

## 27 Liabilities from insurance and investment contracts

### P&C insurance

#### Change in insurance liabilities

EURm	2014			2013		
	Gross	Ceded	Net	Gross	Ceded	Net
<b>Provision for unearned premiums</b>						
<b>At 1 Jan.</b>	2,065	43	2,022	2,107	55	2,053
Acquired insurance holdings	-	-	0	38	-	-
Exchange differences	-69	1	-68	-127	-2	-125
Change in provision	3	-3	-0	46	-10	55
<b>At 31 Dec.</b>	<b>1,999</b>	<b>41</b>	<b>1,958</b>	<b>2,065</b>	<b>43</b>	<b>2,022</b>

EURm	2014			2013		
	Gross	Ceded	Net	Gross	Ceded	Net
<b>Provision for claims outstanding</b>						
<b>At 1 Jan.</b>	7,435	377	7,058	7,747	522	7,225
Disposed insurance holdings	45	-	45	61	0	61
Exchange differences	-245	-2	-243	-314	-20	-294
Change in provision	-50	-178	128	-59	-126	66
<b>At 31 Dec.</b>	<b>7,185</b>	<b>197</b>	<b>6,988</b>	<b>7,435</b>	<b>377</b>	<b>7,058</b>

#### Liabilities from insurance contracts

EURm	2014	2013
Provision for unearned premiums	1,999	2,065
Provision for claims outstanding	7,185	7,435
Incurring and reported losses	1,609	1,770
Incurring but not reported losses (IBNR)	3,298	3,538
Provisions for claims-adjustment costs	269	271
Provisions for annuities and sickness benefits	2,009	1,856
<b>P&amp;C insurance total</b>	<b>9,183</b>	<b>9,500</b>
<b>Reinsurers' share</b>		
Provision for unearned premiums	41	43
Provision for claims outstanding	197	376
Incurring and reported losses	98	270
Incurring but not reported losses (IBNR)	98	107
<b>Total reinsurers' share</b>	<b>237</b>	<b>420</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

2014

contracts

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.

### Claims costs before reinsurance

#### ESTIMATED CLAIMS COST

EURm	< 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At the close of the claims year	9,825	2,517	2,522	2,588	2,715	2,718	2,829	2,914	2,953	2,851	2,835	
One year later	9,792	2,465	2,504	2,584	2,672	2,669	2,869	3,028	2,940	2,879		
Two years later	9,809	2,412	2,476	2,549	2,615	2,641	2,815	3,024	2,956			
Three years later	9,823	2,385	2,475	2,518	2,588	2,601	2,814	3,012				
Four years later	9,789	2,352	2,435	2,472	2,565	2,582	2,807					
Five years later	9,833	2,319	2,388	2,448	2,551	2,559						
Six years later	9,896	2,267	2,358	2,438	2,531							
Seven years later	9,902	2,244	2,348	2,425								
Eight years later	9,852	2,227	2,337									
Nine years later	9,874	2,210										
Ten years later	9,912											
Current estimate of total claims costs	9,912	2,210	2,337	2,425	2,531	2,559	2,807	3,012	2,956	2,879	2,835	36,463
Total disbursed	7,349	2,013	2,110	2,169	2,271	2,261	2,470	2,590	2,475	2,268	1,572	29,548
<b>Provision reported in the balance sheet</b>	<b>2,563</b>	<b>197</b>	<b>227</b>	<b>256</b>	<b>261</b>	<b>298</b>	<b>337</b>	<b>422</b>	<b>482</b>	<b>611</b>	<b>1,263</b>	<b>6,916</b>
of which established vested annuities	1,390	73	80	77	70	59	75	65	62	47	10	2,009
Provision for claims-adjustment costs												269
<b>Total provision reported in the BS</b>												<b>7,185</b>

### Claims costs after reinsurance

#### ESTIMATED CLAIMS COST

EURm	< 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At the close of the claims year	9,070	2,375	2,418	2,490	2,598	2,604	2,691	2,756	2,756	2,801	2,795	
One year later	9,022	2,318	2,390	2,480	2,567	2,572	2,738	2,829	2,741	2,829		
Two years later	9,025	2,264	2,363	2,453	2,513	2,542	2,696	2,816	2,758			
Three years later	9,032	2,244	2,367	2,422	2,487	2,515	2,689	2,810				
Four years later	8,999	2,213	2,330	2,379	2,468	2,498	2,686					
Five years later	8,998	2,181	2,289	2,355	2,455	2,474						
Six years later	9,076	2,141	2,261	2,348	2,437							
Seven years later	9,086	2,120	2,252	2,335								
Eight years later	9,049	2,104	2,243									
Nine years later	9,074	2,087										
Ten years later	9,121											

	2014											contracts
Current estimate of total claims costs	9,121	2,087	2,243	2,335	2,437	2,474	2,686	2,810	2,758	2,829	2,795	34,575
Total disbursed	6,617	1,897	2,022	2,083	2,180	2,184	2,361	2,409	2,304	2,241	1,559	27,856
<b>Provision reported in the balance sheet</b>	<b>2,504</b>	<b>191</b>	<b>221</b>	<b>252</b>	<b>257</b>	<b>290</b>	<b>325</b>	<b>402</b>	<b>454</b>	<b>588</b>	<b>1,236</b>	<b>6,719</b>
of which established vested annuities	1,390	73	80	77	70	59	75	65	62	47	10	2,009
Provision for claims-adjustment costs												269
<b>Total provision reported in the BS</b>												<b>6,988</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. 2014</b>	3,924	4	<b>3,928</b>
Premiums	148	1	<b>149</b>
Claims paid	-397	-0	<b>-397</b>
Expense charge	-36	-	<b>-36</b>
Guaranteed interest	131	-	<b>131</b>
Bonuses	0	-	<b>0</b>
Portfolio transfers	1,337	-	<b>1,337</b>
Other	-48	-0	<b>-48</b>
<b>At 31 Dec. 2014</b>	<b>5,061</b>	<b>4</b>	<b>5,065</b>
Reinsurers' share	-3	-	<b>-3</b>
<b>Net liability at 31 Dec. 2014</b>	<b>5,058</b>	<b>4</b>	<b>5,062</b>

EURm	Insurance contracts	Investment contracts	Total
<b>At 1 Jan. 2013</b>	4,065	6	<b>4,071</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>4</b>	<b>3,927</b>
Reinsurers' share	-3	-	<b>-3</b>
<b>Net liability at 31 Dec. 2013</b>	<b>3,921</b>	<b>4</b>	<b>3,925</b>

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

EURm	Insurance contracts	Investment contracts	Total
<b>At 1 Jan. 2014</b>	3,095	1,522	<b>4,617</b>

	2014		contracts
Premiums	513	448	<b>961</b>
Claims paid	-191	-294	<b>-485</b>
Expense charge	-39	-21	<b>-60</b>
Other	220	59	<b>279</b>
<b>At 31 Dec. 2014</b>	<b>3,599</b>	<b>1,714</b>	<b>5,312</b>
<b>At 1 Jan. 2013</b>	<b>2,665</b>	<b>1,168</b>	<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>

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	2014	2013
<b>Insurance contracts</b>		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,625	1,969
Provision for claims outstanding	2,434	1,948
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	-	0
Provision for claims outstanding	-	1
<b>Total</b>	<b>5,059</b>	<b>3,918</b>
Assumed reinsurance		
Provision for unearned premiums	1	4
Provision for claims outstanding	0	2
<b>Total</b>	<b>2</b>	<b>5</b>
Insurance contracts total		
Provision for unearned premiums	2,626	1,973
Provision for claims outstanding	2,434	1,951
<b>Total</b>	<b>5,061</b>	<b>3,924</b>
<b>Investment contracts</b>		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	4	4
<b>Liabilities for insurance and investment contracts total</b>		
Provision for unearned premiums	2,631	1,976
Provision for claims outstanding	2,434	1,951
<b>Life insurance total</b>	<b>5,065</b>	<b>3,927</b>
<b>Reinsurers' share</b>		
Provision for claims outstanding	-3	-3

Investment contracts do not include a provision for claims outstanding.

2014

contracts

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	2014	2013
<b>Group, total</b>	<b>14,248</b>	<b>13,427</b>