

# Annual Report 2020





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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 2020 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 60,604 thousand (63,435). The recognised technical result from the non-life insurance business increased 13 per cent

compared with the preceding year and amounted to SEK 116,920 thousand

(103,676). The increase was primarily attributable to growth in the Roadside assistance/Car warranty and Personal safety business lines, improved profitability in the Roadside assistance/Car warranty and Product business lines as well as good cost control.

Group contributions of SEK 60,000 thousand (62,000) were paid.

In April 2020, the company received a shareholders' contribution of SEK 50,000 thousand from the Parent Company Resurs Holding AB.

### Premium income

Gross written premiums for the year amounted to SEK 951,480 thousand (939,135). Adjusted for currency effects, an underlying volume increase of 3 per cent was reported. This increase was primarily due to higher sales in the Roadside assistance/Car warranty business line.

### Premiums earned

Premiums earned, net, increased by SEK 14,173 thousand to SEK 912,654 thousand (898,481). Adjusted for currency effects, the increase was 3 per cent and primarily attributable to the Roadside assistance/Car warranty and Personal safety business lines.

### Claims incurred and operating expenses

Claims paid increased to SEK 228,583 thousand (226,031). The claims ratio rose during the year to 25.4 per cent (24.8). The increase was mainly due to the performance of the Personal safety business line in which the ongoing pandemic had a negative impact on claim costs for the year resulting from furloughing and higher unemployment.

Operating expenses in the insurance operations fell by SEK 9,990 thousand to SEK 572,552 thousand (582,542). Adjusted for currency effects, operating expenses were at the same level as in the preceding year.

The combined ratio declined to 88.2 per cent (89.6).

### Net profit and tax expense

Net profit amounted to SEK 43,372 thousand (49,455). The effective tax expense for the year was 28.5 per cent (22.1).

### Cash flow

Cash flow from operating activities amounted to SEK 150,058 thousand (174,237).

Cash flow from investing activities amounted to SEK -105,296 thousand (-22,621) mainly due to increased acquisitions of investment assets. Net investments in investment assets amounted to SEK 94,188 thousand (2,225).

Cash flow from financing activities amounted to SEK -12,000 thousand (-65,000). Group contributions of SEK 62,000 thousand were paid to the Parent Company during the year and the company received a capital contribution of SEK 50,000 thousand in April. Cash and cash equivalents increased to SEK 328,205 thousand (305,305).

### Technical provisions (reserves)

Gross provisions at year-end increased to SEK 587,764 thousand (585,557). Reinsurers' share of technical provisions fell to SEK 3,667 thousand (3,876). 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

2020 was dominated by the coronavirus pandemic which led to a complete halt in the global economy. Turbulence engulfed the financial markets, particularly in March. Some recovery was made based on financial aid provided by governments and central banks, although this was characterised by uncertainty. The impact of the pandemic also varied greatly between different sectors.

Interest rates are expected to remain low due to this new situation. Low market rates meant that interest income for the year was limited.

The company holds interest-bearing securities that represent a large share of the company's total investment portfolio. Most of the investment assets carry variable interest. The majority of the investment portfolio is listed in SEK. The percentage of equities comprises a limited share of the total portfolio. Derivatives can be used to reduce market and currency risk.

The direct yield amounted to SEK 20,515 thousand (20,815), corresponding to a direct yield for asset management of 1.5 per cent (1.9). The total return was 1.3 per cent (3.4).

The market value of the company's investment assets, including cash and cash equivalents in cash and bank balances, was SEK 1,149,710 thousand (1,044,767) at the end of the financial year.

### **Significant events during the year and future performance**

The effects of the ongoing pandemic on the global economy, the political climate in Sweden and around the world dominated the year. New sales and premiums earned in the company's smallest business line, Travel, were negatively affected by a sharp decline in travel in Europe. Underlying business in the other business lines continued to perform well and the trend in premiums earned was stable year-on-year. Good cost control, growth in the Roadside assistance/Car warranty and Personal safety business lines and improved profitability in the Roadside assistance/Car warranty and Product business lines resulted in a positive trend for the technical result and key performance measures.

The number of claims reported increased slightly during the year. The increase was attributable to the Personal safety business line and the insurance products affected by increased furloughing and higher unemployment due to COVID-19. Changed behaviour and claims patterns are incorporated into the company's reserve calculation models and

provisions for claims outstanding thus increased during the year.

The outbreak of COVID-19 was followed by a period of great uncertainty and volatility in the financial markets. The market values of the company's equities and bond portfolios fell sharply in March, but subsequently mostly recovered.

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. Intensive efforts were made during the year to integrate the acquisition and realise the potential that it presents.

On 27 April, the company received a shareholders' contribution of SEK 50 million from the Parent Company Resurs Holding AB.

### **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.

In addition, the company will continue to focus on working on further developing business in the Norwegian bicycle market.

### **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 2019:23.

## Employees and environment

Sustainable employees are fundamental to performance and profitability

For Solid Försäkring, it is a matter of course to offer an equal opportunity, healthy workplace characterised by many opportunities for individual professional development. Safeguarding our employees' jobs and health was a priority in 2020, and we took measures to reduce the risk of spreading COVID-19.

In many ways, 2020 was dominated by the advance of the global coronavirus pandemic. Solid Försäkring's responsibility, as an employer and as a company, was to help reduce the spread of infection and to quickly adjust its operations to meet the national recommendations that were continually introduced during the year. To keep operating safely was both business-critical and fundamental. The company chose to activate its crisis management team and continuity plan early on, in order to facilitate rapid decision-making. The most important was a recommendation that as many employees as possible should work from home.

### A focus on sustainable leaders and employees

Having sustainable and committed leadership is always crucial, and for a large number of our employees living with uncertainty and working remotely, this was more important than ever in 2020. All of our leaders worked to keep up morale by holding regular status update meetings and paying keen attention to everyone's state of health. The Let's GROW and Let's CHANGE leadership programmes had to be put on hiatus due to the necessity of maintaining physical distance. A series of targeted digital training sessions were held instead, focusing on remote leadership given the situation with COVID-19 as well as leading in times of change.

The Winningtemp digital platform, where employees can report their experiences of their work situation, leadership and commitment in real time, enables timely tracking of signs of stress and ill-health. Additional questions were added to the tool in 2020 in order to measure employees' perceptions of how Solid Försäkring was managing the pandemic situation as an employer. The responses indicated that employees generally felt that the current situation was being managed responsibly and that the flow of information from senior management was transparent. They also felt that the structure for working from home was working smoothly. In addition, many people stated that the presence and accessibility of their leaders gave them a sense of security.

The target is for employees' overall perception of their work environment to exceed the Winningtemp's index (a comparative index comprising the organisations that use the tool). The index for 2020 was 7.4 on a scale from 1 to 10, and the company's score was 8.2 (8.0) with a response rate of 82 per cent (83).

The target for attendance rate is at least 96 per cent. The figure for attendance within the company was 95 per cent (95) in 2020. 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.

### Continual training through digital channels

The digital portal Resurs Academy Online Training features everything from mandatory courses on the Code of Conduct, anti-corruption, money laundering and the environment to courses in insurance regulations. Complementary courses were added during the year, such as a basic course to generally enhance expertise in the fields of application, potential and risks of AI.

The portal also provides managers, HR and course owners with a statistical basis to ensure that employees take part in the training courses during the year.

### Internal mobility encouraged

All employees should feel that they their work duties at Solid Försäkring provide them with many opportunities for growth. Therefore it encourages its employees to actively apply for new positions in the company. This has generally led to a high level of internal mobility, with 24 per cent (27) of advertised positions filled by internal resources in 2020.

### Diversity and equality – long-standing agenda items

Employees with diverse backgrounds, genders and experiences enrich the business in many ways, making Solid Försäkring a more creative, profitable and efficient organisation. In the company's view, if the diversity of society is reflected in the make-up of the workforce, additional valuable customer benefit can be created.

The company's target for an operation with equal gender balance is 40/60. In 2020 the share of female employees amounted to 51 per cent (57).

The company 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 2020.

### Initiatives that reflect the environmental impact

The negative environmental impact created by the business is primarily caused by business travel and the use of company cars, as well as purchased energy from fossil sources. Making more active choices enables a gradual reduction in CO<sub>2</sub> emissions.

The advance of the coronavirus pandemic led to less travel in the company than during a more typical year, which also helped reduce CO<sub>2</sub> emissions. At the same time, the Group began several initiatives to raise awareness that everyone's travel choices do actually make a difference. These included an online travel reservation system that clearly showed the climate impact of the chosen means of travel and hotel chain, as well as a new travel policy under which train travel is the recommended means, and airline flights must always be approved by an immediate supervisor to be reserved.

Approval was also provided for purchasing electric cars as company cars.

The business's environmental impact also includes electricity consumption by its office premises. As a guideline, it is appropriate to use of the energy mix that is available and, to the greatest extent possible, choose renewable electricity.

#### In-depth analysis of the impact of climate change

The materiality analysis, which is the basis of the priorities set in sustainability efforts, identified that the business's primary impact relates to sustainability topics concerning social and business ethics, while it has less of an impact related to environmental issues such as climate impact, energy consumption, procurement and material use.

At the same time, it is Solid Försäkring's responsibility to learn more about the indirect effects of climate change that might arise in the future and thus have an impact on the business, along with the environmental impact caused by the business. Therefore, a process began during the year involving an in-depth analysis of these issues along with defining the scope of the impact of the EU sustainable finance regulation on the company's business.

#### Small but important steps towards reduced environmental impact

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 offers a mandatory environmental course in order to increase general awareness of how every action large or small is important.

For 2020, 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 69 (71). The average number of employees during the year, regardless of degree of employment, was 69 (72), 51 per cent (57) 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
Retained earnings	132,358,902
Net profit for the year	43,372,165
Total	175,731,067

The Board proposes that the profits of SEK 175,731,067 be carried forward.

# Financial statements

## FIVE-YEAR OVERVIEW

	2020	2019	2018	2017	2016
<b>Profit</b>					
Gross written premiums	951,480	939,135	915,331	844,929	916,712
Premiums earned, net of reinsurance	912,654	898,481	828,678	800,442	908,610
Allocated investment return transferred from non-technical account	9,014	10,678	7,594	8,843	14,616
Claims incurred, net of reinsurance	-232,196	-222,941	-226,211	-248,737	-349,584
Technical result, insurance business	116,920	103,676	88,475	74,422	29,373
Net profit for the year	43,372	49,455	14,335	22,764	11,125
<b>Financial position</b>					
Investment assets at fair value	821,505	739,462	718,203	720,110	693,980
Technical provisions, net of reinsurance	584,097	581,681	549,786	449,435	455,118
Net asset value a)	693,849	601,168	552,038	667,793	645,139
of which deferred tax					
Capital base b)	664,488	574,253	538,279	649,567	622,428
Solvency margin c)					
Available capital base to meet solvency capital requirement d)	661,357	569,635	538,760	653,203	631,662
of which Tier 1 capital e)	661,357	569,635	538,760	653,203	631,662
of which Additional Capital	0	0	0	0	0
Solvency Capital Requirement (SCR) f)	446,189	455,303	376,926	361,008	354,614
SCR ratio g)	148%	125%	143%	181%	178%
Minimum Capital Requirement (MCR) h)	123,744	121,519	116,868	101,819	108,798
<b>Performance measures</b>					
<b>Result of non-life insurance operations</b>					
Claims ratio i)	25.4%	24.8%	27.3%	31.1%	38.5%
Operating costs ratio j)	62.7%	64.8%	62.9%	60.7%	59.9%
Combined ratio k)	88.2%	89.6%	90.2%	91.8%	98.4%
<b>Result of asset management</b>					
Direct yield l)	1.5%	1.9%	1.8%	1.5%	1.9%
Total return m)	1.3%	3.4%	0.5%	2.3%	3.2%
<b>Financial position</b>					
Solvency ratio n)	74.4%	65.7%	62.0%	81.5%	72.6%

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	2020	2019
Technical account, non-life insurance operations			
Premiums earned			
Premium income	3	951,480	939,135
Outward reinsurance premiums	3	-19,922	-24,207
Change in Provision for unearned premiums and unexpired risks		-18,890	-16,442
Reinsurers' share of Change in provision for unearned premiums and unexpired risks		-14	-5
Total premiums earned		912,654	898,481
Allocated investment return transferred from non-technical account	4	9,014	10,678
Claims incurred, net of reinsurance	5		
Claims paid net of outward reinsurance		-228,583	-226,031
Reinsurers' share of Claims paid		6,073	8,216
Change in Provision for claims outstanding net of outward reinsurance		-9,515	-4,681
Reinsurers' share of Change in provision for claims outstanding		-171	-445
Total claims incurred, net of reinsurance		-232,196	-222,941
Operating expenses	6	-572,552	-582,542
Technical result, non-life insurance operations		116,920	103,676
Non-technical account			
Result of asset management	7		
Investment income		20,515	20,815
Unrealised gains on investment assets		0	13,415
Investment charges		-1,937	-2,079
Unrealised losses on investment assets		-6,529	0
Result of asset management		12,049	32,151
Allocated investment return transferred to technical account	4	-9,014	-10,678
Other non-technical revenue		3,655	570
Other non-technical expenses		-3,006	-284
Profit before appropriations and tax		120,604	125,435
Appropriations	8	-60,000	-62,000
Profit before tax		60,604	63,435
Tax on profit for the year	9	-17,232	-13,980
Net profit for the year		43,372	49,455

## STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
Net profit for the year	43,372	49,455
Items that will be reclassified to profit or loss		
Translation differences for the year, foreign operations	-691	-325
Comprehensive income for the year	42,681	49,130



## PERFORMANCE ANALYSIS

	Total 2020	Swedish risks						Foreign risks	Recei- ved reinsura- nce
		Morbidity and accident	Motor vehicle	Property, home and home contents	Assistance	Income and redunda- ncy allowanc- e	Other**		
Technical result, non-life insurance operations									
Premiums earned, net of reinsurance *	912,654	208,358	88,378	190,984	65,102	4,997	3,545	351,290	0
Allocated investment return transferred from non-technical account	9,014	13	1,588	1,634	561	105	41	5,055	17
Claims incurred, net of reinsurance *	-232,196	-17,572	-28,116	-57,707	-37,388	-3,300	-2,796	-87,332	2,015
Operating expenses	-572,552	-158,199	-52,890	-104,705	-19,789	-460	-1,065	-235,444	0
Technical result, non-life insurance operations	116,920	32,600	8,960	30,206	8,486	1,342	-275	33,569	2,032
Run-off result	9,200	-11	1,460	1,335	-977	401	327	4,529	2,136
Provision for unearned premiums and unexpired risks	532,931	51	110,136	105,962	29,163	2,829	2,113	282,677	0
Provision for claims outstanding	54,833	1,501	5,832	10,012	6,254	4,405	407	26,422	0
Technical provisions, net of outward reinsurance	587,764	1,552	115,968	115,974	35,417	7,234	2,520	309,099	0
Reinsurers' share of provision for unearned premiums and unexpired risks	3,447	0	0	3,447	0	0	0	0	0
Reinsurers' share of provision for claims outstanding	220	0	0	0	0	0	0	220	0
Reinsurers' share of technical provisions	3,667	0	0	3,447	0	0	0	220	0
* Notes to performance analysis									
Premiums earned, net of reinsurance									
Gross written premiums	951,480	208,284	114,340	223,530	61,516	4,669	3,209	335,932	0
Outward reinsurance premiums	-19,922	0	0	-19,196	-220	0	0	-506	0
Change in provision for unearned premiums and unexpired risks	-18,890	74	-25,962	-13,373	3,806	328	336	15,901	0
Reinsurers' share of change in provision for unearned premiums and unexpired risks	-14	0	0	23	0	0	0	-37	0
Total premiums earned, net of reinsurance	912,654	208,358	88,378	190,984	65,102	4,997	3,545	351,290	0
Claims incurred, net of reinsurance									
Claims paid									
net of outward reinsurance	-228,583	-16,097	-27,469	-63,197	-35,256	-2,028	-2,716	-81,820	0
reinsurers' share	6,073	0	0	5,873	0	0	0	200	0
Change in provision for claims outstanding									
net of outward reinsurance	-9,515	-1,475	-647	-383	-2,132	-1,272	-80	-5,541	2,015
reinsurers' share	-171	0	0	0	0	0	0	-171	0
Total claims incurred, net of reinsurance	-232,196	-17,572	-28,116	-57,707	-37,388	-3,300	-2,796	-87,332	2,015

\*\* Legal expenses and other property

## EARNINGS BY INSURANCE CLASS

2020	Gross written premiu ms	Gross premi ums earne d	Claims incurred gross	Operatin g expenses gross	Profit/lo ss of ceded reinsura nce
Morbidity and accident	373,105	390,895	-47,159	-288,693	0
Motor, other classes	114,340	88,378	-28,117	-57,066	0
Fire and other damage to property	364,922	347,151	-116,375	-192,112	-13,300
Legal expenses	302	320	0	-31	0
Assistance	94,142	100,849	-43,147	-34,291	-734
Other classes	4,669	4,997	-3,300	-359	0
Total	951,480	932,590	-238,098	-572,552	-14,034

## BALANCE SHEET

	Note	31 Dec 2020	31 Dec 2019
Assets			
Intangible assets	10		
Goodwill		15,000	17,857
Other intangible assets		15,839	9,845
Total intangible assets		30,839	27,702
Investment assets			
Investments in Group companies and associates	11		
subordinated loans		200,000	200,000
Other financial investment assets			
shares and participating interests	12	98,207	78,402
bonds and other interest-bearing securities	13	493,616	432,770
subordinated loans	13	29,682	28,290
Total investment assets		821,505	739,462
Reinsurers' share of technical provisions			
Unearned premiums and unexpired risks	14	3,447	3,460
Claims outstanding	15	220	416
Total reinsurers' share of technical provisions		3,667	3,876
Receivables			
Receivables, direct insurance	16	77,429	91,953
Receivables, reinsurance		64	62
Other current receivables		75	9
Other receivables	17	17,271	13,673
Total receivables		94,839	105,697
Other assets			
Property, plant & equipment	18	2,908	4,301
Cash and bank balances		328,205	305,305
Client accounts		48	570
Other assets	19	2,037	589
Total other assets		333,198	310,765
Prepaid expenses and accrued income			
Accrued interest income		1,214	1,217
Deferred acquisition costs	20	193,484	198,124
Other prepaid expenses and accrued income		2,963	4,428
Total prepaid expenses and accrued income		197,661	203,769
Total assets		1,481,709	1,391,271

## BALANCE SHEET

	Note	31 Dec 2020	31 Dec 2019
Equity and liabilities			
Equity	22		
Restricted equity			
Share capital		30,000	30,000
Unrestricted equity			
Fair value reserve		-1,478	-787
Retained earnings		133,837	34,382
Net profit for the year		43,372	49,455
Total equity		205,731	113,050
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	532,931	538,318
Claims outstanding	15	54,833	47,239
Total technical provisions (net of outward reinsurance)		587,764	585,557
Liabilities			
Liabilities, direct insurance	24	119,453	122,615
Liabilities, reinsurance		0	2,241
Derivatives		508	791
Other liabilities	25	63,222	65,336
Total liabilities		183,183	190,983
Other accrued expenses and deferred income	26	16,913	13,563
Total equity and liabilities		1,481,709	1,391,271



## STATEMENT OF CHANGES IN EQUITY

	Share capital	Fair value reserve	Retained earnings	Net profit for the year	Total equity
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			-325
Comprehensive income for the year		-325		49,455	49,130
Previous year's profit brought forward			14,335	-14,335	0
Owner transactions					
Dividends till owners			0		0
Equity, 31 Dec 2019	30,000	-787	34,382	49,455	113,050
Equity, 1 Jan 2020	30,000	-787	34,382	49,455	113,050
Net profit for the year				43,372	43,372
Translation differences		-691			-691
Comprehensive income for the year		-691		43,372	42,681
Previous year's profit brought forward			49,455	-49,455	0
Owner transactions					
Shareholders' contributions			50,000		50,000
Equity, 31 Dec 2020	30,000	-1,478	133,837	43,372	205,731

## STATEMENT OF CASH FLOWS (INDIRECT METHOD)

	2020	2019
Operating activities		
Profit before tax	60,604	63,435
Adjustment for non-cash items*	122,069	77,121
Income taxes paid	-20,219	-2,684
Change in operating receivables	-14,976	18,151
Change in operating liabilities	2,580	18,214
Cash flow from operating activities	150,058	174,237
Investing activities		
Acquisition of intangible assets	-11,933	-20,000
Investments in property, plant & equipment	0	-396
Replacement of divested property, plant & equipment	825	0
Acquisition of investment assets	-227,351	-166,450
Disposal of investment assets	133,163	164,225
Cash flow from investing activities	-105,296	-22,621
Financing activities		
Group contributions paid/received	-62,000	-65,000
Capital contribution received	50,000	0
Cash flow from financing activities	-12,000	-65,000
Cash flow for the year	32,762	86,616
Cash and cash equivalents at beginning of year	305,305	221,633
Exchange-rate differences in cash and cash equivalents	-9,862	-2,944
Cash and cash equivalents at year-end	328,205	305,305
*Adjustment for non-cash items		
Depreciation of property, plant & equipment	997	997
Amortisation of intangible assets	8,825	6,519
Group contributions paid	60,000	62,000
Change in technical provisions	28,770	24,876
Capital gains/losses on property, plant & equipment	-429	0
Realised gains/losses on investment assets	-3,713	-1,625
Unrealised gains/losses on investment assets	6,529	-13,415
Unrealised exchange-rate gains/losses	21,090	-2,231
Total adjustment for non-cash items	122,069	77,121
Direct yield		
Interest paid from operating activities	-132	-32
Interest received from operating activities	0	84
Interest received from investing activities	13,948	13,382
Dividends received	1,521	2,760

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 2020 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 22 March 2021. The income statement and balance sheet will be presented for adoption at the General Meeting on 13 April 2021.

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 2019:23), 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 2020 financial year.

#### *IFRS 15 Revenue from Contracts with Customers*

This standard came into effect on 1 January 2018 and replaced existing standards and interpretations related to revenue recognition with the exception of accounting for insurance contracts. Solid Försäkring implemented the standard in 2020.

Solid Försäkring's income from contracts with customers comprises sales of registrations in the company's bicycle register. The company recognises income when a performance obligation has been satisfied, which is when a service is delivered to the customers. Income comprises the amount that the company expects to receive as remunerations for services transferred.

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 and will be applied from 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.

Full IFRS is not applied in legal entities and in 2020 the Swedish Financial

Supervisory Authority, through amendment regulations (FFFS 2020:24) to annual report regulations (2019:23), also made it possible for unlisted insurance companies to not fully apply IFRS in consolidated financial statement and instead apply legally restricted IFRS. In applying IFRS 17, legal entities must adapt application to Swedish legislation. Since several parts of IFRS 17 are not compatible with Swedish legislation, Solid Försäkring has made the assessment that IFRS 17 will have only a minor impact on the company.

Since the company is part of a listed Group, the internal activities to analyse the effects of the new standard and the planning for the transition to the new standard until it comes into force will be intensified in 2021 and 2022.

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.

#### *Income from bicycle registrations*

Income from contracts with customers encompasses income from registrations in the company's bicycle register, which means that the customer's deductible is reduced in the event of a claim. Solid Försäkring's performance comprises registering the customer in the register on the date of sale.

#### **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. Direct costs 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 2020.

## 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 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 currency risk before any hedging with derivatives is shown in the following table, which includes all assets and liabilities.

## Currency exposure 2020

	CHF	DKK	EUR	GBP	NOK	Other	Total
Assets	57,905	7,998	51,291	3,241	271,309	56	391 800
Liabilities	-39,093	-5,891	-51,960	-1,836	-271,993	-23	-370 796
Net exposure before financial hedging with derivatives	18 812	2,107	-669	1,405	-684	33	21 004
Derivatives, nominal value							0
Difference between assets and liabilities incl. nominal amount of currency hedges	18,812	2,107	-669	1,405	-684	33	21 004
Sensitivity to exchange-rate differences							
Change in exchange rate +/- 20%	+/- +/3,762	+/-421	+/-134	+/-281	+/-137	+/-7	+/-4 742

## 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

*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 2020.

Maturity analysis 2020	Carrying amount	Payable on demand	< 3 months	3-12 months	1-5 years	More than 5 years	Contractual due date
Financial assets incl. expected interest payments	1,228,465	465,454	91,322	287,404	347,683	61,389	1,253,252
Derivatives	0	0	0	0	0	0	0
Financial liabilities incl. expected interest payments	-182,675	0	-100,766	-15,024	-15,140	-50,029	-180,959
Derivatives	-508	0	0	-259	-249	0	-508
Technical provisions net of reinsurance	-584,097	0	-97,650	-292,952	-192,421	-1,074	-584,097

### 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 2020			31 Dec 2019		
	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	29,682		29,682	28,290		28,290
Total lending to corporates	229,682	0	229,682	228,290	0	228,290
Bonds						
AAA/Aaa	19,570		19,570	0		0
AA+/Aa1	0		0	45,935		45,935
A+/A1	6,006		6,006	6,053		6,053
A/A2	15,698		15,698	0		0
A-/A3	37,151		37,151	22,212		22,212
BBB+/Baa1	28,298		28,298	14,183		14,183
BBB/Baa2	64,477		64,477	40,553		40,553
BBB-/Baa3	48,680		48,680	21,408		21,408
BB+/Ba1	18,175		18,175	18,457		18,457
BB/Ba2	26,000		26,000	8,008		8,008
B+/B1	2,008		2,008	39,959		39,959
B/B2	11,895		11,895	0		0
unrated**	215,658		215,658	216,002		216,002
Total bonds	493,616	0	493,616	432,770	0	432,770
Cash and bank balances						
AA-/Aa3	124,525		124,525	15,391		15,391
A+/A1	1,969		1,969	2,597		2,597
A/A2	189,178		189,178	33,828		33,828
unrated**	12,533		12,533	253,489		253,489
Total cash and bank balances	328,205	0	328,205	305,305	0	305,305
Total	1,051,503	0	1,051,503	966,365	0	966,365

In the event credit ratings differ, the lowest is used.

\* 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 increasingly transitioned 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.

**Emerging risks**

Emerging risks refers to the risks that the company could be exposed to in the future. The company works continuously to identify emerging risks and, when they appear, categorises them in the following sub-categories: Market risk, Counterparty risk, Insurance risk, Operational risks and Strategic risks.

**Sustainability risks**

The company is included in the Group's sustainability report and uses it as a starting point for its ongoing work on categorising and identifying potential sustainability risks.

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 2020	Change	Effect on profit before tax 2020	Effect on profit before tax 2019
Premiums	912,654	+/-1%	+/-9,127	+/-8,985
Claims level	-232,196	+/-1%	+/-2,322	+/-2,229
Combined ratio	88.2%	+1 percentage point	+/-91	+/-90
Equity price risk	98,207	-10%	-9,821	-7,840
Interest rate risk	493,616	-1%	-4,936	-4,328

**Note 3 Premium income, geographical allocation**

	2020	2019
Direct insurance, Sweden	615,509	561,764
Direct insurance, other EEA*	321,971	353,431
Direct insurance, other countries**	14,000	23,940
Total direct insurance	951,480	939,135
Outward reinsurance premiums	-19,922	-24,207
Total premium income	931,558	914,928

\* 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 2020 was 1.55 per cent (1.89).

#### Note 5 Claims incurred

	2020			2019		
	Gross	Outward reinsurance	Net	Gross	Outward reinsurance	Net
Claims paid	-203,594	6,022	-197,572	-202,585	7,810	-194,775
Change in provision for claims incurred and reported	-8,459	-171	-8,630	-4,270	-445	-4,715
Change in provision for claims incurred but not reported (IBNR)	-1,057	0	-1,057	-411	0	-411
Operating expenses for claims adjustment	-24,988	51	-24,937	-23,446	406	-23,040
Total claims incurred	-238,098	5,902	-232,196	-230,712	7,771	-222,941

#### Note 6 Operating expenses

	2020	2019
Specification of income statement item operating expenses		
Acquisition costs	-486,015	-490,537
Change in item Deferred acquisition costs	5,873	4,977
Administrative expenses	-93,974	-98,368
Operating expenses and profit-sharing in outward reinsurance	1,564	1,386
Total income statement item operating expenses	-572,552	-582,542
Other operating expenses		
Claims adjustment costs included in Claims paid	-24,937	-23,040
Financial management costs included in Investment charges	-1,200	-1,515
Total other operating expenses	-26,137	-24,555
Total operating expenses	-598,689	-607,097

Total operating expenses by type of cost

	2020	2019
Direct and indirect personnel expenses	-48,464	-49,926
Premises costs	-3,023	-3,015
Depreciation/amortisation	-9,822	-7,515
Direct acquisition costs	-486,015	-490,537
Change in Deferred acquisition costs	5,873	4,977
Commissions and profit-sharing in outward reinsurance	1,564	1,386
Other costs	-58,802	-62,467
Grand total operating expenses	-598,689	-607,097

## Note 7 Result of asset management

	2020	2019
Investment income		
Dividends on shares and participating interests	1,521	2,760
Interest income, etc.		
Bonds and other interest-bearing securities	7,486	6,323
Other interest income *	7,676	8,960
Exchange gains (net)	76	1,133
Capital gains (net)	3,713	1,625
Other	43	14
Total investment income	20,515	20,815
Unrealised gains on investment assets recognised through profit or loss		
Swedish shares and participating interests	0	8,713
Bonds and other interest-bearing securities	0	4,702
Total unrealised gains on investment assets (net gain per asset class)	0	13,415
Investment charges		
Asset management expenses	-605	-532
Financial management costs	-1,200	-1,515
Other interest expense	-132	-32
Total investment charges	-1,937	-2,079
Unrealised losses on investment assets recognised through profit or loss		
Swedish shares and participating interests	-4,325	0
Bonds and other interest-bearing securities	-2,204	0
Unrealised losses on investment assets (net loss per asset class)	-6,529	0
Result of asset management	12,049	32,151

\* 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

	2020	2019
Appropriations		
Group contributions paid	-60,000	-62,000
Total appropriations	-60,000	-62,000

## Note 9 Taxes

### Current tax expense

	2020	2019
Tax expense for the period	-17,150	-13,939
Adjustment of tax attributable to prior years	-82	-41
Total recognised tax expense	-17,232	-13,980



## Reconciliation of effective tax

	2020		2019	
	%	SEK thousand	%	SEK thousand
Profit before tax		60,604		63,435
Tax at prevailing tax rate	21.4	-12,970	21.4	-13,575
Non-deductible expenses	0.2	-138	0.9	-586
Non-taxable income	0.0	1	0.0	2
Tax attributable to differing tax rates for foreign branch offices	5.8	-3,521	-1.2	753
Tax attributable to prior years	0.2	-82	0.1	-41
Standard income, permanent contingency reserve	0.9	-522	0.9	-533
Recognised effective tax	28.5	-17,232	22.1	-13,980

## Note 10 Intangible assets

	31 Dec 2020		31 Dec 2019	
	Goodwill	Other intangible assets	Goodwill	Other intangible assets
Opening cost*	46,677	35,985	26,677	35,985
Investments for the year**	0	11,932	20,000	0
Divestments/disposals for the year	0	0	0	0
Total cost at year-end	46,677	47,917	46,677	35,985
Opening amortisation	-28,820	-26,140	-26,677	-21,764
Amortisation of divested/disposed equipment	0	0	0	0
Amortisation for the year	-2,857	-5,968	-2,143	-4,376
Exchange differences	0	30	0	0
Total accumulated amortisation at year-end	-31,677	-32,078	-28,820	-26,140
Carrying amount	15,000	15,839	17,857	9,845
<i>Amortisation for the year is recognised in the lines below in the income statement</i>				
Operating expenses	-2,857	-5,968	-2,143	-4,376
Total	-2,857	-5,968	-2,143	-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, and the acquisition of a company that previously brokered the company's car guarantee products that took place in April 2019.

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 item "Other intangible assets" refers to the value of the acquisition of a Norwegian customer register of bicycle registrations that took place on 30 January 2020.

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 2021 and a detailed forecast for the years 2022-2023. 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 2020	31 Dec 2019
Subordinated loans		
Amortised cost	200,000	200,000
Nominal value	200,000	200,000

**Note 12 Shares and participating interests**

	31 Dec 2020	31 Dec 2019
Shares and participating interests		
Cost	100,952	76,985
Fair value	98,207	78,402

**Note 13 Bonds and other interest-bearing securities**

	31 Dec 2020			31 Dec 2019		
	Nominal value	Amortised cost	Fair value	Nominal value	Amortised cost	Fair value
Corporate bonds	420,396	420,947	423,108	312,866	314,184	316,226
Swedish and foreign government and municipal securities	19,092	19,622	19,570	45,869	45,866	45,935
Other Swedish issuers	38,000	38,000	36,000	52,391	52,389	52,993
Other foreign issuers	44,099	44,095	44,620	45,645	45,047	45,906
Total	521,587	522,664	523,298	456,771	457,486	461,060

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 2020			31 Dec 2019		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Opening balance	538,318	3,460	534,858	512,220	3,453	508,767
Insurance policies written during the period	951,480	19,908	931,572	939,135	24,202	914,933
Premiums earned during the period	-932,590	-19,922	-912,668	-922,694	-24,207	-898,487
Currency effects	-24,277	1	-24,278	9,657	12	9,645
Closing balance	532,931	3,447	529,484	538,318	3,460	534,858

**Note 15 Provision for claims outstanding**

	31 Dec 2020			31 Dec 2019		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
OB Reported claims	42,940	416	42,524	38,731	814	37,917
OB Incurred but not reported claims (IBNR)	2,589	0	2,589	1,631	0	1,631
OB Provision for claims adjustment costs	1,710	0	1,710	1,471	0	1,471
Total opening balance	47,239	416	46,823	41,833	814	41,019
Settled claims from previous financial years	-21,814	-1,774	-20,040	-25,264	-1,422	-23,842
Changes in the expected cost of claims incurred in previous years (run-off result)	-9,200	1,756	-10,956	-3,996	840	-4,836
Currency effects	1,921	25	1,896	-726	-47	-679
Provisions for the year	36,687	-203	36,890	35,392	231	35,161
Total closing balance	54,833	220	54,613	47,239	416	46,823
CB Reported claims	49,437	220	49,217	42,940	416	42,524
CB Incurred but not reported claims (IBNR)	3,530	0	3,530	2,589	0	2,589
CB Provision for claims adjustment costs	1,866	0	1,866	1,710	0	1,710

#### Actual claims compared with previous estimates

Solid Försäkring's traditional business in product, roadside assistance, car warranty, payment protection and travel insurance have historically shown small run-off results. For 2020, the positive run-off result including reinsurance was SEK 11.0 million. For the overall Swedish business, we see a positive run-off result of SEK 4.3 million for the year, while the overall foreign business reported a positive run-off result of SEK 6.7 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 during the year. 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 2019 and the company holding claims reserves at year-end 2019 for the product insurance segment for expected but not reported claims that turned out to be significantly smaller during the year.

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, whereby the trend for this was not fully recognised in the calculation of provisions at the end of 2019. The company's travel insurance and assumed reinsurance also contributed to the positive run-off result for the year for international business, and impairment of the company's forecast expenses for this led to a decline in provisions and a positive run-off result.

#### Note 16 Receivables, direct insurance

	31 Dec 2020	31 Dec 2019
Receivables from policyholders	4,076	4,430
Receivables from agents	73,353	87,523
Total receivables direct insurance	77,429	91,953

#### Note 17 Other receivables

	31 Dec 2020	31 Dec 2019
Tax assets	17,271	13,673
Total other receivables	17,271	13,673

#### Note 18 Property, plant & equipment

	31 Dec 2020	31 Dec 2019
Cost at beginning of the year	5,381	4,985
Investments for the year	0	396
Divestments/disposals for the year	-396	0
Total cost at year-end	4,985	5,381
Accumulated depreciation at beginning of the year	-1,080	-83
Accumulated depreciation of divested/disposed assets	0	0
Depreciation for the year	-997	-997
Total accumulated depreciation at year-end	-2,077	-1,080
Carrying amount	2,908	4,301

#### Note 19 Other assets

	31 Dec 2020	31 Dec 2019
Other assets	431	589
Tax account	1,606	0
Total other assets	2,037	589

## Note 20 Deferred acquisition costs

	31 Dec 2020	31 Dec 2019
Opening balance	198,124	189,057
Net change for the year	-4,640	9,067
Closing balance, deferred acquisition costs	193,484	198,124

## Note 21 Pledged assets for own liabilities

	31 Dec 2020	31 Dec 2019
Policyholders' priority rights		
Assets encompassed by policyholders' priority rights	1,150,416	1,045,193
Technical provisions, net	584,097	581,681
Surplus from registered assets	566,319	463,512

## Note 22 Change in equity

### Shares

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

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.

### Fair value reserve

This reserve includes

### Change in Fair value reserve

	31 Dec 2020	31 Dec 2019
Translation reserve		
Opening translation reserve	-787	-462
Translation differences, branches	-691	-325
Closing fair value reserve	-1,478	-787

## Note 23 Untaxed reserves

	31 Dec 2020	31 Dec 2019
Untaxed reserves		
Contingency reserve	488,118	488,118
Total untaxed reserves	488,118	488,118

## Note 24 Liabilities, direct insurance

	31 Dec 2020	31 Dec 2019
Liabilities to policyholders	4,099	2,983
Liabilities to agents	115,354	119,632
Total liabilities, direct insurance	119,453	122,615

## Note 25 Other liabilities

	31 Dec 2020	31 Dec 2019
Premium tax	1,044	1,299
Liabilities to Parent Company	60,000	62,000
Other liabilities	2,178	2,037
Total other liabilities	63,222	65,336

## Note 26 Accrued expenses and deferred income

	31 Dec 2020	31 Dec 2019
Accrued personnel expenses	7,187	6,574
Other accrued expenses	9,726	6,989
Total accrued expenses and deferred income	16,913	13,563

## 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 - Other 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.

Group companies are reported according to the acquisition method, with internal transactions eliminated at the Group level. Assets and liabilities, and dividends between Resurs Holding AB (parent company) and other Group companies, are specified in the respective notes to the statement of financial position.

Related parties - Other companies with significant influence  
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  
Lars Nordstrand

CEO and Board member of Solid Försäkringsaktiebolag  
Chairman of the Board of Solid Försäkringsaktiebolag and Board member of Resurs Holding AB

Fredrik Carlsson  
David Nilsson Sträng

Board member of Solid Försäkringsaktiebolag and Resurs Holding AB  
Board member of Solid Försäkringsaktiebolag, took office at the Extraordinary General Meeting on 1 May 2019.

Nils Carlsson,  
Martin Bengtsson

CEO Resurs Holding AB  
Chairman of the Board of Resurs Holding AB

Johanna Berlinde  
Marita Odélius Engström  
Mikael Wintzell  
Susanne Ehnåge  
Kristina Patek

Board member of Resurs Holding AB  
Board member of Resurs Holding AB  
Board member of Resurs Holding AB  
Board member of Resurs Holding AB  
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

	2020			2019		
	Parent Com pany	Other Group compani es	Other companies with significant influence	Parent Com pany	Other Group compani es	Other companies with significant influence
Income and expenses						
Premium income		1,812			1,972	
Investment return, interest income		7,503			8,877	
Shareholders' contributions	50,000					
Group contributions	-60,000			-62,000		
Commission and profit-sharing		-239,100	-46,960		-246,156	-45,034
Operating expenses	-1,729	-17,922		-1,421	-16,765	
Total income and expenses	-11,729	-247,707	-46,960	-63,421	-252,072	-45,034

	2020			2019		
	Parent Company	Other Group companies	Other companies with significant influence	Parent Company	Other Group companies	Other companies with significant influence
Assets and liabilities						
Receivables		34,633	4,755		41,962	
Cash and bank balances		1,297			238,194	
Other loans		200,000			200,000	
Liabilities	-60,229	-42,527	-13,687	-62,165	-38,876	-17,102
Total assets and liabilities	-60,229	193,403	-8,932	-62,165	441,280	-17,102

## Note 28 Personnel

Average number of employees recalculated to FTEs

	2020	2019
Women	33	39
Men	31	30
Total	64	69

Board members and senior executives

	2020	2019
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

	2020	2019
Salaries and other benefits		
Salaries and remuneration, Board, CEO and other senior executives	-6,009	-5,822
Salaries and benefits, other employees	-26,870	-26,121
Total salaries and other benefits	-32,879	-31,943
Social security contributions and pension costs		
Contractual and statutory social security contributions	-10,858	-11,347
Pension costs, Board, CEO and other senior executives	-1,424	-1,475
Pension costs, other employees	-2,472	-2,773
Total social security contributions and pension costs	-14,754	-15,595
Total salaries, remuneration, social security contributions and pension costs	-47,633	-47,538

### Salaries and fees

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

processes 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 2020

	Basic salary/B oard fees	Variable remunerati on	Other benefits *	Pensions	Total
Lars Nordstrand, Chairman	250				250
Fredrik Carlsson	93				93
David Nilsson Sträng	93				93
Marcus Tillberg, CEO	1,708		154	546	2,408
Other senior executives (4 individuals)	3,332		379	878	4,589
Other employees who can affect the company's risk level (3 individuals)	2,397		73	522	2,992
Total	7,873	0	606	1,946	10,425

## Remuneration and other benefits 2019

	Basic salary/B oard fees	Variable remunerati on	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

\* Refers to company car benefit

\*\* Christopher Ekdahl stepped down from the Board at the General Meeting on 9 April 2019.

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 2019:23 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](http://www.solidab.se).

Variable remuneration earned in 2020 is linked to both qualitative and quantitative goals. The company has ensured that all goals related to variable remuneration for 2020 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 2020. Employees who are not other senior executives or other employees who can affect the company's risk level received variable remuneration of SEK 201 thousand (246) and fixed

remuneration of SEK 26,669 thousand (25,875) in 2020. Variable remuneration for 2020 represented 0.8 per cent (1) 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 nine (eight) employees. All variable remuneration earned during 2020 has been or will be paid in cash in 2020 and 2021. There was no guaranteed variable remuneration in 2020 and it is the company's intention to continue to limit this type of remuneration.



**Note 29 Auditors fee and expenses**

	2020	2019
Mazars SA		
Audit assignment, Swiss branch	406	845
Ernst and Young AB		
Audit assignment	1,089	1,368
Other services	42	279
Tax advisory services	617	471
Total fees	2,154	2,963

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**

	2020	2019
Non-cancellable lease payments		
Within one year	2,087	2,087
Between one and five years	3,827	5,914
Total	5,914	8,001
Expensed lease payments		
Leased premises	-2,322	-2,245
Cars	-1,193	-1,124
Machinery and equipment	-68	-76
Total	-3,583	-3,445

**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 2020			31 Dec 2019		
	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	523,298			461,060		
Listed shares	98,207			78,402		
Total	621,505	0	0	539,462	0	0
Financial liabilities measured at fair value through profit or loss						
Derivatives		-508			-791	
Total	0	-508	0	0	-791	0

## Classification of assets and liabilities 31 Dec 2020

	Amortise d cost*	Fair value through profit or loss	Non -financial assets	Carryin g amou nt
Assets				
Intangible assets			30,839	30,839
Shares and participating interests		98,207		98,207
Other interest-bearing securities		523,298		523,298
Subordinated loans	200,000			200,000
Reinsurers' share of technical provisions			3,667	3,667
Receivables, direct insurance and reinsurance	77,493			77,493
Property, plant & equipment			2,908	2,908
Cash and bank balances	328,253			328,253
Other assets			19,383	19,383
Prepaid expenses and accrued income		1,214	196,447	197,661
Total assets	605,746	622,719	253,244	1,481,709

	Amortise d cost*	Fair value through profit or loss	No n-financial liabilities	Carryin g amou nt
Liabilities				
Technical provisions, net of outward reinsurance			587,764	587,764
Liabilities, direct insurance and reinsurance	119,453			119,453
Derivatives		508		508
Other liabilities	63,222			63,222
Accrued expenses and deferred income			16,913	16,913
Total liabilities	182,675	508	604,677	787,860

## Classification of assets and liabilities 31 Dec 2019

	Amortise d cost*	Fair value through profit or loss	Non -financial assets	Carryin g amou nt
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

	Amortised cost*	Fair value through profit or loss	Non- financial liabiliti es	Carryin g amou nt
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

\* 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:

	2020	2019
Fair value reserve	-1,478	-787
Retained earnings	133,837	34,382
Net profit for the year	43,372	49,455
Total earnings	175,731	83,050

The Board proposes that the profits of SEK 175,731 thousand be carried forward.

## Note 34 Significant events after the end of the financial year

No significant events took place after the closing date.

## 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 13 April 2021.

Helsingborg, 23 March 2021

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 23  
March 2021 Ernst & Young AB

Daniel Eriksson  
Authorised Public  
Accountant

## About Solid Försäkring

Since 1993, Solid Försäkring has offered unusually uncomplicated insurance that is easy to understand, easy to buy and easy to use.

We have had our head office in Helsingborg since the company was founded and we are part of the Resurs Group, which includes Resurs Bank. Resurs Holding AB 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.