

Finansinspektionen's Regulatory Code

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Finansinspektionen's regulations regarding smaller local Swedish non-life insurance companies' obligation to report date from the annual report;

decided on 30 June 2008.

Finansinspektionen hereby prescribes the following pursuant to section 49 of the Insurance Business Ordinance (1982:790).

Chapter 1 Scope

Section 1 These regulations shall be applied by Swedish non-life insurance companies whose balance sheet total in accordance with the balance sheets for the previous two financial years is below 1,000 basic amounts in accordance with the General Insurance Act (1962:381) for each financial year.

The regulations do not apply to smaller local companies that only provide livestock insurance (local livestock companies).

Section 2 A non-life insurance company shall submit information on the form Annual Report – smaller local non-life insurance companies, *appendix 1*.

Instructions on how to fill out the form are set out in *Appendix 2*.

Section 3 The information must have been received by Finansinspektionen no later than 15 March of the year after the financial year to which it relates.

Section 4 A company may be granted an exemption from the requirement to submit a solvency declaration if

1. the company's activities do not include credit or guarantee insurance or liability insurance other than insurance which is treated as secondary in accordance with Chapter 2, section 3a, third paragraph of the Insurance Business Act (1982:713), and

2. at least 50 per cent of the annual premium income comes from the company's co-owners.

Applications for exemptions from the requirement to submit solvency declarations are made in section D.

Section 5 Finansinspektionen may also decide to grant exemptions from these regulations in other cases where special grounds exist.

Chapter 2 Annual reports for smaller local non-life insurance companies

Annual accounts

Section 1 A non-life insurance company shall submit a report on its annual accounts. If a decision is adopted at an ordinary or extraordinary annual general meeting on the income statement, balance sheet and appropriation of the profit/loss for the year which involves any deviations from the information submitted, the company shall immediately notify Finansinspektionen.

Solvency declaration

Section 2 A non-life insurance company shall submit a declaration of the company's solvency at the balance sheet date. The declaration shall include information on the own funds, solvency margin and guarantee amount in accordance with Chapter 7, sections 22–28 of the Insurance Business Act.

A company which, during the financial year, has been a receiving or assigning party in an assignment of insurance stock shall submit information on such assignment along with the declaration.

Section 3 If a non-life insurance company considers that there has been any substantial change in its solvency from the balance sheet date up to the date when the declaration is submitted, it shall attach written observations on that matter to the declaration. If any changes occur thereafter that the company considers may mean that the own funds during the current financial year may not exceed the required solvency margin, the company shall immediately inform Finansinspektionen of such changes.

1. These regulations shall enter into force on 1 August 2008 and apply for the first time to information relating to 2008.

2. Upon entry into force of these regulations, Finansinspektionen's regulations (FFFS 2005:18) regarding smaller local Swedish non-life insurance companies' obligation to report data from the annual report shall be repealed.

ERIK SAERS

Joakim Ström

ANNUAL REPORT SMALLER LOCAL NON-LIFE INSURANCE COMPANIES

INSTITUTION		PERIOD	INSTITUTION NUMBER
ADMINISTRATOR	TELEPHONE		COMP. REG. NO.

This report shall be submitted to Finansinspektionen

CONTENTS

-
- A Income statement
 - B Balance sheet
 - C Specifications: Income statement and balance sheet
 - D Exemption from the requirement to submit the solvency declaration, Control and application
 - E Solvency declaration for companies only conducting non-life insurance business

I hereby certify that the information in this report is accurate. (to be filled in only if the report is not submitted)

Name of CEO	Date		
Name of actuary responsible	Date	Name of administrating official	Date

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ANNUAL REPORT SMALLER LOCAL NON-LIFE INSURANCE COMPANIES

INSTITUTION	
ADMINISTRATOR	TELEPHONE

PERIOD

INSTITUTION NUMBER
COMP. REG. NO.

Amounts indicated in SEK thousand without decimals

A. INCOME STATEMENT

	1	2	3	4
Technical report	Total	Direct insurance	Accepted reinsurance	
	(col 2+3)	of Swedish risks (col 5 : 9)	Total	of which from foreign companies
A1 Earned premium o.o.a.				
A2 Return on capital transferred from the financing business [Check against A25]				
A3 Other technical income o.o.a.				
A4 Insurance compensations o.o.a.				
A5 Change in Other technical provisions o.o.a.				
A6 Bonuses and discounts o.o.a.				
A7 Operating expenses				
A8 Other technical expenses o.o.a.				
A9 Change in Equalisation provision				
A10 Technical profit/loss (A1 : A =				

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A. INCOME STATEMENT

	5	6	7	8	9
	Specification of direct insurance of Swedish risks				
Technical report	comprehensive insurance	Commercial P&C	Maritime hull insurance	Livestock insurance	Other
A11 Earned premium o.o.a.					
A12 Return on capital transferred from the financing business					
A13 Other technical income o.o.a.					
A14 Insurance compensations o.o.a.					
A15					
Change in Other technical provisions o.o.a.					
A16 Bonuses and discounts o.o.a.					
A17 Operating expenses					
A18 Other technical expenses o.o.a.					
A19 Change in Equalisation provision					
A20 Technical profit/loss (A11:A =					

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A. INCOME STATEMENT

Non-technical report	Total
A21 Returns on capital, income	
A22 Unrealised profits on investments	
A23 Returns on capital, costs	
A24 Unrealised losses on investments	
A25 Returns on capital transferred to the non-life insurance business [Check against A2 column 1]	
A26 Other income	
A27 Other costs	
A28 Profit/loss before appropriations and taxes (A10 col 1+ A21:A27)	=
A29 Appropriations	
A30 Profit/loss before tax (A28 : A29)	=
A31 Tax on profit for the year	
A32 Other taxes	
A33 Profit/loss for the year (A30 : A32) [link from C27]	=

A34 COMMENTS (max 2,000 characters)

A35 ADMINISTRATOR

TELEPHONE

E-MAIL

ANNUAL REPORT SMALLER LOCAL NON-LIFE INSURANCE UNDERTAKINGS

INSTITUTION		PERIOD	INSTITUTION NUMBER
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B. BALANCE SHEET

Assets

B1	Subscribed capital unpaid	=	
B2	Goodwill		
B3	Other intangible assets		
B4	Total Intangible assets (B2 : B3)	=	
B5	Investments [Link from C12]		
B6	Reinsurers' share of unearned premiums and outstanding risks		
B7	Reinsurers' share of outstanding claims		
B8	Reinsurers' share of bonuses and discounts		
B9	Reinsurers' share of other technical provisions		
B10	Total Reinsurers' share of technical provisions (B6:B9)	=	
B11	Claims related to direct insurance		
B12	Reinsurance receivables		
B13	Other receivables		
B14	Total Receivables (B11 : B13)	=	
B15	Property, plant and equipment and inventory		
B16	Cash and bank balances		
B17	Other assets		
B18	Total Other assets (B15 : B17)	=	
B19	Accrued interest and lease income		
B20	Deferred acquisition costs		
B21	Other deferred expenses and accrued income		
B22	Total Deferred expenses and accrued income (B19 : B21)	=	
B23	Total Assets (B1+B4+B5+B10+B14+B18+B22)	=	

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B. BALANCE SHEET

Equity, provisions and liabilities

B24 Share capital or guarantee capital	
B25 Share premium account	
B26 Revaluation reserve	
B27 Statutory reserve	
B28 Fair value fund	
B29 Other funds	
B30 Profit/loss brought forward	
B31 Profit/loss for the year	[link from C27]
B32 Equity (B24 : B31)	[Check against C28] =
B33 Untaxed reserves	[Link from C36] =
B34 Subordinated liabilities	[Link from C40] =
B35 Unearned premiums and outstanding risks	
B36 Outstanding claims	
B37 Bonuses and discounts	
B38 Equalisation provision	
B39 Other technical provisions	
B40 Technical provisions (before reinsurance sessions) (B35 : B39)	=
B41 Provisions for other risks and expenses	
B42 Deposits from reinsurers	
B43 Liabilities	
B44 Accrued expenses and deferred income	
B45 Total Equity, provisions and liabilities (B32:B34+B40:B44)	=

COMMENTS (max 2,000 characters)

B46

B47 ADMINISTRATOR

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C. SPECIFICATIONS: INCOME STATEMENT AND BALANCE SHEET

Specification of gross premium income

C1 Gross premium income, total	[Link to D3]	
C2 Gross premium income, accepted reinsurance	[Link to D4]	

Specification of investments

Book value

C3 Land and buildings		
C4 Shares and participations in group and associated companies		
C5 Interest-bearing securities issued by, and lending to, group and associated companies		
C6 Total Investments in group and associated companies (C4:C5)	=	
C7 Shares and participations		
C8 Bonds and other interest-bearing securities		
C9 Other financial investments		
C10 Total Other financial investments (C7 : C9)	=	
C11 Deposits with companies that ceded reinsurance		
C12 Total Investments, book value (C3+C6+C10+C11)	[Link to B5] =	

Fair value

C13 Land and buildings		
C14 Shares and participations in group and associated companies		
C15 Interest-bearing securities issued by, and lending to, group and associated companies		
C16 Total Investments in group and associated companies (C14:C15)	=	
C17 Shares and participations		
C18 Bonds and other interest-bearing securities		
C19 Other financial investments		
C20 Total Other financial investments (C17 : C19)	=	
C21 Deposits with companies that ceded reinsurance		
C22 Total Investments, fair value (C13+C16+C20+C21)	=	

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C. SPECIFICATIONS: INCOME STATEMENT AND BALANCE SHEET

Specification of equity

C23 Equity brought forward from adopted balance sheet	=	
C24 Change in fair value fund	=	
C25 Change in statutory reserve	=	
C26 Other changes	=	
C27 Profit/loss for the year	[Link to A33, B31]	
C28 Reported closing equity	[Check against B32] =	

Specification of deferred taxes in the balance sheet

C29 Deferred tax asset	
C30 Deferred tax liability	
C31 of which deferred tax liability on unrealised profits	

Specification of untaxed reserves

C32 Contingency reserve		
C33 Allocation reserve		
C34 Equalisation fund		
C35 Other untaxed reserves		
C36 Untaxed reserves (C32 : C35)	[Link to B33] =	

Specification of subordinated liabilities

C37 Perpetual subordinated loans		
C38 Fixed-term subordinated loans		
C39 Other subordinated liabilities		
C40 Subordinated liabilities (C37 : C39)	[Link to B34] =	

COMMENTS (max 2,000 characters)

C41	

ADMINISTRATOR

C42	
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TELEPHONE

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ANNUAL REPORT SMALLER LOCAL NON-LIFE INSURANCE UNDERTAKINGS

INSTITUTION		PERIOD	INSTITUTION NUMBER
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Amounts indicated in SEK thousand without decimals

D. EXEMPTION FROM THE REQUIREMENT TO SUBMIT A SOLVENCY DECLARATION CONTROL AND APPLICATION

A local mutual non-life insurance company may be granted an exemption from the requirement to submit a solvency declaration if:

- (1) the company's adopted balance sheet total in accordance with the balance sheets for the preceding two years does not exceed 1,000 basic amounts in accordance with the General Insurance Act (1962:381) for each financial year.
- (2) the company is treated as secondary in accordance with Chapter 2, section 3a, third paragraph of the Insurance Business Act (1982:713), and
- (3) at least 50 per cent of the annual premium income derives from the company's co-owners.

Information for the exemption application

D1	Total assets for the year preceding the most recent completed financial year	
D2	Total assets for the year before the year referred to in D1	
D3	Gross premium income according to the income statement [Link from C1]	
D4	Gross premium income, accepted reinsurance [Link from C2]	
D5	D4/D3	
D6	Basic amount, SEK	

The company has a concession for at least one of insurance classes 10-15

D7	Yes	
D8	No	

D9 EXEMPTION APPLICATION

This application is hereby submitted for an exemption from the requirement to submit a solvency declaration.
 (The exemption will be granted if the company fulfils the exemption requirements as set out above.)

COMMENTS (max 2,000 characters)

D10	
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ADMINISTRATOR

D11	
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ANNUAL REPORT SMALLER LOCAL NON-LIFE INSURANCE COMPANIES

INSTITUTION	PERIOD	INSTITUTION NUMBER
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Amounts indicated in SEK thousand without decimals

E. SOLVENCY DECLARATION FOR COMPANIES ONLY CONDUCTING NON-LIFE INSURANCE BUSINESS

OWN FUNDS

A-items

E1 Paid in share capital or guarantee capital (B24-B1)	
E2 Statutory reserves (B25+B26+B27+B29)	
E3 Non-restricted reserves	
E4 Accumulated profit/loss	
E5 Profit/loss for the year after AGM appropriations	
E6 Subordinated loans, up to a maximum of 25 per cent (fixed maturity) or 50 per cent of the required solvency margin	
E7 Openly reported surplus values (net) in assets	
E8 Total Own funds before deductions (E1 : E7)	=
E9 of which conversion adjustment	
E10 Deductions	
Intangible items on the balance sheet	
E11 Difference between undiscounted and discounted provisions for outstanding claims	
E12 Cash flow hedge adjustment	
E13 Reclassified items	
E14 Unrealised changes in value of financial liabilities due to changes in own creditworthiness	
E15 Plan assets and unreported pension liabilities	
E16 Other deductions	
E17 Total Own funds (E8-E10-E11-E12-E13-E14-E15-E16) [Link to E84, E88]	=

Adjusted own funds = total of items for which consent is not needed

E18 Own funds less A-items E6 and E7 1) (E17-E6-E7)	
E19 Openly reported surplus values (net) in assets	
Adjusted own funds in openly reported surplus values (net)	
E20 in assets [Link to E85]	=

Filled in by

Finansinspektionen

B-items

E21 Non-openly reported surplus values that originate from undervalued assets	
E22 Half of not yet paid in share capital or guarantee capital (50% x B1)	
E23 Half of unused distribution right; up to 50 per cent of the required solvency margin	

Filled in by

Finansinspektionen

E24 Upwards adjusted own funds (E17+E21+E22+E23)	
E25 -of which B-items (%) represent ((E21+E22+E23)/E24*100)	=

REQUIRED SOLVENCY MARGIN

First result

E26	Premium income before reinsurance cessions (gross) for direct insurance and accepted reinsurance outside classes 11-13		
E27	Premium income before reinsurance cessions (gross) for direct insurance and accepted reinsurance in classes 11-13		
E28	$E27 \times 1,50$	=	
E29	Premiums in E26 and E27 above that were cancelled (and taxes and fees)		
E30	Adjusted premium income (E26+E28-E29)	=	
E31	Gross value of earned premiums outside classes 11-13		
E32	Gross value of earned premiums for classes 11-13		
E33	$E32 \times 1,50$	=	
E34	Adjusted gross value of earned premiums (E31+E33)	=	
E35	The higher of E30 Adjusted premium income and E34 Adjusted gross value		
E36	the portion of E35 less than EUR 53.1 million multiplied by 0.18 2)	=	
E37	the portion of E35 greater than EUR 53.1 million multiplied by 0.16 2)	=	
E38	Total = (E36 + E37) premium basis	=	
E39	Insurance compensations after reinsurance cessions (o.o.a.) for the three most recent preceding financial years	[Link to E61]	
E40	Insurance compensations before reinsurance cessions (gross) for the three most recent preceding financial years	[Link to E62]	
E41	Ratio between insurance compensations o.o.a. and insurance compensations gross (E39/E40)	[Link to E63]	=
E42	The higher of E41 and 0.50	[Link to E64]	=
E43	First result (adjusted premium basis) (E38 x E42)	[Link to E66]	=

Second result

E44	Paid insurance compensations for direct insurance and accepted reinsurance during the reference period 3) outside classes 11-13		
E45	Paid reinsurance compensations for direct insurance and accepted reinsurance during the reference period 3) for classes 11-13		
E46	$E45 \times 1,50$	=	
E47	Provision for outstanding claims for direct insurance and accepted reinsurance outside excluding classes 11-13 at the end of the reference		
E48	Provision for outstanding claims for direct insurance and accepted reinsurance for classes 11-13 at the end of the reference period		
E49	$E48 \times 1,50$	=	
E50	Recovered amounts, outside classes 11-13		
E51	Recovered amounts for classes 11-13		
E52	$E51 \times 1,50$	=	
E53	Provision for outstanding claims for direct insurance and accepted reinsurance outside classes 11-13 at the start of the reference period		
E54	Provision for outstanding claims for direct insurance and accepted reinsurance for classes 11-13 at the start of the reference period		
E55	$E54 \times 1,50$	=	
E56	Total for the reference period (E44+E46+E47+E49-E50-E52-E53-E55)	=	
E57	Total insurance compensations divided by the number of years in the referenc	=	
E58	the portion of E57 less than EUR 37.2 million multiplied by 0.26 2)	=	
E59	the portion of E57 greater than EUR 37.2 million multiplied by 0.23 2)	=	
E60	Total (E58+E59) claims basis	=	
E61	Insurance compensations after reinsurance cessions (o.o.a.) for the three most recent preceding financial years	Link from E39]	
E62	Insurance compensations before reinsurance cessions (gross) for the three most recent preceding financial years	[Link from E40]	=
E63	Ratio between E61 and E62	[Link from E41]	=
E64	The higher of E63 and 0.50	[Link from E42]	=

E65 Second result (adjusted claims basis) (E60 x E64) [Link to E67] =

Comparison with previous year's solvency margin

E66 First result (adjusted premium basis) [Link from E43] =

E67 Second result (adjusted claims basis) [Link from E65] =

E68 The higher of E66 and E67

E69 The higher of the preceding year's first and second result

E70 If E68 is greater than E69:

Solvency margin: the higher of E66 and E67 (E68) [To E77]

E71 If E69 is greater than E68:

Closing provision for outstanding claims on own account

E72 Ratio between closing and opening provisions for outstanding claims o.o.a. (E71/E72)

E73 Ratio between closing and opening provisions for outstanding claims o.o.a. (E71/E72) =

E74 Solvency margin: Preceding year's solvency margin multiplied by the ratio between closing and opening provisions for outstanding claims o.o.a. (E69 x E73) [To E77]

Guarantee amount

E75 The company's statutory guarantee amount, in accordance with Chapter 7, sections 26 and 27 of the Insurance Business Act, denominated in EUR 5) =

E76 Guarantee amount converted to SEK thousand (E75 x E91) x 0.10 [Link to E78, E82] =

SUMMARY

E77 Solvency margin, see Comparison with preceding year's solvency margin [E70 or E74]

E78 Guarantee amount [Link from E76]

E79 Required solvency margin = the higher of E77 and E78 [Link to E80, E89] =

Requirement on size of own funds

E80 Required solvency margin [Link from E79]

E81 One-third of the required solvency margin (E79 / 3) =

E82 Guarantee amount [Link from E76]

E83 Minimum requirement on adjusted own funds = the higher of E81 and E82

Own funds

E84 Total own funds [Link from E17]

E85 Adjusted own funds [Link from E20]

E86 B-items (E21+E22+E23)

E87 Adjusted own funds [Link from E24]

E88 At the end of the financial year, own funds totalled [Link from E17]

E89 and the required solvency margin [Link from E79]

E90 Surplus/deficit (E88 - E89) =

E91 Euro rate in SEK for the financial year =

Footnotes

1 This value shall fulfil the requirement set out in Chapter 7, sections 26 and 27 of the Insurance Business Act stipulating that own funds up to one-third of the solvency margin or all of the guarantee amount shall consist of certain items.

2 If the amount announced by the European Community's Commission for the year is higher, this amount should be used as a threshold value

3 In general, the reference period consists of the three most recent preceding years, although for undertakings that primarily underwrite credit insurance or insurance for at least one of storm, hail or frost insurance it shall consist of the seven most recent preceding years

4 Use the number of years, three or seven, that corresponds to the length of the reference period

5 If the amount announced by the European Community's Commission for the year is higher, this amount should be used as a guarantee amount

E92 COMMENTS (max 2,000 characters)

E93 ADMINISTRATOR

TELEPHONE

E-MAIL ADDRESS

*Appendix 2***Instructions on the form Annual Report – smaller local non-life insurance companies**

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

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

Explanatory notes on the information supplied may be included in the Comments section in each section of the form. The administrator's name, telephone number and e-mail address should also be given here to enable Finansinspektionen to contact the company any questions arise.

The company's actuary should check the information before it is submitted to Finansinspektionen. The actuary, along with the CEO, is responsible for certifying that the information is accurate. However, 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 notes have the same meaning as in the Annual Reports at Insurance Companies Act (1995:1560) and Finansinspektionen's regulations and general guidelines regarding annual reports at insurance companies, unless otherwise stated.

Nevertheless, in the forms, certain information shall be divided up and specified in more detail in comparison with the annual accounts. In forms A and C costs shall be given as a negative figure with a minus sign (including in specifications of pure cost items). Accepted life and non-life reinsurance shall be reported together.

Reporting of data from the annual report, etc.

Report information in the sections A–E of the form:

1. Income statement (A)
2. Balance sheet (B)
3. Specifications of income statement and balance sheet items (C)
4. Solvency declaration (E)

Applications for exemptions from the requirement to submit solvency declarations are made in form D.

A. Income statement**Report on premium income, insurance compensations, etc.**

In the form, costs are given as a negative figure with a minus sign (including in specifications of pure cost items).

Accepted life and non-life reinsurance are reported together.

Motor vehicle insurance for combine harvesters, for example, is included in Other insurance categories.

B. Balance sheet

Assets, equity, provisions and liabilities

Investment assets, debts relating to direct insurance, fair value fund, untaxed reserves, subordinated liabilities, provisions for other risks and expenses, liabilities and accrued costs and deferred income. Some of the information is obtained from Specifications: Balance sheet.

C. Specifications: Income statement and balance sheet

The type of the investment asset is specified as well as both the fair value and the book value (the value in the balance sheet).

D. Exemption from submitting a solvency declaration: Application and control

A local mutual non-life insurance company may be granted an exemption from the requirement to submit a solvency declaration if

1. the company's balance sheet total in accordance with the balance sheets for the previous two financial years does not exceed 1,000 basic amounts in accordance with the General Insurance Act (1962:381) for each financial year,
2. the company's activities do not include credit or guarantee insurance or liability insurance other than insurance which is treated as secondary in accordance with Chapter 2, section 3 a, third paragraph of the Insurance Business Act, and
3. at least 50 per cent of the annual premium income comes from the company's co-owners.

If the above conditions are fulfilled, place a cross on the page. Also complete the remaining information requested.

Example D1 and D2: If the application relates to the solvency declaration at 31 December 2007, row D1 is the balance sheet total at 31 December 2006 and row D2 the balance sheet total at 31 December 2005.

E. Solvency declaration for companies conducting only non-life insurance business

State the financial year to which the information relates on each page of the form. The Euro exchange rate for the financial year is stated in Finansinspektionens regulations on the Euro exchange rate.

The following supporting data is required in order to complete the form:

1. If the company is *a mutual* and
 - a) mainly provides credit insurance or insurance that covers one or more of the risks of storm, hail or frost: the company's annual accounts for the past seven years and the articles of association (the reference period is seven years),

b) mainly provides insurance other than the insurance specified in point a: the company's annual accounts for the past three years and the articles of association (the reference period is three years).

2. If the company is a *joint-stock company* and

a) mainly provides credit insurance or insurance that covers one or more of the risks of storm, hail or frost: the company's annual accounts for the last seven years (the reference period is seven years),

b) provides insurance other than the insurance specified in paragraph a: the company's annual accounts for the last three years (the reference period is three years).

For new company start-ups, the above only applies insofar as it is applicable. Companies which have carried on business for a period of less than three (seven) years are subject to a proportionately shorter reference period. Companies which have an abbreviated or an extended financial year should contact Finansinspektionen before completing the forms.

In the case of solvency reports, it should be taken into account that the rules contained in the Insurance Business Act 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 company when determining both the required solvency margin and own funds.

Own funds

Information is obtained from the balance sheet in the most recent annual accounts and, in the case of mutual companies, from the articles of association.

The items in own funds shall be stated according to appropriations in accordance with the proposed appropriations at the annual general meeting stated in the annual accounts.

A-items

E1 Paid in equity share capital or guarantee capital

This item relates only to paid in start-up capital and any capital contribution.

Finansinspektionen may, on application, allow half of the as yet unpaid equity share or guarantee capital to be included in the own funds, see the note to E22.

E2 Reserves required by law

A share premium reserve, revaluations reserve and a statutory reserve, i.e. the sum of items AA.II, AA.III and AA.V(1) on the liabilities side of the balance sheet, are stated here. However, the fair value fund is equated with the surplus in this context and reported in E7. Provision for credit insurance (equalisation reserve) may not be included in own funds. Any surplus provisions for credit insurance are reported in E4.

E3 Non-restricted reserves

Security reserves and other untaxed reserves are stated here, though not surplus provisions for credit insurance that are reported in E4 or equalisation reserves for credit insurance which may not be included in own funds. The information should coincide with item BB on the liabilities side of the balance sheet, unless the

company reports surplus provisions for credit insurance there. In such cases, the surplus provisions are deducted before the information is reported in the form.

E4 Accumulated profit/loss

This relates to the sum of the items Other funds and Profit or loss brought forward after appropriations (AA.V(4) and AA.VI on the liabilities side of the balance sheet, increased or reduced by the appropriations for the year by the Annual General Meeting). The adjustment made to the annual accounts item Profit or loss brought forward as a consequence of the application of fair value as a valuation principle is included here. The part of the profit or loss for the year brought forward in new accounts is stated beside the profit or loss for the year in E5. Any part of an equalisation provision for credit insurance that exceeds the amount contemplated in Chapter 12, section 9 a of the Insurance Business Act is included here.

E5 Profit/loss for the year after appropriations by the Annual General Meeting

This item refers to the profit or loss for the year, including any unrealised profit or loss (AA.VII on the liabilities side of the balance sheet) with a deduction for any appropriations by the Annual General Meeting such as a dividend to the shareholders.

E6 Subordinated loans up to a maximum of 25 per cent (fixed term) or 50 per cent of the required solvency margin

Only subordinated loans that Finansinspektionen has permitted in response to an application are reported here. The loans are associated with certain conditions in accordance with Finansinspektionen's regulations regarding subordinated loans in insurance companies' own funds. The regulations state that own funds may include both subordinated loans with no fixed term (so-called perpetual subordinated loans) and certain subordinated loans with a fixed term.

A subordinated loan may amount to a maximum of 50 per cent of own funds or the required solvency margin, whichever is the lower, though up to a maximum of 25 per cent in the case of a subordinated loan with a fixed term. Under normal circumstances the required solvency margin is lower than the own funds. Therefore, the required solvency margin should be calculated first in order to be able to fill in which amount may be included in the own funds. The required solvency margin consists of the solvency margin and the guarantee amount in accordance with E81, whichever is the higher.

E7 Openly reported surplus values (net) in assets

In accordance with Chapter 7, section 24, third paragraph 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 company's own funds. Finansinspektionen may therefore permit a company, on application, to include surplus values (net) in its assets, provided that these surplus values are recognised in the company'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 additional information or the directors' report to be taken into account.

The company applies to be permitted to include assets in its own funds by reporting the assets in the form. No special application is therefore required for this. If Finansinspektionen does not grant approval, the company is notified of the decision separately.

It is net surplus values and deficit values in assets that are included in this item, as appropriate. Surplus values and deficit values in a fair value fund are taken into account before any deferred tax. Deferred tax on unrealised profits that were previously booked against a fund for unrealised profits may also be included in E7.

If a net amount for openly reported assets thus calculated shows a deficit value, a deduction is made from the own funds under deduction item E16.

E9 Of which conversion adjustment

The total adjustment of opening balances in items in equity as a consequence of the company's initial application of new or amended international accounting standards in accordance with Finansinspektionen's regulations and general guidelines regarding annual reports at insurance companies 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.

E10 Intangible items in the balance sheet

Regardless of which accounting rules are applied, deductions for any intangible assets that may relate to item B. 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.

E11 The difference between undiscounted and discounted provisions for outstanding claims

Provision for outstanding claims may be discounted if the company fulfils the requirements imposed in Finansinspektionen's accounting regulations. In accordance with the regulations, companies which discount provision for outstanding claims state the undiscounted value of the provisions in a note to the annual accounts.

A deduction is made from the own funds for the difference between undiscounted provisions and discounted provisions for outstanding claims for the insurance contemplated in Chapter 2, section 3a, first paragraph of the Insurance Business Act, classes 3–18.

This calculation shall not be affected by annuities and life annuities in non-life insurance.

E12 Cash flow hedge adjustment

Own funds shall be adjusted for reported changes in value in own capital if these relate to derivative instruments which are included in cash flow hedges for assets and liabilities.

E13 Reclassified items

Own funds may include items which according to older accounting rules would have been classified as equity, but which under accounting rules conforming to the IFRS are classified as liabilities.

Own funds may not include items which according to older accounting rules would have been classified as liabilities, but which under accounting rules conforming to the IFRS are classified as equity.

Accounting rules conforming to IFRS means

1. Finansinspektionen's regulations and general guidelines regarding annual reports at insurance companies 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 companies with restrictions and supplements in accordance with the regulations and general guidelines contained in sections 4 and 5 of the transitional rules of Finansinspektionen's regulations and general guidelines (FFFS 2005:34) regarding annual reports at insurance companies.

Examples of items that may be reclassified are as follows:

1. An embedded derivative which according to older accounting rules was reported as part of an instrument classified as a liability, but which according to accounting rules conforming to the IFRS may be classified as equity.

E14 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 own funds shall not be affected by accumulated value changes attributable to change in credit worthiness. 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.

E15 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 own funds after deferred taxes have been taken into account. 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).

Own funds 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 on the balance sheet at an amount of at least that which would have been reported had the company applied calculation models in accordance with the Safeguarding of Pension Commitments Act etc. or the equivalent foreign rules on the safeguarding of pension commitments. This exception applies on condition that the company's external auditors have verified the amounts.

E16 Other deductions

Deductions in accordance with Chapter 7, section 24a of the Insurance Business Act for the book value of shares and contributions in certain companies, for example, are reported in E16. Deductions for a calculated deficit value (net) of openly reported assets in accordance with the instructions for E7 are also reported under E16. An equalisation reserve for credit insurance may not be included in own funds. If an equalisation reserve for credit insurance is included in the Total Own funds before deduction items (E8), a deduction for that reserve shall be made under E16.

Adjusted own funds = Total items for which consent is not required

The total is calculated by reducing the own funds by the items which require approval from Finansinspektionen, i.e. E6 and E7. The total shall fulfil the minimum requirement to correspond to one-third of the solvency margin and to the guarantee amount in accordance with Chapter 7, section 27, fourth paragraph of the Insurance Business Act.

Finansinspektionen's approval is required if the company also wishes to include openly reported surpluses (E7) in order to fulfil this requirement. A company that reports such assets here has thereby applied for approval to include them. In such cases, the adjusted own funds including openly reported surplus values is stated as an adjusted own funds on the last page of the form. If Finansinspektionen does not grant approval to include the surplus values in the own funds, the company is notified of the decision separately.

B-items

Information for the B-items is processed separately after the company has applied for approval to include one or more of them in its own funds. If Finansinspektionen grants approval for the items to be included in own funds, Finansinspektionen also fills in the information on the form and notifies the company of the size of the adjusted own funds.

E21 Non-openly reported surplus values which derive from undervaluation of assets

A Swedish insurance company normally owns no non-openly reported surplus values because all surplus values are by definition openly reported in the balance sheet and/or in the directors' report.

E22 Half of the as yet unpaid share capital or guarantee capital

For a joint-stock company, unpaid share capital can only occur in a new issue.

For a mutual company, unpaid guarantee capital can only occur in the case of a contribution of guarantee capital in the course of the business.

Because the provisions for annual accounts involve reporting of gross figures, guarantee capital, like shareholders' contributions as a consequence of a new issue, shall be reported on the liabilities side of the balance sheet as though it were fully paid in. Claims on amounts not paid in full shall also be reported as a specific main item on the assets side of the balance sheet. Half of the amount in this item may, with Finansinspektionen's approval, be included in own funds.

The item may account for a maximum of 50 per cent of own funds or the required solvency margin, whichever is lower.

E23 Half of unused distribution right up to 50 per cent of the required solvency margin

This information applies only to mutual non-life insurance companies. Non-life insurance companies' distribution right is governed in Chapter 1, section 7 of the Insurance Business Act. The articles of association state whether the distribution right is limited and, in which case, to what amount.

The distribution right item may account for a maximum of 50 per cent of own funds or the required solvency margin, whichever is the lower. Under normal circumstances the required solvency margin is lower than the own funds. Therefore

the solvency margin should be calculated first in order to obtain the amount that may be included in own funds subject to approval by Finansinspektionen. The required solvency margin consists of the solvency margin and the guarantee amount in accordance with E81, whichever is the higher.

Companies with no rules on limitation

If there are no rules on limitation in the articles of association, no deduction needs to be made for any distribution carried out for the financial year.

Companies with rules on limitation

The company shall calculate, with the aid of its rules on limitation, the maximum combined amount that could have been collected from the members during the financial year. The amount actually collected for the current financial year is then deducted from that value. The remaining amount shall be halved, i.e. divided by two. This amount is then compared with the amount of 50 per cent of the required solvency margin. The lower of these amounts is the amount that may be included in own funds subject to approval by Finansinspektionen.

Required solvency margin

Information is obtained from the income statement, with associated notes, in the most recent annual accounts.

In the calculation, the amounts for premiums, insurance compensations, technical provisions and the claim recourse amount for claims settled for insurance classes 11–13 in Chapter 2, section 3a, first paragraph of the Insurance Business Act shall be increased by 50 per cent. Finansinspektionen may, on application, allow statistical methods to be used to determine the share of premiums, insurance compensations, technical provisions and claims paid that relate to these classes.

When calculating the required solvency margin, reinsurance cession is taken into account to a certain extent through calculation of a retention ratio. Finansinspektionen may decide, in accordance with Chapter 7, section 25 of the of the Insurance Business Act, that the deduction due to reinsurance cessions should be reduced

- if the reinsurance agreement has substantially worsened since the previous financial year, or
- if the agreement leads only to insignificant transfer of risk.

Finansinspektionen may, on application, grant approval for the solvency margin to be reduced by an amount that may be recovered from a special-purpose entity¹.

In such cases, the company is notified of the decision separately.

First result

E26 Premium income before reinsurance cessions (gross) for direct insurance and accepted reinsurance outside of classes 11–13

This relates to income which is not allocated to periods. Lump-sum premiums for insurance policies with terms of more than one year are therefore included in their entirety. If another insurance company purchased a non-life disability annuity in the reporting company, the transaction shall be clearly stated in the income

¹ a company in accordance with Chapter 1, section 9h of the Insurance Business Act

statement. The compensation received by the company for the disability annuity shall also be regarded as premium income and included in item E25.

Premium income for insurance classes 11–13 is reported in E27.

E27 Premium income before reinsurance cessions (gross) for direct insurance and accepted reinsurance in classes 11–13

Premium income for insurance classes 11–13 in accordance with Chapter 2, section 3a, first paragraph of the Insurance Business Act, is stated in this section. The amount for premium income for the insurance classes shall be increased by 50 per cent and the total shall be stated in E28.

E29 Cancelled premiums

An adjustment is made here if E26 and possibly E27 have been reported without a deduction for cancelled premiums (e.g. third party motor insurance premiums for cars which are scrapped or sold).

If premiums for classes 11–13 (E27) have been reported without a deduction for cancelled premiums, an adjustment shall also be made to compensate for the fact that the premiums in these classes in the basis for the calculation have increased by 50 per cent.

Nevertheless, the item can be established at a zero value if its size is of minor importance and it is difficult and costly to obtain information on cancelled premiums.

E31–E32 Gross value of the earned premiums

The item corresponds to gross premium income (before reinsurance cessions) i.e. items I.1.a and I.1.c in the income statement.

Premium income for insurance classes 11–13 shall also be increased by 50 per cent in this section and then added to premium income for other classes of non-life insurance.

E36–E37

The amount of the adjusted premium income or the adjusted gross value of the earned premiums, whichever is the higher, is stated here. The part which is equal to or below the SEK equivalent of EUR 53.1 million is multiplied by 0.18 and reported in E36.

When the total premium income or the gross value of the earned premiums, whichever is the higher, exceeds the SEK equivalent of EUR 53.1 million, the surplus amount is multiplied by 0.16 and reported in E37.

Amounts expressed in EUR are revised on an annual basis by the EC Commission so that they reflect changes in the European consumer price index. The most recent change in the threshold value when calculating the premium basis entered into force on 1 January 2007, when it was raised to EUR 53.1 million. If the amount announced by the EC Commission for the year to which the report relates is above EUR 53.1 million, that higher amount shall instead be used as the threshold value in the calculation. Information on the amount is available at www.fi.se.

The Euro exchange rate used in the conversion to SEK is stated in Finansinspektionen's regulations regarding the Euro exchange rate.

E39 Insurance compensations after reinsurance cessions (o.o.a.) for the preceding three financial years

State insurance compensations (after reinsurance cessions) for the preceding three financial years. The information to which this relates is therefore the part that does not fall on the company's reinsurer.

E40 Insurance compensations before reinsurance cessions

The insurance compensations (before reinsurance cessions) should be calculated for the preceding three financial years for all direct business and accepted reinsurance, i.e. the same information as in E39 but without any deduction for the reinsurers' share.

E41 Ratio E39/E40. If E40 is zero (0), the ratio is set to 1.

E42 If E41 is greater than 0.50, E41 is implemented – otherwise E42 is fixed at a value of 0.50.

E43 First result (adjusted premium base) is obtained by multiplying E38 and E42.

Second result

The information in E44–E55 aims to produce a basis for calculating the average value during the reference period of insurance compensations (gross) for all direct and indirect non-life insurance. The use of moving average values rather than insurance compensations for an individual year gives rise to greater stability in the required solvency margin.

The period (reference period) to which the average value relates is three years for most non-life insurance companies. However, companies that mainly provide credit insurance or insurance for one or more of the risks of storm, hail or frost, have a reference period of seven years. The average value shall therefore, if possible, be calculated on the last seven years' information on insurance compensations.

Note that the company can in principle calculate E56 by obtaining information on insurance compensations from each of the last three (seven) years' income statements. The information requested in E56 can be obtained by adding together the figures for the three (seven) years and then dividing by three (seven). Nevertheless, this method does not work when an assignment of stock to be entered directly on the balance accounts took place during the reference period. This is because the closing provision for outstanding claims for one year is not exactly the same size as the opening provision for the following year. The method may not be used by an insurance company that carried out an assignment of stock. However, there is no problem if another insurance company purchased a non-life disability annuity in the company because such a transaction is reported in the income statement. The size of the two items of premium income and insurance compensations hereby increases, which here is a measure of the risks in a non-life insurance company.

Note also that if the company has insurance compensations and/or technical provisions in the insurance classes 11–13 in Chapter 2, section 3a, first paragraph of the Insurance Business Act, that amount shall be increased by 50 per cent.

E44 Insurance compensations relating to direct insurance and accepted reinsurance during the reference period outside of classes 11–13

Give insurance compensations before reinsurance cessions (gross) for both direct insurance and accepted reinsurance during the last three (or seven) financial years.

Insurance compensations for insurance classes 11–13 in accordance with Chapter 2, section 3a, first paragraph of the Insurance Business Act are reported separately in E45.

E45 Insurance compensations relating to direct insurance and accepted reinsurance during the reference period for classes 11–13

Insurance compensations for classes 11–13 in accordance with Chapter 2, section 3a, first paragraph of the Insurance Business Act are stated here. The amount for insurance compensations for the classes shall be increased by 50 per cent and the total shall be stated in E46.

E47 Provisions for outstanding claims relating to direct insurance and accepted reinsurance outside of classes 11–13 at the end of the reference period

State the provision for outstanding claims (item DD.3 on the liabilities side of the balance sheet) at the end of the last financial year. If another insurance company has purchased a non-life disability annuity in the company during the year, the provision for this shall be reported in the income statement and included in a closing provision for outstanding claims.

Note that provision for outstanding claims for insurance classes 11–13 in accordance with Chapter 2, section 3a, first paragraph of the Insurance Business Act are reported separately in E48.

E48 Provisions for outstanding claims relating to direct insurance and accepted reinsurance for classes 11–13 at the end of the reference period

Closing provisions for outstanding claims at the end of the reference period for insurance classes 11–13 in accordance with Chapter 2, section 3a, first paragraph of the Insurance Business Act are stated here. The amount for provisions for outstanding claims for the classes shall be increased by 50 per cent and the total shall be stated in E49.

E50 Recovered amounts outside classes 11–13

State only any realised claims paid and amounts recovered that have not already been taken into account when calculating E44.

E51 Recovered amounts in classes 11–13

State realised claims paid and amounts recovered for insurance classes 11–13 in accordance with Chapter 2, section 3a, first paragraph of the Insurance Business Act. The amount for claims paid and amounts recovered for the classes shall be increased by 50 per cent and the total shall be stated in E52.

E53 Provisions for outstanding claims relating to direct insurance and accepted reinsurance outside of classes 11–13 at the beginning of the reference period

State the opening provision for outstanding claims for the first year of the reference period. The provision shall therefore include provision for stocks that had been assigned to the company at the beginning of the reference period.

E54 Provisions for outstanding claims relating to direct insurance and accepted reinsurance for classes 11–13 at the beginning of the reference period

State opening provisions for outstanding claims at the beginning of the reference period for insurance classes 11–13 in accordance with Chapter 2, section 3a, first paragraph of the Insurance Business Act. The amount for provisions for outstanding claims for these insurance classes shall be increased by 50 per cent and the total shall be stated in E55.

E57 Total insurance compensations divided by the number of years in the reference period

The result of the calculation is the average value (per year) of the insurance compensations during the reference period, three or seven years, with an adjustment for classes 11–13.

E58 and E59

The total of E55 for the reference period divided by the number of years in the reference period forms the basis for the calculation of items E58 and E59.

The part which is equal to or below the corresponding EUR 37.2 million is multiplied by 0.26 and reported in E58.

When the basis is greater than the corresponding EUR 37.2 million, the surplus amount is multiplied by 0.23 and reported in E59.

Amounts expressed in EUR are revised on an annual basis by the EC Commission so that they reflect changes in the European consumer price index. The latest change in the threshold value when calculating the claims basis entered into force on 1 January 2007, when it was raised to EUR 37.2 million. If the amount announced by the EC Commission for the year to which the report relates is above EUR 37.2 million, that higher amount shall instead be used as the threshold value in the calculation. Information on the amount is available at www.fi.se.

The Euro exchange rate used in the conversion to SEK is stated in Finansinspektionen's regulations regarding the Euro exchange rate.

E61 The value is equal to E39.

E62 The value is equal to E40.

E63 The value is equal to E41.

E64 The ratio in E63 is used if it is greater than 0.50. Otherwise, 0.50 is implemented.

E65 Second result (adjusted claims basis) is calculated by multiplying the values for E60 and E64.

E66–E74 Required solvency margin – Comparison with the previous year's solvency margin

Compare the solvency margin calculated for the year, i.e. the adjusted premium or adjusted claims basis, whichever is the higher, with the solvency margin for the previous year.

If the solvency margin calculated for the year is higher than the previous year's solvency margin, it is stated in E70 and reported as a solvency margin in E77 in the summary.

If the solvency margin calculated for the year is lower than the previous year's solvency margin, the solvency margin for the year is determined by multiplying the previous year's solvency margin by the ratio between closing and opening provisions for the company's outstanding claims on own account. This amount is entered as a solvency margin in E77 in the summary.

*Guarantee amount***E75 Guarantee amount in EUR**

The guarantee amount in EUR which applies to the company is stated in Chapter 7, sections 26 and 27 of the Insurance Business Act. The size of the guarantee amount depends on the insurance classes the business is included in and the size of the reinsurance. For insurance companies that only carry on direct non-life insurance business, the guarantee amount is EUR 2.2 or 3.2 million. When an insurance company carries on both direct non-life insurance business and reinsurance, the guarantee amount is EUR 2.2, 3.0 or 3.2 million. For an insurance company that only conducts reinsurance (non-life or life), the guarantee amount is EUR 3.0 million.

Amounts expressed in EUR are revised on an annual basis by the EC Commission so that they reflect changes in the European consumer price index. The supervision of the guarantee amount for direct insurance and reinsurance may take place at different times. The most recent change in the guarantee amount for direct insurance entered into force on 1 January 2007, when it was raised to EUR 2.2 and 3.2 million. The guarantee amount for reinsurance is EUR 3.0 million. If the guarantee amount announced by the EC Commission for the year to which the report relates is above EUR 2.2, 3.0 and 3.2 million, respectively, that higher amount shall be used instead. Information on the amount is available at www.fi.se.

The Euro exchange rate used in the conversion to SEK is stated in Finansinspektionen's regulations regarding the Euro exchange rate.

E76 Guarantee amount converted to SEK thousand

The company's own funds must always at least equal the guarantee amount. In order to be able to compare the two figures, the guarantee amount must be converted to SEK. The Euro exchange rate used in the conversion to SEK in the solvency calculations is stated in Finansinspektionen's regulations regarding the Euro exchange rate.

In some cases, the guarantee amount for a smaller company is much higher than the required solvency margin applying to the company at a particular time (which is calculated with the aid of the form). However, the company's own funds (in SEK thousand) must at least equal the guarantee amount (in SEK thousand).

Where particular grounds exist, Finansinspektionen may allow the guarantee amount for a mutual insurance company to be reduced by a maximum of one fourth. A specific application is required for this. Subject to a decision by Finansinspektionen, the lower guarantee amount is stated on the last page of the form.