



# Annual Report 2021

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EIR FÖRSÄKRING AB – CORP. ID NR. 559166-0617

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## Directors' Report

The Board of Directors and CEO of Eir Försäkring AB, Corp. ID Nr. 559166-0617 hereby present the annual report for the period 1 January 2021 – 31 December 2021.

In general, the figures are presented in thousands of Swedish krona (TSEK) and have been rounded up to the nearest whole Swedish krona, SEK, unless stated otherwise.

### **Ownership**

Eir Försäkring AB ("Eir" or "the Company") is a Swedish insurance company and a wholly owned subsidiary of the Parent Company, Eir Invest Holding AB, Corp. ID. Nr. 559166-0625, which is an insurance holding company with Eir as its only subsidiary. The Company has its registered offices in Stockholm, Sweden.

### **Operations**

Eir is licensed to insure risks within the following direct non-life insurance classes: accident, health, land vehicles, marine, cargo, fire and natural forces, other property damage, motor vehicle liability, marine liability, general liability, damage to property, legal expenses and assistance.

Eir also has a license to undertake cross-border operations within Norway, Denmark, Finland and Germany as regards the above-mentioned classes of insurance.

Eir's major business activity is to provide non-life insurance to private individuals. Distribution to private consumers takes place, primarily, through Eir's partners, with a focus on digital solutions. The Company has its own internal claims management department which handles incoming claims. Some claims handling is outsourced to external suppliers.

### **Significant events during the year**

In 2021, the Company grew in Sweden, Denmark and Norway. During the year, the Company employed 11 new colleagues and continues to grow and strengthen its competencies and experience. The offering which includes a number of insurance products has expanded and distribution will continue to take place through partnerships.

### **Risks and factors of uncertainty**

The Company's operations are subject to a variety of risks. These risks, themselves, and the decisions taken to handle these risks, impact the Company's financial position, as well as its capacity to achieve its established goals. As a result, the Company manages these risks on the basis of a system incorporating strategies, processes and reporting routines. Risk management comprises an integrated part of the operations and the Company's framework for risk management combines the Company's strategic goals with its risk management based on the Solvency II framework.

The Company has standardised processes in terms of the manner in which risks are to be identified, assessed and reported. These processes have been implemented in the operations as a stage in the creation of risk awareness and effective risk management.

Eir Försäkrings AB's risks are defined according to the following risk categories: Insurance risk – Premium risk and technical provisions risk, Counterparty risk, Operative risk, Market risk and Other risks.

The Company is primarily exposed to Insurance risk and Counterparty risk. The risk management activities are described in greater detail in Note 2.

## **Employees**

Eir's organisation grew during 2021 and a number of personnel have been introduced into the operations during the year. Refer to "Note 16, Average number of employees and salaries and compensation".

The basis of compensation to employees is comprised of fixed monthly salaries, established at an individual level with a clear link to the employee's work and performance. Employment terms are to be market-based and compensation is to be on level with the industry in which the Company operates. From and beginning 2022, annual salary reviews and employee performance interviews are undertaken.

## **Liquidity and capital requirements**

The Company's bank funds totaled TSEK 87,219 at the end of the period. The capital base at the same point in time amounted to TSEK 52,600 and the solvency capital requirement is TSEK 33,881, which provides a solvency ratio of 155.25 percent. The minimum capital requirement is TSEK 36,766, which results in a capital base in relation to the minimum capital requirement of 140.03 percent.

In order to ensure the future liquidity of the Company and its capital cover, further capital may be needed which can be provided by the Parent Company.

## **Results and financial position**

The financial year developed according to plan for the Company with a net result after taxes of TSEK -31,686. Total gross premiums earned were TSEK 147,011 and premiums ceded amounted to TSEK 155,910. Premiums earned after ceded reinsurance totaled TSEK 40,586. Claims expenses after ceded reinsurance impacted results in an amount of TSEK -34,323.

Due to one-off costs associated with the Company's growth and start-up costs for new products and partners, as well as due to high costs for non-proportional reinsurance, the technical result was negative for all classes of insurance except for insurance against various forms of economic loss. The total technical result was TSEK -33,424 at the end of 2021.

### **Future developments**

The Company is working to continue its growth in order to achieve economies of scale and increase profitability through a well-balanced portfolio with proportionally low overheads. Increased sales will be achieved through focusing on the existing distribution partners' continued growth with existing and new products from the Company's product catalogue. New partnerships are an important part of the growth strategy in which cost efficient integration processes and a short time-to-market ensure that we are an attractive insurance supplier for our partners.

Parallel with sales activities, the Company is optimizing pricing and the product offering through data-driven portfolio insight. The claims settlement processes will continue to be made more efficient in order to offer a correct, as well as time and cost effective, settlement process for the customers.

Another focus area is the continued investments in our IP platform to ensure an increased automisation of processes and the expanded possibility for self-service on behalf of the customers. The Company will work actively with the sustainability of the operations. In close cooperation with its partners, Eir will present new offerings to simplify the customer's everyday experience of the insurance products.

### **Events after balance sheet date**

From 1 January 2022, the Company's cooperation with Sensor Försäkring AB ("Sensor") has decreased notably, which will impact premium income during 2022. Sensor has, until the end of 2021, been a large contributor to the premium volume. During the first half year, the Company launched partnerships with new partners to provide growth in the portfolio and compensate for the reduced level of sales via Sensor.

During the first six months of 2022, the Company received unconditional shareholders contributions totaling TSEK 28,168,519.

### **Proposed treatment of losses**

#### **At the disposal of the Annual General Meeting:**

Retained earnings	<b>SEK - 25 932 488</b>
Net profit/loss for the year	<b>SEK - 31 685 975</b>

The Board of Directors proposes that the loss be treated as follows:

To be carried forward	<b>SEK - 57 618 463</b>
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## Five-year summary

<b>Results</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Premiums earned (after ceded reinsurance)	40 586	7 040	-343
Premium income	216 342	75 550	2 127
Claims incurred (net of ceded reinsurance)	-34 323	-7 094	-33
Operating expenses	-39 687	-19 931	-8 923
<b>Technical results of non-life insurance operations</b>	<b>-33 424</b>	<b>-19 985</b>	<b>-9 299</b>
Net return on capital	10	-73	-79
Other income	1 728	3	
<b>Profit/loss before appropriations and tax</b>	<b>-31 686</b>	<b>-20 055</b>	<b>-9 378</b>
Taxes	0	0	0
<b>Profit/loss for the year</b>	<b>-31 686</b>	<b>-20 055</b>	<b>9 378</b>
<b>FINANCIAL POSITION</b>			
Investments	87 219	105 447	120 273
Technical reserves (net of ceded reinsurance)	52 625	18 774	-1510
Solvency capital	66 382	98 067	118 122
of which deferred tax	0	0	0
Capital ratio			
Capital base	52 600	81 414	113 162
of which Tier 1 capital	52 600	81 414	113 162
of which ancillary own funds	0	0	0
Capital base, Group	55 834	84 710	116 701
Minimum capital requirement	36 766	38 351	39 777
Solvency capital requirement	33 881	22 169	16 691
Solvency capital requirement, Group	34 907	22 494	n/a
<b>KEY PERFORMANCE INDICATORS</b>			
<b>Technical results of non-life insurance operations (net of ceded insurance)</b>			
Claims ratio	85%	101%	10%
Operating costs ratio	98%	283%	2601%
Combined ratio	182%	384%	2611%
<b>Financial position</b>			
Consolidation ratio	110%	487%	1458%

## Income statement

	Not	2021	2020
<b>Technical reporting of non-life insurance operations</b>			
<b>Premium income (net of ceded reinsurance)</b>			
Premium income (before ceded reinsurance)	3	216 342	75 550
Premiums, ceded reinsurance		-155 910	-55 416
Change in provision for unearned premiums and unexpired risks (before ceded reinsurance)		-69 331	-44 864
Reinsurers' share of change in provision for unearned premiums and unexpired risks		49 485	31 770
		<b>40 586</b>	<b>7 040</b>
<b>Claims incurred (net of ceded reinsurance)</b>	4		
Claims paid before ceded reinsurance		-58 914	-6 979
Claims paid, reinsurers' share		39 972	4 322
Change in the provision for claims outstanding, before ceded reinsurance		-50 704	-15 659
Change in provisions for claims outstanding, reinsurers' share		35 323	11 222
		<b>-34 323</b>	<b>-7 094</b>
<b>Operating expenses</b>	5	-39 687	-19 931
<b>Technical results of non-life insurance operations</b>		<b>-33 424</b>	<b>-19 985</b>
<b>NON-TECHNICAL REPORTING</b>			
<b>Return on capital</b>			
Return on capital, expenses	6	10	-73
<b>Other income</b>		1 728	3
<b>Profit/loss before tax</b>		<b>-31 686</b>	<b>-20 055</b>
Tax on profit for the year		0	0
<b>Profit/loss for the year (equal to total profit/loss)</b>		<b>-31 686</b>	<b>-20 055</b>

## Performance analysis

Technical results per insurance class and geographic market, 2021

Eir's subscribed business within Sweden, Denmark, Norway and Finland, 2021

TSEK	Total	Health and accident	Motor third party liability	Other motor insurance	Fire and property	Total insurance of Swedish risks	Total direct insurance of risks outside Sweden
Premiums earned, net of ceded reinsurance	40 586	2 465	5 884	13 201	5 308	26 858	13 728
Claims incurred, net of ceded reinsurance	-34 323	-1 726	-5 433	-13 972	-4 038	-25 169	-9 154
Operating costs	-39 687	-4 513	-5 248	-14 145	-3 706	-27 612	-12 075
<b>Technical results for non-life operations, 2021</b>	<b>-33 424</b>	<b>-3 774</b>	<b>-4 797</b>	<b>-14 916</b>	<b>-2 436</b>	<b>-25 923</b>	<b>-7 501</b>
<b>Results of run-off business</b>	<b>2 653</b>	<b>1 274</b>	<b>139</b>	<b>707</b>	<b>293</b>	<b>2 135</b>	<b>518</b>
<b>Technical provisions</b>							
Provisions for unearned premiums and unexpired risks	116 144	16 439	15 473	38 840	12 735	83 487	32 657
Provisions for claims outstanding	66 469	16 960	10 402	14 500	9 503	51 365	15 104
<b>Total technical provisions before ceded reinsurance</b>	<b>182 613</b>	<b>33 400</b>	<b>25 875</b>	<b>53 340</b>	<b>22 238</b>	<b>134 853</b>	<b>47 760</b>
<b>Reinsurers' share of technical provisions</b>							
Provisions for unearned premiums and unexpired risks	- 83 327	- 14 777	- 9 803	- 27 215	- 9 133	- 60 928	- 22 399
Provisions for claims outstanding	- 46 661	- 14 529	- 6 838	- 10 236	- 6 411	- 38 014	- 8 647
<b>Total reinsurers' share of technical provisions</b>	<b>- 129 988</b>	<b>- 29 306</b>	<b>- 16 641</b>	<b>- 37 451</b>	<b>- 15 544</b>	<b>- 98 942</b>	<b>- 31 046</b>



**Premiums earned**

Premium income	<b>216 342</b>	30 758	28 601	70 977	26 523	156 859	59 483
Premiums before ceded reinsurance	- <b>155 910</b> -	27 646 -	20 484 -	50 860 -	18 870 -	117 860 -	38 050
Change in provisions for unearned premiums and unexpired risks	- <b>69 331</b> -	6 271 -	7 556 -	22 801 -	7 607 -	44 235 -	25 096
Reinsurers' share of change in provisions for unearned premiums and unexpired risks	<b>49 485</b>	5 625	5 323	15 625	5 262	31 835	17 650
<b>Total premiums earned, net of ceded reinsurance</b>	<b>40 586</b>	<b>2 465</b>	<b>5 884</b>	<b>12 941</b>	<b>5 308</b>	<b>26 598</b>	<b>13 988</b>

**Claims incurred, net of ceded reinsurance**
**Paid claims**

Before ceded reinsurance	- <b>58 914</b> -	2 322 -	9 467 -	30 020 -	5 358 -	47 167 -	11 747
Reinsurers' share	<b>39 972</b>	2 089	6 597	21 126	3 756	33 568	6 404
<b>Total paid claims, net of ceded reinsurance</b>	- <b>18 942</b> -	<b>232</b> -	<b>2 870</b> -	<b>8 894</b> -	<b>1 602</b> -	<b>13 598</b> -	<b>5 344</b>

**Change in provisions for claims outstanding**

Before ceded reinsurance	- <b>50 704</b> -	10 384 -	7 741 -	12 767 -	7 307 -	38 199 -	12 505
Reinsurers' share	<b>35 323</b>	8 890	5 177	7 990	4 872	26 929	8 394
<b>Total change in provisions for claims outstanding</b>	- <b>15 381</b> -	<b>1 494</b> -	<b>2 564</b> -	<b>4 777</b> -	<b>2 435</b> -	<b>11 270</b> -	<b>4 111</b>
<b>Total claims incurred, net of ceded reinsurance</b>	- <b>34 323</b> -	<b>1 726</b> -	<b>5 434</b> -	<b>13 671</b> -	<b>4 037</b> -	<b>24 868</b> -	<b>9 455</b>

## Balance sheet

<b>ASSETS</b>	<b>Note</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
<b>Reinsurers' share of technical provisions</b>			
Provisions for unearned premiums and unexpired risks	7	83 327	33 470
Provisions for claims outstanding	8	46 661	11 338
		<b>129 988</b>	<b>44 808</b>
<b>Receivables</b>			
Receivables related to intermediaries	9	125 931	45 295
Accounts receivable -trade		93	0
Other receivables		67	
		<b>126 091</b>	<b>45 295</b>
<b>Other assets</b>			
Cash and bank balances		87 219	105 447
Tangible fixed assets	10	55	166
		<b>87 274</b>	<b>105 613</b>
<b>Prepaid expenses and accrued income</b>			
Prepaid acquisition costs	11	25 469	10 989
Other prepaid expenses and deferred income	12	7 854	2 834
		<b>33 323</b>	<b>13 823</b>
<b>TOTAL ASSETS</b>		<b>376 676</b>	<b>209 539</b>

<b>EQUITY AND LIABILITIES</b>	Note	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
<b>Equity</b>			
Share capital		124 000	124 000
Earnings brought forward		-25 932	-5 878
Profit/loss for the year		-31 686	-20 055
		<b>66 382</b>	<b>98 067</b>
<b>Technical provisions (before ceded reinsurance)</b>			
Provisions for unearned premiums and unexpired risks	7	116 144	46 812
Provisions for claims outstanding	8	66 469	16 770
		<b>182 613</b>	<b>63 582</b>
<b>Liabilities</b>			
Liabilities related to intermediaries	13	23 925	6 220
Liabilities related to reinsurance		96 909	36 165
Other liabilities	14	6 006	3 021
		<b>126 840</b>	<b>45 406</b>
<b>Accrued expenses and deferred income</b>			
Other accrued expenses and deferred income	15	841	2484
		<b>841</b>	<b>2484</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>376 676</b>	<b>209 539</b>

## Statement of changes in equity

	<b>Restricted equity</b>	<b>Non-restricted equity</b>		<b>Total equity</b>
	Share capital	Retained earnings	Net profit/loss for the year	Total equity
Share capital	50			50
Share issue	123 950	-	-	123 950
Shareholders contributions received	-	3 500	-	3 500
Profit/loss for the year (equal to total profit/loss)	-	-9 378	-20 055	-29 433
<b>Equity, opening balance, 1 January 2021</b>	<b>124 000</b>	<b>-5 878</b>	<b>-20 055</b>	<b>98 067</b>
Shareholders contributions received	-	3 500	-	3 500
Profit/loss for the year (equal to total profit/loss)	-	-29 433	-31 686	-61 119
<b>Equity, closing balance, 31 December 2021</b>	<b>124 000</b>	<b>-25 933</b>	<b>-31 686</b>	<b>66 381</b>

The share capital is comprised of 124,000,000 shares at a nominal value of SEK 1.

## Notes to the Company's financial statements

### Note 1 Accounting principles

The annual report was presented on 31 December 2021 and refers to Eir Försäkring AB. The address of the head offices is Kungsgatan 37, Stockholm and the Corp. ID Nr. is 559166-0617. The annual report refers to financial year 2021. These financial statements will be subject to adoption by the annual meeting of shareholders to be held on 30 June 2022.

The annual report is prepared in accordance with the Act on Annual Accounts for Insurance Companies (ÅRFL) and Finansinspektionen's regulations and general guidelines (FFFS 2019:23, including all applicable amendment regulations) regarding annual reports in insurance companies. The basis of the reporting and agreement with standards and statutory requirements is as follows: The insurance company applies the so-called IFRS statutory requirements and by this is meant the international accounting standards adopted for application with the limitations applying on the basis of RFR 2 and FFFS 2019:23. This implies that all of the EU approved IFRS standards have been applied to the degree they do not conflict with Swedish law and with regard to the relationship between accounting and taxation.

#### Significant assessments and estimations applied in preparing the financial statements

In preparing the financial statements in accordance with IFRS, there is a requirement in accordance with IFRS, that the Company's management undertake assessments and assumptions impacting the application of the accounting principles and the reported amounts of assets, liabilities, income and costs. The assessments and assumptions are based on, amongst other things, historical experience and knowledge of the insurance industry.

The actual outcome can deviate from these assessments. Provisions for claims outstanding are to cover the expected future payment of incurred claims, including incurred but not reported claims, the so-called IBNR reserve. This reserve is calculated with the help of statistical methods or through the individual assessment of individual claims. These reserves for unsettled claims are not discounted. These reserves are significant in the assessment of the Company's reported results and financial position as a deviation from actual future payments gives rise to a run-off result reported in subsequent years. The reserve for unearned premiums and unexpired risks is to cover the expected claims and operating expenses during the remaining terms of the binding insurance contracts. The reserve is calculated for the majority of the products on a strict pro-rata basis. If the premium level is deemed to be insufficient to cover expected future claims and operating expenses, the premium is increased through additional premiums for the unexpired risks. This assessment includes, amongst other things, estimations of future claim frequency and other factors impacting the need of such additional premiums.

More information regarding the Company's insurance risk and the assessment of this risk is found in Note 2 Risk Disclosures.

#### Changed accounting principles

A number of new IFRS standards will first come into effect during forthcoming financial years and have not been applied in advance in the preparation of this annual report.

##### *IFRS 9*

A new accounting standard (IFRS 9) for the classification and valuation of financial instruments came into effect on 1 January 2018. Due to the changes in IFRS 4, the Company has chosen to defer the application of IFRS 9 until IFRS 17 comes into effect. The assessment is that the implementation of IFRS 9 will have no significant effect on the Company's financial statements.

##### *IFRS 17*

IFRS 17 Insurance Contracts was published in May 2017 and is a new standard for the reporting, measurement and disclosure of issued insurance contracts. In June 2020, the International Accounting Standards Board (IASB) announced changes in the standard. Amongst other things, the application of the standard was delayed from 2021 to 2023. During the autumn of 2021, the EU approved the standard and applicable amendments with the same date of application as IASB. On 22 November 2021, Finansinspektionen published a proposal for changes in the regulations regarding annual reports in insurance companies and occupational pension companies (FFFS 2019:23) with application from and beginning 1 January 2023. This proposal states, amongst other things, that IFRS 17 Insurance contracts should not be applied in legal entities. The Company's assessment is that the proposed changes will have no significant effect on its financial statements.

##### *Other new IFRS*

In addition to IFRS 9 and IFRS 17, it is deemed that other forthcoming, new IFRS standards will not have a significant effect on the Company's financial statements.

#### Valuation basis applied in preparing the Company's financial statements

Assets and liabilities are reported at amortised cost. The financial statements and Notes are presented in thousands of Swedish krona (TSEK) unless stated otherwise. As a result, the totals can differ due to the fact that the individual amounts are rounded up to the nearest krona.

The annual report has been prepared in Swedish krona, the Company's reporting currency. Assets and liabilities in another functional currency than Swedish krona are translated to the reporting currency at the exchange rate as at balance sheet date. The income statement has been translated to the reporting currency as at balance sheet date. All gains and losses resulting from currency translation of monetary items are reported net in the income statement as exchange rate gains/losses in the item Return on capital, expenses.

## **Principles applied to the items in the Balance Sheet**

### **Receivables**

Receivables are reported in the amount in which they are expected to be received. Provisions for doubtful debts are reported based on an individual valuation of the receivable.

### **Cash and bank balances**

Cash and bank balances as at bookclosing date was comprised of bank balances in the insurance operations.

### **Prepaid acquisition costs for insurance contracts**

Sales costs having a direct or indirect relationship with the subscription of insurance contracts are capitalised as prepaid acquisition costs in the balance sheet and are written off during their useful lives. Capitalised sales costs are comprised of operating expenses in the form of commission to external intermediators. This cost is allocated according to the equivalent allocation of unearned premiums and the allocation period does not exceed twelve months. The asset is tested annually to determine if there is an impairment requirement. Impairment is reported when the products fail to deliver a margin after claims and acquisition costs.

### **Technical provisions**

Technical provisions are comprised of:

Reserve for unearned premiums and unexpired risks  
Reserve for claims outstanding

The reserves are equivalent to the obligations stipulated in the subscribed to insurance contracts and are not discounted.

#### *Reserve for unearned premiums and unexpired risks*

The reserve for unearned premiums and unexpired risks is intended to cover expected claims and operating expenses during the remaining terms of the binding insurance contracts. The reserve is calculated on a pro rata basis.

If the premium level is deemed to be insufficient to cover future claims and operating expenses, a reserve for unexpired risks in the form of an additional premium is reported. This calculation is to also consider instalment premiums yet to fall due for payment.

### **Reserve for claims outstanding**

The reserve for claims outstanding is to cover the expected future payment of all claims incurred, including claims incurred but not reported, the so-called IBNR reserve. The reserve for claims outstanding is comprised of claims compensation including all costs for claims adjustment. Determination of the reserve for claims outstanding is based on the individual assessment of individual cases, while the reserve for IBNR is calculated on the basis of statistical methods.

### **Reinsurance**

Reported ceded reinsurance (reinsurers' share) includes those benefits and obligations which the Company has incurred in entering into reinsurance contracts. The reinsurers' share of the technical reserves is equivalent to the reinsurers' obligations for technical reserves as stipulated in the reinsurance contracts. Receivables and liabilities with reinsurers are valued in the same manner as the amounts involved in the reinsurance contracts and in accordance with the terms and conditions of each reinsurance contract. Reinsurance liabilities refer primarily to settlements with reinsurers and also to premiums to be paid to secure reinsurance contracts.

### **Shareholders contributions**

Shareholders contributions received have been booked directly against unrestricted equity.

## **Principles applied in reporting items in the income statement**

The income statement contains a division of the insurance operations - the technical results and the non-technical results referring to interest expenses. The items included in the technical results refer to the Company's operations as an insurer. Insurance contracts are reported according to FFFS 2019:23 and IFRS 4 as regards the transfer of insurance risk. The reporting in the income statement complies with the principle of gross reporting of assumed and ceded reinsurance.

### **Premium income**

Premium income is comprised of total gross premiums for direct insurance which can accrue to the Company for insurance contracts in which the insurance cover was initiated during the financial year. If the premiums for the contractual coverage period are divided into a number of sub-amounts, the entire amount of premiums is, still, reported at the beginning of the period.

### **Ceded reinsurance**

Premiums for ceded reinsurance are reported in the amount paid out during the financial year or in the amount reported as a liability to insurance companies accepting reinsurance according to binding reinsurance contracts, including portfolio premiums. These premiums are allocated so that the cost is charged to the accounting period incurring the reinsurance protection in question. The reinsurer's portion of technical reserves is equivalent to the reinsurer's obligations for technical reserves according to the binding reinsurance contracts.

### **Premiums earned**

Premiums earned is equivalent to that portion of the premium income which was earned during the reporting period in question. That portion of premiums earned referring to accounting periods after balance sheet date is reported in a premium reserve in the balance sheet, that is, as a reserve for unearned premiums. The calculation of the amount to be reported in the premium reserve takes place on the basis of the premium income being allocated on a strictly pro rata basis over the terms of the insurance contracts.

### **Return on capital, expenses**

Interest expenses are reported under Return on capital, expenses

### **Claims incurred**

Claims incurred is equal to the claims incurred for the accounting period in question regardless of whether the claims in question have been notified to the Company. Total claims incurred during the period includes paid out claims and changes in reserves for claims outstanding. Claims incurred also includes certain costs for claims adjustment. Recourse, that is, claims recovery, is reported as a reduction of claims incurred.

### **Operating expenses**

Operating expenses are reported in the income statement according to their function. Operating expenses include the Company's rent for premises, which is reported on a straight-line basis over the contractual term of the lease. Operating expenses for claims adjustment are not reported under claims incurred. Remaining operating costs are reported as Operating expenses in the insurance operations.

### **Taxes**

Income tax is comprised of current tax and deferred tax. Current tax is the tax to be paid or received for the current year with application of the determined tax rates or those rates which have, in practice, been determined as at balance sheet date.

Deferred tax is calculated according to the balance sheet method with the starting point being the temporary differences between the reported and fiscal values of the assets and liabilities. The valuation of deferred tax is based on the manner in which the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the enacted tax rates and tax regulations or those which were, in practice, enacted as at balance sheet date.

### **Compensation to employees**

Short-term compensation to employees is reported as a cost at the point in time at which the related services were delivered. The Company's employees have been covered by occupational pension plans from and beginning 2020.

## Note 2 Risk disclosures

The Company has a system for risk management incorporating the strategies, processes and reporting routines required for it to be able to identify, measure, monitor, manage and report risks on an ongoing basis. The risk management policy prepared by the CEO and adopted by the Board of Directors ensures that the work with risk management is appropriate for its purposes and is undertaken on a systematic basis. The policy stipulates the Company's risk appetite and tolerance levels. The policy is adopted annually by the Board of Directors. The individuals responsible for the respective processes (Risk Owners) are responsible for identifying the risks associated with their processes.

The overall risk appetite level of the Company is that the capital base should exceed 170 percent of the solvency capital requirement according to the standard formula, (solvency ratio). The risk tolerance level for the solvency ratio has been determined at 140 percent.

The policy for Internal Governance and Control describes, amongst other things, the working methods for managing risks in the first line of defence and the Instruction for Internal Governance and Control describes this work in greater detail. The process for managing incidents is described in the Policy for Incident Management and Reporting of Significant Events.

The Board of Directors approves of the individuals employed or contracted to execute the work in key functions prior to their employment/contracting being finalised or, if they are already employed, they are appointed by the CEO for the functions in question. The Board of Directors also approve of the Risk Owners for the central functions.

Central function	Risk Owner		Provider's		
	Name	Title	Company	Corp.ID Nr.	Responsible
Risk function	Torgrim Lien	CEO	Transcendent Group Sverige AB	556612-8939	Finn-Erik Langeeggen
Statutory compliance function	Monica Örtenblad	Board Member	Helene Holm AB	559184-4617	Helene Holm
Actuarial function	Ola Hestnes	Board Member	Expert Opinion Advisory AB	559273-2191	Totte Pikanen
Internal audit	Mikkel Orheim	Chairman of the Board	Moneo Business Integration AB	556554-3534	Agneta Bremander

## Insurance risk

Insurance risk refers to the risk of losses or negative changes in the value of insurance commitments as a result of incorrect premium calculations and assumptions regarding provisions. This risk arises due to variations in both the point in time, frequency and degree of severity of the insured events, such as the point in time of claims incurred, as well as the uncertainty in the pricing and provision assumptions.

Insurance risk can be divided into four areas:

- \* Premium risk
- \* Reserve calculation risk
- \* Cancellation risk
- \* Catastrophe risk

Eir is to focus on standardised private insurance solutions with limited individual risk, except for traffic liability cover and personal injury claims risk.

The policy for the risks the Company can assume and retain are adopted by the Company's Board of Directors with consideration of the limitations applying terms of the Company's MCR/SCR in relation to available capital. The Company's Board of Directors shall ensure that the Company has satisfactory reinsurance to cover the risks incurred. In selecting reinsurers, the reinsurer's financial strength (security) is evaluated. External reinsurers shall have, as a minimum, an A rating according to Standard & Poors (or an equivalent rating according to another rating institute). In addition, the Company can accept a rating of BBB if the reinsurance in question comprises a small portion of the Company's reinsurance and after the specific approval of the Board of Directors.

Development of estimated claims for damages, gross

Development year	Accumulated claims paid per occurrence year			Total
	2019	2020	2021	
At the end of the occurrence year	0	6 977	52 716	
1 year after the occurrence year	0	13 189		
2 years after the occurrence year	15			
<b>Total paid out</b>	<b>15</b>	<b>13 189</b>	<b>52 716</b>	<b>65 921</b>
<b>Provision for outstanding claims at the end of 2021</b>	<b>0</b>	<b>7 908</b>	<b>58 561</b>	<b>66 469</b>

**Gross Claims Paid (non-cumulative)**

(absolute amount)

Year	Net RBNS Claims										In Current year	
	0	1	2	3	4	5	6	7	8	9		10 & +
Prior												0
N-9	0	0	0	0	0	0	0	0	0	0	0	0
N-8	0	0	0	0	0	0	0	0	0	0	0	0
N-7	0	0	0	0	0	0	0	0	0	0	0	0
N-6	0	0	0	0	0	0	0	0	0	0	0	0
N-5	0	0	0	0	0	0	0	0	0	0	0	0
N-4	0	0	0	0	0	0	0	0	0	0	0	0
N-3	0	0	0	0	0	0	0	0	0	0	0	0
N-2	0	0	14 879									14 879
N-1	6 977 253	6 212 154										6 212 154
N	52 716 427											52 716 427
												58 943 460

**Gross undiscounted Best Estimate Claims Provisions**

(absolute amount)

Year	Net RBNS Claims										Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9		10 & +
Prior												0
N-9	0	0	0	0	0	0	0	0	0	0	0	0
N-8	0	0	0	0	0	0	0	0	0	0	0	0
N-7	0	0	0	0	0	0	0	0	0	0	0	0
N-6	0	0	0	0	0	0	0	0	0	0	0	0
N-5	0	0	0	0	0	0	0	0	0	0	0	0
N-4	0	0	0	0	0	0	0	0	0	0	0	0
N-3	0	0	0	0	0	0	0	0	0	0	0	0
N-2	0	0	0	0	0	0	0	0	0	0	0	0
N-1	11 771 495	7 907 696										7 894 783
N	58 561 500											58 411 049
												66 305 832

The Company's technical provisions specified per currency

	Currency		
	SEK	DKK	NOK
FTA, gross (TSEK)	135 312	28 068	19 233
ÅF portion of FTA (TSEK)	92 637	17 477	19 874
	<b>Claims outstanding</b>		
	SEK	DKK	NOK
Gross	51 760	11 906	2 803
ÅF	36 518	7 981	2 162
	<b>Premium reserve</b>		
	SEK	DKK	NOK
Gross	83 552	16 162	16 430
ÅF	56 119	9 496	17 712

The table below shows the Company's sensitivity to changes in provisions for claims outstanding and to changes in the Company's claims levels.

	Outcome 2021	Change	Effect 2021
Provision for claims outstanding	66 469	Increase of 10%	6 647
Cost of claims, 2021	109 617	Increase of 10%	10 962



Reinsurance per claim event, retention of risks from and beginning 1 June 2020

	Quota	Excess of Loss (XL)
Health and accident insurance	10%	Not included
Road traffic insurance	30%	MSEK 10
Other motor insurance	30%	MSEK 10
Fire and property insurance	30%	MSEK 10
Insurance against economic losses in a variety of forms	Not included	Not included

#### Counter-party risk

Counter-party risks is the risk that an obligation fails to be fulfilled by a counter-party and, as result, there is an unexpected loss. Eir is to have a large portion of quota share contracts with reinsurers and is to maintain a high proportion of funds in deposits in banks and, in this manner, incurs counter-party risk.

#### Market risk

Market risk is the risk of losses arising as changed in the market value of financial assets and liabilities. Market risk can be specified according to interest rate risk, share price risk, currency risk, real estate risk, spread risk and concentration risk in accordance with the solvency framework's risk definitions. In its operations in Norway, Denmark and countries with Euro, currency risk arises. This risk is to be reduced by Eir through the Company having assets and liabilities invested, to the greatest degree possible, in the local currencies. However, the Company is not exposed to market risk via fluctuations in share prices, bonds and fund investments within its funds management operations as all of its capital is deposited in bank accounts.

	Portion of receivables and liabilities in foreign currency		
	SEK	DKK	NOK
Receivables related to intermediaries	95 270	11 053	19 607
Accounts receivable-trade	93	0	0
Other receivables	67	0	0
<b>Total receivables</b>	<b>95 430</b>	<b>11 053</b>	<b>19 607</b>

#### Operational risk

Operational risk is the risk that losses arising due to internal processes and routines failing to function properly, are incorrect or are inappropriate for the purposes at hand. Operational risk also refers to human error, fraud, systems error (such as IT, telecom), deficient regulatory compliance, reputational risk or external events (such as storms, terrorism, epidemics, pandemics) which can impact the operations. An operational risk is a potential event which can lead to damage for the business operations. Eir has an internal control environment with internal policies, instructions and processes which are to prevent operational risks from materialising or which are to reduce the consequences of such risks for Eir should they materialise.

Eir implements an annual process reviewing all of the Company's risks and this process includes, amongst other things, an identification of the operational risks to which the Company is exposed. As regards significant risks where deficiencies have been identified, action plans are prepared. These action plans are to be followed up on an ongoing basis by the management and the Board of Directors.

During the first phase of the Company's development, the operational risk level will be higher, and the Company must monitor, manage and follow-up all work processes, systems and policies. Eir has a high portion of variable costs which contributes to limiting the risk of business disruption. The risk of systems error and deficient regulatory compliance can result in major consequences for the Company and must be controlled and minimised. The risk management function is to determine the operational risks the Company is, or can be expected to be, exposed to, as well as to determine the manner in which these risks can be reduced. The management of the operational risks is controlled primarily through the policies regarding contracted operations, conflicts of interest, the central functions and as regards reporting to Finansinspektionen and the quality control of the information provided.

#### Other risks

Liquidity risk is the risk of failing to honour payment obligations as they fall due. The Company's operations are limited to non-life operations with, primarily, short-term commitments, which is the reason the liquidity risk is deemed to be limited. The premiums are paid in advance and larger claim payments are often known well in advance of their maturity date both of which limits liquidity risk. All of the funds over which the Eir has disposal are held in bank accounts, which also reduces the Eir is to ensure that liquid funds exist for ongoing payments, making it possible for the Company to fulfil its commitments without needing to realise other assets at a point in time when this would be disadvantageous. The Company has a low risk tolerance level as regards liquidity risk. Financial liabilities and assets are deemed to mature within one year.

Regulatory risk means that the Company risks failing to reach its goals due to measures taken by supervisory authorities. This applies to both current and future frameworks. Serious observations regarding central functions are addressed within three months.

Reputational risk is very sensitive for newly established operations. This risk refers to the risk that income and capital can be negatively impacted as a result of a deteriorated reputation with customers and interested parties. The risk of systems error and deficient regulatory compliance can result in major consequences for the Company and must be controlled and minimised. Eir's strategy, with a step-by-step launching of products and channels, aims at reducing this risk. A low risk tolerance level as regards regulatory risk also aims at reducing the risk of negative effects on the Company's reputation.

Eir's strategic risks include the Board of Director's and management's capacity to plan, organise and control the operations. The risk tolerance level for the strategic risks is low and risk-reducing measures are documented in Eir's risk register.

The Company ensures effective capital management and a sound risk management through continually ensuring a sufficient level of capital. The requirement of future capital contributions is a central part of the Company's financial planning processes. The Parent Company is continually advised of the Company's plans and forecasts for forthcoming financial years. The Company has as a goal that its capital base should not be less than 170% of its solvency capital requirement with a tolerance interval as regards the solvency ratio with a lower limit of 140% and without a maximum limit. This implies that the solvency capital requirement is never less than 140% and in the case the capital base is less than 170% of the solvency capital requirement, the Board of Directors is to be informed and whether such a circumstance is temporary or permanent, the Company shall immediately take measures to secure the solvency quota in the long-term so that it is in excess of the risk tolerance level. The Company's solvency ratio is reported quarterly to the Board of Directors. In conjunction with major business decisions or large changes in the investment portfolio, the effect of such changes on the solvency ratio is assessed.

**Note 3 Premium income**

	<b>2021</b>	<b>2020</b>
Direct non-life insurance, Sweden	156 859	65 595
Direct non-life insurance, EEA	59 483	9 955
<b>Total premium income</b>	<b>216 342</b>	<b>75 550</b>

#### Note 4 Claims incurred

1 Jan . 2021 - 31 Dec. 2021	Gross	Reinsurers' share	Net
<b>Claims expenses referring to the year's operations</b>			
Paid claims	-52 716	35 372	-17 345
Change in provisions for incurred and reported claims	-21 277	15 694	-5 583
Change in provisions for incurred but not reported claims (IBNR)	-34 518	25 394	-9 124
<b>Total claims expenses referring to the year's operations</b>	<b>-108 511</b>	<b>76 460</b>	<b>-32 052</b>
<b>Claims expenses referring to previous years' operations</b>			
Paid claims	-6 198	4 600	-1 597
Change in provisions for incurred and reported claims	1 924	-966	958
Change in provisions for incurred but not reported claims (IBNR)	6 505	-4 799	1 706
<b>Total claims expenses referring to previous years' operations</b>	<b>2 232</b>	<b>-1 165</b>	<b>1 067</b>
<b>Total paid claims incurred</b>			
Paid claims	-58 914	39 972	-18 942
Claims adjustment expenses	-3 338	0	-3 338
Claims in provisions for incurred and reported claims	-19 353	14 728	-4 624
Change in provisions for incurred but not reported claims (IBNR)	-28 013	20 594	-7 419
<b>Total paid claims incurred</b>	<b>-109 618</b>	<b>75 295</b>	<b>-34 323</b>

#### Note 5 Operating expenses

	2021	2020
<b>Total operating expenses by expense classification</b>		
Personnel costs	-21 532	-8 492
Costs for premises	-1 326	-802
Depreciation	-9	-57
Commission to partners	-46 486	-15 463
Change in prepaid acquisition costs	14 479	10 410
Other costs	15 187	-5 527
<b>Total operating expenses by expense classification</b>	<b>-39 687</b>	<b>-19 931</b>
<b>Operating expenses</b>		
Acquisition costs	-32 006	-5 053
Administration costs	-37 653	-21 544
Commission for ceded reinsurance	29 972	6 666
<b>Total operating expenses</b>	<b>-39 687</b>	<b>-19 931</b>
<b>Operating expenses including claims handling</b>		
Total operating expenses	-39 687	-19 931
Claims handling expenses	-3 338	-582
<b>Total operating expenses including claims handling</b>	<b>-43 025</b>	<b>-20 513</b>

#### Note 6 Return on capital, expenses

	2021	2020
Other interest expenses	-77	-9
Exchange rate gains	87	-64
<b>Total interest expenses</b>	<b>10</b>	<b>-73</b>

**Note 7 Provisions for unearned premiums and unexpired risks**

<b>31 Dec. 2021</b>	<b>Gross</b>	<b>Reinsurer's share</b>	<b>Net</b>
Opening balance, 1 Jan. 2021	-46 812	33 470	-13 342
Insurance subscriptions during the period	-216 342	153 917	-62 425
Premiums earned during the period	147 011	-104 060	42 951
<b>Closing balance</b>	<b>-116 143</b>	<b>83 327</b>	<b>-32 816</b>

<b>31 Dec. 2020</b>	<b>Gross</b>	<b>Reinsurer's share</b>	<b>Net</b>
Opening balance, 1 Jan. 2020	-1 948	3 491	1 543
Insurance subscriptions during the period	-75 550	53 731	-21 819
Premiums earned during the period	30 686	-23 752	6 934
<b>Closing balance</b>	<b>-46 812</b>	<b>33 470</b>	<b>-13 342</b>

**Note 8 Provisions for claims outstanding**

<b>2021-12-31</b>	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>
<b>Opening balance, 1 Jan. 2021</b>			
Incurring and reported claims	4 166	2 953	1 213
Incurring but not reported claims (IBNR)	11 771	8 385	3 386
Claims adjustment expenses	832	0	832
<b>Total opening balance (=provisions for the period)</b>	<b>16 769</b>	<b>11 338</b>	<b>5 431</b>
Incurring and reported claims	19 353	14 728	4 625
Incurring but not reported claims (IBNR)	28 014	20 594	7 420
Claims adjustment expenses	2 333	0	2 333
<b>Total closing balance (=provisions for the period)</b>	<b>66 469</b>	<b>46 660</b>	<b>14 378</b>

**Note 9 Receivables related to insurance intermediaries**

	<b>2021</b>	<b>2020</b>
Receivables from insurance intermediaries	125 931	45 295
<b>Total receivables from insurance intermediaries</b>	<b>125 931</b>	<b>45 295</b>

**Note 10 Tangible fixed assets**

	<b>2021</b>	<b>2020</b>
Accumulated acquisition value		
Acquisition value at the beginning of the year	230	135
Year's purchases	0	95
Discarded during the year	-102	0
Acquisition value at year-end	128	230
Accumulated depreciation		
Depreciation at the beginning of the year	-64	0
Depreciation according to plan for the year	-43	-64
Discarded during the year	34	
Depreciation at year-end	-73	-64
<b>Carrying value at year-end</b>	<b>55</b>	<b>166</b>

**Note 11 Prepaid acquisition costs**

	2021	2020
Gross acquisition costs	10 989	579
Change for the year	14 479	10 410
<b>Closing balance</b>	<b>25 468</b>	<b>10 989</b>

**Note 12 Other prepaid expenses and deferred income**

	2021	2020
Receivables from partners	4 462	2 409
Prepaid expenses	3 392	421
<b>Total other prepaid expenses and deferred income</b>	<b>7 854</b>	<b>2 830</b>

**Note 13 Liabilities to insurance intermediaries**

	2021	2020
Liabilities to insurance intermediaries	23 925	6 220
<b>Total liabilities to insurance intermediaries</b>	<b>23 925</b>	<b>6 220</b>

**Note 14 Other liabilities**

	2021	2020
Liabilities to suppliers	1 956	871
Other liabilities	4 050	2 150
<b>Total other liabilities</b>	<b>6 006</b>	<b>3 021</b>

**Note 15 Other accrued expenses and deferred income**

	2021	2020
Liabilities to partners	0	78
Other accrued expenses	841	2 457
<b>Total other accrued expenses and deferred income</b>	<b>841</b>	<b>2 535</b>

**Note 16 Average number of employees, benefits and other compensation**

	2021	2020
Men	10	2,2
Women	11	0,2
<b>Total number of employees</b>	<b>21</b>	

	2021	2020
<b>Gender breakdown of senior management</b>		
Board Members		
Men	2	3
Women	3	3

**Salaries and other compensation, as well as social security contributions to senior members of management and other personnel**

2021	Basic salary/fees	Pension costs	Social security contributions	Total 2021
Mikkel Orheim, Chairman	-95	0	-19	-114
Ola Hestnes, Member of the Board	-95	0	-30	-124
Annja Karlsson, Member of the Board (employed by Eir)	-1 020	-190	-312	-1 522
Susanne Wahlström, Member of the Board	-95	0	-30	-124
Monica Örtenblad, Member of the Board	-95	0	-30	-124
Torggrim Lien, CEO	-2 228	0	-425	-2 653
Other personnel	-11 843	-1 485	-3 433	-16 761
<b>Total</b>	<b>-15 470</b>	<b>-1 675</b>	<b>-4 278</b>	<b>-21 422</b>

2020	Basic salary/fees	Pension costs	Social security contributions	Total 2020
Mikkel Orheim, Chairman	-95	0	-13	-108
Ola Hestnes, Member of the Board	-95	0	-30	-124
Susanne Wahlström, Member of the Board	-95	0	-30	-124
Monica Örtenblad, Member of the Board	-95	0	-30	-124
Torggrim Lien, CEO	-575	0	-110	-685
Other personnel	-4 969	-788	-1 482	-7 239
<b>Total</b>	<b>-5 923</b>	<b>-788</b>	<b>-1 694</b>	<b>-8 405</b>

**Compensation to senior management**

During 2021, compensation to the CEO totalled TSEK 2,228. No termination benefits apply to the CEO. Pension provisions for the CEO are made according to the same principles applying to other employees. As regards the CEO, there is a mutual termination of employment period of three months. The Company's Board of Directors decides on compensation guidelines and compensation and other employment terms and conditions for the CEO and employees whose work duties have a significant impact on the Company's risk profile. During 2021, no employee, except for the CEO, had an independent significant impact on the Company's risk profile.

**Compensation to Board Members**

Fees to the Members of the Board are determined by the annual meeting of shareholders. Board Members who are employed in Eir receive no compensation in addition to the salary paid for their services. The Chairman of the Board decides on the compensation to be paid to the CEO.

**Pensions**

The Company has an occupational pension program for its employees in Sweden with SEB Pension och Försäkring.

**Note 17 Fees and cost compensation to auditors**

	2021	2020
KPMG AB, audit assignment	684	378
<b>Total fees and cost compensation to auditors</b>	<b>684</b>	<b>378</b>

By audit assignment is meant the examination of the annual report and bookkeeping as well as of the administration of the Board of Directors and CEO, other work duties required in executing the audit, and advisory services or other assistance required arising from the observations made during the audit and in executing such other work duties.

#### Note 18 Taxes

No income tax is reported for the period. Unutilised tax loss carryforwards from previous years amount to TSEK 29,350. The Company has not capitalised deferred tax on tax loss carryforwards.

#### Note 19 Transactions with related parties

Eir Försäkring AB is a wholly owned subsidiary of Eir Invest Holding AB. The CEO and CTO are partowners of Eir Invest Holding AB and, therefore, are considered to comprise related parties. During 2021, no transactions took place with related parties.

##### Transactions with related parties, 1 Jan 2020-31 Dec. 2020

Company	Supplier	Related party	Role	Amount
Eir Försäkring AB	Adapa AS	Torgrim Lien	CEO	1 688
Eir Försäkring AB	Sinober data AS	Oddvar Strømme	CTO	1 594

#### Note 20 Operating lease contracts

Capitalised lease fees	2021	2020
Rented premises	-1 326	-802

All lease payments refer to contracts with a cancellation period less than 12 months.

#### Note 21 Pledged assets and contingent liabilities

Assets covered by the policyholders' beneficiary rights: TSEK 87,219.

#### Note 22 Treatment of the Company's losses

Equity amounts to TSEK 66,381 537. According to the balance sheet, unrestricted equity totalling TSEK -57,618,463 is at the disposal of the annual general meeting of shareholders.

#### Note 23 Significant events after the end of the balance sheet date

During the spring of 2022, Eir decreased its cooperation with one of Eir's largest distribution partners, which has impacted the growth of the portfolio. In addition, during the spring of 2022, Eir strengthened its unrestricted equity through receipt of a shareholders contribution provided in three stages. The total amount of capital received during the first half of the year was MSEK 28. Further capital is available in the Parent Company and can be provided to the Company if required.

#### Note 24 Additional information on income statement items per insurance class

2021	Total	Health and accident	Motor third party liability	Motor	Fire and property	Various forms of economic loss
Premiums earned, gross	147 011	24 486	26 025	68 528	26 518	1 453
Claims incurred, gross	-109 617	-12 705	-19 167	-60 167	-18 118	541
Operating expenses, gross	-39 687	-4 514	-7 415	-21 710	-5 595	-453
Results from ceded reinsurance	-31 131	-11 042	-5 571	-8 210	-6 308	0
<b>Results</b>	<b>-33 424</b>	<b>-3 774</b>	<b>-6 129</b>	<b>-21 558</b>	<b>-3 503</b>	<b>1 541</b>
Premium income, gross	216 342	30 758	40 763	108 435	35 330	1 057