



ANNUAL REPORT 2019

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Board of Directors' Report

The Board and CEO of Solid Försäkringsaktiebolag, Corp. ID. No. 516401-8482, hereby submit the Annual Report for the 1 January - 31 December 2019 financial year.

Information on the business and organisation

Solid Försäkringsaktiebolag has since 12 November 2012 been a wholly owned subsidiary of Resurs Holding AB, Corp. ID. No.556898-2291, which on the closing date is owned by Waldakt AB (28.9 per cent). Of the remaining owners, no single owner holds 20 per cent or more. The head office is situated in Helsingborg, Sweden.

Solid Försäkring conducts non-life insurance in Sweden, the rest of the Nordic region and to some extent in other European countries. Operations in Norway, Finland and Switzerland are conducted as a branch, and operations in other countries are conducted on a cross-border basis.

Solid Försäkring offers traditional speciality insurance with a focus on niche insurance. The insurance operations are organised into the following business lines: Product, Travel, Personal Safety and Roadside assistance/Car warranty.

Asset management is a separate function and is responsible for all the company's investment assets. Support functions such as Business Development, IT, Human Resources and Finance are organised to support the business activities.

Results of operations

All amounts are in thousands of SEK unless otherwise stated. Figures in brackets refer to the preceding year.

Profit

Operating profit before tax amounted to SEK 63,435 thousand (18,873). The recognised technical result from the non-life insurance business amounted to SEK 103,676 thousand (88,475).

This increase was primarily attributable to growth in the Personal Safety and Roadside assistance/Car warranty business lines and improved profitability in the Roadside assistance/Car warranty business line.

Group contributions of SEK 62,000 thousand (65,000) were paid.

Premium income

Gross written premiums for the year amounted to SEK 939,135 thousand (915,331). Adjusted for currency effects, an underlying volume increase of 2 per cent was reported. This increase was primarily due to higher sales in the Personal Safety and Roadside assistance/Car warranty business lines.

Claims incurred and operating expenses

Claims paid increased to SEK 226,031 thousand (224,486). The claims ratio performed positively during the year and amounted to 24.8 per cent (27.3), mainly driven by lower claim costs in the Roadside assistance/Car warranty and Product business lines due to a changed product mix and more efficient claims adjustment.

Operating expenses in the insurance operations amounted to SEK 582,542 thousand (521,586). Adjusted for currency effects, operating expenses increased 11 per cent year-on-year. This increase was primarily attributable to the higher costs driven by the growing Personal Safety business line. The combined ratio fell to 89.6 per cent (90.2), mainly due to the positive trend in the claims ratio.

Net profit and tax expense

Net profit amounted to SEK 49,455 thousand (14,335). The effective tax expense for the year amounted to 22.1 per cent (24.0).

Cash flow

Cash flow from operating activities amounted to SEK 174,237 thousand (139,482).

Operating receivables declined during the year due to lower accounts receivable.

Operating liabilities increased, mainly as a result of the performance of the Personal Safety business line. Cash flow from investing activities amounted to SEK -22,621 thousand (-11,331). Cash flow from financing activities amounted to SEK -65,000 thousand (-185,999). Group contributions of SEK 65,000 thousand were paid to the Parent Company during the year. Net investments in investment assets amounted to SEK 2,225 thousand (6,633) and cash and cash equivalents increased to SEK 305,305 thousand (221,633).

Technical provisions (reserves)

Gross provisions at year-end increased to SEK 585,557 thousand (554,053). Reinsurers' share of technical provisions fell to SEK 3,876 thousand (4,267). This increase in gross provisions was primarily attributable to the growing business in the Roadside assistance/Car warranty and Personal Safety business lines.

Asset management and result of asset management

The interest-rate scenario is very low in both Sweden and large parts of the West. In addition, in 2019 the US Federal Reserve Bank changed its position from interest rate raises to rate cuts. This affected long-term rates, which fell to very low levels.

Low market rates meant that interest income for the year was limited for interest-bearing securities. The trend in most stock markets in 2019 was highly positive, yet there was some nervousness regarding an economic downturn, trade wars and geopolitical events.

Solid Försäkring holds interest-bearing securities that represent a large share of the company's total investment portfolio.

The majority of the investment portfolio is listed in SEK. The percentage of equities comprises a limited share of the total portfolio. Most of the company's investment assets carry variable

interest. Derivatives can be used to reduce market and currency risk. The direct yield of was SEK 20,815 thousand (18,108), corresponding to a direct yield for asset management of 1.9 per cent (1.8). The total return was 3.4 per cent (0.5).

The market value of the company's investment assets, including cash and cash equivalents in cash and bank balances, was SEK 1,044,767 thousand (939,836) at the end of the financial year.

Significant events during the year and future performance

Premiums earned increased in all business areas during the year. Strict cost control and lower claim costs resulted in a positive trend for technical result and key performance measures. The positive performance of the capital market during the year contributed to the increase in operating profit. The operations were otherwise stable during the year combined with both new and expanded partnerships.

In Norway, the company received a certificate at the start of the year that improves the company's ability to capture market shares in the Norwegian bicycle market. Sales of a packaged insurance and anti-theft registration in the newly developed technical platform were launched during the year.

On 1 April, a business that previously provided the company's car warranty products was acquired. This acquisition offers more opportunities for developing the business in the Roadside assistance/Car warranty business line. Strategic efforts to further increase growth were initiated.

The company continued to develop cost-efficient digital marketing to improve conversion rates and strengthen customer communication.

Expectations regarding future performance

The company offers supplementary insurance with a focus on increasing growth in its existing product

lines in the Nordic market with a clear and coherent partner and consumer offering. The company continuously works on improvements in its existing partner base to make the entire process as simple and efficient as possible for both partners and consumers.

Activities to increase digitisation and digital interaction in a cost-efficient manner throughout the company will continue to be very important. Focus will be on additional efforts to automate customer communication and marketing and to enhance the efficiency of the digital extension and payment solution processes.

Information about risks and uncertainties

The company's operations face a number of different risks. Risks and risk management decisions affect the company's financial position and ability to achieve established goals. Active, controlled and business-oriented decisions create the conditions for offering customers insurance solutions that give them security. Accordingly, it is important that risks are managed and controlled in a structured way both in a short and long-term perspective.

Solid Försäkring's risk management includes identifying, measuring and controlling significant risks to which the company is exposed. The company must ensure that there is adequate solvency in relation to the risks. The company's method of managing risk-taking is based on clearly defined responsibilities, efficient processes and use of three lines of defence for managing risks in the operations.

The Board is ultimately responsible for risk management and has established internal policy documents in a three-level hierarchy: policies, guidelines and procedures. All policies are updated as necessary and revised at least once annually.

Solid Försäkring's risk management framework is a well integrated part of its operations and aligns the company's strategic objectives with its risk management based on the Solvency II rules.

Solid Försäkring's risks are defined in the following categories: Insurance risks, Market risks, Counterparty risks, Operational risks and Other risks. It is the company's assessment that the most significant risks in its operations are insurance risks.

The company's risk management is described in more detail in Note 2 Risk disclosures.

Performance analysis

The company's performance analysis for each line of insurance is presented later in this Annual Report in accordance with Chapter 6, Section 3, of the Swedish Annual Accounts Act for Insurance Companies (1995:1560) and FFFS 2015:12.

Employees and environment

Sustainable employees are key to our success

Our employees' skills, experience and commitment are important prerequisites for reaching the company's strategic and financial targets. Their collective efforts also create a healthy work environment permeated throughout by effective leadership, equal opportunity and diversity.

For Solid Försäkring, it is a matter of course to engage in targeted efforts to offer an equal opportunity, healthy workplace characterised by professionalism and many possibilities for individual professional development. Our daily efforts are guided and led by our shared values: Driven, Open, Innovative and Trustworthy.

Ensuring access to the right skills

Solid Försäkring takes a long-term approach to ensuring a skilled workforce according to changing needs for resources and skills. It is important both to motivate and involve current employees, and to continually reinforce the operation with new business-critical know-how that matches the rapid advance of technology, for

example. The company has a highly developed process that ensures an effective introduction so that new employees can settle into their jobs quickly. Another important part is holding exit interviews in order to ensure knowledge transfer and learn about possibilities for improvement.

Successful internal recruitment

All employees should feel that their job duties at Solid Försäkring provide them with many opportunities for growth. Therefore the company encourages its employees to actively apply for new positions in the company. This has led to a high level of internal mobility, with 25 per cent (11) of advertised positions filled by internal resources in 2019.

Sustainable leadership

Developing sustainable leadership is largely a matter of having managers who are secure in their roles and skilled in leading and communicating. The company develops its leaders in two stages through the Group-wide Let's GROW and Let's CHANGE programmes. The first stage, which lasts six months, aims to equip Solid Försäkring's managers with fundamental skills and proficiency in coaching and communication. During the programme, the aim is for participants to gradually apply their newly won knowledge to their daily work, which they then evaluate and modify. The second training stage is Let's CHANGE, which is designed to provide the fundamental knowledge and skills to drive an effective change process while motivating employees.

A continual learning process

Solid Försäkring takes a structured approach to continual employee professional development, along with a defined plan for which training courses new employees are to take. In 2019 several internal training sessions/seminars were held that focused on developing an active feedback culture, with the aim of enhancing communication skills in general. One example is Communication & Feedback in Daily Work, which is for employees who communicate with many others. This course focuses on understanding how one's own communication affects

others and how to achieve the desired outcome. Another initiative launched during the year was DO IT Together, which is intended to share knowledge and increase cooperation between departments, both through in-person meetings and videos on the Internet.

The internal training programme on the Resurs Academy Online Training portal now offers over 70 courses. The selection covers, for example, mandatory courses on the Code of Conduct, anti-corruption, money laundering and the environment.

The portal also provides managers, HR and course owners with a statistical basis to ensure that all employees have taken part in the mandatory training courses.

A healthy work environment creates sustainable employees

Preventive efforts to quickly perceive signs of stress and ill-health among employees are a priority. The Winningtemp digital platform enables an effective approach where employees can report their experiences of their work situation, stress, job satisfaction, leadership and commitment in real time.

Thanks to the tool's ability to draw attention to times or situations when there is a risk of ill-health, resources can be chosen better and proactive measures can be taken. The target is for employees' overall perception of their work environment to exceed Winningtemp's index, which was recorded at 7.3 on a scale of 1 to 10 for 2019. Solid Försäkring's score for 2019 was 8.0.

Performance reviews are another important part of the process of measuring employee well-being and satisfaction with their workplace, as well as planning for their individual professional development. An improved performance review structure was implemented in 2019.

The process is now based on multiple meetings distributed over the year, with each meeting having its own agenda. The objective is a 100 per cent participation rate for active employees.

Inclusion in both the workplace and society

Diversity and equal opportunity have been high on the company's agenda for a long time, and they are an important part of employer branding efforts. Employees with diverse backgrounds and experiences enrich Solid Försäkring in every way, making it a more creative, profitable and efficient organisation. In Resurs's view, if the diversity of society is reflected in the makeup of the workforce, additional valuable customer benefit can be created.

Of course Solid Försäkring has zero tolerance for discrimination and sexual harassment. Counteracting them and supporting an inclusive workplace in every way must be a given.

The annual salary survey carried out is intended to identify and establish that salaries are determined on objective grounds. The survey did not show any non-objective salary differences between men and women for comparable professional groups in 2019.

Preventive efforts with early actions are key

For Solid Försäkring it is a matter of course to offer a healthy work life that contributes to a high level of attendance and a good work-life balance. A number of proactive measures over the years have helped make both managers and employees more responsive to signals and situations that could have a negative effect on health. A lecture entitled "The stressed brain" about the work-life balance was offered to all employees in 2019.

The target for attendance rate is at least 96 per cent. Solid Försäkring's figure for attendance was 95.5 per cent (95.4) in 2019. There is a rehabilitation programme for cases of reduced fitness for work or a return to work after a long sickness absence.

Employees must receive assistance and support through early, coordinated rehabilitation measures in order to regain their fitness for work with the aim of being able to return fully or partially to work.

Important steps, small at first, towards lower environmental impact

The company's indirect impact on the environment is primarily related to its premises' energy consumption. One guideline is to use the available energy mix and, to the extent possible, choose renewable electricity. Emissions created by the small amount of business travel that occurs is also important, to a lesser extent. It is a priority to make conscious environmental choices when purchasing, for example for the shared staff spaces in order to reduce food waste and the amount of packaging.

Resurs Academy Online Training has offered a mandatory environmental course since the end of 2018 in order to increase general awareness of how every action large or small is important to help the environment.

For 2019, the Group has prepared a Sustainability Report that can be found in the Annual Report of Resurs Holding AB, Corporate Identity Number 556898-2291.

Employees in figures

The number of employees at year-end was 71 (71). The average number of employees during the year, regardless of degree of employment, was 72 (74), 57 per cent (58) of whom were women. Information about the principles and processes relating to remuneration and benefits to key management personnel is provided in Note 28 Personnel.

Proposed appropriation of profit

The following profit is at the disposal of the Annual General Meeting:

	SEK
Fair value reserve	-787,022
Retained earnings	34,382,066
Net profit for the year	49,454,801
Total	83,049,845

The Board proposes that the profits of SEK 83,049,845 be carried forward.

Financial statements

FIVE-YEAR OVERVIEW

	2019	2018	2017	2016	2015
Profit					
Gross written premiums	939,135	915,331	844,929	916,712	1,161,490
Premiums earned, net of reinsurance	898,481	828,678	800,442	908,610	1,168,646
Allocated investment return transferred from non-technical account	10,678	7,594	8,843	14,616	6,365
Claims incurred, net of reinsurance	-222,941	-226,211	-248,737	-349,584	-505,002
Technical result, insurance business	103,676	88,475	74,422	29,373	61,622
Net profit for the year	49,455	14,335	22,764	11,125	38,053
Financial position					
Investment assets at fair value	739,462	718,203	720,110	693,980	748,600
Technical provisions, net of reinsurance	581,681	549,786	449,435	455,118	509,552
Net asset value a)	601,168	552,038	667,793	645,139	650,550
of which deferred tax					3,639
Capital base b)	574,253	538,279	649,567	622,428	619,943
Solvency margin c)					176,837
Available capital base to meet solvency capital requirement d)	569,635	538,760	653,203	631,662	
of which Tier 1 capital e)	569,635	538,760	653,203	631,662	
of which Additional Capital	0	0	0	0	
Solvency Capital Requirement (SCR) f)	455,303	376,926	361,008	354,614	
SCR ratio g)	125%	143%	181%	178%	
Minimum Capital Requirement (MCR) h)	121,519	116,868	101,819	108,798	
Performance measures					
Result of non-life insurance operations					
Claims ratio i)	24.8%	27.3%	31.1%	38.5%	43.2%
Operating costs ratio j)	64.8%	62.9%	60.7%	59.9%	52.1%
Combined ratio k)	89.6%	90.2%	91.8%	98.4%	95.3%
Result of asset management					
Direct yield l)	1.9%	1.8%	1.5%	1.9%	2.5%
Total return m)	3.4%	0.5%	2.3%	3.2%	1.6%
Financial position					
Solvency ratio n)	65.7%	62.0%	81.5%	72.6%	59.7%

a) Net asset value comprises recognised equity, untaxed reserves and any surplus and deficits in investment assets not recognised in the balance sheet. There are no surpluses and deficits to adjust for the net asset value since investment assets have the same carrying amount and fair value. If surplus and deficit values not recognised in the balance sheet are included in the net asset value, this is done without consideration of deferred tax. Deferred tax assets and liabilities that affected equity are restored when calculating the net asset value.

b) The capital base is a measure of the company's available capital. It comprises equity (fund for unrealised gains, calculated on a gross basis), untaxed reserves and openly recognised surpluses (net) in assets, less intangible assets in the balance sheet.

c) Solvency margin is a measure of the minimum capital base permitted under current legislation. The calculation is based on the company's premium income and claims paid. The solvency margin is the higher of the two calculated values. From 2016, this measure was replaced by the Solvency II measure, available capital base, Tier 1 capital, additional capital, Solvency Capital Requirement and Solvency Ratio.

d) Available capital base to meet solvency capital requirement is the sum of Tier 1 capital and additional capital. The eligible capital base is the capital that is permitted to be included to cover the solvency capital requirement.

e) Tier 1 capital follows the Solvency II rules and is the net of accrued share capital, reconciliation reserve and deferred tax assets.

f) The Solvency Capital Requirement (SCR) is calculated according to EIOPA's standard formula.

g) The SCR ratio is the eligible capital base to satisfy the solvency capital requirement in relation to the solvency capital requirement.

h) The Minimum Capital Requirement (MCR) is calculated according to EIOPA's standard formula.

i) The claims ratio is claims incurred as a percentage of premiums earned.

j) The operating costs ratio is operating expenses as a percentage of premiums earned.

k) The combined ratio is the total of claims incurred and operating expenses as a percentage of premiums earned.

l) The direct yield is investment income minus gains/losses on disposals of investment assets divided by the average fair value of the balance sheet items "Investment assets" and "Cash and bank balances."

m) The total return is investment income, as described in the footnote above, changes in value and capital gains/losses on the sale of investment assets divided by the average fair value of the balance sheet items "Investment assets" and "Cash and bank balances."

n) The solvency ratio is the net asset value as a percentage of premium income net of reinsurance.

INCOME STATEMENT

	Note	2019	2018
Technical account, non-life insurance operations			
Premium earned			
Premium income	3	939,135	915,331
Outward reinsurance premiums	3	-24,207	-25,075
Change in Provision for unearned premiums and unexpired risks		-16,442	-61,466
Reinsurers' share of Change in provision for unearned premiums and unexpired risks		-5	-112
Total premium earned		898,481	828,678
Allocated investment return transferred from non-technical account	4	10,678	7,594
Claims incurred, net of reinsurance			
Claims incurred, net of reinsurance	5		
Claims paid net of outward reinsurance		-226,031	-224,486
Reinsurers' share of Claims paid		8,216	8,208
Change in provision for claims outstanding net of outward reinsurance		-4,681	-9,709
Reinsurers' share of Change in provision for claims outstanding		-445	-224
Total claims incurred, net of reinsurance		-222,941	-226,211
Operating expenses	6	-582,542	-521,586
Technical result, non-life insurance operations		103,676	88,475
Non-technical account			
Result of asset management	7		
Investment income		20,815	18,108
Unrealised gains on investment assets		13,415	0
Investment charges		-2,079	-1,893
Unrealised losses on investment assets		0	-13,223
Result of asset management		32,151	2,992
Allocated investment return transferred to technical account	4	-10,678	-7,594
Other non-technical revenue		570	
Other non-technical expenses		-284	
Profit before appropriations and tax		125,435	83,873
Appropriations	8	-62,000	-65,000
Profit before tax		63,435	18,873
Tax on profit for the year	9	-13,980	-4,538
Net profit for the year		49,455	14,335

STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
Net profit for the year	49,455	14,335
<i>Items that will be reclassified to profit or loss</i>		
Translation differences for the year, foreign operations	-325	-91
Comprehensive income for the year	49,130	14,244

PERFORMANCE ANALYSIS

	Total 2019	Swedish risks						Foreign risks	Receiv ed reinsur ance
		Morbidity and accident	Motor vehicle	Property, home and home contents	Assistance	Income and redundan cy allowance	Other**		
Technical result, non-life insurance operations									
Premiums earned, net of reinsurance *	898,481	188,395	64,224	195,607	76,277	5,367	3,980	364,631	0
Allocated investment return transferred from non-technical account	10,678	4	1,511	1,925	709	115	57	6,318	39
Claims incurred, net of reinsurance *	-222,941	-12,040	-21,382	-57,378	-43,567	-2,667	-2,919	-82,988	0
Operating expenses	-582,542	-146,916	-37,873	-112,647	-27,367	-521	-1,176	-256,042	0
Technical result, non-life insurance operations	103,676	29,443	6,480	27,507	6,052	2,294	-58	31,919	39
Run-off result									
Run-off result	3,996	-76	645	-61	452	-437	207	3,417	-151
Provision for unearned premiums and unexpired risks									
Provision for unearned premiums and unexpired risks	538,318	125	84,174	92,589	32,969	3,157	2,448	322,856	0
Provision for claims outstanding	47,239	26	5,185	9,629	4,122	3,132	327	22,682	2,136
Technical provisions, net of outward reinsurance	585,557	151	89,359	102,218	37,091	6,289	2,775	345,538	2,136
Reinsurers' share of provision for unearned premiums and unexpired risks									
Reinsurers' share of provision for unearned premiums and unexpired risks	3,460	0	0	3,424	0	0	0	36	0
Reinsurers' share of provision for claims outstanding									
Reinsurers' share of provision for claims outstanding	416	0	0	0	0	0	0	416	0
Reinsurers' share of technical provisions									
Reinsurers' share of technical provisions	3,876	0	0	3,424	0	0	0	452	0
* Notes to performance analysis									
Premiums earned, net of reinsurance									
Gross written premiums	939,135	188,225	83,687	206,775	74,457	4,963	3,656	377,372	0
Outward reinsurance premiums	-24,207	0	0	-19,483	-176	0	0	-4,548	0
Change in provision for unearned premiums and unexpired risks	-16,442	170	-19,463	8,162	1,996	404	324	-8,035	0
Reinsurers' share of change in provision for unearned premiums and unexpired risks	-5	0	0	153	0	0	0	-158	0
Total premiums earned, net of reinsurance	898,481	188,395	64,224	195,607	76,277	5,367	3,980	364,631	0
Claims incurred, net of reinsurance									
Claims paid									
net of outward reinsurance	-226,031	-12,045	-22,587	-61,651	-42,318	-1,834	-3,078	-82,518	0
reinsurers' share	8,216	0	0	5,847	0	0	0	2,369	0
Change in provision for claims outstanding									
net of outward reinsurance	-4,681	5	1,205	-1,574	-1,249	-833	159	-2,394	0
reinsurers' share	-445	0	0	0	0	0	0	-445	0
Total claims incurred, net of reinsurance	-222,941	-12,040	-21,382	-57,378	-43,567	-2,667	-2,919	-82,988	0

** Legal expenses and other property

EARNINGS BY INSURANCE CLASS

2019	Gross written premiums	Gross premiums earned	Claims incurred gross	Operating expenses gross	Profit/loss of ceded reinsurance
Morbidity and accident	376,751	370,185	-29,527	-289,013	0
Motor, other classes	83,688	64,224	-21,383	-41,145	0
Fire and other damage to property	354,460	362,691	-122,218	-209,942	-13,486
Legal expenses	331	349	0	-45	0
Assistance	118,942	119,877	-54,918	-41,527	-2,955
Other classes	4,963	5,367	-2,666	-870	0
Total	939,135	922,693	-230,712	-582,542	-16,441

BALANCE SHEET

	Note	31 Dec 2019	31 Dec 2018
Assets			
Intangible assets	10		
Goodwill		17,857	0
Other intangible assets		9,845	14,221
Total intangible assets		27,702	14,221
Investment assets			
Investments in Group companies and associates	11		
subordinated loans		200,000	200,000
Other financial investment assets			
shares and participating interests	12	78,402	67,554
bonds and other interest-bearing securities	13	432,770	423,332
subordinated loans	13	28,290	27,317
Investment assets		739,462	718,203
Reinsurers' share of technical provisions			
Unearned premiums and unexpired risks	14	3,460	3,453
Claims outstanding	15	416	814
Total reinsurers' share of technical provisions		3,876	4,267
Receivables			
Receivables, direct insurance	16	91,953	107,322
Receivables, reinsurance		62	63
Other current receivables		9	0
Other receivables	17	13,673	25,061
Total receivables		105,697	132,446
Other assets			
Property, plant & equipment	18	4,301	4,902
Cash and bank balances		305,305	221,633
Client accounts		570	1,691
Other assets	19	589	349
Total other assets		310,765	228,575
Prepaid expenses and accrued income			
Accrued interest income		1,217	968
Deferred acquisition costs	20	198,124	189,057
Other prepaid expenses and accrued income		4,428	6,474
Total prepaid expenses and accrued income		203,769	196,499
Total assets		1,391,271	1,294,211

BALANCE SHEET

	Note	31 Dec 2019	31 Dec 2018
Equity and liabilities			
Equity	22		
Restricted equity			
Share capital		30,000	30,000
Unrestricted equity			
Fair value reserve		-787	-462
Retained earnings		34,382	20,047
Net profit for the year		49,455	14,335
Total equity		113,050	63,920
Untaxed reserves	23		
Contingency reserve		488,118	488,118
Total untaxed reserves		488,118	488,118
Technical provisions (net of outward reinsurance)			
Unearned premiums and unexpired risks	14	538,318	512,220
Claims outstanding	15	47,239	41,833
Total technical provisions (net of outward reinsurance)		585,557	554,053
Liabilities			
Liabilities, direct insurance	24	122,615	105,140
Liabilities, reinsurance		2,241	1,633
Derivatives		791	631
Other liabilities	25	65,336	68,360
Total liabilities		190,983	175,764
Other accrued expenses and deferred income	26	13,563	12,356
Total equity and liabilities		1,391,271	1,294,211

STATEMENT OF CHANGES IN EQUITY

	Share capital	Fair value reserve	Retained earnings	Net profit for the year	Total equity
Equity, 1 Jan 2018	30,000	-371	127,282	22,764	179,675
Net profit for the year				14,335	14,335
Translation differences		-91			
Comprehensive income for the year		-91		14,335	14,244
Previous year's profit brought forward			22,764	-22,764	0
Dividends till owners			-129,999		-129,999
Equity, 31 Dec 2018	30,000	-462	20,047	14,335	63,920
Equity, 1 Jan 2019	30,000	-462	20,047	14,335	63,920
Net profit for the year				49,455	49,455
Translation differences		-325			
Comprehensive income for the year		-325		49,455	49,130
Previous year's profit brought forward			14,335	-14,335	0
Dividends till owners			0		0
Equity, 31 Dec 2019	30,000	-787	34,382	49,455	113,050

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

	2019	2018
Operating activities		
Profit before tax	63,435	18,873
Adjustment for non-cash items*	77,121	168,977
Income taxes paid	-2,684	-10,568
Change in operating receivables	18,151	-51,870
Change in operating liabilities	18,214	14,070
Cash flow from operating activities	174,237	139,482
Investing activities		
Acquisition of intangible assets	-20,000	0
Investments in property, plant & equipment	-396	-4,985
Replacement of divested property, plant & equipment	0	287
Acquisition of investment assets	-166,450	-107,627
Disposal of investment assets	164,225	100,994
Cash flow from investing activities	-22,621	-11,331
Financing activities		
Group contributions paid/received	-65,000	-56,000
Dividends paid	0	-129,999
Cash flow from financing activities	-65,000	-185,999
Cash flow for the year	86,616	-57,848
Cash and cash equivalents at beginning of year	221,633	281,498
Exchange-rate differences in cash and cash equivalents	-2,944	-2,017
Cash and cash equivalents at year-end	305,305	221,633
*Adjustment for non-cash items		
Depreciation of property, plant & equipment	997	112
Amortisation of intangible assets	6,519	4,376
Group contributions paid	62,000	65,000
Change in technical provisions	24,876	89,991
Capital gains/losses on property, plant & equipment	0	-31
Realised gains/losses on investment assets	-1,625	-1,115
Unrealised gains/losses on investment assets	-13,415	13,223
Unrealised exchange-rate gains/losses	-2,231	-2,579
Total adjustment for non-cash items	77,121	168,977
Direct yield		
Interest paid from operating activities	-32	-11
Interest received from operating activities	84	119
Interest received from investing activities	13,382	11,762
Dividends received	2,760	3,425

The reported cash flows only include transactions involving cash inflows and outflows. The cash transactions are classified under operating activities, investing activities and financing activities. Cash and cash equivalents are bank deposits.

Notes

Note 1 Accounting policies

Company information

This Annual Report encompasses the 2019 financial year for Solid Försäkringsaktiebolag, Corp. ID. No. 516401-8482, with its registered office in Helsingborg, Sweden. The company's postal address is Box 22068, SE-250 22 Helsingborg, Sweden. The Annual Report was approved for issue by the Board on 17 March 2020. The income statement and balance sheet will be presented for adoption at the General Meeting on 14 April 2020.

Solid Försäkringsaktiebolag is part of a Group for which Resurs Holding AB, Corp. ID. No. 556898-2291, registered office in Helsingborg, Sweden, prepares consolidated financial statements. Resurs Holding AB is listed on Nasdaq Stockholm and a major shareholder is Waldakt AB. See also Note 27 Related parties.

Statement of compliance

The insurance company's Annual Report has been prepared in accordance with the Swedish Annual Accounts Act for Insurance Companies (1995:1560), the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Accounts at Insurance Undertakings (FFFS 2015:12), including all applicable amendment regulations, and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The Annual Report has been prepared in accordance with IFRS, on a statutory exemption basis. This means applying International Financial Reporting Standards and IFRIC interpretations, as adopted by the EU, to the extent possible within the framework of national laws and regulations, taking into account the relationship between accounting and taxation.

The accounting policies described below have been applied consistently to all periods presented in the company's financial statements, unless otherwise stated.

Basis of preparation of the company's financial statements

The company's functional currency is the Swedish krona (SEK) and the financial statements are presented in this currency. Unless otherwise stated, all figures are rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention. Financial assets and liabilities are measured at amortised cost, apart from certain financial assets and liabilities which are measured at fair value.

Financial assets and liabilities measured at fair value are classified as "financial assets and liabilities at fair value through profit or loss."

Estimates and assessments in the financial statements

Preparation of financial statements in compliance with IFRS requires the company's management to make judgements, accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense.

Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable in the present circumstances. The results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities which are not readily apparent from other sources. The actual outcome may differ from those estimates and assumptions.

The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period that the change is made.

Assessments made by the company's management and key sources of estimation uncertainty when applying IFRS (with statutory exemption) that have a significant impact on the financial statements are described in more detail in Note 32 Significant estimates and judgements.

Changed accounting policies

New accounting standards from the IASB applied to the 2019 financial year.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 and is applied from 1 January 2019. The company does not apply IFRS 16 in accordance with the exemption in RFR 2.

As lessee, lease payments are recognised as a cost straight-line over the lease term and thus no right-of-use assets or lease liabilities are recognised in the balance sheet.

No other new or revised IFRSs or interpretations from the IFRIC had a material impact on the company's financial position, earnings or disclosures.

Future regulatory changes

IFRS 17 Insurance Contracts (not approved by the EU)

The final standard that will replace the standard previously known as IFRS 4 (Phase II) was published in May 2017. It is scheduled to take effect on 1 January 2022, but it is possible that it will be postponed until 1 January 2023.

The standard entails a new basis for the recognition and measurement of insurance contracts with the aim of enhancing transparency and reducing differences in the recognition of insurance contracts. A major change in the new standard is clearer and more extensive requirements on how insurance contracts are to be aggregated.

The changes also mean that analyses of profitability in insurance contracts will be more detailed.

The new standard is expected to have a major impact on disclosures in and the presentation of the financial reporting. The internal activities to analyse the effects of the new standard, internal training requirements and planning for the transition to the new standard when it comes into force are

under way and will be intensified in 2020 and 2021 so that the company is well-prepared to meet the changes required.

The Swedish Financial Supervisory Authority has presented a proposal that unlisted legal entities do not need to apply IFRS 17.

Besides IFRS 17, no other future IFRSs are deemed to have a material impact on the company's reporting.

Principles applied for income statement items

Premium income

Premium income is recognised as the total gross premium for direct insurance deposited or that can be credited to the company for insurance contracts for which the insurance period commenced prior to the end of the financial year. If the contracted premium for the insurance period is divided into several partial payments, the entire premium is recognised from the start of the period. Cancellations reduce premium income as soon as the amount is known. Premium income is recognised excluding tax and other public fees charged to the insurance premium.

Premiums earned

The portion of premium income that is attributable to the current accounting period is recognised as premiums earned. The portion of income from insurance contracts that pertains to a period after the closing date is reserved in the premium reserve in the balance sheet and is calculated taking into account the term of the insurance contract.

Outward reinsurance premiums

Outward reinsurance premiums comprise amounts paid during the financial year or amounts recognised as a liability to insurance companies that assumed reinsurance according to signed reinsurance contracts, including portfolio premiums. The premiums are allocated so that the cost is distributed to the period to which the insurance cover pertains.

Claims incurred

Total claims incurred include claims

paid during the period, changes in provision for claims outstanding and claims-adjustment expenses. Claims paid includes payments to policyholders during under financial year based on incurred insurance claims, regardless of when the claim occurred.

Operating expenses

All operating expenses are allocated in the income statement according to their function: acquisitions, administration, commission and profit-sharing in outward reinsurance, claims adjustment and investment charges. Administrative expenses include lease payments for the company's premises, vehicles and equipment, which are recognised straight-line as expenses in profit or loss based on contracted lease terms.

Operating expenses associated with claims adjustment are recognised as a portion of claims incurred in profit or loss. Operating expenses associated with the investment returns are recognised under non-technical account.

Employee benefits

Short-term employee benefits

Short-term employee benefits, such as salaries, payroll overhead and variable remuneration, are recognised through profit or loss during the period in which the employee rendered service to the company. A provision for variable remuneration is recognised when the company has a legal or constructive obligation to make such payments as a result of the services in question having been rendered by the employees, and when the amount can be measured reliably.

Pensions

Pension commitments for salaried employees are insured with Alecta, for example. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined-benefit multi-employer plan. The ITP pension plan that is insured with Alecta is recognised as a defined-contribution plan because no information was available to calculate the plan as a defined-benefit pension plan.

Termination benefits

Termination benefits are only recognised if the company is

demonstrably committed, without realistic possibility of withdrawal, to terminate employment before the normal retirement date and has a detailed formal plan for termination.

Investment return

The allocated investment return is transferred from the non-technical account to the technical account. Refer also to Note 4 Allocated investment return transferred from non-technical account.

Investment income This item relates to the return on investment assets and includes dividends on shares and participating interests, interest income, exchange-rate gains, reversed impairment and capital gains.

Investment charges

Investment charges are expenses associated with investment assets. The item includes asset management expenses, interest expense, exchange-rate losses, depreciation, amortisation, impairment and capital losses.

Realised and unrealised fair value changes

Capital gains on investment assets measured at fair value represent the positive difference between the selling price and cost. For interest-bearing securities, cost corresponds to amortised cost, while for other investment assets it corresponds to historical cost.

On disposal of an investment asset, previously unrealised fair value changes are recognised as an adjustment item under unrealised gains on investment assets and unrealised losses on investment assets.

Capital gains on assets other than investment assets are recognised under other income.

Unrealised gains and losses are recognised on a net basis by asset class. Fair value changes arising from exchange-rate differences are recognised as exchange-rate gains or exchange-rate losses under the item investment return.

Recognition of assets and liabilities

Assets are defined as resources controlled by the company as a result of past events and which are likely to generate future economic benefits. These are capitalised when it is probable that future economic benefits associated with the asset will flow to the company and when the value/cost of the resource can be measured reliably.

Liabilities are current obligations arising from past events, the settlement of which is expected to result in an outflow of resources from the company. A liability is capitalised when it is probable that an outflow of resources from the company will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Intangible assets

The value of goodwill is assessed regularly and amortised over its estimated useful life at any given time. Other intangible assets are amortised systematically over their estimated useful lives.

Goodwill is amortised over seven years which is considered to represent the period during which the company expects to obtain economic benefits from the investment.

All intangible assets are amortised over 5-7 years.

Goodwill

Goodwill is the difference between the cost of acquisition and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities. Goodwill is carried at cost less accumulated amortisation. Goodwill is allocated to cash-generating units and is tested for impairment at least annually. See also Note 10 Intangible assets.

IT development

IT development is capitalised as an intangible asset when the project meets all the criteria for capitalisation. These criteria include adequate assurance that each activity will generate economic benefits that

exceed the costs. Completed development projects are recognised at the costs incurred, less accumulated amortisation and impairment losses. Amortisation is recognised through profit or loss and is applied on a straight-line basis over the project's expected useful life, which is 5-7 years.

Impairment testing

The company conducts annual goodwill impairment testing, in accordance with the accounting policy described above. The recoverable amounts for cash-generating units are determined by calculating the value in use. This calculation requires certain estimates to be made.

For other intangible assets, if the carrying amount is higher than the recoverable amount, the carrying amount is written down to the recoverable amount.

The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use.

Financial instruments

Financial instruments recognised under assets in the balance sheet include shares and participating interests, bonds and other interest-bearing securities, subordinated loans, receivables attributable to direct insurance, reinsurance, cash and bank balances and accrued interest income. Liabilities from direct insurance, reinsurance, derivatives and other liabilities are recognised under liabilities and equity.

Financial instruments - Recognition and derecognition from the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party under the instrument's contractual terms. A financial asset is derecognised from the balance sheet when the rights in the contract are realised, expire or the company loses control of them. The same applies to part of a financial asset.

A financial liability is derecognised from the balance sheet when the contractual obligation is discharged or extinguished in some other way.

The same applies to part of a financial liability. A financial asset and a financial liability may be offset and the net amount recognised in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and the intention is either to settle on a net basis, or to simultaneously realise the asset and settle the liability. Purchases and sales of financial assets are recognised on the trade date (the date on which the Company commits itself to purchase or sell the asset).

Financial instruments - Classification and measurement

Financial instruments are measured at their fair value. Derivatives and instruments classified as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. A financial instrument is classified on initial recognition according to the purpose for which it was acquired, but also according to the options specified in IFRS 9.

Classification determines how a financial instrument is measured subsequent to initial recognition, as described below.

Financial instruments - Financial assets at fair value through profit or loss

Financial instruments in this category are regularly measured at fair value, with changes in fair value recognised through profit or loss. For financial instruments measured at fair value through profit or loss, both realised and unrealised changes in value are recognised under the income statement item "Non-technical account." For the 2019 financial year, the company has held bonds, other interest-bearing securities and shares measured at fair value through profit or loss.

Financial instruments - Financial liabilities at fair value through profit or loss

Financial instruments in this category are regularly measured at fair value, with changes in fair value recognised through

profit or loss. This category includes derivatives with a negative fair value. The company does not have any other liabilities measured at fair value through profit or loss.

Financial instruments - Assets measured at amortised cost

The measurement category of amortised cost primarily comprises subordinated loans, cash and bank balances and receivables attributable to direct insurance and reinsurance that have fixed or fixable payments and that are not listed on an active market. Amortised cost is calculated based on the effective interest rate used at initial recognition. Accounts receivable are recognised at the amounts expected to be received, meaning after deductions for doubtful receivables.

Financial instruments - Liabilities measured at amortised cost

These are represented in the balance sheet by the items liabilities, direct insurance and reinsurance, and other liabilities.

Methods of determining fair value

Financial instruments listed on an active market

The fair value of financial instruments listed on an active market is determined on the basis of the asset's listed bid price on the closing date without additions for transaction costs (for example, brokerage) at the time of acquisition. A financial instrument is deemed to be listed on an active market if listed prices are readily available from a stock exchange, dealer, broker, trade association, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction costs on disposal are not taken into consideration. The fair value of financial liabilities is based on the listed selling price. Instruments that are listed on an active market are recognised under the items shares and participating interests, bonds and other interest-bearing securities.

Financial instruments not listed on an active market

If the market for a financial instrument is not active, the fair value is determined by applying various measurement techniques. The measurement techniques used are based on market data as much as possible.

Financial instruments measured at fair value for disclosure purposes

The fair value of subordinated loans at variable rates is measured at amortised cost, and the carrying amount is considered a reflection of the fair value. For bank deposits at variable interest rates, the carrying amount reflects the fair value. For other financial assets and liabilities with a remaining life of less than six months, the carrying amount is considered a reflection of the fair value.

Impairment of financial assets

The company recognises a loss reserve on assets measured at amortised cost, which corresponds the expected credit loss for the remaining term according to the simplified method. The expected credit losses are measured at a probability-weighted amount based on information on past events, current condition and future forecasts.

Impairment is reversed when there is verifying information that the impairment requirement no longer exists.

Property, plant & equipment

Items of property, plant & equipment are recognised at cost less accumulated depreciation. Cost includes expenses directly attributable to the acquisition of an asset. Subsequent expenditure is added to the asset's carrying amount or recognised as a separate asset (whichever is more suitable)

only when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised from the balance sheet. All other types of repair and maintenance are recognised as an expense through profit or loss in the period in which they arise.

Depreciation of property, plant & equipment for the company's own use is applied on a straight-line basis in order to allocate cost or revalued amount down to residual value over the estimated useful life. Assets are depreciated over their estimated useful life of five years from the date of acquisition.

The carrying amount of property, plant and equipment is derecognised from the balance sheet on disposal, divestment or when no future economic benefits are expected from its use or disposal/divestment. Gains or losses arising from the disposal/divestment of property, plant and equipment comprise the difference between the sales price and the asset's carrying amount less direct selling expenses. Using a materiality rationale, the Company reports immaterial gains or losses on disposal under operating expenses.

Impairment testing

The carrying amounts of the company's assets are assessed at each closing date to determine whether there is any indication of impairment. If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated in accordance with IAS 36.

If it is not possible to determine significantly independent cash flows to a specific asset, assets are grouped to the lowest level at which it is possible to identify significantly independent cash flows, known as cash-generating units, when testing for impairment. Impairment is recognised when the recoverable amount of an asset or a cash-generating unit (group of units) is less than its carrying amount. Impairment losses are recognised through profit or loss.

The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset.

Reversal of impairment

Impairment of assets is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions used in the calculation of recoverable amount. Impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment been recognised.

Costs for insurance contracts

Direct acquisition costs that have a clear connection with the signing of insurance contracts are recognised as an asset (gross). Direct costs mainly refer to fee & commission expense and are subsequently allocated over the term of the insurance contract.

Contingency reserve

The contingency reserve is recognised as an untaxed reserve. Changes are recognised through profit or loss. Calculation of the reserve is based on a regulation from the Swedish Financial Supervisory Authority on the calculation of contingency reserves, FFFS 2013:8 and FFFS 2015:23. The regulation specifies the maximum amount that may be allocated to the contingency reserve, based on premium income and the provision for claims outstanding in certain lines of insurance. The company calculates the provision ceiling on a regular basis. At the end of the year, the company had not reached the maximum provision permitted.

Technical provisions Technical provisions consist of the provision for unearned premiums and unexpired risks and the provision for claims outstanding.

Provision for unearned premiums and unexpired risks comprises in the balance sheet provisions corresponding to the company's commitments for insurance cases,

administration costs and other expenses for the remainder of the contract period for ongoing insurance contracts.

Provision for unearned premiums are calculated individually for each insurance contract. Premiums are earned using experience-based factors calculated based on when claim and operating expenses arise in an insurance period. Consequently, premium earning is not pro rata for all products. In the case of one-year contracts, earning is pro rata. Due to the settlement of old contracts and foreign contracts, some of the contracts still have a term of more than one year.

Compared with strictly straight-line recognition of earnings, costs during the first year of the insurance contract are assumed to be lower than for the remainder of the contract period, based on a one-year guarantee period for the products encompassed by the insurance policies.

A provision is made for unexpired risks if the premium level is deemed to be insufficient to cover expected claim costs and operating expenses. The change for the period in the provision for unearned premiums and unexpired risks is recognised through profit or loss. Changes attributable to the translation of the provision items to the exchange rate on the closing date are recognised as exchange-rate gains or exchange-rate losses under Investment income and Investment charges.

The provision for claims outstanding is the estimated cost of future settlement of all claims incurred, including claims incurred but not reported (IBNR). The required provision is estimated using statistical methods for most claims. Individual assessments are made for larger claims and claims with complicated liability issues. Changes in claims outstanding for the period are recognised through profit or loss. Changes attributable to the translation of the provision items to the exchange rate on the closing date are recognised as exchange-rate gains or exchange-rate losses under Investment income and Investment charges.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised through profit or loss except in cases where the underlying transaction is recognised directly in other comprehensive income or equity.

The company's foreign branches in Norway, Finland and Switzerland are taxed on the earnings in each country. In Sweden, the company is liable to pay tax on all its income, including earnings from its foreign branch offices. To the extent that the company pays tax in Sweden on its foreign income, a deduction is normally allowed for the foreign tax paid, in order to avoid double taxation.

Current tax is the amount of income tax payable or recoverable for the current year, calculated using tax rates enacted or substantively enacted on the closing date, and includes any adjustments relating to prior periods.

Deferred tax is based on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent it is probable they will be utilised. The company did not have any deferred tax or temporary differences in 2019.

Note 2 Risk disclosures

Risk disclosures

Solid Försäkring's operations involve assuming risk from policyholders. This Note describes the company's own risk and risk management.

It is of great importance for Solid Försäkring's risk-taking to be conducted under controlled conditions, and its risk management framework is an integral part of its operations. The risk management framework

includes the company's functions, risk owners, strategies, policy documents, processes, risk propensity, tolerances, limits, controls and reporting procedures necessary for identifying, measuring, monitoring, managing and reporting risks. The company has standardised the process for identifying, assessing and reporting risk and it has been implemented in the organisation to create risk awareness, encourage risk culture and enhance the efficiency of risk management. The Board has established internal policies for the operations to support risk management. All policies are updated as necessary and revised at least once annually.

The Board and CEO of Solid Försäkring are ultimately responsible for the company's risk management. This responsibility includes ensuring that independent functions are in place to manage the company's risks and the company's regulatory compliance and to report to the Board and management on how the company is operated in respect of this.

The company uses three lines of defence to manage its risks. The first line of defence is the company's operational personnel, meaning the employees in the operations closest to the risks who identify and proactively work on risk awareness in the day-to-day business. Risk owners are primarily found in the first line.

The second line of defence comprises the Risk Control, Compliance and Actuary functions that independently manage risks, audit and control the company's operations and that provide support for the operational activities. These control functions regularly report to the CEO, Board and the Parent Company's Board Committees.

The third line of defence comprises the independent control function Internal Audit, whose task is to audit the activities of the first and second lines of defence to ensure internal control. The Internal Audit function reports continuously to the Board and the Parent Company's Board committee.

Solid Försäkring's Actuary

function reports to the Board annually or more frequently during preparation of the annual accounts.

The ongoing work on risk identification is conducted partly in connection with the Own Risk and Solvency Assessment (ORSA) process, mapping of the company's key processes, risk and incident reporting and the control functions' audits.

All identified risks are evaluated by the Risk Control function and the company's Risk Committee via a risk register which is a key tool in risk management, with an assessment of probability and consequences and the effect of the control environment. The risks are quantified and all risks are assigned a risk owner. This work is an important part of creating risk awareness and effective risk management.

The company's operations have the risk modules of insurance risk, market risk, counterparty risk, operational risk and other identified risk.

Insurance risk

Insurance risk is the risk of a change in value due to deviations between actual and expected insurance costs. This means the risk that actual outcome deviates from the expected outcome due to, for example, a higher claims frequency, larger average claims costs, or one or more major claims. The company defines insurance risk as the single largest risk group.

Insurance risk primarily comprises premium and reserve level risk and disaster risk.

Premium risk

Premium risk is the risk of losses due to, for example, incorrect pricing, risk concentration and taking out wrong or insufficient reinsurance. The company's insurance operations contain a well-balanced risk portfolio. The company's business mainly comprises a large number of insurance policies with low, individual risks. Concentration risk in the non-life insurance business is considered to be low in the company's overall portfolio

since the insurance portfolio is highly diversified in terms of both products and geography.

Solid Försäkring manages and limits premium risk based on underwriting and reinsurance risk policies issued by the Board. These policies enable premium risk to be mitigated by decisions on the maximum retention for different types of insurance risks, the markets and new products that can be considered as a framework for premium rates and monitoring profitability.

The company regularly conducts a detailed review of the premium rate and the profitability of the underwriting arrangements. Changes in tariffs and premium levels are continuously monitored where necessary. To further limit premium risk, the company has taken out reinsurance in the risk portfolios with a higher risk exposure.

Reinsurers are selected based on factors including expertise and financial position and comply with the policies established by the company's Board. Solid Försäkring continuously reviews the entire reinsurance programme to ensure that adequate cover is in place.

Reserve level risk

Reserve level risk refers to the risk of variations in the time and amount of claims payments. Provisions for unearned premiums is intended to cover the expected claim costs and operating expenses for the remaining term of valid insurance contracts. As compensation is only paid after a loss has occurred, it is also necessary to make provisions for claims outstanding. Technical provisions are the total of unearned premiums and unexpired risks, and claims outstanding.

Technical provisions always include a certain element of uncertainty since provisions include an estimate of the size and frequency of future claim payments. The uncertainty of technical provisions is usually higher for new portfolios for which complete settlement statistics are not yet available and for portfolios in which final adjustment of

claims takes place following a long period of time.

Solid Försäkring manages and minimises reserve level risk by means of the Board's policies on reserve level risk and technical provision risks and provisioning instructions that govern the calculation of technical provisions. Actuarial assumptions for determining the provisions for claims outstanding are based on historical claims and exposures known on the closing date. The models used are clearly recognised actuarial models such as chain ladder or other loss development factor models. The outcome corresponds to a provision that covers the expected future payments for all claims incurred, even claims that have not yet been reported.

Provision for unearned premiums are calculated individually for each insurance contract. The computation uses experience-based factors, the starting point being how the claim costs are incurred over the period of insurance. A straight-line (pro rata) earnings model is used for insurance risks with a term of 12 months or less. A provision for unexpired risks is made if the provision for unearned premiums is deemed to be insufficient to cover the company's liabilities for the remaining terms of valid insurance contracts.

There is always some uncertainty associated with estimates of technical provisions. The estimates are based on facts relating to historical claims and assessments of future trends. Because the majority of the company's claims are short-term in nature (for most portfolios, claims are concluded within 2 to 12 months from the claim date), the risk of negative developments due to factors such as future claims inflation is reduced.

Disaster risk

Disaster risk is the risk that a single event would generate claims on a large number of policies. This risk is considered less likely since the insurance portfolio is well

diversified. The company's largest proportion of insurance is individual product insurance policies for consumer goods, which do not have any exposure to natural disasters, such as hurricanes, flooding, hail, earthquakes or subsidence.

Market risk

Market risk is the risk of loss or an adverse change in the financial position caused directly or indirectly by fluctuations in the market prices of assets and liabilities. Losses in the investment portfolio may arise as a result of unfavourable changes in the level or volatility of interest rates, equity prices or currencies.

The company's asset management, and also the company's investment strategy, must be characterised by risk-taking that is commensurate with the company's risk appetite and tolerance, and with compliance and efficiency ensured through regular monitoring.

Currency risk

Currency risk refers to the sensitivity of the value of assets, liabilities and financial instruments to changes in the level of exchange rates or their volatility.

Solid Försäkring underwrites insurance primarily in the Scandinavian currencies, EUR and CHF. Currency risk is reduced by matching the technical provisions with investment assets in the corresponding currencies. Currency risk in the insurance operations is hedged by matching assets and liabilities. Currency exposure of investment assets is hedged in terms of both the nominal value and the interest return on individual investments.

The company is also exposed to translation risk. Translation risk refers to the currency risk arising on consolidation of the balance sheets of foreign operations that have a different functional currency from that of the Parent Company.

The company's exposure to exchange rate risk before any hedging with derivatives is shown in the following table, which includes all assets and liabilities.

Currency exposure 2019

	CHF	DKK	EUR	GBP	NOK	Other	Total
Assets	70,034	5,670	56,845	6,700	280,951	228	420,428
Liabilities	-52,333	-5,174	-57,587	-6,533	-287,172	-209	-409,008
Net exposure before financial hedging with derivatives	17,701	496	-742	167	-6,221	19	11,420
Derivatives, nominal value							0
Difference between assets and liabilities incl. nominal amount of currency hedges	17,701	496	-742	167	-6,221	19	11,420
Sensitivity to exchange-rate differences							
Change in exchange rate +/-20%	+/-3,540	+/-99	+/-148	+/-33	+/-1,244	+/-4	+/-5,069

Currency exposure 2018

	CHF	DKK	EUR	GBP	NOK	Other	Total
Assets	44,377	8,564	51,790	6,971	246,227	166	358,095
Liabilities	-36,752	-6,680	-51,766	-6,684	-246,694	-120	-348,696
Net exposure before financial hedging with derivatives	7,625	1,884	24	287	-467	46	9,399
Derivatives, nominal value							0
Difference between assets and liabilities incl. nominal amount of currency hedges	7,625	1,884	24	287	-467	46	9,399
Sensitivity to exchange-rate differences							0
Change in exchange rate +/-20%	+/-1,525	+/-377	+/-5	+/-57	+/-93	+/-9	+/-2,067

Interest rate risk

Interest rate risk refers to uncertainty in the value of assets and liabilities and interest income and expense as a result of changes in market interest rates. A large proportion of the company's investments are in interest-bearing securities, which means that the company is exposed to the risk of changes in market interest rates. The company's technical provisions are recognised as non-discounted and as such are not affected by changes in discount rates. However, future claims payments are affected by normal inflation. Since only a small proportion of the company's net portfolio can be considered to have longer payment patterns, this effect is expected to be small.

Solid Försäkring's investments in bonds and interest-bearing securities are affected by changes in market interest rates and the associated risk is managed and minimised by the Board's instructions on investments and by monitoring the modified duration of these investments.

Equity price risk

Equity price risk refers to the sensitivity of the value of assets, liabilities and financial instruments to changes in the level of market prices of equities or their volatility. Solid Försäkring's equity investments are regulated in the investment policy, which specifies that they may not exceed SEK 200 million. The equity portfolio consists of Nordic equities and is managed in accordance with the mandate described in the company's investment policy.

Spread risk

Spread risk is the risk of loss resulting from changes in credit spreads for fixed-income securities issued by banks or companies and fixed-income securities issued by governments. The company invests predominantly in Swedish government, municipal and corporate bonds.

Concentration risk

The company's investment policy restricts permitted limits to individual counterparties for managing the concentration risk of the company's investments.

Liquidity risk

Liquidity risk is the risk of the company being unable to realise investments and other assets in order to discharge its financial obligations when they fall due, and liquidity risk is therefore considered minimal. To limit liquidity risk, investments in bonds, bills, commercial paper and equities are to be made in securities that are listed in a marketplace where there are conditions for daily trading and high volumes in relation to the investment made. Total liquidity risk is governed by limits for each type of investment by a counterparty. Short and long-term liquidity are monitored on a monthly basis via the company's Investment Committee.

The company's liquidity risk is deemed to be low since liquid assets meet the company's commitments as the operations comprise non-life insurance with mainly short-term commitments

The table below shows the maturity structure of cash flows for financial assets and liabilities and technical provisions, net of reinsurance, as at 31 December 2019.

Maturity analysis 2019	Carrying amount	Payable on demand	< 3 months	3-12 months	1-5 years	More than 5 years	Contractual due date
Financial assets expected interest payments	1,138,570	423,716	102,662	93,029	506,511	33,152	1,159,070
Derivatives	0	0	0	0	0	0	0
Financial liabilities incl. expected interest payments	-190,192	0	-109,563	-23,919	-20,368	-34,640	-188,490
Derivatives	-791	0	0	-215	-576	0	-791
Technical provisions net of reinsurance	-581,681	0	-89,870	-269,611	-220,888	-1,312	-581,681

Counterparty risk

Counterparty risk is the type of risk that is inherent in every type of contractual relationship and financial stability is mainly taken into consideration. Counterparty risk are limited using limits for individual counterparties and analyses of the counterparty's financial position.

The company is exposed to counterparty risk in the receivables included in loans to Group companies, deposits in commercial banks, reinsurance and accounts receivable. Counterparty risk is managed and minimised by issued policies that set out the framework for assessing the counterparty's ability to discharge its obligations.

Deposits in commercial banks have been chosen based on the bank's credit rating or through the company's fellow subsidiary Resurs Bank AB. Counterparty risk to reinsurers is limited by only signing agreements with reinsurers that have a credit rating of BBB for short contractual periods or A or higher for long contractual periods.

The table below shows Solid Försäkring's overall exposure to counterparty risks:

	31 Dec 2019			31 Dec 2018		
	Gross exposure	Value of collateral	Net exposure	Gross exposure	Value of collateral	Net exposure
Lending to corporates						
Subordinated loans, intra-Group	200,000		200,000	200,000		200,000
Subordinated loans, other	28,290		28,290	27,317		27,317
Total lending to corporates	228,290	0	228,290	227,317	0	227,317
Bonds						
AA+/Aa1	45,935		45,935	80,451		80,451
A+/A1	6,053		6,053	6,062		6,062
A/A2	0		0	20,510		20,510
A-/A3	22,212		22,212	22,071		22,071
BBB+/Baa1	14,183		14,183	13,829		13,829
BBB/Baa2	40,553		40,553	23,154		23,154
BBB-/Baa3	21,408		21,408	20,730		20,730
BB+/Ba1	18,457		18,457	0		0
BB/Ba2	8,008		8,008	0		0
BB-/Ba3	0		0	10,382		10,382
B+/B1	39,959		39,959	18,914		18,914
unrated**	216,002		216,002	207,229		207,229
Total bonds	432,770	0	432,770	423,332	0	423,332
Cash and bank balances						
AA-/Aa3	15,391		15,391	4,163		4,163
A+/A1	2,597		2,597	4		4
A/A2	33,828		33,828	20,373		20,373
A-/A3	0		0	2,374		2,374
unrated**	253,489		253,489	194,719		194,719
Total cash and bank balances	305,305	0	305,305	221,633	0	221,633
Total	966,365	0	966,365	872,282	0	872,282

* Unrated securities comprise Swiss investment funds, Swedish and foreign corporate bonds and Swedish municipal bonds.

** Deposits in Resurs Bank and Banque Cantonale de Fribourg.

Operational risks

Operational risks refer to the risk of loss due to incorrect or non-appropriate internal processes and procedures, human errors, incorrect systems or external events, including legal risks and compliance risks. Operational risks are countered by internal control. The establishment of effective internal control is an ongoing process in the company, and this includes:

- the requirement for appropriate policies, guidelines and procedures for recurring work duties
- a defined division of responsibilities and roles for employees
- compliance with laws, regulations and provisions
- IT support in the form of an accounting and finance system with built-in automated checks and controls
- internal information and reporting systems, for example, to meet management's demands for information; and
- information security and physical safety to protect the company's assets and personnel

Operational risks are divided into personnel risk, process risk, IT and systemic risk and external risk, which includes legal risk and compliance risk.

Other risks

Strategic risks

Strategic risks arise in connection with major changes, both internal and external, and these risks are managed through efficient analysis and good planning prior to decisions. The company has a tradition of working in a changing environment where conditions constantly vary over time. The adaptability that the company possesses is a strength. The company has changed to selling insurance with a maturity of one year.

This means that changes in conditions provide a quicker impact, which reduces strategic risk. Policy decisions that result in changes to consumer laws and tax legislation or other regulatory requirements that apply to the company may also pose a risk.

One of the company's pillars involves continuously taking account of changes

in external factors, for example through regular external analysis meetings, that affect the markets in which it operates in order to minimise strategic risks. Insurance cycles, changes in customer behaviour and the competitive situation are considered.

Reputational risk

The company is stable and has a good reputation. If serious rumours were to circulate about the company, it could result in lower sales and fewer opportunities to partner with agents. The company has a highly functional organisation for managing mass media questions and clearly defined reporting procedures for handling customer complaints.

Sensitivity analysis, risk quantification

A significant factor affecting a general insurance company's profitability and risk is the ability to estimate future claims and administrative costs as precisely as possible, thereby achieving correct pricing of insurance premiums.

The table below shows a sensitivity analysis for premium risk, claims and the combined ratio. Equity price risk and interest rate risk are also shown in the table.

Parameters	Level 2019	Change	Effect on profit before tax 2019	Effect on profit before tax 2018
Premiums	898,481	+/-1 %	+/-8,985	+/-8,287
Claims level	-222,941	+/-1 %	+/-2,229	+/-2,262
Combined ratio	89.6%	+1 percentage point	+/-90	+/-83
Equity price risk	78,402	-10%	-7,840	-6,755
Interest rate risk	432,770	-1%	-4,328	-4,233

Note 3 Premium income, geographical allocation

	2019	2018
Direct insurance, Sweden	561,764	533,052
Direct insurance, other EEA*	353,431	356,045
Direct insurance, other countries**	23,940	26,234
Total direct insurance	939,135	915,331
Outward reinsurance premiums	-24,207	-25,075
Total premium income	914,928	890,256

* EEA includes Norway

** Only Switzerland

Note 4 Allocated investment return transferred from non-technical account

The allocated investment return is transferred from the non-technical account to the technical account and is calculated on the basis of average technical provisions, net of reinsurance. The transferred investment return is calculated as the average interest rate on the company's holdings of government, municipal and corporate bonds on the closing date. The interest rate for 2019 was 1.89 per cent (1.55).

Note 5 Claims incurred

	2019			2018		
	Gross	Outward reinsurance	Net	Gross	Outward reinsurance	Net
Claims paid	-202,585	7,810	-194,775	-205,003	7,829	-197,174
Change in provision for claims incurred and reported	-4,270	-445	-4,715	-11,342	-225	-11,567
Change in provision for claims incurred but not reported (IBNR)	-411	0	-411	1,634	0	1,634
Operating expenses for claims adjustment	-23,446	406	-23,040	-19,484	380	-19,104
Total claims incurred	-230,712	7,771	-222,941	-234,195	7,984	-226,211

Note 6 Operating expenses

	2019	2018
Specification of income statement item operating expenses		
Acquisition costs	-490,537	-458,857
Change in item Deferred acquisition costs	4,977	29,081
Administrative expenses	-98,368	-93,250
Operating expenses and profit-sharing in outward reinsurance	1,386	1,440
Total income statement item operating expenses	-582,542	-521,586
Other operating expenses		
Claims adjustment costs included in Claims paid	-23,040	-19,104
Financial management costs included in Investment charges	-1,515	-1,354
Total other operating expenses	-24,555	-20,458
Total operating expenses	-607,097	-542,044

Total operating expenses by type of cost

	2019	2018
Direct and indirect personnel expenses	-49,926	-49,621
Premises costs	-3,015	-3,791
Depreciation/amortisation	-7,515	-4,488
Direct acquisition costs	-490,537	-458,857
Change in Deferred acquisition costs	4,977	29,081
Commissions and profit-sharing in outward reinsurance	1,386	1,440
Other costs	-62,467	-55,808
Grand total operating expenses	-607,097	-542,044

Note 7 Result of asset management

	2019	2018
Investment income		
Dividends on shares and participating interests	2,760	3,425
Interest income, etc.		
Bonds and other interest-bearing securities	6,323	5,907
Other interest income *	8,960	6,721
Exchange gains (net)	1,133	939
Capital gains (net)	1,625	1,115
Other	14	1
Total investment income	20,815	18,108
Unrealised gains on investment assets recognised through profit or loss		
Swedish shares and participating interests	8,713	0
Bonds and other interest-bearing securities	4,702	0
Total unrealised gains on investment assets (net gain per asset class)	13,415	0
Investment charges		
Asset management expenses	-532	-496
Financial management costs	-1,515	-1,354
Other interest expense	-32	-43
Total investment charges	-2,079	-1,893
Unrealised losses on investment assets recognised through profit or loss		
Swedish shares and participating interests	0	-4,308
Bonds and other interest-bearing securities	0	-8,915
Unrealised losses on investment assets (net loss per asset class)	0	-13,223
Result of asset management	32,151	2,992

* All Other interest income consists of interest income on assets measured at fair value. Information on intra-Group interest is provided in Note 27 Disclosures on related parties

Note 8 Appropriations

	2019	2018
Appropriations		
Group contributions paid	-62,000	-65,000
Total appropriations	-62,000	-65,000

Note 9 Taxes

Current tax expense

	2019	2018
Tax expense for the period	-13,939	-4,538
Adjustment of tax attributable to prior years	-41	0
Total recognised tax expense	-13,980	-4,538

Reconciliation of effective tax

	2019		2018	
	%	SEK thousand	%	SEK thousand
Profit before tax		63,435		18,873
Tax at prevailing tax rate	21.4	-13,575	22.0	-4,152
Non-deductible expenses	0.9	-586	0.9	-164
Non-taxable income	0.0	2	0.0	0
Tax attributable to differing tax rates for foreign branch offices	-1.2	753	1.1	-222
Tax attributable to prior years	0.1	-41	0.0	0
Standard income, permanent contingency reserve	0.9	-533	0.0	0
Recognised effective tax	22.1	-13,980	24.0	-4,538

Note 10 Intangible assets

	31 Dec 2019		31 Dec 2018	
	Goodwill	Other intangible assets	Goodwill	Other intangible assets
Opening cost*	26,677	35,985	26,677	35,985
Investments for the year**	20,000	0	0	0
Divestments/disposals for the year	0	0	0	0
Total cost at year-end	46,677	35,985	26,677	35,985
Opening amortisation	-26,677	-21,764	-26,677	-17,388
Amortisation of divested/disposed equipment	0	0	0	0
Amortisation for the year	-2,143	-4,376	0	-4,376
Total accumulated amortisation at year-end	-28,820	-26,140	-26,677	-21,764
Carrying amount	17,857	9,845	0	14,221
<i>Amortisation for the year is recognised in the lines below in the income statement</i>				
Operating expenses	-2,143	-4,376	0	-4,376
Total	-2,143	-4,376	0	-4,376

* The item goodwill relates to an organisational restructuring in 2010 when the operations of the former subsidiary Nord Assurance & Services AB were taken over by the company. The item "Other intangible assets" refers to the value of the acquisition of the bicycle insurance operations of Falck Secure AB that took place on 1 April 2015.

** The goodwill item refer to the value of the acquisition that took place on 1 April 2019 of a business that previously provided the company's car guarantee products.

Goodwill impairment testing was conducted for the smallest identified cash-generating unit when preparing the annual accounts. The recoverable amount was determined by calculating the value in use for each asset. Management has compiled a forecast of annual future cash flows for the smallest cash-generating unit, based on historical experience and

the company's own plans and estimates for the future.

The calculation is based on the budget for 2020 and a detailed forecast for the years 2021-2022. Cash flows have been discounted to the present value by applying inflation, the risk-free interest rate and the risk premium, which is estimated at 10 per cent.

The recoverable amount for the cash-generating unit has been compared with the intangible assets. The impairment testing did not reveal any impairment.

Note 11 Investments in Group companies and associates

	31 Dec 2019	31 Dec 2018
Subordinated loans		
Amortised cost	200,000	200,000
Nominal value	200,000	200,000

Note 12 Shares and participating interests

	31 Dec 2019	31 Dec 2018
Shares and participating interests		
Cost	76,985	74,878
Fair value	78,402	67,554

Note 13 Bonds and other interest-bearing securities

	31 Dec 2019			31 Dec 2018		
	Nominal value	Amortised cost	Fair value	Nominal value	Amortised cost	Fair value
Corporate bonds	312,866	314,184	316,226	225,109	225,968	225,462
Swedish government and municipal securities	45,869	45,866	45,935	130,368	130,387	130,463
Other Swedish issuers	52,391	52,389	52,993	52,339	52,336	52,518
Other foreign issuers	45,645	45,047	45,906	43,584	41,854	42,206
Total	456,771	457,486	461,060	451,400	450,545	450,649

All securities are listed. Further information about financial instruments is provided in Note 31 Financial instruments.

Note 14 Provision for unearned premiums and unexpired risks

	31 Dec 2019			31 Dec 2018		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Opening balance	512,220	3,453	508,767	423,574	3,552	420,022
Insurance policies written during the period	939,135	24,202	914,933	915,331	24,963	890,368
Premiums earned during the period	-922,694	-24,207	-898,487	-853,865	-25,075	-828,790
Adjustment, direct acquisition costs, branch in Switzerland*	0	0	0	21,938	0	21,938
Currency effects	9,657	12	9,645	5,242	13	5,229
Closing balance	538,318	3,460	534,858	512,220	3,453	508,767

* Additional information is provided in Note 20 Deferred acquisition costs

Note 15 Provision for claims outstanding

	31 Dec 2019			31 Dec 2018		
	Gross	Reinsur ers' share	Net	Gross	Reinsur ers' share	Net
OB Reported claims	38,731	814	37,917	25,814	2,136	23,678
OB Incurred but not reported claims (IBNR)	1,631	0	1,631	4,727	0	4,727
OB Provision for claims adjustment costs	1,471	0	1,471	1,008	0	1,008
Total opening balance	41,833	814	41,019	31,549	2,136	29,413
Settled claims from previous financial years	-25,264	-1,422	-23,842	-20,933	-1,652	-19,281
Changes in the expected cost of claims incurred in previous years (run-off result)	-3,996	840	-4,836	-1,800	-243	-1,557
Currency effects	-726	-47	-679	-573	1,097	-1,670
Provisions for the year	35,392	231	35,161	33,590	-524	34,114
Total closing balance	47,239	416	46,823	41,833	814	41,019
CB Reported claims	42,940	416	42,524	38,731	814	37,917
CB Incurred but not reported claims (IBNR)	2,589	0	2,589	1,631	0	1,631
CB Provision for claims adjustment costs	1,710	0	1,710	1,471	0	1,471

Actual claims compared with previous estimates

Solid Försäkring's traditional business in product, roadside assistance, car warranty, payment protection and travel insurance historically show small run-off results.

In 2019, the positive run-off result including reinsurance totalled SEK 4.8 million. For the overall Swedish business, we see a positive run-off result of SEK 2.1 million for the year, while the overall foreign business reported a positive run-off result of SEK 2.7 million.

The run-off result for the Swedish business was largely due to the performance of the product and car guarantee insurance business segments in which the company saw positive claims run-off after reinsurance. The positive run-off result after reinsurance for these two segments was slightly higher than is usual for the company. This was due to some uncertainty in data for calculating provisions for car warranty insurance at year-end 2018 and the positive impact of changes in the claims adjustment process on

run-off for product insurance.

The run-off result for the foreign business was largely the result of the positive claims run-off after reinsurance in the company's portfolio of foreign product insurance. This run-off result was also slightly higher than what the company normally sees and was primarily due to the changed claims adjustment process in the foreign product insurance portfolio.

Note 16 Receivables, direct insurance

	31 Dec 2019	31 Dec 2018
Receivables from policyholders	4,430	4,979
Receivables from agents	87,523	102,339
Other receivables direct insurance	0	4
Total receivables direct insurance	91,953	107,322

Note 17 Other receivables

	31 Dec 2019	31 Dec 2018
Tax assets	13,673	25,061
Total other receivables	13,673	25,061

Note 18 Property, plant & equipment

	31 Dec 2019	31 Dec 2018
Cost at beginning of the year	4,985	1,619
Investments for the year	396	4,985
Divestments/disposals for the year	0	-1,619
Total cost at year-end	5,381	4,985
Accumulated depreciation at beginning of the year	-83	-1,347
Accumulated depreciation of divested/disposed assets	0	1,376
Depreciation for the year	-997	-112
Total accumulated depreciation at year-end	-1,080	-83
Carrying amount	4,301	4,902

Note 19 Other assets

	31 Dec 2019	31 Dec 2018
Other assets	589	349
Tax account	0	0
Total other assets	589	349

Note 20 Deferred acquisition costs

	31 Dec 2019	31 Dec 2018
Opening balance	189,057	136,586
Net change for the year	9,067	52,471
Closing balance, deferred acquisition costs	198,124	189,057

Costs for insurance contracts for the Swedish branch

Direct costs mainly refer to fee & commission expense.

Up until 2018, costs in the Swiss branch were deducted from the premium reserve and in the company's other operations the costs were capitalised in the balance sheet and subsequently allocated over the term of the insurance contract. Costs are treated in the same way in the entire company from 2019.

The changes in the Swiss branch were also applied to the comparative year 2018.

Note 21 Pledged assets for own liabilities

	31 Dec 2019	31 Dec 2018
Policyholders' priority rights		
Assets encompassed by policyholders' priority rights	1,045,193	940,173
Technical provisions, net	581,681	549,786
Surplus from registered assets	463,512	390,387

Note 22 Change in equity

Shares

The number of shares is 30,000 (30,000), with a quotient value of SEK 1,000 (1,000). The quotient value is defined as share capital divided by the number of shares.

Fair value reserve

This reserve includes translation differences on consolidation of the company's foreign branches.

Retained earnings

Retained earnings refers to profit or loss brought forward from previous years less dividends.

Changes in equity

A specification of changes in equity during the period is provided in the statement of changes in equity.

Change in Fair value reserve

	31 Dec 2019	31 Dec 2018
Translation reserve		
Opening translation reserve	-462	-371
Translation differences, branches	-325	-91
Closing fair value reserve	-787	-462

Note 23 Untaxed reserves

	31 Dec 2019	31 Dec 2018
Untaxed reserves		
Contingency reserve	488,118	488,118
Total untaxed reserves	488,118	488,118

Note 24 Liabilities, direct insurance

	31 Dec 2019	31 Dec 2018
Liabilities to policyholders and agents	122,615	105,140
Total liabilities, direct insurance	122,615	105,140

Note 25 Other liabilities

	31 Dec 2019	31 Dec 2018
Premium tax	1,299	1,215
Liabilities to Parent Company	62,000	65,000
Other liabilities	2,037	2,145
Total other liabilities	65,336	68,360

Note 26 Accrued expenses and deferred income

	31 Dec 2019	31 Dec 2018
Accrued personnel expenses	6,574	6,622
Other accrued expenses	6,989	5,734
Total accrued expenses and deferred income	13,563	12,356

Note 27 Disclosures on related parties**Parent Company and ownership**

Solid Försäkringsaktiebolag is a wholly owned subsidiary of Resurs Holding AB, Corp. ID. No.556898-2291, which in turn is 28.9 per cent owned by Waldakt AB, and of the remaining owners, no individual owner has a holding of 20 per cent or more.

Related parties - Group companies

Other Group companies are Resurs Holding AB's subsidiaries Resurs Bank AB (with the subsidiaries Resurs Norden AB and RCL1 Ltd) and Resurs Förvaltning Norden AB.

Related parties - Other companies with significant influence

Nordic Capital Fund VII, via Cidron Semper S.A.R.L, has a significant influence over Resurs Holding AB. Ellos Group AB is another company controlled by Nordic Capital Fund VII. Cidron Semper S.A.R.L sold its holdings to Ellos Group AB at the start of July 2019. No transactions took place between Cidron Semper S.A.R.L. or Ellos Group AB in 2019.

SIBA Invest AB (formerly Waldir AB) owns 28.9 per cent of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has a significant influence over the company. The SIBA Invest Group includes NetOnNet AB. SIBA Invest AB is owned by the Bengtsson family, which also controls SIBA Fastigheter AB (formerly AB Remvassen). Transactions with these companies are listed below under the heading Other companies with significant influence. All items for related companies are interest-bearing

Related parties - Key personnel in Solid Försäkring and its Parent Company Resurs Holding AB

Marcus Tillberg	CEO and Board member of Solid Försäkringsaktiebolag
Lars Nordstrand	Chairman of the Board of Solid Försäkringsaktiebolag and Board member of Resurs Holding AB
Fredrik Carlsson	Board member of Solid Försäkringsaktiebolag and Resurs Holding AB Board member of Solid Försäkringsaktiebolag, resigned at the General Meeting on 9 April 2019
Christopher Ekdahl	
David Nilsson Sträng	Board member of Solid Försäkringsaktiebolag, took office at the Extraordinary General Meeting on 1 May 2019.
Kenneth Nilsson	CEO of Resurs Holding AB
Martin Bengtsson	Chairman of the Board of Resurs Holding AB
Johanna Berlinde	Board member of Resurs Holding AB
Anders Dahlvig	Board member of Resurs Holding AB
Mariana Burenstam Linder	Board member of Resurs Holding AB
Marita Odélius Engström	Board member of Resurs Holding AB
Mikael Wintzell	Board member of Resurs Holding AB

Information about transactions between and remuneration of related-party senior executives can be found in Note 28 Personnel.

Summary of related-party transactions

	2019			2018		
	Parent company	Group company	Other company with significant influence	Parent company	Group company	Other company with significant influence
Income and expenses						
Premium income		1,972			2,524	
Investment return, interest income		8,877			6,661	
Group contributions	-62,000			-65,000		
Dividends				-129,999		
Commission and profit-sharing		-246,156	-45,034		-226,972	-45,921
Operating expenses	-1,421	-16,765		-1,350	-12,386	
Total income and expenses	-63,421	-252,072	-45,034	-196,349	-230,173	-45,921
Assets and liabilities						
Receivables		41,962			36,982	7,197
Cash and bank balances		238,194			194,719	
Other loans		200,000			200,000	
Liabilities	-62,165	-38,876	-17,102	-65,141	-27,673	-16,736
Total assets and liabilities	-62,165	441,280	-17,102	-65,141	404,028	-9,539

Note 28 Personnel

Average number of employees recalculated to FTEs

	2019	2018
Women	39	37
Men	30	30
Total	69	67

Board members and senior executives

	2019	2018
Number of Board members on closing date		
Women	0	0
Men	3	3
Total	3	3
CEO and other senior executives, number		
Women	2	2
Men	3	3
Total	5	5

Salaries, remuneration, social security contributions and pension costs

	2019	2018
Salaries and other benefits		
Salaries and remuneration, Board, CEO and other senior executives	-5,822	-5,480
Salaries and benefits, other employees	-26,121	-27,145
Total salaries and other benefits	-31,943	-32,625
Social security contributions and pension costs		
Contractual and statutory social security contributions	-11,347	-11,507
Pension costs, Board, CEO and other senior executives	-1,475	-1,403
Pension costs, other employees	-2,773	-2,399
Total social security contributions and pension costs	-15,595	-15,309
Total salaries, remuneration, social security contributions and pension costs	-47,538	-47,934

Salaries and fees processes

Board fees are decided by the General Meeting of Shareholders. Board fees are not paid to individuals employed by the company. Remuneration of the CEO and senior executives consists of a basic salary, other benefits and pension.

Termination benefits

In the event of early termination of employment of the CEO by the company, the CEO is entitled to 12 months' salary during the period of notice. In the event of early termination of employment of other senior executives by the company, the senior executive is entitled to two to six months' salary during the period of notice.

Preparatory and decision-making

The remuneration of the CEO is determined by the Board. Remuneration of other senior executives is determined by the CEO, in some cases after consultation with the Chairman.

Remuneration and other benefits 2019

	Basic salary/ Board fees	Variable remuneration	Other benefits **	Pensions	Total
Lars Nordstrand, Chairman	192				192
Fredrik Carlsson	112				112
David Nilsson Sträng	186				186
Christopher Ekdahl*	19				19
Marcus Tillberg, CEO	1,542		139	543	2,224
Other senior executives (4 individuals)	3,253		379	932	4,564
Other employees who can affect the company's risk level (3 individuals)	2,056		81	389	2,526
Total	7,360	0	599	1,864	9,823

Remuneration and other benefits 2018

	Basic salary/ Board fees	Variable remuneration	Other benefits **	Pensions	Total
Fredrik Carlsson, Chairman	141				141
Lars Nordstrand	71				71
Christopher Ekdahl	75				75
Marcus Tillberg, CEO	1,445		138	536	2,119
Other senior executives (4 individuals)	3,239		371	867	4,477
Other employees who can affect the company's risk level (3 individuals)	2,084		102	358	2,544
Total	7,055	0	611	1,761	9,427

* Christopher Ekdahl left the Board at the General Meeting on 9 April 2019.

** Refers to company car benefit

The Board of Solid Försäkring has adopted remuneration instructions which are designed to create an overall regulatory framework regarding remuneration of all the company's employees. The company has established a control function that when appropriate and at least annually is to independently review how the company's remuneration corresponds to the instruction. The company has adopted an instruction consistent with FFFS 2015:12 General guidelines regarding remuneration policy in insurance undertakings, fund management companies, exchanges, clearing organisations and institutions for the issuance of electronic money.

The Chairman and members of the Board are paid the fees resolved by the Annual General Meeting. They are not paid for committee work. The Board decides on the remuneration of the CEO, but has delegated the decision on the remuneration of other employees to the CEO. Remuneration comprises a basic salary, variable remuneration,

other benefits and pension. Information about the company's remuneration of employees can be found at www.solidab.se.

Variable remuneration earned in 2019 is linked to both qualitative and quantitative goals. The company has ensured that all goals related to variable remuneration for 2019 can be reliably measured. In the company's assessment, the level of risk applied must be well in proportion to the company's earnings capacity.

The CEO, other senior employees and employees who can affect the company's risk level received SEK 0 (0) in variable remuneration in 2019. Employees who are not other senior executives or other employees who can affect the company's risk level received variable remuneration of SEK 319 thousand (392) and fixed

remuneration of SEK 25,802 thousand (26,753) in 2019. Variable remuneration for 2019 represented 1.2 per cent (1.5) of fixed remuneration.

The fixed/variable remuneration ratio must be commensurate with the individual's responsibility and authority. The company believes that there is an appropriate balance and has set a limit on variable remuneration in relation to fixed remuneration. All agreements that regulate variable remuneration have been capped to allow such a limit to be applied. Variable remuneration was paid to a total of eight (nine) employees. All variable remuneration earned during 2019 has been or will be paid in cash in 2019 and 2020. There was no guaranteed variable remuneration in 2019 and it is the company's intention to continue to limit this type of remuneration.

Note 29 Auditors fee and expenses

	2019	2018
Mazars SA		
Audit assignment, Swiss branch	845	334
Ernst and Young AB		
Audit assignment	1,368	1,816
Other services	279	707
Tax advisory services	471	499
Total fees	2,963	3,356

Audit assignment comprises examination of the annual financial statements, accounting records and administration of the Board and CEO, other procedures required to be carried out by the company's auditors and advice or other assistance arising from observations made during the performance of such services.

Note 30 Leases

	2019	2018
Non-cancellable lease payments		
Within one year	2,087	2,087
Between one and five years	5,914	8,001
Total	8,001	10,088
Expensed lease payments		
Leased premises	-2,245	-2,555
Cars	-1,124	-1,472
Machinery and equipment	-76	-142
Total	-3,445	-4,169

Note 31 Financial instruments

The table below shows financial instruments measured at fair value, based on their classification in the fair value hierarchy.

The different levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2).

- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3).

Note 1 Accounting policies provides details on the determination of fair value for financial assets and liabilities measured at fair value in the balance sheet.

	31 Dec 2019			31 Dec 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss						
Bonds and other interest-bearing securities	461,060			450,649	0	0
Listed shares	78,402			67,554	0	0
Total	539,462	0	0	518,203	0	0
Financial liabilities measured at fair value through profit or loss						
Derivatives		-791		0	-631	0
Total	0	-791	0	0	-631	0

Classification of assets and liabilities

31 Dec 2019	Amortised cost*	Fair value through profit or loss	Non-financial assets	Carrying amount
Assets				
Intangible assets			27,702	27,702
Shares and participating interests		78,402		78,402
Other interest-bearing securities		461,060		461,060
Subordinated loans	200,000			200,000
Reinsurers' share of technical provisions			3,876	3,876
Receivables, direct insurance and reinsurance	92,015			92,015
Property, plant & equipment			4,301	4,301
Cash and bank balances	305,875			305,875
Other assets			14,271	14,271
Prepaid expenses and accrued income		1,217	202,552	203,769
Total assets	597,890	540,679	252,702	1,391,271

31 Dec 2019	Amortised cost*	Fair value through profit or loss	Non-financial liabilities	Carrying amount
Liabilities				
Technical provisions, net of outward reinsurance			585,557	585,557
Liabilities, direct insurance and reinsurance	124,856			124,856
Derivatives		791		791
Other liabilities	65,336			65,336
Accrued expenses and deferred income			13,563	13,563
Total liabilities	190,192	791	599,120	790,103

31 Dec 2018	Amortised cost*	Fair value through profit or loss	Non-financial assets	Carrying amount
Assets				
Intangible assets			14,221	14,221
Shares and participating interests		67,554		67,554
Other interest-bearing securities		450,649		450,649
Subordinated loans	200,000			200,000
Reinsurers' share of technical provisions			4,267	4,267
Receivables, direct insurance and reinsurance	107,385			107,385
Property, plant & equipment			4,902	4,902
Cash and bank balances	223,324			223,324
Other assets			25,410	25,410
Prepaid expenses and accrued income		968	195,531	196,499
Total assets	530,709	519,171	244,331	1,294,211

31 Dec 2018	Amortised cost*	Fair value through profit or loss	Non-financial liabilities	Carrying amount
Liabilities				
Technical provisions, net of outward reinsurance			554,053	554,053
Liabilities, direct insurance and reinsurance	105,066		1,707	106,773
Derivatives		631		631
Other liabilities	68,360			68,360
Accrued expenses and deferred income			12,356	12,356
Total liabilities	173,426	631	568,116	742,173

* Assets and liabilities recognised at amortised cost, which is a good approximation of fair value.

Note 32 Significant estimates and judgements

Preparation of financial statements requires the Board and company management to make judgements, accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense.

Judgements and assumptions are based on such factors as historical experience and knowledge of the insurance industry. The actual outcome may differ from these estimates.

The company has made the following judgements in applying significant accounting policies:

- classification of financial instruments
- size of technical provisions

Classification of financial instruments

The accounting policies in Note 1 define how assets and liabilities are to be classified in the different categories.

Technical provisions

Technical provisions are based on estimates made and assumptions regarding future claim costs, which entails that there is always an element of uncertainty associated with estimates.

Estimates are based on historic statistics regarding previous claim outcomes that are available when the annual accounts are prepared. The uncertainty associated with estimates is generally greater when estimating new insurance portfolios.

Estimates of technical provisions include the following: amount of unpaid claims, claims trends, changes in legislation, judgements and the general economic climate.

The accounting estimates and assumptions are reviewed regularly. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

Note 33 Proposed allocation of profits

The following profit is at the disposal of the Annual General Meeting:

	2019	2018
Fair value reserve	-787	-462
Retained earnings	34,382	20,047
Net profit for the year	49,455	14,335
Total earnings	83,050	33,920

The Board proposes that the profits of SEK 83,050 thousand be carried forward.

Note 34 Significant events after the end of the financial year

On 31 January 2020, a Norwegian customer register of bicycle registrations was acquired. This acquisition offers more opportunities to consolidate the company's position in the bicycle market in Norway and to further develop the business.

Signatures

The Board of Directors and the CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden, provides a true and fair view of the company's earnings and that the Board of Directors' Report provides a fair review of the company's operations, financial position and results and describes the significant risks and uncertainties faced by the company.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting on 14 April 2020.

Helsingborg, 17 March 2020

Marcus Tillberg
CEO

Lars Nordstrand
Chairman of the Board

Fredrik Carlsson
Member of the

David Nilsson Sträng
Member of the Board

Our Audit Report was submitted on 17 March
2020. Ernst & Young AB

Daniel Eriksson
Authorised Public
Accountant

About Solid Försäkring

Our customer promise is unusually uncomplicated insurance policies – insurance that is easy to understand, easy to buy and easy to use.

We are a niche insurance company with roots in the farmlands of Skåne. We have had our head office in Helsingborg ever since the company was founded in 1993 and we are part of Resurs Holding AB, which is listed on Nasdaq Stockholm.

Solid Försäkring offers insurance in the business lines of Product, Personal safety, Travel and Roadside assistance/Car warranty. We operate in Sweden, the Nordic region and parts of Europe.