Finansinspektionen's Regulatory Code

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

FFFS 2011:27
Published
04 April 2011

Finansinspektionen's regulations and general guidelines regarding simplified annual accounts at insurance undertakings granted dispensation;

decided on 17 March 2011.

Finansinspektionen prescribes[1] the following pursuant to section 4, points 1 and 4 of the Annual Accounts at Credit Institutions, Securities Companies and Insurance Undertakings Ordinance (1995:1600) and provides general guidelines.

Chapter 1 Scope and definitions

Section 1 These regulations and general guidelines shall be applied by mutual insurance companies and insurance associations subject to the Insurance Business Act (2010:2043), provided they have been granted dispensation from the Annual Accounts at Insurance Undertakings Act (1995:1560).

Finansinspektionen specifies in these regulations and general guidelines which derogations from the Annual Accounts at Insurance Undertakings Act are permitted.

The regulations specify which rules an undertaking, in spite of the fact that is has been granted dispensation, shall apply in Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

General guidelines

The conditions for being granted dispensation are set out in Chapter 1, section 1 of the Annual Accounts at Insurance Undertakings Act.

Definitions

Section 2 In these regulations and general guidelines, the following definitions apply:

1. *undertaking*: mutual insurance companies and insurance associations,
2. *insurance contract*: contract concerning insurance in accordance with the Insurance Business Act (2010:2043), and

[1] Cf. Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (OJ L 374, 31.12.1991 p. 7–31, Celex 31991L0674), as last amended by Directive 2006/46/EC of the European Parliament and of the Council (OJ L 224, 16.8.2006 p. 1–7, Celex 32006L0046).

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

Chapter 2 General provisions regarding the annual accounts

Profit and loss attribution

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

General guidelines

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

Repos and other repurchase transactions

Section 2 If repos or other repurchase transactions have occurred, an undertaking shall apply Chapter 2, section 1 of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

Acquired insurance portfolios

Section 3 If an undertaking takes over technical provisions, it shall apply Chapter 2, section 2 of Finansinspektionen's regulations and general guidelines on annual accounts at insurance undertakings.

Chapter 3 Balance sheet and income statement

Balance sheet

Section 1 By way of derogation from that which is specified in Chapter 3, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), the balance sheet may be prepared in accordance with *Appendix 1*. The balance sheet items shall have the content specified in *Appendix 3*.

An undertaking shall insert the items C (III) (6a) Derivatives (positive value) and HH (IV) (a) Derivatives (negative value) into the layout of the balance sheet, provided it is not more appropriate to recognise the derivative under another item.

Income statement

Section 2 By way of derogation from that which is specified in Chapter 3, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), the income statement may be prepared in accordance with *Appendix 2*. The income statement items shall have the content specified in *Appendix 4*.

Section 3 The provision in Chapter 3, section 3, point 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560) need not be applied. Items on the balance sheet or income statement that are of minor significance may be merged with another suitable item.

General guidelines

In accordance with Chapter 3, section 3, point 1 of the Annual Accounts at Insurance Undertakings Act, certain listed items must be included in the balance sheet and income statement even if the item is of minor significance. This section also grants a derogation from the 'ban on merging'. The undertaking may instead recognise those amounts that are of minor significance under another related item on the balance sheet and the income statement (also refer to *Appendix 3* general guidelines and *Appendix 4* general guidelines).

Disclosures concerning material sub-items in a note

Section 4 The provisions of Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560) regarding the application of Chapter 3, section 4 of the Annual Accounts Act (1995:1554) need not be applied. Instead, significant sub-items may be specified in a note to the relevant item on the balance sheet or income statement (see Chapter 3, section 4, third paragraph, third sentence of the Annual Accounts Act).

General guidelines

In accordance with Chapter 3, section 4, third paragraph, third sentence of the Annual Accounts Act, the items that are to be recognised on the balance sheet or income statement shall be subdivided further in certain cases. This applies to cases including those where part of the item has been added in such a way or is of such a size that recognition of the sub-item needs to take place in order to provide a true and fair view. This section allows sub-items such as this to instead be specified in a note to the balance sheet item or the income statement item.

Technical provisions in foreign currency

Section 5 If obligations pursuant to insurance contracts are in foreign currency, an undertaking shall apply Chapter 3, section 4 of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

Pension commitments to employees

Section 6 If there are specific pension commitments to the undertaking's own employees, an undertaking shall apply Chapter 3, section 6, first and second paragraphs of the Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

Chapter 4 Measurement rules

Measurement of investment assets

Section 1 Investment assets shall be measured at cost or, where applicable, fair value in accordance with Chapter 4 of the Annual Accounts at Insurance Undertakings Act (1995:1560), provided nothing else applies pursuant to this chapter.

General guidelines

If an undertaking measures financial instruments in accordance with Chapter 4 of the Annual Accounts at Insurance Undertakings Act, and thus refrains from consistently applying the cost method in accordance with section 2, the following approved international accounting standards should be applied:
1. IAS 32 Financial Instruments: Disclosure and presentation.
2. IAS 39 Financial Instruments: Recognition and Measurement.
3. IFRS 7 Financial Instruments: Disclosures.

However, references to approved international accounting standards other than IAS 32, IAS 39 and IFRS 7 should not be applied.

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

Measurement of all financial instruments using the cost method

Section 2 Financial instruments may be measured at cost (cost method) , if all financial instruments are measured using this method. This applies instead of that which is specified in Chapter 4, section 2, point 11 of the Annual Accounts at Insurance Undertakings Act.

Measurement of land and buildings at fair value

Section 3 If land and buildings are measured at fair value, this value shall be determined in accordance with Chapter 4, section 1 of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

General guidelines

Land and buildings may be measured using the cost method or at fair value in accordance with Chapter 4, section 5 of the Annual Accounts at Insurance Undertakings Act.

An undertaking that measures land and buildings at fair value should also apply the approved international accounting standard IAS 40 Investment

Property. However, references to other international financial reporting standards should not be applied.

IAS 40 should be applied with the derogations and addenda that apply pursuant to the general guidelines in Chapter 2 of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

Deferred acquisition costs

Section 4 By way of derogation from that which is specified in Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act, costs associated with acquiring insurance contracts are recorded as an asset.

If costs for acquiring insurance contracts are recorded as an asset in accordance with Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act, the undertaking shall apply Chapter 4, sections 4 and 5 of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

Measurement of technical provisions in accordance with the Annual Accounts at Insurance Undertakings Act.

Section 5 Technical provisions shall be recognised in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act, provided nothing else applies pursuant to section 6.

An undertaking that recognises technical provisions in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act shall apply Chapter 4, sections 6–10 and 12 of Finansinspektionen's regulations and general guidelines regarding annual accounts at insurance undertakings.

General guidelines

The undertaking that recognises technical provisions in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act, and thus has greater scope to recognise technical provisions decoupled from the business regulations, should also apply the approved international accounting standard IFRS 4 Insurance Contracts,

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

Measurement of technical provisions in accordance with the Insurance Business Act

Section 6 By way of derogation from Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act, technical provisions may be calculated and recognised in accordance with Chapter 5, sections 1–6 and 9 of the Insurance Business Act (2010:2043).

When applying the first paragraph, the provisions may be recognised with the simplifications that are acceptable on the basis of the circumstances in the individual case.

Contingency reserve

Section 7 Rules concerning transfer to or withdrawal from the contingency reserve are found in Finansinspektionen's regulations and general guidelines regarding standard regulations for non-life insurance undertakings' calculation of contingency reserves.

Chapter 5 Supplementary disclosures

Derogation from requirements on disclosures

Section 1 An undertaking may omit notes in accordance with Chapter 5, section 20, third paragraph and section 22, second paragraph of the Annual Accounts Act (1995:1554) regarding persons holding management positions in the undertaking, by way of derogation from Chapter 5, section 1 of the Annual Reports at Insurance Undertakings Act (1995:1560).

By way of derogation from Chapter 5, sections 3 and 5 of the Annual Accounts at Insurance Undertakings Act, notes regarding assets and items from the income statement may be omitted.

> *General guidelines*
>
> The section contains derogations from certain provisions regarding notes in accordance with the Annual Accounts at Insurance Undertakings Act. In other words, where applicable, the undertaking provides other notes pursuant to the Annual Accounts Act with some adjustments, see Chapter 5, sections 1, 2 and 4 of the Annual Accounts at Insurance Undertakings Act.

Pension commitments to employees

Section 2 If there are specific pension commitments to the undertaking's own employees, the undertaking shall provide disclosures regarding how these commitments have been covered.

An undertaking whose recognised pension liability on the balance sheet or capital in specifically separated assets (in a pension fund or equivalent) exceeds the capital value of the pension commitments to employees shall provide disclosures regarding the surplus in a note.

Compliance

Section 3 An undertaking shall, in its annual report, state the regulation title and regulation number of the Finansinspektionen regulations and general guidelines that have been applied. The undertaking shall also state how it has prepared its annual accounts and consolidated accounts in accordance with these regulations.

General guidelines

The undertaking should state in more detail which standard in the field of accounting it has applied in addition to the Annual Accounts at Insurance Undertakings Act and these regulations and general guidelines.

Chapter 6 Management report and profit and loss attribution

Separate disclosures in the management report

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

Disclosures that shall be provided in the multi-year overview for the period before the undertaking started applying these regulations and general guidelines do not need to be provided if there are special grounds. In which case, the undertaking shall specify that the disclosures have been omitted and the reasons for this. By virtue of Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560), comparative information may be omitted in other cases, provided there are special grounds, cf. Chapter 3, section 5 of the Annual Accounts Act (1995:1554).

General guidelines

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

1. Earned premiums, if the undertaking is a mutual non-life insurance company or a non-life insurance association.
2. Written premiums, if the undertaking is a life insurance association.
3. Net profit or loss for the year.
4. Solvency capital.
5. Own funds and required solvency margin, if the undertaking is a mutual insurance company or an insurance association and is obliged to submit data concerning solvency to Finansinspektionen.

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

Own funds and required solvency margin for mutual insurance companies is calculated in accordance with regulations from Finansinspektionen regarding, among other things, calculation and reporting of solvency and Chapter 7, sections 1–14 of the Insurance Business Act (2010:2043). Disclosures concerning own funds and required solvency margin are only provided by those insurance undertakings that are obliged to provide a solvency declaration pursuant to Finansinspektionen's provisions.

Profit and loss attribution

Section 2 By way of certain derogations from Chapter 6, section 3 of the Annual Accounts at Insurance Undertakings Act, the profit and loss attribution need only contain the disclosures set out in *Appendix 5*.

General guidelines

The information that the profit and loss attribution shall contain may be provided directly on the income statement or in a note (see Chapter 2, section 1).

Chapter 7 Interim report

General guidelines

If an interim report is prepared, the undertaking should apply both Chapters 2–4 and the following rules in Chapter 8, general guidelines Finansinspektionen’s regulations and general guidelines regarding annual accounts at insurance undertakings.
a) Point 2 on the application of the Annual Accounts Act.
b) Point 6 on amended accounting principles.

The Swedish Accounting Standards Board’s general guidelines (BFNAR 2007:1) Interim Financial Reporting should also be applied.

Chapter 8 Recognition of reinsurance cessions

Supplementary items on the balance sheet and income statement

Section 1 If there are reinsurance cessions, the balance sheet shall be supplemented with the items specified in *Appendix 6.* The income statement shall be supplemented with the items that are specified in *Appendix 7*.

The supplementary items on the balance sheet and income statement shall have the content specified in *Appendix 8* and *Appendix 9*.

General guidelines

Parentheses with the words ‘after reinsurance cessions’ may be replaced in the annual accounts with the abbreviation o.o.a. (on own account).

Supplementary measurement rules

Section 2 If there are reinsurance cessions, the undertaking shall apply Chapter 4, sections 2 and 3 of Finansinspektionen’s regulations and general guidelines regarding annual accounts at insurance undertakings.

1. These regulations and general guidelines shall enter into force on 1 May 2011 and shall be applied by insurance undertakings that have obtained decisions concerning dispensation in accordance with the Annual Accounts at Insurance Undertakings Act (1995:1560) for the first time for annual accounts for the financial year commenced after 31 December 2010.

2. Upon entry into force of these regulations, Finansinspektionen's regulations and general guidelines (FFFS 2006:18) regarding simplified annual accounts at undertakings granted dispensation shall be repealed.

3. With regard to mutual benefit societies which pursuant to section 7 of the Insurance Business (Implementation) Act (2010:2044) may continue to conduct business or are in liquidation, the old regulations shall apply.

MARTIN ANDERSSON

Greta Wennerberg

Appendix 1

Layout of the balance sheet

Assets

A Subscribed guarantee capital unpaid

B Intangible assets

C Investment assets
- I Land and buildings
- II Investments in group companies and associated companies
- III Other financial investment assets
  1. Shares and participations
  2. Bonds and other interest-bearing securities
  3. Shares in investment pools
  4. Mortgage loans
  5. Other loans
  6. Lending to credit institutions
  7. Other financial investment assets

F Claims
- I–II Claims in respect of insurance
- III Other claims

G Other assets
- I Property, plant and equipment and inventories
- II Cash and bank balances
- III Other assets

H Prepaid expenses and accrued income
- I Accrued interest and rental income
- II Deferred acquisition costs
- III Other prepaid expenses and accrued income

TOTAL ASSETS

Equity, provisions and liabilities

AA Equity
- I Guarantee capital
- I.a Operating capital
- I.b Non-member contributions
- III Revaluation reserve
- IV Consolidation reserve
- V Other reserves
  - 1. Statutory reserve
  - 3. Fair value reserve
  - 4. Other reserves
- VI Loss brought forward
- VII Profit/loss for the year

BB. Untaxed reserves

CC Subordinated liabilities

DD Technical provisions
1. Unearned premiums and unexpired risks
2. Life insurance provision
3. Outstanding claims
4. Bonuses and discounts
6. Other technical provisions

FF Other provisions
1. Pensions and similar commitments
2. Taxes
3. Other provisions

HH Liabilities
I–II Liabilities in respect of insurance
V Other liabilities

II Accrued expenses and deferred income

TOTAL EQUITY, PROVISIONS AND LIABILITIES

Memorandum items

I Pledges and equivalent collateral, classified by type

III Contingent liabilities
1. Guarantees
2. Pension commitments that are not included among provisions and are not covered by the assets of a pension fund.
3. Other contingent liabilities

IV Commitments
1. Commitments arising out of repurchase transactions
2. Other commitments

Appendix 2

Layout of the income statement

I. INCOME STATEMENT FOR NON-LIFE INSURANCE BUSINESS

1. Earned premiums (+/-)
   a) of which written premiums (+)
   b) of which change in provision for unearned premiums and unexpired risks (+/-)
2. Return on capital, net (+/-)
   a) of which return on capital, revenue (+)
   b) of which unrealised gains on investment assets (+)
   c) of which return on capital, expenses (-)
   d) of which unrealised losses on investment assets (-)
3. Other technical income (+)
4. Claims incurred (+/-)
   a) of which claims paid (-)
   b) of which change in provision for outstanding claims (+/-)

5. Change in other technical provisions (+/-)
6. Bonuses and discounts (-)
7. Operating expenses (-)
8. Other technical charges (-)

The non-life insurance business' technical profit/loss

9. Other revenue (+)
10. Other expenses (-)

Profit/loss before appropriations and taxes

11. Appropriations (+/-)

Profit/loss before tax

12. Tax on profit/loss for the year (+/-)
13. Other taxes (-)
14. Net result for the year

II. INCOME STATEMENT FOR LIFE INSURANCE BUSINESS

1. Written premiums (fees and contributions) (+)
2. Return on capital, revenue (+)
3. Unrealised gains on investment assets (+)
4. Other technical income (+)
5. Claims incurred (+/-)
   a) of which claims paid (+)
   b) of which change in provision of outstanding claims (+/-)

6. Change in other technical provisions (+/-)
   a) Life insurance provision (+/-)
   b) Other technical provisions (+/-)

7. Bonuses and discounts (-)
8. Operating expenses (-)
9. Return on capital, expenses (-)
10. Unrealised losses on investment assets (-)
11. Other technical charges (-)

The non-life insurance business' technical profit/loss

12. Other revenue (+)

13. Other expenses (-)

Profit/loss before appropriations and taxes

14. Appropriations (+/-)

Profit/loss before tax

15. Tax on profit/loss for the year (+/-)
16. Other taxes (-)
17. Net result for the year

Appendix 3

Content of balance sheet items

General guidelines

The items set out in Appendix 1 shall be included in the balance sheet if the undertaking has the pertinent class of asset, liability or equity.

An item that is of minor significance may be merged with and be included in another suitable item (see Chapter 3, section 3). However, items that are of minor significance should still be recognised if the same item was recognised on the balance sheet for the most recent financial year. Nevertheless, this does not always need to be applied the first time these regulations and general guidelines are applied.

Significant parts of the items that shall be included in the balance sheet in accordance with Appendix 1 are recognised directly on the balance sheet or in a note (see Chapter 3, section 4).

On the balance sheet, items that are immediately preceded by Arabic numerals in the list in Appendix 1 may be merged, even if they are not of minor significance. For example, shares and participations (C [III] [1]) may be merged with one or more items that refer to other financial investment assets. However, this is conditional on the merged items that are not of minor significance being reported separately in a note.

Assets

Section 1 Item A — Subscribed guarantee capital unpaid. This item encompasses mutual insurance companies' claims that pertain to not yet completed payments for subscribed guarantee capital.

Section 2[2] **Item B — Intangible assets.** The item encompasses
– goodwill acquired for valuable consideration,
– capitalised expenditure on research and development work, and similar,
– concessions, patents, licences, brands and similar rights and assets,
– tenancy rights and similar rights, and
– advance payments for intangible assets.

General guidelines

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).

[2] Article 6 of the Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (OJ L 374, 31.12. 31, Celex 31991L0674), as last amended by Directive 2006/46/EC of the European Parliament and of the Council (OJ L 224, 16.8.2006 Celex 32006L0046), the so-called Insurance Accounting Directive, hereafter IAD.

Section 3 Item C (I) — Land and buildings. The item encompasses
– land and buildings,
– buildings under construction, and
– deposits paid on land and buildings.

General guidelines

The item also encompasses real estate in which the undertaking's own operations are conducted.

Section 4 Item C (II) — Investments in group companies and associated companies. The following are recognised here
1. Holdings of shares and participations, and subscription rights and fractional rights to shares in group companies, and
2. bonds and other interest-bearing securities (including zero-coupon and discount instruments) issued by group companies or associated companies, and loans to such companies.

General guidelines

The item is only pertinent if the undertaking has subsidiaries or associated companies.

Section 5 Item C (III) (1) — Shares and participations. Holdings of shares and participations as well as subscription rights and fractional rights to shares are reported here.

General guidelines

Share options other than subscriptions rights and fractional rights (if they have a positive value) are recognised under this item, or under the item derivatives (item C [III] [6a]) (see Chapter 3, section 1, second paragraph).

Units in what are known as mixed UCITS may not be included in this item if at least half of the book value of the assets under management consists of shares or share-linked instruments.

Section 6[3] Item C (III) 2 — Bonds and other interest-bearing securities. Negotiable bonds and other interest-bearing securities (including zero coupon and discounting instruments) issued by credit institutions, other undertakings or public bodies are recognised here.

General guidelines

When differentiating between the item C (III) (2) and the items C (III) (4)–(6), the primary criterion should be whether the undertaking's receivable is negotiable or transferable. Investments that are equivalent to transferable debt securities should therefore normally be recognised under the item Bonds and other interest-bearing securities (C [III] [2]), while plain debt

[3] Art. 9 of IAD.

securities are normally recognised under the items Mortgage loans (C [III] [4]), Other loans (C [III] [5]) or Lending to credit institutions (C [III] [6]).

Units in what are known as mixed UCITS may not be included in this item if at least half of the book value of the assets under management consists of interest-bearing securities or similar instruments.

Section 7[4] **Item C (III) (3) — Shares in investment pools.** This item encompasses the undertaking's share of an investment that is pooled with other undertakings or pension funds and managed by one or more of these undertakings or pension funds.

Section 8[5] **Item C (III) (4) — Mortgage loans.** Loans that are collateralised entirely or partly by mortgages on real estate are recognised here. If the undertaking has received more than one piece of collateral for a single loan, the loan shall be recognised under this item of at least half of the value of all collateral that consists of real estate.

Section 9[6] **Item C (III) (5) — Other loans.** Loans for which collateral other than real estate has been obtained, for example life insurance loans.

Section 10[7] **Item C (III) (6) — Lending to credit institutions.** Lending to credit institutions (banks, credit market companies, finance houses and mortgage institutions) where the deposited funds are only available after a certain notice period is recognised here.

Balances that do not have such a limitation, irrespective of whether or not they are interest bearing, shall be included under the item Cash and bank balances (G [II]).

General guidelines

Commercial paper is an example of lending to credit institutions. This also includes monies that the insurance undertaking is able to call in immediately but where there is in such cases a requirement to compensate the external credit provider in the form of interest compensation or equivalent compensation.

Section 11 Item C (III) (6a) — Derivatives. The undertaking shall insert this item into the layout of the balance sheet if it is not more appropriate to recognise derivatives under another item (see Chapter 3, section 1, second paragraph).

General guidelines

The item encompasses derivatives that have a positive book value.

Derivatives that have a negative value as a rule must be recognised under Liabilities as item HH (IV) (a) Derivatives, see section 35.

[4] Art. 10 of IAD.
[5] Art. 11 of IAD.
[6] Art. 12 of IAD.
[7] Art. 13 of IAD.

These provisions mean that share-linked and interest-linked financial instruments do not need to be recognised together with corresponding underlying instruments. Subscription rights (subscription options) and fractional rights are recognised under the item Shares and participations (C [III] [1]).

Section 12[8] Item C (III) (7) — Other financial investment assets. Financial investments that are not covered by sections 5–11 are recognised under this item.

Section 13[9] Item F (I)–(II) — Claims in respect of insurance. Claims against policyholders, insurance intermediaries and other insurance undertakings are recognised here.

Section 14[10] Item G (I) — Property, plant and equipment and inventories. This item encompasses property, plant and equipment, advance payments for property plant and equipment and inventories.

Section 15[11] Item G (II) — Cash and bank balances. This item encompasses means of payment, including foreign notes and coins, that can be utilised without restriction.

Section 16[12] Item G (III) — Other assets. Other assets that cannot be placed in the items G (I) or G (II) are recognised here.

Section 17[13] Item H (I) — Accrued interest and rental income. This item encompasses interest and rent that has been earned but is not yet paid in as at the balance sheet date.

Section 18[14] Item H (II) — Deferred acquisition costs. This item encompasses acquisition costs for insurance contracts that have been recognised as assets in accordance with Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act.

General guidelines

This item is only pertinent if the undertaking chooses the accounting principle of recognising acquisition costs as an asset in accordance with the aforementioned section of law.

Section 19 Item H (III) — Other prepaid expenses and accrued income. This item encompasses expenditure that is recorded during the financial year but constitutes costs for periods after the balance sheet date, as well as income that is recorded during the financial year but constitutes income after the balance sheet date.

Equity, provisions and liabilities

[8] Art. 13 of IAD.
[9] Art. 6 of IAD.
[10] Art. 6 of IAD.
[11] Art. 12 of IAD.
[12] Art. 16 of IAD.
[13] Art. 17 of IAD.
[14] Art. 18 of IAD.

Section 20[15] Item AA (I) — Guarantee capital. This item encompasses capital in a mutual insurance company that has been subscribed by guarantors.

Section 20a Item AA (I) (a) — Operating capital. This item encompasses capital that by law is considered own funds when forming an insurance association in accordance with Chapter 13, section 5 of the Insurance Business Act (2010:2043).

Section 20b Item AA (I) (b) — Non-member contributions. This item encompasses non-member contributions that may be provided to mutual insurance companies and insurance associations in accordance with Chapter 5, section 1, first paragraph of the Cooperative Societies' Act (1987:667). Only paid-in non-member contributions may be recognised under this item (cf. Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act and Chapter 3, section 6, first paragraph of the Annual Accounts Act [1995:1554]).

General guidelines

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

Section 21[16] Item AA (III) — Revaluation reserve. This item encompasses amounts that have been allocated to a revaluation reserve in accordance with the provisions in Chapter 4, sections 1–2 of the Annual Accounts at Insurance Undertakings Act (cf. Chapter 4, section 6 of the Annual Accounts Act).

Section 21a Item AA.IV — Consolidation reserve. This item encompasses the consolidation reserve in mutual life insurance companies and life insurance associations in accordance with Chapter 12, section 70 and Chapter 13, section 22 of the Insurance Business Act (2010:2043).

Section 21b Item AA (V) (1) — Statutory reserve. This item encompasses statutory reserves of mutual insurance companies and insurance associations in accordance with Chapter 12, section 71 and Chapter 13, section 24 of the Insurance Business Act (2010:2043) (cf. Chapter 10, section 6, second and third paragraphs of the Cooperative Societies Act).

Section 22 Item AA (V) (3) — Fair value reserve. Changes in the value of certain financial instruments are reported under this item in accordance with Chapter 4, section 1 of the Annual Accounts at Insurance Undertakings Act (cf. Chapter 4, section 14d of the Annual Accounts Act.

Also recognised here are changes in the value of investment assets (Assets, item C) other than financial instruments and properties that are both measured at fair value in accordance with Chapter 4, section 5 of the Annual Accounts at Insurance Undertakings Act and are also not recognised directly on the income statement.

General guidelines

This item is only pertinent if the undertaking chooses the accounting principle that entails measuring financial instruments at fair value.

---

[15] Art. 19 of IAD.
[16] Art. 20 of IAD.

The following changes in value should be recognised under Fair value reserve:
1. Changes in value that pertain to a hedging instrument and are not recognised directly on the income statement.
2. Changes in value caused by a change in the exchange rate of a monetary item that forms part of the undertaking's net investment in a foreign unit.
3. Changes in the value of financial assets that are measured at fair value in accordance with Chapter 4, section 2, point 11 of the Annual Accounts at Insurance Undertakings Act and that are not recognised directly on the income statement (cf. Chapter 4, section 14a of the Annual Accounts Act).

Section 23 Item AA (VI) — Loss brought forward. The undertaking recognises losses from previous financial years here.

Section 24 Item AA (VII) — Profit/loss for the year. Net profit or net loss for the financial year is recognised here.

Section 25 Item BB — Untaxed reserves. Untaxed reserves such as contingency reserves and accumulated excess depreciation are recognised here.

Section 26[17] Item CC — Subordinated liabilities. This item is used to recognise liabilities that, in the event of liquidation or bankruptcy and irrespective of whether or not they are represented by securities, shall, in accordance with agreements, only be repaid once the claims of other creditors have been settled.

Section 27[18] Item DD (1) — Unearned premiums and unexpired risks. Mutual non-life insurance companies and non-life insurance associations use this item to recognise provisions that correspond to the undertaking's liability for insurance claims, administration costs and other costs over the remainder of the contractual period of current insurance contracts.

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

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

Section 28[19] Item DD (2) — Life insurance provision. Mutual life insurance companies and life insurance associations that measure technical provisions in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act shall use this item to recognise provisions for insurance claims, administration costs and other costs for current insurance contracts during the remainder of the contract period. The amount shall be recognised inclusive of any guaranteed bonus. The undertaking shall take into account the value of additional premiums that policyholders shall pay. The term guaranteed bonus means a bonus that constitutes one or more specific amounts that are determined nominally or in real terms at some point in the future and to which the policyholder or another beneficiary has an unconditional entitlement to (cf. Chapter 5, section 1, point 3 of the Insurance Business Act [2010:2043]).

---

[17] Art. 21 of IAD.
[18] Art. 25 and 26 of IAD.
[19] Art. 27 of IAD.

Section 29[20] Item DD (3) — Outstanding claims. This items is used to recognise the insurance undertaking's estimated final cost for settling all claims that relate to events that have taken place before the end of the financial year, less amounts that the undertaking has already paid in respect of compensation claims. The undertaking shall include in this amount
estimated future operating expenses for settling claims that, as at the balance sheet date, were incurred but not finally settled, as well as any bonuses that have fallen due for payment.

Provisions for incurred but not reported (IBNR) claims shall be based on the undertaking's experience and loss experience and shall encompass costs for claims that are incurred but not known to the undertaking.

The item shall also encompass provisions for non-life annuities and disability annuities and provisions for future special employers contributions from invalidity pension insurance throughout the early retirement period.

Section 30[21] Item DD (4) — Bonuses and discounts. Mutual non-life insurance companies and non-life insurance associations use this item to recognise provisions for bonuses and rebates to policyholders or other beneficiaries that are not yet due.

Section 31[22] Item DD (6) — Other technical provisions. Technical provisions that are not recognised under the items DD (1)–DD (4) are recognised here.

Section 32 Item FF (1) — Pensions and similar commitments. This item encompasses provisions in accordance with the Safeguarding of Pension Commitments Act (1967:531) and other provisions for remuneration for employees whose employment has ended.

General guidelines

Provisions for those financial guarantees that are not recognised as derivatives may be recognised under item FF (3) Other provisions.

Section 33 Item FF (2) — Taxes. this item encompasses provisions for income tax, yield tax, deferred tax and equivalent taxes.

General guidelines

Liabilities in respect of withholding taxes, value added tax, property tax etc. are recognised under the item HH (V) Other liabilities.

Section 34 Item HH (I)–(II) — Liabilities in respect of insurance. Liabilities to policyholders, insurance intermediaries and insurance undertakings in respect of insurance are recognised here.

Section 35[23] Item HH (IV) (a) — Derivatives. Insurance undertakings shall insert this item into the layout of the balance sheet if it is not more appropriate to recognise derivatives under another item (see Chapter 3, section 1, second paragraph).

[20] Art. 28 of IAD.
[21] Art. 29 of IAD.
[22] Art. 26 of IAD.
[23] Art. 6 of IAD.

General guidelines

This item encompasses derivatives that have a negative book value.

The general rule is that derivatives with a positive value are recognised as Investment assets under item C (III) (6a) Derivatives (see section 11).

These provisions means that share-linked and interest-linked financial instruments do not need to be recognised together with corresponding underlying instruments.

Section 36 Item HH (V) — Other liabilities. Liabilities that cannot be placed under any other item are reported here, for example liabilities to a transferee in a genuine repurchase transaction.

Section 37 Item II — Accrued expenses and deferred income. This item encompasses expenses that pertain to the financial year but entail expenditure only after the balance sheet date and income that has been recorded during the accounting period but which constitutes revenue for periods after the balance sheet date.

Memorandum items

Section 38 Under the item Pledges and equivalent collateral, classified by type (item I), an undertaking shall recognise the book value of assets that are charged with special right of priority. This information shall be included under a specific heading and be divided up by balance sheet items.

Commitments that have been made in conjunction with non-genuine repurchase transactions shall be recognised under the item Commitments arising out of repurchase transactions (item IV [1]). In such cases, the transferor shall recognise the exercise price of the put option specified in the transaction.

Specifics concerning memorandum items may be described in a note.

General guidelines

Pledged assets and equivalent collateral should be divided up in such a way that it is clearly evident which balance sheet item or items are charged and with what amount.

Appendix 4

Content of income statement items

General guidelines

The items set out in Appendix 2 must be included in the income statement if the undertaking has the type of income and expense in question.

An item that is of minor significance may be merged with and be included in another suitable related item (see Chapter 3, section 3). However, an item that is of minor significance should still be recognised if the same item was recognised on the balance sheet for the most recent financial year.

Significant parts of the items that shall be included on the balance sheet in accordance with Appendix 2 shall be recognised individually directly on the balance sheet or in a note (see Chapter 3, section 4).

Section 1[24] **Item I (1) (a) — Written premiums.** Mutual insurance companies and insurance associations that conduct non-life insurance business shall recognise as written premiums the total gross premiums for direct insurance that has been paid in or can be credited to the undertaking for insurance contracts where the insurance period began 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 and includes
a) non-notified premiums that can only be calculated after the end of the financial year,
b) instalment premiums that are paid on a six-monthly, quarterly or monthly basis and reimbursements from policyholders for expenses the undertaking has incurred in conjunction with entering into the insurance contract.
c) the undertaking's share of the total premium in the case of co-insurance, and
d) reimbursements from other insurance undertakings that pertain to technical provisions taken over in accordance with Chapter 2, section 3 and that are not recognised on the balance sheet.

The amounts that are expected to be paid in respect of both renewal premiums that the policyholder has not confirmed and premiums for new insurance contracts shall also be included in this item.

Cancellations shall be deducted from written premiums as soon as the amount is known. Additional premiums shall be included to the extent that they are expected to be received.

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

[24] Art. 35 of IAD.

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. The undertaking shall include all premiums for which liability has commenced as written premiums. 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. One example of the latter is certain consumer insurance policies (TV/radio and household appliances) that have been taken out and paid for at the time of purchase, despite the fact that the insurance cover only begins to apply after the customary warranty has expired.

The period for which the insurance undertaking is liable is normally specified on the insurance contract. For an instalment 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 instalment 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 instalment 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 date of which falls and the insurance period of which begin after the end of the financial year. A premium of this nature is considered as an advance payment and is recognised as a liability to the policyholder.

Amounts that are levied as contributions from policyholders in mutual insurance undertakings in accordance with Chapter 12, section 2 and in insurance associations in accordance with Chapter 13, section 4 of the Insurance Business Act (2010:2043) shall be recognised as written premiums in the year in which the loss has arisen and the levying of contributions is intended to cover.

Section 2[25] **Item II (1) — Written premiums (fees and contributions).** Mutual life insurance companies and life insurance associations shall recognise as written premiums amounts paid in during the financial year in accordance with insurance contracts, irrespective of whether these pertain entirely or partly to later financial years.

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

[25] Art. 35 of IAD.

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

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

Section 3[26] **Item I (1) (b) – Change in provision for unearned premiums and unexpired risks.** Mutual insurance companies and insurance associations that

[26] Art. 37 of IAD.

conduct non-life insurance business shall recognise under this item the change for the year in the item Unearned premiums and unexpired risks (DD [1]).

General guidelines

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

Section 4[27] **Item I (4) (a) and II (5) (a) — Claims paid.** This item encompasses all claims incurred that have been paid to policyholders or other beneficiaries during the financial year by virtue of insurance contracts or incurred claims, irrespective of when these have been incurred. Surrenders are also recognised as claims paid.

This item also includes operating expenses for claims handling.

The compensation paid shall be reduced by the value of the property that the insurance undertaking has taken over when claims handling and also by the amounts that the insurance undertaking expects to recover through recourse or some other measure.

General guidelines

Examples of operating expenses for claims paid are internal and external costs for surveying damages and loss assessment for claims incurred, expenses for replacing damaged property or for healthcare, rehabilitation etc. in the event of personal injuries, remuneration for staff and other consultants and other expenses incurred when settling claims.

Section 5 Item I (4) (b) and II (5) (b) — Change in provision for outstanding claims. The change for the year in the item Outstanding claims (DD [3]) is recognised under this item.

General guidelines

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

Section 6 Item I (5) and II (6) (c) — Change in other technical provisions. The change for the year in the item Other technical provisions (DD [6]) is recognised under this item.

General guidelines

[27] Art. 38 of IAD.

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

Section 7[28] **Item I (6) and II (7) — Bonuses and discounts.** This item encompasses mutual non-life insurance companies' and non-life insurance associations' bonuses and discounts that are paid out during the financial year or shall be paid out to policyholders or other beneficiaries. The item also includes bonuses for the year in the form of reduced premiums.

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

General guidelines

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

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

Section 8[29] **Item I (7) and II (8) — Operating expenses.** This item encompasses the following expenses:
1. Acquisition costs.
2. Change in the item Deferred acquisition costs (+/-).
3. Administrative expenses.

The term *acquisition* costs means operating expenses that an insurance undertaking has incurred in order to enter into insurance contracts. This item encompasses both direct costs such as acquisition commission, the cost of drawing up insurance contracts and including the insurance contracts in the portfolio, and also indirect costs such as advertising costs and administrative expenses for processing proposals and issuing policies.

The term *change in the item Deferred acquisition* costs (+/-) means transfers to and depreciation and impairment of the item Deferred acquisition costs (H [II]) that have been recognised as an asset in accordance with Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act.

The term *administrative* expenses means operating expenses for collecting premiums, managing portfolios, handling bonuses and discounts that cannot be related to the cost of claims handling, acquisition or asset management.

General guidelines

[28] Art. 39 of IAD.
[29] Art. 34, 40 and 41 of IAD.

Common operating expenses for HR administration, IT, finance/legal, general marketing, audit, senior management and board of directors, fees to Finansinspektionen etc. are recognised under this item.

Section 9[30] **Item I (2) (a) and II (2) — Return on capital, revenue.** This item refers to the return on investment assets, for example
– rental income from land and buildings,
– dividends on shares and participations,
– interest income etc.,
– exchange gains, net,
– reversed impairment losses, and
– capital gains, net.

The term *rental income from land and buildings* means income from real estate property included in item C (I) Land and buildings.

Interest allowance shall not be included in rental income and shall instead be seen as an interest subsidy.

Dividends on shares and participations means dividends on shares and participations reported in Item C (II) (Investments in group companies and associated companies) and C(III)(1) (Shares and participations).

The term *interest income* etc. means interest income on interest-bearing investment assets that is earned during the financial year, including interest income for amounts included under the item G (II) (Cash and bank balances).

The transferee in a genuine repurchase transaction shall enter the periodised difference between the consideration in the spot part and the forward part.

Exchange gains, net means realised and unrealised value changes explained by exchange rate fluctuations.

General guidelines

Changes in the value of assets and liabilities in foreign currency should be divided up into one part that can be attributed to the change in value and another part that can be attributed to the change in value that is explained by exchange rate fluctuations.

The item also encompasses exchange rate fluctuations that are explained by the balances of balance sheet items that are brought forward being translated to the exchange rate on the balance sheet date.

Reversed impairments encompasses amounts that have been reversed after previous impairment losses, if the impairment loss was previously carried as an expense in either of the items I (2) (c) or II (9) Return on capital, expenses.

Capital gains, net refers to gains from the divestment of investment assets.

When measuring at cost, the capital gain should be the positive difference between the selling price and the book value.

[30] Art. 34 and 42 of IAD.

When measuring at fair value, the capital gain should be the positive difference between the selling price and the cost. For interest-bearing securities, the cost is the amortised cost and for other assets, it is the historical cost. Previous unrealised value changes are entered as an adjustment item in the items Unrealised gains on investment assets (I (2)(b) and II (3)) or Unrealised losses on investment assets (I(2)(d) and II(10)).

Capital gains on assets other than investment assets are recognised under the item I (9) and II (12) Other revenue.

Section 10[31] **Item I (2) (b) and II (3) — Unrealised gains on investment assets.** When measuring at fair value, the undertaking shall recognise positive changes in value over the course of the year under this item. In the event of divestment, reversals of previously recognised but unrealised changes in value are recognised here.

Unrealised gains are reported net by asset class.

General guidelines

Changes that are explained by exchange rate fluctuations are recognised as exchange gains or exchange losses under the item Return on capital, revenue (I (2) (a) and II (2)) or Return on capital, expenses (I (2)(c) and II (9)).

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

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

Section 12[32] **Item I (2) (c) and II (9) — Return on capital, expenses.** This item refers to expenses for investment assets in the form of
1. operating expenses for land and buildings,
2. asset management expenses,
3. interest expenses etc.,
4. exchange losses, net,
5. depreciation and impairment, and
6. capital losses, net.

General guidelines

[31] Art. 44 of IAD.
[32] Art. 34 and 42 of IAD.

Operating expenses for land and buildings means expenses for properties that are entered under Land and buildings (C [1]) in respect of property management, including maintenance, adaptation for tenants, site leasehold fees and property tax. However, interest expenses and other financial expenses, depreciation or central administration are not included.

Asset management expenses means operating expenses that can be attributed to treasury management.

Interest expenses etc. means, among other things, interest expenses for real estate loans, less any interest allowance.

The transferee in a genuine repurchase transaction shall enter the periodised difference between the consideration in the spot part and the forward part.

Exchange losses, net means realised and unrealised value changes explained by exchange rate fluctuations.

Changes in the value of assets and liabilities in foreign currency are divided up into one part that can be attributed to the change in value and another part that can be attributed to the change in value that is explained by exchange rate fluctuations.

The item also encompasses exchange rate fluctuations that are explained by the balances of balance sheet items that are brought forward being translated to the exchange rate on the balance sheet date.

Depreciation/amortisation and impairment means value adjustments according to Chapter 4, section 1 of the Annual Reports at Insurance Undertakings Act.

Capital losses, net refers to losses from the divestment of investment assets.

When measuring at cost, the capital loss should be the negative difference between the selling price and the book value.

When measuring at fair value, the capital loss should be the negative difference between the selling price and the cost. For interest-bearing securities, the cost is the amortised cost and for other assets, it is the historical cost. Previous unrealised value changes are entered as an adjustment item in the items Unrealised gains on investment assets (I (2)(b) and II (3)) or Unrealised losses on investment assets (I(2)(d) and II(10)).

Capital losses on assets other than investment assets are recognised under the item Other expenses (I [10] and II [13]).

Section 13[33] Item I (2) (d) and II (10) — Unrealised losses on investment assets. When measuring at fair value, the undertaking shall recognise negative changes in value over the course of the year under this item. In the event of divestment, reversals of previously recognised but unrealised changes in value are recognised here.

[33] Art. 44 of IAD.

Unrealised losses are reported net by asset class.

General guidelines

Changes that are explained by exchange rate fluctuations are recognised as exchange gains or exchange losses under the item Return on capital, revenue (I (2) (a) and II (2)) or Return on capital, expenses (I (2)(c) and II (9)).

Section 14 Item I (9) or I (10) and II (12) and II (13) — Other revenue and Other expenses, respectively. Operating revenue and operating expenses, respectively, that are not to be recognised under any other item are recognised here.

Section 15 Item I (12) and II (15) — Tax on profit/loss for the year. Tax on profit/loss for the year and deferred tax are reported here.

For mutual non-life insurance companies and non-life insurance associations, the term tax on profit/loss for the year means income tax, and in mutual life insurance companies and life insurance associations, it means income tax and, where applicable, yield tax to the extent that yield tax is not being recognised as an operating expense.

Appendix 5

Layout and content of the profit and loss attribution

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

Non-life insurance business

	Home insurance	Company and home insurance	Maritime hull insur-ance	Livestock insur-ance	Total insur-ance of Swedish risks	Total direct insur-ance of any foreign risks
Premium revenue						
Premium income						
Capital returns, revenue						
Capital returns, expenses						
Claims incurred						
Operating ex-penses						
Technical profit/loss						

Life insurance business

	Retirement pension insurance	Sickness insurance	Whole life assurance	Total insurance policies
Written premiums				
Return on capital, revenue				
Return on capital, expenses				
Claims incurred				
Operating expenses				
Technical profit/loss				

Appendix 6

Supplementation of the balance sheet if reinsurance has been ceded

Assets

E Reinsurers' share of technical provisions

1. Unearned premiums and unexpired risks
2. Life insurance provision
3. Outstanding claims
4. Bonuses and discounts
5. Other technical provisions

F Claims

I	Claims in respect of direct insurance
II	Claims in respect of reinsurance

Equity, provisions and liabilities

DD	Technical provisions (before reinsurance cessions)		
GG	Deposits from reinsurers		
HH	Liabilities		
	I	Liabilities in respect of direct insurance	
	II	Liabilities in respect of reinsurance	
II	Accrued expenses and deferred income		
	I	Reinsurers' share of deferred acquisition costs	
	II	Other accrued expenses and deferred income	

Appendix 7

Supplementation of the income statement if reinsurance has been ceded

I. INCOME STATEMENT FOR NON-LIFE INSURANCE BUSINESS

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

----

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

II. INCOME STATEMENT FOR LIFE INSURANCE BUSINESS

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

----

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

Appendix 8

Content of the balance sheet items concerning reinsurance cessions

General guidelines

The items set out in Appendix 6 shall be included on the balance sheet if the undertaking has taken out reinsurance and has the pertinent classes of income and expenses.

The general guidelines in the introduction to Appendix 3 also apply to items relating to reinsurance.

Assets

Section 1[34] **Item E — Reinsurers' share of technical provisions.** The items E (1)–E (5) encompass reinsurers' share of the technical provisions that are included under item DD Technical provisions (before reinsurance cessions).

Section 2[35] **Item F (I) — Claims in respect of direct insurance.** Claims against policyholders, insurance intermediaries and other insurance undertakings in respect of direct insurance are recognised here.

Section 3[36] **Item F (II) — Claims in respect of reinsurance.** Claims against insurance intermediaries and other insurance undertakings in respect of reinsurance are reported here.

Equity, provisions and liabilities

Section 4[37] **Item GG — Deposits from reinsurers.** An undertaking that has ceded reinsurance shall recognise under this item an amount that corresponds to the value of cash or other instruments that have been deposited by insurance undertakings that have accepted reinsurance in accordance with reinsurance contracts or that the insurance undertaking has withheld for the same reason.

The insurance undertaking that has received the instrument, irrespective of whether or not it is registered as the owner, may not recognise any amount other than the undertaking's liability in accordance with the deposit.

Section 5 Item HH (I)— Liabilities in respect of direct insurance. Liabilities to policyholders, insurance intermediaries and insurance undertakings in respect of direct insurance are recognised here.

Section 6 Item HH (II) — Liabilities in respect of reinsurance. Liabilities to insurance intermediaries and insurance undertakings in respect of reinsurance are recognised here.

Section 7 Item II (I) — Reinsurers' share of deferred acquisition costs. If an insurance undertaking has reinsured a commitment the acquisition costs of which have been included under the item Deferred acquisition costs (H [II]), the reinsured share shall be recognised under this item.

[34] Art. 24 of IAD.
[35] Art. 6 of IAD.
[36] Art. 6 of IAD.
[37] Art. 32 of IAD.

Appendix 9

Content of the income statement items concerning reinsurance cessions

General guidelines

The items set out in Appendix 7 shall be included in the income statement if the undertaking has taken out reinsurance and has the pertinent classes of revenue and expenses. The appendix also set out which items shall, in accordance with Appendix 2, be recognised before and after reinsurance cessions.

The general guidelines in Appendix 4 also apply to items relating to reinsurance.

Section 1[38] Item I (1) (b) and II (1) (b) — Premiums for reinsurance cessions. An insurance undertaking that has ceded reinsurance shall recognise under this item amounts that are paid out over the course of the financial year or amounts that have been entered as a liability to insurance undertakings that have accepted reinsurance in accordance with reinsurance contracts that have been entered into, including portfolio premiums.

The insurance undertaking shall deduct amounts that have been credited due to portfolio retraction or a change in reinsurers' share of proportional reinsurance contracts.

Section 2[39] Item I (1) (d) – Reinsurers' share of change in provision for unearned premiums and unexpired risks. The change for the year in the item Reinsurers' share of technical provisions for unearned premiums and unexpired risks (E [1]) shall be recognised under this item.

General guidelines

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

Section 3[40] Item I (4) (a) (bb) and II (5) (a) (bb) — Reinsurers' share of claims paid. This item encompasses reinsurers' share of the amount that the insurance undertaking has received or entered as a receivable from reinsurers in accordance with reinsurance contracts that have been entered into.

Section 4 Item I (4) (b) (bb) and II (5) (b) (bb) — Reinsurers' share of change in provision for outstanding claims. The change for the year in the item Reinsurers' share of technical provisions for outstanding claims (E [3]) is recognised under this item.

[38] Art. 36 of IAD.
[39] Art. 37 of IAD.
[40] Art. 38 of IAD.

General guidelines

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

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

General guidelines

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

Section 6[41] Item I (6) and II (7)— Bonuses and discounts (after reinsurance cessions). In addition to the change for the year in the item Provision for bonuses and discounts (DD [4]), this item also includes Reinsurers' share of technical provisions for bonuses and discounts (E [4]).

General guidelines

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

Section 7[42] Item I.7 and II.8 — Operating expenses. If there has been reinsurance, this item shall also encompass the following expenses:
1. Commissions and profit participation in reinsurance cessions (-).
2. Change in the item Deferred acquisition costs (+/-). This includes transfers to and depreciation and impairment of the item Reinsurers' share of deferred acquisition costs (II [I]), provided these acquisition costs have been recognised as an asset in accordance with Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act (1995:1560).
3. Administrative expenses (-). This also includes operating expenses for reinsurance cessions that cannot be related to claims handling, acquisition or asset management expenses.

Section 8 Item II (6) (a) (bb) — Reinsurers' share of life insurance provision. Mutual life insurance companies and life insurance associations that measure technical provisions in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act use this item to recognise the change for the year in the item Reinsurers' share of other technical provisions for life insurance provision.

---

[41] Art. 39 of IAD.
[42] Art. 34, 40 and 41 of IAD.

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