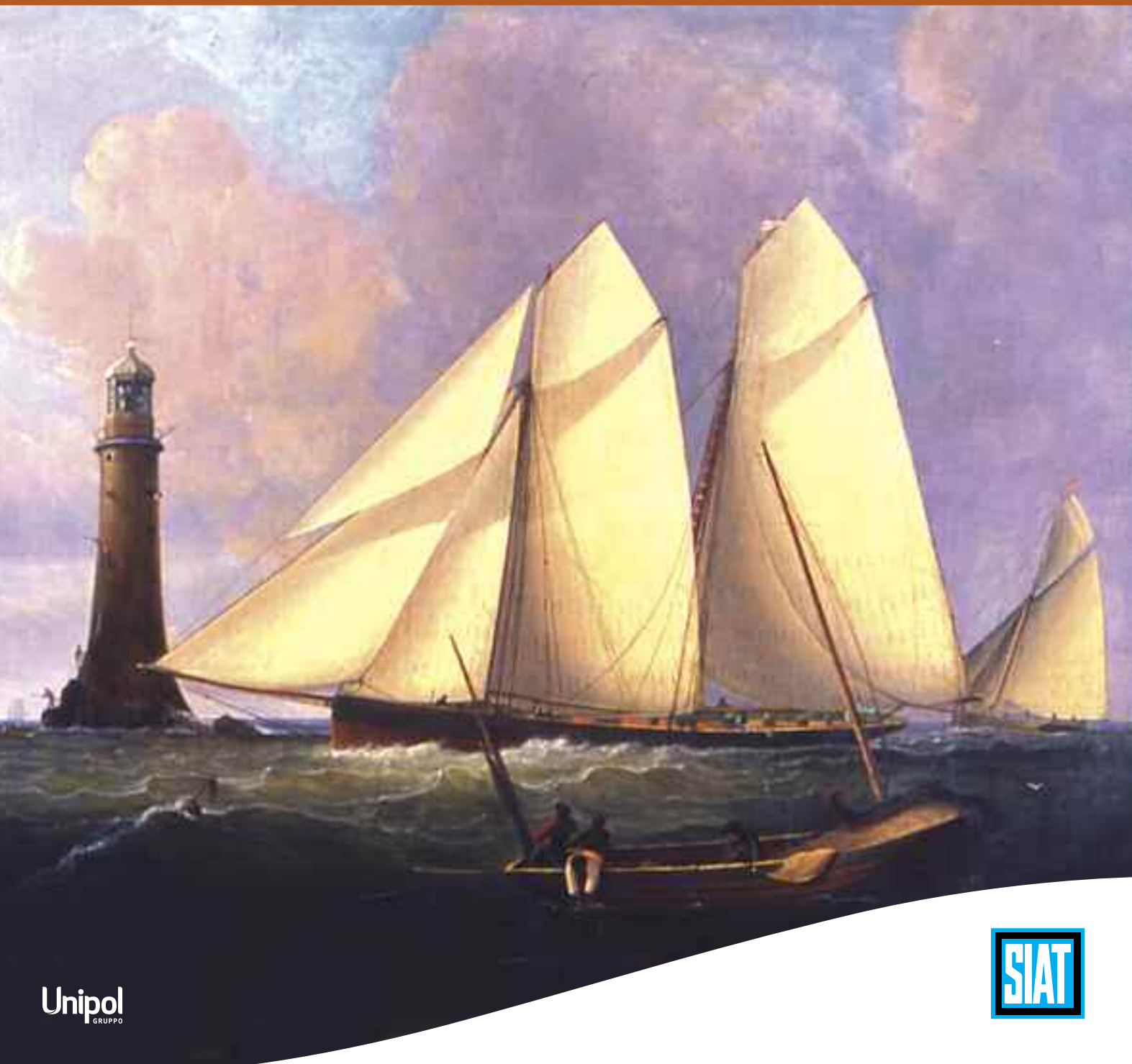


ANNUAL REPORT

12

2012





*A photo of SIAT's registered office,
taken from Via V Dicembre.
(SIAT Photo Archive)*

A collection of huge value.

This year SIAT wants to celebrate
a passion that is an art.

The age of the first legendary races,
the portraits of the beautiful boats
that sailed the seas between the
19th and early 20th Century.

A selection of works from the
"Galleria Beppe Croce" of the
Galata Museo del Mare in Genoa,
which SIAT has been sponsoring
since 2010 along with Associazione
Promotori Musei del Mare Onlus.

Oil or watercolour portraits
commissioned by shipowners or
captains of these beautiful schooners,
yawls or cutters caught in the middle
of a race.

It is with the same tenacity and desire
for positive results that SIAT faces
important challenges, year after year.

Cover:

John Lynn (working 1830-60)

Schooner yacht JANETTE, 112 tons

R.Y.S. Owner Captain G. Wyndham

1830-38 (1832)

Oil on canvas - cm. 105x64,5

ANNUAL REPORT 2012

SIAT - SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI PER AZIONI

Via V Dicembre, 3 - 16121 Genova - Italy

Tel. 0039.010.5546.1 - www.siat-insurance.com - siat@siatass.com



BOARD OF DIRECTORS (*)

Fabio Cerchiai	Chairman
Francesco Berardini	Deputy Chairman
Federico Corradini	Managing Director
Claudio Campana	Director
Maurizio Castellina	Director
Franco Ellena	Director
Roberto Giay	Director
Aldo Grimaldi	Director
Enrico San Pietro	Director
Giuseppe Santella	Director

BOARD OF STATUTORY AUDITORS

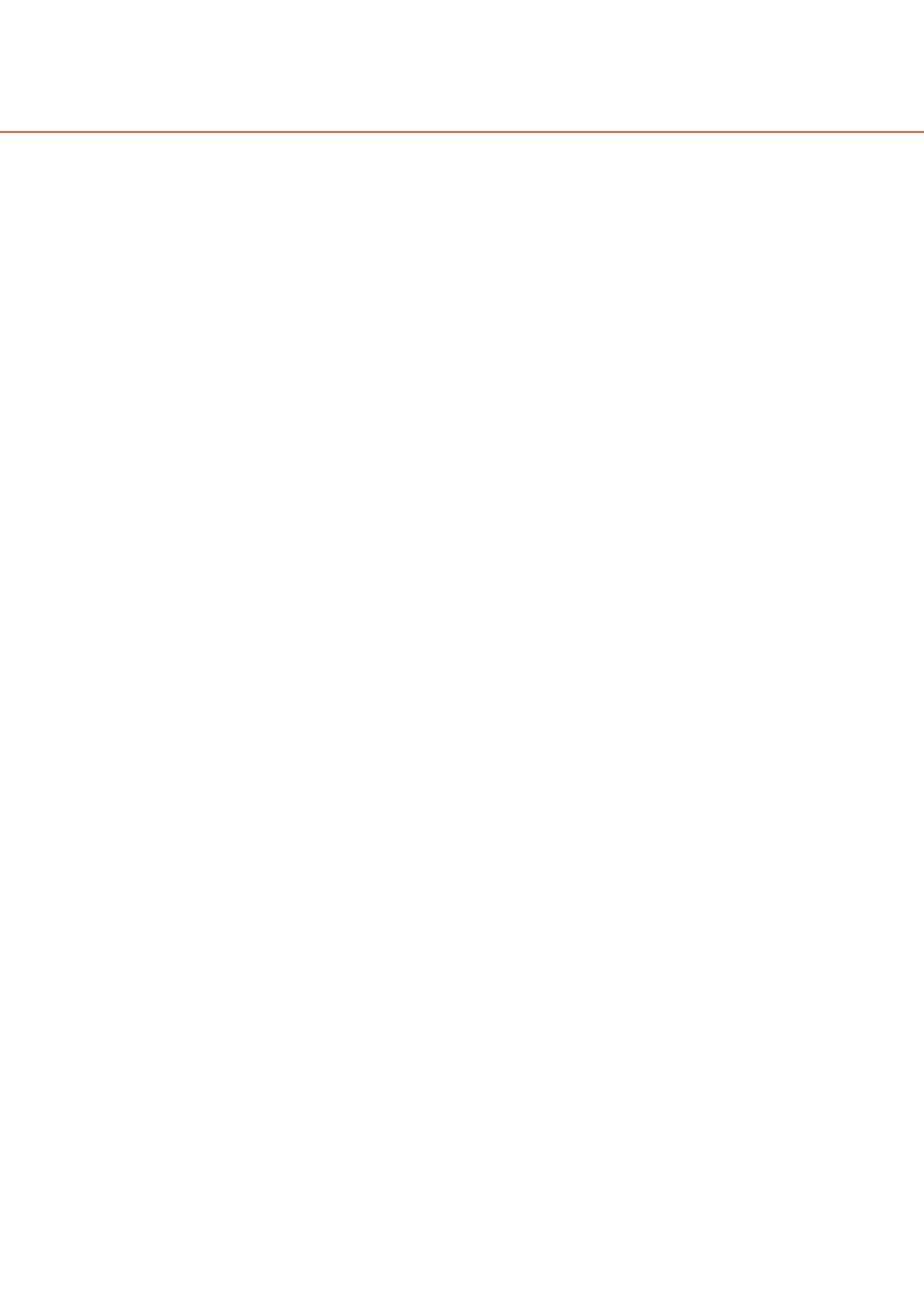
Benito Giovanni Marino	Chairman
Laura Acella	Auditor
Roberto Seymandi	Auditor
Ombretta Cataldi	Deputy Auditor
Rossella Porfido	Deputy Auditor

AUDITOR

Deloitte & Touche

(*) The Board of Directors was appointed for the years 2013, 2014 and 2015 by the Ordinary Shareholders' Meeting held on 12 March 2013.

On the same date, prior to the Shareholders' Meeting, the financial statements for the year ended 31 December 2012 were approved by the Board of Directors, made up of the following: Chairman and Managing Director: Fausto Marchionni; Directors: Barbara De Marchi, Aldo Grimaldi, Franco Marianelli, Giorgio Mitolo, Ettore Rigamonti, Alessandra Talarico, Mario Tuccillo.



CONTENTS

Report of the Board of Directors on operations	page 7
Annual accounts	page 45
Balance sheet	page 46
Statement of income	page 48
Notes to the financial statement	page 50
Attachments	page 109
Auditor's report	page 139
Actuary's report	page 141
Resolution of the Shareholders' meeting-extract	page 143

John Lynn (working 1830-60)
Cutter yacht *PHANTOM*, 56 tons
R.Y.S. Owner Sir Wm Curtis BT, off the north Foreland (1838)
Oil on canvas - cm. 44,5x31

*... boating originated in the calm
and sheltered waters of the Netherlands.
The word "yacht" is, in fact, a corruption
of the Dutch word "jacht", which in turn
derives from the verb to run or to hunt.*



REPORT OF THE BOARD
OF DIRECTORS ON OPERATIONS



Shareholders,

THE STATE OF THE ECONOMY

In 2012, the world economy strengthened in Asia and the United States, while the macroeconomic framework for the Euro area remained weak, affected by the austerity measures adopted in the major countries to stem the budget deficit and the repercussions that penalised domestic demand. As regards emerging countries, the main indicators confirm that their rate of economic growth has stabilised, albeit with some regional differences. In Asian countries, the improvement reported by exports and the resilience of demand and industrial production could end the latest cycle of looser monetary policy measures, whereas the main Eastern European economies are in recession, which is moderating inflationary pressures. Price dynamics, on the other hand, remain a concern in Latin American countries such as Brazil and Mexico, creating uncertainty about what should be the priority in monetary policy: stimulating growth or fighting inflation.

The monetary policy stance has generally been to sustain growth, with rate cuts by the major central banks.

In the United States, the main indicators show that growth is an effort, but confidence surveys are gradually improving and the real estate sector has confirmed its positive trend.

The employment trend, however, is struggling to have a significant impact on the labour market and the decline in global demand is affecting exports.

To support growth and the labour market, the Federal Bank has maintained a lenient attitude, extending its programme of quantitative easing. It has also confirmed on various occasions that it intended to maintain low interest rates until the unemployment rate drops significantly and inflation expectations stabilise within acceptable limits.

However, the most urgent deadline is the “fiscal cliff” and the need to find an agreement on the essential measures of fiscal policy.

The public debt, which is higher than the gross domestic product (GDP) and approaching Italian levels, was raised to save the banks and mortgage giants.

In Japan, the economic environment has not changed compared with the past and continues to feature the same long-standing problems, namely high public debt, deflation, stagnation of wages and purchasing power, and domestic consumption that is still weak.

The public debt has continued its relentless growth, reaching around 2.4 times GDP. A situation which has so far been sustainable thanks to various strengths of the Land of the Rising Sun: high domestic savings (most of which invested in Japan), very low interest rates paid on government debt, the ample current account surplus (but which is beginning to fade away) and the world's second reserve currency.

However, the most indebted country in the OECD rejects austerity and gives priority to a rapid recovery, postponing any effort to hold down the public debt.

The new government and the Bank of Japan have identified increasing public spending and a weakening of the yen, together with a return to inflation, as the steps needed to achieve the hoped-for economic recovery.

In China, weakness in global demand has inevitably reflected on the volumes of Chinese trade with other countries. In fact, faced with the crisis that has bitten violently in Europe and continued to keep the United States and Japan under pressure, not even the attraction of "Made in China" was able to perform miracles.

In 2012, exports and imports showed lower growth rates not only on the previous year, but also on the policy objectives set by the Government.

Trade with Europe and Japan has decreased, whereas it has increased with the United States, allowing it to replace the Old Continent as China's main trading partner.

Thanks to these flows, the Chinese trade surplus posted another strong surge in 2012, contributing to a further rise in its foreign exchange reserves.

In Europe, the easing of tensions on financial conditions gradually consolidated, helped by the ECB's commitment to step up its role of protecting the euro, as well as by the agreement reached by the Eurogroup on unblocking aid to Greece.

This has allowed foreign financial investors to return, particularly following the ECB's announcement of its programme of government bond purchases. In addition, acknowledging the signals of a continuation in the recession and a slowdown in Germany's economic cycle, the ECB reiterated its readiness to act, even if any action it may take will still be subject to rigid conditions.

In any case, the main economic indicators generally show further declines, coming in at low values. Industrial production and confidence indices are still consistent with a contraction in activity.

The main countries continue to travel at different speeds, with Germany playing a leading role, while France, Spain and Italy seem unable find the road to economic recovery.

Within Europe, Italy experienced very difficult times in 2012, typified, among other things, by a strong mistrust on the part of foreign investors towards it, linked to strong concerns about the unsustainability of its high public debt. This mistrust pushed the spread between Italian 10-year

BTPs and equivalent German bond yields to very high levels, higher than ever before. However, it then fell gradually during the year, similar to what happened to the spread after the very heavy public finance measures, which further increased a tax burden that was already very high.

At the same time, the economic situation has seen many shadows and no light, with the index of industrial output in significant decline on the previous year, the worst percentage drop since 2009. The unemployment rate remains very high, while inflation has sometimes shown outbreaks of resurgence.

Access to credit is still difficult and adversely affects new investment, while exports languish and suffer as the euro appreciates.

MARITIME ACTIVITY

With respect to global maritime activity, 2012 was a very critical year, in which the shipping industry was negatively affected by the recession in the more developed economies and by the slowdown of growth in emerging ones. All marine insurance sectors (dry/liquid bulk cargo, container carriers) suffered from oversupply, which drove down freight rates to very low levels (starting with the container sector).

In fact, all shipping companies are continuing to suffer not only from the huge number of new ships ordered up to 2008, but also the incorrect forecasts made in 2010, when it was believed that the crisis was behind them and they started ordering new vessels from shipyards.

However, the race for new orders has come to an end, so the shipping sector should soon have better results than in the past.

The over-supply is also exacerbated by political tensions in certain parts of the world, namely Libya in 2011, and today in Iran and Syria.

To save money, shipowners have significantly reduced the sailing speed of their ships. In fact, the cost of fuel has gone up considerably over time and bunkering alone accounts for more than 50% of the costs of any voyage.

This approach has also led to companies having more ships at sea at the one time, which to a certain extent has helped mop up excess supply in the world fleet.

In addition, the global economic crisis and the exponential growth in fuel costs have pushed the maritime sector towards a technological evolution that did not seem likely a few years ago.

The need to save fuel, increasingly stringent international standards on environmental protection introduced by the International Maritime Organization (IMO) and the low level of freight charges, as well as the discovery of new routes to and from developing countries, have led shipowners to opt for different types of ships, with a view to streamlining costs and consumption.

The eco-friendly characteristics of the new generation of ships has also confirmed shipowners'

commitment to the environment, with a significant reduction in fuel consumption and therefore polluting emissions.

The new projects also mark a retreat from giant hulls. In fact, whereas previously the main effort was to increase the capacity of the ship, now they do not think about concentrating the load, but about maximising efficiency.

This trend towards fleet renewal, which is evident in the field of dry cargo, but also in tankers, will probably lead to the demolition also of relatively recent ships, less than twenty years old.

At the same time, recent studies have shown a gradual and steady improvement in the safety of sea transport. This improvement is mainly due to the application of new technologies and more stringent regulations on personnel training.

Moreover, there are still areas with problems that have to be resolved, mainly due to the increased size of transport vessels, starting with cruise ships and container carriers.

In addition to the problems related to size, there are also those related to crew training, which is still sometimes inadequate. Crew members are often recruited without the necessary preparation, while problems are often caused by the fact that they may speak different languages.

Lastly, there are other problems related to ineffective regulation and poor coordination between the various authorities responsible for checking safety.

On the financial front, the effects of the global crisis have not spared the shipping industry, as banks seem less and less willing to finance shipping companies and are gradually reducing their loans to this sector.

Despite the ongoing global crisis, the Italian fleet is still growing and holds world leadership in its fleet of ro-ro ferries (so also able to transport rolling stock), representing more than 12% of world tonnage in this category.

In addition, thanks to the investments promoted by Italian shipowners, especially (but not only) in the period before the crisis, the national fleet has been considerably renewed, with a reduction in the proportion of older vessels and an increase in younger and newly-built units.

Among the most advanced units of the Italian fleet there are the ships of the tanker and chemical tanker fleet.

Moreover, Italy was the first country in the world to have started eliminating single-hull tankers, replacing them with double hull units. Italy began this in 2001, well ahead of the timing laid down by IMO. The Italian fleet is therefore ready (in terms of service quality, safety and respect for the environment) to face up to the challenges and take advantage of the opportunities that will arise in the future when the economic recovery begins.

With regard to piracy, since the beginning of 2012 the number of attacks along the Somali coast has diminished considerably, to the detriment of the Gulf of Guinea, where the problem now seems to have shifted.

Internationally, the use of contractors on board ships has reached a very high level, as the presence of armed personnel on board ships which sail through the High Risk Area (HRA) currently seems to be the most effective deterrent to reduce attacks by pirates.

Unfortunately, in Italy the situation is still quite a long way from the needs of international trade and shipping industry practice. In fact, until appropriate legislation is passed on this subject, the use of private armed guards on board merchant vessels flying the Italian flag is still illegal.

However, for the first nine months of 2012, the number of successful attacks was still very high (268), although a lot lower than in the same period of 2011 (382).

But above all, no ship with security men on board has ever been taken hostage by pirates.

In the meantime, much has been done also in terms of individual ship security in order to stem the attacks. Shipowners and captains have come up with a number of rules to be applied when passing through high risk areas.

SHIPBUILDING

Given what we have just said about maritime activity, 2012 was a very negative year for the shipbuilding industry, both worldwide and in Italy.

The slowdown in orders has not only affected standard units, but also ships with more advanced technologies (including cruise ships), with the exception of gas carriers and vessels used in the offshore industry, an area where the Korean and Norwegian shipbuilding industries excel.

However, it is worth mentioning that the strong acceleration in demand from shipowners for the construction of new types of ships has been fully understood by Chinese shipyards, which have been the real protagonists of this new trend.

They were the first to propose plans for vessels marked by fuel efficiency, able to achieve a significant decrease in consumption.

Then it was the turn of the Koreans and, lastly, the Japanese who, at this juncture, came last, perhaps fearing - given that they had orders for at least the next three years - that proposing new ship designs could induce shipowners, who had already awarded contracts, to ask for design changes during construction work.

Lastly, the downturn was also mitigated by the refitting work that various fleets are going through and which consists of a series of technical solutions to improve the efficiency of their vessels, with reduced fuel consumption and emissions.

One more demonstration of the fact that the industry's response to the crisis is focused on strategies to develop products and processes that reduce waste, increasing the value for customers.

Furthermore, in the passenger fleet sector, the restyling of ships is becoming big business.

THE INSURANCE MARKET

In 2012, the insurance industry, in the broader international context, had to face a situation of general economic weakness in the more industrialised countries, especially in the Eurozone, very low interest rates near the all-time low and uncertainties about certain countries' sovereign debt. In the European life insurance sector, the above was compounded by the fact that people had less disposable income and were suffering high taxation, as well as by the intense competition generated by the banking sector and by asset managers.

For the non-life sector, insurers have had to pay considerable attention to the handling of claims, because in unfavourable economic circumstances, there is normally an increase in accident claims, some of them fraudulent. To increase profitability, the major insurance groups have raised their premium rates, where possible, while maintaining tighter control over operating costs.

In the regulatory context, a further delay now looks likely in the introduction of the Solvency II legislation, which is meant to standardise the rules on prudential supervision in Europe.

In fact, various countries are not managing to reach agreement on the regulation of the main issues. This means that the original draft may well suffer major changes, in order to reach a compromise that all participants are able to agree on, abandoning some of the assumptions that originally inspired this ambitious project.

Currently it is considered unlikely that Solvency II will be implemented before 2016. There is also likely to be a transition period before reaching uniform application of this legislation in the various countries.

As regards the Italian insurance market, in 2012 the economic crisis continued to weigh significantly on premium income and this has impacted the life segment very significantly. In fact, after the sharp downturn of 2011, this sector production showed a further decline, bringing the decrease compared with 2010 to a very worrying level.

On the other hand, premiums in the non-life business should be reasonably stable, although the car segment is still suffering from the decline in sales of new cars.

The "Hull" segment has still been heavily influenced by the global economic downturn, which is inevitably reflected in the insurance sector, with increasing competition in the market and recurring requests from shipowners to reduce the value of their ships.

Underwriting capacity remains high on the international market (particularly London), resulting in pressure on premium rates and terms of renewal. Generally speaking, however, this situation appears to be kept within acceptable levels.

In addition, the prolonged crisis in the maritime charters is forcing shipowners to negotiate increasingly competitive renewal terms, especially for fleets with a good performance statistics. Fleets with negative results, on the other hand, are frequently subjected to penalties.

As regards the “Cargo” sector, there continues to be a lack of new business, while there is a decline in the revenues of many businesses, a general downturn in traffic and a constant search for lower costs on the part of policyholders, even at the expense of technicalities.

Considering this last point, brokers systematically carry out market research and, in order to maintain the existing portfolio and to win new policyholders, insurance companies often apply a policy of indiscriminate premium reductions, even when the claim statistics are poor. And, in this context, competition naturally tends to escalate.

There are also new insurance entities on the market, such as the underwriting agency, which turns authoritative market operators like Lloyd’s into local players, also in Italy.

Lastly, in 2012 the Continental reinsurance market continued to give preference to contractual protections and excess of loss cover.

In the field of optional reinsurance, there has recently been a moderate tightening in the London market, as well as elsewhere, except for policies of greater importance or with good technical results. This ought to be an indicator of greater resilience on the part of premium rates in 2013, as well as a more severe penalisation of loss-making business.

Based on the latest available official data for Italy published by Ania concerning the premiums for direct business written in 2011, the Company remains firmly in second place in both the “Hulls” sector (with a market share of nearly 30%) and the “Cargo” sector (with more than 10% of total premiums), which confirms our leading role in the provision of Marine insurance.

In 2012, 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.

Lastly, we are proud to announce that, given the recognition of our expertise in this field of activity last year, our company has been chosen by the University of Genova as the seat of the first “Master’s Degree in Marine Insurance”.

In addition to our head office, which hosts the professors and students, the Company also makes an important contribution to teaching and training by providing highly qualified professional staff.

Oswald Walters Brierly (1817-94)
Schooner yacht GIRLASSIAN, 130 tons
R.Y.S. (1840)
Oil on canvas - cm. 75,5x45





RESULTS OF OPERATIONS

Given all of the above, the Company closed 2012 with a profit before tax of € 8,205 thousand, which shows a strong progress on the € 2,094 thousand reported in 2011. Net profit for 2012 was € 5,243 thousand, compared with € 904 thousand in the prior year. The following table summarises the statement of income for 2012, with comparative figures for 2011:

	(in thousands of €)	
	2012	2011
Underwriting result	4,134	3,156
Net investment income	8,480	3,736
Capital and financial charges	(853)	(4,785)
Investment return transferred to the technical account	(4,103)	-
Other income (expenses), net	110	(11)
Net extraordinary income (expenses)	437	(2)
Profit (loss) before taxes	8,205	2,094
Income taxes for the year	(2,962)	(1,190)
Net profit for the year	5,243	904

As regards 2012, based on the above figures, the key factors, which will be discussed more fully in the rest of this report, are as follows:

- in brief, this result reflects a general progress of all of the items making it up, particularly those involved in financial management;
 - the underwriting result has made good progress, especially due to the satisfactory industrial component of the sectors that represent the Company's core business and the increased financial element transferred from the non-technical account;
- In fact, compared with the previous year, the underwriting result has benefited from a high proportion of income from investments, which was absent in the 2011 because of the loss recorded in this area.

There has been a further contraction in administrative expenses, which are a component of the underwriting result. This despite the fact that it includes prior-year charges of € 300 thousand, resulting from renewal of the national labour contract for employees (middle managers and office staff), which took place in the first half of 2012.

Since these liabilities had previously been provided for in "Provisions for risks and charges", these provisions were released for the same amount, crediting "Other income".

Lastly, it should be noted that, despite the extremely difficult and competitive economic and market conditions, the result of operations, even if it excludes the financial component, continues to show a satisfactory positive trend in the areas that represent the Company's core business;

- income from investments shows a significant increase, mainly related to important writebacks and better trading profits, especially on bonds.

Further information on this is provided below in the section on "Property and financial management";

- capital and financial charges also show significant progress, mainly thanks to lower adjustments of bond values, which were particularly burdensome in 2011.

At the same time, the costs related to property and financial management have increased, due to the higher rate of IMU (Imposta Municipale Unica, a municipal tax on real estate).

Again, further information on this is provided below in the section on "Property and financial management";

- the investment return transferred to the technical account was determined using the criteria established by IVASS (formerly ISVAP).

Last year it showed a zero balance due to the significant decline in net income from investments, as mentioned previously;

- other income (expenses) show a positive net balance close to breakeven.

The following items, among others, contributed to the formation of this balance:

- for debtor balances which could prove difficult to recover (other than amounts due from policyholders) a provision for doubtful accounts (excluding that relating to policyholders, which are covered by provisions charged to the technical account) for € 373 thousand (€ 283 thousand in 2011).
- the use of "Provisions for risks and charges" for € 300 thousand in relation to the provision made in previous years for renewal of the national labour contract, as explained above;
- the effects of the trend in foreign exchange differences, which produced a negative net balance of € 12 thousand (having been positive for € 19 thousand in 2011), mainly due to fluctuations in the US dollar exchange rate.

In this regard, note that careful management of the mismatching in foreign currencies allowed us, as in the past, to minimise the effects of exchange differences, despite there being a high proportion of foreign currencies (especially the US dollar) used in the Marine sector.

For further comments on "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.

- extraordinary items show a high positive net balance.

The positive items, amounting to € 440 thousand, are entirely attributable to a tax rebate claim filed in February 2013 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel and similar costs.

Decree Law no. 201/2011 allowed IRAP to be deducted from 2012, also permitting this request for reimbursement for the period specified above.

However, note that this claim also involved 2011, for which the benefit (€ 131 thousand) was recognised for deferred tax purposes, as a tax loss was made in that year;

- the tax pressure (36.1%) is significantly lower than the previous year (56.8%).

This reduction is mainly related to IRAP, as the burden decreases in percentage terms as the result increases (9.2% of pre-tax income in 2012, compared with 25.7% in 2011).

With regard to the IRES, the tax burden has gone down (26.9% in 2012, compared with 30.0% in 2011) thanks to lower non-taxable amounts recorded in 2012 (primarily the extraordinary income on the reversal of excess IRES paid in previous years, as indicated above).

Income taxes consist of IRES of € 2,200 thousand (zero in 2011) and IRAP of € 700 thousand (€ 550 thousand in 2011), whereas there is no charge (€ 22 thousand in 2011) for taxes paid (but not recoverable in Italy) in those countries where we have permanent establishments abroad.

These include deferred tax assets of € 76 thousand (€ 619 thousand in 2011) and deferred tax liabilities of € 14 thousand (€ 1 thousand in 2011).

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

Lastly, it is worth mentioning that the very positive result achieved in 2012 was thanks to the usual professionalism and competence demonstrated by the entire staff, to whom we reiterate our esteem. We are counting on their support to do even better in the future.

INSURANCE BUSINESS

GROSS PREMIUMS WRITTEN

The following table gives details of premiums earned in 2012, with comparative figures for the previous year:

	(in thousands of €)	
	2012	2011
Italian direct business		
Hulls	67,800	96,771
Cargo	34,859	36,256
	102,659	133,027
Motor third-party liability	4,401	4,754
General third-party liability	2,851	2,737
Other property damage	2,161	1,904
Pecuniary losses	210	713
Other minor business	245	97
	9,868	10,205
Total direct business	112,527	143,232
Indirect business - Italy		
Cargo	9,923	11,091
Hulls	5,322	7,409
Motor third-party liability	4,633	4,574
Other minor business	357	232
	20,235	23,306
Indirect business - Abroad	95	132
Total indirect business	20,330	23,439
Grand total	132,857	166,670

Note that direct business is entirely Italian and includes all policies issued by permanent establishments abroad, all located in EU member countries. In fact, they are located in Belgium, Germany, Malta and Netherlands.

In addition, note that in France, it was decided to terminate the assumption of insurance risks by right of establishment from 1 January 2011 and to continue this activity under the freedom to provide services regime.

The key points regarding the above data are summarized below:

- 2012 production is essentially attributable to the “Marine” sector, as in the past. In fact, 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, production for the year reflects a significant reduction in premiums written with respect the last year, mainly attributable to direct business, particularly for the Hulls segment as commented below.

In fact, the Cargo sector closed the year with a volume of premiums written that was not very different from that of 2011, in both direct and indirect business.

Moreover, taking into account the difficult economic context in which this production was achieved, the constant efforts made by the Company and the dense network of trade relations established over time made it possible to limit the contraction in premiums written.

These figures have not been substantially affected by the slight depreciation of the US dollar (exchange rate against the euro of 1.3194 at 31 December 2012, compared with 1.2939 at 31 December 2011), which depreciated by around 2% against the euro during 2012. In fact, much of our business is written in US dollars, especially in the Hulls sector;

- premiums in the Hulls sector showed a decrease, principally due to direct business and mainly attributable to:

- the gradual down-grade of the rating by Standard & Poor’s suffered in the recent past by the indirect parent company Fondiaria - SAI S.p.A. This down-grade peaked in December 2011 with the assignment of a *B* rating, which also affected that of the Company (though we continue to maintain a higher rating on a stand-alone basis).

In fact, this rating has sometimes led to the non-renewal of certain accounts or a reduction in the share of risk taken on.

This has affected particularly the work done by the permanent establishments abroad, especially the one located in Germany, whereas in Italy the excellent relationships that we have with the main brokers who work in this field have allowed us to limit the decline.

However, in 2012 this rating was progressively restored (upgrade to *B+* in August, *BB* in

November), but the Company only returned to the category of investment grade in the second half of December 2012 when it obtained a *BBB-* rating again;

- at the starting date of certain contracts lasting more than twelve months (especially for an important foreign fleet, taken on through the permanent establishment located in Germany), which led to a misalignment, sometimes quite a marked misalignment, in the booking of the related premiums. War risks have also decreased, mainly due to the reduction in the additional premiums charged by reinsurers to transit in international areas particularly at risk, following the signing by the owners, of “Kidnap & Ransom“ policies, and contracts with companies of armed guards authorised to maintain ship security during such voyages.

On the other hand, the mass of premiums underwritten was positively influenced by the application of penalties to fleets with poor performance statistics, which helped to limit the reduction.

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 in the Cargo sector have held up well compared with last year, although the overall economic context is still unfavourable (particularly as regards the domestic component). In fact, the Company has managed to maintain its portfolio and has not lost any significant business. This production was achieved in accordance with a long-standing acquisition policy based on technical criteria, applied with even greater attention than before and mainly characterised by:
 - the intense relationship with the sales network, for the maintenance of existing clients and the development of new business prospects;
 - our ongoing commitment to provide qualified and efficient services to policyholders to further increase customer loyalty;
 - a periodic review of the portfolio, with the help (where possible) of corrective action likely to lead to a technical improvement;
 - adaptation of products to the new requirements of logistics operators.

The percentage of premiums charged for war risks and strikes, with respect to the total production of that class, increased moderately compared with the previous year;

- overall, direct premiums of the Elementary and Motor third-party liability sectors show a moderate decrease.

In addition, as indicated above, these premiums are fed almost exclusively by business from the “Marine” sector (particularly, the Cargo branch);

- as regards indirect business, where foreign business continues to be insignificant, the decline in production is mainly due to the general economic crisis and persistent competition. In addition, 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 € 30,118 thousand (€ 41,332 thousand in 2011).

These premiums relate solely to the Hulls and Cargo sectors for € 19,085 thousand and € 11,033 thousand respectively (€ 31,721 thousand and € 9,611 thousand in 2011);

- a geographical analysis of gross direct and indirect premiums is provided below:

(in thousands of €)				
	2012		2011	
- in Italy	124,286		143,740	
- abroad, via permanent establishments located in:				
	2012	2011		
Belgium	3,082	5,771		
Germany	4,762	15,997		
Malta	73	50		
Netherlands	654	1,112	8,571	22,930
	132,857		166,670	

As regards premiums earned abroad, starting from last year, these do not include the ones written in France, as they are no longer taken on by right of establishment but under the freedom to provide services regime.

Overall production in this country amounted to € 1,685 thousand (€ 2,491 thousand in 2011).

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

REINSURANCE

There were no significant changes in the Company's policy regarding reinsurance in 2012, so it remained practically the same as last year, essentially in the "Marine" sector.

In general terms, a fairly high percentage of our Marine business, especially with reference to the Hulls sector, continues to be placed on a 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.

The outward reinsurance plan and the reinsurance guidelines for 2012 were approved by a special resolution of the Board of Directors, as foreseen in IVASS Circular 574D/2005.

CHARGES RELATED TO CLAIMS

The following table analyses the main components of 2012 payouts, before recoveries from reinsurers:

	(in thousands of €)		
	Direct business	Indirect business	Total
Claims paid	105,814	8,846	114,660
Settlement costs	8,753	548	9,301
Direct costs	2,630	-	2,630
	117,197	9,394	126,591

With regard to direct business, the following breakdown by sector of claims settled in 2012 is compared with similar data for the previous year:

	(in thousands of €)	
	2012	2011
Hulls	73,083	80,077
Marine Cargo	23,122	23,594
	96,205	103,671
Motor third-party liability	4,630	6,123
General third-party liability	3,578	6,586
Other property damage	798	1,689
Other minor business	603	519
	9,609	14,917
Total direct business	105,814	118,588

Analysis of the above data indicates a major decrease in direct business claims settled in 2012 compared with the previous year.

Payments in the periods considered were marginally affected by the depreciation of the dollar against the euro, with a closing rate at 31 December 2012 of 1.3194, compared with 1.2939 at 31 December 2011.

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

- for the Hulls sector, the change in the amount of claims paid with respect to 2011 is due to the trend in payments rather than to specific reasons;
- payments in the Cargo sector during 2012 were substantially in line with the previous year;

- for the other classes, see our comments on the Hulls sector.

With regard to the general TPL sector, the decrease in the amount was due to a number of serious claims paid in 2011.

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 Hulls 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 2012 consists of 14 general agents and 254 brokers (15 and 245, respectively, at 31 December 2011). Geographically, 81.3% are located in the North (218 intermediaries, compared with 213 at 31 December 2011) and 18.7% in the Centre – South (50 intermediaries, compared with 47 at 31 December 2011).

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

As already indicated above, the permanent establishment in France ceased to operate at the end of 2010; from 1 January 2011, its activities have continued from Italy under the freedom to provide services regime.

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

Acquisition expenses totalled € 24,027 thousand (€ 28,607 thousand in 2011).

Of these costs, € 18,290 thousand related to direct business (€ 22,265 thousand in 2011) and € 5,737 thousand to indirect business (€ 6,342 thousand in 2011).

The ratio of commissions paid to third parties for new direct business to the related premium income was 16.3% (15.6% in 2011).

PERSONNEL AND ADMINISTRATIVE EXPENSES

At 31 December 2012, the Company had 96 employees (97 at 31 December 2011), including 3 executives, 14 middle managers and 79 office staff (of whom 2 on secondment at related companies). The average number of employees during the year was 96 (98 in 2011).

In addition to these, at the same date the staff also included 1 freelance collaborator, 10 employees on temporary contracts and 49 employees of Group companies, the latter seconded to the Company principally in the performance of duties related to the operations of the “Marine Hub”.

Administrative expenses totalled € 12,238 thousand in 2012 (before allocation to the technical account), including € 78 thousand relating to the depreciation of tangible assets.

These expenses are down by 4.1% compared with 2011 (€ 12,765 thousand, of which € 99 thousand for the depreciation of tangible assets), even though they include prior-year charges for € 300 thousand related to the renewal of the national labour contract for employees (middle managers and office staff). Since these liabilities had previously been provided for over the years in “Provisions for risks and charges”, these provisions were released for the same amount, crediting “Other income”, so there was no impact on income for the year.

After allocating a proportion of personnel expenses and the depreciation of tangible assets to policy acquisition and claims settlement, administrative expenses amounted to € 7,395 thousand (€ 7,740 thousand in 2011).

Personnel costs accounted for 77.9% of administrative expenses (75.4% in 2011).

Administrative expenses represented 9.2% of premium income for the year (7.7% in 2011). The change compared with the previous year's percentage is due to the significant decrease in the amount of premiums written.

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 7.4% (6.3% in 2011).

Houghton Forrest (1825-1924)

The 6th Duke of Rutland's schooner yacht SHARK at anchor off the Kyles of Bute (1879)

Oil on canvas - cm. 118x68





PROPERTY AND FINANCIAL MANAGEMENT

At 31 December 2012 total investments amounted to € 115,559 thousand (€ 110,087 thousand at 31 December 2011), and shows a significant increase on the previous year.

Details are provided below:

	(in thousands of €)	
	31.12.2012	31.12.2011
Buildings	17,007	17,327
Investments in group and related companies	41	37
Shares and quotas	250	682
Mutual funds	2,139	1,930
Bonds and other fixed-income securities	94,772	87,372
Loans	81	80
Restricted deposits with banks	65	1,300
Deposits with ceding undertakings	1,204	1,359
	115,559	110,087

Bonds and other fixed-income securities and buildings continue to represent the bulk of total investments (96.7%, compared with 95.1% at 31 December 2011).

With regard solely to financial investments (excluding those in Group companies), shares and mutual funds invested in equities represent 2.5% of the total (2.9% at 31 December 2011) 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 remained stable.
- shares and quotas decrease on the amount of last year.
This decrease is related to the sale of all of the shares held in "Assicurazioni Generali", in accordance with the decisions taken by the Group to which we belong.
These securities, together with the mutual fund units, were managed for trading purposes to benefit from any capital gains;

- mutual fund units (mainly equity funds) showed a modest increase in the balance, due to recoveries of previous writedowns;
- bonds and other fixed-income securities increase significantly, because of hefty writebacks and additional purchases during the year.
A distinct preference for fixed-income investments rather than variable-income continues, particularly with reference to government issues (especially domestic ones);
- the amount of restricted deposits with banks has become immaterial, mainly because their returns were insignificant compared with 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 2013;
- 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 2012.

The following subordinated bonds are held at year end:

Issuer: Banca Intermobiliare

ISIN code: IT003853014

Par value: € 28,350

Book value: € 22,029

Issue: 29 July 2005

Maturity: 29 July 2015

Structure: convertible bonds

Issuer: Anheuser-Busch

ISIN code: BE6000782712

Par value: € 250,000

Book value: € 252,478

Issue: 26 April 2010

Maturity: 26 April 2018

Structure: callable from 27 February 2010 to maturity, at par value

At year-end, the book value of the securities portfolio was € 1,353 thousand lower than its market value at the same date (€ 108 thousand at 31 December 2011).

This unrealised capital gain relates to bonds and other fixed-income securities, € 1,345 thousand (€ 101 thousand at 31 December 2011); mutual funds, € 8 thousand (€ 7 thousand). On the other hand, there is no unrealised capital gain attributable to shares (none at 31 December 2011).

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 €)	
	2012	2011
Net profit from:		
- shares		
-- dividends paid	7	21
-- net gains (losses) on disposals	21	137
-- net write-backs (writedowns)	(44)	(271)
	(16)	(113)
- Bonds and other fixed-income securities		
-- interest income	2,449	2,204
-- net gains (losses) on disposals	1,420	225
-- net write-backs (writedowns)	3,220	(3,246)
	7,089	(817)
- Other financial investments	213	(538)
- Buildings		
-- rental income	1,097	1,088
-- depreciation	(330)	(329)
	767	759
Total income, net	8,053	(709)
Expenses		
- operating expenses	421	331
- interest expense	6	8
Total expenses	427	339

Overall, the results from property and financial management have strongly improved with respect to 2011, which was particularly unfavourable.

In fact, as shown above, while costs have risen marginally, the balance of net income is absolutely remarkable and difficult to repeat.

The latter is essentially attributable to bonds and other fixed-income securities, which, contrary to what happened in the previous year, benefited significantly from trading activity and, above all, from hefty writebacks (related to the narrowing in spreads compared with the yield on 10-year German bonds).

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

- for shares, in addition to what we have said above, note the lower benefit deriving from trading activity, mainly related to a gradual reduction in this investment sector, to which equity-based mutual funds have been preferred;
- for bonds and other fixed-income securities, given the limited increase in interest income, the significant improvement is due to the excellent performance of the relevant sub-fund, in particular for fixed-income securities issued by the Italian Government, in which your company has made substantial investments;
- for other financial investments, represented by the predominance of equity-based mutual funds, the progress in the balance is attributable to the writebacks from which they have benefited, contrary to what happened in 2011.
This balance includes € 4 thousand (€ 8 thousand in 2011) 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 maximise 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;
- for buildings, value adjustments and rents are stable.

Operating expenses relate to the property sector for € 334 thousand (€ 221 thousand in 2011) and to the securities sector for € 87 thousand (€ 110 thousand in 2011).

The operating expenses of the property sector increased significantly compared with the prior year. This increase is due to higher rates of IMU introduced in 2012 compared with the previous rates of ICI.

In fact, in 2012 the tax burden for IMU amounted to € 217 thousand, compared with € 102 thousand of ICI in 2011.

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

OWN SHARES, SHARES IN THE PARENT COMPANY AND ITS SUBSIDIARIES

On 19 July, in execution of the investment agreement dated 29 January 2012, Unipol Gruppo Finanziario S.p.A. (UGF) carried out the increase in capital of Premafin Finanziaria S.p.A. – Holding di Partecipazioni (Premafin) approved by the Extraordinary Shareholders' Meeting on 12 June 2012 and reserved for UGF.

With this subscription UGF has become Premafin's controlling shareholder with an 81% interest in its share capital, acquiring as a result indirect control over the former Fondiaria-SAI Group.

On 14 November 2012, the Board of Directors of UGF approved the start of direction and coordination of Fondiaria-SAI S.p.A. and of the companies already subject to the latter's direction and coordination, which includes us.

Therefore, Fondiaria-SAI S.p.A. and the companies that were already part of the "Fondiaria-SAI Insurance Group" became part of the "Unipol Insurance Group" (Register of Insurance Groups, no. 046).

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.

As required by art. 2427.22-bis of the Italian Civil Code, it is confirmed that these transactions with related parties (which are mentioned below with reference to each Group company) have been carried out at normal market terms.

Fondiaria - 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.

From Gruppo Fondiaria – SAI Servizi S.c.r.l., an affiliate, we primarily receive services related to:

- 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, the first case is reinsurance, in relation to the elementary and motor sectors, for claims that took place in years prior to 2006.

Note that the reinsurance relationship previously entered into with Milano Assicurazioni S.p.A. (relating to claims in the elementary and motor sectors that took place in the years after 2005) came to an end on 31 December 2011 under a commutation agreement signed by the parties in 2012. On the other hand, reinsurance relationships with it for the various branches of the “Marine” sector continued.

By contrast, there were reinsurance relationships with Liguria Assicurazioni S.p.A. and Milano Assicurazioni S.p.A. (similar to the relations with Fondiaria-SAI S.p.A.) involving the various branches of the “Marine” sector.

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

The affiliates Pronto Assistance Servizi S.p.A. and Immobiliare Lombarda S.p.A. respectively provide support services through an operational hub and manage the Company’s property.

The Company receives services from Banca SAI S.p.A. relating to the bank account maintained with it, as well as safekeeping of the securities deposited with it.

The amounts relating to transactions and balances with companies belonging to the Fondiaria-SAI Group up to 14 November 2012 and subsequently with those belonging to “Unipol Insurance Group” are disclosed in the notes.

The management and coordination activities carried out by the indirect parent company, Fondiaria-SAI S.p.A., up to 14 November 2012, and subsequently by Unipol Gruppo Finanziario S.p.A. to which your company is subject did not have any significant impact on the Company’s operations or results.

With regard to transactions with companies subject to the management and coordination of the aforementioned companies, taking into account the above dates, we show below a summary of the significant ones, in accordance with the provisions of the Civil Code, art. 2497-bis, paragraph 5:

(in thousands of €)

INSURANCE AND REINSURANCE TRANSACTIONS	Debtors		Reserve		Premiums	Claims	Commissions
	Debtors	Creditors	Premiums	Claims			
• <i>Fondiarìa – SAI S.p.A. (indirect parent company)</i>							
- coinsurance transactions	-	(722)	-	-	-	-	-
- reinsurance transactions							
active	391	-	(2,052)	(25,664)	11,596	(3,253)	(2,489)
• <i>Milano Assicurazioni S.p.A. (related company)</i>							
- coinsurance transactions	-	(364)	-	-	-	-	-
- reinsurance transactions							
passive	6,373	-	-	-	(38)	-	-
active	784	-	(1,666)	(17,479)	7,913	(4,342)	(1,627)
• <i>The Lawrence Re. (related company)</i>							
- reinsurance transactions							
passive	1	-	-	29	-	71	-
• <i>Liguria Assicurazioni S.p.A. (related company)</i>							
- reinsurance transactions	-	(8)	(219)	(443)	632	(163)	(131)

COMMERCIAL TRANSACTIONS	Debtors	Creditors	Costs	Revenues
• <i>Fondiarìa – SAI S.p.A. (indirect parent company)</i>				
- services	807	(1,386)	(60)	2,667
- personnel on secondment	-	(2,672)	(3,870)	-
• <i>Gruppo Fondiarìa-SAI Servizi S.c.r.l. (related company)</i>				
- services	-	(252)	(502)	-
- personnel on secondment	72	-	-	72
• <i>Milano Assicurazioni S.p.A. (related company)</i>				
- services	365	(195)	(41)	1,282
- personnel on secondment	72	(133)	(151)	72
• <i>Liguria Assicurazioni S.p.A.</i>				
- services	16	-	-	52

FINANCIAL TRANSACTIONS	Debtors	Creditors	Costs	Revenues
• <i>Banca SAI S.p.A. (related company)</i>				
- Bank deposits	292	-	(1)	4
- safekeeping of securities	-	(2)	(25)	-

FISCAL RELATIONS	Debtors	Creditors	Costs	Revenues
• <i>Fondiarìa – SAI S.p.A. (indirect parent company)</i>				
- tax group arrangements	833	(6,111)	-	-

Key: (...) Creditors / Costs

PRIVACY REGULATIONS (DECREE 196/2003)

The Company has put in place all the required measures to ensure compliance with the obligations imposed by the legislation on the protection of personal data (Legislative Decree no. 196/2003), in order to ensure the protection and integrity of the data of customers, employees and anyone else with whom it comes in contact.

In addition, we have updated the “2012 Data Security Plan”, which explains the company policy on security measures (IT, physical and organisational), to ensure the confidentiality, integrity and availability of data.

ACTIVITIES TO COMBAT AND PREVENT INSURANCE FRAUD IN THE AREA OF THIRD-PARTY LIABILITY ARISING FROM THE USE OF MOTOR VEHICLES ("TPL Motor")

In the area of combating fraud, in 2012, Decree Law 1 of 24 January 2012, converted with amendments into Law 27 of 24 March 2012 and Decree Law 179 of 18 October 2012, converted into Law 221 of 17 December 2012 were issued.

Decree Law 1/2012 led to the issue by IVASS (formerly ISVAP) of Regulation 44 of 9 August 2012, which provides for the preparation and transmission to it of an annual report containing the information required to assess the efficiency of processes, systems and people to ensure the organisation's adequacy with respect to the objective of preventing and combating fraud in TPL Motor insurance.

The same Decree Law also provides that insurance companies are required to indicate in the report or in the accompanying notes to the annual financial statements, and to publish on their websites or other appropriate form of dissemination, an estimate of the reduction in charges for claims as a result of discovering cases of fraud.

Pursuant to art. 30, paragraph 2, of Decree Law 1/2012, the estimated reduction in charges for claims as a result of combating fraud is unquantifiable, as no claims were assessed for fraud during the year.

Barlow Brass Moore (working 1863-1900)
The ketch Walrus R.T.Y.C. (September 2nd 1861)
Oil on canvas - cm. 124x73,5





INFORMATION ON BUSINESS RISKS

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 the indirect parent company Fondiaria - SAI S.p.A.

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 for 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 Hulls 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 Hulls sector).

Careful monitoring of mismatching between the related assets and liabilities 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 cession plan is reviewed in detail and approved by the Board of Directors, who also take into account the ratings assigned by the leading international rating agencies when assigning a maximum exposure for 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 QIS 5 standard formula.

Again with regard to risk management, the Board of Directors of the indirect parent company Fondiaria – SAI S.p.A. approved a risk policy.

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.

In this regard, on 21 February 2013, the Company's Board of Directors adopted the framework resolution which formalised its strategic investment policy in accordance with IVASS Regulation 36 of 31 January 2011.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END

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

OTHER INFORMATION

With regard to the information relating to:

- the solvency margin, the coverage of the technical provisions and disputes with the Tax Authorities for the late filing of the annual report on premiums, accessories and health contributions for 2007, please refer to Section 22, Part C, of the Notes;
- disputes with the Tax Authorities for value-added tax on co-insurance relationships, please refer to Section 12, Part E.1 of the Notes.

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 2013 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 2012, together with the following proposed allocation of the net profit of € 5,242,994:

Net profit for the year ended 31 December 2012	5,242,994 €
- to the legal reserve, 5%	(262,150) €
- the balance to Other reserves: Extraordinary reserve	(4,980,844) €
	-

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

Shareholders,

In addition, given that the underlying conditions no longer apply, we submit for your approval the transfer, within Other reserves, of € 3,656 from the reserve for exchange gains (as per art. 2426, point 8-bis of the Italian Civil Code), to the extraordinary reserve.

Genoa, 12 March 2013

For the Board of Directors
The Chairman
(Fausto Marchionni)

Nicholas Matthew Condy (1818-51)
Cutter yacht CYNTHIA, 50 tons
Royal Thames Yacht Club (1849)
Oil on canvas - cm. 67x51,5

*... yacht painters were inspired by
the Flemish Mannerist style, theatrical,
grandiloquent and not particularly
natural, which favoured spectacular
scenes and extreme situations
(storms, strong winds and breakers).*



ANNUAL ACCOUNTS



BALANCE SHEETS AS OF 31 DECEMBER 2012 AND 2011 (in thousands of €)

	31.12.2012		31.12.2011	
ASSETS				
B. INTANGIBLE ASSETS				
5. Other deferred costs		65		100
C. INVESTMENTS				
C.I Property				
1. Property used for business purposes	7,158		7,478	
2. Property used by third parties	9,849	17,007	9,849	17,327
C.II Investments in group and related companies		41		36
C.III Other financial investments				
1. Shares and quotas	250		682	
2. Mutual fund units	2,139		1,930	
3. Bonds and other fixed-interest securities	94,772		87,372	
4. Loans	81		80	
6. Restricted deposits with banks	65	97,307	1,300	91,364
C.IV Deposits with ceding undertakings		1,204		1,359
Total		115,559		110,086
D.bis TECHNICAL RESERVES CARRIED BY REINSURERS				
1. Unearned premiums reserve	31,083		41,987	
2. Claims payable reserve	186,963	218,046	182,013	224,000
E. DEBTORS				
E.I Receivables arising out of direct insurance				
1.a Due from policyholders for current premiums	40,636		50,612	
1.b Due from policyholders for premiums relating to prior years	2,531		2,169	
2. Due from agents and others intermediaries	6,279		7,997	
3. Due from insurance companies	5,112	54,558	6,198	66,976
E.II Reinsurance debtors				
1. Insurance and reinsurance companies	8,603		10,318	
2. Reinsurance intermediaries	561	9,164	1,669	11,987
E.III Other debtors		5,888		5,147
Total		69,610		84,110
F. OTHER ASSETS				
F.I Tangible assets				
1. Furniture and office machine	164		232	
3. Plant and equipment	0	164	0	232
F.II Cash and cash equivalents				
1. Bank accounts	4,356		4,459	
2. Cheques and cash	5	4,361	4	4,463
F.IV Other assets				
2. Other	4,874	4,874	4,707	4,707
Total		9,399		9,402
G. PREPAYMENTS AND ACCRUED INCOME				
1. Interest	783		675	
2. Other	71	854	163	838
Total assets		413,533		428,536

	31.12.2012		31.12.2011	
LIABILITIES AND EQUITY				
A. CAPITAL AND EQUITY RESERVES				
A.I Share capital		38,000		38,000
A.IV Legal reserve		956		911
A.VII Other reserves		8,873		8,014
A. IX Net profit (loss) for the year		5,243		904
	Total	53,072		47,829
B. SUBORDINATED LIABILITIES				
		0		0
C. TECHNICAL RESERVES				
1. Unearned premiums reserve		38,726		51,041
2. Claims payable reserve		258,247		254,227
5. Other technical reserves		1,644	298,617	1,573
				306,841
E. PROVISIONS FOR RISKS AND CHARGES				
2. Provision for taxation		1,559		1,358
3. Other provisions		150	1,709	450
				1,808
F. DEPOSITS FROM REINSURERS				
		169		137
G. CREDITORS AND OTHERS LIABILITIES				
G.I Payables arising out of direct insurance				
1. Due to agents and other intermediaries		17,740		21,016
2. Due to insurance companies		2,155	19,895	3,047
				24,063
G.II Reinsurance creditors				
1. Insurance and reinsurance companies		2,024		6,230
2. Reinsurance intermediaries		15,942	17,966	21,343
				27,573
G.VII Termination indemnities				
			1,446	1,603
G.VIII Other creditors				
1. Taxes paid by policyholders		698		579
2. Miscellaneous taxes payable		411		312
3. Due to social security and welfare institutions		301		377
4. Sundry creditors		7,404	8,814	4,649
				5,917
G.IX Other liabilities				
2. Commission on premiums to be collected		5,652		6,479
3. Sundry liabilities		6,193	11,845	6,286
				12,765
	Total	59,966		71,921
H. DEFERRED INCOME AND ACCRUED LIABILITIES				
1. Interest			0	0
	Total liabilities and equity	413,533		428,536

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (in thousands of €)

	31.12.2012		31.12.2011	
I. TECHNICAL ACCOUNT				
1. EARNED PREMIUMS, NET OF REINSURANCE				
a. Gross premiums written	132,858		166,670	
b. Outward reinsurance premiums	(97,647)		(126,392)	
c. Change in unearned premium reserve	11,856		2,426	
d. Change in unearned premium reserve carried by reinsurers	(10,509)	36,558	(1,943)	40,761
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT		4,103		0
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE		8,166		6,413
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE				
a. Claims paid				
aa. Gross amount	(126,591)		(143,742)	
bb. (less) ceded to reinsurers	95,185	(31,406)	108,751	(34,991)
b. Change in recoveries, net of reinsurance				
aa. Gross amount	1,993		2,208	
bb. (less) ceded to reinsurers	(954)	1,039	(1,280)	928
c. Changes in claims payable reserve				
aa. Gross amount	(5,168)		31,394	
bb. (less) ceded to reinsurers	7,133	1,965	(27,971)	3,423
	Total	(28,402)		(30,640)
6. PROFIT COMMISSIONS, NET OF REINSURANCE		(186)		(207)
7. OPERATING EXPENSES				
a. Acquisition commissions	(21,295)		(25,768)	
b. Other acquisition costs	(2,732)		(2,839)	
d. Collection commissions	(16)		(62)	
e. Other administrative expenses	(7,395)		(7,740)	
f. Commission and other income from reinsurers	19,351	(12,087)	24,903	(11,506)
8. OTHER TECHNICAL EXPENSES, NET OF REINSURANCE		(4,000)		(1,600)
9. CHANGE IN OTHER TECHNICAL RESERVES		(71)		(87)
Underwriting result		4,134		3,155

	31.12.2012		31.12.2011	
III. NON-TECHNICAL ACCOUNT				
1. NET INVESTMENT INCOME				
a. Income from shares	7		21	
b. Income from other investments				
aa. Income on properties	1,097		1,087	
bb. Income from financial investments	2,453		2,217	
c. Writebacks	3,480		8	
d. Gains on sale of investment	1,443	8,480	403	3,736
5. CAPITAL AND FINANCIAL CHARGES				
a. Investment management charges and interest expense	(427)		(339)	
b. Writedowns	(407)		(4,430)	
c. Losses on sale of investment	(19)	(853)	(16)	(4,785)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT		(4,103)		0
7. OTHER INCOME		2,434		4,637
8. OTHER EXPENSES		(2,324)		(4,648)
10. EXTRAORDINARY INCOME		440		5
11. EXTRAORDINARY EXPENSES		(3)		(7)
		Non-technical result		(1,062)
		Profit (loss) before taxes		2,093
14. INCOME TAXES FOR THE YEAR		(2,962)		(1,190)
		Net profit (loss) for the year		903

NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2012 comprise the balance sheet and statement of income, prepared in accordance with IVASS Regulation 22 of 4 April 2008 (formerly ISVAP), 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 IVASS Regulation 22 of 4 April 2008, as well as current laws.

The financial statements, accompanied by the directors' report on operations, are audited by Deloitte & Touche S.p.A. who were appointed as auditors for the three-year period 2012 - 2020, pursuant to current legislation and the shareholders' resolution of 20 April 2012.

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 IVASS 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 IVASS 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 accounting policies are in conformity with applicable laws and refer to the accounting standards issued by the Italian Accounting Profession. The criteria applied in preparing the financial statements for the current year are the same as in the previous year. The financial statements have been prepared on a going concern basis, for the reasons outlined in the report on operations, to which reference should be made. 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, as provided for by Legislative Decree no. 173/1997, article 16, paragraph 9.

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 IVASS 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 IVASS 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 Hulls 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 IVASS 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 IVASS 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.

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 NON-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 IVASS Regulation 16 of 4 March 2008.

RESERVES 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.

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

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 Hulls 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.

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, pursuant to article 2426, point 8-bis of the Italian Civil Code.

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	2012	2011	Change (%)
US Dollar	1.3194	1.2939	2.0
Swiss Franc	1.2072	1.2156	(0.1)
British Pound	0.8161	0.8353	(2.2)

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 IVASS 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.

Arthur Wellington Fowles (1815-83)
*Cutter yacht EUFIN R.T.Y.C., 20 tons,
off Cowes Castle (1861)*
Oil on canvas - cm. 60x39,5





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 € 65 thousand (€ 100 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
5. Other deferred costs	65	100	(35)
	65	100	(35)

Attachment 4 shows the changes during the year in the above caption, being additions of € 8 thousand and amortisation for the year of € 43 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**“ total € 115,559 thousand (€ 110,087 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
I. Property	17,007	17,327	(320)
II. Investments in group and related companies	41	37	4
III. Other financial investments	97,307	91,364	5,943
IV. Deposits with reinsurers	1,204	1,359	(155)
	115,559	110,087	5,472

C.I “**Property**“ amounts to € 17,007 thousand (€ 17,327 thousand at 31 December 2011) and comprises:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Property used for business purposes	7,158	7,478	(320)
2. Property used by third parties	9,849	9,849	-
	17,007	17,327	(320)

Property is stated net of accumulated depreciation totalling € 3,839 thousand at 31 December 2012 (€ 3,509 thousand at 31 December 2011), all of which refers to property used for business purposes. The related depreciation charge for the year (€ 330 thousand) is calculated 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 2012, the market value of the above property was estimated to be € 25,983 thousand (€ 25,982 thousand at 31 December 2011).

Market value was determined in accordance with the rules laid down by IVASS in Regulation 22, articles from 16 to 20. 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 **“Property 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 € 41 thousand (€ 37 thousand at 31 December 2011). They consist entirely of quotas.

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

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
b) subsidiary companies	-	-	-
c) related companies	40	36	4
e) other	1	1	-
	41	37	4

The increase during the year is primarily related, for € 3 thousand, to the adjustment made to the investment in Gruppo Fondiaria – SAI Servizi S.c.r.l., as a result of valuing it under the equity method, and for € 7 thousand to payments made to this company to cover losses.

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.

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 € 97,307 thousand (€ 91,364 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Shares and quotas	250	682	(432)
2. Mutual fund units	2,139	1,930	209
3. Bonds and other fixed-income securities	94,772	87,372	7,400
4. Loans	81	80	1
6. Restricted deposits with banks	65	1,300	(1,235)
	97,307	91,364	5,943

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 2012 of "Other financial investments" is € 1,353 thousand (€ 108 thousand at 31 December 2011) 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	682	1,930	87,372
Purchases	16	-	111,094
Writebacks	31	209	3,240
Issue discounts	-	-	391
Gains on redemption	-	-	78
Losses on redemption	-	-	(11)
Sales and redemptions	(406)	-	(107,279)
Adjustments	(73)	-	(2)
Exchange differences	-	-	(111)
Closing balance	250	2,139	94,772

C.III.1 “**Shares and quotas**” included in “Other financial investments” consist of:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
a) Listed shares	250	682	(432)
	250	682	(432)

The decrease in this caption is essentially related to the sale of all of the shares previously held in “Assicurazioni Generali” during the first half of the year in accordance with the decisions taken by the Group to which we belong.

The proceeds of this sale were invested in other sectors, primarily in bonds and other fixed-income securities.

“Listed shares” solely comprise shares quoted on the official Italian market.

Their book value does not reflect any unrealised capital gains (zero balance at 31 December 2011) compared with their year-end market value.

C.III.2 “**Mutual fund units**” comprise open-end funds invested in shares totalling € 2,133 thousand, and € 6 thousand invested in a foreign Sicav monetary fund.

See the comment in note C.III for the increase in this caption, which was essentially due to the writebacks on these quotas.

Their book value is € 8 thousand (€ 7 thousand at 31 December 2011) lower than their year-end market value.

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

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
a) listed	94,658	87,235	7,423
b) unlisted	87	115	(28)
c) convertible bonds	27	22	5
	94,772	87,372	7,400

Their book value is € 1,345 thousand (€ 101 thousand at 31 December 2011) lower than their year-end market value.

“Bonds and other fixed-income securities” denominated in euros total € 87,579 thousand, while those in other currencies (exclusively US dollars) amount to € 7,193 thousand. They comprise investments earning interest at fixed rates, € 86,970 thousand, and floating rates, € 7,802 thousand.

Listed “Bonds and other fixed-income securities” include government and corporate securities totalling € 90,861 thousand and € 3,911 thousand, respectively.

The issue discounts relating to this caption are positive and total € 408 thousand and negative for € 17 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	82,768
US Treasury	listed	7,193
Intesa San Paolo	listed	2,295
Monte dei Paschi	listed/unlisted	1,063

Note that the bonds and other fixed-income securities that the Company does not intend to keep permanently on its balance sheet have been valued without taking advantage of the option to measure them at other than market value at 31 December 2012 (as permitted by IVASS Regulation 43 dated 12 July 2012).

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 balance has fallen considerably because their returns were insignificant compared with ordinary accounts.

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 ceding undertakings”** amount to € 1,204 thousand (€ 1,359 thousand at 31 December 2011) and have decreased by € 155 thousand.

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

Deposits with ceding undertakings 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 € 218,046 thousand (€ 224,001 thousand at 31 December 2011) and consist of:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Unearned premiums reserve	31,083	41,988	(10,905)
2. Claims payable reserve	186,963	182,013	4,950
	218,046	224,001	(5,955)

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 € 29 thousand, consisting entirely of a claims reserve, while there is no reserve carried by Fondiaria – SAI S.p.A. (indirect parent company).

Arthur Wellington Fowles (1815-83)
Yachts off Ryde starting for the match to Cherbourg,
August 1865 by GALATEA (1865)
Oil on canvas - cm. 134x79





SECTION 5 - DEBTORS (CAPTION E)

E. "Debtors" total € 69,610 thousand (€ 84,110 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
I. Receivables arising out of direct insurance	54,558	66,976	(12,418)
II. Reinsurance debtors	9,164	11,987	(2,823)
III. Other debtors	5,888	5,147	741
	69,610	84,110	(14,500)

E.I. "Receivables arising out of direct insurance" amount to € 54,558 thousand (€ 66,976 thousand at 31 December 2011) and are due from:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1.a Due from policyholders for current premiums	40,636	50,612	(9,976)
1.b Due from policyholders for premiums relating to prior years	2,531	2,168	363
2. Due from agents and other intermediaries	6,279	7,998	(1,719)
3. Due from insurance companies	5,112	6,198	(1,086)
	54,558	66,976	(12,418)

E.I.1 "Due from policyholders" for current and prior year premiums amount in total to € 43,167 thousand (€ 52,780 thousand at 31 December 2011) and are shown net of the related provision for doubtful accounts, which amounts to € 470 thousand (€ 398 thousand at 31 December 2011).

This decrease is mainly related to the performance recorded by downward trend in production during 2012 compared with the previous year.

"Due from policyholders" were written down by € 137 thousand during the year, given that they were considered uncollectible after an analytical valuation; this writedown was charged to "Other technical expenses, net of reinsurance" in the statement of income.

At the same time, the provision for doubtful accounts was reduced by € 65 thousand as a result of changes in estimates; this amount was charged against "Other technical expenses, net of reinsurance" in the statement of income.

These receivables include € 21,943 thousand in premium instalments not yet due for the Hulls and related third-party liability sectors (€ 32,693 thousand at 31 December 2011).

E.I.2 "Due from agents and other intermediaries" are shown net of the related provision for doubtful accounts of € 273 thousand (€ 510 thousand at 31 December 2011).

“Due from agents and other intermediaries” were written down during the year by € 237 thousand, given that they were considered uncollectible after an analytical valuation; the writedown was charged to the statement of income under “Other expenses”.

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

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 € 800 thousand (€ 506 thousand at 31 December 2011).

“Due from insurance companies” were written down during the year by € 298 thousand, given that they were considered uncollectible after a general valuation; the writedown was charged to the statement of income under “Other expenses”.

Moreover, this provision was decreased by € 4 thousand to take account of exchange losses, debited to “Other expenses”, in relation to amounts recorded in foreign currencies (essentially US dollars).

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

E.II “**Reinsurance debtors**” amount to € 9,164 thousand (€ 11,987 thousand at 31 December 2011) and are due from:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Insurance and reinsurance companies	8,603	10,318	(1,715)
2. Reinsurance intermediaries	561	1,669	(1,108)
	9,164	11,987	(2,823)

E.II.1 Reinsurance receivables from “**Insurance and reinsurance companies**” are stated net of a provision of € 2,223 thousand (€ 2,173 thousand at 31 December 2011) which relates solely to reinsurance current accounts.

These receivables were written down during the year by € 75 thousand, given that they were considered uncollectible after an analytical valuation; the writedown was charged to the statement of income under “Other expenses”.

At the same time, the provision for doubtful accounts was reduced by € 17 thousand for the amounts released from it, which were booked to “Other income” in the statement of income.

Moreover, this provision was decreased by € 8 thousand to take account of exchange losses, debited to “Other expenses”, in relation to amounts recorded in foreign currencies (essentially US dollars).

These receivables include an amount of € 391 thousand due from Fondiaria-SAI S.p.A., the indirect parent company, and of € 784 thousand due from the related company Milano Assicurazioni S.p.A., for active reinsurance.

They also include amounts due from related companies (Milano Assicurazioni S.p.A., € 6,373 thousand, Pronto Assistance S.p.A., € 3 thousand and The Lawrence Re., € 1 thousand) of € 6,377 thousand for passive reinsurance.

With regard to the receivable from Milano Assicurazioni S.p.A. for reinsurance transactions, note that it was entirely settled by the affiliate in February 2013, following the commutation agreement signed with it in 2012.

E.II.2 Receivables due from “**Reinsurance intermediaries**” are stated net of the related provision for doubtful accounts totalling € 50 thousand (€ 83 thousand at 31 December 2011).

“Due from agents and other intermediaries” were written down during the year by € 33 thousand, given that they were considered uncollectible after an analytical valuation; the writedown was charged to “Other Income” in the statement of income”.

E.III “**Other debtors**” amount to € 5,888 thousand (€ 5,147 thousand at 31 December 2011). Their main components are shown below:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
Amounts due from the Tax Authorities	3,151	2,941	210
Due from the indirect parent company	1,640	1,184	456
Deposits with clearing houses	501	428	73
Due from related companies	381	377	4
Guarantee funds in favour of policyholders	14	14	-
Due from tenants	3	30	(27)
Other debtors	198	173	25
	5,888	5,147	741

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 € 3,033 thousand receivable from the Italian Tax Authorities and € 118 thousand due from those in other European countries (for advance taxation and amounts withheld from dividend payments).

As regards amounts due from the Italian Tax Authorities, these relate to:

- € 1,805 thousand for the tax advance on insurance policies of paid in May 2012 (partially used to offset the tax bill due in February 2013 for the previous year),
- € 1,213 thousand for direct taxes (including € 718 thousand due to be reimbursed and € 495 thousand of IRAP advances paid during 2012);
- € 12 thousand relating to government concession taxes (also due to be reimbursed);
- € 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, € 833 thousand, has therefore been reclassified to the caption described below.

Amounts due from the Tax Authorities of other European countries, concern mainly Germany (€ 109 thousand).

The amounts due from the indirect parent company, Fondiaria – SAI S.p.A. include:

- operating costs of € 807 thousand incurred on behalf of that company and therefore recharged to it.
- € 833 thousand in tax credits as part of the Group tax return, as mentioned above. They include an amount of € 440 thousand attributable to a tax rebate claim filed in February 2103 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel and similar costs. These receivables are attributable for € 280 thousand to taxes paid abroad (in Germany, also in previous years) and recoverable in Italy, for € 57 thousand to higher taxes (IRAP) paid in prior years and for € 56 thousand to withholdings incurred.

Deposits with clearing houses refer solely to deposits made in France to Cesam – Comité d'Etudes et des Services des Assureurs Maritimes et Transports, in the ordinary course of business.

The amounts due from related companies reflect operating costs incurred on behalf of and recharged to Milano Assicurazioni S.p.A. (€ 365 thousand) and Liguria Assicurazioni S.p.A. (€ 16 thousand).

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 € 9,398 thousand (€ 9,401 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
I. Tangible assets	164	231	(67)
II. Cash and cash equivalents	4,360	4,463	(103)
IV. Other assets	4,874	4,707	167
	9,398	9,401	(3)

F.I "Tangible assets" of € 164 thousand, are stated net of accumulated depreciation at year-end of € 1,637 thousand, as analysed below:

	(in thousands of €)		
	Gross value	Accumulated depreciation	Book value
1. Furniture and office machines	1,591	(1,427)	164
2. Publicly registered assets	15	(15)	-
3. Plant and equipment	195	(195)	-
	1,801	(1,637)	164

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 31.12.2011	Increase	Decrease	Balance at 31.12.2012
1. Furniture and office machines	1,580	11	-	1,591
2. Publicly registered assets	15	-	-	15
3. Plant and equipment	195	-	-	195
	1,790	11	-	1,801

Accumulated depreciation amounts to € 1,637 thousand (€ 1,559 thousand at 2011). During the year it increased by € 78 thousand due to the depreciation charge of the year, whereas there was no decrease for the disposal of assets.

The following table sets out the rates of depreciation rates used for each class of assets:

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

These rates have been applied taking into account the year in which the asset is available and ready for use, also in compliance with current tax law.

No accelerated or advance depreciation has been provided.

F.II “**Cash and cash equivalents**” amount to € 4,360 thousand (€ 4,463 thousand at 31 December 2011) and consist of:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Bank accounts	4,355	4,459	(104)
2. Cheques and cash	5	4	1
	4,360	4,463	(103)

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.

Bank deposits at Banca SAI S.p.A. (a related company) amounted to € 292 thousand.

F.IV “**Other assets**” amount to € 4,874 thousand (€ 4,707 thousand at 31 December 2011) and consist of:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
2. Other	4,874	4,707	167
	4,874	4,707	167

F.IV.2 The main items included in “Other” are detailed below:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
Deferred tax assets	2,332	2,408	(76)
Due from Tax Authorities for disputed tax claim	2,055	1,639	416
Disbursements for accident claims to be settled	254	341	(87)
Due from related companies	144	126	18
Insurance excesses and amounts to be recovered from policyholders	51	115	(64)
Other assets	38	78	(40)
	4,874	4,707	167

Deferred tax assets derive from temporary differences between the result reported in the financial statements and taxable income for IRES and IRAP purposes. The recovery of these timing differences against future taxable income is deemed to be surely certain.

They are mainly attributable to the taxed provision for doubtful accounts (in particular, for receivables from insurance and reinsurance companies) and the change in the provision for net long-term claims outstanding. 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 6.82% respectively. Deferred tax assets were fully recognised in prior years.

The receivable from the Tax Authorities for disputed tax claim concerns indirect taxes on coinsurance and is related to the amount paid:

- in July 2010, for € 1,639 thousand to settle a tax demand issued by the Tax Authorities, following an unfavourable sentence issued by the Liguria Regional Tax Commission for the 2003 tax year;
- in August 2012, for € 161 thousand, to settle a tax demand issued by the Tax Authorities for the 2006 tax year, which was audited by the Tax Police in 2009;
- in December 2012 for € 255 thousand, to settle a payment demand issued by the Tax Authorities for the 2007 tax year, which was audited by the Tax Police in 2009.

In fact, as explained in greater detail in point E.1 of Section 12., the lawyer dealing with the case has indicated that this sentence should be considered illegitimate and unfounded and, therefore, likely to be overturned by the Supreme Court, to which the Company has appealed.

The disbursements for accident claims to be settled represent the temporary contra-entry to account 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, € 72 thousand from Milano Assicurazioni S.p.A. and € 72 thousand from Gruppo Fondiaria – SAI Servizi S.c.r.l., all refer to operating costs (for personnel on secondment) incurred on their behalf and to be recharged to them.

Insurance excesses and amounts to be recovered from policyholders relate entirely to amounts to be recovered. The portion to be transferred to reinsurers has been recorded under "Other liabilities".

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 € 854 thousand (€ 838 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Interest	783	675	108
3. Other	71	163	(92)
	854	838	16

This caption is analysed as follows:

	(in thousands of €)		
	Accrued income	Prepayments	Total
1. Interest	783	-	783
3. Other	-	71	71
	783	71	854

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 (€ 64 thousand) and insurance premiums (€ 7 thousand).

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

*Schooner yacht EGERIA, 61 tons built by Messrs.
Wanhill of Poole in 1865 for John Mulholland (1865)*
Oil on canvas - cm. 90x59





BALANCE SHEET - LIABILITIES AND EQUITY

SECTION 8 - CAPITAL AND EQUITY RESERVES (CAPTION A)

A. As at 31 December 2012 equity amount to € 53,072 thousand (€ 47,829 thousand at 31 December 2011) and consist of:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
I. Subscribed share capital	38,000	38,000	-
IV. Legal reserve	956	911	45
VII. Other reserves	8,873	8,014	859
IX. Net income (loss) for the year	5,243	904	4,339
	53,072	47,829	5,243

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 31.12.2011	38,000	911	8,014	904	47,829
Allocation of 2011 earnings authorised at the shareholders' meeting held on 20 April 2012:					
- to legal reserve	-	45	-	(45)	-
- to extraordinary reserve	-	-	774	(774)	-
- to reserve for exchange gains	-	-	85	(85)	-
- dividends	-	-	-	-	-
Net profit for 2012	-	-	-	5,243	5,243
Balance at 31.12.2012	38,000	956	8,873	5,243	53,072

As required by Art. 2427-bis of the Italian Civil Code, the following table analyses the various items included in equity at 31 December 2012, 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	956	B	-
VII. Other reserves			
- reserve for losses	1,953	A, B, C	1,953
- extraordinary reserve	6,835	A, B, C	6,835
- reserve for exchange gains	85	B	85

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 2012).

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 € 956 thousand following an increase of € 45 thousand during the year on allocation of part of the net profit for 2011 , as required by art. 2430 of the Italian Civil Code.

A.VII “**Other reserves**” amount to € 8,873 thousand after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2011	Increase	Decrease	Balance at 31.12.2012
Reserve for losses	1,953	-	-	1,953
Extraordinary reserve	6,061	774	-	6,835
Reserve for exchange gains (art. 2426-bis Civil Code)	-	85	-	85
	8,014	859	-	8,873

The increases in the extraordinary reserve and the reserve for exchange gains are due to the allocation of part of the net profit for 2011.

SECTION 9 - SUBORDINATED LIABILITIES (CAPTION B)

B. As in 2008, there are no subordinated liabilities at 31 December 2012.

SECTION 10 - TECHNICAL PROVISIONS (CAPTION C.I)

C.I “**Technical reserves**” at 31 December 2012 amount to € 298,617 thousand (€ 306,841 thousand at 31 December 2011) and consist of:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Unearned premiums reserve	38,726	51,041	(12,315)
2. Claims payable reserve	258,247	254,227	4,020
5. Equalisation reserve	1,644	1,573	71
	298,617	306,841	(8,224)

In compliance with IVASS 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., for active reinsurance transactions, includes € 2,052 thousand in unearned premiums and € 25,664 thousand for claims.

The amount carried by related companies for active reinsurance transactions comes to € 1,885 thousand (Milano Assicurazioni S.p.A., € 1,666 thousand and Liguria Assicurazioni S.p.A., € 219 thousand), while the claims payable reserve carried by them totals € 17,922 thousand (Milano Assicurazioni S.p.A., € 17,479 thousand and Liguria Assicurazioni S.p.A., € 443 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 “**Premiums payable reserve**” amounts to € 38,726 thousand (€ 51,041 thousand at 31 December 2011) and has been calculated in accordance with IVASS Regulation 16 of 4 March 2008.

This is made up as follows:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
For apportioned premiums	38,153	50,581	(12,428)
For unexpired risks	573	460	113
	38,726	51,041	(12,315)

The decrease in the apportioned premiums reserve is related to the significant contraction in production that took place during the year compared with that of 2011.

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	37	48	85
Hulls	31,737	2,056	33,793
Cargo	1,032	744	1,776
Fire	903	-	903
Other property damage	127	6	133
Motor third-party liability	650	846	1,496
General third-party liability	229	18	247
Bond insurance	101	-	101
Pecuniary losses	192	-	192
	35,008	3,718	38,726

With regard to the unearned premiums reserve for direct business, the above amounts include € 573 thousand for unexpired risks (€ 460 thousand at 31 December 2011). It relates to Motor third-party liability (€ 420 thousand), Deposits (78 thousand) and Pecuniary losses (€ 75 thousand).

The reserve for unexpired risks has been determined for each sector of business taking into account the IVASS 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.

Lastly, € 903 thousand has been added to the apportioned premium reserve against risks related to previous years for natural disasters and € 21 thousand against deposits.

C.I.2 The **“Claims payable reserve”** amounts to € 258,248 thousand. € (254,227 thousand € at 31 December 2011) and has been determined based on the IVASS Regulation 16 of 4 March 2008.

This is made up as follows:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
For reimbursements and direct costs	222,012	215,116	6,896
For settlement costs	16,202	16,533	(331)
For accidents occurred, but not reported	20,033	22,577	(2,544)
	258,247	254,227	4,020

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 Hulls 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 € 1,644 thousand (€ 1,573 thousand at 31 December 2011) after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2011	Increase	Decrease	Balance at 31.12.2012
Reserve for natural disasters	1,571	71	-	1,642
Compensation reserve	2	-	-	2
	1,573	71	-	1,644

The equalisation reserve for natural disasters was established pursuant to Ministerial Decree 705 dated 19 November 1996 (as referred to in art. 57 of IVASS 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 IVASS Regulation 16 of 4 March 2008 to offset potential underwriting losses on credit insurance business.

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

E. “**Provisions for risks and charges**” amount to € 1,709 thousand (€ 1,808 thousand at 31 December 2011) and are made up as follows:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
2. Provision for taxation	1,559	1,358	201
3. Other provisions	150	450	(300)
	1,709	1,808	(99)

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

E.1 The “**Provision for taxation**” consists, among other things, of the estimated amounts due for IRAP and 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: € 2,200 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 in 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 (as mentioned in section 8). 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 prior 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.

In 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 Authorities' 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.

A similar approach to the one taken for the payment made in 2010 (i.e. appeal filed and the tax paid accounted for under "Other assets") was also adopted by the Company for:

- the assessment notified by the Tax Authorities in July 2012 based on the audit carried out by the Tax Police in 2009 on the 2006 tax year. The amount involved, € 169 thousand (of which € 161 thousand for tax charges and € 8 thousand for collection fees), was settled in August 2012. The Company appealed against this assessment to the Provincial Tax Commission of Genoa on 9 January 2013;
- the settlement notice served by the Tax Authorities in October 2012, for the audit carried out by the Tax Police in 2009 for the 2007 tax year. The amount involved, € 255 thousand (all for tax charges), was settled in December 2012. The Company appealed against this assessment to the Provincial Tax Commission of Genoa on 9 January 2013.

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 foreseeable charges related to liabilities versus employees.

During the year, € 300 thousand was released from this provision, crediting "Other income", for the amounts paid to employees (middle managers and office staff) for renewal of their national labour contract.

F. "**Deposits from reinsurers**" amount to € 169 thousand (€ 137 thousand at 31 December 2011), up by € 32 thousand compared with the previous year.

This caption comprises solely 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 € 59,966 thousand (€ 71,921 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
I. Payables arising out of direct insurance	19,895	24,064	(4,169)
II. Reinsurance creditors	17,966	27,573	(9,607)
VII. Termination indemnities	1,446	1,603	(157)
VIII. Other creditors	8,814	5,916	2,898
IX. Other liabilities	11,845	12,765	(920)
	59,966	71,921	(11,955)

G.I **“Payables arising out of direct insurance”** amount to € 19,895 thousand (€ 24,064 thousand at 31 December 2011) and consist of:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Due to agents and other intermediaries	17,740	21,016	(3,276)
2. Due to insurance companies - current accounts	2,155	3,048	(893)
	19,895	24,064	(4,169)

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 € 722 thousand due to the indirect parent company Fondiaria - SAI S.p.A. and € 364 thousand due to Milano Assicurazioni S.p.A.

G.II **“Reinsurance creditors”** amount to € 17,966 thousand (€ 27,573 thousand at 31 December 2011) and are due to:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Insurance and reinsurance companies	2,024	6,230	(4,206)
2. Reinsurance intermediaries	15,942	21,343	(5,401)
	17,966	27,573	(9,607)

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

These include € 858 thousand (€ 2,250 thousand at 31 December 2011) in liabilities for premium instalments not yet expired in respect of Hulls and related Third-party liability insurance business.

They include € 11 thousand payable to the indirect parent company Fondiaria - SAI S.p.A. and € 8 thousand to the affiliate Liguria Assicurazioni S.p.A., both for reinsurance transactions.

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

These premium instalments not yet expired (totalling € 14,413 thousand compared with € 21,101 thousand at 31 December 2011) 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 € 1,446 thousand (€ 1,603 thousand at 31 December 2011) and represent the indemnities accrued in compliance with current laws and labour contracts. This reflects the liability accrued up to 31 December 2006, as (following the pension reform introduced by Law no. 296/2006) with effect from 1 January 2007, the termination indemnities accruing are transferred either to a supplementary pension fund or to the Treasury Fund set up at INPS and accounted for on an accrual basis, depending on the choice made by the individual employee. The changes during the year are detailed in Attachment 15.

G.VIII **“Other creditors”** amount to € 8,814 thousand (€ 5,916 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
1. Taxes paid by policyholders	698	579	119
2. Tax Authorities for taxes payable	411	311	100
3. Due to social security and welfare institutions	301	377	(76)
4. Other creditors	7,404	4,649	2,755
	8,814	5,916	2,898

G.VIII.1 **“Taxes paid by policyholders”** include the amount due to the Tax Authorities on insurance policies (€ 612 thousand), net of advances paid during the year. This amount was duly paid over in January 2013.

The total also includes € 86 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 **"Miscellaneous taxes payable"** include the VAT balance, € 232 thousand, and taxes for which the Company has acted as withholding agent, € 179 thousand. These amounts were duly paid over in early 2013.

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 2013.

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

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
Due to the indirect parent company	6,111	3,896	2,215
Due to suppliers	832	274	558
Due to shareholders for dividends	301	320	(19)
Due to corporate officers	109	99	10
Other creditors	51	60	(9)
	7,404	4,649	2,755

The amount due to the indirect 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.

These payables are shown net of the credits that can be used to offset the Group's tax bill (€ 833 thousand), as indicated in paragraph E. III of Section 5.

Amounts due to corporate officers relate to the Board of Statutory Auditors, € 62 thousand, and the Board of Directors, € 47 thousand.

G.IX **"Other liabilities"** amount to € 11,845 thousand (€ 12,765 thousand at 31 December 2011) and comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
2. Commission on premiums to be collected	5,652	6,479	(827)
3. Sundry liabilities	6,193	6,286	(93)
	11,845	12,765	(920)

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 €)

	31.12.2012	31.12.2011	Change
Due to the indirect parent company	4,058	4,335	(277)
Due to reinsurers and co-insurers for sundry items	516	433	83
Due to related companies	469	451	18
Due to third parties	467	373	94
Deferred tax liabilities	350	364	(14)
Due to employees	300	236	64
Due to reinsurers for the settlement of premiums and exclusions	33	91	(58)
Other	-	3	(3)
	6,193	6,286	(93)

The payable due to the indirect parent company relates to personnel on secondment (€ 2,672 thousand), as well as services provided (€ 1,386 thousand).

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.

Amounts due to related companies are for services provided by them and relate to Gruppo Fondiaria – SAI Servizi S.c.r.l. (€ 252 thousand), Milano Assicurazioni S.p.A. (€ 195 thousand), Immobiliare Lombarda S.p.A. (€ 18 thousand), Pronto Assistance S.p.A. (€ 2 thousand) and Banca SAI S.p.A. (€ 2 thousand). In addition, they also include € 133 thousand for personnel on secondment from Milano Assicurazioni S.p.A.

Amounts due to third parties relate to invoices to be received for goods or services supplied in 2012.

Deferred tax liabilities derive from temporary differences between the result reported in the financial statements and taxable income for IRES and IRAP purposes.

These liabilities were determined applying the IRES and IRAP tax rates of 27.50% and 6.82%, respectively.

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

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 liabilities" amount to zero (as in 2011).

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.III.4 Loans		
c) other loans	44	37
E.3 Other debtors	440	-

The amount due after one year under E.3 "Other debtors" refers to the tax rebate claim filed in February 2103 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel costs.

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. Receivables				
E.1 Receivables arising out of direct insurance	35,236	10,954	8,368	54,558
E.2 Reinsurance debtors	6,109	1,343	1,712	9,164
E.3 Other debtors	5,267	621	-	5,888
Total	46,612	12,918	10,080	69,610

(in thousands of €)				
	Italy	Other E.U. countries	Other non E.U. countries	Total
G. Creditors				
G.I Payables arising out of direct insurance	18,891	989	15	19,895
G.II Reinsurance creditors	9,381	8,370	215	17,966
G.VIII Other creditors	8,465	349	-	8,814
Total	36,737	9,708	230	46,675

George Gregory (1849-1938)
*H.M. Royal yacht ALBERTA passing the Royal Yacht Squadron of Cowes,
Isle of Wight (1865)*
Oil on canvas - cm. 60x35





SECTION 17 - GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

"Guarantees, commitments and other memorandum accounts" comprise:

	(in thousands of €)		
	31.12.2012	31.12.2011	Change
I. Guarantees given	6	6	-
III. Guarantees given by third parties in the interest of the Company	789	791	(2)
VII. Securities with third parties	97,203	90,020	7,183

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 2012.

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.

Of these, the securities deposited with Banca SAI S.p.A. (a related company) amounted to € 87,805 thousand.

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 € 36,557 thousand, of which € 27,211 thousand relates to direct business and € 9,346 thousand to indirect business.

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

As required by IVASS 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 € 11,596 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 € 8,545 thousand have been accepted from related companies, namely € 7,913 thousand from Milano Assicurazioni S.p.A. and € 632 thousand from Liguria Assicurazioni S.p.A.

I.1.b “Outward reinsurance premiums” include € 38 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 31.12.2011	(51,041)	41,988	(9,053)
Unearned premiums reserve at 31.12.2012	38,726	(31,083)	7,643
Net exchange differences	459	(395)	(64)
Portfolio movements, net	-	-	-
	(11,856)	10,509	(1,347)

The decrease in the gross amount of the unearned premiums reserve is related to the decrease in production during 2012 compared with the previous year.

I.2 The “Share of profit from investments transferred from the non-technical account” amounts to € 4,103 thousand and was determined in accordance with the criteria envisaged in art. 22 of IVASS 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 capital and 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 2012 financial statements, this ratio amounted to 53.8% (55.5% in the 2011 financial statements).

I.3 **“Other technical income, net of recoveries and reinsurance”** amounts to € 8,166 thousand and includes € 2,552 thousand of income deriving from technical services provided to Group companies, including € 1,783 thousand to Fondiaria - SAI S.p.A., € 717 thousand to Milano Assicurazioni S.p.A. and € 52 thousand to Liguria Assicurazioni S.p.A.

In addition, this caption also includes the technical cancellation of amounts due to reinsurers for premiums transferred in prior years (€ 2,222 thousand), as well as the reversal of commission expense on prior-year premiums that were cancelled (€ 61 thousand) and use of the provision for doubtful accounts from policyholders (€ 65 thousand).

Lastly, it also includes amounts charged to co-insurers, regarding solely the Hulls 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 € 28,402 thousand.

I.4.a Gross “Amounts paid” include those relating to the reinsurance business accepted from the indirect parent Fondiaria-SAI S.p.A. (€ 3,253 thousand) and the related companies Milano Assicurazioni S.p.A. (€ 4,342 thousand) and Liguria Assicurazioni S.p.A. (€ 163 thousand).

This account also includes expenses of € 10,364 thousand relating to the settlement of claims, of which € 32 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 € 2,127 thousand.

The portions of the amounts paid that are due from reinsurers include the amount pertaining to the affiliate The Lawrence Re (€ 71 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 31.12.2011	(254,227)	182,013	(72,214)
Claims payable reserve at 31.12.2012	258,248	(186,963)	71,285
Net exchange differences	1,147	(917)	230
Portfolio movements, net	-	(1,267)	(1,267)
	5,168	(7,134)	(1,966)

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 4% of the opening claims payable reserve.

I.6 “**Profit commissions, net of reinsurance**” amounted to € 133 thousand and include only the amounts paid to policyholders during the year for profit commissions.

I.7 “**Operating expenses**” amount to € 12,087 thousand.

I.7.a “Acquisition commissions” mainly includes payments to third parties for the acquisition and renewal 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 € 2,489 thousand charged by Fondiaria – SAI S.p.A., € 1,627 thousand by Milano Assicurazioni S.p.A. and € 131 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” (€ 2,731 thousand) and “claims incurred” (€ 2,127 thousand). In fact, before allocating € 4,843 thousand to the above captions, other administrative expenses amounted to € 12,238 thousand. It included, among other things, personnel costs (10,903 € thousand) and depreciation of tangible assets (€ 78 thousand), fees pertaining to the Statutory Auditors (€ 52 thousand) and the remuneration due to directors (€ 40 thousand) for 2012.

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 “**Due from policyholders**” amount to € 4,000 thousand.

They include, among other things, the technical cancellations of receivables from policyholders for premiums of previous years (€ 2,700 thousand), and the reversal of commission income on reinsurance premiums ceded in previous years and then cancelled (€ 39 thousand).

This caption also includes a provision of € 137 thousand for uncollectible insurance premiums due from customers, as well as € 65 thousand of losses on amounts due from them.

I.9 The “Change in the equalisation reserve “ during the year amounts to € 71 thousand and is summarised by business sector as follows:

	(in thousands of €)			
Sector	Opening balance	Utilisations	Provisions	Closing balance
Personal accident (1)	96	-	1	97
Motor fire, theft, etc. insurance (3)	68	-	-	68
Marine, aircraft and transport insurance (4,5,6,7,12)	1,118	-	64	1,182
Fire and other property damage (8,9)	289	-	6	295
Credit insurance (14)	2	-	-	2
	1,573	-	71	1,644

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 "**Net investment income**" amounts to € 8,480 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 € 853 thousand and are detailed in Attachment 23.

III.5.a "Investment management charges and interest expense" amounting to € 427 thousand relate to the management of property (€ 334 thousand) and financial investments (€ 87 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 6 thousand). Property management charges relate in particular to IMU (local property tax) for € 217 thousand.

III.5.b "Writedowns" on investments, amounting to € 407 thousand, comprise adjustments to the value of shares (€ 80 thousand), bonds (€ 2 thousand), as well as the depreciation of commercial property used by the Company (€ 330 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 € 2,434 thousand and is detailed below:

	(in thousands of €)
Recovery of costs from indirect parent company	884
Recovery of costs from related companies	637
Decrease in the "Provision for risks and charges"	300
Use of the "Allowance for doubtful accounts"	287
VAT refund	212
Exchange gains	30
Interest income on tax credit	13
Interest income on bank current accounts	7
Other	64
	2,434

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 (charges in the other direction are classified as “Other expenses”) essentially relates to operating costs incurred on behalf of Milano Assicurazioni S.p.A. (€ 565 thousand) and Gruppo Fondiaria – SAI Servizi S.c.r.l. (€ 72 thousand). The reduction in “Provisions for risks and charges” is related to the renewal of the national labour contract for middle managers and office staff, whose arrears for previous years were paid and recorded in the first half of the year (under administrative expenses). Given that they had been provided for in previous years, the same amount was released from these provisions.

The decrease in the “Allowance for doubtful accounts” refers for € 213 thousand to reinsurance intermediaries and € 25 thousand to insurance intermediaries, following their use during the year. The total amount used, namely € 238 thousand, offsets the same amount posted as losses on debtors in “Other expenses”. In addition, this reduction applies for € 49 thousand to changes in estimates that have occurred, which for € 24 thousand relate to insurance brokers, for € 17 thousand to insurance and reinsurance companies and for € 8 thousand to reinsurance intermediaries.

The VAT refund relates to the VAT expensed during the year which can be reclaimed due to the pro-rata recoverability which the Company will use in 2012.

Exchange gains, like exchange losses (totalling € 42 thousand), derive from the application of multicurrency methodologies and include both realised gains (€ 9 thousand) and those arising on translation (€ 21 thousand). In consideration of the fact that there is a net unrealised loss on exchange of € 4 thousand, on approval of the 2012 financial statements, a proposal will be made to reclassify the entire amount of the reserve for exchange gains (which at 31 December 2011 amounted to € 85 thousand) to an equity reserve (as provided for by point 8-bis of art. 2426 of the Italian Civil Code).

The interest income on tax credits has accrued on the amounts to be reimbursed by the Italian Tax Authorities, mainly for direct taxes. Interest income on bank current accounts includes interest accrued on demand deposits and on time deposits restricted for less than 15 days.

III.8 “Other expenses” amount to € 2,324 thousand and mainly comprise:

	(in thousands of €)
Administrative costs and expenses on behalf of indirect parent company	884
Administrative costs and expenses on behalf of related companies	637
Provision for doubtful accounts	373
Losses on debtors	265
Sundry taxes	57
Exchange losses	42
Operating costs of clearing houses	31
Amortisation of intangible fixed assets	20
Other	15
	2,324

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. For € 298 thousand they refer to receivables from insurance companies for current accounts and for € 75 thousand to receivables from insurance and reinsurance companies.

Losses on debtors are related for € 213 thousand to insurance brokers and € 25 thousand to reinsurance intermediaries. They amount to € 238 thousand, against which there is the use of the allowance for doubtful accounts for the same amount, as noted above under “Other income”. This caption also includes € 27 thousand of losses on receivables from reinsurance intermediaries.

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

The exchange losses deriving from the application of a multicurrency accounting system. This balance includes both realised losses (€ 17 thousand) and those arising on translation (€ 24 thousand).

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

III.10 “Extraordinary income” amounts to € 440 thousand and relates entirely to the tax rebate claim filed in February 2103 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel and similar costs.

Decree Law no. 201/2011 allowed IRAP to be deducted from 2012, also permitting this request for reimbursement for the period specified above.

This claim also concerned the 2011 tax year. However, having made a tax loss that year, the related gain (of € 131 thousand) was recorded in the wider context of deferred tax assets.

III.11 “**Extraordinary expenses**“ amount to € 3 thousand.

III.14 “**Income taxes for the year**”, totalling € 2,962 thousand, include IRES (€ 2,200 thousand) and IRAP (€ 700 thousand).

These include charges for deferred tax assets (€ 8 thousand for IRES charges and € 68 thousand for IRAP) and income for deferred tax liabilities (€ 14 thousand), booked during the year.

Deferred tax assets and liabilities are 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 €)				
DEFERRED TAX ASSETS	Amount	IRES rate	IRAP rate	Deferred tax assets
Net change in claims payable reserve	2,967	27.50%	-	816
Net change in claims payable reserve	161	-	6.82%	11
Taxed prov. doubtful accounts	2,797	27.50%	-	769
Tax losses carried forward	1,529	27.50%	-	421
Adjustments to the value of equity securities	485	27.50%	-	133
Provision for risks and charges	100	27.50%	6.82%	35
Depreciation of land used by the Company	263	27.50%	-	72
Depreciation of land used by the Company	221	-	6.82%	15
Provision for doubtful accounts exceeding the limit set in art. 106 Tax Law	61	27.50%	6.82%	21
Remuneration of Independent Auditors	96	27.50%	-	26
Emoluments of Directors	46	27.50%	-	13
Deferred tax assets at 31 December 2012				2,332
Deferred tax assets at 31 December 2011				(2,408)
Decrease in deferred tax assets				(76)
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	204	-	6.82%	14
Deferred taxes at 31 December 2012				351
Deferred tax liabilities at 31 December 2011				(365)
Increase in deferred tax liabilities				14

Lastly, with regard to taxation for the year, the following schedule for 2012 reconciles the IRES theoretical tax rate (27.50%) with the effective rate:

	(in thousands of €)
Profit (loss) before taxes	8,205
<i>Theoretical IRES (27.50%)</i>	(2,256)
Tax effect of the change in permanent differences	149
Other differences	(101)
<i>Effective IRES</i>	(2,208)
<i>Effective IRES tax rate</i>	26.9%

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.

Arthur Wellington Fowles (1815-83)
The MYRTLE off the Newarp light (1858)
Oil on canvas - cm. 44,5x29





PART C - OTHER INFORMATION

C.1 Solvency margin

The solvency margin and the guarantee required for 2012 total € 18,397 thousand and € 5,352 thousand, respectively, while the elements comprising the available margin total € 47,764 thousand, calculated in accordance with IVASS Regulation 19 of 14 March 2008. The solvency margin is therefore 2.6 times higher than what is required by current legislation.

C.2 Coverage of technical reserves

The amount of the technical reserves to be covered at the end of the year is € 246,716 thousand for direct business and € 51,902 for indirect business. The assets available at 31 December 2012 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"), € 114,150 thousand; Class B. assets ("Debtors"), € 180,200 thousand, and Class D. assets ("Bank deposits"), € 4,350 thousand.

C.3 Trend in exchange rates

The exchange rates at the date the financial statements were prepared do not differ significantly from those at 31 December 2012 (especially considering the US dollar, a currency that is widely used in the Marine insurance sector).

C.4 Transactions with related parties

As required by art. 2427-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 2012 is provided in the report on operations, to which reference is made.

C.5 Off-balance sheet agreements

As required by art. 2427-ter of the Italian Civil Code, it is confirmed that, at 31 December 2012, there are no off-balance sheet agreements that might result in significant risks or benefits for the Company.

C.6 Financial fixed assets

As required by para. 1 of art. 2427-bis of the Italian Civil Code, it is confirmed that the financial statements for the year ended 31 December 2012 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.

C.7 Derivative instruments

As mentioned in the report on operations, no use of derivative instruments was made during the year. However, at 31 December 2012, 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 2011.

C.8 Formation of a domestic tax group

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.

C.9 Annual return for reporting premiums, ancillary income and the NHS contributions collected in 2007

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 the minimum of € 103. To refute that judgment, on 12 October 2011 the Tax Authorities applied to the Regional Tax Commission. The hearing was held on 26 November 2012 and the Regional Tax Commission, in its judgment of 8 February 2013, confirmed the conclusions previously expressed by the Provincial Commission, i.e. rejecting the appeal brought by the Tax Authorities.

C.10 Fees for services provided by the independent auditors

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 2012 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	21
	Deloitte & Touche S.p.A.	86
Other auditing activities	Deloitte & Touche S.p.A.	23
Certification services (*)	Reconta Ernst & Young S.p.A	4

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

C.11 Interim dividends (if any)

No interim dividends were approved or paid during 2012.

C.12 Changes in shareholders' equity after the year-end

As required by ISVAP Regulation 22 of 4 April 2008, the statement of changes in shareholders' equity after the year-end is reported below:

(in thousands of €)					
	Subscribed share capital	Legal reserve	Other reserves	Net profit for the year	Total
Balance as at 31.12.2012	38,000	956	8,873	5,243	53,072
Allocation of 2012 earnings, as proposed by the Board of Directors on 12 March 2013					
- to legal reserve	-	262	-	(262)	-
- to extraordinary reserve	-	-	4,981	(4,981)	-
	38,000	1,218	13,854	-	53,072

C.13 Statement of changes in financial position

The statement of changes in financial position for the year ended 31 December 2012 with comparative figures from the previous year is shown below:

	(in thousands of €)	
	2012	2011
Sources of funds		
Net profit for the year	5,243	904
Writedown of receivables	435	373
Depreciation and amortisation of property, tangible and intangible assets	451	492
Adjustments to financial investments	77	4,080
Provision for termination indemnities	380	379
Provision for risks and charges	700	801
Decrease in investments in Group companies and other related companies	-	17
Net change in other creditors and debtors	2,157	-
Decrease in deposits with reinsurers	155	115
Increase in deposits from reinsurers	32	-
Net change in debtors and creditors from/to insurance and reinsurance operations	1,031	3,920
Net change in other assets and liabilities	-	638
Total sources of funds	10,661	11,719
Application of funds		
Dividends paid	-	1,976
Increase in investments in Group companies and other related companies	7	-
Increase in other financial investments	6,018	4,342
Decrease in deposits received from reinsurers	-	36
Net decrease in technical reserves	2,270	1,855
Utilisation of reserve for termination indemnities	537	507
Utilisation of reserves for risks and charges	799	1,663
Net change in other creditors and debtors	-	902
Net change in other assets and liabilities	1,088	-
Increase in investment in property	10	46
Increase in tangible and intangible assets	19	29
Net change in accruals and deferrals	16	52
Total application of funds	10,764	11,408
Increase (decrease) in cash and cash equivalents	103	311
Cash and cash equivalents:		
- beginning of the year	4,463	4,152
- end of the year	4,360	4,463
Increases (decrease) in cash and cash equivalents	(103)	311

C.14 Key figures from the financial statements of Unipol Gruppo Finanziario S.p.A.

As required by Art. 2497-bis, para. 4 of the Italian Civil Code, the following table provides a summary of the key figures from the statutory and consolidated financial statements at 31 December 2011 (the latest to be approved) of the indirect parent company, Unipol Gruppo Finanziario S.p.A., as it exercises management control and coordination over the Company:

(in millions of €)

KEY FIGURES FROM THE FINANCIAL STATEMENTS OF UNIPOL GRUPPO FINANZIARIO S.P.A.	
BALANCE SHEET	
ASSETS	31.12.2011
A) Subscribed capital unpaid	
B) Fixed assets	
I Intangible assets	22.5
II Tangible assets	1.7
III Financial assets	4,685.9
Total fixed assets	4,710.1
C) Current assets	
I Inventories	-
II Debtors	652.6
III Financial assets not held as fixed assets	213.6
IV Cash and cash equivalents	106.8
Total current assets	973.1
D) Prepayments and accrued income	
	10.8
TOTAL ASSETS	5,693.9
LIABILITIES	
A) Capital and equity reserves	
I Share capital	2,699.1
II Share premium reserve	1,144.8
III Revaluation reserves	20.7
IV Legal reserve	478.3
V Statutory reserves	-
VI Reserve for own shares in portfolio	-
VII Other reserves	353.4
VIII Profit (loss) brought forward	-
IX Profit (loss) for the year	(358.3)
Total capital and equity reserves	4,337.9
B) Provisions for risks and charges	
	83.8
C) Termination indemnities	
	1.6
D) Creditors	
	1,228.0
E) Deferred income and accrued liabilities	
	42.6
TOTAL LIABILITIES	5,693.9

STATEMENT OF INCOME	31.12.2011
A) Value of production	32.0
B) Production costs	158.0
Difference between value and cost of production (AB)	(126.1)
C) Financial income and expenses	(70.5)
D) Adjustments to financial assets	(285.1)
E) Extraordinary income and expenses	59.1
Profit (loss) before taxes	(422.5)
NET PROFIT (LOSS) FOR THE YEAR	(358.3)

Arthur Wellington Fowles (1815-83)
*Cutter yacht EXQUISITE winning the Cup
at Ryde regatta (1850)*
Oil on canvas - cm. 28x20

*The British royal family's passion
for yachting made this sport
very popular among the wealthy.
By the end of the 18th Century, it had
become a sport practised by a vast
number of aristocrats and businessmen...*



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	4,134	21	41	4,134
Income from investments.....	+ 2	8,480		42	8,480
Financial charges.....	- 3	853		43	853
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	4,103		45	4,103
Intermediate result.....	6	7,658	26	46	7,658
Other income	+ 7	2,433	27	47	2,433
Other expenses.....	- 8	2,323	28	48	2,323
Extraordinary income.....	+ 9	440	29	49	440
Extraordinary expenses.....	- 10	3	30	50	3
Result before tax.....	11	8,205	31	51	8,205
Income taxes.....	- 12	2,962	32	52	2,962
Net result for the year.....	13	5,243	33	53	5,243

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

		Intangible assets B.	Property C.I
Gross opening balance	+ 1	1,362	31 20,836
Increase.....	+ 2	8	32 10
due to : Purchases	3	8	33 10
Write backs.....	4		34
Revaluation	5		35
Other changes.....	6		36
Decrease.....	- 7		37 0
due to : Sales.....	8		38 0
Permanent writedowns.....	9		39
Other changes.....	10		40
Gross closing balance.....(a)	11	1,370	41 20,846
Depreciation / Amortisation.....			
Opening balance.....	+ 12	1,262	42 3,509
Increase.....	+ 13	43	43 330
due to : Depreciation / Amortisation.....	14	43	44 330
Other changes.....	15		45
Decrease.....	- 16		46 0
due to : Sales.....	17		47
Other changes.....	18		48
Accumulated depreciation / amortisation.....(b)	19	1,305	49 3,839
Net book value(a - b)	20	65	50 17,007
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 36 21		41
Increase.....	+	2 7 22		42
due to : Purchases		3 7 23		43
Write backs.....		4 24		44
Revaluation		5		
Other changes.....		6 26		46
Decrease.....	-	7 2 27		47
due to : Sales.....		8 28		48
Writedowns.....		9 2 29		49
Other changes.....		10 30		50
Book value.....		11 41 31		51
Market value.....		12 41 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	e	NQ	7	GRUPPO FONDIARIA-SAI SERVIZI Società Consortile a R. L. Via Senigallia 18/2 MILANO	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	

(**) 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.			140
2	c	D	GRUPPO FONDIARIA-SAI SERVIZI Società Consortile a R. L.			6,520
	a		Parent company			
	b		Controlled company			
	c		Related company			6,660
	d		Affiliated company			
	e		Altre			
			Totale D.I			6,660
			Totale D.II			

(1) As per annex 6

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

Year 2012

companies : shares and quotas

Decrease in the year		Other decrease	Book value (4)		Purchase cost	Market value
Sales			Number of shares	Amount		
Number of shares	Amount					
		140	948	483		
		1,723	10,528	40,814		
		1,863	11,476	41,298		
		1,863	11,476	41,298		

Attachment 8
Year 2012

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	250	61	250	82	500
b) unlisted shares	22	250	62	250	124	500
c) quotas	23	63	63	101	126	164
2. Mutual funds units	24	64	64	104	128	168
3. Bonds and other fixed securities	25	2,148	65	2,148	130	2,148
a) listed State bonds	26	94,773	66	94,773	132	96,117
a2) other listed securities	27	96,861	67	92,041	133	92,041
b) unlisted State bonds	28	3,797	68	3,959	134	3,959
b2) other unlisted securities	29	69	69	109	138	178
c) convertible bonds	30	88	70	90	158	180
5. Quotas in mutual investments	31	27	71	27	102	27
7. Other financial investments	32	72	72	112	144	122
	33	73	73	113	146	123

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	121	161	181	201	362	362
b) unlisted shares	122	182	182	202	364	364
c) quotas	123	163	183	203	366	366
2. Mutual funds units	124	164	184	204	368	368
3. Bonds and other fixed securities	125	165	185	205	370	370
a) listed State bonds	126	166	186	206	372	372
a2) Other listed securities	127	167	187	207	374	374
b) Unlisted State Bonds	128	168	188	208	376	376
b2) Other unlisted securities	129	169	189	209	378	378
c) convertible bonds	130	170	190	210	380	380
5. Quotas in mutual investments	131	171	191	211	382	382
7. Other financial investments	132	172	192	212	384	384
	133	173	193	213	386	386

Attachment 10

Year 2012

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	+ 1	80	21 1,300
Increase:	+ 2	43	22
due to : disbursements.....	3	43	
write backs.....	4		
other changes	5		
Decrease:.....	- 6	43	26 1,235
due to : reimbursements.....	7	43	
writedowns	8		
other changes	9		
Book value	10	80	30 65

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	38,153	11	50,581	21	-12,428
Reserve for unexpired risks	2	573	12	460	22	113
Book value	3	38,726	13	51,041	23	-12,315
Claims payable reserve:						
Reserve for claims and direct expenses	4	222,012	14	215,116	24	6,896
Reserve for liquidation expenses	5	16,202	15	16,533	25	-331
Reserve for IBNR	6	20,033	16	22,577	26	-2,544
Book value	7	258,247	17	254,226	27	4,021

Attachment 15

Year 2012

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		1,358 21	450 31	1,603
Provision for the year	2		700 22		349
Other increase	3				
Use in the year	4		499 24	300 34	507
Other decrease	5				
Book value	6		1,559 26	150 36	1,445

Statement of assets and liabilities for intercompany transactions

I: Assets

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Shares and quotas	1. 0	2. 0	3. 41	4. 4	5. 0	6. 41
Bonds	7. 0	8. 0	9. 0	10. 0	11. 0	12. 0
Loans	13. 0	14. 0	15. 0	16. 0	17. 0	18. 0
Quotas in mutual investments	19. 20	20. 21	21. 0	22. 22	23. 23	24. 24
Restricted deposits with banks	25. 26	26. 27	27. 0	28. 28	29. 29	30. 30
Other financial investments	31. 32	32. 33	33. 0	34. 34	35. 35	36. 36
Deposits with ceding undertakings	37. 38	38. 39	39. 0	40. 40	41. 41	42. 42
Investments linked with mutual funds and other index	43. 44	44. 45	45. 0	46. 46	47. 47	48. 48
Investments deriving from management of pension funds	49. 50	50. 51	51. 0	52. 52	53. 53	54. 54
Receivables arising out of direct insurance	55. 56	56. 57	57. 0	58. 58	59. 59	60. 60
Reinsurance debtors	61. 391	62. 63	63. 7,158	64. 64	65. 0	66. 7,549
Other receivables	67. 1,640	68. 69	69. 381	70. 70	71. 71	72. 2,021
Bank accounts	73. 74	74. 75	75. 292	76. 76	77. 77	78. 292
Other assets	79. 0	80. 81	81. 144	82. 82	83. 83	84. 144
Total	85. 2,031	86. 87	87. 8,016	88. 88	89. 89	90. 10,047
of which subordinated assets	91. 92	92. 93	93. 0	94. 94	95. 95	96. 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
		722				1,094
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
		6,111				6,111
Other liabilities	145	146	147	148	149	150
		4,056				4,056
Total	151	152	153	154	155	156
		10,901				11,945

Year 2012

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		
i) secured guarantees given for liabilities of third parties.....	9	37	
l) other guarantees given for company's liabilities	10	6	6
m) assets deposited for reinsurance transactions	11	38	
Total	12	6 39	6
II. Guarantees received			
a) from related and affiliated companies	13		
b) from third parties	14	41	
Total	15	42	
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	789 44	843
Total	18	789 45	843
IV. Commitments			
a) commitments for resell agreements	19	46	
b) commitments for repurchase agreements	20	47	
c) other commitments	21	48	
Total	22	52	

Attachment 19

Year 2012

Insurance business highlights

	Gross premiums written	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance Balance
Direct insurance:					
Personal accident and health insurance	6 2	6 3	-567 4	23 5	564
Motor third party liability	4,401	4,388	7,599	1,351	-2,434
Motor fire, theft, etc. insurance	13	13	26 14	15	2
Marine insurance	102,857	114,217	107,582	21,828	-14,776
Fire and other property damage	2,161	2,134	180	570	1,144
General third party liabilities	2,851	2,859	6,155	682	-2,626
Credit and bond insurance	42	44	356	157	133
Pecuniary losses	210	339	612	39	-245
Legal defence	41		-5		
Assistance	46				
Total direct insurance	112,528 82	123,899 83	121,174 54	24,650 85	-18,238
Indirect insurance	20,235 87	20,719 88	8,786 59	6,751 60	2,959
Total Italian business	132,763 62	144,618 63	129,960 64	31,401 65	-15,279
Foreign business	95 67	95 68	-195 69	37 70	30
Grand total	132,858 72	144,713 73	129,765 74	31,438 75	-15,249

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

		Non-life business	Life business	Total
Income from shares and quotas:				
Dividends from group companies	1	41		81
Other dividends	2	7	42	82
Total	3	7	43	7
Income from property.....	4	1,097	44	84
Income from other investment:				
Interest income from group companies	5	45		85
Interest income on loans granted to group companies	6	46		86
Income from mutual fund units.....	7	47		87
Interest income on bonds and other fixed securities	8	2,449	48	88
Interest income on loans.....	9	49		89
Income from mutual investments.....	10	50		90
Interest income on restricted deposits with banks.....	11	3	51	91
Interest income on other financial investments.....	12	1	52	92
Interest income on deposits with ceding undertakings.....	13		53	93
Total	14	2,453	54	94
Writebacks from :				
Property	15	55		95
Group companies' shares.....	16	31	56	96
Group companies' bonds	17			
Other shares and quotas.....	18		58	98
Other bonds.....	19	3,240	59	99
Other financial investments.....	20	209	60	100
Total	21	3,480	61	101
Gains on disposal of :				
Property	22		62	102
Group companies shares.....	23			
Group companies bonds.....	24			
Other shares and quotas	25	21	65	105
Other bonds	26	1,422	66	106
Other financial investments.....	27		67	107
Total.....	28	1,443	68	108
GRAND TOTAL.....	29	8,480	69	109

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	59	31	61	59	59
Properties.....	2	334	32	62	334	334
Bonds.....	3	28	33	63	28	28
Mutual fund units	4		34	64		
Mutual investments.....	5		35	65		
Other financial investments.....	6		36	66		
Deposits from reinsurers.....	7	6	37	67	6	6
Total.....	8	427	38	68	427	427
Writedowns of:						
Properties.....	9	330	39	69	330	330
Group companie's shares.....	10	2	40	70	2	2
Group companie's bonds	11	2	41	71	2	2
Other shares and quotas	12		42	72		73
Other bonds.....	13		43	73		
Other financial investments.....	14		44	74		
Total.....	15	407	45	75	407	407
Losses on sale of :						
Properties.....	16		46	76		
Shares and quotas	17		47	77		
Bonds.....	18	19	48	78	19	19
Other financial investments.....	19		49	79		
Total.....	20	19	50	80	19	19
GRAND TOTAL	21	853	51	81	853	853

NOTES TO THE FINANCIAL STATEMENTS - ATTACHMENT 25

	Personal accident		Health insurance	
Direct business net of reinsurance				
Premiums written.....	+	1	6	1
Change in unearned premiums reserve.....	-	2		2
Claims incurred	-	3	-567	3
Change in other technical reserves	-	4		4
Other technical income (expenses) net.....	+	5		5
Operating expenses	-	6	23	6
Underwriting result of direct business (+ o -).....	A	7	550	7
Result of outward reinsurance (+ o -)	B	8	-564	8
Net underwriting result of indirect business (+ o -)	C	9		9
Change in equalisation reserve (+ o -)	D	10	1	10
Portion of income from inv. transferred from non technical account.....	E	11	6	11
Technical result (+ o -)	(A + B + C - D + E)	12	-9	12

	Cargo insurance		Fire	
Direct business net of reinsurance				
Premiums written.....	+	1	34,859	1
Change in unearned premiums reserve.....	-	2	119	-27
Claims incurred	-	3	30,687	-204
Change in other technical reserves	-	4		4
Other technical income (expenses) net.....	+	5	910	5
Operating expenses	-	6	9,530	6
Underwriting result of direct business (+ o -).....	A	7	-4,567	231
Result of outward reinsurance (+ o -)	B	8	4,234	-79
Net underwriting result of indirect business (+ o -)	C	9	2,810	9
Change in equalisation reserve (+ o -)	D	10	35	10
Portion of income from inv. transferred from non technical account.....	E	11	866	21
Technical result (+ o -)	(A + B + C - D + E)	12	3,308	173

	General third party liability		Credit insurance	
Direct business net of reinsurance				
Premiums written.....	+	1	2,851	1
Change in unearned premiums reserve.....	-	2	-9	2
Claims incurred	-	3	6,155	3
Change in other technical reserves	-	4		4
Other technical income (expenses) net.....	+	5	67	-10
Operating expenses	-	6	682	6
Underwriting result of direct business (+ o -).....	A	7	-3,910	-10
Result of outward reinsurance (+ o -)	B	8	2,626	8
Net underwriting result of indirect business (+ o -)	C	9	-18	9
Change in equalisation reserve (+ o -)	D	10		10
Portion of income from inv. transferred from non technical account.....	E	11	485	11
Technical result (+ o -)	(A + B + C - D + E)	12	-817	-10

Year 2012

Motor fire, theft, etc. Insurance	Railway carriage insurance	Aircraft insurance	Hull insurance
1	190	1	67,801
2	29	2	-11,508
3	-1	3	76,890
4		4	
5	-8	5	-1,803
6	54	6	12,242
7	100	7	-11,626
8	-76	8	10,620
9	-33	9	1,486
10		10	29
11	1	11	1,772
12	-8	12	2,223

Other property damage	Motor third party liability	Aircraft third party liability	Hull third party liability
1	4,401	1	7
2	12	2	
3	7,599	3	7
4		4	
5	-43	5	
6	1,351	6	1
7	-4,604	7	-1
8	2,434	8	-3
9	187	9	
10		10	
11	762	11	
12	-1,221	12	-4

Bond insurance	Pecuniary losses	Legal defense	Assistance
1	210	1	
2	-129	2	
3	612	3	-5
4		4	
5	-8	5	
6	40	6	
7	-321	7	5
8	245	8	
9		9	
10		10	
11	7	11	
12	-69	12	5

Attachment 26
Year 2012

Summary of technical account for non-life business
Italian Business

	Direct risks		Ceded risks		Indirect insurance		Retained risks Total 5 = 1 + 2 + 3 + 4
	1	2	3	4	Indirect risks 3	Retained risks 4	
Premiums written.....	112,529	86,449	20,235	11,094	35,221		
Change in unearned premiums reserve.....	-11,375	-10,240	-483	-268	-1,347		
Claims incurred.....	121,175	95,774	8,786	5,524	28,663		
Change in other technical reserves.....	-909	-2,691	34	44			
Other technical income (expenses) net.....	24,682	16,463	6,751	9,879	4,034		
Operating expenses.....	-22,832	-18,239	7,433	2,959	-122		
Underwriting result (+ o -).....	3,030	1,072	48	71	4,103		
Change in equalisation reserve (+ o -).....	-19,802	-18,239	8,505	2,959	3,910		
Portion of income from inv. transferred from non technical account.....							
Technical result (+ o -).....							

Attachment 29

Year 2009

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	224
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	224

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	

I: Revenues

Intercountry transactions

	1	2	3	4	5	6	7	8	9	10
	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total				
Investments income										
Income from property	2	3	4	5	6	7				
Dividends	8	9	10	11	12	13				
Interest income on bonds.....	14	15	16	17	18	19				
Interest on loans	20	21	22	23	24	25				
Interest income on other financial investments.....	26	27	28	29	30	31				
Interest income on deposits with ceding undertakings.....	32	33	34	35	36	37				
Total.....	38	39	40	41	42	43				
44	45	46	47	48	49	50				
Other revenues										
Interest income on receivables	50	51	52	53	54	55				
Recovery of administrative expense	56	57	58	59	60	61				
Others.....	62	63	64	65	66	67				
Total.....	68	69	70	71	72	73				
74	75	76	77	78	79	80				
Gains on disposal of investments										
Extraordinary revenues.....	80	81	82	83	84	85				
GRAND TOTAL.....	86	87	88	89	90	91				
92	93	94	95	96	97	98				

Intercompany transactions

II: Charges

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investment management charges and interest expenses :						
Investment charges	91	32	94	122	96	122
Interest expenses on subordinated liabilities	97	98	100	101	102	102
Interest expenses on deposits from reinsurers	103	104	106	107	108	108
Interest expenses on payables arising out of direct insurance	109	110	112	113	114	114
Interest expenses on payables arising out of reinsurance	115	116	118	119	120	120
Interest expenses on bank overdrafts	121	122	124	125	126	126
Interest expenses on secured payables	127	128	130	131	132	132
Other interests expenses	133	134	136	137	138	138
Losses on receivable	139	140	142	143	144	144
Administrative expenses on behalf of third parties	145	146	148	149	150	150
Other charges	151	152	154	155	156	156
Total	884	884	884	884	884	1,642
Loss on disposal of investments	165	164	166	167	168	168
Extraordinary costs	169	170	172	173	174	174
GRAND TOTAL	1,053	1,048	1,050	1,051	1,052	1,642

Attachment 31

Year 2012

Direct business : summary of gross premiums written

	Non-life Business		Life Business		Total	
	Permanent establishment	Freedom of services	Permanent establishment	Freedom of services	Permanent establishment	Freedom of services
Premiums written:						
in Italy.....	72,181	11	18	21	72,181	25
in other european countries.....	8,571	12	16	22	8,571	26
in other countries.....		13	17	23		15,381
Total.....	80,752	31,775	34	24	80,752	31,775

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 4,380 31	61	4,380
- Social contributions.....	2 1,197 32	62	1,197
- Provision for termination indemnities	3		
- Other personnel expenses.....	4 4,631 34	64	4,631
Total.....	5 10,589 35	65	10,589
Foreing business:			
- Salaries.....	6	66	
- Social contributions.....	7	67	
- Other personnel expenses.....	8	68	
Total.....	9	69	
Grand total	10 10,589 40	70	10,589
Fees for consultancy :			
Italian Business	11 155 41	71	155
Foreing business	12	72	
Total.....	13 155 43	73	155
Total personnel expenses	14 10,744 44	74	10,744

II: Splitting of personnel expenses

	Non life business	Life business	Total
Investment management charges.....	15	45	75
Claims operating expenses	16 1,605 46	76	1,605
Other acquisition costs.....	17 2,040 47	77	2,040
Other administrative expenses.....	18 5,586 48	78	5,586
Administrative expenses on behalf of third parties.....	19 1,513 49	79	1,513
.....	20	80	
Total.....	21 10,744 51	81	10,744

III: Average personnel workforces for the year

	Number
Managers	91 3
Clerks.....	92 95
Others.....	94
Total.....	95 98

IV: Directors and statutory auditors

	Number	Emoluments
Directors.....	96 11 98	41
Statutory auditors	97 3 99	52

Thomas Goldsworthy Dutton (ca. 1819-91)
Schooner yacht TITANIA R.Y.S.
100 tons built by Robinson and Russel at Millwall 1851 and
matched against THE AMERICA. Accidentally burnt 1852 (1852)
Oil on canvas - cm. 66,5x48,5

Clients wanted extreme precision in the details: the shape of the hull, the number and position of the masts, the complexity of the equipment and the disposition of the sails, all had to be just right.



REPORTS:
AUDITOR
ACTUARY



AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE N. 39
OF JANUARY 27, 2010 AND PURSUANT TO ART. 102 OF LEGISLATIVE DECREE
N. 209 OF SEPTEMBER 7, 2005

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. (the "Company") as of December 31, 2012 and for the year then ended. The Directors of the Company are responsible for the preparation of these financial statements in accordance with the Italian laws governing their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Regulatory Commission for listed companies and the Stock Exchange. In accordance with such standards and criteria, we planned and performed our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as assessing the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

According to art. 102 of Italian Legislative Decree N. 209/2005 and art. 24 of ISVAP (the Italian insurance regulator) Regulation N. 22/2008, in performing our audit work we used the service of an expert actuary who expressed his opinion on the sufficiency of the technical provisions reported in the liabilities section of the balance sheet of the Company through the attached report.

For the opinion on the prior year's financial statements, whose data are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by other auditors on March 29, 2012.

3. In our opinion, the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of December 31, 2012 and for the year then ended comply with the Italian law governing financial statements; accordingly they give a true and fair view of the financial position and of the results of operation of the Company.

4. Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. has specified that it is subject to management control and coordination by Unipol Gruppo Finanziario S.p.A. and, therefore, has included the last financial statements' main data of this company in the explanatory notes. Our opinion on the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. does not extend to such data.
5. The Directors of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report 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 on operations is consistent with the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of December 31, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Paiola
Partner

Turin, Italy
April 2, 2013

This report has been translated into the English language solely for the convenience of international readers.

To the Auditing Firm
DELOITTE & TOUCHE S.p.A.

ACTUARIAL REPORT

Pursuant to articles 102 and 103 of the legislative decree no. 209 of 7th
september 2005

OBJECT: "SIAT - Società Italiana Assicurazioni e Riassicurazioni per Azioni" Balance 2012

1. In execution of the task assigned to me, I audited the technical reserves recorded as liabilities in the annual financial statements as at 31/12/2012 of **SIAT - Società Italiana Assicurazioni e Riassicurazioni per Azioni**.
2. In my opinion, the above-mentioned technical reserves recorded as liabilities in the financial statements are adequate and comply with the provisions of law and regulations and correct actuarial methods, in accordance with the principles and implementing rules of article 26, paragraph 1, of ISVAP Regulation n. 22 of 4th April 2008.

L'Attuario
Stefano Visintin



Milano, 29th March 2013

SAVA S.r.l.
Iscritta Registro Imprese
Trieste n° 011128600323
Cap. Soc. 10.000,00 €

Sede Legale
TRIESTE
34122 - Via San Lazzaro, 2
Tel +39 040 361703
Fax +39 040 3720432

MILANO
20144 - Via Monferrato, 1
Tel/Fax +39 02 76317040

attuari@studio-visintin.it
www.studio-visintin.it

Houghton Forrest (1825-1924)
*The yacht SECRET on her return from the start light,
evening of the 21st August (1859)*
Oil on canvas - cm. 59x38

*.... after crossing the Atlantic, the yacht
"America" soundly defeated 14 British
competitors in a race around the Isle of Wight
and won the Hundred Guinea Cup offered
as a prize by the Royal Yacht Squadron.
... Following their victory, this cup
was renamed America's Cup, the name
by which it is still known today..*



RESOLUTION OF THE
SHAREHOLDERS' MEETING-EXTRACT



The following resolutions were passed at the Annual General meeting held on 22 April 2013 (in first calling):

- That the financial statements at 31 December 2012 be approved, together with the Directors' report on operations;
- That the Directors' proposal regarding the allocation of net income be approved;
- To appoint the following persons to the Board of Statutory for the three years 2013 - 2015: Carlo Cassamagnaghi (Chairman), Roberto Seymandi and Roberto Tieghi (Auditors), Laura Bianchi and Alessandro Contessa (Alternative Auditors).

Galleria Beppe Croce, Galata Museo del Mare

The Galata Museo del Mare is the largest maritime museum in the Mediterranean, with over 10,000 square metres of exhibition space, the reconstruction of a 17th Century Genoese galley and over 6,000 original exhibits.

Inside the museum, the Galleria Beppe Croce is a section of huge value, both for the richness and quality of the paintings and for the reconstruction of maritime environments.

Among valuable curtains and fittings, leather Chesterfield armchairs of typical Anglo-Saxon style, you can admire antique oil paintings, watercolours and lithographs depicting the evolution of the pleasure boat, i.e. yachts.

The works that are on show, mostly by the great British masters of naval painting, belong to a type that is almost impossible to find in Italy and are the result of a fashion that in the 19th century led shipowners and captains of sailing ships to commission portraits of their boats from professional painters. Generic marine paintings were replaced by "yacht portraits", depicting specific boats that are identifiable by their shapes, sails and colours.

Who was Beppe Croce?

He was a sportsman and a manager to whom we owe a decisive contribution to the development of a sailing culture in Italy. Chairman of the Italian Yacht Club in Genoa, Chairman of the Italian Sailing Federation (from 1957 to 1981) and the first and only non-Anglo-Saxon Chairman of the World Federation of Sailing (from 1969 to 1986), Croce was also a major collector. The collection now on show at the Galata Museum is proof of this, thanks to his family's generosity.

The captions and texts explaining the various works are taken from "Yacht Portraits in the Collection of Beppe Croce" by Aldo Caterino and Carlo Borlenghi, published by Yachting Library.



Via V Dicembre, 3 - 16121 Genova - Italy
Tel. 0039.010.5546.1 - Telefax 0039.010.5546.400
www.siat-insurance.com - siat@siatass.com