

25 Liabilities from insurance and investment contracts

P&C liabilities from insurance contracts

EURm	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision for unearned premiums	2,399	51	2,348	2,042	44	1,997
Provision for claims outstanding	8,882	243	8,640	7,338	192	7,146
Incurred and reported losses	2,909	173	2,736	1,596	114	1,482
Incurred but not reported losses (IBNR)	3,093	70	3,023	3,327	78	3,249
Provisions for claims-adjustment costs	2,226	0	2,226	267	-	267
Provisions for annuities and sickness benefits	654	-	654	2,148	-	2,148
P&C insurance total	11,281	294	10,987	9,379	236	9,143

As Topdanmark and especially If are exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Change in P&C insurance liabilities

EURm	2017			2016		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for unearned premiums						
At 1 January	2,042	44	1,997	2,017	46	1,971
Business acquisitions	463	24	487	-	-	-
Exchange differences	-75	-2	-77	20	1	21
Change in provision	-30	-15	-45	4	-2	2
At 31 December	2,399	51	2,348	2,042	44	1,997

EURm	2017			2016		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for claims outstanding						
At 1 January	7,338	192	7,146	7,416	193	7,223
Business acquisitions	1,809	70	1,739	-	-	-
Acquired/disposed insurance holdings	33	-	33	28	-	28
Exchange differences	-204	-11	-196	-19	1	-20
Change in provision	-93	-8	-85	-87	-2	-86
At 31 December	8,882	243	8,640	7,338	192	7,146

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 insurance liabilities in the risk management note 39.

If

Claims cost trend of P&C insurance

Claims costs before reinsurance

Estimated claims cost

EURm	< 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
At the close of the claims year	16,645	2,600	2,600	2,706	2,790	2,834	2,735	2,717	2,743	2,786	2,826	
One year later	16,554	2,558	2,552	2,745	2,899	2,822	2,762	2,710	2,761	2,820		
Two years later	16,529	2,504	2,526	2,692	2,895	2,837	2,763	2,718	2,749			

Three years later	16,491	2,477	2,488	2,691	2,883	2,827	2,768	2,729					
Four years later	16,358	2,456	2,470	2,685	2,856	2,796	2,773						
Five years later	16,238	2,442	2,448	2,682	2,841	2,763							
Six years later	16,227	2,424	2,446	2,667	2,819								
Seven years later	16,227	2,430	2,420	2,660									
Eight years later	16,339	2,412	2,408										
Nine years later	16,288	2,392											
Ten years later	16,267												
Current estimate of total claims costs	16,267	2,392	2,408	2,660	2,819	2,763	2,773	2,729	2,749	2,820	2,826	43,207	
Total disbursed	13,441	2,206	2,209	2,429	2,578	2,509	2,444	2,351	2,322	2,253	1,627	36,369	
Provision reported in the balance sheet	2,826	186	199	231	241	254	329	378	427	567	1,199	6,838	
of which established vested annuities	1,580	66	65	79	76	76	83	81	56	31	5	2,197	
Provision for claims-adjustment costs													254
Total provision reported in the BS of If													7,092

Claims costs after reinsurance

Estimated claims cost

EURm	< 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total	
At the close of the claims year	15,549	2,486	2,490	2,576	2,640	2,644	2,687	2,679	2,698	2,727	2,766		
One year later	15,461	2,457	2,459	2,621	2,710	2,629	2,714	2,668	2,713	2,737			
Two years later	15,407	2,405	2,431	2,580	2,698	2,645	2,717	2,660	2,697				
Three years later	15,386	2,380	2,405	2,573	2,692	2,645	2,723	2,671					
Four years later	15,277	2,362	2,389	2,571	2,663	2,619	2,726						
Five years later	15,174	2,350	2,367	2,569	2,652	2,586							
Six years later	15,169	2,332	2,365	2,553	2,629								
Seven years later	15,180	2,339	2,342	2,544									
Eight years later	15,280	2,322	2,331										
Nine years later	15,225	2,302											
Ten years later	15,210												
Current estimate of total claims costs	15,210	2,302	2,331	2,544	2,629	2,586	2,726	2,671	2,697	2,737	2,766	41,199	
Total disbursed	12,417	2,118	2,134	2,318	2,393	2,338	2,406	2,304	2,288	2,212	1,611	34,541	
Provision reported in the balance sheet	2,793	184	196	226	235	249	320	367	410	525	1,154	6,659	
of which established vested annuities	1,579	66	65	79	76	76	83	81	56	31	5	2,197	
Provision for claims-adjustment costs													254
Total provision reported in the BS of If													6,912

Topdanmark

Claims cost trend of P&C insurance

Claims costs before reinsurance

Estimated claims cost

EURm	<2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
At the close of the claims year	881	904	915	968	862	1,014	894	886	869	796	
One year later	907	877	918	987	865	1,042	902	898	866		
Two years later	909	884	934	978	867	1,044	899	885			
Three years later	925	884	930	977	860	1,040	893				
Four years later	920	875	922	968	849	1,027					
Five years later	905	876	915	962	847						
Six years later	908	873	909	956							
Seven years later	883	867	908								
Eight years later	875	868									
Nine years later	875										
Current estimate of total claims costs	875	868	908	956	847	1,027	893	885	866	796	8,921
Total disbursed	812	808	830	870	745	899	739	704	630	411	7,449
Discounting	0	0	0	0	0	0	0	0	-1	-1	-3
Provision reported in the balance sheet	62	60	78	86	101	128	153	182	236	385	1,470
Discounting of previous years											278
Total provision reported in the BS of Topdanmark											1,748

Claims costs after reinsurance**Estimated claims cost**

EURm	<2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
At the close of the claims year	836	858	858	828	810	858	841	830	807	771	
One year later	864	832	864	842	819	868	846	842	810		
Two years later	869	844	882	835	821	870	845	831			
Three years later	886	846	880	833	815	866	838				
Four years later	881	836	874	826	805	854					
Five years later	866	838	866	820	802						
Six years later	870	836	861	815							
Seven years later	845	830	860								
Eight years later	837	831									
Nine years later	836										
Current estimate of total claims costs	836	831	860	815	802	854	838	831	810	771	8,248
Total disbursed	775	772	782	729	703	730	690	664	589	403	6,838
Discounting	0	0	0	0	0	0	0	0	-1	-1	-3
Provision reported in the balance sheet	61	59	78	86	99	123	148	168	221	368	1,407
Discounting of previous years											278
Total provision reported in the BS of Topdanmark											1,685

Life insurance liabilities from insurance and investment contracts

EURm	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Provision for unearned premiums						
Insurance contracts	5,467	0	5,467	2,426	3	2,423
Investment contracts	2,324	-	2,324	28	-	28
Provision for claims outstanding	26	-	26	2,368	-	2,368
Total	7,817	0	7,817	4,821	3	4,818
Mandatum's liabilities related to assets held for sale	-198			-210		-210
Group liabilities from insurance and investment contracts, total	7,618	0	7,618	4,611	3	4,608

Change in liabilities from insurance contracts

EURm	Gross	Reinsurance	Net
	Contracts with discretionary participation features	Contracts with discretionary participation features	
At 1 January 2017	4,794	-	4,794
Business acquisitions	3,258	-	3,258
Premiums	159	-	159
Claims paid	-515	-	-515
Expense charge	-39	-	-39
Guaranteed interest	153	-	153
Bonuses	1	-	1
Other	-19	-	-19
Total at 31 December 2017	7,791	-	7,791
Mandatum's liabilities related to assets held for sale			-198
Life insurance liabilities from insurance contracts, total			7,592

EURm	Gross	Reinsurance	Net
	Contracts with discretionary participation features	Contracts with discretionary participation features	
At 1 January 2016	4,979	0	4,979
Premiums	149	-	149
Claims paid	-470	-	-470
Expense charge	-37	-	-37
Guaranteed interest	138	-	138
Bonuses	5	-	5
Other	29	-3	26
Total at 31 December 2016	4,794	-3	4,791
Mandatum's liabilities related to assets held for sale			-210
Life insurance liabilities from insurance contracts, total			4,581

Life insurance liabilities from investment contracts

EURm	2017	2016
Investment contracts with discretionary participation feature	26	28

The change between financial years is mainly due to the claims paid.

Change in liabilities from life insurance investment contracts

EURm	Contracts with discretionary participation features
At 1 January 2017	28
Claims paid	-2
Other	1
Life insurance liabilities from investment contracts at 31 December 2017, total	26

EURm	Contracts with discretionary participation features
At 1 January 2016	36
Other (includes i.e. conversions between different insurance classes)	-8
Life insurance liabilities from investment contracts at 31 December 2016, total	28

The liabilities at 1 January and at 31 December 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. More details on the insurance liabilities are presented in the risk management note 39.

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.

Reconciliation to the consolidated insurance and investment contracts

EURm	2017
P&C insurance	11,281
Life insurance	7,618
Consolidated insurance and investment contracts, total	18,900