fennia

Annual Report 2019

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Managing Director's Review

Fennia received fine recognition from its customers in 2019: according to the EPSI Rating survey of insurance companies, Fennia had the most satisfied customers overall in Finland. In the corporate customer segment, we were consistently rated high in all areas of customer satisfaction, which placed us at the top in that category. In customer satisfaction among private customers, we earned a respectable third place.

This positive feedback will carry us through into the coming years, too. Going forward, we intend to meet the expectations of our current and future customers even better than we do today – that is something we work to achieve every single day at Fennia.
Folksam integrated into Fennia

All in all, 2019 was a busy year for us. In non-life insurance, we continued with the 2018 merger of Folksam into Fennia and Fennia's operating models. The integration is a complex process, but based on the feedback we have received, we have been doing well. Thanks to this success, the development of Fennia's competitiveness will be taken to the next level and, in future, we will be able to offer both our corporate and household customers even better products and services.

Our entire staff is behind our success – I want to thank everyone for their amazing work and for going the extra mile, and I also thank our customers for giving us the opportunity to show them what we are capable of. We warmly welcome all our new customers to Fennia.

New services for our customers

At the start of 2020, we launched a new appliance service (Fennian Kodinkoneapu) as an extension of our highly praised services in 2019 for coping with damage. Our comprehensive services include FenniaHoitaja (nurse assistance), Fennian Taloapu 24h (house assistance), Fennian Autoapu 24h (vehicle assistance) and Fennian Reissuapu 24h (travel assistance). Together with our reliable and professional partners, we make sure that navigating through an accident or injury is always easy.

High returns from investments despite uncertainty in the markets

There was significant uncertainty in the investment markets in 2019, although looking back, investment returns are exceptionally high. In 2019, we adopted our new model of balance sheet management and, as a result, we are now even more solvent than before, without lowering the balance sheet's return expectations.

The year was good for the life insurance business, and Fennia Life's profitability developed favourably. Tax reforms targeting savings and investment products affected people's behaviour, particularly in the latter half of 2019, and this was mainly reflected in large new subscriptions but also in higher-than-normal redemptions. Fennia Life's good solvency enables development of business operations both in respect of products and digital services.

In our asset management business, we further developed the cornerstone of our real estate investment operations and expanded our product range to include joint venture projects for professional investors. Investment assets developed favourably in terms of both market development and new subscriptions. In the low interest rate environment, the real estate sector remains an investor favourite. This will also support our future business, providing our customers opportunities to diversify their investments if uncertainty increases for example due to the coronavirus.

Forward together

Fennia, a Finnish company owned by its customers, has been serving household and corporate customers for close to 140 years. A new decade with new challenges lies ahead of us. In the spring of 2020, the coronavirus pandemic has changed the economic outlook. It is obvious that this year will be challenging for the Finland's economy. The restrictions implemented by the the Finnish Government in order to prevent spreading of the coronavirus have had a negative impact especially on entrepreneurs. At Fennia, we do our best to ensure that we can defeat the challenges brought by the pandemic together.

We kicked off this decade with the strategic Future Fennia project, and intend to continue it. The objective of the project is to give our customers the best possible customer experience. We intend to maintain our reputation as the most recommended insurance company among Finnish corporate and household customers.

I warmly thank all our customers for the trust they have placed in our company and our services. Sincerest thanks also to all Fennia employees for their amazing service attitude and dedication in this changing world.

Antti Kuljukka
Group CEO

Report of the board of directors

Fennia Group

The Fennia Group’s parent company, Fennia Mutual Insurance Company, is a Finnish non-life insurance company owned by its customers with its roots and values deeply embedded in entrepreneurship. Our line of business includes statutory and voluntary non-life insurances, which we offer to companies, entrepreneurs and households.

The Group’s subsidiaries are Fennia Life Insurance Company, which offers voluntary life, pension and savings insurance, Fennia Asset Management Ltd, which offers asset management services, Fennia Properties Ltd, which offers property management services, the service company Fennia-service Ltd, and 19 real estate companies. Fennia Non-Life Insurance Ltd (formerly Folksam) was a subsidiary of the Group until 1 May 2019, at which time its operations were merged with the business of the Group’s parent company.

The Fennia Group’s turnover grew in all significant businesses areas and amounted to EUR 996.5 million (EUR 511.2 million). 2019 was a good year for the Fennia Group. The Group’s result before appropriations and taxes was EUR 122.0 million (EUR -17.0 million).

The Group’s non-life insurance business grew significantly, mainly due to the business of Fennia Non-Life Insurance, which was acquired at the end of 2018. The result for the Group’s non-life insurance business was EUR 72.7 million (EUR -41.2 million). The result includes several items affecting comparability in 2019.

The Group’s result for the life insurance business before appropriations and taxes, EUR 49.2 million (EUR -24.2 million), was in line with expectations. Premiums written on the life insurance business increased significantly, and the business’s profitability improved. The growth in both premiums written and claims can be attributed to customers preparing for future tax reforms.

The Fennia Group’s net investment income at book value grew to EUR 296.7 million (EUR -52.5 million). The most significant factor of the investment operations’ improved accounting result was the adaptation of the investment portfolio to reflect the new model of balance sheet management and the related realised sales profits. Compared to last year, the decreased impairments, larger reversals of impairments and revaluations also improved the result.

Within the asset management business, a business transfer to Fennia Properties Ltd, which is wholly owned by Fennia Asset Management, took place. Under the business transfer, property management businesses that are not subject to an operating licence were transferred to Fennia Asset Management’s wholly owned subsidiary.

In June 2019, Fennia Property Development’s name was changed to Fennia Properties Ltd. The name was changed due to the above-mentioned business transfer in order to clarify the change that took place in the company’s business.

According to preliminary calculations, the Group’s solvency position remained strong throughout 2019, and at the end of the year stood at 215.8 per cent (209.2 %).

Non-life insurance business

Fennia Non-Life Insurance Company is Finland’s fourth largest non-life insurer. The company offers statutory and voluntary non-life insurances to companies, entrepreneurs and households.

Fennia Non-Life Insurance Company’s profit before appropriations and taxes was EUR 83.2 million (EUR -32.3 million).

Fennia’s premiums earned increased to EUR 418.7 million (EUR 378.0 million), reflecting growth of 10.7 per cent. The majority of the growth can be attributed to the merger of the Group’s subsidiary Fennia Non-Life Insurance Ltd into the business of the Group’s parent company as of 1 May 2019.

Premiums earned were negatively affected by a legislative amendment targeted at the public patient insurance pool. The impact of the legislative amendment on premiums earned was estimated to be EUR -17.7 million, and the impact of other technical changes in calculations was EUR 3.2 million.

Claims incurred increased during the financial year to EUR 562.8 million (EUR 286.2 million). Behind the increase in claims incurred is the growth in business following the merged business, as well as the lowering of the interest rate used in discounting pension liabilities from 1.5 % to 0.0 %. The impact of the lowered discount rate on profit or loss and other minor technical calculation changes were EUR -227.8 million. Behind the lowering of the discount rate was the strong decline in long-term market interest rates in the course of 2019. Claims incurred decreased by an estimated EUR 18.0 million due to a legislative amendment affecting the public patient insurance pool.

Premiums earned on insurances of the person amounted to EUR 136.5 million (EUR 117.2 million) and the risk ratio was 162.2 per cent (68.5 %). Excluding the items affecting comparability, premiums earned were EUR 131.2 million (EUR 117.2 million) and the risk ratio was 71.7 per cent (67.8 %).

Premiums earned on motor vehicle insurances amounted to EUR 161.9 million (EUR 139.2 million) and the risk ratio was 125.6 per cent (62.0 %). Excluding the items affecting comparability, premiums earned were EUR 163.7 million (EUR 139.2 million) and the risk ratio was 64.1 per cent (63.1 %).

Premiums earned on property insurances and other insurance lines were EUR 120.2 million (EUR 121.6 million) and the risk ratio was 56.0 per cent (60.9 %). Excluding the items affecting comparability, premiums earned were EUR 138.2 million (EUR 121.6 million) and the risk ratio was 60.2 per cent (59.2 %).

Operating expenses rose to EUR 153.1 million (EUR 100.4 million), as a result of the business expansion due to the merger and non-recurring items. Non-recurring costs arose due to write-downs of capitalised development expenses and totalled EUR 37.7 million. Fennia has decided to replace its current IT systems with new ones in the coming years. For that reason, the expected income from several capitalised development projects that were implemented changed substantially and led to write-downs as well as changes in depreciation periods.

In connection with the merger of Fennia Non-Life Insurance Ltd, the parent company Fennia revised its equalisation provision calculation bases, which the Finnish Financial Supervisory Authority approved on application in June 2019. A total of EUR 258.7 million was released from the equalisation provision with impact on the result.

Fennia's combined ratio, excluding unwinding of discount, was 168.5 per cent (99.7 %), risk ratio was 117.5 per cent (63.6 %) and operating expense ratio was 51.0 per cent (36.0 %). The comparable key figures adjusted by non-recurring items were 102.7 % for the combined ratio, 65.2 % for the risk ratio and 37.6 % for the operating expense ratio.

According to preliminary calculations, Fennia's solvency position remained very strong throughout 2019, and at the end of the year stood at 256.6 per cent (279.8 %).

Fennia Non-Life Insurance's result for the period 1 January – 30 April 2019 amounted to EUR 4.6 million. Premiums written amounted to EUR 29.5 million, and claims incurred were EUR 19.2 million. Operating expenses were EUR 5.7 million. The combined ratio, excluding unwinding of discount, was 98.2 per cent.

Life insurance business

Fennia Life specialises in voluntary life, pension and savings insurance and insurance asset management.

Fennia Life is a wholly owned subsidiary of Fennia Mutual Insurance Company. At the end of the financial year, the Fennia Life sub-group comprised nine (11) real estate companies wholly owned by the company and one (1) real estate company in which the company's holding was 88 per cent.

The sub-group's operating profit was EUR 47.7 million (EUR 23.1 million), and the parent company's operating profit was EUR 47.4 million (EUR 24.2 million).

Fennia Life's total premium income, after the reinsurers' share, increased to EUR 240.0 million (EUR 163.1 million). Claims paid totalled EUR 177.7 million (EUR 95.6 million). Surrenders amounted to EUR 123.5 million (EUR 44.8 million). The increase in premium income was influenced by, in addition to business development, customers' preparations for future tax reforms. The number of subscriptions for new savings contracts and surrenders grew at the end of the year.

Operating expenses totalled EUR 15.6 million (EUR 14.8 million). The company's expense ratio (of expense loading, incl. fund fees) was 89.5 per cent (90.2 %).

Fennia Life decreased the interest rate supplement reserved previously by EUR 9.5 million and the reserve for future bonuses by EUR 1.6 million.

According to preliminary calculations, Fennia Life's solvency ratio was 166.0 per cent (223.7 %). The biggest factors affecting the decrease were the changes made to the calculation of the technical provisions, the lower interest rate level and the proposed dividend distribution.

Asset Management

Fennia Asset Management Ltd is an investment service company that offers high-quality and cost-effective asset management to companies, entrepreneurs, institutions and private persons alike.

Fennia Asset Management is a wholly owned subsidiary of Fennia Mutual Insurance Company and has one wholly owned subsidiary – Fennia Properties Ltd.

At the start of September, Fennia Asset Management executed a business transfer in which property management interpreted as not being subject to an operating licence was transferred to the subsidiary Fennia Properties. With this change, property management services and development will, from now on, be the focus of the subsidiary Fennia Properties. In connection with the business transfer, the company's name was changed to better reflect the new business, from Fennia Property Development Ltd to Fennia Properties Ltd, which was entered in the trade register on 17 June 2019.

As part of the business transfer, an ownership arrangement also took place, in which Rakennuttajatoimisto Allianssi Oy, which previously owned 30 % of Fennia Property Development, sold its share to Fennia Asset Management Ltd at the start of June. After the stock trade, Fennia Properties Ltd is a wholly owned subsidiary of Fennia Asset Management. Fennia Asset Management's result decreased from the comparison period. Operating profit decreased particularly due to investments to further develop operations and the business transfer that took place at the start of September. The profit for the financial year, before taxes, was EUR 0.6 million (EUR 1.5 million). Assets under management, however, increased to EUR 2.7 billion (EUR 2.5 billion), thanks to new customer accounts and an increase in the value of invested assets. Fennia Properties' result amounted to EUR 0.1 million.

The amount of client assets managed by Fennia Asset Management and Fennia Properties grew and totalled EUR 3.3 billion (EUR 3.1 billion), of which the Group's internal assets accounted for EUR 2.6 billion (EUR 2.5 billion).

Investments

It was a good year for investment operations. In the non-life insurance company, net investment income at book value grew to EUR 121.7 million (EUR 0.5 million). Gains on the realisation of investments were EUR 96.8 million higher than in the comparison year. Compared to last year, the decreased impairments and larger reversals of impairments also improved the result by EUR 25.5 million. Net investment income on invested capital was 11.2 per cent (1.6 per cent).

In the life insurance company, net investment income at book value grew to EUR 181.3 million (EUR -39.4 million). Gains on the realisation of investments were EUR 39.2 million higher than last year. Compared to last year, the decreased impairments, larger reversals of impairments and revaluations also improved the result by EUR 183.7 million. Net investment income on invested capital was 7.6 per cent (2.4 per cent).

Fennia and Fennia Life adopted a new model of balance sheet management in their investment operations at the start of the year. Under the new strategy, the company actively hedges against changes in the value of its market-consistent technical provisions using interest rate derivatives. The objective of interest rate hedging is to reduce the negative impact of a change in market rates on the company's market-consistent result and solvency position.

These interest rate hedges have been implemented as hedging instruments in accounting. Changes in the value of derivatives are not entered through profit or loss when the hedge is within the limits defined by the efficiency calculation. The hedges were efficient throughout 2019. The hedge rate in 2019 varied between 60–80 per cent and ended the year in the upper range of that scale. Derivative contracts were implemented with counterparties with a good credit rating. In derivative contracts, variation margin is exchanged daily against changes in market value.

Administration and staff

During the year under review, the members of Fennia's Board of Directors were Mikael Ahlbäck (Chairman); Matti Pörhö (Vice Chairman); Henry Backlund, Chairman of the Board of Directors; Eva Liljeblom, Professor; Jyrki Mäkynen, Managing Director; Anni Ronkainen, Chief Digital Officer; Paul Stucki, Vice Chairman of the Board of Directors; Risto Tornivaara; and Tomi Yli-Kyyny, CEO.

The Board of Directors held a total of 12 meetings during the year under review. The attendance rate of the members was 95 per cent.

Group CEO Antti Kuljukka has served as the company's Managing Director.

The Group had an average of 1,064 employees (1,009) in 2019, some 919 (859) of whom worked for the parent company.

Remuneration

The starting point for remuneration in the Fennia Group is to provide encouraging, fair and reasonable remuneration to management and personnel, in line with the short- and long-term interests of the Group and Group companies. Fennia's remuneration schemes are based on achieving pre-defined targets that are derived from the Group's strategic targets. In order to achieve this objective, remuneration principles (pay policy) have been drawn up for the Group. The Fennia Group's pay policy defines all of the principles related to salary and rewards for Fennia employees. At Fennia, the pay policy is viewed as a whole that is influenced not only by an interesting and sufficiently challenging field of tasks, but also by good leadership, personnel benefits and monetary rewards. The pay policy also defines how each Fennia employee can influence the development of their salary by developing themselves and their work, as well as the responsibilities related to salary and rewards within the company.

In line with the pay policy, rewards have been built in such a way as to prevent unhealthy risk-taking. The remuneration schemes include, among other things, pre-defined maximum amounts of remuneration and a force majeure clause, which gives the Board of Directors the right to amend the schemes during the period if the company's financial position is jeopardised or if the circumstances have otherwise changed considerably. Remuneration decisions are made according to the 'one above' principle, i.e. the person making the decision is the supervisor of the supervisor of the employee in question.

Group Structure

The consolidated financial statements of Fennia Mutual Insurance Company include Fennia Life Insurance Company, in which the Company has a 100 per cent holding, on the basis of the sub-group financial statements.

The consolidated financial statements also include Fennia Asset Management Ltd, in which the Company has a 100 per cent holding. Fennia Asset Management Ltd's subsidiary Fennia Properties Ltd, which Fennia Asset Management Ltd has a 100 per cent holding in, is also included in the consolidated financial statements. Fennia Asset Management has not prepared consolidated financial statements.

Fennia Non-Life Insurance Ltd is included in the consolidated financial statements for a period of four months. Fennia Non-Life Insurance Ltd was a subsidiary of the Group until 1 May 2019, at which time its operations were merged with the business of the Group's parent company. In 2018, Fennia Non-Life Insurance Ltd was included in the consolidated financial statements for one month.

Also included in the consolidated financial statements are eFennia, in which Fennia has a 20 per cent holding and 63.6 per cent of the voting rights, and Fennia-service Ltd, which is wholly owned by Fennia.

At the end of 2019, the Group had 19 (26) real estate companies, 10 (12) of which belonged to the Fennia Life sub-group. Seven real estate companies were sold during the year. The associated undertaking Uudenmaan Pääomarahasto Oy was also consolidated to the Group.

Risk and solvency management

The risk management and solvency management principles that are approved by the Boards of Directors of the Group companies serve as the foundation for the Fennia Group's risk management and solvency management. In the Fennia Group, risk management means co-ordinated strategies, processes, principles and measures to identify, measure, manage, monitor and report risks faced by the Group and the Group companies. Solvency management, on the other hand, means strategies, processes, principles and measures to determine and steer the Group's and the Group companies' risk-bearing capacity, risk appetite, risk tolerance and restrictions of their essential risks.

The steering of the risk management system is based on a three-defence-line model, which is described in more detail in the note concerning risk management. The Group has a risk management executive group to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate information. A group-level asset-liability committee (ALCO) has been established for the insurance companies' balance-sheet management.

Investment activities are based on the asset-liability management (ALM) plans approved by the Boards of Directors; the plans determine, among other things, the allocation of investments and the rights and responsibilities of those involved in investment activities. The companies' risk-bearing capacity is taken into account in determining investment allocation.

A note to the Financial Statements concerning risks and the management of risks and solvency has been drawn up, detailing the Fennia Group's most significant risks and general principles concerning risks and solvency management.

Statement of non-financial information

Fennia publishes a separate statement of non-financial information. The statement will be published on Fennia's website, www.fennia.fi.

Corporate Social Responsibility Report

Fennia publishes a separate Corporate Social Responsibility Report. The report will be published on the company's website www.fennia.fi.

Solvency and Financial Condition Report

Fennia's, Fennia Life's, Fennia Non-Life Insurance's and Fennia Group's Solvency and Financial Condition Reports will be published at the latest on 19 May 2020 on Fennia's website www.fennia.fi.

Outlook for the current year

It is estimated that the non-life business that is part of the Fennia Group will report a combined ratio for 2020 that is at the same level as in the comparison year, excluding items affecting comparability. The amount and timing of future investments may, however, impact the profitability of the non-life insurance business, even to a great degree. The operating result for life insurance for 2020 is expected to be on a par with the comparison year. The result for asset management is expected to improve but to remain of minor significance to the Fennia Group.

The investment result is expected to be moderate. The outcome may differ significantly from the estimate if the market outlook changes.

Profit and Loss Account

1,000 €	Note	Parent Company 2019	Parent Company 2018	Group 2019	Group 2018
Technical Account	2				
Non-life insurance					
Premiums earned					
Premiums written	1	418,041	382,795	447,504	386,880
Reinsurers' share		-5,386	-4,209	-5,422	-4,412
		412,655	378,586	442,082	382,469
Change in the provision for unearned premiums					
Change in total		-28,845			
Provisions transferred in the merger		34,265			
Change in provisions for unearned provisions		5,421	-578	934	1,603
Reinsurers' share					
Change in total		1,039			
Provisions transferred in the merger		-453			
Reinsurers' share		585		585	
Premiums earned in total		418,661	378,007	443,601	384,071
Claims incurred in total					
Claims paid		-362,699	-312,492	-382,014	-317,678
Reinsurers' share		1,822	13,992	2,248	14,011
		-360,877	-298,500	-379,766	-303,667
Change in the provision for outstanding claims					
Change in total		-324,809			
Provisions transferred in the merger		124,112			
Change in the provision for outstanding claims		-200,697	35,483	-200,719	32,385
Reinsurers' share					
Change in total		7,164			
Provisions transferred in the merger		-8,391			
Reinsurers' share		-1,227	-23,176	-1,527	-22,538
		-201,924	12,307	-202,246	9,847
Claims incurred in total		-562,801	-286,193	-582,012	-293,820
Net operating expenses	4	-153,106	-100,363	-153,491	-101,963
Vakuutustekninen kate ennen tasoitusmäärän muutosta		-297,246	-8,549	-291,902	-11,712
Tasoitusmäärän muutos					
Change in total		222,499			
Provisions transferred in the merger		36,199			
Change in equalisation provision		258,699	-24,474	258,699	-15,727
Balance on technical account		-38,547	-33,023	-33,203	-27,439
Technical Account					
Life insurance					
Premiums written					
Premiums written				240,966	164,142
Reinsurers' share				-1,022	-1,063
Premiums written in total				239,945	163,079

Share of net investment income				182,902	-39,615
Other technical underwriting income					
Claims incurred in total					
Claims paid				-178,018	-95,505
Reinsurers' share				309	-32
Change in the provision for outstanding claims				-8,326	-2,340
Portfolio transfer					
Claims incurred in total				-186,035	-97,877
Change in the provision for unearned premiums				-171,926	13,378
Portfolio transfer					
Net operating expenses				-15,398	-14,658
Balance on technical account				49,488	24,306
Non-Technical Account					
Balance on technical account, non-life insurance				-33,203	-27,439
Balance on technical account, life insurance				49,488	24,306
Investment income	6	162,254	80,481	273,647	141,948
Revaluations on investments				94,712	13,095
Investment charges	6	-40,522	-80,027	-70,434	-160,909
Revaluation adjustments on investments				-1,263	-46,665
		121,732	454	296,662	-52,532
Transfer of part of net investment income				-182,902	39,615
Other income					
Income from investment services operations				6,512	5,181
Other		75	44	1,558	4,486
		75	44	8,070	9,667
Other charges					
Investment charges				-8,375	-6,320
Other		-23	223	-7,703	-4,315
		-23	223	-16,078	-10,635
Profit/loss on ordinary activities		83,236	-32,301	122,037	-17,017
Share of associated undertakings' loss/profit				-49	
Profit/loss before appropriations and tax		83,236	-32,301	121,988	-17,017
Appropriations					
Change in depreciation difference		1,195	-237		
Tax on profit					
Tax for the financial year		-11,529	-202	-22,915	-2,590
Tax from previous periods		172	313	582	884
Deferred tax				3,484	134
		-11,357	111	-18,849	-1,571
Minority interests				-317	-915
Profit/loss for the financial year		73,075	-32,427	102,821	-19,503

Balance Sheet

1,000 €	Note	Parent Company 2019	Parent Company 2018	Group 2019	Group 2018
ASSETS					
Intangible assets					
Intellectual property rights	14	70,771			
Other long-term expenses	14	11,328	45,475	14,443	50,461
Goodwill				67,332	74,989
Advance payments	14		12,682	872	14,310
		82,099	58,157	82,647	139,760
Investments	7				
Real estate investments					
Land and buildings and real estate shares	8	175,279	179,123	324,776	371,222
Real estate investment funds	8	45,500		53,853	
Investment loans to affiliated undertakings	8	76,382	116,522		
Loans to associated undertakings				1,843	1,843
		297,161	295,645	380,473	373,065
Investments in affiliated and associated undertakings					
Shares and participations in affiliated undertakings	9	68,486	174,484		
Shares and participations in associated undertakings	9			1,471	2,070
		68,486	174,484	1,471	2,070
Other investments					
Shares and participations	13	729,696	817,852	976,420	1,138,293
Debt securities		571,312	132,921	966,890	575,428
Loans guaranteed by mortgages		29,221	30,467	31,918	33,254
Other loans	10	23,793	28,483	24,604	29,290
Deposits			1,100		1,100
		1,354,023	1,010,823	1,999,832	1,777,365
Deposits with ceding undertakings		62	24	62	82
Total investments		1,719,732	1,480,976	2,381,838	2,152,583
Investments covering unit-linked insurances				1,235,561	1,024,979
Debtors					
Arising out of direct insurance operations					
Policyholders		76,686	67,458	76,824	84,811
Arising out of reinsurance operations		952	544	1,261	594
Other debtors		62,097	67,707	80,289	90,081
Deferred tax receivables				3,308	2,086
		139,735	135,708	161,682	177,572
Other assets					
Tangible assets					
Machinery and equipment	14	7,354	8,968	7,631	9,553
Stocks		390	289	402	606
		7,743	9,256	8,033	10,159
Cash at bank and in hand		44,533	44,663	84,713	123,346
		52,276	53,920	92,746	133,504
Prepayments and accrued income					
Interest and rents		9,173	1,033	15,717	7,158
Other		9,735	12,617	13,377	17,046
		18,909	13,651	29,094	24,204
		2,012,751	1,742,412	3,983,568	3,652,602

1,000 €	Note	Parent Company 2019	Parent Company 2018	Group 2019	Group 2018
LIABILITIES					
Capital and reserves	17				
Initial fund		7,703	7,703	7,703	7,703
Revaluation reserve		583	583	583	583
Security reserve		245,747	278,174	245,747	278,174
At the disposal of the Board		59	59	59	59
Profit brought forward				63,266	50,342
Profit for the financial year		73,075	-32,427	102,821	-19,503
		327,167	254,092	420,179	317,358
Appropriations					
Accumulated depreciation difference		769	1,571		
Minority interests				2,149	2,349
Technical provisions					
Non-life insurance: Provision for unearned premiums		155,720	126,875	154,681	156,172
Reinsurers' share		-1,039			
		154,681	126,875	154,681	156,172
Life insurance: Provision for unearned premiums				421,455	449,851
Non-life insurance: Claims outstanding		1,312,921	988,112	1,312,921	1,112,202
Reinsurers’ share		-12,890	-5,727	-12,890	-14,418
		1,300,031	982,386	1,300,031	1,097,784
Life insurance: Claims outstanding				150,473	152,745
Equalisation provision, non-life insurance		113,758	336,258	113,758	372,457
Technical provisions in total		1,568,470	1,445,518	2,140,398	2,229,010
Technical provisions for unit-linked insurances				1,237,902	1,026,981
Creditors					
Arising out of reinsurance operations		1,236	422	2,011	2,786
Other creditors		76,358	16,018	119,753	29,919
Deferred tax				7,602	9,871
		77,595	16,440	129,366	42,576
Accruals and deferred income		38,750	24,790	53,573	34,328
		2,012,751	1,742,412	3,983,568	3,652,602

Parent Company Cash Flow Statement

Indirect cash flow statement

EUR 1,000	2019	2018
Cash flow from business operations		
Profit on ordinary activities	71,880	-32,190
Adjustments		
Change in technical provisions	122,952	12,746
Value adjustments and revaluations on investments	-5,024	20,470
Depreciation according to plan	61,924	13,152
Other	-103,839	4,295
Cash flow before change in net working capital	147,893	18,473
Change in net working capital:		
Increase/decrease in non-interest-earning receivables	-10,089	8,776
Increase/decrease in non-interest-earning payables	64,492	178
Cash flow from business operations before financial items and taxes	202,296	27,427
Interest paid on other financial expenses from operations	-191	-102
Taxes	22,379	3,974
Cash flow from business operations	224,484	31,299
Cash flow from capital expenditures		
Capital expenditure on investments (excl. funds)	-235,223	-29,960
Capital gain from investments (excl. funds)	92,673	-4,082
Investments and income from the sale of tangible and intangible assets and other assets (net)	-47,673	-15,073
Cash flow from capital expenditures	-190,222	-49,115
Cash flow from financing		
Dividends paid/Interest paid on guarantee capital and other profit distribution	-	-
Change in funds	34,262	-17,816
Funds on 1 Jan.	44,663	62,480
Share of the merger	34,132	-
Funds on 31 Dec.	44,533	44,663
	34,262	-17,816

Accounting principles

The financial statements have been compiled in accordance with the decisions, instructions and regulations of the Finnish Accounting Act, Companies Act, Insurance Companies Act, and the authorities responsible for monitoring insurance companies.

Book value of investments

Buildings and structures are presented in the balance sheet at the lower of acquisition cost less the planned depreciation or current value. Real estate shares and land and water areas are presented at the lower of acquisition cost or current value. Planned depreciation is made on revaluations entered as income arising from buildings.

Stocks and shares in the nature of investments are presented at the lower of acquisition cost or current value. Stocks and shares in the nature of fixed assets are entered at the lower of acquisition cost or current value, if the value adjustment is considered permanent. The acquisition cost is calculated using the average price.

Debt securities are entered in the balance sheet at acquisition cost. The acquisition cost is calculated using the average price. The difference between their nominal value and acquisition cost is accrued as interest income, or interest payable, over the life of the debt security instrument, and entered as an increase or decrease in their acquisition cost. Changes in value arising from the variation in interest rates are not entered. Value adjustments relating to the issuer's creditworthiness are entered at profit or loss.

Loan receivables and deposits are presented in the balance sheet at nominal value or at a permanently lower likely realisable value.

Value adjustments that have been made earlier on investments are re-adjusted with impact on the result up to the original acquisition cost if the current value increases.

Derivative contracts are mainly used to hedge the exchange rate risk and price risk in the investment portfolios by applying fair value hedging. In accounting terms, however, derivatives are mainly treated as non-hedging instruments, even though they serve as effective hedging instruments. The profits and losses resulting from the termination or expiry of contracts are entered as income or expenses for the financial year. The negative difference between the current value of the derivative contracts treated as non-hedging and a higher book value/contract rate is entered as an expense. Unrealised income is not entered.

Interest rate derivatives are used to hedge the interest rate risk of market-based technical provisions against future changes in value in accordance with the company's risk management. In accounting terms, these interest rate derivatives are treated as hedging instruments. When employing hedge accounting, the negative change in the value of derivatives is not entered as an expense insofar as it is covered by the change in the value of the position being hedged, and provided that the hedging is effective. However, if the negative change in the value of the hedging interest rate derivatives is greater than the positive change in the value of the market-consistent technical provisions to be hedged, the excess value is entered under value adjustments on investments. The interest for the financial period from the interest rate derivatives is entered as income or expenses for the financial year based on the contract. Profit or loss arising in connection with the closing of interest rate derivatives treated as hedging instruments in accounting are periodised over the life of each derivative contract.

Investments covering unit-linked insurances are valued at their current value, and the change in current value is entered as income or expenses in the profit and loss account.

Book value of assets other than investments

Other long-term expenses, which have been capitalised, are basic renovation expenses for real estate and planning expenses for information systems and, in addition, goodwill has been capitalised in the balance sheet. Those expenses, as well as equipment, are entered in the balance sheet at acquisition cost less planned depreciation. Impairment write-offs are recorded on the capitalisation of information systems if the capitalisation can no longer be considered to produce income in the future.

Premium receivables are presented in the balance sheet at probable value and other receivables at their par value or at a probable value permanently lower than this. Receivables that, on the basis of experience from previous years, are likely to expire have been deducted from the par value of premium receivables, resulting in their probable value. Receivables that are likely to remain unsettled are entered as a credit loss.

Depreciation according to plan

Depreciation according to plan is calculated as a straight-line depreciation on the acquisition cost based on the estimated economic life of the asset. The average estimated depreciation times are as follows:

Computer software	3–7 years
Planning expenses for information systems	3–10 years
Other long-term expenses	3–10 years
Goodwill	10 years
Business and industrial premises and offices	20–75 years
Components in buildings	10–20 years
Vehicles and computer hardware	3–5 years
Office machinery and equipment	7 years

Revaluations on investments

Revaluations and revaluation adjustments on investments in the nature of investment assets are entered with impact on the result. Investments covering unit-linked insurances are valued at their current value, and the change is entered with impact on the result.

Revaluations on investments in the nature of fixed assets and their reversals are entered in the revaluation reserve under restricted capital and reserves. Planned depreciation is made on revaluations entered as income arising from buildings.

Current value of investments

The value of real estate and shares in real estate is entered at values not exceeding market-based current values. The investments are evaluated using the net present value rule based on cash flow. An external authorized real-estate appraiser and the company's own experts take part in setting the annual fair value of real estate investments.

The current value of shares and participations in a life insurance company, which is a subsidiary, is based on the Embedded Value (EV) model. The subsidiary's EV is based on the adapted Solvency II balance sheet.

Quoted securities and securities that are otherwise subject to public trading are valued at the last bid price in continuous trading on the balance sheet date or, if this is not available, at the latest trading price. Unlisted securities are valued at the estimated market price, the undepreciated portion of acquisition cost or a value based on net asset value. Private equity investment fund shares are valued at the estimated current value of the fund reported by the administrative company or, if this is not available, at acquisition cost.

Derivative contracts are valued according to their market quotation on the date of closing the accounts, or if this is not available, according to discount and termine curves based on swap market quotations on the date of closing the accounts as well as according to the exchanges rates on the date of closing the accounts.

Receivables are valued at the lower of par value or probable value.

Foreign currency items

Transactions in foreign currency are entered at the exchange rate of the transaction date. In the annual closing of the accounts, currency-denominated receivables and liabilities and current values of investments have been translated into euro using the European Central Bank's benchmark rate on the date of closing the accounts. Exchange rate gains and losses arising during the financial period and in the closing of the accounts are entered as adjustments to the income and expenses concerned or as investment income and charges, if they are related to financing operations. Currency conversion differences on the technical account have not been transferred to the investment income/charges in the profit and loss account. This has no impact on the profit and loss account, giving a true and fair view of the results.

Staff pension schemes

Pension insurance cover has been arranged for the staff of the Group companies with Elo Mutual Pension Insurance and for the staff transferred in merger with the Veritas Pension Insurance Company. Pension expenditure during the financial year is entered on the accrual basis as an expense.

Appropriations and treatment of deferred tax

In the Group companies' financial statements and in the consolidated financial statements, deferred tax is entered in total, and receivables are entered up to an amount of probable taxable income in the future, against which they can be booked. Deferred tax is calculated according to the confirmed rate of tax on the date of closing the accounts.

Non-life insurance: Premium provision

For the determination of premium provisions, the Pro rata method is used. A new data repository was taken into use for the calculation of premiums, resulting in a decrease of EUR 3.2 million in premium provisions as the quality of information used improved.

Non-life insurance: Claims provision

The calculation of claims provision complies with the regulations and guidelines of the Insurance Companies Act, the Ministry of Social Affairs and Health and the Financial Supervisory Authority.

Claims provision includes the claims payable by the company after the financial year, arising from major losses and other insured events that have occurred during or before the financial year.

The company changed the discount rate for technical provisions in the form of pensions from 1.5 to 0.0 per cent. At the same time, the calculation was transferred to the same platform as the capital requirements calculation. Thus, technical provisions for statutory and private accident insurance, motor liability insurance and liability insurance increased by a total of EUR 227.8 million. Due to upcoming changes into the Act on Services and Assistance for the Disabled, the right of recourse was abolished, resulting in a decrease of approximately EUR 18.0 million in technical provisions. Discounting is not applied to other parts of claims provision.

In calculating pension provisions, the company uses the mortality model, which was updated in 2016 and is generally applied by insurance companies, with a confidence level of 75,0 per cent.

The claims provision also includes the equalisation provision, which must be shown separately in the balance sheet. The equalisation provision is a buffer for years when large numbers of losses occur. The amount of the equalisation provision is determined in accordance with the calculation bases prescribed for the company by the Finnish Financial Supervisory Authority. In 2019, significant amendments were made to both the upper limit and the parameters. The target level of the equalisation provision was set as the new upper limit. Thus, the equalisation provision decreased by approximately EUR 260.0 million.

Technical provisions in life insurance

The calculation of technical provisions complies with the regulations and guidelines of the Insurance Companies Act, the Ministry of Social Affairs and Health and the Financial Supervisory Authority.

No technical rate of interest is applied to unit-linked insurances. For other insurances, the technical provisions are calculated separately for each insurance and the technical rate of interest applied varies as follows:

- For individual life and pension insurance, the technical rate of interest applied is between 1 and 4.5 per cent, depending on the starting date of the insurance.
For new pension insurance contracts, the technical rate of interest is 1 per cent.

- For capital redemption contracts, the technical rate of interest applied is between 0 and 2.5 per cent, depending on the starting date and the target group of the contract.
- The technical interest rate for group pension insurance is 0 to 3.5 per cent. An annual interest rate is applied to new group pension insurance policies (the technical rate of interest is 0 %).

In order to fulfil the technical interest rate requirement, the technical provisions have been supplemented in previous financial statements. The supplementary provision for the guaranteed interest rate as of 31 December 2019 is approximately EUR 105.2 million. As a result of the supplementary provision, the minimum annual return requirement for investment operations on the part of policies based on technical provisions is 1.0 per cent.

Principle of Fairness

According to Chapter 13, Section 2 of the Insurance Companies Act, a so-called Principle of Fairness must be observed in life insurance with respect to such policies which, according to the insurance contract, entitle to bonuses and rebates granted on the basis of any surplus yielded by the policies. This principle requires that a reasonable part of the surplus be returned to these policies as bonuses, insofar as the solvency requirements do not prevent it.

Fennia Life aims at giving a long-term gross return on policyholders' with-profit insurance savings that is at minimum based on the risk-free interest rate. The surrender right and the duration of the insurance are taken into account in distributing bonuses. The return to be distributed to clients is determined based on the company's long-term net income on investments.

The total interest rate consists of the technical interest rate and the total amount of bonuses and rebates on the insurance contract in question. The amount of bonuses and rebates is influenced by the level of technical interest on the contract. When the company's net income from investments is low, the level of distributed bonuses is reduced. In this case, the total interest rate on insurance contracts with a low technical rate of interest can remain lower than that on an insurance contract with a high technical rate of interest. When the net income on investments is high, insurance contracts with a low technical rate of interest may achieve a higher total interest rate than insurance contracts with a high technical rate of interest.

The aim is to retain continuity in the level of bonuses paid, as a result of which the surplus from returns on investments can be accrued as distributable bonuses for the group of insured in question for the coming years.

The level of bonuses is limited by the owner's requirements for return on capital, as well as the company's solvency target. The solvency target is set in such a way that all the solvency limits set by legislation are exceeded and so that the company is able to take risks in its investment operations to the extent required by solvency maintenance, by the return requirement on technical provisions and by the return requirement of the owner.

Fennia Life's Board of Directors decides on the distribution of bonuses to insurance contracts annually. The amount of bonuses confirmed in advance can, however, be changed during the course of a year if necessitated by the company's solvency or the general market situation.

The Principle of Fairness can be applied in risk life insurances, on the part of death cover and disability cover, to specified insurance groups in the form of increased compensation.

Bonus targets are not binding and are not part of the insurance contract between the company and the policyholder. The bonus objectives are in force until further notice and the company reserves the right to alter the bonus objectives.

Implementation of the Principle of Fairness in 2019

Fennia Life's bonuses in 2019 correspond to the targets set by the company in its Principle of Fairness. The return to be distributed to insurance policies is determined based on the company's long-term net income on investments. The goal in the level of bonuses is continuity. The company's solvency position is taken into account when distributing bonuses.

The company's return on investments in 2019 was moderate. In response to the extremely low interest rate level that has continued for some time, the company has annually transferred part of its result to the supplementary provision for the guaranteed interest rate in order to cover the cost of the technical rate of interest in the coming years. At the closing of the accounts on 31 December 2019, no such transfer was made. The supplementary provision for the guaranteed interest rate was decreased according to plan.

The technical rate of interest for new pension insurance contracts has remained low (0–1 per cent) for several years. In order to ensure continuity in the level of bonuses paid, EUR 3.8 million was transferred from the result for 2017 to the provision for future bonuses to be used to cover the cost of the bonuses on pension insurance contracts with a technical rate of interest of 0 or 1 per cent. The bonuses paid 2019 were funded from provisions for bonuses reserved earlier.

The risk-free interest rate has remained low for both short-term and long-term government bonds since 2009. Between 2009 and 2019, the total interest credited by Fennia Life has clearly exceeded the risk-free interest rate of the corresponding investment period. When distributing bonuses, not only the contract's technical rate of interest, but also the surrender right and the duration of the insurance have been taken into account. For that reason, the total interest credited on pension insurance has been higher than the interest credited on savings insurance.

Total annual interest on with-profit policies in 2019

Technical interest rate	Individual savings insurance	Individual pension insurance	Group pension insurance	Capital redemption policy
4.50%	4.50%	4.50%		
3.50%	3.50%	3.50%	3.50%	
2.50%	2.50%	2.50%	2.50%	2.50%
2.00%			2.00%	
1.50%	1.50%			1.50%
1.00%	1.00%	1.70%	1.70%	1.00%
0,00%			1.70%	0.60%

The surplus from risk life insurance is paid out as extra sums to risk life insurance policies in connection with loss events The extra sums paid in 2019, amounting to EUR 1,086,741 were funded from provisions for bonuses reserved in the previous financial statement. The sums paid per insurance were increased in 2018.

Consolidated Financial Statements

Fennia's consolidated financial statements include the parent company and all the subsidiaries in which the parent company either directly or indirectly holds more than half of the voting rights. Fennia Life Insurance Company Ltd belongs to the Fennia Group as a subsidiary. The financial statements of Fennia Life and its subsidiaries are consolidated with the Group's financial statements on the basis of the consolidated financial statements of the Fennia Life sub-group. The Group also includes Fennia Asset Management Ltd, Fennia Properties Ltd, which is wholly owned by Fennia Asset Management Ltd., and Fennia-service Ltd. eFennia Oy is also consolidated to the Group (holding 20 per cent, voting rights 63.6 per cent). The transfer of business between Fennia Asset Management and Fennia Properties was eliminated in the consolidated financial statements.

The other subsidiaries included in the consolidated financial statements are real estate companies. At the end of 2019, the Group also included 19 (26) real estate companies, 10 (12) of which belonged to the Fennia Life subgroup. Seven real estate companies were sold during the year. The associated undertaking Uudenmaan Pääomarahasto Oy was also consolidated to the Group.

Fennia acquired the total stock of then Folksam Non-life Insurance Company Ltd in 2018. The purchase price, including expenses arising from the transaction, amounted to a total of EUR 106 million. It was entered under own equity, but also partly as technical provisions, shares and debt securities, but at significant part, EUR 76 million, as consolidation difference, to be depreciated in 10 years. Fennia Non-Life Insurance is included in the consolidated financial statements for four months. Fennia Non-Life Insurance was a Group subsidiary until 1 May 2019, when the business operations were merged into the business operations of the Group's parent company. In 2018, Fennia Non-Life Insurance was included in the consolidated financial statements for one month.

On 1 April 2018, Fennia Life sold the entire share capital of its wholly owned Fennia Asset Management Ltd to Fennia Mutual Insurance Company in an inter-group transaction. Fennia Asset Management was included in Fennia Life's consolidated financial statements for the first three months of the financial year 2018.

The consolidated financial statements have been drawn up as combinations of the profit and loss accounts, balance sheets and notes of the parent company and the subsidiaries. Amounts due to or from Group companies, internal gains and losses, profit distribution and mutual share ownership have been eliminated. Minority interests in results and in capital and reserves are presented as separate items. Mutual share ownership is eliminated using the acquisition method. The consolidation difference is entered under the fixed asset items concerned and depreciated according to their depreciation plan. The unallocated part of goodwill on consolidation will be written off in 10 years.

In the accounts of the real estate subsidiaries, the revaluations at the time of acquisition have been reversed, as they have affected the acquisition price of the shares.

The companies in which the Group holds 20–50 per cent of the voting rights have been included in the consolidated financial statements as associated undertakings using the equity method of accounting. However, holdings (20–50 per cent) in mutual real estate undertakings and property companies and in collective investment undertakings are not included. This has no significant impact on the Group's results and capital and reserves.

Two special investment funds managed by Fennia Asset Management Ltd, Fennica Properties I (Fennia Group's participating interest in the fund was 16.0 % at year-end) and Fennica Building Plot Fund Fennia Group's participating interest in the fund was 21.6 % at year-end), non-UCITS, were not included in the consolidated financial statements.

The Group's participating interests in the funds are included in the balance sheet as real estate fund units at purchase price and the valuation difference between their current value and purchase price is included in the valuation differences for the Group's investments. Consolidation to the consolidated financial statements is unnecessary in order to give a true and fair view of the consolidated result of operations and of the financial position. From the perspective of the Group, the participating interests are investments, and thus their inclusion in investments gives a true and fair view of the Group.

Treatment of the merger of Fennia Non-Life Insurance Ltd in the financial statements and the impact of the merger on the balance sheet of Fennia Mutual Insurance Company.

Fennia Non-Life Insurance (formerly Folksam) merged with the parent company on 1 May 2019. In the merger, Fennia entered the assets and liabilities received at book value. The negative merger difference from the takeover (merger loss) was capitalised in the balance sheet as intangible assets, and will be depreciated in 10 years according to plan. The table below presents the impact of the merger on Fennia's balance sheet:

EUR mill.	Fennia 1 May 2019	Fennia Non-Life Insurance 1 May 2019	Merger adjustments	Fennia after the merger 1 May 2019
Intangible assets	59.1	1.9	76.1	137.1
Investments	1,573.8	167.7	-106.0	1,635.5
Debtors	183.9	18.0		201.9
Other assets	92.2	34.6		126.8
Prepayments and accrued income	15.1	1.6		16.7
Assets	**1,924.2**	**223.9**	**-29.9**	**2,118.1**
Capital and reserves	308.8	29.9	-29.9	308.8
Provisions	1.3	0.4		1.8
Technical provisions	1,218.2	149.5		1,367.7
Equalisation provision	330.9	36.2		367.1
Creditors	32.0	5.4		37.4
Accruals and deferred income	32.9	2.4		35.3
Liabilities	**1,924.2**	**223.9**	**-29.9**	**2,118.1**

Group companies

The following subsidiaries are included in the consolidated financial statements

- eFennia Oy
- Fennia-service Ltd
- Fennia Asset Management Ltd
- Fennia Properties Ltd
- Kiinteistö Oy Eagle Lahti
- Kiinteistö Oy Joensuun Metropol
- Kiinteistö Oy Kyllikinportti 2
- Kiinteistö Oy Ruosilantie 11
- Kiinteistö Oy Televisiokatu 1
- Kiinteistö Oy Televisiokatu 3
- Kiinteistö Oy Tampereen Rautatienkatu 21
- Kiinteistö Oy Tampereen Ratapihan kulma
- Kiinteistö Oy Vantaan Kaivokselantie 9
- Asunto Oy Helsingin Vattuniemenkuja 8, sold 27 June 2019
- Asunto Oy Helsingin Viikinportti, sold 27 June 2019
- Asunto Oy Espoon Myllynkivi, sold 27 June 2019
- Asunto Oy Keravan Jaakonkulma, sold 27 June 2019
- Kiinteistö Oy Ruosilantie 4-6, sold 24 April 2019

- Fennia Life Insurance Company Ltd
  - Subsidiaries
    - Kiinteistö Oy Teohypo
    - Kiinteistö Oy Espoon Niittyrinne 1
    - Kiinteistö Oy Vaajakosken Varaslahdentie 6
    - Kiinteistö Oy Sellukatu 5
    - Kiinteistö Oy Vasaraperän Liikekeskus
    - Kiinteistö Oy Koivuhaanportti 1-5
    - Kiinteistö Oy Mikkelin Hallituskatu 1
    - Kiinteistö Oy Vasaramestari
    - Kiinteistö Oy Konalan Ristipellontie 25
    - Munkinseudun Kiinteistö Oy
    - Asunto Oy Jyväskylän Jontikka, sold 27 June 2019
    - Asunto Oy Tampereen Vuoreksenpuistokatu 76, sold 27 June 2019

Associated undertakings included in the consolidated financial statements

- Uudenmaan Pääomarahasto Oy

Notes to the Accounts, Parent Company

Notes to the Profit and Loss Account and Balance Sheet

1. Premiums written

EUR 1,000	2019	2018
Non-life insurance		
Direct insurance		
Finland	417,589	382,338
Reinsurance	452	457
Gross premiums written before reinsurers’ share	418,041	382,795

2. Balance on technical account by group of insurance class, Parent Company

Group of insurance class	Year	Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before reinsurers' commissions and profit participation	Reinsurance balance	Balance on technical account before the change in collective item and equalisation provision
Statutory accident insurance (workers' compensation)	2019	78,816	86,024	-200,524	-18,769	-181	-133,449
	2018	74,549	74,602	-59,791	-12,590	-250	1,972
	2017	81,962	81,934	-52,975	-12,814	-245	15,900
Non-statutory accident and health	2019	47,156	50,815	-50,293	-17,168	-99	-16,746
	2018	43,490	42,935	-39,800	-11,645	-103	-8,613
	2017	44,244	44,731	-29,573	-11,766	-110	3,281
Motor liability	2019	76,251	75,311	-143,037	-29,402	1,629	-95,499
	2018	65,231	66,952	-39,590	-20,041	-139	7,182
	2017	67,149	72,379	-65,682	-20,353	-278	-13,934
Motor, other classes	2019	90,524	87,361	-85,405	-34,293	-40	-32,377
	2018	73,198	73,166	-62,267	-22,026	-41	-11,168
	2017	71,433	73,915	-55,756	-21,217	-27	-3,085
Fire and other damage to property	2019	92,319	92,295	-69,616	-34,371	-2,146	-13,838
	2018	80,783	80,449	-51,838	-21,713	-11,835	-4,937
	2017	84,207	85,250	-82,895	-22,076	15,460	-4,262
General liability	2019	6,711	5,510	6,166	-8,451	-3,838	-613
	2018	21,992	20,566	-5,426	-5,460	-1,656	8,024
	2017	20,699	19,975	-12,289	-5,377	332	2,642
Other	2019	25,813	25,699	-21,101	-10,552	647	-5,306
	2018	23,093	23,101	-18,117	-6,906	818	-1,104
	2017	23,591	23,727	-15,646	-6,840	-579	663
DIRECT INSURANCE TOTAL	2019	417,589	423,016	-563,810	-153,006	-4,027	-297,827
	2018	382,338	381,772	-276,829	-100,382	-13,204	-8,644
	2017	393,284	401,911	-314,816	-100,444	14,554	1,205
Reinsurance	2019	452	446	414	-279	0	581
	2018	457	445	-180	-170	0	95
	2017	390	398	-146	-157	0	95
TOTAL	2019	418,041	423,461	-563,396	-153,285	-4,027	-297,246
	2018	382,795	382,217	-277,009	-100,552	-13,204	-8,549
	2017	393,675	402,309	-314,962	-100,601	14,554	1,300
Change in equalisation provision	2019						258,699
	2018						-24,474
	2017						-30,467
BALANCE ON TECHNICAL ACCOUNT	2019						-38,547
	2018						-33,023
	2017						-29,167

3. Items deducted from premiums written

EUR 1,000	2019	2018
Credit loss on outstanding premiums	2,161	1,426
Pay-as-you-go premiums	28,004	26,324
Premium tax	74,061	64,064
Fire brigade charge	902	806
Traffic safety charge	763	652
Industrial safety charge	1,362	1,343
	107,252	94,616

4. Operating expenses

EUR 1,000	2019	2018
Total operating expenses by activity		
Claims paid	60,414	35,838
Net operating expenses	153,106	100,363
Investment charges	5,905	4,337
Other charges	17	-223
Total	219,442	140,314
Depreciation according to plan by activity		
Claims paid	22,876	3,941
Net operating expenses	36,421	6,849
Investment charges	733	459
Total	60,030	11,248
Operating expenses in the Profit and Loss Account		
Policy acquisition costs		
Direct insurance commissions	10,915	9,288
Commissions on reinsurance assumed and profit sharing	69	60
Other policy acquisition costs	67,844	47,110
	78,828	56,458
Policy management expenses	42,991	22,063
Administrative expenses	31,466	22,031
Commissions on reinsurance ceded and profit sharing	-179	-189
Total	153,106	100,363

5. Staff expenses, personnel and executives

EUR 1,000	2019	2018
Staff expenses		
Salaries and commissions	58,863	52,513
Pension expenses	10,563	9,493
Other social expenses	5,026	5,323
Total	74,451	67,329
Executives' salaries and commissions		
Managing Director and substitute for the Managing Director	739	820
Board of Directors	306	275
Supervisory Board	168	180
	1,212	1,275
The age of retirement of the Managing Director is defined according to TyEL		
Average number of personnel during the financial year	919	859
Auditors' commissions		
Audit	98	56
Tax consulting	5	5
Other services	30	12
	133	73

6. Net investment income

EUR 1,000	2019	2018
Investment income		
Income from investments in affiliated undertakings		
Dividend income	6,420	3,108
Interest income		
	6,420	3,108
Income from investments in associated undertakings		
Other income	105	
	105	
Tuotot kiinteistösijoituksista		
Dividend income	2,196	2,942
Interest income		
From affiliated undertakings	1,318	2,071
Other income		
From affiliated undertakings		
From other undertakings	16,401	17,342
	19,914	22,355
Income from other investments		
Dividend income	6,517	12,371
Interest income	9,232	5,147
Other income	1,863	2,303
	17,612	19,821
Total	44,051	45,283
Value readjustments	16,107	6,518
Gains on realisation of investments	102,096	28,681
TOTAL	162,254	80,481
Investment charges		
Charges arising from investments in land and buildings		
To affiliated undertakings	-7,472	-8,930
To other undertakings	-5,023	-3,842
	-12,495	-12,772
Charges arising from other investments	-5,436	-5,499
Interest and other expenses on liabilities		
To other undertakings	-191	-102
	-191	-102
Total	-18,122	-18,373
Value adjustments and depreciations		
Value adjustments on investments	-11,083	-26,987
Planned depreciation on buildings	-1,894	-1,904
	-12,978	-28,891
Losses on realisation of investments	-9,423	-32,763
TOTAL	-40,522	-80,027
Net investment income on the Profit and Loss Account	121,732	454

7. Current value and valuation difference on investments

EUR 1,000	Investments 31 Dec. 2019 Remaining acquisition cost	Investments 31 Dec. 2019 Book value	Investments 31 Dec. 2019 Current value	Investments 31 Dec. 2018 Remaining acquisition cost	Investments 31 Dec. 2018 Book value	Investments 31 Dec. 2018 Current value
Real estate investments						
Real estate	9,335	11,178	60,242	13,148	15,276	68,402
Real estate shares in affiliated undertakings	64,547	64,547	107,373	71,964	71,964	119,580
Real estate shares in associated undertakings	58,047	58,047	60,131	55,214	55,214	57,298
Other real estate shares	39,820	41,508	51,720	36,586	36,670	38,000
Real estate investment funds	45,500	45,500	47,494	45,500	45,500	46,345
Investment loans to affiliated undertakings	76,382	76,382	76,382	116,522	116,522	116,522
Investments in affiliated undertakings						
Shares and participations	68,486	68,486	124,260	174,484	174,484	206,658
Other investments						
Shares and participations	729,696	729,696	787,872	772,352	772,352	830,524
Debt securities	571,312	571,312	572,011	132,921	132,921	132,764
Loans guaranteed by mortgages	29,221	29,221	29,221	30,467	30,467	30,467
Other loans	23,793	23,793	23,793	28,483	28,483	28,483
Deposits				1,100	1,100	1,100
Deposits with ceding undertakings	62	62	62	24	24	24
	1,716,202	1,719,732	1,940,560	1,478,764	1,480,976	1,676,167
The remaining acquisition cost of debt securities comprises the difference between the amount payable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	-8,523			-8,115		
Book value comprises						
Revaluations entered as income		2,897			1,578	
Other revaluations		634			634	
		3,530			2,212	
Valuation difference (difference between current value and book value)			220,828			195,191
Current value and valuation difference of derivatives						
Hedging derivatives			50,718			
Non-hedging derivatives			533	-827	-827	-808
Valuation difference (difference between current value and book value)			51,252			19
Valuation difference, total			272,080			195,210

8. Real estate investments

Changes in investments in land and buildings

EUR 1,000	Land and buildings and real estate shares	Investment loans in affiliated undertakings
Acquisition cost, 1 Jan.	210,479	116,522
Increase	15,940	640
Decrease	-17,722	-40,780
Transfers between accounts	45,500	
Acquisition cost, 31 Dec.	254,197	76,382
Accumulated depreciation, 1 Jan.	-29,347	
Accumulated depreciation related to decreases	3,978	
Depreciation for the financial year	-1,894	
Accumulated depreciation, 31 Dec.	-27,263	
Value adjustments, 1 Jan.	-12,184	
Value adjustments related to decreases and transfers	1,298	
Value adjustments during the financial year	-8,068	
Value readjustments	1,019	
Value adjustments, 31 Dec.	-17,934	
Revaluations, 1 Jan.	10,175	
Increase	1,604	
Revaluations, 31 Dec.	11,779	
Book value, 31 Dec.	220,779	76,382

Land and buildings and real estate shares occupied for own activities:	
Remaining acquisition cost	17,363
Book value	17,313
Current value	22,465

9. Investments in affiliated undertakings

EUR 1,000

Changes in investments in affiliated undertakings 1. Jan. 2019 - 31. Dec. 2019

	Shares and participations in affiliated undertakings
Acquisition cost, 1 Jan.	**174,676**
Decrease	-105,998
Acquisition cost, 31 Dec.	**68,678**
Accumulated value adjustments 1 Jan.	-192
Value adjustments	
Accumulated value adjustments, 31 Dec.	**-192**
Book value, 31 Dec.	**68,486**

10. Other investments

EUR 1,000	2019	2018
Other loans by security		
Other security	23,793	28,483

11. Debtors

EUR 1,000	2019	2018
Other debtors		
Affiliated undertakings	1,100	1,974

12. Investments in group companies and affiliated undertakings

Group companies	Parent company holding %	Group holding %	Share of voting rights %
Fennia Life Insurance Company	100	100	
Fennia Asset Management Ltd	100	100	
Fennia-service Ltd	100	100	
eFennia Oy	20	20	64
Kiinteistö Oy Eagle Lahti	100	100	
Kiinteistö Oy Joensuun Metropol	100	100	
Kiinteistö Oy Kyllikinportti 2	100	100	
Kiinteistö Oy Ruosilantie 11	100	100	
Kiinteistö Oy Televisiokatu 1	100	100	
Kiinteistö Oy Televisiokatu 3	100	100	
Kiinteistö Oy Tampereen Rautatienkatu 21	100	100	
Kiinteistö Oy Tampereen Ratapihan kulma	100	100	
Kiinteistö Oy Vantaan Kaivokselantie 9	100	100	
Fennia Properties Ltd		100	
Kiinteistö Oy Teohypo		100	
Kiinteistö Oy Espoon Niittyrinne 1		100	
Kiinteistö Oy Vaajakosken Varaslahdentie 6		100	
Kiinteistö Oy Sellukatu 5		100	
Kiinteistö Oy Vasaraperän Liikekeskus		100	
Kiinteistö Oy Koivuhaanportti 1-5		100	
Kiinteistö Oy Mikkelin Hallituskatu 1		88	
Kiinteistö Oy Vasaramestari		100	
Kiinteistö Oy Konalan Ristipellontie 25		100	
Munkinseudun Kiinteistö Oy		100	
Associated undertakings			
Uudenmaan Pääomarahasto Oy	14	27	

Affiliated undertakings	Parent company holding %	Group holding %
Kiint. Oy Irmelinpesä	32	32
Vierumäen hotellikiinteistö Ky	50	50
Vierumäen hotelli GP Oy	50	50
FEA Fund Management Oy	50	50
Asunto Oy Helsingin Tuulensuoja	50	50
Kauppakeskuskiinteistöt FEA Ky	50	50
Keskinäinen KOy Vanajanlinnan Golf Suites	35	35
Kiinteistö Oy Joensuun Kauppakatu 32	45	45
Kiinteistö Oy Lahden BW Tower	33	33
Tyvene Oy		25
Kiinteistö Oy Sähkötie 14-16		33
Kiinteistö Oy Helsingin Gigahertsi		33

13. Shares and participations in other companies

EUR 1,000	Holding %	Book value 31.12.2019	Current value 31.12.2019
Domestic shares and participations			
Evli Bank PLC	1.07 %	457	704
Holiday Club Resorts Oy	1.76 %	1,097	1,097
Nordia Rahasto Oy	19.52 %	1,706	2,103
Panostaja Oyj	6.60 %	3,149	3,149
Pihlajalinna Oyj	8.84 %	25,797	30,544
Revenio Group Oyj	1.12 %	282	7,060
Uudenmaan Pääomarahasto Oy	13.71 %	749	749
Other		1,677	2,120
Foreign shares and participations			
Sweden			
K III Sweden AB - B	3.08 %	433	504
Other		49,728	64,901
Unit trusts			
Domestic			
Aktia Emerging Market Local Currency Bond+ Class D		13,262	13,903
Aktia Emerging Markets Bond+		9,000	9,038
Danske Institutional Liquidity Fund		8,152	8,154
Erikoisisjoitusrah. Fennica Toimitilat I E-osuus		31,000	32,335
Erikoissijoitusrahasto Fennica Tontit C-osuus		14,500	15,159
Evli Emerging Markets Credit Class B		1,510	1,567
Evli Euro Likvidi		7,237	7,254
Evli European High Yield		17,577	17,906
Evli European Investment Grade Class B		3,234	3,308
Evli Nordic Corporate Bond Class B		46,083	46,791
FIM Forest Non-UCITS Fund Class C		1,000	1,099
Nordea AAA Government Bond Fund Class I		21,323	21,323
Nordea Moderate Yield Fund Class S Acc		54,615	54,615
Nordea Pro Euro Bond Class A K Acc		33,589	34,297
Taaleri Arvo Rein Osake Class A (kasvu)		6,813	11,768
Other		44	44
Foreign			
Cayman Islands			
Cassiopeia Fund/The		3,704	3,704
Golden China Fund		1,934	5,310
Ireland			
BlackRock ICS Euro Liquid Environmentally Aware		4,996	4,996
BlackRock ICS Euro Liquidity Fund Premier Acc		4,960	4,960
BlackRock ICS Ultra Short Bond Fund Premier Acc		22,406	22,406
BlackRock ICS US Dollar Liquidity Premier Acc		24,421	26,365
iShares MSCI EM SRI UCITS ETF		2,070	2,078
iShares MSCI Europe SRI UCITS ETF		7,497	7,717
M&G European Loan Fund Class C EUR Acc		43,322	45,548
Muzinich EM Short Duration HDGE EUR Acc A		3,001	3,065
Muzinich EM Short Duration USD Acc A		10,739	11,352

SPDR S&P Euro Dividend Aristocrats UCITS ETF	7,503	7,583
Luxembourg		
Aberdeen EM Corp Bond Class I HDGE EUR Acc A	6,500	6,691
Aberdeen EM Corporate Bond Class A Acc USD	15,336	18,255
Aberdeen Standard EM Corp Bond Fund HDGE EUR Acc A	3,010	3,111
BNP Paribas InstiCash Money 3M EUR Class I	19,674	19,674
Danske Emerging Markets Debt HC Class IH EUR	9,505	9,628
M&G European Credit Investment Fund Class E	43,500	45,894
M&G European High Yield Credit Investment Class E	5,000	5,582
NN L Liquid - Euribor 3M	17,496	17,496
ODDO BHF Euro Corporate Bond Class CI-EUR	27,900	28,779
ODDO BHF Euro High Yield Bond Class CI-EUR	13,500	14,067
Ossiam Shiller Barclays CAPE US Sector Value TR 1C	7,160	9,901
SLI European Corporate Bond Fund Class D	36,200	36,341
France		
ODDO BHF Jour Class CI EUR	27,214	27,214
Sweden		
Brummer & Partners Lynx Fund	2,004	2,233
United States		
First Trust Emerging Markets AlphaDEX Fund	2,058	2,123
Goldman Sachs ActiveBeta EM Equity ETF	3,667	3,760
Invesco FTSE RAFI Emerging Markets ETF	4,211	4,246
Invesco S&P 500 Equal Weight ETF	3,479	3,810
Other	5	5
Capital trusts, domestic		
Armada Fund V Ky	2,539	2,539
Butterfly Venture Fund III Ky	511	540
Fennia Avainrahasto II Ky	3,055	3,055
Fennia Avainrahasto Ky	1,578	1,578
Juuri Rahasto I Ky	6,847	7,010
Kasvurahastojen Rahasto III Ky	552	552
Korona Fund III Ky	1,896	1,896
MB Equity Fund IV Ky	1,574	1,574
Selected Mezzanine Funds I Ky	318	700
Muut	322	575
Capital trusts, foreign		
Great Britain		
Euro Choice IV GB Limited	730	2,163
Guernsey		
Partners Group European Buyout	980	980
Partners Group European Mezzanine	841	940
Permira Europe IV LP2		
The Triton Fund III L.P.	2,673	2,783
Jersey		
Triton Smaller Mid-Cap Fund I L.P.	2,200	2,373
United States		
Kayne Anderson Senior Credit Fund	9,874	9,924
Other	721	799
	775,196	835,366

14. Changes in intangible and tangible assets

EUR 1,000	Intellectual property rights	Other long-term expenses	Advance payments	Equipment	Total
Acquisition cost, 1 Jan. 2019		124,009	12,682	20,725	157,416
Fully depreciated in the previous financial year					
Increase	76,062	21,628		2,709	100,399
Decrease	-	-	-12,682	-1,676	-14,358
Acquisition cost, 31 Dec. 2019	76,062	145,637		21,758	243,457
Accumulated depreciation, 1 Jan. 2019		-59,863		-11,758	-71,621
Fully depreciated in the previous financial year		-			
Accumulated depreciation related to decreases and transfers		-		868	868
Depreciation for the financial year	-5,291	-18,045		-3,515	-26,852
Accumulated depreciation, 31 Dec. 2019	-5,291	-77,908		-14,405	-97,604
Value adjustments, 1 Jan. 2019	-	-18,671			-18,671
Value adjustments during the financial year	-	-37,730			-37,730
Value adjustments, 31 Dec. 2019		-56,400			-56,400
Book value, 31 Dec. 2019	70,771	11,328		7,354	89,453

15. Creditors

EUR 1,000	2019	2018
Other creditors		
To affiliated undertakings	1,104	1,988

16. Capital and reserves

EUR 1,000	2019
Restricted	
Initial fund 1 Jan./31 Dec.	7,703
Revaluation reserve 1 Jan./31 Dec.	583
Restricted in total	8,286
Non-restricted	
Security reserve, 1 Jan.	278,174
Reversal of the funded revaluation reserve	
Transfer from profit brought forward	-32,427
Security reserve, 31 Dec.	245,747
At the disposal of the Board 1 Jan./31 Dec.	59
Profit brought forward	-
Profit for the previous financial year	-32,427
Transfer to contingency fund	32,427
Profit brought forward	-
Profit for the financial year	73,075
Non-restricted in total	318,881
Capital and reserves in total	327,167
Revaluation reserve, 31 Dec. 2019	
Revaluations on investments	583
	583
Distributable profit, 31 Dec. 2019	
Profit for the financial year	73,075
Security reserve	245,747
At the disposal of the Board	59
	318,881

17. Guarantee and liability commitments

EUR 1,000	2019	2018
Own liabilities		
Liabilities from derivative contracts		
Non-hedging		
Currency derivatives		
Forward and futures contracts		
Open		
Value of underlying instrument	26,795	189,982
Current value	533	-808
Hedging		
Interest rate derivatives		
Interest rate swaps		
Open		
Value of underlying asset	526,420	-
Current value	46,322	-
The results of closed and matured non-hedging derivatives are entered in full with impact on the result.		
The realised result of closed and matured hedging derivatives is accrued in the result over the original life of the derivative contract.		
Negative valuation differences from non-hedging derivative contracts are entered with impact on the result.		
Securities received in derivatives trading		
Danske Bank A/S	13,490	-
Nordea Bank Abp	42,020	-
Leasing and leasehold commitments	5,284	6,086
Other liabilities		
As regards group registering for VAT taxation, the company is responsible for the value-added tax payable by the group jointly with the other members of the value-added tax liability group of Fennia Mutual Insurance Company.		
For the company itself	732	344
For other companies	145	382
Adjustment liability of real estate investments according to Section 120 of the Value Added Tax Act	615	-
Investment commitments		
Commitment to invest in equity funds	33,957	35,207
Commitment to pay out shares in property investments	9,944	16,952
Outstanding instalments of contract price for unfinished construction projects	940	3,490

18. Loans to related parties and related party transactions

The company has granted a total of EUR 3,095,121,50 in loans to related parties.

The company has no liabilities or contingent liabilities to related parties.

The company has no related party transactions conducted according to other than standard business practices.

Notes concerning the Group

Copies of Fennia's Consolidated Financial Statements are available at the company's headquarters, Kyllikinportti 2, Helsinki.

Group analysis of results (EUR million)

	2019	2018	2017	2016	2015
Non-life insurance					
Premiums earned	444	384	396	412	417
Claims incurred	-582	-294	-295	-326	-329
Net operating expenses	-153	-102	-100	-103	-95
Other technical underwriting income (net)	-	-	-	-	-
Balance on technical account before the change in equalisation provision	**-292**	**-12**	**1**	**-17**	**-7**
Investment income (net) and revaluations	114	-13	59	17	90
Other income (net)	-8	-1	0	1	1
Share of associated undertakings' profit/loss	0	0	0	0	0
Operating profit/loss	**-186**	**-25**	**61**	**1**	**84**
Change in equalisation provision	259	-16	-30	-13	-44
Non-life insurance profit/loss before extraordinary items	**73**	**-41**	**31**	**-12**	**40**
Life insurance					
Premiums written	240	163	166	206	199
Investment income (net), revaluations and revaluation adjustments on investments	183	-40	69	89	122
Claims paid	-178	-96	-104	-90	-83
Change in technical provisions before bonuses and rebates and change in equalisation provision	-180	11	-95	-180	-221
Net operating expenses	-15	-15	-15	-14	-13
Other technical underwriting income	-	-	-	-	-
Technical underwriting result before bonuses and rebates and change in equalisation provision	**50**	**24**	**20**	**10**	**3**
Other income (net)	0	0	0	1	0
Operating profit	**50**	**24**	**21**	**11**	**3**
Change in equalisation provision	0	0	0	0	9
Bonuses and rebates	0	0	-4	-2	-5
Life insurance profit/loss before extraordinary items	**49**	**24**	**16**	**9**	**6**
Profit before appropriations and tax	**122**	**-17**	**47**	**-3**	**46**
Income tax and other direct tax	-19	-2	-6	0	-8
Minority interests	0	-1	0	0	0
Group's profit/loss for the financial year	**103**	**-20**	**40**	**-4**	**37**

Key figures

		2019	2018	2017	2016	2015
Group Key Figures						
Turnover	EUR million	997	511	704	737	840
Premiums written	EUR million	688	551	560	624	629
Operating profit/loss	EUR million	-136	-1	82	11	87
Profit/loss before appropriations and tax	EUR million	122	-17	47	-3	46
Total result	EUR million	-126	-5	113	49	12
Average number of personnel		1,064	1,009	1,012	1,044	1,157
Non-life Insurance Key Figures						
Premiums written	EUR million	448	387	394	417	429
Loss ratio,	%	131.2	76.5	74.3	79.1	78.8
Loss ratio excl. unwinding of discount	%	128.8	73.9	71.3	75.8	75.6
Expense ratio,	%	35.8	26.6	25.3	25.1	22.9
Combined ratio,	%	167.0	103.1	99.7	104.1	101.7
Combined ratio excl. unwinding of discount	%	164.6	100.6	96.6	100.9	98.5
Operating profit/loss	EUR million	-186	-25	61	1	84
Total result	EUR million	-94	15	81	26	52
Return on assets	%	-4.2	1.2	4.9	2.1	3.7
Net investment income at current value	EUR million	197	27	79	42	59
income on invested capital	%	11.1	1.6	4.7	2.7	3.9
Average number of personnel		919	859	892	935	1,043
Life Insurance Key Figures						
Premiums written	EUR million	241	164	167	207	200
Expense ratio (of expense loading)	%	100.1	100.8	103.6	103.9	112.0
Operating profit/loss	EUR million	50	24	21	11	3
Total result	EUR million	63	23	31	14	-38
Return on assets	%	8.3	3.5	4.5	5.1	5.5
Net investment income at current value	EUR million	57	18	25	30	35
income on invested capital	%	7.6	2.4	3.3	4.3	5.0
Average number of personnel		53	52	52	53	54

Investment portfolio at current values

	Basic distribution				Risk distribution [8]		
	31.12.2019		31.12.2018		31.12.2019		2018
	EUR million	%	EUR million	%	EUR million	% [10]	% [10]
Fixed-income investments, total	**1,199.4**	**60.0**	**811.5**	**47.1**	**1,199.4**	**60.0**	**47.1**
Loans[1]	53.2	2.7	64.9	3.8	53.2	2.7	3.8
Bonds	1,022.6	51.2	363.0	21.1	1,022.6	51.2	21.1
Other money market instruments and deposits[1] [2]	123.6	6.2	383.6	22.3	123.6	6.2	22.3
Equity investments, total	**329.8**	**16.5**	**458.8**	**26.7**	**329.8**	**16.5**	**26.7**
Listed equities [3]	161.1	8.1	200.4	11.6	161.1	8.1	11.6
Private equity [4]	39.7	2.0	35.6	2.1	39.7	2.0	2.1
Unlisted equities [5]	129.1	6.5	222.8	12.9	129.1	6.5	12.9
Real estate investments, total	**405.6**	**20.3**	**442.0**	**25.7**	**405.6**	**20.3**	**25.7**
Direct real estate	404.2	20.2	394.1	22.9	404.2	20.2	22.9
Real estate funds and UCITS	1.4	0.1	47.9	2.8	1.4	0.1	2.8
Other investments	**62.5**	3.1	**9.0**	0.5	**62.5**	3.1	0.5
Hedge funds [6]	11.3	0.6	9.8	0.6	11.3	0.6	0.6
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments [7]	51.3	2.6	-0.8	0.0	51.3	2.6	0.0
Total investments	**1,997.4**	**100.0**	**1,721.4**	**100.0**	**1,997.4**	**100.0**	**100.0**
Effect of derivatives [9]							
Total investments at fair value	**1,997.4**	**100.0**	**1,721.4**	**100.0**	**1,997.4**	**100.0**	**100.0**
Modified duration of the bond portfolio	1.80						

1) Includes accrued interests

2) Including cash at bank and in hand and settlement receivables and settlement liabilities

3) Including mixed funds, if these cannot be allocated elsewhere

4) Including private equity funds, mezzanine funds, and infrastructure investments

5) Including unlisted real-estate investment companies

6) Including all types of hedge fund shares, regardless of the fund's strategy

7) Including derivatives and items that cannot be allocated to other investment types

8) Risk distribution can be presented for comparison periods as the information arises (not retrospectively).

If the figures for comparison periods are presented and the periods are not entirely comparable, this should be disclosed.

9) Includes the effect of derivatives on the difference between risk-adjusted breakdown and basic breakdown. The effect of derivatives can be +/-. After the difference is adjusted the final sum of the risk distribution is the same as the basic distribution.

10) The relative proportion is calculated using the total of the line 'Total investments at fair value' as the divisor.

Net investment income on invested capital

	Market value of net investment returns [8]	Invested capital [9]	Yield, % on invested capital				
	2019	2019	2019	2018	2017	2016	2015
Return €/% on inv. capital	EUR million	EUR million	%	%	%	%	%
Fixed-income investments, total	**39.9**	**1056.2**	**3.78**	**1.2**	**0.1**	**2.5**	**0.8**
Loans[1]	1.7	57.9	3.01	0.0	2.7	-1.1	6.4
Bonds	34.7	779.9	4.45	0.1	-0.1	4.0	-0.3
Other money market instruments and deposits[1] [2]	3.5	218.4	1.59	2.5	-0.4	0.3	2.4
Equity investments, total	**87.9**	**301.0**	**29.19**	**5.2**	**9.3**	**2.7**	**12.9**
Listed equities [3]	57.6	130.0	44.28	-10.0	9.7	7.0	19.6
Private equity [4]	-0.8	35.6	-2.32	13.6	24.4	12.3	12.5
Unlisted equities [5]	31.1	135.4	22.98	47.7	1.0	-11.9	2.5
Real estate investments, total	**22.3**	**409.5**	**5.46**	**4.1**	**6.1**	**6.2**	**6.3**
Direct real estate	22.3	408.1	5.47	3.8	7.0	6.0	6.2
Real estate funds and UCITS	0.0	1.4	1.58	6.2	2.5	6.8	6.8
Other investments	**53.2**	**12.4**	**430.31**	**-97.0**	**921.3**	**-51.0**	**2.3**
Hedge funds [6]	1.4	9.8	14.63	-9.7	1.6	-4.7	4.5
Commodities	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Other investments [7]	51.8	2.6		-3.2	-2.0	143.5	
Total investments	**203.4**	**1779.1**	**11.43**	**1.9**	**4.9**	**3.1**	**4.1**
Sundry income, charges and operating expenses	-4.7						
Net investment income at current value	**198.6**	**1779.1**	**11.17**	**1.6**	**4.7**	**2.7**	**3.9**

1) Includes accrued interests

2) Including cash at bank and in hand and settlement receivables and settlement liabilities

3) Including mixed funds, if these cannot be allocated elsewhere

4) Including private equity funds, mezzanine funds, and infrastructure investments

5) Including unlisted real-estate investment companies

6) Including all types of hedge fund shares, regardless of the fund's strategy

7) Including derivatives and items that cannot be allocated to other investment types

8) Change in the market values between the end and beginning of the reporting period – cash flows during the period.

Cash flows refers to the difference between sales/profits and purchases/costs

9) Invested capital = Market value at the beginning of the reporting period + daily/monthly time-weighted cash flows

Calculation methods for the key figures

Key figures

Turnover =

Non-life insurance turnover
+ premiums earned before reinsurers' share
+ net investment income on the profit and loss account
+ other income

Life insurance turnover
+ premiums written before reinsurers' share
+ net investment income on the profit and loss account
+ other income

Total result = operating profit (loss) +/- change in off-balance sheet valuation differences

Return on assets at current values (%) =
+/- operating profit or loss
+ financial expenses
+ unwinding of discount
+/- change in valuation differences on investments
+ Balance Sheet total
- technical provisions for unit-linked insurances
+/- valuation differences on investments

The divisor of the key figure is calculated as an average of values on the Balance Sheet for the current and previous financial period.

In life insurance, 'unwinding of discount' refers to the technical interest credited to insurances during the year plus/minus any changes in the supplementary liability of the interest.

In non-life insurance, 'unwinding of discount' refers to the effect of the process of unwinding the discounted claims outstanding on the claims incurred, when discounting the capital value of pension liabilities. The rate is calculated by multiplying the discounted provision for claims outstanding at the beginning of the year by the effective technical rate of interest at the end of the previous year.

Net investment income on invested capital at current values (%)
Net investment income at current values in relation to invested capital is calculated by line of investment and for the total amount of investments with reference to cash flows during the period.

Average number of employees = Average number of employees at the end of each calendar month.

Non-life insurance

Premiums written = premiums written before reinsurers' share

Loss ratio % =
claims incurred
premiums earned

Loss ratio (excl. unwinding of discount) % =
claims incurred (excl. unwinding of discount) %

premiums earned

Expense ratio % =
operating expenses
premiums earned

Key figures are calculated after reinsurers' share.

Combined ratio % = loss ratio + expense ratio

Combined ratio (excl. unwinding of discount) % =
loss ratio (excl. unwinding of discount) + expense ratio

LIFE INSURANCE

Premiums written = premiums written before reinsurers' share

Expense ratio (% of expense loading) =
+ operating expenses before change in deferred acquisition costs
+ claims settlement expenses
expense loading

Risks and management of risks and solvency

1 Risk and solvency management in general

The Fennia Group's main companies are the parent company Fennia Mutual Insurance Company (hereinafter Fennia) and its subsidiaries, Fennia Life Insurance Company (hereinafter Fennia Life) and Fennia Asset Management Ltd (hereinafter Fennia Asset Management). The Fennia Group's risk and solvency management framework is described in the policy documents approved by the Group companies' Boards of Directors. The most central of these documents is the risk and solvency management policy, which lays down the general principles for managing both risks and solvency in the Group.

In the Fennia Group, risk management means co-ordinated strategies, processes, principles and measures to identify, measure, manage, monitor and report risks faced by the Group and the Group companies. Solvency management, on the other hand, means strategies, processes, principles and measures to determine and steer the Group's and the Group companies' risk-bearing capacity, risk appetite, risk tolerance and restrictions of their essential risks.

2 Organisation of risk and solvency management

Fennia's Board of Directors, in its capacity as the Board of Directors of the Group's parent company, is Fennia's supreme decision-making body. It bears the responsibility for risk and solvency management and for its integration into the Group's governance system. It is the responsibility of Fennia's Board of Directors to ensure that the special characteristics of the companies belonging to the Group and the intra-Group connections (including internal transactions, double capital, transferability of capital and use of capital in general) are taken into consideration appropriately.

The Boards of Directors of Fennia and Fennia Life are responsible for ensuring that the companies abide by the Group's risk and solvency management policy. They are responsible for ensuring that the companies have in place a governance system that is adequately organised with regard to the quality, scope and complexity of the operations, including internal control and a risk management system.

Fennia Asset Management's Board of Directors is responsible for ensuring that the company abides by the principles of the Fennia Group's risk management system to the extent where the company's special characteristics do not require deviations from it.

Other Group companies abide by the Fennia Group's risk and solvency management policy where applicable. The other Group companies are mostly real estate companies.

For management of the insurance companies' balance sheets, an Asset Liability Committee (ALCO) was set up on the Group level. The main tasks of this committee are to prepare a proposal for the insurance companies' Boards of Directors on an investment strategy (ALM plan), to amend the strategy, if necessary, within the limits set by the Boards of Directors, and to report balance sheet risks to the Boards of Directors. The committee is chaired by Fennia's CEO.

The steering of the risk management system is based on a three-defence-line model, whereby:

1. The first defence line, i.e. business and support functions, has the primary responsibility for daily risk management and reporting in accordance with the agreed policy.
2. The second defence line is responsible for, among other things, the interpretation, development and planning of and reporting on risk and solvency management, and supports, monitors and assesses the first defence line's implementation of the risk and solvency management processes.
3. The third defence line is in charge of ensuring the effectiveness and efficiency of internal control and risk and solvency management.

In the three-defence-line model, responsibility for risk and solvency management is allocated as follows between the various operators:

• Managing Director

Assisted by the acting management, the Managing Director bears overall responsibility for the appropriate preparation and implementation of risk and solvency management in accordance with the Board of Directors' decisions.

• Business and support functions

Each business and support function is primarily responsible for daily risk management and reporting in accordance with the agreed policy, monitors the overall risk profile of their own area (supported by the second defence line) and ensures that operations in their area comply with the Group's risk and solvency management documentation.

• Actuarial function

The insurance company's responsible actuary is in charge of the Actuarial function and sees to it that the actuarial methods applied in pricing and in calculating technical provisions are appropriate. The responsible actuary also determines the level of technical provisions. The actuarial function has a role in both the first and second defence lines. The Actuarial function participates in the efficient implementation of the risk management system, in the creation of risk management methods in particular, but also in the implementation of the company's own risk and solvency assessment.

• Risk management

The Risk Management unit and the Compliance and Operational Risks unit form the Risk Management function. The Risk Management function has the primary responsibility for the tasks of the second defence line and is responsible for, among other things, the interpretation, development and planning of and guidelines and procedures for risk and solvency management. The task of the function is to maintain an overall picture of the Group's and Group companies' risk profile and to report on it to the company's management. The function also supports the Board of Directors' and Managing Director's and business and support functions' risk and solvency management by, among other things, participating in the development of the risk management system, assessing its functioning and by drawing up analyses to support decision-making concerning the risk position.

• Compliance

The Compliance and Operational Risks unit, which belongs to the second defence line, is responsible for ensuring that operations comply with regulations, financial sector self-regulation and the Group's internal guidelines, and that customer relationships are managed according to the appropriate procedures. The unit also identifies and assesses the impacts of regulatory changes and the risks related to regulatory non-compliance, as well as the sufficiency of measures taken to prevent and rectify possible shortcomings in regulatory compliance. In addition, the unit promotes compliance by providing proactive advice and develops internal procedures with which compliance can be monitored effectively and appropriately.

• Internal audit

The internal audit supports the Group in achieving its goals by offering a systematic approach to the assessment and development of the efficiency of the organisation's risk management, control and leadership and administrative processes.

The task of the internal audit is to monitor and assess the sufficiency and efficiency of the Group's internal control and other administration in the following areas, among others:

• achievement of the Group's strategy and goals
• scope and reliability of the solvency management process
• efficiency of risk management
• cost-effectiveness and appropriateness of the use of resources
• compliance with laws and regulations and internal operating principles, plans and instructions
• accuracy, sufficiency and appropriateness of information
• securing assets.

The Risk Management unit and the Compliance and Operational Risks unit have been integrated into the Fennia Group's organisation in a manner that ensures their independence from the operational activities. The units are free from influences that might compromise the objective, equal and independent performance of their tasks. The internal audit is independent of both the first and second defence line operations.

3 Risk management

Risk refers to an uncertain event and its consequence, which can be a threat or an opportunity for the company.

The Group's risk management strategies and processes are divided into the following sub-areas:

1. Risk identification

The business and support functions of the first defence line identify and assess the risks that threaten their operations and objectives, in the context of both the annual planning process and daily operational activities.

2. Risk measurement

During the risk measurement process, the severity of the risks and their interdependencies are evaluated to the extent that is possible. The objective of risk measurement is to create commensurable indicators for different risks and to improve the comparability of risks. Risk measurement and comparison are necessary as they allow the targeting of risk management measures on the risks that are most essential for the operations. As a general rule, risk measurement is based on the Value at Risk method. The Risk Management function co-ordinates the measurement of risk severity and dependency as well as the methods used in measurement.

3. Risk management

During the management process, the risks are prioritised and management measures are planned to control or limit the risks. The first defence line, as the risk owner, carries out appropriate risk management and plans the management measures. The second defence line supports, monitors and assesses the management actions undertaken by the first defence line, but, in order to ensure independence, does not participate in making operational decisions. The management instruments used in the various risk areas are described in more detail in sections 3.1–3.10.

4. Risk monitoring

The Group carries out quantitative risk monitoring, consisting of various risk indicators, and qualitative risk monitoring, which includes, among other things, monitoring, assessment and possible testing out of management measures that have been planned and decided upon. The first defence line ensures that appropriate risk monitoring is in place and that sufficient information on risks is obtained for their management. The first defence line monitors the management measures that it has planned and decided upon and assesses their effectiveness. The second defence line carries out independent quantitative and qualitative risk monitoring to support the risk management work of the first defence line.

5. Risk reporting

The materialisation of risks and their effects as well as near-miss situations are reported within the Group in accordance with the agreed reporting process. The Risk Management unit and the Compliance and Operational Risks unit report the risks to the relevant Boards of Directors regularly.

The above-mentioned risk management strategies and processes are applied to all of the risk areas of the risk map drawn up to facilitate risk management, which are:

- insurance risks
- financial market risks
- counterparty risks
- operational risks
- risks inherent in quantitative methods
- concentration risks
- liquidity risk
- strategic risks
- reputation risk
- group risks

3.1 Insurance risks

Insurance risks are related to the insurance company’s core business, insurance.

The most significant insurance risks relate to risk selection, sales steering and risk pricing, i.e. they involve a loss risk resulting from the costs arising from future claims (incl. operating expenses) exceeding the insurance premiums received. Insurance risks also include major loss risks (e.g. disaster risk) and the risk inherent in the adequacy of reinsurance covers.

Insurance risks also include a loss risk arising from an unfavourable change in the value of the technical provisions, i.e. the technical provisions risk. The technical provisions risk relates to the uncertainty of the assumptions made when calculating the technical provisions and to unfavourable deviations of the estimated claim amounts, operating expenses and their cash flows from the actual expenses.

The actuarial risk factors included in the technical provisions risk are, among other things, biometric risks (mortality, longevity, disability and similar risks) and different expiry risks, such as the surrender risk in life insurance.

Certain financial market risks, such as inflation and the discount rate, also apply to the technical provisions.

Insurance operations are based on taking insurance risks, diversifying the risks within the insurance portfolio and managing the risks. The most important instruments for managing the risk inherent in unearned premiums are appropriate risk selection, pricing, insurance terms and conditions, and the acquisition of reinsurance cover.

Risk selection provides guidance to sales and ensures the profitability of insurance operations. Risk selection is managed by statistical study of previous losses, which also provide the basis for pricing. The risk selection guidelines specify the types of risks that can be insured and the maximum permitted sums insured.

The objective of insurance risk pricing is to achieve the desired risk matching: the bigger the risk, the higher the price and vice versa. Pricing requires accurate and adequate information as well as sufficient knowledge about the insured target. Only then can appropriate risk analyses be made and a sufficient level of insurance premiums be decided on.

The importance of insurance terms and conditions is essential when it comes to controlling insurance risks. They determine, for example, the scope of the insurance cover and the restrictions on compensable damages. In managing underwriting risk, it is important to exclude undesired risks or to limit them by way of agreements to a desired level.

Certain non-life insurance lines, such as statutory accident insurance and motor liability insurance, are subject to specific legislation, which determines the scope of the insurance cover, preventing any alterations to the insurance terms and conditions in this respect. Certain provisions applicable to statutory accident insurance and motor liability insurance also restrict the insurance company’s liability. In claims pertaining to annuities, the inflation risk and the long-term compensation risks related to medical expenses have been transferred to the pay-as-you-go pool under the joint responsibility of the companies operating in the insurance sector.

In calculating the technical provisions, different quantitative methods are used, which play a key role in the management of the technical provisions risk. In addition to the methods used, the sufficiency and quality of the available information and its management essentially affect the nature of the technical provisions risk.

In life insurance, legislation restricts the right of a life insurance company to increase premiums or to alter the insurance terms and conditions. Thus, the duration of the contracts affects the biometric risks inherent in the technical provisions risk. If the assumptions made turn out to be insufficient and the insurance premiums cannot be adjusted, the technical provisions must be supplemented by an amount equalling the expected loss.

Reinsurance is used to hedge against and manage major losses and loss events. In managing major loss risks, it is important for the structure of the outward reinsurance and the portion of risks/losses remaining under the company’s responsibility to be dimensioned according to the solvency and the insurance liabilities to ensure efficient risk transfer.

The use of reinsurance implies ancillary risks, such as reinsurance availability, price and counterparty risks. In non-life insurance, the reinsurance risk and the related counterparty risk are reduced by only accepting companies with a sufficiently high financial strength rating as reinsurers. Moreover, limits are set on the maximum share of a single reinsurer in any reinsurance programme. In life insurance operations, the use of outward reinsurance is minor and therefore concentrated on a few counterparties.

Quantitative data on risk variables for technical provisions in Fennia’s financial statements
Impact of change on technical provisions, excluding the equalisation provision

Inflation risk	Increase of 1%	EUR +18 million
Mortality	Average age increase of 1 yr	EUR +32 million

3.2 Financial market risks

Financial market risk refers to a risk of loss resulting, either directly or indirectly, from fluctuations in the level and volatility of the values of financial market variables, such as interest rates, equities, real estate, exchange rates and interest rate margins.

Investment operations and balance sheet management play a special role in managing financial market risks. The most significant risks are related to a decline in the value of investments and the poor matching of the investments with the nature of the technical provisions (ALM risk).

The balance sheet management strategy is based on the following principles:

• operations are guided by the return on market-consistent equity.
• all balance sheet risks and the return for bearing the risks are actively monitored
• the aim is to safeguard the interests of the insured and the continuity of operations to a high degree of probability.

To achieve the targets, the investment assets have been divided into three parts:

• Hedging portfolio

The hedging portfolio is used to protect against the market risks (mainly interest rate risk) of the market-consistent technical provisions, limiting their movement to within a specified range, and to seek moderate additional returns through active credit risk selection and a tactical view on interest rates. The balance sheet protection that the hedging portfolio provides enables risk taking in the investment portfolio.

The hedging portfolio's assets are invested mainly in short-term corporate bonds with a high credit rating, money market instruments and swap contracts. The hedging portfolio also includes the Group's cash management.

• Investment portfolio

The investment portfolio includes all other investment assets that have not been allocated to the hedging or strategic portfolio. The aim of the investment portfolio is to offer a good risk/return ratio and a good long-term return level. The investment portfolio is further divided into liquid and illiquid parts. The liquid investment portfolio's assets are mainly targeted to the equity and fixed income markets. In the investment portfolio's liquid part, each asset class will have a set target weight in the portfolio and a benchmark index that describes the performance of the asset class. The neutral allocation is determined annually in the ALM plan, based on the risk/return view for the coming year and the company's risk-taking capacity and appetite.

The illiquid part of the investment is mainly targeted at properties and unlisted equity and fixed income investments. The purpose of the illiquid part is to bring an absolute return and to improve the excess return/risk ratio.

• Strategic portfolio

Strategic investments also have other objectives besides investment returns. These are, for example, holdings in partner and client companies, client and personnel loans and holdings in subsidiaries.

The main instruments for managing financial market risks are the appropriate selection of investment instruments, the diversification of investments and the limitation of risks. Derivative contracts may also be used to limit risks.

A prerequisite for managing financial market risks is to invest assets in property and instruments with risks that can be identified, measured, monitored, managed and reported. In addition, measures are taken concerning new assets and investment instruments prior to their acquisition to ensure that the new assets or investment instruments are manageable and suitable with regard to the business and to risk management.

Sufficient diversification of investments is used to achieve optimal diversification benefits, risk-adjusted returns and asset and liability matching.

A key instrument for managing financial market risks is the limitation of risk from a solvency perspective. Allocation restrictions are used to ensure that investment assets have been allocated sufficiently over different asset classes. In addition, restrictions that are more detailed are determined to ensure sufficient diversification also within asset classes.

Quantitative data on risk variables in Fennia's investment assets
Impact of change on assets at fair values

Fixed income investments	Interest rate +1 percentage point	EUR -106 million
Equity investments	Change in value -20%	EUR -57 million
Real estate investments	Change in value -10%	EUR -41 million

Quantitative data on risk variables in Fennia Life's investment assets
Impact of change on assets at fair values

Fixed income investments	Interest rate +1 percentage point	EUR -68 million
Equity investments	Change in value -20%	EUR -9 million
Real estate investments	Change in value -10%	EUR -9 million

3.3 Counterparty risks

The counterparty risk takes into account possible losses resulting from the unexpected insolvency of the insurance company's counterparties.

As with market risks, a prerequisite for managing counterparty risks is to ensure that the counterparties and related risks can be identified, measured, managed, monitored and reported.

Counterparty risks are mainly caused by (the interest rate margin risk is treated as a financial market risk):

• derivative contract counterparties, in which case only the possible positive market value of the contracts is exposed to the risk
• outstanding reinsurance receivables and the reinsurers' portion of the claims outstanding
• receivables from insurance customers
• customer financing.

In managing the derivative contract counterparty risk, the counterparty risk is assessed prior to concluding a contract with the counterparty. The ratings given by credit rating agencies are the main tool used in assessing the creditworthiness of issuers and counterparties. To limit the counterparty risk, a minimum level has been determined for creditworthiness and limits have been set on maximum liability per counterparty.

In managing the counterparty risk in reinsurance operations, the counterparty risk has been limited by setting requirements on, among other things, the credit ratings of reinsurers and the maximum amount of liability per reinsurer. As with the derivative contract counterparty risk, the ratings given by credit rating agencies are used as a tool in assessing the creditworthiness of reinsurers.

Counterparty risks also arise from receivables from insurance customers. The counterparty risk arising from premium receivables from customers is usually small, because the non-payment of insurance premiums leads to the cancellation or reduction of the insurance cover.

The objective of managing the customer financing counterparty risk is to limit the negative impacts of counterparty risks arising from customer and other liabilities on profit or loss to an acceptable level. The credit process plays a key role in managing these counterparty risks. In managing the credit process, it is important to ensure the reliability of the counterparties by assessing risks and by categorising the counterparty thereafter according to the internally developed model. Customer financing counterparty risks are reduced by determining customer-specific security and covenant terms and conditions.

3.4 Operational risks

Operational risks within the Fennia Group refer to a risk resulting from:

• inadequate or failed internal processes,
• personnel,
• systems, and
• external factors.

Legal risks are included in operational risks. Risks arising from strategic decisions have been excluded from operational risks.

The objective of managing operational risks at Fennia is to

- reduce, in a cost-effective manner, the likelihood that risks will be realised and the impacts of the realised risks, i.e. to reduce the losses resulting from risks
- support business and support functions to achieve the targets set for them using risk management
- help ensure that the Group's operations meet the requirements set for them by authorities and legislation.

The management of operational risks is part of the management of business and support functions. When implemented carefully, the management of operational risks supports the development of operations and the targeting of resources and development efforts.

The management of operational risks is based on identifying operational risks and collecting data on them from various sources, which include, for example, regular risk mapping of business and support functions, internal data on occurrences and losses as well as internal audits. The data collected is also used later in the process to evaluate risks and carry out analyses of the risk position of the Group or parts of the Group.

On the basis of the data collected from various sources, the Compliance and Operational Risks unit develops an overall picture of the Group's and Group companies' operational risks, also taking into account the interdependencies between the risks. The unit monitors the Group's risk profile and reports on it to the acting management and the Boards of Directors.

Within the Fennia Group, operational risks are divided into the following risk classes:

- malpractices and non-compliance with instructions
- risks related to experience of personnel
- legal risks • risks related to information, telecommunications and communication systems
- risks related to sales and customer relationships
- risks related to products and services
- risks related to processes
- risks related to the activities of external operators.

Preparedness and contingency plans have been drawn up for the key business and support functions to support the management of and recovery from unlikely but severe disturbances.

3.5 Risks inherent in quantitative methods

A quantitative method refers to the creation of numerical estimates by applying statistical, economic, financial or other mathematical theories and methods. Quantitative methods also include methods which aim to produce a numerical outcome and which are partly or fully based on subjective expert appraisal.

A quantitative method can be erroneous and/or misleading and lead to unreliable reporting and incorrect conclusions and thus incorrect measures undertaken by Management.

Quantitative method risks are included in operational risks, but due to their special nature and importance and to facilitate their handling, these risks are identified, measured, managed, monitored and reported as their own risk area.

In the management of risks inherent in quantitative methods, the focus is on risks related to:

- mathematical theory
- the quality of information
- estimation and parametrisation
- documentation
- validation
- personnel
- information systems and
- processes.

A guiding principle in managing the risks inherent in quantitative methods is effective questioning of the methods and processes. This means that an independent and expert party, the Risk Management function or an external expert critically assesses the methods and processes.

The management of risks inherent in quantitative methods is based on the structure, mathematical theory and logic of each method being well documented and supported as much as possible by scientific research and/or best practices of the insurance sector. In order to be able to identify a method's strengths and weaknesses, it is important that the mathematical simplifications, numerical methods, approximations and the use of subjective expert appraisal are analysed and documented with sufficient accuracy. The owner and developers of the method must ensure that the various elements of the method function as desired, are suited to the intended purpose and that the method is mathematically correct and the estimated parameters are statistically reliable.

Managing the quality of the data is just as important as managing the structure, theory and logic of the method. Reliability can only be achieved through high-quality data.

The validation of a quantitative method covers processes and procedures which aim to verify that the method is appropriate and reliable and functions in the desired manner. Validation is used to identify possible weaknesses and limitations of the method as well as problems related to its use, and to assess and manage their impacts.

3.6 Concentration risks

Concentration risks refer to all kinds of risk concentrations involving losses which may be high enough to jeopardise the insurance company's solvency or financial position. Concentration risks most often arise from investment operations, but they may also arise from insurance operations, and from the combined effect of these.

The management of investment, financial market and counterparty risks is based on diversification which basically prevents any significant concentration risks. An exception to this rule is the so-called strategic holdings which may lead to major concentration risks. Holdings in subsidiaries belonging to the Group are handled as strategic holdings.

Insurance operations are based on risk diversification within the insurance portfolio, such that the impacts of a single insurance target under the company's responsibility can be limited. This risk is managed through, among other things, risk selection guidelines and reinsurance.

Especially in customer financing within investments operations, the investment and insurance operations are assessed from a holistic perspective prior to granting credit in order to be able to assess the joint risk concentrations.

3.7 Liquidity risk

Liquidity risk refers to a risk of not being able to meet future payment obligations or of only being able to meet them through special measures. Liquidity risk is divided into short- and long-term risk. Short-term liquidity risk refers to risks that are related to asset and liability cash flows lasting less than four months (cash management risks). Long-term liquidity risk refers to asset and liability matching risks spanning several years, even decades, into the future.

Short-term liquidity risk is managed by maintaining a sufficient liquidity reserve and by liquidity planning. The liquidity reserve is managed by, among other things, the following principles:

- a minimum allocation is given to money market investments
- convertibility into cash is required of equity and fixed income investments
- money market investments are diversified and counterparty limits are set for them
- the amount of illiquid investments in the portfolio is limited
- liquidity conditions are included in significant reinsurance contracts where necessary.

When planning liquidity, daily forecasts are created on outgoing payments for the next four months. The objective of short-term liquidity risk management is to ensure that there will be no need to realise investments other than money market investments and that there will be no need to use or realise the short-term liquidity reserve built up by asset managers.

Long-term liquidity risk is monitored and reported as a separate risk; however, it is not managed as a separate risk, but instead as part of interest rate risk management.

3.8 Strategic risks

Strategic risks refer to risks that are related to the insurance company's strategy and which result from incorrect business decisions, incorrect or failed implementation of business decisions or from the inability to adjust business operations to changing conditions or so that they are in line with the targeted future state.

Strategy refers to a series of long-term plans and measures used by the insurance company to move from the current state into the desired future state.

Strategic risks entail many different dimensions, and they have been divided into the following groups:

- strategic macro risks, which are related, for example, to changes in demographic, social security and culture trends, changes in regulation, authority supervision and policy or changes in climate and geopolitical trends,
- sector-specific strategic risks that relate to changes in competition in the insurance or financial sector and in the demand of policyholders or investors, and
- strategic risks inherent in internal operations, such as, for example, risks related to expansion or to internal development or to the availability of additional capitalisation.

The basis for the management of strategic risks is to identify the strategic risks of the Group and each subsidiary, to observe various weak signals and to assess how different events, trends and scenarios will affect the sustainability of operations and the development of the financial position in both the short and long term.

3.9 Reputation risk

Reputation risk refers to a risk of damage to the public image of the Fennia Group or of an individual company belonging to the Group. Reputation risk can also be caused by the actions of partners, if their values and/or operating principles differ from those of the Fennia Group.

Reputation risk is usually a consequence of other materialised risks or events, such as the materialisation of operational risks.

The starting point for the management of reputation risks is to identify the possible events that can negatively affect the Group's or a Group company's reputation. Reputation risk differs in nature from other risks in that risk events can be based on real events or on events that fully or partly have no basis in reality (for example a baseless rumour). Reputation risks are often preventable or the effect of the events can usually be reduced.

The management of reputation risk is based on overall knowledge and understanding of the business and its restrictions. Reputation risk cannot be managed as a separate risk area; it is rather an extension of the management of operational risks. When the risks affecting reputation risk have been identified, various risk management measures can be implemented within the organisation. Successful reputation risk management is partly based on clear and well-thought-out external communications.

Reputation risk management also involves compliance with laws, regulations and provisions and operating in accordance with the requirements set by authorities. The public image and reliability of an insurance company may suffer if laws, regulations, provisions and requirements set by authorities are not complied with

3.10 Group risks

Group risks refer to risks arising from Fennia and its subsidiaries operating in the form of a Group. Group risks can be divided into the following groups:

- transaction risks
- contagion risks
- conflict of interest risks
- concentration risks
- risks related to administration.

Transaction risks refer to risks that relate to intra-Group transactions, for example, appropriate pricing.

Contagion risks include situations in which the problems faced or the risks taken by one company spread to the other Group companies or to the whole Group. This group also includes moral hazard risks, referring to situations in which a risk intentionally and immorally taken by one company and the resulting loss are transferred to be borne by the parent company or other companies either in part or in full.

Conflict of interest risks arise when the interests of some Group companies or those of the entire Group collide.

Concentration risks arise if a single counterparty becomes too significant on the Group level, even though the risk remains within the permitted limits for single companies.

Risks related to administration result from the fact that some of the operations are organised on the Group level and some on the level of individual companies. The differences in the companies' administrative systems can lead to co-ordination challenges and additional risks.

The management of group risks is based on a clear Group structure. In complicated ownership patterns, group risks become more important. In addition, appropriate group risk management is based on planning and monitoring business on the level of both the individual companies and the Group. That is the only way to ensure and monitor the development of the group objectives and their achievement.

The management of group risks is also based on consistent and transparent definition and implementation of the entire Group's internal control system, particularly the risk management system and regulatory compliance monitoring as well as the related reporting procedures. The roles and responsibilities of the various bodies must also be clear and defined from the Group's perspective.

4 Solvency management

Risk-bearing capacity refers to the company's assets that are available for covering losses. Risk appetite refers to the degree of risk the company is willing to take to achieve its business targets; in other words, the extent to which the company is ready to tie its own assets to risk-taking. Risk tolerance refers to the extent to which the company's assets are allowed to fluctuate when seeking to achieve the business targets.

The objective of risk and solvency management within the Group is to support the achievement of business goals and the continuity of business operations. This is done by ensuring that the risks taken are correctly proportioned in relation to risk-bearing capacity, risk appetite and risk tolerance and by creating conditions for trouble-free operations even in the case of unexpected losses by identifying the threats and opportunities that affect the implementation of the business strategy and the achievement of other targets.

General risk appetite and risk tolerance are managed by setting indicators and target limits for the most significant risks and combined risks. The set risk-specific restrictions must efficiently limit the risk profile to keep solvency and risk-taking under control and within the permitted limits.

Board of Directors’ Proposal on the Disposal of Profit

Fennia Mutual Life Insurance Company’s distributable profits totalled EUR 318,880,508.74. The company’s profit for the financial year was EUR 73,074,924.60. The Board of Directors proposes that the profit for the financial year be transferred to the security reserve.

Helsinki, 12 March 2020

Mikael Ahlbäck	Matti Pörhö	Anni Ronkainen
Risto Tornivaara	Eva Liljeblom	Jyrki Mäkynen
Tomi Yli-Kyyny	Paul Stucki	Henry Backlund

Antti Kuljukka
Managing director

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's report

To the Annual General Meeting of Fennia Mutual Insurance Company

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Fennia Mutual Insurance Company (business identity code 0196826-7) for the year ended 31 December, 2019. The financial statements comprise the balance sheets, profit and loss accounts, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's *Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note *Auditors' commissions* to the consolidated financial statements.

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

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Most significant assessed risks of material misstatement

Below we have described our assessment of the most significant risks of material misstatement, including risks of material misstatement due to fraud, and presented a summary of our response to those risks. We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

MOST SIGNIFICANT ASSESSED RISKS OF MATERIAL MISSTATEMENT	AUDITOR'S RESPONSE TO THE RISKS
Valuation of investment assets (Accounting Principles pages 13-15 and notes to the Accounts pages 43-44, 48-51 and 53-64)	
The investment assets of the Group including investments covering unit-linked insurance contracts constitute the most significant component of assets in the balance sheet.	We assessed the appropriateness of the accounting principles and valuation methods applied.

In general investment assets are valued at acquisition cost or as real estate properties at the lower of acquisition cost less depreciations according to plan or the lower fair value of the aforementioned. Investment assets covering unit-linked insurance contracts are measured at fair value. In addition the fair values of the investments and the net income of the investments at fair value are disclosed in the notes to the financial statements.

Fair values of the investment assets are based either on market quotations or on estimates determined in accordance with the general fair value principles. For those assets for which market value is not available from public markets, the determination of fair value may require management judgement. Such investments include, for example, unlisted capital investments and real estate investments.

We tested the internal controls over posting and valuation process of securities, derivatives and real estate properties.

We compared the values used in valuation of investment assets to external quotations and to results generated by other valuation methods applied as well as assessed the appropriateness of the company’s own valuation procedures.

In addition we considered appropriateness of the notes on investment assets.

Calculation of technical provisions (Accounting principles page 15-18 and 69)

The technical provisions as specified in Chapter 9 of the Insurance Companies Act forms the most significant balance sheet liability item of both the parent company and the Group.

For the parent company operating as non-life insurance company the major risk in terms of technical provisions is the sufficiency of the claim provision. The determination of the discount rate used in the calculation of the pension liabilities and the valuation of the loss events shall be made conservatively. The interest rate used to discount pension liabilities was reduced from 1.5% to zero during the financial year. The decrease in the discount rate, together with changes in the calculation process, increased the liability by EUR 228 million.

Fennia Mutual Insurance Company changed the basis for calculating the equalization provision during the financial year 2019. As a result of changes in the basis of calculation, the equalization provision decreased by EUR 259 million.

The subsidiary Fennia Life Insurance Company Ltd has a portfolio of savings and pension insurance policies that have a guaranteed interest rate (technical rate). The promised technical rate of interest involves risk of return on investments. The discounting rate applied in calculation of technical provisions shall be chosen conservatively. Therefore the technical provisions must be topped up with interest rate fulfillment requiring management judgement that secure with reasonable certainty capability to keep given commitments.

At the beginning of 2019, Fennia Mutual Insurance Company and Fennia Life Insurance Company introduced a new asset and liability management model whereby companies use interest rate derivatives to hedge the interest rate risk of market-based technical provisions. The purpose of interest rate hedging is to reduce the unfavorable impact of changes in market interest rates on the company's market-based result and solvency position. These interest rate derivatives are treated as hedging derivatives in the book keeping.

Our audit procedures included the assessment of the recognition and calculation principles and processes in respect of the technical provisions.

We have evaluated the accounting process of the technical provisions and tested the internal control environment of the accounting, taking into account the effects of the merger of Fennia Non-life Insurance Company Ltd on the accounting process of the technical provisions.

We involved our own actuary to evaluate the appropriateness of the assumptions and methods used, by assessing the technical bases applied and considering the appropriateness of the calculation models to verify sufficiency of the technical provisions, among others.

In implementing the new asset and liability management model we have reviewed the compliance of the risk management principles adopted and tested internal controls that verify the reporting process of market-based technical provisions and it’s hedging derivatives. We have also evaluated the adequacy of hedge accounting for interest rate derivatives and compared the valuation of derivatives to market quotations.

In addition we considered the accuracy of the technical provisions from the accounting perspective and assessed the accuracy of the notes concerning the technical provisions.

Due to its significant book value, related assumptions involving management judgement and complexity of the actuarial models, technical provisions has been identified as an item containing risk of material misstatement.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, 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 opinion. 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 internal control relevant to the 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 parent company's or the group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group'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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the parent company or the group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on the year 2007, and our appointment represents a total period of uninterrupted engagement of 13 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 12 March 2020
KPMG Oy Ab

PETRI KETTUNEN
Authorised Public Accountant, KHT

Statement of the supervisory board

The Supervisory Board of Fennia Mutual Insurance Company has examined the Company's Financial Statements for the year 2019 and the Consolidated Financial Statements as well as the Auditors' Report. We have no objections concerning them.

The Supervisory Board proposes that the Annual General Meeting of Fennia Mutual Insurance Company adopts the financial statements and the consolidated financial statements as well as the proposal of the Board of Directors for the disposal of the result for the financial year.

Helsinki, 18 March 2020

On behalf of the Supervisory Board

Janne Ylinen
Chairman of the Supervisory Board

Supervisory Board

Chairman

Janne Ylinen
Managing Director
Kokkolan Halpa-Halli Oy
Kokkola

Vice Chairmen

Marianne Kaasalainen
Managing Director
Oy Patrol Trading Ab
Espoo

Board Members

Michael Cedercreutz
Executive Chairman
Oy Victor Ek Ab
Helsinki

Risto Finne
Chairman of the Board
Kuopion Konepaja Oy
Kuopio

Virve Groning
Executive Manager
UFF
Rajamäki

Jarmo Halonen
Managing Director
Elecster Oyj
Toijala

Jukka Hyryläinen
Managing Director
Katko Oy
Vantaa

Ilkka Jalonen
Chairman
Ilja Consulting Oy
Espoo

Juha Järvi
Managing Director
Ka-Mu Oy
Karstula

Pia Kauma
Member of Parliament
Espoo

Hannu Kekäläinen

Chairman of the Board
Check Point Finland Oy
Piikkiö

Jaana Kokko
CEO
Oulun Autokuljetus Oy
Oulu

Petteri Kolinen
CEO
Design Forum
Espoo

Jaana Kotro
administration partner
Teknopower Oy
Turku

Perttu Kouvalainen
CEO
Fabrik Oy
Joensuu

Pekka Kuivalainen
Managing Director
Pisla Oy
Viitasaari

Matti Kurttio
Chairman of the Board
Tormets Oy
Tornio

Mari Laaksonen
Managing Director
CleanMarin Oy
Helsinki

Maunu Lehtimäki
Managing Director
Evli Bank Plc
Helsinki

Markus Lindblom
Managing Director
RTV-Yhtymä Oy
Riihimäki

Heli Lindqvist
CEO
Lukkotalo - Lukko ja Kone Oy
Espoo

Hannu Löytönen
Industrial Counsellor (Finnish honorary title)
Managing Director
Betset Oy
Kyyjärvi

Tauno Maksniemi
Senior partner, CEO
Broadview Oy Ltd

Helsinki

Jouko Manninen
Mayor
Town of Kuusamo
Kuusamo

Mikko Markkanen
CEO
Crazy Town Oy
Jyväskylä

Anna Mollberg
Factory- and Marketing manager
Kymppi-Maukkaat Oy
Akaa

Antti Mykkänen
Fennia's personnel representative:
Yrittäjäin Fennian Kenttä ry
Lahti

Ari Penttilä
Managing Director
Matkapojat Oy
Tampere

Juha Murtopuro
Managing Director
Avarn Security
Helsinki

Raimo Puustinen
Managing Director
Pohjois-Karjalan Kirjapaino Oyj
Joensuu

Pekka Rantamäki
CEO
Rantamäki Advisors Oy
Helsinki

Ari Rinta-Jouppi
Managing Director
Rinta-Joupin Autoliike Oy
Tervajoki

Ali U. Saadetdin
Chairman of the Board
Solteq Plc
Tampere

Seppo Saajos
Chairman of the Board
Saajos Group
Lohja

Kaj Ström
Chairman of the Board
Motoral Oy
Helsinki

Juhana Tikka
CEO

Kaakon Viestintä Oy
Mikkeli

Tapio Tommila
Managing Director
Panostaja
Tampere

Virpi Utriainen
CEO
Nuori Yrittäjyys ry
Espoo

Heikki Vauhkonen
Managing Director
Tulikivi Corporation
Helsinki

Henrik Wikström
Director, Finance and Administration
Sarlin Group Oy Ab
Kauniainen

Jarkko Wuorinen
Managing Director
Ahlman & Wuorinen Development AWD Oy
Savonlinna

Jens Österberg
Managing Director
Oy Petsmo Products Ab
Vaasa

Fennia's Board of Directors and Management 1 January 2020

Board of Directors

Chairman

Mikael Ahlbäck
Industrial Counsellor, Group CEO
Ab Rani Plast Oy
Teerijärvi

Vice Chairman

Matti Pörhö
Commercial Counsellor (Finnish honorary title), CEO
Pörhön Autoliike Oy
Oulu

Board Members

Henry Backlund
Chairman of the Board
Dermoshop Oy
Korsnäs

Eva Liljeblom
Professor
Hanken School of Economics, Helsinki
Lund University, Sweden
Helsinki

Jyrki Mäkynen
Managing Director
Oy HM Profiili Ab
Seinäjoki

Anni Ronkainen
Executive Vice President, Chief Digital Officer
Kesko Corporation
Helsinki

Paul Stucki
Managing Director
Orfer Oy
Orimattila

Risto Tornivaara
Senior Advisor
Sitra
Vantaa

Tomi Yli-Kyyny
Managing Director
Caruna Networks Oy
Helsinki

Secretary to the Board

Sanna Elg

Chief Legal Officer
Fennia
Espoo

Fennia's Board of Directors and Management 1 January 2020

Auditors

KPMG Oy Ab

Petri Kettunen
Authorised Public Accountant

Deputy Auditor

KPMG Oy Ab

Fredrik Westerholm
Authorised Public Accountant

Management of Fennia Group

Antti Kuljukka
Group CEO

Sanna Elg (Secretary)
Chief Legal Officer

Eero Eriksson
Managing Director, Fennia Asset Management

Kimmo Kilpinen
Deputy Managing Director

Mika Manninen
Group CFO

Alexander Schoschkoff
Managing Director, Fennia Life Insurance

Fennia's Board of Directors and Management 1 January 2019

Physicians

Sari Anthoni
Specialist in Occupational Health

Mikael Hedenborg
Doctor of Medical Science
Specialist in Occupational Health
Chief Physician
Special competence in insurance medicine

Tero Järvinen
Professor, Specialist in Orthopaedics and Traumatology

Lauri Keso
Doctor of Medical Science
Specialist in Internal Medicine and Rheumatology
Special competence in insurance medicine

Juha Liira
Doctor of Medical Science
Specialist in Occupational Health and Medicine
Special competence in insurance medicine

Heikki Mäenpää
Senior lecturer, Doctor of Medical Science
Orthopaedics and Traumatology

Mika Paavola
Doctor of Medical Science
Specialist in Orthopaedics and Traumatology

Timo Yrjönen
Doctor of Medical Science
Specialist in Orthopaedics

Heikki Österman
Licentiate of Medicine
Specialist in Orthopaedics and Traumatology

Fennia's Board of Directors and Management 1 January 2020