

# Finansinspektionen's Regulatory Code

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This translation is furnished solely for information purposes. Only the printed version of the regulation in Swedish applies for the application of the law.

## Regulations

### **amending Finansinspektionen's regulations and general guidelines (FFFS 2019:23) regarding annual accounts at insurance undertakings and institutions for occupational retirement provision**

decided on 15 March 2022.

Finansinspektionen prescribes pursuant to sections 4, 5, 7 and 8 of the Annual Accounts at Credit Institutions, Securities Companies and Insurance Undertakings Ordinance (1995:1600) in respect of Finansinspektionen's regulations and general guidelines (FFFS 2019:23) regarding annual reports at insurance undertakings and institutions for occupational retirement provision

*in part* that Chapter 1, section 2 and section 3 of Appendix 4 shall have the following wording, and

*in part* that a new section, Chapter 6, section 5, and a new heading immediately preceding Chapter 6, section 5 shall be inserted with the following wording.

Finansinspektionen also provides the following general guidelines.

## Chapter 1

**Section 2<sup>1</sup>** In these regulations and general guidelines, the following definitions apply:

1. *direct insurance undertakings*: insurance undertakings that exclusively or primarily conduct direct insurance business,

2. *undertakings*: insurance companies, mutual insurance companies, insurance associations, occupational pension companies, mutual occupational pension companies, occupational pension associations and financial holding companies when they apply the provisions on consolidated accounts, and branches and business conducted from fixed establishments by general agents or general representation when they apply the rules regarding annual reports or annual accounts, unless otherwise specified,

3. *insurance undertakings*: undertakings that have authorisation to conduct insurance business in accordance with the Insurance Business Act (2010:2043),

4. *approved international accounting standards*: international accounting standards that have been adopted by the European Commission in accordance with Regulation

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<sup>1</sup> The amendment entails in part that the first paragraph of the general guidelines has been removed.

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(EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (the IAS Regulation),

5. *international accounting standards*: International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), interpretations from the Standing Interpretations Committee (SIC) and interpretations from IFRS Interpretations Committee (IFRIC Interpretations),

6. *investment contracts*: contracts regarding insurance that are recognised as financial instruments in accordance with IFRS 9 Financial Instruments,

7. *life insurance undertakings*: the same as in the Insurance Business Act.

8. *listed insurance undertakings*: insurance undertakings encompassed by Article 4 of the IAS Regulation,

9. *listed institutions for occupational retirement provision*: institutions for occupational retirement provision encompassed by Article 4 of the IAS Regulation,

10. *unlisted insurance undertakings*: insurance undertakings that are not listed insurance undertakings,

11. *unlisted institutions for occupational retirement provision*: institutions for occupational retirement provision that are not listed institutions for occupational retirement provision,

12. *institutions for occupational retirement provision*: undertakings with authorisation to conduct occupational pension business in accordance with Chapter 2, section 11 of the Occupational Pension Undertakings Act (2019:742) and

13. *occupational pension business*: occupational pension business conducted in accordance with Chapter 1, section 4 and Chapter 2, section 11 of the Occupational Pension Undertakings Act (2019:742).

### *General guidelines*

The undertakings encompassed by Article 4 of the IAS Regulation are undertakings whose securities are admitted to trade on a regulated market in the European Economic Area (EEA).

## **Chapter 2**

### **Application of international accounting standards**

#### *General guidelines*

1. All undertakings should apply approved international accounting standards, unless something else is required under legislation or another statute or applies by virtue of these regulations and general guidelines.

The following clarification is provided for the following standards:

IFRS 17 Insurance Contracts. An undertaking should not apply the standard.

IAS 33 Earnings per share. This standard only needs to be applied by undertakings encompassed by the scope of the standard.

International accounting standards that are not approved may be applied to the extent they do not conflict with approved standards, legislation, other statutes or these regulations and general guidelines.

2. All undertakings should apply the recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board, unless otherwise regulated by legislation, other statutes or these regulations and general guidelines.

Statements from the Swedish Financial Reporting Board should be applied in the same manner as RFR 2, unless otherwise regulated by legislation, other statutes or these regulations and general guidelines.

3. In addition to that which is set out in point 2, international accounting standards are applied with the following limitations on the basis of the Annual Accounts at Insurance Undertakings Act (1995:1560):

a) Undertakings are not reported as parent companies and subsidiaries if there is no participating interest. See Chapter 1, section 3 of the Annual Accounts at Insurance Undertakings Act and Chapter 1, section 4 of the Annual Accounts Act (1995:1554). If an undertaking does not hold participating interest, but still has a control of another undertaking, the first undertaking should provide supplementary disclosures in order to give a fair presentation. See Chapter 2, section 2 of the Annual Accounts at Insurance Undertakings Act and Chapter 2, section 3 of the Annual Accounts Act. In such a case, the other undertaking should state which undertaking has a control without participating interest and how the control can be exerted.

b) The recognition of an instrument or its parts as a liability or equity in accordance within the economic implications of the conditions is not applied by the issuer to the extent the instrument refers to what shall be classified as equity in accordance with legislation or other statutes. See Chapter 3, section 4 of the Annual Accounts at Insurance Undertakings Act and Chapter 3, sections 10a and 10b of the Annual Accounts Act. The issuer should provide disclosures about the classification in accordance with the economic implications in a note.

c) Investments for which policyholders bear the risk shall, in accordance with the Annual Accounts at Insurance Undertakings Act, always be measured at fair value. See Chapter 4, section 2 of the same act.

d) Deferred acquisition costs for insurance contracts shall, in accordance with the Annual Accounts at Insurance Companies Act and under certain conditions, be recognised as an asset. See Chapter 4, section 8 of the same act.

e) Impairment losses that have been done before the Annual Accounts at Insurance Undertakings Act entered into force may not be reversed. See point 5 of the transitional provisions for the implementation of the Annual Accounts Act. Disclosures that an impairment loss has not been reversed for this reason and an assessment of the effect on the undertaking's financial position and earnings should be provided in a note.

f) IFRS 8 Operating Segments does not need to be applied to the annual accounts, irrespective of whether or not the undertaking prepares consolidated accounts. For insurance undertakings and institutions for occupational retirement provision whose business covers more than one line of insurance there are instead provisions concerning profit and loss attribution in Chapter 2, section 1 and Chapter 6, section 3 of the Annual Accounts at Insurance Undertakings Act and Chapter 6, section 3 of these regulations and general guidelines.

g) Disclosures concerning equity in accordance with Chapter 3, section 4 of the Annual Accounts at Insurance Undertakings Act can be provided in a note, a balance sheet, a statement of changes in equity or a statement that specifies other comprehensive income. If a disclosure is only provided in a statement of changes in equity or a statement that specifies other comprehensive income, a note should be provided that refers to the statement.

h) An unlisted insurance undertaking or an unlisted institution for occupational retirement provision does not need to prepare a cash flow statement, cf. IAS 1 Presentation of Financial Statements.

4. In addition to that which applies by virtue of points 2 and 3, international accounting standards, the recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board and statements from the Swedish Financial Reporting Board are applied with the following adjustments:

a) Spot purchases and sales should be recognised on the trade date even if this is not required by law. With regard to transactions on the Swedish market, spot purchases and spot sales mean contracts with delivery within two business days on the money and bond market, equity market, commodities market and foreign exchange market.

b) Insurance undertakings and institutions for occupational retirement provision may remeasure Investment Assets (C) that are not financial instruments at fair value by virtue of special provisions in the Annual Accounts at Insurance Undertakings Act. Land and Buildings (C.1) may therefore be measured at fair value if all assets in the item are measured in the same manner. See Chapter 4, section 5 of the same act. Owner-occupied property may, as an exception from international accounting standards, be recognised and measured in the same way as investment property. If this exception is utilised, disclosures concerning an alternative measurement based on cost in accordance with Chapter 4, section 7 of the same act should be provided broken down into owner-occupied property and investment property.

c) That which is set out with regard to retained earnings in international accounting standards or the Swedish Financial Reporting Board's recommendations should instead refer to the consolidation reserve in life insurance undertakings and institutions for occupational retirement provision that are not permitted to issue dividends. See Chapter 3, section 4 of the Annual Accounts at Insurance Undertakings Act.

d) Financial instruments held for trading in accordance with IFRS 9 Financial Instruments should be reported as held for trading purposes in accordance with the Annual Accounts Act.

e) An undertaking should not apply point 2 regarding IFRS 9 in RFR 2 Accounting for Legal Entities.

f) An undertaking may apply the easement regulations in IFRS 1 First Time Adoption of International Financial Reporting Standards insofar as this application is in line with point 2 regarding IFRS 1 in RFR 2 Accounting for Legal Entities.

g) Undertakings that are applying the exemption from IAS 19 Employee Benefits in RFR 2 Accounting for Legal Entities and are recognising defined-benefit pension schemes in accordance with the principles stated therein may also recognise that the interest portion of pension costs for the year as an operating expense in accordance with Chapter 3, section 9.

Irrespective of that which applies by virtue of approved international accounting standards or RFR 2, neither IAS 19 nor point 1 regarding IAS 19 in RFR 2 needs to be applied to insurance undertakings' and insurance institutions for occupational retirement provisions' insurance contracts that relate to post-employment benefits for their own employees.

h) An undertaking should not apply point 1 regarding IAS 32 in RFR 2 Accounting for Legal Entities with regard to classification of a financial instrument as a liability or equity. Point 3b should be applied instead.

5. An unlisted insurance undertaking or an unlisted institution for occupational retirement provision whose balance sheet total for the two most recent financial years does not exceed 1,000 price base amounts in accordance with Chapter 2, section 7 of the Social Insurance Code (2010:110) only needs to provide disclosures in accordance with the following approved international accounting standards:

- IFRS 7 Financial Instruments: Disclosures,
- IFRS 13 Fair Value Measurement,
- IAS 1 Presentation of Financial Statements, in the section on disclosures concerning capital, and
- IAS 40 Investment Property, with the addition set out in point 3 with regard to IAS 40 in RFR 2 Accounting for Legal Entities.

The provisions set out in the first paragraph should not be applied if the undertaking

- prepares or is included in consolidated financial statements,
- has an international connection,
- is a life insurance undertaking conducting business related to occupational pension insurance in accordance with point 2 in the transitional provisions to the Act (2015:700) amending the Insurance Business Act (2010:2043), or
- is an institution for occupational retirement provision.

The undertaking should specify in its description of the accounting policies applied whether it has applied these provisions.

In the second paragraph, *an international connection* means that the undertaking

- conducts cross-border operations or has a foreign branch,

- is included in the same group as at least one foreign financial undertaking (an insurance undertaking, an institution for occupational retirement provision, a credit institution or securities company), or
- conducts business related to non-life insurance, reinsurance of non-life insurance or business that is conducted in institutions for occupational retirement provision and is conducted from fixed establishments by general agents or general representation in accordance with Chapter 2, section 8 of the Accounting Act (1999:1078).

Irrespective of the first paragraph, branches of a foreign undertaking do not need to provide any disclosures in accordance with approved international accounting standards or RFR 2 Accounting for Legal Entities.

The exemption in the fifth paragraph may also be applied to business that relates to non-life insurance, reinsurance of non-life insurance or business that is conducted in institutions for occupational retirement provision and is conducted from fixed establishments by general agents or general representation in accordance with Chapter 2, section 8 of the Accounting Act.

## Chapter 4

**Section 3<sup>2</sup>** Reinsurers' share of technical provisions shall be included at an amount that is equivalent to reinsurers' liability for technical provisions in accordance with reinsurance contracts that have been entered into.

Reinsurers' share of technical provisions shall be impaired to the recoverable amount if a direct insurance undertaking's or an institution for occupational retirement provision's carrying amounts according to a contract concerning ceded reinsurance of non-life insurance or ceded reinsurance of occupational pension insurance significantly exceeds the sum of expected future incoming payments (+), outgoing payments (–) and commercial reinsurance premium (+) for future reinsurance cover (recoverable amount [+/-]). If the recoverable amount is negative and cannot be taken into account through an impairment loss, the amount shall be recognised as an increase of the item Liabilities pertaining to reinsurance (HH[II]). The impairment or increase in liability shall be charged to the profit/loss for the period.

The recoverable amount shall be calculated in accordance with an accepted actuarial method. Payments shall be discounted only if the reinsurer's liability refers to technical provisions that have been discounted.

The impairment or increase in liability shall be reversed when there has been a material change in the assumptions that resulted in the decision to enter an impairment loss or liability. A reversal may not result in the carrying amount exceeding that which would have been recognised on the balance sheet if the insurance undertaking or institution for occupational retirement provision had not entered an impairment loss or liability. The reversal shall be recognised as revenue in the income statement.

When applying the second to fourth paragraphs, reinsurance contracts that have a direct link to one another shall be measured together.

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<sup>2</sup> The amendment entails in part that the first paragraph of the general guidelines has been removed.

*General guidelines*

The second paragraph is also applicable when the value of a reinsurance contract has been recognised as a liability on the balance sheet. Accordingly, when a negative recoverable amount significantly exceeds the recognised liability, an increase in liability is recognised.

Commercial reinsurance premium refers to the premium that, taking into account the conditions when the reinsurance contract was entered into, would have been decided between knowledgeable parties, independent of each other and who have an interest in the transaction being implemented. The premium refers to the transfer of insurance risk and coverage of the reinsurer's expenses and profit margin.

When an insurance undertaking or an institution for occupational retirement provision assesses whether the calculations are being performed in accordance with an accepted actuarial method, it should take into account the application of the calculation of technical provisions in accordance with sections 6–16. When discounting future payments, the insurance undertaking or the institution for occupational retirement provision should use the interest rate assumptions set out in section 14 on discount rate.

By virtue of this section, the main rule is that reinsurance contracts are measured separately. However, reinsurance contracts that have a direct connection to one another are valued collectively in accordance with the fifth paragraph. It should be deemed that such a connection exists if the contracts can in a natural way be considered as a unit because they relate to reinsurance of one single insurance risk.

**Section 6** For insurance contracts, technical provisions shall be recognised in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act (1995:1560), and the provisions of sections 7–16.

Divergences from the first paragraph may be made in order to calculate life insurance provisions in accordance with section 7 and when discounting future payments that pertain to provisions for outstanding claims in accordance with section 14 if

- a) it is consistent with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act,
- b) the divergence makes the accounts more relevant but not less reliable, or more reliable but not less relevant, and
- c) disclosures are provided in a note about which divergence is being made, the reasons for the divergence and the effect on the concerned items on the balance sheet, in the income statement and in the profit and loss attribution, as well as relevant key performance indicators.

Calculation of technical provisions shall be performed by an actuary or other specialist with sufficient actuarial knowledge on the basis of recognised actuarial methods.

*General guidelines*

An insurance undertaking or institution for occupational retirement provision may break down insurance contracts into one insurance component and one deposit component if the undertaking can value the deposit component separately.

The undertaking may also break down insurance contracts into a discretionary component and a guaranteed component and report them separately. The premiums for the contracts do not need to be divided but rather can be reported in full as premium income.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors provides guidance in matters where derogations provide more relevant and reliable reporting than the reporting previously applied. The undertaking's calculation of life insurance provisions and discounting of outstanding claims does not need to correspond in full to the criteria in the standard.

The provisions in section 6, second paragraph shall be applied to the interest rate for calculating technical provisions.

An undertaking that intends to apply the derogation in section 6, second paragraph should provide a written report to Finansinspektionen as soon as possible containing the disclosures set out in section 6, second paragraph, point c.

Amounts other than those specified in sections 19 and 20 of Appendix 4, that may be credited as bonuses and that are not regulated by insurance contracts should be recognised as equity until the annual general meeting determines their size. The amount should then be transferred from equity to conditional or guaranteed bonuses.

## Chapter 6

### Disclosures related to risks

**Section 5** An undertaking, pursuant to Chapter 6, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), shall disclose some significant risks and uncertainty factors to which the undertaking is exposed.

#### *General guidelines*

The undertaking should also disclose the nature and scope of insurance risks, both prior to and after risk mitigation through reinsurance and market risks. The disclosures should be in the form of a sensitivity analysis that shows how earnings and equity are impacted by changes to relevant risks. The undertaking should specify which methods and assumptions that it uses when preparing the sensitivity analysis.

## Chapter 7

**Section 5** An undertaking as referred to in section 4 shall apply the following provisions in these regulations in the consolidated accounts:

- a) Chapter 2, sections 1 and 2 concerning repurchase transactions and acquired insurance portfolios,
- b) Chapter 3 concerning balance sheets and income statements,
- c) Chapter 4, sections 1–16 concerning measurement rules,



- d) Chapter 5 concerning notes, etc., and
- e) Section 2, first paragraph, points d and e concerning statutory administration reports.

#### *General guidelines*

The undertaking should apply in the consolidated accounts approved international accounting standards that are used in the annual report of the parent company or in the annual report in subsidiaries that are included in the consolidated accounts. This applies unless something else is required under legislation or another statute, or applies by virtue of these regulations and general guidelines.

These clarifications are provided for the following standards:

- a) IFRS 3 Business Combinations and IFRS 10 Consolidated Financial Statements should be applied in the consolidated accounts to holdings with participations in the parts that are in line with Chapter 7, sections 1–4 §§ of the Annual Accounts at Insurance Undertakings Act (1995:1560).
- b) IFRS 16 Leases may be applied in the consolidated accounts even if the standard is not applied in the annual report.
- c) IFRS 17 Insurance contracts should not be applied in the consolidated accounts.
- d) IAS 19 Employee Benefits should be applied in the consolidated accounts regardless of whether the standard is applied in the annual report. Even statements from the Swedish Financial Reporting Board related to IAS 19 should be applied. However, this does not apply to insurance undertakings' and institutions for occupational retirement provisions' insurance contracts that relate to post-employment benefits for their own employees.
- e) IAS 27 Separate Financial Statements should not be applied in the consolidated accounts.

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These regulations and general guidelines shall enter into force on 01 January 2023.

ERIK THEDÉEN

Greta Wennerberg

*Appendix 3***Section 4 Item B [II] – Other intangible assets.** The item encompasses

1. capitalised expenditure for development and similar activities,
2. concessions, patents, licences, trademarks and similar rights and assets,
3. Rights of tenancy and similar rights, and
4. advance payments for intangible assets.

*General guidelines*

The description of what may be recognised as an intangible asset and what is goodwill is set out in Chapter 4, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), cf. Chapter 4, section 2 of the Annual Accounts Act (1995:1554). There are supplementary requirements in approved international financial reporting standards, cf. IAS 38 Intangible Assets and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

A contractual right to manage financial assets on behalf of another party is an example of the 'similar rights' referred to in point 2. This can also be recognised when undertakings are breaking down insurance contracts into an insurance component and a deposit component.

Intangible assets that arise when insurance contracts are acquired through a takeover or in a portfolio transfer may also be recognised here.

**Section 25 Item H (II) – Deferred acquisition costs.** The item encompasses acquisition costs that have a connection with the issuing of insurance contracts that shall be recognised as assets in accordance with Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

*General guidelines*

A contractual right to manage financial assets on behalf of another party should be recognised under Other intangible assets (item B [II]).

Deferred acquisition costs attributable to investment contracts may be reported under this item. The same applies to the deposit component when undertakings break down insurance contracts into an insurance component and a deposit component.

**Section 32 Item AA (IV) – Consolidation reserve.** This is used by life insurance companies, mutual life insurance companies and life insurance associations that are not permitted to issue dividends to recognise amounts that may be used to cover losses and for other purposes set out in the provisions of the articles of association in accordance with Chapter 11, section 19, Chapter 12, section 70 and Chapter 13, section 22 of the Insurance Business Act (2010:2043).

This is used by occupational pension companies, mutual occupational pension companies and occupational pension associations that are not permitted to issue dividends to recognise amounts that may be used to cover losses and for other purposes set out in the provisions of the articles of association in accordance with

Chapter 10, sections 2, 21 and 49 of the Occupational Pension Undertakings Act (2019:742).

Life insurance companies and occupational pension companies that are not permitted to issue dividends shall recognise expenditure and income for their own shares against the consolidation reserve under restricted equity.

*General guidelines*

Life insurance companies, mutual life insurance companies, life insurance associations, occupational pension companies, mutual occupational pension companies and occupational pension associations that are permitted to allocate profit for the year to the consolidation reserve do not need to recognise a breakdown of discretionary components in respect of profit for the year and equity.

**Section 46 Item DD (4) – Bonuses and rebates.** Provisions for bonuses and rebates for policyholders or other beneficiaries that are not yet due in the non-life insurance business and occupational pension business are reported under this item.

*General guidelines*

An insurance contract can contain both a discretionary component and a guaranteed component. When the discretionary component is recognised separately from the guaranteed component, it should be entered here as a separate sub-item if it cannot be recognised under the item Consolidation reserve (Item AA [IV]) or Other reserves (Item AA [V] [5]).

**Section 50 Item EE (2) – Unit-linked insurance commitments.** This item is used to recognise technical provisions in respect of insurance contracts and liabilities in respect of investment contracts in unit-linked insurance business that have been made in order to cover commitments within life insurance and occupational pension business, the value of or return from which is determined on the basis of investment assets for which the policyholders bear the risk.

*General guidelines*

Other provisions for the purpose of covering mortality risks, operating expenses or other risks pursuant to insurance contracts, should be recognised under the item Life insurance provisions (DD [2]). Conditional bonuses are recognised under the item Conditional bonuses (EE [1]).

If insurance contracts are broken down into an insurance component and a deposit component, liabilities in respect of the deposit component should be recognised here.

**Section 2 Item I (1) (a) – Gross written premiums (before ceded reinsurance).**

Insurance undertakings that conduct non-life insurance business shall recognise as written premiums the total gross premium for direct insurance and reinsurance acceptances that has been paid in or can be credited to the undertaking for insurance contracts where the insurance period commenced before the end of the financial year.

Written premiums also includes premiums for insurance periods that only begin after the end of the financial year, provided they are due for payment during the financial year.

The term *gross premium* means the contractual premium for the entire insurance period less deductions for customary customer discounts. The gross premium includes

- a) non-notified premiums that can only be calculated after the end of the financial year,
- b) forward premiums that are paid in on a six-monthly, quarterly or monthly basis and reimbursements from policyholders for expenses incurred by the insurance undertaking in connection with entering into the insurance contract,
- c) the undertaking's share of the total premium in the case of co-insurance,
- d) reimbursements from other insurance undertakings that pertain to technical provisions taken over in accordance with Chapter 2, section 2 that are not recognised on the balance sheet, and
- e) reinsurance premiums from the ceding party and retrocedent, including portfolio premiums less
  - reinsurance premiums that have been repaid or credited to the ceding party and retrocedent in the event of portfolio retraction or a change in their share of the reinsurance contracts, and
  - cancellations.

Renewal premiums that are not confirmed by the policyholder and premiums for new insurance contracts shall be included at the amounts they are expected to bring in.

Cancellations shall be deducted from written premiums as soon as the amount is known. Additional premiums shall be included at the amounts they are expected to bring in.

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

Revenue from insurance contracts that pertain to investment contracts are not recognised here.

*General guidelines*

The amounts that can be credited to the financial year are determined by the content of each contract, irrespective of whether or not notification of the premiums has been given on the balance sheet date. All premiums for which liability has commenced are recognised as written premiums by the insurance undertaking. In accordance with the first paragraph, the insurance undertaking is liable when the insurance period has begun or the premium has fallen due for payment. An example of the latter is certain consumer insurance policies (TV/radio and household appliances) that are entered into and paid for at the

point of sale, despite the insurance cover only commencing once the customary warranty period has expired.

The period during which the insurance undertaking bears liability is normally specified in the insurance contract. For a forward premium that has been notified and/or is due for payment only after the end of the financial year, the question of liability is determined by whether the corresponding forward is considered a new insurance contract or as a part payment of an annual premium. If the contract states that the insurance undertaking is able to amend the terms at the time each forward is paid, the contract should normally be considered a new contract.

The first paragraph of this section means that certain premiums will not be counted as written premiums. This applies to premiums that are paid during the financial year but the due of which falls and the insurance period of which begins after the end of the financial year. A premium of this nature is considered an advance payment and is recognised as a liability to the policyholder.

*Portfolio premiums* means a settlement item between the ceding party and the reinsurer which aims to cover the reinsurer's liability for not yet incurred claims in accordance with a proportional reinsurance contract – both when switching reinsurer and when changing the reinsurer's share of the contract.

Amounts levied on policyholders in mutual insurance companies and on members of insurance associations, in accordance with Chapter 12, section 11, point 9 and Chapter 13, section 6, point 8 of the Insurance Business Act (2010:2043), shall be entered as written premiums in the year in which the loss was incurred and the levy is intended to cover.

The seventh paragraph of the section means that it is best to recognise revenue from investment contracts as a separate item. This item should be named so as to make it clear that it pertains to revenue from investment contracts, cf. Chapter 3, section 4, third paragraph of the Annual Accounts Act (1995:1554) as well as IAS 1 Presentation of Financial Statements, IFRS 15 Revenue from Contracts with Customers.

### **Section 3 Item II (1) (a) – Gross written premiums (before ceded reinsurance).**

Insurance undertakings that conduct life insurance business and institutions for occupational retirement provision shall recognise as written premiums amounts paid in during the financial year in accordance with insurance contracts for direct insurance, and paid-in and credited amounts for insurance contracts concerning reinsurance acceptances, irrespective of whether they pertain in full or in part to a subsequent financial year.

This item includes

- a) bonuses that have been credited in the form of reduced premiums and which, in accordance with the insurance undertaking or institution for occupational retirement provision's accounting policies, shall be entered here,
- b) additional premiums when payment is in forwards and reimbursements from policyholders for expenses the insurance undertaking or institution for occupational retirement provision has incurred,
- c) the insurance undertaking or institution for occupational retirement provision's share of the total premium in the case of co-insurance,

- d) reimbursements from other insurance undertakings that pertain to technical provisions and consolidation reserves taken over pursuant to Chapter 2, section 2 and that are not recognised on the balance sheet, and
- e) reinsurance premiums from the ceding party and retrocedent, including portfolio premiums, less reinsurance premiums that have been repaid to the ceding party and retrocedent in the event of portfolio return or a change in their share of the reinsurance contracts.

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

Revenue from insurance contracts that pertain to investment contracts are not recognised here.

An institution for occupational retirement provision that has authorisation to conduct occupational pension business in accordance with class 1b in Chapter 2, section 11 of the Occupational Pension Undertakings Act (2019:742) may apply section 2, second to fifth paragraphs when recognising written premiums.

#### *General guidelines*

*Portfolio premiums* means a settlement item between the ceding party and the reinsurer which aims to cover the reinsurer's liability for not yet incurred claims in accordance with a proportional reinsurance contract, both when switching reinsurer and when changing the reinsurer's share of the contract.

The fourth paragraph of the section means that it is best to recognise revenue from investment contracts as a separate item. This item should be named so as to make it clear that it pertains to revenue from investment contracts, cf. Chapter 3, section 4, third paragraph of the Annual Accounts Act (1995:1554) as well as IAS 1 and IFRS 15 Revenue from Contracts with Customers.