Annual Report 2019

MOVESTIC LIVFÖRSÄKRING AB

movestic
Liv&Pension

Contents

Comments from the CEO

A good year has come to an end. 2019 was a year when many investors saw their capital grow, and Movestic's total assets under management increased by 20 per cent to 40 BSEK.

During the year, stock markets grew both in Sweden and in many other countries around the world. For most pension plan holders, this means a higher monthly income when they eventually retire. We have every reason to feel positive about the year, but there is still a lot left to do, both for the life and pension companies and for the customers, to take us to the next level and ensure that everyone has an insurance cover tailored to their own personal circumstances.

DIGITAL TRANSFORMATION

Movestic's digital transformation has now been underway for two years. We have a clear roadmap and made good progress in 2019. During the year, we implemented a new IT infrastructure that will enable a whole new level of digitalisation, automation, and integration with other partners in our new ecosystem for pensions, long-term savings, and insurance cover for life and health. During the year, we paved the way for gathering all administrative tasks for all our policies in one single system, which will be completed by 2022. We implemented a new claims handling system and replaced old online platforms with a single new one, based on the latest technology. Movestic now has an infrastructure that will enable us to provide a better customer experience, with products, services and information tailored to the individual user.

During the year we also launched a new partner web, with new digital services, to assist the brokers on their digitalisation journey. Reliable advisory services are important when people have to take more personal responsibility for their future pension and insurance cover. Customers with access to advisory services find them very valuable. During the year we, in collaboration with research institute Novus, we conducted a survey where we asked Swedes about their attitude towards advisory services. The result was clear, those who had access to this service felt more confident about their pensions, despite, or perhaps thanks to, the fact that their savings policies involved higher risks. However, only half of all Swedes have access to professional advice on how to prepare for their pension. This is one area where digital services can help make services more readily available, and accessible to more people.

To develop products and services that educate individuals, give them more control over their own savings, and provide greater financial security both in the short and longer term is what drives us.

MORE PERSONALISED PRODUCTS AND SERVICES

There is a clear trend in society towards a more heterogeneous employment market. We change jobs several times during our lifetime, and the number of self-employed people is increasing. This means that we must take a greater personal responsibility for making sure we are protected financially if something happens, and for ensuring that we have a sufficiently large pension to live off when we retire.

In 2019, Movestic launched a brand-new digital service, where business owners can sign up occupational pension plans for themselves and their employees online on movestic.se. New partnerships set up during the year have opened up to new target groups, and by providing a steady flow of digitalisation services to the broker channel, we are constantly improving the service we provide to existing customers and partners.

2019 was a good year for equities, but also a year with a lot of turbulence on the markets. Some of our investors, in particular those who are getting close to the time when they want to start drawing their pension, feel insecure when the value of their savings fluctuates wildly. For these customers we launched a new fund, more aligned to their needs; Movestic Avancera.

This fund, which has been developed in collaboration with Morgan Stanley, is a brand-new type of fund on the Swedish market, and suits customers who want a bit more stability in their savings. The fund was very positively received by the market.

SUSTAINABLE SOCIETY, SUSTAINABLE WORKING LIFE, SUSTAINABLE CUSTOMERS

One of the most important issues of our time is climate change. In 2019, the general interest in climate matters, from both our customers, politicians and the media, reached new highs. As an insurance company focusing on pension plans and insurance policies for life and health, it is our responsibility to help create a more sustainable society, from both a collective and an individual perspective. Our sustainability work focuses on three main areas: responsible investments, a sustainable working life, and financial security for our customers.

We monitor the sustainability work that the funds available on our fund platform does on an ongoing basis. In 2019, we again presented our annual more in-depth review of the funds, in our Sustainability Overview. We also make it easier for our customer to invest sustainably and offer better transparency by letting them select sustainability and ethics as preferences when using our robot adviser, MAIA. The single most important aspect of sustainability for the funds on our platform is climate change. 57 per cent of the funds work with the UN's global development goal no 13, Combat Climate Change, and use this as a goal in their work with sustainability.

Another important aspect of our work with sustainability is to promote a long and sustainable working life for our employees, as well as our industry as a whole. To achieve this, we must enable transition to the labour market of the future. During the year, we held a number of training sessions for our employees, both about AI and about digitalisation more generally, and we also participated in external seminars on this topic. The future will require a better ability to implement cross-functional working practices, which is also an important focus area for the organisation and its employees.

THE CHANGE HAS ONLY JUST BEGUN

We have only seen the very beginning of how digitalisation will transform the insurance industry. In an industry where data is of critical importance, the opportunities in using digitalisation and smarter algorithms to achieve more cost-effective, more relevant, and more personalised products are almost endless.

The beginning of 2020 has presented challenges for investors, corporations and our society as a whole with the spread of COVID-19, the Corona virus. Movestic stands on solid ground, but naturally we, as well as the entire industry, will see an impact at least in the short to medium term as the severe fall in equity markets affects the policyholder investment return and hence the AUM. If recent developments will lead to a longer term effect in the form of a recession, the pension premium volume might also be affected. However, we do expect the demand for insurance to remain strong in these turbulent times.

Linnéa Ecorcheville, vd

This is Movestic

Our customers

Movestic's customers are individuals who are saving for retirement privately or in an occupational pension plan, as well as individuals looking for good insurance cover for their life and health. They are also employers wishing to help their employees to achieve a good pension and to provide them with extra security through insurance cover. An important target group is the self-employed where there is a great need for better protection. They often lack the protection in the form of occupational pension and health insurance that 9 out of 10 employees in Sweden have. Our products and services also include solutions for organisations, associations and clubs that want to offer their members comprehensive insurance cover.

Our offering

Movestic offers long-term savings and insurance cover, with particular focus on occupational pension and insurance related to life and health. We want our products and services to be as adaptable to our customers' individual preferences and situations as possible. Our main aim is to help our customers to achieve the best possible financial future for their own personal situation, not simply based on standardised collective solutions.

Our owners

Movestic was originally set up as a part of the Kinnevik Group but is now owned by the British company Chesnara plc, which is listed on the London Stock Exchange. The group owns insurance companies in a number of European countries. To Movestic, this means access to a financial strength and an international perspective that aids our efforts within innovation and development.

Quick facts about Movestic

112

► No of employees

► Offices in Stockholm & Norrköping

► Owners: Chesnara plc, listed on the London Stock Exchange

350 000

► No of policies

4,6 bn SEK

► Annual premium volume

40 bn SEK

► Assets under management

2000

► Founded

The year in brief

Q1

- Fund-switching process becomes automated
- Kivra used for digital annual statements
- New partner web is introduced

Q2

- Movestic Day held at At Six
- New claims handling system implemented
- Movestic's rating from UNPRI, the UN initiative for responsible investments, is confirmed. Movestic receives a rating above, or on par with, the median rating for its peer group in all areas
- Many Swedes do not take enough risk in their long-term savings according to Movestic's report "Sparande och Pension 2019" (Savings and Pensions 2019)
- Movestic takes part in the AI Challenge
- Movestic Avancera, a brand-new type of fund with capital protection, is launched in collaboration with Morgan Stanley

Q3

- Movestic is named 'most innovative company¨ in Origo's annual industry review
- Automated advising process introduced on Movestic's partner web
- Movestic is voted 'easiest company to cooperate with' in Origo's annual industry review
- Pilot project with RPA (Robot Process Automation) within Customer and Broker Service is initiated

Q4

- Movestic is awarded a prize in Magnet Awards for its work with culture
- Launch of digital occupational pension for entrepreneurs
- New movestic.se is launched
- Movestic's annual Sustainability Summary is presented
- Launch of digital life insurance in collaboration with Just in Case

A Changing Industry

We need to move the discussion in the industry from being about the digital customer meeting, to be about integrity and how we optimize the benefits for each individual with the help of the customer's own data.

Only then will we continue to be relevant to the customers, maintain our role in contributing benefits to society and ensure financial security also for the pensioners of the future.

For an organisation that has existed for a long time, embracing new technology may be a challenge and our industry has been around for a very long time. However, the insurance industry, which is already a great benefit to society, has a particular duty to adopt new technology as an enabler.

THE CHALLENGE OF BECOMING DIGITAL

Some organisations regard the ability to adopt new technology as an important strategic goal. They recruit, train, buy businesses, or a combination of all of these, to later identify areas where they can use their new competencies. Examples of this include companies that have set up innovation hubs or bought start-ups to get access to products that may emerge in the future. However, it is no mean feat to get benefits out of something that is not part of your own business model or company culture.

Others opt to use new, but still tried and tested, technology. They take limited risks and aim to use new digital solutions to increase the value of their current business model, for example by introducing RPA (robotic process automation) in their administrative processes, self-service routines to reduce operational costs, or online purchasing processes to boost sales. These companies improve an existing business model by adding new, but tried and tested, technology. Even this approach is easier said than done for an established operation. After all, most of us have a heritage to manage in terms of

IT-systems and organisational structures, which makes it more difficult to go digital than for companies that were fully digital from start. In the insurance industry we also have a complex range of products and many more different layers of regulatory frameworks than most other industries, which makes digitalisation more complicated. It is difficult to find any real disruptors in our industry; we are still only at the stage where we collect data and automate forms and processes – with a few exceptions.

AI NECESSARY FOR DEVELOPMENT

One thing is certain. Whoever eventually manages to disrupt the insurance industry, whether it is an established provider, a start-up, Google or someone else, they will be using AI.

AI significantly alters our ability to deliver benefits to our customers, and to offer them the opportunity to continuously, in real time, get an overview over their entire policy holding, identify gaps in their insurance cover, get suggestions for complementing products – always tailored to the individual circumstances of each person when it comes to work, family, age, health, home, and preferences around sustainability, ethics etc. In this area, our ability to structure data, and to create personalised insights for each customer, using AI, will provide enormous benefits at a low cost. These types of customer interfaces are now technically possible, and there will be an increasing demand for them from our customers. For the insurance industry, this will require a huge change. It is about adopting new technology, and it is about data.

DATA VITAL FOR AI

For our industry to successfully manage a digital transformation without being overtaken by other actors, already established in the new digital economy, we must get much better at using and managing data. Data is the foundation of the insurance industry. Without data we cannot price our products and services, and we have nothing to offer our customers. We have long experience of data management and storage and have long had well established processes in place for managing data with high integrity. Before the General Data Protection Regulation (GDPR), there was PUL. But the most important change does not concern how we store data; today, the customers' rights, opportunities and expectations are front and centre.

INTEGRITY AND KNOWLEDGE CRITICAL FOR DATA

Unless the customers trust us, not only to manage their data safely, but also to use it with integrity and in a way that enables them to benefit from the opportunities offered by AI, they will not be willing to share their data with us, and the development of new products and services will take place elsewhere. The customers' ability to influence the way in which the insurance industry will change will increase, and as an industry we should welcome this by putting the customers first, helping them to learn how to protect data and how to share it securely.

In a new era where data is the new gold everybody is searching for, the insurance industry with its long experience should be regarded as a highly valued partner by its customers. We need to move the discussion about digital development in our industry away from the digital customer interface, which is obvious, to being about integrity and how we share data to remain relevant to our customers and safeguard our role as contributors of societal benefits.

Individually adapted

In the future, private savings and occupational pension will make up an increasing part of what we have to live off when retired. We want to help our customers make better plans for their financial future, so that their expectations on return from savings and future financial security are adapted to the customer's personal preferences, living conditions, work and family situation.

MOVESTICS OFFERS

- Occupational pension
- Sickness insurance
- Private pension plans
- Healthcare insurance
- Life insurance
- Serious illness insurance
- Accident insurance
- Premium waivers

Simple for you

In the future, individuals will be forced to take more responsibility for their retirement savings and insurance protection, to ensure their pension reaches its full potential based on their own individual priorities and conditions. By working with licensed brokers and digital services, we make it easier for you to get involved in your pension planning, at the level that is right for you, and still feel safe in the knowledge that you will enjoy a good level of financial security, both in the short and long term.

MOVESTIC OFFERS

- The opportunity to choose between services that are proactive on your behalf and services where you do much of the work yourself
- Independent advice from our robot adviser, MAIA
- Digital occupational pension for business owners
- A broad and carefully selected range of funds that includes funds from different well-known fund managers
- The ability to easily navigate between sustainable funds with different profiles
- Active management or index funds – nothing in-between
- Insurance cover for life and health

Sustainability

The digital development enables new ways of working, greater transparency, more personalised products and services, and huge opportunities to build a more sustainable society. Our responsibility as an insurance company with focus on both pensions and insurance cover for life and health, is to contribute to a more sustainable development, both from a collective and individual perspective. The starting point for Movestic's sustainability efforts are five of the sustainable development goals from the UN.

The pension industry is committed to fighting climate change by providing sustainable investment options. By investing in operations and industries that work towards a more sustainable future, we promote a development towards more sustainable solutions to the big, existential questions, like our future energy sources and food supply. To help our policyholders find the investment product with the level and approach to sustainability that is right for them, we assess and rate all funds included in Movestic's offering on an ongoing basis. We are also working to broaden or fund offering by including funds that in novel ways contribute to a more sustainable society. At the end of 2019, 7 out of 10 funds in Movestic's offering had been approved according to our traffic light model. Most of the non-approved funds are index funds.

Movestic's sustainability efforts now also focus on the individual person in a sustainable society, and on our customers' financial security, now and in the future. In an increasingly individualistic society, we as an insurance company have a responsibility for making sure that the insurance cover, we provide becomes more and more tailored to the needs of the individual. We also have a responsibility to communicate in a simple and transparent way, to enable our customers to absorb the information and make well-informed decisions, to make advisory services generally available, and to make sure that more people get access to independent advice, free from conflicts of interest. It is also our responsibility to continuously monitor areas where conflicts of interest may arise.

Focus on the individual also involves focusing on our employees and on how we can create the conditions required for a long and sustainable working life, with focus on health, wellbeing and a work-life balance. We do this by offering health promotion, rehabilitation where needed, ongoing involvement in the development of the organisation,

equality targets, and a focus on diversity. We also work to ensure that our employees have the ability to adapt to new working practices, by providing further training in emerging areas, such as new technology, thereby contributing to the long-term development of both the individual, and of the company, industry, and society as a whole.

Movestic's sustainability work covers three areas:

1. Responsible investments with focus on the long-term sustainability of our society
2. Financial security for our customers, now and in the future
3. A long-term sustainable working life for our employees and for society as a whole

Responsible investments
Investments with focus on long-term sustainability for the individual and for society

Sustainable working life
A working life that is sustainable in the longer term for both employees and society as a whole

Financially secure customers
Genuine concern for our customers to provide financial security today and in the future

SUSTAINABILITY RISKS

Movestic operates in an industry based on confidence, where security and value-generation for our customers, both today and in the future, are vitally important. Everything we do has an impact on the trust of our customers and other stakeholders, which is why our efforts to apply a high level of integrity in both the implementation of regulatory frameworks and governance are given high priority. Our work to encourage responsible investment, a sustainable working life and financially secure customers is governed by clear policies and guidelines, and we continuously work to adapt to new conditions in the world around us.

Despite our high ambitions, there is a risk that we are unable to meet our customers' expectations, or our own high demands, in relation to the climate impact of our investment products, for example due to a lack of information, and this must always be taken into account. Other important risk areas include compliance and corruption. This is why we work ceaselessly to ensure compliance with all legal requirements, and to prevent all instances of corruption. We also work proactively to identify any conflicts of interest. Compliance also involves a sustainability risk, which relates to the way in which we manage personal data.

Secure and correct management of personal data will be a key issue for any operation handling large amounts of data, and vital if we are to retain the trust of our customers. To safeguard the personal integrity of our customers by managing the data they have entrusted us with in a responsible way is a natural part of Movestic's administrative work, and something that will always be a priority.

SUSTAINABLE INVESTMENTS

The sustainability area is constantly changing. The requirements placed on us as a company, and the requirements we in turn place on the fund companies included in our offering, are constantly increasing.

Movestic's way of looking at sustainable investments is that a focus on sustainability issues, including the environment, ethics, human rights and good business ethics, bring long-term added value to investors. Sustainability is an integrated part of Movestic's investment analysis and permeates our development of new products and services.

Sustainability matters are a standing item on the agenda when Movestic meets fund managers. We continuously monitor and try to influence the funds included in our offering. We are actively encouraging the fund companies to use their power to influence the companies in which they have invested, to:

- Ensure that the board of directors, management team, and the company as a whole are characterised by diversity,
- Be active at AGMs and use the vote their ownership entitles them to,
- Hold a proactive sustainability dialogue with the companies in which they invest,
- Follow international norms relating to environmental protection, human rights, working conditions, and anti-corruption,
- Sign the UN's Principles for Responsible Investments, UN PRI.

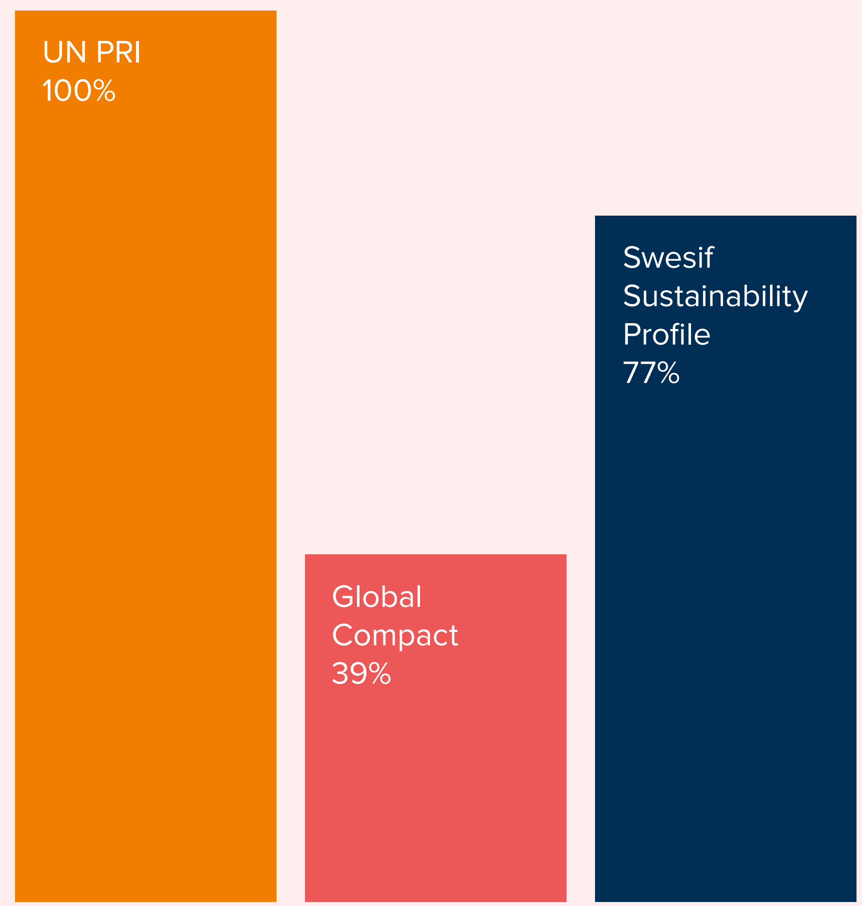
UN PRI

In 2016, Movestic adopted the UN's Principles for Responsible Investments, UN PRI. Our work is based on its six principles. One of Movestic's basic requirements is that all fund companies must sign up to UN PRI. 100% of the funds available on Movestic's fund platform have now signed up to UN PRI and thereby made the commitment to follow the six principles for responsible investments and agreed to be assessed on an annual basis.

MOVESTIC'S SUSTAINABILITY RATINGS

In December 2019, Movestic published its third annual overview of the sustainability work carried out by the fund companies with funds available on the Movestic fund platform. This overview is provided to make it easier for investors to make well-informed decisions when it comes to sustainability, and to combine saving for the future with a positive impact on the environment and our society.

Memberships/collaborations among the funds in Movestic's offering



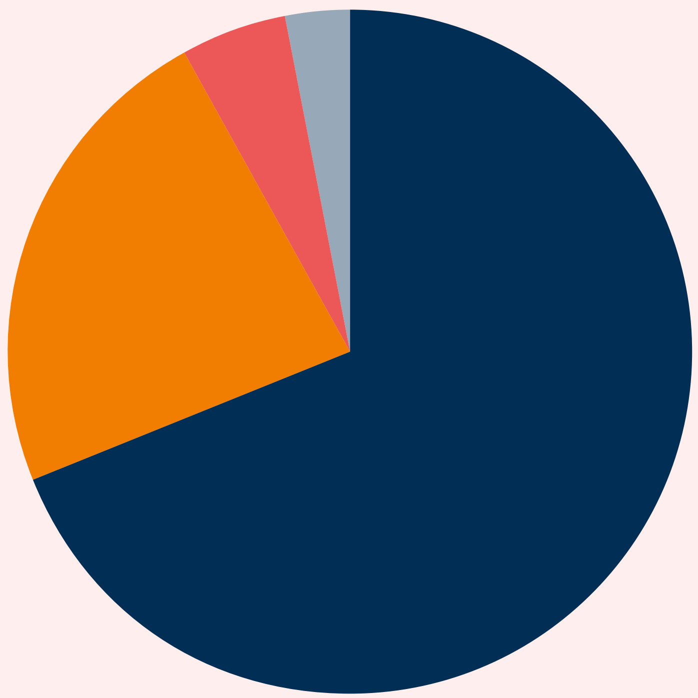
Movestic included its first fund with a clear ethical labelling in its range of funds in 2007 (Öhman Etisk Index USA), and the following year we added information about sustainability certification in our list of funds. Since 2015, we publish a separate sustainability overview, where we assess and rate funds and fund companies on their efforts in relation to responsible investments. Over time, our fund offering has been adapted to enable customers to create diversified savings portfolios, including equity funds, fixed income funds, and hedge funds. Each category includes both actively and passively managed funds, with focus on different regions and sectors. During the year, more funds with a sustainability approach were added.

AN INCREASINGLY SUSTAINABLE FUND OFFERING

In the three years Movestic has published the sustainability overview, the quality of the sustainability efforts by the funds included has continued to improve. This is partly due to an increased focus on sustainability in our process for selecting new funds, but also to significant improvements in the sustainability work carried out by the fund companies included on our platform.

All fund companies represented on Movestic's fund platform have a sustainability policy in place, which in most cases is also implemented in the funds themselves, sometimes with specific applications at fund level. The view of sustainability has changed from simply being regarded as a risk, to also being seen as an opportunity to increase revenue. The traditional borders between including, excluding, and influencing companies are gradually disappearing. The managers now take more overall responsibility and use a variety of different approaches.

Sustainability ratings, funds in Movestic's offering



69% Green
23% Amber
5% Red
3% No rating

Many managers work actively with both reactive and proactive influencing, and larger fund companies in particular have become better at reporting and measuring the outcomes of the dialogues they hold with the companies in which they invest. This is a positive development, as it both puts pressure on the companies to act and improves transparency for the customers.

When it comes to improvement potential, we have sometimes found that there is no real connection between clear policies and practice within the fund companies; this is still the case. As an example, the fund companies rarely make the most of their voting rights. The proportion of cases when fund companies utilise their right to vote is still very low compared to what their policies indicate.

EXCLUSION THE MOST COMMON STRATEGY

The most common approach to ensure sustainable investments is to exclude companies that operate in undesired sectors when investments are made. An increasing number of funds choose to exclude entire sectors from their investment activities. The proportion of fund managers that choose to exclude certain sectors is generally increasing. The main increase relates to funds that exclude fossil fuels and nuclear weapons.

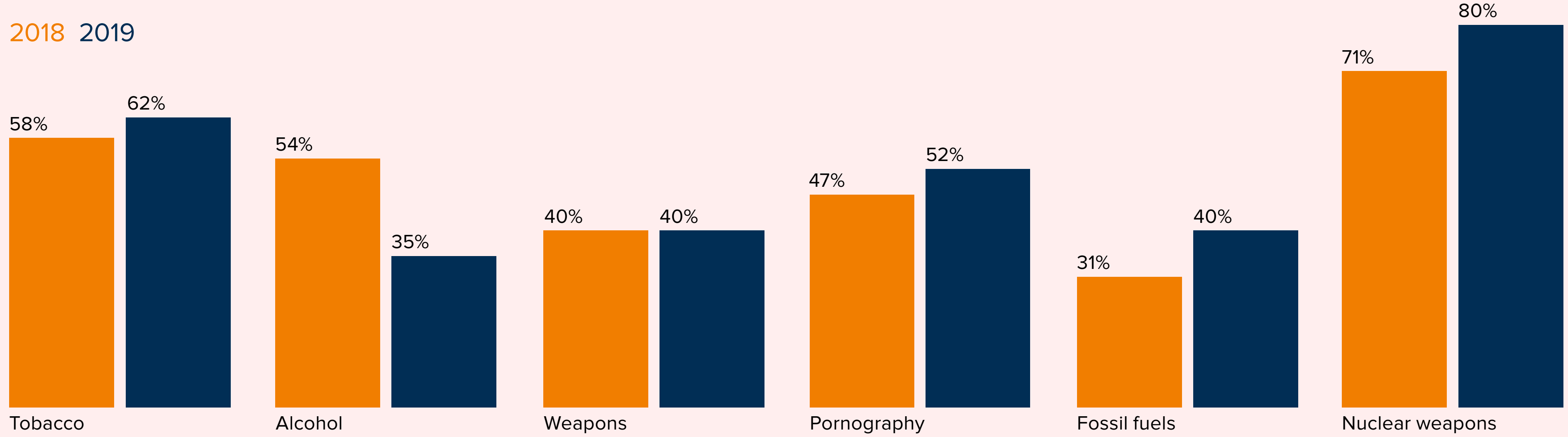
FOCUS ON CLIMATE

In 2019, Movestic decided to assess the funds in its offering based on four of the UN's sustainable development goals. In the last year, climate change has been given more media attention and several of the funds included in Movestic's offering have chosen to get involved with this issue. The percentage of funds choosing to work to combat climate change increased from 47 to 57 per cent between 2018 and 2019.

NORM-BASED SCREENING

During 2019, Movestic increased the frequency of norm-based screening and now reviews all funds in its regular offering on a monthly basis, to identify holdings that contravene international norms and/or are involved in controversial weapons, including nuclear weapons. To achieve this, we collaborate with ISS ESG, which is a well-established entity in this area, with a high presence and coverage of the markets on which the funds we have selected invest. The results of the screening will be announced during the first quarter, and thereafter be available to our customers on Movestic's website. The results of the screening will also be discussed with the respective fund managers during follow-up meetings.

Excluded sectors, all funds



OPEN LETTER TO GLOBAL INDEX PROVIDERS

Movestic and 141 other institutional investors (UN PRI signatories), who together manage 6.8 trillion USD of assets, have signed an open letter. The letter calls on the global index providers to exclude controversial weapons from their global indices, to align their products with what has become standard practice among institutional and individual investors.

The letter was coordinated by Swiss Sustainable Finance and sent to leading index providers FTSE Russell, Morningstar, MSCI, S&P Dow Jones Indices, STOXX, and Index Industry Association in the first week of February 2019. The letter was published, together with the names of the institutional institutions that had signed it, in the Financial Times, Neue Zurcher Zeitung, and Le Temps on Monday 11 February 2019.

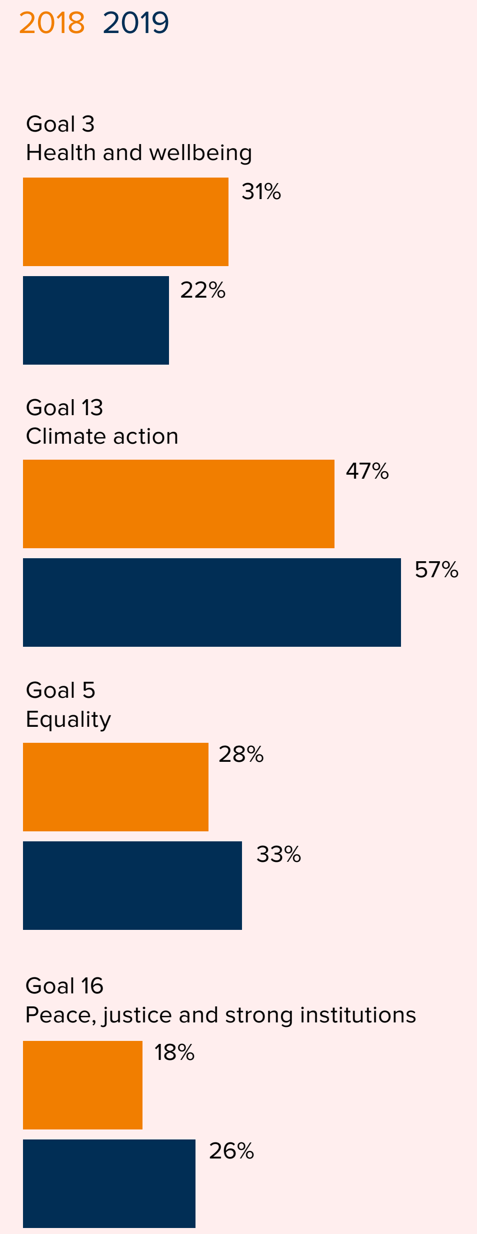
Movestic has a representative in Insurance Sweden's reference group for sustainability. The group will prepare a suggestion for how the insurance industry can remain an important societal stakeholder in the sustainability field.

MOVESTIC IMPROVES ITS RATING FROM UN PRI FOR THE SECOND YEAR IN A ROW

In the summer of 2019, the UN initiative Principles for Responsible Investments (UN PRI) published their review of how well the signatories to the initiative meet the principles for responsible investments. Movestic signed the PRI in 2016 and has been assessed annually since then.

In this year's assessment, Movestic improved its ratings in two areas, equity and fixed income funds of high credit standard. We also received a rating above, or on par with, the median rating for our peer group in all areas. Areas where Movestic increased its ratings included how the principles are applied when fund managers are selected, and in relation to assessment and monitoring.

Percentage of funds working with each goal



Sustainability in numbers

54%

► Proportion female employees

► Proportion women on board of directors: 33 %

► Proportion women in management team: 56 %

► Proportion female managers: 60 %

► 100 % Climate compensation for work-related travel

100 %

► Environmentally certi-fied paper
► Organic fruit and coffee

► Movestics Carbon foot-print of the operation in 2019: 69 tonnes

► 183 802 kWh Energy consumption*

42

► Average age of employees

30

► eNPS Employee Net Promoter Score

82 %

► Proportion of employ-ees who are satis-fied with the way the company is led

► Sick leave: 1,45 %

► Proportion of employees utilising the fitness vouchers: 75 %

*) SLIGHT INCREASE THIS YEAR DUE TO RENOVATION OF MOVESTIC'S HEAD OFFICE. OVER TIME, THIS EFFECT IS EXPECTED TO BE CANCELLED OUT DUE TO A MORE ENERGY EFFICIENT OFFICE SPACE

Board of Directors' Report

The Board of Directors and the CEO of Movestic Livförsäkring AB, corp. ID 516401-6718, hereby submit the annual report for 2019, the company's twentieth financial year. Seat of the Board: Stockholm.

ORGANISATION AND OPERATION

Movestic provides a comprehensive range of savings and insurance products. Within the saving and pension segment, the Company offers unit-linked products, with focus on occupational pension plans, private and company-owned endowment insurance, and private pension plans. The risk insurance segment includes life, accident and health insurance. Since July 2009, Movestic Livförsäkring AB (the Company) is a wholly owned subsidiary of the British firm Chesnara plc (Corp. ID 4947166), which has its registered office in Preston, England.

The Company has a wholly owned subsidiary, Movestic Kapitalförvaltning AB, which manages fund portfolios held by Movestic. Since 2014, these funds are managed within a fund structure, a so called SICAV, based in Luxemburg. Movestic Livförsäkring AB has a second wholly owned subsidiary, a fund company based in Luxemburg, which was set up to take over the administrative management of the funds within the SICAV structure. The current fund operation structure is being wound up, and since December 2019, Movestic Kapitalförvaltning AB operates under a fund company license.

On 31 December 2019 Movestic had 112 (121) employees. Of these 54 (52) per cent were female, and women made up 60 (52) per cent of the managers. The average age of employees was 42 (42). The proportion of women on the management team was 56 (57) per cent, and 33 (29) per cent of the board members were female.

IMPORTANT EVENTS DURING THE YEAR

TRENDS

During 2019, the investment markets were characterised by a strong upward trend on the global stock exchanges, while interest rates remained historically low. The favourable developments on the stock markets were reflected in the returns on the policyholders' investment assets.

Throughout 2019 Movestic was included as a selectable unit-link provider in the ITP procurement. This means that customers within ITP were able to select Movestic, and at the same time get access to the fund selection robot, MAIA. During the year, the Company also launched Movestic Avancera, a brand new type of fund with capital protection, in collaboration with Morgan Stanley.

During the year, the Company implemented a new IT infrastructure that will enable further efforts to improve the efficiency of processes and increase the level of automation. The increased demand for digital flows and accessibility has also made the Company intensify its efforts to develop services that will improve efficiency and customer experience. Examples in 2019 include the launch of a new partner web, a digital life insurance product, and a fully digitalised service where business owners can take out occupational pension for themselves and their employees.

CONTINUED FOCUS ON SUSTAINABILITY

Movestic's sustainability work covers three focus areas: responsible investments for a sustainable society, a sustainable working life for individual persons and for society as a whole, and financial security for our customers, today and in the future.

To help savers find the level and approach of sustainable savings products they want, the funds included in Movestic's offering are continuously evaluated and rated. We are also working to broaden our range, by including funds that promote a more sustainable society in novel ways. At the end of 2019, 7 of 10 funds in Movestic's offering were approved according to the Company's traffic light model. Most of the non-approved funds are index funds.

Movestic's sustainability efforts also focus on the individual persons living in a sustainable society, and on our customers' financial security, today and in the future. In a society where occupational pension is becoming increasingly important and more people are making individual life choices, it is our responsibility, as an insurance company, to ensure that the insurance cover we offer becomes more and more personalised. We also have a responsibility to communicate in a transparent and simple way, to ensure that our customers can access the information and make initiated decisions, to make advisory services readily available, and to make sure more people get access to responsible advice. It is also our responsibility to continuously monitor areas where conflicts of interest may arise.

Focus on the individual also involves focusing on our employees and on how we can create the conditions required for a long and sustainable working life, with focus on health, wellbeing and a work-life balance. We do this by offering health promotion, rehabilitation where needed, ongoing involvement in the development of the organisation, equality targets, and a focus on diversity. We also work to ensure that our employees have the ability to adapt to new working practices, by providing further training in emerging areas, such as new technique, thereby contributing to the long-term development of both the individual, and of the company, industry, and society as a whole. More information about our work with sustainability is available under Sustainability Report on page 13.

RISKS AND RISK MANAGEMENT

During the year, Movestic continued the ongoing work on its risk management system, to ensure that it remains aligned with the Company's business activities. The Company also kept developing its GRC (Governance, Risk Management and Compliance) tool to improve both handling and follow-up of incidents, risks, and controls. In addition, the Company's business continuity plan was updated, and some personnel took part in tests to ensure a good level of understanding and preparedness within the Company.

The final responsibility for making sure the Company has an effective risk management system in place rests with its Board of Directors. The Audit and Risk Committee helps the Board to review Movestic's financial reports, internal controls, and risk management system. The risk management system consists of policy documents, strategies, processes and routines for identifying, evaluating, monitoring, handling and reporting risks to which the Company is or may become exposed.

To ensure effective risk management and internal control within the Company, an organisational structure based on three lines of defence has been put in place.

The first line of defence consists of the CEO, the business and operational managers, and their personnel. The first line of defence is responsible for the risks that arise, or could arise, within their departments or areas of responsibility.

The second line of defence consists of the independent control functions, i.e. the Risk Management, Compliance and Actuarial functions. Together they are responsible for continuously developing and improving the Company's risk management.

The third line of defence is the Internal Audit function, an independent function that reports directly to the Board of Directors. This function is responsible for reviewing and assessing the Company's governance system, risk management procedures and internal controls, and issuing recommendations about potential improvements.

Movestic is also continuing its efforts to maintain and develop an effective risk management system for the coming financial year. Information about the risks to which the Company is exposed, and how these are managed, can be found in Note 3.

REGULATIONS

SOLVENCY II

On the 1st January 2016, the new solvency requirements for insurance companies within the EU, as set out in the Solvency II Directive, came into force. Movestic decided to apply the new regulations in full from the beginning, and to not take advantage of the interim regulations available to providers of occupational pension products. The Company's capital requirements are determined according to the standard model.

Movestic reported in accordance with the quantitative reporting requirements in Pillar 3 during the year, and has worked to further incorporate the results of its Own Risk and Solvency Assessment in its business planning processes. The Company has also prepared a Solvency and Financial Condition Report (SCFR) and a Regular Supervisory Report (RSR).

The Company's Board of Directors was involved in the solvency work carried out during the year, by challenging both the overall risk management system, the calculations carried out as part of the solvency work, and the conclusions drawn from the Own Risk and Solvency Assessment.

ACCOUNTING

A proposal has been made to postpone the new standard for accounting of insurance agreements, IFRS 17, for another year, and it is now expected to come into force on 1st January 2022 on a EU level. The standard has not yet been adopted by the EU. Once fully implemented, the new standard will lead to significant changes in how insurance agreements are reported in financial statements. In Sweden, the uncertainty is greater and the implementation for legal entities can be affected both in terms of scope and entry into force. During 2019, Movestic continued to evaluate the impact that this new standard might have on its business operation.

OTHER REGULATIONS

IDD (the Insurance Distribution Directive) came into force on 1st October 2018. It regulates requirements for providing advice and information to customers and applies to both insurance intermediaries and insurance companies. From 1st October 2019, the regulations also apply fully to pension products.

Movestic has worked intensively on adapting its operation to comply with the new regulations.

EXPECTED FUTURE DEVELOPMENTS

The life insurance industry is going through a period of major change. As a result of increased customer demands for accessibility and information, Movestic will further intensify its efforts to improve internal efficiency, with the aim to provide the necessary foundations for a higher degree of digitalisation, and new services will be developed to improve efficiency and simplify the customer offering.
The regulatory frameworks keep evolving and Movestic will have continued focus on adaptation and implementation.

RESULT AND FINANCIAL POSITION

The favourable development of the investment markets affected the performance of the assets under management, which on the closing day amounted to 40,001 MSEK (32,051). Income from investment agreements amounted to 501.8 MSEK (496.5). The Company's risk insurance operation returned a strong technical result. The gross premium income amounted to 221.6 MSEK (389.8). The volume reduced in 2019, mainly as a result of two large group insurance accounts not been renewed (159.2 MSEK). The Company's pre-tax result improved and amounted to 147.8 MSEK (119.4). As per the end of the year, the capital base according to the Solvency II directive amounted to 2,844 MSEK and the capital requirement amounted to 1,836 MSEK.

PROPOSED APPROPRIATION OF PROFITS

SEK	2019
At the disposal of the general meeting of shareholders:	
Profit brought forward	692 473 921
Profit for the year	141 688 122
Total	**834 162 043**
The Board of Directors propose to:	
Pay to shareholders as dividend [1]	76 000 000
Carry forward to new account	758 162 043

[1] Dividend per share 76 000

BOARD OF DIRECTORS' STATEMENT ABOUT THE PROPOSED DISTRIBUTION OF PROFITS

The proposal regarding distribution of profits has been prepared in accordance with the rules on protection of the Company's restricted equity and the precautionary principle, as set out in the Swedish Companies Act, chapter 18, §4. The Board of Directors has taken into account

1) the required size of the equity based on the nature, scope and risks of the operation and 2) the Company's consolidation requirements, liquidity, and general position.

The Company's financial position does not give reason to believe anything other than that it can be expected to meet its commitments, both in the short and long term. The Board of Directors' view is that the Company's own funds are adequate considering the scope of the operation and the risks to which it is exposed.

Financial reports

Five-year summary

Amount in MSEK	2019	2018	2017	2016	2015
Result					
Premiums written, net of reinsurance, non-life operation	19,3	42,5	49,8	49,9	50,5
Premiums written, net of reinsurance, life operation	88,6	118,9	120,4	122,9	123,5
	107,9	**161,4**	**170,2**	**172,9**	**174,0**
Income from investment agreements	501,8	496,5	466,9	392,8	413,9
Investment income, net in the insurance operation	-11,2	-14,5	-10,2	-5,1	-11,9
Claims incurred, net of reinsurance, non-life operation	-13,6	-22,5	-33,5	-31,5	-23,3
Claims incurred, net of reinsurance, life operation	-20,8	-31,9	-26,4	-54,1	-60,7
	-34,4	**-54,4**	**-59,9**	**-85,6**	**-84,0**
Technical result of the non-life insurance operation	-17,4	-1,2	-9,6	-3,0	10,1
Technical result of the life insurance operation	171,9	115,8	98,7	69,3	74,4
Profit/loss for the year	**141,7**	**108,4**	**114,2**	**105,4**	**86,5**
Financial position					
Investment assets, valued at actual value	876,6	602,3	556,9	457,7	407,5
Investment assets for which the policyholder bears the risk	40 000,6	31 825,4	32 033,2	27 707,9	24 237,5
Technical provisions, net of reinsurance	546,5	355,7	355,9	345,8	311,8
Technical provisions for which the policyholder bears the risk	39 985,2	32 036,5	32 235,3	27 851,8	24 321,5
Net asset value	930,7	822,0	745,1	660,9	555,5
Capital base for the Company1)	2 844,2	2 367,2	2 524,4	2 113,6	n/a
'-of which Tier 1 capital	2 844,2	2 367,2	2 524,4	2 113,6	n/a
Minimum Own Funds requirement for the Company1)	459,1	333,1	403,9	362,6	n/a
Solvency capital requirement for the Company1)	1 836,0	1 332,3	1 615,6	1 450,6	n/a

KEY RATIOS	2019	2018	2017	2016	2015
Non-life insurance operation [3]					
Claims ratio, %	70,5	53,0	67,2	63,0	46,1
Operating expenses ratio, %	119,6	49,8	55,9	44,7	35,5
Combined ratio, %	190,1	102,7	123,1	107,7	81,6
Life insurance operation					
Management cost ratio, %	1,1	1,4	1,5	1,5	1,6
Asset management					
Direct return, % [2]	-0,0	-0,0	0,0	0,0	0,0
Total return, % [2]	18,4	-5,6	8,0	7,5	4,7
Financial position					
Consolidation, %	862,2	509,4	437,7	382,3	319,2

[1] Calculated according to the rules under Solvency II. These came into force on the 01-01-2016.
[2] Direct return and total return were calculated in accordance with the regulations of the Swedish Financial Supervisory Authority.
[3] Key ratios for non-life insurance operation are changed mainly as a result of two large group insurance contract not being renewed, hence lower net premium written.

Income Statement

Amounts in KSEK

TECHNICAL ACCOUNT OF THE NON-LIFE INSURANCE OPERATION	Note	2019	2018
Premiums written (net of reinsurance)			
Premiums written (gross)	4	22 362	108 348
Premiums for ceded reinsurance		-9 122	-63 538
Changes in Provisions for unearned premiums and unexpired risks		9369	-308
Reinsurers' share of changes in Provisions for unearned premiums and unexpired risks		-3 311	-1 966
		19 297	**42 536**
Allocated investment returns transferred to technical account	6	–	–
Other technical income (net of reinsurance)		–	3
Claims incurred (net of reinsurance)			
Claims incurred and paid	7		
Gross		-36 809	-44 671
Reinsurers' share		24 667	33 266
Changes in Provisions for claims outstanding			
Gross		25 261	-48 689
Reinsurers' share		-26 717	37 570
		-13 598	**-22 524**
Operating expenses	8	-23 078	-21 175
Other technical expenses (net of reinsurance)		–	–
Technical result of the non-life insurance operation		**-17 379**	**-1 160**

TECHNICAL ACCOUNT OF THE LIFE INSURANCE OPERATION	Note	2019	2018
Premiums written (net of reinsurance)			
Premiums written (gross)	4	193 159	286 098
Premiumtax		-11 264	-13 425
Premiums for ceded reinsurance		-93 251	-153 743
		88 644	**118 930**
Other technical income (net of reinsurance)			
Investment income	9	4 905	2 483
Unrealised gains from investments	10	5 598	790
Income from investment contracts		501 803	496 467
Income from investment contracts			
Claims incurred and paid	7		
Gross		-80 500	-121 156
Reinsurers' share		45 211	78 800
Gross Reinsurers' share			
Gross		51 770	32 362
Reinsurers' share		-37 274	-21 875
		-20 793	**-31 868**
Changes in other technical provisions (net of reinsurance)			
Technical provisions for life insurance			
Gross		7 726	9 072
Reinsurers' share		-3 054	-6 181
		4 672	**2 891**
Operating expenses	8	-384 990	-450 036
Other technical expenses (net of reinsurance)		-6 253	-6 089
Investments, costs	9	-15 630	-16 039
Unrealised losses from investments	10	-6 028	-1 705
Technical result of the life insurance operation		**171 929**	**115 824**

NON-TECHNICAL ACCOUNT	Note	2019	2018
Technical result of the non-life insurance operation		-17 379	-1 160
Technical result of the life insurance operation		171 929	115 824
Investment income	10	1 619	–
Group contributions		–	4 689
Impairment subsidiaries	11	-8 400	–
Result before appropriations and tax		**147 769**	**119 353**
Result before tax		**147 769**	**119 353**
Tax on the year's result	12	-6 081	-10 930
Profit/loss for the year		**141 688**	**108 423**

Performance Analysis Life insurance operation

		Direct insurance, Swedish risks								
		Occupational pension			Other life insurance					
Amounts in KSEK	**Total**	**Unit-linked**	**Fee-based traditional insurance**	**Occupational health & premium exempt**	**Individual traditional insurance**	**Unit-linked**	**Fee-based traditional insurance**	**Group life & TGL**	**Irrevocable sickness & accident insurance**	**Direct insurance of foreign risks**
Technical account for the life insurance operation										
Premiums earned (net of reinsurance), note 1	88 644	5 047	13	43 224	14 442	372	65	24 530	922	28
Investment income	4 905	49	14	4 194	86	5	40	376	89	52
Unrealised gains from investments	5 598	56	16	4 787	98	5	46	429	101	60
Income from investment contracts	501 803	416 344	7 768	–	–	50 680	27 010	–	–	–
Claims incurred (net of reinsurance), note 2	-20 793	-4 451	-17	1 445	-5 502	-314	-60	-12 500	268	337
Changes in other technical provisions (net of reinsurance)	4 672	–	–	1 270	-243	–	–	3 656	-9	0
Operating expenses	-384 990	-287 814	-8 533	-28 243	19 103	-36 761	-35 015	-6 974	-680	-74
Other technical expenses (net of reinsurance)	-6 253	-5 575	–	-161	–	-517	–	–	–	–
Investment charges	-15 630	-6 754	-1 881	-761	-16	-626	-5 499	-68	-16	-9
Unrealised losses from investments	-6 028	-60	-17	-5 154	-106	-6	-49	-462	-109	-64
Technical result for the life insurance operation	**171 929**	**116 843**	**-2 637**	**20 600**	**27 863**	**12 839**	**-13 461**	**8 987**	**565**	**329**
Technical provisions, gross										
Life insurance provisions	24 448	–	–	10 218	9 057	–	–	5 035	138	0
Claims outstanding	458 498	5 253	–	410 425	6 617	391	–	20 824	4 851	10 137
	482 946	**5 253**	**–**	**420 644**	**15 674**	**391**	**–**	**25 859**	**4 989**	**10 137**
Technical provisions for life insurances for which the policyholder bears the risk, gross										
Conditional dividends	3 678 865	–	1 466 035	–	–	–	2 212 831	–	–	–
Unit-linked commitments	36 306 335	33 820 166	–	–	–	2 486 169	–	–	–	–
	39 985 201	**33 820 166**	**1 466 035**	**–**	**–**	**2 486 169**	**2 212 831**	**–**	**–**	**–**

Performance Analysis Life insurance operation (cont.)

		Direct insurance, Swedish risks								
		Occupational pension			Other life insurance					
Amounts in KSEK	Totalt	Unit-linked	Fee-based traditional insurance	Occupational health & premium exempt	Individual traditional insurance	Unit-linked	Fee-based traditional insurance	Group life & TGL	Irrevocable sickness & accident insurance	Direct insurance of foreign risks
Reinsurers' share of technical provisions										
Life insurance provisions	11 575	–	–	4 689	4 497	–	–	2 349	40	0
Claims outstanding	252 673	1 062	–	233 009	2 995	79	–	5 037	2 549	7 942
	264 248	**1 062**	**–**	**237 698**	**7 492**	**79**	**–**	**7 386**	**2 589**	**7 942**
Note 1 Premiums earned (net of reinsurance)										
Premiums written, gross	181 895	6 258	52	99 884	30 247	450	268	43 225	1 374	139
Premiums for ceded reinsurance	-93 251	-1 211	-39	-56 660	-15 805	-78	-202	-18 694	-451	-111
	88 644	**5 047**	**13**	**43 224**	**14 442**	**372**	**65**	**24 530**	**922**	**28**
Note 2 Claims incurred (net of reinsurance)										
Claims incurred and paid										
Gross	-80 500	-2 016	-27	-35 491	-11 581	-74	-119	-30 509	-629	-54
Reinsurers' share	45 211	1 502	10	19 975	6 025	53	59	17 267	315	5
Changes to claims outstanding										
Gross	51 770	-4 465	–	42 740	2 918	-333	–	8 077	1 005	1 827
Reinsurers' share	-37 274	529	–	-25 778	-2 864	39	–	-7 335	-424	-1 441
	-20 793	**-4 451**	**-17**	**1 445**	**-5 502**	**-314**	**-60**	**-12 500**	**268**	**337**

Foreign risks relate entirely to Norway.

Performance Analysis Non-life insurance operation

Amounts in KSEK	Total	Direct insurance, Swedish risks Sickness and accident
Technical account for the non-life insurance operation		
Premiums earned (net of reinsurance) note 1	19 297	19 297
Claims incurred (net of reinsurance) note 2	-13 598	-13 598
Operating expenses	-23 078	-23 078
Technical result of the non-life insurance operation	**-17 379**	**-17 379**
Technical provisions, gross		
Provisions for unearned premiums and unexpired risks	2 778	2 778
Provisions for claims outstanding	383 825	383 825
	386 603	**386 603**
Reinsurers' share of technical provisions		
Provisions for unearned premiums and unexpired risks	1 342	1 342
Provisions for claims outstanding	57 481	57 481
	58 824	**58 824**
Note 1 Premiums earned (net of reinsurance)		
Premiums written, gross	22 362	108 348
Premiums for ceded reinsurance	-9 122	-63 538
Changes in Provisions for unearned premiums and unexpired risks	9 369	9 369
Reinsurers' share of changes in Provisions for unearned premiums and unexpired risks	-3 311	-3 311
	19 297	**19 297**
Note 2 Claims incurred (net of reinsurance)		
Claims incurred and paid		
Gross	-36 809	-36 809
Reinsurers' share	24 667	24 667
Changes in Provisions for claims outstanding		
Gross	25 261	25 261
Reinsurers' share	-26 717	-26 717
	-13 598	**-13 598**

Balance Sheet Assets

Amounts in KSEK	Note	2019-12-31	2018-12-31
Intangible assets			
Other intangible assets	12	68 277	57 573
		68 277	**57 573**
Investment assets			
Investments in group companies and associated companies			
Shares and participations in group companies	13	18 405	26 805
Shares and participations in associated companies	13	9 183	9 183
Interest-bearing loans to associated companies		8 177	8 056
Other financial investment assets			
Shares and participations	14	103 996	123 408
Bonds and other interest-bearing securities	15	732 292	430 489
Other financial investment assets	16	4 515	4 396
		876 568	**602 337**
Investments for the benefit of life policyholders, for which the policy-holder bears the risk			
Assets with conditional dividends		3 678 865	2 969 716
Unit-linked assets		36 321 757	29 082 194
	17	**40 000 622**	**32 051 910**
Reinsurers' share of technical provisions			
Provisions for unearned premiums and unexpired risks	18	1 342	4 654
Life insurance provisions	19	11 575	14 630
Claims outstanding	20	310 155	588 452
		323 072	**607 736**
Receivables			
Receivables, direct insurance	21	73 411	81 555
Tax receivables		8 993	7 815
Deferred tax asset		408	341
Other receivables	22	41 562	56 268
		124 374	**145 979**
Other assets			
Tangible assets	23	3 488	1 293
Cash and bank		99 208	134 315
		102 696	**135 608**
Pre-paid expenses and accrued income			
Deferred acquisition costs	24	758 467	761 293
Other pre-paid expenses and accrued income	25	55 735	47 302
		814 202	**808 595**
TOTAL ASSETS		**42 309 811**	**34 409 738**

Balance Sheet Equity, provisions and liabilities

Amounts in KSEK	Not	2019-12-31	2018-12-31
Equity			
Share capital		13 000	13 000
Fund for development costs		83 491	40 469
Profit brought forward		692 473	660 148
Net profit for the year	26	141 688	108 423
		930 652	**822 040**
Technical provisions (gross)			
Unearned premiums and unexpired risks	18	2 778	12 147
Life insurance provisions	19	24 448	32 176
Claims outstanding	20	842 323	919 108
		869 549	**963 431**
Technical provisions for life insurances for which the policyholder bears the risk (gross)	27		
Conditional dividend		3 678 865	2 969 716
Unit-linked commitments		36 306 335	29 066 754
		39 985 200	**32 036 470**
Other provisions	28		
Provisions for pensions and similar commitments		5 841	5 678
Other provisions		149	3 816
		5 990	**9 494**
Liabilities			
Liabilities, direct insurance	29	37 680	29 757
Liabilities, reinsurance		14 088	46 788
Other liabilities	30	423 843	433 586
		475 611	**510 131**
Accrued expenses and deferred income			
Reinsurers' share of deferred acquisition costs		1 737	3 088
Other accrued expenses and deferred income	31	41 072	65 084
		42 809	**68 172**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**42 309 811**	**34 409 738**

Statement of changes in equity

	Restricted equity		Non-restricted equity		Total equity
Amounts in KSEK	**Share capital**	**Fund for development costs**	**Profit brought forward**	**Profit/loss for the year**	
Opening balance 01-01-2018	**13 000**	**34 332**	**583 594**	**114 191**	**745 117**
Distribution of profit	–	–	114 191	-114 191	–
-Dividends	–	–	-31 500	–	-31 500
Provision for the year	–	6 137	-6 137	–	–
Profit/loss for the year	–	–	–	108 423	108 423
Closing balance 31-12-2018	**13 000**	**40 469**	**660 148**	**108 423**	**822 040**
Opening balance 01-01-2019	**13 000**	**40 469**	**660 148**	**108 423**	**822 040**
Distribution of profit	–	–	108 423	-108 423	–
-Dividends	–	–	-33 075	–	-33 075
Provision for the year	–	43 022	-43 022	–	–
Profit/loss for the year	–	–	–	141 688	141 688
Closing balance 31-12-2019	**13 000**	**83 491**	**692 474**	**141 688**	**930 652**

As per the 31 December 2019, the number of shares in Movestic Livförsäkring AB was 13,000 (13 000), with a quota value of 1,000 SEK. All shares carry one vote.

Cash Flow Analysis

Amounts in KSEK	2019	2018
Current operations		
Profit/loss before tax	147 769	119 353
Adjustments for items not included in cash flow[1]	32 644	37 885
	180 413	**157 237**
Taxes paid	-72 028	-70 131
Cash flows from current operations before changes in working capital	108 385	87 106
Cash flows due to changes in assets and liabilities of the operating business		
Changes to investment assets, net	-283 887	-45 441
Changes to investment assets for which the policyholders bear the risk, net	18	-2 506
Changes in other operating receivables	14 350	27 014
Changes in other operating liabilities	9 486	-12 600
Cash flow from current operation	**-151 648**	**53 573**
Investment activities		
Acquisition of intangible assets	-37 389	-21 327
Acquisition of tangible assets	-3 151	-307
Cash flow from investment activities	**-40 540**	**-21 635**
Financing activities		
Received group contribution		4 689
Commutation	216 688	
Changes in financial reinsurance	114 051	132 875
Repayment of financial resinsurance	-140 583	-133 496
Dividends	-33 075	-31 500
Cash flow from financing activities	**157 081**	**-27 433**
Cash flow for the year	-35 107	4 506
Net cash at the beginning of the year	134 315	129 809
Net cash at the end of the year	**99 208**	**134 315**

Amounts in KSEK	2019	2018
Additional information for the cash flow statement		
Interest paid		
Interest received	190	162
Interest paid	-336	-461
Liquid assets		
The following components are included in liquid assets:		
Cash and bank	99 208	134 315
Adjustment for items not included in the cash flow[1]		
Impairment of subsidary	8 400	
Change in pre-paid acquisition costs	1 475	-5 496
Unrealised changes in the value of investments	430	915
Write-offs and depreciations	27 640	25 960
Changes in technical provisions	-23 770	16
Chg in interest cost Financial reinsurance	14 740	15 412
Unrealised gains from currency exchange rates	-450	1 700
Other	4 178	-2 830
Adjustment for items not included in the cash flow	**32 643**	**37 885**

Notes

All amounts in KSEK unless otherwise stated

NOTE 1 – VALUATION AND ACCOUNTING PRINCIPLES

GENERAL INFORMATION
The parent company for the group to which Movestic Livförsäkring AB (516401-6718) is a subsidiary and by whom the annual report for the group is prepared, is Chesnara plc, Preston, UK (Company No 4947166). Movestic Livförsäkring does not prepare an annual report for the group, in accordance with the Swedish Accounts Act for Insurance Companies, chapter 7 § 3.

This annual report was approved for publication by the Board of Directors on the 18th of March 2020.

BASIS OF THE PREPARATION OF THIS REPORT

This annual report has been prepared in accordance with the Swedish Accounts Act for Insurance Companies (ÅRFL) and regulations and general advice regarding annual reports for insurance companies from the Swedish Financial Supervisory Authority (FFFS 2015:12, including amendments), as well as the Swedish Financial Reporting Board, RFR 2. Movestic Livförsäkring applies the so called 'IFRS limited by law', by which is meant the international accounting standard that has been approved for application in combination with those limitations specified in RFR 2 and FFFS 2015:12, including amendments. This means that all EU approved IFRS rules and statements are applied as far as is possible within the framework of Swedish law and with consideration to the connection between accounting and taxation.

As a rule, gross values of assets and liabilities are used in the report. However, net values are shown where there is a legal right to set off assets and liabilities, and these are to be wound up together or at the same time.

CHANGED ACCOUNTING PRINCIPLES

New and amended standards and interpretations that have come into force and new standards that have not yet come into force
Below is a description of the impact of new and amended standards and interpretations on the Company's financial reports.

IFRS 17, Insurance contracts
On the 18 May 2017, the International Accounting Standards Board, IASB, published a new standard for recognition of insurance contracts, IFRS 17. This standard will replace the current standard, IFRS 4, and is expected to come into force on the 1 January 2022 at EU-level. The effective date for the new standard may, however, be delayed due to the consultation responses received by IASB. IASB intends to process the consultation responses and finalise an amended standard after the summer of 2020, The Swedish Financial Supervisory Authority are contemplating an two year implementation period, with implementation date at latest 1 January 2024 for legal entity. Movestic Livförsäkring follows the progress of the discussions within the Swedish Financial Supervisory Authority about the application of full IFRS as a legal entity.

The aim of IFRS 17 is to establish a unified method for recognition of all types of insurance contracts, increase transparency about the earnings of insurance undertakings, and improve comparability between providers and countries. The definition of 'insurance contract' remains more or less unchanged from IFRS 4, whereas the rules for separation of investment and service components have been adjusted slightly.

The general valuation model used in IFRS 17 is called the Building Block Approach, BBA, and should be applied to all insurance and reinsurance contracts. This approach is based on estimation of discounted expected cash flows, with adjustments for risk and profit margins, whereas the current rules are based on amortisation of incoming premium payments, and outgoing claims payments. Some insurance contracts can, however, be measured according to a simplified method, the Premium Allocation Approach, PAA, provided that the insurance coverage period is no longer than one year from the effective date, and where is felt that application of this approach will provide a reasonable approximation of the general model.

IFRS 17 provides two methods for how the profit margin should be divided across the lifetime of an insurance contract; the General Approach and the Variable Fee Approach. The general model is used for insurance contracts for which the size of the cash flows are agreed directly in the insurance contract, which is usually the case for non-life insurance contracts and life insurance contracts without profit participation. The profit margin is earned over the lifetime of the insurance contract, as the insurance cover is provided. The Variable Fee Approach, VFA is used for insurance contracts where the payments depend on the yields from underlying items. This method is applicable to for example life insurance contracts with conditional dividends.

Since the publication of this standard, Movestic Livförsäkring has been working to assess its impact on the Company's financial accounts, work that will further intensify in the coming year. The assessment so far is that the new standard will result in major changes to the financial statements, including for example the formats of the income statement and balance sheet, as well as further requirements for additional information

IFRS 16, Leases
IFRS 16 Leases will replace IAS 17 Leases and should be applied from 2019. This standard includes a leasing model for lessees, which states that more or less all leasing agreements should be recognised in the financial position statement. The right-of-use (leasing asset) and liability are valued as the present value of future lease payments. The right of use also includes direct costs related to the setting up of the leasing agreement. Depreciation of the right of use and interest costs are reported through the income statement

The Company has decided not to apply IFRS 16 as a legal entity, in accordance with the exemption rules in RFR 2.

Current accounting principles
Reporting of insurance contracts
According to IFRS 4, the definition of an insurance contract is a 'contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.' In an assessment of whether or not a contract is an insurance contract, two criteria must be met. The first is that the contract must include an insurance risk, and the second that this risk must be significant.

All insurance contracts between Movestic Livförsäkring and customers that do not carry significant insurance risk are classified as investment agreements and reported as financial instruments in accordance with the exception in IFRS 4 according to IAS 39: Financial Instruments: Recognition and measurement. This means, for example, that payments into and out of the customers' saved capital are shown directly on the balance sheet. The resulting net change in value to the connected investment assets is shown in the income statement, under the heading ‘changes to other technical provisions’. Contracts that carry a significant insurance risk are classified as insurance contracts in accordance with IFRS 4, and reported on the income statement.

Intangible assets
Intangible assets are reported at their acquisition value, with deductions for accumulated write-downs and possible depreciation. Write-downs are based on acquisition costs for the equipment and individually estimated periods of usage. The remaining value and periods of usage for the assets are reassessed at each closing day and adjusted as needed. The usage period for existing computer programs and similar licence rights are deemed to be not more than 3 years for simpler standard programs, and not more than 5 years for other computer programs and licence rights. Depreciation begins once an asset is available for use and reported through the income statement according to the linear method. The costs for simpler development or maintenance of software are reported as they arise.

Costs closely connected to the production of identifiable and unique software products, controlled by the Company and with probable financial benefits lasting more than one year and outweighing the costs, are shown as intangible assets. Costs closely connected to the development of software include personnel costs for the program development.

The reported values of assets are reassessed at each closing day. If there is an indication that depreciation is required, the asset’s recovery value is calculated. The recovery value is set to the highest of the asset’s expected net sales value and its value in use. The latter is determined based on the asset’s contribution to expected future cash flows. Depreciation is reported when an asset’s reported value is less than its recovery value. The depreciation is reported through the income statement.

Since 2016 a sum corresponding to the activated self-developed intangible assets for the year has been paid into a special, tied fund, the Fund for Development Costs. This fund is returned to unrestricted equity in case of write-off, depreciation or sale.

Investments in group companies and associated companies
Shares in group companies and associated companies are measured at acquisition value. Should the actual value on the closing day be considered to be less than the acquisition value, the value is written down. This write-down is reported on the income statement. Should the value be deemed to be increasing again, the write-down is reversed on the income statement.

Financial assets and liabilities – Classification and reporting
Sales and acquisitions of financial instruments are reported on the day of the transaction. Financial instruments are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred together with more or less all risks and rights connected with the ownership.

In accordance with IAS 39, Financial Instruments: Recognition and Measurement, financial instruments have been divided into the following categories – an additional note to the note ‘Categories of financial assets and liabilities and their actual values’ provides information that simulates the categorisation used in IFRS 9, as the Company is applying the temporary exemption from implementation of IFRS 9 Financial Instruments.

Financial assets and liabilities valued at their actual value on the income statement
A financial asset or liability valued at its fair value on the income statement is an asset or liability that meets one of the following criteria: a) it is classified as being held for trading purposes, or b) it is designated on initial recognition as one to be measured at fair value. The Company's holdings of investment assets fall into this category.

The valuation is set to the fair value, recalculated through the income statement. Realised and unrealised gains and losses caused by changes in fair value are included in the income statement for the period in which they occur. The fair value of financial instruments traded on an active market is based on listed market prices on the balance day.

Loan receivables and customer receivables
This category includes financial assets with payments that are determined or possible to determine, and that are not listed on an active market, such as claims against policyholders and funds in the bank. The valuation is set as the amortised cost, which is determined based on the effective interest rate calculated at the time of the acquisition.

Loan and customer receivables are reported at the amounts the Company expects to receive, i.e. after the deduction of bad debts, and are a reasonable estimate of the actual value.

Other financial liabilities
This category includes all financial liabilities not included in the category ‘Valued at fair value through the income statement’. Their value is set to the amortised cost and the reported value is a reasonable estimation of the actual value.

The classification of financial assets and liabilities is in line with the Company’s internal reporting and monitoring systems.

Investment assets for which the life insurance holder carries the investment risk
This category consist of investment assets for which the policyholders carry the investment risk, and assets are reported on the lines ‘assets for conditional dividends’ (custody accounts) and ‘unit-linked assets’. The assets are reported at their fair value. The fair values are based on listed market prices on the balance day, which are set to the latest price paid. Any change in value that occurs is reported at its net value in the Income statement, as these changes in value belong wholly to the policyholders.

Liquid assets
Liquid assets consist of cash and bank balance.

Tangible assets
Equipment and inventories are reported at their historical acquisition values with deductions for write-downs made according to the estimated periods of usage. The remaining value and period of use for the assets are reassessed on each closing day and adjusted when required. For the calculation of depreciation times, the assets are divided into the following groups, based on estimated period of use:
- Computers and similar equipment, 3 years
- Other machines and inventories, 3–5 years

The acquisition value includes, apart from the purchasing price, also expenses directly connected to the purchase. From 2019, costs related to development work on other part’s property have been reported as tangible assets with depreciation starting in 2020.

Pre-paid acquisition costs
Expenditure for acquisitions of both insurance and investment contracts are activated through the balance sheet. The depreciation time for products with ongoing deposits within private pension and endowment insurance is 10–14 years, depending on the type of product and year of purchase, whilst products with one-off deposits have a depreciation time of 5 years. For policies taken out in 2011 or later, a flat depreciation period of 10 years is applied for private pension plans and endowment insurance. For occupational pension plans, the depreciation period is 17 years. The reported value of the activated acquisition costs is reassessed on each balance day, based on expected future cash flows. Depreciation is reported when the value of an asset is less than the expected future cash flows. The depreciation is recognised through the income statement.

Group contributions
Group contributions are reported in accordance with RFR2, which means that group contributions received from subsidiaries are reported as financial income. Outgoing group contributions from the parent company to subsidiaries are reported as an increase in the number of participations held in group companies.

Dividends
All dividends from subsidiaries are reported as income in this year's profit/loss.

Technical provisions
Technical provisions are made up of Provisions for unearned premiums and unexpired risks, provisions for outstanding claims, and Life insurance provisions, and correspond to the Company's obligations according to existing insurance contracts.

The provisions for unearned premiums are intended to cover the expected claims and operating costs for the remaining lifetime of insurance contracts already entered into. The provisions for unearned premiums and unexpired risks for direct insurance are calculated based on the actual allocation of premiums written (pro rata temporis).

The provision for outstanding claims has been calculated based on all available facts relating to individual claims and claims development. The provision for outstanding claims includes expected claims payments and claims handling costs for all reported claims and for claims which have not yet been reported, so called IBNR-provision. The provision is calculated using statistical methods and individual estimates of specific claims, often through a combination of both. The calculation is based on a conservative analysis of the known but outstanding claims, as well as on an estimation of size, number and time of the not yet reported claims. This estimation is based on historic reporting patterns.

Liability adequacy test
On each closing date, the company carries out a liability adequacy test in accordance with IFRS 4. A test is carried out on whether or not the reported insurance contract obligations are adequate. This is done by estimating future cash flows relating to accepted insurance contracts. The future cash flows are discounted and compared to the reported value of the provisions, reduced by associated pre-paid acquisition costs and intangible assets. Any deficits are reported through the income statement.

Technical provisions for life insurance contracts for which the policyholder carries the risk
Provisions for which the policyholders carry the investment risk in the unit-linked operation consist of the sum of the real value of units allocated to existing policies and monies which have been paid in, but not yet invested in fund units. Provisions for life insurance contracts for which the policyholders carry the investment risk where the assets have been invested in a custody account consist of the sum of the actual value of the assets. The actual values are based on listed market prices on the balance day, which are set to the latest price paid. Provisions for custody accounts are classified as 'assets with conditional dividends'.

Effects of transactions in foreign currencies
The functional currency is SEK. All accounting transactions in foreign currencies are converted at the exchange rate that applied on the day of the transaction. Assets and liabilities in foreign currencies are reported at closing day rate. Exchange rate gains and losses which occur when monetary assets and liabilities are converted are reported in the income statement, net, under the items Investment income and Investment costs.

Premiums written
A premium is the payment an insurance company receives from the policyholder to accept the transfer of the insurance risk. For non-life insurance, the premiums written are reported at the point in time when the first of the following events occur: the first premium is due, or the insurance policy comes into force. For life insurance, the premiums written are reported according to the cash principle, i.e. when they are paid.

Premiums earned
Premiums earned for non-life insurance is that part of the premiums written which applies to the reporting period. The portion of the premiums written from insurance contracts that apply to time periods after the closing day is allocated to the premium reserve on the balance sheet.

Income from investment contracts
Income from investment contracts is reported in accordance with IFRS 15, Revenue from contracts with customers, and reported as and when the contracted commitments are performed according to a five-step model, and the services are provided to the contract holders, which takes place at regular intervals during the lifetime of the agreements.

The Company reports the following revenue in accordance with IFRS 15:
- Fees related to unit-link insurance and custody accounts
- Fund rebates

In the unit-linked operation, fees are deducted from the customers' investment contracts to cover the costs of administration, claims handling, asset management, etc. Fees deducted as a result of Movestic Livförsäkring meeting its commitments are debited on a monthly basis and consist of both fixed and variable fees, both based on the value of the managed assets. Other fees, including transfer fees and fees relating to lapses, are recognised as the services are provided. Payments are debited through redemption of units.

Movestic Livförsäkring receives fund rebates from the fund companies, based on the value of the managed assets. These fund rebates are recognised and adjusted monthly after determination of the basis of the calculations. The fees are recognised and adjusted on an ongoing basis, as Movestic Livförsäkring meets its commitments. As per the closing day, there are no outstanding claims or liabilities related to these fees.

Insurance claims
The total claims paid for the period include both those claims paid during the period and changes to provisions for outstanding claims. Insurance claims include, apart from payments made, also costs for claims handling.

Investment income from the insurance operation
The total investment income for non-life insurance is reported in the non-technical result. Part of the investment income is transferred from the result of the asset management to the technical result for the non-life insurance operation. The non-life insurance operation is allocated an investment income amounting to the average of the incoming and outgoing technical provisions for the non-

life operation, net of reinsurance. The interest rate is equivalent to a risk-free interest rate, which is set at the rate of a 90-day treasury bill. Since 2018 investment income from the result of the asset management is not transferred to the technical result for the non-life insurance operation if the interest on state debt is negative.

Operating expenses
The costs of investment and insurance agreements are reported as expenses when they arise, except in respect to commission for new premiums written, increases in agreed premiums, and commissions on premiums. These are activated and reported as pre-paid acquisition costs. The amortisation of these acquisition costs should correspond to the future income from the agreements concerned. The costs of claims handling are reported under the item Paid insurance claims.

Operational leasing
All leasing agreements are classified as operational and reported in accordance with the rules for operational leasing. Costs related to operational leasing agreements are reported in the income statement for the year, on a straight-line basis over the period of lease. IFRS 16 Leases replaced IAS 17 Leases from 2019.

Remunerations to employees
The Company secures pension benefits for employees in accordance with laws and agreements.

Charges relating to fee-based pension plans, for which the Company's commitment is limited to the charges the Company has agreed to pay, are reported as a cost in the income statement for the period to which they relate.

Commitments regarding retirement and family pensions for employees born in 1971 or earlier are safeguarded through insurance with FPK, unless otherwise agreed. This is a benefit-based scheme that includes a number of employers. As the Swedish Pension Obligations Vesting Act must be applied for the cost to be tax deductible, the rules about benefit-based schemes in IAS 19 do not have to be applied for a legal entity. Instead a simplified rule can be applied, which states that companies should report benefit-based schemes as fee-based schemes, where a pension premium has been paid to an insurance undertaking, friendly society, or similar. The scheme is therefore reported as a cost and charged to the result for the period to which it relates.

Taxes
The Company's operation is subject to yield tax and income tax.

Income tax
The total tax shown in this year's result consists of actual tax and deferred tax. Taxes are reported on the income statement, except when the underlying transaction is shown directly against the equity, when the corresponding tax effect is reported under equity. Actual tax includes tax which should be paid or received for the current year as well as adjustments of actual tax for previous periods. Deferred tax is calculated according to the balance-method, based on temporary differences between reported and taxable values of assets and liabilities. The amounts are calculated based on how temporary variations are expected to even out through the application of tax rates and taxation rules which have been decided or announced as per the closing day. Deferred tax claims for deductible temporary variations and deductions for losses are only shown if it is probable that they will lead to reduced tax payments in the future.

Yield tax
The yield tax is based on standard calculations of the yield from net assets being managed on behalf of policyholders. The basis of the yield tax is calculated based on the capital base, and using the different tax rates that apply to each product. Pension plans are taxed at 15 percent and calculated based on the value of the assets under management on behalf of the policyholders at the beginning of the fiscal year. Capital life insurance is taxed at 30 percent and calculated based on the opening value of the assets under management on behalf of policyholders and 100 percent of premiums paid in the first six months, as well as 50 percent of premiums paid in the second half of the year. The cost is calculated each year, and reported as an operating expense within the life insurance operation.

Tax charges deducted from policies to cover the yield tax are reported under the heading Income from investment agreements.

Cash flow analysis
The cash flow analysis for Movestic Livförsäkring has been prepared according to the indirect method, i.e. it is based on the pre-tax result, with adjustments for items which do not affect the liquidity, and those changes to the balance sheet that have affected the cash flow.

The cash flow has been divided into three segments:

The current operation
Consists of flows from the main operation: premium payments and paid claims, as well as operating expenses.

Investment activities
Consists of cash flows that arise because of acquisitions or disposals of tangible assets.

Financing activities
Consists of changes in loans taken or given, and owner transactions.

NOTE 2 - IMPORTANT ASSUMPTIONS AND JUDGEMENTS THAT AFFECT THE ACCOUNTING

When financial reports are prepared it is assumed that the board of directors and company management make assumptions and judgements that affect the application of the accounting principles and the reported values of assets, liabilities, revenue, and costs. These judgements and assumptions are based on, among other things, historical experiences and knowledge about the insurance industry. Those assumptions that have had a major impact on the financial reports for the financial year 2019 are commented on below.

Technical provisions
The technical provision for outstanding claims should cover expected future payments for all claims, RBNS, including claims not yet reported to Movestic Livförsäkring so called IBNR provisions. The provision for outstanding claims is calculated using recognised statistical and actuarial methods, as well as individual assessments of specific claims. The calculations are based on financial assumptions about interest rates and inflation, as well as actuarial assumptions relating to e.g. expected mortality and morbidity. Any differences between the estimated and actual future claims payments will result in a run-off profit/loss, which will be reported in the following year. See note 21 for information about 2019's outstanding claims.

Pre-paid acquisition costs
Pre-paid acquisition costs are amortised based on the expected lifetime of the contracts. Should the assumptions about expected lifetimes be adjusted or the depreciation schedule change, this may have an impact on the result. See note 25 Deferred acquisition costs for more information.

NOTE 3 – RISKS AND RISK MANAGEMENT

Risk management is a natural part of running any insurance operation. Movestic is, as a result of its activities within risk insurance, unit-linked and custody account products with focus on occupational pensions, private and company-owned endowment policies, and private pension plans, mainly exposed to financial risks, insurance risks, operational and business risks.

To ensure effective risk management and internal control within the Company, an organisational structure based on three lines of defence has been put in place.

The first line of defence consists of the CEO, the business and operational managers, and their personnel. The first line of defence is responsible for the risks that arise, or could arise, within their departments or areas of responsibility. They are also responsible for the actions put in place to manage these risks. The first line of defence is also responsible for reporting any incidents to the second line of defence.

The second line of defence consists of the independent control functions, i.e. the Risk Management, Compliance and Actuarial functions. The second line of defence is responsible for monitoring, checking, reviewing and following up the risk management work of the first line of defence. It also supports the CEO and the Board of Directors in their responsibility to ensure that the Company has in place an effective risk management system.

The third line of defence is the Internal Audit function, an independent function that reports direct to the Board of Directors.

Risk Management organisation
The final responsibility for making sure the Company has an effective risk management system in place rests with its Board of Directors. The Board has appointed a Risk and Audit Committee, tasked with helping the Board to review Movestic's financial reports, internal controls, and risk management system. The risk management system consists of policy documents, strategies, processes and routines for identifying, evaluating, monitoring, handling and reporting risks to which the company is or may become exposed. An Own Risk and Solvency Assessment is carried out annually and whenever the Company's risk profile alters significantly. The Board decides, based on current regulations, a framework for Movestic's risk management activities, via internal rules set out in different steering documents. The Company's CEO is responsible for making sure that all steering documents are implemented in the operation and for providing more detailed instructions. The steering documents are updated and adopted on an annual basis.

The role of the Risk Management function is to assist the Board, CEO and other employees and departments in their efforts to maintain an effective risk management system and this function is responsible for updating and improving the Company's risk management system on an ongoing basis. The Risk Management function monitors the Company's risk profile and acts to prevent excessive risk taking. This function reports direct to the CEO, and informs both the Board of Directors and the CEO on the status of the Company's risk management system and risk situation. The function also issues recommendations to the Board and the CEO in relation to any changes or improvements required to ensure compliance with all laws and regulations related to the Company's handling of risks.

The role of the Compliance function is to help the Company to follow legislation, regulations, good business practice or standards, as well as all internal rules relating to the licenced operation. This function shall also help the operation to identify and evaluate significant risks of lack of compliance. The Compliance Function is independent of, and objective in relation to, the business operation, and therefore reports direct to the CEO. Reports to the CEO are submitted on a regular basis and a Compliance Report is prepared for each board meeting. The Compliance Officer also leads the work to ensure that the Company's internal rules are designed to comply with all legal requirements and other regulations.

The role of the Actuarial function is to contribute to the Company's risk management system, in particular by ensuring that the handling and calculation of technical provisions and capital requirements comply with both internal and external rules and regulations. This also covers the capital requirements calculated as part of the Own Risk and Solvency Assessment (ORSA). The Actuarial function is outsourced and regulated through a service contract.

The Internal Audit function is an independent auditing function that reports direct to Movestic's Board of Directors. Its task is to review and assess the Company's systems for governance, risk management and internal control, and to recommend improvements within these areas. The Internal Audit function is outsourced and regulated through a service contract.

Financial risks
Financial risks include market, liquidity, concentration, credit and counterparty risks. The Board of Directors of Movestic Livförsäkring annually adopts a Policy for the management of investment risks, which sets out the direction and targets for the investments, limits per instrument, and decision-making rights for investment activities.

Market risk
Market risk is the risk that changes to interest rates, exchange rates or share prices have a negative effect on the market value of the Company's assets.

Below is a sensitivity analysis for market risk:

Sensitivity analysis, market risk, MSEK	Exposure	Risk parameter	Change	Effect on result	Effect on equity
Interest-bearing assets	732,3	Changed interest rates	1%	14,9	11,7
Shares and participations	104,0	Changed share prices	10%	1,9	1,7
Currencies	37,0	Changed exchange rates	10%	3,7	3,5

The impacts of the exposure to market risks have been calculated as the change in the actual values of the exposed assets in case of a change in the underlying market risk components. Current tax has been taken into account in the assessment of impact on the operational result and own assets.

The Company invests mainly in liquid assets, with debt covering assets invested in other interest-bearing assets. The exposure to interest risk is limited, as the assets are mainly short-term and only relate to instruments with high ratings, to reduce the risk of default.

For the unit-linked operation, the future earnings from fees from the management of customers' assets are important. Movestic Livförsäkring is exposed to the risk that future earnings decrease as a result of interest rate fluctuations or a general downturn on the stock or currency market.

Liquidity risk
Liquidity risk is the risk that Movestic Livförsäkring is unable to fulfil its payment commitments by the due dates, without a significant increase in the costs for obtaining funds.

Movestic Livförsäkring's exposure to liquidity risk is limited, as insurance premiums are collected in advance, and major claim payments are usually known long before they become due. To reduce the remaining liquidity risk, the Company's cash flows are analysed on an ongoing basis, and the Risk Management function regularly checks how quickly the Company's assets could be realised. The majority of the Company's assets are invested in securities that can be sold on a second hand market at short notice, without any effect on the price. Investments are made in listed securities with good liquidity levels, why the liquidity risk is deemed to be limited.

The financial liabilities are met by the Company's financial assets, and by the reinsurers' share of the technical liabilities, which can all be turned into liquid assets at short notice.

Financial liabilities, MSEK	< 1 year	> 1 year
Provisions for policies for which the policyholders carry the investment risk	426	39 559
Technical provisions	161	708
Liabilities, direct insurance	38	0
Liabilities, reinsurance	14	0
Other liabilities	123	301
Total	**762**	**40 568**

Concentration risk
The concentration risk is the risk that a lack of diversification in the asset portfolio, or significant exposure to an individual issuer or group of affiliated issuers of securities. The Company's assesses its exposure on a regular basis, and monitor the limits. The Company's exposure to concentration risk is deemed to be limited.

Credit and counterparty risk
Credit and counterparty risk is the risk that an opposite party is unable to fulfil its commitments to Movestic Livförsäkring.

The main exposure is towards financial institutions and relate to assets held in deposit accounts with banks. The credit risk for these financial assets is deemed to be low.

Claims against policyholders carry a limited credit risk, as non-payment leads to cancellation of the insurance policy and the Company's responsibility towards the customer therefore ends.

The greatest exposure to credit risk relates to reinsurers, both through reinsurance claims and through reinsurers' share of outstanding claims. The Company's Reinsurance Policy states that agreements can only be entered into with external reinsurers with a credit rating of A or higher from Standard & Poor's, or a solvency ratio of at least 140%. The creditworthiness of the reinsurers is reviewed regularly to ensure that the desired reinsurance cover is maintained.

A risk of credit loss also exists in relation to insurance brokers. This could happen in situations where the Company has an outstanding cancellation debt or legal cancellation liability and an intermediary goes bankrupt,

The table below shows the credit and market risks to which Movestic Livförsäkring is exposed, allocated per credit rating from Standard & Poor's.

Credit exposure, MSEK	2019	2018
Investments		
Interest-bearing loans to associated companies	8,2	8,1
Bonds and other interest-bearing securities[1)]	732,3	430,0
Receivables, direct insurance		
Intermediaries	0,8	0,1
Receivables reinsurers (including reinsurer´s share of technical provisions)		
Reinsurers, credit rating AA-	323,1	358,6
Cash and bank		
Counterparty with credit rating AA-	99,2	134,3

Insurance risk
Life insurance risks are risks that arise as a result of undertakings to insure the life and health of individual persons. Examples of such risks are the risk of sickness and disability, mortality risk, risks relating to operating expenses, cancellation risks, underwriting risks, and risks relating to the establishment of a reserve.

- Mortality risks are the risks that the survival times of the Company's policyholders do not meet its expectations
- The risks of sickness and disability refers to the risk that the rate of disability and sickness among the policyholders is greater than expected.
- The risk related to operating expenses is the risk that the Company's assumptions for operating costs do not cover its actual costs for running the operation in the longer term.
- The cancellation risk is the risk that terminations, lapses or outgoing transfers have a negative effect on the Company's earnings. To reduce the financial impact of cancellations, the Company has taken out reinsurance.

1) Pertains to holdings in investment fund

• Underwriting risk is the risk of losses due to incorrect pricing, risk concentration, incorrect reinsurance cover or irregular variations in the frequency and/or size of insurance claims.
• The reserve-related risk is the risk that the Company does not have sufficient reserves to cover the payments of claims made.

Within the risk insurance operation, the Company is mainly exposed to the risk of increased mortality, disability or sickness from the insurance policies provided to groups and individuals. These risks are managed partly through reinsurance, by analysing the results per insurance segment and settlement outcomes, and by ensuring the correct pricing of risks. In 2019 the Company had reinsurance cover for insurance risks in the shape of a quota share agreement, with retention of on average 51%, as well as a catastrophe reinsurance agreement. The reinsurance program also includes financial reinsurance, which also covers commissions for the unit-linked operation.

Within the unit-linked and custody account operation, the main insurance risks relate to unfavourable movements within the customer portfolio, such as lapses and transfers of policies, and the risk that customers stop paying the premiums relating to their contracts. To some extent, this risk is reduced by charges taken from customers who lapse or transfer their assets, and from distributors that terminate contracts prematurely.

Concentration risk in the insurance portfolio
The concentration risk within the portfolio is the risk that the Company's risk exposure is not sufficiently diversified, and may occur in a situation where the risk exposure is concentrated to for example a small number of policyholders or a single contractual area. The concentration risk in the portfolio as a whole is deemed to be limited, as the Company's portfolio is well diversified. The Company uses reinsurance to further reduce the concentration risk.

Concentration of insurance risk

Benefits assured tkr	**Before reassurance**	**After reassurance**
0–250	17%	57%
250–500	39%	21%
500–750	10%	8%
750–1000	11%	11%
over 1000	23%	3%

The table shows how the total gross resp. net sum insured is divided in different bands.

Sensitivity analysis for insurance risk
The claims cost in the table represents the change in the provision for outstanding claims and claims handling reserve. A change in claims cost, such as an unfavourable development in the claims portfolio, has a direct effect on the company's result, which is shown in the table below.
The technical provisions are also exposed to changes in the discount rate, mainly for the sickness and waiver of premium contracts. The table below shows the effect on the company's result for movements in the discount rate. The effect on the result is mitigated by reinsurance.

Sensitivity analysis, KSEK	**Pre-tax profit**	**Shareholders equity**
5% increase in loss ratio	-42 116	-26 608
1% decrease in discount rate	-24 376	-15 717

Claims cost trend
The tables below show, per claims year, how the estimated claims costs changed as our knowledge about the claims increased. For each year in the period shown, i.e. 2014-2019, the claims cost developed positively compared to our initial estimates

Claims cost development	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Gross in MSEK per claims year						
Estimated final claims cost						
At the close of the claims year	319,1	320,5	384,6	357,9	327,7	327,7
One year later	243,4	244,3	280,8	265,6	214,6	
Two years later	206,9	217,3	245,7	258,4		
Three years later	173,5	186,6	237,7			
Four years later	162,1	181,8				
Five years later	154,2					
Current estimate of total claims cost	154,2	181,8	237,7	258,4	214,6	327,7
Cumulative payments	108,7	115,2	139,2	128,3	92,6	-67,4
Current provisions	45,4	66,7	98,5	130,1	122,0	150,6
Provisions for previous claims years						229,1
Total provisions						842,3

Claims cost development, ceded	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Net in MSEK per claims year						
Estimated final claims cost						
At the close of the claims year	153,9	122,7	123,3	126,4	107,7	107,4
One year later	82,2	66,4	77,1	22,9	117,0	
Two years later	52,3	57,4	65,1	124,1		
Three years later	40,2	49,4	115,0			
Four years later	38,5	83,5				
Five years later	68,5					
Current estimate of total claims cost	68,5	83,5	115,0	124,1	117,0	107,4
Cumulative payments	36,0	37,5	49,0	42,5	32,9	25,1
Current provisions	32,5	46,0	66,0	81,7	84,1	82,3
Provisions for previous claims years						139,6
Total provisions						532,2

Operational risks
Operational risk is defined as the risk of losses due to non-productive or failed internal processes, human error or failing systems. Reputational risks and legal risks, which could be caused by inadequate processes or employee neglect are also included in operational risks. The operation is responsible for handling operational risks and the Risk Management function is responsible for continuous monitoring, evaluation and reporting of operational risks. The assessment and monitoring of operational risks take the form of self-assessments, carried out in cooperation with managers and co-workers. Assessments are carried out at least once a year, with follow-ups as needed. Risks that are felt to be particularly high are discussed and challenged by Movestic's leadership and the Risk Management Officer on a quarterly basis.

Operational risks are evaluated by estimation of the probability that an adverse event occurs as a result of a specific risk, and the impact that such an event would have on the day-to-day operation. Any identified risks can then be managed with supportive measures from the Risk Management function, who can assist with the introduction of improved routines, processes and collaborations.

The overall risk exposure is reported to the Company's CEO and Board of Directors on a regular basis.

Business risks
Business risks relate to large-scale, structural risk factors. Business risks are divided into the following sub-categories:
Strategic risk is the risk of losses due to the Company's general business strategy, business decisions, or a failure to act when there are changes in society or the industry.

Political risk is the risk of losses due to political or societal changes, such as changes to legislation or other external regulations.

Other business risks are risks that do not fit into either of the above categories, such as the risk of losses because of competition from other companies, or price pressures on a competitive or politically regulated market, which cannot be accommodated by reducing costs.

The Risk Management function assesses the business risks to which the Company is exposed on a regular basis, together with relevant business and operational managers. Business risks are measured, monitored and reported according to similar processes and principles as those used for operative risks, however, using an approach specially adapted to this particular risk category. Business risks are re-evaluated at least once a year, and follow-ups are carried out as required. Risks that are felt to be particularly high are discussed and challenged by Movestic's leadership and the Risk Management Officer on a quarterly basis.

Solvency risk
Solvency risk is the risk that the Company does not meet its solvency requirements, which include both regulatory requirements and other adopted target levels. The Company's solvency situation is monitored continuously, and all known risks relating to solvency are documented and communicated to the Board. Previous forecasts of the Company's solvency situation are used to identify potential future solvency risks, so that appropriate action can be taken as needed.

NOTE 4 - PREMIUMS EARNED

Total	**2019**	**2018**
Direct insurance, Sweden	215 382	380 834
Direct insurance, rest of the EEA	139	186
	215 521	**381 020**

Life insurance operation	**2019**	**2018**
Individual insurance	149 935	154 512
Group insurance	43 225	118 160
	193 159	**272 672**

All premiums related to risk insurance and are paid in installments.

NOTE 5 -REVENUE FROM CONTRACTS WITH CUSTOMER

	2019	**2018**
Policy based fees		
- Administration fee	154 644	155 357
- Transfer fee	26 231	17 551
Fundrebate	275 065	272 544
	455 940	445 453

NOTE 6 - ALLOCATED INVESTMENT RETURNS TRANSFERRED FROM THE FINANCE OPERATION TO THE NON-LIFE OPERATION

	2019	2018
Transferred investment income	–	–
Interest rate	-0,35%	-0,55%

The transferred investment income has been calculated based on the average of the non-life insurance operation's in and outgoing technical provisions for own account. The interest is set to the average annual value of 90-day treasury bills.

NOTE 7 - CLAIMS INCURRED

	2019			2018		
Claims incurred, non-life insurance operation	Gross	Ceded	Net	Gross	Ceded	Net
Claims paid	-33 704	24 130	-9 574	-39 876	32 811	-7 065
Cost of claims handling	-3 105	537	-2 568	-4 795	454	-4 341
	-36 809	**24 667**	**-12 142**	**-44 671**	**33 266**	**-11 405**

	2019			2018		
Claims incurred, life insurance operation	Gross	Ceded	Net	Gross	Ceded	Net
Claims paid	-75 430	45 188	-30 242	-115 443	78 753	-36 690
Cost of claims handling	-5 070	23	-5 047	-5 713	47	-5 666
	-80 500	**45 211**	**-35 289**	**-121 156**	**78 800**	**-42 356**

NOTE 8 - OPERATING EXPENSES

Non-life insurance operation	**2019**	**2018**
Acquisition costs	-13 254	-29 579
Changes in Pre-paid acquisition costs	0	71
Administrative costs	-11 972	-5 639
Commission and profit share from ceded reinsurance	2 148	13 972
	-23 078	**-21 175**

Life insurance operation		
Acquisition costs	-259 812	-316 071
Changes in Pre-paid acquisition costs	1 714	5 000
Administrative costs	-174 156	-193 955
Commission and profit share from ceded reinsurance	47 264	54 990
	-384 990	**-450 036**

Claims handling costs [1]	-7 111	-10 509
Total operating expenses	**-415 179**	**-481 720**

Total cost per type of expense	**2019**	**2018**
Personnel costs	-128 463	-156 644
Costs of premises	-9 398	-8 925
Depreciations	-27 640	-25 960
Capital yield tax [2]	-45 000	-46 050
Other [3]	-204 678	-244 599
	-415 179	**-481 720**

Fees and remunerations to auditors	**2019**	**2018**
Ernst and Young AB		
Fees and remunerations to auditors	-1 281	-1 298
	-1 281	**-1 298**

Auditing contract' relates to the auditor's remuneration for carrying out the auditing tasks required by law. This includes reviewing the annual report and financial reporting, the management of the Board of Directors and the CEO, and fees for auditing advice given in relation to the auditing contract. Auditing tasks outside the auditing contract relates to other types of quality assurance services. Fees and remuneration to auditors for 2018 were paid to Movestic Livförsäkring previous auditors Deloitte.

[1] Claims handling costs are included in Claims paid on the Income Statement, see note 7

[2] Taxation fees charged to the policy to cover the capital yields tax are reported under the heading Income from investment contracts.

[3] 'Other' includes commission costs, commissions and profit shares from reinsurers, auditing fees and other

NOTE 9 - INVESTMENT INCOME, LIFE INSURANCE OPERATION

	2019	2018
Income		
Interest income	190	1 536
Exchange-rate gains	450	946
Realised gains	5 884	1
	6 524	**2 483**
Costs		
Interest costs	-15 040	-15 962
Exchange-rate losses	-590	–
Realised losses	–	-77
	-15 630	**-16 039**

NOTE 10 - UNREALISED GAINS AND LOSSES FROM INVESTMENTS

	2019	2018
Value increases		
Shares and participations	5	–
Bonds and other interest-bearing securities	5 593	790
	5 598	**790**
Value decreases		
Bonds and other interest-bearing securities	-6 028	-1 705
	-6 028	**-1 705**

NOTE 11- IMPAIRMENT SUBSIDIARIES

	2019	2018
Impairment Sparplatsen [1]	-8 400	–

[1] As Sparplatsen functionality has not been developed further, the value of the subsidiary has been written down to its net asset value..

NOTE 12 - TAX ON THE YEAR'S RESULT

Yield tax	2019	2018
Yield tax for the year	45 000	46 050

Tax on profit/loss for the year	2019	2018
Current tax		
Tax cost for the period	-6 222	-6 352
Tax relating to earlier periods	74	-4 455
	-6 148	**-10 807**
Deferred tax		
Deferred tax relating to temporary variations	67	-123
	67	**-123**

The effective tax on the company's result before tax differs from the its nominal tax rate due to the following entries:

	2019	2018
Profit/loss for the year before tax	147 769	119 353
- of which business subjected to yield tax	-128 323	93 095
- of which business subjected to income tax	19 446	26 257
Profit/loss for income tax purposes	19 446	26 257
Tax based on a nominal tax rate	-4 161	-5 777
Non-taxable income	89	70
Non-tax deductible costs	-351	-645
Impairment, subsidiary	-1 799	
Adjustment net interest deduction	0	
Tax relating to previous periods	74	-4 455
Deferred tax	67	-123
Reported tax cost	**-6 081**	**-10 930**

Reported tax assets and liabilities		
Current tax assets	408	341
All changes in deferred tax assets for the year have been reported on the income statement		

Applied tax rates		
Tax rates for calculation of income tax	21,4%	22,0%
Yield tax on pension funds, pension plans	15,0%	15,0%
Yield tax on pension funds, asset insurance	30,0%	30,0%
Average government borrowing rate for tax purposes, pension plans	0,50%	0,51%
Government borrowing rate for tax purposes, asset insurance	1,51%	1,49%

NOTE 13 - OTHER INTANGIBLE ASSETS

	2019	2018
Accumulated acquisition value		
Opening acquisition value	266 249	244 920
Purchases	37 389	21 329
Closing acquisition value	**303 638**	**266 249**
Accumulated amortization according to plan		
Opening amortizations	-208 676	-184 174
Depreciation	-14 836	-16 962
Write downs	-11 849	-7 540
Closing accumulated amortizations and depreciations	**-235 361**	**-208 676**
Closing net value	**68 277**	**57 573**

NOTE 14 - INVESTMENTS IN GROUP COMPANIES AND ASSOCIATED COMPANIES

					2019	2018
	Corp.ID	Seat of the board	Number	Share of equity %	Book value	Book value
Shares in group companies						
Movestic Kapitalförvaltning AB	556760-8780	Stockholm	1 400	100	12 100	12 100
Movestic Fund Management S.A.	B 213 292	Luxemburg	1 000	100	5 706	5 706
Sparplatsen Sverige AB	559021-6247	Stockholm	3 191 489	100	600	9 000
Shares in associated companies						
Modernac S.A.	332319-2520	Luxemburg	6 370	49	9 183	9 183
					27 589	**35 989**

NOTE 15 - SHARES AND PARTICIPATIONS

	2019-12-31		2018-12-31	
	Acquisition value	Actual value	Acquisition value	Actual value
Shares and participations				
Sweden	102 615	103 892	113 665	123 323
Europe	92	104	98	85
	102 707	**103 996**	**113 763**	**123 408**
-of which listed	102 707	103 996	113 763	123 408

NOTE 16 - BONDS AND OTHER INTEREST-BEARING SECURITIES

	2019-12-31		2018-12-31	
	Acquisition value	Actual value	Acquisition value	Actual value
Securities issued by:				
The Swedish Government	466 933	477 538	281 914	284 699
Other issuers	253 833	254 754	144 975	145 790
	720 766	**732 292**	**426 889**	**430 489**

The item 'bonds and other interest-bearing securities' includes assets in interest-bearing securities and holdings in investment funds, where more than 50% of the holding consists of interest-bearing assets.

NOTE 17 - OTHER FINANCIAL INVESTMENT ASSETS

	2019-12-31		2018-12-31	
	Acquisition value	Actual value	Acquisition value	Actual value
Company-owned endowment policies	3 343	4 515	3 589	4 396
	3 343	**4 515**	**3 589**	**4 396**

Company-owned endowment policies to cover our direct pension

NOTE 18 - ASSETS COVERED BY THE POLICYHOLDERS' BENEFICIARY RIGHTS

	2019-12-31	2018-12-31
Interest-bearing securities [1]	444 879	292 723
Investment assets for which the policyholders bear the investment risk [2]	40 000 622	31 825 417

[1] Assets corresponding to the sum of best estimation of future cash flows according to FRL 2010:2043 incl SFS 2015:700, 5 chapter §§6,7 and 9-12, and a risk margin in accordance with §13.
[2] Assets corresponding to participations in such funds that are associated with the policy, and which the policyholder or the person insured selects from time to time.

NOTE 19 - PROVISIONS FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS

	2019-12-31			2018-12-31		
	Gross	Ceded	Net	Gross	Ceded	Net
Opening balance	12 147	-4 654	7 493	11 839	-6 620	5 219
Change to provisions	-9 369	3 311	-6 058	308	1 966	2 274
Closing balance	**2 778**	**-1 343**	**1 435**	**12 147**	**-4 654**	**7 493**

NOTE 20 - LIFE INSURANCE PROVISIONS

	2019-12-31			2018-12-31		
	Gross	Ceded	Net	Gross	Ceded	Net
Opening balance	32 176	-14 630	17 546	41 248	-20 811	20 437
Change to provisions	-7 726	3 054	-4 672	-9 072	6 181	-2 891
Exchange rate changes	-2	-	-2	-	-	-
Closing balance	**24 448**	**-11 575**	**12 873**	**32 176**	**-14 630**	**17 546**

NOTE 21 - OUTSTANDING CLAIMS

	Gross	Ceded	Net	Gross	Ceded	Net
Opening balance	919 108	-588 452	330 656	902 749	-572 514	330 235
Exchange rate changes	246	-328	-82	31	-243	-211
Commutation Modernac		214 634	214 634	-	-	-
Change to provisions	-77 031	63 991	-13 040	16 328	-15 695	632
Closing balance	**842 323**	**-310 155**	**532 168**	**919 108**	**-588 452**	**330 656**
Specification, closing balance						
Non-life insurance operation						
Occurred and reported claims	216 655	112 271	328 926	236 904	-190 998	45 906
Occurred but unreported claims (IBNR)	167 171	52 030	219 201	172 869	-106 708	66 161
Commutation Modernac	-	-221 783	-221 783	-	-	-
	383 826	**-57 482**	**326 344**	**409 773**	**-297 706**	**112 067**
Life insurance operation						
Provision for confirmed claims	323 822	-181 264	142 558	340 949	-195 467	145 482
Provision for unconfirmed claims	134 675	-70 239	64 436	168 386	-95 279	73 107
Commutation Modernac	-	-1 170	-1 170	-	-	-
	458 497	**-252 673**	**205 824**	**509 335**	**-290 746**	**218 589**
Total outstanding claims	**842 323**	**-310 155**	**532 168**	**919 108**	**-588 452**	**330 656**

NOTE 22 - RECEIVABLES, DIRECT INSURANCE

	2019-12-31	2018-12-31
Receivables, policyholders	74 172	89 597
Receivables, intermediaries	-761	115
Closing balance	**73 411**	**89 711**

NOTE 23 - OTHER RECEIVABLES

	2019-12-31	2018-12-31
Receivables, group companies	32 074	26 630
Deferred tax assets	9 400	8 156
Other receivables	9 488	21 482
Closing balance	**50 962**	**56 268**

NOTE 24 - TANGIBLE FIXED ASSETS

	2019-12-31	2018-12-31
Accumulated acquisition value		
Opening acquisition value	23 352	23 045
Purchases	3 151	307
Disposals	-10 168	-
Closing acquisition value	**16 335**	**23 352**
Accumulated depreciation according to plan		
Opening depreciation	-22 059	-20 602
Depreciation for the year	10 168	-
Disposals	-956	-1 457
Closing depreciation according to plan	**-12 847**	**-22 059**
Closing net value	**3 488**	**1 293**

NOTE 25 - DEFERRED ACQUISITION COSTS

Deferred acquisition costs, investment contracts

	2019-12-31	2018-12-31
Opening acquisition cost	1 586 142	1 442 329
Activation for the year	125 094	143 812
Closing acquisition cost	**1 711 236**	**1 586 141**
Opening amortization	-831 981	-693 240
Amortization for the year	-123 155	-130 348
Depreciation for the year	-227	-8 393
Closing amortization and depreciation	**-955 363**	**-831 981**
Closing net value, investment contracts	**755 874**	**754 160**

Amortization of deferred acquisition costs for products within the private pension and endowment segments are done over 10-14 years, depending on product type and year of purchase, whilst products with one-off deposits have adepreciation time of 5 years. For policies taken out in 2011 or later, a common amortization period of 10 years applies to both private pension products and endowment policies. The amortization period for occupational pension products is 17 years.

Deferred acquisition costs, insurance operation

	2019-12-31	2018-12-31
Deferred acquisition costs, insurance operation	2 593	7 133
Total closing net value	**758 467**	**761 293**

NOTE 26 - OTHER DEFERRED COSTS AND ACCRUED INCOME

	2019-12-31	2018-12-31
Accrued commission income	-	2 533
Accrued income from investment contracts	48 019	36 921
Other deferred costs	7 716	7 848
Closing balance	**55 735**	**47 302**

Accrued commission income 2018 refers to accrued profit commission.

NOTE 27 - APPROPRIATION OF PROFIT

SEK 834 162 044 is at the disposal of the general meeting of shareholders. The Board of Directors proposes that dividends of SEK 76 000 000 are paid to shareholders, and that SEK 758 162 044 is carried forward to new account.

NOTE 28 - TECHNICAL PROVISIONS FOR LIFE INSURANCE POLICIES FOR WHICH THE POLICYHOLDERS BEAR THE RISK, GROSS

Conditional dividends

	2019-12-31	2018-12-31
Opening balance	2 969 716	2 944 143
Payments received	749 530	743 292
Payments made	-337 017	-293 490
Value change, including dividends	459 120	-172 641
Other changes	-162 484	-251 588
Closing balance	**3 678 865**	**2 969 716**

The conditional dividends relate to custody account commitments.

Unit-linked

	2019-12-31	2018-12-31
Opening balance	29 066 754	29 291 115
Payments received	3 667 994	3 860 972
Payments made	-2 632 538	-2 222 288
Value change, including dividends	6 339 465	-1 740 948
Other changes	-135 340	-122 097
Closing balance	**36 306 335**	**29 066 754**

Of the total number of unit-linked contracts and contracts with conditional dividends, 151 663 (223 869) KSEK was uninvested as per the 31-12-2019. These have been reduced by management and risk fees amounting to 154 644 (155 357) KSEK. Other changes also includes deductions for yiel tax, health insurance premium and transfer fee.

NOTE 29 - OTHER PROVISIONS

Provisions for pensions and similar commitments

	2019-12-31	2018-12-31
Endowment policies [1]	4 516	4 396
Special payroll tax [1]	1 325	1 282
Other provisions	149	3 816
Closing balance	**5 990**	**9 494**

[1] This provision relates to company-owned endowment insurance, intended to guarantee direct

NOTE 30 - LIABILITIES, DIRECT INSURANCE

	2019-12-31	2018-12-31
Liabilities, policyholders	26 555	21 637
Liabilities, intermediaries	11 125	8 120
	37 680	**29 757**

NOTE 31 - OTHER LIABILITIES

	2019-12-31	2018-12-31
Liabilities, VAT	248	554
Debts to suppliers	3 551	2 826
Employees' taxes (PAYE)	10 277	9 853
Liabilities, group companies	498	498
Other interest-bearing liabilities	404 863	416 655
Premium taxes	2 491	2 811
Other liabilities	1 915	389
	423 843	**433 586**

Other interest-bearing liabilities, 404 863 (416 655) KSEK, consist entirely of liabilities to reinsurers. The Company has taken out a quota share reinsurance agreement to cover its unit-linked operation, which includes a financial reinsurance section. This section states that the reinsurer pays its share of the up-front commission, which is then repaid over a period of five to eight years. This liability is adjusted on a quarterly basis, when new commissions are deducted and repayment, including interest, is made. The interest is calculated according to an agreed model based on market interest rates.

NOTE 32 - OTHER ACCRUED COSTS AND DEFERRED INCOME

	2019-12-31	2018-12-31
Accrued interest costs	3	236
Accrued personnel costs	31 276	33 170
Accrued asset management costs	0	1 571
Accrued commission costs	4 143	22 150
Other accrued costs	5 650	7 957
	41 072	**65 084**

NOTE 33 - CONTINGENT LIABILITIES

Contingent liabilities for costs associated with the liquidation of funds in the Sicav managed by the subsidiary Movestic Fund Management. The Company has accepted liability for payment of any costs associated with the discontinuation of funds included in the Sicav when the subsidiary Movestic Fund Management is wound up.

NOTE 34 - AVERAGE NUMBER OF EMPLOYEES, SALARIES AND REMUNERATIONS

	2019			2018		
Average number of employees	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Sweden	51	61	112	63	61	124

	2019			2018		
Gender distribution of the Company management	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Board of Directors	4	2	6	5	2	7
Other leading positions	4	5	9	2	4	6
Total	**8**	**7**	**15**	**7**	**6**	**13**

Salaries, other remunerations and social security contributions	**2019**	**2018**
Board of Directors and CEO	5 572	6 843
Other employees	73 800	88 362
Total	**79 372**	**95 205**
Social security contributions	48 429	58 077
of which pension contributions	17 289	22 085

Information about salaries, remunerations and other benefits

Salaries and remuneration
No remuneration for being a member of the Board is paid to Company employees. The remuneration to the CEO and persons in other leading positions consists of a basic salary, variable remuneration, other benefits and pension.

Variable remuneration
Variable remuneration is paid as salary.

Pensions
The CEO has a pension entitlement corresponding to 30 percent of pensionable salary. Other persons in the Company management have pension entitlements according to current collective agreements. Commitments regarding retirement and family pensions for employees born in 1971 or earlier are safeguarded through a policy with FPK. This is a benefit-based scheme that includes a number of employers. As the Swedish Pension Obligations Vesting Act must be applied for the cost to be tax deductible, the rules about benefit-based schemes in IAS 19 do not have to be applied for a legal person. Instead a simplified rule can be applied, which states that companies should report benefit-based schemes as fee-based schemes, where a pension premium has been paid to an insurance undertaking, friendly society, or similar. All the employers involved are jointly responsible for financing the scheme in its entirety. This means that they all also share the tangible risk associated with the scheme. The latest available information from the FPK comes from the published part-year report for the first half of 2019. According to this, the collective level of consolidation amounted to 118 percent (122), calculated based on distributable assets relative to commitments to policyholders. Assets under management amounted to 16,0 billion SEK (15,4 billion SEK). The number of employers included was 121 and the number of insured persons was 26,000 as per December 2018.

The fees paid by the Company for this scheme for 2019 amounted to 5 402 KSEK (8 171 KSEK). The fees for 2020 are expected to be in line with the fees for 2019.

No information is available about potential future surpluses or deficits within this scheme, or whether these may have an impact on the fees for future years.

Final payment
The CEO is entitled to salary during notice period of 6 months if the Company terminates the employment. Additionally, the CEO has a serverance pay of 12 months after the notice period.

Remuneration policy
The Board of Directors has adopted a Remuneration Policy. The policy states that the Board determines the remuneration to the CEO and sets targets and levels of variable remunerations for persons in leading positions. The Board also determines whether the targets set in relation to the variable remuneration have been met. The board member responsible for preparing decisions about variable remuneration is the CEO of Chesnara. Where required, matters can be referred to the remuneration committee of the parent company, Chesnara plc. The Board can decide that no variable remuneration should be paid.
There are two different models for variable remuneration:
1. The CEO and some holders of leading positions have a long-term incentive program, made up of two parts. The first part is the development of the Company's EcV (Economic Value), and awards variable remuneration of 0.125 - 0.5 percent of the increase in the EcV in the year of remuneration. The underlying amount is adjusted for any capital injections and is limited to certain maximum amounts, set for each position-holder concerned.
The result is measured as the change in the Company's EcV during the year, and the calculation model considers the fact that the result is affected by the main risks to which the operation is exposed. The second part is based on target-related performance at company, department or individual level, where both financial and non-financial criteria are considered.
This results in a variable remuneration of no more than four months' salary. The total variable remuneration can amount to no more than 60 percent of the fixed annual salary.
2. The category 'other holders of leading positions' includes some persons without any variable remuneration, and others that are covered by an incentive program based on achieved targets. These persons can receive a maximum of 50% of their fixed salary for the year in which the variable remuneration was earned. The intention is that the targets should be designed in such a way that they lead to long-term improvement in the Company's performance.
For these members of the leadership team, target-achievement is assessed based on set criteria after the end of the year. For specially regulated personnel with variable remunerations in excess of 100 KSEK, payment of 60 percent of the variable remuneration set by the Board should be deferred for a period of three years. The deferred portion can be paid pro rata once a year during the period of deferral, starting no earlier than one year after the variable remuneration was agreed.

Risk assessment
The risk assessment is based on the premise that the remuneration system should promote sound and effective risk management within the Company, and not encourage excessive risk taking or counteract the Company's long-term interests. The Company must strive to ensure that the total remunerations do not jeopardize its ability to return a positive consolidated result over an economic cycle. The Company's remuneration policy is based on long-term thinking and limited risk-taking. Considering the criteria set in the remuneration policy, as well as the routines and control activities implemented by the Company, the current assessment is that the design of the renumeration system does not result in any material risks.

NOTE 34 - AVERAGE NUMBER OF EMPLOYEES, SALARIES AND REMUNERATIONS (CONT.)

Remuneration to holders of leading positions 2019

	CEO[1]	Other holders of leading positions	Board members	Total
Salaries/director's fees	3 954	9 095	500	13 549
Variable remuneration	1 004	2 152	–	3 156
- of which provisions for variable remuneration 2019	2 225	3 780	–	6 005
Benefits	115	304	–	419
Pension contributions	1 166	2 771	–	3 937
Social contributions	2 224	4 206	–	6 430
	8 463	**18 528**	**500**	**27 491**

Remuneration to holders of leading positions 2018

	CEO[1]	Other holders of leading positions	Board members	Total
Salaries/director's fees	4 345	9 347	542	14 192
Variable remuneration	1 892	3 718	–	5 610
- of which provisions for variable remuneration 2018	2 160	2 847		5 007
Benefits	106	211	–	317
Pension contributions	1 108	2 624	–	3 732
Social contributions	2 313	4 741	–	7 054
	9 764	**20 641**	**542**	**30 905**

[1] To the former CEO, Lars Nordstrand, who held the post of CEO until the 31 March 2017, variable remuneration of 960 KSEK were paid during the year.

Remunerations and benefits relating to 2019 and 2018, distributed between the categories persons in leading positions, employees who could affect the Company's risk level, and other employees are detailed below.

Registered remunerations 2019

	Average no of employees	Salaries/ director's fees	Variable remuneration[1]	Benefits	Pension contributions	Social contributions	Total
Holders of leading positions	7	13 549	3 156	419	3 937	6 430	27 491
Employees who could affect the Company's risk level [2]	3	2 359	–	38	654	900	3 950
Other employees	103	56 602	1 644	1 605	12 698	23 810	96 360
Total	**112**	**72 510**	**4 800**	**2 062**	**17 289**	**31 140**	**127 801**

Registered remunerations 2018

	Average no of employees	Salaries/ director's fees	Variable remuneration[1]	Benefits	Pension contributions	Social contributions	Total
Holders of leading positions	6	14 192	3 842	317	3 732	6 499	28 582
Employees who could affect the Company's risk level [2]	4	3 460	–	46	1 023	1 335	5 864
Other employees	114	70 490	1 766	1 648	17 330	27 603	118 837
Total	**124**	**88 142**	**5 608**	**2 011**	**22 085**	**35 437**	**153 283**

[1] The variable remuneration consists entirely of variable remuneration paid in cash.
[2] Employees who could affect the Company's risk level relates to persons employed in positions with the potential to affect the Company's risk levels in the course of their duties..

Changes to liabilities for variable remuneration

	2019	2018
Opening balance	15 579	17 051
Remuneration earned during the year	10 675	10 119
Paid remunerations, earned in previous years	-5 499	-6 700
Adjusted unpaid earned remunerations	-5 874	-4 891
Closing balance	**14 881**	**15 579**
-of which deferred remunerations	4 205	5 460

NOTE 35 - CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AND THEIR ACTUAL VALUES

Financial assets per the 2019-12-31	Financial assets reported at actual value in the income statement	Loans and customer receivables	Reported value	Actual value	Temporary exception from IFRS 9 Financial instrument, actual value [1)] Financial assets with contractual cashflows SPPI[2)]	Other financial assets[3)]
Interest-bearing loans to iassociated companies		8 177	8 177	8 177	8 177	
Shares and participations	103 996		103 996	103 996		103 996
Bonds and other interest-bearing securities	732 292		732 292	732 292		732 292
Assets for conditional dividends	3 678 865		3 678 865	3 678 865		3 678 865
Unit-linked assets	36 321 757		36 321 757	36 321 757		36 321 757
Other financial investment assets	4 515		4 515	4 515		4 515
Receivables, direct insurance		73 411	73 411	73 411	73 411	
Other receivables		41 562	41 562	41 562	41 562	
Cash and bank		99 208	99 208	99 208	99 208	
Accrued income		48 019	48 019	48 019	48 019	
Total	**40 841 425**	**270 377**	**41 111 802**	**41 111 802**	**270 377**	**40 841 425**

Financial assets per the 2018-12-31	Financial assets reported at actual value in the income statement	Loans and customer receivables	Reported value	Actual value	Temporary exception from IFRS 9 Financial instrument, actual value [1)] Financial assets with contractual cashflows SPPI[2)]	Other financial assets[3]
Interest-bearing loans to iassociated companies		8 056	8 056	8 056	8 056	
Shares and participations	123 408		123 408	123 408		123 408
Bonds and other interest-bearing securities	430 489		430 489	430 489		430 489
Assets for conditional dividends	2 969 716		2 969 716	2 969 716		2 969 716
Unit-linked assets	28 855 701		28 855 701	28 855 701		28 855 701
Other financial investment assets	4 396		4 396	4 396		4 396
Receivables, direct insurance		89 711	89 711	89 711	89 711	
Other receivables		56 268	56 268	56 268	56 268	
Cash and bank		360 808	360 808	360 808	360 808	
Accrued income		37 072	37 072	37 072	37 072	
Total	**32 383 710**	**551 916**	**32 935 625**	**32 935 625**	**551 916**	**32 383 710**

Financial assets per the 2019-12-31	Level 1	Level 2	Level 3	Total
Shares and participations	103 996	–	–	103 996
Bonds and other interest-bearing securities	732 292	–	–	732 292
Assets for conditional dividends	3 678 865	–	–	3 678 865
Unit-linked assets	36 321 757	–	–	36 321 757
Other financial investment assets	4 515	–	–	4 515
Total	**40 841 425**	**–**	**–**	**40 841 425**

Financial assets per the 2018-12-31	Level 1	Level 2	Level 3	Total
Shares and participations	123 408	–	–	123 408
Bonds and other interest-bearing securities	430 489	–	–	430 489
Assets for conditional dividends	2 969 716	–	–	2 969 716
Unit-linked assets	28 855 701	–	–	28 855 701
Other financial investment assets	4 396	–	–	4 396
Total	**32 383 710**	**–**	**–**	**32 383 710**

[1)] Information is given to simulate the categorisation used in IFRS 9, as the Company is applying the temporary exemption from implementation of IFRS 9 Financial Instruments

[2]Concerns financial assets included in a business model aimed at collecting contractual cash flows and contractual terms that on set dates result in cash flows only relating to payment of interests and principal on principal amounts outstanding. Valued at amortised cost.

[3)]Other financial assets, not included in the category financial assets with contractual cash flows. These assets are reported at actual value in the income statement.

NOTE 35 - CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AND THEIR ACTUAL VALUES (CONT.)

Financial assets per the 2019-12-31	Financial assets reported at actual value in the income statement	Loans and customer receivables	Reported value	Actual value
Conditional dividends	3 678 865		3 678 865	3 678 865
Unit-linked contracts	36 306 335		36 306 335	36 306 335
Liabilities, direct insurance		37 680	37 680	37 680
Liabilities, reinsurance		14 088	14 088	14 088
Other liabilities		423 843	423 843	423 843
Accrued costs		41 072	41 072	41 072
Total	**39 985 200**	**516 683**	**40 501 883**	**40 501 883**

Financial liabilities as per the 31-12-2018	Financial assets reported at actual value in the income statement	Loans and customer receivables	Reported value	Actual value
Conditional dividends	2 969 716		2 969 716	2 969 716
Unit-linked contracts	29 066 754		29 066 754	29 066 754
Liabilities, direct insurance		29 757	29 757	29 757
Liabilities, reinsurance		46 788	46 788	46 788
Other liabilities		433 586	433 586	433 586
Accrued costs		65 084	65 084	65 084
Total	**32 036 470**	**575 215**	**32 611 685**	**32 611 685**

Financial liabilities as per the 31-12-2019	Nivå 1	Nivå 2	Nivå 3	Summa
Conditional dividends	3 678 865	–	–	3 678 865
Unit-linked contracts	36 306 335	–	–	36 306 335
Total	**39 985 200**	**–**	**–**	**39 985 200**

Financial liabilities as per the 31-12-2018	Nivå 1	Nivå 2	Nivå 3	Summa
Conditional dividends	2 969 716	–	–	2 969 716
Unit-linked contracts	29 066 754	–	–	29 066 754
Total	**32 036 470**	**–**	**–**	**32 036 470**

Financial assets and liabilities - valuation
For valuation purposes, each holding is classified as one of three valuation levels.

Level 1
Valued at listed rates on an active market.

Level 2
Values are calculated using valuation methods. All important input data required for the valuation are based on observable market information.

Level 3
Values are calculated based on assumptions and assessments. Some important input data required for the valuation are not based on observable market information.

Offsetting of financial instruments
Movestic Livförsäkring AB has not entered into any derivative contracts.

NOTE 36 - LEASING

	2019	2018
Current leasing agreements		
within one year	9 316	9 185
more than one year, but within five years	1 786	14 161
The total leasing cost for the year amounted to 10 096 (9 774) KSEK.		

NOTE 37 - INFORMATION ON AFFILIATED COMPANIES

Affiliated companies
Affiliated companies are defined as all companies within the Chesnara Group and key personnel in leading positions within the Company. Associated companies are also defined as affiliates.

Internal pricing
The pricing methods used for transactions involving affiliated companies are based on actual cost or market price. The prices of services sold to or purchased from the subsidiaries Movestic Kapitalförvaltning AB and Movestic Fund Management are based on actual cost. Market prices are used for example for internal rates of return and premiums to the associated company Modernac S.A.

Transactions between Movestic Livförsäkring AB and affiliated companies
Service purchases of 6.8 (6.1) MSEK relate to an annual management fee payable to the parent company. The Company has entered into agreements with its subsidiary, Movestic Kapitalförvaltning AB, concerning rental of office premises and sales of administrative services, 3.9 (4.6) MSEK in 2019. No group contributions were paid from Movestic Kapitalförvaltning AB to the parent company Movestic Livförsäkring AB in 2019.
The Company has also entered into an agreement with its new subsidiary, Movestic Fund Management, concerning sales of administrative services, 2.3 (3.5) MSEK in 2019.
No reinsurance premiums were paid to the associated company Modernac S.A., as the account customer Akademikerförsäkring (fully reinsured with Modernac) has not taken out any new policies since January 1st 2019. Claims payments of 25.4 (63.3) MSEK and reinsurance commission, including profit-share commission, of 0.5 (18) MSEK were received. Interest on loans amounted to 0.3 (0.5) MSEK.
No other transactions involving key persons in leading positions occurred than those specified in Note 32.

Overview of transactions with affiliated companies

	Year	Sales of services to affiliated companies	Purchases of services from affiliated companies	Group contributions	Income from investment contract	Other	Claims on affiliates as per December 31	Debts to affiliates as per December 31
Parent company								
Chesnara plc	2018		6 158					
Chesnara plc	2019		6 770					
Subsidiaries								
Movestic Kapitalförvaltning AB	2018	4 579			4 689		25 348	
Movestic Kapitalförvaltning AB	2019	3 971					31 623	
Movestic Fund Management	2018	3 522					1 282	
Movestic Fund Management	2019	2 288					451	
Movestic SICAV	2018			135 606				
Movestic SICAV	2019			124 030				
Sparplatsen	2018		-498				-498	
Sparplatsen	2019		–				-498	
Associated companies								
Modernac S.A.	2018					14 740	8 056	31 662
Modernac S.A.	2019					24 833	8 177	0

NOTE 38 - EVENTS AFTER THE CLOSING DAY

Approval from Swedish Financial Supervisory Authority for dissolution of subsidiary company Sparplatsen was received on 2020-02-27.

STOCKHOLM, THE 18 MARCH 2020

David Brand
Chairman of the board

John Deane

David Rimmington

Linnéa Ecorcheville
CEO

Ingrid Bojner

Anders Larsson

Our Auditor's Report was submitted on the 18th of March 2020
Ernst & Young AB
(Signature on the Swedish original)

Daniel Eriksson
Authorised public account

Auditor's report

To the general meeting of the shareholders of Movestic Livförsäkring AB, corporate identity number 516401-6718

REPORT ON THE ANNUAL ACCOUNTS

OPINIONS

We have audited the annual accounts of Movestic Livförsäkring AB for the year 2019. The annual accounts of the company are included on pages 20-52 in this document.

In our opinion, the annual 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 company as of December 31, 2019, and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Insurance Companies.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet. Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OTHER MATTERS

The audit of the annual accounts for 2018 was performed by another auditor who submitted an auditor´s report dated March 26, 2019, with unmodified opinions in the Report on the annual accounts.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

MEASUREMENT OF TECHNICAL PROVISIONS

Disclosures on technical provisions are presented in note 1 Valuation and accounting principles, note 2 Important assumptions and judgements that affect the accounting, note 3 Risks and risk management and note 21 Outstanding claims.

DESCRIPTION

As of December 31, 2019, technical provisions amounted to 842 323 TSEK.
Technical provisions are to cover the expected future payments for all incurred claim, including claims not yet reported to the company, called provision for IBNR. The technical provisions are calculated using statistical methods and through individual assessment of specific claims. The provision for the future commitments is calculated using actuarial methods. Measurement of technical provisions has been considered a key audit matter due to the size of the balance sheet item and as the valuation requires management to make estimate and assumptions.

HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

As part of our audit we have assessed the company's governance and internal control related to the provisioning process. Moreover, we have assessed the appropriateness in methods and assumptions used and have made an independent analysis of the technical provisions. We have performed our audit procedures on technical provisions with the support of our internal actuaries.

Furthermore, we have reviewed the disclosures on technical provisions presented in the financial reports.

MEASUREMENT OF DEFERRED ACQUISITION COSTS

Disclosures on deferred acquisition costs are presented in note 1 Valuation and accounting principles, note 2 Important assumptions and judgements that affect the accounting and note 25 Deferred acquisition costs.

DESCRIPTION

As of December 31, 2019, deferred acquisition costs amounted to 758 467 TSEK. The balance sheet item consists of capitalized expenditures related to insurance- and investment contracts. The expenditures are to be depreciated over the period estimated to generate a profit margin which at least covers the acquisition costs. The depreciation schedule should take expected annulments into consideration. An impairment test is performed annually on homogeneous insurance contracts to assess whether the conditions for capitalization are met. Measurement of deferred acquisition costs has been considered a key audit matter due to the size of the balance sheet item and as the valuation requires management to make estimate and assumptions.

HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

As part of our audit we have assessed the company's plan for how capitalized acquisition costs will be covered by future profits and the impairment test that has been performed. The review has consisted of an assessment of the appropriateness of the methods and assumptions that has been used. We have performed our audit procedures on deferred acquisition costs with the support of our internal actuaries. We have checked that allowed costs in accordance with the Annual Accounts Act for Insurance Companies have been capitalized. Furthermore, we have reviewed the disclosures on deferred acquisition costs presented in the financial reports.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS

This document also contains other information than the annual accounts and is found on pages 13-19. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so. The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Movestic Livförsäkring AB for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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 Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Insurance Business Act, the Annual Accounts Act for Insurance Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.
As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR´S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors is responsible for the statutory sustainability report on pages 13-19, and that it is prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion. A statutory sustainability report has been prepared.

Ernst & Young AB, Jakobsbergsgatan 24, 111 44 Stockholm, was appointed auditor of Movestic Livförsäkring AB by the general meeting of the shareholders on the May 8, 2019 and has been the company's auditor since the May 8, 2019.

Stockholm Month DD, 2020
Ernst & Young AB

Daniel Eriksson
Authorized Public Accountant

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