

## Summary

Alandia Försäkring Abp (Alandia) is an insurance company based on the island of Åland offering non-life insurance, primarily focused on marine insurance.

At the beginning of the year, there was a group under the supervision of the Finnish Financial Supervisory Authority that consisted of the parent company Alandia Försäkring Abp, the wholly owned subsidiary Försäkringsaktiebolaget Liv-Alandia and associate company Nordisk Marinförsäkring AB. During the course of the year, Försäkringsaktiebolaget Liv-Alandia transferred its life insurance portfolio. As the company no longer operates any insurance business, it has revoked its authorisation to act as an insurance company and has changed its name to Alandia Konsolidering Ab. Alandia has sold its shareholding in Nordisk Marinförsäkring AB. These events mean that as at 31 December 2020 only the parent company Alandia Försäkring Abp is under the supervision of the Finnish Financial Supervisory Authority and that group supervision has ceased. This solvency and financial condition report will therefore mostly refer only to Alandia Försäkring Abp, although the cumulative insurance data of Alandia Konsolidering Ab will be presented where relevant.

Solvency II, which entered into force on 1 January 2016, is a harmonised regulatory framework for insurance companies operating in the European Union. Among other things, Solvency II regulates reporting and public disclosure.

This Solvency and Financial Condition Report 2020 is the fifth prepared by the company and deals with Alandia's operations, corporate governance, risk profile, valuation and capital base in accordance with Solvency II.

## A Operations

In 2019, Alandia Försäkring Abp's corporate form changed from privately owned to public limited company.

Alandia is one of the leading marine insurance companies in the Nordics with the strategic objective of becoming a leading European marine insurance specialist. In order to realise this vision, Alandia's income from premiums is increasing at the same time as the business is focusing on casco insurance, P&I cover, transport insurance, statutory accident insurance and recreational boat insurance.

Despite the Covid-19 outbreak during the year, the company's solvency situation has remained strong and has improved still further. This improvement is partly due to a subordinated loan of EUR 60 million that was taken out in connection with the transfer of the life insurance business and which can be included in part in the capital base. Alandia has an A- rating from Standard & Poor's and this was given a negative outlook during the year.

## B Corporate Governance

Corporate governance ensures that sound and prudent business principles are applied to Alandia's operations and that the company's strategic objectives are achieved. In the company's efforts to generate returns, the principle of securing policyholder benefits is observed in accordance with applicable legislation and regulation.

The Board of Directors bears the ultimate responsibility for corporate governance. The Board of Directors has appointed an Audit Committee, Solvency and Investment Committee and a Compensation and Succession Committee.

No material changes were made to corporate governance during the year.

## **C Risk Profile**

Alandia Försäkring Abp's risk profile is largely based on market and insurance risks. Investments are made according to the 'prudent person principle' to ensure the ongoing good level of liquidity necessary to meet undertakings on maturity. Alandia's assets are largely invested in financial market instruments, shares, property, hedge funds and money market instruments.

Among other measures, the risks associated with the company's insurance business are limited by both proportional and non-proportional reinsurance, as well as procedures for and analysis of premium setting and risk selection.

## **D Valuation**

Alandia's financial statements are prepared pursuant to national accounting standards, meaning that differences in valuation may arise compared with valuation based on Solvency II.

Alandia applies the principle of proportionality so that the valuation in its financial statements is applied to items where the valuation is deemed to be sufficient in proportion to the nature, scope and complexity of the inherent risks. The principle of proportionality is applied in accordance with Article 9.4 of Commission Delegated Regulation (EU) 2015/35.

At the end of the reporting period, Alandia's total assets amounted to EUR 308,156 thousand. Alandia's technical provisions totalled EUR 55,370,000 and other liabilities EUR 90,363 thousand, leaving a surplus of EUR 148,146 thousand for the capital base. The capital loan taken out during the year can be included in the capital base at 50% of the solvency capital requirement. The eligible portion of the capital loan amounts to EUR 34,292 thousand. The estimated dividends after the end of the period amount to EUR 24,870 thousand. The total capital base is therefore EUR 157,568 thousand.

No significant changes have occurred in valuation for solvency purposes over the course of the reporting period.

## **E Own Funds**

Alandia applies the standard formula contained in Chapter V of Commission Delegated Regulation (EU) 2015/35 when calculating its solvency capital requirement (SCR).

Alandia's financial statements are prepared pursuant to national accounting standards, meaning that differences arise compared with the capital base under Solvency II.

At the end of the reporting period, Alandia's capital adequacy ratio was 229.8%, with a capital base of EUR 157,568 thousand and an SCR of EUR 68,583 thousand.

The goal is to continuously maintain an adequate level of solvency in order to ensure benefits to policyholders, as well as the group's continued operations. For this purpose, the term *adequate* refers to a capital base that always meets both internal and external solvency capital requirements.