

## Summary

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

This solvency and financial condition report will for the first time cover only Alandia Försäkring Abp, as this is the only company in the Group that is subject to Solvency II supervision.

Solvency II is a regulatory framework that is harmonised at EU level. The Directive entered into force on 1 January 2016 and regulates the reporting and public disclosures of insurance companies in the EU.

This Solvency and Financial Condition Report 2021 is the sixth prepared by the company and deals with Alandia's operations, corporate governance, risk profile, valuation and own funds in accordance with Solvency II.

### A Operations

Alandia Försäkring Abp 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 hull & machinery insurance, P&I cover, cargo insurance, statutory accident insurance and leisure boat insurance.

Despite the ongoing pandemic during the year, the company's solvency situation has remained strong and has improved still further. This improvement is largely due to the merger with Alandia konsolidering Ab and the resulting increase in basic own funds. Alandia has a rating of A- with a negative outlook from Standard & Poor's.

### 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.

The Board of Directors bears the ultimate responsibility for corporate governance. The Board of Directors has appointed an Audit Committee, a 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 risk and insurance risk.

Alandia's assets are mainly invested in financial market instruments, shares, property, hedge funds and money market instruments. Investments are made according to the prudent person principle, thus ensuring the ongoing good level of liquidity necessary to meet undertakings on maturity. Investment activities also include a certain amount of lending.

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 354,532,398. Alandia's technical provisions totalled EUR 83,570,052 and other liabilities EUR 93,390,597, resulting in a surplus of EUR 177,571,749 for own funds. The capital loan of EUR 60,000,000 raised by Alandia in 2020 can be included in own funds at 50% of the solvency capital requirement. The eligible portion of the capital loan amounts to EUR 44,696,920. The estimated dividends after the end of the period amount to EUR 6,963,530. Total own funds therefore amount to EUR 215,305,138.

There were no material differences in valuation for solvency purposes during the reporting period.

#### E Funding

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

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

At the end of the reporting period, Alandia's capital adequacy ratio was 240.85%, with own funds of EUR 215,305,138 and a solvency capital requirement of EUR 89,393,839.

The goal is to continuously maintain an adequate level of solvency in order to secure policyholder benefits, as well as continued operations. The term 'adequate' refers to own funds that always meet both internal and external solvency capital requirements.