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Surplus funds from Skandia's occupational pension plans

Under the agreements that apply for occupational pension plans taken out by companies and organizations with Skandia Liv, the customers normally choose themselves how surpluses that accrue to the plans shall be dealt with. This can entail either an increase in benefits from the plans, if these are defined-contribution plans, or premium discounts on future premium payments.

With respect to Skandia's collectively bargained occupational pension plans for employees in Sweden, which are defined-benefit plans, these have been handled by Skandia Liv since the end of the 1950s. These occupational pension plans have always been accounted for separately and have been kept apart from Skandia Liv's other operations as a separate line of business.

As a result of the strong investment income in recent years, a substantial surplus has arisen from Skandia's collectively bargained occupation pension plans, in the same way as for other insurance with Skandia Liv. According to the principles that apply for the mutual insurance activities of Skandia Liv, any surpluses in the occupational pension insurance business shall be returned to the policyholder, i.e., to Skandia. With respect to Skandia's occupational pension plans, it is Skandia Liv's board who decides how the surplus shall be returned.

Skandia Liv's board has now taken a position with respect to the surplus from the occupational pension plans that can be disposed of. According to calculations performed by external actuary, this amount is approximately SEK 2.5 billion. Skandia Liv's board has decided that this amount shall be repaid to Skandia. The proposed repayment has been examined by Skandia Liv's auditors, who do not have any objection to the repayment.

In addition, Skandia Liv's board has decided that Skandia's occupational pension plans for the future will be transferred to an insurer that is separated from Skandia Liv – for example, an insurance association formed specifically for this purpose, which would work exclusively with Skandia's occupational pension plans. The occupational pension plans will be transferred to the new insurer with unchanged terms and conditions.

Skandia Liv's decisions has been checked in advance with the Swedish Financial Supervisory Authority.

For further information, please contact:

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