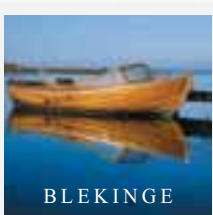
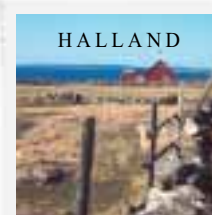
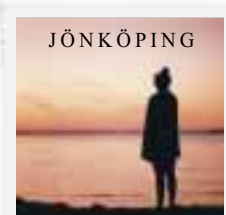
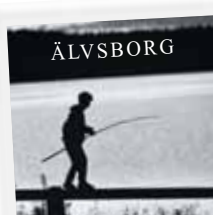
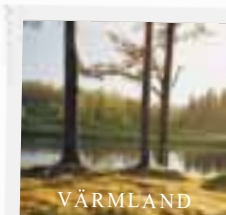
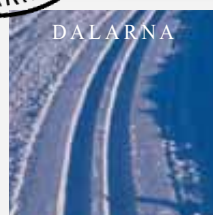
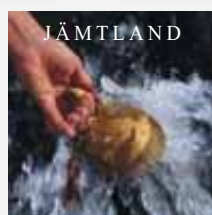
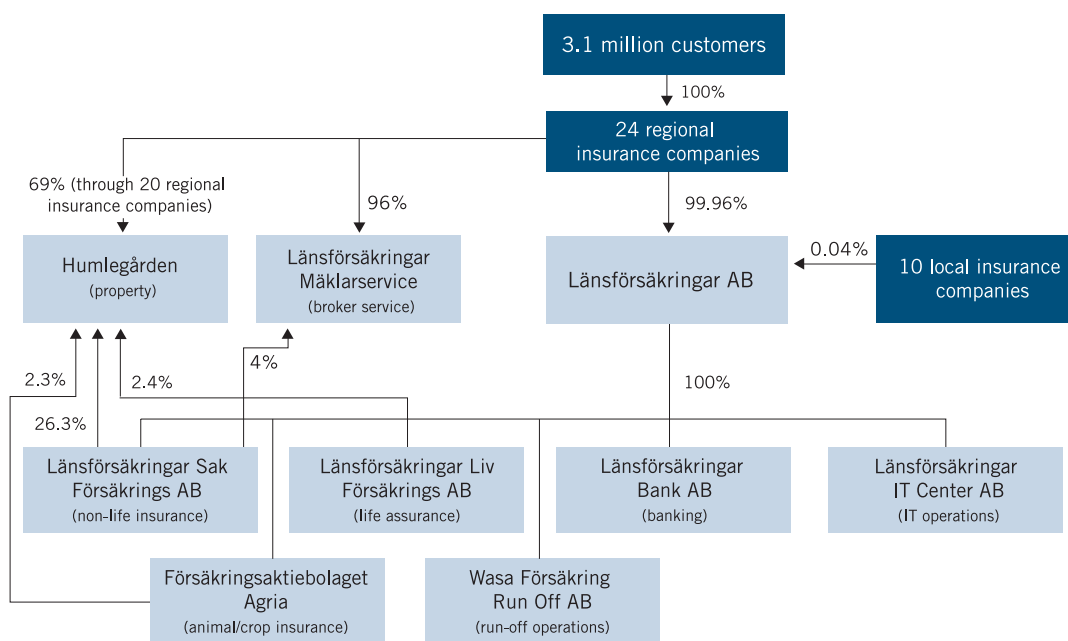


2004

A SUMMARY OF BANKING AND INSURANCE OPERATIONS
FOR FISCAL YEAR 2004 FOR 24 REGIONAL INSURANCE
COMPANIES IN COOPERATION



The Länsförsäkringar Alliance



THE LÄNSFÖRSÄKRINGAR ALLIANCE CONSISTS OF 24 local, customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB, with subsidiaries in non-life insurance, life assurance, unit-linked insurance, banking and animal/crop insurance. The organization is based on a strong belief in local presence, and customer contact always occurs at the regional insurance companies. Economies of scale are achieved through Länsförsäkringar AB, and service and strategic development efforts create possibilities for the regional insurance companies to be successful in their respective markets.

Länsförsäkringar offers a wide range of insurance, bank services and other financial solutions for companies and private individuals. The number of customers exceeds three million and the Länsförsäkringar Alliance has a total of 5,500 employees.

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Company terms

Länsförsäkringar Alliance

The 24 regional insurance companies and the joint companies in cooperation.

Länsförsäkringar

Länsförsäkringar is a communications concept used in internal and external information as a designation for the Länsförsäkringar Alliance.

Regional insurance companies

24 independent and customer-owned regional insurance companies, each conducting banking and insurance operations in a specific geographical area and responsible for all contacts with customers within all business areas of the Länsförsäkringar Alliance.

Länsförsäkringar AB

The Parent Company of a financial group owned by the 24 regional insurance companies and 10 local insurance companies. The Group provides services for the regional insurance companies, is responsible for development operations and common strategies for the Länsförsäkringar Alliance and also conducts business operations via subsidiaries.

Länsförsäkringar Liv

Conducts traditional life assurance and, through its Länsförsäkringar Fondliv subsidiary, unit-linked life assurance. Operations are conducted in accordance with mutual principles, whereby earnings are not consolidated in Länsförsäkringar AB but accrue in their entirety to the customers.

Länsförsäkringar Bank

Conducts banking operations targeting private individuals and the agricultural sector as well as fund management via subsidiary.

Länsförsäkringar Sak

Conducts the Länsförsäkringar AB Group's non-life insurance operations, which include medical and accident insurance, liability insurance, some third-party liability insurance, transportation insurance, national customers in the commercial automotive area and producer liability insurance.

Agria Djurförsäkring

Insures animals and crops.

Länsförsäkringar Mäklarservice

The company, which is owned jointly by the regional insurance companies and Länsförsäkringar Sak Försäkrings AB, offers brokers a uniform conduct of operations and a reinforced service through regional broker desks.

Humlegården

Humlegården is included in the Länsförsäkringar Alliance and is owned by 20 regional insurance companies, Länsförsäkringar Sak Försäkrings AB, Länsförsäkringar Liv Försäkrings AB and Agria Djurförsäkring. The purpose of the company is to enable its owners to invest jointly in the property market in Stockholm.

2004 in brief

- The technical result for non-life insurance improved to SEK 1,949 M (990), which is among the highest ever. Operating income amounted to SEK 3,168 M (2,089). Länsförsäkringar's share of the non-life insurance market rose to 32.2% (30.7).
- Profit for the life assurance operations amounted to SEK 2,348 M (3,808). Market share in terms of new sales was 11.2% (10.7) for private pensions and 13.6% (11.5) for occupational pensions. The life assurance operations generated a total return of 6.8% (8.5).
- Lending by the bank rose by 31% to SEK 39 billion (30). Mortgage lending rose by 47% to SEK 24 billion (16). Banking operations generated operating income of SEK 171 M (104) before loan losses and SEK 127 M (65) after loan losses.
- Streamlining measures and focus on profitability produced clear results: The combined ratio for non-life insurance improved to 93% (101). The expense ratio improved to 19% (20). The administration result for life assurance rose by SEK 219 M.
- For the second consecutive year, Länsförsäkringar was named "Non-life Insurance Company of the Year" and "Life Assurance Company of the Year" by Swedish business magazine Affärsvärlden, and also "Best Pension Fund in Sweden" by the industry publication Investment & Pensions Europe, again for a second consecutive year.
- The Swedish Quality Index survey showed that Länsförsäkringar has Sweden's most satisfied non-life insurance and bank customers and among the most satisfied life assurance customers in the private customer segment.
- The tidal wave in Asia at the end of December was a human disaster, but the impact on the financial results of the Länsförsäkringar Alliance is very minor. Like other Swedish insurance companies, Länsförsäkringar has endeavored to assist those affected.

Key figures	2004	2003
Premiums earned after ceded reinsurance, non-life insurance, SEK billion	15.9	14.1
Premium income after ceded reinsurance, life assurance, SEK billion	8.7	8.1
Deposits, bank, SEK billion	19	17
Lending, bank, SEK billion	39	30
Net asset value, non-life insurance, SEK billion	19.9	16.7
Solvency ratio, life assurance, %	123	122
Collection consolidation, life assurance, %	103	92
Market share non-life insurance, premiums, %	32.2	30.7
Market share life assurance, new sales, %	12.0	10.5
Market share bank, deposits, %	3.0	2.9
Market share bank, lending, %	2.5	2.3
Number of customers, millions	3.1	3.1
Number of employees	5,500	5,600

Structure and approach

Cooperation strengthens local presence

Since the regional insurance companies are customer-owned, there are no other specific ownership interests to be considered beyond the companies' own customers. Everything that is developed in the form of products, concepts or system support must be based on pure customer needs. The business concept makes it clear that non-life insurance, life assurance and banking are core businesses of the Länsförsäkringar Alliance. The Alliance's task is to offer total solutions based on different combinations of non-life insurance, medical and accident policies, life assurance, pension-saving plans, fund saving and various banking services.

A broad offering

In a Sweden where the trend is toward a distinct division between the insurance and financial services segments, the Länsförsäkringar Alliance is moving in the opposite direction. Customers are offered a combined offering of banking and insurance services under the same brand through the 24 regional insurance companies. During 2004, the offering of products and services under the "Banking & Insurance" banner was further enhanced and promoted. The banking services have undergone further development and Länsförsäkringar has evolved over the past few years from a niche bank to a full-service bank for private individuals and farmers. This broadening of the product line was also supported by strong growth in other areas.

However, more than good products are required in order to measure up to the

customer-oriented concept that forms the foundation of the Länsförsäkringar Alliance's operations. Customers must perceive it as being natural and beneficial to concentrate their banking and insurance business in Länsförsäkringar. This approach characterizes the entire business. The development of beneficial total solutions for customers is attached higher priority than product development in isolated areas. Another distinct customer benefit is the "totality" of customer meetings. All meetings with customers, whether they be face-to-face or via the Internet, must be based on the customer's needs and the comprehensiveness of the Länsförsäkringar Alliance's offering.

Voluntary cooperation

Cooperation in the modern Länsförsäkringar Alliance has gradually evolved

Vision

- Länsförsäkringar is the customer's number one choice within non-life insurance, life assurance and banking services.
- Länsförsäkringar's financial position enables sustainability, development and value for money.
- Länsförsäkringar has a fine reputation in Swedish society.

Business concept

The Länsförsäkringar Alliance offers private individuals, companies and farmers value-for-money services within non-life insurance, life assurance and banking. Guiding principles for operations are customer-owned, local, available and personal attention.

Market objectives

- Continued profitable growth in all sub-markets and product areas, primarily through increased customer commitment.
- Sweden's most satisfied banking and insurance customers in all regions.

Success factors

- Customer owned and local concept
- An all-round approach to customer meetings
- Value for money
- Life-cycle adapted product offering
- Event-based communications and dialog with customers.

from an exchange of experience to today's comprehensive joint business operations. The basic concepts that have been developed over two centuries and adapted to our times are still valid today. The passing of time has merely demonstrated the strength of an organization and business model that are based on local, independent and customer-owned regional insurance companies cooperating on a voluntary basis. There is consensus within the Länsförsäkringar Alliance that local proximity and independence have been decisive factors in the Alliance's major successes. Decisions that are important for the customer are made close to the customer. The Annual General Meeting and Board of Directors of each regional insurance company are the highest decision-making authorities on matters that pertain to the particular company's operations. This means, among other things, that each regional insurance company owns its own income statement and balance sheet. Thus, all cooperation among regional insurance companies is voluntary and it is this independence that forms the basis of the federative form of organization.

Customer-owned

Each regional insurance company is owned by its non-life policyholders. In purely practical terms, this means that the company's capital belongs to the customers and that no profits are distributed to shareholders in the same way as in a limited liability

company. The regional insurance company's profits accrue in their entirety to the customers through the bonus and strengthened collective consolidation. The life assurance company is owned by the non-life operations and operated in accordance with mutual principles, whereby all returns are returned to the policyholders.

Cooperation through Länsförsäkringar AB

Cooperation among the 24 regional insurance companies takes place through the jointly owned Länsförsäkringar AB and its subsidiaries. The company was founded in 1936 to meet the regional insurance compa-

nies' need for reinsurance. Responsibility for the internal reinsurance system is still an important task, although a growing stock of joint resources has been built up over the years. Länsförsäkringar AB's task is to create prerequisites for the regional insurance companies to be successful in their respective markets. Länsförsäkringar AB is the Parent Company of all subsidiaries in the jointly owned Group, with operations in life assurance, fund management, banking, non-life insurance, run-off operations, development, and animal and crop insurance through Agria. Asset management, which until the summer of 2002 was performed by a subsidiary of Länsförsäkringar AB, now





takes place through cooperation with several external asset managers. The Alliance's joint development projects are also coordinated by Länsförsäkringar AB, which possesses specialist knowledge in insurance, financial services, IT and market communications. The regional insurance companies determine from time to time what the joint operations in Länsförsäkringar AB should include. This is formalized in a consortium agreement and explained in more detail in the operational guidelines adopted by the Board of Länsförsäkringar AB. This focus can be changed over time in accordance with the wishes of the owners, the regional insurance companies.

Local yet joint operations

The structure of the Länsförsäkringar Alliance, with local independent companies that cooperate through a jointly owned company, imposes substantial demands on clarity between the regional insurance companies and the joint operations. The business model of the Länsförsäkringar Alliance is based on 24 regional insurance companies that have chosen to conduct certain operations jointly. As commissioned by the local companies, Länsförsäkringar AB is responsible for conducting these operations. The federation's structure can thus be described as the opposite of a Group, in which operations are delegated from central units to local units.

The premise for cooperation in the Länsförsäkringar Alliance is that as much of the operations as possible should be conducted in the regional insurance companies. In principle, all customer contacts take place there. At the same time, insurance and financial services entail substantial economies of scale, and consequently the concession for life assurance and certain non-life insurance operations as well as the charter for banking operations are held by the jointly owned Länsförsäkringar AB. For example, strictly speaking, there are not 24 banks across Sweden. From the customer's perspective, however, this is how it appears to be. The basic idea of the regional insur-

ance concept is that Sweden's inhabitants and companies should be able to obtain all types of insurance and banking services through their local company.

Decisions based on consensus

The Länsförsäkringar concept – that local, independent and customer-owned insurance companies cooperate voluntarily – also imposes heavy demands on the acceptance of joint decisions. The independence of the regional insurance companies means that all decisions that apply to or affect all companies in the Länsförsäkringar Alliance must be based on consensus. This imposes special demands on decision-making in joint operations and also on the regional insurance companies that have voluntarily agreed to participate in a federation. Even voluntary cooperation unavoidably involves a certain yielding of independence. This principle involves a commitment on the part of each of the regional insurance companies to seek to find common solutions even in cases where opinions in the Länsförsäkringar Alliance are divided.

Broadened operations in Länsförsäkringar

The Länsförsäkringar Alliance has a total of more than 3.1 million customers and no brand in Swedish insurance is stronger. Nor is any brand so closely associated with non-life insurance. A broadening of the Länsförsäkringar brand is underway, with the objective of making the Alliance as strong in the areas of savings and lending in the next few years as it currently is within non-life insurance. One position is not to be abandoned to assume another. The simplicity, proximity and local decision-making authority upon which successes in non-life insurance were built are being transferred to financial services.



Active environmental work



The Länsförsäkringar Alliance's environmental impact can be divided into two categories: direct and indirect. Direct environmental impact involves emissions in connection with travel on company business. Indirect environmental impact implies that while the direct decisions may have been made elsewhere, it is still possible to adjust their environmental impact. Examples of indirect environmental impact include the selection of materials and methods by which to address insurance claims and to communicate and implement damage-prevention measures.

The Länsförsäkringar Alliance is fairly well advanced as regards direct environmental impact. For example, it has substantially reduced its heating and electricity consumption. It has also reduced emissions relating to travel on company business. A few regional insurance companies have invested in ethanol-powered vehicles, while others have decided to let their employees taking business trips travel by rail instead of air.

Videoconferences and telephone conferences have become increasingly common. About ten companies have succeeded in reducing their emissions of carbon dioxide from car travel by more than 15%. Some of the regional insurance companies have introduced technological innovations to improve heating efficiency, and several of them have switched to using green electricity. In 2004, the Alliance's focus shifted from direct environmental impact to indirect environmental impact, particularly damage prevention and claims adjustment. Any new damage implies additional material production, waste disposal, and transportation of a lot of people and materials. Consequently, the avoidance of damage represents the greatest environmental gain.

In the area of damage prevention, the Länsförsäkringar Alliance has developed various methods to reduce future damage, such as the VASKA project aimed at reducing the risk of water damage. To reduce the risk of fire in houses heated by solid fuel, several regional insurance companies began offering their customers chimney safety inspections in 2004. The Länsförsäkringar Alliance focused distinctly on claims-prevention measures in 2004. Several new loss-prevention specialists were hired and the environment was one of the key arguments. The regional insurance companies also maintain a dialog with entrepreneurs engaged as part of the claims-adjustment process, communicate their environmental requirements and conduct site visits.

About ten regional insurance companies held a well attended climate seminar in cooperation with the Swedish Meteorological and Hydrological Institute (SMHI), to consider the effects of the escalating greenhouse effect. The seminars have shown that despite the facts, buildings are being built in areas in which flooding is expected to occur, and that insurance premiums in Sweden are affected by natural disasters on the other side of the globe through reinsurance. Länsförsäkringar is also actively involved in the ByggaBoDialogen project (Building, Living and Property Management for the Future), a joint venture between the public and the private sectors – for example, by participating in environmental classification of buildings.

Länsförsäkringar opted to become certified in accordance with the ISO 14001 environmental management system, which is an instrument for systematic environmental management involving the requirement of continuous improvement. The certification implies that an external accredited certification body determines whether the ISO 14001 requirements have been met. All of the 24 regional insurance companies are environmentally certified, and the last joint companies within Länsförsäkringar AB are expected to be certified in 2005. Each company in the Länsförsäkringar Alliance has its own designated environmental officer. Environmental management is coordinated through the non-life division of Länsförsäkringar AB.

Decision-making and joint consultation process



The consortium agreement between the regional insurance companies regulates the procedures for common decision-making. The consortium resolves on matters concerning share ownership in Länsförsäkringar AB and the regional insurance companies' mandate to Länsförsäkringar AB. Since 2002, the consortium has also been responsible for addressing and, where necessary, following up on matters concerning internal affairs within the regional insurance companies and common obligations.

Interaction at the strategic level

At the overall strategic level, interaction occurs between the regional insurance companies and Länsförsäkringar AB in the consortium, through the Meeting of the Chairmen of the regional insurance companies, and through the Joint Council of the Managing Directors in the regional insurance companies. Issues are addressed formally in the consortium. The Joint Council and the Meeting of the Chairmen are not formal decision-making forums but play an important role in securing support for forthcoming decisions, both jointly in the consortium, in the individual boardrooms of the regional insurance companies and within the Boards of Länsförsäkringar AB.

Interaction at the operational level

The operations of Länsförsäkringar AB are governed by the mandate determined

jointly by the regional insurance companies. The regional insurance companies interact closely with Länsförsäkringar AB to ensure that the latter's business plan truly mirrors the wishes communicated in the mandate. Close collaboration is also maintained in terms of Länsförsäkringar AB's performance of its tasks. This cooperation is important to ensure correct delivery but also to confirm the receiving capacity of the regional insurance companies. The products and services that Länsförsäkringar AB develops and delivers normally require measures and activity to be undertaken in the regional insurance companies to derive maximum benefit from the investment.

Joint decision-making and consultation bodies

THE OWNERS CONSORTIUM OF THE REGIONAL INSURANCE COMPANIES

The consortium addresses matters relating to share ownership in Länsförsäkringar AB as well as internal affairs and common obligations in the regional insurance companies. In the case of the latter, all decisions are reached by consensus. The consortium also acts as the strategic discussion forum for the regional insurance companies. The strategic platform and other common strategies are determined in the consortium, and also the regional insurance companies' mandate for Länsförsäkringar AB. Significant structural matters and other issues of

strategic importance to the regional insurance companies are also addressed in the consortium. All of the 24 regional insurance companies are represented in the Owners Consortium, which convenes at least once per year.

ASSOCIATION OF REGIONAL INSURANCE COMPANIES

The members of the Association of Regional Insurance Companies comprise the 24 regional insurance companies and 12 local insurance companies. The Association's purpose is to pursue economic policy issues and to act as a referral body for legislative matters primarily pertaining to mutual insurance but also insurance issues in general.

GENERAL MEETING OF LÄNSFÖRSÄKRINGAR AB

The General Meeting is Länsförsäkringar AB's highest decision-making body with a number of formal duties governed by legislation and the company's Articles of Association. The General Meeting's foremost tasks are to adopt the Articles of Association for Länsförsäkringar AB, appoint the Board, adopt the income statement and balance sheet, and discharge the members of the Board from liability. The General Meeting is held once per year.

BOARD OF DIRECTORS OF LÄNSFÖRSÄKRINGAR AB

The Board of Directors is responsible for Länsförsäkringar AB's organization and administration. This responsibility includes adopting organization, goals and strategies, and establishing guidelines for corporate governance. The Board of Directors must ensure that the goals and strategies established by the Boards of the subsidiaries are coordinated and make optimal use of Group's resources. The Board of Directors of Länsförsäkringar AB can also make recommendations on issues relating to the operations of the regional insurance companies.

BOARDS OF DIVISIONS/SUBSIDIARIES IN THE LÄNSFÖRSÄKRINGAR AB GROUP

Certain divisions within the Länsförsäkringar AB Group are individual companies while others encompass several companies. Unless specifically decided otherwise, the CEO also serves as the Board Chairman in each of the divisions and in the legal entities included in each division. The purpose of this is to prevent the occurrence of divisional goals that are in conflict with the Group's goals. The divisional Boards are responsible for their division's operations and also have a statutory responsibility for the companies included in their particular division.

BOARD OF DIRECTORS OF LÄNSFÖRSÄKRINGAR LIV

As of the 2005 Annual General Meeting, more than half of the Board members in Länsförsäkringar Liv, including the employee representatives, are required to be independent, meaning that they must not be employees or Board members within the Länsförsäkringar AB Group.

A further step to promote the life assurance policyholders' interests was taken in 2003 when a policyholder association was formed. The association has 48 members, two from each of the 24 geographical regions in which the regional insurance companies operate. The members are appointed directly by the life policyholders. The policyholder association appoints two of the independent members of the Länsförsäkringar Liv Board of Directors.

OTHER JOINT COUNCILS

A number of joint councils have been formed to ensure efficient interaction between the regional insurance companies and Länsförsäkringar AB. These councils are as follows: budget council, market council, IT/development council, staff council and a life assurance council. The councils are not decision forums and can only issue recommendations for decisions in the relevant formal decision-making bodies.

Comments:

Time to take the next step toward increased growth and profitability

In 2004, Länsförsäkringar achieved the goals of the strategy for increased profitability it established in 2002. The company's non-life operations reported record earnings. The life assurance operations achieved the goal of a balanced operating profit through extensive efficiency-enhancement measures. Asset management improved and bank operations were profitable. Given these achievements, in the next few years Länsförsäkringar will focus on profitable growth for its three core areas of business – non-life insurance, life assurance and banking.

WHEN LÄNSFÖRSÄKRINGAR SETS profitability targets, its sole motivation is to ensure that its operations are well funded so that it can deliver customer value. That is how a customer-owned operation, based on mutual principles, works. Over the past two years, operations have focused on creating a balance between the revenues and expenses of the three core areas of business. Strong efficiency-enhancement measures have been carried out within all of these areas.

Record results

In non-life insurance, our aim is that over a complete business cycle premiums earned should be somewhat higher than operating expenses and claims costs. The long-term target of a combined ratio of less than 95% was achieved in 2004. Efficiency-enhancement measures were combined with selective price increases in non-life insurance in an effort to achieve a balance in the pricing, whereby each branch of insurance could cover its own expenses. Some of the record earnings achieved by most of the regional insurance companies in 2004 will benefit customers directly via bonuses, owner discounts or competitive offers.

Balanced operating profit

The efficiency of the life assurance operations has been substantially improved. The aim of a balanced operating profit was achieved in 2004. The cost and personnel reductions that occurred imply that fees

levied now cover the costs of the operations. A fundamental principle of life assurance is that each customer collective shall bear its own costs. Several measures were taken in 2004 to achieve this goal. Although several of these changes have attracted criticism, the measures were both necessary and fair. Ultimately, objections to adjusting the value of bonuses and raising health insurance premiums are the result of unclear information from the insurance industry, Länsförsäkringar included, during earlier years. In view of this, we have set the goal of providing the clearest information in the industry from now on.

Broader range of funds

The life assurance company's asset management operations have been improved. For the second consecutive year, our New World pension product is among the top pension products on the market. We devoted considerable effort to developing our range of unit-linked insurance. In addition to Länsförsäkringar's own funds, customers may choose from a selection of complementary and competing funds from some of the most reputable international fund managers. During the year, agreements were signed with the French fund manager Société Générale and with US Fidelity. By offering a wider range of external funds, the customer offering is honed further and Länsförsäkringar's competitiveness strengthened, particularly in the area of occupational pensions.

Strengthened conditions for the banking operations

In 2004, Länsförsäkringar's banking operations passed another milestone. The transition that was begun in 2000 from niche bank to full-service bank for retail and agricultural customers is now complete. The operations are profitable and the foundation has been laid for taking the next step. In 2004, the bank received an A rating from Standard & Poor's, improving its position with respect to borrowing and further strengthening its competitiveness and profitability.

Satisfied customers and increased market share

The past year was not only a record year in financial terms. Customer evaluations of our three core areas of business rank us at the top, above our peers. At the same time, our overall market share increased. At Länsförsäkringar, we are certain we know what lies behind this success: business should be conducted locally, close to the customer. Decisions should be made locally and close to the customer. Länsförsäkringar is a federation of 24 regional insurance companies that have opted to cooperate via Länsförsäkringar AB – the financial hub. Cooperation to achieve economies of scale in service and development is one of Länsförsäkringar AB's strategic tasks. The regional insurance companies' local strategies and growth objectives form common strategies that are held together by Läns-



Tommy Persson, Managing Director and CEO of Länsförsäkringar AB.

försäkringar AB. From 2005 onwards, the common strategy focuses on market growth primarily within life assurance and banking. The manner through which growth is to be realized is by broadening our customers' existing business. The potential and the possibilities are substantial.

Growth a means, not an end

Just as profitability is primarily not an end but rather a means, the same is true for market growth. Increased business volume can make our offering to customers even more competitive, in that fixed costs can be shared by several companies. In the banking and life assurance industries, new customers often do not carry their own costs in the first few years. New customers will only remain loyal if they are satisfied. Customer satisfaction is the most important instrument in creating financial stability and ongoing development of competitive offerings.

Satisfied customers the primary goal

Länsförsäkringar's most important strategic market goal is for our customers to always be more satisfied than our competitors' customers. This creates the conditions for

achieving the second strategic market goal: growth. By this, we mean strengthened, leading position in non-life insurance, higher growth than the competition in life assurance, and being the fastest growing bank over time. Our means of achieving the first goal is to be close to the customers. We are already close to the customer and we intend to further develop this approach. Local presence and involvement in local community affairs will be given even higher priority. Our means of achieving the second strategic market goal is to broaden our customers' business.

The current customers of all of the 24 regional insurance companies are the point of departure for our life assurance and banking operations. The customers of the non-life insurance operations will receive offers that clearly indicate the financial and practical advantages of becoming life assurance and banking customers as well. Customers who broaden their involvement with Länsförsäkringar will receive discounts. Customer reward systems are a must for any customer-owned operation. Satisfied customers are more loyal. Customers of several of our operations have lower costs than customers of only one of the operations, so it is only logical to share the surplus that arises with them. The practical advantages for customers who combine all of their banking and insurance business at Länsförsäkringar are several and are substantial. Customers need only make one phone call or log onto

only one website, instead of several. At Länsförsäkringar, the customer can obtain an overview of his or her entire bank and insurance business, either on the Internet or via the “Consolidated Customer Statement” that is mailed to customers twice a year.

Legislators must build support, not create obstacles

The Swedish insurance market is a key player in the Swedish economy. The insurance companies finance 50% of government borrowing and 30% of all mortgage lending, and own 10% of the value of the Stockholm Stock Exchange. Insurance companies are major players in the Swedish capital market, thus contributing to the country’s development. Non-life insurance companies help companies and individuals manage the risk of damage to property over time – a responsibility that lies with the individual, rather than the government. Life assurance companies provide income security for families in the event of death and facilitate essential supplementary retirement saving – yet another area for which the individual, not the government, is responsible.

The situation we are now facing is that companies have been assigned increased responsibility for employees’ sick leave. This will bring a demand for rapid care and rehabilitation that will be difficult for public-sector healthcare to satisfy given its current resources. Cooperation between government and the private insurance industry could place Sweden in a better position to cope with the increasingly sharp international competition. By maintaining ongoing dialog, we could cultivate a viable labor market in which companies could be assured of access to rapid care and rehabilitation facilitated by private insurance companies. This would enable companies to minimize sick-leave costs.

Private insurance companies do not purchase services from public-sector healthcare, but rather from private healthcare players,

which takes some of the load off the public healthcare system. Individuals will acquire greater responsibility for their own retirement years, while companies will acquire greater responsibility for employees’ sick leave. Here, insurance companies can help individuals and companies to deal with these increased responsibilities.

Unfortunately, Swedish legislators have not fully understood how private insurance companies can help resolve these key future issues. Instead, somewhat ill conceived statements have been made and investigations of insurance companies’ working methods and forms of ownership have been ordered. The Swedish insurance industry is, on the whole, healthy. Companies have addressed criticism leveled against the industry. Further extensive legislative amendments to regulate insurance companies’ forms of governance are therefore not needed. There is a need, on the other hand, for further open discussion on how the government and private insurance companies can collaborate to meet increasing demand for healthcare and care of the elderly.

Länsförsäkringar has a high level of expertise in healthcare and other forms of care. In consultation with the Swedish public sector, we can help resolve the problems we are facing. Given the country’s need of more employment opportunities in the coming decades, the climate of public debate must change. Länsförsäkringar will carry out several initiatives to cultivate constructive debate.

Tomorrow’s Länsförsäkringar: differences and similarities

Five years from now, Länsförsäkringar will be significantly different from the Länsförsäkringar of today. Tomorrow’s Länsförsäkringar will be much more a bank. This will not occur at the expense of the insurance area, but rather through robust growth in banking. In the insurance area, the life assurance operations will be more extensive than

at present – not at the expense of non-life insurance, but rather through growth in the life assurance area. The market share of the regional insurance companies will increase in the areas of banking and life assurance. Stockholm is the market in which Länsförsäkringar will change the most. Strong market growth for Länsförsäkringar Stockholm is a strategically key issue for Länsförsäkringar generally. Länsförsäkringar Stockholm’s long-term goal is to achieve a market share in all three core business areas equal to the current average for the Länsförsäkringar Alliance as a whole. This will enable Länsförsäkringar to realize a significant portion of its growth targets.

The similarities between the Länsförsäkringar of tomorrow and that of today in terms of how customers perceive us will, however, be significant. The local presence through the 24 independent regional insurance companies is a success factor that will not only be maintained, but also developed further. As a customer-owned bank and insurance group, creating financial and practical customer value is Länsförsäkringar’s ultimate aim.

By maintaining a local presence and working close to the customer, Länsförsäkringar creates increased customer value, market growth and profitability. This successful formula has made Länsförsäkringar what it is today, and will continue to characterize the Länsförsäkringar of tomorrow.

Stockholm, March 15, 2005

On behalf of the

24 regional insurance companies



Tommy Persson

*Managing Director and CEO of
Länsförsäkringar AB*



Customers and distribution

Customer orientation is key

In all interactions with customers, Länsförsäkringar aims to communicate the benefits of customers' entrusting their non-life insurance, life assurance and banking needs to their regional insurance company. Working in a customer-oriented manner is a key success factor – customers must always perceive the value inherent in the total offering.

IN RECENT YEARS, Länsförsäkringar has been the strongest brand name in Sweden among the players on the market that offer bank and insurance.¹⁾ The number of people who spontaneously mention Länsförsäkringar first when asked to name players in banking and insurance has also risen by 10% compared with 2003.

Länsförsäkringar is also the player in the insurance industry toward which most

people have a positive attitude. Half of the population of Sweden has a favorable view of Länsförsäkringar.

Satisfied customers are more loyal

For 13 consecutive years, Länsförsäkringar has ranked first in the Swedish Quality Index²⁾ survey conducted among private non-life insurance customers. Within life assurance and pension insurance, Länsförsäkringar held first position in the Survey between the years 1996–2003. Länsförsäkringar's bank customers were the most outstandingly satisfied in the industry in 2004.

Business customers are by far the most satisfied customers, as has been the case since the surveys began. This is also confirmed by the "Financial Barometer" survey carried out by Affärsvärlden, in which Länsförsäkringar was reported as having the most satisfied non-life insurance customers among large insurance companies. Länsförsäkringar also ranked as the best life assurance company in the "Business Owners Barometer" survey for 2004. This

survey, which is the largest attitude survey among growth companies in Sweden, studies attitudes to entrepreneurship, support institutions, authorities and other business partners. Some 759 growth companies participated in the survey in 2004. Almost half of all companies in Sweden purchase at least one product from Länsförsäkringar. Most are small and medium-size companies representing virtually all industries. Many are small, owner-operated companies with strong local ties.

For the entire insurance industry in general, customer satisfaction ratings have declined or stagnated over the past three years. There are many possible explanations for this, not least the stock market decline in the early 2000s. Another reason may be that more is being written on insurance and savings vehicles in the media, and consumers increasingly view the new pension system as a turn for the worse. This in turn could raise their expectations on the insurance industry, causing their satisfaction to decrease. To expand the customer base, it is essential to have satisfied customers.

¹⁾ Information taken from Länsförsäkringar's own brand survey carried out by an independent market survey company. The target group is the Swedish population. Some 12,000 interviews are conducted annually.

²⁾ The Swedish Quality Index compiled at the Stockholm School of Economics is an independent survey conducted by SIQ, Institutet för Kvalitetsutveckling, Garanti-data AB and the Stockholm School of Economics.

Swedish Quality Index

NON-LIFE INSURANCE, PRIVATE MARKET

	2001	2002	2003	2004
Länsförsäkringar	72.6	68.7	69.3	69.3
Folksam	66.6	65.8	64	65.9
if...	66	62.7	62.5	59.9
Trygg-Hansa	64.2	63.8	63.3	62.8

NON-LIFE INSURANCE, COMMERCIAL MARKET

	2001	2002	2003	2004
Länsförsäkringar	72.6	68.1	67.3	66.7
if...	67.5	63.6	62.3	60.1
Trygg-Hansa	64.9	62.4	62.4	59

LIFE ASSURANCE AND PENSION INSURANCE, PRIVATE MARKET

	2001	2002	2003	2004
Länsförsäkringar	66.1	65.4	64.2	62
Folksam	63.7	63	61.4	59.1
FSB (Robur)				61
Nordea Liv			59.4	59.5
SEB Trygg Liv	59.6	58.8	56.9	55
SHB			60.7	62.3*
Skandia	63.1	56.8	53.1	42.5
SPP			54.6	

* SPP was merged with SHB Liv in 2004.

BANK

	2003	2004
Länsförsäkringar	71.1	75.8
FSB	66.9	66.8
Nordea	66.4	64.9
SHB	71.8	71.1
SEB	65.1	65.3



Länsförsäkringar's own Customer Satisfaction Index

The latest Customer Satisfaction Index compiled internally at Länsförsäkringar also showed that satisfaction among insurance customers had declined somewhat but is still at a high level. Factors that influence customer satisfaction include product content, the interface between the customer and Länsförsäkringar, how long a person has been a customer and the person's age. Customers who are aware that Länsförsäkringar is owned by its customers are also more satisfied than those who do not know. Customers who have had to register claims are more satisfied than other customers.

Distribution through many channels

The regional insurance companies interact with their customers at the local offices, through onsite and traveling sales representatives, by providing a full service via the Internet and telephone bank and also through the cash-handling service available through Svensk Kassaservice (Swedish Cashier Service). There are also numerous agents and a franchise organization, a separate service organization for large companies and established cooperation with independent brokers. At year-end 2004, Länsförsäkringar Mäklarservice (broker service) managed non-life premiums of SEK 1,424 M (1,249) on behalf of its clients. Brokered sales of life assurance policies amounted to SEK 7,369 M (6,340). Länsförsäkringar Mäklarservice operates from three broker desks – East/North, West and South – divided between non-life insurance and life assurance. The broker desks are linked to the regional insurance companies in their region.

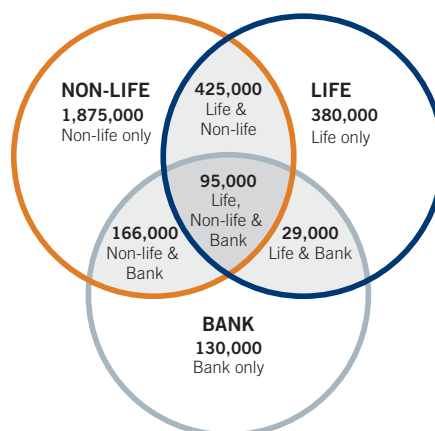
All 24 regional insurance companies have their own sales organizations, with a

total of more than 90 sales offices throughout Sweden. Banking services are provided at 84 of these offices. Cash-handling services for bank customers are also available through cooperation with Svensk Kassaservice (Swedish Cashier Service). Customers can also withdraw money from all ATMs in Sweden, 25 of which belong to Länsförsäkringar.

Broadened customer relations

Following the sharp net increase in new customers to Länsförsäkringar in recent years, the trend slowed slightly in 2004. The inflow of new customers was moderate, representing an increase of slightly less than 1%. Generally, however, customers remain loyal to Länsförsäkringar.

The strategy to deepen and broaden customer relations is resulting in a gradual increase in the number of full-service customers. Full-service customers are customers who purchase products in all three core areas of business – non-life insurance, life assurance and banking. In 2004, the



Total 3,100,000 customers

number of full-service customers rose by 1.4% to 1,300. Full-service customers account for 3% of the Länsförsäkringar Alliance's total 3.1 million customers. Some 23% of customers have products from more than one business area.

The majority of new customers purchased a non-life insurance policy. At the same time, the number of products per customer increased in 2004, although only marginally. This is mainly a result of Länsförsäkringar's offers to existing customers. Additional sales of non-life insurance products increased, with cross-selling between non-life insurance, life assurance and bank products also contributing to the sales growth.

MARKET SHARES

%	2004	2003
Non-life insurance, total	32.2	30.7
Life assurance, new sales	12.0	10.8
Bank		
– deposits	3.0	2.9
– lending	2.5	2.3

Internet – an increasingly critical sales tool and service hub

In 2004, over 11 million people visited the regional insurance companies' websites and logged on to their associated Internet services. This represents an increase of more than 50% compared with 2003. Länsförsäkringar clearly has more visits and logged-on sessions than the insurance-only companies, but fewer than the four major banks.

Customers who log on are provided with a general summary of all products they have purchased, spanning the entire range of non-life insurance, life assurance and banking services. They can also access regular Internet banking services, such as bill payments, switching the funds in unit-linked insurance plans and stock trading.

Over and above the log-on services, the sale of car and household insurance over the Internet is an increasingly important channel of distribution to individuals, supplementing the company's own sales staff and agents. Internet sales grew rapidly in 2004, by 40–70%, depending on the product, and the Internet accounts for 3–5% of sales to the retail market. Loan applications received via the Internet also increased during the year, and the significance of this channel for new lending is considerable. In 2004, 11% of new lending came from applications received via the Internet.



Länsförsäkringar and the business environment

The Länsförsäkringar Alliance needs to monitor various external issues, some of which are predictable and represent initial threats to operations or bring new opportunities, while others are characterized by the unexpected and demand a more general capacity to adapt. The ability within the Länsförsäkringar Alliance to make rapid adjustments is aided by the independence of each of the regional insurance companies. Länsförsäkringar AB actively analyzes the business environment within which the Alliance operates. The range of issues is broad – here we describe only a few of the issues affected by changes that in turn influence banking and insurance operations.

The public welfare system

When the welfare system was being established in Sweden during the postwar years, a large proportion of the population was of working age. The economic growth rate was extremely high, and for a number of years GDP growth was around 5% annually. Such a growth rate seems astronomical today and is only matched in countries undergoing major social and economic change, such as the Baltic States.

As demand for welfare services has increased and economic growth has weakened, the robustness of the Swedish welfare model has increasingly been questioned. In recent years, there has also been a sharp decline in the confidence Swedes have in public institutions, with a resulting approximation to international conditions. The threats to the welfare system, which Swedes nevertheless support, come in the form of

new conditions, such as a higher average life expectancy, low birth rate, increased period spent in education and changed attitudes and values in regard to welfare systems.

Accordingly, as a natural part of the process of social change, the private complements to public welfare have expanded their scope both in the social debate and in practical operations in such areas as healthcare, care of the elderly and rehabilitation. The deficiencies in public welfare have thus become an opportunity for private initiatives.

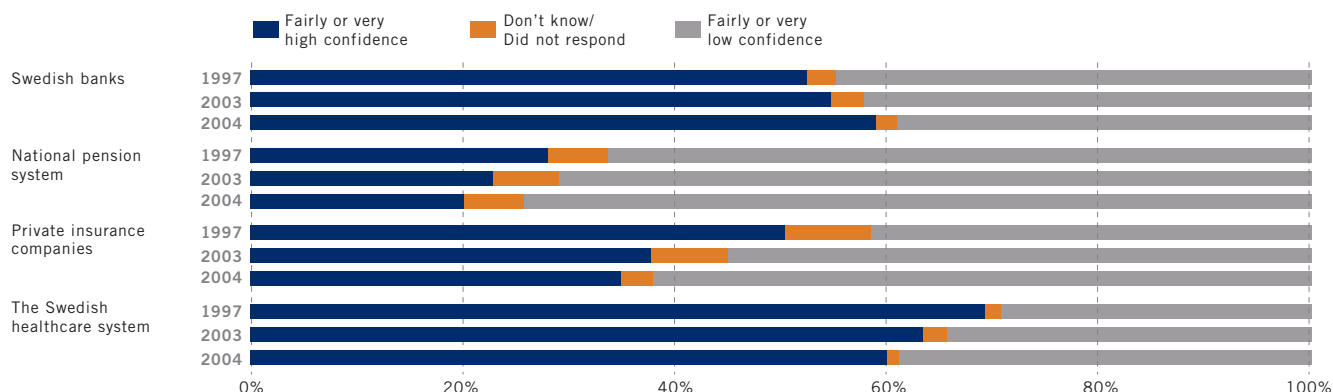
At the same time, the risks and threats that affect insurance companies and others when the institutional safety net weakens have been analyzed only to a marginal extent. Nevertheless, reduced resources in publicly financed functions such as psychiatric care, fire prevention and the police force can have significant consequences for large sections of society. This trend is

accompanied by large regional imbalances, and sparsely populated rural areas are in many respects more vulnerable to the effects of change than the major urban areas.

It remains to be seen how the public and private institutions will interact in future to meet citizens' needs for physical, social and economic security. Ultimately, it is a question for the citizens themselves. Backed by its 200 years of experience in working with security issues, the Länsförsäkringar Alliance will endeavor to meet the demand that will naturally arise among the country's inhabitants, with a continued focus on customer satisfaction.

Ethics and morality

Who can you trust? This is an increasingly relevant question in both society and business. The background includes earlier initiatives, as when 101 corporate leaders collectively criticized the political establishment during 1997. On that occasion, much of the criticism came from the business community, which felt it was being unfairly treated in regard to tax levels, energy policy and other factors that affect how companies develop. The situation has been reversed during the past few years, and debate now focuses on the profound disappointment aroused by the lack of morality in business – typified by cartels, dubious accounting principles, free options, and so forth. This represents a clear reversal of roles in regard to who is criticizing whom.



Source: Temo

Based on the views expressed in the Swedish and international media, there appears to be a moral vacuum in both the public and private sectors, in Sweden as well as internationally. Virtually no one is any more above criticism than anyone else, and there is a general need for sanitizing. It is also very clear that a number of players in banking and insurance have been severely criticized, and several independent commissions have been appointed in the industry to investigate the accusations made. Confidence in private insurance companies has declined at the same time as confidence in banks has risen, with the result that, during 2003 and 2004, the sector was clearly divided into two distinct blocs in terms of public confidence.

During 2004, at the request of the government, Finansinspektionen submitted a number of proposals regarding how insight into insurance companies could be improved, both for the general public and for the supervisory authorities. The government's legislative work has intensified and increased regulation can be expected during the next few years.

Given that the Länsförsäkringar Alliance subscribes to the principle that customer satisfaction is the ultimate objective, external interests also have the right to demand that operations are characterized by extremely high ethical and moral standards. Customer surveys show that confidence in the operations has remained stable despite strong criticism of the industry as a whole during the past few years.

Ethnic diversity in the population

For many hundreds of years, the Swedish population has been characterized and influenced by both immigration and emigration. The process can be summarized by saying that Sweden was a nation of emigrants until World War II, and thereafter an immigrant nation, in the sense that today more people immigrate into Sweden than emigrate from it.

In an international perspective, Sweden has a very high proportion of citizens with a foreign background*. In terms of the proportion of its citizens born outside the country – slightly more than 11% – Sweden is in third place in the world.

The local variations throughout the country are substantial in terms of inhabitants with a foreign background. Measured by county, Stockholm has the largest proportion with a foreign background, at 33%, while Jämtland, with 8%, has the lowest proportion. The national average is 22%.

Forecasts from Statistics Sweden for the period up to 2020 show that inhabitants with a foreign background will account for 90% of population growth. Statistics Sweden's forecasts do not take increased labor immigration into account, despite the fact that this is a strong probability within a time horizon of 15 years.

To gain a better understanding of how the ethnic diversity of the population affects market conditions in banking and insurance, Länsförsäkringar conducted an extensive customer survey during spring 2004. More than 2,000 private individuals and

business owners with a foreign background participated in the survey. The conclusions of the survey included the following:

- Utilization of banking and insurance services is noticeably lower among consumers and business owners with a foreign background, one reason being that persons with a foreign background have difficulty familiarizing themselves with the Swedish banking and insurance market. However, there are considerable differences between different ethnic groups in terms of becoming familiar with and making use of banking and insurance services.
- Generally speaking, personal meetings appear to be of greater importance in contacts with customers with a foreign background.
- Four out of ten people with a foreign background own their homes, while the corresponding figure for the entire population is seven out of ten.

To sum up, the Länsförsäkringar Alliance has a new ethnic market to cultivate. In the 1970s, this market comprised some 300,000 Swedes with a foreign background, compared with more than 2 million today. During the next few years, ethnic diversity is expected to broaden further, which will create a number of opportunities, both as a local employer and as a supplier of banking and insurance services. With its tradition of having Sweden's most satisfied customers, based on a strong local presence and personal meetings, the Länsförsäkringar Alliance is well positioned to benefit from ethnic pluralism.

*"With a foreign background" refers to citizens who were born outside Sweden or have at least one parent who was born abroad.

Market overview

Non-life insurance market

Premium levels in the market achieved a balance in 2004, resulting in profitability in each sub-market. There were hardly any premium increases within commercial insurance, while marginal premium increases took place in the private market, primarily within motor and third-party liability insurance. Income levels at the product level, combined with various cost savings in recent years, have restored profitability for the majority of market players.

Virtually all major players in the market in 2004 have positioned themselves in the health and care market as a result of legislative amendments leading to Swedish companies incurring higher costs for absenteeism due to illness, and the general discussion concerning how these costs are being shifted from the government to the private/corporate sector.

While premium levels in the commercial and property market have remained stable, considerable changes have taken place among the players in the market. In general, the smaller companies have captured market share from the larger players. However, this has not been the case for Länsförsäkringar, which increased its market shares in 2004. The commercial insurance market continued to become more concentrated, with six companies now accounting for 95% of the market. The trend indicates that

new players are about to enter the market, mainly in the form of captive and niche companies. Discussions between trade associations and companies in high-risk sectors regarding measures to prevent and limit damage have proved effective, and nearly all industries can now purchase insurance at reasonable prices.

Customers in the private market have become more mobile as a result of the premium adjustments of recent years. These adjustments continued in 2004, albeit at a slower rate. The Internet has also contributed to this development. The increased customer mobility has mainly benefited the new, smaller players in the market.

The reinsurance market has been affected by the natural disasters that have taken place in recent years. However, it is too early to predict whether the hurricane in January 2005 will have an effect on future premiums.

FACTS ABOUT THE SWEDISH NON-LIFE INSURANCE MARKET SEK M

	2004
Premiums paid, total	51,216
Commercial and property insurance	12,457
Home content and homeowner insurance	10,080
Third-party liability insurance	10,357
Motor vehicle insurance	11,511
Medical and accident insurance	3,957
Marine and transportation insurance	1,220

Source: Swedish Insurance Federation

Life assurance market

The global stock markets rose by an average of 9.7% in 2004. The Stockholm Stock Exchange rose by more than 17%, which can be compared with the historical average of about 10%. The proportion of life assurance companies' assets invested in Swedish equities has changed in recent years – from approximately 14% of investment assets two years ago to only about 10% today.

The years 2003 and 2004 were characterized by efforts among life assurance companies to improve collective consolidation and solvency. Some companies made non-recurring withdrawals, entailing a recovery of the previously allotted bonus. Several life assurance companies also abolished the "Allan rule", thus reducing the amounts paid out on life assurance policies and pension insurance. In 2004, assets yielded a positive total return and solvency and collective consolidation were stable or showed a positive development. Several life assurance companies took advantage of the positive stock market trend to increase the portion of equities in their portfolios.

In 2004, the Swedish life assurance market had a total sales value of SEK 111 billion, down 10% on the preceding year. The occupational pension market is the largest of the three sub-markets; occupational pensions, savings and private pension plans. The sales value for the occupational

pension market amounted to SEK 83 billion, representing a decline of 15%. The private pension sub-market, with a sales value of SEK 6 billion, declined by 6%. The savings sub-market declined by 2% and had a sales value of SEK 20 billion. Of the three sub-markets, the life assurance companies focused primarily on the occupational pension market in 2004, since this is where the largest market is found.

FACTS ABOUT THE SWEDISH LIFE ASSURANCE MARKET
SEK M **2004**

Premium income, total	98,238
– traditional life assurance	58,105
– unit-linked insurance	40,133
Sales value, total	110,656
– occupational pension plans	82,549
– endowment insurance	20,127
– private pension plans	5,678
Assets	1,565,000
– equities	705,000
– interest-bearing	658,000
– properties	47,000
– other assets	155,000
Bonus rate, industry average, %	1.1
Total return, %	6.8

Bank market

Competition in the Swedish bank market continues to intensify. The large banks are lowering their margins to compete on similar terms with the new players, primarily in

the mortgage market. The total market share for the large banks, both in terms of lending and deposits, remained largely unchanged in 2004. The banks have reported favorable profits in recent years, and seem to have offset the lower net commission income in recent years by improving traditional net interest income. Each year, only 3% of the population change bank. Most do so in order to obtain better terms at the new bank. Previously, people changed bank to obtain better interest on savings and lower fees for cards and other payment services. In 2004, however, a growing number of people stated cheaper mortgages as their primary reason for changing bank.

Mortgage lending continues to grow. Low interest rates have meant that home financing has become an important and growing source of income for banks. Household borrowing is growing in pace with rising property prices. Lending by mortgage companies rose by 12% during the year, while bank lending volumes rose only marginally. Households' increased indebtedness has been parried by the upturn in the stock market, and the household saving ratio remained unchanged at slightly above 60% during the year. The weak wage trend in 2004, combined with tax increases

by certain municipalities and county councils, led to an increase in household debt as a percentage of disposable income during the year. As long as low interest rate levels prevail, combined with an income tax reduction of 30% of interest paid, the increased indebtedness is not likely to pose a problem. Furthermore, experience from the interest rate crisis of the early 1990s shows that households will pay the interest, even when the rates rise and living margins are tight.

FACTS ABOUT THE SWEDISH BANK MARKET
SEK M **2004**

Total deposits and borrowing	1,383,000
Deposits and borrowing, households	537,000
Total lending	1,404,000
Lending to households	307,000
Mortgage loans	1,395,000
Mortgage loans, single-family dwellings and tenant-owned apartments	918,000
Number of companies	127

Financial overview

24 regional insurance companies

Independent and customer-owned

OPERATING INCOME BEFORE BONUSES AND DISCOUNTS PER REGIONAL INSURANCE COMPANY, SEK M

Länsförsäkringar Norrbotten	59	Länsförsäkringar Värmland	95
Länsförsäkringar Västerbotten	144	Länsförsäkringar Uppsala	141
Länsförsäkringar Jämtland	77	Länsförsäkringar Bergslagen	204
Länsförsäkringar Västernorrland	37	Länsförsäkringar Stockholm	406
Länsförsäkringar Gävleborg	119	Länsförsäkringar Södermanland	119
Dalarnas Försäkringsbolag	293	Länsförsäkringar Göteborg och Bohuslän	181

LÄNSFÖRSÄKRINGAR AB GROUP*

	2004	2003
Profit before tax, SEK M	781	750
Average number of employees	1,225	1,198
Solvency margin, %	389	147

*Excluding Life Group

LÄNSFÖRSÄKRINGAR AB

(Parent Company of the Länsförsäkringar AB Group)

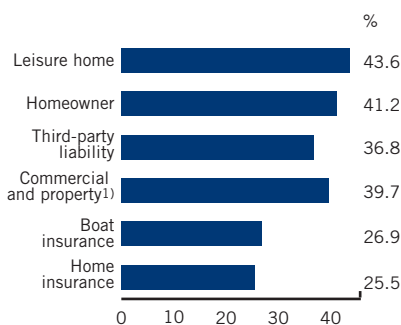
	2004	2003
Profit before tax, SEK M	208	218
Average number of employees	211	205

LÄNSFÖRSÄKRINGAR BANK GROUP

	2004	2003
Deposits from the public, SEK billion	19	17
Lending to the public, SEK billion	39	30
Operating income, SEK M	127	65
Average number of employees	275	254

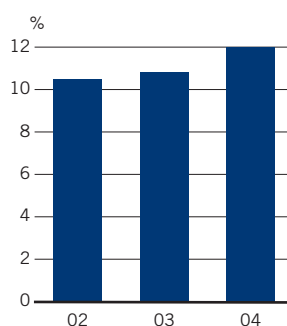
Market shares

Non-life insurance, per product area (number of policies)

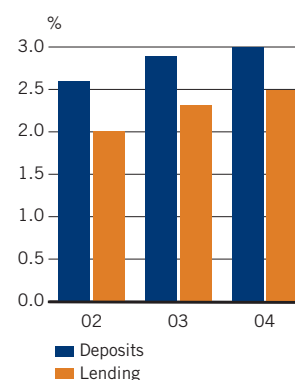


¹⁾ Refers to premiums.

Traditional life assurance, new sales



Bank



Total number of customers	3.1 million
Total number of employees at December 31, 2004	5,504
Total operating income for non-life insurance operations, SEK M	3,168

Länsförsäkringar Skaraborg	111	Länsförsäkring Kronoberg	87
Östgöta Brandstodsbolag	310	Länsförsäkringar Kalmar län	158
Länsförsäkringar Älvsborg	241	Blekinge Länsförsäkringsbolag	59
Länsförsäkringar Gotland	59	Länsförsäkringar Gästrikland	56
Länsförsäkringar Jönköping	183	Länsförsäkringar Kristianstad	52
Länsförsäkringar Halland	132	Länsförsäkringar Skåne	296

REGIONAL INSURANCE COMPANIES, TOTAL

Premiums earned after ceded reinsurance, SEK M	12,800
Operating income, SEK M	3,406
Number of customers	3.1 million
Average number of employees	3,728

LÄNSFÖRSÄKRINGAR SAK FÖRSÄKRINGS AB

	2004	2003
Premiums earned after ceded reinsurance, SEK M	2,260	3,697
Profit before tax, SEK M	641	617
Average number of employees	318	397
Solvency margin, %	273	72

AGRIA DJURFÖRSÄKRING

	2004	2003
Premiums earned after ceded reinsurance, SEK M	787	717
Income before appropriations and taxes, SEK M	154	107
Market share, %	62.5	62.3
Number of customers	378,000	361,000
Average number of employees	142	136

LÄNSFÖRSÄKRINGAR LIV GROUP

	2004	2003
Premium income, net, SEK M	8,676	8,069
Profit for the year, SEK M	2,347	3,808
Average number of employees	299	426
Collective consolidation, %	103	92
Solvency ratio, %	123	122

Länsförsäkringar Liv is a subsidiary, but operates according to mutual principles and all profits are distributed to policyholders.

Five-year summary, SEK M	2000	2001	2002	2003	2004
Premiums earned after ceded reinsurance, non-life insurance	8,968	10,030	11,859	14,087	15,857
Premium income after ceded reinsurance, life assurance	9,361	8,857	8,126	8,069	8,676
Net asset value, non-life insurance	21,525	18,712	14,657	16,699	19,857
Lending to the public	9,620	12,453	19,861	30,044	39,426
Deposits from the public	8,503	12,352	14,736	17,013	18,599



Significant events in 2004

- Market share strengthened further in 2004, from 30.7% to 32.2%.
- Länsförsäkringar once again has Sweden's most satisfied non-life insurance customers, according to the Swedish Quality Index survey.
- Länsförsäkringar was named "Non-life Insurance Company of the Year" for the second year running.
- Substantial improvement in the combined ratio to 93% (101) as a result of earlier efficiency measures, ongoing claims-prevention measures and higher premiums.
- The technical result improved to SEK 1,949 M (990).
- Efficient handling of large claims through joint disaster-damage organization.
- Due to carefully structured reinsurance cover, the financial consequences for the Länsförsäkringar Alliance of the very extensive storm damage at the beginning of 2005 are limited.

Non-life insurance

Strong results and market success

The Länsförsäkringar Alliance occupies a strong position as the market leader. Market share, measured as premiums paid, increased in 2004 by 1.5 percentage points, from 30.7% to 32.2%. For a second consecutive year, Länsförsäkringar was named "Non-life Insurance Company of the Year" and, according to the Swedish Quality Index survey, Länsförsäkringar still has Sweden's most satisfied customers within non-life insurance. The local organization with its proximity to customers has once again proved to be a winning concept.

THE LÄNSFÖRSÄKRINGAR Alliance's total market share, measured as premiums paid, continues to grow, breaking new records in 2004. The market share rose by 1.5 percentage points to 32.2% (30.7).

The total non-life insurance market, measured as premiums paid, rose by 3.8% compared with the preceding year and currently amounts to SEK 51,216 M. The number of policies is relatively stable compared with the preceding year.

Länsförsäkringar's customer relations within its non-life insurance operations serve as a platform for growth also within life assurance and banking operations. The local organization, with its proximity to customers, has once again proved a winning concept. Rising claims costs in the private and commercial insurance markets have forced the industry to raise premiums over the course of several years. The rate of increase has now slowed and even stopped altogether in certain areas. Despite earlier premium increases,

the Swedish Quality Index survey shows that Länsförsäkringar still has the most satisfied customers within non-life insurance. This marks the thirteenth consecutive year that Länsförsäkringar has the most satisfied private customers. In terms of commercial customers, Länsförsäkringar has been ranked number one in the industry since 1994.

The main reason why Länsförsäkringar retained its top ranking again in 2004 is that customers continue to award the company high marks for service. Customers also remain very loyal to Länsförsäkringar. Part of the success is attributable to proximity to the customer, ability to find flexible solutions, and the swift, non-bureaucratic claims adjustment process. In the growth market comprising healthcare insurance, an internal customer survey shows that as many as 98% of Länsförsäkringar's customers are satisfied or very satisfied with the service they receive. The fact that Länsförsäkringar is



the only player to offer a total solution encompassing banking, life assurance and non-life insurance is a further explanation for its satisfied customers. In 2004, Länsförsäkringar was named “Non-life Insurance Company of the Year” by the Swedish business magazine *Affärsvärlden* for the second consecutive year.

Third-party liability insurance now written locally

The local concept was reinforced further in 2004, when the regional insurance companies, from January 1, 2004, began to underwrite and administer third-party liability insurance. In conjunction with this, Länsförsäkringar Sak ceased to underwrite new third-party liability policies, except for certain commercial motor insurance customers. This change has boosted Länsförsäkringar's competitiveness in the area of automotive insurance, since third-party liability and collision damage policies are now issued by the same insurer.

Environmental insurance

Länsförsäkringar is a leading player in terms of developing insurance solutions that ensure financial and environmental guarantees relating to the recycling of various product types. The potential for an increased market in this area in the future has strengthened as a result of a new EU directive regarding individual producer liability. The directive, which applies to all producers of electric and electronic products, is currently being transposed into national law in the EU member states. The directive proposes recycling insurance as a means of securing a financial guarantee for recycling of products launched in the market. The financial guarantee obligation must be met by August 2005 at the latest.

Since 1998, Länsförsäkringar has offered recycling insurance for cars and heavy vehicles, construction equipment and forest machinery, and for technical installations in properties. Other sectors are now also starting to express an interest.

Länsförsäkringar is conscious of its responsibility to lead environmental developments in the insurance sector. Examples of this commitment are the environmental certification of the regional insurance companies, the unique recycling insurance and the research projects undertaken through the Swedish Ecocycle Foundation (Stiftelsen Svenskt Kretslopp).

Good disaster preparedness in the event of major damage claims

The regional insurance companies have a joint disaster-preparedness organization for handling major damage claims. When the Länsförsäkringar Alliance's disaster-handling measures were activated in response to the flooding in Småland and the natural disaster in Southeast Asia, the organization proved to be highly flexible and capable of extremely rapid action.

The hurricane that struck large areas of Sweden at the beginning of 2005 imposed an additional burden on the claims organization. Worst affected were the regional insurance companies in southern Sweden. During the first two weeks of 2005, an estimated 70–80% of the number of claims normally received in a year came in. Despite the tremendous workload, the organization managed to maintain a high level of service to all the customers affected.

Länsförsäkringar is the market leader in agricultural and forest insurance in Sweden, with a 75% market share. The costs for Länsförsäkringar resulting from the storm amounted to SEK 2.8 billion. However, the financial consequences for the regional insurance companies are limited through carefully structured reinsurance cover – partly internally among the regional insurance companies, but primarily through strong external cover.

Reinsurance

The reinsurance market is maintaining its strong focus on technical profitability. Both shareholders and credit rating institutions are applying pressure to the reinsurance companies to achieve technical profits, preferably approaching 10% of premiums earned. The background to this pressure is the extremely poor earnings in previous years as a result of major damage claims and run-off losses, combined with the restricted future horizon in the financial markets. Analyses and premium calculation

have become far more comprehensive than earlier, and with the present level of financial returns, the market will be less cyclical than before. The challenge for Länsförsäkringar, exactly as before, has been to procure its reinsurance program at a reasonable price and with excellent security. The principle of risk-spreading has been at least as pertinent as previously.

The tsunami disaster in Southeast Asia on December 26, 2004 was a terrible human tragedy. While the disaster will also affect Länsförsäkringar financially, the cost

of claims after reinsurance will be limited. In other respects, 2004 was an extremely favorable year for Länsförsäkringar, with few major claims from our own customers. Assumed reinsurance from international insurance companies is showing highly favorable results. Länsförsäkringar bears an extremely small portion of the above-mentioned major global claims, and since the figures show that margins continue to be favorable, Länsförsäkringar has continued with its cautious expansion.

Run-Off

Prior to 1993, both Länsförsäkringar and Wasa conducted extensive reinsurance and international direct insurance business in a number of different companies. Run-off of this business is now being managed within Wasa Försäkring Run-Off AB in the Länsförsäkringar AB Group.

Länsförsäkringar has allocated SEK 555 M for future claims payments and is currently striving to buy its way out of its

commitments in the most cost-efficient manner. Run-off activities in 2004 resulted in a reduction in the provision for future claims, from SEK 683 M to SEK 555 M.

The insurance portfolios are subject to continual analysis, with priority given to business associated with the highest risk. Special emphasis is placed on claims related to asbestos.

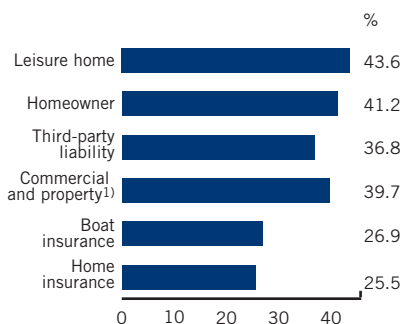
In 2004, the transfer of the insurance portfolio of the UK company Stockholm

Reinsurance (UK) Ltd was completed and the company liquidated, thereby improving the efficiency of run-off operations and achieving a considerable reduction in Wasa Försäkring Run-Off AB's operating expenses.

Efforts during the year also focused on establishing new, external run-off assignments, either through administration or by buying up companies. These efforts will continue during 2005.

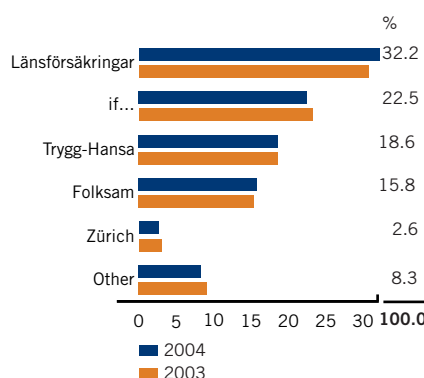
Market shares

Non-life insurance by product area (number of policies)

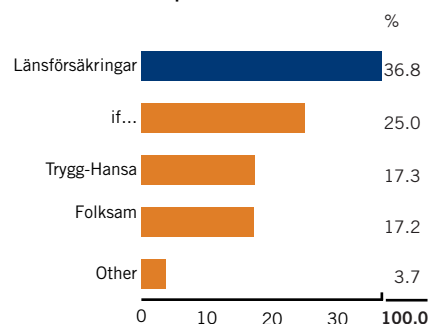


¹⁾ Refers to premiums.

Non-life insurance (share of premiums paid)



Third-party liability insurance (number of policies)



Motor vehicle

Satisfactory profitability for motor insurance

At year-end 2004, there were approximately 4.1 million cars on the road in Sweden. This was 0.9% more than a year previously. The increase is attributable to a rise in the number of new car registrations and a decline in car deregistration.

Profitability in motor insurance (third-party liability and collision damage) improved during the year. Owing to the premium increases of the past few years, combined with an improved claims outcome, due particularly to a decline in expenses for theft-related claims, profitability in motor vehicle insurance is now strong. At the same time, the previously favorable market trend has turned, and the total market share for motor vehicle insurance in 2004 shrank by 0.6 percentage points to 34.8%, according to the Road Traffic Registry. For car insurance, the trend is more unfavorable. Here, the market share declined by 1.0% to a total

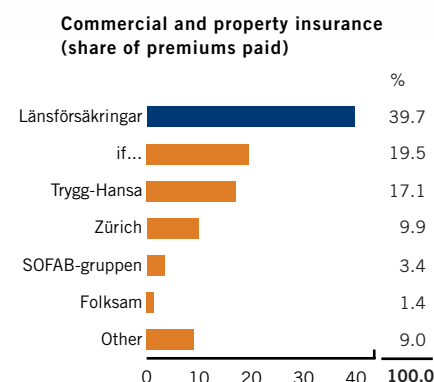
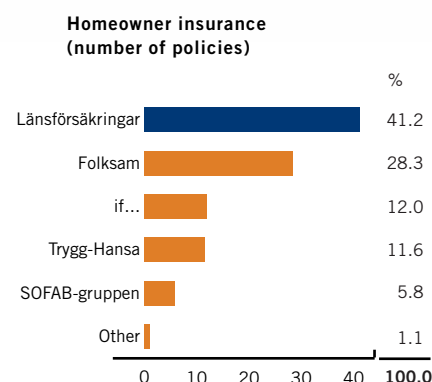
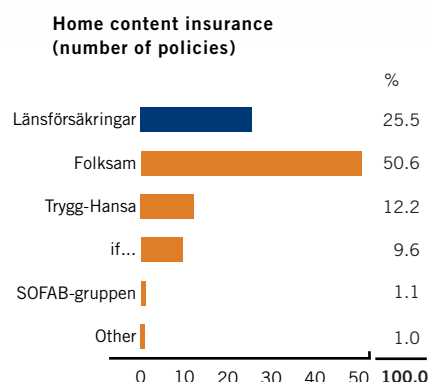
of 30.8%. In the same period, the commercial motor vehicle market developed in the opposite direction, exhibiting ongoing growth, and had 41.1% of the market, up 2.2 percentage points. Cars and, in particular, light trucks maintained the same rate of increase as previous years. Within the other prioritized vehicle classes, the rate of increase declined, without any tapering-off.

While the results are satisfactory, efforts to reduce costs are ongoing. The most important components of these efforts are damage prevention and operational efficiency-enhancement. This will place Länsförsäkringar in an optimal position to reverse the unfavorable market trend.

The most important development in 2004 is that as of January 1, 2004, all third-party liability insurance has been issued by the regional insurance companies, except in transactions involving more than one

region. This implies a strengthening of the local concept and an enhancement of competitiveness in that the business decisions are made closer to the customer and all third-party liability and collision damage insurance business is tied to the same insurer. The Länsförsäkringar Alliance will continue to apply its common principles for allocating provisions and adjusting claims, and will take advantage of the benefits involved in being the market leader.

Motor insurance	2004	2003
Gross premiums earned, SEK M	6,679	5,973
Passenger cars, number of policies	1,489,900	1,507,500
Motorcycles, number of policies	81,900	67,100
Total market share, third-party liability insurance, %	36.8	36.2



Housing

Increased competition in the market

The Länsförsäkringar Alliance is market-leading in homeowner and leisure home insurance, with market shares of 41.2% and 43.6%, respectively. The market share for homeowner insurance, measured in number of policies, declined somewhat compared with 2003. This was a result of premium increases and increased marketing by the competition. For home content insurance, on the other hand, Länsförsäkringar increased its market share in 2004 to 25.5%.

The production of new housing in Sweden in 2004 is estimated at 26,500 units,

which is more than what earlier forecasts indicated. In 2005, the Swedish National Board of Housing, Building and Planning estimates that housing construction will increase somewhat and amount to 28,500 housing units at year-end. Approximately 40% of these units will be single-family dwellings. The forecast for the next four years is 122,000 new residential units.

The measures taken to improve profitability, mainly through premium increases and damage prevention, have produced the desired results. This area of business is now

generating satisfactory profitability – however, efforts to reduce costs are ongoing. This is done primarily through an increased focus on claims-prevention operations and efficiency enhancement.

A high-priority task is to increase the proportion of homeowner insurance customers who also obtain their mortgages from Länsförsäkringar. In 2004, this proportion grew by slightly more than 30%. The growth rate has been high, but the total percentage is still no more than approximately 4%.



Health and welfare

Social insurance cover declining

Figures from the Swedish National Social Insurance Board indicate a decline in the Ill Health Index, which is a measure of the total number of days for which sickness allowance, rehabilitation benefits or sickness and activity compensation were paid. The decline is 0.7 days over a 12-month period, which implies a decrease by 4 million days of benefit payments over the same period. Unfortunately, costs have not declined to the same degree. Essentially what has happened is that the number of days of benefit pay-

ments declined, while the number of persons receiving sickness and activity compensation increased by 6.6%, compared with 4.0% in the preceding year. This represents an increase of 33,000 persons who are permanently excluded from working life. Over half a million people receiving sickness or activity compensation means ill-health is an enormous social problem.

In 2004, it was decided that the third week of sickness pay would be replaced by 15% private cofinancing through the entire

The favorable results for 2004 have laid the foundation for more aggressive behavior in the market, with the aim of recapturing lost market share. Länsförsäkringar will implement such an approach while endeavoring to broaden customers' involvement to include financial services.

Home insurance	2004	2003
Gross premiums earned, SEK M	3,142	2,828
Home content, number of policies	720,100	706,900
Homeowner, number of policies	678,400	688,400
Leisure home, number of policies	252,400	253,200



period of absence due to illness. The employer still has the full responsibility to pay compensation during the first two weeks. Despite strong protests from business owners' organizations, on December 8, 2004, the Swedish parliament voted in favor of the scheme. Public/private co-financing requires that companies actively try to induce their ill employees to return to work. The county councils are operating on tight budgets and are struggling to deal with healthcare waiting lists.

For Länsförsäkringar, there is an increasingly apparent need for insurance solutions for business owners in the areas of healthcare, preventive healthcare, rehabilitation and other supplementary solutions to

protect the public. Over 6,000 companies in Sweden have purchased healthcare insurance from Länsförsäkringar for some or all of their employees. Healthcare insurance implies that employees who fall ill receive medical care faster, and this has been shown to reduce the length of periods of absence due to ill-health. Some 77,000 have healthcare insurance provided by Länsförsäkringar, representing a market share of slightly more than 40%.

In 2004, efforts continued to build long-term profitability into Länsförsäkringar's products. A program of quality assurance with respect to Länsförsäkringar's network of care providers was also carried out. As a result, Länsförsäkringar signed agreements

containing quality requirements with all care providers.

The development of activities to prevent and limit healthcare-related claims is ongoing. In this area, Länsförsäkringar is working to meet companies' growing needs and demands for measuring instruments and services within healthcare and rehabilitation. Länsförsäkringar aims to be a partner in the work to create healthy companies.

Medical and accident	2004	2003
Gross premiums earned, SEK M	529	458
Market share, premiums paid, %	14.2	11.7
Healthcare insurance, number of insured	77,000	60,000
Estimated market share, healthcare insurance, %	40	40

Commercial

Market share increased, profitability strengthened

The recent years' premium increases in the Swedish commercial insurance market have tapered off and profitability is now considered to be favorable. In 2004, six companies accounted for approximately 95% of the market, and all players achieved a combined ratio of less than 100. The trend indicates that new players are entering the market, primarily in the form of captive and niche companies.

In 2004, the market share of Länsförsäkringar's commercial insurance business rose to 39.7% (34.9). The commercial insurance business had a premium volume of SEK 4.8 billion, up slightly more than SEK 500 M compared with 2003. The figures refer to companies and property including agriculture. The number of commercial insurance policies provided by Länsförsäkringar now amounts to nearly 225,000, an increase of approximately

3,000. The increase in terms of number of policies is primarily attributable to Länsförsäkringar's core business – small and medium-size companies – whereas a marginal decrease occurred in the property segment. Also in 2004, the keyword for Länsförsäkringar's commercial insurance business was profitability. During the year, premiums continued to rise, but at a sharply declining rate. A combination of sound premium pricing and careful claim follow-up practices resulted in profitable business.

Commercial	2004	2003
Gross premiums earned, SEK M	3,776	3,418
Market share, commercial and property, %	39.7	34.9
Change in number of commercial policies	3,000	8,000
Premium volume, including agriculture, SEK billion	4.8	4.3



Boats

Number of insured boats rising

For several years, the number of leisure boats in Sweden that are covered by insurance has remained basically unchanged. Recently, however, the boat industry has been booming and this has also begun to show in insurance statistics. In 2004, the total stock of insurance in Sweden rose by 5,200 boats, which is an increase of 2%.

For boat insurance, just as for other types of private insurance, the emphasis has been on profitability. The risk adjustment that was made prior to 2004, particularly for outboard motorboats with new motors, was effective. As a result of this, combined with an unusually short



boating season during summer 2004, the claims ratio is lower than it has been for a long time. The number of insurance policies provided by Länsförsäkringar is increasing, but not at the same rate as in previous years. However, Länsförsäkringar has maintained its market-leading position, with a market share of 26.9%.

Public debate in spring 2004 over compulsory liability insurance and a new national boat register seems now to have subsided. On the other hand, discussion is underway concerning a mandatory driver's license for boats, particularly for speed-boats – which is encouraging.

Boat	2004	2003
Gross premiums earned, SEK M	105	91
Leisure boat, number of policies	73,500	72,300
Market share, %	26.9	26.9

Agriculture

Lower claims costs and retained market position

For several years, Swedish agriculture has been undergoing a process of restructuring, from numerous small units to fewer, larger agricultural enterprises. Despite this restructuring of the agricultural market, the Länsförsäkringar Alliance has succeeded in maintaining its market-leading position. In 2004, the Alliance's market share was approximately 75%. The number of insurance policies provided and the premium stock held even increased somewhat during the year.

In 2004, the Länsförsäkringar Alliance made a strategic decision to focus on further developing its agricultural products to adapt them, over a three-year period, to the requirements placed on modern insurance products. This is mainly a matter of adapting existing products to the present structure of Swedish agriculture.

After two years of increased claims costs resulting primarily from fires in agricultural properties, claims costs in agricultural insurance declined in 2004. The total decrease amounted to approximately SEK 50 M, bringing current claims costs down to the same level as in 2001. Certain regional insurance companies, however, have not experienced the same favorable trend.



The storm that occurred at the beginning of 2005 is the largest insurance claim ever in Sweden. It will cost an estimated SEK 2.8 billion, gross – however, the Länsförsäkringar Alliance's reinsurance program will cover by far the largest portion.

The Länsförsäkringar Alliance pursues a very active claims-prevention program in the agricultural market. The program was successful during the year, and the Farmers' Safety and the Safe Stables concepts reported far lower total claims than the rest of the agricultural market.

Agriculture	2004	2003
Gross premiums earned, SEK M	1,084	995
Agricultural insurance, number of policies	190,500	190,200
Tractor insurance, number of policies	261,000	257,700

Agria Djurförsäkring (animal and crop insurance)

Strong earnings and new business

Agria Djurförsäkring reported stable earnings in 2004 and has never before had as many customers: 378,000 (361,000). Market share rose slightly to 62.5% (62.3). Processes were streamlined during the year, with more efficient resource planning resulting in a lower staff cost per claim/transaction.

TOTAL PREMIUMS EARNED in 2004 amounted to SEK 787 M (717). Premium growth was 7%. Over the past five years, however, premiums have grown by 51%. Income before appropriations and tax amounted to SEK 154 M (107).

Operating expenses during the year amounted to SEK 228 M (204), largely due to an increase in the portfolio. The claims ratio was 62% (61).

The continued decline in the number of farms is resulting in a decline in the agricultural insurance portfolio. The farms that remain are growing larger and more specialized. The year was spared from major damage claims. Crops also avoided resowing and hail damage. As a result, the market area was the most successful in terms of earnings relative to premiums earned.

Sweden's most common domestic animal, the cat, continues to account for the fastest growth in Agria's portfolio. For the

first time in several years, the trend of a declining dog insurance portfolio was reversed. The number of horse insurance policies also grew.

Agera is the Agria subsidiary that develops business concepts to create strategic value for Agria and promote animal ownership and security for animals and people. Agria M operates under the umbrella of Agera and provides business consulting services to other companies and organizations.

Agria International's business concept is to sell the animal insurance business as a franchise concept abroad. At the beginning of the year, Agria insurance was available in Finland and on the Åland Islands. Since the end of February 2004, it has also been possible to take out Agria insurance in Iceland. In 2004, Agria prepared to launch its insurance in Norway and, since January 1, 2005, a sales organization has been set up in Norway with administrative personnel at Agria's head office in Stockholm.

Agria aims to achieve sales of SEK 1.4 billion by 2008. This target, which is double the sales level reported for 2003, may seem aggressive. However, the year-end accounts for 2004 indicate that Agria is in line with achieving this target.



SEK M	2004	2003
Premiums earned	787	717
Income before appropriations and tax	154	107
Market share, %	62.5	62.3

Claims adjustment

First-rate service close to the customer

Each regional insurance company has its own claims organization that provides a local claims service. Local strength combined with the possibility to tie together resources and shared expertise results in a first-class service for all types of claims. The local concept guarantees swift processing by competent local staff. Approximately 700 people work with claims adjustment within the Länsförsäkringar Alliance, and Länsförsäkringar's international network of partners guarantees service also outside Sweden.

CLAIMS ADJUSTMENT entails an important delivery of the product purchased by the customer. It involves providing an active service to Länsförsäkringar's customers. A claim is adjusted in cooperation with the customer as quickly as possible after the claim has arisen so as to ensure that the details surrounding the claim are as complete as possible. A guiding rule is that the adjustment of claims must be consistent, uniform and fair. For example, language difficulties or disabilities may affect the customer's comprehension or ability to take action, which is why it is important that Länsförsäkringar provides individually adapted service. Länsförsäkringar's claims service is to be perceived as flexible and adapted to customers' individual needs. In 2004, Länsförsäkringar adjusted approxi-

mately 610,000 claims – more than half of these related to damage to motor vehicles. Another major claims area pertained to household insurance, representing nearly 160,000 claims, of which water damage accounted for nearly 17%.

Premiums for Länsförsäkringar's products are calculated based on the number of claims and the average cost of claims, operating expenses for administering insurance and adjusting claims, and on the investment income obtained on the premium during the period from when the premium is paid to when claims are paid out. When evaluating the various parameters, Länsförsäkringar firstly looks at the confirmed past history and then makes an estimate of future changes that may affect the cost of claims. Such changes may, for example, involve changes in claims risk and future inflation as well as changes in legislation and legal practice. An estimate is also made of the factors affecting operating expenses and investment income. Based on these parameters, the average price required to conduct healthy and financially sound insurance business is calculated. Finally, the total premium withdrawal is divided between various types of insurance according to their risk exposure. This involves taking differences in risk in account, for example between models of cars, types of housing, mileage and geographical locations.

Länsförsäkringar also provides customer advice and guidelines both as a pre-

ventive measure and after damage has occurred. Advice is provided in a comprehensible and non-bureaucratic manner. Länsförsäkringar always strives to take measures and decisions to inform customers of their rights and obligations.

Insurance fraud is a major and steadily growing problem in the insurance industry, and Länsförsäkringar has also encountered attempted fraud. In response to this, a team of 35 investigators at Länsförsäkringar currently work on investigating suspicious claims. In 2004, their efforts resulted in the nonpayment of insurance claims worth nearly SEK 90 M. More than 20% of these related to personal injury. However, since many cases of insurance fraud remain undetected, efforts in this area will be intensified.

Claims-prevention work in 2004

During 2004, the overall frequency of claims within the Länsförsäkringar Alliance declined by approximately 10%, probably as a result of the intensive claims-prevention work undertaken in many areas. Länsförsäkringar's claims-prevention efforts take many different forms, ranging from advice, directions and contacts with industry organizations to offering various types of safety products.

Water-damage claims cost the Länsförsäkringar Alliance some SEK 3 billion each year. In many cases, this type of claim could have been avoided or limited through regular maintenance and damage-prevention measures. Claim-prevention efforts related to water damage are largely based on experience gained from the VASKA project. During the 15 years that 4,000 households participated in the project, not a single instance of water damage occurred.

During 2005, claim-prevention activities will be in even sharper focus within the Länsförsäkringar Alliance.

Healthcare claims handled first by partner

The claims adjustment process for healthcare insurance differs somewhat from other forms of non-life insurance. When a customer needs to utilize his or her insurance, the first point of contact is Länsförsäkringar's healthcare referral unit, which is run by a partner, Riksakuten. Considerable resources have been expended on improving technical support for this contact in order to provide better support when the healthcare referral unit needs to book a customer's visit to a care provider and to be able to monitor claim costs more effectively. It is important for the customer to feel assured that his or her insurance is valid when the visit has been booked via Länsförsäkringar's healthcare referral unit, and it should be simple for the claims adjuster to keep track of which care provider the customer has been to. The customer survey performed by Länsförsäkringar has shown that the focus on providing high-quality healthcare insurance is appreciated.

Quality assurance of personal-injury claims

Changes are being made to the adjustment of personal-injury claims in motor third-party liability insurance in an effort to rationalize the processes. All the regional insurance companies are now licensed to offer motor third-party liability insurance, and a Bodily Injury Claims Council has been established to ensure that the rules and guidelines for handling personal-injury

claims are uniform. The Council's task is to ensure that personal-injury claims adjustment is handled in an identical manner throughout the entire Länsförsäkringar Alliance, and that it is administered with a high degree of competence and receives the necessary IT support.

An action plan has been drawn up and valuable work is underway to shorten handling times, primarily for the large volume of relatively simple personal-injury claims. The procedures and handling for personal-injury claims in which the claimant has suffered permanent impairment exceeding 10% and where the case must be examined by the Road-Traffic Injuries Commission have also been quality-assured. The follow-up and quality control applied to personal-injury claims adjustment shows a high quality, confirming that Länsförsäkringar's training activities are meeting expectations.

Experience-sharing and contacts between claims adjusters within Länsförsäkringar are important for ensuring that changes in claim patterns, rehabilitation coordination or cost trends are quickly noted. Cost trends are especially important, since the more expensive claims, corresponding to 3% of all personal-injury claims, account for 80% of the cost of claims.

	Number of claims	Cost (SEK M)
Commercial	40,000	1,890
Civil	202,000	1,930
Agriculture	24,500	633
Accident	17,500	141
Boat	2,600	57
Motor vehicle	325,000	4,173
Total	611,600	8,824

Comments on financial results – non-life insurance

The Länsförsäkringar Alliance's earnings and key figures for non-life insurance consist of the sum of the earnings of the 24 regional insurance companies and the Länsförsäkringar AB Group, including Agria Djurförsäkring.

The long-term goal of attaining a combined ratio of 95% has been reached, with the combined ratio improving to 93% (101). The measures implemented are a combination of premium increases, claims-prevention measures and efficiency improvements.

Revenues rose more than costs during the period. Premiums earned after ceded reinsurance rose by 13% to SEK 15,857 M (14,087), attributable to the Alliance's success in the market and the effects of premium increases. Four business segments accounted for 90% of premiums earned after ceded reinsurance.

The largest business segment is commercial and property insurance. Premiums earned after ceded reinsurance for this segment amounted to SEK 4,683 M. The second largest segment is motor vehicle insurance, with SEK 3,326 M in earned premiums, followed by third-party liability insurance (SEK 3,093 M in earned premiums) and home content and homeowner insurance (SEK 3,244 M). The claims outcome was favorable during the year within most insurance segments, with insurance operations reporting technical profits. The exception in this regard is medical and accident insurance, where run-off losses during the year contributed to an overall loss.

The total cost of claims for non-life insurance operations remained almost unchanged at SEK 11,799 M (11,452), despite the higher premium volume. The

claims ratio thus improved to 74% (81). Operating expenses rose to SEK 2,963 M (2,778) as a result of the increased business volume. The expense ratio was 19% (20).

The insurance technical result improved to SEK 1,949 M (990), or 12% (7) of premiums earned after ceded reinsurance. Operating income amounted to SEK 3,168 M (2,089), which is among the highest ever. The main reason for the substantial earnings improvement is the positive trend on the financial markets. The total return was 5.6% (5.7).

The net asset value of Länsförsäkringar's non-life insurance operations increased during the year to SEK 19,857 M (16,699) and the solvency margin was 125% (112).



Key figures	2004	2003
Premiums earned after ceded reinsurance, SEK M	15,857	14,087
Technical result before bonus, SEK M	1,949	990
Operating income, SEK M	3,168	2,089
Expense ratio	19	20
Claims ratio	74	81
Combined ratio	93	101
Technical result as a percentage of premiums earned after ceded reinsurance	12	7
Net asset value, SEK M	19,857	16,699
Solvency margin, %	125	112



Life assurance and pension insurance

Efficiency improvements and collective consolidation restored at over 100%

In 2004, the solvency ratio and collective consolidation were strengthened and a positive return was generated on the life assurance company's assets. The focus of Länsförsäkringar's life assurance operations in 2004 was on efficiency improvements and on measures to reinforce collective consolidation and promote future profitability and growth.

Significant events in 2004

- The total return for 2004 was 6.8% (8.5).
- Premium income amounted to SEK 8,676 M (8,069).
- The administration result improved by SEK 219 M.
- Market share in terms of new sales was 12.0% (10.8). Market share in terms of premium income was 8.9% (8.5).
- Net profit for the year amounted to 2,348 M (3,808).
- Average annual bonus rate of 9.8% since Länsförsäkringar started life assurance operations in 1985.

The Swedish welfare system has undergone sweeping changes over the past ten to fifteen years. Sweden has gained a new pension system that, for most people, will entail lower pensions. This has led to a need for people to review their financial security in an entirely different way than previously.

Pension from three sources

The national pension from the state forms the broad base layer of a person's total pension. The next layer comprises an occupational pension, which most people have through their employment. Pension can also be supplemented with saving in private pension plans.

Occupational pensions and private pension saving

Under the new pension system, it is much harder for individuals to predict the size of their future pension. At the same time, the new system entails greater possibilities to affect the size of the pension by making various pension choices. The

changes have resulted in an increased need for saving in private pension schemes and a growing number of people are being forced to assume greater responsibility for their future pension.

Länsförsäkringar offers a complete range of insurance solutions for companies and private individuals.

Cost reductions and growth

During 2004, the focus of Länsförsäkringar's life assurance operations was on continued efficiency enhancements, cost reductions and measures to improve collective consolidation.

The administration result improved by SEK 219 M.

At the same time, measures were also taken to secure future profitability and growth in the private and occupational pension markets.

Life assurance market

The life assurance market can be subdivided into the occupational pension market, the savings market and private pen-

sions. Länsförsäkringar focuses primarily on the occupational pension market, which includes the collective bargaining sector. The large companies also serve as a marketplace for private insurance policies.

Market shares

In 2004, the Swedish life assurance market had a total sales value of SEK 111 billion, down 13% on the preceding year.

The occupational pension market is the largest of the three sub-markets; occupational pensions, savings and private pension plans. The sales value for the occupational pension market amounted to SEK 83 billion in 2004, a decline of 15% compared with 2003. The private pension sub-market, with a sales value of SEK 6 billion, declined by 6%. The savings sub-market declined by 2% and had a sales value of SEK 20 billion. In 2004, Länsförsäkringar's market share in terms of new sales rose from 10.8% to 12.0%. Länsförsäkringar accounted for 13.6% (11.5) of the market for occupational pensions and 11.2% (10.7) of the market for private pensions. Measured as premium income, Länsförsäkringar's market share amounted to 8.9% (8.5).

Occupational pension market

Länsförsäkringar regards large companies as customer meeting places. Two thirds of employees in Sweden work for companies with more than 50 employees. Länsförsäkringar aims to be the insurance company that also meets these individuals in their

workplaces. Occupational pension plans have traditionally been regulated by collective labor market agreements. Over the past decade, however, employees have been given greater freedom of choice regarding their occupational pension plans and how they wish to invest a portion of their pension savings.

To satisfy the needs of large companies, Länsförsäkringar employs special advisors who specialize in occupational pension solutions. Via an interactive occupational pension advisory service over the Internet, Länsförsäkringar can also offer efficient and high-quality advice to employees at a time that suits the customer.

Collective agreement pensions – an important market

By far the majority of employed persons have an occupational pension through a collective agreement. Contributions to this pension are paid by the employer, while the employee has the right to choose how all or parts of this insurance saving should be invested.

The premium volumes in the collective agreement pension market are substantial, amounting to approximately SEK 20 billion in 2004. Länsförsäkringar intends to increase its share of this market and carried out various marketing activities during both 2003 and 2004 to increase the number of collective agreement pension customers. As part of these activities, customers who have both their occupational pension and their premium pension with Länsförsäkringar

are offered free cover for their premium pension until 2007.

Improved solvency, collective consolidation and bonus

Various measures have been implemented to improve collective consolidation in the life assurance company. Significant cost reductions were achieved in 2004 through staff cutbacks and reduced administration and marketing costs.

On June 1, 2004, collective consolidation was reestablished at over 100% through a reduction in the value of customers' preliminary bonus allocation. At the same time, the bonus rate for customers saving in pension and life assurance with traditional management was increased to 4% before fees and yield tax. The background to the adjustment was that full balance had not been achieved between the customers' guaranteed return and preliminary bonus allocation and assets in the life assurance company – in other words, a collective consolidation ratio of 100%. This was the case despite a low bonus rate, sharply reduced operating expenses and favorable investments that were able to benefit from the upturn in the market. In an additional move to improve consolidation, payments from insurance with traditional management can be reduced by up to 9% annually from July 1, 2004.

Sound finances

Länsförsäkringar Liv's finances are sound, with a solvency ratio of 123% at December

31, 2004. This means that the value of assets exceeds guaranteed commitments by 23%. Collective consolidation at year-end 2004 was at 103%.

Several awards during the year

Länsförsäkringar was named “Life and Unit-linked Insurance Company of the Year” by the business magazine Affärsvärlden and “Best Pension Fund in Sweden” by the industry publication Investment & Pensions Europe. Länsförsäkringar Liv was also named “Business Owners’ Life Assurance Company of the Year” in 2004.

Audit team's improvement suggestions now fully implemented

An independent review of transactions between Länsförsäkringar Sak and Länsförsäkringar Liv was carried out in 2003. The review concluded that the transactions were conducted correctly. The improvement measures suggested by the audit team have now been fully implemented by Länsförsäkringar Liv.

Earnings

The net result for the year amounted to SEK 2,348 M (3,808).

Traditional management

Net profit in Länsförsäkringar Liv amounted to SEK 3,720 M (4,452). Premium income was SEK 5,255 M (4,873) and investment income was SEK 6,265 M (7,218). The total return was 6.8% (8.5). Operating expenses amounted to SEK 954 M (974).

New World

Länsförsäkringar's New World management alternative, with a higher equities portion but a lower guarantee than traditional management, generated a return of 9.6% (12.5) in 2004.

Unit-linked insurance

Länsförsäkringar Fondliv reported a loss of SEK 242 M (loss: 254). Premium income amounted to SEK 3,420 M (3,196) and operating expenses to SEK 473 M (476).

LÄNSFÖRSÄKRINGAR LIV GROUP

SEK M	2004	2003
Premium income, net	8,676	8,069
Total assets	120,967	112,456
Return, New World, %	9.6	12.5
Total return, traditional management, %	6.8	8.5

TRADITIONAL LIFE ASSURANCE

SEK M	2004	2003
Premium income, net	5,255	4,873
Investment income, net	6,265	7,217
Net result for the year	3,720	4,452
Investment assets	93,855	88,389
Total assets	100,158	94,447
Solvency ratio, %	123	122
Collective consolidation, %	103	92

UNIT-LINKED INSURANCE

SEK M	2004	2003
Premium income, net	3,420	3,196
Investment income, net	1,565	2,114
Net result for the year	-242	-254
Total assets	23,366	19,357

INVESTMENT INCOME IN 2004 FOR THE LIFE ASSURANCE COMPANY INCLUDING THE PROPERTY COMPANY AND NEW WORLD WEIGHTED CAPITAL BASE

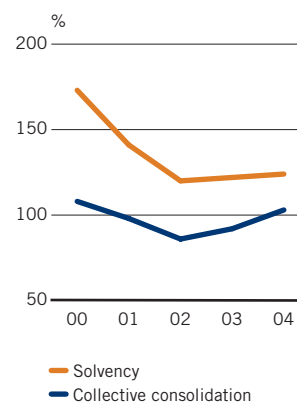
Investments Amounts in SEK M	Market value, Jan. 1, 2004	%	Net investment	Change in value	%	Market value, Dec. 31, 2004	%	Direct yield	%	Total yield	%
Interest-bearing, Swedish	27,053	31	-3,160	7	0.0	23,900	26	976	4.3	983	4.3
Interest-bearing, foreign	20,832	24	1,513	38	0.2	22,383	25	693	3.2	731	3.4
Interest-bearing, total	47,885	55	-1,647	45	0.1	46,283	51	1,669	3.8	1,714	3.9
Shares, Swedish	8,242	9	2,461	1,408	16.6	12,111	13	241	2.8	1,649	19.4
Shares, foreign	18,996	22	2,144	941	4.2	22,081	24	475	2.1	1,416	6.3
Total shares, excluding AI	27,238	31	4,605	2,349	7.6	34,192	37	716	2.3	3,065	9.9
Alternative Investments (AI)	8,354	9	-1,984	-356	-5.7	6,014	7	747	12.0	391	6.3
Properties	4,657	5	-414	199	3.8	4,442	5	164	3.1	363	6.9
Financing of investments	-13	0	0	0	0.0	-13	0	-1	-7.7	-1	-7.7
Total	88,121	100	560	2,237	2.6	90,918	100	3,295	3.8	5,532	6.4
Other	3,954		674	837		5,465		-182		655	
Total	92,075		1,234	3,074	3.4	96,383		3,113	3.4	6,187	6.8

Solvency and collective consolidation

Life assurance company	Collective consolidation 2004					
	Mar. 31	Jun. 30	Sep. 30	Oct. 31	Nov. 30	Dec. 31
AMF Pension	108	107	108	108	110	111
Folksam Liv	107	106	106	106	107	107
Förenade Liv	108	106	106	106	107	108
KPA Pension	102	100	100	101	102	100
Länsförsäkringar Liv	95	102	101	101	101	103
Nordea Liv (Livia)	96	95	96	97	98	99
Salus Ansvar Liv	101	101	100	100	100	100
SEB Trygg Liv, Old	101	100	102	103	105	106
SEB Trygg Liv, New	101	100	100	101	101	101
Skandia Liv	98	97	97	98	99	100
SPP Liv	93	92	92	92	94	94

Source: Finansinspektionen

Solvency and collective consolidation



At December 31, 2004, solvency was 123% and collective consolidation was 103%.

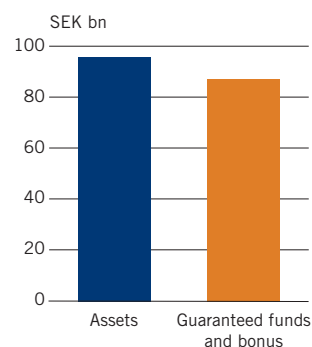
Solvency

Solvency is a measure of a life assurance company's financial position. It shows the value of the company's assets in relation to the company's guaranteed commitments to customers. The lowest permissible solvency ratio is 104%. Solvency is also a measure of a life assurance company's financial strength. Good solvency provides scope for equities in the investment portfolio, which from experience involves potential for substantial increases in value. This is especially obvious today when market rates of interest are low.

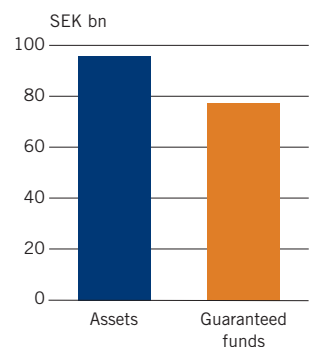
Collective consolidation

Collective consolidation is a measure of a life assurance company's ability to distribute a bonus. It shows the value of the company's assets in relation to the guaranteed commitments and the non-guaranteed bonus to customers, i.e. the entire capital assured. The measure is theoretical since it reflects a situation where the company would pay out the entire capital assured during a single day. The shortest payment period in a traditional life assurance policy is five years and the average insurance period is slightly more than 23 years.

Collective consolidation



Solvency



Some 80% of Länsförsäkringar's mutual funds open for insurance savings yielded positive returns in 2004. In addition to Länsförsäkringar's own funds, the range of funds includes funds from ABN AMRO, Société Générale and Fidelity.

Investment strategy

In 2004, Länsförsäkringar increased the proportion of equities and property investments by 5% and 2% respectively, and reduced the proportion of interest-bearing investments. Exposure to equities listed shares, private equity and derivatives – was 49% at year-end. The reasons for the greater exposure to equities – included a positive view of shares relative to interest-bearing investments and the fact that improved key ratios now permitted a higher level of risk in the portfolio. To enable a high equities portion in the portfolio at limited risk, hedging strategies are applied in the form of an equity hedge and an interest-rate hedge. Hedging strategies protect the life assurance portfolio against sharp declines in share prices and limit the impact of anticipated interest-rate hikes in 2005.

Collective consolidation policy

All investment income belongs to the policyholders. Investment income is transferred to the policyholders as bonus interest. Saving a certain percentage of the investment income in the form of consolidation capital creates opportunities for higher investment income in the future and, in turn, higher bonus payments.

A certain portion of this consolidated capital should always be available to ensure that negative market movements do not have a direct impact on the capital assured and that obligations to policyholders can be met even during periods when investment income is low.

The bonus rate shall reflect the long-term nature of the customers' investment and shall ensure a fair distribution between different groups of policyholders at different times. As a result, decisions concerning bonus rates should be far-sighted, sustainable and fair. To ensure a

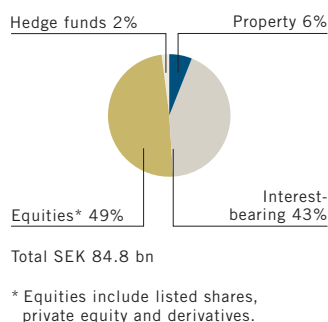
fair distribution, different bonus rates may be applied for different groups of policyholders in different periods.

The consolidation capital is affected by the bonus rate, the current yield, daily fluctuations in asset values, premium payments, claims payments and operating expenses.

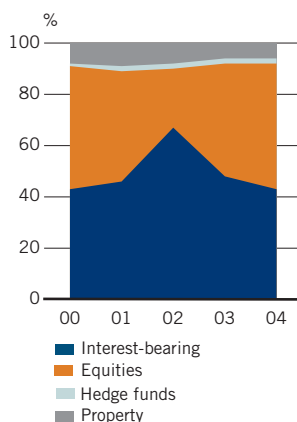
The collective consolidation ratio is permitted to vary between 100 and 120. The suitable consolidation level within this interval is established on a case-to-case basis in view of the risk that Länsförsäkringar Liv perceives in the financial markets and the extent of the risk in the balance sheet. The bonus rate is set so as to ensure that an appropriate consolidation ratio is achieved.

If the collective consolidation ratio is outside the interval, the bonus rate is set so as to return collective consolidation to within the interval within three years.

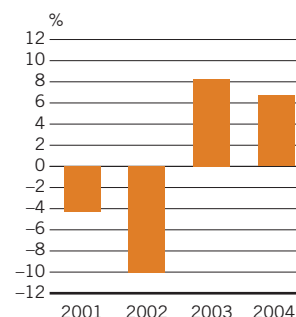
Investment portfolio, Dec. 31, 2004



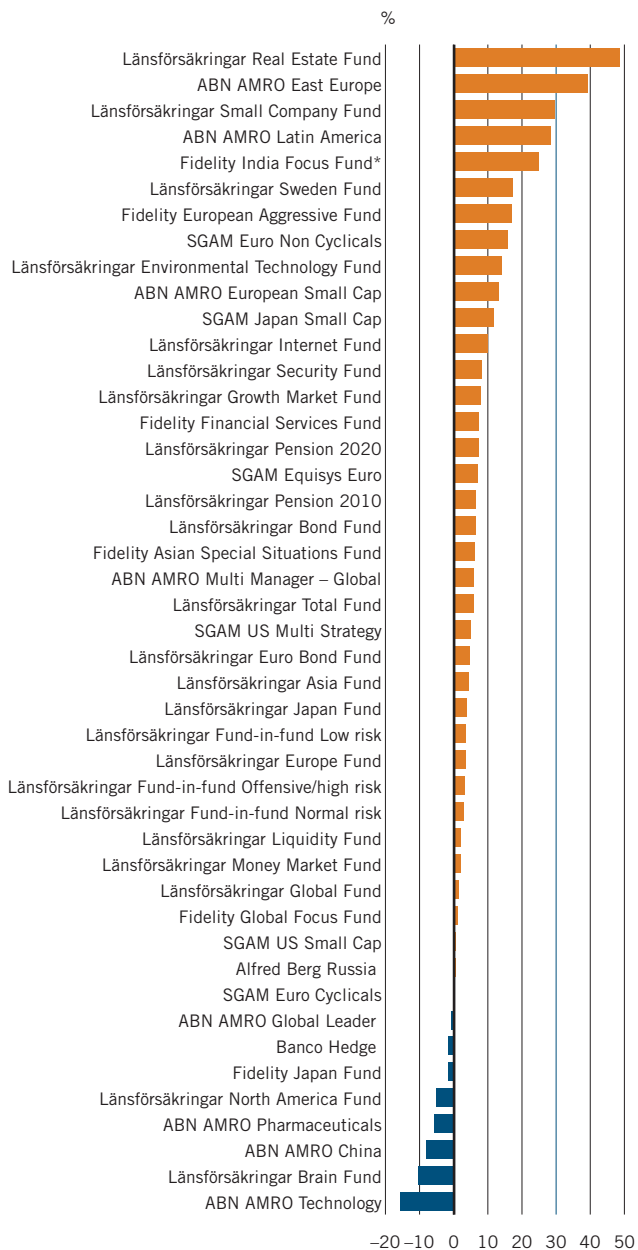
Investment portfolio over time



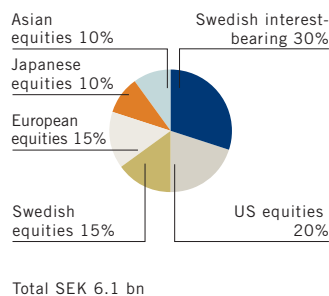
Total yield



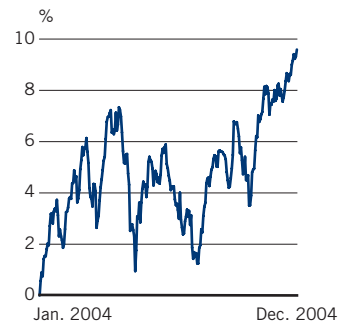
Yield 2004, unit-linked insurance



Asset allocation, New World



Yield, New World





Significant events in 2004

- Operating income amounted to SEK 171 M (104) before loan losses and SEK 127 M (65) after loan losses.
- Net interest income rose by 18% to SEK 830 M (701).
- Lending to the public increased by 31% to SEK 39 billion (30). Deposits from the public rose by 9% to SEK 19 billion (17).
- Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by 47% to SEK 24 billion (16).
- Rating increase from Standard & Poor's (A-/A-2). The bank also received its first ever credit rating from Moody's (A3/P-2).
- With its nationwide network of branch offices, Länsförsäkringar has Sweden's most satisfied bank customers, according to the 2004 Swedish Quality Index survey.
- The number of customers rose to 568,000 (452,000).

Bank

Foundation laid for accelerated growth

Länsförsäkringar's banking operations had an eventful year in 2004, with mortgage lending up 47% to SEK 24 billion. The Swedish Quality Index survey carried out by the Stockholm School of Economics shows that Länsförsäkringar has Sweden's most outstandingly satisfied customers. The number of customers grew by 26% in 2004.

BANK OPERATIONS comprise one of Länsförsäkringar's three core areas, together with life assurance and non-life insurance. Within Länsförsäkringar AB, support and development for banking operations are provided through Länsförsäkringar Bank AB and its subsidiaries Länsförsäkringar Hypotek AB, Wasa Kredit AB, Länsförsäkringar Fondförvaltning AB and WASA Garanti Försäkrings AB (in liquidation).

Länsförsäkringar first provided banking services in 1996. In less than ten years, operations have grown to encompass complete offerings within the areas of saving, lending and payments. The target groups are private individuals and farmers.

Low interest rates benefit households

Low interest rates have increased the scope for consumption in household budgets as interest expenses have gradually diminished. In addition, this has also had the overall effect that households

have increased their borrowings to the benefit of consumption.

The interest rate situation has also increased demand for homes and buyers feel they can afford to pay more for. This has resulted in further price rises for houses and tenant-owned apartments. Prices for private homes rose by 10% during 2004. This in turn means that the real wealth of households has risen, giving them increased scope for taking out new loans, thereby benefiting consumption.

During 2004, households also reduced their savings in favor of consumption. The savings ratio declined as interest rates dropped. On the other hand, savings increased during the first few years of the 21st century. The income situation for households has also worsened during the past few years due to rising unemployment and the reduced availability of tax relief or increased allowances. As a result, households have freed up some of the capital saved earlier. As long as interest rates remain at such low levels and the income

situation is expected to improve, the savings ratio will probably continue to fall.

There are naturally risks inherent in the increased debt burden assumed by households. At the beginning of 2005, households' debts corresponded to about 120% of their disposable income. On the other hand, households' total interest expense in relation to disposable income has in fact declined. Households thus have a margin to enable them to cope with a rise in interest rates, although this would naturally restrict the scope of their budgets.

Interest rates in the Swedish economy are governed by actual inflation and anticipated inflation trends. When demand rises in society, this usually leads to increased inflation. However, inflation is currently very low, which has meant that the Bank of Sweden was able to maintain the repo rate at only 2%. Moreover, given the low inflation rate, there is little likelihood that the Bank of Sweden will need to raise the repo rate in the near future.

Bank and insurance – a strong combination

A growing number of Länsförsäkringar's insurance customers are realizing the benefits of also conducting their banking business with Länsförsäkringar. The share of strategic target groups among insurance customers who also entrust their banking commitments to Länsförsäkringar grew in 2004. The proportion of homeowner insur-

ance customers who also have one or more banking commitments with Länsförsäkringar has risen by about 10%. Many of these customers have transferred their mortgages to Länsförsäkringar, and the percentage of Länsförsäkringar's homeowner insurance customers who have first-lien mortgages with Länsförsäkringar Hypotek has risen by about 40%.

Of the new home mortgage customers, 80% already had some form of commitment with Länsförsäkringar, and 60% of new home mortgage customers during the year had homeowner insurance from Länsförsäkringar prior to becoming mortgage customers.

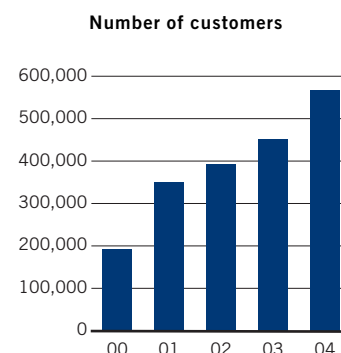
The integration between bank and insurance within Länsförsäkringar also works in the reverse direction. Mortgage customers who did not have their home insured with Länsförsäkringar when they took out their housing loan, are now to a greater extent insuring their home through Länsförsäkringar. One third of new mortgage customers without home insurance from Länsförsäkringar are now choosing to insure their home with Länsförsäkringar.

Meeting places

Länsförsäkringar bases its customer meetings on being able to provide products and services that meet the customer's every need in the private and agricultural market. This is achieved by investing in systems, products, channels and skilled personnel.



	2004	2003
Operating income, SEK M	127	65
Total assets, SEK M	43,016	32,406
Interest margin, %	2.0	2.4
Number of customers	568,000	452,000



The essence of Länsförsäkringar's concept is that all business and customer contacts should be conducted locally. Many customers prefer, however, to conduct most of their day-to-day banking errands from home, at times that suit them. This is why the combination of face-to-face and digital customer interfaces is a key success factor for Länsförsäkringar, and one of the cornerstones of its bank operations.

Many customers require personal attention mainly when they are seeking advice about their personal finances, savings and loans. The regional insurance companies' local presence makes it easier for the advisors to get to know customers and understand their individual needs and circumstances. A total of 84 advisory offices are available through the regional insurance offices. Customers can also conduct their banking business via the Internet, by telephone and via Svensk Kassaservice (Swedish Cashier Service), pay for their purchases with credit/debit cards and use ATMs in Sweden and abroad.

Länsförsäkringar's Internet bank is awarded top marks by customers. According to a survey conducted by the Privata Affärer magazine, 56% of bank customers use the Internet as their main form of contact. The number of transactions via the Internet grew by 53% compared with 2003. The number of Internet bank customers grew by 11%, totaling 288,000 at year-end.

Customers expanding their business

A growing number of people chose Länsförsäkringar as their main bank in 2004. The number of customers who have their savings, loans and current account with the bank has risen by 35% since 2003, and there has been a 27% increase in the number of customers who use Länsförsäkringar bank for their daily finances (transaction account + card + salary). Since 2003, 116,000 persons have chosen Länsförsäkringar as their bank supplier, bringing the

total number of customers to 568,000 (452,000). This increase is partly because mutual fund customers have been legally included in Länsförsäkringar Bank since the beginning of the year.

Sweden's most satisfied bank customers

The Swedish Quality Index survey, conducted annually by the Stockholm School of Economics, showed in 2004 that Länsförsäkringar has Sweden's most outstandingly satisfied bank customers. Länsförsäkringar's bank operations were awarded the highest marks of all banks in all areas of the survey. In several areas, including how bank customers perceive the quality of service they receive from their bank, Länsförsäkringar was awarded much higher marks than last year, while the bank market in general received slightly lower marks. Länsförsäkringar was awarded total marks of 76, which is considerably higher than the average of 68 for other banks.

Saving

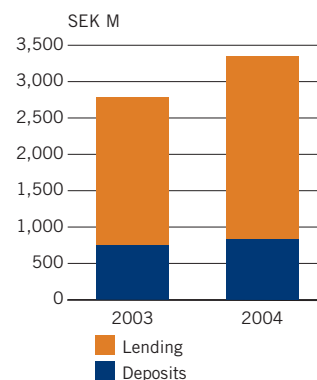
Volume growth in the savings area was satisfactory in 2004, with deposits rising by 9% from SEK 17 billion to SEK 19 billion. The product offering comprises savings accounts and fixed-interest accounts with lock-in periods of one year, two years or five years, mutual funds, Internet share trading, savings products for farmers and structured products in the form of stock index bonds. The results of the LänsSpar survey conducted by Länsförsäkringar show that Swedes demand secure forms of saving in regard to both their existing and their future saving. The proportion of Swedes who save in a bank account is setting new records – more than seven out of ten Swedes save in a bank account. This is also seen in the growth figures. In a five-year perspective, however, Swedes place the greatest confidence in mutual funds and unit-linked saving. Market share, measured



Agriculture

Länsförsäkringar is the market leader in the agricultural sector. The high market share within non-life insurance also creates favorable conditions for strong growth in the banking area. The regional insurance companies offer simple, secure and well-priced solutions for farmers' total financial and insurance needs.

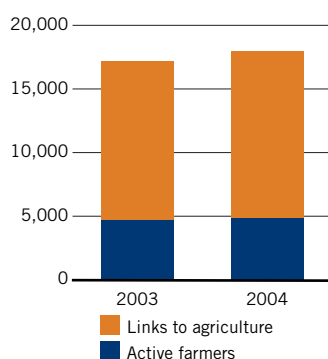
Business volume





The bank has 18,000 agricultural customers. Of these, 4,800 are active farmers and the remaining 13,200 have links to the agricultural sector. The proportion of Länsförsäkringar's agricultural customers who are also bank customers rose from 9.5% to 10.2% in 2004.

Number of agricultural customers



in deposits from households, amounted to 3.0% (2.9). New product launches by Länsförsäkringar during the year included two stock index bonds – World and China & Japan – that combine the potential of shares with the security of bonds.

Payments

Volume growth in the total stock of cards was strong in 2004, and the number of cards increased by 27% during the year. In 2005, preparations will commence to adapt all card products to the new EMV card standard based on chip technology rather than a magnetic strip. A foreign payments service and electronic invoicing were launched as new services in 2004. The proportion of payments made electronically increased to 67% (64). The rise in the number of transaction accounts opened and the number of cards shows that an increasing number of customers are choosing Länsförsäkringar as their main bank.

Lending

There was intense activity in the lending market during 2004, a major contributory factor being that interest-rate levels, which declined further during the year, are now at their lowest for many decades. The interest hikes that were the target of speculation during the spring did not occur and have

been postponed. The lending market is characterized by increasingly tough competition, primarily from commercial banks, which has led to increased pressure on prices and lower interest-rate margins. Despite these trends, Länsförsäkringar increased its market share for mortgage loans to 2.5% (1.9). The market share for loans to private individuals was 2.5% (2.3).

Mortgage loans to private individuals account for the major portion of lending, 69%. This is entirely to be expected, since Länsförsäkringar's large customer base in the form of house-owners is a strategic target group. The second largest area of lending comprises leasing and installment plans, which together account for 15%, followed by private loans (unsecured loans), accounting for 8%.

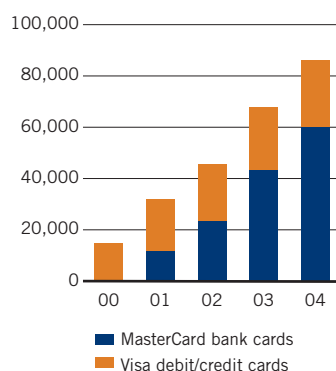
Funding

To reduce liquidity risks and achieve optimal pricing for the bank's funding, the bank strives to spread its funding across geographical markets and products. Borrowing and issued securities increased by 86% to SEK 19.1 billion (10.3).

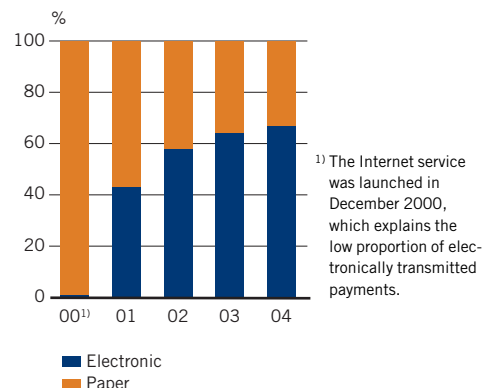
Funding program

During the spring, a Euro Medium Term Note (EMTN) program was established. The program, which is listed on the Luxembourg

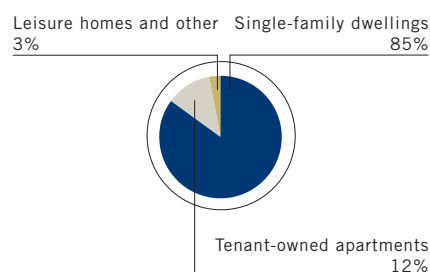
Number of cards



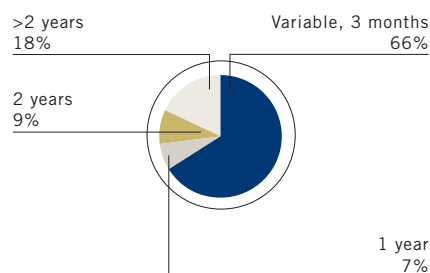
Proportion of electronically transmitted and paper-based payments



Product distribution



Fixed-interest terms for new lending (first-lien mortgages)



Stock Exchange and is regulated by English law, has a limit of EUR 1.5 billion. Within the scope of the EMTN program, issues can take place in different currencies and with maturities of 1 month and upwards.

The domestic MTN program was established in December 2002 and has a limit of SEK 15 billion. The program is listed on the Stockholm Stock Exchange and permits issues both in EUR and SEK. Issues under this program can have maturities of 1–15 years.

In addition to the two MTN programs, the bank also has a commercial paper program in the domestic market. The commercial paper program was established in July 2002 and initially had a limit of SEK 4 billion. This limit has now been raised to SEK 15 billion. Issues under this program can take place with maturities from one day to one year.

Both the Swedish and international markets have taken a very positive view of new issues with shrinking credit spreads across the entire yield curve. Combined with the upgraded rating, this has enabled Länsförsäkringar Bank to significantly reduce its cost of funding in the capital market.

Rating

In May 2004, Standard & Poor's upgraded Länsförsäkringar Bank's rating to A-/A-2 from earlier BBB+ (stable). According to S&P, the upgrade was motivated by the fact that the bank had evolved from a niche bank into a full-service bank and achieved the growth and profitability targets it had set. S&P also pointed out that the quality of assets had been maintained despite a substantial expansion in lending activity.

In May 2004, Länsförsäkringar Bank also received a rating from Moody's: A3/P-2. Moody's motivation was the bank's strategic role within Länsförsäkringar and the considerable expansion potential contained in Länsförsäkringar's large customer base. The bank's low risk profile and the solid level of capital adequacy were further motivating factors.

S&P's upgrading to a rating on the A-scale combined with a Moody's rating on a corresponding level have made it possible to considerably expand the investor base in both the Swedish market and the Euro market.

FUNDING

	Limit	Utilized at Dec. 31, 2004
Commercial paper	SEK 15 billion	SEK 3 billion
MTN (Medium Term Note)	SEK 15 billion	SEK 10 billion
EMTN (European Medium Term Note)	EUR 1.5 billion	EUR 500 M

Länsförsäkringar Fondförvaltning AB

As of January 1, 2004, Länsförsäkringar Fondförvaltning AB has been a subsidiary of the Banking Group. Länsförsäkringar Fondförvaltning manages SEK 40 billion (32) in 34 (36) mutual funds with different investment orientations. Länsförsäkringar's funds are marketed by the regional insurance companies and through insurance brokers and are available both as direct fund saving and as various unit-linked products. Länsförsäkringar's mutual funds can also be linked to premium, contractual and occupational pension plans.

Thirty-one of Länsförsäkringar's 34 mutual funds generated a positive return in 2004. The fixed-income funds were

avored by falling market interest rates during the year. The Real Estate Fund generated the highest return of 48.7% and was named as the top-performing fund in its category.

ABN AMRO has been commissioned by Länsförsäkringar Fondförvaltning to perform the daily management of the funds. Several funds failed to outperform their benchmark index in 2004. As a February 1, 2005, Goldman Sachs Asset Management International has taken over the management of Länsförsäkringar's two Europe funds.

Operating income amounted to SEK 46 M (21). The improvement is primarily the result of a higher management vol-

ume. A 67% portion of the increase in assets under management is due to net sales and 33% to value growth.

Länsförsäkringar Fondförvaltning retains its position as Sweden's fifth largest fund company, with a market share of 4.0% (3.9).

SEK M	2004	2003
Assets under management	40,114	34,210
Net inflow	3,934	3,922
Operating income	46	21



Employees

New competence requirements and focus on manager supply

During 2004, strategic competence development was a joint development area. Skilled and dedicated personnel are a prerequisite for being able to realize strategic goals. Continuous improvement and development of employee skills is also crucial to being regarded as an attractive employer.

COMPETENCE EXCHANGE and skills development have become key requirements as a result of the broadening of the brand, changes to regulations and procedures, adaptation to new technical tools and changes in the distribution of work between the regional insurance companies and Länsförsäkringar AB. The nature of positions has changed; some positions have more or less disappeared, while new positions have been created.

To ensure that this competence boost is successful, a common set of objectives has been prepared describing the various occupational categories that Länsförsäkringar needs and what competence requirements should apply to the different categories. The work was based on the Corporate, Private and Agricultural perspectives and covered the non-life insurance, life assurance, mutual fund and banking areas.

The competence development services offered by Länsförsäkringar AB's Training Center are based on specified requirement

profiles, skills inventories and analyses of business needs. Among other programs, diploma courses in life assurance and banking have been developed.

Manager supply – a strategic area for Länsförsäkringar

Manager supply is a strategic area for the 24 regional insurance companies and for Länsförsäkringar AB.

- Länsförsäkringar's structure, comprising autonomous local companies of varying size, and its market situation give it a unique opportunity to offer competent employees an interesting career-development path.
- Länsförsäkringar is on the threshold of a generation change due to the average age of its employees.
- As more employees gain experience of working at different regional insurance companies, a learning and skills-transfer process takes place between these companies, which also reinforces and develops the corporate culture.

A common manager-supply model has been developed in order to perform an advance survey, identify talented employees and plan for their development. The aim is to utilize the entire Länsförsäkringar Alliance as a joint

labor market to prepare the ground and cultivate future management material. A project aimed at identifying ways for the Länsförsäkringar Alliance to increase equality between women and men in the management structure was also conducted during the year. This is a long-term project that will remain in focus over the next three to five years.



Health and work environment

Health in the workplace has been an important area of focus within the Länsförsäkringar Alliance in recent years. Regular examinations, implementation and follow-up of health and work-environment measures are now thoroughly integrated in both operations and management.

Survey shows continued favorable employer image

In a survey conducted by Image Survey International, Länsförsäkringar ended up in third place in the finance sector and retained first place in the insurance sector. Decision-makers in 335 companies that have more than 50 employees took part in the survey. According to the survey respondents, the Länsförsäkringar Alliance is a well-known and respected company in the finance sector, a view that is generally shared by employees of the Alliance.

Best in the industry if you ask the students

Länsförsäkringar retains its position as the most attractive employer in the insurance sector, according to Universum Communications' annual student survey, the Corporate Barometer, which is conducted at 34 universities and colleges in Sweden. This year too, business administration and economics students give Länsförsäkringar the highest rating in the insurance sector. Länsförsäkringar's focus on trainee programs

and active participation in labor market days and student activities contributed to the favorable result.

Trainee programs

Länsförsäkringar implemented its first trainee program in 2001. The program was repeated during the period from September 2003 to September 2004. A new recruitment drive for trainees is planned to commence during autumn 2005, with the program scheduled to begin in January 2006.

.....		
The most important characteristics for a company	Länsförsäkringar's major strengths	Länsförsäkringar's main competitive advantages
<ul style="list-style-type: none"> • Offers interesting work assignments • Looks after its personnel • Develops as a company • Has products/services that prospective employees would like to work with 	<ul style="list-style-type: none"> • Excellent reputation in its sector • Is a financially sound employer <ul style="list-style-type: none"> • Offers opportunities for career development within the company • Provides an excellent reference for future career 	<ul style="list-style-type: none"> • Excellent reputation in its sector • Looks after its personnel • Offers opportunities for career development within the company

Employees

At year-end 2004, the Länsförsäkringar Alliance had a total of 5,500 employees, which was a reduction of slightly more than 100 employees compared with the preceding year. The major proportion of personnel cutbacks occurred in the jointly owned Länsförsäkringar AB, but there were also cutbacks in the life assurance sales organizations in some of the regional insurance companies.

The number of new positions in the regional insurance companies during 2005 is estimated at 110. Among other appointments during 2004, new managing directors were recruited for four regional insurance companies. Two of these appointees had previously been employed within the Länsförsäkringar Alliance.

A comparison with other companies in the sector shows that Länsförsäkringar has a high age structure and a large group of employees born in the 1940s who are approaching retirement age. Action programs will be drawn up to cope with the impending change.

Employee statistics

Number of permanent employees at December 31	2004	2003
24 regional insurance companies		
– men	1,843	1,841
– women	1,989	1,992
Länsförsäkringar AB		
– men	664	724
– women	897	950
Mäklarservice (broker service)		
– men	40	43
– women	71	66
Total number of permanent employees	5,504	5,616
Permanent employees who left during the year	373	357
Permanent employees recruited during the year	204	308
Future recruitment needs in the 24 regional insurance companies	110	120

Age range	2004		2003 All employees
	Managers	All employees	
0–30 years	14	554	606
31–40 years	152	1,614	1,662
41–50 years	235	1,525	1,572
51–60 years	188	1,588	1,599
61 years–	19	219	223
Average age, women	47	44	44
Average age, men	47	45	45

Absence due to sickness, % 2004

Total absence due to sickness as a percentage of regular working hours	4.3
Absence for a continuous period of 60 days or more as a percentage of total absence due to sickness	59.5

Absence due to sickness by gender

Men	2.9
Women	5.7

Absence due to sickness by age category

29 years or younger	2.7
30–49 years	3.9
50 years or older	5.3

Elected officers	2004		2003	
	Women	Men	Women	Men
Managing Directors	4	32	6	28
Management teams	80	213	69	191
Board members	99	256	92	274
Assembly of delegates	294	1,071	302	1,183

Management team: includes union representatives

Board: regular members including union representatives

Delegates: regular members



Improved service through international cooperation

International cooperation enables Länsförsäkringar to develop its products and services to better meet customer needs.

The regional insurance companies cooperate with each other and with the jointly owned Länsförsäkringar AB to develop their customer offering and provide local service throughout Sweden. In the same way, Länsförsäkringar works with international partners to monitor developments and provide services for Swedish customers abroad.



THE REGIONAL insurance companies' customers – both private individuals and companies – are increasingly active abroad. Study, work and leisure take place in other countries to an increasing extent. Both large and small companies have operations outside Sweden. In the same way that a regional insurance company is expected to provide good insurance cover, claims service and advice throughout Sweden, customers must also be able to receive good service in other countries.

Increased travel requires that claims adjustment services are expanded to be able to provide rapid assistance for travelers and vehicles involved in accidents in other countries. For emergency situations, special resources are required. Since 2003, Länsförsäkringar has been a major shareholder in SOS International, with a 12% interest. The ability to provide service to customers suffering damage or injury whilst abroad was demonstrated in conjunction with the tsunami disaster on December 26, 2004.

Sharing experiences

Länsförsäkringar is a major player in non-life insurance, life assurance and banking in a national market that is becoming increasingly concentrated. To lead the development, Länsförsäkringar must study influences and innovations from other countries. A change is taking place across Europe, particularly with regard to health insurance and other traditional areas of social security. This also provides increased openings for private insurance companies and greater clarity for customers, enabling them to evaluate their need for insurance to supplement the protection provided by society. A number of European companies have come a long way in this area. By learning from the experiences of others, Länsförsäkringar can shorten development times for such products.

Extensive cooperation through EurAPCo

The most extensive insurance alliance is within the EurAPCo company (European Alliance Partners Company), formed in the autumn of 2000 to focus on development issues that can strengthen the participants in their own domestic markets. The partners in EurAPCo are Eureko, Friends Provident, Länsförsäkringar, Covea/MAAF-MMA, Gothaer and Swiss Mobiliar.

Länsförsäkringar is also a member of the Nordic Alliance, a partnership between Gjensidige Forsikring, Länsförsäkringar and Tapiola. The Alliance, which also encompasses bank issues, was formed in the early

1990s and is based on a close exchange of experience among mutual insurance companies.

Simpler claims adjustment for traffic accidents abroad

The provisions of the Fourth Motor Insurance Directive require all issuers of motor insurance within the EU, the EEA and Switzerland to protect their customers' interests. For example, a person who is hit by a car and injured in another EU/EEA country may now travel home and have his claim adjusted in his home country and in his native language via a representative of the foreign insurance company. The representative adjusts the claim on the foreign

insurer's account in accordance with the regulations that apply in the country in which the claim was incurred. The claimant avoids having to deal directly with a foreign insurance company in a foreign language. Corresponding rules apply for citizens from other countries within the EU/EEA who have been injured during their stay in Sweden.

Through a well-functioning network of insurance companies, the regional insurance companies are able to provide a high quality service for customers who have suffered damage or injury abroad.

Insuring companies abroad

Insuring a company's operations outside Sweden is often subject to other regulations

than those that apply in Sweden. The package solutions for commercial customers in Sweden are generally very different from those abroad. Extensive expertise is required to tailor a customized solution that corresponds to Swedish insurance.

Through the International Network of Insurance (INI), Länsförsäkringar is able to arrange local non-life insurance in almost all parts of the world, giving customers the same level of cover as in Sweden.

Through the EurAPCo alliance, Länsförsäkringar can also assist commercial customers who plan to send employees to work abroad for shorter or extended periods.

How Länsförsäkringar looks after customers who travel abroad

The number of customers who take vacations abroad, either by car or on charter trips, is constantly increasing. In many cases, the travel cover included in home insurance is a great help in the event of damage and/or an accident. One of Länsförsäkringar's most effective ways of assisting customers who suffer accidents abroad is to establish contact between the customer and the assistance company SOS International in Copenhagen.

Through agreements with various suppliers worldwide, SOS International's emergency staff assume responsibility for contacting breakdown and vehicle-retrieval

companies and automotive repair facilities to negotiate for the repair of vehicles. For cases involving illness, SOS International has similar contacts with doctors and hospitals in order to arrange for the best possible help for customers in foreign countries. The staff member handling the case at SOS International simultaneously maintains continuous contact with the insurance company to keep it informed of the measures taken.

In the event of a death abroad, SOS International's task is to arrange for the deceased to be transported home. To this end, SOS International establishes the necessary con-

tacts with local undertakers and the local Swedish mission. SOS International also assumes responsibility for seeing that the deceased is transported home to Sweden and that undertakers are waiting at the airport in Sweden to provide onward transport to a church in the deceased's home community.

The staff at SOS International can communicate in virtually all foreign languages. For the second time in three years, SOS International was named "Assistance/claims handler of the year" in the face of intense competition from other emergency centers in various parts of the world.



Länsförsäkringar Norrbotten

MANAGING DIRECTOR

Kjell Lindfors

BOARD CHAIRMAN

Lars Karbin

POPULATION

253,000

NUMBER OF COMPANIES

23,800

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	59	24
Total assets, SEK M	527	425
Solvency margin, %	97	91
Average number of employees	55	60
Bank		
Deposits, SEK M	134	124
Lending, SEK M	458	316
Lending on commission basis, SEK M	82	113
Number of customers	5,100	4,900
Mutual funds		
Market value, SEK M	24	26
Gross sales, SEK M	8	3
Number of customers	800	800
Life assurance		
Premium income, SEK M	99	98
Total insurance capital, SEK M	1,290	1,409
Number of customers	13,900	14,000
Non-life insurance		
Premium income, SEK M	269	203
Technical result, SEK M	39	21
Combined ratio after ceded reinsurance, %	77	86
Total yield on asset management, %	8	5
Number of customers	46,200	47,000



Länsförsäkringar Västerbotten

MANAGING DIRECTOR

Rutger Arnesson

BOARD CHAIRMAN

Conny Sandström

POPULATION

257,000

NUMBER OF COMPANIES

28,100

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	144	143
Total assets, SEK M	1,690	1,390
Solvency margin, %	203	253
Average number of employees	135	135
Bank		
Deposits, SEK M	704	660
Lending, SEK M	1,204	887
Lending on commission basis, SEK M	115	143
Number of customers	12,900	11,900
Mutual funds		
Market value, SEK M	109	77
Gross sales, SEK M	54	17
Number of customers	2,900	2,500
Life assurance		
Premium income, SEK M	254	276
Total insurance capital, SEK M	2,677	2,768
Number of customers	25,400	25,300
Non-life insurance		
Premium income, SEK M	535	367
Technical result, SEK M	62	31
Bonuses and discounts, SEK M	-27	-25
Combined ratio after ceded reinsurance, %	89	94
Total yield on asset management, %	10	13
Number of customers	93,600	92,500



Länsförsäkringar Jämtland

MANAGING DIRECTOR

Sören Westin

BOARD CHAIRMAN

Arne Norrmann

POPULATION

127,000

NUMBER OF COMPANIES

18,900

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	77	57
Total assets, SEK M	920	729
Solvency margin, %	164	197
Average number of employees	84	87
Bank		
Deposits, SEK M	343	307
Lending, SEK M	940	691
Lending on commission basis, SEK M	123	169
Number of customers	7,500	6,900
Mutual funds		
Market value, SEK M	29	24
Gross sales, SEK M	11	5
Number of customers	1,300	1,200
Life assurance		
Premium income, SEK M	108	103
Total insurance capital, SEK M	1,318	1,384
Number of customers	13,200	13,000
Non-life insurance		
Premium income, SEK M	366	255
Technical result, SEK M	35	22
Combined ratio after ceded reinsurance, %	92	95
Total yield on asset management, %	10	10
Number of customers	56,000	55,600



Länsförsäkringar Västernorrland

MANAGING DIRECTOR

Leif Johanson

BOARD CHAIRMAN

Anders Källström

POPULATION

244,000

NUMBER OF COMPANIES

23,600

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	37	17
Total assets, SEK M	838	702
Solvency margin, %	108	134
Average number of employees	100	98
Bank		
Deposits, SEK M	384	349
Lending, SEK M	398	283
Lending on commission basis, SEK M	54	69
Number of customers	7,700	7,200
Mutual funds		
Market value, SEK M	60	58
Gross sales, SEK M	12	13
Number of customers	23,600	26,400
Life assurance		
Premium income, SEK M	178	170
Total insurance capital, SEK M	2,358	2,485
Number of customers	20,500	20,400
Non-life insurance		
Premium income, SEK M	463	340
Technical result, SEK M	3	3
Combined ratio after ceded reinsurance, %	102	105
Total yield on asset management, %	9	10
Number of customers	66,000	66,200



Länsförsäkringar Gävleborg

MANAGING DIRECTOR

Birger Lövgren

BOARD CHAIRMAN

Kjell Stafström

POPULATION

277,000

NUMBER OF COMPANIES

25,500

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	119	33
Total assets, SEK M	815	627
Solvency margin, %	103	101
Average number of employees	109	105
Bank		
Deposits, SEK M	423	375
Lending, SEK M	784	545
Lending on commission basis, SEK M	48	62
Number of customers	8,500	7,700
Mutual funds		
Market value, SEK M	50	42
Gross sales, SEK M	16	6
Number of customers	1,600	1,600
Life assurance		
Premium income, SEK M	203	181
Total insurance capital, SEK M	2,171	2,249
Number of customers	23,700	23,800
Non-life insurance		
Premium income, SEK M	404	283
Technical result, SEK M	73	16
Combined ratio after ceded reinsurance, %	80	96
Total yield on asset management, %	10	6
Number of customers	73,900	73,900



Dalarnas Försäkringsbolag

MANAGING DIRECTOR

Anders Stigers

BOARD CHAIRMAN

Bengt Gabrils

POPULATION

276,000

NUMBER OF COMPANIES

31,200

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	293	207
Total assets, SEK M	3,391	2,847
Solvency margin, %	219	290
Average number of employees	205	204
Bank		
Deposits, SEK M	814	760
Lending, SEK M	1,995	1,419
Lending on commission basis, SEK M	170	213
Number of customers	17,400	15,800
Mutual funds		
Market value, SEK M	99	86
Gross sales, SEK M	23	15
Number of customers	4,500	4,200
Life assurance		
Premium income, SEK M	324	287
Total insurance capital, SEK M	3,414	3,495
Number of customers	32,300	31,400
Non-life insurance		
Premium income, SEK M	1,050	728
Technical result, SEK M	87	-26
Bonuses and discounts, SEK M	-34	-30
Combined ratio after ceded reinsurance, %	92	109
Total yield on asset management, %	9	12
Number of customers	141,600	142,200



Länsförsäkringar Värmland

MANAGING DIRECTOR

Ulf W Eriksson

BOARD CHAIRMAN

Patrik Sandin

POPULATION

274,000

NUMBER OF COMPANIES

28,100

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	95	40
Total assets, SEK M	1,065	849
Solvency margin, %	99	108
Average number of employees	88	86
Bank		
Deposits, SEK M	256	242
Lending, SEK M	414	331
Lending on commission basis, SEK M	48	65
Number of customers	5,700	5,600
Mutual funds		
Market value, SEK M	46	43
Gross sales, SEK M	6	5
Number of customers	1,200	1,200
Life assurance		
Premium income, SEK M	145	151
Total insurance capital, SEK M	1,867	1,959
Number of customers	19,700	19,700
Non-life insurance		
Premium income, SEK M	500	364
Technical result, SEK M	61	27
Combined ratio after ceded reinsurance, %	87	95
Total yield on asset management, %	5	4
Number of customers	75,100	75,900



Länsförsäkringar Uppsala

MANAGING DIRECTOR

Ann-Christin Norrström

BOARD CHAIRMAN

Björn Sundell

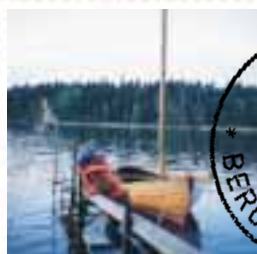
POPULATION

303,000

NUMBER OF COMPANIES

26,100

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	141	64
Total assets, SEK M	1,539	1,236
Solvency margin, %	135	162
Average number of employees	154	153
Bank		
Deposits, SEK M	752	697
Lending, SEK M	1,523	1,056
Lending on commission basis, SEK M	322	407
Number of customers	12,800	12,100
Mutual funds		
Market value, SEK M	110	97
Gross sales, SEK M	34	22
Number of customers	4,400	4,200
Life assurance		
Premium income, SEK M	301	300
Total insurance capital, SEK M	3,832	3,982
Number of customers	33,300	33,200
Non-life insurance		
Premium income, SEK M	628	445
Technical result, SEK M	50	1
Bonuses and discounts, SEK M	-15	-
Combined ratio after ceded reinsurance, %	94	106
Total yield on asset management, %	10	10
Number of customers	93,700	94,100



Länsförsäkringar Bergslagen

MANAGING DIRECTOR

Jan Karlsson

BOARD CHAIRMAN

Frans-Henrik Schartau

POPULATION

535,000

NUMBER OF COMPANIES

40,500

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	204	65
Total assets, SEK M	1,892	1,497
Solvency margin, %	138	163
Average number of employees	214	218
Bank		
Deposits, SEK M	732	679
Lending, SEK M	1,604	1,136
Lending on commission basis, SEK M	242	289
Number of customers	14,500	13,500
Mutual funds		
Market value, SEK M	138	118
Gross sales, SEK M	33	19
Number of customers	3,100	2,900
Life assurance		
Premium income, SEK M	409	502
Total insurance capital, SEK M	4,491	4,804
Number of customers	37,600	36,800
Non-life insurance		
Premium income, SEK M	817	572
Technical result, SEK M	117	-6
Combined ratio after ceded reinsurance, %	85	105
Total yield on asset management, %	7	8
Number of customers	126,600	115,600



Länsförsäkringar Stockholm

MANAGING DIRECTOR

Örian Söderberg (Acting)

BOARD CHAIRMAN

Bengt Ljungqvist

POPULATION

1,873,000

NUMBER OF COMPANIES

201,200

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	406	112
Total assets, SEK M	3,397	2,630
Solvency margin, %	65	51
Average number of employees	459	497
Bank		
Deposits, SEK M	3,622	3,708
Lending, SEK M	4,704	3,172
Lending on commission basis, SEK M	801	1,021
Number of customers	58,000	60,000
Mutual funds		
Market value, SEK M	568	499
Gross sales, SEK M	123	61
Number of customers	10,800	10,900
Life assurance		
Premium income, SEK M	2,174	1,993
Total insurance capital, SEK M	31,663	32,009
Number of customers	144,600	143,100
Non-life insurance		
Premium income, SEK M	1,883	1,577
Technical result, SEK M	254	45
Combined ratio after ceded reinsurance, %	89	103
Total yield on asset management, %	9	9
Number of customers	232,900	243,600



Länsförsäkringar Södermanland

MANAGING DIRECTOR

Anna-Greta Lundh

BOARD CHAIRMAN

Axel von Stockenström

POPULATION

261,000

NUMBER OF COMPANIES

19,400

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	119	91
Total assets, SEK M	1,266	970
Solvency margin, %	143	161
Average number of employees	107	109
Bank		
Deposits, SEK M	445	416
Lending, SEK M	1,252	906
Lending on commission basis, SEK M	94	121
Number of customers	9,300	8,600
Mutual funds		
Market value, SEK M	60	53
Gross sales, SEK M	14	11
Number of customers	2,000	1,900
Life assurance		
Premium income, SEK M	180	165
Total insurance capital, SEK M	2,099	2,178
Number of customers	20,300	20,200
Non-life insurance		
Premium income, SEK M	506	376
Technical result, SEK M	43	35
Combined ratio after ceded reinsurance, %	92	94
Total yield on asset management, %	9	10
Number of customers	74,100	75,200



Länsförsäkringar Göteborg och Bohuslän

MANAGING DIRECTOR

Ingemar Larsson

BOARD CHAIRMAN

Bengt Wolffram

POPULATION

816,000

NUMBER OF COMPANIES

73,400

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	181	148
Total assets, SEK M	2,336	1,868
Solvency margin, %	103	116
Average number of employees	265	259
Bank		
Deposits, SEK M	1,084	1,016
Lending, SEK M	1,734	1,195
Lending on commission basis, SEK M	247	293
Number of customers	20,200	19,600
Mutual funds		
Market value, SEK M	252	295
Gross sales, SEK M	107	54
Number of customers	6,900	6,700
Life assurance		
Premium income, SEK M	899	836
Total insurance capital, SEK M	11,498	11,719
Number of customers	59,100	58,300
Non-life insurance		
Premium income, SEK M	1,119	813
Technical result, SEK M	88	56
Combined ratio after ceded reinsurance, %	93	95
Total yield on asset management, %	8	10
Number of customers	170,700	170,400



Länsförsäkringar Skaraborg

MANAGING DIRECTOR

Carl Henrik Ohlsson

BOARD CHAIRMAN

Hans Jonsson

POPULATION

272,000

NUMBER OF COMPANIES

26,400

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	111	70
Total assets, SEK M	1,257	979
Solvency margin, %	118	133
Average number of employees	118	114
Bank		
Deposits, SEK M	508	436
Lending, SEK M	836	564
Lending on commission basis, SEK M	73	100
Number of customers	10,100	9,500
Mutual funds		
Market value, SEK M	150	128
Gross sales, SEK M	41	24
Number of customers	19,800	20,200
Life assurance		
Premium income, SEK M	173	163
Total insurance capital, SEK M	2,780	2,988
Number of customers	23,200	23,000
Non-life insurance		
Premium income, SEK M	543	400
Technical result, SEK M	44	0
Combined ratio after ceded reinsurance, %	92	103
Total yield on asset management, %	9	12
Number of customers	79,000	79,500



Östgöta Brandstodsbolag

MANAGING DIRECTOR

Anders Östryd

BOARD CHAIRMAN

Sten Eklöf

POPULATION

416,000

NUMBER OF COMPANIES

31,900

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	310	160
Total assets, SEK M	3,249	2,562
Solvency margin, %	207	252
Average number of employees	273	268
Bank		
Deposits, SEK M	1,690	1,489
Lending, SEK M	1,938	1,145
Lending on commission basis, SEK M	209	282
Number of customers	30,900	31,200
Mutual funds		
Market value, SEK M	132	100
Gross sales, SEK M	44	22
Number of customers	4,900	4,400
Life assurance		
Premium income, SEK M	503	520
Total insurance capital, SEK M	4,273	4,367
Number of customers	44,900	44,500
Non-life insurance		
Premium income, SEK M	1,066	759
Technical result, SEK M	121	-5
Bonuses and discounts, SEK M	-35	-41
Combined ratio after ceded reinsurance, %	87	104
Total yield on asset management, %	10	11
Number of customers	163,100	161,900



Länsförsäkringar Älvsborg

MANAGING DIRECTOR

Sten Lundqvist

BOARD CHAIRMAN

Fredrik Waern

POPULATION

451,000

NUMBER OF COMPANIES

42,400

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	241	102
Total assets, SEK M	2,548	2,043
Solvency margin, %	177	213
Average number of employees	204	211
Bank		
Deposits, SEK M	1,292	1,086
Lending, SEK M	2,029	1,566
Lending on commission basis, SEK M	291	426
Number of customers	20,200	19,700
Mutual funds		
Market value, SEK M	155	140
Gross sales, SEK M	24	18
Number of customers	45,000	45,700
Life assurance		
Premium income, SEK M	314	304
Total insurance capital, SEK M	4,279	4,473
Number of customers	38,200	37,800
Non-life insurance		
Premium income, SEK M	985	715
Technical result, SEK M	117	29
Combined ratio after ceded reinsurance, %	87	98
Total yield on asset management, %	7	6
Number of customers	140,400	142,000



Länsförsäkringar Gotland

MANAGING DIRECTOR

Peter Lindvall

BOARD CHAIRMAN

Gösta af Petersens

POPULATION

58,000

NUMBER OF COMPANIES

6,800

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	59	51
Total assets, SEK M	588	486
Solvency margin, %	248	309
Average number of employees	35	34
Bank		
Deposits, SEK M	196	208
Lending, SEK M	643	479
Lending on commission basis, SEK M	109	135
Number of customers	4,500	4,200
Mutual funds		
Market value, SEK M	14	12
Gross sales, SEK M	4	3
Number of customers	900	800
Life assurance		
Premium income, SEK M	47	32
Total insurance capital, SEK M	418	411
Number of customers	6,100	5,800
Non-life insurance		
Premium income, SEK M	166	115
Technical result, SEK M	19	7
Bonuses and discounts, SEK M	-7	-
Combined ratio after ceded reinsurance, %	88	97
Total yield on asset management, %	8	13
Number of customers	25,800	25,500



Länsförsäkringar Jönköping

MANAGING DIRECTOR

Johan Svedberg

BOARD CHAIRMAN

Evert Svensson

POPULATION

312,000

NUMBER OF COMPANIES

31,000

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	183	134
Total assets, SEK M	1,946	1,502
Solvency margin, %	128	149
Average number of employees	158	155
Bank		
Deposits, SEK M	780	674
Lending, SEK M	1,252	803
Lending on commission basis, SEK M	148	196
Average number of customers	13,200	11,800
Mutual funds		
Market value, SEK M	88	68
Gross sales, SEK M	32	14
Number of customers	3,000	2,700
Life assurance		
Premium income, SEK M	309	302
Total insurance capital, SEK M	3,848	4,058
Number of customers	31,700	31,100
Non-life insurance		
Premium income, SEK M	794	576
Technical result, SEK M	81	20
Bonuses and discounts, SEK M	-45	-
Combined ratio after ceded reinsurance, %	90	99
Total yield on asset management, %	10	14
Number of customers	113,000	114,200



Länsförsäkringar Halland

MANAGING DIRECTOR

Mats Ericsson

BOARD CHAIRMAN

Johan Lilliehöök

POPULATION

284,000

NUMBER OF COMPANIES

28,100

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	132	118
Total assets, SEK M	1,549	1,215
Solvency margin, %	171	215
Average number of employees	132	129
Bank		
Deposits, SEK M	878	768
Lending, SEK M	2,351	1,678
Lending on commission basis, SEK M	156	219
Number of customers	16,400	15,000
Mutual funds		
Market value, SEK M	108	106
Gross sales, SEK M	24	35
Number of customers	26,100	31,100
Life assurance		
Premium income, SEK M	236	229
Total insurance capital, SEK M	3,317	3,543
Number of customers	26,000	25,500
Non-life insurance		
Premium income, SEK M	555	388
Technical result, SEK M	64	34
Bonuses and discounts, SEK M	-31	-
Combined ratio after ceded reinsurance, %	88	94
Total yield on asset management, %	7	11
Number of customers	82,100	83,200



Länsförsäkring Kronoberg

MANAGING DIRECTOR

Fredrik Daveby

BOARD CHAIRMAN

Per-Åke Holgersson

POPULATION

178,000

NUMBER OF COMPANIES

21,300

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	87	44
Total assets, SEK M	782	601
Solvency margin, %	116	125
Average number of employees	76	77
Bank		
Deposits, SEK M	348	318
Lending, SEK M	462	316
Lending on commission basis, SEK M	99	120
Number of customers	6,100	5,700
Mutual funds		
Market value, SEK M	43	38
Gross sales, SEK M	5	4
Number of customers	2,400	2,400
Life assurance		
Premium income, SEK M	186	189
Total insurance capital, SEK M	2,580	2,795
Number of customers	16,800	16,800
Non-life insurance		
Premium income, SEK M	375	266
Technical result, SEK M	35	13
Combined ratio after ceded reinsurance, %	92	97
Total yield on asset management, %	12	10
Number of customers	53,800	54,700



Länsförsäkringar Kalmar län

MANAGING DIRECTOR

Lars B Danielsson

BOARD CHAIRMAN

Chister Olander

POPULATION

234,000

NUMBER OF COMPANIES

23,500

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	158	98
Total assets, SEK M	1,473	1,236
Solvency margin, %	185	222
Average number of employees	130	132
Bank		
Deposits, SEK M	354	336
Lending, SEK M	579	421
Lending on commission basis, SEK M	84	104
Number of customers	7,500	6,900
Mutual funds		
Market value, SEK M	61	49
Gross sales, SEK M	24	16
Number of customers	2,000	1,900
Life assurance		
Premium income, SEK M	219	214
Total insurance capital, SEK M	2,779	2,806
Number of customers	21,800	21,600
Non-life insurance		
Premium income, SEK M	592	426
Technical result, SEK M	75	7
Bonuses and discounts, SEK M	-15	-20
Combined ratio after ceded reinsurance, %	86	101
Total yield on asset management, %	9	10
Number of customers	92,600	91,000



Blekinge Länsförsäkringsbolag

MANAGING DIRECTOR

Jörgen Svensson

BOARD CHAIRMAN

Anders Åkesson

POPULATION

150,000

NUMBER OF COMPANIES

12,200

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	59	40
Total assets, SEK M	681	546
Solvency margin, %	168	204
Average number of employees	62	59
Bank		
Deposits, SEK M	272	256
Lending, SEK M	563	405
Lending on commission basis, SEK M	86	115
Number of customers	5,600	5,200
Mutual funds		
Market value, SEK M	29	20
Gross sales, SEK M	12	5
Number of customers	1,300	1,200
Life assurance		
Premium income, SEK M	101	98
Total insurance capital, SEK M	1,412	1,526
Number of customers	11,300	11,200
Non-life insurance		
Premium income, SEK M	253	177
Technical result, SEK M	27	8
Combined ratio after ceded reinsurance, %	90	99
Total yield on asset management, %	8	10
Number of customers	47,100	47,700



Länsförsäkringar Göinge

MANAGING DIRECTOR

Klas von Celsing

BOARD CHAIRMAN

Ingmar Kristiansson

POPULATION

78,000

NUMBER OF COMPANIES

7,900

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	56	39
Total assets, SEK M	634	515
Solvency margin, %	206	256
Average number of employees	46	46
Bank		
Deposits, SEK M	187	167
Lending, SEK M	228	141
Lending on commission basis, SEK M	36	53
Number of customers	3,200	3,000
Mutual funds		
Market value, SEK M	25	23
Gross sales, SEK M	5	4
Number of customers	900	900
Life assurance		
Premium income, SEK M	68	63
Total insurance capital, SEK M	1,062	1,129
Number of customers	8,000	7,900
Non-life insurance		
Premium income, SEK M	209	146
Technical result, SEK M	19	2
Combined ratio after ceded reinsurance, %	93	102
Total yield on asset management, %	11	11
Number of customers	32,100	32,100



Länsförsäkringar Kristianstad

MANAGING DIRECTOR

Conny Famm

BOARD CHAIRMAN

Göran Trobro

POPULATION

88,000

NUMBER OF COMPANIES

7,500

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	52	31
Total assets, SEK M	614	477
Solvency margin, %	176	222
Average number of employees	52	49
Bank		
Deposits, SEK M	272	255
Lending, SEK M	507	340
Lending on commission basis, SEK M	78	99
Number of customers	5,000	4,400
Mutual funds		
Market value, SEK M	34	31
Gross sales, SEK M	6	4
Number of customers	1,100	1,000
Life assurance		
Premium income, SEK M	84	80
Total insurance capital, SEK M	1,012	1,076
Number of customers	8,900	8,800
Non-life insurance		
Premium income, SEK M	233	161
Technical result, SEK M	19	0
Combined ratio after ceded reinsurance, %	92	103
Total yield on asset management, %	9	10
Number of customers	37,500	37,200



Länsförsäkringar Skåne

MANAGING DIRECTOR

Jan Fock

BOARD CHAIRMAN

Gunnar Kinch

POPULATION

998,000

NUMBER OF COMPANIES

90,400

KEY FIGURES	2004	2003
Operating income before bonuses and discounts, SEK M	296	201
Total assets, SEK M	3,190	2,609
Solvency margin, %	96	107
Average number of employees, incl. subsidiaries	403	400
Bank		
Deposits, SEK M	882	838
Lending, SEK M	3,016	2,372
Lending on commission basis, SEK M	330	394
Number of customers	21,700	21,300
Mutual funds		
Market value, SEK M	225	213
Gross sales, SEK M	71	140
Number of customers	5,800	5,700
Life assurance		
Premium income, SEK M	841	816
Total insurance capital, SEK M	12,586	13,310
Number of customers	80,500	80,000
Non-life insurance		
Premium income, SEK M	1,625	1,163
Technical result, SEK M	156	62
Combined ratio after ceded reinsurance, %	92	98
Total yield on asset management, %	9	11
Number of customers	246,000	244,500

Länsförsäkringar AB

Strong finances and service

Cooperation within the Länsförsäkringar Alliance takes place through Länsförsäkringar AB, which is jointly owned by the regional insurance companies, and its subsidiaries. Länsförsäkringar AB's basic task is to conduct and coordinate the joint strategic and development process within the Länsförsäkringar Alliance and to provide service to the regional insurance companies. Länsförsäkringar AB is the strong financial hub that makes it possible for the regional insurance companies to provide their customers with an attractive offering in the areas of non-life insurance, life assurance and banking services.

LÄNSFÖRSÄKRINGAR AB is one of Sweden's largest financial groups. The overriding purpose of the regional insurance companies' involvement in Länsförsäkringar AB is to benefit wherever possible from economies of scale where such exist. Länsförsäkringar AB operates in accordance with Länsförsäkringar's principles and business model, with the intent of strengthening the regional insurance concept by:

- promoting the Alliance's common strategic development activities
- providing the regional insurance companies with the level and range of services they desire
- supplying the regional insurance companies with products and conducting business operations under its own concession/charter where specifically decided

- representing the Länsförsäkringar Alliance externally at the national and international levels.

Business operations at Länsförsäkringar AB shall be conducted with the aim to generate a profit so that the company can provide a good return for its owners. There is also a possibility of paying dividends to the owners. Development and service activities shall be conducted at cost price.

Länsförsäkringar AB thus serves as the hub of the Länsförsäkringar Alliance and is responsible for shared functions comprising service, strategic development and product development. One of the first tasks was to create a joint reinsurance system. It was precisely the need for reinsurance that brought about solid business collaboration among the regional insurance companies. In 1936,

Landsbygdens Återförsäkrings AB was formed, which subsequently became Länsförsäkringar AB. Today, reinsurance operations continue to be of major strategic importance. This unique structure provides a competitive advantage for Länsförsäkringar and is a key component of the Alliance.

Some of the larger joint development projects undertaken in recent years include business development support for the regional insurance companies (sales process), development of a new customer database system to support discussions with customers, further development of Internet functionality, improvement of customer communications through new Consolidated Customer Statements and combined value statements for life and pension insurance policies, and the development of a new system for motor insurance.

Länsförsäkringar AB also serves as a platform and incubator for new businesses. Once an activity has achieved sufficient volume and stability, it can be shifted out to the regional insurance companies. Accident insurance is one example of this principle. Of much greater significance, however, is the transfer of all motor insurance to the regional insurance companies, which took place in two stages, first automobile damage insurance in 1994 and later third-party liability insurance during 2003 and 2004.

Banking operations were launched in 1996, using a high interest-rate account as the primary competitive weapon against

NET ASSET VALUE, LÄNSFÖRSÄKRINGAR AB SHARE

	2000	2001	2002	2003	2004
SEK	910	878	876	966	1,114

The regional insurance companies own shares in the joint company Länsförsäkringar AB. This is one of the cornerstones of the Alliance. The regional insurance companies impose the same demands with regard to return for these shares as for listed shares and other investment assets. Since 2000, the value has increased by 22%.

other niche banks. Since then, the bank has evolved in several stages to offer a full range of services for both individuals and farmers. Länsförsäkringar Bank is one of the divisions that are now operated as a subsidiary of Länsförsäkringar AB. As with all services, it is the individual regional insurance company that is responsible for all customer contacts, and this is also the case for banking. The various divisions have different roles to play within the value chain. In the case of the bank, the bank charter is held jointly, and financing, Internet bank and back office functions are also shared.

The largest development step taken by Länsförsäkringar to date is the merger with Wasa in 1998. This was made possible partly because Länsförsäkringar AB was well-equipped to serve as the engine in a process that involved two banks becoming one, two mutual fund companies becoming one, the takeover of Wasa's non-life insurance operations by 24 regional insurance companies, two life assurance companies becoming one and the formation of a new asset management company.

The goal behind this merger was to form a powerful financial group covering the fields of life assurance, non-life insurance and banking – Länsförsäkringar Bank & Insurance. Today, this successful process has resulted in the harnessing of synergies, reducing costs significantly. The regional insurance companies have, in collaboration with Länsförsäkringar AB, also created addi-

tional benefits in the form of shared expenses for items such as financial administration, IT, corporate law, communications, controlling, compliance and internal audits. These shared operations within Länsförsäkringar AB have formed the basis for the successful and comprehensive building and development of the Länsförsäkringar brand.

Forms of ownership

Länsförsäkringar AB is 100% owned by the regional insurance companies and 10 local insurance companies. The shareholding is included in the net asset value of the regional insurance companies and the companies impose the same yield requirements on these shares as on listed shares and other investment assets. The value of the shareholding has risen by 22% since 2000. The ownership of Länsförsäkringar AB by the

regional insurance companies, as well as the internal obligations as owners, are handled within the framework of a consortium, regulated by a consortium agreement.

Earnings

Länsförsäkringar AB is a stable and profitable company. Since the stock market decline in 2000–2003, extensive measures have been taken to strengthen and develop the balance sheets in the Group and the subsidiaries. Strong efficiency-enhancing measures have been implemented with the aim of achieving lower cost levels in all areas than in comparable companies.

The Länsförsäkringar AB Group reported a pre-tax profit of SEK 781 M (750), primarily attributable to a strong technical result and continued efficiency-enhancing measures. The technical result



for non-life insurance operations totaled SEK 260 M (586). Premiums earned amounted to SEK 3,057 M (4,417), which was a substantial decline compared with 2003. The decline is mainly because third-party liability policies, which previously accounted for two thirds of volumes, have been written by the regional insurance companies from January 1, 2004. Total investment income in 2004 amounted to SEK 1,023 M (898). An amount of SEK 505 M (699) was transferred to insurance operations.

Länsförsäkringar Bank generated a net profit of SEK 127 M (65) for 2004, up 95%. SEK 46 M of this profit is attributable

to Länsförsäkringar Fondförvaltning AB, which has been included in the Banking Group since January 1, 2004. Länsförsäkringar Liv is not consolidated since the company operates in accordance with mutual principles.

Consolidation

The net asset value increased in 2004 by SEK 764 M to SEK 7,603 M. The consolidated solvency margin for the Länsförsäkringar AB Group rose to 389% (147), primarily due to lower business volumes since new third-party liability policies are now taken out through the regional insurance companies.

KEY FIGURES

(Länsförsäkringar AB Group excluding life assurance operations)

SEK M	2004	2003
Premiums earned after ceded reinsurance	3,057	3,716
Investment income transferred to financial operations	505	699
Claims payments after ceded reinsurance	-2,625	-3,750
Operating expenses	-675	-885
Technical result, non-life insurance operations	260	586
Investment income, gross	1,023	898
Profit before tax	781	750

See page 74 for the financial results of Länsförsäkringar AB's subsidiaries that conduct traditional life assurance, unit-linked insurance, banking and mutual fund operations.

Rating

Credit ratings affect both the Länsförsäkringar AB Group's costs of raising funds in the international capital markets and Länsförsäkringar Sak's possibility to write assumed reinsurance. A high rating entails lower financing costs and a greater possibility to write assumed reinsurance. A credit rating is assigned to each legal entity separately and not to the Länsförsäkringar AB Group or the Länsförsäkringar Alliance as a whole. However, the ratings reflect the Länsförsäkringar Alliance's financial strength and strong financial results. Each rating is accompanied by a forecast, stating whether the current rating is positive, stable or negative. On May 5, 2004, Moody's issued Länsförsäkringar Bank with a rating for the first time: A3 with a stable forecast. On May 19, 2004, Standard & Poor's upgraded its credit rating for Länsförsäkringar Bank from BBB+ to A-, with a stable forecast.

CURRENT RATINGS, FEBRUARY 2005

Company	Institute	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A-/Stable	-
Länsförsäkringar AB	Moody's	A3/Stable	-
Länsförsäkringar Bank	Standard & Poor's	A-/Stable	A-2(K-1)
Länsförsäkringar Bank	Moody's	A3/Stable	P-2
Länsförsäkringar Sak	Standard & Poor's	A/Stable	-
Länsförsäkringar Sak	Moody's	A2/Stable	-
Humlegården	Standard & Poor's	A/Stable	(K-1)
Agria Djurförsäkring	Standard & Poor's	A-pi*	-

* pi means that the rating is based on public information such as annual reports.



Asset management

Successful investment process is key

Responsibility for asset management within Länsförsäkringar lies with each of the regional insurance companies and with a specialist function within Länsförsäkringar AB. The latter, referred to below as “Asset Management” is responsible for managing approximately SEK 150 billion on behalf of the Länsförsäkringar AB Group’s life assurance and non-life insurance companies, mutual fund company, Agria Djurförsäkring (animal insurance) and several smaller Group companies.

ASSET MANAGEMENT’S GOAL is to create favorable and competitive returns given the underlying conditions of the various assignments. Successful asset management is achieved through a combination of in-depth and broad expertise of asset management, sound knowledge about the client’s operations and a well thought-out investment process. This approach to asset management has proven successful in recent years, further confirmation of which was seen in December 2004 when Länsförsäkringar was named “Best Pension Fund in Sweden” by the leading industry publication Investment & Pensions Europe (IPE) for the second consecutive year.

The investment process

The long-term management of assets is determined using a balance sheet analysis, which takes into account the company’s liability to its policyholders. This analysis identifies risks and uncertainty related to the liability and the assets and their covariance over time. The goal of the study is to establish an optimal risk level for the asset portfolio that gives a competitive return and that balances the liability with future incoming and outgoing payments.

The study establishes an overall risk level that is suitable and acceptable. The next step involves distributing this risk across various risk sources to achieve an optimal return with an diversified spread of

risk. Risk associated with financial investments is normally broken down into two components: market risk and active risk. The most important strategic decision for each mandate is market risk, or the long-term asset allocation.

A suitable level of market risk is established through quantitative and qualitative analyses of return, risk and correlations for different asset classes. This results in a number of risk sources with different characteristics but which, combined, give a market return with broad market risk. The long-term strategic asset allocation is then established based on the results of this study. Asset allocation is also subject to legal restrictions.

Once the asset allocation has been decided, the quest to achieve return via active risk commences through asset manager analysis. Asset manager analysis is applied in two different ways, both by evaluating and procuring new asset managers and by controlling and monitoring existing management assignments. Asset managers are evaluated based mainly on qualitative factors, such as assessments of the management team, investment process and portfolio composition. Historical presentations also play an important role in assessing asset managers.

Asset Management works continuously to allocate, or distribute, the risks in the portfolios so as to achieve optimal yield with limited risk-taking.

Management

Länsförsäkringar AB has chosen to transfer the daily management of listed assets and real estate to a number of external asset managers. As of February 1, 2005, unlisted shares and hedge funds are managed internally. With regard to the external asset managers, ABN AMRO handles the management of the greater part of shares and interest-bearing securities. To expose ABN AMRO to competition, two additional asset management companies – T Rowe Price and ING Investment Management – have been selected to manage a small percentage of the assets. The property portfolio is managed by the Humlegården real estate company.

Asset Management defines the assignments for the asset managers, specifying distinct risk levels and yield requirements. The managers' task is then to create the best possible return given the framework and guidelines they have received. This is achieved through active management, entailing that the composition of shares that a manager chooses for a portfolio may deviate from that of the portfolio's benchmark index.

The outsourced management assignments are continually evaluated by Asset Management. The evaluation comprises regular qualitative and quantitative analysis of the asset managers and management results. This includes continually monitoring and establishing changes to ensure that the frameworks prescribed for each management assignment are relevant and that they are complied with. Evaluation also includes meetings between specialists from Asset Management and the assets managers handling the daily management.

ABN AMRO Asset Management

ABN AMRO Asset Management is Länsförsäkringar's primary asset manager and manages the greater part of Länsförsäkringar's life assurance and mutual fund portfolios. ABN AMRO Asset Management, a separate division of the Dutch ABN AMRO Bank, manages assets on behalf of institutional investors and private investors. ABN AMRO Asset Management is based in London and Amsterdam but also has large offices in Atlanta, Chicago, Hong Kong and Singapore. Total assets under management

amount to approximately EUR 160 billion. Asset Management is also represented through local offices on all continents.

T Rowe Price

T Rowe Price of North America manages an equity portfolio on behalf of Länsförsäkringar Liv. The primary purpose of this assignment is to expose the company's main asset manager, ABN AMRO, to competition. The portfolio management concentrates mainly on North American equities, although the company possesses expertise in all major asset classes.

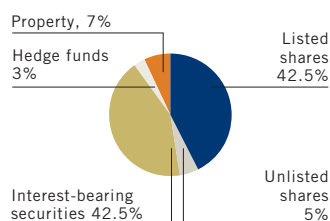
ING Investment Management

ING Investment Management manages an equity portfolio on behalf of Länsförsäkringar Liv. ING Investment Management is part of the ING Group, a Dutch company specializing in banking, insurance and asset management.

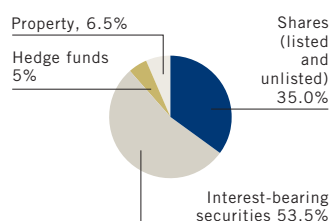
Goldman Sachs Asset Management

Since February 2005, Länsförsäkringar's two Europe Funds have been managed by Goldman Sachs.

**Normal portfolio, life assurance
December 31, 2004**



**Normal portfolio, non-life insurance
December 31, 2004**



Total yield

	%	Assets under management, SEK M
Life assurance	6.8	90,918
Non-life insurance	4.5	17,365
Agria	6.5	1,096

Länsförsäkringar named Best Pension Fund in Sweden

In December, Länsförsäkringar was named “Best Pension Fund in Sweden” by the leading industry magazine Investment & Pensions Europe (IPE) for the second consecutive year. In addition, Länsförsäkringar received two European themed awards for “Private Equity Investments” and “Hedge Fund Investments”.

The jury’s reasoning for awarding the “Best Pension Fund in Sweden” prize was as follows: “Good management that, in a risk-controlled manner, succeeded in increasing the equities portion of Länsförsäkringar Liv’s portfolio from undesirable underweight to a strategically desirable proportion, while improving the solvency of the life assurance company and maintaining a competitive return.” The jury motivated the awards for best investor in Europe in the asset classes private equity and hedge funds as follows: “Länsförsäkringar’s expertise and knowledge in these areas has resulted in the implementation of a long-term sustainable investment strategy.”

Policy and ownership issues

AS REPRESENTATIVES for insurance and mutual fund customers, Länsförsäkringar exercises corporate governance aimed at creating maximum value from asset management operations. Länsförsäkringar AB has a special corporate governance policy that sets out guidelines for work on corporate governance matters in companies on the Stockholm Stock Exchange. Länsförsäkringar AB is one of the larger Swedish institutional owners without holding any major ownership interests in any single company, except in exceptional cases. To gain influence, Länsförsäkringar therefore seeks active alliances with other large owners that share Länsförsäkringar’s views.

Länsförsäkringar shall actively continue to pursue relevant issues and participate in General Meetings to promote the interests of policyholders and mutual fund customers. In 2004, Länsförsäkringar participated in approximately 25 General Meetings, mainly those of large Swedish companies. Länsförsäkringar was also represented at six smaller General Meetings. On several occasions, current issues were discussed with other institutional owners prior to the Meetings. In addition, discussions were conducted directly with the companies’ senior management teams.

The main issues pursued in 2004 relate to the following:

- A well-functioning nominating procedure is necessary to achieve a good Board com-

position. Virtually all large listed companies had introduced nominating committees prior to their 2004 Annual General Meeting. This is something that Länsförsäkringar has advocated for some time. Nominations to the Board shall be made based on candidates’ competence, network of contacts and international, financial or structural experience, and in such a manner that best benefits the company. The committee shall be compiled so that nominations to the Board take the interests of all shareholders into account. The composition of the nominating committee must be reported openly, which should be done during the fourth quarter of the year.

- First-rate auditing and transparency are essential for investors to make sound investment decisions. A first step in this direction is to make greater demands on the transparency of work performed by the auditors. At the request of the owners, the auditors shall review how well the management has handled the administration of the company. It is important to keep track of in whose interests the audit is conducted. Consequently, a review of the auditors’ other assignments in the company and the extent of these should always be made at the Annual General Meeting. Nowadays, the auditor nearly always provides an account at the Annual General Meeting of how the audit work was conducted during the year.

– A well-formulated incentive program ensures that the management and employees strive toward a common goal that has the support of the company's external stakeholders. Länsförsäkringar holds a positive view of these types of incentive programs. When structured correctly, they increase motivation and commitment in the company and can help create added value. Incentive programs must be goal-oriented, transparent and sufficiently extensive that they can be evaluated. All incentive programs entail costs for the company. Ceilings must be established to prevent programs from becoming too large. Incentive programs

that cannot be valued must not be applied, since it is not possible for shareholders to form a correct picture of the company's financial position.

In summarizing the General Meetings for 2004, a number of changes have been made compared with prior years. Today, companies have generally thought carefully about their reasons for introducing a particular incentive program and have sought the approval of their major shareholders in good time prior to the Meeting.

Länsförsäkringar's representatives were more active in driving issues in 2004 than in prior years. Cooperation with other institu-

tional owners was developed further during the year and will continue to be so.

It is important that the current debate does not result in an undesirable situation whereby corporate governance and management become overregulated. Such a development could be very costly and act as an obstacle to a well-functioning capital market. In December, a decision was taken to introduce a common code of corporate governance. Whether or not the code will contribute to a well-functioning capital market will become apparent when it becomes effective from July 1, 2005.



Property management

Länsförsäkringar's property holdings comprise properties held by the individual regional insurance companies, Länsförsäkringar Liv and the property company Humlegården Fastigheter HB. The property portfolios of the life assurance company and Humlegården are concentrated among office properties in central Stockholm. The holdings are managed by a joint organization.

The Stockholm property market

After a couple of challenging years, the growth rate of the Stockholm region is once again higher than the national average. During autumn, there appeared promising signals of increasing employment opportunities in the office-intensive industries of IT, telecom and business consulting. For the rental market, this implies that the vacancy rate, while still high, stabilized during the year. Demand is strong particularly for modern, efficient premises, of which the supply is limited in the downtown area. It is particularly difficult to find tenants for old premises with inflexible floor plans and deficient climate and technical solutions.

Traditionally, the upswing in the rental market starts with a decline in the number of vacancies, after which rent levels begin to rise. It is expected that this will occur in 2005 – however, both the vacancy trend and the rental trend are expected to develop relatively slowly. In the past few years, foreign players

have shown keen interest in investing in the Stockholm office market. In 2004, however, Swedish players returned to the scene and were highly active as purchasers, compared with the pattern of the past few years, during which their activity has been almost entirely restricted to selling. The robust interest in investing has been a contributing factor to a decrease in yield requirements in the Stockholm market during the year.

Development of Länsförsäkringar Liv's portfolio

The ongoing restructuring of Länsförsäkringar Liv's property portfolio continued in 2004. Centrally located properties were divested in two transactions totaling approximately SEK 1.8 billion, while two fully rented properties were acquired for SEK 500 M. During the year, the company also terminated its ownership involvement in the housing company, Bostadsinvest Haninge. The

restructuring has created a better balanced portfolio in terms of liquidity, yield and vacancies. The yield amounted to approximately 6.9%.

Development of Humlegården HB's portfolio

Two small properties were added to Humlegården's property portfolio during the year – a project property in the Kungsholmen district, expected to be completed during spring 2005, and a management property outside the central part of the city. A small and practically empty office property in Solna was sold.

Two major tenants vacated their premises earlier than expected, causing a vacancy increase in the portfolio in 2004. Further vacancies are expected to occur in 2005.

Yield amounted to approximately 3% of subscribed capital (adjusted shareholders' equity).



Länsförsäkringar Alliance

	Norrbotten	Västerbotten	Jämtland	Västernorrland	Gävleborg	Dalarna	Värmland	Uppsala	Bergslagen	Stockholm	Södermanland	Göteborg och Bohuslän	Skaraborg
NON-LIFE INSURANCE, SEK M													
Income after ceded reinsurance 2004													
Premiums earned	152	439	297	344	336	781	403	517	689	1 662	416	935	428
Investment income transferred from financial operations	5	12	10	12	7	21	9	18	14	63	9	19	9
Claims payments	-110	-313	-207	-274	-203	-584	-282	-390	-470	-1,144	-314	-651	-315
Operating expenses	-7	-76	-65	-79	-67	-132	-69	-94	-116	-328	-68	-215	-78
Other revenues/expenses													
Technical result from non-life insurance operations before bonuses and discounts	39	62	35	3	73	87	61	50	117	254	43	88	44
Bonuses and discounts		-27				-34		-15					
Technical result, non-life insurance operations	39	35	35	3	73	53	61	35	117	254	43	88	44
Total investment income	28	100	53	52	58	231	42	105	105	208	83	131	77
Investment income transferred to insurance operations	-5	-12	-10	-12	-7	-21	-9	-18	-14	-63	-9	-19	-9
Other revenues/expenses	-4	-7	-1	-9	-5	-4	0	3	-5	8	1	-20	-3
Operating income	59	117	77	35	119	258	95	126	204	406	119	181	111
Balance sheet, December 31, 2004													
ASSETS													
Investment assets													
Shares and participations ¹⁾	136	618	395	369	334	1,887	237	656	919	1,133	632	1,167	563
Bonds and other interest-bearing securities	153	167	170	117	216	666	372	463	399	1,549	352	496	222
Other investment assets	56	616	100	85	92	127	238	143	263	28	19	151	148
Total investment assets	345	1,401	664	571	641	2,680	847	1,262	1,581	2,710	1,004	1,814	933
Reinsurers' portion of technical reserves	80	58	65	70	32	274	50	85	16	141	98	119	105
Receivables and other assets	77	129	87	104	120	235	97	134	172	376	114	214	109
Cash and bank balances	20	79	84	74	13	182	58	44	113	124	40	153	94
Prepaid expenses and accrued income	5	22	20	18	9	21	12	15	10	45	10	36	17
Total assets	527	1,690	920	838	815	3,391	1,065	1,539	1,892	3,397	1,266	2,336	1,258
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES													
Shareholders' equity	99	399	199	269	150	977	333	579	466	437	223	298	430
Untaxed reserves	37	431	251		162	789			480	551	364	668	
Technical reserves (before ceded reinsurance)	315	530	380	417	369	1,258	463	666	718	1,967	551	1,071	606
Other provisions and liabilities	54	279	71	139	126	290	212	240	170	219	117	244	164
Accrued expenses and prepaid income	21	51	18	13	8	77	57	54	57	223	10	56	57
Total shareholders' equity, provisions and liabilities	527	1,690	920	838	815	3,391	1,065	1,539	1,892	3,397	1,266	2,336	1,258
¹⁾ Of which, the value of shares in Länsförsäkringar AB	121	251	175	220	248	466	157	336	370	648	257	426	315
Net asset value	168	1,017	545	417	389	1,951	452	788	1,066	1,148	659	1,074	579
Solvency margin, %	97	203	164	108	103	219	99	135	138	65	143	103	118

Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB. The Länsförsäkringar Alliance's earnings from non-life insurance comprise the sum of the earnings for the 24 regional insurance companies and the Länsförsäkringar AB Group, excluding the life assurance and banking groups.

	Östgöta	Älvsborg	Gotland	Jönköping	Halland	Kronoberg	Kalmar	Blekinge	Göinge	Kristianstad	Skåne	Länsförsäkringar AB Group	Länsförsäkringar Alliance
	829	740	134	670	447	308	435	208	157	169	1,302	3,057	15,857
	16	17	3	14	21	6	8	5	6	5	44	505	857
	-574	-513	-95	-510	-305	-233	-309	-145	-110	-128	-996	-2,625	-11,799
	-150	-128	-23	-92	-87	-50	-65	-41	-36	-27	-195	-675	-2,963
					-12	3	6		2			-3	-3
	121	117	19	81	64	35	75	27	19	19	156	260	1,949
	-35		-7	-45	-31		-15						-210
	86	117	12	36	33	35	60	27	19	19	156	260	1,739
	218	140	37	122	89	62	99	41	46	39	184	1,023	2,484
	-16	-17	-3	-14	-21	-6	-8	-5	-6	-5	-44	-505	-857
	-12	1	6	-6	0	-4	-8	-3	-4	-2	1	-124	-198
	275	241	52	138	101	87	143	59	56	52	297	654	3,168
	1,523	1,267	280	897	844	339	596	284	257	261	1,054	6,787	16,452
	562	513	104	183	245	185	250	285	155	156		9,835	17,675
	714	75	80	293	192	78	276	13	92	44	1,523	4,965	10,414
	2,799	1,854	464	1,373	1,281	602	1,122	581	504	461	2,577	21,587	44,541
	110	129	12	32	82	43	51	29	51	72	128	3,199	838
	261	199	35	272	108	86	122	58	43	46	279	1,752	4,660
	50	359	71	253	50	47	166	9	30	33	172	1,986	4,304
	27	6	6	15	27	4	11	4	7	3	34	215	601
	3,249	2,548	588	1,946	1,549	782	1,473	681	634	614	3,190	28,738	54,944
	1,485	1,145	304	742	344	142	443	184	173	170	1,058	6,914	10,986
					425	197	385	172	156	134			5,203
	979	965	182	763	573	369	475	259	240	250	1,542	17,214	28,826
	752	349	100	381	155	71	160	51	58	46	551	4,228	8,520
	32	90	3	61	52	3	10	15	8	14	37	382	1,409
	3,249	2,548	588	1,946	1,549	782	1,473	681	634	614	3,190	28,738	54,944
	468	459	61	376	243	162	239	97	121	129	635		
	1,911	1,478	376	922	866	402	928	396	371	343	1,399	7,501	19,857
	207	177	248	128	171	116	185	168	206	176	96	384	122

Transactions between the Länsförsäkringar AB Group and the regional insurance companies have been eliminated to achieve accurate total values for Länsförsäkringar. The value and changes in value of Länsförsäkringar AB shares and subordinated loans and the Länsförsäkringar AB Group's liabilities to and receivables from the regional insurance companies have been eliminated.

Länsförsäkringar Liv, Group

Income statement

SEK M	2004	2003
Premium income, gross	8,869	8,268
Premium income, net	8,676	8,069
Investment income, net	6,882	9,139
Other technical revenues	5	–
Claims payments	–4,359	–4,336
Change in technical reserves	–6,497	–6,644
Operating expenses	–1,456	–1,477
Technical result, life assurance operations	3,252	4,750
Non-technical items	–162	–168
Income before tax	3,090	4,582
Tax	–742	–774
NET PROFIT FOR THE YEAR	2,348	3,808

Balance sheet

SEK M	Dec. 31, 2004	Dec. 31, 2003
ASSETS		
Intangible assets	1,873	1,913
Investment assets	89,679	85,175
Investment assets for which policyholders bear the investment risk	22,070	18,164
Reinsurers' portion of technical reserves	732	624
Receivables	660	222
Other assets	3,149	3,370
Prepaid expenses and accrued income	2,805	2,989
TOTAL ASSETS	120,967	112,456

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Share capital	8	8
Other equity	15,969	15,819
Technical reserves	78,739	75,886
Reserves for life assurance for which policyholders bear the investment risk	22,074	18,167
Provisions for other risks and expenses	109	30
Deposits from reinsurers	754	639
Liabilities	2,816	1,475
Accrued expenses and prepaid income	498	431
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	120,967	112,456

Länsförsäkringar Bank AB (publ), Group

Income statement

SEK M	2004	2003
Interest revenue	2,051	1,594
Interest expense	–1,221	–893
Net interest income	830	701
Commission revenue	556	111
Commission expense	–343	–83
Net income from financial transactions	15	0
Other operating revenue	155	93
TOTAL OPERATING REVENUE	1,213	822
General administration expenses	–976	–650
Depreciation/amortization	–37	–58
Other expenses	–29	–28
Total expenses before loan losses	–1,042	–736
Income before loan losses	171	86
Loan losses, net	–44	–39
Income from banking operations	127	47
Income from insurance operations	–	18
Total operating income	127	65
Tax on income for the year	59	–19
NET PROFIT FOR THE YEAR	186	46

Balance sheet

SEK M	Dec. 31, 2004	Dec. 31, 2003
Cash and central bank account balances	146	75
Lending to credit institutions	1,577	602
Lending to the public	39,426	30,044
Shares and participations	5	4
Bonds and other interest-bearing securities	1,198	1,243
Assets in insurance operations	–	0
Intangible assets	82	78
Tangible assets	17	26
Other assets	309	237
Prepaid expenses and accrued income	256	97
TOTAL ASSETS	43,016	32,406
Liabilities to credit institutions	705	1,357
Deposits and borrowing from the public	19,538	18,154
Securities issued	18,155	9,120
Liabilities in insurance operations	–	5
Other liabilities	375	308
Accrued expenses and prepaid income	729	459
Provisions	22	21
Subordinated liabilities	1,050	1,050
Shareholders' equity	2,442	1,932
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY	43,016	32,406

Glossary

Absolute Return

The goal of Absolute Return is to deliver a positive return regardless of underlying fluctuations in various markets. Absolute Return is based on investments in hedge funds, but has a lower correlation to underlying markets and lower downside risk than average hedge funds.

Administration income, Life

Fees paid by customers minus operating expenses.

After ceded reinsurance

The proportion of an insurance transaction for which the insurance company assumes the risk, and which is not reinsured with another company.

Alternative Investments

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

Asset allocation

Selected distribution of various types of assets in a portfolio, for example the desired proportion of shares and interest-bearing investments.

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 and the book value of shares in WASA Garanti. The risk-weighted amount is defined as the sum of assets in the balance sheet and off-balance sheet commitments valued in accordance with the Capital Adequacy and Large Exposures (Credit Institutions and Securities Companies) Act. Pursuant to the Act, capital adequacy must be at least 8%.

Capital base

The capital base for the Alliance is calculated as the sum of shareholders' equity minus shares in subsidiaries and associated companies in those insurance companies and their parent companies that are included in the Länsförsäkringar AB Group. The required solvency margin for the Life Group is then added to this value.

Claims payments

The cost during the fiscal year of claims incurred, whether reported to the company or not.

Claims ratio

Cost of claims as a percentage of premiums earned.

Collective consolidation (Life)

The value of the company's assets in relation to the guaranteed commitments to customers and the preliminary bonus allocation.

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 investment income to insurance operations.

Direct insurance

Insurance contract concluded directly between the insurer and the policyholder. In contrast to assumed reinsurance, the insurance company is directly responsible to the policyholder.

Direct yield

The balance of interest income, interest expense, dividends on shares and participations, operating expenses in asset management, and the surplus (deficit) on company-owned real estate.

Earnings per share

Net profit for the year divided by the average number of shares during the year.

Expense ratio

Operating expenses as a percentage of premiums earned.

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 liabilities.

Interest-bearing (securities)

Loans issued in the market by a borrower (such as the government). Long-term securities are normally termed "bonds", while short-term loans are normally in the form of "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 of the following income and expenses: interest income, interest expense, dividends on shares and participations, surplus (deficit) on company-owned real estate, change in the fair value of properties, shares, interest-bearing securities and derivatives, gains (losses) on the sale of investment assets, currency exchange gains (losses), less operating expenses in asset management.

Loan losses, Bank

Probable loan 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.

Net asset value

The sum of shareholders' equity, deferred tax liability/assets, subordinated loans, untaxed reserves and surplus/deficit values of assets.

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 tax.

Premium income

Premiums paid in 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 first company and "assumed" (indirect insurance) by the second company.

Run-off result

Profit or loss arising at accounting year-end in the provision for outstanding claims made in the preceding year-end accounts. The profit/loss arises since some of the claims in the provision are either settled during the financial year at amounts differing from those allocated or are revalued pending final settlement.

Solvency margin

The lowest permitted level of the capital base for insurance companies. The required solvency margin is calculated in accordance with the rules laid down in Chapter 7, Paragraphs 22–55 of the Insurance Business Act.

Solvency margin (Non-life)

Net asset value as a percentage of premium income after ceded reinsurance.

Solvency ratio (Life)

Value of the company's assets compared with the guaranteed commitments to customers.

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.

Technical result, non-life insurance operations

Premiums earned less claims payments and operating expenses plus income from reinsurance ceded and investment income transferred from financial operations.

Total investment income ratio

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.

Transfer option

Possibility of transferring pension capital from a policy with one insurer to another.

Addresses

Regional insurance companies

Blekinge Länsförsäkringsbolag

Box 24
SE-374 21 Karlshamn
Visitors: Kyrkogatan 21
Tel: +46-454-30 23 00
Fax: +46-454-105 60
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Dalarnas Försäkringsbolag

Box 3
SE-791 21 Falun
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Financial calendar 2005

April 26	Interim report, January–March	Länsförsäkringar Bank Länsförsäkringar Hypotek
	Second solvency report	Länsförsäkringar Liv
August 19	Third solvency report	Länsförsäkringar Liv
August 30	Interim report, January–June	Länsförsäkringar Bank
		Länsförsäkringar Hypotek
		Länsförsäkringar Alliance
		Länsförsäkringar AB
October 25	Interim report, January–September	Länsförsäkringar Bank
		Länsförsäkringar Hypotek
		Länsförsäkringar Alliance
	Fourth solvency report	Länsförsäkringar Liv

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