credit institution, investment firm and financial institution	bankaktiebolag	(2) Non-mutual
(SE) Sweden	LEI/549300DVNMHS8M33J723	Wasa Kredit AB	(8) Credit institution, investment firm and financial institution	aktiebolag	(2) Non-mutual
(SE) Sweden	LEI/549300FOASW7JFUQV048	Länsförsäkringar Sak Försäkrings AB (publ)	(2) Non life insurance undertaking	försäkringsaktiebolag	(2) Non-mutual
(SE) Sweden	LEI/549300M8P0LTMZZSMQ10	Länsförsäkringar Fondliv Försäkrings AB (publ)	(4) Composite undertaking	försäkringsaktiebolag	(2) Non-mutual
(SE) Sweden	LEI/549300Y3H3YIK6S2H942	Försäkringsaktiebolaget Agria (publ)	(2) Non life insurance undertaking	försäkringsaktiebolag	(2) Non-mutual
(SE) Sweden	LEI/5493000M8THYN8D5I395	Länsförsäkringar Liv Försäkrings AB (publ)	(4) Composite undertaking	försäkringsaktiebolag	(1) Mutual
(SE) Sweden	LEI/5493000PQMGYILN5JL39	Länsförsäkringar Grupplivförsäkrings AB	(1) Life insurance undertaking	försäkringsaktiebolag	(2) Non-mutual
(SE) Sweden	LEI/5493001P7BX1N0JAG961	Länsförsäkringar Hypotek AB (publ)	(8) Credit institution, investment firm and financial institution	aktiebolag	(2) Non-mutual
(SE) Sweden	LEI/5493002JSD764TTOB380	Länsförsäkringar AB (publ)	(7) Mixed financial holding company as defined in Article 212 (1) (h) of Directive 2009/138/EC	aktiebolag	(2) Non-mutual
(SE) Sweden	LEI/54930025SK6LRZC6QF89	Länsförsäkringar Fondförvaltning AB (publ)	(8) Credit institution, investment firm and financial institution	aktiebolag	(2) Non-mutual
(SE) Sweden	SC/22024SE00196	LF Sak Fastighets AB	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(GB) United Kingdom	SC/22040SE00101	Agria Pet Insurance Ltd	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(CH) Switzerland	SC/5493002JSD764TTOB380CH00214	European Alliance Partners Company AG	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00105	Agria Vet Guide AB	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00256	CAB Group AB	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00281	Svenska Andelshästar AB	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00343	Länsförsäkringar Komplement AB	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00344	Fastighets KB Automobilpalatset	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Kommanditbolag	(2) Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00351	Lansa Fastigheter AB	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE556482-4471	Försäkringsgirot Sverige AB	(10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	(2) Non-mutual

S.32.01.22: Undertakings in the scope of the group, cont.

		Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Legal name of the undertaking	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0040	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Länsförsäkringar Bank AB (publ)	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(4) Method 1: Sectoral rules
Wasa Kredit AB	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(4) Method 1: Sectoral rules
Länsförsäkringar Sak Försäkrings AB (publ)	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(1) Method 1: Full consolidation
Länsförsäkringar Fondliv Försäkrings AB (publ)	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(1) Method 1: Full consolidation
Försäkringsaktiebolaget Agria (publ)	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(1) Method 1: Full consolidation
Länsförsäkringar Liv Försäkrings AB (publ)	Finansinspektionen	100.0000%	100.0000%	100.0000%	Ömsesidigt	(2) Significant	100.0000%	(1) Included in the scope		(5) Method 2: Solvency II
Länsförsäkringar Grupplivförsäkrings AB	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(1) Method 1: Full consolidation
Länsförsäkringar Hypotek AB (publ)	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(4) Method 1: Sectoral rules
Länsförsäkringar AB (publ)								(1) Included in the scope		(1) Method 1: Full consolidation
Länsförsäkringar Fondförvaltning AB (publ)	Finansinspektionen	100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(4) Method 1: Sectoral rules
LF Sak Fastighets AB		100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(1) Method 1: Full consolidation
Agria Pet Insurance Ltd		100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(1) Method 1: Full consolidation
European Alliance Partners Company AG		12.5000%	12.5000%	12.5000%	None	(2) Significant	12.5000%	(1) Included in the scope		(3) Method 1: Adjusted equity method
Agria Vet Guide AB		100,0000 %	100,0000 %	100,0000 %	None	(1) Dominant	100,0000 %	(1) Included in the scope		(1) Method 1: Full consolidation
CAB Group AB		28.8000%	28.8000%	28.8000%	None	(2) Significant	28.8000%	(1) Included in the scope		(3) Method 1: Adjusted equity method
Svenska Andelshästar AB		40.0000%	40.0000%	40.0000%	None	(2) Significant	40.0000%	(1) Included in the scope		(3) Method 1: Adjusted equity method
Länsförsäkringar Komplement AB		100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(5) Method 2: Solvency II
Fastighets KB Automobilpalatset		100.0000%	100.0000%	100.0000%	None	(1) Dominant	100.0000%	(1) Included in the scope		(5) Method 2: Solvency II
Lansa Fastigheter AB		28.0700%	28.0700%	28.0700%	None	(2) Significant	28.0700%	(1) Included in the scope		(10) Other method
Försäkringsgirot Sverige AB		25.0000%	25.0000%	25.0000%	None	(2) Significant	25.0000%	(1) Included in the scope		(3) Method 1: Adjusted equity method

Agria Djurförsäkring

Appendix 1.2: Agria Djurförsäkring

The following quantitative reporting templates (QRT) for Agria can be found as follows

- S.02.01.02: Balance sheet 78
- S.05.01.02: Premiums, claims payment and expenses per line of business (Non-life insurance) 80
- S.05.02.01: Premiums, claims payment and expenses per country (Non-life insurance) 83
- S.17.01.02: Technical provisions, non-life insurance 84
- S.19.01.21: Non-life insurance claims payments 87
- S.23.01.01: Own funds 88
- S.25.02.21: Solvency capital requirement – for companies using the standard formula and partial internal model 89
- S.25.02.3: Approach to tax rate 89
- S.28.01.01: Minimum capital requirement – only life-assurance or only non-life insurance or reinsurance operations 90

Explanation:

denotes that the cell is not intended for quantitative data

All amounts are in TSEK unless otherwise stated

S.02.01.02: Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	R0010	×
Deferred acquisition costs	R0020	×
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	12,039
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,658,079
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	194,330
Equities	R0100	42,008
Equities - listed	R0110	42,008
Equities - unlisted	R0120	
Bonds	R0130	948,222
Government Bonds	R0140	176,482
Corporate Bonds	R0150	771,740
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	457,666
Derivatives	R0190	15,853
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	9,329
Non-life and health similar to non-life	R0280	9,329
Non-life excluding health	R0290	9,329
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 receivables	R0360	39,277
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	121,687
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	734,222
Any other assets, not elsewhere shown	R0420	26,512
Total assets	R0500	**2,601,144**

S.02.01.02: Balance sheet, cont.

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	R0510	791,127
Technical provisions – non-life (excluding health)	R0520	791,127
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	749,940
Risk margin	R0550	41,186
Technical provisions - health (similar to non-life)	R0560	
Technical provisions 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	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	2,282
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	110,326
Derivatives	R0790	7,297
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	5,018
Insurance & intermediaries payables	R0820	32,073
Reinsurance payables	R0830	81
Payables (trade, not insurance)	R0840	102,365
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	53,340
Total liabilities	R0900	**1,103,909**
Excess of assets over liabilities	R1000	**1,497,235**

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written							
Gross - Direct Business	R0110						
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130	×	×	×	×	×	×
Reinsurers' share	R0140						
Net	R0200						
Premiums earned							
Gross - Direct Business	R0210						
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230	×	×	×	×	×	×
Reinsurers' share	R0240						
Net	R0300						
Claims incurred							
Gross - Direct Business	R0310						
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330	×	×	×	×	×	×
Reinsurers' share	R0340						
Net	R0400						
Changes in other technical provisions							
Gross - Direct Business	R0410						
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430	×	×	×	×	×	×
Reinsurers' share	R0440						
Net	R0500						
Expenses incurred	R0550						
Other expenses	R1200	×	×	×	×	×	×
Total expenses	**R1300**	×	×	×	×	×	×

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
Premiums written							
Gross - Direct Business	R0110	4,470,645	15,217				
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130	X	X	X	X	X	X
Reinsurers' share	R0140	2,850	1,603				
Net	R0200	4,467,795	13,614				
Premiums earned							
Gross - Direct Business	R0210	4,133,025	14,805				
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230	X	X	X	X	X	X
Reinsurers' share	R0240	2,850	1,603				
Net	R0300	4,130,175	13,202				
Claims incurred							
Gross - Direct Business	R0310	2,923,961	2,048				
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330	X	X	X	X	X	X
Reinsurers' share	R0340	8,164	0				
Net	R0400	2,915,797	2,048				
Changes in other technical provisions							
Gross - Direct Business	R0410	0	0				
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430	X	X	X	X	X	X
Reinsurers' share	R0440	0	0				
Net	R0500	0	0				
Expenses incurred	R0550	1,153,572	7,027				
Other expenses	R1200	X	X	X	X	X	X
Total expenses	**R1300**	X	X	X	X	X	X

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of business for: accepted non-proportional reinsurance				
		Health	Casualty	Marine, aviation, transport	Property	Total
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110	×	×	×	×	**4,485,862**
Gross - Proportional reinsurance accepted	R0120	×	×	×	×	
Gross - Non-proportional reinsurance accepted	R0130					
Reinsurers' share	R0140					**4,453**
Net	R0200					**4,481,409**
Premiums earned						
Gross - Direct Business	R0210	×	×	×	×	**4,147,830**
Gross - Proportional reinsurance accepted	R0220	×	×	×	×	
Gross - Non-proportional reinsurance accepted	R0230					
Reinsurers' share	R0240					**4,453**
Net	R0300					**4,143,377**
Claims incurred						
Gross - Direct Business	R0310	×	×	×	×	**2,926,009**
Gross - Proportional reinsurance accepted	R0320	×	×	×	×	
Gross - Non-proportional reinsurance accepted	R0330					
Reinsurers' share	R0340					**8,164**
Net	R0400					**2,917,845**
Changes in other technical provisions						
Gross - Direct Business	R0410	×	×	×	×	**0**
Gross - Proportional reinsurance accepted	R0420	×	×	×	×	
Gross - Non-proportional reinsurance accepted	R0430					
Reinsurers' share	R0440					**0**
Net	R0500					**0**
Expenses incurred	R0550					**1,160,599**
Other expenses	R1200	×	×	×	×	**0**
Total expenses	**R1300**	×	×	×	×	**1,160,599**

S.05.02.01: Premiums, claims and expenses by country – Non-life insurance

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(GB) United Kingdom	(NO) Norway	(DK) Denmark	(FI) Finland	(FR) France
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	2,668,698	**4,485,862**	859,461	573,922	270,052	97,786	15,943
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	2,643	**4,453**	0	207	1,192	404	7
Net	R0200	2,666,055	**4,481,409**	859,461	573,715	268,860	97,382	15,936
Premiums earned								
Gross - Direct Business	R0210	2,511,455	**4,147,830**	773,285	527,132	245,226	80,404	10,328
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	2,643	**4,453**	0	207	1,192	404	7
Net	R0300	2,508,812	**4,143,377**	773,285	526,925	244,034	80,000	10,321
Claims incurred								
Gross - Direct Business	R0310	1,785,910	**2,926,009**	497,646	388,028	179,520	66,308	8,597
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	8,164	**8,164**	0	0	0	0	0
Net	R0400	1,777,746	**2,917,845**	497,646	388,028	179,520	66,308	8,597
Changes in other technical provisions								
Gross - Direct Business	R0410	0	**0**	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440	0	**0**	0	0	0	0	0
Net	R0500	0	**0**	0	0	0	0	0
Expenses incurred	R0550	623,109	**1,160,599**	261,541	131,507	78,579	37,471	28,392
Other expenses	R1200		**0**					
Total expenses	R1300		**1,160,599**					

S.17.01.02: Non-life Technical Provisions

		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0020	C0030	C0040	C0050	C0060	C0070
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 calculated as a whole	R0050						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Premium provisions							
Gross	R0060						
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						
Net Best Estimate of Premium Provisions	R0150						
Claims provisions							
Gross	R0160						
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						
Net Best Estimate of Claims Provisions	R0250						
Total Best estimate - gross	R0260						
Total Best estimate - net	R0270						
Risk margin	R0280						
Amount of the transitional on Technical Provisions							
Technical provisions calculated as a whole	R0290						
Best Estimate	R0300						
Risk margin	R0310						
Technical provisions - total							
Technical provisions - total	R0320						
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						
Technical provisions minus recoverables from reinsurance/ SPV and Finite Re - total	R0340						

S.17.01.02: Non-life Technical Provisions, cont.

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010	0	0				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Premium provisions							
Gross	R0060	399,359	7,656				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-497	-255				
Net Best Estimate of Premium Provisions	R0150	399,856	7,911				
Claims provisions							
Gross	R0160	332,738	10,187				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	8,090	1,991				
Net Best Estimate of Claims Provisions	R0250	324,648	8,196				
Total Best estimate - gross	R0260	732,097	17,843				
Total Best estimate - net	R0270	724,504	16,107				
Risk margin	R0280	40,430	756				
Amount of the transitional on Technical Provisions							
Technical provisions calculated as a whole	R0290						
Best Estimate	R0300						
Risk margin	R0310						
Technical provisions - total							
Technical provisions - total	R0320	772,527	18,560				
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	7,593	1,736				
Technical provisions minus recoverables from reinsurance/ SPV and Finite Re - total	R0340	764,934	16,864				

S.17.01.02: Non-life Technical Provisions, cont.

		Accepted non-proportional reinsurance				
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Premium provisions						
Gross	R0060					**407,015**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					**-752**
Net Best Estimate of Premium Provisions	R0150					**407,767**
Claims provisions						
Gross	R0160					**342,925**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					**10,081**
Net Best Estimate of Claims Provisions	R0250					**332,844**
Total Best estimate - gross	R0260					**749,940**
Total Best estimate - net	R0270					**740,611**
Risk margin	R0280					**41,186**
Amount of the transitional on Technical Provisions						
Technical provisions calculated as a whole	R0290					
Best Estimate	R0300					
Risk margin	R0310					
Technical provisions - total						
Technical provisions - total	R0320					**791,126**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330					**9,329**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340					**781,797**

S.19.01.21: Non-life insurance claims payments

Total Non-Life Business

Accident year / Underwriting year Z0020 (1) Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year		0	1	2	3	4	5	6	7	8	9	10 & +
		Development year										
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											58
N-9	R0160	973,857	102,783	2,768	1,215	537	44	-23	18	5	-16	
N-8	R0170	1,154,482	110,404	3,609	1,212	426	801	169	151	12		
N-7	R0180	1,245,202	128,652	4,023	1,628	1,655	121	37	18			
N-6	R0190	1,364,840	131,253	3,765	1,275	460	1,061	7				
N-5	R0200	1,474,666	149,123	8,514	1,461	528	138					
N-4	R0210	1,646,714	181,228	4,721	1,159	391						
N-3	R0220	1,821,274	171,160	4,919	1,033							
N-2	R0230	2,023,842	190,535	5,870								
N-1	R0240	2,276,619	211,240									
N	R0250	2,617,868										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	58	58
	R0160	-16	1,081,188
	R0170	12	1,271,265
	R0180	18	1,381,336
	R0190	7	1,502,661
	R0200	138	1,634,430
	R0210	391	1,834,213
	R0220	1,033	1,998,386
	R0230	5,870	2,220,247
	R0240	211,240	2,487,859
	R0250	2,617,868	2,617,868
Total	R0260	**2,836,619**	**18,029,512**

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year		0	1	2	3	4	5	6	7	8	9	10 & +
		Development year										
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											76
N-9	R0160	0	0	0	0	0	5	22	13	13	13	
N-8	R0170	0	0	0	0	4,846	1,515	1,337	1,462	1,436		
N-7	R0180	0	0	0	2,962	1,404	1,277	877	879			
N-6	R0190	0	0	9,414	9,744	9,603	848	34				
N-5	R0200	0	18,758	5,455	3,978	2,740	37					
N-4	R0210	224,045	10,227	3,423	669	282						
N-3	R0220	225,991	17,121	11,044	4,652							
N-2	R0230	232,895	14,444	5,804								
N-1	R0240	265,384	22,222									
N	R0250	307,327										

		Year end (discounted data)
		C0360
	R0100	76
	R0160	13
	R0170	1,436
	R0180	879
	R0190	34
	R0200	37
	R0210	283
	R0220	4,654
	R0230	5,810
	R0240	22,242
	R0250	307,460
Total	R0260	**342,924**

S.23.01.01: Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	**40,000**	40,000			
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	**1,457,235**	1,457,235			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	**0**				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that shall 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 shall 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	**1,457,235**	1,457,235			**0**
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					
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 ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	**1,497,235**	1,497,235			0
Total available own funds to meet the MCR	R0510	**1,497,235**	1,497,235			
Total eligible own funds to meet the SCR	R0540	**1,497,235**	1,497,235			0
Total eligible own funds to meet the MCR	R0550	**1,497,235**	1,497,235			
SCR	R0580	**918,216**				
MCR	R0600	**406,626**				
Ratio of Eligible own funds to SCR	R0620	**163.0592,%**				
Ratio of Eligible own funds to MCR	R0640	**368.2091,%**				

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	1,497,235
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	40,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	**1,457,235**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	293,758
Total EPIFP	R0790	**293,758**

S.25.02.21: Solvency Capital Requirement – for undertakings using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	208,096	208,080		
2	Counterparty default risk	51,962	0		
3	Life underwriting risk	0	0		
4	Health underwriting risk	0	0		
5	Non-life underwriting risk	803,931	770,204		
6	Intangible asset risk	0	0		
7	Operational risk	124,435	0		
9	LAC Deferred Taxes (negative amount)	-113,487	0		

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	1,074,936
Diversification	R0060	-156,720
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement, excluding capital add-on	R0200	918,216
Capital add-ons already set	R0210	0
Solvency Capital Requirement	R0220	**918,216**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	-113,487
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 (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.25.02.3: Approach to tax rate

		YES/NO	LAC DT
Approach to tax rate		C0109	C0130
Approach based on average tax rate	R0590	(2) No	
Calculation of loss absorbing capacity of deferred taxes			
LAC DT	R0640		-113,487
LAC DT justified by reversion of deferred tax liabilities	R0650		-110,326
LAC DT justified by reference to probable future taxable economic profit	R0660		-3,161
LAC DT justified by carry back, current year	R0670		
LAC DT justified by carry back, future years	R0680		
Maximum LAC DT	R0690		-220,784

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
MCR_{NL} Result	R0010	406,626

		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	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	724,504	4,467,869
General liability insurance and proportional reinsurance	R0090	16,108	13,540
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	0

		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	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		C0070
Linear MCR	R0300	406,626
SCR	R0310	918,216
MCR cap	R0320	413,197
MCR floor	R0330	229,554
Combined MCR	R0340	406,626
Absolute floor of the MCR	R0350	25,913
Minimum Capital Requirement	R0400	**406,626**

Production: Länsförsäkringar AB in partnership with Springtime-Intellecta.

Länsförsäkringar