Press release

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INTERIM REPORT JANUARY 1 - JUNE 30 2000

If's combined ratio continues to improve

- Improved six months net combined ratio 112 per cent excluding Q2 one-time new launching expense, 114 per cent including, (pro forma six months 99 120%, full-year 1999 120%)
- Premium rate increases are reflected in the result
- Investment result MSEK 797 – higher than comparable index
- Group operating result of MSEK -379 including one-time launching expenses
- Standard & Poors' and Moody's confirm strong ratings of "A" and "A1" respectively
- Further emphasis on e-commerce with new e-commerce manager
- Successful launch of the brand as shown by tracking

Group results (MSEK)	Jan-June 2000	Jan-June 1999 Pro forma [1]	Q2 2000
Premiums earned	8 477	7 757	4 262
Claims incurred	-7 448	-7 169	-3 703
Operating expenses	-2 035	-2 114	-1 039
Q2 launching expenses	-170	-	-170
Technical result before allocated interest	-1 176	-1 526	-650
Investment result	797	na	113
Operating result	-379	na	-537
Claims ratio	88%	92%	87%
Expense ratio[2]	24%	27%	24%
Combined ratio[2]	112%	120%	111%

Comments from Bo Ingemarson, CEO of If

"If is the leading property and casualty insurance company in the Nordic area. We welcome the resolution by our shareholders of all issues related to Pohjola's withdrawal from If. If's pan-Nordic strategy remains. If is the largest P&C insurance company in the region and we aim to have a Nordic market share of 20%.

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[1] Pro forma numbers Jan-June. If started operations with effect from March 1, 1999. Therefore investment result not applicable for H1 1999.

[2] Excluding one time Q2 launching expenses. For H1 the expense ratio including the launching expenses was 26% and the combined ratio was 114%. For Q2 the expense ratio including the launching expenses was 28% and the combined ratio was 115%.

In Finland, the target is to become a recognised niche player in the P&C market. If already has a branch in Finland where a greenfield operation with 15 key employees has started. The launch of the Finnish activities is scheduled for Q3 and we see opportunities for If in selected areas going forward.

The technical result is improving. This is due to the premium increases we implemented late 1999 and early 2000. As previously stated, If has identified several areas where the merger will create cost synergies from combining the previously separate property and casualty businesses of Skandia and Storebrand in the Nordic Area. Skill transfers and reengineering of internal work processes based on transfer of identified best practices from each organisation progress according to plan.

Premium increases have turned out as planned in all business areas. We have seen increases in new sales. The renewal rate has been slightly lower, particularly in Norway. This is partly due to a temporary effect from competitors that now terminate their operations. The net effect is a minor decrease in number of customers. This primarily reflects a desirable pruning of the portfolio.

The combined ratio improved in H1 2000 to 112 per cent, excluding one time launching expense, from 120 per cent H1 1999 and 120 per cent full-year 1999. The combined ratio including the launching expense was 114%. We still aim for a target combined ratio of 103/105 per cent in the medium to long term and believe this is achievable through the actions undertaken in all parts of the business.

The investment result shows weak performance in Q2 due to an overall decline in the equity markets around the world as well as increasing interest rates. If´s asset managers have, however, outperformed their benchmark indices.

The claims ratio was 88 per cent compared to 92 per cent H1 1999. Increases in premiums and contributions due to the continuous focus on cost reductions throughout the business have caused the expense ratio to decrease from 27 per cent to 24 per cent, excluding the one time costs for launching If. Including the one time launching costs the expense ratio was 26 per cent.

If retains strong ratings from Standard & Poor’s and Moody’s who confirmed an “A” and “A1” respectively during the summer.

The launch of the If brand in Sweden, Norway and Denmark has been very successful, especially in Norway, as evidenced by extensive tracking. If has become a well received new brand in the market.

The development of Internet services continues according to plan. We regard e-commerce as imperative to our strategy and a new e-commerce Manager, Eva Cederbalk, previously President of Dial, has been appointed as member of Group Management. Eva Cederbalk has long experience in e-commerce and development of Internet services in both SEB and Dial. We believe that the new addition to our team brings us closer to achieving our goal of becoming a leading property and casualty company within e-commerce in Europe.”

Group results

Premiums earned for H1 2000 were MSEK 8477 (MSEK 7757)[3]. Claims incurred were MSEK –7448 (MSEK –7169) and expenses were MSEK –2205 (MSEK –2114). The technical result was –1176 (-1526). The operating result before tax was MSEK –379.

The claims ratio was 88 per cent (92) and the expense ratio was 26 per cent, including the one-time launching expense (27). The expense ratio excluding the one-time launching expense of MSEK 170 was 24 per cent. The combined ratio was 114 per cent (120). Excluding the one-time launching expense the combined ratio was 112 per cent.

There are no outstanding issues in relation to Pohjola's withdrawal. The technical result of business in run-off for H1 was positive.

Business area comments

Private had net premiums earned of MSEK 4085 in H1 (MSEK 3750). The combined ratio was 111 per cent (118), with an expense ratio of 25 per cent (26).

The improved performance in H1 2000 compared to H1 1999 was mainly driven by continued premium increases, particularly in Norway. The increases have been successfully implemented according to plan. As expected, due to premium increases, renewal rates are slightly lower than 1999, but still at a high rate. New sales have increased in all countries. The performance is also driven by improved underwriting guidelines.

The pan-Nordic inbound call centre structure is now fully and successfully implemented in Sweden and Denmark, drawing on skill transfer from Norway. A pro-active outbound call centre concept was implemented in Norway and Denmark during Q2, drawing on the best practices from Sweden. The implementation of direct claims settlement within the call centres has increased customer satisfaction. The call centre structure will increase efficiency and profitability in Private distribution.

Commercial had net premiums earned of MSEK 3042 in H1 2000 (MSEK 2759). The combined ratio was 111 per cent (122), with an expense ratio of 23 per cent (28).

The implementation of increased premiums continue according to plan and is reflected in the results. Renewal rates are somewhat lower than last year, but still on an acceptable level. This implies that the market after several years with pressed premium rates accept the adjustments.

Improvement projects continue according to plan. Claims and Product and Rate making are the most important areas.

Industrial had net premiums earned of MSEK 833 in H1 (MSEK 745). The combined ratio was 127 per cent (105), with an expense ratio of 25 per cent (27).

The deterioration of the result in H1 is mainly due to the adverse claims development for Property in Sweden and Denmark. The claims ratio is still high in Motor and Workers' compensation. Two major liability claims and one space claim deteriorated the combined ratio further.

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[3] Numbers in parentheses are comparative numbers for H1 1999.

The market for Industrial property and casualty insurance is shrinking due to the transfer of large corporations abroad. Consequently, development of new services is required and highly prioritised for Industrial.

Marine & Energy had net earned premiums of MSEK 456 in H1 (MSEK 334). The combined ratio was 113 per cent (144), with an expense ratio of 23 per cent (34).
The lowered expense ratio reflects new working processes and the staff reduction that has been implemented during H1.

The joint management company Gard Services A/S started operations on 1 July 2000. Gard Services A/S is a global Marine & Energy service management company.

Investments

The investment result from January to June was MSEK 797, corresponding to 2.2 per cent return. Equities accounted for MSEK 296 and interest-bearing investments for MSEK 501. Over the same period the total investment return, including changes in unrealised gains/losses on fixed-income investments carried at amortised cost, was MSEK 937, corresponding to 2.6 % return.

Outlook for 2000

Continuing actions to improve the technical result throughout 2000 include:

- Further increases in premium rates in all Business Areas
- Continued focus on changes in core processes
- Implementation of new underwriting guidelines
- Development of purchasing programmes
- An increased focus on e-commerce

Solna, Sweden, 9 August 2000
Bo Ingemarson
President and CEO

This interim report has been reviewed by the auditors KPMG and Ernst & Young.

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<u>Appendices</u>