

16 February 2004

Skandia Liv  
SE- 103 50 Stockholm  
Tel. +46-8-788 10 00  
Fax +46-8-788 10 40  
Visitors' address:  
Sveavägen 44

## **Skandia Liv cancels plans to lower the value of policyholders' capital on 1 May – Yield to be raised**

As a result of the recent rise in the Swedish stock market, in particular, Skandia Liv will not be lowering the value of policyholders' capital (reallocation) on 1 May.

Skandia Liv's funding policy steers how the investment income is allocated among the company's book of insurance policies. If the funding ratio falls below 95%, the policyholders' insurance capital is reduced to bring the funding ratio back up to 100%. When the funding ratio exceeds 115%, an increase is made in policyholders' insurance capital until the funding ratio is brought down to 110%. Within the interval of 95%–115%, value appreciation of policyholders' accounts is adjusted using the yield on the insurance capital.

If the funding ratio does not amount to at least 100% in March 2005, a reallocation will take place.

Skandia Liv's funding ratio on 31 January 2004 was 97%, which means that the value of policyholders' capital will not be reduced on 1 May. The yield on premiums paid in before 22 July 2002 will be raised from 0.5% to 3.5%, starting on 1 March. The yield on premiums paid in after this date will be raised from 3% to 3.5% starting on 1 March.

In a comment on this change, Skandia Liv's CEO, Urban Bäckström, says that the favourable funding ratio (144% on 31 December 2003) has enabled the company to maintain a portfolio composition comprising approximately 35% equities for a long period of time. This means that the value of Skandia Liv's assets have increased in pace with the stock market's recovery.

“At present we do not need to reduce policyholders' insurance capital,” says Bäckström. “Our collective funding ratio was down to 85% on 31 March 2003, but has now risen to 97%. This does not mean the matter is dismissed, as it remains current. Every month we take a reading of the collective funding ratio and take action in accordance with our policy.”

For further questions, please contact:

Urban Bäckström, President and CEO, Skandia Liv, tel. +46-8-788 25 00

Marie-Louise Wenander, Chief Actuary, Skandia Liv, tel. +46-8-788 46 65

Gunilla Svensson, Press Manager, Skandia, tel. +46-8-788 42 97

Sida 2, 20 augusti 2003

