

Important information about the 1% premium levy

29 July 2009



As you are aware, the Finance Act 2009 introduced a levy of 1% on premiums invested in life assurance policies. The legislation is ambiguous however and this has caused the industry difficulty in reaching consensus around the scope of the levy and how it should be applied.

Initial efforts by the industry to lobby the Department of Finance were unsuccessful and the levy will come into effect from 1 August 2009. This means that each life company has a responsibility to pay the levy from this date onwards. Standard Life believes that it is not economically viable for the industry to absorb the cost of this levy indefinitely and that it will become necessary to apply the levy to policyholders' premiums at some point.

The industry continues to work with the Irish Insurance Federation and the Department of Finance to investigate an alternative solution that would raise additional tax revenue for the Government whilst not adversely affecting the long term savings industry. At this stage it is too early to predict the outcome of these discussions and if or when an alternative solution will be implemented.

Given this uncertainty, our competitors have adopted a range of different approaches to applying the levy. Having spoken with a number of you in recent weeks about our readiness to deduct the levy from policyholders' premiums, we would now like to outline Standard Life's position:

- We will **not** deduct the levy from any of our policyholders' premiums invested during August and September 2009
- This applies to all our products for new and existing business, regular and single premiums
- We will **not** retrospectively deduct the levy from policyholders' premiums invested during August and September 2009

This means that Standard Life will absorb the full cost of the levy for premiums invested during August and September 2009.

During August and September we will be monitoring the market situation very closely and will, of course, advise you in good time of our position from 1 October 2009 onwards.

We trust this provides you with the assurance you need and thank you for your continued strong support.