

Finansinspektionen's Regulatory Code

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



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Finansinspektionen's regulations regarding insurers from a third country conducting business in Sweden;

FFFS 2015:10

Published on den 3
December 2015

decided on 25 November 2015.

Finansinspektionen prescribes¹ the following pursuant to Chapter 4, section 8 of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293) and Chapter 7, section 5 of the Insurance Business Ordinance (2011:257).

Scope and definitions

Section 1 These regulations apply to insurers from a third country that conduct business in Sweden pursuant to the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293).

Section 2 Terms and expressions in these regulations shall have the same meaning as in the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293) and in the Insurance Business Act (2010:2043) unless otherwise specified.

Scheme of operations and other documents when applying for authorisation

Scheme of operations

Section 3 A scheme of operations as is referred to in Chapter 4, section 4 of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293) shall contain

1. information regarding

a) the nature of the risks or commitments which the insurer proposes to cover, broken down by insurance classes pursuant to Chapter 2, sections 11 and 12 of the Insurance Business Act (2010:2043),

¹ Cf. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1, Celex 32009L0138), Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 153, 22.5.2014, p. 1, Celex 32014L0051).

- b) an estimated number of employees and a description of the structure of the organisation of the general agency or branch,
- c) the insurer's system of governance in accordance with Chapter 10, section 1, of the Insurance Business Act,
- d) the guiding principles as to reinsurance cessions and acceptances,
- e) the basic own-funds items corresponding to the minimum capital requirement in accordance with Chapter 8, sections 13–15 of the Insurance Business Act,
- f) estimates of costs for setting up the administrative services and other necessary business functions, as well as the funds intended to meet those costs, and
- g) the main content of the governance documents and guidelines that the insurer shall have for the operations,

2. forecasts regarding the solvency balance sheet pursuant to Chapter 5, section 1 of the Insurance Business Act,

3. estimates of

- a) the solvency capital requirement in accordance with Chapter 8, sections 1–11 of the Insurance Business Act and disclosures of whether the undertaking has used
 - the standard formula as set out in Chapter 8, section 5 of the Insurance Business Act,
 - simplified calculations in accordance with Chapter 8, section 11 of the Insurance Business Act, or
 - an internal model in accordance with Chapter 9 of the Insurance Business Act,
- b) the minimum capital requirement according to Chapter 8, sections 13–15 of the Insurance Business Act and information as to whether the undertaking has used the adjustment referred to in
 - Chapter 8, section 15, first sentence of the Insurance Business Act, or
 - Chapter 8, section 15, second sentence of the Insurance Business Act, and
- c) the funds that are intended to cover technical provisions, the minimum capital requirement and the solvency capital requirement.

Section 4 An insurer's estimates according to section 3, point 3 shall be based on the forecast of the solvency balance sheet referred to in section 3, point 2.

Section 5 An insurer's forecasts according to section 3, point 2 shall refer to the estimated number of years it will take for the undertaking to report lasting profits.

The forecasts shall always be for a minimum of three financial years.

Section 6 For the number of years to be included in the forecast in accordance with section 5, the scheme of operations shall also include

- 1. estimations of income and expense if the planned operations refer to non-life insurance, of
 - a) estimated operating expenses other than installation costs, in particular current general expenses and commissions, and

- b) estimates of premiums or contributions and claims, and
- 2. a detailed forecast of income and expense if the planned operations refer to life insurance, broken down by
 - a) direct insurance,
 - b) reinsurance acceptances, and
 - c) reinsurance cessations.

Other documents when applying for authorisation

Section 7 An insurer from a third country that applies for authorisation to conduct insurance business in Sweden shall, in addition to that set out in Chapter 4, section 4 of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293), submit to Finansinspektionen

1. articles of association, memorandum of association or equivalent document
2. a list of the board members and persons who are members of the executive management,
3. a certificate, issued by the competent authority of the country in which the headquarters is located, verifying which insurance classes may be included in the insurer's business and which risks or undertakings the insurer actually insures,
4. the information, where applicable, referred to in Chapter 10, section 2 of Finansinspektionen's regulations and general guidelines regarding insurance business (2015:8) with respect to the representative or agent set out in Chapter 4, section 5, point 3 of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293), and
5. the information, where applicable, referred to in Chapter 10, section 5 of Finansinspektionen's regulations and general guidelines regarding insurance business (2015:8) with respect to the legal or natural person set out in Chapter 4, section 5, point 2 of the Undertakings of Foreign Insurers and Institutions for Occupational Retirement Provision in Sweden Act (1998:293).

Section 8 The insurer shall in addition submit a balance sheet and profit/loss account. The balance sheet and profit/loss account shall apply to the insurer's total business for each of the past three financial years. If the insurer has not conducted business for three financial years, the balance sheet and profit/loss account shall be submitted for the completed financial years.

Amendments to authorisation

Section 9 The provisions in section 3–8 apply where relevant if an insurer from a third country applies for an amendment to granted authorisation.

Breakdown into insurance classes for reinsurance

Section 10 The application for authorisation for reinsurance shall pertain to one or several of the non-life or life insurance classes set out in Chapter 2, sections 10 and 11 of the Insurance Business Act (2010:2043).

Application for approval of a representative

Section 11 When an insurer from a third country applies for approval of a new representative, the provisions apply, where relevant, on suitability assessment in Chapter 10, section 2 of Finansinspektionen's regulations and general guidelines regarding insurance business (2015:8).

Priority rights register, solvency capital requirements and internal models

Section 12 For an insurer from a third country, the provisions apply, where relevant, of Finansinspektionen's regulations and general guidelines regarding insurance business (2015:8), pertaining to

1. priority rights register in Chapter 5,
2. own funds in Chapter 6,
3. solvency capital requirement in Chapter 7,
4. internal models in Chapter 8,

The provisions regarding technical provisions, governance, and recovery plan and finance scheme are set out in Chapter 4, Chapter 9 and Chapter 12 of Finansinspektionen's regulations and general guidelines regarding insurance business (2015:8).

1. These regulations shall enter into force on 1 January 2016.

2. Through these regulations, Finansinspektionen's regulations (FFFS 2011:4) regarding foreign insurance undertaking's obligation to provide information on their solvency for operations in Sweden, and Finansinspektionen's regulations regarding scheme of operations for insurers from a third country (2008:9), shall be repealed.

ERIK THEDÉEN

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