

Finansinspektionen's Regulatory Code

Publisher: Finansinspektionen, Sweden, www.fi.se
ISSN 1102-7460



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Regulations

amending Finansinspektionen's regulations and general guidelines (FFFS 2011:27) regarding simplified annual accounts at insurance undertakings granted dispensation;

FFFS 2020:20

Published on
19 October 2020

decided on 13 October 2020.

Finansinspektionen prescribes pursuant to section 4, points 1 and 4 of the Annual Accounts at Credit Institutions, Securities Companies and Insurance Undertakings Ordinance (1995:1600) that Chapter 2, section 1, Chapter 3, section 2, Chapter 4, section 5, Chapter 5, section 1a, Chapter 6, sections 1 and 1a, Appendix 2 and sections 7, 20b, 21b, 22b and 27 of Appendix 3, sections 2, 5a, 7 and 11 of Appendix 4, section 1 of Appendix 5, and sections 5, 8 and 8a of Appendix 9 of Finansinspektionen's regulations and general guidelines (FFFS 2011:27) regarding simplified annual accounts at insurance undertakings granted dispensation shall have the following wording.

Chapter 2

Section 1 By way of derogation from Chapter 2, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), the information that shall be set out in the profit and loss attribution shall be provided directly in the income statement or in a note to the income statement.

General guidelines

A profit and loss attribution must, in accordance with Chapter 2, section 1 of the Annual Accounts at Insurance Undertakings Act, be prepared and included in the annual accounts when the business of a mutual insurance company or of an insurance association encompasses more than one line of insurance. Chapter 6, section 2 contains provisions regarding the content of the profit and loss attribution. *Appendix 5* sets out what are to be considered different lines of insurance at an undertaking.

An insurance association granted dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043), and which has more than one line of business, should provide disclosures about these in the profit and loss attribution in accordance with the provisions concerning lines of business for life insurance business when applying Chapter 6, section 2 and *Appendix 5*.

Chapter 3

Section 2 By way of derogation from that which is specified in Chapter 3, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), the income

statement may be prepared in accordance with *Appendix 2*. The income statement items shall have the content specified in *Appendix 4*.

An insurance association that has dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) shall apply layout II Income statement for life insurance business.

Chapter 4

Section 5 Technical provisions shall be reported in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

When reporting technical provisions, Chapter 4, sections 6– 9, 11–14 and 16 of Finansinspektionen's regulations and general guidelines (FFFS 2019:23) regarding annual accounts at insurance undertakings and occupational pension undertakings shall be applied.

When recognising technical provisions, an insurance association that has dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) shall apply Chapter 4, sections 6–10 of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings and occupational pension undertakings. However, an insurance association that applies the fifth paragraph of this section does not need to apply Chapter 4, section 6, third paragraph of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings and occupational pension undertakings stipulating that calculation of technical provisions shall be performed by an actuary.

An insurance association that is specified in the third paragraph, and which have calculated a premium reserve in accordance with the Mutual Benefit Societies Act (1972:262) shall calculate this in accordance with the provisions of Chapter 4, section 10 regarding unearned premiums and unexpired risks in Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings and occupational pension undertakings.

When applying the second to fourth paragraphs, provisions may be recognised using the simplifications that are acceptable in view of the circumstances in the individual case.

General guidelines

The undertaking should also apply the approved international accounting standard, IFRS 4 Insurance Contracts.

By virtue of Chapter 1, section 2, contracts concerning insurance in accordance with the Insurance Business Act (2010:2043) shall be recognised as insurance contracts, even if the contract does not transfer significant insurance risk.

Chapter 5

Specific disclosures for an insurance association

Section 1a An insurance association that has dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) shall, in a note to the balance sheet, disclose the most important calculation assumptions for technical provisions.

An insurance association that has recognised technical provisions in accordance with the Mutual Benefit Societies Act (1972:262) shall, in a note to the balance sheet, disclose how the insurance reserve has been managed when applying these regulations. Disclosure shall be provided in a note if this is not shown in another place in the annual accounts.

Chapter 6

Section 1 The multi-year overview in accordance with Chapter 6, section 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560) only needs to refer to the current financial year and the three previous financial years.

Notes that shall be provided in the multi-year overview for the period before the undertakings started to apply these regulations and general guidelines do not need to be provided if there are special grounds. In which case, the undertaking shall specify that the disclosures have been omitted and the reasons for this. Pursuant to Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act, comparison information may be omitted in other cases, if there are special grounds, see Chapter 3, section 5 and Chapter 5, section 7 of the Annual Accounts Act (1995:1554).

General guidelines

The multi-year overview should be presented schematically and contain as a minimum the following information:

1. Earned premiums, if the undertaking is a mutual non-life insurance company or a non-life insurance association.
2. Written premiums, if the undertaking is a life insurance association or an insurance association that has dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043).
3. Net profit or loss for the year.
4. Solvency capital.

Solvency capital consists of equity that has been recognised on the balance sheet, untaxed reserves, non-member contributions, and revaluation surpluses and deficits on investment assets that have not been recognised at fair value on the balance sheet. When revaluation surpluses and deficits that are not recognised on the balance sheet are included in the solvency capital, this is done without taking into account deferred tax. Deferred tax assets and liabilities that have affected equity in the accounts are reversed when calculating the solvency capital.

Own funds and standardised capital requirement are calculated in accordance with Finansinspektionen's regulations and general guidelines (FFFS xxx) regarding certain insurance associations granted dispensation. Disclosures concerning own funds and standardised capital requirement are

only provided by the insurance associations that are subject to these regulations.

Disclosures concerning members

Section 1a An insurance association that has dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) shall, in the statutory administration report, provide disclosures concerning the number of members and material changes in the number of members since the previous financial year.

These regulations and general guidelines shall enter into force on 1 November 2020.

ERIK THEDÉEN

Nanny Hiort

Appendix 2

I. INCOME STATEMENT FOR NON-LIFE INSURANCE BUSINESS

1. Earned premiums (+/-)
 - a) of which written premiums (+)
 - b) of which change in provision for unearned premiums and unexpired risks (+/-)
 2. Return on capital, net (+/-)
 - a) of which return on capital, revenue (+)
 - b) of which unrealised gains on investment assets (+)
 - c) of which return on capital, expenses (-)
 - d) of which unrealised losses on investment assets (-)
 3. Other technical income (+)
 4. Claims incurred (+/-)
 - a) of which claims paid (-)
 - b) of which change in provision for outstanding claims (+/-)
 5. Change in other technical provisions (+/-)
 6. Bonuses and discounts (-)
 7. Operating expenses (-)
 8. Other technical charges (-)
- The non-life insurance business' technical profit/loss
9. Other revenue (+)
 10. Other expenses (-)
- Profit/loss before appropriations and taxes
11. Appropriations (+/-)
- Profit/loss before tax
12. Tax on profit/loss for the year (+/-)
 13. Other taxes (-)
 14. Profit/loss for the year

II. INCOME STATEMENT FOR LIFE INSURANCE BUSINESS

1. Written premiums (fees and contributions) (+)
2. Return on capital, revenue (+)
3. Unrealised gains on investment assets (+)
4. Other technical income (+)
5. Claims incurred (+/-)
 - a) of which claims paid (+)
 - b) of which change in provision of outstanding claims (+/-)
6. Change in other technical provisions (+/-)
 - a) Life insurance provision (+/-)
 - b) Provision for unearned premiums and unexpired risks (+/-)
 - aa) of which transfers from unrestricted reserves (+)
 - bb) of which transfer to unrestricted reserves (-)
 - c) Other technical provisions (+/-)
7. Bonuses and discounts (-)
8. Operating expenses (-)
9. Return on capital, expenses (-)
10. Unrealised losses on investment assets (-)

- 11. Other technical charges (-)
- The non-life insurance business' technical profit/loss
- 12. Other revenue (+)
- 13. Other expenses (-)
- Profit/loss before appropriations and taxes
- 14. Appropriations (+/-)
- Profit/loss before tax
- 15. Tax on profit/loss for the year (+/-)
- 16. Other taxes (-)
- 17. Profit/loss for the year

Appendix 3

Section 20b Item AA (I) (b) — Non-member contributions. This item encompasses non-member contributions that may be provided to mutual insurance companies and insurance associations in accordance with Chapter 11, section 1 of the Cooperative Societies' Act (2018:672). Only paid-in non-member contributions may be recognised under this item (cf. Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act and Chapter 3, section 6 of the Annual Accounts Act [1995:1554]).

General guidelines

Unpaid contributions to mutual insurance companies and insurance associations may not be recognised as assets.

Section 21b Item AA (V) (1) — Statutory reserve. This item encompassed statutory reserves in mutual insurance companies and insurance associations in accordance with Chapter 12, section 71 and Chapter 13, section 24 of the Insurance Business Act (2010:2043) (cf. Chapter 13, section 8 of the Cooperative Societies Act [2018:672]).

Section 22b Item AA (V) (5) – Other reserves. An insurance association that has dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) and has measured technical provisions in accordance with the Mutual Benefit Societies Act (1972:262) shall recognise here any unrestricted reserves or surplus reserves there are in accordance with their statutes.

Section 27 Item DD (1) — Unearned premiums and unexpired risks. Mutual non-life insurance companies and non-life insurance associations use this item to recognise provisions that correspond to the undertaking's liability for insurance claims, administration costs and other costs over the remainder of the contractual period of current insurance contracts.

An insurance association that has dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) and has recognised an insurance reserve consisting of a premium reserve and surplus shall recognise this under this item.

The term *unexpired risks* means the risk that the insurance contract's compensation claims and costs will be covered by unearned and expected premiums after the end of the financial year.

Technical provisions for non-life annuities and disability annuities shall be recognised under the item Outstanding claims (DD [3]).

Appendix 4

Section 2 Item II (1) — Written premiums (fees and contributions). Mutual life insurance companies and life insurance associations, as well as insurance associations that have dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043), shall recognise as written premiums amounts paid in during the financial year in accordance with insurance contracts, irrespective of whether there pertain entirely or partly to later financial years.

This item encompasses

1. additional premiums in the case of payment in instalments and reimbursements from policyholders for expenses the insurance undertaking has had,
2. the undertaking's share of the total premium in the case of co-insurance, and
3. reimbursements from other insurance undertakings that pertain to technical provisions and reserves in accordance with Chapter 2, section 3 and that are not recognised on the balance sheet.

This item may encompass bonuses that are credited in the form of a reduced premium.

This item shall be reported exclusive of taxes and other charges that are levied on insurance premiums.

Section 5a Item II (6) (b) Change in provision for unearned premiums and unexpired risks. Insurance associations that have dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) shall recognise under this post the change for the year in the provision for unearned premiums and unexpired risks. Surpluses that, according to the association's statutes, may be transferred between reserves in equity, and unearned premiums and unexpired risks shall be specified under item (aa) and (bb), respectively.

Transfer of profit for the year or transfers from unearned premiums and unexpired risks in order to cover a loss for the year or a loss brought forward in accordance with the association's statutes is recognised as an appropriation of profits on the balance sheet.

General guidelines

This item corresponds to the change in the premium reserve that mutual benefit societies recognised in accordance with Finansinspektionen's regulations and general guidelines (FFFS 2006:18) regarding simplified annual accounts at insurance undertakings granted dispensation.

Section 7 Item I (6) and II (7) — Bonuses and discounts. This item encompasses mutual non-life insurance companies' and non-life insurance associations' bonuses and discounts that have been paid out over the course of the financial year or shall be paid to policyholders or other beneficiaries. The item also includes bonuses for the year in the form of reduced premiums.

The items includes the change for the year in the item Bonuses and discounts (DD [4]).

General guidelines

Insurance associations can also use this item to recognise bonuses that have been credited in the form of reduced premiums.

Insurance associations that have dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) can also recognise bonuses here.

Changes that are explained by the amounts brought forward for the provision items having been recalculated to the exchange rate on the balance sheet date can be recognised as exchange gains or exchange losses under the item Return on capital, revenue (I [2] [a] and II [2]) or Return on capital, expenses (I [2] [c] and II [9]).

Section 11 Item II (6) (a) — Life insurance provision. Insurance associations and mutual insurance companies that conduct life insurance business – as well as insurance associations that have dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) and measure technical provisions in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act – shall recognise under this item the change for the year in the item Life insurance provision (DD [2]). The change for the year includes bonuses that have been credited over the course of the year as a consequence of provisions in insurance contracts. Changes in the value of guaranteed bonuses that have been allocated in previous years are also included.

Changes that are explained by the amounts brought forward for the provision items having been recalculated to the exchange rate on the balance sheet date can be recognised as exchange gains or exchange losses under the item Return on capital, revenue (I [2] [a] and II [2]) or Return on capital, expenses (I [2] [c] and II [9]).

Appendix 5

Section 1 The profit and loss attribution shall be prepared as follows.

Non-life insurance business

	Home insurance	Commercial property and casualty insurance	Marine insurance	Pet insurance	Total insurance of Swedish risks	Total direct insurance of any foreign risks
Earned premiums						
Written premiums						
Return on capital, revenue						
Return on capital, expenses						
Claims incurred						
Operating expenses						
Technical profit/loss						

Life insurance business

	Retirement pension insurance	Sickness and accident insurance	Whole life assurance	Total insurance policies
Written premiums				

Return on capital, revenue			
Return on capital, expenses			
Claims incurred			
Operating expenses			
Technical profit/loss			

Appendix 7

I. INCOME STATEMENT FOR NON-LIFE INSURANCE BUSINESS

1. Earned premiums (after reinsurance cessions)
 - a) of which written premiums (before reinsurance cessions)
 - b) of which premiums for reinsurance cessions (-)
 - c) of which change in provision for unearned premiums and unexpired risks (+/-)
 - d) of which reinsurers' share of change in provision for unearned premiums and unexpired risks (+/-)
-

3. Other technical income (after reinsurance cessions)
 4. Claims incurred (after reinsurance cessions)
 - a) of which claims paid (-)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)
 - b) of which change in provision of outstanding claims (+/-)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)
 5. Change in other technical provisions (after reinsurance cessions)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)
 6. Bonuses and discounts (after reinsurance cessions)
-

II. INCOME STATEMENT FOR LIFE INSURANCE BUSINESS

1. Written premiums (after reinsurance cessions)
 - a) of which written premiums (before reinsurance cessions)
 - b) of which premiums for reinsurance cessions (-)
-

4. Other technical income (after reinsurance cessions)
5. Claims incurred (+/-)
 - a) of which claims paid (-)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)
 - b) of which change in provision for outstanding claims (after reinsurance cessions)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)
6. Change in other technical provisions (after reinsurance cessions)
 - a) Life insurance provision (+/-)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)
 - b) Provision for unearned premiums and unexpired risks (+/-)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)
 - c) Other technical provisions (after reinsurance cessions)
 - aa) Before reinsurance cessions
 - bb) Reinsurer's share (-)

7. Bonuses and discounts (after reinsurance cessions)

Appendix 9

Section 5 Item I (5) (bb) and II (6) (c) (bb) — Reinsurers’ share of change in other technical provisions. The change for the year in the item Reinsurers’ share of other technical provisions (E [5]) is recognised under this item.

General guidelines

Changes that are explained by the amounts brought forward for the provision items having been recalculated to the exchange rate on the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital, revenue (I [2] [a] and II [2]) or Return on capital, expenses (I [2] [c] and II [9]).

Section 8 Item II (6) (a) (bb) — Reinsurers’ share of life insurance provision. Mutual life insurance companies and life insurance associations, as well as insurance associations that have dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) and measure technical provisions in accordance with Chapter 4, paragraph 9 of the Annual Accounts at Insurance Undertakings Act, recognise here the change for the year in the item Reinsurers’ share of other technical provisions for life insurance provision.

Changes that are explained by the amounts brought forward for the provision items having been recalculated to the exchange rate on the balance sheet date can be recognised as exchange gains or exchange losses under the item Return on capital, revenue (I [2] [a] and II [2]) or Return on capital, expenses (I [2] [c] and II [9]).

Section 8a Item II (6) (b) – Reinsurers’ share of change in provision for unearned premiums and unexpired risks. The change for the year in the item Reinsurers’ share of technical provisions for unearned premiums and unexpired risks (E [1]) for insurance associations that have dispensation in accordance with Chapter 1, section 19d of the Insurance Business Act (2010:2043) shall be recognised under this item.

General guidelines

Changes that are explained by the amounts brought forward for the provision items having been recalculated to the exchange rate on the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital, revenue (I [2] [a] and II [2]) or Return on capital, expenses (I [2] [c] and II [9]).