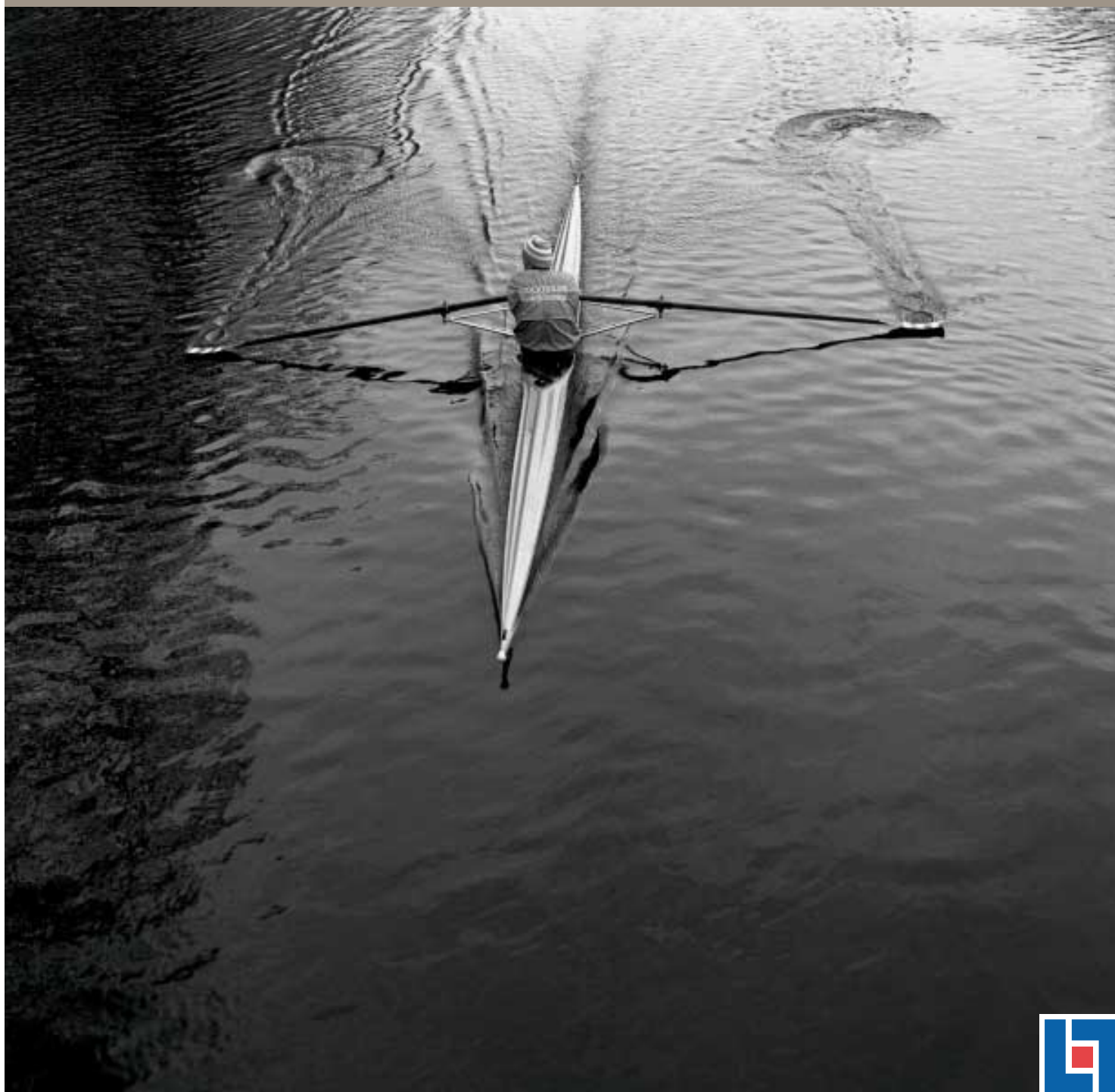


Länsförsäkringar AB

ANNUAL REPORT 2001



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Definitions

Regional insurance companies

24 independent and customer-owned regional mutual insurance companies, within the Länsförsäkringar Insurance Alliance each conducting insurance operations in a specific geographical region, and responsible for virtually all customer contacts in the Alliance's areas of operations.

Länsförsäkringsbolagens förening

A non-profit-making association comprising the 24 regional companies and 10 local companies. The association's aims are to further the interests of its members and promote the concept of insurance at the local level. The association is responsible for the Alliance's joint strategic development and market targets.

Länsförsäkringar

A partnership between the 24 regional insurance companies and Länsförsäkringar AB.

Länsförsäkringar AB

The Parent Company of a financial Group mainly owned by the 24 regional insurance companies (96.5%) and by EurAPCo (3.5%). The Group provides services for the regional companies in the following areas: non-life insurance, life insurance, banking, mutual funds, asset management and animal insurance. The Group is also responsible for the Länsförsäkringar's development operations.

Länsförsäkringar Sak

Conducts the Länsförsäkringar AB Group's non-life insurance operations.

Länsförsäkringar Liv

Conducts traditional life insurance business and, via its subsidiary Länsförsäkringar Fondliv,

unit-linked insurance. Operations are managed in accordance with mutual principles, and hence all profits accrue to customers.

Länsförsäkringar Fonder

Conducts mutual fund management operations for traditional equity and fixed-income funds.

Länsförsäkringar Kapitalförvaltning

Conducts asset management operations both for Länsförsäkringar companies and for external institutional customers. An agreement was concluded with ABN AMRO in March 2002 concerning the management of Länsförsäkringar's investment assets.

Länsförsäkringar Bank

Conducts banking operations with a focus on private individuals and the agricultural sector.

Agria

Insures animals and crops.

Humlegården

A partnership owned by 20 regional insurance companies and Länsförsäkringar AB. Owns and manages properties mainly located in Stockholm.

EurAPCo

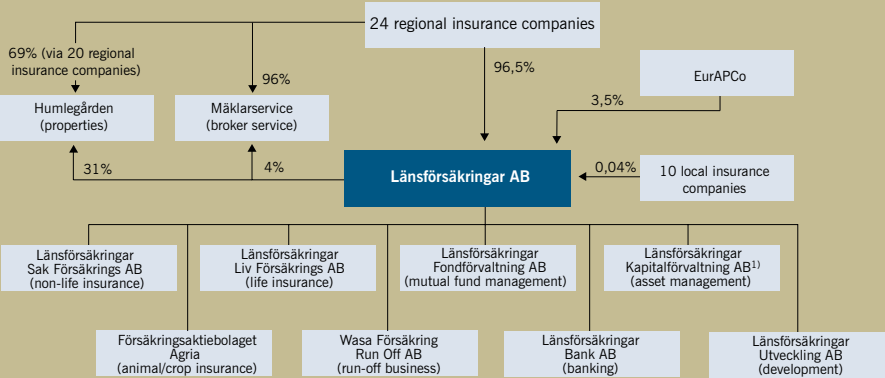
European insurance alliance, in which Länsförsäkringar is one of seven partners. The EurAPCo partnership is designed to establish the prerequisites for an exchange of expertise at the international level. The various partner companies operate completely independently and have total control in their national markets. EurAPCo holds 3.5% of the shares in Länsförsäkringar AB.



Länsförsäkringar AB

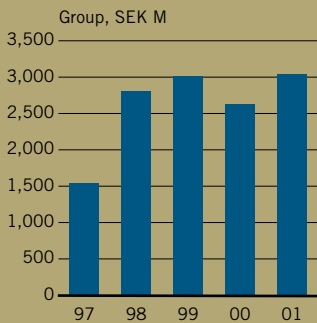
The 24 regional insurance companies cooperate in Länsförsäkringar AB, which is jointly owned, and its subsidiaries. Basically, this involves managing and coordinating Länsförsäkringar's joint strategic and development process and providing services for the regional companies. The consistent aim is to ensure that the regional companies have the prerequisites for success in their local markets. Operations are conducted via subsidiaries in life, accident, third-party motor, industrial and animal insurance and reinsurance, and in banking, mutual fund and asset management. Länsförsäkringar AB also coordinates IT development.

Legal organization, 1 March 2002

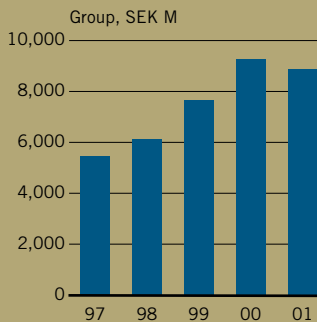


¹⁾ Agreement concluded with ABN AMRO in March 2002 concerning management of Länsförsäkringar's investment assets.

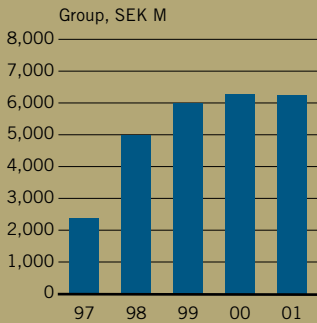
Premiums earned, Non-Life insurance



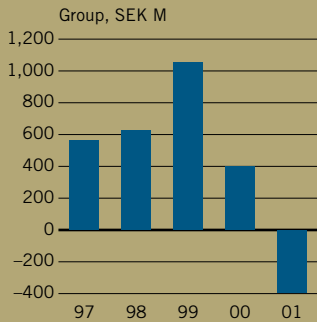
Premium income, Life insurance



Net asset value



Operating income



More competitive at the local level as a result of strategic transactions

Länsförsäkringar AB has become an increasingly important hub for Länsförsäkringar's joint development and business operations. In Länsförsäkringar's allocation of tasks, the regional insurance companies act as local non-life and life insurance companies and banks, irrespective of which company has the formal permit or licence to conduct business. All customer contacts and transactions are managed by the local regional company, thus safeguarding our concept of proximity, local roots and personal service. Länsförsäkringar AB's assignment is to establish the prerequisites for the growth ambitions of the regional insurance companies in the banking and insurance sectors, and to achieve economies of scale in areas where cooperation makes this feasible.

During 2001, Länsförsäkringar AB acquired Försäkringsaktiebolaget Svenska Brand, a listed insurance company, and the Allianz Swedish insurance portfolio. These transactions were designed to increase the regional insurance companies' volumes and market shares by acquiring profitable non-life portfolios, and to enable the company to enter the health and welfare sector, which we consider will account for a growing proportion of the business conducted by the regional companies. These acquisitions follow the model we have adopted since we bought Wasa in 1998. Länsförsäkringar completes the acquisition and business is subsequently transferred to the regional companies in accordance with the customer's home address. The acquisition of Svenska Brand and Allianz' Swedish operations demonstrates that Länsförsäkringar continues to have growth ambitions.

During the year, it was decided to phase out Lita, as a brand. Lita is a trademark used in partnership with Sweden Post, in which Länsförsäkringar AB issued both life and non-life policies. About 160,000 customers

are affected. During 2002, they will have an opportunity to become customers of their local Länsförsäkringar insurance company, in accordance with their home address. The decision to terminate Lita, which was part of the acquisition of Wasa, complies with the Länsförsäkringar concept, based on the belief that the key to optimum customer service is closeness at the local level.

Local competition throughout the world

On 11 March 2002, Länsförsäkringar AB announced the conclusion of an agreement with ABN AMRO, under which ABN AMRO will manage the greater part of Länsförsäkringar's investment assets, mostly for the traditional life insurance company and the mutual fund company. The market value of these assignments amounted to approximately SEK 110 billion at 31 December 2001. Cooperation with ABN AMRO also enables Länsförsäkringar to offer customers part of ABN AMRO's wide range of mutual funds. Länsförsäkringar will gradually extend its broad range of funds as a result of cooperation with other external suppliers. Cooperation with ABN AMRO does not represent any change in Länsförsäkringar's basic

philosophy, under which the regional insurance companies are responsible for local customer contacts, and competitiveness at the local level is enhanced by means of cooperation. Customers' savings will be managed by a global market participant, with local expertise throughout the world.

These transactions underline and clearly demonstrate Länsförsäkringar AB's mission, and its responsibility for developing the competitiveness of the regional insurance companies at the local level.

Developing operations and transferring them to the regional companies

Länsförsäkringar AB's assignment is to develop business and operations which are subsequently transferred to the regional companies when the time is ripe. During the year, it was decided that third-party motor insurance should be gradually transferred from Länsförsäkringar AB to the regional insurance companies when they have the administrative and financial capability to handle this business. The next areas for development and streamlining are the health and welfare sector and environmental insurance – which we consider have considerable growth potential.

One of Sweden's largest players in the financial sector

Länsförsäkringar AB and its subsidiaries are one of the largest players in the Swedish financial market, with total assets of SEK 142 billion, including the traditional life insurance company which is not consolidated since this company operates in accordance with mutual principles. Länsförsäkringar AB is the formal issuer of insurance and the contractual partner for banking and mutual fund operations, and is responsible for product and systems development. Its assignment in the non-life sector is responsibility for the third-party motor and industrial insurance licence and the development of other non-life products and systems support for these products. The regional insurance companies are responsible for all customer contacts and sales. This division of responsibilities promotes efficiency and establishes skills centres for each area of responsibility.

During 2001, the primary focus was on the development of the banking product range into a full range for private individuals and farmers. As a result of this wider range, the regional insurance companies have achieved a substantial increase in the number of customers and improved their market shares. During 2002, the regional insurance companies will offer first mortgages under their own auspices, via a Länsförsäkringar AB subsidiary. As a result, co-operation with SBAB will be phased out.

The next major step in the development sphere is the focus on large companies in order to increase market share in the occupational pension sector and the share of the total life insurance market. We will be able to reach private individuals through their employers, who are increasingly becoming a market place for pensions and, as a result, anticipate that more people will select Länsförsäkringar for occupational pensions paid by employers and any additional supplements. There are considerable opportunities for success due to the strength of our brand and increasing awareness of the financial services offered by Länsförsäkringar. This

focus involves building up personal skills in the form of pension advisers at the central level who can be utilized by the regional insurance companies in their local customer and market development activities.

Satisfied employees

Länsförsäkringar AB's employees report a high degree of satisfaction. Our Satisfied Employee Index (NMI) has improved in the past three years, and our employees are now among the most satisfied in all sectors of the service industry. Satisfied employees are the key to high quality and efficiency. This is particularly important in view of the increasing adjustments necessary to maintain and strengthen competitiveness in the banking and insurance area.

Financial situation

Results during the year were poor, due to developments in the financial markets. But the Group's finances are very strong – net asset value amounts to SEK 6,239 M and the solvency margin was 191% (232) at year-end 2001.

Third-party motor insurance – Länsförsäkringar AB's largest area of operations – is in balance as a result of higher premiums and the adjustment of rates in line with risks. Increased premiums will not have a full impact on income until 2002.

Länsförsäkringar AB is owned by the regional insurance companies and they have the same yield requirements for shares in Länsförsäkringar AB as for listed shares and other investment assets.

Value growth in the share was 7% during 2001, and the value has increased by 76% since 1997. The net worth of the Länsförsäkringar AB share was SEK 971 at year-end 2001, including surplus values in the asset management company.

Strategy for growth

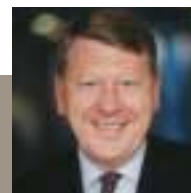
Länsförsäkringar AB is responsible for Länsförsäkringar's joint strategies. These strategies are currently under review, and this will consolidate Länsförsäkringar as a local

organization which is close to its customers, rather than changing its overall orientation. The new strategies will focus more clearly on highlighting success factors in order to increase market shares, particularly in the financial sector. This will be achieved by a greater customer commitment as the regional insurance companies' non-life customers increasingly choose Länsförsäkringar as a supplier of financial services. During 2002, concepts and systems support developed by Länsförsäkringar AB will be launched by the regional insurance companies in order to implement this growth strategy. A new customer system will also be launched during 2002 which will make it possible to see all the customer's dealings with Länsförsäkringar at the same time, irrespective of the product area concerned. This will ensure improved customer service, which is one of the tools in our brand extension programme. The launching of this new customer system, which will take place in parallel with the introduction of a new operations-oriented approach, will be the largest development investment ever embarked on by Länsförsäkringar.

Exploitation of Länsförsäkringar AB's success factors calls for a clear strategy, a strong financial position, a high degree of expertise and satisfied employees if the Parent Company is to live up to the responsibilities and the assignment entrusted to it by its owners, the regional insurance companies. Länsförsäkringar AB has the necessary prerequisites.



Tommy Persson
CEO and Managing Director



Financially strong owners

Länsförsäkringar is an alliance consisting of the 24 regional insurance companies that jointly own Länsförsäkringar AB and its subsidiaries. The Alliance's structure is based on independent regional insurance companies, cooperating on a voluntary basis. All these companies are mutual, which means that they are owned by their customers, who elect the Board of their regional company at the Annual General Meeting – the ultimate decision-making body in each region. As a result, each regional company – and hence the entire Alliance – has a single principal, the customer. Customer benefit is the ultimate objective. There are no other owners who have to be taken into account.

All the regional insurance companies produce their own income statements and balance sheets. The regional concept is the basis for their operations, and this is the decisive factor in ensuring success in the market place, their adaptation to the market and their efficiency. Cooperation with other regional companies enables each company to reinforce its own resources, while contributing to the development of the Länsförsäkringar alliance as a competitive alternative in the overall Swedish market.

Länsförsäkringar AB is the hub in this partnership. Länsförsäkringar AB's assignment is to establish the prerequisites for successful operations by the regional insurance companies in their local markets. Länsförsäkringar AB's predecessor was formed in 1936 to meet the regional insurance companies' need for the reinsurance of major risks. Today, Länsförsäkringar AB conducts extensive and diverse operations to support the regional companies in a broad range of banking and insurance services.

The regional insurance companies own 96.5% of Länsförsäkringar AB, and the remaining 3.5% is held by EurAPCo, Länsförsäkringar's partner in the European al-

liance. This shareholding is included in the regional companies' net asset value, and the regional companies have the same market requirements for a return on these shares as for listed shares and other investment assets.

Value growth in the share was 7% during 2001, and the value has increased by 76% since 1997 (including surplus values in the asset management company in 2001). The owners' average yield requirement on shareholders' equity for the period 2001–2003 is 5 percentage points above the 5-year bond rate.

A unique business model

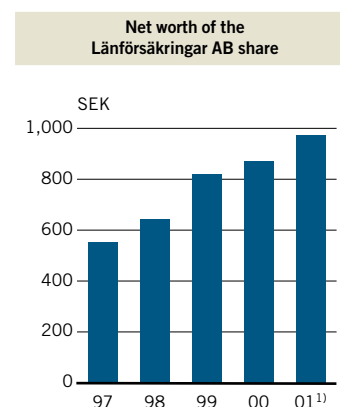
The unique business model which has led to Länsförsäkringar's success is based on:

- permits for each regional insurance company and the joint companies to conduct virtually all types of insurance business, and a licence for banking operations.
- Customer contacts take place in the regional companies, irrespective of which company has the formal permit to conduct business.
- Each regional insurance company utilizes the resources of the joint companies to enable it to compete as effectively as possible in its local market, applying a strategy of local growth and a broad product range.

This business model means that, from the customer's viewpoint, there is no difference between local and joint transactions. As a result, Länsförsäkringar has established a unique position vis-à-vis its competitors.

The owners have strong market positions and sound finances

The individual regional insurance companies have a very strong – and in most cases leading – position in their respective markets. Several regional companies have a market share of more than 50%, for example for house/home contents insurance. Länsförsäkringar is the market leader in Swedish non-life insurance in both the private and



¹⁾ Including surplus values in the asset management company. Net worth less surplus values was SEK 878.



commercial sectors. And Länsförsäkringar is now clearly making advances in the financial area. This was demonstrated when several regional insurance companies were entrusted with more than 10% of the mutual fund capital invested in the premium pension selection scheme. Another example is that Länsförsäkringar Bank had the second highest growth rate in the Swedish banking sector in 2001.

Länsförsäkringar has a particularly strong financial position in the Swedish non-life insurance market in terms of net asset value. Net asset value amounted to almost SEK 19 billion, including the value of shares in Länsförsäkringar AB, and the solvency ratio was 176%. As a result of the mutual nature of the Länsförsäkringar companies – and customer ownership – any surplus funds may be refunded to policyholders in the form of bonuses.

Forms of cooperation and agreements

Ownership of Länsförsäkringar AB by the 24 regional insurance companies and their mutual obligations as owners are covered by an ownership consortium structure, governed by a consortium agreement.

Länsförsäkringsbolagens förening – the regional insurance companies' association

Shareholders

Company	Number of shares			Percentage of capital
	A	B	C	
Länsförsäkringar Skåne	141,849	447,476	–	9.4
Länsförsäkringar Stockholm	129,212	430,441	–	8.9
Dalarnas Försäkringsbolag	104,708	296,247	–	6.4
Östgöta Brandstodsbolag	114,155	288,806	–	6.4
Länsförsäkringar Älvsborg	100,176	297,402	–	6.3
Länsförsäkringar Göteborg och Bohuslän	87,010	278,894	–	5.8
Länsförsäkringar Jönköping	82,812	242,161	–	5.2
Länsförsäkringar Bergslagen	86,351	231,626	–	5.1
Länsförsäkringar Uppsala	73,298	216,943	–	4.6
Länsförsäkringar Skaraborg	64,058	208,202	–	4.3
Länsförsäkringar Gävleborg	60,058	162,169	–	3.5
Länsförsäkringar Södermanland	58,117	164,650	–	3.5
Länsförsäkringar Västerbotten	57,195	160,015	–	3.5
Länsförsäkringar Halland	56,785	153,448	–	3.3
Länsförsäkringar Kalmar län	56,717	149,838	–	3.3
Länsförsäkringar Västernorrland	50,186	140,461	–	3.0
Jämtlands Länsförsäkringsbolag	35,795	115,461	–	2.4
Länsförsäkring Kronoberg	36,701	103,352	–	2.2
Länsförsäkringar Värmland	31,160	103,833	–	2.1
Länsförsäkringar Kristianstad	27,258	84,730	–	1.8
Länsförsäkringar Göinge	22,724	81,512	–	1.7
Länsförsäkringar Norrbotten	16,960	87,256	–	1.7
Blekinge Länsförsäkringsbolag	23,088	61,016	–	1.3
Länsförsäkringar Gotland	16,305	36,654	–	0.8
European Alliance Partners Company B.V.	–	218,861	–	3.5
Wasa Trust	–	1	–	0.0
10 local companies	–	–	2,450	0.04
Total number of shares	1,532,678	4,761,455	2,450	100.0

– is the discussion forum which is ultimately responsible for joint strategic issues.

Länsförsäkringar AB is the hub of the federation

The original cooperation, which was designed to provide a joint reinsurance solution, has now become a comprehensive business operation on behalf of the regional insurance companies to exploit economies of scale and provide leading-edge expertise to support the regional companies.

In other words, Länsförsäkringar AB provides the cohesive link in the Länsförsäkringar organization, and is assigned to establish the prerequisites which enable the regional insurance companies to be successful in their various markets. This is achieved partly by providing services and pursuing a common development process, and partly by taking responsibility for joint insurance, banking and mutual fund business.

Reinsurance continues to be an important feature of Länsförsäkringar's operations. A high proportion of reinsurance premiums are retained with the Alliance as a result of spreading the risk for major claims between the regional insurance companies and Länsförsäkringar AB, which is jointly owned. This reduces dependence on reinsurance in the international market, and makes an important contribution to Länsförsäkringar's profitability. The external reinsurance programme ensures that Länsförsäkringar AB's net exposure to a specific claims incident is limited to less than 2% of net asset value.

Länsförsäkringar AB is responsible for Länsförsäkringar's joint development operations. In particular, this involves coordination of the extensive IT development programme, but it also includes the ongoing development of routines which support new IT systems. Employees of the regional companies and Länsförsäkringar AB work together in specific development projects.

In the corresponding manner, Länsförsäkringar AB is responsible for managing the capital which customers have entrusted to the mutual fund and life insurance companies. The regional insurance companies also utilize this resource to manage their substantial capital stock, or part of it.

An agreement was concluded with ABN AMRO in March 2002 concerning the management of Länsförsäkringar's investment assets.

Review of the federative model

During 2001, the regional insurance companies reviewed the current business model, including the division of responsibilities between the regional insurance companies and Länsförsäkringar AB, and the rules and forms for decision-making within the federative structure. The aim was to further clarify Länsförsäkringar AB's functions in the Alliance, for example, and to rationalize the regional companies' control of joint operations.

Objectives for Länsförsäkringar AB

Three objectives have priority at Group level: NLI, NMI and the yield on shareholders' equity. The NLI survey – the "Regional Company Satisfaction Index" – measures how successfully Länsförsäkringar AB promotes Länsförsäkringar's business development and the production of joint services for the regional companies. Surveys are conducted on an annual basis. The index for 2001 improved by 0.5 percentage points in comparison with the index rating of 70 for the previous year, which is the threshold value for an acceptable score. The greatest improvements in the index scores were noted in life insurance and banking operations.

The NMI "Satisfied Employee Index" was launched in 1998, and it measures factors such as management, skills, development opportunities and work environment. The results have improved steadily since

1998 and, in 2001, were considerably better than the average for Swedish companies in the service sector.

The aim is that the average yield on Länsförsäkringar AB Group shareholders' equity should be 5 percentage points higher than the 5-year bond rate. During the past five years, this yield requirement has only been met twice, mainly due to reinforcement of the third-party liability motor insurance reserve in the late 1990s, investments made by Länsförsäkringar AB in the savings area, and the poor yield in 2001.

The Länsförsäkringar AB Group's targets are broken down by division in the Group's annual business planning process. The divisions, in their turn, break down targets at the business area and departmental level. The strength of the business planning process lies in the high degree of participation and involvement.

The development process will focus on a joint development plan for Länsförsäkringar as a whole, and ensure that the development process supports the strategic market objectives. A high degree of participation on the part of the regional insurance companies is an essential ingredient in successful operations. The focus for future NMI scores is continued reinforcement of employees' skills and development opportunities within the Group. Management skills and a business approach are other key areas.

Changes in the legal organization structure

Certain changes have been implemented in the Länsförsäkringar AB Group's legal organizational structure during 2000 and 2002. As a result of the incorporation of non-life operations in a separate subsidiary, Länsförsäkringar AB's role has been streamlined, ensuring that the formal, legal structure coincides with the operational structure. During 2002, the new Parent Company will di-

rectly own the Länsförsäkringar AB's subsidiaries, including a number of staff units and Groupwide units. The non-life company will be the insurer for third-party motor and industrial business, and will also manage reinsurance programmes.

Capital allocation

The effectiveness of capital utilization by the Länsförsäkringar AB Group will be improved by separating capital required for conducting joint non-life business from the capital required for Group operations. This will also lead to scrutiny of the actual capital requirements of all subsidiaries, resulting in more efficient capital utilization.

Länsförsäkringar AB is responsible for allocating capital resources and conducting joint operations. A change in the legal structure resulted in a clearer organizational pattern. When the legal and operational structures coincide, the definition of areas of responsibility is greatly simplified, and this also applies to the management of operations. There are Groupwide functions in the Länsförsäkringar AB organization, but no actual business operations. Länsförsäkringar AB is a management company, assigned to own and manage the Group formed by the joint Länsförsäkringar companies. This has also established a clearer image, and is an advantage in a rating and borrowing context. Länsförsäk-

ringar AB received an "A1" rating from Moody's for the first time in 2001. Länsförsäkringar Sak has had a "single A" Standard and Poor's rating since 1997. This rating reflects the key role and the strength of Länsförsäkringar AB Group in Länsförsäkringar.

Matching and financing

The company's overall policy in selecting assets used to cover liabilities is to take the nature of the assets into account (matching) and spread the risks in an appropriate manner (diversification). Interest-bearing assets are selected in the first instance, and subsequently equities and properties. The registered assets should exceed liabilities by at least 5%.



Tumbling stock market indexes and declining demand made the year one of the most bewildering ever experienced

The downturn intensified during 2001. Demand declined in most markets and stock market indexes fell. Central banks cut key rates in order to counter a serious and protracted recession. In addition, there were the terrorist attacks of September 11 in the United States. This was first and foremost a human tragedy, of course, but the politically sensitive situation that occurred also increased the general uncertainty.

By late 2001, there were several signs of an upturn in the business cycle in the near future, initially in the US economy.

The first years of the 21st century were a considerable disappointment after the boom of the 1990s. On average, high growth was experienced in 2000, but there were already warnings of a deterioration. The growth rate dropped from the average of more than 3.5% achieved in 1992-2000 to a mere 1% during 2001. Although there are signs that the US economy is now on the mend, this is not expected to be reflected in production figures until the second half of the year. This means, in its turn, that growth will probably continue to be low in 2002, followed by a much stronger 2003.

US companies have been struggling with lower profit margins and weaker demand, and therefore they have reduced their inventories and their capacity utilization to historically low levels. As a result, when demand increases once more, companies will eventu-

ally need to make new investments, and will be willing to do so, particularly if interest rates continue to be favourable. The US Federal Reserve Bank (the FED) has cut interest rates heavily. The American key rate – FED funds – was reduced from 6.5% to 1.75% during 2001, clearly pointing to the prospect of a recovery. Consumers, like companies, have also become more optimistic, despite growing unemployment. However, a tighter labour market, which may have an impact on propensity to consume, will still be a risk factor during the year.

Overall, continued signals indicating that the cyclical trough will soon be over may be expected. Stronger economic indicators, expectations concerning future interest rate increases and higher share prices will probably exert an upward pressure on long-term interest rates during the year.

Europe follows

In Europe, the business cycle passed its peak in mid-2000, to be followed by a

downturn. The European Central Bank (ECB), like the FED, has also cut interest rates, and there are growing expectations that the economy will improve, in line with developments in the US.

In Sweden, times were also harder in 2001. There were several bankruptcies, major companies gave notice to thousands of employees, national industrial production dropped and consumer expectations and investment plans were considerably more cautious. However, low interest rates in combination with a continued expansive fiscal policy indicate that the downturn will be relatively brief. The anticipated improvement in global demand also indicates that Sweden is approaching the lowest point in the current business cycle.

Stock markets

Stock market indexes continued to decline during 2001, and this was accentuated in connection with the terrorist attacks in the US on September 11. In a situation of stag-



nant demand, pressure on profit margins and optimistic profit expectations, adjustments of share prices continued throughout the year, particularly in the case of the highly valued high-technology sector. Defensive sectors were the winners in 2000, and this trend continued in 2001. Shares in cyclical industries developed well during the year, based on hopes that the cycle was approaching its lowest point.

Reductions in short-term interest rates, combined with high risk premiums, have

encouraged investors to return to the equities market, which is potentially more attractive. Expectations of higher demand, in combination with a more stable political climate, contributed to stock market recovery in late 2001. Overall, however, share prices fell during the year.

Profit estimates were substantially downgraded during 2001, and many companies are still struggling with poor earnings and low profitability. The Enron bankruptcy and the inadequate accounting principles re-

vealed in this context further increased general uncertainty about the valuation of companies. This may continue to have a negative impact on share prices during the year.

On balance, the positive factors appear to dominate, and there will probably be favourable stock market developments during 2002.

Upturn due to reductions in short-term interest rates

The FED reduced the key rate by 0.5 percentage points at the beginning of 2001,

followed by several further reductions during the year. In all, the FED reduced the interest rate by five points during 2001. These reductions have made the market feel confident that an upturn is to be expected.

Long-term interest rates and share prices started to climb in the spring, in parallel with the reductions in short-term rates. The market was a little over-optimistic, however, and long-term rates declined during the summer. When the political climate started to stabilize after the terrorist attacks in the US and it was clear that the series of reductions in short-term rates was coming to a close, long-term rates rose once more towards the end of the year.

On the whole, Swedish interest rates have followed international trends, although a substantially higher rate of inflation during the spring of 2001 resulted in a greater difference between Swedish and international long-term rates. This differential decreased slightly at the end of the year as a result of some decline in the rate of inflation and inflation expectations.

Strong dollar

The dollar has continued to be strong during 2001. The euro also gained strength during the latter part of 2000 and early 2001 but subsequently declined in relation to the dollar, possibly due to the low growth rate in the EMU area.

Development of the Japanese yen was considerably weaker than for the euro, and its value declined by slightly less than 15% against the dollar during 2001, and slightly more than 8% against the euro.

The value of the Swedish krona also declined against both the dollar and the euro. The fundamental economic prerequisites in Sweden deteriorated during the year, but no more than in the US or the EMU, which makes it difficult to explain the weak exchange rate for the krona. The krona has continued to be affected by trade flows and lost about 6% in TCW terms (Sweden's major

trading partners). The krona recovered somewhat towards the end of the year, and this trend is expected to continue as the business cycle and share prices improve. In addition, the market will continue to focus on expectations of Swedish membership of the EMU in the near future.

Slight downturn in the property market

The real estate market has been characterized by a large number of properties put on the market by private persons, or by institu-

tions wishing to reduce their portfolios. In the market for commercial premises, there has obviously been hesitation on the part of many investors due to uncertainty about the key factors during the next few years, for example rental levels and vacancy rates. Due to the stock market decline, most institutional investors are now overweighted in properties and, as a result, are not interested in buying. A large number of property transactions were nonetheless conducted during the year at satisfactory prices. Both





foreign property funds and private persons have shown increased interest in investing in Swedish properties.

A peak was noted in the rental market in late 2000. Rents in central Stockholm have subsequently declined by 10%. Rents in Stockholm are still at a historically high level, however – the current (March 2002) rent for office floor space in prime locations is SEK 4,500–5,000 per square metre.

Alternative Investments

There was considerable caution in the Private Equity market during the year. It was very difficult for Private Equity managers to divest portfolio companies in listed markets, and individual buyers were unwilling to acquire companies. In combination with a widespread and high level of risk aversion and a difficult credit market, these factors resulted in very limited investment in new companies. Instead, the focus was more on

managing existing investments. The Venture Capital segment suffered particularly severely, with major writedowns as a result.

The prerequisites for the Absolute Return portfolio changed during the year due to the dramatic increase in global demand for hedge funds. As a result, the managers that Länsförsäkringar prefers to invest with had limited capacity and, in its turn, this meant that there was an even greater need for discipline in the analysis and selection process.



Major events

- **Länsförsäkringar increased** its total non-life market share from 26.8% to 28.4%
- **Länsförsäkringar acquired** Svenska Brand.
- **Acquisition of the Allianz** insurance portfolio in Sweden.
- **Lita to be phased out as a separate company** – policies transferred to Länsförsäkringar regional insurance companies.

Successes in a changing market

Non-life insurance operations are conducted by the following Länsförsäkringar AB subsidiaries: Länsförsäkringar Sak Försäkrings AB, Försäkrings AB Agria, Länsförsäkringar Miljö AB and Wasa Försäkring Run-Off AB. These companies are assigned to develop products and concepts in close cooperation with the regional insurance companies, although they may also be assigned to handle business which, following a strategic decision, is to be conducted jointly rather than under a local permit. Total premium earnings for own account amounted to SEK 3,039 M in 2001, which represents 30% of Länsförsäkringar's total non-life business volume. Third-party motor insurance is the largest category of non-life business conducted by the Länsförsäkringar AB Group. In addition, Länsförsäkringar Sak also handles Länsförsäkringar's joint reinsurance solutions.

Länsförsäkringar Sak acquired Svenska Brand, a listed insurance company, in mid-April. The total premium volume amounted to about SEK 300 M, mainly in commercial and property insurance in major urban areas. Following acquisition, the portfolio has been transferred to the relevant regional insurance company, in accordance with the policyholder's address. Länsförsäkringar Sak is responsible for medical insurance policies in the Svenska Brand portfolio.

In the late summer, Länsförsäkringar also acquired the Swedish insurance portfolio of Allianz, a multinational group, when Allianz withdrew from the Nordic non-life insurance market and sold its business to ALKA, a Danish insurance company. In this case too, Länsförsäkringar Sak transferred business to the regional insurance companies, following this structural transaction. The policies have a total premium volume of SEK 134 M, with most business concentrated in Stockholm, Göteborg and Jönköping.

Policies sold under the Lita trademark are covered by Länsförsäkringar Sak. A decision was reached in 2001 to discontinue

Lita as a brand name and transfer the Lita portfolio to the regional insurance companies. As a result, Lita has ceased to be a brand, and customer contacts have been transferred to the regional insurance companies, in accordance with the customer's location. This decision was based on the regional insurance concept and the local business approach, which involves giving customers the best possible service as a result of the regional companies' proximity.

Motor insurance

Motor insurance is reported in the Performance Analysis under the Motor vehicle and Third-party insurance headings.

Motor insurance business consists of two closely integrated components – third-party liability insurance and motor vehicle damage insurance. Motor insurance is almost entirely handled by the local regional companies, which also have local permits for motor damage business. Länsförsäkringar Sak conducts a minor proportion of motor damage business under its own auspices for large fleet owners with operations in more than one region.

In contrast with motor vehicle damage insurance, which is optional for the vehicle owner, third-party liability insurance is a mandatory legal requirement in Sweden, which is totally governed by the Motor Traffic Damage Act (TSL). Länsförsäkringar Sak is currently responsible for the third-party permit for all the Länsförsäkringar companies, although management and customer relations are local and conducted close to the customer in accordance with the overall Länsförsäkringar concept.

During the autumn of 2001, examination of the possibilities of transferring responsibility for third-party business to the regional insurance companies commenced.

Markets and portfolio development

Third-party liability insurance is one of Länsförsäkringar's major insurance areas, with a gross total premium income of SEK 2,102 M in 2001. This corresponds to a market share of 34.7% in terms of the number of policies. During 2001, Länsförsäkringar's sales of car insurance continued to be strong, despite a substantial decline in sales of new vehicles.



Länsförsäkringar's portfolio and market shares have increased, and the competitive situation was highly favourable during the year.

Länsförsäkringar Sak's development of products and concepts in cooperation with the 24 regional insurance companies resulted in the launching of two completely new products during 2001. One was branded motorcycle insurance in cooperation with Yamaha Motor Sweden, the country's largest motorcycle importer. The other was a new annual insurance policy for light off-road vehicles, which is the first of its kind in the market.

Results

The risk adjustment process for car insurance which was initiated during 2000 continued in 2001, and the risk in the commercial motor portfolio was reviewed on a continuous basis. The necessary premium increases were achieved without negative customer reactions. The full effect of premium increases and the risk review process will not have a full impact on results until 2002.

Premium income gross increased by 18% for third-party insurance and 19% for

damage insurance in 2001 as a result of price adjustments and a larger portfolio. Claims payment for own account increased by 24% and 23% respectively during the year. Results for 2000 included nonrecurring items of SEK 61.7 M and SEK 2.9 M, respectively, under the Other technical revenues heading, due to the SPP (Swedish Staff Pension Society) refund.

Third-party motor insurance	2001	2000
Premium income, gross, SEK M	2,102	1,779
Passenger car, number of policies	1,193,500	1,115,300
All vehicle categories, number of policies	1,659,900	1,562,400
Result, SEK M	-8	110
Claims ratio	109	108
Operating expenses ratio	21	22

Motor vehicle insurance	2001	2000
Premium income, gross, SEK M	145	122
Result, SEK M	-11	-4
Claims ratio	103	96
Operating expenses ratio	8	13

Commercial

Most business in the commercial sector is reported in the performance analysis under the following headings: Commercial and Real Estate, Marine, aviation and transportation, and also minor items under International direct insurance.

During 2001, the local regional insurance companies gradually took over aspects of commercial business involving property insurance. In the future, Länsförsäkringar Sak will only participate on a co-assurance basis, and will continue to fulfil its assignment from the regional insurance companies by providing services, developing products and systems, supplying training and legal services, and participating in insurance industry alliances.

Results

Commercial business largely consists of co-assurance property business conducted in cooperation with the regional companies and liability cover in the commercial and real estate sector. Premiums were increased substantially during the year in order to restore the profitability of property business. The portfolio also includes a run-off trans-



action from the former Wasa Sak Försäkrings AB on which it was possible to realize gains during the year.

Another aspect of commercial business is marine and transportation insurance, which now accounts for a gross premium income of SEK 160 M, mostly for freight insurance. Premium volumes increased by 19% during 2001 as a result of higher sales and premiums.

Commercial insurance	2001	2000
Premium income, gross, SEK M	555	455
Results, Commercial and real estate		
Direct insurance Swedish risks	9	-128
International direct insurance	4	2
Results, Marine, aviation and transportation	2	5

Household

Household insurance includes the Household contents, Home/contents, House, Tenant occupier, Study Abroad and a number of supplementary policies in these areas. Business is conducted under the regional insurance companies permits. With the exception of Lita policies (which are being transferred to the regional insurance companies), Länsförsäkringar Sak conducts no

direct business in the household market, confining itself to providing services for the regional companies in the product and systems development area, and in the training, legal and industry alliance fields. Länsförsäkringar Sak's cooperation with the regional insurance companies is determined by local market factors and customer requirements.

Agriculture

The regional insurance companies are responsible for all agricultural insurance. Länsförsäkringar Sak's assignment is to provide services in the product and systems development area, and in the training, legal and industry-alliance fields, in close cooperation with the regional companies, Agria Djurförsäkring and the Federation of Swedish Farmers (LRF).

Health and welfare

Operations are reported in the performance analysis under the Health and accident heading. In addition, services are provided for the regional companies on an assignment basis for accident business conducted under local permits.

Länsförsäkringar is continuing to increase its market shares in the health and welfare

area. The acquisition of Svenska Brand doubled Länsförsäkringar's market volume in the medical care insurance sector.

During 2001, Länsförsäkringar introduced completely new products for individual medical care insurance which received a highly favourable reception in the market. Long-term development is continuing in the health and welfare field. As a separate business area, Health & Welfare has been given a clearer focus, with an internal Board which ensures clear links with Länsförsäkringar's life and non-life insurance operations.

Results

Results for 2000 included run-off gains on previous Wasa business, but increased provisions and restructuring expenses for group medical care business which has been acquired were charged against income in 2001.

Medical and accident insurance	2001	2000
Premium income, gross, SEK M	101	90
Results	-33	42

Reinsurance

In a sector already characterized by growing competition, the reinsurance market experienced its largest single insurance claim ever on September 11, 2001. It is estimated that the cost of the terrorist attacks in the US will be approximately USD 70 billion and will affect virtually all sectors of the industry, including property, fire consequential loss, marine, accident, travel and aviation insurance, in addition to motor damage insurance and life policies. The extent of the damage will create financial problems for several companies in the reinsurance market when direct insurers require payment for the substantial losses incurred.

Many reinsurance companies will also refuse to undertake new business. Reinsurance premiums will rise as the reinsurance market shrinks, and reinsurance terms will become more restrictive. Länsförsäkringar expects reinsurance prices to increase by at least 50%, and this will affect both private and commercial insurance. Higher premiums in the private field are an indirect effect of the terrorist attacks, not a direct effect.

Länsförsäkringar's joint reinsurance programme

Länsförsäkringar's joint reinsurance operations are a key element in cooperation within the Alliance. Reliance on external reinsurance is reduced by sharing the risk of major claims between the various regional insurance companies and the non-life company, Länsförsäkringar Sak. As a result, the major proportion of risk sharing is managed within Länsförsäkringar.

The premium paid for the external reinsurance programme to supplement the internal offsetting of risk, amounted to SEK 120 M in 2001. Based on the assumption of an increase of 50%, the cost of reinsurance will be less than 3% of the direct premium.

External reinsurance is activated to cover major claims. A fire during the year at a sawmill in Årjäng is estimated to cost SEK 95 M, and a fire in an apartment building in Karlstad is expected to cost SEK 75 M. The proportion retained by Länsförsäkringar for own account is SEK 40 M in both cases.

External reinsurance limits Länsförsäkringar's net exposure to a specific claim to less than 1% of net asset value

Assumed reinsurance, active business

Länsförsäkringar has offered reinsurance to the external market since 1993. It is estimated that claims of approximately SEK 2.7 M will be incurred on reinsurance assumed from the external market following the terrorist attacks in the US. Higher reinsurance prices and more restrictive terms indicate a positive trend for reinsurance business assumed.

Run Off

Prior to 1993, both Länsförsäkringar and Wasa (included in Länsförsäkringar since 1998) conducted extensive reinsurance and international direct insurance operations. The run-off of this business is now handled by Wasa Försäkring Run-Off AB and Länsförsäkringar AB.

There are provisions of SEK 1.3 billion (1.4) for payment of future claims, and the Division's assignment is to commute its commitments in the most cost-effective man-

ner. During 2001, the run-off process resulted in a reduction in reserves from SEK 1,399 M to SEK 1,312 M. Exchange rate trends during the year had a considerable impact on total provisions, which increased since they consist primarily of USD and GBP.

The portfolio is analysed continuously, and priorities are assigned to items with the highest risk. Risk levels were reduced further during the year.

Environment

Länsförsäkringar's producer liability insurance is included in the performance analysis under the Commercial and real estate heading.

Länsförsäkringar is increasing its focus on the market for producer liability insurance. There is also growing interest in other Nordic countries, and Länsförsäkringar now also offers cover in Norway, in cooperation with Gjensidige NOR.

In 2001, the Swedish Government appointed a committee to review the practical application of producer liability. The report presented at the beginning of December proposed an insurance solution. The EU is also preparing directives for producer liability for electronic products. There are several indications that the market potential in this area is highly favourable.

Cooperation agreements have been signed with a number of customers as part of joint efforts to develop insurance solutions to meet customers' specific requirements. During 2001, Länsförsäkringar also signed the world's first producer liability insurance policy for passenger cars with the Swedish agent for Mazda and Suzuki. This is a breakthrough in the market for producer liability insurance.



Animal and crop insurance

Agria Djurförsäkring, Länsförsäkringar's specialist company for animal and crop insurance, reported premium growth of 11% in 2001, due to an increase in the number of animals insured and higher premiums to meet increased veterinary expenses.

The trend in animal insurance during recent years continued in 2001. A combination of higher ambitions among animal owners and veterinary surgeons and higher prices for veterinary services contributed to a further increase in the cost of claims. Claims payments for own account amounted to SEK 418 M (385). Agria's premium income amounted to SEK 605 M (545), the highest ever reported by the company. This was attributable to a larger portfolio and higher premiums to compensate for the increased cost of claims.

Länsförsäkringar insured more cats than horses in 2001 – 102,000 horses and 114,000 cats were covered by Agria Djurförsäkring. Cats have become a treasured domestic pet and, like dogs and horses, deserve security and care. Cat insurance has increased by 160% in the past 10 years.

It is estimated that 80% of farm animals in Sweden are insured with Agria Djurförsäkring. The corresponding figures for

young pigs, porkers and chickens is more than 90%. Insuring farm animals on this scale is unusual in Europe, although the figures also tend to be high in other Nordic countries. In Finland, about 30% of all cattle are insured, compared with about 80% in Norway.

An extensive rationalization and development process was conducted during 2001, with a focus on customer interests. Two certification processes (ISO 14001 and ISO 9001/2001) were implemented to ensure environmental compliance and to maintain the quality of Agria's operations.

The Swedish Institute for Quality (SIQ)) model was used to identify areas for improvement, and skills development was initiated in accordance with the Investors in People concept.

Agria's website – www.agria.se – received the Web Service Award in 2001, a prize awarded annually to the company with the highest level of customer satisfaction on the Net. The jury stated that both

knowledgeable and less-informed visitors are obviously satisfied with the information provided.

A comprehensive strategic process has resulted in adoption of a new business concept for Agria: to offer security for animals and human beings as a result of specialized know-how and commitment. This has led to the development of two completely new and unique products – the first animal-related insurance policies for people. Agria Trygghet (Agria Security) covers boarding expenses for dogs and cats if their owners are unable to care for their animals due to sickness, and Agria Incident covers personal injury caused by horses insured by Agria. Agria Incident was developed in cooperation with LRF Försäkring.

Key ratios	2001	2000
Premium income, gross, SEK M	605	545
Market share, %	65	65
Number of customers	342,000	335,000





Major events

- **Premiums for the PFA-98 selection process** were received during the year. As a result, sales of occupational pension plans increased during 2001. Länsförsäkringar received 9.9% of the premiums in the Swedish Employers' Confederation/Trade Union Confederation (SAF/LO) selection process and 6.5% of PFA-98.
- **On August 1, Hans Benndorf** succeeded Lars Rosén as head of the Länsförsäkringar AB Life Division. He was previously President of Postbanken.
- **Länsförsäkringar decided in 2001** to implement a new strategy focusing on stronger growth in the occupational pension market.
- **An increasing number of companies** are joining forces to negotiate cheaper and better pension solutions for their employees. During 2001, Länsförsäkringar participated successfully in some of these negotiations, for example in the case of Alfa Laval, Axfood, Peab, Sweden Post, Sydkraft and Tetra Pak.
- **Länsförsäkringar took over** employees from the Arrowhead IT consulting company with the aim of further increasing development resources in life insurance operations.
- **As from 1 July 2001**, part of Länsförsäkringar Liv's foreign shareholdings were transferred to an external mandate.

Major initiative in occupational pensions — the sub-market with the fastest growth

During 2001, Länsförsäkringar's life insurance operations changed, resulting in an even greater degree of participation in insurance business by the regional companies, and a focus on insurance as the core operation. This is demonstrated by the joint focus on large companies.

The Life division, which is the operational designation for life operations, is a wholly-owned subsidiary of The Länsförsäkringar AB. The Life division comprises the legal entity, Länsförsäkringar Liv, the wholly-owned Länsförsäkringar Fondliv, and a number of small property companies. Life insurance operations are conducted in accordance with mutual principles and, as a result, income is not consolidated in the Länsförsäkringar AB Group, but accrues instead to policyholders in the form of bonuses.

The Life division works through the 24 regional insurance companies, franchise holders and insurance brokers. The division has more than 500 employees and, in all, Länsförsäkringar has more than 1,000 people involved in matters relating to life insurance and savings.

The 24 regional insurance companies' responsibility for customer contacts involves building up, safeguarding and maintaining customer relationships. The Life division's key task is supporting the regional

companies by providing expertise in areas such as administration, investment, products and risk assessment. Another important task is the development of new concepts, the refinement of existing products and finding channels for new markets.

During 2001, Länsförsäkringar's life insurance operations changed, resulting in an even greater degree of participation in insurance business by the regional insurance companies, and a focus on insurance as the core operation. This is demonstrated by the joint focus on large companies. At the same time, the regional companies also have greater control over their own life insurance business. A high proportion of the administration of new policies was performed by regional companies during 2001. During the year, efforts were also made to improve the follow-up and reporting of local life insurance business, with the aim of further enhancing the regional companies' ability to act and operate as local life insurance companies.

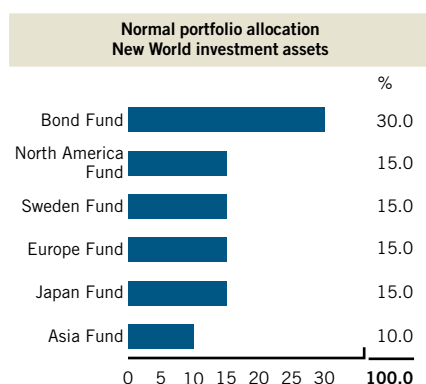
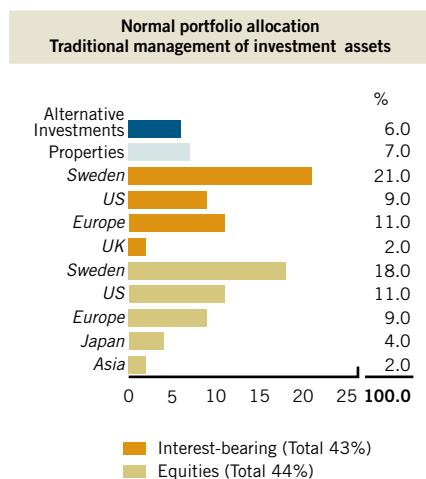
The strengths of Länsförsäkringar's life insurance operations are a local presence and personal contacts. Most products are

distributed via personal selling by the regional insurance companies' own sales personnel, franchise holders and brokers. Other distribution channels – such as the Internet – were developed during 2001 and now complement personal customer contacts.

Matching the Länsförsäkringar brand with savings and financial services is an important part of the life insurance operations. This process was stepped up in connection with the premium pension selection process in 2000, in which Länsförsäkringar was very successful. Länsförsäkringar also achieved considerable success in subsequent pension selections, which clearly shows that the Länsförsäkringar brand is becoming stronger in the savings market. Länsförsäkringar was chosen by 9.9% of those who made an active choice in the SAF-LO selection process in 2001, and by 6.5% in the PFA process in 1998.

Focus on large companies

Länsförsäkringar is particularly successful today in its dealings with small companies. A decision was made in 2001 for a new



strategic focus to achieve more growth in the occupational pension market. The new focus is also important for the company's success in the private market. In the future, large corporations will serve as market places for their employees' procurement of insurance policies and financial services – in other words sales to private persons.

Market shares

Länsförsäkringar expanded in the occupational pension market during 2001 but, despite a growth rate of 17%, Länsförsäkringar failed to keep pace with the occupational pension market, which expanded by 45% during the year. The market share, in turn, declined from 9.1% to 7.3%. As a result, Länsförsäkringar's share of the total life insurance market declined to 7.6% (9.1). Länsförsäkringar's goal is to achieve a new and more prominent position in the increasingly important occupational pension market.

Länsförsäkringar's share of new sales in the private pension insurance market in 2001 was 8.4%. Länsförsäkringar's market share declined in an expanding market, partly due to a preference for Individual Pension Saving (IPS), rather than private pension insurance.

For the first time since the launch of REFLEX Save, Länsförsäkringar lost market shares in the declining endowment insurance market. Länsförsäkringar's market share in 2001 was 7.3% (7.9).

Management forms

Länsförsäkringar offers three forms of management for pension insurance: traditional management, unit-linked management and New World management.

Traditional management provides a guaranteed annual yield of 3% on the cap-

ital saved, and the insurance company is responsible for management. Investments are made in listed shares, bonds, properties and Alternative Investments. When the yield on managed capital exceeds the guaranteed amount, the surplus is distributed to policyholders in the form of a bonus.

In unit-linked management, customers themselves choose their investment orientation and risk level. They are free to choose between mutual funds and fixed-income funds. This type of management provides opportunities for high yield at a higher risk – if the value of the fund declines.

NewWorld is a mixed portfolio comprising 70% equities and 30% bonds. The portfolio consists exclusively of holdings in Länsförsäkringar's mutual funds. There is no active reallocation between the sub-portfolios. New World combines the high yield opportunities of unit-linked insurance with a basic guarantee, ensuring that the customer always has a guaranteed savings premiums (less customary management charges), even if there is a decline in the financial markets.

Bonuses

The average bonus rate in traditional management during 2001 was 4.8%. As of October 2001, the bonus rate was 3%.

Most life insurance companies reduced their bonus rates several times during 2001. Many companies reduced their rates, most recently in October 2001, from 4% to 3% before tax and charges, due to negative trends in the financial markets. The reduction in October was also due to growing uncertainties after the terrorist attacks in the US on September 11, which had negative effects on the solvency level in life insurance companies.

In a 10-year perspective, Länsförsäkringar's customers have received an average bonus interest rate of nearly 10%, which is extremely good compared with many other forms of savings. Traditional management offers the customer an added advantage as a result of Länsförsäkringar's continuous review of the allocation of assets that is expected to generate the highest yield in the long term. Another advantage of traditional management is that the portfolio contains both liquid and non-liquid assets. The long-term nature of the savings also provides opportunities for investment in liquid assets such as property and Alternative Investments. These investment opportunities provide greater diversification – a greater spread of risks in the portfolio. Another advantage of the traditional management form is that it guarantees the policyholder a certain yield every year.

Yield

The total yield on investment assets during 2001 amounted to a deficit of SEK 4.3%. The year was characterized by declining stock market trends, which were the single most important cause of negative yield on the total portfolio.

Yield on listed equity portfolios under active management (in local currencies)

Market	Yield, %	Difference compared with index, %
Sweden	-16.01	-1.16
North America	-14.38	-1.85
Europe	-20.15	-3.87
Japan	-19.51	-0.52
Asia	-3.16	-5.67

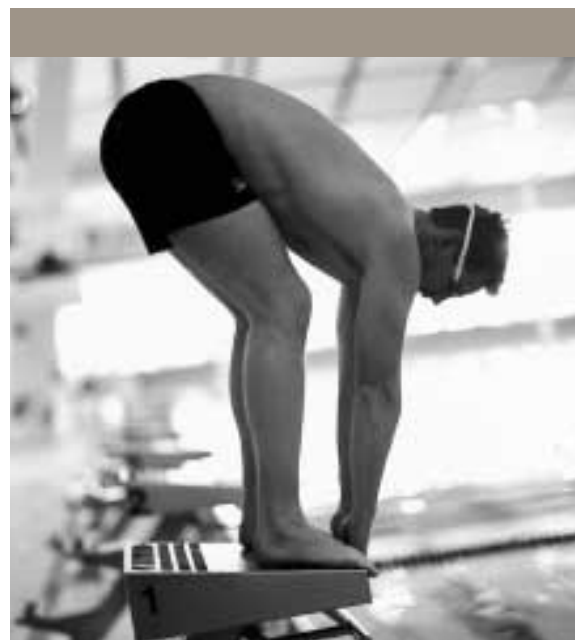
Swedish equity management operations had a negative yield of 16%, which was worse than the relevant index. The main reason for

the difference compared with the index is the general focus in management operations on growth shares. The total return on the foreign equities portfolio amounted to a negative yield of 15.1%. The lower growth rate, compared with the index, was due to overweighting in individual companies and the growth sector, particularly in the telecom industry. The European portfolio showed the largest loss against the relevant index. Both the Swedish and foreign equity portfolios recovered some of their losses during the fourth quarter, however, but total results for the year were nonetheless negative.

The yield on interest-bearing securities in 2001 was 5.1%, which was slightly lower than the index (0.9 percentage points). The difference compared with the index was due to underweighting in American bonds and overweighting in Swedish and European bonds throughout most of the year. This had a negative impact on the fixed-income portfolio's yield, since American bonds performed much better than the corresponding European bonds during the year. The portfolio had a longer fixed term than the index in the fourth quarter, which had a negative impact when interest rates rose. At year-end 2001, the fixed-income portfolio consisted of 46% foreign bonds, 51% Swedish nominal-interest bonds and 3% real interest bonds.

The yield on the property portfolio amounted to 4.4% in 2001. The values of some properties declined during the year. The largest reductions occurred in centrally located office properties in Stockholm, where most of Länsförsäkringar Liv's properties are situated.

Alternative Investments generated a yield of 2.7% in local currencies (6.2% in SEK) during the year. Private Equity accounted for two-thirds of the portfolio,



and the remainder consisted of absolute return funds (absolute yield strategies). The return on the Private Equity portfolio was a negative yield of 3.7% (local currencies), which was largely in line with expectations. Since this portfolio is still in the development stage, fees represent a relatively high proportion of the total yield. The absolute return portfolio generated a yield of 23.1% (local currencies), compared with a negative yield of 10.6% in local currencies for MSCI World and 10.6% for Lehman Global Aggregate (global bond index).

New World had a negative yield of 5.7% in 2001. There was a negative stock market trend in 2001, which contributed to negative yields in the equity portfolios. The MSCI World index was down 13.9% in 2001. The equity portfolios have been overweighted in the telecom industry, which was a major cause of the negative yield, compared with the index. Declining interest rates in Sweden resulted in a yield of 3.3% on interest-bearing securities.

As from 1 July 2001, part of Länsförsäkringar Liv's foreign shareholdings have been transferred to an external mandate. The aim is to increase the diversification of the entire foreign equities portfolio. It also provides a good opportunity for Länsförsäkringar to learn more about other management organizations and increase its skills as an institution that places demands on asset management as part of efforts to improve the long-term yield for its customers.

A total of SEK 4 billion has been transferred to two American asset management firms – T Rowe Price Associates, Inc. (Baltimore) and Aeltus Investment Management (Hartford) – and one European management company, CDC IXIS Asset Management (Paris).

Comments on results in 2001

Traditional life insurance is conducted by Länsförsäkringar Liv, and unit-linked life insurance by its subsidiary, Länsförsäkringar Fondliv. Länsförsäkringar Liv operates in

accordance with mutual principles, which means that surpluses that accrue in operations are distributed to policyholders in the form of bonuses. Total net premium income for Länsförsäkringar Liv and Länsförsäkringar Fondliv declined by 5% to SEK 8,857 M (9,361).

Traditional life insurance

Net premium income amounted to SEK 5,404 M (5,919). The decline of 9% was mainly due to fewer single payment policies.

The financial result for the year amounted to a loss of SEK 12,567 M (loss: 4,753). The decline was due to lower investment income on investment assets. Net investment income amounted to a loss of SEK 4,457 M (profit: 60). One reason for the low yield was the general trend in world stock markets, which resulted in a negative total yield on the equity portfolios.

The decline in earnings was primarily due to negative investment income and additional life insurance provisions as the

Investment income in 2001 for the life insurance company, including property companies and New World

Weighted capital base

Amounts in SEK M

Investments	Market value 1 Jan. 2001	%	Net investment	Change in value	%	Market value 31 Dec. 2001	%	Direct yield	%	Total yield	%
Interest-bearing, Swedish ¹⁾	26,202	26	-3,545	-430	-1.8	22,227	24	1,384	5.7	954	3.9
Interest-bearing, foreign	19,228	19	1,817	146	0.8	21,191	22	1,084	5.7	1,230	6.5
Total interest-bearing	45,430	45	-1,728	-284	-0.6	43,418	46	2,468	5.7	2,184	5.1
Swedish equities	15,957	16	1,924	-3,218	-19.1	14,663	15	314	1.9	-2,904	-17.2
Foreign equities	27,428	27	-298	-4,438	-16.3	22,692	24	331	1.2	-4,107	-15.1
Total equities	43,385	43	1,626	-7,656	-17.4	37,355	39	645	1.5	-7,011	-15.9
Alternative Investments	3,695	4	1,321	160	3.8	5,176	6	105	2.4	265	6.2
Properties	8,166	8	528	-17	-0.2	8,677	9	384	4.6	367	4.4
Financing of investments	-104	0	1	0	0.0	-103	0	-5	-4.9	-5	-4.9
SUBTOTAL	100,572	100	1,748	-7,797	-7.8	94,523	100	3,597	3.6	-4,200	-4.2
Other	2,982		1,049	0		4,031		-185		-185	
TOTAL	103,554		2,797	-7,797	-7.6	98,554		3,412	3.3	-4,385	-4.3

¹⁾ In the opening balance, direct loans amounting to SEK 30 M in the preceding year are reported under the Swedish interest-bearing heading.

result of a change in the maximum interest rate for computations of technical reserves. The new Insurance Business Act eliminated the possibility of allocating this additional provision over 10 years on transitional grounds, as from 1 January 2002. A gross interest rate of 3.5% has been assumed for life insurance provisions, in accordance with the Finansinspektionen (Financial Supervisory Authority) rules.

Operating expenses increased by 12% to SEK 999 M (891), due to continued investments in IT systems.

SEK M	2001	2000
Net premium income	5,404	5,919
Net investment income	-4,457	60
Loss for the year	-12,567	-4,753
Management cost ratio, %	1.0	0.9
Investment assets	94,032	99,740
Collective solvency level, %	98	108
Number of policies	808,000	775,000

Unit-linked life insurance

Net premium income amounted to SEK 3,453 M (3,442) and was virtually unchanged compared with the preceding year.

The financial result for the year amounted to a loss of SEK 160 M (loss: 144). The long-term nature of life insurance operations gives rise to a number of problems concerning the matching of revenues and costs in the accounts. The company's revenues extend over a considerable period of time, while costs primarily comprise a large initial cost for commissions and other expenses at the commencement of the policy.

The unit-linked company received a shareholder contribution of SEK 250 M to finance volume growth.

Operating expenses amounted to SEK 417 M (422).

Investment assets for which policyholders bear the risk declined in value during the year as a result of negative trends for stock markets around the world. This had a direct impact on technical provisions and an indirect effect on earnings, due to reduced revenues in the form of charges based on the value of the fund.

SEK M	2001	2000
Net premium income	3,453	3,442
Loss for the year	-160	-144
Management cost ratio, %	2.4	2.6
Total assets	18,531	18,288
Number of policies	335,000	273,000



Länsförsäkringar Liv's ten largest shareholdings

Company	Holding, SEK M	% of total shares
Ericsson, LM B	2,563	6.9
AstraZeneca	1,183	3.2
Nordea	870	2.3
Hennes & Mauritz	743	2.0
Nokia	725	1.9

Company	Holding, SEK M	% of total shares
Eureko BV	710	1.9
Skandia	628	1.7
Telia	614	1.6
Svenska Handelsbanken	558	1.5
SEB	520	1.4
TOTAL	9,114	24.4

Solvency policy 2002

Policyholders are entitled to all investment income, and the income is distributed to policyholders as bonus interest. Saving a certain percentage of investment income in the form of net assets provides opportunities for higher investment income in the future and, in turn, higher bonus payments.

There must always be a certain proportion of net assets, partly to ensure that negative market movements do not have a direct impact on the insurance capital and partly to

ensure that Länsförsäkringar Liv's obligations to life insurance policyholders can be met when investment income is low.

The bonus interest rate should reflect the long-term nature of policyholders' savings. As a result, decisions concerning bonus interest rates should be far-sighted and sustainable. Net assets are affected by the bonus interest rate, the current yield, day-to-day changes in the value of assets, premium payments, insurance claims and operating expenses.

The solvency level in Länsförsäkringar Liv is allowed to vary between 105% and 125%. The appropriate solvency level within this interval is determined on each specific occasion with due regard to the risk in the financial markets, based on Länsförsäkringar Liv's assessment, and the extent of risks in the balance sheet. If the solvency level is outside the range, the bonus interest rate is adjusted so that projected solvency is restored to an acceptable level within two years.

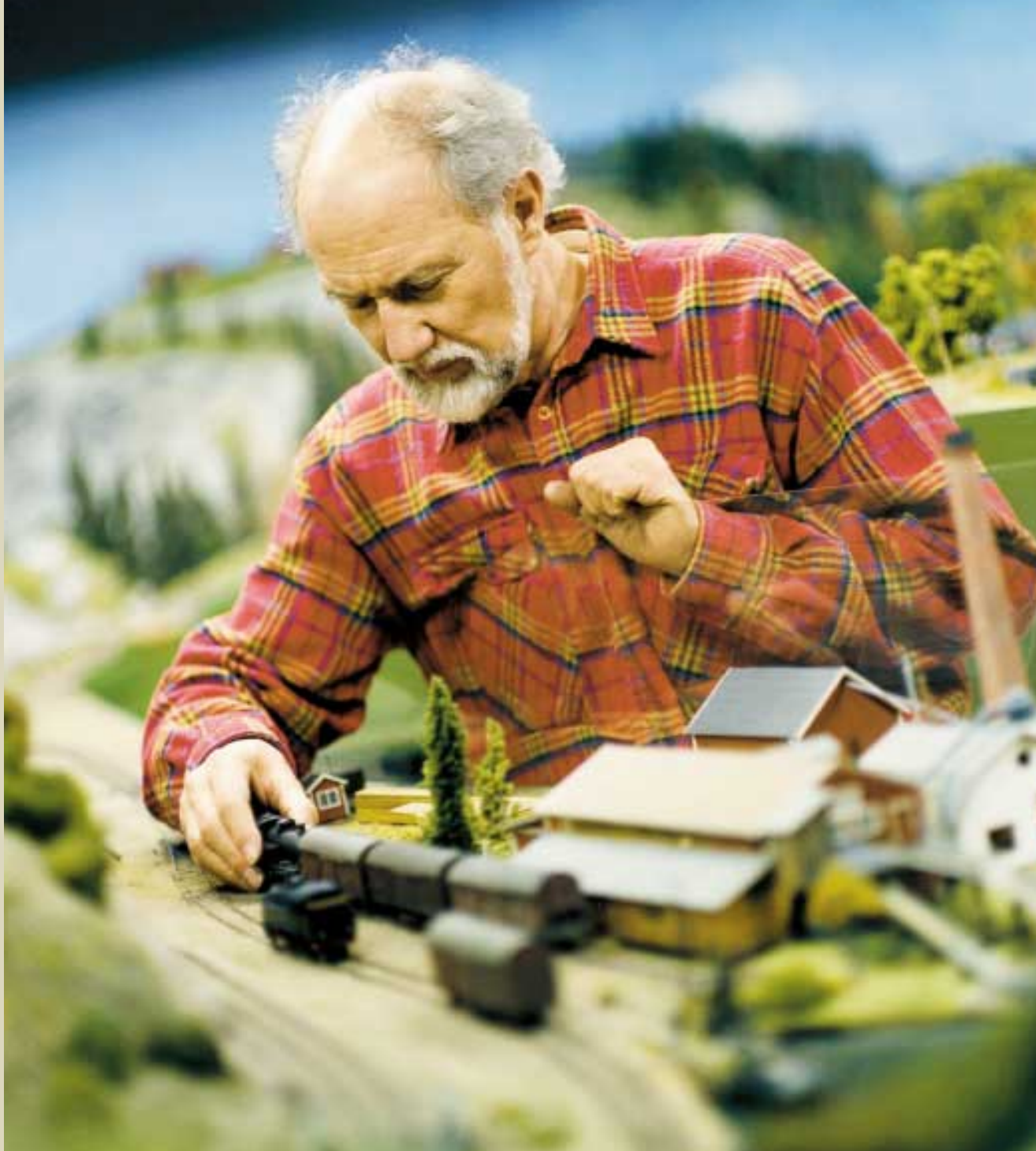


Being involved in Länsförsäkringar's focus on large companies is one of the most exciting and challenging undertakings in the insurance industry, and I look forward to participating in this task. With our strong brand and strong local roots, we have every chance of succeeding in this market.

Sten-Olof Fohlin, Manager, Pension Service Large Companies, Life Division, Länsförsäkringar AB.







Major events

- **A new solution for all aspects** of a customer's everyday finances was introduced during the year. Länsförsäkringar offers a complete principal bank alternative for private individuals and farmers.
- **Named "Challenger of the Year"** by Privata Affärer and "Best Farmer's Bank" by the Lantmannen magazine. Sweden's most satisfied customers among nationwide banks, according to "Swedish Quality Index."
- **The number of customers increased** by more 29% to 350,000. The number of customers linked to the bank via the Internet was more than 177,000, an increase of over 50%.
- **Deposits by the general public** increased by 45% to SEK 12.4 billion, and lending to the general public rose by 29% to SEK 12.5 billion.
- **Successful pilot operations** for first mortgages under own auspices were implemented in more than half the regional insurance companies.
- **New branch offices were opened**, increasing the total number of branches to 75.

The bank ties customers closer to Länsförsäkringar

Länsförsäkringar's strategy is to grow in its local markets, offering a broad range of banking and insurance products. Länsförsäkringar Bank should open doors, giving customers access to a wider range of financial and insurance services within the Länsförsäkringar framework. Banking services have won a high degree of customer confidence and, in addition, there are frequent customer contacts. This establishes a good basis for the development of customer relationships and an introduction to Länsförsäkringar's other products and services.

Banking operations are conducted in accordance with the Länsförsäkringar concept, under which all transactions and contacts with customers are conducted at the local level, thus utilizing the local market knowledge and expertise of the 24 regional insurance companies to the full. Development operations and support functions take place at the central level.

Länsförsäkringar Bank – the customer's entrance to Länsförsäkringar

In all, Länsförsäkringar has 75 banking branch offices throughout Sweden. Customers come into contact with the Bank at branches, via the Internet, by telephone and at ATM outlets in all parts of the country. This combination of physical and digital contacts has proved to be successful. Banking operations tie customers closer to Länsförsäkringar by ensuring frequent customer contacts. In particular, the everyday financial services offered by the Bank provide potential for a more intensive customer relationship. Länsförsäkringar Bank paves the way for lending, mutual fund investment and pension saving by establishing a close relationship in everyday financial

matters with customers who have previously chosen Länsförsäkringar as their insurance company.

Länsförsäkringar Bank has expanded in accordance with the principal bank strategy adopted in 2000. The Bank has developed from a niche bank into a principal bank, offering a complete banking alternative for target groups comprising private individuals and farmers. There was substantial growth during 2001, with an increase of 78,000 to 350,000 at year-end. The market share for household deposits amounted to 2.5%, an increase of 25%. Public awareness of Länsförsäkringar Bank is also increasing steadily. According to a brand survey conducted in October 2001, 17% of the Swedish population and 30% of Länsförsäkringar's customers were aware of Länsförsäkringar's banking operations.

Progress continued to be made during 2001, both in terms of internal processes and major systems. The lending process has been analysed, for example, and the Kredirekt loan management system was developed. Several regional insurance companies have implemented first mortgages under the Bank's auspices. Länsförsäkringar has

moved from niche bank status to become a principal bank.

Länsförsäkringar was nominated "Challenger of the Year" in the Swedish banking market by the Privata Affärer magazine, and the Lantmannen magazine named Länsförsäkringar the "Best Farmer's Bank." In addition, according to the Swedish Quality Index, Länsförsäkringar also has Sweden's most satisfied banking customers for a nationwide bank. These awards demonstrate the results achieved by the Bank.

In addition to the banking company, the banking group has three subsidiaries. Wasa Kredit AB offers various forms of leasing and financing and hire purchase payments, while Länsförsäkringar Hypotek is a housing loan institution, and WASA Garanti Försäkrings AB is responsible for run-off of various risk commitments.

During the year, the Bank has invested considerable sums in systems, products and channels, and is now in a strong position to offer private individuals and farmers a principal bank alternative. So far, however, the number of customers – and hence the volumes – are insufficient to provide an

adequate return on these investments, since transaction costs are too high. The challenge for the future is a substantial increase in volumes. Developments during 2001 have shown that this is not an impossible task.

Parent Company (the banking company)

Länsförsäkringar Bank's task is to assist banking operations conducted by the regional insurance companies. This mainly takes the form of development and personnel support. During the year, an everyday financial services offer was launched, and also a new bank card and young people's card. Development of securities services on the Internet has commenced.

Länsförsäkringar Bank – Parent Company	2001	2000
Income before credit losses, SEK M	-111	-45
Credit losses, SEK M	21	8
Operating income, SEK M	-90	-37
Total assets, SEK M	14,367	11,536
Shareholders' equity, SEK M	995	895
Return on shareholders' equity, %	neg	neg
Income/cost ratio before credit losses	0.73	0.84
Income/cost ratio after credit losses	0.77	0.86
Proportion of doubtful claims, %	0.12	0.10
Provision ratio for non-performing loans, %	83.16	91.11
Capital adequacy ratio, %	22.49	27.76
Core capital ratio, %	20.82	25.50

Wasa Kredit

Wasa Kredit conducts leasing and hire purchase operations and some unsecured lending in the Swedish market. Operations mainly comprise the financing of car sales, although other types of financing are also involved. Operations are conducted in co-operation with dealers and suppliers, and in the form of direct loans to customers.

During the year, a considerable volume of new contracts was signed, involving substantial expansion of operations, particular-

ly in the vehicle financing sector. Other areas of operations also experienced strong growth.

A debt recovery service for the company's own claims started in Örebro. During the year, a trainee programme was initiated to meet the company's future personnel and skills requirements.

Intense competition has resulted in declining interest rate margins, which had a negative impact on net interest income and earnings.

Wasa Kredit	2001	2000
Income before credit losses, SEK M	68	52
Credit losses, SEK M	-18	-14
Operating income, SEK M	50	38
Total assets, SEK M	5,862	5,291
Adjusted shareholders' equity, SEK M	388	388
Return on shareholders' equity, %	9.3	7.9
Proportion of doubtful claims, %	0.27	0.24
Provision ratio for non-performing loans, %	76.68	77.10
Capital adequacy ratio, %	9.59	10.63
Core capital ratio, %	6.67	7.39

Länsförsäkringar Hypotek

This company conducts housing loan operations involving credits granted against collateral in houses, tenant-owned apartments and apartment blocks.

During 2001, lending on behalf of SBAB increased by 45%. During the year, Länsförsäkringar decided to offer first mortgages under its own auspices via Länsförsäkringar Hypotek.

During the year, successful pilot operations were conducted by five regional insurance companies, and more than half the regional insurance companies have now introduced housing loans under their own auspices.

New loans amounted to SEK 1,153 M (72) during 2001.

Länsförsäkringar Hypotek	2001	2000
Income before credit losses, SEK M	-2	13
Credit losses, SEK M	21	6
Operating income, SEK M	19	19
Total assets, SEK M	2,358	1,498
Adjusted shareholders' equity, SEK M	141	141
Return on shareholders' equity, %	9.9	9.5
Income/cost ratio before credit losses	0.94	1.49
Income/cost ratio after credit losses	2.97	1.89
Proportion of doubtful claims, %	1.13	2.50
Provision ratio for non-performing loans, %	56.50	56.43
Capital adequacy ratio, %	13.87	20.72
Core capital ratio, %	10.80	15.96

WASA Garanti

This company's operations are focused on phasing out outstanding guarantee commitments and handling claims. This process commenced in 1991 as a result of the substantial losses incurred as a result of the financial and property crises of the early 1990s.

The portfolio of leasehold guarantees handled by the company during the year declined more rapidly than anticipated.

WASA Garanti	2001	2000
Income before appropriations and tax, SEK M	22	51
Total assets, SEK M	134	171
Shareholders' equity, SEK M	106	97
Equity/assets ratio, %	1,077	424

Länsförsäkringar Bank Group	2001	2000
Income before credit losses, SEK M	-45	17
Credit losses, SEK M	24	-1
Underwriting result, SEK M	22	51
Operating income, SEK M	1	67
Total assets, SEK M	15,523	12,386
Shareholders' equity, SEK M	1,006	896
Return on shareholders' equity, %	0.2	6.3
Income/cost ratio before credit losses	0.92	1.04
Income/cost ratio after credit losses	0.96	1.04
Proportion of doubtful claims, %	0.43	0.57
Provision ratio for non-performing loans, %	74.35	75.97
Capital adequacy ratio, %	9.12	10.21
Core capital ratio, %	8.45	9.37





Major events

- **Assets under management** in Länsförsäkringar funds were unchanged at SEK 31.7 billion, despite a considerable inflow.
- **The market share in net new savings** was unchanged at 7.0%. The total market share rose to 3.7% (3.5).
- **Another generation fund** was started in 2001 – Länsförsäkringar Pension 2045 – aimed at the youngest participants in the premium pension selection process.
- **The slowdown in the economy**, a weak stock market, general uncertainty, acts of terrorism and considerable market fluctuations contributed to weak trends for most Länsförsäkringar mutual funds.

Few bright spots in an eventful year

Länsförsäkringar's mutual fund company, which is a wholly owned Länsförsäkringar AB subsidiary, commenced operations in 1989. The Fund Division – the operational designation for the mutual fund company – sells and markets funds via the 24 regional insurance companies, insurance brokers and franchise holders. The division's operations involve the management and marketing of traditional equity and fixed-income funds, both for direct saving and for pension saving in unit-linked schemes.

Trends on the world's stock markets were weak during 2001 due to a global economic slowdown and reduced company profits. The year was characterized by uncertainty and by considerable market fluctuations. Three of Länsförsäkringar's 33 mutual funds performed better than the relevant index in 2001. The bright spots included Länsförsäkringar's Real Estate Fund, which beat the index by 11%. The Japan Fund also outperformed its index during the year, and all Länsförsäkringar's fixed-income funds developed positively.

Worldwide stock market trends were weak in 2001. The downturn which commenced in March 2000 continued until September 2001. Stockholmsbörsen (the Stockholm Exchange) declined by 56% from its peak to its lowest level, and the New York Stock Exchange (Dow Jones) fell by 30%. The stock market decline in Sweden is the third largest in its history, and the most serious since the 1930s. During 2001, Stockholmsbörsen was down 16.7%.

Most of Länsförsäkringar's equity funds developed negatively during the year, partly

due to weak trends for technology-related shares during 2001. Länsförsäkringar's Internet Fund experienced the sharpest decline. Länsförsäkringar's Small Company Fund and the Environmental Technology Fund also reflected weak development during the year.

Länsförsäkringar's fixed-income funds were among the bright spots and developed favourably – especially the Euro Bond Fund, which rose by 9.6% during 2001.

Large flows into fixed-income funds during 2001

Not unexpectedly, the weak stock market performance during 2001 and 2000 affected savings in mutual funds. A high proportion of the capital has been invested in fixed-income funds. SEK 28 billion of total net savings of SEK 57 billion in 2001 was invested in short-term fixed-income funds and SEK 7 billion in long-term fixed-income funds. Net savings of SEK 15 billion were placed in equity funds, and net savings in mixed funds amounted to nearly SEK 5 billion. Interest in equity funds recovered in late 2001, however. Many experts started to

project an economic turnaround in 2002, with an increase in share prices as a result.

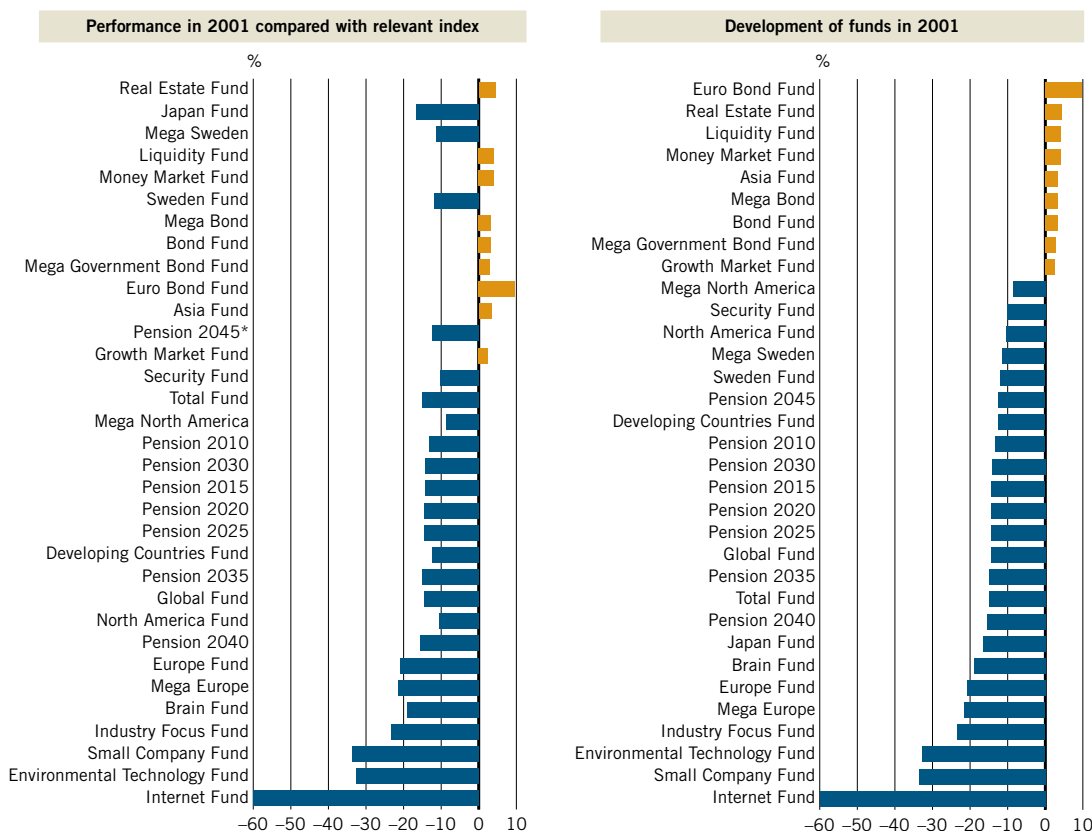
Market shares

Länsförsäkringar's market share of the total mutual fund market is 3.7% (3.5). In terms of new sales, the market share is 7.0% (7.0). As a result, Länsförsäkringar is the sixth largest company in the Swedish mutual fund market.

Changes in the mutual fund range

In May, the Pension 2000 funds were supplemented by Länsförsäkringar Pension 2045, a generation fund aimed at the youngest participants in the premium pension selection process.

In July, the Total Fund started to capitalize on opportunities offered by current fund specifications that allow private persons to invest more in equities. The fund's investment focus is now 70% foreign and 30% Swedish equities, with an option to invest a maximum of 15% in interest-bearing securities if stock market conditions are considered to be uncertain. The management fee for the Money Market Fund, which invests



in short-term interest-bearing securities, was reduced to 0.3% in the autumn.

Länsförsäkringar Fund-in-fund was launched on 7 January 2002. The three securities funds buy and sell units in other funds in Länsförsäkringar's fund range, based on Länsförsäkringar's confidence in the market. Fund-in-fund has three different risk levels: cautious, normal and aggressive. The management approach is equally active for all three funds.

Although 2001 was a poor year for asset management operations, Länsförsäkringar's mission is to create long-term value-added for its customers.

Local fund management

The process of transferring some aspects of mutual fund administration to the 24 regional insurance companies commenced during 2001. The transfer complies with the principles applied in banking operations, and is one of the goals in the administrative vision for life insurance operations.

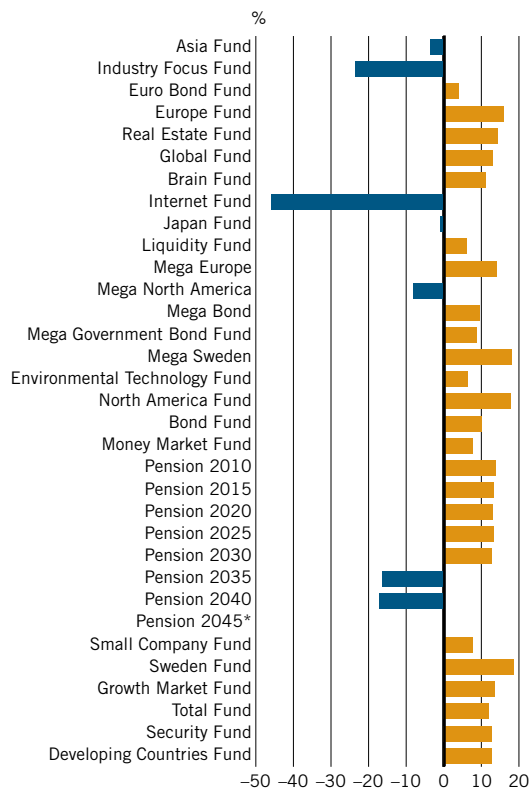
During 2001, assignments were transferred to two regional insurance companies acting as pilot companies. The functions transferred to the local level primarily involve the registration of new customers and maintenance of routines for regular savings by autogiro/banker's order.

Results

Revenues during 2001 amounted to SEK 314 M (319). This is in line with the trend for the total volume of SEK 31,752 M (31,670) under management. The total volume increased marginally during the year but was lower than anticipated. The corresponding management expenses and commissions were also lower, since they are volume-related.

Operating expenses for the year amounted to SEK 68 M, a decline of SEK 20 M compared with the preceding year. Slightly more than half this reduction may be attributed to improved operating efficiency, while

Annual average from start until 28 December 2001



*Started 31 May 2001

the remainder was due to lower costs during the year.

Despite negative stock market trends, which had a negative impact on the total volume of mutual funds, and the resultant decline in revenues, overall results for the year may be described as positive.

	31 Dec. 2001	31 Dec. 2000
Total number of funds	33	32
– of which equity funds	27	26
Assets under management, SEK M	31,752	31,670
Profit/loss for the year, SEK M	32	-14
Number of customers	285,310	277,000



Satisfied employees and effective management

In the human resources area, Länsförsäkringar AB has both divisional personnel units and a central personnel department which is responsible for coordination, development and information in the human resources field. In all, 52 staff members are involved in human resources issues at Länsförsäkringar AB.

Länsförsäkringar AB is an attractive employer

According to the annual NMI (Satisfied Employee Index), the response of 77% of Länsförsäkringar AB's employees is "I am satisfied with my work situation on the whole". In addition to the major NMI survey in January, two surveys with a special focus were conducted during 2001 in order to monitor the areas for development pinpointed in the business plan to fulfil the ambition of being an attractive employer. The areas studied were skills, job requirements, staff management, goal and performance orientation, career development dialogues and attitudes to Länsförsäkringar AB as an employer. Overall, Länsförsäkringar AB's Image Survey International ranking as an attractive employer advanced from 29th to 11th place on a national basis.

The results can be seen in terms of positive survey scores. The NMI index has improved steadily since the survey in January, when there was a score of 73 in response to the question of whether the employee concerned regarded the company as an attractive employer. In the special survey in May, the score rose to 74.9, and was 76.1 in the second special survey later in the year.

Equality of opportunity

There is a special group at Länsförsäkringar AB which monitors equality issues. As an employer, Länsförsäkringar AB is responsible for pursuing a goal-oriented equality process in terms of working conditions, recruitment, pay issues and an equality plan. In response to the NMI question about whether women and men consider that they have the same career development opportunities, 55% of the women employees consider that this is the case. The corresponding figure for men is 85%. The business plan target of 30% women in senior management positions has been achieved. The figure was 32% in December 2001.

A "Want to manage" programme for women employees has been developed to improve these results and increase the number of women managers, and an additional training programme has been initiated. Introduction of another new training programme is scheduled for 2002. Lunchtime seminars on the inspirational theme "Successful management – male, female or human?" have also been implemented.

The equality plan for 2000-2001 has been followed up. The results indicate that there are still considerable pay differences at management level for similar tasks and for new recruits.

A new equality plan for 2002-2004 has been drawn up. According to the action plan, the key, high-priority areas in which further effort is required are job applications, the recruitment process and a remuneration survey.

Other features highlighted by the equality group include:

- Services in the home for managers and specialists with young children on an experimental basis.
- Pay supplements of up to 90% of normal pay for parental leave for all personnel, in addition to the social insurance office minimum level.
- A policy for ethnic diversity in working life at Länsförsäkringar AB.

Working environment and preventive health care

In April, Länsförsäkringar AB was the first company in Sweden to receive health certification, and has made considerable progress in achieving awareness of health issues throughout the organization.

According to the NMI survey, the score for experience of the physical work environment is 76.9, despite conversion of the premises, greater concentration of work stations and a transition to open-plan offices. On the other hand, the results in terms of job requirements are less satisfactory – in particular the perception of stress factors at work. During the year, 1,039 health profile assessments were conducted, and 494 work profile assessments.

Absence due to sickness

%	2001	2000
Short-term absence, women	2.2	1.2
Long-term absence, women	3.7	1.8
Short-term absence, men	1.0	0.5
Long-term absence, men	1.4	0.6

Management

The average index score for Länsförsäkringar AB employees' perception of management was 73.1, and exceeded 70 in all categories. The score for "staff manage-

ment” was 73.4, 73.5 for “goal and performance orientation” and 71.9 for “career development dialogues”.

Good management is one of the key factors for success. There is a high level of participation in the “LF Academy” management and leadership training programmes. The younger generation increasingly wants to have active coaching by managers, so courses must be continuously renewed. The LF Academy provides support to managers by offering development programmes, for example Strategic Leadership and the Mentor Programme. The Scope for Leadership programme is conducted in partnership with other companies in the business community with the aim of bringing together senior managers from various companies to achieve inspiration, energy and new perspectives on their managerial role as the result of an exchange of experience, ideas and views.

All new managers participate in the LF Academy management and leadership programme, which was completed by 23 new managers during 2001.

Number of male and female managers (with supervisory responsibilities)

Women	85
Men	141

Employees

As the insurance and banking markets develop, the regional insurance companies’ needs for services supplied by Länsförsäkringar AB are changing. As a service and development company, this calls for rapid and flexible adaptation on Länsförsäkringar AB’s part to meet the changes required by the regional insurance companies and their customers.

• Establishment of a resource centre for skills rotation

Länsförsäkringar AB has a resource centre for skills development in which employees who have had tasks which are being cut back or eliminated due to changing requirements receive assistance to find a new position within Länsförsäkringar or elsewhere. This may take the form of training or personal development programmes.

• Recruitment freeze

A temporary halt in the recruitment process has been introduced to enable the resource centre to function as intended. The recruitment freeze applies to all external recruitment, irrespective of the form of employment, and to the use of external personnel.

• Early retirement

Under current pension agreements, the employer is entitled to approve the retirement of employees from the age of 60. Länsförsäkringar AB has this year decided to utilize this clause in the agreement.

Incentive programme

Länsförsäkringar AB has conducted an incentive programme for managers since 2001, on an experimental basis. If the predetermined individual targets are achieved, there is a bonus corresponding to 1–2 months’ pay. This experiment will continue during 2002.

Structural transactions

Employees in Svenska Brand and Allianz, which were acquired by Länsförsäkringar, were offered employment and, when portfolios were transferred, these employees were able to take their business with them

to the regional insurance company concerned or to Länsförsäkringar AB.

Länsförsäkringar Liv is taking over all the employees of the Arrowhead IT consulting operation in Östersund in northern Sweden. This involves a total of 50 employees who will be employed by the IT section of Länsförsäkringar Liv, but will continue to be based in Östersund.

Employee statistics

Number of women, 1 Jan. 2001	972
Number of women, 31 Dec. 2001	1,029
Number of men, 1 Jan. 2001	703
Number of men, 31 Dec. 2001	753
Number who resigned 1 Jan.–31 Dec. 2001	132
No. of full-year employees	1,747
No. of new permanent employees, 1 Jan.–31 Dec. 2001	245

Age distribution

Age range	No. of employees
–30 yrs.	224
31–40 yrs.	526
41–50 yrs.	464
51–60 yrs.	518
61 yrs.–	50

The average age of Länsförsäkringar AB employees is 41 for women and 44 for men.

Activities targeted at young graduates

As a specialized development organization, Länsförsäkringar AB needs a higher proportion of university-level expertise in order to meet customers’ requirements. As a result, various recruitment initiatives have been launched in Stockholm.

Länsförsäkringar recruited 13 trainees during 2001 – seven of them for divisions of Länsförsäkringar AB.

Board of Directors' Report

The Board of Directors and the Managing Director of Länsförsäkringar Aktiebolag (publ) herewith submit the annual report and consolidated financial statements for fiscal year 2001. The company has its head office in Stockholm.

Ownership

The regional insurance companies and 10 local companies own 96.5% of Länsförsäkringar AB. The remaining 3.5% of Länsförsäkringar AB is held by European Alliance Partners Company B.V. (EurAP-Co) and Wasa Trust, which holds one share. The Länsförsäkringar Insurance Alliance comprises the 24 regional insurance companies and the Länsförsäkringar AB Group.

Organization

In addition to the Parent Company, Länsförsäkringar AB (publ), the Group comprises Länsförsäkringar Sak Försäkrings AB (publ) and subsidiaries, Länsförsäkringar Bank AB (publ) and subsidiaries, Länsförsäkringar Fondförvaltning AB (publ), Länsförsäkringar Kapitalförvaltning AB (publ) and Länsförsäkringar Utveckling AB. In addition to these subsidiaries, the Group has two dormant companies.

The life insurance sub-Group for which Länsförsäkringar Liv Försäkrings AB (publ) is the Parent Company, and which is currently a subsidiary of Länsförsäkringar Sak Försäkrings AB and includes Länsförsäkringar Fondliv Försäkringsaktiebolag (publ), is not consolidated in the Group's accounts since the company's earnings are distributed to policyholders in their entirety. The Länsförsäkringar Liv Group's income statements and balance sheets are reported in a summarized form on page 73.

Focus of operations

The Länsförsäkringar AB Group conducts insurance operations in the life, accident, third-party motor, industrial, animal and reinsurance spheres, and also banking, mutual fund and asset management operations. The Länsförsäkringar AB Group is responsible for managing and coordinating the joint strategic and development process in the Länsförsäkringar Group. The primary assignment of the Länsförsäkringar AB Group AB is supporting and reinforcing the operations of the regional insurance companies. With certain minor exceptions, the regional companies are responsible for handling customer aspects of these operations.

Major events during 2001

Group restructuring

Länsförsäkringar AB has been the Group's new Parent Company since the end of 2000 and has employees in Group staff and Group-wide units as from October 2001. All insurance operations are conducted by the Länsförsäkringar Sak Försäkrings AB Group. Länsförsäkringar Sak Försäkrings AB was previously the Parent Company of the Group.

On 9 May 2001, the Annual General Meeting of Länsförsäkringar Sak Försäkrings AB decided that six subsidiaries would be spun off to Länsförsäkringar AB. Restructuring of the Group will continue during 2002 and Länsförsäkringar AB will become the direct Parent Company of most of the subsidiaries for which Länsförsäkringar Sak Försäkrings AB currently continues to be the Parent Company.

Price trend for the Länsförsäkringar AB Group share

As indicated in the Five-year summary on page 43, the net asset value of the Läns-

försäkringar AB Group share has increased by 59% since 1997. The net asset value does not include the traditional life insurance company and, as from 31 December 1999, does not include the unit-linked company.

Svenska Brand and Allianz

On 26 February 2001, Länsförsäkringar Sak Försäkrings AB made a public offer to the shareholders of Försäkringsaktiebolaget Svenska Brand, a listed company, and the offer was accepted by owners representing 95% of all the shares and votes in Svenska Brand. During the autumn, Länsförsäkringar Sak was granted "preliminary possession" and was subsequently registered as the owner of all shares in Svenska Brand. The operations acquired consisted of non-life insurance business and a minor life insurance operation. The non-life business has been transferred to the 24 regional insurance companies. The remaining insurance business was transferred to Länsförsäkringar Sak Försäkrings AB and Länsförsäkringar Liv Försäkrings AB.

During the year, it became clear that Länsförsäkringar Sak Försäkrings AB would acquire the Allianz Swedish insurance portfolio, which has a premium volume of SEK 134 M. This transaction was formally completed in February 2002 when all the requisite permits were received. The intention is that the insurance portfolio for direct Swedish insurance should be transferred to the regional companies. These operations have not been consolidated into the Group during 2001.

Major events after the end of the fiscal year

On 11 March 2002, a statement was issued announcing that the Länsförsäkringar AB

Group had concluded a management and distribution agreement with ABN AMRO for the management of listed shares and bonds corresponding to a market value of approximately SEK 110 billion. Most of these assets – about SEK 70 billion – come from Länsförsäkringar Liv, and about SEK 30 billion from Länsförsäkringar Fonder. Under the distribution agreement, Länsförsäkringar will offer ABN AMRO mutual funds, although not on an exclusive basis. Länsförsäkringar is receiving a payment of SEK 1,300 M for the transfer of the right to manage these assets. Cooperation is expected to commence during June 2002, following receipt of the official permits required.

Market developments

Non-life insurance

In terms of premiums paid, the total market in Sweden for non-life insurance grew by 7.9% during 2001, due to an industry-wide increase in premiums to meet higher claims costs.

The Länsförsäkringar Insurance Alliance reinforced its market leadership during the year, and the Group's total market in terms of premiums paid rose to 28.4% (26.8) during 2001. The market share for third-party motor insurance, which accounts for the major share of insurance business conducted by Länsförsäkringar Sak Försäkrings AB, also increased during the year and amounted to 34.7% (32.9) in terms of the number of policies.

Banking operations

During 2001, Länsförsäkringar Bank developed from a niche bank into a principal bank, offering a complete banking alternative for target groups comprising private individuals and farmers. During the year, extensive efforts were devoted to the effective operation and development of housing loan operations under Länsförsäkringar's auspices. Länsförsäkringar Bank had the second-fastest

growth rate in the banking sector in Sweden during 2001. The number of customers increased by 29% and amounted to 350,000 at year-end. In terms of consumer deposits, the market share increased 25% to 2.5%.

Mutual fund management

Länsförsäkringar is gaining market shares in the mutual fund savings area, with a share of 7.0% (7.0) of new sales, and 3.7% (3.5) of the total mutual fund market. In all, Länsförsäkringar has 33 (32) mutual funds with a management volume of SEK 31,752 M (31,670). The net inflow during the year was SEK 3,954 M. The successful performance in the premium pension selection process continued during 2001. During the spring of 2001, 6% of the active participants chose Länsförsäkringar mutual funds.

Asset management

Länsförsäkringar Kapitalförvaltning operates in the institutional market, managing a total of SEK 117.9 billion (130.0). The largest customer is Länsförsäkringar Liv Försäkring, followed by Länsförsäkringar Sak Försäkring and Länsförsäkringar Fondförvaltning, although several regional insurance companies are also customers.

At 31 December, SEK 4.8 billion was managed on behalf of customers outside the Länsförsäkringar Insurance Alliance, such as financial institutions, pension funds and municipalities.

Life and unit-linked insurance

The total premium income for own account for life and unit-linked insurance declined by 5% and amounted to SEK 8,857 M (9,361). Länsförsäkringar Liv Försäkrings AB's market share of the total life insurance market declined from 9.1% to 7.6%. Länsförsäkringar Liv experienced positive growth of 17% in the occupational pension market, although the total market expanded by 45%. As a result, the market share declined.

Risks and exposure in operations

The description of risks pertains to Länsförsäkringar Sak Försäkrings AB. Some variation may occur in other subsidiaries within the Group due to differences in the business structure of these companies.

Insurance risks

Länsförsäkringar Sak Försäkrings AB's insurance operations primarily consist of third-party motor insurance, commercial insurance and reinsurance assumed.

The company's total commitments for current policies and unsettled claims amount to SEK 12 billion. The estimate for the cost of unsettled claims involves, for example, uncertainty about the potential cost of claims, possibly extending several years into the future. This effect is particularly marked in the case of third-party liability motor insurance, which represents the greater part of the company's commitments. There is considerable uncertainty about future cost trends in this area due to a transfer of costs from the public sector to the insurance companies, the problematical employment situation involving a lower degree of work rehabilitation, and greater opportunities for appeals against claims payments that have already been determined. The need for provisions increases by about SEK 300 M if the annual cost increase is 1% higher than assumed.

Länsförsäkringar's joint reinsurance operations are a key element in cooperation within the Länsförsäkringar Insurance Alliance. Reliance on external reinsurance is reduced by sharing the risk of major claims between the various regional insurance companies and Länsförsäkringar Sak Försäkrings AB. External reinsurance restricts the Länsförsäkringar Insurance Alliance's net exposure in the event of a claims incident to less than 1% of the net asset value. A full review of commercial business was conducted during 2001, with

the object of reducing unforeseen risks. All risks were analysed from the risk selection and profitability aspects. In order to achieve a greater risk spread and, at the same time, increase participation and awareness on the part of the regional insurance companies, all commercial property business has been ceded as co-assurance with the regional companies.

Risks in financial management

Financial management risks may be classified under various headings. The main financial risks to which the company is exposed are market risks, primarily in the form of share-price risk, interest rate risk and currency risk. In addition, there are liquidity, credit and operating risks.

See the Investment income tables in the annual reports for the various insurance subsidiaries for information about investment income during 2001.

Currency risks in 2001

Länsförsäkringar Sak Försäkrings AB has both assets and liabilities in foreign currencies. Foreign assets under active management are hedged, but not foreign liabilities. The following table shows the company's net exposure in foreign currencies:

Currency, equivalent value in SEK M	2001
EUR	873.0
USD	430.0
GBP	-44.1
DKK	-25.0
DEM	-19.0
Other currencies	-36.8
Total	1,178.1

Market risks

An active asset management policy has been adopted in order to achieve a higher yield than the benchmark portfolio. Permitting the actual mix of assets to deviate from the composition of the benchmark portfolio is one prerequisite for active management. The frameworks which constrain the devia-

tions permitted by active management are defined in the management contract with the asset manager concerned. The risk that a lower yield may be generated in certain periods than the yield in the benchmark portfolio is an implicit feature of active management. This is a calculated risk which must be accepted if a higher anticipated yield is to be achieved in the long term.

Access to reliable risk forecasts is a key feature of risk management, both for the benchmark portfolio and the active portfolio. Forecasts of this nature aim to track the fluctuations to which the type of asset is subject, in practice. The ability to forecast future fluctuations and correlations on a continuous basis permits ongoing and efficient adjustment of the asset mix in the portfolio.

Derivatives are employed as one aspect of securities management. Interest futures are used to improve the management of interest-rate risks in the interest-bearing portfolio, and share-index futures are used to modify the allocation between shares and fixed-income and between different stock markets in the share portfolio rapidly and efficiently. Normally, the use of derivatives is confined to derivative instruments settled by a recognized clearing institution, since this reduces the counterparty risk. The use of derivatives is subject to instructions approved by the Board. The way in which asset management may invest in derivative instruments is also stipulated in detail.

Individual companies within the Group conduct analyses and present ongoing sensitivity analysis reports for investments, indicating what the impact on net asset value would be, for example, if there was a change of 2 percentage points in the interest rate and if share prices decline by 10 percentage points, or if the investment income on properties increases by 2%. Interest-rate sensitivity is assessed on a continuous basis and may be expressed in percentage or cash terms. It indicates the change in value of a bond portfolio for a given change in the market rate of interest.

Liquidity risk

The liquidity risk is defined as the risk that a financial instrument cannot be divested without incurring an appreciable additional cost. The liquidity risk is minimized by ensuring that the overwhelming proportion of the investment is in securities with high liquidity on well-established stock exchanges. In order to further reduce the asset management risk, management agreements stipulate the manner in which investments may be made in unlisted assets. Sometimes, investments are deliberately made in assets with low liquidity in order to improve the yield.

Credit risk

Credit risk is defined as the risk that a counterparty cannot fulfil its obligations to the company. Certain securities transactions involve settlement periods which are longer than normal – for example spot trading in certain countries with settlement periods in excess of three banking days, trading with settlement and clearing routines which differ from those which apply in Sweden, and all derivative transactions. In such cases, the counterparty must have a rating which is considered adequate. Asset management risks are further reduced by stipulating, for example, the proportion of fixed-income portfolios which may be placed with various issuers and the rating they should have. In some cases, an absolute limit is stipulated for the issuer concerned. Credit risk also covers the risk of insolvency on the part of the underlying issuer – in other words the increased spreads for credit risk bonds, which is a form of market risk that should be handled under the asset management mandate.

Operating risks

Operating risks are the risk of a loss due to deficiencies in internal controls. The company's internal routines cover the entire business transaction from closing to reconciliation, payment, valuation, entry in the

accounting records and reporting. An organization structure which permits independent and an objective monitoring and control function is a key factor in this context. Control is currently achieved by the asset managers' Compliance function and by the Finance department. A high proportion of the administrative control functions are located in the Finance department and, as a result, are separated from the management units to some extent.

Earnings and financial position

Premium income

Consolidated premium income for own account amounted to:

SEK M	2001	2000
Non-life insurance	3,270	2,705
Life insurance	2	–

Results

Group

There was a pre-tax consolidated loss of SEK 395 M (profit: 402), and a loss of SEK 217 M (profit: 166) after tax. The negative result for the year was primarily due to trends in the financial markets. Consolidation of the market valuation of properties in associated companies in accordance with the Group's accounting principles had a positive impact on income, and this also applies to the booking of the tax receivable on the loss carry-forward which was entered in accordance with the Swedish Financial Accounting Standards Council's income tax recommendation.

The technical underwriting result on non-life business amounted to an overall loss of SEK 23 M (profit: 148), and the underwriting result for life insurance was a profit of SEK 2 M (–) for Svenska Brand Livförsäkring AB.

Total investment income during 2001 amounted to SEK 347 M (936). SEK 757 M (715) was transferred to insurance operations. The total investment income on consolidated investment assets amounted to 1.9%.

Other income and expenses amounted to a deficit of SEK 51 M (deficit: 102), including goodwill amortization of SEK 50 (81), excess depreciation amounting to a surplus of SEK 1 M (deficit: 4) and other expenses amounting to a deficit of SEK 2 M (deficit: 17).

Subsidiaries

Non-life insurance

Technical underwriting results on insurance operations amounted to a loss of SEK 23 M (profit: 148).

Premiums earned on own account increased by 16% to SEK 3,039 M (2,624). The increase was mainly in third-party motor insurance which accounts for 60% of the volume. The increase in claims expenses experienced throughout the industry had a major impact on results. Claims payments for own account amounted to SEK 3,032 M (2,566), resulting in a claims ratio of 99.8% (97.8). Premiums were increased during the year in order to cover the increase in claims expenses.

Investment income transferred from finance operations increased to SEK 757 M (715) in parallel with the increase in the volume of business.

There was an increase in operating expenses compared with the preceding year to SEK 816 M (729). The operating expenses ratio declined to 26.8% (27.8), however.

There was a loss of SEK 8 M (profit: 110) on third-party motor insurance, the largest sector. The underwriting result expressed as a percentage of premiums earned for own account was negative 0.4% (positive: 7.4). Active reinsurance business and run-off transactions which generated a positive result are reported under Reinsurance assumed. The run-off of reinsurance business is covered by the Wasa Försäkring Run-Off AB Group and Länsförsäkringar Sak Försäkrings AB. A positive result was also achieved in Commercial and real estate, where appreciable run-off gains were achieved during the year. Other insurance

sectors reporting positive results include Marine, aviation and transportation and International direct insurance. Negative results were reported in the limited Home and contents operation in which higher claims costs resulted in both negative run-off results and a premium supplement. An increase in premiums was implemented to cope with higher costs. The results for Motor vehicle insurance were also negative, due to higher claims costs, and higher premiums were introduced to offset this factor. Losses were also reported in the Health and accident and Domestic animals insurance sectors.

Banking operations

Operating income in the banking Group amounted to SEK 1 M (67). The decline in income was almost entirely due to the part played by revenues of a nonrecurring nature in income for the preceding year. Income for 2001 also includes nonrecurring revenues and – compared with the preceding year – higher payments to the regional insurance companies and higher costs for systems operation and management.

Mutual fund management

The result for the year for mutual fund operations was a profit of SEK 54 M (loss: 10), despite the negative stock market trend which depressed the total mutual fund volume, and hence revenues. Reduced operating, management and commission costs contributed to favourable results.

Asset management

Operating income in asset management operations amounted to SEK 31 M (80). The decline in income was primarily due to absence of performance revenues. In addition, administration costs were lower than anticipated.

Life insurance

The Länsförsäkringar Liv Försäkrings AB Group has not been consolidated, since this company is conducted in accordance with

mutual principles. The income statements and balance sheets for the life insurance Group are summarized on page 73.

Parent Company

Länsförsäkringar AB has had employees since 1 October 2001.

The Parent Company's pre-tax loss amounted to SEK 77,404,000 (loss: 36,000).

Solvency

Group

The net asset value declined by SEK 33 M during 2001 to SEK 6,239 M. The Group's solvency ratio amounted to 191% (232) at year-end 2001.

Anticipated developments

The Länsförsäkringar brand has been successfully extended, and Länsförsäkringar's image and awareness of the company in-

creased significantly during the year. The aim has been to ensure that more people regard Länsförsäkringar as a viable alternative, both for banking and insurance services. There was strong growth in non-life insurance and banking during 2001, with higher market shares and a substantial number of new customers. Länsförsäkringar lost market shares in the life insurance field, however, and the focus on large companies with more than 50 employees will continue in 2002. This focus is crucial, partly to enable Länsförsäkringar to expand in the occupational pensions market, and partly because large companies are becoming a market place for financial services.

Employees

Information concerning the average number of employees, salaries and remuneration for the Group, and details of salaries

and other remuneration paid to senior management and auditors' fees are provided in Note 36 on page 61.

Proposed allocation of profits

The Board and the Managing Director propose that

– the loss for the year in the Parent Company of	SEK –60,021,405
– be offset against profit carried forward of	SEK 33,423,371
– and that the remaining loss of	SEK –26,598,034
be carried forward.	

The consolidated accrued loss amounts to SEK 29,766,000.

The result of the year's operations and the company's position at 31 December 2001 are presented in the following income statements and balance sheets for the Group and the Parent Company, and the accompanying notes.



Five-year summary

Länsförsäkringar AB Group, excl. Länsförsäkringar Liv ¹⁾ , SEK M	2001	2000	1999	1998	1997
INCOME					
Premiums earned for own account	3,039	2,624	3,017	2,806	1,541
Investment income transferred from finance operations	757	715	698	813	405
Insurance payments for own account	-3,032	-2,566	-2,793	-3,087	-1,581
Operating expenses	-816	-729	-779	-870	-442
Other income and expenses	29	104	-40	90	0
Non-life technical results	-23	148	103	-248	-77
Life insurance technical results	2	-	-96	-55	20
Remaining investment income	-409	220	1,531	867	618
Change in surplus value in unit-linked insurance ²⁾	-	-	-606	176	-
Results banking operations	1	67	24	33	-
Results mutual fund operations	54	-10	-5	58	-
Results asset management operations ³⁾	31	80	135	-1	-
Other income and expenses	-51	-102	-33	-205	4
Operating income	-395	402	1,052	625	565
Of which change in surplus value in unit-linked insurance ²⁾	-	-	606	-176	-
Result before tax	-395	402	1,658	450	565
PROFIT/LOSS FOR THE YEAR	-217	166	1,554	69	372
Premium income for own account					
Non-life insurance ⁴⁾	3,270	2,705	2,502	3,245	1,549
Life insurance	2	-	2,806	2,210	322
FINANCIAL POSITION					
Investment assets (actual value)	16,648	16,961	12,953	14,509	8,722
Underwriting provisions for own account	12,926	11,944	11,785	12,517	5,987
Net asset value					
Shareholders' equity	5,531	5,530	5,136	3,551	1,574
Deferred tax	381	542	647	629	587
Subordinated debenture	327	200	200	200	200
Surplus value in unit-linked insurance ²⁾	-	-	-	606	-
Net asset value	6,239	6,272	5,983	4,986	2,362
Solvency margin, %	191	232	239	154	152
Net worth	5,531	5,530	5,136	3,987	1,574
Number of shares (000s) at SEK 100 par value	6,297	6,075	6,265	6,222	2,845
Net worth per share (SEK)	878	910	820	641	553
KEY RATIOS, %					
Non-life insurance business					
Claims ratio	100	98	93	110	103
Operating expense ratio	27	28	26	31	29
Combined ratio	127	126	118	141	131
Asset management					
Direct yield	2.6	2.8	4.1	4.8	4.8
Total yield	1.9	6.9	6.3	14.2	12.2

For the period 1996-1999, the above Five-year summary applies to the Länsförsäkringar Wasa Försäkrings AB Group.

As from 2001, the Swedish Financial Accounting Standards Council Recommendation No. 9 (income tax) is applied. In the Five-year summary, profit/loss for the year, shareholders' equity, deferred tax and net worth have been adjusted in line with the new accounting principle. The net asset value and the key ratios are not affected.

1) The Länsförsäkringar Liv Försäkrings AB Group is not consolidated since it is conducted in accordance with mutual principles.

2) For 1998 and 1999, the annual change in surplus value in unit-linked operations is included in consolidated operating income.

In 1998, the surplus value in unit-linked insurance amounted to the discounted value of estimated future payment flows on insurance contracts during the anticipated duration of the contracts, less the book value in the consolidated accounts. An interest rate of 9.5% is applied for 1998.

The unit-linked life insurance company was sold during 1999, and therefore there is no carried forward surplus value for the Group. On the other hand, the full-year income for the unit-linked company is reported for 1999.

3) Asset management results are reported under a separate heading in the income statement. Previously, this result was included under the Remaining investment income heading.

4) As from 1998, premium receivables consisting of premiums notified but not yet paid are included in the reporting of premium income. There was a nonrecurring increase in premium income of SEK 383 M in 1998.

Consolidated Income Statement

SEK M		2001	2000
TECHNICAL ACCOUNTING, NON-LIFE BUSINESS			
Premiums earned for own account			
Premium income (before ceded reinsurance)	Note 1	5,044.6	4,085.4
Premiums for ceded reinsurance		-1,774.6	-1,380.2
Change in provision for unearned premiums and unexpired risks		-176.5	-49.7
Reinsurers' proportion of change in the provision for unearned premiums and unexpired risks		-54.8	-32.0
Premiums earned for own account		3,038.6	2,623.6
Investment income transferred from financial operations	Note 2	756.5	715.4
Other underwriting revenues for own account	Note 3	31.1	105.9
Insurance payments for own account	Note 4		
Insurance payments			
Before ceded reinsurance		-4,336.6	-3,199.3
Reinsurers' proportion		1,794.8	1,927.2
Insurance payments		-2,541.9	-1,272.1
Change in provisions for outstanding claims for own account			
Before ceded reinsurance		-829.8	-817.2
Reinsurers' proportion		340.1	-476.7
Change in provisions for outstanding claims for own account		-489.7	-1,293.9
Insurance payments for own account		-3,031.5	-2,565.9
Operating expenses	Note 5	-815.8	-728.7
Other underwriting expenses, for own account	Note 6	-2.2	-2.1
Non-life underwriting results		-23.3	148.1
TECHNICAL ACCOUNTING, LIFE INSURANCE OPERATIONS (group life and occupational group life)			
Premium income for own account			
Premium income before ceded reinsurance	Note 7	4.1	-
Premiums for ceded reinsurance		-2.0	-
Premium income for own account		2.0	-
Investment income, earned	Note 8	0.7	-
Unrealized gains on investment assets, shares and participations		5.0	-
Insurance payments for own account			
Insurance payments			
Before ceded reinsurance		-8.8	-
Reinsurers' proportion		4.7	-
Insurance payments		-4.0	-
Change in provision for outstanding claims			
Before ceded reinsurance		4.9	-
Reinsurers' proportion		0.1	-
Change in provision for outstanding claims for own account		4.9	-
Insurance payments for own account		0.9	-
Change in life insurance payments			
Before ceded reinsurance		3.0	-
Reinsurers' proportion		-1.5	-
Change in life insurance payments		1.5	-
Operating expenses	Note 9	-2.8	-
Investment income, expenses	Note 10	-5.4	-
Unrealized gains on investment assets, bonds		-0.2	-
LIFE INSURANCE UNDERWRITING RESULTS		1.7	-

SEK M		2001	2000
NON-TECHNICAL ACCOUNTING			
Non-life insurance underwriting result		-23.3	148.1
Life insurance underwriting result		1.7	-
Investment income, earned	Note 11	875.2	1,107.7
Unrealized gains on investment assets	Note 12	439.8	285.5
Investment income, expenses	Note 13	-497.2	-428.6
Unrealized losses on investment assets	Note 12	-470.4	-29.0
Investment income transferred to non-life insurance		-756.5	-715.4
Goodwill amortization		-50.0	-80.6
Other non-technical revenues and expenses	Note 14	-0.5	-21.7
Insurance operations result		-481.2	266.0
Mutual fund operations result		53.9	-10.2
Asset management result		31.1	80.0
Interest net		424.3	344.9
Operating revenues		136.7	105.6
Operating expenses		-581.3	-434.4
Wasa Garanti Försäkrings AB		21.7	50.5
Banking operations result	Note 15	1.4	66.6
Result before tax		-394.8	402.4
Appropriations			
Tax on result for the year	Note 16	175.4	-230.0
Minority participation in profit/loss for the year		2.6	-6.7
PROFIT/LOSS FOR THE YEAR		-216.7	165.7

Performance analysis – Group, 2001

Non-life insurance underwriting result, SEK M	Total	Health and accident	Industrial injuries	Home and contents
Premiums earned for own account	3,038.6	101.5	–	32.7
Investment income transferred from financial operations	756.5	30.7	0.1	3.2
Other underwriting revenues	31.1	–	–	–
Insurance payments for own account	–3,031.5	–100.1	0.0	–67.4
Operating expenses	–815.8	–65.0	–	–10.5
Other underwriting expenses	–2.2	–	–	–
Non-life insurance underwriting result	–23.3	–32.9	0.1	–42.0
Run-off result, gross	–66.4	–30.3	–	–20.1
Technical provisions before ceded reinsurance				
Provision for unearned premiums and unexpired risks	1,560.7	60.7	–	26.7
Provision for outstanding claims	15,280.7	538.0	2.1	56.0
Total technical provisions before ceded reinsurance	16,841.4	598.7	2.1	82.7
From life insurance, unsettled claims	6.2			
Reinsurers' proportion of technical provisions				
Provision for unearned premiums and unexpired risks	184.5	1.6	–	–
Provision for outstanding claims	3,735.7	31.3	–	2.4
Total reinsurers' proportion technical provisions	3,920.2	32.8	–	2.4
From life insurance, unsettled claims	2.3			

NOTES TO PERFORMANCE ANALYSIS FOR THE GROUP

Note 1 Premiums earned for own account

Premium income (before ceded reinsurance)	5,044.6	100.9	–	43.7
Premiums for ceded reinsurance	–1,774.6	6.0	–	–5.1
Change in provision for unearned premiums and unexpired risks	–175.6	–6.5	–	–3.5
Reinsurers' proportion of change in provision for unearned premiums and unexpired risks	–54.8	1.2	–	–2.3
Premiums earned for own account	3,038.6	101.5	–	32.7

Note 2 Insurance payments for own account

Claims paid

Before ceded reinsurance	–4,336.6	–137.9	–0.3	–72.8
Reinsurers' proportion	1,794.8	19.5	–	6.5

Change in provision for outstanding claims

Before ceded reinsurance	–829.8	13.3	0.3	0.4
Reinsurers' proportion	340.1	4.9	–	–1.5
Insurance payments for own account	–3,031.5	–100.1	0.0	–67.4

Commercial and real estate	Motor vehicle damage	Motor third-party liability	Marine, aviation and transportation	Credit and guarantees	Domestic animals	Direct insurance Swedish risks	Direct insurance foreign risks	Reinsurance assumed
108.4	139.0	1,832.1	84.0	–	557.6	2,855.3	1.7	181.6
72.3	4.5	544.4	7.0	0.0	12.5	674.8	4.9	76.9
–	–	–	–	–	0.2	0.2	1.0	29.9
–94.7	–143.3	–1,999.8	–62.0	0.1	–406.8	–2,874.1	–2.6	–154.8
–77.1	–11.4	–384.9	–26.5	0.0	–190.2	–765.6	–0.2	–50.0
–	–	–	–	–	–	–	–0.7	–1.4
8.9	–11.3	–8.2	2.5	0.1	–26.7	–109.5	4.0	82.2
147.1	–5.0	–90.7	–18.5	2.9	6.9	–7.8	–3.2	–55.5
276.2	73.1	827.7	21.6	–	269.2	1,555.2	0.0	5.6
1,706.9	33.5	9,169.3	149.9	–	70.5	11,726.0	427.1	3,127.5
1,983.1	106.5	9,997.0	171.5	–	339.7	13,281.2	427.1	3,133.1
176.0	–	–	1.9	–	0.1	179.6	0.0	4.9
476.4	–	591.4	61.2	–	–	1,162.7	140.3	2,432.6
652.4	–	591.4	63.1	–	0.1	1,342.4	140.3	2,437.5
388.8	145.1	2,102.0	159.8	–	586.0	3,526.3	6.7	1,511.6
–217.7	–1.0	–126.8	–77.8	–	–4.6	–427.0	–5.1	–1,342.6
–9.6	–5.2	–143.2	3.1	–	–23.5	–188.4	0.0	11.8
–53.0	–	–	–1.1	–	–0.3	–55.6	–0.0	0.9
108.4	139.0	1,832.1	84.0	–	557.6	2,855.3	1.7	181.6
–511.3	–147.7	–1,362.7	–126.0	–	–409.7	–2,768.5	–17.0	–1,551.1
152.0	–0.1	221.8	65.2	–	7.8	472.6	13.3	1,308.8
189.7	4.5	–861.7	–8.4	2.9	–4.9	–663.9	33.0	–198.9
75.0	–	2.9	7.2	–2.7	–	85.7	–31.9	286.3
–94.7	–143.3	–1,999.8	–62.0	0.1	–406.8	–2,874.1	–2.6	–154.8

Consolidated Balance Sheet

ASSETS, SEK M		31 December 2001	31 December 2000
Subscribed capital not paid in		–	0.1
Intangible assets			
Goodwill	Note 17	7.0	12.3
Other intangible assets		63.7	51.6
Total		70.7	63.9
Investment assets			
Buildings and land	Note 18	170.9	174.4
Investments in Group and associated companies			
Shares in mutual life insurance companies		452.0	452.0
Shares and participations in associated companies	Note 19	1,142.5	675.5
Other financial investment assets			
Shares and participations (see pages 65–71)		4,884.2	4,789.2
Bonds and other interest-bearing securities	Note 20	9,491.9	10,219.7
Other loans		49.4	48.8
Lending to credit institutions		30.9	41.9
Derivatives	Note 21	212.2	242.7
Other financial investment assets	Note 22	–	1.4
Deposits with ceding undertakings		213.5	315.5
Total		16,647.4	16,961.1
Reinsurers' proportion of technical provisions			
Provision for unearned premiums and unexpired risks		184.5	205.4
Life insurance claims		1.4	–
Provision for outstanding claims		3,738.0	3,383.3
Total		3,923.9	3,588.8
Receivables			
Receivables pertaining to direct insurance	Note 23	602.5	682.2
Receivables pertaining to reinsurance		626.7	1,251.2
Deferred tax receivables	Note 24	294.0	238.0
Receivables pertaining to the life insurance Group		169.6	264.8
Other receivables		448.6	296.9
Total		2,141.5	2,733.2
Assets in banking Group		Note 25	
Bonds and other interest-bearing securities		1,414.7	1,399.8
Lending		13,605.7	10,082.2
Other receivables and assets		484.2	879.7
Total		15,504.6	12,361.7
Other assets			
Tangible assets and inventory	Note 26	161.4	149.4
Cash and bank balances		2,092.7	1,350.0
Other assets		0.3	0.4
Total		2,254.3	1,499.8
Prepaid expenses and accrued income			
Accrued interest and rental income		232.5	261.1
Prepaid acquisition costs	Note 27	44.7	41.1
Other prepaid expenses and accrued income		116.0	80.8
Total		393.2	383.0
TOTAL ASSETS		40,935.6	37,591.7

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES, SEK M		31 December 2001	31 December 2000
Shareholders' equity	Note 28		
Share capital		629.7	607.5
Premium reserve		4,931.0	4,757.6
Legal reserve		0.0	–
Other restricted reserves		–0.0	–
Profit/loss carried forward		186.9	–0.7
Profit/loss for the year		–216.7	165.7
Total		5,530.8	5,530.1
Minority interests in shareholders' equity		8.1	204.8
Subordinated liabilities	Note 29	327.0	200.0
Technical provisions (before ceded reinsurance)			
Provision for unearned premiums and unexpired risks	Note 30	1,560.7	1,340.9
Life insurance provisions		2.7	–
Provision for outstanding claims	Note 31	15,286.8	14,191.9
Total		16,850.3	15,532.8
Provisions for other risks and expenses			
Provision for pensions and similar commitments	Note 32	40.5	39.2
Provision for current tax		0.2	9.5
Provision for deferred tax	Note 24	675.1	780.0
Other provisions		12.7	14.8
Total		728.5	843.5
Deposits from reinsurers		405.1	482.8
Liabilities in the banking Group	Note 33		
Liabilities in credit institutions		217.1	1,165.2
Deposits and borrowing from the public		12,351.9	9,206.6
Securities issued		417.5	470.8
Other provisions and liabilities		476.1	610.3
Total		13,462.6	11,452.9
Liabilities			
Liabilities pertaining to direct insurance	Note 34	48.3	144.4
Liabilities pertaining to reinsurance		439.6	1,057.3
Liabilities to credit institutions		1.2	1.9
Derivatives	, Note 21	73.6	335.2
Liabilities to life Group		2,264.7	1,259.7
Other liabilities		443.8	216.7
Total		3,271.2	3,015.2
Accrued expenses and prepaid income			
Other accrued costs and prepaid income		352.0	329.6
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		40,935.6	37,591.7
Memorandum items	Note 35		
Pledged assets		12,992.3	13,892.5
Contingent liabilities		3,207.5	3,589.7

Income statement – Parent Company

SEK M		2001	2000
Net sales	Note 37	256.7	–
Operating expenses			
Personnel costs	Note 36	–64.8	–
Other external costs	Note 38	–255.4	–0.1
Operating profit/loss		–63.6	–0.1
Net financial items			
Result of participations in Group companies	Note 39	–15.0	–
Interest income	Note 40	1.5	0
Interest expense	Note 41	–0.3	–
Pre-tax profit/loss		–77.4	–0
Tax on profit/loss for the year	Note 42	17.4	–
PROFIT/LOSS FOR THE YEAR		–60.0	–0

Balance sheet – Parent Company

ASSETS, SEK M		31 December 2001	31 December 2000
Fixed assets			
Tangible fixed assets			
Fixtures and fittings	Note 43	3.5	–
Financial assets			
Shares and participations in Group companies	Note 44	5,662.9	5,362.2
Deferred tax	Note 42	4.4	–
Total fixed assets		5,670.8	5,362.2
Current assets			
Inventory		8.2	–
Current receivables			
Accounts receivable		26.7	–
Receivables from Group companies		103.5	–
Tax receivables		0.9	–
Other receivables		11.0	–
Prepaid expense and accrued income	Note 45	7.3	–
		149.5	–
Cash and bank balances		191.1	3.0
Total current assets		348.8	3.0
TOTAL ASSETS		6,019.6	5,365.2
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity	Note 46		
Restricted shareholders' equity			
Share capital (6,296,583 shares at SEK 100 par value)		629.7	607.5
Premium reserve		4,931.0	4,757.6
Legal reserve		0.0	0.0
		5,560.6	5,365.2
Unrestricted shareholders' equity			
Profit/loss carried forward		33.4	0.0
Profit/loss for the year		–60.0	–0.0
		–26.6	–0.0
Total shareholders' equity		5,534.0	5,365.2
Provisions			
Pension provisions		28.6	–
Long-term liabilities			
Other liabilities	Note 47	127.0	–
Current liabilities			
Accounts payable		29.6	–
Liabilities to Group companies		253.9	0.0
Tax liabilities		–	0.0
Other liabilities		4.8	–
Accrued expenses and prepaid income	Note 48	41.7	0.0
		330.0	0.0
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		6,019.6	5,365.2
Pledged assets		None	None
Contingent liabilities		None	None

Cash flow statement – Parent Company

SEK M	2001	2000
Current operations		
Profit/loss after financial items	-77.4	-0.0
Tax paid	-0.9	-
Adjustments for items not included in cash flow, etc.	43.6	-
	-34.8	-0.0
Cash flow from current operations before changes in operating capital	-34.8	-0.0
Cash flow from changes in operating capital		
Change in inventory	-8.2	-
Change in operating receivables	-148.6	-
Change in operating liabilities	330.0	0.0
Cash flow from current operations	138.4	-0.0
Investment operations		
Shareholders' contribution	-120.6	-
Acquisition of subsidiaries	-195.1	-
Acquisition of tangible fixed assets	-3.5	-
Cash flow from investment operations	-319.2	-
Financing operations		
New issue	195.5	-
Loans assumed	127.0	-
Group contributions received	46.4	-
Cash flow from financing operations	368.9	-
CASH FLOW FOR THE YEAR	188.1	-0.0
Liquid assets at 1 January	3.0	3.1
Liquid assets at 31 December	191.1	3.1
Interest paid and dividends received		
Interest received	1.5	-
Interest paid	-0.3	-
Adjustments for items not included in cash flow, etc.		
Depreciation and writedown of assets	15.0	-
Pension provisions	28.6	-
	43.6	-
Liquid assets		
Liquid assets included the following:		
Cash and bank balances	191.1	3.0

Valuation and accounting principles

The annual report and consolidated accounts have been drawn up in accordance with the Swedish Annual Accounts Act, the Annual Accounts Act for Insurance Companies, and the regulations and guidelines issued by Finansinspektionen (the Swedish Financial Supervisory Authority). The recommendations and statements made by the Swedish Financial Accounting Standards Council, the Swedish Accounting Standards Board and FAR (the institute for the accounting profession in Sweden) have also been applied.

Consolidated accounts

The Consolidated Financial Statements cover Länsförsäkringar AB and the companies in which Länsförsäkringar AB has a direct or indirect holding of more than 50%. The life insurance operations conducted via Länsförsäkringar Liv Försäkringsaktiebolag (publ), whose earnings totally accrue to policyholders, are not included in the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the purchase method and in accordance with Recommendation (RR 1:00) of the Swedish Financial Accounting Standards Council. Untaxed reserves in the consolidated balance sheet have been divided into deferred tax liabilities and restricted shareholders' equity.

Foreign subsidiaries' income statements have been translated at the average exchange rate, and balance sheets at the year-end exchange rate. The translation difference arising when comparison is made with shareholders' equity as of 1 January has been transferred directly to shareholders' equity.

Goodwill is amortized in accordance with the estimated economic life of the operations acquired. The amortization period for life insurance operations with very long-term contracts is 15 years. For all other operations, the amortization period is five years.

Properties owned by the Humlegården HB and Utile Dulci HB associated companies have been valued in the Group at their actual value.

Associated companies are reported in the consolidated financial statements in accordance with the equity method.

Group contributions and shareholder contributions

Group contributions and shareholder contributions are reported in accordance with statements issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council, requiring that Group contributions and shareholder contributions are reported directly against unrestricted shareholders' equity.

Intangible assets

During the year, development costs for computer software were capitalized. Amortization commences upon completion.

Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies are translated at year-end rates. Any currency gains and losses which occur in this connection are included in the results of financial operations.

Investment assets

Investments have been reported at the date of the transaction and at actual value, with the exception of shares and participations in Group and associated companies, which are reported at acquisition value. Foreign investment assets are valued in the original currency and are subsequently translated at year-end rates. Any translation differences that arise are reported net in the income statement as a currency gain/loss.

Buildings and land

Valuation of the property portfolio in Sweden is conducted by Länsförsäkringar Fastighet and Humlegården HB personnel with the requisite experience.

Assessment primarily focuses on the local market price, based on sales of equivalent properties during the year. Assessment of the local market price is supplemented by a cash flow analysis over 10 years and a present-value residual value at the end of the computation period.

Shares and participations

Shares and participations are reported at actual value. Foreign shares and participations are valued in the original currency and are subsequently translated at year-end rates. Any resultant translation differences are reported net in the income statement as a currency gain/loss.

Shares and participations include "Alternative Investments". This type of asset is reported as investment in a mutual fund, and valuation is based on the value of the underlying investments.

Bonds and other interest-bearing securities

Bonds and other interest-bearing securities are reported at actual value. When computing the capital gain/loss, the difference between the sales value and the accrued acquisition value is stated and reported in the income statement as investment income or expense. The change in the accrued acquisition value is reported net as interest income.

Foreign bonds and other interest-bearing securities are valued in the original currency and are subsequently translated at year-end rates. Any resultant translation differences are reported net in the income statement as a currency gain/loss.

Derivatives

Stock, currency and interest-rate futures are valued at actual value and no hedging operations are applied.

Other receivables

Other receivables are reported at actual value. Foreign receivables are valued in the original currency and are subsequently translated at year-end rates. Any resultant translation differences are reported net in the income statement as a currency gain/loss.

Reserve for unrealized gains

Gains which occur due to the application of actual value when the book value exceeds the acquisition value are allocated to a reserve for unrealized gains, after deduction of deferred tax. In the case of foreign assets, the unrealized gain is defined as the change in the original currency multiplied by the average currency acquisition rate.

Underwriting items

Provision for unearned premiums

In most cases, provision for unearned premiums is made on a “pro rata temporis” basis, under which premium income is capitalized on a monthly basis. In the case of certain products with a limited volume, unearned premiums are not computed as a proportion of premium income.

Provision for unexpired risks

If it is considered that the provision for unexpired risks does not cover the cost of claims and operating expenses after deduction of investment income for insurance contracts which are current at year-end during their remaining duration, a provision is made for unexpired risks to cover the difference.

Acquisition costs

The cost of the acquisition of new insurance contracts is reported as an asset under Pre-paid acquisition costs, and is depreciated during its economic life, which is estimated to be 12 months in the case of non-life insurance.

Provision for incidents which have occurred

The provision for incidents which have occurred must cover the anticipated cost of claims which have not been finally adjusted, including incidents which have occurred but have not yet been reported to the company. This provision includes anticipated cost increases and employs statistical methods for most types of claims. Individual assessment is employed for major claims or claims with complex liability factors.

In the case of health and accident insurance for children, where the active aspects have been transferred to the regional insurance companies, the provision for incidents which have occurred is discounted by applying a real rate of interest of 4%.

Provision for claims annuities

The provision for claims annuities is computed in accordance with customary life-insurance underwriting procedures.

Provision for claims adjustment costs

The provision for claims adjustment costs is proportionate to the provision for incidents which have occurred.

Income statement

As from 1998, in addition to premiums received during the year, premium income for non-life insurance includes premiums that have not been paid.

Interest invoiced on the total of half of premiums earned and the average of the opening and closing provisions for outstanding claims for own account have been applied for insurance operations. The rate of interest is the risk-free rate plus one percentage point. The risk-free rate is set at the value of 60-day treasury bills at 1 January.

In the case of technical provisions in foreign currencies, the risk-free interest rate is the 30-day rate for the country concerned. In the third-party motor insurance sector, which has a long run-off period, the risk-free interest rate is the average rate for a

four-year government bond during in the previous four years. In the case of companies conducting run-off business, the entire investment income is transferred to insurance operations.

Taxes

The company and the Group apply the Swedish Financial Accounting Standards Council RR9 recommendation (income taxes). Total tax comprises current tax and deferred tax. Taxes are reported in the income statement, with the exception of cases in which the underlying transaction is charged directly against shareholders' equity and, as a result, the associated tax is reported under shareholders' equity.

Current tax (previously referred to as Tax paid) is tax which is due to be paid or received during the current year, including adjustments of current tax pertaining to previous periods.

Deferred tax is computed in accordance with the balance-sheet method, based on temporary differences between the book value of assets and liabilities and the value for tax purposes. The computation is based on the manner in which these temporary differences are expected to be offset, applying the tax rates and tax regulations applied or announced on the closing date. Temporary differences are not taken into account in consolidated goodwill or in differences pertaining to participations in subsidiaries and associated companies which are not expected to be taxed within the foreseeable future. Untaxed reserves including deferred tax liabilities are reported for legal entities. On the other hand, untaxed reserves are divided into deferred tax liabilities and restricted shareholders' equity in the consolidated accounts.

Deferred tax receivables on tax-deductible temporary differences and loss carry-forwards are only reported if they are likely to result in lower tax payments in the future.

Notes to the consolidated financial statements

Amounts in SEK M unless otherwise stated

Note 1 Premium income (before ceded reinsurance), non-life insurance

	2001	2000
Direct insurance, Sweden	3,565.6	3,030.7
Direct insurance, EEA	5.2	0.1
Reinsurance assumed	1,473.7	1,054.6
Premium income (before ceded reinsurance)	5,044.6	4,085.4

Note 2 Investment income transferred from financial operations to non-life insurance operations

	2001	2000
Investment income transferred	756.5	715.4

Interest rates

Motor third-party liability	5.96%	6.04%
Other Swedish liabilities	5.37%	4.43%
Liabilities in USD	7.56%	6.82%
Liabilities in GBP	6.94%	6.41%
Liabilities in EUR	6.00%	4.17%
Other foreign liabilities	6.91%	5.80%

The investment income transferred has been calculated on the basis of half the premiums earned for own account, and the average of the opening and closing provisions for outstanding claims for own account during the year at the above interest rates.

For companies that are conducting run-off business, the entire investment income is transferred to insurance operations.

Note 3 Other technical income, non-life insurance operations

	2001	2000
SPP consolidation surplus	–	101.6
Elimination of negative goodwill	–	3.3
Elimination of doubtful claims	27.5	–
Other	3.6	1.0
Other technical income	31.1	105.9

Note 4 Insurance payments, non-life insurance operations

	2001	2000
Claims paid	–2,239.6	–998.4
Operating costs for claims adjustment	–302.2	–273.7
Insurance payments	–2,541.9	–1,272.1

Note 5 Operating expenses, non-life insurance operations

	2001	2000
Total operating costs by type of expense		
Personnel costs	–721.2	–660.3
Cost of premises	–232.2	–182.4
Depreciation	–145.9	–149.4
Other expenses	–41.9	–40.0
Total operating expenses	–1,141.2	–1,032.1

Total operating costs by function

Operating expenses for asset management	–22.0	–28.5
Operating expenses for property management	–1.1	–1.1
Operating expenses for claims adjustment, Note 4	–302.2	–273.7
Operating expenses for acquisitions and administration ¹⁾	–815.8	–728.7
Total operating expenses	–1,141.2	–1,032.1

Operating costs

Acquisition costs ¹⁾	–562.7	–664.2
Change in prepaid acquisition costs	–17.6	–7.2
Administration expenses	–535.1	–271.7
Commissions and profit sharing – ceded reinsurance	299.5	214.3
Operating expenses	–815.8	–728.7

¹⁾ Of which commissions on direct insurance –118.8 –85.3

Note 6 Other technical expenses, non-life insurance operations

	2001	2000
Receivable writedowns	–1.4	–1.7
Other	–0.7	–0.4
Other technical expenses	–2.2	–2.1

Note 7 Gross premium income, life insurance operations

	2001	2000
Group insurance premiums (periodic)	5.0	–
Premium tax	–1.0	–
Premium income, underwritten in Sweden	4.1	–

Premium income is entirely attributable to premiums for contracts for which there is no bonus entitlement.

Note 8 Investment income earned, life insurance operations

	2001	2000
Dividends received	0.2	–
Interest income		
Bonds and other interest-bearing securities	0.4	–
Other interest income	0.0	–
Investment income earned	0.7	–

Note 9 Operating expenses, life insurance

	2001	2000
Total operating costs by type of expense		
Other expenses	-2.9	-
Total operating expenses	-2.9	-
Total operating costs by function		
Operating expenses for asset management	-0.1	-
Operating expenses for acquisitions and administration	-2.8	-
Total operating expenses	-2.9	-
Operating costs		
Acquisition costs	-0.1	-
Change in prepaid acquisition costs	-0.6	-
Administration expenses	-4.7	-
Commissions and profit sharing – ceded reinsurance	2.6	-
Operating expenses	-2.8	-

Note 10 Investment income – expenses, life insurance operations

	2001	2000
Asset management costs	-0.1	-
Net capital loss		
Shares and participations	-5.2	-
Interest-bearing securities	-0.1	-
Investment income – expenses	-5.4	-

Note 11 Investment income earned

	2001	2000
Operating surplus, building and land		
Rental income	13.5	14.3
Operating expenses	-8.2	-7.6
Operating income	5.3	6.7
Dividends from shares and participations	82.1	61.0
Interest income, etc.		
Bonds and other interest-bearing securities	514.8	564.1
Other interest income	150.8	96.3
Reversed writedowns		
Shares and participations	9.5	-
Net foreign exchange gain	28.0	-
Capital gains, net		
Buildings and land	2.6	-
Sale of Fondliv (unit-linked operations)	-	112.0
Shares and participations	-	237.9
Bonds and other interest-bearing securities	82.2	29.6
Investment income earned	875.2	1,107.7

Länsförsäkringar Kapitalförvaltning AB's profit of SEK 31.1 M (80.0) has been moved to a special line in the income statement.

Note 12 Unrealized gains and losses on investment assets

	Unrealized gains		Unrealized losses	
	2001	2000	2001	2000
Unrealized gain or loss				
Buildings and land	439.8	37.7	-	-
Shares and participations	-	-	-282.3	-29.0
Bonds and other interest-bearing securities	-	247.8	-188.1	-
Unrealized gains and losses on investment assets	439.8	285.5	-470.4	-29.0

Note 13 Investment income, expenses

	2001	2000
Asset management costs	-91.3	-29.0
Interest expense, etc.		
Bonds and other interest-bearing securities	-79.8	-96.6
Other interest expense	-92.6	-105.3
Foreign exchange losses, net	-0.6	-187.6
Depreciation and write-downs		
Shares and participations	-	-9.5
Net capital losses		
Buildings and land	-	-0.7
Shares and participations	-232.9	-
Bonds and interest-bearing securities	-	-
Investment income, expenses	-497.2	-428.6

Note 14 Other non-technical income and expenses

	2001	2000
Other income/expenses, Run-Off Group	-0.1	0.8
Other income, Wasa Holding Group	0.1	-
Net of booked depreciation and depreciation according to plan		
Lita	-	-10.5
Wasa Sak	-0.3	-7.4
Agria	-1.6	-
Other expenses	-0.2	-0.2
Other non-technical income and expenses	-0.5	-21.7

Note 15 Result of banking operations

	2001	2000
Interest income	848.0	708.9
Interest expense	-423.6	-364.0
Net interest	424.3	344.9
Commission revenues	70.8	67.9
Commission expenses	-22.9	-14.3
Net result of financial transactions	6.2	28.5
Other operating income	58.0	23.6
Total operating income	536.4	450.5

Note 15 cont.

	2001	2000
General administration costs	-497.2	-396.6
Depreciation/amortization and writedowns of tangible and intangible fixed assets	-38.2	-10.2
Other operating expenses	-45.9	-27.0
Total costs before credit losses	-581.3	-433.8
Result before credit losses	-44.9	16.7
Credit losses, net	24.6	-0.6
Result, Wasa Garanti	21.7	50.5
Result of banking operations	1.4	66.6

Note 16 Tax on result for the year

	2001	2000
Current tax		
Tax income/expense	-0.2	-4.9
Adjustment of tax expense pertaining to previous years	0.2	-
Total current tax	-0.0	-4.9
Deferred tax		
Deferred tax income/expense pertaining to temporary differences	-4.9	-299.2
Deferred tax income on tax value of carry-forward deductions capitalized during the year	180.3	74.1
Total deferred tax	175.4	-225.2
Total reported tax income/expense	175.4	-230.0
Reconciliation of effective tax rate		
Result before tax	-394.8	402.4
Tax at current rate for Parent Company	110.5	-112.7
Impact of other tax rates for foreign subsidiaries	8.1	1.8
Amortization of consolidated goodwill	-9.1	-21.3
Tax on non-deductible expenses	-103.5	-598.5
Tax on non-deductible income	149.5	392.6
Increase in loss carry-forward deduction without corresponding capitalization of deferred tax	-7.4	94.9
Utilization of loss carry-forward deduction not previously capitalized	29.2	2.3
Tax pertaining to previous years	-0.6	-0.3
Other	-1.3	11.2
Total tax on result for the year	175.4	-230.0
Current tax rate, %	28	28
Effective tax rate, %	44	57
Tax items reported directly against shareholders' equity		
Deferred tax due to changes in accounting principles	-	238.0

Note 17 Goodwill

	2001	2000
Acquisition value		
Balance, 1 January	139.4	641.4
Changes during the year	44.7	-502.0
Acquisition value, 31 December	184.1	139.4
Accumulated amortization		
Balance, 1 January	-127.1	-104.4
Changes during the year	-	58.0
Amortization for the year	-50.0	-80.6
Accumulated amortization, 31 December	-177.0	-127.1
Goodwill/less accumulated amortization	7.0	12.3

Note 18 Buildings and land

	Apartment blocks	Leisure homes	Total
Number	7	6	13
Acquisition value	36.7	4.7	41.4
Actual value	165.5	5.4	170.9
Book value, SEK/m ²	11,236		
Floor space vacancy rate, %	0.2		
Direct yield, %	2.5		
Value for taxation purposes	130.7	3.0	133.7

Geographical distribution

All housing properties are located in the municipality of Stockholm.

Valuation methods

The Swedish property portfolio has been valued by Länsförsäkringar Fastighetstjänst with the requisite expertise.

Valuation has primarily involved a local price-based assessment in the light of sales of equivalent properties during the year. Local price assessments were supplemented by a cash flow analysis covering a 10-year period and an estimated present-value residual value at the close of the period.

The yield requirement applied is approximately 3.5% for housing properties.

Risk exposure

An increase of 1% in the yield requirement has a negative impact of SEK 27 M on the value of the properties, a reduction of 1% has a positive impact of SEK 55 M.

Proportion of properties used for own operations

All properties are leased to external tenants. No part of the property floor space is used in Länsförsäkringar's operations.

Major changes in the property portfolio

An office property in Karlstad was sold for SEK 21 M.

Note 19 Shares and participations in associated companies

All shares are unlisted.

Company name	Corporate registration number	Head office	Number of shares and participations	Proportion of equity	Book value
Länsförsäkringsbolagens Fastighets HB Humlegården	916604-6459	Stockholm	204,888	28.5	620.8
Utile Dulci 2 HB	916601-0067	Stockholm	420	15.0	396.2
Eureko Property Captive S.a.		Luxemburg	5,000		1.9
European Alliance Partners Company B.V.		Amsterdam	250	6.0	119.7
Nordic Mutual AG		Zürich	4,320	43.0	1.6
Svenska Andelshästar AB	556536-9633	Uppsala	400	40.0	0.2
Trofast Veterinärt IT-stöd AB	556598-0983	Hallstahammar	2,000	50.0	2.0
Shares and participations in associated companies					1,142.5

Note 20 Bonds and other interest-bearing securities

Listed bonds and other interest-bearing securities

Issued by	Accrued acquisition value 2001	Market value 2001	Accrued acquisition value 2000	Market value 2000
Kingdom of Sweden	3,368.0	3,345.5	3,215.7	3,267.5
Swedish housing institutes	1,367.2	1,375.5	1,276.2	1,301.5
Other Swedish issuers	393.6	410.8	465.3	477.9
	5,128.9	5,131.8	4,957.3	5,046.8
Foreign governments	3,650.7	3,984.8	4,356.2	4,748.1
Other foreign issuers	335.1	375.3	414.4	424.8
	3,985.8	4,360.1	4,770.6	5,172.9
Listed interest-bearing securities	9,114.7	9,491.9	9,727.9	10,219.7

Note 21 Derivatives, 2001

Derivative instruments with positive or zero values.

	Interest rate actual value	Interest rate nominal amount	Currency actual value	Currency nominal amount	Equity actual value	Equity nominal amount	Total actual value	Total nominal amount
Futures with positive value	0.8	904.0	208.4	12,583.8	3.1	84.8	212.2	13,572.6
Total	0.8	904.0	208.4	12,583.8	3.1	84.8	212.2	13,572.6
of which cleared	0.8	904.0			3.1		3.8	904.0

Derivative instruments with negative values.

	Interest rate actual value	Interest rate nominal amount	Currency actual value	Currency nominal amount	Equity actual value	Equity nominal amount	Total actual value	Total nominal amount
Futures with negative value	–	–	73.1	12,450.1	0.5	206.0	73.6	12,656.2
Total	–	–	73.1	12,450.1	0.5	206.0	73.6	12,656.2
of which cleared					0.5	206.0	0.5	206.0

Note 22 Other financial investment assets

	2001	2000
VetAdm AB	–	1.4
Other financial investment assets	–	1.4

Note 23 Receivables pertaining to direct insurance

	2001	2000
Receivables from policyholders	230.1	195.9
Receivables from insurance brokers	0.2	1.8
Receivables from insurance companies	372.2	484.5
Receivables pertaining to direct insurance	602.5	682.2

Note 24 Deferred tax receivables and deferred tax liabilities

The deferred tax receivables and deferred tax liabilities reported may be classified as follows:

	Assets 2001	Assets 2000	Liabilities 2001	Liabilities 2000	Net 2001	Net 2000
Buildings and land	0.0		202.2	82.0	202.2	82.0
Other financial investment assets	0.0		328.7	419.2	328.7	419.2
Receivables	–10.8				–10.8	0.0
Other assets	0.0		0.1		0.1	0.0
Liabilities	–5.6				–5.6	0.0
Utilization of loss carry-forwards deductions	–589.7	–409.4		0.0	–589.7	–409.4
Untaxed reserves			456.1	450.2	456.1	450.2
Deferred tax receivables (–)/ deferred tax liability (+)	–606.0	–409.4	987.1	951.4	381.1	542.0
Offset	312.1	171.3	–312.1	–171.3	0.0	0.0
Net deferred tax receivables (–)/ deferred tax liability (+)	–294.0	–238.0	675.1	780.0	381.1	542.0

The temporary difference between the reported value of participations directly owned by the Parent Company and the value for taxation purposes amounts to:

	Group	Parent Company
Participations in Group companies	101.3	106.3

Note 24 cont.

Deferred taxes pertaining to these participation holdings have not been reported. In the case of Group companies, the Parent Company determines when tax liabilities are realized, and this will not take place in the foreseeable future since dividends received in Sweden are currently not liable for tax.

Deferred tax receivables not reported

Deferred tax receivables have not been reported in the income statements and balance sheets for the following items:

	2001				2000	
Deficit for tax purposes	441.1				710.9	
Changes in deferred tax for temporary differences and loss carry-forward deductions						
	Amount at 1 Jan.	Reported directly against share-holders' equity	New opening balance	Taken over on acquisition	Reported in income statement	Amount at year-end
Buildings and land	81.4	0.6	82.0		120.2	202.2
Other financial investment assets	248.4	170.7	419.2	-2.9	-87.5	328.7
Receivables					-10.8	-10.8
Other assets					0.1	0.1
Liabilities					-5.6	-5.6
Utilization of loss carry-forwards deductions		-409.4	-409.4		-180.3	-589.7
Untaxed reserves	450.2		450.2	17.5	-11.6	456.1
Deferred tax receivables (-)/ deferred tax liability (+)	780.0	-238.0	542.0	14.5	-175.4	381.1

Note 25 Assets in banking Group

	2001	2000
Cash and balances with central banks	25.1	40.4
Treasury instruments which can be used as collateral	-	415.3
Lending to credit institutions	1,152.9	462.2
Lending to the public	12,452.8	9,620.0
Bonds and other interest-bearing securities	1,414.7	1,399.8
Shares and participations	0.5	0.5
Intangible assets	90.7	85.3
Tangible assets	13.2	14.0
Other assets	224.2	173.8
Assets in Wasa Garanti	36.4	35.1
Prepaid expenses and accrued income	94.2	115.3
Assets in banking Group	15,504.6	12,361.7

Note 26 Tangible assets and inventories

	2001	2000
Acquisition value 1 January	475.3	447.6
Exchange rate fluctuations	1.6	0.4
Acquisitions during the year	102.6	77.0
Acquisition value of equipment divested or scrapped	-80.1	-55.1
Accumulated acquisition values, 31 December	499.3	469.9
Accumulated depreciation, 1 January	-333.3	-304.0
Exchange rate fluctuations	-1.6	-0.3
Accumulated depreciation on acquisitions	-3.0	-
Accumulated depreciation on equipment divested	61.8	48.3
Depreciation for the year	-70.2	-72.6
Depreciation, 31 December	-346.1	-328.7

Note 26 cont.

	2001	2000
Residual value according to plan, 31 December	153.2	141.2
Inventory of advertising items and printed materials	8.2	8.2
Tangible assets and inventories	161.4	149.4

Note 27 Prepaid acquisition costs including reinsurance proportion

	2001	2000
Prepaid acquisition costs, 1 January	41.1	48.2
New Group companies	20.1	-
Depreciation for the year	-61.2	-48.2
Provision for the year	44.7	41.1
Prepaid acquisition costs, 31 December	44.7	41.1

All depreciation costs have a depreciation period of not more than one year.

Note 28 Shareholders' equity 2001

	Share capital	Restricted reserves	Profit/loss carried forward	Profit/loss for the year
Balance 1 January in approved balance sheet	607.5	4,757.6	-347.9	274.8
Impact of changes in accounting principles (RR9)			347.2	-109.1
New opening balance	607.5	4,757.6	-0.7	165.7
New issue, Parent Company	22.1	173.3		
Allocation of profit/loss from preceding year			274.8	-274.8
Allocation			-109.1	109.1
Translation differences, 1 January		-17.5	3.2	
Translation differences, 31 December		52.8	-16.6	
Transfers between non-restricted and restricted reserves		-35.4	35.4	
Profit/loss for the year				-216.7
Balance 31 December	629.7	4,931.0	186.9	-216.7

Sensitivity analysis, impact on shareholders' equity

	Impact on value	Tax receivable	Shareholders' equity
10% decline in share price	-602.9	168.8	-434.1
1% increase in bond rates	-403.5	113.0	-290.5
2% increase in yield requirement for properties	-54.0	15.1	-38.9
Negative 10% foreign exchange fluctuation	-121.1	33.9	-87.2
	-1,181.5	330.8	-850.7

Note 29 Subordinated liabilities

	2001	2000
Subordinated debenture, fixed term until 2002	200.0	200.0
Subordinated debenture, fixed term until 2006	127.0	-
Subordinated liabilities	327.0	200.0

Note 30 Provision for unearned premiums and unexpired risks

	2001	2000
Balance, 1 January	1,340.9	1,292.7
New Group companies	101.6	–
Exchange rate fluctuations	20.8	1.1
Transfer of portfolio	–77.1	–
Change for the year	174.5	47.1
Provision for unearned premiums and unexpired risks	1,560.7	1,340.9

Note 31 Provision for outstanding claims

	Claims incurred and reported	Claims incurred, not reported	Provision for claims adjustment costs	Total 2001	Total 2000
Balance 1 January	12,134.6	1,786.5	270.8	14,191.9	14,640.7
New Group companies	221.3	54.4	11.9	287.6	–
Transfer of portfolio	–61.6	–5.4	–4.0	–71.1	–
Exchange rate fluctuations	109.3	66.3	–	175.6	130.7
Change for the year	700.0	–13.6	16.6	702.9	–579.5
Balance, 31 Dec.	13,103.6	1,888.1	295.2	15,286.8	14,191.9

Note 32 Pension commitments

Shareholders' equity exceeds pension reserves in pension foundations by SEK 4.1 M (4.8). Other pension obligations are covered by insurance, with the exception of the SEK 19.5 M (20.7) covered in pension foundations.

Note 33 Liabilities in banking operations

	2001	2000
Liabilities to credit institutions	217.1	1,165.2
Borrowing and deposits from the public	12,351.9	9,206.6
Securities issued	417.5	470.8
Liabilities, Wasa Garanti	14.8	47.3
Other liabilities	218.4	246.8
Accrued expenses and prepaid income	225.0	218.2
Provisions	18.0	18.0
Subordinated liabilities	–	80.0
Liabilities in banking operations	13,462.6	11,452.9

Note 34 Liabilities pertaining to direct insurance

Liabilities to policyholders	24.9	16.5
Liabilities to insurance brokers	6.1	11.0
Liabilities to insurance companies	17.3	116.9
Liabilities pertaining to direct insurance	48.3	144.4

Note 35 Memorandum items

	2001	2000
Pledged assets		
Mortgages on own properties, nominal value	1.6	3.0
Registered investment assets for policyholders' account, total	12,943.5	13,814.9
of which pertaining to incentive-entitled commitments	(2,353.9)	(2,089.2)
Bonds	13.1	52.0
Bank balances	34.1	–
Other pledged assets	–	22.6
Total pledged assets	12,992.3	13,892.5
Contingent liabilities		
Guarantee undertakings	3.3	–
Credit guarantees for personnel loans	2.3	3.3
Sureties	8.1	–
Other contingent liabilities	4.1	13.1
Participation in Länsförsäkringsbolagens Fastighets HB	2,369.6	2,677.3
Participation in Utile Dulci 2 HB	820.0	896.0
Predetermined contingent liabilities	3,207.5	3,589.7

Note 36 Personnel, salaries and remuneration in the Group and auditors' fees

The average number of employees by workplace and country:

	Men		Women		Total	
Staff employees	2001	2000	2001	2000	2001	2000
Parent Company						
Sweden	31	–	33	–	64	–
Subsidiaries						
Sweden	625	618	585	597	1,210	1,215
Great Britain	9	11	6	6	15	17
USA	4	–	1	–	5	–
Total	669	629	625	603	1,294	1,232

Salaries, remuneration and social security costs paid:

	Board, MD and Deputy MDs		Staff		Total	
	2001	2000	2001	2000	2001	2000
Parent Company						
Sweden						
Salaries and remuneration	2.2	–	21.7	–	24.0	–
Social security costs	6.4	–	27.1	–	33.6	–
of which, pension charges	4.6	–	15.9	–	20.4	–
Total Parent Company	8.6	–	48.9	–	57.5	–
Subsidiaries						
Sweden						
Salaries and remuneration	31.1	22.9	477.3	440.2	508.4	463.1
Social security costs	19.9	30.2	296.1	234.0	316.0	264.2
of which, pension charges	8.0	19.1	113.7	62.3	121.7	81.4
Great Britain						
Salaries and remuneration	2.7	3.1	6.5	5.6	9.2	8.6
Social security costs	0.3	–	1.7	1.5	2.0	1.5
of which, pension charges	0.1	–	0.9	0.9	1.0	0.9
USA						
Salaries and remuneration	–	–	5.8	–	5.8	–
Social security costs	–	–	0.9	–	0.9	–
of which, pension charges	–	–	0.0	–	0.0	–
Total subsidiaries	53.9	56.2	788.4	681.2	842.4	737.4
Group total	62.6	56.2	837.3	681.2	899.9	737.4

The Chairman of the Board received a total remuneration of SEK 0.3 M (–). The Managing Director's salary and other benefits amounted to SEK 0.8 M. Länsförsäkringar AB has had a managing director and other employees since 1 October 2001.

Notice of termination of employment and severance pay for senior executives

In the event of notice of termination of employment by the company, the Managing Director, Deputy Managing Directors and senior executives in the management group are entitled to two year's salary. In the case of notice of termination of employment by the employee, three months' salary applies. In the case of other senior executives, the terms governed by central agreements between employer and employee organizations apply.

Pension commitments

The Managing Director has an agreement for retirement at the age of 60, with 75% of final salary at the time of retirement until the age of 65. This is covered by insurance. Alternatively, the Managing Director may retire at the age of 55, with an estimated 50% of final salary until the age of 65.

Other pension obligations are covered by insurance in accordance with an agreement between FAO (the insurance sector's employer's organization) and FTE.

Auditors' fees

The following fees were paid to the auditors in 2001 (SEK 000s):

	Group	Parent Company
KPMG		
Auditing assignments	4.0	0.6
Other assignments	9.1	0.4
Ernst & Young		
Auditing assignments	0.3	
Deloitte, & Touche		
Auditing assignments	0.4	
Other assignments	0.2	
Other		
Other assignments	0.4	
	14.4	

Supplementary information regarding insurance operations for the Group in 2001

SEK M	Total	Health and accident	Motor vehicles, third-party liability	Motor vehicles, other classes	Marine, aviation and transportation	Fire and other property damage	General liability
Premiums earned, gross	4,868.0	134.1	1,958.8	139.9	163.4	255.7	139.9
Insurance payments, gross	-5,166.4	-148.5	-2,224.4	-143.2	-133.9	-251.3	-103.2
Operating expenses, gross	-1,115.3	-81.4	-396.8	-11.4	-33.3	-101.8	-37.9
Profit/loss on ceded reinsurance	605.0	29.5	109.8	-1.1	-0.6	20.9	-20.5
Profit/loss	-808.7	-66.4	-552.6	-15.8	-4.4	-76.5	-21.7
Premium income, gross	5,044.6	140.9	2,102.0	145.1	160.3	265.5	139.6

SEK M	Credit, guarantees	Legal expenses cover	Other insurance classes	Total direct insurance	Reinsurance assumed
Premiums earned, gross	-	6.9	583.9	3,382.6	1,485.4
Insurance payments, gross	2.9	-15.0	-418.9	-3,435.7	-1,730.8
Operating expenses, gross	0.0	-2.6	-194.1	-859.4	-255.9
Profit/loss on ceded reinsurance	-2.7	7.3	-15.6	126.9	478.2
Profit/loss	0.1	-3.4	-44.8	-785.5	-23.2
Premium income, gross	-	7.4	610.0	3,570.9	1,473.6

Notes to the financial statements for the Parent Company

Amounts in SEK M unless stated otherwise

Note 37 Net sales

All the company's sales are to companies within the Länsförsäkringar Insurance Alliance – 86% to Group companies and 14% to the regional insurance companies.

Note 38 Other external costs

	2001	2000
Cost of premises	-43.4	–
Marketing	-20.3	–
Consultants	-50.3	–
IT costs	-52.7	–
Printed matter, telephony and postage	-22.9	–
Asset management costs	-30.2	–
Other	-35.6	-0.1
	-255.4	-0.1

Purchases from Group companies account for 35% of other external costs.

Note 39 Writedown of shares in subsidiary

	2001	2000
Writedown of shares in the Länsförsäkringar Utveckling AB subsidiary	-15.0	–

Note 40 Interest income

	2001	2000
Interest income, other	1.5	0.0

Note 41 Interest expenses

	2001	2000
Interest expenses, other	-0.3	–

Note 42 Tax on profit/loss for the year

	2001	2000
Current tax	13.0	–
Deferred tax	4.4	–
	17.4	–

Loss carry-forward tax deductions on the closing date total SEK 0.6 M, and a deferred tax receivable of SEK 0.2 M have been reported. Deferred tax receivables of SEK 4.2 M are also reported for non-deductible pensions.

	2001	2000
Reconciliation of tax expense/income for the year		
Reported pretax profit/loss	-77.4	-0.0
Corporate income tax 28%	-21.7	–
Tax on non-deductible costs	4.3	–
Utilization of loss carry-forward deduction not previously capitalized	-0.0	–
Reported pretax profit/loss	-17.4	–
Current tax rate	28,%	28,%
Effective tax rate	22,%	0,%

Tax items reported against shareholders' equity

Current tax on Group contributions received	13.0	–
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The temporary difference between the reported value of participations directly owned by the Parent Company and the value for taxation purposes amounts to SEK 211.9 M. Deferred taxes pertaining to these participation holdings have not been reported. In the case of Group companies, the Parent Company determines when tax liabilities are realized, and this will not take place in the foreseeable future since dividends received in Sweden are currently not liable for tax.

Note 43 Fixtures and fittings

The fixtures and fittings consist of works of art which are not depreciated.

Note 44 Participations in Group companies

	2001	2000
Accumulated acquisition values		
At 1 January	5,362.2	–
Purchases	195.1	5,362.2
Shareholder contribution	120.6	–
Dividends received in the form of shares in subsidiaries	1,061.5	–
	6,739.4	5,362.2
Accumulated writedowns		
At 1 January	–	–
Dividends received from subsidiaries	-1,061.5	–
Writedown for the year	-15.0	–
	-1,076.5	–
Book value at year-end	5,662.9	5,362.2

Note 44 cont.

Specification of the company's holding of shares and participations in Group companies

Company name	Corporate registration number	Head office	Number of shares and participations	Percentage of equity ¹⁾	Book value
LF Gruppen AB (dormant)	556420-8535	Stockholm	1,000	100	0.1
Länsförsäkringar Bank AB	516401-9878	Stockholm	8,398,708	100	1,014.6
Länsförsäkringar Fondförvaltning AB	556364-2783	Stockholm	10,000	100	115.0
Länsförsäkringar Kapitalförvaltning AB	556356-0670	Stockholm	1,400	100	36.4
Länsförsäkringar Sak Försäkrings AB	502010-9681	Stockholm	6,265,252	100	4,495.7
Länsförsäkringar Utveckling AB	556549-7004	Stockholm	10,000	100	1.0
IT-bolaget i Strömsholm AB, previously Wasa Försäkring Fastighets AB (dormant)	556549-7012	Stockholm	1,000	100	0.1
Shares and participations in Group companies					5,662.9

¹⁾ Refers to ownership proportion of the capital, which also corresponds to the proportion of votes for the total number of shares.

With the exception of Länsförsäkringar Sak AB, all companies were transferred to Länsförsäkringar AB by distribution of SEK 1,061.5 M from Länsförsäkringar Sak AB. The acquisition value of the shares in Länsförsäkringar Sak AB has been written down by an equivalent amount.

Note 45 Prepaid expense and accrued income

	2001	2000
Lunch vouchers	0.6	–
Prepaid insurance costs	4.6	–
Other	2.2	–
	7.3	–

Note 46 Shareholders' equity

	Share capital	Premium reserves	Legal reserves	Profit/loss carried forward	Profit/loss for the year	Total
Balance, 1 January	607.5	4,757.6	0	0.0	–0.0	5,365.2
Allocation of profit/loss				–0.0	0.0	
New issue	22.1	173.3				195.5
Group contribution				46.4		46.4
Tax impact on Group contribution				–13.0		–13.0
Profit/loss for the year					–60.0	–60.0
Balance, 31 December	629.7	4,931.0	0	33.4	–60.0	5,534.0
Number of shares at SEK 100 par						
Series A						1,532,678
Series B						4,761,455
Series C						2,450
						6,296,583

Note 47 Other long-term liabilities

	2001	2000
Subordinated debentures	127.0	–

The subordinated debentures have a fixed term until 15 December 2006 at an interest rate which corresponds to government bond rate for the equivalent duration, plus a supplement of 0.65%. The interest rate for the year was 5.63%.

Note 48 Accrued expense and prepaid income

	2001	2000
Restructuring costs	16.5	–
Holiday pay liability	6.2	–
Social security costs	6.6	–
Other accrued costs	12.5	0.0
	41.7	0.0

Investments in shares and participations, Group

Sweden	Number	Market value SEK 000s
LISTED CONVERTIBLE LOANS		
Health care		
Elekta 5 011231 Konv	24	0
Total Health care		0
TOTAL CONVERTIBLE LOANS		0
SHARES		
Raw materials		
Holmen, B	3,549	846
Höganäs, B	100	16
SCA, B	8,907	2,556
SSAB, A	1,678	172
SSAB, B	3,824	361
Stora Enso (SDB), R	8,630	1,148
Total Raw materials		5,100
Industry		
ABB (SDB)	6,310	637
Assa Abloy, B	11,271	1,702
Atlas Copco, A	1,132	265
Atlas Copco, B	5,675	1,251
JM AB	1,050	231
Sandvik	8,207	1,842
SAS	783	53
Skanska, B	28,364	1,943
SKF, B	1,836	378
Studsvik	928	37
Trelleborg, B	624	50
Volvo, A	4,900	831
Volvo, B	12,198	2,147
Total Industry		11,369
Consumer goods		
Autoliv (SDB)	2,829	594
Axfood	1,211	142
Electrolux, B	14,042	2,198
Hennes & Mauritz, B	22,546	4,892
Total Consumer goods		7,826
Health care		
Astrazeneca (SDB)	14,670	7,056
Capio	2,899	207
Elekta, B	6,386	543
Gambro, A	3,747	245
Gambro, B	6,355	419
Gefinge Industrier, B	690	119
Pharmacia Corp (SDB)	1,823	831
Total Health care		9,421

Sweden	Number	Market value SEK 000s
Finance		
Carnegie	600	79
Castellum	1,814	197
Drott, B	3,200	346
Föreningssparbanken, A	17,314	2,251
Industrivärden, A	5,253	864
Investor, A	12,094	1,379
Investor, B	12,077	1,383
Invik, B	381	221
Kinnevik, B	5,885	977
Kungsleden	260,000	30,420
Nordea	104,348	5,791
OM Gruppen	2,738	378
Salusansvar, B	745,500	5,293
SEB, A	36,098	3,447
Skandia	54,619	4,151
Svenska Handelsbanken, A	23,923	3,684
Tornet	1,090	152
Wihlborg, B	5,900	84
Total Finance		61,095
IT		
Adcore	55,694	22
C Technologies, B	8,129	297
IAR Systems	1,533	19
IFS, B	4,115	127
Intentia, B	8,930	572
Micronic Laser Systems	100	19
Sigma	25	0
TietoEnator (SDB)	1,294	356
Turnit, B	2,517	40
WM-Data, B	12,757	336
Total IT		1,787
Telecommunications		
Ericsson LM, B	392,107	22,350
Europolitan	16,025	1,122
Nokia (SDB), A	12,835	3,427
Song Networks	3,890	35
Tele2, B	6,988	2,641
Telia	89,150	4,163
Thalamus Networks, B	4,300	77
Total Telecommunications		33,816

Sweden	Number	Market value SEK 000s
Media and entertainment		
Metro Intl, B	1,155	49
Modern Times Group, B	1,913	442
Total Media and entertainment		491
Services		
Eniro	16,161	1,212
Securitas, B	10,545	2,098
Transcom, A	2,896	39
Transcom, B	5,377	78
Total Services		3,428
TOTAL SHARES		134,333
MUTUAL FUNDS		
Aragon Time Fond	12,074	1,648
Asienfonen LF	165,743	11,252
Branschfokusfonden LF	500,000	31,769
Hjärnfonden LF	100,000	18,741
Internetfonden LF	500,000	17,978
Mega Europa LF	20,810	58,941
Mega Nordamerika LF	40,747	35,647
Mega Sverige LF	22,565	91,242
Pension 2045 LF	500,000	43,792
Robur Kommunikation Fond	83,043	2,331
Skandia Time Global	21,189	2,199
Småbolagsfonden LF	502,989	68,544
Tillväxtmarknadsfonden LF	1,007,884	152,449
U-Hjälpsfonden LF	37,377	6,813
Total		543,345
TOTAL MUTUAL FUNDS		543,345
TOTAL LISTED		677,678
UNLISTED SHARES		
Elajo, Af	200	24
Optimum, A	25,047,476	0
Optimum, B	340,378	0
Sjöassuradörerna	30	0
Total		24
Industry		
Besqab, B	21,000	7,140
Byggtjänst	25	9
Total Industry		7,149
Consumer goods		
Lithells AB, Bf	2	0
Total Consumer goods		

Sweden	Number	Market value SEK 000s
Finance		
Aragon Securities Fondkommission AB	57,110	13,992
HealthCap Coinvest	12,414,000	12,414
HealthCap KB III	4,963,000	4,963
Industrial Development & Invest	8,908,480	8,908
Länsförsäkringar Mäklarservice AB	200	40
Länsteknik	500	0
SBC Bo Ekon.Förening	150	450
Sjöassuradörerna	54	0
Total Finance		40,767
IT		
Dynarc	1,447	1
Total IT		1
Services		
Consult Lennermark & Ande	1,000	5,145
Jonic	100	0
Knarrarnäs	1	540
Larmtjänst	113	0
Svensk Bilprovning	560	1,680
Trinova. B	500	0
VetCare AB	100	3,792
Total Services		11,158
TOTAL SHARES		59,099
MUTUAL FUNDS		
Nektar Fund	252,862	431,260
SBC Bo AB Fund	1,265	543
Zenit Hedge Fund	6,022	213,045
Total		644,848
TOTAL MUTUAL FUNDS		644,848
Tenant-ownership rights		
Brf Kalvheden	1	362
Total Tenant-ownership rights		362
TOTAL UNLISTED		704,310
TOTAL SWEDEN		1,381,988

Foreign	Number	Market value SEK 000s
Belgium		
LISTED SHARES		
KBC Bancassurance	13,732	4,835
Total shares		4,835
Total listed		4,835
TOTAL BELGIUM		4,835
Canada		
LISTED SHARES		
BCE Inc	12,000	2,840
Bombardier, B	24,400	2,646
Genesis Microchip Inc	500	347
Inco, Common (US)	6,700	1,191
Total shares		7,023
Total listed		7,023
TOTAL CANADA		7,023
Switzerland		
LISTED SHARES		
ABB (CH)	55,583	5,619
Adecco	26,753	15,254
Credit Suisse	24,393	10,911
Nestle	7,964	17,812
Novartis	46,287	17,546
Roche Holding, Genusscheine	15,480	11,590
Serono, Inhaber	602	5,511
UBS	41,094	21,757
Zurich Allied	1,527	3,758
Total shares		109,758
Total listed		109,758
TOTAL SWITZERLAND		109,758
Germany		
LISTED SHARES		
Allianz Holding	7,084	17,600
Bayer	15,581	5,210
Daimler-Chrysler, Namen	14,581	6,585
Deutsche Bank, Namen	6,890	5,110
Deutsche Telekom, Namen	53,793	9,697
E.ON (Veba)	30,358	16,497
Linde	11,063	4,701

Foreign	Number	Market value SEK 000s
Germany cont.		
Muenchener Rueckversicherung, Namen	2,338	6,659
SAP	5,757	7,867
Siemens, Namen	17,007	11,810
Volkswagen	11,522	5,650
Total shares		97,385
Total listed		97,385
TOTAL GERMANY		97,385
Denmark		
LISTED SHARES		
Falck	9,195	10,800
ISS	15,074	7,783
NEG Micon (Nordtank)	5,642	1,559
TDC	13,263	4,957
Total shares		25,098
Total listed		25,098
TOTAL DENMARK		25,098
Spain		
LISTED SHARES		
Acerinox	22,381	7,849
Banco Bilbao Vizcaya Argentaria BBVA	115,643	15,014
Bankinter	37,486	11,505
Inditex	30,170	6,033
Repsol	28,395	4,344
Telefonica de Espana	114,306	16,046
Total shares		60,791
Total listed		60,791
TOTAL SPAIN		60,791
Finland		
LISTED SHARES		
Nokia	118,602	31,925
Sonera Corp	23,501	1,236
Total shares		33,161
Total listed		33,161
TOTAL FINLAND		33,161

Foreign	Number	Market value SEK 000s
France		
LISTED SHARES		
Accor	11,167	4,259
Alcatel	26,851	4,815
Altran Technologies	3,995	1,894
Aventis	31,681	23,598
AXA	37,731	8,271
BNP Paribas	4,920	4,618
Cap Gemini	7,725	5,852
Carrefour Supermarkets	17,007	9,277
Casino, Guichard-Perrachon	13,059	10,569
France Telecom	11,966	5,018
Genesys	5,823	753
L'Oreal	16,360	12,362
Peugeot	11,208	4,999
Pinault-Printemps-Redoute	2,888	3,900
Sanofi-Synthelabo	13,346	10,446
Societe Generale	19,532	11,466
STMicroelectronics	16,000	5,387
Suez (Lyonnais, des, Eaux)	39,045	12,399
Total Fina	19,966	29,912
Vivendi Universal	27,281	15,671
Total shares		185,464
Total listed		185,464
TOTAL FRANCE		185,464

Great Britain		
LISTED SHARES		
Abbey National	54,960	8,239
Astrazeneca (GB)	35,407	16,758
BAE Systems	77,644	3,690
Barclays	78,010	27,087
BP Plc (Amoco)	507,368	41,316
BT Group	296,786	11,467
Centrica	455,265	15,470
CGU	32,192	4,159
Diageo	79,822	9,570
FKI	410,283	11,565
GlaxoSmithkline Plc	135,775	35,713
Great Universal Stores	41,569	4,084

Foreign	Number	Market value SEK 000s
Great Britain, cont.		
Hbos Group	35,866	4,359
HSBC Holdings (GBP 0.75)	152,206	18,732
Land Securities	37,689	4,497
Lloyds TSB Group	74,944	8,544
Marks & Spencer	117,324	6,484
Misys	100,741	5,082
Prudential	88,648	10,777
Rio Tinto	57,987	11,650
Royal Bank of Scotland	44,034	11,250
Sainsbury, J	42,673	2,394
Scottish Power	73,733	4,289
Shire Pharma	32,000	4,135
Six Continentents (Bass)	81,835	8,491
Tesco	184,217	6,990
TGI plc	10	0
Unilever	154,110	13,262
Vodafone	1,525,730	41,869
Wolseley	45,894	4,034
WPP Group	101,830	11,831
Total shares		367,788

MUTUAL FUNDS		
Friends Provident UK Index Tracking Fund	4,129,636	59,162
Total mutual funds		59,162
Total listed		426,951

UNLISTED SHARES		
Altius Assoc	13,218	202
Scan Re	7,500,000	0
Total shares		202
Total unlisted		202
TOTAL GREAT BRITAIN		427,152

Ireland		
LISTED SHARES		
Allied Irish Banks	40,869	4,962
Total shares		4,962
Total listed		4,962
TOTAL IRELAND		4,962

Foreign	Number	Market value SEK 000s
Israel		
LISTED SHARES		
Taro Pharmaceutical Ind	300	126
ViryaNet Ltd	9,400	43
Total shares		169
Total listed		169
TOTAL ISRAEL		169

Italy		
LISTED SHARES		
Alleanza Assic	55,942	6,448
Assicurazioni Generali	19,812	5,770
Autogrill	63,118	6,125
Autos Trade	110,089	8,020
Banca Fideuram	82,134	6,909
ENI	77,755	10,204
Telecom Italia	107,314	9,622
TIM, Ord	236,398	13,840
Unicredito Italiano (Credito Italiano)	189,868	7,966
Total shares		74,904
Total listed		74,904
TOTAL ITALY		74,904

Japan		
LISTED SHARES		
Acom Co	2,700	2,064
Advantest Corp	1,900	1,128
Aeon Co	8,000	1,895
Ajinomoto Co	12,000	1,229
Asahi Breweries	12,000	1,132
Asahi Glass Co	29,000	1,799
Asahi Kasei Co	33,000	1,215
Bank Yokohama	17,000	622
Benesse Corp	3,000	816
Bridgestone Corp	19,000	2,109
Canon Inc	15,000	5,415
Central Japan Railway Co	47	3,190
Credit Saison	2,000	408
Dai Nippon Printing	19,000	1,992
Daiichi Pharmaceutical	6,000	1,225
Daikin Industries	8,000	1,316
Daiwa House	12,000	718

Foreign	Number	Market value SEK 000s
Japan, cont.		
Daiwa Securities Co	29,000	1,599
Denso Corp	19,700	2,737
East Japan Railway	78	3,952
Eisai Co	6,000	1,566
Fanuc	4,500	2,010
Fuji Photo Film	12,000	4,495
Fujitsu	34,000	2,596
Furukawa Electric Co	14,000	780
Hitachi	58,000	4,456
Honda Motor Co	16,700	6,991
Hoya Corp	1,900	1,191
Itochu Corp	36,000	853
Ito-Yokado Co	8,000	3,791
Japan Airlines Co	47,000	1,181
Japan Energy Corp	34,000	400
Japan Tobacco	23	1,519
Kajima Corp	41,000	1,168
Kaneka Corp	13,000	831
Kansai Electric Power	17,700	2,659
Kao Corp	10,000	2,181
Kawasaki Steel Corp	78,000	830
Kikkoman, Corp	10,000	567
Kirin Brewery Co	20,000	1,500
Komatsu	34,000	1,276
Konami Co	2,700	841
Kubota Corp	35,000	964
Kuraray Co	14,000	938
Kyocera Corp	3,300	2,258
Marui Co	5,000	620
Matsushita Elect Ind	43,000	5,792
Minebea Co	17,000	961
Mitsubishi Chemical Corp	44,000	983
Mitsubishi Corp	31,000	2,111
Mitsubishi Electric Corp	45,000	1,826
Mitsubishi Estate	29,000	2,226
Mitsubishi Heavy Ind	83,000	2,325
Mitsubishi Materials	42,000	602
Mitsubishi Tokyo Financial Group Inc	114	8,020
Mitsui	36,000	1,870
Mitsui Fudosan	12,000	960
Mitsui Marine & Fire Insurance	16,000	788
Mizuho Holdings	189	4,039
Murata Manufacturing	4,400	2,768
NEC Corp	28,000	2,996

Foreign	Number	Market value SEK 000s
Japan, cont.		
Nikon Corp	6,000	485
Nintendo Co	2,600	4,776
Nippon Express Co	41,000	1,460
Nippon Meat Packers	6,000	668
Nippon Mitsubishi Oil	28,000	1,121
Nippon Sheet Glass Co	12,000	398
Nippon Steel Corp	143,000	2,163
Nippon Tel & Tel Corp	130	4,443
Nippon Unipac Holding	20	936
Nippon Yusen K.K	28,000	885
Nissan Motor Co	72,000	4,005
Nisshin Seifun Group Y50	7,000	443
Nissin Food Products Co	3,500	717
Nitto Denko Corp	4,200	1,019
Nomura Holdings	36,000	4,841
NTT Data	13	485
NTT Docomo Inc	27	3,328
Oji Paper Co	20,000	834
Olympus Optical Co	6,000	905
Omron Corp	4,000	560
Onward Kashiyama Co	5,000	503
Oriental Land Co	1,500	1,082
Orix Corp	1,100	1,034
Osaka Gas Co	44,000	1,102
Pioneer Electronic Corp	3,000	687
Promise Co	2,400	1,362
Ricoh Co	6,000	1,172
Rohm Co	2,100	2,859
Sankyo Co	9,000	1,617
Sanyo Electric Co	44,000	2,180
Secom Co	4,500	2,370
Sega Enterprises	2,900	607
Sekisui House	11,000	836
Seven-Eleven Japan	3,000	1,148
Sharp Corp	26,000	3,190
Shin Etsu Chemical	7,700	2,903
Shionogi & Co	7,000	1,255
Shiseido Co	8,000	775
Shizuoka Bank	29,000	2,303
Showa Shell Sekiyu K.K	8,000	446
Skylark Co	3,000	528
SMC Corp	1,700	1,815
Softbank Corp (JP)	5,200	882
Sony Corp	17,900	8,582

Foreign	Number	Market value SEK 000s
Japan, cont.		
Sumitomo Chemical Co	32,000	1,140
Sumitomo Corp	26,000	1,251
Sumitomo Electric Ind	17,000	1,245
Sumitomo Mitsui Banking Corp	90,800	4,033
Taisho Pharmaceutical	7,000	1,154
Takara Shuzo Co	4,000	353
Takeda Chemical Industries	15,000	7,119
Takefuji Corp	2,470	1,874
TDK Corp	900	445
Teijin	24,000	966
Toho Co	1,700	1,929
Tohoku Electric Power	9,000	1,295
Tokio Marine & Fire Insurance	30,000	2,300
Tokyo Electric Power	21,700	4,846
Tokyo Electron	3,300	1,698
Tokyo Gas Co	54,000	1,517
Tokyu Corp	34,000	1,075
Toppan Printing	12,000	1,161
Toray Industries	36,000	913
Toshiba Corp	58,000	2,089
Toyo Seikan Kaisha	5,000	670
Toyota Motor Corp	59,200	15,731
Yamanouchi Pharm.	7,000	1,939
Yamato Transport Co	10,000	1,977
Yokogawa Electric Corp	7,000	585
Total shares		258,305
MUTUAL FUNDS		
Japanfonden LF	1,958,489	184,428
Total mutual funds		184,428
Total listed		442,733
TOTAL JAPAN		442,733
Cayman Islands		
LISTED SHARES		
02 Micro Intl Ltd	800	202
Total shares		202
Total listed		202
TOTAL CAYMAN ISLANDS		202
North America		
LISTED MUTUAL FUNDS		
Nordamerikafonden LF	258,730	67,598
Total mutual funds		67,598
Total listed		67,598
TOTAL NORTH AMERICA		67,598

Foreign	Number	Market value SEK 000s
Netherlands		
LISTED SHARES		
Aegon	66,167	18,787
Ahold	16,904	5,160
ING Groep	59,557	15,931
Philips Electronics	17,161	5,350
Qiagen NV	5,564	1,091
Royal Dutch	56,220	29,878
TPG NV	31,280	7,099
Total shares		83,297
Total listed		83,297
UNLISTED SHARES		
Eureko BV Placeringsaktie	1,761,294	709,980
Total shares		709,980
Total unlisted		709,980
TOTAL NETHERLANDS		793,277
Norway		
LISTED SHARES		
Norsk Hydro	12,681	5,576
Tomra Systems	17,016	1,711
Total shares		7,288
Total listed		7,288
TOTAL NORWAY		7,288
Portugal		
LISTED SHARES		
Banco Espirito Santo	34,222	4,625
Total shares		4,625
Total listed		4,625
TOTAL PORTUGAL		4,625
Singapore		
UNLISTED SHARES		
Equatorial,Re	5,000,000	0
Total shares		0
Total unlisted		0
TOTAL SINGAPORE		0
United States		
LISTED SHARES		
Abbott Laboratories	8,900	5,205
Activision Inc	1,600	437
Affymetrix	800	317
Air Products & Chemicals	2,500	1,230
Alcoa (Aluminum Co America)	9,600	3,580
Alpha Industries Inc	800	183

Foreign	Number	Market value SEK 000s
United States, cont.		
American Eagle Outfitters	2,000	549
American Express	17,000	6,364
American Home Products	13,000	8,367
American Intl Group	21,300	17,740
American Tower Corp	20,000	1,987
Amerisource Bergen	400	267
Ameritrade Holdings Corp CL	1,800	112
Amgen Inc	7,900	4,677
Amsurg Corp	1,600	456
Anadarko Petroleum Corp	2,300	1,372
Anheuser-Busch	12,500	5,928
Answerthink Consulting Group	4,900	336
AOL Time Warner	29,400	9,900
Applied Materials	5,300	2,229
Armor Holdings	2,400	679
Artesyn Technologies Inc	3,600	352
Aspen Technology Inc	3,800	670
AT&T Corp	30,500	5,804
AT&T Wireless Group	17,924	2,702
Automatic Data Process	3,800	2,348
Aviron	1,000	522
Avocent Corp	1,400	356
Baker Hughes	7,300	2,793
Bally Total Fitness	1,300	294
Bank of America Corp	8,900	5,877
Bank of New York Co	7,300	3,124
BEA Systems	2,900	468
Bellsouth Corp	9,600	3,842
Block (H&R)	10,200	4,783
Bristol Myers Squibb	14,000	7,490
Brucker AXS Inc	2,000	137
California Pizza Kitchen Inc	1,600	415
Caminus Corp	1,400	338
Caremark RX Inc	2,200	376
Cendant Corp	17,000	3,497
Charles River Labs Intl Inc	700	246
Chevron Texaco Corp	4,600	4,324
Chico's Fas Inc	800	333
Childrens Place	1,100	313
Cirrus Logic Inc	1,900	263
Cisco Systems Inc	49,400	9,384
Citigroup Inc	38,166	20,210
Clarcor Inc	1,000	285
Coca-Cola Co	16,700	8,260
Cognixant Technology Solutions Corp	400	172

Foreign	Number	Market value SEK 000s
United States, cont.		
Colgate Palmolive	5,900	3,574
Colombia Sportwear Comp	900	314
Compaq Computer Corp	25,800	2,641
Computer Assoc Intl	8,500	3,075
Computer Learning Centers	84	0
Computer Network Tech Group	1,400	261
Convenant Transport Inc	900	151
Copart Inc	1,000	382
Corinthian Colleges Inc	1,000	429
Corixa Corp	1,800	285
Costco Co	7,900	3,678
Cox Communications (US)	11,800	5,188
Cross Country Inc	1,200	334
CSK Autocorp	3,500	365
CSX Corp	3,300	1,213
Curagen Corp	500	117
CVS Corp	2,600	807
Dell Computer Corp	17,000	4,847
Doubleclick Inc	3,500	416
Dow Chemical Co	5,400	1,913
Du Pont de Nemours E I & Co	8,200	3,657
Duke Energy Corp	7,000	2,883
Dynacare Inc	1 600	283
El Paso Energy Co	3,617	1,693
Electronic Data Systems	7,400	5,321
Eli Lilly & Co	9,400	7,744
EMC Corp	15,600	2,199
Emerson Electric	5,700	3,414
Emmis Communications Corp	4,000	992
Emulex Corp	700	290
Endocare Inc	1,500	282
Enterasys Networks	2,900	269
Ess Technology Inc	2,700	602
Exelon Corp	4,000	2,009
Extended Stay America Inc	1,500	258
Extreme Networks Inc	1,100	149
Exxon Mobil Corp	48,800	20,118
F5 Networks Inc	2,700	610
Fannie Mae (Fed Nat Mtg)	10,400	8,673
Finisar Corp	2,300	245
First Service	1,300	382
Fleet Boston Financial Group	15,300	5,858
Flowserve Corp	3,300	921
Ford Motor Co	22,100	3,644
Freddie Mac	7,900	5,420

Foreign	Number	Market value SEK 000s
United States, cont.		
Fred's Inc	1,000	430
Gala Gen Inc	27,083	18
General Electric Co (US)	72,800	30,607
General Motors Corp	2,400	1,224
Genta Inc	1,700	254
Getty Images Inc	5,100	1,229
Gillette Co	5,100	1,787
Global Power Equipment Group Inc	3,900	616
Globespan Virata	2,100	285
Harman Intl Industries	700	331
Harmonic Inv	2,900	366
Hollywood Entertainment Corp	2,600	390
Home Depot Inc	12,500	6,688
Hot Topic Inc	800	263
IBM Corp	13,000	16,495
Ilex Corp	900	326
Incyte Genomics	1,500	306
Insight Communications Inc	1,400	355
Insight Enterprises Inc	2,500	645
Integrated Circuit Systems Inc	3,800	900
Intel Corp	45,900	15,142
Intermune Inc	500	258
International Paper Co	5,700	2,413
Internet Security Systems	800	269
Invitrogen Corp	1,000	650
Itron Inc	900	286
Ixia	1,200	162
J P Morgan Chase & Co	10,600	4,042
Jack Henry & Associates Inc	700	160
JDS Uniphase Corp	5,900	537
Johnson & Johnson	21,400	13,267
Kimberly Clark	9,400	5,896
Knight Transportation Inc	2,475	488
Krispy Kreme Doughnuts Inc	700	325
Kroger Co	10,800	2,364
Labranche & Co	400	145
Learning Tree	1,250	366
Liberty Media Grp, A	25,800	3,789
Linear Technology	4,000	1,638
Linens'n Things Inc	2,400	642
Lucent Technologies Inc	23,600	1,557
Luminex Corp	700	125
Magma Design Automation Inc	1,400	445
Manhattan Assoc Inc	500	153

Foreign	Number	Market value SEK 000s
United States, cont.		
Manugistics Group Inc	2,500	553
Marsh & McLennan Cos	1,900	2,142
Martha Stewart Living Omnimedia Inc	1,500	259
Mcdata Corp, A	2,700	694
McDonald's Corp	13,800	3,832
Medtronic	9,200	4,942
Mellon Financial Corp	3,600	1,421
Merck Co	13,900	8,573
Mercury Interactive Corp	400	143
Metris Co's Inc	1,500	405
Micromuse	1,600	252
Microsoft Corp	34,300	23,837
Minnesota Mining & Mfg	3,100	3,844
Motorola	12,700	2,001
MSC Industrial Direct	1,400	290
National Processing Inc	1,300	443
Network Assoc Inc	1,500	407
New Horizons Worldwide	2,100	253
Nortel Networks (US)	20,900	1,644
Novellus Systems Inc	4,000	1,655
NPS Pharmaceuticals Inc	1,900	763
Ocean Energy Inc	4,600	926
Omnicell Inc	3,300	308
Oracle Systems Corp	33,600	4,867
O'Reilly Automotive Inc	3,500	1,339
Orthrox Intl NV	500	195
OSI Pharmaceuticals Inc	300	144
Overture Services Inc	1,000	372
Paradyne Networks Inc	6,200	254
Parametric Technology	3,600	295
Paxson Communications	1,300	143
PDF Solutions Inc	900	198
Penton Media Inc	8,400	552
Peoplesoft	8,100	3,416
Pepsico Inc	8,400	4,290
Peregrine Systems	1,075	167
Performance Food Group Co	1,800	664
Pfizer Inc	54,900	22,949
Pharmaceutical Product Dev	900	305
Pharmacia Corp (US)	9,000	4,026
Philip Morris Co's Inc	9,400	4,521
PMA Capital Corp	3,200	648
PNC Financial Service Group	11,700	6,897
Princeton Review Inc	2,600	209

Foreign	Number	Market value SEK 000s
United States, cont.		
Procter & Gamble Co	11,100	9,214
Progres Energy Inc	3,900	1,842
Province Healthcare Co	450	146
Proxim Inc	2,300	239
Q West Com Intl	16,300	2,416
Quest Software Inc	1,100	255
Quintiles Transnational Corp	700	118
Radio One Inc	1,700	329
Radio One Inc, Class D	3,500	661
Radware Ltd	1,300	177
Rare Hospitality Intl Inc	2,700	638
Raymond James Financial Inc	1,000	373
Redback Networks Inc	4,000	166
Reebok Int'l Ltd	600	167
Rehabcare Group Inc	1,000	310
Reinsurance Group of America	700	244
Respironics Inc	900	327
Riverstone Networks Inc	1,600	279
RPM Inc	2,100	319
Rudolph Technologies Inc	700	252
Sanish Broadcasting System	3,200	332
Sanmina-SCI Corp	7,100	1,482
Sapient Corp	3,900	316
SBC Communications Inc	18,900	7,766
Schlumberger Ltd	7,900	4,554
SeaChange Intl Inc	800	286
SeeBeyond Technology Corp	2,800	285
Sinclair Broadcast Group	1,500	149
Sonic Automotive Inc	1,300	320
SonicWall Inc	2,250	459
Southern Co	23,200	6,169
SPX Corp	1,400	2,010
Stancorp Financial Group	600	297
Starbucks Corp	4,900	979
Steiner Leisure	1,400	312
Steris Corp	1,200	230
Storagenetworks Inc	2,800	182
Support.Com	9,400	618
Swift Transportation	1,200	271
Sykes Enterprises Inc	3,000	294
Sysco Corp	3,800	1,045
Talbots Inc	1,500	570
Target Corp	7,800	3,359
Teradyne Inc	4,500	1,423

Foreign	Number	Market value SEK 000s
United States, cont.		
Terayon Communication Systems Inc	1,400	121
Texas Instruments Inc	11,200	3,290
Therasense Inc	1,000	260
Trimeris Inc	1,400	660
Tyco Intl	6,100	3,769
U.S. Physical Therapy Inc	1,600	271
Ultimate Electronics	1,000	315
United Parcel Service	5,700	3,259
United Rentals Inc	1,800	429
United Surgical Partners Inc	1,700	377
United Technologies Corp	5,300	3,593
US Bancorp (New)	23,300	5,116
UTI Worldwide Inc	900	185
Wal Mart Stores Inc	32,400	19,559
Walgreen Co	5,200	1,836
Walt Disney Co	18,400	3,999
Vans Inc	2,200	294
Varian Medical Systems Inc	400	299
Washington Mutual	7,050	2,418

Foreign	Number	Market value SEK 000s
United States, cont.		
Waste Connections Inc	1,500	488
Waste Management	13,900	4,653
Vastara Inc	3,600	627
Webmethods Inc	800	141
Wells Fargo	24,000	10,939
Verizon Communications	15,000	7,468
WFS Financial Inc	1,300	327
Viacom, B	15,800	7,317
Williams Co's	8,300	2,222
Wilmington Trust Corp	400	266
Wind River Systems	1,400	263
Virage Logic Corp	2,500	504
WMS Industries Inc	700	147
Worldcom Inc - Worldcom Group	27,800	4,106
Xcel Energy	8,200	2,386
Zoran Corp	1,100	377
Total shares		648,925
Total listed		648,925

Foreign	Number	Market value SEK 000s
United States, cont.		
UNLISTED SHARES		
Hyperion Inc	35,496	2,327
Universal Pediatrics Services	80,000	0
Total shares		2,327
MUTUAL FUNDS		
Moore Global Fixed Income Fund Ltd	714	33,443
Narragansett Offshore Ltd	3,000	32,723
Raphael II Ltd	2,073	32,929
Styx International Ltd	2,038	42,617
Tiedemann Arbitrage Associates	74,352	20,894
Viking Global Equities III Ltd A/1E	2,539	77,052
Viking Global Equities III Ltd A/4E	11,000	264,841
Total mutual funds		504,499
Total unlisted		506,826
TOTAL UNITED STATES		1,155,751
TOTAL GROUP		4,884,165

Stockholm, 14 March 2002

Hans Jonsson
Chairman

John Helgesson

Anders Nilsson

Anders Stigers

Carl Johan Gezelius
Employee representative

Gunnar Kinch
Deputy Chairman

Anna-Greta Lundh

Frans-Henrik Schartau

Maths O Sundqvist

Karl-Axel Karlsson
Employee representative

Jan Fager

Åke Modig

Karin Starrin

Tommy Persson
Managing Director

Sven-Erik Martinell
Employee representative

Our audit report was submitted on 28 March 2002

Stefan Holmström
Authorized Public Accountant

Lars Bonnevier
Authorized Public Accountant
Appointed by Finansinspektionen

Auditors' report

To the Annual General Meeting of Länsförsäkringar Aktiebolag (publ)

Registered corporate registration number 556549-7020

We have examined the annual report, the consolidated financial statements and the accounts, and also the Board and Managing Director's administration of Länsförsäkringar Aktiebolag (publ) for 2001. The Board and the Managing Director are responsible for the accounting documents and the administration. We are responsible for commenting on the annual report, the consolidated financial statements and the administration, on the basis of our audit.

The audit has been carried out in accordance with generally accepted auditing standards in Sweden. This means that we have planned and implemented the audit to assure ourselves to a reasonable degree that the annual report and consolidated financial statements do not contain any material errors. An audit entails examining a selection of the underlying documentation for amounts and other information in the accounting documents. An audit also involves examining the accounting principles and their application by the Board and the Managing Director and assessing the information contained in the annual report and consolidated financial statements. We have examined all material decisions, measures and circumstances in the company in order to establish a basis for our

opinion as to whether any Board member or the Managing Director has incurred any liability to compensate the company or has otherwise acted contrary to the Swedish Companies Act, the Insurance Business Act, the Annual Accounts Act, the Annual Accounts Act for Insurance Companies, or the company's Articles of Association. We consider that our audit gives us reasonable grounds for the declaration made below.

The annual report for the Parent Company has been prepared in accordance with the Annual Accounts Act, and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act for Insurance Companies, and thus provide a fair picture of the company's and the Group's results and position in accordance with generally accepted auditing standards in Sweden.

We recommend that the Annual General Meeting approves the income statement and the balance sheet for the Parent Company and the Group, deals with the loss in the Parent Company as proposed in the Board of Directors' Report, and discharges the members of the Board of Directors and the Managing Director from liability for the financial year.

Stockholm, 28 March 2001

Stefan Holmström
Authorized Public Accountant

Lars Bonnevier
Authorized Public Accountant
Appointed by Finansinspektionen

Life insurance Group

The Life insurance Group is not consolidated in the Länsförsäkringar AB Group since the entire profits of the regional company concerned are distributed to policyholders. The life insurance Group comprises the mutual Parent Company, Länsförsäkringar Liv, the Länsförsäkringar Fondliv subsidiary and a number of property-owning subsidiaries and small companies with limited operations.

Income statement, SEK M	2001	2000
Premium income, gross	8,969	9,459
Premium income, net	8,857	9,361
Investment income, net	-4,189	582
Change in value of investment assets for which policyholders bear the risk	-2,659	-1,656
Insurance payments	-3,177	-3,055
Change in other technical reserves	-9,146	-7,575
Operating expenses	-1,360	-1,247
Other technical income	107	126
Underwriting technical result	-11,567	-3,464
Non-technical result	-129	-125
Tax	-1,042	-974
LOSS FOR THE PERIOD	-12,738	-4,563

Balance sheet, SEK M	31 December 2001	31 December 2000
ASSETS		
Other intangible assets	1,932	1,865
Investment assets		
Buildings and land	6,488	6,885
Investments in group and associated companies	4,036	3,226
Other financial investment assets		
shares and participations	42,660	46,931
bonds and other interest-bearing securities	37,339	37,467
other financial assets	956	2,375
Deposits with companies which have ceded reinsurance	1	1
Investment assets for which policyholders bear the risk	17,080	16,888
Reinsurers' proportion of technical reserves	366	360
Other assets	3,603	4,806
Prepaid expenses and accrued revenue	3,669	3,309
TOTAL ASSETS	118,130	124,113

SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES

Shareholders' equity	8	8
Bonus funds	28,522	43,034
Technical reserves before ceded reinsurance	69,721	60,294
Provisions for which policyholders bear the risk	17,082	16,890
Other provisions and liabilities	2,390	3,397
Accrued expenses and prepaid income	407	490
TOTAL SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES	118,130	124,113

Board of Directors and auditors of Länsförsäkringar AB



Hans Jonsson



Gunnar Kinch



Jan Fager



John Helgesson



Anna-Greta Lundh



Åke Modig



Anders Nilsson



Tommy Persson



Frans-Henrik Schartau



Karin Starrin



Anders Stigers



Maths O Sundqvist



Lars Brolin



Carl Johan Gezelius



Tomas Jönsson



Karl-Axel Karlsson



Sven-Erik Martinell

Hans Jonsson, born 1949
Board Chairman
Other board memberships: Chairman
Länsförsäkringar Skaraborg

Gunnar Kinch, born 1936
Chairman Länsförsäkringsbolagens
Förening
Farm manager, Belteberga Lantbruks AB
Deputy Chairman of the Board
Other board memberships: Chairman
Länsförsäkringar Skåne; board member
Länsförsäkringar Miljö AB.

Jan Fager, born 1940
Managing Director Länsförsäkringar
Älvsborg
Other board memberships: Nyföretagar-
Centrum Tvåstad

John Helgesson, born 1945
President Stena Fastigheter AB
Other board memberships: Stena
Fastigheter AB, Örgryte Bostads AB,
Länsförsäkringar Skåne, Wasa Trust,
Swedish Federation for Property Owners.

Anna-Greta Lundh, born 1955
Managing Director Länsförsäkringar
Södermanland
Other board memberships: Strand-
fastigheter AB

Åke Modig, born 1945
Vice President Arla Foods Amba
Other board memberships: Spendrups
Bryggeri AB

Anders Nilsson, born 1945
President Sveriges Fastighetsägare
Umeå Service AB
Other board memberships: Chairman,
Länsförsäkringar Västerbotten

Tommy Persson, born 1948
Managing Director and CEO Läns-
försäkringar AB
Other board memberships: Chairman
Swedish Insurance Federation and FAO;
board member Lindex AB, Gjensidige
NOR Spareforsikring A/S, EurAPCo

Frans-Henrik Schartau, born 1938
Deputy Chairman Länsförsäkrings-
bolagens Förening
Director Stockholm Chamber of
Commerce
Other board memberships: Chairman
Länsförsäkringar Bergslagen; board
member Skyllbergs Bruk, Stockholms-
mässan, Länsförsäkringar Bank

Karin Starrin, born 1947
Governor of the County of Halland
Other board memberships: Chairman
Södra Götaland County Forestry Board,
Hallands Akademi; board member Royal
Opera

Anders Stigers, born 1947
Managing Director Dalarnas
Försäkringsbolag
Other board memberships: Member of
Board of Länsförsäkringar Fondförvalt-
ning

Maths O Sundqvist, born 1950
President AB Skrandan
Other board memberships: Hexagon,
Wihlborgs, Fischer Partner Fondkomis-
sion, Wasa Trust, Jämtlamell

Board Secretary

Lars Brolin, born 1944
Head of Legal Affairs
Länsförsäkringar AB
Other board memberships: board mem-
ber of Swedish department of AIDA

Employee representatives

Carl Johan Gezelius, born 1948
Union of Insurance Employees (FTF)
branch at Länsförsäkringar AB
Other board memberships: FTF, FPK,
and Länsförsäkringar AB subsidiaries

Tomas Jönsson, born 1951, deputy
member
Swedish Confederation of Professional
Associations branch at Länsförsäkringar
AB
Other board memberships: Länsfö-
rsäkringar Sak AB, Länsförsäkringar
Kapitalförvaltning, banking and insur-
ance section of Jusek

Karl-Axel Karlsson, born 1949
Union of Insurance Employees branch at
Länsförsäkringar AB

Sven-Erik Martinell, born 1943
Regional insurance companies' staff
association
District manager
Other board memberships: Läns-
försäkringar Bank, Länsförsäkringar
Mäklarservice AB, Länsförsäkringar
Utveckling AB

Auditor elected by the Annual General Meeting

Stefan Holmström
Authorized Public Accountant, KPMG
Bohlin AB

Deputy auditor

Johan Baeckström
Authorized Public Accountant, KPMG
Bohlin AB

Appointed by Finans- inspektionen (The Swedish Financial Supervisory Authority)

Lars Bonnevier
Authorized Public Accountant, Ernst &
Young AB

Group Management Länsförsäkringar AB



Tommy Persson,
Born 1948
Managing Director and
CEO.
Employed since 1996



Christer Baldhagen
Born 1957
Director of Corporate
Communications.
Employed since 1994



Hans Benndorf
Born 1954
Deputy Managing Director
Managing Director
Länsförsäkringar Liv.
Employed since 2001



Sten Dunér
Born 1951
Group Controller.
Employed since 1982



Gunnel Edenius
Born 1945
Managing Director
Länsförsäkringar
Utveckling.
Employed since 2000



Bo Ennerberg
Born 1948
Deputy Managing
Director
Chief Financial Officer.
Employed since 1984



Sören Ericson
Born 1944
Managing Director
Länsförsäkringar Bank.
Employed since 1990



Ann Sommer
Born 1959
Deputy Managing
Director
Managing Director
Länsförsäkringar Sak.
Employed since 1988

Other senior executives



Lars Brolin
Born 1944
Head of Legal Affairs
Employed since 1987



Lena Gerby
Born 1959
Managing Director Wasa
Försäkring Run Off
Employed since 1989



Catharina Henkow
Born 1954
Accounting Director
Employed since 2000



Torbjörn Hultgren
Born 1955
Manager Corporate
Development
Employed since 1991



Jack Junel
Born 1946
Managing Director Länsför-
säkringar Kapitalförvaltning
Employed since 1991



Jan Lundmark
Born 1955
Director Human resources
Employed since 2002



Anders Mellberg
Born 1948
Managing Director Agria
Employed since 1990



Kurth Nimmersjö
Born 1942
Internal auditor
Employed since 1989



Lennart Nyberg
Born 1946
Manager EU Monitoring
Employed since 1979



Örian Söderberg
Born 1952
Managing Director Länsför-
säkringar Fonder
Employed since 1985



Olle Törnell
Born 1958
Chief Assistant, Legal
Affairs
Employed since 1992



Ingemar Åkeson
Born 1944
Head of Managing Director's
Business Environment staff unit
Employed since 1990

Glossary

Absolute Return fund

An Absolute Return fund is a hedge fund with a lower correlation to the market than an average hedge fund, and normally a lower downside risk.

Alternative Investments

Assets that are not currently regarded as traditional. Currently consists of Alternative Investments of Private Equity and Absolute Return funds.

Asset allocation

Allocation between various types of assets in a portfolio, for example the desired proportion of shares, interest-bearing investments and real estate.

Business volume, Bank

The sum of deposits and loans.

Capital adequacy, Bank

The capital base in relation to risk-weighted amount. The capital base consists of equity plus subordinated loans less goodwill. The risk-weighted amount is defined as the sum of assets in the balance sheet and off-balance sheet undertakings valued according to legal requirements concerning capital cover and major exposures of credit institutions and securities companies. Pursuant to the Swedish Act, capital adequacy must be at least 8 percent.

Capital assured, Life

Value of the policy as presented to the customer.

Claims cost (insurance payments)

The cost for claims which occurred in the fiscal year, irrespective of whether or not they have been notified to the company. This cost also includes reserve run-offs and allocations to the claims-settlement reserve.

Claims ratio

Relationship between cost of claims during the fiscal year and premiums earned, expressed as a percentage.

Combined ratio

Operating expenses plus claims costs in relation to premiums earned, expressed as a percentage.

Computed interest (Non-life)

Premiums are paid in advance, while operating expenses and claims are paid in arrears. Funds that have not yet been paid out are invested in order to obtain a return. The estimated interest on these investments – the computed interest – is transferred from asset-management to insurance operations.

Credit losses

Anticipated credit losses are the difference between the amount of credit granted and the amount expected to be recovered, taking into account the borrower's ability to pay and the value of collateral. Actual losses are ascertained, for example, in bankruptcy proceedings or a settlement.

Direct insurance

Insurance contract concluded directly between the insurer and the policyholder. In contrast to indirect insurance (reinsurance accepted), the insurance company is directly responsible to the policyholder.

Direct yield

The net of interest income, the dividend on shares and participations, and the surplus (deficit) on the company's own real estate.

Discretionary management

The manager conducts transactions on a customer's behalf, to the extent and with the restrictions stipulated in contracts and authorizations.

For own account

Fund that, via insurance transaction for which the insurance company takes the risk, and which, as result, is not reinsured with another company.

Hedge fund

Fund that, via investments in traditional markets, seeks positive yield regardless of the general trends in these markets.

Interest margin, Bank

Difference between average interest on all assets and average interest on all losses.

Interest-bearing (securities)

Loans issued in the market by a borrower (for example the government). Long-term securities are normally termed "bonds," while short-term lending is in the form of what are commonly called "bills."

Investment assets

Investment assets are current or long-term assets which take the form of an investment, including real estate and securities in the case of an insurance company.

Investment income

The net return on the following income and expenses: interest income, interest expense, dividends on shares and participations, surplus (deficit) on the company's real estate, shares, interest-bearing securities and derivatives, gains (losses) on the sale of investment assets and exchange-rate gains (losses).

Management cost ratio

The company's total operating expenses for insurance business in relation to the average market value of the company's assets.

Net asset value

The sum of equity capital, deferred tax liability in untaxed reserves and surplus values (under values) in total assets, plus bonus funds in life insurance companies.

Net investment

The difference between total purchases and sales of assets during the fiscal year.

Operating expenses

Costs of marketing, sales and administration.

Operating income

Income before appropriations and taxes.

Premium income

Premiums received during the year. Premium income is a common measure of the volume of insurance business.

Premiums earned

The proportion of premium income attributable to the fiscal year.

Private Equity fund

Fund that buys, develops and sells unlisted companies. The bulk of investment is made in mature, profitable companies.

Reinsurance

If an insurance company cannot, or does not wish to, assume the entire liability to policyholders, it reinsures part of its policies with other companies. In this connection, the reinsurance is said to be "ceded" by the former company and "assumed" by the latter companies.

Solvency level (Life)

The solvency level refers to the collective solvency margin, and is defined as the market value of the company's assets in relation to the company's total commitments, that is technical reserves and bonuses allocated.

Solvency margin (Non-life)

Net asset value in relation to premium income on own account, expressed as a percentage.

Surplus value

The positive difference between the market value of an asset and its book value as stated on the asset side of the balance sheet.

Tactical allocation

Selection of the allocation between different types of assets in a portfolio, for example the desired proportion of shares and interest-bearing investments. The allocation depends on assessment of the market.

Total yield

The sum of direct yield, realized gains and losses, and unrealized changes in the value of assets in relation to the average value of investment assets, defined and classified in accordance with the investment income table.

Underwriting result (Non-life)

Premiums earned less operating expenses and the cost of claims plus income from reinsurance ceded and investment income from insurance business.

Addresses

Länsförsäkringar regional insurance companies

Blekinge Länsförsäkringsbolag

PO Box 24
SE-374 21 Karlshamn
Visitors: Kyrkogatan 21
Tel: +46-454-30 23 00
Fax: +46-454-105 60
E-mail: info@blekinge.lansforsakringar.se

Dalarnas Försäkringsbolag

PO Box 3
SE-791 21 Falun
Visitors: Slaggatan 9
Tel: +46-23-930 00
Fax: +46-23-284 87
E-mail: info@dalarnas.lansforsakringar.se

Länsförsäkringar Älvsborg

PO Box 1107
SE-462 28 Vänersborg
Visitors: Vallgatan 21
Tel: +46-521-27 30 00
Fax: +46-521-27 32 27
E-mail: info@alvsborg.lansforsakringar.se

Länsförsäkringar Gävleborg

PO Box 206
SE-801 03 Gävle
Visitors: Slottstorget 3
Tel: +46-26-14 75 00
Fax: +46-26-14 75 19
E-mail: info@gavleborg.lansforsakringar.se

Länsförsäkringar Göttinge

PO Box 54
SE-281 21 Hässleholm
Visitors: Andra Avenyen 14
Tel: +46-451-489 00
Fax: +46-451-156 93
E-mail: info@goinge.lansforsakringar.se

Länsförsäkringar Gothenburg and Bohuslän

Lilla Bommen 8
SE-404 84 Gothenburg
Tel: +46-31-63 80 00
Fax: +46-31-63 80 05
E-mail: info@gbg.lansforsakringar.se

Länsförsäkringar Halland

PO Box 518
SE-301 80 Halmstad
Visitors: Strandgatan 10
Tel: +46-35-15 10 00
Fax: +46-35-10 36 10
E-mail: info@halland.lansforsakringar.se

Jämtlands Länsförsäkringsbolag

PO Box 367
SE-831 25 Östersund
Visitors: Kyrkgatan 47
Tel: +46-63-19 33 00
Fax: +46-63-10 24 70
E-mail: info@jamtland.lansforsakringar.se

Länsförsäkringar Jönköping

PO Box 623
SE-551 18 Jönköping
Visitors: Barnarpsgratan 22
Tel: +46-36-19 90 00
Fax: +46-36-19 92 40
E-mail: info@jonkoping.lansforsakringar.se

Länsförsäkringar Kalmar län

PO Box 748
SE-391 27 Kalmar
Visitors: Smålandsgatan 1
Tel: +46-20-66 11 00
Fax: +46-480-286 50
E-mail: info@kalmar.lansforsakringar.se

Länsförsäkringar Kronoberg

PO Box 1503
SE-351 15 Växjö
Visitors: Sandgårdsgatan 5
Tel: +46-470-72 00 00
Fax: +46-470-72 00 01
E-mail: info@kronoberg.lansforsakringar.se

Länsförsäkringar Norrbotten

PO Box 937
SE-971 28 Luleå
Visitors: Kungsgatan 13
Tel: +46-920-24 25 00
Fax: +46-920-22 01 66
E-mail: info@norrbotten.lansforsakringar.se

Länsförsäkringar Skaraborg

PO Box 600
SE-541 29 Skövde
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