Finansinspektionen’s Regulatory Code

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Finansinspektionen’s regulations and general guidelines regarding annual accounts at insurance undertakings and institutions for occupational retirement provision;

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decided on 10 December 2019.

Finansinspektionen prescribes[1] the following pursuant to sections 4, 5, 7 and 8 of the Annual Accounts at Credit Institutions, Securities Companies and Insurance Undertakings Ordinance (1995:1600) and section 19b of the Foreign Branch Offices Ordinance (1992:308).

Finansinspektionen also provides the following general guidelines.

Chapter 1 Scope and definitions

Section 1 These regulations and general guidelines apply to insurance companies, mutual insurance companies and insurance associations covered by the Insurance Business Act (2010:2043) and to occupational pension companies, mutual occupational pension companies and occupational pension associations covered by the Institutions for Occupational Retirement Provision Act (2019:742), unless something else applies by virtue of the fifth paragraph.

The provisions set out in sections 2 and 3, and in Chapters 7 and 8 apply to those financial holding companies that, in accordance with Chapter 1, section 1, second paragraph of the Annual Accounts at Insurance Undertakings Act (1995:1560), shall apply Chapter 7 of the same act when preparing consolidated accounts.

The provisions set out in sections 2 and 3 and in and Chapters 2–4 and 6 apply to those branches of foreign insurance undertakings and foreign institutions for occupational retirement provision that shall apply the Annual Accounts at Insurance Undertakings Act when preparing their annual accounts in accordance with Chapter 6, section 3a of the Accounting Act (1999:1078). The provisions set out in Chapters 2–4 apply to branches of foreign insurance undertakings and institutions for occupational retirement provision that shall apply the Annual Accounts at Insurance Undertakings Act when preparing their annual accounts in accordance with Chapter 6, section 3b of the Accounting Act.

The provisions set out in sections 2 and 3 and Chapters 2–4 are also applied to annual accounts prepared for business related to non-life insurance, reinsurance of non-life insurance or business conducted by institutions for occupational retirement provision and which is conducted from fixed establishments by general agents or general

[1] Cf. Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings as amended by Directive 2006/46/EC of the European Parliament and of the Council.

representation in accordance with Chapter 2, section 8 of the Accounting Act and are applied in an equivalent manner as set out in that section.

These regulations and general guidelines shall not be applied by those mutual insurance companies and insurance associations that received an exception in accordance with Chapter 1, section 1, third paragraph of the Annual Accounts at Insurance Undertakings Act and may apply provisions concerning simplified annual accounts. This applies unless something else applies by virtue of Finansinspektionen's regulations and general guidelines (FFFS 2011:27) regarding simplified annual accounts at insurance undertakings granted exception.

These regulations and general guidelines shall not be applied by those special purpose vehicles referred to in Chapter 1, section 12, paragraph 11 of the Insurance Business Act.

General guidelines

The addendum to the fourth paragraph means that these regulations and general guidelines are applied in the same way to a branch. Each non-life insurance undertaking that conducts business through general representation is considered to be an independent branch in relation to other non-life insurance undertakings that conduct business through the same general representation. See Chapter 4, section 8 of the Accounting Act.

Definitions

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

1. *direct insurance undertakings*: insurance undertakings that exclusively or primarily conduct direct insurance business,

2. *insurance contracts*: insurance contracts as defined in approved international accounting standards, traditional life insurance contracts and other contracts regarding insurance that may be recognised as insurance contracts in accordance with international accounting standards, cf. IFRS 4 Insurance Contracts,

3. *undertakings*: insurance companies, mutual insurance companies, insurance associations, occupational pension companies, mutual occupational pension companies , occupational pension associations and financial holding companies when they apply the provisions on consolidated accounts, and branches and business conducted from fixed establishments by general agents or general representation when they apply the rules regarding annual reports or annual accounts, unless otherwise specified,

4. *insurance undertakings*: undertakings that have authorisation to conduct insurance business in accordance with the Insurance Business Act (2010:2043),

5. *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),

6. international accounting standards: International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), interpretations from the

Standing Interpretations Committee (SIC) and interpretations from IFRS Interpretations Committee (IFRIC Interpretations),

7. *investment contracts*: contracts regarding insurance that are recognised as financial instruments in accordance with IFRS 9 Financial Instruments,

8. *life insurance undertakings*: the same as in the Insurance Business Act.

9. *listed insurance undertakings*: insurance undertakings encompassed by Article 4 of the IAS Regulation,

10. *listed institutions for occupational retirement provision*: institutions for occupational retirement provision encompassed by Article 4 of the IAS Regulation,

11. *unlisted insurance undertakings*: insurance undertakings that are not listed insurance undertakings,

12. *unlisted institutions for occupational retirement provision*: institutions for occupational retirement provision that are not listed institutions for occupational retirement provision,

13. *institutions for occupational retirement provision*: undertakings with authorisation to conduct occupational pension business in accordance with Chapter 2, section 11 of the Institutions for Occupational Retirement Provision Act (2019:742) and

14. *occupational pension business*: occupational pension business conducted in accordance with Chapter 1, section 4 and Chapter 2, section 11 of the Institutions for Occupational Retirement Provision Act (2019:742).

General guidelines

The definition of insurance contracts is only of significance to the reporting pursuant to these regulations and general guidelines. Consequently, the definition cannot be used directly as a basis for supervisory reporting or the application of business rules in accordance with other regulations and general guidelines.

The undertakings encompassed by Article 4 of the IAS Regulation are undertakings whose securities are admitted to trade on a regulated market in the European Economic Area (EEA).

Exceptions

Section 3 Finansinspektionen decides on exceptions to these regulations where special grounds exist.

Chapter 2 General provisions regarding the annual accounts

Application of international accounting standards

General guidelines

1. All undertakings should apply approved international accounting standards, unless something else is required under legislation or another statute, or applies by virtue of these regulations and general guidelines.

The following clarification is provided for the following standards:

IAS 33 Earnings per Share. This standard only needs to be applied by undertakings encompassed by the scope of the standard.

IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts. An insurance undertaking that is applying the temporary exemption in IFRS 4 from applying IFRS 9, should during this period apply the corresponding provisions in IAS 39, instead of what is stated in respect of IFRS 9 in these regulations and general guidelines and in RFR 2 Accounting for Legal Entities. The temporary exemption is granted pursuant to points 20A–20K of IFRS 4.

International accounting standards that are not approved may be applied to the extent they do not conflict with approved standards, legislation, other statutes or these regulations and general guidelines.

2. All undertakings should apply the recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board, unless otherwise regulated by legislation, other statues or these regulations and general guidelines.

Statements from the Swedish Financial Reporting Board should be applied in the same manner as RFR 2, unless otherwise regulated by legislation, other statutes or these regulations and general guidelines.

3. In addition to that which is set out in point 2, international accounting standards are applied with the following limitations on the basis of the Annual Accounts at Insurance Undertakings Act (1995:1560):

a) Undertakings are not reported as parent companies and subsidiaries if there is no participating interest. See Chapter 1, section 3 of the Annual Accounts at Insurance Undertakings Act and Chapter 1, section 4 of the Annual Accounts Act (1995:1554). If an undertaking does not hold participating interest, but still has a control of another undertaking, the first undertaking should provide supplementary disclosures in order to give a fair presentation. See Chapter 2, section 2 of the Annual Accounts at Insurance Undertakings Act and Chapter 2, section 3 of the Annual Accounts Act. In such a case, the other undertaking should state which undertaking has a control without participating interest and how the control can be exerted.

b) The recognition of an instrument or its parts as a liability or equity in accordance within the economic implications of the conditions is not applied by the issuer to the extent the instrument refers to what shall be classified as equity in accordance with legislation or other statutes. See Chapter 3, section 4 of the Annual Accounts at Insurance Undertakings Act and Chapter 3, sections 10a and 10b of the Annual Accounts Act. The issuer should provide disclosures about the classification in accordance with the economic implications in a note.

c) Investments for which policyholders bear the risk shall, in accordance with the Annual Accounts at Insurance Undertakings Act, always be measured at fair value. See Chapter 4, section 2 of the same act.

d) Deferred acquisition costs for insurance contracts shall, in accordance with the Annual Accounts at Insurance Companies Act and under certain conditions, be recognised as an asset. See Chapter 4, section 8 of the same act.

e) Impairment losses that have been done before the Annual Accounts at Insurance Undertakings Act entered into force may not be reversed. See point 5 of the transitional provisions for the implementation of the Annual Accounts Act. Disclosures that an impairment loss has not been reversed for this reason and an assessment of the effect on the undertaking's financial position and earnings should be provided in a note.

f) IFRS 8 Operating Segments does not need to be applied to the annual accounts, irrespective of whether or not the undertaking prepares consolidated accounts. For insurance undertakings and institutions for occupational retirement provision whose business covers more than one line of insurance there are instead provisions concerning profit and loss attribution in Chapter 2, section 1 and Chapter 6, section 3 of the Annual Accounts at Insurance Undertakings Act and Chapter 6, section 3 of these regulations and general guidelines.

g) Disclosures concerning material risks and uncertainties for which the undertaking is responsible shall be disclosed in the statutory administration report in accordance with Chapter 6, section 1 of the Annual Accounts at Insurance Undertakings Act. These disclosures shall also include disclosures that should be provided in accordance with IFRS 4 concerning the nature and scope of risks arising from insurance contracts. In accordance with IFRS 4, these disclosures shall be provided in a note. The disclosures may be provided in the statutory administration report if a note contains a reference to the location of this information.

h) Disclosures concerning equity in accordance with Chapter 3, section 4 of the Annual Accounts at Insurance Undertakings Act do not need to be provided in a note insofar as the information is included in a statement of changes in equity or in a statement that specifies other comprehensive income, if a disclosure is provided in a note that refers to the statement.

a) Unlisted insurance undertakings and unlisted institutions for occupational retirement provision do not need to prepare a cash flow statement, cf. IAS 1 Presentation of Financial Statements.

4. In addition that which applies by virtue of points 2 and 3, international accounting standards, the recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board and statements from the Swedish Financial Reporting Board are applied with the following adjustments:

a) Spot purchases and sales should be recognised on the trade date even if this is not required by law. With regard to transactions on the Swedish market, spot purchases and spot sales mean contracts with delivery within two business days on the money and bond market, equity market, commodities market and foreign exchange market.

b) Insurance undertakings and institutions for occupational retirement provision may remeasure Investment Assets (C) that are not financial instruments at fair value by virtue of special provisions in the Annual Accounts at Insurance Undertakings Act. Land and Buildings (C.1) may therefore be measured at fair value if all assets in the item are measured in the same manner. See Chapter 4, section 5 of the same act. Owner-occupied property may, as an exception from international accounting standards, be recognised and measured in the same way as investment property. If this exception is utilised, disclosures concerning an alternative measurement based on cost in accordance with Chapter 4, section 7 of the same act should be provided broken down into owner-occupied property and investment property.

c) That which is set out with regard to retained earnings in international accounting standards or the Swedish Financial Reporting Board's recommendations should instead refer to the consolidation reserve in life insurance undertakings and institutions for occupational retirement provision that are not permitted to issue dividends, see Chapter 3, section 4 of the Annual Accounts at Insurance Undertakings Act.

d) Financial instruments held for trading in accordance with IFRS 9 Financial Instruments should be reported as held for trading purposes in accordance with the Annual Accounts Act.

e) An undertaking should not apply point 2 regarding IFRS 9 in RFR 2 Accounting for Legal Entities.

f) Undertakings may apply the easement regulations in IFRS 1 First Time Adoption of International Financial Reporting Standards insofar as this application is in line with point 1 regarding IFRS 1 in RFR 2 Accounting for Legal Entities.

g) Undertakings that are applying the exemption from IAS 19 Employee Benefits in RFR 2 Accounting for Legal Entities and are recognising defined-benefit pension schemes in accordance with the principles stated therein may also recognise that the interest portion of pension costs for the year as an operating expense in accordance with Chapter 3, section 5.

Irrespective of that which applies by virtue of approved international accounting standards or RFR 2, neither IAS 19 nor point 1 regarding IAS 19 in RFR 2 need to be applied to insurance undertakings' and insurance institutions for occupational retirement provision's insurance contracts that relate to post-employment benefits for their own employees, cf. IFRS 4, point 4b, IFRS 7, point 3b, IAS 32, point 4b and IAS 9, point 2.1.c. If this exemption is utilised, the contracts are instead recognised in accordance with the provisions concerning insurance contracts or, where applicable, the provisions concerning investment or service contracts.

h) An undertaking should not apply point 1 regarding IAS 32 in RFR 2 Accounting for Legal Entities with regard to classification of a financial instrument as a liability or equity. Point 3b should be applied instead.

5. Unlisted insurance undertakings and unlisted institutions for occupational retirement provision whose balance sheet total for the two most recent financial years does not exceed 1,000 price base amounts in accordance with Chapter 2, section 7 of the Social Insurance Code (2010:110) only need to

provide disclosures in accordance with the following approved international accounting standards:

– IFRS 4 Insurance Contracts,
– IFRS 7 Financial Instruments: Disclosures,
– IFRS 13 Fair Value Measurement,
– IAS 1 Presentation of Financial Statements, in the section on disclosures concerning capital, and
– IAS 40 Investment Property, with the addition set out in point 3 with regard to IAS 40 in RFR 2 Accounting for Legal Entities.

The provisions set out in the first paragraph should not be applied if the undertaking

– prepares or is included in consolidated accounts,
– has an international connection,
– is a life insurance undertaking conducting business related to occupational pension insurance in accordance with point 2 in the transitional provisions to the Act (2015:700) amending the Insurance Business Act (2010:2043), or
– is an institution for occupational retirement provision.

The undertaking should specify in its description of the accounting policies applied whether it has applied these provisions.

In the second paragraph, *an international connection* means that the undertaking

– conducts cross-border operations or has a foreign branch,
– is included in the same group as at least one foreign financial undertaking (an insurance undertaking, an institution for occupational retirement provision, a credit institution or securities company), or

– conducts business related to non-life insurance, reinsurance of non-life insurance or business that is conducted in institutions for occupational retirement provision and is conducted from fixed establishments by general agents or general representation in accordance with Chapter 2, section 8 of the Accounting Act (1999:1078).

Irrespective of the first paragraph, branches of a foreign undertaking do not need to provide any disclosures in accordance with approved international accounting standards or RFR 2 Accounting for Legal Entities.

The exemption in the fifth paragraph may also be applied to business that relates to non-life insurance, reinsurance of non-life insurance or business that is conducted in institutions for occupational retirement provision and is conducted from fixed establishments by general agents or general representation in accordance with Chapter 2, section 8 of the Accounting Act.

Repos and other repurchase transactions

Section 1 A *repurchase transaction* is a contract whereby the parties have agreed on both the sale of assets (for example bills of exchange, receivables or transferable securities) and the subsequent repurchase of equivalent assets at a set price. *Transferor* refers to the party selling in the spot stage of a repurchase transaction. *Transferee* refers to the party buying in the spot stage of a repurchase transaction.

If the transferee commits to sell back the assets at a date that has been decided or is to be decided by the transferor, the transaction is a *genuine repurchase transaction*. In that case, the assets shall also continue to be recognised on the transferor's balance sheet, and the consideration received shall be recognised as a liability. The transferee shall not include the assets on its balance sheet, but shall recognise the consideration paid as a receivable from the transferor.

If the transferee is entitled, but not obliged, to return the assets at a predetermined price, the transaction is a sale with the option to sell back the assets *(non-genuine repurchase transaction*). In that case, the transferee and not the transferor shall recognise the assets on its balance sheet.

A non-genuine repurchase transaction shall still be recognised as a genuine repurchase transaction if it is evident that the option to return the assets will be exercised.

The following transactions shall not be considered repurchase transactions:

1. Forward foreign-exchange transactions.
2. Options instruments.
3. Transactions that encompass the issuing a debt instrument with a commitment to repurchase all or parts of the issue prior to maturity.
4. Other similar transactions.

In a genuine repurchase transaction, the transferor shall provide disclosures concerning the transferred assets in a note. In a non-genuine repurchase transaction, the transferor shall provide disclosures concerning the redemption price agreed for any repurchase. The disclosures shall be provided in conjunction with other disclosures that shall be made in accordance with Chapter 5, section 2, point 3 of the Annual Accounts at Insurance Undertakings Act (1995:1560) concerning repurchase transactions.

General guidelines

A distinction is made in the fifth paragraph to distinguish repurchase transactions from certain other types of financial contracts. However, if the specified assets are themselves subject to repurchase contracts, the provisions also apply to such a repurchase agreement.

Acquired insurance portfolios

Section 2 If an insurance undertaking or an institution for occupational retirement provision has taken over technical provisions from another insurance undertaking or institution for occupational retirement provision in accordance with the provisions of Chapter 14, sections 1–17 of the Insurance Business Act (2010:2043) or Chapter 11, sections 1–12 and 26–28 of the Institutions for Occupational Retirement Provision Act (2019:742), the transfer of the portfolio shall be recognised on the balance sheet.

Chapter 3 Balance sheet and income statement

Balance sheet

Section 1 The balance sheet shall be prepared in accordance with the balance sheet format in *Appendix 1*. In addition to that which applies by virtue of Appendix 1 to the Annual Accounts at Insurance Undertakings Act (1995:1560), undertakings shall include the items C (III) (6a) Derivatives (positive value) and HH (IV) (a) Derivatives (negative value) if it is not appropriate to recognise the derivatives under another item.

An insurance association or an occupational pension association that has contributed operating capital in accordance with Chapter 13, section 5 of the Insurance Business Act (2010:2043) or Chapter 10, section 51 of the Institutions for Occupational Retirement Provision Act (2019:742) shall insert the item AA (I) (a) Operating capital, see Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act and Chapter 3, section 4 of the Annual Accounts Act (1995:1554).

A mutual insurance company, a mutual occupational pension company, an insurance association or an occupational pension association that has received non-member contributions in accordance with Chapter 11, section 1 of the Co-operative Societies Act (2018:672) shall insert the item AA (I) (b) Non-member contributions, cf. Chapter 12, section 23 and Chapter 13, section 2 of the Insurance Business Act and Chapter 10, sections 21 and 48 of the Institutions for Occupational Retirement Provision Act.

An insurance undertaking or an institution for occupational retirement provision that issues principal-linked or dividend-linked participation debentures that are classified as equity shall insert the item AA (V) (a) Principal-linked and dividend-linked participating debentures. An insurance undertaking or an institution for occupational retirement provision that issues principal-linked and dividend-linked participation debentures that are classified as liabilities shall insert the item HH (IV) (b) Principal-linked and dividend-linked participating debentures.

The balance sheet items shall have the content specified in *Appendix 3*.

Conversion to an institution for occupational retirement provision

Section 2 An institution for occupational retirement provision that conducts business pertaining to insurance policies other than occupational pension insurance contracts shall, by virtue of point 3 of the transitional provisions to the Institutions for Occupational Retirement Provision Act (2019:742), recognise these insurance contracts on its balance sheet in the following way:
– Contracts pertaining to non-life insurance under the classes of insurance in Chapter 2, Section 11 of the Insurance Business Act (2010:2043), shall be recognised in accordance with provisions concerning non-life insurance.
– Contracts pertaining to life insurance under the classes of insurance in Chapter 2, section 12 of the Insurance Business Act shall be recognised in accordance with provisions on life insurance.

Income statement

Section 3 The income statement shall be prepared in accordance with the income statement format in *Appendix 2* and contain, in addition to that which is set out in Appendix 2 to the Annual Accounts at Insurance Undertakings Act (1995:1560), the following items in the technical account of the life insurance business:

– 6 (b) (aa) (i) / 6 (b) (bb) (i) Before ceded reinsurance, and
– 6 (b).(aa) (ii) / 6 (b) (bb) (ii) Reinsurers’ share (−).

The income statement items shall have the content specified in *Appendix 4*.

General guidelines

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

The income statement is separated into a technical account, broken down into non-life insurance business and life insurance business, as well as a non-technical account. Items that only refer to one of the businesses or the content of which differs between the two businesses are commented on specifically in Appendix 4.

Section 4 An institution for occupational retirement provision shall prepare its income statement in accordance with the technical account for the life insurance business in the income statement format in Appendix 2 to the Annual Accounts at Insurance Undertakings Act (1995:1560).

Section 5 An institution for occupational retirement provision that recognises technical provisions for unearned premiums and unexpired risks for the occupational pension business, shall, in addition to that which is set out in Appendix 2 to the Annual Accounts at Insurance Undertakings Act (1995:1560), insert the following items in the technical account of the life insurance business:

– II (1) (c) Change in Provision for unearned premiums and unexpired risks, (+/-), and
– II (1) (d) in the Reinsurer’s share of Change in unearned premiums and unexpired risks (+/-).

Conversion to an institution for occupational retirement provision

Section 6 An institution for occupational retirement provision that conducts business pertaining to policies other than occupational pension insurance policies shall, by virtue of point 3 of the transitional provisions to the Institutions for Occupational Retirement Provision Act (2019:742), recognise these insurance policies in its income statement in the following manner:
– Policies that pertain to non-life insurance under the classes of insurance in Chapter 2, Section 11 of the Insurance Business Act (2010:2043), shall be recognised in accordance with provisions concerning non-life insurance.
– Policies pertaining to life insurance under the classes of insurance in Chapter 2, section 12 of the Insurance Business Act shall be recognised in accordance with provisions on life insurance.

Recognition of return on capital

Section 7 Revenue and expenses on investment assets associated with non-life insurance business are recognised in the non-technical account. A reasonable return on the cash flows of the insurance business in question is then then transferred to the technical account (insurance business). The transferred amount is reported separately under the items III (6) and I (2).

In traditional life insurance business and occupational pension business, the return on capital is recognised in the technical account of the life insurance business.

A life insurance undertaking or institution for occupational retirement provision that is permitted to issue dividends shall recognise return on capital attributable to investment assets related to its owners in the non-technical account. The transferred amount is recognised separately under the items II (12) and III (4).

For unit-linked insurance business, the return on capital from those investments assets for which the life insurance policyholder bears the investment risk shall be recognised in the technical account of the life insurance business, while the return on capital from investments assets on own account shall be recognised in the non-technical report.

Insurance undertakings that conduct both traditional life insurance business and non-life insurance business recognise the return on capital in the business in which the return is earned.

General guidelines

In accordance with the first paragraph, return from the insurance business' cash flows shall be transferred to the technical account. Normally, an average of the technical provisions o.o.a. can be a sufficient approximation of these flows, less the capital tied up resulting from the insurance business, for example in the form of premium receivables.

Technical provisions in foreign currency

Section 8 If, in the calculation of outgoing technical provisions and reinsurers' share thereof, there remain commitments in foreign currency that were also included in the opening balance, this share of the opening balance shall be translated at the closing rate of exchange. The exchange gain or loss relating to such a translation shall be recognised as return on capital.

Functional breakdown of operating expenses

Section 9 All of the undertaking's operating expenses shall be broken down by function in accordance with the third paragraph.

In this section, *operating expenses* means both direct and indirect expenses for employees or temporary employees (salaries, social security contributions, pensions and fees etc.), rent (premises, leased equipment etc.), planned depreciation/amortisation of assets other than investment assets (C) and other business-related expenses.

Operating expenses can be broken down into the following functions:

a) *acquisition*
Operating expenses for acquisition or renewal of insurance contracts and investment contracts are recognised in the item Acquisition costs which is included as a sub-item under the income statement item I (7)/II (8) Operating expenses.

b) *claims settlements*
Operating expenses for claims settlements are recognised in the income statement item I (4) (a)/II (5) (a) Claims paid.

c) *administration*
Operating expenses for joint administration are recognised in the item Administration costs which is included as a sub-item under the income statement item I (7)/II (8) Operating expenses.

d) *treasury management*
Operating expenses for treasury management are recognised in the item Asset management costs which is included as a sub-item under the income statement item II (9)/III (5) (a) Return on capital, expenses.

e) *property management*
Operating expenses for property management are recognised in the income statement item II (9)/III (5) (a) Return on capital, expenses.

Pension obligations to employees

Section 10 An insurance undertaking and an institution for occupational retirement provision shall make provisions in its balance sheet for pension obligations for employees that are not covered by pension insurance or specifically separable assets (pension fund or the equivalent).

An insurance undertaking and an institution for occupational retirement provision whose recognised pension liabilities on the balance sheet or capital in specifically separable assets exceed the capital value of the pension commitments to employees shall not report the surplus on the balance sheet.

The first and second paragraphs do not apply to defined-benefit schemes that are recognised in accordance with IAS 19 Employee Benefits.

Chapter 4 Measurement rules

Net realisable value and fair value of land and buildings

Section 1 When determining net realisable value and fair value of properties, the realisable value shall be the price that would be achieved on the balance sheet date where the offer for sale is made voluntarily and publicly on a market that permits orderly sale and where a reasonable amount of time is provided for negotiations.

The realisable value shall be determined at least once a year through an individual valuation. Where there are special grounds, the valuation of single-family homes with limited value may be based on general information about price levels for such objects.

The valuation shall be conducted by a competent valuer in accordance with recognised and accepted valuation methods. For each individual property, the method or combination of methods shall be chosen that best reflect the realisable value on the balance sheet date. The valuation shall be documented in writing for each property, including information about when, how and on what grounds and by whom the valuation was conducted.

General guidelines

The valuation may be conducted by in-house personnel or external valuation consultants if they fulfil the general qualification requirement. This means that the valuer must have sufficient theoretical and practical knowledge about how the valuation is conducted and otherwise be familiar with the property market in general and, in particular, the local market conditions for the individual property.

The valuer can apply the following methods or combinations of methods to determine the realisable value:

1. Sales comparison method
This method is based on market analyses. This means that the value of the property is assessed on the basis of the prices that have been paid for similar properties, comparable objects, on a free and open market. Access to relevant market data is therefore key to the quality of the resulting valuation. To make this analysis possible, the prices must be related to factors that have an impact on value.

2. Cash flow method
This method is also based on market analyses but in the form of an investment calculation. It is based on a set calculation period, during which the cash flows and the future residual value are discounted to a present value, i.e. an assessed realisable value.

The future cash flows are assessed and determined on the basis of the prevailing conditions for each property. In these cases, rents, changes in rent, vacancies and changes in the vacancy rate, changes in operating and maintenance expenses, including neglected maintenance, are assessed. Interest expenses and other financing costs are not taken into account in the flows. The assessments of future rent levels, vacancies and changes in expenses should reflect market expectations and outlook.

Risks associated with each property are taken into account in the flows. Other risks are taken into account when the cost of capital and required return are being determined. The required return corresponds to the market’s return requirements for similar objects.

The present value of any interest grants should be calculated separately in the flow.

Allocation of premiums pursuant to reinsurance contracts to periods

Section 2 Direct insurance undertakings shall allocate premiums attributable to insurance contracts that pertain to reinsurance of non-life insurance to periods so that the premiums are taken up as revenue or charged to expenses over the contractual period in proportion to the insurance cover attributable to the period.

Institutions for occupational retirement provision shall allocate premiums attributable to insurance contracts that pertain to reinsurance of occupational pension insurance in accordance with the Institutions for Occupational Retirement Provision Act (2019:742) to periods so that the premiums are charged to expenses over the contractual period in proportion to the insurance cover attributable to the period.

Reinsurers' share of technical provisions

Section 3 Reinsurers' share of technical provisions shall be included at an amount that is equivalent to reinsurers' liability for technical provisions in accordance with reinsurance contracts that have been entered into.

Reinsurers' share of technical provisions shall be impaired to the recoverable amount if a direct insurance undertaking's or an institution for occupational retirement provision's carrying amounts according to a contract concerning ceded reinsurance of non-life insurance or ceded reinsurance of occupational pension insurance significantly exceeds the sum of expected future incoming payments (+), outgoing payments (−) and commercial reinsurance premium (+) for future reinsurance cover (recoverable amount [+/−]). If the recoverable amount is negative and cannot be taken into account through an impairment loss, the amount shall be recognised as an increase of the item Liabilities pertaining to reinsurance (HH [II]). The impairment or increase in liability shall be charged to the profit/loss for the period.

The recoverable amount shall be calculated in accordance with an accepted actuarial method. Payments shall be discounted only if the reinsurer's liability refers to technical provisions that have been discounted.

The impairment or increase in liability shall be reversed when there has been a material change in the assumptions that resulted in the decision to enter an impairment loss or liability. A reversal may not result in the carrying amount exceeding that which would have been recognised on the balance sheet if the insurance undertaking or institution for occupational retirement provision had not entered an impairment loss or liability. The reversal shall be recognised as revenue in the income statement.

When applying the second to fourth paragraphs, reinsurance contracts that have a direct link to one another shall be measured together.

General guidelines

The definition of reinsurance contracts can be found in international financial reporting standards, cf. Appendix A of IFRS 4 Insurance Contracts.

The second paragraph is also applicable when the value of a reinsurance contract has been recognised as a liability on the balance sheet. Accordingly, when a negative recoverable amount significantly exceeds the recognised liability, an increase in liability is recognised.

Commercial reinsurance premium refers to the premium that, taking into account the conditions when the reinsurance contract was entered into, would have been decided between knowledgeable parties, independent of each other and who have an interest in the transaction being implemented. The premium refers to the transfer of insurance risk and coverage of the reinsurer's expenses and profit margin.

When an insurance undertaking or an institution for occupational retirement provision assesses whether the calculations are being performed in accordance with an accepted actuarial method, it should take into account the application of the calculation of technical provisions in accordance with sections 6–16. When discounting future payments, the insurance undertaking or the institution for occupational retirement provision should use the interest rate assumptions set out in section 14 on discount rate.

By virtue of this section, the main rule is that reinsurance contracts are measured separately. However, reinsurance contracts that have a direct connection to one another are valued collectively in accordance with the fifth paragraph. It should be deemed that such a connection exists if the contracts can in a natural way be considered as a unit because they relate to reinsurance of one single insurance risk.

Acquisition costs

Section 4 When an insurance undertaking or an institution for occupational retirement provision capitalises acquisition costs for issuing insurance contracts, the following applies.

Acquisition costs means operating expenses in accordance with section 11 of Appendix 4, (a] Acquisition Costs), that vary with and are directly or indirectly related to the acquisition or renewal of insurance contracts. Operating expenses that are general in nature, such as expenses for general marketing, shall not be included.

The insurance undertaking and institution for occupational retirement provision shall only capitalise those acquisition costs for insurance contracts, or homogeneous groups of contracts that can be followed up, that are judged to generate a margin that, as a minimum, covers the acquisition costs.

Insurance undertakings that conduct life insurance business and institutions for occupational retirement provision shall prepare a plan that states how capitalised acquisition costs for individual contracts or homogeneous groups of contracts that can be followed up shall be covered. The conditions for the plan shall be reviewed annually. Unless something else applies by virtue of the second and third paragraphs, the capitalisation of acquisition costs shall be based on the applicable plan.

General guidelines

Examples of operating expenses that may be capitalised include:

– commissions for sales personnel and insurance brokers,
– costs for marketing of insurance products,
– salaries and other costs for sales personnel,
– costs for administration of new insurance contracts, and
– costs for underwriting.

Insurance undertakings and institutions for occupational retirement provision should also capitalise acquisition costs related to investment contracts, cf. Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

Expenditure on IT systems for new insurance products should not be capitalised as deferred acquisition costs. The conditions under which such expenditure may be recognised as an intangible asset are covered in international accounting standards, cf. IAS 38 Intangible Assets.

Section 5 When an insurance undertaking or an institution for occupational retirement provision is determining the amortisation schedule for capitalised deferred acquisition costs, the following applies.

The amortisation plan shall take into account expected cancellations.

In insurance undertakings that conduct non-life insurance business, a capitalised amount shall be divided into periods in a manner that corresponds to the allocation to periods of the unearned premium for the insurance in question.

In institutions for occupational retirement provision, a capitalised amount shall be allocated to periods in a manner that corresponds to the unearned premium for the insurance in question.

In insurance undertakings that conduct life insurance business and in institutions for occupational retirement provision, a capitalised amount shall be allocated to periods in accordance with a plan that is to be prepared in accordance with section 4.

Insurance undertakings and institutions for occupational retirement provision shall observe reasonable prudence when assessing what portion of the acquisition costs shall be capitalised and how long the amortisation period shall be.

If the conditions under which acquisition costs as permitted to be recognised assets are no longer met, the amount shall be impaired.

Acquisition costs may be divided into groups of insurance contracts provided that these are homogeneous in terms of both the content of their technical provisions and the time at which they were entered into.

General guidelines

In non-life insurance business, the planned amortisation of the acquisition cost should only be greater than twelve months as an exception.

Technical provisions

General

Section 6 For insurance contracts, technical provisions shall be recognised in accordance with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act (1995:1560), and the provisions of sections 7–16.

Divergences from the first paragraph may be made in order to calculate life insurance provisions in accordance with section 7 and when discounting future payments that pertain to provisions for outstanding claims in accordance with section 14 if

a) it is consistent with Chapter 4, section 9 of the Annual Accounts at Insurance Undertakings Act,
b) the divergence makes the accounts more relevant but not less reliable, or more reliable but not less relevant, and

c) disclosures are provided in a note about which divergence is being made, the reasons for the divergence and the effect on the concerned items on the balance sheet, in the income statement and in the profit and loss attribution, as well as relevant key performance indicators.

Calculation of technical provisions shall be performed by an actuary or other specialist with sufficient actuarial knowledge on the basis of recognised actuarial methods.

General guidelines

With regard to what constitutes more relevant and reliable accounts than that which was previously applied, there are guidelines set out in international accounting standards, cf. IFRS 4.

The provisions in section 6, second paragraph shall be applied to the interest rate for calculating technical provisions.

Undertakings that intend to apply the derogation in section 6, second paragraph should provide a written report to Finansinspektionen as soon as possible containing the disclosures set out in section 6, second paragraph, point c.

Amounts other than those specified in sections 19 and 20 of Appendix 4, that may be credited as bonuses and that are not regulated by insurance contracts should be recognised as equity until the annual general meeting determines their size. The amount should then be transferred from equity to conditional or guaranteed bonuses.

Life insurance

Calculation of life insurance provision

Section 7 The life insurance provision (item DD [2]) for direct insurance shall be calculated such that it always equals the sum of the provisions for each life insurance contract calculated in accordance with the third paragraph. The same applies to the calculation of the life insurance provision for occupational pension insurance. The supplement that is needed to cover all losses due to the insurance policies being terminated prematurely shall be included in the provision.

Another accepted actuarial method for collective calculation of the provisions may be used if it provides largely the same result as if the provision had been calculated for each insurance policy.

The life insurance provision for a life insurance contract concerning direct insurance or for an occupational pension insurance policy consists of the difference between the expected capital value of the undertaking’s future expenditure for the insurance contract and the expected capital value of any additional premiums the undertaking may have to charge for the insurance contract (prospective calculation method).

Another accepted actuarial method may be used if the provision calculated in accordance with such a method will not be lower than if a prospective calculation method had been used, or if the method is impossible to apply to the insurance contract.

General guidelines

The life insurance provisions should correspond to the undertaking's liability for insurance claims, administration costs and other expenses, including those bonuses that are guaranteed in nominal or real amounts (guaranteed bonuses) for the remainder of the contractual period for active insurance policies in its life insurance business.

The calculation of the life insurance provisions should be based on assumptions about mortality and other risk measures, interest rates and operating expenses, each of which is satisfactory. For occupational pension insurance policies in an institution for occupational retirement provision, these assumptions should be made in a prudent manner.

An insurance undertaking that has occupational pension insurance policies may use prudent assumptions when it calculates the life insurance provision for these policies.

An insurance undertaking that conducts business related to occupational pension insurance policies in accordance with point 2 of the transitional provisions of the Act (2015:700) amending the Insurance Business Act (2010:2043), should use prudent assumptions when it calculates the life insurance provision for these policies.

Section 8 The life insurance provision (item DD [2]), shall be calculated using a non-Zillmerised method to the extent that the insurance undertaking or institution for occupational retirement provision is liable for active insurance policies. However, a Zillmerised method may be used as an approximation provided negative values are set at 0. Sections 4 and 5 contain specific provisions concerning deferred acquisition costs.

Outstanding claims in life insurance undertakings and institutions for occupational retirement provision

Section 9 Life insurance undertakings and institutions for occupational retirement provision that have technical provisions for outstanding claims due to its business shall calculate these in accordance with section 14.

Unearned premiums and unexpired risks in institutions for occupational retirement provision

Section 10 Institutions for occupational retirement provision that have technical provisions for unearned premiums and unexpired risks shall calculate these in accordance with section 13.

Life insurance policies and occupational pension insurance policies for which the policyholder bears the risk

Section 11 Technical provisions for life insurance policies for which the policyholder bears the risk (EE) shall be measured at fair value to the extent that the conditions are connected to financial assets and liabilities. To the extent that the conditions are connected to actuarial and other risks, the measurement shall be done in a way that is consistent with the undertaking's valuation policies when reporting the impact of such risks on earnings and financial position.

Liabilities pursuant to insurance policies for which the policyholder bears the risk shall be measured at fair value to the extent that the terms are connected to financial assets and liabilities. This also applies if the contract is recognised as a financial instrument.

These provisions also apply to institutions for occupational retirement provision that have insurance policies that relate to technical provisions for which the policyholder bears the risk.

Non-life insurance

General

Section 12 The provisions on the item 'Unearned premiums and unexpired risks' (DD [1]) shall not apply to those insurance classes or parts of insurance classes for which technical provisions have been calculated in accordance with an actuarial method with satisfactory assumptions, e.g. perpetual fire insurance or non-life annuities. The regulations' provisions concerning the item 'Outstanding claims' (DD [3]) generally applies to all non-life insurance business.

Calculation of technical provisions for unearned premiums and unexpired risks

Section 13 For insurance policies with prepaid forward premiums, liability for those payment periods of the outstanding life of the policies that are after the balance sheet date is also included when calculating the provision for unearned premiums.

Deferred acquisition costs may not be deducted from the provision for unearned premiums.

For insurance policies for which premiums are paid for multiple years, the provision for unearned premiums is calculated on the basis of an accurate estimate of both the insurance undertaking's or institution for occupational retirement provision's liability for active contracts and for the expected outgoing payment pattern. The provision for unearned premiums may be estimated with the help of the unearned portion of the premium for active insurance policies, i.e. *pro rata temporis*.

The statistical methods that may be used include *a proportional method*, normally the 1/24ths method, and *a block or flat-rate method*. The latter method, which involves the unearned premium being estimated as a fixed proportion of written premiums during the accounting period, may be used if the fixed proportion is re-evaluated every three years or at an earlier point in time if necessary.

If the insurance undertaking or institution for occupational retirement provision deems the premium level for active insurance policies to be insufficient, a provision shall be made for unexpired risks.

The term unexpired risks means the risk that the insurance contract's compensation claims and expenses will not be covered by unearned and expected premiums after the end of the financial year.

The provision for unearned premiums may be recognised as a total for the insurance undertaking or institution for occupational retirement provision's entire business.

Active insurance policies means insurance policies in accordance with contracts entered into regardless of whether these refer entirely or in part to subsequent insurance periods.

General guidelines

The provision for unearned premiums corresponds to the value of the insurance undertaking's or institution for occupational retirement provision's liability for active insurance policies. The insurance undertaking and the institution for occupational retirement provision need to estimate the expected costs for claims that may occur during the remainder of the duration of these insurance policies and the administration costs during this period.

These cost estimates should be based on the insurance undertaking's and institution for occupational retirement provision's experiences, but should also take into account both the observed and the forecast changes in relevant costs.

Specific consideration should be given to those insurance contracts for which the premium has been agreed for a period of more than one year by means of discounting expected future outgoing payments.

Calculation of technical provisions for outstanding claims

Section 14 The technical provisions for outstanding claims shall be the insurance undertaking's or institution for occupational retirement provision's estimated ultimate cost of settling all claims arising from events which have occurred prior to the end of the financial year, regardless of whether or not these claims have been reported. Deductions are made for the amounts the undertaking has already paid out as a result of compensation claims.

The insurance undertaking or institution for occupational retirement provision shall include in the amount for outstanding claims estimated future operating expenses for the settlement of occurred but, as of the balance sheet date, not yet finally settled claims and bonuses that have fallen due.

Provisions for incurred but not reported (IBNR) claims shall be based on the insurance undertaking's or institution for occupational retirement provision's experience and loss experience. The provision shall encompass expenses for claims that have occurred but that are unknown to the undertaking.

If an insurance undertaking or institution for occupational retirement provision applies statistical methods for calculating the provision for outstanding claims, the undertaking shall continually test the reliability of the methods applied.

In those businesses where a claim may only end up being finally settled a considerable amount of time after it occurred, for example various kinds of third-party liability insurance, the insurance undertaking or institution for occupational retirement provision shall give the expected development that may influence the claims cost the requisite consideration.

Only under the following circumstances may the value of future payments be discounted when the provision for outstanding claims is being calculated for a group of claims:

a) The discounting shall be done openly and describe the assumptions made concerning future direct returns and inflation.

b) The expected average remaining time until the claim is paid shall be at least four years for the affected group of claims.

c) The discounting shall be consistent with recognised actuarial practice and planned changes to the applied model shall be reported to Finansinspektionen in advance.

d) Consideration shall be given to all factors that may be expected to result in the cost of the group of claims increasing in future.

e) The insurance undertaking and institution for occupational retirement provision shall have sufficient data to allow a reasonable model for the timescale for claim settlement to be devised.

f) The assumption concerning the discount rate shall be a conservative estimate of the direct return on the investments corresponding to the provisions for outstanding claims during the claim settlement period.

g) The assumption concerning discount rate may amount to a maximum of the lower value of the direct return for the type of investments referred to in point f, calculated as an average for the past five years and for the year prior to the balance sheet date, respectively.

h) The insurance undertaking and institution for occupational retirement provision shall specify the undiscounted amount of the provision for outstanding claims in a note to the annual report. The amount shall be divided into groups based on which discounting method has been used. Furthermore, these methods shall be specified with regard to the assumptions about future claims costs, return on capital and criteria for determining the duration of the claim settlement period.

The limitations in the sixth paragraph, points f and g do not apply to outstanding claims attributable to occupational pension insurance or insurance that is measured in accordance with the provisions concerning life insurance provisions, for example non-life annuities and disability annuities.

General guidelines

In order to avoid implicit discounting, the assumption concerning inflation and direct return should not be done in the form of only a real interest rate assumption. If it is still natural to refer to a real interest rate assumption, an assumption about future inflation for the relevant period should also be specified. If the insurance undertaking utilises a real interest rate assumption, the relationship between claim inflation and general inflation should also be described.

The average claim settlement period should reflect the main focus of corresponding payment flows, i.e. should be calculated as a weighted average.

When calculating technical provisions for outstanding claims, insurance undertakings that conduct credit insurance business should measure collateral in properties and homes or other collateral at net realisable value. Net realisable value for property is set out in Chapter 4, section 1.

An institution for occupational retirement provision should use prudent assumptions when calculating outstanding claims.

Calculation of technical provisions for reinsurance acceptances

Section 15 The provisions for reinsurance acceptances may be assessed based on accounts for previous years and other known circumstances related to the reinsurance.

General guidelines

An insurance undertaking should assess whether data as at the balance sheet date from the ceding party is sufficient, to the extent that such data is available. This applies to data concerning provisions for unearned premiums and unexpired risks, life insurance provisions and provisions for outstanding claims for reinsurance acceptances. A higher provision may be justified if the insurance undertaking is not aware of or does not want to accept the grounds or methods that the ceding party has applied when calculating its provisions.

Calculation of provision for outstanding claims in the case of co-insurance

Section 16 In co-insurance between EEA insurers that fulfil the requirements in Article 190 of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), the provision for outstanding claims for the participation of a Swedish insurance undertaking shall be, as a minimum, the level that would be achieved if the provisions that apply to the lead co-insurer were applied.

Contingency reserve

Section 17 Provisions concerning provisions to and reversals of the contingency reserve for non-life insurance undertakings are set out in separate regulations.

Chapter 5 Notes etc.

Balance sheet

Land and buildings

Section 1 For the item 'Land and buildings' (C [I]), disclosures shall be provided concerning the carrying amount for owner-occupied property and their share of the carrying amount of all property.

> *General guidelines*
>
> The section specifies the requirement for disclosures in accordance with Chapter 5, section 3, point 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560) regarding the proportion of properties that are used in the undertaking's own business.
>
> Owner-occupied property is defined in IAS 40 Investment Property.

Investment assets for conditional bonuses

Section 2 In connection with an insurance undertaking or an institution for occupational retirement provision providing disclosures concerning the breakdown between direct and indirect investment risk for 'Assets for conditional bonuses' (D [I]), it shall also disclose on which principles this breakdown has been based.

Section 3 If the amount of 'Assets for conditional bonuses' (D [I]) differs from 'Provisions for conditional bonuses' (EE [I]), the insurance undertaking and the institution for occupational retirement provision shall describe the reasons for the differences in a note to the balance sheet.

Claims pertaining to direct insurance

Section 4 The item 'Claims pertaining to direct insurance' (F [I]) shall, on the balance sheet or in a note, be broken down into receivables from policyholders, insurance intermediaries, insurance undertakings and institutions for occupational retirement provision.

Equity and conditional bonuses

Section 5 Life insurance undertakings and institutions for occupational retirement provision shall, in the sensitivity analysis, take into account how market changes affect conditional bonuses.

Section 6 In connection with an insurance undertaking or an institution for occupational retirement provision submitting information about the breakdown between direct and indirect risk for 'Conditional bonuses' (EE [1]), it shall also disclose on which the principles the breakdown has been based.

Life insurance provision

Section 7 A summary of the most important calculation assumptions for life insurance policies in life insurance undertakings and for insurance contracts in institutions for occupational retirement provision shall be provided in notes to the balance sheet.

Technical provisions originating from investment contracts

Section 8 Changes to the technical provisions originating from investment contracts shall be specified in a note to the relevant balance sheet item.

Choice of interest rate when calculating technical provisions

Section 9 Disclosures concerning the chosen interest rate used in the calculations of technical provisions shall be provided in notes to the balance sheet. Furthermore, details of how the chosen interest rate has been determined shall be provided.

Conversion to an institution for occupational retirement provision

Section 10 In notes to each balance sheet item, an institution for occupational retirement provision that applies point 3 in the transitional provisions of the Institutions for Occupational Retirement Provision Act (2019:742) shall specify the change in the technical provisions and deferred acquisition costs that originate from insurance policies that are not occupational pension insurance policies in accordance with that act.

Income statement

Return on capital transferred from the financing business

Section 11 In notes to the income statement, an insurance undertaking that conducts non-life insurance business shall provide information that describes how the return on capital has been transferred from treasury management to the insurance business. Such a description shall contain details of how the capital base and cost of capital is calculated. Details shall also be provided of which financial instruments the insurance undertaking has used as a basis for determining the cost of capital and the maturity of these instruments.

Corresponding details shall be provided for calculations in material foreign currencies.

Operating expenses

Section 12 The item Operating Expenses (I [7]/II [8]) shall, in the income statement or in a note, be specified as follows:

a) Acquisition costs.
b) Change in Deferred acquisition costs (+/−).
c) Administration costs.
d) Commissions and profit participation in ceded reinsurance (−).

Conversion to an institution for occupational retirement provision

Section 13 In notes to the income statement, an institution for occupational retirement provision that applies point 3 of the transitional provisions to the Institutions for Occupational Retirement Provision Act (2019:742) shall specify revenue and expenses that originate from insurance policies that are not occupational pension insurance policies in accordance with that act.

Remuneration and benefits for management

Section 14 Chapter 5, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560) contains provisions concerning disclosures about remuneration and benefits for management.

General guidelines

Disclosures about remuneration and benefits for key management personnel should also be provided in accordance with IAS 24 Related Party Disclosures, which applies in accordance with the general guidelines for the first heading under Chapter 2.

Disclosures about significant terms in contracts with key management personnel in respect of future pensions and similar post-employment benefits should also include the following details:

– whether pensions are defined-contribution or defined-benefit,
– the cost for the financial year in relation to pensionable remuneration for defined-contribution pensions,
– the cost for the financial year in relation to pensionable remuneration for defined-benefit pensions, and
– for defined-benefit pensions, the pension level expressed in relation to pensionable remuneration or, where appropriate, in Swedish krona if the pension is conditional on future employment.

Disclosures about other remuneration in accordance with Chapter 5, section 40 of the Annual Accounts Act (1995:1554) also includes work other than as a director or another officer of the company. This remuneration also refers to fees for assignments that are part of the director's normal professional activities, such as those of a lawyer or consultant. It is irrelevant whether the remuneration for the work is paid directly to the person, to a company or to a third party.

The term *key management personnel* should be defined in accordance with approved international accounting standards, cf. IAS 24. These persons should also be considered part of management when applying Chapter 5, section 40, third paragraph, section 41, second paragraph and section 44 of the Annual Accounts Act.

Related party disclosures in certain undertakings

Section 15 The provisions regarding disclosures about related parties transactions are set out in Chapter 5, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560) and Chapter 5, section 23, first paragraph and Chapter 5, section 24 of the Annual Accounts Act (1995:1554). Life insurance undertakings and institutions for occupational retirement provision that are not permitted to issue dividends and which have related parties shall provide the following additional disclosures.

For material contracts with related parties and, where applicable, other undertakings in a group of undertakings that is similar to a group (known as a related party contract), disclosures shall always be provided about the agreement's

1. nature and economic implications,

2. value in relation to the balance sheet and income statement,

3. counterparty or, where applicable, counterparties,

4. significant terms, in particular those that are abnormal in respect of similar contract on the market,

5. remuneration, the method of determining remuneration, the application of the method and disclosures about

a) how the comparison was made when remuneration was being determined through a reference to comparable goods or services on the market, or

b) the reasons for the chosen method, when the remuneration has not been determined on the basis of remuneration for comparable goods or services on the market.

When disclosures are being provided about related party agreements, similar agreements may be reported together.

Disclosures shall also be provided about the instructions and procedures that apply for entering into and following up related party contracts.

General guidelines

The grouping ‘undertakings similar to a group’ coincides with those group-like structures that an undertaking has to take into account in accordance with Chapter 11, section 7 and Chapter 12, section 25 of the Insurance Business Act (2010:2043) and Chapter 10, sections 2 and 21 of the Institutions for Occupational Retirement Provision Act (2019:742).

Disclosures about related party agreements should be provided using an outline format that groups agreements in order of their significance. Contractual conditions should also be presented schematically in a group overview or where applicable an equivalent group overview.

Compliance

Section 16 An undertaking shall specify in its annual accounts the titles and numbers of those of Finansinspektionen’s regulations and general guidelines that have been applied. The undertaking shall also state whether it has prepared its annual accounts and its consolidated financial statements in accordance with these regulations.

General guidelines

The undertaking should specify in more detail which standard in the field of accounting it has applied in addition to the Annual Accounts at Insurance Undertakings Act (1995:1560) and these regulations and general guidelines.

Chapter 6 Statutory administration report and profit and loss attribution

Statutory administration report

Section 1 The provisions set out in *Appendix 5* shall apply in respect of the contents of the statutory administration report.

The information that shall be provided in the statutory administration report in accordance with these regulations and general guidelines may be provided in a different part of the annual report. In such cases, the statutory administration report shall contain a reference to the place where this information can be found.

Separate disclosures in the statutory administration report

Section 2 An insurance undertaking or institution for occupational retirement provision shall prepare a five-year overview in accordance with the accounting policies that have been applied in the latest annual report for the disclosures that are related to information concerning earnings, financial position, return and solvency capital, unless this type of recalculation is particularly complex. If the insurance undertaking or institution for occupational retirement provision has not performed any recalculation, this and the reasons for it shall be disclosed.

General guidelines

In accordance with Chapter 6, section 2, of the Annual Accounts at Insurance Undertakings Act (1995:1560), a five-year overview shall be provided. The five-year overview should be presented schematically and, taking into account whether the undertaking conducts life insurance business, non-life insurance or occupational retirement provision business, it should contain, as a minimum, the following information about insurance on own account.

Earnings-related information:

a) Earned premiums (non-life insurance undertakings), gross written premiums (non-life insurance undertakings, life insurance undertakings and institutions for occupational retirement provision).
b) Return on capital, net in the insurance business.
c) Claims incurred.
d) Bonuses and rebates.
e) The life insurance business' technical profit/loss.
f) Profit or loss for the year.

Information about financial position:

a) Investment assets (measured at fair value).
b) Technical provisions.
c) Solvency capital.

Solvency capital consists of equity, untaxed reserves, subordinated loans recognised on the balance sheet, as well as revaluation surpluses and deficits on investment assets that are not recognised 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.

When specifying the solvency capital, the proportion of the solvency capital which is deferred tax should be stated. The revaluation surplus in investment assets should be specified broken down into land and buildings, investments in group companies and associated companies and other financial investment assets.

Key performance indicators
The insurance undertaking and institution for occupational retirement provision should provide details of earnings from insurance business and earnings from asset management.

Non-life insurance business
a) Claims ratio (claims incurred as a percentage of earned premiums).

b) Expense ratio (operating expenses, in accordance with section 11 of Appendix 4, as a percentage of earned premiums).

c) Total cost ratio (the sum of claims incurred, in accordance with [a], and operating expenses, in accordance with [b], as a percentage of earned premiums).

Life insurance business and occupational pension business
Administration cost ratio (Operating expenses, in accordance with section 11 of Appendix 4, plus claims settlement expenses as a proportion of the average fair value of the items C Investment assets, D Investment assets for which the policyholder bears the investment risk and G [II] Cash and bank balances).

Profit/loss from asset management
a) Direct return, in per cent (Return on capital, revenue, in accordance with section 14, points a–c of Appendix 4, less operating expenses for land and buildings, in accordance with section 22 of Appendix 4, as a proportion of the average fair value of the items C Investment assets, D Investment assets for which the policyholder assumes the investment risk and G [II] Cash and bank balances).

b) Total return, in per cent (Return on capital, revenue, in accordance with [a] plus changes in value and capital gain/loss from sales of investment assets as a proportion of the average fair value of the items C Investment assets, D Investment assets for which the policyholder bears the investment risk and G [II] Cash and bank balances).

Insurance undertakings and institutions for occupational retirement provision should, in connection with publishing key performance indicators, provide information about how direct return and total return are calculated, unless this is clearly evident from the income statement and balance sheet and notes.

If direct return and total return are calculated in a way other than that set out in (a) and (b), details should be provided about this and the reasons for the divergence (see Chapter 2, section 3 of the Annual Accounts Act [1995:1554]). Insurance undertakings and institutions for occupational retirement provision should then, in connection to these published key ratios, state which items on the balance sheet and in the income statement are included in the calculations.

The insurance undertaking and institution for occupational retirement provision should provide details of its financial position.

Non-life insurance business
Consolidation ratio (the solvency capital as a percentage of the written premiums on own account).

Section 3 In accordance with Chapter 6, section 2, of the Annual Accounts at Insurance Undertakings Act (1995:1560), disclosures about the undertaking's capital strength shall be provided in the five-year overview.

The solvency-related information in the five-year overview shall be consistent with the information the insurance undertaking shall publish each year in its solvency and financial condition report, in accordance with Chapter 16, section 1 and Chapter 19, sections 54 and 55 of the Insurance Business Act (2010:2043).

The provisions concerning recalculation of the disclosures that shall be provided in accordance with section 2 on solvency-related information in the five-year overview shall not be applied by an insurance undertaking or a mutual benefit society that has converted itself to an institution for occupational retirement provision or by an institution for occupational retirement provision that has converted itself to an insurance undertaking that conducts business in accordance with the Insurance Business Act.

General guidelines

An insurance undertaking encompassed by the Insurance Business Act should provide details of the following solvency-related amounts in the five-year overview.

a) Own funds for the undertaking with specific data on Tier 1 capital and ancillary own funds.
b) Minimum Capital Requirement for the undertaking.
c) Solvency Capital Requirement for the undertaking.
d) Own funds for the group.
e) Solvency Capital Requirement for the group.
f) Own funds for the financial conglomerate (with details of the method that has been used for the calculation).
g) Capital requirements for the financial conglomerate (with details of the method that has been used for the calculation).

Own funds for the undertaking is calculated in accordance with Chapter 7 of the Insurance Business Act. The Minimum Capital Requirement and Solvency Capital Requirement for the undertaking are calculated in accordance with Chapter 8 of the Insurance Business Act. Group own funds and the Solvency Capital Requirement for the group are calculated in accordance with Chapter 19 of the Insurance Business Act.

An insurance undertaking as referred to in point 2, third paragraph of the transitional provisions to the Act (2015:700) amending the Insurance Business Act (2010:2043) should provide details of solvency-related amounts in accordance with the first paragraph of the point.

An institution for occupational retirement provision encompassed by the Institutions for Occupational Retirement Provision Act (2019:742) should provide details of the following solvency-related amounts in the five-year overview:

a) Own funds for the undertaking.
b) Minimum Capital Requirement for the undertaking.
c) Risk-based capital requirement for the undertaking.
d) Group own funds.
e) Group capital requirement.
f) Own funds for the financial conglomerate (with details of the method that has been used for the calculation).
g) Capital requirements for the financial conglomerate (with details of the method that has been used for the calculation).

Own funds for the undertaking is calculated in accordance with Chapter 7 of the Institutions for Occupational Retirement Provision Act. The Minimum Capital Requirement and risk-based capital requirement, respectively, are calculated in accordance with Chapter 8 of the same act. Group-based own funds and the group-based capital requirement are calculated in accordance with Chapter 16 of the Institutions for Occupational Retirement Provision Act.

Own funds and capital requirements for a financial conglomerate are calculated in accordance with Chapter 5 of the Special Supervision of Financial Conglomerates Act (2006:531) and Finansinspektionen's regulations and general guidelines (FFFS 2011:26) regarding special supervision of financial conglomerates. The disclosures only need to be provided by undertakings that are obliged to report the conglomerate's own funds and capital requirements to a supervisory authority.

Profit and loss attribution

Section 4 A profit and loss attribution in accordance with Chapter 6, section 3 of the Annual Accounts at Insurance Undertakings Act (1995:1560) shall be prepared in accordance with *Appendix 6*.

Chapter 7 Consolidated accounts

Subsidiaries that are not consolidated

Section 1 The parent company shall specify any subsidiaries that are not covered by the consolidated accounts. Significant key performance indicators shall be stated for such subsidiaries.

Consolidated accounts

Section 2 Regardless of whether an insurance undertaking or institution for occupational retirement provision is listed or unlisted it shall, when preparing consolidated accounts, apply international accounting standards adopted by the European Commission in accordance with Article 3 of 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).

In the consolidated accounts, the insurance undertaking and institution for occupational retirement provision shall apply the provisions in

a) Chapter 5, sections 2 and 3 concerning investment assets for conditional bonuses,

b) Chapter 5, sections 5 and 6 concerning equity and conditional bonuses,

c) Chapter 5, section 14 concerning remuneration and benefits for management,

d) Chapter 6, section 1 concerning the statutory administration report, of which the first paragraph shall be applied insofar as it refers to the following regulations and general guidelines in Appendix 5:

– section 1 concerning disclosures about the business,
– section 3 concerning the impact of new accounting standards to the application of business regulations, and
– the general guidelines in section 4 concerning disclosures about revaluation surpluses in unit-linked insurance business, and

e) Chapter 6, section 2 on separate disclosures in the statutory administration report.

General guidelines

Recommendation RFR 1 of the Swedish Financial Reporting Board, Supplementary Accounting Rules for Groups, and a specification of restricted and non-restricted equity in accordance with Chapter 3, section 4 of the Annual Accounts at Insurance Undertakings Act (1995:1560), should be applied by all insurance undertakings and institutions for occupational retirement provision that prepare consolidated accounts in accordance with the IAS Regulation. The board's recommendation RFR 1 is applied with the divergences and addenda that apply by virtue of this section and the provisions of the Annual Accounts for Insurance Undertakings Act (see Chapter 7, section 5 of the same act).

The statements from the Swedish Financial Reporting Board that are set out in point 2 in the general guidelines for the heading Chapter 2 of these regulations should be applied in the same way as RFR 1.

These clarifications are provided for the following standards:

a) IFRS 8 Operating Segments. This standard only needs to be applied for the consolidated accounts of insurance undertakings and institutions for occupational retirement provision that are covered by the scope of the standard.

b) IAS 33 Earnings per Share. This standard only needs to be applied for the consolidated accounts of insurance undertakings and institutions for occupational retirement provision that are covered by the scope of the standard.

Section 3 When consolidated accounts are being prepared, the provisions in section 2 shall be applied with the following adjustments:

1. Disclosures that refer to specific items on the balance sheet or in the income statement shall be provided for the corresponding assets or liabilities and revenue and expenses in other items.

2. Notwithstanding that which is stated in Chapter 6, section 2, the accounting policies in the latest consolidated accounts shall be applied in the five-year overview, unless this is particularly complex.

General guidelines

In accordance with section 2, divergences from the information that should be provided in the five-year overview in accordance with the general guidelines of Chapter 6, section 2, made be made in consolidated accounts if

1. the divergences are necessary considering the heading and classification of the items on the balance sheet or in the income statement,

2. the divergences are specified, and

3. the information is equivalent to the information that should be provided in accordance with the general guidelines.

Chapter 8 Interim report

General guidelines

Unlisted insurance undertakings and unlisted institutions for occupational retirement provision

1. Unlisted insurance undertakings and unlisted institutions for occupational retirement provision whose balance sheet total, according to the adopted balance sheet for the previous financial year, exceeds SEK 1 billion should, at least once during a financial year that encompasses more than ten months, issue an interim report. The interim report should encompass a period of at least half and no more than two thirds of the financial year.

2. Insurance undertakings and institutions for occupational retirement provision referred to in point 1 should apply Chapter 9 of the Annual Accounts Act (1995:1554), with the exception of Chapter 9, section 1, first and second paragraphs and section 2 of that act.

3. The provisions of Chapters 2–4 should also be applied in respect of interim reports for legal persons. Unlisted insurance undertakings and unlisted institutions for occupational retirement provision do not need to provide information about the legal person in accordance with IAS 34 Interim Financial Reporting.

4. A parent undertaking that is a subsidiary of another undertaking does not need to provide information about the group, provided
– that the undertaking, in accordance with Chapter 7, section 3 of the Annual Accounts at Insurance Undertakings Act (1995:1560), has not prepared consolidated accounts for the previous financial year,
– that the parent undertaking whose consolidated accounts have been submitted to the registration authority in accordance with Chapter 7, section 2 of the Annual Accounts Act, has prepared an interim report that covers the same reporting period as the undertaking’s interim report,

– that the parent undertaking's interim report contains equivalent information that also encompasses the group, and
– that the undertaking, in its own interim report, provides details of the parent undertaking's name, corporate identity number or, where relevant, personal identity number and registered office.

5. Disclosures concerning remuneration and benefits for management should be provided if this remuneration and these benefits have changed to a not insignificant extent during the interim period.

6. General disclosures in accordance with section 3 of Appendix 5 concerning the impact of new accounting standards on the application of business regulations should be provided in the interim report.

7. Unlisted insurance undertakings and unlisted institutions for occupational retirement provision should provide details of their solvency capital and important key performance indicators in accordance with the general guidelines to Chapter 6, section 2. Solvency-related data should be calculated in accordance with the general guidelines to Chapter 6, section 3. The undertaking should also specify substantial changes during the year of revaluation surpluses on investment assets.

8. Unlisted insurance undertakings and unlisted institutions for occupational retirement provision should apply the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and statements from the Swedish Financial Reporting Board when preparing interim reports for the group .

9. Unlisted insurance undertakings and unlisted institutions for occupational retirement provision should apply IAS 34 Interim Financial Reporting in the consolidated accounts when preparing interim reports for the group.

10. In addition to points 8 and 9, unlisted insurance undertakings and unlisted institutions for occupational retirement provision should only apply the following provisions of this chapter in their interim reports for the group.
– Point 5 concerning disclosures about remuneration and benefits for management that have changed to a not insignificant extent during the interim period.
– Point 6 concerning general disclosures about the impact of new accounting standards on the application of business regulations.
– Point 7 concerning solvency capital, important key performance indicators and solvency-related information, whereby Chapter 7, section 3, point 2 and the general guidelines to the specified section must be taken into account.
– Point 11 concerning submitting interim reports.

11. Insurance undertakings and institutions for occupational retirement provision that have a legal obligation to submit interim reports to the registration authority should submit the interim report referred to in point 1 to Finansinspektionen as soon as possible once it is completed. It should have been received by the Finansinspektionen no later than two months from the end of the interim period.

Listed insurance undertakings and listed institutions for occupational retirement provision

12. Listed insurance undertakings and listed institutions for occupational retirement provision should apply the following general guidelines that refer to unlisted insurance undertakings and unlisted institutions for occupational retirement provision in their interim reports.
– Point 5 concerning disclosures about remuneration and benefits for management that have changed to a not insignificant extent during the interim period.
– Point 6 concerning general disclosures about the impact of new accounting standards on the application of business regulations.
– Point 7 concerning solvency capital, important key performance indicators and solvency-related information, whereby Chapter 7, section 3, point 2 and the general guidelines to the specified section must be taken into account.

These regulations and general guidelines shall enter into force on 1 January 2020, whereupon Finansinspektionen's regulations and general guidelines (FFFS 2015:12) regarding annual accounts at insurance undertakings shall be repealed.

ERIK THEDÉEN

Greta Wennerberg

Appendix 1

Layout of the balance sheet

Assets

A. Subscribed capital unpaid

B. Intangible assets
   I. Goodwill
   II. Other intangible assets

C. Investment assets
   I. Land and buildings
   II. Investments in group companies, associated companies, joint ventures and other undertakings in which there is a participating interest
      1. Shares and participations in group companies
      2. Interest-bearing securities issued by, and lending to, group companies
      3. Shares and participations in associated companies and joint ventures.
      4. Interest-bearing securities issued by, and lending to, associated companies and joint ventures
      5. Shares and participations in other undertakings in which there is a participating interest
      6. Interest-bearing securities issued by, and lending to, other undertakings in which there is a participating interest
   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
   IV. Deposit accounts with undertakings that have ceded reinsurance

D. Investment assets for which the life insurance policyholder bears the investment risk
   1. Assets for conditional bonuses
   2. Unit-linked insurance assets

E. Reinsurers’ share of technical provisions
   1. Unearned premiums and unexpired risks
   2. Life insurance provision
   3. Outstanding claims
   4. Bonuses and rebates
   5. Other technical provisions
   6. Provision for life insurance policies for which the policyholder bears the risk
      a) Conditional bonuses
      b) Unit-linked insurance commitments

F. Receivables
   I. Claims pertaining to direct insurance

II. Claims in pertaining to reinsurance
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. Share capital or Guarantee capital
I.a. Operating capital
I.b. Non-member contributions
II. Share premium reserve
III. Revaluation reserve
IV. Consolidation reserve
V. Other reserves
1. Statutory reserve
2. Equity method reserve
3. Fair value reserve
4. Development expenditure reserve
5. Other reserves
V.a. Principal-linked and dividend-linked participating debentures
VI. Profit or loss brought forward
VII. Profit/loss for the year

BB) Untaxed reserves

CC) Subordinated liabilities

DD) Technical provisions (before ceded reinsurance)
1. Unearned premiums and unexpired risks
2. Life insurance provision
3. Outstanding claims
4. Bonuses and rebates
5. Equalisation reserve
6. Other technical provisions

EE) Technical provision for life insurance policies for which the policyholder bears the risk (before ceded reinsurance)
1. Conditional bonuses
2. Unit-linked insurance commitments

FF) Other provisions
1. Pensions and similar obligations
2. Taxes
3. Other provisions

GG) Deposit accounts from reinsurers

HH) Liabilities
- I. Liabilities pertaining to direct insurance
- II. Liabilities pertaining to reinsurance
- III. Bond loans
- IV. Liabilities to credit institutions
- IV.b Principal-linked and dividend-linked participating debentures
- V. Other liabilities

II) Accrued expenses and prepaid income
- I. Reinsurers’ share of deferred acquisition costs
- II. Other accrued expenses and prepaid income

TOTAL EQUITY, PROVISIONS AND LIABILITIES

Appendix 2

Layout of the income statement

I) TECHNICAL ACCOUNT OF NON-LIFE INSURANCE BUSINESS

1. Earned premiums (after ceded reinsurance)
   a) Gross written premiums
   b) Premiums for ceded reinsurance (−)
   c) Change in Provision for unearned premiums and unexpired risks before ceded reinsurance, (+/−)
   d) Reinsurers' share of Change in provision for unearned premiums and unexpired risks (+/−)
2. Return on capital transferred from the financing business (III [6])
3. Other technical income (after ceded reinsurance)
4. Claims incurred (after ceded reinsurance)
   a) Claims paid
      aa) Before ceded reinsurance
      bb) Reinsurers' share (−)
   b) Change in Provision for outstanding claims
      aa) Before ceded reinsurance
      bb) Reinsurers' share (−)
5. Change in Other technical provisions (after ceded reinsurance) (+/−)
   aa) Before ceded reinsurance
   bb) Reinsurers' share (−)
6. Bonuses and rebates (after ceded reinsurance)
7. Operating expenses
8. Other technical expenses (after ceded reinsurance)
9. Change in Equalisation reserve
10. The non-life insurance business' technical profit/loss (entered as item III [1])

II) TECHNICAL ACCOUNT OF LIFE INSURANCE BUSINESS

1. Written premiums (after ceded reinsurance)
   a) Gross written premiums
   b) Premiums for ceded reinsurance (−)
2. Return on capital, revenue
3. Unrealised gains on investment assets

3a. Increase in value of investment assets for which the life insurance policyholder bears the investment risk
   aa) Increase in value of assets for conditional bonuses
   bb) Increase in value of unit-linked insurance assets

3b. Increase in value of other investment assets

4. Other technical income (after ceded reinsurance)
5. Claims incurred (after ceded reinsurance)
   a) Claims paid
      aa) Before ceded reinsurance
      bb) Reinsurers' share (−)
   b) Change in Provision for outstanding claims
      aa) Before ceded reinsurance
      bb) Reinsurers' share (−)
6. Change in other technical provisions (after ceded reinsurance) (+/−)
   a) Life insurance provision
      aa) Before ceded reinsurance
      bb) Reinsurers' share (−)

b) Technical provision for life insurance for which the policyholder bears the risk
   aa) Conditional bonuses
      i) Before ceded reinsurance
      ii) Reinsurers' share (−)
   bb) Unit-linked insurance commitments
      i) Before ceded reinsurance
      ii) Reinsurers' share (−)
c) Other technical provisions
   aa) Before ceded reinsurance
   bb) Reinsurers' share (−)

7. Bonuses and rebates (after ceded reinsurance)
8. Operating expenses
9. Return on capital, expenses
10. Unrealised losses on investment assets

10a) Decrease in value of investment assets for which the life insurance policyholder bears the investment risk
   aa) Decrease in value of assets for conditional bonuses
   bb) Decrease in value of unit-linked insurance assets

10b) Decrease in value of other investment assets

11. Other technical expenses (after ceded reinsurance)
12. Return on capital transferred to the financing business (entered as item III [4])
13. The life insurance business' technical profit/loss (entered as item III [2])

III) NON-TECHNICAL ACCOUNT

1. The non-life insurance business' technical profit/loss (entered as item I [10])
2. The life insurance business' technical profit/loss (entered as item II [13])

3a. Return on capital, revenue
3b. Unrealised gains on investment assets

4. Return on capital transferred from the life insurance business (item II [12])

5a. Return on capital, expenses
5b. Unrealised losses on investment assets

6. Return on capital transferred to the non-life insurance business (item I [2])
7. Other revenue
8. Other expenses

Profit/loss before appropriations and taxes

9. Appropriations

Profit/loss before tax

10. Tax on profit/loss for the year
11. Other taxes
12. Profit/loss for the year

Appendix 3

Balance sheet items

Section 1 The items in sections 2–60 refer to the layout for the balance sheet in accordance with Appendix 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560), with the addenda that apply by virtue of Chapter 3, sections 1 and 2.

Assets

Section 2 Item A – Subscribed capital unpaid. This item encompasses receivables that pertain to not yet completed payments for subscribed share capital or guarantee capital.

General guidelines

In insurance companies and occupational pension companies, this item is only applicable in the event of new share issues.

Before a decision concerning a new share issue has been registered, the corresponding amount is recognised on the liabilities side under the item Other liabilities (item HH [V]). After registration, the amount is transferred to Share Capital or Guarantee Capital (item AA [I]).

Subscribed capital unpaid may be recognised under this item, even if all of the conditions for recognising it as an asset on the balance sheet in accordance with approved international accounting standards are not met.

Unpaid contributions to mutual insurance companies, insurance associations, mutual occupational pension companies and occupational pension associations shall not be recognised as assets, see Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

Section 3 Item B (I) – Goodwill. The item includes goodwill and group goodwill that are acquired for in return for valuable consideration.

Section 4 Item B [II] – Other intangible assets. The item encompasses
1. capitalised expenditure for development and similar activities,
2. concessions, patents, licences, trademarks and similar rights and assets,
3. Rights of tenancy and similar rights, and
4. advance payments for intangible assets.

General guidelines

The description of 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). There are supplementary requirements in approved international financial reporting standards, cf. IAS 38 Intangible Assets and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

A contractual right to manage financial assets on behalf of another party is an example of the 'similar rights' referred to in point 2. These can also be recognised when undertakings are breaking down insurance contracts into an insurance component and a deposit component, cf. IFRS 4 Insurance Contracts.

Intangible assets that arise when insurance contracts are acquired through a takeover or in a portfolio transfer may also be recognised here, cf. IFRS 4 Insurance Contracts.

Section 5 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 properties in which the undertaking's own operations are conducted.

Section 6 Items C (II) (1), C (II) (3) and C (II) (5) – Shares and participations in group companies , **Shares and participations in associated companies and joint ventures** and **Shares and participations in other undertakings in which there is a participating interest.** Holdings of shares and participations as well as subscription rights and fractional rights to shares in group companies, associated companies and joint ventures and other undertakings in which there is a participating interest are recognised here, cf. Chapter 1, sections 4–5a of the Annual Accounts Act (1995:1554).

General guidelines

Derivatives on shares and participations in group companies should also be recognised under item C (II) (1).

Derivatives on shares in associated companies and joint ventures should also be recognised under item C [II] [3].

Derivatives on shares and participations in other undertakings in which there is a participating interest are recognised under item C [II] [5]. Undertakings in which there is a participating interest are defined in Chapter 4, section 4a of the Annual Accounts Act.

Section 7 Items C (II) (2), C (II) (4) and C (II) (6) – Interest-bearing securities issued by, and lending to, group companies, **Interest-bearing securities issued by, and lending to, associated companies and joint ventures** and **Interest-bearing securities issued by, and lending to, other undertakings in which there is a participating interest**. These items encompass bonds and other interest-bearing securities (including zero-coupon and discounting instruments) issued by group companies and associated companies and joint ventures and other undertaking in which there is a participating interest, and lending to such undertakings.

Section 8 Item C (III) (1) – Shares and participations. Holdings of shares and participations as well as subscription rights and fractional rights to shares are recognised here.

General guidelines

Share options other than subscriptions rights and fractional rights can be recognised under either this item or a separate item, Derivatives (item C [III] [6a]).

Derivatives that have a negative value should be recognised on the liabilities side by inserting the item Derivatives (item HH[IV] [a]) into the layout for the balance sheet.
Participations in mixed mutual funds (UCITS) may be included in this item if at least half of the carrying amount of the assets under management consists of shares or equity instruments.

Section 9 Item C (III) (2) – Bonds and other interest-bearing securities. This item encompasses negotiable bonds and other interest-bearing securities (including zero-coupon and discounting instruments) issued by credit institutions, other undertakings or public bodies.

General guidelines

When differentiating between the item Bonds and other interest-bearing securities (C [III] [2]) and the items Mortgage loans, Other loans, and Lending to credit institutions (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 securities are normally recognised as loans under the items Mortgage loans (C [III] [4]), Other loans (C [III] [5]) or Lending to credit institutions (C [III] [6]).

Units of mixed mutual funds (UCITS) may be included in this item if at least half of the carrying amount of the assets under management consists of interest-bearing securities or similar instruments.

Section 10 Item C (III) (3) – Shares in investment pools. This item encompasses an 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 11 Item C (III) (4) – Mortgage loans. Loans that are collateralised entirely or partly by mortgages on real estate are recognised here. If an undertaking has received several collaterals for a single loan, the loan shall be recognised under this item if at least half of the value of all collateral consists of real estate.

Section 12 Item C (III) (5) – Other loans. Loans for which collateral other than real estate has been obtained, e.g. life insurance loans, are recognised here.

Section 13 Item C (III) (6) – Lending to credit institutions. The item encompasses lending to credit institutions (banks, credit market companies, finance companies and mortgage institutions) where the deposited funds are only available after a certain notice period.

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 that is recognised under this item. This also includes funds the undertaking is able to call in immediately, but where, in which case, this entails a requirement to compensate the external lender in the form of interest compensation or equivalent compensation.

Section 14 Item C (III) (6a) – Derivatives.

General guidelines

This item includes derivatives that have a positive value, cf. IFRS 9 Financial Instruments.

Derivatives with a positive value and derivatives with a negative value may be recognised net if there is a legal right to offset the amounts and the items will be settled at a net amount, cf. IAS 32 Financial Instruments: Classification.

The provisions of Chapter 3, section 1 mean that equity-related and interest-related derivatives may be recognised separately to underlying instruments. However, this does not apply to subscription rights (subscription options) and fractional rights that are recognised in accordance with sections 6 and 8.

Section 15 Item C (III) (7) – Other financial investment assets. Financial investments that are not encompassed by sections 6–14 are recognised under this item.

General guidelines

Claims against the transferor in genuine repurchase transactions in accordance with Chapter 2, section 1 can be recognised under this item.

Section 16 Item C (IV) – Deposit accounts with undertakings that have ceded reinsurance. Insurance undertakings that have accepted reinsurance shall recognised under this item either claims against the ceding party or third party, or amounts such undertakings are holding that correspond to the value of the funds deposited with the undertaking. Claims may not be added together with other claims or deducted from other liabilities held by the ceding party.

Securities deposited with the ceding party shall be recognised under the respective sub-item under investment assets.

General guidelines

Securities that have been deposited shall also be stated as pledged collateral.

The ban on recognising the claim net against other liabilities to the ceding party is also applied, even if this entails a divergence from approved international accounting standards, cf. IAS 32 Financial Instruments: Classification.

Insurance undertakings that have accepted reinsurance should assess whether transferred financial assets should be derecognised from the balance sheet, cf. IFRS 9 Financial Instruments. If the transferred financial assets should not be derecognised, they are considered to be deposited with the ceding party and are recognised under the respective sub-item under investment assets. If the counterparty has the contractual or customary right to sell or pledge the collateral, the ceding party should reclassify the asset and recognise it separately from other assets on its balance sheet, cf. IFRS 9 Financial Instruments.

Section 17 Item D (1) – Assets for conditional bonuses. This item where insurance undertakings that conduct life insurance business and institutions for occupational retirement provision recognise investment assets corresponding to their liability for conditional bonuses and for which the policyholder or another beneficiary bears a significant portion of the investment risk.

General guidelines

Investment assets are recognised under this item only if the policyholder or other beneficiaries bear an investment risk for clearly defined assets or combinations of assets that have been separated from the rest of the asset management. In other cases, the investment assets should be recognised in accordance with sections 5–16.

Section 18 Item D (2) – Unit-linked insurance assets. The item refers to unit-linked insurance business and encompasses those investment assets that are intended to cover liabilities from the item EE (2) Unit-linked insurance commitments.

General guidelines

Fund assets held on own account are not recognised under this item.

Section 19 Item E – Reinsurers' share of technical provisions. Items E (1) – E (6) cover reinsurers' share of the technical provisions entered in item DD Technical provisions (before ceded reinsurance) and EE Technical provisions for life insurance policies for which policyholder bears the risk (before ceded reinsurance).

Section 20 Item F (I) – Claims pertaining to direct insurance. Claims against policyholders, insurance intermediaries, institutions for occupational retirement provision and other insurance undertakings pertaining to direct insurance are recognised here.

Section 21 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 22 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 23 Item G (III) – Other assets. Other assets that cannot be placed under the items G (I) – G (II) are recognised here.

Section 24 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 25 Item H (II) – Deferred acquisition costs. The item encompasses acquisition costs that have a connection with the issuing of insurance contracts that shall be recognised as assets in accordance with Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

General guidelines

A contractual right to manage financial assets on behalf of another party should be recognised under Other intangible assets (item B [II]).

Deferred acquisition costs attributable to investment contracts may be reported under this item. The same applies to the deposit component when undertakings break down insurance contracts into an insurance component and a deposit component, cf. IFRS 4.

Section 26 Item H (III) – Other prepaid expenses and accrued income. This item encompasses expenditure that is recorded during the financial year but constitutes expenses for periods after the balance sheet date, as well as revenue that is recorded during the financial year but constitutes income after the balance sheet date.

Equity, provisions and liabilities

Section 27 Item AA (I) – Share Capital or Guarantee Capital. The item encompasses capital that is considered by law to be equity subscribed by shareholders or, in mutual insurance companies and mutual occupational pension companies, subscribed by guarantors.

Section 28 Item AA (I) (a) – Operating capital. This item encompasses capital that is considered by law to be own funds when forming an insurance association in accordance with Chapter 13, section 5 of the Insurance Business Act (2010:2043) or when forming an occupational pension association in accordance with Chapter 10, section 51 of the Institutions for Occupational Retirement Provision Act (2019:742).

Section 29 Item AA (I) (b) – Non-member contributions. This item encompasses non-member contributions that may be provided to mutual insurance companies, insurance associations, mutual occupational pension companies and occupational pension associations in accordance with Chapter 11, section 1 of the Cooperative Societies Act (2018:672). 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).

Section 30 Item AA (II) – Share premium reserve. The share premium reserve for share issues is recognised under this item, cf. Chapter 3, section 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560) and Chapter 3, section 5a of the Annual Accounts Act (1995:1554).

Insurance companies that are permitted to issue dividends recognise funds that have been added to the share premium reserve prior to 1 April 2011 under the statutory reserve.

An insurance company that converts itself into a occupational pension company that is permitted to issue dividends continues to recognise funds that have been added to the share premium reserve prior to 1 April 2011 under the statutory reserve.

Section 31 Item AA (III) – Revaluation reserve. This item encompasses amounts allocated to a revaluation reserve in accordance with the provisions of Chapter 4, sections 1 and 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560), cf. Chapter 4, section 6 of the Annual Accounts Act (1995:1554).

Section 32 Item AA (IV) – Consolidation reserve. This is used by life insurance companies, mutual life insurance companies and life insurance associations that are not permitted to issue dividends to recognise amounts that may be used to cover losses and for other purposes set out in the provisions of the articles of association in accordance with Chapter 11, section 19, Chapter 12, section 70 and Chapter 13, section 22 of the Insurance Business Act (2010:2043).

This is used by occupational pension companies, mutual occupational pension companies and occupational pension associations that are not permitted to issue dividends to recognise amounts that may be used to cover losses and for other purposes set out in the provisions of the articles of association in accordance with Chapter 10, sections 2, 21 and 49 of the Institutions for Occupational Retirement Provision Act (2019:742).

Life insurance companies and occupational pension companies that are not permitted to issue dividends shall recognise expenditure and income for their own shares against the consolidation reserve under restricted equity.

General guidelines

Life insurance companies, mutual life insurance companies, life insurance associations, occupational pension companies, mutual occupational pension companies and occupational pension associations that are permitted to allocate profit for the year to the consolidation reserve do not need to recognise a breakdown of discretionary components in respect of profit for the year and equity, cf. IFRS 4.

Section 33 Item AA (V) (1) – Statutory reserve. This is where insurance companies and occupational pension companies that are permitted to issue dividends recognise provisions to the statutory reserve.

This is also where mutual insurance companies and insurance associations as well as mutual occupational pension companies and occupational pension associations recognise provisions to the statutory reserve in accordance with Chapter 13, section 8 of Co-operative Societies Act (2018:672), cf. Chapter 12, section 71 and Chapter 13, Section 24 of the Insurance Business Act (2010:2043) and Chapter 10, sections 21 and 49 of the Institutions for Occupational Retirement Provision Act (2019:742), respectively.

Insurance companies and occupational pension companies that are permitted to issue dividends recognise funds that have been provided to the share premium reserve prior to 1 April 2011 under this item.

Section 34 Item AA (V) (2) – Equity method reserve. When recognising the equity method reserve, the insurance undertaking or institution for occupational retirement provision shall make provisions to and reductions of the equity method reserve by transferring amounts within equity to adjust the item Profit or loss brought forward (item AA [VI]). Consequently, these provisions/reductions shall not be recognised in the income statement.

Provisions to an equity method reserve shall be recognised after tax.

Section 35 Item AA (V) (3) – Fair value reserve. Changes in value of certain financial instruments in accordance with Chapter 4, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560) are recognised under this item, cf. Chapter 4, section 14d of the Annual Accounts Act (1995:1554).

General guidelines

The following changes in value should be recognised under the item Fair value reserve:
1. Changes in value that pertain to a hedging instrument and that are not recognised directly in 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 in the income statement, cf. Chapter 4, section 14a of the Annual Accounts Act.

The fair value reserve is recognised under restricted equity in life insurance undertakings, cf. Chapter 5, section 4, points 1 and 2 of the Annual Accounts at Insurance Undertakings Act.

Section 36 Item AA (V) (4) – Development expenditure reserve. The item encompasses amounts allocated to a development expenditure reserve in accordance with the provisions of Chapter 4, sections 1 and 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560), cf. Chapter 4, sections 2, 7 and 8 of the Annual Accounts Act (1995:1554).

Section 37 Item AA (V) (5) – Other reserves. This is where insurance undertakings and institutions for occupational retirement provision that are permitted to issue dividends recognise reserves that are not covered by sections 30–36.

Section 38 Item AA (V) (a) – Principal-linked and dividend-linked participating debentures. This is where insurance companies and occupational pension companies that are permitted to issue dividends and mutual insurance companies and mutual occupational pension companies recognise issued principal-linked and dividend-linked participating debentures that shall be recognised as equity.

General guidelines

A principal-linked participating debenture is a financial instrument where repayment is determined in a way other than through a nominal or indexed monetary amount. The amount the undertaking shall repay is entirely or partly dependent on the dividend paid to shareholders, development of the undertaking's share price, the undertaking's earnings or financial position.

A dividend-linked participating debenture is a loan where entitlement to interest is dependent on the undertaking's dividends or profit (participation certificate).

Despite the names, principal-linked and dividend-linked participating debentures can be classified as both equity and liabilities depending on the properties of the financial instrument. Principal-linked and dividend-linked participating debentures that do not fulfil the criteria for equity are recognised as liabilities under item HH (IV) (b) – Principal-linked and dividend-linked participating debentures.

Section 39 Item AA (VI) – Profit or loss brought forward. This is where insurance undertakings and institutions for occupational retirement provision that are permitted to issue dividends recognise profit or loss brought forward from previous financial years.

General guidelines

If an insurance company or occupational pension company that is permitted to issue dividends acquires its own shares, non-restricted equity shall be reduced by the fee for the acquisition. When transferring own shares, non-restricted equity shall be increased by the income from the transfer, see Chapter 4, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560) and Chapter 4, section 14, second paragraph of the Annual Accounts Act (1995:1554).

Section 40 Item AA (VII) – Profit/loss for the year. The net profit or net loss for the financial year is recognised here.

Section 41 Item BB – Untaxed reserves.

General guidelines

This item encompasses accumulated excess depreciation, replacement reserves, tax allocation reserves, transitional reserves, contingency reserves and other untaxed reserves.

Each untaxed reserve should be recognised separately on the balance sheet or in a note.

On the consolidated balance sheet, untaxed reserves are broken down into a deferred tax liability, which is recognised under Provisions for taxation (Item FF [2]) and a restricted equity component. The restricted equity component should be recognised under Other reserves (Item AA [V] [5]) in insurance undertakings and institutions for occupational retirement provision that are permitted to issue dividends and under Consolidation reserve (Item AA [IV]) in insurance undertakings and institutions for occupational retirement provision that are not permitted to issue dividends .

Section 42 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 43 Item DD(1) – Unearned premiums and unexpired risks. Insurance undertakings that conduct non-life insurance business and institutions for occupational retirement provision use this item to recognise provisions that correspond to the company's liability for insurance claims, administration costs and other expenses over the remainder of the contractual period of active insurance contracts.

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

Section 44 Item DD (2) – Life insurance provision. Insurance undertakings that conduct life insurance business and institutions for occupational retirement provision use this item to recognise provisions for insurance claims, administration costs and other expenses for active insurance contracts and liabilities in respect of investment contracts over the remainder of the contractual period. The amount shall be recognised inclusive of guaranteed bonuses. The insurance undertaking and the institution for occupational retirement provision shall take into account the value of the additional premiums that policyholders shall pay. The term *guaranteed bonuses* means bonuses that constitute 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.

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

Section 45 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 company has already paid as a result of compensation claims.

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

Section 46 Item DD (4) – Bonuses and rebates. Provisions for bonuses and rebates for policyholders or other beneficiaries that are not yet due in the non-life insurance business and occupational pension business are reported under this item.

General guidelines

An insurance contract can contain both a discretionary component and a guaranteed component, cf. IFRS 4. When the discretionary component is recognised separately from the guaranteed component, it should be entered here as a separate sub-item if it cannot be recognised under the item Consolidation reserve (Item AA [IV]) or Other reserves (Item AA [V] [5]).

Section 47 Item DD (5) – Equalisation reserve. Insurance undertakings that conduct credit insurance business use this item to recognise provisions in accordance with insurance contracts in order to smooth out fluctuations in loss rate between years or to cover special risks. Only provisions to an equalisation reserve that have been made in accordance with the Insurance Business Act (2010:2043) and that took place prior to 1 January 2016 shall be reported under this item.

Section 48 Item DD (6) – Other technical provisions. Technical provisions that are not recognised under the items DD (1)–DD (4) are recognised here.

Section 49 Item EE (1) – Conditional bonuses. This item is used to recognise bonuses where the policyholder, a group of policyholders or the policyholder collective bears a financial, actuarial or any other technical risk that affects the size of the bonus or the entitlement to a bonus at all.

Section 50 Item EE (2) – Unit-linked insurance commitments. This item is used to recognise technical provisions in respect of insurance contracts and liabilities in respect of investment contracts in unit-linked insurance business that have been made in order to cover commitments within life insurance and occupational pension business, the value of or return from which is determined on the basis of investment assets for which the policyholders bear the risk.

General guidelines

Other provisions for the purpose of covering mortality risks, operating expenses or other risks pursuant to insurance contracts, should be recognised under the item Life insurance provisions (DD [2]). Conditional bonuses are recognised under the item Conditional bonuses (EE [1]).

If insurance contracts are broken down into an insurance component and a deposit component, liabilities in respect of the deposit component should be recognised here, cf. IFRS 4.

Section 51 Item FF (1) – Provisions for pensions and similar obligations. This item encompasses provisions in accordance with the Safeguarding of Pension Commitments Act (1967:531) and other provisions for post-employment benefits. Chapter 3, section 10 contains provisions concerning when provisions for pension obligations for employees shall be recognised on the balance sheet.

General guidelines

Provisions for financial guarantees that are not derivatives can be included under sub-item FF (3) Other provisions.

Section 52 Item FF (2) – Provisions for taxation. This item encompasses provisions for income tax, yield tax, deferred tax and equivalent taxes.

A provision for future special employer's contribution from invalidity pension insurance throughout the early retirement period (occupational pension) is recognised under Item DD (3).

General guidelines

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

Section 53 Item GG – Deposit accounts from reinsurers. Insurance undertakings and institutions for occupational retirement provision that have 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 or institution for occupational retirement provision has withheld for the same reason.

The insurance undertaking or institution for occupational retirement provision that received the instrument may not, irrespective of whether or not it is registered as the owner, recognise any amount other than what the undertaking is liable for in accordance with the deposit.

General guidelines

Insurance undertakings or institutions for occupational retirement provision that have ceded reinsurance should assess whether transferred financial liabilities should be included on the balance sheet in accordance with IFRS 9 Financial Instruments, cf. Item C (IV) – Deposits with undertakings that have ceded reinsurance.

Section 54 Item HH (I) – Liabilities pertaining to direct insurance. Liabilities to policyholders, insurance intermediaries, insurance undertakings and institutions for occupational retirement provision that pertain to direct insurance are recognised here.

Section 55 Item HH (III) – Bond loans. This item encompasses bond loans and convertible loans that the insurance undertaking and institution for occupational retirement provision has outstanding.

General guidelines

If an issuer of a debt instrument repurchases this instrument, the debt is extinguished, even if the issuer intends to resell it in the near future, cf. IFRS 9 Financial Instruments.

Section 56 Item HH (IV) (a) – Derivatives.

General guidelines

This item includes derivatives that have a negative value, cf. IFRS 9 Financial Instruments.

The provisions of Chapter 3, section 1 mean that equity-related and interest-related derivatives may be recognised separately from underlying instruments.

Section 57 Item HH (IV) (b) Principal-linked and dividend-linked participating debentures. Insurance companies and occupational pension companies that are permitted to issue dividends, as well as mutual insurance companies and mutual occupational pension companies use this item to recognised issued principal-linked and dividend-linked participating debentures that shall not be recognised as equity.

General guidelines

A principal-linked participating debenture is a financial instrument where repayment is determined in a way other than through a nominal or indexed monetary amount. The amount the undertaking shall repay is entirely or partly dependent on the dividend paid to shareholders, development of the undertaking's share price, the undertaking's earnings or financial position.

A dividend-linked participating debenture is a loan where entitlement to interest is dependent on the undertaking's dividends or profit (participation certificate).

Despite the names, principal-linked and dividend-linked participating debentures can be classified as both equity and liabilities depending on the properties of the financial instrument. Equity-linked and dividend-linked participating debentures that fulfil the criteria for equity are recognised under item AA (V) (a) – Principal-linked and dividend-linked participating debentures.

Section 58 Item HH (V) – Other liabilities. Liabilities that cannot be placed under any other item are recognised under this item.

General guidelines

Liabilities to a transferee in a genuine repurchase transaction in accordance with Chapter 2, section 1 can also be recognised here.

Section 59 Item II (I) – Reinsurers' share of deferred acquisition costs. If an insurance undertaking or an institution for occupational retirement provision has reinsured a commitment, the acquisition costs of which have been included under Deferred acquisition costs (H [II]), the reinsured share shall be recognised under this item.

Section 60 Item II (II) – Other accrued expenses and prepaid income. This item encompasses expenses that pertain to the financial year but entail expenditure only after the balance sheet date, as well as income that has been recorded during the accounting period but which constitutes revenue for periods after the balance sheet date.

Appendix 4

Income statement items

Section 1 The items in sections 2–30 refer to the layout for the income statement in accordance with Appendix 2 of the Annual Accounts at Insurance Undertakings Act (1995:1560), with the addenda set out in Chapter 3, sections 3–6.

Section 2 Item I (1) (a) – Gross written premiums (before ceded reinsurance). Insurance undertakings that conduct non-life insurance business shall recognise as written premiums the total gross premium for direct insurance and reinsurance acceptances that has been paid in or can be credited to the undertaking for insurance contracts where the insurance period commenced 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. The gross premium includes

a) non-notified premiums that can only be calculated after the end of the financial year,
b) forward premiums that are paid in on a six-monthly, quarterly or monthly basis and reimbursements from policyholders for expenses incurred by the insurance undertaking in connection with entering into the insurance contract,
c) the undertaking’s share of the total premium in the case of co-insurance,
d) reimbursements from other insurance undertakings that pertain to technical provisions taken over in accordance with Chapter 2, section 2 that are not recognised on the balance sheet, and
e) reinsurance premiums from the ceding party and retrocedent, including portfolio premiums less
– reinsurance premiums that have been repaid or credited to the ceding party and retrocedent in the event of portfolio retraction or a change in their share of the reinsurance contracts, and
– cancellations.

Renewal premiums that are not confirmed by the policyholder and premiums for new insurance contracts shall be included at the amounts they are expected to bring in.

Cancellations shall be deducted from written premiums as soon as the amount is known. Additional premiums shall be included at the amounts they are expected to bring in.

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

Revenue from insurance contracts that pertain to investment contracts are not recognised here.

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. All premiums for which liability has commenced are recognised as written premiums by the insurance undertaking. 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. An example of the latter is certain consumer insurance policies (TV/radio and household appliances) that are entered into and paid for at the point of sale, despite the insurance cover only commencing once the customary warranty period has expired.

The period during which the insurance undertaking bears liability is normally specified in the insurance contract. For a forward 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 forward 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 forward 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 of which falls and the insurance period of which begins after the end of the financial year. A premium of this nature is considered an advance payment and is recognised as a liability to the policyholder.

Portfolio premiums means a settlement item between the ceding party and the reinsurer which aims to cover the reinsurer's liability for not yet incurred claims in accordance with a proportional reinsurance contract – both when switching reinsurer and when changing the reinsurer's share of the contract.

Amounts levied on policyholders in mutual insurance companies and on members of insurance associations, in accordance with Chapter 12, section 11, point 9 and Chapter 13, section 6, point 8 of the Insurance Business Act (2010:2043), shall be entered as written premiums in the year in which the loss was incurred and the levy is intended to cover.

The seventh paragraph of the section means that it is best to recognise revenue from investment contracts as a separate item. This item should be named so as to make it clear that it pertains to revenue from investment contracts, cf. Chapter 3, section 4, third paragraph of the Annual Accounts Act (1995:1554) as well as IAS 1 Presentation of Financial Statements, IFRS 15 Revenue from Contracts with Customers and IFRS 4 Insurance Contracts.

Section 3 Item II (1) (a) – Gross written premiums (before ceded reinsurance). Insurance undertakings that conduct life insurance business and institutions for occupational retirement provision shall recognise as written premiums amounts paid in during the financial year in accordance with insurance contracts for direct insurance, and paid-in and credited amounts for insurance contracts concerning reinsurance acceptances, irrespective of whether they pertain in full or in part to a subsequent financial year.

This item includes

a) bonuses that have been credited in the form of reduced premiums and which, in accordance with the insurance undertaking or institution for occupational retirement provision's accounting policies, shall be entered here,

b) additional premiums when payment is in forwards and reimbursements from policyholders for expenses the insurance undertaking or institution for occupational retirement provision has incurred,
c) the insurance undertaking or institution for occupational retirement provision's share of the total premium in the case of co-insurance,
d) reimbursements from other insurance undertakings that pertain to technical provisions and consolidation reserves taken over pursuant to Chapter 2, section 2 and that are not recognised on the balance sheet, and
e) reinsurance premiums from the ceding party and retrocedent, including portfolio premiums, less reinsurance premiums that have been repaid to the ceding party and retrocedent in the event of portfolio return or a change in their share of the reinsurance contracts.

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

Revenue from insurance contracts that pertain to investment contracts are not recognised here.

An institution for occupational retirement provision that has authorisation to conduct occupational pension business in accordance with class 1b in Chapter 2, section 11 of the Institutions for Occupational Retirement Provision Act (2019:742) may apply section 2, second to fifth paragraphs when recognising written premiums.

General guidelines

Portfolio premiums means a settlement item between the ceding party and the reinsurer which aims to cover the reinsurer's liability for not yet incurred claims in accordance with a proportional reinsurance contract, both when switching reinsurer and when changing the reinsurer's share of the contract.

The fourth paragraph of the section means that it is best to recognise revenue from investment contracts as a separate item. This item should be named so as to make it clear that it pertains to revenue from investment contracts, cf. Chapter 3, section 4, third paragraph of the Annual Accounts Act (1995:1554) as well as IAS 1, IFRS 15 Revenue from Contracts with Customers and IFRS 4 Insurance Contracts.

Section 4 Item I (1) (b) and II (1) (b) – Premiums for ceded reinsurance. An insurance undertaking or institution for occupational retirement provision that has ceded reinsurance shall recognise under this item amounts that are paid out during 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 or institution for occupational retirement provision shall deduct amounts that have been credited due to portfolio return or a change in reinsurers' share of proportional reinsurance contracts.

Section 5 Item I (1) (c) and (d) – Change in Provision for unearned premiums and unexpired risks and reinsurers' share of this change. The change for the year in the item Provision for unearned premiums and residual risks (DD [1]) is recognised under Item I (1) (c) and the change for the year in the item Reinsurers' share of unearned premiums and unexpired risks (E [1]) is recognised under item I (1) (d).

Changes that are explained by the provision items being translated to the exchange rate on the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital.

Section 6 Item II (1) (c) and (d) – Change in Provision for unearned premiums and unexpired risks and reinsurers' share of this change. An institution for occupational retirement provision recognises the change for the year in the item Provision for unearned premiums and unexpired risks (DD [1]) under item II (1) (c) and the change for the year in the item Reinsurers' share of provision for unearned premiums and unexpired risks (E [1]) under item II (1) (d).

Changes that are explained by the provision items being translated to the exchange rate on the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital.

Section 7 Item I (4) (a) and II (5) (a) – Claims paid (after ceded reinsurance). The item aa): Before ceded reinsurance encompasses all claims incurred that have been paid to policyholders or other beneficiaries during the financial year by virtue of insurance contracts or actual claims, irrespective of when these the claim was incurred. Surrenders are also recognised as claims paid.

This item includes operating expenses for claims settlement in accordance with Chapter 3, section 9.

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

The item bb: The reinsurer's share encompasses amounts that the insurance undertaking or institution for occupational retirement provision has received from reinsurers or entered as a receivable from reinsurers in accordance with reinsurance contracts that have been entered into.

An institution for occupational retirement provision shall recognise claims paid (after ceded reinsurance) under Item II (5) (a).

General guidelines

Examples of operating expenses for claims paid include internal and external costs for surveying damage 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 as well as other expenses incurred when settling claims or compensation.

Section 8 Item I (4) (b) and II (5) (b) – Change in Provision for outstanding claims (after ceded reinsurance). The change for the year in the item Provision for outstanding claims (DD [3]) is recognised under Item aa, Before ceded reinsurance, and the change for the year in the item Reinsurers' share of this provision (E [3]) under bb, Reinsurers' share.

Changes that are explained by the provision items being translated to the respective exchange rate on the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital.

An institution for occupational retirement provision shall recognise a change in the provision for outstanding claims (after ceded reinsurance) under Item II (5) (b).

Section 9 Item I (5) and II.6 (c) – Change in Other technical provisions (after ceded reinsurance). Insurance undertakings shall include the following sub-items under the Item I (5) (non-life insurance) and II (6) (b) (life insurance), respectively, in the standard layout for the income statement:
– Item I (5) (aa) or II (6) (c) (aa) Before ceded reinsurance.
– Item I (5) (bb) and II (6) (c) (bb) Reinsurer's share (−).

Institutions for occupational retirement provision shall include the following sub-items under Item II (6) (b) (life insurance) in the standard layout for the income statement:
– Item II (6) (c) (aa) Before ceded reinsurance.
– Item II (6) (c) (bb) Reinsurer's share (−).

The change for the year in the item Other technical provisions (DD [6]) is recognised under Item I (5) (aa) and II (6) (c) (aa), Before ceded reinsurance, respectively, and the change for the year in the item Reinsurers' share of other technical provisions (E [5]) under I (5) (bb) and II (6) (c) (bb), respectively.

Changes that are explained by the provision items being translated to the respective exchange rate on the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital.

Section 10 Item I (6) and II (7) – Bonuses and rebates (after ceded reinsurance). This item encompasses bonuses and rebates in non-life insurance business and occupational pension business that have been paid out over the course of the financial year or shall be paid to policyholders or other beneficiaries. The item also includes bonuses for the year in the form of reduced premiums in the non-life insurance business and occupational pension business.

The item includes the change for the year in the items Provision for bonuses and rebates (DD [4]) and Reinsurers' share of provision for bonuses and rebates (E [4]). Changes that are explained by the provision items being translated to the respective exchange rate on the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital.

General guidelines

Insurance undertakings that conduct life insurance business and institutions for occupational retirement provision can also use this item to recognise bonuses that have been credited in the form of reduced premiums.

Section 11 Item I (7) and II (8) – Operating expenses. The item is divided into the following sub-items:
a) Acquisition costs.
b) Change in the item Deferred acquisition costs (+/–).
c) Administration costs.
d) Commissions and profit participation in ceded reinsurance (−).

The term *acquisition costs* means operating expenses that an insurance undertaking or an institution for occupational retirement provision 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 provisions to and depreciation and impairment of the items Deferred acquisition costs (H [II]) and Reinsurers' share of deferred acquisition costs (II [I]) in accordance with Chapter 4, section 8 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

The term *administration costs* means operating expenses for collecting premiums, managing portfolios, handling bonuses and rebates, reinsurance acceptances and ceded reinsurance that cannot be related to the cost of claims handling, acquisition or asset management.

An institution for occupational retirement provision shall recognise operating expenses under Item II (8).

General guidelines

Shared operating expenses, as defined in Chapter 3, section 9, second paragraph, for HR administration, ADB/IT, finance/legal, general marketing, audit, senior management and board of directors, fees to Finansinspektionen etc. are recognised under this item.

Change in the item Deferred acquisition costs should also encompass investment contracts and deposit components when undertakings break a contract down into an insurance component and a deposit component.

Changes in the item Other intangible assets that pertain to capitalised expenses that an insurance undertaking has had in order to guarantee a contractual right to manage financial assets on behalf of another should be recognised here.

Section 12 Item I (8) – Other technical expenses. Mandatory financing contributions to Swedish Motor Insurers, for example, are reported here.

Section 13 Item I (9) – Change in Equalisation reserve. Insurance undertakings that conduct credit insurance business use this item to recognise the change for the year in the item Equalisation provision (DD [5]).

Section 14 Items II (2) and III (3) (a) – Return on capital, revenue. This item refers to the return on investment assets and includes

a) rental income from land and buildings,
b) dividends on shares and participations,
c) interest income etc.,
d) exchange gains, net,
e) reversed impairment losses, and
f) capital gains, net.

Rental income from land and buildings means income from properties included in the 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 recognised under the items C (II) (1), C (II) (3) and C (II) (5) (group companies, associated companies and joint ventures and other firms in which there is a participating interest) and C (III) (1).

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 Cash and bank balances (G [II]).

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

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

An institution for occupational retirement provision shall recognise return on capital, revenue under Item II (2).

General guidelines

Changes in the value of assets and liabilities in foreign currency are broken down into one component that can be attributed to the change in value and another component 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 brought forward of balance sheet items 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 under either of the items II (9) and III (5) (a) 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 sale price and the book value.

For interest-bearing securities, the cost should be the amortised cost and for other assets the historical cost.

When measuring at fair value, the capital gain should include previously reported but unrealised changes in value. These changes in value may have been recognised in the income statement or in a fair value reserve (see section 35 of Appendix 3). The unrealised changes in value that were previously recognised in the income statement are entered as an adjustment item under the items Unrealised gains on investment assets (II [3] and III [3b]) or Unrealised losses on investment assets (II [10] and III [5b]). Unrealised changes in value recognised in the fair value reserve are reversed.

Capital gains on assets other than investment assets are recognised under Item III (7) Other revenue.

Exchange gains arising due to guarantee capital, operating capital and non-member contributions being in a currency other than the reporting currency are not recognised here. Mutual life insurance companies, insurance associations, mutual occupational pension companies and occupational pension associations that are not permitted to issue dividends, recognise the exchange gain under Item AA (V) (5) Other reserves. Mutual life and non-life insurance companies and insurance associations that are permitted to issue dividends recognise the exchange gain under Item AA (VI) Profit or loss brought forward. Mutual occupational pension companies and occupational pension associations that are permitted to issue dividends recognise the exchange gain under the same item. Cf. Chapter 5, section 4, point 7 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

Section 15 Item III (3b) – Unrealised gains on investment assets. When measuring investment assets at fair value, insurance undertakings that conduct non-life insurance business shall recognise positive changes in value during the year under this item as the change in value has to be recognised in the income statement. When such investment assets are sold, reversals of previously recognised but unrealised changes in value are recognised here, cf. section 14.

Unrealised gains are recognised net, broken down by asset class. Changes that are explained by exchange rate fluctuations are recognised as exchange gains or exchange losses under the item Return on capital.

Section 16 Item II (3a) (aa) – Increase in value of assets for conditional bonuses. Both realised and unrealised increases in the value of assets for conditional bonuses (D [1]) are entered under Item II (3a) (aa). The increase in value is recognised net, broken down by asset class. It shall be broken down into direct and indirect risk in a note.

Section 17 Item II (3a) (bb) – Increase in value of unit-linked insurance assets. Both realised and unrealised increases in the value of unit-linked insurance assets (D [2]) are entered under Item II (3a) (bb).

Section 18 Item II (3b) – Increase in value of other investment assets. When measuring at fair value, insurance undertakings that conduct life insurance business and institutions for occupational retirement provision shall use this item to recognise positive changes in the value of investment assets that are not recognised under Item II (3a) (aa) or Item II (3a) (bb).

In the event of divestment, reversals of previously recognised but unrealised changes in value are recognised here. Unrealised gains are recognised net, broken down by asset class. Changes that are explained by exchange rate fluctuations are recognised as exchange gains or exchange losses under the item Return on capital.

Section 19 Item II (6) (a) – Life insurance provision. The change for the year in the item Life insurance provision (DD [2]) is recognised under the item aa) Before ceded reinsurance, and the change for the year in the item Reinsurers' share of life insurance provision (E [2]) under the item bb) Reinsurers' share. The change for the year includes guaranteed bonuses that have been credited over the course of the year as a consequence of provisions in insurance contracts. This item is also used to recognise those bonuses whose size is dependent on a certain economic outcome and which, according to a provision in the articles of association, shall be credited to policyholders and other beneficiaries at a certain amount. Changes in the value of guaranteed bonuses that have been allocated in previous years are also included.

Changes that are explained by the provision items being translated to the respective exchange rate of the balance sheet date are recognised as exchange gains or exchange losses under the item Return on capital.

Section 20 Item II (6) (b) (aa) – Conditional bonuses. The change for the year in the Provision for conditional bonuses (EE [1]) is recognised under Item i) Before ceded reinsurance, and the change for the year in Reinsurers' share of provision for conditional bonuses (E [6] [a]) under Item ii) Reinsurers' share. The change for the year includes conditional bonuses that have been credited over the course of the year in accordance with the terms of insurance contracts.

This item is also used to recognise those bonuses whose size is dependent on a certain economic outcome and which, according to a provision in the articles of association, shall be credited to policyholders and other beneficiaries at a certain amount. Changes in the value of conditional bonuses that have been allocated in previous years are also included.

Section 21 Item II (6) (b) (bb) – Unit-linked insurance commitments. The change for the year in the item Provision for unit-linked insurance commitments (EE [2]) is recognised under the item i) Before ceded reinsurance and the change for the year in the item Reinsurers' share of this provision (E [6] [b]) under item ii) Reinsurers' share.

Section 22 Item II (9)/III (5a) – Return on capital, expenses. This item refers to expenses for investment assets and includes

– operating expenses for land and buildings,
– asset management costs,
– interest expenses etc.,
– exchange losses, net,
– depreciation/amortisation and impairment, and
– capital losses, net.

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 transferor in a genuine repurchase transaction shall enter the accrued difference between the consideration in the spot stage and the forward stage.

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

An institution for occupational retirement provision shall recognise expenses for investment assets under item II (9).

General guidelines

Changes in the value of assets and liabilities in foreign currency are broken down into one component that can be attributed to the change in value and another component 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 brought forward of balance sheet items being translated to the exchange rate on the balance sheet date.

Depreciation/amortisation and impairment means value adjustments in accordance with Chapter 4, section 1 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

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

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

For interest-bearing securities, the cost should be the amortised cost and for other assets the historical cost.

When measuring at fair value, the capital gain should include previously recognised but unrealised changes in value. These changes in value may have been recognised in the income statement or in a fair value reserve (see section 35 of Appendix 3). The unrealised changes in value that were recognised previously in the income statement are entered as an adjustment item under the items Unrealised gains on investment assets or Unrealised losses on investment assets. Unrealised changes in value recognised in the fair value reserve are reversed.

Investment assets that are measured at fair value, where the value changes are recognised in the fair value reserve, may have been impaired. These impairment losses should not be reversed when calculating the capital loss.

Capital losses on assets other than investment assets are recognised under Item III (8) Other expenses.

Exchange losses that arise due to guarantee capital, operating capital and non-member contributions being in a currency other than the reporting currency are not recognised here. Mutual life insurance companies, insurance associations, mutual occupational pension companies and occupational pension associations that are not permitted to issue dividends recognise the exchange loss under the item AA (V) (5) Other reserves. Mutual life and non-life insurance companies and insurance associations that are permitted to issue dividends recognise the exchange loss under the item AA (VI) Profit or loss brought forward. Mutual occupational pension companies and occupational pension associations that are permitted to issue dividends recognise the exchange loss under the same item. Cf. Chapter 5, section 4, point 7 of the Annual Accounts at Insurance Undertakings Act.

Section 23 Item III (5b) – Unrealised gains on investment assets. When measuring investment assets at fair value, insurance undertakings that conduct non-life insurance business shall recognise negative changes in value during the year under this item as the change in value have to be recognised in the income statement. When such investment assets are sold, reversals of previously recognised but unrealised changes in value are recognised here, cf. section 22.

Unrealised losses are recognised net, broken down by asset class. Changes that are explained by exchange rate fluctuations are recognised as exchange gains or exchange losses under the item Return on capital.

Section 24 Item II (10a) (aa) – Decrease in value of assets for conditional bonuses. Item II (10a) (aa) is used to recognise both realised and unrealised decreases in the value of investment assets for which the life insurance policyholder bears the investment risk (D [1]). The decrease in value is recognised net, broken down by asset class and divided into direct and indirect risk.

Section 25 Item II (10a) (bb) – Decrease in value of unit-linked insurance assets. The item II (10a) (bb) is used to recognise both realised and unrealised decreases in the value of investment assets for which the life insurance policyholder bears the investment risk (D [2]). The decrease in value is recognised net, broken down by asset class.

Section 26 Item II (10b) – Decrease in value of other investment assets. When measuring at fair value, insurance undertakings that conduct life insurance business and institutions for occupational retirement provision shall use this item to recognise negative changes in the value of investment assets that are not recognised under item II (10a) (aa) or II (10a) (bb). In the event of divestment, reversals of previously recognised but unrealised changes in value are recognised here.

Unrealised losses are recognised net, broken down by asset class. Changes that are explained by exchange rate fluctuations are recognised as exchange gains or exchange losses under the item Return on capital.

Section 27 Item II (12) and III (4) – Return on capital transferred to the financing business and Return on capital transferred from the life insurance business (item II [12]). If insurance undertakings that conduct life insurance business or institutions for occupational retirement provision issue dividends, that portion of the return on capital that is attributable to investment assets related to the owners of the non-technical account shall be transferred to this item. The transferred amount is reported under item III (4) Return on capital transferred from the life insurance business (item II [12]).

Section 28 Item III (7) and III (8) – Other revenue and Other expenses. Operating revenue and operating expenses, respectively, that are not to be recognised under any other item are recognised here.

Section 29 Item III (9) – Appropriations. Provisions to and reversal of contingency reserves are recognised here. When a group is applying the alternative rule in Chapter 1, section 6 of Finansinspektionen's regulations and general guidelines (FFFS 2013:8) regarding standard regulations for non-life insurance undertakings' calculation of contingency reserves, each undertaking shall recognise its share of the reversed contingency reserve.

Section 30 Item III (10) – Tax on profit/loss for the year. Tax on profit/loss for the year and deferred tax are recognised here.

Tax on profit/loss for the year results in income tax in insurance undertakings that conduct non-life insurance business. In insurance undertakings that conduct life insurance business and in institutions for occupational retirement provision, tax on profit/loss for the year results in income tax and yield tax to the extent that these undertakings do not recognise yield tax as an operating expense.

General guidelines

Life insurance undertakings and institutions for occupational retirement provision should recognise under this item yield tax that has been calculated on the capital base at the beginning of the financial year in accordance with the Yield Tax on Pension Funds Act (1990:661).

Yield tax on pension provisions for employees recognised under item FF (1) and special employer's contribution in accordance with the Wage Tax on Earned Income Act (1990:659) should be recognised in the technical account broken down in the same way as payroll expenses are broken down into claims incurred, operating expenses and asset management expenses.

Appendix 5

Disclosures in the statutory administration report

Disclosures about the business

Section 1 An insurance undertaking or an institution for occupational retirement provision shall provide in the statutory administration report disclosures about the focus of the business as well as about the structure of the undertaking and the group. The undertaking shall also provide disclosures concerning significant changes to the business, for example the acquisition and disposal of subsidiaries, important contracts entered into and major investments. The disclosures shall also encompass significant aspects concerning liquidity and capital need, as well as the staffing situation for both the undertaking and the group.

Principles and procedures for remuneration and benefits for management

Section 2 An insurance undertaking and an institution for occupational retirement provision shall provide disclosures about the principles used to determine remuneration and benefits for persons discharging managerial responsibilities. The insurance undertaking and institution for occupational retirement provision shall also provide disclosures concerning the preparatory and decision-making processes that are applied, if these have not already been set out in the disclosures about guidelines for remuneration that shall be published in the solvency and financial condition report pursuant to Chapter 16 of the Insurance Business Act (2010:2043) or in the disclosures concerning policy documents for remuneration that the institution for occupational retirement provision shall publish pursuant to Chapter 9 of the Institutions for Occupational Retirement Provision Act (2019:742). Remuneration includes the transfer of securities and the granting of an entitlement to acquire securities from the undertaking in future.

If the disclosures set out in the first paragraph by virtue of Chapter 6, section 1, second paragraph are not provided in the statutory administration report, they may be provided in connection with the information about remuneration and benefits that shall be provided in accordance with Chapter 5, section 14 in an appendix to the annual report or on the undertaking's website. If the disclosures are published on the undertaking's website, the annual report shall contain a reference to this.

General guidelines

The following disclosures concerning the undertaking's remuneration should be provided:

1. The total amount of remuneration charge to expenses for the last financial year, broken down by senior executives, other employees who influence the undertaking's level of risk and all employees – broken down into fixed and variable remuneration and specifying the number of people who have received fixed and variable remuneration – and, where applicable, into business areas or corresponding business units.

2. Percentage distribution of variable remuneration in
a) cash,
b) shares, equity instruments and other financial instruments, and
c) other.

3. Remuneration earned during the last financial year, disbursed remuneration specified in the remuneration that has been earned during the last financial year, and disbursed remuneration that has been earned during previous financial years and adjusted earned remuneration that has not been disbursed,

4. The last financial year's accumulated outstanding deferred remuneration, broken down where appropriate into used and unused entitlements.

5. The total amount of severance payments for the last financial year and guaranteed variable remuneration that has been charged to expenses, the number of people who have received such remuneration and a justification for this.

6. The last financial year's accumulated total amount of severance payments and guaranteed variable remuneration that have been awarded, the number of people encompassed by such awards and the highest single such award.

7. Disbursed severance payments and guaranteed variable remuneration for the last financial year.

The information set out in 1–7 should be published in a manner that does not risk revealing the financial circumstances of individuals.

The following definitions apply to the disclosures in 1–7:

1. *Senior executive*: In insurance undertakings, this means a managing director, deputy managing director and a person in the senior management of the undertaking who reports directly to the board of directors, the managing director or the deputy managing director. In institutions for occupational retirement provision it means those who on the board of directors, the managing director or those who act as alternates for any of them.

2. *Employee who can influence the undertaking's risk level*: In insurance undertakings, this means an employee that belongs to a personnel category whose job involves exercising or having the ability to exercise a not insignificant influence on the undertaking's risk exposure. These personnel categories are defined in the undertaking's remuneration policy and should normally include senior executives, key functions and strategic management positions (e.g. business unit manager), traders and brokers on the capital market and employees responsible for granting credit (e.g. member of a credit committee). In institutions for occupational retirement provision, it means an employee who is responsible for, or works in, central functions and others who influence the undertaking's risk profile.

3. *Remuneration*: Payment, either directly or indirectly, from an undertaking to a person within the scope of their employment (cash salary, other cash remuneration, remuneration in the form of shares or equity instruments, pension provisions, severance payments, company cars etc.).

Impact of new accounting standards on the application of business regulations

Section 3 Disclosures shall be provided about the impact of a transition to new or modified international accounting standards on the valuation of assets covering liabilities and other conditions in accordance with applicable business regulations. Amounts shall be stated unless there are specific obstacles to doing so.

Contracts concerning insurance that are not reported as insurance contracts

Section 4 If a recognised liability for an investment contract diverges from Chapter 4, sections 6–16, an insurance undertaking or institution for occupational retirement provision shall provide a disclosure about this in a note. The disclosure shall state which divergence is being made, the reasons for the divergence and the effect on the relevant items on the balance sheet, and in the income statement, the profit and loss attribution and relevant key performance indicators.

Disclosures concerning revaluation surpluses in unit-linked insurance business

General guidelines

The insurance undertakings and institutions for occupational retirement that use income measures that include the change for the period in revaluation surpluses in unit-linked insurance business should provide disclosures in the statutory administration report or in a note in accordance with these general guidelines.

Disclosures should be provided about important financial assumptions that have been used as a basis for calculation revaluation surpluses, for example the choice of discount rate, expected change in the value of funds, inflation, mortality, operating expenses and the foreign exchange rates used when translating revaluation surpluses other countries. The insurance undertaking and institution for occupational retirement should describe in a sensitivity analysis the effect of changes to the most important assumptions, compared to the assumptions on which the calculation was based. Furthermore, the cancellation rate during the financial year should be disclosed.

The insurance undertakings and institutions for occupational retirement provision should specify the change for the period in revaluation surpluses in the unit-linked insurance business by specifying:

1. the present value of the new contracts for the year,
2. change in the present value of contracts that have been entered into during previous years,
3. actual outcome compared to the calculation assumptions made,
4. change in assumptions about the discount rate,
5. change in assumptions about expected change in the value of funds, and
6. other factors that have had a significant impact on change for the period.

Appendix 6

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

The non-life insurance business' technical profit/loss

Earned premiums (after ceded reinsurance)
Return on capital transferred from the financing business
Other technical income (after ceded reinsurance)
Claims incurred (after ceded reinsurance)
Change in Other technical provisions (after ceded reinsurance)
Bonuses and discounts (after ceded reinsurance)
Operating expenses
Other technical expenses (after ceded reinsurance)
Change in equalisation reserve
The non-life insurance business' technical profit/loss

Run-off result (before ceded reinsurance) in accordance with Chapter 5, section 4, paragraph 3 of the Annual Accounts at Insurance Undertakings Act (1995:1560).

Technical provisions, before ceded reinsurance

Unearned premiums and unexpired risks
Outstanding claims
Bonuses and rebates
Equalisation reserve
Other technical provisions
Total technical provisions, before ceded reinsurance

Reinsurers' share of technical provisions

Unearned premiums and unexpired risks
Outstanding claims
Bonuses and discounts
Equalisation reserve
Other technical provisions
Total reinsurers' share of technical provisions

Notes to Profit and loss attribution for non-life insurance business

Earned premiums (after ceded reinsurance)
Gross written premiums (before ceded reinsurance)
Premiums for ceded reinsurance (−)
Change in Unearned premiums and unexpired risks before ceded reinsurance
Reinsurers' share of Change in Unearned premiums and unexpired risks (−)

Claims incurred (after ceded reinsurance)
Claims paid

Before ceded reinsurance
Reinsurers’ share (−)
Change in outstanding claims
Before ceded reinsurance
Reinsurers’ share (−)

Life insurance business and occupational pension business

The life insurance business’ technical profit/loss

Written premiums (after ceded reinsurance)
Return on capital, revenue
Unrealised gains on investment assets
Other technical income (after ceded reinsurance)
Claims incurred (after ceded reinsurance)
Change in other technical provisions (after ceded reinsurance)
Bonuses and rebates (after ceded reinsurance)
Operating expenses
Return on capital, expenses
Unrealised losses on investment assets
Other technical expenses (after ceded reinsurance)
Return on capital transferred to the financing business
The life insurance business’ technical profit/loss

Run-off result (before ceded reinsurance) in accordance with Chapter 5, section 4, paragraph 3 of the Annual Accounts at Insurance Undertakings Act.

Technical provisions, before ceded reinsurance

Life insurance provisions
Unearned premiums and unexpired risks
Outstanding claims
Bonuses and rebates
Other technical provisions
Total technical provisions, before ceded reinsurance

Technical provision for life insurance policies for which the policyholder bears the risk (before ceded reinsurance)

Conditional bonuses
Unit-linked insurance commitments
Total technical provision for life insurance policies for which the policyholder bears the risk

Reinsurers’ share of technical provisions

Life insurance provisions
Unearned premiums and unexpired risks
Outstanding claims
Bonuses and rebates
Other technical provisions
Total reinsurers’ share of technical provisions

Reinsurers' share of technical provision for life insurance policies for which the policyholder bears the risk

Conditional bonuses
Unit-linked insurance commitments
Total technical provision for life insurance policies for which the policyholder bears the risk

Consolidation reserve

Notes to profit and loss attribution for life insurance business and occupational pension business

Written premiums (after ceded reinsurance)
Gross written premiums (before ceded reinsurance)
Premiums for ceded reinsurance (−)
Change in Unearned premiums and unexpired risks
Reinsurers' share of Change in Unearned premiums and unexpired risks (−)

Claims incurred after ceded reinsurance
Claims paid
  Before ceded reinsurance
  Reinsurers' share (−)
Change in outstanding claims
  Before ceded reinsurance
  Reinsurers' share (−)

Section 2 All items on the profit and loss attribution shall be broken down into the following lines of insurance.

Non-life insurance business

Direct insurance of Swedish risks

Healthcare
Sickness and accident
Workers' compensation insurance
Motor vehicle
Third-party motor
Maritime, aviation and transport
Property, specified for
– corporate and real estate
– home
– other property
Liability
Credit and suretyship
Legal expenses
Assistance
Income and severance pay

Direct insurance of foreign risks

Reinsurance acceptances

Life insurance business

Direct insurance of Swedish risks

Defined-benefit traditional insurance
Defined-contribution traditional insurance
Unit-linked insurance
Deposit insurance
Group life insurance
Health insurance
Waiver of premium insurance

Direct insurance of foreign risks

Reinsurance acceptances

Occupational pension business

Swedish insurance policies

Defined-benefit traditional insurance
Defined-contribution traditional insurance
Unit-linked insurance
Deposit insurance
Occupational group life insurance
Health insurance
Waiver of premium insurance
Accident insurance
Income and severance pay insurance
Other insurance policies

Foreign insurance policies

Section 3 When the data is broken down into lines of insurance, the following shall apply.

When breaking data down into direct insurance of Swedish and foreign risks, respectively, the country shall be determined in the following manner:

a) The risk for a policy that pertains to a building or a building and its contents is attributed to the country in which the building is located.
b) The risk for a policy that pertains to a vehicle subject to registration shall be attributed to the country in which the registration has taken place.
c) The risk for a policy that is valid for a maximum of four months and that, irrespective of insurance class, covers travel and holiday risks is attributed to the country in which the policyholder has taken out the policy.

d) In cases other than those explicitly encompassed by a–c, including life insurance and occupational pension insurance policies, the risk or the commitment is attributed to the country in which the policyholder is habitually resident or, if the policyholder is a legal person, the country in which the operating site for which the agreement applies is located.

General guidelines

For an insurance policy taken out by a legal person, risks that cannot be attributed to a specific country in accordance with a–d should be attributed to the country in which the legal person has its registered office.

For a life insurance policy or occupational pension insurance policy taken out by a natural person, the risk or commitment should be attributed to the country where the person is habitually resident when the insurance policy is taken out.

Non-life insurance business

When the insurance classes in the profit and loss attribution for the non-life insurance business are being determined, the following applies.

– Healthcare insurance, and sickness and accident insurance refer to a stand-alone insurance policy that is not connected to any other lines of insurance.
– Home insurance also includes holiday home, leisure boat, travel, jewellery, fur and timepiece insurance policies.
– Third-party motor insurance refers to mandatory liability insurance for motor vehicles in accordance with the Motor Traffic Damages Act.
– Motor vehicle insurance refers to other liability insurance for motor vehicles, as well as partial cover car insurance and motor vehicle damage insurance. The class also includes accident insurance for the driver of the vehicle.
– Marine insurance refers to marine hull insurance and liability insurance as well as associated accident insurance.
– Transport insurance refers to insurance of goods in transit, regardless of means of transport.
– Aviation insurance refers to insurance covering loss or damage and liability insurance as well as associated accident insurance.
– For home insurance and insurance policies other than those mentioned above, the following applies: If an insurance policy contains a subordinated component of liability insurance, this component may be included in the data for the principal risk of the line of insurance.

Life insurance business and occupational pension business

When the lines of insurance in the profit and loss attribution for the life insurance business and occupational pension business, respectively, are being determined, the following applies:

– The lines of insurance under the heading *occupational pension business* only apply to institutions for occupational retirement provision.
– *Defined-benefit traditional insurance* refers to an insurance policy for which the benefit is determined, for example, as a fixed periodic amount or a certain percentage of salary.

– *Defined-contribution traditional insurance* refers to insurance for which the fee (the premium) is determined, for example, as a fixed periodic amount or a certain percentage of salary.
– *Deposit insurance* refers to life insurance where the premiums are invested in securities or fund units. The policyholder can decide the securities or fund units in which the premiums are to be invested. These are placed in a custody account. However, if premiums may only be invested in fund units, the insurance policy shall be considered a unit-linked insurance policy.
– *Sickness and accident insurance* in life insurance business refers to insurance class IV for life insurance in accordance with Chapter 2, section 12 of the Insurance Business Act (2010:2043).
– Sickness and accident insurance that can be attributed to insurance class 1 and 2 for non-life insurance in accordance with Chapter 2, section 11 of the Insurance Business Act shall be reported in the profit and loss attribution for the non-life insurance business.
– *Group life insurance policies* in insurance undertakings also refers to occupational group life insurance.
– *Sickness and accident insurance* in the occupational pension business refers to insurance class I (b) and IV for insurance in accordance with the Institutions for Occupational Retirement Provision Act.
– *Income and severance pay insurance* and *other insurance policies* in the occupational pension business refer to insurance class I (b) for supplements to insurance policies that are issued under class I (a) in accordance with the Institutions for Occupational Retirement Provision Act.

Section 4 An insurance undertaking and an institution for occupational retirement provision shall disclose changes in lines of insurance compared with previous years in the profit and loss attribution. These disclosures shall also apply to those classes that have been deleted and those that have been added.