
Presentation 2000 Results

9 February 2001

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2000 in Brief

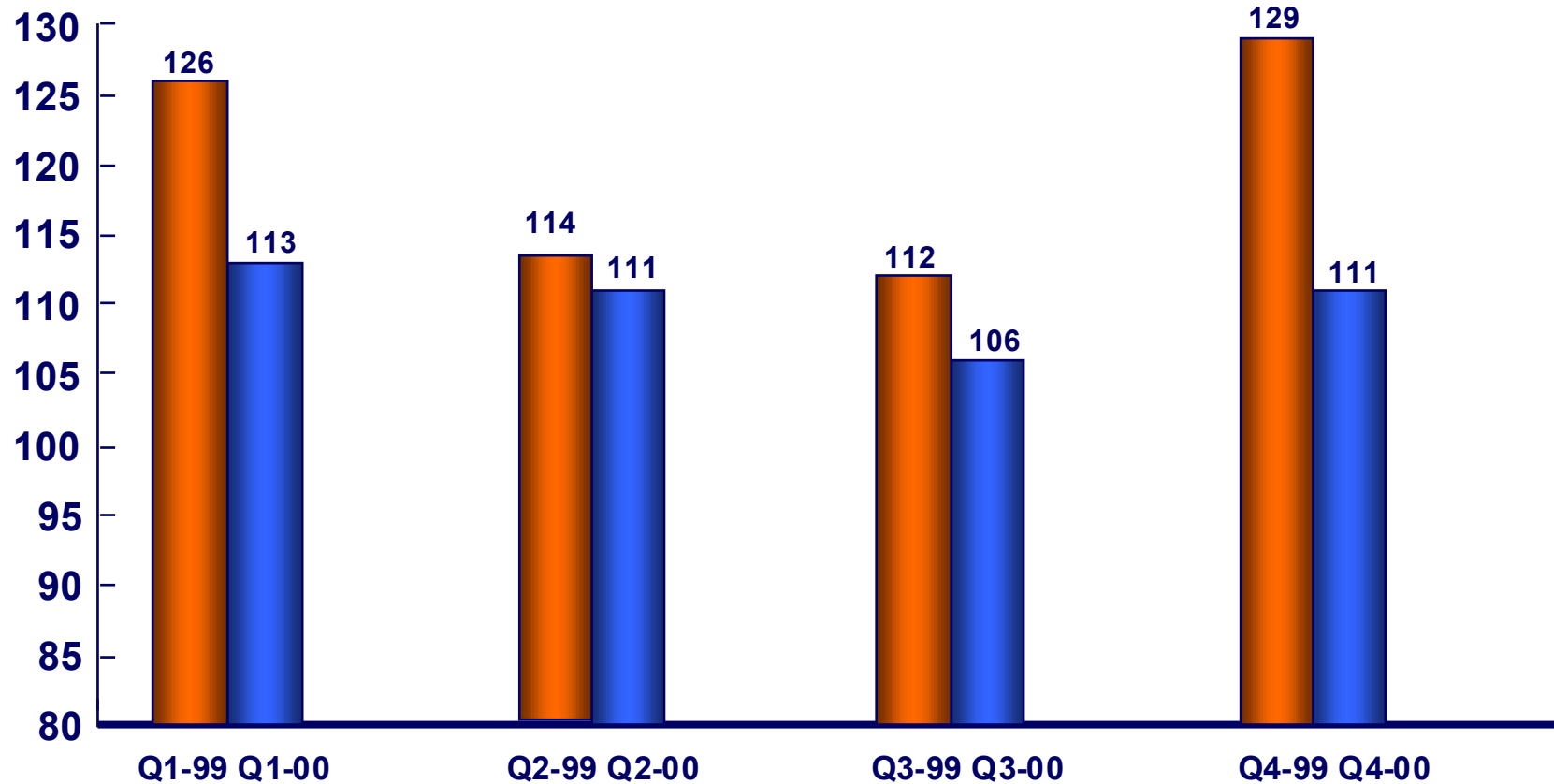
“...a year of core business improvement”

- **Improved combined ratios in all Business Area**
 - **CR 2000 110%, Q4:00 111%**
 - **CR 1999 120%, Q4:99 129%**
- **Significant premium increases realised**
- **Expense ratio down by 1 percent from 24% to 23%**
- **Operating result based on normalised investment result SEK 1.5 bn higher than 1999**
- **Total investment return MSEK 1 402 or 3.6%, statutory return 1 079**
- **Statutory operating result MSEK -989, Q4 -632**



Combined Ratio % - If Group Quarters Isolated

“...consistent improvement quarter over quarter”



Areas Affecting 2000 Group U/W Result

Improvement due to:

- **Improved risk profile in the portfolio**
- **Growth in all Business Areas due to successful implementation of premium increases**
- **Manning reduction in Commercial, IRS and M&E/GARD Services**
- **Transformation processes start to show result within**
 - **distribution**
 - **product & pricing**
 - **claims handling**

Increased costs due to

- **unusual level of flooding**
- **start-up costs for Finland and common general ledger**
- **New Nordic base system**



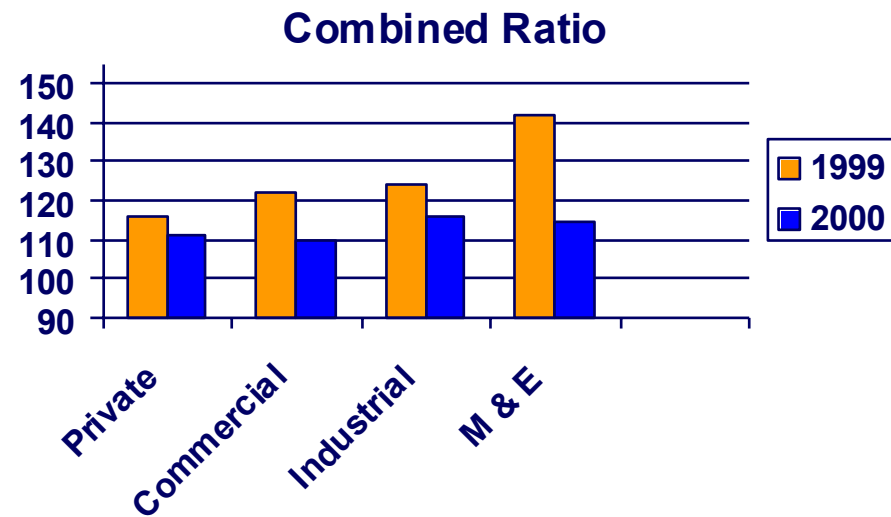
A Deliberate and Dedicated Effort in Our Core Processes

- Success in Core Processes fundamental

to our business

- Distribution
- Product / pricing
- Claims handling

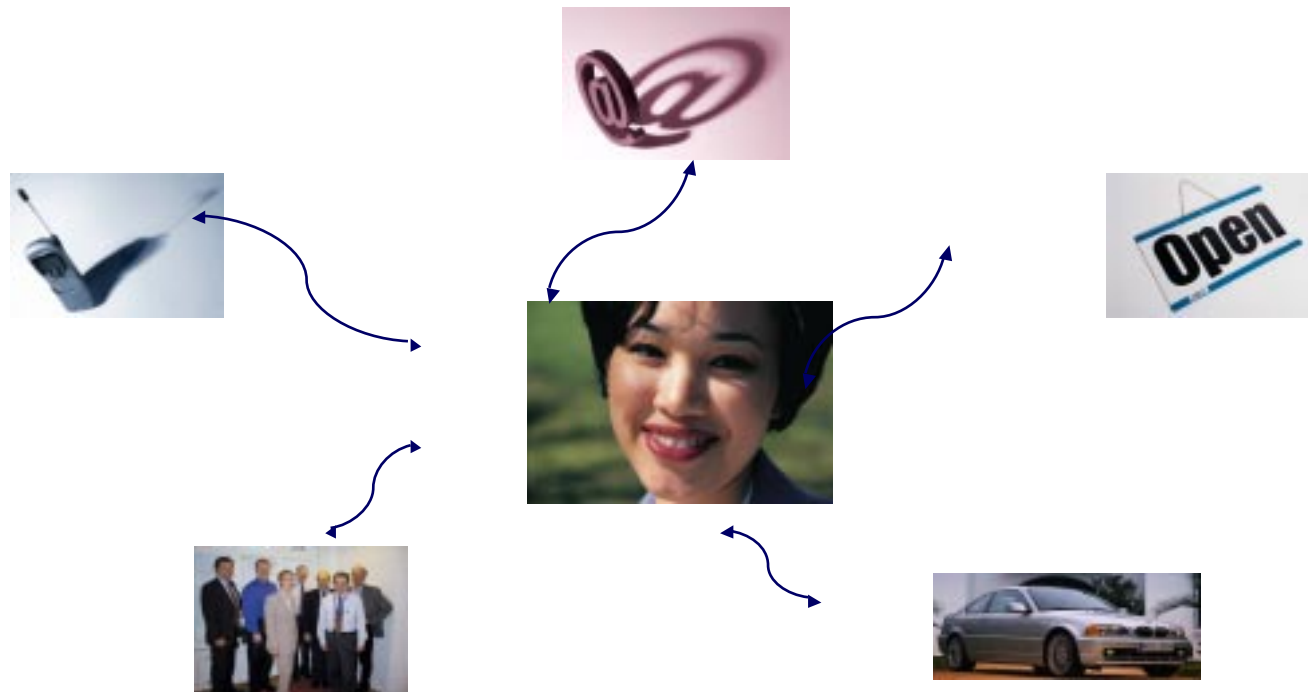
- Right price for the right risk
- Call centres
- Claims centres
- E-enabling all processes



Multi-channel Distribution

“...customer driven transformation”

- **Customer demand for service and attention direct our development of distribution channels**



Distribution

”...transformation well on its way”

PRIVATE:

- Outbound and inbound call centres operative in all countries

COMMERCIAL:

- Call centres implemented for small customers segment

INDUSTRIAL RISK SOLUTIONS:

- Implementation of Client Team Model
- Network co-operation with Winterthur

MARINE & ENERGY:

- Joint products offering together with GARD P&I

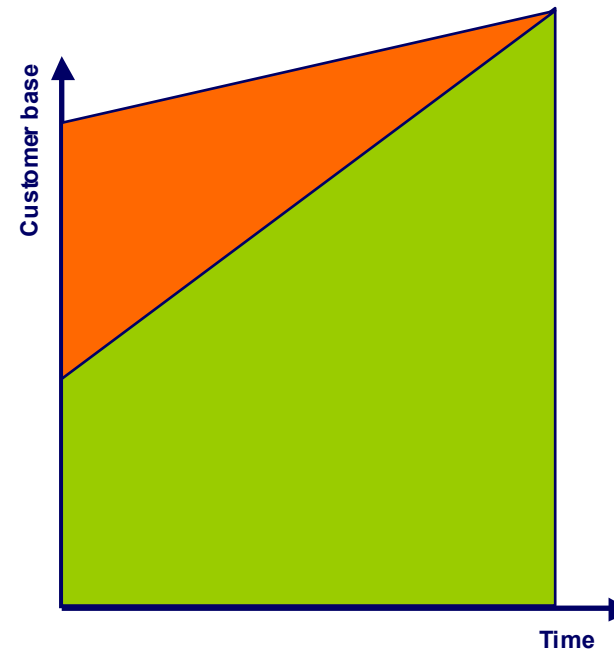


Product & Pricing

“...correct pricing is essential to our overall success”

Bad Apples, a project example:

- Drawing on Nordic experience
- Identifying non-profitable customers
- Changing the relationship:
 - Premiums
 - Deductibles
 - Precaution
 - Termination
- Green Apples and extension
- Common Nordic underwriting guidelines - fewer bad risks in portfolio
- 2 years to reach full P&L effect



- Bad Risk
- Good Risk



Claims Handling

“...claims handling methods refined”

PRIVATE:

- Customers in all countries can report claims via Internet
- Differentiated claims handling
 - Green
 - Yellow
 - Red

COMMERCIAL & IRS:

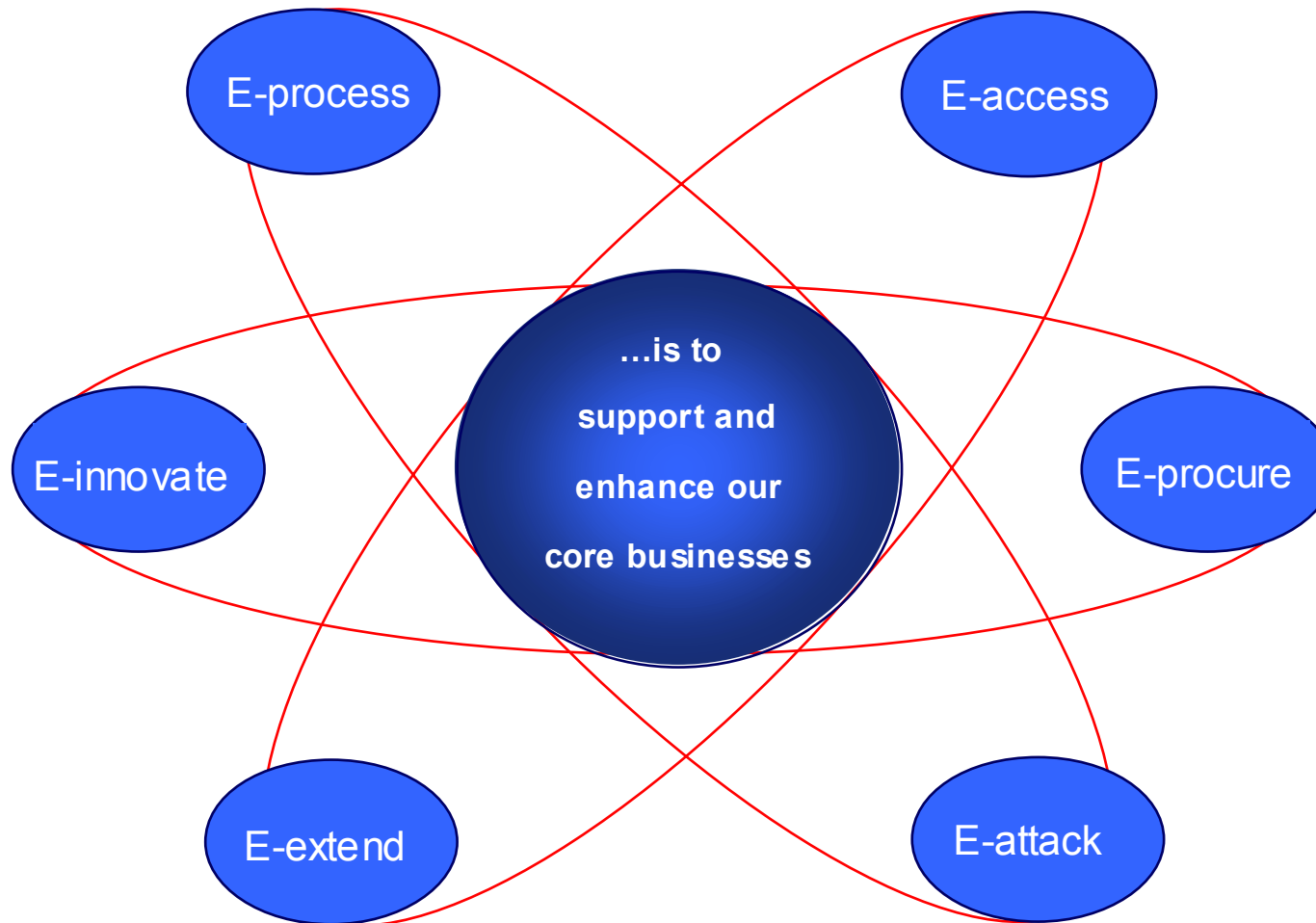
- 60% of all claims handled in claims centres
- Claims centres have improved productivity
- Claims expert teams quickly in place to limit damage
- Risk managers pro-active

MARINE & ENERGY:

- Co-operation with GARD Services A/S realises benefits of scale
- Joint claims expertise a competitive strength



Our e-mission...



Finland

“...a long-term venture in a highly promising market”

- **Focus on modern distribution technology**
- **Call centre in Åbo/Turku established and operative, policies sold for Private and IRS**
- **A broker friendly approach**
- **Pension and Workers-comp distribution arrangement with Sampo**
- **Marketing campaign launched in January 2001**
- **Continuously monitoring the market for expansion**
- **40 employees**



Volvia Acquisition

- **Agreement with Volvo to acquire Volvia insurance portfolio**
- **Effective from 1 Jan 2001**
- **Strong Motor insurance brand in Sweden, also present in Norway and Finland in line with If's pan-Nordic strategy**
- **GWP in 2000 SEK 1.3 bn**
- **Previous co-operation with If/Dial**
- **Cross selling opportunities**
- **Merger synergies**



Outlook for 2001

“...moving towards financial targets”

- **New equity from owners MSEK 500**
- **Hybrid capital Euro 200 M to be issued in Q1**

- **Premium increases continue to flow into the P&L**
- **Further differentiated premium increases across Business Areas**
- **Continued work to realise cost synergies**
- **Focus on skills transfer and best demonstrated practice**




- **Nordic restructuring and consolidation to continue**



CFO Tom Rathke

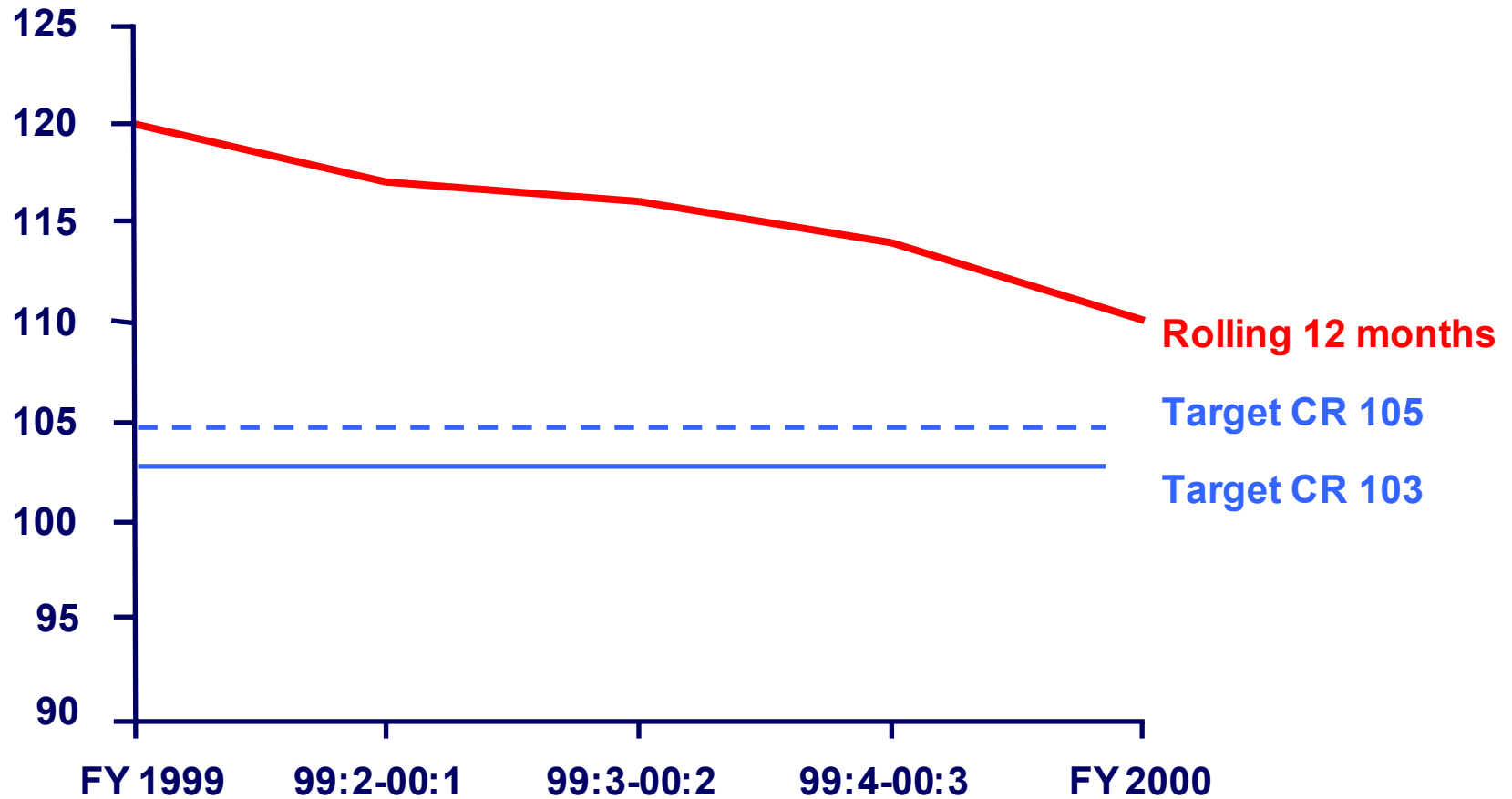


Highlights

- **Gross Written Premiums:** 20,4 bn  **+ 9%**
- **Combined ratio:** 110%  **-10% -points**
- **Expense ratio:** 23%  **- 1% -point**

Rolling 12 Months Trend - Combined Ratio %

"... trend towards target CR"



Private

MSEK	<u>2000</u>	<u>1999</u>	<u>Q4:00</u>	<u>Q4:99</u>
GWP	9 191	8 604	2 267	1 998
NEP	8 580	7 837	2 328	2 047
Combined ratio	111%	116%	115%	122%

- Premium increases implemented
- Improved risk selection
- Increased customer activity
- Increased extension - more policies per customer
- Floods in Q4 hit P&L with MSEK 100



Commercial

MSEK	<u>2000</u>	<u>1999</u>	<u>Q4:00</u>	<u>Q4:99</u>
GWP	6 609	6 023	1 588	1 156
NEP	6 187	5 404	1 652	1 227
Combined ratio	109%	122%	107%	140%

- **Increased premiums and fewer large claims**
- **Underwriting project implemented**
- **Cost reduction and manning reduction**
- **Increased productivity in claims centres**
- **Go-ahead decision taken on common Nordic base system**



Industrial Risk Solutions

MSEK	<u>2000</u>	<u>1999</u>	<u>Q4:00</u>	<u>Q4:99</u>
GWP	3 349	2 923	725	395
NEP	1 857	1 375	515	341
Combined ratio	115%	124%	128%	113%

- Premium increases and net gain of customers
- Attention to captive business profitability
- Higher retention from new pan-Nordic reinsurance programme
- Network co-operation with Winterthur
- Headcount reduction improves expense ratio and productivity



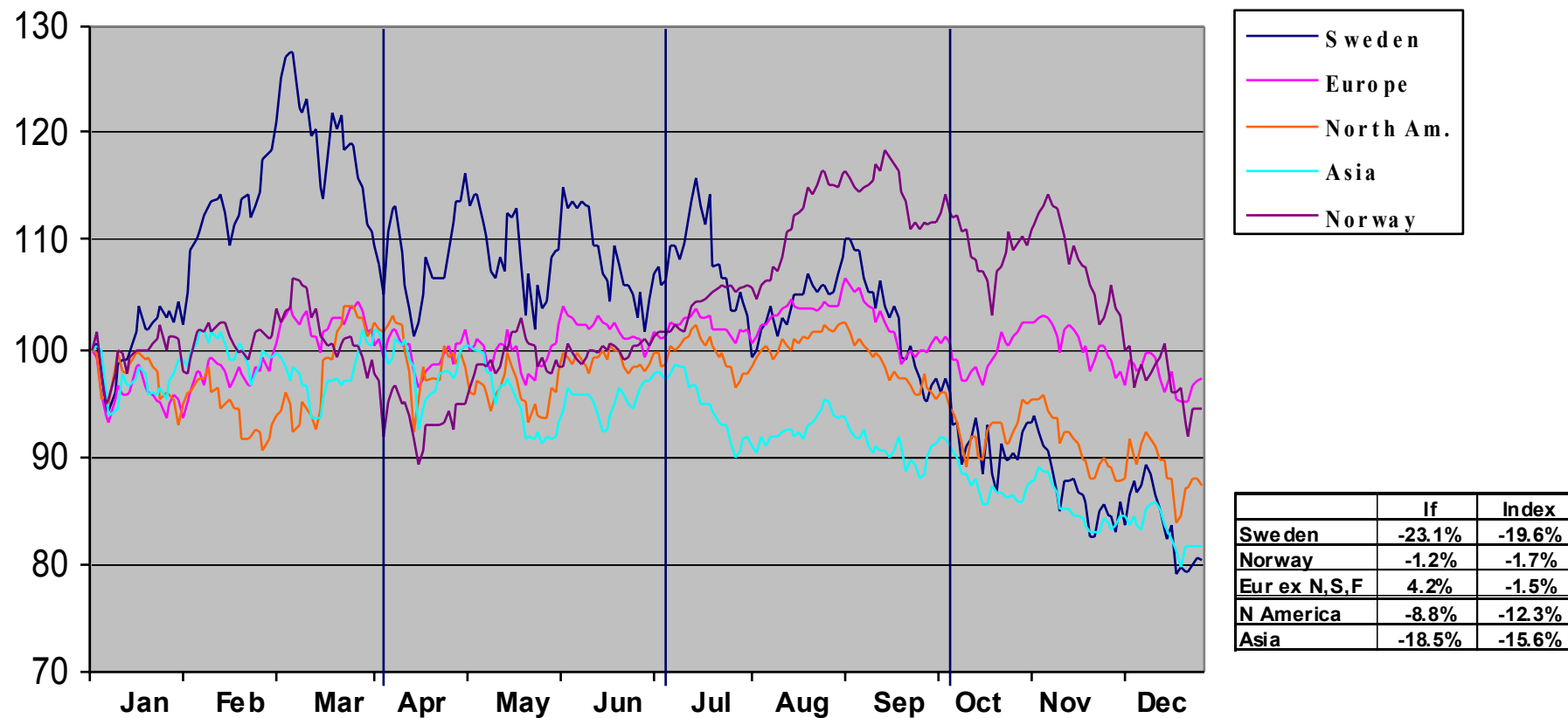
Marine & Energy

MSEK	<u>2000</u>	<u>1999</u>	<u>Q4:00</u>	<u>Q4:99</u>
GWP	1 267	1 182	298	244
NEP	905	721	118	155
Combined ratio	115%	140%	117%	169%

- Many competitors exit the market
- Severe pruning of bad risks
- Premiums flat in 2000
- Expense synergies through GARD Services joint venture



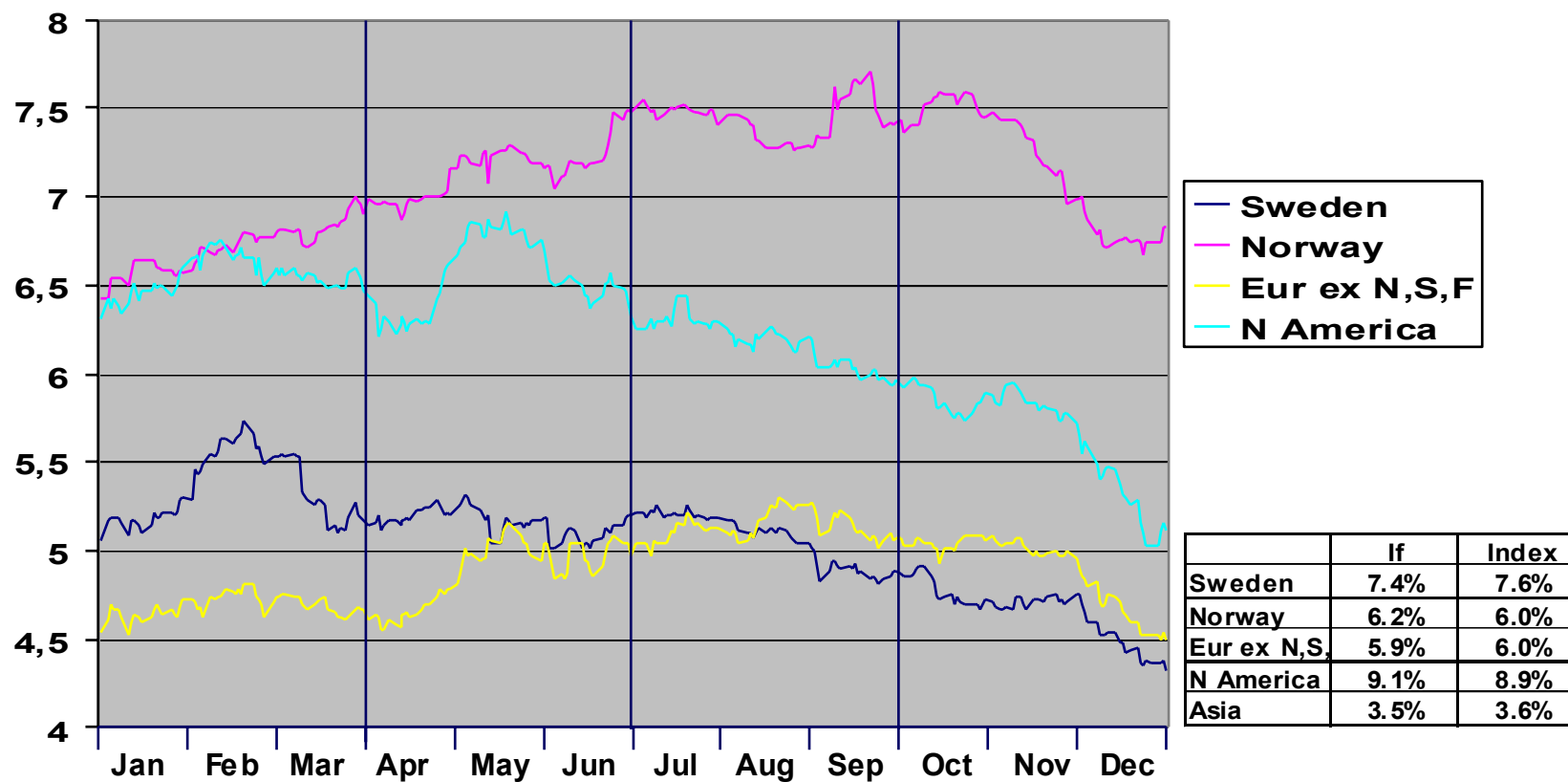
Equity Market Index Development 2000 (Rebased to 100)



Note: 1) Sweden: MSCI Sweden, 2) Oslo TOTX, 3) Europe: MSCI Europe, ex. S, N, F,
4) North America: MSCI North America, 5) Asia: MSCI Developed Asia



Bond Yields %



3 Y bonds yields have been used to approximate a modified duration of 2.5 Y



Performance relative to benchmark

Market weights and performance relative to index			
Asset class	Weight (%)	Return (%)	Index (%)
Fixed income	79%	7,1%	7,0%
Sweden	25%	7,4%	7,6%
Norway	25%	6,2%	6,0%
Europe ex Sw, No & Fi	10%	5,9%	6,0%
N America	17%	9,1%	8,9%
Asia	3%	3,5%	3,6%
Equities	21%	-7,0%	-9,8%
Sweden	2%	-23,1%	-19,6%
Norway	1%	-1,2%	-1,7%
Europe ex Sw, No & Fi	6%	4,2%	-1,5%
N America	10%	-8,8%	-12,3%
Asia	3%	-18,5%	-15,6%
Subtotal	100%	3,6%	3,5%
Run-off		5,9%	
Total		3,6%	3,5%

Note:

Individual asset class returns are based on performance numbers. Total return numbers are net of asset management fees, currency hedging costs and other investment related costs.



Normalised Investment Result

- Investment fluctuations distort the long-term earnings power perception
- We have decided to show result based on normalised investment returns
- Assumptions:
 - Investment mix (according to investment policy 2000)
 - Fixed-income 77.2%
 - Equities 22.8%
 - Assumed return on investments
 - Fixed-income 5.2% (historical return)
 - Equities 8.7% (5.2% + 3.5% ERP)
 - Total return 6.0% (weighted)
- Normalised investment result MSEK 2 145, statutory investment result MSEK 1 079



Group Results Highlights (MSEK)

Group result highlights (MSEK)	2000	1999	Q4 2000	Q4 1999
Premiums earned	17 545	15 674	4 569	3 853
Claims incurred	-15 220	-14 988	-3 973	-4 181
Operating expenses	-4 115	-3 835	-1 105	-803
Underwriting result before Q2:00 launching expense	-1 790	-3 149	-509	-1 131
Normalised investment result	2 145	1 948	538	466
Operating result including normalised investment result	247	-1 293	-5	-688
One-time launching expenses Q2 2000	-170	-	-	-
Statutory investment result adjustment	-1 066	736	-627	1 290
Statutory operating result	-989	-557	-632	602
Claims ratio	86.8%	95.6%	86.9%	108.5%
Expense ratio	23.4%	24.4%	24.2%	20.8%
Combined ratio	110.2%	120.0%	111.1%	129.3%



Financial Targets

Combined Ratio	105 / 103%
Solvency Ratio	55% to support A-rating
RONAV	10 year risk free rate +6% points
Dividend Policy	Dividends in line with solvency targets

Financial targets optimize risk-adjusted
shareholder value creation



If's Earnings Power - Illustrative

Assumptions

Investment assets	37	Premiums earned	18
Reserves	33	Net claims	-15
Net Asset Value	8	Expenses	-4
		UW result target	-1

P&C as funding

Claims ratio	83%
Expense ratio	22%
Combined ratio target	105%
Cost of reserves	1/33 = 3.0%

Cost of reserves	33 @ 3.0%	=	-1.0
Return on Investments	37 @ 6.0%	=	<u>+2.2</u>
			<u>+1.2</u>
Return on NAV	1.2/8	=	15.0%

Efficient Capitalisation supports Profitability



2000 in Brief

- **MSEK 1 359 improvement in our uw-result**
- **Weak capital market returns in 2000, If outperformed**
- **Operating result including normalised investment result MSEK 247**
- **Well on our way towards our financial targets**
- **Financial targets support strong earnings power**

Thank you for your attention!
Q&A's next

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