Annual Report 2014

Contents

Comments by the President and CEO

Torbjörn Magnusson

2014 was a highly successful year for If. The combined ratio was record strong at 87.7%. The company has now surpassed its long-term profitability targets in 41 of the past 42 quarters. The exception was in 2010, when a harsh winter led to many more insurance claims than in a normal year. The favorable earnings trend is attributable to a long-term strategy based on a consistent focus on underwriting, on understanding risks better than others and on providing customers with the right and attractive offerings.

The results were achieved in a period when interest rates remained low. The low interest rates are generating a limited return on the investments of insurance companies, which essentially involve interest-bearing securities. As a result, the industry is focusing much more than before on the actual insurance operations. For If, this has been the key strategic theme for more than a decade.

A number of major transactions were implemented during the year, including cooperation with the Finnish company, K-gruppen. For insurance policies from If, points are credited to so called K-Plus card, of which there are more than 4 million in Finland. Another reason for If's favorable results, and those of the insurance sector as a whole, was that there were fewer insurance claims in 2014 than in a normal year.

Ever since the financial crisis, competition in the Nordic P&C insurance market has increased steadily. In certain countries, primarily in Norway for example, a not insignificant number of smaller competitors have established a position. This will be a challenge for the established companies in the years ahead.

A central goal for If is to create the best customer experience in all types of contacts, particularly when customers are affected by an insurance claim. Each claims case is monitored and the claimant is able to grade how they were dealt with and comment on the service he or she has received. These surveys show that the customers who have had an insurance claim are even more satisfied with If than those who have never had to report a claim. The customers' ratings of our claims handling improved further during the year, from an already high level.

The Internet is another area where If has made large-scale investments in creating the best service in the market and the most attractive offerings. For example, a series of measures have been taken to make it easier to purchase insurance and report insurance claims. Customer use of online services continues to grow sharply. Towards the end of 2014, half of the visitors to If's website in Sweden used a smartphone or tablet device.

Work on creating an even more Nordic-integrated If continues. One of the main initiatives is to phase out old, national IT systems and replace them with a modern, Nordic solution. The new IT environment generates significant advantages in that customer-centric work also creates opportunities for smarter and more efficient internal work; for example, by making it easier to steer company-wide work duties to the places that have the best competencies and where the cost scenario is the most favorable.

For If to retain and strengthen its position as the leading insurance company in the Nordic region, a key factor will be having the best expertise in the industry. If invests significant amounts in stimulating employees at all levels to continuously develop, receive training and always strive to become better.

Solvency II, the EU reform that has been postponed time and again, will be implemented in 2016. The purpose of this comprehensive legislation is to ensure financial stability and correctly functioning financial markets in Europe. If is well prepared to satisfy the forthcoming requirements. As part of its preparatory work, If will submit as early as in 2015 about a hundred reports based on Solvency II principles to government authorities in Estonia, Finland and Sweden. When the new regulatory system is implemented fully, the number of reports from If will rise to approximately 600.

Torbjörn Magnusson, CEO

Board of Directors' Report

The Board of Directors and the President of If P&C Insurance Holding Ltd, corporate registration number 556241-7559, hereby issue their annual report for the 2014 fiscal year.

ORGANISATION

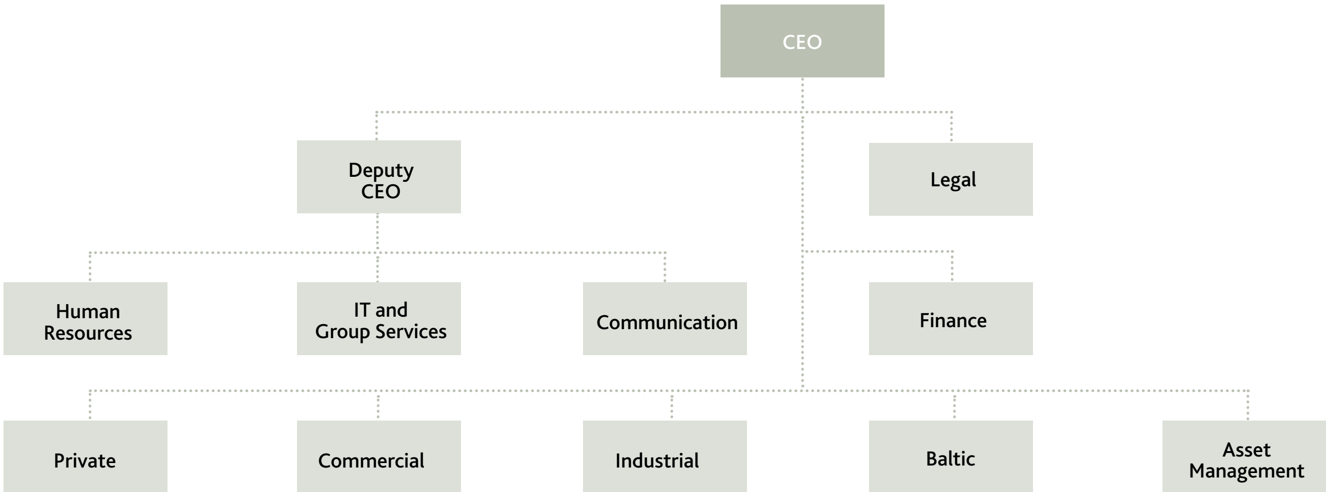
If is a Nordic Group that also conducts insurance operations in the Baltic countries. The Group's headquarter is located in Solna, Sweden.

The Parent Company of the If Group, If P&C Insurance Holding Ltd (publ), is a wholly owned subsidiary of Sampo Abp, a Finnish listed company, whose registered office is in Helsinki. In addition to the property and casualty insurance operations conducted within If, the Sampo Group also conducts life insurance operations and has a substantial holding in Nordea Bank AB (publ). If's property and casualty insurance operations constitute an independent segment within Sampo.

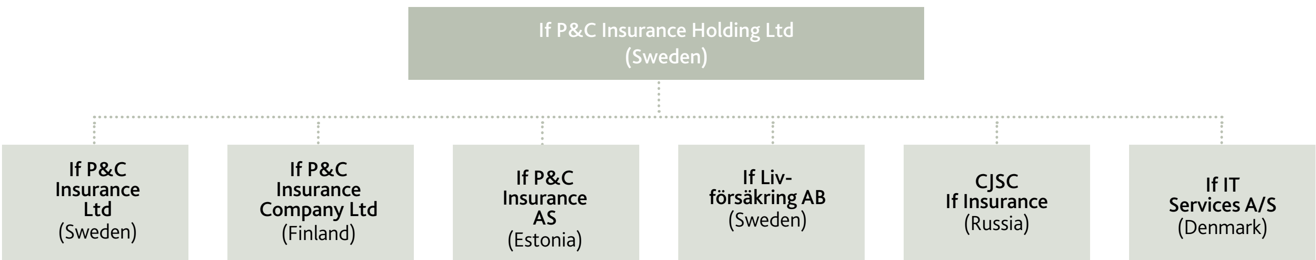
The main role of If P&C Insurance Holding Ltd (publ) is to manage shares in wholly owned property and casualty insurance operations as well as other significant holdings. The holding company owns the Swedish companies, If P&C Insurance Ltd and If Livförsäkring AB, the Finnish company If P&C Insurance Company Ltd and the Estonian company If P&C Insurance AS, as well as the Russian company CJSC If Insurance. If's operations in Denmark, Norway, and partly in Finland and Latvia, are conducted via branches of If P&C Insurance Ltd in each country. In addition, If P&C Insurance Ltd has branch offices in France, the Netherlands, the UK and Germany to support customers with international operations. The Estonian company If P&C Insurance AS also conducts operations in Latvia and Lithuania via branches. The holding company also owns about 30% of the Danish insurance company Topdanmark A/S, classified as an associated company and reported in the consolidated accounts using the equity method.

The insurance operation in the Nordic region is organizationally divided in accordance with customer segment into the business areas Private, Commercial and Industrial. Insurance operations in the Baltic countries are organized in one business area, Baltic. Asset management is responsible for all investment assets within the Group. Support functions such as IT, Human Resources, Communication and Finance are organized as a support to the business.

Operational structure



Legal structure, summary



RESULTS FROM OPERATIONS

Group results

The result before income taxes was MSEK 8,474 (8,040). The technical result of property and casualty insurance operations remained strong and amounted to MSEK 5,352 (5,200). Adjusted for exchange-rate effects the technical result increased by 2.4% compared to last year.

Premiums written

Gross written premiums for the year amounted to MSEK 42,178 (41,256). Adjusted for exchange-rate effects, the underlying increase in premium volumes was 1.7%. The increase is mainly due to the business area Private.

Claims incurred and operating expenses

Net claims incurred amounted to MSEK 28,781 (27,821). Adjusted for exchange-rate effects, claims expenses increased by 2.3%.

The claims ratio improved and amounted to 70.9% (74.4). A mild winter in the beginning and end of the year explains the improvement, however slightly reduced by weather-related claims due to spring floods in Norway and storms in Sweden during the last quarter.

The expense ratio improved compared with the preceding year and was 16.7% (16.8). Operating expenses in the insurance operation totaled MSEK 6,778 (6,536). Adjusted for exchange-rate effects, the operating expenses in the insurance business increased 2.4%.

The combined ratio improved and amounted to 87.7% (88.1). The improvement is due to a lower claims ratio and a stable expense ratio.

Investment result

Earnings from asset management, measured at mark-to-market, amounted to MSEK 4,313 (4,940), and the return on investments was 4.1% (5.0). Net investment return amounted to MSEK 3,614 (3,654) in the income statement and MSEK 699 (1,286) in other comprehensive income.

The year entailed continued declining yields on European government bonds, which resulted in several cases of negative interest rates. The U.S. economy continued its positive trend, while concern for emerging countries grew. Perhaps the greatest surprise for the year was the sharp decline in oil prices. During autumn, the stock market was impacted by a relatively strong downward adjustment, but recovered forcefully by the end of the year. On the whole, this resulted in rising share prices and continued historically low interest rates. Taking this into account, the investment result for the year is deemed satisfactory. The year-on-year earnings decline was mainly due to slightly lower return from fixed income portfolios and equity portfolios. Additional information is presented in note 6.

Net profit and tax costs

Net profit was MSEK 6,741 (6,472). The effective tax rate for the year was 20.5% (19.5). Of total taxes, current tax expenses amounted to MSEK 1,742 (1,692) and the deferred tax income was MSEK 9 (income 124).

Results per business area

Information concerning operations and the earnings trend in the Group's business areas is presented in Note 6.

CONSOLIDATED RESULTS PER QUARTER AND FULL-YEAR

MSEK	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2014 Jan-Dec	2013 Jan-Dec
Premiums earned, net of reinsurance	10,283	10,349	10,154	9,782	40,568	38,977
Allocated investment return transferred from the non-technical account	49	70	88	132	339	560
Other technical income	62	65	55	67	249	245
Claims paid, net of reinsurance	-7,205	-7,304	-7,087	-7,185	-28,781	-27,821
Operating expenses for insurance operations, net of reinsurance	-1,753	-1,690	-1,691	-1,644	-6,778	-6,536
Other operating expenses	-71	-66	-51	-57	-245	-225
Technical result from property and casualty insurance	**1,365**	**1,424**	**1,468**	**1,095**	**5,352**	**5,200**
Investment result	797	741	1,256	820	3,614	3,654
Allocated investment return transferred to the technical account	-152	-170	-192	-235	-749	-1,036
Interest expense, net pension liability	-16	-16	-16	-16	-64	-58
Interest expense, subordinated debt	-43	-44	-42	-40	-169	-151
Share of associates' result	87	167	139	97	490	431
Result before income tax	**2,038**	**2,102**	**2,613**	**1,721**	**8,474**	**8,040**
Risk ratio	64.4%	64.7%	64.0%	67.5%	65.1%	65.4%
Cost ratio	22.8%	22.2%	22.5%	22.8%	22.5%	22.8%
Combined ratio	87.1%	86.9%	86.5%	90.3%	87.7%	88.1%
Claims ratio	70.1%	70.6%	69.8%	73.5%	70.9%	71.4%
Expense ratio	17.1%	16.3%	16.7%	16.8%	16.7%	16.8%
Insurance margin	13.4%	13.8%	14.4%	11.1%	13.2%	13.3%

SOLVENCY CAPITAL AND CASH FLOW

The solvency ratio strengthened and amounted to 81.9% (80.8) at year-end. Solvency capital increased to MSEK 33,289 (31,899). Cash flow from operating activities increased and amounted to MSEK 5,828 (3,445).During the year, a dividend of MSEK 5,500 (4,300) was paid.

TECHNICAL PROVISIONS (RESERVES)

Gross provisions at year-end increased to MSEK 86,258 (84,159). Currency effects arising from the conversion of provisions made in foreign currencies contributed to a higher provision with MSEK 2,115, mainly due to the strengthening of the Euro and other currencies compared to the Swedish krona. After adjustments for exchange-rate effects, the premium reserve increased by MSEK 28. Correspondingly the claims reserve decreased by MSEK 45 after adjustments for exchange-rate.

Reinsurers' proportion of technical provisions decreased significantly and was MSEK 2,230 (3,718). The decrease is primarily related to a decrease of ceded Property reserves due to settlement of a number of large claims from previous years combined with a favorable large claims result this year.

OBJECTIVES AND POLICIES FOR FINANCIAL RISK MANAGEMENT

The core of the Group insurance operations is the transfer of risk from the insured clients to the insurer. If's result depends on both the underwriting result and the return on investment assets.

The main objectives with If's risk management are to ensure that sufficient return is obtained for the risks taken and that risks are taken into account in pricing decisions and other business decisions.

This requires risks to be properly identified and monitored. The Group's risks, exposures and risk management are described in Note 5.

PERSONNEL

During the year, the number of employees decreased and amounted to 6,158 (6,227) at year-end. The average number of employees during the year was 6,173 (6,237), of whom 54% (55) were women.

If recruits approximately 500 employees annually, in order to replace people who have retired or left the company and to add new competencies to the company.

APPLIED ACCOUNTING POLICIES AND PREPARATION OF CONSOLIDATED ACCOUNTS

As of 2005, If applies the International Financial Reporting Standards (IFRS) adopted by the EU. For the 2014 fiscal year, there were no new or amended standards that caused any for If's accounting significant changes or new requirements. The consolidated accounts are prepared by the Central Finance and Accounting Department, which is also responsible for control systems, accounting and reporting in accordance with generally accepted accounting principles. The Board of Directors and the President are ultimately responsible for all financial reporting.

OUTLOOK

The development of the global economy will be difficult to predict during 2015. Despite increased competition in the market, underlying profitability of the insurance operation is expected to remain on a good level. Precision in the pricing of new insurance contracts is a success factor, at the same time as efficiency-enhancement work is important in order to maintain sustainable profitability.

The long-term objective for the Group is to achieve a combined ratio below 95% and a return on equity of at least 17.5%. For 2015, the objective is to achieve a combined ratio by a margin, below 95%.

PARENT COMPANY

The operations of the Parent Company If P&C Insurance Holding Ltd (publ) consist primarily of ownership and management of shares in subsidiaries.

The Parent Company is also the main account holder for a Group cash pool account system comprising the major part of the flows of liquid funds from the insurance operations. Underlying flows give rise to intra-Group transactions within the Parent Company's balance sheet. Intra-Group transactions also arise in connection with payment of dividends from subsidiaries that are not passed on externally or invested externally.

The Parent Company's net profit decreased to MSEK 6,618 (7,556), mainly as a result of decreased dividends from subsidiaries.

The Parent Company's solvency capital at year-end amounted to MSEK 23,650 (22,532) and its total assets to MSEK 24,709 (23,287).

FIVE-YEAR SUMMARY [1]

MSEK	2014	2013	2012	2011	2010
Condensed income statement					
Premiums earned, net of reinsurance	40,568	38,977	37,973	36,966	37,170
Allocated investment return transferred from the non-technical account	339	560	772	1,124	1,606
Other technical income	249	245	286	277	235
Claims incurred, net of reinsurance	-28,781	-27,821	-27,347	-27,614	-28,093
Operating expenses in insurance operations, net of reinsurance	-6,778	-6,536	-6,426	-6,380	-6,402
Other operating expenses	-245	-225	-260	-244	-232
Technical result from property and casualty insurance	**5,352**	**5,200**	**4,998**	**4,129**	**4,284**
Investment result	3,614	3,654	3,617	3,175	5,187
Allocated investment return transferred to the technical account	-749	-1,036	-1,267	-1,632	-2,156
Interest expense, net pension liability	-64	-58	-66	-	-
Interest expense, subordinated debt	-169	-151	-174	-158	-276
Share of associates' result	490	431	403	58	-
Dissolvement of collective guarantee provision	-	-	-	-	-239
Results before income tax	**8,474**	**8,040**	**7,511**	**5,572**	**6,800**
Income taxes	-1,733	-1,568	-1,628	-1,386	-1,815
Net profit for the year	**6,741**	**6,472**	**5,883**	**4,186**	**4,985**
Balance sheet, December 31					
Assets					
Intangible assets	1,294	1,312	1,289	1,257	1,259
Investment assets	108,738	103,478	100,586	100,449	102,078
Reinsurers´share of technical provisions	2,230	3,718	4,951	4,709	4,575
Deferred tax assets	718	515	553	453	392
Debtors	11,894	11,010	10,664	10,166	9,367
Other assets, prepayments and accrued income	5,300	5,153	5,379	5,155	4,818
Total assets	**130,174**	**125,186**	**123,422**	**122,189**	**122,489**
Shareholders´equity, provisions and liabilities					
Shareholders´equity	27,140	25,948	23,264	21,563	22,818
Subordinated debt	3,276	3,087	2,776	2,881	3,714
Deferred tax liability	3,591	3,379	3,337	3,461	4,103
Technical provisions	86,258	84,159	84,569	85,085	83,733
Creditors	5,024	4,622	5,544	6,424	5,264
Provisions, accruals and deferred income	4,885	3,991	3,932	2,775	2,857
Total shareholders´equity, provisions and liabilities	**130,174**	**125,186**	**123,422**	**122,189**	**122,489**
Key data, property and casualty operations					
Claims ratio	70.9%	71.4%	72.0%	74.7%	75.6%
Expense ratio	16.7%	16.8%	16.9%	17.3%	17.2%
Combined ratio	87.7%	88.1%	88.9%	92.0%	92.8%
Risk ratio	65.1%	65.4%	65.9%	68.4%	69.1%
Cost ratio	22.5%	22.8%	23.0%	23.5%	23.7%
Insurance margin	13.2%	13.3%	13.1%	11.1%	11.5%
Key data, asset management					
Total return ratio [2]	4.1%	5.0%	6.1%	1.8%	7.4%
Other key data					
Capital base	31,435	29,872	26,791	24,043	26,504
Solvency requirement	7,895	7,521	7,336	7,493	6,592
Solvency capital	33,289	31,899	28,824	27,452	30,243
Solvency ratio	81.9%	80.8%	74.6%	72.4%	79.5%
Return on equity	24.7%	28.3%	32.0%	11.1%	27.5%

[1] Since January 1, 2013, If applies the revised standard IAS 19 Employee Benefits (issued in 2011), whereby all figures for 2012 have been recalculated in accordance with these policies. The figures presented for 2010-2011 are unchanged; which means that they are presented in accordance with the previously applied accounting policies.

[2] The calculations are based on the policies used internally by If for the valuation of investment operations. Refer to Note 15.

Consolidated income statement

MSEK	Note	2014	2013
TECHNICAL ACCOUNT INSURANCE OPERATIONS			
Premiums earned, net of reinsurance			
Premiums written, gross	7	42,178	41,256
Premiums ceded	7	-1,551	-1,800
Change in provision for unearned premiums and unexpired risks		- 28	- 395
Reinsurers´share of change in provision for unearned premiums and unexpired risks		- 31	- 84
		40,568	**38,977**
Allocated investment return transferred from the non-technical account	8	339	560
Other technical income		249	245
Claims incurred, net of reinsurance			
Claims paid			
Gross		-29,392	-29,331
Reinsurers´share		1,776	1,609
Change in provision for claims outstanding			
Gross		454	990
Reinsurers´share		-1,619	-1,089
	9	**-28,781**	**-27,821**
Operating expenses			
Operating expenses in insurance operations, net of reinsurance			
Gross		-6,905	-6,692
Commissions and profit participations in ceded reinsurance		127	156
		-6,778	**-6,536**
Other operating expenses		- 245	- 225
	10, 11, 12, 13	**-7,023**	**-6,761**
Technical result from property and casualty insurance	14	**5,352**	**5,200**
NON-TECHNICAL ACCOUNT			
Investment result			
Direct investment income		2,782	3,152
Changes in value		1,008	677
Management costs		- 176	- 175
	15	**3,614**	**3,654**
Allocated investment return transferred to the technical account	8	-749	-1,036
Interest expense on net pension liability		-64	-58
Interest expense, subordinated debt	16	-169	-151
Share of associates' result	17	490	431
Result before income taxes		**8,474**	**8,040**
Taxes	18	-1,733	-1,568
Net profit for the year		**6,741**	**6,472**

Consolidated statement of comprehensive income

MSEK	Note	2014	2013
Net profit for the year		**6,741**	**6,472**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurements of the net pension liability		-952	-190
Taxes related to items which will not be reclassified	18	241	63
		- 711	**- 127**
Items that will be reclassified subsequently to profit and loss when specific conditions are met			
Effects of changes in exchange rates, foreign operations		350	- 120
Effects of changes in exchange rates, foreign associated companies		198	101
Remeasuring of financial assets available for sale		1,906	1,846
Value changes recognized in income statement on assets available for sale		-1,207	- 560
Taxes related to items which will be reclassified when specific conditions are met	18	-157	-273
		1,090	**994**
Total comprehensive income		**7,120**	**7,339**

Consolidated balance sheet

ASSETS, DECEMBER 31

MSEK	Note	2014	2013
Intangible assets			
Goodwill		1,109	1,109
Other intangible assets		185	203
	19	**1,294**	**1,312**
Investment assets			
Land and buildings	20	212	209
Investments in associated companies	21	3,400	3,143
Loans to associated companies		37	35
Other financial investment assets	22, 23	105,079	100,082
Deposits with ceding undertakings		10	9
		108,738	**103,478**
Reinsurers' share of technical provisions			
Provisions for unearned premiums and unexpired risks		383	382
Provisions for claims outstanding		1,847	3,336
	24	**2,230**	**3,718**
Deferred tax assets	33	**718**	**515**
Debtors			
Debtors arising out of direct insurance operations	25	10,359	9,914
Debtors arising out of reinsurance operations	26	317	398
Other debtors	27	1,218	698
		11,894	**11,010**
Other assets			
Tangible assets	28	153	142
Cash and bank balances		2,643	2,211
Securities settlement claims		17	23
		2,813	**2,376**
Prepayments and accrued income			
Accrued interest and rental income		622	900
Deferred acquisition costs	29	1,297	1,410
Other prepayments and accrued income	30	568	467
		2,487	**2,777**
Total assets		**130,174**	**125,186**

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES, DECEMBER 31

MSEK	Note	2014	2013
Shareholders' equity			
Share capital		2,726	2,726
Statutory reserve		400	400
Fair value reserve		4,764	4,182
Profit carried forward		12,509	12,168
Net profit for the year		6,741	6,472
		27,140	**25,948**
Subordinated debt	31	**3,276**	**3,087**
Technical provisions (gross)			
Provisions for unearned premiums and unexpired risks		18,772	18,292
Provisions for claims outstanding		67,486	65,867
	32	**86,258**	**84,159**
Provisions for other risks and charges			
Deferred tax liability	33	3,591	3,379
Other provisions	34, 35	3,084	2,243
		6,675	**5,622**
Deposits received from reinsurers		-	-
Creditors			
Creditors arising out of direct insurance operations	36	1,456	1,314
Creditors arising out of reinsurance operations		343	435
Derivatives	22, 23	227	218
Other creditors	37	2,998	2,655
		5,024	**4,622**
Accruals and deferred income			
Reinsurers' share of deferred acquisition costs		26	26
Other accruals and deferred income	38	1,775	1,722
		1,801	**1,748**
Total shareholders' equity, provisions and liabilities		**130,174**	**125,186**
Memorandum items			
Assets and corresponding collateral pledged	39	2,475	2,759
Assets covered by policyholders' beneficiary rights	39	74,896	68,382
Contingent liabilities and other commitments	40	159	373

Parent Company

INCOME STATEMENT

MSEK	Note	2014	2013
Other operating income		0	0
Other operating expenses		0	0
Operating result		**0**	**0**
Result from financial investments			
Dividends from Group companies		6,615	7,500
Dividends from associated companies		1	1
Interest income and similar income items	1	15	64
Interest expense and similar expense items	2	-12	-9
		6,619	**7,556**
Result after financial items		**6,619**	**7,556**
Tax on net profit for the year	3	-1	0
Net profit for the year		**6,618**	**7,556**

BALANCE SHEET, DECEMBER 31

MSEK ASSETS	Note	2014	2013
Financial fixed assets			
Shares in Group companies	4	17,121	17,121
Shares in associated companies	5	5,137	5,137
Loans to associated companies		37	35
Other securities and receivables		2	9
		22,297	**22,302**
Deferred tax assets		-	-
Debtors			
Debtors, Group companies		1,336	167
		1,336	**167**
Cash and bank balances		**1,074**	**816**
Prepayments and accrued income			
Accrued interest		2	2
		2	**2**
Total assets		**24,709**	**23,287**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		2,726	2,726
Statutory reserve		400	400
Profit carried forward		13,906	11,850
Net profit for the year		6,618	7,556
		23,650	**22,532**
Provisions		-	-
Current creditors			
Creditors, Group companies		1,059	755
Provision for taxes		0	-
		1059	**755**
Total shareholders' equity and liabilities		**24,709**	**23,287**
Memorandum items			
Contingent liabilities	6	-	-

Changes in shareholders' equity

GROUP

MSEK	Restricted equity Share capital	Statutory reserves	Other restricted reserves	Fair value reserve	Unrestricted equity Profit brought forward	Net profit for the year	Total equity
Equity at beginning of 2013	**2,726**	**400**	**-**	**3,121**	**17,017**	**-**	**23,264**
Transfer between restricted and unrestricted equity	-	-	124	-	-124	-	0
Total comprehensive income	-	-	-124	1,061	-70	6,472	7,339
Share of associates' other changes in equity	-	-	-	-	-355	-	-355
Dividend to shareholder [1]	-	-	-	-	-4,300	-	-4,300
Equity at end of 2013	**2,726**	**400**	**-**	**4,182**	**12,168**	**6,472**	**25,948**
Equity at beginning of 2014	**2,726**	**400**	**-**	**4,182**	**18,640**	**-**	**25,948**
Transfer between restricted and unrestricted equity	-	-	-412	-	412	-	0
Total comprehensive income	-	-	412	582	-615	6,741	7,120
Share of associates' other changes in equity	-	-	-	-	-428	-	-428
Dividend to shareholder [2]	-	-	-	-	-5,500	-	-5,500
Equity at end of 2014	**2,726**	**400**	**-**	**4,764**	**12,509**	**6,741**	**27,140**

PARENT COMPANY

MSEK	Restricted equity Share capital	Statutory reserves	Unrestricted equity Profit brought forward	Net profit for the year	Total equity
Equity at beginning of 2013	**2,726**	**400**	**16,150**	**-**	**19,276**
Dividend to shareholder [1]	-	-	-4,300	-	-4,300
Net profit for the year	-	-	-	7,556	7,556
Equity at end of 2013	**2,726**	**400**	**11,850**	**7,556**	**22,532**
Equity at beginning of 2014	**2,726**	**400**	**19,406**	**-**	**22,532**
Dividend to shareholder [2]	-	-	-5,500	-	-5,500
Net profit for the year	-	-	-	6,618	6,618
Equity at end of 2014	**2,726**	**400**	**13,906**	**6,618**	**23,650**

There are a total of 136,350,000 shares with a par value of SEK 19.99 each, including 103,525,000 Series A shares carrying one vote and 32,825,000 Series B shares carrying one tenth of a vote.

The accumulated translation difference amounted to MSEK -78 (-626).

[1] During 2013, dividends paid totaled approximately SEK 31.54 per share, of which dividends resolved by the Extraordinary General Meeting accounted for about SEK 31.54 per share.

[2] During 2014, dividends paid totaled approximately SEK 40.34 per share, of which dividends resolved by the Extraordinary General Meeting accounted for about SEK 40.34 per share. The Board of Directors and the President propose that the 2015 Annual General Meeting resolve not to pay any dividend.

The equity presentation complies with legal requirements and a separate disclosure of contributed capital would not add any significant information.

Cash flow statements

GROUP

MSEK	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	42,186	40,495
Claim payments, direct insurance	-29,355	-29,241
Reinsurance flows	186	-343
Costs of operations	-6,996	**-6,510**
	6,021	**4,401**
Cash flow from asset management		
Current return, coupon interest income	2,698	2,946
Current return, dividends on shares	414	333
Current return, properties	-3	4
Net investments in financial investment assets	-1,065	-2,510
	2,044	**773**
Interest payment, subordinated debt	-166	-191
Realized foreign exchange transactions	-222	595
Paid income tax	-1,849	-2,133
	5,828	**3,445**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase, net assets of business	-	670
Investments in associated companies	0	-27
	0	**643**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-5,500	-4,300
Net issuance, subordinated debt	-	248
	-5,500	**-4,052**
Cash flow for the year	**328**	**36**
Cash and bank		
Cash and bank balances on January 1	2,211	2,243
Effect of exchange rate changes	104	-68
Cash flow for the year	328	36
Cash and bank balances on December 31	**2,643**	**2,211**

Supplementary information on the Group's cash flow is presented in Note 41.

PARENT COMPANY

MSEK	2014	2013
Net profit for the year	6,618	7,556
Change in current business assets and liabilities	-860	870
Investments		
Net investment in associated companies	0	-4,003
Financing		
Dividend	-5,500	-4,300
Cash flow for the year	**258**	**123**
Change in cash and bank balances	**258**	**123**

Notes to the consolidated financial statements

NOTE 1 Accounting policies

COMPANY INFORMATION

This annual report and the consolidated financial statements for If P&C Insurance Holding Ltd were prepared and authorized for publication by the Board of Directors and CEO on March 3, 2015 and will be presented to the 2015 Annual Meeting for approval. The company is a Swedish limited liability company with its registered office in Stockholm and its headquarters in Solna, Sweden.

The Group's primary operations are described in the Report of the Board of Directors.

STATEMENT OF COMPLIANCE WITH REGULATIONS APPLIED

The annual report for the Parent Company If P&C Insurance Holding Ltd was prepared in accordance with the Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for legal entities).

In accordance with the Annual Accounts Act for Insurance Companies (ÅRFL), If P&C Insurance Holding Ltd is regarded as a financial holding company, which entails that the company must apply the provisions of this Act regarding the preparation of the consolidated financial accounts.

If has prepared the consolidated accounts in accordance with international accounting standards (IFRS including IAS, SIC and IFRIC), as adopted by the European Commission. In addition, If applies the supplementary provisions ensuing from legislation, the Swedish Financial Supervisory Authority's regulations and general recommendations on annual accounts in insurance companies (FFFS 2008:26) and, in appropriate parts, the Swedish Financial Reporting Board's Recommendation RFR 1 (Supplementary Accounting rules for Groups).

As of the 2014 fiscal year, If applies the revised standards for Consolidated Financial Statements and Joint Arrangements (IFRS 10-12) and consequential amendments to other standards. Application of these standards, as well as other new or amended standards, has only required a couple of changes in the disclosures.

Issued, but not yet effective, international accounting standards are assessed not to cause any significant impact on the financial statements when first applied, except IFRS 9 Financial Instruments. IFRS 9 is still not adopted for use in the EU, but If has initiated an assessment of the expected effects from making a transition from IAS 39 to IFRS 9 (as published by the IFRS). Since e.g. the notion of business model will be important and the Financial Instruments standard includes some optionality, If believes that there will be significant cross-influences to the not yet finalized standard Insurance Contracts phase II that need to be carefully assessed.

MEASUREMENT BASES FOR THE PREPARATION OF THE ACCOUNTS

The accounts are based on historical acquisition values with the exception of the totally dominant share of investment assets, which are reported at fair value. The financial reports and notes are presented in SEK millions (MSEK), unless otherwise stated.

BASES FOR CONSOLIDATION

The consolidated accounts include the Parent Company, If P&C Insurance Holding Ltd, and all companies in which the Parent Company directly or indirectly holds more than 50% of the votes for all shares or in some other manner has a controlling interest.

The consolidated accounts have been prepared in accordance with IFRS 10 and IFRS 3. Acquired companies are reported in accordance with the purchase method, which means that assets and liabilities are reported in the acquiring company's accounts at the acquisition values determined in accordance with an established acquisition analysis. The identified assets and liabilities in the acquired company are fair valued in the acquisition analysis. If the acquisition value of shares in a subsidiary exceeds the established fair value of the acquired assets and liabilities, the difference is reported as goodwill. In conjunction with the transition to IFRS, an opening balance sheet was compiled as of January 1, 2004. In line with the exemption rules in IFRS 1, no recalculation was made of acquisitions and mergers prior to this date.

In consolidating foreign subsidiaries, locally prepared income statements and balance sheets are recompiled to eliminate differences between local accounting policies and the accounting policies applied in the consolidated accounts. These recompilations mainly comprise adjustments for unrealized changes in value in investment assets and derivatives, deferred acquisition costs, provision for unexpired risks and interest allocated to the technical result.

Outside Sweden, any equalization or catastrophe reserves governed by tax or business laws are treated in consolidation in the same manner as Swedish untaxed reserves.

In 1999, Storebrand and Skandia agreed to form a joint venture and transfer their portfolios of property and casualty business to If P&C Insurance Ltd. The merger in 1999 is reported in the consolidated accounts, applying joint venture accounting based on the carryover method. According to the carryover method, the joint venture unit assumes the assets and liabilities transferred from the owners at the carrying amount and then continues to operate the business that has been taken over. As a result of this accounting procedure, no goodwill arose in If P&C Insurance Holding Ltd Group. Goodwill based on net assets is reported in the subsidiary If P&C Insurance Ltd, since in formal terms the assets from Storebrand were transferred at a value that exceeded the previous carrying amount. Since the subsidiary If P&C Insurance Ltd has a right to make a tax deduction for the amortization of the goodwill based on the net assets, a value has arisen in the Group, reported in the consolidated accounts for 2014 at a rate of 22% of the non-amortized goodwill amount in the subsidiary, which represents deferred tax assets.

TRANSACTIONS, RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY AND TRANSLATION OF THE ACCOUNTS OF FOREIGN SUBSIDIARIES AND BRANCHES

Income statement items in foreign currency are translated to SEK using the average exchange rate for the month during which they were reported.

In individual companies and branches, assets and liabilities in foreign currency are translated at the closing date exchange rates. Any unrealized translation differences arising are reported in the income statement as changes in value under "Investment result". Currency forward contracts used to hedge currency exposure are fair valued and these effects are reported in their entirety in the income statement as changes in value.

In the case of If's foreign Group companies and branches, the functional currency is the local currency in the country in which the company or branch is active. Translation to SEK is effected in line with IAS 21. Balance sheet items are translated using the closing date exchange rate and income statement items are translated using the average exchange rate for the period during which the item arose. The translation differences arising as a result of the use of different exchange rates for items in the balance sheet and income statement, the fact that capital contributions and dividends are translated at different exchange rates than those prevailing on the transaction date and that shareholders' equity is translated at a different exchange rate at year-end than at the beginning of the year are reported in other comprehensive income.

For If's most significant currencies, the following exchange rates were used as of December 31 to translate balance sheet items in foreign currency to SEK:

	2014	2013
US dollars	7.74	6.42
Danish kroner	1.26	1.19
Euro	9.39	8.86
Norwegian kroner	1.04	1.06
Lithuanian litas	2.72	2.57
Latvian lats	-	12.61

POLICIES APPLYING TO ITEMS IN THE CONSOLIDATED BALANCE SHEET

Goodwill

Goodwill is valued at its acquisition value, adjusted for any impairments. Goodwill arises in connection with the acquisition of operations or portfolios. In conjunction with acquisitions, an acquisition balance sheet is compiled in which all identified assets and liabilities are fair valued on the acquisition date. When the acquisition price cannot be attributed to identifiable assets and liabilities, this portion is reported as goodwill.

Goodwill is an asset with an indefinite useful life and thus it is not subject to amortization according to plan. To ensure that goodwill is not overvalued in the balance sheet, an annual analysis is conducted of individual goodwill items to identify impairment requirements. The analysis determines the recoverable amount, defined as the higher of the value in use and the net realizable value. The value in use is calculated as the discounted value of expected future cash flows attributable to the acquired net assets. When the recoverable amount measured on the valuation date is less than the carrying amount in the Group, the carrying amount is reduced to the recoverable amount. If, subsequently, a higher recoverable amount can be set, this does not result in revaluation or reversing of previous impairments.

Other intangible assets

Other intangible assets consist of externally acquired rights etc. and internally developed intangible assets. Intangible assets are valued at their acquisition value less deductions for accumulated planned amortization.

Internally developed intangible assets are measured at acquisition value, determined as the direct and indirect expenses for the development (programming and testing) of computer systems and so forth that are expected to provide financial benefits in the future. Only expenses linked to new development and mainly limited to major system changes decided in a special procedure by the Board are capitalized.

Rights and similar assets are amortized from the day they are valid. Capitalized development expenses are amortized from the date the asset is put into production. Amortization is made over its estimated useful life. The useful life is determined individually per asset and may amount to a maximum of 10 years.

If there is any indication on the closing date that the carrying amount of an intangible asset is higher than its recoverable amount, a calculation is made of the asset's recoverable amount. Recoverable amount refers to the higher of the asset's net realizable value and its value in use. If the determined recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If, subsequently, a higher recoverable amount can be set, a revaluation or reversal of previous impairments may be undertaken.

Land and buildings/Investment properties

If reports all its properties as investment assets (investment properties), fair valued pursuant to IAS 40 and with changes in value reported in the income statement. This classification complies with the company's basic approach to these assets. If has concluded that a separation of such properties, which according to IAS 40 represent owner-occupied properties, would have only an insignificant effect on the particular asset and profit/loss item. The fair value consists of the net realizable value and is set annually by external surveyors using acknowledged and accepted valuation methods. Accepted methods consist of local sales-price method (current prices paid for comparable properties in the same location/area) or cash flow models applying current market interest rates for the calculation of the present value of the property. Since valuation is effected at fair value, there is no depreciation of properties.

Shares in associated companies

Associated companies refer to companies in which If P&C Insurance Holding Ltd directly or indirectly has significant influence, which is normally the case when the shareholding amounts to a minimum of 20% of the voting rights for all shares in the company. Associated companies are reported in the consolidated accounts using the equity method. The equity method means that an associated company's carrying amount is continually adjusted for changes in the holding company's share of the associated company's net assets.

The holding in Topdanmark A/S has an effect on the consolidated income statement (If´s share of the company´s result after taxes, after deduction for amortization of customer relations), the consolidated statement of comprehensive income (effects of changes in exchange rates) and the Group shareholder equity (If´s share of the company's other changes in equity). Due to the late publication of Topdanmark´s financial statements, the result is based on a consensus estimate and any deviations from the published earnings will be adjusted next quarter.

Some other minor holdings are accounted for in a simplified way. The carrying amount is normally only adjusted with If´s share of respective company's result after tax and with one quarter delay. Additional information is provided in Notes 17 and 21.

Valuation of other investments assets

Financial investment assets are reported in the original currency and at fair value with – as a main principle – changes in value recognized in other comprehensive income until being realized. A previous classification, using the fair value option in IAS 39 and with all changes in value (realized as well as unrealized) reported in the income statement, is still applied for financial investment assets acquired in certain small Group companies. The presentation below describes the detailed valuation for each type of asset.

The purchase and sale of money market and capital market instruments on the spot market as well as derivative transactions are reported in the balance sheet on the transaction date. The counterparty's receivable/liability is reported between the transaction date and payment date in gross form under the item "Other assets" or "Other creditors". Business transactions whose receivables/liabilities are settled net via clearing are reported in the balance sheet with a net amount per counterparty.

Shares

Shares are fair valued, calculated as a sales value without deduction for sales costs. For shares listed on an authorized stock exchange or marketplace, the sales value normally refers to the latest bid price on the closing date or, in the case of shares listed on Nasdaq OMX, to the latest trade price. Unlisted securities included in private equity investments are valued using established valuation models.

Interest-bearing securities

Interest-bearing securities are fair valued and accounted for separating accrued acquisition value from change in value. The accrued acquisition value is the discounted present value of future payments, for which the discount rate consists of the effective rate of interest on the acquisition date. This means that acquired surplus and deficit values on coupon instruments are distributed over the period as interest during the bond's remaining time to maturity, in the case of loans with adjustable interest rates, to the next rate-adjustment occasion. For discount instruments, the reported interest income pertains only to distribution of deficit values in conjunction with the acquisition. The return on interest-bearing securities is divided up as interest income and changes in value. The change in value is calculated as the difference between the fair value (market value) of the securities holding and its accrued acquisition value. When valuing at fair value, the listed bid price or yield-curve models, based on listed mid prices, are used.

Derivatives

All derivative instruments are fair valued and are valued individually. Derivative transactions with a positive market value on the closing date are reported as "Other financial investment assets" and positions with a negative market value are reported on the liabilities side of the balance sheet under the heading "Derivatives."

Receivables

Receivables are reported in the amounts expected to be received.

Provisions for doubtful receivables are normally posted on the basis of individual valuation of the receivables. Receivables pertaining to standard products are valued through a standard computation based on reported losses during prior periods.

Tangible assets

Tangible assets consist of machinery and equipment and are valued at acquisition value. Acquisition value includes not only the purchase price but also expenses directly attributable to the acquisition. Machinery and equipment are reported at historical acquisition value, less depreciation according to plan. These deductions are based on the historical acquisition value and the estimated useful life of the asset concerned.

Acquisitions of assets financed through leasing agreements, but for which If is responsible for the financial risks and benefits associated with ownership (financial leasing), are reported as tangible assets at acquisition value. The financial obligation resulting from leasing agreements is reported as a liability that is calculated on the basis of future lease payments discounted to present value using the interest rate specified in the contracts. Machinery and equipment are reported at the historical acquisition value, less accumulated depreciation according to plan, based on the useful life of the assets. Current lease payments are divided among amortization and interest expense.

Depreciation period	
Office equipment	3–10 years
Computer equipment	3–5 years
Vehicles	5 years
Other fixed assets	4–10 years

In the event that there is an indication at the reporting date that the scheduled value of a tangible asset is higher than its recoverable amount, a calculation is made of the asset's recoverable amount. The recoverable amount is the higher of the asset's net realizable value and value in use. If the determined recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If, subsequently, a higher recoverable amount can be set, a revaluation or reversal of previous impairments may be undertaken.

Cash and bank

In addition to small petty cash amounts, cash and bank consists of bank balances in insurance operations and funds transferred to asset management that have not been invested in investment assets.

Deferred acquisition costs

Selling costs that have a clear connection with the writing of insurance contracts are reported as an asset, namely as deferred acquisition costs. Selling costs include operating expenses such as commission, marketing costs, salaries and overheads for sales personnel, which vary according to, and are directly or indirectly related to, the acquisition or renewal of insurance contracts. The selling cost is deferred in a manner that corresponds to the amortization of unearned premiums. The amortization period ordinarily does not exceed 12 months.

Subordinated debt

Issued subordinated loans are reported in their original currency at accrued acquisition value. The acquisition value includes surplus/deficit prices arising on the issue date and other external expenses attributable to borrowing. During the term of the loan, costs for subordinated loans are reported using the accrued acquisition value, whereby surplus/deficit prices and capitalized borrowing expenses are distributed over the term of the loan; however, no later than the interest-adjustment date in the case of loans with adjustable interest rates. Outstanding loans are translated to SEK using the closing exchange rate. The effect arising from translation is reported as an exchange rate gain/loss and is included in the item "Changes in value" under investment result.

Technical provisions

Technical provisions consist of :

- Provision for unearned premiums and unexpired risks.
- Provision for claims outstanding.

The provisions correspond to the liabilities pursuant to current insurance contracts.

Provision for unearned premiums and unexpired risks

The provision for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force.

In property and casualty insurance and reinsurance, the provision for unearned premiums is calculated on a strictly proportional basis over time for most products, i.e. calculated on a pro rata temporis basis.

In the event that premiums are deemed to be insufficient to cover anticipated claims costs and operating expenses, the provision for unearned premiums is required to be augmented by a provision for unexpired risks. Calculation of the provision for unexpired risks must also take into account premium installments not yet due.

Provision for claims outstanding

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The provision for claims outstanding in direct property and casualty insurance and reinsurance is calculated with the aid of statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods. The provision for claims outstanding is not discounted, with the exception of provisions for vested annuities, which are discounted to present value using standard actuarial methods, taking anticipated inflation and mortality into account.

Pension costs and pension commitments and other employee benefits

The Group's pension obligations comprise pension plans in several national systems that are regulated through local and collective bargaining agreements and national insurance laws. The obligations consist of both defined contribution and defined benefit plans.

For defined contribution plans, the pension cost comprises the premiums paid for securing the pension obligations in life insurance companies.

The reporting of funded and unfunded defined benefit pension plans complies with the regulations contained in IAS 19 Employee benefits (issued in 2011). According to these rules, the present value of future pension obligations less the market value of the plan assets covered by the plan is to be recognized as a pension liability in the balance sheet.

What is to be recognized as a pension cost during the fiscal year is the sum total of (1) the actuarially calculated earnings of old-age pensions during the year, calculated straight-line based on pensionable income at the time of retirement, and (2) calculated interest expense for indexing the preceding year's established net pension obligation. The calculation of pension costs during the fiscal year occurs at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on current market interest rates adjusted to take into account the duration of the company's pension obligations. If includes the first amount in the technical result while the interest expense is recognized separately in the income statement.

Remeasurements of the pension obligation due to actuarial gains and losses, and because the return on plan assets deviates from the calculated interest rate, is recognized in other comprehensive income.

If has certain pension obligations that have been classified as defined-benefit plans but recognized as defined-contribution plans, either because If lacks the information necessary to recognize them as defined-benefit plans or because they have been deemed as insignificant.

Provision is also made for the calculated value of other earned remuneration of employees, the final amount of which is determined and paid after the end of the fiscal year, such as one-year variable remuneration and multi-year incentive programs. Refer to Note 12 for information regarding these provisions.

POLICIES APPLYING TO ITEMS IN THE CONSOLIDATED INCOME STATEMENT

In the income statement, there is a division into the result of insurance operations – the technical result – and the non-technical result, which is primarily attributable to asset management.

Items included in the technical result pertain overwhelmingly to the Group's operations as an insurer, that is, the transfer of insurance risk pursuant to the definition in IFRS 4, Insurance Contracts. Only contracts that do not cover a significant transfer of insurance risk are attributable to other operations and are reported pursuant to IAS 18 Revenue.

Reporting in the income statement complies with the principle for gross accounting of accepted and ceded insurance. Income statement items thus disclose the accounting effects of the underlying flow and the accrual of issued insurance contracts and the equivalent for reinsurance purchased.

Premiums written

The premium refers to the compensation that an insurance company receives from the policyholder in return for the transfer of risk. Premiums written are reported in the income statement at the inception of risk coverage in line with the insurance contract. When the contracted premium for the insurance period is divided into several amounts, the entire premium amount is still recognized at the beginning of the period.

Premiums earned

Premiums earned are reported as the share of premiums written that is attributable to the accounting period. The share of premiums written from insurance contracts pertaining to periods after the closing date is allocated to the premium reserve in the balance sheet. The provision posted in the premium reserve is normally calculated by distributing premiums written strictly on the basis of the underlying term of the insurance contract. For certain insurance products – in particular those with terms longer than one year – the attribution is risk adjusted, i.e. in relation to expected claims.

Allocated investment return transferred from the non-technical account

Total investment result is reported in the non-technical result. Part of the income is transferred from investment result to the technical result for insurance operations based on the net of the insurance operations' average technical provisions and outstanding net receivables. When calculating this income, interest rates are used that for each currency match the interest rate for government bonds with a maturity that approximates with the technical provisions.

Other technical income

Other technical income consists of income in insurance operations that does not involve the transfer of insurance risk. Such income is primarily attributable to sales commission and services for administration, claims settlement, etc. in insurance contracts on behalf of other parties.

Claims incurred

Total claims incurred for the accounting period cover claims payments during the period and changes in provisions for unsettled claims. In addition to claims payments, claims incurred also include claims-adjustment expenses. Provisions for unsettled claims are divided into reported and claims not yet reported to the company (IBNR).

Operating expenses

Operating expenses reported in the technical result in the income statement are divided into expenses arising from the handling of insurance contracts that include the transfer of insurance risk, and costs for other technical operations. Administrative expenses refer to direct and indirect costs and are distributed among the following functions: Acquisition, Claims settlement, Administration, Asset Management and Other.

Claims settlement costs are included in the administrative expenses of insurance operations but are reported among claims incurred in the income statement.

In addition to administrative expenses, the operating expenses of insurance operations include acquisition costs and accrual of acquisition costs.

Investment result

The investment result is distributed among direct investment income and changes in value arising from market price fluctuations and with deductions for management costs. The "Direct investment income" item primarily includes dividends on shareholdings and interest income from investments reported using the effective interest rate principle, in conjunction with which surplus/deficit values resulting from acquisitions are distributed across the remaining useful life of the asset. The "Changes in value" item mainly comprises realized value changes on investment assets, but also impairment losses from Available-for-sale financial assets that were deemed necessary in accordance with the specific impairment requirements in IAS 39.

In line with these paragraphs, If has assessed whether there is any objective evidence that an asset is impaired. In this assessment, If has chosen to use, in respect of interesting-bearing securities, criteria related to issuer default. In respect of shares, the assessment is also conducted on an individual basis but generally all shares with a significant (>20%) and/or prolonged (12 months) decline in value in relation to the acquisition cost shall be impaired. For both asset categories, the carrying amount is reduced to current fair value. In the event of a subsequent recovery of a value decline, the recovery is presented as a reversed impairment loss in respect of interest-bearing securities but not in respect of shares.

A previous classification, using the fair value option in IAS 39 and with all changes in value (realized as well as unrealized) reported in the income statement, is still applied for financial investment assets acquired in certain small Group companies.

The Group's currency result is included in the "Changes in value" item.

Taxes

The Group tax expense is calculated in accordance with IAS 12 Income taxes. This entails that current as well as deferred tax is calculated and reported.

Current taxes are calculated individually for every unit in accordance with the tax rules in each country. Current taxes also include non-deductible coupon taxes in respect of dividends received.

If's foreign branch offices are taxed on their results in the country concerned. In Sweden, the company is liable for taxation on all income, including the results from the foreign branch offices. If the company pays tax in Sweden for its foreign income, with the aim of avoiding double taxation, a deduction for the taxes paid abroad is normally allowed.

Income taxes abroad are attributable to taxes on foreign branch office income and withholding taxes on the return on foreign investment assets.

In Sweden, the tax rate during the year was 22% of taxable income. In Norway, the tax rate was 27%, in Denmark 24.5% and in Finland 20%. In Denmark the tax rate is to be gradually reduced during 2015-2016 to 22%. This has been taken into account when calculating deferred tax assets and liabilities as of December 31, 2014.

Deferred tax attributable to temporary differences between the amounts reported and the equivalent actual taxation is reported in the company's accounts. For income reported in the income statement for the period but which is not taxed until a later period, a deferred tax cost is charged, which results in a corresponding liability item, Deferred tax liabilities. Similarly, costs that will not result in tax deductions until a later period give rise to a deferred tax revenue and a corresponding deferred tax asset. Deferred tax assets and liabilities are reported net in those cases where they pertain to the same tax authority and can be offset against each other. The tax effect from tax loss carry-forwards are reported as deferred tax assets if it is considered likely that they can be used to offset taxable profits in the future.

Application of joint venture accounting resulted in a deferred tax asset arising in connection with Storebrand's transfer of operations. This is based on the difference between the value for tax purposes and the carrying amount of these net assets. Additional comments regarding joint venture accounting are provided in the section Bases for consolidation above.

ACCOUNTING POLICIES IN THE PARENT COMPANY

Accounting for holdings in subsidiaries and associates

Shares in subsidiaries and associates are reported at the acquisition value with deductions for any impairments. The acquisition value includes in certain cases external transaction costs attributable to the acquisition. Dividend from Group companies and associated companies is accounted for when received.

NOTE 2 Significant considerations and assessments affecting the financial statements

Preparing financial statements in accordance with IFRS requires that the Board and executive management make judgments and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The judgments and assumptions are based on experience and insight into the insurance business. The actual outcome may deviate from these assessments.

Judgments made by the Board and executive management in the application of IFRS that have a significant effect on the financial statements for 2014 and assessments that may cause material adjustments in the financial statements in subsequent years are commented on below.

GOODWILL

If reports goodwill attributable to the acquisition of Sampo's Finnish property and casualty operations and the acquisition of Volvia's motor insurance operation. In line with IFRS 3, goodwill is no longer amortized. To ensure that the carrying amount for these items is not reported at an excessively high value, a calculation of each recoverable amount has been done. Additional comments on the parameters used, conducted assessments and so forth are made in Note 19.

VALUATION OF INVESTMENT ASSETS

If has elected to apply a classification according to IAS 39 that means that almost all financial investment assets, apart from associated companies, are fair valued. Since the valuation of the assets is essentially based on observable market listings, the company believes that this accounting method offers a good presentation of the company's holdings of investments assets.

The main part of the financial assets that are not derivatives has been classified as available-for-sale financial assets. Value changes on these assets are therefore normally recognized in other comprehensive income until being realized, unless the application of the specific impairment paragraphs in IAS 39 require an impairment loss to be recognized in the income statement. In line with these paragraphs, If has assessed whether there is any objective evidence that an asset is impaired. The company's assessment affects the reported profit of the year but not shareholders' equity. The assessment criteria are presented in Note 1 (under the heading of Investment result). Additional information is provided in Notes 5, 15 and 22.

TECHNICAL PROVISIONS

The provision for unsettled claims is designed to cover anticipated future payments for all claims incurred, including claims not yet reported to If, referred to as IBNR provision. The provision is calculated using statistical methods or through individual assessments of claims. These provisions are significant in an assessment of the company's reported results and financial position, since any deviation from actual future payments gives rise to a prior-year result reported in future years. Additional comments on provision risk are provided in Note 5 and an account of the company's prior-year results in recent years is available in Note 32.

The provision for unearned premiums and unexpired risk is designed to cover anticipated claims and operating expenses during the remaining term of the insurance contracts concluded. For most products, the provision is calculated strictly in proportion to time. If the premium level is deemed to be insufficient to cover the anticipated claims and operating expenses, they are strengthened with a provision for unexpired risks. This assessment includes estimates of future claims frequency and other factors affecting the need for a provision for unexpired risk. This provision is also commented on in Note 5.

PROVISIONS FOR PENSIONS

As of 2013, If applies IAS 19 Employee benefits (issued in 2011) for reporting pensions expenses and outstanding pension commitments. According to this standard, the company should determine which pension plans that are to be seen as defined benefit plans, as well as a number of parameters that are significant in the calculation of, for example, the company's net obligations and the amounts that are to be reported in the income statement, other comprehensive income and balance sheet. The basis for deciding the discount rate for the Swedish obligation is liquid covered mortgage bonds issued by mortgage institutions and covered mortgage bonds are also used as the basis for the Norwegian obligation. Significant parameters are further presented in Note 34.

NOTE 3 Recognition of the effects of changed exchange rates

In addition to the Nordic currencies, If underwrites insurance in the most frequently used international currencies. Moreover, asset management is characterized by a large degree of international diversification. Accordingly, assets and liabilities in currencies other than SEK account for considerable sums. According to If's Currency Policy, exchange-rate risks are to be limited by conducting specific hedging transactions when required. If's Currency Policy set limits for currency exposure.

MSEK Exchange-rate effects in the technical result	2014	2013	Change	Of which exchange-rate effect
Premiums earned, net of reinsurance	40,568	38,977	1,591	357
Allocated investment return transferred from non-technical account	339	560	-221	-15
Other technical income	249	245	4	6
Claims incurred, net of reinsurance	-28,781	-27,821	-960	-253
Operating expenses	-7,023	-6,761	-262	-66
Technical result from property and casuality insurance	**5,352**	**5,200**	**152**	**29**

As a result of the large amount of foreign currency business operations, financial reports in SEK are continuously impacted by effects attributable to exchange-rate changes. In the income statement, transactions in foreign currency are translated into SEK using the average exchange rate during the month when the transaction was incurred or reported. Normally, the accounting of insurance contracts matches the contracted currency. Accordingly, exchange-rate effects that could have an impact on a specific reporting line in the income statement do not have a material impact on the technical result from property and casuality insurance.

Technical income and operating expenses net, distributed by currency	Premiums earned	Total expenses	Of which claims costs	Of which operating expenses
SEK	29%	30%	25%	5%
NOK	34%	32%	25%	7%
DKK	9%	10%	8%	2%
EUR	24%	24%	20%	4%
USD	1%	1%	1%	0%
Other	3%	3%	2%	1%
Total	**100%**	**100%**	**81%**	**19%**

Balance sheet items established in foreign currency are translated into SEK using the exchange rate on the balance sheet date. Currency exposure in the balance sheet is mainly controlled by means of the activity involving continuous allocations of currency investments in If's investment assets. On other occasions, the exposure that arises is cost effectively managed through the use of currency forward contracts.

Exchange-rate effects in the balance sheet MSEK Assets	2014	2013	Change	Of which exchange-rate effect
Intangible assets	1,294	1,312	-18	2
Investment assets	108,738	103,478	5,260	2,083
Reinsurers' share of technical provisions	2,230	3,718	-1,488	150
Deferred tax assets	718	515	203	-13
Receivables	11,894	11,010	884	175
Other assets	2,813	2,376	437	51
Prepaid expenses and accrued income	2,487	2,777	-290	52
Total assets	**130,174**	**125,186**	**4,988**	**2,500**

MSEK Shareholders' equity, provisions and liabilities	2014	2013	Change	Of which exchange-rate effect
Shareholders' equity	27,140	25,948	1,192	489
Subordinated debt	3,276	3,087	189	186
Technical provisions	86,258	84,159	2,099	1,896
Provisions for other risks	6,675	5,622	1,053	-172
Creditors	5,024	4,622	402	73
Accrued expenses and deferred income	1,801	1,748	53	28
Total shareholders' equity, provisions and liabilities	**130,174**	**125,186**	**4,988**	**2,500**

For 2014, a net exchange rate loss of MSEK -182 was recognized in the income statement. The loss arose as a result of the translation of the income statement and balance sheet items and from currency derivatives. Accordingly, exchange-rate result may be divided into:

Conversion of items in the income statement and balance sheet	-399
Realized effects of currency derivatives	-127
Unrealized effects of currency derivative	346
Total exchange-rate loss	**-182**

NOTE 4 Information about related companies

RELATIONS WITH ASSOCIATED COMPANIES

The parent company If P&C Insurance Holding Ltd (publ) owns shares in Topdanmark A/S amounting to a share of 30.4% (excluding own shares held by Topdanmark).

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 28.6% of Urzus Group AS and Contemi Holding AS respectively.

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 39.6% of Watercircles Skandinavia AS. Subsidiaries to Watercircles Skandinavia AS convey insurance on behalf of If´s Swedish and Finnish P&C Insurance companies, for which they are paid commission.

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 33.0% of Svithun Assuranse AS. Svithun Assuranse AS conveys insurance on behalf of the subsidiary If P&C Insurance Ltd (Sweden) for which they are paid commission.

The parent company If P&C Insurance Holding Ltd (publ) owns a share of 22.0% of CAB Group AB (earlier Consulting AB Lennermark & Andersson), which provides systems and services for calculations of costs of repairing vehicles.

The subsidiary If P&C Insurance Company Ltd (Finland) owns a share of 35.5%of the associated company Autovahinkokeskus Oy that commissions sales of vehicles redeemed by If.

RELATIONS WITH SAMPO

Sampo is defined as Sampo Abp. The subsidiaries of Sampo are defined as all of the subsidiaries in the Sampo Group with the exception of If P&C Insurance Holding Ltd (publ) and its subsidiaries.

If has concluded agreements with Sampo subsidiaries regarding the marketing of the counterparty's products in own distribution networks in primarily Finland and the Baltic countries. The compensation takes the form of commission.

In Finland, If has concluded agreements with Sampo subsidiaries regarding life and voluntary pension insurance agreements for employees. In Finland and the Baltic countries, Sampo or its subsidiaries have also concluded P&C insurance agreements with If.

Sampo's purchase of data-processing services and data production are conducted through If IT Services A/S which has monitoring and administrative responsibility for IT operations with the supplier.

Sampo Abp manages the main part of the Group's investment assets. Compensation for these services is based on a fixed commission calculated in accordance with market value of the managed investment assets.

In Finland, Sampo and Sampo subsidiaries purchase HR services as well as IT, procurement and investigation services from If. If also purchases IT services related to a claim system from Sampo's subsidiary Mandatum Life.

Office premises and services are used together with subsidiaries to Sampo.

RELATIONS WITH NORDEA

Nordea is an associated company to Sampo which is If´s parent company and therefore is Nordea a related company to If.

Nordea distributes If's P&C insurance products through its banking offices in Sweden, Finland and the Baltics. The compensation takes the form of commission.

In Finland, If´s subsidiary has written insurance policies with Nordea subsidiaries. The policies also include property financed by Nordea.

Nordea is If's banking partner in Sweden, Finland, Denmark, Norway, Latvia and the United Kingdom and agreements have been concluded covering the management of bank accounts and related services. The Parent Company – If P&C Insurance Holding Ltd – is the primary account holder in the Nordic cash pool in Nordea. At year-end, balance on this account amounted to MSEK 1,074. The subsidiaries of P&C Insurance Holding Ltd (publ) also have their own accounts with Nordea. At year-end balance in those accounts amounts to MSEK 237. During the year fees were paid by MSEK 15 and interest income received by MSEK 8 and no interest was paid.

In asset management, investments are made in bonds and other interest-bearing securities issued by companies in the Nordea Group as well as in deposits with Nordea. Nordea is also included among the market makers used for general securities trading. Further information on this matter is provided in Note 5, table 17. During the year the coupon income was MSEK 140, the income from other interest-bearing securities was MSEK 4 and from deposits 6 MSEK. Nordea is also the counterparty for transactions in interest rate- and currency derivatives. At year end, the market value for interest rate derivatives was MSEK -7 and for currency derivatives MSEK 41.

NOTE 5 Risks and risk management

DEVELOPMENTS DURING THE YEAR

If continued to show positive results and a solid capital base. There were no major changes in the If risk profile.The risk management culture is assessed as strong based on the well-established risk appetite, a strong governance structure and extensive risk reporting and business follow-up as well as high risk awareness throughout the organisation.

The global economy was characterized by low growth, declining inflation and interest rates, falling commodity prices and increased geopolitical tension. The portfolio strategy in If is characterized by a low equity level and short fixed income duration.

If continuously develops its risk management system. This work is based both on internal needs and future Solvency II requirements.

OVERVIEW OF IF´S RISK MANAGEMENT

Risk is an essential and inherent element of If´s business activities and operating environment. A high-quality risk management process is a prerequisite for running the business and for assuring a stable result and the delivery of the long term return requirements which are:

- A combined ratio of less than 95%.
- A return on equity higher than 17.5%.

Risk Strategy

If's risk strategy forms part of the governing principles for the operations.

The risk management strategy is to:

- Ensure that risks affecting the profit and loss account and the balance sheet are identified, assessed, managed and monitored.
- Ensure that the riskiness of the insurance business is reflected in the pricing.
- Ensure adequate long term investment returns within set risk levels.
- Ensure that risk buffers, in the form of capital and foreseeable profitability, are adequate in relation to the current risks inherent in business activities and the existing market environment.
- Limit fluctuations in the economic values of Group companies.
- Ensure the overall efficiency, security and continuity of operations.

Risk Management System

The Risk Management System is part of the Internal Control System and spans across the Group covering both the legal and operational structure thereby giving an integrated approach to risk management throughout the Group.

The objectives of the Risk Management System are to create value for If's stakeholders by securing its long-term solvency, minimising the risk of unexpected financial loss and giving input to business decisions by taking into account the effect on risk and capital.

The key to fulfilling these objectives is to:

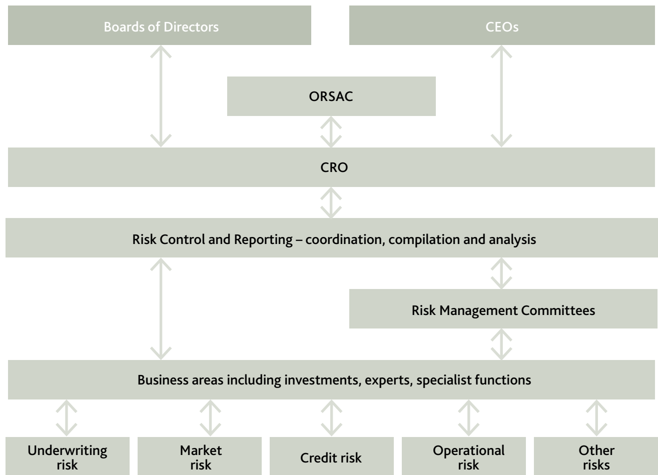
- Identify and, in accordance with internal and external requirements, aggregate the quantifiable risks and have effective processes for management of risks affecting If.
- Formalise and set up reporting routines to meet regulatory requirements as well as If's internal risk reporting requirements.

Key risks affecting If, including those not covered by If's Internal Model, have a dedicated risk management process.

Risk Governance and Reporting Structure

The Boards of Directors have the overall responsibility for internal control and risk control to ensure that the companies have appropriate risk management systems and processes. The main risk-steering mechanism used by the Boards of Directors is the policy framework. The Boards of Directors approve the Risk Management Policy and other risk-steering documents, receive risk reports and ensure that the management and follow-up of risks are satisfactory.

FIGURE 1 **If's Risk management reporting structure**



The Own Risk and Assessment Committee (ORSAC) assists the Chief Executive Officers in fulfilling their responsibilities pertaining to the risk management process. The ORSAC reviews and discusses reporting from If´s other committees within the Risk Management System and from both corporate functions and the line organization. Furthermore, the ORSAC monitors that If's short-term and long-term aggregated risk profile is aligned with If´s risk strategy and capital adequacy requirements.

The Risk Control and Reporting unit within the Risk Management department is responsible, on behalf of the Chief Risk Officer (CRO), for coordinating and analyzing the information reported to the ORSAC.

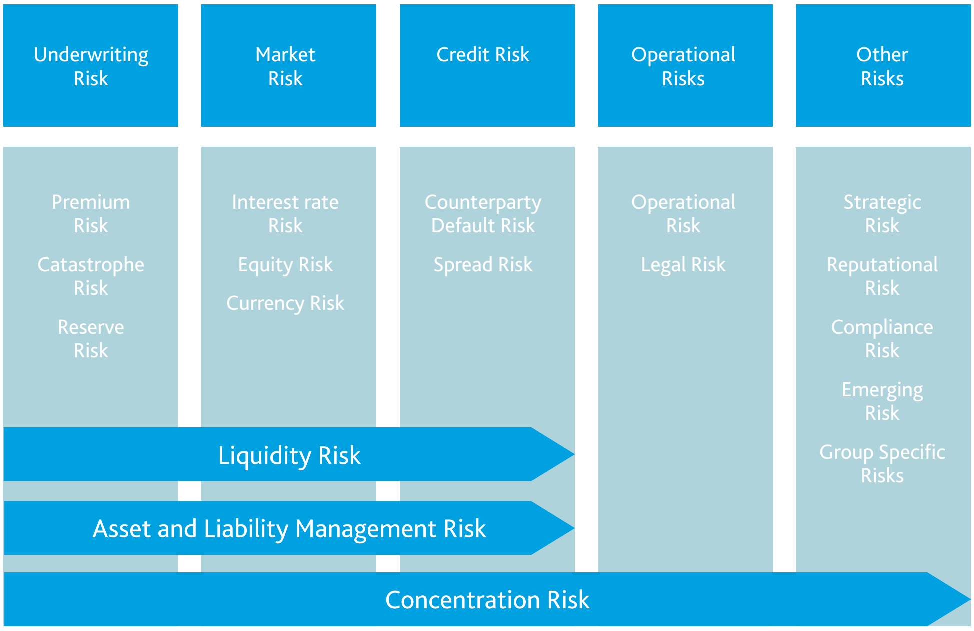
There are separate committees in place for the key risk areas. These committees are responsible for monitoring the management and control of risks to ensure compliance with the instructions of the Boards of Directors. The risk committees in If do not have a decision-making mandate.

Policies are in place for each risk area specifying restrictions and limits chosen to reflect and ensure that the risk level at all times complies with If's overall risk appetite and capital adequacy constraints. The committees also monitor the effectiveness of policies and give input with respect to changes and updates, if needed.

The responsibility for identifying, assessing, controlling and managing risks lies with the line organization.

Figure 2 shows If's risk categorization and each risk is described below.

FIGURE 2 **Categorization of risks**



CAPITAL MANAGEMENT

If focuses on capital efficiency and sound risk management by keeping its capital resources at an appropriate level in relation to the risks taken over the business planning horizon. This means ensuring that the available capital exceeds the internal and regulatory capital requirements, as well as maintaining an A rating from Standard & Poor's and Moody's.

Capital management is based on If's risk appetite statement, which provides further details on risk preferences and risk tolerance. These are established through policies decided by the Boards of Directors. If's risk profile, required capital and available capital are measured, analyzed and reported to the ORSAC and the Boards of Directors on a quarterly basis, or more often when deemed necessary.

In order to maintain a sufficient level of capital, If:

- Projects its risk and capital according to the financial plan.
- Allocates capital to business areas and lines of business, ensuring that a risk-based approach is used for target setting and profitability evaluation.
- Manages its debt-to-equity structure, enhancing the return to shareholders while maintaining reasonable financial flexibility.
- Assures its dividend capacity through the effective use of reinsurance, group synergies and diversification benefits.

Capital Position

The capital position is the relationship between available capital and required capital. To fulfill requirements from various stakeholders, different measures are used to describe the capital position: regulatory measures, internal economic measures and rating agency measures. If considers both a one-year and a multi-year perspective.

REGULATORY MEASURES

Insurance is a regulated business with formal national rules for the capital requirement and available capital. The regulatory capital requirement and the regulatory solvency capital are presented in Table 1. All If companies fulfilled their regulatory capital requirements during 2014.

INTERNAL ECONOMIC MEASURES

Economic capital is an internal measure showing the deviation from the expected result calculated at a confidence level corresponding to 99.5% on a one-year horizon. If's major quantifiable risks are included in the calculation of economic capital. The calculations are based on an economic, market-consistent valuation.

Adjusted solvency capital is an internal measure for available capital and is calculated by adding an adjustment to the regulatory solvency capital. The adjustment is the difference between the carrying amount and market value of technical provisions, where the market value of technical provisions is the discounted value of future cash flows plus a risk margin. The internal measures of economic capital and adjusted solvency capital are presented in Table 1.

TABLE 1 **Regulatory capital measures and internal economic measures**

MSEK	2014	2013
Solvency requirement	7,895	7,521
Capital base	31,435	29,872
Economic capital (99.5%)	16,568	15,235
Adjusted solvency capital	30,150	32,829

RATING AGENCY MEASURES

The legal entities – If P&C Insurance Ltd and If P&C Insurance Company Ltd – within the Group are A rated by Standard & Poor's and A2 rated by Moody's. The objective is to retain a single A rating. If's Enterprise Risk Management (ERM) is rated "Strong" by Standard & Poor's.

Risk and Capital Modeling

In order to assess the overall risk profile, it is necessary to consider the interrelationships between various risks, since some of these risks may develop in opposite directions creating diversification effects. For this purpose, If has used an internal model since 2003 to calculate market risk and underwriting risk. Through simulations of both investment and insurance operations, the effect of, for example, alternative reinsurance structures and investment allocations is analyzed.

Operational risk and less material risks are quantified using the standard formula of the proposed Solvency II regulation.

In addition to the calculation and reporting of economic capital for If and its subsidiaries, the internal model is used as a basis for decisions regarding:

- Allocation of capital to business areas and lines of business, ensuring that a risk-based approach is used for target setting and profitability evaluation.
- Evaluation of investment policy and limits.
- Evaluation of reinsurance programs.
- Evaluation of the effect on the risk profile for mergers, acquisitions or divestments.
- Estimation of the risk over the business planning horizon.

Distribution of Economic Capital

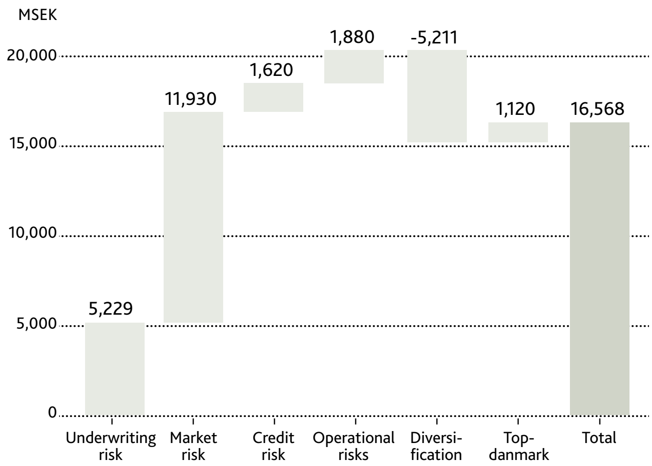
The economic capital tied up in If's operations on December 31, 2014 amounted to MSEK 16,568 compared with MSEK 15,235 on December 31, 2013.

The economic capital not only reflects the capital requirements for different kinds of risks, but also their mutual diversification effect and dependencies. This gives a more accurate view of the overall risk, since it is highly unlikely that all risks will materialize simultaneously.

The Danish insurance company Topdanmark is an associated company of If. If's share of Topdanmark's regulatory solvency requirement is included in the economic capital.

Figure 3 shows the distribution of economic capital between risks

FIGURE 3 **Economic capital 2014**



The amount for credit risk includes also non-credit related risks, such as concentration risk and lapse risk, calculated in accordance with the Solvency II standard formula.

UNDERWRITING RISK

Underwriting risk is the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

Premium Risk and Catastrophe Risk

Premium risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events that have not occurred at the balance date.

Catastrophe risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

RISK MANAGEMENT AND CONTROL

The Underwriting Policy (UW Policy) is the principal document for underwriting and sets general principles, restrictions and directions for the underwriting activities. The Boards of Directors decide on the UW Policy at least once a year.

The UW Policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each business area. These guidelines cover areas such as tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as authorities and limits. In accordance with the Instructions for the Underwriting Committee, the Committee monitors compliance with the established underwriting principles.

The business areas manage the underwriting risk on a day-to-day basis. A crucial factor affecting the profitability and risk of P&C insurance operations is the ability to accurately estimate future claims and administrative costs and thereby correctly price insurance contracts. The premiums within the Private business area and the premiums for smaller risks within the Commercial business area are set through tariffs. The underwriting of risks in the Industrial business area and of more complex risks within the Commercial business area is based on general principles and individual underwriting. In general, pricing is based on statistical analyses of historical claims data and assessments of the future development of claims frequency and claims inflation.

The insurance portfolio is well diversified, given the fact that If has a large customer base and its business is underwritten in different geographical areas and across several lines of business.

Despite the diversified portfolio, risk concentrations and consequently severe claims may arise through, for example, exposures to natural catastrophes such as storms and floods. The geographical areas most exposed to such events are Denmark, Norway and Sweden. In addition, single large claims could have an impact on the insurance operation's result. The economic impact of natural disasters and single large claims is managed using reinsurance and through diversification.

If's Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The need and optimal choice of reinsurance is evaluated by looking at the expected cost versus the benefit of the reinsurance, the impact on result volatility and decreased capital requirement. The main tool for this evaluation is If's Internal Model in which small claims, single large claims and natural catastrophes are modelled.

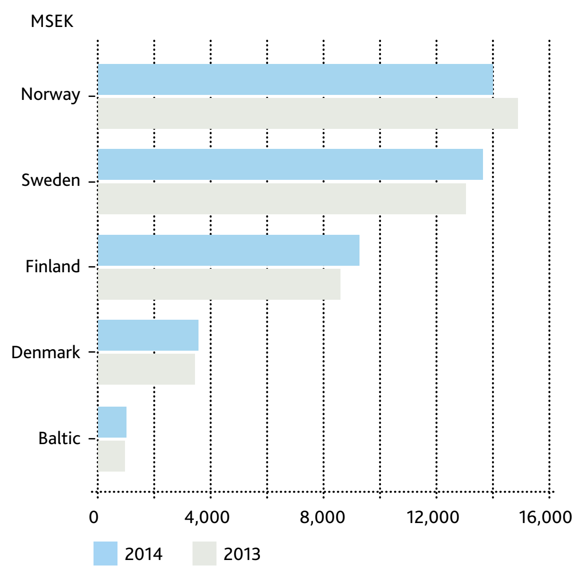
A Group-wide reinsurance program has been in place in If since 2003. In 2014, retention levels were between MSEK 100 and MSEK 250 per risk and MSEK 250 per event.

RISK PROFILE

There is a risk, given the inherent uncertainty of P&C insurance, of losses due to unexpectedly high claims costs. Examples on what may lead to high claims costs include large fires, natural catastrophes such as severe storms, or an unforeseen increase in the frequency or the average size of small and medium-sized claims.

If mainly underwrites insurance policies in the Nordic and Baltic countries and to a limited extent in Russia. If also underwrites policies for Nordic clients with operations outside the Nordic region. The geographical distribution of premium income is shown in Figure 4.

FIGURE 4 **Premium income per country**



An analysis of how changes in the combined ratio, premium and claims level affect the result before tax is presented in Table 2.

TABLE 2 **Sensitivity analysis, premium risk**

MSEK Parameter	Current level, 2014	Change	Effect on result before tax 2014	2013
Combined ratio, Business Area Private	87.4%	+/- 1 percentage point	+/- 233	+/- 223
Combined ratio, Business Area Commercial	88.6%	+/- 1 percentage point	+/- 117	+/- 115
Combined ratio, Business Area Industrial	89.0%	+/- 1 percentage point	+/- 41	+/- 39
Combined ratio, Business Area Baltic	86.8%	+/- 1 percentage point	+/- 11	+/- 10
Premium level	40,568	+/- 1%	+/- 406	+/- 390
Claims level	28,781	+/- 1%	+/- 288	+/- 278

Reserve Risk

Reserve risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing and amount of claim settlements for events that have occurred at, or prior to, the balance date.

Reserve risk includes revision risk, which is defined as the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from fluctuations in the level, trend, or volatility of revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

The technical provision for unearned premiums is intended to cover anticipated claim costs and operating expenses during the remaining term of insurance contracts in force. Since claims are paid after they have occurred, it is necessary to set provisions for claims outstanding. The technical provisions are the sum of the provisions for unearned premiums and provisions for claims outstanding.

Technical provisions always include a degree of uncertainty since the provisions are based on estimates of the size and the frequency of future claim payments.

The uncertainty of technical provisions is normally greater for new portfolios for which complete run-off statistics are not yet available, and for portfolios including claims that take a long time to settle. Workers' Compensation (WC), Motor Third Party Liability (MTPL), Personal Accident, and Liability insurance are products with the latter characteristics.

RISK MANAGEMENT AND CONTROL

The Boards of Directors decide on the guidelines governing the calculation of technical provisions. If's Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the level of the total provisions is sufficient. At Group level, the Chief Actuary issues a quarterly report on the adequacy of the technical provisions, which is submitted to the Boards of Directors, the CEO, the CFO and the ORSAC. The Chief Actuary cooperates with the appointed actuaries in the legal entities.

The Actuarial Committee is a preparatory and advisory board for the Chief Actuary. The committee makes recommendations concerning guidelines for calculating technical provisions. The committee also monitors the technical provisions and provides advice to the Chief Actuary regarding the adequacy of these provisions.

The actuaries continuously monitor the level of provisions to ensure that they comply with the established guidelines. The actuaries also develop methods and systems to support these processes.

The actuarial estimates are based on historical claims data and exposures that are available at the closing date. Factors that are considered include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions. When setting provisions, the Chain Ladder and Bornhuetter-Fergusson methods are generally used, combined with projections of the number of claims and average claims costs.

The anticipated inflation trend is taken into account when calculating the technical provisions and is of the utmost importance for claims settled over a long period of time, such as claims related to MTPL and WC business. The anticipated trend is based on external assessments of the inflation trend in various areas, such as the consumer price index and payroll index, combined with If's own estimation of costs for various types of claims.

RISK PROFILE

For lines of business such as MTPL and WC, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish provisions for these lines include annuities that are sensitive to changes in mortality assumptions and discount rates. In 2014, the proportion of technical provisions related to MTPL and WC was 68%. The amount of technical provisions broken down by product and country is shown in Table 3.

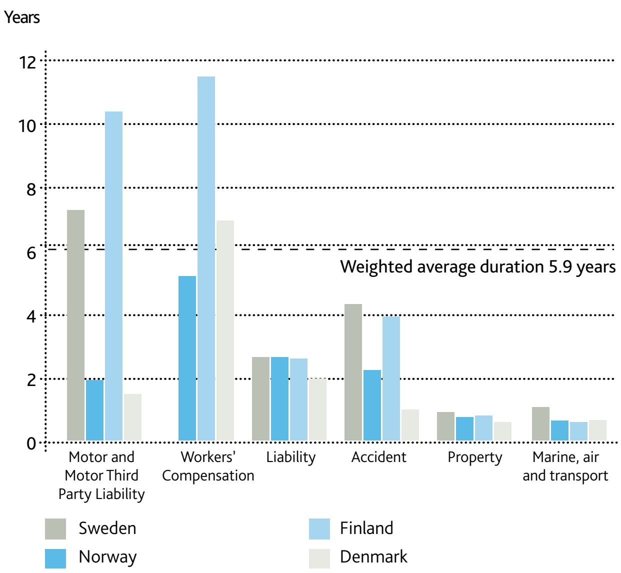
TABLE 3 Technical provisions (net) per product and country

	Sweden		Norway		Finland		Denmark	
MSEK	2014	2013	2014	2013	2014	2013	2014	2013
Motor and Motor Third Party Liability	23,618	23,084	6,162	6,539	8,827	8,118	1,344	1,253
Workers' compensation	-	-	3,080	3,190	10,664	9,610	2,361	2,221
Liability	2,648	2,603	1,431	1,439	1,204	1,125	592	670
Accident	2,497	2,257	3,179	3,102	1,531	1,324	769	672
Property	4,004	3,600	4,675	4,413	1,919	1,880	964	1,113
Marine, air and transport	245	243	432	363	77	51	141	131
Total	**33,012**	**31,787**	**18,959**	**19,046**	**24,222**	**22,108**	**6,171**	**6,060**

Excluding Baltic and other, total MSEK 1,664 (1,440).

The durations of technical provisions for various products are shown in Figure 5.

FIGURE 5 Duration of technical provisions 2014



The structure and duration of technical provisions are also sources of, for example, interest rate risk and inflation risk, which are described more in detail under market risk.

A sensitivity analysis of the reserve risk is presented in Table 4.

TABLE 4 **Sensitivity analysis, reserve risk**

Portfolio	Risk	Change in risk parameter	Country	2014 Effect MSEK	2013 Effect MSEK
Nominal reserves	Inflation increase	Increase by 1 percentage point	Sweden	1,827	1,645
			Denmark	89	98
			Norway	484	501
			Finland	294	246
Discounted reserves (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1 percentage point	Sweden	599	539
			Denmark	107	78
			Finland	2,333	1,956
Annuities and estimated share of claims reserves to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	296	272
			Denmark	16	23
			Finland	505	538

The estimated share of claims reserves to future annuities are included in annuities portfolio from 2014. 2013 figures have been restated to reflect this change.

FINANCIAL ASSETS AND LIABILITIES

The recognition of financial assets and liabilities depends on their classification.

TABELL 5 **Catagories of financial asset and financial liabilities**

MSEK	2014	2013
Financial assets at fair value through profit and loss		
Financial assets, mandatory at fair value through profit and loss (trading)	399	44
Financial assets, designated by If as at fair value through profit and loss	0	0
Financial assets, available for sale	100,888	97,575
Loans and receivables [1]	19,352	16,908
Total financial assets	**120,639**	**114,527**
Financial liabilities, mandatory at fair value through profit and loss (trading)	227	218
Financial liabilities measured at amortised cost or at the amount expected to be settled [2]	9,040	8,202
Total financial liabilities	**9,267**	**8,420**

[1] Loans and receivables consists of the following balance sheet items: loans and receivables, deposits with ceding undertakings, debtors, cash and bank, securities settlement claims and financial accrued income.

[2] Financial liabilities measured at amortised cost or at the amount expected to be settled consists of the following balance sheet items: subordinated debt, creditors arising out of direct insurance and reinsurance operations, securities settlement liabilities and financial other creditors and accrued expenses.

TABLE 6 **Investment assets categorized from an asset management perspective**

	Investmet assets and derivative liabilities		Assets under active managment		Assets under active managment categorized from an asset management perspective					
					Fixed income		Equity		Properties	
MSEK	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Land and buildings	**212**	**209**	212	209					212	209
Investments in associated companies	**3,400**	**3,143**								
Loans to associated companies	**37**	**35**								
Financial assets, mandatory at fair value through profit and loss (trading)										
Derivatives [1]	399	44	399	44	-	8	-	0		
Financial asssets, designated by If as at fair value through profit or loss										
Bonds and other interest-bearing securities	0	0	0	0	0	0				
Financial assets, available for sale										
Shares and participations	14,586	13,141	14,586	13,141	1,559	1,500	13,027	11,536	-	105
Bonds and other interest-bearing securities	86,302	84,434	86,302	84,434	86,302	84,434				
Loans										
Deposits with credit institutions	1,565	289	1,565	289	1,565	289				
Other loans	2,227	2,174	2,227	2,174	2,227	1,675			-	499
	105,079	**100,082**								
Deposits with ceding undertakings	10	9								
Total Investment asseets	**108,738**	**103,478**								
Other assets										
Cash and bank			2,643	2,211	2,643	2,211				
Securities settlement claims			17	24	-	1	17	23		
Accrued income			622	900	622	900				
Assets under active management			**108,573**	**103,426**	**94,918**	**91,018**	**13,044**	**11,559**	**212**	**813**
Financial liabilities valued at fair value through profit and loss										
Derivatives [2]	227	218	227	218	31	43				
Total Derivative liabilities	**227**	**218**								
Financial liabilities valued at the amount expected to be settled										
Securities settlement liabilities			0	0	0	0				
Liabilites under active management			**227**	**218**	**31**	**43**	**-**	**-**	**-**	**-**
Assets under active managment, net			108,346	103,208	94,887	90,975	13,044	11,559	212	813

[1] Only fixed income and equity derivatives are included in the assets categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 399 (36).

[2] Only fixed income and equity derivatives are included in the liabilities categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 196 (175).

MARKET RISK

Market risk is the risk of loss, or of adverse change in financial situation resulting, directly or indirectly, from fluctuations in the level or in the volatility of market prices of assets, liabilities and financial instruments.

RISK MANAGEMENT AND CONTROL

If's investment strategy, given the financial market environment, is to maximize long term investmentreturns within the levels of risk appetite and the capital allocation while meeting solvency and rating requirements.

The Boards of Directors decide on the Investment Policies on an annual basis. The structure of the companies' technical provisions, risk-bearing capacities, regulatory requirements and rating targets is taken into account when deciding limits and when setting return and liquidity targets. The Investment Policies also define mandates and authorizations, and set guidelines on the use of derivatives.

RISK PROFILE

If's investment operations generated a return of 4.1% in 2014. Investment assets amounted to MSEK 108,143. The major market risks comprise interest rate risk, equity risk and currency risk. The exposure towards market risk can be described through the allocation of investment assets and the sensitivity of values to changes in key risk factors.

TABLE 7 **Allocation of actively managed investment assets**

	2014		2013	
MSEK	Carrying amount	%	Carrying amount	%
Fixed income	94,887	87.7	90,975	88.0
Equities	13,044	12.1	11,559	11.2
Properties	212	0.2	813	0.8
Total	**108,143**	**100**	**103,347**	**100**

During the year, the proportion of equity investments increased from 11.2% to 12.1%. The proportion of fixed income investments decreased from 88.0% to 87.7%. Other investment assets amounted to 0.2% at December 31, 2014.

Table 8 shows the sensitivity analysis of the fair values of financial assets and liabilities in different market scenarios. The effects represent the immediate impact of a nonrecurring change in the underlying market variable on the fair values as of December 31 each year. The sensitivity analysis includes the effects of derivative positions and is calculated before taxes.

TABLE 8 **Sensitivity analysis of the fair values of financial assets and liabilities**

	2014				2013			
	Interest rate		Equities	Properties	Interest rate		Equities	Properties
MSEK	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Assets								
Short-term fixed income	35	-35			17	-17		
Long-term fixed income	1,074	-1,025			1,241	-1,200		
Equities			-2,609				-2,312	
Other financial assets				-42				-163
Liabilities								
Subordinated loans	-100	94			-120	113		
Derivatives, net	-129	118			174	-161		
Total change in fair value	**880**	**-848**	**-2,609**	**-42**	**1,312**	**-1,265**	**-2,312**	**-163**

Interest Rate Risk

Interest rate risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

RISK MANAGEMENT AND CONTROL

In accordance with If's Investment Policy, the nature of the insurance commitments with respect to interest rate risk and inflation risk is taken into account in the composition of investment assets. The interest rate risk is managed by sensitivity limits for instruments sensitive to interest rate changes.

Since the technical provisions are predominantly stated in nominal terms in the balance sheet, If is mainly exposed to changes in future inflation. However, the economic value of these provisions, meaning the present value of future claims payments, is exposed to changes in interest rates.

Furthermore, the provisions for annuities in Finland, Sweden and Denmark are discounted and potential changes in discount rates affect the level of technical provisions in the company's balance sheet.

The discount rates could vary between countries mainly as a result of legislative differences, but also due to the prevailing interest rate environment. The duration of provisions and thus sensitivity to changes in interest rates are analyzed in greater detail in Figure 5 and Table 4, in the section concerning reserve risk. The cash flows of financial assets and liabilities are presented by maturities in Table 16, in the section concerning liquidity risks.

RISK PROFILE

The duration of fixed income investments was 1.0 years at year-end 2014 (1.3). The duration of fixed income investments is shown in Table 9.

TABLE 9 Duration and breakdown of fixed income investments per instrument type

	2014			2013		
MSEK	Carring amount	%	Duration	Carring amount	%	Duration
Scandinavian government securities/credits	60,741	64.0	0.9	62,440	68.7	1.1
Euro government securities/credits	16,526	17.4	1.3	17,754	19.5	2.4
Swedish index-linked bonds	3,517	3.7	3.8	2,215	2.4	2.0
Short-term fixed income	13,823	14.6	0.3	7,730	8.5	0.3
US government securities/credits	258	0.3	0.9	803	0.9	0.4
Global government securities/credits	22	0.0	0.4	33	0.0	1.3
Total	**94,887**	**100**	**1.0**	**90,975**	**100**	**1.3**

Equity Risk

Equity risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.

RISK MANAGEMENT AND CONTROL

If's equity portfolio is actively managed with a long-term investment horizon. The equity risk is reduced by diversifying the investments across industry sectors and geographical regions. According to If's Investment Policy, equity investments may not exceed 15% of the total investment portfolio and the exposure towards an individual issuer is to be limited.

RISK PROFILE

The equity portfolio consists of Nordic shares and a diversified global fund portfolio. At year-end, If's exposure amounted to MSEK 13,044 and the proportion of equities in the investment portfolio was 12.1%.

TABLE 10 Breakdown of equity investments by industry sectors

	2014		2013	
	Carring amount	%	Carring amount	%
Households Durables	1,936	20.8	1,461	17.4
Machinery	1,470	15.8	1,824	21.7
Specialty Retail	1,307	14.1	1,022	12.2
Construction and Engineering	939	10.1	637	7.6
Telecommunication Services	746	8.0	771	9.2
Electrical Equipment	694	7.5	538	6.4
Health Care	423	4.6	332	4.0
Commercial Services and Supplies	334	3.6	354	4.2
Finance	276	3.0	215	2.6
Others	1,165	12.5	1,247	14.7
Total	**9,290**	**100**	**8,401**	**100**

The sector allocation of equity excludes investments made through mutual equity funds of MSEK 3,754 (3,158).

TABLE 11 Breakdown of equity investments by geographical regions

	2014		2013	
	Carring amount	%	Carring amount	%
Scandinavia	9,289	73.8	8,394	73.8
North America	1,052	9.4	1,063	9.4
Western Europe	1,417	8.7	993	8.7
Far East	874	6.2	707	6.2
Latin America	224	1.9	212	1.9
Total	**12,856**	**100**	**11,369**	**100**

The geographical allocation of equity excludes investments made through private equity funds of MSEK 188 (190).

Currency Risk

Currency risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

RISK MANAGEMENT AND CONTROL

The currency risk is reduced by matching technical provisions with investment assets in the corresponding currencies and by using currency derivatives. The currency exposure in the insurance operations is hedged to the base currency on a frequent basis. The currency exposure in investment assets is controlled weekly and is hedged when the exposure reaches a specified level, which is set with respect to cost efficiency and minimum transaction size.

In addition, If is also exposed to translation risk. Translation risk refers to currency risk that arises when consolidating the financial statements of foreign operations that have a different base currency than the Parent Company into the Group financial statements. The translation risk is not hedged.

RISK PROFILE

If's currency positions against the base currency and the sensitivity of the valuation to changes in exchange rates are shown in Table 12.

TABLE 12 Currency risk

MSEK Currency	EUR	NOK	DKK	LTL	GBP	USD	JPY	Other
Open position (SEK), 2014	-395	-379	-702	-9	-66	258	5	-283
10% depreciation of foreign currency against SEK, 2014	40	38	70	1	7	-26	-1	28
10% depreciation of foreign currency against SEK, 2013	28	-5	4	1	0	-19	0	-5

Currency positions in the Baltic business area are excluded.

CREDIT RISK

Credit risk means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed to in the form of counterparty default risk, spread risk, or market risk concentrations.

Spread risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

In general, credit risk refers to losses arising from occurred defaults of debtors or other counterparties or from increases in assumed probability of defaults. In the case of default, the final loss depends on the value of the asset less any collateral and recoveries at the time of default.

Credit Risk in Investment Operations

Credit risk in the investment operations can be measured as counterparty default risk and spread risk. In most cases, part of the credit risk is already reflected by higher spread and thereby the asset has a lower market value, even in the case of no default. Therefore, the spread is in essence the market price of credit risk.

The additional risk, stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by (i) a single issuer of securities or (ii) a group of related issuers not captured by the spread risk or counterparty default risk, is measured as concentration risk.

RISK MANAGEMENT AND CONTROL

Credit risk in the investment operations is managed by specific limits stipulated in If's Investment Policy. In the policy, limits are set for maximum exposures towards single issuers, type of debt category and per rating class. The spread risk is further limited by sensitivity restrictions for instruments sensitive to spread changes.

Before investing, potential investments are analyzed thoroughly. The creditworthiness and future outlook of the issuer are assessed together with any security as well as structural details of the potential investment. Internal risk indicators are critical factors in the assessment; however, macroeconomic environment, current market trends and external opinions of analysts and credit ratings by rating agencies are also taken into account. In addition, portfolio performance and the counterparties' credit standings are monitored continuously.

The development of the portfolios with respect to credit risk is monitored at the company level, as well as at the Group level, and is reported to the Investment Control Committee on a regular basis. Credit exposures are reported by ratings, instruments and industry sectors.

RISK PROFILE

If's most significant credit risk exposures arise from fixed income investments. The exposures are shown by sector, asset class and rating category in Table 13.

TABLE 13 Exposures by sectors, asset classes and rating 2014

MSEK	Fixed income												
	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Not rated	Total [1]	Equities	Properties	Derivatives (Counter-party Risk)	Total [2]	Change compared to 31 dec 2013
Basic Industry				951	777		583	2,311	321			2,632	265
Capital Goods				462			278	740	3,924			4,664	814
Consumer Products			331	347	436		882	1,996	3,447			5,443	-430
Energy		59		42	927		2,539	3,567	2			3,569	-877
Financial Institutions		11,579	10,754	3,405	1,075		95	26,908	276		211	27,395	3,263
Governments	6,514	2,082		23				8,619				8,619	85
Government Guaranteed	983	714						1,697				1,697	-2,975
Health				48			462	510	423			933	360
Insurance			94	382				476				476	466
Media							172	172				172	3
Municipal sector	8,049	1,195						9,244				9,244	5,981
Real Estate		82					4,523	4,605		212		4,817	779
Services				45	394		160	599				599	433
Technology and Electronics							330	330	43			373	74
Telecommunications			882	128			254	1,264	747			2,011	-438
Transportation		907	65	218	122		1,575	2,887	88			2,975	61
Utilities			1,344	1,005			741	3,090				3,090	-67
Others								0	19			19	-313
Covered Bonds	24,498	1,336						25,834				25,834	-2,845
Funds							69	69	3,754			3,823	355
Total	**40,044**	**17,954**	**13,470**	**7,056**	**3,731**	**-**	**12,663**	**94,918**	**13,044**	**212**	**211**	**108,385**	**4,994**
Change compared to Dec 31, 2013	1,950	1,858	829	-1,405	166	-	509	3,907	1,485	-601	203	**4,994**	

[1] Total fixed income exposure differs by MSEK 31 compared to corresponding financial assets and liabilities in Table 6 due to that other derivatives are excluded.

[2] Total exposure differs by MSEK 39 compared to corresponding financial assets and liabilities in Table 6 due to that derivatives are excluded except for OTC derivatives where only the counterparty risk is taken into account.

Credit Risk in Reinsurance Operations

In addition to the credit risk associated with investment assets, credit risk arises from insurance operations, most importantly through ceded reinsurance. Credit risk related to reinsurers arises through reinsurance receivables and through the reinsurers' portion of claims outstanding. Credit risk exposure towards policyholders is very limited, since non-payment of premiums generally results in the cancellation of insurance policies.

RISK MANAGEMENT AND CONTROL

To limit and control credit risk associated with ceded reinsurance, If has a Reinsurance Security Policy that sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Credit ratings from rating agencies are used to determine the creditworthiness of reinsurance companies.

RISK PROFILE

The distribution of reinsurance recoverables is presented in Table 14. In the table, MSEK 1,219 (1,242) is excluded, which mainly relates to captives and statutory pool solutions.

TABLE 14 Reinsurance recoverables

MSEK Rating (S&P)	2014	%	2013	%
AAA	-	-	-	-
AA	756	72.7	1,570	60.1
A	247	23.8	965	37.0
BBB	20	1.9	39	1.5
BB - CCC	-	-	0	0
Not rated	17	1.6	37	1.4
Total	**1,040**	**100**	**2,611**	**100**

The distribution of ceded treaty and facultative premiums per rating category is presented in Table 15.

TABLE 15 Ceded treaty and facultative premiums per rating category

MSEK Rating (S&P)	2014	%	2013	%
AAA	-	-	-	-
AA	309	51.0	343	50.5
A	297	48.9	336	49.5
BBB	1	0.1	0	0.0
BB - CCC	-	-	-	-
Not rated	0	0.0	0	0.0
Total	**607**	**100**	**679**	**100**

ASSET AND LIABILITY MANAGEMENT RISK

Asset and Liability Management (ALM) risk means the risk of loss, or of adverse change in the financial situation resulting from a mismatch between the assets and the liabilities' sensitivity to fluctuations in the level or in the volatility of market rates.

RISK MANAGEMENT AND CONTROL

The ALM risk in If is managed in accordance with Sampo's Group-wide principles. ALM is taken into account through the risk appetite framework and is governed by If's Investment Policies.

In the accounts, most of the technical provisions are nominal, while a significant portion, namely the annuity and annuity IBNR reserves, is discounted using interest rates in accordance with the regulatory rules. Accordingly, from an accounting perspective, If is mainly exposed to changes in inflation and the regulatory discount rates.

From an economic perspective, wherein the technical provisions are discounted using prevailing interest rates, If is exposed to changes in both inflation and nominal interest rates.

To maintain the ALM risk within the overall risk appetite, the technical provisions may be matched by investing in fixed income instruments and by using currency derivatives.

LIQUIDITY RISK

Liquidity risk is the risk that insurance undertakings are unable to realize investments and other assets in order to settle their financial obligations when they fall due.

RISK MANAGEMENT AND CONTROL

In P&C insurance, premiums are collected in advance and large claims payments are usually known long before they fall due, thus limiting the liquidity risk.

The Cash Management function is responsible for liquidity planning. To identify liquidity risk, expected cash flows from investment assets and technical provisions are analyzed regularly, taking both normal market conditions and stressed conditions into consideration. Liquidity risk is reduced by having investments that are readily marketable in liquid markets. The available liquidity of financial assets, meaning the part of the assets that can be converted into cash at a specific point in time, is analyzed and reported to the ORSAC.

RISK PROFILE

The maturities of cash flows for technical provisions, financial assets and liabilities are presented in Table 16. In the table, financial assets and liabilities are divided into contracts with a contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. The table also shows expected cash flows for net technical provisions, which are inherently associated with a degree of uncertainty.

TABLE 16 Maturities of cash flows for financial assets and liabilities and net technical provisions 2014

		Carrying amount		Cash flows						
MSEK	Carrying amount	Without maturity	With contractual maturity	2015	2016	2017	2018	2019	2020-2029	2030-
Financial assets	120,639	18,252	102,387	44,556	19,540	13,249	11,026	11,643	9,978	5
Financial liabilities	9,267	-	9,267	7,357	106	110	956	64	2,347	-
Net technical provisions	84,028			30,558	8,069	5,645	4,418	3,661	20,832	17,470

CONCENTRATION RISK

Concentration risk is all risk concentrations towards a single counterparty, industry sector or geographic region with a material loss potential that is not captured by any other risk type.

RISK MANAGEMENT AND CONTROL

In If's Underwriting Policy, Investment Policy and Reinsurance Security Policy, limits are set for maximum exposures towards single issuers and per rating class. Risk concentrations are actively monitored and controlled by the respective committee and reported quarterly to the ORSAC.

RISK PROFILE

Investments are mainly concentrated to the financial sector in the Scandinavian countries. There is an emphasis on covered bonds and short-term money market investments.

The ten largest individual reinsurance recoverable balances amounted to MSEK 2,488, representing 65% of the total reinsurance recoverables.

If's largest reinsurer is Munich Re (AA-), which accounts for 22% of the total reinsurance recoverables.

The largest market and credit risk concentrations related to individual counterparties are shown in Table 17.

TABLE 17 **Concentration of market and credit risks in individual counterparties and asset classes 2014**

MSEK Fair value	Equities	Covered bonds	Other long-term fixed income	Short-term fixed income	Positive fair values of derivatives	Total
Nordea Bank AB	-	3,630	3,372	2,605	-	**9,607**
Svenska Handelsbanken AB	-	4,770	3,439	-	-	**8,209**
Danske Bank A/S, Copenhagen	-	1,220	3,450	643	-	**5,313**
Swedbank AB	-	2,579	1,963	82	-	**4,624**
DnB ASA	-	2,178	1,950	-	-	**4,128**
Kommuninvest i Sverige AB	-	2,905	-	-	-	**2,905**
Kingdom of the Netherlands	-	-	2,682	-	-	**2,682**
Landshypotek AB	-	2,563	43	-	-	**2,606**
Skandinaviska Enskilda Banken, Stockholm	-	1,162	1,397	69	-	**2,628**
Kingdom of Norway	-	-	2,273	-	-	**2,273**
Total top ten exposures	**-**	**21,007**	**20,569**	**3,399**	**-**	**44,975**

OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed processes or systems, from personnel, or from external events (expected or unexpected).

The definition includes legal risk that can be described as the risk of loss due to unpredictable or unknown legal development or uncertain interpretations of regulations as well as defective documentation.

RISK MANAGEMENT AND CONTROL

Operational risks are identified through different processes:

- Operational and Compliance Risk Assessment process: Self-assessments to identify operational risks are performed by the line organization and corporate functions at least semi-annually, supported by an operational risk coordinator network. Identified risks are assessed from a likelihood and impact perspective. The control status for each risk is assessed using a traffic light system: Green – good control of risk, Yellow – attention required, Red – attention required immediately. The most severe risks with control status yellow or red are reported quarterly to the Operational Risk Committee (ORC).
- Trend analyses are performed on a yearly basis, during which the most important trends affecting the insurance industry are identified and the effects on If are assessed. In this process, the most severe external operational risks are identified.
- Incidents are reported via a web-based system. The reported incidents are forwarded to the line organization where analyses are performed.

The ORC coordinates the operational risk process and ensures its continuity. The committee's task is to provide opinions, advice and recommendations to the ORSAC and report the current operational risk status. The committee also proposes changes or extensions to policies and instructions.

In order to manage operational risks, If has issued a number of steering documents: Operational Risk Policy, Continuity Plans, Business Continuity Policy, Security Policy, Outsourcing Policy, Complaints Handling Policy, Claims Handling Policy, and other steering documents related to various parts of the organization. These documents are reviewed and updated at least yearly.

If also has detailed processes and guidelines in order to manage possible external and internal cases of fraud. Internal training on ethical rules and guidelines is always on-going.

Corporate Legal is responsible for identifying legal risks within the Group. In addition, Insurance Legal is responsible for remaining updated on legislation, case law and products related to the insurance business. The organization has appointed legal coordinators who report to the Chief Legal Counsel, who then reports semi-annually to the ORC.

OTHER RISKS

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss to reputation that an undertaking may suffer as a result of not complying with laws, regulations and administrative provisions as applicable to its activities.

RISK MANAGEMENT AND CONTROL

The line organization and corporate functions own and manage their compliance risks in the daily activities and report to the Compliance unit. The Compliance unit gives support and advice regarding compliance issues and monitors the compliance activities undertaken.

A compliance risk is often the consequence of a legal or operational risk. One example of compliance risk is therefore the risk of not abiding by new or amended external rules, known as practical risk. Another example is the risk of not organizing the Group's business in accordance with good practice in the insurance industry, known as structural risk.

Practical compliance risks in the business are identified within the Operational and Compliance Risk Assessment process. The structural compliance risks, and overarching practical compliance risks, are identified by the Compliance unit through self-assessment and dialogue within the unit.

Identified risks are assessed from a severity perspective, encompassing likelihood and impact. The control status for each risk is assessed using a traffic light system: Green – good control of risk, Yellow – attention required, Red – attention required immediately.

In the Compliance unit, compliance risks are analyzed and aggregated at the total Group level. The control status assessment is based on the assessments made by the line organization and corporate functions, reported incidents and other additional risk information.

The outcome of the processes, after analysis in the Compliance unit, is then reported to the Compliance Committee, which is a coordination forum and advisory body for the Chief Compliance Officer (CCO) regarding risk issues. The most severe compliance risks with control status yellow or red are reported at least semi-annually by the CCO to the ORSAC.

A number of internal governing documents form the basis for the steering of compliance activities, including compliance risk: Sampo Group Compliance Principles, Compliance Policy, Policy on Conflicts of Interest, Internal Control Policy, Risk Management Policy, Compliance Plan, Working Routines for the Compliance Function and the Instruction for Compliance coordinators. The documents are reviewed and updated yearly or when necessary.

Reputational Risk

A reputational risk is often a consequence of a materialized operational or compliance risk and is defined as potential damage to the company through deterioration of its reputation among customers and other stakeholders.

A good reputation is vital for an insurance company, which means that trust is an important factor in If's relationship with its customers, investors, employees and other stakeholders. If's reputation is determined by how stakeholders perceive each and every aspect of the companies' performance.

RISK MANAGEMENT AND CONTROL

When assessing the operational and compliance risks, the reputational consequence of a materialized risk is taken into account. The reputational risk is also assessed by the Communication Department as a standalone risk. Workshops are held twice a year in order to identify and assess potential new risks. A risk overview is reported to the ORC twice a year.

Since operational and other risks may evolve into reputational risks if not handled correctly, the Communication Department continuously works to ensure that all employees are aware of the importance of maintaining a good reputation and understand how to deal with potential reputational risks. One important part of this preventive work is to ensure that information about incidents in the organization that could lead to an increased reputational risk, are forwarded to the Communication Department without delay, a so-called early warning notification. Furthermore information about If in media, traditional as well as social, is followed closely as are possible customer complaints in order to act appropriately.

Strategic Risk

Strategic risk is defined as the risk of losses due to changes in the competitive environment, changes in the overall economic climate or internal inflexibility.

RISK MANAGEMENT AND CONTROL

In the assessment of strategic risk, If's internal characteristics are evaluated against the potential impact of economic, regulatory, and other environmental factors. The external factors include If's position compared to competitors, business partners and customers and their developments and opportunities for the entry of new competitors, products or technologies. If's strategy process includes setting strategic high-level objectives and translating these into detailed short-term business or operational plans.

The Corporate Control and Strategy unit is responsible for coordinating and facilitating strategic risk assessments within the Group. An understanding of the competitive environment and effects of the macroeconomic climate is central for all parts of the organization. The strategy process is annual and includes an update of the risk assessment whenever larger changes occur. An overall assessment by the Corporate Control and Strategy unit is reported to the ORSAC.

Emerging Risk

Emerging risks are newly developing or changing risks that are difficult to quantify and which may have a major impact on the undertaking.

RISK MANAGEMENT AND CONTROL

The main principle is that each business area is responsible for managing and taking action with regard to potential emerging risk exposures in its portfolios. However, due to the large accumulation of potential emerging risks and thus the risk to the long-term solvency of the company, Risk Management has established a forum with representatives from each business area with the aim of adopting a Group level perspective on emerging risk exposures. The forum is headed by the CRO and meetings are held twice a year. The risks assessed as the largest risks are reported twice a year to the ORSAC by the emerging risk coordinator.

RISK PROFILE

The risks that are under extra observations are nano-technology, climate change, electromagnetic fields and hydraulic fracturing.

PREPARATIONS FOR SOLVENCY II

Solvency II (SII) is a risk-based solvency regime, which aims to deepen the integration of the insurance and reinsurance market, enhance the protection of policyholders and beneficiaries, improve international competitiveness of EU insurers and reinsurers and promote better regulation. Compared with Solvency I, the regulatory capital requirements under SII will more closely reflect the specific risk profile of each undertaking.

Following political agreement in November 2013 on an EU level, significant steps have been taken towards full implementation of SII, which is expected to be in force by Januari 1, 2016. The Delegated Acts published by the Commission in October 2014 entered into force on January 17, 2015 following approvals from the European Parliament and Council. During the year, EIOPA also launched a series of consultations for supplementary rules and guidelines, which will finalize the technical implementation of SII.

January 1, 2014 saw the onset of the so-called "Preparatory phase", which will last until SII is fully implemented. If Group participated in EIOPA's 2014 stress test in June and submitted its first Group ORSA (FLAOR) supervisory report in December. If is also preparing SII Pillar 3 reports, which will be submitted to supervisors for the first time during the Preparatory phase in June 2015.

To meet the requirements of the Preparatory phase and those expected once SII has fully entered into force, If's work to ensure compliance continued during the year. If continued to make progress with its application for applying a partial internal model. If intends to have its internal model fully approved when the SII enters into force. The onset for the formal application is expected by mid-2015.

NOTE 6 Result per business area

The Group's operations are controlled and reported primarily in accordance with If's customer groups and operations consisting of private individuals, small and medium sized corporate customers, large sized corporates, and asset management.

The Private, Commercial and Industrial business areas conduct operations in Sweden, Norway, Denmark and Finland on a pan-Nordic business platform.

The operations in the Baltic countries constitute a separate business area. The business area consists of insurance operations conducted in Estonia, Latvia and Lithuania.

The asset management unit provides centralized management of the Group's investment assets and bank funds. It is responsible for the earnings of its operation subject to the investment restrictions that are regulated through the Group's investment policy. An estimated return on the assets that correspond to the technical provisions is transferred from the financial operation to the technical results of each business area.

In the segment reporting, the Group-wide operation is reported separately since If has decided not to allocate amounts to the Group's established business areas. Within business area Other, If reports its run-off operations and other Group-wide operations.

With the exception of asset management, the business areas are consolidated in accordance with the same policies as those applied for the Group. The income statement items, assets and liabilities attributable to the various business areas are of a technical nature and constitute the principal operating items. Internal sales among the business areas had only a marginal impact on income and expenses for the various business segments.

INCOME STATEMENT AND BALANCE SHEET PER BUSINESS AREA

MSEK	Private	Commercial	Industrial	Baltic	Asset management	Other [1]	Adjustment to consolidated policies [2]	2014 Total	2013 Total
Premiums earned, net of reinsurance	23,271	11,693	4,087	1,093	-	424	-	40,568	38,977
Allocated investment return transferred from the non-technical account	254	55	18	7	-	5	-	339	560
Other technical income	134	88	25	1	-	1	-	249	245
Claims incurred, net of reinsurance	-16,712	-8,254	-2,983	-611	-	-221	-	-28,781	-27,821
Operating expenses in insurance operations, net of reinsurance	-3,639	-2,111	-656	-338	-	-34	-	-6,778	-6,536
Other operating expenses	-136	-80	-24	-	-	-5	-	-245	-225
Technical result from property and casualty insurance	**3,172**	**1,391**	**467**	**152**	**-**	**170**	**-**	**5,352**	**5,200**
Investment result, net					4,313		-699	3,614	3,654
Allocated investment return transferred to the technical account						-749		-749	-1,036
Interest expense on net pension liability						-64		-64	-58
Interest expense, subordinated debt						-169		-169	-151
Share of associates' result						490		490	431
Result before income taxes								**8,474**	**8,040**
Assets on December 31									
Intangible assets	-	185	0	-	-	1,109	-	1,294	1,312
Investment assets	-	-	-	-	108,738	-	-	108,738	103,478
Reinsurers' share of technical provisions	96	380	1,737	17	-	0	-	2,230	3,718
Deferred tax assets	-	-	-	2	-	716	-	718	515
Debtors arising out of insurance operations	8,094	1,812	653	98	-	19	-	10,676	10,312
Deferred acquisitions costs	668	464	27	29	-	109	-	1,297	1,410
Other assets [3]	-	-	-	-	1,391	3,830	-	5,221	4,441
Total assets	**8,858**	**2,841**	**2,417**	**146**	**110,129**	**5,783**	**-**	**130,174**	**125,186**
Shareholders' equity, provisions and liabilities on December 31									
Shareholders' equity	-	-	-	-	-	27,140	-	27,140	25,948
Subordinated debt	-	-	-	-	-	3,276	-	3,276	3,087
Technical provisions, gross	44,481	24,603	15,621	1,141	-	412	-	86,258	84,159
Provisions for other risks and charges	122	79	10	182	4	6,278	-	6,675	5,622
Deposits received from reinsurers	-	-	-	-	-	-	-	-	-
Creditors arising out of insurance operations	572	317	399	42	-	469	-	1,799	1,749
Other creditors [3]	-	-	-	-	269	4,757	-	5,026	4,621
Total shareholders' equity, provisions and liability	**45,175**	**24,999**	**16,030**	**1,365**	**273**	**42,332**	**-**	**130,174**	**125,186**

1) Including Run Off and other operations not allocated to the business areas.

2) Business area reporting includesall value changes on investment assets in the Investment result. As explained in Note 1 Accounting policies, the main principle is not to include value changes in the consolidated income statement but to include them in other comprehensive income until being realized.

3) Other debtors and creditors are not divided on the basis of business areas except for those relalated to asset management.

OPERATIONS PER GEOGRAPHICAL AREA

Revenue by geographic area below is distributed among the countries in which If has companies or branches and corresponds in all material respects with the customers' geographic domicile.

Long-term investments have been distributed directly to the countries where they belong in terms of physical or business domicile.

	Sweden		Norway		Denmark		Finland		Baltic		Total	
Geographical area segment information	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Premiums earned, net of reinsurance	12,489	11,864	13,866	13,978	3,663	3,451	9,475	8,695	1,075	989	40,568	38,977
Non-current assets [1]	487	476	180	192	3,363	3,101	1,023	984	7	53	5,060	4,806

[1] Non-current assets refer to goodwill, other intangible assets, land and buildings, investments in associated companies and tangible assets.

BUSINESS AREA PRIVATE

Trend during the year

The technical result increased compared with the preceding year and amounted to MSEK 3,172 (3,118). The combined ratio improved to 87.4% (87.8) due to increased cost efficiency.

Premium income rose during the year and the gross premium, excluding currency effects, increased 3.2%. Sweden reported favorable growth during the year, positively impacted by strong new car sales. Norway, Finland and Denmark reported stable premium levels compared with preceding year. Sweden and Finland continue to be positively impacted by the cooperation with Nordea. A new cooperation was initiated with the Finnish company, K-gruppen, during the year.

The risk ratio improved to 64.8% (64.9). Weather-related claims due to flooding in Norway and fire and cloudbursts in Sweden during the second half of the year were offset by the mild winter early and late in the year. Lower discount rates also had an impact.

Total operating costs in the insurance business, excluding currency effects, increased 2.0%. The cost ratio improved to 22.6% (22.9) due to increased cost efficiency.

Markets and outlook

The low interest rates and the resulting weaker return on capital continue to increase the sector's focus on profitability, with price, risk selection and cost efficiency as the key factors. Market conditions, particularly in the Norwegian market and also the Finnish market, have been favorable for the insurance sector in the past years although competition is increasing from smaller players. The GDP outlook for the Nordic countries remains modest, with no indication of any significant market growth.

The principal activities will focus on improving customer experience and continued development of pricing and tariffs. There will be a strong focus on partnerships agreement and the continued development of the digital product offering.

Digitalization is having an increasing impact and If is striving to become a market leader in digital channels with a focus on developing a better electronic interface and simplifying the sales process on the Internet. During the year, online sales in the private market continued to increase and the Internet now accounts for about one third of claims reports.

MSEK **Income statement and insurance-related balance sheet items**	**2014**	**2013**
Premiums earned, net of reinsurance	23,271	22,336
Allocated investment return transferred from the non-technical account	254	375
Other technical income	134	135
Claims incurred, net of reinsurance	-16,712	-16,070
Operating expenses in insurance operations, net of reinsurance	-3,639	-3,537
Other operating expenses	-136	-121
Technical result of property and casualty insurance	**3,172**	**3,118**
Intangible assets	**-**	**-**
Debtors arising out of direct insurance operations	8,089	7,607
Debtors arising out of reinsurance operations	5	11
Debtors arising out of insurance operations	**8,094**	**7,618**
Deferred acquisition costs	668	783
Reinsurers' share of deferred acquisition costs	3	3
Deferred acquisition costs, net	**665**	**780**
Technical provisions, gross	44,481	42,968
Reinsurers' share of technical provisions	96	276
Technical provisions, net	**44,385**	**42,692**
Creditors arising out of direct insurance operations	562	525
Creditors arising out of reinsurance operations	10	26
Creditors arising out of insurance operations	**572**	**551**

BUSINESS AREA COMMERCIAL

Trend during the year

The technical result was somewhat lower than in the preceding year and amounted to MSEK 1,391 (1,433) due to low interest rates, which resulted in a weaker investment return. The combined ratio was stable at 88.6% (88.6).

Premium income was stable during the year and gross premiums, excluding currency effects, increased 0.2%. In Finland, the positive trend from the preceding year continued, with growth of 4.2%. In Sweden, gross premiums rose 1.0%. In Norway and Denmark, volumes fell slightly.

The risk ratio deteriorated to 65.8% (65.1). Frequency claims were clearly lower than in preceding year. Claims due to cloudbursts and forest fires were offset by mild winter weather. Costs for large claims were higher than normal levels. Results from prior year claims reserves were negatively impacted by lower discount rates on vested annuities.

Total operating costs in the insurance business, excluding currency effects, decreased 2.6%. The cost ratio improved to 22.8% (23.6). Costs are closely monitored with a focus on continued efficiency enhancement.

Market and outlook

The market situation in the Nordic countries as a whole was relatively stable during the year. Competition remained tough with modest GDP growth.

If's strategic focus on customer satisfaction, quality and cost efficiency continues. Significant steps in IT and process development were taken during the year and the Commercial business area started production of an IT base system in all four Nordic countries.

The strategic IT projects will continue in the future and impact all business areas. These efforts are key to If's long-term objective to deliver market-leading customer service, products and claims handling, as well as to secure competitiveness and efficiency.

MSEK **Income statement and insurance-related balance sheet items**	**2014**	**2013**
Premiums earned, net of reinsurance	11,693	11,522
Allocated investment return transferred from the non-technical account	55	120
Other technical income	88	84
Claims incurred, net of reinsurance	-8,254	-8,087
Operating expenses in insurance operations, net of reinsurance	-2,111	-2,125
Other operating expenses	-80	-81
Technical result of property and casualty insurance	**1,391**	**1,433**
Intangible assets	**185**	**162**
Debtors arising out of direct insurance operations	1,803	1,792
Debtors arising out of reinsurance operations	9	22
Debtors arising out of insurance operations	**1,812**	**1,814**
Deferred acquisition costs	464	530
Reinsurers' share of deferred acquisition costs	0	0
Deferred acquisition costs, net	**464**	**530**
Technical provisions, gross	24,603	24,074
Reinsurers' share of technical provisions	380	638
Technical provisions, net	**24,223**	**23,436**
Creditors arising out of direct insurance operations	308	276
Creditors arising out of reinsurance operations	9	31
Creditors arising out of insurance operations	**317**	**307**

BUSINESS AREA INDUSTRIAL

Trend during the year

The technical result increased compared with the preceding year and amounted to MSEK 467 (376) and the combined ratio improved to 89.0% (91.5). Lower claims costs and lower reinsurance costs contributed to the earnings improvement.

Gross written premium decreased during the year and gross premiums, excluding currency effects, declined 2.6% due to portfolio changes. However, net premium earned rose 2.0% as a result of lower reinsurance premiums.

The risk ratio improved and amounted to 68.3% (70.7) and both frequency claims and large claims decreased. Costs for large claims were lower than normal, primarily in Denmark. Lower annuity rates had a negative impact.

Total operating costs in the insurance business, excluding currency effects, increased by 2.1% due to nonrecurring effects. The cost ratio improved to 20.7% (20.9).

Market and outlook

If has a solid position and a good reputation in the market and retains its position as the largest insurer of large companies in the Nordic region. Competition remains intense in the market, with a relatively weak macroeconomic outlook in the Industrial segment.

If continues to focus on high-quality claims, leading risk-management services and excellent underwriting capabilities.

MSEK **Income statement and insurance-related balance sheet items**	**2014**	**2013**
Premiums earned, net of reinsurance	4,087	3,903
Allocated investment return transferred from the non-technical account	18	44
Other technical income	25	20
Claims incurred, net of reinsurance	-2,983	-2,943
Operating expenses in insurance operations, net of reinsurance	-656	-629
Other operating expenses	-24	-19
Technical result of property and casualty insurance	**467**	**376**
Intangible assets	**0**	**-**
Debtors arising out of direct insurance operations	356	450
Debtors arising out of reinsurance operations	297	367
Debtors arising out of insurance operations	**653**	**817**
Deferred acquisition costs	27	27
Reinsurers' share of deferred acquisition costs	22	26
Deferred acquisition costs, net	**5**	**1**
Technical provisions, gross	15,621	15,828
Reinsurer' share of technical provisions	1,737	2,785
Technical provisions, net	**13,884**	**13,043**
Creditors arising out of direct insurance operations	77	100
Creditors arising out of reinsurance operations	322	385
Creditors arising out of insurance operations	**399**	**485**

BUSINESS AREA BALTIC

Trend during the year

The technical result increased to MSEK 152 (128) during the year and the combined ratio improved to 86.8% (88.4) as a result of lower claims costs.

Premium income increased during the year and gross premiums, excluding currency effects, increased 4.9%. Rises were noted primarily in the motor, large accounts and accident and health segments.

The risk ratio improved and amounted to 52.4% (56.2). Significantly lower costs for large claims, a mild winter early in the year and no major weather-related claims contributed to the improvement.

Total operating costs in the insurance business, excluding currency effects, increased by 11.9% due to nonrecurring effects. The cost ratio deteriorated to 34.5% (32.3) due to write-off of capitalized costs for various IT systems.

Market and outlook

The Baltic economies are expected to grow more than the Nordic countries. Inflation is expected to remain low. The export market is dependent on a recovery in Europe, which is still uncertain. Car sales increased slightly and bank lending is growing from low levels.

During 2014, the Baltic insurance market was further consolidated. Competition is expected to remain tough. The insurance market is largely expected to track the GDP trend.

MSEK **Income statement and insurance-related balance sheet items**	**2014**	**2013**
Premiums earned, net of reinsurance	1,093	989
Allocated investment return transferred from the non-technical account	7	12
Other technical income	1	1
Claims incurred, net of reinsurance	-611	-589
Operating expenses in insurance operations, net of reinsurance	-338	-285
Other operating expenses	-	-
Technical result of property and casualty insurance	**152**	**128**
Intangible assets	**-**	**41**
Debtors arising out of direct insurance operations	96	91
Debtors arising out of reinsurance operations	2	3
Debtors arising out of insurance operations	**98**	**94**
Deferred acquisition costs	29	27
Reinsurers' share of deferred acquisition costs	0	1
Deferred acquisition costs, net	**29**	**26**
Technical provisions, gross	1,141	1,058
Reinsurers' share of technical provisions	17	19
Technical provisions, net	**1,124**	**1,039**
Creditors arising out of direct insurance operations	38	30
Creditors arising out of reinsurance operations	4	9
Creditors arising out of insurance operations	**42**	**39**

ASSET MANAGEMENT

At full market value, profit from asset management declined to MSEK 4,313 (4,940) and the return ratio was 4.1% (5.0).

The year entailed continued declining yields on European government bonds, which resulted in several cases of negative interest rates. The U.S. economy continued its positive trend, while concern for emerging countries grew. Perhaps the greatest surprise for the year was the sharp decline in oil prices. During autumn, the stock market was impacted by a relatively strong downward adjustment, but recovered forcefully by the end of the year. On the whole, this resulted in rising share prices and continued historically low interest rates. Taking this into account, the investment result for the year is deemed satisfactory. The year-on-year earnings decline was mainly due to slightly lower return from fixed income portfolios and equity portfolios.

Most of the equity portfolios rose during the year except for some emerging countries that displayed downturns. The total return for the asset class was 18.3%, primarily thanks to an upswing of nearly 30% for Scandinavian small-cap companies. Interest rates on both risk-free investments and credit spreads (the difference between the risk-free interest rate and the non-risk-free interest rate) declined during the year. Overall, this led to a return on interest-bearing assets of 2.3%.

The total portfolio return of 4.1% fell short of the corresponding return for the comparable index. Performance for the interest portfolio was weaker than the comparable index, while the equity portfolio surpassed its comparable index.

The equity weight in the portfolio (including derivative instruments) varied during the year and was at its lowest of 10.6% in the third quarter of the year and its highest of 12.1% at the end of the year. The return was stable in the first half of the year, while the second half was characterized more by volatile market conditions and lower return.

The duration for interest-bearing assets was 1.0 years (1.3) at the end of the year.

Properties delivered a return of 41.8%.

If's assets are mainly managed by the asset management unit in the Group's Parent Company, Sampo.

The risk level in the Estonian company and the life company's portfolios remained low throughout the year.

	Fair value Dec 31, 2014		Fair value Dec 31, 2013		Return 2014		Return 2013	
Return on investment assets [1]	**MSEK**	**%**	**MSEK**	**%**	**MSEK**	**%**	**MSEK**	**%**
Interest-bearing securities	94,887	88	90,975	88	2,163	2.3	2,522	2.9
Shares	13,044	12	11,559	11	2,138	18.3	2,499	25.1
Currencies (active positions)	4	0	-1	0	29	-	65	-
Currency (other) [2]	199	0	-137	0	-211	-	-36	-
Properties	212	0	813	1	219	41.8	50	6.2
Other	0	0	9	0	-25	-	-160	-
Total investment assets excl. associated companies	**108,346**	**100**	**103,218**	**100**	**4,313**	**4.1**	**4,940**	**5.0**

[1] The table above has the same format and is based on the same calculation methods as those used internally by If for the valuation of investment operations. The valuation does not in clude associated companies. Accrued interest and the investment operations' bank balances are reported above as part of interest-bearing securities. Derivatives and securities settle ment claims/liabilities have been reported under the relevant asset category above. The return on active investments has been calculated using a daily time-weighted calculation met hod. Properties and Other have been calculated using a monthly time-weighted calculation method. The return on investment assets according to the comprehensive income state ment amounts to MSEK 4,313 in 2014.

[2] In the asset category Currency (other), the current value of held currency derivatives is presented. The reported return on the same line also includes, in addition to the return from currency derivatives, currency exchange effects recognized in the income statement from the revaluation of items in the income statement and balance sheet.

Other operations

Other operations primarily comprise effects of certain Group-wide measures and items not allocated to the other business areas, such Group adjustments due to reporting of defined-benefit pension plans and interest expenses for the Group's subordinated debt. Other operations also include run-off operations, as well as operations under expansion that have not yet become a part of a business area.

The technical result for the year amounted to MSEK 170 (146).

NOTE 7 Premiums written

MSEK	Gross[1] 2014	Ceded 2014	Net 2014	Gross[1] 2013	Ceded 2013	Net 2013
Premiums written	**42,178**	**-1,551**	**40,627**	**41,256**	**-1,800**	**39,456**

[1] Of which insurance agreements for direct property and casualty insurance written in:

	2014	2013
Sweden	13,310	12,637
Rest of EEA	28,080	27,782
Total	**41,390**	**40,419**

NOTE 8 Allocated investment income transferred from the non-technical account

The estimated return on the assets that correspond to the technical provisions is transferred from the finance operations (non-technical account) to the technical result. The return is calculated on the basis of the net of average technical provisions, less deferred acquisition costs, the technical result before the investment return has been added and average balances outstanding. The interest rates used in the calculation for each currency match the interest rate for government bonds with a maturity that approximates with the technical provisions. The transferred investment return is divided into two parts; one part that adds the annuity result by means of a reduction of costs for the upward adjustment of the annuity provision and one part that is reported separately as the allocated investment return.

The following calculated interest rates have been used for the principal currencies:

	2014	2013
Swedish kronor	1.2%	1.7%
Norwegian kroner	1.5%	1.7%
Danish kroner	0.3%	0.7%
Euro	0.5%	1.0%
Lithuanias litas	1.1%	1.7%

NOTE 9 Claims incurred

MSEK	Gross 2014	Ceded 2014	Net 2014	Gross 2013	Ceded 2013	Net 2013
Claims costs attributable to current-year operations						
Claims paid	-14,955	132	-14,823	-14,862	178	-14,684
Operating expenses for claims adjustment	-2,369	-	-2,369	-2,332	-	-2,332
Change in claims reserve for incurred and reported losses	-6,326	139	-6,187	-6,188	167	-6,021
Change in claims reserve for incurred but not reported losses (IBNR)	-5,406	102	-5,304	-5,478	114	-5,364
Change in provision for annuities	-93	-	-93	-62	-	-62
Claims-adjustment costs	-76	-	-76	-37	-	-37
Claims costs attributable to prior-year operations						
Claims paid	-10,916	1,644	-9,272	-11,020	1,431	-9,589
Annuities	-2,318	0	-2,318	-668	0	-668
Claims portfolios	-	-	-	-	-	-
Change in claims reserve for incurred and reported losses	7,267	-1,668	5,599	7,914	-1,212	6,702
Change in claims reserve for incurred but not reported losses (IBNR)	6,254	-192	6,062	4,392	-158	4,234
Total insurance claims	**-28,938**	**157**	**-28,781**	**-28,341**	**520**	**-27,821**

MSEK	2014 Gross	2014 Ceded	2014 Net	2013 Gross	2013 Ceded	2013 Net
Paid insurance claims						
Claims paid	-25,871	1,776	-24,095	-25,862	1,609	-24,253
Annuities paid	-1,152	-	-1,152	-1,137	-	-1,137
Claims portfolio	-	-	-	-	-	-
Operating expenses for claims adjustment	-2,369	-	-2,369	-2,332	-	-2,332
	-29,392	**1,776**	**-27,616**	**-29,331**	**1,609**	**-27,722**
Change in provision for claims outstanding						
Change in claims reserve for incurred and reported losses	940	-1,529	-589	1,726	-1,045	681
Change in claims reserve for incurred but not reported losses (IBNR)	-803	-90	-893	-1,086	-44	-1,130
Change in claims provision for annuities	393	0	393	387	0	387
Claims-adjustment costs	-76	-	-76	-37	-	-37
	454	**-1,619**	**-1,165**	**990**	**-1,089**	**-99**
Total claims incurred	**-28,938**	**157**	**-28,781**	**-28,341**	**520**	**-27,821**

The general valuation principles for technical provisions are unchanged. The provision for annuities is valued in accordance with actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to annuity results (see Note 8). Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted.

The provisions in If amounted to approximately MSEK 2,418 (2,507). The non-discounted value was MSEK 3,640 (4,014). The currency effect on the discounted reserves was an increase of MSEK 150 and real decrease amounted to MSEK 240. The real decrease is partly explained by model adjustments for Motor Third Party liability insurance and Workers' Compensation insurance.

NOTE 10 Operating expenses

MSEK	2014	2013
Specification of income statement item operating expenses		
External acquisition costs[1]	-1,553	-1,559
Internal acquisition costs	-2,985	-2,983
Change in deferred acquisition costs, gross	-128	-26
Administrative expenses, insurance	-2,239	-2,124
Total operating expenses in property and casualty insurance, gross	**-6,905**	**-6,692**
Reinsurance commission and profit participationin ceded reinsurance	124	153
Change in deferred acquisition costs, ceded	3	3
Total reinsurance commission and profit participation in ceded reinsurance	**127**	**156**
Other operating expenses	-245	-225
Total	**-7,023**	**-6,761**

[1] *Of which, provisions in direct insurance* *-1,508* *-1,502*

Summary of total operating expenses		
Salaries and remuneration	-3,563	-3,568
Social costs	-678	-682
Pension costs	-582	-576
Other personnel costs	-193	-184
Total personnel costs	**-5,016**	**-5,010**
Premises costs	-424	-453
Depreciation/amorization	-137	-92
External acquisition costs	-1,553	-1,559
Other administrative costs	-2,387	-2,237
Total	**-9,517**	**-9,351**

MSEK	2014	2013
Allocation of operating expenses in the income statement		
Claims-adjustment costs included in Claims paid	-2,369	-2,332
External and internal acquisition costs included in Operating expenses in insurance operations	-4,538	-4,542
Joint administrative costs for insurance operations included in Operating expenses in insurance operations	-2,239	-2,124
Administrative costs pertaining to other technical operations included in Other operating expenses	-245	-225
Asset-management costs included in Investment costs	-126	-128
Total	**-9,517**	**-9,351**

NOTE 11 Average number of employees

	2014 Average number of employees	*Of whom women %*	2013 Average number of employees	*Of whom women %*
Parent Company				
Sweden	1	*0*	1	*0*
Total in Parent Company	**1**	***0***	**1**	***0***
Subsidiaries				
Sweden [1]	1,801	*47*	1,803	*49*
Denmark	522	*49*	537	*48*
Estonia	297	*77*	300	*76*
Finland	1,778	*63*	1,799	*63*
France	6	*33*	6	*34*
Latvia	164	*55*	151	*64*
Lithuania	135	*66*	140	*62*
Netherlands	5	*62*	5	*62*
Norway	1,434	*48*	1,462	*48*
Russia	18	*48*	20	*47*
United Kingdom	6	*50*	6	*53*
Germany	6	*39*	6	*51*
Total in subsidiaries	**6,172**	***54***	**6,236**	***55***
Group total	**6,173**	***54***	**6,237**	***55***

[1] Agents are not included. If has 53 (83) spare-time agents in Sweden.

Percentage of women in executive management	Parent Company 2014	2013	Group total 2014	2013
Board of Directors	0%	0%	7%	7%
Other senior executives	0%	0%	9%	9%

NOTE 12 Salaries and remuneration for senior executives and other employees

MSEK **Expensed salaries, remuneration, pension and social security fees**	2014 Salaries and remuneration	Pension costs	Social fees	2013 Salaries and remuneration	Pension costs	Social fees
Parent Company	24	2	6	27	2	6
Subsidiaries	3,539	580	672	3,541	574	676
Group total	**3,563**	**582**	**678**	**3,568**	**576**	**682**

MSEK **Expensed salaries and remuneration**	2014 Senior executives [1]	*Of which incentive programs and other variable compensation [2]*	Other employees	2013 Senior executives [1]	*Of which incentive programs and other variable compensation [2]*	Other employees
Parent Company	24	*18*	-	27	*20*	-
Subsidiaries and branches in Sweden	72	*57*	960	81	*66*	967
Subsidiaries and branches outside Sweden	62	*44*	2,445	72	*52*	2,421
Group total	**158**	***119***	**3,405**	**180**	***138***	**3,388**

[1] Senior executives in the Parent Company and subsidiaries are defined as Board members, presidents, vice precident and members of the Parent Company and subsidiaries' executive management groups. The amounts for salary and remuneration also include severance pay of MSEK - (-).

[2] Regardless of the earnings year.

PRINCIPLES FOR DETERMINING REMUNERATION OF SENIOR EXECUTIVES

Director fees are not paid to board members employed in If or other companies within the Sampo Group. Remuneration of the CEO and other members of Group Management consist of a basic salary, a yearly variable compensation, shares in multiyear incentive programs, pensions and other benefits. The maximum yearly variable compensation payable to the CEO is 75% of the basic salary. The maximum yearly variable compensation payable to other members of Group Management is 50-75% of the basic salary. The yearly variable compensation is based on the If Group results, unit results and individual results. For senior executives who are members of the Sampo Group Executive Committee, the yearly variable compensation is also based on Sampo Group results. The major part of payments from variable compensation programs is deferred for at least three years. Thereafter, the Board shall evaluate and risk adjust the deferred compensation before any payment is made.

KSEK Remuneration paid and other benefits during the year	Basic salary	Variable payments	Payment pertaining to incentive programs [1]	Other benefits	Pension cost	Total
Chairman of the Board	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
President/CEO	5,398	3,086	11,086	217	2,445	22,232
Deputy CEO	3,359	1,238	7,127	312	1,515	13,551
Other members of Group Management (9 individuals)	19,025	7,767	52,761	1,559	5,899	87,011
Total	**27,782**	**12,091**	**70,974**	**2,088**	**9,859**	**122,794**

[1] For more information, refer to Long-term incentive programs below.

KSEK Provisions expensed during the year for disbursement during future years	Variable compensation	Incentive programs	Total
Chairman of the Board	-	-	-
Other Members of the Board	-	-	-
President/CEO	3,593	10,301	13,894
Deputy CEO	2,221	8,206	10,427
Other members of Group Management (9 individuals)	9,453	49,003	58,456
Total	**15,267**	**67,510**	**82,777**

PENSIONS AND SEVERANCE PAY

Alongside statutory retirement pension benefits, the Swedish and Norwegian members of Group Management are covered by local occupational retirement pension plans. Swedish members are entitled to temporary or lifetime defined contribution pension. The premium corresponds to 38% of the fixed annual salary. The CEO and the Deputy CEO are in addition entitled to a supplementary defined contribution pension plan where the contribution corresponds to 25% of yearly variable compensation paid. The age of retirement is 60. Norwegian members are covered by both a defined benefit pension and a pension according to the company's allocation pension scheme. From age 67 the pension benefit corresponds on full vesting to 70% of the pensionable salary up to 12 G (G = National Insurance basic amount) together with estimated statutory retirement pension benefits. The Norwegian pension legislation allows for a flexible retirement age between 62 and 75. For pensionable salary exceeding 12 G the Norwegian members are covered by a temporary pension between age 67 and 82 according to the company's allocation pension scheme where the annual allocation is 24%. No retirement pension is paid to the Finnish member besides statutory earnings-based retirement pension. The Finnish pension legislation allows a flexible age of retirement between 63 and 68.

In the event of early termination of employment by the company, the CEO will be entitled to salary during a 12-month period of notice and severance pay amounting to 24 months' salary.

In the event of early termination of employment by the company, other members of Group Management are entitled to salary during a period of notice of six to 12 months, and severance pay amounting to a minimum of 12 months' and a maximum of 24 months' salary.

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LONG-TERM INCENTIVE PROGRAMS

A number of senior executives at If are covered by incentive programs issued by the Sampo Group. In September 2011 and September 2014 programs covering 70-80 employees each were issued. These incentive programs are multiyear variable compensation programs. The outcome of the programs is determined by Sampo's share-price trend over a period of approximately three years starting from the issue of the respective program. Each participant in the respective programs is issued a number of incentive units, each of which carries entitlement to a payment that is equal to the value appreciation of the Sampo share from one of three specified payment dates. The programs are subject to both thresholds, which mean that no variable compensation is paid unless the company achieves a significant degree of profitability, and ceilings that maximize the size of the payment.

KSEK **Outstanding units and values**	**Number of units**	**Maximum amount**	**Reserved amount**
President/CEO	397,000	71,128	21,281
Deputy CEO	274,500	48,885	16,303
Other members of Group Management (9 individuals)	1,697,000	304,187	101,792
Others covered by the incentive programs	1,954,300	349,622	105,696
Total	**4,322,800**	**773,822**	**245,072**

NOTE 13 Auditors' fees

MSEK	2014	2013
Audit fees		
Ernst & Young	17	16
Total auditors' fees	**17**	**16**
Audit fees outside assignment		
Ernst & Young	-	-
Total auditors' fees outside assignment	-	-
Tax consultancy fees		
Ernst & Young	1	1
Total tax consultancy fees	**1**	**1**
Other consultancy fees		
Ernst & Young	0	1
Total other consultancy fees	**0**	**1**

NOTE 14 Performance analysis per class of insurance

2014 MSEK	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit
Premiums written, gross	7,048	5,979	11,915	1,187	11,989	1,926	20
Premiums earned, gross	7,000	6,040	11,720	1,187	12,107	1,923	23
Claims incurred, gross	-5,046	-4,759	-8,058	-784	-8,020	-764	-4
Operating expenses, gross [1]	-1,209	-1,274	-1,745	-197	-1,943	-307	-2
Profit/loss from ceded reinsurance	-116	20	-14	-81	-758	-285	0
Technical result before investment income transferred from the non-technical account	**629**	**27**	**1,903**	**125**	**1,386**	**567**	**17**

	Legal expenses	Assistance	Miscellaneous	Total direct insurance	Reinsurance accepted	Eliminations	Total
Premiums written, gross	376	-	1,017	41,457	769	-48	42,178
Premiums earned, gross	375	-	1,012	41,387	809	-46	42,150
Claims incurred, gross	-263	-	-653	-28,351	-642	55	-28,938
Operating expenses, gross [1]	-60	-	-144	-6,881	-141	121	-6,901
Profit/loss from ceded reinsurance	0	-	-74	-1,308	-35	45	-1,298
Technical result before investment income transferred from the non-technical account	**52**	**-**	**141**	**4,847**	**-9**	**175**	**5,013**

Investment income transferred from the non-technical account	**339**
Technical result of insurance operations	**5,352**

2013 MSEK	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit
Premiums written, gross	6,675	5,957	11,540	1,283	11,827	1,870	22
Premiums earned, gross	6,553	6,011	11,314	1,270	11,762	1,823	20
Claims incurred, gross	-4,842	-4,398	-7,941	-808	-8,361	-912	-9
Operating expenses, gross [1]	-1,171	-1,247	-1,688	-222	-1,794	-272	-2
Profit/loss from ceded reinsurance	-20	-15	-18	-88	-703	-279	0
Technical result before investment income transferred from the non-technical account	**520**	**351**	**1,667**	**152**	**904**	**360**	**9**

	Legal expenses	Assistance	Miscellaneous	Total direct insurance	Reinsurance accepted	Eliminations	Total
Premiums written, gross	345	-	972	40,491	815	-50	41,256
Premiums earned, gross	336	-	980	40,069	842	-50	40,861
Claims incurred, gross	-222	-	-416	-27,909	-484	52	-28,341
Operating expenses, gross [1]	-58	-	-125	-6,579	-206	113	-6,672
Profit/loss from ceded reinsurance	0	-	-121	-1,244	-15	51	-1,208
Technical result before investment income transferred from the non-technical account	**56**	**-**	**318**	**4,337**	**137**	**166**	**4,640**

Investment income transferred from the non-technical account	**560**
Technical result of insurance operations	**5,200**

[1] The item Operating expenses, gross includes other technical income of MSEK 249 (245) and other technical expense of MSEK -245 (-225).

NOTE 15 Investment result

MSEK	Direct income 2014	Direct income 2013	Value changes 2014	Value changes 2013	Total 2014	Total 2013
Financial assets, mandatory at fair value through profit or loss (trading)						
Derivatives	-65	-112	-9	42	-74	-70
Financial assets, designated by If as at fair value through profit or loss						
Interest-bearing securities	16	23	0	-1	16	22
Financial assets, available for sale						
Interest bearing securities						
Interest income	2,252	2,747			2,252	2,747
Realized gains and losses			163	110	163	110
Impairment losses			-131	-2	-131	-2
Shares						
Dividends	403	321			403	321
Realized gains and losses			1,216	544	1,216	544
Impairment losses			-47	-38	-47	-38
Total from financial assets at fair value	**2,606**	**2,979**	**1,192**	**655**	**3,798**	**3,634**
Loans						
Interest income	134	124			134	124
Realized gains and losses			0	-	-	-
Impairment losses			-	-	-	-
Total from financial investment assets	**2,740**	**3,103**	**1,192**	**655**	**3,932**	**3,758**
Properties and Other assets						
Result from properties	0	4	-3	-7	-3	-3
Interest income	42	45			42	45
Currency result			-181	29	-181	29
Total Investment income	**2,782**	**3,152**	**1,008**	**677**	**3,790**	**3,829**
Investment costs						
Allocated operating expenses					-126	-126
Other financial expenses					-50	-49
Investment result					**3,614**	**3,654**

Impairment losses in the income statment refer to holdings where there is objective evidence that the asset is impaired, in respect of interest-bearing securities defined as issuer default and in respect of shares generally when there is a significant and/or prolonged decline in the value. The carrying amount is reduced to current market value.

MSEK **Reconcilation of financial assets available for sale**	**2014**	**2013**
Opening balance, financial assets available for sale	5,342	4,027
Changes in value during the year	1,906	1,846
Recognized in income statement	-1,207	-560
Translation difference	43	29
Closing balance, financial assets available for sale	**6,084**	**5,342**
Net change, financial assets available for sale	742	1,315

NOTE 16 Interest expense, subordinated debt

MSEK Interest expense	Interest rate	2014	2013
Subordinated loan, issued in 2002	8.98%	-	-8
Subordinated loan, issued in 2005	4.94%	-69	-66
Subordinated loan, issued in 2011	6.00%	-61	-58
Subordinated loan, issued in 2013	4.70%	-39	-19
Total		**-169**	**-151**

NOTE 17 Share of associates' result

MSEK	2014	2013
Topdanmark A/S		
Share of result	560	504
Amortization of customer relations	-99	-94
Change in deferred tax	24	39
Net	**485**	**449**
Other associates	5	-18
Total	**490**	**431**

NOTE 18 Taxes

MSEK	2014	2013
Current tax	-1,742	-1,692
Deferred tax	9	124
Total tax in the income statement	**-1,733**	**-1,568**
Specification of current taxes		
Swedish entities	-282	-293
Non-Swedish entities	-1,455	-1,394
Current taxes pertaining to prior years	-5	-5
Total current tax	**-1,742**	**-1,692**

For specification of deferred tax, see Note 33.

Specification of taxes related to other comprehensive income		
Related to remeasurements of net pension liability	241	63
Related to financial assets, avaliable-for-sale	-150	-247
Other	-7	-26
Total current and deferred tax	**84**	**-210**

MSEK	2014	2013
Difference between reported tax and tax based on current Swedish tax rate		
Profit before taxes	8,474	8,040
Tax according to current tax rate, 22%	-1,864	-1,769
Currency related tax effects	0	0
Permanent differences, net	-9	2
Share of associates' result after tax	108	95
Adjustment of prior-year taxes	-3	-2
Reassessments of deferred tax assets/liabilities	0	0
Tax on eliminated internal sale	-	-41
Different tax rates in foreign units	26	-35
Changes in tax rates	9	182
Reported tax in the income statement	**-1,733**	**-1,568**

NOTE 19 Intangible assets

MSEK	Consolidated goodwill 2014	Consolidated goodwill 2013	Other goodwill 2014	Other goodwill 2013	Other intangible assets 2014	Other intangible assets 2013
Accumulated acquisition value	715	715	394	394	228	277
Accumulated amortization and impairments	-	-	-	-	-43	-74
Closing planned residual value	**715**	**715**	**394**	**394**	**185**	**203**

Consolidated goodwill MSEK 715 pertains to the goodwill that arose from the acquisition of Sampo's Finnish property and casualty insurance operations. To ensure that this item is not booked at an excessive carrying amount, an impairment test was conducted to determine the item's recoverable amount in December 2014. In this calculation, a cash flow model was used whereby the recoverable amount was set at the present value of future forecast profits/cash flow from this operation. The main basis for the calculation consisted of financial plans for the years 2015-2017. For subsequent years, the calculation is based on normalized earnings, with a combined ratio established at 95%.

In the calculation, the following parameters were used:

	2014	2013
Long-term premium growth	2.0%	2.0%
Return on investment assets	2.4%	3.2%
Discount interest rate (CAPM)	6.2%	7.0%

Other goodwill, MSEK 394, pertains to the portfolio goodwill attributable to the acquisition of Volvia's motor insurance operations in 2001. To ascertain the carrying amount of this item, an impairment test was conducted to determine the item's recoverable amount in December 2014. The calculation was based on financial plans for the year 2015 and the earnings from the portfolio did not reveal any need for impairment of the carrying amount of this goodwill item.

Other intangible assets include capitalized costs for the development of various insurance systems. During 2014, MSEK 43 (56) was capitalized. Amortization according to plan and scrappings amounted to MSEK -61 (-27).

NOTE 20 Land and buildings

	Carrying amount MSEK	Carrying amount per leasable sq. m., SEK	Total area sq.m.	Vacancy rate	Direct yield
Office and commercial properties	193	6,198	31,220	39.9%	1.5%
Industrial properties and warehouses	3	908	2,890	0.0%	0.0%
Other properties	16	22,827	716	10.8%	-0.9%
Total	**212**	**6,101**	**34,826**	**36.0%**	**1.3%**
Preceding year	209	5,836	35,871	37.2%	2.4%

MSEK Geographical distribution, carrying amount	2014	2013
Finland	209	200
Estonia	-	6
Norway	3	3
Sweden	-	-
Total	**212**	**209**

MSEK	2014	2013
Carrying amount, opening balance	**209**	**257**
Supplementary capitalizations	0	1
Sales and scrappage	-6	-51
Net changes in current value	-4	-6
Translation differences	12	8
Carrying amount, closing balance	**212**	**209**

MSEK	2014	2013
Rental income during the fiscal year	**21**	**24**
Costs pertaining to land and buildings		
Operating expenses pertaining to premises that generated income during the fiscal year	10	13
Operating expenses pertaining to premises that did not generate income during the fiscal year	9	7

Future rental income from land and buildings

Total future minimum rents		
<1 year	10	10
1–5 years	7	5
> 5 years	-	0

NOTE 21 Investments in associated companies

MSEK	Country	Number of shares	Holding %[1]	Carrying amount 2014	2013
CAB Group AB [2]	Sweden	1,209	22.0	19	13
Topdanmark A/S	Denmark	31,476,920	30.4	3,302	3,048
Autovahinkokeskus Oy	Finland	2,559	35.5	27	23
Urzus Group AS	Norway	142,648	28.6	15	16
Watercircles Skandinavia AS	Norway	81,864	39.6	26	32
Svithun Assuranse AS	Norway	33	33.0	11	11
Contemi Holding AS	Norway	28,572	28.6	0	-
Total				**3,400**	**3,143**

[1] All of the associated companies have only one share class, therefore the participating share and voting rights are the same.

[2] Former Consulting AB Lennermark & Andersson.

CHANGES DURING THE YEAR

MSEK	Topdanmark A/S	Other associates	Total
Opening balance	**3,048**	**95**	**3,143**
Investments	-	0	0
Share of associates' result [1]	485	5	490
Dividends from associated companies	-	-3	-3
Effects of exchange rates, foreign associates	197	1	198
Share of associates' other changes in equity	-428	-	-428
Closing balance	**3,302**	**98**	**3,400**

[1] Specification of the result is shown in note 17.

SUMMARIZED FINANCIAL INFORMATION FOR MATERIAL ASSOCIATES

	Topdanmark A/S	
MSEK	2014	2013
Intangible and tangible assets	3,442	3,759
Investment assets including unit-linked	74,566	64,502
Reinsurers' share of technical provisions	1,306	895
Other assets	1,919	1,825
Subordinated debt	1,421	1,341
Technical provisions	66,198	57,501
Other liabilities	6,217	4,821
Equity	**7,397**	**7,318**
If group's share of equity	**2,250**	**2,047**
Estimated revenue for the last quarter	82	59
Known share repurchases for the last quarter	-156	-109
Currency effects	59	47
Goodwill	1,067	1,004
If group's carrying amount of the investment	**3,302**	**3,048**

	Topdanmark A/S	
MSEK	2014	2013
Revenue for the first three quarters	12,300	10,393
Estimated revenue for the last quarter	2,613	3,735
Profit after tax for the first three quarters	1,528	1,408
Estimated profit after tax for the last quarter	312	299

Revenue and profit in the table above have been recalculated from DKK to SEK using the average rate for each year.

The profit is essentially assignable to profit and loss from contingent operations.

As of December 31, 2014, the carrying amount of investments in associates includes, in total, goodwill amounting to MSEK 1,154 (1,091).

As of December 31, 2014, the market value for the Topdanmark holding amounts to MSEK 7,950. Presented value of the company's assets and liabilities refers to September 30, 2014 (latest available public information) and September 30, 2013 respectively and reflects adjustments made by If when applying the equity method. Net sales and profit refers to the period January 1, 2014, to December 31, 2014 and January 1, 2013 to December 31, 2013, and includes estimates for the last quarter current year.

The other holdings are not publically quoted.

NOTE 22 Other financial investment assets and derivative liabilites

THE CLASSIFICATION OF OTHER FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES

The recognition of financial assets and liabilites depends on their classification. The classification of assets and liabilities categorized in accordance with IAS 39 is shown below.

MSEK	Acquisition value 2014	Acquisition value 2013	Fair value 2014	Fair value 2013	Carrying amount 2014	Carrying amount 2013
Financial assets, mandatory at fair value through profit or loss (trading)						
Derivatives	21	0	399	44	399	44
Financial assets, designated by If as at fair value through profit or loss						
Shares and participations	-	-	-	-	-	-
Bonds and other interest-bearing securities	0	5	0	0	0	0
Financial assets available for sale						
Shares and participations	11,702	11,473	14,586	13,141	14,586	13,141
Bonds and other interest-bearing securities	85,388	83,062	86,302	84,434	86,302	84,434
Total financial assets at fair value	**97,111**	**94,540**	**101,287**	**97,619**	**101,287**	**97,619**
Loans [1]						
Deposits with credit institutions	1,565	289	1,566		1,565	289
Other loans	2,227	2,174	2,215		2,227	2,174
Total financial investment assets	**100,903**	**97,003**	**105,068**	**97,619**	**105,079**	**100,082**
Financial liabilites, mandatory at fair value through profit or loss (trading)						
Derivatives	11	-	227	218	227	218
Total derivative liabilities	**11**	**-**	**227**	**218**	**227**	**218**

[1] Loan are in accordance with the If's application of IAS 39 accounted for at amortized cost. The fair value as of December 31, 2014 is only shown for information. Financial instruments with fair value given for information are classified in three different hierarchy levels depending on their liquidity and valuation methods. Loans with a fair value amounting to MSEK 2,168 MSEK have been classified in level 2. The fair value of these loans are based either on quoted prices in a market which is not considered to be active enough regarding frequency and volume to be classified in level 1 or model valuation where the underlying market interest rates are uppdated daily. The remaining loans with a fair value amounting to MSEK 1,613 are classified in level 3 and the fair value of these loans are based on either quoted prices in an illiqiud market, external valuations/estimates or cash-flow valuations.

SPECIFIKATION OF OTHER FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES

BONDS AND OTHER INTEREST-BEARING SECURITIES

If's bonds and other interest-bearing securities by type of issuer are shown below.

MSEK Type of issuer	Nominal value		Fair value		Carrying amount	
Swedish government	1,616	2%	2,288	3%	2,288	3%
Swedish municipal sector	6,680	8%	6,766	8%	6,766	8%
Swedish mortgage companies	9,913	12%	10,291	12%	10,291	12%
Swedish financial companies	11,283	13%	11,533	13%	11,533	13%
Other Swedish companies	4,400	5%	4,573	5%	4,573	5%
Foreign governments	3,311	4%	3,393	4%	3,393	4%
Foreign municipal sector	2,467	3%	2,635	3%	2,635	3%
Foreign financial companies	25,966	31%	26,114	30%	26,114	30%
Other foreign companies	18,986	22%	18,709	22%	18,709	22%
Total	**84,622**	**100%**	**86,302**	**100%**	**86,302**	**100%**

Years to maturity [1]	<1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-15	15-30	**Total**
Fair value %	32	21	14	11	12	6	1	1	1	1	0	-	**100**

[1] The maturity period is not adjusted to take into account the possibility of premature redemption of bonds.

DERIVATIVES

MSEK DERIVATIVE ASSETS	2014 Fair value	2014 Carrying amount	2014 Nominal amount	2013 Fair value	2013 Carrying amount	2013 Nominal amount
Equity derivatives						
Options	-	-	-	0	0	0
Total equity derivatives	**-**	**-**	**-**	**0**	**0**	**0**
Of which, cleared	-	-	-	-	-	-
Fixed income derivatives						
Futures	-	-	-	8	8	354
Swaps	-	-	-	-	-	-
Total fixed income derivatives	**-**	**-**	**-**	**8**	**8**	**354**
Of which, cleared	-	-	-	*8*	*8*	*354*
Currency derivatives						
Options	15	15	1,411	0	0	370
Futures	384	384	16,761	36	36	6,564
Total currency derivatives	**399**	**399**	**18,172**	**36**	**36**	**6,934**
Of which, cleared	-	-	-	-	-	-
Totalt derivative assets	**399**	**399**		**44**	**44**	

DERIVATIVE LIABILITES	2014 Fair value	2014 Carrying amount	2014 Nominal amount	2013 Fair value	2013 Carrying amount	2013 Nominal amount
Equity derivatives	-	-	-	-	-	-
Fixed income derivatives						
Futures	14	14	800	8	8	400
Swaps	17	17	641	36	36	10,321
Total fixed income derivatives	**31**	**31**	**1,441**	**44**	**44**	**10,721**
Of which, cleared	*14*	*14*	*800*	*8*	*8*	*400*
Currency derivatives						
Options	9	9	1,348	-	-	-
Futures	**187**	**187**	**8,736**	**174**	**174**	12,458
Total currency derivatives	**196**	**196**	**10,084**	**174**	**174**	**12,458**
Of which, cleared	-	-	-	-	-	-
Totalt derivative liabilities	**227**	**227**		**218**	**218**	

OTHER FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES BY CURRENCY

MSEK Other financial investment assets by currency, carrying amount	SEK	NOK	DKK	EUR	GBP	USD	RUB	Total
Shares and participations	9,717	1,239	90	1,717	-	1,823	-	**14,586**
Bonds and other interest-bearing securities	34,996	22,881	-	26,491	-	1,912	22	**86,302**
Other loans	1,126	325	-	472	0	304	-	**2,227**
Deposits with credit institutions	-	-	1,317	217	-	-	31	**1,565**
Derivatives	374	9	-	16	-	-	-	**399**
Total Other financial investment assets	**46,213**	**24,454**	**1,407**	**28,913**	**0**	**4,039**	**53**	**105,079**
Share	**44%**	**23%**	**1%**	**28%**	**0%**	**4%**	**0%**	**100%**

Derivative liabilites by currency, carrying amount	**SEK**	**NOK**	**DKK**	**EUR**	**GBP**	**USD**	**RUB**	**Totalt**
Derivatives	190	-	-	37	-	-	-	**227**
Total derivative liabilites	**190**	**-**	**-**	**37**	**-**	**-**	**-**	**227**
Share, net	**84%**			**16%**				**100%**

FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES AT FAIR VALUE

A careful process is followed and controls are performed in order to ensure correct fair values of financial assets and liabilities. For example, controls are made by several different external sources and assessments of abnormal price changes are performed when necessary.

Different valuation methods are used to determine the fair value depending on the type of financial instruments and to what extent they are traded on active markets. In order to evaluate the activity in a market with respect to frequency and volume If uses information compiled by Bloomberg. Quoted shares are valued on the basis of last bid price. For shares quoted on Nasdaq OMX the last ask price is used. The prices are obtained from Bloomberg. The valuation of bonds is also usually based on prices from Bloomberg. Quoted bonds are valued on the basis of last bid price. For model-valued interest bearing instruments, yield curves based on last mid prices are used.

If's financial instruments, which are measured at fair value, are classified in three different hierarchy levels depending on their liquidity and valuation methods. The control of hierarchy levels is done quarterly. If market conditions have changed for the existing level, the holding in question is moved to the correct hierarchy level in consent with the Risk Control unit.

Level 1 – Financial assets and liabilities with values based on quoted prices in active markets for identical assets or liabilities.

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. An active market is typically characterized by quoted prices that are easily and regularly available and that represent actual and regularly occurring transactions at arm's length distance.

Assets and liabilities in the category include shares, listed funds (ETF), equity- and interest rate funds and interest-bearing assets that have noted prices on an active market at the time of valuation. The category also includes derivatives with a daily fixing.

Level 2 – Financial assets and liabilities with values based on quoted prices or valuation based on directly or indirectly observable market data.

In the level 2 hierarchy all essential inputs are observable either directly or indirectly. The large majority of the instruments in level 2 are traded in a market with daily quoted prices and regularly occurring market transactions but where the market is not considered to be active enough regarding frequency and volume. A very limited part of the instruments are model valued with the help of market data that is indirectly observable, meaning that prices can be derived from observable markets where market interest rates and underlying rates normally are updated daily or, in exceptional cases, at least on a monthly basis.

Instruments which are valued at level 2 include interest-bearing assets where the market is not active enough. Most OTC derivatives, standardized derivatives as well as currency derivatives are also included in this level.

Level 3 – Financial assets and liabilities which are traded on an illiquid market, with non-observable market data or indications of trading levels without any actual trade.

When neither quoted prices in active markets nor observable market data is available, the fair value of financial instruments is based on valuation techniques which are based on non-observable market data.

Level 3 comprises private equity, unlisted shares, certain high-yield assets and distressed assets encountering financial difficulties where the trade has more or less ceased to exist.

The types of financial instruments classified as level 3 in the valuation hierarchy are discussed below with reference to type of securities and valuation method:

- Private equity is classified as level 3. The majority of If's investment in Private Equity is made in mutual funds. The fair values are based on prices and share-values obtained from the funds administrators. These quotations are based on the value in the underlying assets in accordance with market practice. The last obtained value is used.
- For some unlisted shares external evaluations are obtained, which are used for valuation. The external valuations are based on models that contain non-observable assumptions.
- Other assets in level 3 are normally valued at least yearly and the valuation is based either on external estimates, cash-flow valuations or last market transactions.

For more information on the valuation of financial instruments, see Note 1.

FINANCIAL INVESTMENT ASSETS AND DERIVATIVE LIABILITIES IN FAIR VALUE HIERARCHY

The determination of fair values in fair value hierarchy are shown in the tables below. As an adaptation to prevailing industry practice, If made a detailed review of the subdivision into levels during 2014. The result of the review justified an adjustment of the classification of bonds and other interest-bearing securities. Debt securities amounting to MSEK 51,008 has thus been moved from level 2 to level 1, MSEK 523 has been moved from level 1 to level 2 and MSEK 4 has been moved from level 3 to level 2. The reclassification have not affected the value of the investment assets.

	2014				2013			
MSEK **The classification of fair values in fair value hierarchy**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets, mandatory at fair value through profit and loss (trading)								
Derivatives								
Other interest rate derivatives	-	-	-	-	8	-	-	8
Foreign exchange derivatives				-	-	-	-	-
Equity derivatives	-	399	-	399	-	36	-	36
	-	**399**	**-**	**399**	**8**	**36**	**-**	**44**
Financial assets, designated by If as at fair value through profit or loss								
Shares and participations	-	-	-	-	-	-	-	-
Bonds and other interest-bearing securities	-	-	0	0	-	-	0	0
	-	**-**	**0**	**0**	**-**	**-**	**0**	**0**
Financial assets, available for sale								
Shares and participations [1]	12,820	-	1,766	14,586	11,310	-	1,831	13,141
Bonds and other interest-bearing securities [2]	60,754	25,479	69	86,302	10,161	73,942	331	84,434
	73,574	**25,479**	**1,835**	**100,888**	**21,471**	**73,942**	**2,162**	**97,575**
Total financial assets at fair value	**73,574**	**25,878**	**1,835**	**101,287**	**21,479**	**73,978**	**2,162**	**97,619**
Financial liabilities, mandatory at fair value through profit and loss (trading)								
Derivatives								
Other interest rate derivatives	22	9	-	31	8	36	-	44
Foreign exchange derivatives		196	-	196	-	174	-	174
	22	**205**	**-**	**227**	**8**	**210**	**-**	**218**
Total financial liabilities at fair value	**22**	**205**	**-**	**227**	**8**	**210**	**-**	**218**

[1] Mutual equity funds recognized in the above balances totaled MSEK 3,753 (3,157) of which MSEK 3,566 (2,967) was allocated to level 1 and MSEK 188 (190) to level 3.

[2] Mutual bond funds recognized in the above balances totaled MSEK 69 (309), which was allocated to level 3.

FINANCIAL INVESTMENT ASSETS AND LIABILITIES IN LEVEL 3

Financial assets presented in level 3 are included in financial instruments carried at fair value on the balance sheet. At December 31, 2014, the assets presented in level 3 amounted to MSEK 1,835 (2,162). These financial assets are categorized as available for sale, and unrealized market value changes are, therefore, recognized in other comprehensive income.

As of December 31 2014 there are no derivative liabilities presented in level 3.

MSEK 2014	Carrying amount Jan 1	Net gains/losses recorded in		Purchases	Sales/ maturities	Transfers into/out of level 3	Exchange rate differences	Carrying amount Dec 31	Net gains/losses in income statement that are attributable to assets held at end off period
		income-statement	comprehensive income						
Financial assets, designated by If as at fair value through profit or loss									
Shares and participations	-	-	-	-	-	-	-	-	-
Bonds and other interest-bearing securities	0	-	-	-	-	-	-	0	-
	0	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**
Financial assets, available for sale									
Shares and participations	1,831	43	123	176	-90	-294	-23	1,766	-8
Bonds and other interest-bearing securities	331	-3	20	0	-314	-4	39	69	23
	2,162	**40**	**143**	**176**	**-404**	**-298**	**16**	**1,835**	**15**
Total financial assets at fair value	**2,162**	**40**	**143**	**176**	**-404**	**-298**	**16**	**1,835**	**15**

MSEK 2013	Carrying amount Jan 1	Net gains/losses recorded in		Purchases	Sales/ maturities	Transfers into/out of level 3	Exchange rate differences	Carrying amount Dec 31	Net gains/losses in income statement that are attributable to assets held at end off period
		income-statement	comprehensive income						
Financial assets, designated by If as at fair value through profit or loss									
Shares and participations	-	-	-	-	-	-	-	-	-
Bonds and other interest-bearing securities	0	-	-	-	-	-	-	0	-
	0	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**
Financial assets, available for sale									
Shares and participations	1,129	40	-	1,544	-920	-	38	1,831	0
Bonds and other interest-bearing securities	110	181	-20	823	-745	-	-18	331	124
	1,239	**221**	**-20**	**2,367**	**-1,665**	**-**	**20**	**2,162**	**124**
Total financial assets at fair value	**1,239**	**221**	**-20**	**2,367**	**-1,665**	**-**	**20**	**2,162**	**124**

SENSITIVITY ANALYSIS OF THE FAIR VALUES OF FINANSIEL ASSETS AND LIABILITIES IN LEVEL 3

The sensitivity of the fair value of level 3 instruments to changes in key assumptions, by category and financial instrument is shown below.

The following changes in key assumptions have been used:

- A 1% increase in the yield curve for bonds and other interest-bearing securities as well as for preference shares.
- A 20% decrease in prices for other equity related securities and real estate.

	2014		2013	
MSEK **Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions**	**Carrying amount**	**Effect of reasonably possible alternative assumptions**	**Carrying amount**	**Effect of reasonably possible alternative assumptions**
Financial assets, designated by If as at fair value through profit or loss				
Shares and participations	-	-	-	-
Bonds and other interest-bearing securities	0	0	0	0
Financial assets, available for sale				
Shares and participations [1)]	1,766	-93	1,831	-141
Bonds and other interest-bearing securities [2)]	69	0	331	-8
Total financial assets at fair value	**1,835**	**-93**	**2,162**	**-149**

1) Includes holding in equity funds.

2) Includes holding in interest bearing funds.

NOTE 23 Financial instruments set off in the balance sheet or subject to netting agreements

MSEK ASSETS	Gross amount of recognized assets	Gross amounts of recognized liabilities offset against assets	Net amount presented in the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements [1]		Net amount
				Financial instruments	Cash collateral received	
Derivatives						
2014	399	-	399	-163	-	236
2013	44	-	44	-8	-	36

MSEK LIABILITIES	Gross amount of recognized liabilities	Gross amounts of recognized assets offset against liabilities	Net amount presented in the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements [1]		Net amount
				Financial instruments	Cash collateral pledged	
Derivatives						
2014	227	-	227	-163	-14	50
2013	217	-	217	-8	-	209

[1] Subject to a legally binding agreement of offsetting, enforcable master netting arrangement or similar agreements. If has ISDA agreements with all derivative counterparties. Offsetting take place in case of the counterparty's bancruptcy but not in running business.

NOTE 24 Reinsurers' share of technical provisions

MSEK CHANGE DURING THE YEAR	2014 Provision for unearned premiums and unexpired risks	2014 Provision for claims outstanding	2013 Provision for unearned premiums and unexpired risks	2013 Provision for claims outstandingr
Opening balance	**382**	**3,336**	**468**	**4,483**
Increased/decreased provisions related to acquired/sold business	-	-	-	3
Translation differences	32	130	-2	-61
Change in provision	-31	-1,619	-84	-1,089
Closing balance	**383**	**1,847**	**382**	**3,336**

Supplementary information regarding the reinsurers' portion of technical provisions is presented in Note 32.

NOTE 25 Debtors arising out of direct insurance

MSEK	2014	2013
Receivables from policyholders	10,623	10,229
Receivables from insurance brokers	24	22
Receivables from insurance companies	29	28
Bad-debt provision	-317	-365
Total [1]	**10,359**	**9,914**

[1] Of which, nothing is expected to be received later than 12 months after the ba lance-sheet date.

Age analysis	Not due and due less than six months	Due more than six months	Total
Receivable	10,122	554	10,676
Of which, provision	-25	-292	-317
Total	**10,097**	**262**	**10,359**

Generally, provision is made on a standard computation base, the amount includes individual provision of negative MSEK -7 (-10).

NOTE 26 Debtors arising out of reinsurance

MSEK	2014	2013
Receivables from reinsurers	405	490
Bad-debt provisions	-88	-92
Total [1]	**317**	**398**

[1] Of which, nothing is expected to be received later than 12 months after the balance-sheet date.

Age analysis	Not due and due less than six months	Due more than six months	Total
Receivable	312	93	405
Of which, provision	-1	-87	-88
Total	**311**	**6**	**317**

Bad-debt provisons are entirely calculated on an individual basis.

NOTE 27 Other debtors

MSEK	2014	2013
Debtor, patient-insurance pool for the public sector	1,100	614
Bad-debt provisions	-7	-3
Other debtors	125	87
Total [1]	**1,218**	**698**

[1] Of which, MSEK 1,143 (627) is expected to be received later than 12 months after the balance-sheet date.

NOTE 28 Tangible assets

MSEK	2014	2013
Accumulated acquisition value	588	571
Accumulated depreciation	-435	-429
Closing planned residual value	**153**	**142**

MSEK Operational leasing agreements (lessee) Due dates	Total future minimum lease payments 2014	2013
< 1 year	295	286
1–5 years	872	878
> 5 years	556	688
Total	**1,723**	**1,852**
Total lease payments during the period	306	316
Of which, minimum lease payments	*203*	*217*
Of which, contingent rents	*103*	*99*

Operational leasing where If acts as lessee mainly pertains to costs for premises, vehicles and office equipment.

Operational leasing where If acts as lessor pertains to income from the leasing out of premises and was only insignificant amounts. The carrying amount of leased-out land and buildings is MSEK 196 (193).

NOTE 29 Deferred acquisition costs

MSEK	2014	2013
Opening balance	**1,410**	**1,473**
Net change during the year	-128	-15
Translation difference	15	-48
Closing balance	**1,297**	**1,410**

Acquisition expenditure during the year amounted to MSEK 4,538 (4,542). The item pertains to accrued sales costs that have a distinct connection to the writing of insurance contracts. The sales costs include operating expenses such as commission, marketing expenses, salaries and the cost of salespeople, which vary according to, and have a direct or indirect relationship with, the acquisition or renewal of insurance contracts. The sales costs are expensed in a manner that matches the amortization of unearned premiums, normally not more than one year.

NOTE 30 Other deferred costs and accrued income

MSEK	2014	2013
Accrued income	374	291
Deferred costs	194	176
Total	**568**	**467**

NOTE 31 Subordinated debt

MSEK	Original nominal value	Maturity	Interest rate	2014 Fair value [1]	2014 Carrying amount	2013 Fair value [1]	2013 Carrying amount
Subordinated loan, issued in 2005	MEUR 150	Perpetual	4.94%	1,428	1,408	1,361	1,326
Subordinated loan, issued in 2011	MEUR 110	30 years	6.00%	1,139	1,025	991	966
Subordinated loan, issued in 2013	MEUR 90	Perpetual	4.70%	870	843	813	795
Total				**3,437**	**3,276**	**3,165**	**3,087**

[1] Subordinated debt is according to If's application of IAS 39 carried at amortized cost. Fair value is only given for information.

Financial instruments with fair value given for information are classified in three different hierarchy levels depending on their liquidity and valuation methods. All subordinated loans are classfied in level 3 and the fair value is based on cash-flow valuations.

The loans issued 2005 and 2011 are issued with fixed interest rate terms for the first ten years. After that period, they become subject to variable interest rates but they also include terms stating the right of redemption at this point in time.

The loans issued in 2005 and 2011 are listed on the Luxembourg Exchange.

The loan issued 2013 is issued with fixed interest rate terms for the first five and a half years. After that period, it becomes subject to variable interest rates but it also include terms stating the right of redemption at this point in time.

All loans and loan terms are approved by supervisory authorities to be utilized for solvency purposes.

NOTE 32 Technical provisions, gross

MSEK CHANGES DURING THE YEAR	2014 Provision for unearned premiums and unexpired risks	2014 Provisions for claims outstanding	2013 Provision for unearned premiums and unexpired risks	2013 Provisions for claims outstanding
Opening balance	**18,292**	**65,867**	**18,083**	**66,486**
Increased/decreased provisions related to acquired/sold business	-	-	333	530
Unwinding of discounted annuities	-	410	-	476
Change in provision	28	-454	395	-990
Translation differences	452	1,663	-519	-635
Closing balance	**18,772**	**67,486**	**18,292**	**65,867**

MSEK TECHNICAL PROVISIONS AND REINSURERS' SHARE	2014	2013
Technical provisions, gross		
Unearned premiums and unexpired risks	18,772	18,292
Provision for incurred and reported claims	15,109	15,679
Provision for incurred but not reported claims	30,975	31,342
Provision for annuities	18,874	16,442
Provision for claims-settlement costs	2,528	2,404
Total	**86,258**	**84,159**
Reinsurers' share of technical provisions		
Unearned premiums and unexpired risks	383	382
Provision for incurred and reported claims	923	2,388
Provision for incurred but not reported claims	923	947
Provision for annuities	1	1
Provision for claims-settlement costs	-	-
Total	**2,230**	**3,718**
Technical provisions, net of reinsurance		
Unearned premiums and unexpired risks	18,389	17,910
Provision for incurred and reported claims	14,186	13,291
Provision for incurred but not reported claims	30,052	30,395
Provision for annuities	18,873	16,441
Provision for claims-settlement costs	2,528	2,404
Total	**84,028**	**80,441**

VALUATION OF TECHNICAL LIABILITIES

Technical liabilities must reflect the liability If has for its insurance undertakings, meaning the insurance contracts underwritten. This may be divided into two parts; firstly, provisions for unearned premiums and, secondly, provisions for not settled claims. The provision for unearned premiums pertains to current contracts for which the contractual period has not expired. The dominant component, provisions for not settled claims, pertains to future claims payments for the claims associated with all insurance contracts underwritten by If.

PROVISIONS FOR UNEARNED PREMIUMS AND UNEXPIRED RISK

Provisions for unearned premiums correspond to the value of If's aggregate liability for current insurance policies and are calculated using a generally accepted method. This involves taking into consideration how large a share of the premium is attributable to the period following the accounting period. The provision is subsequently tested to ensure it is sufficient to cover anticipated claims and operating expenses. If the provision is deemed to be insufficient, a provision is made for the unexpired risk corresponding to the calculated deficit.

PROVISIONS FOR UNSETTLED CLAIMS

The provisions for not settled claims correspond to the value of all anticipated claims payments and related claims settlement costs, including those reported to If and those that have probably occurred but not yet been reported.

The provisions for not settled claims are calculated using statistical methods and/or individual assessment. Usually, the cost of major claims is estimated individually. Minor claims that occur more frequently (frequent claims) as well as the provisions for claims that have yet to be reported are assessed using statistical methods.

Apart from provisions for claims-related annuities and provisions for unknown but probable claims that pertain to Finnish annuities, the provisions for not settled claims are not discounted. Provisions for claims-related annuities are discounted in accordance with current practice, taking into account inflation and mortality.

DESCRIPTION OF METHOD

If uses a number of statistical methods to determine the final claims cost that If must pay.

The most common methods are Chain-ladder and Bornhuetter-Ferguson. The Chain-ladder method may be based on various types of data such as outgoing payments, claims costs or the number of claims. Historical claims trend factors and a selection of estimates of future development factors are analyzed. The selection of development factors are subsequently applied to the known costs to date for claims for each claims year (which are not yet fully developed) that is to be estimated. This provides an estimate of the anticipated claims costs for each claims year. The Chain-ladder methodology is most suitable for insurance portfolios that have a relatively stable progression. The method is less applicable in cases that lack sufficient historical data, such as in the case of new insurance products or portfolios with a long lag in claims reporting. In the case of such portfolios, the Bornhuetter-Ferguson method is most frequently used. This is based partly on a combination of claims history and partly on exposure data, such as the numbers of insured parties or premiums written. The actual claims history is given greater weight for older developed claims years while for more recent years, the known exposure is weighted to a greater degree towards experience from similar portfolios and product areas.

ASSUMPTIONS AND SENSITIVITY

The assumptions and parameters used in determining the provisions to be posted are adjusted each quarter. A more in-depth analysis is implemented on an annual basis.

If is to a hight degree exposed to personal claims arising primarily from obligatory Motor Third-party Liability and Workers' Compensation policies. Of the total claims provision, almost 70% is attributable to these two insurance categories. If issues Motor Third-party Liability insurance in the Nordic region and in the Baltic countries. Workers' Compensation is issued in Norway, Denmark and Finland. From a customer perspective, the scope of the obligatory insurance provided is essentially similar. However, the portion covered by personal insurance and the portion financed through the state social security system differs among the various countries.

There are a number of factors affecting provisions and their uncertainty. The most important assumptions for portfolios dominated by personal claims are:

- inflation
- discount rate
- mortality
- effect of legislative amendments and court practices.

Inflation

The anticipated inflation trend is observed in all provisions, but is primarily important in claims settled over a long period of time. For long-term business, such as Motor Third-party Liability and Workers' Compensation, assessments are made in-house regarding the future cost trend. This is based on external assessments of the future inflation trend in various areas, such as the consumer price index and payroll index, combined with If's own evaluation of cost increases for various types of compensation. Compensation costs can rise due to new or amended legislation or practices, for example. Various national rules mean that the sensitivity implications of the assumptions underlying inflation differ quite substantially between countries.

A large share of the claims cost in obligatory insurance consists of compensation for loss of income, which in terms of legislation is usually associated with a pre-defined index for the value adjustments of compensation. In Finland, compensation is paid out in the form of vested annuities and value adjustments are dealt with off the balance sheet in a non-funded pool system. This limits the inflation risk. In Sweden, compensation is also paid out in the form of vested annuities over a long period and provisions must cover future value adjustments. The same also applies to Danish Workers Compensation insurance. This entails substantial sensitivity to changes in inflation.

In Norway and in Danish Motor Third-party Liability insurance, compensation is paid as a lump sum. Since in this case the duration is relatively short, the inflation risk is reduced. Refer to Note 5, Risks and risk management, for a sensitivity analysis of inflation.

Discount rate

With the exception of the compensation to be paid in the form of vested annuities, provisions for claims and premium reserves are presented as nominal values (undiscounted). In Sweden and Denmark, the method for discounting has been changed so that the annuities are first inflation adjusted with estimated future indexing and then discounted using a nominal interest rate.

The rates given below are the weighted averages for If's annuities. The discount rate was lowered from 2.5% to 2.0% in Finland in 2014, which increased the annuity reserve with MSEK 800.

The presentation below shows discounted provisions and discount rate by country for countries with significant claims-related annuity portfolios:

Denmark	
Amount vested annuities	MSEK 1,086
Discount rate	1.47%

Finland	
Amount vested annuities	MSEK 13,105
Amount IBNR	MSEK 2,418
Discount rate	2.0%

Sweden	
Amount vested annuities	MSEK 4,601
Discount rate	1.75%

Refer to Note 5, Risks and risk management, for a sensitivity analysis of the discount interest rate.

Mortality

The provision risk for mortality is also related to claims-related annuities, since actual mortality may be lower than the mortality assumptions made in conjunction with the assessment of provision. The model used for mortality complies with the practices observed in the various countries. It is usually based on population death rates and/or specific joint-company analyses. The assumptions for mortality are generally differentiated in terms of age and gender. Refer to Note 5, Risks and risk management, for a sensitivity analysis of mortality.

Effects of legislative amendments and court practices

When setting provisions, it is virtually impossible to take into account amendments to legislation and practices that affect future costs. However, there are methods for managing this uncertainty. As noted earlier, firstly the inflation assumptions are adjusted somewhat to take into account historical experience of the various insurance categories. In cases where individual claims issues are subject to legal examination and for which there is a risk of a prejudicial decision that will affect other claims, the provisions for similar claims are adjusted.

CHANGES IN 2014

No significant changes in methods were implemented during the year.

During the year, the reported increase in gross claims provisions amounted to SEK 1.6 billion. Effects of exchange rate changes amounted to an increase of SEK 1.7 billion while the real change in gross claims reserves adjusted for currency effects amounted to a slight decrease of less than SEK 0.1 billion. Despite the overall modest change, there were some major differences in the development by geographic area:

- Claims provisions in the Swedish operation, including branches of the Industrial business area, increased by SEK 0.1 billion. Reserves for Accident insurance increased by SEK 0.2 billion, reserves for Liability insurance decreased by SEK 0.2 billion, reserves for Property insurance decreased by SEK 0.1 billion while reserves for Motor Third Party Liability Insurance increased by SEK 0.2 billion mostly due to an increase of annuities.
- Claims provisions in the Norwegian operation decreases by SEK 0.6 billion. This overall change is a sum of an increase of SEK 0.1 billion in reserves for Accident insurance and a decrease of SEK 0.1 billion in reserves for Motor Third Party Liability insurance, a decrease of SEK 0.4 billion in reserves for Property insurance and a decrease of SEK 0.2 billion for Workers' Compensation insurance.
- Claims provisions in the Danish operation decreased by SEK 0.3 billion, mostly due to a decrease of SEK 0.2 billion in reserves for Property insurance and a decrease of SEK 0.1 billion in reserves for Liability insurance.
- Claims provisions in the Finnish operation increased by SEK 0.8 billion due to an increase in reserves for Motor Third Party insurance by SEK 0.3 billion and an increase in reserves for Workers' Compensation insurance by SEK 0.5 billion, both of which to a large extent are due to an increase in annuity reserves due to the lowering of the discount rate.
- Claims reserves in the Baltic countries showed only a minor increase.

The reinsured share of the claims provision decreased by SEK 1.5 billion. The effect of changes in currency exchange rates was an increase of SEK 0.1 billion whence the real change after correcting for changes in exchange rates was a decrease in ceded claims provisions of SEK 1.6 billion. Ceded property reserves decreased by SEK 1.5 billion, with the largest decreases in Norway and Sweden, while ceded reserves for Workers' Compensation insurance decreased by SEK 0.1 billion in Norway.

SIGNIFICANT EVENTS

This year's outcome for large claims was less than expected on a Nordic level in particular due to a favorable outcome in Denmark and to a lesser extent also in Finland. The largest claim in 2014 was a fire claim in Sweden estimated at about 0.1 billion SEK.

CLAIMS COSTS TREND

In addition to the sensitivity analysis, prior-year estimates of the claims costs for individual claims years also represent a measure of If´s ability to foresee final claims costs. The tables below show the cost trend for the claims years 2005-2014, before and after reinsurance. For claims years 2004 and earlier, the information is aggregated to one column. The column for claims years 2004 and earlier only includes payments made after 2002, i.e. the starting point is the closing balance for claims provisions in 2002 as well as the complete claims years 2003 and 2004.

The upper part of the table shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet. Since If has operations in various countries, the portfolio is exposed to a number of currencies. To adjust for currency effects, the local reporting currency has been translated to SEK at the closing rate on December 31, 2014. Consequently, the table is not directly comparable to corresponding tables reported in previous years or with the income statement, since all claims years include translated information and closing rates are used throughout.

MSEK CLAIMS COSTS, GROSS Claims year	2004 and prior years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Estimated claims cost												
at the close of the claims year	92,291	23,639	23,691	24,305	25,505	25,532	26,575	27,370	27,738	26,778	26,627	
one year later	91,976	23,155	23,516	24,273	25,097	25,070	26,953	28,439	27,614	27,045		
two years later	92,139	22,658	23,258	23,942	24,563	24,806	26,446	28,409	27,769			
three years later	92,265	22,400	23,244	23,647	24,307	24,427	26,434	28,289				
four years later	91,944	22,091	22,876	23,219	24,092	24,253	26,366					
five years later	92,357	21,780	22,427	22,992	23,961	24,039						
six years later	92,954	21,291	22,150	22,904	23,778							
seven years later	93,011	21,080	22,052	22,778								
eight years later	92,537	20,922	21,951									
nine years later	92,747	20,756										
ten years later	93,100											
Current estimate of total claims costs	93,100	20,756	21,951	22,778	23,778	24,039	26,366	28,289	27,769	27,045	26,627	
Total disbursed	69,026	18,908	19,818	20,370	21,331	21,242	23,203	24,327	23,245	21,306	14,765	
Provisions reported in the balance sheet	24,074	1,848	2,133	2,408	2,447	2,797	3,162	3,962	4,525	5,739	11,862	64,958
Of which annuities	*13,060*	*682*	*753*	*727*	*659*	*554*	*709*	*615*	*581*	*438*	*94*	*18,873*
Provisions for claims-settlement costs												2,528
Total provisions reported in the balance sheet												**67,486**

MSEK CLAIMS COST, NET OF REINSURANCE Claims year	2004 and prior years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Estimated claims cost												
at the close of the claims year	85,197	22,309	22,712	23,385	24,399	24,457	25,279	25,883	25,888	26,310	26,255	
one year later	84,739	21,771	22,453	23,291	24,114	24,155	25,717	26,571	25,750	26,575		
two years later	84,774	21,269	22,197	23,043	23,606	23,875	25,319	26,451	25,901			
three years later	84,835	21,079	22,231	22,749	23,361	23,622	25,260	26,398				
four years later	84,532	20,790	21,889	22,347	23,177	23,461	25,229					
five years later	84,515	20,482	21,497	22,124	23,064	23,241						
six years later	85,254	20,112	21,235	22,055	22,891							
seven years later	85,341	19,910	21,150	21,930								
eight years later	85,000	19,763	21,065									
nine years later	85,232	19,604										
ten years later	85,674											
Current estimate of total claims costs	85,674	19,604	21,065	21,930	22,891	23,241	25,229	26,398	25,901	26,575	26,255	
Total disbursed	62,155	17,814	18,989	19,565	20,481	20,513	22,177	22,626	21,641	21,048	14,644	
Provisions reported in the balance sheet	23,518	1,790	2,076	2,365	2,410	2,728	3,052	3,772	4,260	5,527	11,611	63,110
Of which annuities	*13,060*	*682*	*753*	*727*	*659*	*554*	*709*	*615*	*581*	*438*	*94*	*18,873*
Provisions for claims-settlement costs												2,528
Total provisions reported in the balance sheet												**65,638**

Comments

In 2014, If had reinsurance with self-retention of MSEK 250 per event and between MSEK 100 and 250 per risk depending on line of business.

Provisions for fixed claims-related annuities and related payments are included in the distribution by claims year above. The Finnish discounted preliminary claims-related annuities are reported as annuities in the balance sheet. Of the total net provision for claims-related annuities of MSEK 18,873, MSEK 13,060 applies to 2004 and previous years.

NOTE 33 Deferred tax

MSEK CHANGES IN DEFERRED TAX 2014	Opening balance 2014	Recognized in income statement	Translation difference	Recognized in other comprehensive income	Closing balance 2014
Deferred tax assets					
Tax losses carried forward	0	0	0	-	0
Provisions	583	-17	-11	241	796
Goodwill [1)]	91	0	-3	3	91
Accumulated depreciation	20	-2	0	-	18
Other temporary differences	6	1	0	-	7
Total deferred tax asset	**700**	**-18**	**-14**	**244**	**912**
Netted deferred tax asset against deferred tax liability	**-185**				**-194**
Deferred tax asset according to balance sheet	**515**				**718**
Deferred tax liability					
Equalization reserve and other similar provisions	2,476	-57	33	-	2,452
Valuation of investment assets at fair value	649	7	10	192	858
Accumulated depreciation	87	0	0	-	87
Other temporary differences	352	23	13	-	388
Total deferred tax liability	**3,564**	**-27**	**56**	**192**	**3,785**
Netted deferred tax liability against deferred tax asset	**-185**				**-194**
Deferred tax liability according to balance sheet	**3,379**				**3,591**
Deferred tax income according to income statement 2014		**9**			

[1)] Goodwill pertains to the possibility of tax deductions for goodwill booked in If P&C Insurance Ltd. This goodwill is eliminated at Group level.

MSEK CHANGES IN DEFERRED TAX 2013	Opening balance 2013	Recognized in income statement	Translation difference	Recognized in other comprehensive income	Closing balance 2013
Deferred tax assets					
Tax losses carried forward	0	0	0	-	0
Provisions	555	-7	-28	63	583
Goodwill [1)]	122	-30	-36	35	91
Accumulated depreciation	15	5	0	-	20
Other temporary differences	7	0	-1	-	6
Total deferred tax asset	**699**	**-32**	**-65**	**98**	**700**
Netted deferred tax asset against deferred tax liability	**-146**				**-185**
Deferred tax asset according to balance sheet	**553**				**515**
Deferred tax liability					
Equalization reserve and other similar provisions	2,749	-222	-51	-	2,476
Valuation of investment assets at fair value	391	-25	8	275	649
Accumulated depreciation	87	0	0	-	87
Other temporary differences	256	91	5	-	352
Total deferred tax liability	**3,483**	**-156**	**-38**	**275**	**3,564**
Netted deferred tax liability against deferred tax asset	**-146**				**-185**
Deferred tax liability according to balance sheet	**3,337**				**3,379**
Deferred tax income according to income statement 2013		**124**			

[1)] Goodwill pertains to the possibility of tax deductions for goodwill booked in If P&C Insurance Ltd. This goodwill is eliminated at Group level.

NOTE 34 Provision for pensions and similar obligations

MSEK	2014	2013
Estimated present value of obligation, including social costs	6,235	5,137
Fair value of plan assets	3,744	3,412
Net liability recognized in balance sheet	**2,491**	**1,725**

If applies IAS 19 Employee Benefits (issued in 2011) and recognizes defined-benefit pension plans in Sweden and Norway. Other pension plans existing in the Group have either been classified as defined-contribution plans or have been classified as defined-benefit plans but recognized as defined-contribution plans, either because If lacks the information necessary to recognize them as defined-benefit plans or because they have been deemed as insignificant.

Since January 1, 2008, the main Swedish defined-benefit pension plan has been closed to new employees born in 1972 or later and the corresponding Norwegian pension plan has been closed to new employees since January 1, 2007 regardless of age. The pension benefits referred to are old-age pension and survivors' pension in Sweden and old-age pension, survivors' pension and disability pension in Norway. A common feature of all of the pension plans is that the employees and survivors encompassed by the plans are entitled to a guaranteed pension that depends on the employees' service period and pensionable salary at the time of retirement. The dominating benefit is the old-age pension, which refers in part to temporary pension before the anticipated retirement age and in part to a life-long pension after the anticipated retirement age.

The retirement age for receiving premature pension is normally 62 years in Sweden and normally 65 years in Norway. In Sweden, premature old-age pension following a complete service period is payable at a rate of approximately 65% of the pensionable salary and applies to all employees born in 1955 or earlier and who were covered by the insurance sector's collective bargaining agreement of 2006. In Norway, premature old-age pension following a complete service period is payable at a rate of approximately 70% of the pensionable salary and applies to all employees born in 1957 or earlier and who were employed by If in 2013.

The anticipated retirement age in connection with life-long pension is 65 years for Sweden and 67 years for Norway. In Sweden, life-long old-age pension following a complete service period is payable at a rate of approximately 10% of the pensionable salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% between 20 and 30 income base amounts. In Norway, life-long old-age pension following a complete service period is payable at a rate of approximately 70% of the pensionable salary up to 12 National Insurance base amounts, together with the estimated statutory old-age pension. Paid-up policies and pension payments from the Swedish plans are normally indexed upwards in an amount corresponding to the change in the consumer price index. However, there is no agreement guaranteeing the value and future supplements in addition to the contractual pension benefit could either rise of fall. Pension payments from the Norwegian plans are indexed upwards in an amount corresponding to 80-100% of the change in the consumer price index.

The pensions are primarily funded through insurance whereby the insurers establish the premiums and disburse the benefits. If's obligation is primarily fulfilled through payment of the premiums. Should the assets that are attributable to the pension benefits not be sufficient to enable the insurers to cover the guaranteed pension benefits, If could be forced to pay supplementary insurance premiums or secure the pension obligations in some other way. In addition to insured pension plans, there are also unfunded pension benefits in Norway for which If is responsible for ongoing payment.

To cover the insured pension benefits, the related capital is managed as part of the insurers' management portfolios. In such management, the characteristics of the investment assets are analyzed in relation to the characteristics of the obligations, in a process known as Asset Liability Management. New and existing asset categories are evaluated continuously in order to diversify the asset portfolios with a view to optimizing the anticipated risk-adjusted return. Any surplus that arises from management of the assets normally accrues to If and/or the insured and there is no form of transfer of the asset value to other members of the insurance collective.

The insurers and If are jointly responsible for monitoring the pension plans, including investment decisions and contributions. The pension plans are essentially exposed to similar material risks regarding the final amount of the benefits, the investment risk associated with the plan assets and the fact that the choice of discount interest rate affects their valuation in the financial statements.

When applying IAS 19, the pension obligations are calculated, as is the pension cost attributable to the fiscal period, using actuarial methods. Pension rights are considered to have been vested straight line during the service period. The calculation of pension obligations is based on future anticipated pension payments and includes assumptions regarding mortality, employee turnover and salary growth. The nominally calculated debt is discounted to the present value using an interest rate based on current market interest rates adjusted to take into account the duration of the company's pension obligations. As a basis for determining the discount interest rate for the Swedish obligation, If uses liquid covered mortgage bonds issued by a mortgage institution. Covered mortgage bonds are also used for the Norwegian obligation. After a deduction for the plan assets, a net asset or net liability is recognized in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year. The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%).

MSEK DISTRIBUTION BY COUNTRY	2014 Sweden	 Norway	 Total	2013 Sweden	 Norway	 Total
Income statement and other comprehensive income						
Current service cost	41	101	142	49	90	139
Past service cost	13	-	13	1	-	1
Total cost, defined benefit pensions in technical result	**54**	**101**	**155**	**50**	**90**	**140**
Interest expense on net pension liability	8	56	64	15	43	58
Remeasurements of the net pension liability	305	647	952	-167	357	190
Net cost (income), defined benefit pensions in comprehensive income	**367**	**804**	**1,171**	**-102**	**490**	**388**
In addition, defined contribution pension cost excl. social costs			**455**			**455**
Balance sheet						
Estimated present value of obligation, including social costs	1,824	4,411	6,235	1,365	3,772	5,137
Fair value of plan assets	1,312	2,432	3,744	1,098	2,314	3,412
Net liability recognized in balance sheet	**512**	**1,979**	**2,491**	**267**	**1,458**	**1,725**
Distribution by asset class						
Bonds, level 1	40%	52%		34%	49%	
Bonds, level 2	1%	13%		3%	12%	
Equities, level 1	28%	9%		31%	8%	
Equities, level 3	8%	3%		0%	3%	
Properties, level 3	10%	9%		10%	11%	
Other, level 1	3%	10%		11%	13%	
Other, level 2	6%	4%		0%	1%	
Other, level 3	4%	0%		11%	3%	
Significant actuarial assumptions, etc.						
Discount rate	2.75%	2.75%		4.00%	4.00%	
Future salary increases	2.75%	3.50%		3.00%	3.75%	
Price inflation	1.75%	2.00%		2.00%	2.25%	
Mortality table	FFFS 2007:31 +1 year	K2013		FFFS 2007:31 +1 year	K2013	
Average duration of pension liabilities	22 years	17 years		20 years	16 years	
Expected contributions to the defined benefit plans during 2015 and 2014	77	137		78	136	
Sensitivity analysis						
Discount rate, +0,50%	-217	-374	-591	-152	-298	-450
Discount rate, -0,50%	250	421	671	176	337	513
Future salary increases, +0,25%	74	77	151	54	65	119
Future salary increases, -0,25%	-66	-74	-140	-48	-62	-110
Expected longevity, +1 year	68	138	206	45	113	158

MSEK DISTRIBUTION OF OBLIGATIONS ON FUNDED AND UNFUNDED PLANS	Funded plans 2014	 2013	Unfunded plans 2014	 2013
Estimated present value of obligation, including social costs	5,826	4,716	409	421
Fair value of plan assets	3,744	3,412	-	-
Net liability recognized in balance sheet	**2,082**	**1,304**	**409**	**421**

MSEK SPECIFICATION OF CHANGE IN NET LIABILITY	2014	2013
Pension obligations		
On Jan 1	5,137	5,105
Current service cost	142	139
Past service cost	13	1
Interest expense	205	185
Actuarial gains (-)/losses (+) on financial assumptions	1,116	-187
Actuarial gains (-)/losses (+) on demographic assumptions	-	582
Actuarial gains (-)/losses (+), experience adjustments	-28	-132
Translation differences on foreign plans	-105	-334
Benefits paid and social costs paid	-245	-222
Present value of obligations on Dec 31	**6,235**	**5,137**

	2014	2013
Fair value of plan assets		
On Jan 1	3,412	3,361
Interest income	141	127
Difference between actual return and calculated interest income	136	73
Contributions paid	260	209
Translation differences on foreign plans	-53	-223
Benefits paid	-152	-135
Fair value of plan assets on Dec 31	**3,744**	**3,412**

NOTE 35 Other provisions

MSEK CHANGE IN OTHER PROVISIONS	2014	2013
Opening balance	**518**	**477**
Provisions utilized during the fiscal year	-107	-59
Unutilized provisions reversed during the fiscal year	-19	-8
Provisions added during the fiscal year	200	114
Translation difference	1	-6
Closing balance [1]	**593**	**518**

[1] Of which MSEK 339 (307) to be settled later than 12 months after the balance-sheet date.

Other provisions consist of funds amounting to MSEK 210 (191) reserved for future expenses attributable to previously implemented or planned future organizational changes. The development of more efficient administrative and claims-adjustment processes and structural changes in distribution channels is resulting in organizational changes affecting all business areas. In addition to the provisions attributable to restructuring measures, the item includes among other things employer contributions of MSEK 23 (22) reserved for commitments attributable to endowment policies and provisions for law suits and other uncertain obligations amounting to MSEK 350 (295).

NOTE 36 Creditors arising out of direct insurance

MSEK	2014	2013
Payables to policyholders	1,319	1,154
Payables to insurance brokers	95	105
Payables to insurance companies	42	55
Total [1]	**1,456**	**1,314**

[1] Of which MSEK - (-) to be settled later than 12 months after the balance-sheet date.

NOTE 37 Other creditors

MSEK	2014	2013
Tax debt (current)	798	997
Accounts payable	256	180
Securities settlement liabilities	0	0
Creditor, patient-insurance pool for the public sector	1,079	603
Other creditors	865	875
Total [1]	**2,998**	**2,655**

[1] Of which MSEK 962 (509) matures later than 12 months after the balance-sheet date.

The "Other creditors" item includes liabilities pertaining to premium, with-holding and value added taxes.

NOTE 38 Other accruals and deferred income

MSEK	2014	2013
Accrued interest expense, subordinated debt	46	43
Other accrued expense	1,720	1,665
Deferred income	9	14
Total	**1,775**	**1,722**

Other accrued expense consist mainly of personnel-related provisions, such as for vacation-pay liability, social security fees, commission and other variable compensations but also reserves for uninvoiced other operating expenses.

NOTE 39 Pledged assets

MSEK PLEDGED ASSETS AND EQUIVALENT SECURITIES	2014	2013
Other financial investment assets	2,472	2,749
Cash and bank	3	10
Total	**2,475**	**2,759**

MSEK PLEDGED ASSETS AND THE PLEDGING PURPOSES WERE DISTRIBUTED AS FOLLOWS:	2014	2013
Financial investment assets		
Collateral for insurance undertakings	2,240	2,391
Collateral for futures trading	232	358
Total	**2,472**	**2,749**
Cash and bank balances		
Collateral for insurance undertakings	1	8
Collateral for permission to conduct insurance operations	1	-
Security for rent	1	2
Total	**3**	**10**
Total	**2,475**	**2,759**

The following assets are registered as assets covering technical provisions in If's Swedish insurance companies. In the event of an insolvency situation, policyholders have a beneficiary right in assets registered for coverage of technical provisions. In normal operating circumstances, If has the right to transfer assets in and out of the register as long as all insurance commitments are covered in accordance with the Swedish Insurance Business Act.

MSEK ASSETS COVERED BY POLICYHOLDERS´ BENIFICIARY RIGHTS	2014	2013
Bonds, risk-free	16,964	11,812
Bonds, other	42,704	42,908
Equities in public companies	11,717	10,794
Property related assets	3,511	2,868
Total	**74,896**	**68,382**
Technical provisions, net of reinsurance	58,584	57,211
Surplus of registered securities	16,312	11,171
Total	**74,896**	**68,382**

NOTE 40 Contingent liabilities and other commitments

MSEK	2014	2013
Surety and guarantee undertakings	63	252
Other commitments	96	121
Total	**159**	**373**

The subsidiary If P&C Insurance Ltd provide insurance with mutual undertakings within the Nordic Nuclear Insurers pool, within the Norwegian Natural Perils Pool and the Dutch Terror Pool.

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group as of March 1, 1999, If P&C Insurance Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ) and Tryg-Baltica Forsikring AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (UK) Ltd (now Marlon Insurance Company Ltd) in favor of the Institute of London Underwriters. The company was sold during 2007, and the purchaser issued a guarantee in favor of If for the full amount that If may be required to pay under these guarantees.

Normal seller's guarantees have been given in connection with the selling of the subsidiary IPSC Region.

With respect to certain IT systems that If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by If that Sampo may incur in relation to the owners of the systems.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling MEUR 10, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

NOTE 41 Comments on the consolidated cash flow statement

DESCRIPTION OF METHOD

If defines cash and cash equivalents as the balance in ongoing transaction accounts in banks. Cash flow for the year thus consists of the net of inflows and outflows of cash and cash equivalents during the year, and, at the same time, settlement of the balance-sheet item Cash and bank balances is a reconciliation of the Group's cash and cash equivalents.

In the income statement of a property and casualty insurance company, all premiums written are accrued over the term of the contract. Claims provisions are made continually, based on statistical models for anticipated claims, and when the claims occur the actual claims provisions are drawn up. Finally, the claim is settled through payment to the insured. Thus, the cash flows to which an insurance contract and a claim give rise differ considerably from how income accounting is performed. The link between the income statement and cash flow statement is shown in the operation's balance sheet, where accruals and deferrals are shown in the technical reserves (premium and claims reserves) and in the receivables and liabilities that constitute unsettled items attributable to insurance contacts. In insurance companies with extensive operations, the law of large numbers means that the effects of the underlying differences between accounting and real cash flow are reduced considerably.

The cash flow statement shows separate items of the Group's cash flow. The analysis has its foundation in the income statement items that are directly connected with external payment flows. These items are adjusted in the statement with the changes in the balance sheet during the period (counterparty receivables/assets) that are directly linked to the income statement items in question. The balance sheet items reported in the Group mainly comprise receivables/liabilities in foreign currency and are thus subject of continual revaluation at the exchange rate prevailing at each closing date. In the cash flow statement, the effect of this recalculation is eliminated and the individual cash flows shown in the analysis are therefore not directly evident as differences in the balance sheets and notes presented in other parts of the annual report.

COMMENTS ON CERTAIN ITEMS 2014

Cash flow from insurance operations

Premium flows

Cash flow from premiums increased during the year and amounted to an inflow of MSEK 42,186 (inflow: 40,495). The weakening of the SEK against primarily EUR resulted in a net inflow of cash from premiums, amounting to MSEK 810. Adjusted for the currency effect, the increase in premium payments amounted to MSEK 881.

Claims payments

Claims payments during the year increased and amounted to an outflow of MSEK 29,355 (outflow: 29,241). The currency effect based on the weakened SEK deteriorated the cash flow by MSEK 532. Adjusted for the currency effect, the cash flow from claims payments improved by MSEK 418.

Reinsurance flow

The reinsurance flow for the year was an inflow of MSEK 186 (outflow: 343). In the income statement reinsurance is accounted for as a net outflow of MSEK 1,425 (that is, net outflow of premiums for ceded reinsurance of MSEK 1,582 and the reinsurer's share of paid claims payments inflow of MSEK 157). Changes in receivables/liabilities in reinsurance operations had a positive impact on the flow.

Cost of operations

Cash flow for cost of operations, which is netted with the cash flow from other technical income, increased during the year and amounted to an outflow of MSEK 6,996 (outflow: 6,510). Operating expenses in the consolidated income statement totaled MSEK 7,023 and other technical income totaled MSEK 249. The primary adjustments to items in the income statement pertain to depreciation and changes in provisions for operating expenses.

Cash flow from asset management

Cash flow representing current return on investment assets decreased to an inflow of MSEK 3,109 (inflow: 3,283).

Net investments during the year in investment assets were a cash outflow of MSEK 1,065 (outflow: 2,510). Investment assets may be reconfigured based on allocation changes in the Group's investment policy or changes in market assessments. The cash flows per asset class that arose during the year were mainly as follows:

Net divestments in the equities portfolio amounted to MSEK 1,067, primarily equities in USD.

Net investments in interest-bearing securities amounted to MSEK 2,132.

Notes to the Parent Company

NOTE 1 Interest income and similar income items

MSEK	2014	2013
Capital gain	-	54
Interest income, Group companies	8	2
Other interest income	7	8
Total	**15**	**64**

NOTE 2 Interest expense and similar expense items

MSEK	2014	2013
Interest expense, Group companies	-11	-6
Currency result	-1	-3
Total	**-12**	**-9**

NOTE 3 Taxes

MSEK	2014	2013
Current tax	-1	0
Deferred tax	-	-
Total tax in the income statement	**-1**	**0**

MSEK	2014	2013
Difference between reported tax and tax based on current Swedish tax rate:		
Profit before taxes	6,619	7,556
Tax according to current tax rate, 22%	-1,456	-1,662
Non-taxable dividend from Group companies, associated companies and other holdings	1,455	1,650
Non-taxable/non-deductible capital gain/loss	0	12
Reported tax in the income statement	**-1**	**0**

NOTE 4 Shares in Group companies

	Country	Number of shares	Holding %	Carrying amount, MSEK 2014	2013
If P&C Insurance Ltd (publ), corp. reg. no. 516401-8102	Sweden	1,044,306	100	12,080	12,080
If Livförsäkring AB, corp. reg. no. 516406-0252	Sweden	10,000	100	73	73
If IT Services A/S	Denmark	501	100	1	1
If Vahinkovakuutusyhtiö Oy/If P&C Insurance Company Ltd	Finland	960,000	100	4,435	4,435
If P&C Insurance AS	Estonia	6,391,165	100	442	442
CJSC If Insurance	Russia	1,000	100	90	90
Total				**17,121**	**17,121**

NOTE 5 Shares in associated companies

	Country	Number of shares	Holding %	Carrying amount, MSEK 2014	2013
CAB Group AB, corp.reg.no. 556131-2223 [1]	Sweden	1,209	22.0	7	7
Topdanmark A/S	Denmark	31,476,920	30.4	5,008	5,008
Urzus Group AS	Norway	142,648	28.6	50	50
Watercircles Skandinavia AS [2]	Norway	81,864	39.6	62	62
Svithun Assuranse AS	Norway	33	33.0	10	10
Contemi Holding AS	Norway	28,572	28.6	0	-
Total				**5,137**	**5,137**

1) Former Consulting AB Lennermark & Andersson.

2) If has a direct holding of 39.6%, as well as an indirect holding via Urzus Group AS, owner of 48.4% of the company.

NOTE 6 Contingent liabilities

MSEK	2014	2013
Surety and guarantee undertakings	-	-
On behalf of Group companies	-	-

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group as of March 1, 1999, If P&C Insurance Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ) and Tryg-Baltica Forsikring AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (UK) Ltd (now Marlon Insurance Company Ltd) in favor of the Institute of London Underwriters. Marlon was sold during 2007, and the purchaser issued a guarantee in favor of If for the full amount that If may be required to pay under these guarantees.

With respect to certain IT systems that If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by If that Sampo may incur in relation to the owners of the systems.

Proposed appropriation of earnings

Funds available for appropriation by the Annual Meeting in accordance with the balance sheet amount to MSEK 20,524, including the net profit for the year of MSEK 6,618.

The Board of Directors and President propose that the amount be appropriated as follows:

MSEK	
To be distributed as dividends to shareholders	0
To be carried forward	20,524
	20,524

Stockholm, March 3, 2015

Kari Stadigh
Chairman of the Board

Peter Johansson
Board member

Patrick Lapveteläinen
Board member

Torbjörn Magnusson
Board member, President and CEO

Our audit report was issued on March 3, 2015
Ernst & Young AB

Peter Strandh
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of If P&C Insurance Holding Ltd (publ), corporate identity number 556241-7559

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of If P&C Insurance Holding Ltd (publ) for the year 2014.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Insurance Companies, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the Group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Insurance Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of If P&C Insurance Holding Ltd (publ) for the year 2014.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act, the Annual Accounts Act for Insurance Companies or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 3, 2015

Ernst & Young AB

Peter Strandh

Authorized Public Accountant

Group Management

Torbjörn Magnusson
Born 1963
President and Chief Executive Officer
Employed 1999
Resident in Stockholm

Knut Arne Alsaker
Born 1973
Chief Financial Officer
Employed 2000
Resident in Täby

Johan Börjesson
Born 1967
Head of Human Resources
Employed 2005
Resident in Lidingö

Ivar Martinsen
Born 1961
Head of Commercial business area
Employed 1999
Resident in Oslo

Katarina Mohlin
Born 1961
Head of Corporate Communications
Employed 2004
Resident in Stockholm

Dag Rehme
Born 1970
Chief Legal Counsel
Employed 2006
Resident in Stockholm

Morten Thorsrud
Born 1971
Head of Private business area
Employed 2002
Resident in Nesbru

Kjell Rune Tveita
Born 1963
Head of IT and Group Services
Employed 1999
Resident in Lövenskog

Timo Vuorinen
Born 1964
Head of Baltic business area
Employed 2003
Resident in Espoo

Niclas Ward
Born 1971
Head of Industrial business area
Employed 2001
Resident in Stockholm

Ricard Wennerklint
Born 1969
Vice President and deputy Chief executive Officer
Employed 1999
Resident in Stockholm

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT
Net return on average technical provisions, with deductions for deferred acquisition costs, the technical result before allocated interest and average outstanding balances. The allocated investment return is based on risk-free interest.

ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT
Allocated investment return transferred from the non-technical account excluding the part excluding the part added to the annuity result by means of a reduction of costs for the upward adjustment of the annuity provision.

CAPITAL BASE
Reported shareholders' equity after proposed dividend less intangible assets surplus in funded pensions plans, plus untaxed reserves, subordinated debt (within some limits) and deferred tax liabilities. Major holdings of securities in financial institutions shall also be deducted when these securities constitute risk capital in the institution. The capital base must satisfy the solvency requirement. See solvency requirement.

CAPTIVE
An insurance company, owned by a non-insurance company, whose principal function is to reinsure part of the parent's risk, or risks of other units within the same Group.

CEDENT
Direct insurance company that reinsures a part of its direct business with a reinsurer.

CLAIMS FREQUENCY
The observed relationship during a specific period between the number of claims and the number of policies in a certain category of insurance (a certain insurance portfolio). Does not include major claims.

CLAIMS RATIO
Total sum of claims incurred on own account including claims-adjustment costs and premiums earned expressed as a percentage.

COMBINED RATIO
Sum total of claims incurred and operating expenses on own account in insurance operations in relation to premiums earned on own account, expressed as a percentage.

COST OF INSURANCE OPERATIONS
Sum total of operating expenses in insurance operations on own account and claims-adjustment costs.

COST RATIO
Sum total of operating expenses in insurance operations on own account and claims-adjustment costs in relation to premiums earned on own account expressed as a percentage.

CREDIT-RISK
Credit-risk is the risk of loss or of an adverse change in financial position resulting from fluctuations in the credit rating of issuers of securities, counterparties and other debtors to which the investment operations are exposed in the form of counterparty risk, issuer risk and concentration risk. Credit-risk pertains to both reinsurance operations and derivative instruments.

DEDUCTIBLE
That part of the claims amount that the insured must account for himself, in accordance with the insurance terms, and which is thus deducted from insurance compensation. Special deductibles exist in certain types of insurance, whereby a distinction is made between compulsory and voluntary deductibles. The latter leads to a reduction in the premium.

DIRECT INSURANCE
Insurance business that relates to contracts concluded between insurers and insured. The insurance company is directly responsible in relation to the insured.

DIRECT INVESTMENT RETURN
Sum total of operating surplus from buildings and land, dividends on shares and participations and interest income.

DURATION
The concept of duration has different definitions within the asset management and insurance operations.

Within asset management, duration is the same as the interest-rate risk and denotes how sensitive a fixed-income portfolio is to changes in average interest-rates. Duration may be expressed as number of years, in which case it shows the weighted average maturity of the portfolio, meaning the remaining until invested capital plus interest is returned to the investor.

Within insurance operations, duration represents the period that starts when an insurance contract becomes effective and ends when it expires.

ECONOMIC CAPITAL
If uses Economic capital in internal management. It is an internal measure describing the amount of capital required in order to bear different kinds of risk. Economic Capital is defined as the amount of capital required to protect the economic solvency over a one year time horizon with a probability of 99.5%.

EXPENSE RATIO
Operating expenses in insurance operations on own account in relation to net premiums earned on own account, expressed as a percentage.

GROSS BUSINESS
Insurance business before deduction of the portion of business that is reinsured with other companies.

GROSS PREMIUMS WRITTEN
Total premiums received during the financial year or taken up as a receivable at the end of the year. In contrast to premiums earned, premiums written are not capitalized; i.e. they are unaffected by opening and closing provisions for unearned premiums.

IBNR PROVISION
Provision for the estimated value of the company's liability for claims that have occurred but are unknown or, in view of the extent of the claim, are insufficiently known. The provision is included in Provision for claims outstanding. IBNR = incurred but not reported.

INSURANCE MARGIN
Technical result less other technical income and other operating expense in relation to premiums earned on own account, expressed as a percentage.

INVESTMENT ASSETS
Assets that resemble a capital investment, including real estate and securities, such as shares and participations, bonds and other interest-bearing securities, loans and derivatives as well as all investments in Group and associated companies.

INVESTMENT RETURN
Net of following income and costs: interest income/expense, dividend on shares and participations, surplus/deficits from own properties, realized and unrealized changes in fair value of real estate, shares and participations and interest-bearing securities, and exchange-rate gains/losses. Return pertaining to associated companies is not included. If recognizes the main part of unrealized value changes on shares and participations and interest-bearing securities in other comprehensive income.

LIQUIDITY RISK
Liquidity risk is the risk that an insurance undertaking will be unable to realize investments and other assets in order to settle its financial obligations when they fall due. Liquidity risk can be divided into refinancing risk and market liquidity risk.

MARKET RISK
Market risk is the risk of loss, or of an adverse change in financial position, resulting directly or indirectly from the level or volatility of market prices of assets, liabilities and financial instruments. Losses in the investment portfolio could occur due to adverse changes in the level or volatility of interest-rates, equity prices, credit spreads, currencies, commodities and real estate.

NET BUSINESS
That part of the insurance business for which the insurance company assumes the risk and which is thus not reinsured with other companies.

NET PREMIUMS WRITTEN
Gross premiums written less ceded reinsurance premiums.

OPERATING EXPENSES IN INSURANCE OPERATIONS
Expenses related to the acquisition or renewal of insurance contracts plus corporate administration costs.

OPERATING RESULT
Profit/loss before appropriations and taxes.

PREMIUMS EARNED
That portion of gross premiums written that pertains to the fiscal year, meaning premiums written adjusted for changes in the provision for unearned premiums.

PRIOR-YEAR CLAIMS RESULT
Profit or loss that arises when claims originating from a prior year are either finally settled or revalued.

PROPERTY AND CASUALTY INSURANCE
Collective term for property insurance, liability insurance and reinsurance. Property insurance involves the type of insurance that covers the economic value of one or several objects (such as movable property in a home, car, boat, horse, factory building or warehouse). Other types of property and casualty insurance mainly cover various interests (such as, business interruption insurance or liability insurance), where only a specific economic interest is covered, not the economic value of one or several objects.

PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS
Liability item in the balance sheet corresponding to the portion of premiums written that, in the financial accounts, pertains to forthcoming periods, and that covers anticipated claims costs and operating expenses for policies in force at the accounting date and up to their next due date.

PROVISION FOR CLAIMS OUTSTANDING
Liability item in the balance sheet consisting of the estimated value of claims incurred but not yet paid and the expected operating expenses for the settlement of the claims.

REINSURANCE
A method of distributing risks whereby an insurance company purchases coverage for a part of its liability based on insurance or reinsurance contracts, so-called ceded reinsurance. Reinsurance accepted pertains to the business one insurance company accepts from other insurance companies in the form of reinsurance.

RETENTION
The highest insured or claims amount relating to the same risk that an insurer retains for its own account, meaning without reinsurance.

RETURN ON EQUITY
Result for the year, adjusted for unrealized gains and losses on investments assets recognised in other comprehensive income, less full tax in relation to average shareholders' equity.

RISK RATIO
Sum total of insurance claims on own account, excluding claims-adjustment costs, in relation to premiums earned on own account, expressed as a percentage.

RISK SELECTION
The insurer's intentional selection of the type of risks to be included in his portfolio.

RUN-OFF BUSINESS
The liquidation of an insurance company or portfolio of insurance business which has been transferred to a separate administrative unit.

SOLVENCY CAPITAL
Shareholders' equity less deferred tax assets plus untaxed reserves, subordinated debt and deferred tax liability.

SOLVENCY RATIO
Key ratio representing the relative size of solvency capital. The solvency ratio is calculated as solvency capital in relation to net premiums written, excluding portfolio premiums.

SOLVENCY REQUIREMENT (REQUIRED SOLVENCY MARGIN)
The lowest permissible capital required for insurance operations from the viewpoint of the supervisory authorities. The requirement is based on the historical claims outcome or gross premiums written, where the highest value is used.

TECHNICAL PROVISIONS
Provisions for unearned premiums, unexpired risks and claims outstanding.

TECHNICAL RESULT
Premiums earned on own account less claims costs and operating expenses on own account, plus the allocated investment return transferred from insurance operations and other technical income.

TECHNICAL RESULT BEFORE INVESTMENT RETURN
Item in the technical accounts comprising premiums earned on own account less claims and operating expenses on own account in the insurance operations.

TOTAL INVESTMENT RETURN
Sum total of direct return and realized and unrealized changes in value in relation to the investment assets, excluding associated companies, expressed as a percentage. The return has been calculated using the calculation methods used internally by If for the evaluation of asset management.

UNDERWRITING
Includes the risk assessment and pricing conducted when insurance contracts are drawn up. In accounting contexts, the term is also used more broadly to designate the operations of an insurance company that do not have the character of asset management.

UNDERWRITING RISK
Underwriting risk pertains to the risk of losses or unfavourable changes to the technical liabilities due to uncertainty in pricing and provisions.

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