

Sampo Group's Annual Report 2013

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P&C insurance

Change in insurance liabilities

	2013			2012		
EURm	Gross Ceded Net			Gross Ceded Net		
Provision for unearned premiums						
At 1 Jan.	2,107	55	2,053	1,972	53	1,919
Acquired insurance holdings	38	-	38	-	-	-
Exchange differences	-127	-2	-128	56	1	56
Change in provision	46	-10	36	79	1	78
At 31 Dec.	2,065	43	2,022	2,107	55	2,053

	2013			2012		
EURm	Gross Ceded Net			Gross Ceded Net		
Provision for claims outstanding						
At 1 Jan.	7,747	522	7,225	7,576	476	7,100
Disposed insurance holdings	61	0	61	-1	-0	-1
Exchange differences	-314	-20	-294	199	12	187
Change in provision	-59	-126	66	-27	35	-62
At 31 Dec.	7,435	377	7,058	7,747	522	7,225

Liabilities from insurance contracts

EURm	2013		2012	
Provision for unearned premiums	2,065	2,107		
Provision for claims outstanding	7,435	7,747		
Incurred and reported losses	1,770	2,050		
Incurred but not reported losses (IBNR)	3,538	3,573		
Provisions for claims-adjustment costs	271	275		
Provisions for annuities and sickness benefits	1,856	1,849		
P&C insurance total	9,500	9,854		

Reinsurers' share

Provision for unearned premiums	43	55
Provision for claims outstanding	376	522
Incurred and reported losses	270	401
Incurred but not reported losses (IBNR)	107	121
Total reinsurers' share	420	577

As the P&C insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Claims cost trend of P&C insurance

The tables below show the cost trend for the claims for different years. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet.

More information on P&C insurance's insurance liabilities in the Risk Management section of the Annual accounts.

Claims costs before reinsurance

Estimated claims cost

EURm	<	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
At the close of the claims year	7,7152,46	82,62	92,63	92,70	32,84	72,85	32,96	83,05	13,08	52,97			
One year later	7,7702,43	42,57	52,62	12,70	02,80	12,80	13,00	93,17	03,07				
Two years later	7,7682,37	12,52	12,59	22,66	42,74	12,77	12,95	33,16					
Three years later	7,8512,36	52,49	22,58	92,63	02,71	22,72	82,95						
Four years later	7,8712,34	92,45	82,54	82,58	32,68	82,70							
Five years later	7,8532,32	22,42	32,49	82,55	72,67								
Six years later	7,9282,28	12,36	92,46	72,54									
Seven years later	8,0372,24	72,34	52,45										
Eight years later	8,0772,20	92,32											
Nine years later	8,0612,19												
Ten years later	8,096												
Current estimate of total claims costs	8,0962,19	42,32	72,45	62,54	72,67	42,70	92,95	23,16	83,07	12,97	935,17		
Total disbursed	5,5861,97	52,09	52,19	62,25	02,35	72,33	62,51	32,63	92,40	71,65	428,01		

Provision reported in the balance sheet

of which established vested annuities	1,316	53	70	74	70	66	55	63	48	34	7	1,856	
Provision for claims-adjustment costs													271
Total provision reported in the BS													7,435

Claims cost after reinsurance

Estimated claims cost

EURm	<	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
At the close of the claims year	6,9942,39	82,48	22,53	02,60	22,72	32,73	32,82	12,88	42,88	02,92			
One year later	5,9182,36	32,42	22,50	22,59	12,69	12,69	92,86	92,96	02,86				
Two years later	7,0302,30	02,36	62,47	32,56	52,63	42,66	82,82	62,94					
Three years later	7,0972,29	42,34	52,47	72,53	22,60	72,63	92,81						
Four years later	7,1102,28	12,31	32,43	82,48	72,58	62,62							
Five years later	7,0912,25	42,27	92,39	42,46	22,57								
Six years later	7,1162,21	22,23	82,36	42,45									
Seven years later	7,2422,18	02,21	52,35										
Eight years later	7,2832,14	32,19											
Nine years later	7,2822,13												
Ten years later	7,318												
Current estimate of total claims costs	7,3182,13	02,19	92,35	52,45	42,57	32,62	12,81	92,94	82,86	52,91	133,19		
Total disbursed	4,8751,92	11,97	42,10	32,16	42,26	32,25	62,45	52,49	22,28	71,61	726,40		
Provision reported in the	2,442	210	225	252	291	311	365	365	455	4,915	7,388	6,787	

balance sheet

of which established vested annuities	1,315	53	70	74	70	66	55	63	48	34	7	1,856
Provision for claims-adjustment costs												271
Total provision reported in the BS												7,058

Life insurance**Change in liabilities arising from other than unit-linked insurance and investment contracts**

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2013	4,065		64,071
Premiums	159	0	159
Claims paid	-396	-1	-396
Expense charge	-37	-0	-37
Guaranteed interest	139	0	139
Bonuses	3	0	3
Other	-11	-1	-12
At 31 Dec. 2013	3,924		43,927
Reinsurers' share	-3	0	-3
Net liability at 31 Dec. 2013	3,921		43,925

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2012	4,242		74,249
Premiums	172	0	172
Claims paid	-425	-1	-426
Expense charge	-38	-0	-38
Guaranteed interest	148	0	148
Bonuses	3	0	3
Other	-37	-1	-38
At 31 Dec. 2012	4,065		64,071
Reinsurers' share	-3	0	-3
Net liability at 31 Dec. 2012	4,062		64,067

Change in liabilities arising from unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2013	2,665	1,168	3,833
Premiums	469	440	909
Claims paid	-173	-172	-345
Expense charge	-36	-18	-54
Other	169	104	274
At 31 Dec. 2013	3,095	1,522	4,617
At 1 Jan. 2012	2,216		838,054
Premiums	421	389	810
Claims paid	-165	-123	-289
Expense charge	-32	-14	-46

Other	225	79	303
At 31 Dec. 2012	2,665	1,1683,833	

The liabilities at 1 Jan. and at 31 Dec. include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. A more detailed specification of changes in insurance liabilities is presented in Group's Risk Management.

EURm **2013 2012**

Insurance contracts

Liabilities for contracts
with discretionary
participation feature (DPF)

Provision
for
unearned
premiums

1,9692,090

Provision
for claims
outstanding

1,9481,972

Liabilities for contracts
without discretionary
participation feature (DPF)

Provision
for
unearned
premiums

0 0

Provision
for claims
outstanding

1 1

Total **3,9184,063**

Assumed reinsurance

Provision
for
unearned
premiums

4 1

Provision
for claims
outstanding

2 1

Total **5 2**

Insurance contracts total

Provision
for
unearned
premiums

1,9732,091

Provision
for claims
outstanding

1,9511,975

Total **3,9244,065**

Investment contracts

Liabilities for contracts
with discretionary

participation feature (DPF)		
Provision		
for		
unearned	4	6
premiums		
Liabilities for insurance		
and investment contracts		
total		
Provision		
for		
unearned	1,9762,096	
premiums		
Provision		
for claims	1,9511,975	
outstanding		
Life insurance total	3,9274,071	
Reinsurers' share		
Provision		
for		
unearned	0	0
premiums		
Provision		
for claims	-3	-3
outstanding		
Total	-3	-3

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

Exemption allowed in IFRS 4 *Insurance contracts* has been applied to investment contracts with DPF or contracts with a right to trade-off for an investment contract with DPF. These investment contracts have been valued like insurance contracts.

EURm	2013	2012
Group, total	3,9274,071	