



SVENSKA BRAND

ANNUAL REPORT
1999





CONTENTS

HIGHLIGHTS OF 1999	1
PRESIDENT'S STATEMENT	2
THE SVENSKA BRAND SHARE	4
BUSINESS CONCEPT, GOALS AND STRATEGIES	5
INDUSTRY, MARKET AND CUSTOMERS	6
THE WORLD AROUND US	7
HOUSEHOLDERS AND HOMEOWNERS INSURANCE	8
COMMERCIAL INSURANCE	9
HEALTH/MEDICAL INSURANCE	10
LOSS PREVENTION	11
ADMINISTRATION REPORT	12
CONSOLIDATED PROFIT AND LOSS ACCOUNT	14
CONSOLIDATED BALANCE SHEET	15



PARENT COMPANY PROFIT AND LOSS ACCOUNT	16
PARENT COMPANY BALANCE SHEET	17
SVENSKA BRAND IN SUMMARY	18
FIVE-YEAR SUMMARY	19
ACCOUNTING PRINCIPLES	20
NOTES	20
PROPOSED DISPOSITION OF EARNINGS	27
AUDITORS' REPORT	28
GLOSSARY	29
BOARD OF DIRECTORS AND AUDITORS	30
SENIOR MANAGEMENT	31

HIGHLIGHTS OF 1999

YEAR IN BRIEF

- ▶ IN THE SUMMER SVENSKA BRAND acquired the Belgian insurance company AXA-Royale Belge's (UAP) operations in Sweden, and during the winter the two companies moved into new joint premises on Sturegatan 38.
- ▶ STRONG SALES growth.
- ▶ SVENSKA BRAND's property in Gamla Stan was sold.
- ▶ AN OFFICE was opened in Malmö.
- ▶ SUBSTANTIAL WATER, FIRE AND STORM DAMAGE in November and December led to higher claims costs.
- ▶ THE YEAR'S DRAMATIC STOCK EXCHANGE UPSWING improved the company's return on equity and profit.
- ▶ STRUCTURAL TRANSFORMATION of the insurance industry reduced the number of competitors during the year.

KEY RATIOS

	1999	1998
GROSS PREMIUMS WRITTEN, DIRECT INSURANCE, MSEK	135.2	77.5
GROSS PREMIUMS WRITTEN, INWARD REINSURANCE, MSEK	21.5	18.8
PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAX, MSEK	70.9	33.4
PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAX PER SHARE, SEK	56.71	26.72
RETURN ON ADJUSTED NET ASSET VALUE, %	24	15
NET ASSET VALUE, MSEK	279.0	217.3
NET ASSET VALUE PER SHARE, SEK	223	174
ADJUSTED EQUITY RATIO, %	35	55
SOLVENCY MARGIN, %	309	496
GROSS CLAIMS RATIO, %	84	56
GROSS EXPENSE RATIO, %	34	36
GROSS COMBINED RATIO, %	118	92

THE YEAR WE INCREASED OUR PORTFOLIO BY 150%

PRESIDENT'S STATEMENT

The key event of 1999 was the acquisition of the Belgian insurance company AXA-Royale Belge's (UAP Sweden) operations with a premium volume 1.5 times the size of Svenska Brand's direct sales volume. The acquisition has doubled Svenska Brand's share of the market for commercial and real estate insurance. The company has considerably strengthened its offering in commercial insurance and has expanded into a new market segment – personal insurance.

GROWTH STRATEGY

In 1996 Svenska Brand's Board of Directors decided to expand the company's volume. This was to be achieved through both organic growth and acquisitions. Organic growth has taken place primarily through the opening of offices in Gothenburg during 1998 and Malmö during 1999. This strategy has been successful and during 1999 contributed to a 19 per cent increase in premiums written in the "old" Svenska Brand.

But finding a suitable insurance portfolio for acquisition proved to be no easy matter. Not until March 1999, when we came in contact with AXA-Royale Belge's Swedish operations, did we find a portfolio that fit hand in glove. Like Svenska Brand, UAP Sweden was a niche insurer

with a focus on small to medium-sized companies and property owners. In addition, UAP's offering included medical insurance – an area that is showing powerful growth and is therefore of particular interest.

SMALLER THAN THE INDUSTRY GIANTS

The two companies have now joined forces and operate under the Svenska Brand name. All UAP staff have been employed and have moved into Svenska Brand's new offices on Sturegatan 38. Although the number of employees has doubled – from just over 30 to 62 – we are still small enough to maintain personal contact with our customers. A special project group is working with important corporate culture and profiling matters.

STRONGER SALES ORGANIZATION

With the new organization we have created an array of new possibilities. We are strengthening our existing sales channels – direct sales and brokers. Geographically, we have made advances through the addition of a customer base in Norrland – an area where the old Svenska Brand had a weak market position.

UAP's claims management activities

were outsourced to an external company. One of Svenska Brand's hallmarks is that we handle our own claims management, which is our way of strengthening the customers' ties to the company and earning their loyalty. Our claims management resources will now be extended so that our own personnel can handle the entire volume.

NEW AND EXPANSIVE NICHE

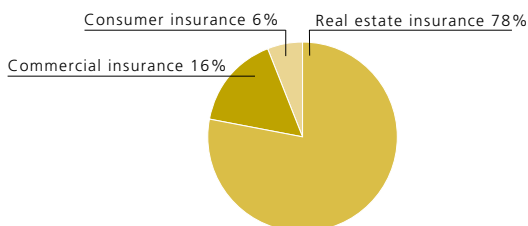
The market for commercial and real estate insurance is mature. Expansion will therefore take place primarily in the personal insurance area, a niche on which we will have an aggressive focus in the next few years – in both marketing and development of new products. Personal insurance will be given a more prominent role in our business.

SUSTAINED HIGH RETURN ON CAPITAL

Last year I had the pleasure of reporting a 14 per cent return on capital in asset management at the same time that we achieved a positive result in our insurance business. At that time I predicted that we would not be able to sustain the 1998 record return on total capital. But to my delight, these doubts were not confirmed. Instead, we achieved a 26 per cent return on total cap-

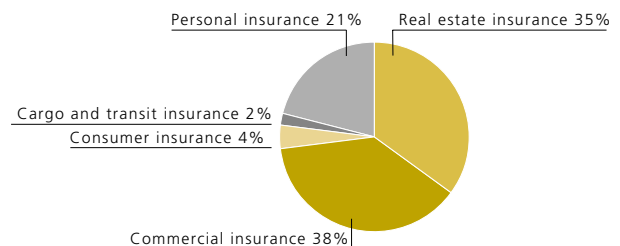
TOTAL ANNUAL PREMIUMS
"OLD" SVENSKA BRAND

89.5 MSEK



TOTAL ANNUAL PREMIUMS
"NEW" SVENSKA BRAND

223.6 MSEK



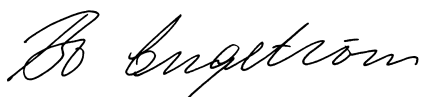
ital, which must be ascribed to the year's dramatic upswing on the stock exchange. On the other hand, we experienced a higher claims frequency and claims costs due to a higher incidence and severity of water damage than in 1998, a large number of fires and heavy storms during November and December. The effects were alleviated somewhat in that the portfolio was reinsured, but these claims undermined profitability in our insurance business and led to a negative result. We are continuing our focus on loss prevention measures to create the conditions for a balanced result in insurance operations.

A RECORD PROFIT

The high return on capital enabled Svenska Brand to post its best results since the company's formation in 1992. Profit before tax was MSEK 70.9, an increase of 100 per cent over the preceding year!

The acquisition of UAP gave Svenska Brand another leg to stand on. Despite intense competition, this, and the fact that a number of competitors have disappeared from the market, gives me confidence for the year ahead.

Stockholm, February 2000



Bo Engström
PRESIDENT & CEO



######

INSURANCE FOR PROPERTY OWNERS AND COMPANIES

BUSINESS CONCEPT,
GOALS AND STRATEGIES



Svenska Brand's new head office is located on Sturegatan 38 in Sweden. At present, 55 people work here.

BUSINESS CONCEPT

Svenska Brand's business concept is to satisfy the security needs of property owners, companies and groups of people nationwide by offering well suited insurance solutions. The company shall be characterized by strong commitment, high expertise in its defined areas and sensitivity to the customers' situation.

GOALS

Svenska Brand's goal is to have a maximum short-term combined ratio of 100 per cent – i.e. premiums earned are not in

excess of, or are equal to, claims and operating expenses.

The long-term yield requirement is a return of 10 per cent on adjusted net asset value before appropriations and tax. The solvency margin should amount to a minimum of 150 per cent in the long term.

The market goal is for Svenska Brand to expand in existing markets. Profitability is prioritized over volume.

STRATEGIES

Svenska Brand will continue to be a highly niched company. The ambition is to be

the best alternative for property owners, tenant-owner associations, small to medium-sized companies and in selected segments of the personal insurance market. Svenska Brand's strategy includes being better than the competitors at assessing and evaluating risks. A continued focus on loss prevention will reduce the company's weightiest expense item – claims costs.

A CHANGING INDUSTRY

INDUSTRY, MARKET
AND CUSTOMERS



Svenska Brand is very much a part of the restructuring process taking place in the Swedish insurance market. In the past few years, a rising wave of mergers and acquisitions has swept through the industry.

Svenska Brand's acquisition of AXA-Royale Belge's Swedish operations in the summer of 1999 is a good example of the ongoing structural rationalization process.

Other examples are Folksam's acquisition of British Commercial Union, Danish/British Codan's acquisition of Trygg Hansa's non-life insurance with the exception of its industrial and marine division, which were taken over by Zürich of Switzerland. A pan-Nordic insurance company has been formed by Norwegian Storebrand, Finnish Pohjola and Skandia non-life insurance.

INCREASED GLOBALIZATION

Apart from Svenska Brand, there are just over 80 other non-life insurers in Sweden. Many foreign insurance companies are

member states. However, most of these foreign companies are not likely to conduct operations in the Swedish market.

MORE INSURANCE VIA BROKERS

Another trend in the market is affecting the channels for distribution of insurance products. Insurance has traditionally been sold by the company's own sales staff. Then, ten years ago, the broker law went into effect and a new sales channel was created – the insurance broker. The broker's task is to find the insurance solution that is best suited to the customer's needs with regard to premiums, conditions and the solvency of the insurer. Brokers account for around 25 per cent of the insurance companies' premiums earned in commercial and real estate insurance.

The number of insurance brokers has risen dramatically in recent years. In 1999, some 400 registered insurance brokers were active in around 165 brokerage firms. The concentration process has also

showing an interest in Sweden. In December 1999, 22 foreign non-life insurers were represented in Sweden via agencies or branch offices. The largest of these are headquartered in Switzerland, the U.S., Germany, the U.K. and Finland. Added to these are some 300 foreign non-life insurers from other EEC countries that have declared their intent to the Swedish Financial Supervisory Authority to conduct international operations in Sweden. A concession granted for insurance operations in one EEC country applies in all

affected insurance brokers. A few large companies dominate, while the others are small businesses. Sweden's largest insurance broker is the American Marsh McLennan, which acquired Max Mathiessen Försäkringsmäklare in 1998. The tendency is for the large multinational insurers to take over a rising share of the insurance brokered in Sweden.

MORE SALES CHANNELS

In 1999 a new distribution channel was established – insurance brokerage via the Internet. Two Internet brokers of non-life insurance were registered in December last year, and several other brokers with access to multiple companies are active on the web. The industry is not unanimously optimistic about the future potential of this new sales channel.

Other sales channels for consumer non-life insurance are banks and the Post Office. Direct sales and telemarketing have also developed into significant sales channels.

SOFT VALUES GAINING IMPORTANCE

One factor that is being assigned greater importance is the insurance company's brand and how it is perceived by the customers. Surveys show that consumers are increasingly basing their buying decisions on factors other than price and anticipated quality. Soft values such as the insurer's ethical stance, environmental image and other issues that affect the general public are playing a larger role.

RESULT IN INSURANCE BUSINESS

Since the mid-1980s, the company's insurance business has shown a negative or breakeven result. In other words, the actual insurance business is not where the company has its primary earning capacity, but in management of the customers' premiums.



The largest segment consists of commercial and real estate insurance, which account for around one fourth of the total premium volume.

The market for non-life insurance, the segment where Svenska Brand operates, is relatively mature and stable. Gross premiums written by non-life insurance companies (excl. contractual insurance companies) in 1999 amounted to SEK 33 billion.

The largest segment is made up of commercial and real estate insurance, which together account for approximately one fourth of the premium volume, followed by householders and homeowners insurance with around one fifth of the volume. Health and accident insurance (excl. AMF health insurance) account for around ten per cent of the non-life insurance companies' premium volume.

In the past ten years, commercial and real estate insurance peaked in 1996 with a premium volume of SEK 8.7 billion. Over the two following years the premium volume decreased by approximately 12 per cent. No significant volume change to report for 1999.

PRESSURE ON PREMIUMS

One reason for the decrease in premiums relative to 1996 is more intense price competition. The number of foreign insurers has increased, as has the number of bro-

kers. Insurance customers are increasingly focusing on price and often perceive the insurance terms as complex. Another consequence of fierce price competition during the 1990s is that customers are being offered lower premiums and are changing insurer more often. This creates both threats and opportunities for the insurance industry. Yet another possible explanation for shrinking premium volumes is that the customers are choosing to assume greater personal risk in order to reduce premiums. A number of industrial corporations and municipalities have established their own insurance companies, so-called captives, whose task is to insure or reinsure the assets of the company or municipality.

FEWER PLAYERS

In 1999 the premium volume for commercial and real estate insurance stabilized. SEB's sale of Trygg Hansa to Zürich and Codan altered the entire structure of the market. Suddenly, two foreign insurers appropriated a substantial share of the Swedish market. At the same time, Folksam and Svenska Brand consolidated their market positions by acquiring the Swedish operations of

British Commercial Union/General Accident and Belgian AXA-Royale Belge (UAP Sweden), respectively.

EXCELLENT POTENTIAL FOR SVENSKA BRAND

In the commercial and real estate insurance business, Länsförsäkringsgruppen and If Skadeförsäkring are dominant with around 60 per cent of the market. As a niche company, the new Svenska Brand has a market share of around 2 per cent.

The greatest threats in the commercial and real estate insurance business are persistent pressure on premiums and negligent maintenance of the real estate portfolio. In the latter case, the occurrence of claims could increase and the severity of the losses could escalate in each individual instance. Through loss prevention measures, it is possible to minimize this aspect of the threat scenario.

In the personal insurance segment, the market potential is enormous. The market is highly receptive to changes in health care, and the customers are eager to reinforce their own and their family's insurance coverage in pace with deterioration of the public health care system.

CONSIDERABLE EXPERTISE IN RISK ASSESSMENT AND CLAIMS MANAGEMENT

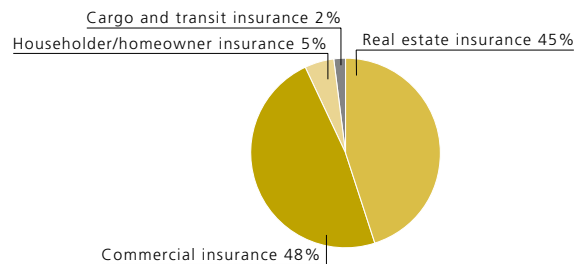
HOUSEHOLDERS
AND HOMEOWNERS
INSURANCE



Since 1746, real estate insurance has been the backbone of Svenska Brand's operations.



TOTAL ANNUAL PREMIUMS
EXCL. PERSONAL INSURANCE "NEW" SVENSKA BRAND
175.6 MSEK



REAL ESTATE INSURANCE

Since 1746, real estate insurance has been the core of Svenska Brand's operations.

This is still true today, although real estate insurance has now been balanced and supplemented with other business areas through the acquisition of UAP.

As earlier, Svenska Brand offers customized insurance solutions for real estate companies, private property owners and tenant-owner associations.

The insurance solutions are tailored to the specific needs and requirements of the respective customer groups.

Today real estate companies and private property owners account for around 60 per cent of the total property business. The remaining 40 per cent consists of tenant-owner associations.

INSURANCE WITH VALUE ADDED

The common denominator for all of Svenska Brand's real estate insurances is that they protect the actual property and provide supplemental coverage for consequential losses, such as lost rents and extra costs. Third party liability insurance is included in the standard packages.

The standard package for tenant-

owner associations and private property owners includes protection of the premises, etc., used for management of the property, as well as office equipment.

The insurance also includes indemnity guarantee coverage that protects the property owner when a tenant without home insurance causes damage to the property.

One added value that is appreciated by the customers is Svenska Brand's special claims assessment rules for cultural-historical buildings, which allow for restoration and repair of damage using methods and materials from the period in which it was originally built.

GREATER CUSTOMER BENEFIT

By offering the property owners supplemental coverage, Svenska Brand increases its attractiveness in the market. Since the acquisition of UAP, personal insurance is also offered as a highly competitive component of this supplementary offering.

Svenska Brand is still a niche player, with operations that have developed and finely honed the company's expertise in insurance solutions, risk assessment and claims management for over 250 years.

For Svenska Brand, large insurance

volumes are not the primary goal. Instead, the ambition is to create profitability through meticulous risk assessment and prompt, competent claims management in which the affected customer is treated with respect and consideration.

HOUSEHOLDERS AND HOMEOWNERS INSURANCE

This segment accounts for a minor share of Svenska Brand's portfolio. Volume growth during the year was a slow but steady, a trend that is expected to continue in 2000. Householders and homeowners insurance and insurance for holiday homes is offered primarily to customers who take out other insurances with Svenska Brand, such as corporate managers or owners of rental properties.

The flagship of the product range is the Sesam householders insurance, which is offered among others to tenants who live in properties insured by Svenska Brand.

Sesam includes a popular loss prevention security package with barred gate, fire/smoke alarms, a security badge and photographic documentation of valuables. Sesam is sold only in the Stockholm area.

A FOCUS ON THE INSURANCE NEEDS OF SELECTED CUSTOMER GROUPS

COMMERCIAL INSURANCE

Real estate and commercial insurance – these two segments are now equal in size and together account for premiums written of around SEK 160 million.

DIVERSIFIED BUSINESS INSURANCE

The acquisition of UAP's Swedish operations created a volume balance between real estate and commercial insurance. These two segments are now equal in size and together account for premiums written of around SEK 160 million. Svenska Brand prioritizes small to medium-sized companies and is showing strong growth among hotel and conference facilities, agency companies, wholesalers, high-tech companies and electronic media, as well as IT and management consultants.

The long-term goal is to custom design two new insurance products for specific industries/businesses every year.

The acquisition of UAP's operations meant that the company's insurance is sold via insurance brokers to a greater extent than before. This sales channel is a valuable addition to the already strong direct sales. Another effect of the merger is that the bulk of claims management will be handled by the Svenska Brand's own staff.

FIRST ON THE MARKET

Svenska Brand's ambition is to identify new insurance needs at an early stage. One example of this was the realization that the advantageous rules for home PC access would give rise to new insurance needs among companies and organizations that provided their staff with computer equipment. Thanks to fast action, insurance policies covering some 50,000 home PCs were taken out. The new Svenska Brand has also built up expertise in the IT industry and has a large number of



IT-dominated companies as customers. This market segment is expected to grow in the next few years.

At the same time that new markets are emerging, the traditional markets are changing. Among other things, the customers are increasingly risk-inclined and tend to take out insurance with higher deductibles than previously, deliberately reducing their insurance coverage.

CONCENTRATION AND COMPETENCE

The fundamental principle for Svenska Brand's business insurance is that the products should provide more value for money than competing insurance products. Svenska Brand accomplishes this by concentrating on selected segments in which to build up an exceptional insurance know-how. The company is highly competent at identifying risk exposure and offering loss prevention services. Svenska Brand strives to learn everything

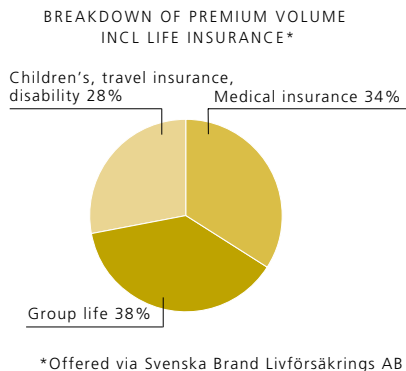
about the customers' insurance needs. This makes it possible to design competitive insurance solutions with customized terms and with reasonably priced premiums.

CARGO AND TRANSIT INSURANCE

In 1999 cargo and transit insurance was launched as a natural complement to commercial insurance. Cargo and transit insurance has to components: cargo insurance that protects goods in transit and transport insurance that covers the transporter's liability under the applicable laws and conventions. This new offering has been enthusiastically received by the customers and has further strengthened Svenska Brand's profile as an insurance company for companies. In a historical perspective, cargo and transit insurance shows a good technical result. With the right risk composition, this insurance could provide a valuable contribution to the insurance business.

CARE, TREATMENT AND MEDICINE FREE OF CHARGE

HEALTH/MEDICAL
INSURANCE



Providing the employees with good health insurance coverage is the idea behind Svenska Brand's personal insurance. The employees see good insurance coverage as a salary benefit and a valuable aspect of staff welfare.



PERSONAL INSURANCE

Through the merger with UAP's Swedish operations, the new Svenska Brand has attained an insurance business that is undergoing strong growth – personal insurance. Today this segment accounts for around 21 per cent of Svenska Brand's portfolio. In order to fill out this product into a total concept, life insurance can be offered via Svenska Brand Livförsäkrings AB.

With the trend towards slimmer organizations, companies are harder hit than before by sickness among the employees. Providing the employees with good health insurance coverage is the idea behind Svenska Brand's personal insurance. The employees see good insurance coverage as a salary benefit and a valuable aspect of staff welfare.

THE LEADER IN MEDICAL INSURANCE

The product “& Co” is specially designed for small to medium-sized companies. The insurance consists of a collective component and an individual component. The collective component covers all employees in the company, and the individual component covers the owners and key staff.

The product “M fl” (“and others”) is a group insurance that is offered to the employees, who pay the premiums at their own expense. This product includes the popular comprehensive medical insurance plan for physician's fees, medical treatment, referrals, prescription drugs, travel expenses, surgical procedures, hospitalization, physiotherapy, physical aids, postprocedural care – all free of charge to the insured. The insurance covers both private and public care.

Svenska Brand's medical insurance is a unique product in the market and is the company's most sold personal insurance. The new Svenska Brand is the leader in this segment, with an estimated 40 per cent of the market. In contrast to other similar insurance, Svenska Brand's medical insurance covers all employees – not only the management. Svenska Brand collaborates with Previa, whose task is to find the best and most expedient care alternatives for the policyholders.

A GROWTH MARKET

The market for medical insurance is expanding and substantial growth is awaited. This market is made up of the entire Swedish population. Particularly interesting customer groups are found in the IT and consulting business, outsourcing companies and home help services, for which custom solutions can be designed.

In 2000 additional insurance products will be developed as an attractive complement to medical insurance.

OTHER GROUP INSURANCE

Ten years ago, the former UAP Sweden broke Förenade Liv's monopoly on group life insurance and today there are dozens of players in this market. The new Svenska Brand is a minor presence with a market share of only around one per cent.

The offering includes group accident, children's and medical insurance. Due to fierce competition, these products show lower profitability than medical insurance and weak growth is anticipated. However, these insurances generate a large inflow of capital that creates value added through opportunities to manage this capital in a successful manner.



“SVENSKA BRAND PROVIDES A SAFER AND MORE SECURE LIVING ENVIRONMENT”

LOSS PREVENTION

WORK AT BLOMSTER-

FONDEN

BLOMSTERFONDEN REDUCES CLAIM RISKS

Though the name Blomsterfonden is familiar to the general public, its operations are relatively unknown. Blomsterfonden was founded as a charitable organization whose goal was to provide good housing for the elderly. Today this is done mainly by offering elderly persons apartments in the foundation's residences. Blomsterfonden also operates an assisted living and nursing home with group living.

“We are highly aware that our operations are exposed to risks”, says Sven Erik Peterson, President of Blomsterfonden. “The properties contain 1,150 apartments and the average age of our residents is high, around 80.”

This awareness compelled the foundation to carry out a risk assessment of its operations.

“If you do things right from the start, the consequences are less drastic when something occurs”, says Sven Erik Peterson.

SECURITY FIRST

Blomsterfonden started out by drawing up a security policy to increase the security of the residents, their relatives and the staff. The foundation then involved its insurer – Svenska Brand.

“We see Svenska Brand as a valuable partner when it comes to risk assessment

and security matters”, says Sven Erik Peterson. “Together we have set up an extensive training and information program for the managerial staff and employees with different areas of responsibility. Svenska Brand has even created a special checklist to help us identify all of the risks in our operations.”

The checklist is long and covers risks for fire, burglary, water damage and accidents – everything from elevators to sharp metal details. Svenska Brand's inspectors also examined the external environment to identify any risks for damage there.

The staff is trained to deal with threats and violence against operations and themselves, and the senior executives are receiving special training in crisis management. How do you organize an evacuation when the temperature outside is –30 °C? Who should call the relatives? How do you deal with the mass media? Who arranges temporary accommodation and how is the staff taken care of? These are all important questions that come to a head when an unexpected incident occurs.

“Our approach is characterized by an ambition to prevent damage”, says Lars Sandelin, responsible for loss prevention activities at Svenska Brand.

“Our most important task is to make a good risk selection, i.e. choose the right customer”, he explains. The second task is to manage the portfolio – to minimize

risks through preventive measures and thereby improve the existing business. The collaboration with Blomsterfonden is a good example of this. A third task is to limit the extent of damage.

“In this context, learning to use a fire extinguisher can be critical”, says Lars Sandelin, and describes how they worked together with The Fire-brigade to make staff training both realistic and instructive.

INFORM THE CUSTOMERS

Svenska Brand works to enhance awareness about damage risks, for example by informing the board of a tenant-owner association about the weak points in properties, and bathrooms in particular. In fact, water damage accounts for more than half of all insurance claims – and consequently costs more than fire damage. The culprit is often negligent maintenance of the property.

“I see our loss prevention partnership with Svenska Brand as a continuous process, since there is a certain turnover among our staff and residents”, says Sven Erik Peterson. “I think insurance companies should devote more energy to activities of this type, instead of constantly fiddling with premiums. If an insurance company has a good loss prevention program, it will be reflected in the premium”, concludes Sven Erik Peterson.



“We see Svenska Brand as a valuable partner when it comes to risk assessment and security matters”, says Sven Erik Peterson. “Together we have set up an extensive training and information program for the managerial staff and employees with different areas of responsibility. Svenska Brand has even created a special checklist to help us identify all of the risks in our operations”.

ADMINISTRATION REPORT

ANNUAL REPORT

1999

The Board of Directors and the President of Försäkringsaktiebolag Svenska Brand (publ) hereby submit their Annual Report and Consolidated Accounts for 1999. The accounts have been prepared in accordance with the act on annual reports in insurance companies and follow the instructions laid down by the Swedish Financial Supervisory Authority. The figures in brackets refer to the previous financial year.

GENERAL

Svenska Brand is a niche insurance company whose business concept is to satisfy the security needs of property owners, companies and groups of people nationwide.

In 1999, operations were extended through the acquisition of AXA-Royale Belge's Swedish operations (better known under the name UAP Sweden). The deal included UAP Sweden's non-life insurance portfolio with a premium volume of around MSEK 125, its staff and a property in central Stockholm. Apart from taking over the insurance portfolio, Svenska Brand acquired assets and liabilities in AXA-Royale Belge's Swedish operations. The purchase price and acquisition costs have been reported on the balance sheet as goodwill arising from assets in acquired companies and will be amortized over a period of 10 years.

The acquisition of AXA-Royale Belge's Swedish operations also included a life insurance portfolio worth approximately MSEK 29. In order to manage this portfolio, a new life insurance company has been formed – Svenska Brand Livförsäkrings AB – which is operated according to a reciprocity principle with a share capital of MSEK 28. The intention is to reorganize the life insurance company as a profit-distributing enterprise. Pending this development, the life insurance company's operations are not consolidated in the Svenska Brand Group.

Operations consist primarily of real estate insurance, commercial insurance and personal insurance. Svenska Brand has a concession to conduct direct insurance operations nationwide and reinsurance operations in Sweden and abroad. In direct insurance operations the compa-

ny has concessions for the following classes: Accident and medical, Marine and marine liability, Cargo and transit, Fire and other property damage, General liability, Fidelity/pure financial loss and Legal damage.

THE GROUP

The Group consists of the Parent Company, Försäkringsaktiebolaget Svenska Brand, and the wholly-owned subsidiaries Skyddsutrustningar Svenska Brand AB and UAP Sverige AB (undergoing name change to Svenska Brand Fastighetsaktiebolag). The number of employees and salaries paid in the Group corresponds to the Parent Company. Skyddsutrustningar Svenska Brand AB's invoiced sales to the Parent Company during the year amounted to MSEK 0.6 and UAP Sverige AB's to MSEK 0.8. The Parent Company has loaned MSEK 28.5 to UAP Sverige AB and received interest of MSEK 0.8 on this amount during the period.

THE PARENT COMPANY

During the financial year, the company's property on Skeppsbron in Stockholm was sold and during the autumn the head office was moved to new and more suitable premises on Sturegatan 38 in Stockholm. The new office is located in rented premises and extensive rebuilding took place prior to occupancy. UAP Sweden's staff moved into Svenska Brand's head office at the end of December. As a result of the acquisition, the number of employees in the company increased by 23 and amounted to 62 at year-end, of whom 55 at the head office.

In order to continue extending geographic coverage, during the autumn a regional office was opened in Malmö with responsibility for southern Sweden. At present this office has 3 employees. The regional office that opened in Gothenburg during 1998 with responsibility for western Sweden now has 4 employees. Further personnel reinforcements are planned for both the head office and regional offices.

Due to the acquisition of UAP Sweden's Swedish non-life insurance operations as per 1 August 1999, the comparative figures for the preceding year show

considerable differences. The acquisition has given Svenska Brand an additional insurance portfolio with related technical items and accompanying assets and liabilities, mainly in the form of investment assets.

In 1999 Svenska Brand's direct insurance excluding the additional portfolio from UAP Sweden showed a 19 per cent increase. Most of the increase was attributable to the regional office in Gothenburg.

With regard to claims, the company's original portfolio is still hard hit primarily due to water damage. A number of major water damage claims occurred during the year, of which the largest was for over MSEK 3. In the last three months of the year, the company suffered a number of severe fire and water claims and numerous claims for storm damage. Claims costs gross (excluding operating expenses for claims settlement) before reinsurance in the original Svenska Brand portfolio rose compared with the preceding year, partly due to higher claims costs but also because the company showed a high positive run-off result in 1998. In the portfolio taken over from UAP Sweden, the company was hit by a fire in a carpentry workshop with an estimated claims cost of over MSEK 9 before reinsurance.

The focus on loss prevention, primarily to reduce water claims, is continuing in order to reduce the company's claims costs.

Svenska Brand's reinsurance coverage of the original portfolio is extensive. This means that a large share of the company's premiums are transferred to reinsurers, at the same time that these accept a corresponding share of the company's claims costs. Svenska Brand receives commissions from the reinsurers, thereby reducing operating expenses. In the portfolio taken over from UAP Sweden, the reinsurance coverage is not as extensive and net claims costs in the event of damage are significantly higher.

The company continues to be cautious in underwriting inward reinsurance following the assessment that current premium levels are unsatisfactory in relation to the risk assumed by the company.

On the whole, the inward reinsurance showed a positive technical result in 1999.

Operating expenses for direct insurance increased due to both the acquisition of UAP Sweden and costs for rebuilding of the new head office. Aside from these expenditures, operating expenses were charged with restructuring costs.

Investment income remains very high, primarily due to value appreciation in the company's equity portfolio. Total return amounted to 26 per cent (14).

Both the original insurance portfolio in Svenska Brand and the acquired portfolio in UAP Sweden showed a negative technical result for the period. However, the high investment income enabled both portfolios to make a positive contribution to profit before appropriations and tax.

THE GROUP'S RESULTS FOR 1999

In 1999 Svenska Brand's gross premiums written totalled MSEK 156.7 (96.3), of which MSEK 135.2 (77.5) comprised direct insurance in Sweden and MSEK 21.5 (18.8) was inward reinsurance. Claims incurred amounted to MSEK 131.9 (51.6), of which the reinsurers' share was MSEK 52.1 (26.8). Operating expenses totalled MSEK 36.3 (19.0). The result technical account was MSEK -9.4 (4.9). Total investment income was MSEK 97.9 (36.0). Profit before appropriations and tax was MSEK 70.9 (33.4). The return on adjusted net asset value was 24 per cent (15). The net asset value at year-end was MSEK 279 (217), or SEK 223 per share (174), and the solvency margin was 309 per cent (496). The decrease in the solvency margin is due to the fact that net premiums written increased through the acquisition of UAP Sweden's insurance portfolio.

SUBSIDIARIES

Skyddsutrustningar Svenska Brand AB's operations consist of distribution and installation of protective equipment for Svenska Brand's customers and advice on loss prevention measures, all to reduce claims and the risk of damage among the policyholders.

UAP Sverige AB's task is to own shares in AB Kungsga & Co Kommanditbolag. The shares refer to premises in the Järnplåten 23 property in Stockholm. Financing has been secured through loans from the Parent Company. The company rents premises to the Parent Company.

Svenska Brand Livförsäkringsaktiebolag is operated according to the reciprocity principle with a share capital of MSEK 28, and is not included in the consolidated accounts.

Svenska Brand is a niche insurance company for property owners, tenant-owner associations and small to medium-sized companies. The company's operations consist mainly of real estate, commercial and personal insurance.



CONSOLIDATED PROFIT AND LOSS ACCOUNT

ANNUAL REPORT

1999

SEK 000s	NOTE	1999	1998
TECHNICAL ACCOUNT			
NON-LIFE INSURANCE BUSINESS:			
EARNED PREMIUMS (net of reinsurance)			
Gross premiums written	1	156,679	96,282
Outward reinsurance premiums	2	-66,376	-52,484
Change in Gross provisions for unearned premiums and the provision for unexpired risks		1,217	-3,966
Change in provisions for unearned premiums and unexpired risks, reinsurers' share		-1,834	1,356
		89,686	41,188
ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT			
	3	16,995	7,565
CLAIMS INCURRED (net of reinsurance)			
Claims paid			
Gross amount	4	-106,522	-71,129
Reinsurers' share		38,131	33,838
		-68,391	-37,291
Change in the provision for claims			
Gross amount		-25,372	19,580
Reinsurers' share		14,067	-7,092
		-11,305	12,488
NET OPERATING EXPENSES	5	-36,362	-19,013
RESULT TECHNICAL ACCOUNT		-9,377	4,937
NON-TECHNICAL ACCOUNT:			
Investment, income	6	46,945	12,864
Unrealized profit on investment assets	7	53,751	24,905
Investment, charges	8	-2,784	-1,729
Allocated investment return, non-life technical account	3	-16,995	-7 565
Other income/charges		-657	-15
PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAX		70,883	33,397
TAX ON PROFIT/LOSS ON ORDINARY ACTIVITIES	9	-21,085	-10,136
PROFIT/LOSS FOR THE YEAR		49,798	23,261

CONSOLIDATED BALANCE SHEET GROUP

As per 31 December

ANNUAL REPORT

1999

SEK 000s	NOTE	1999	1998
ASSETS:			
INTANGIBLE ASSETS			
Other intangible assets	10	22,290	0
INVESTMENTS			
Buildings and land	11	0	50,000
Investments in affiliated undertakings and participating interests	12	56,500	0
Other financial investments			
Shares and participations	13	219,040	87,852
Debt securities and other fixed-income securities	14	159,865	83,505
Loans guaranteed by mortgages	15	21,275	27,595
Other loans	16	14,077	10,473
		414,257	209,425
REINSURERS' TECHNICAL PROVISIONS			
Provision for unearned premiums and unexpired risks		26,160	19,186
Claims outstanding		40,403	20,555
		66,563	39,741
DEBTORS			
Debtors arising out of direct insurance business	17	13,524	3,916
Debtors arising out of reinsurance operations		237	1,828
Other debtors	18	1,434	2,320
OTHER ASSETS			
Tangible assets	19	6,180	3,992
Cash at bank and in hand		51,995	19,021
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		4,387	27
Deferred acquisition costs	20	18,195	5,620
Other prepayments and accrued income	21	16,373	13,253
TOTAL ASSETS		671,935	349,143
LIABILITIES:			
CAPITAL AND RESERVES			
Share capital	22		
Revaluation reserve	23	125,000	125,000
Reserve for unrealized profits on other financial investments	24	55,773	16,306
Other funds	25	49,399	46,568
Profit/loss brought forward		-42,297	-18,260
Profit/loss for the year		49,798	23,261
TECHNICAL PROVISIONS (before outward reinsurance)			
Provision for unearned premiums and unexpired risks	27	94,408	38,428
Claims outstanding	27	222,004	72,954
		316,412	111,382
PROVISIONS FOR OTHER RISKS AND CHARGES			
Provisions for taxation	28	42,999	24,451
CREDITORS			
Creditors arising out of direct insurance business	29	16,520	7,506
Creditors arising out of reinsurance business		23,277	601
Other creditors		16,938	1,897
ACCRUALS AND DEFERRED INCOME			
Other accruals and deferred income		18,116	10,431
TOTAL LIABILITIES		671,935	349,143
Contingent liabilities	30	44	49

PARENT COMPANY PROFIT AND LOSS ACCOUNT

ANNUAL REPORT

1999

SEK 000s	NOTE	1999	1998
TECHNICAL ACCOUNT			
NON-LIFE INSURANCE BUSINESS:			
EARNED PREMIUMS (net of reinsurance)			
Gross premiums written	1	156,679	96,282
Outward reinsurance premiums	2	-66,376	-52,484
Change in Gross provisions for unearned premiums and the provision for unexpired risks		1,217	-3,966
Change in provisions for unearned premiums and unexpired risks, reinsurers' share		-1,834	1,356
		89,686	41,188
ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT			
	3	16,995	7,565
CLAIMS INCURRED (net of reinsurance)			
Claims paid			
Gross amount	4	-106,522	-71,129
Reinsurers' share		38,131	33,838
		-68,391	-37,291
Change in the provision for claims			
Gross amount		-25,372	19,580
Reinsurers' share		14,067	-7,092
		-11,305	12,488
NET OPERATING EXPENSES	5	-37,759	-19,013
RESULT TECHNICAL ACCOUNT		-10,774	4,937
NON-TECHNICAL ACCOUNT:			
Investment, income	6	47,705	12,846
Unrealized profit on investment assets	7	53,751	24,905
Investment, charges	8	-2,781	-1,726
Allocated investment return, non-life technical account	3	-16,995	-7,565
Other income/charges		-23	0
PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE APPROPRIATIONS AND TAX		70,883	33,397
APPROPRIATIONS	31	-3,932	-12,163
TAX ON PROFIT/LOSS ON ORDINARY ACTIVITIES	9	-19,984	-6,730
PROFIT/LOSS FOR THE YEAR		46,967	14,504

PARENT COMPANY BALANCE SHEET

As per 31 December

ANNUAL REPORT

1999

SEK 000s	NOTE	1999	1998
ASSETS:			
INTANGIBLE ASSETS			
Other intangible assets	10	22,290	0
INVESTMENT ASSETS			
Buildings and land	11	0	50,000
Investments in group companies and participating interests	12	28,215	100
Other financial investments			
Shares and participations	13	219,040	87,852
Debt securities and other fixed-income securities	14	159,865	83,505
Loans guaranteed by mortgages	15	21,275	27,595
Other loans	16	42,577	10,473
		442,757	209,425
REINSURERS' TECHNICAL PROVISIONS			
Provision for unearned premiums and unexpired risks		26,160	19,186
Claims outstanding		40,403	20,555
		66,563	39,741
DEBTORS			
Debtors arising out of direct insurance business	17	13,524	3,916
Debtors arising out of reinsurance business		237	1,828
Other debtors	18	4,040	4,788
OTHER ASSETS			
Tangible assets	19	3,167	959
Cash at bank and in hand		51,445	18,773
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		4,387	27
Deferred acquisition costs	20	18,195	5,620
Other prepayments and accrued income	21	16,373	13,253
TOTAL ASSETS		671,193	348,430
LIABILITIES:			
CAPITAL AND RESERVES			
Share capital	22		
Revaluation reserve	23	125,000	125,000
Reserve for unrealized profits on other financial investments	24	55,773	16,306
Profit/loss brought forward	26	-39,467	-9,504
Profit/loss for the period		46,967	14,504
UNTAXED LIABILITIES	31	68,611	64,679
TECHNICAL PROVISIONS (before outward reinsurance)			
Provision for unearned premiums and unexpired risks	27	94,408	38,428
Claims outstanding	27	222,004	72,954
		316,412	111,382
PROVISIONS FOR OTHER RISKS AND CHARGES			
Provisions for taxation	28	23,788	6,341
CREDITORS			
Creditors arising out of direct insurance business	29	16,520	7,506
Creditors arising out of reinsurance business		23,277	601
Other creditors		16,196	1,184
ACCRUALS AND DEFERRED INCOME			
Other accruals and deferred income		18,116	10,431
TOTAL LIABILITIES		671,193	348,430
Contingent liabilities	30	44	49

PERFORMANCE ANALYSIS OF RESULTS BY INSURANCE AREA 1999

Parent Company SEK 000s	Note	Total	Direct insurance Swedish risks					Total direct insurance	Inward reinsurance
			Health and accident	Householder and homeowner	Commercial and property	Transport	Other types		
Result									
Earned premiums (net of reinsurance)	A	89,686	6,263	2,075	45,440	18	19,175	72,971	16,715
Allocated investment return transferred from the non-technical account		16,995	1,588	505	11,714	49	391	14,247	2,748
Claims incurred (net of reinsurance)	B	-79,696	-5,450	-2 027	-50,742	-34	-8,875	-67,128	-12,568
Net operating expenses		-37,759	-1,709	-1 434	-22,979	-160	-6,012	-32,294	-5,465
Result technical account		-10,774	692	-881	-16,567	-127	4,679	-12,204	1,430
Run-off result			-1,769	96	1,726	65	-828	-710	
Technical provisions, gross (net of reinsurance)									
Provision for unearned premiums and unexpired risks		94,408	969	2,945	73,647	0	5,847	83,408	11,000
Claims outstanding		222,004	58,558	3,443	121,167	2,614	9,100	194,882	27,122
Total technical provisions, gross (net of reinsurance)		316,412	59,527	6,388	194,814	2,614	14,947	278,290	38,122
Reinsurers' technical provisions									
Provision for unearned premiums and unexpired risks		26,160	0	1,988	24,172	0	0	26,160	0
Claims outstanding		40,403	0	2,227	36,206	1,970	0	40,403	0
Total reinsurers' technical provisions		66,563	0	4,215	60,378	1,970	0	66,563	0

NOTES TO PERFORMANCE ANALYSIS OF RESULTS BY INSURANCE AREA

NOTE A. EARNED PREMIUMS (net of reinsurance)

Gross premiums written	156,679	5,627	6,730	103,001	180	19,642	135,180	21,499
Outward reinsurance premiums	-66,376	0	-4,543	-60,432	-162	0	-65,137	-1,239
Change in Gross provisions for unearned premiums and the provision for unexpired risks	1,217	636	-346	4,939	0	-467	4,762	- 3,545
Change in provision for unearned premiums and unexpired risks, reinsurers' share	-1,834	0	234	-2,068	0	0	-1,834	0
	89,686	6,263	2,075	45,440	18	19,175	72,971	16,715

NOTE B. CLAIMS INCURRED (net of reinsurance)

Gross amount	-106,522	-5,033	-4,114	-79,633	-1,635	-4,561	-94,976	-11,546
Reinsurers' share	38,131	0	2,553	34,503	1,075	0	38,131	0
Change in the provision for claims								
Gross amount	-25,372	-417	-1,384	-19,741	1,392	-4,314	-24,464	-908
Reinsurers' share	14,067	0	918	14,129	-866	0	14,181	-114
	-79,696	-5,450	-2,027	-50,742	-34	-8,875	-67,128	-12 568

FIVE-YEAR SUMMARY

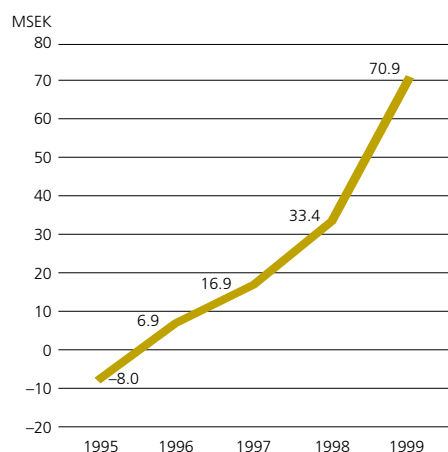
ANNUAL REPORT

1999

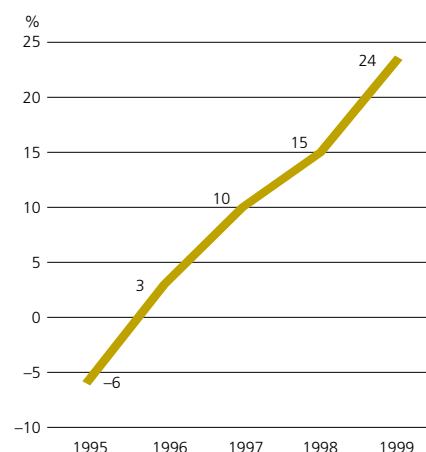
FIVE-YEAR SUMMARY OF INSURANCE OPERATIONS

Group, MSEK	1999	1998	1997	1996	1995
Result					
Gross premiums written	156.7	96.3	94.8	100.4	94.9
Earned premiums (net of reinsurance)	89.7	41.2	45.7	68.0	59.6
Allocated investment return					
transferred from the non-technical account	17.0	7.5	7.6	9.2	11.7
Claims incurred (net of reinsurance)	-79.8	-24.8	-36.5	-69.6	-62.3
Operating expenses	-36.3	-19.0	-22.3	-22.2	-23.4
Result technical account	-9.4	4.9	-5.5	-14.6	-14.4
Investment, non-technical account	80.9	28.5	22.6	21.7	7.9
Other income/charges	-0.6	0.0	-0.2	-0.2	-1.5
Profit/loss on ordinary activities before tax	70.9	33.4	16.9	6.9	-8.0
Tax on profit/loss on ordinary activities	-21.1	-10.1	-2.6	-2.0	2.3
Profit/loss for the period	49.8	23.3	14.3	4.9	-5.7
Financial position					
Investment assets at net realizable value	471.2	259.4	245.3	246.4	226.0
Technical provisions, own account	249.8	71.6	81.5	106.5	98.5
Net asset value	279.0	217.3	188.2	173.7	168.6
Key Ratios %					
Claims ratio, gross	84	56	84	77	76
Claims ratio, net	89	60	80	102	105
Expense ratio, gross	34	36	40	29	30
Expense ratio, net	40	46	49	33	39
Combined ratio, gross	118	92	124	106	106
Combined ratio, net	129	106	129	135	144
Direct yield from asset management	4	5	9	7	8
Total yield from asset management	26	14	12	13	9
Solvency margin	309	496	507	265	281
Return on adjusted net asset value	24	15	10	3	-6

PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAX



RETURN ON ADJUSTED NET ASSET VALUE



The Parent Company accounts are prepared in accordance with the Swedish Act on Annual Reports in Insurance Companies and the regulations laid down by the Swedish Financial Supervisory Authority.

CONSOLIDATED ACCOUNTING PRINCIPLES

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations. This means that shares in subsidiaries are eliminated against the acquired equity capital and that untaxed reserves are divided between deferred tax and restricted reserves.

VALUATION AND DEPRECIATION PRINCIPLES

The applied valuation and accounting principles are shown in the notes to the profit and loss account and balance sheet for the respective sub-items. All investment assets are reported at net realizable value. Deferred tax is allocated against the difference between the net realizable value and acquisition value of investment assets. Receivables and liabilities in foreign currencies are reported at the closing day rate. Machinery and equipment are reported under tangible assets and are taken up at the acquisition value with deduction for accumulated depreciation. Machinery and equipment are depreciated according to plan by 20–33 per cent per year. Intangible assets comprise goodwill arising from assets in acquired companies and are depreciated by 10 per cent annually. The depreciation period has been chosen with respect to

an estimated duration of 8–10 years in the acquired insurance portfolio, and the fact that the acquired operations have a long standing in the industry with strong new sales growth and historically good endurance and stability. The projected synergy gains for costs and claims management are considerable, and will generate cost reductions relative to the premium volume/growth for a long time to come.

VALUATION OF TECHNICAL PROVISIONS

Technical provisions consist of provisions for unearned premiums and unexpired risks, and provisions for claims outstanding (including provisions for the future cost of claims settlement).

The provision for unearned premiums and unexpired risks includes earned premiums which at year-end pertain to the following financial year and are therefore not treated as income in the current financial year, as well as provisions to cover claims and costs related to policies with regard to the risks borne by the company after the end of the financial year.

The provision for unexpired risks has been calculated based on the available information about individual claims and trends in claims. In calculating this, experience has been used with regard to losses incurred but not reported or reported in insufficient amounts, known as an IBNR provision. In addition, a provision has been made for anticipated operating expenses for settlement of claims not finally settled prior to the year's end.

NOTES

ANNUAL REPORT

1999

NOTE 1. GROSS PREMIUMS WRITTEN

	1999	1998
Gross premiums written, direct insurance	135,180	77,498
Gross premiums written, inward reinsurance	21,499	18,784
	156,679	96,282

Gross premiums written for direct insurance are entirely attributable to insurance policies written in Sweden.

NOTE 2. OUTWARD REINSURANCE PREMIUMS

	1999	1998
Outward reinsurance premiums	-66,376	-52,484

With regard to direct insurance, Svenska Brand has extensive reinsurance coverage due to the fact that the company's portfolio is small and consequently there is no natural equalization in the risk exposure. For the business taken over from AXA-Royale Belge, the reinsurance coverage is not as extensive in 1999. For most of the original Svenska Brand portfolio's products all potential claims are reinsured proportionately, with the exception of the liability share. For the liability share there is a special reinsurance on a non-proportional basis.

NOTE 3. ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT

The interest used for calculation is a weighted average of 75% of the average return on Swedish 3-month treasury bills and 25% of the total percentage return on the company's investment assets during the year. The year's average technical provisions comprise the capital base for calculation.

NOTE 4. CLAIMS PAID (GROSS AMOUNT)

	1999	1998
Insurance claims	-92,903	-64,409
Operating expenses for claims	-13,619	-6,720
	-106,522	-71,129

NOTE 5. NET OPERATING EXPENSES

	1999	1998
GROUP		
The Group's operating expenses correspond to the Parent Company's operating expenses as specified below, with the exception of expenses charged within the Group, which have been eliminated in the Group's operating expenses.		
Operating expenses in the Parent Company	-37,759	-19,013
Adjustment in the consolidated accounts:		
Intra-group rents for premises charged by subsidiary	768	0
Intra-group leasing of security equipment by subsidiary	629	0
Total operating expenses in the Group	-36,362	-19,013
PARENT COMPANY		
Acquisition costs	-24,428	-13,084
Change in prepaid acquisition costs	492	1,547
Conversion of rented office premises	-5,893	0
Other administrative expenses	-25,243	-22,062
Commissions and profit-sharing in outward reinsurance	17,313	14,586
	-37,759	-19,013
<i>Total operating expenses</i>		
Operating expenses according to the profit and loss account	-37,759	-19,013
Operating expenses for settlement of claims	-13,619	-6,720
Asset management costs	-1,707	-1,110
	-53,085	-26,843
<i>Total operating expenses</i>		
Staff costs	-29,230	-20,425
Conversion of rented office premises	-5,893	0
Other costs for premises	-5,861	-3,309
Depreciation, machinery and equipment	-1,298	-1,439
Amortization of goodwill	-969	0
Commissions on direct insurance	-10,504	-3,178
Commissions on inward reinsurance	-4,161	-3,862
Commissions and profit-sharing in outward reinsurance	17,313	14,586
Other	-12,482	-9,216
	-53,085	-26,843
<i>Salaries and other remuneration excl. provision to employee profit-sharing fund</i>		
President, incl. bonus	-1,283	-1,065
Board of Directors	-344	-280
Office staff	-12,534	-7,997
Field staff	-2,458	-2,390
Special representative	-62	-92
	-16,681	-11,824
In 1998 the Chairman of the Board was paid a fee of SEK 90,000 and the other members who are not employed by the company were paid SEK 55,000 each.		
<i>Pensions and social security costs</i>		
Pension costs, President	-274	-165
Pension cost, contractual pensions	-1,610	0
Pension costs, other employees	-1,456	-1,035
Other social security costs	-6,117	-4,311
	-9,457	-5,511

The company's pension commitments to the employees are covered by agreements and correspond to the customary pension plan in the industry. The company's pension commitments to the President are covered by an individual pension insurance based on a retirement age of 60.

	1999	1998
<i>Average number of employees</i>		
Men	25	17
Women	19	15
	44	32

<i>Average number of employees</i>		
Senior management	1	1
Office staff	37	25
Field staff	6	6
	44	32

<i>Average number of representatives</i>		
Leisure activity representative	5	7

Benefits and severance pay for the President

According to the President's employment contract the mutual period of notice of 6 months, and the amount of severance pay corresponds to 12 months' salary in the event of termination by the company. In addition to salary, the President has company car benefits. It is also possible to earn an annual bonus in the range of SEK 0-250,000.

Bonus/remuneration in addition to salary

Employee profit-sharing fund, including social security costs	-1,289	-1,925
President's bonus, including social security costs	-233	-134
	-1,522	-2,059

Auditors' fees

Svenska Brand engages the accounting firm of Deloitte & Touche. The year's cost for current audits and auditing of the year-end accounts amounted to SEK 247,000. Costs for other consultation during the year, including the cost for the independent internal control function, performed by Deloitte & Touche amounted to SEK 123,000. In connection with the acquisition of AXA-Royale Belge's Swedish operations, Deloitte & Touche was engaged at a cost of SEK 1,082,000.

NOTE 6. INVESTMENT, INCOME

	1999	1998
GROUP		
<i>Operating surplus from buildings and land</i>		
Rents	3,207	3,494
Operating expenses	-1,125	-1,223
	2,082	2,271
<i>Dividends received</i>	1,669	2,114
<i>Interest income, etc.</i>		
Debt securities and other fixed-income securities	6,369	4,201
Loans guaranteed by mortgages	2,099	3,088
Other interest income	563	795
	9,031	8,084
<i>Foreign exchange gain, net</i>	675	395
<i>Capital gains, net</i>		
Buildings and land	9,250	0
Shares and participations	24,238	0
	33,488	0
TOTAL	46,945	12,864
PARENT COMPANY		
<i>Operating surplus from buildings and land</i>		
Rents	3,207	3,494
Operating expenses	-1,125	-1,223
	2,082	2,271
<i>Dividends received</i>	1,669	2,114
<i>Interest income, etc.</i>		
Debt securities and other fixed-income securities	6,369	4,201
Loans guaranteed by mortgages	2,099	3,088
Other interest income	1,323	777
	9,791	8,066
<i>Foreign exchange gain, net</i>	675	395
<i>Capital gains, net</i>		
Buildings and land	9,250	0
Shares and participations	24,238	0
	33,488	0
TOTAL	47,705	12,846

NOTE 7. UNREALIZED PROFITS AND LOSSES ON INVESTMENT ASSETS

	1999	1998
Buildings and land	-1,772	1,772
Shares	55,586	19,138
Debt securities and other fixed-income securities, incl. participations in money market fund	-63	3 995
	53,751	24,905

The amounts refer to the year's change in unrealized profits and losses.

NOTE 8. INVESTMENT, CHARGES

	1999	1998
GROUP		
<i>Asset management costs</i>	-1,707	-1,110
<i>Interest expense</i>		
Property loans (reduced by interest subsidies)	6	38
Other interest expenses	-1,083	-10
	-1,077	28
<i>Capital losses, net</i>		
Shares and participations	0	-647
TOTAL	-2,784	-1,729
PARENT COMPANY		
<i>Asset management costs</i>	-1,707	-1,110
<i>Interest expense</i>		
Property loans (reduced by interest subsidies)	6	38
Other interest expenses	-1,080	-7
	-1,074	31
<i>Capital losses, net</i>		
Shares and participations	0	-647
TOTAL	-2,781	-1,726

NOTE 9. TAX ON PROFIT/LOSS ON ORDINARY ACTIVITIES

	1999	1998
GROUP		
Income tax	-4,636	-476
Reversal of deferred tax on realized profit pertaining to unrealized profits in previous years	6,341	87
Deferred tax pertaining to unrealized profits/ losses on investment assets of Parent Company	-21,689	-6,341
Deferred tax on change in the contingency reserve	-1,101	-3,406
	-21,085	-10,136
PARENT COMPANY		
Income tax	-4,636	-476
Reversal of deferred tax on realized profit per- taining to unrealized profits in previous years	6,341	87
Deferred tax pertaining to unrealized profits/losses on investment assets	-21,689	-6,341
	-19,984	-6,730

NOTE 10. INTANGIBLE ASSETS

	1999	1998
Opening balance, acquisition value	0	0
The year's addition of goodwill	23,259	0
Closing balance, acquisition value	23,259	0
Opening balance, accumulated depreciation	0	0
The year's depreciation	-969	0
Closing balance, accumulated depreciation	-969	0
Book value	22,290	0

Intangible assets comprise goodwill arising from assets in acquired companies according to the acquisition analysis prepared in connection with Svenska Brand's acquisition of AXA-Royale Belge's operations in Sweden (UAP Sweden) as per 1 August 1999. Goodwill is amortized over a period of 10 years.

NOTE 11. BUILDINGS AND LAND

	1999	1998
Office and commercial properties		
<i>Acquisition value</i>		
Opening balance	51,398	51,398
The year's addition/deduction of assets	-51,398	-
Closing balance, accumulated acquisition value	0	51,398
<i>Tax depreciation</i>		
Opening balance	-5,226	-4,198
The year's deduction of accumulated depreciation	5,226	-
The year's tax depreciation	-	-1,028
Closing balance, accumulated depreciation	0	-5,226
Net realizable value, opening balance	50,000	48,228
Net realizable value, closing balance	-	50,000
Tax assessment value	-	27,893

The Bootes 12 property on Skeppsbron in Gamla Stan, Stockholm, was sold during the year.

NOTE 12. INVESTMENTS IN GROUP COMPANIES AND PARTICIPATING INTERESTS

	1999	1998
GROUP		
Shares in Svenska Brand Livförsäkringsaktiebolag, company reg. no. 516401-6692, domiciled in Stockholm. The number of shares is 28,000. The holding is 100%.	28,000	0
UAP Sverige AB's participations corresponding to 10.56% of Kungsga & Co KB, company reg. no. 902002-4882, and shares corresponding to 10.56% of AB Kungsga, company reg. no. 556100-7815, both domiciled in Stockholm.	28,500	0
	56,500	0

	1999	1998
PARENT COMPANY		
Shares in Skyddsutrustningar Svenska Brand AB, company reg. no. 556447-6447, domiciled in Stockholm. The number of shares is 1,000. The holding is 100%.	100	100
Shares in UAP Sverige AB, company reg. no. 556190-3237, domiciled in Stockholm. The number of shares is 1,000. The holding is 100%.	115	0
Shares in Svenska Brand Livförsäkringsaktiebolag, company reg. no. 516401-6692, domiciled in Stockholm. The number of shares is 28,000. The holding is 100%.	28,000	0
	28,215	100

NOTE 13. OTHER FINANCIAL INVESTMENTS, SHARES AND PARTICIPATIONS

	1999	1998
Acquisition value	144,006	68,403
Net realizable value according to the balance sheet	219,040	87,852
Difference	75,034	19,449
Holdings by class of share, 31 December 1999	No. of shares	Book value
All shares are quoted		
<i>Engineering</i>		
ABB LTD	6,155	6,383
Autoliv Inc SDB	6,800	1,693
Elektrolux B	30,900	6,613
Sandvik B	8,200	2,222
Scania B	7,500	2,288
Volvo B	13,800	4,752
		23,951
<i>Forestry</i>		
SCA B	13,500	3,402
<i>Pharmaceutical</i>		
Astra-Zeneca	14,161	5,098
Pharmacia & Upjohn SDB	10,400	4,014
		9,112
<i>Retail</i>		
Hennes & Mauritz B	29,300	8,351
<i>Real Estate & Construction</i>		
Capona	60,500	2,239
Castellum	101,400	8,416
Diligentia	122,200	8,554
Drott B	159,000	15,423
JM Bygg B	42,700	7,003
Kungsleden	30,800	2,371
Pandox Hotellfastigheter AB Fr	33,000	2,211
Skanska B	13,300	4,216
Tornet	47,500	5,605
		56 038

	No. of shares	Book value
<i>Banking & Insurance</i>		
Föreningssparbanken A	51,650	6,456
OM Gruppen	19,000	3,515
Skandia	32,000	8,224
		18,195
<i>Telecommunications</i>		
Ericsson B	90,780	49,656
Nokia A SDB	8,000	12,328
		61,984
<i>Computer consultants</i>		
IFS B	42,968	7,949
Sigma B	27,100	4,932
		12,881
<i>Service companies</i>		
Europolitan	59,500	8,925
Modern Times Group B	24,300	10,255
Netcom B	11,400	6,817
		25,997
SUBTOTAL		219,911
Less selling costs		-871
TOTAL		219,040

Shares and participations have been reported at net realizable value. Positive differences between net realizable value and acquisition value are transferred to the reserve for unrealized profits, with a deduction for deferred tax. The change between unrealized profits at the beginning of the year and the end of the year has been reported in the profit and loss account under unrealized profits/losses on investment assets. Reporting at net realizable value takes the anticipated selling costs into account.

NOTE 14. OTHER FINANCIAL INVESTMENTS, DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES.

	Accrued acq value	Net realizable value
Treasury bills issued by the Swedish government	65,946	65,946
Securities issued by the Swedish government	83,672	84,421
Securities issued by European investment banks	10,247	9,959
TOTAL	159,865	160,326
	1999	1998
Accrued acquisition value	159,865	83,443
Net realizable value	160,326	83,505
Difference	461	62

Debt securities and other fixed-income securities have been reported at the accrued acquisition value. A substantial securities portfolio was added through the acquisition of UAP Sweden. The company intends to hold these securities until maturity and has therefore chosen to value them at the accrued acquisition value. As a result, the holdings of treasury bills have also been valued at the accrued acquisition value, which entails a change compared with the preceding year. However, the change has a negligible effect on the comparative figures for earlier years and no adjustment of the amounts for earlier years has been made.

NOTE 15. OTHER FINANCIAL INVESTMENTS, LOANS GUARANTEED BY MORTGAGES

	1999	1998
Acquisition value	21,275	27,595
Net realizable value according to the balance sheet	21,275	27,595
Difference	0	0

Loans guaranteed by mortgages have been reported at acquisition value, which is judged to be the net realizable value.

NOTE 16. OTHER FINANCIAL INVESTMENTS, OTHER LOANS

	1999	1998
GROUP		
USD deposit in SEB	12,765	9,673
Other	1,312	800
	14,077	10,473
Acquisition value	14,077	10,473
Net realizable value according to the balance sheet	14,077	10,473
Difference	0	0
PARENT COMPANY		
USD deposit in SEB	12,765	9,673
Loan to UAP Sweden AB	28,500	0
Other	1,312	800
	42,577	10,473
Acquisition value	42,577	10,473
Net realizable value according to the balance sheet	42,577	10,473
Difference	0	0

Other loans have been reported at net realizable value. Foreign currency loans have been reported at the closing-day rate.

NOTE 17. DEBTORS ARISING OUT OF DIRECT INSURANCE BUSINESS

	1999	1998
Receivables from policyholders	10,397	3,479
Receivables from others	3,127	437
	13,524	3,916

NOTE 18. OTHER DEBTORS

	1999	1998
GROUP		
Prepaid tax	0	2,061
Receivables from others	1,434	259
	1,434	2,320
PARENT COMPANY		
Receivables from group companies	2,728	2,527
Prepaid tax	0	2,061
Receivables from others	1,312	200
	4,040	4,788

NOTE 19. TANGIBLE ASSETS

	1999	1998
GROUP		
Opening balance, machinery/equipment/ computers/car, acquisition values	12,476	11,549
The year's purchases, acquisition values	4,333	1,659
The year's sales and disposals, acquisition values	-2,287	-732
Closing balance machinery/equipment/ computers/car, acquisition values	14,522	12,476
Opening balance, machinery/equipment/ computers/car, accumulated depreciation	-8,484	-7,147
The year's depreciation	-1,773	-1,933
The year's sales and disposals, accumulated depreciation	1,915	596
Closing balance machinery/equipment/ computers/car, accumulated depreciation	-8,342	-8,484
Book value in the Group	6,180	3,992
PARENT COMPANY		
Opening balance, machinery/equipment/ computers/car, acquisition values	7,339	7,045
The year's purchases, acquisition values	3,706	850
The year's sales and disposals, acquisition values	-2,132	-556
Closing balance machinery/equipment/ acquisition values	8,913	7,339

	1999	1998
Opening balance, machinery/equipment/ computers/car, accumulated depreciation	-6,380	-5,484
The year's depreciation	-1,298	-1,439
The year's sales and disposals, accumulated depreciation	1,932	543
Closing balance machinery/equipment/ computers/car, accumulated depreciation	-5,746	-6,380
Book value in Parent Company	3,167	959

NOT 20. DEFERRED ACQUISITION EXPENSES

The capitalized amount of deferred acquisition costs is accrued over 12 months, corresponding to capitalization of unearned premiums for the insurance policies in question.

NOT 21. OTHER PREPAYMENTS AND ACCRUED INCOME

	1999	1998
Premiums and commissions in direct reinsurance	13,622	11,784
Other	2,751	1,469
	16,373	13,253

NOTE 22. CAPITAL & RESERVES

	Share capital	Restricted reserves		Unrestricted reserves		Total
		Reserve for unrealized profits	Other funds	Profit/loss carried forward	Profit/loss for the year	
GROUP						
Opening equity capital according to the previous year's adopted balance sheet	125,000	16,306	46,568	-18,260	23,261	192,875
Disposition of earnings				23,261	-23,261	0
Dividend				-5,000		-5,000
The year's unrealized profit on investment assets with deduction for deferred tax		39,467		-39,467		0
Transfers between unrestricted and restricted equity			2,831	-2,831	49,798	49,798
Profit/loss for the year						
Closing balance, 31 December 1999	125,000	55,773	49,399	-42,297	49,798	237,673
PARENT COMPANY						
Opening equity capital according to the previous year's adopted balance sheet	125,000	16,306		-9,504	14,504	146,306
Disposition of earnings				14,504	-14,504	0
Dividend				-5,000		-5,000
The year's unrealized profit on investment assets with deduction for deferred tax		39,467		-39,467		0
Profit/loss for the year					46,967	46,967
Closing balance, 31 December 1999	125,000	55,773		-39,467	46,967	188,273

NOTE 23. SHARE CAPITAL

	1999	1998
Number of shares	1,250,000	1,250,000
Par value per share, SEK	100	100

NOTE 24. RESERVE FOR UNREALIZED PROFITS ON OTHER FINANCIAL INVESTMENTS

	1999	1998
Shares	55,773	14,763
Properties	0	1 276
Debt securities and other fixed-income securities, incl. participations in money market fund	0	267
	55,773	16,306

In the case of investment assets for which the net realizable value exceeds the acquisition value, the average difference with deduction for tax has been transferred to the reserve for unrealized profits.

NOTE 25. OTHER FUNDS

	1999	1998
Equity share of contingency reserve after deduction of deferred tax	49,399	46,568

NOTE 26. PROFIT/LOSS CARRIED FORWARD

	1999	1998
GROUP		
Opening balance, profit/loss carried forward	-18,260	-3,983
Transfer of preceding year's profit/loss to profit/loss carried forward	23,261	14,312
Dividends	-5,000	-3,750
Remaining funds	1	6 579
Opening balance, unrealized profits with deduction for deferred tax	16,306	224
Closing balance, unrealized profits with deduction for deferred tax	-55,773	-16,306
Transferred to restricted reserves	-39,467	-16,082
Opening balance, untaxed reserves in the Parent Company with deduction for deferred tax	46,569	37,812
Closing balance, untaxed reserves in the Parent Company with deduction for deferred tax	-49,400	-46,569
Transferred to restricted reserves	-2,831	-8,757
Closing balance, profit/loss carried forward	-42,297	18,260

PARENT COMPANY

Opening balance, profit/loss carried forward	-9,504	7,451
Transfer of preceding year's profit/loss to profit/loss carried forward	14,504	2,877
Dividends	-5,000	-3,750
Remaining funds	0	6,578
Opening balance, unrealized profits with deduction for deferred tax	16,306	224
Closing balance, unrealized profits with deduction for deferred tax	-55,773	-16,306
Transferred to restricted reserves	-39,467	-16,082
Closing balance, profit/loss carried forward	-39,467	-9,504

NOTE 27. PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS AND PROVISION FOR CLAIMS OUTSTANDING

	1999	1998
<i>Provisions for unearned premiums and unexpired risks</i>	94,408	38,428
<i>Provision for unexpired risks</i>		
Incurred and reported losses	182,806	46,044
Incurred but not reported losses	29,524	23,360
Provision for claims outstanding	9,674	3,550
	222,004	72,954
Total technical provisions (net of reinsurance)	316,412	111,382

In connection with the acquisition of UAP's operations in Sweden as per 1 August 1999, Svenska Brand took over the technical provisions belonging to the acquired insurance portfolio, for which reason provisions have increased substantially compared with 1998. The technical provisions taken over as per 1 August 1999 were Provisions for unearned premiums and unexpired risks of SEK 57,197,000 and Provisions for claims outstanding of SEK 123,678,000.

NOTE 28. PROVISIONS FOR TAXATION

	1999	1998
GROUP		
Provision for deferred tax liability on contingency reserve	19,211	18,110
Provision for deferred tax on unrealized profit on investment assets	21,689	6,341
Other provisions for income tax	2,099	0
	42,999	24,451
PARENT COMPANY		
Provision for deferred tax on unrealized profit on investment assets	21,689	6,341
Other provisions for income tax	2,099	0
	23,788	6,341

NOTE 29. CREDITORS ARISING OUT OF DIRECT INSURANCE BUSINESS

	1999	1998
Debts to policyholders	14,540	7,231
Debts to insurance brokers	1,980	275
	16,520	7,506

NOTE 30. CONTINGENT LIABILITIES

	1999	1998
Swedish Securities Register Center, VPC	44	49

NOTE 31. UNTAXED LIABILITIES

	1999	1998
Contingency reserve, opening balance	64,679	52,516
The year's provision to the contingency reserve	3,932	12,163
Contingency reserve, closing balance	68,611	64,679

PROPOSED DISPOSITION OF EARNINGS

ANNUAL REPORT

1999

PROPOSED DISPOSITION OF EARNINGS

The Group's unrestricted equity according to the Consolidated Balance Sheet amounts to SEK 7,501,656.
The following amount in the Parent Company is available for distribution by the Annual General Meeting:

Profit carried forward	SEK -39,466,570
Net profit for the year	SEK 46,966,570
Total undistributed earnings	SEK 7,500,000

The Board of Directors and President recommend:

that a dividend of SEK 6.00 per share be paid to the shareholders, totalling SEK 7,500,000, and
that the balance of SEK 0 be carried forward.

Stockholm, 25 February 2000

GUNNAR NORDSTRÖM
Chairman

ERIC AGER
MARIANNE NIVERT

LARS F ERICSSON

BO ENGSTRÖM
President

TOR MARTIN
LARS SÖDERBLOM

The Auditors' Report for this Annual Report was submitted on 25 February 2000.

ULF EGENÄS
*Authorized Public Accountant
Deloitte & Touche*

INGEMAR NILSSON
*Authorized Public Accountant
Deloitte & Touche*

To the Annual General Meeting of shareholders in Försäkringsaktiebolaget Svenska Brand (publ) company registration no. 516401-8318.

We have examined the annual report and the consolidated financial statements, the accounts and the administration of the Board of Directors and the President Försäkringsaktiebolaget Svenska Brand (publ) for 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 financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted accounting standards in Sweden, which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 financial statements. We have examined significant decisions,

actions taken and circumstances of the company in order to determine the possible liability to the company of any Board member or the President or whether they have in some other way acted in contravention of the Swedish Insurance Companies Act, the Swedish Act on Annual Accounts in Insurance Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

In our opinion, the Parent Company and the consolidated financial statements have been prepared in accordance with the Swedish Act on Annual Accounts in Insurance Companies, and consequently provide a true and fair picture of the company's results and position in accordance with generally accepted accounting standards in Sweden.

We recommend that the Annual General Meeting adopt the Profit and Loss Account and the Balance Sheet of the Parent Company and the Group, dispose of the unappropriated earnings in the Parent Company as proposed in the Administration Report and discharge the members of the Board of Directors and the President from liability for the financial year.

Stockholm, 25 February 2000

ULF EGENÄS
*Authorized Public Accountant
Deloitte & Touche*

INGEMAR NILSSON
*Authorized Public Accountant
Deloitte & Touche*

Adjusted equity ratio: Adjusted net asset value in relation to the total of the balance sheet assets at net realizable value.

Adjusted net asset value: Consists of net asset value after deduction of deferred taxes in untaxed reserves and unrealized profits in investment assets.

Ceded insurance: A method of distributing risks whereby an insurance company purchases coverage for any part of its liability based on insurance or reinsurance contracts. Compare: reinsurance accepted.

Claims ratio: Claims incurred (Claims paid including operating expenses for claims and change in the provision for claims) in relation to premiums earned. Gross=before ceded insurance.

Combined ratio: The sum of claims ratio and the expense ratio. Gross=before ceded insurance.

Contingency reserve: A reserve included in the balance sheet which represents a joint strengthening of the provision for unearned premiums and provision for claims outstanding. The contingency reserve is reported as an untaxed reserve.

Deferred taxes: Provision for future tax expense, based on unrealized profits on investment assets and on the Parent Company's untaxed reserves in the group consolidation.

Direct insurance: Insurance business which relates to contracts directly between insurers and insureds. In contrast to direct insurance (reinsurance accepted), the insurance company is directly responsible towards the insured.

Direct yield: Direct investment income containing net total of interest income/expense, dividends, real estate surpluses or deficits in relation to the average net realizable values of the investments assets.

Expense ratio: The operating expense ratio. The relation between operating expenses and premiums earned, expressed as a percentage. Gross=before ceded insurance.

IBNR provision: A provision for the estimated value of the company's liability for claims that have occurred but are unknown on the accounting date or, in view of the extent of claims, are insufficiently known. IBNR – Incurred But Not Reported.

Investment income in insurance operations: Yield from the cash flow which is generated in insurance operations. Investment income calculated from these amounts is transferred to the insurance operations.

Net asset value: Shareholders' equity as per the balance sheet, deferred taxes on untaxed reserves and unrealized profits on investment assets.

Operating expenses: Expenses incurred in the technical account of non-life insurance operations, containing expenses for marketing and administration reduced by commissions and profit participation in the ceded insurance.

Premiums earned: Premium income attributable to the financial year. Compare: premiums written, gross.

Premiums written, gross: Total premiums received during the financial year or taken up as a receivable at the end of the period. In contrast to premiums earned, premiums written are not capitalized, i.e. are unaffected by the opening and closing provision for unearned premiums.

Premiums written, net: Premiums written, gross less outward reinsurance premiums.

Provision for claims outstanding: Liability item in the balance sheet consisting of the estimated value of claims incurred but not paid for notified claims. It also includes a provision for the estimated value of the company's liability for claims that have occurred but are unknown on the accounting date, or in view of the extent of claims, are insufficiently known (IBNR provision). The liability item also includes a provision for anticipated operating expenses for settlement of claims not finally settled prior to the end of the accounting period.

Provision for unearned premiums and unexpired risks: Liability item in the balance sheet corresponding to the part of premium income in the year-end accounts attributable to the coming year(s) and in some cases also a supplemental provision in one or more lines of business if it is judged to be insufficient to cover anticipated claims and operating expenses for existing policies in force up to the next due date.

Reinsurance accepted: Business accepted from another insurance company in the form of reinsurance. Compare: ceded insurance.

Reinsurance: See ceded insurance and reinsurance accepted.

Return on adjusted net asset value: Profit/loss on ordinary activities before tax less paid and deferred tax on unrealized profits in investment assets in relation to the average of the adjusted net asset value.

Run-off result: Profit or loss on the accounting date which normally arises in the provision for claims outstanding in the immediately preceding year-end accounts and which is attributable to the fact that certain initial claims during the financial year have either been finally settled at another amount than the provision, or have been revalued pending final settlement.

Solvency margin: Key ratio representing the relative size of net asset value. The solvency margin is calculated by placing net asset value in relation to risk-bearing premium.

Technical provisions: Provision for unearned premiums and claims outstanding.

Total yield: The sum of net total interest income/expenses, dividends, real estate surpluses/deficits and changes in investment asset value (realized and unrealized) in relation to the average net realizable values of the investment assets.



STANDING FROM LEFT: TOR MARTHIN, LARS F. ERICSSON, LARS SÖDERBLOM, ERIC AGER
SITTING FROM LEFT: MARIANNE NIVERT, GUNNAR NORDSTRÖM, BO ENGSTRÖM.

BOARD OF DIRECTORS AND AUDITORS

THE BOARD

GUNNAR NORDSTRÖM,
Chairman
Born 1929, architect, elected 1991.
Chairman of SWECO AB.
No shareholding.

ERIC AGER
Born 1940, lawyer, elected 1991.
Chairman of EFIB AB. Board member
of Brandkontoret and others.
Shareholding: 500.

LARS F ERICSSON
Born 1935, M.B.A., elected 1991.
President and CEO of FE Förvaltning AB.
Chairman of HEBA Fastighets AB, the
Stockholm Association of Property Owners
and board member of the Swedish Federation
of Property Owners, Brandkontoret and others.
No shareholding.

TOR MARTHIN
Born 1944, Financial Manager of
AMF Pension, elected 1991.
No shareholding.

MARIANNE NIVERT
Born 1940, Senior Vice President of
Telia AB, elected 1993. Chairman of
Skövde Högskola. Member of the boards
of Wallenstams Byggnads AB, the
Chalmers Institute of Technology
Foundation, the Alliance within SAF and
Almega, And subsidiaries in the Telia Group.
Appointed by the Swedish Government.
No shareholding.

LARS SÖDERBLOM
Born 1946, elected 1999.
President and CEO and board member
of Piren AB.
No shareholding.

BO ENGSTRÖM
Born 1955, President & CEO,
elected 1996.
No shareholding.

AUDITORS

ULF EGENÄS
Deloitte & Touche

INGEMAR NILSSON
Deloitte & Touche

NOMINATION COMMITTEE: Lars Öberg (Bromma), Lennart Ericson (Stockholm) and Gunnar Nordström (Djursholm).



TOP ROW FROM LEFT: MATS ERIKSSON, JUNE ANDERSSON, PAUL FRÖSEGÅRD.
 BOTTOM ROW FROM LEFT: BO ENGSTRÖM, OLLE HILLBERT, MAGNUS TERNEROT.

SENIOR MANAGEMENT

JUNE ANDERSSON
 Born 1941, Head of Reinsurance.
 Employed 1992.
 No shareholding.

BO ENGSTRÖM
 Born 1955, President & CEO.
 Employed 1995.
 No shareholding.

MATS ERIKSSON
 Born 1952, Head of Marketing.
 Employed 1999.
 No shareholding.

PAUL FRÖSEGÅRD
 Born 1962, Head of Claims.
 Employed 1999.
 No shareholding.

OLLE HILLBERT
 Born in 1958, Head of IT.
 Employed 1999.
 No shareholding.

MAGNUS TERNEROT
 Born 1959, Head of Administration.
 Employed 1995.
 No shareholding.



Svenska Brand prioritizes small and medium-sized companies, and is now showing strong development in areas such as hotel and conference facilities, agency companies and the wholesale trade, high-tech companies with a focus on electronic media and companies specialized in IT and management consulting.

FÖRSÄKRINGSAKTIEBOLAGET

SVENSKA BRAND (PUBL)

STUREGATAN 38, SE-114 36 STOCKHOLM

TEL: +46 8 696 74 00

FAX: +46 8 696 74 84

e-mail: postbox@svenskabrand.se

REPRESENTATIVE OFFICE GOTHENBURG

VASAGATAN 42 B, SE-411 37 GOTHENBURG

TEL: +46 31 778 21 90

FAX: +46 31 778 21 99

REPRESENTATIVE OFFICE MALMÖ

ENGELBREKTSGATAN 15, SE-211 33 MALMÖ

TEL: +46 40 665 56 40

FAX: +46 40 665 56 45