

*If P&C Insurance AS*

**Interim Report**

**3<sup>rd</sup> Quarter 2019**

**Translation from Estonian language**

## **Contacts and signatures**

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

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Beginning of reporting period:	<i>1 January 2019</i>
End of reporting period:	<i>30 September 2019</i>
Chairman of the Management Board:	<i>Andris Morozovs</i>
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If P&C Insurance AS management board have compiled 3<sup>rd</sup> quarter 2019 interim report which is presented on pages 7-20.

Member of the Management Board	Artur Praun	/Signature/	28.11.2019
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Member of the Management Board	Heinar Olak	/Signature/	28.11.2019
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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 major 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 300,000 policyholders. 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 all 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 2019

Technical result increased from €12.0 million in first nine months 2018 to €12.6 million in first nine months 2019, corresponding to a combined ratio of 88.3 % (in the first nine months of 2018: 88.7%).

Gross written premiums reduced from €127.5 million first nine months 2018 to €114.4 million in first nine months 2019. The difference is explained by the fact that premium recognition principle was changed in January 2018 from paid instalment principle to full period premium recognition principle at the risk inception day, resulting in one-off effects in 2018.

Outlook for the economic growth has deteriorated throughout the 2019, affected by the trade tariff increases between USA and China, also the German economy is showing tendencies to weakening, also weak economic outlook for number of southern European counties including the banking sector raises worries. Overall economic sentiment has weakened, but the gross written premiums growth in Baltic area continued relatively strong in 2019.

Total claims cost, including claims handling cost, increased from €67.9 million in first nine months of the year 2018 to €68.6 million in 2019, loss ratio was 63.3% and improved slightly compared to the same period year before (63.8%) due to increased earned premium volume. Focus on underwriting excellence and careful risk assessment ensured continued strong overall performance.

Expense ratio 25.1% (first nine months 2018: 24.9%) and total operating expenses, excluding claims handling cost, increased to €27.2 million (€26.6 million).

The overall net profit after tax increased to €13.8 million, up from €13.0 million first nine months of the year 2018.

**KEY FIGURES**

€000	Q1-3 2019	Q1-3 2018
Premiums written, gross	114,380	127,513
Premiums earned, net of reinsurance	108,422	106,553
Claims incurred, net of reinsurance	68,619	67,946
Operating expenses <sup>1</sup>	27,162	26,578
Technical result <sup>2</sup>	12,641	12,029
Net profit	13,803	13,039
Combined ratio <sup>3</sup>	88.3%	88.7%
Expense ratio <sup>4</sup>	25.1%	24.9%
Loss ratio <sup>5</sup>	63.3%	63.8%
Return on investments <sup>6</sup>	3.5%	0.1%

**Formulas:**

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

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**Investment result**

The value of financial investments stood at €295.3 million as at 30 September 2019.

Applying the full market valuation, the result from asset management increased to €7.45 million, up from €0.24 million in nine months 2018, with a return ratio of 3.5% compared to the previous 0.1%. Net investment result recognised in profit amounted to €1.67 million compared to €1.65 million in nine months 2018, while €5.78 million was recorded in other comprehensive income, up from -€1.41 million in nine months 2018. Fixed income portfolio running yield decreased to 0.8% as opposed 0.9% last year, and duration increased slightly to 2.7 years as opposed to 2.6 years in 2018.

The prevailing low interest rate environment is a serious challenge for the investment portfolio. The strong involvement of the European Central Bank in the fixed income markets has resulted in a downward spiral for European short and long term rates, which means that it is increasingly difficult to re-invest maturing instruments at attractive levels. However, our investment focus remains unchanged, i.e. we seek to find new opportunities in the European investment grade bond markets and plan to re-invest maturing bonds into medium term instruments.

**Number of employees and workforce expenses**

As at 30 September 2019, the number of full-time employees was stable at 574 (31.12.2018 566) and expenses for personnel totalled €17.4 million, an increase of €0.7 million comparing last year.

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

In the third quarter, If in the Baltic states introduced a major brand campaign “The undifficult insurance company”. Previously conducted client surveys have shown that when choosing an insurer, smooth sales and claims handling processes are what matter the most to people. That is why we focus on developing our products and services, including the web environment, to offer smooth insurance from signing the contract to handling possible claims.

It is important that our message stands on a solid ground. That was proven by a customer survey which revealed that 9 clients out of 10 consider buying insurance on our website as simple and quick. 91% are happy with our claims handling because it is easy to report a claim and the handling process is fast.

During the third quarter, we continued improving our product range and launched the mobile phone insurance in Latvia - a similar service that was launched in Estonia in Spring and longer ago in Lithuania.

We also changed the product selection of our subsidiary Poliis.ee. From now on, besides affordable car insurance, Poliis.ee started offering travel insurance. Poliis.ee insurance is perfect for those who are seeking a lower price rather than wide insurance coverage.

The tradition of If's IT innovation is becoming stronger every year – IT people, together with product and sales colleagues, joined the forces at the 6th hackathon HackIf. The top ideas at this hackathon were all about making our customer experience even smoother, some of these have already been implemented.

In August, we became a sponsor of event dedicated to the 30th anniversary of the Baltic Way. We supported a special car rally connecting Tallinn, Riga and Vilnius, and repeating the route of the historical event. The event was a success thanks to numerous cars participating across the Baltics, including If employees.

In the third quarter, we have continued with activities implementing our employer branding strategy and bringing awareness about it both internally and externally. The “Normal Job” concept has been widely covered in the media and sparked interest of potential new colleagues.

Offering a smooth service for the clients is our focus area. The combined efforts and activities in the customer satisfaction area resulted in the Net Promotor Score (NPS) increase by 5.5 points compared to the first nine months of 2018, which corresponded to the Baltic level of +71.7.

If provides a complete range of P&C insurance products to private and corporate customers in the Baltics, working primarily via telephone and internet channels, as well as direct sales points. Furthermore, If utilizes a network of brokers and partners. Sales and customer service staff are located in central offices throughout the region and today If has the fourth largest insurance portfolio among all P&C insurance providers in the Baltic States.

**STATEMENT OF COMPREHENSIVE INCOME Q 3**

€000	Note	Q 3 2019	Q 3 2018
<b>PREMIUMS EARNED, NET OF REINSURANCE</b>			
Premiums earned, gross		37,703	37,266
Premiums ceded		-715	-709
<b>TOTAL</b>	2	<b>36,988</b>	<b>36,557</b>
<b>OTHER INCOME</b>			
Investment result	3	651	613
Reinsurance commissions and other income		52	46
<b>TOTAL</b>		<b>703</b>	<b>659</b>
<b>TOTAL REVENUE</b>		<b>37,691</b>	<b>37,216</b>
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>			
Claims incurred, gross		-23,721	-23,614
Reinsurers' share of claims incurred		100	-89
<b>TOTAL</b>	4	<b>-23,621</b>	<b>-23,703</b>
<b>EXPENSES</b>			
Insurance contract acquisition costs		-5,802	-5,682
Administrative expenses		-3,392	-3,191
<b>TOTAL</b>	5	<b>-9,194</b>	<b>-8,873</b>
<b>TOTAL CLAIMS AND EXPENSES</b>		<b>-32,815</b>	<b>-32,576</b>
<b>NET RESULT BEFORE TAXES</b>		<b>4,876</b>	<b>4,640</b>
INCOME TAX		-187	-230
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>4,689</b>	<b>4,410</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>			
Change in the value of available-for-sale assets		818	-846
<b>TOTAL</b>		<b>818</b>	<b>-846</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<b>5,507</b>	<b>3,564</b>

**STATEMENT OF COMPREHENSIVE INCOME**

€000	Note	Q 1-3 2019	Q 1-3 2018
<b>PREMIUMS EARNED, NET OF REINSURANCE</b>			
Premiums earned, gross		110,583	108,703
Premiums ceded		-2,161	-2,150
<b>TOTAL</b>	2	<b>108,422</b>	<b>106,553</b>
<b>OTHER INCOME</b>			
Investment result	3	1,675	1,651
Reinsurance commissions and other income		229	250
<b>TOTAL</b>		<b>1,904</b>	<b>1,901</b>
<b>TOTAL REVENUE</b>		<b>110,326</b>	<b>108,454</b>
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>			
Claims incurred, gross		-68,233	-65,976
Reinsurers' share of claims incurred		-386	-1,970
<b>TOTAL</b>	4	<b>-68,619</b>	<b>-67,946</b>
<b>EXPENSES</b>			
Insurance contract acquisition costs		-17,011	-17,184
Administrative expenses		-10,380	-9,644
<b>TOTAL</b>	5	<b>-27,391</b>	<b>-26,828</b>
<b>TOTAL CLAIMS AND EXPENSES</b>		<b>-96,010</b>	<b>-94,774</b>
<b>NET RESULT BEFORE TAXES</b>		<b>14,316</b>	<b>13,680</b>
INCOME TAX		-513	-641
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>13,803</b>	<b>13,039</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>			
Change in the value of available-for-sale assets		5,780	-1,408
<b>TOTAL</b>		<b>5,780</b>	<b>-1,408</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<b>19,583</b>	<b>11,631</b>



**STATEMENT OF FINANCIAL POSITION**

€000	Note	30 September 2019	31 December 2018
<b>ASSETS</b>			
Cash and cash equivalents		36,152	30,142
Financial investments	7	295,295	274,731
Receivables related to insurance activities	6	31,899	29,649
Accrued income and prepaid expenses		4,047	4,021
Reinsurance assets	9	5,240	5,629
Investment in subsidiary		88	88
Property, plant and equipment	8	4,885	558
<b>TOTAL ASSETS</b>		<b>377,606</b>	<b>344,818</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities related to insurance activities		5,781	6,277
Lease liabilities		4,238	-
Accrued expenses and deferred income		5,815	5,846
Deferred tax liability		87	42
Liabilities arising from insurance contracts	9	185,216	172,066
<b>Total liabilities</b>		<b>201,137</b>	<b>184,231</b>
Share capital		6,391	6,391
Share premium		3,679	3,679
Mandatory capital reserve		2,362	2,362
Fair value reserve		6,684	905
Retained earnings		143,550	128,146
Net profit for the year		13,803	19,104
<b>Total equity</b>		<b>176,469</b>	<b>160,587</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>377,606</b>	<b>344,818</b>

**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
<b>At 1 January 2018</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>3,704</b>	<b>131,246</b>	-	<b>147,382</b>
Dividends paid <sup>1)</sup>	-	-	-	-	-3,100	-	<b>-3,100</b>
Other comprehensive income	-	-	-	-2,799	-	-	<b>-2,799</b>
Net profit for the year	-	-	-	-	-	19,104	<b>19,104</b>
<b>At 31 December 2018</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>905</b>	<b>128,146</b>	<b>19,104</b>	<b>160,587</b>
<b>At 1 January 2019</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>905</b>	<b>147,250</b>	-	<b>160,587</b>
Dividends paid <sup>1)</sup>	-	-	-	-	-3,700	-	<b>-3,700</b>
Other comprehensive income	-	-	-	5,779	-	-	<b>5,779</b>
Net profit for the year	-	-	-	-	-	13,803	<b>13,803</b>
<b>At 30 September 2019</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>6,684</b>	<b>143,550</b>	<b>13,803</b>	<b>176,469</b>

- <sup>1)</sup> In March 2019, the Company distributed 3.7 million euros (2018: 3.1 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 2019	Q1-3 2018
<b>Cash flow from operating activities</b>			
Premiums received	2	112,224	110,596
Premiums ceded	2	-2,356	-2,395
Claims paid, incl. claims handling expenses	4, 5	-59,208	-59,945
Cash flow from reinsurance		747	-163
Employee-related and service-related expenses		-27,263	-26,557
Investments in bonds and other interest-bearing securities		-42,863	-59,572
Proceeds from disposals of bonds and other interest-bearing securities		33,137	37,555
Investments in term deposits		-5,000	-
Proceeds from term deposits		-	6,400
Interest received		2,201	2,223
Interest paid		-9	-
Income tax paid		-633	-124
<b>Net cash flow from operating activities</b>		<b>10,977</b>	<b>8,018</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		-326	-333
Proceeds from disposal of property, plant and equipment		1	2
<b>Net cash flow from investing activities</b>		<b>-325</b>	<b>-331</b>
<b>Cash flow from financing activities</b>			
Dividends paid		-3,700	-3,100
Repayment of lease liability		-942	-
<b>Net cash flow from financing activities</b>		<b>-4,642</b>	<b>-3,100</b>
<b>Change in cash flow</b>		<b>6,010</b>	<b>4,587</b>
<b>Cash and cash equivalents at beginning of reporting period</b>		<b>30,142</b>	<b>8,011</b>
<b>Cash and cash equivalents at end of reporting period</b>		<b>36,152</b>	<b>12,598</b>

## 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 2018 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 2018. The financial statements are available on Company’s website at [www.if.ee](http://www.if.ee) Apart from the implementation of IFRS 16 Leases, no changes have been made to the accounting policies applied in relation to those applied in the 2018 Annual Report.

IFRS 16 Leases took effect on January 1, 2019 and the Company applies the standard as of this date. The standard replaced the existing IAS 17 Leases. The Company made the transition to IFRS 16 in accordance with the modified retrospective model and comparative information was not restated. Following the transition, the company recognized a lease liability that corresponded to the present value of the remaining lease payments for the leases that were previously subject to IAS 17, discounted by an estimated incremental borrowing rate as of the date of initial application. A corresponding amount was recognized as a right-of-use asset in the balance sheet. However, the Company applies a company-specific materiality assessment that includes, but is not limited to, the two exemptions specified in the standard. Accordingly, only leases attributable to large office premises were initially recognized in accordance with IFRS 16.

The standard has a limited impact on the Company’s financial statements. Tangible assets and liabilities increased by 5.2 million euro at transition on January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities at the initial recognition was 0.27 %. The Company’s technical result also improves slightly since only depreciation of right-of-use assets is included in the technical result, while interest expenses related to the leasing liabilities are presented as a part of the investment result. Before the implementation of IFRS 16 leasing costs were included in the technical result.

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](http://www.if.se) and [www.sampo.com](http://www.sampo.com) under section *Figures-Annual report*.

### Note 2. Premiums earned, net of reinsurance

€000	Q1-3 2019	Q1-3 2018
Premiums written, gross	114,380	127,513
Change in the provision for unearned premiums	-3,797	-18,810
<b>Premiums earned, gross</b>	<b>110,583</b>	<b>108,703</b>

	Q1-3 2019	Q1-3 2018
Reinsurance premiums	-2,437	-2,550
Change in the provision for unearned premiums	276	400
<b>Premiums ceded</b>	<b>-2,161</b>	<b>-2,150</b>
<b>TOTAL</b>	<b>108,422</b>	<b>106,553</b>

**Note 3. Investment result**

€000	Q1-3 2019	Q1-3 2018
<u>Interest income/expense on:</u>		
<b>Financial assets at fair value through profit or loss</b>		
<i>Classified as held for trading</i>		
Bonds and other interest-bearing securities	-	246
<b>Available-for-sale financial assets</b>		
Bonds and other interest-bearing securities	2 092	1,747
<b>Loans and receivables</b>		
Term deposits	13	2
Cash and cash equivalents	1	1
<b>Lease liabilities</b>	<b>-10</b>	<b>-</b>
<b>TOTAL</b>	<b>2 096</b>	<b>1,996</b>
<u>Gain from the disposal of:</u>		
<b>Available-for-sale financial assets</b>		
Bonds and other interest-bearing securities	168	594
<b>TOTAL</b>	<b>168</b>	<b>594</b>
<u>Gain/loss from the change in the value of:</u>		
<b>Financial assets at fair value through profit or loss</b>		
<i>Classified as held for trading</i>		
Bonds and other interest-bearing securities	-	-419
<b>Exchange rate changes</b>	<b>-16</b>	<b>-</b>
<b>TOTAL</b>	<b>-16</b>	<b>-419</b>
<b>Investment expenses</b>	<b>-573</b>	<b>-520</b>
<b>TOTAL INVESTMENT RESULT</b>	<b>1,675</b>	<b>1,651</b>

<b>Reconciliation of the fair value reserve of available-for-sale financial assets</b>	<b>Q1-3 2019</b>	<b>Q1-3 2018</b>
<b>Opening balance, available-for-sale financial assets</b>	<b>905</b>	<b>3,704</b>
Changes in fair value during the year, recognised in other comprehensive income	5,947	-1,012
Realised gain recognised in profit or loss	-168	-396
<b>Closing balance, available-for-sale financial assets</b>	<b>6,684</b>	<b>2,296</b>
Change in the fair value reserve of available-for-sale financial assets during the year	5,779	-1,408

**Note 4. Claims incurred, net of reinsurance**

<b>€000</b>	<b>Q1-3 2019</b>	<b>Q1-3 2018</b>
<b>Gross</b>		
Claims paid related to the reporting period	-44,271	-43,517
Claims paid related to previous periods	-19,136	-20,114
Amounts recovered from salvage and subrogation	7,853	7,171
Change in the provision for claims outstanding	-9,353	-6,280
Claims handling expenses	-3,326	-3,236
<b>TOTAL</b>	<b>-68,233</b>	<b>-65,976</b>
<b>Reinsurers' share</b>		
Claims paid related to the reporting period	65	-
Claims paid related to previous periods	212	11
Change in the provision for claims outstanding	-663	-1,981
<b>TOTAL</b>	<b>-386</b>	<b>-1,970</b>
<b>Net</b>		
Claims paid related to the reporting period	-44,206	-43,517
Claims paid related to previous periods	-18,924	-20,103
Amounts recovered from salvage and subrogation	7,853	7,171
Change in the provision for claims outstanding	-10,016	-8,261
Claims handling expenses	-3,326	-3,236
<b>TOTAL</b>	<b>-68,619</b>	<b>-67,946</b>

**Note 5. Expenses**

€000	Q1-3 2019	Q1-3 2018
Salaries and remuneration	-13,207	-11 714
Social security costs	-2,756	-3 500
Other personnel expenses	-1,466	-1 444
<b>Total personnel expenses</b>	<b>-17,429</b>	<b>-16,658</b>
Commissions to intermediaries	-7,000	-7,699
Data processing	-1,795	-1,518
Expenses on premises	-1,622	-1,648
Office expenses (incl. communication expenses)	-639	-706
Other operating expenses	-2,232	-1,835
<b>TOTAL</b>	<b>-30,717</b>	<b>-30,064</b>

*Division of costs on the basis of functions:*

Insurance contract acquisition costs	-17,011	-17,184
Administrative expenses	-10,380	-9,644
Claims handling expenses	-3,326	-3,236
<b>TOTAL</b>	<b>-30,717</b>	<b>-30,064</b>

**Note 6. Receivables related to insurance activities**

€000	30 Sept 2019	31 Dec 2018
Receivables related to direct insurance activities, incl.	31,085	29,021
- policyholders	26,179	25,213
- intermediaries	2,720	1,968
- subrogation with significant recoverability	1,759	1,378
- salvages	288	338
- other	139	124
Receivables related to reinsurance	188	484
Other receivables	626	144
<b>TOTAL</b>	<b>31,899</b>	<b>29,649</b>

**Note 7. Financial investments**

€000	30 Sept 2019	31 Dec 2018
<b>Available-for-sale financial assets</b>		
Bonds and other interest-bearing securities		
- listed	276,769	261,854
- unlisted	13,513	12,877
Incl. with a floating interest rate	60,001	71,837
Incl. with a fixed interest rate (0.0%-3.75%)	230,281	202,894
<b>TOTAL</b>	<b>290,282</b>	<b>274,731</b>
<b>Loans and receivables</b>		
Term deposits	5,013	-
<b>TOTAL FINANCIAL INVESTMENTS</b>	<b>295,295</b>	<b>274,731</b>

**Bonds and other interest-bearing securities by issuers**

€000	30 Sept 2019	31 Dec 2018
Issued by Estonian financial institutions	2,032	-
Issued by Estonian companies	1,546	1,527
Issued by foreign governments	2,659	2,527
Issued by foreign financial institutions	138,080	125,207
Issued by foreign companies	145,965	145,470
<b>TOTAL</b>	<b>290,282</b>	<b>274,731</b>

**Ratings of bond issuers (S&P)**

	Percentage of fair value	
	30 Sept 2019	31 Dec 2018
AAA	2.8%	4.0%
AA+ until AA-	18.7%	15.1%
A+ until A-	31.2%	34.2%
BBB+ until BBB-	33.4%	30.5%
BB	2.0%	2.3%
Non rated	11.9%	13.9%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

**Bonds and other interest-bearing securities by maturity terms**

€000	30 Sept 2019	31 Dec 2018
Up to 1 year	63,708	33,100
1-2 years	40,251	74,473
2-5 years	161,816	120,860
5-10 years	24,507	46,298
<b>TOTAL</b>	<b>290,282</b>	<b>274,731</b>



**Deposits by maturity terms**

€000	30 Sept 2019	31 Dec 2018
Up to 6 months	5,013	-
<b>TOTAL</b>	<b>5,013</b>	<b>-</b>

**Note 8. Property, plant and equipment**

€000	Right-of- use asset	Other PPE
<b>Net book value as at 31 December 2017</b>	<b>-</b>	<b>442</b>
Acquisition	-	457
Write-off	-	-332
Disposal	-	-34
Acquisition cost as at 31 December 2018	-	1,887
-incl. fully depreciated	-	1,089
Depreciation charge for the year	-	-333
Depreciation charge of sales and disposals	-	358
Accumulated depreciation as at 31 December 2018	-	-1,329
<b>Net book value as at 31 December 2018</b>	<b>-</b>	<b>558</b>
Acquisition	5,180	326
Disposal	-	-18
Acquisition cost as at 30 September 2019	5,180	2,196
-incl. fully depreciated	-	1,108
Depreciation charge for the year	-949	-230
Depreciation charge of sales and disposals	-	17
Accumulated depreciation as at 30 September 2019	-949	-1,542
<b>Net book value as at 30 September 2019</b>	<b>4,231</b>	<b>654</b>

**Note 9. Liabilities related to insurance contracts and reinsurance assets**

€000	30 Sept 2019	31 Dec 2018
<b>Gross</b>		
Provision for incurred and reported claims and claims handling expenses	85,277	77,852
Provision for incurred but not reported claims	34,577	32,649
Provision for unearned premiums	65,362	61,565
<b>TOTAL</b>	<b>185,216</b>	<b>172,066</b>
<b>Reinsurer's share</b>		
Provision for incurred and reported claims and claims handling expenses	4,009	4,690
Provision for incurred but not reported claims	224	206
Provision for unearned premiums	1,007	733
<b>TOTAL</b>	<b>5,240</b>	<b>5,629</b>
<b>Net</b>		
Provision for incurred and reported claims and claims handling expenses	81,268	73,162
Provision for incurred but not reported claims	34,353	32,443
Provision for unearned premiums	64,355	60,832
<b>TOTAL</b>	<b>179,976</b>	<b>166,437</b>

**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 €1 029 thousand in remuneration, including social tax (2018 Q1-3: €1,067 thousand). No termination benefits were paid to members of the Management Board during the reporting period (2018 Q1-3: €0). 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 (2018 Q1-3: €8 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 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
If P&C Insurance Ltd (publ)	1,284	1,435	8	18

Receivables and payables related to the above transactions as at 30 September 2019 and 31 December 2018:

€000	30 Sept 2019	31 Dec 2018
<b>Receivables</b>		
If P&C Insurance Ltd (publ)	-	4
<b>Payables</b>		
If P&C Insurance Ltd (publ)	696	683

*Other related party transactions, transactions with other group companies*

€000	Services purchased		Services rendered	
	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
Mandatum Life Insurance Baltic SE	-	-	8	15
Nordea Group companies	211	298	357	439
If P&C Insurance Ltd (publ)	8	24	150	188
Sampo plc	464	418	-	-
If IT Services A/S	356	365	-	-
<b>Total</b>	<b>1,039</b>	<b>1,105</b>	<b>515</b>	<b>642</b>

Receivables and payables related to the above transactions as at 30 September 2019 and 31 December 2018:

€000	30 Sept 2019	31 Dec 2018
<b>Receivables</b>		
Mandatum Life Insurance Baltic SE	-	-
Nordea Group companies	61	89
<b>Total</b>	<b>61</b>	<b>89</b>

€000	30 Sept 2019	31 Dec 2018
<b>Payables</b>		
Nordea Group companies	30	18
Sampo plc	160	146
If P&C Insurance Ltd (publ)	7	25
If IT Services A/S	36	-
<b>Total</b>	<b>233</b>	<b>189</b>

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

<b>€000</b>	<b>30 Sept 2019</b>	<b>31 Dec 2018</b>
<b>Financial assets</b>		
Nordea Group companies	7,045	-

<b>€000</b>	<b>Q1-3 2019</b>	<b>Q1-3 2018</b>
<b>Investment income/expense</b>		
Nordea Group companies	22	2