

MEMORANDUM OF UNDERSTANDING

between

FINANSINSPEKTIONEN IN SWEDEN, FINANSSIVALVONTA IN
FINLAND, FINANTSINSPEKTSIOON IN ESTONIA AND
FINANSTILSYNET IN NORWAY

Regarding

Cooperation in the Supplementary Supervision of the If Group

March 2011

Finantsinspeksioonis
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MEMORANDUM OF UNDERSTANDING

between Finansinspektionen (the Financial Supervision Authority) in Sweden, Finanssivalvonta (the Financial Supervisory Authority) in Finland, Finantsinspektsioon (the Financial Supervision Authority) in Estonia and Finanstilsynet (the Financial Supervisory Authority) in Norway regarding cooperation in the supplementary supervision of the If Group.

This Memorandum of Understanding replaces earlier agreements "Samarbetsavtal mellan Finansinspektionen, Kredittilsynet och Vakuutusvalvonta" agreed on in March 2002 and "Avsiktsförklaring gällande samarbete avseende extra tillsyn över Sampo-gruppen" agreed on 31 August 2007.

The present Memorandum shall serve as a basis of cooperation between the parties, and be regarded as supplementing to what has been agreed and described below, and shall not create any binding international legal obligations.

The provisions of the present Memorandum of Understanding shall, to the extent possible, be regarded as supplementary to those contained in the general Memorandum of Understanding signed by all the Nordic supervisors on 6 April 2000 regarding cooperation in the supervision of credit institutions, insurance undertakings and investment firms.

The present Memorandum is consistent with the applicable national laws and the regulations of the parties involved and is a supplement to the Directive 98/78/EC and to other relevant European legislation, with the "Helsinki protocol" on 11 May 2000, the General Protocol relating to the collaboration of the insurance supervisory authorities of the Member States of the European Union from March 2008, and to other applicable principles, relevant guidelines or decisions issued by the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) regarding supervision of Insurance Groups.

This Memorandum shall also be seen as a complement to the document "Colleges of Supervisors" - 10 Common Principles", agreed on the 27 January 2009 between CEIOPS, the Committee of European Banking Supervisors (CEBS) and the Interim Working Committee on Financial Conglomerates (IWCFC).

1. Main Features of the Structure and Operations of the If Group and Sampo Group

The If Group is an insurance group which runs insurance business in the Nordic Countries, in the Baltic Countries and in Russia. If Skadeförsäkring Holding AB (publ) (If Holding) in Sweden is the parent company of the If Group. If Holding as well as the insurance group Mandatum are wholly owned subsidiaries of Sampo plc.

The Sampo Group runs insurance and investment business. Through its ownership in Nordea Bank AB the Sampo Group is a financial conglomerate.

2. Objectives of Joint Supplementary Supervision

By this Memorandum, the parties lay down the principles and procedures for supplementary supervision of the If Group, which comprises the insurance operations conducted by If Holding and its subsidiaries and branches within the Group.

The object of the supplementary supervision is to safeguard the interests of the insured.

The aim is to guarantee an effective and comprehensive supplementary supervision of the If Group. The parties shall endeavour to develop close cooperation in order to achieve effective supervision and minimise possibilities of regulatory and supervisory arbitrage.

3. Supervisory Responsibilities of Competent Supervisory Authorities

In line with Article 4 (2), Directive 98/78/EC, the competent authorities of the Member States concerned have jointly stated that Finansinspektionen is the appointed Lead supervisor and as such is responsible for the coordination and exercise of supplementary supervision of the If Group.

The competent supervisory authorities have the responsibilities set out in regulations and memoranda. They shall enhance close and constructive cooperation principles set out in the Directive 98/78/EC.

According to CEIOPS, If is one of the 30 largest insurance groups on the Helsinki list.

3.1 Supervisory Responsibility of Finansinspektionen

Finansinspektionen shall undertake supervision of If P&C Insurance Ltd (Sweden), its foreign branches and its subsidiaries. Finansinspektionen is responsible for the cooperation with the Russian supervisory authorities.

As Lead supervisor of the college of supervisors of the If insurance group Finansinspektionen shall undertake the group supervision of the If Group.

Finansinspektionen shall ensure that an adjusted solvency calculation is carried out at an insurance group level at least annually.

The If Group shall regularly and at least annually submit a report to Finansinspektionen on significant intra-group transactions. These transactions shall be supervised by Finansinspektionen. The competent authorities shall supervise these transactions on solo basis within individual insurance undertakings belonging to the If Group. The authorities shall transmit the reports on these transactions to Finansinspektionen in compliance with instructions given by Finansinspektionen.

Regulated entities on an insurance group level shall have adequate internal control mechanisms. Finansinspektionen shall supervise these functions and procedures.

The tasks Finansinspektionen intends to carry out in the exercise of supplementary supervision also comprise coordination of the collection and provision of relevant or essential information both on a continuous basis and in crisis situations, including the provision of information which is important for another competent authority's exercise of supervisory responsibilities.

Finansinspektionen prepares a joint risk assessment of the If Group annually.

3.2 Supervisory Responsibility of Finanssivalvonta

Finanssivalvonta shall undertake supervision of If P&C Insurance Company Ltd (Finland) and its subsidiaries. Finanssivalvonta shall undertake supervision of If P&C Insurance Ltd's branch in Finland in cooperation with Finansinspektionen.

Finanssivalvonta shall make contributions to the annual joint risk assessment of the If Group.

3.3 Supervisory Responsibility of Finantsinspeksioon

Finantsinspeksioon shall undertake supervision of If P&C Insurance AS, its branches in Latvia and Lithuania and its subsidiaries.

Finantsinspeksioon shall make contributions to the annual joint risk assessment of the If Group.

3.4 Supervisory Responsibility of Finanstilsynet

Finanstilsynet shall undertake supervision of If P&C Insurance Ltd's branches in Norway in cooperation with Finansinspektionen.

Finanstilsynet shall make contributions to the annual joint risk assessment of the If Group.

3.5 Secrecy Obligation

Compliance with the obligation of professional secrecy by employees of the authority who receive confidential information from another State in the course of their activities is a necessary condition for a successful cooperation between the authorities.

4. Contents and Form of Supplementary Supervision

There shall be close cooperation between the competent authorities responsible for the supervision of the regulated entities of the If Group. For this purpose it is agreed that supplementary supervision shall be exercised through a college of supervisors. The establishment of a college of supervisors does not deprive the supervisory authorities concerned of their power to take separate actions regarding the If Group within their own jurisdiction. Similarly, the authorities are not released from their obligations under national law.

4.1 College of Supervisors

A college of supervisors comprising representatives of the supervisory authorities of Finansinspektionen, Finanssivalvonta, Finantsinspektsioon and Finanstilsynet is responsible for the overall coordination of the supervision of the If Group. The group shall convene regularly.

When necessary, subgroups of the college of supervisors may be set up on temporary or on permanent basis to address special issues.

It may be possible that supervisors, not being part of the college of supervisors, work together in subgroups with competent supervisors on special issues e.g. to approve a group internal model.

Chairman

Finansinspektionen shall act as chairman of the college of supervisors. Besides acting as a Lead Supervisor, the chairman's tasks include the drafting of the agenda for the meetings, sending out invitations to meetings and taking minutes or notes at meetings.

These records have to be maintained and made available to other members of the college of supervisors on demand.

4.2 Responsibilities

Coordination Responsibility

The responsibility of the college of supervisors is to coordinate the supervisory activities of the competent authorities taking into consideration their individual supervisory tasks.

The college of supervisors should on an ongoing basis pay special attention on the adjusted solvency requirement and intra-group transactions and ensure that adequate internal control mechanisms exist.

The members of the college of supervisors shall cooperate to ensure that:

- the legal provisions of the supplementary supervision of insurance undertakings in the insurance group are observed,
- there is an effective exchange of information between the supervisory authorities,
- a joint risk assessment is carried out annually using the method employed by Finansinspektionen,
- a joint supervision plan is drawn up and that joint inspections are planned, undertaken and followed up in accordance with a confirmed supervision plan,
- effort is taken to ensure proper coordination and notification of joint inspections as well as inspections to be carried out by individual supervisory authorities on their own. The aim of such coordination is to avoid unnecessary duplication of work for the supervisory authorities as far as possible.
- joint meetings with representatives of the If Group will be arranged.

Contacts with other Supervisory Authorities

The college of supervisors shall also be responsible for the maintenance of contacts and correspondence with the foreign supervisory authorities which fall outside the scope of the present Memorandum concerning the matters reviewed by the college of supervisors. The college of supervisors shall endeavour to promote supervisory cooperation with Russian supervision authorities in the extent deemed necessary.

Whenever necessary, working instructions may be drawn up for the college of supervisors.

Cooperation group - Sampo Financial Conglomerate (Sampo FiCo)

Finansinspektionen is responsible to inform the Cooperation group of Sampo FiCo on relevant issues raised in the colleges of supervision of the If Group, if it has relevance in conducting supplementary supervision on the Sampo FiCo.

Finanssivalvonta is responsible to inform the college of supervisors of the If Group about relevant issues raised in the Cooperation group Sampo FiCo, if it has relevance in conducting supplementary supervision on the If Group.

4.3 Exchange of Information

The exchange of information between supervisory authorities shall take place at the meetings of the college of supervisors or whenever necessary and shall cover:

- the insurance group's financial position
- information on intra-group transactions
- information on different risk areas
- reports on matters of major importance, produced by the authorities concerned
- reports on completed on-site inspections
- circumstances affecting the markets in which the insurance group operates
- major issues regarding the If Group concerning authorisation reviewed, or decisions taken, by the authorities involved
- substantial changes in the activities of the If Group
- changes in the management or ownership structure, or new establishments in another country
- new legislation including regulations or equivalent provisions in the countries concerned and other information, such as details of changes in the procedures or organisation of the authority in question
- correspondence concerning the If Group between a competent authority and the authorities of other countries and arising from national matters if it has relevance in conducting supplementary supervision.

In addition to this, every competent authority shall, to the extent possible, assist in the collection of information from supervised companies within the If Group required by another supervisory authority or CEIOPS for the exercise of adequate supervision.

Should any authority intend to impose sanctions or take any other substantial action against an institution in the If Group, the other authorities shall be notified of such intention as early as possible to ensure appropriate coordination of any measures against the Group.

4.4 Joint Risk Assessment

Finansinspektionen shall ensure that a risk assessment of the entire insurance group is undertaken annually. The risk assessment shall provide the basis for proactive supervision of the If Group.

Each authority shall itself be responsible for the production of relevant information to serve as a basis for the joint risk assessment.

The joint risk assessment of the If Group shall contain an analysis of all the substantial risks pertaining to the Group.

In the analysis, particular attention shall be focused on:

- corporate governance, organisation and business strategy,
- the risk profile and monitoring and control within substantial risk areas, such as insurance, market, credit, liquidity and operational risks,
- capital requirements and capital allocation in respect of risks and undertakings within the insurance group,
- risk concentration and large exposures,
- significant intra-group transactions,
- financial contingency with respect to liquidity and extra capital,
- other relevant information received.

The joint risk assessment shall include a proposal for supervisory measures to be carried out in the coming year.

Completion

Finansinspektionen shall annually complete a joint risk assessment of the If Group in collaboration with the college of supervisors. When completed, the risk assessment shall be reported to the group management of the If Group and to Sampo plc.

4.5 Supervision Plan

The college of supervisors shall put forward a proposal for an annual plan covering scheduled supervisory measures. The plan shall include both supervisory measures at the insurance group level or its business areas and measures scheduled by a supervisory authority at local level and not directly covered by the joint risk assessment.

The plan shall indicate the authority responsible for the supervision and give details of the aim, date, procedure, resources dedicated and follow-up procedure for each on-site inspection.

The college of supervisors should endeavour to coordinate in so far as possible the on-site inspections of insurance undertakings in the group. In the planning of on-site inspections, account should be taken of the individual circumstances of the undertakings concerned so that a general view of the If Group as a whole can be reached. Whenever possible, group-wide inspections should be carried out jointly by the supervisory authorities concerned. The results of a joint on-site inspection should be discussed with the parties participating in the on-site inspection.

The group management of the If Group shall be informed of the supervision plan or parts thereof to the extent decided by the supervisory authorities concerned.

4.6 Meetings between Supervisory Authorities and Group Management

The college of supervisors shall always be informed about relevant information presented in meetings held between board members or the group management of the If Group and the management of Finansinspektionen or another competent supervisory authority.

If possible meetings between the competent supervisory authorities and the management of the If Group held on overall issues of mutual interest shall be coordinated.

4.7 Other Provisions

Finansinspektionen, together with the other competent authorities, shall be responsible for compiling a list of contact persons handling different issues related to the insurance groups at each supervisory authority.

Finansinspektionen, together with the other competent authorities, shall be responsible for updating the organisational chart representing the undertakings in the If Group. The chart shall be submitted to the other supervisory authorities annually and whenever a major change occurs.

5. Crisis Management

An emergency plan has to be set up for the college of supervisors in accordance with EIOPA guidelines.

The authorities concerned shall immediately notify the other parties of any material events affecting the If Group in any way that they become aware of, such as an imminent crisis.

6. Revision of the Memorandum of Understanding

The parties recognise that the organisational circumstances of both the If Group and the supervisory authorities may change and that such changes may necessitate modification of the present Memorandum. Similarly, the Memorandum may have to be revised to account for new legislation, or for any other reason.

7. Language of the Memorandum of Understanding

This Memorandum of Understanding is drafted in English.

On behalf of Finansinspektionen

On behalf of Finanssivalvonta

Date: 2011 05 18

Date: 29.3.2011





On behalf of Finantsinspektsioon

On behalf of Finanstilsynet

Date: 28.04.2011

Date: 12.05.2011




