

This Annual Report replaces an earlier annual report, published on 28 April 2000. The new Annual Report has been drawn up on account of a unilateral decision approved by an extraordinary general meeting of the shareholders of Pohjola, held on 16 May 2000. That decision cancelled the binding and irrevocable agreement which Pohjola entered into with Skandia and Storebrand, by which Pohjola's property and casualty business would be merged with those of Skandia and Storebrand to form If. Skandia and Storebrand have announced that they intend to take legal action against Pohjola in connection with cancellation of the agreement. The future legal and financial consequences arising from the cancellation of the agreement by Pohjola will be dealt with by If's owners, not by If. Against this background, the items relating to If's share of Pohjola's earnings in the second half of 1999 and incorporated into the accounts contained in the former annual report are not included in the present Annual Report. As a result, the company's profit and shareholders' equity are reduced by MSEK 915 net.

A separate Appendix to the Annual Report illustrates the accounting consequences for 1999, based on the assumption that Pohjola would have fulfilled its contractual obligations vis-à-vis Storebrand and Skandia, and in turn that the profit recorded by Pohjola on its property and casualty business in the second half of 1999 would have been included in If's profit.

Board of Directors' Report

The Board of Directors and the President of If Property & Casualty Insurance Holding Ltd hereby present their report and the financial statements for the 1999 financial year. During the year, the Company changed its name from Skandia International Holding AB to If Property & Casualty Insurance Holding Ltd.

In February and June 1999 Skandia, Storebrand and Pohjola entered into an agreement to merge their property and casualty businesses. The agreement between the parties is stated as a merger of equals with the votes in If being split equally among the three partners.

Skandia's holding in If Property & Casualty AB was transferred in early 1999 to If Property & Casualty Insurance Holding Ltd. On 22 December 1999, Storebrand received the required approval from the Norwegian Ministry of Finance to transfer its property and casualty insurance portfolio. The process was carried out on 30 December 1999. The Norwegian property and casualty business is conducted as a branch of If Property & Casualty Insurance Ltd. On 12 January 2000, Storebrand became the owner of 44% of the shares outstanding in If Property & Casualty Insurance Holding Ltd.

During the year, Vesta was sold, generating a profit of MSEK 1,198. Vesta's Marine & Energy business was not included in the transaction and the operation was assimilated into Storebrand's Marine & Energy business.

The company is domiciled in Stockholm, Sweden.

Group

In accordance with the joint venture agreement, the consolidated profit and loss account includes the operating result from Skandia's and Storebrand's property and casualty business during the period 1 March to 31 December 1999.

Premium volume

Gross premiums written totalled MSEK 14,501. The Commercial and Industrial business areas reported falling premium levels.

Technical result before investment income

Net premiums earned totalled MSEK 13,114. Claims incurred amounted to MSEK 12,626 and operating costs were MSEK 3,152. The technical result was MSEK –1,485.

The claims ratio was 96 per cent and the combined ratio for the year ended at 120 per cent.

The cost of claims had an adverse impact on results, especially within Motor Norway, Property Norway and Sweden, and Marine & Energy.

In view of the development of claims incurred in prior years, the technical provisions were increased in 1999 by a total net amount of MSEK 242. The major share of the increase pertains to Motor and Workers' Compensation insurance, as well as to business in the Run-off operation.

Investment result

The investment result for the March – December 1999 period totalled MSEK 3,364. During the fourth quarter, the return on investments totalled MSEK 1,758. The high return in the fourth quarter was driven by very strong performance in the equity markets in general and in the Nordic region in particular.

During 1999, If shared in investment pools with the two owner companies. The investment pools were terminated at year-end 1999.

An appendix to the Annual Report – Financial Facts – presents details of the group's investments.

Result

The group's pre-tax profit was MSEK 1,901.

A gain of MSEK 1,198 was realised from the sale of Vesta.

Tax for the year totalled MSEK 798, of which MSEK 197 represents the year's utilization of the group's deferred tax claim.

Profit for the year was MSEK 1,103.

The return on net asset value was 14.9 per cent.

Balance sheet

Total assets amounted to MSEK 61,440. As of the year-end, the balance sheet was increased by unsettled balances with regard to transactions in connection with the merger and the sale of Vesta totalling SEK 8.6 billion.

Investment assets amounted to MSEK 32,879.

Net asset value was MSEK 12,414.

Consolidated net asset value (MSEK)

Shareholders' equity	11,544
Deferred tax liability	1,135
Surplus value	<u>-265</u>
Net asset value	12,414

The group has established a goal of 58 per cent for net asset value. Accordingly, the board of directors has agreed to propose to the Annual Meeting (i) dividend of MSEK 1,850 and (ii) a reduction in the restricted shareholders' equity represented by the "C" shares to a value of MSEK 1,454.

Run-off business

If has business in run-off through wholly owned subsidiaries. This business does not form part of the group's core operations. Net reserves in run-off operations amount to SEK 1.8 billion. The net asset value of the run-off companies on 31 December 1999 was SEK 1.1 billion.

Parent Company

The result before appropriations and taxes amounted to MSEK 7. The parent company is a holding company.

The parent company's net asset value totalled MSEK 14,795. Total assets were MSEK 15,913.

Outlook for 2000

Work on completing the merger will continue during 2000. It will in particular focus on realising the identified merger benefits of cost synergies and opportunities for improvements based on the application of best practices. A decision has been taken to establish a branch in Finland. The licences required for the business have been obtained and work has started.

Premium increases and changes in underwriting guidelines have been initiated. The premium increases will have a certain impact during the current year and full impact on net written premiums after 24 months, when they will flow fully into earnings, as renewals are spread across the year.

If does not provide any forecast.

Further details on the results of operations during the financial year and on the company's financial position at the financial year-end are provided in the following consolidated and parent company profit and loss accounts and balance sheets, together with appurtenant notes, all of which form an integral part of this Annual Report.

Consolidated Profit and Loss Account

MSEK	Note	1 March 1999- 31 December 1999
TECHNICAL ACCOUNT		
Premiums earned, net of reinsurance		
Premiums written, gross	1	14,501
Premiums ceded	1	-1,115
Change in provision for unearned premiums and unexpired risks		14
Reinsurers' share of change in provision for unearned premiums and unexpired risks		<u>-286</u>
		13,114
Allocated investment return transferred from the non-technical account	2	1,176
Other technical income, net of reinsurance		10
Claims incurred, net of reinsurance		
Claims paid	3	
Gross		-13,126
Reinsurers' share		2,781
Change in provision for claims outstanding		
Gross		-3,732
Reinsurers' share		<u>1,451</u>
	4	-12,626
Operating expenses	5	-3,152
Other technical charges, net of reinsurance		<u>-7</u>
Technical result		-1,485
NON-TECHNICAL ACCOUNT		
Investment result		
Investment income	6	3,629
Unrealised gains and losses on investments	7	229
Investment charges	8	<u>-494</u>
		3,364
Allocated investment return transferred to the technical account	2	-1,176
Gain from sale of Vesta		<u>1,198</u>
Operating result		1,901
Taxes	9	<u>-798</u>
Profit for the year		1,103

Consolidated Balance Sheet

MSEK	Note	31 December 1999
ASSETS		
Intangible assets		
Goodwill	10	106
Investments		
Land and buildings		45
Loan to affiliated companies		7
Participating interests		16
Other financial investments		30,497
Deposits with ceding undertakings		<u>2,314</u>
	11	32,879
Reinsurers' share of technical provisions		
Provision for unearned premiums and unexpired risks		409
Provision for claims outstanding	12	<u>7,164</u>
	13	7,573
Deferred tax claim		
Deferred tax claim	14	1,370
Debtors		
Debtors arising out of direct insurance operations	15	2,162
Debtors arising out of reinsurance operations		910
Other debtors	16	<u>11,038</u>
		14,110
Other assets		
Tangible assets	17	155
Cash at bank and in hand		3,124
Securities settlement claims		<u>127</u>
		3,406
Prepayments and accrued income		
Accrued interest and rent		511
Deferred acquisition costs	18	912
Other prepayments and deferred income		<u>573</u>
		1,996
TOTAL ASSETS		61,440

Consolidated Balance Sheet

MSEK	Note	31 December 1999
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		
Shareholders' equity		
Share capital		640
Statutory reserve in parent company		400
Reserve for unrealised gains		1,346
Other restricted reserves		3,864
Profit/loss brought forward		4,191
Net profit for the year		<u>1,103</u>
	19	11,544
Minority interests		2
Technical provisions, gross		
Provision for unearned premiums and unexpired risks		7,837
Claims outstanding	20	<u>30,351</u>
	21	38,188
Provisions for other risks and charges	22	489
Provisions for deferred tax liability	23	1,135
Deposits received from reinsurers		17
Creditors		
Creditors arising out of direct insurance operations	24	1,126
Creditors arising out of reinsurance operations		240
Derivatives	33	77
Other creditors	25	<u>8,027</u>
		9,470
Accruals and deferred acquisition costs		
Reinsurers' share of deferred acquisition costs		58
Other accruals	26	<u>537</u>
		595
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		61,440
Memorandum items		
Assets pledged	27	301
Assets covered by policyholders' beneficiary rights	27	1,883
Contingent liabilities	28	615
Commitments resulting from repurchase transactions		None

Notes to Consolidated Accounts

Note 1 Premiums written

		1999	
	Gross	Ceded	Net
Paid-in and recognised premiums	13,711 ¹	-2,195	11,516
Portfolio premiums	790	1,080	1,870
Premiums written	14,501	-1,115	13,386

¹ Of which, direct property and casualty contracts written in:			1999
Sweden			3,518
Other EEA countries			8,904
Other countries			233
			12,655

Note 2 Allocated investment return transferred from non-technical account

In the property and casualty insurance operations, the allocated investment return is transferred from the non-technical account based on average technical provisions less outstanding net receivables in the insurance operations. The interest rates mainly follow the yield on medium-term government bonds, with consideration given to the cash flows of the insurance operations over time. The following allocated interest rates have been used for the most important currencies:

		1999
Swedishkronor		5.0
US dollars		5.5
British pounds		5.0
Norwegian kroner		5.5
Danish kroner		4.5
Euro		4.5

Note 3 Claims paid

		1999	
	Gross	Ceded	Net
Claims paid	-13,406	2,569	-10,837
Claims portfolios	1,178	212	1,390
Claims settlement costs	-898	0	-898
Claims paid	-13,126	2,781	-10,345

Note 4 Run-off result, net

Run-off result, net		1999
		75

Note 5	Operating expenses	1999
	Internal acquisition costs (see Note 33)	-1,635
	External acquisition costs ¹	-906
	Change in deferred acquisition costs, gross	239
	Administrative expenses (see Note 33)	-1,460
	Reinsurance commission and profit participations	608
	Change in deferred acquisition costs, ceded	2
	Operating expenses	-3,152
	¹ Of which, direct insurance commission	-866
Note 6	Investment income	1999
	<i>Operating surpluses, land and buildings</i>	
	Rents	2
	Dividends from shares and participations	131
	Other financial income	249
	<i>Interest income, etc.</i>	
	Bonds and other fixed-income securities	1,033
	Other interest income	279
	<i>Capital gains, net</i>	
	Shares and participations	1,935
	Investment income	3,629
Note 7	Unrealised gains and losses on investments	1999
	Shares and participations	229
	Unrealised gains and losses on investments	229
Note 8	Investment charges	1999
	Asset management charges	-57
	Other financial expenses	-4
	<i>Interest expense, etc.</i>	
	Other interest expense	-49
	Foreign exchange losses, net	-38
	<i>Capital losses, net</i>	
	Land and buildings	-16
	Fixed-income securities	-330
	Investment charges	-494

Note 9	Taxes	1999
	Paid tax current year	-585
	Paid tax previous year	15
	Deferred taxes:	
	Utilisation of deferred tax claim	-197
	Provision for deferred tax liability	-31
	Taxes	-798

Of tax paid for the current year, MSEK 96 pertains to taxes paid abroad. The total comprises tax on the income of branches abroad and dividend taxes on investments.

Note 10	Intangible assets, goodwill	Acquisition value	Accumulated amortisation	Book value
		1999	1999	1999
	Acquisitions	106	-	106
	Goodwill at year-end 1999	106	-	106

Note 11	Investments ¹	Acquisition value	Current value	Book value
		1999	1999	1999
	Land and buildings ²	42	45	45
	Loans to affiliated companies	7	7	7
	Investments in affiliated companies	16	16	16
	Shares and participations	5,618	7,489	7,489
	Bonds and other fixed-income securities	22,170	21,905	22,170
	Other loans	3	3	3
	Deposits with credit institutions	393	393	393
	Derivatives	38	43	43
	Repurchase agreement	399	399	399
	Deposits with ceding undertakings	2,314	2,314	2,314
	Investments	31,000	32,614	32,879

¹ For specification in accordance with the instructions of the Swedish Financial Supervisory Authority, see "Financial Facts", an appendix to the Annual Report.

² Specification of land and buildings	No. of properties	Acquisition value MSEK	Current value MSEK	Current value/m ² lettable space, SEK	Direct yield %	Vacant space %
Sweden						
Other areas	1	10	10	4,371	8.8	8.0
Total Sweden ³	1	10	10	4,371	8.8	8.0
Abroad						
Denmark	13	15	18	7,475	5.2	0.0
Norway	1	17	17	6,154	-4.0	0.0
Total abroad	14	32	35	6,756	0.2	0.0
Land and buildings ⁴	15	42	45	6,058	2.1	2.3

³ Total tax assessment value is MSEK 6.

⁴ The proportion of properties used for own operations is 71 per cent.

Note 12	Reinsurers' share of claims outstanding	1999
	Notified claims	4,375
	Incurred but not reported (IBNR) claims	2,789
	Reinsurers' share of claims outstanding	7,164
Note 13	Reinsurers' share of technical provisions	1999
	Transferred balances	6,418
	Currency translation	-10
	Change in provision	1,165
	Closing balance	7,573
Note 14	Deferred tax claim	1999
	Opening balance as of 1 March 1999	1,567
	Utilisation during the year	-197
	Closing balance as of 31 December 1999	1,370
	The deferred tax claim originates from certain tax deductible items arising in connection with the formation of If Property & Casualty Insurance Ltd. See also Accounting Principles.	
Note 15	Debtors arising out of direct insurance operations	1999
	Policyholders	2,201
	Insurance brokers	-2
	Insurance companies	52
	Provision for doubtful debts	-89
	Debtors arising out of direct insurance operations	2,162

Note 16	Other debtors						1999	
	Claim, Tryg-Baltica (Sale of Vesta)						5,404	
	Claim, unpaid capital contributions from Skandia						2,857	
	Other						2,777	
	Other debtors						11,038	
Note 17	Tangible assets						1999	
	Acquisition value						290	
	Accumulated depreciation						-135	
	Tangible assets, book value						155	
Note 18	Deferred acquisition costs						1999	
	Amortisation period less than 2 years						912	
	Deferred acquisition costs						912	
Note 19	Shareholders' equity							
		<u>Restricted equity</u>			<u>Unrestricted equity</u>			
		Share capital	Statutory reserve in parent company	Reserve for unrealised gains	Other reserves	Profit/ loss brought forward	Total share- holders' equity	
	Shareholders' equity at year-end 1998	640	400	0	0	1,862	2,902	
	Dividend					-1,862	-1,862	
	Transfer between restricted and unrestricted shareholders' equity			1,346 ¹	114	-1,460	0	
	Translation differences				-72	171	99	
	Group contribution, net					5,238	5,238	
	Tax effect, Group contributions paid					478	478	
	Other capital contributions				3,822 ²	-236	3,586	
	Profit for the year					1,103	1,103	
	Shareholders' equity at year-end 1999	640	400	1,346	3,864	5,294	11,544	
	¹ Reserve for unrealised gains, specification						1999	
	Shares, participations						1,871	
	Land and buildings						3	
	Other						4	
	Reserve for unrealised gains before deferred tax						1,878	
	Less: Deferred tax						-532	
	Reserve for unrealised gains after deferred tax						1,346	
							1999	
	² Capital transfer from Storebrand						7,616	
	Goodwill adjustment, net of deferred tax						-4,030	
	Transfer from unrestricted to restricted equity						236	
	Total						3,822	

The transfer of property and casualty business from Storebrand to If Property & Casualty, which was conducted at the end of 1999 on receipt of regulatory approval, included two temporary loan amounts which were converted to equity at the beginning of 2000. On the basis of irrevocable undertakings from Storebrand to convert these loans in early 2000, the loans are accounted for as equity in the year-end accounts dated 31 December 1999.

In accordance with the application of the principles for joint venture accounting at If Property & Casualty Insurance Holding Ltd, the goodwill arising from the transfer of net assets to If P&C has been eliminated in the consolidated accounts for If, net of the appropriate amount for the deferred tax asset. The amount eliminated has reduced the equity of If Property & Casualty Insurance Holding Ltd by the net amount of MSEK 4,030. The gross amounts were MSEK 5,597 and MSEK 1,567, respectively. For further information on joint venture accounting, please see Accounting Principles.

Note 20	Provision for claims outstanding (gross)	1999
	Notified claims	17,355
	Incurred but not reported (IBNR) claims	10,171
	Provision for claims settlement costs	1,012
	Provision for property and casualty annuities and sickness annuities	1,813
	Provision for claims outstanding (gross)	30,351
Note 21	Technical provisions (gross)	1999
	Transferred balances	34,521
	Currency translation	-25
	Change in provision	3,692
	Closing balance	38,188
Note 22	Provision for other risks and charges	1999
	Provisions for pensions and similar commitments	434
	Other provisions	55
	Provision for other risks and charges	489
Note 23	Deferred tax liability	1999
	Tax allocation reserve	66
	Contingency reserve	1,839
	Other untaxed reserves	12
	Total untaxed reserves	1,917
	Equity share in untaxed reserves	-1,384
	Deferred tax liability in untaxed reserves	533
	Deferred tax liability pertaining to unrealised gains	532
	Deferred tax liability in foreign group companies	94
	Other	-24
	Total deferred tax liability	1,135

Note 24	Creditors arising out of direct insurance operations	1999
	Amounts payable to policyholders	1,041
	Amounts payable to insurance brokers	26
	Amounts payable to insurance companies	59
	Creditors arising out of direct insurance operations	1,126
Note 25	Other creditors	1999
	Unpaid group contributions to Skandia	4,598
	Other	3,429
	Other creditors	8,027
Note 26	Other accruals	1999
	Accruals	521
	Accruals, affiliated companies	16
	Other accruals	537
Note 27	Assets pledged	1999
	<i>Assets pledged</i>	
	Other financial investments	299
	Deposits with ceding undertakings	2
	Total	301
	<i>Assets covered by policyholders' beneficiary rights</i>	
	Other financial investments	1,883
	Total	1,883
Note 28	Contingent liabilities	1999
	Securities and guarantees	615

The subsidiary If Property & Casualty Insurance Ltd provides insurance with joint and several liability within the Swedish Atomic Insurance Pool.

In connection with the transfer of the property and casualty business of the Skandia Group to the If Group, and with effect from 1 March 1999, If Property & Casualty Insurance Holding Ltd and If Property & Casualty Insurance Ltd have entered into an indemnity agreement with Skandia Insurance Company Ltd (publ). Under the said agreement, the aforementioned companies of the If Group agree jointly to hold the companies in the Skandia Group indemnified in connection with any and all claims pertaining to guarantees and similar obligations of any company in the Skandia Group relating to the property and casualty insurance business transferred to the If Group.

If Property & Casualty Insurance Holding Ltd and If Property & Casualty Insurance Ltd, respectively, have entered into indemnity agreements with Skandia Insurance Company Ltd (publ) and Tryg-Baltica Forsikrings AS, whereby Skandia and Tryg-Baltica shall be held indemnified in connection with any and all claims pertaining to guarantees issued by Skandia Insurance Company Ltd (publ) and Skandia Marine Insurance Company (UK) Limited in favour of the Institute of London Underwriters.

Note 29 Average numbers of employees; wages, salaries and other remuneration

Average numbers of employees

Parent company

	1999		
Sweden	Number of employees	Of whom, women, %	Of whom, men, %
Outside Sweden			
Total, parent company			
<i>Subsidiaries</i>	-	-	-
Sweden	-	-	-
Outside Sweden	-	-	-
Denmark			
Norway	1,454	56	44
UK			
Germany	414	55	45
USA	2,311	52	48
Other countries	27	22	78
Total, subsidiaries	11	36	64
Group total	15	53	47
	18	28	72
Wages, salaries, other remuneration and social security costs	4,250	53	47
	4,250	53	47
Parent company			
Subsidiaries			
Group total	Wages, salaries and other remuneration	Social security costs	Of which, pensions
	-	-	-
	1,141	410	148
	1,141	410	148

Of the group's pension provision, SEK 4,799,000 pertains to senior executives. The company's outstanding pension commitments to these persons amount to SEK 15,009,000. Outstanding pension commitments are stated as the combined, capitalised value of these commitments. If's pension costs are covered by pension insurance arrangements.

Note 30 Wages, salaries and other remuneration, by country and category of personnel (senior executives/other employees)

	1999		
	Senior executives ¹	Of which, bonuses ²	Other employees
<i>Parent company</i>			
Sweden	-	-	-
Outside Sweden	-	-	-
Total, parent company	-	-	-
<i>Subsidiaries</i>			
Sweden	21	10	376 ³
<i>Outside Sweden</i>			
Denmark	-	-	127
France	-	-	4
Germany	-	-	6
Netherlands	-	-	2
Norway	2	-	563
UK	-	-	6
USA	5	2	29
Total, subsidiaries	28	12	1,113
Group total	28	12	1,113

- 1 Senior executives in the parent company and subsidiaries comprise board members, presidents, vice presidents and members of the parent company's corporate executive committee.
- 2 Information on 1999 bonuses pertains to compensation paid out in 1999.
- 3 All office staff.

Information on remuneration to senior executives, MSEK.

	Parent company	Subsidiaries/ committees
Board of Directors' fees, in accordance with decision of the AGM	-	3,339
Of which, to Chairman	-	1,928

The President and CEO received a salary and other compensation totalling SEK 2,800,000. No bonuses were paid. The President and CEO's bonus may amount to a maximum of 40 per cent of the base salary. In addition, the President and CEO is included in the company's incentive programme. From 1 March 1999, the President and CEO has a pension entitlement in accordance with a premium-based commitment. The premium is determined as the amount that would have applied for a level of benefit corresponding to 50 per cent of pensionable salary from the age of 60 years. Any surpluses after the deferral period will be added to outgoing benefits. The pension entitlement is earned gradually over time. Bonuses do not carry any pension entitlement. In the event that the company serves notice of dismissal, the President and CEO is entitled to salary during the period of notice, 12 months, plus severance pay equal to two years' salary.

The current pension agreement with the members of the corporate executive committee provides a lifetime pension entitlement of 70 per cent of salary, provided they serve until the contracted retirement age. The retirement age varies between 60 and 65 years. In the event that the company serves notice of dismissal, members of the corporate executive committee are entitled to salary during the period of notice, 6 –12 months, plus severance pay amounting in most cases to not less than one year's salary and not more than three years' salary.

Certain other executives in the group, 12 persons, are entitled to severance pay if the company serves notice of dismissal, amounting to not less than six months' salary and not more than two years' salary, in addition to salary during the period of notice. The executives are entitled to a pension from 60 years of age, corresponding to 60-70 per cent of their pensionable salary.

If's incentive programme for senior executives and managers is based on shareholder value. The maximum amount payable under the programme is set at MSEK 260. Approximately 70 persons are included in the programme. Each participant receives a specific, share of the programme calculated for that individual. The share of the programme accruing to the President and CEO is just over 5 per cent.

Note 31 Result per class of insurance

	Acci- dent and health	Motor, third party liab- ility	Motor, other classes	Marine, aviation and trans- port	Fire and other damage to property	Third party liability	Credit and Surety- ship
Premiums written, gross	1,190	1,911	2,628	1,179	4,688	524	0
Premiums earned, gross	1,291	1,702	2,646	1,317	5,150	595	0
Claims incurred, gross	-2,036	-2,318	-2,639	-1,277	-5,910	-629	0
Operating expenses, gross	-327	-469	-628	-307	-1,541	-246	0
Result of ceded insurance	628	293	331	44	1,834	244	0
Technical result before investment income	-444	-792	-290	-223	-467	-36	0
	Legal ex- penses	Assi- stance	Miscell- aneous	Total direct insur- ance	Reinsur- ance business accepted	Internal group elimin- ations	Total
Premiums written, gross	2	0	533	12,655	1,056	0	13,711
Premiums earned, gross	1	0	313	13,015	1,500	0	14,515
Claims incurred, gross	-1	0	-105	-14,915	-1,943	0	-16,858
Operating expenses, gross	0	0	-82	-3,600	-158	0	-3,758
Result of ceded insurance	0	0	-5	3,369	71	0	3,440
Technical result before investment income	0	0	121	-2,131	-530	0	-2,661

Note 32 Administrative expenses and summary of allocations in profit and loss account

	1999
Wages, salaries and other remuneration	-1,141
Social security charges	-262
Pension provision	-148
Other payroll costs	-176
Total payroll costs	-1,727
Costs of premises	-132
Depreciation	-53
Other administrative expenses	-2,138
Total administrative expenses	-4,050

Administrative expenses are broken down in the profit and loss account as follows:

Asset management costs (see Note 8)	-57
Real estate management costs (see Note 6)	0
Claims settlement costs (see Note 3)	-898
Internal acquisition costs (see Note 5)	-1,635
Administrative costs (see Note 5)	-1,460
Total administrative expenses	-4,050

Note 33 Derivatives

	<u>Equity derivatives</u>			<u>Interest-rate derivatives</u>			<u>Currency derivatives</u>		
	Curr-ent value	Book value	Nom-inal value	Curr-ent value	Book value	Nom-inal value	Curr-ent value	Book value	Nom-inal value
Positive values in balance sheet									
Forward contracts							43	43	6,595
Total	-	-	-	-	-	-	43	43	6,595
<i>Of which, cleared</i>	-	-	-	-	-	-	-	-	-
Positive values off balance sheet									
Options	0	0	0						
Forward contracts				0	0	10			
Total	0	0	0	0	0	10			
<i>Of which, cleared</i>	-	-	-	0	0	10			
Negative values in balance sheet									
Forward contracts							77	77	1,716
Total	-	-	-	-	-	-	77	77	1,716
<i>Of which, cleared</i>	-	-	-	-	-	-	-	-	-

Note 34	Terms of fixed interest (years)	1999
	Investments	
	Short-term fixed-interest investments	0.4
	Bonds ¹	5.4
	Total fixed-income securities	3.1
	¹ The terms of fixed interest have not been adjusted to reflect the conditions applying to premature redemption of bonds.	
Note 35	Reconciliation of investments in balance sheet and tables / "Financial Facts"	1999
	Book value as per balance sheet	
	Other financial investments	30,497
	Land and buildings	45
	Other unrealised changes in value	-265
	Current value as per balance sheet	30,277
	Adjustment items	
	Cash at bank and in hand	3,124
	Securities settlement claims	127
	Accruals	511
	Securities settlement payables	-53
	Repo financing	-399
	Derivatives not included in Financial Facts	-43
	Investments in insurance operations	3, 544
Note 36	Auditors' fees	1999
	Audit fees	
	Ernst & Young	2
	KPMG	2
	Arthur Andersen	0
	Total audit fees	4
	Consulting fees	1999
	Ernst & Young	1
	KPMG	1
	Arthur Andersen	-
	Total consulting fees	2
	Total audit and consulting fees	6

Parent Company Profit and Loss Account

MSEK

	Note	1999	1998
Non-technical account			
Investment result			
Investment income	1	-	41
Investment income, group companies	1	7	57
Profit for the year		7	98

Parent Company Balance Sheet

MSEK

	Note	1999 31 Dec	1998 31 Dec
Assets			
Investments			
Shares in group companies	2	12,636	-
Participating interests	2	16	-
		12,652	-
Debtors			
Receivables, group companies		3,222	2,912
Other assets			
Cash at bank and in hand		39	-
Total assets		15,913	2,912

Shareholders' equity, provisions and liabilities

Shareholders' equity			
Share capital		640	640
Statutory reserve in parent company		400	400
Other restricted reserves		7,616	-
Profit/loss brought forward		6,132	1,764
Net profit for the year		7	98
	3	14,795	2,902

Creditors

Other creditors		1,118	10
		1,118	10

Total shareholders' equity, provisions and liabilities

15,913 **2,912**

Memorandum items

Pledged and comparable collateral for own liabilities and reported commitments for provisions		None	None
Assets covered by policyholders' beneficiary rights		None	None
Contingent liabilities	4	664	None
Commitments resulting from repurchase transactions		None	None

Parent Company Statement of Source and Application of Funds	Note	1999	1998
Profit for the year		7	98
Adjustment for items included in operating result, not affecting the cash flow:			
Loss on sale of group company		-	489
Change in working capital		798	-2,913
<i>Investment</i>			
Transfer of group companies	2	-12,636	-
Sale of group companies		-	2,126
Change in tangible assets		-16	-
<i>Finance</i>			
Increase in convertible loans		7,616	-
Shareholders' / group contributions		6,132	200
Dividend		<u>-1,862</u>	<u>-</u>
		39	-
Cash at bank and in hand			
Opening balance		-	-
Change		<u>39</u>	<u>-</u>
Closing balance		39	-

Notes to Parent Company Accounts

NOTES TO PROFIT AND LOSS ACCOUNT (MSEK)

Note 1 Investment income

	1999	1998
Dividend, Skandia International Insurance Corporation	-	546
Disposal, Skandia International Insurance Corporation	-	-489
Other interest income	-	41
Other interest income, group	7	-
Investment income	7	98

NOTES TO BALANCE SHEET (MSEK)

Note 2 Investments

	Domicile	No. of shares	Share %	Curr-ency	Book value		
					Nom. value	1999	1998
Shares in group companies							
Cumulus Reinsurance S.A. de CV	Luxembourg	9,999	100	MSEK	100	106	-
Skandia Forsikring A/S	Denmark	132,081	100	MDKK	94	669	-
If Property & Casualty Insurance Ltd (publ) 516401-8103	Sweden	1,000,000	100	MSEK	100	11,861	-
Total						12,636	-
Participating interests							
Norden Bedrift-service AS	Norway	75,000	50	MNOK	100	16	-
Total						16	-

Note 3 Shareholders' equity

	<u>Restricted shareholders' equity</u>			<u>Unrestricted shareholders' equity</u>		
	Share capital	Statutory reserve in parent company	Other restricted reserves	Other reserves	Profit/loss brought forward	Total shareholders' equity
Shareholders' equity at year-end 1998	640	400			1,862	2,902
Dividend					-1,862	-1,862
Convertible loan			7,616			7,616
Capital contribution				6,132		6,132
Profit for the year					7	7
Shareholders' equity at year-end 1999	640	400	7,616	6,132	7	14,795

The share capital consists of 32,000,000 shares, each with a nominal value of SEK 20.

Note 4 Contingent liabilities

	1999	1998
Securities and guarantees	664	-
Of which, on behalf of group companies	104	-

In connection with the transfer of the property and casualty business of the Skandia Group to the If Group, and with effect from 1 March 1999, If Property & Casualty Insurance Holding Ltd and If Property & Casualty Insurance Ltd have entered into an indemnity agreement with Skandia Insurance Company Ltd (publ). Under the said agreement, the aforementioned companies of the If Group agree jointly to hold companies in the Skandia Group indemnified in connection with any and all claims pertaining to guarantees and similar obligations of any company in the Skandia Group relating to the property and casualty insurance business transferred to the If Group.

The company has entered into an indemnity agreement with Skandia Insurance Company Ltd (publ), whereby Skandia shall be held indemnified in connection with any and all claims pertaining to guarantees issued in favour of the Institute of London Underwriters.

Accounting Principles

The Annual Report has been prepared in conformity with the Swedish Annual Accounts Act, the Swedish Annual Accounts Act for Insurance Companies (ÅRFL) and the guidelines of the Swedish Financial Supervisory Authority.

Accounting regarding the merger

Under the agreement between Storebrand and Skandia, the two companies are forming a joint venture and are transferring their portfolios of property and casualty business, together with associated assets and liabilities, to If Property & Casualty Insurance Ltd. In exchange, the two corporate owners are receiving shares in the parent company, If Property & Casualty Insurance Holding Ltd. According to the joint venture agreement, the corporate owners shall be jointly responsible for establishing the business and for its continued control. The owners' stakes in If Property & Casualty Holding are determined by the size of the business they have transferred. Rights and obligations in other respects are divided equally between the owners. Voting rights are also divided equally between the owners.

Swedish and international accounting recommendations contain no specific regulations or recommendations on accounting for the assets and liabilities in joint venture companies in connection with the establishment of such companies. Following detailed analysis of Swedish and international rules and practice, If Property & Casualty Insurance Holding Ltd applies joint venture accounting based on the carry-over method. Accordingly, those assets and liabilities that are transferred are reported at the book values previously shown by the owners.

Formally, the transfer from Storebrand was conducted at a value that exceeds the previous book value. The difference is reported at If Property & Casualty Insurance as goodwill arising from the purchase of the net assets of a business, and amounts to SEK 5.5 billion. In the consolidated accounts for If Property & Casualty Insurance Holding, the newly issued capital is reported – by application of the carry-over method – at an amount equivalent to Storebrand's previous book value of transferred net assets plus deferred taxes recoverable, based on the difference between the tax value and the book value of these net assets. No goodwill arises as a result of this accounting procedure in the If Property & Casualty Insurance Holding Group.

The transfer of the insurance portfolio from Skandia to If Property & Casualty Insurance was conducted at book value.

Principles of consolidation

The consolidated accounts include the parent company and group companies in which the parent company directly or indirectly controls more than half of the votes represented by all the shares; directly or indirectly owns shares and through agreements controls more than half of the votes represented by all the shares; directly or indirectly own shares and has the right to appoint or dismiss more than half of the members of such companies' boards or corresponding supervisory bodies; or directly own shares in group companies in which through agreements or other directions it is entitled singly to wield a decisive influence.

The consolidated accounts have been prepared in accordance with the purchase method. In connection with an acquisition, a market evaluation is applied to the assets and liabilities of the company acquired. The difference between the acquisition value of the shares and the market value of the assets and liabilities is reported as goodwill. The amortisation rate ranges from 5-20 per cent per year.

Foreign currencies

Foreign group companies and branches abroad are classified as independent operations. In accordance with Recommendation RR 8:98 of the Swedish Financial Accounting Standards Council, the balance sheets of foreign group companies and branches abroad are translated to Swedishkronor (SEK) at the exchange rates at the financial year-end, while profit and loss accounts are translated at the average rates for the year. Any translation difference arising from shareholders' equity being translated by application of an exchange rate at year-end differing from the rate used at the beginning of the year does not affect the profit and loss account. Instead, translation differences are taken directly to shareholders' equity, after deduction of both translation differences on loans denominated in foreign currency, obtained to finance investments in group companies, and the result for forward exchange contracts entered into to hedge these investments.

Assets and liabilities of foreign group companies and branches denominated in foreign currencies are translated to SEK at year-end exchange rates. Any translation differences arising are reported net in the profit and loss account as foreign exchange gains/ losses. Shareholdings in group companies are not recalculated. Profit and loss items are translated at average exchange rates for the year.

The exchange rates used for the most significant currencies are presented in the table below:

Exchange rates (SEK)

Currency	Year-end		Average	
	1999	1998	1999	1998
US dollars	8.53	8.06	8.27	7.95
British pounds	13.80	13.52	13.37	13.17
Danish kroner	1.15	1.27	1.18	1.19
Norwegian kroner	1.06	1.07	1.07	1.05
Euro	8.56	9.47	8.81	8.93

Valuation of tangible assets

Tangible assets are valued at acquisition value. Acquisition value includes not only the purchase price but also expenses directly attributable to the acquisition. Machinery and equipment are reported at historical acquisition values, less deductions for accumulated depreciation according to plan. These deductions are based on historical acquisition values and the estimated economic life of the asset concerned. The rates of depreciation applied range from 20-33 per cent on an annual basis.

Valuation of intangible assets

Intangible assets, including goodwill, are valued at acquisition value. Acquisition value includes not only the purchase price but also expenses directly attributable to the acquisition. Intangible assets are reported at historical acquisition values, less deductions for accumulated depreciation according to plan. These deductions are based on historical acquisition values and the estimated economic life of the asset concerned. Rights and similar assets are amortised at a rate of 20 per cent annually. Goodwill is amortised at rates ranging from 5-20 per cent per year.

Valuation of investments

Investments are reported in their original currencies and are stated at current value, amortised cost, or at the lower of cost or market value, depending on the type of asset in question. Realised gains and losses consist of the difference between acquisition cost and the selling price. Unrealised changes in value are the difference between acquisition value and current value. On the sale being completed, previous unrealised changes in value are reversed. The valuation of the respective asset classes is described below.

Purchases and sales of securities and currencies are accounted for on the transaction date, i.e. on the day the transaction is executed. The counterparty's receivable/ liability is reported net between the transaction date and the settlement date under the headings "Other assets" or "Other liabilities" if clearing is conducted via a clearing organisation. If such is not the case, the payment is reported gross under the heading "Other assets" or "Other liabilities".

Equities

Equities are stated at current value. "Current value" refers to the realisable value on the accounting date after deduction of the estimated cost of selling. In the case of shares listed on an authorised stock exchange or marketplace, the realisable value normally refers to the price most recently paid prior to the accounting date. All changes in value, realised as well as unrealised, are reported in the profit and loss account.

Shares in group companies are reported at their acquisition value, with due consideration for required write-downs.

Shareholdings representing at least 20 per cent of the votes for all shares outstanding in another company are classified as participating interests. Participating interests are reported in accordance with the equity method.

Real estate

Real estate is stated at current value. Since the properties are reported at current value, no depreciation is applied.

Fixed-income securities

Fixed-income securities are reported on an amortised cost basis, whereby the difference between their acquisition and redemption values is amortised in the profit and loss account over their remaining term. Realised changes in value are taken to the profit and loss account.

Derivatives

Equity and currency derivatives are stated at current value, while fixed-income derivatives are stated at the lower of cost or market value on the accounting date. All derivative transactions are valued individually. Hedge accounting is applied to certain fixed-income derivatives and currency derivatives pertaining to fixed-term rates of interest.

Net asset value

Net asset value comprises shareholders' equity, deferred tax liabilities relating mainly to untaxed reserves and other surplus values, after deduction of minority interests. In calculating net asset value, all assets and liabilities are stated at current value. Goodwill is not included in net asset value.

Since equities and real estate are reported at current value, shareholders' equity includes the difference between the current value of the assets and their acquisition value, i.e. the surplus value of these assets. Surplus values are reported as a reserve for unrealised gains, after deduction of deferred tax, and are included in restricted shareholders' equity.

Finally, net asset value includes unbooked surplus values pertaining to fixed-income securities. The surplus consists of the difference between the current value of the assets and the amortised cost.

Valuation of technical provisions and recognition of premiums

Technical provisions consist of the provision for unearned premiums and unexpired risks, together with the provision for claims outstanding, and correspond to the liabilities under insurance contracts.

Premiums written

For property and casualty insurance, written premium is reported according to the maturity principle. This entails that written premium is reported in the profit and loss account when premiums fall due for payment.

Provision for unearned premiums and unexpired risks

The provision for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force.

In property and casualty insurance and reinsurance, the provision for unearned premiums is normally calculated on a strictly proportional basis over time, i.e. is calculated on a pro rata temporis basis.

In the event that premiums are judged to be insufficient to cover anticipated claims costs and operating expenses, the provision for unearned premiums is required to be augmented by a provision for unexpired risks. Calculation of the provision for unexpired risks is also required to take into account instalment premiums not yet due.

Provision for claims outstanding

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The provision for claims outstanding in direct property and casualty insurance and reinsurance may be calculated with the aid of statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used – large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods. The provision for claims outstanding is not discounted, with the exception of provisions for vested annuities, which are discounted using standard actuarial methods (taking into account anticipated inflation and mortality).

Deferred acquisition costs

Costs of sales that have a clear connection with the writing of insurance contracts are reported as an asset, namely as deferred acquisition costs. Costs of sales pertain, for example, to operating expenses such as commission, marketing costs, salaries and overheads for sales personnel, which vary according to, and are directly or indirectly related to, the acquisition or renewal of insurance contracts. The capitalised cost is deferred in a manner that corresponds to the capitalisation of unearned premium. The amortisation period ordinarily does not exceed 12 months.

Reporting of results

Pre-tax result

The pre-tax result consists of the technical result of property and casualty insurance operations, and the non-technical result, which comprises mainly investment income and the result of the sale of businesses. Sold or discontinued operations are not included in the technical result. The degree of detail in the profit and loss account is regulated by the Swedish Annual Accounts Act for Insurance Companies.

Profit and loss account

Costs of insurance operations

Administrative expenses pertain to both direct and indirect costs, and are required to be broken down according to the following functions:

- Acquisition
- Claims settlement
- Administration
- Asset management
- Other

Claims settlement costs are included in the administrative expenses for the insurance business, but are reported among claims incurred in the profit and loss account.

Operating expenses of the insurance business include, in addition to administrative expenses, acquisition costs and capitalisation of acquisition costs.

Investment income

Investment income pertaining to property and casualty insurance is reported in the non-technical result.

Investment income is transferred from non-technical account to the technical account of the insurance operations based on the net difference of the insurance operations' average technical provisions and outstanding net receivables. In calculating this investment return, the main interest rate used is one reflecting the yield on medium-term government bonds, taking into account the cash flow of the insurance business over time. During 1999, the company investment income was generated mainly by participations in investment pools operating in association with the corporate owners.

Taxes

Taxes paid

Taxes are calculated individually for each company, in accordance with the tax rules in the respective countries. Taxes paid also include non-deductible withholding taxes on dividend.

The company's branches abroad pay tax on their results in the countries concerned. In Sweden, the company is liable for tax on all income, including that of its branches in other countries. To the extent that the company pays tax in Sweden on income earned abroad, it is as a principle granted a deduction for the tax paid abroad, in order to prevent double taxation.

Taxes abroad include tax on the income of branches abroad and taxes at source on the returns on investment assets abroad.

Through the opportunity to make allocation to untaxed reserves in Sweden, the company is able to report a taxable income in Sweden that amounts to the sum necessary in order to obtain the maximum deduction against the taxes abroad.

In Sweden and Norway, company income tax on taxable income during the year was 28 per cent, and in Denmark 32 per cent.

Appropriations and untaxed reserves

Tax appropriations and untaxed reserves are reported only in the accounts of each legal entity and not in the consolidated accounts.

The tax code in Sweden allows companies to reduce their taxable income by making appropriations to untaxed reserves. These reserves are offset as appropriate against tax-loss carryforwards or become taxable when they are reversed. In accordance with Swedish practice, changes in these reserves are reported in the profit and loss account. Appropriations to untaxed reserves are shown in the profit and loss account under the heading "Appropriations". The accumulated total of these appropriations is reported in the balance sheet under the heading "Untaxed reserves". Of untaxed reserves, 28 per cent is considered a deferred tax liability and 72 per cent as shareholders' equity. The deferred tax liability may be described as a non-interest-bearing liability with an unspecified maturity.

In evaluating the company's financial strength, the total value of untaxed reserves is regarded as risk capital, since losses may generally be covered through reversals of these untaxed reserves, without taxes being payable. The various types of untaxed reserves are described below.

Contingency reserve

The contingency reserve represents a collective strengthening of the company's technical provisions for the benefit of policyholders. Access to the reserve is restricted and requires the approval of the regulatory authorities.

Tax allocation reserve

Swedish tax legislation allows appropriations to a tax allocation reserve under certain conditions. The appropriation may amount to a maximum of 20 per cent of taxable income. An appropriation must be reversed for taxation not later than in the sixth year after it was made. Appropriations to the tax allocation reserve may be used to even out earnings from year to year for tax purposes.

Deferred taxes

In addition to taxes paid, provisions are made for deferred taxes on profit and loss items that affect both earnings for the year and taxable income, but in different accounting periods (timing differences). Untaxed reserves are broken down into a 28 per cent deferred tax liability and 72 per cent shareholders' equity. Thus, there are no appropriations in the consolidated profit and loss account and no untaxed reserves in the balance sheet. Timing differences pertain primarily to the collective strengthening of technical provisions for the benefit of policyholders that is allowed in Sweden. Timing differences also refer to adjustments of the accounts of foreign subsidiaries to Swedish accounting principles. Tax-loss carryforwards are only considered to the extent that they correspond to deferred tax liabilities in the respective companies or to an extent corresponding to the companies' anticipated future earnings capacity. In calculating the deferred tax liability, the tax rates in each country are applied while taking known changes into account. The same tax rate is applied for calculation of deferred tax in the untaxed reserves of subsidiaries acquired. In Sweden, a tax rate of 28 per cent has been applied.

Deferred taxes are calculated on the reserve for unrealised gains, which is included in shareholders' equity. For this calculation, the tax rate for the country concerned is used.

As a result of the application of joint venture accounting, a deferred tax claim arises in connection with the transfer of Storebrand's property and casualty business. This claim is based on the difference between the tax and book values of the aforementioned net assets. Further information on this point is provided in the section "Accounting regarding the merger".

Group contributions

The Swedish tax code permits contributions to be rendered and received by Swedish limited companies under certain conditions, offering full rights to deduction and full tax obligation respectively.

If complies with the recommendation of the Standards Interpretation Committee of the Swedish Financial Accounting Standards Council (September 1998) on reporting of group contributions and shareholder contributions, and consequently reports group and shareholder contributions directly within shareholders' equity.

Dial

Dial is a wholly owned subsidiary of Skandia. Dial's insurance portfolio and employees will be transferred to If according to the agreement between Skandia and Storebrand. For 1999, Dial's portfolio is incorporated into If Property & Casualty Insurance via a reinsurance contract between Dial and If Property & Casualty Insurance. The number of employees at Dial, including information on their salaries, is reported within If Property & Casualty Insurance.

Proposed Appropriation of Profits

Unrestricted reserves in the IF Group totalled MSEK 5,294 at year-end.

The following amounts are available for distribution by the Annual General Meeting of shareholders in If Property & Casualty Insurance Holding Ltd:

MSEK	
Retained earnings from 1998	1,862
Dividend paid in 1999	-1,862
Net profit for the year	7
Capital contributions in 1999	<u>6,132</u>
	6,139

The Board of Directors and the President propose that a dividend of SEK 57.80 per share be paid to holders of Series A and B shares and that the remainder be carried forward	1,850 <u>4,289</u> 6,139
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Stockholm 27 June 2000

Åge Korsvold
Chairman of the Board

Idar Kreutzer

Lars-Eric Petersson

Ulf Spång

Bo Ingemarson
President and Chief Executive Officer

Our Auditors' Report was submitted on 27 June 2000

Anders Holm

Torsten Lyth

AUDITORS' REPORT

To the Annual General Meeting of shareholders in If Property & Casualty Insurance Holding Ltd

Reg. no. 556241-7559

This Auditors' Report replaces the one presented by us on 10 May 2000.

We have audited the annual accounts, the consolidated accounts and the administration of the Board of Directors and the President of If Property & Casualty Insurance Holding Ltd for the year 1999. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. The audit of the business transferred from Storebrand has been conducted by KPMG A/S, Oslo, and reported to us. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and the circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We have also examined whether any board member or the President has in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act for Insurance Companies or the company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Accounts Act for Insurance Companies and thereby give a true and fair view of the company's results and financial position in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of shareholders that the profit and loss account and balance sheet be approved, that the unappropriated profit for the parent company be distributed in accordance with the proposal contained in the board of directors' report and that the members of the board and the President be granted discharge from liability with respect to the financial year.

Stockholm, 27 June 2000

Anders Holm
Authorised Public Accountant
KPMG

Torsten Lyth
Authorised Public Accountant
Ernst & Young

Consolidated Profit and Loss Account

Including Pohjola as a share in earnings as of 1 July 1999.

MSEK	1 March 1999- 31 December 1999
TECHNICAL ACCOUNT	
Premiums earned, net of reinsurance	
Premiums written, gross	14,501
Premiums ceded	-1,115
Change in provision for unearned premiums and unexpired risks	14
Reinsurers' share of change in provision for unearned premiums and unexpired risks	<u>-286</u>
	13,114
Allocated investment return transferred from the non-technical account	1,176
Other technical income, net of reinsurance	10
Claims incurred, net of reinsurance	
Claims paid	
Gross	-13,126
Reinsurers' share	2,781
Change in provision for claims outstanding	
Gross	-3,732
Reinsurers' share	<u>1,451</u>
	-12,626
Operating expenses	-3,152
Other technical charges, net of reinsurance	<u>-7</u>
Technical result	-1,485
Non-technical account	
Investment result	
Investment income	3,629
Unrealised gains and losses on investments	229
Investment charges	<u>-494</u>
	3,364
Allocated investment return transferred to the technical account	-1,176
Share of profits by Pohjola, pre-tax	1,231
Result on sale of Vesta operations	<u>1,198</u>
Operating result	3,132
Tax	<u>- 1,114</u>
Profit for the year	2,018

Consolidated Balance Sheet

Including Pohjola as a share in earnings as of 1 July 1999.

MSEK

31 December 1999

Assets

Intangible assets

Goodwill 106

Investments

Land and buildings 45

Loans to affiliated companies 7

Participating interests 16

Other financial investments 30,497

Deposits with ceding undertakings 2,314

32,879

Reinsurers' share of technical provisions

Provision for unearned premiums 409

and unexpired risks

Provision for claims outstanding 7,164

7,573

Deferred tax claim

Deferred tax claim 1,370

Debtors

Debtors arising out of direct insurance operations 2,162

Debtors arising out of reinsurance operations 910

Other debtors 11,953

15,025

Other assets

Tangible assets 155

Cash at bank and in hand 3,124

Securities settlement claims 127

3,406

Prepayments and accrued income

Accrued interest and rent 511

Deferred acquisition costs 912

Other prepayments and accrued income 573

1,996

Total assets

62,355

Consolidated Balance Sheet

MSEK

31 December 1999

Shareholders' equity, provisions and liabilities

Shareholders' equity

Share capital	640
Statutory reserve in parent company	400
Reserve for unrealised gains	1,346
Other restricted reserves	4,779
Profit/loss brought forward	3,276
Net profit for the year	<u>2,018</u>
	12,459

Minority interests 2

Technical provisions, gross

Provisions for unearned premiums and unexpired risks	7,837
Claims outstanding	<u>30,351</u>
	38,188

Provisions for other risks and charges 489
Provisions for deferred tax liability 1,135
Deposits received from reinsurers 17

Creditors

Creditors arising out of direct insurance operations	1,126
Creditors arising out of reinsurance operations	240
Derivatives	77
Other creditors	<u>8,027</u>
	9,470

ACCRUALS AND DEFERRED ACQUISITION COSTS

Reinsurers' share of deferred acquisition costs	58
Other accruals and deferred income	<u>537</u>
	595

TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES 62,355

MEMORANDUM ITEMS

Assets pledged	301
Assets covered by policyholders' beneficiary rights	1,883
Contingent liabilities	615
Commitments resulting from repurchase transactions	None