

## Sampo Group's Annual Report 2013

This is a user defined extract from Sampo's Online Annual Report and this kind of extract can in no circumstances be referred to as Sampo's Annual Report or an extract thereof. Sampo's entire Annual Report is available at [www.sampo.com/annualreport](http://www.sampo.com/annualreport).

27 Liabilities from insurance and investment contracts 27 Liabilities from insurance and investment contracts

### 27 Liabilities from insurance and investment contracts

#### P&C insurance

#### Change in insurance liabilities

	2013			2012		
EURm	Gross Ceded Net			Gross Ceded Net		
<b>Provision for unearned premiums</b>						
<b>At 1 Jan.</b>	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
<b>At 31 Dec.</b>	<b>2,065</b>	<b>43</b>	<b>2,022</b>	<b>2,107</b>	<b>55</b>	<b>2,053</b>

	2013			2012		
EURm	Gross Ceded Net			Gross Ceded Net		
<b>Provision for claims outstanding</b>						
<b>At 1 Jan.</b>	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
<b>At 31 Dec.</b>	<b>7,435</b>	<b>377</b>	<b>7,058</b>	<b>7,747</b>	<b>522</b>	<b>7,225</b>

#### 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		
<b>P&amp;C insurance total</b>	<b>9,500</b>	<b>9,854</b>		

#### 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
<b>Total reinsurers' share</b>	<b>420</b>	<b>577</b>

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
<b>Total provision reported in the BS</b>													<b>7,435</b>

### 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		
<b>Provision reported in the</b>	<b>2,442</b>	<b>210</b>	<b>225</b>	<b>252</b>	<b>291</b>	<b>311</b>	<b>365</b>	<b>365</b>	<b>455</b>	<b>4,915</b>	<b>7,388</b>	<b>6,787</b>	

**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
<b>Total provision reported in the BS</b>												<b>7,058</b>

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

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

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

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

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

Other	225	79	303
<b>At 31 Dec. 2012</b>	<b>2,665</b>	<b>1,1683,833</b>	

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
<b>Total</b>	<b>5</b>	<b>2</b>

Insurance contracts total

Provision for unearned premiums	1,9732,091	
Provision for claims outstanding	1,9511,975	
<b>Total</b>	<b>3,9244,065</b>	

### **Investment contracts**

Liabilities for contracts  
with discretionary

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

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.

<b>EURm</b>	<b>2013</b>	<b>2012</b>
<b>Group, total</b>	<b>3,9274,071</b>	