

## Press Release

Stockholm, 4 September 2000

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SPP Liv Group, January-June 2000

### **Major sales increase for SPP Liv**

**SPP Liv reports a very substantial increase in new business sales of occupational pensions exposed to competition and private pension insurance compared with the first half of 1999.**

- **New business premiums rose by 56 and 75 per cent respectively. Market growth amounted to 44 and 33 per cent respectively.**
- **SPP Liv consolidated its strong position as the second largest company with a 22 per cent share of the occupational pension market open to competition and 19 per cent within private pension insurance.**
- **New business measured in annual premium rose to SEK 2.3 bn (1.7).**
- **Premiums written increased sharply by 52 per cent to SEK 5.1 bn (3.4).**

SPP Liv's sales of unit linked insurance rose strongly. Unit linked insurance accounted for 88 per cent (17) of sales of all private pension insurance compared with 70 per cent (47) for the rest of the market. The unit linked proportion of occupational pensions rose to 56 per cent (30).

"SPP Liv's very fast development within private pension insurance in recent years is due to the co-operation agreements that SPP Liv has entered into with client companies and organisations. Through these agreements, employees and members can be provided with private pension solutions via SPP Liv at lower costs than in the open market. Furthermore, our Generation Funds have proved highly attractive," says Anders Östryd, President.

"Although we do not yet sell private endowment insurance, which accounts for more than half of new business in the entire life insurance market, we are maintaining our position as the fourth largest life insurance company in Sweden. The reason for this is our excellent success in the occupational pension market which constitutes the second largest part of the life insurance market. This market is also undergoing stable and strong growth, something which a future buyer of SPP Liv will benefit from," says Östryd.

The expense ratio fell to 9.7 per cent (10.3) and the management expense ratio was 1.19 per cent (1.04).

#### **SPP Livförsäkring AB**

At 30 June 2000, the parent company SPP Livförsäkring AB had assets under management worth SEK 85.2 bn (70.6) for approximately 601,000 (519,000) insured individuals. The number of corporate customers amounted to 17,950 (15,400).

Investment income amounted to SEK 3,796 m (4,627). This lower return was due to the weak stock market development in the first half of 2000.

The adjusted total return for the period amounted to 4.3 per cent. 1)

The parent company's profit after tax amounted to SEK 1,778 m (3,312). This decline was mainly due to the lower investment return.

The gross bonus rate for traditional life insurance amounted to 11.2 per cent before yield tax (0.7 per cent) and before deduction for operating expenses (0.5 per cent).

The expense ratio amounted to 10.0 per cent (10.2).

The company's collective solvency margin amounted to 125 per cent. At year-end 1999, the solvency margin was 123 per cent.

During the year SPP Liv and the Norwegian insurer Storebrand obtained all the necessary permits to start a joint life insurance company in Ireland to be called Euroben Ltd. The intention is to meet the demand for co-ordinated pension solutions for major Scandinavian corporations with employees in several countries within the EU. Branch offices are planned for the Nordic countries, starting in Sweden and Norway in the autumn.

- 1) In April, fixed-income securities and equities worth SEK 56.9 bn were transferred from SPP, Ömsesidigt, to SPP Livförsäkring AB which corresponded to the promissory note claim that SPP Livförsäkring AB has had on the parent company since 1996. The outstanding debt of SEK 5.8 bn was transferred in July and August in the form of liquid assets. The return percentage has been adjusted for the effect that settlement of the promissory note had on cash flows, which is also shown in the investment income table.

### **SPP Liv Fondförsäkring AB**

The company's loss after tax amounted to SEK 36 m (-32). This continued negative result is explained by the fact that these operations are in a start-up phase and experiencing strong growth.

Premiums written during the period rose 105 per cent to SEK 786 m (383) and the number of insured at the end of the period was 135,100 (74,000).

The expense ratio amounted to 8.2 per cent (10.6) per cent and the management expense ratio was 4.4 per cent (6.7).

At 30 June, the company managed mutual fund units on behalf of policyholders with a market value of SEK 3,204 m, which represents an increase of SEK 915 m since year-end 1999.

**SPP Liv Group, summary January-June 2000** <sup>1)</sup>

	2000	1999
Investment income, SEK m	3,796	4,627
Profit after tax, SEK m	1,740	3,390
Premiums written, SEK m	5,136	3,386
New business, annual premium, SEK m	2,281	1,698
Expense ratio 2)	9.7	10.3
Management expense ratio 3)	1.19	1.04
Market shares 4)		
Totally competitive life market	10%	9%
Competitive occupational pension	22%	21%
Private pension insurance	19%	15%

1 Comparative figures, same period in 1999.

2 Expense ratio – operating expenses in insurance business in relation to premiums written.

3 Management expense ratio – operating expenses in insurance business and claims settlement costs in relation to average managed assets.

4 Market shares – Single premiums plus ten times current annual premiums as defined by the Swedish Insurance Federation.

**Anders Östryd**  
President

**For further information, please contact**

Anders Östryd +46 8 441 69 35  
Ulf Magnusson +46 70 544 68 28

Address:  
SPP Livförsäkring AB  
SE-103 73 Stockholm  
E-mail: kundcenter@spp.se  
Website: www.spp.se

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*SPP Liv is a subsidiary of Försäkringsbolaget SPP, ömsesidigt.  
SPP Liv operates solely in the life insurance market that is open to competition.*



**SPP Liv Group and SPP Livförsäkring AB (parent company), summary profit and loss account and balance sheet**

Profit and loss account SEK m	SPP Liv Group		SPP Livförsäkring AB	
	2000	1999	2000	1999
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
Premiums written	5,136	3,386	4,355	3,003
Investment income	3,970	4,781	3,796	4,627
Claims incurred	-1,465	-1,045	-1,465	-1,045
Change in other technical provisions	-5,126	-3,104	-4,196	-2,581
Operating expenses	-499	-349	-435	-308
<b>Balance on the technical account, life insurance business</b>	<b>2,016</b>	<b>3,669</b>	<b>2,055</b>	<b>3,696</b>
Investment income	9	-1	-	-
Other	-	-	-	-100
Appropriations	-	-	-	-14
Tax on profit for the period	-285	-278	-277	-270
<b>Net profit for the period</b>	<b>1,740</b>	<b>3,390</b>	<b>1,778</b>	<b>3,312</b>

Balance sheet SEK m	SPP Liv Group		SPP Livförsäkring AB	
	2000	1999	2000	1999
	30 June	31 Dec	30 June	31 Dec
Investments	88,776	82,062	85,527	79,746
Other assets	2,795	1,401	2,728	1,300
<b>Total assets</b>	<b>91,571</b>	<b>83,463</b>	<b>88,255</b>	<b>81,046</b>
Untaxed reserves	-	-	168	168
Bonus funds, including equity	29,415	28,244	29,315	28,104
Technical provisions	59,249	54,075	56,000	51,756
Other liabilities	2,907	1,144	2,772	1,018
<b>Total shareholders' equity, provisions and liabilities</b>	<b>91,571</b>	<b>83,463</b>	<b>88,255</b>	<b>81,046</b>

**Investment income**

SPP Livförsäkring AB SEK m	Market value 31/12/1999	Net investments	Change in- value	Market value 30/06/2000	Total return %	
					Jan-Jun 2000 (adjusted)	Jan-Jun 1999
Fixed-income excl. direct loans	12,677	31,740	52	44,469	3.5%	-1.0%
Swedish	12,677	18,353	122	31,152	3.8%	-1.0%
Foreign	-	13,387	-70	13,317	0.0%	-
Equities	8,060	27,305	-396	34,969	6.3%	18.5%
Swedish	4,724	14,913	-341	19,296	9.1%	21.9%
Foreign	3,336	12,392	-55	15,673	1.9%	13.7%
Total investments (excl. promissory note receivable from SPP)	20,737	59,045	-344	79,438	4.3%	5.8%
Receivable from SPP	59,401	-53,606	-	5,795		7.5%
Total investments	80,138	5,439	-344	85,233		7.1%

*This report has not been reviewed by the company's auditors.*