

# Finansinspektionen's Regulatory Code

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## Regulations

### amending Finansinspektionen's regulations and general guidelines (FFFS 2011:39) regarding information about insurance and occupational pensions;

**FFFS 2019:20**

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decided on 28 November 2019.

Finansinspektionen prescribes pursuant to Chapter 7, section 6 of the Insurance Business Ordinance (2011:257) that Chapter 1, sections 2 and 6, Chapter 2, sections 1 and 2 and Appendix 1 of Finansinspektionen's regulations and general guidelines (FFFS 2011:39) regarding information about insurance and occupational pensions shall have the following wording.

Finansinspektionen also provides the following general guidelines.

## Chapter 1

**Section 2**<sup>1</sup> These regulations apply to

1. insurance undertakings that provide direct insurance,
2. third-country insurers that conduct direct insurance business in Sweden from general agencies or branches here in the country, and
3. foreign institutions for occupational retirement provision as referred to in Chapter 1, section 5, point 3 of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293).

A foreign institution for occupational retirement provision shall apply only Chapter 2, section 2 and *Appendix 1*.

For sickness and accident insurance provided as a supplement to a life insurance, *Appendix 2* shall not be applied.

**Section 6** In these regulations and general guidelines, the following definitions apply:

*allocated bonus*: a bonus that is preliminarily distributed,

*inheritance profit*: pension income or insurance capital due to the decease of an insured with an insurance that does not have full repayment cover or other survivor benefits which therefore go to other similar contracts,

<sup>1</sup> The change entails that the third point in the list has been removed.

*deposit insurance*: traditional insurance that normally does not have guaranteed insurance amounts and for which the policyholder or the insured decides the saving profile by selecting one or more of the investment options offered by the insurance undertaking,

*party entitled to payment*: a party entitled to payment as a result of the insurance, e.g. a policyholder, the insured or members and beneficiaries,

*transfer of an insurance policy's value*: given certain conditions, transfer of insurance capital to another contract, from one insurance undertaking to another or from one type of management to another,

*paid-up policy*: occupational pension insurance or private pension insurance where the agreed premium payments were prematurely terminated and the future pension is based on the premiums already paid,

*guaranteed bonus*: a bonus that is guaranteed in nominal or real amounts via the insurance contract or a unilateral commitment from the insurance undertaking,

*geometric mean*:  $n$ th root of the product of the  $n$  positive numbers whose mean shall be calculated. In financial contexts, the numbers whose mean shall be calculated are normally written as

$$1 + \frac{r}{100}$$

where  $r$  is an effective yield or an interest rate expressed in per cent. This mean is a more accurate calculation of average yield or average interest rate than a normal arithmetic mean,

*party entitled to information*: an employee or survivor of an employee whose pension is safeguarded by a foreign institution for occupational retirement provision as referred to in Chapter 1, section 5, point 3 of the Act on Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden,

*insurance based on collective bargaining agreements*: personal insurance or non-life insurance that is

1. taken out by employers to give insurance cover to employees,
2. issued pursuant to a collective bargaining agreement specified in the insurance terms and conditions and that was agreed between an employer's organisation or an individual employer and an employees' organisation, and
3. underwritten by an insurance undertaking or a foreign insurer in accordance with the collective agreement,

*solvency ratio*: the ratio between the available and required solvency capital requirement in accordance with Chapter 8 of the Insurance Business Act (2010:2043).

*occupational pension*: a pension for an employee or survivor of an employee which is provided by the employer and based on a collective bargaining agreement or individual agreements between the employee and the employer,

*occupational pension insurance*: life insurance which is linked to a professional activity and in which the disbursement of the insurance amount (a lump sum or periodic disbursement) depends on one or more persons reaching or being expected to reach a particular age and insurance policies issued as supplements to such life insurance policies.

*conditional bonus*: agreed or unilaterally guaranteed bonus which is conditional upon changes in value and yield on assets or upon a certain technical result in respect of which the policyholders or other parties entitled to payment bear the risk, and

*surrender*: disbursement to the policyholder of an amount that corresponds in full or in part to the value of the insurance before the end of the agreed insurance term.

## Chapter 2

**Section 1** General provisions on the information covered by these regulations can be found in Chapter 4, section 2 of the Insurance Business Act (2010:2043) and Chapter 8, section 1a of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293).

### *General guidelines*

The information should be designed such that it facilitates the decisions that a party intending to take out an insurance or a policyholder may need to make. It should be simple to gain an overview of the insurance policy's most important characteristics and limitations. Information to be used as a basis for a decision that may need to be taken by a person intending to take out an insurance policy or a policyholder should be presented in consolidated form.

The information should be provided in a document or in any other legible or durable form that is available to the recipient. However, this does not apply to such information as referred to in Chapter 5, section 2.

For savings-type pension insurance and capital insurance, the information should clearly state the extent to which the level of the pension amount, insurance amount and any survivor benefits is guaranteed.

For private individual life insurance products characterised by saving, the most important pre-purchase information should be provided in a key investor information document. The key investor information document should be structured using the headings set out in *Appendix 3* and in such a manner as to make it easy for a consumer to compare similar products. If the average yield is calculated as the geometric mean, the comments about the method set out in *Appendix 4* should be taken into account.

**Section 2** An insurance undertaking, a foreign insurer or a foreign institution for occupational pension shall provide information to a policyholder and parties entitled to payment regarding

1. the name, legal form of the business entity and complete address of the head office or, where applicable, the address of the agent or branch which has provided the insurance, and

2. the name and address of the foreign insurer's representative for third party motor insurance in Sweden where the insurance is third party motor insurance and the insurer does not have a branch in the country.

For business pertaining to non-life insurance, the information regarding the complete address as in point 1, where applicable, may be limited to the agent or branch providing the insurance.

For operations with large risks in non-life insurance such as those set out in Chapter 3, section 16 of the Insurance Business Act (2010:2043), only the contract or other documents that provide insurance cover and the insurance application to the extent that it is binding for the application need to contain the information referred to in point 1.

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These regulations and general guidelines enter into force on 15 June 2019.

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*Appendix 1***Information regarding occupational pension from a foreign institution for occupational retirement provision**

A foreign institution for occupational retirement provision shall provide members or beneficiaries whose pension is safeguarded by the institution with information pursuant to the following:

**1. Information regarding the institution and its operations**

A foreign institution for occupational retirement provision shall observe the following:

*1. Information regarding the institution*

Upon request, members and parties entitled to payment shall receive a copy of the most recent annual report.

*2. Information about pension schemes*

If the foreign institution for occupational retirement provision safeguards more than one pension scheme, parties entitled to payment upon request shall receive the annual report for the pension scheme to which they belong, if such information is available.

**2. Information regarding investment guidelines**

A foreign institution for occupational retirement provision, upon request by parties entitled to information or their representatives, shall provide information about investment guidelines.

The information shall include

- a) a general description of the assets related to occupational pension, and
- b) information regarding yield targets.

**3. Complaints pertaining to information**

In order to handle complaints that parties entitled to information may have regarding received information, a foreign institution for occupational retirement provision shall be prepared as needed to provide answers or be able to refer to someone who can provide answers.