

2016

contracts

## 27 Liabilities from insurance and investment contracts

### P&C insurance

#### Change in insurance liabilities

EURm	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
<b>Provision for unearned premiums</b>						
<b>At 1 Jan.</b>	<b>2,017</b>	<b>46</b>	<b>1,971</b>	<b>1,999</b>	<b>41</b>	<b>1,958</b>
Exchange differences	20	1	21	-20	1	-20
Change in provision	4	-2	2	39	5	44
<b>At 31 Dec.</b>	<b>2,042</b>	<b>44</b>	<b>1,997</b>	<b>2,017</b>	<b>46</b>	<b>1,971</b>

EURm	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
<b>Provision for claims outstanding</b>						
<b>At 1 Jan.</b>	<b>7,416</b>	<b>193</b>	<b>7,223</b>	<b>7,185</b>	<b>197</b>	<b>6,988</b>
Acquired/disposed insurance holdings	28	-	28	38	-	38
Exchange differences	-19	1	-20	-1	6	-8
Change in provision	-87	-2	-86	195	-10	205
<b>At 31 Dec.</b>	<b>7,338</b>	<b>192</b>	<b>7,146</b>	<b>7,416</b>	<b>193</b>	<b>7,223</b>

#### Liabilities from insurance contracts

EURm	2016	2015
Provision for unearned premiums	2,042	2,017
Provision for claims outstanding	7,338	7,416
Incurred and reported losses	1,596	1,657
Incurred but not reported losses (IBNR)	3,327	3,352
Provisions for claims-adjustment costs	267	269
Provisions for annuities and sickness benefits	2,148	2,138
<b>P&amp;C insurance total</b>	<b>9,379</b>	<b>9,433</b>
<b>Reinsurers' share</b>		
Provision for unearned premiums	44	46
Provision for claims outstanding	192	193
Incurred and reported losses	114	95
Incurred but not reported losses (IBNR)	78	98
<b>Total reinsurers' share</b>	<b>236</b>	<b>239</b>

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

### 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	2016											contracts
	< 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
At the close of the claims year	14,689	2,570	2,696	2,699	2,810	2,893	2,932	2,831	2,814	2,845	2,886	
One year later	14,631	2,566	2,653	2,650	2,849	3,007	2,919	2,859	2,807	2,864		
Two years later	14,543	2,531	2,597	2,622	2,796	3,003	2,935	2,860	2,815			
Three years later	14,551	2,500	2,570	2,582	2,794	2,991	2,924	2,865				
Four years later	14,542	2,455	2,547	2,564	2,787	2,963	2,892					
Five years later	14,449	2,431	2,533	2,541	2,785	2,948						
Six years later	14,347	2,422	2,514	2,539	2,768							
Seven years later	14,342	2,409	2,520	2,511								
Eight years later	14,352	2,408	2,500									
Nine years later	14,462	2,390										
Ten years later	14,429											
Current estimate of total claims costs	14,429	2,390	2,500	2,511	2,768	2,948	2,892	2,865	2,815	2,864	2,886	41,868
Total disbursed	11,640	2,177	2,278	2,280	2,506	2,649	2,562	2,477	2,332	2,255	1,640	34,797
<b>Provision reported in the balance sheet</b>	<b>2,788</b>	<b>213</b>	<b>223</b>	<b>231</b>	<b>262</b>	<b>298</b>	<b>330</b>	<b>388</b>	<b>483</b>	<b>609</b>	<b>1,246</b>	<b>7,071</b>
of which established vested annuities	1,523	82	71	61	77	75	71	81	64	37	8	2,148
Provision for claims-adjustment costs												267
<b>Total provision reported in the BS</b>												<b>7,338</b>

### Claims costs after reinsurance

#### Estimated claims cost

EURm	< 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
At the close of the claims year	13,663	2,473	2,580	2,586	2,673	2,736	2,737	2,782	2,775	2,799	2,825	
One year later	13,589	2,462	2,549	2,554	2,719	2,809	2,722	2,810	2,764	2,814		
Two years later	13,510	2,436	2,496	2,524	2,677	2,796	2,738	2,812	2,756			
Three years later	13,480	2,406	2,470	2,498	2,671	2,791	2,738	2,819				
Four years later	13,489	2,363	2,451	2,481	2,668	2,760	2,711					
Five years later	13,418	2,340	2,439	2,457	2,665	2,749						
Six years later	13,332	2,332	2,420	2,455	2,648							
Seven years later	13,333	2,319	2,427	2,431								
Eight years later	13,354	2,318	2,408									
Nine years later	13,454	2,300										
Ten years later	13,417											
Current estimate of total claims costs	13,417	2,300	2,408	2,431	2,648	2,749	2,711	2,819	2,756	2,814	2,825	39,877
Total disbursed	10,676	2,089	2,188	2,204	2,391	2,458	2,390	2,445	2,305	2,223	1,630	32,998
<b>Provision reported in the balance sheet</b>	<b>2,741</b>	<b>210</b>	<b>220</b>	<b>227</b>	<b>257</b>	<b>291</b>	<b>321</b>	<b>373</b>	<b>451</b>	<b>591</b>	<b>1,195</b>	<b>6,879</b>
of which established vested annuities	1,523	82	71	61	77	75	71	81	64	37	8	2,148
Provision for claims-adjustment costs												267
<b>Total provision reported</b>												<b>7,146</b>

2016

contracts

in the BS

## 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. 2016</b>	<b>4,979</b>	<b>36</b>	<b>5,014</b>
Premiums	149	0	149
Claims paid	-469	0	-470
Expense charge	-37	0	-37
Guaranteed interest	138	0	138
Bonuses	5	-	5
Other	29	-8	21
<b>Total at 31 Dec. 2016</b>	<b>4,794</b>	<b>28</b>	<b>4,821</b>
Liabilities related to assets held for sale			-210
<b>Life insurance, total</b>			<b>4,611</b>
Reinsurers' share	-3	0	-3
<b>Net liability at 31 Dec. 2016</b>	<b>4,791</b>	<b>28</b>	<b>4,608</b>

EURm	Insurance contracts	Investment contracts	Total
<b>At 1 Jan. 2015</b>	<b>5,058</b>	<b>4</b>	<b>5,062</b>
Premiums	148	30	178
Claims paid	-445	0	-445
Expense charge	-38	0	-38
Guaranteed interest	153	0	153
Bonuses	0	-	0
Portfolio transfers	17	-	17
Other	85	1	86
<b>At 31 Dec. 2015</b>	<b>4,978</b>	<b>36</b>	<b>5,014</b>
Reinsurers' share	-3	-	-3
<b>Net liability at 31 Dec. 2015</b>	<b>4,976</b>	<b>36</b>	<b>5,012</b>

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

EURm	Insurance contracts	Investment contracts	Total
<b>At 1 Jan. 2016</b>	<b>4,042</b>	<b>1,817</b>	<b>5,858</b>
Premiums	498	475	973
Claims paid	-222	-355	-577
Expense charge	-43	-20	-64
Other	153	97	250
<b>At 31 Dec. 2016</b>	<b>4,427</b>	<b>2,013</b>	<b>6,440</b>
Liabilities related to assets held for sale			-2,992
<b>Life insurance total</b>			<b>3,448</b>
<b>At 1 Jan. 2015</b>	<b>3,599</b>	<b>1,714</b>	<b>5,312</b>
Premiums	575	394	969
Claims paid	-198	-358	-556
Expense charge	-44	-22	-66
Other	110	89	200
<b>At 31 Dec. 2015</b>	<b>4,042</b>	<b>1,817</b>	<b>5,858</b>

2016

contracts

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	2016	2015
<b>Insurance contracts</b>		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,425	2,516
Provision for claims outstanding	2,366	2,461
<b>Total</b>	<b>4,791</b>	<b>4,976</b>
Assumed reinsurance		
Provision for unearned premiums	0	1
Provision for claims outstanding	1	1
<b>Total</b>	<b>1</b>	<b>2</b>
Insurance contracts total		
Provision for unearned premiums	2,426	2,517
Provision for claims outstanding	2,368	2,462
<b>Total</b>	<b>4,794</b>	<b>4,978</b>
<b>Investment contracts</b>		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	28	36
<b>Liabilities for insurance and investment contracts total</b>		
Provision for unearned premiums	2,454	2,552
Provision for claims outstanding	2,368	2,462
<b>Life insurance total</b>	<b>4,821</b>	<b>5,014</b>
Liabilities related to assets held for sale	-210	-
<b>Liabilities for insurance and investment contracts total, life insurance</b>	<b>4,611</b>	<b>5,014</b>
<b>Reinsurers' share</b>		
Provision for claims outstanding	-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	2016	2015
<b>Group, total</b>	<b>13,990</b>	<b>14,447</b>