FINNISH MUTUAL
PATIENT INSURANCE COMPANY

SOLVENCY AND FINANCIAL CONDITION REPORT 2024 (unofficial translation)

FINNISH MUTUAL PATIENT INSURANCE COMPANY

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Summary

The year 2024 marked the fourth year of operation as an insurance company for the Finnish Mutual Patient Insurance Company. The company's profit before taxes was EUR 4 (4.3) million. Premiums written for 2024 amounted to EUR 36.3 (33.2) million. Claims incurred for the financial year totalled EUR 27.8 (24.7) million. Due to the long-term nature of patient insurance, the claims paid during the financial year only totalled EUR 8.4 (6.7) million, while the change in provisions for claims was EUR 19.4 (18.0) million. The company updated the calculation principles for technical provisions used in the financial statements as of 31 December 2024, and the changes in these principles reduced the technical provisions by EUR 2.1 million. The change in technical provisions was affected by an increase in the discount rate from 1.2 per cent to 1.5 per cent.

The company's operating expenses amounted to EUR 2.6 (2.4) million, in line with the previous year and the budget. The most significant items were the administrative charge paid to the Patient Insurance Centre, personnel expenses, and IT expenses paid to external suppliers and partners.

In terms of investment activities, the year was favourable for both bond and equity markets. The company's strong solvency position enabled it to operate within the framework set by the investment plan. The accounting-based net investment result was EUR 2.2 (2.6) million. The net return on invested capital at fair value was 6.5% (6.9%), with equity investments being the main source of return.

As at 31 December 2024, the market value of the investment portfolio was EUR 130 (104) million. At fair value, the portfolio consisted of 64.7% (64.2%) fixed-income investments, 21.7% (18.3%) equity investments, 10.3% (14.1%) real property investments, and alternative investments for 3.3% (3.4%) of the company's investment assets.

Key Figures for 2024 (2023):

- combined ratio: 87.2% (85.1%)
- expense ratio: 7.6% (7.6%)
- operating profit: EUR 6.6 (7.4) million
- profit for the financial year before taxes: EUR 4.0 (4.3) million
- average number of personnel during the financial year: 5.8 (5.8)
- net return on invested capital at fair value: 6.5% (6.9%)
- own funds: EUR 78.0 (62.0) million
- ratio of own funds to solvency capital requirement 187% (171%)

Other important events:
The company's outlook remains positive. Its specialised nature, organisational structure, and processes provide a strong foundation for regulatory compliance and cost-effective operations. The method and schedule of business expansion will be determined by the ruling of the Market Court regarding the insurance concept (transfer of competence), for which the company has applied for leave to appeal to the Supreme Administrative Court.

Two internal audit reviews were carried out during 2024, and no material deficiencies were identified.

Due to personnel changes, the compliance function was outsourced on 10 October 2023 and brought back in-house as of 1 June 2024. The tendering of internal audit services was conducted through an open procedure. Of the key control functions, only internal audit remains outsourced. Internal audit is provided by PricewaterhouseCoopers Oy.

A. Business and performance

A.1 Business

The Finnish Mutual Insurance Company is a mutual insurance company domiciled in Helsinki, operating within the territory of Finland. The company specialises in providing patient insurance for public medical care. The company offers patient insurance to its owners, and other wellbeing services counties can become the company's customers by joining the insurance policy of a founding shareholder as the insured. In addition, associate corporations and subsidiary corporations wholly owned by public medical care services may be insured.

The company is supervised and audited by the Financial Supervisory Authority (Snellmaninkatu 6, Helsinki, www.finanssivalvonta.fi) and the responsible supervisor at the Financial Supervisory Authority is Tony Airio.

The company's auditor is KPMG Oy Ab (Töölönlahdenkatu 3 A, 00101 Helsinki), with Authorised Public Accountant Marcus Tötterman serving as the principal auditor.

The ownership of the company's guarantee capital by shareholders is as follows:

33.5%	HUS Group
24.3%	Wellbeing Services County of Southwest Finland
18.5%	Wellbeing Services County of North Ostrobothnia
12.4%	Wellbeing Services County of North Savo
11.3%	Wellbeing Services County of Pirkanmaa

The company is not part of a group. As HUS Group and the Wellbeing Services County of Southwest Finland each own more than 20% of the guarantee capital, they are considered related parties under the Insurance Companies Act.

The company commenced its insurance operations on 1 January 2021, when the revised Patient Insurance Act (948/2019) came into force and the founding shareholders' patient insurance policies were entered into the company's insurance register. Thus, 2024 marked the company's fourth year of operation as an insurance company. The company is a member of organisations including the Patient Insurance Centre and Finance Finland (Finanssiala ry). The insurance revenue for the reporting period amounted to EUR 34.9 (31.9) million.

During the financial year, the company continued to develop its organisation and system of governance. Documentation was supplemented and updated, including adjustments based on observations from the Financial Supervisory Authority's regular audit. No findings of significant or major importance were found in the audit. Action plans, including responsible persons and schedules, were prepared for minor or moderate findings. All observations from the audit and actions they required were completed by the end of 2024.

The recruitment process for a new CEO was launched in October 2023, and the compliance function was temporarily outsourced during the process. Antti Kolkka was appointed as CEO as of 1 January 2024, having served as acting CEO since 1 October 2023. Anne Lauriala was appointed as the new Chief Legal Officer as of 25 April 2024. No other significant organisational or personnel changes occurred during 2024. Of the key control functions, only internal audit remains outsourced, and no changes were made following the related tendering process.

The company updated its five-year strategy and developed a more detailed operating plan for 2025.

A.2 Underwriting performance

Premiums written for 2024 amounted to EUR 36.3 (33.2) million. The pay-as-you-go payment collected from policyholders for the Patient Insurance Centre is not included in the company's insurance premium income.

For the financial year, the company had in place an excess of loss reinsurance agreement covering claims exceeding EUR 5 million up to EUR 20 million. The reinsurers' share of the premiums written was EUR 1.4 (1.3) million, resulting in insurance revenue of EUR 34.9 (31.9) million for 2024.

Claims incurred for the financial year totalled EUR 27.9 (24.7) million. Due to the commencement of operations and the long-term nature of patient insurance, the claims paid during the financial year only totalled EUR 8.4 (6.7) million, while the change in provisions for claims was EUR 19.4 (18.0) million. The change in technical provisions was affected by an increase in the discount rate from 1.2 per cent to 1.5 per cent. The effect of the change in technical bases was EUR 2.1 (3.8) million. In accordance with the above, the balance on technical account before change in equalisation provision was EUR 4.5 (4.8) million. A total of EUR 2.6 (3.1) million was accumulated for the equalisation provision. Thus, the balance on technical account was EUR 1.9 (1.7) million.

Operating expenses for the financial year totalled EUR 2.6 (2.4) million. The most significant items were the administrative charge paid to the Patient Insurance Centre, personnel expenses, and IT expenses paid to external suppliers and partners.

The balance on technical account and return on invested capital supported the company's performance for the year. As a result, the profit for the financial year amounted to EUR 3.7 (4.3) million.

Key figures for non-life insurance		**2024**	**2023**	**2022**
Written premiums	EUR mill.	36,3	33,2	28,8
Loss ratio	%	79,7	77,4	102,5
Loss ratio excluding technical interest	%	79,0	77,0	102,5
Expense ratio	%	7,6	7,6	9,8
Combined ratio	%	87,2	85,1	112,3
Combined ratio excluding technical interest	%	86,5	84,7	112,3
Operating profit/loss	EUR mill.	6,6	7,4	-8,4
Total income	EUR mill.	11,8	11,9	-9,5

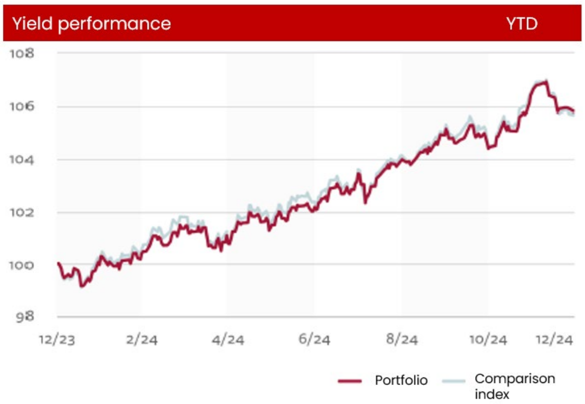
A.3 Investment performance

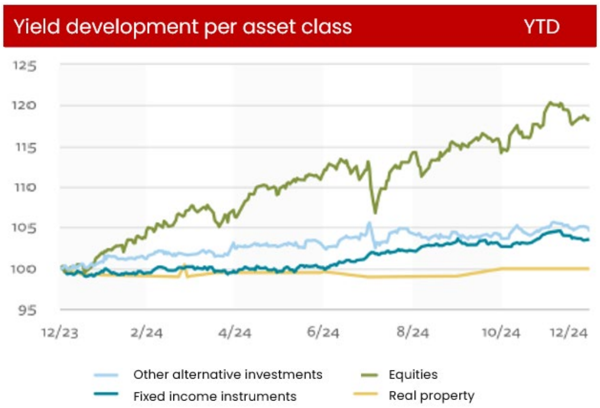
The company's investment activities are prepared and guided by an internal Investment Committee. Portfolio management has been outsourced to asset managers under both discretionary and advisory mandates. The company's asset managers are OP Varainhoito Oy and Nordea Bank Oyj.

In terms of investment activities, the year was favourable for both bond and equity markets. The company's strong solvency position enabled it to operate within the framework set by the investment plan. The accounting-based net investment result was EUR 2.2 (2.6) million. Compared to the previous year, higher capital gains, increased interest income, and lower realised losses and impairments contributed to the improved net investment return. The net return on invested capital at fair value was 6.5% (6.9%), with equity investments being the main source of return.

The real estate market did not recover during 2024, despite central banks having lowered their key interest rates. On 31 December 2024, OP-Rahastoyhtiö Oy announced the temporary suspension of redemptions and subscriptions in two of its real estate funds to protect the interests of the unit holders. The company's investments in these suspended funds total EUR 7.8 million. Given the long-term nature of these investments, the fund closures are considered to have only a minor impact on the company's overall investment activities.

The investment plan approved by the Board of Directors takes into account the nature of the company's insurance operations and technical provisions. In addition, the plan determines factors such as the permitted ranges for neutral allocation of investments and different asset classes. At the end of the financial year, the portfolio at fair value consisted of 64.7% (64.2%) fixed-income investments, 21.7% (18.3%) equity investments, 10.3% (14.1%) real property investments, and 3.3% (3.4%) alternative investments of the company's investment assets The market value of investments totalled EUR 130.0 (103.6) million at the end of the financial year.





The company has not recorded profit or loss in shareholders' equity, and the company has not made investments in securitisation. The valuation difference of investments for the financial year totalled EUR 9.9 (4.8) million.

Key figures for investment activities		2024	2023	2022
Return on total capital	%	7,6	9,5	-9,9
Net investment return at fair value	EUR mill.	8,3	6,9	-6,5
Investment return on committed capital	%	6,5	6,9	-9,5

The company aims to invest its assets responsibly. In practice, sustainability risk management is carried out by selecting asset managers who have established principles for responsible investment embedded in their operations and who report on ESG factors in their investment targets. A responsibility analysis covering nearly the entire portfolio was conducted based on the situation at the end of August. The analysed portfolio amounted to EUR 110 million. Real estate funds and alternative investments were excluded from the analysis due to a lack of available data on the underlying investments. Based on the analysis, the overall responsibility of the investments is at a good level. The portfolio's ESG responsibility rating was AA, exceeding the benchmark index. In addition, the carbon footprint of the investment portfolio was significantly lower, 19% lower than that of the benchmark index.

A.4 Performance of other activities

The Finnish Mutual Patient Insurance Company does not engage in any business activities other than those presented in section A1.

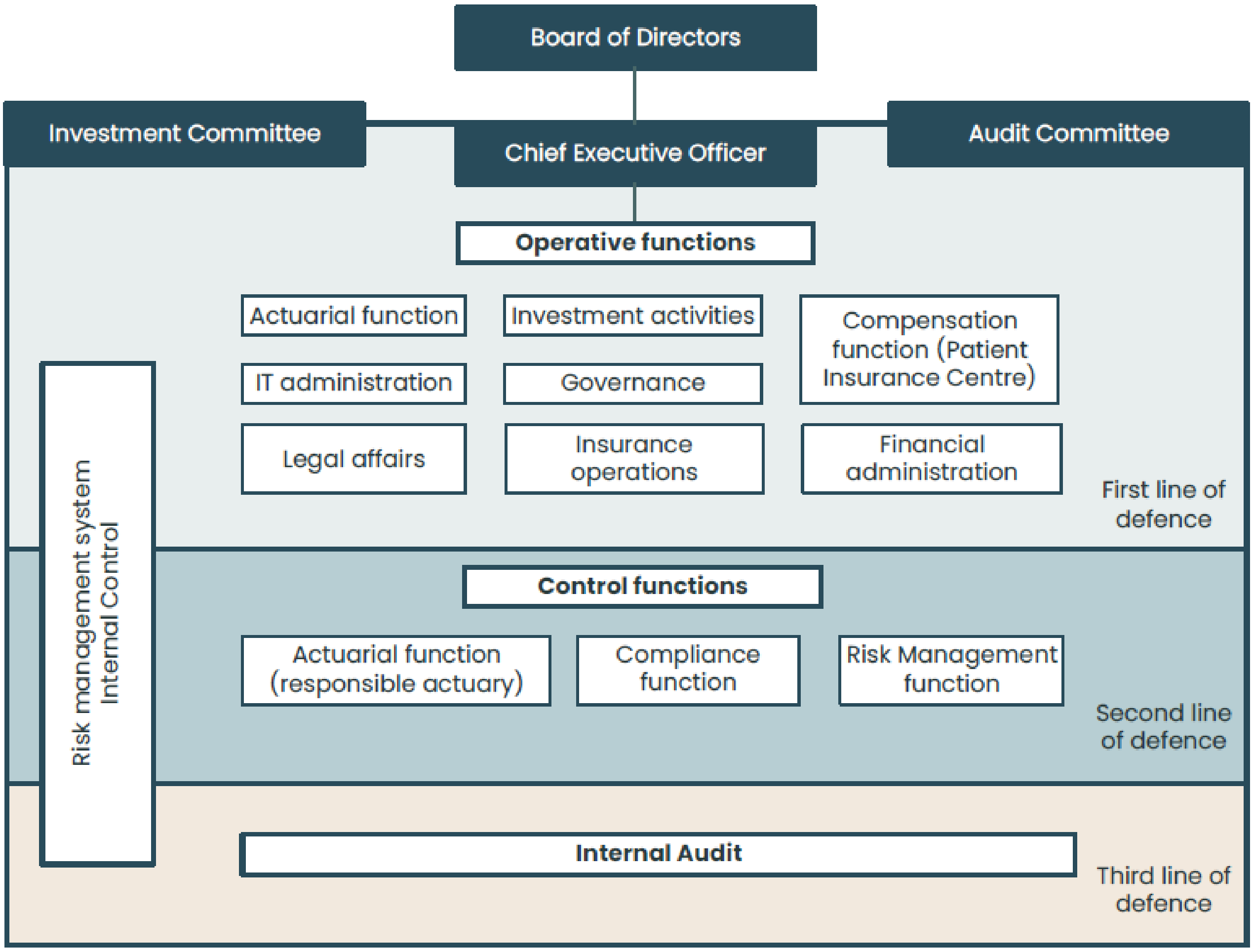
A.5 Other information

No other information.

B. System of governance

B.1 General information on the system of governance

The structure of the Finnish Mutual Patient Insurance Company's system of governance:



The General Meeting of Shareholders appoints the company's Board of Directors and selects the company's auditor. The Board of Directors is responsible for the governance of the company and for ensuring the proper organisation of its operations. The Board of Directors comprises a minimum of five and a maximum of seven members. Together with the CEO, the Board of Directors professionally manages the company and issues instructions to the CEO. The work of the Board of Directors is guided by a charter.

The CEO is responsible for the company's operational activities in accordance with the instructions and orders of the Board of Directors. The CEO reports to the Board of Directors and is subject to the provisions of the Limited Liability Companies Act, the Insurance Companies Act, and the regulations of the Finnish Financial Supervisory Authority.

The Board of Directors has elected from its members an Audit Committee, the duty of which is to monitor and assess the company's financial reporting system, monitor and assess the effectiveness of internal control and internal audit and risk management, and monitor and assess how the agreements and other legal transactions made between the company and its related parties meet the requirements on belonging to customary activities and market conditions. In addition, the Audit Committee prepares the selection of the company's auditor, monitors and assesses the independence of the auditor and especially their offering of non-audit services, and monitors the audit of the company's accounts.

The Board of Directors has also selected an Investment Committee to steer and prepare the company's investment activities. The members of the Investment Committee are the Chairman of the Board, CEO, CFO and an investment expert who acts as a consultant. The Director of Actuarial and Risk Management has the right to be present and speak at the meetings of the Investment Committee. The Compliance Officer has the right to be present at the meetings of the Investment Committee. The asset managers report to the Investment Committee.

The goal of risk management is to support the company's business strategy by identifying, measuring, monitoring, managing, reducing and reporting in advance about possible risks the realisation of which would have a negative effect on the company's financial and/or other business commitments and would thus limit the company's opportunities to implement its business strategy in full.

The duty of the risk management and compliance functions is to steer, monitor and support the company and its personnel in the implementation of the risk management system and internal control. The risk management function is responsible for the company's risk management framework and maintains and develops the risk management methods and the company's succession planning. The risk management function prepares the risk management system and the documents related thereto, such as the risk strategy, for verification by the Board of Directors, and monitors the risk position. The compliance function supports the company's business operations in ensuring the compliance of activities with regulations, reliable governance, and effectiveness and sufficiency of internal control. Additionally, the actuarial function supports the business and participates in risk management as required by the Insurance Companies Act. It monitors the calculation of technical provisions and solvency as required by legislation. The actuarial function gives statements and reports to the Board as required by legislation.

The company also has an internal audit function, which is independent from operational activities and is responsible for assessing the adequacy of internal control and other governance systems. The internal audit function must be independent from operational activities and given the size of the company, the internal audit function is outsourced.

In terms of the company's other resources, the Chief Information Officer and asset managers are outsourced. Furthermore, IT administration, the Data Protection Officer, part of financial administration, and the whistleblowing channel are outsourced.

Significant changes in the system of governance during the period under review
The compliance function was outsourced from October 2023 until 31 May 2024. As of 1 June 2024, the company brought the function back in-house. Since then, the company's Chief Legal Officer has acted as the responsible person for the compliance function, i.e. the company's Compliance Officer as of 1 June 2024.

In spring 2024, the Financial Supervisory Authority conducted a regular governance inspection at the company. No findings of significant or major importance were found in the audit. Action plans, including responsible persons and schedules, were prepared for minor or moderate findings. All findings and their required measures were completed by the end of 2024.

Company salary and renumeration policy

The company complies in its remuneration policy with the remuneration principles confirmed by the Board of Directors. The universally binding collective agreement for the finance sector is complied with in the company's remuneration practices, in addition to which the remuneration for the company's management and other personnel is based on the legislation concerning the governance of insurance companies and limited liability companies, and the company's Articles of Association.

The fixed and variable remuneration elements included in the company's flexible remuneration policy are balanced in such a way that the fixed remuneration elements represent a large enough share of the overall remuneration, so that the personnel of the company are not too dependent on variable elements of the salary. Thus, the company applies a mostly fixed salary element. A fixed salary element means basic salary, ordinary increments and salary benefits, employment pension, and pay for the period of notice.

Variable salary element means results-based rewards linked to the employee's performance and reaching the determined goals in the company. In assessing individual performance, both financial and non-financial criteria are taken into account. The company's CEO and clerical employees have a variable salary element.

When deciding on remuneration, the company aims at ensuring that the remuneration would not under any circumstances lead to or encourage undesirable ways of working or unsustainable risk-taking. The remuneration criteria are not determined in a way that would encourage taking risks in terms of sustainability.

The General Meeting decides on the remuneration for the Board of Directors and the committees and commissions set by the Board of Directors. The Board of Directors decides on the salaries, results-based rewards and any other benefits of the CEO and other directors and clerical employees it has appointed, and annually approves the indicators and realisation used as the basis for any results-based rewards for the other personnel of the company. The company does not offer a supplementary pension as part of the remuneration system.

During the financial year, the company has not concluded any significant transactions with the owners, those exercising significant power in the company or members of the governance, management or control systems.

B.2 Fit and proper requirements

All persons working in the company shall be fit and proper for their position, and they shall possess the professional competence required by their position. Regarding the Board of Directors, management and persons responsible for the key functions, it is also a question of the propriety of governance which is a key requirement for operations subject to authorisation.

The company has introduced procedures and routines related to the appointment of persons responsible for management and key functions, assessment of the fitness and propriety of the persons, and the assessment of the collective competence of the Board of Directors, which include documentation, reporting and archiving.

The procedures are described in more detail in the fit and proper principles approved by the Board of Directors. Each module – fitness, propriety and competence – is assessed separately for each person responsible for management and key functions. Lack of propriety, for example, cannot be replaced with high competence. Any register information retrieved as background information, the information provided by the person and any other information that may be considered objectively reliable shall be taken into account in assessing fitness, propriety and competence.

In addition, the Board members shall possess sufficient knowledge of the insurance markets and their regulation, financial reporting and the company's operating environment or they shall commit themselves in writing to take training to the extent considered necessary based on their previous education and experience. Furthermore, the Board members shall have independent ability regarding consideration and decision-making. They shall be able to question decisions in a constructive manner and monitor the company's operational management.

B.3 Risk management system including the own risk and solvency assessment

The company's risk management system is integrally linked to the company's business strategy and the company's operational activities that implement it. The goal of the risk strategy is to ensure the effectiveness and succession of the company, irrespective of the fluctuation of the economy and the other operating environment.

The goal of the company's risk management system is to identify, assess and manage the risks directed at the company. The risks are monitored and reported regularly.

Company's risk classes
The company's risk classification is based on the following division of main and sub classes:

- Underwriting risks
  - technical risks
  - reinsurance risks
  - operating environment risks
- Financial risks
  - market risks
  - credit risks
  - liquidity risks
- Operational risks
  - operative risks
  - abuse risks
  - strategic risks
  - sustainability risks.

A key element of the company's risk management system is the risk management process. It is common to all risk classes and is implemented as an integrated part of other processes. At general level the risk management process comprises

- identification of risks
- assessment of risks
- management of risks
- monitoring of risks
- analysing and reporting of risks.

Identified risks, their seriousness, probability and any measures for reducing the risks are described in the company's risk register. As an outcome of the risk mapping, the company forms a view on risks that threaten its operations and the required management measures.

Risk appetite
For steering the operations, the Board of Directors determines the strategic, financial and operational goals as well as the risk appetite for each risk class within the limits the business risk-taking adheres to. In the area

of financial risks, an internal solvency target is determined, which is at the same time the definition of the risk appetite related to solvency. The risk appetite of operational risks is determined qualitatively.

Operational risks
Operational risks result from missing, deficient, incorrectly determined, incorrectly functioning or incorrectly implemented operational processes, persons, information and other systems, or events outside the company.

The risk appetite in the company's operational activities is low. Principles of prudence and diligence are complied with in the activities, and unnecessary risk-taking is avoided.

Sustainability risks
Sustainability risk means an event or circumstance related to the environment, society or governance, the realisation of which may have a negative impact either on the company's business operations or the value of investments.

The identification, assessment and management of sustainability risks are integrated into the company's risk management process. In investment activities, sustainability risks are considered in order to ensure responsible asset allocation. This means that, in addition to financial aspects, attention is also paid to an event or circumstance related to the environment, society and good governance (ESG) that may cause a fundamental negative impact on the value of the investment if realised. The company actively follows the value and ESG classification of the investments and portfolio in the reports of the asset managers and at the same time conducts dialogue on the classifications of the investments with the asset managers.

Underwriting risks
Underwriting risks arise from the underwriting, maintenance, and execution of insurance contracts. These risks relate to deviations in the actual cost of contractual obligations from the initially estimated costs. The company has identified risks related to underwriting, premium risk, and technical provisions risk.

Insurance is granted only to owners. Policies taken out by owners may insure other wellbeing services counties. As the clients are publicly funded entities, underwriting and premium risks are considered low.

The company mitigates insurance risk through reinsurance. The retention level in reinsurance was EUR 5 million. Reinsurance is purchased from reputable, financially sound international reinsurers.

Management of assets and liabilities
The company's goal is for the anticipated cash flows of assets and liabilities to correspond with each other closely enough. The operations are still in an early phase, so the number of known incidents is still relatively low. The share of permanent damage in the company's contingent liabilities will grow over time.

Investment risk
The risk appetite of the company's investments is moderate. The company's funds are invested profitably and securely. The goal is to achieve reasonable returns while taking moderate risk. Each year, the company's Board of Directors approves the investment plan, which determines the limits for the diversification and risk-taking of investments, the neutral allocation of the investment portfolio, and the limits for different investment instruments.

The company's asset management is outsourced to two asset managers who compile and submit a monthly report on the company's investments, helping the company in forming an investment view.

Roles and responsibilities in implementing risk management
The company's Board of Directors and CEO bear overall responsibility for the organisation and effectiveness of the company's risk management system.

The Board of Directors

- determines the risk appetite and the limits concerning general risk bearing capacity,
- verifies the company's risk strategy at least once a year,
- ensures the effectiveness of the risk management system and sees to it that the risk management function has adequate resources for the development and maintenance of the risk management system and fulfilment of its goals

The company's Board of Directors, and the Audit Committee in particular, continuously monitors the company's risk and solvency management. The purpose is to ensure that the management of the company has an overall view of the company's risks and the status and development of risk and solvency management. The Board of Directors has to have a comprehensive overall view of the company's risks and solvency to support its decisions that steer the company's business activities as well as risk and solvency management.

The CEO is responsible for the implementation of the risk strategy. The Director of Risk Management is responsible for the risk management function.

The duty of the risk management function is to assist the company's Board of Directors and other functions to ensure effective risk management. The function monitors the functioning of the risk management system and the company's risk profile on the whole and reports on exposure to risks. In addition, the function advises the Board of Directors in matters concerning risk management and identifies and assesses emerging risks.

According to the company's processes, the risk mapping is reviewed regularly, at least once a year, and is updated as required. The mapping is carried out together with all staff, which increases the awareness of risks.

The Director of Risk Management reports on risks at Board meetings at least quarterly. Investment risks are assessed monthly in connection with investment reporting. External risks are assessed at least once per year.

Risk and solvency assessment
The company carries out an own risk and solvency assessment (ORSA) annually. The statutory solvency calculation provides information on solvency and the solvency capital requirement at the time of calculation. The ORSA complements the official solvency calculation as follows:

- The ORSA looks forward. The ORSA involves calculating an estimate on the development of solvency in the coming years, based on the current strategy and business plan.
- The ORSA examines solvency in several different scenarios. Regarding investment activities, assessments are made for basic scenarios and a serious investment scenario combining simultaneous significant equity and real property stress, for example.
- The insurance business is stressed with catastrophe damage for example.
- The ORSA process assesses the need for capital and means of management in different scenarios.
- The ORSA report includes recommendations on the required measures.

The ORSA process creates the basis for forming the company's overall solvency need and links together solvency, risk management and enterprise resource planning processes. The ORSA is compiled annually and updated without delay, if the risk profile changes significantly.

The ORSA process description describes details such as schedules, responsibilities, phases, and controls. The Director of Risk Management is responsible for the implementation and organisation of the ORSA process. All personnel participate in compiling the ORSA. The ORSA report is approved by the Board of Directors. The sufficiency and quality of the ORSA process is assessed annually as part of the self-assessment of the company's system of governance, for example.

B.4 Internal control system

The company's public control is the responsibility of the auditor and the Financial Supervision Authority in the way stipulated in the regulations concerning the company's operations. Internal control means the company's internal procedures and methods that aim at ensuring the company's goals are achieved, the effectiveness of the use of the company's resources, compliance with regulations, and the reliability of the information used to support management of the company.

Internal control is directed at operational activities and is risk and rotation based. The controls of the internal control system form an important element of the risk management measures. Internal control is directed both at the company's internally organised and outsourced activities, because in accordance with insurance regulations, the responsibility for the legal compliance in the organisation of outsourced services remains with the company. Furthermore, the company may also direct control measures at third parties and systems maintained by third parties.

The responsibility for the organisation of internal control lies with the company's Board of Directors and CEO. The company's compliance and risk management functions support the operational organisation in the implementation of internal control and are responsible for the documentation of the control system. In its internal control, the company focuses on previously determined risk-preventing processes for enhancing internal control. The company's key processes are mapped and described with an adequate level of accuracy, so that it is possible to state at which phases or sub-processes the internal control is directed.

The risk management function controls and assesses the appropriateness and functioning of the processes and the controls integrated in them in accordance with the operating plan. The risk management function reports to the Board of Directors on the state of the internal control system and other risk management system as part of the regular risk reporting. The reporting includes, for example, reporting disturbances in internal control and other risk events observed.

The internal control environment comprises control measures directed at the company's processes or integrated into them. These measures may be:

- instructive, such as determination of operating principles and other steering documents
- preventive, such as advance verifications and validations
- observant, such as assessments and inspections and other retrospective controls.

Regarding internal control, the responsibilities of the functions have been described and are known to the parties involved. The purpose of the measures is also to ensure that the control operations are systematic and regular.

The Board of Directors

- is responsible in particular for ensuring the effectiveness of internal control
- ensures that the company has sufficient financial and operational resources for the development and maintenance of the internal control system
- sees to it that the company has a clear organisational structure in which the responsibility and reporting relationships have been determined unambiguously

- bears responsibility for keeping the principles of internal control up to date and appropriate in relation to the company's business operations and strategy
- assesses and approves the principles of internal control regularly and at least once a year.

The Board of Directors handles in its meetings the company's internal control based on reporting of the risk management and other functions. The Board of Directors documents its decision-making based on internal control in accordance with the Board's charter. If necessary, the Board of Directors acts on its own initiative in acquiring the required information to be used as the basis of its decision-making.

CEO
- is responsible for the organisation and supervision of daily operations based on the principles and guidelines approved by the Board of Directors
- is responsible for the implementation and monitoring of internal control in the company's operational activities
- ensures that outsourced functions are also subject to internal control
- ensures that the control measures of internal control are integrated into the company's key operational processes.

Director of Risk Management
- bears responsibility for the maintenance of the principles of internal control
- bears responsibility for the methodical support to internal control practices and the documentation of controls
- consults the CEO and, if necessary, the Board of Directors about the development of the internal control system
- reports to the Board of Directors about fundamental observations made in internal control
- supports and advises the personnel of the company in matters concerning internal control and risk management.

Chief Financial Officer
- sees to it for their part that the company's operations and use of resources are profitable and effective from the point of view of the company's goals
- bears responsibility in particular for the planning, documentation and implementation of internal control in financial calculation and reporting
- prepares and monitors the investment plan and co-ordinates investment activities
- bears responsibility for the co-ordination of the company's reporting to the authorities.

Chief Legal Officer
- is responsible for the accuracy of Board meeting minutes and providing legal support for decision-making
- is responsible for ensuring the currency and accuracy of the governance system
- provides legal support to other functions.

Compliance Officer
- ensures that the company complies with laws, regulations, and administrative orders
- carries out monitoring in accordance with their own operating plan
- acts in co-operation with the Director of Risk Management, supporting them, in matters related to internal control.

Director of Actuarial function (responsible actuary)
- implements internal control of valuation of assets and liabilities by ensuring the correctness of the calculations

- is responsible for the correctness of the company's other calculations.

B.5 Internal audit function

The goal of internal audit is to produce an independent assessment of the company's risk management and the organisation, appropriateness, adequacy and effectiveness of internal control and other governance.

The internal audit function is independent of the company's operational and risk-taking functions. It supports the company in reaching its goals by providing a systematic way to approach the assessment and development of the effectiveness of the company's risk management, control, as well as management and governance processes.

Internal audit has the right to access all information required for performing the audit duties, including the minutes of meetings of the company's different governing bodies, management and the Board of Directors. Internal audit is responsible for ensuring that the information it receives remains confidential.

The company has outsourced the internal audit function. As a small mutual insurance company, the company has determined that outsourcing the internal audit is a more appropriate solution than organising an internal audit function internally, given the scale and quality of operations. Outsourcing also ensures the full independence of the internal audit from the company's other core activities. Despite the outsourcing, the company remains responsible for ensuring that the internal audit meets the legal requirements and other regulatory obligations.

Internal audit has the right to receive information necessary from the point of view of its duties. It has the right, without being prevented by non-disclosure provisions, to get access without delay to all information and documents and user rights to information systems that it considers necessary for carrying out its duties. Additionally, internal audit has the right to access all company facilities, interview personnel, and receive the necessary assistance in performing its duties. To exercise its right to information, internal audit has the right to attend and speak at relevant company committees, such as the management team, Audit Committee, and Board meetings, as needed.

Each year, internal audit draws up a risk-based audit plan for the internal audit. The audit plan specifically takes into account the company's objectives, strategic changes, and significant changes to the organisation, operations, and systems. The plan assesses potential risks arising from the operating environment, the effectiveness of risk management processes, and issues stemming from the control environment raised in previous audits. The audit plan should outline the goal of the audits, the processes and functions to be audited, resource allocation, and the timing. The audit plan is approved by the company's Board of Directors. Internal audit reports to the company's Board of Directors and CEO. If the report concerns the company's CEO, internal audit reports solely to the Board of Directors.

If necessary, internal audit may also carry out audits that are not included in the audit plan.

The remuneration of the internal audit function is structured to ensure that it does not compromise the objectivity of the internal audit. In accordance with the company's remuneration policy, the remuneration paid to an external service provider shall be based on market conditions.

Internal audit has prepared audit reports for the audits conducted in 2024, and no significant deficiencies were found in the audited areas.

B.6 Actuarial function

The company's actuarial function and the responsible actuary are key elements of the company's system of governance. The tasks of the actuarial function and the responsible actuary are defined in legislation and other regulatory guidelines.

The core processes of the actuarial function and the responsible actuary comprise of the following components: calculation of and reporting on the underwriting risk, as well as Solvency II insurance risk calculation and reporting. The actuarial function and the responsible actuary report to the company's management and Board of Directors on the company's technical provisions, solvency, reinsurance arrangements, insuring policy, investment activities, risk management, and the ORSA. The key observations and conclusions of those reports are recorded as part of the minutes of the Board of Directors.

B.7 Outsourcing

Considering the size of the company's organisation and the scope of its business operations, it is appropriate to outsource some of its functions. Outsourcing must not interfere with the company's internal audit, risk management, business operations, implementation of internal controls, or any other significant operations, nor should it prevent effective regulatory supervision.

Written contracts have been drawn up for all outsourcing arrangements, and the company operates in accordance with the outsourcing principles approved by the Board of Directors. Outsourcing agreements are only made if they comply with internal and external guidelines and regulations, as well as the company's current strategy and business plan.

Consequently, when outsourcing critical functions, special care must be taken. The more important a function is to the company's strategy or business, the more likely it is to be considered essential. In accordance with the principle of prudence, an outsourced task or function is typically defined as critical in ambiguous situations. However, the final decision is made by the company's Board based on the decision material compiled by the responsible person for the outsourced function and their opinion. The decision materials also include an assessment of the compliance and risk management function on the method and risks of outsourcing. The company and its control functions must always have the opportunity to control the outsourced duties and functions. The outsourcing agreement can only be made after the Board of Directors' decision.

Ongoing outsourcing arrangements and their risks are assessed at least annually in the outsourcing review conducted by the Chief Legal Officer and the risk management function's risk assessment of outsourcing.

The company's outsourced functions and duties are internal audit, IT administration including the Chief Information Officer, asset managers, the Data Protection Officer, part of financial administration, and administration of the whistleblowing channel. The compliance function was outsourced due to personnel changes until 31 May 2024, after which it was brought in-house. All service providers are located in Finland.

B.8 Other information

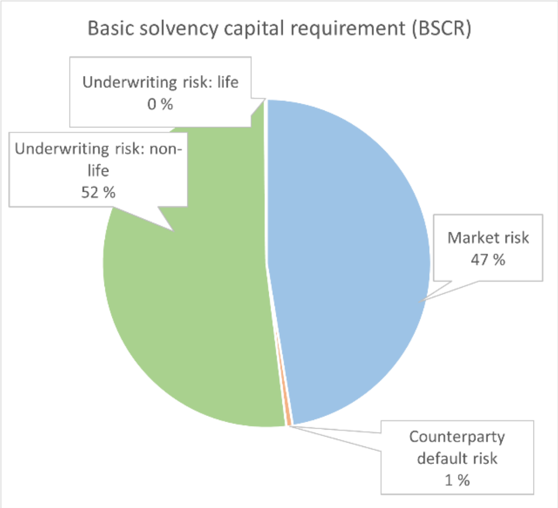
The company regularly assesses the appropriateness and suitability of its governance system and operating principles. The assessment is carried out in accordance with the Board of Directors' charter and the annual clock appended thereto. Strategic and business operation goals and risks are taken into account in the assessment. The company's Board of Directors decides on any necessary changes, with the responsible party acting as the rapporteur.

The company estimates that the system of governance is in accordance with the business operations and goals, considering the nature, scope and complexity of the risks inherent in its business operations.

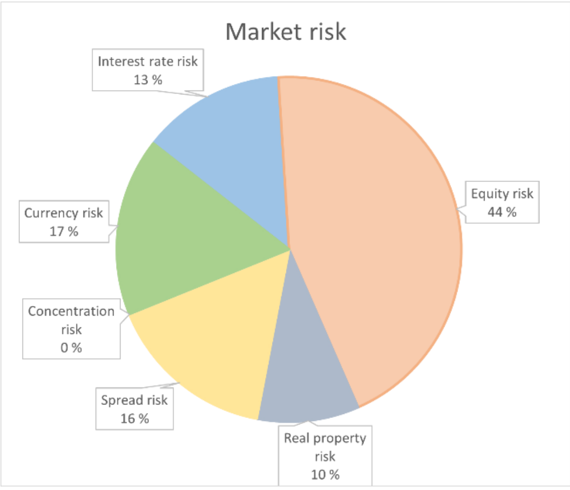
The company has not had other significant issues to report regarding the company's system of governance during the period under review.

C. Risk profile

The company's most significant risks are underwriting risk and market risk. The basic solvency capital requirement is presented in the diagram below:



The most significant market risk is the equity risk. The sub-categories of market risk are presented in the following diagram:



The most significant market risk is the equity risk, which accounts for around 44% of the capital requirement for the entire market risk. The currency risk is the second biggest risk. There was no concentration risk at the end of 2024.

Operational risk accounts for 4.1% of the overall solvency requirement. Liquidity risk is low, because the company knows in advance the biggest cash expenses, which include, for example, reinsurance premiums, and advance and pay-as-you-go payments of the Patient Insurance Centre. The compensations are paid by the Patient Insurance Centre. The company has no other essential risks.

C.1 Underwriting risk

Underwriting risks arise from the underwriting, maintenance, and execution of insurance contracts. These risks relate to deviations in the actual cost of contractual obligations from the initially estimated costs. The company has identified risks related to underwriting, premium risk, and technical provisions risk.

Insurance is granted only to owners. Policies taken out by owners may insure other wellbeing services counties. As the clients are publicly funded entities, underwriting and premium risks are considered low.

The most important methods for managing the underwriting risk are appropriate pricing and buying reinsurance cover. The company's reinsurance retention is EUR 5 million. Pricing is supported by statistical data obtained from the Patient Insurance Centre.

Reserve risk means the risk that the provisions made turn out to be too small. This risk is linked to uncertainties in the assumptions used in the calculation of technical provisions, and to adverse deviations in estimated claims amounts, operating expenses, and cash flows.

Non-life insurance undertakings must use prudent calculation bases for the determination of technical provisions. The actuarial estimates used as the basis for technical bases are derived from the data and estimates available on the financial statements date on damage that has occurred before the financial statements date. The factors being monitored include, for example, general claims experience, amendments to the law, legal praxis, decisions of the Patient Injury Board, and changes in the mortality rate. The adequacy of technical provisions is validated at least annually, and also when there are indications that the data, assumptions, or methodologies used are no longer appropriate. The actuarial function monitors the level of technical provisions to ensure they are in line with approved guidelines. In addition, the actuarial function develops methods and systems that support this process.

As the company has only been operational for four years and the development of patient injury claims is slow, the volume of paid claims is still relatively low. Known case reserves account for approximately one third of the total claims provision. Claims handling and case-specific reserving are carried out by the Patient Insurance Centre. The company monitors the development of paid claims and provisions on a monthly basis. The Board of Directors receive quarterly updates on claims provisions.

The objective of underwriting risk management is to ensure that the calculation bases used for premiums and provisions are prudent and reliable, in accordance with legal requirements. To mitigate these risks, the premium and provision levels are determined based on the average insurance portfolio as part of the preparation of the calculation bases.

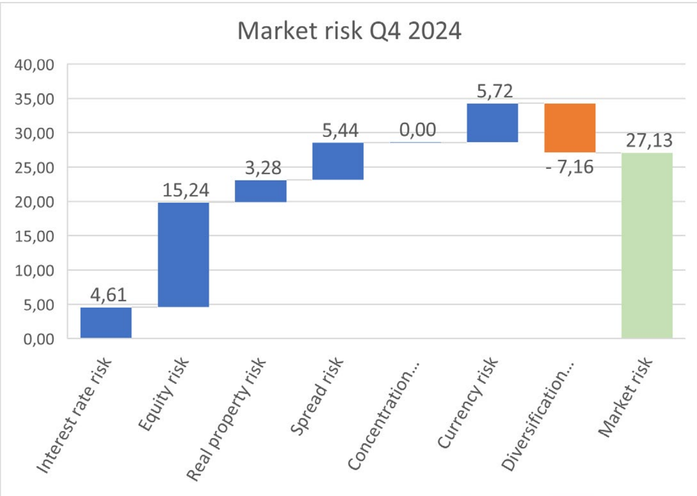
C.2 Market risk

Market risk refers to the reduction in value of investment assets due to general price variation on the market, which may result in fluctuation of the financial performance and solvency ratio through changes in the value of the investment assets.

The risk appetite of the company's investments is moderate. The company's funds are invested profitably and securely. The goal is to achieve reasonable returns while taking moderate risk. Each year, the company's Board of Directors approves the investment plan, which determines the limits for the diversification and risk-taking of investments, the target or neutral allocation of the investment portfolio, and the limits for different investment instruments.

The capital requirement for the company's market risk on 31 December 2024, grouped according to risks, was formed as follows:

Market risk, EUR mill.	*31.12.2024*
Interest rate risk	4,6
Equity risk	15,2
Real property risk	3,3
Spread risk	5,4
Concentration risk	0,0
Currency risk	5,7
Total	34,3
Diversification benefit	-7,2
Total market risk	**27,1**



Equity risk stems from the fluctuation of the value of and income from equities.

Interest rate risk arises from fluctuations in the value of fixed-income investments. Under Solvency II, changes in interest rate levels essentially affect the technical provisions, which in turn affect the amount of own funds. The spread risk describes the investors' trust in the ability to repay a corporate or government bond. Spread risk means the risk that stems from a change in the value of investments caused by an unexpected increase in the credit margins.

Property risk refers to the risk that arises from fluctuations in the fair value of real estate investments.

Currency risk refers to the risk of loss caused by a change in the currency of an investment or technical provisions in relation to the euro.

Concentration risk refers to the risk of loss caused by a risk cluster in insurance or investment activities, which is significant considering the risk-bearing capacity. At the end of 2024, there was no concentration risk in the market risk. The concentration and counterparty default risk in reinsurance has been reduced by dividing the reinsurance between a few companies that provide reinsurance services.

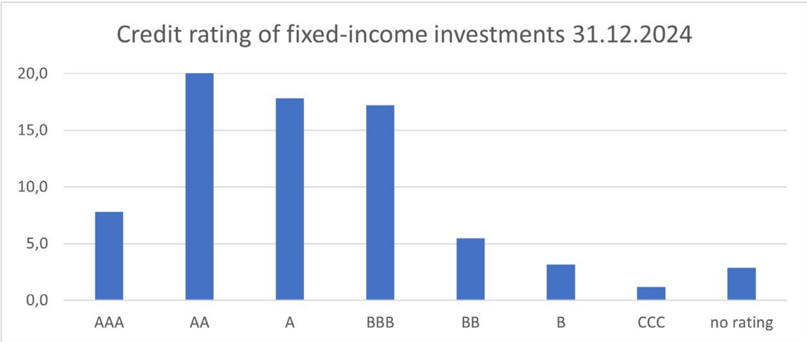
The total capital requirement for market risk amounts to EUR 34.3 million, and after deducting diversification benefits, the requirement is EUR 27.1 million. Market risk capital requirements are monitored in accordance with the company's risk strategy.

The company manages market risk in accordance with the principles and restrictions defined in the investment plan. The ORSA process includes analyses of the impact of various income scenarios on the company's solvency and its ability to continue operations safely.

C.3 Credit risk

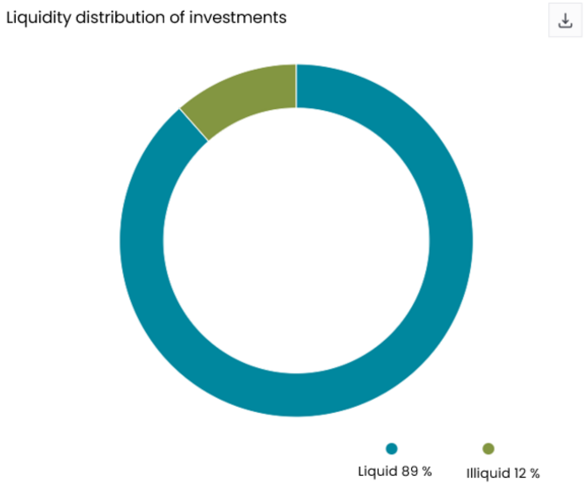
Credit risk is defined as the risk that counterparties fail to meet their contractual obligations, leading to credit losses that affect financial results. Credit risk is primarily related to granted bond loans and the creditworthiness of issuers of fixed-income investments held via investment funds. Under Solvency II, sovereign bonds do not carry credit risk.

Credit risk is managed by setting limits for different investment instruments, as defined in the investment plan approved annually by the Board of Directors. The company's investment assets are divided into different credit ratings as follows:



C.4 Liquidity risk

Liquidity risk refers to the adequacy of assets for current expenditure, including the payment of pensions and other benefits. In addition, an individual investment instrument involves a liquidity risk: the lower the liquidity of the instrument is, the higher is the risk that the price obtained from the investment is low if the instrument is realised quickly. A total of 88.5% of the investments were classified as liquid. The following figure shows the liquidity distribution of investments as at 31 December 2024:



Liquid assets refers to the company's bank accounts and short-term fixed-income funds. The company continuously maintains liquid assets equal to at least the average expenditure of three months. The company's cash flows are highly predictable, and the sufficiency of liquid assets is regularly monitored through cash flow statements.

Throughout the reporting period, the company's liquidity position remained sufficient and no special actions were required.

C.5 Operational risk

Operational risks result from missing, deficient, incorrectly determined, incorrectly functioning or incorrectly implemented operational processes, persons, information and other systems, or events outside the company.

The company's identified operational risks include compliance risks, including reputational risk. Reputational risk refers to the risk of damage to the company's public image or a decline in customer trust. Reputational risk may also result from the activities of outsourced or co-operation partners, if their values and/or operating principles deviate from the company's values and principles. Reputational risk is usually a result of other realised risks or events, such as realisation of operational risks.

Other identified risks include IT and cybersecurity risks, criminal risks, personnel-related risks, and external risks. Key measures to manage operational risk include clearly defined and documented business processes, proper assignment of responsibilities to internal staff and outsourced service providers, and ongoing training and competence development of personnel.

The aim is to identify and prevent operational risk events or decrease their impact. Other essential tools in managing operational risk include compliance with laws, regulations and provisions, and clear and deliberate external communication.

Operational risks are actively monitored and the risks are reported to the company's Board of Directors at least quarterly.

C.6 Other material risks

Catastrophe damage means damage with expected claims expenditure of EUR 5 million or more. Catastrophe damage may be damage directed at an individual injured party or serial damage. The company has no opportunity to anticipate the occurrence of catastrophe damages. Since the introduction of patient insurance, no catastrophic claims of this magnitude have occurred for any company in Finland. The company is prepared for catastrophe damages by reinsuring risks of over EUR 5 million. The company's objective is to maintain a level of solvency that prevents catastrophic claims from causing significant fluctuations in its solvency position.

According to the company's ORSA, its solvency and financial position would deteriorate significantly if the severe investment stress scenario assumed in the ORSA were to materialise, or if both catastrophic damage and severe investment stress occurred within the same year. The company actively monitors market developments and, if necessary, promptly takes action to strengthen its solvency. The owners of the company have refinancing liability based on the Articles of Association. In 2023, the company applied to the Financial Supervisory Authority for permission to include the refinancing liability as part of the company's ancillary own funds. The means for improving the solvency position include, for example:

- Price increases
- Change of allocation of investment assets
- Volatility adjustment
- Reinsurance
- Investing more capital in the company.

Organising reinsurance and other means to reduce risks
Given the risk profile of patient insurance, obtaining sufficiently comprehensive reinsurance cover is essential. The company's reinsurance contracts are approved by the Board of Directors. Reinsurance is distributed across several financially sound international providers, and the company aims to limit concentration risk by ensuring that no single reinsurer accounts for an excessive share.

Reinsurance involves the counterparty default risk that is realised when the reinsurance cover is triggered and the reinsurer becomes insolvent. This risk is mitigated by involving multiple reinsurers. Members of the reinsurance panel are required to have a minimum credit rating of A. The company aims to include reinsurers familiar with patient insurance in its contracts.

Appropriateness of credit ratings
The company uses credit rating in assessing investments and the solvency of reinsurers. The company relies on well-known and reputable credit rating agencies such as Moody's and Standard & Poor's.

Analyses and assumptions, risk and solvency assessment
The ORSA was conducted based on the situation as of the end of September 2024.

The company's financial performance and solvency are significantly affected by the development of the value of investments. The effect of catastrophe damage is limited by reinsurance, due to which the claims expenditure payable by the company is limited to EUR 5 million. After catastrophe damage, reinsurance has to be taken again for the remaining insurance period. The baseline scenario assumes that the current reinsurance coverage will remain in place through to 2029.

In the event of serious stress on the investment markets, the values of investment instruments are assumed to fall as follows:

Equities	- 40%
Real property	- 20%
Spread risk of fixed-income investments	Solvency II requirement doubled

The selected stress tests aimed to assess the development of the company's solvency under the most relevant types of stress scenarios, combining large loss and investment market stresses. The stress is assumed to take place during 2025. There were a total of nine different types of stress, and the following three were the most important:

- Catastrophe damage in 2025
- Serious market disturbance in 2025
- Catastrophe damage and serious market disturbance in 2025.

Key results of risk and solvency assessment
According to the risk and solvency assessment, the company meets the solvency requirements in all scenarios. The following table shows the development of the company's solvency position in the basic scenario and serious scenarios.

	Own funds - solvency capital requirement					
EUR mill.	2024	2025	2026	2027	2028	2029
Basic scenario	36,3	39,9	45,9	52,7	60,5	69,1
Catastrophe damage	36,3	35,4	40,4	46,3	52,9	60,2
Serious market disturbance	36,3	16,2	21,6	29,4	36,8	44,7
Catastrophe damage and serious market disturbance	36,3	10,1	15,8	22,5	29,1	35,7

Even if the company's solvency declines in a scenario where catastrophic damage occurs during a period of severe market disruption, the solvency position remains at a sufficiently strong level, and the company does not need to take any measures to improve its solvency.

C.7 Other Information

No other information.

D. Valuation for solvency purposes

The following table summarises the impact of adjustments made for solvency calculations on the Solvency II balance sheet. It shows the euro-denominated difference between Solvency II calculations and the financial statements, with a brief explanation of the differences.

SII AND FAS ASSETS & LIABILITIES 31.12.2024	Solvency II	Financial statements	Difference	Comment
ASSETS	**kEUR**	**kEUR**	**kEUR**	
Equities and shares	9	9		
Other investments	129 962	120 055	9 907	1)
Receivables from policyholders	0	37 106	-37 106	2)
Other receivables	3 675	3 675		
Tangible assets	25	25		
Cash in hand and at banks	3 367	3 367		
Total assets	137 038	164 237	-27 199	
LIABILITIES				
Technical provisions	71 451	81 619	-10 168	3)
Equalisation provision	0	5 650	-5 650	4)
Best estimate	58 547	0		3)
Risk margin	12 904	0		3)
Deferred tax liabilities	5 145	0	5 145	5)
Liabilities from direct business	0	37 106	-37 106	6)
Other liabilities	3 283	3 283		
Total liabilities	79 879	127 658	-47 779	
Excess of assets over liabilities	57 159	36 578	20 580	

1) Valuation in SII balance sheet is fair value and in financial statements investments are valued at acquisition cost or fair value, whichever is lower

2) Insurance premium receivables are taken into account in SII provision for unearned premiums

3) SII value: calculated as the sum of the best estimate and risk margin. Future cash flows are also taken into account in the calculation.

4) No equalisation provision in SII balance sheet

5) Deferred tax liabilities for valuation differences and technical provisions

6) Liabilities from direct business taken into account in SII provision for unearned premiums

More detailed descriptions are provided in the following sections.

D.1 Assets

Equities and shares in associated companies are valued at the acquisition cost of the equities, the associated companies are not listed in the stock exchange. Other investments are listed equity, fixed-income and real property funds, equities and financial instruments that are valued at acquisition cost or matched acquisition cost. Under Solvency II regulations, investments are valued at the confirmed market price at the valuation date. The market value of investments in the Solvency II balance sheet is EUR 130.0 (99.6) million. Receivables from policyholders, EUR 37.1 (36.3) million, and liabilities arising from direct insurance operations, EUR 37.1 (36.3) million, consist of 2025 insurance premiums invoiced to policyholders. In the Solvency II balance sheet, receivables from policyholders are accounted for in the calculation of the premium provision and netted accordingly.

The company has no intangible assets on its balance sheet. Tangible fixed assets amounting to EUR 25 (42) thousand are valued at acquisition cost less depreciation in both the Solvency II balance sheet and the national financial statements. The depreciation period of machinery and equipment is five years. Cash and bank balances are valued at nominal value. The company only has bank accounts denominated in euros.

Other receivables amounting to EUR 3.7 (2.8) million and other liabilities amounting to EUR 3.3 (3.4) million do not differ from each other in the solvency calculation and national financial statements. Assets and liabilities are valued at nominal value and consist of ordinary business-related transactions.

D.2 Technical provisions

Technical provisions for the financial statements are calculated according to the national regulations. For solvency purposes (Solvency II), technical provisions are valued at the amount at which the liabilities could be transferred to a knowledgeable third party. In Solvency II, the value of technical provisions is equal to the sum of the best estimate and a risk margin. The following table shows the valuation of the company's technical provisions in accordance with Solvency II and the financial statements.

EUR mill.	Solvency II	Financial statements
Provision for unearned premiums	2024	2024
Best estimate (gross)	-3,1	0,0
Receivables from reinsurance contracts	0,0	0,0
Provision for unearned premiums (net)	-3,1	0,0
Provision for claims		
Best estimate (gross) non-life	60,0	81,6
Best estimate (gross) life	1,6	
Receivables from reinsurance contracts	0,0	0,0
Provision for claims (net)	61,7	81,6
Risk margin	12,9	0,0
Equalisation provision	0	5,6
Total technical provisions	**71,5**	**87,3**

Insurance policies starting in the future shall not be taken into account in the calculation of the technical provisions. In Solvency II, insurance policies starting after the period under review to which the insurance company has committed itself are also taken into account in the calculation of the technical provisions. As for the provision for unearned premiums, insurance premiums of policies starting after the period under review (1 January 2025) and claims incurred and other costs related to the policies are taken into account. Insurance premiums are higher than the estimated claim expenditure and other costs arising from the insurance, and hence the provision for unearned premiums is negative.

In calculating the technical provisions for the financial statements, claims and other costs to be paid in the future shall not be discounted. Under Solvency II, all future cash flows are discounted, which reduces the value of technical provisions.

Methods for calculation of technical provisions
Best estimates for technical provisions under Solvency II are calculated as the difference between the fair values of claims and other cash flows against costs, and the fair values of cash flows against insurance premiums. The fair values are calculated using the risk-free interest rate published by EIOPA. The company does not use volatility adjustment.

The risk margin is calculated using a method in which the calculated forecasts on solvency capital requirements for future years are multiplied by the capital cost rate (6%) determined by the commission. Forecasts on the solvency capital requirements for future years are approximated from the calculated capital requirement for the year under review per risk module by reducing it to the same extent as the corresponding risk modules of the technical provisions are expected to decrease per year.

Uncertainty of technical provisions
Technical provisions always involve uncertainty. The company's insurance business commenced at the beginning of 2021, so its own claims record is very small. The company receives statistical materials from the Patient Insurance Centre. Both the Solvency II cash flow data and claim-specific reserves are provided by the Patient Insurance Centre.

The company receives statistical data from the Patient Insurance Centre on a weekly basis via direct data transfer. The company monitors the compensation paid and provisions recorded for known damages on a monthly basis. A more detailed analysis of technical provisions is presented to the Board of Directors quarterly. The actuarial function examines the adequacy of technical provisions at least once a year.

D.3 Other liabilities

Deferred tax liabilities comprise the valuation differences of investments and technical provisions under Solvency II. Deferred tax liabilities are calculated with a tax rate of 20%. Other liabilities and liabilities for direct business are explained in section D1.

D.4 Alternative methods for valuation

No alternative valuation methods are used by the Finnish Mutual Patient Insurance Company.

D.5 Other Information

The Finnish Mutual Patient Insurance Company has no other essential information to report.

E. Capital management

The management of solvency is based on the applicable solvency legislation and the company's strategy. On this basis, the company has established an internal solvency objective (risk appetite for solvency management), taking into account its risk-bearing capacity in relation to statutory requirements. Based on this risk appetite, the company has defined risk tolerances and risk limits. Solvency management utilises a traffic light system to define zones of risk tolerance. The company's solvency is currently at a good level.

Solvency management forms part of the company's overall risk management framework and follows the company's risk strategy. Another key component of solvency management is the company's ORSA, which assesses solvency under various stress situations.

E.1 Own funds

The company's own funds in the solvency calculation comprise basic own funds and ancillary own funds. Basic own funds are funds in the company's possession, and ancillary own funds comprise items outside the insurance company's balance sheet that the company may demand be paid.

The company's basic own funds are calculated from shareholders' equity in the financial statements. Shareholders' equity is adjusted in the solvency examination, for example by the valuation differences of investments and technical provisions. In addition, the company has approved ancillary own funds. The company's own funds on 31 December 2024 are presented in the following table:

Own funds	***31.12.2024***
Shareholders' equity	**36,6**
Guarantee capital	30,0
Invested unrestricted equity	5,0
Other shareholders' equity	1,6
Valuation differences	**25,7**
From investment assets	9,9
From technical provisions	15,8
Other items	**-5,1**
Deferred tax liability	-5,1
Basic own funds	57,2
Approved ancillary own funds	20,8
Own funds (EOF)	**78,0**

The amount of reconciliation reserve in own funds is EUR 27.2 million. The key changes in own funds during the year were as follows:

- Valuation differences related to technical provisions amounted to EUR 15.8 million, increasing by EUR 7.4 million. The growth of the valuation difference was affected both by the increase in the amount of the provision for claims and the rise of equalisation provision.
- Valuation differences related to technical provisions amounted to EUR 9.9 million, increasing by EUR 5.1 million. The growth was affected by the increase in the value of investments.
- Approved ancillary own funds amounted to EUR 20.8 million, increasing by EUR 2.7 million.

Of the company's own funds, EUR 57.2 million are basic own funds and belong to category 1. Basic own funds can be used to cover the minimum capital requirement (MCR). Ancillary own funds of EUR 20.8 million, which comprise possible ancillary charges, belong to category 2. The total amount of eligible own funds is EUR 78.0 million, which may be used to cover the solvency capital requirement (SCR).

As at 31 December 2024, the company's SCR was EUR 41.6 million, and the MCR was EUR 10.5 million. Thus, the ratio of the company's own funds to the SCR was 187%, and the ratio of own funds to the MCR was 546%. The Board of Directors reviews the solvency position on a quarterly basis. The Board of Directors had paid special attention to the level of basic own funds in relation to the SCR. The goal is for the amount of basic own funds to clearly exceed the SCR.

E.2 Solvency capital requirement and minimum capital requirement

The company uses the standard formula for the calculation of the SCR. In the calculation of SCR for non-life insurance the company does not use company-specific parameters for now. The table below presents the company's SCR as at 31 December 2024.

Solvency capital requirement, EUR mill.

Basic solvency capital requirement (BSCR)	31.12.2024
Market risk	27,1
Counterparty default risk	0,4
Underwriting risk: non-life	29,6
Underwriting risk: life	0,1
Diversification benefit	-12,1
Total (BSCR)	45,1
Operational risk	1,7
Loss-absorbing capacity of deferred taxes	-5,1
Solvency capital requirement (SCR)	**41,6**

The company's linear MCR based on premium income and technical provisions, was EUR 10.5 million at the end of 2024.

E.3 Use of a duration-based equity risk sub-module in calculation of solvency capital requirement

The Finnish Mutual Patient Insurance Company does not use a duration-based equity risk sub-module in calculation of solvency capital requirement.

E.4 Differences between the standard formula and an internal model used

The Finnish Mutual Patient Insurance Company does not use an internal model for calculation of SCR.

E.5 Non-compliance with the minimum capital requirement and solvency capital requirement

The Finnish Mutual Patient Insurance Company has complied with both the MCR and SCR throughout the 2024 reporting period.

E.6 Other information

The Finnish Mutual Patient Insurance Company has no other essential information to report.

Attachments

SE.02.01.16.01 Balance sheet

SE.02.01.16.01 Balance sheet		Solvency II value	Statutory accounts value
		C0010	C0020
-	**Assets**		
R0060	Property, plant & equipment held for own use	24 978	24 978
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	129 971 095	120 063 809
R0090	Holdings in related undertakings, including participations	8 995	8 995
R0100	Equities	8 938 572	7 587 467
R0110	Equities - listed	8 938 572	7 587 467
R0120	Equities - unlisted		
R0130	Bonds	37 805 030	37 315 605
R0140	Government Bonds	27 424 728	27 240 909
R0150	Corporate Bonds	10 380 301	10 074 696
R0180	Collective Investments Undertakings	83 218 498	75 151 741
R0200	Deposits other than cash equivalents		
R0270	Reinsurance recoverables from:		
R0280	Non-life and health similar to non-life		
R0310	Life and health similar to life, excluding health and index-linked and unit-linked		
R0360	Insurance and intermediaries receivables	0	37 106 231
R0370	Reinsurance receivables		
R0380	Receivables (trade, not insurance)	3 674 675	3 674 675
R0410	Cash and cash equivalents	3 366 982	3 366 982
R0420	Any other assets, not elsewhere shown		
R0500	**Total assets**	137 037 730	164 236 675
-	**Liabilities**		
R0510	Technical provisions - non-life	69 485 008	86 461 090
R0520	Technical provisions - non-life (excluding health)	69 485 008	86 461 090
R0530	Technical provisions calculated as a whole		
R0540	Best Estimate	56 921 471	
R0550	Risk margin	12 563 537	
R0560	Technical provisions - health (similar to non-life)		
R0600	Technical provisions - life (excluding index-linked and unit-linked)	1 965 941	807 868
R0670	Best Estimate	1 625 745	
R0680	Risk margin	340 196	
R0610	Technical provisions - health (similar to life)		
R0650	Technical provisions - life (excluding health and index-linked and unit-linked)		
R0780	Deferred tax liabilities	5 145 059	0
R0790	Derivatives		
R0800	Debts owed to credit institutions		
R0820	Insurance & intermediaries payables	0	37 106 231
R0840	Payables (trade, not insurance)	3 283 099	3 283 099
R0900	**Total liabilities**	79 879 106	127 658 286
R1000	**Excess of assets over liabilities**	57 158 623	36 578 388

S.05.01.01.01 Premiums, claims and expenses by line of business

Premiums, claims and expenses by line of business			
S.05.01.01.01			
	Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	
		General liability insurance	TOTAL
		C0080	C0200
	Premiums written		
R0110	Gross - Direct Business	36 285 413	36 285 413
R0140	Reinsurers' share	1 410 109	1 410 109
R0200	Net	34 875 304	34 875 304
	Premiums earned		0
R0210	Gross - Direct Business	36 285 413	36 285 413
R0240	Reinsurers' share	1 410 109	1 410 109
R0300	Net	34 875 304	34 875 304
	Claims incurred		0
R0310	Gross - Direct Business	19 606 439	19 606 439
R0400	Net	19 606 439	19 606 439
	Changes in other technical provisions		0
R0550	Expenses incurred	10 423 507	10 423 507
	Administrative expenses		0
R0610	Gross - Direct Business	1 748 632	1 748 632
R0700	Net	1 748 632	1 748 632
	Investment management expenses		0
R0710	Gross - Direct Business	99 459	99 459
R0800	Net	99 459	99 459
	Claims management expenses		0
R0810	Gross - Direct Business	8 447 976	8 447 976
R0900	Net	8 447 976	8 447 976
	Acquisition expenses		0
R0910	Gross - Direct Business	127 440	127 440
R1000	Net	127 440	127 440
	Overhead expenses		
	Other expenses		0
R1300	**Total expenses**		10 423 507

	Life	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	TOTAL
	Line of Business for: life insurance obligations		
		C0260	C0300
	Premiums written		
R1410	Gross	0	0
R1420	Reinsurers' share	0	0
R1500	Net	0	0
	Premiums earned		
R1510	Gross	0	0
R1520	Reinsurers' share	0	0
R1600	Net	0	0
	Claims incurred		
R1610	Gross	490 336	490 336
R1620	Reinsurers' share	0	0
R1700	Net	490 336	490 336
R1900	Expenses incurred	0	0
R2600	**Total expenses**		0
R2700	Total amount of surrenders		0

S.17.01.01.01 Non-Life Technical Provisions

S.17.01.01.01 Non-Life Technical Provisions			
	Direct business and accepted proportional reinsurance	General liability insurance	Total Non-Life obligation
		C0090	C0180
-	Premium provisions		
R0060	Gross - Total	-3 117 734	-3 117 734
R0070	Gross - direct business	-3 117 734	-3 117 734
R0150	Net Best Estimate of Premium Provisions	-3 117 734	-3 117 734
-	Claims provisions		
R0160	Gross - Total	60 039 205	60 039 205
R0170	Gross - direct business	60 039 205	60 039 205
R0250	Net Best Estimate of Claims Provisions	60 039 205	60 039 205
R0260	Total Best estimate - gross	56 921 471	56 921 471
R0270	Total Best estimate - net	56 921 471	56 921 471
R0280	Risk margin	12 563 537	12 563 537
R0320	Technical provisions - total	69 485 008	69 485 008
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	69 485 008	69 485 008
-	Line of Business: further segmentation (Homogeneous Risk Groups)		
R0350	Premium provisions - Total number of homogeneous risk groups	1	1
R0360	Claims provisions - Total number of homogeneous risk groups	2	2
-	Cash-flows of the Best estimate of Premium Provisions (Gross)		
-	Cash out-flows		
R0370	Future benefits and claims	28 637 242	28 637 242
R0380	Future expenses and other cash-out flows	4 539 705	4 539 705
-	Cash in-flows		0
R0390	Future premiums	36 294 682	36 294 682
R0410	Future benefits and claims	48 056 393	48 056 393
R0420	Future expenses and other cash-out flows	11 982 813	11 982 813
R0450	Percentage of gross Best Estimate calculated using approximations	0,00 %	0,00 %
R0460	Best estimate subject to transitional of the interest rate	0	0
R0470	Technical provisions without transitional on interest rate	69 485 008	69 485 008
R0480	Best estimate subject to volatility adjustment	0	0
R0490	Technical provisions without volatility adjustment and without others transitional measures	69 485 008	69 485 008
R0500	Expected profits included in future premiums (EPIFP)	-472 128	-472 128

S.23.01.01.01 Own funds

S.23.01.01.01 Own funds		TOTAL	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	30 000 000	30 000 000		0	
R0130	Reconciliation reserve	27 158 623	27 158 623			
R0290	Total basic own funds after deductions	57 158 623	57 158 623	0	0	0
-	Ancillary own funds					
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	26 554 764			26 554 764	0
R0400	Total ancillary own funds	26 554 764			26 554 764	0
-	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	83 713 387	57 158 623		26 554 764	0
R0510	Total available own funds to meet the MCR	57 158 623	57 158 623			
R0540	Total eligible own funds to meet the SCR	77 976 775	57 158 623		20 818 152	0
R0550	Total eligible own funds to meet the MCR	57 158 623	57 158 623			
R0580	SCR	41 636 303				
R0600	MCR	10 465 717				
R0620	Ratio of Eligible own funds to SCR	187,28 %				
R0640	Ratio of Eligible own funds to MCR	546,15 %				

S.25.01.01.01 Solvency Capital Requirement (SCR) – for undertakings on Standard Formula

S.25.01.01.01 Basic Solvency Capital Requirement				
		Net SCR	**Gross SCR**	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
R0010	Market risk	27 133 741	27 133 741	0
R0020	Counterparty default risk	354 262	354 262	0
R0030	Life underwriting risk	92850,15	92850,15	0
R0040	Health underwriting risk	0	0	0
R0050	Non-life underwriting risk	29 604 085	29 604 085	0
R0060	Diversification	-12 118 536	-12 118 536	
R0070	Intangible asset risk	0	0	
R0100	Basic Solvency Capital Requirement	45 066 402	45 066 402	

S.25.01.01.02 Calculation of Solvency Capital Requirement			
		Value	
		C0100	
R0120	Adjustment due to RFF/MAP nSCR aggregation	0	
R0130	Operational risk	1 714 960	
R0140	Loss-absorbing capacity of technical provisions	0	
R0150	Loss-absorbing capacity of deferred taxes	-5 145 059	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0	
R0200	Solvency Capital Requirement excluding capital add-on	41 636 303	
R0210	Capital add-on already set	0	
R0220	Solvency capital requirement	41 636 303	
R0450	Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	4 - No adjustment	

S.28.01.01.05 Minimum Capital Requirement (MCR) – Solo Life or Non-Life Insurance or Reinsurance Activity

S.28.01.01.05	Overall MCR calculation	
		C0070
R0300	Linear MCR	10 465 717
R0310	SCR	41 636 303
R0320	MCR cap	18 736 336
R0330	MCR floor	10 409 076
R0340	Combined MCR	10 465 717
R0350	Absolute floor of the MCR	4 000 000
R0400	Minimum Capital Requirement	10 465 717