

10

2010





A lighthouse is much more than
a light shining in the dark.

Or a safe point of reference.

A lighthouse is a "luminous voice" that
is recognisable at first sight by those
at sea. Because even in the era of
satellite navigation and advanced
technology, sailing will always need
the sensitivity of man and of those
instruments that man has always
trusted for thousands of years to feel
safe anywhere in the world.

A marine insurance company has
the same vocation as a lighthouse.
For us, based in Genoa, the city of
the Lantern, this may seem obvious,
but that's not the case at all.

In fact, we have always aimed to be
a point of reference for those who
operate in the marine sector.

We pay a lot of attention to new
developments, but we never forget
the human factor and the strength
of our traditions.

We are always present and, like
lighthouses, we speak a universal
language: that of numbers.

Few words, only those that serve
to give an idea of our day-to-day
work, year after year.

Cover:

*The Lantern of Genoa. Symbol of
the city of Genoa and metaphorical
image of our corporate mission:
to be a point of reference for those
who operate in the marine sector.*

ANNUAL REPORT 2010

SIAT - SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI PER AZIONI

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COMPANY BELONGING TO THE FONDIARIA-SAI GROUP



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Ettore Rigamonti	Director
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Bruno Villois	Director

BOARD OF STATUTORY AUDITORS

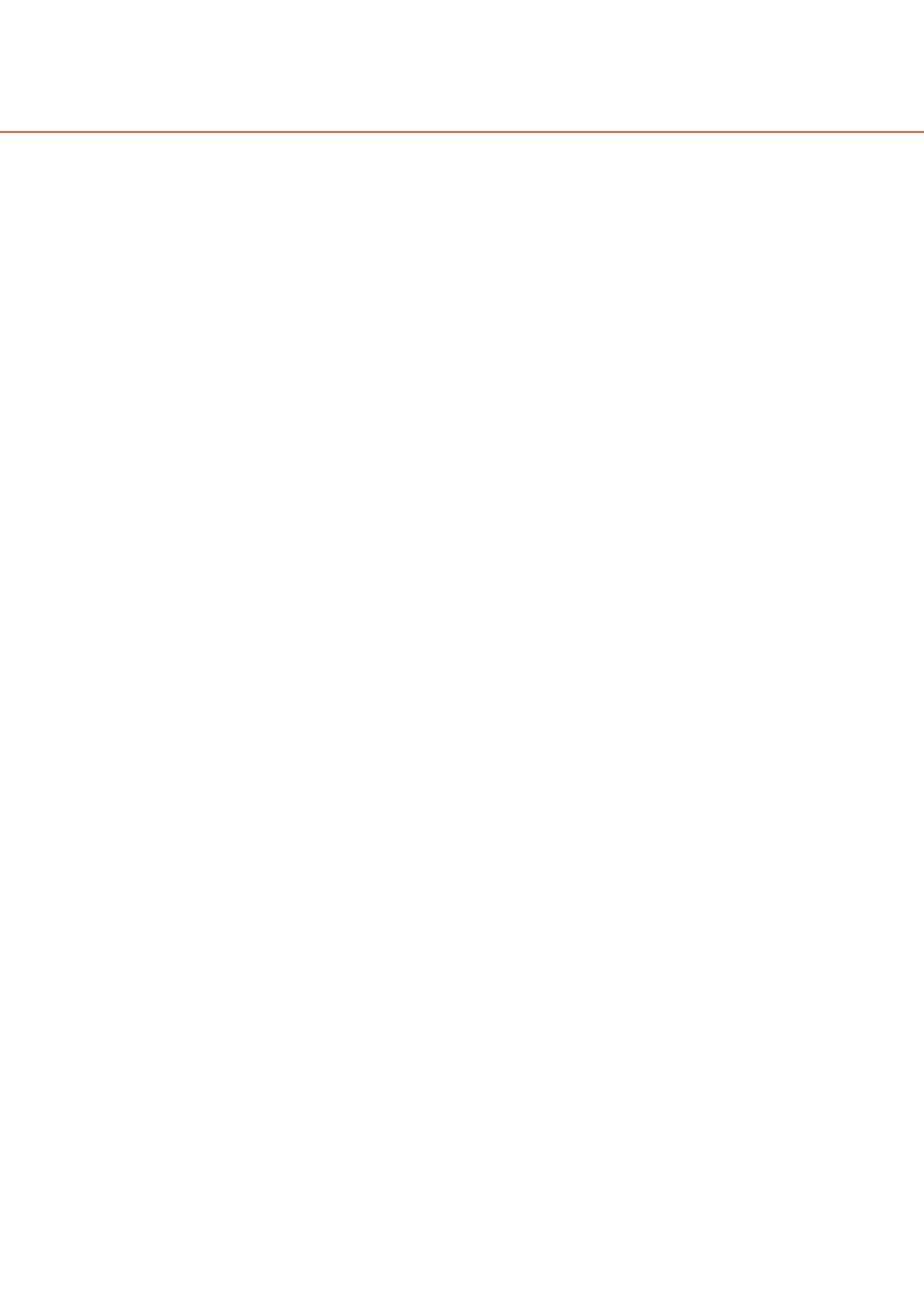
Benito Giovanni Marino	Chairman
Laura Acella	Auditor
Roberto Seymandi	Auditor
Ombretta Cataldi	Deputy Auditor
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EXECUTIVE MANAGEMENT

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Bartolomeo Barberis	Deputy General Manager

AUDITOR

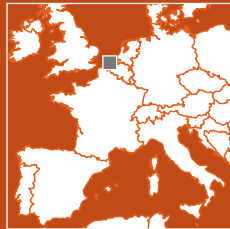
Reconta Ernst & Young



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Oostende, Belgium



REPORT OF THE BOARD
OF DIRECTORS ON OPERATIONS



Shareholders,

THE STATE OF THE ECONOMY

In 2010 the world economy has not yet been able to emerge from the phase of profound crisis (both economic and financial), which commenced a few years ago, with growth not having been strong or stable enough to bring the lengthy recession to an end.

For various reasons, neither the United States nor Europe has achieved its expected rate of growth, whereas the thrust has come from emerging nations, particularly from Asia. These factors have led to an unforeseen narrowing of the gap between advanced and emerging economies, the recovery of which has been quicker than expected.

However, almost everywhere, there has been a resumption of growth (albeit at different rates), with less than vigorous private demand, but with public demand as a driving force.

In the United States, the growth in the gross domestic product (of approx. 3%) has been driven by a favourable trend in private consumption and foreign trade, while the contribution made by private investment and public expenditure has been marginal.

The increase in expenditure of American families, even if still relatively contained in comparison to prior levels, has been indicative of greater optimism by consumers, who are prepared to spend rather than save. In fact, in 2010, the growth in consumer expenditure has been at its highest rate for the last three years, up 3.5% on the prior year.

The foreign trade surplus, which has been stagnant in recent years, is viewed with great interest by those in government, as the recovery of exports is considered to be vital for the revival of domestic employment.

In fact, the continuing high rate of unemployment (in excess of 9%) is an issue of major concern to economists and the government, as they believe that domestic consumption alone is not capable of stimulating employment levels.

With respect to inflation, in 2010 the rate has been under control and, even with a short term outlook, it does not seem to be a cause for concern, in spite of a highly expansive monetary policy.

In Japan, the considerable level of public debt exceeded 200% of the gross domestic product in

2010 and remains a major economic issue. This situation has been inherited from the massive public expenditure in the 90s, made to sustain the stagnant economy following the emergence of a serious property crisis.

The absence of credible plans for the containment of this debt has led the international agency Standard & Poor's to lower the sovereign long term rating for Japan, taking it to AA-. This downgrade will result in an increase in interest rates in the near future, making it more difficult for the Tokyo government to reduce the debt.

Moreover, the public debt is substantially a domestic issue, in that 95% thereof is in the hands of the Japanese.

In addition, Japan can count on a commercial surplus, on considerable savings which could be used as a source of finance and on a tax burden which, as a proportion to gross domestic product, is among the lowest in the world, leaving an ample margin for an increase in taxation.

The need to introduce unpopular economic and fiscal measures is becoming more and more inevitable, such as an increase in consumption tax (to be enacted without damaging the economy), a weakening of the yen (to improve business competitiveness) and a cut in public expenditure.

In China, repeated monetary restraints have not been sufficient to dampen the rate of economic growth, which, after two years of slowdown, has started soaring again, as was the case prior to the latest global crisis. In fact, in 2010, the gross domestic product has grown by 10.3%, well above the 9.2% growth in the prior year.

The robust growth has been driven harmoniously by all motors of the economy: real estate investments have, once again, been the lion's share, while retail sales (driven by sales of cars) and public expenditure have done well.

This development has permitted China to overtake Japan as the second economy on the planet, a position which the Japanese nation has held for a good forty two years.

Moreover, such heady growth is coupled with a series of risk factors, such as speculative bubbles, excess capacity, distortion of the labour market and, above all, inflation.

In this context, Beijing may have to impose further credit restrictions. This, according to analysts, could happen in the near future, by means of a further increase in the obligatory reserve for banks (already enforced four times in little more than a month) and, should that not be sufficient, there could also be an increase in interest rates.

In Europe, the economy has shown signs of recovery, albeit in an inhomogeneous manner, while the financial situation in certain countries (Greece, Ireland, Portugal and Spain) still appears to be fragile. In Germany, the recovery has been particularly dynamic (mainly attributable to the motor car sector and related exports) with a growth rate of 3.6% on an annual basis.

Another matter of concern is inflation, which towards the year end, increased by more than was expected, mainly due to a general increase in raw material prices.

To avoid losing control of this phenomenon (as is the case with other European countries, such

as Great Britain and Sweden), the European Central Bank has already indicated that it might resort to monetary restraints, the enactment and timing of which is, however, uncertain.

Within Europe, Italy's public debt continues to expand, albeit slowly (at the end of 2010 it is close to 119% of the gross domestic product), since the contraction of capital expenditure has been more than compensated by an increase in primary current expenditure.

The increase in the gross domestic product, close to a modest 1% and belonging to the lower tier of countries which have adopted the Euro, has continued to be negatively impacted by weak domestic demand, held back by an unemployment rate which remains high (especially with respect to young persons) and by unresolved apprehension for the future.

In fact, the continuing uncertainty over employment has influenced expenditure by families, which, facing difficulties due to decreasing salary levels and fears of a return of inflation, are, where possible, oriented towards a greater propensity to save.

Furthermore, exports have failed to take off and, however, are not sufficiently robust to sustain economic recovery.

MARITIME ACTIVITY

With respect to global maritime activity, this has felt the effects of mixed signals which have been received from different sectors and from the continuing economic crisis.

While the passenger sector is managing to improve on recent years of global crisis, in a more than satisfactory manner, traffic in the transport sector is still suffering, but has had some stimulus from trade generated by countries undergoing economic growth (with China first in line).

In addition, the latter sector has seen a further outbreak of piracy, particularly in the Gulf of Aden, which has become a major issue for world commerce and which has a direct impact on marine insurance.

The size of the world's fleet is in excess of demand, attributable to numerous orders for new naval units made by ship owners during the boom years of shipping, with a subsequent impact on rates for charters.

In fact, regarding prices of international charters, those for container transport, notwithstanding a notable upturn in trade for consumer goods, have decreased significantly, due to an excessive supply of holds.

On the other hand, charter rates for the transport of dry bulk have fluctuated, while for the transport of liquids, the trend has been negative, due to a large fleet as well as inadequate demand.

The Baltic Exchange Dry Index (BDI), the index of reference for the sector compiled daily by specialised brokers and which is considered to be the best indicator of the trend of maritime charters, even if on the rise again from its minimum level, is still well below the maximum attained in early 2008.

Finally, concerning cargo in Italian ports, in 2010 there has been a favourable growth in the handling of containers, albeit discontinuous, with a sharp increase (approx. 20% compared to 2009) in the first seven months of the year. After the summer break, there was continued growth, but at a slower rate.

However, all Italian ports, excluding those for transshipment, have experienced growth and, accordingly, are capable of affronting the unsatisfactory trend in exports.

SHIPBUILDING

The European shipbuilding scenario is a cause for concern, due to the fact that the sector has been forced to significantly reduce the numbers employed, following a downturn in orders during the global crisis as well as from the impact of the incessant growth in production capacity of shipbuilders in China and the Far East.

In fact, the global crisis, which started towards the end of 2008, then continued throughout 2009 and which has not yet ended, has led to orders being put on hold around the world. Also, orders made previously, that is, in the boom years of shipping, led to an excess supply of ships in a period of downturn in the market and ship-owners had to pull active vessels out of service.

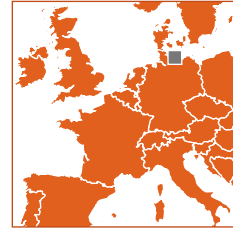
Accordingly, many shipping companies cancelled orders already made. Italian shipbuilding companies, however, preferred to negotiate the postponement of deliveries, rather than cancel their orders.

The foregoing has negatively impacted shipbuilding, particularly in Europe, where there is a concentration of cruise ships, passenger and freight ferries, special vessels for the off-shore industry and work at sea, as well as military vessels.

Consequently, structural imbalances have come to the fore. These are attributable to the strong growth in the production capacity of Chinese and Korean shipbuilders, as well as distorting practices adopted by competitors in the Far East, which, opposed to their European counterparts, generally receive public assistance.

In addition, there have been some new entries to the market, such as Bangladesh and Vietnam, with low quality production, but with extremely competitive costs.

Warnermuende, Germany



THE INSURANCE MARKET

The insurance industry, in an international context, continues to have an excess of underwriting capacity, being the capital available to cover insurance risks for businesses. In combination with the downwards pressure exerted by the economic crisis, this abundance of financial resources is fuelling an ongoing phase of strong pricing competition and, therefore, of low premiums.

The economic crisis is another negative factor, as businesses have tended to reduce their demand for insurance cover.

With respect to the non life insurance business, large claims normally trigger a change in the cycle, initiating a new phase of increasing premiums.

However, even if 2010 was characterised by a number of disasters (including the earthquakes in Haiti and Chile, as well as the Xynthia storm in northern Europe), with a significant increase in insurance losses, sharing the load with other insurers has not altered the declining trend in premiums.

Issues of "cat bonds" have gone in the same direction. These are "catastrophe" bonds with which the insurance risks are securitised and transferred to the financial market, and which, after a number of arid years, are on the rise again.

In addition, notwithstanding the difficulties that many insurance companies have encountered or are encountering, the expected consolidation of the sector has not taken place and neither are there signs that this will occur.

Within Europe, the "Old World" insurance companies are preparing, with much apprehension, for the introduction of the new prudent regulations for vigilance (Solvency II), which should be implemented at the beginning of 2013. Moreover, the start up phase, as well as any transitory period, will be disciplined by a European directive, the contents of which have still to be disclosed. Insurance companies, which are already concerned with the expected high level of costs for compliance with Solvency II, are pushing for a limitation of the capital injections expected to be required by the new regulations, as well as for more gradual implementation of them. With respect to the first point, the results of the latest simulation of the impact of the new regulations (the so-called QIS5) are expected in the near future.

However, a widespread diversification of portfolios, coupled with a fall in insurance companies subjected to downgrading, provide signs of general encouragement.

Notwithstanding the repercussions of the economic crisis, the Italian insurance market has maintained a fairly solid base.

The general prudence of domestic insurers, with a very cautious approach to investments and portfolio management, has kept liquidity levels high, notwithstanding increasingly modest returns. Notwithstanding extremely low interest rates, the life insurance business (spectacular performance in 2009) has been behind the growth in 2010 and should drive the sector in the near future.

In fact, Italian consumers have again continued to show a strong preference for traditional policies, which guarantee the capital invested and provide a minimum return as per the contractual terms. There have also been signs of an upturn in linked policies, for which returns depend on the performance of financial markets.

On the other hand, in 2010 there was a marginal increase in premiums issued by the non life business, but third-party motor insurance has still been in difficulty, due to a high level of competition and elevated exposure to ongoing regulatory reform. The business of this branch, which represents the largest portion of the non life sector, appears increasingly less profitable and, even with an upturn in the combined-ratio, it is still unremunerative.

Within the Italian insurance market, the "Hull" sector has been affected by mixed signals coming from ship-owners, as indicated above, whose charters have had a differentiated and fluctuating trend. Overall, this sector has not shown any significant elements of deformity respect to the past and it has been substantially stable. However, there has been some downward pressure exerted by large fleets, but with favourable results over the years.

In fact, in this sector there has been a notable underwriting capacity of all the main European operators (led by London), with new underwriters having joined the ranks in 2010. The latter, which include a number of Lloyd's syndicates, enjoy relative operational and monetary autonomy and have influenced the level of rates, particularly with reference to the foreign portfolio.

With regards to the "Cargo" sector, insurers on the Italian market, which still retains the characteristics of a domestic market (even though it is starting to display some characteristics of a global market) have had to face the same difficulties which have been typical in the recent past (such as commercial trade which is still depressed and a high level of competition).

Commercial trade has shown a discontinuous trend, a factor which has not been favourable to a growth in premiums, with an exception being the container business, which seems to have overcome the crisis of recent years.

The above matters have been negatively impacted by other factors as follows:

- the general objective, by businesses, to reduce costs. The cost of insurance cover tends to be an item which is subject to scrutiny with a view to potential saving. The budget allocated to insurance costs is frequently reduced and, in some cases, cancelled (opting for a "self-insurance" approach);

- a reduction in the value of goods being transported and of charter revenues, which are the parameters used for the computation of insurance premiums in the "Cargo" sector;
- a distinct lack of new businesses being set up within the domestic market.

In addition, a decrease in demand for insurance products has been coupled with increased competition from insurance companies operating in the sector. In particular, certain foreign companies, some of which are already present in the Italian market, but with no transport tradition, have targeted the "Cargo" sector, at times with a reckless underwriting policy and with a detachment from existing policyholder statistics.

Lastly, in 2010 there has been no real news from the market with regard to facultative reinsurance, for which the London market continues to be the main point of reference.

In fact, continental reinsurers continue to focus almost entirely on contract guarantees and stop-loss cover.

Based on the latest available official data for Italy published by Ania concerning the premiums for direct business written in 2009, the Company remains firmly in second place in both the "Hull" sector and the "Cargo" sector, which confirms our leading role in the provision of marine insurance.

In 2010, as in the past, the Company continued in its intent to provide the best possible service to policyholders, while adopting a technical underwriting policy for new business designed to achieve satisfactory and adequate margins.

RESULTS OF OPERATIONS

Given all of the above, the Company closed 2010 with a profit before tax of € 4,091 thousand, which is down on the € 5,183 thousand reported in 2009.

Net profit for 2010 was € 2,344 thousand, compared with € 2,926 thousand in the prior year.

In brief, the above result reflects a notable improvement in the direct margin on insurance business, notwithstanding the drastic decrease in the portion of profit from investments transferred from the non-technical account.

The latter is attributable to a worsening of the net results from financial management, mainly due to a higher level of adjustments and lower write backs of adjustments made to bonds in 2010, with respect to the prior year.

In addition, this result is impacted by a significant charge to net other income (expenses) due to an accrual made for reasons set out later in this report.

The following table summarises the statement of income for 2010, with comparative figures for 2009:

	(in thousands of €)	
	2010	2009
Direct margin on insurance business	5,449	4,444
Income from investments	4,281	5,106
Financial charges	(3,767)	(846)
Portion of income from investments transferred to direct insurance results	(284)	(3,102)
Other income (expenses), net	(1,586)	(473)
Net extraordinary income (expenses)	(2)	54
Profit (loss) before tax	4,091	5,183
Income taxes	(1,747)	(2,257)
Net profit for the year	2,344	2,926

With respect to the results for 2010, based on the data set out above, the key factors, which will be discussed more fully in the rest of this report, are as follows:

- the direct margin on insurance business, notwithstanding a lower contribution from financial management, has improved mainly due to the increased earnings from the Hull business. In addition, it should be noted that this result, in comparison to prior year, has benefited to a lesser degree from the transfer, from the non-technical account, of a portion of income from investments (amounting to € 284 thousand, against € 3,102 thousand in the prior year). In addition, administration expenses, which are a component of the direct margin, have remained substantially stable;
- income from investments has fallen significantly, mainly due to the absence of write backs of provisions against bonds and to a reduction in the interest accrued thereon (following a steady decline in rates). Further information on this is provided below in the section on "Property and financial management";
- capital and financial charges have become a good deal heavier, mainly due to significant impairment adjustments made in the year, particularly with respect to bonds (as a consequence of an expected increase in interest rates, initiated towards the 2010 year end). In 2009 similar adjustments were made to investments in equities and bonds, but to a lesser extent. Again, further information on this is provided below in the section on "Property and financial management";
- the portion of income from investments transferred to the technical account was determined using the criteria established in the ISVAP Regulations.

This has decreased due to a deterioration of the net income from property and financial management, as briefly indicated above;

- Other income (expenses), net, reflect a net charge which is significantly higher than in the previous year and which includes the following provisions:
 - for debtor balances which could prove difficult to recover (other than amounts due from policyholders) and, accordingly, the provision for doubtful accounts (excluding that relating to policyholders, which are covered by provisions charged to the technical account) was prudently increased by € 339 thousand (€ 549 thousand in 2009);
 - for the expected cost (€ 1,000 thousand) of the dispute with ISNO3 S.r.l., as successor to Fallimento di Festival Crociere S.p.A. (policyholder of the Company in prior years) relating to payments made by the latter in a period subject to bankruptcy rescindment;
 - for the expected cost (€ 250 thousand) of employee liability, mainly in connection with the national labour contract for middle managers and office staff, which expired on 31 December 2009 and which has not yet been renewed;
 - for the expected cost (€ 100 thousand) of penalties being claimed by ISVAP, following an inspection made during the course of 2010 and a related assessment issued on 16 November 2010.
- Furthermore, this caption includes the effect of exchange-rate fluctuations, resulting in a net loss of € 57 thousand (net gain of € 155 thousand in 2009).

For further disclosure regarding “Other income” and “Other expenses” reference should be made to Section 21, points III.7 and III.8, of the notes to the financial statements.

- net extraordinary items are not significant;
- the effective tax rate (42.7%) is in line with the prior year (43.5%).

Income taxes mainly consist of Ires and Irap with charges of € 1,620 and € 530 thousand, respectively (€ 2,000 and € 500 thousand in 2009), together with € 25 thousand (€ 66 thousand in 2009) in taxes paid (but not recoverable in Italy) in certain countries where foreign branches are located. Income taxes also include the effect of recognising deferred tax assets of € 417 thousand (€ 290 thousand in 2009) and deferred tax liabilities of € 11 thousand (€ 19 thousand in 2009). The increase in the impact of deferred tax assets is mainly due to significant accruals made to provisions for risks and charges, as indicated above.

The fact that the effective tax rate is still high as a percentage of pre-tax profit is mainly attributable to Irap, which is not directly tied to taxable income.

Further details are provided in point III.14 of Section 21 within the explanatory notes.

The good results for 2010 were achieved not least due to the professionalism and skill displayed once again by all our employees, who deserve our thanks and on whom we count as we strive for further improvement in the future.

INSURANCE BUSINESS

GROSS PREMIUMS WRITTEN

The following table gives details of premium revenues for 2010, with comparative figures for the previous year:

	(in thousands of €)	
	2010	2009
Italian direct business		
Hull	100,755	103,029
Cargo	33,061	31,765
	133,816	134,794
Motor third-party liability	5,385	5,690
General third-party liability	2,224	2,270
Other property damage	1,777	1,732
Pecuniary losses	467	730
Other minor business	81	251
	9,934	10,673
Total direct business	143,750	145,467
Indirect business - Italy		
Cargo	11,104	13,023
Hull	9,920	10,281
Motor third-party liability	4,939	6,062
Other minor business	216	251
	26,179	29,617
Indirect business - Abroad	37	120
Total indirect business	26,216	29,737
Grand total	169,966	175,204

In compliance with art. 1 of Legislative Decree 209 of 7 September 2005, direct business is entirely Italian and includes all policies issued by permanent establishments located in EU member countries being, in our case, Belgium, France, Germany, Malta and the Netherlands.

With respect to France, as from 1 January 2011, it has been decided to terminate the activity of assumption of insurance risks by right of establishment, but to continue this activity under a regime of freedom to provide services.

The key points regarding the above data are summarized below:

- production is essentially attributable to the "Marine Insurance" sector, as Elementary and Motor premiums of "non-marine" provenance have been reduced to a minimum, in line with the

objectives defined a few years ago when it was decided to set up the Group's "Marine Hub". However, as required by the regulations governing financial statements and having regard for the insurance cover provided under contract, part of this production has been allocated to non-Marine sectors.

In particular, carrier third-party liability coverage generates premiums in the "Cargo" sector that are classified as Motor Third-Party Liability, representing almost all of the premiums reported for that sector;

- in general terms, considering the difficult conditions experienced in 2010, production reflects just a slight reduction in premiums written that was mainly attributable to indirect business. These figures have been positively affected by the appreciation of the US dollar (exchange rate against the euro of 1.3362 at 31 December 2010, compared with 1.4406 at 31 December 2009), which appreciated by around 7% against the euro during 2010. In fact, much of our business is written in US dollars, especially in the Hull sector;

- direct premiums in the Hull sector fell slightly, partially attributable to the postponement to 2011 of a number of high value policies.

The volume of new business, both Italian and foreign, has remained substantially stable, while it has been noted that there is a growing trend of fleet renewal by ship-owners.

As usual, production was generated by applying unchanged, strict underwriting policies and by focusing on the retention of business that is likely to be remunerative;

- direct premiums increased in the Cargo sector, notwithstanding the negative macro-economic situation and steeper competition.

The business in this sector was obtained in accordance with a long-standing acquisition policy based on technical criteria, applied with greater attention with respect to the past and mainly characterised by:

- the intention to increase the acquisition of new clients, without participating in the indiscriminate policy adopted by many competitors, by means of a careful evaluation and selection of risks and a cautious expansion of the sales network;
- the adoption of specific policies for loss prevention, with the aim of improving the loss ratio;
- looking into new insurance products, particularly with respect to risks pertaining to port terminal operators;
- the improvement and updating of certain policy wording (for example, for multi-modal operators), in order to increase the palatability of our insurance products.

The proportion of premiums allocated to war and strike risks remained more or less the same compared with the total production of that sector;

- direct premiums in the elementary and motor third-party liability sectors have remained

substantially stable, which is also the case for the "Cargo" sector, which generates much of this income.

As already mentioned, these premiums derive almost entirely from business in the "Cargo" sector;

- the indirect business in the Motor third-party liability sector relates entirely to carrier liability business coming from the Cargo sector;
- indirect premiums from the unrestricted provision of services were not significant, while the related direct premiums totalled € 47,775 thousand (€ 41,355 thousand in 2009). These premiums relate solely to the Hull and Cargo sectors;
- a geographical analysis of gross direct and indirect premiums is provided below:

	(in thousands of €)	
	2010	2009
- in Italy	148,034	152,701
- abroad, via permanent establishments located in:		
	2010	2009
Belgium	5,822	5,812
France	1,736	2,833
Germany	13,441	12,541
Malta	61	90
Netherlands	872	1,227
	169,966	175,204

Foreign premiums are in line with the previous year.

The expected reduction in French premiums is due to the decision, already enacted in 2010, to cease underwriting certain non profitable business.

Lastly, no new insurance products worthy of a specific mention were launched during the year.

REINSURANCE

There were no significant changes in the Company's policy regarding reinsurance in 2010.

In general terms, the entire Marine business, especially with reference to the Hull sector, continues to be placed on a significant proportional basis with reinsurers, in view of the substantial exposures and often large sums insured.

Moreover, the residual exposure is usually reduced by stop-loss cover in the event of serious disasters.

CHARGES RELATED TO CLAIMS

The following table analyses the main components of 2010 payouts, before recoveries from reinsurers:

(in thousands of €)			
	Direct business	Indirect business	Total
Claims paid	135,396	12,678	148,074
Settlement costs	12,730	1,253	13,983
Direct costs	840	-	840
	148,966	13,931	162,897

With regard to direct business, the following breakdown by sector of claims settled in 2010 is compared with similar data for the previous year:

(in thousands of €)		
	2010	2009
Hull	95,948	66,238
Cargo	26,400	26,739
	122,348	92,977
Motor third-party liability	8,287	9,462
General third-party liability	3,347	2,894
Other property damage	941	297
Fire and natural calamities	132	370
Personal accident	104	288
Other minor business	237	1,032
	13,048	14,343
Total direct business	135,396	107,320

Analysis of the above data indicates a major increase in direct business claims settled in 2010 compared with the previous year.

This increase is mainly attributable to the settlement of a number of significant claims in the Hull sector.

Payments in the periods considered were affected by the appreciation of the dollar against the euro, with a closing rate at 31 December 2010 of 1.3362, compared with 1.4406 at 31 December 2009.

An analysis of claims settled for direct business is presented below:

- for the Hull sector, as previously indicated, a higher number of significant claims has been settled in the year compared to 2009;

- payments in the Cargo sector during 2010 were in line with the prior year;
- for the other sectors, the slight decrease in payments made is attributable to a steady reduction of the claims payable reserve.
Claims relating to carrier third-party cover (from the Cargo sector) represent a significant part of the payments made in relation to the Motor third-party liability sector.

In addition, with regard to direct Italian business, it is not considered necessary to report the speed of claims settlement in the elementary and motor sectors (excluding the business deriving from the "Marine" sectors), since the steady reduction in the related portfolio and the sharp contraction in the numbers concerned mean that this indicator is no longer relevant.

On the other hand, for the Hull and Cargo sectors, the rate of settlement is not given since it is not considered representative of the phenomena concerned.

SALES ORGANISATION

The sales organisation did not undergo any major changes during the year, either in Italy or abroad.

In Italy, the distribution network at 31 December 2010 consists of 14 general agents and 268 brokers (16 and 262, respectively, at 31 December 2009).

Geographically, 78.0% are located in the North (220 intermediaries, compared with 211 at 31 December 2009) and 22.0% in the Centre – South (62 intermediaries, compared with 67 at 31 December 2009).

Operations abroad were conducted, as in previous years, by permanent establishments located in Belgium, France, Germany, the Netherlands and Malta.

As in the past, intermediaries (in both Italy and abroad) are coordinated solely from the offices in Genoa.

ISN03 acquisition expenses totalled € 28,776 thousand (€ 29,934 thousand in 2009). Of these costs, € 22,105 thousand related to direct business (€ 22,392 thousand in 2009) and € 6,671 thousand to indirect business (€ 7,542 thousand in 2009).

The ratio of commissions paid to third parties for new direct business to the related premium income was 15.4% (15.4% in 2009).



Marken, Holland



PERSONNEL AND ADMINISTRATIVE EXPENSES

At 31 December 2010, the Company had 99 employees (103 at 31 December 2009), including 4 executives, 17 middle managers and 78 office staff.

The average number of employees during the year was 102 (103 in 2009).

Administrative expenses totalled € 12,569 thousand in 2010 (before allocation to the technical account), including € 96 thousand relating to the depreciation of tangible assets.

These costs were 0.5% lower than in 2009 (€ 12,638 thousand, of which € 106 thousand for the depreciation of tangible assets).

After allocating a proportion of personnel expenses and the depreciation of tangible assets to policy acquisition and claims settlement, administrative expenses amounted to € 7,494 thousand (€ 7,583 thousand in 2009).

Personnel costs accounted for 73.9% of administrative expenses (74.5% in 2009).

Administrative expenses represented 7.4% of premium income for the year (7.2% in 2009).

Deducting from this figure the amounts charged to the indirect parent company, Fondiaria – SAI S.p.A., and to Milano Assicurazioni S.p.A., a related company, for expenses essentially relating to management of the “Marine Hub” on their behalf, this proportion decreases to 6.0% (5.9% in 2009).

PROPERTY AND FINANCIAL MANAGEMENT

At 31 December 2010 total investments amounted to € 110,239 thousand (€ 100,187 thousand at 31 December 2009), 10.0% up on the previous year.

Details are provided below:

	(in thousands of €)	
	31.12.2010	31.12.2009
Buildings	17,610	17,938
Investments in group and related companies	53	1
Shares and quotas	2,982	2,606
Mutual fund units	473	524
Bonds and other fixed-income securities	85,238	73,119
Loans	64	70
Restricted deposits with banks	2,345	4,367
Deposits with ceding undertakings	1,474	1,562
Total investments	110,239	100,187

Bonds and other fixed-income securities and buildings continue to represent the bulk of total investments (93.3%, compared with 90.9% at 31 December 2009).

With regard solely to financial investments (excluding those in Group companies), shares and mutual funds invested in equities represent 3.9% of the total (4.1% at 31 December 2009) due to continuing caution in this area.

The main comments on each type of investment are as follows:

- Buildings remain stable in terms of amount and the minor decrease is solely due to depreciation during the year (only of those used directly in the business).
This caption solely comprises the commercial property that houses the Company's offices. Part of this property is rented to third parties;
- shares and quotas held in Group companies are insignificant and have increased mainly due to the purchase in the year of the quotas of Gruppo Fondiaria – SAI Servizi S.c.r.l. (€ 50 thousand);
- investments in shares, quotas and mutual fund units (mainly equity-based) have increased moderately overall.
These are held for trading with a view to making a gain on disposal by taking advantage of increases in the prices of the investments acquired;
- bonds and other fixed-interest securities have increased significantly, notwithstanding the impairment adjustments made (€ 2,436 thousand). This increase is partially attributable to the decrease in restricted deposits with banks, which had a modest return;
- the restricted deposits with banks have decreased, mainly because of the insignificance of their return in comparison to ordinary accounts.
Restricted deposits, with notice periods of at least fifteen days, are made in order to maximize the return on liquidity available for investment in the very short term.
All amounts mature by no later than January 2011;
- deposits with ceding undertakings and loans are essentially unchanged.

Management of the securities portfolio was marked by the customary prudent approach, which seeks to maximize margins and exploit financial market opportunities that arise in the course of our trading activities.

No use was made of derivatives during the year and there were no derivative contracts outstanding at 31 December 2010.

The following subordinated bonds are held at year end:

Issuer: Banca Intermobiliare

Isin code: IT003853014

Par value: 28,350 €

Book value: 24,948 €

Issue: 29 July 2005

Maturity: 29 July 2015

Structure: convertible bonds

Issuer: ACEA

Isin code: XS0495012428

Par value: 150,000 €

Book value: 145,830 €

Issue: 16 March 2010

Maturity: 16 March 2020

Structure: callable from 17 February 2011 to maturity, at par value

At year-end, the book value of the securities portfolio was € 45 thousand lower than its market value at the same date (€ 879 thousand at 31 December 2009).

This unrealised capital gain is related to bonds and other fixed-income securities for € 38 thousand (€ 839 thousand at 31 December 2009) and to mutual funds for € 7 thousand (€ 7 thousand at 31 December 2009). On the other hand, there is no unrealised capital gain attributable to shares (€ 33 thousand at 31 December 2009)

Additional information can be found in the notes to the financial statements.

Summary data regarding income from property and financial management is shown below for each type of investment, with comparative figures for the previous year:

	(in thousands of €)	
	2010	2009
Net profit from:		
- shares		
-- dividends paid	124	73
-- net gains (losses) on disposals	42	(20)
-- net write-backs (write-downs)	(291)	139
	(125)	192
- bonds and other fixed-income securities		
-- interest income	1,693	1,804
-- net gains (losses) on disposals	1,112	515
-- net write-backs (write-downs)	(2,437)	1,335
	368	3,654
- Other financial investments	(29)	305
- Buildings		
-- rental income	976	814
-- depreciation	(328)	(325)
	648	489
Total income, net	862	4,640
Expenses		
- operating expenses	323	355
- interest expense	25	23
Total expenses	348	378

Overall, the results from property and financial management have declined significantly with respect to 2009.

In fact, as shown above, net income has decreased substantially while costs have basically remained stable. The decrease in income was mostly attributable to bonds and other fixed-income securities: unlike the prior year, in addition to not benefiting from significant writebacks of impairment adjustments, they were also subject to significant impairment adjustments.

Further information on the individual types of investment is provided below:

- earnings from shares have benefited from an increase in dividends and a discrete contribution from trading, but have been negatively impacted by the unfavourable trend of the Italian stock exchange, on which a significant portion of investments is quoted;
- there has been a significant improvement in the net gain on disposal of bonds and other fixed-interest securities, offset by large write downs and a steady decline in the interest coupons.

Overall, the sector's result has worsened in comparison with the prior year, mainly due to the significant swing in the mark-to-market adjustment at year end;

- the negative result for other financial investments is attributable to the writedowns made to the value of the units held in mutual funds, which are mainly equity-based, as well as the result from trading.

This balance includes € 7 thousand (€ 26 thousand in 2009) of interest income earned from the short-term investment of available liquidity in repurchase agreements and restricted deposits (in any case for periods of not less than 15 days), in order to maximize their yield. The sharp decrease in market rates (especially for US Dollars) has made this type of investment much less attractive, resulting in a significant reduction in the amounts earned;

- the depreciation of buildings is stable, while rental income has risen due to the rent increases obtained on the renewal of contracts.

Operating expenses relate to the property sector for € 257 thousand (€ 289 thousand in 2009) and to the securities sector for € 66 thousand (€ 66 thousand in 2009).

The operating expenses of the property sector decreased slightly compared with the prior year and include municipal property taxes (ICI) totalling € 102 thousand (€ 102 thousand in 2009).

Interest expense related exclusively to the remuneration of reinsurance deposit accounts.

OWN SHARES, SHARES IN THE PARENT COMPANY AND ITS SUBSIDIARIES

The Company does not hold any own shares or shares in the parent company and/or its subsidiaries and did not trade in them during 2010.

INTERCOMPANY TRANSACTIONS

With regard to transactions with related companies, the principal intragroup activities relate to insurance business in the broadest sense (mainly reinsurance and coinsurance), the management of property and securities, IT services and the settlement of claims.

These transactions, commented on below by Group company, were carried out on the normal market terms prevailing at the time.

Fonditaria - SAI S.p.A., the indirect parent company, has been granted mandates to provide internal audit, compliance and risk management services.

In addition, reinsurance transactions are entered into with this company, in relation to the Marine sector.

Furthermore, the Company is a member of the domestic tax group established by Fondiaria – SAI S.p.A. The related agreement involves the transfer to the indirect parent company of the taxation and advances payable in relation to the Ires taxable income of the Company. Conversely, the indirect parent company pays over to the Company the amount of any taxes not paid as a result of using the tax losses, if any, transferred to it by the Company.

The following main services are received from another company within the Fondiaria - SAI Group (Gruppo Fondiaria – SAI Servizi S.c.r.l.):

- technical and administrative matters, together with services relating to the management of claims in the "non-Marine" sectors”;
- information technology;
- management of personnel and systems;
- purchase of goods;
- purchase of non-insurance services;
- management of financial investments.

Reinsurance transactions are also carried out with The Lawrence Re., Milano Assicurazioni S.p.A. and Liguria Assicurazioni S.p.A., which are all related companies.

More specifically, transactions with the first two involved passive reinsurance regarding the elementary and motor sectors (in particular, with The Lawrence Re. for events prior to 2006 and with Milano Assicurazioni S.p.A. for events that took place after 2006).

By contrast, reinsurance transactions with Liguria Assicurazioni S.p.A. and Milano Assicurazioni S.p.A. (similar to the relations with Fondiaria-SAI S.p.A.) related to the Marine sectors.

Conversely, the Company provides Fondiaria - SAI S.p.A. and Milano Assicurazioni S.p.A. with technical, operational and administrative services in the Marine sector.

Other companies belonging to the Fondiaria-SAI Group (respectively Pronto Assistance Servizi S.p.A. and Immobiliare Lombarda S.p.A.) provide support services through an operational hub and manage the Company's property.

The amounts relating to transactions and balances with companies belonging to the Fondiaria-SAI Group are disclosed in the notes.

The management and coordination activities carried out by the indirect parent company, Fondiaria-SAI S.p.A., did not have any significant impact on the Company's operations or results.

The following table provides a summary of the more important transactions with Fondiaria-SAI S.p.A., the indirect parent company, and with the other companies subject to its management and coordination, as required by para. 5 of art. 2497-bis of the Italian Civil Code:

(in thousands of €)

INSURANCE AND REINSURANCE TRANSACTIONS	Debtors		Reserve		Premiums	Claims	Commissions
	Debtors	Creditors	Premiums	Claims			
• <i>Fondiaria – SAI S.p.A. (indirect parent company)</i>							
- coinsurance transactions		(1,364)	-	-	-	-	-
- reinsurance transactions							
active	670	-	(2,584)	(23,275)	13,957	(5,387)	(3,070)
• <i>Milano Assicurazioni S.p.A. (related company)</i>							
- coinsurance transactions		(322)	-	-	-	-	-
- reinsurance transactions							
passive	4,700	-	-	2,553	(2)	1,875	-
active	62	-	(1,888)	(17,432)	8,797	(4,422)	(1,805)
• <i>The Lawrence Re. (related company)</i>							
- reinsurance transactions							
passive	35	-	-	53	-	34	-
• <i>Liguria Assicurazioni S.p.A. (related company)</i>							
- reinsurance transactions							
active	104	-	(208)	(364)	661	(273)	(138)

(in thousands of €)

COMMERCIAL TRANSACTIONS	Debtors	Creditors	Costs	Revenues
• <i>Gruppo Fondiaria-SAI Servizi S.c.r.l. (related company)</i>				
- services		(310)	(373)	-
• <i>Fondiaria – SAI S.p.A. (indirect parent company)</i>				
- services	768	(226)	(139)	2,548
- personnel on secondment	16	(3,551)	(3,551)	16
• <i>Milano Assicurazioni S.p.A. (related company)</i>				
- services	365	(184)	(7)	1,218
- personnel on secondment	110	(133)	(133)	110

(in thousands of €)

FISCAL RELATIONS	Debtors	Creditors	Costs	Revenues
• <i>Fondiaria – SAI S.p.A. (indirect parent company)</i>				
- tax group arrangements	300	(3,896)	-	-

Key: (...) Creditors / Costs

PRIVACY REGULATIONS (DECREE 196/2003)

We have prepared the Data Security Plan for 2010 in accordance with art. 26 of the "Technical Regulations for Security Measures", Attachment B) of Decree 196 of 30 June 2003, as required by art. 34 of the said Decree and the Technical Regulations mentioned above.

INFORMATION ON BUSINESS RISKS

From a regulatory standpoint, the European insurance sector is undergoing profound change in the areas of prudent supervision and the management of risk. In fact, migration has commenced from "Solvency I", the current solvency regime, to Solvency II, which is expected to be in force by 1 January 2013.

Ahead of this change, the Company has participated in the last two quantitative impact studies (QIS3, QIS4 and QIS5), in order to quantify in economic terms its exposure to the principal risks (using the standard formula and the internal model) and assess the impact of the new rules on capital requirements.

The results of the foregoing studies have been communicated to the relevant regulatory authorities.

With regard to the identification, assessment and control of business risks, the Company makes use of the work performed by the risk management function within Fondiaria - SAI S.p.A.. Based on regulatory input and strategic requirements, over the years this function has developed a risk management model that takes an Enterprise Risk Management approach:

- designed to spread a risk culture at all hierarchical levels within the Group;
- based on an integrated view of risk management at Group level. The Group is understood to be a single entity and sector specifics are considered within the broader system;
- based on consideration of all current and future risks faced by the Group on an integrated basis, evaluating the impact of these risks on solvency and the achievement of objectives.

As part of the migration to Solvency II, the Group has prepared a strategic action plan for not only Pillar I, but also Pillars II and III. This plan is based on a detailed gap analysis, as updated following final approval of the Solvency II Directive and the progressive consolidation of the related regulatory framework.

The approach taken to risk assessment (using VaR methodology) is designed to estimate the risk capital required to guarantee the solvency of the Company following an unexpected loss (estimated of a time horizon of one year with 99.5% confidence). This model is evolving and is being constantly updated for consistency with the future rules on solvency envisaged in the Solvency II Directive.

In general terms, given the nature of its activities, the Company is mainly exposed to insurance, financial and operational risks, each of risk are assessed using various models.

Insurance risks associated with the pricing of premiums, the settlement of claims and the provisions for accidents, are quantified on the basis of the premium rates applied and historical claims statistics.

Given the nature of activities, especially those in the Hull sector, potential volatility in the technical results is mitigated by adequate reinsurance cover (as mentioned in the previous section on “Reinsurance”).

The exposures to financial risks include the following factors:

- market: price fluctuations (including those in the property market), against which, for securities, specific limits have been set by type of asset and individual issuer;
- exchange rates: fluctuations in currencies other than the euro, especially the US dollar (the currency in which a considerable proportion of the business is denominated, above all in the Hull sector).

Careful monitoring of mismatches between assets and liabilities denominated in the principal foreign currencies is carried out to limit this risk;

- credit, both in terms of a widening of the credit spread on the market and in terms of the probability of default of the counterparties (particularly with reference to the credit position for reinsurance). To prevent this risk, the annual reinsurance plan is reviewed in detail and approved by the Board of Directors, which takes into account the ratings assigned by the leading international rating agencies when establishing the maximum exposure to each reinsurer.

Based on past experience and taking into account the volumes that are involved, overall losses on such debtors have not been significant to date;

- liquidity: considering the size and importance of the Group to which the Company belongs, so far there have not been any problems obtaining lines of credit, both inside and outside the Group. In any case, based on the Company's past experience, liquidity risk can be considered fairly remote.

An evaluation of the exposure to operational risks is currently under development, by means of assessment cycles involving a number of common processes at Group level and a qualitative, high level assessment aimed at the evaluation of operational risks pertaining to other specific Company activities. At present, given a lack of available data, the assessments of overall exposure are made using the QIS5 standard formula.

Again with regard to risk management, the Board of Directors of Fondiaria – SAI S.p.A. approved a risk policy for the entire Group with the following principal objectives:

- to define the principles and logic underlying the Group's ERM model, with a view to guaranteeing a consistent approach to risk by the entire Group;

- to lay down guidelines and the structure of the Group's operating limits consistent with the risk appetite and capital allocations strategies of the parent company;
- to formalise the decision-making process for new investments in light of the introduction of criteria based on an economic capital approach and measurements of risk adjusted profitability;
- more generally, to support the process of defining strategic decisions in matters of risk.

With particular reference to financial risks, the policy adopted is designed to guarantee:

- adequate diversification, avoiding excessive concentrations of risk;
- a portion of easily negotiable investments;
- attention to consistency with the structure of liabilities by using Asset & Liability Management policies;
- prudent management, oriented principally towards investing in plain vanilla instruments and, for the rest, in more complex assets that can be monitored by means of an internal pricing model.

In line with these objectives, operating limits have been defined in relation to all types of financial risks:

- market risk:
 - shares
 - interest rate
 - property
 - exchange rates
- credit risk:
 - counterparty default risk
 - spread risk
- liquidity risk.

Within each of these risk categories, attention has also be paid to any exposures to the risk of concentration, considered transversely across all of these types of risks.

The system of limits is extended to the main asset classes comprising investments.

In particular, the limits are defined in terms of:

- maximum percentage for each asset class of total assets under management (total investments);
- limits of concentration by issuer/counterparty;
- limits in terms of rating;
- limits in terms of VaR;
- limits in terms of duration gap;
- limits in terms of liquidity, i.e. the maximum percentage of illiquid instruments.

With this in mind, the Company has been asked to implement the Group's guidelines and to establish a consistent system of operating limits, taking into account its particular characteristics and any specific restrictions in terms of risk tolerance.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END

No events worthy of mentioning in this report have taken place since the end of the year.

OUTLOOK FOR OPERATIONS

Having regard for the information available to date and subject to any particularly adverse events that cannot be foreseen at this time, it is reasonable to expect that 2011 will be another profitable year.

PROPOSED RESOLUTIONS TO THE ORDINARY SHAREHOLDERS' MEETING

RESOLUTION CONCERNING THE FINANCIAL STATEMENTS AND THE RESULTS FOR THE YEAR

Shareholders,

You are invited to approve, in addition to this report on operations, the financial statements for the year ended 31 December 2010, together with the following proposed allocation of the net profit of € 2,344,382:

Net profit for the year ended 31 December 2010	2,344,382 €
- to the legal reserve, 5%	(117,220) €
- to each of the 38,000,000 shares, a gross dividend of € 0.052	(1,976,000) €
- the balance to the Other reserves: Extraordinary reserve	(251,162) €
	-

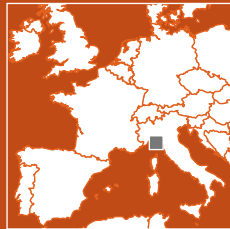
RESOLUTION WITH REGARD TO THE RESERVE FOR EXCHANGE GAINS (AS PER ART. 2426, POINT 8-BIS OF THE CIVIL CODE)

In addition, given that the underlying conditions no longer apply, we submit for your approval the transfer from Other reserves of the balance on the reserve for exchange gains (as per art. 2426, point 8-bis of the Civil Code), of € 23,063, to the extraordinary reserve.

Genoa, 21 March 2011

For the Board of Directors
The Chairman
(Fausto Marchionni)

Camogli, Italy



ANNUAL ACCOUNTS



BALANCE SHEETS AS OF 31 DECEMBER 2010 AND 2009 (in thousands of €)

	31.12.2010		31.12.2009	
ASSETS				
B. INTANGIBLE ASSETS				
5. Other deferred costs		153		180
C. INVESTMENTS				
C.I Property				
1. Property used for business purposes	7,765		8,093	
2. Property used by third parties	9,845	17,610	9,845	17,938
C.II Investments in group and related companies		53		0
C.III Other financial investments				
1. Shares and quotas	2,982		2,606	
2. Mutual fund units	473		524	
3. Bonds and other fixed-interest securities	85,238		73,119	
4. Loans	64		71	
6. Restricted deposits with banks	2,345	91,102	4,367	80,687
C.IV Deposits with ceding undertakings		1,474		1,562
Total		110,239		100,187
D.bis TECHNICAL RESERVES CARRIED BY REINSURERS				
1. Unearned premiums reserve	43,281		43,871	
2. Claims payable reserve	209,836	253,117	208,408	252,279
E. DEBTORS				
E.I Receivables arising out of direct insurance				
1.a Due from policyholders for current premiums	54,601		55,701	
1.b Due from policyholders for premiums relating to prior years	3,245		1,995	
2. Due from agents and others intermediaries	10,048		8,808	
3. Due from insurance companies	6,040	73,934	6,899	73,403
E.II Reinsurance debtors				
1. Insurance and reinsurance companies	7,677		8,560	
2. Reinsurance intermediaries	2,277	9,954	1,870	10,430
E.III Other debtors		5,842		5,127
Total		89,730		88,960
F. OTHER ASSETS				
F.I Tangible assets				
1. Furniture and office machine	310		144	
3. Plant and equipment	2	312	12	156
F.II Cash and cash equivalents				
1. Bank accounts	4,147		4,167	
2. Cheques and cash	5	4,152	2	4,169
F.IV Other assets				
1. Temporary reinsurance accounts	0		116	
2. Other	5,944	5,944	4,250	4,366
Total		10,408		8,691
G. PREPAYMENTS AND ACCRUED INCOME				
1. Interest	579		617	
2. Other	207	786	162	779
Total assets		464,433		451,076

	31.12.2010		31.12.2009	
LIABILITIES AND EQUITY				
A. CAPITAL AND EQUITY RESERVES				
A.I Share capital		38,000		38,000
A.IV Legal reserve		794		648
A.VII Other reserves		7,763		4,984
A. IX Net profit (loss) for the year		2,344		2,926
	Total	48,901		46,558
B. SUBORDINATED LIABILITIES				
		0		0
C. TECHNICAL RESERVES				
1. Unearned premiums reserve	52,708		52,924	
2. Claims payable reserve	283,618		284,088	
5. Other technical reserves	1,486	337,812	1,391	338,403
E. PROVISIONS FOR RISKS AND CHARGES				
2. Provision for taxation	1,320		1,178	
3. Other provisions	1,350	2,670		1,178
F. DEPOSITS FROM REINSURERS				
		173		458
G. CREDITORS AND OTHERS LIABILITIES				
G.I Payables arising out of direct insurance				
1. Due to agents and other intermediaries	13,465		7,908	
2. Due to insurance companies	3,362	16,827	3,534	11,442
G.II Reinsurance creditors				
1. Insurance and reinsurance companies	8,131		16,353	
2. Reinsurance intermediaries	27,311	35,442	15,894	32,247
G.VII Termination indemnities				
		1,731		1,829
G.VIII Other creditors				
1. Taxes paid by policyholders	546		624	
2. Miscellaneous taxes payable	496		382	
3. Due to social security and welfare institutions	228		219	
4. Sundry creditors	6,242	7,512	3,918	5,143
G.IX Other liabilities				
1. Temporary reinsurance accounts	0		106	
2. Commission on premiums to be collected	7,091		6,791	
3. Sundry liabilities	6,274	13,365	6,919	13,816
	Total	74,877		64,477
H. DEFERRED INCOME AND ACCRUED LIABILITIES				
1. Interest		0		2
	Total liabilities and equity	464,433		451,076

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009 (in thousands of €)

	31.12.2010		31.12.2009	
I. TECHNICAL ACCOUNT				
1. EARNED PREMIUMS, NET OF REINSURANCE				
a. Gross premiums written	169,967		175,204	
b. Outward reinsurance premiums	(126,731)		(131,852)	
c. Change in unearned premium reserve	1,571		38	
d. Change in unearned premium reserve carried by reinsurers	(1,759)	43,048	(1,078)	42,312
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT		284		3,102
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE		6,671		6,773
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE				
a. Claims paid				
aa. Gross amount	(162,897)		(135,844)	
bb. (less) ceded to reinsurers	127,079	(35,818)	102,078	(33,766)
b. Change in recoveries, net of reinsurance				
aa. Gross amount	1,991		3,354	
bb. (less) ceded to reinsurers	(1,252)	739	(2,282)	1,072
c. Changes in claims payable reserve				
aa. Gross amount	6,664		(42,359)	
bb. (less) ceded to reinsurers	(3,334)	3,330	40,163	(2,196)
Total		(31,749)		(34,890)
6. PROFIT COMMISSIONS, NET OF REINSURANCE		(207)		(253)
7. OPERATING EXPENSES				
a. Acquisition commissions	(25,827)		(26,953)	
b. Other acquisition costs	(2,949)		(2,981)	
d. Collection commissions	(69)		0	
e. Other administrative expenses	(7,494)		(7,583)	
f. Commission and other income from reinsurers	24,847	(11,492)	27,176	(10,341)
8. OTHER TECHNICAL EXPENSES, NET OF REINSURANCE		(1,011)		(2,165)
9. CHANGE IN OTHER TECHNICAL RESERVES		(95)		(94)
Underwriting result		5,449		4,444

	31.12.2010		31.12.2009	
III. NON-TECHNICAL ACCOUNT				
1. NET INVESTMENT INCOME				
a. Income from shares	124		73	
b. Income from other investments				
aa. Income on properties	976		814	
bb. Income from financial investments	1,712		1,846	
c. Writebacks	91		1,594	
d. Gains on sale of investment	1,378	4,281	778	5,105
5. CAPITAL AND FINANCIAL CHARGES				
a. Investment management charges and interest expense	(348)		(379)	
b. Writedowns	(3,166)		(348)	
c. Losses on sale of investment	(253)	(3,767)	(118)	(845)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT		(284)		(3,102)
7. OTHER INCOME		1,936		2,066
8. OTHER EXPENSES		(3,522)		(2,539)
10. EXTRAORDINARY INCOME		7		64
11. EXTRAORDINARY EXPENSES		(9)		(10)
		(1,358)		739
		4,091		5,183
14. INCOME TAXES FOR THE YEAR		(1,747)		(2,257)
		2,344		2,926

NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2010 comprise the balance sheet and statement of income, prepared in accordance with ISVAP Regulation 22 of 4 April 2008, and these explanatory notes, prepared in compliance with Attachment 2 of the same Regulation.

They have been prepared in accordance with Decree 209 of 7 September 2005, Decree 173 of 26 May 1997 and the provisions of ISVAP Regulation 22 of 4 April 2008, as well as current laws.

The financial statements, accompanied by the directors' report on operations, have been audited by Reconta Ernst & Young S.p.A., who were appointed as auditors for the period 2006 - 2011, pursuant to current legislation and the shareholders' resolution of 19 April 2006.

These notes are organised into the following parts:

Part A: Accounting policies

Part B: Balance sheet and statement of income

Part C: Other information

In addition, they are accompanied by the Attachments, which form an integral part of the Notes.

Comparative figures are provided, as required by ISVAP Regulation 22 of 4 April 2008, in order to enhance the clarity of presentation.

The presentation of these notes follows the division into parts and sections indicated in Attachment 2 of ISVAP Regulation 22 of 4 April 2008, supplying the information required therein.

For simplicity, the comments on the balance sheet and statement of income captions are coded in the same way as the schedules.

The financial statements have been translated into English from the original version in Italian solely for the convenience of international readers.

They have been prepared in accordance with the Italian law related to financial statements of insurance companies, interpreted and integrated by the accounting principles established by the Italian Accounting Profession.

Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Italy may not conform with generally accepted principles in other countries.

PART A - ACCOUNTING POLICIES

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The various items in the financial statements have been valued on a prudent, going-concern basis. Moreover, we have borne in mind the economic function of each asset or liability; in other words, substance has been preferred over form.

The more important accounting policies adopted for the preparation of these financial statements are discussed below:

START-UP AND EXPANSION COSTS AND OTHER DEFERRED COSTS

These are booked at historical cost and systematically reduced by direct amortisation calculated in relation to their estimated useful lives, which does not exceed five years.

PROPERTY

Property is stated at historical purchase cost, including related charges, as restated where applicable by specific revaluation laws.

The amounts recorded in the financial statements include improvements and conversion costs incurred to increase the income-earning capacity of property, or prolong its useful life.

Premises used by the Company for business purposes are systematically depreciated using rates that reflect their residual useful lives. They are stated net of accumulated depreciation.

Property leased to third parties, being of recent construction and in a good state of repair, represents another form of investment and is not depreciated. This is because the constant maintenance carried out means that no reasonable limit can be placed on its useful life.

SHARES, QUOTAS, BONDS AND OTHER FIXED-INCOME SECURITIES

Long-term investments

Investments in unlisted companies held as long-term investments are booked at purchase cost, determined on a weighted moving-average basis, as written down to reflect any permanent losses of value. Original cost is reinstated in future accounting periods if the reasons for any writedowns cease to apply.

Short-term investments

These are stated at the lower of carrying or market value.

Carrying value, determined on a weighted moving-average cost basis, is represented by their purchase or subscription cost, as adjusted in the case of bonds and other fixed-income securities by the accrued net issue discount.

Original cost is reinstated in future accounting periods if the reasons for any writedowns cease to apply. For securities listed on organised markets, market value is determined on the basis of the year-end price. For securities not listed on organised markets, market value is determined with reference to their estimated realisable value considering the market value of listed securities with similar characteristics or, otherwise, using objective criteria applied on a consistent basis.

REPURCHASE AGREEMENTS

Transactions involving the purchase or sale of securities with an obligation to return them after a certain period of time (so-called "repurchase agreements" or "reverse repurchase agreements" - "repos" for short) are booked by disclosing the spot value of the securities bought under "Other financial investments" and maintaining the assets involved in the transactions in the balance sheet of the seller. The proceeds of such transactions are booked on an accruals basis.

DEBTORS

These are stated at their estimated realisable value.

TANGIBLE ASSETS

Tangible assets are recorded at purchase cost, including related charges, and depreciated on a systematic basis using rates that reflect their residual useful lives.

They are stated net of accumulated depreciation.

TEMPORARY REINSURANCE ACCOUNTS

Considering the delay with which reinsurers make their accounts available, the technical costs and revenues relating to reinsurance business arranged with non-group companies are recorded in the subsequent year.

Accordingly, debtors and creditors relating to technical accounts for the year notified prior to year-end are reported in the financial statements, while the corresponding costs and revenues are deferred to the following year by using the transit accounts.

ACCRUALS AND DEFERRALS

Accruals and deferrals are calculated in order to match costs and revenues that refer to more than one year in the accounting periods to which they relate.

UNEARNED PREMIUMS RESERVE

This includes the apportioned premiums reserve and the provision for unexpired risks.

These are calculated together, in accordance with ISVAP Regulation 16 dated 4 March 2008, to cover the cost of accidents and the related expenses that will occur after year-end, to the extent of the cover provided by the premiums paid by policyholders.

Direct business

The apportioned premiums reserve is calculated on a detailed, accruals basis considering the gross premiums recorded net of acquisition commissions and other costs directly attributable to the acquisition.

This reserve includes specific provisions required by law to cover risks of a particular nature (such as bond insurance, hail and other natural disasters, and those relating to nuclear energy).

In limited cases, with reference to certain premiums accepted by the foreign branches, the accruals basis is applied using inductive systems that are considered to produce essentially the same result.

The reserve for unexpired risks is determined, sector by sector, to cover the risks outstanding after year-end in cases where estimated indemnities and expenses deriving from contracts written before the year-end exceed any related unearned premiums and premiums to be collected. As required by ISVAP Regulation 16 of 4 March 2008, the related calculation is based on the ratio of claims to recent premiums (net of acquisition commission and claims of an exceptional nature), while also taking into account the estimated claims for the Hull and Cargo businesses.

The share of the apportioned premiums reserve and the reserve for unexpired risks borne by reinsurers in relation to the Hull, Cargo and Motor third-party liability sectors is determined on a detailed accruals basis. With regard to the other sectors, this share is determined by applying to the related reserves the ratio of premiums transferred to reinsurers (net of excess-of-loss transfers) to the gross premiums written on direct business.

Indirect business

The apportioned premiums reserve is calculated on an accruals basis with reference to related communications received from reinsurers. If reinsurers do not provide sufficient information for this method to be applied, an overall approach is taken. The general principle of sufficiency required by ISVAP Regulation 16 dated 4 March 2008 is applied in every case.

The reserve for outstanding risks is determined using criteria similar to those employed for direct business.

The share of the unearned premiums reserve carried by reinsurers is determined by applying to this reserve the ratio of premiums transferred to reinsurers to the premiums written on indirect business.

CLAIMS PAYABLE RESERVE

This comprises the reserve for accidents already reported and the reserve for accidents that have occurred, but which have not yet been reported.

These are calculated together, in accordance with ISVAP Regulation 16 dated 4 March 2008, to cover the cost of accidents that took place in the current or prior years (regardless of the date of the claim) but which have not yet been settled, together with the related direct and indirect settlement costs.





Manavgat, Turkey



Direct business

The claims payable reserve is determined on a prudent basis considering all claims not yet settled at year-end, applying objective criteria and taking into account for each sector all foreseeable future charges (using available historical data and considering the specific characteristics of each company), in order to cover a reasonable estimate of all outstanding commitments. For this reason, the reserve also includes an estimate of accidents that have occurred, but which have not yet been reported at year-end.

The share of the claims payable reserve carried by reinsurers is determined on the basis of the estimated amount recoverable, taking into account the related contractual agreements.

Indirect business

This is determined on the basis of communications from reinsurers or, if unavailable or insufficient, using an inductive approach that takes historical experience into account.

The share of the claims payable reserve carried by reinsurers is determined using the criteria described for direct business.

OTHER TECHNICAL RESERVES

The reserve for natural disasters, which has been set up to offset the trend in claims over time, and the compensation reserve of the credit insurance business, designed to cover any negative technical balance retained at the end of each year, have been determined on the basis of the criteria laid down in arts. 40 et seq. of ISVAP Regulation 16 of 4 March 2008.

PROVISIONS FOR RISKS AND CHARGES

These provisions cover known or likely charges, whose timing and extent cannot be determined at year-end. Provisions reflect the best possible estimates, based on the information available.

CREDITORS

These are stated at their nominal value.

TERMINATION INDEMNITIES

This reserve reflects the Company's liability to all employees, pursuant to Art. 2120 of the Italian Civil Code and current labour contracts, taking into account their length of service at year-end and their remuneration.

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Guarantees given or received are booked at the contractual value of the related commitment.

Commitments for lease instalments not yet due are recorded on the basis of their contractual value.

Commitments in relation to unsettled security transactions are stated at the contract value of the related transaction.

Commitments under open domestic currency swap contracts are stated with reference to the related differentials, determined with reference to the conditions existing at year-end.

Securities deposited with third parties are stated at book value.

PREMIUMS

Gross premiums include all amounts earned during the year on insurance contracts, whatever their collection date, and are booked net of related taxes and duties collected from policyholders and technical cancellations of securities issued during the year.

Direct business premiums include apportioned premiums for the Hull and related third-party liability businesses.

The accruals basis is applied by provisions to the reserve for unearned premiums.

CLAIMS

The gross value of claims includes sums paid for direct and indirect business in settlement and as claim settlement expenses. The latter, in particular, include personnel costs and the depreciation and amortisation of the tangible and intangible assets used in the management of claims.

INTEREST AND OTHER COSTS AND REVENUES

These are booked on an accruals basis.

DIVIDENDS

Dividends are recorded when collected.

INCOME TAXES

Income taxes are provided on the basis of an estimate of taxable income made in accordance with current tax laws, taking account of any tax losses carried forward and costs disallowed for fiscal purposes.

When timing differences arise (deductible or taxed) between the results for the year and taxable income for corporate income tax purposes, the related taxation is allocated to other liabilities or assets using the tax rate expected at the time the differences reverse.

Deferred tax assets are only recorded if it is reasonably certain that they will be recovered in the future.

Deferred tax liabilities are recorded if it is considered probable that the amount will actually have to be paid.

TRANSLATION OF FOREIGN CURRENCY BALANCES

Foreign currency balances are recorded by means of a multicurrency accounting system.

Foreign currency balances (excluding non-current assets) are shown in the financial statements after they have been translated into the functional currency (euro) using year-end exchange rates.

The effects of translation are recorded in the statement of income as either "Other income" or "Other expense", depending on whether they give rise to a gain or a loss.

When the financial statements are approved and the results allocated, any net profits deriving from this translation represent an unrealised gain and are transferred to a non-distributable reserve until they are realised.

The exchange rates applied for the translation to euro of the principal currencies used by the Company are reported below (determined with reference to the official rates at 31 December each year), together with the percentage changes with respect to the prior year:

EXCHANGE RATE AGAINST THE EURO	2010	2009	Change (%)
US Dollar	1.3362	1.4406	7.2
Swiss Franc	1.2504	1.4836	15.7
British Pound	0.8607	0.8881	3.1

FUNCTIONAL CURRENCY

All amounts shown in the financial statements are expressed in Euro (€), without decimals.

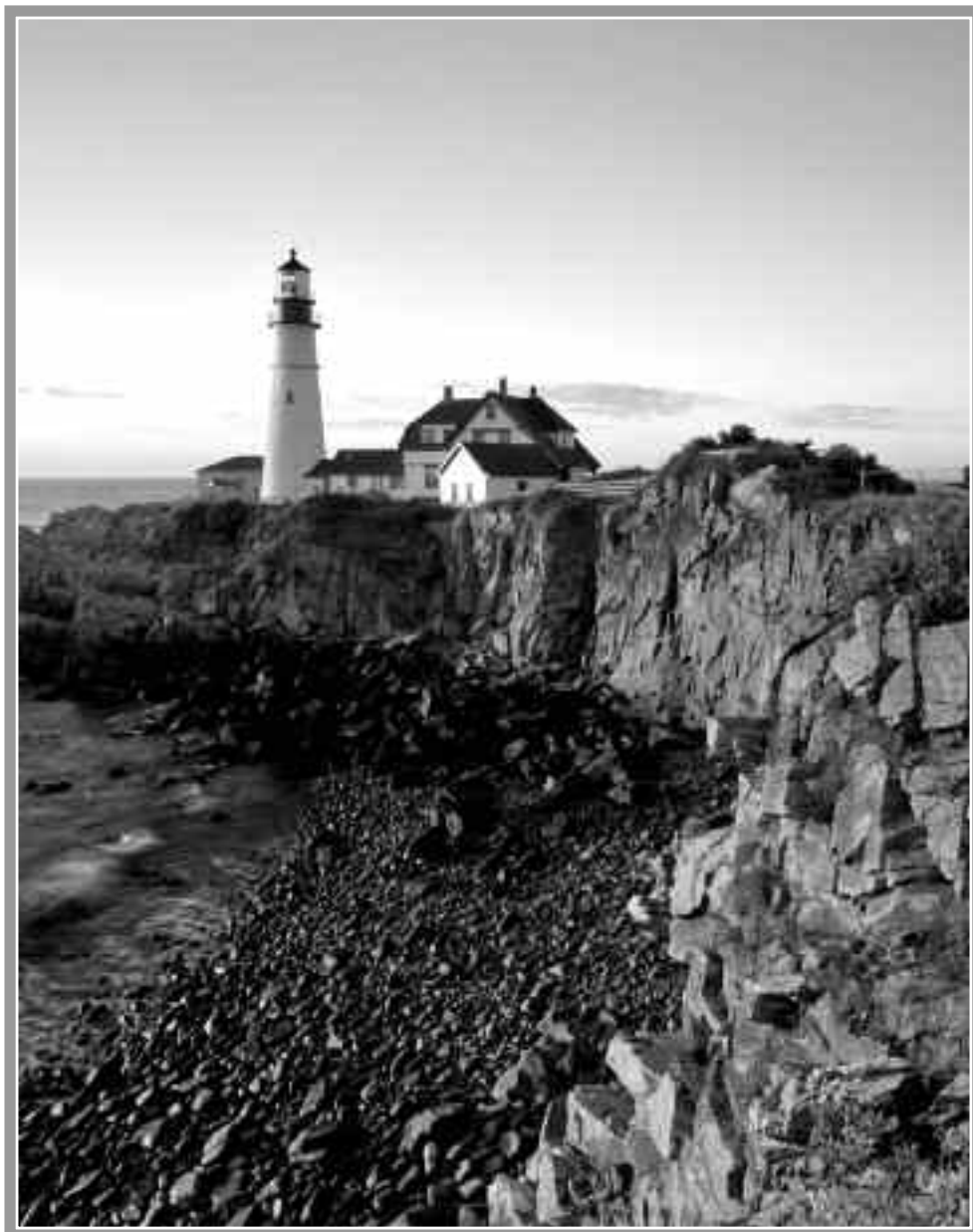
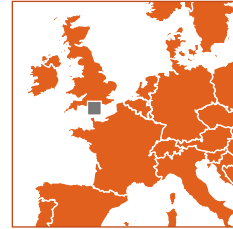
The only exception to this are the figures shown in the Notes to the financial statements and in the Attachments, which are expressed in thousands of euro, with the roundings envisaged in art. 4 of ISVAP Regulation 22 of 4 April 2008.

The above accounting policies are the same as those applied in the previous year.

SECTION 2 - TAX ADJUSTMENTS AND PROVISIONS

As envisaged under current regulations, no adjustments and/or provisions have been recorded solely for tax purposes.

Portland, Great Britain



PART B - BALANCE SHEET AND STATEMENT OF INCOME

BALANCE SHEET - ASSETS

SECTION 1 – INTANGIBLE ASSETS (CAPTION B)

B. "**Intangible assets**", which will all benefit future years, amount to € 153 thousand (€ 180 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
5. Other deferred costs	153	180	(27)
	153	180	(27)

Attachment 4 shows the changes during the year in the above caption, being additions of € 51 thousand and amortisation for the year of € 78 thousand.

B.5 "**Other deferred costs**" refer solely to software, which have a useful life of several years, for the residual portion yet to be amortised.

They are stated net of the direct amortisation charge accumulated at year-end.

SECTION 2 - INVESTMENTS (CAPTION C)

C. "**Investments**" amount to € 110,239 thousand (€ 100,187 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
I. Property	17,610	17,938	(328)
II. Investments in group and related companies	53	1	52
III. Other financial investments	91,102	80,686	10,415
IV. Deposits with reinsurers	1,474	1,562	(88)
	110,239	100,187	10,052

C.I "**Property**" amounts to € 17,610 thousand (€ 17,938 thousand at 31 December 2009) and comprises:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Property used for business purposes	7,765	8,093	(328)
2. Property used by third parties	9,845	9,845	-
	17,610	17,938	(328)

Property is stated net of accumulated depreciation totalling € 3,181 thousand at 31 December 2010 (€ 2,852 thousand at 31 December 2009), all of which refers to property used for business purposes.

Depreciation is charged at 3% per year and starts when the property is available and ready for use.

The buildings concerned are considered to be long-term assets as the Company intends to hold them over time as a stable investment.

Attachment 4 shows the changes during the year in the above caption.

At 31 December 2010, the market value of the above property was estimated to be € 25,982 thousand (€ 25,400 thousand at 31 December 2009).

Market value was determined in accordance with the rules laid down by ISVAP in Communication 1915-G of 20 July 2001.

This represents the price at which each property could be sold, at the time of the valuation, by private contract between a seller and a purchaser, assuming that the sale takes place on normal terms and, for property leased to third parties, taking into account the lease instalments and the expiry date of the contract.

The above market value has been determined on the basis of a separate valuation for each building, as shown in the appraisal prepared by an independent expert, bearing in mind the characteristics and income-earning capacity of each property.

The value of property still owned by the Company was not restated under revaluation laws in previous years.

Property is not mortgaged.

C.I.1 **"Property used for business purposes"** relates entirely to part of the building situated at Via V Dicembre 3, Genoa, where the Company's headquarters are located.

C.I.2 **"Properties used by third parties"** are only for business purposes and include a portion of the building situated in Via V Dicembre 3, Genoa.

These buildings are rented out to third parties.

No property is subject to finance leasing contracts.

C.II **"Investments in Group and related companies"** total € 53 thousand (€ 1 thousand at 31 December 2009).

They consist solely of quotas.

C.II.1 "Shares and quotas" comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
b) subsidiary companies	-	-	-
c) related companies	52	-	52
e) other	1	1	-
	53	1	52

These will be held indefinitely and are considered to be long-term investments.

The definition of related companies makes reference to Art. 5.1.c) of Decree 173 of 26 May 1997. The definition of subsidiary and associated companies is based on art. 2359 of the Italian Civil Code. "Other" companies mean equity investments as defined in Art. 4.2 of Decree 173 of 26 May 1997.

The increase in the year is attributable to the purchase of a holding of 0.10% in the related company Gruppo Fondiaria – SAI Servizi S.c.r.l. (€ 50 thousand) and 0.20% in the related company Sistemi Sanitari S.c.r.l. (€ 2 thousand).

Attachments 5 and 7 summarise and analyse the changes in this caption during the year.

General information on equity investments is provided in Attachment 6.

C.III "Other financial investments" amount to € 91,102 thousand (€ 80,686 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Shares and quotas	2,982	2,606	376
2. Mutual fund units	473	524	(51)
3. Bonds and other fixed-income securities	85,238	73,119	12,119
4. Loans	64	70	(7)
6. Restricted deposits with banks	2,345	4,367	(2,022)
	91,102	80,686	10,415

As shown in Attachment 8, the above financial investments are all considered to be short term.

Attachment 8 also compares the book value of each type of investment with its current value (i.e. market value) at year-end. The latter was determined on the basis described in Part A, Section 1, to which reference is made.

As shown in Attachment 8, the book value at 31 December 2010 of "Other financial investments" is € 45 thousand (€ 879 thousand at 31 December 2009) lower than their market value at that date.

The changes in "Shares and quotas", "Mutual fund units" and "Bonds and other fixed-income securities" during the year are analysed below:

	(in thousands of €)		
	Shares and quotas	Mutual fund units	Bonds and other fixed-income securities
Opening balance	2,606	524	73,119
Purchases	4,986	795	106,056
Writebacks	91	-	-
Issue discounts	-	-	20
Sales and redemptions	(4,319)	(827)	(91,759)
Value adjustments	(382)	(19)	(2,436)
Exchange differences	-	-	238
Closing balance	2,982	473	85,238

C.III.1 "Shares and quotas" included in "Other financial investments" consist of:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
a) Listed shares	2,982	2,606	376
	2,982	2,606	376

"Listed shares" comprise shares quoted on the Italian stock market (€ 1,561 thousand) and on other regulated European markets (€ 1,422 thousand). The latter relate to the German (€ 926 thousand) and French (€ 496 thousand) stock markets.

They are all denominated in Euro.

Their book value does not reflect any unrealised capital gains (€ 33 thousand at 31 December 2009) compared with their year-end market value.

C.III.2 "Mutual fund units" comprise Exchange-Traded Funds (ETF) replicating various international stock market indices totalling € 467 thousand, and € 6 thousand invested in a foreign Sicav monetary fund.

Their book value is € 7 thousand (€ 7 thousand at 31 December 2009) lower than their year-end market value.

C.III. 3 "Bonds and other fixed-income securities" consist of:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
a) listed	85,074	72,931	12,143
b) unlisted	139	163	(24)
c) convertible bonds	25	25	-
	85,238	73,119	12,119

Their book value is € 38 thousand (€ 839 thousand at 31 December 2009) lower than their year-end market value.

"Bonds and other fixed-income securities" denominated in euros total € 78,602 thousand, while those in other currencies (exclusively US dollars) amount to € 6,636 thousand.

They comprise investments earning interest at floating rates, € 60,277 thousand, and fixed rates, € 24,961 thousand.

Listed "Bonds and other fixed-income securities" include government and corporate securities totalling € 76,066 thousand and € 9,008 thousand, respectively.

The issue discounts relating to this caption are negative and total € 20 thousand, while there are no trading discounts.

An analysis of significant positions by issuer is presented below:

(in thousands of €)		
Issuer	Listed/unlisted	Amount
Italian Government	listed	72,932
US Treasury	listed	4,130
German Government	listed	4,033
Luxembourg Government	listed	2,554
Spanish Government	listed	1,148

C.III.4 "**Loans**" relate to loans granted to employees.

The changes during the year are shown in Attachment 10.

C.III.6 "**Restricted deposits with banks**" comprise deposits that are restricted for more than 15 days.

The changes during the year are shown in Attachment 10.

At year-end, the residual duration of these deposits does not exceed one month.

C.IV "**Deposits with reinsurers**" amount to € 1,474 thousand (€ 1,562 thousand at 31 December 2009) and have decreased by € 88 thousand.

These solely comprise cash deposits held by reinsurers on the basis of contractual terms regarding their reinsurance risks.

Deposits with reinsurers were not written down at any time during the year.

SECTION 4 - TECHNICAL RESERVES CARRIED BY REINSURERS (CAPTION D BIS)

D.bis. "Technical reserves carried by reinsurers" amount to € 253,117 thousand (€ 252,279 thousand at 31 December 2009) and consist of:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Unearned premiums reserve	43,281	43,871	(590)
2. Claims payable reserve	209,836	208,408	1,428
	253,117	252,279	838

The changes in this caption are the same as those affecting "Technical reserves". Reference should therefore be made to Section 10 for comments.

The amount of these reserves carried by related companies is € 2,606 thousand, consisting entirely of a claims reserve, while there is no reserve carried by (indirect parent company) Fondiaria – SAI S.p.A.

SECTION 5 - DEBTORS (CAPTION E)

E. "Debtors" total € 89,730 thousand (€ 88,960 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
I. Receivables arising out of direct insurance	73,933	73,403	530
II. Reinsurance debtors	9,955	10,430	(475)
III. Other debtors	5,842	5,127	715
	89,730	88,960	770

E.I. "Receivables arising out of direct insurance" amount to € 73,933 thousand (€ 73,403 thousand at 31 December 2009) and are due from:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1.a Due from policyholders for current premiums	54,601	55,701	(1,100)
1.b Due from policyholders for premiums relating to prior years	3,245	1,995	1,250
2. Due from agents and other intermediaries	10,048	8,808	1,240
3. Due from insurance companies	6,039	6,899	(860)
	73,933	73,403	530

E.I.1 "Due from policyholders" for current and prior year premiums amount in total to € 57,846 thousand (€ 57,696 thousand at 31 December 2009) and are shown net of the related provision for doubtful accounts, which amounts to € 321 thousand (€ 201 thousand at 31 December 2009).

"Due from policyholders" were written down by € 120 thousand during the year; this writedown was charged to "Other technical expenses, net of reinsurance" in the statement of income.

These receivables include € 34,641 thousand in premium instalments not yet due for the Hull and related third-party liability sectors (€ 32,530 thousand at 31 December 2009).

E.I.2 "**Due from agents and other intermediaries**" are shown net of the related provision for doubtful accounts of € 460 thousand (€ 430 thousand at 31 December 2009).

These debtors were mostly settled during the early months of the following year.

"Due from agents and other intermediaries" were written down during the year by € 30 thousand; the writedown was charged to the statement of income under "Other expenses".

E.I.3 "**Due from insurance companies**" relate to current account deposits to secure co-insurance and services performed.

These are shown net of a provision of € 300 thousand made entirely during the year and included in the statement of income caption "Other charges".

This caption does not include any receivables from the indirect parent company or from related companies.

E.II "**Reinsurance debtors**" amount to € 9,955 thousand (€ 10,430 thousand at 31 December 2009) and are due from:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Insurance and reinsurance companies	7,677	8,560	(883)
2. Reinsurance intermediaries	2,278	1,870	408
	9,955	10,430	(475)

E.II.1 Reinsurance receivables from "**Insurance and reinsurance companies**" are stated net of a provision of € 4,735 thousand (€ 4,786 thousand at 31 December 2009) which relates solely to reinsurance current accounts.

During the year, these receivables were written down by € 2 thousand, which was charged to the statement of income under "Other expenses".

Moreover, this provision was increased by € 109 thousand to take account of exchange losses, debited to "Other expenses", in relation to amounts recorded in foreign currencies (essentially US dollars).

At the same time, a reversal of € 162 thousand was recorded, arising from a change in estimate during the year. This was credited to the statement of income caption "Other income".

These receivables include an amount due from Fondiaria-SAI S.p.A. of € 670 thousand and from related companies of € 4,901 thousand.

E.II.2 Receivables due from "**Reinsurance intermediaries**" are stated net of the related provision for doubtful accounts totalling € 150 thousand (€ 143 thousand at 31 December 2009).

"Due from agents and other intermediaries" were written down during the year by € 7 thousand; the writedown was charged to the statement of income under "Other expenses".

E.III "**Other debtors**" amount to € 5,842 thousand (€ 5,127 thousand at 31 December 2009). Their main components are shown below:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
Due from the tax authorities	4,154	3,292	862
Due from the indirect parent company	1,068	979	89
Due from related companies	365	366	(1)
Deposits with clearing houses	117	376	(259)
Guarantee funds in favour of policyholders	47	67	(20)
Due from tenants	24	32	(8)
Other debtors	67	15	19
	5,842	5,127	714

These receivables were not written down during the year, nor were any provisions for doubtful accounts recorded in the past, since there were no reasons for doing so.

Amounts due from the tax authorities include € 3,097 thousand receivable from the Italian tax authorities and € 1,057 thousand due from those in other European countries (for advance taxation, VAT recoverable and amounts withheld from dividend payments).

As regards amounts due from the Italian tax authorities, these relate to:

- the tax advance on insurance policies of € 1,933 thousand paid in November 2010 (partially used to offset the tax bill due in February 2011 for the previous year),
- € 1,136 thousand for direct taxes (including € 697 thousand due to be reimbursed and € 439 thousand of Irap advances paid during 2010);
- € 12 thousand relating to government concession taxes (also due to be reimbursed);
- € 12 thousand of tax demands made in error (reimbursed in January 2011);
- € 3 thousand of excess contributions paid to the National Health Service in 2007.

Since the Company is a member of the domestic tax group, it has transferred its tax credits to the indirect

parent company to be deducted from the Group tax liability. The amount concerned, € 243 thousand, has therefore been reclassified to the caption described below.

Amounts due from the tax authorities of other European countries, concern essentially Germany (€ 1,028 thousand) and France (€ 24 thousand)

The amounts due from the indirect parent company, Fondiaria – SAI S.p.A., mainly include operating costs of € 768 thousand incurred on behalf of that company and therefore recharged to it.

They also include the credit deriving from membership of the domestic tax group, as discussed above, of € 243 thousand relating to withholding taxes, as well as € 57 thousand relating to the overpayment of Ires in prior years.

The amounts due from related companies include operating costs incurred on behalf of Milano Assicurazioni S.p.A. and billed to it.

Deposits with clearing houses refer solely to deposits made by the French branch in the ordinary course of business.

Amounts due from guarantee funds in favour of policyholders essentially relate to the "Guarantee Fund for Road Victims".

Amounts due from tenants relate to rents and expenses.

SECTION 6 - OTHER ASSETS (CAPTION F)

F. "Other assets" total € 10,408 thousand (€ 8,691 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
I. Tangible assets	312	157	155
II. Cash and cash equivalents	4,152	4,168	(16)
IV. Other assets	5,944	4,366	1,578
	10,408	8,691	1,717

F.I "Tangible assets" of € 312 thousand, are stated net of accumulated depreciation at year-end of € 1,904 thousand, as analysed below:

	(in thousands of €)		
	Gross value	Accumulated depreciation	Book value
1. Furniture and office machines	2,006	(1,696)	310
2. Publicly registered assets	15	(15)	-
3. Plant and equipment	195	(193)	2
	2,216	(1,904)	312

These are considered to be long-term tangible assets forming part of the Company's permanent structure. The movements in their gross book value during the year were as follows:

(in thousands of €)				
Gross value				
	Balance at 31.12.2009	Increase	Decrease	Balance at 31.12.2010
1. Furniture and office machines	2,159	251	(404)	2,006
2. Publicly registered assets	15	-	-	15
3. Plant and equipment	195	-	-	195
	2,369	251	(404)	2,216

The previously indicated accumulated depreciation of € 1,904 thousand (€ 2,212 thousand at 31 December 2009), was increased by the charge for the year of € 96 thousand and decreased by € 404 thousand following the disposal of fixed assets.

The following depreciation rates are applied taking into account the year in which the assets become available for use, as required for tax purposes:

Category	Rate %
furniture	12
fixtures	15
office machines	20
equipment	15
internal communication equipment	25
publicly registered assets	25

No accelerated or advance depreciation has been provided.

F.II "**Cash and cash equivalents**" amount to € 4,152 thousand (€ 4,168 thousand at 31 December 2009) and consist of:

(in thousands of €)			
	31.12.2010	31.12.2009	Change
1. Bank accounts	4,147	4,166	(19)
2. Cheques and cash	5	2	3
	4,152	4,168	(16)

F.II.1 "**Bank accounts**" include demand deposits and time deposits of less than 15 days.

These amounts include interest income accrued up to year-end.

F.IV "**Other assets**" amount to € 5,944 thousand (€ 4,366 thousand at 31 December 2009) and consist of:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Temporary reinsurance accounts	-	116	(116)
2. Other	5,944	4,250	1,694
	5,944	4,366	1,578

F.IV.1 "**Temporary reinsurance accounts**" include amounts from reinsurance transactions with companies that are not part of the Group, which are booked to these transit accounts as explained in Section 1 of the notes.

They essentially relate to reinsurance transactions concerning the Hull business.

F.IV.2 The main items included in "**Other**" are detailed below:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
Deferred tax assets	3,027	2,610	417
Due from tax authorities for disputed tax claim	1,639	-	1,639
Disbursements for accident claims to be settled	996	859	137
Due from related companies	110	127	(17)
Due from indirect parent company	16	-	16
Insurance excesses and amounts to be recovered from policyholders	-	387	(387)
Due from insurance companies	-	247	(247)
Other assets	156	20	136
	5,944	4,250	1,694

Deferred tax assets derive from timing differences (primarily due to the non-deductible writedown of receivables) between the results reported in the financial statements and Ires taxable income. The recovery of these timing differences against future taxable income is deemed to be reasonably likely. The balance was determined using the tax rates that are expected to apply in the year when the related timing differences reverse. The rates used in relation to Ires and Irap were 27.50% and 4.82% respectively. Deferred tax assets recognised during the year amount to € 417 thousand while those recorded in prior years total € 2,610 thousand.

The receivable from the tax authorities for disputed tax claim relates to a payment made in July 2010 to settle a tax demand issued by the tax authorities, following an unfavourable sentence issued by the Liguria Regional Tax Commission concerning direct tax relating to coinsurance for the 2003 tax year. In fact, as further detailed at point E.1 of Section 12., the lawyer dealing with the case has indicated that the aforementioned sentence should be considered illegitimate and unfounded and, thus, likely to be overturned by the Supreme Court.

Disbursements for accident claims to be settled represent the temporary accounting contra-entry for fees paid to outside consultants (such as technical experts and loss adjusters) for Marine insurance claims not yet settled at the end of the year. These fees have been accounted for as part of the valuation of the claims payable reserve.

Receivables from related companies (all due from Milano Assicurazioni S.p.A.) and from the indirect parent company related entirely to operating costs (for personnel on secondment) incurred on their behalf and to be recharged thereto.

Other assets mainly include the temporary accounting contra-entry for settlements recharged to us by other insurance companies under co-insurance relationships, waiting for supporting documentation or to be reversed. Balances relating to such claims are recorded as amounts due to these companies or in the claims payable reserve, as the case may be.

SECTION 7 - PREPAYMENTS AND ACCRUED INCOME (CAPTION G)

G. "Prepayments and accrued income" amount to € 786 thousand (€ 778 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Interest	579	616	(37)
3. Other	207	162	45
	786	778	8

This caption is analysed as follows:

	(in thousands of €)		
	Accrued income	Prepayments	Total
1. Interest	579	-	579
3. Other	-	207	207
	579	207	786

Accrued interest income mainly concerns fixed-income securities and deposit account balances at year-end.

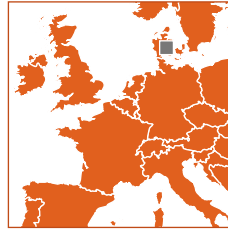
Other prepayments relate to various operating expenses referring to future periods (€ 194 thousand) and insurance premiums (€ 13 thousand).

No accrued income or prepayments have a duration of more than five years, or more than one year.





Arhus, Denmark



BALANCE SHEET - LIABILITIES AND EQUITY

SECTION 8 - CAPITAL AND EQUITY RESERVES (CAPTION A)

A. As at 31 December 2010 these amount to € 48,901 thousand (€ 46,557 thousand at 31 December 2009) and consist of:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
I. Subscribed share capital	38,000	38,000	-
IV. Legal reserve	794	647	147
VII. Other reserves	7,763	4,984	2,779
IX. Net profit (loss) for the year	2,344	2,926	(582)
	48,901	46,557	2,344

The changes during the year are summarised as follows:

	(in thousands of €)				
	Subscribed share capital	Legal reserve	Other reserves	Net profit for the year	Total
Balance at 31.12.2009	38,000	647	4,984	2,926	46,557
Allocation of 2009 earnings authorised at the shareholders' meeting held on 21 April 2010:					
- to legal reserve	-	147	-	(147)	-
- to extraordinary reserve	-	-	2,756	(2,756)	-
- to reserve for exchange gains	-	-	23	(23)	-
Net profit for 2010	-	-	-	2,344	2,344
Balance at 31.12.2010	38,000	794	7,763	2,344	48,901

As required by Art. 2427.7-bis of the Italian Civil Code, the following table analyses the various items included in equity at 31 December 2010, explaining their origin, possible use and availability for distribution or other purposes:

	(in thousands of €)		
Caption	Amount	Possible use	Available amount
I. Subscribed share capital	38,000	-	-
IV. Legal reserve	794	B	-
VII. Other reserves			
- reserve for losses	1,953	A, B, C	1,953
- reserve for exchange gains (art. 2426.8-bis Civil Code)	23	B	23
- extraordinary reserve	5,787	A, B, C	5,787

Key: A: for increase in capital

B: to cover losses

C: for distribution to shareholders

None of these reserves has been used in the last three years (including 2010).

A.I "Subscribed share capital" amounts to € 38,000,000 and has not changed during the year.

It is represented by 38,000,000 fully-paid ordinary shares, par value € 1 each.

A.IV The "Legal reserve" amounts to € 794 thousand following an increase of € 147 thousand during the year on allocation of part of the net profit for 2009, as required by art. 2430 of the Italian Civil Code.

A.VII "Other reserves" amount to € 7,763 thousand after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2009	Increase	Decrease	Balance at 31.12.2010
Reserve for losses	1,953	-	-	1,953
Reserve for exchange gains (art. 2426.8-bis Civil Code)	-	23	-	23
Extraordinary reserve	3,031	2,756	-	5,787
	4,984	152	-	7,763

SECTION 9 - SUBORDINATED LIABILITIES (CAPTION B)

B. As in 2009, there are no subordinated liabilities at 31 December 2010.

SECTION 10 - TECHNICAL RESERVES (CAPTION C.I)

C.I "Technical reserves" at 31 December 2010 amount to € 337,812 thousand (€ 338,403 thousand at 31 December 2009) and consist of:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Unearned premiums reserve	52,708	52,924	(216)
2. Claims payable reserve	283,618	284,088	(470)
5. Other technical reserves	1,486	1,391	95
	337,812	338,403	(591)

In compliance with ISVAP Regulation 16 of 4 March 2008, these technical provisions have been calculated based on estimates that make the best possible use of available information to ensure that they adequately cover the commitments inherent in insurance policies, to the extent that these are reasonably foreseeable.

The amount of these reserves carried by the indirect parent company, Fondiaria-SAI S.p.A., includes € 2,584 thousand in unearned premiums and € 23,275 thousand for claims.

The unearned premiums reserve carried by affiliates amounts to € 2,096 thousand, while the claims payable reserve carried by them totals € 17,796 thousand.

The changes in the unearned premiums reserve and in the claims payable reserve during the year are detailed in Attachment 13.

C.I.1 The “**Unearned premiums reserve**” amounts to € 52,708 thousand (€ 52,924 thousand at 31 December 2009, of which € 52,654 thousand related to apportioned premiums and € 270 thousand related to unexpired risks) and has been calculated in accordance with ISVAP Regulation 16 of 4 March 2008.

This reserve comprises € 52,308 thousand in apportioned premiums and € 400 thousand in unexpired risks.

As required, the unearned premiums reserve is analysed by sector below, considering direct business and indirect business separately:

(in thousands of €)			
Unearned premiums reserve			
Business sector	Direct business	Indirect business	Total
Rolling stock	7	2	9
Hull	45,141	2,790	47,931
Cargo	1,044	894	1,938
Fire	960	-	960
Other property damage	55	6	61
Motor third-party liability	602	787	1,389
General third-party liability	214	-	214
Bond insurance	31	-	31
Pecuniary losses	175	-	175
	48,229	4,479	52,708

With regard to the unearned premiums reserve for direct business, the above amounts include € 400 thousand for unexpired risks (€ 270 thousand at 31 December 2009).

It relates to Cargo (€ 50 thousand) and Motor third-party liability (€ 350 thousand).

The reserve for unexpired risks has been determined for each sector of business taking into account the ISVAP Circular mentioned above.

In particular, reference was made to the ratio of claims to current generation premiums (net of acquisition commissions and claims of an exceptional nature), compared with the same ratio in previous years.

In addition, as regards the fact that an unearned premiums reserve for unexpired risks has not been

set up, except for the one relating to the sectors mentioned above, the following has to be said:

- direct business: the reason is related to the technical performance of the various sectors and, therefore, to the adequacy of the apportioned premium reserve to cover the cost of claims and the related expenses that will take place after the year end;
- indirect business does not require an unexpired risks reserve.

C.I.2 The **"Claims payable reserve"** amounts to € 283,618 thousand (€ 284,088 thousand at 31 December 2009) and has been calculated in accordance with ISVAP Regulation 16 of 4 March 2008.

As discussed in greater detail in Section I, the valuation of the claims payable reserve was based on a claim-by-claim assessment.

The claims payable reserve has been estimated using the "latest cost method", where necessary applied on the basis of the insurance cover provided in each sector, bearing in mind how it has evolved from prior generations to the year under review.

In particular, considering the special nature of the Hull and Cargo sectors, the "latest cost method" was included as part of a broader evaluation of the generation as a whole.

In addition, the claims payable reserve also includes an estimate of accidents that have taken place, but which have not yet been reported at year-end. This estimate is based on experience in previous years, bearing in mind the frequency of late claims and the average cost of accidents reported during the year.

Lastly, taking into account the type of risks for these sectors of business, no especially onerous or exceptional accidents have been reported late.

C.I.5 **"Other technical reserves"** amount to € 1,486 thousand (€ 1,391 thousand at 31 December 2009) after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2009	Increase	Decrease	Balance at 31.12.2010
Equalisation reserve for natural disasters	1,389	95	-	1,484
Compensation reserve	2	-	-	2
	1,391	95	-	1,486

The equalisation reserve for natural disasters was established pursuant to Ministerial Decree 705 dated 19 November 1996 (as referred to in art. 57 of ISVAP Regulation 16 of 4 March 2008), in order to offset over time the loss experience associated with the risks concerned.

The compensation reserve was set up pursuant to Art. 44 of ISVAP Regulation 16 of 4 March 2008 to offset potential underwriting losses on credit insurance business.



Santa Maria di Leuca, Italy



SECTION 12 - PROVISIONS FOR RISKS AND CHARGES (CAPTION E)

E. "**Provisions for risks and charges**" amount to € 2,670 thousand (€ 1,178 thousand at 31 December 2009), having increased by € 1,492 thousand.

They include "Taxation reserves" of € 1,320 thousand (€1,178 thousand at 31 December 2009) and "Other provisions" of € 1,350 thousand (nil balance as at 31 December 2009).

The changes in the year for this caption are detailed in Attachment 15.

E.1 The "**Provision for taxation**" consists of the estimated amounts due for direct taxes, including those payable by the foreign branches.

Current taxes are classified in this account, since the exact amount payable to the tax authorities and its timing can only be determined when the tax declaration is prepared and presented.

Since the Company is a member of the domestic tax group, the corporation tax payable (Ires: € 1,620 thousand) has been reclassified as a liability to the indirect parent company, Fondiaria-SAI S.p.A., under "Other creditors".

In addition with regard to taxation, the Genoa tax police completed an inspection during the first half of 2009. This was conducted to check compliance with current regulations regarding both indirect taxation (for the 2006, 2007 and 2008 tax years) and direct taxation (just the 2006 tax year).

No significant matters emerged in relation to direct taxes, while certain irregularities were notified for indirect taxes regarding co-insurance relationships and the related VAT requirements.

In particular, these irregularities related to the failure to tax the recharge made to co-insurers of the "settlement rights" due to the delegated company under co-insurance agreements.

The Liguria Regional Tax Office reached the same conclusion during its audit of the 2003 tax year in 2005. Moreover, on that occasion, the authorities also challenged the failure to subject to VAT the expenses incurred by the Company, as manager of the claim, that were recharged to co-insurers.

With regard to these co-insurance relationships, the Company has always followed the tax approach adopted by the insurance industry over the past decades, which does not envisage and has never envisaged that these transactions be subjected to VAT.

Accordingly, the Company believes that current legislation has been properly applied, in the absence of official interpretations to the contrary. In particular, with regard to the settlement fees, the approach adopted is supported by a circular from the trade association.

Support for this comes from the sentence handed down by the Genoa Provincial Tax Commissioners on 4 October 2007, in relation to the 2003 tax inspection, which fully accepted the Company's appeal against the indirect taxation.

However, in January 2008, the Genoa Tax Office appealed against this ruling to the Liguria Regional Tax Commissioners.

The hearing before this Commission was held in December 2008 and but the ruling was filed on 3 February 2010.

The ruling accepts the Tax Office's appeal and confirms in full the tax assessment appealed by the Company.

Following the above sentence, in May 2010, the tax authorities issued a payment notice, which was duly settled for a total amount of € 1,715 thousand (of which € 1,639 thousand for tax due and € 76 thousand for handling fees).

The amount paid for tax due has been included in "Other assets", for the reasons set out below, while the handling fees have been charged to the statement of income for the year under the caption "Other charges".

In the opinion of the lawyer appointed to follow this case, the ruling contains specific weaknesses in terms of structure and reasoning and, as such, should be considered illegitimate and unfounded; accordingly, it may be completely overturned by the Court of Cassation.

Recourse was made to this Court in September 2010 and, in response to which, the Attorney General of the State, on behalf of the tax authorities, has lodged a counter appeal in November 2010.

On 22 February 2010, another ruling filed by the Liguria Regional Tax Commissioners (with a different panel), concerning a similar assessment notified to a different company, confirmed cancellation of the Tax Office's assessment for understandable reasons.

Given the above and despite the overall size of the amounts involved in the matters raised, no specific provision has been considered necessary, taking into account the decision of the Liguria Regional Tax Commissioners and the fact that the payment notice has been settled.

Lastly, in view of the defence costs and other possible liabilities in relation to the above, the provision for taxation includes an amount of € 500 thousand accrued for in prior years.

E.3 "Other provisions" include an amount of € 1,000 thousand for the expected cost of the dispute with ISNO3 S.r.l., as successor to Fallimento di Festival Crociere S.p.A. (policyholder of the Company in prior years), over the claw back of payments made by the latter in a period subject to bankruptcy rescindment; The Genoa Court should deliver its sentence during the course of 2011.

In addition, they include € 250 thousand for the expected cost of employee liability, mainly in connection with the national labour contract for middle managers and office staff, which expired on 31 December 2009 and which has not yet been renewed;

Finally, this caption also includes € 100 thousand for the expected cost of penalties which ISVAP could claim, pursuant to an inspection made during the course of 2010 and a related assessment issued on 16 November 2010.

F. "**Deposits from reinsurers**" amount to € 173 thousand (€ 458 thousand at 31 December 2009), down by € 285 thousand compared with the previous year.

This caption solely comprises the cash deposits received under the terms of reinsurance agreements.

SECTION 13 - CREDITORS AND OTHER LIABILITIES (CAPTION G)

G. "**Creditors and other liabilities**" amount to € 74,877 thousand (€ 64,477 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
I. Payables arising out of direct insurance	16,827	11,442	5,385
II. Reinsurance creditors	35,442	32,247	3,195
VII. Termination indemnities	1,731	1,829	(98)
VIII. Other creditors	7,512	5,143	2,369
IX. Other liabilities	13,365	13,816	(451)
	74,877	64,477	10,400

G.I. "**Payables arising out of direct insurance**" amount to € 16,827 thousand (€ 11,442 thousand at 31 December 2009) and consist of:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Due to agents and other intermediaries	13,465	7,908	5,557
2. Due to insurance companies	3,362	3,534	(172)
	16,827	11,442	5,385

G.I.1 "**Due to agents and other intermediaries**" comprise amounts payable to agents, agents and other intermediaries in connection with their activities.

G.I.2 "**Due to insurance companies**" relate to current account deposits to secure co-insurance relationships and services received.

They also include € 1,364 thousand due to the indirect parent company Fondiaria - SAI S.p.A. and € 322 thousand due to related companies.

G.II "**Reinsurance creditors**" amount to € 35,442 thousand (€ 32,247 thousand at 31 December 2009) and are due to:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Insurance and reinsurance companies	8,131	16,353	(8,222)
2. Reinsurance intermediaries	27,311	15,894	11,417
	35,442	32,247	3,195

G.II.1 Reinsurance payables deriving from transactions with "**Insurance and reinsurance companies**" relate solely to the balances on reinsurance current accounts.

These include € 2,965 thousand (€ 1,543 thousand at 31 December 2009) in liabilities for premium instalments not yet expired in respect of Hull and related Third-party liability insurance business.

They do not include any amount due to the indirect parent company Fondiaria-SAI S.p.A. or to related companies.

G.II.2 Reinsurance payables deriving from transactions with "**Reinsurance intermediaries**" include apportioned premiums only in respect of Hull and related Third-party liability insurance.

These premium instalments not yet expired (totalling € 21,798 thousand compared with € 17,636 thousand at 31 December 2009) have been partly deducted from the corresponding asset caption relating to reinsurance transactions, if residual amounts are still due to the intermediary concerned.

G.VII "**Termination indemnities**" amount to € 1,731 thousand (€ 1,829 thousand at 31 December 2009) and represent the indemnities accrued in compliance with current laws and labour contracts.

The changes during the year are detailed in Attachment 15.

G.VIII "**Other creditors**" amount to € 7,512 thousand (€ 5,143 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Taxes paid by policyholders	546	623	(77)
2. Tax authorities for taxes payable	496	382	114
3. Due to social security and welfare institutions	228	219	9
4. Sundry creditors	6,242	3,919	2,323
	7,512	5,143	2,369

G.VIII.1 "**Taxes paid by policyholders**" include the amount due to the tax authorities on insurance policies (€ 472 thousand), net of advances paid during the year. This amount was duly paid over in January 2011.

The total also includes € 74 thousand due to foreign tax authorities (mainly Spain, United Kingdom and Germany) for taxes withheld from policyholders, regarding the provision of unrestricted services.

G.VIII.2 **"Tax authorities for taxes payable"** include the VAT balance, € 272 thousand, and taxes for which the Company has acted as withholding agent, € 224 thousand.

These amounts were duly paid over in early 2011.

G.VIII.3 **"Due to social security and welfare institutions"** relate to social security contributions payable by the Company and amounts withheld from employees.

This amount was duly paid over in January 2011.

G.VIII.4 **"Sundry creditors"** are analysed below:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
Due to the indirect parent company	3,896	2,276	1,620
Due to suppliers	1,943	1,270	673
Due to shareholders for dividends	233	256	(23)
Due to corporate officers	142	81	61
Other creditors	28	36	(8)
	6,242	3,919	2,323

The amount due to the parent company (Fondiarria-SAI S.p.A.) reflects the amount reclassified from the provision for Ires corporation tax following the Company's inclusion in the Group's domestic tax consolidation.

Amounts due to corporate officers relate to the Board of Directors, € 56 thousand, and the Board of Statutory Auditors, € 86 thousand.

G.IX **"Other liabilities"** amount to € 13,365 thousand (€ 13,816 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
1. Temporary reinsurance accounts	-	106	(106)
2. Commission on premiums to be collected	7,091	6,791	300
3. Sundry liabilities	6,274	6,919	(645)
	13,365	13,816	(451)

G.IX.1 **"Temporary reinsurance accounts"** derive from reinsurance transactions with companies that are not part of the Group. They are booked to these transit accounts for the reasons and with the methods discussed in Section 1 above.

They essentially relate to reinsurance transactions concerning the Hull business.

G.IX.2 "**Commission on premiums to be collected**" have decreased mainly as a result of lower premiums receivable from direct insurance policyholders.

G.IX.3 "**Sundry liabilities**" are analysed below:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
Due to the indirect parent company	3,777	4,320	(543)
Due to related companies	672	158	514
Due to reinsurers and co-insurers for sundry items	504	971	(467)
Deferred tax liabilities	365	377	(12)
Due to third parties	318	347	(29)
Due to employees	234	338	(104)
Due to reinsurers for the settlement of premiums and exclusions	138	202	(64)
Other	266	206	60
	6,274	6,919	(645)

The payable due to the indirect parent company relates to personnel on secondment (€ 3,551 thousand), as well as services provided (€ 226 thousand).

Amounts due to affiliated companies are for services provided by them and relate to Gruppo Fondiaria – SAI Servizi S.c.r.l. (€ 310 thousand), Milano Assicurazioni S.p.A. (€ 184 thousand), Sistemi Sanitari S.c.r.l. (€ 26 thousand), Immobiliare Lombarda S.p.A. (€ 18 thousand) and Pronto Assistance S.p.A. (€ 1 thousand).

In addition, they also include € 133 thousand for personnel on secondment from Milano Assicurazioni S.p.A.

Amounts due to reinsurers and co-insurers for sundry items relate to relationships of a technical nature, for which no documentation exists yet in support of the payable.

The amounts due to employees relate to holidays accrued but not yet taken.

Amounts due to third parties relate to invoices to be received for goods or services supplied in 2010.

Deferred tax liabilities derive from timing differences between the results for the year and the income subject to Ires corporation tax.

These liabilities were determined applying the Ires and Irap tax rates of 27.50% and 4.82%, respectively.

Amounts due to reinsurers for the settlement of premiums and exclusions are payable in relation to the sums due from policyholders recorded, for the same reason, under "Other assets".

SECTION 14 - DEFERRED INCOME AND ACCRUED EXPENSES (CAPTION H)

H.I “**Deferred income and accrued expenses**” amount to zero (€ 2 thousand at 31 December 2009) and comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
2. Rents	-	-	-
3. Other	-	2	(2)
	-	2	(2)

This caption is analysed as follows:

	(in thousands of €)		
	Accrued expenses	Deferred income	Total
3. Other	-	-	-
	-	-	-

SECTION 15 - ASSETS AND LIABILITIES RELATED TO GROUP COMPANIES AND OTHER COMPANIES

Details of assets and liabilities related to Group companies and other companies are given in Attachment 16.

SECTION 16 - DEBTORS AND CREDITORS

No creditors are secured on the assets of the Company.

Debtors and creditors booked to captions C. and E. in assets and captions F. and G. in liabilities include the following that are due beyond one year and, of these, due beyond five years:

	(in thousands of €)	
Caption	Due beyond 12 months	of which: due beyond 5 years
Assets		
C.4 Loans		
c) other loans	34	-

In addition, as required by Art. 2427.6 of the Italian Civil Code, the following is a breakdown of debtors and creditors by geographical area:

	(in thousands of €)			
	Italy	Other E.U. countries	Other non E.U. countries	Total
E. Debtors				
E.1 Receivables arising out of direct insurance	42,466	14,883	16,584	73,933
E.2 Reinsurance debtors	3,246	2,977	3,732	9,955
E.3 Other debtors	4,634	1,208	-	5,842
Total	50,346	19,068	20,316	89,730

	(in thousands of €)			
	Italy	Other E.U. countries	Other non E.U. countries	Total
D. Creditors				
D.I Payables arising out of direct insurance	15,088	1,739	-	16,827
D.II Reinsurance creditors	20,557	14,530	355	35,442
D.VIII Other creditors	7,211	301	-	7,512
Total	42,856	16,570	355	59,781

SECTION 17 - GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

"Guarantees, commitments and other memorandum accounts" comprise:

	(in thousands of €)		
	31.12.2010	31.12.2009	Change
I. Guarantees given	6	6	-
III. Guarantees given by third parties in the interest of the Company	843	858	(15)
VII. Securities with third parties	88,747	76,250	12,497

I. "**Guarantees given**" refer to securities lodged by the Company in favour of third parties for its insurance activities abroad.

III. "**Guarantees given by third parties in the interests of the Company**" relate to guarantees given by leading Italian banks in favour of third parties, mainly abroad, in connection with insurance activities.

There were no dealings in derivative contracts during the year.

There were no derivative contracts outstanding at 31 December 2010.

The "Property and financial management" section of the report on operations provides more details concerning the subordinated bonds held at year end.

VII. "**Securities with third parties**" include own securities deposited with banks for safekeeping, reported at book value.

Guarantees given" (I), "Guarantees given by third parties in favour of the Company" (III), and "Commitments" (IV) are analysed in Attachment 17.

STATEMENT OF INCOME

SECTION 18 - INFORMATION ON THE TECHNICAL ACCOUNT OF THE LOSS SECTORS (I)

Summary information on the technical account is given in Attachment 19, breaking down the Italian business into direct and indirect and showing it separately from foreign business.

The main captions of the technical statement of income are shown below.

I.1 **"Earned premiums net of reinsurance"** amount to € 43,048 thousand, of which € 29,474 thousand relates to direct business and € 13,574 thousand to indirect business.

I.1.a "Gross premiums written" have been commented on in the report on operations.

As required by ISVAP Regulation 22 of 4 April 2008, this balance does not include the cancellation of securities issued in prior periods (classified as "Other technical charges").

"Gross premiums written" for indirect business include € 13,957 thousand transferred in full by Fondiaria-SAI S.p.A. in relation to sectors within the "Maritime and Cargo insurance" sector, following the creation of the Group's Marine Hub.

In addition, in a similar context, premiums totalling € 9,458 thousand have been accepted from related companies, namely € 8,797 thousand from Milano Assicurazioni S.p.A. and € 661 thousand from Liguria Assicurazioni S.p.A.

I.1.b "Premiums transferred for reinsurance" include € 2 thousand transferred to related companies, namely Milano Assicurazioni S.p.A.

No premiums have been transferred for reinsurance to Fondiaria-SAI S.p.A.

I.1.c, I.1.d The "Change in the unearned premiums reserve", gross and net of outward reinsurance premiums, is summarised as follows:

	(in thousands of €)		
	Gross	Reinsured	Net
Unearned premiums reserve at 31.12.2009	(52,924)	43,871	(9,053)
Unearned premiums reserve at 31.12.2010	52,708	(43,281)	9,427
Net exchange differences	(1,355)	1,169	(186)
Portfolio movements, net	-	-	-
	(1,571)	1,759	188

I.2 The “**Share of profit from investments transferred from the non-technical account**” amounts to € 284 thousand and was determined in accordance with the criteria envisaged in art. 22 of ISVAP Regulation 22 of 4 March 2008.

The investment return, determined in order to calculate the above amount, comprises the sum of the investment income and related financial charges recorded in the non-technical account.

The portion attributable to the technical account pursuant to the above Instructions is obtained by applying the following ratio to the investment return:

- numerator: the average of the technical reserves (net of reinsurance) at the start and the end of the year;
- denominator, the same average plus the average of opening and closing shareholders' equity at the same dates.

In the 2010 financial statements, this ratio amounted to 55.3%.

I.3 “**Other technical income, net of reinsurance**” amounts to € 6,671 thousand and includes income of € 2,424 thousand deriving from technical services provided to Group companies, including € 1,696 thousand in relation to Fondiaria - SAI S.p.A. and € 728 thousand in relation to Milano Assicurazioni S.p.A.

In addition, this caption also includes the technical cancellation of amounts due to reinsurers for premiums transferred in prior years (€ 286 thousand), as well as the reversal of commission expense on prior-year premiums that were cancelled (€ 79 thousand).

Lastly, it also includes amounts charged to co-insurers, regarding solely the Hull and Cargo sectors, for loss management expenses incurred in relation to the insurance policies for which the Company acts as leader.

I.4 “**Claims incurred, net of recoveries and reinsurance**” amount to € 31,750 thousand.

I.4.a Gross “Amounts paid” include those relating to the reinsurance business accepted from the indirect parent Fondiaria-SAI S.p.A. (€ 5,387 thousand) and the related companies Milano Assicurazioni S.p.A. (€ 4,422 thousand) and Liguria Assicurazioni S.p.A. (€ 273 thousand).

This account also includes expenses of € 13,570 thousand relating to the settlement of claims, of which € 28 thousand relates to charges from Fondiaria-SAI S.p.A., for services rendered under current agreements covering the elementary and motor sectors.

These expenses include administrative costs (mainly payroll) incurred for the management of claims totalling € 2,165 thousand.

Amounts due from reinsurers for "claims paid" include those pertaining to Milano Assicurazioni S.p.A. (€ 1,875 thousand) and The Lawrence Re. (€ 34 thousand).

No portion of claims paid has been recharged to Fondiaria-SAI S.p.A.

I.4.c The "Change in claims payable reserve", gross and net of reinsurance, is summarised as follows:

	(in thousands of €)		
	Gross	Reinsured	Net
Claims payable reserve at 31.12.2009	(284,088)	208,408	(75,680)
Claims payable reserve at 31.12.2010	283,618	(209,836)	73,782
Net exchange differences	(6,194)	5,159	(1,035)
Portfolio movements, net	-	(397)	(397)
	(6,664)	3,334	(3,330)

The net difference between the opening claims payable reserve and the aggregate amount representing prior year payments made during the year, the change in recoveries relating to prior years and the related new reserve at year end, taking portfolio movements and exchange differences into account, represents a positive difference (net of reinsurance) of about 0.35% of the opening claims payable reserve.

I.7 "**Operating expenses**" amount to € 11,492 thousand.

I.7.a "Acquisition commissions" mainly includes payments to third parties for the acquisition and renewal, automatic or otherwise, of insurance policies.

I.7.b "Other acquisition costs" are principally attributable to the payroll costs of employees engaged in the acquisition of new policies.

These costs also include commission expense recognised in relation to the reinsurance business accepted. In particular, this commission includes € 3,070 thousand charged by Fondiaria – SAI S.p.A., € 1,805 thousand by Milano Assicurazioni S.p.A. and € 138 thousand by Liguria Assicurazioni S.p.A.

I.7.d "Collection commissions" relate to administrative expenses connected with the collection of premiums.

I.7.e "Other administrative expenses" comprise general costs, net of those allocated to "other acquisition expenses" (€ 2,923 thousand) and "claims incurred" (€ 2,152 thousand).

In fact, before allocating € 5,075 thousand to the above captions, other administrative expenses amounted to € 12,569 thousand.

This caption also includes payroll costs (€ 10,365 thousand) and depreciation (€ 95 thousand), as well as the 2010 emoluments of directors (€ 48 thousand) and statutory auditors (€ 52 thousand).

I.7.f "Commission and other income from reinsurers" include commission income on transfers and retrocessions.

Commission income does not include any amounts from either the indirect parent company Fondiaria - SAI S.p.A. or related companies.

I.8 "**Other technical expenses, net of reinsurance**" amount to € 1,011 thousand and include technical write-offs of amounts due from policyholders for prior-year premiums (€ 469 thousand), as well as the elimination of commission income on transferred prior-year premiums that have been cancelled (€ 64 thousand).

This caption also includes a provision of € 120 thousand for uncollectible insurance premiums due from customers.

I.9 The "**Change in the equalisation reserve**" during the year amounts to € 95 thousand and is summarised by business sector as follows:

(in thousands of €)				
Sector	Opening balance	Utilisations	Provisions	Closing balance
Personal accident (1)	96	-	-	96
Motor fire, theft, etc. insurance (3)	68	-	-	68
Marine, aircraft and transport insurance (4, 5, 6, 7, 12)	942	-	90	1,032
Fire and other property damage (8, 9)	283	-	5	288
Credit insurance (14)	2	-	-	2
	1,391	-	95	1,486

For further information on "Other non-technical reserves" please refer to paragraph C.I.5 of Section 10.

SECTION 20 - TECHNICAL RESULTS BY BUSINESS SECTOR

With reference to the Italian business technical account, Attachment 26 summarises all sectors, while Attachment 25 shows the results by individual sector.

Reports from the Company's management accounting system have been used, for the most part, to allocate common costs to individual business sectors.

Revenues and costs not analysed by the management accounting system are generally allocated, where appropriate, in proportion to the sector's premiums or claims with respect to the total. In particular cases, specific decisions have been reached on a logical basis.

SECTION 21 - INFORMATION ON THE NON-TECHNICAL ACCOUNT

III.3 "**Income from investments**" amounts to € 4,281 thousand and is detailed in Attachment 21.

Please refer to the report on operations under "Property and financial management" for further information about this caption.

III.5 "**Capital and financial charges**" amount to € 3,767 thousand and are detailed in Attachment 23.

III.5.a "Investment management charges and interest expense" amounting to € 348 thousand relate to the management of property (€ 256 thousand) and financial investments (€ 67 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 25 thousand). In particular, charges for the management of property relate to local property tax (ICI) for € 102 thousand.

III.5.b "Writedowns" on investments, amounting to € 3,166 thousand, comprise adjustments to the value of shares (€ 382 thousand), bonds (€ 2,437 thousand) and other financial investments (€ 19 thousand), as well as the depreciation of commercial property used by the Company (€ 328 thousand).

Please refer to the report on operations under "Property and financial management" for further information about this caption.

III.6 For the "**Portion of income from investments transferred to direct insurance results**", the same comments apply as were made in point I.2 of Section 18.

III.7 "Other income" amounts to € 1,937 thousand and is detailed below:

	(in thousands of €)
Recovery of costs from indirect parent company	882
Recovery of costs from related companies	600
Use of the allowance for doubtful accounts	162
VAT refund	133
Exchange gains	64
Interest income on bank current accounts	11
Interest income on tax credit	5
Other	80
	1,937

The recovery of costs from the indirect parent company essentially relates to operating costs incurred on behalf of Fondiaria-SAI S.p.A. (charges in the other direction are classified as "other expenses").

The recovery of costs from related companies essentially relates to operating costs incurred on behalf of Milano Assicurazioni S.p.A. (charges in the other direction are classified as "other expenses").

The decrease in the allowance for doubtful accounts relates entirely to insurance and reinsurance companies, following the revision of estimates.

The VAT refund relates to VAT charged to the income statement for the year which is recoverable on a pro-rata basis for 2010 in Italy (€ 129 thousand) and by the permanent establishment in France (€ 4 thousand).

Exchange gains, like exchange losses (totalling € 121 thousand), derive from the application of multicurrency methodologies and include both realised gains (€ 15 thousand) and those arising on translation (€ 49 thousand).

In consideration of the fact that there is a net unrealised loss on exchange of € 48 thousand, on approval of the 2010 financial statements, a proposal will be made to reclassify the entire amount of the reserve for exchange gains (of € 23 thousand) to an equity reserve (as provided for by point 8-bis of art. 2426 of the Italian Civil Code).

Interest income on bank current accounts includes interest accrued on demand deposits and on time deposits restricted for less than 15 days.

The interest income on tax credits has accrued on the amounts to be reimbursed by the Italian tax authorities, mainly for direct taxes.

III.8 "Other expenses" amount to € 3,522 thousand and mainly comprise:

	(in thousands of €)
Provision for legal dispute	1,000
Administrative costs and expenses on behalf of indirect parent company	882
Administrative costs and expenses on behalf of related companies	600
Provision for doubtful accounts	339
Provision for employee liability	250
Exchange losses	121
Provision for ISVAP inspection	100
Sundry taxes	69
Amortisation of intangible fixed assets	39
Operating costs of clearing houses	35
Other	87
	3,522

The provision for legal dispute relates to the expected costs in connection with the request made by ISNO3 S.r.l., as successor to Fallimento di Festival Crociere S.p.A. (policyholder of the Company in prior years) regarding payments made by the latter in a period subject to bankruptcy rescindment, as also described in point E.3 of Section 12.

Administrative costs and expenses on behalf of the indirect parent company and related companies are matched by the balance under "Other income".

The provision for doubtful accounts relates to debtors other than those from policyholders for insurance premiums. It comprises € 300 thousand for receivables due from insurance companies, € 30 thousand for amounts due from agents and other intermediaries, € 7 thousand for receivables from reinsurance intermediaries and € 2 thousand for insurance and reinsurance companies.

The provision for employee liability mainly relates to the national labour contract for middle managers and office staff, which expired on 31 December 2009 and which has not yet been renewed;

The exchange losses deriving from the application of a multicurrency accounting system. This balance includes both realised losses (€ 24 thousand) and those arising on translation (€ 97 thousand).

The provision for ISVAP inspection relates to the expected penalties which ISVAP could claim, pursuant to an inspection made during the course of 2010 and a related assessment issued on 16 November 2010, as also discussed at point E.3 of Section 12.

Sundry taxes mainly include those relating to advertising and the disposal of solid urban waste.

The operating costs of clearing houses relate to the insurance activities of the French branch.

III.10 "Extraordinary income" amounts to € 7 thousand.

III.11 "Extraordinary expenses" amount to € 9 thousand.

III.14 "Income taxes", for a total of € 1,747 thousand, include Ires (€ 1,620 thousand), Irap (€ 530 thousand) and the taxes paid in certain countries where the foreign branches are located (€ 25 thousand).

These amounts are stated net of the income from deferred tax assets (€ 417 thousand) and the deferred tax charge (€ 11 thousand) recorded during the year.

As shown below, the income from deferred tax assets, as further detailed below, principally relates to temporary differences on the taxed provision for doubtful accounts and the provisions for risks and charges. This is discussed further in points F.IV.2 of Section 6 and G.IX.3 of Section 13.

As required by art. 2427.14 of the Italian Civil Code, the following information is provided on the timing differences that have given rise to deferred tax assets and liabilities (in thousands of €):

(in thousands of €)				
DEFERRED TAX ASSETS	Amount	Ires tax rate	Irap tax rate	Deferred tax assets
Taxed prov. doubtful accounts	4,755	27.50%	-	1,308
Provision for risks and charges	1,350	27.50%	4.82%	436
Net change in claims payable reserve	3,390	27.50%	-	932
Net change in claims payable reserve	484	-	4.82%	23
Adjustments to the value of equity securities	777	27.50%	-	214
Provision for doubtful accounts exceeding the limit set in art. 106 Tax Law	74	27.50%	4.82%	24
Depreciation of land	182	27.50%	-	50
Depreciation of land	60	-	4.82%	3
Remuneration of Independent Auditors	80	27.50%	-	22
Emoluments of Directors	55	27.50%	-	15
Deferred tax assets at 31 December 2010				3,027
Deferred tax assets at 31 December 2009				(2,610)
Increase in deferred tax assets				417
DEFERRED TAXES LIABILITIES	Amount	Ires	Irap	Deferred tax liabilities
Tax depreciation of property used by third parties	1,224	27.50%	-	337
Tax depreciation of property used by third parties	816	-	4.82%	29
Deferred tax liabilities at 31 December 2010				366
Deferred tax liabilities at 31 December 2009				(377)
Increase in deferred tax liabilities				11

Lastly, with regard to taxation for the year, the following schedule for 2010 reconciles the Ires theoretical tax rate (27.50%) with the effective rate:

	(in thousands of €)
Profit (loss) before tax	4,091
<i>Theoretical Ires (27.50%)</i>	(1,125)
Tax effect of the change in permanent differences	(35)
Other differences	(99)
<i>Effective Ires</i>	(1,259)
<i>Effective Ires tax rate</i>	30.8%

Irap has not been taken into consideration since the way the taxable amount is calculated means that it cannot be correlated with the reported pre-tax profit.

For further comments on non-technical statement of income captions, reference should be made to the report on operations.

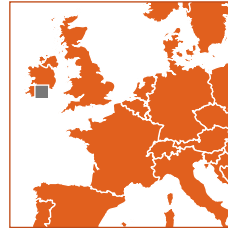
SECTION 22 - SUNDRY INFORMATION ON THE STATEMENT OF INCOME

- Transactions with Group and other companies are summarised in Attachment 30.
- Direct business premiums are summarised in Attachment 31.
- Charges for personnel, directors and statutory auditors are summarised in Attachment 32.





Kinsale, Ireland



PART C - OTHER INFORMATION

- The solvency margin and the guarantee required for 2010 total € 19,444 thousand and € 6,055 thousand, respectively, while the elements comprising the available margin total € 46,404 thousand, calculated in accordance with ISVAP Regulation 19 of 14 March 2008.
- The amount of the technical reserves to be covered at the end of the year is € 283,579 thousand. The assets available at 31 December 2010 are suitable and sufficient, considering the restrictions imposed by current regulations, to guarantee coverage of the above reserves. In particular, this coverage is provided by Class A. assets ("Investments"), € 108,263 thousand; Class B. assets ("Debtors"), € 171,816 thousand, and Class D. assets ("Bank deposits"), € 3,600 thousand.
- The exchange rates at the date the financial statements were prepared do not differ significantly from those at 31 December 2010 (especially considering the US dollar, a currency that is widely used in the Marine insurance sector).
- As required by art. 2427.22-bis of the Italian Civil Code, it is confirmed that no significant transactions with related parties have been conducted on other than market terms. Information about transactions with Group companies during 2010 is provided in the report on operations, to which reference is made.
- As required by art. 2427.22-ter of the Italian Civil Code, it is confirmed that, at 31 December 2009, there are no off-balance sheet agreements that might result in significant risks or benefits for the Company.
- As required by para. 1.2 of art. 2427-bis of the Italian Civil Code, it is confirmed that the financial statements for the year ended 31 December 2010 do not include any financial fixed assets (excluding investments in subsidiary and associated companies, as defined in art. 2359 of the Italian Civil Code) at a value that exceeds their fair value.
- As mentioned in the report on operations, no use of derivative instruments was made during the year. However, at 31 December 2010, the portfolio contains bonds with subordination clauses (as detailed in the section on "Property and financial management" in the Report on Operations), as the result of trading activities in previous years.
There were no derivative contracts outstanding at 31 December 2010.
- Following the resolution adopted on 22 June 2010 by the Board of Directors of Fondiaria - SAI S.p.A., the indirect parent company notified the tax authorities in the prescribed manner about the formation of a domestic tax group pursuant to arts. 117-129 of the Consolidated Income Tax Law. The Company is currently a member of this tax group for the three-year period 2010 – 2012.

In order to govern the financial relations deriving from the above, an agreement has been signed with the indirect parent company under which the Company is committed to making the necessary funds available to the former in order to settle the taxes deriving from the Company's taxable income for Ires purposes.

Conversely, the Company receives from the indirect parent company the amount of the tax reduction obtained by the latter via use of any tax losses transferred to it by the Company.

- The annual return for reporting premiums, ancillary income and the NHS contributions collected in 2007 was filed late (on 5 June 2008 instead of on 3 June 2008, taking account of the extensions granted for public holidays).

However, the monthly payments related to these matters have always been paid regularly by the legal deadline.

As a consequence of this late filing, on 27 January 2009 the Genoa Tax Office notified issuance of a fine for the amount not declared (€ 5,240 thousand), even though it had been paid promptly.

Based on a reasoned legal opinion, indicating solid reasons and valid arguments for the annulment of this measure, the fine has been challenged by filing an appeal to the Provincial Tax Commission.

With a sentence filed on 22 September 2010, the Commission, giving a well-argued and reasoned decision, annulled the fine, reducing it to a minimum of € 103.

The tax authorities have until 7 November 2011 to lodge an appeal.

- Pursuant to art. 149-duodecies of Consob's Issuers' Regulations, as amended most recently by resolutions 15915 of 3 May 2007 and 15960 of 30 May 2007, the following schedule reports the 2010 fees for services provided to the Company by the independent auditors and companies that are members of its network. Amounts are stated in thousands of euro and exclude VAT and expenses:

(in thousands of €)

Type of service	Provider of the service	Fees
Audit	Reconta Ernst & Young S.p.A.	83
Other auditing activities	Reconta Ernst & Young S.p.A.	30
Certification services (*)	Reconta Ernst & Young S.p.A.	3

(*) Certification services relate to the signing of tax returns

- The statement of changes in financial position for the year ended 31 December 2010 with comparative figures from the previous year is shown below:

	(in thousands of €)	
	2010	2009
Sources of funds		
Net profit for the year	2,344	2,926
Writedown of receivables	568	567
Depreciation and amortisation of property, tangible and intangible assets	502	520
Writedown of financial investments	2,838	22
Provision for termination indemnities	361	347
Provision for risks and charges	1,985	920
Decrease in investments in Group companies and other related companies	-	339
Net increase in technical reserves	-	2,925
Increase in deposits from reinsurers	-	36
Net change in other receivables and payables	1,655	1,051
Decrease in deposits with insurance and reinsurance companies	88	60
Net change in debtors and creditors from/to insurance and reinsurance operations	7,956	-
Net change in accruals and deferrals	-	530
Total sources of funds	18,297	10,243
Application of funds		
Dividends paid	-	2,280
Increase in investments in Group companies and other related companies	52	-
Increase in other financial investments	13,254	1,637
Decrease in deposits received from reinsurers	286	-
Net decrease in technical reserves	1,428	-
Utilisation of termination indemnities	460	422
Utilisation of provisions for risks and charges	493	997
Net change in other assets and liabilities	2,029	2,314
Increase in investment in property	-	4
Increase in tangible and intangible assets	302	84
Net change in debtors and creditors from/to insurance and reinsurance operations	-	2,228
Net change in accruals and deferrals	10	-
Total application of funds	18,314	9,966
Increase (decrease) in cash and cash equivalents	(17)	277
Cash and cash equivalents:		
- beginning of the year	4,169	3,892
- end of the year	4,152	4,169
	(17)	277

- As required by Art. 2497-bis, para. 4 of the Italian Civil Code, the following tables provide a summary of the key figures from the statutory and consolidated financial statements at 31 December 2009 (the latest to be approved) of the indirect parent company, Fondiaria-SAI S.p.A., as it exercises management control and coordination over the Company:

(in thousands of €)	
SUMMARY OF THE BALANCE SHEET	31.12.2009
Assets	
Intangible assets	221,917
Investments	16,099,321
Debtors	1,976,314
Other assets	752,933
Total assets	19,050,485
Liabilities and Equity	
Capital and equity reserves	2,526,282
Subordinated liabilities	900,000
Technical reserves (*)	13,781,261
Provisions for risks and charges	327,806
Deposits received from reinsurers	149,647
Creditors and other liabilities	1,365,489
Total liabilities	19,050,485

(*) The technical reserves are stated net of the amounts borne by reinsurers

(in thousands of €)	
SUMMARY OF THE STATEMENT OF INCOME	2009
Result of the technical account of loss sectors	(171,952)
Result of the technical account of life sectors	145,381
Net financial income from investments (**)	55,746
Investment return transferred from the technical account of life sectors	53,902
Balance of other income and expenses	(82,424)
Result of ordinary operations	653
Extraordinary income	143,331
Extraordinary expenses	(107,867)
Profit (loss) before tax	36,117
Income taxes	4,099
Net profit for the year	40,216

(**) Solely income from the Loss sectors, net of the portion transferred to the Technical account

(in thousands of €)

SUMMARY OF THE CONSOLIDATED BALANCE SHEET	31.12.2009
Assets	
Intangible assets	1,896,618
Tangible assets	930,898
Investments	34,215,873
Other debtors	2,422,885
Other assets	5,496,094
Total assets	44,962,368
Liabilities and Equity	
Capital and equity reserves	3,710,651
Provisions	298,631
Technical reserves (*)	30,847,750
Financial liabilities	4,750,460
Creditors	850,121
Other liabilities	4,504,755
Total liabilities	44,962,368

(*) The technical reserves are stated net of the amounts borne by reinsurers

(in thousands of €)

SUMMARY OF THE CONSOLIDATED STATEMENT OF INCOME	2009
Net premiums	11,888,742
Commission income	70,686
Income	2,051,293
Other revenues	682,277
Total revenues and income	14,692,998
Net charges deriving from claims	(11,872,025)
Commission expense	(38,261)
Expenses	(581,924)
Operating expenses	(1,910,631)
Other costs	(815,292)
Total costs and expenses	(15,218,133)
Loss for the year before taxation	(525,135)
Income taxes	132,940
Net profit for the year	(392,195)

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Crete, Greece



ATTACHMENTS



Only attachments applicable to the Company have been enclosed

Distribution of the result for the year between life and non-life business

		Non life business	Life business	Total	
Direct margin on insurance business.....	1	5,449	21	41	5,449
Income from investments.....	+ 2	4,281		42	4,281
Financial charges.....	- 3	3,767		43	3,767
Portion of income from investments transferred to direct insurance life result.....	+ 4		24	44	
Portion of income from investments transferred to direct insurance non-life result.....	- 5	284		45	284
Intermediate result.....	6	5,679	26	46	5,679
Other income	+ 7	1,936	27	47	1,936
Other expenses.....	- 8	3,522	28	48	3,522
Extraordinary income.....	+ 9	7	29	49	7
Extraordinary expenses.....	- 10	9	30	50	9
Result before tax.....	11	4,091	31	51	4,091
Income taxes.....	- 12	1,747	32	52	1,747
Net result for the year.....	13	2,344	33	53	2,344

Changes in intangible assets (Item B.) and property (Item C.I)

		Intangible assets B.	Property C.I
Gross opening balance	+ 1	1,350	31 20,790
Increase.....	+ 2	51	32 0
due to: Purchases	3	51	33
Write backs.....	4		34
Revaluation	5		35
Other changes.....	6		36
Decrease.....	- 7	0	37 0
due to: Sales.....	8		38 0
Permanent writedowns.....	9		39
Other changes.....	10		40
Gross closing balance.....(a)	11	1,401	41 20,790
Depreciation / Amortisation.....			
Opening balance.....	+ 12	1,169	42 2,852
Increase.....	+ 13	79	43 328
due to: Depreciation / Amortisation.....	14	79	44 328
Other changes.....	15		45
Decrease.....	- 16	0	46 0
due to: Sales.....	17		47
Other changes.....	18		48
Accumulated depreciation / amortisation.....(b)	19	1,248	49 3,180
Net book value(a - b)	20	153	50 17,610
Market value.....			51 25,983
Total revaluation.....	22		52
Total writedowns.....	23		53
(*) of which depreciation / amortisation made solely for tax purposes	24		54

Changes in investments in group and related companies (Item C.II)

		Shares and quotas	Bonds	Loans
Opening balance	+	1 21		41
Increase.....	+	2 52	22	42
due to : Purchases		3 52	23	43
Write backs.....		4	24	44
Revaluation		5		
Other changes.....		6	26	46
Decrease.....	-	7	27	47
due to : Sales.....		8	28	48
Writedowns.....		9	29	49
Other changes.....		10	30	50
Book value.....		11 53	31	51
Market value.....		12 53	32	52
Total revaluation.....		13		
Total writedowns.....		14	34	54

The item "Bonds" includes :

Listed Bonds.....	61
Unlisted Bonds.....	62
Book value.....	63
Of which convertible bonds.....	64

NOTES TO THE FINANCIAL STATEMENTS - ATTACHMENT 6

Group and related companies

	(1)	Listed or Unlisted (2)	Activity carried out (3)	Company name and registered office	Currency
1	e	NQ	7	UCI Società Consortile a r.l. Corso Sempione, 39 MILANO	EUR
2	c	NQ	7	GRUPPO FONDIARIA-SAI SERVIZI Società Consortile a R. L. Via Senigallia 18/2 MILANO	EUR
3	c	NQ	7	SISTEMI SANITARI Società Consortile a R. L.	EUR

(*) The statement includes all group and related companies, directly or indirectly owned

(1) a = Parent company
b = Controlled company
c = Related company
d = Affiliated company
e = Others

(2) L = Listed
U = Unlisted

(3) 1 = Insurance company
2 = Holding company
3 = Bank
4 = Real Estate company
5 = Fiduciary company
6 = Management or distribution company for unit trusts
7 = Consortium
8 = Industrial company
9 = Other

(4) Original currency

(5) Global percentage owned

: general information (*)

Share capital		Net Worth (**)	Profit / Loss for the last year closed (**)	Participating share (5)		
Amount (4)	Number of Shares			Direct %	Indirect %	Total %
510,000	1,000,000			0.09	0.09	
5,200,000	10,000,000			0.11	0.11	
1,000,000	1,000,000			0.20	0.20	

(**) Only for controlled and affiliated companies

Changes in group and related

(1)	(2)	(3)	Company name	Increase in the year		
				Purchases		Other Increases
				Number of shares	Amount	
1	e	D	UCI Società Consortile a r.l.			
2	C	D	UNISERVIZI S.c.r.l.			
	a		Parent company			
	b		Controlled company			
	c		Related company			
	d		Affiliated company			
	e		Altre			
			Totale D.I			

(1) As per annex 6

(2) a = Parent company
 b = Controlled company
 c = Related company
 d = Affiliated company
 e = Others

companies : shares and quotas

Decrease in the year			Book value (4)		Purchase cost	Market value
Sales		Other decrease	Number of shares	Amount		
Number of shares	Amount					
84,000	340		948			
			86,000	53		
			948			
			86,948	53		

Distribution between long-term and short-term investments : shares and quotas, mutual fund units, bonds and other fixed securities, quotas in mutual investments and other financial investments (Items C.III.1. 2, 3, 5, 7)

I - Non life business

	Long-term investments		Short-term investments		Total	
	Book value	Market value	Book value	Market value	Book value	Market value
1. Shares and quotas:						
a) listed shares	21	2,982	61	2,982	81	2,982
b) unlisted shares	22	2,982	62	2,982	82	2,982
c) quotas	33		63		93	
2. Mutual funds units	24		64		84	
3. Bonds and other fixed securities	35	473	65	480	105	480
a) listed State bonds	26	85,238	66	85,238	106	85,238
a2) other listed securities	27	76,065	67	76,065	107	76,065
b) unlisted State bonds	28	9,009	68	9,043	108	9,043
b2) other unlisted securities	29	139	69	140	109	140
c) convertible bonds	30		70		110	
5. Quotas in mutual investments	31	25	71	25	111	25
7. Other financial investments	32		72		112	
	33		73		113	

II - Life business

	Long-term investments		Short-term investments		Total	
	Book value	Market value	Book value	Market value	Book value	Market value
1. Shares and quotas:						
a) listed shares	141	161	181	201	221	221
b) unlisted shares	142	162	182	202	222	222
c) quotas	143	163	183	203	223	223
2. Mutual funds units	144	164	184	204	224	224
3. Bonds and other fixed securities	145	165	185	205	225	225
a) listed State bonds	146	166	186	206	226	226
a2) Other listed securities	147	167	187	207	227	227
b) Unlisted State Bonds	148	168	188	208	228	228
b2) Other unlisted securities	149	169	189	209	229	229
c) convertible bonds	150	170	190	210	230	230
5. Quotas in mutual investments	151	171	191	211	231	231
7. Other financial investments	152	172	192	212	232	232
	153	173	193	213	233	233

Attachment 10

Year 2010

Changes in loans and restricted deposits with banks (Items C.III.4 , 6)

		Loans C.III.4	Restricted deposits with banks C.III.6
Opening balance		70	21 4,367
Increase:	+	27	22 36,416
due to : disbursements.....		3 27	
write backs.....		4	
other changes		5	
Decrease:.....	-	34	26 38,438
due to : reimbursements.....		7 34	
writedowns		8	
other changes		9	
Book value		63	30 2,345

Year 2010

Changes in unearned premiums reserve (Item C.I.1) and claims payable reserve (Item C.I.2)

		Year		Prior Year		Change
Unearned premiums reserve :						
Reserve for apportioned premiums	1	52,308	11	52,654	21	-346
Reserve for unexpired risks	2	400	12	270	22	130
Book value	3	52,708	13	52,924	23	-216
Claims payable reserve:						
Reserve for claims and direct expenses	4	247,548	14	229,036	24	18,512
Reserve for liquidation expenses	5	10,221	15	27,522	25	-17,301
Reserve for IBNR	6	25,848	16	27,530	26	-1,682
Book value	7	283,617	17	284,088	27	-471

Attachment 15

Year 2010

Changes in provision for risks and charges (Item E.) and termination indemnities (Item G . VII)

		Provision for retirement	Provision for taxation	Other provisions	Termination Indemnities
Opening balance	+	1	11	21	31
Provision for the year	+	2	1,178	21	1,829
Other increase	+	3	12	635	32
Use in the year	-	4	13	23	33
Other decrease	-	5	14	493	34
Book value		6	15	25	35
			16	26	36
					1,731

Statement of assets and liabilities for intercompany transactions

I: Assets

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Shares and quotas	1	2	3	4	5	6
Bonds	7	8	9	10	11	12
Loans	13	14	15	16	17	18
Quotas in mutual investments	19	20	21	22	23	24
Restricted deposits with banks	25	26	27	28	29	30
Other financial investments	31	32	33	34	35	36
Deposits with ceding undertakings	37	38	39	40	41	42
Investments linked with mutual funds and other index	43	44	45	46	47	48
Investments deriving from management of pension funds	49	50	51	52	53	54
Receivables arising out of direct insurance	55	56	57	58	59	60
Reinsurance debtors	61	62	63	64	65	66
Other receivables	67	68	69	70	71	72
Bank accounts	73	74	75	76	77	78
Other assets	79	80	81	82	83	84
Total	85	86	87	88	89	90
of which subordinated assets	91	92	93	94	95	96

Statement of assets and liabilities for intercompany transactions

II: Liabilities

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Subordinated liabilities	97	98	99	100	101	102
Deposits from reinsurers	103	104	105	106	107	108
Payables arising out of direct insurance	109	110	111	112	113	114
		1,364		322		1,686
Reinsurance creditors	115	116	117	118	119	120
Bank overdrafts	121	122	123	124	125	126
Secured payables	127	128	129	130	131	132
Loans	133	134	135	136	137	138
Other payables	139	140	141	142	143	144
		3,896		0		3,896
Other liabilities	145	146	147	148	149	150
		3,777		672		4,449
Total	151	152	153	154	155	156
		9,037	0	994	0	10,031

Year 2010

Detail of Items I, II, III, IV, among " Guarantees, commitments and other memorandum accounts "

	Year	Prior year
I. Guarantees given		
a) secured guarantees given in the interest of parent companies, controlled and related companies	1 31	
b) secured guarantees given in the interest of affiliated companies.....	2	
c) secured guarantees given in the interest of third parties.....	3 32	
d) other guarantees given in the interest of parent companies, controlled and related companies	4 33	
e) other guarantees given in the interest of affiliated companies.....	5 34	
f) other guarantees given in the interest of third parties.....	6	
g) secured guarantees given for liabilities of parent companies, controlled and related companies	7 35	
h) secured guarantees given for liabilities of affiliated companies	8 36	
i) secured guarantees given for liabilities of third parties.....	9 37	
l) other guarantees given for company's liabilities	10	
m) assets deposited for reinsurance transactions	11 38	
Total	12 39	
II. Guarantees received	6 40	6
a) from related and affiliated companies	13	
b) from third parties	14 41	
Total	15 42	6
III. Guarantees given by third parties in the interest of the company		
a) from related and affiliated companies	16 43	
b) from third parties	17 44	
Total	18 45	
IV. Commitments		
a) commitments for resell agreements	19 46	
b) commitments for repurchase agreements	20 843 47	858
c) other commitments	21 843 48	858
Total	22 52	

Attachment 19
Year 2010

Insurance business highlights

	Gross premiums written	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance Balance
Direct insurance:					
Personal accident and health insurance	1 5385 7	2 5218 8	3 122 4	4 1 5	5 110
Motor third party liability	6 5385 7	7 5218 8	8 5295 9	9 1621 0	10 1180
Motor fire, theft, etc. insurance	11 13	12 13	13 15	14 15	15 12
Marine insurance	16 133 881 07	17 135 208 18	18 123 335 19	19 25 323 20	20 15 410
Fire and other property damage	21 1 783 22	22 1 765 23	23 1 828 24	24 518 25	25 473
Generale third party liabilities	26 2 224 27	27 2 243 28	28 2 361 29	29 510 30	30 158
Credit and bond insurance	31 10 32	32 17 33	33 73 34	34 204 35	35 32
Pecuniary losses	36 467 37	37 527 38	38 251 39	39 74 40	40 -131
Legal defence	41 42	42 43	43 -6 44	44 45	45 -1
Assistance	46 47	47 48	48 1 49	49 50	50
Total direct insurance	51 143 750 52	52 144 091 53	53 133 275 54	54 38 251 55	55 17 210
Indirect insurance	56 26 179 57	57 26 507 58	58 20 805 59	59 8 067 60	60 2 361
Total Italian business	61 169 929 62	62 171 498 63	63 154 080 64	64 36 318 65	65 19 580
Foreign business	66 38 67	67 40 68	68 162 69	69 21 70	70 83
Grand total	71 169 967 72	72 171 538 73	73 154 242 74	74 36 339 75	75 19 663

Investment income (Items II.2 and III.3)

	Non-life business	Life business	Total
Income from shares and quotas:			
Dividends from group companies	41		81
Other dividends	123	42	82
Total	123	43	83
Income from property.....	976	44	84
Income from other investment:			
Interest income from group companies	45		85
Interest income on loans granted to group companies	46		86
Income from mutual fund units.....	10	47	87
Interest income on bonds and other fixed securities	1,692	48	88
Interest income on loans.....	1	49	89
Income from mutual investments.....	50		90
Interest income on restricted deposits with banks.....	7	51	91
Interest income on other financial investments.....	52		92
Interest income on deposits with ceding undertakings.....	2	53	93
Total	1,712	54	94
Writebacks from :			
Property	55		95
Group companies' shares.....	56		96
Group companies' bonds			
Other shares and quotas.....	91	58	98
Other bonds.....		59	99
Other financial investments.....	60		100
Total	91	61	101
Gains on disposal of :			
Property	62		102
Group companies shares.....			
Group companies bonds.....			
Other shares and quotas	158	65	105
Other bonds	1,212	66	106
Other financial investments.....	8	67	107
Total.....	1,378	68	108
GRAND TOTAL.....	4,280	69	109
			4,280

Capital and financial charges (Item II.9 and III.5)

	Non-life Business	Life Business	Total
Investment management charges and interest expenses for			
Shares and quotas	1 29 31	61	29
Properties.....	2 256 32	62	256
Bonds.....	3 38 33	63	38
Mutual fund units	4	34	64
Mutual investments.....	5	35	65
Other financial investments.....	6	36	66
Deposits from reinsurers.....	7 25 37	67	25
Total.....	8 348 38	68	348
Writedowns of:			
Properties.....	9 328 39	69	328
Group companie's shares.....	10	40	70
Group companie's bonds	11	41	71
Other shares and quotas	12 382 42	72	382
Other bonds.....	13 2,436 43	73	2,436
Other financial investments.....	14 19 44	74	19
Total.....	15 3,165 45	75	3,165
Losses on sale of :			
Properties.....	16	46	76
Shares and quotas	17 116 47	77	116
Bonds.....	18 100 48	78	100
Other financial investments.....	19 38 49	79	38
Total.....	20 254 50	80	254
GRAND TOTAL	21 3,767 51	81	3,767

NOTES TO THE FINANCIAL STATEMENTS - ATTACHMENT 25

	Personal accident		Health insurance	
Direct business net of reinsurance				
Premiums written.....	+	1	1	
Change in unearned premiums reserve.....	-	2	2	
Claims incurred	-	3	3	15
Change in other technical reserves	-	4	4	
Other technical income (expenses) net.....	+	5	5	
Operating expenses	-	6	6	
Underwriting result of direct business (+ o -).....	A	7	7	-15
Result of outward reinsurance (+ o -)	B	8	8	14
Net underwriting result of indirect business (+ o -)	C	9	9	
Change in equalisation reserve (+ o -)	D	10	10	
Portion of income from inv. transferred from non technical account.....	E	11	11	
Technical result (+ o -)	(A + B + C - D + E)	12	12	-1

	Cargo insurance		Fire	
Direct business net of reinsurance				
Premiums written.....	+	1	1	6
Change in unearned premiums reserve.....	-	2	2	
Claims incurred	-	3	3	-596
Change in other technical reserves	-	4	4	
Other technical income (expenses) net.....	+	5	5	5
Operating expenses	-	6	6	24
Underwriting result of direct business (+ o -).....	A	7	7	583
Result of outward reinsurance (+ o -)	B	8	8	-460
Net underwriting result of indirect business (+ o -)	C	9	9	2
Change in equalisation reserve (+ o -)	D	10	10	
Portion of income from inv. transferred from non technical account.....	E	11	11	2
Technical result (+ o -)	(A + B + C - D + E)	12	12	127

	General third party liability		Credit insurance	
Direct business net of reinsurance				
Premiums written.....	+	1	1	
Change in unearned premiums reserve.....	-	2	2	
Claims incurred	-	3	3	
Change in other technical reserves	-	4	4	
Other technical income (expenses) net.....	+	5	5	
Operating expenses	-	6	6	
Underwriting result of direct business (+ o -).....	A	7	7	
Result of outward reinsurance (+ o -)	B	8	8	
Net underwriting result of indirect business (+ o -)	C	9	9	
Change in equalisation reserve (+ o -)	D	10	10	
Portion of income from inv. transferred from non technical account.....	E	11	11	
Technical result (+ o -)	(A + B + C - D + E)	12	12	

Year 2010

Motor fire, theft, etc. Insurance	Railway carriage insurance	Aircraft insurance	Hull insurance
1	46		100,755
2	1		-1,284
3	-15		93,665
4			
5	-3		628
6	13		16,464
7	44		-7,462
8	-25		9,517
9		-56	-2,085
10		5	53
11			138
12	19	-61	55

Other property damage	Motor third party liability	Aircraft third party liability	Hull third party liability
1	5,385		18
2	167		
3	5,295		-5
4			
5	-167		
6	1,621		5
7	-1,865		18
8	1,180		-14
9	1,041		
10			
11	46		
12	402		4

Bond insurance	Pecuniary losses	Legal defense	Assistance
1	467		
2	-60		
3	251	-6	-1
4			
5	-9		-1
6	74		
7	193	6	
8	-131	-1	
9			
10			
11			
12	62	5	

Attachment 26
Year 2010

Summary of technical account for non-life business
Italian Business

	Direct insurance		Ceded risks 2	Indirect insurance		Retained risks Total 5 = 1 + 2 + 3 + 4
	Direct risks 1	Indirect risks 3		Indirect risks 4	Retained risks 5 = 1 + 2 + 3 + 4	
Premiums written.....	143,730	113,936	113,936	26,179	12,783	43,208
Change in unearned premiums reserve.....	-1,242	-1,582	-1,582	-327	-176	-689
Claims incurred.....	133,274	110,474	110,474	20,805	11,927	31,678
Change in other technical reserves.....	14	24	24	34	44	44
Other technical income (expenses) net.....	2,552	-788	-788	2,088	25	5,453
Operating expenses.....	-26,252	21,474	21,474	8,066	3,370	11,474
Underwriting result (+ o -).....	-13,982	-17,218	-17,218	-277	-2,361	5,320
Change in equalisation reserve (+ o -).....	225	29	29	59	48	95
Portion of income from inv. transferred from non technical account.....	-13,757	-17,218	-17,218	-218	-2,361	284
Technical result (+ o -).....	-13,757	-17,218	-17,218	-218	-2,361	5,509

Attachment 29

Year 2010

Summary of technical account for non-life and life business - foreign business

Section I : Non-life business

		All branches	
Direct business net of reinsurance			
Premiums written.....	+	1	
Change in unearned premiums reserve.....	-	2	
Claims incurred	-	3	
Change in other technical reserves	-	4	
Other technical income (expenses) net.....	+	5	
Operating expenses	-	6	
Underwriting result of direct business (+ o -).....	A	7	
Result of outward reinsurance (+ o -)	B	8	
Net underwriting result of indirect business (+ o -)	C	9	-60
Change in equalisation reserve (+ o -)	D	10	
Portion of income from inv. transferred from non technical account.....	E	11	
Technical result (+ o -)	(A + B + C - D + E)	12	-60

Section II : Life business

		All branches	
Direct business net of reinsurance			
Premiums written.....	+	1	
Claims incurred	-	2	
Change in other technical reserves	-	3	
Other technical income (expenses) net.....	+	4	
Operating expenses	-	5	
Income from investment net of portion transferred to non technical account.....	+	6	
Underwriting result of direct business (+ o -).....	A	7	
Result of outward reinsurance (+ o -)	B	8	
Net underwriting result of indirect business (+ o -)	C	9	
Technical result (+ o -)	(A + B + C)	10	

Attachment 30
Year 2010

Intercountry transactions

I: Revenues

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investments income						
Income from property	2	3	5	5	5	20
Dividends	8	9	10	11	12	50
Interest income on bonds	14	15	16	17	18	70
Interest on loans	20	21	22	23	24	80
Interest income on other financial investments	26	27	28	29	30	110
Interest income on deposits with ceding undertakings	32	33	34	35	36	130
Total	38	39	40	41	42	160
	44	45	46	47	48	180
Other revenues						
Interest income on receivables	50	51	52	53	54	200
Recovery of administrative expense	882	87	599	60	60	1,483
Others	62	63	64	65	66	250
Total	882	69	601	71	72	1,483
Gains on disposal of investments	74	75	76	77	78	290
Extraordinary revenues	10	11	12	13	14	40
GRAND TOTAL	882	87	601	89	90	1,483

Intercompany transactions

I: Charges

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investment management charges and interest expenses :						
Investment charges	3	0	0	0	0	0
Interest expenses on subordinated liabilities	98	99	100	101	102	104
Interest expenses on deposits from reinsurers	104	106	106	107	108	109
Interest expenses on payables arising out of direct insurance	110	111	112	113	114	114
Interest expenses on payables arising out of reinsurance	116	117	118	119	120	120
Interest expenses on bank overdrafts	122	123	124	125	126	127
Interest expenses on secured payables	128	129	130	131	132	133
Other interests expenses	134	135	136	137	138	139
Losses on receivable	140	141	142	143	144	145
Administrative expenses on behalf of third parties	882 146	147	148	590 149	150	1 481
Other charges	151	152	153	154	155	156
Total.....	885 188	189	190	680 161	162	1 565
Loss on disposal of investments	166	167	168	169	170	171
Extraordinary costs.....	176	177	178	179	180	181
GRAND TOTAL.....	885 182	183	184	680 165	186	1 565

Statement of personnel expenses and costs for directors and statutory auditors

I: Personnel expenses

	Non life business	Life business	Total
Payroll costs			
Italian business :			
- Salaries.....	1 4,357 31	61	4,357
- Social contributions.....	2 1,225 32	62	1,225
- Provision for termination indemnities	3 361 33	63	361
- Other personnel expenses.....	4 4,063 34	64	4,063
Total.....	5 10,006 35	65	10,006
Foreing business:			
- Salaries.....	6 36	66	
- Social contributions.....	7 37	67	
- Other personnel expenses.....	8 38	68	
Total.....	9 39	69	
Grand total	10 10,006 40	70	10,006
Fees for consultancy :			
Italian Business	11 389 41	71	389
Foreing business	12 42	72	
Total.....	13 389 43	73	389
Total personnel expenses	14 10,395 44	74	10,395

II: Splitting of personnel expenses

	Non life business	Life business	Total
Investment management charges.....	15	75	
Claims operating expenses	16 1,531 46	76	1,531
Other acquisition costs.....	17 2,066 47	77	2,066
Other administrative expenses.....	18 5,328 48	78	5,328
Administrative expenses on behalf of third parties.....	19 1,470 49	79	1,470
.....	20 50	80	
Total.....	21 10,395 51	81	10,395

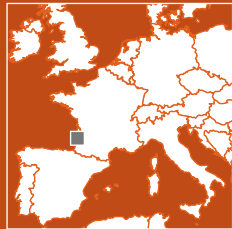
III: Average personnel workforces for the year

	Number
Managers	91 4
Clerks.....	92 98
Others.....	94
Total.....	95 102

IV: Directors and statutory auditors

	Number	Emoluments
Directors.....	96 12 98	48
Statutory auditors	97 3 99	52

Biarritz, France



REPORTS:
AUDITOR
ACTUARY



Independent auditors' report
pursuant to articles 14 and 16 of Legislative Decree of January 27, 2010, n. 39
and article 102 of Legislative Decree of September 7, 2005, n. 209
(Translation from the original Italian text)

To the Shareholders of
SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A.

1. We have audited the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of and for the year ended December 31, 2010. The Management of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. is responsible for the preparation of these financial statements in accordance with the Italian (*) regulations governing financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (*). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In accordance with article 102 of Legislative Decree n. 209/2005 and article 24 of ISVAP (the Italian Insurance Regulator) (*) Regulation n. 22/2008 in carrying out audit activities we were assisted by an actuary auditor, who expressed his opinion on the sufficiency of the technical reserves recognized as liabilities in the SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. balance sheet, which is herewith attached.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated March 31, 2010.

3. In our opinion, the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. comply with the Italian (*) regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of December 31, 2010, and the results of its operations for the year then ended.

4. Pursuant to Article 2497-bis, first paragraph, of the Italian Civil Code, SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. has specified that it is subject to the management and coordination of Fondiaria - SAI S.p.a. and, therefore, has included in the Explanatory Notes the essential data of the last financial statements of such company. Our opinion on the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. does not extend to such data.
5. The management of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. is responsible for the preparation of the Report of the Board of Directors on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report of the Board of Directors on operations with the financial statements as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report of the Board of Directors on operations is consistent with the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of December 31, 2010.

Milan, March 29 2011

Reconta Ernst & Young S.p.A.
Signed by: Enrico Marchi
(Partner)

(*) Words added in translation from original Italian text

CONSULENZA E REVISIONE ATTUARIALE - G. OTTAVIANI E PARTNERS

*Via Andrea Appiani 2, 20121 Milano Tel. 02.6551615 - 02.29010150 Fax 02.6551557
Sede secondaria: via Olmetto 5, 20123 Milano Tel. 02.45489866/90 Fax 02.92878950*

*Gianluca Ottaviani
Michele Folli
Silvia Benucci
Marcello La Marca
Pietro Ottaviani*

ACTUARY'S REPORT

pursuant to articles 102 and 103 of Legislative Decree n. 209 of September 7, 2005:
"Codice delle assicurazioni private".

(Translation from the original Italian text)

Messrs.
RECONTA ERNST & YOUNG S.p.A.

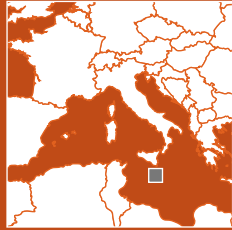
Subject: "SIAT – SOCIETA' ITALIANA ASSICURAZIONI E RIASSICURAZIONI p.A."
- Financial Statements for the year ended 31 December 2010 -

1. In complying with the engagement assigned to me, I have applied actuarial auditing standards to the items relating to technical reserves recorded in the liabilities of the balance sheet of the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni p.A. for the year ended 31 December 2010.
2. In my opinion, the technical reserves property and casualty insurance, taken as a whole, are sufficient in conformity with current legislation and regulations and with correct actuarial procedures, in accordance with the principles stated in Art. 26, paragraph 1, of the ISVAP pronouncement n.22 dated April 4, 2008.

Milan, 24 March 2011

Signed by: Michele Folli
(Actuary)

Valletta, Malta



RESOLUTION OF THE SHAREHOLDERS' MEETING-EXTRACT



The following resolutions were passed at the Annual General Meeting held on 21 April 2011 (in first calling):

- That the financial statements at 31 December 2010 be approved, together with the Directors' report on operations;
- That the Directors' proposal regarding the allocation of net income and the payment of a gross dividend of € 0.052 per share be approved;
- To fix the number of Directors at 11.



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