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Our innovative and professional approach, combined with our ability to develop productive long-term relationships, has yet again delivered a satisfactory result in a most demanding environment.


USD million	Consolidated	
	1999	1998
Gross premium income	634	422
Insurance operating result	7	25
Investment operating result	123	79
Income before tax	128	104
Net income for the year	94	73
Combined ratio	101%	98%
Solvency capital	1,018	1,023
Solvency ratio	215%	277%
Number of employees	137	117
A M Best's rating:	A (excellent)	
Moody's rating:	A1 (good)	
Standard & Poor's rating:	A+ (strong)	

**A year of low rates and heavy losses for
the global reinsurance industry**

Record group profits following excellent investment result

Substantial growth and new markets for ART business

**Cautious expansion through acquisition of Kemper
Europe and opening of Singapore branch**



**Sirius' combined ratio of 101%
much better than market average**

Scandinavian Re profits up for eleventh consecutive year

**Continued growth and profitability
for London branch**

2000 to be a year of consolidation



...we have the
financial strength,
the range and
diversity of skill
to take full advantage
of future opportunity.

In the previous annual report, I predicted that 1999 would be a turbulent year. I also expressed confidence that Sirius International had the strategy and the quality of staff to weather the storms that lay ahead. And so it has proved.

Last year saw the most competitive reinsurance market for well over ten years, accompanied by a particularly severe run of losses for insurers worldwide. Given these circumstances, we turned in a highly creditable underwriting result. Thanks to an excellent investment performance, the Group ended the year with record profits of SEK 1,066 million; US\$ 128 million. Net assets rose 16% during the year to SEK 6,826 million; US\$ 802 million.

Although the conditions demanded caution, we continued our policy of profit-led growth, and it was a pleasure to welcome our new colleagues from Belgium and Singapore into the Group. We were, in addition, able to introduce further new products into our portfolio, responding as always to the needs of our clients, and to develop new relationships. In short, we evolved with the markets that we serve – stable, but far from static.

A creditable reinsurance result

Our reinsurance and international insurance operations rose to the challenge presented by the further fall in rates experienced by the industry as a whole during 1999. Net

premiums rose to SEK 3,754 million; US\$ 452 million, while our combined ratio deteriorated from 98% to 101%, following a series of natural disasters in December.

Disappointing as this figure is by our own demanding standards, we were subject to the same forces that affected all reinsurers. As in the previous year, our underwriting result in 1999 is certain to be one of the best in the business, and is a tribute to the teams concerned.

It is worth emphasising that this consistently above-average underwriting performance has not happened by chance. Our innovative and professional approach, combined with our ability to develop productive long-term relationships, has yet again delivered a satisfactory result in a most demanding environment. This has taken place within a strategic framework that has served us well and will continue to do so. We are willing to be competitive, but not at the expense of profitability.

Expansion for the long-term

Two of the biggest developments of 1999 for the Sirius Group were the acquisition from GE Re of Kemper Re's Belgian operations; and the establishment of a Singapore office. These two new members of the Sirius family have introduced new skills to the Group, enhanced our profile in certain markets, and contributed to the diversity that is one of our strengths.

Our Belgian branch is a proven team with a substantial book of business that mostly complements the rest of the Group, both in terms of product range and geographical spread. It provides access to new classes of business, most notably Life and Credit & Bond reinsurance. It also further increases our presence in Europe and many parts of Latin America.

In Singapore, we were fortunate to acquire the services of a new team consisting of some of the most respected figures in the region's reinsurance industry.

...our underwriting
result in 1999 is certain
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We are now well established in the London market...

They have already made an encouraging start during the last renewal season. With the financial crisis of 1998 already behind it, we are confident that the Far East will see a steady growth of business, and we will benefit from having a greater presence there. As a medium to long-term investment, we are confident that our new branch will make a significant contribution to the Group.

London gains

During 1999, our London branch continued to demonstrate the benefits of this policy of controlled growth. Our team completed their second full year since our purchase of most of the active portfolio of WASA (UK), increasing premium income despite the highly competitive environment. They did so without any dilution of profitability – indeed the underwriting ratio improved.

The Accident and Health account was especially successful, and we continued to develop new products, while fine tuning and adapting existing ones. We are now well established in the London market, where we enjoy a higher profile than ever.

An alternative approach

It is perhaps worth recalling that the Sirius Group has been offering clients ART (Alternative Risk Transfer) since the 1980s. This year our Financial Risks department, based in Stockholm and Zurich, continued to develop both in size and scope, recording record results and working with the rest of the Group to offer integrated risk management solutions.

We have taken steps to make our products more accessible to a wider range of customers, partly through better use of electronic commerce and internet technology. Of particular significance, our emerging range of ERM (Enhanced Risk Management) products goes some way towards standardising our ART solutions. This will bring them within reach of many new customers, who are interested in ART, but require something less complex.

Another record year in Bermuda

Our Bermudan subsidiary Scandinavian Re - motto "Infinite Ideas for Finite Risk" – enjoyed yet another record year. It has now increased both turnover and profits in each

of its eleven years, so that it would be tempting to take its achievements for granted. Yet this performance reflects the ever-increasing depth of knowledge and skill being developed by our colleagues, combined with an entrepreneurial culture. It means that the Sirius Group is well positioned in a market that is certain to grow.

Strategy change in the US

During the year we made an important change of direction in the United States, following the purchase by Gerling Global of Constitution Re, with whom we had enjoyed twenty years of close co-operation. The new ownership has meant a significant change in this relationship. We continue to do a substantial amount of business together, but this is now overwhelmingly on the Direct side, rather than reinsurance.

Investments shine

The performance of our investment portfolio was one of the brightest aspects of 1999. This was achieved by decreasing the interest risk and increasing the equity risk. However, it should be noted that the vast majority of our funds are still in high rated fixed interest investments.

Given this self-imposed caution, our record investment gains of SEK 1,132 million; US\$ 136 million, represented an outstanding result. This equates to a return of 11%. We were, of course, assisted by the strong performance of equities worldwide, but this only tells part of the story. Our investments overall comfortably outperformed the benchmarks by which they are measured, reflecting well on the skill of our staff and the decisions that they took during the year.

One should, however, add a note of

caution. The exceptional investment performance of 1999 is unlikely to be repeated on a regular basis. For example, we cannot rely on the Swedish stock market, where we had increased our stake, to rise by 70% every year. Nonetheless, the funds that underpin the Group's long-term security are in safe hands.

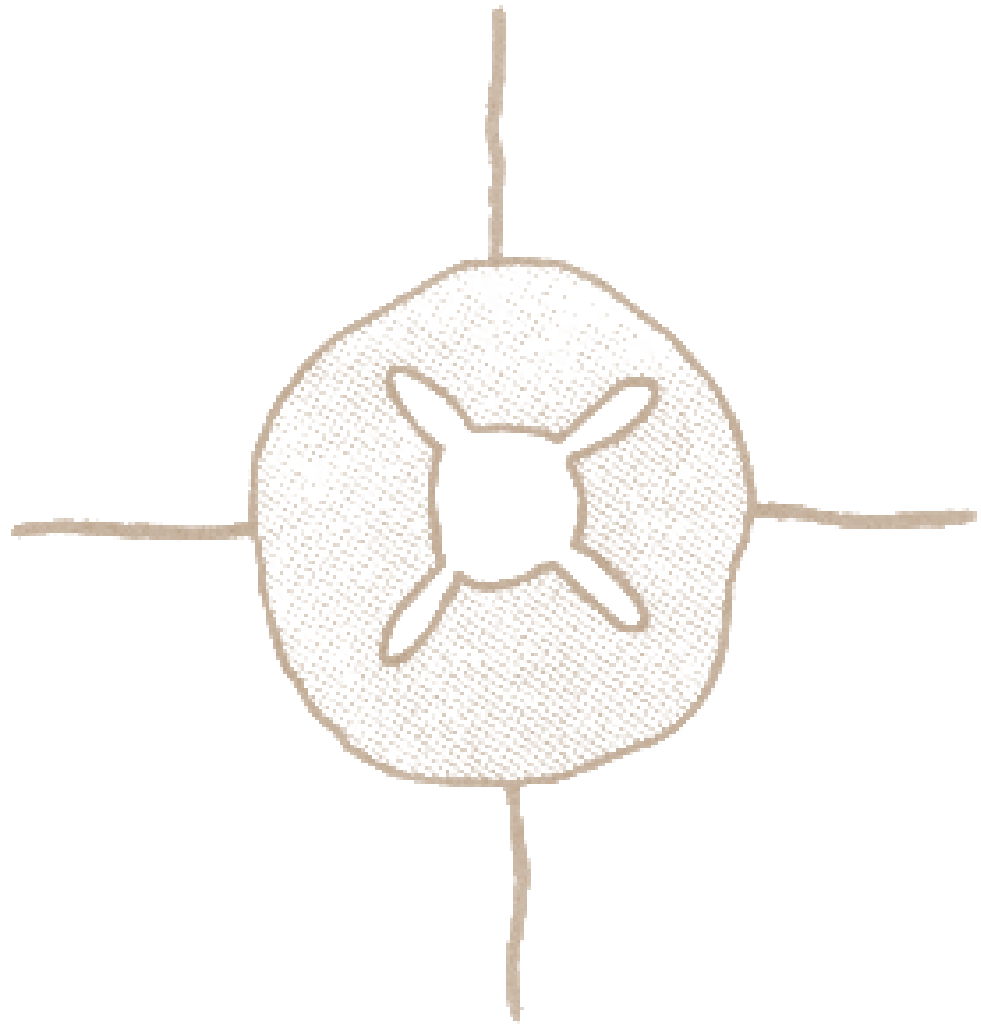
The end of the storm?

As I said at the introduction, these are turbulent times for reinsurers. During the past few years, the Sirius Group has demonstrated conclusively that it can thrive even when the going gets rough. The immediate future continues to demand caution, with an emphasis on consolidation rather than expansion.

It is only a matter of time, however, before the industry enters calmer waters. When this happens the Group will emerge bigger and stronger than ever. Whatever the future of the reinsurance industry, we have the financial strength, the range and diversity of skill to take full advantage of future opportunity.



GÖRAN THORSTENSSON
PRESIDENT & CEO



LARGE LOSSES DURING 1999 (US\$ IN MILLIONS)

<u>Loss Event</u>	<u>Date of Loss</u>	<u>Estimated Insured Loss</u>
Hurricane Lothar, Europe	December	6,000
Flooding Venezuela	December	3,000
Typhoon Bart, Japan	September	2,500
Hurricane Floyd, USA	September	2,200
Colombian Earthquake	January	1,550
US Tornadoes, Cat- 83	May	1,500
Taiwan Earthquake	September	1,000
Sydney Hailstorm	April	1,000
Hurricane Anatol, Europe	December	1,000
Turkey Earthquake	August	900
Hurricane Martin, Europe	December	820



REINSURANCE AND INTERNATIONAL INSURANCE

1999 was a demanding and difficult year, even by the recent standards of the reinsurance industry. The fact that we touched what will hopefully prove to be the bottom of a very depressed rating cycle was, by itself, quite a challenge for our underwriters. In addition, the year was to become the third worst ever experienced for insured losses.

This combination inevitably put a strain on our underwriting result as it did for all reinsurers. Considering the difficult circumstances, our reinsurance and commercial insurance operations performed remarkably well.

Our net premium income rose to a level of SEK 4,029 million, compared to SEK 2,964 million last year; US\$ 485 million (1998: US\$ 373 million). A series of storms in December pushed up our net losses, making for an overall combined ratio of 101%. This is above our historic average but, as the President and CEO has pointed

out in his introduction, it compares favourably with the performance of other reinsurers.

Looking to the longer term, 1999 saw the continued development of Sirius International as a force within its chosen market segments and, of course, the arrival of two important new underwriting units in Belgium and Singapore.

Put to the test

An exceptional sequence of loss events provided for a dramatic end to 1999. These culminated in two large storms which ravaged France and affected other parts of central Europe, floods in Venezuela and a storm in Denmark - all in December. Sirius International has a well-established, strategic and technically rigorous approach to underwriting, which was put fully to the test. This was all the more the case, as the company is now strongly represented in Europe.

...strategic decisions
taken in the early 90s,
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held us in **good stead.**

Once again, strategic decisions taken in the early 90s, and consistently applied since then, held us in good stead. Our focus on the higher excess of loss levels, combined with a reduction in exposure to certain markets where we felt rates were technically unsound, kept losses to acceptable levels.

Apart from storm damage (fuller details on page 11), there were several satellite claims, earthquakes in Taiwan, Greece and Turkey, and several risk losses such as the Mont Blanc tunnel fire.

Creating new openings

One of our priorities over the past few years has been to market our products and services proactively, to develop new relationships. During 1999, this policy paid dividends, as many of the contacts we made turned into longer-term relationships.

Our consistent approach towards underwriting meant that brokers and their clients knew what to expect from Sirius International. As a medium-sized reinsurer, we play to our strengths, and do not try to be all things to all people. We offer a highly skilled approach in our market segments, coupled with a flexible, speedy and innovative response to customer needs.

Partly as a result, we are seeing, quoting and leading more business as well as quoting in new areas. The loss experiences of 1999, as well as helping to harden rates, have generated new opportunities going forward, by highlighting those areas where cedants have too little reinsurance.

Improving our service

Sirius International has built up considerable expertise in its core areas, most notably Property Catastrophe. It is in the interests of both our customers and the company itself that we should continue to

develop and extend these strengths.

In addition, however, we are constantly developing and refining the whole range of services and products that we offer, and we continue to work with the Financial Risks division to offer a range of conventional and non-conventional covers for clients.

Although we consider our claims service to be better than average, speeding the way claims and cash calls are met continues to be a priority. During 1999 we made greater use of the IUA's CLASS system for paying electronically. We also started to develop new internal processes for speedier claims payment, and we hope that our customers will start to see the benefit during 2000.

Acquiring a stronger presence in Europe and Latin America

A very big addition to our portfolio this year was the acquisition from GE Re of Kemper Re's Belgian operation. This has enabled us to increase significantly our presence in Europe and parts of Latin America.

Our new Belgian colleagues bring a wealth of experience and knowledge to the Group. They are especially strong, for example, in Life and Credit & Bond reinsurance. Their contribution in these areas will benefit our customers around the world, as well as those in Europe.

Expansion in the Far East

In September, 1999 Sirius International received its licence from the Monetary Authority of Singapore to open a branch office, signalling the start of a long-term strategic expansion of our activity in the Far East. We have a well-established book of business from this region, previously developed from Stockholm, and this latest

move has enhanced our profile and commitment there.

The branch will be servicing mainly the ASEAN countries, China, Hong Kong, Korea, Sri Lanka and Taiwan. The financial crisis that blighted many of these countries is nearly over and the region is now geared for rapid expansion.

The branch writes all types of non-life reinsurance business. In line with the Group's profit-led approach to growth, no premium targets have been set for the branch. Nonetheless, in the short time since its start-up, the Singapore operation has become established as a market for excess of loss and facultative business, and increased our share of the Far East market.

London strengthens

Our team at the London Underwriting Centre completed the second full year since Sirius acquired most of the active portfolio of WASA International (UK). It achieved a significant growth in premium income, while maintaining and increasing profitability – a considerable achievement at a time of falling rates.

Much of this progress was within the Medical, Health and Travel book, which

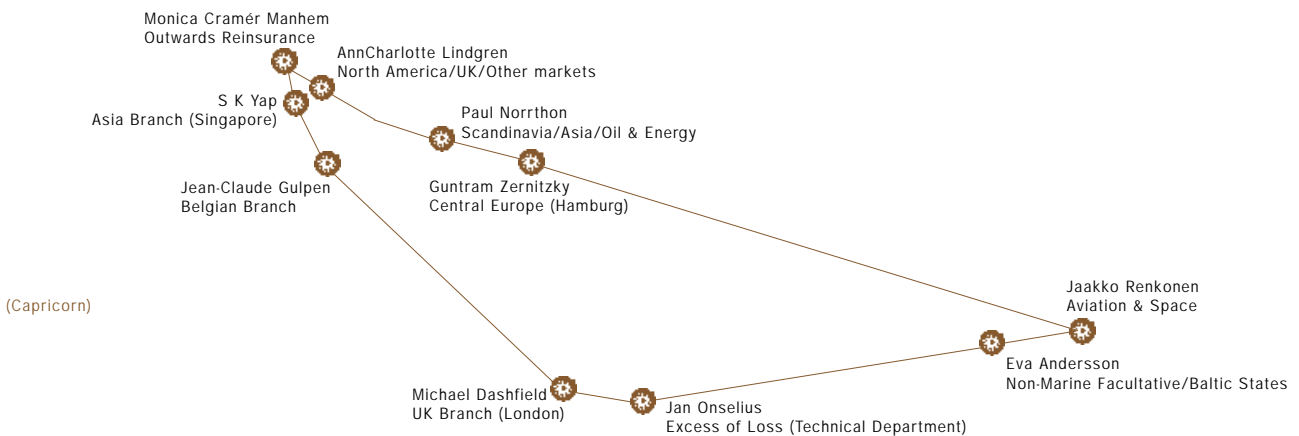
accounts for over 40% of the total. Direct Property and Marine XL, however, also performed strongly, with the Marine account bucking the downward market trend.

The branch has continued to develop new products, especially in the Contingency field, and to refine existing ones in co-operation with brokers.

Unity in diversity

Looking ahead, our reinsurance and commercial insurance operations have demonstrated resilience, and the current difficult conditions have not prevented us from taking a long-term view of the market. Our new operations give us increased diversity and scope, all within the umbrella of a unified approach to underwriting.

The renewal season at the end of 1999 confirmed the need for continuing caution. There are, however, some signs of improvement, most notably in the hardening retrocession market. The underlying growth in our business has been disguised by the current low rates and our strict profit-led underwriting policy, but will become more obvious as market conditions improve.





SCANDINAVIAN RE

...efforts to create innovative risk transfer solutions often demonstrate tangible differences between ourselves and the competition.

1999 was an outstanding year for Scandinavian Re, both in Bermuda and at our London representative office.

A record year – again!

Last year we set yet another record. We have now been in business for eleven years – and every year has seen growth in both income and profits.

Our achievements in 1999 were substantial: net income increased by 28% to US\$33.3 million, net underwriting profit

grew by 13% to US\$6.1 million and earned fee income increased by 62% to US\$8.6 million. Net investment income, including realized capital gains, also reached a record US\$27.2 million.

As the regular reader of our annual reports will have noticed, we thrive on the challenge of delivering innovative finite risk solutions. In so doing, we inherently accept that certain of our ratios and top line numbers may swing dramatically from year to year as a consequence of delivering

...we thrive on the challenge of delivering innovative finite risk solutions...

“the perfectly tailored product” to our clients. This certainly happened in 1999. The growth of US Workers Compensation discounted guaranteed cost business (DGCB) caused us to double Net Premiums Earned to US\$170 million. In addition, our Balance Sheet broke the US\$1 billion barrier for the first time.

Our Place in the Market

Our underwriting profit was even more of an achievement given current market conditions. It is widely believed that the international reinsurance market as a whole will report a sizeable underwriting loss as a result of rate erosions over the last few years, coupled with the severe catastrophic events of 1999.

During the year, Scandinavian Re continued to leverage skills and resources, from DFA modelling to deep and varied underwriting wherewithal, in order to produce better products for our customers. The “Infinite Ideas for Finite Risk” slogan,

which we coined many years ago, truly reflects the entrepreneurial spirit of our underwriters.

While moving targets and undefined client motivations may cause us to produce seemingly endless permutations and variations of solutions and quotes at times, any intermittent frustration is easily forgotten once a transaction is successfully concluded. This is a result of the passion we feel for our segment of the business. These efforts to create innovative risk transfer solutions often demonstrate tangible differences between ourselves and the competition. We hope that brokers feel that, with Scandinavian Re, they have easy access to the resources they need to add value on a prompt and timely basis in order to meet the needs of their clients.

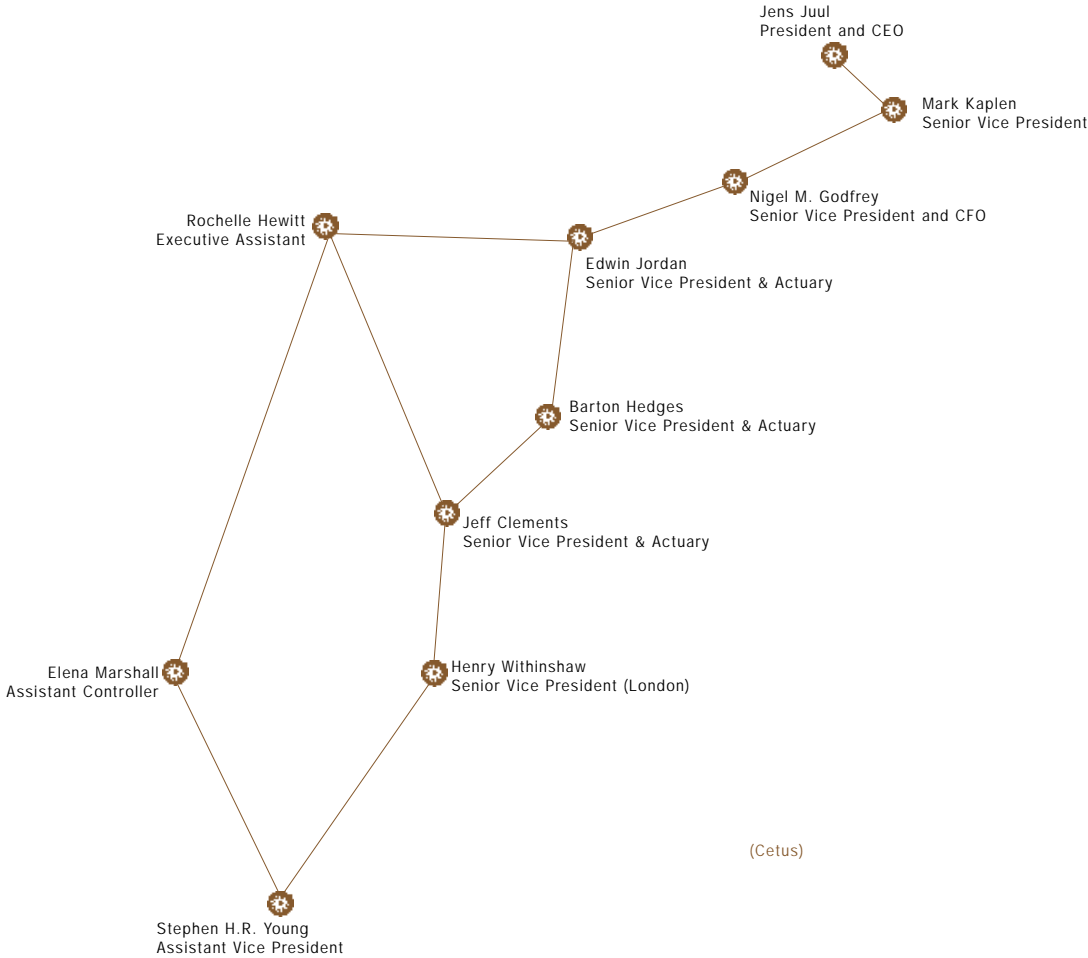
The future

The risk management process has undergone a marked change over the last decade, and this development will

continue. It now routinely includes holistic enterprise risk, as opposed to just any single or multiple event risk that may impact upon a corporation's pursuit of its objectives. Increased sophistication levels amongst risk managers, brokers and underwriters facilitate the creation of dynamic products that are sensitive both to income statements and budgets. The ART segment

of the insurance industry has seen significant growth over the last few years, and we anticipate that future expansion will be both rapid and more global.

Our talented and experienced team is ideally placed to meet the challenges of the new millennium and to continue to deliver innovative, cost-effective solutions to our customers.



The image features a dark, silhouetted skyline of a city at night, dominated by several tall, pointed church spires. The spires are set against a deep blue night sky filled with numerous bright, out-of-focus stars. The overall mood is serene and contemplative. The text 'FINANCIAL RISKS' is centered in the upper half of the image.

FINANCIAL RISKS

...continued to push forward the boundaries of what Financial Risks can achieve – finding new and often more **sophisticated** applications for our techniques, at the same time as making them more accessible...

Sirius International's Financial Risks division provides specialised insurance solutions within the areas of Trade, Project and Alternative Risk Transfer (ART). Operating out of offices in Stockholm and Zürich, and often working in co-operation with other parts of the ABB Financial Services group, it provides customers with a seamless combination of covers.

For the fifth year running, Sirius Financial Risks achieved record results with a premium increase of 35%, and a 33% increase in technical result. Our long track record and proven ability to provide unconventional, tailor-made solutions to customers' needs helped us in what might otherwise have been a difficult period.

One theme of the year was our continuing efforts to make our products more accessible to customers and potential customers. We seek to achieve this through greater use of electronic commerce, streamlined procedures and, where appropriate, by offering standardised versions of some of our previously tailored solutions.

Alternative Risk Transfer:

1999 was a record year

Sirius International has been offering what is now called Alternative Risk Transfer since the 1980s, and we have remained at the forefront of new developments in this field.

1999 was a record year, both for the number of ART contracts, as well as the overall financial result. We structured 20 such deals, bringing our total since the start to 140. They included several large, tailor-made and innovative solutions, most notably for complex project-related risks, residual value risks and credit risks. As well as benefiting our clients, they added

considerably to our pool of knowledge and experience.

In addition, we have developed a range of relatively standardised ART products, known as Enhanced Risk Management (ERM), where we offer a tool for long-term management of difficult risk, off balance sheet from the customer's point of view. We realise that many companies, while interested in this type of cover, would prefer policies that are simpler to apply than most ART solutions. ERM is aimed at smaller customers – typically with annual turnovers of SEK 500 million or more.

Another growing area is the number of companies wishing to use captives as a risk management tool in a broader sense than just traditional insurance risks. Financial Risks' operations include a broad range of insurance programmes involving captives as a business tool.

Sirius is now established as a market leader for ART products in Scandinavia. During 1999, while we continued to focus our efforts towards these customers, we also grew considerably elsewhere. Customers outside Scandinavia accounted for around 20% of our ART business written 1999, and we expect this figure to expand further.

Trade Insurance:

Continue the process of streamlining

Within the Trade Insurance area we offer insurance solutions for small and medium-size trade and export transactions.

During the year, we reaped the benefits of the many improvements in product, service and distribution of earlier years. We worked hard during 1999 to continue the process of streamlining communication costs and processes

between Sirius and its clients. This enables us to help customers cut administrative expenses and to price our services competitively, without sacrificing profit.

For example, all Trade Insurance customers will have on-line access to their portfolios through a secure internet site. This can be used to check such things as exposures, maturities and beneficiaries, and to apply electronically for new policies. We also now have “off-the-shelf” versions of some of our Trade policies, which can be used to simplify the purchase of cover.

Project Insurance: Successfully completed several major contracts

Within the Project Insurance area we offer tailored/structured insurance covers for infrastructure projects and financed projects, focusing on political and commercial risks.

During 1999 we successfully completed

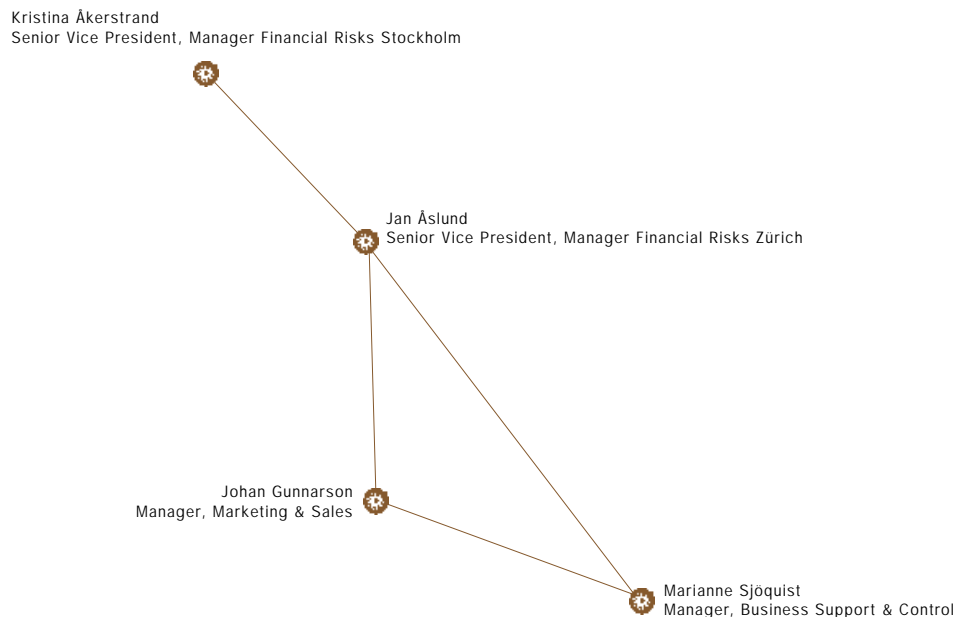
several major contracts. These included a wide range of products for a power project in India and support for a transmission project in Brazil. We were also involved in several other engineering contracts in, among others, Turkey, Morocco, Russia, China and India.

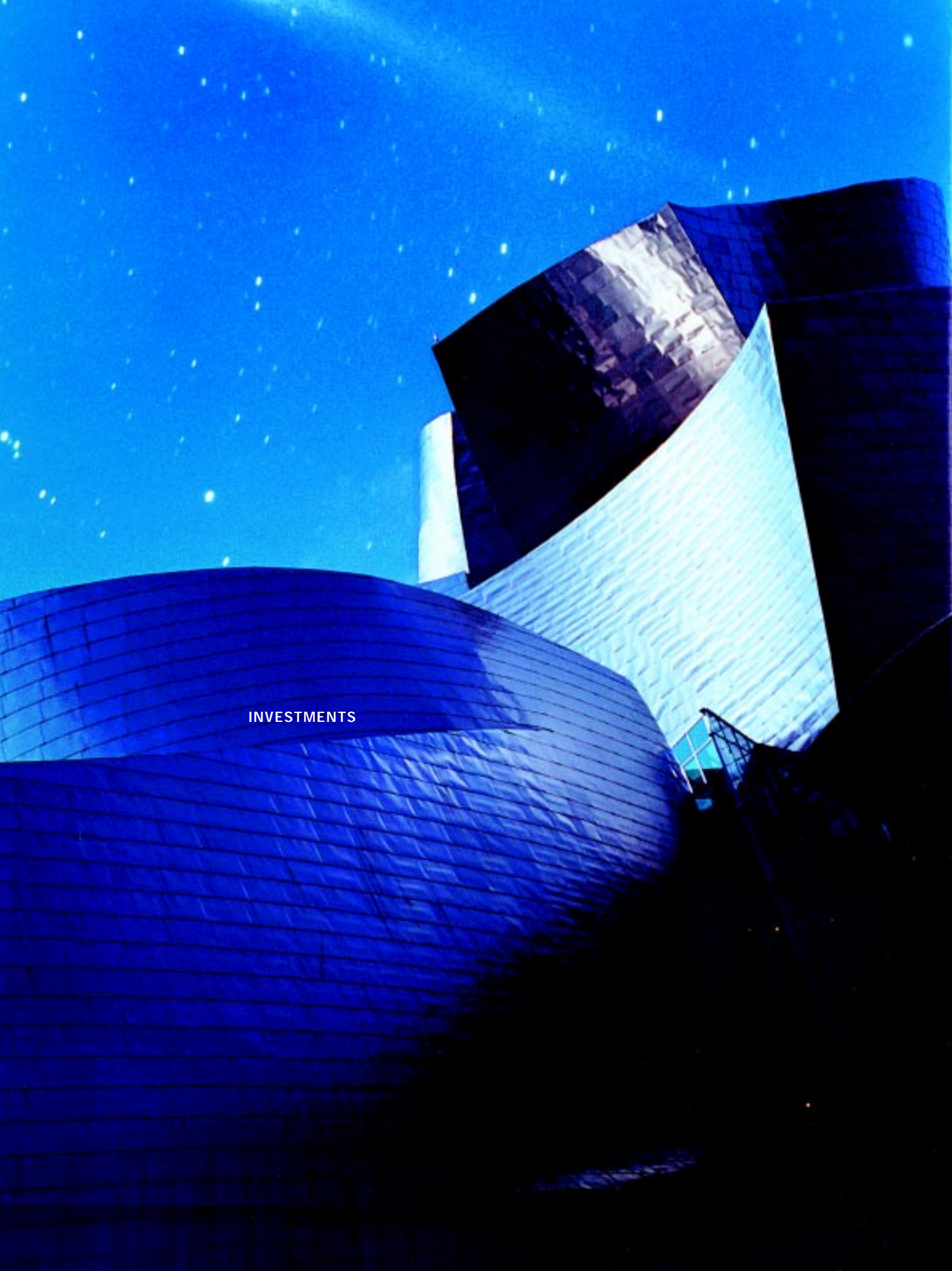
Our core clients remain Nordic industrial companies and businesses in infrastructure development, but with a special focus on ABB group globally.

Pushing the boundaries

Sirius International has continued to push forward the boundaries of what Financial Risks can achieve – finding new and often more sophisticated applications for our techniques, at the same time as making them more accessible to a wider group of customers. We believe the coming years will see a continued growth in opportunity and activity.

(Leo Minor)





INVESTMENTS

We shall, therefore, continue to adopt a cautious investment strategy, coupled with flexibility and willingness to move quickly.

Sirius International has a conservative and disciplined approach towards investing assets in order to support our policy-holders' security. There is a strict policy of keeping the bulk of the funds in highly rated fixed income securities. However, during 1999 we considerably increased our exposure to the equity markets. The majority of our investment portfolios continue to be run by SEB, following the sale in 1998 by ABB of its Investment Management companies.

Worldwide recovery

At the start of 1999, the prospects for the world economy looked uncertain. In the event, it proved to be a year of recovery, driven to a large extent by continued rapid growth in the US. The Far East seemed to have overcome most of its financial problems, and the rest of the world enjoyed a degree of stability that few had predicted at the outset.

Inflation remained at historically low levels, even though rising oil prices in

the latter part of 1999 put pressure on consumer prices. The previous year's worry over possible deflation disappeared.

Markets

The monetary policy in most economies was on an easing or on hold path in the first part of 1999. However, in the latter part of the year central banks raised their key rates.

Long-term interest rose in the USA as well as in Europe in 1999. The explanation for higher yields was rising oil prices and increased real interest rates, due to the international economic recovery. Five-year interest rates finished 1.5-2.0 % higher than at the beginning of the year.

After a flat first quarter, equity markets climbed to new highs towards the end of the year. Despite higher interest rates, growth stocks in the IT and telecom sectors outperformed and reached levels that discount very high earnings growth over many years.

Investment portfolios

During 1999 we increased our equity portion of the portfolio in several ways. We raised the benchmark for the SEK balanced portfolio at the start of the year. We established a separate portfolio for investing in real estate companies, which has performed well. Finally, our investments in private equity funds grew considerably, both through new investments in already established funds and through three new commitments.

During the first quarter of 1999 the duration of the Swedish and US bond portfolios was shortened considerably, thus reducing our interest risk by approximately one third. Despite this, the bond portfolios suffered from the rise in interest rates and

showed low returns, and in the case of the US portfolios even negative returns. With the acquisition of the Belgian operations of Kemper Re, the volume of Euro-denominated bonds increased considerably.

As before, our fixed income investments have, with very few exceptions, a credit rating of at least AA.

Return on investments

The year-end market value of investment assets amounted to SEK 11,156 million (1998: SEK 9,743 million); US\$ 1,312 million (1998: US\$ 1,146 million); of which 85% was in fixed income securities and 15% were in shares.

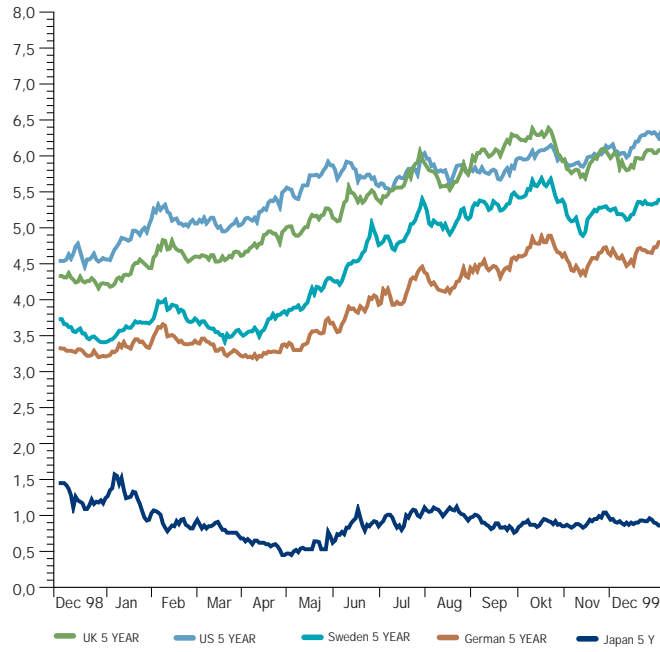
The total return on investment assets based on market values was 16% for the parent company and 11% on a consolidated basis. This is better than the market indices against which Sirius measures its investment performance.

Gross investment income amounted to SEK 1,132 million (1998: SEK 766 million); US\$ 136 million (1998: US\$ 92 million). After SEK 114 million (1998: SEK 135 million); US\$ 14 million (1998: US\$ 17 million) in allocated interest to insurance operations, net investment income was SEK 1,018 million (1998: SEK 631 million); US\$ 123 million (1998: US\$ 76 million).

The need to be flexible

Looking ahead, it would be unwise to rely on the same favourable conditions in the equities markets that we enjoyed during 1999. We shall, therefore, continue to adopt a cautious investment strategy, coupled with flexibility and willingness to move quickly.

LONG-TERM INTEREST RATES 1999

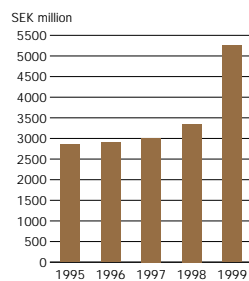


EQUITY MARKETS 1999

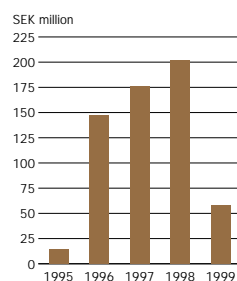


Financial Highlights

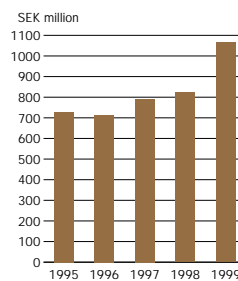
GROSS PREMIUMS
Consolidated



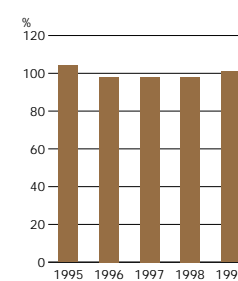
INSURANCE OPERATING RESULT
Consolidated



INCOME BEFORE TAX
Consolidated



COMBINED RATIO
Consolidated



FIVE-YEAR SUMMARY – CONSOLIDATED

SEK million	1999	1998	1997	1996	1995
Net premium income	4 029	2 964	2 746	2 680	2 589
Net premiums earned	3 754	3 021	2 776	2 615	2 558
Other technical income	71	42	45	30	32
Allocated interest	114	135	113	94	108
Net claims incurred	-2 046	-1 863	-1 591	-1 516	-1 508
Net operating expenses	-1 835	-1 134	-1 167	-1 077	-1 177
Insurance operating result	58	202	176	147	14
Investment operating result	1 018	631	621	566	714
Other expenses	-10	-9	-6	0	0
Net income for the year	781	584	575	524	524
Net technical provisions	6 667	4 212	3 974	3 586	3 704
Market value on investment assets	18 806	15 351	13 789	11 740	11 191
Insurance operating result					
Claims ratio	53%	61%	57%	58%	59%
Cost ratio	48%	37%	41%	40%	45%
Combined ratio	101%	98%	98%	98%	104%
Investment result					
Investment yield	4%	5%	5%	6%	*
Total yield	4%	8%	7%	11%	*
Solvency capital					
Shareholders' equity	6 826	5 898	5 417	5 053	4 515
Deferred tax on untaxed reserves	1 901	1 714	1 622	1 543	1 389
Deferred tax other	-52	58			
Deferred tax on reserve for unrealised capital gains	129	33	40	31	13
Excess values on investment assets					
– Other investment assets	-145	512	330	353	129
Total solvency capital	8 659	8 215	7 409	6 980	6 046
Solvency ratio	215%	277%	270%	261%	234%

* Not applicable due to change in the Annual Accounts Act

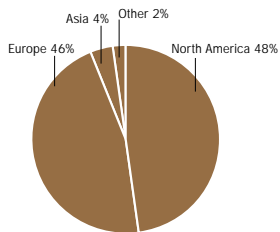
Financial Highlights

FIVE-YEAR SUMMARY – PARENT COMPANY

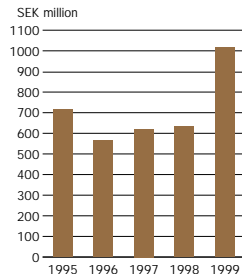
SEK million	1999	1998	1997	1996	1995
Net premium income	2 656	2 419	2 442	2 390	2 295
Net premiums earned	2 327	2 471	2 454	2 326	2 216
Allocated interest	91	124	105	90	68
Net claims incurred	-1 531	-1 638	-1 518	-1 432	-1 280
Net operating expenses	-871	-810	-919	-880	-943
Insurance operating result	16	148	122	104	61
Investment operating result	958	741	691	671	553
Other expenses	-8	-9	-6	0	0
Net income for the year	215	6	0	127	-18
Net technical provisions	4 178	3 473	3 257	2 838	2 851
Market value on investment assets	12 116	10 805	10 012	8 841	8 244
Insurance operating result					
Claims ratio	66%	66%	62%	61%	58%
Cost ratio	37%	33%	38%	38%	43%
Combined ratio	103%	99%	100%	99%	101%
Investment result					
Investment yield	5%	6%	6%	7%	*
Total yield	6%	10%	8%	11%	*
Solvency capital					
Shareholders' equity	1 117	902	896	896	844
Deferred tax on reserve for unrealised capital gains	113	26	36	27	13
Untaxed reserves	7 174	6 449	5 819	5 538	4 867
Excess values on investment assets					
- Other investment assets	-8	434	312	355	84
Total solvency capital	8 396	7 811	7 063	6 816	5 808
Solvency ratio	316%	323%	289%	285%	253%

* Not applicable due to change in the Annual Accounts Act

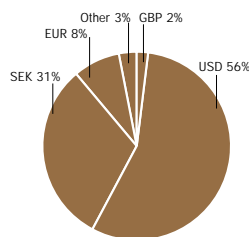
GEOGRAPHICAL SPLIT OF GROSS PREMIUM INCOME Consolidated



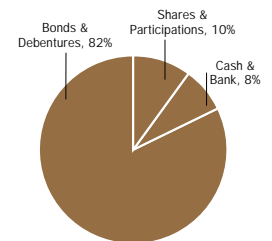
NET INVESTMENT OPERATING RESULT after allocated interest to insurance, Consolidated



INVESTMENT MIX BY CURRENCY Consolidated



INVESTMENT MIX Consolidated





The ABB Group

ABB serves customers in power transmission and distribution; automation; oil, gas, and petrochemicals; building technologies; and in financial services. Power generation customers are served by the joint company ABB ALSTOM POWER. The ABB Group employs about 165,000 people in more than 100 countries.

ABB Group Reports

The ABB Group publishes its annual report in English, German, and Swedish. The English version is binding. It also issues quarterly financial results in April, July and October. In addition, the Group publishes an annual Environmental Management Report and a Technology Report. These

reports can be obtained from regional or country headquarters or from

ABB Ltd
Corporate Communications
P.O. Box 8131
CH-8050 Zurich
Switzerland
Phone +41 1 317 7111
Telefax +41 1 317 7958

Ownership structure

Sirius International Insurance Corporation (publ) is a wholly owned subsidiary of ABB Financial Services within the ABB Group.

ABB Ltd, in Zurich, Switzerland, is the holding company of the international ABB Group.

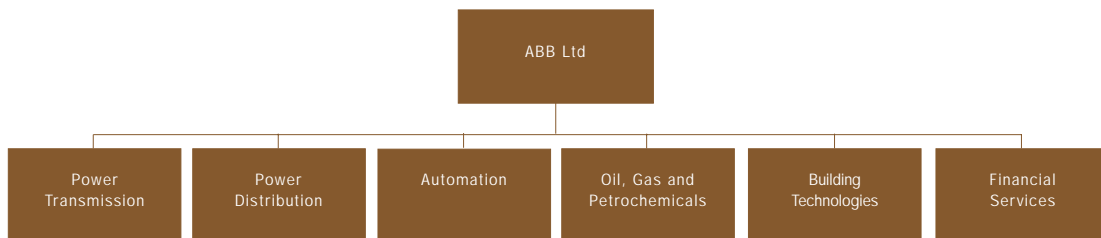


ABB Financial Services

ABB Financial Services delivers a wide variety of high-quality products and expert services on a global basis. These range from treasury and insurance services to leasing, financial consulting and sales support financing.

The segment leverages the financial strengths and capabilities within the ABB Group to serve ABB companies and external customers in markets all round the world. Always with the goal of stand alone profitability.

ABB Financial Services is one of six business segments within the ABB Group. The segment comprises five business areas: Treasury Centers, Leasing & Financing, Insurance, Structured Finance and Energy Ventures, with some 1000 employees in 20 countries. Total assets amount to US\$ 20 billion, and 1999 income before taxes was US\$ 353 million.

The five Business Areas are, excepting Insurance, described below:

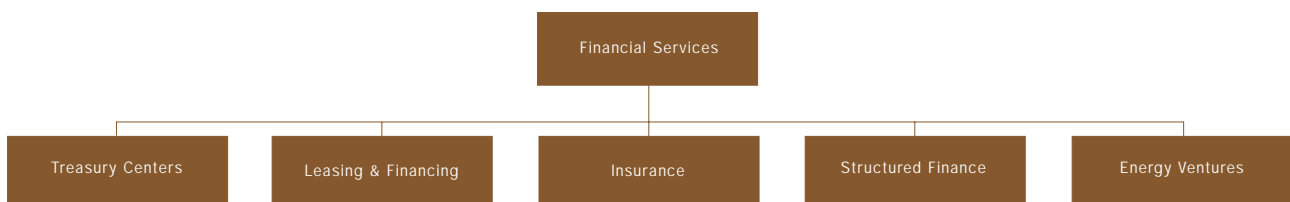
Treasury Centers manage ABB Group liquid assets, execute foreign exchange transactions, borrow funds and take positions in foreign exchange and interest markets within approved limits. Financial energy offers risk management solutions by providing energy related financial instruments. Financial consulting provides

support on matters concerning financial strategy and organisation as well as financial, commercial and energy risk management.

Leasing & Financing handles asset-based financing and corporate financing and participates in syndication and intermediation. ABB Credit works primarily with transactions on its own books, while ABB Asset Finance specializes in cross-border leasing, other asset-based financing solutions and advisory services. Resonia Leasing provides vendor leasing for “small ticket” investments. Energy Leasing provides total solutions for distributed power generation.

Structured Finance acts as financial adviser and provides loans for infrastructure and industrial projects. These loans are often structured as trade, export or limited recourse project financing or countertrade.

Energy Ventures originates, develops and finances independent power projects, airports, water projects, oil & gas and transmission & distribution projects. The business area invests equity in these projects and manages the portfolio of equity investments.





Board of Directors' Report

Sirius International Insurance Corporation (publ)
Organisation number: 516401-8136

Board of Directors' Report

Sirius International Insurance Corporation (publ) (Sirius International) is a wholly owned subsidiary of ABB Financial Services AB, which is owned by ABB AB. ABB AB is a subsidiary of ABB Norden Holding AB, which is owned by ABB Ltd., Switzerland.

The Board of Directors and the President of Sirius International hereby submit their annual report for 1999.

Group

The Group consists of Sirius International Insurance Corporation (publ), Scandinavian Reinsurance Company Ltd, Hamilton, Bermuda, Sirius Rückversicherungs Service GmbH Hamburg, Germany (Sirius Rück), Sirius (UK) Insurance Plc London, Great Britain, Sirius Belgium Réassurances S.A., Liège, Belgium and Tre Kronor Kapital AB.

Sirius International has six offices outside Sweden. These are: the branch office in London, - Sirius International Insurance Corporation UK branch; the branch office in Zurich, Switzerland - Sirius International Insurance Corporation Zürich branch; the branch office in Singapore - Sirius International Insurance Corporation Asia branch; the branch office in Liège and Brussels, Belgium - Sirius International Insurance Corporation Belgian branch, and in Hamburg, Germany. The operation in Germany is conducted through the agency Sirius Rück.

In June Sirius (UK) Insurance Plc was acquired from another ABB company. The

business has already been integrated with Sirius International's UK branch and reinsured by Sirius International. In August a branch office was opened in Singapore. In November Kemper Europe Réassurances S.A was acquired. For the common administrative services within ABB Financial Services, Sweden Tre Kronor Kapital AB was acquired in October 1999.

Operations

Sirius International was established in 1989. However, insurance operations commenced in 1945, in the Sirius Insurance Company Ltd. The reinsurance activities were transferred to Sirius International in 1989. Sirius International has been the Parent Company of the Sirius Group since 1992.

The company's international presence has been significantly strengthened through the establishment of new offices in Singapore and Belgium. During the year several severe catastrophe claims occurred with a peak in December with two storms over France, Switzerland and Germany, plus a storm in Scandinavia.

Despite the severe losses the company can report a positive insurance result. The investment result was excellent.

Gross premium income for the Group amounted to SEK 5,258 million (1998: SEK 3,352 million) and premium income for own account amounted to SEK 4,029 million (1998: SEK 2,964 million). The insurance operating result amounted to a profit of SEK 58 million (1998: SEK 202 million).

The world's stock exchanges performed strongly, especially in Sweden, yielding a very satisfactory result. The

portfolio of special investments managed by Sirius International also performed very well. During the year the interest rates on bonds increased, demonstrating an upward trend at year-end. The investment result, after allocation of interest to the insurance operations, amounted to SEK 1,018 million (1998: SEK 631 million).

Total assets amount to SEK 23,731 million (1998: SEK 16,519 million).

The technical result as well as consolidation in respect of capital strength are shown in the five-year summary on pages 28-29.

In 1993 the company underwent a tax audit. As a consequence of this audit, the tax authorities have also challenged tax assessments for subsequent years. The raised tax assessments proposed were appealed to the County Administrative Court. During 1998 the Court passed judgement, eliminating some of the raised tax assessments. Sirius International has

appealed two of the cases that the County Administrative Court failed to overturn to the Administrative Court of Appeal.

Sirius International will continue its conservative, but constructive approach to underwriting, and expects to make a good return on investments in the years ahead. The diversified investment portfolio should contribute to a stable return on investment in the years ahead.

During the year, date recognition problems, such as those associated with Y2K, were the focus of great attention. The turn of the year did not cause any disturbance in the business operations.

Results

The parent company reports a result for 1999 before appropriations and taxes of SEK 967 million (1998: SEK 880 million).

Net Income after tax amounts to SEK 215 million (1998: SEK 6 million).

Income Statement – Consolidated

SEK 000's	Note	1999	1998
TECHNICAL ACCOUNT FOR INSURANCE OPERATIONS			
<i>Earned premiums, for own account</i>			
Gross premium income	1	5,258,445	3,352,375
Ceded reinsurance premiums		-1,229,137	-387,982
Change in the gross provision for unearned premiums		-342,994	137,110
Change in the provision for unearned premiums, reinsurers' share		67,333	-80,038
Total earned premiums, for own account		3,753,647	3,021,465
Allocated investment return transferred from the non-technical account		113,549	134,913
Other technical income, for own account		71,508	42,398
<i>Claims incurred, for own account</i>			
Claims paid			
Gross amount		-2,020,854	-1,736,024
Reinsurers' share		447,371	264,807
Claims handling expenses		-2,616	-1,439
Claims paid, for own account		-1,576,099	-1,472,656
<i>Change in the provision for claims, for own account</i>			
Gross amount		-1,214,679	-419,717
Reinsurers' share		745,278	29,019
Change in other technical provisions, for own account			
Gross amount		-17	0
Total claims incurred, for own account		-2,045,517	-1,863,354
Operating expenses	2	-1,834,720	-1,133,707
Operating profit/loss of technical account		58,467	201,715
NON-TECHNICAL ACCOUNT			
Balance of technical account		58,467	201,715
<i>Investment income/expenses</i>			
Investment income	3	919,346	846,459
Unrealised gains on investments	4	304,511	0
Investment expenses and charges	5	-92,397	-80,153
Investment income allocated to the technical account		-113,549	-134,913
Total investment income/expenses		1,017,911	631,393
Other expenses	6	-10,143	-9,199
Result before appropriations and taxes		1,066,235	823,909
Taxes	7	-285,288	-240,046
Net income for the year		780,947	583,863

Balance Sheet – Consolidated

December 31 (SEK 000's)	Note	1999	1998
ASSETS			
<i>Intangible Assets</i>			
Goodwill	8	568,104	61,141
<i>Investment assets</i>			
Land and buildings	9	20,046	3,221
<i>Investments in group companies and participating interests</i>			
Interest bearing investments in group companies	10	0	53,724
Total investments in group companies and participating interests		0	53,724
<i>Other financial investments</i>			
Shares and participations	11	1,973,063	1,129,501
Participations in tenant-owner society	12	0	3,500
Bonds and other interest bearing investments	13	9,310,259	8,100,100
Other financial assets	14	2,886,680	2,547,902
Total other financial investments		14,170,002	11,781,003
<i>Deposits with cedants</i>			
		3,315,335	2,195,909
<i>Reinsurers' share of technical provisions</i>			
Provision for unearned premiums	15	226,592	96,161
Claims outstanding		1,842,172	431,249
Total reinsurers' share of technical provisions		2,068,764	527,410
<i>Debtors</i>			
Debtors arising out of direct insurance operations	16	30,416	41,359
Debtors arising out of reinsurance operations		1,112,868	237,572
Other debtors	16	665,182	414,463
Total debtors		1,808,466	693,394
<i>Other assets</i>			
Tangible assets	17	19,349	13,885
Cash and bank balance		1,410,682	805,198
Total other assets		1,430,031	819,083
<i>Prepayments and accrued income</i>			
Accrued interest		329,353	377,988
Other prepayments and accrued income		20,920	5,953
Total prepayments and accrued income		350,273	383,941
Total assets		23,731,021	16,518,826

December 31 (SEK 000's)	Note	1999	1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	18		
Share capital (8,000,000 shares of nom.value SEK 100)		800,000	800,000
Restricted reserves		5,161,791 *)	4,426,045 *)
*) of which, reserve for unrealised gains on investments 331,829 (93,766)			
Retained earnings		82,944	87,764
Net income for the year		780,947	583,863
Total shareholders' equity		6,825,682	5,897,672
Technical provisions	19		
Provisions for unearned premiums		1,369,467	869,325
Claims outstanding		7,354,989	3,866,721
Equalization provision		10,977	3,099
Total technical provisions		8,735,433	4,739,145
Provisions for other risks and expenses			
Pension provisions	20	6,350	6,551
Taxation provisions	21	2,151,811	1,953,643
Total provisions for other risks and expenses		2,158,161	1,960,194
Deposits received from reinsurers		127,245	4,509
Creditors			
Creditors arising out of direct insurance operations	22	123,947	182,441
Creditors arising out of reinsurance operations		3,961,086	3,319,731
Derivatives		44,972	171
Other creditors		1,709,247	328,114
Total creditors		5,839,252	3,830,457
Accrued expenses and deferred income			
Other accrued expenses and deferred income		45,248	86,849
Total shareholders' equity and liabilities		23,731,021	16,518,826
Pledged assets	24	3,325,016	3,138,377

Accounting Principles

The annual accounts are prepared in accordance with the Annual Accounts Act, the Act on Annual Accounts for Insurance Companies (ÅRFL) and the Code of Statutes (1998:28) of the Swedish Financial Supervisory Authority, and in conformity with recommendation RR1 of the Swedish Financial Accounting Standards Council. The accounting principles used in ABB are applied within the framework of these regulations.

Constitutionality

The Financial Statements are according to laws and directives cited above.

Principles of consolidation

The consolidated accounts comprise the Parent Company, Sirius International Insurance Corporation (publ), Scandinavian Reinsurance Company Ltd, Sirius Rückversicherungs Service GmbH and the companies acquired during the year, Tre Kronor Kapital AB, Sirius (UK) Insurance Plc and Sirius Belgium Réassurances SA.

The consolidated accounts are prepared in accordance with purchase method.

The consolidated accounts and balance sheets of the Group's foreign companies are translated to Swedish kronor at average exchange rates for the year and year-end exchange rates, respectively. Translation differences are transferred directly to shareholders' equity.

Taxes

Taxes reported for the year in the consolidated accounts comprise actual taxes, deferred taxes on untaxed reserves and other timing differences. The tax rate is 28 %. Untaxed reserves are stated as consisting of 28 % deferred tax and 72 % restricted equity.

Deferred tax on the fund for unrealised capital gains is also calculated. In the accounts for the Parent Company only actual tax and deferred tax on the above mentioned fund is stated.

Goodwill

The goodwill arisen from the acquisition of Sirius Belgium Réassurances SA is depreciated according to plan. The depreciation is done over the estimated lifetime of 20 years. The earlier capitalised goodwill arising from the acquisition of the bulk of WASA (UK) Ltd's business is depreciated according to plan. The depreciation is over the estimated lifetime of 10 years..

Translation of foreign currencies

Current accounting is stated in original currencies. Transactions in currencies other than the local currency are translated in accordance with the following principles: Income statement items are translated at the average exchange rate for the year and balance sheet items are translated at year-end exchange rates.

The following rates of exchange for the Swedish krona have been used for the most important currencies:

	Closing rate	Average rate
U.S. dollar	8.51	8.30
Euro	8.55	8.78
Pound sterling	13.75	13.39

Shareholdings in Group companies have been translated at the rate in effect on the date when an investment was made.

Valuation principles

Investment assets

- Buildings and land are valued at acquisition cost with the reduction of calculated depreciation.

Investment assets in Group companies are valued at acquisition cost.

- Shares and participations are valued at market.
- Bonds and other interest-bearing securities are valued at amortized cost.
- Other financial assets are valued at cost.
- Capital gains and losses on interest-bearing assets are valued in accordance with the FIFO principle. Capital gains and losses on shares

and participations are valued at average acquisition costs.

Investments in bonds and other interest-bearing securities are based on a long-term approach, in which the return that these instruments offer at date of investment is the decisive factor in making the investments. Therefore, accrued amortized cost most accurately reflects the value at which the assets should be stated. In the case of shares and participations with greater volatility and shorter investment horizons, market value offers the most accurate valuation principle.

Technical provisions

Technical provisions consist of provisions for unearned premiums and claims as well as the claims adjustment provisions.

Provisions for unearned premiums and claims are calculated pro rata.

Calculation of the claims provision is based on available knowledge of individual claims and the trend of claims. In calculating these provisions, claims not yet reported and claims reported with insufficient amounts are taken into account. Actuarial methods have been used as a basis for calculating the amounts of the provisions. The technical provisions have not been discounted.

Allocated interest to insurance operations

The investment income allocated to insurance operations is calculated using the net insurance liabilities as the base. Net receivables in insurance operations have been deducted from the base. This capital base is distributed by currency. The calculated yields for assets in various currencies have then been used to calculate the return on capital from insurance operations.

Capitalisation of acquisition costs

Because only a small amount of the acquisition costs could be capitalised due to the time lag in accounting for especially assumed reinsurance, Sirius International has elected not to capitalize any acquisition costs.

Premium Income

The bulk of the company's premium income consists of assumed reinsurance. For especially proportional reinsurance contracts there is a substantial timelag in the accounting as well as an uncertainty about the definitive premium income. For this reason the company has chosen to report as premium income only received accounted premium income. A cautious estimate of written not accounted for premium income is approx. SEK 500 million.

Reporting for Scandinavian Re in parent company accounts

In accordance with Swedish tax law, Scandinavian Re's income is taxed in Sweden. Accordingly, in order to be able to report a foreign subsidiary in the Parent Company's accounts, a line "Other accrued revenue - Group company", has been inserted under "Return on capital - Revenues". Appropriations have then been made, under the heading "Allocations", to the safety reserve for Scandinavian Re's income, based on the scope of the company's operations.

Sensitivity analyses

Insurance risks

Prior to the beginning of each fiscal year, the Board of Directors establishes the total maximum exposure allowable for each company in the group within the framework of the Company's Articles of Association. Various claim scenarios have been identified for reinsurance assumed. These scenarios are projected monthly, based on the current portfolio. In the credit insurance sector, the Board has established the maximum exposure for various types of insurance.

In the case of large individual commitments, such as liability for claims resulting from a nuclear disaster, a maximum claim limit has been set.

Ceded reinsurance is utilised in order to increase the capacity as well as to balance the incoming portfolio and thus avoid fluctuations in the result.

Through an active selection of reinsurers,

the reinsurance risk is limited.

The reserving risk is controlled through actuarial analysis of our portfolio.

Foreign currency

When calculating the net exposure in foreign currencies, market values of all investment assets are adopted. As of December 31 1999, the net foreign currency exposure, translated to Swedish kronor, was as follows:

U.S. dollar	Plus	SEK 40 million
Euro	Minus	SEK 24 million
Pound sterling	Plus	SEK 26 million

The translation difference, which is included in shareholders' equity, amounted to SEK 75 million.

Interest-rate risk

Fixed-interest-rate periods and duration
(expressed in years)

	1999			1998		
	Amount SEK 000's	Fixed rate period (years)	Dura- tion	Amount SEK 000's	Fixed rate period (years)	Dura- tion
Interest-bearing securities, Group companies	0	0	0	53,724	0.3-0.7	0.3
Bonds and other interest-bearing securities						
SEK (note 13)	3,982,295	0.1-6.3	2.4	4,839,673	0.2-15.2	4.2
USD (note 13)	4,165,783	0.1-19.6	4.0	2,927,491	0.0-23.1	4.5
DEM (note 13)	345,173	0.5-8.5	2.6	238,915	0.1-8.7	3.8
EUR (note 13)	457,923	1.1-9.25	4.0	0	0	0
GBP (note 13)	159,531	0.0-7.2	2.8	94,021	3.4-4	3.5
Other (notes 13 & 14)	3,086,234	0.1-11.7	n.a.	2,547,902	0.1-11.7	n.a.
	12,196,939			10,701,726		

The sensitivity to a change of one percentage point in interest rates is estimated to amount to SEK 304 million.

Credit risk

Based on the classification used by Standard & Poor's, the credit risk in the portfolio of interest-bearing securities was as follows in 1999 and 1998:

Credit risk in SEK 000's			
Interest-bearing securities		1999	1998
SEK	AAA	0	10,460
	AA	3,722,454	4,638,145
	Other	259,841	203,915
USD	AAA	3,800,426	2,822,864
	AA	319,358	94,156
	Other	2,882,393	2,419,840
DEM	AAA	177,441	238,915
	AA	93,283	0
	Other	74,449	0
EUR	AAA	225,708	0
	AA	96,965	0
	Other	135,249	0
GBP	AAA	118,088	94,021
	AA	41,444	0
	Other	0	0
Other currencies	AAA	99,206	0
	AA	110,976	179,410
	Other	39,654	0
Grand Total	AAA	4,420,872	3,166,260
Grand Total	AA	4,384,480	4,911,711
Grand Total	Other	3,391,587	2,623,755
Total		12,196,939	10,701,726

(Notes 10, 13, 14)

Sirius International's policy is to invest only in investments with a rating of at least AA or equivalent.

The investments under Other Assets are deposits under insurance policies where the insured bears the credit risk.

Derivatives

The Sirius Group is exposed to the movements of a large number of currencies in relation to the Swedish krona. Currency forward contracts are used to reduce this exposure and to deal with the cash flow in various currencies.

Interest-rate futures are employed to adapt interest-rate risks over the full yield curve. In addition, stock index futures and stock futures are used to hedge the risk in stock prices.

Currency risk, interest-rate risk and stock-price risk are measured and evaluated continuously by Sirius' investment managers, as well as by Sirius, to ensure that risk limits are not exceeded. All derivatives are marked to market.

Notes to the Financial Statements

Analysis of Consolidated Insurance Result (SEK 000's)

	TOTAL		DIRECT INSURANCE			ASSUMED REINSURANCE	
	SWEDEN		Marine	Aviation	Credit	FOREIGN	
	Industrial fire & allied risks						
I) Notes to Analysis of Consolidated Insurance Result – Technical account							
Premiums earned, for own account	3,753,647	2,876	6,836	0	119,017	179,701	3,445,217
Allocated investment return transferred from the non-technical account	113,549	35	21	0	6,717	11,698	95,078
Other technical income, for own account	71,508	0	0	0	0	0	71,508
Claims incurred, own account	-2,045,517	-2,514	0	0	-35,005	-117,553	-1,890,445
Operating expenses	-1,834,720	3,491	506	0	-59,599	-82,440	-1,696,678
Operating profit/loss of technical account	58,467	3,888	7,363	0	31,130	-8,594	24,680
II) Notes to Analysis of Consolidated Insurance Result – Technical provisions							
Provisions for unearned premiums	-1,369,467	-30,578	-1,458	0	-455,152	-171,271	-711,008
Provisions for outstanding claims	-7,354,989	-18,902	0	0	-63,147	-241,708	-7,031,232
Equalization provision	-10,977	0	0	0	0	0	-10,977
Total technical provisions	-8,735,433	-49,480	-1,458	0	-518,299	-412,979	-7,753,217
III) Notes to Analysis of Consolidated Insurance Result – Reinsurers' share of technical provisions							
Provisions for unearned premiums	226,592	28,524	0	0	25,000	123,630	49,438
Provisions for outstanding claims	1,842,172	18,491	0	0	22,051	18,156	1,783,474
Total Reinsurers' share of technical provisions	2,068,764	47,015	0	0	47,051	141,786	1,832,912
IV) Notes to Analysis of Consolidated Insurance Result – Premiums earned, for own account							
Gross premium income	5,258,445	45,461	11,773	0	122,646	404,369	4,674,196
Ceded premiums	-1,229,137	-42,925	-3,750	0	-31,931	-191,200	-959,331
Change in the gross provision for premiums	-342,994	6,446	688	0	28,302	-123,236	-255,194
Change in the gross provision for premiums, reinsurers' share	67,333	-6,106	-1,875	0	0	89,768	-14,454
Total Premiums earned, for own account	3,753,647	2,876	6,836	0	119,017	179,701	3,445,217
V) Notes to Analysis of Consolidated Insurance Result – Claims incurred, for own account							
Claims paid	-2,020,854	-30,426	0	0	-540	-185,486	-1,804,402
Claims handling expense	-2,616	0	0	0	0	0	-2,616
Ceded claims paid	447,371	28,323	0	0	0	29,643	389,405
Change in gross provision for claims	-1,214,679	-18,902	0	0	-56,011	50,318	-1,190,084
Change in provision for claims, reinsurers' share	745,278	18,491	0	0	21,546	-12,028	717,269
Change in other technical provisions, for own account	-17	0	0	0	0	0	-17
Total Claims incurred, for own account	-2,045,517	-2,514	0	0	-35,005	-117,553	-1,890,445

Note 1 • Gross Premium Income

	1999	1998
Sweden	300,485	187,390
Other EEA countries	58,994	28,174
Other countries	224,770	127,794
Total gross income, direct insurance	584,249	343,358
Assumed reinsurance	4,674,196	3,009,017
Total Gross Premium Income	5,258,445	3,352,375

Note 2 • Operating Expenses

1999	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,680,108	0	-1,680,108
Depreciation of fixed assets*)	-3,721	-4,654	-8,375
Other operating expenses*)	-65,383	-135,062	-200,445
Commissions and profit commissions on ceded reinsurance	54,208	0	54,208
Total Operating Expenses	-1,695,004	-139,716	-1,834,720

1998	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,016,612	0	-1,016,612
Depreciation of fixed assets*)	-1,785	-3,441	-5,225
Other operating expenses*)	-69,607	-83,651	-153,258
Commissions and profit commissions on ceded reinsurance	41,388	0	41,388
Total Operating Expenses	-1,046,616	-87,092	-1,133,707

*) Note 23

Note 3 • Investment Income

	1999	1998
Dividend income from Other	14,872	16,781
Interest income		
Bonds and other interest bearing securities – other	484,338	516,948
Other interest income – group companies – other	7,935 17,513	8,461 22,564
Capital gains on sales of investments, net		
Shares and participations	225,771	185,759
Interest bearing securities	168,917	95,946
Total investment income	919,346	846,459

Note 5 • Investment Expenses

	1999	1998
Operating expenses	-47,535	-51,187
Net deficit on real estate	-320	0
Interest expenses		
Other interest expenses – group companies	-1,146	-4,091
Other interest expenses	-5,151	-6
Depreciation of Land and buildings	-70	-75
Capital losses on foreign exchange, net	-38,175	-2,739
Unrealised losses on investment		
Shares and participations	0	-21,884
Derivatives	0	-171
Total investment expenses	-92,397	-80,153

Note 4 • Unrealised Gains on Investments

	1999	1998
Shares and participations	304,511	0
Derivatives	0	0
Total unrealised gains on investments	304,511	0

Note 6 • Other Expenses

	1999	1998
Goodwill depreciation	-10,143	-9,199
Total other expenses	-10,143	-9,199

Note 7 • Tax

	1999	1998
Current tax	-241	-125
Provisions for disputed tax	-15,385	-79,118
Deferred tax	-269,662	-161,977
Other tax	0	1,174
Total tax	-285,288	-240,046

Note 8 • Intangible Assets

	1999	1998
<i>Goodwill</i>		
Acquisition cost	593,532	76,426
Depreciation according to plan	-25,428	-15,285
Total Goodwill	568,104	61,141

Note 9 • Land and Buildings

	1999	1998
<i>Land and buildings</i>		
Other real estate		
Acquisition cost	46,923	3,797
Accumulated depreciation	-26,877	-576
Book value land and buildings	20,046	3,221

Buildings abroad are depreciated at an annual rate of 5% of acquisition cost and buildings in Sweden with 2%. The value of land and buildings for Swedish taxation purposes is 332 (332) and 720 (720) respectively.

Note 10 • Interest-bearing Investments – Group Companies

	1999	1998
	Cost value	Cost value
Other Swedish issuers	0	53,724
Other foreign issuers	0	0
Total Interest Bearing Investments – Group Companies	0	53,724

Note 11 • Shares and Participations

Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
ABB Ltd	SEK	15 105	8 488 112	15 663 885
Accredo Health Inc	USD	2 600	401 489	680 295
Accrue Software Inc.	USD	2 700	1 373 539	1 243 484
Advanced Fibre Communication	USD	5 400	757 462	2 053 328
Affymetrix Inc.	USD	1 150	895 181	1 660 452
Alligen Communications Inc	USD	7 700	711 168	675 701
American Dental Partners Inc	USD	5 960	615 869	354 995
American Mgmt Systems	USD	4 900	1 052 905	1 308 152
Ames Dep't Stores	USD	5 300	1 561 982	1 299 377
Answerthink Consulting Group	USD	5 600	1 130 870	1 632 026
Antec Corp	USD	2 400	576 976	745 388
Apollo Group Inc	USD	4 750	800 941	810 901
Appnet Inc.	USD	2 600	1 191 148	967 899
Arkivator	SEK	25 850	3 249 352	5 609 450
Aspect Communications Corp	USD	4 300	1 169 236	1 431 533

Assa Abloy B	SEK	78 300	7 347 158	9 356 850
Astacaratene	SEK	14 286	2 000 040	2 000 040
AstraZeneca	SEK	70 769	18 587 725	25 476 840
Asyst Technologies Inc	USD	3 300	956 242	1 840 975
Atlas Copco A	SEK	15 400	3 429 337	3 873 100
Atlas Copco B	SEK	4 670	1 007 380	1 130 140
Autoliv Inc SDB	SEK	33 650	8 806 333	8 378 850
Balder	SEK	84 000	7 055 363	8 820 000
BNP	EUR	3 422	1 132 610	2 679 326
Breakaway Solutions	USD	2 500	1 167 221	1 552 893
BRI	CHF	40	2 689 816	1 766 605
Burr-Brown Corp	USD	3 900	888 462	1 198 812
Calico Commerce Inc.	USD	600	288 819	270 586
Cardo	SEK	11 000	1 387 198	1 864 500
C-Bridge Internet Solutions	USD	7 000	2 586 268	2 896 251
Charles River Assoc	USD	5 200	1 147 089	1 482 268
Chemdex Corp.	USD	4 300	1 672 351	4 061 346
Clarent Corp	USD	1 950	702 863	1 290 071
Clarus Corporation	USD	3 100	1 310 164	1 740 941
Copart Inc	USD	4 700	922 197	1 739 665
Copper Mountain Networks Inc.	USD	2 800	987 171	1 161 479
Corporate Executive Brd Co	USD	5 840	1 255 349	2 776 572
Cybersource Corp	USD	2 775	1 400 062	1 221 946
Cylyc Corp	USD	2 700	1 080 198	1 402 880
Daleen Technologies Inc	USD	5 300	759 533	986 512
Deutsche Bank	DEM	2 070	297 636	1 481 676
Deutsche Telekom	DEM	172	21 642	104 386
Diamond Technology Partners	USD	6 900	771 038	5 045 571
Diligentia	SEK	577 700	33 986 986	40 439 000
Ditech Corp	USD	1 400	1 008 984	1 113 828
Dios	SEK	497 500	24 729 703	25 372 500
Documentum Inc	USD	4 500	621 677	2 292 644
Drott B	SEK	358 010	22 881 110	34 726 970
Eagle USA Airfreight Inc.	USD	3 700	839 555	1 357 717
Ebenx Inc.	USD	4 500	1 693 308	1 732 645
Electrabel	BEF	1 500	1 782 563	4 064 433
Electrolux B	SEK	70 300	8 894 469	15 044 200
Entercom Communications Corp	USD	2 800	841 268	1 578 420
Ericsson B	SEK	284 808	51 229 743	155 789 976
Esoft Inc.	USD	10 100	1 397 998	2 503 029
Esselte A	SEK	7 000	894 590	448 000
Esselte B	SEK	21 600	2 352 524	1 393 200
Föreningsparbanken A	SEK	131 650	14 208 349	16 456 250
Galileo Technology Ltd	USD	9 100	955 854	1 868 045
Gambro A	SEK	123 650	12 202 717	9 459 225
Globespan	USD	2 200	1 021 251	1 219 127
Gränges	SEK	44 500	5 807 313	7 898 750
Harris Interactive Inc.	USD	8 800	1 504 150	978 147
Hennes & Mauritz B	SEK	83 920	8 523 312	23 917 200
HI/FN Inc	USD	3 400	1 564 653	1 121 061
High Speed Access Corp	USD	3 100	784 998	464 910
Hooper Holmes	USD	8 700	979 836	1 906 229
Hufvudstaden A	SEK	25 000	0	737 500
Höganäs B	SEK	39 950	7 212 635	7 390 750
IFS B	SEK	12 500	951 238	2 312 500
Imanage Inc	USD	4 100	582 365	1 120 742
Imclone Systems	USD	3 700	1 009 868	1 247 526
Informatica Corp	USD	1 700	1 027 831	1 538 746
Intentia B	SEK	29 860	5 654 236	7 674 020
Interworld Corp	USD	2 600	891 736	1 888 785
Interwoven Inc.	USD	1 200	615 604	1 241 889
Inovtrogen Corp	USD	4 600	979 862	2 348 484
IRO	SEK	52 300	4 475 553	4 863 900
JM	SEK	200 000	23 134 650	32 800 000
Jupiter Communications	USD	6 400	2 027 239	1 647 342
Karo Bio	SEK	32 142	1 124 970	3 953 466

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Kinnevik B	SEK	20 380	4 644 354	5 380 320	SEB A BTA	SEK	48 320	1 691 200	4 107 200
LCC International Inc	USD	10 000	1 116 806	1 696 482	SEB Asienfond	SEK	5 788 629	51 345 268	75 655 590
Linens' N Things Inc	USD	4 350	1 375 221	1 096 544	SEB Lux Capital Selection				
Ljungbergs	SEK	367 744	26 179 612	34 567 936	Fund	SEK	23 132	179 074 649	248 359 115
Management Network					SEB Lux Emerging Europe				
Group Inc.	USD	8 100	1 949 140	2 248 610	Guaranteed Fund	SEK	28 000	27 934 854	28 000 000
Mandator	SEK	28 900	1 718 474	3 670 300	SEB Lux Greater China				
Mediaplex Inc.	USD	7 550	1 591 463	4 031 245	Guaranteed Fund	SEK	24 900	24 899 968	24 899 968
Medivir	SEK	20 000	1 178 819	2 560 000	SEB Nordamerika Chans/				
MedQuist Inc	USD	3 400	769 953	746 771	Risk Fond	SEK	8 612 500	86 125 000	126 854 400
Mentor Corp	USD	4 700	979 266	1 032 321	SEB Sverige Smabolagsfond	SEK	954 641	8 317 237	13 059 489
Merita Ltd	EUR	100 000	5 214 107	5 023 463	SHB A	SEK	17 700	2 198 092	1 893 900
Modem Media Poppe					Siemens	DEM	2 600	383 306	2 780 057
Tyson Inc	USD	2 300	870 138	1 377 288	Silknet Software Inc	USD	1 500	1 293 126	2 115 550
Modern Times Group B	SEK	34 680	3 825 804	14 634 960	Skandia	SEK	46 000	5 025 945	11 822 000
MRV Communications	USD	2 800	991 526	1 498 009	Skanska B	SEK	14 960	4 388 205	4 742 320
Munksjö	SEK	30 300	2 463 733	1 999 800	Spanish Broadcasting System	USD	4 200	880 190	1 438 446
Munters	SEK	20 400	1 379 509	2 080 800	Stora Enso Oyj R	SEK	47 600	5 773 296	6 949 600
NCCb	SEK	200 000	18 259 167	19 800 000	Svedala Industri	SEK	13 200	2 027 093	2 059 200
Net Perceptions	USD	4 100	1 322 505	1 465 250	Swedish Match	SEK	365 000	10 896 111	10 840 500
Netcom Systems AB B	SEK	16 400	2 757 697	9 807 200	Sykes Enterprises	USD	3 900	1 003 590	1 455 996
Netegrity Inc	USD	3 500	387 982	1 695 684	Symyx Technologies Inc.	USD	4 500	809 515	1 148 715
Netgateway Inc.	USD	15 600	1 247 901	1 194 664	Teletech Holdings Inc	USD	14 300	1 552 868	4 100 949
Netro Corp	USD	4 500	729 357	1 952 816	Tornet	SEK	323 400	36 395 381	38 161 200
Newport Corp.	USD	4 600	1 156 781	1 790 719	Trelleborg B	SEK	49 400	3 494 524	3 779 100
Nokia SDB	SEK	15 180	5 964 497	23 392 380	Triquint Semiconductors	USD	1 600	818 777	1 514 602
Nordbanken Holding	SEK	227 400	10 174 775	11 370 000	WebTrends Corp	USD	1 600	678 169	1 102 766
Obilpar	FRF	4 849	89 364 216	108 884 183	Veeco Instruments	USD	3 400	1 123 387	1 354 328
Optical Coating Laboratory	USD	1 400	804 635	3 526 130	Viador Inc.	USD	4 200	1 330 340	1 514 389
Orthodontic Centers of					Viant Corp	USD	2 500	1 210 832	2 105 978
America	USD	6 600	846 760	670 403	Wihlborg B	SEK	646 000	6 372 855	6 137 000
Osicom Technologies	USD	4 200	917 862	1 621 603	Wild Oats Markets Inc	USD	6 600	1 035 648	1 246 037
Osteotech Inc.	USD	4 350	870 242	495 064	Wind River Systems LTD	USD	4 300	1 252 380	1 340 061
Packeteer Inc.	USD	5 100	1 943 096	3 081 109	Wireless Facilities Inc.	USD	3 000	942 702	1 113 615
Pandox	SEK	150 000	9 468 998	10 050 000	Visual Networks Inc	USD	2 400	840 972	1 618 412
PCORDER.COM	USD	4 750	1 318 084	2 061 305	WM-Data B	SEK	8 800	3 255 431	4 628 800
Pharmacia & Upjohn SDB	SEK	18 510	8 161 536	7 144 860	Volvo A	SEK	35 500	8 620 842	7 632 500
Pinnacle Systems Inc	USD	2 900	514 939	1 004 009	Volvo B	SEK	26 500	5 414 389	5 830 000
Power Integrations Inc.	USD	3 500	1 090 174	1 427 651	Total			1 087 860 774	1 561 542 041
Powerwave Technologies Inc	USD	3 100	850 687	1 539 810	Other shares & participations	Mix		433 942 252	411 520 534
Precision Response Corp	USD	3 000	536 067	619 030	Total shares & participations			1 521 803 026	1 973 062 575
Priority Healthcare Corp-B	USD	4 600	1 276 704	1 132 654	of which, listed			1 087 860 774	1 561 542 041
QRS Corp	USD	3 950	1 347 005	3 529 108					
Quest Education Corp.	USD	24 100	1 405 977	1 794 335					
Quintus Corporation	USD	2 400	714 288	936 841					
Radio One Inc.	USD	2 300	894 224	1 800 504					
Radware Ltd.	USD	3 300	986 287	1 210 937					
Rinet	BEF	200	42 378	42 378					
RSA Security Inc	USD	2 300	384 894	1 516 729					
Saleslogix Corp	USD	4 400	588 570	1 537 364					
SCA B	SEK	65 200	9 582 257	16 430 400					
Sciquest.com Inc.	USD	4 700	1 168 659	3 179 388					
SEB A	SEK	246 300	20 099 320	21 181 800					

Note 12 • Participations in Tenant-owner Society

	1999	1998
Acquisition cost	0	4,000
Accumulated depreciation	0	-500
Total participations in tenant-owner society	0	3,500

Note 13 • Bonds and Other Interest-bearing Investments

	1999		1998	
	Amortised Cost	Market Value	Amortised Cost	Market Value
Swedish government	3,668,387	3,686,962	4,478,365	4,870,826
Swedish mortgage institutions	414,828	412,442	361,308	371,318
Foreign governments	4,070,677	3,942,347	2,932,333	3,029,016
Other foreign issuers	1,156,367	1,139,552	328,094	340,462
Total bonds and other interest-bearing investments	9,310,259	9,181,303	8,100,100	8,611,622
of which listed	8,366,378	8,266,825	7,720,743	8,224,848

Remaining amount to be amortised according to the amortised cost principle

	1999	1998
Total positive amount	335,721	320,065
Total negative amount	244,282	106,505

Note 14 • Other Financial Assets

	1999 Cost Value	1998 Cost Value
Other Financial Assets which are directly related to insurance operations	2,886,680	2,547,902

Note 15 • Reinsurers' Share of Technical Provisions

	1999	1998
<i>Provisions for unearned premiums</i>		
Opening balance	96,161	175,272
Portfolio transfer	64,047	0
Change in provision	67,333	-80,038
Capital gains/losses on foreign exchange	-949	927
Closing balance	226,592	96,161

Provisions for outstanding claims

1999	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
Opening balance	271,584	159,665	431,249
Portfolio transfer	674,338	12,329	686,667
Change in provision	675,169	70,109	745,278
Capital gains/losses on foreign exchange	-17,116	-3,906	-21,022
Closing balance	1,603,975	238,197	1,842,172
1998	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
Opening balance	212,478	185,036	397,514
Change in provision	37,835	-8,816	29,019
Capital gains/losses on foreign exchange	21,271	-16,555	4,716
Closing balance	271,584	159,665	431,249

Note 16 • Debtors

	1999	1998
<i>Debtors arising out of direct insurance</i>		
Amounts due from policyholders	11,295	5,082
Amounts due from intermediaries	19,121	36,277
Total debtors arising out of direct insurance	30,416	41,359
Other debtors*)	665,182	414,463
Total other debtors	665,182	414,463

*) of which, group companies 100,000 (385,612)

Note 17 • Other Assets

	1999	1998
<i>Fixed assets</i>		
Acquisition cost	127,114	38,976
Accumulated depreciation	-107,765	-25,091
Book value	19,349	13,885
Machinery, equipment etc excluding IT equipment is depreciated at an annual rate of 20% of acquisition cost. IT equipment is depreciated at an annual rate of 33% of acquisition cost.		
<i>Cash and bank</i>		
Cash pool	64,371	132,377
Other cash and bank	1,346,311	672,821
Total cash and bank balance	1,410,682	805,198

Note 18 • Shareholders' Equity

1999	Share capital	Restricted reserves	Retained earnings	Net income for the year	Total Shareholders' equity
Opening balance	800,000	4,426,045^{*)}	87,764	583,863^{**)}	5,897,672
Transfer of result from previous year	0	0	583,863	-583,863	0
Transfer to reserve for unrealised capital gains	0	238,063	-238,063	0	0
Transfer to restricted reserves	0	458,882	-458,882	0	0
Translation difference	0	38,801	36,262	0	75,063
Received group contribution	0	0	72,000	0	72,000
Net income for the year	0	0	0	780,947	780,947
Closing balance	800,000	5,161,791^{*)}	82,944	780,947^{**)}	6,825,682

^{*)} whereof reserve for unrealised capital gains 331,829 (93,766)

^{**)} to be transferred to restricted reserves 539,649

Note 19 • Technical Provisions

<i>Provisions for unearned premiums</i>	1999	1998
Opening balance	869,325	984,317
Portfolio transfer	151,928	0
Change in provision	342,994	-137,110
Capital gains/losses on foreign exchange	5,220	22,118
Closing balance	1,369,467	869,325

Note 20 • Pension Provisions

	1999	1998
Pension provisions	6,350	6,551
Total pension provisions	6,350	6,551

Provisions for outstanding claims

1999	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
Opening balance	2,193,911	1,672,810	3,866,721
Portfolio Transfer	1,521,409	614,990	2,136,399
Reclassification of financial liabilities	0	55,742	55,742
Change in provision	668,120	546,559	1,214,679
Capital gains/losses on foreign exchange	15,363	66,085	81,448
Closing balance	4,398,803	2,956,186	7,354,989

Note 21 • Provisions for Tax

	1999	1998
Provision for disputed tax	173,131	152,763
Deferred tax on		
– untaxed reserves	1,901,273	1,713,681
– reserve for unrealised capital gains	129,147	33,297
– other	-51,740	53,902
Total provisions for tax	2,151,811	1,953,643

1998	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
Opening balance	2,196,850	1,362,922	3,559,772
Divestment of subsidiary	0	22,283	22,283
Change in provision	-50,116	253,328	203,212
Capital gains/losses on foreign exchange	47,177	34,277	81,454
Closing balance	2,193,911	1,672,810	3,866,721

Note 22 • Creditors arising out of direct insurance

	1999	1998
Amounts due to policy holders	34,791	132,948
Amounts due to intermediaries	89,156	49,493
Total creditors arising out of direct insurance	123,947	182,441
Other creditors	1,709,247	328,114
where of group companies	1,041,925	(169,614)

Note 24 • Pledged Assets

	1999	1998
Bonds & debentures	1,015,735	693,618
Other financial assets	2,292,605	2,405,115
Accrued interest	12,416	39,644
Cash and bank	4,260	0
Total pledged assets	3,325,016	3,138,377

Note 23 • Employees, Administrative expenses and the Allocations

	1999	1998
Average number of employees		
Sweden	82	72
Germany	6	5
Belgium	5	0
Bermuda	9	10
United Kingdom	26	27
Switzerland	4	3
Singapore	5	0
of which		
female	77	63
male	60	54
Total number of employees	137	117

Administrative expenses and the allocations

Personnel expenses		
Salaries and compensations	-103,316	-79,464
of which, to the Parent Company's Board of Directors, President and Executive Vice President	-4,165	-3,448
Social security costs	-21,848	-13,546
Pension expenses	-19,818	-7,184
of which, to the Board of Directors, the President and the Executive Vice President	-804	-343
Other personnel expenses	-15,519	-7,360
Total personnel expenses and other remunerations	-160,501	-107,554

Upon termination initiated by the company, the President is entitled to severance pay equal to one years' salary.

Other operating expenses

Rent	-15,814	-15,313
Depreciation	-8,375	-5,225
Other administrative expenses	-35,063	-36,178
Total other operating expenses	-59,252	-56,716

Total administrative expenses -219,753 -164,270

Allocated administrative expenses

Claims handling expenses	-2,080	-1,439
Investment expenses note 5	-8,853	-4,347
Acquisition cost note 2	-69,104	-71,392
Total allocated administrative expenses	-80,037	-77,178

Total administrative expenses after the allocations note 2

-139,716 -87,092

Income Statement – Parent Company

SEK 000's	Note	1999	1998
TECHNICAL ACCOUNT FOR INSURANCE OPERATIONS			
<i>Earned premiums, for own account</i>			
Gross premium income	1	3,885,807	2,807,290
Ceded reinsurance premiums		-1,229,926	-387,982
Change in the gross provision for unearned premiums		-438,060	132,180
Change in the provision for unearned premiums, reinsurers' share		109,117	-80,038
Total earned premiums, for own account		2,326,938	2,471,450
Allocated investment return transferred from the non-technical account		90,894	124,202
<i>Claims incurred, for own account</i>			
Claims paid			
Gross amount		-1,813,419	-1,718,324
Reinsurers' share		232,319	264,807
Claims handling expenses	24	-2,080	-1,439
Claims paid, for own account		-1,583,180	-1,454,956
<i>Change in the provision for claims, for own account</i>			
Gross amount		-874,501	-211,979
Reinsurers' share		926,713	29,019
<i>Change in other technical provisions, for own account</i>			
Gross amount		-17	0
Total claims incurred, for own account		-1,530,985	-1,637,916
Operating expenses	2	-870,927	-809,777
Operating profit/loss of technical account		15,920	147,959

SEK 000's	Note	1999	1998
NON-TECHNICAL ACCOUNT			
Balance of technical account		15,920	147,959
Investment income/expenses			
Investment income	3	846,526	939,391
Unrealised gains on investments	4	272,645	0
Investment expenses and charges	5	-69,860	-73,855
Investment income allocated to technical account		-90,894	-124,202
Total investment income/expenses		958,417	741,334
Other expenses	6	-7,643	-9,199
Result before appropriations and taxes		966,694	880,094
Appropriations	7	-649,512	-806,335
Taxes	8	-102,561	-67,932
Net income for the year		214,621	5,827

Balance Sheet – Parent Company

December 31 (SEK 000's)	Note	1999	1998
ASSETS			
<i>Intangible Assets</i>			
Goodwill	9	125,317	61,141
<i>Investment assets</i>			
Land and buildings	10	3,130	3,221
<i>Investments in group companies and participating interests</i>			
Shares and participations	11	2,987,700	1,666,039
Interest-bearing investments in group companies	12	0	53,724
Accrued income from group companies		537,935	335,245
Total investments in group companies and participating interests		3,525,635	2,055,008
<i>Other financial investments</i>			
Shares and participations	13	1,631,759	922,569
Participations in tenant-owner society	14	0	3,500
Bonds and other interest-bearing investments	15	5,030,853	5,589,775
Other financial assets	16	53,442	142,786
Total other financial investments		6,716,054	6,658,630
<i>Deposits with cedents</i>			
		1,562,791	1,349,287
<i>Reinsurers' share of technical provisions</i>			
	17		
Provision for unearned premiums		205,867	96,161
Claims outstanding		1,702,656	431,249
Total reinsurers' share of technical provisions		1,908,523	527,410
<i>Debtors</i>			
Debtors arising out of direct insurance operations	18	30,416	41,359
Debtors arising out of reinsurance operations		339,913	153,570
Other debtors	18	742,758	496,002
Total debtors		1,113,087	690,931
<i>Other assets</i>			
	19		
Tangible assets		10,962	10,895
Cash and bank balance		315,676	304,960
Total other assets		326,638	315,855
<i>Prepayments and accrued income</i>			
Accrued interest		247,244	348,647
Other prepayments and accrued income		10	2,479
Total prepayments and accrued income		247,254	351,126
Total assets		15,528,429	12,012,609

December 31 (SEK 000's)	Note	1999	1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital (8,000,000 shares of nom.value SEK 100)		800,000	800,000
Reserve for unrealised gains on investments		290,229	66,666
Retained earnings		-187,874	29,641
Net income for the year		214,621	5,827
Total shareholders' equity		1,116,976	902,134
Untaxed reserves			
Excess depreciations on intangible assets		48,284	23,692
Safety reserve		7,174,376	6,449,456
Total untaxed reserves		7,222,660	6,473,148
Technical provisions			
Provisions for unearned premiums	21	1,276,976	833,134
Claims outstanding	21	4,797,549	3,164,196
Equalization provision		12,231	3,099
Total technical provisions		6,086,756	4,000,429
Provisions for other risks and expenses			
Taxation provisions	22	285,999	178,688
Total provisions for other risks and expenses		285,999	178,688
Deposits received from reinsurers		4,116	4,509
Creditors	23		
Creditors arising out of direct insurance operations		123,947	182,441
Creditors arising out of reinsurance operations		61,319	12,038
Derivatives		44,972	171
Other creditors	23	567,104	209,102
Total creditors		797,342	403,752
Accrued expenses and deferred income			
Other accrued expenses and deferred income		14,580	49,949
Total accrued expenses and deferred income		14,580	49,949
Total shareholders' equity and liabilities		15,528,429	12,012,609
Pledged assets	25	1,032,411	733,262

Notes to the Financial Statements

Analysis of Parent Company Insurance Result (SEK 000's)

	TOTAL	DIRECT INSURANCE				ASSUMED REINSURANCE	
		SWEDEN		Marine	Aviation	Credit	FOREIGN
		Industrial fire & allied risks					
I) Notes to Analysis of Parent Company – Technical account							
Premiums earned, for own account	2,326,938	2,876	6,836	0	119,017	179,701	2,018,508
Allocated investment return transferred from the non-technical account	90,894	35	21	0	6,717	11,698	72,423
Claims incurred, own account	-1,530,985	-2,514	0	0	-35,005	-117,553	-1,375,913
Operating expenses	-870,927	3,491	506	0	-59,599	-82,440	-732,885
Operating profit/loss of technical account	15,920	3,888	7,363	0	31,130	-8,594	-17,867
II) Notes to Analysis of Parent Company – Technical provisions							
Provisions for unearned premiums	-1,276,976	-30,578	-1,458	0	-455,152	-171,271	-618,517
Provisions for outstanding claims	-4,797,549	-18,902	0	0	-63,147	-241,708	-4,473,792
Equalization provision	-12,231	0	0	0	0	0	-12,231
Total technical provisions	-6,086,756	-49,480	-1,458	0	-518,299	-412,979	-5,104,540
III) Notes to Analysis of Parent Company – Reinsurers' share of technical provisions							
Provisions for unearned premiums	205,867	28,524	0	0	25,000	123,630	28,713
Provisions for outstanding claims	1,702,656	18,491	0	0	22,051	18,156	1,643,958
Total reinsurers' share of technical provisions	1,908,523	47,015	0	0	47,051	141,786	1,672,671
IV) Notes to Analysis of Parent Company – Premiums earned, for own account							
Gross premium income	3,885,807	45,461	11,773	0	122,646	404,369	3,301,558
Ceded premiums	-1,229,926	-42,925	-3,750	0	-31,931	-191,200	-960,120
Change in the gross provision for premiums	-438,060	6,446	688	0	28,302	-123,236	-350,260
Change in the gross provision for premiums, reinsurers' share	109,117	-6,106	-1,875	0	0	89,768	27,330
Total premiums earned, for own account	2,326,938	2,876	6,836	0	119,017	179,701	2,018,508
V) Notes to Analysis of Parent Company – Claims incurred, for own account							
Claims paid	-1,813,419	-30,426	0	0	-540	-185,486	-1,596,967
Claims handling expense	-2,080	0	0	0	0	0	-2,080
Ceded claims paid	232,319	28,323	0	0	0	29,643	174,353
Change in gross provision for claims	-874,501	-18,902	0	0	-56,011	50,318	-849,906
Change in provision for claims, reinsurers' share	926,713	18,491	0	0	21,546	-12,028	898,704
Change in other technical provisions, gross amount	-17	0	0	0	0	0	-17
Total claims incurred, for own account	-1,530,985	-2,514	0	0	-35,005	-117,553	-1,375,913

Note 1 • Gross Premium Income

	1999	1998
Sweden	300,485	187,390
Other EEA countries	58,994	28,174
Other countries	224,770	127,794
Total gross income, direct insurance	584,249	343,358
Assumed reinsurance	3,301,558	2,463,932
Total gross premium income	3,885,807	2,807,290

Note 2 • Total Operating Expenses

1999	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-765,870	0	-765,870
Depreciation of fixed assets*)	-3,444	-3,107	-6,551
Other operating expenses*)	-77,921	-74,793	-152,714
Commissions and profit commissions on ceded reinsurance	54,208	0	54,208
Total operating expenses	-793,027	-77,900	-870,927

1998	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-738,656	0	-738,656
Depreciation of fixed assets*)	-1,519	-2,724	-4,243
Other operating expenses*)	-69,637	-38,629	-108,266
Commissions and profit commissions on ceded reinsurance	41,388	0	41,388
Total operating expenses	-768,424	-41,353	-809,777

*) Note 24

Note 3 • Investment Income

	1999	1998
<i>Dividend income from</i>		
Sirius group companies	80,668	85,329
Other	14,774	16,668
Other accrued income – group companies	96,726	121,307
<i>Interest income</i>		
Bonds and other interest bearing securities – group companies	7,935	0
Bonds and other interest bearing securities – other	330,859	362,845
Other interest income – group companies	6	8,461
– other	17,504	22,520
<i>Recovered depreciation</i>		
Capital gains on foreign exchange, net	0	0
<i>Capital gains on sales of investments, net</i>		
Shares and participations*)	149,607	235,133
Interest bearing securities	148,447	87,128
Total investment income	846,526	939,391

*) of which profit from sale of subsidiary O (76,839)

Note 4 • Unrealised Gains on Investments

	1999	1998
Shares and participations	272,645	0
Derivatives	0	0
Total unrealised gains on investments	272,645	0

Note 5 • Investment Expenses

	1999	1998
Operating expenses	-33,294	-33,264
<i>Interest expenses</i>		
Other interest expenses – group companies	-1,146	-4,091
Other interest expenses	-4,996	-5
<i>Depreciation of</i>		
Land and buildings	-70	-75
Capital losses on foreign exchange, net	-30,354	-1,067
Capital losses on sales of investments, net		
Shares and participations	0	-35,182
Derivatives	0	-171
Total investment expenses	-69,860	-73,855

Note 6 • Other Expenses

	1999	1998
Goodwill depreciation	7,643	-9,199
Total other expenses	7,643	-9,199

Note 7 • Appropriations

	1999	1998
Excess depreciations on goodwill	-24,592	-6,850
Transfer to safety reserve	-724,920	-630,486
Group contribution, received	100,000	48,161
Group contribution, paid	0	-217,160
Total appropriations	-649,512	-806,335

Note 8 • Tax

	1999	1998
Current tax	-234	-86
Provisions for disputed tax	-15,385	-79,118
Deferred tax	-86,942	10,098
Other tax	0	1,174
Total tax	-102,561	-67,932

Note 9 • Intangible Assets

	1999	1998
Goodwill		
Acquisition cost	148,245	76,426
Depreciation according to plan	-22,928	-15,285
Total Goodwill	125,317	61,141

Note 10 • Land and Buildings

	1999	1998
<i>Land and buildings</i>		
Other real estate		
Acquisition cost	3,770	3,797
Accumulated depreciation	-640	-576
Book value land and buildings	3,130	3,221

Other fixed assets are depreciated at an annual rate of 2% of acquisition cost. The value of land and buildings for Swedish taxation purposes is 332 (333) and 720 (721) respectively.

Note 11 • Shares and Participations in Group Companies

	1999	1998
Sirius Rückversicherungs Service GmbH, Hamburg		
1 share nom.value DEM 100,000 (100% ownership)	1,231	1,231
Sirius (UK) Insurance Plc, London		
26.000.000 shares nom. value 26.000 TGBP (100% ownership)	398,692	0
Tre Kronor Kapital AB, Stockholm		
1000 shares nom. value 100 TSEK (100% ownership)	108	0
Sirius Belgium Réassurances S.A., Liège, Belgium share capital total 1,100,000 BEF of 700,000 shares without nom. value (100% ownership)	922,861	0
Scandinavian Reinsurance Company Ltd., Bermuda 50,000 shares nom.value USD 50,000,000 1,000 preference shares nom. value USD 50,000,000 (100% ownership)	1,664,808	1,664,808
Total shares and participations in group companies	2,987,700	1,666,039

Note 12 • Interest-bearing Investments – Group Companies

	1999	1998
	Cost Value	Cost Value
Other Swedish issuers	0	53,724
Other foreign issuers	0	0
Total interest-bearing investments – group companies	0	53,724

Note 13 • Shares and Participations

Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
ABB Ltd	SEK	15 105	8 488 112	15 663 885
Arkivator	SEK	25 850	3 249 352	5 609 450
Assa Abloy B	SEK	78 300	7 347 158	9 356 850
Astacrotene	SEK	14 286	2 000 040	2 000 040
AstraZeneca	SEK	70 769	18 587 725	25 476 840
Atlas Copco A	SEK	15 400	3 429 337	3 873 100
Atlas Copco B	SEK	4 670	1 007 380	1 130 140
Autoliv Inc SDB	SEK	33 650	8 806 333	8 378 850
Balder	SEK	84 000	7 055 363	8 820 000
Cardo	SEK	11 000	1 387 198	1 864 500
Diligentia	SEK	577 700	33 986 986	40 439 000
Diös	SEK	497 500	24 729 703	25 372 500
Drott B	SEK	358 010	22 881 110	34 726 970
Electrolux B	SEK	70 300	8 894 469	15 044 200
Ericsson B	SEK	284 808	51 229 743	155 789 976
Esselte A	SEK	7 000	894 590	448 000

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Esselte B	SEK	21 600	2 352 524	1 393 200	SEB Lux Emerging			
Föreningsparbanken A	SEK	131 650	14 208 349	16 456 250	Europe Guarantee			
Gambro A	SEK	123 650	12 202 717	9 459 225	Fund	SEK	28 000	27 934 854
Granges	SEK	44 500	5 807 313	7 898 750	SEB Lux Greater China			
Hennes & Mauritz B	SEK	83 920	8 523 312	23 917 200	Guaranteed Fund	SEK	24 900	24 899 968
Hufvudstaden A	SEK	25 000	0	737 500	SEB Nordamerika			
Höganäs B	SEK	39 950	7 212 635	7 390 750	Chans/Risk Fond	SEK	8 612 500	86 125 000
IFS B	SEK	12 500	951 238	2 312 500	SEB Sverige			
Intentia B	SEK	29 860	5 654 236	7 674 020	Småbolagsfond	SEK	954 641	8 317 237
IRO	SEK	52 300	4 475 553	4 863 900	SHB A	SEK	17 700	2 198 092
JM	SEK	200 000	23 134 650	32 800 000	Skandia	SEK	46 000	5 025 945
Karo Bio	SEK	32 142	1 124 970	3 953 466	Skanska B	SEK	14 960	4 388 205
Kinnevik B	SEK	20 380	4 644 354	5 380 320	Stora Enso Oyj R	SEK	47 600	5 773 296
Ljungbergs	SEK	367 744	26 179 612	34 567 936	Svedala Industri	SEK	13 200	2 027 093
Mandator	SEK	28 900	1 718 474	3 670 300	Swedish Match	SEK	365 000	10 896 111
Medivir	SEK	20 000	1 178 819	2 560 000	Tornet	SEK	323 400	36 395 381
Merita Ltd	EUR	100 000	5 214 107	5 023 463	Trelleborg B	SEK	49 400	3 494 524
Modern Times Group B	SEK	34 680	3 825 804	14 634 960	Wihlborg B	SEK	646 000	6 372 855
Munksjö	SEK	30 300	2 463 733	1 999 800	WM-Data B	SEK	8 800	3 255 431
Munters	SEK	20 400	1 379 509	2 080 800	Volvo A	SEK	35 500	8 620 842
NCCb	SEK	200 000	18 259 167	19 800 000	Volvo B	SEK	26 500	5 414 389
Netcom Systems AB B	SEK	16 400	2 757 697	9 807 200	Total			893 945 091
Nokia SDB	SEK	15 180	5 964 497	23 392 380	Other shares & participations	Mix		366 823 107
Nordbanken Holding	SEK	227 400	10 174 775	11 370 000	Total shares & participations of which listed			1 260 768 198
Pandex	SEK	150 000	9 468 998	10 050 000				1 631 758 551
Pharmacia & Upjohn SDBSEK		18 510	8 161 536	7 144 860				893 945 091
SCA B	SEK	65 200	9 582 257	16 430 400				1 287 357 162
SEB A	SEK	246 300	20 099 320	21 181 800				
SEB A BTA	SEK	48 320	1 691 200	4 107 200				
SEB Asienfond	SEK	5 788 629	51 345 268	75 655 590				
SEB Lux Capital								
Selection Fund	SEK	23 132	179 074 649	248 359 115				

Note 14 • Participations in Tenant-Owner Society

	1999	1998
Acquisition cost	0	4,000
Accumulated depreciation	0	-500
Total participations in tenant-owner society	0	3,500

Note 15 • Bonds and Other Interest-bearing Investments

	1999		1998	
	Amortised Cost	Market Value	Amortised Cost	Market Value
Swedish government	3,567,467	3,587,433	4,478,365	4,870,826
Swedish mortgage institutions	414,828	412,442	361,308	371,318
Foreign governments	915,958	896,504	585,537	607,961
Other foreign issuers	132,600	126,943	164,565	173,350
Total bonds and other interest-bearing investments of which listed	5,030,853	5,023,322	5,589,775	6,023,455
	4,815,800	4,813,963	5,483,523	5,914,947

Remaining amount to be amortised according to the amortised cost principle

	1999	1998
Total positive amount	131,860	175,004
Total negative amount	21,114	106,404

Note 16 • Other Financial Assets

	1999	1998
	Cost	Cost
	Value	Value
Other financial assets which are directly related to insurance operations	53,442	142,786

Note 17 • Reinsurers' Share of Technical Provisions

	1999	1998
<i>Provisions for unearned premiums</i>		
Opening balance	96,161	175,272
Change in provision	109,117	-80,038
Capital gains/losses on foreign exchange	589	927
Closing balance	205,867	96,161

Provisions for outstanding claims

1999	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	271,584	159,665	431,249
Portfolio transfer	358,218	0	358,218
Change in provision	855,778	70,935	926,713
Capital gains/losses on foreign exchange	-9,935	-3,589	-13,524
Closing balance	1,475,645	227,011	1,702,656

1998	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	212,478	185,036	397,514
Change in provision	37,835	-8,816	29,019
Capital gains/losses on foreign exchange	21,271	-16,555	4,716
Closing balance	271,584	159,665	431,249

Note 20 • Shareholders' Equity

1999	Share capital	Restricted reserves	Retained earnings	Net income for the year	Total Shareholders' equity
Opening balance	800,000	66,666	29,641	5,827	902,134
Transfer to reserve for unrealised capital gains	0	0	5,827	-5,827	0
Transfer to reserve for unrealised capital gains	0	223,563	-223,563	0	0
Translation difference	0	0	221	0	221
Net income for the year	0	0	0	214,621	214,621
Closing balance	800,000	290,229	-187,874	214,621	1,116,976

Restricted reserves represent reserve for unrealised capital gains on shares and participations.

Note 18 • Debtors

	1999	1998
Debtors arising out of direct insurance		
Amounts due from policyholders	11,295	5,082
Amounts due from intermediaries	19,121	36,277
Total debtors arising out of direct insurance	30,416	41,359
Other debtors*)	742,758	496,002
Total other debtors	742,758	496,002

*) of which, group companies 186,258 (475,766).

Note 19 • Other Assets

	1999	1998
<i>Fixed assets</i>		
Acquisition cost	40,121	32,925
Accumulated depreciation	-29,159	-22,030
Book value	10,962	10,895

Machinery, equipment etc excluding IT equipment is depreciated at an annual rate of 20% of acquisition cost. IT equipment is depreciated at an annual rate of 33% of acquisition cost.

Cash and bank

Cash pool	64,371	132,377
Other cash and bank	251,305	172,583
Total cash and bank balance	315,676	304,960

Note 21 • Technical Provisions

<i>Provisions for unearned premiums</i>	1999	1998
Opening balance	833,134	947,810
Change in provision	438,060	-132,180
Capital gains/losses on foreign exchange	5,782	17,504
Closing balance	1,276,976	833,134

Provisions for outstanding claims

1999	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	2,321,979	842,217	3,164,196
Portfolio transfer	555,026	156,545	711,571
Change in provision	674,615	199,886	874,501
Capital gains/losses on foreign exchange	31,888	15,393	47,281
Closing balance	3,583,508	1,214,041	4,797,549
of which group companies 140,565			

1998	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	1,980,343	898,334	2,878,677
Portfolio transfer	216,507	0	216,507
Change in provision	75,293	-79,821	-4,528
Capital gains/losses on foreign exchange	49,836	23,704	73,540
Closing balance	2,321,979	842,217	3,164,196
of which group companies 922,958			

Note 22 • Provisions for Tax

	1999	1998
Provision for disputed tax	173,131	152,763
Provision for deferred tax	112,868	25,925
Total provision for tax	285,999	178,688

Note 23 • Creditors arising out of direct insurance

	1999	1998
Amounts due to policy holders	34,791	132,948
Amounts due to intermediaries	89,156	49,493
Total creditors arising out of direct insurance	123,947	182,441
Creditors, other	567,104	209,102
of which, to group companies 397,647 (169,614)		

Note 24 • Employees, Administrative expenses and the allocations

	1999	1998
Average number of employees		
Sweden	79	72
England	25	26
Singapore	5	0
Switzerland	4	3
of which, women	68	60
men	45	41
Total number of employees	113	101

Administrative expenses and the allocations**Personnel expenses**

Salaries and other remunerations		
Salaries and compensations	-59,115	-46,233
of which, to the Board of Directors, the President and the Executive Vice President	-4,165	-3,448
Social security expenses	-15,933	-11,646
Pension expenses	-15,296	-5,796
of which, to the Board of Directors, the President and the Executive Vice President	-804	-343
Other Personnel expenses	-3,781	-3,587
Total salaries and other remunerations	-94,125	-67,262

Upon termination initiated by the company the President is entitled to severance pay equal to one year's salary.

Other operating expenses

Rent	-12,946	-13,380
Depreciation	-6,551	-4,243
Other administrative expenses	-56,576	-33,410
Total other administrative expenses	-76,073	-51,033

Total administrative expenses -170,198 -118,295

Allocated administrative expenses

Claims handling expenses	-2,080	-1,439
Investment expenses note 5	-8,853	-4,347
Acquisition costs note 2	-81,365	-71,156
Total allocated administrative expenses	-92,298	-76,942

Total administrative expenses after the allocations note 2

-77,900 -41,353

Note 25 • Pledged Assets

	1999	1998
Bonds & Debentures	1,015,735	693,618
Accrued interest	12,416	39,644
Cash and bank	4,260	0
Total pledged assets	1,032,411	733,262

Proposed Appropriation of Earnings

The amount held at the disposal of the General Meeting of Shareholders of the parent company

Sirius International is:

Retained earnings	SEK -188 million
Net income for the year	SEK 215 million
Total	SEK 27 million

The Board of Directors and the President propose that the profit shall be distributed in the following manner:

To be transferred to

Retained earnings	SEK 27 million
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Stockholm, February 18, 2000

Jan Roxendal

Chairman of the Board of Directors

Bard E. Bunaes

Peter Carlsson

Gert Lindberg

Göran Thorstensson

President & CEO

Our Auditors' Report was submitted on February 22, 2000

Torbjörn Hanson

Authorised Public Accountant

Göran Abrahamsson

Authorised Public Accountant

Auditors' Report

To the general meeting of the shareholders of Sirius International Insurance Corporation (publ)
Registered Number 516401-8136

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Sirius International Insurance Corporation (publ) for the financial year 1999. These accounts and the administration of the Company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions

taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the managing director. We also examined whether any board member or the managing director has in any other way acted in contravention of the Insurance Companies Act, Act of annual accounts for Insurance Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Act of annual accounts for Insurance Companies and, thereby, give a true and fair view of the financial position of the company and the group and of the results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of the shareholders that the income statement and the balance sheet for the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm February 22, 2000

Torbjörn Hanson
Authorised Public Accountant

Göran Abrahamsson
Authorised Public Accountant

Board of Directors
Senior Executives and Management



From left: Peter Carlsson, President, ABB Financial Services AB, Stockholm; Bard E. Bunaes, President & CEO, Sirius America Insurance Company, New York; Gert Lindberg, Director & Previous Chief Executive, AB Trav och Galopp, Stockholm, appointed member of the board by the Government of Sweden; and Göran Thorstensson, President & CEO, Sirius International Insurance Corporation (publ).

Jan Roxendal, Chairman, Executive Vice President, ABB Ltd, Zurich.

From left: Lars Ek, Chief Financial Officer; Pål Ljöstad, General Counsel; Patrik Dahl, Actuary; Jean-Claude Gulpen, Belgian Branch (Liège); Guntram Zernitzky, Central Europe (Hamburg); Kristina Åkerstrand, Financial Risks (Stockholm); Lars Olofsson, Chief Investment Officer and Johan Gunnarson, Financial Risks, Marketing & Sales. Jan Onselius, Chief Underwriter Excess of Loss, is not pictured.





From left: Eva Andersson, Non-Marine Facultative/Baltic States; Paul Norrthon, Scandinavia/Asia/Oil & Energy; AnnCharlotte Lindgren, North America/UK/Other markets; S K Yap, Asia Branch (Singapore); Michael Dashfield, UK Branch (London); Monica Cramér Manhem, Outwards Reinsurance and Jan Åslund, Financial Risks (Zurich).

Definitions

Combined Ratio

The sum of net claims incurred and operating expenses (both commissions and own expenses) in relation to net premiums earned.

Net Technical Provisions

Total technical provisions (premium & claims provisions) less reinsurers' share of technical provisions.

Solvency Capital

Total of shareholders' equity + deferred taxes (or untaxed reserves in the parent company) + excess values of investment assets.

Solvency Ratio

Solvency capital in relation to net premium income.