

Finansinspektionen's Regulatory Code

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FFFS 2011:29

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Regulations amending Finansinspektionen's regulations (FFFS 2008:15) regarding Swedish non-life insurance companies' quarterly reporting obligations;

decided on 17 March 2011.

Finansinspektionen prescribes pursuant to Chapter 7, section 2 of the Insurance Business Ordinance (2011:257) and section 5 of the Official Statistics Ordinance (2001:100) in respect of Finansinspektionen's regulations (FFFS 2008:15) regarding Swedish life insurance companies' quarterly reporting obligations

in part that the word "non-life insurance companies" shall be replaced with "non-life insurance undertakings",

in part that the word "company" shall be replaced by "undertaking", but that the designation "local companies" shall remain unchanged,

in part that the title of Finansinspektionen's regulations (FFFS 2008:15) regarding Swedish life insurance companies' quarterly reporting obligations and Chapter 2, sections 1, 3 and 4 of the regulations shall have the following wording, and

in part that Appendix 2 shall have the following wording.

Finansinspektionen's regulations regarding Swedish non-life insurance undertakings' quarterly reporting obligations

Chapter 2

Section 1 The following non-life insurance undertakings shall submit information from the balance sheet, income statement and solvency:

- national companies with a balance sheet total of SEK 1,000 million or more,
- insurance associations whose balance sheet total at 31 December of the preceding year amounted to SEK 500 million or more,
- local companies whose balance sheet total in accordance with the balance sheets for the previous two financial years exceeded SEK 300 million.

Section 3 The following non-life insurance undertakings shall submit information on income from premiums, paid insurance compensations, provisions for unearned premiums and provisions for outstanding claims:

- national companies,
- insurance associations,

– local companies whose balance sheet total in accordance with the balance sheets for the previous two financial years exceeded 1,000 basic amounts in accordance with the General Insurance Act (1962:381).

Section 4 The following undertakings shall submit notes to the balance sheets and income statements for the fourth quarter:

- national companies with a balance sheet total of SEK 1,000 million or more,
- insurance associations with a balance sheet total of SEK 500 million or more,
- local companies whose balance sheet total in accordance with the balance sheets for the previous two financial years exceeded SEK 300 million.

These regulations shall enter into force on 1 May 2011 and apply for the first time to information relating to the second quarter of 2011.

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Joakim Ström

*Appendix 2***Instructions for the form Quarterly reporting for non-life insurance undertakings**

Specify all amounts in SEK thousand without a decimal point and round in accordance with applicable rules. Amounts below SEK 500 are reported as 0.

Some information is changed each year, for example the Euro rate to be applied. For current values, see Finansinspektionen's website, www.fi.se.

Explanatory notes on the information supplied may be included in the Comments section in each part of the form. The administrator's name, telephone number and e-mail address should also be provided to enable Finansinspektionen to contact the insurance undertaking if there are any questions.

The undertaking's actuary should check the reports before they are submitted to Finansinspektionen. The actuary, along with the Managing Director, is responsible for certifying that the information is accurate. Nevertheless, as far as the actuary is concerned, this responsibility only relates to information on solvency and technical provisions.

Terms and expressions in the forms and in these instructions have the same meaning as in Annual Reports at Insurance Companies Act (1995:1560) and Finansinspektionen's regulations and general guidelines (FFFS 2008:26) regarding annual reports for insurance undertakings, unless otherwise stated.

Reporting quarterly information

Report quarterly information in the following sections of the form, A–E:

1. Income statement (A)
2. Balance sheet (B)
3. Solvency declaration (C)
4. Premiums and claims, PIS (D)
5. Notes for the fourth quarter (E)

– Section D shall be filled in by the undertakings contemplated in Chapter 2, section 3 of the regulations. The sections shall be filled in for each reporting occasion/quarter.

– Sections A, B and C shall be filled in by the undertakings contemplated in Chapter 2, section 1 of the regulations. The sections shall not be filled in for the fourth quarter.

– Section E shall only be filled in for the fourth quarter by the undertakings contemplated in Chapter 2, section 4 of the regulations.

A–B. Income statement and balance sheet

State costs as a negative figure with a minus sign (including in specifications of pure cost items).

C. Solvency information

Instructions are given below regarding certain solvency information. For other items, see the applicable sections of the instructions for Finansinspektionen's

regulations regarding Swedish non-life insurance undertakings' obligation to report data from the annual report.

Note that certain items require approval from Finansinspektionen to be included in the available solvency margin. Finansinspektionen's regulations regarding the obligation of Swedish non-life insurance undertakings to report data from the annual report clearly state items to which this refers. Where Finansinspektionen has granted approval for an item to be included in the available solvency margin, the undertaking enters the approved amount in the form.

In the case of solvency reports, it should be taken into account that the rules contained in the Insurance Business Act (2010:2043) apply to both classification and valuation of technical provisions and to assessment of what an insurance agreement is. This applies regardless of what accounting rules are applied by the undertaking when determining both the required and available solvency margins.

C5 Openly reported net surplus values in assets (including fair value fund)

In accordance with Chapter 7, section 3 of the Insurance Business Act, Finansinspektionen may grant approval for items in addition to those contemplated in the Act to be included in an insurance undertaking's available solvency margin. Finansinspektionen may therefore permit an undertaking, on application, to include surplus values (net) in its assets, provided that these surplus values are recognised in the undertaking's annual accounts. Equated with surplus values in this context are surplus values in a fair value fund relating to available-for-sale financial assets and fixed assets. Surplus values other than a fair value fund should be stated in the notes or the directors' report to be taken into account.

The undertaking applies for permission to include the surplus value in its available solvency margin by reporting the assets in the form. No additional application is required. If Finansinspektionen does not grant approval, the undertaking is notified of the decision separately.

The net surplus values and deficit values in assets shall be included in this item, where applicable. Surplus values and deficit values in a fair value fund are taken into account before any deferred tax.

If a net amount for openly reported assets thus calculated shows a deficit value, a deduction is made from the available solvency margin under deduction item C15.

C6 Profit/loss during the current financial year

The profit/loss during the current financial year shall be included in the available solvency margin. If box C20, Profit/loss verified by an external auditor, is filled in, the review shall have at least the same scope as that contained in the recommendations of the Swedish Association of Authorised Public Accountants (FAR) for the General review of semi-annual and other interim reports.

C8 Of which conversion adjustment

The total adjustment of opening balances in items under equity as a consequence of the undertaking's initial application of new or amended international accounting standards in accordance with Finansinspektionen's regulations and general guidelines regarding annual reports at insurance undertakings or Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards is stated on the "Of which conversion adjustment" line.

C9 Deduction item: Intangible items in the balance sheet

Regardless of what accounting rules are applied, deductions for any intangible assets that may relate to item B are reported here. Intangible assets in the balance sheet in accordance with Appendix 1 of the Annual Reports at Insurance Companies Act (1995:1560) are reported in this section.

C12 Reclassified items

The available solvency margin may include items which according to older accounting rules would have been classified as equity, but which under IFRS-adapted accounting rules are classified as liabilities.

The available solvency margin may not include items which according to older accounting rules would have been classified as liabilities, but which under IFRS-adapted accounting rules are classified as equity.

IFRS-adapted accounting rules mean

1. Finansinspektionen's regulations and general guidelines regarding annual reports at insurance undertakings or accounting regulations replacing these regulations, and
2. Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

“Older accounting rules” means Finansinspektionen's regulations and general guidelines (FFFS 2003:13) regarding annual reports at insurance undertakings with restrictions and supplements in accordance with the regulations and general guidelines contained in points 4 and 5 of the transitional rules of Finansinspektionen's regulations and general guidelines (FFFS 2005:34) regarding annual reports at insurance undertakings.

Examples of items that may be reclassified include:

1. Preference shares classified as equity according to older accounting rules, but which may be classified as liabilities according to IFRS-adapted accounting rules.
2. An embedded derivative which according to older accounting rules was reported as part of an instrument classified as a liability, but which according to IFRS-adapted accounting rules may be classified as equity.

C13 Unrealised changes in value of financial liabilities due to changes in own creditworthiness

If financial liabilities which are not held for trade or are the subject of an effective and documented fair value hedge are measured at fair value in the accounts, the size of the available solvency margin shall not be affected by accumulated value changes attributable to a change in own creditworthiness. This relates to financial liabilities valued at fair value on the basis of the “fair value option” in IAS 39 Financial Instruments: Recognition and Measurement.

C14 Plan assets and unreported pension liabilities

If plan assets, or equivalent rights to payment, are valued in the balance sheet at an amount which exceeds pension liabilities or other payments to employees related thereto, the difference shall be deducted from the available solvency margin after taking into account deferred taxes. However, this does not apply to surpluses in pension foundations that can be appropriated through reimbursements in accordance with the Safeguarding of Pension Commitments etc. Act (1967:531).

The available solvency margin shall also be reduced by a negative net of actuarial gains and losses estimated in accordance with applied accounting principles and other calculated increases in liabilities for payments to employees which are not

reported directly on the balance sheet or covered by related plan assets or corresponding payments in accordance with insurance policies.

However, this does not apply if liabilities for pensions or other payments to employees are reported in the balance sheet at an amount of at least that which would have been reported had the undertaking applied calculation models in accordance with the Safeguarding of Pension Commitments Act etc. or equivalent foreign rules on the safeguarding of pension commitments. This exemption applies on condition that the undertaking's external auditors have verified the amounts.

C15 Other deductions

Deductions in accordance with Chapter 7, section 4 of the Insurance Business Act for the book value of shares and contributions in certain undertakings, for example, are reported in C15. Deductions for a calculated deficit value (net) of openly reported assets in accordance with the instructions for C5 are also reported under C15. An equalisation reserve for credit insurance may not be included in the available solvency margin. If an equalisation reserve for credit insurance is included in the Total Available solvency margin before deduction items (C7), a deduction for that reserve shall be made under C15.

C17 Required solvency margin

Calculation on a premium basis when calculating solvency in the quarterly report is based on gross due premiums for direct insurance and accepted reinsurance with a deduction for input tax and charges for the twelve-month period up to the balance sheet date. Premiums for cancelled insurance agreements during the same period shall also be included. If there is complete, reliable monthly accounting, the calculation should be carried out on a twelve-month basis. Otherwise, taxes and charges for the previous financial year are divided into periods pro rata temporis and added to a pro rata temporis share of the estimated value for the full current financial year.

In the calculation on a claims basis when calculating solvency in the quarterly report, the reference period is up to and including month n ($n=1,2,\dots,12$) $3+n/12$ years up to and including May ($n=1-5$) and $2+n/12$ years from and including June ($n=6-12$), in other words at March the calculation takes place on the basis of $3\frac{1}{4}$ outcome, at June on $2\frac{1}{2}$ years' outcome, at September $2\frac{3}{4}$ years' outcome and at December 3 years' outcome. For credit and hail insurance, $7+n/12$ and $6+n/12$ apply respectively in the interim accounts.

C20 and C21 Profit/loss verified by an external auditor

Line C20 shall be filled in if the undertaking's profit/loss has been verified during the current financial year. Where the external auditors have verified the profit/loss prior to the current reporting period but not during the current reporting period, C21 shall be filled in instead.

D. Premiums and claims, P1S

Premium income, claims adjustments and provisions are reported here. The definition and meaning of the information in the applicable parts is the same as in Finansinspektionen's regulations and general guidelines regarding annual reports at insurance undertakings for the financial year in question, which means, among other things, that both future operating costs for claims adjustments and provisions for non-life annuities shall be included. Damage settlement costs are reported separately.

The division between “this year’s” claims and “previous years” claims is based on when the claims occurred (claim year) and therefore not the year when the insurance was taken out or similar. Amounts paid out and provisions are given as positive amounts (with no minus sign).

Premiums and paid insurance compensations for an insurance agreement are reported in columns 1, 5 and 6 in accordance with Finansinspektionen’s regulations and general guidelines regarding annual reports at insurance undertakings.

Premium income and paid insurance compensations for insurance agreements in accordance with the Insurance Business Act are reported in columns 2, 3, 4, 7, 8, 9 and 10, regardless of whether these agreements fulfil the criteria for insurance agreements in accordance with IFRS 4.

Reporting shall take place in accordance with both principles.

Information is reported in the corresponding manner for provisions on lines D37–D48.

E. Notes for the fourth quarter

Notes in accordance with this section need only be submitted for the fourth quarter. The items are an extract from the information from the balance sheet and income statement used to calculate the national accounts. The items also exist in sections A and B, but because these are not reported for the fourth quarter, the information has also been included in this section. Costs shall be given as a negative figure with a minus sign.