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Executive Order on Responsible Actuary

Executive Order no. 1089 of 29 November 2011

The following shall be laid down pursuant to section 108(7) and section 373(4) of the Financial Business Act; cf. Consolidated Act no. 885 of 8 August 2011:

Scope

1.-(1) This Executive Order shall apply to life assurance companies and multi-employer occupational pension funds licensed to transact insurance business as well as to non-life insurance companies licensed to transact business in the form of reinsurance of life-assurance.

(2) In the following, the undertakings mentioned in subsection (1) shall be referred to as companies.

The responsible actuary

2. The responsible actuary shall be employed by the company. The board of directors alone may employ and dismiss the responsible actuary. The position as responsible actuary may not be combined with the position as a member of the board of management or the board of directors of the company.

3.-(1) The responsible actuary shall have completed one of the following educational programmes:

1) A university degree in actuarial mathematics from a Danish university (MSc Actuarial Mathematics).

2) A similar degree from another country, provided that the programme includes

a) courses corresponding to the courses in actuarial mathematics included in the bachelor's degree in actuarial mathematics from a Danish university;

b) courses corresponding to the mandatory courses in life insurance mathematics included in the master's degree in actuarial mathematics from a Danish university; and

c) courses in Danish insurance law and insurance accounting corresponding to the courses included in the bachelor's degree in actuarial mathematics from a Danish university or similar.

3) A degree related to no. 1 (such as Master of Science, Master of Statistics, Master of Mathematics and Economy) or a similar foreign degree. The degree shall have been

supplemented with courses in actuarial mathematics as well as courses in Danish insurance law and insurance accounting corresponding to the courses included in the bachelor's degree in actuarial mathematics from a Danish university or similar. Furthermore, the degree shall have been supplemented with courses corresponding to the mandatory courses in life insurance mathematics included in the master's degree in actuarial mathematics from a Danish university.

(2) After having completed the educational programme mentioned in subsection (1), no. 1, the responsible actuary shall have performed full-time practical actuarial work for one of the companies mentioned in section 1 or ATP (Arbejdsmarkedets Tillægspension) for not less than five years within the past ten years. Not less than one of the five years shall include close cooperation with an responsible actuary in one of the companies mentioned or ATP (Arbejdsmarkedets Tillægspension).

(3) After having completed one of the educational programmes mentioned in subsection (1), no. 2, 1st clause, or subsection (1), no. 3, 1st clause, the responsible actuary shall have performed full-time practical actuarial work for one of the companies mentioned in section 1 or ATP (Arbejdsmarkedets Tillægspension) for not less than six years within the past ten years. After having completed one of the educational programmes mentioned in subsection (1), no. 2 or 3 (including the supplementary courses mentioned), the responsible actuary shall have cooperated closely with an responsible actuary in one of the companies mentioned in section 1 or in ATP (Arbejdsmarkedets Tillægspension) for a minimum of one of the six years.

(4) The responsible actuary shall as a minimum have obtained in-depth knowledge of the preparation of notifications; bonus schemes; technical statements, including calculation of solvency requirements; calculation of provisions; and preparation of the annual report to the Danish FSA.

4.-(1) The Danish FSA shall receive notification of the appointment of an responsible actuary not later than 14 days after the actuary's appointment by the board of directors.

(2) When submitting notification of the appointment, cf. subsection (1), the board of directors shall submit a statement to the effect that the responsible actuary meets the requirements stipulated in section 3.

(3) If the responsible actuary is dismissed or resigns as responsible actuary, the board of directors and the responsible actuary shall submit separate accounts of the reason for such termination of work to the Danish FSA not later than one month after the date of termination.

5.-(1) The responsible actuary shall have access to all information that he finds necessary for the execution of his duties, including the minutes of meetings of the board of directors. The actuary shall submit to the Danish FSA the information necessary for the assessment of the company's financial position.

(2) The board of directors shall prepare a job description for the responsible actuary. The job description shall contain an overall description of the tasks to be performed by the actuary in his capacity of responsible actuary. The job description shall also include a description of other tasks performed by the responsible actuary as part of the operation of the company.

(3) In companies, respectively groups of companies, in which other employees perform tasks for the responsible actuary, the job description shall describe the general distribution of tasks. The job description shall also include general guidelines for the delegation of tasks by the responsible actuary, including the responsible actuary's subsequent supervision of the tasks delegated.

The responsible actuary's report to the board of directors

6.-(1) The responsible actuary shall, in connection with the adoption of the annual report by the board of directors, prepare a written report to the board of directors.

(2) The actuarial report shall contain all essential conclusions stated in the actuary's report to the Danish FSA, and which are of relevance to the presentation of the financial statements; cf. section 7.

(3) The actuarial report shall include a list of the company's notifications during the year and comments related to such notifications.

(4) The actuarial report shall state whether the responsible actuary has received all the information requested.

(5) If the responsible actuary's review reveals that, in the responsible actuary's opinion, the annual report does not present a true and fair view of the actuarial conditions of the company, the actuarial report shall contain separate information to this effect.

(6) The actuarial report shall be signed by the responsible actuary and presented to and signed by all members of the board of directors.

(7) The Danish FSA shall receive a copy of the actuarial report not later than ten days after the adoption of the annual report by the general meeting of the company.

(8) The board of directors shall be made familiar with all essential conclusions in the actuarial report other than those mentioned in subsection (2).

The responsible actuary's report to the Danish FSA

7.-(1) Each year, the responsible actuary shall submit a report to the Danish FSA.

(2) The Danish FSA shall receive the report not later than one month after the adoption by the company's general meeting of the annual report for the year to which the report to the Danish FSA relates.

(3) On application, the Danish FSA may grant exemption from the deadline stipulated in subsection (2).

8.-(1) In respect of life assurance companies and multi-employer occupational pension funds, the layout and contents of the report shall be prepared in accordance with the specifications in Annex 1. In respect of non-life insurance companies licensed to transact business in the form of reinsurance of life-assurance business, the layout and contents of the report shall be prepared in accordance with the specifications in Annex 2. Paragraphs and items in the report shall have the same numbering as in Annex 1 and Annex 2, respectively.

(2) The report shall contain a table of contents with indication of page numbers of the subjects treated in the report.

(3) If the responsible actuary finds that a paragraph or an item in the report is not relevant to the company in question, the relevant paragraph or item may be omitted. The reason for the irrelevance shall instead be stated under the paragraph or item concerned.

(4) If the responsible actuary finds that additional matters should be mentioned under the individual paragraphs, the responsible actuary shall be obliged to include such matters, possibly under separate headings in paragraph 14 (Annex 1), respectively paragraph 10 (Annex 2).

(5) The responsible actuary shall sign the report.

9.-(1) The report may also function as actuarial report; cf. section 6. In such case, the report shall additionally comply with the provisions of subsections (2)-(4).

(2) Paragraph 1 of the report shall be supplemented by a

1) subparagraph 1.8. (Annex 1), which shall contain a list of the notifications made during the year and comments to such notifications, cf. section 6(3);

2) subparagraph 1.9. (Annex 1), respectively subparagraph 1.3. (Annex 2), which shall contain information about whether the actuary has received all information requested, cf. section 6(4); and possibly

3) subparagraph 1.10. (Annex 1), respectively subparagraph 1.4. (Annex 2), which shall contain separate information to the effect that, in the actuary's opinion, the annual report does not present a true and fair view of the company's actuarial conditions if the actuary's review implies that, in his opinion, this is the case; cf. section 6(5).

(3) The report shall be presented to and signed by the board of directors; cf. section 6(6).

(4) The Danish FSA shall receive the report not later than ten days after the adoption by the general meeting of the annual report for the year to which the report relates; cf. section 6(7).

Penalties and commencement

10. Intentional or grossly negligent violation of sections 2-4, section 5(1), (2) 1st and 2nd clauses, and (3), section 6, section 7(1) and (2) and sections 8 and 9 shall be subject to a fine unless a more severe punishment is stipulated in section 373 of the Financial Business Act.

11.-(1) This Executive Order shall enter into force on 31 December 2011 and apply for the first time to the actuary's report for 2011.

(2) At the same time, Executive Order no. 1015 of 28 October 2009 on responsible actuary shall be repealed.

Danish Financial Supervisory Authority, 29 November 2011

Ulrik Nødgaard

/ Per Plougmand Bærtelsen

Annex 1

Contents of the actuary's report for life assurance companies and multi-employer occupational pension funds

1. General information

1.1. The actuary must give a brief account of the matters which the actuary finds are of particularly significant importance, and which are mentioned in the other sections of the report. The account must include a description of the important initiatives launched as well as significant, changed assumptions and calculation principles and the importance of such initiatives and changes to the future development of the company.

1.2. The actuary must describe the general categories of insurance that make up the company's total portfolio. A company's categories of insurance must as a minimum be divided according to insurance classes, but group insurance and life annuities with no bonus entitlement must, however, be described individually. For each insurance category, the actuary must state

a) the class of insurance;

b) the number of insurance contracts;

c) the premium volume;

d) the amount of benefits paid; and

e) the amount of the total retrospective provision.

Furthermore, the actuary must state the calculation basis applied for each category of insurance. The statement must as a minimum include the related technical rate.

1.3. If the long-form audit report contains special comments of an actuarial nature, the actuary must state and comment on such comments, including giving an account of any initiatives prompted by the comments.

1.4. The actuary must prepare a general actuarial analysis of the total net profit or loss for the year in accordance with the financial statements corresponding to form A. Based on the information contained in the form, the actuary must comment on

a) trends;

b) changes in equity;

c) changes in special bonus provisions; and

d) changes in collective bonus potential

1.5. The actuary must prepare an overall statement of the margin for the year for each of the following basic elements: interest rate, risk and costs corresponding to form B. The form must be completed for the current financial year as well as for the four previous financial years. The actuary must comment on the information contained in the form, including trends.

1.6. Form B must be supplemented by a risk analysis for each calculation basis of risk factors on death and disability, the portfolios "positive death risk" (the company benefits if the policyholder lives longer) and "negative death risk" (the company loses if the policyholder lives longer".

1.7. If the company is in an operating plan period, for the company as a whole or for categories of insurance contracts, the actuary must describe how the plan is being followed.

2. Insurance contracts with bonus entitlement covered by the Executive Order on the Contribution Principle

2.1. The actuary must state the groups of insurance contracts covered by the Executive Order on the Contribution Principle.

2.2. The actuary must give an account of how the insurance portfolio has been divided into contribution groups for each of the following elements: interest rate, risk and costs.

2.3. The actuary must state the distribution of the realised results between equity and policyholders for each contribution group.

2.4. The actuary must state whether the equity's share of the realised results corresponds to the return on equity regulations notified by the company.

2.5. If, due to inadequate realised results in a contribution group for the year or previous years, the equity has been appropriated a smaller part of the realised results in a contribution group than required by the principles, and if the undertaking is entitled to correct this situation in appropriations in future years, the actuary must disclose this fact, stating the amount expected to be added to equity in addition to what would otherwise be prescribed by the principles, cf. section 111 of the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds. If the actuary assesses that it is relevant, the actuary must state the trend for this for each contribution group of insurance contracts.

a) If the amount has increased, the actuary must explain the increase.

b) If the amount has decreased, the actuary must document that no redistribution of significant financial amounts has taken place among the insurance contracts, other than what follows from the risk covers included in the insurance contracts.

2.6. For each contribution group, the actuary must state the distribution of the policyholders' share of the year's realised results between collective bonus potential and bonus added after any provision for special bonus provisions.

2.7. For each contribution group, the actuary must document that no redistribution of significant financial amounts has taken place among the policyholders, other than what follows from the risk covers.

2.8. For the interest rate groups, the actuary must complete form C. For the risk groups, the actuary must complete form D. For the cost groups, the actuary must complete form E. Finally, the actuary must complete form F. Forms C, D, E and F must be completed for the current financial year as well as for the four previous financial years. The requirement for completion for a total of five years applies to financial years starting from 1 January 2011 and must be finally implemented in the report for the 2015 financial year. If a group is expected to generate systematic losses, the actuary must state how the loss can be covered, and whether any initiatives have been taken in that connection.

2.9. If a negative contribution to the realised results in an interest rate group cannot be covered by collective bonus potential from the insurance contracts, from which the negative contribution originates, the actuary must give an account of any application of the bonus potential on paid-up policy benefits in the interest rate group.

2.10. The actuary must state whether the bonus potential on paid-up policy benefits in an interest rate group, which was previously used to cover the negative contribution of the insurance contracts to the realised results in the interest rate group pursuant to section 8(2) of the Executive Order on the Contribution Principle, has been re-established, including a description of how this was effected.

3. Insurance contracts with bonus entitlement not covered by the Executive Order on the Contribution Principle

3.1. The actuary must state the groups of insurance contracts with bonus entitlement for which an account is given in this section.

3.2. The actuary must state the distribution of the realised results between equity and policyholders.

3.3. The actuary must document that the equity's share of the realised results corresponds to the return on equity regulations notified by the company.

3.4. If, due to inadequate realised results for the year or previous years, the equity has been appropriated a smaller part of the realised profits than required by the principles, and if the undertaking is entitled to correct this situation in appropriations in future years, the actuary must disclose this fact, stating the amount expected to be added to equity in addition to what would otherwise be prescribed by the principles; cf. section 111 of the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds. If the actuary assesses that it is relevant, the actuary must state the trend for this for each group of insurance contracts.

a) If the amount has increased, the actuary must explain the increase.

b) If the amount has decreased, the actuary must document that no redistribution of significant financial amounts has taken place among the insurance contracts, other than what follows from the risk covers included in the insurance contracts.

3.5. The actuary must state the distribution of the policyholders' share of the year's realised results among collective bonus potential, bonus added and special bonus provisions.

3.6. The actuary must document that no redistribution of significant financial amounts has taken place among the policyholders, other than what follows from the risk covers.

3.7. By way of illustration of subparagraph 3.6, the actuary must as a minimum complete

a) form G for each technical interest rate[1)];

b) form H for each risk intensity[2)] divided into personal schemes and company schemes; and

c) form I for each cost group[3)] divided into personal schemes and company schemes.

Forms G, H and I must be completed for the current financial year as well as for the four previous financial years. If it is not possible to fill in the last four columns for each technical rate, each risk intensity and each cost group, it is sufficient to state the total value. If various groups of insurance contracts apply the same calculation basis, it is possible to illustrate each group individually.

If a single element for a group of policyholders no longer has the necessary safety margin and consequently is expected to generate a loss, the actuary must explain how the loss can be covered, and whether any initiatives have been taken in that connection.

3.8. If a negative contribution to the realised results cannot be covered by collective bonus potential from the insurance contracts, from which the negative contribution originates, the actuary must give an account of any application of the bonus potential on paid-up policy benefits.

3.9. The actuary must state whether the bonus potential on paid-up policy benefits, which was previously used to cover the negative contribution of the insurance contracts to the realised results pursuant to regulations notified, has been re-established, including a description of how this was effected.

4. Sickness and accident insurance activities (insurance classes 1 & 2)

4.1. The actuary must give an account of risk and cost trends for products written under insurance classes 1 and 2, including trends in the expense and claims ratios[4)] for the past five years. The actuary must explain the reason for and the importance of this trend as well as whether the company has taken any initiatives in this connection.

4.2. The actuary must state the scope of accident and sickness insurance contracts subject to a discount system as well as describe the company's discount policy[5)] for sickness and accident insurance business, including stating the elements for which discounts are granted.

4.3. The actuary must state how the outstanding claims provisions are calculated.

4.4. The actuary must make an analysis of the run-off profit or loss corresponding to form J (two forms).

4.5. The actuary must state whether the profit for the year resulting from life-assurance business benefits the life insureds in the same manner as if the company had only performed life-assurance activities.

4.6. The actuary must document that the principle is observed that the solvency requirement resting on the sickness and accident insurance activities should not be borne by the life-assurance activities.

4.7. The actuary must state whether the respective interests are otherwise secured for the company's insureds within both life-assurance activities and sickness and accident insurance activities.

5. Insurance contracts under insurance class III

5.1. The actuary must describe the products written under insurance class III. This includes a description of guaranteed interest rates, guaranteed biometric risks and payment guarantee, including whether the company has undertaken an investment risk.

5.2. The actuary must state the scope of insurance class III contracts with bonus entitlement. If the company has insurance contracts with bonus entitlement of class III which are exempted from the Executive Order on the Contribution Principle, the actuary must describe the method for the addition of bonus.

5.3. If the company has insurance class III contracts with bonus entitlement, the actuary must describe the size of provisions for bonus and movements during the year in such provisions, including the elements for which bonus is granted. For insurance class III contracts covered by the Executive Order on the Contribution Principle, the actuary must also describe the correlation with the company's return on equity regulations.

5.4. The actuary must describe and comment on the cost structure, including completing form K. If the element is not covered by bonus calculation, this fact must be stated under comments, and columns with second order figures must not be filled in.

5.5. The actuary must make a risk analysis of the biometric factors in relevant groups of insurance contracts, and the figures in form H must be filled in insofar as relevant.

5.6. If a difference in volume or timing exists between a policyholder's choice of investment and the company's actual investments, the actuary must give an account of the principles applied by the company for handling the exposure. The actuary must give an account of how the company manages the risk.

6. Group insurance

6.1. The actuary must give an account of risk and cost trends for products written as group insurance. The actuary must explain the reason for and the importance of this trend, including whether the company has taken any initiatives in this connection.

6.2. The actuary must state the scope of group insurance contracts with bonus entitlement.

6.3. If the company has group insurance contracts with bonus entitlement, the actuary must state the elements for which bonus is granted. For group insurance contracts covered by the Executive Order on the Contribution Principle, the actuary must describe the correlation with the company's return on equity regulations.

6.4. If group insurance is not covered by the Executive Order on the Contribution Principle, the actuary must prepare analyses for costs, interest rates and risks for relevant groups of insurance contracts, and the figures in forms G, H and I must be filled in, insofar as relevant. If the insurance contracts are not entitled to a bonus, this fact must be stated under comments, and columns with second order figures must not be filled in.

6.5. The actuary must comment on trends in the claims ratio [6)] during the past five years.

7. Other products[7)]

7.1. The actuary must describe other products offered by the company.

7.2. The actuary must state the net profit or loss for the year on the various products as well as the distribution of the profit for the year.

7.3. Form B or relevant parts of this form must be completed.

7.4. For other products with bonus entitlement[8)], the actuary must describe the method used for the addition of bonus.

8. Indirect life-assurance business

This section should only be completed if the premiums for indirect insurance business amount to more than 0.5 percent of total premium income or exceed DKK 5 million. If the company falls below the minimum threshold, the actuary must only report the share of total premium income generated by the insurance business as well as the premium income from indirect insurance business.

8.1. The actuary must report on the net profit or loss for the year of the company's indirect insurance business.

8.2. The actuary must state the size of the provisions on the market value basis.

8.3. The actuary must assess the development of the insurance portfolio separately for insurance contracts reinsured on a gross basis, on a risk basis and on a non-proportional basis. The actuary must comment on significant fluctuations in individual years and assess whether there are trends in the development.

8.4. The actuary must describe how any administration provision pertaining to the indirect insurance business has been determined and compare such provision with the size of the costs it is intended to cover.

8.5. The actuary must calculate the ratio of, on the one hand, claims incurred and expenses to, on the other hand, premiums received. The actuary must comment on trends in this ratio.

8.6. The actuary must assess the risk factors of death and disability and compare them with the risk elements assumed.

8.7. The actuary must compare the return for the year with the interest-rate assumptions that may have been applied in the calculation of premiums and provisions.

8.8. The actuary must comment on trends in costs, interest rate and risk elements.

8.9. The actuary must describe retrocession arrangements put in place for the indirect insurance business, including the types of retrocession established by the company.

9. The company's financial standing

9.1. By using the company's most recent accounting figures, the actuary must analyse the immediate consequences for the size of the company's gross life-assurance provisions (broken down into guaranteed benefits, bonus potential on future premiums and bonus potential on paid-up policy benefits), special bonus provisions/members' accounts and collective bonus potential, equity, capital base and solvency margin if the yellow risk scenario (very negative market developments) should occur. To illustrate the future financial standing of the company, the actuary must project accounting figures as well as the yellow risk scenario for the number of years used to set any bonus forecasts, although not less than 10 years.[9)] The assumptions behind these projections must be the same as the assumptions used for the company's budgets and any bonus forecasts. On the basis of the above, the actuary must complete form L.

9.2. The actuary must assess the company's policy regarding payment of bonuses and the investment profile on the basis of the analysis in 9.1. The actuary must state whether the calculations in 9.1 has given the company cause for changing (or considerations about changing) its bonus policy and investment profile.

9.3. The actuary must state the interest rate risk on assets and liabilities calculated at an interest rate change corresponding to that used in the calculation of the yellow risk scenario. On the liability side, changes in the distribution between guaranteed benefits, bonus potentials on paid-up policy benefits and bonus potentials on future premiums must be stated. In the event of a mismatch between the interest rate risk on assets and liabilities, the actuary must describe the company's considerations in this connection, including any initiatives the company may have taken to better match the interest rate risk.

9.4. The actuary must give a brief account of how the company manages the correlation between the assets and the liabilities as well as the company's risk appetite. The actuary must state his assessment of this. The actuary must also state what the actuary does to ensure that the actuary meets the requirements of section 75(1) of the Financial Business Act.[10)]

10. Technical provisions

10.1. The actuary must prepare an overview of the past five years' sizes of the accounting items life-assurance provisions, guaranteed benefits, bonus potential on future premiums, bonus potential on paid-up policy benefits, provisions for unit-linked contracts and collective bonus potential. Furthermore, the actuary must prepare an overview of the past five years' sizes of special bonus provisions related individually to the insurance contracts and special bonus provisions related collectively to the insurance contracts. The overviews must correspond to the example given in form M for each of the categories of insurance stated in 1.2.

10.2. The actuary must document that the probability used that insurance contracts are rewritten to paid-up policies or repurchased in connection with calculation of the value of retrospective provisions, cf. Annex 1, no. 62, of the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds, corresponds to the experience of the company.

10.3. The actuary must analyse the parameters applied for risk elements in the calculation of the life-assurance provisions.

a) The actuary must explain the assumptions for the calculations of best estimate of mortality. The actuary must state whether the assumptions applied for the observed current mortality rate correspond to the Danish FSA's benchmark for observed current mortality rate. If this is the case, the actuary must state the statistical tests and test results on which the assumptions are based. If this is not the case, the actuary must state the manner in which the assumptions applied for the current mortality rate deviate from the benchmark. The actuary must state which statistical tests and test results constitute the basis for the deviation from the benchmark. The actuary must document that the best estimate of the mortality rate has been determined in accordance with section 66(4), no. 1, of the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds.

b) The actuary must state the assumptions applied for expected future increases in life expectancy. The actuary must state whether the assumptions applied for expected future increases in life expectancy correspond to the Danish FSA's benchmark for expected future life expectancy improvement. If this is not the case, the actuary must state the manner in which the assumptions applied for expected future increases in life expectancy deviate from the benchmark. The actuary must state which statistical tests and test results constitute the basis for any deviation from the benchmark.

c) The actuary must state the remaining life expectancy for a 20-year-old, a 40-year-old, a 60-year-old and an 80-year old with the mortality assumptions notified for life-assurance provisions including increases in life expectancy. The remaining life expectancies must be calculated for each gender separately or for both genders combined depending on the basis used. If the basis is for both genders combined, the actuary must state which gender quota has been observed in the insurance portfolio at the relevant ages of 20, 40, 60 and 80 years.

The actuary must explain the assumptions for the calculation of the best estimate of disability and document that the best estimate of the disability rate has been determined in accordance with section 66(4), no. 1, of the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds.

10.4. The actuary must explain how the life-assurance provisions and provisions for unit-linked contracts have been calculated and controlled.

10.5. The actuary must state whether the data basis used for the calculation of provisions has the necessary quality, including whether it comprises all insurance contracts.

11. Reinsurance ceded

11.1. The actuary must describe the company's reinsurance principles, including the company's reason for choosing these principles as well as the actuary's assessment of such principles.

11.2. The actuary must state and comment on the profit or loss for the year from reinsurance.

11.3. The actuary must state the expectations for the future, including assessing whether less/more reinsurance should be written to ensure stability.

12. Specific orders, etc. from the Danish FSA

12.1. If the Danish FSA has issued specific orders or similar to the company to follow up via the actuary's report, the actuary must report separately on this subject.

13. The actuarial contents of the company's activities and material

13.1. The actuary must give an account of how the actuary has performed his duty of supervision under section 108(4) of the Financial Business Act.

14. Other matters

14.1. Under this heading, the actuary may state matters not dealt with under the above items or paragraphs in the appointed actuary's report, but which the actuary wishes to draw to the attention of the Danish FSA.

Form A (Actuarial statement of the profit or loss for the year)[11)]

DKK	**Year**	**Year - 1**	**Year - 2**	**Year - 3**	**Year - 4**
Investment income[12)]					
Change in accumulated value adjustment[13)]					
Risk profit/loss[14)]					
Expense result[15)]					
Profit/loss from reinsurance					
Profit/loss from sickness and accident insurance					
Tax					
Profit/loss before provisions					
Net of expense for cash bonus and bonus added					
Transferred to collective bonus potential[16)]					
Transferred to special bonus provisions/ members' accounts					
Transferred to equity					
Dividends paid					

11) The form may be extended as and when needed so as to exhaustively explain the profit/loss for the year. The form must as a minimum include the information mentioned.

12) The investment income will typically equal income from investments including unrealised gains less pension investment returns tax, investment costs and interest accrued to the gross life-assurance provisions.

13) The value adjustment follows from section 100(1), no. 2, of the Executive Order on Financial Reports for life assurance companies and Multi-Employer Occupational Pension Funds.

14) The risk profit/loss will typically equal the risk profit/loss from the note in the financial statements about change in the gross life-assurance provisions with correction, if any, for change in the provisions for claims.

15) The expense result will typically equal the expenses loading from the note in the financial statements about change in the gross life-assurance provisions less acquisition and administrative expenses.

16) Expense for bonus added equals the bonus added at the date of the presentation of the financial statements, and which is included in the expenses for increasing the gross life-assurance provisions, via the interest rate, risk and expense results.

Form B (Margins for the year) [17)]					
DKK	**First order interest accrual**	**Second order interest accrual**	**Actual profit / loss according to financial statements**	**Actual profit / loss less first order interest accrual**	**Actual profit / loss less second order interest accrual**
Interest					
	First order risk premiums	**Second order risk premiums**	**Actual risk costs**	**First order risk premiums less actual risk costs**	**Second order risk premiums less actual risk costs**
Risk					
	First order cost premiums	**Second order cost premiums**	**Actual costs**	**First order cost premiums less actual costs**	**Second order cost premiums less actual costs**
Costs schemes					

17) The form may be extended as and when needed so as to exhaustively explain the margins for each individual basic element. The form must as a minimum include the information mentioned. Any cost and contingency loading must be distributed between costs and risk. The amounts in the last column correspond to interest rate, risk and expense results from form A.

Form C (Application of interest income in interest rate groups)[18)]							
DKK	**First order interest accrual**[19)]	**Second order in-terest accrual**[20)]	**Actual interest income**[21)]	**Change in accu-mulated value adjust-ment**[22)]	**Change in collec-tive bonus poten-tial**[23)]	**Change in special bonus provisions**[24)]	**Change in equity**[25)]
In-terest rate group 1							
In-terest rate group 2							
....							

18) The form may be extended as and when needed so as to exhaustively explain the application of the interest income. The form must as a minimum include the information mentioned.

19) First order interest accrual for the group of insurance contracts.

20) Second order interest accrual for the group of insurance contracts.

21) Actual interest income for the group of insurance contracts.

22) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been applied for or released from value adjustment.

23) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been transferred to or paid by collective bonus potential.

24) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been transferred to or paid by special bonus provisions.

25) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been transferred to or paid by equity.

Form D (Application of risk profit / loss in risk groups)[25]						
DKK	**First order risk premiums**[26]	**Second order risk premiums**[27]	**Actual risk costs**[28]	**Change in collective bonus potential**[29]	**Changes in special bonus provisions**[30]	**Change in equity**[31]
Risk group 1						
Risk group 2						
….						

25) The form shows minimum divisions of all the company's groups of insurance contracts covered by the Executive Order on the Contribution Principle. It is possible to extend the form.

26) First order risk premiums for the group of insurance contracts.

27) Second order risk premiums for the group of insurance contracts.

28) Actual risk costs for the group of insurance contracts.

29) The share of the difference between second order risk premiums for the group of insurance contracts and the actual risk costs for the group of insurance contracts that has been transferred to or paid by collective bonus potential.

30) The share of the difference between second order risk premiums for the group of insurance contracts and the actual risk costs for the group of insurance contracts that has been transferred to or paid by special bonus provisions.

31) The share of the difference between second order risk premiums for the group of insurance contracts and the actual risk costs for the group of insurance contracts that has been transferred to or paid by equity.

Form E (Application of expense result in cost groups)[32]							
DKK	**First order cost pre-miums**[33]	**Second order cost pre-miums**[34]	**Actual costs**[35]	**Number of po-lices**[36]	**Change in collec-tive bonus potential**[37]	**Change in special bonus pro-visions**[38]	**Change in equity**[39]
Cost group 1							
Cost group 2							
….							

32) The form shows minimum divisions of all the company's groups of insurance contracts covered by the Executive Order on the Contribution Principle. It is possible to extend the form.

33) First order cost premiums for the group of insurance contracts.

34) Second order cost premiums for the group of insurance contracts.

35) Actual costs for the group of insurance contracts.

36) The number of policies in each individual group. If necessary, the number of insureds in the individual group may be stated.

37) The share of the difference between second order cost premiums for the group of insurance contracts and the actual costs for the group of insurance contracts that has been transferred to or paid by collective bonus potential.

38) The share of the difference between second order cost premiums for the group of insurance contracts and the actual costs for the group of insurance contracts that has been transferred to or paid by special bonus provisions.

39) The share of the difference between second order cost premiums for the group of insurance contracts and the actual costs for the group of insurance contracts that has been transferred to or paid by equity.

Form F (Collective bonus potential and shadow account at year-end broken down by groups)		
DKK	**Collective bonus potential end of year**	**Shadow account end of year**
Interest rate group 1		
Interest rate group 2		
Interest rate group 3		
...		
Risk group 1		
Risk group 2		
Risk group 3		
...		
Cost group 1		
Cost group 2		
Cost group 3		
...		
Total for all groups		

Form G (Application of interest income) 40)							
DKK	**First order interest accrual** 41)	**Second order interest accrual** 42)	**Actual interest income** 43)	**Change in accumu-lated value adjustment** 44)	**Change in collective bonus potential** 45)	**Change in special bonus provisions** 46)	**Change in equity** 47)
Basic interest rate 1							
Basic interest rate 2							
Total							

40) The form may be extended as and when needed so as to exhaustively explain the application of the interest income. The form must as a minimum include the information mentioned.

41) First order interest accrual for the group of insurance contracts.

42) Second order interest accrual for the group of insurance contracts.

43) Actual interest income for the group of insurance contracts.

44) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been applied for or released from value adjustment.

45) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been transferred to or paid by collective bonus potential.

46) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been transferred to or paid by special bonus provisions.

47) The share of the difference between second order interest accrual for the group of insurance contracts and the actual interest income for the group of insurance contracts that has been transferred to or paid by equity.

Form H (Application of risk profit / loss)[48]							
DKK	**First order risk pre-miums**[49]	**Second order risk premiums**[50]	**Actual risk costs**[51]	**Change in accumulated value adjustment**[52]	**Change in collective bonus potential**[53]	**Change in special bonus provisions**[54]	**Change in equity**[55]
Risk intensity 1 (death) Personal insurance contracts							
Risk intensity 1 (death) Company pension schemes							
Risk intensity 2 (death) Personal insurance contracts							
Risk intensity 2 (death) Company pension scheme							

s							
Risk intensity 1 (disability) Personal insurance contracts							
Risk intensity 1 (disability) Company pension schemes							
Risk intensity 2 (disability) Personal insurance contracts							
Risk intensity 2 (disability) Company pension schemes							
Total							

48) The form shows minimum divisions of all the company's groups of insurance contracts covered by the Executive Order on the Contribution Principle. It is possible to extend the form.

49) First order risk premiums for the group of insurance contracts.

50) Second order risk premiums for the group of insurance contracts.

51) Actual risk costs for the group of insurance contracts.

52) The share of the difference between second order risk premiums for the group of insurance contracts and the actual risk costs for the group of insurance contracts that has been applied for or released from value adjustment.

53) The share of the difference between second order risk premiums for the group of insurance contracts and the actual risk costs for the group of insurance contracts that has been transferred to or paid by collective bonus potential.

54) The share of the difference between second order risk premiums for the group of insurance contracts and the actual risk costs for the group of insurance contracts that has been transferred to or paid by special bonus provisions.

55) The share of the difference between second order risk premiums for the group of insurance contracts and the actual risk costs for the group of insurance contracts that has been transferred to or paid by equity.

Form I (Application of expense result)[56)]

DKK	**First order cost pre-miums**[57)]	**Second order cost premiums**[58)]	**Actual cost s**[59)]	**Number of policies**[60)]	**Change in accumu-lated value adjustment**[61)]	**Change in collective bonus potential**[62)]	**Change in special bonus provisions**[63)]	**Change in equity**[64)]
Cost group 1 Personal insurance contracts								
Cost group 1 Company pension schemes								
Cost group 2 Personal insurance contracts								
Cost group 2								

Company pension schemes								
Contribution fee								
Contribution percentage addition								
Surrender								
Current								
Other								
Total								

56) The form shows minimum divisions of all the company's groups of insurance contracts covered by the Executive Order on the Contribution Principle. It is possible to extend the form.

57) First order cost premiums for the group of insurance contracts.

58) Second order cost premiums for the group of insurance contracts.

59) Actual costs for the group of insurance contracts.

60) The number of policies in each individual group. If necessary, the number of insureds in the individual group may be stated.

61) The share of the difference between second order cost premiums for the group of insurance contracts and the actual costs for the group of insurance contracts that has been applied for or released from value adjustment.

62) The share of the difference between second order cost premiums for the group of insurance contracts and the actual costs for the group of insurance contracts that has been transferred to or paid by collective bonus potential.

63) The share of the difference between second order cost premiums for the group of insurance contracts and the actual costs for the group of insurance contracts that has been transferred to or paid by special bonus provisions.

64) The share of the difference between second order cost premiums for the group of insurance contracts and the actual costs for the group of insurance contracts that has been transferred to or paid by equity.

Form J (Run-off triangles) [65)]					
Claims year/development year (DKK)	**0**	**1**	**2**	**3**	**4**
Year – 4					
Year – 3					

Year – 2			
Year – 1			
Year			

65) The form must be completed for a) claims paid, b) provisions for outstanding claims and c) claims incurred (sum of a) and b))

Form K (Cost structure)					
Cost type (DKK)	**First order cost premiums**	**Second order cost premiums**	**Actual costs**	**First order cost premiums less actual costs**	**Second order cost premiums less actual costs**
Premium costs (percentage share of periodic premiums)					
Contribution costs (percentage share of contributions)					
Custody/safekeeping costs					
Administrative expenses: - fee as percentage share of custody - fixed fee as an amount in DKK					
Brokerage/trading costs (refinancing initiated by the customer)					
Fund management costs					

Form L (Results of the sensitivity analyses)											
DKK	**Year**	**Gross life-assurance provision**				**Special bonus provisions / Members' accounts**	**Collective bonus potential**	**Equity**	**Basic capital**	**Solvency margin**
		GY	BP	BF[66)]	Total					
Accounting figures for the year										
Yellow risk scenario										
Projected accounting figures										
Projected risk scenario										

66) BF is the size of the actual consumption of bonus potential on paid-up policy benefits.

Form M (The size of life-assurance provisions)					
DKK	**Year**	**Year - 1**	**Year - 2**	**Year - 3**	**Year – 4**
Life-assurance provisions					
Guaranteed benefits					
Bonus potential on future premiums					
Bonus potential on paid-up policy benefits					
Provisions for unit-linked insurance contracts					
Collective bonus potential					
Individual special bonus provisions					
Collective special bonus provisions					

While this translation was carried out by a professional translation agency, the text is to be regarded as an unofficial translation based on the latest official Executive Order no. 1089 of 29 November 2011. Only the Danish document has legal validity.

December 2013, GlobalDenmark Translations

Annex 2

The contents of the actuary's report for non-life insurance companies licensed to operate indirect life-assurance business

1. General information

1.1. The actuary must give a brief account of the matters which the actuary finds are of particularly significant importance, and which are mentioned in the other sections of the report. The account must include a description of the important initiatives launched as well as significant, changed assumptions and calculation principles and the importance of such initiatives and changes to the future development of the company.

1.2. If the long-form audit report contains special comments of an actuarial nature, the actuary must state and comment on such comments, including giving an account of any initiatives prompted by the comments. If the responsible actuary has given a statement to the auditors on the statement of the life-assurance provisions for the purpose of the audit of the financial statements, a copy of such statement must be attached to the actuary's report.

2. Net profit or loss for the year

2.1. The actuary must report on the net profit or loss for the year of the indirect life-assurance business in accordance with the financial statements.

2.2. The actuary must state the company's solvency margin and the part of the solvency margin that relates to indirect life-assurance as well as the size of the capital base.

2.3. The actuary must state any other matters of importance to the assessment of the company's financial circumstances. In particular, the actuary must make comments if the company's financial situation at the end of the financial year deviates substantially from the budget presented by the company at the beginning of the year. If the company is in an operating plan period, for the company as a whole or for part of the portfolios, the actuary must describe how the plan is being followed.

3. The company's financial standing

3.1. The actuary must assess the interest rate risk on assets and liabilities. An account must be given of the assumptions on which the assessments are made. The actuary may, for example, base his assessments on the yellow risk scenario.

3.2. The actuary must describe the company's use of forecasts that illustrate the company's future financial standing and comment on the considerations about the company's future situation that form the basis for the forecasts. If financially positive or negative trends have been demonstrated during the year, the actuary must explain how such trends have been included in the forecasts for the coming years.

4. Development of insurance portfolio

4.1. The actuary must assess the development of the life-assurance portfolio, including increase and decrease, and the insurance income and costs booked. The assessment must be made separately for insurance contracts reinsured on a gross basis, on a risk basis and on a non-proportional basis. The actuary must comment on significant fluctuations in individual years and assess whether there are trends in the development.

5. Analysis of costs, risk and interest rate

5.1. The actuary must describe how any administration provision pertaining to the indirect life-assurance business has been determined, and compare it with the size of the costs it is meant to cover. Furthermore, for the indirect life-assurance business, the actuary must calculate the ratio of, on the one hand, claims incurred and expenses to, on the other hand, premiums received. The actuary must comment on the development of this ratio.

5.2. The actuary must assess the risk factors of death and disability. A comparison must be made of the assumed risk elements.

5.3. The actuary must compare the return for the year with the interest-rate assumptions that may have been applied in the calculation of premiums and provisions.

5.4. The actuary must comment on trends in costs, risk and return.

6. Technical provisions

6.1. The actuary must prepare an overview of the assumptions, which, as regards the indirect life-assurance business, are applied for the calculation of life-assurance provisions. If the assumptions have been changed compared to the previous year, the actuary must explain the reason for and the consequences of such change.

6.2. The actuary must document that the estimates used in the calculation of the various categories of provisions concerning the individual life-assurance business correspond to the company's best estimate.

6.3. The actuary must divide the individual categories of provisions concerning the indirect life-assurance business before retrocession in relevant groups. The actuary must comment on and assess the development within the individual groups.

6.4. The actuary must state how the individual categories of provisions concerning the indirect life-assurance business have been calculated and controlled.

6.5. The actuary must describe the experience gained with run-off of provisions for outstanding claims.

7. Solvency calculation

7.1. On the basis of the relevant accounting forms to be submitted to the Danish FSA , the actuary must give an account of the individual parts of the calculation of the solvency margin for indirect life-assurance business.

7.2. If rules of approximation have been applied in the calculation of the individual parts, the actuary must explain the reason for doing so. The actuary must also document that such rules of approximation have been adequately determined.

8. Retrocession ceded

8.1. The actuary must describe retrocession arrangements put in place for the indirect insurance business, including the types of retrocession established by the company.

8.2. Insofar as relevant, the actuary must prepare a description of the results of each individual retrocession arrangement. The financial results of business ceded must be analysed, and the actuary must generally assess the cession of business in the light of the analysis.

8.3. The actuary must assess whether the retrocession arrangements established are relevant and sufficient to ensure that the company's retrocession cover is adequate.

8.4. The actuary must assess the importance of the company's retrocession agreements for its financial standing. The actuary must state an estimate of the importance to the company's financial standing of a lapse of the retrocession cover.

9. Specific orders, etc. from the Danish FSA

9.1. If the Danish FSA has issued specific orders or similar to the company to follow up via the actuary's report, the actuary must report separately on this subject.

10. Other matters

10.1. Under this heading, the actuary may state other matters not otherwise dealt with in the guidelines, but which the actuary wishes to draw to the attention of the Danish FSA. The actuary may, for example, point out to the Danish FSA initiatives that the company plans to implement in future or circumstances in the reinsurance market of which it is appropriate for the Danish FSA to be aware.

Official notes

[1)] If a scheme has several basic interest rates, it must be included in the group with the original basic rate.

[2)] Risk intensity means the risk intensity on the calculation basis.

[3)] One cost group per cost rate. If a scheme is affected by one cost rate for one part of the premium and another cost rate for another part of the premium, this must be considered as one single cost rate.

[4] Defined in Annex 1 of the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds.

[5] By analogue with bonus policy for schemes under contribution.

[6] Defined in Annex 1 of the Executive Order on Financial Reports for Insurance Companies for Insurance Companies and Multi-Employer Occupational Pension Funds.

[7] Contains the products that have not yet been dealt with in the previous paragraphs, e.g. life annuity without bonus entitlement.

[8] Including also other products with discount.

[9] The projection may be omitted for companies which only write group life-assurance. In such case, the actuary must state that this is the case.

[10] Section 75(3) of the Financial Business Act: Where a member of the board of directors, board of management, external auditors, or responsible actuary of a financial undertaking has cause to believe that the undertaking does not comply with the capital requirement of sections 124-126 or the solvency need under section 124(3) and section 125(5), such person must immediately notify the Danish FSA of this fact.