

To the management

28. June 2023

J.no.

Notice of statutory requirement of membership of the Danish Guarantee Fund for life insurance undertakings offering industrial injuries insurance

In 2002, the Danish Parliament adopted the Guarantee Fund for Non-life Insurance Undertakings Act establishing a Guarantee Fund for non-life insurance undertakings in Denmark (hereinafter “the Fund”). The Fund covers certain claims and refunds premiums for the unexpired period of the insurance cover if a Danish non-life insurance undertaking (reinsurance undertakings excluded) is declared bankrupt.

All Danish non-life insurance undertakings (reinsurance undertakings excluded) are required to be members of the Fund and to make contributions to the Fund to ensure that the Fund has sufficient funds to make payments in the event of a bankruptcy. Non-life insurance undertakings (reinsurance undertakings excluded) with their head office in the EU/EEA that carry out insurance business either by establishment of a branch or by freedom to provide services in Denmark are obligated to join the Fund and pay an entrance fee to the Fund.

From 1 July 2023, the Danish Parliament has determined that all life insurance undertaking offering industrial injuries insurance (class 2) is obliged to become member of the Guarantee Fund, on similar conditions as Non-life insurance undertakings, if they want to carry out insurance business whether it is by branch establishment or freedom to provide services in Denmark.

This means that as of 1 July 2023 membership of the Fund is a prerequisite for life insurance companies who offer industrial injuries insurance to become members of the Fund if they wish to carry out insurance business either by establishment of a branch or by freedom to provide services in Denmark.

The new regulation was adopted on the 12. of May 2023, and the section will be implemented in Law on Guarantee Fund for Non-life insurance companies, section 3, subparagraph 2 (Lov om en garantifond for skadesforsikringsselskaber § 3, stk. 2). According to the act it is required for all life insurance undertakings who offer industrial injuries insurance under class 2 to join and participate, on the same terms as non-life insurance undertakings authorized in their territories, in any scheme designed to

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guarantee the payment of insurance claims to insured persons and injured third parties.

The enclosed Annex gives a short and general description of the Funds coverage in the event of a bankruptcy.

Entrance fee

According to section 5 of the Act, insurance undertakings (reinsurance undertakings excluded) with their head office in the EU/EEA, that are notified to carry out insurance business either by establishment of a branch or by freedom to provide services in Denmark, cf. Articles 146 and 148 of the Solvency II Directive, **shall no later than 1 July 2023 pay an entrance fee to the Fund.**

The entrance fee is DKK 30 per insurance policy for the following type of private line insurance policies written in Denmark, which are in force on 1 July 2023:

- industrial injuries insurance (in Danish “arbejdsskadeforsikringer”)

Notwithstanding the above, the entrance fee shall be no less than 100,000 DKK, cf. section 3, subparagraph 3 of the Act. **Following this, insurance undertakings that are notified to carry out insurance business in Denmark, but have either not written any insurance policies in Denmark or not written any of the mentioned types of insurance policies in Denmark are obliged to pay an entrance fee to the Fund of 100,000 DKK.**

The entrance fee payment shall be accompanied by an auditor’s statement declaring that the entrance fee has been calculated correctly. However, if the annually fee does not exceed 50,000 DKK, a statement from the management is sufficient, cf. section 3, subparagraph 7, of the Act.

Information on how to enroll can be found on the Fund’s website <http://www.skadesgarantifonden.dk/english/Sider/Membership.aspx>

Next step?

It is important that you notify your local supervisory authority as soon as possible, if you do not wish to maintain your possibility to carry out insurance business in Denmark.

Life insurance undertakings (reinsurance undertakings excluded) that on 1 July 2023 are notified to carry out insurance business in class 2 in Denmark are expected to pay the abovementioned contributions to the Fund.

Finanstilsynet will activate the procedure prescribed in Article 155 of the Solvency II Directive should an insurance undertaking not make the required contributions to the Fund. This may result in an order to stop writing new insurance business in Denmark.

Contact information

General information on the Fund can be found on the Fund's website:
www.skadesgarantifonden.dk

Questions regarding contributions to the Fund may be sent directly to the
Fund info@skadesgarantifonden.dk.