

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

EURm	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for unearned premiums						
At 1 Jan.	1,999	41	1,958	2,065	43	2,053
Exchange differences	-20	1	-20	-69	1	-70
Change in provision	39	5	44	3	-3	6
At 31 Dec.	2,017	46	1,971	1,999	41	1,958

EURm	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for claims outstanding						
At 1 Jan.	7,185	197	6,988	7,435	377	7,225
Disposed insurance holdings	38	-	38	45	-	45
Exchange differences	-1	6	-8	-245	-2	-243
Change in provision	195	-10	205	-50	-178	128
At 31 Dec.	7,416	193	7,223	7,185	197	6,988

Liabilities from insurance contracts

EURm	2015	2014
Provision for unearned premiums	2,017	1,999
Provision for claims outstanding	7,416	7,185
Incurring and reported losses	1,657	1,609
Incurring but not reported losses (IBNR)	3,352	3,298
Provisions for claims-adjustment costs	269	269
Provisions for annuities and sickness benefits	2,138	2,009
P&C insurance total	9,433	9,183
Reinsurers' share		
Provision for unearned premiums	46	41
Provision for claims outstanding	193	197
Incurring and reported losses	95	98
Incurring but not reported losses (IBNR)	98	98
Total reinsurers' share	239	237

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

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Claims cost trend of 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	< 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At the close of the claims year	12,216	2,494	2,558	2,681	2,681	2,789	2,877	2,924	2,818	2,803	2,831	
One year later	12,182	2,473	2,554	2,638	2,632	2,831	2,988	2,911	2,848	2,796		
Two years later	12,142	2,446	2,519	2,581	2,604	2,776	2,984	2,928	2,845			
Three years later	12,081	2,445	2,487	2,554	2,565	2,775	2,972	2,917				
Four years later	12,094	2,405	2,441	2,531	2,547	2,768	2,951					
Five years later	12,127	2,357	2,417	2,518	2,524	2,770						
Six years later	12,083	2,328	2,408	2,498	2,527							
Seven years later	12,014	2,318	2,395	2,501								
Eight years later	12,020	2,308	2,394									
Nine years later	12,042	2,293										
Ten years later	12,122											
Current estimate of total claims costs	12,122	2,293	2,394	2,501	2,527	2,770	2,951	2,917	2,845	2,796	2,831	38,948
Total disbursed	9,370	2,043	2,153	2,249	2,254	2,470	2,602	2,508	2,378	2,188	1,585	31,800
Provision reported in the balance sheet	2,752	251	241	252	273	300	349	408	467	608	1,246	7,147
of which established vested annuities	1,490	85	82	72	62	78	72	70	74	45	8	2,138
Provision for claims-adjustment costs												269
Total provision reported in the BS												7,416

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Claims costs after reinsurance

ESTIMATED CLAIMS COST

EURm	< 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At the close of the claims year	11,315	2,390	2,459	2,561	2,567	2,654	2,721	2,725	2,768	2,763	2,783	
One year later	11,262	2,361	2,449	2,532	2,535	2,701	2,793	2,710	2,797	2,752		
Two years later	11,216	2,334	2,422	2,478	2,505	2,659	2,781	2,726	2,796			
Three years later	11,163	2,338	2,390	2,452	2,479	2,653	2,775	2,727				
Four years later	11,132	2,301	2,347	2,433	2,462	2,649	2,751					
Five years later	11,181	2,259	2,324	2,421	2,439	2,652						
Six years later	11,152	2,232	2,317	2,403	2,442							
Seven years later	11,098	2,223	2,304	2,406								
Eight years later	11,107	2,214	2,303									
Nine years later	11,139	2,182										
Ten years later	11,225											
Current estimate of total claims costs	11,225	2,182	2,303	2,406	2,442	2,652	2,751	2,727	2,796	2,752	2,783	37,019
Total disbursed	8,521	1,955	2,066	2,157	2,176	2,359	2,415	2,336	2,348	2,164	1,569	30,065
Provision reported in the balance sheet	2,704	227	237	249	266	294	336	391	449	588	1,214	6,954
of which established vested annuities	1,490	85	82	72	62	78	72	70	74	45	8	2,138
Provision for claims-adjustment costs												269
Total provision reported in the BS												7,223

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Life insurance

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2015	5,058	4	5,062
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
At 31 Dec. 2015	4,978	36	5,014
Reinsurers' share	-3	-	-3
Net liability at 31 Dec. 2015	4,976	36	5,012

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2014	3,924	4	3,928
Premiums	148	1	149
Claims paid	-397	-0	-397
Expense charge	-36	-	-36
Guaranteed interest	131	-	131
Bonuses	0	-	0
Portfolio transfers	1,337	-	1,337
Other	-48	-0	-48
At 31 Dec. 2014	5,061	4	5,065
Reinsurers' share	-3	-	-3
Net liability at 31 Dec. 2014	5,058	4	5,062

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2015	3,599	1,714	5,312
Premiums	575	394	969
Claims paid	-198	-358	-556
Expense charge	-44	-22	-66
Other	110	89	200
At 31 Dec. 2015	4,042	1,817	5,858

	2015	contracts	
At 1 Jan. 2014	3,095	1,522	4,617
Premiums	513	448	961
Claims paid	-191	-294	-485
Expense charge	-39	-21	-60
Other	220	59	279
At 31 Dec. 2014	3,599	1,714	5,312

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	2015	2014
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,516	2,625
Provision for claims outstanding	2,461	2,434
Total	4,976	5,059
Assumed reinsurance		
Provision for unearned premiums	1	1
Provision for claims outstanding	1	0
Total	2	2
Insurance contracts total		
Provision for unearned premiums	2,517	2,626
Provision for claims outstanding	2,462	2,434
Total	4,978	5,061
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	36	4
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,552	2,631
Provision for claims outstanding	2,462	2,434
Life insurance total	5,014	5,065
Reinsurers' share		
Provision for claims outstanding	3	-3

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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	2015	2014
Group, total	14,447	14,248