

2013

ANNUAL REPORT



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2013

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SIAT - SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI PER AZIONI

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REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS



“The only way
to do great work
is to love what
you do.

Steve Jobs





Shareholders,**THE STATE OF THE ECONOMY**

2013 was characterised by global economic growth of just under 3%, which was fractionally lower than that for 2012.

Thanks to the constant support of the European Central Bank (ECB), in 2013 the euro area was able to reduce the negative effects of the crisis concerning sovereign debt issued by Southern European countries and in late spring it showed growth in GDP.

For the time being, this is just a fragile and weak cyclical improvement that has not yet spread to all EU countries. It has been attributable, above all, to an easing of fiscal policy and a positive trend in exports, favoured by a global economic scenario that has been improving in recent months, driven by US growth and, to a lesser extent, by UK recovery.

In 2013, having noted the lack of inflationary pressures and to take precautions against possible deflationary risks, given that current and forecast inflation rates were below target (just below 2%), the ECB reduced the discount rate by 25 basis points on two distinct occasions, bringing it to 0.25%, an all time low since the conception of the euro area. In addition, the governor, Mario Draghi, has confirmed on several occasions that official rates will remain at this level for an “extended period” as long as growth is weak and the forecast is for stable inflation.

The significantly restrictive fiscal policy in the United States, which is a consequence of the failure by Congress to reach agreement on the federal budget, has reduced the US gross domestic product by more than 1% and has contributed to limiting the robust performance by the private sector, which, however, has led to a marked decrease in unemployment (6.7% as at December 2013).

Against a backdrop of a lack of inflationary pressures, the Federal Reserve’s accommodative monetary policy has aided recovery in the United States. Official rates have been kept at close to zero, thus favouring consumption and industries that are more affected by low interest rates such as the property and automotive industries.

Thanks to the simultaneous implementation of expansionary fiscal and monetary policies, in 2013 Japan achieved higher growth than in 2012.

Despite their gross domestic product generally holding up, emerging nations have experienced a slowdown in development, especially in China. The latter, in fact, is trying to cool down its economic growth, in a constant search for a new development model that is more geared towards domestic demand as opposed to exports and investment.

The Italian economy registered negative growth in 2013, despite improved sentiment that was attributable to a less restrictive fiscal policy, to an international context that has favoured an export recovery and to a significant lowering of the perception of country risk that led to a notable fall in interest rates in absolute and relative terms compared with core nations.

The latest available statistics concerning the real economy, together with forecasts for 2014, strengthen the likelihood of Italy coming out of recession. The sharp fall in the cost of public debt, in

terms of interest paid to holders of Italian government bonds, may help to stimulate growth, whereas the evolution of domestic political context and possible economic and electoral reforms that are in the pipeline will help, if they go ahead, with economic recovery.

The table which follows sets out the evolution of trends in absolute rates and the spread of government bonds of various euro area countries versus ten year German bonds:

COUNTRY	31 DECEMBER 2012		28 JUNE 2013		31 DECEMBER 2013	
	10 YEAR RATE	SPREAD VS GERMANY	10 YEAR RATE	SPREAD VS GERMANY	10 YEAR RATE	SPREAD VS GERMANY
GERMANY	1.32		1.73		1.93	
FRANCE	2.00	0.68	2.35	0.62	2.56	0.63
ITALY	4.50	3.18	4.55	2.82	4.12	2.19
BELGIUM	2.06	0.74	2.63	0.90	2.56	0.63
GREECE	11.90	10.58	10.98	9.25	8.42	6.49
IRELAND	4.95	3.63	4.19	2.46	3.73	1.80
PORTUGAL	7.01	5.69	6.45	4.72	6.13	4.20
SPAIN	5.27	3.95	4.77	3.04	4.15	2.22

THE FINANCIAL MARKETS

In this context, the performance of European stock markets in 2013, particularly in the last two quarters of the year, was extremely positive. The EURO STOXX 50 Index, which is Europe's leading Blue-chip index for the euro area, rose by 17.9% (+7.5% in the fourth quarter).

Worthy of mention is the performance of the German DAX index, which rose by 25.5% (+11.1% in the last quarter of the year), whereas the Italian stock exchange, with the Milan FTSE MIB Index, rose 16.6% (+8.8% in the fourth quarter). Lastly, the performance of the Madrid IBEX Index was very positive, with an increase in the year of 21.4% (+8.0% in the most recent quarter).

Moving on to outside of Europe, the Standard & Poor's 500 Index, which is based on market capitalisations of 500 large US listed companies, rose in the year by 29.6% (+9.9% in the fourth quarter), while in Japan the Nikkei Index, aided by political decisions to develop new policies for fiscal and monetary expansion, rose by 56.7% in 2013 (+12.7% in the fourth quarter).

Lastly, with regard to stock exchanges in emerging markets, the most representative index, the Morgan Stanley Emerging Markets Index, rose in by 0.9% (+2.7% in the last quarter).

The good performance of equity and bond markets in 2013 contributed to a significant improvement in the *iTraxx Senior Financials Index*. This index, which is representative of the average spread for companies pertaining to the financial sector with a high credit standing, fell by 54.1 basis points from 141.3 to 87.2 (-60.4 basis points from 147.6 in the fourth quarter).

MARITIME ACTIVITY

With respect to global maritime activity, 2013 saw a generally positive trend in charters, which had plummeted in recent years.

There was a notable improvement in short term charters of bulk carriers for the transport of dry bulk cargo and, in particular, of Panamax (ships up to 60-70 thousand tonnes) and Capesize (150 thousand tonnes and upwards) vessels. The first type of ship is in strong demand for transport to the Gulf of Mexico, while, for the second type, there has been a rise in shipments of iron ore from Australia and Brazil.

The most evident proof is provided by the Baltic Dry Index, a benchmark for dry bulk charters that is considered a good anticipator of economic growth, which is at its highest level in three years. This is a sign that bodes well for the development of trade, and therefore the economy, worldwide.

However, caution is required, as many experts believe that the shipping industry risks falling back into a situation of heavy overcapacity, similar to that which it plunged into at the height of the global crisis and from which it was painfully exiting with the scrapping of older units.

In fact, a cause for alarm are the statistics relating to deliveries of and orders for new ships, which appear to exceed the needs of the market and that, in certain cases, are the result of an overestimation of trade recovery.

At the same time, the latest available statistics indicate a decrease in ship breaking (from 3 to 2 million dtw in the first nine months of the year).

Conversely, forecasts are positive for charters for the transport of coal, iron ore and grain, particularly due to Chinese demand. In fact, even though Peking's economy should grow less in 2014 (but still at a level which is triple the global average), the demand for this type of goods is expected to remain high and this will be a driver of the shipping economy.

On the maritime piracy front, the phenomenon has gradually become widespread in recent years, affecting a large portion of the Indian Ocean and which, from the coast of Somalia and the Gulf of Aden, is spreading eastward to the coast of India. Transiting this area is two thirds of global oil traffic, half of global container traffic and a third of the bulk goods trade.

Moreover, at least for 2013, few incidents of hijacking have been recorded in the Gulf of Aden, while there has been constant growth thereof in the Gulf of Guinea. This is because the widespread presence of military ships and contractors on board merchant vessels act as a strong deterrent.

To counter attacks by pirates, as repeatedly requested by CONFITARMA (Italian shipowners' association), a few months ago it became permissible by law for Italian shipowners to resort to armed guards to defend their vessels (but only in the event of armed forces personnel being unavailable).

Recourse to non military armed security teams became the norm some time ago for many European and non European countries and has produced more than gratifying results.

SHIPBUILDING

Regarding the shipbuilding industry, the gradual running down of orders has led to a rationalisation and redefinition of the manufacturing capacity of countries in the Far East, which are starting to compete with western nations on manufacturing excellence, the latter's last bastion of defence.

With the beginning of the economic crisis between 2007 and 2008, China, which has always built the least expensive vessels (tankers and bulk carriers), started aiming at becoming the world's leading shipbuilder. It has arrived at the point of having overtaken Korea and builds more than half of the world's ships.

However, the pace is slowing and the shipbuilding industry is downsizing. Only public sector shipyards (CSSC and CSIC) are working well, whereas the major private players (such as Rongsheng, which was set up in 2005 and in a few years became the holder of the world's largest order backlog in terms of tonnage) are holding on thanks to their strong financial structure. The crisis caused by the lack of orders hit small shipyards in particular and this sector has been downsized as a result of numerous closures.

In addition, in 2013, financial assistance to private sector shipyards was put on hold and a complex three year plan was implemented to give priority to quality production, particularly in the off-shore sector, wherein hope lies for the future of shipyards over the coming years. By 2015, Rongsheng plans to have this sector contribute a portion of its turnover, by providing much technology at highly competitive prices.

The turning point for the shipbuilding sector could be the number of units ordered by Greek shipowners in the year that has partially benefited the Chinese, but also Koreans, their key competitors, who can claim greater technological know-how.

Italian shipyards have also been badly hit by the crisis in the market, which, however, has not left their European competitors unscathed.

However, the Italian marine engineering industry has maintained its global leadership in the construction of cruise ships, thanks to Fincantieri's position of pre-eminence in Europe.

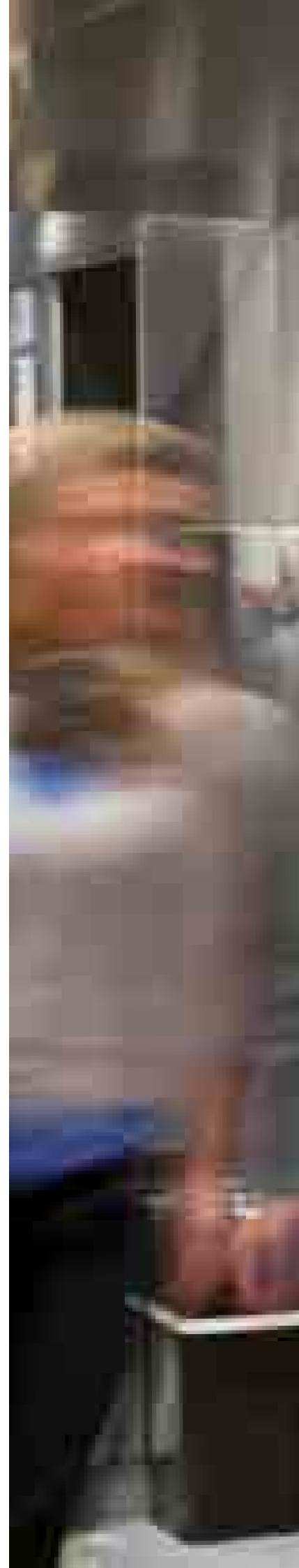
Accordingly, there are both positive and negative aspects to the situation, which, in addition to a shift towards the Far East years ago of almost all common merchant ships (that is, non high tech), has been impacted by the lack of ability in Italy to support particularly sensitive manufacturing sectors, such as marine engineering, as well as the effects of the long lasting economic crisis.

Not to mention that Italian shipyards are penalised by Italy's particularly weak financial standing in comparison to the rest of Europe. This situation makes it more difficult for our nation to finance projects and to offer export credit at satisfactory conditions, even though its share of exports exceeds 70%.

THE INSURANCE MARKET

In 2013 the international insurance industry was impacted in many countries by the prolonged effects of the financial and economic crisis. The unfavourable macroeconomic context (with low growth, high unemployment and austerity policies) and strong competitive pressure, aggravated at times by increased taxation of insurance products, have led to negative growth rates for premiums.

Conversely, in other countries, especially in the emerging nations of Asia and Latin America and in some industrialised nations with good growth, there has been a notable development of premium income.



In the non-life sector, the incidence and severity of natural disasters were moderate in comparison to prior years, even though numerous exceptional events did occur, *in primis* flooding in southern and eastern Germany and in neighbouring countries.

There has been greater focus on the necessity and importance of the result of operations, partly due to persistently low interest rates, with a consequent need to reduce costs and develop new distribution channels and commercial strategies.

The trend towards product innovation has generally been reduced or otherwise limited, with a decreased propensity for long-term commitments.

With respect to the regulatory context, new Solvency II rules have recently been drafted at European level as the result of a long mediation process focusing on the often conflicting interests of the EU countries. These rules need to be ratified prior to being embodied in a directive that is expected to come into force in January 2016.

Recent research has indicated that the insurance industry is generally prepared to accept the implementation of the foregoing rules. In fact, most European insurance companies appear to be ready or are at an advanced stage of development of solutions aimed at meeting the requirements envisaged by the legislation, while some are looking at the possibility of going beyond mere regulatory compliance in order to gain competitive advantages.

It has been estimated that Solvency II is likely to double the capital requirements of insurance companies when compared with current rules, but that there should be no need for Italian insurance companies to recapitalise as they have sufficient capital resources.

Under these circumstances, the Marine sector has confirmed its international nature, with the London marketplace being of central importance in terms of premiums written. However, with the development of the economies of emerging nations, particularly of those in Asia, the number of local insurers that operate in this sector is growing. In this regard, an international marketplace that is experiencing a remarkable development is that of Singapore. For their part, major international insurers are opening branches in emerging countries.

From a point of view of performance, underwriting profitability remains weak, despite a fall in claims partly attributable to improvements made to transport safety. In addition, fierce competition has prolonged soft market conditions with respect to premiums charged.

Moreover, competitive pressures in the transport insurance market have led to even greater potential for the innovation of products and processes. New insurance cover, the application of innovative technologies and the possibility to increase the exchange of information, are all elements that are behind an evolution of this market globally.

According to recent studies conducted by a major international reinsurer, the premiums relating to Marine insurance are forecast to grow by an annual average rate of around 5% over the next ten years.

With respect to the "Hulls" sector, the international insurance market continues to be characterised by a high level of underwriting capacity, which leads to pressure on premium rates and terms of renewal, particularly as far as business generating significant underwriting income is concerned. Generally speaking, however, this situation appears to be kept within acceptable levels.

As regards the "Cargo" sector, the general economic crisis, which is unprecedented in terms of persistence, leads policyholders to constantly seek cost savings, while there continue to be commercial businesses closing down, a lack of new insurable business, a decline in the revenues of many businesses and a general downturn in traffic.

The competition among insurance players remains very strong and is exacerbated by overcapacity as well as the presence of new insurance entities, which, although often very aggressive, are absolutely reliable.

Brokers systematically carry out market research to come up with more favourable premium rates for their customers, while, 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.

Lastly, again in 2013, the reinsurance market has not shown any significant changes compared with the recent past, with professional operators continuing to show an interest in the underwriting income from business undertaken.

Based on the latest available official data for Italy published by Ania concerning the premiums for direct business written in 2012, in that year the Company remained firmly in second place in both the "Hulls" sector (with a market share of nearly 20%) and the "Cargo" sector (with more than 10% of total premiums), which confirmed its leading role in the provision of Marine insurance.

In 2013, even more than 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 and after the positive experience of last years, our company has been chosen again by the University of Genova as the seat of the "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.

RESULTS OF OPERATIONS

Given all of the above, the Company closed 2013 with a profit before tax of € 5,866 thousand, which is down on the € 8,205 thousand reported in 2012.

Note that the prior year result was strongly and positively impacted by an element of financial income (mainly due to a significant recovery of the spread between Italian government bonds and their German counterparts) that will be difficult to repeat, as well as a significant amount of extraordinary income (relating to income from the deductibility of IRAP from IRES of prior year personnel costs).

Net profit for 2013 was € 3,106 thousand, compared with € 5,243 thousand in the prior year, with a higher tax pressure.

The following table summarises the statement of income for 2013, with comparative figures for 2012:

	2013	2012
UNDERWRITING RESULT	4,009	4,134
NET INVESTMENT INCOME	5,927	8,480
CAPITAL AND FINANCIAL CHARGES	(1,549)	(853)
INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT	(2,190)	(4,103)
OTHER INCOME (EXPENSES), NET	(328)	110
NET EXTRAORDINARY INCOME (EXPENSES)	(3)	437
PROFIT (LOSS) BEFORE TAXES	5,866	8,205
INCOME TAXES FOR THE YEAR	(2,760)	(2,962)
NET PROFIT FOR THE YEAR	3,106	5,243

(in thousands of euro)

With reference to 2013, note that the above results show a substantial improvement in operating income in the strict sense of the term (since the result indicated above benefited from a much lower amount of investment income) offset by a less favourable contribution from financial items.

Other net income (expenses) and net extraordinary income (expenses) have become a good deal heavier, while there has been an increase in income taxes for the year in percentage terms.

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

- the underwriting result is in line with last year.
This has been boosted by an increased contribution from insurance activities attributable to an overall improvement in the Marine insurance sector component, particularly that arising from Hulls, but was penalised by a lower contribution from the financial component.
There has been a further contraction in administrative expenses, which are a component of the underwriting result.
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;
- net investment income shows a marked decrease, mainly due a significantly lower level of writebacks recorded in comparison to 2012.
Again, further information on this is provided below in the section on "Property and financial management";

- capital and financial charges have increased considerably, primarily due to costs not qualifying for capitalisation that were incurred for the renovation of freehold property used by third parties. 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). The amount thereof fell significantly due to lower income from investments, as commented upon later;
- other income (expenses), net show a higher negative balance compared with the previous year. 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 € 302 thousand (€ 86 thousand in 2012).
Losses on debtors came to 136 € thousand, compared with € 265 thousand in the previous year;
 - the effects of the trend in foreign exchange differences, which produced a negative net balance of € 45 thousand (having been negative for € 12 thousand in 2012), 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.
- the amount of extraordinary items is immaterial.
On the other hand, in 2012 net extraordinary income was reported, with this having been entirely attributable to a tax rebate claim for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility (from the relevant taxable income) of IRAP on personnel and similar costs;
- the effective tax rate (47.0%) has significantly increased with respect to the prior year (36.1%). This increase is mainly due to:
 - the application of an additional extraordinary IRES charge of 8.5%, which was a one-off measure for the 2013 tax year solely for the banking and insurance sectors that lifted the related tax rate from 27.5% to 36.0%;
 - income accounted for in 2012 of € 131 thousand associated with the computation of deferred tax liabilities in relation to the non-deductibility of IRAP from IRES, as previously stated, for the 2011 tax year, for which a tax loss was reported;
 - the IRAP percentage tax rate not having been commensurate with income before tax, but primarily related to underwriting income and personnel costs.
 Income taxes consist of IRES of € 2,100 thousand (€ 2,200 thousand in 2012) and IRAP of € 600 thousand (€ 700 thousand in 2012), and € 50 thousand (zero in 2012) for taxes paid (but not recoverable in Italy) in those countries where we have permanent establishments abroad.

These include deferred tax assets of € 10 thousand (€ 76 thousand in 2012) and zero amount for deferred tax liabilities (€ 14 thousand in 2012).

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 2013 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

UNDERWRITING RESULT

The underwriting result for the years ended 31 December 2013 and 2012 is composed of the following:

	2013	2012
EARNED PREMIUMS	129,804	144,714
CHARGES RELATED TO CLAIMS	(82,836)	(129,765)
OTHER TECHNICAL INCOME	4,734	4,031
OPERATING EXPENSES	(31,266)	(31,438)
GROSS UNDERWRITING RESULT	20,436	(12,456)
BALANCE OF REINSURANCE	(18,543)	12,560
CHANGE IN OTHER NON-TECHNICAL RESERVES	(74)	(71)
INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT	2,190	4,103
NET UNDERWRITING RESULT	4,009	4,134

(in thousands of euro)

The above amounts relate to direct and indirect business as a whole and show a marked improvement in the gross underwriting result, which represents the Company's key driver of success.

It also represents the first tangible, concrete evidence of the numerous efforts made, as regards business acquisition and settlement activities, to make the best possible job of implementing recent strategies aimed at maximising this result, even to the benefit of reinsurers, which provide significant support to the conduct of the Company's insurance activities.

Moreover, it is essential to note how the underwriting result for 2013 was positively and significantly affected by the settlement of three claims (of which two related to the Hulls sector and one to the Marine Cargo sector), in connection with which there was a surplus adequacy of the claims payable reserve of € 12,263 thousand.

In consideration of the high level of reinsurance pertaining to the claims in question, this surplus was ceded to the reinsurers for € 11,653 thousand, impacting the balance of reinsurance by the same amount. Conversely, the 2012 results bore the gross negative impact arising from a significant claim pertaining to the Hulls sector amounting to € 10,020 thousand, as well as a remeasurement of the gross claims payable reserve relating to the two claims pertinent to the sector in question, as indicated above, by an amount of € 7,200 thousand.

The foregoing had an overall impact on the previous year's balance of reinsurance of € 16,183 thousand. Conversely, note that the underwriting result for 2013 was negatively impacted by a significant strengthening of the IBNR (incurred but not reported) claims payable reserve to adjust it to take account of prior year experience.

The following are the key aspects which have arisen from a brief analysis of these amounts:

- earned premiums have been impacted by the change in the unearned premiums reserve, which, with respect to 2013, were also affected by the issue of a number of policies with a duration of more than one year.
In fact, as commented upon later, premiums earned have increased in comparison to those for 2012, thanks to the constant efforts made to renew existing business and to seek new business;
- charges related to claims show a net progress attributable to:
 - for 2013: increased selectivity applied in the underwriting business, together with a favourable incidence of claims (particularly with regard to the "Hulls" sector);
 - prior years: the positive impact of a reversal of the claims payable reserve (with a surplus adequacy amounting to € 25,114 thousand) that confirmed the prudence of the Company's normal approach in computing the reserve.
However, it should be noted that the foregoing is largely attributable to the settlement of the three previously mentioned claims that were well reinsured;
- other technical income benefited from fewer write-offs of prior year premiums that had been reinsured to a significant extent;
- operating expenses, which primarily consist of commissions payable to intermediaries for premiums passed on by them, are in line with those for 2012, despite an increase in premiums earned in the year;
- the balance of reinsurance is related to the reversal of the gross underwriting result and is mainly attributable to the two claims mentioned above;
- the amount of the change in other non-technical reserves is in line with that of the previous year;
- as regards the decrease in the investment return transferred to the non-technical account, reference should be made to the comments made above.

The foregoing is also reflected by the improvement in the net combined ratio, which has become 94.3% compared with the prior year ratio of 99.7%.

It consists of *net loss ratio* and *net expense ratio* of 74.0% and 20.3% respectively (77.7% and 22.0% in 2012).

GROSS PREMIUMS WRITTEN

The following table gives details of premiums earned in 2013, with comparative figures for the previous year:

	2013	2012
ITALIAN DIRECT BUSINESS		
HULLS	78,120	67,800
MARINE CARGO	31,186	34,859
	109,386	102,659
MOTOR THIRD-PARTY LIABILITY	4,410	4,401
GENERAL THIRD-PARTY LIABILITY	2,907	2,851
OTHER PROPERTY DAMAGE	2,017	2,161
PECUNIARY LOSSES	1,696	210
OTHER MINOR BUSINESS	123	245
	11,153	9,868
TOTAL DIRECT BUSINESS	120,459	112,527
INDIRECT BUSINESS - ITALY		
MARINE CARGO	8,223	9,923
HULLS	4,438	5,322
MOTOR THIRD-PARTY LIABILITY	3,961	4,633
OTHER MINOR BUSINESS	438	357
	17,060	20,235
INDIRECT BUSINESS - ABROAD	71	95
TOTAL INDIRECT BUSINESS	17,131	20,330
GRAND TOTAL	137,590	132,857

(in thousands of euro)

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.

The key points regarding the above data are summarized below:

- 2013 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, premiums earned in the year increased significantly driven by the Hulls sector in particular. With respect to the other business sectors, for both the direct and indirect business, there has been a slight, general decrease that is mainly attributable to the ongoing economic recession. As regards the Pecuniary losses business sector, the increase was due to a more appropriate recognition of the premiums relating thereto, particularly those pertaining to the "Hulls" sector. These figures were also adversely affected by the depreciation of the US dollar (exchange rate against the euro of 1.3791 at 31 December 2013, compared with 1.3194 at 31 December 2012), which dropped by around 4.5% against the EU currency during 2013. In fact, much of our business is written in US dollars, especially in the Hulls sector;
- premiums in the Hull segment have risen strongly. In 2012, this business sector had been negatively impacted by a downgrade of the Company's rating to B (assigned by Standard & Poor's in December 2011) as a consequence of the indirect parent company Fondiaria - Sai S.p.A. (now UnipolSai S.p.A.) having been downgraded. However, in 2012 this rating was progressively restored before closing at BBB- in December 2012. This has remained unchanged, whereas the outlook has improved from negative to stable. This is a satisfactory and remarkable improvement, particularly if account is taken of the revised (and more rigorous) assessment criteria applied by the rating agency. This rating upgrade has contributed in a decisive manner to the renewal of major fleets and to the acquisition of new business. In addition, premiums in this sector have positively benefited from an accounting mismatch relating to certain policies lasting more than one year (18 months) and from the commissioning of new construction at a major Italian shipyard. Premiums relating to "war risks" have also increased, as was also the case for "ordinary risks", although to a lesser extent in percentage terms than the latter. This is due to a reduction in additional premiums charged to transit areas at risk, as a result of ship owners taking out Kidnap & Ransom policies. 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;
- the Marine Cargo business sector's direct premiums fell significantly, partly due to the ongoing economic downturn (especially as regards the domestic component). The decrease is also related

to the termination of contracts not considered remunerative, based on negative past performance, following a thorough review of the existing portfolio that was started during the year.

Premiums charged for war risks and strikes also decrease. There was a fall in the number of risks accepted, offset by an increase in the number of basic policies.

In this unfavourable context, the Company remained true to its policy, by avoiding the assumption of risks that had not been correctly measured with inadequate premiums and it continued to carefully analyse individual risks, without overlooking any technical aspects. Where possible, lost contracts were replaced by new business;

- direct premiums relating to the elementary and motor sectors are up, entirely attributable to the Pecuniary losses business sector, as indicated above.

In addition, as indicated above, these premiums are fed almost exclusively by business from the "Marine" sector;

- 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 € 36,077 thousand (€ 30,118 thousand in 2012).

These premiums relate solely to the Hulls sector for € 26,786 thousand (€ 19,085 thousand in 2012) and to the Cargo sector for € 9,291 thousand (€ 11,033 thousand in 2012);

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

	2013	2012	2013	2012
• IN ITALY			125,579	124,286
• ABROAD, VIA PERMANENT ESTABLISHMENTS LOCATED IN:				
BELGIUM	4,005	3,082		
GERMANY	7,365	4,762		
MALTA	78	73		
NETHERLANDS	564	654	12,012	8,571
			137,591	132,857

(in thousands of euro)

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 2013, 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 2013 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 2013 payouts, before recoveries from reinsurers:

	DIRECT BUSINESS	INDIRECT BUSINESS	TOTAL
CLAIMS PAID	102,695	6,143	108,838
SETTLEMENT COSTS	7,481	458	7,939
DIRECT COSTS	3,792	-	3,792
	113,968	6,601	120,569

(in thousands of euro)

With regard to direct business, the following breakdown by sector of claims settled in 2013 is compared with similar data for the previous year:

	2013	2012
HULLS	64,486	73,083
MARINE CARGO	24,697	23,122
	89,183	96,205
MOTOR THIRD-PARTY LIABILITY	4,862	4,630
GENERAL THIRD-PARTY LIABILITY	4,142	3,578
PECUNIARY LOSSES	3,451	367
OTHER PROPERTY DAMAGE	826	798
OTHER MINOR BUSINESS	231	236
	13,512	9,609
TOTAL DIRECT BUSINESS	102,695	105,814

(in thousands of euro)

Analysis of the above data indicates that direct business claims settled in 2013 have remained substantially stable 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 2013 of 1.3791, compared with 1.3194 at 31 December 2012.

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 2012 is due to the trend in payments and technical improvement;
- payments in the Cargo sector during 2013 were substantially in line with the previous year;
- regarding other sectors, as previously indicated in the comment relating to "Gross premiums written", the increase is attributable to a more appropriate recognition of claims relating to the Pecuniary losses business sector, pertaining to the "Hulls" sector.
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 2013 consists of 12 general agents and 247 brokers (14 and 254, respectively, at 31 December 2012).

Geographically, 80.2% are located in the North (198 intermediaries, compared with 218 at 31 December 2012) and 18.7% in the Centre – South (49 intermediaries, compared with 50 at 31 December 2012).

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 € 24,035 thousand (€ 24,027 thousand in 2012).

Of these costs, € 18,997 thousand related to direct business (€ 18,290 thousand in 2012) and € 5,038 thousand to indirect business (€ 5,737 thousand in 2012).

The ratio of commissions paid to third parties for new direct business to the related premium income was 15.8% (16.3% in 2012).

PERSONNEL AND ADMINISTRATIVE EXPENSES

At 31 December 2013, the Company had 97 employees (96 at 31 December 2012), including 3 executives, 16 middle managers and 78 office staff (of whom 2 on secondment at related companies).

In addition to these, at the same date the staff also included 1 freelance collaborator (1 in 2012) 11 employees on temporary contracts (10 in 2012) and 48 employees of Group companies (49 in 2012), the latter seconded to the Company principally in the performance of duties related to the operations of the "Transport Hub".



The full time equivalent (FTE) headcount, that is, considering actual working hours, in 2013 was 150 employees (149 in 2012).

Administrative expenses totalled € 11,810 thousand in 2013 (before allocation to the technical account), including € 70 thousand relating to the depreciation of tangible assets.

These costs were 3.5% lower than in 2012 (€ 12,238 thousand, of which € 78 thousand for the depreciation of tangible assets). Moreover, it should be noted that those for 2012 included € 300 thousand of costs pertaining to prior years in relation to the renewal of the national labour contract for employees (middle managers and office staff).

After allocating a proportion of personnel expenses and the depreciation of tangible assets to policy acquisition and claims settlement, administrative expenses amounted to € 7,198 thousand (€ 7,395 thousand in 2012).

Personnel costs accounted for 76.7% of administrative expenses (77.9% in 2012).

Administrative expenses represented 8.6% of premium income for the year (9.2% in 2012).

Deducting from this figure the amounts charged to the indirect parent company, Fondiaria – SAI S.p.A., and to Milano Assicurazioni S.p.A., a related company, for expenses essentially relating to management of the “Marine Hub” on their behalf, this proportion decreases to 6.8% (7.5% in 2012).

PROPERTY AND FINANCIAL MANAGEMENT

In 2013, financial management was conducted in compliance with the guidelines set out by the Investment Policy, in accordance with the general principle of prudent measurement of the quality of assets, by taking a medium to long term view thereof.

Bond market operations in the year were conducted with a preference for investments in government bonds, especially Italian, which offered a good return in terms of a risk-adjusted return.

The duration gap at 31 December 2013 comes to 2.54 years, with the increase being compatible with the Company’s liabilities.

During the year, the corporate segment, which was characterised by issuers with a high credit rating, marginally reduced its exposure to Italian government bonds.

With regard to equities, the exposure has remained substantially unchanged, but is insignificantly residual. The exposure mainly relates to units in open-end mutual funds.

At 31 December 2013 total investments amounted to € 127,968 thousand (€ 115,559 thousand at 31 December 2012), and shows a significant increase on the previous year (+10.7%).

Details are provided below:

	31.12.2013	31.12.2012
BUILDINGS	17,633	17,007
INVESTMENTS IN GROUP AND RELATED COMPANIES	41	41
SHARES AND QUOTAS	40	250
MUTUAL FUNDS	2,506	2,139
BONDS AND OTHER FIXED-INCOME SECURITIES	104,528	94,772
LOANS	121	81
RESTRICTED DEPOSITS WITH BANKS	2,331	65
DEPOSITS WITH CEDING UNDERTAKINGS	768	1,204
	127,968	115,559

(in thousands of euro)

Bonds and other fixed-income securities and buildings continue to represent the bulk of total investments (95.5%, compared with 96.7% at 31 December 2012).

With regard solely to financial investments (excluding those in Group companies), shares and mutual funds invested in equities represent 2.4% of the total (2.5% at 31 December 2012) due to continuing caution in this area.

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

- the amount concerning buildings increased due to work done in the year on improvements and renovation (limited to 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, including the parent company;
- shares and quotas held in Group companies are insignificant and have remained stable.
- shares and quotas decreased significantly due to the sale of the entire holding previously held in Banca Intermobiliare S.p.A.
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 significant increase in the balance, due to recoveries of previous writedowns;
- bonds and other fixed-interest securities increase significantly, thanks to purchases made during the year.
The long-term investments component thereof (consisting entirely of purchases in the year of

Italian government bonds - Buoni del Tesoro Poliennali - maturity 1 March 2024) has a carrying amount of € 2,998 thousand.

These are represented by fixed-income securities, € 59,928 thousand, and variable-income securities, € 44,600 thousand.

A distinct preference for government issues (especially domestic ones).

- restricted deposits with banks have increased and represent a temporary investment of liquidity. 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 2014;
- 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 2013.

The following subordinated bonds are held at year end:

Issuer: Banca Intermobiliare
ISIN code: IT003853014
Par value: 28,350 €
Book value: 26,714 €
Issue: 29 July 2005
Maturity: 29 July 2015
Structure: convertible bonds

Issuer: Anheuser - Busch
ISIN code: BE6000782712
Par value: 250,000 €
Book value: 252,618 €
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 € 3,253 thousand lower than its market value at the same date (€ 1,353 thousand at 31 December 2012).

This unrealised capital gain is related to bonds and other fixed-income securities for € 2,866 thousand (€ 1,345 thousand at 31 December 2012) and to mutual funds for € 387 thousand (€ 8 thousand at 31 December 2012). On the other hand, there is no unrealised capital gain attributable to shares (none at 31 December 2012).

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:

	2013	2012
NET PROFIT FROM:		
- SHARES		
-- DIVIDENDS PAID	-	7
-- NET GAINS (LOSSES) ON DISPOSALS	62	21
-- NET WRITE-BACKS (WRITEDOWNS)	(52)	(44)
	10	(16)
- BONDS AND OTHER FIXED-INCOME SECURITIES		
-- INTEREST INCOME	2,888	2,449
-- NET GAINS (LOSSES) ON DISPOSALS	1,649	1,420
-- NET WRITE-BACKS (WRITEDOWNS)	7	3,220
	4,544	7,089
- OTHER FINANCIAL INVESTMENTS	368	213
- BUILDINGS		
-- RENTAL INCOME	860	1,097
-- DEPRECIATION	(316)	(330)
	544	767
TOTAL INCOME, NET	5,466	8,053
EXPENSES		
- OPERATING EXPENSES	1,081	421
- INTEREST EXPENSE	8	6
TOTAL EXPENSES	1,089	427

(in thousands of euro)

Overall, the results from property and financial management have declined with respect to 2012, which was particularly favourable.

In fact, as can be seen from the above figures, there has been a sharp increase in expenses and a significant downturn in income.

The latter is entirely attributable to bonds and other fixed-income securities which did not repeat the exceptional result of the previous year concerning writebacks.

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

- for shares, note the gradual reduction in this investment sector, to which equity-based mutual funds have been preferred.

The result from trading activity is primarily due to the sale of the holding previously held in Banca Intermobiliare S.p.A.;

- for bonds and other fixed-income securities, the positive result is due to the good 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.

Contributory factors to this result were fruitful trading activity and higher interest income (which benefited from a larger portfolio), but which, as stated above, were not able to offset a significantly lower level of writebacks (the amount that was recorded in 2012 will be difficult to repeat);

- with respect to other financial investments, the favourable performance of international stock exchanges allowed the Company to benefit from significant writebacks.

In fact, this amount essentially consists of writebacks of units in predominantly equity-based mutual funds of € 367 thousand (€ 209 thousand in 2012).

This balance includes € 1 thousand (€ 4 thousand in 2012) 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;

- regarding buildings, depreciation has decreased, due to the fact that, in March 2013, the Company ceased using one of the floors in the freehold building as this was rented to a third party and, accordingly, it was no longer depreciated;

Rental income also fell significantly. In fact, a portion of the freehold building remained vacant over a period of several months for work to be done on improvements. For the part that was completed, a rental contract was executed with the related company Gruppo Fondiaria – SAI Servizi S.c.r.l.

Operating expenses relate to the property sector for € 952 thousand (€ 334 thousand in 2012) and to the securities sector for € 129 thousand (€ 87 thousand in 2012).

The increase in operating expenses of the property was mainly due to a rise in extraordinary maintenance costs that did not meet the criteria for capitalisation (€ 499 thousand versus € 21 thousand in 2012) and to higher commissions payable to the related company Immobiliare Lombarda S.p.A. for the management of this sector (€ 155 thousand versus € 67 thousand in 2012).

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

OWN SHARES, SHARES IN THE PARENT COMPANY AND ITS SUBSIDIARIES

On 14 November 2012, the Board of Directors of UGF approved the start of direction and coordination of Fondiaria-SAI S.p.A. (now UnipolSai 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).

having said that, note that the company does not hold, nor has it traded during 2013, any of its own shares or shares in companies belonging to "Gruppo Assicurativo Unipol",

Lastly, we bring to your attention that, effective as of 6 January 2014, Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A. and Premafin HP S.p.A. were merged into Fondiaria - SAI S.p.A., the Company's indirect parent company.

As from that date, Fondiaria - SAI S.p.A. changed its name to UnipolSai Assicurazioni S.p.A., with the shortened version being UnipolSai S.p.A.

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. (now UnipolSai S.p.A.), the 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. (now UnipolSai 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. (now UnipolSai 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.

By contrast, there were reinsurance relationships with Liguria Assicurazioni S.p.A. and Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.), similar to the relations with Fondiaria-SAI S.p.A. (now UnipolSai 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.(both now UnipolSai 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 Unipol Banca S.p.A. and Banca SAI S.p.A. relating to the bank account maintained with them, as well as safekeeping of the securities deposited with them.

The amounts relating to transactions and balances with companies belonging to the “Gruppo assicurativo Unipol” are disclosed in the notes.

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

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:

INSURANCE AND REINSURANCE TRANSACTIONS

	DEBTORS	CREDITORS	PREMIUMS	CLAIMS	PREMIUMS	CLAIMS	COMMISSIONS
FONDIARIA-SAI S.P.A. (NOW UNIPOLSAI S.P.A.) (INDIRECT PARENT COMPANY)							
COINSURANCE TRANS.	-	(795)	-	-	-	-	-
REINSURANCE TRANS.							
- ACTIVE	32	-	(1,684)	(25,717)	9,667	(3,213)	(2,270)
UNIPOL ASSICURAZIONI S.P.A. (NOW UNIPOLSAI S.P.A.) (RELATED COMPANY)							
COINSURANCE TRANS.	157	-	-	-	-	-	-
MILANO ASSICURAZIONI S.P.A. (NOW UNIPOLSAI S.P.A.) (RELATED COMPANY)							
COINSURANCE TRANS.	39	(388)	-	-	-	-	-
REINSURANCE TRANS.							
- ACTIVE	113	(47)	(1,561)	(17,458)	6,915	(2,455)	(1,599)
THE LAWRENCE RE. (RELATED COMPANY)							
REINSURANCE TRANS.							
- PASSIVE	2	-	-	31	-	7	-
LIGURIA ASSICURAZIONI S.P.A. (RELATED COMPANY)							
REINSURANCE TRANS.							
- ACTIVE	-	(40)	(176)	(405)	476	(120)	(106)

(in thousands of euro)

COMMERCIAL TRANSACTIONS

FONDIARIA-SAI S.P.A.

(NOW UNIPOLSAI S.P.A.)
(INDIRECT PARENT COMPANY)

	DEBTORS	CREDITORS	COSTS	REVENUES
- SERVICES	785	(157)	(53)	2,717
- PERSONNEL ON SECONDMENT	-	(3,241)	(3,241)	-

GRUPPO FONDIARIA-SAI SERVIZI S.C.R.L.

(RELATED COMPANY)

- SERVICES	-	(232)	(549)	-
- PERSONNEL ON SECONDMENT	73	-	-	73
- RENTAL INCOME	-	-	-	97

MILANO ASSICURAZIONI S.P.A.

(NOW UNIPOLSAI S.P.A.)
(RELATED COMPANY)

- SERVICES	376	(33)	(10)	1,226
- PERSONNEL ON SECONDMENT	70	(145)	(145)	70

LIGURIA ASSICURAZIONI S.P.A.

(RELATED COMPANY)

- SERVICES	-	-	-	52
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IMMOBILIARE LOMBARDA S.P.A.

(RELATED COMPANY)

- SERVICES	-	(146)	(200)	-
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(in thousands of euro)

FINANCIAL TRANSACTIONS

UNIPOL BANCA S.P.A.

(RELATED COMPANY)

- BANK DEPOSITS	100	-	-	-
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BANCA SAI S.P.A.

(RELATED COMPANY)

- BANK DEPOSITS	670	-	(1)	2
- SAFEKEEPING OF SECURITIES	-	(5)	(24)	-

(in thousands of euro)

FISCAL RELATIONS

FONDIARIA-SAI S.P.A. (NOW UNIPOLSAI S.P.A.)
(INDIRECT PARENT COMPANY)

- TAX GROUP ARRANGEMENTS

	DEBTORS	CREDITORS	COSTS	REVENUES
- TAX GROUP ARRANGEMENTS	3,074	(9,491)	-	-

Key: (...) Creditors/Costs

(in thousands of euro)

PRIVACY POLICY

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.

Unipol Gruppo Finanziario has prepared, in the name of and on behalf of the Group companies, a "Unified data protection policy", which replaces the "Data security plan" (which is no longer required by legislative decree No. 196/2003), that sets out 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. This is also a result of the low number of policies pertaining to the business sector in question.

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 Fondiaria - SAI S.p.A.) (now UnipolSai S.p.A.).

Set out below are additional disclosures to facilitate an assessment of the Company's financial position. This assessment has been performed in accordance with IVASS Regulation No. 20 issued in 2008 and Solvency II legislation (currently being finalised).

Regarding the control of financial risk, this is performed by means of periodic monitoring of the key indicators of exposure to interest rate risk, credit risk, equity risk and liquidity risk.

Interest rate risk

As at 31 December 2013, the duration gap (indicator of exposure to interest rate risk) of Class C investments is 2.54 years.

The table below shows the sensitivity, limited to the bond portfolio, to a parallel shift in yield curves for financial instruments.

RISK SECTOR	BREAKDOWN	DURATION	INCREASE 10 BPS	DECREASE 10 BPS	INCREASE 50 BPS	DECREASE 50 BPS
GOVERNMENT	96.53%	2.63	-272,350	272,350	-1,361,750	1,361,750
FINANCIAL	2.98%	3.41	-10,916	10,916	-54,581	54,581
CORPORATE	0.49%	2.29	-1,216	1,216	-6,080	6,080
BONDS	100.00%	2,65	-284,482	284,482	-1,422,411	1,422,411

Credit risk

Securities portfolio management mainly consists (97.28% of the portfolio) of investment in investment grade securities.

In particular, 5.57% of bonds has a triple A rating, 0.49% has a single A and 93.87% a triple B (mainly consisting of Italian government bonds).

Credit risk is monitored by means of the measurement of the sensitivity of the portfolio to changes in the credit spread.

RATINGS	BREAKDOWN	INCREASE 1 BPS	INCREASE 10 BPS	DECREASE 10 BPS	INCREASE 50 BPS	DECREASE 50 BPS
AAA	5.57%	-263	-2,627	2,627	-13,137	13,137
AA	0.00%	0	0	0	0	0
A	0.49%	-125	-1,248	1,248	-6,239	6,239
BBB	93.87%	-47,710	-477,104	477,104	-2,385,522	2,385,522
NIG	0.07%	-10	-103	103	-514	514
BONDS	100.00%	-48,108	-481,083	481,083	-2,405,413	2,405,413

Equity risk

Equity risk is monitored by analysing the sensitivity of the equity portfolio to fluctuations in equity markets as represented by sectorial indices.

RATINGS	BREAKDOWN	BETA	SHOCK -10%
FUNDS	98.62%	1.05	-287,865
LUXURY GOODS	1.38%	1.03	-4,030
EQUITY MARKET	100.00%	1.05	-291,894

Liquidity risk

The construction of the investment portfolio as coverage for reserves is done by giving a preference to highly liquid financial instruments and by limiting the purchases of securities, for which, due to their specific nature and conditions, there is no guarantee that they can be sold promptly on fair terms.

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 2014 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 2013, together with the following proposed allocation of the net profit of € 3,105,996:

- NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2013	3,105,996 €
- TO THE LEGAL RESERVE, 5%	(155,300) €
- TO EACH OF THE 38,000,000 SHARES, A GROSS DIVIDEND OF € 0.070	(2,660,000) €
- THE BALANCE TO OTHER RESERVES: EXTRAORDINARY RESERVE	(290,696) €
	-

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

Shareholders,

In addition, given that the underlying conditions no longer apply, we submit for your approval the transfer from Other reserves of the balance on the reserve for exchange gains (as per art. 2426, point 8-bis of the Civil Code), of € 81,619, to the extraordinary reserve.

Genoa, 18 March 2014

For the Board of Directors
The Chairman
(Fabio Cerchiai)

ANNUAL ACCOUNTS



“... I like what's
in the work: the
chance to find
yourself..

Joseph Conrad

”



BALANCE SHEETS AS OF 31 DECEMBER 2013 AND 2012

ASSETS	31.12.2013		31.12.2012	
B. INTANGIBLE ASSETS				
5. OTHER DEFERRED COSTS		61		65
C. INVESTMENTS				
C.I PROPERTY				
1. PROPERTY USED FOR BUSINESS PURPOSES	6,502		7,158	
2. PROPERTY USED BY THIRD PARTIES	11,131	17,633	9,849	17,007
C.II INVESTMENTS IN GROUP AND RELATED COMPANIES		41		41
C.III OTHER FINANCIAL INVESTMENTS				
1. SHARES AND QUOTAS	40		250	
2. MUTUAL FUND UNITS	2,506		2,140	
3. BONDS AND OTHER FIXED-INTEREST SECURITIES	104,528		94,772	
4. LOANS	121		80	
6. RESTRICTED DEPOSITS WITH BANKS	2,331	109,526	65	97,307
C.IV DEPOSITS WITH CEDING UNDERTAKINGS		768		1,204
TOTAL		127,968		115,559
D.BIS TECHNICAL RESERVES CARRIED BY REINSURERS				
1. UNEARNED PREMIUMS RESERVE	37,012		31,083	
2. CLAIMS PAYABLE RESERVE	154,619	191,631	186,963	218,046
E. DEBTORS				
E.I RECEIVABLES ARISING OUT OF DIRECT INSURANCE				
1.A DUE FROM POLICYHOLDERS FOR CURRENT PREMIUMS	46,375		40,636	
1.B DUE FROM POLICYHOLDERS FOR PREMIUMS RELATING TO PRIOR YEARS	1,214		2,531	
2. DUE FROM AGENTS AND OTHERS INTERMEDIARIES	3,446		6,279	
3. DUE FROM INSURANCE COMPANIES	3,845	54,880	5,112	54,558
E.II REINSURANCE DEBTORS				
1. INSURANCE AND REINSURANCE COMPANIES	6,137		8,603	
2. REINSURANCE INTERMEDIARIES	3	6,140	561	9,164
E.III OTHER DEBTORS		8,495		5,888
TOTAL		69,515		69,610
F. OTHER ASSETS				
F.I TANGIBLE ASSETS				
1. FURNITURE AND OFFICE MACHINE	198		164	
3. PLANT AND EQUIPMENT	8	206	0	164
F.II CASH AND CASH EQUIVALENTS				
1. BANK ACCOUNTS	3,634		4,356	
2. CHEQUES AND CASH	4	3,638	5	4,361
F.IV OTHER ASSETS				
1. TEMPORARY REINSURANCE ACCOUNTS	0		0	
2. OTHER	4,828	4,828	4,874	4,874
TOTAL		8,672		9,399
G. PREPAYMENTS AND ACCRUED INCOME				
1. INTEREST	772		783	
2. OTHER	152	924	71	854
TOTAL ASSETS		398,771		413,533

(in thousands of euro)

	31.12.2013		31.12.2012		
LIABILITIES AND EQUITY					
A. CAPITAL AND EQUITY RESERVES					
A.I SHARE CAPITAL		38,000		38,000	
A.IV LEGAL RESERVE		1,218		956	
A.VII OTHER RESERVES		13,854		8,873	
A.IX NET PROFIT (LOSS) FOR THE YEAR		3,106		5,243	
TOTAL		56,178		53,072	
B. SUBORDINATED LIABILITIES		0		0	
C. TECHNICAL RESERVES					
1. UNEARNED PREMIUMS RESERVE		45,952		38,726	
2. CLAIMS PAYABLE RESERVE		221,640		258,248	
5. OTHER TECHNICAL RESERVES		1,718	269,310	1,644	298,618
E. PROVISIONS FOR RISKS AND CHARGES					
2. PROVISION FOR TAXATION		1,784		1,559	
3. OTHER PROVISIONS		125	1,909	150	1,709
F. DEPOSITS FROM REINSURERS		147		169	
G. CREDITORS AND OTHERS LIABILITIES					
G.I PAYABLES ARISING OUT OF DIRECT INSURANCE					
1. DUE TO AGENTS AND OTHER INTERMEDIARIES		11,197		17,740	
2. DUE TO INSURANCE COMPANIES		1,975		2,155	
4. GUARANTEE FUNDS IN FAVOUR OF POLICYHOLDERS		3	13,175	0	19,895
G.II REINSURANCE CREDITORS					
1. INSURANCE AND REINSURANCE COMPANIES		26,821		2,024	
2. REINSURANCE INTERMEDIARIES		22	26,843	15,942	17,966
G.VII TERMINATION INDEMNITIES			1,469		1,445
G.VIII OTHER CREDITORS					
1. TAXES PAID BY POLICYHOLDERS		309		698	
2. MISCELLANEOUS TAXES PAYABLE		1,383		411	
3. DUE TO SOCIAL SECURITY AND WELFARE INSTITUTIONS		204		301	
4. SUNDRY CREDITORS		15,414	17,310	7,404	8,814
G.IX OTHER LIABILITIES					
1. TEMPORARY REINSURANCE ACCOUNTS		0		0	
2. COMMISSION ON PREMIUMS TO BE COLLECTED		6,258		5,652	
3. SUNDRY LIABILITIES		6,172	12,430	6,193	11,845
TOTAL		71,227		59,965	
H. DEFERRED INCOME AND ACCRUED LIABILITIES					
1. INTEREST		0		0	
TOTAL LIABILITIES AND EQUITY		398,771		413,533	

(in thousands of euro)

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

I. TECHNICAL ACCOUNT	31.12.2013		31.12.2012	
1. EARNED PREMIUMS, NET OF REINSURANCE				
A. GROSS PREMIUMS WRITTEN	137,590		132,858	
B. OUTWARD REINSURANCE PREMIUMS	(102,506)		(97,647)	
C. CHANGE IN UNEARNED PREMIUM RESERVE	(7,786)		11,856	
D. CHANGE IN UNEARNED PREMIUM RESERVE CARRIED BY REINSURERS	6,231	33,529	(10,509)	36,558
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT		2,190		4,103
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE		6,362		8,166
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE				
A. CLAIMS PAID				
AA. GROSS AMOUNT	(120,569)		(126,591)	
BB. (LESS) CEDED TO REINSURERS	90,401	(30,168)	95,185	(31,406)
B. CHANGE IN RECOVERIES, NET OF REINSURANCE				
AA. GROSS AMOUNT	3,585		1,993	
BB. (LESS) CEDED TO REINSURERS	(2,198)	1,387	(954)	1,039
C. CHANGES IN CLAIMS PAYABLE RESERVE				
AA. GROSS AMOUNT	34,149		(5,168)	
BB. (LESS) CEDED TO REINSURERS	(30,186)	3,963	7,133	1,965
TOTAL		(24,818)		(28,402)
6. PROFIT COMMISSIONS, NET OF REINSURANCE		(185)		(133)
7. OPERATING EXPENSES				
A. ACQUISITION COMMISSIONS	(21,423)		(21,295)	
B. OTHER ACQUISITION COSTS	(2,612)		(2,732)	
D. COLLECTION COMMISSIONS	(33)		(16)	
E. OTHER ADMINISTRATIVE EXPENSES	(7,198)		(7,395)	
F. COMMISSION AND OTHER INCOME FROM REINSURERS	19,714	(11,552)	19,351	(12,087)
8. OTHER TECHNICAL EXPENSES, NET OF REINSURANCE		(1,443)		(4,000)
9. CHANGE IN OTHER TECHNICAL RESERVES		(74)		(71)
UNDERWRITING RESULT		4,009		4,134

(in thousands of euro)

	31.12.2013		31.12.2012	
III. NON-TECHNICAL ACCOUNT				
1. NET INVESTMENT INCOME				
A. INCOME FROM SHARES	0		7	
B. INCOME FROM OTHER INVESTMENTS				
AA. INCOME ON PROPERTIES	860		1,097	
BB. INCOME FROM FINANCIAL INVESTMENTS	2,889		2,453	
C. WRITEBACKS	416		3,480	
D. GAINS ON SALE OF INVESTMENT	1,762	5,927	1,443	8,480
5. CAPITAL AND FINANCIAL CHARGES				
A. INVESTMENT MANAGEMENT CHARGES AND INTEREST EXPENSE	(1,089)		(427)	
B. WRITEDOWNS	(409)		(407)	
C. LOSSES ON SALE OF INVESTMENT	(51)	(1,549)	(19)	(853)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT		(2,190)		(4,103)
7. OTHER INCOME		2,578		2,433
8. OTHER EXPENSES		(2,906)		(2,324)
10. EXTRAORDINARY INCOME		0		440
11. EXTRAORDINARY EXPENSES		(3)		(3)
NON-TECHNICAL RESULT		1,857		4,070
PROFIT (LOSS) BEFORE TAXES		5,866		8,204
14. INCOME TAXES FOR THE YEAR		(2,760)		(2,962)
NET PROFIT (LOSS) FOR THE YEAR		3,106		5,242

(in thousands of euro)



NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2013 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, have been audited by PricewaterhouseCoopers S.p.A., who were appointed as auditors for the three-year period 2013 - 2021, pursuant to current legislation and the shareholders' resolution of 28 November 2013.

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 accounting 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.

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 carrying value is written down in the event of permanent losses.

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

Bonds that the Company intends to keep permanently on its balance sheet are recorded at book value.

The carrying value, which is determined on a weighted moving-average cost basis, is represented by purchase or subscription cost, adjusted to take account of the amount accrued in the year relating to the negative or positive difference between the redemption value and the purchase cost, with separate disclosure of the amount accrued relating to any issue or trading discounts.

Investments in unlisted companies held as long-term investments are booked at purchase cost, determined on a weighted moving-average basis.

The carrying value is written down in the event of permanent losses.

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 payables 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, segment by segment, 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 segments, 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 segment 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.

PROVISIONS FOR RISKS AND CHARGES

These provisions cover known or likely charges, whose timing and extent cannot be determined at year-end.

Provisions reflect the best possible estimates, based on the information available.

CREDITORS

These are stated at their nominal value.

TERMINATION INDEMNITIES

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

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

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

Commitments 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. They are booked net of related taxes and duties collected from policyholders and technical cancellations of securities issued during the year.

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

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

CLAIMS

The gross value of claims includes sums paid for direct and indirect business in settlement and as claim settlement expenses.

The latter, in particular, include personnel costs and the depreciation and amortisation of the tangible and intangible assets used in the management of claims.

INTEREST AND OTHER COSTS AND REVENUES

These are booked on an accruals basis.

DIVIDENDS

Dividends are recorded when collected.

INCOME TAXES

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

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

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

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, paragraph 8 of the Italian Civil Code.

Exchange rates used

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	31.12.2013	31.12.2012	CHANGE %
US DOLLAR	1.3791	1.3194	(4.5)
SWISS FRANC	1.2276	1.2072	(2.0)
BRITISH POUND	0.8337	0.8161	(2.2)
JAPANESE YEN	144.72	113.61	(27.4)

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.

EXEMPTIONS PURSUANT TO ART. 2423, PARAGRAPH 4, OF THE CIVIL CODE

No exemptions have been taken in accordance with the article in question.

SECTION 2 - TAX ADJUSTMENTS AND PROVISIONS

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

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 € 61 thousand (€ 65 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
5. OTHER DEFERRED COSTS	61	65	(4)
	61	65	(4)

(in thousands of euro)

Attachment 4 shows the changes during the year in the above caption, being additions of € 32 thousand and amortisation for the year of € 36 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 € 127,968 thousand (€ 115,559 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
I. PROPERTY	17,633	17,007	626
II. INVESTMENTS IN GROUP AND RELATED COMPANIES	41	41	-
III. OTHER FINANCIAL INVESTMENTS	109,526	97,307	12,219
IV. DEPOSITS WITH REINSURERS	768	1,204	(436)
	127,968	115,559	(12,409)

(in thousands of euro)

C.I "Property" amounts to € 17,633 thousand (€ 17,007 thousand at 31 December 2012) and comprises:

	31.12.2013	31.12.2012	CHANGE
1. PROPERTY USED FOR BUSINESS PURPOSES	6,502	7,158	(656)
2. PROPERTY USED BY THIRD PARTIES	11,131	9,849	1,282
	17,633	17,007	626

(in thousands of euro)

Property is stated net of accumulated depreciation totalling € 4,155 thousand at 31 December 2013 (€ 3,839 thousand at 31 December 2012), all of which refers to property used for business purposes.

The related depreciation charge for the year (€ 316 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 2013, the market value of the above property was estimated to be € 25,600 thousand (€ 25,983 thousand at 31 December 2012).

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.

This increased by € 267 thousand due to work done in the year on improvements and renovation and decreased by € 607 thousand due to a reclassification of a floor of the building to "Property used by third parties" and by a further € 316 thousand due to depreciation.

C.I.2 **"Property used by third parties"** are only for business purposes and include a portion of the building situation at via V Dicembre 3, Genoa.

This increased by € 675 thousand due to work done in the year on improvements and renovation and by € 607 thousand due to a reclassification of a floor of the building from "Property used for business purposes".

These buildings are rented out to third parties subsidiaries of Gruppo Fondiaria SAI Servizi S.c.a.r.l.. Total rents received in 2013 amount to € 832 thousand, of which € 97 thousand relate to subsidiaries of Gruppo Fondiaria SAI Servizi S.c.a.r.l..

No property is subject to finance leasing contracts.

C.II **"Investments in group and other companies"** amount to € 41 thousand (€ 41 thousand at 31 December 2012), with no change since the previous year.

They consist solely of quotas.

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

	31.12.2013	31.12.2012	CHANGE
B) SUBSIDIARY COMPANIES	-	-	-
C) RELATED COMPANIES	40	40	-
E) OTHER	1	1	-
	41	41	-

(in thousands of euro)

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

The definition of related companies makes reference to Art. 5.1c) of Decree 173 of 26 May 1997.
The definition of subsidiary and associated companies makes reference to 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 €109,526 thousand (€97,307 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
1. SHARES AND QUOTAS	40	250	(210)
2. MUTUAL FUND UNITS	2,506	2,139	367
3. BONDS AND OTHER FIXED-INCOME SECURITIES	104,528	94,772	9,756
4. LOANS	121	81	40
6. RESTRICTED DEPOSITS WITH BANKS	2,331	65	2,266
	109,526	97,307	12,219

(in thousands of euro)

As indicated in Attachment 8, the above financial investments are all considered to be short term, with the exception of certain listed government bonds (Buoni del Tesoro Poliennali - maturity 1 March 2024), with a carrying amount of € 2,998 thousand and a market value of € 3,123 thousand that have been allocated to long-term investments.

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 2013 of “Other financial investments” is € 2,955 thousand (€ 1,353 thousand at 108 December 31) 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:

	SHARES AND QUOTAS	MUTUAL FUND UNITS	BONDS AND OTHER FIXED-INCOME SECURITIES
OPENING BALANCE	250	2,139	94,772
PURCHASES	155	-	149,940
WRITEBACKS	-	367	49
ISSUE DISCOUNTS	-	-	230
GAINS ON REDEMPTION	-	-	19
LOSSES ON REDEMPTION	-	-	(69)
SALES AND REDEMPTIONS	(313)	-	(140,061)
VALUE ADJUSTMENTS	(52)	-	(41)
EXCHANGE DIFFERENCES	-	-	(311)
CLOSING BALANCE	40	2,506	104,528

(in thousands of euro)

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

	31.12.2013	31.12.2012	CHANGE
A) LISTED SHARES	40	250	(210)
	40	250	(210)

(in thousands of euro)

“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 2012) compared with their year-end market value.

C.III.2 “Mutual fund units” comprise open-end funds invested in shares totalling € 2,500 thousand, and € 6 thousand invested in a foreign Sicav monetary fund.

See the comment in note C.III.1 for the increase in this caption, which was essentially due to the writebacks on these quotas.

Their book value is € 387 thousand (€ 8 thousand at 31 December 2012) lower than their year-end market value.

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

	31.12.2013	31.12.2012	CHANGE
A) LISTED	104,437	94,658	9,779
B) UNLISTED	64	87	(23)
C) CONVERTIBLE BONDS	27	27	-
	104,528	94,772	9,756

(in thousands of euro)

Their book value is € 2,866 thousand (€ 1,345 thousand at 31 December 2012) lower than their year-end market value.

"Bonds and other fixed-income securities" denominated in euro total € 98,547 thousand, while those in other currencies (exclusively US dollars) amount to € 5,981 thousand.

They comprise investments earning interest at fixed rates, € 61,732 thousand, and floating rates, € 42,796 thousand.

Listed "Bonds and other fixed-income securities" include government and corporate securities totalling € 100,959 thousand and € 3,478 thousand, respectively.

The issue discounts relating to this caption are positive for € 238 thousand and negative for € 28 thousand, while trading discounts amount to € 1 thousand.

An analysis of significant positions by issuer is presented below:

ISSUER	LISTED/ UNLISTED	AMOUNT
ITALIAN GOVERNMENT	LISTED	94,977
INVESTMENTS EUROPEAN BANK	LISTED	3,808
WORLD BANK	LISTED	2,173
CASSA DEPOSITI E PRESTITI	LISTED	1,977
INTESA SAN PAOLO	LISTED/ UNLISTED	1,008

(in thousands of euro)

Note that the bonds and other fixed-income securities have been measured without recourse to the option (provided for by IVASS Regulation 43 of 12 July 2012) to measure them at other than market value.

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. This balance increased significantly due to liquidity in US dollars that became available close to the year end for a very short time.

The balance includes an amount of € 65 thousand relating to a restricted deposit that has been provided as security on our behalf and for the same amount by a German bank in connection with insurance business conducted in Germany.

This amount has been disclosed in the memorandum accounts under “Guarantees given”.

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 € 768 thousand (€ 1,204 thousand at 31 December 2012) and have decreased by € 436 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 € 191,631 thousand (€ 218,046 thousand at 31 December 2012) and consist of:

	31.12.2013	31.12.2012	CHANGE
1. UNEARNED PREMIUMS RESERVE	37,012	31,083	5,929
2. CLAIMS PAYABLE RESERVE	154,619	186,963	(32,344)
	191,631	218,046	(26,415)

(in thousands of euro)

The changes in this caption are the same as though affecting “Technical reserves”. Accordingly, reference is made to Section 10 for the related discussion.

The amount of these reserves carried by related companies (solely The Lawrence Re) is € 31 thousand, consisting entirely of a claims reserve, while there is no reserve carried by Fondiaria – SAI S.p.A. (indirect parent company).

SECTION 5 - DEBTORS (CAPTION E)

E. "Debtors" total € 69,515 thousand (€ 69,610 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
I. RECEIVABLES ARISING OUT OF DIRECT INSURANCE	54,881	54,558	323
II. REINSURANCE DEBTORS	6,140	9,164	(3,024)
III. OTHER DEBTORS	8,494	5,888	2,606
	69,515	69,610	(95)

(in thousands of euro)

E.I "Receivables arising out of direct insurance" amount to € 54,881 thousand (€ 54,558 thousand at 31 December 2012) and are due from:

	31.12.2013	31.12.2012	CHANGE
1.A DUE FROM POLICYHOLDERS FOR CURRENT PREMIUMS	46,375	40,636	5,739
1.B DUE FROM POLICYHOLDERS FOR PREMIUMS RELATING TO PRIOR YEARS	1,215	2,531	(1,316)
2. DUE FROM AGENTS AND OTHER INTERMEDIARIES	3,446	6,279	(2,833)
3. DUE FROM INSURANCE COMPANIES	3,845	5,112	(1,267)
	54,881	54,558	323

(in thousands of euro)

E.I.1 "Due from policyholders" for current and prior year premiums amount in total to € 47,590 thousand (€ 43,167 thousand at 31 December 2012) and are shown net of the related provision for doubtful accounts, which amounts to € 489 thousand (€ 469 thousand at 31 December 2012).

"Due from policyholders" were written down by € 50 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 € 30 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 € 27,026 thousand in premium instalments not yet due for the Hull and related third-party liability sectors (€ 21,943 thousand at 31 December 2012).

E.I.2 **“Due from agents and other intermediaries”** are stated net of a writedown of € 49 thousand (€ 273 thousand at 31 December 2012).

“Due from agents and other intermediaries” were not written down during the year, after an analytical valuation.

At the same time, the provision for doubtful accounts was reduced by € 224 thousand as a result of changes in estimates; this amount was charged to “Other income” in the statement of income.

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 € 1,162 thousand (€ 800 thousand at 31 December 2012).

“Due from insurance companies” were written down during the year by € 500 thousand, given that they were considered uncollectible after a general 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 € 136 thousand for the amounts released from it, which were booked to “Other income” in the statement of income.

Moreover, this provision was decreased by € 2 thousand to take account of exchange losses, debited to “Other expenses”, in relation to amounts recorded in foreign currencies (essentially US dollars).

This balance does not include any amounts due from the indirect parent company, whereas amounts due from related companies consist of € 157 thousand due from Unipol assicurazioni S.p.A. and € 39 thousand due from Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.).

E.II **“Reinsurance debtors”** amount to € 6,140 thousand (€ 9,164 thousand at 31 December 2012) and are due from:

	31.12.2013	31.12.2012	CHANGE
1. INSURANCE AND REINSURANCE COMPANIES	6,137	8,603	(2,466)
2. REINSURANCE INTERMEDIARIES	3	561	(558)
	6,140	9,164	(3,024)

(in thousands of euro)

E.II.1 Reinsurance receivables from **“Insurance and reinsurance companies”** are stated net of a provision of € 2,427 thousand (€ 2,223 thousand at 31 December 2012) which relates solely to reinsurance current accounts.

During the year, on having computed the general and specific provisions that were needed for doubtful

accounts, additional provisioning was made of € 500 thousand and € 15 thousand, respectively and was charged to the statement of income under "Other expenses".

At the same time, the provision for doubtful accounts was reduced by € 304 thousand as a result of changes in estimates; this amount was charged to "Other income" in the statement of income.

Moreover, this provision was decreased by € 7 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 € 32 thousand due from Fondiaria-SAI S.p.A. (now UnipolSai S.p.A.), the indirect parent company, and of € 113 thousand due from the related company Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.), for active reinsurance.

They also include amounts due from related companies, € 5 thousand for passive reinsurance (business ceded) (Pronto Assistance S.p.A. for € 3 thousand and The Lawrence Re. € 2 thousand).

E.II.2 Receivables due from "**Reinsurance intermediaries**" include the direct business with them and have not been written down (€ 50 thousand at 31 December 2012).

The above mentioned provision was reduced by € 50 thousand as a result of changes in estimates; this amount was charged against "Other income" in the statement of income

The reduction in the balance is primarily due to a more appropriate classification of amounts previously recorded therein to amounts due from "Insurance and reinsurance companies".

E.III "**Other debtors**" amount to € 8,494 thousand (€ 5,888 thousand at 31 December 2012). Their main components are shown below:

	31.12.2013	31.12.2012	CHANGE
DUE FROM THE INDIRECT PARENT COMPANY	3,859	1,640	2,219
DUE FROM THE TAX AUTHORITIES	3,454	3,151	303
DEPOSITS WITH CLEARING HOUSES	664	501	163
DUE FROM RELATED COMPANIES	376	381	(5)
DUE FROM TENANTS	88	3	85
DUE FROM GUARANTORS	26	168	(142)
GUARANTEE FUNDS IN FAVOUR OF POLICYHOLDERS	14	14	-
OTHER RECEIVABLES	13	30	(17)
	8,494	5,888	2,606

(in thousands of euro)

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.

The amounts due from the indirect parent company Fondiaria – SAI S.p.A. (now UnipolSai S.p.A.) include:

- operating costs of € 785 thousand incurred on behalf of that company and therefore recharged to it;
- € 3,074 thousand in tax credits as part of the Group tax return, as mentioned above. They include:
 - € 1,626 thousand of excess IRES advances paid in 2008 and never offset;
 - € 800 thousand, of taxes paid abroad since 2008 (in Germany, only in previous years) and recoverable in Italy;
 - They include an amount of € 440 thousand 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;
 - € 151 thousand, of withholding tax paid;
 - € 57 thousand, of higher IRAP paid in previous years, the reimbursement of which was requested in 2009.

Amounts due from the tax authorities include € 3,243 thousand receivable from the Italian tax authorities and € 211 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:

- € 1,686 thousand for the tax advance on insurance policies paid in May 2013 (partially used to offset the tax bill due in February 2014 for the previous year),
- € 1,541 thousand for direct taxes (including € 731 thousand due to be reimbursed and € 810 thousand of Irap advances paid during 2013);
- € 13 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, SIAT has transferred its tax credits to the indirect parent company to be deducted from the Group tax liability. The amount concerned, € 3,074 thousand, has therefore been reclassified to the caption described above.

Amounts due from the Tax Authorities of other European countries, concern mainly Germany (€ 205 thousand).

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 include operating costs incurred on behalf of Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.), and billed to it.

Amounts due from tenants relate to rents and expenses.

Amounts due from guarantors consist of amounts deposited therewith for bonds issued by them to third parties relating to claims pertaining to the "Hulls" sector in connection with a collision or a rescue. The related amount has been disclosed in the memorandum accounts under "Guarantees given".

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

SECTION 6 - OTHER ASSETS (CAPTION F)

F. "Other assets" total € 8,671 thousand (€ 9,398 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
I. TANGIBLE ASSETS	206	164	42
II. CASH AND CASH EQUIVALENTS	3,638	4,360	(722)
IV. OTHER ASSETS	4,827	4,874	(47)
	8,671	9,398	(727)

(in thousands of euro)

F.I. "Tangible assets" of € 206 thousand, are stated net of accumulated depreciation at year-end of € 1,706 thousand, as analysed below:

	GROSS VALUE	ACCUMULATED DEPRECIATION	BOOK VALUE
1. FURNITURE AND OFFICE MACHINES	1,693	(1,495)	198
2. PUBLICLY REGISTERED ASSETS	15	(15)	-
3. PLANT AND EQUIPMENT	204	(196)	8
	1,912	(1,706)	206

(in thousands of euro)

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:

	GROSS VALUE			BALANCE AT 31.12.2013
	BALANCE AT 31.12.2012	INCREASE	DECREASE	
1. FURNITURE AND OFFICE MACHINES	1,591	102	-	1,693
2. PUBLICLY REGISTERED ASSETS	15	-	-	15
3. PLANT AND EQUIPMENT	195	9	-	204
	1,801	111	-	1,912

(in thousands of euro)

Accumulated depreciation amounts to € 1,706 thousand (€ 1,637 thousand at 2012). ADRIANA
During the year it increased by € 68 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 € 3,638 thousand (€ 4,360 thousand at 31 December 2012)
and consist of:

	31.12.2013	31.12.2012	CHANGE
1. BANK ACCOUNTS	3,634	4,355	(721)
2. CHEQUES AND CASH	4	5	(1)
	3,638	4,360	(722)

(in thousands of euro)

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) and Unipol Banca S.p.A. amounted to € 670 thousand
and € 100 thousand respectively.

F.IV "Other assets" amount to € 4,835 thousand (€ 4,874 thousand at 31 December 2012) and consist of:

	31.12.2013	31.12.2012	CHANGE
2. OTHER	4,827	4,874	(47)
	4,827	4,874	(47)

(in thousands of euro)

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

	31.12.2013	31.12.2012	CHANGE
DEFERRED TAX ASSETS	2,322	2,332	(10)
DUE FROM TAX AUTHORITIES FOR DISPUTED TAX CLAIM	2,055	2,055	-
DUE FROM RELATED COMPANIES	143	144	(1)
INSURANCE EXCESSES AND AMOUNTS TO BE RECOVERED FROM POLICYHOLDERS	119	51	68
DISBURSEMENTS FOR ACCIDENT CLAIMS TO BE SETTLED	111	254	(143)
OTHER	77	38	39
	4,827	4,874	(47)

(in thousands of euro)

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 reasonably likely.

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.

Receivables from related companies, € 70 thousand from Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.) and € 73 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".

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.

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 € 924 thousand (€ 854 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
1. INTEREST	772	783	(11)
3. OTHER	152	71	81
	924	854	70

(in thousands of euro)

They are analysed as follows:

	ACCRUED INCOME	PREPAYMENTS	TOTAL
1. INTEREST	772	-	772
3. OTHER	-	152	152
	772	152	924

(in thousands of euro)

Accrued interest income solely concerns bonds and other fixed-income securities.

Other prepayments relate to various operating expenses referring to future periods (€ 150 thousand) and insurance premiums (€ 2 thousand).

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



BALANCE SHEET - LIABILITIES AND EQUITY

SECTION 8 - CAPITAL AND EQUITY RESERVES (CAPTION A)

A. As at 31 December 2013 these amount to € 56,178 thousand (€ 53,072 thousand at 31 December 2012) and consist of:

	31.12.2013	31.12.2012	CHANGE
I. SUBSCRIBED SHARE CAPITAL	38,000	38,000	-
IV. LEGAL RESERVE	1,218	956	262
VII. OTHER RESERVES	13,854	8,873	4,981
IX. NET PROFIT (LOSS) FOR THE YEAR	3,106	5,243	(2,137)
	56,178	53,072	3,106

(in thousands of euro)

The changes during the year are summarised as follows:

	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 AUTHORISED AT THE SHAREHOLDERS' MEETING HELD ON 22 APRIL 2013:					
- TO LEGAL RESERVE	-	262	-	(262)	-
- TO OTHERS RESERVE	-	-	4,981	(4,981)	-
NET PROFIT FOR 2013	-	-	-	3,106	3,106
BALANCE AT 31.12.2013	38,000	1,218	13,854	3,106	56,178

(in thousands of euro)

As required by Art. 2427-bis of the Italian Civil Code, the following table analyses the various items included in equity at 31 December 2013, explaining their origin, possible use and availability for distribution or other purposes:

CAPTION	AMOUNT	POSSIBLE USE	AVAILABLE AMOUNT
I. SUBSCRIBED SHARE CAPITAL	38,000	-	-
IV. LEGAL RESERVE	1,218	B	-
VII. OTHER RESERVES			
- RESERVE FOR LOSSES	1,953	A, B, C	1,953
- EXTRAORDINARY RESERVE	11,820	A, B, C	11,820
- RESERVE FOR EXCHANGE GAINS	81	B	81

Key: A: for increase in capital

B: to cover losses

C: for distribution to shareholders

(in thousands of euro)

None of these reserves has been used in the last three years (including 2013).

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 € 1,218 thousand following an increase of € 262 thousand during the year on allocation of part of the net profit for 2012, as required by art. 2430 of the Italian Civil Code.

A.VII "Other reserves" amount to € 13,854 thousand after the following changes during the year:

	BALANCE AT 31.12.2012	INCREASE	DECREASE	BALANCE AT 31.12.2013
RESERVE FOR LOSSES	1,953	-	-	1,953
EXTRAORDINARY RESERVE	6,835	4,985	-	11,820
RESERVE FOR EXCHANGE GAINS (ART. 2426-BIS CIVIL CODE)	85	-	(4)	81
	8,873	4,985	(4)	13,854

(in thousands of euro)

The changes for the year in the extraordinary reserve and in the reserve for exchange gains were made in accordance with a resolution passed by the Shareholders' Meeting on 22 April 2013 that was held to approve the financial statements for the year ended 31 December 2012.

SECTION 9 - SUBORDINATED LIABILITIES (CAPTION B)

B. As in 2008, there are no subordinated liabilities at 31 December 2013.

SECTION 10 - TECHNICAL RESERVES (CAPTION C.I)

C.I "Technical provisions" at 31 December 2013 amount to € 269,310 thousand (€ 298,617 thousand at 31 December 2012) and consist of:

	31.12.2013	31.12.2012	CHANGE
1. UNEARNED PREMIUMS RESERVE	45,951	38,726	7,225
2. CLAIMS PAYABLE RESERVE	221,641	258,247	(36,606)
5. OTHER TECHNICAL RESERVES	1,718	1,644	74
	269,310	298,617	(29,307)

(in thousands of euro)

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. (now UnipolSai S.p.A.), includes € 1,684 thousand in unearned premiums and € 25,717 thousand for claims.

The amount carried by related companies for active reinsurance transactions comes to € 1,737 thousand (Milano Assicurazioni S.p.A., now UnipolSai S.p.A., € 1,561 thousand and Liguria Assicurazioni S.p.A., € 176 thousand), while the claims payable reserve carried by them totals € 17,863 thousand (Milano Assicurazioni S.p.A., now UnipolSai S.p.A., € 17,458 thousand and Liguria Assicurazioni S.p.A., € 405 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 € 45,951 thousand (€ 38,726 thousand at 31 December 2012) and has been calculated in accordance with IVASS Regulation 16 of 4 March 2008.

This is made up as follows:

	31.12.2013	31.12.2012	CHANGE
FOR APPORTIONED PREMIUMS	45,146	38,153	6,993
FOR UNEXPIRED RISKS	805	573	232
	45,951	38,726	7,225

(in thousands of euro)

The increase in the balance is attributable to a corresponding rise in premiums earned in the year (which, among other, include a number of policies lasting more than one year).

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

UNEARNED PREMIUMS RESERVE

BUSINESS SECTOR	DIRECT BUSINESS	INDIRECT BUSINESS	TOTAL
ROLLING STOCK	13	44	57
HULL	39,412	1,776	41,188
MARINE CARGO	1,325	558	1,883
FIRE	867	-	867
OTHER PROPERTY DAMAGE	51	4	55
MOTOR THIRD-PARTY LIABILITY	632	632	1,264
GENERAL THIRD-PARTY LIABILITY	321	55	376
BOND INSURANCE	15	-	15
PECUNIARY LOSSES	246	-	246
	42,882	3,069	45,951

(in thousands of euro)

With regard to the unearned premiums reserve for direct business, the above amounts include € 805 thousand for unexpired risks (€ 573 thousand at 31 December 2012).

It relates to Motor third-party liability (€ 400 thousand), Cargo (€ 330 thousand), General third-party liability (€ 50 thousand) and Pecuniary losses (€ 25 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, € 867 thousand has been added to the apportioned premium reserve against risks related to previous years for natural disasters and € 15 thousand against deposits.

C.I.2 The “**Claims payable reserve**” amounts to € 221,641 thousand. € (258,247 thousand € at 31 December 2012) and has been determined based on the IVASS Regulation 16 of 4 March 2008.

This is made up as follows:

	31.12.2013	31.12.2012	CHANGE
FOR REIMBURSEMENTS AND DIRECT COSTS	180,675	220,012	(39,337)
FOR SETTLEMENT COSTS	13,126	16,202	(3,076)
FOR ACCIDENTS OCCURRED, BUT NOT REPORTED	27,840	20,033	7,807
	221,641	258,247	(36,606)

(in thousands of euro)

The reduction in the total balance is primarily related to the payment of claims covered by the reserve at the previous year end, in connection with which a significant surplus adequacy arose.

The payment, which related to two claims pertaining to the Hulls sector and a claim pertaining to the Marine Cargo sector, resulted in an overall fall in the reserve of € 32,002 thousand.

Moreover, in consideration of the rather modest retention in connection with the above claims, the above mentioned surplus was transferred to the corresponding reinsurance companies.

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 business sector, bearing in mind how it has evolved from prior generations to the year under review.

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

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

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

C.I.5 **"Other technical reserves"** amount to € 1,718 thousand (€ 1,644 thousand at 31 December 2012) after the following changes during the year:

	BALANCE AT 31.12.2012	INCREASE	DECREASE	BALANCE AT 31.12.2013
EQUALISATION RESERVE FOR NATURAL DISASTERS	1,642	74	-	1,716
COMPENSATION RESERVE	2	-	-	2
	1,644	74	-	1,718

(in thousands of euro)

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 € 1,909 thousand (€ 1,709 thousand at 31 December 2012) and are made up as follows:

	31.12.2013	31.12.2012	CHANGE
2. PROVISION FOR TAXATION	1,784	1,559	225
3. OTHER PROVISIONS	125	150	(25)
	1,909	1,709	200

(in thousands of euro)

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

E.2 The **“Provision for taxation”** includes a provision of € 934 thousand for disputes with the tax authorities and a provision of € 500 thousand relating to expected defence costs and other potential liabilities in relation to the tax dispute detailed below.

In addition, it includes a deferred taxation provision of € 350 thousand in connection with amounts that will become payable in future years.

Deferred tax assets 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 IRAP payable, which was previously included in “Provision for taxation”, as from the year just ended, has been more appropriately classified in caption G.VIII.2 “Miscellaneous taxes payable”.

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.

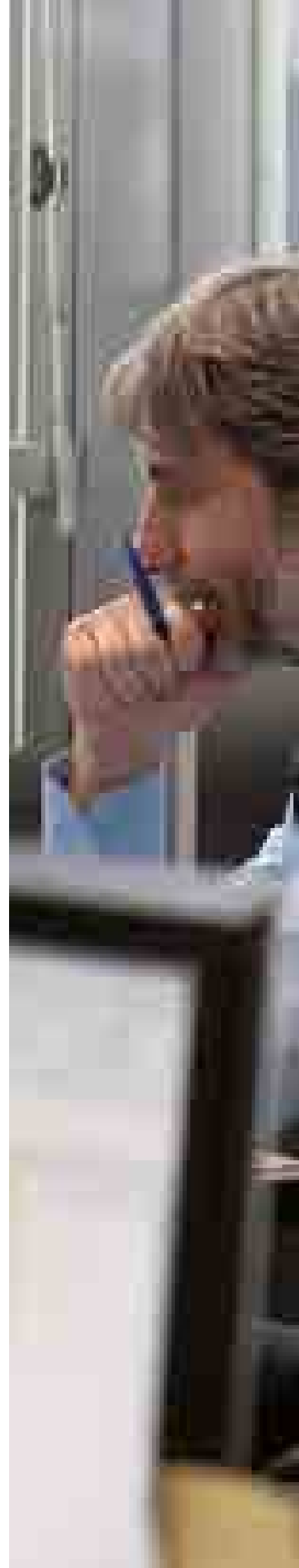
With regard to these co-insurance relationships, the company has always followed the tax approach adopted by the insurance industry over the past decades, which does not envisage and has never envisaged that these transactions be subjected to VAT.

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 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"), again, in connection with indirect taxation pertinent to coinsurance relationships, 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. In November 2013 the Tax Commission accepted the above appeal.

Lastly, it should be noted that in December 2013, based on an audit carried out by the Tax Police in 2009, the Tax Authorities issued an assessment for the 2008 tax year as well, again, in connection with indirect taxation pertinent to coinsurance relationships, amounting to € 1,193 thousand (inclusive of interest and penalties up to the beginning of December 2013).

In January 2014, in relation to the foregoing, payment was made of one third of the additional tax assessed plus interest, amounting to € 255 thousand.

Similarly to what was done for prior tax years, again for 2008, an appeal was filed (in February 2014) and the same considerations that were previously made for the 2006 and 2007 tax years thus apply here.

E.3 **“Other provisions”** mainly include expenses related to liabilities to personnel.

During the year, an amount was used of € 25 thousand, with an opposite entry to “Other income”.

F. **“Deposits from reinsurers”** amount to € 147 thousand (€ 169 thousand at 31 December 2012), down by € 22 thousand compared with the previous year.

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

SECTION 13 - CREDITORS AND OTHER LIABILITIES (CAPTION 13)

G. **“Creditors and other liabilities”** amount to € 71,227 thousand (€ 59,966 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
I. PAYABLES ARISING OUT OF DIRECT INSURANCE	13,175	19,895	(6,720)
II. REINSURANCE CREDITORS	26,843	17,966	8,877
VII. TERMINATION INDEMNITIES	1,469	1,446	23
VIII. OTHER CREDITORS	17,310	8,814	8,496
IX. OTHER LIABILITIES	12,430	11,845	585
	71,227	59,966	11,261

(in thousands of euro)

G.I **“Payables arising out of direct insurance”** amount to € 13,175 thousand (€ 19,895 thousand at 31 December 2012) and consist of:

	31.12.2013	31.12.2012	CHANGE
1. DUE FROM AGENTS AND OTHER INTERMEDIARIES	11,197	17,740	(6,543)
2. DUE TO INSURANCE COMPANIES	1,975	2,155	(180)
4. GUARANTEE FUNDS IN FAVOUR OF POLICYHOLDERS	3	-	3
	13,175	19,895	(6,720)

(in thousands of euro)

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 € 795 thousand due to the indirect parent company Fondiaria - SAI S.p.A. (now UnipolSai S.p.A.) and € 388 thousand due to Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.).

G.II **"Reinsurance creditors"** amount to € 26,843 thousand (€ 17,966 thousand at 31 December 2012) and are due to:

	31.12.2013	31.12.2012	CHANGE
1. INSURANCE AND REINSURANCE COMPANIES	26,821	2,024	24,797
2. REINSURANCE INTERMEDIARIES	22	15,942	(15,920)
	26,843	17,966	8,877

(in thousands of euro)

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

The balance increased significantly, mainly due to a more appropriate reclassification to this caption of amounts previously recorded in amounts payable to "Reinsurance intermediaries".

The payables include, among other things, an amount of € 19,433 thousand (€ 858 thousand at 31 December 2012 plus € 14,413 thousand previously classified as amounts payable to "Reinsurance intermediaries", as stated above) relating to apportioned premiums not yet expired in respect of the Hulls and related Third-party liability insurance sectors.

Part of these apportioned premiums have been recorded as a reduction of the corresponding asset caption relating to reinsurance transactions, where the intermediary concerned has a residual liability to the company.

They also include € 47 thousand and € 40 thousand of due to Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.) and Liguria Assicurazioni S.p.A. respectively for active reinsurance.

G.II.2 Reinsurance payables deriving from transactions with **"Reinsurance intermediaries"** include the direct relationship with them.

The significant reduction in the balance is primarily due to a more appropriate classification of amounts previously recorded therein to amounts payable to "Insurance and reinsurance companies".

G.VII **“Termination indemnities”** amount to € 1,469 thousand (€ 1,446 thousand at 31 December 2012) 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 € 17,310 thousand (€ 8,814 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
1. TAXES PAID BY POLICYHOLDERS	309	698	(389)
2. MISCELLANEOUS TAXES PAID	1,383	411	972
3. DUE TO SOCIAL SECURITY AND WELFARE INSTITUTIONS	204	301	(97)
4. SUNDRY CREDITORS	15,414	7,404	8,010
	17,310	8,814	8,496

(in thousands of euro)

G.VIII.1 **“Taxes paid by policyholders”** include the amount due to the Tax Authorities on insurance policies (€ 278 thousand), net of advances paid during the year.

This amount was duly paid over in January 2014.

The total also includes € 31 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”** mainly include IRAP payable of € 600 thousand and a payable of € 496 thousand relating to the additional extraordinary IRES charge of 8,50% for 2013.

In particular, the transfer of the latter is not allowed for the purpose of the Group’s tax group arrangements.

In addition, they also include the VAT balance of € 107 thousand and taxes for which the Company has acted as withholding agent of € 180 thousand.

These amounts were duly paid over in early 2014.

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 2014.

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

	31.12.2013	31.12.2012	CHANGE
DUE TO THE INDIRECT PARENT COMPANY	12,915	6,111	6,804
DUE TO SUPPLIERS	1,556	832	724
DUE TO RELATED COMPANIES	561	-	561
DUE TO SHAREHOLDERS FOR DIVIDENDS	266	301	(35)
DUE TO CORPORATE OFFICE BEARERS	62	109	(47)
OTHERS	54	51	3
	15,414	7,404	8,010

(in thousands of euro)

The amount due to the indirect parent company Fondiaria – SAI S.p.A. (now UnipolSai S.p.A.) includes € 9,491 thousand, which, following the company's inclusion in the domestic tax group arrangements, is payable thereto for IRES for the year just ended and for prior years.

In addition, it includes € 3,398 thousand relating to personnel on secondment (€ 3,241 thousand), primarily for the management of the Group's "Marine Hub", as well as the balance due for services provided (€ 157 thousand).

Lastly, it includes an amount of € 26 thousand withheld from employees for policies taken out by them and which has not yet been paid to the indirect parent company.

The increase in the balance is partly due to an amount payable for personnel on secondment, as commented upon above, which was previously included in "Sundry liabilities".

The balance due to suppliers has increased mainly due to significant renovation work being carried out on certain floors of the freehold building.

Amounts due to related companies are for services provided by them and relate to Gruppo Fondiaria – SAI Servizi S.c.r.l. (€ 232 thousand), Immobiliare Lombarda S.p.A. (€ 146 thousand), Milano Assicurazioni S.p.A., now UnipolSai S.p.A. (€ 33 thousand) and Banca SAI (€ 5 thousand).

In addition, this also includes € 145 thousand for personnel on secondment of Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.).

Previously, they were booked to "Sundry liabilities".

Amounts due to corporate officers relate to the Board of Directors.

G.IX "Other liabilities" amount to € 12,430 thousand (€ 11,845 thousand at 31 December 2012) and comprise:

	31.12.2013	31.12.2012	CHANGE
2. COMMISSION ON PREMIUMS TO BE COLLECTED	6,258	5,652	606
3. SUNDRY LIABILITIES	6,172	6,193	(21)
	12,430	11,845	585

(in thousands of euro)

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

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

	31.12.2013	31.12.2012	CHANGE
DUE TO REINSURERS AND CO-INSURERS	4,483	549	3,934
DUE TO THIRD PARTIES	1,168	467	701
DUE TO EMPLOYEES	521	300	221
DUE TO THE INDIRECT PARENT COMPANY	-	4,058	(4,058)
DUE TO RELATED COMPANIES	-	469	(469)
DEFERRED TAX LIABILITIES	-	350	(350)
	6,172	6,193	(21)

(in thousands of euro)

Amounts due to reinsurers and co-insurers refer to:

- € 3,892 thousand of amounts recovered from policyholders payable thereto. Of these, € 2,888 thousand relates to the Marine Cargo business sector and € 1,004 thousand relates to the Hulls sector;
- € 511 thousand relating to underwriting transactions entered into therewith, for which no documentation exists yet in support of the payable;
- € 80 thousand relating to amounts owed thereto for insurance excesses and amounts to be recovered from policyholders recorded under "Other assets".

The considerable increase in this balance mainly relates to a significant amount collected from policyholders relating to the Marine Cargo business sector that was recovered close to the year end.

Amounts due to third parties relate to invoices to be received for goods or services supplied at the end of the year.

The increase in the balance is mainly attributable to renovation work on the freehold building that has been completed but not yet invoiced.

Amounts due to employees include an amount of € 303 thousand relating to holidays accrued but not yet taken, with the remaining balance made up of sundry items.

Amounts due to the indirect parent company and to related companies, as well as deferred tax liabilities, do not include any components that merit a more appropriate classification. In particular, the former have been included in "Other creditors," while the balance of deferred tax liabilities has been recorded in the "Provision for taxation".

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

H.I "Deferred income and accrued liabilities" amount to zero (as in 2012).

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 - RECEIVABLES AND PAYABLES

No payables are secured on the assets of the company.

Receivables and payables 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:

CAPTION	DUE BEYOND 12 MONTHS	OF WHICH: DUE BEYOND 5 YEARS
ASSETS		
C.III.4 LOANS		
C) OTHER LOANS	107	-
E.3 OTHER DEBTORS	440	-

(in thousands of euro)

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 receivables and payables by geographical area:

	ITALY	OTHER E.U. COUNTRIES	OTHER NON E.U. COUNTRIES	TOTAL
E. RECEIVABLES				
E.1 RECEIVABLES ARISING OUT OF DIRECT INSURANCE	30,952	14,901	9,028	54,881
E.2 REINSURANCE DEBTORS	744	3,470	1,926	6,140
E.3 OTHER DEBTORS	7,618	876	-	8,494
TOTAL	39,314	19,247	10,954	69,515

(in thousands of euro)

	ITALY	OTHER E.U. COUNTRIES	OTHER NON E.U. COUNTRIES	TOTAL
G. CREDITORS				
G.I PAYABLES ARISING OUT OF DIRECT INSURANCE	12,328	847	-	13,175
G.II REINSURANCE CREDITORS	3,474	16,756	6,613	26,843
G.VIII OTHER CREDITORS	17,041	269	-	17,310
TOTAL	32,843	17,872	6,613	57,328

(in thousands of euro)

SECTION 17 - GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

"Guarantees, commitments and other memorandum accounts" comprise:

	31.12.2013	31.12.2012	CHANGE
I. GUARANTEES GIVEN	97	6	91
III. GUARANTEES GIVEN BY THIRD PARTIES IN THE INTEREST OF THE COMPANY	855	789	66
VII. SECURITIES WITH THIRD PARTIES	107,115	97,203	9,912

(in thousands of euro)

I. **"Guarantees given"** relate to guarantees provided by the Company, in the form of cash and securities, to third parties in connection with the conduct of its insurance activities.

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 in connection with insurance activities.

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 € 98,567 thousand.

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

There were no dealings in derivative contracts during the year.

There were no derivative contracts outstanding at 31 December 2013.

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

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"** amounted to € 33,530 thousand, of which € 26,012 thousand of direct business and € 7,518 thousand of 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 € 9,667 thousand transferred in full by Fondiaria - SAI S.p.A. (now UnipolSai S.p.A.), in relation to sectors within the "Maritime and Cargo insurance" segment, following the creation of the Marine Hub.

In addition, in a similar context, premiums totalling € 7,391 thousand have been accepted from related companies, namely € 6,915 thousand from Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.) and € 476 thousand from Liguria Assicurazioni S.p.A..

I.1.b "Premiums transferred for reinsurance" do not include any premiums transferred to the indirect parent company or to related companies.

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

	GROSS	REINSURED	NET
UNEARNED PREMIUMS RESERVE AT 31.12.2012	(38,726)	31,083	(7,643)
UNEARNED PREMIUMS RESERVE AT 31.12.2013	45,951	(37,012)	8,939
NET EXCHANGE DIFFERENCES	561	(442)	119
PORTFOLIO MOVEMENTS, NET	-	139	139
	7,786	(6,232)	1,554

(in thousands of euro)

The increase in the gross amount of the unearned premiums reserve is related to the rise in production during 2013 compared with the previous year.

I.2 The "Share of profit from investments transferred from the non-technical account " amounts to € 2,190 thousand and was determined in accordance with the criteria envisaged in art. 22 of ISVAP Regulation 22 of 4 March 2008.

The investment return, determined in order to calculate the above amount, comprises the sum of the investment income and related 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 2013 financial statements, this ratio amounted to 50.0% (53.8% in the 2012 financial statements).

I.3 "**Other technical income, net of recoveries and reinsurance**" amounts to € 6,362 thousand and includes € 2,608 thousand of income deriving from technical services provided to Group companies, including € 1,824 thousand to Fondiaria - SAI S.p.A. (now UnipolSai S.p.A.), € 732 thousand and to Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.) € 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 (€ 410 thousand), as well as the reversal of commission expense on prior-year premiums that were cancelled (€ 77 thousand) and use of the provision for doubtful accounts from policyholders (€ 30 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 € 24,819 thousand.

I.4.a Gross "Amounts paid" include those relating to the reinsurance business accepted from the indirect parent Fondiaria-SAI S.p.A. (now UnipolSai S.p.A.) (€ 3,213 thousand) and the related companies Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.) (€ 2,455 thousand) and Liguria Assicurazioni S.p.A. (€ 120 thousand).

This account also includes expenses of € 7,939 thousand relating to the settlement of claims, of which € 32 thousand relates to charges from Fondiaria-SAI S.p.A. (now UnipolSai 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 € 1,998 thousand.

The portions of the amounts paid that are due from reinsurers include the amount pertaining to the affiliate The Lawrence Re (€ 7 thousand).

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

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

	GROSS	REINSURED	NET
CLAIMS PAYABLE RESERVE AT 31.12.2012	(258,248)	186,963	(71,285)
CLAIMS PAYABLE RESERVE AT 31.12.2013	221,640	(154,618)	67,022
NET EXCHANGE DIFFERENCES	2,459	(2,020)	439
PORTFOLIO MOVEMENTS, NET	-	(139)	(139)
	(34,149)	30,186	3,963

(in thousands of euro)

The decrease in the gross claims payable reserve is mainly due to the payment and subsequent closure in 2013 of a number of substantial claims.

In particular, these include two claims pertaining to the Hulls sector and one relating to the Marine Cargo sector, for which the fall in the gross reserve amounted to a total of € 33,200 thousand.

In consideration of the high level of reinsurance pertaining to the claims in question, the fall in the reinsured claims reserve amounted to € 32,092 thousand.

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 10% of the opening claims payable reserve.

"Profit commissions, net of reinsurance" amounted to € 185 thousand and include only the amounts paid to policyholders during the year for profit commissions.

1.7 "**Operating expenses**" amount to € 11,552 thousand.

1.7.a "Acquisition commissions" mainly includes payments to third parties for the acquisition and renewal of insurance policies.

1.7.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 € 2,270 thousand charged by Fondiaria – SAI S.p.A. (now UnipolSai S.p.A.), € 1,599 thousand by Milano Assicurazioni S.p.A. (now UnipolSai S.p.A.) and € 106 thousand by Liguria Assicurazioni S.p.A..

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

1.7.e "Other administrative expenses" comprise general costs, net of those allocated to "other acquisition expenses" (€ 2,604 thousand) and "claims incurred" (€ 2,008 thousand).

In fact, before allocating € 4,612 thousand to the above captions, other administrative expenses amounted to € 11,810 thousand.

It included, among other things, personnel costs (10,425 € thousand) and depreciation of tangible assets (€ 70 thousand), fees pertaining to the Statutory Auditors (€ 40 thousand) and the remuneration due to directors (€ 114 thousand) for 2013.

1.7.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.

1.8 "**Due from policyholders**" amount to € 1,443 thousand.

They include, among other things, the technical cancellations of receivables from policyholders for premiums of previous years (€ 532 thousand), and the reversal of commission income on reinsurance premiums ceded in previous years and then cancelled (€ 52 thousand).

This caption also includes a provision of € 50 thousand for uncollectible insurance premiums due from customers.

I.9 The “**Change in the equalisation reserve**” during the year amounts to € 74 thousand and is summarised by business sector as follows:

SECTOR	OPENING BALANCE	UTILISATIONS	PROVISIONS	CLOSING BALANCE
PERSONAL ACCIDENT (1)	97	-	1	98
MOTOR FIRE, THEFT, ETC. INSURANCE (3)	68	-	-	68
MARINE, AIRCRAFT AND TRANSPORT INSURANCE (4,5,6,7,12)	1,182	-	67	1,249
FIRE AND OTHER PROPERTY DAMAGE (8,9)	295	-	6	301
CREDIT INSURANCE (14)	2	-	-	2
	1,644	-	74	1,718

(in thousands of euro)

The above provisions consist of € 60 thousand relating to direct business and € 14 thousand to indirect business.

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

SECTION 20 - TECHNICAL RESULTS BY BUSINESS SECTOR

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

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

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

SECTION 21 - INFORMATION ON THE NON-TECHNICAL ACCOUNT

III.3 “**Income from investments**” amounts to € 5,927 thousand and is detailed in Attachment 21.

This includes € 98 thousand of rental income in relation to the rental to the related company Gruppo Fondiaria – SAI Servizi S.p.A. of part of the freehold property used by third parties.

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 € 1,549 thousand and are detailed in Attachment 23.

III.5.a “Investment management charges and interest expense” amounting to € 1,089 thousand relate to the management of property (€ 952 thousand) and financial investments (€ 129 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 8 thousand). In particular, management charges for investment property mainly relate to renovation work in the year, not qualifying for capitalisation, on property used by third parties. In addition, € 225 thousand related to the tax burden for IMU.

Management charges for financial investments include € 26 thousand payable to Banca SAI S.p.A. for the safekeeping of securities and € 26 thousand relating to fees payable to the indirect parent Fondiaria – SAI S.p.A. (now UnipolSai S.p.A.) for the management of the securities portfolio.

III.5.b “Writedowns” on investments, amounting to € 409 thousand, comprise adjustments to the value of shares (€ 52 thousand), bonds (€ 41 thousand), as well as the depreciation of commercial property used by the Company (€ 316 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 € 2,577 thousand and is detailed below:

RECOVERY OF COSTS FROM INDIRECT PARENT COMPANY	893
USE OF THE “ALLOWANCE FOR DOUBTFUL ACCOUNTS”	713
RECOVERY OF COSTS FROM RELATED COMPANIES	637
VAT REFUND	203
EXCHANGE GAINS	56
DECREASE IN THE “PROVISION FOR RISKS AND CHARGES”	25
INTEREST INCOME ON TAX CREDIT	13
INTEREST INCOME ON BANK CURRENT ACCOUNTS	2
OTHER	35
	2,577

(in thousands of euro)

The recovery of costs from the indirect parent company essentially relates to operating costs incurred on behalf of Fondiaria-SAI S.p.A. (now UnipolSai S.p.A.) (charges in the other direction are classified as "other expenses."). These costs pertain to insurance activities of a non – technical nature conducted as part of the management of the "Marine Hub", as formalised contractually.

The decrease in the provision for doubtful accounts relates for € 136 to insurance and reinsurance companies, for the amounts released during the year. Against these releases, the losses on debtors were booked to "Other expenses".

In addition, this reduction applies for € 577 thousand to changes in estimates that have occurred, which for € 304 thousand relate to insurance and reinsurance companies, for € 223 thousand to insurance brokers and for € 50 thousand to reinsurance intermediaries.

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. (now UnipolSai S.p.A.), € 567 thousand) and Gruppo Fondiaria – SAI Servizi S.c.r.l. (€ 70 thousand).

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 2013.

Exchange gains, like exchange losses (totalling € 101 thousand), derive from the application of multicurrency methodologies and include both realised gains (€ 53 thousand) and those arising on translation (€ 3 thousand).

In consideration of the fact that there is a net unrealised loss on exchange of € 97 thousand, on approval of the 2013 financial statements, a proposal will be made to reclassify the entire amount of the reserve for exchange gains (of € 81 thousand) to an equity reserve (as provided for by point 8-bis of art. 2426 of the Italian Civil Code).

The decrease in the "Provision for risks and charges" relates to payments of personnel costs recorded in the year (within administrative expenses). Given that they had been provided for in previous years, the same amount was released from these provisions.

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.

This interest was mainly accrued on current accounts with the related company Banca SAI S.p.A.

III.8 **"Other expenses"** amount to € 2,906 thousand and comprise:

PROVISIONS FOR DOUBTFUL ACCOUNTS	1,015
ADMINISTRATIVE COSTS AND EXPENSES ON BEHALF OF INDIRECT PARENT COMPANY	893
ADMINISTRATIVE COSTS AND EXPENSES ON BEHALF OF RELATED COMPANIES	637
LOSSES ON DEBTORS	136
EXCHANGE LOSSES	101
SUNDRY TAXES	55
OPERATING COSTS OF CLEARING HOUSES	32
AMORTISATION OF INTANGIBLE ASSETS	22
OTHER	15
	2,906

(in thousands of euro)

The provisions for doubtful accounts relate to debtors other than those from policyholders for insurance premiums.

It comprises € 515 thousand for receivables due from insurance and reinsurance companies, € 75 thousand for amounts due from insurance companies for current accounts.

These provisions will be added back in the determination of taxable income on the preparation of the tax return and, accordingly, a deferred tax asset has been computed thereon.

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

Losses on debtors relate entirely to current account deposits with insurance companies and are offset by an equivalent amount released from the allowance for doubtful accounts as previously indicated under "Other income".

The exchange losses derive from the application of multicurrency accounting methodologies. This balance includes both realised losses (€ 1 thousand) and those arising on translation (€ 100 thousand).

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

The operating costs of clearing houses relate to insurance activities conducted in France under the freedom to provide services regime.

III.10 | **"Extraordinary income"** shows a zero balance.

III.11 "Extraordinary expenses" amount to € 3 thousand.

III.14 "Income taxes for the year", totalling € 2,760 thousand, include IRES (€ 2,100 thousand) and IRAP (€ 600 thousand), as well as the provision for taxes to be paid abroad (€ 50 thousand), especially in Germany.

These include charges for deferred tax assets (€ 10 thousand for IRAP).

Note that, as a one-off measure for the 2013 tax year, an additional IRES charge is applicable of 8.50% that, by law, is solely for the banking and insurance sectors.

Deferred tax assets and liabilities are discussed further in points F.IV.2 of Section 6 and E.1 of Section 12.

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	RATE IRES	RATE IRAP	DEFERRED TAX ASSETS
NET CHANGE IN CLAIMS PAYABLE RESERVE	2,757	27.50%	-	758
TAXED PROV. DOUBTFUL ACCOUNTS	3,331	27.50%	-	916
TAX LOSSES CARRIED FORWARD	1,529	27.50%	-	420
ADJUSTMENTS TO THE VALUE OF EQUITY SECURITIES	157	27.50%	-	43
PROVISION FOR RISKS AND CHARGES	75	27.50%	6.82%	26
DEPRECIATION OF LAND USED BY THE COMPANY	300	27.50%	-	83
DEPRECIATION OF LAND USED BY THE COMPANY	258	-	6.82%	18
PROVISIONS FOR DOUBTFUL ACCOUNTS EXCEEDING THE LIMIT SET IN ART. 106 TAX LAW	62	27.50%	6.82%	21
REMUNERATION OF INDEPENDENT AUDITORS	73	27.50%	-	20
EMOLUMENTS OF DIRECTORS	62	27.50%	-	17
DEFERRED TAX ASSETS AT 31 DECEMBER 2013				2,322
DEFERRED TAX ASSETS AT 31 DECEMBER 2012				(2,332)
DECREASE (INCREASE) IN DEFERRED TAX ASSETS				(10)

(in thousands of euro)

DEFERRED TAX 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 TAX LIABILITIES AT 31 DECEMBER 2013				351
DEFERRED TAX LIABILITIES AT 31 DECEMBER 2012				(351)
DECREASE (INCREASE) IN DEFERRED TAX LIABILITIES				-

(in thousands of euro)

Lastly, with regard to taxation for the year, the following schedule for 2013 reconciles the IRES theoretical tax rate (36.00%, of which 8.50% relates to an additional extraordinary charge) with the effective rate:

PROFIT (LOSS) BEFORE TAXES	5,866
<i>THEORETICAL IRES (36,00%)</i>	(2,112)
TAX EFFECT OF THE CHANGE IN PERMANENT DIFFERENCES	55
OTHER DIFFERENCES	(43)
<i>EFFECTIVE IRES</i>	(2,100)
<i>EFFECTIVE IRES TAX RATE</i>	35.80%

(in thousands of euro)

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.

PART C - OTHER INFORMATION

C.1 Solvency margin

The solvency margin and the guarantee required for 2013 total €17,297 thousand and €4,438 thousand, respectively, while the elements comprising the available margin total €53,466 thousand, calculated in accordance with IVASS Regulation 19 of 14 March 2008.

The solvency margin is therefore 3.2 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 €218,487 thousand for direct business and €50,823 for indirect business.

The assets available at 31 December 2013 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"), €124,837 thousand; Class B. assets ("Debtors"), €141,000 thousand, and Class D. assets ("Bank deposits"), €3,500 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 2013 (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 relations with Group companies during 2013 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. 1.2 of art. 2427-bis of the Italian Civil Code, it is confirmed that the financial statements for the year ended 31 December 2012 include financial fixed assets consisting of:

- Investments in parent company e affiliated companies (pursuant to art. 2359 of the Civil Code), as indicated in point C.II.1 of Section 2;
- Italian government bonds (Buoni del Tesoro Poliennali) - maturity 1 March 2024 and with a carrying amount of €2,998 thousand as indicated in point C.III of Section 2.

These financial assets are reported at an amount higher than 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 2013, 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 28 May 2013 by the Board of Directors, Fondiaria - SAI S.p.A. (now Unipol - 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 2013 - 2015.

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 a 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.

However, in view of this judgment, on 26 April 2013, the Attorney General of the State, on behalf of the Tax Authorities, filed a further appeal, requesting a final decision by the Court of Cassation.

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 2013 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:

TYPE OF SERVICE	PROVIDER OF THE SERVICE	FEES
AUDIT	DELOITTE & TOUCHE S.P.A.	37
	PRICEWATERHOUSECOOPERS S.P.A.	64
CERTIFICATION SERVICES (*)	DELOITTE & TOUCHE S.P.A.	2

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

(in thousands of euro)

C.11 Interim dividends (if any)

No interim dividends were approved or paid during 2013.

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:

	SUBSCRIBED SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	NET PROFIT FOR THE YEAR	TOTAL
BALANCE AT 31.12.2013	38,000	1,218	13,854	3,106	56,178
ALLOCATION OF 2013 EARNINGS, AS PROPOSED BY THE BOARD OF DIRECTORS ON 18 MARCH 2014					
- TO LEGAL RESERVE	-	155	-	(155)	-
- TO EXTRAORDINARY RESERVE	-	-	291	(291)	-
- DIVIDENDS	-	-	-	(2,660)	(2,660)
	38,000	1,373	14,145	-	53,518

(in thousands of euro)

C.13 Statement of changes in financial position

The statement of changes in financial position for the year ended 31 December 2013 with comparative figures from the previous year is shown below:

	2013	2012
SOURCES OF FUNDS		
NET PROFIT FOR THE YEAR	3,106	5,243
WRITEDOWN OF RECEIVABLES	1,065	435
DEPRECIATION AND AMORTISATION OF PROPERTY, TANGIBLE AND INTANGIBLE ASSETS	421	451
WRITEDOWN OF FINANCIAL INVESTMENTS	93	77
PROVISIONS FOR TERMINATION INDEMNITIES	358	380
PROVISIONS FOR RISKS AND CHARGES	50	700
NET CHANGE IN OTHER RECEIVABLES AND PAYABLES	1,812	2,157
DECREASE IN DEPOSITS WITH INSURANCE AND REINSURANCE COMPANIES	436	155
INCREASE IN DEPOSITS FROM REINSURERS	-	32
NET CHANGE IN DEBTORS AND CREDITORS FROM/TO INSURANCE AND REINSURANCE OPERATIONS	3,793	1,031
NET CHANGE IN OTHER ASSETS AND LIABILITIES	5,509	-
TOTAL SOURCES OF FUNDS	16,643	10,661
APPLICATION OF FUNDS		
INCREASE IN INVESTMENTS IN GROUP COMPANIES AND OTHER RELATED COMPANIES	-	7
INCREASE IN OTHER FINANCIAL INVESTMENTS	12,311	6,018
DECREASE IN DEPOSITS RECEIVED FROM REINSURERS	22	-
NET DECREASE IN TECHNICAL RESERVES	2,892	2,270
UTILISATION OF TERMINATION INDEMNITIES	335	537
UTILISATION OF PROVISIONS FOR RISKS AND CHARGES	650	799
NET CHANGE IN OTHER ASSETS AND LIABILITIES	-	1,088
INCREASE IN INVESTMENT IN PROPERTY	942	10
INCREASE IN TANGIBLE AND INTANGIBLE ASSETS	143	19
NET CHANGE IN ACCRUALS AND DEFERRALS	70	16
TOTAL APPLICATION OF FUNDS	17,365	10,764
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(722)	(103)
CASH AND CASH EQUIVALENTS:		
- BEGINNING OF THE YEAR	4,360	4,463
- END OF THE YEAR	3,638	4,360
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(722)	(103)

(in thousands of euro)

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 2012 (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:

KEY FIGURES FROM THE FINANCIAL STATEMENTS OF UNIPOL GRUPPO FINANZIARIO S.P.A.

	31.12.2012
BALANCE SHEET	
ASSETS	
A) SUBSCRIBED CAPITAL UNPAID	
B) FIXED ASSETS	
I INTANGIBLE ASSETS	80.2
II TANGIBLE ASSETS	2.0
III FINANCIAL ASSETS	5,128.8
TOTAL FIXED ASSETS	5,211.0
C) CURRENT ASSETS	
I INVENTORIES	-
II DEBTORS	977.0
III FINANCIAL ASSETS NOT HELD AS FIXED ASSETS	504.0
IV CASH AND CASH EQUIVALENTS	157.9
TOTAL CURRENT ASSETS	1,638.9
D) PREPAYMENTS AND ACCRUED INCOME	7.7
TOTAL ASSETS	6,857.6
LIABILITIES	
A) CAPITAL AND EQUITY RESERVES	
I SHARE CAPITAL	3,365.3
II SHARE PREMIUM RESERVE	1,410.0
III REVALUATION RESERVES	20.7
IV LEGAL RESERVE	478.3
V STATUTORY RESERVES	-
VI RESERVE FOR OWN SHARES IN PORTFOLIO	-
VII OTHER RESERVES	163.3
VIII PROFIT (LOSS) BROUGHT FORWARD	-
IX PROFIT (LOSS) FOR THE YEAR	195.0
TOTAL CAPITAL AND EQUITY RESERVES	5,632.6
B) PROVISIONS FOR RISKS AND CHARGES	109.9
C) TERMINATION INDEMNITIES	1.5
D) CREDITORS	1,076.4
E) DEFERRED INCOME AND ACCRUED LIABILITIES	37.2
TOTAL LIABILITIES	6,857.6

(in millions of euro)

STATEMENT OF INCOME	31.12.2012
A) VALUE OF PRODUCTION	30.5
B) PRODUCTION COSTS	(140.5)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)-(B)	(110.0)
C) FINANCIAL INCOME AND EXPENSES	249.0
D) ADJUSTMENTS TO FINANCIAL ASSETS	29.9
E) EXTRAORDINARY INCOME AND EXPENSES	5.2
PROFIT (LOSS) BEFORE TAXES	174.1
INCOME TAXES FOR THE YEAR	20.9
NET PROFIT (LOSS) FOR THE YEAR	195.0

(in millions of euro)



ATTACHMENTS



“Coming together is a beginning, keeping together is a progress, working together is a success.

Henry Ford





Attachment 3

Year 2013

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	4,009 ²¹		41 4,009
Income from investments.....	+ 2	5,927		42 5,927
Financial charges.....	- 3	1,549		43 1,549
Portion of income from investments transferred to direct insurance life result.....	+ 24			44
Portion of income from investments transferred to direct insurance non-life result.....	- 5	2,190		45 2,190
Intermediate result.....	6	6,197 ²⁶		46 6,197
Other income	+ 7	2,578 ²⁷		47 2,578
Other expenses.....	- 8	2,906 ²⁸		48 2,906
Extraordinary income.....	+ 9			49
Extraordinary expenses.....	- 10	3 ³⁰		50 3
Result before tax.....	11	5,866 ³¹		51 5,866
Income taxes.....	- 12	2,760 ³²		52 2,760
Net result for the year.....	13	3,106 ³³		53 3,106

Year 2013

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

		Intangible assets B.	Property C.I
Gross opening balance	+	1,370	20,846
Increase.....	+	32	942
due to : Purchases		32	942
Write backs.....			34
Revaluation			35
Other changes.....			36
Decrease.....	-		0
due to : Sales.....			0
Permanent writedowns.....			39
Other changes.....			40
Gross closing balance.....(a)		1,402	21,788
Depreciation / Amortisation.....			
Opening balance.....	+	1,262	3,509
Increase.....	+	43	330
due to : Depreciation / Amortisation.....		43	330
Other changes.....			45
Decrease.....	-		0
due to : Sales.....			47
Other changes.....			48
Accumulated depreciation / amortisation.....(b)		1,305	3,839
Net book value		97	17,949
Market value.....			25,983
Total revaluation.....			52
Total writedowns.....			53
(*) of which depreciation / amortisation made solely for tax purposes			54

Attachment 5

Year 2013

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

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

Group and related companies

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

(*) 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

(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 = Others

(4) Original currency

(5) Global percentage owned

Attachment 6

Year 2013

: 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.			
2	c	D	GRUPPO FONDIARIA-SAI SERVIZI Società Consortile a R. L.			
	a		Parent company			
	b		Controlled company			
	c		Related company			
	d		Affiliated company			
	e		Altre			
			Totale D.I			
			Totale D.II			

(1) As per annex 6

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

Attachment 7

Year 2013

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					
			948			
			10,528	41		
					41	
					41	

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:	21	41	40	61	40	81
a) listed shares	22	42	40	62	40	82
b) unlisted shares	23	43	63			83
c) quotas	24	44	64			84
2. Mutual funds units	25	45	2,506	65	2,893	85
3. Bonds and other fixed securities	2,998	26	3,123	46	104,529	86
a) listed State bonds	2,998	27	3,123	47	100,561	87
a2) other listed securities	28	48	3,477	68	3,615	88
b) unlisted State bonds	29	49	69			89
b2) other unlisted securities	30	50	64	70	66	90
c) convertible bonds	31	51	28	71	28	91
5. Quotas in mutual investments	32	52	72			92
7. Other financial investments	33	53	73			93
					104,527	106
					100,958	107
					3,477	108
					64	110
					28	111
						112
						113

II - Life business

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

Assets - Changes during the year of other long-term financial investments: shares and quotas, mutual fund units, bonds and other fixed-income securities shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5, 7)

		Shares and quotas C.III.1	Mutual funds C.III.2	Bonds and other fixed-income securities C.III.3	Shares in investment pools C.III.5	Other financial investments C.III.7
Opening balance	+	21	41	81	101	
Increases during the year:	+	22	42	2,998	82	
for: purchases		23	43	2,998	83	
writebacks		24	44		84	
transfers from the short-term portfolio		25	45		85	
other changes		26	46		86	
Decreases during the year:	-	27	47		87	
for: sales		28	48		88	
writedowns		29	49		89	
transfers to the short-term portfolio		30	50		90	
other changes		31	51		91	
Book value		32	52	2,998	92	
Current value		33	53	3,123	93	

Società SIAT Società Italiana Assicurazioni e Riassicurazioni p.A.

Attivo - Variazioni nell'esercizio dei finanziamenti e dei depositi presso enti creditizi (voci C.III.4, 6)

		Finanziamenti C.III.4	Depositi presso enti creditizi C.III.6
Esistenze iniziali	+ 1	81	21 65
Incrementi nell'esercizio:	+ 2	103	22 2.266
per: erogazioni	3	103	
riprese di valore	4		
altre variazioni	5		
Decrementi nell'esercizio:	- 6	63	26
per: rimborsi	7	63	
svalutazioni	8		
altre variazioni	9		
Valore di bilancio	10	121	30 2.331

Attachment 13

Year 2013

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	45,146	11	38,153	21	6,993
Reserve for unexpired risks	2	805	12	573	22	232
Book value	3	45,951	13	38,726	23	7,225
Claims payable reserve:						
Reserve for claims and direct expenses	4	180,674	14	222,012	24	-41,338
Reserve for liquidation expenses	5	13,126	15	16,202	25	-3,076
Reserve for IBNR	6	27,840	16	20,033	26	7,807
Book value	7	221,640	17	258,247	27	-36,607

Attachment 15

Year 2013

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	11		1,559 21	150 31	1,445
Provision for the year	12		22		330
Other increase	13		850 23		
Use in the year	14		625 24	25 34	306
Other decrease	15		25		
Book value	16		1,784 26	125 36	1,469

Statement of assets and liabilities for intercompany transactions

I: Assets

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Shares and quotas	0	2	3	4	5	41
Bonds	0	8	9	10	11	12
Loans	0	14	15	16	17	18
Quotas in mutual investments	20	20	21	22	23	24
Restricted deposits with banks	26	26	27	28	29	30
Other financial investments	32	32	33	34	35	36
Deposits with ceding undertakings	38	38	39	40	41	42
Investments linked with mutual funds and other index	44	44	45	46	47	48
Investments deriving from management of pension funds.....	50	50	51	52	53	54
Receivables arising out of direct insurance.....	56	56	57	58	59	60
Reinsurance debtors	32	62	63	64	65	66
Other receivables.....	3,859	68	69	70	71	72
Bank accounts	74	74	75	76	77	78
Other assets	0	80	81	82	83	84
Total	3,891	86	87	88	89	90
of which subordinated assets		92	93	94	95	96

Statement of assets and liabilities for intercompany transactions

II: Liabilities

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Subordinated liabilities	97	98	99	100	101	102
Deposits from reinsurers	103	104	105	106	107	108
Payables arising out of direct insurance	109	110	111	388	113	1,183
Reinsurance creditors	115	116	117	87	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	0	143	144
Other liabilities	145	146	147	561	149	150
Total	151	152	153	1,036	155	14,746

Year 2013

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	
		36
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 97	6
m) assets deposited for reinsurance transactions	11 38	
Total	12 97 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	17 855 44	789
Total	18 855 45	789
IV. Commitments		
a) commitments for resell agreements	19 46	
b) commitments for repurchase agreements	20 47	
c) other commitments	21 48	
Total	22 52	

Insurance business highlights

	Gross premiums written	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance Balance
Direct insurance:					
Personal accident and health insurance	1	2	3	4	5
Motor third party liability	6	4,410	6,293	1,413	1,995
Motor fire, theft, etc. insurance	11	12	5	14	-2
Marine insurance	16	109,428	100,811	21,757	-14,421
Fire and other property damage	21	2,017	2,129	543	-498
Generale third party liabilities	26	2,907	2,814	1,793	-1,078
Credit and bond insurance	31	86	-710	104	-304
Pecuniary losses	36	1,696	2,494	233	824
Legal defence	41		4		
Assistance	46				
Total direct insurance	51	120,458	112,023	24,819	-13,640
Indirect insurance	56	17,060	17,709	6,479	-4,151
Total Italian business	61	137,518	129,732	31,229	-17,791
Foreign business	66	71	71	37	-149
Grand total	71	137,589	129,803	31,266	-17,940

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

	Non-life business	Life business	Total
Income from shares and quotas:			
Dividends from group companies	41	81	
Other dividends	42	82	
Total	43	83	
Income from property.....	860	84	860
Income from other investment:			
Interest income from group companies	45	85	
Interest income on loans granted to group companies	46	86	
Income from mutual fund units.....	47	87	
Interest income on bonds and other fixed securities	2,887	88	2,887
Interest income on loans.....	1	49	1
Income from mutual investments.....	50	90	
Interest income on restricted deposits with banks.....	51	91	
Interest income on other financial investments.....	1	52	1
Interest income on deposits with ceding undertakings.....	53	93	
Total	2,889	54	94
Writebacks from :			
Property	55	95	
Group companies' shares.....	56	96	
Group companies' bonds	57	97	
Other shares and quotas.....	58	98	
Other bonds.....	49	59	49
Other financial investments.....	367	60	100
Total	416	61	101
Gains on disposal of :			
Property	62	102	
Group companies shares.....			
Group companies bonds.....			
Other shares and quotas	63	65	105
Other bonds	1,699	66	106
Other financial investments.....	67	107	
Total.....	1,762	68	108
GRAND TOTAL.....	5,927	69	109
			5,927

Attachment 23

Year 2013

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	51	31		61	51
Properties.....	2	953	32		62	953
Bonds.....	3	79	33		63	79
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
Total.....	8	1,089	38		68	1,089
Writedowns of:						
Properties.....	9	316	39		69	316
Group companie's shares.....	10	52	40		70	52
Group companie's bonds	11	41	41		71	41
Other shares and quotas	12		42		72	
Other bonds.....	13		43		73	
Other financial investments.....	14		44		74	
Total.....	15	409	45		75	409
Losses on sale of :						
Properties.....	16		46		76	
Shares and quotas	17		47		77	
Bonds.....	18	51	48		78	51
Other financial investments.....	19		49		79	
Total.....	20	51	50		80	51
GRAND TOTAL	21	1,549	51		81	1,549

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

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

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

Year 2013

Motor fire, theft, etc. Insurance	Railway carriage insurance	Aircraft insurance	Hull insurance
1	108		78,120
2	-24		8,345
3	42		41,201
4			
5			696
6	31		13,399
7	59		15,871
8	-50		-14,623
9	-7	2	-266
10		10	39
11	1	2	945
12	3	4	1,888

Other property damage	Motor third party liability	Aircraft third party liability	Hull third party liability
1	4,410		14
2	-18		
3	6,293		28
4			
5	11		
6	1,413		3
7	-3,267		-17
8	1,995		-9
9	521		
10			
11	410		
12	-341		-26

Bond insurance	Pecuniary losses	Legal defense	Assistance
1	1,696		
2	-59		
3	2,494	4	
4			
5			
6	233		
7	-972	-4	
8	824		
9			
10			
11	3		
12	-145	-4	

Summary of technical account for non-life business
Italian Business

	Direct insurance		Ceded risks 2	Indirect insurance		Retained risks Total 5 = 1+2+3+4			
	Direct risks 1	Indirect risks 3		Indirect risks 4	Retained risks Total 5 = 1+2+3+4				
Premiums written.....	120,402	11	92,678	21	17,060	31	9,790	41	34,994
Change in unearned premiums reserve.....	8,333	12	6,665	22	-649	32	-433	42	1,452
Claims incurred	80,932	13	24,536	23	6,479	33	3,599	43	29,276
Change in other technical reserves		14		24		34		44	
Other technical income (expenses) net.....	1,837	15	-602	25	2,302	35		45	4,741
Operating expenses	24,732	16	17,233	26	6,410	36	2,473	46	11,436
Underwriting result (+ 0 -)	8,242	17	13,642	27	7,122	37	4,151	47	-2,429
Change in equalisation reserve (+ 0 -)									74
Portion of income from inv. transferred from non technical account.....	1,613			29	576			49	2,189
Technical result (+ 0 -)	9,855	20	13,642	30	7,698	40	4,151	50	-314

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	9 100
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)	12 100

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

Intercompany transactions

II: Charges

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investment management charges and interest expenses :						
Investment charges	92	93	94	181	95	181
Interest expenses on subordinated liabilities	95	96	100	101	102	102
Interest expenses on deposits from reinsurers	103	104	105	107	108	
Interest expenses on payables arising out of direct insurance	109	110	112	113	114	
Interest expenses on payables arising out of reinsurance	115	116	118	119	120	
Interest expenses on bank overdrafts	121	122	124	125	126	
Interest expenses on secured payables	127	128	130	131	132	
Other interests expenses	133	134	135	137	138	
Losses on receivable	139	140	142	143	144	
Administrative expenses on behalf of third parties	145	893	146	636	149	1,539
Other charges	151	152	154	155	156	
Total.....	893	893	160	817	161	1,710
Loss on disposal of investments	163	164	166	167	168	
Extraordinary costs.....	169	170	172	173	174	
	175	176	178	179	180	
GRAND TOTAL.....	893	893	184	817	185	1,710

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.....	70,680	5	11	15	70,680	25
in other european countries.....	12,002	6	12	16	12,002	26
in other countries.....		7	13	17		27
Total.....	82,682	8	14	18	82,682	28
						37,777

Attachment 32

Year 2013

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 4,534 31	61	4,534
- Social contributions.....	2 1,245 32	62	1,245
- Provision for termination indemnities	3 358		
- Other personnel expenses.....	4 4,062 34	64	4,062
Total.....	5 10,199 35	65	10,199
Foreing business:			
- Salaries.....	6	36	66
- Social contributions.....	7	37	67
- Other personnel expenses.....	8	38	68
Total.....	9	39	69
Grand total	10 10,199 40	70	10,199
Fees for consultancy :			
Italian Business	11 143 41	71	143
Foreing business	12	42	72
Total.....	13 143 43	73	143
Total personnel expenses	14 10,342 44	74	10,342

II: Splitting of personnel expenses

	Non life business	Life business	Total
Investment management charges.....	15	45	75
Claims operating expenses	16 1,500 46	76	1,500
Other acquisition costs.....	17 1,941 47	77	1,941
Other administrative expenses.....	18 5,381 48	78	5,381
Administrative expenses on behalf of third parties.....	19 1,521 49	79	1,521
	20	50	80
Total.....	21 10,343 51	81	10,343

III: Average personnel workforces for the year

	Number
Managers	91 3
Clerks.....	92 93
Others.....	94
Total.....	95 98

IV: Directors and statutory auditors

	Number	Emoluments
Directors.....	96 10 98	114
Statutory auditors	97 3 99	41

REPORTS: AUDITOR'S REPORT ACTUARY'S REPORT



“When you start a job, what matters is doing it thoroughly and to the best of your abilities.

Margaret Thatcher



4 The Honorable Board of Directors, General Meeting of Shareholders – for approval, resolution for the preparation of Report of the Board of Directors on Financial Statements with the applicable laws and regulations. Our responsibility is limited to matters as stated in the comments of the Report of the Board of Directors on Operations with the financial statements as stated below. For this purpose, we have performed the procedure required under Indian Auditing Standard of 2010 issued by Institute of Cost Accountants of India. Report (unaudited) recommended by French. In our opinion, the Report of the Board of Directors on Operations is consistent with the financial statements of ICAI – Society Indian Accountants & Chartered Accountants – and stated as of 31 December 2012.

Chartered Accountants

Prakash Chandra Gupta & Co.

Member

**Chartered Accountants
of India**

This report has been translated into the English language from the original, which may be found in the Indian Audit Report of International Auditors.

ACTUARIAL REPORT

PUBBLICITÀ TO ARTICOLO 402 (ART. 238) DEL REGOLAMENTO DECRETATO 200/04/2010

(Bilancio 2018)

Titolo Assicurazione
Pensione Complementare 2 (A)
Via Matteotti 31
00144 Roma

**Objekt: ISAT - SOCIETÀ ITALIANA ASSICURAZIONI E RIASICURAZIONI PER
AZIONE - Bilancio 2018**

Il presente (il cui testo completo si può trovare sul sito internet dedicato all'attività di bilancio finanziario) concernente la Bilancio di ISAT - SOCIETÀ ITALIANA ASSICURAZIONI E RIASICURAZIONI PER AZIONE.

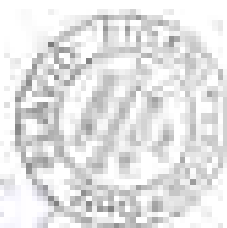
In ogni caso, gli above-mentioned financial resources reported as liabilities in the financial statements are adequate and comply with the provisions of law and regulations and correct actuarial methods, in particular with the principles and implementing rules of article 26, paragraph 1, of INPS Regulation n. 25 of 05 April 2008.

Roma, 05 April 2018.

Il Presidente

Paolo J. Rossi (firmato)

Paolo J. Rossi



RESOLUTION OF THE SHAREHOLDERS' MEETING-EXTRACT



“ Small opportunities are often the beginnings of great enterprises.

Demosthenes

”



The following resolutions were passed at the Annual General Meeting held on 22 April 2014 (in first calling):

- that the financial statements at 31 December 2013 be approved, together with the Directors' report on operations;
- that the Directors' proposal regarding the allocation of net income be approved, and the payment of a gross dividend of € 0,070 per share be approved.



In 2013 SIAT donated to Istituto Giannina Gaslini a portable pH meter,

an essential instrument used during Neonatal Emergency Transport Service (NETS) that makes it possible to monitor gases dissolved in the blood, as well as the degree of acidity or alkalinity in the blood of a newborn baby.

NETS performs the delicate task of transferring newborn babies who at birth - or during the period immediately afterwards - need intensive care and who cannot be cared for in the hospital where they were born.

It is essential to stabilise the baby's clinical condition before leaving for the Gaslini. To do this, it is necessary to have a number of clinical parameters to help decide on appropriate stabilisation measures and subsequent therapeutic action during transport.



In April 2014, in the Economics Faculty of Genoa University, Mr Cerni (Managing Director of Siat) participated at the **opening of the 3rd Master "Marine Insurance"** giving the main speech entitled "Who invented insurance? Who will reinvent it?".



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