

Executive Order on information about Life-Assurance Contracts¹⁾

Executive Order no. 1132 of 17 November 2006

The following shall be laid down pursuant to section 56 and section 373(4) and (5) of the Financial Business Act, cf. Consolidated Act no. 286 of 4 April 2006:

Scope etc.

1. This Executive Order shall apply to Danish life-assurance companies and multi-employer occupational pension funds that operate in Denmark as well as to branch offices of life-assurance companies which have been granted a license in a country outside the European Union with which the Community has not entered into an agreement for the financial area, that operate in Denmark.

2. A "policyholder" shall mean any person who wishes to or has entered into an agreement with an insurance company on writing insurances.

Information in connection with the completion of an agreement

3.-(1) In connection with entering into an agreement concerning life assurance, the insurance company shall inform the policyholder in writing or in some other durable medium about the following, cf. however, sections 5-8:

- 1) The address of the company's head office and the address of the branch office, if the agreement is made with the latter.
- 2) Description of the individual insurance benefits and information about possible options.
- 3) The size of the insurance benefits.
- 4) The premium for the benefits and conditions for payment hereof.
- 5) The duration of the insurance contract.
- 6) Costs for administration of the scheme to be collected from the customer.
- 7) Indication of the extent to which benefits, premiums, costs etc., are guaranteed. In the event that the benefits, premium, costs etc. are not guaranteed, specified terms for the changes shall be provided. If the benefit is dependent on fluctuations in the capital markets, information shall be provided about the investment-related conditions for the benefits mentioned.
- 8) Person-specific information about the importance of bonuses for the agreement.

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- 9) Person-specific information about the tax scheme applicable for the relevant benefits chosen.
- 10) The legislation applicable for the agreement, if an agreement has been made to apply other legislation than Danish.
- 11) Conditions for any termination of the life-assurance contract.
- 12) Information that it is possible to make a complaint against the insurance company.

(2) The information mentioned in subsection (1), nos. 2, 3, 4, 6-9 and 11, shall be given to the extent that it is adequate to provide the customer with an overview of the matters significant to the agreement.

Information during the agreement and in connection with changes

4.-(1) During the term of the insurance contract, important changes to the disadvantage of the policyholder in relation to the matters mentioned in section 3(1) may not be made without prior notice in writing or in some other durable medium to the policyholder. However, this shall not apply if the change is made due to external conditions over which the insurance company has no influence.

(2) If the insurance contract is entered into as part of an employment relationship, membership of a trade union or similar, the information may, however, be given in connection with the entry into force of such changes.

5.-(1) Each year the insurance company shall inform the policyholder about:

- 1) The size of the insurance benefits and the bonus situation, as well as the extent to which bonus is guaranteed.
- 2) The overall return on investment of the policyholder for the year.
- 3) The surrender value, if the insurance policy provides for this as well as the paid-up policy value. However, it shall be sufficient to indicate the value of the insurance policy as well as general indications as to the calculation of the paid-up policy value and the cash surrender value.
- 4) Less important changes in the conditions mentioned in section 3(1).

(2) If the insurance policy is currently being paid out, information shall only be given in accordance with subsection (1), nos. 1 and 4.

(3) Subsections (1) and (2), however, shall not apply if, in writing or in some other durable medium or through a password-protected website designated to the individual customer, the insurance company gives the policyholder access to information about the conditions mentioned in subsection (1).

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General provisions

6. If the insurance company presents the policyholder with forecasts about future bonuses etc., there shall be a clear statement that such forecasts are not guaranteed.

7.-(1) Information for the policyholder shall be worded clearly and accurately and be presented in Danish.

(2) The information may, upon agreement, be worded in another language.

8. If the insurance contract is to enter into force immediately, the information that shall be provided under this Executive Order may be given in connection with entering into the insurance contract, once the identity of the policyholder is known, and the insurance contract has been finalised.

9. To the extent that the insurance company is not aware of the individual policyholder's identity, or to the extent that there is otherwise an authorised party in the insurance scheme, the information required pursuant to section 3(1) and sections 4-6 may be submitted to the natural or legal person authorised to receive this material.

10. The Danish FSA may grant exemptions from the provisions of this Executive Order for premium-paid insurance policies where the annual payment of premiums does not exceed DKK 2,000, and for premium-free insurance policies where the paid-up policy value does not exceed DKK 20,000. For current insurance policies, information shall, however, always be provided when benefits paid out are changed.

Penalties

11.-(1) Violation of the provisions laid down in sections 3-7 shall be liable to a fine.

(2) Companies etc. (legal persons) may be subject to criminal liability in pursuance of the regulations in Chapter 5 of the Criminal Code.

Entry into force

12.-(1) This Executive Order shall enter into force on 1 January 2007 and shall apply to information given from this date, cf., however, subsection (2).

(2) Sections 4 and 5 shall, however, only apply to information given after 1 July 2007.

(3) Executive Order no. 609 of 14 July 1995 on Information from the Insurance Company to the Policyholder on Establishment of a Life-Assurance Contract shall be repealed on 1 January 2007. However, section 5 shall not be repealed until 1 July 2007.

*The Danish Financial Supervisory Authority, 17 November 2006
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Official notes

¹⁾ This Executive Order contains provisions implementing parts of Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance (EUT 2002, no. L 345, p. 1) (3rd life-assurance directive)