

Measures for improved consolidation Freeze on client-company funds lifted

The Board of the occupational pension insurance company Alecta has decided on a number of strong measures to secure Alecta's capability to fulfill its insurance undertakings in the short and long term.

As a result of these measures, the temporary freeze on the client-company funds ceases as of November 1, 2002.

According to Alecta's consolidation policy, Alecta present takes measures when the solvency margin is below 110 percent of insurance undertakings. The present solvency margin is 105 percent. The measures now decided are expected to provide an effect during 2002 of SEK 15 billion. As a result, the solvency margin is expected to rise to 110 percent. During 2003, ongoing effects are estimated to provide an additional SEK 4 - 5 billion.

Action package includes

1. Freeze on client-company funds lifted

- As of November 1, 2002, the terms for use of client-company funds are the same as applied prior to the decision on the temporary freeze. This means that funds again may be used for payment of regular premiums for ITP and ITPK invoices. In contrast, it is no longer possible to receive any cash payment of the funds that is not related to pension purposes.

2. Premium discount ceases

- At year-end 2001, the premiums for retirement and family pensions were discounted by 15 percent as a result of the favorable solvency margin. The premiums are being returned to the prior level as of January 1, 2003.
- No premium discounts will be granted in 2003 for risk insurance, mainly disability pension

Alecta is the largest occupational pension company in the Nordic region with assets under management of approximately SEK 285 bn. The company's core business is the ITP occupational pension, which is based on a collective agreement between the Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK). ITP includes retirement pension, disability pension and family pension, which give the insured financial security during and after their working lives. Alecta provides service to 27,000 companies and administers 1,5 million insurance contracts. In recent years, Alecta has developed extensive competence in the field of health, rehabilitation and preventive care.

3. Other measures

- The alignment period in the consolidation policy is extended to three years.
- Surplus funds of SEK 4.9 billion held by Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK) are being drawn back to Alecta.
- Existing funds for financing of any future increase in lifetimes are being returned to Alecta's collective reserve. Alecta's assumption regarding the mortality (lifetime) of the insured is more than sufficient.
- During the period November – December 2002, companies with own account provisions for their pension liabilities (PRI companies) may not settle their liability through insurance in Alecta.

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