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Endowment Insurance Policies
– Why and for whom?

Preface

This report describes the most common motivations why individuals and companies choose private endowment insurance, the different savings formats available, and the insurance features that may be included. It also provides an overview of the main similarities and differences between investment savings accounts (ISK) and endowment insurance.

The report also presents statistics on endowment insurance. These statistics are based on Insurance Sweden's annual data collection, which covers 92 per cent of total premium payments in 2025. The following are not included:

- endowment insurance for occupational pensions, originating from occupational pension commitments, such as direct pensions
- endowment insurance in the form of group life insurance for occupational purposes or private group life insurance
- risk insurance policies

An appendix provides details of the taxation of endowment insurance.

Stockholm, August 2026

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Why endowment insurance?

Endowment insurance is an established savings format for both individuals and companies. Through standardised taxation, flexibility in asset allocation, and the possibility to determine payouts and beneficiaries, endowment insurance is used for long-term investments and savings.

What is endowment insurance?

A private endowment insurance policy can be held by both individuals and companies and, like an investment savings account (ISK), can serve as a “wrapper” for saving in stocks, funds and other securities. Instead of declaring individual purchases and sales, and taxing gains as capital gains, annual standardised taxation is applied. This simplifies tax reporting for individuals and companies. Unlike ISK, which is provided by credit institutions and securities firms, endowment insurance is provided by life insurance companies.

An endowment insurance policy always includes an insurance feature. A common form of repayment protection provides a death benefit equal to 101 per cent of the policy value, known as repayment protection. It is also possible to choose monthly payouts, for example after retirement. If the policy includes shares in foreign companies, the insurance company administers the reclaiming or offsetting of withholding tax.

On January 1, 2026, the tax-free basic level for ISK and endowment insurance, introduced on January 1, 2025, was raised from SEK 150,000 to SEK 300,000. The purpose is to encourage long-term savings. The tax-free basic level applies only to individuals.

Endowment insurance policies are held by both individuals and companies

The vast majority, around 95 per cent, of endowment insurance policies are held by individual policyholders. The remaining policies are held by companies, where the purpose of the savings may be, for example, long-term investments or savings. The distribution of policies between individuals and companies remained broadly unchanged during the period studied, 2019–2025.

The number of insurance policies increased from 1.7 million to 2.2 million during the period. An individual or a company may have several policies with different life insurance companies, which means that the number of policies does not necessarily correspond to the number of individuals or companies. In 2025, the number of policies rose significantly, by just over 12 per cent for individuals and 24 per cent for companies. The increase among individuals may reflect the introduction of the tax-free basic level of SEK 150,000 in 2025.

Incentives for individuals to save in endowment insurance

One of the most common reasons why individuals choose endowment insurance is the option of periodic payouts. This means that endowment insurance can serve as an alternative to pension savings, an option that has become more relevant since the tax deduction for private pension savings was abolished in 2016.

Another common reason is the ability to designate beneficiaries. This is used, for example, when saving for grandchildren or in blended families where beneficiary designation is particularly important. The beneficiary does not have to be one of the legal heirs; it may also be an another individual or an organization. The timing of the payout can also be made conditional, for example if the beneficiary of an endowment insurance policy is a child and the policyholder wants to give access to the capital at a specified age later than 18.

A third reason is that endowment insurance simplifies trading in foreign stocks compared with direct ownership of foreign securities. Since the insurance company owns the shares, it administers the reclaiming or offsetting of withholding tax levied on dividends in other countries, if there is a tax treaty between Sweden and the country concerned.

Incentives for companies to choose endowment insurance

A common reason why companies choose endowment insurance is to manage excess liquidity. In some cases, companies state that they choose endowment insurance because investment savings accounts (ISK) are only available to individuals.

Another reason is that companies use endowment insurance for occupational pensions, known as direct pension arrangements. This is mainly used by small and medium-sized companies to secure occupational pensions for employees. An agreement between the employer and the employee regarding a direct pension means that the employer has a liability to the employee. This liability is usually secured by granting the employee a pledge over an employer-owned endowment insurance policy. Endowment insurance used for occupational pensions, or direct pensions, is not included in this report.

The fact that endowment insurance simplifies trading in foreign stocks is also a reason why companies choose this savings format.

Different ways to save within endowment insurance

The insurance company owns the assets and is liable for the yield tax. The policyholder, who owns the assets indirectly, can choose between three different savings formats:

- **Traditional insurance**: The insurance company decides how the capital is invested and bears the investment risk. The insurance company invests the capital in both listed and unlisted assets. The latter include directly owned properties, unlisted companies and long-term investments in critical infrastructure. The customer is guaranteed a minimum payout at an agreed point in time, for example 80 per cent of paid premiums and accrued guaranteed interest. The payout may be higher, but never lower, than the guaranteed amount.

- **Unit-linked insurance**: The policyholder chooses which domestic and foreign fund units the capital should be invested in. Within fund management, regulations restrict investments in unlisted assets. The policyholder bears the investment risk.
- **Private Placement Life Insurance (PPLI)**: The policyholder chooses which domestic and foreign securities and fund units the capital should be invested in. These are held in a securities account. The policyholder bears the investment risk.

For both individuals and companies, PPLI is the most common form of endowment insurance., although this is considerably more common among companies. Of the policies held by individuals, more than one third are unit-linked insurance policies, roughly the same proportion as among companies. Traditional insurance is most common among individuals.

Table 1. Share of the total number of policies in 2025 held by individuals and companies, by savings format

	Private Placement Life Insurance (PPLI)	Unit-linked Insurance	Traditional Insurance	TOTAL
Held by Individuals	41%	36%	24%	100%
Held by Companies	57%	35%	8%	100%
TOTAL	**42%**	**36%**	**23%**	**100%**

Insurance features within endowment insurance

An endowment insurance policy always includes some form of insurance feature that provides compensation for a specific type of insured event. For this, the insurance company charges a risk premium. Terms and fees vary both between insurance companies and depending on the scope of the insurance component.

Repayment Protection

Most endowment insurance policies include a risk component in the form of what is known as repayment protection. For example, that 101 per cent of the insurance capital is paid out to the designated beneficiary or to the estate in the event of death.

Premium Waiver Insurance

For some endowment insurance policies, it is possible to take out premium waiver insurance. This means that the insurance company takes over the premium payments to the policy if the policyholder’s ability to work is impaired due to illness or accident.

Survivor’s Protection with Pre-Defined Death Benefit

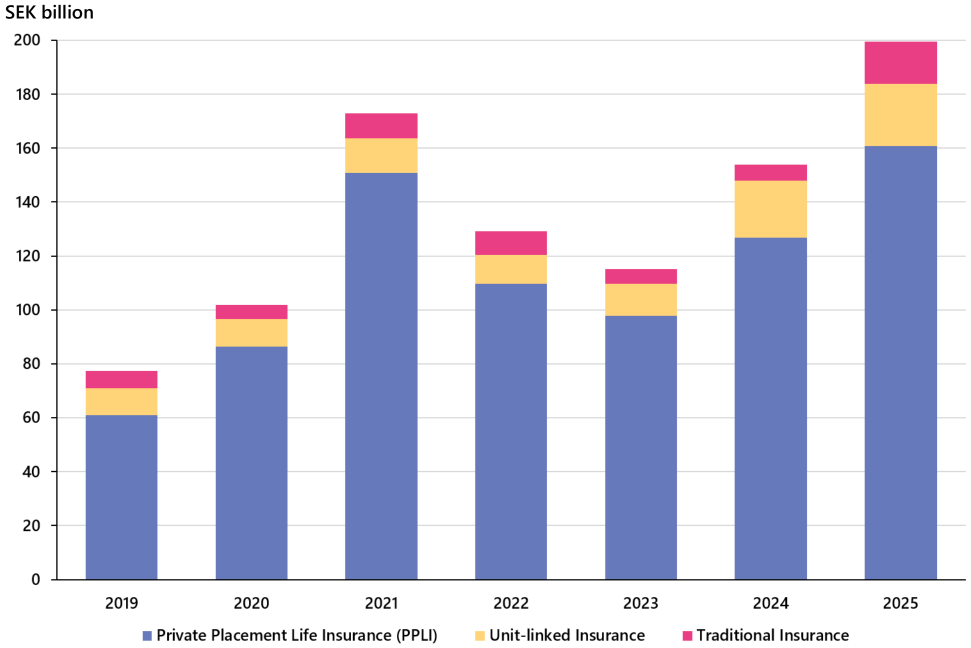
Insurance companies may also offer survivor’s protection with a pre-defined death benefit. This makes it possible to ensure that the beneficiary receives a specified amount when the policyholder dies. For these types of risk insurance, a fee is paid that increases with the age of the insured.

Premium payments to endowment insurance

Positive stock market developments during the latter part of 2020 and throughout 2021 contributed to increased public interest in savings. The pandemic in 2020–2021 also contributed to higher savings, as household and company consumption, for example on travel, decreased. Savings increased sharply among both individuals and companies, although the increase was larger among companies, measured both in SEK and as a share of total savings. Over the past two years, the rate of increase has been approximately the same for individuals and companies. Part of this increased savings was directed to endowment insurance, particularly PPLI, which caused premium payments to endowment insurance to rise sharply.

Due to weaker stock market performance, higher inflation and rising interest rates, savings in endowment insurance decreased during 2022 and 2023. In 2024 and 2025, premium payments increased sharply, reaching almost SEK 200 billion at the end of 2025. Positive stock market performance in 2024 and 2025 is likely to have contributed to the renewed interest in savings. For individuals, the tax-free basic level introduced on January 1, 2025, may also have contributed.

Figure 2. Premium Payments to Endowment Insurance by Savings Format

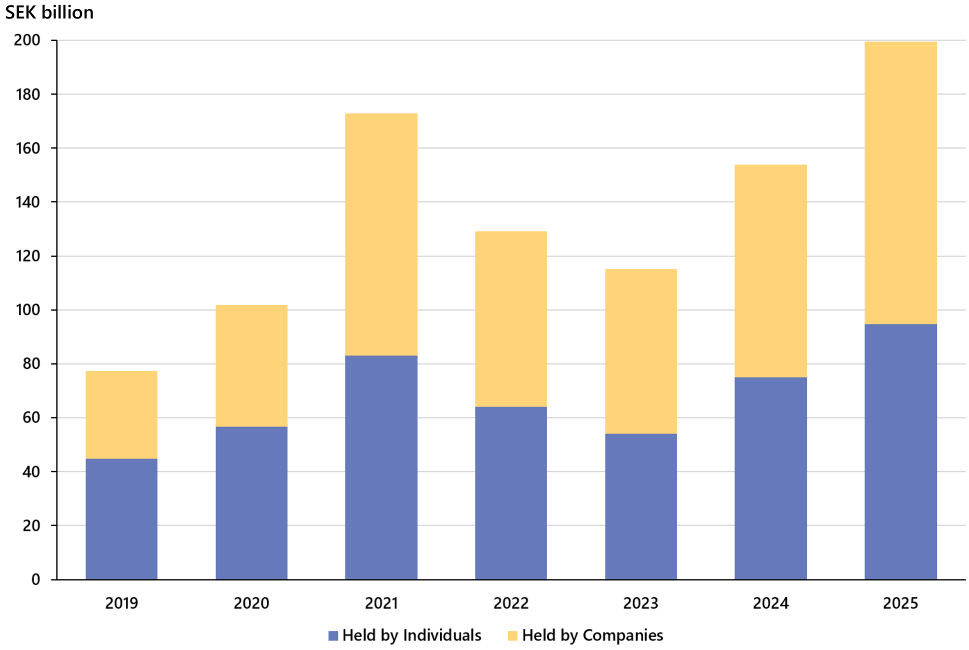


Source: Insurance Sweden.

Premium payments from individuals amounted to SEK 95 billion in 2025, corresponding to 48 per cent of total premium payments. Premium payments from companies amounted to SEK 105 billion in the same year. Companies' share of premium payments increased during the period studied, from 42 to 52 per cent, while individuals' share decreased correspondingly.

In 2025, premium payments increased by nearly 30 per cent, and over the full period 2019–2025, premium payments to private endowment insurance more than doubled, increasing by 157 per cent.

Figure 3. Premium payments to endowment insurance by whether the Insurance washeld by an individual or a company



Source: Insurance Sweden.

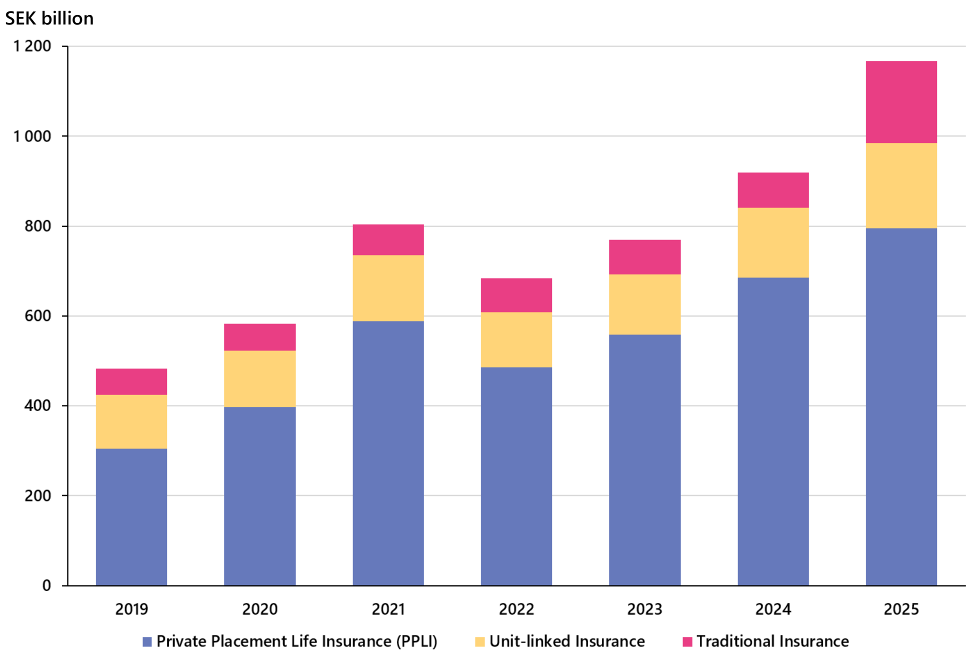
Total assets in endowment insurance

Of the total assets held by a life insurance company in endowment insurance, the largest portion is allocated to policyholders or insurance policies. These assets are referred to as allocated assets. In addition, there are unallocated assets in traditional insurance that have not yet been allocated to insurance policies. These assets constitute a buffer or risk capital and are not included here.

The value of allocated assets in endowment insurance held by life insurance companies has increased over time. This reflects both the size of annual premium payments and the value development of the underlying assets.

During the period 2019–2025, assets in endowment insurance increased from SEK 483 billion to SEK 1,168 billion, meaning that they more than doubled. Compared with 2024, the increase was SEK 249 billion, or 27 per cent. Measured by asset value, PPLI accounts for 68 per cent. The remaining share is broadly evenly distributed between unit-linked insurance and traditional insurance, at 16 per cent each.

Figure 4. Value of allocated assets in endowment insurance, by savings format



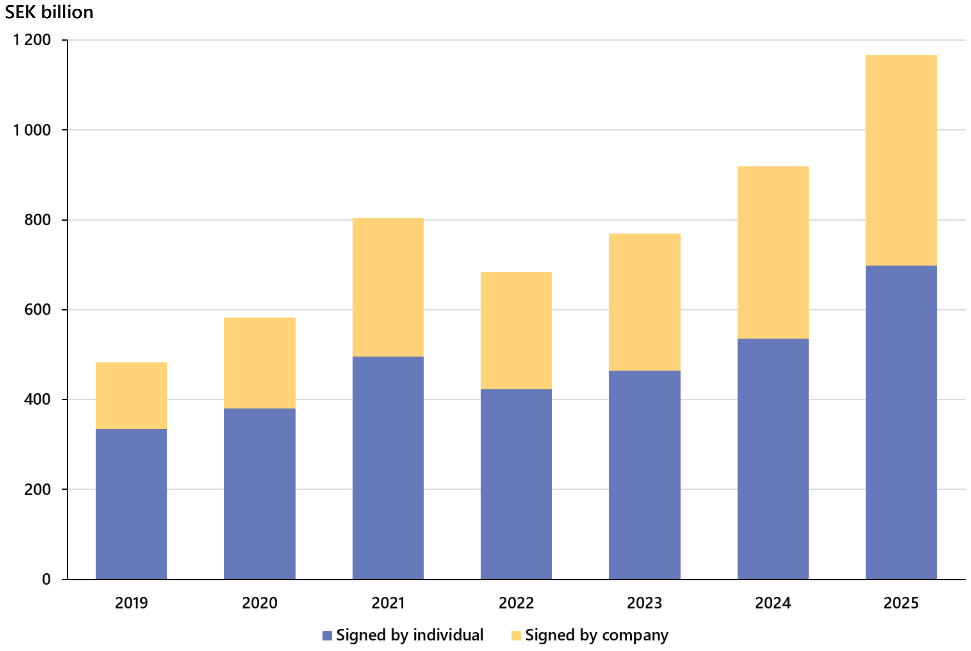
Note: Asset values for traditional insurance that have not been allocated to policyholders or insurance policies are not included.
Source: Insurance Sweden.

The increase in asset values reflects both higher premium payments and growth in the value of the underlying assets.

Measured by the value of allocated assets, companies' share increased during the period 2019–2025 from 31 to 40 per cent, while individuals' share decreased from 69 to 60 per cent.

In SEK terms, asset values in endowment insurance increased for both companies and individuals. In 2025, allocated assets amounted to SEK 698 billion for individuals and SEK 469 billion for companies. This corresponds to an increase of 30 per cent for individuals and 23 per cent for companies.

Figure 5. Allocated assets in endowment insurance, by whether the insurance was held by a company or an individual



Source: Insurance Sweden.

Appendix 1: Similarities and differences between endowment insurance and ISK

Both endowment insurance and Investment Savings Account, ISK, can serve as a "wrapper" for savings in securities such as stocks, bonds and funds. Management fees for the underlying assets apply for both. There are, however, some notable differences between the two savings formats (see also Table 2 below).

Key Differences

- Provider: ISK is offered by credit institutions (such as banks and other credit market companies) and securities firms, whereas endowment insurance is only provided by life insurance companies. This follows from the fact that the endowment insurance must include an insurance component. Insurance companies cannot offer ISK, as they are restricted to conducting insurance-related business.
- Ownership and Administration: In an endowment insurance, the individual owns the assets indirectly. The assets are owned by the insurance company, which also administers tasks like reclaiming withholding tax on foreign securities. In ISK, the account holder owns the assets directly and need to handle foreign tax reclaims themselves.
- Tax Subject: For endowment insurance, the insurance company is the taxable entity (assuming it is a Swedish insurer). In ISK, the account holder is the taxable entity.
- Payouts and Beneficiaries: Endowment insurance offers flexibility in designating specific beneficiaries and timing payouts e.g. periodic payments. In contrast, funds in ISK are transferred to the estate to be distributed to the heirs.
- A Guaranteed Return: Within traditional insurance the insurance company decides how the capital is invested and bears the investment risk. In ISK it is always the account holder who bears the investment risk.

Table 2. Endowment insurance and Investment Savings Accounts (ISK)

Endowment Insurance	ISK
Provided by life insurance companies	Provided by credit institutions, securities firms and fund management companies
Yield tax according to the Act on Yield Tax on Pension Funds	Taxed under the Income Tax Act
Tax subject: the insurance company, if it is a Swedish insurer	Tax subject: the account holder, i.e. the individual
The standard income cannot be offset against capital losses or expenses in the capital income category	The standard income can be offset against deductible interest expenses or capital losses
Asset allocation, and thereby the investment risk, can be entrusted to the insurance company through traditional insurance with a guarantee	-
Periodic payouts are possible, for example lifelong monthly payments as a pension	-
A predetermined payout date is possible	-
A designated beneficiary for payouts is possible, for example grandchildren or an organization	Transferred to the estate to be distributed to the heirs upon death of the account holder
Special rules apply to insurance companies to reduce the risk of insolvency	Covered by the deposit guarantee scheme and investor compensation scheme
The insurance company holds the voting rights at general meetings	The account holder has the voting rights at general meetings
Facilitates ownership of foreign securities, as the insurance company administers the reclaiming or offsetting of withholding tax	In some cases, the individual must reclaim tax from the foreign equivalent of the Swedish Tax Agency
2.2 million insurance policies among individuals and companies with endowment insurance	4.2 million individuals have an ISK

Appendix 2: Taxation of endowment insurance

Endowment insurance offers administrative advantages compared with direct ownership of securities. Capital gains are tax free and instead, a continuous yield tax is applied. Tax is based on a notional return. Thus, simple, predictable tax regardless of actual returns.

Since the assets in an endowment insurance policy are owned by the insurance company, the insurance company is liable for the yield tax. The fee paid by the insured to the insurance company includes compensation for this tax.

The tax base (standard-calculated yield) for endowment insurance is calculated by multiplying the insurance's capital base by the government loan interest rate as of November 30 of the year preceding the income year, increased by 1 percentage point. However, the capital base must be multiplied by at least 1.25 per cent. This standard-calculated yield determines the tax base, which is taxed at 30 per cent.

To the value of the insurance at the start of the income year, premiums paid during the year must be added according to the following example.

Example

Assume that Johan has an endowment insurance policy with a value of SEK 300,000 at the beginning of the income year. During the income year, Johan pays premiums amounting to SEK 15,000 in the first quarter and SEK 10,000 in the third quarter. The capital base is calculated as follows:

Event	Amount
Endowment Insurance Value at Start of the Year	SEK 300,000
Premium Payments in the First Half of the Year	+ SEK 15,000
Premium Payments in the Second Half of the Year × 50 Per Cent (= SEK 10,000 × 0.5)	+ SEK 5,000
Capital Base	SEK 320,000

On January 1, 2026, the tax-free basic level for savings in endowment insurance and ISK was raised from SEK 150,000 to SEK 300,000. This means that combined savings in endowment insurance and ISK are not taxed up to this amount. The tax-free basic level applies only to individuals.

In the example above, only SEK 20,000 is included in the capital base. This amount is then multiplied by the government borrowing rate as of November 30 of the year preceding the income year, plus 1 percentage point, to calculate the standard return. The resulting amount is then taxed at a rate of 30 per cent. The deduction for savings in endowment insurance is made in the capital income category and is based, in simplified terms, on a statement of earnings and deductions submitted by the insurance companies to the Swedish Tax Agency.

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