



To the boards of directors of life insurers, non-life insurers and holding companies in insurance-dominated financial services groups

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Distribution of profits for 2019

Most non-life insurers have been profitable and financially strong over a long period. Life insurers have strengthened their solvency ratios in recent years and fulfilled the solvency capital requirements by an ample margin at the end of 2019. In several of the undertakings, the boards of directors have proposed dividend payments based on the financial statements for 2019.

The outbreak of the coronavirus and the measures to limit contagion have had serious economic consequences and triggered extensive financial market turmoil. The economic outlook is very uncertain, and a pronounced economic downturn internationally and in Norway must be taken into account. Many industries are already strongly affected. However, within a short period, the conditions underlying the proposed distributions have changed completely since the boards approved the proposals for the distribution of annual profits for 2019.

Until recently, the undertakings could expect balanced growth in the Norwegian economy over the next few years. As mentioned above, the spread of the coronavirus and measures to limit the contagion have, within a short period, caused financial market turmoil and a sharp deterioration in the economic outlook. The crisis and uncertainty are also reflected in extraordinary support measures from the political authorities and central banks to stimulate the economy, including reductions in central banks' key policy rates. A significantly lower interest rate level will have particularly serious consequences for life insurers with guaranteed liabilities, which are also strongly affected by the financial market turmoil. As regards non-life insurers, extraordinary claims payments must be expected as a result of current events.

In this situation, it is important that insurers maintain operational and financial preparedness to meet the challenges that may arise in the future.

In a situation where profits have been or look set to be drastically reduced, it is important that profits are retained to strengthen the undertakings' financial position.

Against this background, Finanstilsynet expects the undertakings' boards of directors to review the distribution of profits for the 2019 financial year in light of the current crisis and economic uncertainty. Based on their review, Finanstilsynet also expects the boards of directors, if necessary, to submit new proposals to the undertaking's general meeting on dividend payments and other payouts.

Finanstilsynet asks for the board's assessment by 23 March 2020.

Yours sincerely

Morten Baltzersen
Director General

Ann Viljugrein
Deputy Director General,
Banking and Insurance Supervision

This document has been electronically approved and does not require handwritten signatures