



**AFA Försäkring – an overview**

The vision of AFA Försäkring is to see and help many people to a more secure daily life, and consequently contribute to a sustainable working life. Our insurance policies are a natural part of collective bargaining agreements and the Swedish social security system where 4.5 million people are covered by at least one of our insurance policies.

We received 365,000 new insurance claims in 2016. In total, we handled more than 876,000 claims and paid SEK 9.7 billion in compensation to the insured. Our capital is invested responsibly so as to generate a return that ensures both secure future compensation payments and long-term stable premiums for those insured. We managed approximately SEK 197.2 billion of assets.

The mission from our owners also includes pursuing important preventive action in order to improve the work environment and health at workplaces. Our objective is that as few people as possible will be afflicted by absenteeism due to illness or work-related injuries. Our unique claims database contains information about absenteeism due to sickness and work injuries from more than 13 million cases. This database underlies decisions regarding our preventive measures. We are Sweden's largest private R&D financier regarding the work environment, and each year we earmark SEK 150 million for research within the work and health environment. Our web-based information systems (known as the IA Systems) are examples of our preventive work. The IA Systems enable companies within the same sector to share information about work environment incidents and to thereby learn from their own and others' experiences. In 2016, the IA Systems were used by 800 employers with a total of 582,000 employees.

Our ambition is that our customers shall perceive us as being easy to work with. We therefore constantly endeavour to improve notification procedures for our customers, and enable them to communicate with us in the simplest way possible. We also work actively to ensure that everyone who is eligible to receive compensation shall do so.

AFA Försäkring (AFA Insurance) is the joint name for three insurance companies – AFA Sjukförsäkring (AFA Sickness Insurance), AFA Trygghetsförsäkring (AFA Work Injury Insurance) and AFA Livförsäkring (AFA Life Insurance). AFA Sjukförsäkring is Parent Company in the AFA Sjukförsäkringskoncernen (AFA Sickness

Insurance Group). AFA Försäkring is owned by the Confederation of Swedish Enterprise (Svenskt Näringsliv), the Swedish Trade Union Confederation (LO), and the Swedish Council for Negotiation and Co-operation (PTK). AFA Försäkring is managed in order to safeguard the interests of the policy holders and of those insured, and does not distribute any profit to the owners.

<b>AFA Försäkring – key data</b>	<b>2016</b>	<b>2015</b>
Number of insurance claims	876,000	874,000
New insurance claims	365,000	350,000
Paid insurance Compensation	SEK 9.7bn	SEK 9.9bn
Invested assets	SEK 197.2bn	SEK 193.0bn
Total return	SEK 17.2bn	SEK 10.7bn
Total return	9.8%	5.7%
Support to Preventive Measures + Research	SEK 293m	SEK 283m

## MESSAGE FROM THE CEO

### A MEANINGFUL MISSION

A safer and more secure daily life for employees, and security for employers who take good care of their workforce. Our collectively agreed insurance policies simplify life for many people in Sweden – which makes us at AFA Försäkring feel proud of our mission.

We endeavour to ensure that our notification processes will be simpler, that people who fall ill or injure themselves at work shall receive compensation, and to reduce ill-health at the workplace. Three telling examples from 2016 are the roll-out of a digital employer notification system; that we paid SEK 38 million each day of the year in compensation; and the launching of the widely appreciated work-environment training program for managers, safety representatives and work-environment representatives in the private sector.

### CONTINUED STRONG FINANCES

A prerequisite for us to be able to guarantee our customers long-term security is that we manage our assets well. We are therefore very pleased that this year's financial results are once again very good, and that they exceeded the expectations we had at the beginning of 2016.

AFA Försäkring has also maintained its good funding ratio despite repayment of previously paid premiums and yet another year with very low premium income.

Following a financial year with persistently low interest rates and turbulent stock markets, the total return for 2016 amounted to 9.8 percent, representing SEK 17.2 billion, due largely to the continued performance of our equities, alternative investments, and property holdings. The year's return comfortably covers AFA Försäkring's compensation costs and provisions for unsettled claims totalling SEK 12.6 billion, as well as the administrative operating expenses of approximately SEK 0.8 billion.

The good funding ratio led to the Board of Directors resolving to reimburse SEK 2.6 billion of sickness insurance premiums for the premium-year 2004 in the group sickness insurance scheme to employers within the private sector. In total, AFA Försäkring has reimbursed approximately SEK 42.8 billion for the years 2004–2008, and the sickness insurance premium has thus been zero since 2004 for employers within municipalities, county councils and

regions, as well as for employers within the private sector. The sickness insurance premium will continue to be zero in 2017.

### RESULT

The overall surplus before year-end appropriations and tax amounted to SEK 2.2 billion.

### INCREASED KNOWLEDGE FOR A SUSTAINABLE WORKING LIFE

AFA Försäkring has administered collectively agreed insurance policies on behalf of the labour market partners for more than half a century. Our long-term perspective does not only mean that we insure many people and manage substantial assets, but that we also see social advantages in working preventively in order to reduce the number of work-related injuries and sick-listings at Swedish workplaces.

As part of our mission from the labour market partners, we finance each year research within health and work environments through grants amounting to SEK 150 million. In this year's four open grants, we were able to contribute to new research of accidents and ill-health in industry, absenteeism due to mental ill-health, as well as a new method for treating prostate cancer. In 2016, we also invested SEK 30 million in the newly started research program called Sustainable Working Life – a program that is designed to contribute to greater knowledge of the obstacles and opportunities that prevail within the Swedish labour market's challenge to create a sustainable working life. The objective of our investments in research, precisely as with the 18 seminars we organised during the year, is to improve knowledge of how we can prevent and treat ill-health in working life.

We also share knowledge that we obtain from our claims database, where we have assembled more than 13 million insurance cases from the beginning of the 1970s up to today. Each year, we present fresh statistics in our work-injury report. In 2016, we were able to report that the increase in work injuries during recent years has come to a halt. We also publish four annual sub-reports covering different subjects; last year, for example, we presented

such reports as 'Instances of Sick Leave During a Working Life' and 'The Cut-Off Point in Health Insurance'.

### **IN TUNE WITH OUR SURROUNDING WORLD**

In an ever more digitalised world, we all expect to rapidly and easily gain access to the information we need. This naturally also applies to AFA Försäkring's customers. It is important for us to be part of these developments – not least to be able to offer simple and effective case management and good customer contact also in the future.

In 2016, we started two long-term development projects: Securing the future in a digital world, and the Channel strategy. Within the related framework, we are reviewing our future requirements to interact more with external parties in order to rationalise the collection and processing of information. We are also working with the development of channels that customers use in their contact with AFA Försäkring. The goal is to increase customer satisfaction, improve cost-effectiveness, and reduce lead-times.

During the past year, we continued to simplify and facilitate communication between ourselves and our customers. Among other things, we have introduced a system for automated provision of personal details, launched a version of our website in easy-to-read Swedish, expanded our communication via SMS, and evaluated and improved our telephone service.

The Solvency II Directive entered into force on 1 January 2016. AFA Försäkring has prioritised for several years the related preparations and adaptation of our operations in accordance with the new European regulations for insurance companies. With a Solvency II-adapted management model for risks as well as specially designed reporting solutions, the transition to the new regulations has gone as planned.

### **A JOINT EFFORT**

AFA Försäkring's operations are complex and require many different skills within a number of professional areas. It is very gratifying to see that we within the organization continuously find new ways to cooperate and be inspired by each other in our work towards the common goal that our insured shall receive the compensation they are entitled to.

I would therefore like to close with my sincerest and

warmest thanks to all employees for your excellent work and tremendous commitment. To work for AFA Försäkring is to contribute to help people enjoy a more secure daily life. It is a privilege to be the CEO of a company where we together perform such a meaningful mission.

Anders Moberg  
PRESIDENT AND CEO, AFA FÖRSÄKRING

## CLAIM TRENDS 2016

In 2016, AFA Försäkring handled a total of 365,000 new claims for compensation, representing around 15,000 more claims than the year before.

### AFA SJUKFÖRSÄKRING (AFA SICKNESS INSURANCE)

#### Policy holders and those insured

The number of insurance contracts for AFA Sjukförsäkring within the AGS and AGS-KL group sickness insurance decreased during the year, and amounted to 229,400 signed contracts (231,000) at the end of 2016. There are approximately 1.6 million people insured within the Confederation of Swedish Enterprise and the Swedish Trade Union Confederation, and about 1.2 million insured within municipalities and county councils.

#### Claim trends

The number of new claims within group sickness insurance increased to about 132,100 (124,600).

### AFA TRYGGHETSFÖRSÄKRING (AFA WORK INJURY INSURANCE)

#### Policy holders and those insured

The number of employers who took out TFA work injury insurance increased marginally during the year, and the number of signed contracts amounted to 219,900 at the end of the year (218,400).

The TFA and TFA-KL insurance policies cover approximately 4.2 million employees in the Swedish labour market and about 0.2 million self-employed people.

#### Claim trends

The number of new claims within work injury insurance was approximately 80,400 in 2016, representing an increase of about 800 cases compared with the year before.

### AFA LIVFÖRSÄKRING (AFA LIFE INSURANCE)

#### Policy holders and those insured

The number of insurance contracts within AFA Livförsäkring at the end of the year was:

Severance Allowance Insurance (AGB)	2016	2015
AGB within Career Readjustment Insurance	89,000	90,500
AGB	120,600	119,000

  

Life Assurance	2016	2015
TGL	244,100	243,800
Family Protection Insurance		
1 base amount	29,900	33,200
2 base amounts	12,300	12,800
3 base amounts	1,800	1,500
4 base amounts	3,400	2,500

The number of insured within AGB (Severance Allowance Insurance) and TGL (Group Life Insurance) is approximately 1.5 million.

#### Claim trends

The number of registered cases within AGB severance allowance insurance was 10,800 for the year, representing an decrease compared with 2015 when approximately 11,700 cases were registered.

About 2,600 TGL group life insurance cases and 100 family cover cases were received during the year. A slight decrease can be observed in the number of TGL claims.

FIVE-YEAR OVERVIEW, GROUP

INCOME STATEMENT, SEK million	2016	2015	2014	2013	2012
Premiums earned	-2,318	-5,192	-6,551	-10,942	-17,111
Investment income transferred from financial operations	-638	-292	416	767	1,174
Claims incurred	-11,758	-6,360	-11,180	-919	6,678
Operating expenses	-769	-632	-585	-432	-502
Other technical expenses	-144	-179	-114	-201	-120
<b>Technical profit/loss for insurance operations</b>	<b>-15,627</b>	<b>-12,655</b>	<b>-18,014</b>	<b>-11,727</b>	<b>-9,881</b>
Investment income	17,431	10,864	23,886	15,026	15,996
Income/loss from investments in joint ventures	296	176	53	-24	-76
<b>Profit/loss before tax</b>	<b>2,100</b>	<b>-1,615</b>	<b>5,925</b>	<b>3,275</b>	<b>6,039</b>
<b>NET PROFIT/LOSS FOR THE YEAR</b>	<b>1,782</b>	<b>-1,038</b>	<b>4,618</b>	<b>2,424</b>	<b>6,707</b>
<b>PREMIUM LEVELS, %</b>					
Confederation of Swedish Enterprise/Swedish Trade Union Confederation segment	0.01	0.01	0.01	0.01	0.01
Confederation of Swedish Enterprise/Swedish Council for Negotiation and Co-operation segment	0.03	0.01	0.01	0.01	0.01
Cooperative segment, Workers	0.01	0.01	0.01	0.01	0.01
Cooperative segment, Officials	0.03	0.01	0.01	0.01	0.01
Municipal segment	0.01	0.01	0.01	0.01	0.01
<b>FINANCIAL POSITION, SEK million</b>	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Investment assets	197,650	182,789	188,557	179,844	194,171
Cash and bank	1,979	4,361	4,018	4,074	4,791
Technical provisions	99,097	96,706	99,885	98,015	106,039
Total assets	200,728	188,514	195,568	185,618	200,716
Net asset value					
<i>Taxed equity</i>	77,217	75,426	76,410	72,084	69,404
<i>Deferred tax liability</i>	13,680	13,406	13,940	12,634	11,763
Total net asset value	90,897	88,832	90,350	84,718	81,167
<b>KEY RATIOS, %</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Claims ratio	-507.2	-122.5	-171.0	-8.4	39.0
Operating expenses ratio	-33.2	-12.2	-9.1	-3.9	-2.9
Combined ratio	-540.4	-134.7	-180.1	-12.3	36.1
Direct yield ratio <sup>1)</sup>	4.6	5.1	5.0	4.6	4.4
Total yield ratio <sup>2)</sup>	9.9	5.8	13.9	8.8	9.0
Net asset value as % of technical provisions	92	92	91	86	77
Net asset value ratio	-3,921.4	-1,710.9	-1,379.2	-774.2	-474.1
<i>Operating expenses for claims adjustments as % of paid insurance compensation</i>	4.9	5.2	5.6	4.4	4.1
<i>Operating expenses for financial management as % of managed assets</i>	0.07	0.06	0.06	0.06	0.06
<b>Solvency-related key ratios<sup>3)</sup></b>					
<b>(concerning the AFA Insurance Group)</b>					
Capital base	91,502				
<i>of which primary capital</i>	91,502				
Minimum capital requirement	10,346				
Solvency capital requirement	39,163				

<sup>1)</sup> Direct yield is calculated as the portion of direct yield in relation to total yield as per the same principle as in the total yield table.

<sup>2)</sup> Total yield is reported as per the method in the total yield table, which is also the measure used internally.

<sup>3)</sup> As of 1 January 2016, solvency-related information will be provided in the annual report. In accordance with FFFS 2015:12, previous periods have not been recalculated.

## FIVE-YEAR OVERVIEW

### FIVE-YEAR OVERVIEW, PARENT COMPANY

INCOME STATEMENT, SEK million	2016	2015	2014	2013	2012
Premiums earned	-2,609	-5,369	-6,721	-11,107	-17,276
Investment income transferred from financial operations	-509	-234	334	767	1,174
Claims incurred	-8,817	-4,623	-8,571	-219	8,838
Operating expenses	-415	-408	-270	-196	-259
Other technical expenses	-84	-74	-50	-108	-47
<b>Technical profit/loss for insurance operations</b>	<b>-12,434</b>	<b>-10,708</b>	<b>-15,278</b>	<b>-10,863</b>	<b>-7,570</b>
Investment income	12,769	7,569	19,366	12,185	13,261
<b>Profit/loss before tax</b>	<b>335</b>	<b>-3,139</b>	<b>4,088</b>	<b>1,322</b>	<b>5,691</b>
<b>NET PROFIT/LOSS FOR THE YEAR</b>	<b>1,047</b>	<b>-3,859</b>	<b>7,203</b>	<b>-223</b>	<b>12,914</b>
<b>PREMIUM LEVELS, %</b>					
Confederation of Swedish Enterprise/Swedish Trade Union Confederation segment	0.00	0.00	0.00	0.00	0.00
Municipal segment	0.00	0.00	0.00	0.00	0.00
<b>FINANCIAL POSITION, SEK million</b>	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Investment assets	150,016	139,864	150,647	144,532	160,056
Cash and bank	1,309	3,314	3,155	3,079	3,573
Technical provisions	78,881	77,287	80,155	78,967	85,903
Total assets	158,160	150,422	160,941	153,711	169,566
Net asset value					
<i>Taxed equity</i>	40,671	39,624	43,483	36,334	36,557
<i>Untaxed reserves</i>	26,510	27,165	25,034	32,950	31,265
<i>Deferred tax liability</i>	3,528	3,324	4,516	2,485	2,445
Total net asset value	70,709	70,113	73,033	71,769	70,267
<b>KEY RATIOS, %</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Claims ratio	-338.0	-86.1	-127.5	-2.0	51.2
Operating expenses ratio	-15.9	-7.6	-4.0	-1.8	-1.5
Combined ratio	-353.9	-93.7	-131.5	-3.7	49.7
Direct yield ratio <sup>1)</sup>	4.7	5.1	5.0	4.5	4.3
Total yield ratio <sup>2)</sup>	10.3	6.0	14.1	9.0	9.0
Net asset value as % of technical provisions	90	91	91	91	82
Net asset value ratio	-2,710.2	-1,305.9	-1,086.6	-646.2	-406.7
<i>Operating expenses for claims adjustments as % of paid insurance compensation</i>	1.8	2.6	2.8	1.8	1.8
<i>Operating expenses for financial management as % of managed assets</i>	0.06	0.06	0.06	0.06	0.07
<b>Solvency-related key ratios<sup>3)</sup> (concerning the AFA Insurance Group)</b>					
Capital base	80,053				
<i>of which primary capital</i>	80,053				
Minimum capital requirement	7,921				
Solvency capital requirement	31,684				

<sup>1)</sup> Direct yield is calculated as the portion of direct yield in relation to total yield as per the same principle as in the total yield table.

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<sup>3)</sup> As of 1 January 2016, solvency-related information will be provided in the annual report. In accordance with FFFS 2015:12, previous periods have not been recalculated.

## FIVE-YEAR OVERVIEW, AFA TRYGGHETSFÖRSÄKRING

INCOME STATEMENT, SEK million	2016	2015	2014	2013	2012
Premiums earned	291	178	170	165	165
Investment income transferred from financial operations	-129	-58	81	182	249
Claims incurred	-2,855	-1,740	-2,622	-716	-2,208
Operating expenses	-295	-226	-313	-240	-283
Other technical expenses	-61	-105	-64	-93	-73
<b>Technical profit/loss for insurance operations</b>	<b>-3,049</b>	<b>-1,951</b>	<b>-2,748</b>	<b>-702</b>	<b>-2,150</b>
Investment income	2,817	1,540	3,835	1,936	2,132
<b>Profit/loss before tax</b>	<b>-232</b>	<b>-411</b>	<b>1,087</b>	<b>1,234</b>	<b>-18</b>
<b>NET PROFIT/LOSS FOR THE YEAR</b>	<b>482</b>	<b>-437</b>	<b>-782</b>	<b>121</b>	<b>-1,201</b>
<b>PREMIUM LEVELS, %</b>					
Confederation of Swedish Enterprise/Swedish Trade Union Confederation segment	0.01	0.01	0.01	0.01	0.01
Confederation of Swedish Enterprise/Swedish Council for Negotiation and Co-operation segment	0.03	0.01	0.01	0.01	0.01
Cooperative segment, Workers	0.01	0.01	0.01	0.01	0.01
Cooperative segment, Officials	0.03	0.01	0.01	0.01	0.01
Municipal segment	0.01	0.01	0.01	0.01	0.01
<b>FINANCIAL POSITION, SEK million</b>	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Investment assets	36,273	33,319	31,450	29,586	29,045
Cash and bank	415	811	575	689	994
Technical provisions	20,216	19,419	19,730	19,048	20,136
Total assets	37,285	34,929	35,987	30,792	32,446
Net asset value					
<i>Taxed equity</i>	2,310	1,828	2,265	706	585
<i>Untaxed reserves</i>	12,024	12,816	12,674	10,584	9,516
<i>Deferred tax liability</i>	601	524	641	201	156
Total net asset value	14,935	15,168	15,580	11,491	10,257
<b>KEY RATIOS, %</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Claims ratio	981.4	977.5	1,542.4	433.9	1,338.2
Operating expenses ratio	101.4	127.5	184.1	145.5	171.5
Combined ratio	1,082.8	1,105.1	1,726.5	579.4	1,509.7
Direct yield ratio <sup>1)</sup>	3.9	5.3	5.1	4.7	4.7
Total yield ratio <sup>2)</sup>	7.8	5.1	13.4	7.7	9.0
Net asset value as % of technical provisions	5,132.3	8,521.3	9,164.7	6,964.8	6,216.4
Net asset value ratio	74	78	79	60	51
<i>Operating expenses for claims adjustments as % of paid insurance compensation</i>	12.2	16.3	17.4	17.1	18.1
<i>Operating expenses for financial management as % of managed assets</i>	0.07	0.07	0.07	0.08	0.09
<b>Solvency-related key ratios<sup>3)</sup> (concerning the AFA Insurance Group)</b>					
Capital base	14,413				
<i>of which primary capital</i>	14,413				
Minimum capital requirement	2,068				
Solvency capital requirement	8,271				

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## FIVE-YEAR OVERVIEW

### FIVE-YEAR OVERVIEW, AFA LIVFÖRSÄKRING

TECHNICAL PROFIT/LOSS, SEK MILLION	2016	2015	2014	2013	2012
<b>Property &amp; casualty insurance operations</b>					
Premiums earned	503	504	481	464	3
Claims incurred	-444	-436	-478	-596	-538
Operating expenses	-26	-28	-56	-40	-42
Other technical expenses	-	-	-	7	-
Investment income	236	86	361	331	296
<b>Technical profit/loss for property &amp; casualty operations</b>	<b>269</b>	<b>126</b>	<b>308</b>	<b>166</b>	<b>-281</b>
<b>Life insurance operations</b>					
Premiums earned	37	38	220	215	503
Claims incurred	-393	-380	-430	-453	-430
Life insurance provisions	0	128	-12	160	130
Operating expenses	-32	-34	-65	-48	-50
Other technical expenses	-12	-13	-13	-13	-13
Investment income	196	78	377	224	256
<b>Technical profit/loss for life insurance operations</b>	<b>-204</b>	<b>-183</b>	<b>77</b>	<b>85</b>	<b>396</b>
<b>NON-TECHNICAL PROFIT/LOSS, SEK million</b>					
Technical profit/loss for property & casualty operations	269	126	308	166	-281
Technical profit/loss for life insurance operations	-204	-183	77	85	396
<b>Profit/loss before tax</b>	<b>65</b>	<b>-57</b>	<b>385</b>	<b>251</b>	<b>115</b>
<b>NET PROFIT/LOSS FOR THE YEAR</b>	<b>150</b>	<b>-17</b>	<b>369</b>	<b>226</b>	<b>185</b>
<b>PREMIUM LEVELS, %</b>					
Severance pay for wage earners	0.15	0.15	0.15	0.15	0.01
Group life insurance	0.00	0.00	0.10	0.10	0.25

FINANCIAL POSITION, SEK million	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
<b>Property &amp; casualty insurance operations</b>					
Investment assets	3,340	2,875	2,792	2,508	2,491
Cash and bank	210	201	206	182	59
Technical provisions	112	109	128	153	142
Net asset value					
<i>Taxed equity</i>	-134	-404	-530	-838	-1,005
<i>Deferred tax liability</i>	3,385	3,385	3,385	3,385	3,385
Total net asset value	3,251	2,981	2,855	2,547	2,380
<b>Life insurance operations</b>					
Investment assets	2,781	2,811	3,223	3,168	3,424
Cash and bank	143	168	168	147	221
Technical provisions	1,660	1,686	1,869	1,847	2,013
Net asset value					
<i>Taxed equity</i>	1,083	1,202	1,345	1,284	1,224
<i>Untaxed reserves</i>	0	58	58	58	53
<i>Deferred tax liability</i>	3	30	71	57	42
Total net asset value	1,086	1,290	1,474	1,399	1,319
<b>AFA Life insurance total</b>					
Investment assets	6,121	5,686	6,016	5,676	5,915
Cash and bank	353	369	374	329	280
Technical provisions	1,772	1,795	1,996	2,000	2,155
Net asset value					
<i>Taxed equity</i>	948	798	815	446	219
<i>Untaxed reserves</i>	3,385	3,443	3,443	3,443	3,438
<i>Deferred tax liability</i>	3	30	71	57	42
Total net asset value	4,336	4,271	4,329	3,946	3,699
Total assets	6,561	6,150	6,520	6,064	6,263
<b>KEY RATIOS, %</b>					
<b>Property &amp; casualty insurance operations</b>					
Claims ratio	88.3	86.3	99.4	128.4	16,812.5
Operating expenses ratio	5.2	5.6	11.7	8.6	1,300.0
Combined ratio	93.4	92.0	111.1	137.1	18,112.5
Direct yield ratio <sup>1)</sup>	1.9	2.1	2.5	2.9	3.3
Total yield ratio <sup>2)</sup>	8.1	3.1	14.7	14.6	11.8
Net asset value	646.3	591.5	593.3	549.1	74,387.5
<b>Life insurance operations</b>					
Management costs percent	1.1	1.1	2.0	1.5	1.6
Direct yield ratio <sup>1)</sup>	1.7	1.4	2.1	2.4	2.9
Total yield ratio <sup>2)</sup>	7.5	2.2	12.5	7.2	8.5
Net asset value ratio	2,927.0	3,423.1	670.1	650.0	262.3
<b>AFA Life insurance total</b>					
Direct yield ratio <sup>1)</sup>	1.8	1.7	2.3	2.6	3.1
Total yield ratio <sup>2)</sup>	7.9	2.6	13.5	10.3	10.0
Net asset value ratio	802.6	788.0	617.4	581.0	731.1
Net asset value as % of technical provisions	244.3	237.9	216.8	197.3	171.6
Operating costs for claims adjustments as % of paid insurance compensation	1.9	2.7	3.1	3.1	4.1
Operating expenses for financial management as % of managed assets	0.12	0.12	0.09	0.13	0.17
<b>Solvency-related key ratios<sup>3)</sup></b>					
Capital base	4,522				
<i>of which primary capital</i>	4,522				
Minimum capital requirement	358				
Solvency capital requirement	1,430				

<sup>1)</sup> Direct yield is calculated as the portion of direct yield in relation to total yield as per the same principle as in the total yield table.

<sup>2)</sup> Total yield is reported as per the method in the total yield table, which is also the measure used internally.

<sup>3)</sup> As of 1 January 2016, solvency-related information will be provided in the annual report. In accordance with FFFS 2015:12, previous periods have not been recalculated.

## TOTAL RETURN 2016 AND INVESTMENT ASSETS

The overall return for AFA Försäkring amounted to 9.8 per cent in 2016. AFA Sjukförsäkring attained a yield of 10.3 per cent, AFA Trygghetsförsäkring 7.8 per cent, and AFA Livförsäkring 7.9 per cent.

Total return table for investments	Market values				Total return	
	2016		2015		2016	2015
	SEKm	%	SEKm	%	%	%
Fixed income – nominal	59,318	30	62,070	32	1.7	0.5
Fixed income – inflation-linked	29,110	15	28,761	15	8.4	1.1
Equities	61,212	31	59,485	31	12.9	4.2
Property	30,852	16	37,131	14	18.2	17.8
Alternative Investments	16,700	8	15,601	8	15.0	21.3
Foreign Exchange	-	-	-	-	0.0	0.1
Allocation Portfolio	82	0	0	0	0.0	0.1
<b>Total investments</b>	<b>197,274</b>	<b>100</b>	<b>193,048</b>	<b>100</b>	<b>9.8</b>	<b>5.7</b>

Contribution analysis 2016, %	Benchmark portfolio	Benchmark portfolio return	Portfolio return	Management contribution
Fixed income – nominal	33	1.5	1.7	0.1
Fixed income – inflation-linked	15	7.9	8.4	0.1
Equities	31	11.2	12.9	0.5
Property	13	14.0	18.2	0.6
Alternative Investments	8	15.0	15.0	-
Foreign Exchange	-	-	0.0	0.0
Tactical asset allocation	-	-	0.3	0.3
<b>Total investments</b>	<b>100</b>	<b>8.2</b>	<b>9.8</b>	<b>1.6</b>

The asset class Alternative Investments has an absolute annual return requirement of 10 per cent in the long-term series.

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Klara Södra Kyrkogata 18

**Gemensam organisation för företagen:**

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- AFA Sjukförsäkringsaktiebolag
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Årsredovisningar och bolagsstyrningsrapporter  
för AFA-företagen finns på:  
[www.afaforsakring.se/om-afa-forsakring](http://www.afaforsakring.se/om-afa-forsakring).