

Försäkrings AB Göta Lejon Resumé 2022



2022 in brief ...

Total Sum Insured (TSI):

SEK 380 billion

Earned premiums:

SEK 209 million

Profit (loss) for the year:

SEK 31 million

Solvency ratio:

189 per cent

Combined ratio:

79

Number of employees:

12

Number of clients:

57

Client visits:

273

Client Satisfaction Index (CSI):

76

Risk surveys:

49

About Göta Lejon

Försäkrings AB Göta Lejon is a company owned by the City of Gothenburg. Its mission is to generate commercial benefits to society by being responsible for all types of insurance coverage for the City of Gothenburg, except pensions and insurances connected with collective agreements. The company is also the City's expert body for insurance and risk management issues, and it develops these areas by providing active support to the various City operations.

Göta Lejon is a nonprofit organisation. Göta Lejon's clients comprise all of the administrations and companies belonging to the City of Gothenburg. The company's account managers meet with and maintain regular contact with clients. Göta Lejon identifies, structures, insures and reinsures the City's risks.

The company works proactively with risk management issues in its key role as a catalyst for the entire City. This happens, for example, via risk surveys, follow-up on recommendations, communication initiatives, risk seminars, trainings on both insurance and claims and also customised support to clients regarding both insurance and risk management. For the risks that it insures, Göta Lejon obtains reinsurance on the reinsurance market. Claims handling is outsourced to independent loss adjusting companies.

Preface

The reinsurance market remained challenging in 2022 and the expectation is that the situation will persist over the next few years as well. The main reason for that is the state of the global economy and the trends there, such as a reduction in the amount of capital to the reinsurance market by around 17 per cent in 2022. Reinsurers are thus putting higher requirements on risk management and loss prevention efforts in the businesses that they reinsure. They are also raising the premiums and are more restrictive about offering reinsurance to segments like municipal insurance, energy and housing.

The new situation makes the City's preventive efforts even more important. During 2022, a total of 49 risk surveys were conducted at the City's largest entities. The surveys result in recommendations that the reinsurance companies expect the City's companies and administrations to remedy in order to lower the risk of losses. The requirements on documented measures to reduce the risk of loss have become more stringent.

In 2022, Göta Lejon reported a profit of SEK 31.4 million. All of the insurance sectors ran at a surplus. The favourable results are primarily attributable to somewhat lower costs in 2022 for claims within the City of Gothenburg, along with higher premiums for administrations and companies. Because of generally rising claims costs in the City in recent years, Göta Lejon will need to generate a surplus in the years ahead in order to raise the solvency ratio and build up the necessary reserves.

During the year, Göta Lejon developed new market-adapted property insurance conditions that entered into effect on 1 January 2023. The aim is for Göta Lejon to continue being able to offer the City's administrations and companies insurance with good coverage and price. The terms dictate more clear incentives for companies and administrations to invest in, and maintain, their properties.

Göta Lejon is proud that its clients continue to be very satisfied with the company's services. In the 2022 client survey, the Client Satisfaction Index (CSI) was 76. Good collaboration within the City is a prerequisite for achieving the right insurance solutions and managing risks in the operations.

Göta Lejon continues to have its focus on both new and anticipated risks at the City's premises. Advice, seminars and fact sheets also help in raising risk awareness in the City as regards such things as high timber constructions, climate effects and cyber threats.

New working methods are necessary in today's working life. During the year, and with the help of all our employees, we designed a new hybrid office that was completed in January 2023. It will, together with our focus on leadership, co-leadership and self-leadership, ensure that we are well-equipped to meet the challenges of the future.

Annika Forsgren

Annika Forsgren, Managing Director



Insurance Operations

Göta Lejon provides insurance cover for property, liability, trams and vehicles owned and operated by the City of Gothenburg's administrations and companies, which are Göta Lejon's clients. The company externally purchases insurance for personal accidents, business travel insurance, liability insurance for the Managing Director and members of the Board of Directors, environmental insurance and also insurance for boats. As needed, Göta Lejon also provides both project and special insurance.

Property Insurance

Property insurance consists of insurance on property, including compensation for extra expense, rental losses and business interruptions. At year-end 2022, the total sum insured was SEK 380 (333) billion.

During the year, there were four different reinsurance programmes in place for property insurance: Property - City, Property - Energy, Property - Framtiden Group (residential) and Property - Terrorism. In the main programme for the City, self-retention (excess) in 2022 amounted to a maximum of SEK 17.5 (17.5) million per claim and a total of SEK 35 (35) million per year. The property premium for 2022 was SEK 163 million.

Liability and Fidelity Insurance

The insurance covers such areas as general and product liability, consultant liability, fidelity, liability for pure fidelity claims and liability for rail traffic. For 2022, the insurance amount was a maximum of SEK 300 (300) million for general and product liability and a maximum of SEK 300 (300) million for liability for rail traffic. Self-retention was SEK 5 (5) million per claim and SEK 15 (15) million per year for general and product liability and liability for rail traffic. The liability premium for 2022 was SEK 27 million.

Vehicle Insurance

Göta Lejon insures the City-owned vehicles. The insurance cover is vehicle damage and third-party liability. In 2022, vehicle premiums amounted to SEK 20 million. Self-retention for third party insurance was SEK 5 (5) million per claim and SEK 15 (15) million per year. Reinsurance for large, vehicle damage claims is a component of the reinsurance programme for property. Vehicle damage also covers trams.

Personal Accident Insurance

This insurance covers all children and pupils in the City of Gothenburg's population register. It provides cover until the year that a child turns 17,

or as long as the child is attending upper secondary school. The insurance is valid 24/7, 365 days a year. The insurer is Länsförsäkringar Göteborg and Bohuslän.

Personal Accident Insurance, Specific Activities

This is accident insurance for individuals engaged in specific activities. It is for groups that are receiving certain municipal services, such as young people enrolled in labour market programmes, individuals living in a foster family, individuals participating in daily activities and for volunteers. The insurer is Länsförsäkringar Göteborg and Bohuslän.

Business Travel Insurance

This insurance covers all employees, elected representatives and trainees in the City of Gothenburg during travel or duties outside the normal workplace which are ordered and paid for by the employer. It covers accident, illness and lost luggage. The insurance is valid throughout the world, for all types of travel. The insurer is Europrotect.

Liability Insurance and Senior Executives

This is liability insurance for the City of Gothenburg companies. It provides protection for all of the Managing Directors, Board members and other senior executives for their personal liability on claims relating to actions they have personally taken, or failed to take, on behalf of the company. The insurer is Riskpoint.



Insurance of Boats

Insurance on all of the boats owned by the City of Gothenburg's various organisations is gradually being gathered under a single insurance solution. The insurer is Codan.

Clients and Market

Göta Lejon is a wholly owned captive company of the City of Gothenburg and it only insures the City's administrations and companies. The company offers insurance solutions that are cost effective and adapted to the needs of clients. Gathering the City's insurance needs under one umbrella makes it possible to apply a holistic approach, which increases control over the City's risks. This means, for example, that the company is able to distribute approximately SEK 5 million per year in loss prevention contributions to the City of Gothenburg's administrations and companies.

Because Göta Lejon is owned by the City of Gothenburg, it knows very much about the various businesses and activities. It also has access to many different types of important networks, within and outside the city. In addition, Göta Lejon plays a central role in developing the insurance function within the City by, for example, providing trainings, venues and information at client meetings.

Furthermore, Göta Lejon has direct access to the reinsurance market, where there are many solid reinsurance companies that only reinsure other insurance companies or captive companies. Accordingly, Göta Lejon is able to finance the portion of risk that the company is unable to absorb itself. Reinsurance is procured on the global reinsurance market.

Since 2017, all of the city's companies and administrations are insured through Göta Lejon. In total, there are 57 clients. During the year, a total of 273 client meetings were held by the company's account managers.

Employees

Göta Lejon uses a tool called BAS for evaluation purposes and it has been determined that there is no unfair pay gap between men and women working at the company. Each employee has an individual professional development plan that is updated and monitored at performance reviews and follow-up discussions during the year.

The City of Gothenburg most recently conducted its employee survey in December 2022 and Göta Lejon's SEE (Sustainable Employee Engagement) was 73. Last year, the company had 12 employees.

No variable remuneration is paid to any of the

Key figures	2022	2021
Earned premiums, gross (SEK thousand)	209,381	176,696
Earnings before tax and provisions (SEK thousand)	31,424	11,710
Total assets (SEK thousand)	472,803	425,013
Reinsurance premiums (SEK thousand)	-81,932	-60,149
Claims gross (SEK thousand)	-65,021	-67,348
Claims ratio	53	64
Expense ratio, per cent	26	27
Combined ratio, per cent	79	91
Total sum insured (TSI) (SEK billion)	380	333
Loss prevention contributions (SEK thousand)	2,066	3,010
Client Satisfaction Index (CSI)	76	79
Sustainable Employee Engagement (SEE)	73	80
Risk surveys	49	30
Client visits	273	244

company's employees. The Managing Director's salary is set by the City Director. There are no variable components of salary. Göta Lejon has prepared and published a remuneration policy (in Swedish) in accordance with EIOPA-BoS-14/253 Riktlinje-10. It is available at goteborg.se/gotalejon.

Financial results

Earnings before tax and provisions for the year were SEK 31,424 (11,635) thousand, see the diagram. For insurance operations, the financial result was SEK 29,770 (10,904) thousand and for finance operations, the financial result was SEK 1,654 (731) thousand. After additional provisions were made, contingency reserves amounted to SEK 37,324 (5,910) thousand. The solvency ratio increased from 153 per cent to 164 per cent compared to 2021.

Claims outcome

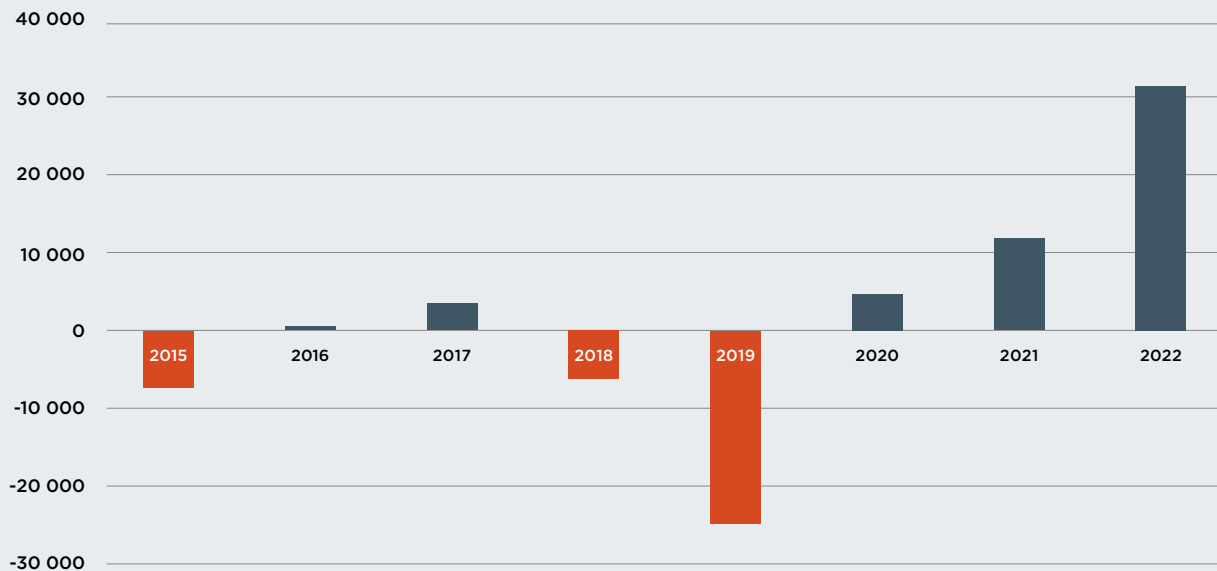
Göta Lejon's total cost for property claims during the year amounted to SEK 38.0 (44.1) million after the deduction for excess. The adjacent diagram provides an overview of the trend for the last five years. The composition of these costs were as follows: fire SEK 10.6 (5.8) million, natural catastrophe SEK 0.0 (0.0) million, water SEK 21.1 (20.4) million, machinery SEK 3.1 (11.5) million and other claims SEK 3.2 (6.4) million. In total, there were 167 (188) claims.

The claim cost for liability claims during the year after deduction of excess was SEK 1.3 (1.2) million. The claim cost for liability for rail traffic after deduction of excess was SEK 0.0 (0.0) million. In total, 193 (163) general liability claims were reported to Göta Lejon, of which 41 (34) were above the excess. For railway traffic there were 1 (0) claims, of which 1 (0) was above the excess.

The claim cost for damage to motor vehicles after deduction of excess amounted to SEK 6.2 (6.2) million. There were 1,263 (1,215) claims on motor vehicle insurance, of which 324 (342) related to third party claims and 939 (873) related to vehicle damage.

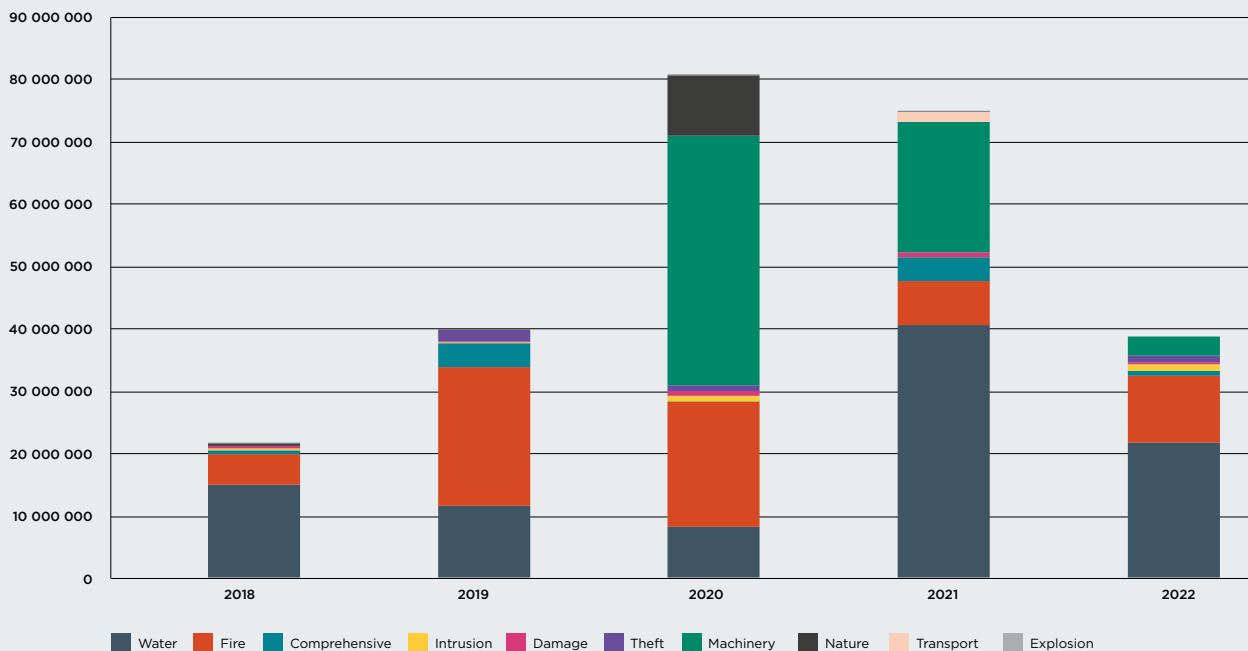


Earnings trend for Göta Lejon (SEK)



Earnings trend for Göta Lejon (SEK) The earnings vary over time, primarily based on the level of claim costs. Göta Lejon is a non-profit organisation and it strives for zero earnings over time.

Claim cost for property claims (SEK)



Claim cost for property claims (SEK) Claim costs above the excess and before ceded reinsurance over the last five years, costs for insurance that Göta Lejon handles. In addition to this, each administration/company in the city has paid for its own claims below the excess. There is reinsurance protection for very large claims or large accumulated claim costs in a specific year.

Significant Events in 2022

SEK 31,400,000

Göta Lejon reported a profit of SEK 31.4 million.
All of the insurance sectors ran at a surplus 2022.



Premiums were raised due to prior high claims costs for the City of Gothenburg. The increases are also attributable to significantly higher reinsurance premiums in the market, due to the high inflation, among other things.



A total of 49 risk surveys were carried out during the year at larger covered entities. The surveys result in recommendations that property owners are expected to remedy in order to lower the risk of losses.

76

This year's client survey revealed that clients are still very satisfied with Göta Lejon and the Client Satisfaction Index (CSI) was 76.



The company's solvency ratio, according to the Solvency II regulations improved and was 1.89 at year end. It is well above the company's minimum level of 1.50.



In 2022, Göta Lejon developed new market-adapted property conditions. The aim is for Göta Lejon to continue being able offer the City's administrations and companies insurance with good coverage and price.

-17%

The reinsurance market remained challenging in 2022, with higher requirements being put on risk management and loss prevention measures. It is estimated that capital in the reinsurance market declined by 17 per cent during the year.

Risk management and loss prevention measures

Göta Lejon engages in loss prevention efforts aimed at limiting the damages for the City of Gothenburg. Critical success factors for these efforts include analyses, follow-up, early detection and correct measures.

Important governance documents are Göta Lejon's Owner Directive and the City of Gothenburg's insurance policy and security policy. Göta Lejon is actively involved, and takes a leading role, in the municipality's joint security efforts. In order to succeed with loss prevention efforts it is essential that, for example, each administration and company has a Head of Security or equivalent. Göta Lejon monitors the extent to which each administration and company is in compliance with the insurance policy and insurance terms. It does this via regular, documented meetings with clients' Heads of Security and Insurance Managers. During meetings with clients, their insurance solutions and needs are also discussed. Each year, Göta Lejon distributes loss prevention contributions to its clients. The goal is to support those measures that lower the risks the most. Since the start in 1991, Göta Lejon has paid approximately SEK 150 million in loss prevention contributions. In 2022, loss prevention contributions amounted to SEK 2 million, see the table.

Physical protection

It is common to prevent losses via various types of physical protection. A large part of loss prevention work is the installation and maintenance of various alarm systems for early detection of fire, intrusion, water damage, etc.

During the year, Göta Lejon gave its customers support for installation of fire and security alarms. Such support is primarily given to schools and preschools, along with buildings used for sports and culture. The City's alarm systems have helped reduce damages from fire and the costs associated with fire.

Risk surveys

Göta Lejon's loss prevention programme includes a survey plan for all insured property valued at SEK 150 million or more. Such properties are inspected every 2-5 years and those with a higher value are inspected more frequently. The aim of these surveys is to gain an understanding of the risks faced by the business, along with other issues that are of interest from an insurance perspective. Another aim is to identify appropriate measures that could

minimise the risks. With each client, Göta Lejon follows up on the results of surveys and the specific loss prevention measures that have been recommended. In 2022, there were a total of 49 surveys.

Statistics, analysis and follow-up

Loss prevention efforts require adequate knowledge of what has happened, the root causes and costs. Göta Lejon works proactively with analysis and follow-up of claims and incidents in all insurance areas.

The total cost for property claims for the City of Gothenburg is comprised of all property claims reported to Göta Lejon. Included here are claims both above and below the excess. Even though there are unrecorded cases, the report gives an important overview of the trend in total claim costs.

In 2022, the total claim cost was approximately SEK 370 million, which is SEK 47 million lower than the preceding year. The cost of fire damages was approximately SEK 66 million and the cost of water damages was approximately SEK 196 million. An analysis of total claims costs reveals that historically, fire is the primary reason behind major individual claim costs. However, water damage accounts for the largest percentage of the total claim cost, since it results in major costs both above and below the excess. The compilations over the last few years reveal that the category of other claims, such as machinery, has been responsible for major costs. Over time, the costs for damages caused by water have increased the most. In recent years,

Loss prevention contributions 2022 (SEK)

RISK/You are needed!	1,491,000
Other fire protection	500,000
Access Control Systems/locks/grids	57,750
Security/Risk/Crime prevention	45,000
Total	2,066,000

Loss prevention contributions in 2022. Contributions were primarily to support fire loss prevention targeting pupils at the City of Gothenburg's schools (RISK), and other fire safety efforts.

water damage has accounted for 40-50 percent of the total claim cost, both above and below the excess.

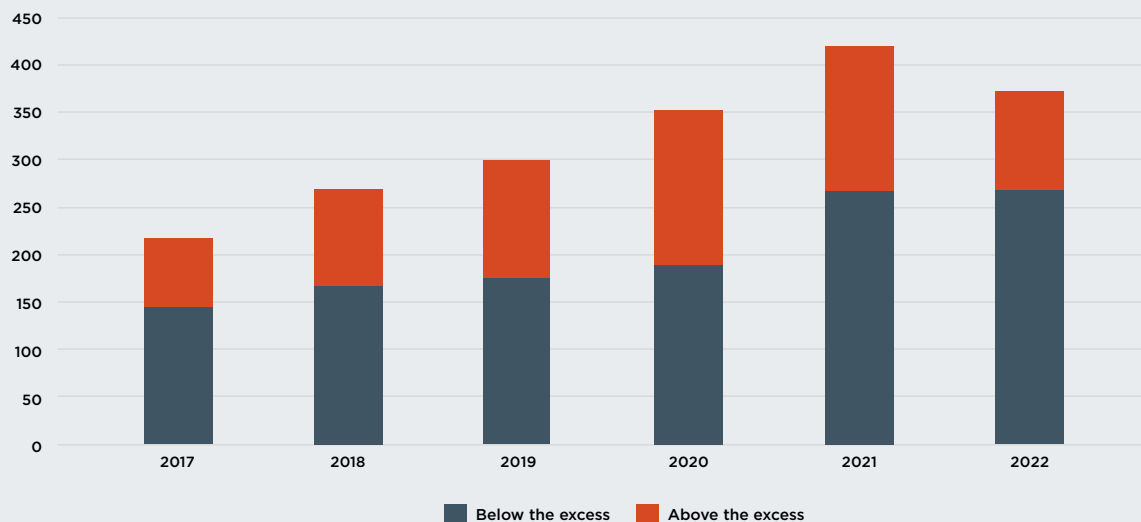
Fire and water claims account for the majority of costs in the category of property claims. How the costs are allocated to the various types of claims in 2022 is presented in the diagram, Cost allocation for various types of property claims, below.

The number of fire incidents in 2022 was 74, compared to 69 the prior year. These fire incidents occurred at client properties, Framtiden Group

(residential) is not included. A total of 54 fire incidents were the result of human action and 18 of those were with intention. 74 per cent of all fires were discovered by fire detectors directly connected to a public-safety answering point (PSAP).

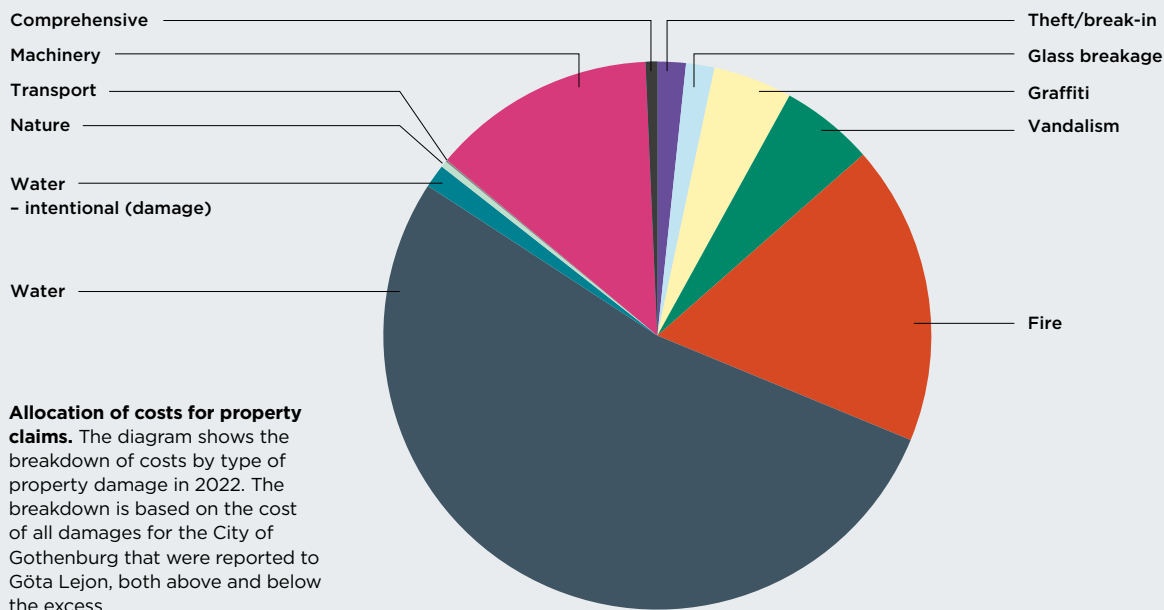
In 2022, there were 24 fires at schools. It means that the number has remained at around the same level over the last three years. The costs associated with school fires were, as in recent years, very low. See the diagram on the next page.

Total cost (SEK million) of property damages for the City of Gothenburg, 2017- 2022

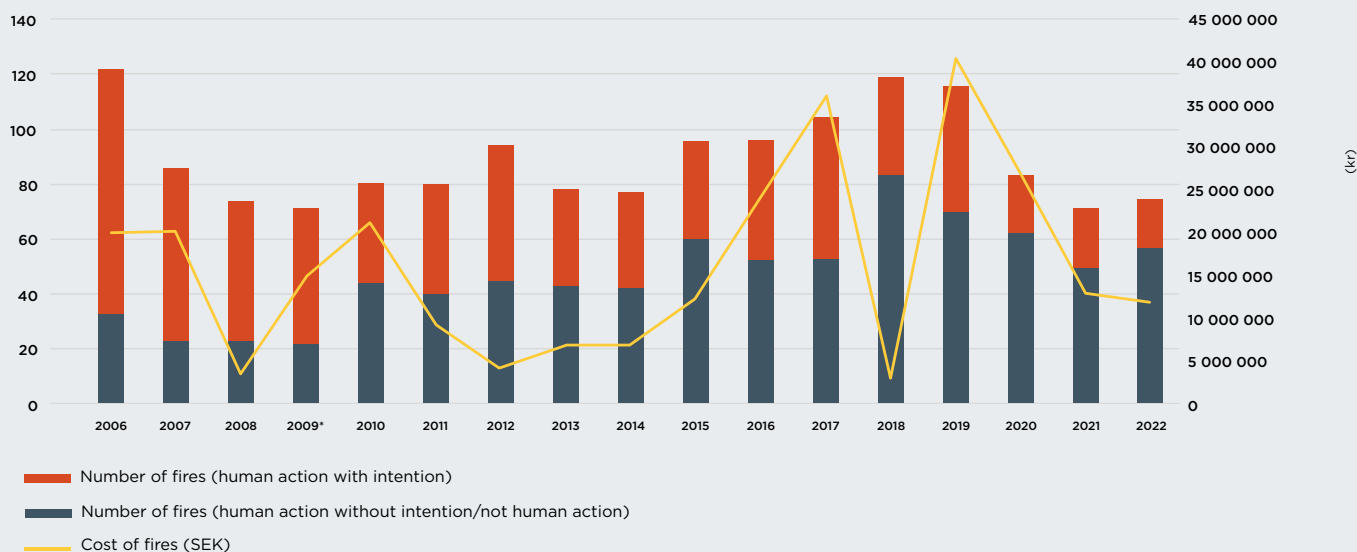


Property claims above and below the excess. The total cost of property damages for the City of Gothenburg decreased in 2022. The significant decrease is primarily attributable to lower costs for machinery damage. Because of a change in insurance solution for Framtiden Group (residential), a number of claims up to and including 2020 are reported as above the excess and now, as of 2021, they are reported as below the excess. It means that comparison between 2021 and prior years is only possible for the total cost. In 2022, claim costs below the excess were at the same level as in 2021.

Cost allocation for various types of property claims



Number of fires at properties insured by Göta Lejon (not including residential) and costs for the years 2006-2022*



Fire statistics 2006-2022. The diagram shows the number of fires at properties (not including Framtiden Group (residential) that are insured by Göta Lejon, along with the total cost of fires. In 2019, there was a fire at Slotsskogshallen, which was responsible for three-fourths of the cost that year.

* The fire at Torslanda school in 2009 is not included. The cost is estimated at approximately SEK 108 million.

Number of school fires, intentional and non-intentional, 2006- 2022, and cost*

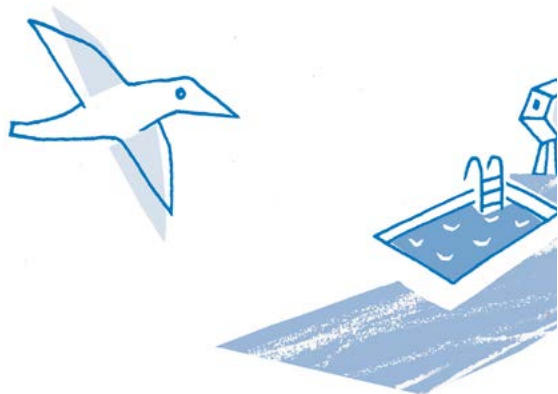


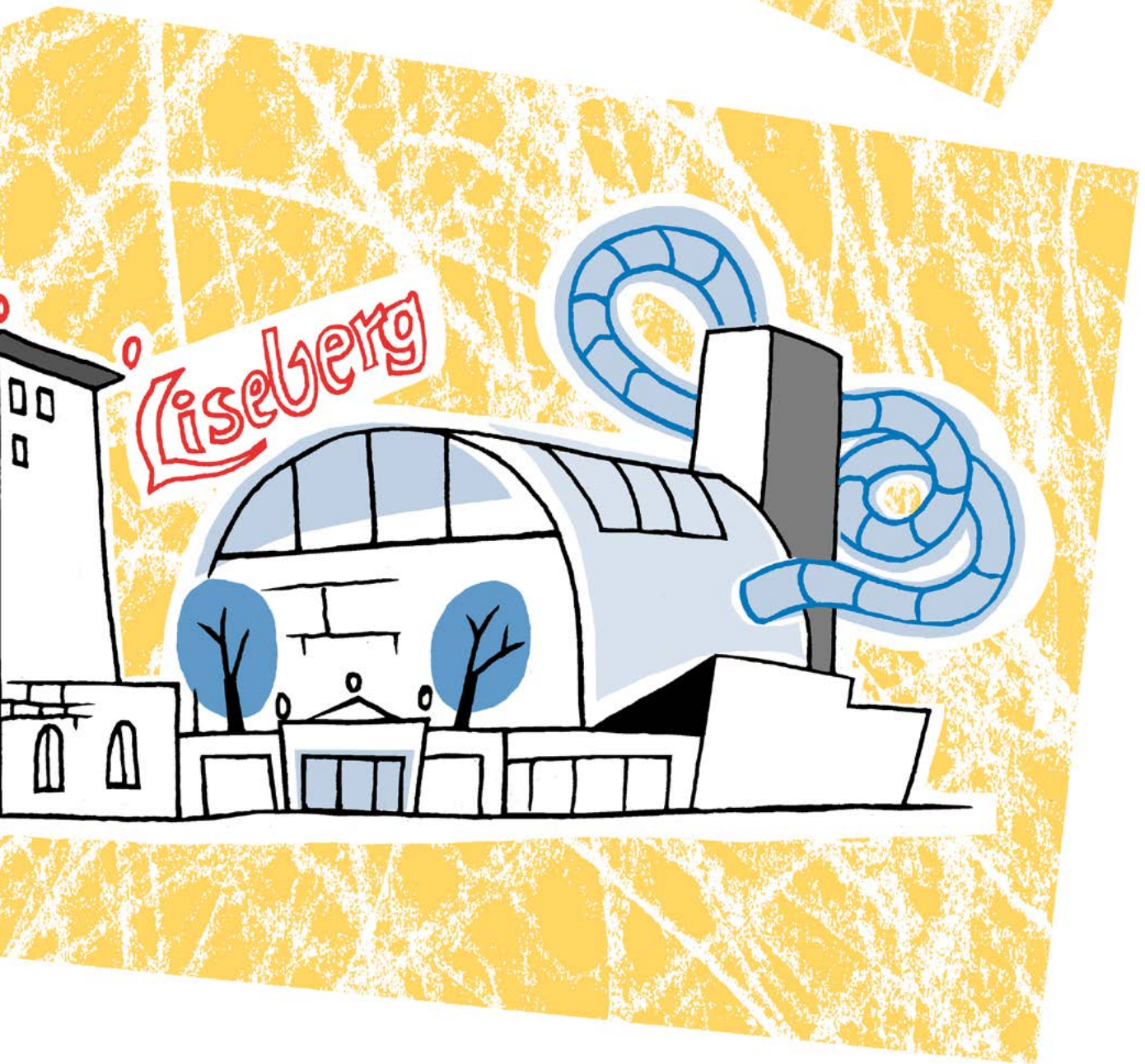
Number of school fires, intentional and non-intentional. Over the last three years, there have been relatively few school fires, which applies to both arson and the total number of fires. The cost of school fires has been low during the last few years.

* Since 2016, the term "arson" has been replaced by "human action with intention". It means that the number reported prior to and after the change are not entirely comparable. The fire at Torslanda school in 2009 is not included. The cost is estimated at approximately SEK 108 million.

Important issues for the future

- In the highly competitive insurance market, Göta Lejon must continue delivering cost-effective insurance solutions, while maintaining a good collaboration and dialogue with its clients.
- One important issue for the future has to do with how Göta Lejon can contribute to developing and strengthening the city's risk management and reduce the City of Gothenburg's claims costs. The prevention of damages to the City's companies and administrative buildings is as important as a means of effectively protecting the City's property. Well-functioning risk management identifies risks and thus prevents and reduces the costs of damages. This is a prerequisite for fully renegotiating reinsurance for Gothenburg.
- Worldwide trends, such as a rising incidence of natural disasters associated with more extreme weather, a higher risk of terrorism and social unrest are important to take into consideration when planning the company's future operations.
- IT-related risks and cyber risks are areas that Göta Lejon is monitoring from both an insurance perspective and regarding the company's own risk management of managing such risks.
- Risk management and risk financing associated with the City's major infrastructure projects and other major urban development projects for Gothenburg are important for Göta Lejon.
- The pace of digitalisation has speeded up and the opportunities for new ways of working have changed after the pandemic. Göta Lejon's new office create the conditions for continued progress with our working methods in 2023.





Profit/loss & balance sheet

INCOME STATEMENTS (SEK 000s)	2022	2021
Earned premiums	209,381	176,696
Reinsurance	-81,932	-60,149
Claims	-67,167	-74,410
Operating costs	-33,425	-32,002
Investment return	4,330	1,563
Other income/costs	237	12
Profit before appropriations and tax	31,424	11,710
Change in contingency reserve	-31,413	-5,910
Tax	-11	-1,245
PROFIT (LOSS) FOR THE YEAR	0	4,555

BALANCE SHEET ASSETS (SEK 000s)	2022-12-31	2021-12-31
Intangible assets	-	1,341
Investment assets	401,315	374,028
Unearned premiums, reinsurers' share	-	-
Claims outstanding, reinsurers' share	35,112	37,257
<i>Total reinsurers' share of technical insurance provisions</i>	<i>35,112</i>	<i>37,257</i>
Receivables in respect of direct insurance	830	468
Receivables in respect of reinsurance	-	-
Other receivables	1,623	1,143
<i>Total receivables</i>	<i>2,453</i>	<i>1,611</i>
Tangible assets	-	3,265
Prepaid expenses and accrued income	33,923	7,511
TOTAL ASSETS	472,803	425,013

BALANCE SHEET EQUITY, PROVISIONS AND LIABILITIES (SEK 000s)	2022-12-31	2021-12-31
Share capital	145,000	145,000
Fund for development expenses		1,341
Accumulated profit or loss	-	-
Claims equalisation reserve	27,329	21,433
Profit (loss) for the year	-	4,555
<i>Total equity</i>	<i>172,329</i>	<i>172,329</i>
Contingency reserve	37,324	5,910
Unearned premiums and remaining risks	-	-
Claims outstanding	218,542	229,118
<i>Total technical insurance provisions</i>	<i>218,542</i>	<i>229,118</i>
Pension provisions	2,436	1,387
Liabilities in respect of direct insurance	106	-
Liabilities in respect of reinsurance	32,218	5,893
Long-term liability to credit institutions		2,278
Short-term liability to credit institutions		898
Other liabilities	4,257	3,807
<i>Total liabilities</i>	<i>36,581</i>	<i>12,876</i>
Accrued expenses and prepaid income	5,591	3,393
Total equity, provisions and liabilities	472,803	425,013

Försäkrings AB Göta Lejon is a company wholly owned by the City of Gothenburg. Göta Lejon insures all of the administrations and companies belonging to the City of Gothenburg. The company is also tasked with engaging in loss prevention efforts that effectively lower the City's risk costs. It is also responsible for, in other ways, helping to strengthen the loss prevention efforts of the City's administrations and companies.



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