



If P&C Insurance AS

Interim Report

3rd Quarter 2020

Translation from Estonian language

Contacts and signatures

If P&C Insurance AS main field of activity is non-life insurance services.

| | |
|-----------------------------------|---------------------------------|
| Business name: | <i>If P&C Insurance AS</i> |
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| Beginning of reporting period: | <i>1 January 2020</i> |
| End of reporting period: | <i>30 September 2020</i> |
| Chairman of the Management Board: | <i>Andris Morozovs</i> |
| Auditor: | <i>KPMG Baltics OÜ</i> |

If P&C Insurance AS management board have compiled 3rd quarter 2020 interim report which is presented on pages 7-20.

| | | | |
|-----------------------------------|-------------|-------------|------------|
| Member of the Management Board | Heinar Olak | /Signature/ | 30.11.2020 |
|-----------------------------------|-------------|-------------|------------|

| | | | |
|-----------------------------------|------------|-------------|------------|
| Member of the Management Board | Tiit Kolde | /Signature/ | 30.11.2020 |
|-----------------------------------|------------|-------------|------------|

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EXPLANATORY NOTE

If P&C Insurance AS (the Company, If) is a wholly-owned subsidiary of the leading Nordic property and casualty insurance group If P&C Insurance Holding Ltd (publ). If P&C Insurance Holding Ltd (publ) is owned by the Finnish company Sampo plc, listed on the Helsinki Stock Exchange. Sampo Group is also the largest shareholder of the Nordea banking group and Topdanmark, the second-largest non-life insurer in Denmark. Further it is the sole owner of Mandatum Life (life insurance).

If has been offering property and casualty insurance in the Baltic markets since 1992, covering both private individuals and corporate customers. Across the Baltic countries, If has approximately 306,000 policyholders and is one of the leading P&C companies in Estonia. If's products include property, liability, motor, marine & transport, and accident & health insurance.

The Company is registered in Estonia and operates in Latvia and Lithuania through branches. The current corporate structure enables efficient operations and claims handling across the Baltic region, with some business functions shared across all three countries.

This interim report includes the financial indicators of the Estonian unit operated by If P&C Insurance AS and the Latvian and Lithuanian branches.

Results for the nine months of 2020

The technical result increased from €12.6 million in 2019 to €13.6 million, and the combined ratio improved to 87.6% (88.3%).

Gross written premiums increased in total by €2.5 million, from €114.4 million in 2019 to €116.9 million.

Baltic insurance market premium volume grew relatively well in first quarter of 2020 until Covid-19 outbreak in the middle of March, in the second quarter market volumes reduced compared to 2019 due to the outbreak of Covid-19 pandemic. During the first 9 months in 2020 market gross written premium volume reduced preliminary by – 3,5 % compared to year before. If gross written premium growth (+2,5%) for 9 months exceeded the market growth.

Total claims cost, including claims handling expenses, increased marginally from €68.6 million in 2019 to €68.8 million, loss ratio reduced to 62.7% (63.3%) due to overall favourable claims frequency development, during the first quarter due to favourable weather conditions, during the second quarter due to Covid-19 pandemic restrictions in most of the product segments except travel insurance. In third quarter claims frequencies returned to pre-Covid-19 levels.

Expense ratio decreased somewhat during the nine months of the year compared to the year before. Salary cost inflation resulted in expense increase, at the same time expense for offices and travel reduced considerable during second and third quarter due to Covid-19 restrictions. Total operating expenses, excluding claims handling expenses, increased marginally from €27.2 million to €27.3 million.

The overall net profit after tax increased to €14.8 million (€13.8) million in first nine months 2019.

KEY FIGURES

| €000 | Q1-3 2020 | Q1-3 2019 |
|-------------------------------------|-----------|-----------|
| Premiums written, gross | 116,929 | 114,380 |
| Premiums earned, net of reinsurance | 109,733 | 108,422 |
| Claims incurred, net of reinsurance | 68,799 | 68,619 |
| Operating expenses ¹ | 27,336 | 27,162 |
| Technical result ² | 13,598 | 12,641 |
| Net profit | 14,790 | 13,803 |
| Combined ratio ³ | 87.6% | 88.3% |
| Expense ratio ⁴ | 24.9% | 25.1% |
| Loss ratio ⁵ | 62.7% | 63.3% |
| Return on investments ⁶ | 0.7% | 3.5% |

Formulas:

| | |
|---|---|
| ¹ Operating expenses | Insurance contract acquisition costs and administrative expenses (+) reinsurance commissions and other income |
| ² Technical result | Premiums earned, net of reinsurance (-) claims incurred, net of reinsurance (-) operating expenses |
| ³ Combined ratio | Expense ratio + loss ratio |
| ⁴ Expense ratio | $\frac{\text{Operating expenses}}{\text{Premiums earned, net of reinsurance}}$ |
| ⁵ Loss ratio | $\frac{\text{Claims incurred (incl. Claims handling costs), net of reinsurance}}{\text{Premiums earned, net of reinsurance}}$ |
| ⁶ Return on investments (yearly basis) | $\frac{\text{Investment income (-) investment expenses (+) changes in fair value recognised in other comprehensive income}}{\text{Weighted average volume of financial investments in the period}}$ |

Investment result

The value of financial investments stood at €296.0 million as at 30 September 2020. Applying the full market valuation, the result from asset management decreased to €1.6 million, down from €7.5 million in nine months 2019, with a return ratio of 0.7% compared to the previous 3.5%. Net investment result recognised in profit amounted to €1.67 million compared to €1.68 million in nine months 2019, while -€0.05 million was recorded in other comprehensive income, down from €5.78 million in nine months 2019. Fixed income portfolio running yield stayed flat at 0.8% and duration slightly increased to 2.8 years as opposed to 2.7 years in 2019.

Number of employees and workforce expenses

As at 30 September 2020, the number of full-time employees was 543 (31.12.2019 555) and expenses for personnel totalled €17.7 million, an increase of €0.3 million over the year.

Key activities of If P&C Insurance AS and its branches

Smooth service to the customers is one of the most important focus areas for If P&C Insurance and we pay a lot of attention to it.

We have managed to provide excellent service to our customers also during coronavirus pandemic. Our customers were already used to buying insurance products or communicating with us through remote channels. Where possible, claims handling has also mostly been carried out through digital channels.

In order to ensure the best customer service, we are constantly evaluating the Net Promoter Score (NPS). This enables us to find areas where we can still improve our customer service. During the years both the sales and the claims handling of If P&C Insurance have received very high NPS scores from our customers. In the third quarter, the total NPS score was stable and well above 70.

If P&C Insurance has performed very well in a changing economic environment. The growth of insurance products sales in the third quarter of 2020 at If P&C Insurance has exceeded well the average market results in all three Baltic countries.

If P&C Insurance provides a complete range of P&C insurance products to private and corporate customers in the Baltics, working primarily via internet and phone channels. Besides that, If utilizes the network of brokers and partners.

STATEMENT OF COMPREHENSIVE INCOME Q 3

| €000 | Note | Q 3 2020 | Q 3 2019 |
|---|------|----------------|----------------|
| PREMIUMS EARNED, NET OF REINSURANCE | | | |
| Premiums earned, gross | | 37,977 | 37,703 |
| Premiums ceded | | -786 | -715 |
| TOTAL | 2 | 37,191 | 36,988 |
| OTHER INCOME | | | |
| Investment result | 3 | 537 | 652 |
| Reinsurance commissions and other income | | 46 | 52 |
| TOTAL | | 583 | 704 |
| TOTAL REVENUE | | 37,774 | 37,692 |
| CLAIMS INCURRED, NET OF REINSURANCE | | | |
| Claims incurred, gross | | -23,908 | -23,720 |
| Reinsurers' share of claims incurred | | -150 | 99 |
| TOTAL | 4 | -24,058 | -23,621 |
| EXPENSES | | | |
| Insurance contract acquisition costs | | -5,705 | -5,802 |
| Administrative expenses | | -3,443 | -3,392 |
| TOTAL | 5 | -9,148 | -9,194 |
| TOTAL CLAIMS AND EXPENSES | | -33,206 | -32,815 |
| NET RESULT BEFORE TAXES | | 4,568 | 4,877 |
| INCOME TAX | | -124 | -188 |
| NET PROFIT FOR THE FINANCIAL PERIOD | | 4,444 | 4,689 |
| OTHER COMPREHENSIVE INCOME | | | |
| OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS | | | |
| Change in the value of available-for-sale assets | | 3,133 | 818 |
| TOTAL | | 3,133 | 818 |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD | | 7,577 | 5,507 |

STATEMENT OF COMPREHENSIVE INCOME

| €000 | Note | Q1-3 2020 | Q1-3 2019 |
|---|------|----------------|----------------|
| PREMIUMS EARNED, NET OF REINSURANCE | | | |
| Premiums earned, gross | | 112,026 | 110,583 |
| Premiums ceded | | -2,294 | -2,161 |
| TOTAL | 2 | 109,732 | 108,422 |
| OTHER INCOME | | | |
| Investment result | 3 | 1,672 | 1,676 |
| Reinsurance commissions and other income | | 220 | 229 |
| TOTAL | | 1,892 | 1,905 |
| TOTAL REVENUE | | 111,624 | 110,327 |
| CLAIMS INCURRED, NET OF REINSURANCE | | | |
| Claims incurred, gross | | -69,067 | -68,232 |
| Reinsurers' share of claims incurred | | 268 | -387 |
| TOTAL | 4 | -68,799 | -68,619 |
| EXPENSES | | | |
| Insurance contract acquisition costs | | -17,221 | -17,011 |
| Administrative expenses | | -10,334 | -10,380 |
| TOTAL | 5 | -27,555 | -27,391 |
| TOTAL CLAIMS AND EXPENSES | | -96,354 | -96,010 |
| NET RESULT BEFORE TAXES | | 15,270 | 14,317 |
| INCOME TAX | | -480 | -514 |
| NET PROFIT FOR THE FINANCIAL PERIOD | | 14,790 | 13,803 |
| OTHER COMPREHENSIVE INCOME | | | |
| OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS | | | |
| Change in the value of available-for-sale assets | | -47 | 5,780 |
| TOTAL | | -47 | 5,780 |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD | | 14,743 | 19,583 |

STATEMENT OF FINANCIAL POSITION

| €000 | Note | 30 September 2020 | 30 December 2019 |
|--|------|-------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 64,208 | 17,968 |
| Financial investments | 7 | 295,998 | 318,436 |
| Receivables related to insurance activities | 6 | 32,891 | 30,311 |
| Accrued income and prepaid expenses | | 3,979 | 4,018 |
| Reinsurance assets | 9 | 5,801 | 5,114 |
| Investment in subsidiary | | 88 | 88 |
| Property, plant and equipment | 8 | 3,740 | 4,565 |
| TOTAL ASSETS | | 406,705 | 380,500 |
| LIABILITIES AND EQUITY | | | |
| Liabilities related to insurance activities | | 5,998 | 6,205 |
| Lease liabilities | | 3,119 | 3,922 |
| Accrued expenses and deferred income | | 6,468 | 6,039 |
| Deferred tax liability | | 84 | 83 |
| Liabilities arising from insurance contracts | 9 | 198,834 | 183,292 |
| Total liabilities | | 214,502 | 199,541 |
| Share capital | | 6,391 | 6,391 |
| Share premium | | 3,679 | 3,679 |
| Mandatory capital reserve | | 2,362 | 2,362 |
| Fair value reserve | | 5,041 | 5,088 |
| Retained earnings | | 159,939 | 143,550 |
| Net profit for the year | | 14,790 | 19,889 |
| Total equity | | 192,202 | 180,959 |
| TOTAL LIABILITIES AND EQUITY | | 406,705 | 380,500 |

STATEMENT OF CHANGES IN EQUITY

€000

| | Share capital | Share premium | Mandatory capital reserve | Fair value reserve | Retained earnings | Net profit for the year | Total equity |
|------------------------------|---------------|---------------|---------------------------|--------------------|-------------------|-------------------------|----------------|
| At 1 January 2019 | 6,391 | 3,679 | 2,362 | 905 | 147,250 | - | 160,587 |
| Dividends paid ¹⁾ | - | - | - | - | -3,700 | - | -3,700 |
| Other comprehensive income | - | - | - | 4,183 | - | - | 4,183 |
| Net profit for the year | - | - | - | - | - | 19,889 | 19,889 |
| At 31 December 2019 | 6,391 | 3,679 | 2,362 | 5,088 | 143,550 | 19,889 | 180,959 |
| At 1 January 2020 | 6,391 | 3,679 | 2,362 | 5,088 | 163,439 | - | 180,959 |
| Dividends paid ¹⁾ | - | - | - | - | -3,500 | - | -3,500 |
| Other comprehensive income | - | - | - | -47 | - | - | -47 |
| Net profit for the year | - | - | - | - | - | 14,790 | 14,790 |
| At 30 September 2020 | 6,391 | 3,679 | 2,362 | 5,041 | 159,939 | 14,790 | 192,202 |

- ¹⁾ In March 2020, the Company distributed 3.5 million euros (2019: 3.7 million euros) in dividends to the sole shareholder. The company pays dividends from the profits made by its Latvian and Lithuanian branches. In accordance with the Estonian Income Tax Act, dividends paid from profit earned through an Estonian company's permanent establishment located in an EEA state or Switzerland and taxed there are exempt from income tax.

STATEMENT OF CASH FLOWS

| €000 | Note | Q1-3 2020 | Q1-3 2019 |
|--|------|---------------|---------------|
| Cash flow from operating activities | | | |
| Premiums received | | 113,798 | 112,224 |
| Premiums ceded | | -2,310 | -2,356 |
| Claims paid, incl. claims handling expenses | | -58,348 | -59,208 |
| Cash flow from reinsurance | | 208 | 747 |
| Employee-related and service-related expenses | | -26,665 | -27,263 |
| Investments in bonds and other interest-bearing securities | | -68,150 | -42,863 |
| Proceeds from disposals of bonds and other interest-bearing securities | | 80,560 | 33,137 |
| Investments in term deposits | | -5,000 | -5,000 |
| Proceeds from term deposits | | 15,000 | - |
| Interest received | | 2,296 | 2,201 |
| Interest paid | | -8 | -9 |
| Income tax paid | | -423 | -633 |
| Net cash flow from operating activities | | 50,958 | 10,977 |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | | -206 | -326 |
| Proceeds from disposal of property, plant and equipment | | 1 | 1 |
| Net cash flow from investing activities | | -205 | -325 |
| Cash flow from financing activities | | | |
| Dividends paid | | -3,500 | -3,700 |
| Repayment of lease liability | | -1,013 | -942 |
| Net cash flow from financing activities | | -4,513 | -4,642 |
| Change in cash flow | | 46,240 | 6,010 |
| Cash and cash equivalents at beginning of reporting period | | 17,968 | 30,142 |
| Cash and cash equivalents at end of reporting period | | 64,208 | 36,152 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1. Accounting principles and basis of estimations used in the preparation of the financial statements

This interim report has been prepared in conformity with the IAS 34 “Interim Financial Reporting” requirements for condensed interim financial statements.

The If P&C Insurance AS annual report for the financial year ended 31 December 2019 was prepared in conformity with the IFRS and the interpretations issued by IFRIC, which have been approved by the EU. The applied standards and interpretations are described in Company’s accounting policies for the financial year 2019. The financial statements are available on Company’s website at www.if.ee.

Though the company forms the group together with its subsidiary Support Services AS and is the consolidating entity, the Company has elected in accordance with IFRS 10 paragraph 4 not to present consolidated financial statements and presented only separate financial statements. The Company is a wholly-owned subsidiary of If P&C Insurance Holding Ltd (publ) and the parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards (IFRS). Consolidated financial statements of the parent are available at websites www.if.se and www.sampo.com under section *Figures-Annual report*.

Note 2. Premiums earned, net of reinsurance

| €000 | Q1-3 2020 | Q1-3 2019 |
|---|----------------|----------------|
| Premiums written, gross | 116,929 | 114,380 |
| Change in the provision for unearned premiums | -4,903 | -3,796 |
| Premiums earned, gross | 112,026 | 110,584 |
| Reinsurance premiums | -2,731 | -2,437 |
| Change in the provision for unearned premiums | 437 | 276 |
| Premiums ceded | -2,294 | -2,161 |
| TOTAL | 109,732 | 108,423 |

Note 3. Investment result

| €000 | Q1-3 2020 | Q1-3 2019 |
|--|------------------|------------------|
| <u>Interest income/expense on:</u> | | |
| Available-for-sale financial assets | | |
| Bonds and other interest-bearing securities | 2,209 | 2,092 |
| Loans and receivables | | |
| Term deposits | 6 | 13 |
| Cash and cash equivalents | - | 1 |
| Lease liabilities | -8 | -10 |
| TOTAL | 2,207 | 2,096 |
| <u>Gain from the disposal of:</u> | | |
| Available-for-sale financial assets | | |
| Bonds and other interest-bearing securities | 172 | 168 |
| TOTAL | 172 | 168 |
| <u>Gain/loss from the change in the value of:</u> | | |
| Exchange rate changes | -35 | -16 |
| TOTAL | -35 | -16 |
| Investment expenses | -672 | -573 |
| TOTAL INVESTMENT RESULT | 1,672 | 1,675 |
| Reconciliation of the fair value reserve of available-for-sale financial assets | | |
| | Q1-3 2020 | Q1-3 2019 |
| Opening balance, available-for-sale financial assets | 5,088 | 905 |
| Changes in fair value during the year, recognised in other comprehensive income | 125 | 5,947 |
| Realised gain recognised in profit or loss | -172 | -168 |
| Closing balance, available-for-sale financial assets | 5,041 | 6,684 |
| Change in the fair value reserve of available-for-sale financial assets during the year | -47 | 5,779 |

Note 4. Claims incurred, net of reinsurance

| €000 | Q1-3 2020 | Q1-3 2019 |
|--|----------------|----------------|
| Gross | | |
| Claims paid related to the reporting period | -42,914 | -44,271 |
| Claims paid related to previous periods | -18,508 | -19,136 |
| Amounts recovered from salvage and subrogation | 6,242 | 7,853 |
| Change in the provision for claims outstanding | -10,639 | -9,353 |
| Claims handling expenses | -3,248 | -3,325 |
| TOTAL | -69,067 | -68,232 |
| Reinsurers' share | | |
| Claims paid related to the reporting period | 5 | 64 |
| Claims paid related to previous periods | 22 | 212 |
| Change in the provision for claims outstanding | 241 | -663 |
| TOTAL | 268 | -387 |
| Net | | |
| Claims paid related to the reporting period | -42,909 | -44,207 |
| Claims paid related to previous periods | -18,486 | -18,924 |
| Amounts recovered from salvage and subrogation | 6,242 | 7,853 |
| Change in the provision for claims outstanding | -10,398 | -10,016 |
| Claims handling expenses | -3,248 | -3,325 |
| TOTAL | -68,799 | -68,619 |

Note 5. Expenses

| €000 | Q1-3 2020 | Q1-3 2019 |
|--|----------------|----------------|
| Salaries and remuneration | -13,803 | -13,206 |
| Social security costs | -2,949 | -2,756 |
| Other personnel expenses | -948 | -1,466 |
| Total personnel expenses | -17,699 | -17,428 |
| Commissions to intermediaries | -6,944 | -7,001 |
| Data processing | -1,643 | -1,795 |
| Expenses on premises | -1,598 | -1,622 |
| Office expenses (incl. communication expenses) | -508 | -639 |
| Other operating expenses | -2,411 | -2,232 |
| TOTAL | -30,803 | -30,717 |

Division of costs on the basis of functions:

| | | |
|--------------------------------------|----------------|----------------|
| Insurance contract acquisition costs | -17,221 | -17,011 |
| Administrative expenses | -10,334 | -10,380 |
| Claims handling expenses | -3,248 | -3,326 |
| TOTAL | -30,803 | -30,717 |

Note 6. Receivables related to insurance activities

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|---|---------------|---------------|
| Receivables related to direct insurance activities, incl. | 32,564 | 30,058 |
| - policyholders | 27,853 | 25,850 |
| - intermediaries | 2,510 | 2,110 |
| - subrogation with significant recoverability | 1,562 | 1,570 |
| - salvages | 352 | 422 |
| - other | 287 | 106 |
| Receivables related to reinsurance | 179 | 202 |
| Other receivables | 148 | 51 |
| TOTAL | 32,891 | 30,311 |

Note 7. Financial investments

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|--|----------------|----------------|
| Available-for-sale financial assets | | |
| Bonds and other interest-bearing securities | | |
| - listed | 275,324 | 287,382 |
| - unlisted | 15,670 | 16,036 |
| Incl. with a floating interest rate | 11,723 | 59,931 |
| Incl. with a fixed interest rate (0.125 -3.75%; 31.12.2019: 0.0%-3.75%) | 279,271 | 243,487 |
| TOTAL | 290,994 | 303,418 |
| Loans and receivables | | |
| Term deposits | 5,004 | 15,018 |
| TOTAL FINANCIAL INVESTMENTS | 295,998 | 318,436 |

Bonds and other interest-bearing securities by issuers

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|---|----------------|----------------|
| Issued by Estonian financial institutions | 2,042 | 2,039 |
| Issued by Estonian companies | 1,535 | 1,528 |
| Issued by foreign governments | 2,635 | 2,606 |
| Issued by foreign financial institutions | 133,223 | 146,718 |
| Issued by foreign companies | 151,559 | 150,527 |
| TOTAL | 290,994 | 303,418 |

Ratings of bond issuers (S&P)

| | Percentage of fair value | |
|-----------------|--------------------------|-------------|
| | 30 Sept 2020 | 31 Dec 2019 |
| AAA | 3.0% | 2.7% |
| AA+ until AA- | 10.3% | 18.0% |
| A+ until A- | 30.8% | 33.0% |
| BBB+ until BBB- | 39.0% | 31.3% |
| BB | 1.9% | 1.9% |
| Non rated | 15.0% | 13.1% |
| TOTAL | 100% | 100% |

Bonds and other interest-bearing securities by maturity terms

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|--------------|----------------|----------------|
| Up to 1 year | 22,036 | 64,614 |
| 1-2 years | 32,012 | 32,985 |
| 2-5 years | 186,939 | 172,871 |
| 5-10 years | 50,007 | 32,948 |
| TOTAL | 290,994 | 303,418 |

| Deposits by maturity terms | | |
|-----------------------------------|---------------------|--------------------|
| €000 | 30 Sept 2020 | 31 Dec 2019 |
| Up to 6 months | 5,004 | 5,017 |
| 6-12 months | - | 10,001 |
| TOTAL | 5,004 | 15,018 |

Note 8. Property, plant and equipment

| €000 | Right-of-use: Buildings | Other PPE |
|---|------------------------------------|------------------|
| Net book value as at 31 December 2018 | - | 558 |
| First application of IFRS 16 as at 1 January | 5,154 | - |
| Acquisition | 26 | 326 |
| Disposal | - | -18 |
| Acquisition cost as at 31 December 2019 | 5,180 | 2,259 |
| -incl. fully depreciated | - | 1,199 |
| Depreciation charge for the year | -1,265 | -314 |
| Depreciation charge of sales and disposals | - | 34 |
| Accumulated depreciation as at 31 December 2019 | -1,265 | -1,609 |
| Net book value as at 31 December 2019 | 3,915 | 650 |
| Acquisition | 209 | 227 |
| Disposal | - | -22 |
| Acquisition cost as at 30 Sept 2020 | 5,389 | 2,464 |
| -incl. fully depreciated | - | 1,279 |
| Depreciation charge for the year | -1,017 | -244 |
| Depreciation charge of sales and disposals | - | 22 |
| Accumulated depreciation as at 30 Sept 2020 | -2,282 | -1,831 |
| Net book value as at 30 Sept 2020 | 3,107 | 633 |

Note 9. Liabilities related to insurance contracts and reinsurance assets

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|---|----------------|----------------|
| Gross | | |
| Provision for incurred and reported claims and claims handling expenses | 96,132 | 85,826 |
| Provision for incurred but not reported claims | 35,179 | 34,846 |
| Provision for unearned premiums | 67,523 | 62,620 |
| TOTAL | 198,834 | 183,292 |
| Reinsurer's share | | |
| Provision for incurred and reported claims and claims handling expenses | 4,489 | 4,236 |
| Provision for incurred but not reported claims | 228 | 231 |
| Provision for unearned premiums | 1,084 | 647 |
| TOTAL | 5,801 | 5,114 |
| Net | | |
| Provision for incurred and reported claims and claims handling expenses | 91,643 | 81,590 |
| Provision for incurred but not reported claims | 34,951 | 34,615 |
| Provision for unearned premiums | 66,439 | 61,973 |
| TOTAL | 193,033 | 178,178 |

Note 10. Related party transactions*Related parties*

The company's shareholders, enterprises under the joint control of or enterprises controlled by the company, the company's staff, Management Board and Supervisory Board members, their close relatives and other individuals over whom the above persons have significant influence, are considered related parties.

Transactions with members of the Management Board and members of the Supervisory Board

The Management Board members received a total of €799 thousand in remuneration, including social tax (Q1-3 2019: €1,029 thousand). There were paid termination benefits including social tax during the reporting period €73 thousand (Q1-3 2019: €0) to members of the Management Board. No remuneration was paid to members of the Supervisory Board.

Insurance contracts with total premiums of €7 thousand were concluded with the management individuals in the financial period (Q1-3 2019: €7 thousand).

Reinsurance transactions with group companies

The company has concluded reinsurance contracts with If P&C Insurance Ltd (publ).

| €000 | Calculated reinsurance premiums | | Indemnifications and commissions received | |
|-----------------------------|---------------------------------|-----------|---|-----------|
| | Q1-3 2020 | Q1-3 2019 | Q1-3 2020 | Q1-3 2019 |
| If P&C Insurance Ltd (publ) | 1,615 | 1,284 | 11 | 8 |

Receivables and payables related to the above transactions as at 30 September 2020 and 31 December 2019:

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|-----------------------------|--------------|-------------|
| Receivables | | |
| If P&C Insurance Ltd (publ) | 43 | - |
| Payables | | |
| If P&C Insurance Ltd (publ) | 876 | 637 |

Other related party transactions, transactions with other group companies

| €000 | Services purchased | | Services rendered | |
|-----------------------------------|--------------------|--------------|-------------------|------------|
| | Q1-3 2020 | Q1-3 2019 | Q1-3 2020 | Q1-3 2019 |
| Mandatum Life Insurance Baltic SE | - | - | 8 | 8 |
| Nordea Group companies | 31 | 211 | - | 357 |
| If P&C Insurance Ltd (publ) | 8 | 8 | 182 | 150 |
| Sampo plc | 498 | 464 | - | - |
| If IT Services A/S | 383 | 356 | - | - |
| Total | 920 | 1,039 | 190 | 515 |

Receivables and payables related to the above transactions as at 30 September 2020 and 31 December 2019:

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|-----------------------------------|--------------|-------------|
| Receivables | | |
| Mandatum Life Insurance Baltic SE | - | - |
| Payables | | |
| Sampo plc | 170 | 163 |
| If P&C Insurance Ltd (publ) | 1 | 7 |
| If IT Services A/S | 2 | 36 |
| Total | 173 | 206 |

If Insurance has acquired financial assets and has earned investment income from the following group companies:

| €000 | 30 Sept 2020 | 31 Dec 2019 |
|-------------------------|---------------------|--------------------|
| Financial assets | | |
| Nordea Group companies | 5,141 | 5,141 |

| €000 | Q1-3 2020 | Q1-3 2019 |
|----------------------------------|------------------|------------------|
| Investment income/expense | | |
| Nordea Group companies | 33 | 22 |