



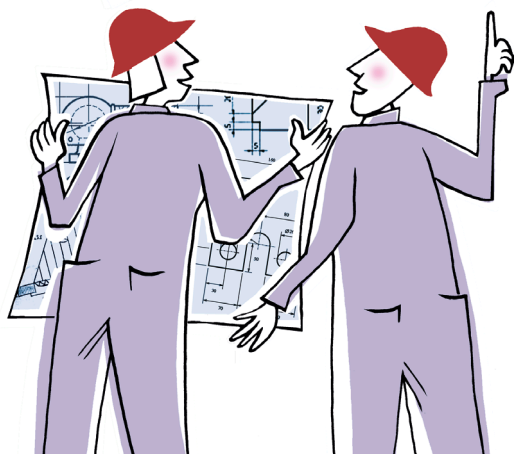
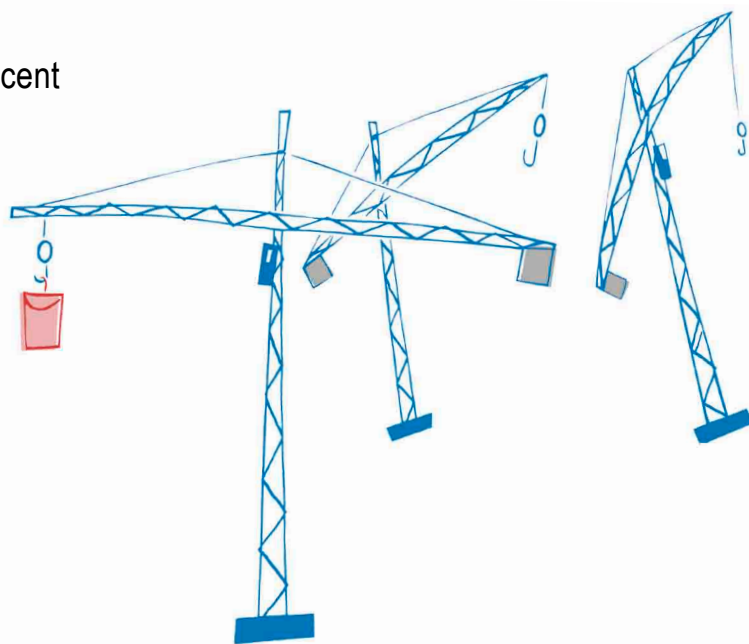
Resumé 2016



Göteborgs Stad
Försäkrings AB Göta Lejon

2016 in brief

Insured property value	SEK 245.9 billion
Earned premiums	SEK 112.5 million
Profit	SEK 0.4 million
Solvency ratio	1.74
Combined ratio	101 per cent
Number of employees	11
Number of clients	59
Client visits	135
Customer Satisfaction Index (CSI)	71
Risk surveys	35



Preface

The theme of 2016 has been development. Göta Lejon has continued its efforts to improve its relations with clients. There has been a higher level of engagement with clients through, for example, more client visits and risk surveys. The website has been developed so that clients can more easily find information about insurance and risk management. Furthermore, our client survey for 2016 has shown that we are on the right path, even though there is still room for further improvement. Göta Lejon achieved a CSI (Customer Satisfaction Index) of 71, which means that most clients are satisfied with our efforts and that we are delivering the right insurance solutions. We also welcomed Renova as a new client during the autumn which was achieved by good collaboration with them.

The EU places high demands on the insurance industry. On 1 January 2016, a new Directive called Solvency II entered into force. It effectively increases the requirements on corporate governance, risk control and reporting. Much of the focus of Solvency II is a new way of calculating the capital requirement to take risk, rather than volume, into account. Göta Lejon has engaged in extensive development efforts to meet the requirements.

The City will soon be getting a new insurance system. Preparations were underway throughout 2016 and the efforts continue in 2017 to fully implement and adapt the system to the City's and Göta Lejon's future needs.

Earnings before tax and provisions was SEK 0.4 million, which is a favourable result for a single year. The solvency ratio was 1.74, which means that the company is 74 per cent above the legal requirement. Göta Lejon's Board has decided that the company's solvency ratio must be between 1.50 and 2.50.

Annika Forsgren, Chief Executive Officer



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's clients comprise all of the administrations and companies belonging to the City of Gothenburg.

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 organised communication, trainings and customised support to clients regarding both insurance and risk management.

For the risks that it insures, Göta Lejon obtains reinsurance on the reinsurance market.

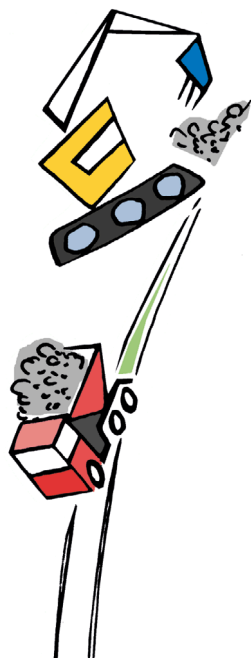
INSURANCE OPERATIONS

Göta Lejon provides insurance cover for property, liability, trams and vehicles owned and operated by the City of Gothenburg's administrations and companies (Göta Lejon's clients). The company externally purchases insurance for personal accidents, official travel, liability of the Managing Directors and Boards of Directors and insurance for boats. As needed, Göta Lejon also provides both construction all risk and special insurance.

Property Insurance

Property insurance is insurance for property, including compensation for extra expense, rental losses and business interruptions. At year-end 2016, the total insurance value was SEK 245.9 (241.3) billion.

During the year, there were four different reinsurance programmes in place for property insurance. Property insurance also covers claims resulting from acts of terrorism. In the main programme, the self-retention in 2016 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 2016 was SEK 77 million.



Liability and Fidelity Insurance

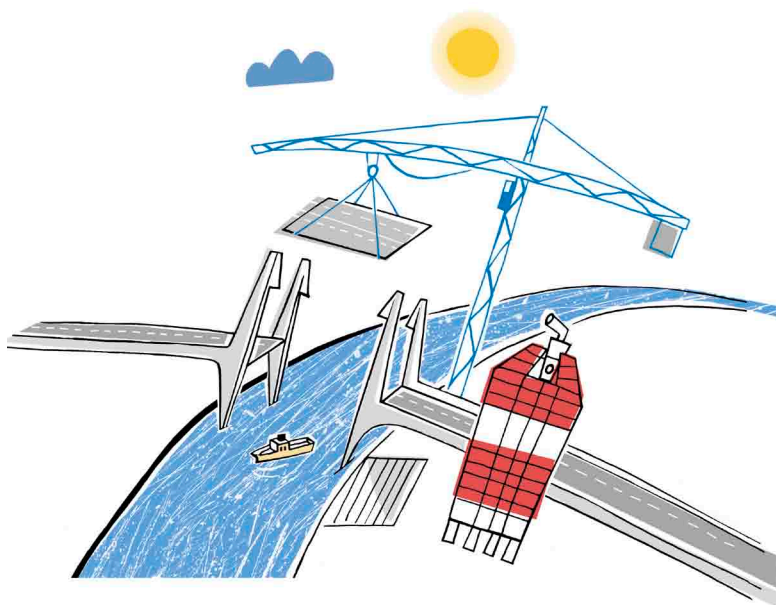
Göta Lejon's liability insurance includes general and product liability, including consultant liability, fidelity and liability insurance for pure fidelity claims. For 2016, the insurance amount was a maximum of SEK 300 (300) million. Self-retention was SEK 5 (5) million per claim and SEK 15 (15) million per year. The liability premium for 2016 was SEK 13 million.

Tram insurance

The company's tram insurance covers railway liability insurance, rolling stock insurance and garage insurance. The insurance amount is a maximum of SEK 300 million for railway liability insurance. Göta Lejon's self-retention is SEK 5 million per claim for the railway liability insurance, SEK 3 million per claim for rolling stock insurance and SEK 17.5 million per claim for garage insurance. The annual premium for tram insurance is SEK 8 million.

Key figures	2016	2015
Earned premiums, gross	KSEK 112,470	KSEK 113 480
Earnings before Tax and provisions	KSEK 385	KSEK 17,075*
Total assets	KSEK 311,809	KSEK 374,296
Reinsurance premiums	KSEK -38,394	KSEK -54,553
Claims insured net of reinsurance	KSEK 39,367	KSEK 126,307
Claims ratio, per cent	52	69
Expense ratio, per cent	49	49
Combined ratio, per cent	101	118
Total sum insured (TSI)	KSEK 245,900,000	KSEK 241,300,000
Loss prevention contributions	KSEK 5,018	KSEK 5,977
Customer Satisfaction Index (CSI)	71	-
Employee Satisfaction Index (ESI)	66	66
Risk surveys	35	21

* In 2015, the legal entity, Försäkrings AB Göta Lejon reported earnings before tax and provisions of SEK 17,075 thousand, which was due to the sale of the subsidiary, Göta Re. However, Göta Lejon Group and Göta Re together reported a loss of SEK 7,634 thousand.



Vehicle insurance

Göta Lejon insures the City-owned vehicles. The insurance cover is third-party, comprehensive, and vehicle damage. To manage this insurance, the company collaborates with Göteborgs Stads Leasing AB (previously Gatubolaget), which owns most of the City's fleet of vehicles. In 2016, vehicle premiums amounted to SEK 14 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.

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 and liability 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.

Official Travel

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. The insurance is valid throughout the world, for all types of travel. The insurer is If P&C Insurance Company.

Liability Insurance for Manager Directors and Boards of Directors

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.



SIGNIFICANT EVENTS IN 2016

The City of Gothenburg has an insurance policy since 2013. The policy has as of 1 January 2017, led to that the company insures all of the administrations and companies belonging to the City of Gothenburg. During autumn, Göta Lejon was engaged in taking in the Renova Group as a client and integrating it into the City's insurance solution.

Solvency II and other requirements on internal controls are a challenge to the company. Solvency II is a Directive in European Union law that codifies and harmonises the EU insurance regulation. It provides a modern way of calculating the capital requirement taking risk into account, rather than volume. The Directive also contains requirements on corporate governance, risk management and transparency. The Directive entered into force for Swedish insurance companies on 1 January 2016.

During autumn, a new insurance system for the City of Gothenburg was procured and it will be implemented during autumn 2017. The system is currently being set up and data migration is underway from the existing system to the new one.

CLIENTS AND MARKET

Göta Lejon is a company owned by the City of Gothenburg and it strives to provide benefits to the residents of Gothenburg. The company offers insurance solutions that are cost effective and adapted to the needs of clients.

Göta Lejon is a wholly owned captive company of the City of Gothenburg and it only insures the owner. 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. The City also retains any surpluses, which are used to build up reserves for unexpected incidents. Gathering the City's insurance needs under one umbrella, and applying a holistic approach, increases control over the City's risks, and thereby the insurance need.

Because Göta Lejon is owned by the City of Gothenburg, it has great knowledge about the various businesses and activities. It also has access to important networks both within, and outside the City. In addition, Göta Lejon has a central role in developing the insurance function within the City by, for example, providing trainings, venues and information at client visits. The company must also actively contribute to development of the City's risk management efforts.

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 European reinsurance market.

With the addition of Renova as a new client at the end of 2016, all of the City's companies and administrations are now insured by Göta Lejon. In total, there are 59 clients. During the year, a total of 135 client visits were held by the company's four key account managers.

In late autumn, Göta Lejon conducted a customer survey. The results revealed that most clients are very satisfied and Göta Lejon achieved a CSI (Customer Satisfaction Index) of 71. The survey also revealed that communication is the most important area of improvement for the company.

During the year, a project started up with the aim of simplifying and clarifying claims handling. Over time, the project should also help reduce the amount of time needed to process individual claims.

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.

Cost for Property Claims Above the Excess (MSEK)

Property insurance	2016	2015	2014	2013	2012	2011
Total claims	31.5	91.1	14.4	15.7	9.3	19.0
Total fire	24.6	74.8	4.2	4.8	2.7	8.0
Arson	15.2	7.4	1.7	1.3	0.8	6.1
Water	5.4	2.8	4.2	5.2	2.8	7.9
Natural catastrophe	0.3	4.5	0.0	2.5	0.5	2.1
Other	1.2	9.0	6.0	3.3	3.3	1.0

Claim costs above the excess. Costs for the claims that are paid by Göta Lejon. Each administration/company owned by the City of Gothenburg has paid for its claims below the excess amount along with the excess for claims that were above the excess amount. For major claims, there is reinsurance protection.

The City of Gothenburg conducted its employee survey in December 2016 and Göta Lejon's ESI (Employee Satisfaction Index) was 66. It is the same score as last year and when considering the City as a whole, it is a satisfactory result.

The company has 11 employees and a management team where the company's main processes are represented.

No variable remuneration is paid to any of the company's employees. The Chief Executive officer's (CEO) salary is set by the City Director. There are no variable components of salary. The company has two senior executives: the CEO and the Deputy CEO. Göta Lejon has prepared and published a remuneration policy (in Swedish) in accordance with FFFS 2016:21. It is available at goteborg.se/gotalejon.

FINANCIAL RESULTS

Earnings before tax and provisions for the year were SEK 385 (17,075) thousand. For insurance operations, a loss was reported of SEK -953 (-10,545) thousand and for finance operation, there was a profit of SEK 1,338 (27,620) thousand. After additional provisions were made, contingency reserves amounted to SEK 17,344 (17,946) thousand. The solvency margin fell from 320 per cent to 258 per cent compared to the prior year.

CLAIMS OUTCOME

Göta Lejon's total cost for property claims during the year amounted to SEK 31.5 (91.1) million after the deduction for excess. The composition of these costs were as follows: fire SEK 24.6 (74.8) million, natural catastrophe SEK 0.3 (4.5) million, water SEK 5.4 (2.8) million and other claims SEK 1.2 (9.0) million. The claim costs for arson amounted to SEK 15.2 (7.4) million. In total, there were 131 (125) claims.

The claim cost for liability claims during the year after deduction of excess were SEK 2.5 (1.6) million. The claim cost for liability for rail traffic after deduction of excess were SEK 0.3 (3.1) million. In total, 331 (264) general liability claims were reported to Göta Lejon, of which 22 (11) were above the excess. For railway traffic there were 70 (135) claims, of which 0 (1) was above the excess.

The claim cost for damage to motor vehicles after deduction of excess amounted to SEK 10.3 (12.6) million. There were 2,195 (2,200) claims on motor vehicle insurance, of which 696 (644) related to third party claims and 1,499 (1,556) related to vehicle damage.

The table, Cost for Property Claims Above the Excess, provides and overview of the trend over the last six years.

Loss prevention contributions 2016 (KSEK)

RISK (information to fifth graders)	1.433
Fire alarms	1.178
Lighting/fences	66
Access Control Systems/locks/grids	625
Cameras	28
Other fire protection	27
General prevention	170
Extra surveillance	154
Shatterproof glass/windows	115
Security alarms	40
Water seals/water protection	31
Security/risk/crime prevention	22
Clearing	20
Total	5.018

In 2016, contributions were primarily made for various types of physical protection, along with information to fifth graders in the City of Gothenburg (RISK programme) and discussions with pupils about the consequences when there have been fire incidents.

RISK MANAGEMENT AND LOSS PREVENTION EFFORTS

Göta Lejon engages in preventive efforts to limit damages incurred by the City of Gothenburg. Keys to success are analysis, follow-up, early detection and appropriate actions.

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 City's joint risk management efforts. In order to succeed with loss prevention efforts it is essential that 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' Security and Insurance Managers. During meetings with clients, their insurance solutions and needs are also discussed.



Resources are allocated in the most effective way via the loss prevention contributions that Göta Lejon makes each year. Göta Lejon sometimes participates and, in other cases, directly contributes to the loss prevention activities. Since the start in 1991, Göta Lejon has paid approximately SEK 130 million in loss prevention contributions. In 2016, contributions amounted to SEK 5 million.

Physical protection

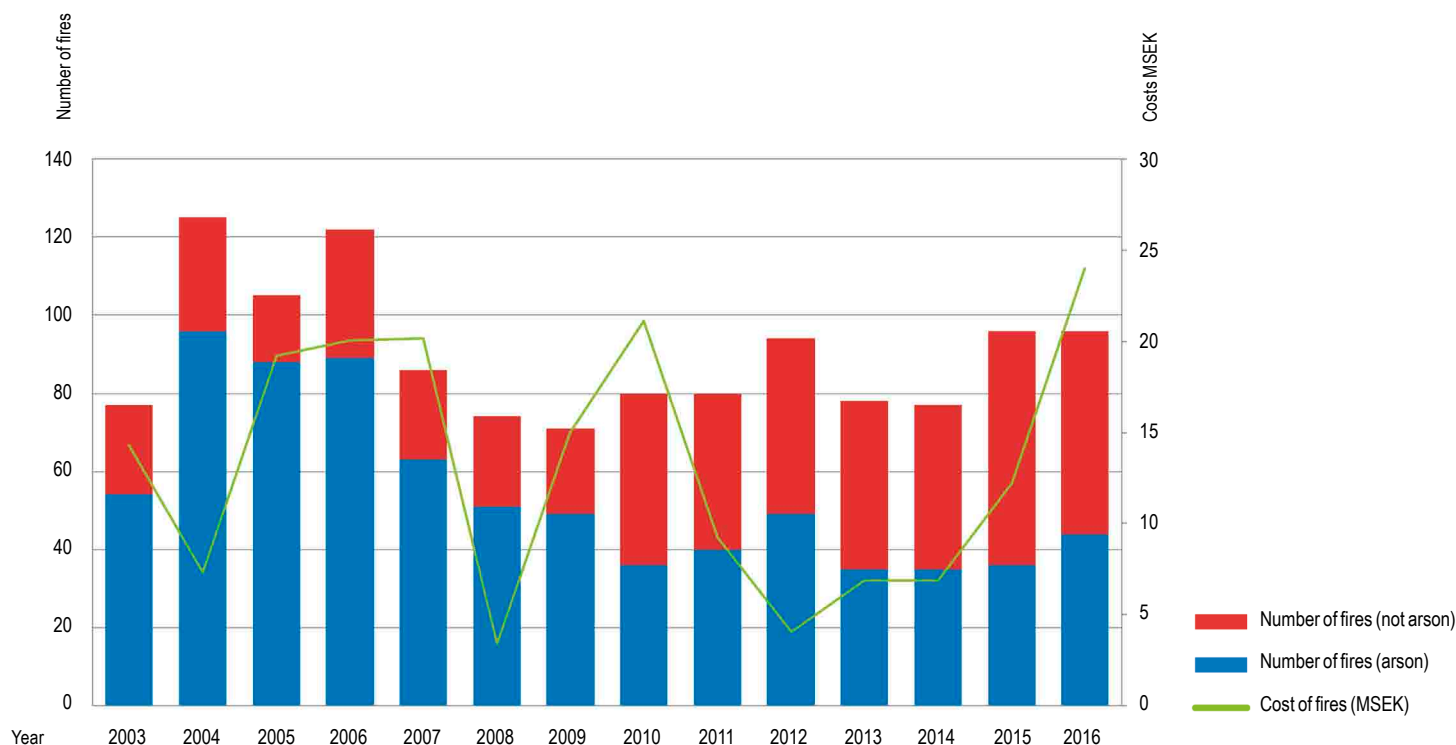
The most common types of loss prevention actions are various types of physical protection. A large part of loss prevention work is the installation and maintenance of various alarm systems for early detection of fire, intrusion, water damage, etc.

Göta Lejon provides economical contribution to clients for installation of fire and security alarms. Such support is primarily given to schools and preschools but also to buildings used for sports, culture and industry. These alarm systems have helped reduce damages from fire and the costs associated with fire.

Risk surveys

Göta Lejon's loss prevention programme includes a 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. Göta Lejon meets with each client to review the results of the risk survey and discuss the recommended loss prevention measures. In 2016, there were a total of 35 risk surveys. In total, 35 per cent of the insured properties have been inspected since the programme started up.

Number of fires and cost of fires 2003 - 2016*



Fire statistics 2003-2016. The diagram shows the number of fires at properties (not including residential) that are insured by Göta Lejon, along with the total cost of fires. The total cost of fires in 2016 was at a relatively high level. This is primarily because fires resulting in costs in excess of five basic amounts were, on average, quite costly. The total number of fires per year has been relatively stable since 2007. Over the long term, there is a slightly downward trend for arson, even though there was a slight increase in 2016.

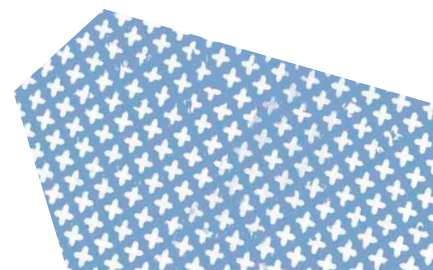
* The fire at Torslanda school in 2009 is not included. The cost is estimated at approximately SEK 108 million.

Statistics, analysis and follow-up of claims

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

Statistics show that the number of fire incidents in 2016 were at the same level as the year before (see diagram). There were 96 (96) fire incidents at clients' own property (not including residential). 46 per cent were arson, compared to 38 per cent in 2015. 80 per cent of all fires were discovered with the help of fire alarms directly connected to a public-safety answering point (PSAP).

In 2016, the total number of fire incidents at schools was 38 (27). 40 per cent of fire incidents were school fires. 50 per cent of fire incidents were fires at schools or preschools. 75 per cent of these were arson and that trend has been relatively stable over time.



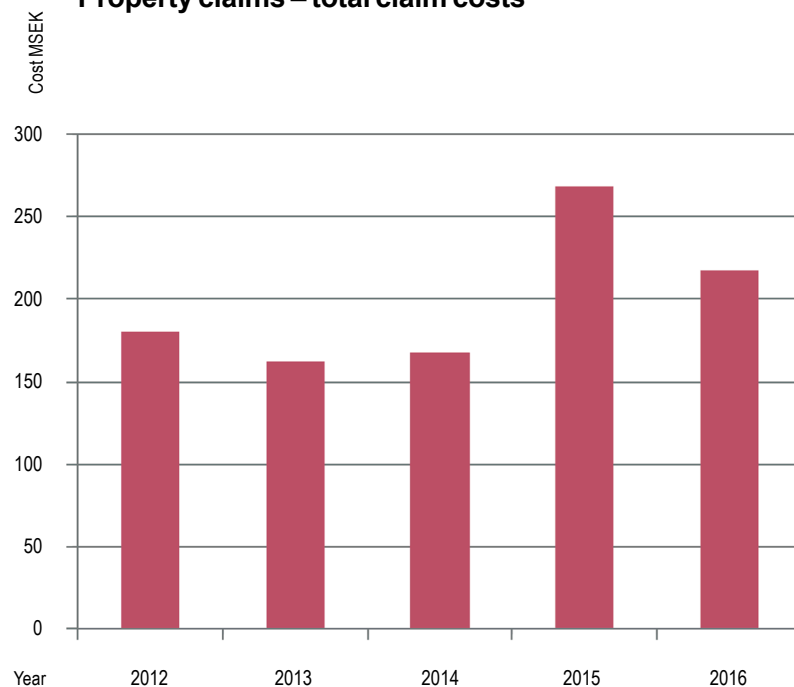
Automatic alarms at City of Gothenburg properties

In total, there were 876 alarms in 2016. Of that number, 800 were unwarranted alarms, which corresponds to 87 (87) per cent of the total number of alarms.

Most common reasons behind unwarranted alarms	2016	2015
Unknown to Emergency Services	304	289
Food preparation	166	145
Tradesmen	83	77
The most common reasons behind warranted alarms		
Fire from incident	32	43
Stovetop fires	18	25
Fire	14	12

Total property claims for the City of Gothenburg is defined as all property claims reported to Göta Lejon. Even though there are unrecorded incidents, the report gives an important overview of the trend in total claim costs.

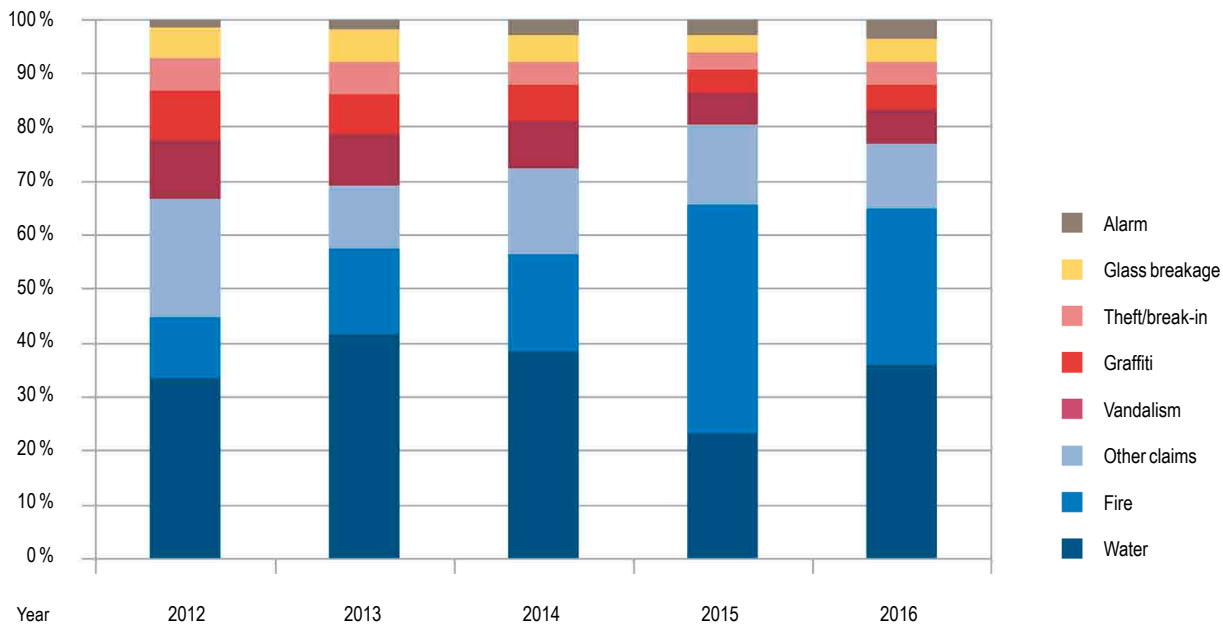
Property claims – total claim costs



Property claims above and below the excess.

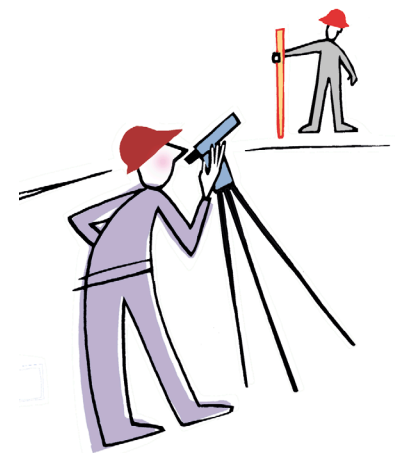
In 2016, the total cost for property claims was relatively high, yet lower than it was in 2015. The high total cost in 2015 resulted from the serious fire at Decemborgatan. All of the administrations and companies belonging to the City of Gothenburg report their own costs below the excess amount to Göta Lejon. Göta Lejon has access to the City's insurance system, where it can see claims that exceed the excess amount.

Cost allocation for various types of property claims



Cost for various types of property claims. The diagram shows the total claims cost for all claims reported within the City of Gothenburg and to Göta Lejon. It shows the allocation of costs for various types of property claims. The allocation has been relatively stable over time.

Fire and water claims account for the majority of costs in the category of property claims. The trend over the last five years is shown in the diagram, Cost Allocation for Various Types of Property Claims.





Important future issues

Göta Lejon will continue delivering cost effective insurance solutions in accordance to client needs and ensuring good communication with clients.

An important future issue is how Göta Lejon can contribute to developing and strengthening the City's risk management efforts. Effective risk management not only lowers the cost of claims but also provides the foundation for a cost-effective reinsurance programme.

Risk management and risk financing associated with the infrastructure project in the West Swedish Agreement is an important ongoing and future issue for Göta Lejon.

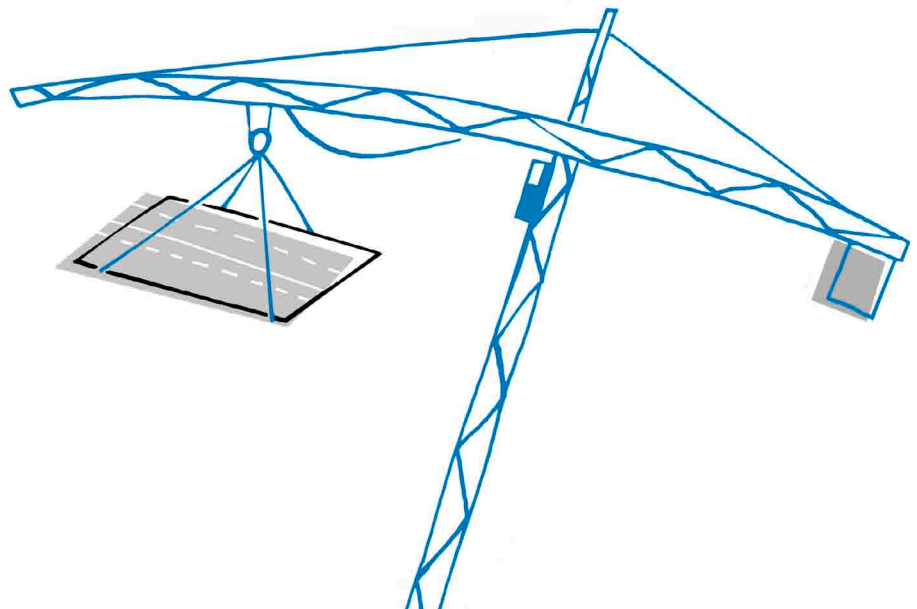
Göta Lejon must give extra consideration to certain external factors like social unrest, cyber risks and increased risk of terrorism. Another area of concern is the higher likelihood of flooding due to climate change and extreme weather conditions.

Solvency II and other requirements on internal controls are a challenge. Göta Lejon must meet the external authorities' and the City's requirements on internal control in a cost effective manner.

In order for Göta Lejon to fulfil its mission, employees must have a high level of commitment and expertise. The company must also be able to retain its employees. Additionally, the requirements are becoming more stringent, since certain services require a test of suitability by FI (Sweden's financial supervisory authority).

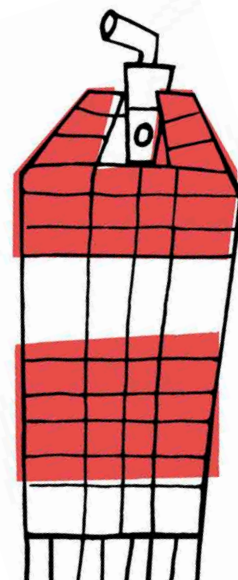
PROFIT & LOSS ACCOUNT

KSEK	2016	2015
Earned premiums	112,470	113,480
Reinsurance	-38,394	-54,553
Claims	-38,738	-40,383
Operating costs	-36,291	-29,121
Investment return	1,071	27,234
Other income	267	418
Profit before appropriations and tax	385	17,075
Changes to the contingency reserve	603	9,996
Tax	-	-
PROFIT FOR THE YEAR	988	27,071



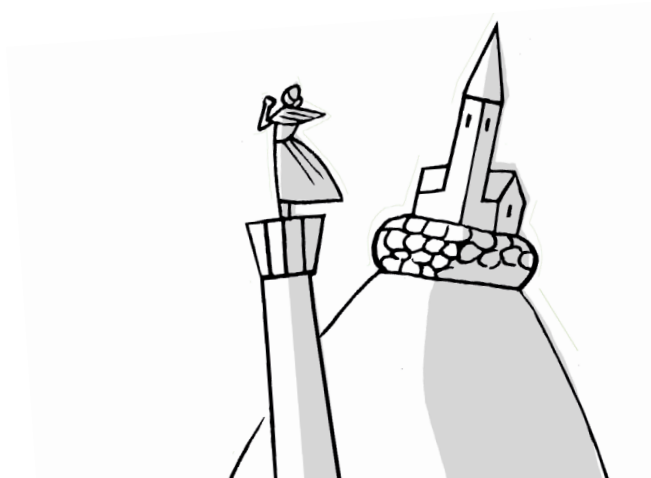
BALANCE SHEET

KSEK	2016-12-31	2015-12-31
ASSETS		
Intangible assets	4,314	5,101
Investment assets	286,369	230,174
Unearned premiums, reinsurers' share	0	778
Claims outstanding, reinsurers' share	10,227	69,598
<i>Total reinsurers' share of technical insurance provisions</i>	<i>10,227</i>	<i>70,376</i>
Receivables in respect of direct insurance	3,239	2,400
Receivables in respect of reinsurance	-	-
Other receivables	-	61,941
<i>Total receivables</i>	<i>3,239</i>	<i>64,341</i>
Tangible assets	393	634
Prepaid expenses and accrued income	7,267	3,670
TOTAL ASSETS	311,809	374,296



BALANCE SHEET

KSEK	2016-12-31	2015-12-31
EQUITY, PROVISIONS AND LIABILITIES		
Share capital	145,000	145,000
Fund for development expenses	1,558	-
Accumulated profit or loss	0	- 428
Profit for the year	988	27,071
<i>Total equity</i>	<i>172,631</i>	<i>171,643</i>
Contingency reserve	17,344	17,946
Unearned premiums and remaining risks	9	1,162
Claims outstanding	104,231	166,198
<i>Total technical insurance provisions</i>	<i>104,240</i>	<i>167,360</i>
Liabilities in respect of direct insurance	4,717	1,364
Liabilities in respect of reinsurance	0	4,927
Other liabilities	8,859	9,117
<i>Total liabilities</i>	<i>13,576</i>	<i>15,408</i>
Accrued expenses and prepaid income	4,018	1,939
TOTAL EQUITY, PROVISIONS AND LIABILITIES	311,809	374,296



Försäkrings AB Göta Lejon is a company wholly owned by the City of Gothenburg. Göta Lejon is 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. The Company only insures risks within operations carried out by the City of Gothenburg.



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