



Press Release

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SPP to hive off operations exposed to competition

Operations open to competition within the SPP Group, mainly SPP Liv and SPP Fonder, are to be hived off from the collective-agreement based ITP operations which are conducted with exclusive rights in the parent company. A new ownership structure, independent from SPP, is being sought for the operations open to competition which will work under the SPP brand. The operations based on collective agreement with exclusive rights will continue to be conducted in the present parent company under a new name.

The background to this decision in principle that the Board of the SPP Group has now made is primarily to give SPP Liv, which has shown strong growth, a more independent role in the insurance market. As the result of a sale, the operations in SPP Liv can be developed entirely on market terms while competition in the market will be improved. In view of SPP's other assignments, it is the opinion of the Board that it is not possible to give SPP Liv sufficient support for such a role within the present structure. This restructuring will give employees more clearly defined assignments.

SPP's traditional core business is to administer the defined-benefit part of the ITP agreement on behalf of the employers, the Swedish Employers' Confederation (SAF), and the salaried employees' union, the Federation of Salaried Employees in Industry and Services (PTK). When ITPK and alternative ITP were introduced in 1990, SPP also started to offer defined-contribution based occupational pension in competition with other insurance companies. These operations have been conducted by the subsidiary SPP Liv. The Board of SPP has reached the conclusion that it is difficult to conduct an assignment with exclusive rights (the ITP assignment) together with open operations within the same group.

The timetable for this change in the structure of the SPP Group has not yet been decided but this work will be given highest priority.

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Försäkringsbolaget SPP is the largest life and pension and insurance company in the Nordic region with 1.9 million individual insurance contracts and approximately SEK 440 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.



Statement by SPP's CEO Bo Eklöf

“Through their decision in principle, the labour market parties, which represent SPP's client companies and insured, and the Board have given a clear indication of how they view the future of the SPP Group,” says SPP's CEO Bo Eklöf. “The uncertainty with regard to operational focus that has existed for a number of years is now removed.

“The operations open to competition that we mainly conduct within SPP Liv and SPP Fonder have been highly successful. In just a few years SPP Liv has established itself as one of the leading players in the open market for occupational pension, a segment that is growing very fast. The company has also achieved considerable success in the market for privately paid pension insurance. SPP Liv will therefore be a very attractive partner in a new ownership constellation. SPP Fonder is also achieving rapid growth.

“In the parent company our continued aim will be to conduct the assignment given to us by the labour market parties and their members in the best manner. Good customer service and low costs are our guiding principles.

“We will work to ensure that both the part of the present group that is open to competition and the assignment-controlled operations will be given the best possible opportunities for positive future development. Both client companies and insured individuals will ultimately perceive these changes as positive.

“Naturally, internally within the Group there may be a difficult period of adjustment. Management is determined, however, as soon as this is at all possible, to provide information about the new structure and employees' place in that structure. Regardless of which part of the SPP Group employees work in today, the future offers interesting and exciting challenges.”



Facts about the SPP Group

Försäkringsbolaget SPP, ömsesidigt, is the parent company of the SPP Group. The company was formed in 1917. The parent company is assigned by SAF and PTK to administer most of the ITP Plan, which consists of collectively-agreed occupational pensions for salaried employees in the private sector.

The subsidiary SPP Liv is one of the two leading companies in the occupational pension sector exposed to competition.

The subsidiary SPP Investment Management is one of the largest investment managers in the Nordic region and manages the parent company's and SPP Liv's investment portfolios as well as accepting external management assignments. Investments are made in fixed-income securities, equities and real estate. SPP Fonder is a subsidiary of SPP Investment Management.

The SPP Group has assets under management with a market value of approximately SEK 440 billion on behalf of some 43,000 client companies and 1.9 million insurance contracts. In 1999, the SPP Group paid more than SEK 12.6 billion in pensions and other benefits.

The Group has a total of 1,300 employees in Sweden and some 70 outside Sweden.

Facts about SPP Liv

Since its formation in 1994, SPP Liv has developed very successfully and is now among the four largest companies in the total Swedish life insurance market. In 1994, the company had three per cent of the open market for occupational pension. In 1999, according to statistics from the Swedish Insurance Federation, SPP Liv's market share was 24 per cent, measured as share of new business value. In the market for privately paid pension insurance, SPP Liv has increased its share from two to 17 per cent in four years.

In 1999, SPP Liv had premium income of SEK 7.5 billion and investment income of SEK 11 billion. The value of SPP Liv's investment portfolio is approximately SEK 85 billion. SPP Liv's net profit for the year was SEK 10 million, which was more than double the 1998 result. The number of employees at SPP Liv is approximately 450. SPP Liv is part owner of international insurance operations in Ireland and Guernsey.

Facts about SPP Fonder

SPP Fonder started its operations in 1996 and still has a comparatively modest market share. The banks dominate the mutual fund market in Sweden, but SPP Fonder has grown very fast and doubled its market share in 1999 from 0.2 to 0.4 per cent. In 1999, the company managed just over SEK 3.5 billion, which was an increase of over 170 per cent in one year. The number of customers rose by 36 per cent. At present, there are 19 funds in SPP Fonder's fund family. These can be used for both unit-linked insurance and fund savings without an insurance component.