



City of  
Gothenburg

Försäkrings AB Göta Lejon

# Resumé 2020

English



## 2020 in brief...

Insured property value:

**SEK 319 billion**

Earned premiums:

**SEK 155 million**

Profit (loss) for the year:

**SEK 5 million**

Solvency ratio (according to Solvency II):

**151 per cent**

Combined ratio:

**97**

Number of employees:

**13**

Number of clients:

**56**

Client visits:

**160**

Client Satisfaction Index (CSI):

**79**

Risk surveys:

**29**

### 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 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

2020 was an unusual year for Göta Lejon. It was a year that both challenged and developed us. Because of the pandemic, our employees worked remotely, from home, using digital platforms like Teams to communicate and interact.

Looking back on the year, we can proudly conclude that we have been successful in pursuing our mission and delivering as usual. A great deal of flexibility was required for that, as well employees and clients who have been open and willing to change. Transitioning to a digital world is another area where we made great process.

One of the company's core values is "collaboration". Maintaining an ongoing dialogue on insurance issues with the City's administrations and companies is very important to us. It provides us with the best understanding of their risk exposure, along with enabling us to identify and optimise the best insurance solution for both the client and the City.

The City of Gothenburg is facing a serious challenge however, because its costs for property claims are increasing, which has a negative impact on the company's earnings.

The largest contributing factor to these rising costs is water damages. Accordingly, this is an area we will be focusing on even more and during the next few years, Göta Lejon will be intensifying its efforts aimed at helping the City lower its costs for water damages.

The company's earnings have not been impacted by COVID-19 and neither have we noted any damages directly attributable to the pandemic.

In 2020, Göta Lejon continued its work of carrying out risk assessments on the City's larger properties and following up on the recommendations stemming from those with our clients. We also worked successfully with the City's housing companies on risk classification of residential buildings aimed at strengthening the fire protection.

Loss prevention efforts are one of the pillars of the company's operations and there will be even more focus on this in the years ahead due to the City's rising costs for property claims. Another reason is that the terms and requirements in the reinsurance market became much more stringent during the autumn of 2020.

Tougher conditions in the reinsurance market also resulted in higher reinsurance premiums for Göta Lejon, along with a lower risk appetite from the reinsurers for certain risk/products where claims have been particularly high. This has led to higher premiums for Göta Lejons clients.

Maintaining a dialogue and collaboration with the company's reinsurers is important. It is a prerequisite for being able to offer a reinsurance programme that meets the City's insurance needs. The company's goal is to, via professional underwriting material, facilitate an ongoing dialogue on insurance needs in order to arrive at a shared understanding concerning the City's insurance risks.

The future will undoubtedly present us with new black swans and new known risks, which is why Göta Lejon continuously analyses risks and trends in the insurance market. Risks associated with climate change and society's digital transformation are on the company's agenda, along with risks linked to the City's growth and development, which we see in the form of major infrastructure and construction projects.

There are many exciting challenges associated with the City's insurance needs due to the wide range of activities and companies belonging to the City of Gothenburg. Each day, Göta Lejon receives new insurance queries from clients, which both challenges us, and helps us develop. 2020 was certainly a year of new experiences and new knowledge.



**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, 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 2020, the total sum insured was SEK 319 (308) 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 2020 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 2020 was SEK 116 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 2020, 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 2020 was SEK 20 million.

## Vehicle Insurance

Göta Lejon insures the City-owned vehicles. The insurance cover is vehicle damage and third-party liability. In 2020, vehicle premiums amounted to SEK 17 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 Protector.



## 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 Protector.

## 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 Europeiska ERV.

## Liability Insurance, Directors and Senior Executives

This is liability insurance for the City of Gothenburg's 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 Zurich.

## 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 Trygg-Hansa.

## 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 the City's companies and administrations are insured through Göta Lejon. In total, there are 56 clients. During the year, a total of 160 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 2020 and Göta Lejon's Sustainable Employee Engagement (SEE) was 73. The overall Employee Satisfaction Index (ESI) was 54. Last year, the company had 13 employees.

No variable remuneration is paid to any of the 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 FFFS 2016:21. It is available at [goteborg.se/gotalejon](http://goteborg.se/gotalejon).

Key figures	2020	2019
Earned premiums, gross	SEK 155,416 thousand	134,827
Earnings before tax and provisions	SEK 4,645 thousand	-25,078
Total assets	SEK 397,110 thousand	359,348
Reinsurance premiums	SEK -53,887 thousand	-41,073
Claims gross	SEK -82,830 thousand	-87,938
Claims ratio	66	94
Expense ratio, per cent	31	36
Combined ratio, per cent	97	129
Total sum insured (TSI)	SEK 319 billion	308
Loss prevention contribution	3,888	3,600
Client Satisfaction Index (CSI)	79	81
Sustainable Employee Engagement (SEE)	73	70
Risk surveys	29	39
Client visits	160	136



### Financial results

Earnings before tax and provisions for the year were SEK 4,645 thousand (loss of SEK 25,708 thousand in 2019), see the diagram. For insurance operations, the financial result was SEK 4,010 thousand (loss of SEK 27,209 thousand in 2019) and for finance operations, the financial result was SEK 635 (2,131) thousand. After additional provisions were made, contingency reserves amounted to SEK 0 (0) thousand. The solvency ratio fell from 175 per cent to 165 per cent compared to 2019.

### Claims outcome

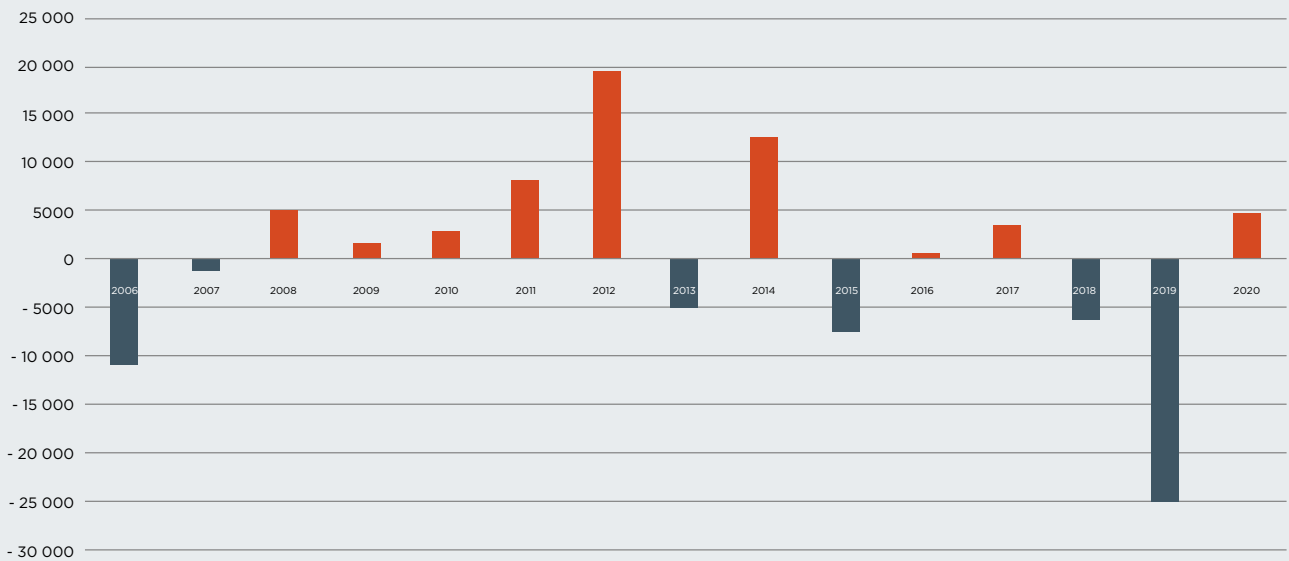
Göta Lejon's total cost for property claims incurred during the year amounted to SEK 55.3 (64.6) million after the deduction for excess. The adjacent diagram provides an overview of the trend for the last five years. The composition of these costs was as follows: fire SEK 16.9 (40.1) million, natural catastrophe SEK 7.3 (0.0) million, water SEK 16.8 (15.8) million and other claims SEK 14.3 (8.7) million. The claim costs for arson amounted to SEK 1.4 (4.9) million. In total, there were 285 (181) claims.

The claim cost for liability claims during the year after deduction of excess was SEK 7.8 (3.9) million. The claim cost for liability for rail traffic after deduction of excess was SEK 0.0 (0.0) million. In total, 190 (202) general liability claims were reported to Göta Lejon, of which 31 (43) were above the excess. For railway traffic there were 2 (21) claims, of which 0 (0) was above the excess.

The claim cost for damage to motor vehicles after deduction of excess amounted to SEK 5.4 (8.5) million. There were 1,229 (1,540) claims on motor vehicle insurance, of which 359 (421) related to third party claims and 870 (1,119) related to vehicle damage.

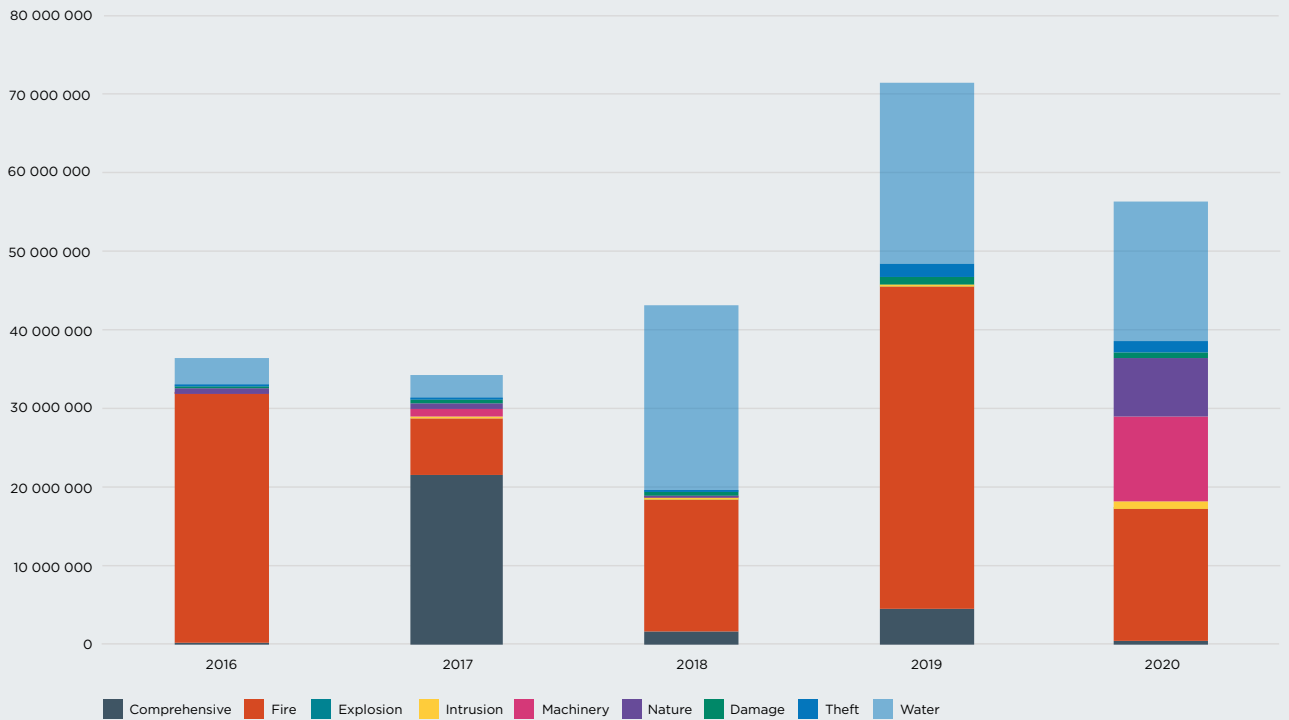


### Earnings trend for Göta Lejon (SEK 000s)



**Earnings trend 2006–2020.** 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.

### 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. Over the last three years, reinsurers paid on average SEK 14 million per year of the total claim cost.

## Significant Events in 2020



The company's solvency ratio, which is equity in relation to the capital requirement according to the Solvency II regulations, was 151 per cent as of 31 December 2020. The company's Board of Directors has decided that the solvency ratio shall lie in the range of 150 to 250 per cent of the capital requirement. Premiums have been raised to gradually increase the ratio.



During autumn 2020, conditions in the reinsurance market became more stringent, resulting in higher reinsurance premiums in 2021. This, combined with higher claims costs has resulted in more expensive premiums for the City's administrations and companies.



The company has, for the most part, been unaffected financially by the COVID-19 pandemic and neither does it expect any such impact in 2021.

### 4,6 mkr

For 2020, earnings before tax and provisions were SEK 4.6 million. It is somewhat lower than what was budgeted, which is attributable to relatively high claims costs, which totalled SEK 82.8 million before the deduction for reinsurers' share.



The 2020 customer survey revealed that Göta Lejon's clients remain satisfied. The Client Satisfaction Index (CSI) was 79, compared to 81 for 2018. A score of 75 or higher means that clients are very satisfied.



There was one major claim during the year. A large ash screw at one of Renova's incineration plants broke and the damage is estimated at SEK 9.6 million.



In total, 160 client-specific meetings were held. They included meetings with clients, project meetings, risk surveys and trainings.



For the third year in a row, Göta Lejon awarded the "Lejon Award". For 2020, this award, for excellence in loss prevention measures, went to Pernilla Alsterlind at Räddningstjänsten Storgöteborg (the City's emergency services organisation).



A risk seminar was held that focussed on climate adaptation of the City of Gothenburg's properties. All our clients' insurance and security managers, along with other City employees were invited.



# 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 around SEK 5 million in 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 145 million in loss prevention contributions. In 2020, loss prevention contributions amounted to SEK 3.8 million, see the table.

## Physical protection

The most common types of loss prevention measures are 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.

Göta Lejon provides support to clients 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 2020, there were a total of 29 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.

Total property claims for the City of Gothenburg is defined as 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 2020, the total claim cost was approximately SEK 353 million, which is SEK 53 million higher than the preceding year. Fire damages accounted for approximately SEK 65 million and water damages for just over SEK 150 million of the total costs. Fire is the primary reason behind major individual claim costs, but water damage accounts for the largest percentage of the total claim cost for claims above and below the excess. Damage, theft and intrusion also account for major costs on the whole, but these individual events typically fall below the excess.

## Loss prevention contributions 2020 (SEK)

RISK/You are needed!	1,491,000
Lighting/fences	693,433
Access Control Systems/locks/grids	526,000
Fire alarm	455,575
Extra surveillance	250,000
Other fire protection	166,326
Shatterproof glass/protective windows	129,000
Safes & lockboxes/storage	42,000
Cameras	35,000
<b>Total</b>	<b>3,788,334</b>

**Loss prevention contributions in 2020.** Contributions were primarily to support various types of physical protection and to support fire loss prevention targeting pupils at the City of Gothenburg's schools (RISK).

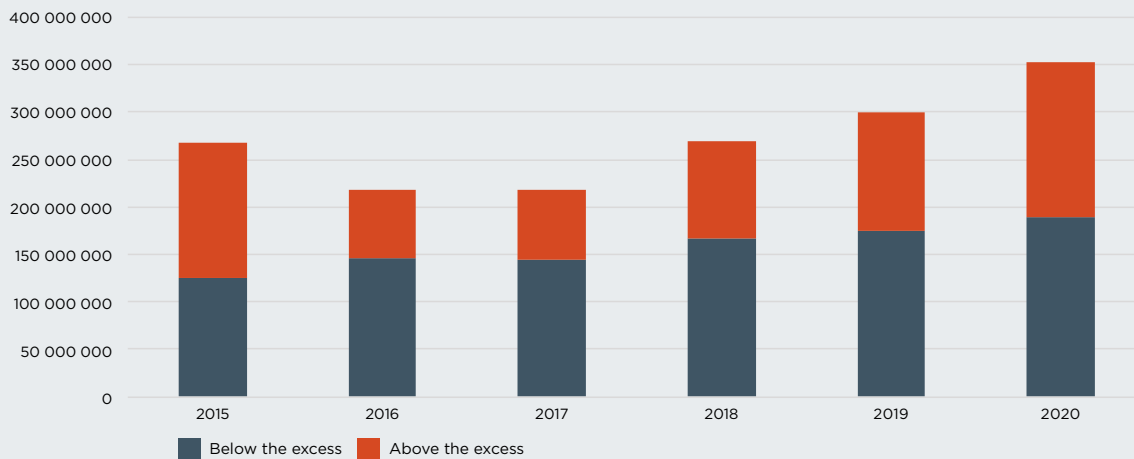
Fire and water claims account for the majority of costs in the category of property claims. The trend over the last few years is shown in the diagram below: Cost allocation for various types of property claims. The number of fire incidents in 2020 was 83, compared to 116 in 2019. These fire incidents occurred at client properties,

Framtiden Group (residential) is not included. A total of 54 fire incidents were the result of

human action and 21 of those were with intention. 61 (67) per cent of all fires were discovered by fire detectors directly connected to a public-safety answering point (PSAP).

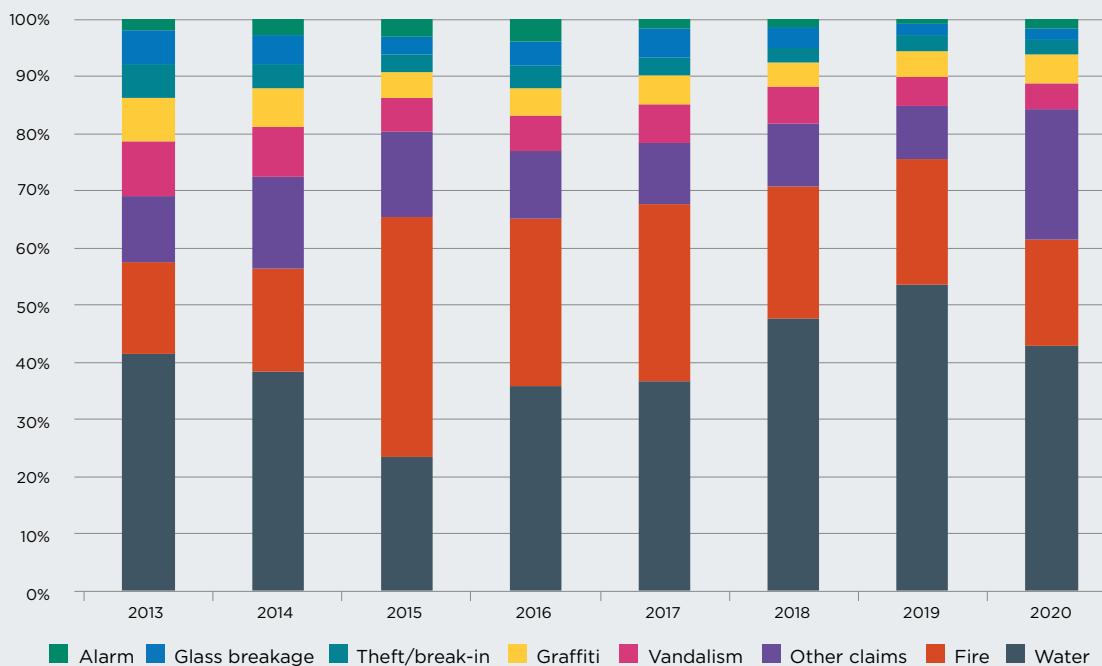
In 2020, there were 20 fires at schools. It is a decrease compared to 2019, where there were 44 fires. This is the lowest figure since 2005. The costs associated with school fires were, as in recent years, very low. See the diagram on the next page.

### Total cost (SEK) of property damages for the City of Gothenburg, 2015– 2020



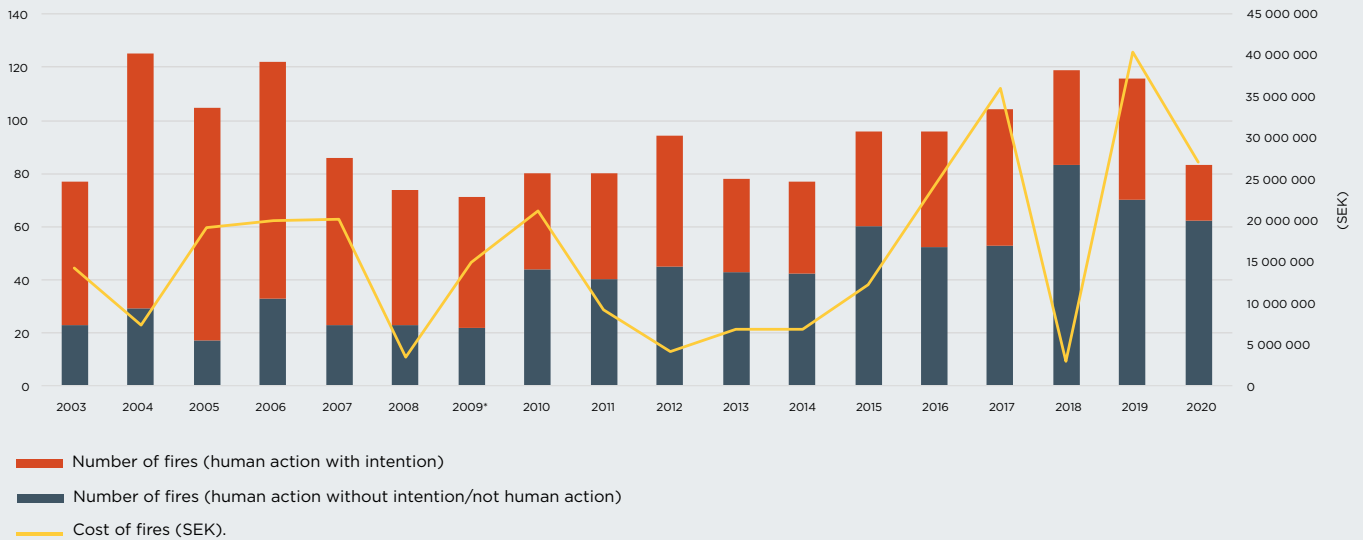
**Property claims above and below the excess.** The total cost for property claims for the City of Gothenburg increased in 2020, attributable in part to an increase in the costs for machinery damage and storm damage.

### Cost allocation for various types of property claims



**Cost for property claims.** The diagram shows the breakdown of costs by type of property damage over the last eight years. In 2020, the share of machinery damage and storm damage increased (reported as part of Other claims). The breakdown is based on the cost of all damages for the City of Gothenburg that were reported to Göta Lejon, both above and below the excess.

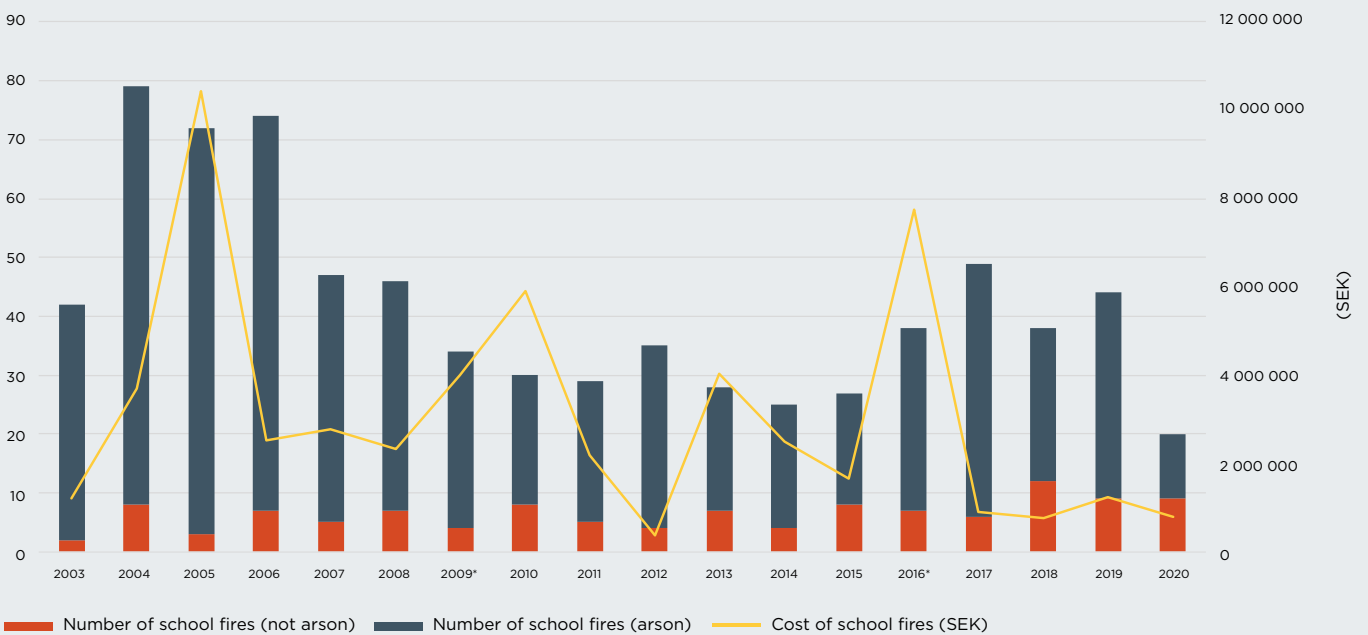
## Number of fires at properties insured by Göta Lejon (not including residential) and costs for the years 2003- 2020\*



**Fire statistics 2003- 2020.** 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. The fire at Slottsskogshallen accounted for three-fourths of the total cost of fires in 2019.

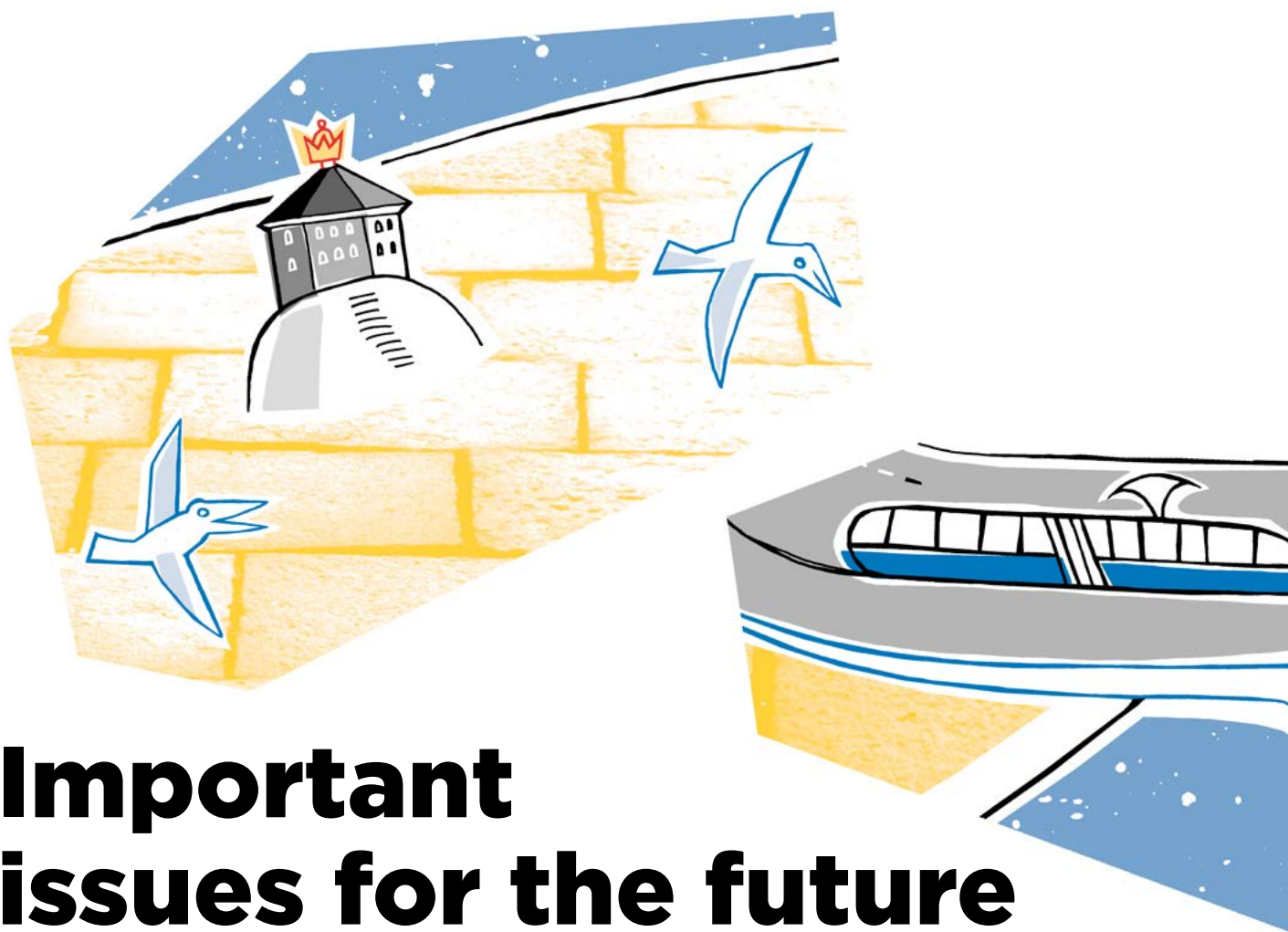
\* The fire at Torslanda school in 2009 is not included. The cost was SEK 108 million.

## Number of school fires, arson and non-arson, 2003- 2020, and cost\*



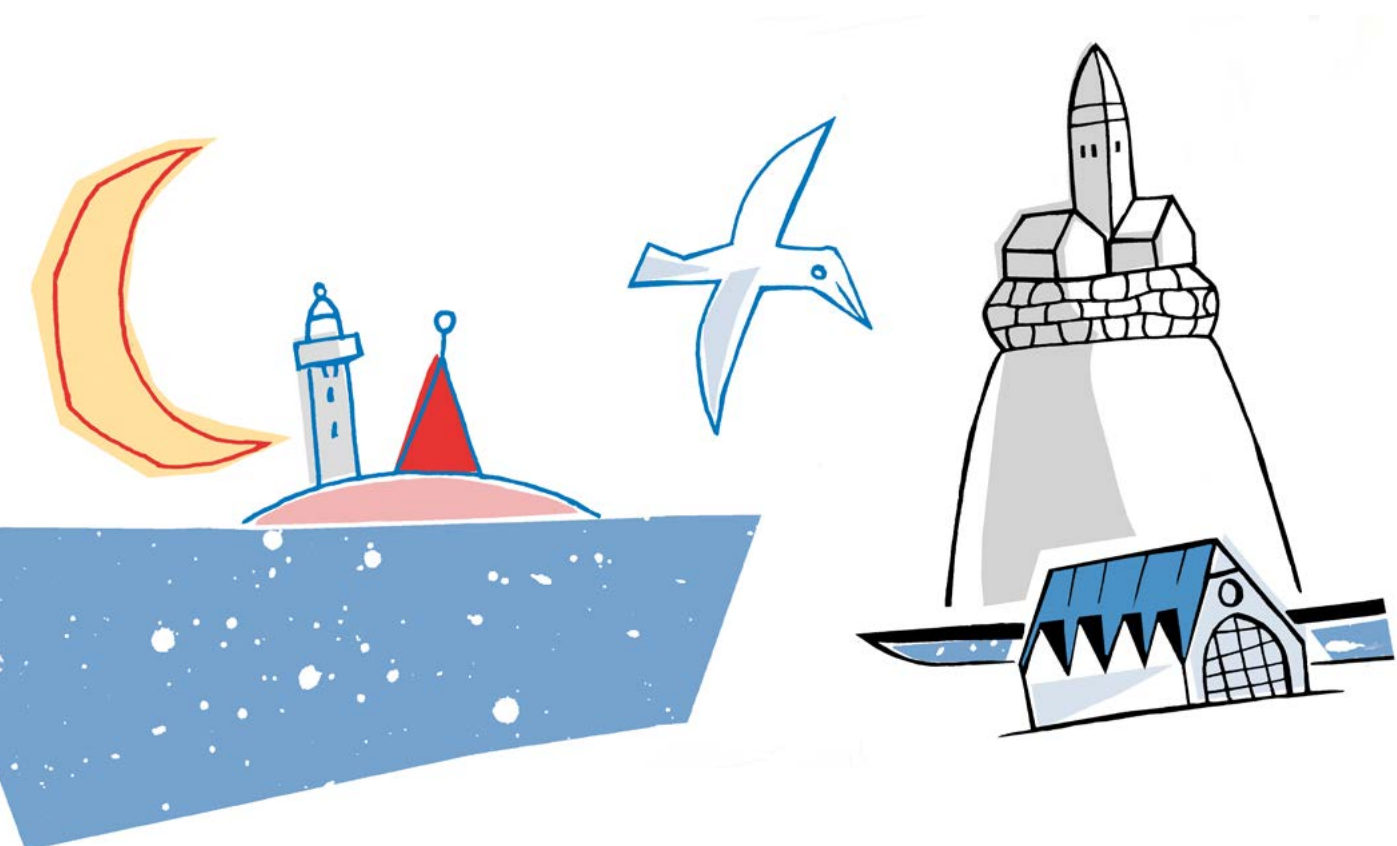
**Number of school fires, arson and non-arson.** The number of arson incidents at schools increased over a period of several years, but the trend reversed in 2018 and in 2020, the number was the lowest it has been since 2005. The cost of school fires has been low during the last four years.

\* 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 was 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 loss prevention efforts. Effective risk management for the City of Gothenburg not only lowers the cost of claims but also provides the foundation for a cost-effective reinsurance programme.
- Worldwide trends, such as increasing water damages 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.
- Any changes that occur in Göteborgs Stadshus AB regarding clearance of companies would impact Göta Lejon's premium volume.
- IT-related risks and cyber risks are areas that Göta Lejon is monitoring from both an insurance perspective and regarding ways 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 issues for Göta Lejon.
- In order for Göta Lejon to fulfil its mission, employees must have a high level of commitment and expertise. Göta Lejon must also be able to retain its employees. There is an increased risk of a situation that leads to major differences between the City's and the insurance market's wage structures and benefits packages, whereby Göta Lejon would not be perceived as an attractive employer.
- There are two new regulations that impact Göta Lejon. One is the regulation on insurance distribution (FFFS 2018:10), which entered into force on 1 October 2018. The other is IFRS 17 Insurance Contracts, which is effective as of 1 January 2023.



# Profit/loss & balance sheet

INCOME STATEMENTS (SEK 000s)	2020	2019
Earned premiums	155,416	134,827
Reinsurance	-53,887	-41,073
Claims	-67,068	-87,938
Operating costs	-31,282	-33,306
Investment return	1,469	1,052
Other income/cost	-3	1,360
<b>Profit before appropriations and tax</b>	<b>4,645</b>	<b>-25,078</b>
Change in contingency reserve	0	14,510
Tax	-1,001	2,246
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>3,644</b>	<b>-8,322</b>

BALANCE SHEET ASSETS (SEK 000s)	2020-12-31	2019-12-31
Intangible assets	2,682	4,023
Investment assets	337,827	317,115
Unearned premiums, reinsurers' share	-	-
Claims outstanding, reinsurers' share	44,319	28,557
<i>Total reinsurers' share of technical insurance provisions</i>	<i>44,319</i>	<i>28,557</i>
Receivables in respect of direct insurance	639	940
Receivables in respect of reinsurance	-	-
Other receivables	1,388	2,486
<i>Total receivables</i>	<i>2,027</i>	<i>3,426</i>
Tangible assets	4,230	5,215
Prepaid expenses and accrued income	6,025	1,012
<b>TOTAL ASSETS</b>	<b>397,110</b>	<b>359,348</b>

<b>BALANCE SHEET EQUITY, PROVISIONS AND LIABILITIES (SEK 000s)</b>	<b>2020-12-31</b>	<b>2019-12-31</b>
Share capital	145,000	145,000
Fund for development expenses	2,682	4,023
Accumulated profit or loss	-	-
Equalisation reserve	16,448	23,429
Profit (loss) for the year	3,644	-8,322
<i>Total equity</i>	<i>167,774</i>	<i>164,130</i>
Contingency reserve	-	-
Unearned premiums and remaining risks	-	-
Claims outstanding	215,787	183,335
<i>Total technical insurance provisions</i>	<i>215,787</i>	<i>183,335</i>
Liabilities in respect of direct insurance	-	-
Liabilities in respect of reinsurance	2,904	-
Long-term liability to credit institutions	3,176	4,066
Short-term liability to credit institutions	890	882
Other liabilities	2,711	4,471
<i>Total liabilities</i>	<i>9,681</i>	<i>9,419</i>
Accrued expenses and prepaid income	3,245	2,464
<b>Total equity, provisions and liabilities</b>	<b>397,110</b>	<b>359,348</b>

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.



**City of  
Gothenburg**

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Illustrations: Kerstin Holmstedt, 2021

