



Press release

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IF P&C INSURANCE FIRST QUARTER RESULTS 2000

- Group operating result of MSEK 355
- Combined ratio 113 per cent (Q1-99 116, full-year 118)
- Investment return MSEK 1 041
- Return on Net Asset Value 11.7 per cent annualised
- Premium rate increases starting to effect the results
- E-commerce strategy and implementation develop according to plan
- Extensive marketing campaign launched in Denmark, Norway and Sweden

Group results (MSEK)	Jan-Mar 2000 Pro forma ¹	Jan-Mar 1999 Pro forma ²
Premiums earned	5 348	4 780
Claims incurred	-4 812	-4 380
Operating expenses	-1 222	-1 184
Technical result before allocated interest	-686	-784
Investment result	1 041	951
Operating result	355	167
Claims ratio	90%	91%
Expense ratio	23%	25%
Combined ratio	113%	116%

Comments from Bo Ingemarson, CEO of If

“If is now in full operation under its own brand in Denmark, Norway and Sweden. Hopefully If will be launched in Finland in the near future.

The combined ratio improved in Q1 2000 to 113 per cent from 116 per cent Q1 1999 and 118 per cent full-year 1999. A favourable investment return contributed to an operating result of MSEK 355.

¹ Includes property and casualty business contributed by Pohjola

² Including property and casualty business contributed by Pohjola. Investment result based on historical index returns and assuming investment mix in line with future asset allocation of the Group (75% fixed-income, 25% equities)

Premium increases implemented in late 1999 and at the beginning of 2000 are beginning to have an effect on the result but it will take up to 24 months for them to have full effect. Premium increases in all business areas are expected to continue according to plan throughout 2000.

The claims ratio was 90 per cent compared to 91 per cent Q1 1999. A high frequency of large claims had a negative effect on the result, but claims are however more than offset by the increase in net earned premiums. Increases in premiums and contributions from the continuous focus on cost reductions throughout the business have decreased the expense ratio from 25 per cent to 23 per cent.

Due to significant premium increases renewals have been lower than last year leading to a desirable pruning of the portfolio.

The technical result of business in run-off for Q1 was positive.

An extensive marketing campaign was launched at the end of March across Denmark, Norway and Sweden and was well received. New services and products have been introduced during the campaign.

The development of Internet services continues according to schedule. We have now launched a claims settlement system and sales processes system for motor which are integrated with call centres through a call-back function. A basic personalised website for our customers has been launched in Sweden – at www.if-skadeforsakring.se.

We still aim for a target combined ratio of 103/105 per cent in the medium to long term and believe this is achievable through the actions undertaken in all parts of the business.

An extraordinary general meeting at Pohjola will be held on 12 May 2000 concerning the final completion of If. This has caused uncertainty for our customers and employees in Finland.”

Group results

On a pro forma basis* premiums earned for Q1 2000 were MSEK 5,348 (MSEK 4,780)**. Claims incurred were MSEK –4,812 (MSEK –4,380) and expenses were MSEK –1,222 (MSEK –1,184). The operating result before tax was MSEK 355 (MSEK 167).

The claims ratio was 90 per cent (91) and the expense ratio was 23 per cent (25). The combined ratio was 113 per cent (116).

Business area comments

Private had net premiums earned of MSEK 2,572 in Q1 (MSEK 2,328). The combined ratio was 112 per cent (113), with an expense ratio of 25 per cent (25).

* The result for 2000 are pro forma due to the fact that we are awaiting the Finnish authorities approval. Pohjola is included in the figures line by line.

** Numbers in parentheses are comparative numbers for 1999.

The improved performance in Q1 2000 compared to Q1 1999 was mainly driven by continued premium increases during Q1, particularly in Norway. Increases in premium rates have been successfully implemented. Due to premium increases, renewal rates are slightly lower than 1999, but still at a high rate.

During Q1 call centre functions across the region have been implemented drawing on the best practices from experience in Sweden. This will significantly improve the distribution process.

Commercial had net premiums earned of MSEK 1,879 in Q1 2000 (MSEK 1,703). The combined ratio was 114 per cent (120), with an expense ratio of 21 per cent (24). A strong focus on expense reductions has contributed to the lower expense ratio.

In Q1, large claims are still above normal. Motor, across the business area, showed weak performance.

The implemented premium increases continue according to plan, most of which were implemented in Norway. As expected new sales were lower than last year in some lines of business. Significant premium increases were made within Workers' Compensation in Norway. Despite this renewals were higher than expected.

Development of a web-enabled information system has started in Commercial which will enable If to develop the most modern processes within underwriting and claims handling in the Nordic area, both in terms of productivity and services to the customers.

Industrial had net premiums earned of MSEK 686 in Q1 (MSEK 562). The increase is mainly due to a reduction in premiums ceded as treaty reinsurance. The major part still consists of traditional property lines of business. Risk financing solutions will become more important and the focus on developing services is strong. The combined ratio was 109 per cent (113), with an expense ratio of 21 per cent (23).

Premium increases were made in Workers' Compensation in Norway in particular and in motor by 5-10 per cent across the Nordic area.

Cost reductions are in focus and will continue throughout 2000.

Marine & Energy had net earned premiums of MSEK 211 in Q1 (MSEK 184). The combined ratio was 119 per cent (126), with an expense ratio of 20 per cent (25).

The competition is still fierce and therefore the envisaged premium increases have not yet been fully implemented.

The joint management company that is being established together with GARD P&I will be implemented from 1 July 2000. A new management team is already appointed. Gard will own 60 per cent and If 40 per cent of the new company. The company will underwrite risk on behalf of its owners individually and not carry any risks itself.

Investments

The investment return from January to March was MSEK 1 041, corresponding to 2.1 per cent. Equities accounted for MSEK 782 and interest-bearing investments for MSEK 259. The total return, including changes in unrealised gains/losses on fixed-income investments carried at amortised cost, was MSEK 1 223.

Pooling of investment returns continues in relation to Pohjola.

Outlook for 2000

Continuing actions to improve the technical result throughout 2000 include:

- Further increases in premium rates in all business areas
- Introduction of products targeted at small enterprises in Commercial
- Individual product and pricing in Private
- Focus on the identified improvement programs, including cost synergies
- Implementation of e-commerce strategy and applying internet technology to our operation.

Solna, Sweden, 5 May 2000

Bo Ingemarson
President and CEO

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Reports 2000

Q2 August 8

Q3 November 1

Appendices