Agria Djurförsäkring

Annual Report

2020

Agria Djurförsäkring

Pet and crop insurance specialist

Agria Djurförsäkring is the Länsförsäkringar Alliance's specialist company for pet and crop insurance and Länsförsäkringar's subsidiary brand. Agria's core values are closeness, innovation, dedication and simplicity. This means Agria is part of the animal world – we strive to make life with animals simple and enjoyable. Agria offers pet insurance with immense empathy and is dedicated to creating security for animals and their owners.

The strong Agria brand is based on such factors as a deep commitment to animal health and research programmes. Agria participates in various animal events, including competitions, exhibitions and clinics. Agria maintains continuous dialogue with its customers through partnerships with several animal-owner organisations, such as the Nordic kennel clubs and various pedigree clubs.

Agria's high market share in Sweden limits future growth and means that we are seeking out new markets. Agria currently operates in Denmark, Norway, the UK, Finland and France. We are continuing to build up the Agria brand in these countries, with the same tools and success as we have in Sweden.

Länsförsäkringar in brief

Länsförsäkringar comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB and its subsidiaries. Customers are provided with a complete offering of banking, insurance, pension and real-estate brokerage services through their regional insurance company. The regional insurance companies are owned by the insurance customers – there are no external shareholders and customers' needs and requirements are always Länsförsäkringar's primary task. Long-term respect for customers' money and their security is fundamental. The Länsförsäkringar Alliance jointly has 3.9 million customers and 7,500 employees.

3.9 million customers

23 local regional insurance companies

Länsförsäkringar AB[1)]

Länsförsäkringar Sak Försäkrings AB

Länsförsäkringar Bank AB

Länsförsäkringar Fondliv Försäkrings AB

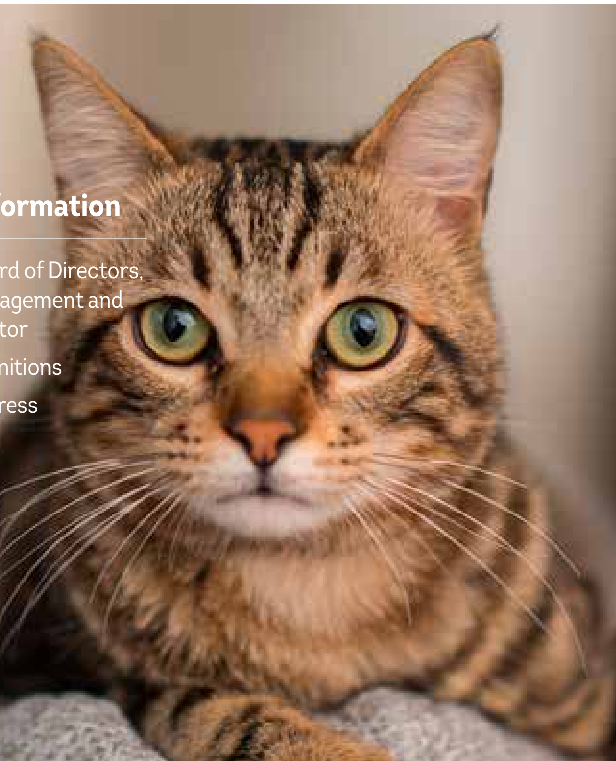
Länsförsäkringar Liv Försäkrings AB[2)]

Försäkringsaktiebolaget Agria

UK branch
Norway branch
Finland branch
Denmark branch
France branch

Agria Pet Insurance Ltd
Agria Vet Guide AB

1) Effective 30 December 2020, Länsförsäkringar AB's legal name is "Gamla Länsförsäkringar AB" but is referred to as "Länsförsäkringar AB" throughout this Annual Report.
2) The company is operated according to mutual principles and is not consolidated in Länsförsäkringar AB.



Contents

The 2020 fiscal year

Earnings 2020 *Figures in parentheses pertain to 2019*

- Profit before appropriations and tax amounted to SEK 98 M (123).
- The technical result increased to SEK 66 M (64), mainly due to strong growth.
- Premium income rose 14% to SEK 4,481 M (3,928), with continuing strong growth in both Sweden and the foreign operations.
- The combined ratio amounted to 98% (98).

Business volume: SEK 4,481 M

+14%

Combined ratio

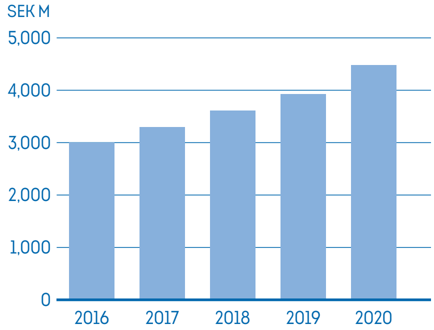
98%

Key figures

%	2020	2019	2018	2017	2016
Combined ratio	98	98	94	92	90
Return on equity[1]	9	10	15	22	22
Total investment income	2.4	4.1	-1.6	0.5	1.1
Solvency ratio[2]	163	155	174	175	159

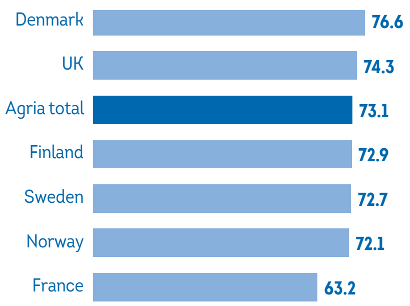
[1] Profit before appropriations less standard tax at a rate of 21.4% as a percentage of average equity including 78.6% of untaxed reserves. For 2016-2018, the percentages of 22.0 and 78.0, respectively, were used.
[2] Solvency ratio according to Solvency II rules (SII). The ratio is calculated as a ratio of SII-valued own funds in relation to the SII solvency capital requirement, using a partial internal model.

Premium income



Premium income after ceded reinsurance (SEK M). Premium income increased 14.1% in 2020.

Customer satisfaction 2020



Source: Swedish Quality Index

A year of change

Statement by the President

2020 was an eventful year that changed everyday life for both people and animals in many ways. The outbreak of the pandemic and lockdowns in society meant more time at home and a greater loneliness for many people. More and more sought the happiness and company of a pet or a horse, and Agria's portfolio grew to unprecedented levels. Digitisation made greater advances than expected, resulting in many new ways of meeting our customers and interacting with each other.

Many people took advantage of their new everyday life to realise their dream of owning a pet or horse. Our survey showed that having the company of a pet in difficult times means a great deal to people. 98% of animal owners confirmed that their animal helped make their daily lives better during the pandemic.

An increasing number of animals becoming members of the family led to strong demand for pet insurance. Our portfolio reached new record-breaking levels, and I am proud to repeat last year's message – "more animals than ever." The confidence placed in us by so many animal owners also comes with a responsibility, and we look forward to delivering on our mission of creating security for both animals and people.

Agria Vet Guide

Many people now own their first animal. While this is sure to bring them great happiness and many wonderful times together, these new animal owners could also find themselves worrying about their pet and veterinary care. In 2020, we saw claims costs rise to new highs. Not only are the costs for treatment growing, so is the claims frequency, meaning how often animal owners take their pet to the vet. This is where I believe that Agria has a responsibility to raise awareness among our customers about the different types of vet visits available, and how to choose the best one based on their pet's symptoms. This is a necessary journey for finding a sustainable level in the long term for both claims costs and insurance premiums. Many minor diagnoses are best resolved with a virtual visit to the vet. Agria acquired the digital veterinary care company Vethem in the spring to offer our customers free access to this very service. The company was renamed Agria Vet Guide and we launched the Agria Vårdguide app in Sweden. The number of customers downloading and using the app is increasing every month, and it is gratifying to see a high level of customer satisfaction with the digital vet service.

Digital trends

Digital development and the use of digital technology made huge advances during the year. Agria is at the forefront of digital meetings as well as digital brand building efforts, which are reaching even more animal owners than ever before. The digital versions of our sustainability projects Agria Dog Walk, Agria Cat Parade and Glädjehoppet hobbyhorse events generated record-breaking social media engagement, and reached thousands of animal lovers. My guess is that these virtual events are here to stay, which presents fantastic opportunities for even more customer meetings.

Our focus on digital marketing and sales in recent years was rolled out to countries outside Sweden during the year. This allowed us to come into contact with even more animal owners in their everyday lives, and digital sales increased sharply in all markets. We are also continuing to develop automated claims settlement.

Our internal operations at Agria in all countries were impacted by the COVID-19 pandemic. The majority of our employees have worked from home since early spring to reduce the risk of contagion. The operations have functioned well, despite a changeover to more digital working methods, and with a continuing focus on high quality, service and development of new services.

Agria Eventing Academy

Agria Eventing Academy was launched during the year. One of the aims of the Academy is to train young, promising riders in the message of the #stoppahältan (stop lameness) campaign that Agria has run for several years. Horse riders are trained with the help of specially invited partners and guest speakers following motto of "sustainable riding for sustainable horses." During the year, the riders met for theory classes focusing on individual coaching, training in sustainable horses, mental training and rider training as well as practical sessions riding horses to improve each eventing element. It is hoped that these riders will become future members of the national team and ambassadors for sustainable horse keeping.

International expansion

We have focused on creating a more efficient, competitive and future-oriented Agria in all countries in which we conduct operations. This work resulted in higher brand recognition and strong growth. Alongside our desire to grow, we see the value of our international presence when it comes to increased economies of scale, greater risk diversification and access to new skills that strengthen our business.

During the year, work started on establishing operations in Germany in 2021. The current level of insurance in Germany is about 5% for dogs compared with 90% in Sweden. After establishing our foreign operations, Agria's presence has resulted in a higher long-term level of insurance in each country. Our services will make a difference for the German market and its almost 9.4 million dogs. Together with the German Kennel Club, we will create a more secure life for German dogs and their owners!

Stockholm, March 2021

Agnes Fabricius
President of Agria Djurförsäkring

> Many people sought the happiness and company of a pet or a horse, and Agria's growth reached unprecedented levels.

Board of Directors' Report

The Board of Directors and the President of Försäkringsaktiebolaget Agria (publ), Corp. Reg. No. 516401-8003, hereby submit the 2020 Annual Report. The registered office of the company is in Stockholm.

In accordance with Chapter 7, Section 2 of the Swedish Annual Accounts Act, consolidated financial statements were not prepared since the company and its subsidiaries are included in the consolidated financial statements for Gamla Länsförsäkringar AB (publ), Corp. Reg. No. 556549-7020. Figures in parentheses pertain to the preceding year.

Ownership

Försäkringsaktiebolaget Agria (publ), referred to below as Agria, is a wholly owned subsidiary of Länsförsäkringar Sak Försäkrings AB (publ), referred to below as Länsförsäkringar Sak, Corp. Reg. No. 502010-9681. Länsförsäkringar Sak is wholly owned by Gamla Länsförsäkringar AB (publ), referred to below as Länsförsäkringar AB, Corp. Reg. No. 556549-7020, which is owned by 23 regional insurance companies and 15 local insurance companies.

Focus of operations

Agria is the Länsförsäkringar Alliance's specialist company for pet and crop insurance and Länsförsäkringar's subsidiary brand. Agria has a dedicated focus on and involvement with animals and their owners. Its roots can be traced back more than 130 years and today the brand is Sweden's strongest in its specific field.

Agria conducts operations in Sweden and also serves Norway, Denmark, Finland, the UK and France. The subsidiary Agria Pet Insurance Ltd (API) also operates in the UK. The Europe business area encompasses the branches in Norway, Denmark, Finland, France and the UK as well as the UK subsidiary. During the year, work started on establishing a branch in Germany. The Swedish operations are divided into the business areas of Pet and Horse & Agriculture. The wholly owned subsidiary Agria Vet Guide AB was added in 2020 to offer digital veterinary care to animal owners.

Agria offers insurance cover for animals and crops to private individuals, the agricultural sector and other companies. Insurance cover comprises veterinary care insurance, life assurance and business interruption insurance. Products and services are developed in collaboration with customers, animal-owner organisations and suppliers of veterinary care services. Agria has in-house veterinarians that provide advice to customers and claims adjustment. The Board of Agria has members appointed by animal-owner organisations, the Federation of Swedish Farmers (LRF) and the Swedish Veterinary Association. Their duties include contributing expertise and the animal owner perspective to the Board. The operations have been conducted in a separate business unit in Länsförsäkringar AB since 1 September 2020 and are a wholly owned subsidiary of Länsförsäkringar Sak.

Significant events during the year

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

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

Impact of COVID-19

The year was overshadowed by the pandemic, which forced Agria to make changes. Internally, this primarily meant that essentially all employees worked remotely in 2020, including new employees who were easily incorporated into the organisation and their work duties.

Interest in having a pet or a horse also increased as a result of many people spending more time at home, and in some cases alone. Agria's strong brand meant that the company was chosen by more people to be their animal insurer, and the results at year-end showed that the number of animals insured was at an all-time high and the portfolio was larger than ever before. At the same time, the organisation succeeded in maintaining a high level of service and availability in all channels resulting in improved customer satisfaction.

The pandemic also accelerated the changeover to digital channels for customer meetings. Sales, service and events largely moved over to digital channels, which resulted in Agria reaching even more animal owners.

Remote working is continuing in 2021 based on the recommendations of the authorities in each country. Digital daily life is here to stay and Agria is continuing to adapt its business to digital customer meetings and services.

Market and operations

The market remains driven by an increasing number of animal owners becoming aware of the importance of reliable pet insurance, fuelled by the greater emotional value attached to animals by their owners and developments in the veterinarian industry, including new technology, new treatment methods and greater access to veterinary care.

Agria has a strong concept with the clear strategy of growing internationally. The six countries served have different challenges, but many similarities as well, and this is where the value of economies of scale, greater risk diversification and access to international know-how strengthen the business.

Agria maintained a high customer satisfaction rating in the Swedish Quality Index, with growing customer satisfaction for the third consecutive year. Customers who used their insurance and contacted the claims department to make a claim remained particularly satisfied.

Agria Telephone Vet started 30 years ago, offering a remote vet clinic. Modern technology now presents new opportunities, and the Agria Vårdguide app, which offers video calls with vets, was launched in Sweden in the autumn. The idea is to encourage more animal owners to discover how secure and simple it is to use a digital vet clinic for minor injuries and illnesses. Agria Vårdguide is based on the acquisition of Vethem Sweden AB and is now operated as the subsidiary Agria Vet Guide AB. The acquisition included the company's employees and consultant vets.

The "animals are special" communication concept was launched during the year. Every cat, horse and dog is an individual with highly personal characteristics that make everyday life better. Danger could be lurking around every corner and every animal needs secure insurance. The concept was primarily rolled out via TV, radio and social media.

Europe business area

The Europe business area is a merger of the former Nordic and Europe business areas. Growth in all countries was positive with strong demand for pet insurance. Investments in digital channels quickly contributed to robust growth. The business area delivered a positive technical result and the UK business particularly stood out with higher market shares and increased brand awareness. Awareness of the Agria brand in France, the company's newest market, is also on the rise. Increased costs for veterinary care impacted the industry, resulting in higher premium levels.

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

Agria's Finnish operations reported another year of strong growth with successful sales that exceeded targets. Growth in Denmark was favourable, with high customer loyalty. Agria is a market leader in the pet insurance segment in Norway, with continued high growth. The focus on increased customer loyalty contributed to more and more customers choosing to renew their pet insurance.

During the year, work started on establishing operations with a branch in Germany in 2021.

Pet business area – Sweden

The Pet business area in Sweden reported record-breaking figures related to sales for all type of animals in 2020. The increased demand for pet insurance was an effect of more people getting a pet during the pandemic.

More animal owners made use of their pet insurance resulting in a higher frequency of vet visits. At the same time, vet costs increased, which ultimately meant higher claims costs for Agria.

Cancelled events and other customer activities due to the pandemic led to a rapid and highly successful change to virtual customer events. The virtual versions of Agria Dog Walk and Agria Cat Parade to benefit homeless dogs and cats attracted a record number of participants and greatly increased customer engagement.

Horse & Agriculture business area – Sweden

The business area reported strong growth in horses, with the portfolio attaining historically high levels. Similar to pets, both the claims frequency and costs for veterinary care also increased for horses.

Livestock and crop performed strongly and continued to grow and livestock reported record-high levels in the portfolio. For crop, it was a year without any major claims, while more cases of salmonella than normal were noted among livestock.

Customer meetings were changed to digital channels when most events and competitions were cancelled. Increased engagement and visibility was seen in social media.

Digitising the operations

With continuing high sales in digital channels in Sweden, the focus in 2020 was directed to bringing digital marketing and sales to Agria's other markets.

Actions were taken to improve the customer experience in several areas, such as increased functionality in logged-in meetings, further development of automated claims settlement and improved self-service options.

Research

Part of the company's insurance premiums has been set aside for the Agria Research Fund every year since 1938. Grants were awarded in cooperation with the Agria SKK Research Fund, the Swedish-Norwegian Foundation for Equine Research and the Swedish Farmers' Foundation for Agricultural Research. During the year, the Agria Research Fund awarded a total of SEK 10.2 M to help dogs, cats, horses and farm animals. Several interesting reports were completed and communicated to the veterinary industry and animal owners.

The Pälspodden podcast, which looks at research into dogs, cats and horses, produced and released four episodes in 2020.

Significant events after the end of the fiscal year

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

Expectations regarding future development

As a market leader, Agria wants to exceed customer expectations and be at the forefront of products, distribution, communication and

service. As a leading player in the segment, Agria works towards a sustainable society for animals and improved animal health.

It is expected that there will be continuing interest in owning an animal in the years ahead, at the same time as a broader market of products and services related to animals is growing rapidly. Agria continued to grow in Europe. More animal owners will make use of digital vet consultations and the offering will be expanded to provide more support to animal owners in the event of illness or injury.

Rapid technological advances are creating new conditions, while at the same time significant changes and innovation are needed to leverage the opportunities that are emerging. Expertise, the technical environment and the organisation must be adapted to support rapid developments so as to meet customers' evolving needs.

Employees

Commitment, trust, openness and professionalism are the foundation of the Länsförsäkringar AB Group's corporate culture. Skilled employees who drive and develop the operations are vital to achieving our business objectives. Attracting new and retaining existing employees is of the greatest importance. A focus on diversity, inclusion, equality, skills development, health and a good work environment are key factors in ensuring this.

Skills-based recruitment was prepared in 2020, focusing on tests to avoid discrimination. A recruitment and diversity training course for managers and union representatives was arranged during the year. The gender distribution in working groups remains good. The Länsförsäkringar AB Group endeavours to nurture the conditions for a learning culture focusing on development. Implementation of a new employees and training system began in 2020. During the year, 200 employees completed a digital training course on artificial intelligence. A framework for the Lean Agile work method started to be implemented in order to deliver more efficient, high-quality development services to the regional insurance companies. Recruiting IT and tech skills will be a focal area for 2021. The Länsförsäkringar AB Group has applied a long-term approach to health and the organisational, social and physical work environment for many years. Focus in 2020 was on ensuring the employees remained safe and engaged in their work during the pandemic. To limit the spread of the virus and ensure a safe and secure workplace, guidelines were prepared in early spring 2020 based on the Public Health Agency's advice and recommendations. Health programmes were made available as support and employees were provided with the necessary office equipment in their home. Activity-based working continued to be rolled out during the year, enabling employees to work in the way, with the technology and in the place that offer the best support for performing their duties. New insights into the workplace of the future resulting from the COVID-19 pandemic reinforce activity-based working. The organisational and social work environment is regularly monitored in accordance with the Swedish Work Environment Authority's provisions (AFS 2015:4). Health care insurance is offered to all employees that includes medical consultations, counselling, preventive health services and rehabilitation.

Sustainability

The Länsförsäkringar AB Group's sustainability activities are based on the vision of "Together we create security and opportunities." Agria can reduce its sustainability risks, increase customer value and also contribute to the positive development of society and create business value by taking economic, social and environmental aspects into consideration in business development and business decisions. Länsförsäkringar is a signatory to the principles of the UN Global Compact and works to contribute to the UN Sustainable Development Goals (SDGs). Agria does not prepare a statutory Sustainability Report in accordance with Chapter 6, Section 10 of the Swedish Annual Accounts Act. Länsförsäkringar AB prepares a Sustainability Report for the Group in which Agria is included. The Group's Sustainability Report can be found in Länsförsäkringar AB's 2020 Annual Report on the pages listed in the Index ÅRL Sustainability Report on page 148.

Capital position

Länsförsäkringar AB and its insurance subsidiaries have permission from the Swedish Financial Supervisory Authority to calculate the capital requirement for insurance operations using a partial internal model. Capital requirements for most market risks and non-life insurance risks are calculated using an internal model, whereas other types of risk are calculated by applying the Solvency II standard formula. Agria's capital position is expressed and measured in accordance with Solvency II as a ratio of own funds in relation to the risk-based capital requirement. Own funds increased SEK 268 M during the year to SEK 1,497 M. The capital requirement rose SEK 126 M during the year to SEK 918 M, mainly driven by growing business. Agria's solvency ratio on 31 December 2020 was 163% (155).

The company's capital position according to Solvency II is described in greater detail in the Länsförsäkringar AB Group's Solvency and Financial Condition Report.

The uncertainty in the financial markets caused by the COVID-19 pandemic negatively impacted the solvency ratio in the first quarter of 2020. Combined with a change in the method for calculating the capital requirement, this led to a shareholders' contribution of SEK 220 M from the Parent Company Länsförsäkringar Sak. The shareholders' contribution and the later recovery in the financial markets subsequently led to a stronger solvency ratio. The COVID-19 pandemic resulted in the Swedish Financial Supervisory Authority requesting more frequent reporting of insurance companies' capital position. Agria has a strong capital position and is considered highly able to manage any additional effects brought about by the pandemic.

Risks and risk management

One of the key objectives for Agria is to ensure that the company can meet its commitments to customers. Accordingly, controlling risk-taking is an integrated part of the business governance and great emphasis is placed on forward-looking analyses. Ongoing activities include handling known risks and identifying new risks. Agria's operations give rise to various types of risks. Market risks primarily arise due to changes in the level or volatility of financial assets. Exposure to underwriting risks includes non-life insurance risks such as premium, reserve and catastrophe risk.

The outbreak of the pandemic in 2020 led to greater uncertainty in the financial markets and, to a lesser extent, impacted risk in the insurance business. At the same time, Agria has taken a number of measures to ensure the continuation of operations. The purpose of the measures taken is for the impact on the company's customers to be as low as possible. Apart from the risks caused by the pandemic in 2020, other risks that Agria is exposed to have not changed materially since 31 December 2019. A more detailed description of the risks to which the company is exposed and how these risks are managed is presented in note 2 Risks and risk management.

Earnings and financial position

Profit before appropriations and taxes amounted to SEK 98 M (123). The technical result amounted to SEK 66 M (64) and the combined ratio to 98% (98). Asset management's earnings amounted to SEK 32 M (63). The portfolio continued to grow strongly both in Sweden and in the international business. Premium income rose 14% to SEK 4,481 M (3,928). Premiums earned after ceded reinsurance amounted to SEK 4,143 M (3,788).

Claims payments after ceded reinsurance amounted to SEK 3,163 M (2,804) and the claims ratio increased to 76% (74). Operating expenses amounted to SEK 916 M (924) and the expense ratio fell to 22% (24).

Investment income amounted to 2.5% or SEK 6.7 M (9.7). The investment portfolio mainly consists of interest-bearing assets, and has a short duration. The fixed-income portfolio contributed a total of 0.6 percentage points, with the most positive contributions from the trend in Swedish housing spreads and US interest-rate durations. Equities performed favourably during the year, contributing 1.0 percentage point. The new for the year forest class of asset in alternative investments generated the highest investment returns in the portfolio, contributing 0.6 of a percentage point. The properties portfolio made a positive contribution of 0.3 percentage points. The return for each class of asset is stated in SEK from 1 January 2020, which means that currency effects are included.

Solvency capital totalled SEK 1,585 M (1,381) and the solvency margin amounted to 35% (35).

Proposed appropriation of the insurance company's profit or loss

According to the balance sheet of Försäkringsaktiebolaget Agria (publ), non-restricted equity of SEK 732,159,775 is at the disposal of the Annual General Meeting.

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

Retained earnings	630,149,669
Net profit for the year	102,010,107
Total	**732,159,775**

The Board of Directors proposes that profit be appropriated as follows:

To be distributed to the owner	–
To be carried forward	732,159,775
Total	**732,159,775**

The insurance company's solvency ratio under Solvency II after the proposed appropriation of profit amounts to 163% (155).

The insurance company's financial position does not result in any other assessment than that the insurance company can be expected to fulfil its obligations in both the short and long term.

The Board of Directors believes that the insurance company's equity as reported in the Annual Report is sufficiently high in relation to the nature, scope and risks of the operations, and the company's solvency requirements, liquidity and financial position, in accordance with Chapter 17, Section 3 of the Swedish Companies Act.

For more information on the insurance company's earnings and financial position, refer the following income statement and balance sheet with accompanying notes to the accounts.

Five-year summary

Earnings, SEK M	2020	2019	2018	2017	2016
Premiums earned (after ceded reinsurance)	4,143.4	3,787.8	3,495.8	3,135.6	2,891.4
Investment income transferred from financial operations	0.1	4.4	2.0	1.8	0.9
Claims payments (after ceded reinsurance)	–3,162.9	–2,804.2	–2,458.9	–2,142.5	–1,963.9
Operating expenses	–915.5	–924.5	–823.3	–727.4	–639.1
Other technical revenue	0.5	0.4	0.4	0.5	0.4
Technical result for insurance operations	**65.5**	**63.9**	**216.0**	**268.0**	**289.7**
Remaining investment income	32.3	63.2	–28.1	7.4	3.6
Profit before appropriations and tax	**97.8**	**122.7**	**185.6**	**273.6**	**284.9**
Net profit for the year	**102.0**	**94.6**	**148.6**	**164.9**	**175.1**
Premium income (after ceded reinsurance)	**4,481.4**	**3,927.8**	**3,613.7**	**3,287.3**	**3,000.2**
FINANCIAL POSITION, SEK M					
Investment assets measured at fair value	1,916.8	1,815.3	1,708.2	1,700.1	1,653.8[1]
Technical provisions (after ceded reinsurance)	2,467.4	2,177.6	1,963.7	1,814.6	1,705.2
Solvency capital					
– equity	783.0	459.4	378.9	316.6	502.5
– deferred tax	–0.6	0.1	0.1	–3.8	–1.1
– untaxed reserves	807.2	837.3	837.8	833.1	783.1
– non-recognised surplus value	97.5	83.9	37.9	23.5	27.8
Solvency capital	**1,687.1**	**1,380.7**	**1,254.7**	**1,169.4**	**1,312.3**
Solvency margin, %	**38**	**35**	**35**	**35**	**44**
Own funds	**1,497**[2]	**1,229**[2]	**1,050**	**984**	**820**
Solvency capital requirement	**918**	**792**	**602**	**563**	**516**
Minimum capital requirement	**407**	**357**	**271**	**253**	**232**
Solvency ratio, %	**163**	**155**	**174**	**175**	**159**
Own funds for the insurance group[3]	**57,412**	**50,220**	**43,870**	**44,172**	**40,602**
Solvency capital requirement for insurance group[3]	**39,186**	**37,776**	**33,874**	**33,441**	**30,121**
Solvency ratio, % for insurance group[3]	**147**	**133**	**130**	**132**	**135**
KEY FIGURES					
Insurance operations					
Claims ratio	76.3	74.0	70.3	68.3	67.9
Expense ratio	22.1	24.4	23.6	23.2	22.1
Combined ratio	98.4	98.4	93.9	91.5	90.0
Asset management					
Direct yield, %	0.3	0.2	0.3	–0.1	0.2
Total return, %	2.4	4.1	–1.6	0.5	1.1

1) Comparative figures for 2016 have been restated because accrued interest is recognised together with financial instruments measured at fair value. See note 5 for further information.
2) Of which SEK 1,497 M (1,229) is Tier 1 capital.
3) The group under the insurance-operation rules comprises the Parent Company Länsförsäkringar AB, all of the insurance companies in the Group. Länsförsäkringar Bank AB, Wasa kredit AB, Länsförsäkringar Hypotek AB and Länsförsäkringar Fondförvaltning AB. The insurance group also includes Länsförsäkringar Liv AB, despite Länsförsäkringar Liv not being consolidated in the Länsförsäkringar AB Group. As stated in the EU Solvency II Directive, the calculations are made in accordance with the consolidation method, except where the insurance-operation rules require deductions from surplus capital in subsidiaries that are not transferable to another company unless the subsidiary in question is an insurance company.

Financial statements

Income statement

SEK M	Note	2020	2019
TECHNICAL RECOGNITION OF NON-LIFE INSURANCE OPERATIONS			
Premium income (before ceded reinsurance)	3	4,485.9	3,931.9
Premiums for ceded reinsurance		–4.5	–4.1
Change in provision for unearned premiums and unexpired risks		–338.0	–140.0
Reinsurers' portion of Change in provision for unearned premiums and unexpired risks		0.0	0.0
Total premiums earned (after ceded reinsurance)		**4,143.4**	**3,787.8**
Investment income transferred from financial operations	4	**0.1**	**4.4**
Other technical revenue		**0.5**	**0.4**
Claims payments (after ceded reinsurance)			
Claims paid			
Before ceded reinsurance		–3,124.4	–2,782.2
Reinsurers' portion		–	0.2
Total claims paid	5	**–3,124.4**	**–2,782.0**
Change in provision for claims outstanding			
Before ceded reinsurance		–46.6	–18.8
Reinsurers' portion		8.1	–3.4
Total change in provision for claims outstanding		**–38.5**	**–22.2**
Claims payments (after ceded reinsurance)		**–3,162.9**	**–2,804.2**
Operating expenses	6, 7, 8	**–915.5**	**–924.5**
Technical result for non-life insurance operations		**65.6**	**63.9**
NON-TECHNICAL RECOGNITION			
Technical result for non-life insurance operations		65.6	63.9
Investment income, revenue	9	33.6	29.8
Unrealised gains on investment assets	9	15.2	54.8
Investment income, expenses	9	–16.5	–21.4
Unrealised losses on investment assets	9	–	–
Investment income transferred to non-life insurance operations	4	–0.1	–4.4
Profit before appropriations and tax		**97.8**	**122.7**
Appropriations			
Change in tax allocation reserve		30.1	0.5
Profit before tax		**127.9**	**123.2**
Deferred tax	10	0.6	0.0
Tax on net profit for the year	10	–26.5	–28.6
NET PROFIT FOR THE YEAR		**102.0**	**94.6**

Statement of other comprehensive income

SEK M	2020	2019
Net profit for the year	**102.0**	**94.6**
Other comprehensive income		
Items that have been transferred or can be transferred to profit or loss		
Translation difference for the year in foreign branch	1.9	–0.1
Tax attributable to translation difference	–0.4	0.0
Other comprehensive income for the year	**1.5**	**–0.1**
Comprehensive income for the year	**103.5**	**94.5**

Performance analysis 2020

SEK M	Total	Direct insurance Swedish risks	Direct insurance, foreign risks
TECHNICAL RESULT FOR NON-LIFE INSURANCE OPERATIONS			
Premiums earned (after ceded reinsurance)	**4,143.4**	2,508.8	1,634.6
Investment income transferred from financial operations	**0.1**	–	0.1
Claims payments (after ceded reinsurance)	**-3,162.9**	-1,908.8	-1,254.1
Operating expenses	**-915.5**	-492.0	-423.5
Other technical revenue	**0.5**	0.3	0.2
Technical result for non-life insurance operations, 2020	**65.6**	**108.3**	**-42.7**
Run-off result (before ceded reinsurance)	**32.4**	17.8	14.6
Technical provisions (before ceded reinsurance)			
Provision for unearned premiums and unexpired risks	**2,130.2**	1,268.0	862.2
Provision for claims outstanding	**347.3**	169.7	177.6
Total technical provisions (before ceded reinsurance)	**2,477.5**	**1,437.7**	**1,039.8**
Reinsurers' portion of technical provisions			
Provision for unearned premiums and unexpired risks	**–**	–	–
Provision for claims outstanding	**10.2**	8.2	2.0
Total technical provisions (before ceded reinsurance)	**10.2**	**8.2**	**2.0**
Notes to performance analysis			
Premium income (before ceded reinsurance)	**4,485.9**	2,668.7	1,817.2
Premiums for ceded reinsurance	**-4.5**	-2.7	-1.8
Change in provision for unearned premiums and unexpired risks	**-338.0**	-157.2	-180.8
Reinsurers' portion of change in provision for premium reserve	**-4,143.4**	2,508.8	1,634.6
Premiums earned (after ceded reinsurance)			
Claims payments (after ceded reinsurance)			
Claims paid			
Before ceded reinsurance	**-3,124.4**	-1,906.6	-1,217.8
Reinsurers' portion	**–**	–	–
Change in provision for claims outstanding			
Before ceded reinsurance	**-46.6**	-10.3	-36.3
Reinsurers' portion	**8.1**	8.1	–
Claims payments (after ceded reinsurance)	**-3,162.9**	**-1,908.8**	**-1,254.1**

Balance sheet

SEK M	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Intangible assets			
Other intangible assets	11	5.6	7.8
Total intangible assets		**5.6**	**7.8**
Investment assets			
Investments in Group companies and associated companies			
Shares and participations in Group companies	12	355.2	273.2
Interest-bearing securities issued by Group companies	13	89.3	125.0
Shares and participations in associated companies	14	0.5	0.5
Other financial investment assets			
Shares and participations	15	388.5	306.6
Bonds and other interest-bearing securities	16	970.1	1,013.0
Derivatives	17, 18	15.7	13.1
Total investment assets		**1,819.3**	**1,731.4**
Reinsurers' portion of technical provisions			
Unearned premiums and unexpired risks		–	–
Claims outstanding	25	10.2	2.1
Total reinsurers' portion of technical provisions		**10.2**	**2.1**
Receivables			
Receivables, direct insurance	19	1,939.4	1,666.3
Receivables, reinsurance		–	–
Other receivables	20	434.7	385.0
Total receivables		**2,374.1**	**2,051.3**
Other assets			
Tangible assets and inventories	21	23.8	19.0
Cash and bank balances		421.3	180.1
Deferred tax assets	10	0.6	0.0
Total other assets		**445.7**	**199.1**
Prepaid expenses and accrued income			
Deferred acquisition costs	22	175.2	160.6
Other prepaid expenses and accrued income		9.4	6.6
Total prepaid expenses and accrued income		**184.6**	**167.2**
TOTAL ASSETS		**4,839.5**	**4,158.9**

Balance sheet, cont.

SEK M	Note	31 Dec 2020	31 Dec 2019
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Share capital (40,000 shares)		40.0	40.0
Statutory reserve		5.5	5.5
Development Expenditures Fund		5.3	7.0
Retained earnings		630.2	312.3
Net profit for the year		102.0	94.6
Total equity		**783.0**	**459.4**
Untaxed reserves	23		
Equalisation reserve		35.2	35.2
Contingency reserve		464.9	464.9
Tax allocation reserve		307.1	337.2
Total untaxed reserves		**807.2**	**837.3**
Technical provisions (before ceded reinsurance)			
Unearned premiums and unexpired risks	24	2,130.2	1,864.6
Claims outstanding	25	347.3	315.1
Total technical provisions (before ceded reinsurance)		**2,477.5**	**2,179.7**
Other provisions			
Pensions and similar commitments	26	–	–
Deferred tax liabilities	10	0.0	0.1
Other provisions		2.3	2.4
Total other provisions		**2.3**	**2.5**
Liabilities			
Liabilities, direct insurance	27	32.1	26.8
Liabilities, reinsurance		–	0.1
Derivatives	17, 18	7.2	10.0
Current tax liabilities		1.9	–
Other liabilities	28	100.4	111.5
Total liabilities		**141.6**	**148.4**
Accrued expenses and deferred income			
Other accrued expenses and deferred income	29	627.9	531.6
Total accrued expenses and deferred income		**627.9**	**531.6**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**4,839.5**	**4,158.9**

Statement of changes in equity

SEK M	Restricted equity			Non-restricted equity			
	Share capital	Statutory reserve	Development Expenditures Fund	Revaluation reserve	Retained earnings	Net profit for the year	Total equity
OPENING EQUITY, 1 JANUARY 2019	**40.0**	**5.5**	**9.5**	**-6.3**	**181.6**	**148.6**	**378.9**
Net profit for the year						94.6	**94.6**
Change in translation difference				-0.2			**-0.2**
Tax on change in translation difference					0.0		**0.0**
Comprehensive income for the year				**-0.2**	**0.0**	**94.6**	**94.4**
Provision to Development Expenditures Fund			-2.5		2.5		**0.0**
Dividends					-10.0		**-10.0**
Group contributions paid					-5.0		**-5.0**
Tax on Group contributions paid					1.1		**1.1**
Appropriation of profit					148.6	-148.6	**0.0**
CLOSING EQUITY, 31 DECEMBER 2019	**40.0**	**5.5**	**7.0**	**-6.5**	**318.8**	**94.6**	**459.4**
OPENING EQUITY, 1 JANUARY 2020	**40.0**	**5.5**	**7.0**	**-6.5**	**318.8**	**94.6**	**459.4**
Net profit for the year						102.0	**102.0**
Change in translation difference				2.0			**2.0**
Tax on change in translation difference					-0.4		**-0.4**
Comprehensive income for the year				**2.0**	**-0.4**	**102.0**	**103.6**
Provision to Development Expenditures Fund			-1.7		1.7		**0.0**
Shareholders' contributions					220.0		**220.0**
Appropriation of profit					94.6	-94.6	**0.0**
CLOSING EQUITY, 31 DECEMBER 2020	**40.0**	**5.5**	**5.3**	**-4.5**	**634.7**	**102.0**	**783.0**

Share capital comprises 40,000 shares with a quotient value of SEK 1,000 per share.

Notes to the financial statements

All figures in SEK M unless otherwise stated.

Note 1	Accounting policies

Company information

The Annual Report for Försäkringsaktiebolaget Agria (publ), Corp. Reg. No. 516401-8003, pertains to the 1 January – 31 December 2020 fiscal year. Försäkringsaktiebolaget Agria is an insurance company registered in Sweden, with its registered office in Stockholm. The address of the head office is Box 70306, SE-107 23 Stockholm, Sweden.

The company is a wholly owned subsidiary of Länsförsäkringar Sak Försäkrings AB (publ), Corp. Reg. No. 502010-9681, with its registered office in Stockholm. The Parent Company in the largest Group in which Försäkringsaktiebolaget Agria is the subsidiary and in which the consolidated financial statements are prepared is Gamla Länsförsäkringar AB (publ), Corp. Reg. No. 556549-7020, with its registered office in Stockholm. Försäkringsaktiebolaget Agria does not prepare its own consolidated financial statements in accordance with Chapter 7, Section 2 of the Swedish Annual Accounts Act.

Compliance with standards and legislation

Försäkringsaktiebolaget Agria's Annual Report was prepared in accordance with the Annual Accounts Act for Insurance Companies (1995:1560) (ÅRFL), the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reports in insurance companies (FFFS 2019:23), and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. In accordance with the regulations and general guidelines, Agria applies legally restricted IFRS. This means that all IFRS and interpretations approved by the EU are applied as far as possible within the framework of Swedish legislation and taking into consideration the connection between accounting and taxation.

The Annual Report was approved for publication by the Board of Directors and President on 23 February 2021. Final adoption of the Annual Report will take place at the 2021 Annual General Meeting.

Conditions relating to the preparation of the financial statements

The company's functional currency is Swedish kronor (SEK) and the financial statements are presented in SEK. All amounts are rounded to the nearest million with one decimal point (SEK M), unless otherwise stated. Assets and liabilities are recognised at cost, except for most of the company's financial assets and liabilities that are measured at fair value. The accounting policies stated below have been applied to all periods presented in the financial statements, unless otherwise stated.

Judgements and estimates in the financial statements

The preparation of accounts in accordance with legally restricted IFRS requires that corporate management make judgements and estimates, and make assumptions that affect the application of the accounting policies and the recognised amounts of income, expenses, assets, liabilities and contingent liabilities presented in the financial statements. These judgements and estimates are based on previous knowledge and experiences and the information available on the balance-sheet date. The actual outcome may deviate from these judgements and estimates, but estimates are regularly evaluated to reduce deviations. Changes in the abovementioned estimates are recognised in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

Significant judgements applied to the company's accounting policies

An area in which corporate management makes significant judgements is the classification of insurance contracts. Under IFRS 4, contracts that transfer significant insurance risk are classified as insurance contracts. Agria has assessed all insurance contracts, and all significant contracts are classified as contracts with significant insurance risk. The level of insurance risk was assessed by considering whether one or more scenarios of commercial significance exist in which the company would be obligated to pay a significant amount of compensation. For further information, see the section on Insurance contracts below.

Agria assesses the business model used to manage financial assets, which determines the classification. The categories of financial assets and liabilities are described below under the section Financial assets and liabilities, which also describes the company's classification.

Significant sources of estimation uncertainty

Provisions for claims outstanding and the depreciation period for deferred acquisition costs are two areas that involve a certain level of uncertainty. When calculating technical provisions, an actuarial estimate of anticipated additional costs for claims incurred and expenses for claims that may be incurred during the remaining term of the insurance policy is made. The valuation of the company's provisions is described in the section below concerning the recognition of technical provisions and in note 2 Risks and risk management. The assumption for the depreciation period for deferred acquisition costs is based on statistics relating to the terms of the insurance contracts.

The valuation techniques described below in the accounting policies for investment assets are used in the measurement of financial assets for which no observable market data is available. Measurement is based on the most recent information, which normally involves quarterly measurement, one quarter in arrears. Special follow-ups are performed during periods of major turbulence in the financial market.

Amended accounting policies applied from 1 January 2020

Agria applies the accounting policies below from 1 January 2020.

FFFS 2019:23 Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual accounts at insurance undertakings and institutions for occupational retirement provision

The new regulations replace the Financial Supervisory Authority's regulations and general guidelines (FFFS 2015:12) regarding annual reports at insurance undertakings. Most of the provisions were transferred to the new regulations.

The requirement to prepare a cash-flow statement for unlisted companies in legal entities has been removed since it is not stipulated in law and Agria has thus decided not to prepare a cash-flow statement.

New accounting regulations that have not yet been applied

A number of new or amended standards and interpretations described below will not take effect until forthcoming fiscal years, and have not been applied in advance when preparing these financial statements. The expected effects that the application of these new or amended standards may have on Agria's financial statements are described below. Other than those, no other new or revised IFRS and interpretations not yet in force are deemed to have any material effect on the financial statements.

Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (phase 2)

The ongoing global Interest Rate Benchmark Reform aims to produce alternative risk-free rates as a replacement for interbank offered rates (IBORs) that are usually used as interest reference rates for financial assets and liabilities subject to variable interest. This Reform could result in a reform of the existing interest rate benchmark or the introduction of a new alternative benchmark rate based on transaction data.

On 27 August 2020, the ISAB published amendments to several standards to prevent unwanted accounting consequences in the period after the Reform has been implemented. The amendments have not yet been adopted by the EU but are proposed to come into effect for fiscal years beginning on or after 1 January 2021. The amendments primarily entail a practical expedient for changes to contractual cash flows of financial assets and liabilities (including lease liabilities) that allow the effective interest rate to be changed to the new interest rate benchmark and thus entail that the carrying amount remains the same as before the change. The IASB is also adjusting the relief from hedge accounting requirements by making it possible to update documentation for existing hedging relationships in order to adapt to the new interest rate benchmark.

A project is currently being conducted within the Länsförsäkringar AB Group to investigate the effects of the Interest Rate Benchmark Reform. Note 2 Risk and capital management provides disclosures on uncertainties as a result of the IBOR reform.

IFRS 17 Insurance Contracts

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

The standard was updated in 2020. The company is following developments in Sweden and the Financial Supervisory Authority's assessment of any effects on legally restricted IFRS.

Shareholders' and Group contributions

Shareholders' contributions are recognised in the equity of the recipient and in shares and participations in Group companies with the donor.

Group contributions are recognised in accordance with the main rule of RFR 2. Group contributions received from subsidiaries are recognised according to the same principles as for recognising dividends. Group contributions paid to a subsidiary are recognised as an increase in shares and participations in Group companies. Group contributions paid or received from the Parent Company aimed at reducing the Group's total tax are recognised in equity after deductions for current tax effects since in accounting terms the Group contributions are equated with dividends and shareholders' contributions.

Translation of foreign currencies

Transactions in foreign currency are translated to SEK at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are translated to SEK by applying the exchange rates on the balance-sheet date. Non-monetary assets and liabilities are recognised at the rate in effect on the date of the transaction.

Unrealised exchange-rate differences are recognised in profit or loss as exchange-rate gains/losses net under investment income, income or investment income, expenses.

The currency futures utilised to financially hedge currency exposure in the balance sheet are measured at fair value and effects on earnings are recognised under both interest income and exchange rate gains/losses.

Financial statements of foreign operations

Assets and liabilities in the branches are translated from the functional currency of the foreign operations (NOK, DKK, EUR and GBP) to the Group's presentation currency, SEK, at the exchange rate applicable on the balance-sheet date. Income and expenses in a foreign operation are translated to SEK at the average exchange rate for the year. Gains/losses on currency translations are recognised in other comprehensive income and accumulated in the revaluation reserve under non-restricted equity.

Insurance contracts

Insurance contracts are contracts in which Agria undertakes a significant insurance risk by committing to compensate the policyholder if a predetermined, insured event were to occur.

Premium income

Premium income is recognised as the total gross premium for direct insurance that has fallen due for payment or can be credited to the company for insurance contracts for which the insurance period commenced prior to the end of the fiscal year.

Gross premium is the contractual premium for the entire insurance period after deductions for standard customer discounts. Renewal premiums for contracts with renewal before the end of the fiscal year but that are not confirmed by the policyholder and premiums for recently signed insurance contracts for which the insurance period begins before the end of the fiscal year are included at the amounts at which they are expected to be received. Cancellations reduce the premium income as soon as the amount is known. Additional premiums are included at the amounts at which they are expected to be received. Premiums for insurance periods commencing after the end of the fiscal year are also recognised as premium income, if according to contract they fall due for payment during the fiscal year. Premium income is recognised excluding tax and other public fees charged to the insurance premium.

Premiums earned

Premiums earned are recognised as the portion of premium income attributable to the accounting period. The portion of premium income from insurance contracts pertaining to periods after the balance-sheet date is recognised as Technical provisions in the statement of financial position. Provision for unearned premiums is usually calculated by strictly allocating premium income based on the term of the underlying insurance contract. Reinsurers' portion of premium income is also allocated and the portion attributable to the period after the balance-sheet date is recognised as a receivable, Reinsurers' portion of technical provisions.

Claims payments

Claims payments correspond to claims paid during the accounting period and changes in provisions for claims outstanding. In addition to claims paid, claims payments include expenses for claims adjustment. Claims recoveries are recognised as a reduction of claims costs.

Operating expenses

Agria recognises its leases as operating leases. These rental changes are recognised straight-line over the lease term as operating expenses.

Investment income

Investment income, revenue and expenses

Realised gains or losses on investment assets are calculated as the difference between the purchase consideration received and the cost of the asset.

Unrealised gains and losses on investment assets

Unrealised gains or losses comprise changes for the year in the difference between cost and fair value. In the event of a sale, the accumulated unrealised change in value is reversed as an unrealised gain or loss, except for shares and participations that we have decided to measure at fair value through comprehensive income.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or directly against equity, whereby the related tax effect is recognised in equity.

Current tax is tax to be paid or received in the current year, with the application of the tax rates established or decided in practice on the balance-sheet date, and any adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. The valuation of deferred tax is based on how underlying assets and liabilities are expected to be realised or settled. Deferred tax is calculated with application of the tax rates and tax rules established or decided in practice on the balance-sheet date.

Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent that it is likely that it will be possible to utilise these. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Any additional income tax arising on dividends is recognised at the same time as when the dividend is recognised as a liability.

Intangible assets

Other intangible assets

Other intangible assets comprise proprietary and acquired IT investments and partnership agreements with determinable useful lives. These assets are recognised at cost less accumulated amortisation and impairment. Amortisation is commenced when the asset becomes available for use.

The company's proprietary intangible assets are recognised only if the asset is identifiable and if the company has control of the asset.

The carrying amount of proprietary intangible assets includes all directly attributable expenses. Other development expenses are recognised as an expense in the period in which they arise. Additional expenses for capitalised intangible assets are recognised as an asset in the balance sheet only when these expenses increase the future economic benefits of the specific asset to which they pertain.

The periods of amortisation are determined based on a useful life of five years. Amortisation takes place in the income statement according to the straight-line method. Impairment testing takes place annually.

The corresponding amount for capitalised development expenditures is reserved in equity to the Development Expenditures Fund.

Investment assets

Financial assets and liabilities

Recognition and derecognition in the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the contract in accordance with the instrument's contractual conditions. A financial asset is derecognised from the balance sheet when the rights in the contract are realised, expire or – when the assets are transferred – no longer has any significant risks or benefits from the assets and also when the company loses control of the asset. A financial liability is derecognised from the balance sheet when the obligation in the contract is met or extinguished in another manner.

Business transactions in the monetary, bond and equities markets are recognised in the balance sheet on the trade date, which is the time when the significant risks and rights are transferred between the parties.

Offsetting financial assets and liabilities

A financial asset and a financial liability are offset and reported as a net amount in the balance sheet only when a legal right exists to offset the amounts and the intention is present to simultaneously realise the asset and settle the liability or to settle the items in a net amount.

Classification and measurement

All financial assets and liabilities are measured at fair value through profit or loss on the initial valuation date. Subsequent measurement and recognition take place depending on the measurement category to which the financial instrument belongs.

Agria's financial assets comprise:

- Debt instruments
- Derivative instruments

Debt instruments

The business model used to manage a debt instrument and its contractual cash flow characteristics determines the classification of a debt instrument. A requirement for a financial asset to be measured at amortised cost or fair value through other comprehensive income is that the contractual cash flows solely comprise outstanding payment of the principal and interest on the principal. Debt instruments that do not meet the requirement are measured at fair value through profit or loss regardless of the business model to which the asset is attributable. All debt instruments measured at amortised cost meet these cash flow characteristics.

Amortised cost

Agria manages loans and receivables in a business model whose objective is to realise the assets' cash flows by receiving contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are therefore measured at amortised cost.

Amortised costs refers to the discounted present value of all future payments attributable to the instrument with the discount rate comprising the effective interest rate of the asset on the acquisition date.

Fair value through profit or loss

Agria's debt instruments comprise holdings of interest-bearing securities or similar instruments, mutual funds classified as either shares and participations or bonds and other interest-bearing securities based on whether at least half of the managed assets comprise shares or interest-bearing securities. Assets that are debt instruments and held in a business model that entails measurement at fair value through profit or loss since the assets are managed and evaluated based on the fair values of the assets, and since the fair value comprises the basis for the internal monitoring and reporting to senior executives.

Derivative instruments

Derivative instruments measured at fair value through profit or loss. Derivatives with positive market values are recognised as assets in the balance sheet and derivatives with negatives market values are recognised as liabilities.

Financial liabilities

Agria measures all financial liabilities that are not derivatives at amortised cost.

Methods for determining fair value

Financial instruments listed in an active market

The largest portion of the company's financial instruments are measured at fair value using prices listed in an active market. No additions for transaction costs (for example, brokerage commission) or future transaction costs in connection with potential divestment are made. A financial instrument is considered to be quoted in an active market when transactions take place at sufficient frequency and volume in order to provide continuous price information. If the market for the asset or liability is the most advantageous market and if a company on the measurement date can perform a transaction with the asset or liability at this price on this market, the holding is classified as Level 1 in the fair value hierarchy.

Financial instruments not listed in an active market

If the market for a financial instrument is not active, the fair value is determined by using a valuation technique. The company has OTC derivatives, for example, that are not traded in an active market. The valuation techniques applied are based on market data as far as possible, while company-specific information is used as little as possible. The instruments for which all material inputs required for measurement at fair value are observable are found in Level 2 of the fair value hierarchy. If one or more significant inputs are not based on observable market data, the instrument in question is classified as Level 3 in the fair value hierarchy.

Recognition of credit losses

Reserves for expected credit losses ("loss allowance") are recognised for financial assets measured at amortised cost. The initial loss allowance is calculated and recognised on initial recognition and is subsequently continuously adjusted over the lifetime of the financial asset. For accounts receivable, the company uses the simplified method, which entails that a loss allowance is always measured at an amount corresponding to the full lifetime of the expected credit losses. The reserve for financial assets measured at amortised cost is recognised as a reduction of the recognised gross carrying amount of the asset. Loss allowance is presented in the income statement as investment income, expenses.

Confirmed credit losses are those losses whose amount is finally established and where the assessment is that the possibility of receiving additional payments is very small. The receivable is then derecognised from the balance sheet and recognised as a confirmed loss in profit or loss on this date.

Impairment testing of intangible assets and shares and participations in associated companies

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated. The recoverable amount of intangible assets that are not finished for use are calculated annually. If it is not possible to determine the substantially independent cash flow of a specific asset, the assets are to be grouped in the impairment test at the lowest value where it is possible to identify the substantially independent cash flows known as a cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment is recognised in profit or loss.

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

Inventories

Inventories are measured at the lower of cost and the net selling price, taking into account obsolescence. Cost is calculated by applying the First In, First Out method (FIFO) and includes expenses arises in connection with the inventory items and to bring them to their current location and in their current condition. The net selling price is the calculated sales price under normal circumstances in the operating activities after deductions for estimated costs for completion and to achieve a sale.

Deferred acquisition costs

Costs that have a clear connection to underwriting insurance contracts are capitalised as Deferred acquisition costs in the balance sheet and are depreciated over the useful life. A condition for capitalisation is that the acquisition costs are attributable to a certain insurance contract, or homogeneous groups of contracts that can be followed up, and are deemed to generate a margin that covers at least the acquisition costs intended to be capitalised. These costs capitalised are commission expense and expenses for sales that are directly related to acquisitions or renewals of insurance contracts. The capitalised costs are allocated based on the length of the insurance contract. The depreciation period does not exceed 12 months.

Untaxed reserves

Changes in untaxed reserves are recognised in profit or loss under Appropriations.

Untaxed reserves are offset, where appropriate, against loss carryforwards or are subject to taxation when they are dissolved.

The purpose of the equalisation reserve is to even out changes in the profit from insurance operations over time. New provisions may not be made to the equalisation reserve

The contingency reserve is a collective contingency-related strengthening of technical provisions. Access is limited and requires official permission in certain cases. Reversal can only take place against losses in the insurance operations or for lower volumes in the insurance operations.

A company can make a provision to the tax allocation reserve to reduce its taxable earnings during an income year, but must reverse the same tax allocation reserve for taxation during the sixth year following the provision year.

Technical provisions

Technical provisions comprise Unearned premiums and unexpired risks and Claims outstanding and correspond to commitments in accordance with signed insurance contracts. All changes in technical provisions are recognised in profit or loss.

Unearned premiums and unexpired risks

The provision for unearned premiums and unexpired risks is designed to cover the expected claims cost and operating expenses during the remaining time to maturity of insurance contracts already in force. Normally, the provision is strictly proportional to time, referred to as a pro rata temporis calculation. If the provision for unearned premiums is deemed to be insufficient to cover expected remaining claims costs and operating expenses, it is strengthened with a supplement for unexpired risks.

Claims outstanding

The provision for claims outstanding should cover anticipated future payments for all claims incurred, including claims that have not yet been reported to the company, known as IBNR provisions. The provision also includes anticipated future payments including all expenses for claims adjustment. Accepted actuarial methods are generally used as a basis for estimating provision requirements. Individual assessments are made in the case of major separate claims and claims involving complex liability conditions. The provision for claims outstanding is not discounted.

Provisions for claims outstanding are significant to assessments of the company's reported earnings and financial position since a deviation from actual future payments will lead to a run-off result being reported in future years. An account of the company's run-off result is found in the performance analysis. The risk of making incorrect provisions is described in more detail in note 2 Risks and risk management, which is where current provisions for claims outstanding are clarified by descriptions of the trend in claims costs over time.

Review of losses

The sufficiency of technical provisions is tested on an ongoing basis in conjunction with the annual accounts. The provisions established for claims outstanding and for unearned premiums are evaluated individually. Provisions for claims outstanding are based on estimated future payment flows. Accepted actuarial methods for the basis of forecasts of provision requirements. These methods include assessments of the current status of all contractual cash flows and other associated cash flows, for example, claims adjustment costs. Future cash flows are calculated without discounting. If testing reveals that the provisions are insufficient, the change is recognised in profit or loss.

The sufficiency of provisions for unearned premiums is tested by line of business. Any insufficiency observed in the premium liability is corrected by establishing a provision for unexpired risks.

Reinsurance

Contracts signed between Försäkringsaktiebolaget Agria (publ) and reinsurers through which the company is compensated for losses on contracts issued by the company and that meet the classification requirements for insurance contracts as stated above are classified as ceded reinsurance.

For ceded reinsurance, the benefits to which the company is entitled under the reinsurance contract are recognised as the reinsurers' portion of technical provisions and deposits with companies that have ceded reinsurance. Receivables from and liabilities to reinsurers are valued in the same manner as the amounts linked to the reinsurance contract and in accordance with the conditions of each reinsurance contract.

The reinsurers' portion of technical provisions corresponds to the reinsurers' liability for technical provisions in accordance with signed contracts. Agria assesses the impairment requirements of assets for reinsurance contracts. If the recoverable amount is lower than the carrying amount of the asset, the asset is impaired to the recoverable amount and the impairment loss is expensed in profit or loss.

Remuneration of employees

Pension plans

The company pays fixed contributions to a separate legal entity and does not have a legal or informal obligation to pay additional contributions. The company's payments of defined-contribution plans are recognised as expenses during the period in which the employee performed the services to which the contributions refer.

The largest pension plan of which the company's employees are part is the FTP plan, a multi-employer pension plan. The plan is a defined-benefit plan for employees born in 1971 or earlier and a defined-contribution plan for employees born in 1972 or after. The defined-benefit portion is insured through the Insurance Industry's Pension Fund (FPK). This pension plan entails that a company, as a rule, recognises its proportional share of the defined-benefit pension commitment and of the plan assets and expenses associated with the pension commitment. Disclosures are also to be presented in the accounts according to the requirements for defined-benefit pension plans.

The FPK is currently unable to provide necessary information, which is why the pension plan above is recognised as a defined-contribution plan. Also, no information is available on surpluses and deficits in the plan or whether these surpluses and deficits would then affect the contributions for the plan in future years.

All pension plans in the company's branches are defined-contribution and follow either collective agreements or, if there are no collective agreements, the recommended premium levels in the labour market.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required, or cannot be measured with sufficient reliability.

Note 2 Risks and risk management

Risk-management system at Agria

The main purpose of risk management is to ensure that risks are identified and managed, that risk assessment is impartial, and that own funds are adequate in relation to the risks taken. A shared risk-management system, which forms part of the internal-control system, has been established in the Länsförsäkringar AB Group. The risk-management system is defined as the strategies, processes, procedures, internal rules, limits, controls and reporting procedures needed to ensure that the company is able to continuously identify, measure, monitor, govern, manage, report and have control over the risks to which the companies are, or could become, exposed to.

Prospective analyses in the form of own risk and solvency assessments (ORSA) are performed every year. The overall aim of an ORSA is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Ongoing activities include handling known risks and identifying new risks. The company uses a partial internal model approved by the Swedish Financial Supervisory Authority to calculate the capital requirement.

Risk-management organisation

The Group's risk-management system is described in the Group instructions and a Group-wide risk policy adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. Each insurance subsidiary then prepares a company-specific risk policy based on the Group-wide policy. Based on this Group-wide risk-management system, the subsidiaries also prepare more detailed rules for managing company-specific risks.

The risk-management system comprises an integrated part of the organisational structure and decision-making processes and helps the operations to meet its targets with a higher degree of certainty. In addition to risk management in the operations, it also encompasses the independent risk-management function in the second line of defence. The Compliance and Actuarial functions also have a role to play in risk management. The President is responsible for incorporating the governance documents decided by the Board and each manager in the company is responsible for risks in their field of operations.

The risk-management function is responsible for independent risk control and provides support for the President, management and operating units in fulfilling their responsibility to conduct operations with a high level of risk control. Regular risk reports are submitted to the President and the Board.

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

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

Internal Audit is an independent review function that comprises the Board's support in quality assurance of the organisation's risk management, governance and controls.

Risk exposure

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

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

Agria's largest gross risk exposure is estimated to be commitments in crop insurance, farm animals insurance and horse insurance (in this order), which are limited with reinsurance cover.

The figures below (figure 1 and 2) show the allocation of risk in Agria on 31 December 2020 classified by risk categories.
The company defines its risk profiles as equivalent to the calculated capital requirement and associated qualitatively evaluated risks.

Figure 1. Classification of risk at Agria

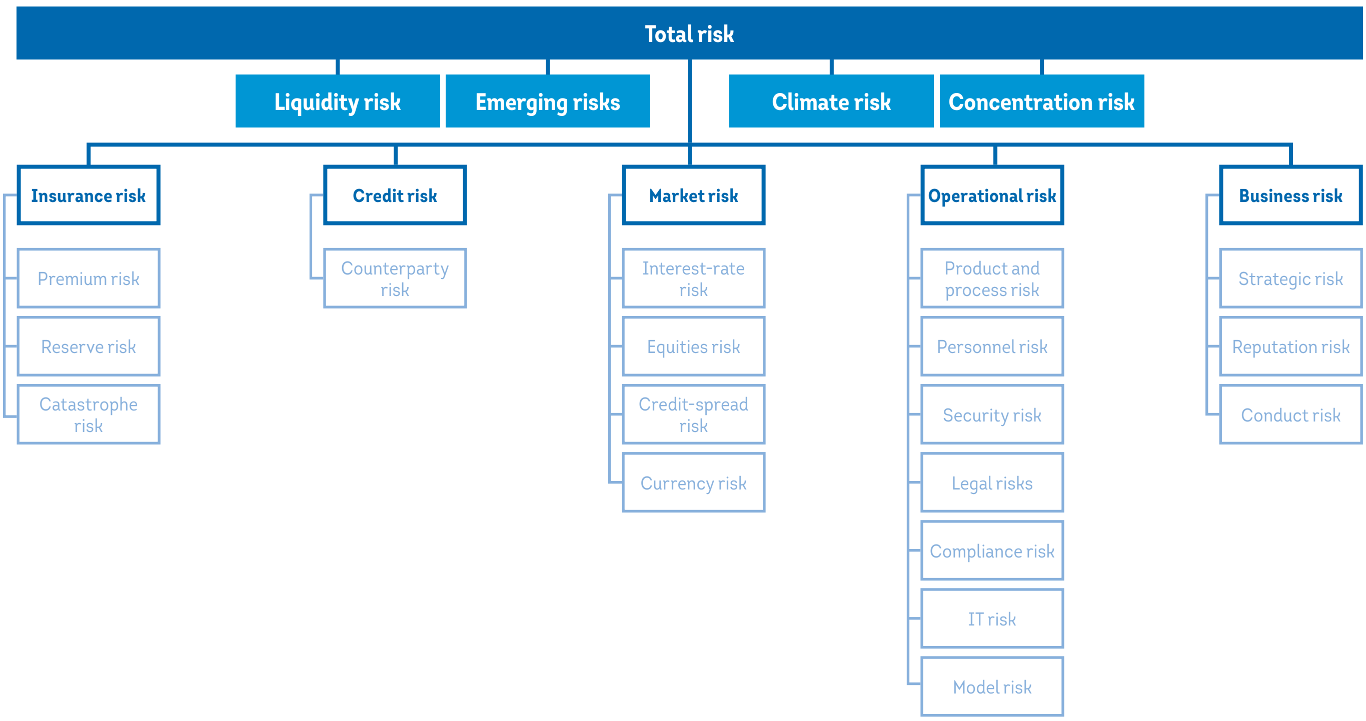
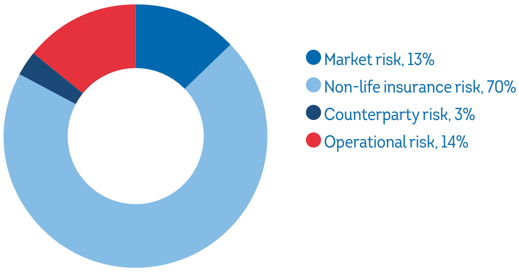
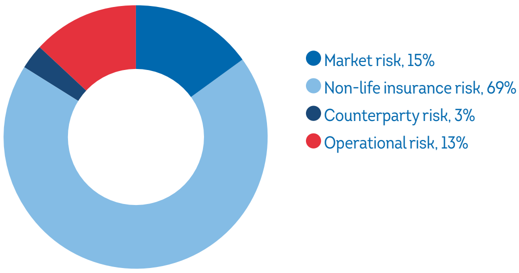


Figure 2. Regulatory capital requirement per risk category in accordance with Solvency II, including diversification under Länsförsäkringar's internal model

31 December 2020



31 December 2019



Insurance risk

Non-life insurance risk arises in Agria in the form of premium, reserve, catastrophe and cancellation risk.

Premium risk refers to the risk of losses arising due to the coming year's claims being greater than expected. Reserve risk refers to the risk of losses arising due to a negative outcome in the settlement of provisions for claims outstanding. Catastrophe risk refers to the risk of losses arising due to natural disasters, epidemics or disasters caused by human activities leading to very large claims payments. Cancellation risk in non-life insurance refers to the risk of losses arising or negative changes in insurance liabilities due to changed levels of stops on premium payments, cancellations, renewals and repurchases.

Risk exposure

Agria's business comprises insurance for pets (dogs, cats and other pets) and horses as well as livestock and crop insurance, and is conducted to varying extents in Sweden, Norway, Denmark, Finland, the UK and France. From a non-life insurance perspective, the business has short settlement times, meaning that the time from claim to final payout is short. As a result, claims reserves at any given time are small in relation to the premium portfolio and reserve risk is relatively small. Accordingly, Agria's insurance risk is dominated by premium risk.

Concentration of risk (accumulation risk) could arise when the insurance business is not sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of the company or its financial position. Most business, measured in premium income, is conducted in Sweden. Business is growing in other countries in which Agria conducts operations and expansion to more counties is planned for the next few years. Agria's livestock and crop insurance business increases diversification since it has little covariance with other business lines. Sweden benefits from the fact that the country is sparsely populated and has a cold climate, which makes it difficult for infectious diseases in horses and livestock to spread.

The company is also exposed to cancellation risk since expected profit included in future premiums for existing insurance contracts is part of the company's own funds.

The product range contains a number of different products, divided into several different animal types without any clear risk correlation. There is no covariance in the significance between life assurance and veterinary care or between types of animals.

Risk management

Agria's reinsurance cover comprises an important tool in providing protection from large individual claim incidents (catastrophe risk) and high total claims costs in the more volatile business in the company. The programme provides cover for selected retention up to set limits, with the exception of certain types of risk. Discretionary reinsurance is purchased for insurance amounts exceeding the upper limits of the cover. In addition to horse insurance, livestock and crop, Agria takes out reinsurance for dogs (liability) in foreign branches. In addition, the Board regulates the risk levels in the insurance policy by regulating the maximum risk exposure per claim incident and individual risk. The Board decides on the retention and reinsurance conditions, etc. of the stipulated reinsurance at least once a year.

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

Risk sensitivity

Table 1 shows the sensitivity of the company's earnings and equity to changes in premium levels, claims frequency and claims inflation. Table 2 shows the annual trend for estimated final claims costs from the end of the claim year and beyond, gross and for own account. The table includes claims paid and the provision for claims payments including the provision for unknown claims (claims incurred but not reported (IBNR)). The trend in claims adjustment costs is not included in the table. The claims adjustment reserve is recognised on a separate line. Amounts in different currencies have all been converted at the closing-day rate.

Table 1. Sensitivity analysis, insurance risk (SEK M)

		Impact on profit before tax		Impact on equity	
Assumption		**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
Premiums	10% lower premium level	–449	–393	–353	–309
Intervals	10% increased claims frequency	–316	–280	–248	–220
Claims inflation	1% higher annual claims inflation	–13	–12	–11	–9

An estimate of the cost of claims outstanding, which amounts to a gross SEK 301 M (315), is associated with uncertainty as to how much claims, perhaps many years ahead, may cost. The reinsurance cover described above limits risk and the provision for net claims outstanding amounted to SEK 300 M (313).

The actuarial reserve calculation is developed continuously so that the methods applied are well adapted to the conditions for each line of business or part thereof. A significant element in the follow-up work is also the regular reviews of individual claims outstanding that are performed.

The average duration of Agria's insurance portfolio is 0.5 years and was unchanged year-on-year. Table 2 shows the distribution of expected payments of claims outstanding, calculated at present value, according to term before and after reinsurance.

Table 2. Estimated claims costs before and after reinsurance, per claim year

Estimated claims costs gross, SEK M	2014	2015	2016	2017	2018	2019	2020	Total
At end of claim year	1,556.2	1,708.9	1,910.1	2,036.4	2,257.1	2,532.7	2,916.8	
One year later	1,537.1	1,676.6	1,841.0	2,009.7	2,228.5	2,510.5		
Two years later	1,505.5	1,639.9	1,839.5	2,008.1	2,226.3			
Three years later	1,506.9	1,640.2	1,837.9	2,001.2				
Four years later	1,506.5	1,639.8	1,838.2					
Five years later	1,500.0	1,637.3						
Six years later	1,499.3							
Estimated claims costs	1,499.3	1,637.3	1,838.2	2,001.2	2,226.3	2,510.5	2,916.8	
Accumulated claims payments	1,499.3	1,637.2	1,837.9	1,998.7	2,220.8	2,489.4	2,620.0	
Provision for claims payments	0.0	0.0	0.3	2.5	5.4	21.1	296.9	326.2
Provision for claims payments, older year classes								2.2
Total provision for claims payments, gross								**328.4**
Claims adjustment reserve, gross								18.9
Provision for claims outstanding, gross								**347.3**

Estimated claims costs for own account, SEK M	2014	2015	2016	2017	2018	2019	2020	Total
At end of claim year	1,556.2	1,708.9	1,910.1	2,036.4	2,257.1	2,532.7	2,908.7	
One year later	1,537.1	1,674.8	1,840.2	2,009.2	2,228.2	2,510.5		
Two years later	1,505.5	1,639.9	1,839.5	2,008.1	2,226.0			
Three years later	1,503.1	1,640.2	1,837.9	2,001.2				
Four years later	1,502.5	1,639.8	1,838.2					
Five years later	1,500.0	1,838.2						
Six years later	1,499.3							
Estimated claims costs	1,499.3	1,838.2	1,838.2	2,001.2	2,226.0	2,510.5	2,908.7	
Accumulated claims payments	1,499.3	1,637.2	1,837.9	1,998.7	2,220.8	2,489.4	2,620.0	
Provision for claims payments	0.0	0.0	0.3	2.5	5.2	21.1	288.7	317.8
Provision for claims payments, older year classes								0.5
Total provision for claims payments, for own account								**318.3**
Claims adjustment reserve, for own account								18.9
Provision for claims outstanding, for own account								**337.2**

Market risk

Market risk pertains to the risk of loss arising that is directly or indirectly caused by changes in the level or volatility in the market price of assets, liabilities and financial instruments, including losses caused by shortcomings in the matching between assets and liabilities. Concentration risk in market risk is the risk of losses arising due to investment assets not being well-diversified.

Risk exposure

Market risk in the company primarily derives from investment assets and to a lesser extent from insurance liabilities. The main classes in the investment assets are interest-bearing instruments and equities.

The interest-bearing asset portfolios include interest-rate risk from government bonds, credit bonds and derivative instruments. Interest-rate risk is also inherent in insurance liabilities by provisions being discounted by the current market interest rate, but is highly limited due to the short duration in the provisions. Agria has exposure to credit-spread risk in Swedish mortgage bonds and through its bond and loan funds. The company's primary equities exposure is to Swedish, European and US equities. The currency exposure that exists is due to insurance liabilities and investment assets in other currencies. Concentration risk could lead to the company being exposed to a homogeneous group of exposures or a specific market event threatening the solvency of the company or its financial position. However, Agria has a well-diversified asset portfolio with small concentration risk.

Risk management

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

The main risk-reduction technique applied to the management of assets in the Group's companies is diversification. The companies' investments are spread over several classes of assets and segment in these classes, leading to exposure to various risk factors that react in different ways to fluctuations in the financial markets. This means that as a whole the portfolio is less sensitive to market fluctuations than its portfolio components. Derivative instruments are also used to a certain extent in the management of assets to protect the company's balance sheets from undesired market risks. Fixed-income futures and forwards and interest-rate swaps are used in management to reduce interest-rate risk. Currency futures are also regularly used to reduce currency risk in the portfolio. The effect of these derivative strategies is continuously monitored. Concentration risk in loans is limited by applying exposure limits for each issuer or group of issuers that have a mutual connection and for the exposure for credit instruments per rating level.

Risk sensitivity

The main classes in Agria's asset portfolio are interest-bearing securities and equities. Table 3 shows how changes in the financial markets affect the company's assets and the effect on earnings and equity. Table 4 shows sensitivity to exchange-rate changes.

Table 3. Sensitivity analysis, market risks (SEK M)

		Impact on profit before tax		Impact on equity	
Assumption		**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
Interest-rate risk assets and liabilities net[1]	100 bps higher nominal market interest rates	-16	-13	-13	-10
Interest-rate risk assets and liabilities net[1]	100 bps lower nominal market interest rates	17	14	13	11
Credit-spread risk	100 bps higher credit spread	-27	-35	-21	-27
Equities risk[2]	10% lower share prices including hedge funds	-39	-31	-31	-24
Currency risk[3]	10% strengthening of all foreign currencies against SEK	51	33	40	26

1) Interest-rate risk from analysed investment assets. The change in interest-rate risk for technical provisions is not recognised in profit or loss.
2) Shares and participations
3) Currency risk refers to indirect exposure via a look-through approach of funds, net of liabilities in foreign currency

Table 4. Impact on earnings of a 10% increase in the exchange rate with SEK

	Impact on profit before tax	
Currency[1]	**31 Dec 2020**	**31 Dec 2019**
GBP	31.4	19.3
USD	10.4	8.8
NOK	4.7	3.0
DKK	2.3	1.6
EUR	1.3	-1.5
CHF	0.5	0.2
ZAR	0.0	0.1
Other	0.0	1.1
Total	**50.6**	**32.6**

1) Currency risk refers to indirect exposure via a look-through approach of funds, net of liabilities in foreign currency

IBOR and Interest Rate Benchmark Reform

After the financial crisis, global supervisory authorities have focused on interbank offered rates (IBORs) and an international trend is that IBORs are being replaced by or supplemented with alternative risk-free rates (RFRs) to improve the function of the financial market. Currently, there is uncertainty about the timing and exact nature of these changes. The company currently has contracts that refer to IBORs with Euribor, Stibor and USD Libor as rates in contracts for interest-bearing securities with viable interest rates and interest-rate derivatives.

Länsförsäkringar expects that it may be necessary to review systems and processes in order to identify the changes to contracts including IBORs, and to manage any tax and accounting consequences as well as the impact on the discount rate for measuring technical provisions. On 27 August 2020, the ISAB published amendments to several standards to prevent unwanted accounting consequences in the period after the Reform has been implemented. A project is currently being conducted within the Länsförsäkringar AB Group to investigate the effects of the Interest Rate Benchmark Reform.

Counterparty risk

Counterparty risk pertains to the risk of losses arising due to counterparties being unable to fulfil their undertakings, and encompasses bank balances, financial derivatives and reinsurance.

Risk exposure

Agria's exposure to counterparty risk mostly comprises exposure to banks from cash balances and to a minor extent to derivative positions. Derivatives are purchased to protect the balance sheet against, for example, interest-rate risk and currency risk and entail that the counterparty undertakes, through derivative contracts, to compensate for negative results arising from changes in, for example, market interest rates or exchange rates. As a result, a receivable from the counterparty may arise in the event of market changes. The company is also exposed to counterparty risk from reinsurers. The method for how expected credit losses are determined for different types of assets is described in note 1 in the section on expected credit losses. The company's receivables comprise internal and external receivables that have historically shown a low share of defaulted receivables and no confirmed losses for different groups of counterparties. Considering this and the short term of the receivables, the loss given default is very low, which is why the reserve requirement is zero or almost zero.

Risk management

The counterparty risk in bank balances and financial derivatives is primarily reduced by diversifying the counterparties that the company uses for trading. Exposures of financial derivatives are also limited through ISDAs (netting agreements) and associated daily settlement agreements.

Counterparty risk arising in connection with reinsurance are primarily reduced by taking proactive measures, by carefully selecting potential reinsurance counterparties and by applying limits for maximum exposure to each counterparty. The credit rating of counterparties is regularly followed up and monitored. In addition, efforts are made to ensure a spread of ceded reinsurance between many reinsurers, which guarantees overall high quality receivables. The reinsurance department regularly tests impairment requirements on assets related to reinsurance contracts. Past due receivables are controlled continuously. Table 5 shows the credit quality of assets.

Table 5. Credit quality of financial assets

	Market value, SEK M	
	31 Dec 2020	**31 Dec 2019**
Cash and bank balances and cash and cash equivalents classified as Other receivables		
A	743	398
Total cash	**743**	**398**
Bonds and other interest-bearing securities		
AAA	883	925
AA	36	18
A	0	33
BBB	5	58
BB or lower	58	61
No rating available	77	42
Total bonds and other interest-bearing securities	**1,059**	**1,138**
Derivatives		
A	3.0	0.5
B	0.0	0.2
Total derivatives	**3.0**	**0.7**
Total	**1,805**	**1,537**

Liquidity risk

Liquidity risk is the risk of losses arising due to the company's own payment commitments not being fulfilled due to a shortage of cash and cash equivalents or that these undertakings can only be fulfilled by raising funding at significantly higher costs than usual or by divesting assets at a loss.

Risk exposure

The company's liquidity risks are low since premiums are received in advance and large individual claims and payouts outside normal cash flows are known well in advance of when they fall due. In addition, most of the investment assets in the company are available at short notice.

Risk management

Liquidity risk is minimised by the predominant proportion of investments being made in securities with high liquidity that are listed on established exchanges. To further limit liquidity risks, rules exist on how investments are to be made in unlisted assets. Each company's investment guidelines also state that the investment assets are to be invested by taking into account each company's liquidity needs for meeting their commitments.

Risk sensitivity

Table 6 shows the exposure for the financial assets and liabilities over different terms. The table shows the actual cash flows that will occur in each period, based on the remaining contractual maturities. However, most of the bonds and interest-bearing securities can be realised at short notice to cover contractual commitments at any time on the liabilities side.

Table 6. Maturity analysis for financial assets and liabilities[3] and insurance undertakings

	2020						2019					
SEK M	<3 months	3 months–1 year	1–5 years	5–10 years	>10 years	Total	<3 months	3 months–1 year	1–5 years	5–10 years	>10 years	Total
Assets												
Interest-bearing securities issued by Group companies and loans to Group companies	0.0	1.3	69.0	19.4	–	**89.7**	0.0	2.8	114.9	8.6	–	**126.3**
Bonds and other interest-bearing securities[1]	16.4	19.7	640.0	188.5	–	**864.6**	16.2	40.8	711.7	85.9	–	**854.6**
Other receivables	45.8	–	–	–	–	**45.8**	85.7	–	–	–	–	**85.7**
Prepaid expenses and accrued income	5.0	–	–	–	–	**5.0**	5.0	–	–	–	–	**5.0**
Total assets	**67.2**	**21.0**	**709.0**	**207.9**	**–**	**1,005.1**	**106.9**	**43.6**	**826.6**	**94.5**	**–**	**1,071.6**
Liabilities												
Technical provisions[2]	753.7	1,626.2	97.3	0.3	–	**2,477.5**	664.2	1,433.1	82.3	0.1	–	**2,179.7**
Other liabilities	35.3	2.5	10.0	–	–	**47.8**	63.5	2.5	8.0	–	–	**74.0**
Accrued expenses and deferred income	22.2	–	–	–	–	**22.2**	12.4	–	–	–	–	**12.4**
Total liabilities	**811.2**	**1,628.7**	**107.3**	**0.3**	**–**	**2,547.5**	**740.1**	**1,435.6**	**90.3**	**0.1**	**–**	**2,266.1**
Derivatives, in and outflows, net	10.9	–2.3	0.0	–	–	**8.6**	0.0	3.1	–	–	–	**3.1**
Total derivatives	**10.9**	**–2.3**	**0.0**	**–**	**–**	**8.6**	**0.0**	**3.1**	**–**	**–**	**–**	**3.1**

1) The balance-sheet item Bonds and other interest-bearing securities includes Fixed-income funds. These have no contractual maturities and have been excluded from the table above. The recovery periods for securities do not reflect the liquidity in the portfolio but rather the final maturity of the securities. These are realisable at any time.
2) Technical provisions are recognised gross, before ceded reinsurance.
3) Note that the table applies to financial assets and not the total assets corresponding to the commitments, which would include premium receivables, for example.

Operational risk

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

Risk exposure

The forms of operational risk to which the company is exposed are product and process risks, personnel risks, legal risks and compliance risks, IT risks, model risks and security risks.

Risk management

The company's work on operational risk is based on Länsförsäkringar AB Group-wide methods that encompass business-critical processes and key controls as well as reported incidents and the operations' self-assessment of operational risk. The process of managing and controlling operational risk includes identifying, measuring, monitoring, managing and reporting.

The Group has a shared framework for identifying, measuring and documenting risks in the decision-making process for decisions that could be expected to have a material impact on profitability, risk profile, organisation or brand. The purpose is to ensure efficient decision-making through proactive and appropriate management of the risks so as to thereby achieve established targets with a higher degree of certainty, to ensure compliance with applicable laws and regulations and to create customer value. Furthermore, the Group-wide method encompasses continuity management, which involves preparing business contingency, continuity and restoration plans to manage incidents before, during and after a crisis has occurred. The overall goal for security work is to protect the organisation's assets from all types of threats – internal or external, intentional or unintentional. Security work is conducted in accordance with the ISO standards on information security and continuity management.

Concentration risk

Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of the company or its financial position.Concentration risk is primarily counterbalanced by decisions determining the maximum exposure per reinsurer, per counterparty in financial derivatives, discretionary reinsurance of the insured, very large individual risks and by the diversification of the Group's investment assets. Agria's management and Board regularly study reports on the Group's major areas of exposure and risk concentrations.

Other material risks

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

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

Risk exposure

The company's exposure to business risks follows the business strategies decided where the business planning process and results from business risk analyses comprise important instruments in managing challenges associated with strategies and objectives. Due to the strong brand connection between the companies in the Group, diminished confidence in one of the companies could entail a reputation risk that damages the brand and thus Agria.

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

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

Agria is not deemed to have any material concentrations of assets, liabilities or sources of income. See also the sections on market risk and insurance risk.

Risk management

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

The Länsförsäkringar AB Group has a climate-smart vision that entails that the Group is to work actively to reduce climate impact and the climate risks throughout its operations and to encourage climate adaptation to reduce the damaging impact of climate change. By 2030, the Länsförsäkringar AB Group's investments in institutional investment portfolios and own managed funds are to be in line with the Paris Agreement, meaning limiting climate change to 1.5 °C.

The Länsförsäkringar AB Group supports the Task Force on Climate Related Financial Disclosures (TCFD), which are recommendations on the reporting of climate-related risks and opportunities that are expected to be developed into a standard for climate reporting in the future. The Group has used the TCFD recommendations for reporting since 2019.

Emerging risks are identified and managed as part of the continuous risk-management activities and in the company's annual Own Risk and Solvency Assessment (ORSA). The materiality of the risk determines whether action is to be taken and the nature of the risk governs the appropriate course of action.

Concentration risk is primarily counterbalanced by decisions determining the maximum exposure per reinsurer, per counterparty in financial derivatives, discretionary reinsurance of the insured, very large individual risks and by the diversification of the Group's investment assets.

Capital planning

The management of risk-taking is closely related to the control of the use of Agria's capital. An ORSA including a plan for financing the company's operations is prepared in conjunction with the annual business planning, and in the interim wherever necessary. The aim of this plan, which sets out the planned structure of own funds and risks, is to ensure that, at any given time, the company has a sufficient buffer of capital to meet the risks generated by the operations.

Agria has own funds that exceed the statutory capital requirement (Solvency II) by a healthy margin. The overall risk profile under Solvency II is reported quarterly to the Board and regulatory requirements are taken into account to a great extent in the business decisions. Quantitative information on own funds, capital requirements and the solvency ratio is provided in table 7.

Agria's solvency ratio exceeds the statutory requirement by a healthy margin. The solvency ratio, meaning the ratio between own funds and the capital requirement under Solvency II, was 163% (155) on 31 December 2020.

Table 7. Capital position under Solvency II

SEK M	31 Dec 2020	31 Dec 2019
Own funds	1,497	1,229
Capital requirement	918	792
Solvency ratio	163%	155%

Note 3 Premium income

	2020	2019
Direct insurance, Sweden	2,668.7	2,373.7
Direct insurance, Denmark	270.1	221.5
Direct insurance, Finland	97.8	64.9
Direct insurance, Norway	573.9	530.1
Direct insurance, UK	859.5	736.2
Direct insurance, France	15.9	5.5
Total	**4,485.9**	**3,931.9**

Note 4 Investment income transferred from financial operations

	2020	2019
Transferred investment income	0.1	4.4
Interest rates, %		
Provisions for insurance policies with long-term claims in run-off	0.53%	–
Provisions for insurance policies with short-term claims in run-off	0.00%	0.20%

The estimated return on the assets corresponding to the technical provisions is transferred from the financial operations to the technical result. The transferred investment income is calculated on the basis of half the premiums earned after ceded reinsurance and on the basis of the average of opening and closing provisions for claims outstanding after ceded reinsurance during the year.

From 2020, the interest rate for insurance policies with long-term claims in run-off is applied to liability insurance.

Note 5 Claims payments

	2020	2019
Claims paid	–2,881.4	–2,555.1
Operating expenses for claims adjustment	–243.0	–226.9
Total claims costs	**–3,124.4**	**–2,782.0**

Note 6 Operating expenses

Procurement and administration	**2020**	**2019**
Operating expenses		
Acquisition costs[1]	–596.2	–537.5
Change in deferred acquisition costs	23.5	–6.7
Administration expenses	–342.9	–380.4
Commission and profit shares in ceded reinsurance	0.1	0.1
Total	**–915.5**	**–924.5**
Other operating expenses		
Asset management expenses included in investment income, expenses	–3.9	–4.7
Claims adjustment costs included in claims paid	–243.0	–226.9
Total	**–1,162.4**	**–1,156.1**
Total operating expenses specified by type of cost		
Staff costs	–261.8	–265.2
Costs for premises	–33.0	–25.8
Depreciation/amortisation	–5.1	–4.9
Other operations-related expenses	–862.5	–860.2
Total	**–1,162.4**	**–1,156.1**
Total operating expenses by function		
Acquisition	–572.6	–544.1
Claims adjustment	–243.0	–226.9
Administration expenses	–342.9	–380.4
Financial management	–3.9	–4.7
Total	**–1,162.4**	**–1,156.1**

[1] Of which, commission for direct insurance SEK –350.4 M (–302.2).

Note 7 Fees and remuneration of auditors

	2020	2019
KPMG		
Audit assignment	–1.5	–1.3
Audit operations in addition to the audit assignment	–	–
Tax advice	–	–
Other services	–	0.0
Total	**–1.5**	**–1.3**

Audit assignments pertain to a review of the Annual Report and accounts, and the administration by the Board of Directors and President, other work assigned to the company's auditors, and advice or other assistance required due to observations made during the review or implementation of such other assignments.

Note 8 Employees, staff costs and remuneration of senior executives

Average number of employees, Sweden	**2020**	**2019**
Men	42	37
Women	172	169
Total number of employees	**214**	**206**
Norway		
Men	7	9
Women	42	39
Denmark		
Men	1	1
Women	17	16
Finland		
Men	1	1
Women	9	8
France		
Men	2	2
Women	4	4
UK		
Men	4	4
Women	0	0
Total number of employees		
Men	57	54
Women	244	236
	301	**290**

Brokers	**2020**	**2019**
Total number	**23**	**23**

Salaries and other remuneration, as well as social security expenses, other employees	**2020**	**2019**
Salaries and remuneration	–154.7	–148.1
of which, variable salary	–	–
Social security expenses	–64.3	–62.1
of which, pension costs	–17.8	–17.2
	–219.0	**–210.2**

Board of Directors and senior executives, 18 (17)	**2020**	**2019**
Salaries and remuneration	–13.7	–13.0
of which, fixed salary to the President and Executive Vice President	–4.6	–4.3
of which, variable salary to the President and Executive Vice President	–	–
of which, fixed salary to other senior executives	–7.9	–7.7
of which, variable salary to other senior executives	–	–
Social security expenses	–10.0	–10.0
of which, pension costs	–4.5	–4.6
	–23.7	**–23.0**

Note 8 Employees, staff costs and remuneration of senior executives, cont.

Total salaries, other remuneration and social security expenses	2020	2019
Salaries and remuneration	-168.4	-161.1
of which, variable salary	–	–
Social security expenses	-74.3	-72.1
of which, pension costs	-22.2	-21.8
	-242.7	**-233.2**

Remuneration and social security expenses	2020	2019
Brokers, Sweden	-188	-96
Total	**-188**	**-96**

Remuneration of the Board

Directors' fees are payable to the Chairman and members of the Board in accordance with a decision of the Annual General Meeting. Employee representatives and Board members of the Länsförsäkringar AB Group do not receive any directors' fees.

Remuneration of senior executives

Remuneration of the President and other senior executives comprises basic salary and other benefits. Pension benefits and other benefits paid to the President and other senior executives are included as part of total remuneration. Other senior executives are the individuals who, together with the President, comprise corporate management.

Remuneration of senior executives 2020	Basic salary	Other remuneration	Pension costs	Total	Pension costs as a percentage of pensionable salary, % Defined-contribution
Agnes Fabricius, President	-2.9	-0.1	-0.9	**-3.9**	35
Monica Dreijer, Executive Vice President	-1.5	-0.1	-0.7	**-2.3**	43
Lena Åsheim, Board member	-0.1	–	–	**-0.1**	
Ulf Uddman, Board member	-0.2	–	–	**-0.2**	
Stig Högberg, Board member	-0.2	–	–	**-0.2**	
Dag Ekner, Board member	-0.2	–	–	**-0.2**	
Ulrika Obstfelder Peterson, Board member	-0.1	–	–	**-0.1**	
Katja Puustinen, Board member	-0.2	–	–	**-0.2**	
Anders Lågström, Board member	-0.1	–	–	**-0.1**	
Henrik Stangel, Board member	-0.1	–	–	**-0.1**	
Karin Mattsson, former Board member	-0.1	–	–	**-0.1**	
Jan Ehrensvärd, former Board member	-0.1	–	–	**-0.1**	
Other senior executives (6 people)	-7.6	-0.3	-2.8	**-10.7**	36
Total 2020	**-13.2**	**-0.5**	**-4.5**	**-18.2**	

Remuneration of senior executives 2019	Basic salary	Other remuneration	Pension costs	Total	Pension costs as a percentage of pensionable salary, % Defined-contribution
Agnes Fabricius, President	-2.6	-0.1	-0.9	**-3.6**	35
Monica Dreijer, Executive Vice President	-1.5	-0.1	-0.7	**-2.3**	44
Jan Ehrensvärd, Board member	-0.1	–	–	**-0.1**	
Ulf Uddman, Board member	-0.1	–	–	**-0.1**	
Stig Högberg, Board member	-0.1	–	–	**-0.1**	
Dag Ekner, Board member	-0.1	–	–	**-0.1**	
Ulrika Obstfelder Peterson, Board member	-0.1	–	–	**-0.1**	
Katja Puustinen, Board member	-0.1	–	–	**-0.1**	
Anders Lågström, Board member	-0.1	–	–	**-0.1**	
Karin Mattsson Weijber, Board member	-0.1	–	–	**-0.1**	
Christian Bille, former Board member	-0.0	–	–	**-0.0**	
Other senior executives (6 people)	-7.5	-0.2	-3.0	**-10.7**	34
Total 2019	**-12.7**	**-0.3**	**-4.6**	**-17.6**	

Pension costs pertain to the impact on net profit for the year.

Pensions

The retirement age for the President is 65. The pension is a defined-contribution plan and the pension premium is to amount to 35% of the monthly salary.

The retirement age for other senior executives is 65. The pension is subject to the terms of the pension agreements between the Swedish Insurance Employers Association (FAO), Forena and the Swedish Confederation of Professional Associations (SACO). In addition, an additional pension premium corresponding to one and a half price base amounts per year is paid for the Executive Vice President and an additional pension premium corresponding to one half of a price base amount per year is also paid for each senior executive.

Severance pay

A mutual period of notice of six months applies to the President and the Executive Vice President. If the company terminates employment, severance pay corresponding to 12 months' salary is paid during the period of notice. For other senior executives, the period of notice follows applicable collective agreements between the Swedish Insurance Employers' Association (FAO), Forena and the Swedish Confederation of Professional Associations (SACO).

Note 8 Employees, staff costs and remuneration of senior executives, cont.

Preparation and decision-making process applied in relation to the issue of remuneration of corporate management

A Remuneration Policy for the Länsförsäkringar AB Group regulates the preparation and decision-making process for remuneration of corporate management.

The Remuneration Committee prepares important remuneration decisions and decisions on measures for following up the application of the Remuneration Policy. The Board decides on remuneration and other terms of employment for corporate management and employees with overall responsibility for one of the company's control functions.

Composition and mandate of Remuneration Committee

The composition and duties of the Remuneration Committee are regulated in the Board's formal work plan. The Remuneration Committee comprises the Chairman and one Board member.

Policies for remuneration of corporate management

Senior executives in the Länsförsäkringar AB Group are to have market-based employment terms and conditions. The total remuneration must be on par with the industry. The structure and level of remuneration should correspond to the company's values, meaning that it should be reasonable, moderate and well-balanced, and also contribute to good ethics and organisational culture, characterised by openness and transparency.

Fixed remuneration

Fixed remuneration is paid according to the general policy above.

Pensions

Pensions should comply with the terms of the collective agreements between the Swedish Insurance Employers' Association (FAO), the Swedish Union of Insurance Employees (FTF) and the Swedish Confederation of Professional Associations (SACO).

Other benefits

In addition to the above benefits, a company car, individual health care insurance and other benefits are offered to all employees.

Number of women among senior executives, %	31 Dec 2020	31 Dec 2019
Board members	42	55
Other senior executives	63	63

Note 9 Investment income, net

	2020	2019
Dividends		
Dividends received on shares and participations	2.1	1.1
Dividends and Group contributions received from Group and associated companies	0.3	1.2
Total dividends	**2.4**	**2.3**
Interest income		
Bonds and other interest-bearing securities[1]	4.9	4.9
Interest-bearing securities issued by Group companies	0.6	0.6
Derivatives	3.0	3.7
Financial assets that are not measured at fair value through profit or loss[2]	0.2	0.7
Total interest income	**8.7**	**9.9**
Realised profit, net		
Shares and participations	–0.6	3.5
Bonds and other interest-bearing securities	22.3	11.5
Interest-bearing securities issued by Group companies	0.7	0.8
Derivatives	–2.8	–8.7
Total realised profit, net	**19.6**	**7.1**
Unrealised profit, net		
Shares and participations	22.0	48.3
Bonds and other interest-bearing securities	–7.2	6.5
Interest-bearing securities issued by Group companies	0.4	0.0
Total unrealised profit, net	**15.2**	**54.8**
Exchange-rate gains/losses, net	**–4.6**	**1.8**
Interest expense		
Derivatives	–3.9	–6.9
Financial liabilities that are not measured at fair value through profit or loss	–0.1	–0.1
Total interest expense	**–4.0**	**–7.0**
Asset management expenses	**–3.9**	**–4.7**
Other financial expenses	**–1.1**	**–1.0**
Total investment income, net	**32.3**	**63.2**
Investment income per measurement category		
Financial assets measured at FVOCI	40.5	64.9
Financial assets measured at amortised cost	–0.2	–0.1
Items not specified by category		
Exchange-rate gains/losses, net	–4.6	1.8
Other items	–3.4	–3.4
Total investment income, net	**32.3**	**63.2**

1) Of which negative interest rate on interest-bearing securities of SEK 0.0 M (0.3).
2) Of which negative interest rate on cash and bank balances of SEK 0.1 M (0.2).

Note 10 Taxes

	2020	2019
Current tax expense		
Tax expense for the year	-27.2	-30.3
Adjustment of tax expense pertaining to prior years	0.7	1.7
Total current tax expense	**-26.5**	**-28.6**
Deferred tax expense		
Deferred tax expense/income pertaining to temporary differences	0.6	0.0
Total recognised tax expense	**-25.9**	**-28.6**

Reconciliation of effective tax rate	2020	2019
Profit before tax	127.9	123.2
Tax in accordance with applicable tax rate for Parent Company	-27.4	-26.4
Non-deductible expenses	-2.4	-2.7
Non-taxable income	0.8	0.1
Tax attributable to earlier years	0.7	1.7
Other	1.8	-1.3
Recognised effective tax	**-26.5**	**-28.6**
Current tax rate, %	21.4%	21.4%
Effective tax rate, %	20.7%	23.2%

Recognised deferred tax assets/ tax liabilities are attributable to the following:	31 Dec 2020	31 Dec 2019
Other assets	0.6	0.0
Other liabilities	-0.1	-0.1
Deferred tax assets (+)/liabilities (-)	**0.5**	**-0.1**

The entire change between the years has been recognised as deferred tax expense in profit or loss.

Note 11 Other intangible assets

	2020	2019
Opening cost	**76.4**	**75.8**
Acquisitions for the year	0.7	0.0
Exchange-rate effect	-0.7	0.6
Closing cost	76.4	76.4
Opening amortisation and impairment	**-68.6**	**-65.0**
Amortisation for the year	-2.9	-3.0
Exchange-rate effect	0.7	-0.6
Closing amortisation and impairment	-70.8	-68.6
Carrying amount	**5.6**	**7.8**

Internally developed intangible assets are recognised at SEK 5.6 M (7.8) after amortisation and impairment. Accumulated acquisition costs amounted to SEK 60.4 M (60.4). Acquired intangible assets are recognised at SEK 0.0 M (0.0) after amortisation and impairment. Accumulated acquisition costs amounted to SEK 16.0 M (16.0). The internally developed assets refer to capitalised development expenditures for significant IT investments and the acquired assets refer to capitalisations of significant agreements with partners.

Note 12 Shares and participations in Group companies

	Number of participations	Participations in %	Equity 2020	Earnings 2020	Carrying amount 31 Dec 2020	Carrying amount 31 Dec 2019	Fair value 31 Dec 2020
Agria Pet Insurance Limited, Company nr 04258783, Aylesbury	180,000	100	205.6	52.7	273.2	273.2	368.6
Agria Vet Guide AB 559132-0451 Stockholm	70,483	100	5.0	-9.1	82.0	–	82.7

Cost	2020	2019
Opening balance	273.2	273.2
Acquisition of Agria Vet Guide AB	82.0	–
Total cost	**355.2**	**273.2**

Note 13 Interest-bearing securities issued by Group companies

	31 Dec 2020	31 Dec 2019
Listed bonds issued by Länsförsäkringar Hypotek	89.3	125.0
Listed bonds issued by Länsförsäkringar Bank	–	–
Total	**89.3**	**125.0**
Amortised cost	88.0	123.9

Note 14 Shares and participations in associated companies

	Number of participations	Participations in %	Equity[1] 2020	Profit[1] 2020	Carrying amount[2] 31 Dec 2020	Carrying amount[2] 31 Dec 2019	Fair value[2] 31 Dec 2020
Svenska Andelshästar AB, 556536-9633, Uppsala county	450	45	2.0	1.8	0.5	0.5	1.9

[1] 100% of the associated companies' equity and earnings.
[2] Försäkringsaktiebolaget Agria's carrying amount and holding of fair value.

Note 15 Shares and participations

	31 Dec 2020	31 Dec 2019
Listed shares and participations	388.5	306.6
Unlisted shares and participations	–	0.0
Total	**388.5**	**306.6**
Fair value	388.5	306.6
Cost	321.2	261.2

Note 16 Bonds and other interest-bearing securities

	31 Dec 2020	31 Dec 2019
Issuer		
Swedish government	7.7	–
Swedish mortgage institutions	426.2	518.3
Other Swedish issuers	255.9	206.5
Foreign states	10.4	10.3
Other foreign issuers	269.9	277.9
Total	**970.1**	**1,013.0**
Amortised cost	968.9	987.8
Market status		
Listed securities	927.0	1,013.0
Unlisted securities	43.1	–
Total	**970.1**	**1,013.0**
Carrying amounts of the securities compared with their nominal amounts		
Total surplus	24.9	24.1
Total deficit	–2.1	–2.0

Note 17 Derivatives

	Fair value 31 Dec 2020	Nominal amount 31 Dec 2020	Fair value 31 Dec 2019	Nominal amount 31 Dec 2019
Derivatives with positive values or valued at zero				
Interest-rate derivatives	0.2	328.0	0.2	416.5
Currency derivatives	15.5	71.8	12.9	27.7
Total	**15.7**	**399.8**	**13.1**	**444.2**
Derivatives with negative values				
Interest-rate derivatives	0.0	25.5	0.0	9.3
Currency derivatives	7.2	59.8	10.0	123.0
Total	**7.2**	**85.3**	**10.0**	**132.3**

Note 18 Information about offsetting

The table shows the financial instruments covered by a legally binding agreement regarding netting or a similar agreement, together with related collateral. The company has ISDA and CSA agreements with all derivative counterparties, which means that all exposures are covered by both types of agreements. The agreements entitle the parties to offset liabilities and receivables in the event of suspension of payment or insolvency. The net amount comprises the amount that in the event of suspension of payment or insolvency would be received if the amount is an asset, or paid if the amount is a liability.

Financial assets and liabilities that are offset or subject to netting agreements

				Related amounts not offset in the balance sheet		
31 Dec 2020	**Gross amount**	**Offset in balance sheet**	**Net amounts in balance sheet**	**Netting framework agreement**	**Collateral Received (–) / Pledged (+)**	**Net amount**
Assets						
Derivatives	15.7	–	15.7	–1.8	–11.1	2.8
Liabilities						
Derivatives	–7.2	–	–7.2	1.8	–	–5.4
Total	**8.5**	**–**	**8.5**	**0.0**	**–11.1**	**–2.6**

Financial assets and liabilities that are offset or subject to netting agreements

				Related amounts not offset in the balance sheet		
31 Dec 2019	**Gross amount**	**Offset in balance sheet**	**Net amounts in balance sheet**	**Netting framework agreement**	**Collateral Received (–) / Pledged (+)**	**Net amount**
Assets						
Derivatives	13.1	–	13.1	–8.3	–4.1	0.7
Liabilities						
Derivatives	–10.0	–	–10.0	8.3	4.2	2.5
Total	**3.1**	**–**	**3.1**	**0.0**	**0.1**	**3.2**

Note 19 Receivables, direct insurance

	2020	2019
Receivables from policyholders	1,939.4	1,666.3
Receivables from insurance brokers	–	–
Receivables from insurance companies	–	–
	1,939.4	**1,666.3**

Note 20 Other receivables

	31 Dec 2020	31 Dec 2019
Receivables from Group companies	364.1	219.0
Other receivables	70.6	166.0
Total	**434.7**	**385.0**

In its calculation of loss allowance for financial receivables, the company uses the simplified method that is described in more detail in note 1 Accounting policies. The loss allowance on 31 December 2020 amounted to SEK 0 M (0).

Note 21 Tangible assets and inventories

	31 Dec 2020	31 Dec 2019
Tangible assets	7.0	6.9
Inventories, market items	16.8	12.1
Total	**23.8**	**19.0**
Tangible assets		
Accumulated cost		
Opening balance	12.3	12.3
Acquisitions for the year	3.1	1.7
Divestments and disposals	-1.6	-1.8
Exchange-rate effect	-0.2	0.1
Closing balance	**13.6**	**12.3**
Accumulated depreciation		
Opening balance	-5.4	-4.7
Depreciation for the year	-2.2	-2.0
Divestments and disposals	0.8	1.2
Exchange-rate effect	0.2	0.1
Closing balance	**-6.6**	**-5.4**
Carrying amount	**7.0**	**6.9**

Note 22 Deferred acquisition costs

	31 Dec 2020	31 Dec 2019
Opening balance	160.6	159.9
Capitalisation for the year	336.1	373.6
Depreciation for the year	-321.5	-346.0
Non-recurring effect of changed assessment	–	-26.9
Closing balance	**175.2**	**160.6**

The non-recurring effect in 2019 refers to the UK branch. Of the amount of SEK -26.9 M, SEK -67.8 M is attributable to capitalisation for the year and SEK 40.9 M to amortisation for the year.

Note 23 Untaxed reserves

	2020	2019
Equalisation reserve	35.2	35.2
Contingency reserve	464.9	464.9
Tax allocation reserve		
Reserved for 2014	–	71.1
Reserved for 2015	72.1	72.1
Reserved for 2016	60.0	60.0
Reserved for 2017	50.0	50.0
Reserved for 2018	41.0	41.0
Reserved for 2019	43.0	43.0
Reserved for 2020	41.0	–
Closing balance of tax allocation reserve	307.1	337.2
Total	**807.2**	**837.3**

Note 24 Unearned premiums and unexpired risks

	31 Dec 2020			31 Dec 2019		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
Opening balance	1,864.6	–	1,864.6	1,682.7	–	1,682.7
Provisions for the period	338.0	–	338.0	140.0	–	140.0
Exchange-rate changes	-72.4	–	-72.4	41.9	–	41.9
Closing balance	**2,130.2**	**–**	**2,130.2**	**1,864.6**	**–**	**1,864.6**

Note 25 Claims outstanding

	31 Dec 2020			31 Dec 2019		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
Claims incurred and reported	67.4	2.1	65.3	53.1	5.3	47.8
Claims incurred and not reported	230.2	–	230.2	217.9	–	217.9
Claims adjustment costs	17.5	–	17.5	15.3	–	15.3
Total opening balance	**315.1**	**2.1**	**313.0**	**286.3**	**5.3**	**281.0**
Provisions for the period	46.6	8.1	38.5	18.8	–3.2	22.0
Exchange-rate changes	–14.3	–	–14.3	10.0	–	10.0
Total change for the year	**32.3**	**8.1**	**24.2**	**28.8**	**–3.2**	**32.0**
Claims incurred and reported	73.4	10.2	63.2	67.4	2.1	65.3
Claims incurred and not reported	255.0	–	255.0	230.2	–	230.2
Claims adjustment costs	18.9	–	18.9	17.5	–	17.5
Total closing balance	**347.3**	**10.2**	**337.1**	**315.1**	**2.1**	**313.0**

Technical provisions in Agria are not discounted.

Note 26 Pensions and similar commitments

Defined-contribution pension plans

Defined-contribution pension plans are plans according to which the company pays fixed contributions to a separate legal entity and does not have a legal or informal obligation to pay additional contributions. The Group's payments of defined-contribution plans are recognised as expenses during the period in which the employee performed the services to which the contributions refer. Primarily, contributions to the Insurance Industry's Pension Fund (FPK) are recognised here. This plan includes all employees in Sweden.

FTP plan contributions for 2021 are expected to total SEK 5.5 M.

	2020	2019
Expenses for defined-contribution plans	14.1	14.4

Note 27 Liabilities, direct insurance

	2020	2019
Liabilities to policyholders	32.1	26.8
Liabilities to insurance brokers	–	–
Liabilities to insurance companies	–	–
	32.1	**26.8**

The item Liabilities to policyholders includes liabilities of 3.6 (–) to the subsidiary Agria Vet Guide AB.

Note 28 Other liabilities

	31 Dec 2020	31 Dec 2019
Liabilities to Group companies	3.9	23.3
Other liabilities	96.5	88.2
Total	**100.4**	**111.5**

Note 29 Other accrued expenses and deferred income

	31 Dec 2020	31 Dec 2019
Prepaid premiums	573.0	488.7
Accrued expenses	54.9	42.9
Total	**627.9**	**531.6**

Note 30 Financial assets and liabilities by category

	Financial assets measured at FVPL			Financial assets measured at FVOCI			
31 Dec 2020	Measured at FVPL	Equity instruments	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments	Total carrying amount	Fair value
Assets							
Interest-bearing securities issued by Group companies and loans to Group companies	89.3		–	–	–	89.3	89.3
Shares and participations	388.5		–	–	–	388.5	388.5
Bonds and other interest-bearing securities	970.1		–	–	–	970.1	970.1
Derivatives	15.7		–	–	–	15.7	15.7
Other receivables	–		367.7	–	–	367.7	367.7
Cash and bank balances	–		421.2	–	–	421.2	421.2
Prepaid expenses and accrued income	–		5.0	–	–	5.0	5.0
Total	**1,463.6**		**793.9**	**–**	**–**	**2,257.5**	**2,257.5**

Note 30 Financial assets and liabilities by category, cont.

	Financial liabilities measured at FVPL	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Liabilities				
Derivatives	7.2	–	7.2	7.2
Other liabilities	–	47.8	47.8	47.8
Accrued expenses and deferred income	–	22.2	22.2	22.2
Total	**7.2**	**70.0**	**77.2**	**77.2**

The carrying amount of assets classified as Financial assets measured at amortised cost and liabilities classified as Financial liabilities measured at amortised cost comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities since these assets and liabilities have short terms.

	Financial assets measured at FVPL			Financial assets measured at FVOCI			
31 Dec 2019	**Measured at FVPL**	**Equity instruments**	**Financial assets measured at amortised cost**	**Debt instruments measured at FVOCI**	**Equity instruments**	**Total carrying amount**	**Fair value**
Assets							
Interest-bearing securities issued by Group companies and loans to Group companies	125.0	–	–	–	–	**125.0**	125.0
Shares and participations	306.6	–	–	–	–	**306.6**	306.6
Bonds and other interest-bearing securities	1,013.0	–	–	–	–	**1,013.0**	1,013.0
Derivatives	13.1	–	–	–	–	**13.1**	13.1
Other receivables	–	–	303.8	–	–	**303.8**	345.1
Cash and bank balances	–	–	180.1	–	–	**180.1**	180.1
Prepaid expenses and accrued income	–	–	5.0	–	–	**5.0**	5.0
Total	**1,457.7**	**–**	**488.9**	**–**	**–**	**1,946.6**	**1,987.9**

	Financial liabilities measured at FVPL	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Liabilities				
Derivatives	10.0	–	**10.0**	10.0
Other liabilities	–	74.0	**74.0**	74.0
Accrued expenses and deferred income	–	12.4	**12.4**	12.4
Total	**10.0**	**86.4**	**96.4**	**96.4**

The carrying amount of assets classified as Financial assets measured at amortised cost and liabilities classified as Financial liabilities measured at amortised cost comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities since these assets and liabilities have short terms.

Fair value valuation techniques

Financial assets and liabilities measured at fair value in the statement of financial position are presented in the table based on the valuation techniques applied:
Level 1 refers to prices determined from prices quoted in an active market.
Level 2 refers to prices determined by calculated prices of observable market data.
Level 3 refers to prices based on own assumptions and judgements.

	31 Dec 2020				31 Dec 2019			
	Level 1	**Level 2**	**Level 3**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total carrying amount**
Assets								
Interest-bearing securities issued by Group companies and loans to Group companies	89.3	–	–	89.3	125.0	–	–	**125.0**
Shares and participations	388.5	–	0.0	388.5	306.6	–	0.0	**306.6**
Bonds and other interest-bearing securities	926.9	–	43.1	970.1	1,013.0	–	–	**1,013.0**
Derivatives	0.2	15.5	–	15.7	0.2	12.9	–	**13.1**
Liabilities								
Derivatives	0.0	7.2	–	7.2	0.0	10.0	–	**10.0**

There were no significant transfers between Level 1 and Level 2 during 2020 or during 2019. There were no transfers from Level 3 in 2020 or 2019. Bonds and other interest-bearing securities that are not listed in an active market comprise interest-bearing, unlisted loans that are valued using unobservable market data and are classified according to measurement Level 3. Valuations are performed by external managers based on generally accepted valuation techniques, which means that the underlying holdings held by the issuer of the loan are valued based on relevant observable market data wherever available, and holdings for which market data is not available are measured at a fair value corresponding to the cost adjusted for any impairment. Gains and losses are recognised in profit or loss under Investment income, revenue and Investment income, expenses.

Note 30 Financial assets and liabilities by category, cont.

Shares and participations in Group companies measured at cost in the balance sheet

The fair value (Level 3) of shares and participations in Group companies was measured at equity per share based on the most recent company report plus outstanding acquired goodwill.

Change Level 3	Shares and participations
Opening balance, 1 January 2020	0.0
Divestments	–
Acquisitions	43.0
Recognised in profit or loss	0.1
Closing balance, 31 December 2020	43.1

Change Level 3	Shares and participations
Opening balance, 1 January 2019	0.0
Divestments	–
Recognised in profit or loss	0.0
Closing balance, 31 December 2019	0.0

Note 31 Anticipated recovery dates for assets and liabilities

	31 Dec 2020			31 Dec 2019		
	Not more than 1 year	More than 1 year	Total	Not more than 1 year	More than 1 year	Total
Assets						
Other intangible assets	2.9	2.7	5.6	2.9	4.9	**7.8**
Shares and participations in Group companies	–	355.2	355.2	–	273.2	**273.2**
Interest-bearing securities issued by Group companies	–	89.3	89.3	0.5	124.5	**125.0**
Shares and participations in associated companies	–	0.5	0.5	–	0.5	**0.5**
Shares and participations	–	388.5	388.5	–	306.6	**306.6**
Bonds and other interest-bearing securities	28.3	941.7	970.1	92.3	920.7	**1,013.0**
Derivatives	15.7	–	15.7	13.1	–	**13.1**
Other investment assets	–	–	–	–	–	**–**
Reinsurers' portion of technical provisions	8.5	1.7	10.2	1.7	0.4	**2.1**
Receivables from policyholders	1,939.4	–	1,939.4	1,666.3	–	**1,666.3**
Receivables, reinsurance	0.1	–	0.1	–	–	**–**
Other receivables	434.7	–	434.7	385.0	–	**385.0**
Tangible assets and inventories	19.0	4.8	23.8	14.1	4.9	**19.0**
Cash and bank balances	421.2	–	421.2	180.1	–	**180.1**
Deferred tax assets	–	0.6	0.6	–	0.0	**0.0**
Prepaid expenses and accrued income	184.6	–	184.6	167.2	–	**167.2**
Total assets	**3,054.4**	**1,785.1**	**4,839.5**	**2,523.2**	**1,635.7**	**4,158.9**
Provisions and liabilities						
Technical provisions (before ceded reinsurance)	2,380.0	97.6	2,477.6	2,097.3	82.3	**2,179.7**
Other provisions	–	2.3	2.3	–	2.4	**2.4**
Deferred tax	–	0.1	0.1	–	0.1	**0.1**
Liabilities to policyholders	32.1	–	32.1	26.7	–	**26.7**
Derivatives	7.2	–	7.2	10.0	–	**10.0**
Current tax liabilities	1.9	–	1.9	–	–	**–**
Other liabilities	90.4	10.0	100.4	103.6	8.0	**111.6**
Accrued expenses and deferred income	627.9	–	627.9	531.6	–	**531.6**
Total provisions and liabilities	**3,139.5**	**110.0**	**3,249.4**	**2,769.2**	**92.8**	**2,862.1**

The recovery periods for securities do not reflect the liquidity in the portfolio but rather the final maturity of the securities.

Note 32 Pledged assets and contingent liabilities

	31 Dec 2020[1]	31 Dec 2019[1]
Technical provisions, net	2,467.4	2,177.6

[1] Assets pledged for the benefit of policyholders to cover technical provisions in accordance with Chapter 6, Section 11 of the Insurance Business Act. The amount recognised as pledged assets corresponds to the technical liabilities after deductions for reinsurers' portion. All assets recognised in the benefit register amounted to SEK 3,901.7 M (3,429.1).

	31 Dec 2020	31 Dec 2019
Commitments		
Remaining amount to invest in investment assets	46.9	90.0

Note 33 Disclosures on related parties

Organisation
Agria is a wholly owned subsidiary of Länsförsäkringar Sak Försäkringsaktiebolag, which in turn is a wholly owned subsidiary of Länsförsäkringar AB. Länsförsäkringar AB is wholly owned by the 23 customer-owned regional insurance companies, together with 15 local insurance companies. Joint operations are conducted in Länsförsäkringar AB, which provides services to Agria. This pertains to such services as legal, finance, security, HR and the operation and development of IT systems. Asset management was transferred from Länsförsäkringar AB to Länsförsäkringar Liv in May 2020. The organisation means that there are a large number of ongoing transactions and a number of non-recurring transactions between Agria and Länsförsäkringar AB, the Parent Company, and the regional insurance companies.

Related parties
Related legal entities to Agria include all of the companies in the Länsförsäkringar AB Group, Länsförsäkringar Mäklarservice AB, the regional insurance companies with subsidiaries and the local insurance companies. All of these companies combined comprise the Länsförsäkringar Alliance. Related key persons are Board members, senior executives and their close family members and companies owned by them.

Pricing
Pricing for service activities within the Länsförsäkringar Alliance is based on direct and indirect costs. Overall, pricing is intended to distribute costs fairly within the Länsförsäkringar Alliance based on consumption. Joint development projects and joint service are financed collectively and invoiced based on an established distribution key.

Agreements
Significant agreements for Agria are primarily outsourcing agreements with Länsförsäkringar AB regarding IT and service. Agreements were also signed with Länsförsäkringar Sak regarding financial, legal and actuarial services and handling the settlement of Agria's reinsurance. Furthermore, agreements were entered into with the regional insurance companies regarding commission for sales. An agreement was also signed with Länsförsäkringar Liv for the outsourcing of asset management.

Disclosures regarding related-party transactions

2020	Purchases	Sales	Receivables	Liabilities
Parent Company	54.4	–4.3	4.4	–
Group companies	442.0	10.4	453.9	11.4
Regional insurance companies	9.4	1.2	0.5	0.0
Other related parties	4.3	0.3	–	0.2

2019	Purchases	Sales	Receivables	Liabilities
Parent Company	69.2	–4.8	–	15.5
Group companies	199.8	13.4	349.0	10.1
Regional insurance companies	10.8	0.1	0.5	2.7
Other related parties	0.5	1.2	–	0.2

Bank balances and interest income received from Länsförsäkringar Bank AB amounted to SEK 279.8 M (186.6) in 2020.

The functions that have been organised centrally from Länsförsäkringar AB include purchasing of equipment. Agria leases equipment from Länsförsäkringar AB.

Länsförsäkringar Bank AB manages subsidised loans to personnel on behalf of Agria, which are granted after standard credit scoring checks conducted by the bank.

Agria pays commission to the regional insurance companies for sales of products in all business areas and remuneration for administration expenses. The agreements details the remuneration levels for various services, such as sales and customer care, etc.

Remuneration of the Board and senior executives of Agria is stated in note 8. In all other respects, no transactions took place between these individuals and their related parties apart from normal customer transactions.

During the year, Agria acquired the subsidiary Agria Vet Guide AB, from which digital veterinary consultation services are purchased for Agria's policyholders.

Note 34 Supplementary disclosures on income-statement items by insurance class

2020	Total	Other property	International
Premiums earned, gross	4,147.9	2,511.5	1,636.4
Claims payments, gross	–3,171.0	–1,916.9	–1,254.1
Operating expenses, gross	–915.5	–492.0	–423.5
Profit/loss from ceded reinsurance	3.6	5.4	–1.8
Earnings	**65.0**	**108.0**	**–43.0**
Premium income, gross	4,485.9	2,668.7	1,817.2

Note 35 Significant events after the end of the fiscal year

No significant events were reported after the balance-sheet date.

Note 36 Appropriation of profit

According to the balance sheet of Försäkringsaktiebolaget Agria (publ), non-restricted equity of SEK 732,159,776 is at the disposal of the Annual General Meeting.

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

Retained earnings	630,149,669
Net profit for the year	102,010,107
Total	**732,159,776**

The Board of Directors proposes that profit be appropriated as follows:

To be distributed to the owner	–
To be carried forward	732,159,776
Total	**732,159,776**

The insurance company's solvency ratio under Solvency II after the proposed appropriation of profit amounts to 163% (155).

The insurance company's financial position does not result in any other assessment than that the insurance company can be expected to fulfil its obligations in both the short and long term.

The Board of Directors believes that the insurance company's equity as reported in the Annual Report is sufficiently high in relation to the nature, scope and risks of the operations, and the company's solvency requirements, liquidity and financial position, in accordance with Chapter 17, Section 3 of the Swedish Companies Act.

For more information on the insurance company's earnings and financial position, refer the following income statement and balance sheet with accompanying notes to the accounts.

The Annual Report was approved for publication by the Board of Directors on 23 February 2021.
The company's income statement and balance sheet will be adopted at the Annual General Meeting in May 2021.

Fredrik Bergström
Chairman

Björn Dalemo *Board member*	Dag Ekner *Board member*	Stig Högberg *Board member*
Anders Långström *Board member*	Ulrika Obstfelder Peterson *Board member*	Katja Puustinen *Board member*
Henrik Stangel *Board member*	Lena Söderberg Åsheim *Board member*	Ulf Uddman *Board member*

Margareta Edihl Tomth *Employee representative*	Anna Sandqvist *Employee representative*

Agnes Fabricius
President

Our auditor's report was submitted on 15 March 2021
KPMG AB.

Magnus Ripa
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Försäkringsaktiebolaget Agria (publ), corp. id 516401-8003

Report on the annual accounts

Opinions

We have audited the annual accounts of Försäkringsaktiebolaget Agria (publ) for the year 2020. The annual accounts of the company are included on pages 4–36 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies, and present fairly, in all material respects, the financial position of Försäkringsaktiebolaget Agria (publ) as of 31 December 2020 and its financial performance for the year then ended in accordance with the Annual Accounts Act for Insurance Companies. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Our opinions in this report on the the annual accounts are consistent with the content of the additional report that has been submitted to the Board of directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Försäkringsaktiebolaget Agria (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Provisions for claims outstanding reported as part of the technical provisions

See disclosure 25 and accounting principles on page 18 in the annual account for detailed information and description of the matter.

Description of key audit matter

Provision for claims outstanding, reported as part of technical provisions, amounts to SEK 347.3 M as of December 31, 2020.

This is an area involving significant judgments of uncertain future outcome, primarily including the timing and size of incurred claims which will be settled with the policyholders.

The company uses established actuarial valuation models to support the calculations of the provision for claims outstanding. The complexity of the models may cause risk for errors as a result of inadequate/incomplete data or the design or application of the models.

The company´s provision for claims outstanding consists of a few products. The actuarial assumtions such as settlement period, customer´s behavior and costs are examples of important data being used to estimate these provisions.

Response in the audit

We have assessed the applied actuarial assumptions by comparing the valuation methods with the company's own experience and investigations, regulatory requirements and industry benchmarks.

We have performed tests on a sample basis to assess management's data extraction process as input to the actuarial calculations.

We have involved our own actuarial specialists to assist us in challenging the methodology and the assumptions used in the projected cash flows and in the valuation of the provisions. We have performed our own calculations verifyingthe adequacy of the provision and compared it to the expected future contractual obligations.

We have also considered the completeness of the underlying facts and circumstances that are presented in the disclosures in the accounts and assessed whether the information is adequate to understand management judgements.

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1–3. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Försäkringsaktiebolaget Agria (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Försäkringsaktiebolaget Agria (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Insurance Business Act, the Annual Accounts Act for Insurance Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Försäkringsaktiebolaget Agria (publ) by the general meeting of the shareholders on the 4th May 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2000.

Stockholm 15 March 2021
KPMG AB

Magnus Ripa
Authorized Public Accountant

Board of Directors and auditor

1 Fredrik Bergström

Chairman of the Board since 2020. Born 1970. President and CEO of Länsförsäkringar AB. **Education:** M.Sc. in Business and Economics, Uppsala University. **Other Board appointments:** Chairman of Länsförsäkringar Bank, Länsförsäkringar Fondliv and Länsförsäkringar Sak, Board member of Länsförsäkringar Liv, Deputy Chairman of Insurance Sweden, Board member of Swedish Insurance Employers Association (FAO), European Alliance Partners Company AG and Enebybergs Tennishall AB. **Previous experience:** President of Länsförsäkringar Stockholm, Head of Retail at SBAB, Head of Distribution Private Sweden at If and other positions at If Skadeförsäkring AB and Dial Försäkrings AB.

2 Björn Dalemo

Born 1975. President of Länsförsäkringar Sak Försäkringsaktiebolag. Elected: 2020. **Education:** Economics/Statistics. **Other Board appointments:** Chairman of Länsförsäkringar Grupplivförsäkrings AB **Previous experience:** Senior positions in Pricing, underwriting, and product and portfolio management.

3 Dag Ekner

Born 1962. Self-employed consultant. Elected: 2018. **Education:** Degree in market economy. **Other Board appointments:** Chairman of Borås Fältrittklubb, Hallands Travsällskap and Stiftelsen Wången. **Previous experience:** Board member of Swedish Trotting Association, Sales Director at Svenska Fönster AB and Forbo Flooring AB, President of Forbo Forshaga AS.

4 Stig Högberg

Born 1960. Forest farmer. Elected: 2018. **Education:** Agricultural education. **Other Board appointments:** Chairman of Länsförsäkringar Västernorrland and property management company Gården 35 AB, and Deputy Chairman Norra Skog. Board member of Västernorrland Wildlife Management Delegation. **Previous experience:** Region Chairman of LRF Västernorrland, Board member of National Board of Directors of Federation of Swedish Farmers (LRF), Landshypotek region Norrland, Mitt kapital, the Länsförsäkringar Alliance Research and Development Fund Foundation and Investa företagskapital.

5 Anders Långström

Born 1968. President of Länsförsäkringar Norrbotten. Elected: 2019. **Education:** Economics programme, Luleå University College. **Other Board appointments:** Board member of Länsförsäkringar Hypotek AB, Länsförsäkringar Norrbotten Holding AB and Länsförsäkringar i Norr Holding AB. **Previous experience:** Head of Bank at Föreningsbanken and Länsförsäkringar Norrbotten, Head of Bank & Life Assurance at Länsförsäkringar Norrbotten, Head of Retail Market at Länsförsäkringar Norrbotten, Head of Corporate Market at Länsförsäkringar Norrbotten, Head of Non-life Insurance/Executive Vice President at Länsförsäkringar Norrbotten.

6 Ulrika Obstfelder Petersson

Born 1963. President of Länsförsäkringar Värmland. Elected: 2018. **Education:** Information programme at Karlstad University and individual courses in political science, marketing, business administration and sociology. **Other Board appointments:** Länsförsäkringar Värmland Fastigheter AB, Länsförsäkringar Värmland Aktieförvaltning AB and Länsförsäkringar Fondförvaltning AB. **Previous experience:** President and CEO of Värmlands Folkblad AB, Vice President Värmland Chamber of Commerce, Studio Manager at Pictura AB, Senior Administrative Officer at Swedish Defence Recruitment Agency, Chairman of Värmland Chamber of Commerce, Board member of Danske bank local board, Clarahälsan AB, Värmlands Trafikcenter AB, Tidningsutgivarna, TT AB, Värmland Fire Protection Association.

7 Katja Puustinen

Born 1971. Chairman of the Swedish Veterinary Association. Elected: 2018. **Education:** M.Sc. in Veterinary Medicine, Swedish University of Agricultural Sciences, Uppsala. **Other Board appointments:** President of Executive Board of Swedish Veterinary Association (SVF), Board member of SACO association Board SLU and board appointments local gymnastics association in Uppsala. **Previous experience:** Board appointments at Employed Vets Association (at SVF), tenant-owners' association in Uppsala, clinic vet at University Hospital pet clinic SLU Uppsala (current).

8 Henrik Stangel

Born 1963. President of Länsförsäkringar Gotland. Elected: 2020. **Education:** M.Sc. in Business and Economics, Stockholm School of Economics. **Other Board appointments:** RegionInvest Gotland and Länsförsäkringar Gruppliv. **Previous experience:** CEO of Dagens industri, VP/Director of Sales Bonnier News, Director of Sales Dagens Nyheter, Director of Sales Swedish Post, CEO EF Language, CEO Jobline, Director of Sales and Marketing Pripps Bryggerier, Chairman of Insplanet, Board member of Hemnet, Fakturino, HittaHem.

9 Lena Söderberg Åsheim

Born 1958. Farmer Lillö Kungsgård. Elected: 2020. **Education:** M.Sc. in Agriculture. **Other Board appointments:** Chairman of Stiftelsen Lantbruksforskning, Board member of the Federation of Swedish Farmers, Salixenergi Europa AB, Folk och Försvar. **Previous experience:** President of Lyckeby Stärkelsen, Krinova Incubator and Science Park, and Sensient Flavors Scandinavia. Chairman of Sveriges Djurbönder ek för. Board member of HKScan OY and Probi AB.

10 Ulf Uddman

Born 1957. President of Swedish Kennel Club. Elected: 2016. **Education:** M.Sc. in Business and Economics. **Other Board appointments:** Chairman of Swedish Dog Protection Association and Board member of several family companies. **Previous experience:** Deputy Board member of Agria 1987–2011, Chairman of Agria's Pet Product Committee, member of Board of Jordbrukets Försäkringsbolag 1980–1990s. Served as an expert in several government inquiries into dog and animal activities.

Employee representatives

11 Margareta Edil Tomth

Born 1960. Inside salesperson, Digital Customer Communication Team. Elected: 2018. **Education:** Business school economist. **Other Board appointments:** Elected to Forena's Club Board. **Previous experience:** Vestry member Dalarna (Sollerön), elected to several small associations in Dalarna (Hästgillet, Coop Nomination Committee), accounting assistant Lokalradion and Radio Sweden.

12 Anna Sandqvist

Born 1963. Compliance. Elected: 2017. **Education: Other Board appointments:** Employee representative of SACO on the Board of Länsförsäkringar AB, Chairman of SACO Association at Länsförsäkringar AB. **Previous experience:** AMF Pension, Wasa Försäkringar.

Deputies: Linnéa Niklasson and Fredrik Sickling

Auditor: Magnus Ripa Elected by the Annual General Meeting: Authorised Public Accountant, KPMG.

Management

Agnes Fabricius

President. Born 1972. Employed 2017. **Education:** Hippologist Swedish University of Agricultural Sciences, studies at Stockholm School of Economics. **Board appointments:** Chairman of Agria Pet Insurance Ltd and Agria Vet Guide AB. **Previous experience:** Head of Retail Customer Business Area, Head of Bank and Claims Manager at Länsförsäkringar Stockholm. Board member of Länsförsäkringar Fastighetsförmedling.

Monica Dreijer

Executive Vice President, Head of Business Support and Sustainability. Born 1961. Employed 1986. **Education:** Upper-secondary school social science programme. Individual courses at Stockholm University. **Board appointments:** Agria Pet Insurance Ltd, Agria Scholarship Fund Foundation and Animal Health and Veterinary Care Foundation. **Previous experience:** 26 years of experience from senior positions at Agria, including Head of Insurance Operations, President of Business Area Horse, President of Business Area Pet and Executive Vice President since 2002.

Minna Dahlberg

CMO. Born 1972. Employed 2018. **Education:** M.Sc. in Business and Economics, Stockholm University. **Board appointments:** Board member of Agria Vet Guide AB. **Previous experience:** Business Unit Director Alfort & Cronholm, Head of Marketing Kronans Apotek, Marketing Director Yoplait Sweden, Account Director Storåkers McCann, Head of Private Label Design ICA AB, Market Planner ICA Sverige AB, Board member of Quality Painting Tools AB, deputy board member of Alcro Parti AB.

Kaj Holmberg

Head of IT and Onlines and BIO Agria. Born 1967. Employed 2005. **Education:** B.Sc. in Information Systems. **Board appointments:** Chairman of BRF Dyningen. **Previous experience:** More than 25 years of experience in IT/telecoms/web, more than 20 years of experience from senior positions and member of various management groups in the past 15 years.

Sonja Karaoglan

President of Europe Business Area. Born 1967. Employed 2010. **Education:** Executive MBA from AVT Business School. **Board appointments:** Agria Pet Insurance Ltd and Save the Children Denmark. **Previous experience:** IHI – International Health Insurance / BUPA 11 years, SEB Kort 1.5 years and 30 years management experience.

Patrik Olsson

President of Pet Business Area. Born 1967. Employed 2010. **Education:** Upper-secondary school economics programme. **Board appointments:** Svenska Andelshästar AB (EasyKB), Djurbranschens yrkesnämnd DYN and Agria Vet Guide AB. **Previous experience:** Complete responsibility for Agria's Pet business line in Sweden since 2010, member of Agria management. Former Head of Agriculture/Regional Manager Horse with complete responsibility for the agriculture business line at Länsförsäkringar Stockholm and Regional Manager Horse Stockholm. Member of management team Commercial business area. Started agricultural bank at Länsförsäkringar Stockholm.

Mikael Theorén

President of Horse and Agriculture Business Area. Born 1963. Employed 2017. **Education:** Technical college engineer specialising in electronics. **Board appointments:** Agria Vet Guide AB **Previous experience:** More than 15 years of experience from the Swedish equestrian industry, such as senior roles at the Swedish Equestrian Federation, more than 25 years of experience in management, operations establishment and international business.

Monica Tuvelid

CFO. Born 1978. Employed since 2006. **Education:** M.Sc. in Business Administration from Stockholm University. **Board appointments:** Agria Vet Guide AB. Chairman of Agria's Scholarship Fund Foundation and Animal Health and Veterinary Care Foundation. **Previous experience:** 12 years of experience from senior positions at Agria, including Head of Strategy and Planning, Deputy President of Pet Business Area, Head of Customer Service Centre and Claims, Head of Product and Process, Operating Systems and in accounting. Previous experience as an approved auditor at KPMG AB.

Definitions

Provision for unearned premiums
A liability item, corresponding to the portion of premium income that pertains to the next year in the annual accounts.

Run-off result
For claims for which final settlement has not been completed at the end of the fiscal year, funds are reserved in the provision for claims outstanding. The assessment of future payments implemented may however prove to be incorrect for various reasons. If the calculated compensation amount for a claim proves to be over-valued, run-off gains will arise when the compensation amount is re-assessed or when the claim has been settled. If the amount is under-valued, a corresponding run-off loss will arise.

Direct yield
Direct yield refers to the total of interest income, interest expense, other financial expenses, dividends on shares and participations in relation to the average value of the investment assets during the year.

Direct insurance
Insurance contract concluded directly between the insurer and the policyholder. In contrast to assumed reinsurance, the insurance company is directly responsible to the policyholder.

Operating expenses
Operating expenses is a collective term for expenses for sales, management and administration.

Expense ratio
Operating expenses in the insurance operations as a percentage of premiums earned after ceded reinsurance.

After ceded reinsurance
The proportion of an insurance transaction for which the insurance company assumes the risk, and which is not reinsured with another company. Sometimes the term "for own account" is used.

Required solvency margin
The lowest permitted level of own funds for insurance companies. The required solvency margin is calculated in accordance with the rules laid down in the Swedish Insurance Business Act.

Claims payments
The cost during the fiscal year for claims incurred, including costs for claims that have not yet been reported to the insurance company. The costs also include run-off result.

Technical provisions
Provision for unearned premiums and unexpired risks, and provision for claims outstanding and comparable commitments in accordance with signed insurance contracts.

Investment income transferred from financial operations
Premiums are paid in advance, while operating expenses and claims costs are paid in arrears. Funds that have not yet been paid out are invested in order to obtain a return. The estimated interest on these investments – the cost of capital – is transferred from investment income to the insurance operations.

Own funds
Own funds comprise Tier 1 capital and ancillary own funds. Tier 1 capital is the difference between assets and liabilities measured in accordance with the Solvency II rules and subordinated liabilities. Ancillary own funds comprises items not recognised in the statutory balance sheet but that could be required to cover losses. Own funds for Agria mainly comprise equity and untaxed reserves according to the legal accounts adjusted by revaluation items arising on the remeasurement of the balance sheet in accordance with Solvency II.

Solvency margin
The ratio between solvency capital and premium income for own account, expressed as a percentage. The solvency margin, calculated in this manner, is the measure of capital strength of the insurance company normally used.

Solvency capital
Recognised equity, plus untaxed reserves, plus deferred tax liabilities, less deferred tax assets.

Minimum capital requirement
The minimum capital requirement comprises the minimum amount of eligible Tier 1 capital and is calculating by taking into account all or part of technical provisions, premium income, positive risk amounts, deferred taxes, administrative costs, ceded reinsurance and the solvency capital requirement.

Premium income
Premiums paid in during the year or recognised as receivables at year-end since they have fallen due for payment.

Premiums earned
The proportion of premium income attributable to the fiscal year.

Technical result for non-life insurance operations
Premiums earned less claims payments and operating expenses in the insurance operations plus profit/loss from ceded reinsurance and investment income transferred from financial operations.

Claims ratio
The ratio between claims payments, including claims adjustment costs and premiums earned after ceded reinsurance, expressed as a percentage.

Contingency reserve
Provisions for contingency reserve is an appropriation. The contingency reserve is to equalise fluctuations in the risk process and the uncertainty in the calculation basis for provisions for unearned premiums and claims outstanding.

Total return ratio
The sum of direct yield, realised gains and losses, and unrealised changes in the value of assets in relation to the average fair value of managed assets.

Combined ratio
The sum of operating expenses in the insurance operations and claims payments as a percentage of premiums earned after ceded reinsurance.

Deferred tax
Deferred tax liabilities/assets pertain to taxable temporary differences.

Reinsurance
Risk distribution method entailing that an insurance company purchases coverage for a portion of its liability commitment for insurance and reinsurance contracts, known as ceded reinsurance. Assumed reinsurance refers to the business that an insurance company receives from other insurance company in the form of reinsurance.

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