

If P&C Insurance AS

Consolidated Interim Report

3rd Quarter 2012

Translation from Estonian language

Contacts and signatures

If P&C Insurance AS main field of activity is non-life insurance services.

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Beginning of reporting period: *1 January 2012*
End of reporting period: *30 September 2012*
CEO: *Andris Morozovs*
Auditor: *Ernst & Young Baltic AS*

If P&C Insurance AS management board have compiled 3rd quarter 2012 consolidated interim report which is presented on pages 7-21.

Member of the Management Board	Heinar Olak	/Signature/	30.11.2012
Member of the Management Board	Artur Praun	/Signature/	30.11.2012

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EXPLANATORY NOTE

If P&C Insurance AS (the Company or If Insurance) is fully owned by the leading Nordic P&C insurance group If P&C Insurance Holding Ltd, which is owned by Sampo Plc., a Finnish listed company on the Helsinki Stock Exchange. In addition to the property and casualty insurance operations conducted within If, the Sampo Group also conducts life insurance operations.

The company is registered in Estonia and also operates branches in Latvia and Lithuania. The current corporate structure contributes to making operations more efficient and improving claims handling processes even further in the Baltic region. The company's business divisions cover all of the Baltic States together, but each country has its own sales and customer service divisions in order to allow the company better adapt to its customers' needs and practices.

The company is headed by the Baltic management – BMT (Baltic Management Team) – consisting of the management board members.

The Estonian unit of the company has been the Estonian leader in non-life insurance since 2000 with a market share of 27.9% in the first nine months (9 months 2012: 29.4%). The Latvian branch of If Insurance is the fourth largest non-life insurance company operating on the Latvian market in terms of market share – 12.1% in second quarter 2012 (Q2 2011: 11.3%) (the data for Latvia are published at a staggered interval and the current year nine-month figures were not yet available as of this writing). The Lithuanian branch of If Insurance is sixth in terms of market share on the Lithuanian non-life insurance market – market share in the first nine months was 7.7% (9 months 2011: 9.1%).

This consolidated interim report includes the financial indicators of the Estonian unit operated by If P&C Insurance AS and the Latvian and Lithuanian branches as well as the subsidiary AS If Kinnisvarahaldus.

Results for the nine months of 2012

The economy in the Baltic States recovered rapidly in 2011. Economic recovery has primarily been fuelled by exports and increase in consumer spending, and also by a continued increase in industrial output. On the other hand the unemployment rate continues to be at a very high level and only mild improvement is expected in the years ahead. Economic growth is forecasted to slow down in current year and uncertainties in the external environment are on the rise. Further developments in Baltics as well as in Europe depend on how problems related to governmental deficits in number of European countries will be solved.

The improvement in the economy has had a positive impact on the development of the insurance market. The Estonian non-life insurance market contracted by 6.3% in first nine months 2012, in Lithuania 5.9% and in first six months 2012 the figure for Latvia was 6.0% (the data for Latvia are published at a staggered interval and the current year nine-month figures were not yet available as of this writing). The Estonian non-life insurance market grew in all main insurance lines of businesses, with highest growth in property insurance. The Lithuanian non-life insurance market grew the most in the motor vehicle and personal accident lines of insurance. The Latvian non-life insurance market grew the most in the motor third party liability, cargo and health insurance.

In the first 9 months of 2012, If Insurance received insurance premiums of 88.0 million euros, reducing by 0.3 per cent year-over-year. Decrease in insurance premiums is primarily related to the restructuring of the portfolio in Lithuania. The Lithuanian branch garnered 10.2% less in insurance premiums than they did in the same period last year, mainly in motor own damage and personal accident insurance. Insurance premiums in Latvia grew at the fastest rate compared to last year – 7.0%. Latvia displayed very good sales results in all of the primary types of insurance, with motor risks and property insurance categories growing the fastest. The Estonian unit garnered 0.8% more in

insurance premiums in the first 9 months of 2012 than it did in the same period last year. The highest growth compared to last year came in motor own damage and personal accident insurance.

The consolidated net profit of If Insurance was 17.2 million euros in the reporting period (QI-III 2011: 12.0 million euros). The profit of insurance activity amounted to 11.8 million euros (QI-III 2011: 11.1 million euros), of which profit from financial investments made up 6.3 million euros (QI-III 2011: 1.5 million euros). Technical result improvement was supported by insurance premiums, lower outcome of large claim and rather mild weather conditions.

The loss ratio improved by 1.1 percentage points year-over-year (QI-III 2012: 57.5%; QI-III 2011: 58.6%). The significantly improved results of Lithuania were due to a lower level of large claims and profitability measures taken. The expense ratio was 0.5 percentage points higher than it was in the same period last year (QI-III 2012: 27.9%; QI-III 2011: 27.3%). The increase of expense ratio is explained mostly by raise in workforce expenses and the number of employees. The combined ratio decreased to 85.4% (QI-III 2011: 86.0%). The decrease is explained by an excellent loss ratio outcome.

Investments

The assets of the company have decreased from 228.8 million euros as of the beginning of the year to 220.6 million euros as at 30 September 2012. The amount of financial assets (186.8 million euros as at 30 September 2012) exceeds by 75.5 million euros the obligations under insurance contracts net of reinsurance assets, which gives the company a strong liquidity reserve.

In the third quarter, yield on fixed interest rate financial investments was solid +1.2%, YTD performance was 3.7%. Credit bond portfolio, which accounts for most of the investments, has been the main portfolio yield driver, since the beginning of the year the yield was +4.8%. During the third quarter were sold all remaining government bonds. It is hard to find any good credit bond opportunities with attractive yield and solid underlying credit quality. As a result of this money market portfolio weight increased as at 30 September up to 23%. Credit bonds weight in portfolio is 74%. The overall duration of the portfolio was 1.6 years as of the end of September. Running yield has been decreased again and is now at 1.1% reflecting the fact that all new investments are done at very low yield level.

The outlook is as follows: it is planned maintain high exposure of credit bonds in portfolio and decrease the size of money market portfolio. Duration is expected to remain at current level.

Number of employees and workforce expenses

As of 30 September 2012, If P&C Insurance AS group employed 580 full-time employees (30.09.2011: 544 full-time employees) and the workforce expenses totalled 12.3 million euros (QI-III 2011: 11.1 million euros).

Changes in the management bodies

During the reporting period, Tiit Kolde was elected new management board member. The amendment was entered into the Commercial Register on 2 July 2012.

Key activities of If P&C Insurance AS and its branches

The company's business activity includes direct sales of insurance products to corporate and private customers and sales via brokers and partners. The company has 33 sales outlets and customer service offices Estonia-wide, with the largest ones located in Tallinn, Tartu and Pärnu. There are four offices in Latvian and ten in Lithuania, located in the primary county seats. The number of clients in the

Baltics is about 310,000, which includes individuals and companies.

If Insurance has maintained an innovative style, and for better customer service, the company has introduced product modifications at home insurance and at private unemployment insurance. At the Estonian entrepreneurship competition, If Insurance, with its mobile travel insurance, was chosen as one of the three outstanding nominees. Launching a private health product in Latvia promoted company's innovative image and consumer interest for If Insurance grew.

In order to satisfy clients, the company has focused on claims handling throughout the Baltics. The company is aiming to keep the highest standard in claims handling in Baltics. The process of claims handling is well-done and client friendly, and company can say confidently that it is "Claims handling, the way it should be".

As the leading insurance company in the Baltics, If Insurance is aware of its social responsibility. The company is making contributions to different claims prevention related projects through sponsoring and funds. If also is committed to increasing knowledge about insurance products in the societies, especially in areas where insurance coverage is low or in many cases lacking totally.

In the coming years, If Insurance will emphasize client satisfaction even more. Investments will be made in IT systems and work processes related to claims handling and customer service. Also insurance products will be adjusted going forward in line with customer needs and preferences. If Insurance recognizes that client' purchasing habits have become more e-channel friendly and is confident that this trend will not change in the coming years.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q III

in euros

	Note	Q III 2012	Q III 2011
REVENUE			
PREMIUMS EARNED, NET OF REINSURANCE			
Premiums earned		28 866 338	28 996 091
Premiums ceded		-713 400	-866 125
TOTAL	2	28 152 938	28 129 965
OTHER INCOME			
Reinsurance commissions		35 006	42 628
Return on investments	3	1 891 798	587 093
Other income		34 023	26 892
TOTAL		1 960 828	656 612
TOTAL REVENUE		30 113 766	28 786 578
EXPENSES			
CLAIMS INCURRED, NET OF REINSURANCE			
Claims incurred, gross	4	-17 265 666	-13 891 174
Reinsurer's share in claims paid	4	84 977	-3 239 927
TOTAL		-17 180 689	-17 131 102
EXPENSES			
Insurance contract acquisition costs	5	-5 173 126	-5 029 419
Administrative expenses	5	-2 797 593	-2 629 335
TOTAL		-7 970 719	-7 658 754
TOTAL EXPENSES		-25 151 408	-24 789 856
NET RESULT BEFORE TAXES		4 962 358	3 996 722
INCOME TAX		-151 375	-96 443
NET PROFIT FOR THE FINANCIAL PERIOD		4 810 983	3 900 278
OTHER COMPREHENSIVE INCOME			
Change in the value of available-for-sale assets		150 729	-
Exchange differences on translating foreign operations		742	-19
TOTAL		151 471	-19
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		4 962 454	3 900 259

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q I-III

in euros

	Note	Q I-III 2012	Q I-III 2011
REVENUE			
PREMIUMS EARNED, NET OF REINSURANCE			
Premiums earned		85 362 781	84 715 155
Premiums ceded		-2 434 854	-2 554 697
TOTAL	2	82 927 926	82 160 458
OTHER INCOME			
Reinsurance commissions		192 588	216 332
Return on investments	3	5 984 379	1 082 295
Other income		92 164	75 538
TOTAL		6 269 131	1 374 166
TOTAL REVENUE		89 197 057	83 534 624
EXPENSES			
CLAIMS INCURRED, NET OF REINSURANCE			
Claims incurred, gross	4	-47 555 009	-43 904 484
Reinsurer's share in claims paid	4	-125 773	-4 276 396
TOTAL		-47 680 782	-48 180 881
EXPENSES			
Insurance contract acquisition costs	5	-15 404 417	-15 062 623
Administrative expenses	5	-8 234 206	-7 998 813
TOTAL		-23 638 623	-23 061 436
TOTAL EXPENSES		-71 319 405	-71 242 316
NET RESULT BEFORE TAXES		17 877 652	12 292 307
INCOME TAX		-709 025	-296 431
NET PROFIT FOR THE FINANCIAL PERIOD		17 168 627	11 995 876
OTHER COMPREHENSIVE INCOME			
Change in the value of available-for-sale assets		150 729	-
Exchange differences on translating foreign operations		-38 922	2 158
TOTAL		111 807	2 158
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		17 280 434	11 998 035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in euros

	Note	30.09.2012	31.12.2011
ASSETS			
Cash and cash equivalents		2 759 569	2 859 840
Financial assets	6	186 791 914	195 839 078
Receivables related to insurance activities		13 552 856	12 547 063
Accrued income and prepaid expenses		3 950 878	4 133 451
Reinsurance assets	9	3 856 390	3 845 578
Intangible assets	7	4 382 249	3 883 850
Property, plant and equipment	8	5 321 555	5 641 683
TOTAL ASSETS		220 615 411	228 750 544
LIABILITIES AND OWNER'S EQUITY			
Liabilities related to insurance activities		5 936 241	5 549 773
Accrued expenses and prepaid revenues		10 233 531	3 712 558
Liabilities arising from insurance contracts	9	115 113 561	108 436 569
Total liabilities		131 283 333	117 698 900
Share capital		6 391 165	6 391 165
Share premium		3 678 730	3 678 730
Mandatory reserve		2 362 314	2 362 314
Fair value reserve		150 729	-
Profit carried forward		59 580 513	77 153 317
Net profit for the year		17 168 627	21 466 118
Total owner's equity		89 332 078	111 051 644
TOTAL LIABILITIES AND OWNER'S EQUITY		220 615 411	228 750 544

CONSOLIDATED STATEMENT OF CASH FLOWS

in euros

	Note	Q 1-III 2012	Q 1-III 2011
Cash flow from operating activities			
Premiums received	2	86 804 170	88 371 836
Premiums ceded	2	-1 934 805	-2 207 287
Claims paid, incl. Claims handling expenses	4,5	-43 556 068	-52 064 788
Cash flow from reinsurance		223 551	547 818
Employee-related and service-related expenses		-24 040 458	-24 080 493
Investments in fixed income securities		-200 700 722	-200 758 520
Proceeds from disposals of fixed income securities		195 929 462	137 062 933
Investments in term deposits		-77 870 000	-292 918 546
Return on term deposits		103 300 000	344 930 571
Interest received		1 805 382	2 696 823
Cash flow operating activities, net		39 960 513	1 580 347
Cash flow from investing activities			
Purchase of property, plant and equipment, and intangible assets	7,8	-1 076 382	-1 632 040
Proceeds from disposal of property, plant and equipment, and intangible assets		11 645	7 695
Cash flow from investing activities, net		-1 064 737	-1 624 345
Cash flow from financing activities			
Paid dividend		-39 000 000	-
Cash flow from financing activities, net		-39 000 000	-
Change in cash flow, net		-104 224	-43 998
Cash and cash equivalents at the beginning of the period		2 859 840	4 905 644
Effects of exchange rate changes on cash and cash equivalents		3 952	67
Cash and cash equivalents at the end of the period		2 759 569	4 861 713

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in euros

	Share capital	Share premium	Mandatory reserve	Fair value reserve	Profit brought forward	Net profit for the year	Total equity
Equity 01.01.2011	6 391 165	3 678 730	2 362 314	-	77 091 498	-	89 523 707
Total comprehensive income	-	-	-	-	61 819	21 466 118	21 527 937
Equity 31.12.2011	6 391 165	3 678 730	2 362 314	-	77 153 317	21 466 118	111 051 644
Equity 01.01.2012	6 391 165	3 678 730	2 362 314	-	98 619 435	-	111 051 644
Paid dividends ¹⁾	-	-	-	-	-39 000 000	-	-39 000 000
Total comprehensive income	-	-	-	150 729	-38 922	17 168 627	17 280 434
Equity 30.09.2012	6 391 165	3 678 730	2 362 314	150 729	59 580 513	17 168 627	89 332 078

As of 30 September 2012 the share capital of If Insurance stands at 6,391,165 euros and the sole shareholder owns 6,391,165 shares with a nominal value of 1 euro. According to the amended articles of association the minimum share capital of If Insurance is 3 million euros and the maximum share capital is 12 million euros. The parent company of If P&C Insurance AS is If P&C Insurance Holding Ltd, which is headquartered in Sweden.

- ¹⁾ In the 2011 annual report, the management board proposed to distribute 42,195,848 euros in dividends to the sole shareholder. The sole shareholder decided to take 39,000,000 euros out as dividends.

The company pays dividends from the profits made by its Latvian and Lithuanian branches and capital contributions previously made into these countries and now returned. In accordance with the Estonian Income Tax Act, dividends paid from profit earned through an Estonian company's permanent establishment located in an EEA state or Switzerland and taxed there are exempt from income tax. The purpose of the provision is to incentivize the free movement of capital and likewise to ensure conformity with EU law. The basis for the other part of the dividends was a return of contributed capital from Latvia and Lithuania which did not exceed previous contributions and which thus did not constitute a taxable event.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Note 1. Accounting principles and basis of estimations used in the preparation of the consolidated financial statements

This consolidated interim report has been prepared in conformity with the IAS 34 “Interim Financial Reporting” requirements for condensed interim financial statements.

The AS If P&C Insurance annual report for the financial year ended 31 December 2011 was prepared in conformity with the IFRS and the interpretations issued by IFRIC, which have been approved by the EU. The same accounting policies were applied in preparing the 9-month interim report.

This consolidated interim report includes the consolidated reports of the consolidated group’s parent company If P&C Insurance AS and its subsidiary AS If Kinnisvarahaldus.

Note 2. Premiums earned, net of reinsurance

	Q I-III 2012	Q I-III 2011
Premiums written, gross	87 995 995	88 292 485
Incl. 100% of the reinsured portion	1 184 421	1 153 422
Change in the provision for unearned premiums	-2 633 215	-3 577 331
Premiums earned, gross of reinsurance	85 362 781	84 715 155
Reinsurance premiums	-2 707 564	-3 262 930
Change in the provision for unearned premiums	272 710	708 233
Premiums earned, ceded	-2 434 854	-2 554 697
TOTAL	82 927 926	82 160 458

Note 3. Return on investments

	Q I-III 2012	Q I-III 2011
<u>Interest income/expense</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	1 954 027	913 026
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	226 390	322 392
Financial assets available for sale		
From bonds and other fixed income securities	105 979	-
From certificates of deposits	899	-
Loans and receivables		
From deposits	226 955	822 894
From cash and cash equivalents	3 989	15 975
	2 518 239	2 074 288
<u>Profit from disposals</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	3 682 121	6 684
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	9 098	1 696
	3 691 220	8 380
<u>Loss from disposals</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	-59 059	-154 814
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	-	-31 510
	-59 059	-186 324
<u>Profit/loss from change in fair value</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	165 502	-442 935
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	7 373	30 974
	172 875	-411 961
<u>Investment expenses</u>	-338 896	-402 088
TOTAL RETURN ON INVESTMENTS	5 984 379	1 082 295

Note 4. Claims incurred, net of reinsurance

	Q I-III 2012	Q I-III 2011
Gross		
Claims paid during the year related to that year	-32 233 543	-35 177 526
Claims paid related to previous years	-14 302 354	-18 315 753
Amounts recovered from salvage and recourses	5 560 840	3 740 995
Change in the provision for claims outstanding	-3 933 448	8 194 566
Claims handling costs	-2 646 503	-2 346 766
TOTAL	-47 555 009	-43 904 484
Reinsurer's share		
Claims paid during the year related to that year	113 700	1 654
Claims paid related to previous years	57 031	716 851
Change in the provision for claims outstanding	-296 505	-4 994 901
TOTAL	-125 773	-4 276 396
Net		
Claims paid during the year related to that year	-26 559 003	-31 434 877
Claims paid related to previous years	-14 245 323	-17 598 903
Claims handling costs	-2 646 503	-2 346 766
Change in the provision for claims outstanding	-4 229 953	3 199 665
TOTAL	-47 680 782	-48 180 880

Note 5. Operating expenses

	Q I-III 2012	Q I-III 2011
Personnel expenses	-12 339 797	-11 089 758
Commissions to intermediaries	-6 849 343	-6 693 362
Data processing	-2 005 829	-2 523 128
Expenses on premises	-1 897 114	-1 940 048
Office expenses (incl. communication expenses)	-932 703	-952 191
Other operating expenses	-2 260 339	-2 209 714
TOTAL	-26 285 126	-25 408 201

Division of costs on the basis of functions:

Insurance contract acquisition costs	-15 404 417	-15 062 623
Administrative expenses	-8 234 206	-7 998 813
Claims handling expenses	-2 646 503	-2 346 766
TOTAL	-26 285 126	-25 408 201

Note 6. Financial assets

	30.09.2012	31.12.2011
Financial assets measured at fair value through profit or loss		
<i>Classified as held for trading</i>		
Shares, equity funds and bond funds	64	64
- unlisted	64	64
Bonds and other fixed income securities	42 561	121 897 841
- listed	136	121 855 416
- unlisted	42 425	42 425
incl. with a floating interest rate	42 561	61 616 518
incl. with a fixed interest rate	-	60 281 322
<i>Designated at fair value through profit or loss at inceptions:</i>		
Certificates of deposits	22 665 976	28 286 889
- unlisted with a fixed interest rate (0.32% - 0.43%)	22 665 976	28 286 889
TOTAL	22 708 601	150 184 794
Financial assets available for sale		
Bonds and other fixed income securities	141 976 635	-
- listed	141 976 635	-
- unlisted	-	-
incl. with a floating interest rate	69 766 911	-
incl. with a fixed interest rate (2.0% -6.0%)	96 769 021	-
Certificates of deposits (0,53%)	1 893 322	-
TOTAL	143 869 956	-
Loans and receivables		
Term deposits	20 213 357	45 654 284
TOTAL	20 213 357	45 654 284
FINANCIAL ASSETS TOTAL	186 791 914	195 839 078
Division of bonds and other fixed income securities by issuers		
	30.09.2012	31.12.2011
Issued by Estonian companies	4 385 690	42 425
Issued by foreign governments	-	29 126 208
Issued by foreign financial institutions	129 346 662	102 525 884
Issued by foreign companies	32 846 141	18 490 213
TOTAL	166 578 493	150 184 730

Ratings of bond issuers (S&P)	Percentage of fair value	
	30.09.2012	31.12.2011
AAA	7,7%	22,7%
AA	30,5%	32,7%
A	39,4%	35,4%
BBB	21,6%	9,1%
BB	0,6%	0,0%
TOTAL	100%	100%

Division of bonds and other fixed income securities by maturity terms

	30.09.2012	31.12.2011
up to 1 year	41 379 414	50 173 393
1-2 years	65 262 045	63 348 727
2-5 years	41 911 282	36 662 609
5-10 years	18 025 752	-
TOTAL	166 578 493	150 184 730

Note 7. Intangible assets

	Computer software
Net book value 31.12.2010	<u>2 974 475</u>
Acquisition (incl. prepayment)	1 850 957
Write-off	-561 641
Acquisition cost 31.12.2011	8 209 466
-incl. fully depreciated	3 604 130
Depreciation charge for the year	-515 621
Depreciation of written-off non-current assets	-
Accumulated depreciation 31.12.2011	-4 340 448
Translation differences	14 832
Net book value 31.12.2011	<u>3 883 850</u>
Acquisition (incl. prepayment)	945 905
Acquisition cost 30.09.2012	9 155 371
-incl. fully depreciated	3 718 698
Depreciation charge for the year	-453 512
Accumulated depreciation 30.09.2012	-4 793 959
Translation differences	20 837
Net book value 30.09.2012	<u>4 382 249</u>

Note 8. Property, plant and equipment

	Land	Buildings	Other PPE	TOTAL
Net book value 31.12.2010	383 937	4 623 128	952 682	5 959 746
Acquisition	-	-	396 873	396 873
Reclassification	-	-10 336	10 336	-
Write-off	-	-	-715 862	-715 862
Disposal	-	-	-63 472	-63 472
Acquisition cost 31.12.2011	383 937	6 852 817	4 143 056	11 379 810
-incl. fully depreciated	-	-	2 142 536	2 142 536
Depreciation charge for the year	-	-138 573	-579 234	-717 807
Depreciation charge of sales and disposals	-	-	777 901	777 901
Depreciation charge of reclassified assets	-	654	-654	-
Accumulated depreciation 31.12.2011	-	-2 377 944	-3 364 520	-5 742 464
Translation differences	-	-	4 338	4 338
Net book value 31.12.2011	383 937	4 474 873	782 874	5 641 683
Acquisition	-	-	163 992	163 992
Write-off	-	-	-489 876	-489 876
Disposal	-	-	-128 668	-128 668
Acquisition cost 30.09.2012	383 937	6 852 817	3 688 503	10 925 257
-incl. fully depreciated	-	-	2 205 765	2 205 765
Depreciation charge for the year	-	-103 152	-358 612	-461 764
Depreciation charge of sales and disposals	-	-	594 937	594 937
Accumulated depreciation 30.09.2012	-	-2 481 097	-3 128 195	-5 609 292
Translation differences	-	-	5 590	5 590
Net book value 30.09.2012	383 937	4 371 720	565 898	5 321 555

Note 9. Liabilities related to insurance contracts and reinsurance assets

	30.09.2012	31.12.2011
Gross		
Provision for incurred and reported claims and claims handling expenses	40 968 528	38 270 776
Provision for incurred but not reported claims	33 557 368	32 266 006
Provision for unearned premiums	40 587 665	37 899 787
TOTAL	115 113 561	108 436 569
Reinsurer's share		
Provision for incurred and reported claims and claims handling expenses	2 254 037	2 560 097
Provision for incurred but not reported claims	425 635	388 796
Provision for unearned premiums	1 176 717	896 685
TOTAL	3 856 390	3 845 578
Net		
Provision for incurred and reported claims and claims handling expenses	38 714 490	35 710 679
Provision for incurred but not reported claims	33 131 733	31 877 210
Provision for unearned premiums	39 410 948	37 003 101
TOTAL	111 257 171	104 590 991

Note 10. Related party transactions*Related parties*

The company's shareholders, enterprises under the joint control of or enterprises controlled by the company, the company's staff, Management Board and Supervisory Board members, their close relatives and other individuals over whom the above persons have significant influence, are considered related parties.

Transactions with members of the Management Board, members of the Supervisory Board, and other management individual

Insurance contracts with total premiums of 6,444 euros were concluded with the management individuals in the financial period (QI-III 2011: 5,693 euros). The Management Board members received a total of 698,142 euros in remuneration, including social tax (QI-III 2011: 608,365 euros). During the reporting period, Management Board members did not get severance pay. No remuneration was paid to members of the Supervisory Board.

Reinsurance transactions with group companies

The company has concluded reinsurance contracts with If P&C Insurance Ltd (Sweden) and If P&C Insurance Company Ltd (Finland), insurance companies incorporated under the parent company If P&C Insurance Holding Ltd group.

	Calculated reinsurance premiums		Indemnifications and commissions received	
	Q I-III 2012	Q I-III 2011	Q 1-III 2012	Q 1-III 2011
If P&C Insurance Ltd (Sweden)	1 667 206	2 040 979	53 720	612 468
If P&C Insurance Ltd (Finland)	123 119	102 673	9 234	2 659

Receivables and payables related to the above transactions as of 30.09.2012 and 31.12.2011:

	30.09.2012	31.12.2011
Receivables		
If P&C Insurance Ltd (Sweden)	1 559 075	1 470 398
If P&C Insurance Ltd (Finland)	5 000	5 000
Payables		
If P&C Insurance Ltd (Sweden)	1 711 338	1 101 386
If P&C Insurance Ltd (Finland)	5 018	5 018

Other related party transactions, transactions with other group companies

	Services purchased		Services rendered	
	Q 1-III 2012	Q 1-III 2011	Q 1-III 2012	Q 1-III 2011
Mandatum Life Insurance Baltic SE	180	-	39 716	22 864
Nordea Group companies	72 216	88 744	353 041	519 540
Sampo PLC	262 000	216 000	-	-

Receivables and payables related to the above transactions as of 30.09.2012 and 31.12.2011:

	30.09.2012	31.12.2011
Receivables		
Mandatum Life Insurance Baltic SE	6 433	3 173
Nordea Group companies	46 681	34 340
If P&C Insurance Ltd (Sweden)	467	410
If IT Services AS	11 131	23 949
Payables		
Mandatum Life Insurance Baltic SE	-	214
Nordea Group companies	27 071	14 638
Sampo PLC	89 000	97 000

If Insurance has acquired financial assets and has earned investment income from the following group companies:

	30.09.2012	31.12.2011
Financial assets		
Nordea Group companies	12 231 550	12 242 540
	Q 1-III 2012	Q I-III 2011
Investment income/expense		
Nordea Group companies	112 730	250 088