Nordben Life and Pension Insurance Co. Limited

Annual report and accounts

For the year ended
31 December 2014

Registered Number: 14861

Nordben Life and Pension Insurance Co. Limited

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Nordben Life and Pension Insurance Co. Limited
Company Information

Registered office and business address:	Harbour House, South Esplanade, St Peter Port, Guernsey, GY1 1AP, Channel Islands
Company Secretary:	Susan Merrill
Appointed Actuary:	Colin Murray, Towers Watson, Trinity Point, 10-11 Leinster Street South, Dublin 2, Ireland
Auditor:	Deloitte LLP, PO Box 137, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3HW, Channel Islands
Principal bankers:	Barclays Private Clients International Limited, PO Box 41, Le Marchant House, Le Truchot, St Peter Port, Guernsey, GY1 3BE, Channel Islands
Legal:	Carey Olsen, PO Box 98, Carey House, Les Banques, St Peter Port, Guernsey, GY1 4YZ, Channel Islands
Investment Manager:	Storebrand Asset Management AS, Professor Kohts vei 9, PO Box 484, 1327 Lysaker, Norway
Principal reinsurers:	Hannover Ruckversicherung AG, Stockholm Branch, Hantverkargatan 25, PO Box 22085, 10422 Stockholm, Sweden Mandatum Life Insurance Company Limited, Bulevardi 56, FI-00101 Helsinki, Finland
Trustee:	Kleinwort Benson (Guernsey) Trustees Limited, PO Box 44, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 3BG, Channel Islands

Nordben Life and Pension Insurance Co. Limited
Directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2014.

Nordben Life and Pension Insurance Co. Limited ("the Company") is licensed under Section 7 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 to carry on long-term and general insurance business, including domestic business.

Principal activity

The principal activity is to provide group life and disability insurance products to globally mobile employees, expatriate and third country nationals working for Nordic industry.

In general, the remainder of the Company's products were closed to new business in 2013 and will all be closed to new business in 2015.

Ordinary Shareholder

	% Ordinary Shares
BenCo Insurance Holding B.V. (BenCo)	100

BenCo is owned by; Storebrand Livsforsikring AS (89.96%), Mandatum Life (6.49%) and Varma Mutual Insurance Company (3.55%).

Storebrand ASA, a company registered in Norway, is regarded as the Company's ultimate controlling party.

Dividend

In 2014 a dividend of SEK 20,000,000 (2013: SEK 90,000,000) was approved by the Board and paid to the Shareholder.

Directors

The Directors as at 22 April 2015 are shown below:

Lars Fitger (Chairman) - Director, Strategic Holdings, SPP Pension & Försäkring AB

Johan Gunnarson (Independent Non-Executive Director) - Bliwa Skadeförsäkring AB

Paul Cutter - CEO of Euroben Life & Pension Limited

Arne Hove – Chief Actuary and Head of actuary section, Storebrand Livsforsikring AS (appointed 10 September 2014)

Risto Honkanen - Senior Vice President Sales and Strategic Alliances, Mandatum Life Insurance Company Limited

Nicholas Slinn – CEO of Nordben Life and Pension Insurance Co. Limited (appointed 4 March 2014)

Kristian Solum tendered his resignation on 27 August 2014.

The Board aims for a Nordic corporate governance model whilst respecting the requirements and laws in Guernsey and its evolving corporate governance regulations.

Business review

The profit for the year was SEK 75.3M, which was significantly above both the budget for 2014 and the 2013 profit of SEK 20.3M. The increase was primarily due to a release of the Shareholder's support of SEK 35.7M within the discretionary participation fund liabilities. Strong underwriting and investment results also contributed to the increase.

In earlier years the Shareholder was required to support some of the discretionary participation fund liabilities and therefore administration fees totalling SEK 35.7M were withheld within these funds. At the board meeting held on 19 November 2014 the Board approved the release of the Shareholder's support.

Administration income, excluding the release of the Shareholder's support, fell by 4.8% to SEK 58.4M (2013: SEK 63.4M) reflecting a fall in premium income.

Administration expenses were 3.4% higher than in 2013 at SEK 48.0M (2013: SEK 46.4M) as a result of the strengthening of the Pound Sterling against the Swedish Krona over the course of the year.

The underwriting result increased significantly from SEK 3.4M in 2013 to SEK 12.4M as a result of a good claims experience.

The Company's shareholder capital, which averaged SEK 220M over the year (2013: SEK 226M), continues to be invested in short-dated Swedish Government bonds, government guaranteed bonds and high grade credit bonds. The Shareholder capital is also invested in forward foreign exchange hedging contracts to protect the solvency capital from adverse movements in exchange rates. The Company benefited from gains on the hedging contracts, which was the primary reason for the increase in the investment result from SEK 0.7M in 2013 to SEK 12.1M.

There was an increase in the non-distributable reserve from SEK 11.5M in 2013 to SEK 53.6M which was predominantly due to a large increase in the closed to new business reserve of SEK 42. This increase was due to higher expenses being assumed by Management in the Appointed Actuary's closed to new business scenario projections. The movement in the overall non-distributable reserve is not reflected through the consolidated profit and loss account other than the reversal of the total expense provision for investment contracts recognised in the non-distributable reserve in the prior year.

The Company's premium decreased from SEK 479.9M in 2013 to SEK 294.9M in 2014, which reflects the decision to focus on group life and disability business and close the Company's other products to new business in 2013.

Key performance indicators (KPIs)

The Board monitors the progress of the Company by reference to the following KPIs:

SEK millions	2014	2013	
Premium income	**295**	**480**	Premium from insurance and investment contracts
Administration result	**46**	**17**	Administration income less operating expenses
Movement in expense provision	**4**	**-**	Movement in the expense provision
Underwriting result	**12**	**3**	Result from Life and Disability insurance business
Policyholders' funds	**8,097**	**7,867**	Policyholders' funds under management at end of year
Shareholder's funds	**193**	**181**	Distributable Shareholder's funds at end of year
Return on equity	**34.34%**	**8.96%**	Profit for year after tax in relation to average shareholder's funds

In 2014 the administration result includes the release of the Shareholder's support of SEK 35.7M. Without this release the administration result reported for 2014 would be SEK 10.4M and the return on equity for 2014 would be 19.67%.

The figures within the Business review and the Key performance indicators have been reconciled to the figures prepared under United Kingdom Generally Accepted Accounting Practice. These unaudited reconciliations have been included at the back of this Annual Report and Accounts on pages 65 and 66 for the benefit of the readers.

Future outlook

In 2015 the Company will continue to focus on implementing its strategic aims of being the leading provider of group life and disability insurance solutions to globally mobile employees, expatriate and third country nationals working for Nordic industry.

In addition, the Company will also focus on running off its closed business efficiently and profitably.

Principal risks and uncertainties

The process of risk management is addressed through a framework of policies, working instructions, regulatory procedures and internal controls. This is undertaken by Executive Management (constituting the highest level of operational management), risk management function and internal audit function. Compliance with regulation, legal and ethical standards is a high priority for the Company. The Board is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively. Apart from those policies reserved for Board approval the remaining policies, working instructions and regulatory procedures are subject to Committee/Executive Management approval and ongoing review.

The Company has developed a framework for identifying the risks to which it is exposed, the probability of their occurrence and their economic impact.

The principal risks from the Company's insurance business arise from being able to pay its obligations to policyholders as they fall due. Market and other risks, relating to those financial assets supporting the Company's policyholder liabilities, are closely monitored on a continuous basis. In addition, the Company is exposed to financial risks arising primarily from the investments that it holds. These risks are discussed in Note 7.

As a result of the change in the Company's strategy the business is now less diversified, in terms of the market within which it operates (Nordic only, with exception of non-Nordic business emanating from IGP and Insurope) as well as the products and solutions it offers (essentially group life and disability insurance). The Directors, based on various business projections and after discussions with the owner companies of the Shareholder, are satisfied that the outlook is sustainable where acceptable levels of profitability can be achieved.

Going concern basis

The consolidated financial statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Company has net assets significantly in excess of its regulatory solvency requirement. The Company along with its subsidiary undertakings, Nordben Pension Trustees Limited, Nordben Nominees Limited and Nordic International Benefits Trust Limited ("the Group") are not dependent on any external finance or support from the owners of BenCo and are expected to have adequate resources to continue in operational existence for the foreseeable future.

Statement of disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of the financial statements confirms that:

a) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

b) the Director has taken all steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008.

Auditor

Deloitte LLP is currently appointed as the Company's Auditor and Deloitte AS is the group auditor of Storebrand Livsforsikring AS.

A resolution for the reappointment of Deloitte LLP will be provided at the next annual general meeting.

Licence conditions

The Company is licensed by the Guernsey Financial Services Commission (the "Commission") and the following conditions have been imposed on the Company's licence:

a) As set out under Section 12 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 the Company is required to appoint a Guernsey-based trustee who shall be responsible for safeguarding the Company's assets and assets representing at least 90% of policyholder liabilities must be held in trust. The Company requires the appointed trustee to report full details of the assets held by it to the Commission on a quarterly basis. The Company's Trustee is Kleinwort Benson (Guernsey) Trustees Limited.

   The condition covered an instruction issued some time ago by the Commission regarding the need for the Trustee to inform the Commission if the Company instructs a withdrawal of more than 5% of the market value of the assets held within any one period of one month.

   With effect from 1 April 2013, the Company strengthened its policyholder protection arrangements by increasing the percentage of unit-linked policyholder liabilities that must be held in trust to 100%. In addition, only unit-linked funds can be applied in respect of unit-linked business and non-unit-linked funds applied in respect of non-unit-linked business. These amendments have not been imposed on the Company's licence.

b) The Insurance Business (Bailiwick of Guernsey) Law, 2002 requires 100% of the assets covering the solvency margin to be approved assets as defined in the Insurance Business (Approved Assets) Regulations, 2008 unless otherwise agreed with the Commission. The Company received approval from the Commission that the assets in the participating funds are not required to be approved assets.

c) The writing of general insurance business is restricted to no more than 5% of the Company's annual premium income. In 2014 the Company issued a Professional Indemnity insurance contract to its subsidiaries, Nordben Pension Trustees Limited and Nordic International Benefits Limited.

No new conditions were imposed on the Company's licence during the year.

Equal opportunities

The Directors recognise the benefits of having an equal opportunities policy which encourages all staff to make the most of their careers. The Directors are committed to the principles and practice of equal opportunities and require the support of every employee in achieving this aim.

Training and development

The Company is committed to the training and development of all its employees and provides an environment which supports learning and development opportunities both internally and externally in order to enable members of staff to maximise their potential and their contribution to the objectives of the Company.

A number of key Nordben staff hold professional qualifications in their relevant field of expertise including insurance and accountancy. In addition, a number of staff are currently training towards achieving professional qualifications.

Nordben Life and Pension Insurance Co. Limited
Directors' report (continued)

Health and safety

The Directors are committed to providing a safe and healthy work place for all employees.

By order of the Board

Signature:

Name: NICHOLAS SLINN (Director)

Date: 24 April 2015

Nordben Life and Pension Insurance Co. Limited
Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's websites. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nordben Life and Pension Insurance Co. Limited
Corporate governance

Corporate Governance refers to the manner in which the Company's business is directed and controlled. It encompasses the means by which the Board and Executive Management are held accountable and responsible for their actions and includes corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

The Company ensures that it meets the requirements of the Licensed Insurers' Corporate Governance Code (the "Insurers' Code"), which was revised in 2008 to meet the requirements of the revised Insurance Core Principles approved by the International Association of Insurance Supervisors in October 2003 (IAIS Core Principles).

The Company is a licensed insurer following the Insurers' Code and as such is deemed to comply with the corporate governance code issued by the Commission for all financial services companies, effective from 1 January 2012.

The fundamental principles that are incorporated into the Insurers' Code include corporate governance, internal control, risk assessment and management, insurance activity, liabilities, investments, derivatives and similar commitments, capital adequacy and solvency and fraud.

The Insurers' Code is divided into five main parts as follows:

Part 1: Introduction
Part 2: Responsibilities of the Board
Part 3: Internal Control and Risk Assessment and Management Systems
Part 4: Annual Review
Part 5: Definitions

Set out below is a brief summary of how the Company addresses each part of the Insurers' Code.

Part 1: Introduction

The Board has taken into account the size, nature and complexity of the business of the Company when discharging its responsibilities to determine which specific provisions of the Insurers' Code to apply and how the principles set out in the Insurers' Code are adopted. The Company has not adopted the provisions which relate to companies managed by licensed insurance managers as these provisions are not applicable to the Company because it employs its own management and staff.

Part 2: Responsibilities of the Board

Management and Control
The Board has a set of defined strategic objectives along with a business plan that is approved annually by the Board. The Board has approved a document entitled "Management and Control at Nordben – overall guidance" (Guidance Document), which was based on the Storebrand ASA [1] document 'Management and control at Storebrand'.

The Guidance Document outlines the strategies implemented including investment and underwriting strategies and documents the framework for the Company's strategic objectives, policies, working instructions and regulatory procedures. The Guidance Document also establishes procedures for monitoring and evaluating the progress made towards achieving the set objectives and policies.

Executive Management
The Executive Management constitutes the highest level of operational management and is made up of the Chief Executive Officer, the Chief Financial Officer and the Company Secretary and Compliance Officer. The Executive Management is responsible for ensuring that the Company addresses the following as effectively as possible:

[1] Storebrand ASA is the ultimate controlling entity of the Company

Part 2: Responsibilities of the Board (continued)

Executive Management (continued)

- Implementation of the Company's strategy
- Value creation and profitability
- Developing a good control environment

The Executive Management is a team lead by the Chief Executive Officer in which the individual members take decisions for or within their areas of responsibility on the basis of the authorities set by the Board, the Company's vision and values, financial targets and guidance documents.

The Board has approved a Remuneration Policy for the Executive Management. The Chairman in conjunction with the Chief Executive Officer is responsible for determining appropriate levels of remuneration for Executive Management. In addition, they have the responsibility for the appointments and, where necessary, the removal of Executive Management. A bonus is paid to the Chief Executive Officer which is subject to Board approval. No other bonuses are paid. Any changes to the remuneration for the Senior Managers, Managers and other staff are approved by the Chief Executive Officer.

Conduct of the Board
The Board manages the business of the Company and met five times in 2014. A number of matters, which are documented in the Guidance Document, are specifically reserved for its approval.

The Board has ensured that collectively it has sufficient knowledge, skills, experience, commitment and independence to oversee the Company.

Members of the Board receive documentation of the matters to be discussed ahead of each Board Meeting and the Board ensures that it has access to all relevant information.

The Shareholder considers the balance between directors who are employees of the owners of the Shareholder and those independent of the Shareholder.

It is the responsibility of the Chairman to ensure that the Board carries out its responsibilities effectively and separately from Management. Care is taken to ensure that no individual or small group of individuals can dominate the Board's decisions. In respect of Board reserved powers Executive Management has been advised that they are to take instructions from the Board rather than an individual Director unless the Board has ratified that instruction and requested a Director to implement it.

The Board manages ethics and conflicts of interest and any associated declarations.

The Board has established a corporate governance management structure to promote effective and prudent management and keeps the matter of corporate governance under review. It has been agreed by the Board that in addition to ongoing activities, reports, etc., corporate governance is considered to be an important issue and opportunities are given to the Board Members to raise questions on corporate governance issues.

During 2014 the Group made no political donations however the Group made a number of small donations to local Guernsey charities and organisations.

An Actuary has been appointed (the "Appointed Actuary") as required under section 40 of the Insurance Business Law. The Appointed Actuary is invited to attend each Board and Technical Committee Meeting and granted access to all relevant information. Actuarial reports are made available to both Executive Management and the Board. The Board delegates the management of reserving risk to the Appointed Actuary. The Company's Appointed Actuary is responsible for establishing that there are adequate technical provisions. The Company's Appointed Actuary also carries out stress testing on the adequacy of capital resources on a regular basis for a range of adverse scenarios and where appropriate the non-distributable reserve is increased.

Part 2: Responsibilities of the Board (continued)

Committees
The Board further reviewed its Committee structure in 2014 to reflect a change in the business strategy and a simplification of the business following the closure of many of its business lines.

The following committees were disbanded:

Audit Committee
It was agreed to disband the Audit Committee with the Board taking on the committee's key responsibilities such as reviewing the terms of engagement of the external auditors, approving the external audit plan and approving the annual report and accounts as well as meeting with the external auditors to discuss the audit findings report. The Board is now also responsible for reviewing and approving the Internal Audit Plan for the year and review reports from the Group's Internal Auditor Ernst and Young.

Investment Committee
As agreed in 2013 the Investment Committee was also disbanded in 2014 following changes being made to the investment strategy to "de risk" and to closely match the liabilities.

The following committee was introduced:

Technical Committee
A Technical Committee was established to assist the Board and Executive Management to manage the Company's closed book of business. The purpose of the Committee is to give assurance to the Board on a range of aspects of the closed book of business by considering detailed reports and analysis by Executive Management and the Appointed Actuary.

In addition, the following committee remained in place:

Insurance Risk Committee
The Board has established an Insurance Risk Committee in order to monitor and control the Company's underwriting strategy and reinsurance strategy with meetings occurring on a monthly basis.

Part 3: Internal Control and Risk Assessment and Management Systems

Internal controls are designed to provide reasonable assurance regarding the achievement of objectives in the following categories; effectiveness and efficiency of operations, reliability of financial reporting and compliance with all applicable laws and regulations.

The control procedures cover key strategic and operational risks, including the following: solvency, market conduct, delegation, safeguarding of assets, money laundering, compliance and documentation of procedures.

The Company has an internal control system that is adequate for the size, nature and complexity of the Company's business, which has been approved by the Board.

Executive Management reviews the internal procedures (which are also reviewed by the Internal Audit Function) and liaises with external audit. The Executive Management and Board review the external audit plan to ensure it is focused on the higher risk areas of the business. Changes and improvements in the internal control system may be recommended to the Board by the external auditors and are made where considered appropriate.

A risk assessment and management system has been implemented to ensure that all significant risks have been identified, measured, monitored and controlled effectively.

The Board have set a risk appetite and the risk management policy, which is upheld by Executive Management. A range of risks are considered that are appropriate to the nature and complexity of the Company's business including the following; underwriting, credit, market, liquidity, legal, business, regulatory, crime, systems and operations, information and communication technology, disaster and reputational risks. Executive Management considers the strategic and operational risks on an ongoing dynamic basis.

Part 3: Internal Control and Risk Assessment and Management Systems (continued)

The setting of key risk indicators and regular reporting assists Executive Management to be aware of key issues.

Policies, working instructions and regulatory procedures have been implemented, which include procedures for monitoring and controlling the Company's assets and which also takes into account the risks outlined in Appendix 2 of the Insurers' Code. Management Control Reports are issued regularly to Management that highlight any salient matters or compliance breaches occurring on any of these internal policies approved by the Board, Committee or Executive Management.

Executive Management on the Board's instruction considers risk management and internal controls on a regular basis during the year and a full risk control assessment is undertaken and reviewed annually when considering the topics for the Internal Audit Plan and this is tabled at the following Board Meeting.

Part 4: Annual Review

The Board reviews at least annually (and often more regularly) the investment, underwriting and reinsurance strategies/policies. It also considers internal controls, risk management and compliance with relevant laws, regulations, codes etc.

Investment

Particular attention is paid to the issues of duration and interest rate mismatching, resilience testing and changing investment conditions.

The Investment Manager has assisted the Company in setting, implementing and monitoring the investment strategy for assets backing the Company's discretionary participation contracts and some shareholder funds. An annual review of the investment policy including changes to the investment policy and related working instructions is carried out by the Senior Manager, Actuarial and Risk Officer.

Underwriting

The Board has established an underwriting policy that includes pricing which is approved and reviewed annually by the Board that enables the Company to evaluate the risks being underwritten and establish and maintain an adequate level of premium.

Reinsurance

The Board has established a reinsurance policy including reinsurer credit risk and diversification policies.

The recoverability of amounts due from reinsurers, including reinsurance technical provisions is reviewed by the Insurance Risk Committee. Monitoring procedures have been implemented.

Internal controls

The Board has established a system of regular reporting on the effectiveness of internal controls and, with the assistance of Executive Management, ensures that any internal control deficiencies have been identified, reported and addressed properly.

The Company's complaint procedure is compliant with the Insurers' Code. All complaints are dealt with in line with the complaints procedure. Any significant complaints are described, explained and then discussed by the Board.

During 2014, all new complaints raised were addressed. The Board is committed to ensuring that information reasonably requested by a policyholder is not withheld. Furthermore, the Board seeks to improve policyholder awareness and knowledge through various mechanisms such as clear policy documentation, product literature and a website which is easy to use.

Risk Management

The Company's risk appetite is set by the Board and Executive Management monitors and controls the Company's strategic and operational risk.

Part 4: Annual Review (continued)

Compliance with relevant laws, regulations, codes, etc.
The Board has managed its responsibilities regarding compliance with all relevant legislation through an effective compliance regime with the assistance of the Board-appointed Compliance Officer and the Board-appointed Money Laundering Reporting Officer (MLRO). This includes the establishment of ethical procedures and controls.

The Company carries out verification of business irrespective of the source of business. All employees are trained in the Company's anti-money laundering procedures, vigilance policy and the reporting of suspicious transactions.

The Board undertakes an annual review to ensure compliance with the Insurers' Code. A signed checklist as confirmation of compliance with the Insurers' Code is submitted to the Commission annually with the Annual Return.

Part 5: Definitions

This section of the Insurers' Code defines the specific terminology that has been used in the Insurers' Code.

Independent auditor's report to the members of Nordben Life and Pension Insurance Co. Limited

We have audited the consolidated financial statements of Nordben Life and Pension Insurance Co. Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 53. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 7 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Independent auditor's report to the members of Nordben Life and Pension Insurance Co. Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where Schedule 3 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 requires us to report to you if in our opinion:

The information given in the Company's annual return is inconsistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants
St Peter Port, Guernsey

Date: 28 April 2015

Note: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether changes have occurred to the financial information since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area.

Legislation in Guernsey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Nordben Life and Pension Insurance Co. Limited

Consolidated profit and loss account

for the year ended 31 December 2014

Technical account – long-term business

SEK thousands

	Notes	2014	2013
Premiums, net of reinsurance			
Gross premiums written	**10,11**	229,579	320,329
Outward reinsurance premiums	**10**	(86,792)	(68,953)
		142,787	251,376
Investment income	**10**	158,329	178,186
Net realised gains/(losses) on financial assets	**10**	235,295	(35,311)
Net fair value gains on assets at fair value through profit or loss	**10**	611,693	252,826
Investment expenses and charges	**10**	(10,281)	(19,068)
Exchange differences on retranslation	**10**	528,868	62,374
Other technical income, net of reinsurance	**10**	18,094	11,266
Investment contracts' benefits	**10**	(446,364)	(260,181)
		1,238,421	441,468
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	**10**	(1,016,224)	(353,050)
Amount attributed to insurance pooling arrangements and reinsurers	**10**	10,231	12,502
		(1,005,993)	(340,548)
Change in the provision for claims			
Gross amount	**10**	993	8,491
Amount attributed to insurance pooling arrangements and reinsurers	**10**	2,318	12,000
		3,311	20,491
		(1,002,682)	(320,057)
Change in other technical provisions, net of reinsurance			
Long-term business provision, net of reinsurance			
Gross amount	**10**	279,876	151,340
Reinsurers' share	**10**	-	-
		279,876	151,340
Other technical provisions, net of reinsurance			
Technical provisions for linked liabilities	**10**	(212,207)	(188,993)
		67,669	(37,653)
Technical income, net of investment expenses and charges		303,408	102,826
Fee income on investment contracts	**10**	9,550	13,349
Net operating expenses	**10**	(44,154)	(46,283)
Other technical charges, net of reinsurance	**10**	(55,653)	(44,783)
Movement in the expense provision for investment contracts	**10**	(1,463)	-
Transfer from/(to) the non-distributable reserve	**5, 10, 33**	1,468	(2,712)
Transfer (to)/from the fund for future appropriations	**5, 10, 34**	(147,638)	15,444
Balance on the long-term business technical account		**65,518**	**37,841**

The notes on pages 20 to 64 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited
Consolidated profit and loss account
for the year ended 31 December 2014

Non-technical account

SEK thousands

	Notes	2014	2013
Balance on the long-term business technical account		**65,518**	**18,773**
Investment income		1,040	2,031
Exchange differences on retranslation		646	(116)
Net realised gains/(losses) on financial assets		5,679	(2,314)
Net fair value gains on assets at fair value through profit or loss		1,201	1,073
Investment expenses and charges (net of rebates)		(175)	(180)
Other income		2,756	1,946
Other charges		(1,285)	(889)
Profit before tax		**75,380**	**20,324**
Taxation	**19**	(40)	(72)
Profit for the financial year		**75,340**	**20,252**
Dividends	**20**	(20,000)	(90,000)
Retained result for the financial year		**55,340**	**(69,748)**

The Group had no material recognised gains or losses during the year other than those reflected in the profit and loss account above. The above results have been derived from continuing activities.

The notes on pages 20 to 64 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited
Consolidated balance sheet
as at 31 December 2014

Assets

SEK thousands

	Notes	2014	2013
Investment in subsidiary	**23**	1,310	-
		1,310	-
Financial Assets			
Held to cover non-linked liabilities - insurance contracts	**21**	4,003,745	4,178,589
Held to cover linked liabilities - insurance contracts	**22.1**	1,927,744	1,726,224
Held to cover linked liabilities - investment contracts	**22.2**	2,020,696	1,916,138
		7,952,185	7,820,951
Reinsurers' share of technical provisions			
Long-term business provision		-	-
Technical provisions for linked liabilities		-	-
		-	-
Loans and receivables			
Debtors arising out of direct insurance operations	**24**	20,506	19,591
Debtors arising out of insurance pooling and reinsurance operations	**25**	19,022	20,140
Other debtors	**26**	9,425	7,500
		48,953	47,231
Other assets			
Tangible assets	**28**	1,577	1,362
Cash at bank and in hand	**29**	334,803	358,715
		336,380	360,077
Prepayments and accrued income			
Accrued interest		58,524	74,087
Other prepayments and accrued income		1,580	1,399
		60,104	75,486
Total assets		**8,398,932**	**8,303,745**

The notes on pages 20 to 64 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited
Consolidated balance sheet
as at 31 December 2014

Liabilities and equity

SEK thousands

	Notes	2014	2013
Capital and reserves			
Called up share capital	30	84,166	84,166
Profit and loss account	31	108,626	96,784
Distributable equity reserve		192,792	180,950
Non-distributable equity reserve	33	53,555	11,525
Total shareholder's funds	32	246,347	192,475
Fund for future appropriations	34	437,308	289,670
Technical provisions for long-term business and claims outstanding			
Long-term business provision		3,454,917	3,734,792
Claims outstanding		49,477	50,470
	36	3,504,394	3,785,262
Technical provisions for linked liabilities	37	2,080,511	1,868,304
Financial liabilities for investment contracts	38	2,020,881	1,912,389
Provisions for other risks and charges		-	-
Deposits received from reinsurers		-	-
Creditors			
Creditors arising out of direct insurance operations	40	34,007	34,467
Creditors arising out of insurance pooling and reinsurance operations	41	51,143	19,296
Other creditors including taxation and social insurance	42	24,341	201,882
		109,491	255,645
Total liabilities and equity		**8,398,932**	**8,303,745**

Approved by the Board and signed on its behalf by

Signature:

Name: NICHOLAS SLINN (Director)

Date: 24 April 2015

The notes on pages 20 to 64 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited
Consolidated cash flow statement
(excluding policyholders' funds) for the year ended 31 December 2014

SEK thousands

	Notes	2014	2013
Net cash inflow from operating activities	**43**	48,850	41,335
Taxation paid	**19**	(114)	-
Capital expenditure and financial investments			
Purchase of tangible fixed assets	**28**	(426)	(548)
Acquisitions			
Acquisition of subsidiary undertaking	**23**	(2,156)	-
Equity dividends paid to the Shareholder	**20**	(20,000)	(90,000)
Net cash inflow/(outflow) in the year		**26,154**	**(49,213)**
Net cash inflow/(outflow) was applied as follows:			
Net portfolio investments	**44.1**	31,851	(19,054)
Decrease in cash holdings	**44.1**	(5,697)	(30,159)
Net investment of cash flows		**26,154**	**(49,213)**

Returns on investments are included within net cash inflow from operating activities.

The notes on pages 20 to 64 form part of these financial statements.

1. Basis of presentation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings, Nordben Pension Trustees Limited and Nordben Nominees Limited (together the "Group") as well as the net asset value of its subsidiary undertaking Nordic International Benefits Trust Limited. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and derivatives, and in accordance with applicable United Kingdom Accounting Standards, and with the Association of British Insurers Statement of Recommended Practice on Accounting for Insurance Business ("ABI SORP") dated December 2005 (as amended in December 2006). The financial statements of Nordic International Benefits Trust Limited have not been consolidated into these consolidated financial statements as they are deemed to be immaterial for the purpose of these accounts.

The consolidated financial statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Company has net assets significantly in excess of its regulatory solvency requirement. The Company along with its subsidiary undertakings, Nordben Pension Trustees Limited, Nordben Nominees Limited and Nordic International Benefits Trust Limited are not dependent on any external finance or support from the owners of BenCo and are expected to have adequate resources to continue in operational existence for the foreseeable future.

The consolidated profit and loss account comprises a long-term business technical account (life insurance, disability insurance, pension and annuity business) and a non-technical account, which includes the result of the Group's non-insurance business activities. The balance (profit on insurance business activities) from the long-term business technical account is then included in the non-technical account and combined with the Group's non-insurance business (principally pension trustee services) to determine the profit for the financial year.

The effects of all transactions between Group entities are eliminated in full in the consolidated financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

2. Consolidation

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. Details of the wholly-owned subsidiaries are included in Note 23. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases with the exception of the financial statements of Nordic International Benefits Trust Limited, which are deemed to be immaterial for the purpose of these accounts.

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of assets transferred.

3. Segmental reporting

The primary segmental information is presented for product lines as this reflects the dominant source and nature of the Group's risks and returns.

4. Adoption of new accounting standards

No new accounting standards were adopted during the year by the Company.

From 1 January 2015, existing UK GAAP has been rescinded and entities can report under either IFRS or the new Financial Reporting Standard (FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland) in conjunction with FRS 103 Insurance Contracts. FRS 103 is largely based on IFRS 4 Insurance Contracts, and broadly allows entities to continue with their current accounting for insurance contracts if they wish, or to make certain improvements.

FRS 103 and its implementation guidance draws on FRS 27 Life Assurance and the ABI SORP, both of which were withdrawn when FRS 103 became effective. It is expected that FRS 103 will not have any significant impact on how insurance contracts are accounted for by the Group. However, it is expected to increase the level of disclosures required, as these will have to comply broadly with the existing requirements of IFRS 4.

4. Adoption of new accounting standards (continued)

The Financial Reporting Council anticipates that FRS 103 will have a limited life and expects to revise the standard once the IASB has issued its updated standard on insurance contracts (IFRS 4 Phase 2) and changes in the regulatory regime for insurers (Solvency II) have been finalised.

Management made a recommendation to the Board during the year to determine which reporting framework to adopt. All implications on financial reporting have been considered as part of the decision-making process and the Board approved for the Group to adopt FRS 102 in conjunction with FRS 103 from 1 January 2015.

The first financial statements prepared under the new framework will be for the year ended 31 December 2015 and will be prepared on a company-only basis. The financial statements of the subsidiary undertakings will continue to be prepared on a company-only basis but under the new framework.

5. Significant accounting policies

5.1 Insurance accounting policies

5.1.1 Classification of insurance and investment contracts

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts which contain significant insurance risk or contracts designated as discretionary participation contracts. A discretionary participation contract entitles the policyholder to receive bonuses as a supplement to guaranteed benefits.

The Annuity Plan, Level Plan, Flex Plan, Save Invest Plan and Triple C Plan are discretionary participation contracts.

The Company defines significant insurance risk as the possibility of having to pay significant additional benefits on the occurrence of an insured event than the benefits payable if the insured event did not occur.

The Company's Group Life, Group Disability, Group Accident and International Term contracts ("Risk-only contracts") and the Individual Plan (General Conditions dated 1 April 1990) both meet this criteria with the latter having an insured death benefit in excess of 10% of the paid single premium.

Investment contracts are those contracts that transfer financial risks with no significant insurance risk and are not designated as discretionary participation contracts.

The Unit Linked Plan, Individual Plan (General Conditions dated on or after 1 January 1993), Living Annuity Plan, Executive Portfolio Bond and International Investment Plan are investment contracts.

Long-term business fund
The long-term business fund is determined by the Company's Appointed Actuary following his annual financial investigation into the Company in accordance with Section 41 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 as described in Note 35.

The long-term business fund comprises the technical provisions for long-term business, including claims outstanding, and the non-distributable reserve and a fund for future appropriations. The technical provisions have been disclosed in accordance with UK GAAP, and in particular, the ABI SORP.

As the benefits for plans relating to investment contracts are linked to specific portfolios of assets the provision is calculated as the number of units attaching to each policy multiplied by the appropriate unit price at the balance sheet date. The provisions for plans relating to insurance contracts are further detailed in note 5.1.2

Premiums
Premiums are accounted for on an accruals basis. Single premiums are those where there is a contractual obligation for the payment of only one premium, whilst annual premiums are those where there is a contractual obligation for the payment of premium on a regular basis.

5. Significant accounting policies (continued)

5.1.2 Insurance and discretionary participation contracts

Plan substitution
Where plans are substituted by the policyholder or contracts are vested these transactions are reflected as premium only to the extent that they give rise to incremental premiums and are not reflected as claims.

Transfers of plans between insurance contracts are excluded from premiums and from claims. Transfers of plans from insurance contracts to investment contracts are reflected as claims under insurance contracts. Transfers of plans from investment contracts to insurance contracts are reflected as premiums under insurance contracts.

Claims incurred
Claims incurred include maturities, annuities or pensions, disabilities, deaths and surrenders/withdrawals.

Maturity claims are accounted for when the claim becomes due for payment.

Annuities, pensions in payment, survivor pensions and disability pensions are accounted for when each relevant instalment is due for payment.

The Company maintains a cut-off date for death, disability, accident and total/partial permanent disability claims. For the 2014 accounting reference period this date was 31 January 2015. Claims arising prior to or in 2014 and notified before the claim cut-off date are adjusted for in the accounting reference period. However, material claims arising prior to or in 2014 and notified after the claim cut-off date but before the approval of these accounts would be accounted for in the accounting reference period. If a claim is subsequently verified as invalid prior to the claim cut-off date it will be reversed in the accounting reference period.

Surrenders/withdrawals are accounted for when paid or, if earlier, on the date when the liability ceases to be included within the long-term business provision and/or the technical provision for linked liabilities.

Claims payable include related internal and external claims handling costs.

Reinsurance recoveries are accounted for in the same period as the related claims.

Bonuses
Annual bonuses are declared and credited each year to Flex Plan, Level Plan, Save Invest Plan and Triple C Plan policies, as well as Annuity Plan policies entitled to discretionary increases.

These discretionary increases or bonuses increase policy benefits and, once credited, become guaranteed. Discretionary increases or bonuses are declared effective from 1 January following the balance sheet date and are applied to the technical account – long-term business (“technical account”) within the “Change in other technical provisions, net of reinsurance” line in the financial year preceding the date of declaration.

Level Plan and Annuity Plan
The provision for the above plans is calculated using the net premium method and applying the valuation rates of interest shown in Note 35.

For discretionary participation contracts, where appropriate, an implicit provision is made for future bonuses by means of a reduction in the valuation rate of interest.

The Company offers annuity plans with annual discretionary bonuses and with fixed benefits. The valuation rates of interest used are detailed in Note 35. The assumptions to which the estimation of the provision is particularly sensitive are the assumed valuation rate of interest to discount the provision (which may include a provision for future bonuses) and the assumed future mortality experience of policyholders.

5. Significant accounting policies (continued)

5.1.2 Insurance and discretionary participation contracts (continued)

Flex Plan and Save Invest Plan
The provision for the above plans has been calculated as the total amount of the policyholders' accumulation accounts at the balance sheet date. The provision includes the bonus declared as a result of the current valuation. No provision is made for future bonuses.

Triple C Plan
The provision for the EUR, SEK, SEK Skilstaf and NOK Triple C plans has been calculated as the greater of:

a) the present value of the maturity value using yields based on the matching assets and an appropriate margin for investment expenses and the Shareholder's charge; and

b) the current surrender value payable at the balance sheet date.

The provision for the CHF, DKK, GBP and USD Triple C plans has been calculated as the greater of:

a) the present value of the maturity value plus the cost of the maturity guarantee as determined using a Black-Scholes method; and

b) the current surrender value payable at the balance sheet date.

It has been assumed that the guarantee under each policy is a maturity guarantee equal to the accumulated account at the balance sheet date projected to maturity at the guaranteed bonus rate applicable. The provision includes the bonus declared as a result of the current valuation.

Risk benefits
A provision for risk benefits is held in respect of the mortality and disability benefits attached to the Risk-only contracts (not including International Term), Flex Plan and Triple C Plan products, and the disability benefits attached to the Level Plan product.

International Term
A provision is calculated using a gross premium valuation method. Expected benefit payments (net of reinsurance recoverable) and expected premium income (net of reinsurance) are projected at each future time-step and a provision is held to cover any shortfall between expected future income and outgo. The interest rate used to discount the cash flows is based on the return on the assets held in respect of International Term liabilities. The results from the gross premium valuation method are reviewed to ensure that they are at least as prudent as those that would have been obtained from a net premium valuation method.

Individual Plan (General Conditions dated 1 April 1990)
As the benefits for these plans are linked to specific pools of assets the provision is calculated as the number of units attaching to each policy multiplied by the appropriate unit price at the balance sheet date plus the value of the death benefit under the plans.

Reinsurance
The Company seeks to reduce its exposure to potential losses by reinsuring certain levels of mortality and morbidity risk with reinsurers.

The reinsurers, with respect to mortality risks, pay the Company their share of a lump sum payable on the death of an insured life, whilst in the event of a pension becoming payable upon the death of an insured life the reinsurers pay the Company their share of the capital value of the pension on the basis of appropriate mortality rates and interest rates.

Accordingly, the Company bears future longevity and investment risks in respect of such claims.

5. Significant accounting policies (continued)

5.1.2 Insurance and discretionary participation contracts (continued)

Reinsurance (continued)
The reinsurers, with respect to morbidity risks, pay the Company their share of a lump sum payable on the incapacity of an insured life, whilst in the event of a pension becoming payable on the incapacity of an insured life the reinsurers, depending on the agreed arrangements, either:

a) pay the Company their share of the capital value of the pension on the basis of appropriate mortality rates and interest rates. In the event of the insured life ceasing to be incapacitated in the first five years the Company must repay to the reinsurers an appropriate share of the capital value of the pension. Accordingly, the Company bears investment risks in respect of such claim amounts; or

b) deposit with the Company their share of the capital value of the pension on the basis of appropriate mortality and interest rates. The Company deducts from the deposit the reinsurer's share of the periodic pension payments. In the event of the insured life ceasing to be incapacitated the Company must repay the unused part of the deposit. Accordingly, the Company only bears investment risks in respect of its retained share of such claims.

The Company accounts for reinsurance as follows:

Outward reinsurance premiums are accounted for when due for payment and are shown in the technical account gross of reinsurance commissions.

For "Claims incurred, net of reinsurance" the reinsurers' share is the share of the claims paid attributed to the reinsurers for the period.

For "Change in the provision for claims" the amount payable by the reinsurers or paid to the reinsurers in the period is shown in the technical account as the change in the provision for claims attributed to insurance pooling arrangements and reinsurers.

Reinsurance commissions are included in the "Other technical income, net of reinsurance" line.

Reinsurers' share of technical provisions relates to the reinsurers' share of the valuation reserve in respect of disability claims in the course of payment.

Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If objective evidence of impairment exists reinsurance assets are reduced to the level at which they are considered to be recoverable and an impairment loss is recognised in the technical account.

Fund for future appropriations
The fund for future appropriations represents all discretionary participation fund liabilities for which the allocation between discretionary participation contract policyholders and the Shareholder has not been determined by the Appointed Actuary and the Board at the balance sheet date.

Transfers between the fund for future appropriations and the technical account represent the changes in these unallocated amounts between balance sheet dates.

5.1.3 Investment contracts

Revenue
Amounts received from and paid to policyholders of investment contracts are accounted for as deposits received (or repaid) and are not included in premium or claims in the technical account. Transfers of plans between investment contracts are excluded from premiums and from claims.

Investment contract policies are charged for policy administration services and these fees are recognised as income in the accounting period in which the services are rendered.

5. Significant accounting policies (continued)

5.1.4 Expense provision

A cash flow projection is undertaken for each policy and product category (excluding Risk-only contracts) as detailed in Note 35.2 (a) and Note 35.2 (b) to establish whether or not future inflows are sufficient to cover future outflows. A certain proportion of the total expenses for each product category is allocated as being directly attributable to each policy and the remainder of the expenses are considered overheads. Where the margins on a policy are insufficient to cover these directly attributable expenses an additional provision is held. For policies where margins exceed the directly attributable expenses the excess income over expenses may be used to cover the overheads. If there is a projected shortfall of excess income compared with overheads an additional provision is held. These provisions are calculated for each product line assuming that all policies are paid up and no new business is written and are included in the long-term business provision, technical provisions for linked liabilities or financial liabilities for investment contracts lines as appropriate.

The overall expense provision is held in Sterling but as the presentational currency of the Group is the Swedish Krona it is also sensitive to exchange rate movements. Movements in the expense provision relating to discretionary participation contracts are displayed in the “Long-term business provision, net of reinsurance” line in the technical account, movements in the expense provision relating to Individual Plan (General Conditions dated 1 April 1990) contracts are displayed in the “Technical provisions for linked liabilities” line in the technical account and movements in the expense provision relating to investment contracts are displayed in the “Movement in the expense provision for investment contracts” line in the technical account.

5.1.5 Non-distributable reserve

The Company maintains a non-distributable reserve within the Shareholder’s funds. The reserve forms part of the long-term business fund but relates to the Shareholder’s funds which can not be distributed to the Shareholder in the form of dividends.

In prior years transfers to/from the non-distributable reserve were shown in the technical account and the non-distributable reserve consisted of the following:

- The total expense provision for investment contracts.
- An additional reserve calculated where the expense provision for each policy and product (excluding Risk-only contracts) was subjected to a “resilience test”.
- An additional reserve where the expense provision was also tested against a scenario where the Company is closed to all new business. If the scenario resulted in the need for a higher provision than the expense provision the excess was held as an additional reserve.

In the current year Management deemed that the total expense provision for investment contracts should be accounted for as part of financial liabilities for investment contracts. Therefore, movements in the expense provision relating to investment contracts are displayed in the “Movement in the expense provision for investment contracts” line in the technical account due to the probability that the Company will suffer economic outflows in the future.

Furthermore, Management deemed that the movements in the additional reserves (arising from a resilience test and arising from a scenario where the Company is closed to all new business) should be accounted for as balance sheet movements within the Shareholder’s funds, rather than being recognised as movements in the technical account, due to the possibility (rather than probability) that the Company will suffer economic outflows in the future.

5.2 Foreign currency translation

The functional and presentational currency of the Group is the Swedish Krona.

5.2.1 Technical account

The Company issues insurance and investment contracts in a number of currencies and accordingly funds are maintained for each contract type and currency within the long-term business fund. The currency of each fund (“source currency”) is typically the currency in which premiums are paid and claims settled.

5. Significant accounting policies (continued)

5.2.1 Technical account (continued)

In addition, a shareholder's fund is maintained. This fund is credited with the charges and fees to which the Company is entitled under the terms and conditions of the insurance and investment contracts and debited with the expenses of operating the Company's life business. The income and expense cash flows are in a mixture of currencies; however, the currency in which the Company is financed is the Swedish Krona and the Company has therefore determined the source currency of the Shareholder's fund to be the Swedish Krona.

Transactions in foreign currencies within each fund are converted into the source currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the relevant source currency at the rate of exchange ruling at the balance sheet date. Exchange gains and losses during the period on the retranslation and settlement of foreign currency monetary assets and liabilities are recognised in the profit and loss account of the fund in the period in which they arise.

The assets and liabilities of the funds are translated from their respective source currencies into Swedish Krona using the year end exchange rates, and their income and expenses using the average exchange rates for the year, to the extent that they are not materially different to the transactions based rates. Unrealised gains or losses resulting from translation of the source currencies to Swedish Krona, except for insurance liabilities, are included in the technical account in the "Exchange differences on retranslation" line. Exchange differences on retranslation of the insurance liabilities of the long term business account are included in the technical account within the "Change in other technical provisions, net of reinsurance" line.

Exchange differences on retranslation are not attributable to, and do not affect, the assets and liabilities of the long-term business fund.

The year end exchange rates used for converting the results of each fund from their respective source currencies into Swedish Krona are as follows:

Currency	2014	2013
Danish Krone	0.7861	0.8430
Euro	0.1056	0.1130
Norwegian Krone	0.9578	0.9446
Pound Sterling	0.0819	0.0940
Swedish Krona	1.0000	1.0000
Swiss Franc	0.1269	0.1385
United States Dollar	0.1277	0.1557

5.2.2 Non-technical account

The non-technical account shows the net result from long-term business (in essence the result from the Shareholder's fund in the technical account, the underwriting result in respect of Risk-only contracts, the movement in the expense provision and the reversal of the total expense provision for investment contracts recognised in the non-distributable reserve in the prior year (as detailed in note 5.1.5)), net investment income from shareholder's funds and other income and charges related to the Group's non-insurance business.

The Company was financed in Swedish Krona therefore the Company has determined the functional currency of the fund to be the Swedish Krona. Transactions in foreign currencies are converted into the source currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Swedish Krona at the rates of exchange ruling at the balance sheet date. Exchange gains and losses during the period on the translation and settlement of foreign currency monetary assets and liabilities are recognised in the non-technical account in the period in which they arise.

5.3 Financial instruments

5.3.1 Classification of financial assets

The Group classifies its investments into the following categories: financial assets at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss
A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or is so designated by Management. Derivatives are also classified as financial assets at fair value through profit or loss.

Financial assets designated as at fair value through profit or loss at inception are those that are:

a) held to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

b) managed and whose performance is evaluated on a fair value basis. The Group invests in equity and debt securities, and measures them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Regular way purchases and sales of financial assets are recognised on trade date (i.e. the date on which the Group commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributed to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the appropriate profit or loss account.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these financial assets are included in the technical and non-technical account (together the "consolidated profit and loss account") in the period in which they arise.

The translation differences on monetary securities are recognised in the consolidated profit and loss account; non-monetary securities are translated to Swedish Krona at the transaction date and not subsequently retranslated.

Interest on securities is recognised in the consolidated profit and loss account on an accruals basis. Dividends on equity instruments are recognised in the consolidated profit and loss account when the Group's right to receive payments is established. Both are included within the "Investment income" line.

The fair values of quoted investments are based on current mid prices. If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, relying as little as possible on entity-specific inputs and in any event for "linked liability insurance & investment contracts" (i.e. Unit Linked Plan, Individual Plan (General Conditions dated 1 April 1990), Individual Plan (General Conditions dated on or after 1 January 1993), Living Annuity Plan, Executive Portfolio Bond and International Investment Plan) a basis which is consistent with the recognised liability.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss. Loans and receivables are recognised initially at fair value and subsequently measured

5. Significant accounting policies (continued)

5.3.1. Classification of financial assets (continued)

Loans and receivables (continued)
at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms (see Note 5.3.2 for the accounting policy on impairment). Management considers that the carrying values of assets held at amortised cost approximate fair value.

5.3.2 Impairment of assets

The carrying values of the Company's and Group's assets, except those designated as fair value through profit or loss, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If impairment is indicated the asset's recoverable amount (being the greater of fair value less cost to sell and value in use assessed by reference to discounted future cash flows) is estimated. An impairment loss is recognised in the technical account to the extent that the carrying value of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying value that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment is not considered for those assets held at fair value through profit or loss.

5.3.3 Derivative financial instruments

Derivative financial instruments include forward foreign exchange contracts, interest rate swaps and currency swaps.

All derivatives are initially recognised in the balance sheet at their fair value, which usually represents their cost. They are subsequently remeasured at their fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the balance sheet as they do not represent the fair value of these transactions. These amounts are disclosed in Note 27.

Forward foreign exchange contracts
Foreign exchange contracts, which include spot and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date.

The Company's main purpose for using these contracts is to reduce the impact of currency changes on the level of required solvency capital the Shareholder needs to hold. The Shareholder's assets held for solvency purposes are denominated in Swedish Krona whereas the level of required solvency is determined from the liabilities the Company holds in various currencies. At the balance sheet date forward foreign exchange contracts were also held in relation to linked liability insurance & investment contracts.

In April 2015 the Company did not renew the contracts in relation to the Shareholder's assets due to a change in the solvency requirement by the Guernsey Financial Services Commission (the "Commission") allowing the fund for future appropriations to count towards the required solvency capital.

Interest rate and currency swaps
Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments. Interest rate swaps are initially recognised in the balance sheet at their fair value, which usually represents their cost. They are subsequently remeasured at their fair value. Fair values are obtained by using discounted cash flow model valuation techniques.

5. Significant accounting policies (continued)

5.3.3. Derivative financial instruments and hedge accounting (continued)

Interest rate and currency swaps (continued)
The Group utilises an interest rate swap, the purpose of which is to alter the duration of an asset within the discretionary participation contracts' funds.

Currency swaps, in their simplest form, are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. These contracts may include the net exchange of principal. Exposure to gain or loss on these contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, and the timing of payments.

Currency swaps are used within the investment portfolio of a linked liability insurance contract. The value of these currency swaps is immaterial and is reported in Note 27 in conjunction with forward exchange rate contracts.

5.3.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.4 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. It excludes cash balances held for investment purposes under investment contracts.

5.5 Tangible assets

Tangible assets are capitalised and depreciated on a straight line basis over their estimated useful lives. The principal rates used for this purpose are as follows:

Leasehold improvements	10%	Fixtures and fittings	15%
Computer equipment and software	33%	Office equipment	25%

5.6 Pensions costs

The Company operates a defined contribution scheme. Contributions to the scheme are charged to the technical account.

5.7 Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying assets are classified as operating leases. Payments made under operating leases are charged to the technical account as incurred over the lease term.

5.8 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not assets of the Group and are not included in the financial statements.

6. Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the following financial year. Estimates and judgments are continually being evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances but which may not necessarily be borne out of practice. The most significant areas of estimation and judgment are in respect of the long term business provision and in particular with regard to the provision of reserves for expenses. Please refer to Notes 35 to 38.

7. Management of country risk and financial risk

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board has set a risk appetite and a compliance and risk management policy which are upheld by Senior Management. A range of risks appropriate to the nature and complexity of the Company's business, including country risk and financial risk, are considered by Senior Management on an ongoing basis.

The Board has set an investment policy that covers the investment approach for the Shareholder's funds and the assets held in respect of all the Company's products.

Storebrand Asset Management AS is the investment manager ("Investment Manager") appointed by the Company to manage the assets in respect of the discretionary participation contracts and the Shareholder's funds. The Company also has in place agreements with other investment managers to manage the assets for its linked liability insurance & investment contracts.

The Investment Manager manages the portfolio of investments and exposures, repositioning investments to remain in line with the investment mandate and / or instructions issued by Senior Management. The Investment Manager provides the Company with daily information on the performance and exposure of the managed assets, which Senior Management reviews with reference to the investment policy and risk appetite statement. Any significant issues are raised with the Executive Management and, where appropriate, the Board.

The other investment managers invest assets for the Company's linked liability insurance & investment contracts either in regulated mutual funds or in-line with investment guidelines agreed by the Company.

7.1 Country risk

The Company is exposed to country risk through its financial assets, financial liabilities (investment contracts), reinsurance assets and insurance liabilities. In particular, the key country risks are that the Company's financial assets will be locked up or frozen by government action or that a country will be unable or unwilling to repay its debts.

During 2014 there has been continued uncertainty surrounding the creditworthiness of some sovereign states and financial institutions, with exposure to the sovereign debt of those states giving rise to country risk. Volatility in the financial markets coupled with the threat of further adverse developments in both the Eurozone and globally therefore requires continued focus in addressing this risk. The majority of the Company's country risk is attributable to Sweden, Denmark, USA, Germany and Norway.

The Investment Manager monitors the exposure to countries for the discretionary participation contracts' portfolios and Shareholder's funds, ensuring that they are in line with the investment mandate and / or instructions issued by Senior Management, reporting any breaches to the Senior Manager, Actuarial and Risk Officer. Any significant issues are raised with the Executive Management and, where appropriate, the Board.

7.2 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts.

The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity markets, all of which are exposed to general and specific market movements. The risks that the Company primarily faces, due to the nature of its investments and liabilities, are interest rate risk and equity price risk.

The Company has not materially changed the processes to manage its financial risks from previous periods.

Nordben Life and Pension Insurance Co. Limited

Notes to the Financial Statements (continued)

7. Management of country risk and financial risk (continued)

7.2 Financial risk (continued)

The following tables summarise the asset composition of the variety of contracts, insurance and Shareholder’s funds (on a company-only presentational basis) as at 31 December 2014 and 31 December 2013 respectively. Linked liability insurance & investment contracts have been excluded from the table. Debtor and creditor balances include interfund balances that have not been eliminated for presentational purposes in the note.

SEK thousands	Discretionary participation contracts	Risk-only contracts	Shareholder’s technical fund	Shareholder’s non-technical fund	Total
	2014	**2014**	**2014**	**2014**	**2014**
Assets					
Debt securities					
Government					
< 6 months	172,240	-	-	51,993	224,233
6 months to 1 year	175,781	-	-	-	175,781
1 year to 2 years	605,381	-	-	-	605,381
2 years to 5 years	387,745	-	41,048	75,337	504,130
> 5 years	1,865,830	-	-	-	1,865,830
Non-government					
6 months to 1 year	-	-	-	32,967	32,967
1 year to 2 years	-	-	-	-	-
2 years to 5 years	-	-	-	5,045	5,045
> 5 years	183,852	-	-	-	183,852
Shares and mutual funds					
Relating to equity exposure	267,147	-	-	-	267,147
Relating to debt exposure	117,771	-	-	-	117,771
Derivative financial instruments	19,189	-	-	2,417	21,606
	3,794,936	-	41,048	167,759	4,003,743
Cash and cash equivalents:	97,948	71,972	10,138	1,106	181,164
Tangible assets	-	-	1,577	-	1,577
Investment in subsidiary	-	-	-	3,625	3,625
Debtors:					
Debtors - profit commission	4,233	13,920	-	-	18,153
Debtors - reinsurers	-	-	-	-	-
Debtors - other	66,429	31,985	121,503	209,221	429,138
Total assets	**3,963,546**	**117,877**	**174,266**	**381,711**	**4,637,400**
Liabilities and equity					
Policyholders’ liabilities:					
Flex Plan	1,161,912	-	-	-	1,161,912
Triple C Plan	1,237,124	-	-	-	1,237,124
Level Plan	559,675	-	-	-	559,675
Annuity Plan	492,830	-	-	-	492,830
Creditors - reinsurance	1,675	1,952	-	-	3,627
Creditors - other	73,023	86,248	95,321	189,038	443,630
Reserve for risk benefits	-	29,514	-	-	29,514
Reserves for shareholder's reinsurance of mortality and disability insurance risks w ithin discretionary participation contracts	-	163	-	-	163
Expense and mortality provisions	-	-	25,390	-	25,390
Non-distributable reserve	-	-	53,555	-	53,555
Distributable equity reserve	-	-	-	192,673	192,673
Reserve funds	437,307	-	-	-	437,307
Total liabilities and equity	**3,963,546**	**117,877**	**174,266**	**381,711**	**4,637,400**

Nordben Life and Pension Insurance Co. Limited

Notes to the Financial Statements (continued)

7. Management of country risk and financial risk (continued)

7.2 Financial risk (continued)

SEK thousands	Discretionary participation contracts	Risk-only contracts	Shareholder's technical fund	Shareholder's non-technical fund	Total
	2013	2013	2013	2013	2013
Assets					
Debt securities					
Government					
< 6 months	525,886	-	-	50,964	576,850
6 months to 1 year	505,123	-	-	-	505,123
1 year to 2 years	245,570	-	-	-	245,570
2 years to 5 years	460,793	-	31,419	50,337	542,549
> 5 years	1,696,299	-	-	-	1,696,299
Non-government					
1 year to 2 years	-	-	-	29,939	29,939
2 years to 5 years	-	-	-	8,072	8,072
> 5 years	150,616	-	-	-	150,616
Shares and mutual funds:					
Relating to equity exposure	301,954	-	-	-	301,954
Relating to debt exposure	112,733	-	-	-	112,733
Derivative financial instruments	8,505	-	-	378	8,883
	4,007,479	-	31,419	139,690	4,178,588
Cash and cash equivalents:	80,727	105,677	15,971	1,610	203,985
Tangible assets	-	-	1,362	-	1,362
Investment in subsidiary	-	-	-	2,315	2,315
Debtors:					
Debtors - profit commission	3,553	6,368	-	-	9,921
Debtors – reinsurers	-	4,229	-	-	4,229
Debtors – other	79,989	33,790	38,954	228,257	380,990
Total assets	**4,171,748**	**150,064**	**87,706**	**371,872**	**4,781,390**
Liabilities and equity					
Policyholders' liabilities:					
Flex Plan	1,170,984	-	-	-	1,170,984
Triple C Plan	1,694,172	-	-	-	1,694,172
Level Plan	444,429	-	-	-	444,429
Annuity Plan	385,002	-	-	-	385,002
Creditors - reinsurance	1,641	-	-	-	1,641
Creditors – other	185,850	82,240	52,365	190,728	511,183
Reserve for risk benefits	-	67,824	-	-	67,824
Reserves for shareholder's reinsurance of mortality and disability insurance risks w ithin discretionary participation contracts	-	-	-	-	-
Expense and mortality provisions	-	-	23,816	-	23,816
Non-distributable reserve	-	-	11,525	-	11,525
Distributable equity reserve	-	-	-	181,144	181,144
Reserve funds	289,670	-	-	-	289,670
Total liabilities and equity	**4,171,748**	**150,064**	**87,706**	**371,872**	**4,781,390**

7.2.1 Market risk

For the linked liability insurance & investment contracts the Company matches all the assets on which the unit prices are based with assets in the respective contract's portfolio. Therefore the Board is of the opinion that these contracts do not give rise to material market risk. However, for certain linked liability insurance & investment contracts, the death benefit the Company is required to pay is the value of the plan at the date of death. This exposes the Company, in the event of death, to market risk because the value of the plan could move between date of death and date of the actual payment.

This risk is managed by maintaining appropriate provisions, by having the ability to constrain the plans' investment strategy and to charge the plans' appropriate mortality premiums.

7. Management of country risk and financial risk (continued)

7.2.1 Market risk (continued)

The market risks for discretionary participation contracts, Risk-only contracts, Shareholder's technical fund ("STF") and Shareholder's non-technical fund ("SNTF") are addressed below.

The Company assesses that had policyholders' funds' assets increased/decreased in value by 5% the Company's profit would have increased/decreased by SEK 1,255,000 (2013: SEK 1,404,000). The increase / decrease will have an impact on the amount that the Shareholder can take by way of shareholder charges.

7.2.1.1 Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities from which the Company is predominantly exposed to fair value interest rate risk.

Due to many global economies entering recession in recent years, governments and central banks responded to this by reducing interest rates in a hope to stimulate growth. A number of countries currently have very low or negative official rates. This is an issue for the Company as it has liabilities denominated in CHF, DKK, EUR and SEK and holds assets in those currencies to back its liabilities.

In respect of the discretionary participation contracts, the EUR, NOK, SEK Skilstaf and SEK Triple C Plan policyholders' funds' guaranteed liabilities are matched by cash-flows, and updated quarterly. For the other Triple C Plan, Level Plan and Annuity Plan policyholders' funds Senior Management monitor interest rate risk by calculating the mean duration of the assets and the liabilities to policyholders. The mean duration is an indication of the sensitivity of the assets and liabilities to changes in current interest rates. The mean duration of the liabilities is determined by discounting the liabilities by a market rate of interest. The Investment Manager aims to broadly match the mean duration (including the surrender value floor) of its liabilities by investing in appropriately dated fixed interest assets and by utilising derivative financial instruments.

Due to the dual guarantee in Triple C (i.e. the current surrender value, or the present value of the maturity plus the cost of the guaranteed bonus) there is a shift in liability interest rate sensitivity at an interest rate corresponding to an average guarantee rate. This is managed by continuously adjusting the interest rate sensitivity of the fixed income portfolios.

The gap between the mean duration of the assets and the mean duration of the liabilities is calculated quarterly. Significant gaps are normally limited by means of buying and selling fixed interest securities of different durations. As such Senior Management has concluded that there is no material interest rate sensitivity.

For Flex Plan and Save Invest Plan the mean duration of the assets that back the liabilities is 1.4 years (2013: 1.6 years). The mean duration of policyholders' liabilities if held to the maturity of the contract is 15.1 years (2013: 15.5 years). However, the contracts can be surrendered before maturity for a cash surrender value specified in the contractual terms and conditions, typically the policyholders' accumulated accounts at the date of surrender. The valuation liability at the balance sheet date is taken as the value of the accumulated accounts and has a duration of zero. Accordingly the duration of the assets is kept to a low level and an appropriate reserve fund is maintained.

For the EUR, NOK, SEK Skilstaf and SEK Triple C Plans, the aggregated mean duration of the fixed interest assets that back the guaranteed policyholder liabilities is 11.3 years (2013: 11.5 years). The aggregated mean duration of the guaranteed policyholder liabilities is 13.1 years (2013: 12.3 years).

For the other Triple C, Level and Annuity Plans the aggregated mean duration of the cash and fixed interest assets that back the total policyholder liabilities is 10.5 years (2013: 10.6 years). The aggregated mean duration of the policyholder liabilities (including the surrender value floor) is 14.3 years (2013: 13.0 years).

In order to address interest rate risk, and to the extent permitted in the Company's investment policy approved by the Board, the Company is able to use derivatives in the discretionary participation contracts. At the balance sheet date the only derivative being utilised by the discretionary participation contracts is an interest rate swap for duration management.

Furthermore, although Flex Plan and Save Invest Plan portfolios are at risk from interest rate rises, this is immaterial due to the short duration of assets held. Triple C, Level and Annuity Plans are not subject to the impacts of the low

7. Management of country risk and financial risk (continued)

7.2.1.1 Interest rate risk (continued)

interest rate environment as the assets are largely matched and are of a duration of more than 10 years.

In relation to Risk-only contracts there is no material interest rate risk as the Company maintains all of the funds' financial assets in cash, cash equivalents and short-dated deposits. Management deem the likelihood of material charges being applied due to the low interest rate environment to be minimal.

The Shareholder's funds in the STF and SNTF are invested in short duration fixed income securities therefore have a limited interest rate risk. In the SNTF the duration of the Shareholder's funds is 0.2 years (2013: 0.2 years). A 1% increase/decrease in interest rates would result in a loss/profit of SEK 334,000 (2013: SEK 219,000). Management deem the likelihood of material charges being applied due to the low interest rate environment to be minimal.

7.2.1.2 Equity price risk

Equity price risk is borne by the Triple C Plan, Level Plan and Annuity Plan discretionary participation contracts as a result of their holdings in equity investments. These investments are equity exchange-traded funds and equity funds and are classified as financial assets at fair value through profit and loss. The risk is managed by the use of an asset liability driven allocation strategy which adjusts the exposure to equities to be broadly equivalent to the investment reserves, i.e. assets backing guaranteed liabilities do not have an equity price risk. However, if these discretionary participation contracts were not sufficiently funded the Shareholder would be obliged to meet the underlying guaranteed benefits.

Exposure to equities in aggregate is monitored in order to ensure compliance with the Company's investment policy and the investment management agreement. The Company has a defined investment policy which is approved by the Board and sets limits on the Company's exposure to equities both by market and in aggregate.

Investment matters including impacts of changes to equity prices are monitored on an ongoing basis by Senior Management and overseen by the Executive Management. An investment report is tabled at each Technical Committee meeting and significant decisions are approved by the Board. Senior Management and the Investment Manager develop, implement and monitor investment strategy with input from the Appointed Actuary.

There is no equity price risk for the Flex Plan and Save Invest Plan discretionary participation contracts, Risk-only contract funds, STF and SNTF because these funds do not currently invest in equities. Senior Management believes the Shareholder is not directly exposed to any material equity price sensitivity although equity price risk sensitivity impacts the fund for future appropriations for which transfers are made to the Shareholder. There is also no equity price risk in linked liability insurance & investment contracts because changes in the value of equity securities match the liability to the policyholders who bear all equity price risk under these contracts.

7.2.1.3 Currency risk

Currency risk is a form of market risk that arises from the potential change in the exchange rate of one currency against another. This risk can impact the value of assets, investments, and their related interest and dividend payment streams, especially those securities denominated in foreign currency.

There is no material currency risk for discretionary participation contracts as the assets and liabilities of each fund are generally matched in source currency.

The Risk-only contracts are issued in various currencies. The Company is exposed to currency risk to the extent that claims (after reinsurance recoveries) may exceed net premiums collected in that currency. This risk is not seen as material compared to the underlying insurance risks underwritten.

In the STF the Company is exposed to currency risk due to administration income being generated in seven currencies whilst the majority of expenses are settled in Sterling. If Sterling had been 10% stronger against other currencies during the year, expenses for 2014 would have increased by approximately SEK 3.8M (2013: SEK 3.5M).

During the year the Company utilised forward foreign exchange contracts to hedge currencies to reduce the impact of currency changes on the level of required solvency capital the Shareholder needs to hold.

7. Management of country risk and financial risk (continued)

7.2.2 Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due and at the agreed terms. The credit risk is monitored on a daily basis by the Investment Manager, on a quarterly basis by Senior Management and the Board approve any change in credit policy.

The creditworthiness of banks and reinsurers is monitored quarterly by reviewing credit and financial strength ratings provided by rating agencies and other publicly available information. Counterparty default risk is considered by Senior Management on a gross basis (unless a net basis is contractually agreed) and findings are reported to the Appointed Actuary on an annual basis.

The discretionary participation contracts are exposed to credit risk in respect of amounts due from bond issuers, banks, banks' derivative counterparties and reinsurers. In line with mandates agreed by the Company the Investment Manager manages the level of credit risk it accepts by placing limits on its total holdings by credit ratings, its exposure to a single counterparty and by investing in high grade government bonds.

The Risk-only contract funds are exposed to credit risk in respect of amounts due from banks and reinsurers.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as an insurer. If a reinsurer fails to pay a claim the Company remains liable for the payment to the policyholder.

Under the Company's reinsurance arrangements the reinsurer is required to pay the Company on the death or incapacity of an insured life their share of the capitalised value of the pension on the basis of appropriate mortality rates and interest rates. The insurer and reinsurer settle premiums and claims within 40-60 days of each calendar quarter end.

In addition, under some of the Company's reinsurance arrangements the reinsurer is required to pay the Company reinsurance profit commission on an annual/biennial basis.

Furthermore, the Company has reinsurance cover for losses arising from catastrophic events through participation in a catastrophe reinsurance program arranged by the Storebrand Group. In the event of a claim arising from a catastrophic event, the Company would be at risk of the reinsurers participating in the catastrophe reinsurance program defaulting on the resulting reinsurance recoveries.

The STF and SNTF are exposed to credit risk in respect of amounts due from Swedish government bonds with an AAA rating, bond issuers and banks. In line with mandates agreed by the Company the Investment Manager manages the level of credit risk by placing limits on the proportions held by credit rating.

In relation to assets backing linked liability insurance & investment contracts Senior Management deem that there is no material credit risk to the Company. Furthermore, Senior Management believe that there is no material credit risk for the Company should an investment manager, mutual fund or other institution default in its obligations to the Company as the assets backing linked liability insurance & investment contracts are held in segregated client accounts and cannot be made available to the creditors of the counterparty upon their liquidation. The Company monitors the credit risk of such counterparties on a quarterly basis, ensures that counterparties are regulated in a jurisdiction acceptable to the Company and seeks to obtain controls documentation on an annual basis.

There is the risk of loss of assets held in custody due to the negligence or fraudulent action of a custodian or of a sub-custodian. On an annual basis the Company obtains controls documentation to confirm the ongoing protection of policyholder assets and obtains confirmation that such custodians or sub-custodians are fit and proper to perform their role, that they continue to be regulated in a jurisdiction acceptable to the Company and that policyholder assets continue to be held in segregated accounts from other assets under custody or from the custodian's/sub-custodian's own assets. The Company or Trustee (in relation to assets held under trust) may also demand the immediate withdrawal of assets from one custodian or sub-custodian to another.

Senior Management have applied appropriate mean annual issuer-weighted corporate default rates (as recognised by Moody's) to all assets exposed to custodian risk and have concluded that the risk is immaterial.

7. Management of country risk and financial risk (continued)

7.2.2 Credit risk (continued)

Overall, the concentration of credit risk is substantially unchanged compared to the prior year. No financial assets are past due or impaired at the reporting date and Senior Management expects no losses from non-performance by these counterparties. The Company maintains strict controls on derivative financial instruments by both amount and term. The amount, subject to credit risk at any one time, is linked to the current fair value of derivative financial instruments.

The assets bearing credit risk as at 31 December 2014 and 31 December 2013 are summarised below together with analysis by credit rating taken from ratings agencies approved by the Commission:

SEK thousands	Discretionary participation contracts 2014	Risk-only contracts 2014	Shareholder's technical fund 2014	Shareholder's non-technical fund 2014	Total 2014
Debt securities including accrued interest	3,441,031	-	42,076	165,368	3,648,475
Mutual funds and shares relating to debt securities	117,771	-	-	-	117,771
Mutual funds and shares relating to equity exposure	267,147	-	-	-	267,147
Derivative and financial instruments	19,189	-	-	2,417	21,606
Assets arising from insurance contracts	15,439	5,067	-	-	20,506
Assets arising from profit commissions	4,233	13,920	-	-	18,153
Assets arising from other debtors	125	-	5,445	1,369	6,939
Cash at bank and in hand	97,948	71,972	10,138	1,106	181,164
Total assets bearing credit risk	**3,962,883**	**90,959**	**57,659**	**170,260**	**4,281,761**
AAA	2,650,124	-	-	160,320	2,810,444
AA	799,853	-	42,076	5,050	846,979
A	108,191	43,208	10,128	3,522	165,049
BBB	81,567	13,920	-	-	95,487
Below BBB or not rated	323,148	33,831	5,455	1,368	363,802
Total assets bearing credit risk	**3,962,883**	**90,959**	**57,659**	**170,260**	**4,281,761**

SEK thousands	Discretionary participation contracts 2013	Risk-only contracts 2013	Shareholder's technical fund 2013	Shareholder's non-technical fund 2013	Total 2013
Debt securities including accrued interest	3,648,752	-	32,178	139,312	3,820,242
Mutual funds and shares relating to debt securities	112,733	-	-	-	112,733
Mutual funds and shares relating to equity exposure	301,954	-	-	-	301,954
Derivative and financial instruments	8,505	-	-	378	8,883
Assets arising from profit commissions	3,553	6,368	-	-	9,921
Assets arising from reinsurance contracts	-	4,229	-	-	4,229
Cash at bank and in hand	80,727	105,677	15,971	1,610	203,985
Total assets bearing credit risk	**4,156,224**	**116,274**	**48,149**	**141,300**	**4,461,947**
AAA	2,843,560	-	-	134,242	2,977,802
AA	796,686	4,609	32,178	5,070	838,543
A	97,738	43,901	15,962	1,988	159,589
BBB	92,139	5,988	-	-	98,127
Below BBB or not rated	326,101	61,776	9	-	387,886
Total assets bearing credit risk	**4,156,224**	**116,274**	**48,149**	**141,300**	**4,461,947**

7. Management of country risk and financial risk (continued)

7.2.3 Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due.

The discretionary participation contracts primarily invest in liquid government bonds and also invest in investment-graded corporate bonds, exchange traded funds, bond funds and equity funds. The Company also monitors its cash flows in order to be able to meet expected surrenders and maturity payments as they fall due.

In relation to the Risk-only contracts the Company holds assets in liquid call accounts and short-dated deposits to meet claim payments or reinsurance premium payments. In the event that claims (after reinsurance recoveries) exceed premiums in a given period, the Company would transfer money from the SNTF to the fund.

The Company bears no liquidity risk for the assets backing linked liability insurance and investment contracts because the Company does not pay the policyholders until the assets have been realised. The assets are typically quoted securities and are easily realisable. However, when the asset cannot be realised the contract permits the transfer of the asset to the policyholders.

The Company holds assets for the STF in liquid call accounts to meet expenses. In the event that expenses exceed income in a given period, the Company loans cash from its SNTF (see below) to the STF.

The assets can be readily realised in the SNTF as the Company invests in liquid short dated instruments and retains sufficient cash to meet unexpected transfers to the STF.

The liquidity of the above funds is formally monitored on a monthly basis through Management cash flow meetings.

8. Management of insurance risk

The Company maintains the Shareholder’s and policyholders’ funds in a consistent manner with the Company’s risk appetite, regulatory requirements and market requirements of its business.

The Company is subject to regulatory capital tests and also employs internal assessments to allocate capital and manage risk. The Company meets all of these requirements and has sufficient resources and financial strength.

In reporting financial strength, capital and solvency is measured in accordance with Guernsey Law and as prescribed by regulations or instructions issued by the Commission

Capital management policies and objectives
The Company requires that sufficient capital is held to meet 150% of the Company’s Solvency Capital Requirement as calculated in its Own Solvency Capital Assessment (“OSCA”). The target has been set at a level in order to ensure that the Company remains solvent following foreseeable adverse experience. The Company is also required to meet other regulatory capital requirements.

Furthermore, the discretionary participation funds are expected to be solvent with a 99.5% probability over a year.

Restrictions on available capital resources
The Company is required to hold sufficient capital to meet the minimum margin of solvency under The Insurance Business (Bailiwick of Guernsey) Law, 2002, known as the Minimum Solvency Capital Requirement (“MSCR”). The MSCR is calculated as 2.5% of total technical provisions excluding technical provisions for linked liabilities.

There is a regulatory requirement for the Company to maintain adequate capital and liquidity. The Commission has issued a guidance note on the Own Risk and Solvency Assessment, the process of a licensed insurer determining its own level of capital resources for solvency purposes. The Company’s own assessments of its solvency margin requirements will be referred to as the OSCA. This can be compared with the MSCR. If the OSCA is higher than the MSCR the Commission retains the right to require the insurer to maintain the higher of the OSCA and the MSCR.

8. Management of insurance risk (continued)

Restrictions on available capital resources (continued)
The Commission requires that the OSCA, together with supporting rationale, is submitted annually to the Commission by 30 April, together with the Annual Return. Additionally, where there has been a material business plan change with an impact on solvency a revised OSCA should be provided at the time the change is notified to the Commission.

The approach to the calculation of the OSCA is not prescribed. However, guidance has been issued on some of the areas to be considered and the format of the report. The suitability of the capital available should also be considered. The process used by the Company when calculating its OSCA is to follow the latest EU Solvency II standard formula technical specifications and to supplement these with an assessment of other risks which fall outside the standard formula.

The Company's available capital is subject to certain restrictions. In particular, no transfers from the long-term business fund can take place other than from an established surplus identified from an actuarial valuation of the fund.

The Company's total available capital resources as at 31 December 2014 and 31 December 2013 are summarised below (based on Company-only information):

Capital statement table – 2014 SEK thousands	**Discretionary participation contracts**	**Other life business**	**Life business shareholder's funds**	**Total life business**
Shareholder's funds				
Distributable equity reserve	-	-	192,672	192,672
Non-distributable equity reserve	-	-	53,555	53,555
	-	-	246,227	246,227
Other qualifying capital				
Fund for future appropriations	437,308	-	-	437,308
	437,308	-	246,227	683,535
Regulatory adjustments				
Non-distributable equity reserve	-	-	(53,555)	(53,555)
Total available capital resources	437,308	-	192,672	629,980
MSCR	-	-	99,937	99,937
Overall surplus capital over MSCR	437,308	-	92,735	530,043
Analysis of policyholders' liabilities				
Discretionary participation contracts	3,474,717	-	-	3,474,717
Risk-only contracts	-	29,677	-	29,677
Unit-linked	-	4,101,392	-	4,101,392
Total technical liabilities	**3,474,717**	**4,131,069**	**-**	**7,605,786**

Capital statement table – 2013 SEK thousands	**Discretionary participation contracts**	**Other life business**	**Life business shareholder's funds**	**Total life business**
Shareholder's funds				
Distributable equity reserve	-	-	181,145	181,145
Non-distributable equity reserve	-	-	11,525	11,525
	-	-	192,670	192,670
Other qualifying capital				
Fund for future appropriations	289,670	-	-	289,670
	289,670	-	192,670	482,340
Regulatory adjustments				
Non-distributable equity reserve	-	-	(11,525)	(11,525)
Total available capital resources	289,670	-	181,145	470,815
MSCR	-	-	102,186	102,186
Overall surplus capital over MSCR	289,670	-	78,959	368,629
Analysis of policyholders' liabilities				
Discretionary participation contracts	3,717,438	-	-	3,717,438
Risk-only contracts	-	67,824	-	67,824
Unit-linked	-	3,780,693	-	3,780,693
Total technical liabilities	**3,717,438**	**3,848,517**	**-**	**7,565,955**

8. Management of insurance risk (continued)

Restrictions on available capital resources (continued)

The Company's total available capital resources, which are represented by distributable shareholder's funds and the fund for future appropriations, are SEK 629,980,000 (2013: SEK 470,815,000) of which SEK 437,308,000 (2013: SEK 289,670,000) is held by the discretionary participation funds. The capital held within the discretionary participation funds is constrained by regulatory requirements and can be used primarily for the benefit of those discretionary participation funds.

At the balance sheet date, the Company had 16 discretionary participation funds which are aggregated and shown separately in the capital statement above. The Company's other life insurance business is shown in the aggregate.

The total available capital resources for the discretionary participation funds include the fund for future appropriations. The allocation of the fund for future appropriations between policyholders and the Shareholder has not been determined. The fund for future appropriations represents capital resources of the discretionary participation funds and is available to meet some regulatory and other solvency requirements of the funds and, in certain circumstances, additional liabilities that may arise. For example, the Company has reserved the right to increase the level of the Shareholder charge on the discretionary participation funds subject to the approval of the Appointed Actuary and the Board.

At the balance sheet date the fund for future appropriations is deemed not available to meet the MSCR. As such, the MSCR is met from the Shareholder's funds, which are held primarily outside the long-term business fund and shown separately in the capital statement above.

It should be noted that in 2014 the Commission issued draft rules with the intention that a number of changes to corporate governance, public disclosure and solvency requirements will come into effect on 1 May 2015. The minimum capital requirement will continue to be the 2.5% of non-linked policyholder liabilities. This will be supplemented by a target capital requirement based on 99.5% "Value at Risk" over one year and a ladder of regulatory intervention. The stresses will be similar to the Solvency II standard formula approach for underwriting risk, market risk and counterparty default risk. Under the new rules the fund for future appropriations in the discretionary participation funds will no longer be treated as a liability. This has two consequences. Firstly (based on the fund for future appropriations value at the year-end of SEK 437M) the minimum capital requirement would be approximately SEK 11M lower at SEK 91M. Secondly, the available assets to meet the minimum capital requirement would be SEK 437M higher.

The movement in the Company's available capital resources for the years 2014 and 2013 are summarised below:

Movement in capital resources SEK thousands	**Discretionary participation contracts**	**Other life business and shareholder's funds**	**Total life business**
Balance at 1 January 2014	289,670	181,145	470,815
Effect of exchange rate variations	18,787	3,122	21,909
Effect of investment variations	459,088	9,177	468,265
Effect of changes in assumptions	(209,373)	(40,091)	(249,464)
Risk fund adjustment	-	12,352	12,352
Fund charge	(51,509)	51,509	-
Surplus distribution	(56,201)	-	(56,201)
Other factors	(13,154)	(4,542)	(17,696)
Payment of ordinary dividends	-	(20,000)	(20,000)
Balance at 31 December 2014	**437,308**	**192,672**	**629,980**
Balance at 1 January 2013	305,114	251,113	556,227
Effect of exchange rate variations	(57)	(379)	(436)
Effect of investment variations	(70,359)	219	(70,140)
Effect of changes in assumptions	123,843	(1,867)	121,976
Risk fund adjustment	-	3,445	3,445
Fund charge	(19,928)	19,928	-
Surplus distribution	(56,090)	-	(56,090)
Other factors	7,147	(1,314)	5,833
Payment of ordinary dividends	-	(90,000)	(90,000)
Balance at 31 December 2013	**289,670**	**181,145**	**470,815**

8. Management of insurance risk (continued)

Capital resource sensitivities
The capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of liabilities. It is also sensitive to assumptions and experience relating to mortality and expenses.

The most significant sensitivities arise from the following seven risks:

a) Market risk in relation to the discretionary participation funds, which would arise if the return from the investments supporting these funds were lower than assumed for reserving. This risk is addressed through the Company's investment policy and framework.

b) Market risk in relation to the discretionary participation funds, which would arise if adverse changes in the value of assets supporting the funds could not be fully reflected in payments to policyholders because of the effect of guarantees. This risk is addressed through the Company's investment policy and framework.

c) Expense risk arising from the variation in the expenses incurred in servicing insurance or investment contracts. This risk is addressed by Senior Management's focus on cost control and by maintaining an expense provision, resilience reserve and closed to new business reserve in anticipation of future inflows not being sufficient to cover future outflows.

d) Mortality and morbidity risk in relation to Risk-only business which would arise if the mortality or morbidity of the insured lives were heavier than that assumed, possibly because of an epidemic or catastrophe. This risk is addressed by limiting the Company's overall risk exposure through reinsurance arrangements and catastrophe reinsurance cover.

e) Surrender risk which would arise if the level of policies surrendering was heavier than that assumed. The Company's surrender experience is monitored for any significant changes in experience.

f) Longevity risk in relation to discretionary participation funds which would arise if the mortality of the insured lives were lighter than that assumed. The Company's mortality experience is monitored for any significant changes in experience.

g) Credit risk which would arise if a bank, bond issuer, reinsurer or other counterparty defaulted on its commitments to the Company. This risk is addressed through the Company's investment policy and framework.

The timing of any impact on capital would depend on the interaction of past experience and assumptions about future experience. In general, if experience had deteriorated or was expected to deteriorate and Senior Management was not expected to reduce the future impact, then assumptions relating to future experience would be changed to reflect it. In this way liabilities would be increased to anticipate the future impact of the worse experience with an immediate impact on the capital positions.

Examples of possible management actions to reduce future impacts include changes to bonus rates, changes to discretionary surrender terms, cost-cutting initiatives, increasing management charges, purchasing reinsurance and cancelling Risk-only contracts.

9. Fair value estimation

The table below discloses by level fair value measurements for financial instruments held at fair value in the balance sheet by using the following fair value measurement hierarchy:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices) (Level 2).

3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

9. Fair value estimation (continued)

The following table presents the Company's assets and liabilities (excluding insurance contract liabilities) measured at fair value at 31 December 2014 and at 31 December 2013:

SEK thousands	Level 1 2014	Level 2 2014	Level 3 2014	Total 2014
Financial assets at fair value through profit or loss:				
- debt securities	3,310,755	286,465	-	3,597,220
- shares and mutual funds	166,923	217,996	-	384,919
- derivatives	-	21,606	-	21,606
Assets held to cover linked liabilities	1,461,381	1,994,988	494,040	3,950,409
Total	**4,939,059**	**2,521,055**	**494,040**	**7,954,154**
Financial liabilities at fair value through profit or loss:				
- investment contracts	-	2,020,881	-	2,020,881
Total	**-**	**2,020,881**	**-**	**2,020,881**

SEK thousands	Level 1 2013	Level 2 2013	Level 3 2013	Total 2013
Financial assets at fair value through profit or loss:				
- debt securities	3,592,019	240,447	-	3,832,466
- shares and mutual funds	211,965	125,275	-	337,240
- derivatives	-	8,883	-	8,883
Assets held to cover linked liabilities	1,341,102	2,044,336	257,330	3,642,768
Total	**5,145,086**	**2,418,941**	**257,330**	**7,821,357**
Financial liabilities at fair value through profit or loss:				
- investment contracts	-	1,912,389	-	1,912,389
Total	**-**	**1,912,389**	**-**	**1,912,389**

The fair value of financial instruments traded in active markets is based on quoted mid prices at the balance sheet date, as described in Note 5.3.1 These instruments are included in Level 1. Instruments included in Level 1 comprise listed equities, debt instruments and exchange traded funds.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Company includes investments in mutual funds within Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Valuation techniques used to value financial instruments are described in Note 5.3.1.

There were no transfers between Level 1 and Level 2 during 2014 or 2013.

The following table summarises the changes in Level 3 instruments for the year ended 31 December 2014:

SEK thousands	Unquoted equities 2014	Unquoted equities 2013
Opening balance	257,330	275,553
Net amount acquired during the year	96,143	(22,177)
Profit recognised in the profit and loss	140,567	3,954
Closing balance	**494,040**	**257,330**

The financial statements include holdings in unlisted shares, which are measured at fair value. Fair value is estimated by applying the net asset value to the number of shares held. The fair value changes to holdings in the unlisted shares relating to insurance contracts are reported through the consolidated profit and loss account whereas the fair value changes to holdings in the unlisted shares relating to investment contracts are not reported through the consolidated profit and loss account. For contracts that are classified as investment contracts the value of the liabilities is linked to the fair value of the assets.

Nordben Life and Pension Insurance Co. Limited
Notes to the Financial Statements (continued)

10. Technical account – long-term business by product

The following tables present the technical account – long-term business disaggregated across the policyholders' funds for the years ended 31 December 2014 and 31 December 2013:

SEK thousands	Notes	Discretionary participation contracts	Risk-only contracts	Linked liability insurance & investment contracts		Shareholder's technical fund	Total
				Investments held at risk of insurance contract holders	Investments held at risk of investment contract holders		
		2014	2014	2014	2014	2014	2014
Premiums, net of reinsurance							
Gross premiums written		125,429	104,150	-	-	-	229,579
Outward reinsurance premiums		(11,709)	(75,083)	-	-	-	(86,792)
		113,720	29,067	-	-	-	142,787
Investment Income	A	107,242	74	29,097	19,273	2,643	158,329
Net realised (losses)/gains on financial assets		(9,390)	-	52,047	192,638	-	235,295
Net fair value gains/(losses) on assets at fair value through profit or loss	A	381,620	-	129,181	102,305	(1,413)	611,693
Investment expenses and charges		(3,645)	-	(4,594)	(2,042)	-	(10,281)
Exchange differences on retranslation		247,859	2,309	138,538	134,190	5,972	528,868
Other technical income, net of reinsurance		4,199	13,895	-	-	-	18,094
Investment contracts benefits	B	-	-	-	(446,364)	-	(446,364)
		841,605	45,345	344,269	-	7,202	1,238,421
Claims incurred, net of reinsurance							
Claims Paid							
Gross amount		(874,311)	(16,243)	(121,221)	-	(4,449)	(1,016,224)
Amount attributed to insurance pooling arrangements and reinsurers		(680)	10,911	-	-	-	10,231
		(874,991)	(5,332)	(121,221)	-	(4,449)	(1,005,993)
Change in the provision for claims							
Gross amount		993	-	-	-	-	993
Amount attributed to insurance pooling arrangements and reinsurers		-	2,318	-	-	-	2,318
		993	2,318	-	-	-	3,311
		(873,998)	(3,014)	(121,221)	-	(4,449)	(1,002,682)
Change in other technical provisions, net of reinsurance							
Long-term provision, net of reinsurance							
Gross amount		242,053	38,148	-	-	(325)	279,876
Reinsurers' share		-	-	-	-	-	-
		242,053	38,148	-	-	(325)	279,876
Other technical provisions, net of reinsurance							
Technical provisions for linked liabilities		-	-	(212,420)	-	213	(212,207)
		242,053	38,148	(212,420)	-	(112)	67,669
Technical income, net of investment expenses and charges		**209,660**	**80,479**	**10,628**	**-**	**2,641**	**303,408**
Fee Income on investment products		-	-	-	9,550	-	9,550
Other technical charges, net of reinsurance		(987)	(48,448)	(3,993)	-	(2,225)	(55,653)
Movement in the expense provision for investment contracts		-	-	-	-	(1,463)	(1,463)
Transfer from the non-distributable reserve		-	-	-	-	1,468	1,468
Transfer to the fund for future appropriations		(147,638)	-	-	-	-	(147,638)
Balance on the long-term business technical account before net operating expenses	**C**	**61,035**	**32,031**	**6,635**	**9,550**	**421**	**109,672**
Net operating expenses	**D**						(44,154)
Balance on the long-term business technical account							**65,518**

A - The investment income and the net fair value gains/(losses) on assets at fair value through profit or loss represent the whole of the investment income arising in the Company's long-term business fund. The investment income and the net fair value gains/(losses) on assets at fair value through profit or loss shown in the non-technical account arise from the Shareholder's funds held in the non-technical account.
B - Investment contracts' benefits are accrued to the account of the contract holder as the fair value of the net movement arising from the underlying assets. All the contracts in this category are designated as fair value through profit or loss and were designated to this category upon initial recognition.
C – Balance on the long-term business technical account before net operating expenses includes underwriting profit, ½% shareholder charges and fee income on investment contracts.
D – Net operating expenses comprise of acquisition costs of SEK 2,975,000 (2013: SEK 2,322,000) and administrative costs of SEK 41,179,000 (2013: SEK 43,961,000). Total expenses incurred by the Company were SEK 50,828,000 (2013: SEK 52,369,000), which consists of the net operating expenses above, other technical charges of SEK 2,225,000 (2013: 1,858,000) and claims handling fees of SEK 4,449,000 (2013: 4,228,000).

10. Technical account – long-term business by product (continued)

SEK thousands		Discretionary participation contracts	Risk-only contracts	Linked liability insurance & investment contracts		Shareholder's technical fund	Total
				Investments held at risk of insurance contract holders	Investments held at risk of investment contract holders		
		2013	2013	2013	2013	2013	2013
Premiums, net of reinsurance							
Gross premiums written		191,065	129,264	-	-	-	320,329
Outward reinsurance premiums		(12,869)	(56,084)	-	-	-	(68,953)
		178,196	73,180	-	-	-	251,376
Investment Income	A	128,637	231	31,800	16,756	762	178,186
Net realised (losses)/gains on financial assets		(63,530)	-	(69,044)	97,263	-	(35,311)
Net fair value (losses)/gains on assets at fair value through profit or loss	A	(121,388)	-	227,769	146,738	(293)	252,826
Investment expenses and charges		(5,720)	-	(3,076)	(10,272)	-	(19,068)
Exchange differences on retranslation		(982)	(2,704)	56,438	9,695	(73)	62,374
Other technical income, net of reinsurance		3,634	7,632	-	-	-	11,266
Investment contracts benefits	B	-	-	-	(260,181)	-	(260,181)
		118,847	78,339	243,887	(1)	396	441,468
Claims incurred, net of reinsurance							
Claims paid							
Gross amount		(266,526)	(36,593)	(45,703)	-	(4,228)	(353,050)
Amount attributed to insurance pooling arrangements and reinsurers		172	12,330	-	-	-	12,502
		(266,354)	(24,263)	(45,703)	-	(4,228)	(340,548)
Change in the provision for claims							
Gross amount		8,491	-	-	-	-	8,491
Amount attributed to insurance pooling arrangements and reinsurers		-	12,000	-	-	-	12,000
		8,491	12,000	-	-	-	20,491
		(257,863)	(12,263)	(45,703)	-	(4,228)	(320,057)
Change in other technical provisions, net of reinsurance							
Long-term provision, net of reinsurance							
Gross amount		151,575	(732)	-	-	497	151,340
Reinsurers' share		-	-	-	-	-	-
		151,575	(732)	-	-	497	151,340
Other technical provisions, net of reinsurance							
Technical provisions for linked liabilities		-	-	(189,143)	-	150	(188,993)
		151,575	(732)	(189,143)	-	647	(37,653)
Technical income, net of investment expenses and charges		**12,559**	**65,344**	**9,041**	**(1)**	**(3,185)**	**83,758**
Fee Income on investment contracts		-	-	-	13,349	-	13,349
Other technical charges, net of reinsurance		(76)	(39,426)	(3,423)	-	(1,858)	(44,783)
Movement in the expense provision for investment contracts		-	-	-	-	-	-
Transfer to the non-distributable reserve		-	-	-	-	(2,712)	(2,712)
Transfer from the fund for future appropriations		15,444	-	-	-	-	15,444
Balance on the long-term business technical account before net operating expenses	C	**27,927**	**25,918**	**5,618**	**13,348**	**(7,755)**	**65,056**
Net operating expenses	D						(46,283)
Balance on the long-term business technical account							**18,773**

11. Segmental analysis

Insurance and discretionary participation contracts

Where regular premiums are received other than annually the reported regular new business premiums are calculated on an annualised basis. Products substituted due to the exercise of standard contract terms or due to an amendment to a Group Insurance Agreement are not included in the premium statistics.

From 1 January 2013 the principal activity has been to provide group life and disability insurance products to globally mobile employees, expatriate and third country nationals working for Nordic industry. The remainder of the Company's products were closed to new business at that time.

11. Segmental analysis (continued)

Gross premiums written

SEK thousands

	2014	2013
Annuity Plan	10,829	367
Flex Plan	11,733	15,997
Level Plan	1,343	2,565
Triple C Plan, Corporate Triple C Plan	101,524	172,136
Risk-only contracts	104,150	129,264
Gross premiums written	**229,579**	**320,329**

Gross new premiums written

SEK thousands

		2014	2013
Comprising	-Individual business	12,948	10,890
	-Group contracts	4,622	2,480
Gross new premiums written		**17,570**	**13,370**

SEK thousands

	Regular premiums		Single premiums	
	2014	**2013**	**2014**	**2013**
Annuity Plan				
- Individual	-	-	10,339	-
Triple C Plan, Corporate Triple C Plan				
- Individual	2,559	10,792	50	98
- Group	-	402	-	-
	2,559	**11,194**	**10,389**	**98**
Risk-only contracts				
- Group	4,622	2,078	-	-
	4,622	**2,078**	**-**	**-**
Gross new premiums written	**7,181**	**13,272**	**10,389**	**98**

Investment contracts

Gross benefits written

SEK thousands

	2014	2013
Individual Plan	2,307	47,204
Living Annuity Plan	8,357	3,500
Executive Portfolio Bond	226	968
International Investment Plan	4,158	-
Unit Linked Plan	50,365	107,932
Gross benefits written	**65,413**	**159,604**

SEK thousands

		2014	2013
Comprising	-Individual business	226	1,285
	-Group contracts	-	1,484
Gross new benefits written		**226**	**2,769**

11. Segmental analysis (continued)

Gross new benefits written

SEK thousands

	Regular premiums		Single premiums	
	2014	**2013**	**2014**	**2013**
Individual Plan				
- Individual	-	-	-	316
Executive Portfolio Bond				
- Individual	-	-	226	969
Unit Linked Plan				
- Group	-	1,484	-	-
Gross new benefits written	-	**1,484**	**226**	**1,285**

12. Cost borne by discretionary participation contracts

SEK thousands

	2014	**2013**
Investment expenses	3,645	5,672
Trustee expenses	308	261
	3,953	**5,933**

Investment expenses are fees for the provision of asset management and investment advisory services, both of which were provided by Storebrand Asset Management AS for the year. The fees disclosed are net of rebates amounting to SEK 691,009 (2013: SEK 486,796).

Trustee expenses are the fees charged by Kleinwort Benson (Guernsey) Trustees Limited, the third party trustee.

13. Auditor's remuneration

The Company's audit fees amounted to SEK 890,892 (2013: SEK 891,800) and are included in the technical account.

14. Commissions and introducers' fees

Total commissions and introducers' fees accounted for by the Company during the year amounted to SEK 9,386,336 (2013: SEK 11,243,729) and are included in the technical account.

15. Staff costs

SEK thousands

	2014	**2013**
Wages and salaries	19,225	18,747
Guernsey social insurance costs	1,190	1,207
Other pension costs	818	769
The average number of persons including executive directors and part time employees employed by the Company during the year	38	38

16. Directors' emoluments

The Directors were paid fees of SEK 915,758 for the year ended 31 December 2014 (2013: SEK 856,610).

17. Pension costs

From 1 January 1993 the Company has funded a pension scheme providing benefits based on the contributions to that scheme. In addition, the pension scheme provides a lump sum in the event of an employee dying in service. This benefit is insured with a United Kingdom insurance company. Those funds are independent of the finances of the Company. All contributions and premiums for death-in-service benefits are charged to staff costs against the profit of the Company for the year in which the contributions and premiums are made. The charge for the current year was SEK 818,011 (2013 - SEK 769,252).

18. Profit for the financial year

SEK thousands

	2014	2013
Profit for the financial year is stated after charging:		
Depreciation	685	781
Operating lease payments for premises	2,508	2,305

19. Taxation

As of 1 January 2013 Guernsey expanded the company intermediate rate of income tax to include licensed insurers (in respect of domestic business) and licensed fiduciaries. Therefore, the Company is taxable at 10% in respect of domestic insurance business and its subsidiaries Nordben Pension Trustees Limited and Nordic International Benefits Trust Limited are taxable at 10% (in respect of fiduciary income) under the Guernsey intermediate income tax rate. All other business is taxable at the company standard rate of 0%.

As at 31 December 2014 taxation due from the Group amounted to SEK 40,000 (2013: SEK 72,000).

20. Dividends

In 2014 a dividend of SEK 20,000,000 (2013: SEK 90,000,000) was approved by the Board and paid to the Shareholder.

Nordben Life and Pension Insurance Co. Limited
Notes to the Financial Statements (continued)

21. Financial assets held to cover non-linked liabilities – insurance contracts

SEK thousands

	2014	2013
Market value		
Shares and mutual funds	384,919	414,687
Debt securities	3,597,220	3,755,019
Derivatives	21,606	8,883
	4,003,745	**4,178,589**

SEK thousands

	2014	2013
Cost		
Shares and mutual funds	398,322	394,218
Debt securities	3,221,630	3,764,776
Derivatives	-	-
	3,619,952	**4,158,994**

The above investments relate to the following funds:

SEK thousands

	2014	2013
Flex Plan and Save Invest Plan policyholders' funds		
Shares and mutual funds	79,682	77,447
Debt securities	1,108,632	1,278,569
	1,188,314	**1,356,016**
Triple C Plan, Corporate Triple C Plan, Annuity Plan and Level Plan policyholders' funds		
Shares and mutual funds	305,237	337,240
Debt securities	2,282,200	2,305,719
Derivatives	19,189	8,505
	2,606,626	**2,651,464**
Shareholder's non-technical fund		
Debt securities	165,341	139,312
Derivatives	2,417	378
	167,758	**139,690**
Shareholder's technical fund		
Debt securities	41,047	31,419
	41,047	**31,419**
	4,003,745	**4,178,589**

A mutual fund means units in unit trusts, OEICS and UCITS investing in fixed interest securities or equities.

Included in debt securities of the Triple C Plan, Corporate Triple C Plan, Annuity Plan and Level Plan above is an unlisted debt instrument issued by Municipality Finance plc. As at 31 December 2014 the Company, on the advice of the Investment Manager, valued the instrument at SEK 162,067,992 (2013: SEK 134,519,562) using discounted cash flows.

The above investments are managed by Storebrand Asset Management AS.

22. Financial Assets

22.1 Held to cover linked liabilities – insurance contracts

SEK thousands

	2014	2013
Fixed interest securities	454,667	480,726
Equities		
- Quoted	681,304	560,290
- Unquoted	46,327	53,479
Units in mutual funds		
- Equities	470,107	379,145
- Fixed interest securities	275,040	252,576
Derivatives	299	8
	1,927,744	**1,726,224**

The cost of the above investments at 31 December 2014 was SEK 1,500,136,837 (2013: SEK 1,438,856,298).

The above investments are managed by:

SEK thousands

	2014	2013
Nordea Bank S.A.	1,711,778	1,503,958
Others (investment managers managing less than SEK 150 million)	215,966	222,266
	1,927,744	**1,726,224**

22.2 Held to cover linked liabilities – investment contracts

SEK thousands

	2014	2013
Fixed interest securities and cash	249,933	266,124
Equities		
- Quoted	169,273	182,378
- Unquoted	417,705	175,072
Units in mutual funds		
- Cash	235,838	28,323
- Equities	589,645	576,873
- Fixed interest securities	258,107	74,175
- Balanced (fixed interest/equity)	18,027	12,248
Investment pools		
- Cash	-	296,651
- Equities	-	10,059
- Fixed interest securities	-	95,608
- Balanced (fixed interest/equity)	-	132,959
Other investments	243	2,801
Cash available for investment	83,830	62,313
Derivatives	64	959
Net amount due to brokers	(1,969)	(405)
	2,020,696	**1,916,138**

The cost of the above investments at 31 December 2014 was SEK 1,428,125,805 (2013 - SEK 1,486,194,495).

22.2 Held to cover linked liabilities – investment contracts (continued)

SEK thousands

	2014	2013
Unit Linked Plan		
Units in mutual funds		
- Cash	235,838	28,323
- Equities	356,820	383,596
- Fixed interest securities	179,255	5,958
- Balanced (fixed interest/equity)	18,027	12,248
Investment pools		
- Cash	-	296,651
- Equities	-	10,059
- Fixed interest securities	-	95,608
- Balanced (fixed interest/equity)	-	132,959
Cash available for investment	4,552	1,011
Net amount due to brokers	(1,969)	(405)
	792,523	**966,008**

SEK thousands

	2014	2013
***Other investment contracts**		
Fixed interest securities (incl. mutual funds)	328,785	334,341
Equities (incl. mutual funds)	819,803	550,727
Other investments	243	2,801
Cash available for investment	79,278	61,302
Derivatives	64	959
	1,228,173	**950,130**
Total investment contracts	**2,020,696**	**1,916,138**

***Other investment contracts include Individual Plan, Living Annuity Plan, Executive Portfolio Bond and International Investment Plan.**

Mutual funds refer to units in unit trusts, OEICS and UCITS investing in fixed interest securities or equities.

The investment pools that were set up for the Company by Svenska Handelsbanken SA, Luxembourg ("SHSAL") were terminated during the year. The proceeds were invested primarily in SHSAL mutual funds but also in the JP Morgan USD Short Duration Bond Fund and the GBP Cash Pool was transferred to a bank account. The Fiduciary Agreement, to which the assets underlying the investment pools were subject, was also terminated. This resulted in Svenska Handelsbanken AB (publ) ("SHABP") (the parent company of SHSAL) being released as the fiduciary owner of the assets. The counterparty credit risk issue reported in the prior year financial statements, as a result of SHABP being fiduciary owner of the assets, has therefore been eliminated.

The above investments are managed by:

SEK thousands

	2014	2013
Svenska Handelsbanken AB	949,653	1,090,716
Coutts and Co	262,879	239,651
Others (investment managers managing less than SEK 150 million)	808,164	585,771
	2,020,696	**1,916,138**

23. Investment in subsidiaries

Nordben Pension Trustees Limited
Nordben Pension Trustees Limited ("NPTL") was established in 1987 and acts as Corporate Trustee to pension funds and provident funds. NPTL is wholly owned by the Company and is incorporated in Guernsey. NPTL is licensed under The Regulations of Fiduciaries, Administration Business and Company Directors etc, (Bailiwick of Guernsey) Law, 2000.

The Company entered into a loan agreement with NPTL on 30 December 2011. Under this agreement the Company made a loan of £250,000 (SEK 3,051,527) to NPTL. The loan is unsecured and the rate of interest applicable to the loan will be agreed each year to reflect deposit rates charged by UK clearing banks. The loan is repayable upon 12 months notice from the date of the Company's request. NPTL has the right to decline repayment if it is subject to any legal action, either actual or potential. At the year end loan interest of SEK 26,976 (2013: 32,594) was due from NPTL to the Company.

Nordben Nominees Limited
Nordben Nominees Limited ("NNL") was established in 2011 to complement the services offered by the Company. NNL was primarily established to act as nominee of policies issued by the Company. NNL is wholly-owned by the Company and is incorporated in Guernsey. NNL is exempt from the requirement to have its accounts audited under Section 255 of The Companies (Guernsey) Law, 2008.

At the balance sheet date there was unpaid share capital of £25,000 (2013: £25,000) amounting to SEK 305,153 due from the Company.

Nordic International Benefits Trust Limited
Nordic International Benefits Trust Limited ("NIB"), incorporated in Guernsey, was established in 2013 to act as a corporate trustee for International Pension Plans, Group Risk Trusts, and Provident Funds. NIB is licensed under The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000, as amended.

During the year the Company acquired all 100,000 shares of £1 each in Nordic International Benefits Trust Limited ("NIB") from BenCo Insurance Holding B.V. at cost.

At the date of acquisition the Company also paid a capital contribution of SEK 1,000,000 to NIB to provide financial support for the purpose of adhering to regulatory solvency rules.

NIB made an anticipated loss in its second year of business however it is actively seeking to expand its client base. The cost of investment in NIB of SEK 2,155,965 (2013: Nil) has been impaired in the Company-only books by SEK 845,642 (2013: Nil) to its corresponding net asset value of SEK 1,310,313 as this is deemed prudent by the Directors.

Related party transactions which were entered into before the acquisition of NIB are detailed in note 49.

The financial statements of NIB are not included in these consolidated financial statements as they are deemed to be immaterial for the purpose of these accounts

24. Debtors arising out of direct insurance operations

SEK thousands

	2014	2013
Due from policyholders	20,506	19,591
	20,506	**19,591**

25. Debtors arising out of insurance pooling and reinsurance operations

SEK thousands

	2014	2013
Due from intermediaries	869	12,241
Due from related parties	18,153	7,900
	19,022	**20,141**

26. Other debtors

SEK thousands

	2014	2013
Due from policyholders	6,937	5,103
Due from intermediaries	125	693
Due from related parties	403	59
Deferred acquisition costs	428	527
Other debtors	1,532	1,118
	9,425	**7,500**

27. Derivative financial instruments

The following tables provide a detailed breakdown of the contractual or notional amounts and the fair values of the Group's derivative financial instruments outstanding as at 31 December 2014 and 31 December 2013:

31 December 2014

SEK thousands	Notional principals		Fair values	
	Positive values	**Negative values**	**Assets**	**Liabilities**
Financial derivatives at fair value through profit or loss for linked liabilities				
Option	-	-	619	-
Forward exchange rate and swap contracts	32,846	(33,116)	118	(374)
	32,846	**(33,116)**	**737**	**(374)**
Financial derivatives at fair value through profit or loss for non-linked liabilities				
Interest rate swap	52,205	(52,205)	19,189	-
	52,205	**(52,205)**	**19,189**	-
Financial derivatives at fair value through profit or loss for Shareholder's liabilities				
Forward exchange rate contracts	100,113	(97,696)	3,534	(1,117)
	100,113	**(97,696)**	**3,534**	**(1,117)**

31 December 2013

SEK thousands	Notional principals		Fair values	
	Positive values	**Negative values**	**Assets**	**Liabilities**
Financial derivatives at fair value through profit or loss for linked liabilities				
Option	275	-	250	-
Forward exchange rate and swap contracts	29,700	(28,729)	1,000	(32)
	29,975	**(28,729)**	**1,250**	**(32)**
Financial derivatives at fair value through profit or loss for non-linked liabilities				
Interest rate swap	52,932	(52,932)	8,505	-
	52,932	**(52,932)**	**8,505**	-
Financial derivatives at fair value through profit or loss for Shareholder's liabilities				
Forward exchange rate contracts	109,386	(109,008)	838	(460)
	109,386	**(109,008)**	**838**	**(460)**

At year end the Group held one interest rate swap (2013: one).

28. Tangible assets

SEK thousands

	Leasehold improvements	Office equipment	Computer equipment & software	Fixtures & fittings	Total
Cost or valuation					
At 1 January 2014	7,725	44	5,646	2,592	16,007
Additions	294	-	526	81	901
Disposals	-	-	(228)	(247)	(475)
At 31 December 2014	**8,019**	**44**	**5,944**	**2,426**	**16,433**
Depreciation					
At 1 January 2014	6,931	44	5,222	2,448	14,645
Charge for the year	288	-	321	76	685
Disposals	-	-	(228)	(246)	(474)
At 31 December 2014	**7,219**	**44**	**5,315**	**2,278**	**14,856**
Net book value at 31 December 2014	**800**	**-**	**629**	**148**	**1,577**
At 31 December 2013	**794**	**-**	**424**	**144**	**1,362**

29. Cash at bank and in hand

SEK thousands

	2014	2013
Flex Plan and Save Invest Plan	34,787	26,787
Triple C Plan, Corporate Triple C Plan, Annuity Plan and Level Plan	63,161	53,940
Risk-only contracts	71,972	105,677
Individual Plan (1st April 1990)	149,044	150,775
Shareholder		
- Technical	10,138	15,971
- Non technical	5,701	5,565
	334,803	**358,715**

30. Called up share capital

SEK Thousands

	2014	2013
Authorised		
Ordinary shares of SEK 100 each	174,166	174,166
Issued and fully paid		
Ordinary shares of SEK 100 each	84,166	84,166
Issued, uncalled and unpaid		
Ordinary shares of SEK 100 each	90,000	90,000

31. Profit and loss account

SEK thousands

	2014	2013
At 1 January	96,784	166,532
Transfer to non-distributable reserve	(43,498)	-
Retained profit/(loss) for the year	55,340	(69,748)
At 31 December	**108,626**	**96,784**

32. Reconciliation of movements in Shareholder's funds

SEK thousands	Share capital	Non-distributable reserve	Profit & loss account	Total
At 1 January 2013	84,166	8,813	166,532	259,511
Profit for the financial year	-	-	20,252	20,252
Dividend paid	-	-	(90,000)	(90,000)
Transfer to non-distributable reserve	-	2,712	-	2,712
At 31 December 2013	**84,166**	**11,525**	**96,784**	**192,475**
At 1 January 2014	84,166	11,525	96,784	192,475
Profit for the financial year	-	-	75,340	75,340
Dividend paid	-	-	(20,000)	(20,000)
Transfer to non-distributable reserve	-	42,030	(43,498)	(1,468)
At 31 December 2014	**84,166**	**53,555**	**108,626**	**246,347**

33. Non-distributable reserve

On the recommendation of the Appointed Actuary the Board has established a non-distributable reserve within the Shareholder's funds. The reserve forms part of the long-term business fund and consists of a resilience reserve held to recognise the possible impact on the expense provision of adverse movements in asset values and currency rates as well as a further reserve held for a closed to new business scenario. The reserve has been deemed as unavailable for distribution to the Shareholder in the normal course of business.

In prior years transfers to/from the non-distributable reserve were shown in the technical account and the non-distributable reserve consisted of the following:

- The total expense provision for investment contracts.
- An additional reserve calculated where the expense provision for each policy and product (excluding Risk-only contracts) was subjected to a "resilience test".
- An additional reserve where the expense provision was also tested against a scenario where the Company is closed to all new business. If the scenario resulted in the need for a higher provision than the expense provision the excess was held as an additional reserve.

In the current year Management deemed that the total expense provision for investment contracts should be accounted for as part of financial liabilities for investment contracts. Therefore, movements in the expense provision relating to investment contracts are displayed in the "Movement in the expense provision for investment contracts" line in the technical account due to the probability that the Company will suffer economic outflows in the future and therefore not a liability.

Furthermore, Management deemed that the movements in the additional reserves (arising from a resilience test and arising from a scenario where the Company is closed to all new business) should be accounted for as balance sheet movements within the Shareholder's funds rather than being recognised as movements in the technical account due to the possibility (rather than probability) that the Company will suffer economic outflows in the future.

As at 31 December 2014 the amount of the non-distributable reserve stood at SEK 53,555,000 (2013 - SEK 11,525,000).

In relation to the additional reserve (arising from a resilience test and arising from a scenario where the Company is closed to all new business) this year the initial level of expenses assumed was higher, predominantly because of foreign exchange rate changes. The rate at which the expenses are assumed to be reduced by Management and the ultimate expense "floor" (or lowest level of expenses Management believe attainable) also changed. The expense floor increased from last year because of foreign exchange rate changes, but also because Management's view of the level of savings achievable as policies leave the company has altered.

34. Fund for future appropriations

The fund for future appropriations represents all discretionary participation funds for which the allocation between discretionary participation contract policyholders and the Shareholder has not been determined at the balance sheet date. The following table presents the fund for future appropriations as at the balance sheet date:

SEK thousands	2014	2013
Investment reserve funds relating to:		
Flex Plan and Save Invest Plan	65,296	68,607
Triple C Plan and Corporate Triple C Plan	179,216	70,007
Annuity Plan and Level Plan	192,796	151,056
	437,308	**289,670**

35. Long-term business provision

35.1 Principal valuation assumptions

From 1 January 2013 the principal activity is to provide group life and disability insurance products to globally mobile employees, expatriate and third country nationals working for Nordic industry. The remainder of the Company's products were closed to new business at that time. Due to the size and maturity of the existing book of business this has not at this time resulted in any major changes to the principal valuation assumptions underlying the calculation of the long-term business provision.

The principal assumptions underlying the calculation of the long-term business provision for all contracts as at 31 December 2014 are as follows:

a) The long-term business provision in respect of retirement benefits for Flex Plan policies is calculated as the total amount of the policyholders' accumulated accounts.

b) The long-term business provision in respect of retirement benefits for the EUR, SEK, SEK Skilstaf and NOK Triple C Plan policies is calculated as the greater of:

   (i) the present value of the maturity value using yields based on matching assets and an appropriate margin for investment expenses and the Shareholder's charge; and

   (ii) the current surrender value payable at the balance sheet date.

The valuation interest rates used to calculate the present value of the maturity value as at 31 December 2014 and 31 December 2013 are as follows:

EURO Maturity (months)	Valuation interest rate (% per annum)	SEK and SEK Skilstaf Maturity (months)	Valuation interest rate (% per annum)	NOK Maturity (months)	Valuation interest rate (% per annum)
0	(0.66)	0	(0.55)	0	0.54
21	(0.64)	18	(0.47)	4	0.23
54	(0.33)	50	(0.19)	29	0.63
92	0.13	71	0.01	77	0.84
150	0.29	89	0.20	> 101	1.97
180	0.55	106	0.83		
234	0.70	> 209	1.01		
> 306	0.75				

Assumptions for the previous year have not been included as the impact of the change in method was calculated using the change in assumption for the old method of calculating liabilities.

35. Long-term business provision

35.1 Principal valuation assumptions (continued)

c) The long-term business provisions in respect of retirement benefits for the CHF, DKK, GBP and USD Triple C Plans policies are calculated as the greater of:

(i) the present value of the maturity value plus the cost of the guaranteed bonus; and
(ii) the current surrender value payable at the balance sheet date.

The cost of the guaranteed bonus is obtained using Black-Scholes methodology. The assumptions underlying the Black-Scholes method are set out below. Note that the valuation yield has been based on the yield earned on the underlying assets (the "Earned Rate") and the yield on government bonds of appropriate duration and in the relevant currency (the "Government Bond Rate"). The following method has been used to derive the valuation interest rate:

Minimum { (Government Bond Rate + Earned Rate) / 2, Government Bond Rate }

	Risk-free yield (% per annum)		Dividend yield (% per annum)		Historical volatility of assets (% per annum)	
Currency	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Danish Krone	0.38	1.29	0.60	0.60	1.02	0.94
Pound Sterling	1.18	3.03	0.60	0.60	0.84	8.22
Sw iss Franc	2.23	1.27	0.60	0.60	7.56	4.88
United States Dollar	2.43	2.56	0.60	0.60	5.18	5.15

d) The long-term business provision in respect of Level Plan policies, and Annuity Plan policies and Pensions in Payment (Pensions in Payment are as a result of the accumulated capital arising from Triple C Plans, Flex Plans or Unit Linked Plans being used to secure a pension (annuity); or pensions being paid on an insured event in Group Risk Plans; or Disability Pensions in Payment arising from Level Plans) is calculated as the difference between the present value of the prospective benefit and the present value of the future net premiums payable in respect of that benefit. The valuation rates of interest used are shown below:

(% per annum)	Level Plan polices		Annuity Plan policies and Pensions in Payment			
			eligible for discretionary increases		not eligible for discretionary increases	
Currency	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Euro	0.85	1.97	(1.46)	(0.22)	(0.53)	(0.16)
Norw egian Krone	0.81	2.58	(1.35)	1.08	1.00	2.58
Pound Sterling	1.79	2.19	(0.29)	0.13	1.87	2.73
Sw edish Krona	0.73	2.28	(1.68)	0.48	(0.52)	0.59
Sw iss Franc	(0.46)	0.97	(2.67)	(1.78)	n/a	(0.33)
United States Dollar	1.68	1.54	(0.15)	(0.24)	1.87	2.36

e) The long-term business provision in respect of Individual Plan (General conditions dated 1 April 1990) policies is calculated as the unit reserve equal to the sum of each fund's asset values plus the additional mortality reserve in respect of the death benefit payable under the plans.

f) The long-term business provision in respect of Individual Plan (General conditions dated 1 January 1993 or afterwards), Living Annuity Plan, Executive Portfolio Bond and International Investment Plan policies is calculated as the unit reserve equal to the sum of each fund's asset values.

g) The long-term business provision in respect of Unit Linked Plan and Group Unit Linked Plan policies is calculated as the surrender value at selling price of the units allocated to each policy as at the balance sheet date.

35. Long-term business provision (continued)

35.1 Principal valuation assumptions (continued)

h) The long-term business provision in respect of Risk-only policies (not including International Term or business written through the Insurope pooling network) is calculated as that part of the premium paid for life assurance and disability benefits prior to the balance sheet date in respect of a period at risk after the balance sheet date (i.e. the unearned risk premium reserve) together with an additional amount equivalent to 5% (2013: 5%) of the annual mortality risk premiums and 17.5% (2013: 17.5%) of the annual disability risk premiums (net of reassurance) earned in the preceding year (i.e. an IBNR reserve). The long-term business provision in respect of contracts pooled through the IGP and Insurope pooling networks is the net risk premium collected in the year up to the balance sheet date (i.e. monies which will be paid to the network in the following year).

i) The long-term business provision in respect of the International Term product is calculated using a gross premium valuation. Expected benefit payments (net of reinsurance) and expected premium income (net of reinsurance) is projected at each future time-step and a reserve is held to cover any shortfall between expected future income and outgo. The valuation interest rate for International Term was 0.00% (2013: 0.00%). The results from the gross premium valuation method are reviewed to ensure they are at least as prudent as those that would have been obtained from a net premium valuation method.

j) The valuation mortality assumptions are shown below:

	Valuation mortality assumptions	
Product	**2014**	**2013**
Level Plan, Annuity Plan and Pensions in Payment	75% PNMA00 (for males) 75% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum	75% PNMA00 (for males) 75% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum
International Term	Non-Smokers: 31.25% G82 M (for males) 31.25% G82 F (for females) Smokers: 62.50% G82 M (for males) 62.50% G82 F (for females)	Non-Smokers: 31.25% G82 M (for males) 31.25% G82 F (for females) Smokers: 62.50% G82 M (for males) 62.50% G82 F (for females)
All other products	100% PNMA00 (for males) 100% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum	100% PNMA00 (for males) 100% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum

35. Long-term business provision

35.2 Expense provision

a) In addition to holding a provision for the current accrued value of the benefits the Appointed Actuary has investigated whether a per policy expense provision is required to meet any projected shortfall of administration charges over attributable expenses met within the long-term business fund for all products except Risk-only products. Where required an expense provision is held. The annual per policy expenses assumed in the cash flow projections are set out below for the relevant products:

35. Long-term business provision (continued)

35.2 Expense provision (continued)

Product	Annual attributable expense assumptions 2014	2013
Flex Plan and Triple C Plan	SEK 562 per policy per annum	SEK 503 per policy per annum
Level Plan, Annuity Plan and Pensions in Payment	SEK 821 per policy per annum plus an additional SEK 244 per annuity payment	SEK 885 per policy per annum plus an additional SEK 212.74 per annuity payment
Individual Plan (general conditions dated 1 April 1990)	SEK 10,131 – SEK 46,742 per policy per annum	SEK 425.00 – SEK 134,250.00 per policy per annum
Individual Plan (general conditions dated 1 January 1993 or afterwards)	SEK 9,558 – SEK 23,627 per policy per annum	SEK 99.00 – SEK 56,551.00 per policy per annum
Living Annuity Plan and Executive Portfolio Bond	SEK 4,009 – SEK 32,842 per policy per annum	SEK 4,022 – SEK 35,867 per policy per annum
International Investment Plan	SEK 56,313 – SEK 104,073 per policy per annum	SEK 43,781 – SEK 100,309 per policy per annum
Unit Linked Plan and Group Unit Linked Plan	SEK 491 per policy per annum	SEK 557 per policy per annum

For Individual Plan, Living Annuity Plan, Executive Portfolio Bond and International Investment Plan policies the attributable expenses have been determined on an individual policy basis and are within the ranges shown above. It is assumed that an annual administration charge of 0.5% per annum will apply to Triple C Plan, Flex Plan, Level Plan, and Annuity Plan and Pensions in Payment which are eligible for discretionary increases. Further, an annual charge of GBP 52 on Triple C Plan paid-up policies which have an account value less than GBP 10,393 is taken (both the charge and the threshold increase annually in line with GBP inflation). It is assumed that these charges and the charges applicable to each Individual Plan, Living Annuity Plan, Executive Portfolio Bond, International Investment Plan, Unit Linked Plan and Group Unit Linked Plan policy will be available to meet expenses.

b) In addition to a per policy expense provision, aggregate expense provision calculations were carried out whereby the Appointed Actuary has investigated for each product category except Risk-only products whether a provision is required to meet any projected shortfall of “excess income” compared with non-attributable expenses within the long-term business fund and, accordingly, an expense provision is held. The excess income is the sum of the excess (if any) of the annual administration charge or charges over the per policy expenses. The total expense provision for each product is the sum of the per policy and aggregate components. The assumed annual non-attributable expenses are given below for the relevant products:

Product category	Annual non-attributable expense assumption 2014	2013
Flex Plan and Triple C Plan	SEK 5,900,118	SEK 5,754,014
Level Plan, Annuity Plan and Pensions in Payment	SEK 395,155	SEK 447,546
Individual Plan, Living Annuity Plan, International Investment Plan and Executive Portfolio Bond	SEK 2,098,589	SEK 1,898,622
Unit Linked Plan and Group Unit Linked Plan	SEK 2,224,486	SEK 2,980,114

c) The assumed expense inflation rate is 3.25% per annum (2013: 3.75%).

d) The discount rate for the purpose of expense provision calculations is 0.45% per annum (2013: 1.30%), based on the yield on assets backing the expense provision as at 31 December 2014 less a margin for prudence. It is also assumed that foreign exchange rates remain constant over the projection period.

The asset growth rates used in calculating the expense provision for discretionary participation products are based on the weighted average yields on the assets backing each of the currency policyholder funds as at 31 December 2014 with an upper limit of the yield on 10 year government bonds in the relevant currency. The asset growth rate for the linked liability products is 2% per annum, which reflects the nature of the underlying assets.

35. Long-term business provision (continued)

35.2 Expense provision (continued)

e) The main valuation surrender assumptions for the purpose of the expense provision calculations are shown below:

Product	Surrender rate (% per annum) 2014	2013
Flex Plan	1.00	1.00
Triple C Plan	1.50	1.50
Level Plan, Annuity Plan and Pensions in Payment	0.00	0.00
Individual Plan and Living Annuity Plan	7.50	7.50
Individual Plan (general conditions dated 1 January 1993 or afterwards) and Living Annuity Plan	7.50	7.50
Executive Portfolio Bond and International Investment Plan	0.00	0.00
Unit Linked Plan and Group Unit Linked Plan	5.50	2.75

f) The expense provision is also subjected to resilience tests to ensure that the provision held is adequate to cover future liabilities under three adverse scenarios. The scenarios include falls in equity values, changes in fixed interest yields and changes to foreign exchange rates. Expense provisions are recalculated under these resilience scenarios and the most onerous result is used.

g) The expense provision is also further tested against a scenario where the Company is closed to new business. Expense provisions are recalculated under this scenario and the most onerous result is used. The expense provision can be split between: the basic expense provision (which assumes that asset values, foreign exchange rates and fixed interest yields are unchanged); the resilience component (which shows the additional part of the provision needed to cover the changes in asset values, foreign exchange rates and fixed interest yields); and the closed to new business component (which additionally assumes the Company is closed to new business).

h) No expense provision is held in respect of Risk-only policies (excluding International Term) as they are short term contracts renewable annually. No expense provision is held in respect of International Term policies as the provision calculated under 35.1(i) includes an allowance for expenses.

i) The provision calculated under 35.1 above, together with any provision required to meet future expenses calculated above under 35.2 (excluding the resilience component and the closed to new business component), form part of the technical provisions. The resilience component calculated under 35.2 (f) and the closed to new business component calculated under 35.2(g) above are held as a non-distributable reserve within the long-term business fund.

35.3 Impact of valuation assumption changes

The impact of valuation assumption changes this year is to increase the technical provisions for long-term business and claims outstanding by SEK 207M (2013: decrease of SEK 175M) to SEK 3,504M. The reduction in valuation interest rates accounts for most of the increase.

The long-term business provision is sensitive to changes in the principal assumptions adopted. For example, a reduction in the valuation rates of interest of 1% for each currency would increase the long-term business provision by SEK 301M (2013: increase of SEK 160M) from SEK 3,504M to SEK 3,805M. However, the assets supporting the long-term business provision would increase by SEK 336M (2013: SEK 269M).

The expense provision (inclusive of the resilience component and the closed to new business component) is sensitive to changes in the principal assumptions adopted. For example, a reduction in the valuation rates of interest of 1% for each currency would increase the expense provision by SEK 8.2M (2013: increase of SEK 9.7M for a 1% reduction) from SEK 25.4M to SEK 33.6M. However, the assets supporting the expense provision would increase by SEK 0.6M (2013: SEK 1.1M). Note that this impact is not symmetric and an increase in the valuation rates of interest of 1% would decrease the expense provision by SEK 6.6M (2013: decrease of SEK 6M for a 1% increase). However, the assets supporting the expense provision would decrease by SEK 0.6M (2013: SEK 1.0M).

36. Technical provisions for long-term business and claims outstanding

SEK thousands

	2014	2013
Flex Plan and Save Invest Plan	1,161,912	1,170,984
Triple C Plan and Corporate Triple C Plan	1,237,124	1,694,172
Annuity Plan and Level Plan	1,052,505	829,431
Risk-only contracts	29,677	67,824
Expense provision	23,176	22,851
	3,504,394	**3,785,262**

37. Technical provisions for linked liabilities

SEK thousands

	2014	2013
Individual Plan (1 April 1990)	2,079,759	1,867,339
Expense and mortality provision	752	965
	2,080,511	**1,868,304**

38. Financial liabilities for investment contracts

SEK thousands

	2014	2013
Individual Plan	558,218	449,224
Living Annuity Plan	51,213	47,241
Unit Linked Plan and Group Unit Linked Plan	792,523	966,010
Executive Portfolio Bond	221,187	101,931
International Investment Plan	396,278	347,983
Expense and mortality provision	1,462	-
	2,020,881	**1,912,389**

The technical provisions in Notes 36, 37 and 38 have been determined by the Appointed Actuary as part of the actuarial valuation of the Company carried out at 31 December 2014.

39. Long-term business fund

The long-term business fund comprises the technical provisions for long-term business, including claims outstanding, and the non-distributable reserve and a fund for future appropriations. Within the non-distributable reserve a closed to new business reserve amounting to SEK 45,345,000 (2013: 2,479,000) has been determined by the Appointed Actuary. Distributions from the fund may only be made as laid down in The Insurance Business (Bailiwick of Guernsey) Law, 2002. The technical provisions have been disclosed in accordance with UK GAAP, and in particular, the ABI SORP.

The following table presents the long-term business fund at 31 December 2014:

SEK thousands

	2014	2013
Technical provisions for long-term business and claims outstanding	3,504,394	3,785,262
Technical provisions for linked liabilities	2,080,511	1,868,304
Technical provisions for investment contracts	2,020,881	1,912,389
Non-distributable reserve	53,555	11,525
Fund for future appropriations	437,308	289,670
	8,096,649	**7,867,150**

39. Long-term business fund (continued)

The following amounts have been included in the long-term business provision in respect of policyholders' bonuses:

SEK thousands

	2014	2013
Flex Plan and Save Invest Plan	9,561	16,965
Triple C Plan and Corporate Triple C Plan	25,310	22,080
Level Plan, Annuity Plan and Pensions in Payment	21,330	15,670
	56,201	**54,715**

40. Creditors arising out of direct insurance operations

SEK thousands

	2014	2013
Due to policyholders	34,007	34,467
	34,007	**34,467**

41. Creditors arising out of insurance pooling and reinsurance operations

SEK thousands

	2014	2013
Due to intermediaries	47,516	19,296
Due to related parties	3,627	-
	51,143	**19,296**

42. Other creditors including taxation and social insurance

SEK thousands

	2014	2013
Due to policyholders	11,612	188,049
Due to intermediaries	88	1,044
Due to related parties	4,296	3,091
Other creditors	8,345	9,698
	24,341	**201,882**

Other creditors include tax payable in the next 12 months and social insurance.

43. Reconciliation of profit for the financial year to net cash inflow

SEK thousands

	2014	2013
Profit before tax	75,381	20,324
Depreciation charges	685	781
Movement in other assets/liabilities	(20,337)	19,157
Realised and unrealised (gains)/losses on investments	(6,880)	1,073
Loss on disposal of fixed assets	1	-
Net cash inflow from operating activities	**48,850**	**41,335**

44.1. Movement in opening and closing portfolio investments, net of financing (including the Shareholder's and non-linked policyholders' investments)

SEK thousands

	2014	2013
Decrease in Shareholder's cash holdings	(5,697)	(30,159)
Increase/(decrease) in Shareholder's portfolio investments	31,851	(19,054)
Movement arising from cash flows	26,154	(49,213)
(Decrease)/increase in non-linked policyholders' portfolio investments	(826,760)	176,604
Changes in market value and exchange rates	607,342	(169,019)
Total movements in portfolio investments, net of financing	(193,264)	(41,628)
Portfolio investments, net of financing at 1 January	4,191,243	4,232,871
Portfolio investments, net of financing at 31 December	**3,997,979**	**4,191,243**

44.2. Movement in opening and closing portfolio investments, net of financing (including the Shareholder's and non-linked policyholders' investments)

SEK thousands

	At 1 Jan 2014	Cash flow	Long-term business	Changes to market values and currency	At 31 Dec 2014
Net cash at bank and in hand	21,537	(5,697)	-	-	15,840
Shares and other variable yield securities	414,687	-	(81,788)	52,020	384,919
Loans, debt securities and other fixed interest	3,755,019	31,851	(744,972)	555,322	3,597,220
	4,191,243	**26,154**	**(826,760)**	**607,342**	**3,997,979**

45. Movement in Shareholder's cash (non-technical fund)

SEK thousands

	2014	2013
Cash and bank balance		
at 1 January	5,565	6,962
at 31 December	5,701	5,565
Increase in cash holdings	**136**	**(1,397)**

46. Shareholder's portfolio investments

SEK thousands

	2014	2013
Purchase of portfolio investments		
Loans, debt securities and other fixed income securities	424,003	580,040
	424,003	580,040
Sale of portfolio investments		
Loans, debt securities and other fixed income securities	(392,152)	(599,094)
	(392,152)	(599,094)
Net cash inflow/(outflow) on portfolio investments	**31,851**	**(19,054)**

47. Operating lease commitments

At 31 December 2014 the Company had a lease agreement in respect of its premises. The lease expires on 4 November 2019. The annual commitments under this non-cancellable operating lease are GBP 195,350 (SEK 2,384,463). The annual rent under the agreement was reviewed in 2013 and will be reviewed every three years thereafter.

48. Ultimate controlling party

Storebrand ASA, a company registered in Norway, is regarded as the Company's ultimate controlling party.

49. Related party transactions

Storebrand Livsforsikring AS, Norway

Storebrand Livsforsikring AS ("SLAS") is a related company that is wholly-owned by Storebrand ASA and owns an 89.96% holding in BenCo Insurance Holding B.V., the Company's sole shareholder.

The relationship between the Company and SLAS is governed by an Introducer's Agreement. Fees amounting to SEK 2,060,918 (2013: SEK 2,561,820) were paid to SLAS in relation to inwards referrals under the Introducer's Agreement.

SLAS subcontracts the provision of certain services to the Group for which SLAS paid the Group SEK 592,526 (2013 - SEK 582,991).

The Company reviews accumulations of risk and models potential losses arising from catastrophic events therefore catastrophe protection has been put in place through participation in a catastrophe reinsurance programme held by SLAS. Premiums amounting to SEK 99,190 (2013: SEK 158,795) were paid to SLAS.

Storebrand Asset Management AS, Norway

Storebrand Asset Management AS ("SAM") is a related company that is wholly-owned by Storebrand ASA.

The Company entered into the following arm's length transactions:

a) The Unit Linked Plan is linked to some mutual funds managed by SAM. SAM pay the Company a rebate and management charge for the funds, the amount of which varies from fund to fund but amounted to SEK 82,189 (2013: SEK 108,969).

b) The management of insurance assets relating to the discretionary participation contracts and the shareholder's funds. Investment management fees amounting to SEK 3,710,448 (2013: SEK 3,529,369) were paid for this service.

c) Investment advisory services were provided to the Company by SAM for part of 2014. It was agreed to terminate these services and these services are now performed in-house at the Company. In 2014 fees amounting to SEK 625,000 (2013: 2,500,000) were paid for these services to SAM.

SPP Livförsäkring AB, Sweden

SPP Livförsäkring AB ("SPP") is a related company that is wholly-owned by SLAS.

The relationship between the Company and SPP is governed by a Co-operation Agreement. The Agreement gives rights to SPP in the Swedish market. Fees amounting to SEK 1,700,637 (2013: SEK 2,969,888) were paid to SPP in relation to inwards referrals under the Co-operation Agreement.

In addition to the above Co-operation Agreement, in 2014 SPP provided market and product development services amounting to SEK 3,050,000 (2013: Nil).

On 2 January 2015 SPP Liv Fondförsäkring AB took over SPP's assets and liabilities by way of a merger. On the same day the merged company changed name to SPP Pension & Försäkring AB.

Mandatum Life Insurance Company Limited, Finland

Mandatum Life Insurance Company Limited ("Mandatum") owns a 6.49% holding in BenCo Insurance Holding B.V., the Company's sole shareholder.

The relationship between the Company and Mandatum is governed by a Co-operation Agreement. The Agreement grants Mandatum the right to introduce clients to the Company. Fees amounting to SEK 1,089,607 (2013 - SEK 1,047,451) were paid to Mandatum in relation to inwards referrals under the Co-operation Agreement.

49. Related party transactions (continued)

Mandatum Life Insurance Company Limited, Finland (continued)

The Company entered into the following arm's length transactions:

a) An arm's length reinsurance arrangement under which it ceded a proportion of its mortality and disability risks up to a specific limit. Reinsurance premiums amounting to SEK 29,791,341 (2013 - SEK 30,291,653) were paid to Mandatum.

   The Company was due reinsurance recoveries and commissions from Mandatum at the year end amounting to SEK 34,343 (2013 - SEK 12,832,769).

b) An agreement exists with Mandatum Life for a group life plan for certain employees. The premiums payable to Nordben under this plan amounted to SEK 486,633 (2013 - SEK 412,658).

Nordic International Benefits Trust Limited

Nordic International Benefits Trust Limited ("NIB") was 100% owned by BenCo Insurance Holding B.V., the Company's sole shareholder, until September 2014 when 100% of the shareholding of NIB was acquired by the Company.

The Company provides professional indemnity insurance to Nordic International Benefits Trust Limited. The premium paid to the Company in 2014 amounted to SEK 60,250 (2013: SEK 53,185).

During the year the Company seconded staff to perform services on behalf of NIB. This resulted in secondment fees charged to NIB amounting to SEK 513,940 (2013: Nil). Furthermore, the Company provided accounting services to NIB in 2014 amounting to SEK 61,030 (2013: Nil).

The Company subcontracts the provision of certain services to NIB for which the Company paid NIB SEK 371,866 (2013 - Nil).

Directors' transactions

No contracts of significance existed at any time during the year in which a Director was materially interested or which required disclosure as a related party transaction under FRS 8, 'Related Party Disclosure'.

50. Contingencies and related obligations

Consistent with FRS 12, "provisions, contingent liabilities and contingent assets", appropriate provision has been made in the financial statements where the Company has an obligation from the events or activities described below but not for contingent liabilities.

Guarantees and commitments
At the balance sheet date the Company had no contractual guarantees and commitments in place.

Shareholder's support of the long term business fund
The Company is liable to meet its obligations to policyholders even if the assets of the long-term business fund are insufficient to do so. The assets represented by the fund for future appropriations, in the long-term business fund, could be materially depleted over time, by, for example, a significant or sustained equity market downturn or significant changes in interest rates. In the circumstance that the depletion of the excess assets within the long-term business fund was such that the Company's ability to satisfy policyholders' reasonable expectations was adversely affected, it might become necessary to contribute the Shareholder's funds to the long-term business fund to provide financial support.

51. Margin of solvency

The Minimum Solvency Capital Requirement (“MSCR”) required under The Insurance Business (Bailiwick of Guernsey) Law, 2002 as at 31 December 2014 was SEK 99,937,000 (2013 - SEK 102,186,000). That is 2.5% of total technical provisions excluding technical provisions for linked liabilities.

As at 31 December 2014, the Shareholder’s funds of SEK 187,470,000 (2013 - SEK 177,619,000) were available to meet the MSCR.

52. Approved assets

The Insurance Business (Bailiwick of Guernsey) Law, 2002 generally requires 100% of the assets to maintain the solvency margin are approved assets as defined in the Insurance Business (Approved Assets) Regulations, 2008. However, the Commission may give permission in writing for a relevant licensee to maintain the margin of solvency, fully or in part, by way of assets which are not approved, as it sees fit.

The approved asset requirements are intended to limit permitted assets to those such as cash, certificates of deposits, listed debt securities, other listed securities and net accounts receivable. There are restrictions on the quality of the counterparties but investment may be through collective investment schemes investing in these types of assets.

Property linked funds (contracts where the benefits payable to policyholders are determined directly by reference to the value of, or the income from, property of any description) are not required to meet the approved asset requirements. The Company received dispensation from the Commission that the participating funds be treated in the same way as property linked funds for the purpose of the approved asset requirements. Therefore, the assets in the discretionary participation funds do not necessarily meet the approved asset requirements. However, the Shareholders’ assets covering the minimum solvency margin requirement are required to be approved assets and do meet the relevant requirements.

The new solvency requirements that will come into effect on 1 May 2015 will remove the approved asset concept.

53. Post balance sheet events

The Company terminated its Corporate Triple C business early in 2014 and the policyholders received their account value. After the balance sheet date the Appointed Actuary recommended that the amount paid to USD Corporate Triple C policyholders should be augmented, which was approved by the Board. This has been estimated as 113% of their 2013 year end account values and the impact is to reduce the fund for future appropriations by an estimated SEK 52M (2013: Nil).

As noted in the prior year financial statements, the Storebrand Group entered into a cooperation agreement with Zurich International Life Ltd in 2013 in respect of International Pension Plans. As a result, some corporate clients have terminated their International Pension Plans with the Company. Since 31 December 2014, circa SEK 393M (2013: 139M) has been paid to the trustees of the new International Pension Plans.

In April 2015 the Company did not renew the forward foreign exchange contracts in relation to the Shareholder’s assets due to a change in the solvency requirement by the Guernsey Financial Services Commission (the “Commission”) allowing the fund for future appropriations to count towards the required solvency capital.

Nordben Life and Pension Insurance Co. Limited

Unaudited reconciliation of the Group's business review to the consolidated profit and loss account

SEK thousands

	Note	2014	2013
Profit before tax		**75,380**	**20,324**
Consisting of;			
Administraton income		**94,093**	**63,434**
Expenses		**(48,025)**	**(46,439)**
Underwriting result		**12,352**	**3,445**
Investment result		**12,125**	**732**
Movement in expense provision/non-distributable reserve		**3,616**	**(1,837)**
Other income/expenses		**1,219**	**989**
		75,380	**20,324**
Administration Income			
Discretionary participation contracts (incl 1/2% income)	**10**	61,035	27,927
Risk-only contracts (including underwriting result)		29,225	19,987
Less: underwriting result		(12,352)	(3,445)
Linked liability insurance contracts	**10**	6,635	5,618
Fee income on investment contracts	**10**	9,550	13,348
		94,093	**63,435**
Administration Expenses			
Net operating expenses	**10**	(44,154)	(46,283)
Shareholder's claims handling expenses	**10**	(4,449)	(4,228)
Expenses relating to subsidiary company	**10**	(2,225)	(1,858)
Expenses recharged to Risk-only contracts	**10**	2,803	5,930
		(48,025)	**(46,439)**
Underwriting Result			
Risk-only contracts balance on technical account	**10**	32,031	25,917
Risk-only contracts administration Income		(16,876)	(16,542)
Expenses recharged to Risk-only contracts	**10**	(2,803)	(5,930)
		12,352	**3,445**
Investment Result			
Investment income - non-technical account		1,040	2,031
Investment income - technical account		2,643	-
Realised gains/(losses)		5,679	(2,314)
Unrealised gains - non-technical account		1,201	1,073
Unrealised (losses)/gains - technical account		(1,413)	-
Investment expenses		(175)	(180)
Foreign exchange and other expenses - non-technical account		691	122
Foreign exchange and other expenses - technical account		2,459	-
		12,125	**732**

Nordben Life and Pension Insurance Co. Limited

Unaudited reconciliation of the Group's key performance indicators to the consolidated profit and loss account and balance sheet

SEK millions

	Note	2014	2013
Administration result			
Administration income		94	63
Administration expenses		(48)	(46)
		46	**17**
Movement in expense provision			
Basic expense and mortality provisions	**36/37/38**	25	24
Movement in expense provision		(1)	-
Other factors		5	-
		4	**-**
Policyholders' funds			
Long-term business fund	**39**	**8,097**	**7,867**
Return on equity			
Profit for the financial year		75,340	20,252
Total average Shareholder's funds		219,411	225,994
Percentage		**34.34%**	**8.96%**