

***BPM7* Annex 8. Insurance and Pensions:
Annotated Outline**

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(Update to *BPM6* Appendix 6C)

Changes from BPM6 highlighted yellow

As in Balance of Payments and International Investment Position Manual, sixth edition (*BPM6*) Appendix 6c, this annex will cover the conceptual framework of insurance and pensions relevant for external sector statistics. The structure will be maintained from the *BPM6* Appendix 6c. The annex will have separate sections on introduction covering the general issues (Section I), nonlife insurance (Section II), life insurance and annuities (Section III), hybrid insurance products (Section IV), and pension schemes (Section V). See the Schematic Overview for details.

In addition to the highlighted updates/additions below, further changes may be made to improve the consistency of the language with other macroeconomic statistics manuals (e.g., System of National Accounts 2025) as appropriate.

I. Introduction

- This section will cover general issues as in *BPM6* paragraphs A6c.1–6c.6 (references to other chapters provided in A6c.5 will be updated accordingly).
- Further, it will distinguish between direct insurance (life and nonlife) and reinsurance following the 2008 SNA paragraphs 17.6–11 and *BPM6* paragraphs A6c.8, A6c.9, and A6c.11.
- It will be mentioned that details on Takaful and Re-takaful arrangements are provided in Chapter 17 *Islamic Finance and Insurance*.
- Following GN F.12, this section will briefly introduce hybrid insurance products noting that further details are discussed in Section IV.
- Box A8.1: Numerical example of calculation for life insurance-no significant changes are expected.

II. Nonlife Insurance

- As in *BPM6*, this section will present types of nonlife insurance and explain the concept of freight insurance (other topics discussed under this subsection will be moved to Section I). Further, this section will cover the role of insurance technical reserves, nonlife insurance service output, reinsurance service output, exports and imports of insurance services, Investment income attributable to insurance policy holders, net insurance premiums, and claims receivable or payable with the following changes.

¹ Prepared by Venkat Josyula (*BPM* editor) and cleared by *BPM* Project Manager.

² Given the overarching nature of this annex, this annotated outline (AO) presents an overview of the main changes known at this stage, and not a comprehensive view of all the changes to be included in the update of the annex.

³ Impact of changes resulting from International Financial reporting Standard 17 (Insurance Contracts) for the compilation of insurance related macroeconomic indicators will be examined further in consultation with the SNA editors and relevant updates will be included in this Annex and Chapter 24, 2025 SNA at the drafting stage.

- Value of nonlife insurance service output: Inconsistency in use of the term "gross premiums earned" (*BPM6*) vs "actual premiums earned" (*2008 SNA*) in the nonlife insurance output formula will be addressed—both the updated manuals will include the same terminology. Further, both the updated manuals will present the same terms in the formula (*BPM6*: gross premiums earned + premium supplements – claims payable – adjustment for claims volatility, if necessary, vs *2008 SNA*: actual premiums earned + premium supplements – adjusted claims incurred).
- Value of reinsurance service output: Some additional details to be referenced from Section E, *Chapter 17, Part 1, 2008 SNA* (and its update).
- Investment income attributable to insurance policy holders (primary income account): possible changes in the treatment of holding gains and losses in the case of insurance transactions may have an impact on, in particular, output (and therefore the concept of net premiums) and investment income attributed to insurance policy holders. This may be relevant for life insurance and pensions as well. This will be updated to be consistent with Chapter 12, "Primary Income Account" (and updated *SNA*) and Chapter 24 ("Insurance and Pensions"), *2025 SNA* when additional details are available.
- Claims receivable or payable (secondary income account or capital account): As in the *BPM6* (A6c.28) and consistent with Chapter 14 ("Capital Account"), claims may be classified as capital transfers in exceptional cases (such as those related to a major catastrophe). Additional details from the *2008 SNA* (paragraphs 17.39–40) will be added. Following the recommendations of the seventh meeting of the AEG (2012) on the definition of catastrophes in the measurement of non-life insurance, it will be recommended to determine at the national level whether or not a catastrophe is an exceptional event (including the classification of claims arising from a catastrophe). It will also be noted that the above recommendation shouldn't lead to inconsistencies in the recording of international transfers and therefore, should be recorded in close coordination with national accountants where possible. Whether capital transfers should only be recognized for claims related to the loss of capital assets in the event of a catastrophe is pending a decision of the AEG/ISWGNA). Discussion on nonlife insurance claims in Chapter 14 will be referenced.
- The discussion of stability fees and their treatment (AEG 7/2012 and 8/2013)—in some cases, stability fee may qualify as a type of nonlife insurance. It may also have implications for balance of payments that still need to be investigated. Reference to Chapter 13 ("Secondary Income Account") will be provided and consistency with Chapter 24 ("Insurance and Pensions"), *2025 SNA* will be ensured.

III. Life Insurance

- This section will be mostly maintained as in *BPM6* with the following minor change.
- Inconsistency in use of the term "gross premiums earned" (*BPM6*) vs "actual premiums earned" (*2008 SNA*) in the life insurance output formula will be addressed—both *SNA* and *BPM* should include the same terminology.

IV. Hybrid Insurance Products

- Based on the recommendations of GN F.12, the concept of hybrid insurance products, their types and treatment will be explained.
- Hybrid insurance products are a mixture of the two primary types of insurance—life insurance (insurance whose financial claims arise regardless of an event occurrence—i.e., insurance with a saving component), and nonlife insurance (insurance whose financial claims arise only if an event occurs). Such insurance products are classified into life (financial account) or nonlife insurance (current transfers) depending on which features are predominant (i.e., the saving component (life insurance) or the component whereby claims are paid only if the insured event occurs (nonlife insurance)). It is clarified that the term life insurance will continue to be included in nonlife insurance (as in *BPM6*). Discussion on hybrid insurance products in Chapter 11 (“Services Account”) will be referenced and consistency with Chapter 24 (“Insurance and Pensions”) of *2025 SNA* will be ensured.

V. Pension Schemes

- This section will be mostly maintained as in *BPM6* with the following minor change.
- Following GN F.12, it will be recommended to treat employer-independent autonomous pension funds as part of social insurance, provided they meet the conditions laid down in the GN. Clarifications regarding autonomous pension funds and the delineation of social insurance still to be elaborated (during the editing process of the *2025 SNA*).
- Some clarifications on the treatment of pension schemes (*SNA News & Notes 39/40* and *AEG9/2014*) have come from the SNA since *2008 SNA* was published. These will be reviewed from *Chapter 24 (Insurance and Pensions), 2025 SNA* at the drafting stage to determine if any changes/clarifications are needed from BPM perspective to align with the SNA treatment.

Schematic Overview⁴

I	Introduction
II	Nonlife Insurance Types of Nonlife Insurance Role of Insurance Technical Reserves Value of Nonlife Insurance Service Output Value of Reinsurance Service Output Export and Import of Insurance Services Investment Income Attributable to Insurance Policyholders Net Insurance Premiums Claims Receivable or Payable
III	Life Insurance and Annuities
IV	Hybrid Insurance Products
V	Pension Schemes

References

- GN F.12. This guidance notes is posted at [Update of the sixth edition of the *Balance of Payments and International Investment Position Manual \(BPM6\)* \(imf.org\)](#) or at [List of Guidance Notes for the 2008 SNA Update](#) (unstats.un.org).
- [SNA News & Notes 39/40](#) on recording of flows between defined benefit pension schemes and their sponsors and [AEG 9/2014](#) meeting decisions on treatment of holding gains and losses for pensions.
- [AEG 7/2012](#) meeting decisions on life insurance and major catastrophic events.
- [AEG 7/2012](#) and [8/2013](#) discussion on stability fees.

Key Stakeholders Consulted

- System of National Account and Balance of Payments Manual editors
- IMF Statistics Department Financial Institutions Division and Government Finance Division

⁴ Standardized guarantees (paragraphs A6c.43–44) is not included in this annex. It will be discussed in *Chapters 5, 6, 7, 8, and other relevant chapters*.