

To the management

GUARANTEE
FUND
for Non-life Insurers

Mandatory membership of The Danish Guarantee Fund for Non-life Insurers

22.02.2019

On 26 November 2018, the Danish Financial Supervisory Authority sent the enclosed letter to all insurance companies in EU/EEA which are notified to carry out insurance business in Denmark, to inform about the mandatory membership of the Danish Guarantee Fund from January 1, 2019. The letter was also sent to all the relevant supervisory authorities.

Guarantee Fund
for Non-Life Insurers
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According to the letter, membership of the Guarantee Fund is a pre-requisite to carry out insurance business in Denmark as of January 1 2019, either by establishment of a branch or by freedom to provide services.

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The mandatory membership includes all insurance companies with notification to carry out insurance business in Denmark, regardless of whether they have any active policies in Denmark or not. The mandatory membership also includes insurance companies who only write commercial insurance policies in Denmark.

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Entrance fee

According to section 5 of 'The Guarantee Fund for Non-life Insurance Companies Act', all insurance companies with their head office in EU/EEA that on 1 January 2019 were notified to carry out insurance business in Denmark has to pay an entrance fee to the Guarantee Fund, **no later than 1 March 2019**.

The entrance fee for new members of the Danish Guarantee Fund is determined on a group level for insurance companies with their head office in EU/EEA. This means that the mandatory membership requirement is considered to be per legal entity. For example, if an insurance company has branches established in France, Germany and Spain it is only required to enrol as a member of the Danish Guarantee Fund once for all its branches.

However, in order for an insurance company to enrol in the Guarantee Fund as one member and only pay the entrance fee once for all its branches, it is a pre-requisite that the company is able to collect **all** their active policies in Denmark from all their branches in one single statement. If this is not possible for the

company, the branches individually have to enrol in the Guarantee Fund by submitting a statement and pay the entrance fee.

Guarantee Fund
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The entrance fee to the Fund is fixed at DKK 50 per police for the following private line insurance policies written in Denmark, which are in force on 1 January 2019:

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- 1) Motorforsikringer (motor liability insurance)
- 2) Familieforsikringer (household contents insurance)
- 3) Husejerforsikringer (property insurance)
- 4) Sundhedsforsikringer (health insurance)
- 5) Ejerskifteforsikringer (latent defect insurance - change-of ownership)
- 6) Sælgeransvarsforsikring (property sellers liability insurance)
- 7) Byggeskadeforsikringer (structural warranty insurance – new build)

Notwithstanding the above, the contribution cannot be less than DKK 100,000.

This means that even if you do not write these types of insurance policies you still have to contribute to the Danish Guarantee Fund by making a one-time contribution of DKK 100,000 no later than 1 March 2019.

For further information about the entrance fee for new members, please see the website: www.skadesgarantifonden.dk.

How to enrol and pay entrance fee

The Danish Guarantee Fund for Non-life Insurers has established a new IT system where all insurance companies shall register, enrol and pay the entrance fee to the Guarantee Fund.

In order to get access to the IT system, please go to the website www.skadesgarantifonden.dk to request a link.

All new members have to register their company details and report the number of the above-mentioned active policies types that the company has written in Denmark and which was in force on 1 January 2019.

If the company's total number of policies equals less than DKK 100,000 in contribution, the company has to pay the minimum one-time entrance fee of DKK 100,000.

If the insurance company is to pay a one-time contribution of more than DKK 100,000, a statement from a state-authorized or registered accountant must be submitted in connection with the payment stating that the contribution is correctly calculated.

If the company determines the one-time contribution to be the minimum amount of DKK 100,000, a statement from the insurance company's responsible management/authorized signatory must be submitted in connection with the payment stating that the contribution is correctly calculated.

All statement forms are available in the IT system from where they can be downloaded, and a signed version can later be uploaded.

The payment of entrance fee to the Guarantee Fund will happen via bank transfer and payment details can be found in the IT system.

Contribution to the Guarantee Fund for 2019

The Danish Financial Supervisory Authority has decided that all members of the Guarantee Fund shall in 2019 make a *contribution* to the Guarantee Fund of DKK 40 of the following private insurance types:

- 1) Motorforsikringer (motor liability insurance)
- 2) Familieforsikringer (household contents insurance)
- 3) Husejerforsikringer (property insurance)
- 4) Sundhedsforsikringer (health insurance)
- 5) Ejerskifteforsikringer (latent defect insurance - change-of-ownership)
- 6) Sælgeransvarsforsikring (property sellers liability insurance)
- 7) Byggeskadeforsikringer (structural warranty insurance - new build)

The contribution applies to policies issued from 1 January 2019, which means that contributions must be paid for new policy holders as well as for renewals after 1 January 2019.

Thus, for example, one-year insurance policies, which was signed before 1 January 2019, but renewed after this date are subject to the obligation to contribute. It is the underwriting date or renewal date that determines when the contributions have to be made.

If an existing policy changes in 2019 and the change implies that a new policy must be issued on a new policy number, contributions must be paid again on the new policy. This is also the case if the policyholder take out a policy on the same risk with another insurance company. Amounts collected must not be refunded to the policyholder if the insurance expires before time.

It should be noted that the insurance company or branch office can charge the contribution from the policyholders concerned.

There is to be paid DKK 40 per policy, regardless of whether more than one of the contributing types of insurance has been entered on the same policy or if several persons or entities are covered by the same insurance.

The contributions to the Fund are to be paid per quarter. For 1st, 2nd, 3rd and 4th Quarters 2019, contributions must be paid no later than 1 May 2019, 1 August 2019, 1 November 2019 and 1 February 2020, respectively.

Payment of contributions for 2019 and reporting of active policies takes place in the IT system. Please be aware that even if you do not have any active policies in 2019 of the above mentioned private line insurance types, you still have to do the quarterly reports in the IT system.

All members shall, when submitting the annual report for 2019, upload an auditor's statement to the Guarantee Fund declaring that the contribution paid to the

Guarantee Fund in 2019 has been calculated correctly. However, if the contribution does not exceed DKK 50,000, a statement from the management is sufficient.

For further information, please visit www.skadesgarantifonden.dk

Questions regarding membership of the Guarantee Fund may be sent to our email info@skadesgarantifonden.dk

Kind regards,

The Danish Guarantee Fund for Non-life Insurers

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