



Interim Report, January - June 2000

Highlights, first six months of 2000

- The Group's combined premium volume amounted to SEK 9,865 M (9,174), up 8%, of which currently more than half, SEK 5,493 M (4,900) is attributable to life insurance and savings operations.
- Dominant position in Swedish non-life insurance secured - sharp rise in home and third-party motor insurance.
- Market share in life and unit-linked insurance unchanged at 9.3%.
- Broker company formed to increase service to agents and the portion of brokered insurance.

Non-life insurance*

- Premiums earned rose to SEK 4,434 M (4,274).
- Profit before appropriations and taxes amounted to SEK 1,104 M (1,277).
- Efficiency in the insurance operations is increasing - the combined ratio declined to 112% (114).

Life and unit-linked insurance

- Premium income rose 40% and amounted to SEK 4,513 M (3,234).
- Total yield was 4.1% (5.4). The bonus rate is unchanged at 10.0%.

Bank operations

- Länsförsäkringar Bank posted a profit of SEK 48 M (loss: 18).

Key figures, June 30, 2000

SEK M	Life and unit-linked insurance	Non-life insurance	Bank operations	Fund operations
Premium volume/sales	4,513	4,434	160**	758***



Net asset value	50,157	23,535	-	-
Solvency margin, %	120.4	259	-	-
Total assets	129,829	63,486	11,585	-
Managed assets	-	-	-	29,800

* Result include the total earnings in the 24 regional and independent LF Insurance companies and the jointly owned LänsförsäkringarAB.

** Net interest.

*** Direct savings in mutual funds.

Comment from Tommy Persson, CEO LF Wasa

The LF Insurance Group continues to perform well. The broadening of our trademark continues and this is reflected, among other respects, through paid-in premiums in the savings operations now accounting for more than half of the Group's combined premium volume. We are distinguishing ourselves in the non-life insurance segment through reporting favourable results and increased efficiency in the insurance operations, while at the same time we are increasing market shares in many sub-segments. For example, every third Swedish automobile is now insured with Länsförsäkringar (LF).

LF is now focusing heavily on the increasingly important broker market. A separate sales company, Länsförsäkringar Mäklarservice, will begin operations on the market during the second half of the year. The goal is to offer the agents a distinct appearance and strengthened service. LF shall increase brokered sales so that they correspond to the Group's leading market position in Sweden.

Non-life insurance

The number of insurance policies is rising in many non-life insurance areas. The largest is the increase in home and contents insurance, where the number of policies increased by 0.8 percentage points. The market share amounts to 23.9% (23.1). Market share in third-party motor insurance also rose 0.8 percentage points and amounted to 33.0% (32.2). During the first half of the year, the number of private automobile insurance policies rose by 57,000. More than half of all newly registered cars are insured with LF. LF did not need to increase premiums to the same level as competitors, which is the explanation for market share measured as premiums earned declining to 25.8% (26.6).

Premiums earned rose 3.6% and amounted to SEK 4,434 M (4,274). Profit before appropriations and taxes amounted to SEK 1,104 M (1,277). The decline in earnings is attributable solely to the weaker trend in financial markets. Efficiency in the insurance operations is increasing and the combined ratio (operating expenses and claims in relation to premiums earned) declined to 112% (114). The technical result of insurance operations amounted to SEK 211 M, corresponding to 5% of premiums earned.

The solvency margin for the regional companies is an average of 259% (241). This means that LF Insurance Group as a whole has a very strong solvency margin in relation to other companies in the Swedish market. This is a very strong competitive factor.

SEK M	June 30, 2000	June 30, 1999
Premium earned	4,434	4,274
Technical result, insurance operations	212	1
Profit before appropriations & taxes	1,104	1,277
Net asset value	23,535	18,944
Solvency margin, %	259	241
Combined ratio, %	112	114

Life and unit-linked insurance

Premium income, net, for the life and unit-linked insurance operations rose 40% to SEK 4,513 M (3,234). Market share was unchanged at 9.3%. In contrast, LF's market share in the savings segment (endowment insurance) rose sharply and amounted to 7.8% (5.3). However, the market share in occupational insurance declined to 9.9% (11.3). There is a heavy market offensive under way in the occupational insurance sector, among other factors, this is attributable to newly started broker firms.

Operations are conducted in accordance with mutual principles, as a result of which, the surplus of SEK 1,548 M after taxes, accrues entirely to the policyholders. Total yield amounted to 4.1% (5.4). The decline is due solely to the weaker trend in financial markets.

The yield on investment assets in the life insurance company amounted to 4.1% (5.4). The average yield during the past five years was 17.7%. The solvency margin was 120.4% (120.6). The bonus rate is unchanged at 10.0% before taxes but after expenses. An extra bonus of slightly more than SEK 5 billion was paid during the first half of the year to life insurance customers, which means that the pension savers' capital was appreciated by 6.25% in



addition to the normal bonus rate.

Life insurance

SEK M	June 30, 2000	June 30, 1999
Premium income, net	2,703	1,899
Investment assets	102,253	87,604
Total yield, %	4.1	5.4
Total assets	111,259	94,200
Solvency margin, %	120.4	120.6
Operation expense margin, %	15.8	19.5
Profit after taxes	1,548	3,083

Unit-linked insurance

SEK M	June 30, 2000	June 30, 1999
Premium income	1,810	1,335
Total assets	18,570	12,458
Result before appropriations & taxes	85	50

Fund operations

LF Insurance Group's mutual fund operations continue to receive distinctions and high rankings in various contexts, including the evening daily Aftonbladet ranking LF Insurance as Sweden's best fund manager. During the first half of the year, 16 of 30**** funds exceed their comparative indexes. The Hjärnfonden (Brain Fund) and Miljöteknikfonden (Environmental Technology Fund) rose the most outstandingly and posted yields of 22.4% and 21.7%, respectively. The Hjärnfonden was also the fund that was most successful relative to its comparative index, 11.0%. The market share of all net savings in mutual funds during the first half of the year amounted to 7.0% (6.3), whereby the total market share rose to 3.3% (3.0).

	June 30, 2000	June 30, 1999
Total no.of funds	32	29
- of which equity funds	26	23
Managed volume, SEK M	29,800	20,528

**** 2 of total of 32 funds have not comparative index.

Banking operations

The LF Insurance Group's bank operations (banking, leasing and mortgage activities) posted earnings of SEK 48 M (loss:18). Earnings include nonrecurring income of SEK 28.5 M.



Deposits from the general public increased during the first half of the year by 16% and amounted to SEK 8,488 M (7,962).

Lending rose during the first half of the year by 12% to SEK 8,905 M (7,951). Housing loans account for about 18% of lending and slightly more than 29% is traditional bank lending. Cooperation with the SBAB mortgage institute continued to develop positively and lending volume during the first half of the year rose by nearly SEK 1 billion to slightly more than SEK 4.5 billion.

SEK M	June 30, 2000	June 30, 1999
Earnings before taxes	48	-18
Net interest income	160	144
Total assets	11,585	10,351
Capital adequacy, %	10.8	14.4
Investment margin, %	2.85	2.92

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The LF Insurance Group Group is a cooperation among 24 independent regional insurance companies and Länsförsäkringer Wasa, which is owned by the regional companies. Insurance, banking, mutual funds and asset management, industrial and third-party motor insurance as well as animal and crop insurance is conducted within wholly owned subsidiaries to Länsförsäkringer Wasa. The regional companies handle all contacts with customers and all sales of the Group's total insurance and banking services.