



Göteborgs  
Stad

# Försäkrings AB Göta Lejon Resumé 2021



# 2021 in brief...

Insured property value:

**SEK 333 billion**

Earned premiums:

**SEK 177 million**

Profit (loss) for the year:

**SEK 12 million**

Solvency ratio (according to Solvency II):

**166 per cent**

Combined ratio:

**91**

Number of employees:

**12**

Number of clients:

**56**

Client visits:

**244**

Client Satisfaction Index (CSI):

**79**

Risk surveys:

**30**

## 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

2021 was an intensive year, with challenges in the form of the ongoing pandemic and a still stringent insurance market. For Göta Lejon, the pandemic has not had much a direct impact on insurance activities, but it has resulted in new ways of working and a further digitalisation of our work.

The biggest challenge, however, has been in the reinsurance market, which has been more stringent than we've seen in decades, particularly in the energy segment. The high number of expensive claims at energy plants has increased the requirements on everyone who wants to insure. It applies to such things as more documentation of the risks and requirements for taking action on any deficiencies that are discovered during inspections. Reinsurers' risk appetite has thus declined for this branch of insurance. The City of Gothenburg has been impacted by this and one of the consequences has been higher premiums.

In 2021, Göta Lejon continued collaborating with the City's companies and administrations to increase the follow-up of loss prevention recommendations. The recommendations are given in connection with carrying out the reoccurring risk Surveys of the City's large covered entities.

It is an important way of demonstrating for reinsurers that the City's risks are being managed and addressed.

One example of the collaboration that goes on within the City is Familjebostäder's efforts to reclassify their residential properties in order to strengthen the fire protection. The risk classification was created by Göta Lejon following the devastating fire at Decemborgatan in 2015 and the purpose was to lower the risk of similar fires.

In order to keep the City of Gothenburg's claims costs down, Göta Lejon has also revised the City's conditions of property insurance. They have been adapted to the market in a way that, for example, reduces the compensation at ageing properties. It thus serves as an incentive for the City's companies and administrations to maintain and invest in their properties and premises. The new conditions enter into force on 1 January 2023.

Göta Lejon also has its focus on the new risks that already exist at the City's premises, or those that are expected to come. For example, Göta Lejon holds seminars and distributes fact sheets in order to raise awareness within the City of the risks associated with wood constructions, climate effects and cyber threats.

The changing world that we live in puts high requirements on flexibility and new, more digitalised working methods. In 2021, Göta Lejon began the search for finding and designing a new office that could help in facilitating all of this. It will, together with our focus on leadership, co-leadership and self-leadership, help ensure that we are as well-equipped as possible for the future.



**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 2021, the total sum insured was SEK 333 (319) 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 2021 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 2021 was SEK 133 million.

## Liability and Crime Insurance

The insurance covers such areas as general and product liability, professional indemnity, crime, liability for pure financial losses and liability for rail traffic. For 2021, 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 2021 was SEK 25 million.

## Motor/Vehicle Insurance

Göta Lejon insures the City-owned vehicles. The insurance cover is vehicle damage and third-party liability. In 2021, vehicle premiums amounted to SEK 19 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 Officers Liability Insurance

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 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 insurers are Codan, Fender and Alandia.

## 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 56 clients. During the year, a total of 244 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 2021 and Göta Lejon's SEE (Sustainable Employee Engagement) was 80. Last year, the company had 12 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	2021	2020
Earned premiums, gross	176,696	SEK 155,416 thousand
Earnings before tax and provisions	11,710	SEK 4,645 thousand
Total assets	425,013	SEK 397,110 thousand
Reinsurance premiums	-60,149	SEK -53,887 thousand
Claims gross	-67,348	SEK -82,830 thousand
Claims ratio	64	66
Expense ratio, per cent	27	31
Combined ratio, per cent	91	97
Total sum insured (TSI)	333	SEK 319 billion
Loss prevention contribution	3,010	SEK 3,888 thousand
Client Satisfaction Index (CSI)	79	79
Sustainable Employee Engagement (SEE)	80	73
Risk surveys	30	29
Client visits	244	160



## Financial results

Earnings before tax and provisions for the year were SEK 11,710 (4,645) thousand, see the diagram. For insurance operations, the financial result was SEK 11,012 (4,010) thousand and for finance operations, the financial result was SEK 698 (635) thousand. After additional provisions were made, contingency reserves amounted to SEK 5,910 (0) thousand. The solvency ratio fell from 165 per cent to 153 per cent compared to 2020.

## Claims outcome

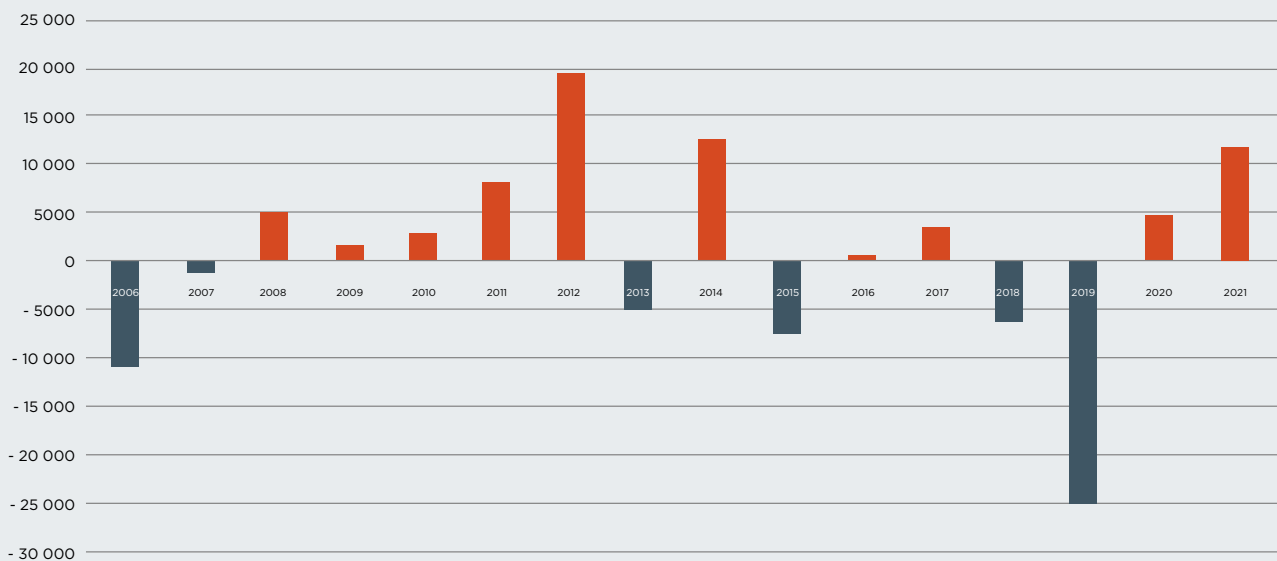
Göta Lejon's total cost for property claims during the year amounted to SEK 44.1 (55.3) million after the deduction for excess. The adjacent diagram provides an overview of the trend for the last five years. The composition of these costs is as follows: fire SEK 5.8 (16.9) million, natural catastrophe SEK 0.0 (7.3) million, water SEK 20.4 (16.8) million, machinery SEK 11.5 (10.8) million and other claims SEK 6.4 (3.5) million. The claim costs for arson amounted to SEK 1.4 (4.9) million. In total, there were 188 (285) claims.

The claim cost for liability claims during the year after deduction of excess was SEK 1.2 (7.8) million. The claim cost for liability for rail traffic after deduction of excess was SEK 0.0 (0.0) million. In total, 163 (190) general liability claims were reported to Göta Lejon, of which 34 (31) were above the excess. For railway traffic there were 0 (2) claims, of which 0 (0) was above the excess.

The claim cost for damage to motor vehicles after deduction of excess amounted to SEK 6.2 (5.4) million. There were 1,215 (1,229) claims on motor vehicle insurance, of which 342 (359) related to third party claims and 873 (870) related to vehicle damage.

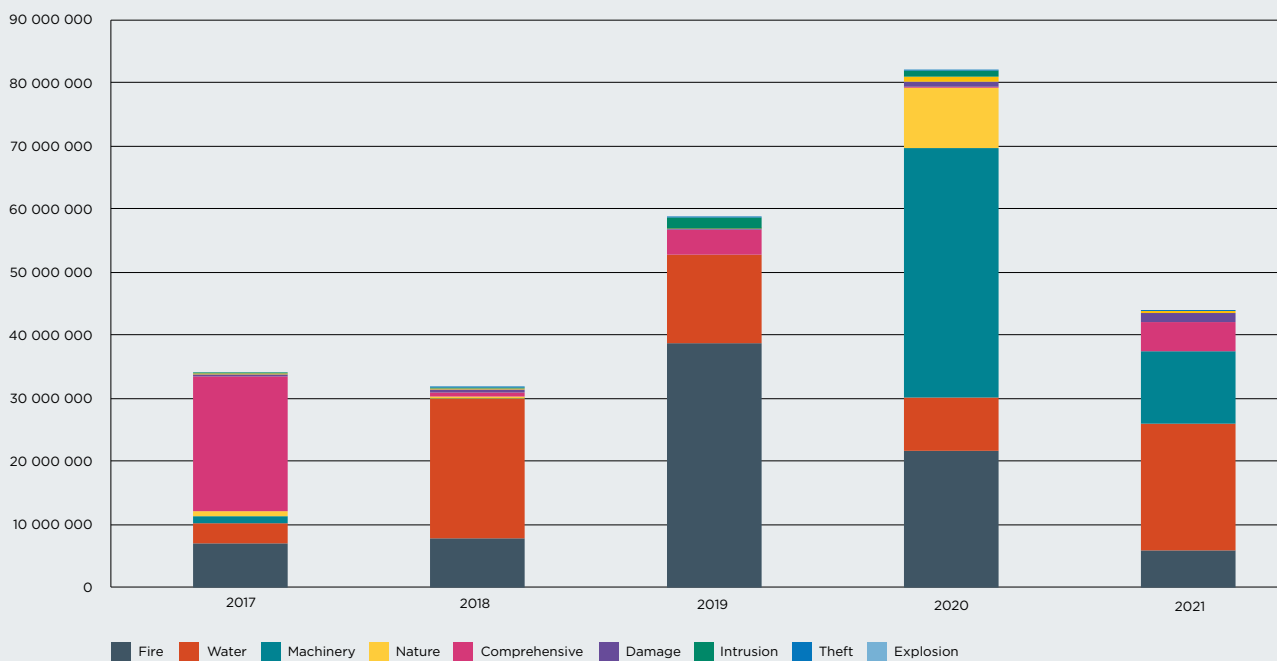


## Earnings trend for Göta Lejon (SEK 000s)



**Earnings trend 2006–2021.** 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 10.6 million per year of the total claim cost.

## Significant Events in 2021

# 166 %



The company's solvency ratio, which is equity in relation to the capital requirement according to the Solvency II regulations, was 166 per cent as of 31 December 2021. 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.

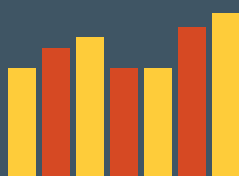
For the fourth year in a row, Göta Lejon awarded the "Lejon Award". For 2021, this award, for excellence in loss prevention measures, went to Madlén Persson (Safety Coordinator) and Kristofer Asplund (Safety Representative) at Familjebostäder for their work with risk inventories of residential buildings.



A risk seminar was held with focus on timber constructions. All of our clients' insurance and safety managers, along with other city employees were invited. A digital conference focussing on loss prevention efforts was arranged in May.



The reinsurance market has become more stringent since 2020, which has resulted in higher reinsurance premiums. This, combined with higher claims costs has led to more expensive premiums for the City's administrations and companies.



For 2021, earnings before tax and provisions were SEK 11.7 million. It is slightly better than what was budgeted.



One of the year's major claims occurred at a preschool i Billdal. While roof work was being done, water came in and damaged the premises. There was water damage in all of the building's rooms and premises and the claims reserve has been set at SEK 5 million.



In total, 244 client-specific meetings were held. They included meetings with clients, project meetings, risk surveys and trainings.



# 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 Safety manager 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' Safety 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 150 million in loss prevention contributions. In 2021, loss prevention contributions amounted to SEK 3 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 2021, there were a total of 30 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.

## Loss prevention contributions 2021 (SEK)

RISK/You are needed!	1,491,000
Security/Risk/Crime prevention	534,000
Access Control Systems/locks/grids	455,000
Lighting/fences	150,650
Extra surveillance	125,000
Youth initiatives	120,000
Fire alarms	95,000
Safes & lockboxes/storage	17,550
Other fire protection	15,000
General prevention	7,000
<b>Total</b>	<b>3,010,200</b>

**Loss prevention contributions in 2021.** Contributions were primarily to support fire loss prevention targeting pupils at the City of Gothenburg's schools (RISK), security enhancement, crime prevention and physical safety.

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 2021 was 69, compared to 83 in 2019. These fire incidents occurred at client properties, Framtiden Group (residential) is not included. A total of 51 fire incidents were the result of human action and 21 of those were with intention. 70 (62) per cent of all fires were discovered by fire detectors directly connected to a public-safety answering point (PSAP).

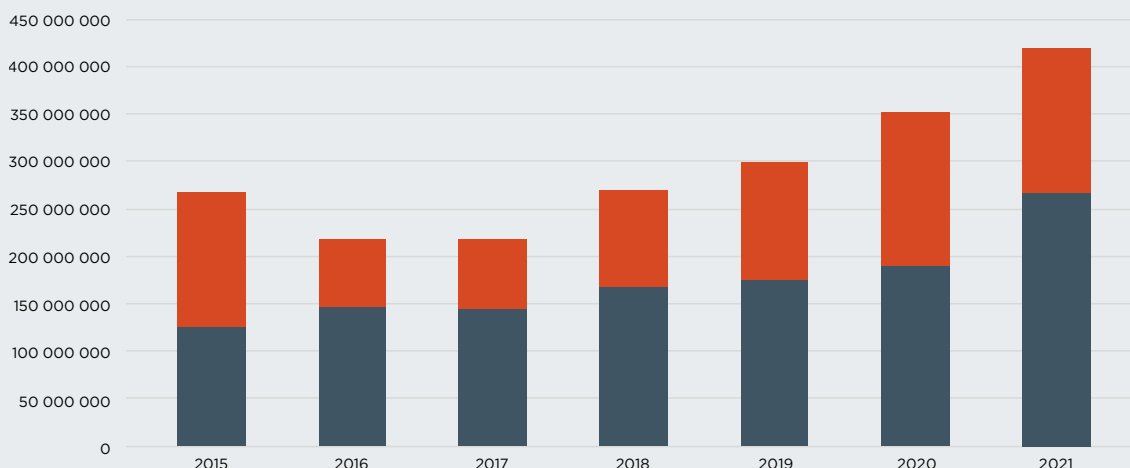
In 2021, there were 15 fires at schools. It is a decrease compared to 2020, where there were 20 fires. This is the lowest figure since 2005. The costs associated with school fires were, as in recent years, very low. See the diagram on the next page.

In 2021, the total claim cost was approximately SEK 422 million, which is SEK 69 million higher than the preceding year. Fire damages accounted for approximately SEK 63 million and water damages for just over SEK 208 million of the total costs.

An analysis of total claims costs reveals that historically, fire is the primary reason behind major

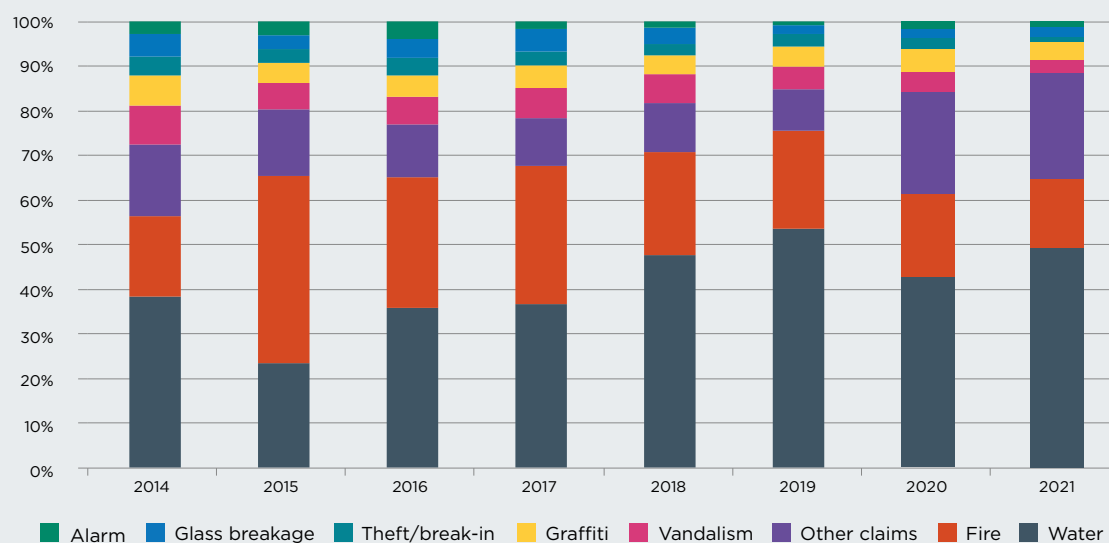
individual claim costs. However, water damage accounts for the largest percentage of the total claim cost, since it results in major costs both above and below the excess. Over time though, the costs for damages caused by water have increased the most. In recent years, water damage has accounted for 40-50 per cent of the total claim cost, both above and below the excess.

### Total cost (SEK) of property damages for the City of Gothenburg, 2015-2021



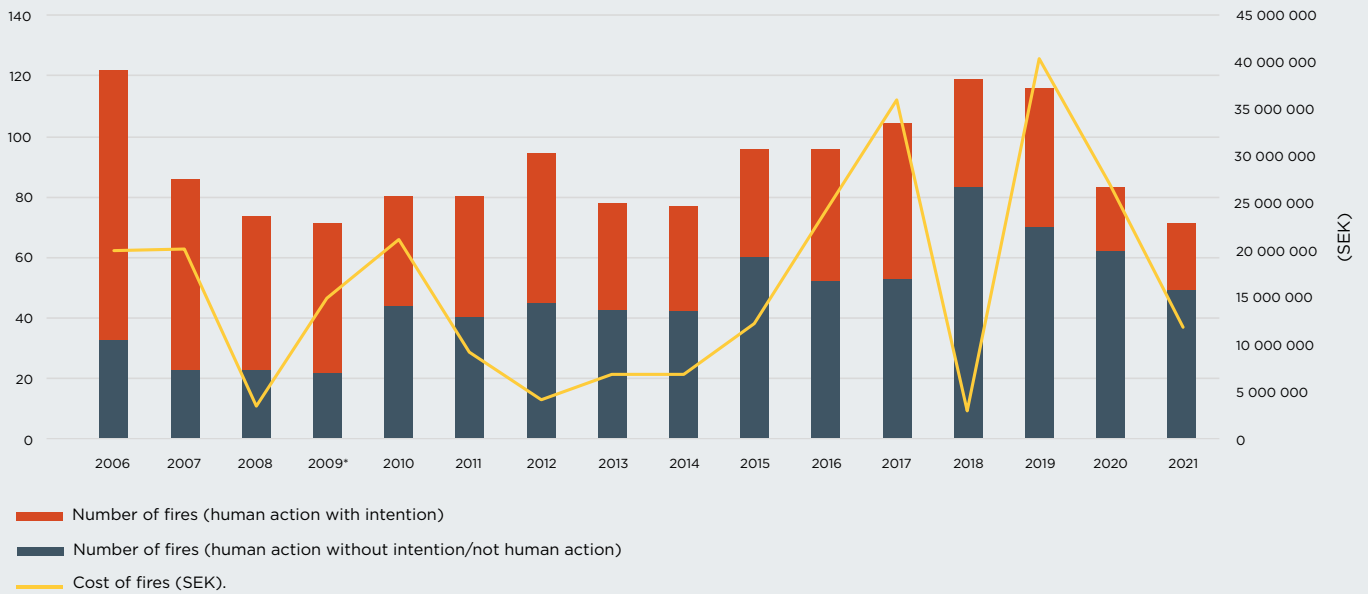
**Property claims above and below the excess.** The total cost for property claims for the City of Gothenburg increased in 2021, attributable in part to an increase in the costs for water damage at residential property, excavation damage and collision damage. The high total cost in 2015 resulted from the serious fire at Decemborgatan. Because of a change in insurance solution for Framtiden Group (residential), the 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. Excluding Framtiden Group (residential), the claim costs below excess in 2021 were at the same level as in 2020.

### 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 2021, the share of machinery damage, excavation damage and collision 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.

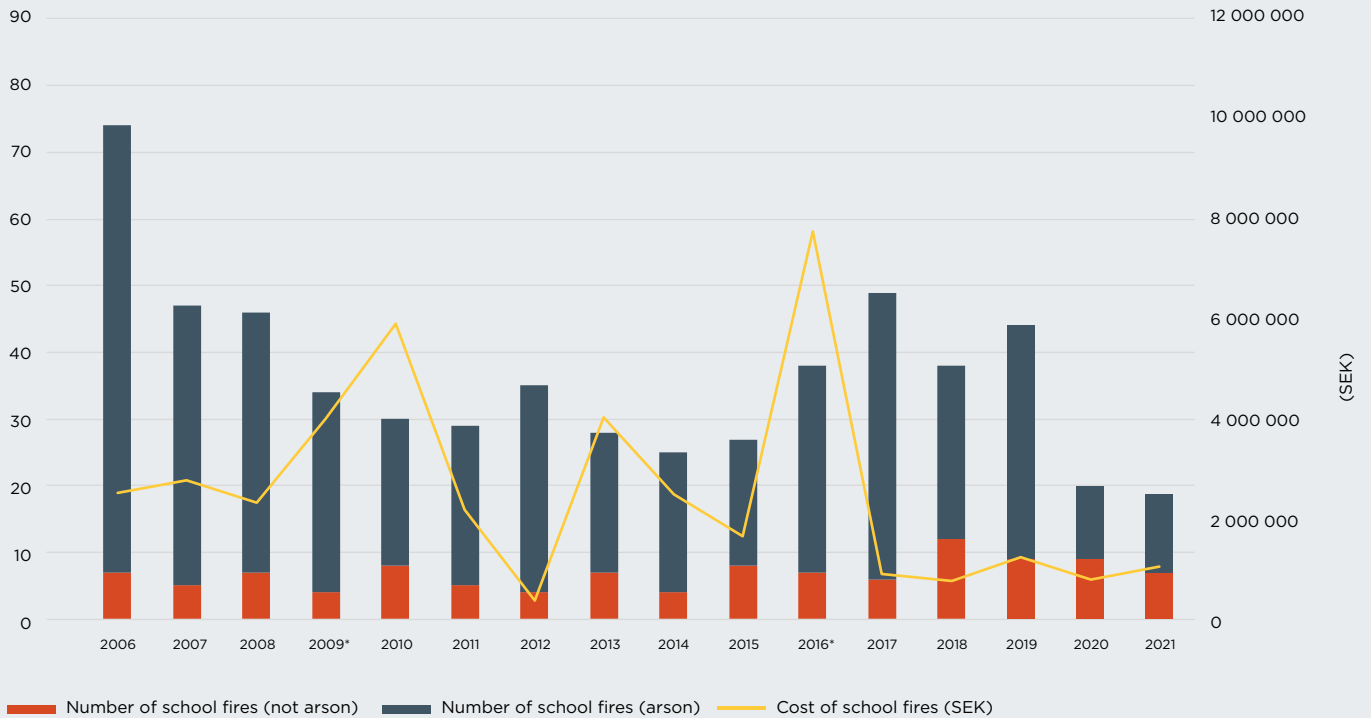
## Number of fires at properties insured by Göta Lejon (not including residential) and costs for the years 2006- 2021\*



**Fire statistics 2006-2021.** 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 is estimated at approximately SEK 108 million.

## Number of school fires, arson and non-arson, 2006- 2021, and cost\*

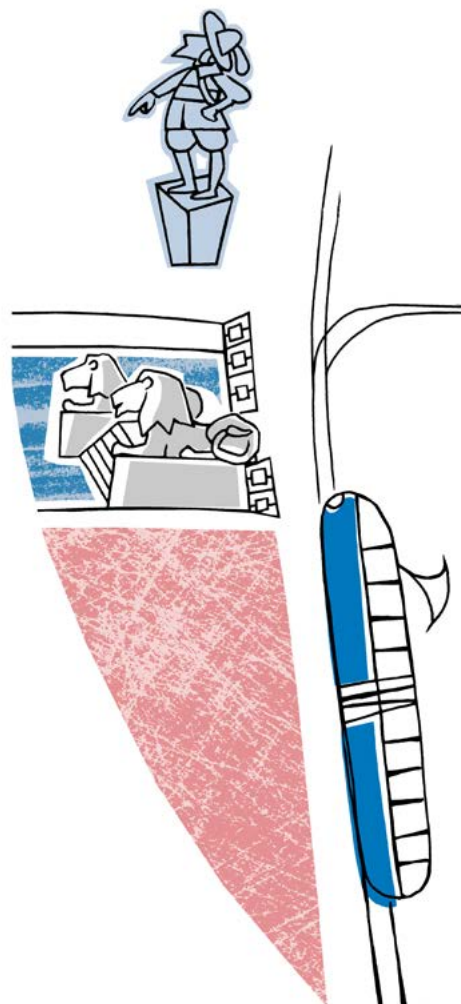


**Number of school fires, arson and non-arson.** The cost of school fires has been low during the last four years.

\* 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 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 loss prevention efforts. The prevention efforts of the City's companies and administrations are becoming increasingly important as a means of effectively protecting the City's property. 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. The importance of this is evidenced in the fact that the City's total claim costs have risen in recent years, water damages in particular.
- 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 sale 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.
- The pace of digitalisation has speeded up and the opportunities for new ways of working have changed after the pandemic. Göta Lejon is combining these efforts with the opportunities that a new office will enable.
- 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.





# Profit/loss & balance sheet

INCOME STATEMENTS (SEK 000s)	2021	2020
Earned premiums	176,696	155,416
Reinsurance	-60,149	-53,887
Claims	-74,410	-67,068
Operating costs	-32,002	-31,282
Investment return	1,563	1,469
Other income	12	-3
<b>Profit before appropriations and tax</b>	<b>11,710</b>	<b>4,645</b>
Change in contingency reserve	-5,910	0
Tax	-1,245	-1,001
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>4,555</b>	<b>3,644</b>

BALANCE SHEET ASSETS (SEK 000s)	2021-12-31	2020-12-31
Intangible assets	1,341	2,682
Investment assets	374,028	337,827
Unearned premiums, reinsurers' share	-	-
Claims outstanding, reinsurers' share	37,257	44,319
<i>Total reinsurers' share of technical insurance provisions</i>	<i>37,257</i>	<i>44,319</i>
Receivables in respect of direct insurance	468	639
Receivables in respect of reinsurance	-	-
Other receivables	1,143	1,388
<i>Total receivables</i>	<i>1,611</i>	<i>2,027</i>
Tangible assets	3,265	4,230
Prepaid expenses and accrued income	7,511	6,025
<b>TOTAL ASSETS</b>	<b>425,013</b>	<b>397,110</b>

<b>BALANCE SHEET EQUITY, PROVISIONS AND LIABILITIES (SEK 000s)</b>	<b>2021-12-31</b>	<b>2020-12-31</b>
Share capital	145,000	145,000
Fund for development expenses	1,341	2,682
Claims equalisation reserve	21,433	16,448
Profit (loss) for the year	4,555	3,644
<i>Total equity</i>	<i>172,329</i>	<i>167,774</i>
Contingency reserve	5,910	-
Unearned premiums and remaining risks	-	-
Claims outstanding	229,118	215,787
<i>Total technical insurance provisions</i>	<i>229,118</i>	<i>215,787</i>
<b>Avsättningar till pensioner</b>	<b>1,387</b>	<b>623</b>
Liabilities in respect of direct insurance	-	-
Liabilities in respect of reinsurance	5,893	2,904
Long-term liability to credit institutions	2,278	3,176
Short-term liability to credit institutions	898	890
Other liabilities	3,807	2,711
<i>Total liabilities</i>	<i>12,876</i>	<i>9,681</i>
Accrued expenses and prepaid income	3,393	3,245
<b>Total equity, provisions and liabilities</b>	<b>425,013</b>	<b>397,110</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.



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