

N.B. This is a consolidated version and is therefore a compilation. The printed regulation is the official, valid version. A consolidated version is a full-text version in which all amendments have been inserted into the original regulation.



Finansinspektionen's Regulatory Code

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

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

FFFS 2011:39

Finansinspektionen's regulations and general guidelines regarding information about insurance and occupational pensions;

Chapter 1 Scope

Section 1 These regulations and general guidelines contain provisions regarding

- information that shall be provided to any party invited to take out insurance,
- information that shall be provided to a policyholder and any party entitled to payment during the term of the insurance contract,
- information that shall be provided to any party entitled to payment during the payout period,
- information regarding occupational pensions that shall be provided to parties entitled to payment and parties entitled to information,
- key investor information documents for private individual life insurance, and
- calculation of the geometric mean. (*FFFS 2012:2*)

Section 2 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,
3. pension funds as referred to in section 9a, first paragraph of the Safeguarding of Pension Commitments, etc. Act (1967:531), and
4. 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 pension fund and 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. (*FFFS 2015:18*)

Section 3 For life insurance and occupational pension, information shall be provided to the person entitled to payment in cases where this person is a natural person whose habitual residence was in Sweden when the agreement was entered into, or where the policyholder is a legal person and the operating site to which the contract relates was situated in Sweden at the time the contract was entered into.

Section 4 With regard to insurances based on collective bargaining agreements resulting from an agreement between an employers' organisation and a central employees' organisation, the parties to the contract shall agree upon which information shall be provided, how this information shall be provided, and by whom it shall be provided. With regard to other insurances based on collective bargaining agreements or group insurances, insurance undertakings may agree with the parties to the collective agreement or others that may be considered representatives of the policyholders which information shall be provided and how and by whom it shall be provided.

Exceptions

Section 5 Finansinspektionen decides on exceptions to these regulations where special grounds exist.

Definitions

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,

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: the party that is entitled to payment as a result of the insurance, e.g. a policyholder, the insured or beneficiaries,

transfer of an insurance policy's value: given certain conditions, transfer of insurance capital to another insurance, 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 an 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 pension foundation or a foreign institution 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),

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 margin 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 sum insured (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 actuarial result in respect to 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. (FFFS 2015:18)

Chapter 2 Information in general

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), Chapter 8, section 1a of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293) and section 10d of the Safeguarding of Pension Commitments, etc. Act (1967:531).

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 follow the standard layout, using the headings set out in Appendix 3, and in general be designed 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. (FFFS 2013:5)

Section 2 An insurance undertaking, a foreign insurer, a pension fund or a foreign institution for occupational pension shall provide information to the 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. (FFFS 2015:18)

Chapter 3 Information before an insurance policy is issued

Section 1 An insurance undertaking or a foreign insurer shall provide information about the following before an insurance contract is issued:

1. information pursuant to Chapter 2, section 2, and

2. the law applicable to the contract, if not Swedish law. Where the parties are free to choose the law, the law of the state that the insurance undertaking or the foreign insurer proposes shall be specified.

Information regarding complaints-handling in accordance with Chapter 4, section 2, second paragraph shall also be provided before an insurance contract is issued.

A life insurance undertaking shall refer to its solvency and business report such that it is easy to find.

For non-life insurance contracts, the provisions in the first paragraph, point 2 and the second paragraph only apply if the policyholder is a natural person.

(FFFS 2015:18)

Chapter 4 Information during the insurance term and payout period

Information about amendments

Section 1 An insurance undertaking or a foreign insurer shall provide information during the insurance term if the following has been or will be amended the name of the insurance undertaking or foreign insurer, its legal form, the address of the head office, and where applicable, the address of the agent or branch concluding the insurance contract.

Complaints handling

Section 2 An insurance undertaking or a foreign insurer shall provide information about how complaints are handled when

1. a decision regarding payment is made,
2. a dispute arises, or
3. a policyholder, the insured or a party entitled to payment is dissatisfied for any reason.

The information shall include

1. how the insurance undertaking or foreign insurer handles complaints and disputes regarding the insurance contract,
2. the procedures in place at the insurance undertaking or the foreign insurer to handle complaints,
3. a notification that decisions can be re-examined by the insurance undertaking, the foreign insurer or an industry supervisory body,
4. a notification about the possibility to have a dispute examined by the Swedish National Board for Consumer Complaints and by courts of general jurisdiction, and
5. a reference to the Swedish Consumers' Insurance Bureau or another appropriate complaints advisor.

The provisions in this section do not apply to non-life insurance if the policyholder, the insured or the party entitled to payment is a legal person.

Chapter 5 Special information regarding life insurance and occupational pensions

Section 1 A life insurance undertaking's information about life or occupational pension insurance, in addition to that which follows from sections 2 and 3 and Chapters 2–4, shall contain the information stated in Appendix 2. (FFFS 2013:5)

Information about collective consolidation

Section 2 A life insurance undertaking that has established a surplus fund or the equivalent, for example a conditional bonus that has been collectively distributed but not yet individually distributed, shall publish information about the size of the collective consolidation so that this information is easily accessible for policyholders.

The information about the collective consolidation shall refer to the last day of the month and shall be published within two months in such a manner that it is easily accessible, e.g. on the life insurance undertaking's website.

General guidelines

As a basis for the decision on collective consolidation, the life insurance undertaking should follow applicable instructions set out in Finansinspektionen's guidelines on collective consolidation.

Information about occupational pensions

Section 3 An insurance undertaking or a foreign insurer, with respect to occupational pensions, shall provide parties entitled to payment with information on an annual basis about current pension benefits, risk cover and survivor benefits..

FFFS 2011:39

1. These regulations and general guidelines shall enter into force on 1 April 2012, upon which Finansinspektionen's regulations (FFFS 2011:35) regarding information for life insurance and occupational pensions and Finansinspektionen's regulations (FFFS 2011:36) regarding information for non-life insurance shall be repealed.

2. With regard to mutual benefit societies which pursuant to section 7 of the Act (2010:2044) on the Implementation of the Insurance Business Act (2010:2043) may continue to conduct business or are in liquidation, Finansinspektionen's regulations (FFFS 2003:7) regarding information for life insurance and occupational pensions shall apply.

FFFS 2012:2

These regulations shall enter into force on 01 July 2012.

FFFS 2013:5

These regulations shall enter into force on 01 July 2013.

FFFS 2015:18

These regulations shall enter into force on 1 January 2019 in respect of Appendix 2, Title C, point 4 and Title D, point 4, and on 1 January 2016 for the remaining regulations.

Appendix 1 – Information regarding occupational pension from a pension fund or a foreign institution for occupational retirement provision

Appendix 2 – Information regarding life insurance and occupational pension insurance

Appendix 3 – Contents of the key investor information document

Appendix 4 – Calculation of the geometric mean

Appendix 1

Information regarding occupational pension from a pension fund or a foreign institution for occupational retirement provision

Pension funds and foreign institutions for occupational retirement provision shall provide members or beneficiaries whose pension is safeguarded by the fund or institution with information pursuant to the following:

1. Information regarding the fund or institution and its operations

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

1. Information about the fund or institution

Upon request, members and beneficiaries shall receive a copy of the most recent annual report.

2. Information about pension schemes

If the pension fund or 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 pension fund or foreign institution for occupational retirement provision, upon request by parties entitled to information or their representatives, shall provide information about investment guidelines. The investment guidelines of a pension fund shall be prepared pursuant to Chapter 2 of Finansinspektionen's regulations (FFFS 2015:11) regarding investment guidelines and consequence analysis for pension funds. 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 pension fund or 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.

(FFFS 2015:18)

*Appendix 2***Information about life insurance and occupational pension insurance**

This appendix is divided into the following sections:

- A. Information before an insurance contract is concluded
- B. Information about the insurance policy's value in conjunction with a transfer, etc.
- C. Information during the insurance term but prior to payout
- D. Information during the payout period
- E. Additional information concerning occupational pension insurance

That which is stated about insurance undertakings in this Appendix also applies to foreign insurers conducting life insurance business in Sweden from a general agent or branch here in the country.

A. Information before an insurance contract is concluded

Before an insurance contract is concluded an insurance undertaking shall provide information pursuant to points 1–21 to the party that has been offered the insurance policy.

With regard to life insurance policies only applicable upon death and concluded for a period of not more than five years, or for a premium calculated and determined for not more than five years at a time, however, points 9–18 do not apply.

With regard to unit-linked insurance and deposit insurance policies, points 11, 12 and 14–18 do not apply.

Insurance contracts

An insurance undertaking shall provide information that includes:

1. The term of the insurance contract.
2. Where applicable, how the insurance policy can be surrendered or changed to a paid-up policy, or how its value can be transferred.
3. The principles for how the value of an insurance policy is decided if it is surrendered or changed to a paid-up policy, and how the transferable amount is determined if the value of the insurance policy shall be transferred.
4. In what respects and under which circumstances the insurance undertaking can change the terms and conditions of the contract during the insurance term, particularly with regard to benefits, fees and other charges.
5. The policyholder's right to terminate the insurance contract and how this is done.
6. The main features of the tax rules which apply to the insurance.

Premiums

7. The terms and conditions which apply to premium payments.
8. The proportion of the premiums paid that relate to the main benefit and, where appropriate, additional benefits.

Fees and the distribution of profits

9. The principles for how the insurance undertaking's operational and risk expenses shall be covered and how profit can be distributed. Information about current fees for operating expenses shall be provided directly to the party to whom the insurance policy is offered, or be available on the insurance undertaking's website.
10. The principles for how the profits shall be allocated between both policyholders and other parties entitled to payment, and what procedures shall be followed when the insurance capital cannot be paid out due to the absence of a party entitled to payment.
11. The principles for how the profit may be used to cover losses.
12. The factors or conditions on which conditional bonus is dependent.
13. The principles for calculating bonuses added to periodic disbursements. Information about the currently applied longevity assumption shall be provided directly to the party to whom the insurance policy is offered, or be available on the insurance undertaking's website.
14. The insurance undertaking's policy for collective consolidation and for the withdrawal of bonuses (reallocation) where an insurance contract has the allocated bonus option.
15. Information clearly stating from which form of bonus or profit the insurance contract may benefit.
16. If the insurance undertaking provides a bonus illustration, i.e. figures illustrating how the contractual benefits could be exceeded, the undertaking shall illustrate three different yield assumptions. The information shall clearly state that the bonus illustration is based on hypothetical assumptions about the future and that it does not form the basis for contractual benefits.

Financial information concerning the insurance undertaking

17. General information about long-term targets for investments that the insurance undertaking has established with an approximate division into
 - a) shares and participating interests,
 - b) properties and mortgages,
 - c) fixed-interest assets, and
 - d) other investments.
18. The long-term targets should be divided into:
 - a) total assets,

- b) the assets covering liabilities for conditional bonuses, and
- c) the assets covering liabilities for guaranteed bonuses and other insurance commitments.

For information about the insurance undertaking's historical returns on capital and costs for asset management, industry-wide key figures and measurement methods should be used, if such exist. References to yield history in *Appendix 3*, however, shall also be taken into account.

Special information for insurance where the policyholder specifies funds or other investment options for investing premiums

19. The process for switching funds and other types of assets, and the extent of fees charged in such a switch.

20. The fees charged by the insurance undertaking to cover any operating expenses and tax, specifying the distribution in terms of

- a) deductions from the premium prior to purchase of fund units or other types of assets,
- b) any difference between the purchase and sale price of fund units or other types of assets, and
- c) reductions in the value of the fund unit or asset.

21. A general description of the selection of funds and other types of assets. Upon request by the party to whom the insurance is offered, information shall also be provided about an individual fund's primary focus or the risk profile of an individual asset. If the selection of funds and other assets is broad, the insurance undertaking may refer to its website for a more detailed description. References to information about funds and other types of assets in *Appendix 3* shall also be taken into account.

B. Information about the insurance policy's value in conjunction with a transfer

When a policyholder wants to transfer the value of the insurance to another insurance undertaking, the information in points a or b shall be provided.

When an insurance undertaking offers a policyholder to transfer the value of the insurance within the same insurance undertaking or within such an insurance group as referred to in Chapter 19 of the Insurance Business Act (2010:943), or to implement significant changes to the terms and conditions, information shall also be provided in accordance with point c. The information shall be provided no later than when the insurance undertaking gives the policyholder the opportunity to accept the offer. An offer to transfer the value of the insurance is equivalent to the offer by an insurance undertaking to a policyholder to repurchase and take out a new insurance.

A policyholder in the first and second paragraph also refers to an employee for whom the employer has taken out occupational pension insurance.

a) An insurance undertaking *from* which the transfer is made shall provide the following information to the policyholder.

1. Information that the previous insurance contract is terminated and that the transferred value will be placed in a new insurance policy pursuant to a new contract.

2. Where appropriate, the insurance undertaking shall provide information stating

– that the insurance policy belongs to a special bonus group since the insurance policy applies with a transfer option,

– the value that will be transferred, the fees that will be charged and the adjustments that will be made to the existing insurance value,

– that the new insurance policy may entail an altered contractual sum insured, waiver of premium and other risk cover, compared to the current insurance policy,

– that, in conjunction with unit-linked insurance, the possibility to choose the investment is changed,

– the date upon which the insurance undertaking's responsibility terminates.

b) An insurance undertaking *to* which the transfer is made, where applicable, shall provide the following information to the policyholder.

1. The insurance's value broken down into guaranteed benefits and other. No such breakdown is required where the entire value is deemed as a premium for a commitment.

2. All information which shall be provided before an insurance contract is concluded pursuant to these regulations. This information does not need to be provided if the transfer was already agreed when the insurance contract was concluded.

c) The insurance undertaking shall provide the policyholder with information that clearly states what the transfer of the insurance's value or the significant change in the terms and conditions entails.

The information shall as a minimum describe the difference with regard to

1. the contractual sum insured,
2. other insurance benefits,
3. fees, and
4. the financial risk that arises for the policyholder.

C. Information during the policy term but prior to payout

During the term of the insurance contract and up to payout, an insurance undertaking shall provide information to policyholders and parties entitled to payment that includes the following:

Changes

1. Information referred to in A 1–21 which is of major significance for the application of the contract and which is affected by a decided change in legislation, the insurance terms and conditions, the fund rules, or the insurance undertaking's policy regarding collective consolidation. Where the insurance undertaking makes a decision regarding reallocation of bonuses, information about this decision as well as expected effects of the reallocation shall be provided as soon as possible.

Annual information

On an annual basis, the insurance undertaking shall provide information about premiums paid, etc. for the past period in accordance with the following:

2. Where appropriate, information about

- guaranteed bonuses that were paid or increased the insurance's value during the period,
- conditional bonuses that were paid or changed the insurance's value during the period,
- the insurance policy's guaranteed value at the beginning and end of the period, or about the guarantee's design, and
- that disbursement will begin within the next twelve months.

The information about guaranteed or conditional bonus may be replaced by information about the insurance capital at the beginning and end of the period.

3. Where information is provided about allocated bonus, notification that it is included in the insurance undertaking's risk capital and what this entails.

4. If, prior to underwriting, the insurance undertaking has provided a bonus illustration, the policyholder shall be informed of the differences between the figures of the illustration and the actual performance of the value of the insurance policy. This provision does not apply to unit-linked or deposit insurance policies.

5. Amendments to the principles applied to the calculation of the amounts payable.

6. The payment amount, including any bonus, which would have been disbursed on death as per the closing date of the past period in cases where this payment deviates from the value of the insurance.

7. Fees that will be charged to the value in conjunction with any surrender or transfer of the value of the insurance.

8. Other fees charged during the period.

9. Other causes material to the change in the insurance's value during the year, such as

- returns allocated to the insurance or preliminarily distributed,
- fees for taxes deducted from the value of the insurance policy,
- risk premiums deducted, and
- inheritance profit assigned to the insurance policy or preliminarily distributed,

10. Where relevant, information that the undertaking has exercised a right to amend the insurance terms in connection with the start of a periodic disbursement, for example with regard to fees and assumptions about longevity.

11. A reminder that the policyholder may need to review the insurance policy in certain respects, for example in terms of beneficiaries, the need for survivor benefits and the choice of funds before the disbursement period of unit-linked or deposit insurance begins.

D. Information during the payout period

During the payout period, an insurance undertaking shall provide the following information to policyholders and parties entitled to payment:

Changes

1. Information referred to in A 1–21 which is of material significance to the contract and which is affected by a decided change in legislation, the insurance terms and conditions, the fund rules, or the insurance undertaking's policy regarding collective consolidation. Where the insurance undertaking makes a decision regarding reallocation of bonuses, information about this decision as well as expected effects of the reallocation shall be provided as soon as possible.

2. Amendments to the principles or material changes to assumptions used to calculate bonuses to be added to contractual amounts during the payment period.

Annual information

The insurance undertaking shall annually provide information about the following:

3. Information for the period regarding

- the current sum insured,
- the returns assigned to the insurance or preliminarily distributed,
- fees deducted with regard to taxes,
- other fees that have been deducted, and
- where applicable, information that the benefit payments will cease within the next twelve months.

4. If, prior to underwriting, the insurance undertaking has provided a bonus illustration with information about future amounts, the policyholder shall be informed of the differences between the figures of the illustration and the actual amounts of the period.

E. Additional information concerning occupational pension insurance

An insurance undertaking conducting business related to occupational pension insurance shall observe the following when information is provided to parties entitled to payment.

1. Information about the insurance undertaking

Upon request, members and beneficiaries shall receive a copy of the most recent annual report.

2. Information about pension schemes

If the insurance undertaking safeguards more than one pension scheme, members and beneficiaries shall upon request receive the annual report for the pension scheme they belong to, if such information is available.

In conjunction with changes to the rules of a pension scheme, parties entitled to payment shall receive relevant information about the change within a reasonable time following the decision to make the change.

Parties entitled to payment shall receive adequate information regarding the benefits they are entitled to and the payout options that apply when pensions or other benefits become due.

Upon request, parties entitled to payment shall receive detailed and comprehensive information about

- a) how the pension benefits are determined when the full period of service has been earned with regards to a defined-benefit plan,
- b) the size of the pension benefits if employment is terminated, and
- c) terms and conditions for the transfer of pension rights if employment is terminated.

3. Information regarding investment guidelines

An insurance undertaking, upon request by parties entitled to payment or their representatives, shall provide information about the undertaking's principles for investing in assets. The information shall include

- a) a general description of the assets related to the occupational pension,
- b) information regarding yield targets, and
- c) information regarding risk levels in assets and commitments as a whole.

(FFFS 2015:18)

Appendix 3

Contents of the key investor information document

This appendix is divided into the following sections:

1. Introduction
2. Savings and yield
3. Payout
4. Fees
5. Insurance cover
6. Terms and conditions for the transfer of savings or surrender
7. Transfer of savings to the insurance undertaking
8. Other information

That which is stated about insurance undertakings in this Appendix also applies to foreign insurers conducting life insurance business in Sweden from a general agent or branch here in the country.

An insurance undertaking should provide information in the form of a key investor information document to the party being offered private individual life insurance of savings-type.

The key investor information document should describe the characteristics of the product that can be of material significance for the consumer. The information should be concise, well organised and easily accessible. The key investor information document should be structured in such a manner as to facilitate comparisons with other savings-type life insurance products. Therefore, the headings set out in this appendix should be used in the same order in the key investor information document.

The terminology in Pensionsorden (glossary of pension terminology compiled by the Swedish social insurance authorities and the insurance industry) should be used in the key investor information document.

See www.minpension.se/Dokument/Pensionsorden.pdf (in Swedish).

It should be stated that the key investor document does not contain a full overview of the pre-purchase information. The key investor information document should be updated on a yearly basis or when the information included in the key investor document has changed significantly.

A key investor information document for savings-type life insurance as a minimum should contain the following information using the italicised headings in the same order:

1. Introduction

Product designation and insurer

- a) Description of the product and the name of the insurance undertaking.

Target group

b) A description of the product's target group.

The insurance undertaking's financial strength

c) Information about the insurance undertaking's solvency ratio and an explanation that a solvency ratio of at least 100 per cent means that the undertaking fulfils the EU

requirements for the capital buffer in relation to the scope and composition of the operations. If the insurance undertaking has an official policy regarding its solvency ratio, this information should also be provided.

2. Savings and yield

Responsibility for investments

d) Information about whether the policyholder, the insured or the insurance undertaking decides how the insurance capital shall be invested, and thereby determines the level of financial risk.

A. Where the insurance undertaking invests the insurance capital:

Guarantee

e) Information regarding whether or not the product contains a guarantee.

Where there is a guarantee, the structure and scope of the guarantee should be clearly described. Where applicable, the guaranteed interest rate should be stated both before and after any fees and taxes that will be charged.

Surplus management

f) Information about whether the insurance undertaking distributes profits to owners or guarantors or is a mutually working undertaking. It should also describe how the surplus is distributed. A mutual insurance company should describe the principles for the bonus distribution and state current information about bonus interest rates and degrees of collective consolidation.

Investment objective

g) Information about investment objectives and long-term investment goals for the product in question.

The investment objective should specify the distribution of the portfolio between shares and participations, property, interest-bearing assets and other assets. The actual distribution for the most recent half-year mark should also be stated.

Past performance

h) Information about the product's actual return.

Actual return refers here to the yield earned by the insurance capital, including any share of surplus and following deductions for all fees, including tax charges. The calculations should be made for an insurance policy that has the same terms and conditions as the offered product or is comparable to this product. The calculations should be based on a standard assumption that the premium payment will be made as a lump-sum premium totalling SEK 100,000. Where risk fees may arise such do not need to be taken into consideration in the calculations, but a comment regarding this should be included in the key investor information document. Actual return should be calculated in the same manner for each year since the policy was

taken out as if the policy was taken out ten years ago. If the insurance undertaking has underwritten the product, or a similar product, for a period shorter than ten years, this should be stated. In that case, the calculation period should be as long as permitted by the undertaking's experience of the product.

The actual return should be stated both as annual yields for each year and as an average effective yield since the policy was taken out, as if the insurance was taken out three, five and ten years ago, respectively, and under the assumption that the insured is still alive. If the insurance period is shorter than ten years, the period should be appropriately adjusted. Where fees arise in conjunction with surrender or transfer, such should be mentioned.

It should also be possible to use other methods to fairly determine the actual annual return. The average effective annual return should then be calculated as a geometric mean. The method for calculating the geometric mean set out in *Appendix 4* should be used.

B. Where the consumer invests the capital:

Guarantee

i) Information that the product does not contain a guarantee, or if this is not the case, the form of the guarantee.

Assets in which the capital can be invested

j) Information about the types of assets in which the capital can be invested.

If the capital can be invested in funds, a general description of the fund selection should be provided.

3. Payout

k) Information about the age at which payment at the earliest and at the latest can begin. The shortest and longest payout period and information about whether the payout period can be changed should also be stated.

Information should also be provided stating that the insurance undertaking's lifespan assumptions affect the size of the paid amounts if the customer chooses life-long payment.

Where the insurance is life-long, the insurance undertaking should provide an example to show the monthly disbursements for a 65-year-old man and woman, as appropriate, with insurance capital totalling SEK 100,000.

4. Fees

l) Information about the total fees and costs charged to the insurance.

Information about how often the fees are charged and, where applicable, the basis on which they are calculated should be stated. Administrative fees should be specified, for example premium fees and other deposit fees, fixed fees and fees calculated as a percentage of the capital under management.

For unit-linked and deposit insurance products – information about the highest and lowest annual or performance-based fee in the current offering of funds or assets, and the average annual or performance-based fee weighted with actual volumes in the relevant fund.

If deposit or withdrawal fees may arise, these should be stated, as well as any performance-related fees. Costs of any management services should also be stated.

For traditional life insurance products – information about whether the costs for asset management are covered by the administrative fees or are charged to the customer's insurance capital. An approximate value of the asset management costs should be stated.

Tax rules for policyholders

m) Information about whether the product is classified as a P or K insurance and what this entails. Deduction rules should be stated and taxation in conjunction with payment should be described.

Example

n) An example should be provided for an insurance with a lump-sum premium of SEK 100,000 that states the total fees for the first year in SEK broken down into administrative fees, fees to cover fund and asset management costs and taxes.

5. Insurance cover

o) A description of the insurance cover included in the product and additional options. The description should clearly state the cost for any cover, for example via a special premium paid today or lower pension in the future. The description should also state if a health evaluation is needed for any of the insurance covers.

6. Terms and conditions for the transfer of savings or surrender

p) Information about any limitations to the possibility to transfer the savings. If a market value adjustment is applied, this should be stated. All fees associated with the transfer should be stated, for example administrative fees and maturity-based fees.

7. Transfer of savings to the insurance undertaking

q) Information about any fees charged when transferring savings to the insurance undertaking. If the product is a traditional life insurance, where applicable, the principles that serve as a basis for the portion of the transferred capital that will be guaranteed should be stated.

8. Other information

r) Information regarding

– that the purpose of the key investor information document is to provide general information and facilitate comparisons,

– that the key investor information document does not contain a full overview of the pre-purchase information,

– where the consumer can find terms and conditions and additional information about the product and the insurance undertaking,

– that the consumer can receive additional information from the Swedish Consumers Insurance Bureau,

– which supervisory authority supervises the insurance undertaking,

– that the Swedish Consumer Agency monitors compliance with the Marketing Act (2008:486), and

– the date the key investor information document was published.

(FFFS 2015:18)

*Appendix 4***Calculation of the geometric mean****Calculation of the average total yield or bonus interest rate using the geometric approach**

The geometric approach is commonly used to calculate funds' average yield over a given period. The intention is to summarise a varying yield or accumulation of interest over a period fairly as a constant, average accumulation of interest over the same period.

In technical terms, the approach can be described with words as follows. The time-weighted mean of the yield or interest rate is calculated based on a time-weighted standard arithmetic mean for corresponding yield or interest rate intensities. The geometric mean is determined then by recalculating the average intensity to a standard effective yield or interest rate.

If the yields or interest rates for which the mean is calculated apply on the basis of the calendar year, the time-weighting is simple and each calendar year is given the same weight. However, if, for example, the bonus interest rates were applied in periods of varying length, expressed in months, they will be time-weighted when calculating the mean. A period of three months is time-weighted at 25 per cent of one year, while a period of twelve months receives a weight of 100 per cent, and so on.

If we assume five calendar year yields $T(1)$, $T(2)$, ..., $T(5)$, e.g. 5%, 6%, 10%, 4% and -1%, the corresponding intensities are $u(1)$, $u(2)$, ..., $u(5)$. The intensities are defined by $u(i) = \log(1+T(i))$, calculated using a base 10 logarithm. In our example, the intensities are $\log 1.05$, $\log 1.06$, ..., $\log 1.2$. Calculate the arithmetic mean $u = [u(1)+u(2)+...+u(5)]/5$. The geometric mean is then $10^u - 1$. In our example, the arithmetic mean is 4.81 per cent while the geometric mean is 4.74 per cent. It is possible to prove that the geometric mean is never larger than the arithmetic mean and that they are the same if all inputs are the same.

The geometric mean is fair in the sense that an amount invested at the start of the five-year period has the same end value if it accumulates interest or grows:

- year for year with the five stated amounts, or
- year for year with the same amount, namely the geometric mean.

It follows that the accumulation of interest over the five years using the arithmetic mean results in an amount that is too large and misleading.

An example with varying subperiod lengths: Let the yields or interest rates be the same as in the previous example, but assign the subperiods lengths $t(1)$, $t(2)$, ..., $t(5)$, e.g. 11, 7, 6, 17 and 19 months (still a total of 60 months or five years). The weighted intensities are then given the time-weighted arithmetic mean $u = [11 \cdot u(1) + 7 \cdot u(2) + \dots + 19 \cdot u(5)]/60$. The geometric mean is, as previously, $10^u - 1$. The weighted geometric mean is 3.38 per cent while the corresponding weighted arithmetic mean is 3.43 per cent.

To calculate the geometric mean, G , when yield or interest rates are expressed as a per cent, we can use the following formulas:

$$G = 100(10^{UA} - 1)$$

$$UA = \frac{1}{L} \sum_{k=1}^n d_k \log\left(1 + \frac{r_k}{100}\right)$$

$$L = \sum_{k=1}^n d_k$$

d_k = length of the subperiod k

r_k = the yield or interest rate for the subperiod, k , expressed as effective yield or interest rate, in per cent.

The formula can also be written without logarithms:

$$G = 100 \left(\left(\prod_{k=1}^n \left(1 + \frac{r_k}{100} \right)^{d_k} \right)^{\frac{1}{L}} - 1 \right) = 100 \left(\left(\left(1 + \frac{r_1}{100} \right)^{d_1} \cdots \left(1 + \frac{r_n}{100} \right)^{d_n} \right)^{\frac{1}{L}} - 1 \right)$$

(FFFS 2015:18)