



Press Release

Stockholm, 21 January 2000

SPP's surplus:

New rules drafted

- **Extended areas of application**
- **Increased cash portion**
- **Possibility to choose insurance company**

These are some of the main points in SPP's new rules for allocation of its surplus.

A new application for negative clearance will be submitted to the Swedish Competition Authority within a couple of weeks. A renewed review will also be conducted with the Swedish Financial Supervisory Authority. SPP expects the Competition Authority to finally settle this matter during March. Approval from the Competition Authority is required before all the regulatory details can be finalised. In April, at the earliest, SPP will inform the client companies about the new rules and how the companies should proceed.

Briefly, the effects of the new rules will include the following:

- As soon as the new rules come into effect, companies may initially take out a cash payment from the funds allocated to them in the maximum amount stated below:
 - SEK 100,000 (or the entire allocated amount if this is less than SEK 100,000)
 - 5 per cent of the allocated amount
 - the amount corresponding to premiums paid after 30 June 1998 and up until the date when the new rules come into force, for early retirement pensions (in a freely chosen insurance company) and redemption of PRI commitments
- The company funds that subsequently remain may be used by the companies for life and sickness insurance premiums for employees who are ITP insured. This insurance may be taken out in a freely chosen insurance company. The provisions in the ITP Plan, stating which ITP commitments must be secured through insurance in SPP or a book reserve in the FPG/PRI system, will continue to apply.
- If the funds are used to finance insurance commitments over and above what is required according to the ITP Plan, such as premiums for early retirement pension, the companies may also receive a corresponding amount in cash. This amount may correspond each year to a maximum of 15 per cent of the allocated funds.
- Companies that apply a book reserve in the FPG/PRI system may transfer allocated funds to single premiums for redemption of PRI pension entitlement.



- If the funds are used for premiums for pension commitments that are not regulated in the ITP Plan, a decision as to application should be made by the company together with representatives for the employees.

Tax aspects – further investigations

SPP will investigate and propose solutions to the problems that may arise for SPP's client companies due to the fiscal consequences of the allocations they receive.

According to rulings from the Swedish Financial Accounting Standards Council and the National Tax Board received in December last year, the amounts that SPP has notified its client companies should not be included in the balance sheet and income statement until they can be calculated in a reliable manner. In the opinion of the Swedish Financial Accounting Standards Council, this will not be until the new conditions and rules are adopted. According to the National Tax Board, this means that they will not be assessed for income tax for 1999.

SPP will provide more information in the spring about the accounting and tax aspects for 2000 and subsequent years.

For additional information

Bo Eklöf, President & CEO of SPP, tel. +46 8 441 60 50, +46 18 55 19 03

Björn Nilsson, Senior Vice President, tel. +46 8 441 61 10

Klas Råsäter, Senior Vice President, Corporate Communications, tel. +46 8 441 69 75

Försäkringsbolaget SPP is the largest life and pension and insurance company in the Nordic region with 1.8 million individual insurance contracts and approximately SEK 360 billion in total assets under management in the Group. SPP's core business is administering the occupational pension insurance based on the ITP Plan agreed between the Swedish Employers' Confederation (SAF) and the Federation of Salaried Employees in Industry and Services (PTK). Through its subsidiaries SPP Liv and SPP Investment Management, SPP also operates in the segment of the market for occupational pensions that is open to competition and in the market for mutual funds and investment management.