Annual Report 2015

Contents

Comments by the President and CEO

Torbjörn Magnusson

If performed very well in 2015 – a year with few major changes in our markets. When we look at the world at large, we must nevertheless say that 2015 was a turbulent year in many ways, characterized by political unrest and volatile financial markets. The climate changes continued to affect us all ever more, and the year ended with a historic climate agreement in Paris. An agreement that If, together with many other companies, has endorsed.

The year we have left behind us had a mild winter in our part of the world. That means fewer property claims than in a normal year with colder weather. The number of car accidents in the Nordic region continues to decline, as in other parts of the western world. This is good for society, and a trend we must follow carefully. Smarter technology in cars and other things surrounding us will affect the way we design our insurance products.

Through a number of years If has maintained good profitability. 2015 ended with a combined ratio of 85.4 (87.7). Despite all flooding and heavy rainfall, we had the lowest combined ratio in a third quarter ever, with 83.8. The global economy is going through rough times and return on investments are low. It is more important than ever to take advantage of our long-term knowledge of the Nordic market. We are also pleased with the performance of our associated company Topdanmark, which has shown a stable performance with good results.

There is increasing competition in the Nordic insurance market and our competitors continue to develop. We have therefore launched extensive programs in all business areas to further increase customer understanding and to provide the best possible service. Both internal and external customer ratings clearly states that we are on the right path.

We are also building IT systems for the future that benefit both customers and our staff. Through a number of years, we have invested heavily in developing a new common core system to gradually replace the old solutions. Customers are noticing some of the investments through new, responsive websites that, amongst other benefits, make it easier to buy insurance on-line. Last year we passed an impressive 20 million visits to our websites, an increase of more than 20 percent from 2014. It is encouraging to see that sales follows the same trend.

Another customer friendly initiative is an improved loyalty program that follows the trend where we take out increasingly more Nordic synergies in If. We also centralized our customer service in larger and more powerful units in order to provide better service. A good example is in Finland where we have gathered our resources in fewer locations and created a large customer center in Turku. We have done this faster than planned and with excellent customer satisfaction as a result.

From 1 January 2016, the EU reform Solvency II came into force. Solvency II ensures solid and well-functioning financial institutions in Europe. If has over a number of years worked internally to ensure compliance with the requirements which contains a large number of provisions in relation to insurer's capital requirements, governance and reporting.

If has always made sure to have the most competent employees in the insurance industry, and we continued to invest in competence development during 2015. Professional staff with great knowledge within their field is key to maintain our position as the leading Nordic insurance company in the years ahead.

Torbjörn Magnusson, CEO

Board of Directors' Report

The Board of Directors and the President of If P&C Insurance Holding Ltd, corporate registration number 556241-7559, hereby issue their annual report for the 2015 fiscal year.

ORGANISATION

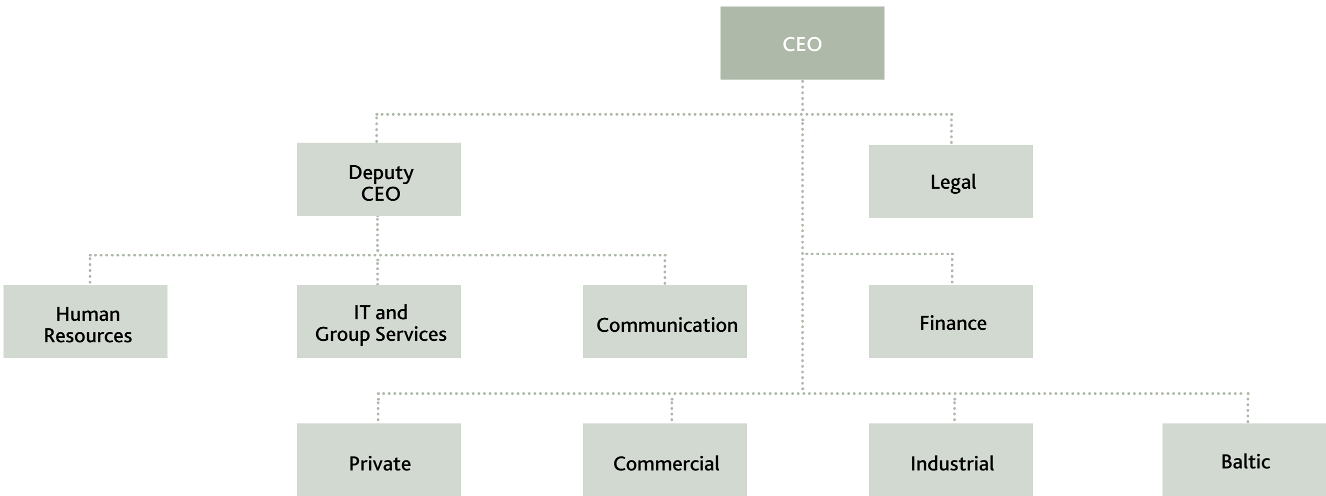
If is a Nordic Group that also conducts insurance operations in the Baltic countries. The Group's headquarter is located in Solna, Sweden.

The Parent Company of the If Group, If P&C Insurance Holding Ltd (publ), is a wholly owned subsidiary of Sampo Abp, a Finnish listed company, whose registered office is in Helsinki. In addition to the property and casualty insurance operations conducted within If, the Sampo Group also conducts life insurance operations and has a substantial holding in Nordea Bank AB (publ). If's property and casualty insurance operations constitute an independent segment within Sampo.

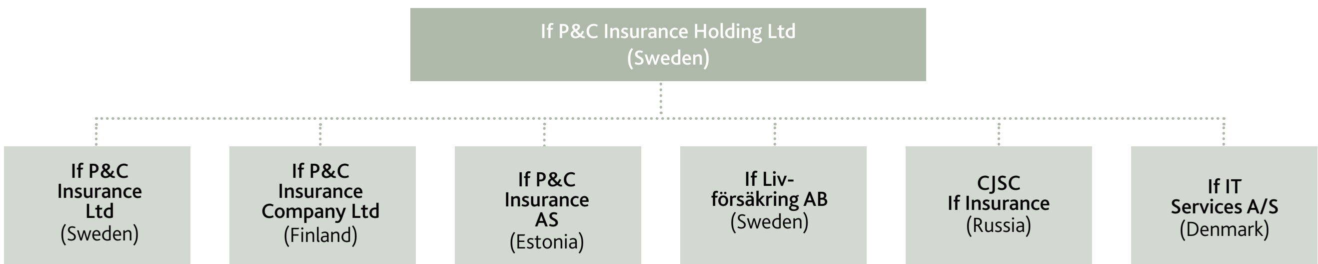
The main role of If P&C Insurance Holding Ltd (publ) is to manage shares in wholly owned property and casualty insurance operations as well as other significant holdings. The holding company owns the Swedish companies, If P&C Insurance Ltd and If Livförsäkring AB, the Finnish company If P&C Insurance Company Ltd and the Estonian company If P&C Insurance AS, as well as the Russian company CJSC If Insurance. If's operations in Denmark, Norway, and partly in Finland and Latvia, are conducted via branches of If P&C Insurance Ltd in each country. In addition, If P&C Insurance Ltd has branch offices in France, the Netherlands, the UK and Germany to support customers with international operations. The Estonian company If P&C Insurance AS also conducts operations in Latvia and Lithuania via branches. The holding company also owns just over 30% of the Danish insurance company Topdanmark A/S, classified as an associated company and reported in the consolidated accounts using the equity method.

The insurance operation in the Nordic region is organizationally divided in accordance with customer segment into the business areas Private, Commercial and Industrial. Insurance operations in the Baltic countries are organized in one business area, Baltic. Support functions such as IT, Human Resources, Communication and Finance are organized as a support to the business.

Operational structure



Legal structure, summary



RESULTS FROM OPERATIONS

Group results

The result before income taxes was MSEK 8,589 (8,474). The technical result of property and casualty insurance operations remained strong and amounted to MSEK 5,753 (5,352).

Premiums written

Gross written premiums for the year amounted to MSEK 42,644 (42,178). Adjusted for exchange-rate effects, the underlying increase in premium volumes was 0.4%. The increase is mainly due to the business area Private and Industrial.

Claims incurred and operating expenses

Net claims incurred amounted to MSEK 29,400 (28,781). Adjusted for exchange-rate effects, claims expenses increased by 1.1%.

The claims ratio declined and amounted to 72.4% (70.9). Compared to last year, a change in the discount rate in Finland had a negative impact on the claims ratio. Large claims were higher than expected total level, especially in Norway.

The expense ratio improved compared with the preceding year and was 13.0% (16.7). Operating expenses in the insurance operation totaled MSEK 5,290 (6,778). Costs were affected by a non-recurring cost reduction of MSEK 1,456 due to a Norwegian pension plan amendment. Adjusted for exchange-rate effects and the cost reduction, the operating expenses in the insurance business decreased 2.1%.

The combined ratio improved and amounted to 85.4% (87.7).

Other operating expenses include a goodwill impairment of MSEK 394. The write down was made in connection with cooperation agreement renewals and is attributable to goodwill originating from an elderly insurance portfolio acquisition.

Investment result

Applying the full market valuation, profit from asset management declined to MSEK 1,714 (4,313) and the return ratio was 1.5% (4.1).Net investment return amounted to MSEK 3,184 (3,614) in the income statement and MSEK -1,470 (699) in other comprehensive income. After several years of declining interest rates for several government bonds, 2015 represented a break in trend with rising interest rates in countries including the U.S., although interest rates continued to decline somewhat in other countries. The U.S. economy continued its positive trend, while concern about emerging countries and China in particular grew. The drop in oil prices to historically low levels, combined with concern about China, resulted in weak performance during the second half of 2015 for most stock markets except for Swedish small-cap companies, which reported a very strong year on the stock market. For the same reason, there was an increase in credit spreads (difference between risk-free interest rates and non-risk-free rates) on corporate bonds in the second half of the year.

On the whole, this resulted in slightly rising share prices and continued very low interest rates. The decline in profit on the investment portfolio compared with the preceding year was mainly due to lower earnings for both the fixed-income portfolio and the equity portfolio. Additional information is presented in note 6.

Net profit and tax costs

Net profit was MSEK 6,763 (6,741). The effective tax rate for the year was 21.3% (20.5). Of total taxes, current tax expenses amounted to MSEK 1,506 (1,742) and the deferred tax expense was MSEK 320 (income 9).

Results per business area

Information concerning operations and the earnings trend in the Group's business areas is presented in Note 6.

CONSOLIDATED RESULTS PER QUARTER AND FULL-YEAR

MSEK	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2015 Jan-Dec	2014 Jan-Dec
Premiums earned, net of reinsurance	10,018	10,247	10,266	10,098	40,629	40,568
Allocated investment return transferred from the non-technical account	17	46	67	83	213	339
Other technical income	65	60	73	63	261	249
Claims paid, net of reinsurance	-7,108	-6,935	-8,042	-7,315	-29,400	-28,781
Operating expenses for insurance operations, net of reinsurance	-1,675	-1,656	-267	-1,692	-5,290	-6,778
Other operating expenses	-59	-64	-467	-70	-660	-245
Technical result from property and casualty insurance	**1,258**	**1,698**	**1,630**	**1,167**	**5,753**	**5,352**
Investment result	724	666	963	831	3,184	3,614
Allocated investment return transferred to the technical account	-102	-134	-155	-173	-564	-749
Interest expense, net pension liability	-7	-8	-11	-16	-42	-64
Interest expense, subordinated debt	-26	-26	-41	-43	-136	-169
Share of associates' result	52	116	113	113	394	490
Result before income tax	**1,899**	**2,312**	**2,499**	**1,879**	**8,589**	**8,474**
Claims ratio	70.9%	67.7%	78.3%	72.4%	72.4%	70.9%
Expense ratio	16.7%	16.1%	2.6%	16.8%	13.0%	16.7%
Combined ratio	87.7%	83.8%	80.9%	89.2%	85.4%	87.7%
Risk ratio	65.2%	61.9%	72.7%	66.6%	66.6%	65.1%
Cost ratio	22.4%	22.0%	8.3%	22.6%	18.8%	22.5%
Insurance margin	12.5%	16.6%	19.7%	11.6%	15.1%	13.2%

SOLVENCY CAPITAL AND CASH FLOW

The solvency ratio declined and amounted to 75.2% (81.9) at year-end. Solvency capital decreased to MSEK 30,795 (33,289). Cash flow from operating activities increased and amounted to MSEK 7,616 (5,828). During the year, a dividend of MSEK 5,500 (5,500) was paid.

TECHNICAL PROVISIONS (RESERVES)

Gross provisions at year-end increased to MSEK 86,687 (86,258). Currency effects arising from the conversion of provisions in foreign currencies reduced the provision by MSEK 2,111, primarily due to the strengthening of the SEK against the NOK. After adjustments for exchange-rate effects, the premium reserve increased by MSEK 365. Correspondingly the claims reserve increased by MSEK 2,177 after adjustments for exchange-rate effects.

Reinsurers' proportion of technical provisions decreased slightly and was MSEK 2,196 (2,230).

OBJECTIVES AND POLICIES FOR FINANCIAL RISK MANAGEMENT

The core of the Group insurance operations is the transfer of risk from the insured clients to the insurer. If's result depends on both the underwriting result and the return on investment assets.

The main objectives with If's risk management are to ensure that sufficient return is obtained for the risks taken and that risks are taken into account in pricing decisions and other business decisions.

This requires risks to be properly identified and monitored. The Groups risks, exposures and risk management are described in Note 5.

SOLVENCY II

In the spring of 2015, Group supervision was transferred from the Swedish regulator to the Finnish supervisory authorities as it was decided that Sampo plc, the ultimate parent company of If Holding, would be the ultimate parent at which the group rules in Solvency II, including group solvency assessment, should apply.

Since 2011 development of an internal model has been conducted as part of the so called pre application process with the Swedish authority as lead supervisor to align it with the Solvency II requirements. The aim was to have the partial internal model approved by the regulator for the If Group and the Swedish and Finnish subsidiaries. Given the change of ultimate parent an application for the approval was submitted to the Finnish authority in June 2015. In December 2015 the application was withdrawn. Preparations are on-going to instead apply for approval for a partial internal model for If Sweden, being the largest operational unit of If Group. Discussions with the Swedish regulator were initiated at the end of 2015. As of January 1, 2016, the If subsidiaries will use the SII standard formula, for calculating the external regulatory capital requirements.

PERSONNEL

During the year, the number of employees increased and amounted to 6,203 (6,158) at year-end. The average number of employees during the year was 6,176 (6,173), of whom 54% (54) were women.

If recruits approximately 500 employees annually, in order to replace people who have retired or left the company and to add new comptencies to the company.

APPLIED ACCOUNTING POLICIES AND PREPARATION OF CONSOLIDATED ACCOUNTS

As of 2005, If applies the International Financial Reporting Standards (IFRS) adopted by the EU. For the 2015 fiscal year, there were no new or amended standards that caused any for If's accounting significant changes or new requirements. The consolidated accounts are prepared by the Central Finance and Accounting Department, which is also responsible for control systems, accounting and reporting in accordance with generally accepted accounting principles. The Board of Directors and the President are ultimately responsible for all financial reporting.

OUTLOOK

The development of the global economy will be difficult to predict during 2016. Despite increased competition in the market, underlying profitability of the insurance operation is expected to remain on a good level. Precision in the pricing of new insurance contracts is a success factor, at the same time as efficiency-enhancement work is important in order to maintain sustainable profitability.

The long-term objective for the Group is to achieve a combined ratio below 95% and a return on equity of at least 17.5%. For 2016, the objective is to achieve a combined ratio by a margin, below 95%.

PARENT COMPANY

The operations of the Parent Company If P&C Insurance Holding Ltd (publ) consist primarily of ownership and management of shares in subsidiaries.

The Parent Company is also the main account holder for a Group cash pool account system comprising the major part of the flows of liquid funds from the insurance operations. Underlying flows give rise to intra-Group transactions within the Parent Company's balance sheet. Intra-Group transactions also arise in connection with payment of dividends from subsidiaries that are not passed on externally or invested externally.

The Parent Company's net profit decreased to MSEK 6,076 (6,618), mainly as a result of decreased dividends from subsidiaries.

The Parent Company's solvency capital at year-end amounted to MSEK 24,226 (23,650) and its total assets to MSEK 25,119 (24,709).

GROUP FIVE-YEAR SUMMARY [1]

MSEK	2015	2014	2013	2012	2011
Condensed income statement					
Premiums earned, net of reinsurance	40,629	40,568	38,977	37,973	36,966
Allocated investment return transferred from the non-technical account	213	339	560	772	1,124
Other technical income	261	249	245	286	277
Claims incurred, net of reinsurance	-29,400	-28,781	-27,821	-27,347	-27,614
Operating expenses in insurance operations, net of reinsurance	-5,290	-6,778	-6,536	-6,426	-6,380
Other operating expenses	-660	-245	-225	-260	-244
Technical result from property and casualty insurance	**5,753**	**5,352**	**5,200**	**4,998**	**4,129**
Investment result	3,184	3,614	3,654	3,617	3,175
Allocated investment return transferred to the technical account	-564	-749	-1,036	-1,267	-1,632
Interest expense, net pension liability	-42	-64	-58	-66	-
Interest expense, subordinated debt	-136	-169	-151	-174	-158
Share of associates' result	394	490	431	403	58
Results before income tax	**8,589**	**8,474**	**8,040**	**7,511**	**5,572**
Income taxes	-1,826	-1,733	-1,568	-1,628	-1,386
Net profit for the year	**6,763**	**6,741**	**6,472**	**5,883**	**4,186**
Balance sheet, December 31					
Assets					
Intangible assets	873	1,294	1,312	1,289	1,257
Investment assets	104,293	108,738	103,478	100,586	100,449
Reinsurers´share of technical provisions	2,196	2,230	3,718	4,951	4,709
Deferred tax assets	252	718	515	553	453
Debtors	11,970	11,894	11,010	10,664	10,166
Other assets, prepayments and accrued income	5,739	5,300	5,153	5,379	5,155
Total assets	**125,323**	**130,174**	**125,186**	**123,422**	**122,189**
Shareholders´equity, provisions and liabilities					
Shareholders´equity	26,337	27,140	25,948	23,264	21,563
Subordinated debt	1,829	3,276	3,087	2,776	2,881
Deferred tax liability	2,881	3,591	3,379	3,337	3,461
Technical provisions	86,687	86,258	84,159	84,569	85,085
Creditors	4,634	5,024	4,622	5,544	6,424
Provisions, accruals and deferred income	2,955	4,885	3,991	3,932	2,775
Total shareholders´equity, provisions and liabilities	**125,323**	**130,174**	**125,186**	**123,422**	**122,189**
Key data, property and casualty operations					
Claims ratio	72.4%	70.9%	71.4%	72.0%	74.7%
Expense ratio	13.0%	16.7%	16.8%	16.9%	17.3%
Combined ratio	85.4%	87.7%	88.1%	88.9%	92.0%
Risk ratio	66.6%	65.1%	65.4%	65.9%	68.4%
Cost ratio	18.8%	22.5%	22.8%	23.0%	23.5%
Insurance margin	15.1%	13.2%	13.3%	13.1%	11.1%
Key data, asset management					
Total return ratio [2]	1.5%	4.1%	5.0%	6.1%	1.8%
Other key data					
Capital base [3]	29,142	31,435	29,872	26,791	24,043
Solvency requirement [3]	8,093	7,895	7,521	7,336	7,493
Solvency capital	30,795	33,289	31,899	28,824	27,452
Solvency ratio	75.2%	81.9%	80.8%	74.6%	72.4%
Return on equity	18.8%	24.7%	28.3%	32.0%	11.1%

[1] Since January 1, 2013, If applies the revised standard IAS 19 Employee Benefits (issued in 2011), whereby all figures for 2012 have been recalculated in accordance with these policies. The figures presented for 2011 are unchanged; which means that they are presented in accordance with the previously applied accounting policies.

[2] The calculations are based on the policies used internally by If for the valuation of investment operations. Refer to Note 15.

[3] Calculations are made in accordance with the Insurance Business Act (2010:2043).

Consolidated income statement

MSEK	Note	2015	2014
TECHNICAL ACCOUNT INSURANCE OPERATIONS			
Premiums earned, net of reinsurance			
Premiums written, gross	7	42,644	42,178
Premiums ceded	7	-1,693	-1,551
Change in provision for unearned premiums and unexpired risks		- 365	- 28
Reinsurers´share of change in provision for unearned premiums and unexpired risks		43	- 31
		40,629	**40,568**
Allocated investment return transferred from the non-technical account	8	213	339
Other technical income		261	249
Claims incurred, net of reinsurance			
Claims paid			
Gross		-28,053	-29,392
Reinsurers´share		572	1,776
Change in provision for claims outstanding			
Gross		-1,826	454
Reinsurers´share		- 93	-1,619
	9	**-29,400**	**-28,781**
Operating expenses			
Operating expenses in insurance operations, net of reinsurance			
Gross		-5,418	-6,905
Commissions and profit participations in ceded reinsurance		128	127
		-5,290	**-6,778**
Other operating expenses		- 660	- 245
	10, 11, 12, 13	**-5,950**	**-7,023**
Technical result from property and casualty insurance	14	**5,753**	**5,352**
NON-TECHNICAL ACCOUNT			
Investment result			
Direct investment income		2,284	2,782
Changes in value		1,130	1,008
Management costs		- 230	- 176
	15	**3,184**	**3,614**
Allocated investment return transferred to the technical account	8	-564	-749
Interest expense on net pension liability		-42	-64
Interest expense, subordinated debt	16	-136	-169
Share of associates' result	17	394	490
Result before income taxes		**8,589**	**8,474**
Taxes	18	-1,826	-1,733
Net profit for the year		**6,763**	**6,741**
Of which attributable to owners of the parent.		*6,763*	*6,741*

Consolidated statement of comprehensive income

MSEK	Note	2015	2014
Net profit for the year		**6,763**	**6,741**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurements of the net pension liability		127	-952
Taxes related to items which will not be reclassified	18	-30	241
		97	**- 711**
Items that will be reclassified subsequently to profit and loss when specific conditions are met			
Effects of changes in exchange rates, foreign operations		- 689	350
Effects of changes in exchange rates, foreign associated companies		- 81	198
Remeasuring of financial assets available for sale		- 397	1,906
Value changes recognized in income statement on assets available for sale		-1,073	-1,207
Taxes related to items which will be reclassified when specific conditions are met	18	544	-157
		-1,696	**1,090**
Total comprehensive income		**5,164**	**7,120**
Of which attributable to owners of the parent.		*5,164*	*7,120*

Consolidated balance sheet

ASSETS, DECEMBER 31

MSEK	Note	2015	2014
Intangible assets			
Goodwill		715	1,109
Other intangible assets		158	185
	19	**873**	**1,294**
Investment assets			
Land and buildings	20	200	212
Investments in associated companies	21	3,258	3,400
Loans to associated companies		-	37
Other financial investment assets	22, 23	100,828	105,079
Deposits with ceding undertakings		7	10
		104,293	**108,738**
Reinsurers' share of technical provisions			
Provisions for unearned premiums and unexpired risks		422	383
Provisions for claims outstanding		1,774	1,847
	24	**2,196**	**2,230**
Deferred tax assets	33	**252**	**718**
Debtors			
Debtors arising out of direct insurance operations	25	10,407	10,359
Debtors arising out of reinsurance operations	26	350	317
Other debtors	27	1,213	1,218
		11,970	**11,894**
Other assets			
Tangible assets	28	170	153
Cash and bank balances		3,382	2,643
Securities settlement claims		21	17
		3,573	**2,813**
Prepayments and accrued income			
Accrued interest and rental income		496	622
Deferred acquisition costs	29	1,208	1,297
Other prepayments and accrued income	30	462	568
		2,166	**2,487**
Total assets		**125,323**	**130,174**

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES, DECEMBER 31

MSEK	Note	2015	2014
Shareholders' equity			
Share capital		2,726	2,726
Statutory reserve		400	400
Fair value reserve		3,593	4,764
Profit carried forward		12,855	12,509
Net profit for the year		6,763	6,741
		26,337	**27,140**
Subordinated debt	31	**1,829**	**3,276**
Technical provisions (gross)			
Provisions for unearned premiums and unexpired risks		18,537	18,772
Provisions for claims outstanding		68,150	67,486
	32	**86,687**	**86,258**
Provisions for other risks and charges			
Deferred tax liability	33	2,881	3,591
Other provisions	34, 35	1,288	3,084
		4,169	**6,675**
Deposits received from reinsurers		-	-
Creditors			
Creditors arising out of direct insurance operations	36	1,502	1,456
Creditors arising out of reinsurance operations		277	343
Derivatives	22, 23	155	227
Other creditors	37	2,700	2,998
		4,634	**5,024**
Accruals and deferred income			
Reinsurers' share of deferred acquisition costs		29	26
Other accruals and deferred income	38	1,638	1,775
		1,667	**1,801**
Total shareholders' equity, provisions and liabilities		**125,323**	**130,174**
Memorandum items			
Assets and corresponding collateral pledged	39	2,226	2,475
Assets covered by policyholders' beneficiary rights	39	72,773	74,896
Contingent liabilities and other commitments	40	187	159

Parent Company

INCOME STATEMENT

MSEK	Note	2015	2014
Other operating income		0	0
Other operating expenses		0	0
Operating result		**0**	**0**
Result from financial investments			
Dividends from Group companies		6,078	6,615
Dividends from associated companies		1	1
Interest income and similar income items	1	10	15
Interest expense and similar expense items	2	-12	-12
		6,077	**6,619**
Result after financial items		**6,077**	**6,619**
Tax on net profit for the year	3	-1	-1
Net profit for the year		**6,076**	**6,618**

BALANCE SHEET, DECEMBER 31

MSEK ASSETS	Note	2015	2014
Financial fixed assets			
Shares in Group companies	4	17,121	17,121
Shares in associated companies	5	5,148	5,137
Loans to associated companies		-	37
Other securities and receivables		-	2
		22,269	**22,297**
Deferred tax assets		**-**	**-**
Debtors			
Debtors, Group companies		1,951	1,336
		1,951	**1,336**
Cash and bank balances		**899**	**1,074**
Prepayments and accrued income			
Accrued interest		-	2
		-	**2**
Total assets		**25,119**	**24,709**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		2,726	2,726
Statutory reserve		400	400
Profit carried forward		15,024	13,906
Net profit for the year		6,076	6,618
		24,226	**23,650**
Provisions		**-**	**-**
Current creditors			
Creditors, Group companies		893	1,059
Provision for taxes		0	0
		893	**1059**
Total shareholders' equity and liabilities		**25,119**	**24,709**
Memorandum items			
Contingent liabilities	6	-	-

Changes in shareholders' equity

GROUP

MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserves	Restricted equity: Other restricted reserves	Unrestricted equity: Fair value reserve	Unrestricted equity: Profit brought forward	Unrestricted equity: Net profit for the year	Total equity
Equity at beginning of 2014	**2,726**	**400**	**-**	**4,182**	**18,640**	**-**	**25,948**
Transfer between restricted and unrestricted equity	-	-	-412	-	412	-	0
Total comprehensive income	-	-	412	582	-615	6,741	7,120
Share of associates' other changes in equity	-	-	-	-	-428	-	-428
Dividend to shareholder [1]	-	-	-	-	-5,500	-	-5,500
Equity at end of 2014	**2,726**	**400**	**-**	**4,764**	**12,509**	**6,741**	**27,140**
Equity at beginning of 2015	**2,726**	**400**	**-**	**4,764**	**19,250**	**-**	**27,140**
Transfer between restricted and unrestricted equity	-	-	339	-	-339	-	0
Total comprehensive income	-	-	-339	-1,171	-89	6,763	5,164
Share of associates' other changes in equity	-	-	-	-	-467	-	-467
Dividend to shareholder [2]	-	-	-	-	-5,500	-	-5,500
Equity at end of 2015	**2,726**	**400**	**-**	**3,593**	**12,855**	**6,763**	**26,337**

PARENT COMPANY

MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserves	Unrestricted equity: Profit brought forward	Unrestricted equity: Net profit for the year	Total equity
Equity at beginning of 2014	**2,726**	**400**	**19,406**	**-**	**22,532**
Dividend to shareholder [1]	-	-	-5,500	-	-5,500
Net profit for the year	-	-	-	6,618	6,618
Equity at end of 2014	**2,726**	**400**	**13,906**	**6,618**	**23,650**
Equity at beginning of 2015	**2,726**	**400**	**20,524**	**-**	**23,650**
Dividend to shareholder [2]	-	-	-5,500	-	-5,500
Net profit for the year	-	-	-	6,076	6,076
Equity at end of 2015	**2,726**	**400**	**15,024**	**6,076**	**24,226**

There are a total of 136,350,000 shares with a par value of SEK 19.99 each, including 103,525,000 Series A shares carrying one vote and 32,825,000 Series B shares carrying one tenth of a vote.
The accumulated translation difference amounted to MSEK -848 (-78).

[1] During 2014, dividends paid totaled approximately SEK 40.34 per share, of which dividends resolved by the Extraordinary General Meeting accounted for about SEK 40.34 per share.

[2] During 2015, dividends paid totaled approximately SEK 40.34 per share, of which dividends resolved by the Extraordinary General Meeting accounted for about SEK 40.34 per share. The Board of Directors and the President propose that the 2016 Annual General Meeting resolve not to pay any dividend.

The equity presentation complies with legal requirements and a separate disclosure of contributed capital would not add any significant information.

Cash flow statements

GROUP

MSEK	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	42,313	42,186
Claim payments, direct insurance	-28,112	-29,355
Reinsurance flows	-1,250	186
Costs of operations	-7,113	-6,996
	5,838	**6,021**
Cash flow from asset management		
Interest payments received	1,929	2,698
Dividends received, shares	442	414
Cash flow from properties	2	-3
Net investments in financial investment assets	1,058	-1,065
	3,431	**2,044**
Interest payment, subordinated debt	-171	-166
Realized foreign exchange transactions	85	-222
Paid income tax	-1,567	-1,849
	7,616	**5,828**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in associated companies	27	0
	27	**0**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-5,500	-5,500
Repayment, subordinated debt	-1,377	-
	-6,877	**-5,500**
Cash flow for the year	**766**	**328**
Cash and bank		
Cash and bank balances on January 1	2,643	2,211
Effect of exchange rate changes	-27	104
Cash flow for the year	766	328
Cash and bank balances on December 31	**3,382**	**2,643**

PARENT COMPANY

MSEK	2015	2014
Net profit for the year	6,076	6,618
Change in current business assets and liabilities	-780	-860
	5,296	**5,758**
Investments		
Net investment in associated companies	29	0
Financing		
Dividend	-5,500	-5,500
Cash flow for the year	**-175**	**258**
Change in cash and bank balances	**-175**	**258**

NOTE 1 Accounting policies

COMPANY INFORMATION

This annual report and the consolidated financial statements for If P&C Insurance Holding Ltd were prepared and authorized for publication by the Board of Directors and CEO on March 8, 2016 and will be presented to the 2016 Annual Meeting for approval. The company is a Swedish limited liability company with its registered office in Stockholm and its headquarters in Solna, Sweden.

The Group's primary operations are described in the Report of the Board of Directors.

STATEMENT OF COMPLIANCE WITH REGULATIONS APPLIED

The annual report for the Parent Company If P&C Insurance Holding Ltd was prepared in accordance with the Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for legal entities).

If has prepared the consolidated accounts in accordance with international accounting standards (IFRS including IAS, SIC and IFRIC), as adopted by the European Commission. In addition, If applies the supplementary provisions ensuing from the Annual Accounts Act for Insurance Companies (ÅRFL), the Swedish Financial Supervisory Authority's regulations and general recommendations on annual accounts in insurance companies (FFFS 2008:26) and, in appropriate parts, the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting rules for Groups).

Issued, but not yet effective, international accounting standards are assessed not to cause any significant impact on the financial statements when first applied, except IFRS 9 Financial Instruments. IFRS 9 is still not adopted for use in the EU and the IASB has proposed that in certain circumstances insurance companies can delay their first application of the standard. If has initiated an assessment of the expected effects from making a transition from IAS 39 to IFRS 9 (as published by the IFRS). Since e.g. the notion of business model will be important and the Financial Instruments standard includes some optionality, If believes that there will be significant cross-influences to the not yet finalized standard Insurance Contracts phase II that need to be carefully assessed.

MEASUREMENT BASES FOR THE PREPARATION OF THE ACCOUNTS

The accounts are based on historical acquisition values with the exception of the totally dominant share of investment assets, which are reported at fair value. The financial reports and notes are presented in SEK millions (MSEK), unless otherwise stated.

BASES FOR CONSOLIDATION

The consolidated accounts include the Parent Company, If P&C Insurance Holding Ltd, and all companies in which the Parent Company directly or indirectly holds more than 50% of the votes for all shares or in some other manner has a controlling interest.

The consolidated accounts have been prepared in accordance with IFRS 10 and IFRS 3. Acquired companies are reported in accordance with the purchase method, which means that assets and liabilities are reported in the acquiring company's accounts at the acquisition values determined in accordance with an established acquisition analysis. The identified assets and liabilities in the acquired company are fair valued in the acquisition analysis. If the acquisition value of shares in a subsidiary exceeds the established fair value of the acquired assets and liabilities, the difference is reported as goodwill. In conjunction with the transition to IFRS, an opening balance sheet was compiled as of January 1, 2004. In line with the exemption rules in IFRS 1, no recalculation was made of acquisitions and mergers prior to this date.

In consolidating foreign subsidiaries, locally prepared income statements and balance sheets are recompiled to eliminate differences between local accounting policies and the accounting policies applied in the consolidated accounts. These recompilations mainly comprise adjustments for unrealized changes in value in investment assets and derivatives, deferred acquisition costs, provision for unexpired risks and interest allocated to the technical result.

Outside Sweden, any equalization or catastrophe reserves governed by tax or business laws are treated in consolidation in the same manner as Swedish untaxed reserves.

In 1999, Storebrand and Skandia agreed to form a joint venture and transfer their portfolios of property and casualty business to If P&C Insurance Ltd. The merger in 1999 is reported in the consolidated accounts, applying joint venture accounting based on the carryover method. According to the carryover method, the joint venture unit assumes the assets and liabilities transferred from the owners at the carrying amount and then continues to operate the business that has been taken over. As a result of this accounting procedure, no goodwill arose in If P&C Insurance Holding Ltd Group. Goodwill based on net assets is reported in the subsidiary If P&C Insurance Ltd, since in formal terms the assets from Storebrand were transferred at a value that exceeded the previous carrying amount. Since the subsidiary If P&C Insurance Ltd has a right to make a tax deduction for the amortization of the goodwill based on the net assets, a value has arisen in the Group, reported in the consolidated accounts for 2015 at a rate of 22% of the non-amortized goodwill amount in the subsidiary, which represents deferred tax assets.

TRANSACTIONS, RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY AND TRANSLATION OF THE ACCOUNTS OF FOREIGN SUBSIDIARIES AND BRANCHES

Individual companies and branches in the If Group report in their respective functional currency, determined as the local currency in the country in which the company or branch is active. Income statement items in another currency than the functional currency (foreign currency) are translated to their respective presentation currency using the average exchange rate for the month during which they were reported, while assets and liabilities in foreign currency are translated at the closing date exchange rates. Any unrealized translation differences arising are reported in the income statement as changes in value under "Investment result". Currency forward contracts used to hedge currency exposure are fair valued and these effects are reported in their entirety in the income statement as changes in value.

In the preparation of the consolidated accounts, translation from the presentation currencies of the companies and the branches to SEK is effected in line with IAS 21. Balance sheet items are translated using the closing date exchange rate and income statement items are translated using the average exchange rate for the period during which the item arose. The translation differences arising from the use of different exchange rates for items in the balance sheet and income statement, the fact that capital contributions and dividends are translated at different exchange rates than those prevailing on the transaction date and that shareholders' equity is translated at a different exchange rate at year-end than at the beginning of the year are reported in other comprehensive income.

For If's most significant currencies, the following exchange rates were used as of December 31 to translate balance sheet items in foreign currency to SEK:

	2015	2014
US dollars	8.44	7.74
Danish kroner	1.23	1.26
Euro	9.19	9.39
Norwegian kroner	0.96	1.04
Lithuanian litas	-	2.72

POLICIES APPLYING TO ITEMS IN THE CONSOLIDATED BALANCE SHEET

Goodwill

Goodwill is valued at its acquisition value, adjusted for any impairments. Goodwill arises in connection with the acquisition of operations or portfolios. In conjunction with acquisitions, an acquisition balance sheet is compiled in which all identified assets and liabilities are fair valued on the acquisition date. When the acquisition price cannot be attributed to identifiable assets and liabilities, this portion is reported as goodwill.

Goodwill is an asset with an indefinite useful life and thus it is not subject to amortization according to plan. To ensure that goodwill is not overvalued in the balance sheet, an annual analysis is conducted of individual goodwill items to identify impairment requirements. The analysis determines the recoverable amount, defined as the higher of the value in use and the net realizable value. The value in use is calculated as the discounted value of expected future cash flows attributable to the acquired net assets. When the recoverable amount measured on the valuation date is less than the carrying amount in the Group, the carrying amount is reduced to the recoverable amount. If, subsequently, a higher recoverable amount can be set, this does not result in revaluation or reversing of previous impairments. During the fiscal year, an impairment loss and derecognition of a goodwill item (portfolio goodwill) was made in connection with cooperation agreement renewals.

Other intangible assets

Other intangible assets consist of externally acquired rights etc. and internally developed intangible assets. Intangible assets are valued at their acquisition value less deductions for accumulated planned amortization.

Internally developed intangible assets are measured at acquisition value, determined as the direct and indirect expenses for the development (programming and testing) of computer systems and so forth that are expected to provide financial benefits in the future. Only expenses linked to new development and mainly limited to major system changes decided in a special procedure by the Board are capitalized.

Rights and similar assets are amortized from the day they are valid. Capitalized development expenses are amortized from the date the asset is put into production. Amortization is made over its estimated useful life. The useful life is determined individually per asset and may amount to a maximum of 10 years.

If there is any indication on the closing date that the carrying amount of an intangible asset is higher than its recoverable amount, a calculation is made of the asset's recoverable amount. Recoverable amount refers to the higher of the asset's net realizable value and its value in use. If the determined recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If, subsequently, a higher recoverable amount can be set, a revaluation or reversal of previous impairments may be undertaken.

Land and buildings/Investment properties

If reports all its properties as investment assets (investment properties), fair valued pursuant to IAS 40 and with changes in value reported in the income statement. This classification complies with the company's basic approach to these assets. If has concluded that a separation of such properties, which according to IAS 40 represent owner-occupied properties, would have only an insignificant effect on the particular asset and profit/loss item. The fair value consists of the net realizable value and is set annually by external surveyors using acknowledged and accepted valuation methods. Accepted methods consist of local sales-price method (current prices paid for comparable properties in the same location/area) or cash flow models applying current market interest rates for the calculation of the present value of the property. Since valuation is effected at fair value, there is no depreciation of properties.

Shares in associated companies

Associated companies refer to companies in which If P&C Insurance Holding Ltd directly or indirectly has significant influence, which is normally the case when the shareholding amounts to a minimum of 20% of the voting rights for all shares in the company. Associated companies are reported in the consolidated accounts using the equity method. The equity method means that an associated company's carrying amount is continually adjusted for changes in the holding company's share of the associated company's net assets.

The holding in Topdanmark A/S has an effect on the consolidated income statement (If´s share of the company´s result after taxes, after deduction for amortization of customer relations), the consolidated statement of comprehensive income (effects of changes in exchange rates) and the group shareholder equity (If´s share of the company's other changes in equity). Due to the late publication of Topdanmark´s financial statements, the result is based on a consensus estimate and any deviations from the published earnings will be adjusted next quarter.

Some other minor holdings are accounted for in a simplified way. The carrying amount is normally only adjusted with If´s share of respective company's result after tax and with one quarter delay. Additional information is provided in Notes 17 and 21.

Valuation of other investments assets

Financial investment assets are reported in the original currency and at fair value with – as a main principle – changes in value recognized in other comprehensive income until being realized. A previous classification, using the fair value option in IAS 39 and with all changes in value (realized as well as unrealized) reported in the income statement, is still applied for financial investment assets acquired in certain small Group companies. The presentation below describes the detailed valuation for each type of asset.

The purchase and sale of money market and capital market instruments on the spot market as well as derivative transactions are reported in the balance sheet on the transaction date. The counterparty's receivable/liability is reported between the transaction date and payment date in gross form under the item "Other assets" or "Other creditors". Business transactions whose receivables/liabilities are settled net via clearing are reported in the balance sheet with a net amount per counterparty.

Shares

Shares are fair valued, calculated as a sales value without deduction for sales costs. For shares listed on an authorized stock exchange or marketplace, the sales value normally refers to the latest trade price on the closing date. Unlisted securities included in private equity investments are valued using established valuation models.

Interest-bearing securities

Interest-bearing securities are fair valued and accounted for separating accrued acquisition value from change in value. The accrued acquisition value is the discounted present value of future payments, for which the discount rate consists of the effective rate of interest on the acquisition date. This means that acquired surplus and deficit values on coupon instruments are distributed over the period as interest during the bond's remaining time to maturity, in the case of loans with adjustable interest rates, to the next rate-adjustment occasion. For discount instruments, the reported interest income pertains only to distribution of deficit values in conjunction with the acquisition. The return on interest-bearing securities is divided up as interest income and changes in value. The change in value is calculated as the difference between the fair value (market value) of the securities holding and its accrued acquisition value. When valuing at fair value, the listed bid price or yield-curve models, based on listed mid prices, are used.

Derivatives

All derivative instruments are fair valued and are valued individually. Derivative transactions with a positive market value on the closing date are reported as "Other financial investment assets" and positions with a negative market value are reported on the liabilities side of the balance sheet under the heading "Derivatives."

Receivables

Receivables are reported in the amounts expected to be received.

Provisions for doubtful receivables are normally posted on the basis of individual valuation of the receivables. Receivables pertaining to standard products are valued through a standard computation based on reported losses during prior periods.

Tangible assets

Tangible assets consist of machinery and equipment and are valued at acquisition value. Acquisition value includes not only the purchase price but also expenses directly attributable to the acquisition. Machinery and equipment are reported at historical acquisition value, less depreciation according to plan. These deductions are based on the historical acquisition value and the estimated useful life of the asset concerned.

Acquisitions of assets financed through leasing agreements, but for which If is responsible for the financial risks and benefits associated with ownership (financial leasing), are reported as tangible assets at acquisition value. The financial obligation resulting from leasing agreements is reported as a liability that is calculated on the basis of future lease payments discounted to present value using the interest rate specified in the contracts. Machinery and equipment are reported at the historical acquisition value, less accumulated depreciation according to plan, based on the useful life of the assets. Current lease payments are divided among amortization and interest expense.

Depreciation period

Office equipment	3–10 years
Computer equipment	3–5 years
Vehicles	5 years
Other fixed assets	4–10 years

In the event that there is an indication at the reporting date that the scheduled value of a tangible asset is higher than its recoverable amount, a calculation is made of the asset's recoverable amount. The recoverable amount is the higher of the asset's net realizable value and value in use. If the determined recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If, subsequently, a higher recoverable amount can be set, a revaluation or reversal of previous impairments may be undertaken.

Cash and bank

In addition to small petty cash amounts, cash and bank consists of bank balances in insurance operations and funds transferred to asset management that have not been invested in investment assets.

Deferred acquisition costs

Selling costs that have a clear connection with the writing of insurance contracts are reported as an asset, namely as deferred acquisition costs. Selling costs include operating expenses such as commission, marketing costs, salaries and overheads for sales personnel, which vary according to, and are directly or indirectly related to, the acquisition or renewal of insurance contracts. The selling cost is deferred in a manner that corresponds to the amortization of unearned premiums. The amortization period ordinarily does not exceed 12 months.

Subordinated debt

Issued subordinated loans are reported in their original currency at accrued acquisition value. The acquisition value includes surplus/deficit prices arising on the issue date and other external expenses attributable to borrowing. During the term of the loan, costs for subordinated loans are reported using the accrued acquisition value, whereby surplus/deficit prices and capitalized borrowing expenses are distributed over the term of the loan; however, no later than the interest-adjustment date in the case of loans with adjustable interest rates. Outstanding loans are translated to SEK using the closing exchange rate. The effect arising from translation is reported as an exchange rate gain/loss and is included in the item "Changes in value" under investment result.

Technical provisions

Technical provisions consist of :

- Provision for unearned premiums and unexpired risks.
- Provision for claims outstanding.

The provisions correspond to the liabilities pursuant to current insurance contracts.

Provision for unearned premiums and unexpired risks

The provision for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force.

In property and casualty insurance and reinsurance, the provision for unearned premiums is calculated on a strictly proportional basis over time for most products, i.e. calculated on a pro rata temporis basis.

In the event that premiums are deemed to be insufficient to cover anticipated claims costs and operating expenses, the provision for unearned premiums is required to be augmented by a provision for unexpired risks. Calculation of the provision for unexpired risks must also take into account premium installments not yet due.

Provision for claims outstanding

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The provision for claims outstanding in direct property and casualty insurance and reinsurance is calculated with the aid of statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods. The provision for claims outstanding is not discounted, with the exception of provisions for vested annuities, which are discounted to present value using standard actuarial methods, taking anticipated inflation and mortality into account.

Pension costs and pension commitments and other employee benefits

The Group's pension obligations comprise pension plans in several national systems that are regulated through local and collective bargaining agreements and national insurance laws. The obligations consist of both defined contribution and defined benefit plans.

For defined contribution plans, the pension cost comprises the premiums paid for securing the pension obligations in life insurance companies.

The reporting of funded and unfunded defined benefit pension plans complies with the regulations contained in IAS 19 Employee benefits (issued in 2011). According to these rules, the present value of future pension obligations less the market value of the plan assets covered by the plan is to be recognized as a pension liability in the balance sheet.

What is to be recognized as a pension cost during the fiscal year is the sum total of (1) the actuarially calculated earnings of old-age pensions during the year, calculated straight-line based on pensionable income at the time of retirement, and (2) calculated interest expense for indexing the preceding year's established net pension obligation. The calculation of pension costs during the fiscal year primarily occurs at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on current market interest rates adjusted to take into account the duration of the company's pension obligations. If includes the first amount in the technical result while the interest expense is recognized separately in the income statement. The technical result also includes past service income and cost, e.g. effects of plan amendments.

Remeasurements of the pension obligation due to actuarial gains and losses, and because the return on plan assets deviates from the calculated interest rate, is recognized in other comprehensive income.

If has certain pension obligations that have been classified as defined-benefit plans but recognized as defined-contribution plans, either because If lacks the information necessary to recognize them as defined-benefit plans or because they have been deemed as insignificant.

Provision is also made for the calculated value of other earned remuneration of employees, the final amount of which is determined and paid after the end of the fiscal year, such as one-year variable remuneration and multi-year incentive programs. Refer to Note 12 for information regarding these provisions.

POLICIES APPLYING TO ITEMS IN THE CONSOLIDATED INCOME STATEMENT

In the income statement, there is a division into the result of insurance operations – the technical result – and the non-technical result, which is primarily attributable to asset management.

Items included in the technical result pertain overwhelmingly to the Group's operations as an insurer, that is, the transfer of insurance risk pursuant to the definition in IFRS 4, Insurance Contracts. Only contracts that do not cover a significant transfer of insurance risk are attributable to other operations and are reported pursuant to IAS 18 Revenue.

Reporting in the income statement complies with the principle for gross accounting of accepted and ceded insurance. Income statement items thus disclose the accounting effects of the underlying flow and the accrual of issued insurance contracts and the equivalent for reinsurance purchased.

Premiums written

The premium refers to the compensation that an insurance company receives from the policyholder in return for the transfer of risk. Premiums written are reported in the income statement at the inception of risk coverage in line with the insurance contract. When the contracted premium for the insurance period is divided into several amounts, the entire premium amount is still recognized at the beginning of the period.

Premiums earned

Premiums earned are reported as the share of premiums written that is attributable to the accounting period. The share of premiums written from insurance contracts pertaining to periods after the closing date is allocated to the premium reserve in the balance sheet. The provision posted in the premium reserve is normally calculated by distributing premiums written strictly on the basis of the underlying term of the insurance contract. For certain insurance products – in particular those with terms longer than one year – the attribution is risk adjusted, i.e. in relation to expected claims.

Allocated investment return transferred from the non-technical account

Total investment result is reported in the non-technical result. Part of the income is transferred from investment result to the technical result for insurance operations based on the net of the insurance operations' average technical provisions and outstanding net receivables. When calculating this income, interest rates are used that for each currency match the interest rate for government bonds with a maturity that approximates with the technical provisions.

Other technical income

Other technical income consists of income in insurance operations that does not involve the transfer of insurance risk. Such income is primarily attributable to sales commission and services for administration, claims settlement, etc. in insurance contracts on behalf of other parties.

Claims incurred

Total claims incurred for the accounting period cover claims payments during the period and changes in provisions for unsettled claims. In addition to claims payments, claims incurred also include claims-adjustment expenses. Provisions for unsettled claims are divided into reported and claims not yet reported to the company (IBNR).

Operating expenses

Operating expenses reported in the technical result in the income statement are divided into expenses arising from the handling of insurance contracts that include the transfer of insurance risk, and costs for other technical operations. Administrative expenses refer to direct and indirect costs and are distributed among the following functions, Acquisition, Claims settlement, Administration, Asset Management and Other.

Claims settlement costs are included in the administrative expenses of insurance operations but are reported among claims incurred in the income statement.

In addition to administrative expenses, the operating expenses of insurance operations include acquisition costs and accrual of acquisition costs.

Investment result

The investment result is distributed among direct investment income and changes in value arising from market price fluctuations and with deductions for management costs. The "Direct investment income" item primarily includes dividends on shareholdings and interest income from investments reported using the effective interest rate principle, in conjunction with which surplus/deficit values resulting from acquisitions are distributed across the remaining useful life of the asset. The "Changes in value" item mainly comprises realized value changes on investment assets, but also impairment losses from Available-for-sale financial assets that were deemed necessary in accordance with the specific impairment requirements in IAS 39.

In line with these paragraphs, If has assessed whether there is any objective evidence that an asset is impaired. In this assessment, If has chosen to use, in respect of interesting-bearing securities, criteria related to issuer default. In respect of shares, the assessment is also conducted on an individual basis but generally all shares with a significant (>20%) and/or prolonged (12 months) decline in value in relation to the acquisition cost shall be impaired. For both asset categories, the carrying amount is reduced to current fair value. In the event of a subsequent recovery of a value decline, the recovery is presented as a reversed impairment loss in respect of interest-bearing securities but not in respect of shares.

A previous classification, using the fair value option in IAS 39 and with all changes in value (realized as well as unrealized) reported in the income statement, is still applied for financial investment assets acquired in certain small Group companies.

The Group's currency result is included in the "Changes in value" item.

Taxes

The Group tax expense is calculated in accordance with IAS 12 Income taxes. This entails that current as well as deferred tax is calculated and reported.

Current taxes are calculated individually for every unit in accordance with the tax rules in each country. Current taxes also include non-deductible coupon taxes in respect of dividends received.

If's foreign branch offices are taxed on their results in the country concerned. In Sweden, the company is in principle liable for taxation on all income, including the reported results from the foreign branch offices.

In Sweden, taxable income is also impacted by translation differences pertaining to the net assets of branches, which are recognized in other comprehensive income in accordance with IAS 21. A complication in this context is that If has opted for centralized asset management, which gives rise to considerable intra-company balance sheet items. In contrast to other assets and liabilities, the translation differences associated with these intra-company items are not taxable/deductible. As a result, the net impact on taxable income can be substantial and far exceed the recognized translation differences.

The liability that arises in the Swedish head office due to its centralized asset management is denominated in local currency and thus gives rise to currency effects on the intra-company items which, in accordance with IAS 21, are recognized in profit and loss. These effects are not taxable/deductible either and can thus also have a material impact on taxable income.

Because the two permanent tax effects arise simultaneously and display a strongly opposing correlation, relate to the same counterparty and are settled at the same time, the tax effects of the exchange-rate differences on the head office's internal liability are netted against the tax effects arising in conjunction with the translation of the balance sheets of branches. If thus recognizes all tax effects related to the above items net in other comprehensive income. Comprehensive income for the year also includes a reversal of the accumulated effect attributable to previous accounting treatment.

If the company pays tax in Sweden for its foreign income, with the aim of avoiding double taxation, a deduction for the taxes paid abroad is normally allowed.

Income taxes abroad are attributable to taxes on foreign branch office income and withholding taxes on the return on foreign investment assets.

In Sweden, the tax rate during the year was 22% of taxable income. In Norway, the tax rate was 27%, in Denmark 23.5% and in Finland 20%. In Norway and Denmark, the tax rates are in 2016 reduced to 25% and 22% respectively. This has been taken into account when calculating deferred tax assets and liabilities as of December 31, 2015.

Deferred tax attributable to temporary differences between the amounts reported and the equivalent actual taxation is reported in the company's accounts. For income reported in the income statement for the period but which is not taxed until a later period, a deferred tax cost is charged, which results in a corresponding liability item, Deferred tax liabilities. Similarly, costs that will not result in tax deductions until a later period give rise to a deferred tax revenue and a corresponding deferred tax asset. Deferred tax assets and liabilities are reported net in those cases where they pertain to the same tax authority and can be offset against each other. The tax effect from tax loss carry-forwards are reported as deferred tax assets if it is considered likely that they can be used to offset taxable profits in the future.

Application of joint venture accounting resulted in a deferred tax asset arising in connection with Storebrand's transfer of operations. This is based on the difference between the value for tax purposes and the carrying amount of these net assets. Additional comments regarding joint venture accounting are provided in the section Bases for consolidation above.

POLICIES APPLYING TO ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

If defines cash and cash equivalents as the balance in ongoing transaction accounts in banks. Cash flow for the year thus consists of the net of inflows and outflows of cash and cash equivalents during the year, and, at the same time, settlement of the balance-sheet item Cash and bank balances is a reconciliation of the Group's cash and cash equivalents.

In the income statement of a property and casualty insurance company, all premiums written are accrued over the term of the contract. Claims provisions are made continually, based on statistical models for anticipated claims, and when the claims occur the actual claims provisions are drawn up. Finally, the claim is settled through payment to the insured. Thus, the cash flows to which an insurance contract and a claim give rise differ considerably from how income accounting is performed. The link between the income statement and cash flow statement is shown in the operation's balance sheet, where accruals and deferrals are shown in the technical reserves (premium and claims reserves) and in the receivables and liabilities that constitute unsettled items attributable to insurance contacts. In insurance companies with extensive operations, the law of large numbers means that the effects of the underlying differences between accounting and real cash flow are reduced considerably.

The cash flow statement shows separate items of the Group's cash flow. The analysis has its foundation in the income statement items that are directly connected with external payment flows. These items are adjusted in the statement with the changes in the balance sheet during the period (counterparty receivables/assets) that are directly linked to the income statement items in question. The balance sheet items reported in the Group comprise significant receivables/liabilities in foreign currency and are thus subject of continual revaluation at the exchange rate prevailing at each closing date. In the cash flow statement, the effect of this recalculation is eliminated and the individual cash flows shown in the analysis are therefore not directly evident as differences in the balance sheets and notes presented in other parts of the annual report.

ACCOUNTING POLICIES IN THE PARENT COMPANY

Accounting for holdings in subsidiaries and associates

Shares in subsidiaries and associates are reported at the acquisition value with deductions for any impairments. The acquisition value includes in certain cases external transaction costs attributable to the acquisition. Dividend from group companies and associated companies is accounted for when received.

NOTE 2 Significant considerations and assessments affecting the financial statements

Preparing financial statements in accordance with IFRS requires that the Board and executive management make judgments and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The judgments and assumptions are based on experience and insight into the insurance business. The actual outcome may deviate from these assessments.

Judgments made by the Board and executive management in the application of IFRS that have a significant effect on the financial statements for 2015 and assessments that may cause material adjustments in the financial statements in subsequent years are commented on below.

GOODWILL

If reports goodwill attributable to the acquisition of Sampo's Finnish property and casualty operations. In line with IFRS 3, goodwill is no longer amortized. To ensure that the carrying amount for this item is not reported at an excessively high value, a calculation of its recoverable amount has been done. Additional comments on the parameters used, conducted assessments and so forth are made in Note 19, as well as the accounting treatment of the previously recorded portfolio goodwill.

VALUATION OF INVESTMENT ASSETS

If has elected to apply a classification according to IAS 39 that means that almost all financial investment assets, apart from associated companies, are fair valued. Since the valuation of the assets is essentially based on observable market listings, the company believes that this accounting method offers a good presentation of the company's holdings of investments assets.

The main part of the financial assets that are not derivatives has been classified as available-for-sale financial assets. Value changes on these assets are therefore normally recognized in other comprehensive income until being realized, unless the application of the specific impairment paragraphs in IAS 39 require an impairment loss to be recognized in the income statement. In line with these paragraphs, If has assessed whether there is any objective evidence that an asset is impaired. The company's assessment affects the reported profit of the year but not shareholders' equity. The assessment criteria are presented in Note 1 (under the heading of Investment result). Additional information is provided in Notes 5, 15 and 22.

TECHNICAL PROVISIONS

The provision for unsettled claims is designed to cover anticipated future payments for all claims incurred, including claims not yet reported to If, referred to as IBNR provision. The provision is calculated using statistical methods or through individual assessments of claims. These provisions are significant in an assessment of the company's reported results and financial position, since any deviation from actual future payments gives rise to a prior-year result reported in future years. Additional comments on provision risk are provided in Note 5 and an account of the company's prior-year results in recent years is available in Note 32.

The provision for unearned premiums and unexpired risk is designed to cover anticipated claims and operating expenses during the remaining term of the insurance contracts concluded. For most products, the provision is calculated strictly in proportion to time. If the premium level is deemed to be insufficient to cover the anticipated claims and operating expenses, they are strengthened with a provision for unexpired risks. This assessment includes estimates of future claims frequency and other factors affecting the need for a provision for unexpired risk. This provision is also commented on in Note 5.

PROVISIONS FOR PENSIONS

As of 2013, If applies IAS 19 Employee benefits (issued in 2011) for reporting pensions expenses and outstanding pension commitments. According to this standard, the company should determine which pension plans that are to be seen as defined benefit plans, as well as a number of parameters that are significant in the calculation of, for example, the company's net obligations and the amounts that are to be reported in the income statement, other comprehensive income and balance sheet. The basis for deciding the discount rate for the Swedish obligation is liquid covered mortgage bonds issued by mortgage institutions and covered mortgage bonds are also used as the basis for the Norwegian obligation. Significant parameters are further presented in Note 34 as well as a description of the significant changes conducted during the fiscal year in the Norwegian defined-benefit plan that was and how they affected the accounts.

NOTE 3 Recognition of the effects of changed exchange rates

In addition to the Nordic currencies, If underwrites insurance in the most frequently used international currencies. Moreover, asset management is characterized by a large degree of international diversification. Accordingly, assets and liabilities in currencies other than SEK account for considerable sums. According to If's Currency Policy, exchange-rate risks are to be limited by conducting specific hedging transactions when required. If's Currency Policy set limits for currency exposure.

MSEK **Exchange-rate effects in the technical result**	**2015**	**2014**	**Change**	***Of which exchange-rate effect***
Premiums earned, net of reinsurance	40,629	40,568	61	*-135*
Allocated investment return transferred from the non-technical account	213	339	-126	*-14*
Other technical income	261	249	12	*3*
Claims incurred, net of reinsurance	-29,400	-28,781	-619	*56*
Operating expenses	-5,950	-7,023	1,073	*17*
Technical result from property and casuality insurance	**5,753**	**5,352**	**401**	***-73***

As a result of the large amount of foreign currency business operations, financial reports in SEK are continuously impacted by effects attributable to exchange-rate changes. In the income statement, transactions in foreign currency are translated into SEK using the average exchange rate during the month when the transaction was incurred or reported. Normally, the accounting of insurance contracts matches the contracted currency. Accordingly, exchange-rate effects that could have an impact on a specific reporting line in the income statement do not have a material impact on the technical result from property and casuality insurance.

Technical income and operating expenses net, distributed by currency	**Premiums earned**	**Total expenses**	***Of which claims costs***	***Of which operating expenses***
SEK	30%	32%	*26%*	*6%*
NOK	32%	28%	*26%*	*2%*
DKK	9%	10%	*8%*	*2%*
EUR	24%	25%	*21%*	*4%*
USD	1%	1%	*1%*	*0%*
Other	4%	4%	*3%*	*1%*
Total	**100%**	**100%**	***85%***	***15%***

Balance sheet items established in foreign currency are translated into SEK using the exchange rate on the balance sheet date. Currency exposure in the balance sheet is mainly controlled by means of the activity involving continuous allocations of currency investments in If's investment assets. On other occasions, the exposure that arises is cost effectively managed through the use of currency forward contracts.

Exchange-rate effects in the balance sheet

MSEK **Assets**	**2015**	**2014**	**Change**	***Of which exchange-rate effect***
Intangible assets	873	1,294	-421	-9
Investment assets	104,293	108,738	-4,445	*-2,503*
Reinsurers' share of technical provisions	2,196	2,230	-34	*-55*
Deferred tax assets	252	718	-466	*-61*
Debtors	11,970	11,894	76	*-365*
Other assets	3,573	2,813	760	*-25*
Prepayments and accrued income	2,166	2,487	-321	*-75*
Total assets	**125,323**	**130,174**	**-4,851**	***-3,093***

MSEK **Shareholders' equity, provisions and liabilities**	**2015**	**2014**	**Change**	***Of which exchange-rate effect***
Shareholders' equity	26,337	27,140	-803	-328
Subordinated debt	1,829	3,276	-1,447	*-18*
Technical provisions	86,687	86,258	429	*-2,261*
Provisions for other risks	4,169	6,675	-2,506	*-296*
Creditors	4,634	5,024	-390	*-143*
Accruals and deferred income	1,667	1,801	-134	*-47*
Total shareholders' equity, provisions and liabilities	**125,323**	**130,174**	**-4,851**	***-3,093***

For 2015, a net exchange-rate gain of MSEK 59 was recognized in the income statement. The gain arose as a result of the translation of the income statement and balance sheet items and from currency derivatives. Accordingly, exchange-rate result may be divided into:

MSEK **Total exchange-rate result**	**2015**	**2014**
Conversion of items in the income statement and balance sheet	151	-399
Realized effects of currency derivatives	62	-129
Unrealized effects of currency derivative	-154	346
Total exchange-rate result	**59**	**-182**

NOTE 4 Information about related companies

RELATIONS WITH ASSOCIATED COMPANIES

The parent company If P&C Insurance Holding Ltd (publ) owns shares in Topdanmark A/S amounting to a share of 32.9% (excluding own shares held by Topdanmark).

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 28.6% of Urzus Group AS and Contemi Holding AS respectively.

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 35.8% of Watercircles Skandinavia AS. Subsidiaries to Watercircles Skandinavia AS convey insurance on behalf of If´s Swedish and Finnish P&C Insurance companies, for which they are paid commission.

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 33.0% of Svithun Rogaland Assuranse AS. Svithun Rogaland Assuranse AS conveys insurance on behalf of the subsidiary If P&C Insurance Ltd (Sweden) for which they are paid commission.

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 22.0% of CAB Group AB, which provides systems and services for calculations of costs of repairing vehicles.

The subsidiary If P&C Insurance Company Ltd (Finland) owns a share of 35.5%of the associated company Autovahinkokeskus Oy that commissions sales of vehicles redeemed by If.

RELATIONS WITH SAMPO

Sampo is defined as Sampo Abp. The subsidiaries of Sampo are defined as all of the subsidiaries in the Sampo Group with the exception of If P&C Insurance Holding Ltd (publ) and its subsidiaries.

If has concluded agreements with Sampo subsidiaries regarding the marketing of the counterparty's products in own distribution networks in primarily Finland and the Baltic countries. The compensation takes the form of commission.

In Finland, If has concluded agreements with Sampo subsidiaries regarding life and voluntary pension insurance agreements for employees. In Finland and the Baltic countries, Sampo or its subsidiaries have also concluded P&C insurance agreements with If.

Sampo's purchase of data-processing services and data production are conducted through If IT Services A/S which has monitoring and administrative responsibility for IT operations with the supplier.

Sampo Abp manages the main part of the Group's investment assets. Compensation for these services is based on a fixed commission calculated in accordance with market value of the managed investment assets.

In Finland, Sampo and Sampo subsidiaries purchase HR services as well as IT, procurement and investigation services from If. If also purchases IT services related to a claim system from Sampo's subsidiary Mandatum Life.

Office premises and services are used together with subsidiaries to Sampo.

RELATIONS WITH NORDEA

Nordea is an associated company to Sampo which is If´s parent company and therefore is Nordea a related company to If.

Nordea distributes If's P&C insurance products through its banking offices in Sweden, Finland and the Baltics. The compensation takes the form of commission.

In Finland, If´s subsidiary If P&C Insurance Company Ltd has written insurance policies with Nordea subsidiaries. The policies also include property financed by Nordea.

Nordea is If's banking partner in Sweden, Finland, Denmark, Norway, Latvia and the United Kingdom and agreements have been concluded covering the management of bank accounts and related services. The Parent Company – If P&C Insurance Holding Ltd – is the primary account holder in the Nordic cash pool in Nordea. At year-end, balance on this account amounted to MSEK 899. The subsidiaries of P&C Insurance Holding Ltd (publ) also have its own accounts with Nordea. At year-end balance in those accounts amounts to MSEK 240. During the year fees were paid by MSEK 17 and interest income received by MSEK 6 and interest expense paid by MSEK 6.

In asset management, investments are made in bonds and other interest-bearing securities issued by companies in the Nordea Group as well as in deposits with Nordea. Nordea is also included among the market makers used for general securities trading. Further information on this matter is provided in Note 5, table 17. During the year the coupon income was MSEK 96, the income from other interest-bearing securities was MSEK 1 and from deposits 1 MSEK. Nordea is also the counterparty for transactions in interest rate- and currency derivatives. At year end, the market value for interest rate derivatives was MSEK -4 and for currency derivatives MSEK -20.

NOTE 5 Risks and risk management

OVERVIEW OF THE RISK MANAGEMENT

Risk is an essential and inherent element of If´s business activities and operating environment. A high quality risk management process is a prerequisite for running the business effectively and for assuring stable earnings in If, while delivering on the long term return requirements, which are:

- A combined ratio of less than 95%.
- A return on equity higher than 17.5%.

Risk Strategy

If's risk strategy forms part of the governing principles for the operations.

The risk management strategy is to:

- Ensure that risks affecting the profit and loss account and the balance sheet are identified, assessed, managed and monitored.
- Ensure that the riskiness of the insurance business is reflected in the pricing.
- Ensure adequate long term investment returns within set risk levels.
- Ensure sufficient capital in relation to the inherent risks in the business.
- Limit fluctuations in the economic values of Group companies.
- Ensure the overall efficiency, security and continuity of operations.

Risk Appetite Framework

If´s risk appetite framework sets the level of risk that If is willing to accept in the pursuit of the objectives. The framework includes the risk appetite statement, capital adequacy, policies, processes, controls, and systems through which the risk appetite is established, communicated, and monitored.

The link between the risk strategy, the risk profile and the capital is ensured through the risk appetite statement, the financial planning process and the risk and solvency assessment (ORSA).

Risk Management System

The Risk Management System is part of the Internal Control System and spans across the Group covering both the legal and operational structure thereby giving an integrated approach to risk management throughout the Group.

The objectives of the Risk Management System are to create value for If's stakeholders by securing long-term solvency, minimising the risk of unexpected financial loss and giving input to business decisions by continuously taking into account the effects on risk and capital.

The key to fulfilling these objectives is to:

- Identify and, in accordance with internal and external requirements, aggregate the quantifiable risks and have effective processes for management of both quantified and non-quantified risks affecting If and;
- Formalize and set up reporting routines to meet regulatory requirements as well as Ifs internal risk reporting requirements.

Key risks affecting If, including those not covered by If's Internal Model, are subject to dedicated risk management processes. The Risk Management function is responsible for coordinating the risk management activities on behalf of the Boards of Directors and the CEOs.

Risk Governance and Reporting Structure

The Boards of Directors has overall responsibility for internal control, risk control and that the companies have appropriate risk management systems and processes. The main risk-steering mechanism used by the Boards of Directors is the policy framework. The Boards of Directors approves the Risk Management Policy and other risk-steering documents, receive risk reports from the Chief Risk Officer and the Chief Executive Officers, takes active part in the forward looking risk and solvency assessment process and ensure that the management and follow-up of risks are satisfactory and effective.

FIGURE 1 If's Risk management reporting structure

The Own Risk and Solvency Assessment Committee (ORSAC) assists the Chief Executive Officers in fulfilling their responsibilities to oversee If's risk management processes. The ORSAC reviews reporting from If´s other committees within the Risk Management System as well as reporting from both corporate functions and the line organization. Furthermore, the ORSAC monitors that If's short-term and long-term aggregated risk profile is aligned with If´s risk strategy and capital requirements.

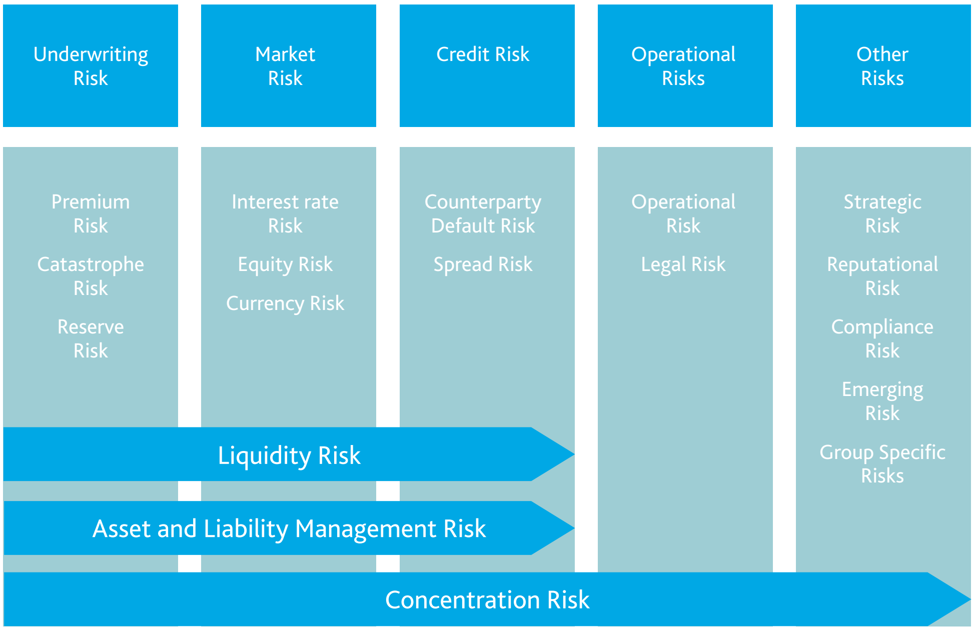
There are separate committees in place for the key risk areas. These committees are responsible for monitoring the management and control of risks to ensure compliance with the instructions of the Boards of Directors. The risk committees in If do not have a decision-making mandate.

Policies are in place for each risk area specifying restrictions and limits chosen to reflect and ensure that the risk level at all times complies with If's overall risk appetite and capital constraints. The committees also monitor the effectiveness of policies and give input with respect to changes and updates, if needed.

The responsibility for identifying, assessing, controlling and managing risks lies with the line organization.

Figure 2 shows If's risk categorization and each risk is described below.

FIGURE 2 **Categorization of risks**



CAPITAL MANAGEMENT

If focuses on capital efficiency and sound risk management by keeping its capital resources at an appropriate level in relation to the risks taken over the business planning horizon. This means ensuring that the available capital exceeds the internal and regulatory capital requirements, as well as maintaining an A rating from Standard & Poor's and Moody's.

Capital management is based on If's risk appetite statement, which provides further details on risk preferences and risk tolerances. These are established through steering documents decided by the Boards of Directors. If's risk profile, capital requirements and available capital are measured, analyzed and reported to the ORSAC and the Boards of Directors on a quarterly basis, or more often when deemed necessary.

In order to maintain a sufficient level of capital, If:

- Projects its risk and capital according to the financial plan.
- Allocates capital to business areas and lines of business, ensuring that a risk-based approach is used for target setting and profitability evaluation.
- Manages its debt-to-equity structure, enhancing the return to shareholders while maintaining reasonable financial flexibility.
- Assures its dividend capacity through the effective use of reinsurance, group synergies and diversification benefits.

Capital Position

The capital position is the relationship between available capital and required capital. To fulfill requirements from various stakeholders, different measures are used to describe the capital position: regulatory measures, internal economic measures and rating agency measures. If considers both a one-year and a multi-year perspective.

REGULATORY MEASURES

Insurance is a regulated business with formal national rules for the capital requirement and available capital. The regulatory capital requirement and the regulatory solvency capital are presented in Table 1. All If companies fulfilled their regulatory capital requirements during 2015.

Since Solvency II regulation entered into force on January 1, 2016 If's subsidiaries use the SII Standard Formula for calculating their solvency capital requirements. Group solvency capital requirements (SCR) is calculated on Sampo Group level as Sampo Abp is the ultimate parent of the SII group to which If P&C Insurance Holding Ltd (publ) and its subsidiaries belong. The table shows the Standard Formula based SCR up to the level of If P&C Insurance Holding Ltd (publ), corresponding to what would be the regulatory requirement if Solvency II group rules were enforced at the level of the If Group.

TABLE 1 Regulatory capital measures (Solvency I) and Solvency II Standard Formula measures

MSEK	2015	2014
Solvency requirement	8,093	7,895
Capital base	29,142	31,435
SCR[1)]	19,051	N/A
Own funds[1)]	29,422	N/A

1) Estimated figures at December 31, 2015 according to Solvency II, including transitional measures on equity risks.

INTERNAL ECONOMIC MEASURES

Economic capital is an internal measure showing the deviation from the expected result calculated at a confidence level corresponding to 99.5% on a one-year horizon. If's major quantifiable risks are included in the calculation of economic capital. The calculations are based on an economic, market-consistent valuation. The economic capital according to If´s Internal Model provides a lower capital requirement compared with risks in SII Standard Formula based SCR, mainly due to the standard formula not taking into account the geographical diversification.

RATING AGENCY MEASURES

The legal entities, If P&C Insurance Ltd and If P&C Insurance Company Ltd, within the Group are A rated by Standard & Poor's and A2 rated by Moody's. The objective is to retain a single A-rating. If's Enterprise Risk Management (ERM) is rated "Strong" by Standard & Poor's.

Risk and Capital Modeling

In order to assess the overall risk profile, it is necessary to consider the interrelationships between various risks, since some of these risks may develop in opposite directions creating diversification effects. For this purpose, If has used an internal model since 2003 to calculate economic capital for market risk and underwriting risk. Through simulations of both investment and insurance operations, the effect of, for example, alternative reinsurance structures and investment allocations is analyzed.

Operational risk and less material risks are quantified using the standard formula of the coming Solvency II regulation.

In addition to the calculation and reporting of economic capital for If and its subsidiaries, the internal model is used as a basis for decisions regarding:

- Allocation of capital to business areas and lines of business, ensuring that a risk-based approach is used for target setting and profitability evaluation.
- Evaluation of investment policy and limits.
- Evaluation of reinsurance programs.
- Evaluation of the effect on the risk profile related to changes in the investment portfolio.
- Evaluation of risks over the business planning horizon.

UNDERWRITING RISK

Underwriting risk is the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

Premium Risk and Catastrophe Risk

Premium risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events that have not occurred at the balance date.

Catastrophe risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

RISK MANAGEMENT AND CONTROL

The Underwriting Policy (UW Policy) is the principal document for underwriting and sets general principles, restrictions and directions for the underwriting activities. The Boards of Directors decide on the UW Policy at least once a year.

The UW Policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each business area. These guidelines cover areas such as tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as authorities and limits. In accordance with the Instructions for the Underwriting Committee, the Committee monitors compliance with the established underwriting principles.

The business areas manage the underwriting risk on a daily basis. A crucial factor affecting both the profitability and the risks in P&C insurance operations is the ability to estimate future claims and administrative costs and thereby correctly price insurance contracts. The premiums within the Private business area and a large part of the premiums within the Commercial business area are set through tariffs. The underwriting of risks in the Industrial business area and of more complex risks within the Commercial business area is based on general principles and individual underwriting. In general, pricing is based on statistical analyses of historical claims data and assessments of the future development of claims frequency and claims inflation.

The insurance portfolio is well diversified, given the fact that If has a large customer base and its business is underwritten in different geographical areas and across several lines of business.

Despite the diversified portfolio, risk concentrations and consequently severe claims may arise through, for example, exposures to natural catastrophes such as storms and floods. The geographical areas most exposed to such events are Denmark, Norway and Sweden. In addition, single large claims could have an impact on the insurance operation's result. The economic impact of natural disasters and single large claims is managed using reinsurance and through diversification.

If's Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The need and optimal choice of reinsurance is evaluated by looking at the expected cost versus the benefit of the reinsurance, the impact on result volatility and decreased capital requirement. The main tool for this evaluation is If's Internal Model in which small claims, single large claims and natural catastrophes are modelled.

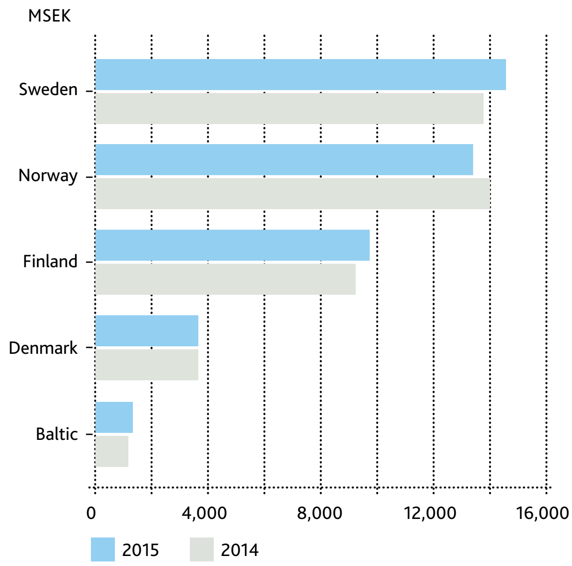
A Group-wide reinsurance program has been in place in If since 2003. In 2015, retention levels were between MSEK 100 and MSEK 250 per risk and MSEK 250 per event.

RISK PROFILE

There is a risk, given the inherent uncertainty of P&C insurance, of losses due to unexpectedly high claims costs. Examples of what may lead to high claims costs include large fires and natural catastrophes or an unforeseen increase in the frequency or the average size of small and medium-sized claims.

If mainly underwrites insurance policies in the Nordic and Baltic countries. If also underwrites insurance policies to a limited extent in Russia, whose business is in liquidation. Furthermore If underwrites policies for Nordic clients with operations outside the Nordic region. The geographical distribution of premium income is shown in Figure 3.

FIGURE 3 **Premium income per country**



An analysis of how changes in the combined ratio, premium and claims level affect the result before tax is presented in Table 2.

TABLE 2 **Sensitivity analysis, premium risk**

MSEK			Effect on result before tax	
Parameter	**Current level, 2015**	**Change**	**2015**	**2014**
Combined ratio, Business Area Private	88.1%	+/- 1 percentage point	+/- 240	+/- 233
Combined ratio, Business Area Commercial	89.2%	+/- 1 percentage point	+/- 113	+/- 117
Combined ratio, Business Area Industrial	99.4%	+/- 1 percentage point	+/- 40	+/- 41
Combined ratio, Business Area Baltic	85.7%	+/- 1 percentage point	+/- 12	+/- 11
Premium level	40,629	+/- 1%	+/- 406	+/- 406
Claims level	29,400	+/- 1%	+/- 294	+/- 288

Reserve Risk

Reserve risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing and amount of claim settlements for events that have occurred at, or prior to, the balance date.

Reserve risk includes revision risk, which is defined as the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from fluctuations in the level, trend, or volatility of revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

The technical provision for unearned premiums is intended to cover anticipated claim costs and operating expenses during the remaining term of insurance contracts in force. Since claims are paid after they have occurred, it is necessary to set provisions for claims outstanding. The technical provisions are hence the sum of the provisions for unearned premiums and provisions for claims outstanding.

Technical provisions always include a degree of uncertainty since the provisions are based on estimates of the size and the frequency of future claim payments.

The uncertainty of technical provisions is normally greater for new portfolios for which complete run-off statistics are not yet available, and for portfolios including claims that take a long time to settle. Workers' Compensation (WC), Motor Third Party Liability (MTPL), Personal Accident, and Liability insurance are products with the latter characteristics.

RISK MANAGEMENT AND CONTROL

The Boards of Directors decide on the guidelines governing the calculation of technical provisions. If's Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the level of the total provisions is sufficient. At Group level, the Chief Actuary issues a quarterly report on the adequacy of the technical provisions, which is submitted to the Boards of Directors, the CEO, the CFO and the ORSAC. The Chief Actuary cooperates with the appointed actuaries in the legal entities.

The Actuarial Committee is a preparatory and advisory board for the Chief Actuary. The committee makes recommendations concerning guidelines for calculating technical provisions. The committee also monitors the technical provisions and provides advice to the Chief Actuary regarding the adequacy of these provisions.

The actuarial estimates are based on historical claims data and exposures that are available at the closing date. Factors that are considered include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions. When setting provisions, the Chain Ladder and Bornhuetter-Fergusson methods are generally used, combined with projections of the number of claims and average claims costs.

The anticipated inflation trend is taken into account when calculating the technical provisions and is of high importance for claims settled over a long period of time, such as claims related to MTPL and WC business. The anticipated trend is based on external assessments of the inflation trend in various areas, such as the consumer price index and payroll index, combined with If's own estimation of costs for various types of claims.

RISK PROFILE

For lines of business such as MTPL and WC, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish provisions for these lines include annuities that are sensitive to changes in mortality assumptions and discount rates. In 2015, the proportion of technical provisions related to MTPL and WC was 68%. The amount of technical provisions broken down by product and country is shown in Table 3.

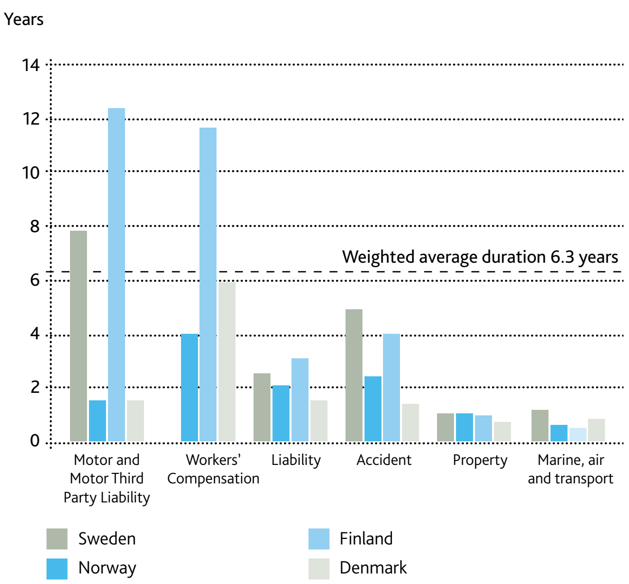
TABLE 3 **Technical provisions (net) per product and country**

	Sweden		Norway		Finland		Denmark	
MSEK	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Motor and Motor Third Party Liability	24,281	23,618	5,576	6,162	9,476	8,827	1,398	1,344
Workers' compensation	-	-	2,686	3,080	10,948	10,664	2,279	2,361
Liability	2,802	2,648	1,287	1,431	1,246	1,204	668	592
Accident	2,612	2,497	3,117	3,179	1,539	1,531	774	769
Property	4,049	4,004	4,652	4,675	1,889	1,919	890	964
Marine, air and transport	278	245	456	432	116	77	149	141
Total	**34,022**	**33,012**	**17,774**	**18,959**	**25,214**	**24,222**	**6,158**	**6,171**

Excluding Baltic and other, total MSEK 1,323 (1,664).

The durations of technical provisions for various products are shown in Figure 4.

FIGURE 4 **Duration of technical provisions 2015**



The structure and duration of technical provisions are also sources of, for example, interest rate risk and inflation risk, which are described in greater detail under market risk.

A sensitivity analysis of the reserve risk is presented in Table 4.

TABLE 4 **Sensitivity analysis, reserve risk**

Portfolio	Risk	Change in risk parameter	Country	2015 Effect MSEK	2014 Effect MSEK
Nominal reserves	Inflation increase	Increase by 1 percentage point	Sweden	2,000	1,827
			Denmark	85	89
			Norway	368	484
			Finland	364	294
Discounted reserves (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1 percentage point	Sweden	600	599
			Denmark	100	107
			Finland	2,606	2,333
Annuities and estimated share of claims reserves to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	308	296
			Denmark	14	16
			Finland	558	505

FINANCIAL ASSETS AND LIABILITIES

The recognition of financial assets and liabilities depends on their classification.

TABELL 5 **Catagories of financial asset and financial liabilities**

MSEK	2015	2014
Financial assets at fair value through profit and loss		
Financial assets, mandatory at fair value through profit and loss (trading)	191	399
Financial assets, designated by If as at fair value through profit and loss	-	0
Financial assets, available for sale	95,912	100,888
Loans and receivables [1]	20,879	19,352
Total financial assets	**116,982**	**120,639**
Financial liabilities, mandatory at fair value through profit and loss (trading)	155	227
Financial liabilities measured at amortised cost or at the amount expected to be settled [2]	7,281	9,040
Total financial liabilities	**7,436**	**9,267**

1) Loans and receivables consists of the following balance sheet items: loans and receivables, deposits with ceding undertakings, debtors, cash and bank, securities settlement claims and financial accrued income.

2) Financial liabilities measured at amortised cost or at the amount expected to be settled consists of the following balance sheet items: subordinated debt, creditors arising out of direct insurance and reinsurance operations, securities settlement liabilities and financial other creditors and accrued expenses.

TABLE 6 **Investment assets categorized from an asset management perspective**

MSEK	Investmet assets and derivative liabilities 2015	Investmet assets and derivative liabilities 2014	Assets under active managment 2015	Assets under active managment 2014	Assets under active managment categorized from an asset management perspective: Fixed income 2015	Fixed income 2014	Equity 2015	Equity 2014	Properties 2015	Properties 2014
Land and buildings	**200**	**212**	200	212					200	212
Investments in associated companies	**3,258**	**3,400**								
Loans to associated companies	**-**	**37**								
Financial assets, mandatory at fair value through profit and loss (trading)										
Derivatives [1]	191	399	191	399	1	-				
Financial asssets, designated by If as at fair value through profit or loss										
Bonds and other interest-bearing securities	-	0	-	0	-	0				
Financial assets, available for sale										
Shares and participations	13,982	14,586	13,982	14,586	-	1,559	13,982	13,027		
Bonds and other interest-bearing securities	81,930	86,302	81,930	86,302	81,930	86,302				
Loans										
Deposits with credit institutions	3,737	1,565	3,737	1,565	3,737	1,565				
Other loans	988	2,227	988	2,227	988	2,227				
Total other financial investment assets	**100,828**	**105,079**								
Deposits with ceding undertakings	**7**	**10**								
Total Investment asseets	**104,293**	**108,738**								
Other assets										
Cash and bank			3,382	2,643	3,382	2,643				
Securities settlement claims			21	17	8	-	13	17		
Accrued income			496	622	496	622				
Assets under active management			**104,927**	**108,573**	**90,542**	**94,918**	**13,995**	**13,044**	**200**	**212**
Financial liabilities mandatory at fair value through profit and loss (trading)										
Derivatives [2]	155	227	155	227	21	31				
Total Derivative liabilities	**155**	**227**								
Financial liabilities valued at the amount expected to be settled										
Securities settlement liabilities			1	0	-	0	1	-		
Liabilites under active management			**156**	**227**	**21**	**31**	**1**	**-**	**-**	**-**
Assets under active management, net			**104,771**	**108,346**	**90,521**	**94,887**	**13,994**	**13,044**	**200**	**212**

[1] Only fixed income and equity derivatives are included in the assets categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 190 (399).

[2] Only fixed income and equity derivatives are included in the liabilities categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 134 (196).

MARKET RISK

Market risk is the risk of loss, or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level or in the volatility of market prices of assets, liabilities and financial instruments.

RISK MANAGEMENT AND CONTROL

If's investment strategy is to, given the financial market environment, maximize long term investment returns within the levels of risk appetite and the capital allocation while meeting solvency and rating requirements.

The Boards of Directors decide on the Investment Policies on an annual basis. The structure of the companies' technical provisions, risk-bearing capacities, regulatory requirements and rating targets is taken into account when deciding limits and when setting return and liquidity targets. The Investment Policies also define mandates and authorizations, and set guidelines on the use of derivatives.

RISK PROFILE

If's investment operations generated a return of 1.5% in 2015. Investment assets amounted to MSEK 104,715. The major market risks comprise interest rate risk, equity risk and currency risk. The exposure towards market risk can be described through the allocation of investment assets and the sensitivity of values to changes in key risk factors.

TABLE 7 Allocation of actively managed investment assets

	2015		2014	
MSEK	Carrying amount	%	Carrying amount	%
Fixed income	90,521	86.4	94,887	87.7
Equities	13,994	13.4	13,044	12.1
Properties	200	0.2	212	0.2
Total	**104,715**	**100**	**108,143**	**100**

In the allocation of assets under active management currency derivatives amounting to MSEK 56 (203) are excluded.

During the year, the proportion of equity investments increased from 12.1% to 13.4%. The proportion of fixed income investments decreased from 87.7% to 86.4%. Other investment assets amounted to 0.2% at December 31, 2015.

Table 8 shows the sensitivity analysis of the fair values of financial assets and liabilities in different market scenarios. The effects represent the immediate impact of a non-recurring change in the underlying market variable on the fair values as of December 31 each year. The sensitivity analysis includes the effects of derivative positions and is calculated before tax.

TABLE 8 Sensitivity analysis of the fair values of financial assets and liabilities

	2015				2014			
	Interest rate		Equities	Properties	Interest rate		Equities	Properties
MSEK	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Assets								
Short-term fixed income	33	-33			35	-35		
Long-term fixed income	1,018	-979			1,074	-1,025		
Equities			-2,799				-2,609	
Other financial assets				-40				-42
Liabilities								
Subordinated loans	-101	96			-100	94		
Derivatives, net	162	-151			-129	118		
Total change in fair value	**1,112**	**-1,067**	**-2,799**	**-40**	**880**	**-848**	**-2,609**	**-42**

Interest Rate Risk

Interest rate risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

RISK MANAGEMENT AND CONTROL

In accordance with If's Investment Policy, the nature of the insurance commitments with respect to interest rate risk and inflation risk is taken into account in the composition of investment assets. The interest rate risk is managed by sensitivity limits for instruments sensitive to interest rate changes.

Since the technical provisions are predominantly stated in nominal terms in the balance sheet, If is mainly exposed to changes in future inflation. However, the economic value of these provisions, meaning the present value of future claims payments, is exposed to changes in interest rates.

Furthermore, the provisions for annuities in Finland, Sweden and Denmark are discounted and potential changes in discount rates affect the level of technical provisions in the companies´ balance sheets.

The discount rates could vary between countries mainly as a result of legislative differences, but also due to the prevailing interest rate environment.

RISK PROFILE

The duration of provisions and thus sensitivity to changes in interest rates are analyzed in greater detail in Figure 4 and Table 4, in the reserve risk section. The cash flows of financial assets and liabilities are presented by maturities in Table 16, in the liquidity risks section. The duration of fixed income investments was 1.2 years at year-end 2015 (1.0). The duration of fixed income investments is shown in Table 9.

TABLE 9 Duration and breakdown of fixed income investments per instrument type

	2015			2014		
MSEK	Carrying amount	%	Duration	Carrying amount	%	Duration
Scandinavian government securities/credits	61,778	68.2	1.1	60,741	64.0	0.9
Euro government securities/credits	12,319	13.6	2.5	16,526	17.4	1.3
Swedish index-linked bonds	1,227	1.4	4.9	3,517	3.7	3.8
Short-term fixed income	12,761	14.1	0.3	13,823	14.6	0.3
US government securities/credits	1,847	2.0	0.8	258	0.3	0.9
Global government securities/credits	589	0.7	0.2	22	0.0	0.4
Total	**90,521**	**100**	**1.2**	**94,887**	**100**	**1.0**

Equity Risk

Equity risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.

RISK MANAGEMENT AND CONTROL

If's equity portfolio is actively managed with a long-term investment horizon. The equity risk is reduced by diversifying the investments across industry sectors and geographical regions. According to If's Investment Policy, equity investments may not exceed 15% of the total investment portfolio and the exposure towards an individual issuer is to be limited.

RISK PROFILE

The equity portfolio consists of Nordic shares and a diversified global fund portfolio. At year-end, If's exposure amounted to MSEK 13,994 and the proportion of equities in the investment portfolio was 13.4%.

TABLE 10 Breakdown of equity investments by industry sectors

	2015		2014	
MSEK	Carrying amount	%	Carrying amount	%
Households Durables	2,327	23.0	1,936	20.8
Machinery	1,578	15.6	1,470	15.8
Specialty Retail	1,387	13.7	1,307	14.1
Construction and Engineering	1,040	10.3	939	10.1
Telecommunication Services	667	6.6	746	8.0
Electrical Equipment	666	6.6	694	7.5
Health Care	489	4.9	423	4.6
Commercial Services and Supplies	398	3.9	334	3.6
Finance	303	3.0	276	3.0
Others	1,253	12.4	1,165	12.5
Total	**10,108**	**100**	**9,290**	**100**

The sector allocation of equity excludes investments made through mutual and private equity funds of MSEK 3,886 (3,754).

TABLE 11 Breakdown of equity investments by geographical regions

	2015		2014	
MSEK	Carrying amount	%	Carrying amount	%
Scandinavia	10,108	73.3	9,289	72.3
Western Europe	1,483	10.8	1,417	11.0
North America	1,148	8.3	1,052	8.2
Far East	867	6.3	874	6.8
Latin America	177	1.3	224	1.7
Total	**13,783**	**100**	**12,856**	**100**

The geographical allocation of equity excludes investments made through private equity funds of MSEK 211 (188).

Currency Risk

Currency risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

RISK MANAGEMENT AND CONTROL

The currency risk is reduced by matching technical provisions with investment assets in the corresponding currencies or by using currency derivatives. The currency exposure in the insurance operations is hedged to the base currency on a regular basis. The currency exposure in investment assets is controlled weekly and is hedged when the exposure reaches a specified level, which is set with respect to cost efficiency and minimum transaction size. If is also exposed to translation risk. Translation risk is described in more detail in section Group specific risks.

RISK PROFILE

If's currency positions against the base currency and the sensitivity of the valuation to changes in exchange rates are shown in Table 12.

TABLE 12 **Currency risk**

MSEK Currency	EUR	NOK	DKK	GBP	USD	JPY	Other
Open position (SEK), 2015	-578	-38	-65	-16	-176	402	-63
10% depreciation of foreign currency against SEK, 2015	58	4	6	2	18	-40	6
10% depreciation of foreign currency against SEK, 2014	40	38	70	7	-26	-1	29

Currency positions in the Baltic business area are excluded.

CREDIT RISK

Credit risk means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed in the form of counterparty default risk, spread risk, or market risk concentrations.

Spread risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

In general, credit risk refers to losses arising from occurred defaults of debtors or other counterparties or from increases in assumed probability of defaults. In the case of default, the final loss depends on the value of the asset less any collateral and recoveries at the time of default.

Credit Risk in Investment Operations

Credit risk in the investment operations can be measured as counterparty default risk and spread risk. In most cases part of the credit risk is already reflected by higher spread and thereby the asset has a lower market value, even in the case of no default. Therefore, the spread is in essence the market price of credit risk.

The additional risk, stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by (i) a single issuer of securities or (ii) a group of related issuers not captured by the spread risk or counterparty default risk, is measured as concentration risk.

RISK MANAGEMENT AND CONTROL

Credit risk in the investment operations is managed by specific limits stipulated in If's Investment Policy. In the policy, limits are set for maximum exposures towards single issuers, type of debt category and per rating class. The spread risk is further limited by sensitivity restrictions for instruments sensitive to spread changes.

Before investing, potential investments are analyzed thoroughly. The creditworthiness and future outlook of the issuer are assessed together with any security as well as structural details of the potential investment. Internal risk indicators are important factors in the assessment, however, macroeconomic environment, current market trends and external opinions of analysts and credit ratings by rating agencies are also taken into account. In addition, portfolio performance and the counterparties' credit standings are monitored continuously.

The development of the portfolios with respect to credit risk is monitored at company level, as well as at Group level, and is reported to the Investment Control Committee on a regular basis. Credit exposures are reported by ratings, instruments and industry sectors.

RISK PROFILE

If's most significant credit risk exposures arise from fixed income investments. The exposures are shown by sector, asset class and rating category in Table 13.

TABLE 13 Exposures by sectors, asset classes and rating 2015

	Fixed income												
MSEK	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Not rated	Total [1]	Equities	Properties	Derivatives (Counter-party Risk)	Total [2]	Change compared to 31 dec 2014
Basic Industry		183		336	265		313	**1,097**	270			**1,367**	-1,265
Capital Goods			489	449			270	**1,208**	4,282			**5,490**	826
Consumer Products		770	819	661	276		555	**3,081**	3,924			**7,005**	1,562
Energy		367		87	282		2,346	**3,082**				**3,082**	-487
Financial Institutions		15,340	12,362	2,319	570		93	**30,684**	303		92	**31,079**	3,684
Governments	1,288				12			**1,300**				**1,300**	-7,319
Government Guaranteed	953	501						**1,454**				**1,454**	-243
Health Care			212	65			73	**350**	489			**839**	-94
Insurance			92	593	38		46	**769**				**769**	293
Media							191	**191**				**191**	19
Packaging							50	**50**				**50**	50
Public Sector, Other	8,082	1,828						**9,910**				**9,910**	666
Real Estate				207			4,121	**4,328**		200		**4,528**	-289
Services				339	582		140	**1,061**				**1,061**	462
Technology and Electronics			193				327	**520**	63			**583**	210
Telecommunications			747	122			238	**1,107**	667			**1,774**	-237
Transportation		976	63	197	100		1,388	**2,724**	85			**2,809**	-166
Utilities			196	1,904	452		703	**3,255**				**3,255**	165
Others								**-**	25			**25**	6
Covered Bonds	23,751	619						**24,370**				**24,370**	-1,464
Funds								**-**	3,886			**3,886**	63
Total	**34,074**	**20,584**	**15,173**	**7,279**	**2,577**	**-**	**10,854**	**90,541**	**13,994**	**200**	**92**	**104,827**	**-3,558**
Change compared to Dec 31, 2014	-5,970	2,630	1,703	223	-1,154	-	-1,809	**-4,377**	950	-12	-119	**-3,558**	

1) Total fixed income exposure differs by MSEK 20 compared with the corresponding financial assets and liabilities in Table 6 because other derivatives are excluded.

2) Total exposure differs by MSEK 56 compared with the corresponding financial assets and liabilities in Table 6 because derivatives are excluded except for OTC derivatives, for which only the counterparty risk is taken into account.

Credit Risk in Reinsurance Operations

In addition to the credit risk associated with investment assets, credit risk arises from insurance operations, most importantly through ceded reinsurance. Credit risk related to reinsurers arises through reinsurance receivables and through the reinsurers' portion of claims outstanding. Credit risk exposure towards policyholders is very limited, since non-payment of premiums generally results in the cancellation of insurance policies.

RISK MANAGEMENT AND CONTROL

To limit and control credit risk associated with ceded reinsurance, If has a Reinsurance Security Policy that sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Credit ratings from rating agencies are used to determine the creditworthiness of reinsurance companies.

RISK PROFILE

The distribution of reinsurance recoverables is presented in Table 14. In the table, MSEK 1,318 (1,219) is excluded, which mainly relates to captives and statutory pool solutions.

TABLE 14 **Reinsurance recoverables**

MSEK Rating (S&P)	2015	%	2014	%
AAA	-	-	-	-
AA	637	67.2	756	72.7
A	256	27.0	247	23.8
BBB	38	4.0	20	1.9
BB - CCC	-	-	-	-
Not rated	17	1.8	17	1.6
Total	**948**	**100**	**1,040**	**100**

The distribution of ceded treaty and facultative premiums per rating category is presented in Table 15.

TABLE 15 **Ceded treaty and facultative premiums per rating category**

MSEK Rating (S&P)	2015	%	2014	%
AAA	-	-	-	-
AA	293	50.3	309	51.0
A	289	49.7	297	48.9
BBB	-	-	1	0.1
BB - CCC	-	-	-	-
Not rated	-	-	0	0.0
Total	**582**	**100**	**607**	**100**

ASSET AND LIABILITY MANAGEMENT RISK

Asset and Liability Management (ALM) risk means the risk of loss, or of adverse change in the financial situation, resulting from a mismatch between the assets and the liabilities' sensitivity to fluctuations in the level or in the volatility of market rates.

RISK MANAGEMENT AND CONTROL

The ALM risk in If is managed in accordance with Sampo's Group-wide principles. ALM is taken into account through the risk appetite framework and is governed by If's Investment Policies.

In the accounts, most of the technical provisions are nominal, while a significant portion, namely the annuity and annuity IBNR reserves, is discounted using interest rates in accordance with the regulatory rules. Accordingly, from an accounting perspective, If is mainly exposed to changes in inflation and regulatory discount rates.

From an economic perspective, whereby the technical provisions are discounted using prevailing interest rates, If is exposed to changes in both inflation and nominal interest rates.

To maintain the ALM risk within the overall risk appetite, the technical provisions may be matched by investing in fixed income instruments and by using currency derivatives.

LIQUIDITY RISK

Liquidity risk is the risk that insurance undertakings are unable to realize investments and other assets in order to settle their financial obligations when they fall due.

RISK MANAGEMENT AND CONTROL

In P&C insurance, premiums are collected in advance and large claims payments are usually known long before they fall due, thus limiting the liquidity risk.

The Cash Management unit is responsible for liquidity planning. To identify liquidity risk, expected cash flows from investment assets and technical provisions are analyzed regularly, taking both normal market conditions and stressed conditions into consideration. Liquidity risk is reduced by having investments that are readily marketable in liquid markets. The available liquidity of financial assets, meaning the part of the assets that can be converted into cash at a specific point in time, is analyzed and reported to the ORSAC.

RISK PROFILE

The maturities of cash flows for technical provisions, financial assets and liabilities are presented in Table 16. In the table, financial assets and liabilities are divided into contracts with a contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. The table also shows expected cash flows for net technical provisions, which are inherently associated with a degree of uncertainty.

TABLE 16 **Maturities of cash flows for financial assets and liabilities and net technical provisions 2015**

				Cash flows						
MSEK	Carrying amount	*Of which without maturity*	*Of which with contractual maturity*	2016	2017	2018	2019	2020	2021-2030	2031-
Financial assets	116,982	*18,166*	*98,816*	31,086	14,322	14,615	16,028	16,763	6,364	-
Financial liabilities	7,436	-	*7,436*	5,556	111	930	68	61	1,070	-
Net technical provisions	84,491			28,557	10,034	5,951	4,424	3,708	19,705	17,499

CONCENTRATION RISK

Concentration risk is all risks towards a single counterparty, industry sector or geographic region with a material loss potential that is not captured by any other risk type.

RISK MANAGEMENT AND CONTROL

In If's Underwriting Policy, Investment Policy and Reinsurance Security Policy, limits are set for maximum exposures towards single issuers and per rating class. Risk concentrations are actively monitored and controlled by the respective committee and reported quarterly to the ORSAC.

RISK PROFILE

Investments are mainly concentrated to the financial sector in the Scandinavian countries. There is an emphasis on covered bonds and short-term money market investments.

The ten largest individual reinsurance recoverable balances amounted to MSEK 1,535, representing 68% of the total reinsurance recoverable. If's largest reinsurer is Munich Re (AA-), which accounts for 26% of the total reinsurance recoverable.

The largest market and credit risk concentrations related to individual counterparties are shown in Table 17.

TABLE 17 **Concentration of market and credit risks in individual counterparties and asset classes 2015**

MSEK Fair value	Equities	Covered bonds	Other long-term fixed income	Short-term fixed income	Positive fair values of derivatives	Total
Nordea Bank AB	-	4,285	1,641	4,374	-	**10,300**
Svenska Handelsbanken AB	-	5,117	3,298	-	-	**8,415**
Danske Bank A/S, Copenhagen	-	1,403	2,838	1,067	-	**5,308**
DnB ASA	-	1,978	2,493	-	-	**4,471**
Swedbank AB	-	1,951	1,781	167	-	**3,899**
Landshypotek AB	-	2,414	41	-	-	**2,455**
Kommuninvest Sverige AB	-	2,151	-	-	-	**2,151**
Kingdom of Norway	-	-	2,150	-	-	**2,150**
Skandinaviska Enskilda Banken, Stockholm	-	679	1,274	111	-	**2,064**
OP-Pohjola Group Central Co-operative	-	-	1,531	497	-	**2,028**
Total top ten exposures	**-**	**19,978**	**17,047**	**6,216**	**-**	**43,241**

Exposure towards the Kingdom of Sweden amounting to MSEK 6,663 MSEK (6,182) is excluded.

OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed processes or systems, from personnel, or from external events (expected or unexpected).

The definition includes legal risk that can be described as the risk of loss due to unpredictable or unknown legal development or uncertain interpretations of regulations as well as defective documentation.

RISK MANAGEMENT AND CONTROL

Operational risks are identified through different processes:

- Operational and Compliance Risk Assessment process: Self-assessments to identify operational risks are performed by the line organization twice a year and by corporate functions yearly, supported by an operational risk coordinator network. Identified risks are assessed from a likelihood and impact perspective. The control status for each risk is assessed using a traffic light system: Green – good control of risk, Yellow – attention required, Red – attention required immediately. The most severe risks with control status yellow or red are reported to the Operational Risk Committee (ORC). The committee has meetings twice a year.
- Trend analyses are performed on a yearly basis, during which the most important trends affecting the insurance industry are identified and the effects on If are assessed. In this process, the most severe external operational risks are identified.
- Incidents are reported via a web-based system. The reported incidents are received by the line organization where analyses are performed.

The task of the ORC is to provide opinions, advice and recommendations to the committee´s chairman. The chairman reports a forward looking assessment of the operational risk status to ORSAC. The chairman also proposes changes to policies and instructions.

In order to manage operational risks, If has issued a number of steering documents: Operational Risk Policy, Business Continuity Policy, Security Policy, Outsourcing Policy, Complaints Handling Policy, Claims Handling Policy, and other steering documents related to various parts of the organization. These documents are reviewed and updated at least yearly.

If also has processes and guidelines in order to manage possible external and internal cases of fraud. For example, internal training on ethical rules and guidelines always on-going.

Corporate Legal is responsible for identifying legal risks within the Group and is, together with Insurance Legal, responsible for keeping abreast of legislation, case law and significant legal development that may affect If's business. The organization has appointed coordinators who quarterly report legal risk and significant changes within the legal development to the Legal Committee, which then reports to the ORSAC.

OTHER RISKS

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss to reputation that an undertaking may suffer as a result of not complying with laws, regulations and administrative provisions as applicable to its activities.

RISK MANAGEMENT AND CONTROL

The line organization and corporate functions own and manage their compliance risks in the daily activities and report to the Compliance function. The Compliance function gives support and advice regarding compliance issues and monitors the compliance activities undertaken.

A compliance risk is often the consequence of a legal or operational risk. One example of compliance risk is therefore the risk of not abiding by new or amended external rules, known as practical risk. Another example is the risk of not organizing the Group's business in accordance with good practice in the insurance industry, known as structural risk.

Practical compliance risks in the business are identified through self-assessment within the Operational and Compliance Risk Assessment process. The structural compliance risks, and overarching practical compliance risks, are identified by the Compliance function.

Identified risks are assessed from a severity perspective, encompassing likelihood and impact. The control status for each risk is assessed using a traffic light system: Green – good control of risk, Yellow – attention required, Red – attention required immediately.

In the Compliance function, compliance risks are analyzed and aggregated at the total Group level. The control status assessment is based on the assessments made by the line organization and corporate functions, reported incidents and other additional risk information.

The outcome of the processes, after analysis in the Compliance function, is then reported to the Compliance Committee, which is a coordination forum and advisory body for the Chief Compliance Officer (CCO) regarding risk issues. The most severe compliance risks with control status yellow or red are reported at least semi-annually by the CCO to the ORSAC.

A number of internal governing documents form the basis for the steering of compliance activities, including compliance risk: Sampo Group Compliance Principles, Compliance Policy, Policy on Conflicts of Interest, Internal Control Policy, Risk Management Policy, Compliance Plan, Working Routines for the Compliance Function and the Instruction for Compliance coordinators. The documents are reviewed and updated yearly or when necessary.

Reputational Risk

A reputational risk is often a consequence of a materialized operational or compliance risk and is defined as potential damage to the company through deterioration of its reputation among customers and other stakeholders.

A good reputation is vital for an insurance company, which means that trust is an important factor in If's relationship with its customers, investors, employees and other stakeholders. If's reputation is determined by how stakeholders perceive each and every aspect of the companies' performance.

RISK MANAGEMENT AND CONTROL

When assessing the operational and compliance risks, the reputational consequence of a materialized risk is taken into account. The reputational risk is also assessed from a top-down and strategic point of view by the Communication Department. A risk overview and assessment is reported to the ORC twice a year.

Since operational and other risks may evolve into reputational risks if not handled correctly, the Communication Department continuously works to ensure that all employees are aware of the importance of maintaining a good reputation and understand how to deal with potential reputational risks. One important part of this work is to ensure that information about incidents in the organization that could lead to an increased reputational risk is forwarded to the Communication Department without delay, a so-called early warning notification. Furthermore, information about If in media, traditional as well as social, is followed closely as are possible customer complaints in order to act appropriately.

Strategic Risk

Strategic risk is the risk of losses due to changes in the competitive environment, changes in the overall economic climate or internal inflexibility.

RISK MANAGEMENT AND CONTROL

Strategic risk relate to changes in the operational environment and the capability to proactively adjust to the changes in relation to the strategy and financial planning process. For If, the most likely strategic risks are related to competition, economic, regulatory, and other external factors. These risks are controlled and mitigated through continuous monitoring of peers, as well as the market and regulatory environment.

The Corporate Control and Strategy unit is responsible for coordinating and facilitating strategic risk assessments within the Group. If's strategy process takes place annually and includes setting high-level objectives and translating these into detailed short-term business plans. The strategy process also includes a risk assessment update whenever larger changes occur. An overall assessment by the Corporate Control and Strategy unit is reported to ORSAC at least twice a year.

Emerging Risk

Emerging risks are newly developing or changing risks that are difficult to quantify and which may have a major impact on the undertaking.

RISK MANAGEMENT AND CONTROL

The main principle is that each business area is responsible for managing and taking action with regard to potential emerging risk exposures in its portfolios. During 2015, due to the large accumulation of potential emerging risks and thus the risk to the long-term solvency of the company, Risk Management has established Emerging Risk Core Team, consisting of key persons from the various business areas who meet at least twice a year. This group follows up and analyzes, important emerging risks factors for If and suggests possible actions. The risks assessed as being most serious are reported twice a year to the ORSAC by the Emerging risk coordinator.

RISK PROFILE

The risks that are under extra observation are cyber risks, nano-technology, lack of adaption to climate changes and electric magnetics fields.

Group specific risks

Group specific risks are risks that are:

- Present at individual level, but whose impact is significantly different at group level.
- Only present at Group level.

RISK MANAGEMENT AND CONTROL

To a limited extent, If is exposed to risks arising from the complexity of group structure and internal transactions. The internal transactions consist of internal reinsurance, internal outsourcing and other services provided under service agreements.

If has processes in place for handling these risks and in general the risks are managed through the risk management system.

RISK PROFILE

Group specific risks sources for the If Group are intra-group transactions and the group structure. Examples of Group specific risks are contagion risk due to intra-Group transactions and currency risk due to the Group structure.

The only Group specific risk that is material is the currency risk as the translation risk. The translation risk refers to currency risk that arises when consolidating the financial statements of foreign operations that have a different base currency than the Parent Company into the Group financial statements. The translation risk is not hedged.

SOLVENCY II

During 2015 the Preparatory phase of Solvency II continued into its second year and was finalized on January 1, 2016 when the Directive entered into force.

In 2015, Solvency II was transposed into national law in all of If's main operating jurisdictions in the Nordic and Baltic markets. The Delegated Regulation together with the Commission and EIOPA's technical standards and guidelines were also completed during the year, thus finalizing the technical implementation of the Directive. In the spring of 2015, Group supervision was transferred from the Swedish regulator to the Finnish supervisory authorities as it was decided that Sampo Abp, the ultimate parent company of If P&C Insurance Holding Ltd (publ), would be the ultimate parent at which the group rules in Solvency II, including group solvency assessment, should apply.

Since 2011 the development of the internal model has been conducted as part of the so called pre application process to align it with the Solvency II requirements. At that time the Swedish authority was the relevant regulatory authority. The aim was to have the partial internal model approved by the regulator for the If Group and the Swedish and Finnish subsidiaries. Given the change of ultimate parent, from If P&C Insurance Holding Ltd (publ) to Sampo Abp, the application for the approval was submitted to the Finnish authorities in June 2015. In December 2015 the application was withdrawn. Preparations are on-going to instead apply for approval for a partial internal model for If P&C Insurance Ltd (publ), being the largest operational unit of If Group. Discussions with the Swedish regulator were initiated at the end of 2015. As of January 1, 2016, the If subsidiaries will use the SII standard formula, for calculating the external regulatory capital requirements.

For a number of years, If has worked internally to ensure compliance with the requirements of the Preparatory phase and with those requirements expected once SII has fully entered into force. Given this, If is prepared to meet with the challenges and opportunities presented in the new regulatory framework, which contains a number of provisions in relation to insurer's capital requirements, governance and reporting.

In 2015, If submitted the first annual and quarterly supervisory reports as part of the preparatory phase submissions. In December 2015, If, for the second year, submitted the ORSA (FLAOR) supervisory report to all of its Group and legal entity supervisors, after formal approval was obtained from the Boards of Directors. Work continues on If's first set of full scope regulatory reports. The first reports in 2016 will be quarterly reporting and the Day 1- submission. By 2017 If will submit the first set of annual reports, which also contain public reports.

NOTE 6 Result per business area

Group operations are controlled and reported primarily in accordance with If's customer groups and other operations, which consist of private individuals, small and medium sized corporate customers, large sized corporates, as well as asset management.

The Private, Commercial and Industrial business areas conduct operations in Sweden, Norway, Denmark and Finland on a pan-Nordic business platform.

The operations in the Baltic countries constitute a separate business area. The business area consists of insurance operations conducted in Estonia, Latvia and Lithuania.

The asset management unit provides centralized management of the Group's investment assets and bank balances. The asset management unit has earnings responsibility for its operations within the investment restrictions regulated by means of the Group's investment policy. An estimated return on the assets that correspond to technical provisions is transferred from the non-technical account to the technical result for each business area.

Within segment reporting, a separate account is provided in terms of the Group-wide operations that If has chosen not to allocate to the Group's established business areas. Within Other, If reports its run-off operations and other Group-wide operations.

Business area consolidation is implemented, with the exception of asset management, in accordance with the same policies as those applied by the Group. The income statement items, assets and liabilities that are attributed to the various business areas are of a technical nature and constitute the principal operating items. Internal sales among the business areas had only a marginal impact on income and expenses for the various business segments.

INCOME STATEMENT AND BALANCE SHEET PER BUSINESS AREA

MSEK	Private	Commercial	Industrial	Baltic	Asset management	Other [1]	Adjustment to consolidated policies [2]	2015 Total	2014 Total
Premiums earned, net of reinsurance	24,013	11,293	4,042	1,197	-	84		40,629	40,568
Allocated investment return transferred from the non-technical account	178	23	5	4	-	3		213	339
Other technical income	151	82	20	1	-	7		261	249
Claims incurred, net of reinsurance	-17,367	-8,034	-3,319	-703	-	23		-29,400	-28,781
Operating expenses in insurance operations, net of reinsurance	-3,777	-2,037	-699	-324	-	1,547		-5,290	-6,778
Other operating expenses	-153	-89	-19	0	-	-399		-660	-245
Technical result from property and casualty insurance	**3,045**	**1,238**	**30**	**175**	**-**	**1,265**	**-**	**5,753**	**5,352**
Investment result, net					1,714		1,470	3,184	3,614
Allocated investment return transferred to the technical account						-564		-564	-749
Interest expense on net pension liability						-42		-42	-64
Interest expense, subordinated debt						-136		-136	-169
Share of associates' result						394		394	490
Result before income taxes								**8,589**	**8,474**
Assets on December 31									
Intangible assets	-	158	0	-	-	715		873	1,294
Investment assets	-	-	-	-	104,293	-		104,293	108,738
Reinsurers' share of technical provisions	69	259	1,847	21	-	0		2,196	2,230
Deferred tax assets	-	-	0	1	-	251		252	718
Debtors arising out of insurance operations	8,296	1,674	733	107	-	-53		10,757	10,676
Deferred acquisitions costs	713	418	25	31	-	21		1,208	1,297
Other assets [3]	-	-	-	-	1,285	4,459		5,744	5,221
Total assets	**9,078**	**2,509**	**2,605**	**160**	**105,578**	**5,393**	**-**	**125,323**	**130,174**
Shareholders' equity, provisions and liabilities on December 31									
Shareholders' equity	-	-	-	-	-	26,337		26,337	27,140
Subordinated debt	-	-	-	-	-	1,829		1,829	3,276
Technical provisions, gross	45,692	23,728	16,050	1,179	-	38		86,687	86,258
Provisions for other risks and charges	75	78	12	198	5	3,801		4,169	6,675
Deposits received from reinsurers	-	-	-	-	-	-		-	-
Creditors arising out of insurance operations	641	297	373	41	-	427		1,779	1,799
Other creditors [3]	-	-	-	-	161	4,361		4,522	5,026
Total shareholders' equity, provisions and liability	**46,408**	**24,103**	**16,435**	**1,418**	**166**	**36,793**	**-**	**125,323**	**130,174**

1) Including Run Off and other operations not allocated to the business areas.

2) Business area reporting includesall value changes on investment assets in the Investment result. As explained in Note 1 Accounting policies, the main principle is not to include value changes in the consolidated income statement but to include them in other comprehensive income until being realized.

3) Other debtors and creditors are not divided on the basis of business areas except for those relalated to asset management.

OPERATIONS PER GEOGRAPHICAL AREA

Revenue by geographic area below is distributed among the countries in which If has companies or branches and corresponds in all material respects with the customers' geographic domicile.

Long-term investments have been distributed directly to the countries where they belong in terms of physical or business domicile.

	Sweden		Norway		Denmark		Finland		Baltic		Total	
Geographical area segment information	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Premiums earned, net of reinsurance	13,123	12,489	13,170	13,866	3,591	3,663	9,548	9,475	1,197	1,075	40,629	40,568
Non-current assets [1)]	96	487	175	180	3,211	3,363	1,011	1,023	8	7	4,501	5,060

[1)] Non-current assets refer to goodwill, other intangible assets, land and buildings, investments in associated companies and tangible assets.

BUSINESS AREA PRIVATE

Trend during the year

The technical result declined compared with the preceding year and amounted to MSEK 3,045 (3,172). The combined ratio deteriorated to 88.1% (87.4%).

The risk ratio deteriorated to 65.6% (64.8%), with an improving current year ratio and deteriorating prior year results. The improvement in current year terms reflects the mild winter conditions in the first months of 2015, and the economic conditions in Finland and Norway.

Operating costs in the insurance business increased by 2.8% in fixed currency. The cost ratio improved to 22.4% (22.6%) due to increased cost efficiency.

Premiums rose during the year and the gross premium, excluding currency effects, increased 4.0%. The premium development was particularly favorable in Sweden where strong new car sales contributed to a larger part of the increase.

Markets and outlook

Given the low interest rates and the relatively weak economic conditions in some of our key markets, we expect that the industry will continue its efforts to deliver underwriting profitability through improving risk selection and optimization of claims-handling processes. The competitive situation varies across the markets. In Norway in particular, we note a continued increase in competition from newly established insurance companies that operate with traditional distribution models.

To reinforce our competitiveness in the marketplace, If will continue its efforts to improve customer satisfaction. Whenever a customer needs help from If, the customer should experience products and services that live up to our "Relax, we'll help you" promise. To this end, we are taking actions to strengthen customer orientation across the business system.

Lastly, we note that our customers are increasingly demanding modern digital solutions when handling their insurance business. We remain committed to our target of being the market leader in the digital channels used in the Nordic countries and are continuously developing our websites, claims handling and service interfaces, while at the same time utilizing the benefits of big-data analytics.

MSEK **Income statement and insurance-related balance sheet items**	**2015**	**2014**
Premiums earned, net of reinsurance	24,013	23,271
Allocated investment return transferred from the non-technical account	178	254
Other technical income	151	134
Claims incurred, net of reinsurance	-17,367	-16,712
Operating expenses in insurance operations, net of reinsurance	-3,777	-3,639
Other operating expenses	-153	-136
Technical result of property and casualty insurance	**3,045**	**3,172**
Intangible assets		-
Debtors arising out of direct insurance operations	8,294	8,089
Debtors arising out of reinsurance operations	2	5
Debtors arising out of insurance operations	**8,296**	**8,094**
Deferred acquisition costs	713	668
Reinsurers' share of deferred acquisition costs	4	3
Deferred acquisition costs, net	**709**	**665**
Technical provisions, gross	45,692	44,481
Reinsurers' share of technical provisions	69	96
Technical provisions, net	**45,623**	**44,385**
Creditors arising out of direct insurance operations	638	562
Creditors arising out of reinsurance operations	3	10
Creditors arising out of insurance operations	**641**	**572**

BUSINESS AREA COMMERCIAL

Trend during the year

The technical result was somewhat lower than in the preceding year and amounted to MSEK 1,238 (1,391) partly affected by low interest rates, which resulted in a weaker investment return. The combined ratio increased slightly to 89.2% (88.6%), negatively affected by the lower discount rate in vested annuities.

Premium income declined during the year and gross premiums, excluding currency effects, decreased by 4.1%, affected by portfolio transfers to other business areas within If corresponding to 1.9 percentage points. Although volumes fell in all countries, both Sweden and Finland had positive underlying development if the portfolio transfers are taken into account.

The risk ratio deteriorated to 66.3% (65.8). Frequency claims were slightly higher than in preceding year. Claims due to weather events were offset by rather mild winter weather. Costs for large claims were lower than normal levels. Results from prior year claims reserves were negatively impacted by lower discount rates on vested annuities.

Total operating costs in the insurance business, excluding currency effects, decreased 2.4%. The cost ratio deteriorated to 22.9% (22.8%). Costs are closely monitored with a focus on continued efficiency enhancement.

Market and outlook

The market situation in the Nordic countries as a whole was relatively stable during the year. Competition remained tough with modest GDP growth, especially due to the Finnish and Norwegian markets, where the markets showed very modest and even negative growth in some areas.

If's strategic focus on customer satisfaction, quality and cost efficiency continues. Initiatives to improve customer service processes in order to simplify and digitalize customer communication and interaction are being carried out in all areas of the organization.

The strategic IT projects will continue in the future and impact all business areas. These efforts are key to If's long-term objective of delivering market-leading customer service, products and claims handling, as well as securing competitiveness and efficiency.

MSEK **Income statement and insurance-related balance sheet items**	**2015**	**2014**
Premiums earned, net of reinsurance	11,293	11,693
Allocated investment return transferred from the non-technical account	23	55
Other technical income	82	88
Claims incurred, net of reinsurance	-8,034	-8,254
Operating expenses in insurance operations, net of reinsurance	-2,037	-2,111
Other operating expenses	-89	-80
Technical result of property and casualty insurance	**1,238**	**1,391**
Intangible assets	**158**	**185**
Debtors arising out of direct insurance operations	1,670	1,803
Debtors arising out of reinsurance operations	4	9
Debtors arising out of insurance operations	**1,674**	**1,812**
Deferred acquisition costs	418	464
Reinsurers' share of deferred acquisition costs	0	0
Deferred acquisition costs, net	**418**	**464**
Technical provisions, gross	23,728	24,603
Reinsurers' share of technical provisions	259	380
Technical provisions, net	**23,469**	**24,223**
Creditors arising out of direct insurance operations	291	308
Creditors arising out of reinsurance operations	6	9
Creditors arising out of insurance operations	**297**	**317**

BUSINESS AREA INDUSTRIAL

Trend during the year

The technical result was lower compared with the preceding year and amounted to MSEK 30 (467) and the combined ratio deteriorated to 99.4 (89.0). High major claims costs and decreases in discount rates in Finland were the driving factors underlying the lower result.

Adjusted for currency effects, gross written premiums decreased by 1.5% compared with preceding year. Net sales were balanced. There were selective price increases but recessionary effects in Finland and smaller shares of some accounts had a negative impact on gross written product.

The net risk ratio amounted to 77.4% (68.3). In Norway, costs for large claims were higher than in the preceding year. In addition, lowered annuity rates in Finland, which had a negative impact on prior claim years, had a negative impact on results.

Total operating costs in the insurance business, excluding currency effects, increased by 4.9%. The cost ratio ended at 22.0% (20.7).

Market and outlook

The competitive market conditions continue, with pressure on premium levels for many accounts. In the market, some consolidation is occurring (among competitors). The macroeconomic outlook is relatively weak in the Finnish economy and lower oil prices are placing pressure on the Norwegian economy, where market growth will be very limited.

If has a solid position and reputation in the markets it serves and retains its position as the largest insurer of large corporates in the Nordic region. If Industrial continues to focus on contributing to the customer's business through leading risk-management services, high-quality claims handling and excellent underwriting capabilities.

MSEK **Income statement and insurance-related balance sheet items**	**2015**	**2014**
Premiums earned, net of reinsurance	4,042	4,087
Allocated investment return transferred from the non-technical account	5	18
Other technical income	20	25
Claims incurred, net of reinsurance	-3,319	-2,983
Operating expenses in insurance operations, net of reinsurance	-699	-656
Other operating expenses	-19	-24
Technical result of property and casualty insurance	**30**	**467**
Intangible assets	**0**	**0**
Debtors arising out of direct insurance operations	393	356
Debtors arising out of reinsurance operations	340	297
Debtors arising out of insurance operations	**733**	**653**
Deferred acquisition costs	25	27
Reinsurers' share of deferred acquisition costs	24	22
Deferred acquisition costs, net	**1**	**5**
Technical provisions, gross	16,050	15,621
Reinsurer' share of technical provisions	1,847	1,737
Technical provisions, net	**14,203**	**13,884**
Creditors arising out of direct insurance operations	109	77
Creditors arising out of reinsurance operations	264	322
Creditors arising out of insurance operations	**373**	**399**

BUSINESS AREA BALTIC

Trend during the year

The technical result increased to MSEK 175 (152) during the year and the combined ratio improved to 85.7% (86.8) as a result of lower operating costs.

Premium income increased during the year and gross premiums, excluding currency effects, rose by 8.7%. Growth was noted primarily in motor, large accounts and accident and health segments.

The risk ratio deteriorated and amounted to 55.5% (52.4). Claims costs during the year were at the estimated level but higher than the extraordinary low claims cost noted in the preceding year. Cost for large claims were as expected and, in motor lines, both average cost per claim and claims frequency increased.

Total operating costs in the insurance business, excluding currency effects, decreased by 6.2%. The cost ratio improved to 30.2% (34.5), due to nonrecurring costs in the preceding year, but also to efficiency improvements combined with increased business volumes.

Market and outlook

The growth in Baltic economies is expected to remain relatively favorable, despite the expected slow economic recovery in Europe and Russia. Growth in coming years is expected mainly due to increase in private consumption as a result of solid real wage increases, and inflation is expected to remain relatively low. Recovery in export volumes and investments is expected to be modest and is dependent on an economic recovery in Europe and Russia. Insurance market volumes in the Baltics are expected to grow in line with GDP growth.

In 2015, the consolidation of the Baltic insurance market accelerated, several mergers took place and the number of major companies in the market was reduced by four. The market consolidation is expected to result in better financial discipline in unprofitable market segments.

MSEK **Income statement and insurance-related balance sheet items**	**2015**	**2014**
Premiums earned, net of reinsurance	1,197	1,093
Allocated investment return transferred from the non-technical account	4	7
Other technical income	1	1
Claims incurred, net of reinsurance	-703	-611
Operating expenses in insurance operations, net of reinsurance	-324	-338
Other operating expenses	-	-
Technical result of property and casualty insurance	**175**	**152**
Intangible assets	**-**	**-**
Debtors arising out of direct insurance operations	106	96
Debtors arising out of reinsurance operations	1	2
Debtors arising out of insurance operations	**107**	**98**
Deferred acquisition costs	31	29
Reinsurers' share of deferred acquisition costs	0	0
Deferred acquisition costs, net	**31**	**29**
Technical provisions, gross	1,179	1,141
Reinsurers' share of technical provisions	21	17
Technical provisions, net	**1,158**	**1,124**
Creditors arising out of direct insurance operations	36	38
Creditors arising out of reinsurance operations	5	4
Creditors arising out of insurance operations	**41**	**42**

ASSET MANAGEMENT

Applying the full market valuation, profit from asset management declined to MSEK 1,714 (4,313) and the return ratio was 1.5% (4.1).

After several years of declining interest rates for several government bonds, 2015 represented a break in trend with rising interest rates in countries including the U.S., although interest rates continued to decline somewhat in other countries. The U.S. economy continued its positive trend, while concern about emerging countries and China in particular grew. The drop in oil prices to historically low levels, combined with concern about China, resulted in weak performance during the second half of 2015 for most stock markets except for Swedish small-cap companies, which reported a very strong year on the stock market. For the same reason, there was an increase in credit spreads (difference between risk-free interest rates and non-risk-free rates) on corporate bonds in the second half of the year. On the whole, this resulted in slightly rising share prices and continued very low interest rates. The decline in profit on the investment portfolio compared with the preceding year was mainly due to lower earnings for both the fixed-income portfolio and the equity portfolio.

The total return on equities was 11.9%, thanks to an upswing of 35% for Scandinavian small-cap companies. Interest rates on risk-free investments declined slightly during the year, while credit spreads increased. Overall, this led to a low return of 0.3% on interest-bearing assets.

The return on the total portfolio of 1.5% fell short of the corresponding return for the comparable index. The performance of the fixed-income portfolio was weaker than the comparable index, while the equity portfolio surpassed its comparable index.

The equity weighting in the portfolio (including derivative instruments) varied during the year and was at its lowest of 12.1% at the beginning of the year and its highest of 13.5% at the end of the year. The return was favorable in the first half of the year, while the second half was characterized by more volatile market conditions and close to zero return.

The duration for interest-bearing assets was 1.2 years (1.0) at the end of the year.

Properties were relatively unchanged during the year.

If's assets are mainly managed by the asset management unit of the Group's Parent Company, Sampo.

The risk level in the Estonian company and the life company's portfolios remained low during the year.

	Fair value Dec 31, 2015		Fair value Dec 31, 2014		Return 2015		Return 2014	
Return on investment assets [1)]	**MSEK**	**%**	**MSEK**	**%**	**MSEK**	**%**	**MSEK**	**%**
Interest-bearing securities	90,521	87	94,887	88	343	0.3	2,163	2.3
Shares	13,994	13	13,044	12	1,601	11.9	2,138	18.3
Currencies (active positions)	15	0	4	0	40	-	29	-
Currency (other) [2)]	41	0	199	0	19	-	-211	-
Properties	200	0	212	0	-5	-	219	41.8
Other	0	0	0	0	-284	-	-25	-
Total investment assets excl. associated companies	**104,771**	**100**	**108,346**	**100**	**1,714**	**1.5**	**4,313**	**4.1**

[1)] The table above has the same format and is based on the same calculation methods as those used internally by If for the valuation of investment operations. The valuation does not include associated companies. Accrued interest and the investment operations' bank balances are reported above as part of interest-bearing securities. Derivatives and securities settlement claims/liabilities have been reported under the relevant asset category above. The return on active investments has been calculated using a daily time-weighted calculation method. Properties and Other have been calculated using a monthly time-weighted calculation method. The return on investment assets according to the comprehensive income statement amounts to MSEK 1,714 in 2015.

[2)] In the asset category Currency (other), the current value of held currency derivatives is presented. The reported return on the same line also includes, in addition to the return from currency derivatives, currency exchange effects recognized in the income statement from the revaluation of items in the income statement and balance sheet.

Other operations

Other operations primarily comprise effects of certain Group-wide measures and items not allocated to the other business areas, such Group adjustments due to reporting of defined-benefit pension plans and interest expenses for the Group's subordinated debt. Other operations also include run-off operations, as well as operations under expansion that have not yet become a part of a business area.

The technical result for the year amounted to MSEK 1,265 (170). The net improvement is primarily related to the decided amendment of the Norwegian pension plans that reduced the reported operating expenses in insurance operations by MSEK 1,456 and a goodwill impairment that increased other operating expenses by MSEK 394.

NOTE 7 Premiums written

MSEK	2015 Gross[1]	2015 Ceded	2015 Net	2014 Gross[1]	2014 Ceded	2014 Net
Premiums written	**42,644**	**-1,693**	**40,951**	**42,178**	**-1,551**	**40,627**

[1] Of which insurance agreements for direct property and casualty insurance written in:

	2015	2014
Sweden	14,036	13,310
Rest of EEA	27,703	28,080
Total	**41,739**	**41,390**

NOTE 8 Allocated investment income transferred from the non-technical account

The estimated return on the assets that correspond to the technical provisions is transferred from the finance operations (non-technical account) to the technical result. The return is calculated on the basis of the net of average technical provisions, less deferred acquisition costs, the technical result before the investment return has been added and average balances outstanding. The interest rates used in the calculation for each currency match the interest rate for government bonds with a maturity that approximates with the technical provisions. The transferred investment return is divided into two parts; one part that adds the annuity result by means of a reduction of costs for the upward adjustment of the annuity provision and one part that is reported separately as the allocated investment return.

The following calculated interest rates have been used for the principal currencies:

	2015	2014
Swedish kronor	0.9%	1.2%
Norwegian kroner	1.2%	1.5%
Danish kroner	0.2%	0.3%
Euro	0.3%	0.5%

NOTE 9 Claims incurred

MSEK	2015 Gross	2015 Ceded	2015 Net	2014 Gross	2014 Ceded	2014 Net
Claims costs attributable to current-year operations						
Claims paid	-15,030	155	-14,875	-14,955	132	-14,823
Operating expenses for claims adjustment	-2,333	-	-2,333	-2,369	-	-2,369
Change in claims reserve for incurred and reported losses	-6,464	183	-6,281	-6,326	139	-6,187
Change in claims reserve for incurred but not reported losses (IBNR)	-5,371	110	-5,261	-5,406	102	-5,304
Change in provision for annuities	-74	-	-74	-93	-	-93
Claims-adjustment costs	-6	-	-6	-23	-	-23
			-28,830			**-28,799**
Claims costs attributable to prior-year operations						
Claims paid	-9,457	418	-9,039	-10,916	1,644	-9,272
Annuities	-1,909	-1	-1,910	-2,371	0	-2,371
Claims portfolios	-	-	-	-	-	-
Change in claims reserve for incurred and reported losses	5,938	-240	5,698	7,267	-1,668	5,599
Change in claims reserve for incurred but not reported losses (IBNR)	4,827	-146	4,681	6,254	-192	6,062
			-570			**18**
Total insurance claims	**-29,879**	**479**	**-29,400**	**-28,938**	**157**	**-28,781**

MSEK	Gross	2015 Ceded	Net	Gross	2014 Ceded	Net
Paid insurance claims						
Claims paid	-24,485	572	-23,913	-25,871	1,776	-24,095
Annuities paid	-1,234	-	-1,234	-1,152	-	-1,152
Claims portfolio	-1	-	-1	-	-	-
Operating expenses for claims adjustment	-2,333	-	-2,333	-2,369	-	-2,369
	-28,053	**572**	**-27,481**	**-29,392**	**1,776**	**-27,616**
Change in provision for claims outstanding						
Change in claims reserve for incurred and reported losses	-526	-57	-583	940	-1,529	-589
Change in claims reserve for incurred but not reported losses (IBNR)	-1,188	-35	-1,223	-803	-90	-893
Change in claims provision for annuities	-106	-1	-107	340	0	340
Claims-adjustment costs	-6	-	-6	-23	-	-23
	-1,826	**-93**	**-1,919**	**454**	**-1,619**	**-1,165**
Total claims incurred	**-29,879**	**479**	**-29,400**	**-28,938**	**157**	**-28,781**

The general valuation principles for technical provisions are unchanged.

The provision for annuities is valued in accordance with actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to annuity results (see Note 8). Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted. The provisions in If amounted to approximately MSEK 2,440 (2,418). The undiscounted value was MSEK 3,284 (3,640). The currency effect on the discounted reserves was a decrease of MSEK 52 and real increase amounted to MSEK 74. The real decrease is explained by the decrease in discount rate from 2.0 to 1.5 %.

NOTE 10 Operating expenses

MSEK	2015	2014
Specification of income statement item operating expenses		
External acquisition costs [1]	-1,559	-1,553
Internal acquisition costs	-3,092	-2,985
Change in deferred acquisition costs, gross	-40	-128
Administrative expenses, insurance [2]	-727	-2,239
Total operating expenses in property and casualty insurance, gross	**-5,418**	**-6,905**
Reinsurance commission and profit participation in ceded reinsurance	131	124
Change in deferred acquisition costs, ceded	-3	3
Total reinsurance commission and profit participation in ceded reinsurance	**128**	**127**
Other operating expenses	-660	-245
Total	**-5,950**	**-7,023**
[1] Of which, provisions in direct insurance	*-1,511*	*-1,508*
Summary of total operating expenses		
Salaries and remuneration	-3,655	-3,563
Social costs	-529	-678
Pension costs [2]	754	-582
Other personnel costs	-196	-193
Total personnel costs	**-3,626**	**-5,016**
Premises costs	-412	-424
Depreciation/amorization	-87	-137
External acquisition costs	-1,559	-1,553
Other administrative costs	-2,866	-2,387
Total	**-8,550**	**-9,517**

MSEK	2015	2014
Allocation of operating expenses in the income statement		
Claims-adjustment costs included in Claims paid	-2,333	-2,369
External and internal acquisition costs included in Operating expenses in insurance operations	-4,651	-4,538
Joint administrative costs for insurance operations included in Operating expenses in insurance operations [2]	-727	-2,239
Administrative costs pertaining to other technical operations included in Other operating expenses	-660	-245
Asset-management costs included in Investment costs	-179	-126
Total	**-8,550**	**-9,517**

[2] Pension costs and thereby the sum of administrative expenses, insurance for 2015 were affected by a non-recurring effect related to a Norwegian pension plan amendment (cost reduction 1,456 MSEK).

NOTE 11 Average number of employees

	2015 Average number of employees	*Of whom women %*	2014 Average number of employees	*Of whom women %*
Parent Company				
Sweden	1	*0*	1	*0*
Total in Parent Company	**1**	*0*	**1**	*0*
Subsidiaries				
Sweden [1]	1,841	*47*	1,801	*47*
Denmark	534	*47*	522	*49*
Estonia	318	*71*	297	*77*
Finland	1,733	*65*	1,778	*63*
France	6	*33*	6	*33*
Latvia	194	*49*	164	*55*
Lithuania	142	*60*	135	*66*
Netherlands	6	*53*	5	*62*
Norway	1,371	*51*	1,434	*48*
Russia	18	*49*	18	*48*
United Kingdom	6	*53*	6	*50*
Germany	6	*44*	6	*39*
Total in subsidiaries	**6,175**	***54***	**6,172**	***54***
Group total	**6,176**	***54***	**6,173**	***54***

[1] Agents are not included. If has 38 (53) spare-time agents in Sweden.

Percentage of women in executive management	Parent Company 2015	2014	Group total 2015	2014
Board of Directors	0%	0%	11%	7%
Other senior executives	0%	0%	9%	9%

NOTE 12 Salaries and remuneration for senior executives and other employees

MSEK **Expensed salaries, remuneration, pension and social security fees**	2015 Salaries and remuneration	Pension costs [1]	Social fees	2014 Salaries and remuneration	Pension costs	Social fees
Parent Company	24	2	7	24	2	6
Subsidiaries	3,631	-756	522	3,539	580	672
Group total	**3,655**	**-754**	**529**	**3,563**	**582**	**678**

[1] Pension costs for 2015 were affected by a non-recurring effect related to a Norwegian pension plan amendment (cost reduction MSEK 1,456).

MSEK **Expensed salaries and remuneration**	2015 Senior executives [2]	*Of which incentive programs and other variable compensation [3]*	Other employees	2014 Senior executives [2]	*Of which incentive programs and other variable compensation [3]*	Other employees
Parent Company	24	*18*		24	*18*	-
Subsidiaries and branches in Sweden	71	*55*	1,019	72	*57*	960
Subsidiaries and branches outside Sweden	66	*45*	2,475	62	*44*	2,445
Group total	**161**	***118***	**3,494**	**158**	***119***	**3,405**

[2] Senior executives in the Parent Company and subsidiaries are defined as Board members, presidents, vice precidents and members of the Parent Company and subsidiaries' executive management groups. The amounts for salary and remuneration also include severance pay of MSEK - (-).

[3] Regardless of the earnings year.

PRINCIPLES FOR DETERMINING REMUNERATION OF SENIOR EXECUTIVES

Director fees are not paid to Board members employed in If or other companies within the Sampo Group. Remuneration of the CEO and other members of Group Management consist of a basic salary, a yearly variable remuneration, shares in multiyear incentive programs, pensions and other benefits. The maximum yearly variable remuneration payable to the CEO is 75 % of the basic salary. The maximum yearly variable remuneration payable to other members of Group Management is 50-75 % of the basic salary. The yearly variable remuneration is based on the If Group results, unit results and individual results. For senior executives who are members of the Sampo Group Executive Committee, the yearly variable remuneration is also based on Sampo Group results. The major part of payments from variable remuneration programs is deferred for at least three years. Thereafter, the Board shall evaluate and risk adjust the deferred remuneration before any payment is made.

KSEK **Remuneration paid and other benefits during the year**	Basic salary	Variable payments	Payment pertaining to incentive programs [1]	Other benefits	Pension cost	Total
Chairman of the Board	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
President/CEO	5,577	3,064	14,496	125	2,477	25,739
Deputy CEO	3,470	1,602	10,993	217	1,550	17,832
Other members of Group Management (9 individuals)	19,967	7,966	70,616	1,625	5,697	105,871
Total	**29,014**	**12,632**	**96,105**	**1,967**	**9,724**	**149,442**

[1] For more information, refer to Long-term incentive programs below.

KSEK **Provisions expensed during the year for disbursement during future years**	Variable compensation	Incentive programs	Total
Chairman of the Board	-	-	-
Other Members of the Board	-	-	-
President/CEO	3,727	11,594	15,321
Deputy CEO	2,304	8,667	10,971
Other members of Group Management (9 individuals)	9,622	49,592	59,214
Total	**15,653**	**69,853**	**85,506**

PENSIONS AND SEVERANCE PAY

Alongside statutory retirement pension benefits, the Swedish and Norwegian members of Group Management are covered by local occupational retirement pension plans. Swedish members are entitled to temporary or lifetime defined contribution pension. The premium corresponds to 38 % of the fixed annual salary. In addition, the CEO and the Deputy CEO are entitled to a supplementary defined contribution pension plan where the contribution corresponds to 25% of yearly variable compensation paid. The age of retirement is 60. Norwegian members are covered by both a defined benefit pension and a pension according to the company's allocation pension scheme. From age 67, the pension benefit, based on full vesting, corresponds to 70 % of the pensionable salary up to 12 G (G = National Insurance basic amount) together with estimated statutory retirement pension benefits. The Norwegian pension legislation allows for a flexible retirement age between 62 and 75. For pensionable salary exceeding 12 G the Norwegian members are covered by a temporary pension between age 67 and 82 according to the company's allocation pension scheme, for which the annual allocation is 24 %. No retirement pension is paid to the Finnish member apart from statutory earnings-based retirement pension. The Finnish pension legislation allows a flexible age of retirement between 63 and 68.

In the event of early termination of employment by the company, the CEO will be entitled to salary during a 12-month period of notice and severance pay amounting to 24 months' salary.

In the event of early termination of employment by the company, other members of Group Management are entitled to salary during a period of notice of six to 12 months, and severance pay amounting to a minimum of 12 months' and a maximum of 24 months' salary.

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LONG-TERM INCENTIVE PROGRAMS

A number of senior If executives are covered by incentive schemes issued by Sampo Group. In September 2011 and September 2014 schemes covering 70-80 employees each were issued. These incentive schemes are multiyear variable compensation schemes. The schemes are subject to both thresholds, which are described below, and ceilings that maximize the size of the payment. The outcome of the schemes is determined by Sampo's share-price performance over three to five years starting from the issue of the respective scheme, while also assuming that the insurance margin reaches a certain level, and by Sampo's return on risk-adjusted capital during the corresponding period. Each participant in the respective scheme is issued a number of incentive units, each of which carries entitlement to a cash payment, provided that threshold levels are reached. The payment equals the increase in Sampo's share price from the issue of the respective scheme up until three defined payment dates. In both schemes, identified staff must buy Sampo A shares with 60% of the net amount of the reward received. The shares are subject to a formal disposal restriction for three years from the date of payment.

The schemes have been measured at fair value at the grant date and at every reporting date thereafter. The fair value of the schemes has been determined using the Black-Scholes pricing model. The calculation of fair value takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The earned part of the year-end fair value is recognized as a liability and changes are recognized through profit or loss.

For further information on the multiyear variable compensation schemes and full terms and conditions, see http://www.sampo.com/governance/remuneration/.

KSEK **Outstanding units and values**	**Number of units**	**Maximum amount**	**Reserved amount**
President/CEO	323,500	66,206	21,036
Deputy CEO	218,250	44,186	16,248
Other members of Group Management (9 individuals)	1,343,500	274,311	94,560
Others covered by the incentive programs	1,588,650	323,395	104,220
Total	**3,473,900**	**708,098**	**236,064**

NOTE 13 Auditors' fees

MSEK	2015	2014
Ernst & Young AB		
Audit fees	17	17
Audit fees outside the audit assignment	1	-
Tax consultancy fees	1	1
Other consultancy fees	0	0
Total fee to Ernst & Young AB	**19**	**18**

NOTE 14 Performance analysis per class of insurance

2015 MSEK	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit
Premiums written, gross	7,049	5,935	12,101	1,169	12,119	1,892	21
Premiums earned, gross	6,918	5,945	11,841	1,147	12,148	1,911	20
Claims incurred, gross	-4,915	-5,439	-7,988	-773	-7,958	-1,230	-5
Operating expenses, gross [1]	-1,241	-1,269	-1,725	-197	-1,965	-309	-3
Profit/loss from ceded reinsurance	-82	-10	-12	-108	-708	-114	0
Technical result before investment income transferred from the non-technical account	**680**	**-773**	**2,116**	**69**	**1,517**	**258**	**12**

	Legal expenses	Assistance	Miscellaneous	Total direct insurance	Reinsurance accepted	Eliminations and undistributed cost items	Total
Premiums written, gross	418	-	1,062	41,766	877	1	42,644
Premiums earned, gross	410	-	1,039	41,379	901	-1	42,279
Claims incurred, gross	-257	-	-923	-29,488	-453	62	-29,879
Operating expenses, gross [1]	-65	-	-147	-6,921	-159	1,263	-5,817
Profit/loss from ceded reinsurance	0	-	-65	-1,099	55	1	-1,043
Technical result before investment income transferred from the non-technical account	**88**	**-**	**-96**	**3,871**	**344**	**1,325**	**5,540**

Investment income transferred from the non-technical account	**213**
Technical result of insurance operations	**5,753**

2014 MSEK	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit
Premiums written, gross	7,048	5,979	11,915	1,187	11,989	1,926	20
Premiums earned, gross	7,000	6,040	11,720	1,187	12,107	1,923	23
Claims incurred, gross	-5,046	-4,759	-8,058	-784	-8,020	-764	-4
Operating expenses, gross [1]	-1,209	-1,274	-1,745	-197	-1,943	-307	-2
Profit/loss from ceded reinsurance	-116	20	-14	-81	-758	-285	0
Technical result before investment income transferred from the non-technical account	**629**	**27**	**1,903**	**125**	**1,386**	**567**	**17**

	Legal expenses	Assistance	Miscellaneous	Total direct insurance	Reinsurance accepted	Eliminations	Total
Premiums written, gross	376	-	1,017	41,457	769	-48	42,178
Premiums earned, gross	375	-	1,012	41,387	809	-46	42,150
Claims incurred, gross	-263	-	-653	-28,351	-642	55	-28,938
Operating expenses, gross [1]	-60	-	-144	-6,881	-141	121	-6,901
Profit/loss from ceded reinsurance	0	-	-74	-1,308	-35	45	-1,298
Technical result before investment income transferred from the non-technical account	**52**	**-**	**141**	**4,847**	**-9**	**175**	**5,013**

Investment income transferred from the non-technical account	**339**
Technical result of insurance operations	**5,352**

[1] The item Operating expenses, gross includes other technical income of MSEK 261 (249) and other technical expense of MSEK -660 (-245).
The during 2015 reported effects from the Norwegian pension plan amendment (cost reduction MSEK 1,456) and the goodwill impairment (cost MSEK 394) have not been distributed to insurance class.

NOTE 15 Investment result

MSEK	Direct income 2015	Direct income 2014	Value changes 2015	Value changes 2014	Total 2015	Total 2014
Financial assets, mandatory at fair value through profit or loss (trading)						
Derivatives	-106	-65	5	-9	-101	-74
Financial assets, designated by If as at fair value through profit or loss						
Interest-bearing securities	5	16	2	0	7	16
Financial assets, available for sale						
Interest bearing securities						
Interest income	1,783	2,252			1,783	2,252
Realized gains and losses			-52	163	-52	163
Impairment losses			93	-131	93	-131
Shares						
Dividends	441	403			441	403
Realized gains and losses			1,129	1,216	1,129	1,216
Impairment losses			-103	-47	-103	-47
Total from financial assets at fair value	**2,123**	**2,606**	**1,074**	**1,192**	**3,197**	**3,798**
Loans						
Interest income	114	134			114	134
Realized gains and losses			4	0	4	-
Impairment losses			-	-	-	-
Total from financial investment assets	**2,237**	**2,740**	**1,078**	**1,192**	**3,315**	**3,932**
Properties and Other assets						
Result from properties	2	0	-7	-3	-5	-3
Interest income	45	42			45	42
Currency result			59	-181	59	-181
Total Investment income	**2,284**	**2,782**	**1,130**	**1,008**	**3,414**	**3,790**
Investment costs						
Allocated operating expenses					-179	-126
Other financial expenses					-51	-50
Investment result					**3,184**	**3,614**

Impairment losses in the income statment refer to holdings where there is objective evidence that the asset is impaired, in respect of interest-bearing securities defined as issuer default and in respect of shares generally when there is a significant and/or prolonged decline in the value. The carrying amount is reduced to current market value.

MSEK **Reconcilation of financial assets available for sale**	2015	2014
Opening balance, financial assets available for sale	6,084	5,342
Changes in value during the year	-397	1,906
Recognized in income statement	-1,073	-1,207
Translation difference	-20	43
Closing balance, financial assets available for sale	**4,594**	**6,084**
Net change, financial assets available for sale	-1,490	742

NOTE 16 Interest expense, subordinated debt

MSEK	Interest rate	2015	2014
Subordinated loan, issued in 2005	4,94%	-33	-69
Subordinated loan, issued in 2011	6,00%	-62	-61
Subordinated loan, issued in 2013	4,70%	-41	-39
Total		**-136**	**-169**

NOTE 17 Share of associates' result

MSEK	2015	2014
Topdanmark A/S		
Share of result	475	560
Amortization of customer relations	-101	-99
Change in deferred tax	24	24
Net	**398**	**485**
Other associates[1)]	-4	5
Total	**394**	**490**

[1)] Whereof capital loss in connection with sale of shares -4 MSEK (-).

NOTE 18 Taxes

MSEK	2015	2014
Current tax	-1,506	-1,742
Deferred tax	-320	9
Total tax in the income statement	**-1,826**	**-1,733**
Specification of current taxes		
Swedish entities	-441	-282
Non-Swedish entities	-1,069	-1,455
Current taxes pertaining to prior years	4	-5
Total current tax	**-1,506**	**-1,742**

For specification of deferred tax, see Note 33.

Specification of taxes related to other comprehensive income		
Related to remeasurements of net pension liability	-30	241
Related to financial assets, avaliable-for-sale	314	-150
Other [1)]	230	-7
Total current and deferred tax	**514**	**84**

[1)] The item includes a reversal of MSEK 165 which, in accordance with previous accounting treatment of tax effects related to foreign branch offices, was recognized as a deferred tax liability at December 31, 2014.

MSEK	2015	2014
Difference between reported tax and tax based on current Swedish tax rate		
Profit before taxes	8,589	8,474
Tax according to current tax rate, 22%	-1,890	-1,864
Currency related tax effects	1	0
Permanent differences, net	-16	-9
Share of associates' result	87	108
Adjustment of prior-year taxes	2	-3
Reassessments of deferred tax assets/liabilities	0	0
Different tax rates in foreign units	-55	26
Changes in tax rates	45	9
Reported tax in the income statement	**-1,826**	**-1,733**

Notes to the balance sheet

NOTE 19 Intangible assets

MSEK	Consolidated goodwill 2015	Consolidated goodwill 2014	Other goodwill 2015	Other goodwill 2014	Other intangible assets 2015	Other intangible assets 2014
Accumulated acquisition value	715	715	-	394	216	228
Accumulated amortization and impairments	-	-	-	-	-58	-43
Closing planned residual value	**715**	**715**	**0**	**394**	**158**	**185**

Consolidated goodwill MSEK 715 pertains to the goodwill that arose from the acquisition of Sampo's Finnish property and casualty insurance operations. To ensure that this item is not booked at an excessive carrying amount, an impairment test was conducted to determine the item's recoverable amount in December 2015. In this calculation, a cash flow model was used whereby the recoverable amount was set at the present value of future forecast profits/cash flow from this operation. The main basis for the calculation consisted of financial plans for the years 2016-2018. For subsequent years, the calculation is based on normalized earnings, with a combined ratio established at 95%.

In the calculation, the following parameters were used:

	2015	2014
Long-term premium growth	2.0%	2.0%
Return on investment assets	2.0%	2.4%
Discount interest rate (CAPM)	5.5%	6.2%

Other goodwill, MSEK 394, pertained to the portfolio goodwill attributable to the acquisition of Volvia's motor insurance operations in 2001. This item has in connection with the renewal of cooperation agreements been fully written down and derecognised during the year.

Other intangible assets include capitalized costs for the development of various insurance systems. During 2015, MSEK - (43) was capitalized. Amortization according to plan and scrappings amounted to MSEK -15 (-61).

NOTE 20 Land and buildings

	Carrying amount MSEK	Carrying amount per leasable sq. m., SEK	Total area sq.m.	Vacancy rate	Direct yield
Office and commercial properties	182	5,828	31,220	38.7%	2.7%
Industrial properties and warehouses	2	679	2,890	0.0%	23.3%
Other properties	16	22,332	716	10.8%	-8.7%
Total	**200**	**5,740**	**34,826**	**34.9%**	**2.0%**
Preceding year	212	6,101	34,826	36.0%	1.3%

MSEK **Geographical distribution, carrying amount**	2015	2014
Finland	198	209
Estonia	-	-
Norway	2	3
Sweden	-	-
Total	**200**	**212**

MSEK	2015	2014
Carrying amount, opening balance	**212**	**209**
Supplementary capitalizations	0	0
Sales and scrappage	0	-6
Net changes in current value	-8	-4
Translation differences	-4	12
Carrying amount, closing balance	**200**	**212**

MSEK	2015	2014
Rental income during the fiscal year	**22**	**21**
Costs pertaining to land and buildings		
Operating expenses pertaining to premises that generated income during the fiscal year	10	10
Operating expenses pertaining to premises that did not generate income during the fiscal year	8	9

Future rental income from land and buildings

Total future minimum rents		
<1 year	11	10
1–5 years	6	7
> 5 years	-	-

NOTE 21 Investments in associated companies

MSEK	Country	Number of shares	Holding %[1]	Carrying amount 2015	2014
CAB Group AB	Sweden	1,209	22.0	20	19
Topdanmark A/S	Denmark	31,476,920	32.9	3,153	3,302
Autovahinkokeskus Oy	Finland	2,559	35.5	26	27
Urzus Group AS	Norway	142,648	28.6	6	15
Contemi Holding AS	Norway	28,572	28.6	9	0
Watercircles Skandinavia AS	Norway	94,695	35.8	31	26
Svithun Rogaland Assuranse AS	Norway	6,530	33.0	13	11
Total				**3,258**	**3,400**

[1] All of the associated companies have only one share class, therefore the participating share and voting rights are the same.

CHANGES IN INVESTMENTS IN ASSOCIATED COMPANIES 2015

MSEK	Topdanmark A/S	Other associates	Total
Opening balance	**3,302**	**98**	**3,400**
Investments	-	11	11
Share of associates' result [1]	398	0	398
Dividends from associated companies	-	-3	-3
Effects of exchange rates, foreign associates	-80	-1	-81
Share of associates' other changes in equity	-467	-	-467
Closing balance	**3,153**	**105**	**3,258**

[1] Excluding capital loss in connection with sale of shares. Specification of the result is shown in note 17.

CHANGES IN INVESTMENTS IN ASSOCIATED COMPANIES 2014

MSEK	Topdanmark A/S	Other associates	Total
Opening balance	**3,048**	**95**	**3,143**
Investments	-	0	0
Share of associates' result [1]	485	5	490
Dividends from associated companies	-	-3	-3
Effects of exchange rates, foreign associates	197	1	198
Share of associates' other changes in equity	-428	-	-428
Closing balance	**3,302**	**98**	**3,400**

[1] Specification of the result is shown in note 17.

SUMMARIZED FINANCIAL INFORMATION FOR MATERIAL ASSOCIATES

	Topdanmark A/S	
MSEK	2015	2014
Intangible and tangible assets	3,186	3,442
Investment assets including unit-linked	76,992	74,566
Reinsurers' share of technical provisions	1,018	1,306
Other assets	2,299	1,919
Subordinated debt	1,019	1,421
Technical provisions	70,493	66,198
Other liabilities	5,232	6,217
Equity	**6,751**	**7,397**
If group's share of equity	**2,221**	**2,250**
Estimated revenue for the last quarter	97	82
Known share repurchases for the last quarter	-153	-156
Currency effects	-53	59
Goodwill	1,041	1,067
If group's carrying amount of the investment	**3,153**	**3,302**

	Topdanmark A/S	
MSEK	2015	2014
Revenue for the first three quarters	13,397	12,300
Estimated revenue for the last quarter	3,041	2,613
Profit after tax for the first three quarters	1,001	1,528
Estimated profit after tax for the last quarter	332	312

Revenue and profit in the table above have been recalculated from DKK to SEK using the average rate for each year.

The profit is essentially assignable to profit and loss from contingent operations.

As of December 31, 2015, the carrying amount of investments in associates includes, in total, goodwill amounting to MSEK 1,128 (1,154).

As of December 31, 2015, the market value for the Topdanmark holding amounts to MSEK 7,597. Presented value of the company's assets and liabilities refers to September 30, 2015 (latest available public information) and September 30, 2014 respectively and reflects adjustments made by If when applying the equity method. Net sales and profit refers to the period January 1, 2015, to December 31, 2015 and January 1, 2014 to December 31, 2014, and includes estimates for the last quarter current year.

The other holdings are not publically quoted.

NOTE 22 Other financial investment assets and derivative liabilites

THE CLASSIFICATION OF OTHER FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES

The recognition of financial assets and liabilites depends on their classification. The classification of assets and liabilities categorized in accordance with IAS 39 is shown below.

MSEK	Acquisition value 2015	Acquisition value 2014	Fair value 2015	Fair value 2014	Carrying amount 2015	Carrying amount 2014
Financial assets, mandatory at fair value through profit or loss (trading)						
Derivatives	16	21	191	399	191	399
Financial assets, designated by If as at fair value through profit or loss						
Bonds and other interest-bearing securities	-	0	-	0	-	0
Financial assets available for sale						
Shares and participations	10,450	11,702	13,982	14,586	13,982	14,586
Bonds and other interest-bearing securities	82,681	85,388	81,930	86,302	81,930	86,302
Total financial assets, at fair value	**93,147**	**97,111**	**96,103**	**101,287**	**96,103**	**101,287**
Loans [1]						
Deposits with credit institutions	3,737	1,565	3,737	1,566	3,737	1,565
Other loans	988	2,227	1,016	2,215	988	2,227
Total financial investment assets	**97,872**	**100,903**	**100,856**	**105,068**	**100,828**	**105,079**
Financial liabilites, mandatory at fair value through profit or loss (trading)						
Derivatives	5	11	155	227	155	227
Total financial liabilities, at fair value	**5**	**11**	**155**	**227**	**155**	**227**

[1] Loan are in accordance with the If's application of IAS 39 accounted for at amortized cost. The fair value as of December 31, 2015 is only shown for information. Financial instruments with fair value given for information are classified in three different hierarchy levels depending on their liquidity and valuation methods. All loans are classified in level 3 and the fair value of these loans are based on cash-flow valuations.

SPECIFIKATION OF OTHER FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES

BONDS AND OTHER INTEREST-BEARING SECURITIES

If's bonds and other interest-bearing securities by type of issuer are shown below.

MSEK Type of issuer	Nominal value		Fair value		Carrying amount	
Swedish government	916	1%	1,283	1%	1,283	1%
Swedish public sector, other	7,493	9%	7,510	9%	7,510	9%
Swedish mortgage companies	10,316	13%	10,809	13%	10,809	13%
Swedish financial companies	10,168	12%	10,313	13%	10,313	13%
Other Swedish companies	4,753	6%	4,630	6%	4,630	6%
Foreign governments	1,386	2%	1,456	2%	1,456	2%
Foreign public sector, other	2,442	3%	2,541	3%	2,541	3%
Foreign financial companies	26,409	32%	26,427	32%	26,427	32%
Other foreign companies	18,040	22%	16,961	21%	16,961	21%
Total	**81,923**	**100%**	**81,930**	**100%**	**81,930**	**100%**

Years to maturity [1]	<1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-15	15-30	Total
2015, Fair value %	23	15	15	18	21	4	2	1	1	0	-	-	**100**
2014, Fair value %	32	21	14	11	12	6	1	1	1	1	0	-	**100**

[1] The maturity period is not adjusted to take into account the possibility of premature redemption of bonds.

DERIVATIVES

MSEK Derivative assets	2015 Fair value	2015 Carrying amount	2015 Nominal amount	2014 Fair value	2014 Carrying amount	2014 Nominal amount
Equity derivatives	-	-	-	-	-	-
Fixed income derivatives						
Swaps	1	1	5,514	-	-	-
Total fixed income derivatives	**1**	**1**	**5,514**	**-**	**-**	**-**
Of which, cleared by clearing house	-	-	-	-	-	-
Currency derivatives						
Options	12	12	468	15	15	1,411
Futures	178	178	12,801	384	384	16,761
Total currency derivatives	**190**	**190**	**13,269**	**399**	**399**	**18,172**
Of which, cleared by clearing house	-	-	-	-	-	-
Total derivative assets	**191**	**191**		**399**	**399**	

Derivative liabilites	2015 Fair value	2015 Carrying amount	2015 Nominal amount	2014 Fair value	2014 Carrying amount	2014 Nominal amount
Equity derivatives	**-**	**-**	**-**	-	-	-
Fixed income derivatives						
Futures	-	-	-	14	14	800
Swaps	21	21	13,503	17	17	641
Total fixed income derivatives	**21**	**21**	**13,503**	**31**	**31**	**1,441**
Of which, cleared by clearing house	*9*	*9*	*500*	*14*	*14*	*800*
Currency derivatives						
Options	1	1	464	9	9	1,348
Futures	133	133	12,717	187	187	8,736
Total currency derivatives	**134**	**134**	**13,181**	**196**	**196**	**10,084**
Of which, cleared by clearing house	-	-	-	-	-	-
Total derivative liabilities	**155**	**155**		**227**	**227**	

FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES AT FAIR VALUE

A careful process is followed and controls are performed in order to ensure correct fair values of financial assets and liabilities. For example, controls are made by several different external sources and assessments of abnormal price changes are performed when necessary.

Different valuation methods are used to determine the fair value depending on the type of financial instruments and to what extent they are traded on active markets. In order to evaluate the activity in a market with respect to frequency and volume If mainly uses information compiled by Bloomberg. Quoted shares are valued on the basis of latest trade price on stock markets and are obtained by Bloomberg. The valuation of bonds is also usually based on prices from Bloomberg. Quoted bonds are valued on the basis of last bid price. For model-valued interest bearing instruments, yield curves based on last mid prices are used.

If's financial instruments, which are measured at fair value, are classified in three different hierarchy levels depending on their liquidity and valuation methods. The control of hierarchy levels is done quarterly. If market conditions have changed for the existing level, the holding in question is moved to the correct hierarchy level in consent with the Risk Control unit.

Level 1 – Financial assets and liabilities with values based on quoted prices in active markets for identical assets or liabilities.

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. An active market is typically characterized by quoted prices that are easily and regularly available and that represent actual and regularly occurring transactions at arm's length distance.

Assets and liabilities in the category include shares, listed funds (ETF), equity- and interest rate funds and interest-bearing assets that have noted prices on an active market at the time of valuation. The category also includes derivatives with a daily fixing.

Level 2 – Financial assets and liabilities with values based on quoted prices or valuation based on directly or indirectly observable market data.

In the level 2 hierarchy all essential inputs are observable either directly or indirectly. The large majority of the instruments in level 2 are traded in a market with daily quoted prices and regularly occurring market transactions but where the market in not considered to be active enough regarding frequency and volume and/or when the standard deviation of the prices is high. A very limited part of the instruments are model valued with the help of market data that is indirectly observable, meaning that prices can be derived from observable markets where market interest rates and underlying rates normally are updated daily or, in exceptional cases, at least on a monthly basis.

Instruments which are valued at level 2 include interest-bearing assets where the market is not active enough. Most OTC derivatives, standardized derivatives as well as currency derivatives are also included in this level.

Level 3 – Financial assets and liabilities which are traded on an illiquid market, with non-observable market data or indications of trading levels without any actual trade.

When neither quoted prices in active markets nor observable market data is available, the fair value of financial instruments is based on valuation techniques which are based on non-observable market data.

Level 3 comprises private equity, unlisted shares, certain high-yield assets and distressed assets encountering financial difficulties where the trade has more or less ceased to exist.

The types of financial instruments classified as level 3 in the valuation hierarchy are discussed below with reference to type of securities and valuation method:

- Private equity is classified as level 3. The majority of If's investment in Private Equity is made in mutual funds. The fair values are based on prices and share-values obtained from the funds administrators. These quotations are based on the value in the underlying assets in accordance with market practice. The last obtained value is used.
- For some unlisted shares external evaluations are obtained, which are used for valuation. The external valuations are based on models that contain non-observable assumptions.
- Other assets in level 3 are normally valued at least yearly and the valuation is based either on external estimates, cash-flow analyses or last market transactions.

For more information on the valuation of financial instruments, see Note 1.

FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES IN FAIR VALUE HIERARCHY

	2015				2014			
MSEK	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets, mandatory at fair value through profit and loss (trading)								
Derivatives								
Other interest rate derivatives	-	1	-	1	-	-	-	0
Foreign exchange derivatives	-	190	-	190	-	399	-	399
	-	**191**	**-**	**191**	**-**	**399**	**-**	**399**
Financial assets, designated by If as at fair value through profit or loss								
Bonds and other interest-bearing securities	-	-	-	-	-	-	0	0
	-	**-**	**-**	**-**	**-**	**-**	**0**	**0**
Financial assets, available for sale								
Shares and participations [1]	13,754	-	228	13,982	12,820	-	1,766	14,586
Bonds and other interest-bearing securities [2]	58,433	23,497	0	81,930	60,754	25,479	69	86,302
	72,187	**23,497**	**228**	**95,912**	**73,574**	**25,479**	**1,835**	**100,888**
Total financial assets, at fair value	**72,187**	**23,688**	**228**	**96,103**	**73,574**	**25,878**	**1,835**	**101,287**
Financial liabilities, mandatory at fair value through profit and loss (trading)								
Derivatives								
Other interest rate derivatives	-	21	-	21	22	9	-	31
Foreign exchange derivatives	-	134	-	134		196	-	196
	-	**155**	**-**	**155**	**22**	**205**	**-**	**227**
Total financial liabilities, at fair value	**-**	**155**	**-**	**155**	**22**	**205**	**-**	**227**

[1] Mutual equity funds recognized in the above balances totaled MSEK 3,880 (3,753) of which MSEK 3,670 (3,566) was allocated to level 1 and MSEK 210 (188) to level 3.

[2] Mutual bond funds recognized in the above balances totaled MSEK - (69), which was allocated to level 3.

FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES IN LEVEL 3

Financial assets presented in level 3 are included in financial instruments carried at fair value on the balance sheet. At December 31, 2015, the assets presented in level 3 amounted to MSEK 228 (1,835).

These financial assets are categorized as available for sale, and unrealized market value changes are, therefore, recognized in other comprehensive income.

As of December 31 2015 there are no derivative liabilities presented in level 3.

MSEK 2015	Carrying amount Jan 1	Net gains/losses recorded in income-statement	Net gains/losses recorded in other comprehensive income	Purchases	Sales/ maturities	Transfers into/out of level 3	Exchange rate differences	Carrying amount Dec 31	Net gains/losses in income statement that are attributable to assets held at end off period
Financial assets, designated by If as at fair value through profit or loss									
Bonds and other interest-bearing securities	0	-	-	-	-	-	-	0	-
	0	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**
Financial assets, available for sale									
Shares and participations	1,766	146	-61	96	-1,725	-	6	228	-
Bonds and other interest-bearing securities	69	66	0	-	-133	-	-2	0	-6
	1,835	**212**	**-61**	**96**	**-1,858**	**-**	**4**	**228**	**-6**
Total financial assets, at fair value	**1,835**	**212**	**-61**	**96**	**-1,858**	**-**	**4**	**228**	**-6**

MSEK 2014									
Financial assets, designated by If as at fair value through profit or loss									
Bonds and other interest-bearing securities	0	-	-	-	-	-	-	0	-
	0	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**
Financial assets, available for sale									
Shares and participations	1,831	43	123	176	-90	-294	-23	1,766	-8
Bonds and other interest-bearing securities	331	-3	20	-	-314	-4	39	69	23
	2,162	**40**	**143**	**176**	**-404**	**-298**	**16**	**1,835**	**15**
Total financial assets, at fair value	**2,162**	**40**	**143**	**176**	**-404**	**-298**	**16**	**1,835**	**15**

SENSITIVITY ANALYSIS OF THE FAIR VALUES OF FINANSIEL ASSETS AND DERIVATIVE LIABILITIES IN LEVEL 3

The sensitivity of the fair value of level 3 instruments to changes in key assumptions, by category and financial instrument is shown below.

The following changes in key assumptions have been used:

- A 1% increase in the yield curve for bonds and other interest-bearing securities as well as for preference shares.
- A 20% decrease in prices for other equity related securities and real estate.

	2015		2014	
MSEK	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets, designated by If as at fair value through profit or loss				
Bonds and other interest-bearing securities	0	0	0	0
Financial assets, available for sale				
Shares and participations [1)]	228	-46	1,766	-93
Bonds and other interest-bearing securities	0	0	69	0
Total financial assets, at fair value	**228**	**-46**	**1,835**	**-93**

1) Includes holding in equity funds.

NOTE 23 Financial instruments set off in the balance sheet or subject to netting agreements

MSEK Financial assets set off in the balance sheet or subject to netting agreements	2015	2014
Derivatives		
Gross amount of recognised assets	191	399
Gross amounts of recognised liabilities offset against assets	-	-
Net amount presented in the balance sheet	**191**	**399**
Amounts not set off but subject to master netting agreements and similar agreements [1]		
Financial instruments	-89	-163
Cash collateral received	-	-
Net amount	**102**	**236**

MSEK Financial liabilities set off in the balance sheet or subject to netting agreements	2015	2014
Derivatives		
Gross amount of recognised liabilities	155	227
Gross amounts of recognised assets offset against liabilities	-	-
Net amount presented in the balance sheet	**155**	**227**
Amounts not set off but subject to master netting agreements and similar agreements [1]		
Financial instruments	-89	-163
Cash collateral pledged	-	-14
Net amount	**66**	**50**

[1] Subject to a legally binding agreement of offsetting, enforcable master netting arrangement or similar agreements. If has ISDA agreements with all derivative counterparties. Offsetting take place in case of the counterparty's bancruptcy but not in running business.

NOTE 24 Reinsurers' share of technical provisions

MSEK Change during the year	2015 Provision for unearned premiums and unexpired risks	2015 Provision for claims outstanding	2014 Provision for unearned premiums and unexpired risks	2014 Provision for claims outstandingr
Opening balance	**383**	**1,847**	**382**	**3,336**
Translation differences	43	-93	-31	-1,619
Change in provision	-4	20	32	130
Closing balance	**422**	**1,774**	**383**	**1,847**

Supplementary information regarding the reinsurers' portion of technical provisions is presented in Note 32.

NOTE 25 Debtors arising out of direct insurance

MSEK	2015	2014
Receivables from policyholders	10,628	10,623
Receivables from insurance brokers	25	24
Receivables from insurance companies	49	29
Bad-debt provision	-295	-317
Total [1]	**10,407**	**10,359**

[1] Of which, MSEK 1 (-) is expected to be received later than 12 months after the closing date.

Age analysis	Not due and due less than six months	Due more than six months	Total
Receivable	10,383	319	10,702
Of which, provision	-23	-272	-295
Total	**10,360**	**47**	**10,407**

Generally, provision is made on a standard computation base, the amount includes individual provision of negative MSEK -5 (-7).

NOTE 26 Debtors arising out of reinsurance

MSEK	2015	2014
Receivables from reinsurers	420	405
Bad-debt provisions	-70	-88
Total [1]	**350**	**317**

[1] Of which, nothing is expected to be received later than 12 months after the balance-sheet date.

Age analysis	Not due and due less than six months	Due more than six months	Total
Receivable	327	93	420
Of which, provision	-1	-69	-70
Total	**326**	**24**	**350**

Bad-debt provisons are entirely calculated on an individual basis.

NOTE 27 Other debtors

MSEK	2015	2014
Debtor, patient-insurance pool for the public sector	1,102	1,100
Bad-debt provisions	-10	-7
Other debtors	121	125
Total [1]	**1,213**	**1,218**

[1] Of which, MSEK 1,033 (1,143) is expected to be received later than 12 months after the closing date.

NOTE 28 Tangible assets

MSEK	2015	2014
Accumulated acquisition value	601	588
Accumulated depreciation	-431	-435
Closing planned residual value	**170**	**153**

MSEK **Operational leasing agreements (lessee)** **Due dates**	**Total future minimum lease payments** **2015**	 **2014**
< 1 year	290	295
1–5 years	903	872
> 5 years	445	556
Total	**1,638**	**1,723**
Total lease payments during the period	**271**	**306**
Of which, minimum lease payments	*188*	*203*
Of which, contingent rents	*83*	*103*

Operational leasing where If acts as lessee mainly pertains to costs for premises, vehicles and office equipment.

Operational leasing where If acts as lessor pertains to income from the leasing out of premises and was only insignificant amounts. The carrying amount of leased-out land and buildings is MSEK 185 (196).

NOTE 29 Deferred acquisition costs

MSEK	2015	2014
Opening balance	**1,297**	**1,410**
Net change during the year	-40	-128
Translation difference	-49	15
Closing balance	**1,208**	**1,297**

Acquisition expenditure during the year amounted to MSEK 4,651 (4,538). The item pertains to accrued sales costs that have a distinct connection to the writing of insurance contracts. The sales costs include operating expenses such as commission, marketing expenses, salaries and the cost of salespeople, which vary according to, and have a direct or indirect relationship with, the acquisition or renewal of insurance contracts. The sales costs are expensed in a manner that matches the amortization of unearned premiums, normally not more than one year.

NOTE 30 Other deferred costs and accrued income

MSEK	2015	2014
Accrued income	278	374
Deferred costs	184	194
Total	**462**	**568**

NOTE 31 Subordinated debt

MSEK	Original nominal value	Maturity	Interest rate	2015 Fair value [1]	2015 Carrying amount	2014 Fair value [1]	2014 Carrying amount
Subordinated loan, issued in 2005	MEUR 150	Perpetual	4.94%	-	-	1,428	1,408
Subordinated loan, issued in 2011	MEUR 110	30 years	6.00%	1,106	1,004	1,139	1,025
Subordinated loan, issued in 2013	MEUR 90	Perpetual	4.70%	850	825	870	843
Total				**1,956**	**1,829**	**3,437**	**3,276**

[1] According to If's application of IAS 39, subordinated debt is carried at amortized cost. Fair value is only given for information purposes.
Financial instruments with fair value given for information purposes are classified in three different hierarchy levels depending on their liquidity and valuation methods. All subordinated loans are classfied in level 3 and the fair value is based on cash-flow valuations.

The loan issued in 2005 was repaid in June 2015.

The loan issued in 2011 is issued with fixed interest rate terms for the first 10 years. After that period, the loan becomes subject to variable interest rate but it also includes terms stating the right of redemption at this point in time. The loan is listed on the Luxembourg Exchange.

The loan issued 2013 is issued with fixed interest rate terms for the first five and a half years. After that period, it becomes subject to variable interest rates but it also includes terms stating the right of redemption at this point in time.

All loans and loan terms are approved by supervisory authorithies as being utilizable for solvency purposes.

NOTE 32 Technical provisions, gross

MSEK Changes during the year	2015 Provision for unearned premiums and unexpired risks	2015 Provisions for claims outstanding	2014 Provision for unearned premiums and unexpired risks	2014 Provisions for claims outstanding
Opening balance	**18,772**	**67,486**	**18,292**	**65,867**
Increased/decreased provisions related to acquired/sold business	-	-	-	-
Unwinding of discounted annuities	-	351	-	410
Change in provision	365	1,824	28	-454
Translation differences	-600	-1,511	452	1,663
Closing balance	**18,537**	**68,150**	**18,772**	**67,486**

MSEK Technical provisions and reinsurers' share	2015	2014
Technical provisions, gross		
Unearned premiums and unexpired risks	18,537	18,772
Provision for incurred and reported claims	15,231	15,109
Provision for incurred but not reported claims	30,799	30,975
Provision for annuities	19,649	18,874
Provision for claims-settlement costs	2,471	2,528
Total	**86,687**	**86,258**
Reinsurers' share of technical provisions		
Unearned premiums and unexpired risks	422	383
Provision for incurred and reported claims	874	923
Provision for incurred but not reported claims	899	923
Provision for annuities	1	1
Provision for claims-settlement costs	-	-
Total	**2,196**	**2,230**
Technical provisions, net of reinsurance		
Unearned premiums and unexpired risks	18,115	18,389
Provision for incurred and reported claims	14,357	14,186
Provision for incurred but not reported claims	29,900	30,052
Provision for annuities	19,648	18,873
Provision for claims-settlement costs	2,471	2,528
Total	**84,491**	**84,028**

VALUATION OF TECHNICAL LIABILITIES

Technical liabilities must reflect the liability If has for its insurance undertakings, meaning the insurance contracts underwritten. This may be divided into two parts: firstly, provisions for unearned premiums and, secondly, provisions for unsettled claims. The provision for unearned premiums pertains to current contracts for which the contractual period has not expired. The dominant component, provisions for unsettled claims, pertains to future claims payments for the claims associated with all insurance contracts underwritten by If.

PROVISIONS FOR UNEARNED PREMIUMS AND UNEXPIRED RISK

Provisions for unearned premiums correspond to the value of If's aggregate liability for current insurance policies and are calculated using a generally accepted method. This involves taking into consideration how large a share of the premium is attributable to the period following the accounting period. The provision is subsequently tested to ensure it is sufficient to cover anticipated claims and operating expenses. If the provision is deemed to be insufficient, a provision is made for the unexpired risk corresponding to the calculated deficit.

PROVISIONS FOR UNSETTLED CLAIMS

The provisions for unsettled claims correspond to the value of all anticipated claims payments and related claims settlement costs, including those reported to If and those that have probably occurred but not yet been reported.

The provisions for unsettled claims are calculated using statistical methods and/or individual assessment. Usually, the cost of major claims is estimated individually. Minor claims that occur more frequently (frequent claims) as well as the provisions for claims that have yet to be reported are assessed using statistical methods.

Apart from provisions for claims-related annuities and provisions for unknown but probable claims that pertain to Finnish annuities, the provisions for unsettled claims are not discounted. Provisions for claims-related annuities are discounted in accordance with current practice, taking into account inflation and mortality.

DESCRIPTION OF METHOD

If uses a number of statistical methods to determine the final claims cost that If must pay. The most common methods are Chain-ladder and Bornhuetter-Ferguson. The Chain-ladder method may be based on various types of data such as outgoing payments, claims costs or the number of claims. Historical claims trend factors and a selection of estimates of future development factors are analyzed. The selection of development factors are subsequently applied to the known costs to date for claims for each claims year (which are not yet fully developed) that is to be estimated. This provides an estimate of the anticipated claims costs for each claims year. The Chain-ladder methodology is most suitable for insurance portfolios that have a relatively stable progression. The method is less applicable in cases that lack sufficient historical data, such as in the case of new insurance products or portfolios with a long lag in claims reporting. In the case of such portfolios, the Bornhuetter-Ferguson method is most frequently used. This is based partly on a combination of claims history and partly on exposure data, such as the numbers of insured parties or premiums written. The actual claims history is given greater weight for older developed claims years while for more recent years, the known exposure is weighted to a greater degree towards experience from similar portfolios and product areas.

ASSUMPTIONS AND SENSITIVITY

The assumptions and parameters used in determining the provisions to be posted are adjusted each quarter. A more in-depth analysis is implemented on an annual basis.

If is exposed to personal claims arising primarily from obligatory Motor Third-party Liability and Workers' Compensation policies. Of the total claims provision, almost 70% is attributable to these two insurance categories. If issues Motor Third-party Liability insurance in the Nordic region and in the Baltic countries. Workers' Compensation is issued in Norway, Denmark and Finland. From a customer perspective, the scope of the obligatory insurance provided is essentially similar. However, the portion covered by personal insurance and the portion financed through the state social security system differs among the various countries.

There are a number of factors affecting provisions and their uncertainty. The most important assumptions for portfolios dominated by personal claims are:

- inflation
- discount rate
- mortality
- effect of legislative amendments and court practices.

Inflation

The anticipated inflation trend is observed in all provisions, but is primarily important in claims settled over a long period of time. For long-term business, such as Motor Third-party Liability and Workers' Compensation, assessments are made in-house regarding the future cost trend. This is based on external assessments of the future inflation trend in various areas, such as the consumer price index and payroll index, combined with If's own evaluation of cost increases for various types of compensation. Compensation costs can rise due to new or amended legislation or practices, for example. Various national rules mean that the sensitivity implications of the assumptions underlying inflation differ quite substantially between countries.

A large share of the claims cost in obligatory insurance consists of compensation for loss of income, which in terms of legislation is usually associated with a pre-defined index for the value adjustments of compensation. In Finland, compensation is paid out in the form of vested annuities and value adjustments are dealt with off the balance sheet in a non-funded pool system. This limits the inflation risk. In Sweden, compensation is also paid out in the form of vested annuities over a long period and provisions must cover future value adjustments. The same also applies to Danish Workers Compensation insurance. This entails substantial sensitivity to changes in inflation.

In Norway and in Danish Motor Third-party Liability insurance, compensation is paid as a lump sum. Since in this case the duration is relatively short, the inflation risk is reduced. Refer to Note 5, Risks and risk management, for a sensitivity analysis of inflation.

Discount rate

With the exception of the compensation to be paid in the form of vested annuities, provisions for claims and premium reserves are presented as nominal values (undiscounted). The rates given below are the weighted averages for If's annuities. The discount rate was lowered from 2.0% to 1.5% in Finland in 2015, which increased the annuity reserve by SEK 1.0 billon.

The presentation below shows discounted provisions and discount rate by country for countries with significant claims-related annuity portfolios:

MSEK	2015	2014
Denmark		
Amount vested annuities	962	1,086
Discount rate	1.71%	1.47%
Finland		
Amount vested annuities	13,912	13,105
Amount IBNR	2,440	2,418
Discount rate	1.5%	2.0%
Sweden		
Amount vested annuities	4,660	4,601
Discount rate	2.01%	1.75%

Refer to Note 5, Risks and risk management, for a sensitivity analysis of the discount interest rate.

Mortality

The provision risk for mortality is also related to claims-related annuities, since actual mortality may be lower than the mortality assumptions made in conjunction with the assessment of provision. The model used for mortality complies with the practices observed in the various countries. It is usually based on population death rates and/or specific joint-company analyses. The assumptions for mortality are generally differentiated in terms of age and gender. Refer to Note 5, Risks and risk management, for a sensitivity analysis of mortality.

Effects of legislative amendments and court practices

When setting provisions, it is virtually impossible to take into account amendments to legislation and practices that affect future costs. However, there are methods for managing this uncertainty. Firstly, as noted earlier, the inflation assumptions are adjusted somewhat to take into account historical experience of the various insurance categories. In cases where individual claims issues are subject to legal examination and for which there is a risk of a prejudicial decision that will affect other claims, the provisions for similar claims are adjusted.

CHANGES IN 2015

No significant changes in methods were implemented during the year.

During the year, the reported increase in gross claims provisions amounted to SEK 0.7 billion. Effects of exchange rate changes amounted to a decrease of SEK 1.5 billion while the real change in gross claims reserves adjusted for currency effects amounted to an increase of SEK 2.2 billion. By geographical area, the major reserve changes were as follows:

- Claims provisions in the Swedish operation, including branches of the Industrial business area, increased by SEK 0.4 billion. Reserves for Accident insurance increased by SEK 0.1 billion, reserves for Liability insurance increased by SEK 0.1 billion, and reserves for Motor Third Party Liability Insurance increased by SEK 0.2 billion.
- Claims provisions in the Norwegian operation increased by SEK 0.2 billion. This overall change is the result of an increase of SEK 0.1 billion in reserves for Accident, an increase of SEK 0.3 billion in reserves for Property insurance and a decrease of SEK 0.2 billion for Workers' Compensation insurance.
- Claims provisions in the Danish operation increased by SEK 0.2 billion, mostly due to an increase in reserves for Liability insurance.
- Claims provisions in the Finnish operation increased by SEK 1.4 billion of which SEK 1.0 billion was an increase in annuity reserves due to the change in discount rate. In addition, the reserves for Motor Third Party Liability insurance increased by 0.3 billion SEK and the reserve for Liability insurance increased by SEK 0.1 billion.
- Claims reserves in the Baltic countries showed only a minor increase.

The reinsured share of the claims provision decreased by slightly less than SEK 0.1 billion. The effect of changes in currency exchange rates was small. Ceded reserves for Property, Cargo and Workers' Compensation claims all decreases with around SEK 0.1 billion each while ceded reserves for Liability increased by SEK 0.2 billion mostly due to one single claim in Denmark.

SIGNIFICANT EVENTS

This year's outcome for large claims was higher than expected on a Nordic level in particular due to an unfavorable outcome in Norway. The largest claim in 2015 was a fire claim in Sweden estimated at SEK 0.3 billion.

CLAIMS COSTS TREND

In addition to the sensitivity analysis, prior-year estimates of the claims costs for individual claims years also represent a measure of If´s ability to foresee final claims costs. The tables below show the cost trend for the claims years 2006-2015, before and after reinsurance. For claims years 2005 and earlier, the information is aggregated to one column. The column for claims years 2005 and earlier only includes payments made after 2002, i.e. the starting point is the closing balance for claims provisions in 2002 as well as the complete claims years 2003, 2004 and 2005.

The upper part of the table shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet. Since If has operations in various countries, the portfolio is exposed to a number of currencies. To adjust for currency effects, the local reporting currency has been translated to SEK at the closing rate on December 31, 2015. Consequently, the table is not directly comparable to corresponding tables reported in previous years or with the income statement, since all claims years include translated information and closing rates are used throughout.

MSEK Claims costs, gross Claims year	2005 and prior years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Estimated claims cost												
at the close of the claims year	112,257	22,915	23,503	24,633	24,638	25,631	26,439	26,874	25,899	25,757	26,017	
one year later	111,949	22,728	23,473	24,239	24,186	26,012	27,458	26,751	26,171	25,696		
two years later	111,582	22,474	23,147	23,717	23,934	25,513	27,426	26,903	26,144			
three years later	111,015	22,464	22,854	23,468	23,572	25,503	27,310	26,801				
four years later	111,134	22,102	22,432	23,262	23,406	25,435	27,118					
five years later	111,442	21,664	22,213	23,136	23,197	25,459						
six years later	111,039	21,397	22,128	22,959	23,220							
seven years later	110,404	21,302	22,008	22,985								
eight years later	110,458	21,207	22,002									
nine years later	110,663	21,073										
ten years later	111,393											
Current estimate of total claims costs	111,393	21,073	22,002	22,985	23,220	25,459	27,118	26,801	26,144	25,696	26,017	
Total disbursed	86,104	18,771	19,785	20,668	20,710	22,700	23,911	23,050	21,854	20,107	14,570	
Provisions reported in the balance sheet	25,289	2,302	2,217	2,317	2,510	2,759	3,207	3,751	4,290	5,589	11,448	65,679
Of which annuities	*13,694*	*783*	*755*	*665*	*571*	*712*	*659*	*640*	*682*	*415*	*73*	*19,649*
Provisions for claims-settlement costs												2,471
Total provisions reported in the balance sheet												**68,150**

MSEK Claims cost, net of reinsurance Claims year	2005 and prior years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Estimated claims cost												
at the close of the claims year	103,977	21,961	22,595	23,539	23,588	24,391	25,006	25,041	25,435	25,389	25,573	
one year later	103,494	21,694	22,502	23,266	23,292	24,824	25,670	24,907	25,706	25,292		
two years later	103,066	21,447	22,259	22,770	23,023	24,431	25,553	25,055	25,696			
three years later	102,587	21,481	21,967	22,532	22,779	24,377	25,503	25,058				
four years later	102,298	21,143	21,570	22,358	22,624	24,347	25,280					
five years later	102,744	20,761	21,355	22,250	22,410	24,374						
six years later	102,485	20,509	21,289	22,082	22,440							
seven years later	101,983	20,427	21,170	22,110								
eight years later	102,069	20,347	21,160									
nine years later	102,364	20,053										
ten years later	103,155											
Current estimate of total claims costs	103,155	20,053	21,160	22,110	22,440	24,374	25,280	25,058	25,696	25,292	25,573	
Total disbursed	78,306	17,966	18,985	19,825	19,994	21,674	22,191	21,467	21,573	19,890	14,415	
Provisions reported in the balance sheet	24,849	2,087	2,175	2,285	2,446	2,700	3,089	3,591	4,123	5,402	11,158	63,905
Of which annuities	*13,694*	*783*	*755*	*665*	*571*	*712*	*659*	*640*	*682*	*415*	*73*	*19,649*
Provisions for claims-settlement costs												2,471
Total provisions reported in the balance sheet												**66,376**

Comments

In 2015, If had reinsurance with self-retention of MSEK 250 per event and between MSEK 100 and 250 per risk depending on line of business.

Provisions for fixed claims-related annuities and related payments are included in the distribution by claims year above. The Finnish discounted preliminary claims-related annuities are reported as annuities in the balance sheet. Of the total net provision for claims-related annuities of MSEK 19,649, MSEK 13,694 applies to 2005 and previous years.

NOTE 33 Deferred tax

MSEK Changes in deferred tax 2015	Opening balance 2015	Recognized in income statement	Translation difference	Recognized in other comprehensive income	Closing balance 2015
Deferred tax assets					
Tax losses carried forward	0	0	0	-	0
Provisions	796	-467	21	-30	320
Goodwill [1]	91	0	-15	15	91
Accumulated depreciation	18	-4	0	-	14
Other temporary differences	7	-1	0	-	6
Total deferred tax asset	**912**	**-472**	**6**	**-15**	**431**
Netted deferred tax asset against deferred tax liability	**-194**				**-179**
Deferred tax asset according to balance sheet	**718**				**252**
Deferred tax liability					
Equalization reserve and other similar provisions	2,452	-217	-73	-	2,162
Valuation of investment assets at fair value	858	35	-5	-227	661
Accumulated depreciation	87	-87	-	-	-
Other temporary differences	388	117	-5	-263	237
Total deferred tax liability	**3,785**	**-152**	**-83**	**-490**	**3,060**
Netted deferred tax liability against deferred tax asset	**-194**				**-179**
Deferred tax liability according to balance sheet	**3,591**				**2,881**
Deferred tax income according to income statement 2015		**-320**			

[1] Goodwill pertains to the possibility of tax deductions for goodwill booked in If P&C Insurance Ltd. This goodwill is eliminated at Group level.

MSEK Changes in deferred tax 2014	Opening balance 2014	Recognized in income statement	Translation difference	Recognized in other comprehensive income	Closing balance 2014
Deferred tax assets					
Tax losses carried forward	0	0	0	-	0
Provisions	583	-17	-11	241	796
Goodwill [1]	91	0	-3	3	91
Accumulated depreciation	20	-2	0	-	18
Other temporary differences	6	1	0	-	7
Total deferred tax asset	**700**	**-18**	**-14**	**244**	**912**
Netted deferred tax asset against deferred tax liability	**-185**				**-194**
Deferred tax asset according to balance sheet	**515**				**718**
Deferred tax liability					
Equalization reserve and other similar provisions	2,476	-57	33	-	2,452
Valuation of investment assets at fair value	649	7	10	192	858
Accumulated depreciation	87	0	0	-	87
Other temporary differences	352	23	13	-	388
Total deferred tax liability	**3,564**	**-27**	**56**	**192**	**3,785**
Netted deferred tax liability against deferred tax asset	**-185**				**-194**
Deferred tax liability according to balance sheet	**3,379**				**3,591**
Deferred tax income according to income statement 2014		**9**			

[1] Goodwill pertains to the possibility of tax deductions for goodwill booked in If P&C Insurance Ltd. This goodwill is eliminated at Group level.

NOTE 34 Provision for pensions and similar obligations

MSEK	2015	2014
Estimated present value of obligation, including social costs	2,782	6,235
Fair value of plan assets	1,958	3,744
Net liability recognized in balance sheet	**824**	**2,491**

If applies IAS 19 Employee Benefits (issued in 2011) and recognizes defined-benefit pension plans in Sweden and Norway. Other pension plans existing in the Group have either been classified as defined-contribution plans or have been classified as defined-benefit plans but recognized as defined-contribution plans, either because If lacks the information necessary to recognize them as defined-benefit plans or because they have been deemed as insignificant.

Since January 1, 2008, the main Swedish defined-benefit pension plan has been closed to new employees born in 1972 or later and the corresponding Norwegian pension plan has been closed to new employees since January 1, 2006 regardless of age. In May 2015, If decided that all employees born in 1958 or later that are covered by the Norwegian defined-benefit pension plan would be transferred to a defined-contribution plan as of January 1, 2016. As of the same date, it was also decided that existing retirees would no longer be covered by the plan, and that future retirees would cease being covered by the plan when they are no longer employed by If. Accordingly, as of year-end 2015, the Norwegian pension plan consists solely of active people employed prior to 2006 and born no later than 1957.

The pension benefits referred to are old-age pension and survivors' pension in Sweden and old-age pension, survivors' pension and disability pension in Norway. A common feature of all of the pension plans is that the employees and survivors encompassed by the plans are entitled to a guaranteed pension that depends on the employees' service period and pensionable salary at the time of retirement. The dominating benefit is the old-age pension, which refers in part to temporary pension before the anticipated retirement age and in part to a life-long pension after the anticipated retirement age.

The retirement age for receiving early retirement pension is normally 62 years in Sweden and normally 65 years in Norway. In Sweden, premature old-age pension following a complete service period is payable at a rate of approximately 65% of the pensionable salary and applies to all employees born in 1955 or earlier and who were covered by the insurance sector's collective bargaining agreement of 2006. In Norway, premature old-age pension following a complete service period is payable at a rate of 70% of the pensionable salary and applies to all employees born in 1957 or earlier and who were employed by If in 2013.

The anticipated retirement age in connection with life-long pension is 65 years for Sweden and 67 years for Norway. In Sweden, life-long old-age pension following a complete service period is payable at a rate of 10% of the pensionable salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% between 20 and 30 income base amounts. In Norway, life-long old-age pension following a complete service period is payable at a rate of 70% of the pensionable salary up to 12 National Insurance base amounts, together with the estimated statutory old-age pension. Paid-up policies and pension payments from the Swedish plans are normally indexed upwards in an amount corresponding to the change in the consumer price index. However, there is no agreement guaranteeing the value and future supplements in addition to the contractual pension benefit could either rise or fall. Pension payments from the Norwegian plans were earlier indexed upwards in an amount corresponding to 80-100% of the change in the consumer price index. Instead, as of January 1, 2016, a paid-up policy is issued on retirement, whereby If is no longer responsible for and has no obligation in respect of future indexation of the insured plans.

The pensions are primarily funded through insurance whereby the insurers establish the premiums and disburse the benefits. If's obligation is primarily fulfilled through payment of the premiums. Should the assets that are attributable to the pension benefits not be sufficient to enable the insurers to cover the guaranteed pension benefits, If could be forced to pay supplementary insurance premiums or secure the pension obligations in some other way. In addition to insured pension plans, there are also unfunded pension benefits in Norway for which If is responsible for ongoing payment.

To cover the insured pension benefits, the related capital is managed as part of the insurers' management portfolios. In such management, the characteristics of the investment assets are analyzed in relation to the characteristics of the obligations, in a process known as Asset Liability Management. New and existing asset categories are evaluated continuously in order to diversify the asset portfolios with a view to optimizing the anticipated risk-adjusted return. Any surplus that arises from management of the assets normally accrues to If and/or the insured and there is no form of transfer of the asset value to other members of the insurance collective.

The insurers and If are jointly responsible for monitoring the pension plans, including investment decisions and contributions. The pension plans are essentially exposed to similar material risks regarding the final amount of the benefits, the investment risk associated with the plan assets and the fact that the choice of discount interest rate affects their valuation in the financial statements.

When applying IAS 19, the pension obligations are calculated, as is the pension cost attributable to the fiscal period, using actuarial methods. Pension rights are considered to have been vested straight line during the service period. The calculation of pension obligations is based on future anticipated pension payments and includes assumptions regarding mortality, employee turnover and salary growth. The nominally calculated obligation is discounted to the present value using an interest rate based on current market interest rates adjusted to take into account the duration of the company's pension obligations. As a basis for determining the discount rate for the Swedish obligation, If uses liquid covered mortgage bonds issued by a mortgage institution. Covered mortgage bonds are also used for the Norwegian obligation. After a deduction for the plan assets, a net asset or net liability is recognized in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year. As apparent from the tables, the said amendments to the insured plan in Norway have been taken into account when preparing the annual accounts for 2015 and had a material impact on both recognized costs and assets and obligations. The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%).

MSEK Distribution by country	2015 Sweden	 Norway	 Total	2014 Sweden	 Norway	 Total
Income statement and other comprehensive income						
Current service cost	54	82	136	41	101	142
Past service cost	1	-1,456	-1,455	13	-	13
Total cost, defined benefit pensions in technical result	**55**	**-1,374**	**-1,319**	**54**	**101**	**155**
Interest expense on net pension liability	12	30	42	8	56	64
Remeasurements of the net pension liability in other comprehensive income	-86	-41	-127	305	647	952
Net cost (income), defined benefit pensions in comprehensive income	**-19**	**-1,385**	**-1,404**	**367**	**804**	**1,171**
In addition, defined contribution pension cost excl. social costs			**407**			**455**
Balance sheet						
Estimated present value of obligation, including social costs	1,803	979	2,782	1,824	4,411	6,235
Fair value of plan assets	1,433	525	1,958	1,312	2,432	3,744
Net liability recognized in balance sheet	**370**	**454**	**824**	**512**	**1,979**	**2,491**
Distribution by asset class						
Bonds, level 1	39%	50%		40%	52%	
Bonds, level 2	1%	13%		1%	13%	
Equities, level 1	26%	5%		28%	9%	
Equities, level 3	10%	3%		8%	3%	
Properties, level 3	10%	12%		10%	9%	
Other, level 1	4%	14%		3%	10%	
Other, level 2	6%	3%		6%	4%	
Other, level 3	4%	0%		4%	0%	
Significant actuarial assumptions, etc.						
Discount rate	3.00%	2.50%		2.75%	2.75%	
Future salary increases	2.75%	3.00%		2.75%	3.50%	
Price inflation	1.75%	2.00%		1.75%	2.00%	
Mortality table	FFFS 2007:31 +1 year	K2013		FFFS 2007:31 +1 year	K2013	
Average duration of pension liabilities	21 years	14 years		22 years	17 years	
Expected contributions to the defined benefit plans during 2016 and 2015	90	38		77	137	
Sensitivity analysis						
Discount rate, +0,50%	-211	-68	-279	-217	-374	-591
Discount rate, -0,50%	244	75	319	250	421	671
Future salary increases, +0,25%	73	13	86	74	77	151
Future salary increases, -0,25%	-66	-13	-79	-66	-74	-140
Expected longevity, +1 year	67	21	88	68	138	206

MSEK Distribution of obligations on funded and unfunded plans	Funded plans 2015	 2014	Unfunded plans 2015	 2014
Estimated present value of obligation, including social costs	2,451	5,826	331	409
Fair value of plan assets	1,958	3,744	-	-
Net liability recognized in balance sheet	**493**	**2,082**	**331**	**409**

MSEK Specification of change in net liability	2015	2014
Pension obligations		
On Jan 1	6,235	5,137
Current service cost	136	142
Past service cost	-1,455	13
Interest expense	143	205
Actuarial gains (-)/losses (+) on financial assumptions	39	1,116
Actuarial gains (-)/losses (+) on demographic assumptions	-	-
Actuarial gains (-)/losses (+), experience adjustments	-129	-28
Translation differences on foreign plans	-139	-105
Benefits paid and social costs paid	-230	-245
Settlements	-1,818	-
Present value of obligations on Dec 31	**2,782**	**6,235**

	2015	2014
Fair value of plan assets		
On Jan 1	3,744	3,412
Interest income	101	141
Difference between actual return and calculated interest income	37	136
Contributions paid	242	260
Translation differences on foreign plans	-198	-53
Benefits paid	-150	-152
Settlements	-1,818	-
Fair value of plan assets on Dec 31	**1,958**	**3,744**

NOTE 35 Other provisions

MSEK Change in other provisions	2015	2014
Opening balance	**593**	**518**
Provisions utilized during the fiscal year	-187	-107
Unutilized provisions reversed during the fiscal year	-43	-19
Provisions added during the fiscal year	108	200
Translation difference	-7	1
Closing balance[1]	**464**	**593**

[1] Of which MSEK 337 (339) to be settled later than 12 months after the balance-sheet date.

Other provisions consist of funds amounting to MSEK 155 (210) reserved for future expenses attributable to previously implemented or planned future organizational changes. The development of more efficient administrative and claims-adjustment processes and structural changes in distribution channels is resulting in organizational changes affecting all business areas. In addition to the provisions attributable to restructuring measures, the item includes among other things employer contributions of MSEK 24 (23) reserved for commitments attributable to endowment policies and provisions for law suits and other uncertain obligations amounting to MSEK 277 (350).

NOTE 36 Creditors arising out of direct insurance

MSEK	2015	2014
Payables to policyholders	1,380	1,319
Payables to insurance brokers	85	95
Payables to insurance companies	37	42
Total [1]	**1,502**	**1,456**

[1] Of which MSEK - (-) to be settled later than 12 months after the closing date.

NOTE 37 Other creditors

MSEK	2015	2014
Tax debt (current)	659	798
Accounts payable	148	256
Securities settlement liabilities	0	0
Creditor, patient-insurance pool for the public sector	1,061	1,079
Premium Tax	450	434
Employee withholding taxes	115	117
Other Tax	61	59
Other creditors	206	255
Total [1]	**2,700**	**2,998**

[1] Of which MSEK 992 (962) matures later than 12 months after the closing date.

NOTE 38 Other accruals and deferred income

MSEK	2015	2014
Accrued interest expense, subordinated debt	7	46
Other accrued expense	1,625	1,720
Deferred income	6	9
Total	**1,638**	**1,775**

Other accrued expense consist mainly of personnel-related provisions, such as for vacation-pay liability, social security fees, commission and other variable compensations but also reserves for uninvoiced other operating expenses.

NOTE 39 Pledged assets

MSEK **Pledged assets and equivalent securities given for own liabilities and for commitments reported as provisions, each type individually**	2015	2014
Other financial investment assets	2,223	2,472
Cash and bank	3	3
Total	**2,226**	**2,475**

MSEK **Pledged assets and the pledging purposes were distributed as follows:**	2015	2014
Financial investment assets		
Collateral for insurance undertakings	2,223	2,240
Collateral for futures trading	0	232
Total	**2,223**	**2,472**
Cash and bank balances		
Collateral for insurance undertakings	1	1
Collateral for permission to conduct insurance operations	1	1
Security for rent	1	1
Total	**3**	**3**
Total	**2,226**	**2,475**

The following assets are registered as assets covering technical provisions in If,s Swedish insurance companies. In the event of an insolvency situation, policyholders have a beneficiary right in assets registered for coverage of technical provisions. In normal operating circumstances, If has the right to transfer assets in and out of the register as long as all insurance commitments are covered in accordance with the Swedish Insurance Business Act.

MSEK **Assets covered by policyholders´ benificiary rights**	2015	2014
Bonds, risk-free	16,238	16,964
Bonds, other	39,390	42,704
Equities in public companies	14,504	11,717
Property related assets	2,641	3,511
Total	**72,773**	**74,896**
Technical provisions, net of reinsurance	58,187	58,584
Surplus of registered securities	14,586	16,312
Total	**72,773**	**74,896**

NOTE 40 Contingent liabilities and other commitments

MSEK	2015	2014
Surety and guarantee undertakings	48	63
Other commitments	139	96
Total	**187**	**159**

The subsidiary If P&C Insurance Ltd provides insurance with mutual undertakings within the Nordic Nuclear Insurers pool, within the Norwegian Natural Perils Pool and the Dutch Terror Pool.

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group, as of March 1, 1999, If P&C Insurance Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ), whereby, the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ) and Tryg-Baltica Forsikring AS, whereby, Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (UK) Ltd (now Marlon Insurance Company Ltd), in favor of the Institute of London Underwriters. The company was sold during 2007, and the purchaser issued a guarantee in favor of If for the full amount that If may be required to pay under these guarantees.

With respect to certain IT systems that If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by If that Sampo may incur, in relation to the owners of the IT- systems.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling MEUR 15, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

Notes to the Parent Company

NOTE 1 Interest income and similar income items

MSEK	2015	2014
Interest income, Group companies	4	8
Other interest income	6	7
Total	**10**	**15**

NOTE 2 Interest expense and similar expense items

MSEK	2015	2014
Interest expense, Group companies	-8	-11
Capital loss	-4	-
Currency result	-	-1
Total	**-12**	**-12**

NOTE 3 Taxes

MSEK	2015	2014
Current tax	-1	-1
Deferred tax	-	-
Total tax in the income statement	**-1**	**-1**

MSEK	2015	2014
Difference between reported tax and tax based on current Swedish tax rate:		
Profit before taxes	6,077	6,619
Tax according to current tax rate, 22%	-1,337	-1,456
Non-taxable dividend from Group companies, associated companies and other holdings	1,337	1,455
Non-taxable/non-deductible capital gain/loss	-1	0
Reported tax in the income statement	**-1**	**-1**

NOTE 4 Shares in Group companies

	Country	Number of shares	Holding %	Carrying amount, MSEK 2015	2014
If P&C Insurance Ltd (publ), corp. reg. no. 516401-8102	Sweden	1,044,306	100	12,080	12,080
If Livförsäkring AB, corp. reg. no. 516406-0252	Sweden	10,000	100	73	73
If IT Services A/S	Denmark	501	100	1	1
If Vahinkovakuutusyhtiö Oy/If P&C Insurance Company Ltd	Finland	960,000	100	4,435	4,435
If P&C Insurance AS	Estonia	6,391,165	100	442	442
CJSC If Insurance	Russia	1,000	100	90	90
Total				**17,121**	**17,121**

NOTE 5 Shares in associated companies

	Country	Number of shares	Holding %	Carrying amount, MSEK 2015	2014
CAB Group AB, corp.reg.no. 556131-2223	Sweden	1,209	22,0	7	7
Topdanmark A/S	Denmark	31,476 920	32,9	5,008	5,008
Urzus Group AS[1)]	Norway	142,648	28,6	25	50
Contemi Holding AS[1)]	Norway	28,572	28,6	25	0
Watercircles Skandinavia AS[2)]	Norway	94,695	35,8	70	62
Svithun Rogaland Assuranse AS[3)]	Norway	6,530	33,0	13	10
Total				**5,148**	**5,137**

1) The companies has been restructured during the year.

2) If has a direct holding of 35.8%, as well as an indirect holding via Urzus Group AS, owner of 53.1% of the company.

3) The company is merged with Rogaland Forsikring AS during the year.

NOTE 6 Contingent liabilities

MSEK	2015	2014
Surety and guarantee undertakings	-	-
On behalf of Group companies	-	-

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group as of March 1, 1999, If P&C Insurance Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ) and Tryg-Baltica Forsikring AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (UK) Ltd (now Marlon Insurance Company Ltd) in favor of the Institute of London Underwriters. Marlon was sold during 2007, and the purchaser issued a guarantee in favor of If for the full amount that If may be required to pay under these guarantees.

With respect to certain IT systems that If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by If that Sampo may incur in relation to the owners of the systems.

Proposed appropriation of earnings

Funds available for appropriation by the Annual Meeting in accordance with the balance sheet amount to MSEK 21,100, including the net profit for the year of MSEK 6,076.

The Board of Directors and President propose that the amount be appropriated as follows:

MSEK	
To be distributed as dividends to shareholders	0
To be carried forward	21,100
	21,100

Stockholm, March 8, 2016

Kari Stadigh
Chairman of the Board

Peter Johansson
Board member

Patrick Lapveteläinen
Board member

Torbjörn Magnusson
Board member, President and CEO

Our audit report was issued on March 8, 2016
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of If P&C Insurance Holding Ltd (publ), corporate identity number 556241-7559

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of If P&C Insurance Holding Ltd (publ) for the year 2015.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Insurance Companies, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Insurance Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of If P&C Insurance Holding Ltd (publ) for the year 2015.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act, the Annual Accounts Act for Insurance Companies or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 8, 2016

Ernst & Young AB

Hamish Mabon

Authorized Public Accountant

Group Management

Torbjörn Magnusson
Born 1963
President and Chief Executive Officer
Employed 1999
Resident in Stockholm

Knut Arne Alsaker
Born 1973
Chief Financial Officer
Employed 2000
Resident in Täby

Johan Börjesson
Born 1967
Head of Human Resources
Employed 2005
Resident in Lidingö

Karin Friberg [1)]
Born 1959
Chief Risk Officer
Employed 1999
Resident in Stockholm

Ivar Martinsen
Born 1961
Head of Commercial business area
Employed 1999
Resident in Oslo

Katarina Mohlin
Born 1961
Head of Corporate Communications
Employed 2004
Resident in Stockholm

Dag Rehme
Born 1970
Chief Legal Counsel
Employed 2006
Resident in Stockholm

Morten Thorsrud
Born 1971
Head of Private business area
Employed 2002
Resident in Nesbru

Kjell Rune Tveita
Born 1963
Head of IT and Group Services
Employed 1999
Resident in Lörenskog

Timo Vuorinen
Born 1964
Head of Baltic business area
Employed 2003
Resident in Espoo

Niclas Ward
Born 1971
Head of Industrial business area
Employed 2001
Resident in Stockholm

Ricard Wennerklint
Born 1969
Vice President and Deputy Chief Executive Officer
Employed 1999
Resident in Stockholm

1) Member of Group Management from March 1, 2016.

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT
Net return on average technical provisions, with deductions for deferred acquisition costs, the technical result before allocated interest and average outstanding balances. The allocated investment return is based on risk-free interest.

ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT
Allocated investment return transferred from the non-technical account excluding the part added to the annuity result by means of a reduction of costs for the upward adjustment of the annuity provision.

CAPITAL BASE (SOLVENCY I)
Reported shareholders' equity after proposed dividend less intangible assets surplus in funded pensions plans, plus untaxed reserves, subordinated debt (within some limits) and deferred tax liabilities. Major holdings of securities in financial institutions shall also be deducted when these securities constitute risk capital in the institution. The capital base must satisfy the solvency requirement.

CAPTIVE
An insurance company, owned by a non-insurance company, whose principal function is to insure and reinsure part of the parent's risk, or risks of other units within the same Group.

CEDENT
Direct insurance company that reinsures a part of its direct business with a reinsurer.

CLAIMS FREQUENCY
The observed relationship during a specific period between the number of claims and the number of policies in a certain category of insurance (a certain insurance portfolio). Does not include major claims.

CLAIMS RATIO
Total sum of claims incurred on own account including claims-adjustment costs in relation to premiums earned expressed as a percentage.

COMBINED RATIO
Total sum of claims incurred and operating expenses on own account in insurance operations in relation to premiums earned on own account, expressed as a percentage.

COST OF INSURANCE OPERATIONS
Total sum of operating expenses in insurance operations on own account and claims-adjustment costs.

COST RATIO
Total sum of operating expenses in insurance operations on own account and claims-adjustment costs in relation to premiums earned on own account expressed as a percentage.

CREDIT-RISK
Credit-risk is the risk of loss or of an adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and other debtors to which the insurance undertakings are exposed in the form of counterparty risk, spreadrisk or market risk concentrations. Credit-risk pertains to both reinsurance operations and derivative instruments.

DEDUCTIBLE
That part of the claims amount that the insured must account for himself, in accordance with the insurance terms, and which is thus deducted from insurance compensation. Special deductibles exist in certain types of insurance, whereby a distinction is made between compulsory and voluntary deductibles. The latter leads to a reduction in the premium.

DIRECT INSURANCE
Insurance business that relates to contracts concluded between insurers and insured. The insurance company is directly responsible in relation to the insured.

DIRECT INVESTMENT RETURN
Total sum of operating surplus from buildings and land, dividends on shares and participations and interest income.

DURATION
The concept of duration has different definitions within the asset management and insurance operations.

Within asset management, duration is the same as the interest-rate risk and denotes how sensitive a fixed-income portfolio is to changes in average interest-rates. Duration may be expressed as number of years, in which case it shows the weighted average maturity of the portfolio, meaning the remaining until invested capital plus interest is returned to the investor.

Within insurance operations, duration represents the period that starts when an insurance contract becomes effective and ends when it expires.

ECONOMIC CAPITAL
If uses Economic capital in internal management. It is an internal measure describing the amount of capital required in order to bear different kinds of risk. Economic Capital is defined as the amount of capital required to protect the economic solvency over a one year time horizon with a probability of 99.5%.

EXPENSE RATIO
Operating expenses in insurance operations on own account in relation to net premiums earned, expressed as a percentage.

GROSS BUSINESS
Insurance business before deduction of the portion of business that is reinsured with other companies.

GROSS PREMIUMS WRITTEN
Total premiums received during the financial year or taken up as a receivable at the end of the year. In contrast to premiums earned, premiums written are not capitalized; i.e. they are unaffected by opening and closing provisions for unearned premiums.

IBNR PROVISION
Provision for the estimated value of the company's liability for claims that have occurred but are unknown or, in view of the extent of the claim, are insufficiently known. The provision is included in Provision for claims outstanding. IBNR = incurred but not reported.

INSURANCE MARGIN
Technical result less other technical income and other operating expense in relation to premiums earned on own account, expressed as a percentage.

INVESTMENT ASSETS
Assets that resemble a capital investment, including real estate and securities, such as shares and participations, bonds and other interest-bearing securities, loans and derivatives as well as all investments in Group and associated companies.

INVESTMENT RETURN
Net of following income and costs: interest income/expense, dividend on shares and participations, surplus/deficits from own properties, realized and unrealized changes in fair value of real estate, shares and participations and interest-bearing securities, and exchange-rate gains/losses. Return pertaining to associated companies is not included. If recognizes the main part of unrealized value changes on shares and participations and interest-bearing securities in other comprehensive income.

LIQUIDITY RISK
Liquidity risk is the risk that insurance undertakings are unable to realize investments and other assets in order to settle their financial obligations when they fall due.

MARKET RISK
Market risk is the risk of loss, or of an adverse change in financial position, resulting directly or indirectly from fluctuations in the level or volatility of market prices of assets, liabilities and financial instruments.

NET BUSINESS
That part of the insurance business for which the insurance company assumes the risk and which is thus not reinsured with other companies.

NET PREMIUMS WRITTEN
Gross premiums written less ceded reinsurance premiums.

OPERATING EXPENSES IN INSURANCE OPERATIONS
Expenses related to the acquisition or renewal of insurance contracts plus corporate administration costs.

OPERATING RESULT
Profit/loss before appropriations and taxes.

PREMIUMS EARNED
That portion of gross premiums written that pertains to the fiscal year, meaning premiums written adjusted for changes in the provision for unearned premiums.

PRIOR-YEAR CLAIMS RESULT
Profit or loss that arises when claims originating from a prior year are either finally settled or revalued.

PROPERTY AND CASUALTY INSURANCE
Collective term for property insurance, liability insurance and reinsurance. Property insurance involves the type of insurance that covers the economic value of one or several objects (such as movable property in a home, car, boat, horse, factory building or warehouse). Other types of property and casualty insurance mainly cover various interests (such as, business interruption insurance or liability insurance), where only a specific economic interest is covered, not the economic value of one or several objects.

PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS
Liability item in the balance sheet corresponding to the portion of premiums written that, in the financial accounts, pertains to forthcoming periods, and that covers anticipated claims costs and operating expenses for policies in force at the accounting date and up to their next due date.

PROVISION FOR CLAIMS OUTSTANDING
Liability item in the balance sheet consisting of the estimated value of claims incurred but not yet paid and the expected operating expenses for the settlement of the claims.

REINSURANCE
A method of distributing risks whereby an insurance company purchases coverage for a part of its liability based on insurance or reinsurance contracts, so-called ceded reinsurance. Reinsurance accepted pertains to the business one insurance company accepts from other insurance companies in the form of reinsurance.

RETENTION
The highest insured or claims amount relating to the same risk that an insurer retains for its own account, meaning without reinsurance.

RETURN ON EQUITY
Result for the year, adjusted for unrealized gains and losses on investments assets recognised in other comprehensive income, less full tax in relation to average shareholders' equity.

RISK RATIO
Total sum of insurance claims on own account, excluding claims-adjustment costs, in relation to premiums earned on own account, expressed as a percentage.

RISK SELECTION
The insurer's intentional selection of the type of risks to be included in his portfolio.

RUN-OFF BUSINESS
The liquidation of an insurance company or portfolio of insurance business which has been transferred to a separate administrative unit.

SCR
Solvency capital requirement according to Solvency II-regulations.

SOLVENCY CAPITAL
Shareholders' equity less deferred tax assets plus untaxed reserves, subordinated debt and deferred tax liability.

SOLVENCY RATIO
Key ratio representing the relative size of solvency capital. The solvency ratio is calculated as solvency capital in relation to net premiums written, excluding portfolio premiums.

SOLVENCY REQUIREMENT (REQUIRED SOLVENCY MARGIN)
The lowest permissible capital required for insurance operations from the viewpoint of the supervisory authorities according to Solvency I-regulations. The requirement is based on the historical claims outcome or gross premiums written, where the highest value is used.

TECHNICAL PROVISIONS
Provisions for unearned premiums, unexpired risks and claims outstanding.

TECHNICAL RESULT
Premiums earned on own account less claims costs and operating expenses on own account, plus the allocated investment return transferred to the technical accounts and other technical income.

TECHNICAL RESULT BEFORE INVESTMENT RETURN
Item in the technical accounts comprising premiums earned on own account less claims and operating expenses on own account in the insurance operations.

TOTAL INVESTMENT RETURN
Total sum of direct return and realized and unrealized changes in value in relation to the investment assets, excluding associated companies, expressed as a percentage. The return has been calculated using the calculation methods used internally by If for the evaluation of asset management.

UNDERWRITING
Includes the risk assessment and pricing conducted when insurance contracts are drawn up. In accounting contexts, the term is also used more broadly to designate the operations of an insurance company that do not have the character of asset management.

UNDERWRITING RISK
Underwriting risk is the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

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