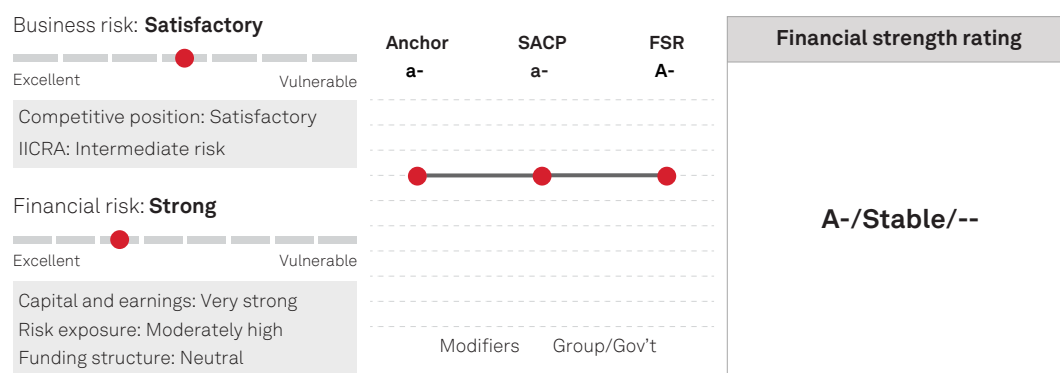


Alandia Forsakring Abp

November 24, 2025

This report does not constitute a rating action.



FSR--Financial strength rating. ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Solid and resilient excess capital above the 99.99% confidence level as per our risk-based capital model.	Business profile constrained by limited scale of operations and narrow geographic and product diversity.
Notable position in the small-tonnage coastal vessels and boat segment, particularly in Finland and Sweden, and a growing presence in the international market.	Investment portfolio composition that could lead to volatile earnings.

Alandia's improved technical profitability indicates that earlier measures and current disciplined underwriting standards are bearing fruit, in our view. Alandia reported a combined ratio of 98.5% for full-year 2024, which further improved to 97.4% in first half of 2025. We believe this demonstrates increased stability across Alandia's insurance portfolio. That said, the hull and machinery (H&M) line still faces profitability challenges. We estimate the combined ratio for year-end 2025 will be 98% before improving further to 96%-98% in 2026-2027.

Alandia's insurance revenue continued to decline in the first half of 2025. Given the deployment of earlier underwriting measures, combined with somewhat increased competition in the hull market, Alandia saw its insurance revenue contract by 2.7% as of June 2025. In our view, a

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prolonged decline in insurance revenue, combined with underlying cost inflation, may pressure the technical result. We forecast growth to return by 2026, however.

We continue to view Alandia's solid and resilient capital above the 99.99% confidence level as a key rating strength. Its excellent capitalization has proven resilient to earlier market volatility, and we assume Alandia will preserve capital at this level over our outlook horizon, supported by healthy results. We anticipate a moderate dividend payout policy.

Outlook

The outlook on Alandia is stable because we expect that, over our two-year outlook horizon, the insurer will be able to maintain its current underwriting performance and robust capital comfortably above our 99.99% confidence level. We also believe Alandia will maintain its investment risk appetite.

Downside scenario

We could lower the ratings on Alandia over the next two years if:

- Contrary to our expectations, Alandia's capital position fell below the 99.99% confidence level in our risk-based capital model for a prolonged period;
- Alandia's underwriting performance dropped and stayed below our base-case expectations; or
- We observed significant investment risk-taking, or high volatility in the group's investment results.

Upside scenario

We are unlikely to raise our ratings on Alandia in the next two years, primarily because the insurer's business profile is constrained by the limited scale of its operations and low geographic and product diversity.

Assumptions

- We anticipate a largely stable policy rate environment in the eurozone through 2025-2027.
- We expect competition to be elevated in the period and the marine market to remain under pressure in 2026-2027.

Alandia--Key Metrics

	2026f	2025f	2024	2023
Insurance Revenue	~82	~80	79.5	82.6
EBITDA*	>10	>10	17.1	7.3
Net income (attributable to shareholders)	>7	>7	11.7	4.2
S&P Global Ratings capital adequacy	99.99%	99.99%	99.99%	99.99%
Return on shareholder's equity (%)	5-8	5-8	7.2	2.6
EBITDA* fixed-charge coverage (x)	~8	~8	8.6	3.7
Financial leverage including pension deficit as debt (%)	~24	~24	27.0	27.4
PC : Net combined ratio (%)	~97	~98	98.5	100.0
Return on revenue (%)	~7	~7	7.1	11.4

Alandia--Key Metrics

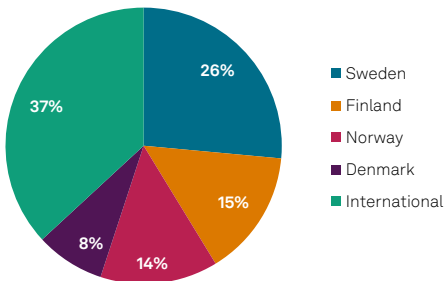
	2026f	2025f	2024	2023
*Unadjusted EBITDA, f--S&P Global Ratings forecast.				

Business Risk Profile

Alandia continues to benefit from a well-established reputation and strong market positions in Finland, Sweden, and Denmark, particularly within the small- and medium-tonnage coastal and blue water vessel insurance segments. The business portfolio continues to be concentrated in the core marine insurance lines of business, including Hull & Machinery (H&M), Protection & Indemnity (P&I), and Cargo. This is complemented by a significant presence in the Nordic boat insurance segment, generating about 20% of insurance revenue in 2024. This segment continues to exhibit healthy profitability and contribute to Alandia’s product diversification. H&M represents the largest portion of insurance revenue, accounting for approximately 71%. Despite ongoing initiatives to enhance performance in this segment, profitability remains challenging and continues to pressure Alandia’s technical results. Alandia’s gross premiums written (GPW), reported at €87.1 million in 2024, is significantly smaller than that of its marine insurance peers participating in the IG Pool; they recorded an average GPW of about \$440 million (€427 million) as of year-end 2024. Given Alandia's smaller premium base and business concentration in the marine sector, we believe the technical result could consequently remain susceptible to claims-volatility effects.

Chart 1

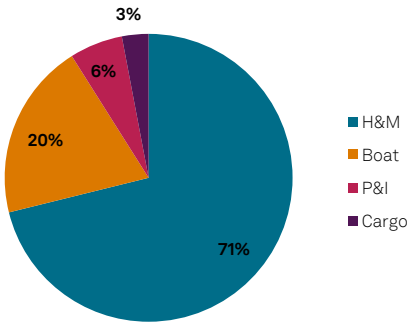
Alandia's geographical distribution of premiums
As of year-end 2024, % of gross premiums written



Source: S&P Global Ratings. *International also includes the Baltic states.
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Chart 2

Alandia's revenue distribution by line of business
As of year-end 2024 (%)



Source: S&P Global Ratings. *Excluding revenue from reinsurance.
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Alandia continues to focus on business diversification. Examples include its 2024 entry into the renewable wind energy sector via a partnership with NIORD and a continued emphasis on international premium growth in the marine market. Nonetheless, we maintain a cautious view of near-term topline growth. Strategic remediation efforts resulted in a 3.7% decline in insurance revenue in 2024, reaching €79.5 million, from €82.6 million the year before. This downward trend persisted in the first half of 2025, with insurance revenue contracting by 2.7% compared to the previous half. In our view, Alandia’s focus on prudent underwriting, particularly amid heightened competition and softening pricing, is the principal factor contributing to this slower growth.

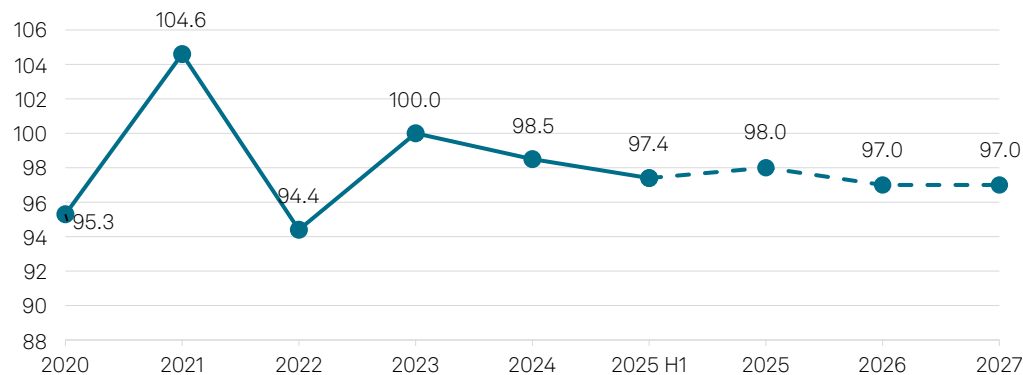
Consequently, we forecast insurance revenue to contract by 1%-3% for full-year 2025, before a return to growth of about 2%-4% year-on-year in 2026-2027 as Alandia focuses on expanding new business segments and more profitable parts of its business.

In our view, the company’s disciplined underwriting practices have resulted in a notable improvement in its claims ratio. In 2024 it was 67.4%, down from 100.8% in 2023. Reflecting the detraction in the revenue base, the expense ratio increased to 17.8% at year-end 2024 (versus 17.3% in 2023). Nonetheless, we believe Alandia still compares favorably in this regard with other rated global marine P&I clubs, who reported a weighted average expense ratio of 19.3% in 2024. Absent any reported major claims in the year, the impact from reinsurance detracted from Alandia’s results. We forecast the full-year 2025 combined ratio at around 98% and anticipate the technical result will improve to 96%-98% in 2026-2027 after a gradual improvement in the reinsurance ratio.

Alandia reported a robust net result of €11.7 million for the full-year 2024, a significant improvement from €4.2 million in 2023. The earnings were supported by healthy investment returns of 5.8%. The solid performance has continued in the first half of 2025, with net earnings reported at €6.9 million. We forecast Alandia’s net earnings for 2025-2027 will continue to be supported by stable investment income and improving technical results, and we estimate a return on equity of 5%-8%.

Chart 3

Alandia's underwriting performance should keep improving, based on earlier measures
P/C net combined ratio*



Source: S&P Global Ratings. *Based on Finnish Financial Services Authority directives up until 2020; from 2021 in accordance with IFRS 4 and from 2023 in accordance with IFRS 17. Source: S&P Global Ratings and company financials.
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Financial Risk Profile

We expect Alandia's financial risk profile will remain strong. Capital adequacy continues to be a key rating strength at well above the 99.99% benchmark in our risk-based capital model. The group's Solvency II ratio was reported at 242% for year-end 2024, unchanged from the prior year. The ratio remained robust at 235% as of first-half 2025.

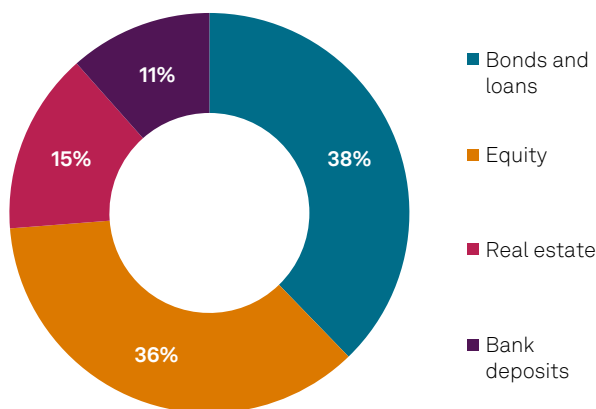
In our view, Alandia has shown prudent capital management, in line with our expectations. In April 2025, the group repaid the first €10 million of its total €60 million in outstanding hybrid loans, with the next call date scheduled for 2030. The initial capital repayment had a negligible effect on

Alandia's capital adequacy level, as it remained above the eligible solvency capital restriction of 50% of the Solvency Capital Requirement (SCR), and as such is also excluded from total adjusted capital (TAC) in our S&P Global Ratings capital model. We assume Alandia will retain sufficient earnings to ensure the hybrid capital is fully replaced.

Nevertheless, its financial leverage improved. We estimate this decreased to approximately 24.2% as of first-half 2025 (from 27.0% at year-end 2024), remaining comfortably within our thresholds. The company distributed an increased dividend of €8.9 million in first-half 2025 (up from €6.0 million in the prior year), well covered by strong 2024 net earnings of €11.7 million. Our view of its sound capital management remains unchanged.

Chart 4

Alandia's investment mix at year-end 2024



Source: S&P Global Ratings.

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The investment result for the first half of 2025 was reported at €4.8 million, a decrease from €9.8 million the year before. Despite volatile investment market conditions at the beginning of 2025, the portfolio's performance remained reasonably resilient. Nonetheless, in our view, the large portion of high-risk assets in the portfolio, including equities, real estate, and private funds could give rise to higher volatility of capital and earnings in times of extreme market stress.

We view Alandia's lack of exposure to potential pool claims, as is the case for P&I clubs generally, as beneficial as it increases Alandia's own control of risks that can potentially affect earnings, although it also forgoes the benefits of risk sharing. Instead, Alandia can effectively manage its own exposure through its comprehensive reinsurance program.

Other Credit Considerations

Governance

Alandia has a comprehensive risk management framework and, in our opinion, has managed its key risks quite well. Management is experienced and historically has achieved its set goals. We have seen this in Alandia's successful execution of its demutualization process and the sale of its pension, accident, and health businesses to focus on marine insurance. In October 2025, Alandia announced structural changes to its organization and we believe these changes align well with its ambition to further improve its efficiency.

However, Alandia's small size leaves it susceptible to key-person risk, in our view, which could temporarily hamper its operations.

Liquidity

We do not foresee any liquidity or refinancing risks given the strength of available liquidity and we expect the group would, in the case of a stress scenario, withstand severe liquidity stresses.

Accounting considerations

The consolidated financial statements published by Alandia are prepared in accordance with the Finnish Financial Services Authority directives up until 2020. From 2021 and onward, we base our analysis on the insurer's financial statements, which are prepared in accordance with EU-approved International Financial Reporting Standards.

Rating Component Scores

Business Risk Profile	Satisfactory
Competitive position	Satisfactory
IICRA	Intermediate risk
Financial Risk Profile	Strong
Capital and earnings	Very strong
Risk exposure	Moderately high
Funding structure	Neutral
Anchor	a-
Modifiers	
Governance	Neutral
Liquidity	Adequate
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	A-/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A-/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), October 13, 2025
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Insurance Industry And Country Risk Assessment: Global Marine Protection And Indemnity](#), Oct. 13, 2025
- [Comparative Statistics: Global Marine Protection And Indemnity Clubs](#), Oct. 13, 2025

Ratings Detail (as of November 24, 2025)*

Operating Company Covered By This Report	
Alandia Forsakring Abp	
Financial Strength Rating	
Local Currency	A-/Stable/--
Issuer Credit Rating	
Local Currency	A-/Stable/--
Domicile	Finland

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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