



2019 ANNUAL REPORT

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2019
ANNUAL REPORT

This year, we have decided to **provide support for the symbol of Genoa**: on the various pages of our **2019 financial statements** you will find pictures of the **monumental complex of the Lanterna of Genoa**, accompanied by captions, curiosities and snippets of its long history.

Today, more than ever, the **symbolic value** of this monument is evident to those of us who have always been used to seeing it light up even the darkest nights.

Today more than ever, **the Lanterna is our beacon**, our guiding light, both real and metaphorical: a sure guide for the city we love to call home.

We would like to thank the association "Amici della Lanterna" (Friends of the Lanterna) for their collaboration and "PHAROS light for heritage" who has been managing this monumental complex since 6 January 2020 on behalf of "Mu.MA - Istituzione Musei del Mare e delle Migrazioni" of Comune di Genova.
www.lanternadigenova.it



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INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

1128

LIGHTHOUSE OF GENOA SINCE 1128

Lighthouse of Genoa since 1128

The *Lanterna* of Genoa dominates the city from the promontory known as “*Capo di Faro*” (Lighthouse Head); with its 77 metres in height (standing 117 metres above sea level), it is the highest lighthouse in the Mediterranean and the second in Europe. According to some unofficial sources, the first tower was built in 1128, almost as high as the existing one and with a similar architectural structure, but with three overlapping crenellated logs: built as a watchtower to announce the arrival of suspicious boats, over time it also became a lighthouse, on the top of which bundles of dried heather or broom were burned to tell sailors where the entrance to the port was.

(Photograph by Franco Galatolo)

REPORT OF
THE BOARD
OF DIRECTORS
ON OPERATIONS



Shareholders,

THE STATE OF THE ECONOMY

Global growth in 2019 stood at around 2.5% (3.2% in 2018). The main economic areas showed a slowdown in the rate of growth in Gross Domestic Product (GDP), especially in the second half of the year, due to a decline in trade caused by America's commercial policy and persistent elements of uncertainty, such as Brexit and geopolitical risks in the Middle East.

The United States grew at a rate of 2.3% (2.9% in 2018). Growth was mainly sustained by private consumption, while the contribution to growth from capital investment and public spending decreased. Against a moderate slowdown in economic activity and a job market that remains solid (the unemployment rate in December is 3.5%) and despite inflation in December of 2.3%, the Federal Reserve (FED) cut its rate on Fed funds three times during the year (reaching 1.75% in October) and from the end of August stopped the reduction in the amount of securities that it held.

In addition, in order to deal with the liquidity draining rapidly out of the repo market, the Fed has introduced a short-term programme of securities purchases to bring the level of bank reserves back to around 1,500 billion dollars (and keeping it there). However, these operations do not change the tone of monetary policy.

China's slowdown continues, with GDP growth in 2019 now at 6.1% year-on-year. This is the lowest it has been since 1992 (though it was 6.5% in 2018). The slowdown is largely attributable to the brake on international trade and the tariff war with the United States, which has severely affected the manufacturing sector, causing a sharp drop in production.

The difficulties in this sector have led to a drop in private demand, particularly in capital investment, only partially offset by higher public sector expenditure.

The inflation rate in December stood at 4.2%.

Emerging countries were also affected by the global slowdown and by a substantial stability in the price of raw materials. Growth was around 4% in 2019, compared with 4.7% in 2018.

Japan should achieve some growth, put at around 1.0%, but only with help from unconventional (i.e. highly expansionary) monetary policies and domestic demand, which offset a sharp drop in exports. Despite the increase in consumption tax and the expansion of assets held by the Bank of Japan, inflation remains modest (0.8% in December), even in a situation that is close to full employment (2.2% unemployment in December).

The Eurozone achieved GDP growth of 1.1%, (1.8% in 2018). The decline in growth is attributable to various factors, including the slowdown in international trade, the uncertainty surrounding Brexit and the brake on the manufacturing sector (which affected Germany and Italy in particular).

The unemployment rate continued to fall throughout the year, reaching about 7.4% in December 2019.

Given the economic slowdown and inflation well below the 2% target (1.3% in December), the European Central Bank (ECB) has changed its monetary policy, adopting further expansionary stimuli. In particular, the following measures were taken, starting in September:

- a new phase of quantitative easing to purchase € 20 billion of securities per month, in addition to full reinvestment of securities reaching maturity;
- a cut in the deposit rate, bringing it down to -0.5%, at the same time introducing a tiering system to mitigate the effect of negative interest rates on banks' profitability;
- launching a new auction programme for loans to the banking system (TLTRO III).

The Italian economy in 2019 showed a further slowdown compared with the previous year, with GDP up by only 0.2% year-on-year (0.7% in 2018).

This slowdown is attributable to numerous factors, such as a lower contribution from net exports (due to the slowdown in international trade), the modest trend in capital investment and a decline in consumer spending. Despite this, the labour market remained solid, with unemployment of 9.8% at the end of the year, down on 2018. The inflation rate in December was 0.6% (1.2% in 2018).

THE FINANCIAL MARKETS

The monetary expansion manoeuvres announced by the ECB in September 2019, and introduced last November, have pushed down all of the European interest rate curves. The 3-month Euribor rate closed 2019 seven basis points down compared with the end of 2018, while the 10-year swap rate decreased by 82 basis points in the same period.

The German government yield curve in 2019 showed modest volatility on maturities of up to 3 years and a reduction in long-term rates. The 10-year Bund turned negative again from May 2019 and by the end of 2019 stood at -0.17%, down 45 basis points compared with the end of 2018.

In Italy, the ECB's expansionary manoeuvres had the effect of compressing yields on government securities. At the end of 2019, the 10-year spread between Italian and German interest rates was 157 basis points, 95 bp down on the end of 2018.

2019 ended positively for European equity markets, after the losses made in 2018.

The Eurostoxx 50 index, which reflects stock prices in the Euro Area, achieved a 25% rise in 2019 compared with the end of 2018, while the FTSE MIB index, which reflects the prices of Italian listed companies, grew by 28% in the same period.

During 2019, the Fed stopped the phase of normalisation of its monetary policy, cutting the rate on Fed Funds on three occasions and injecting liquidity into America's interbank markets. The return to expansionary monetary policies allowed the S&P 500 index to rise by 29% over 2019 compared with the end of 2018. The Fed's more expansive monetary policies also benefited emerging market stock exchanges and the Morgan Stanley Emerging Markets index rose by 15% in 2019.





MARITIME ACTIVITY

In 2019, the maritime business took place in an uncomfortable international context, which affected trade. Among the main factors that slowed down the latter, there was the dragging on of the Brexit negotiations, the tariff dispute between the United States and China and the trade war between Japan and Korea.

Maritime transport is extremely important in these types of trade, as 90% of shipments are by sea.

The first signs of competition from air shipments have appeared, normally preferred for the rising volume of e-commerce purchases. In addition, a great deal of energy has been spent on imposing more restrictive emission levels from 2020, to reduce the amount of pollution produced by ships.

In addition to the above, the recent Coronavirus epidemic arrived in the first few months of 2020, giving a very hard blow to the maritime transport sector in China. This effect has subsequently spread to the international sector as a whole.

The impact on freight rates was immediate, with the Baltic Capesize Index (for ships carrying up to 180 thousand tons of dry cargo) falling for the first time below the level of 1999, the year that it was created. Not helped by the sharp drop in iron shipments from Brazil following the floods.

The situation is also very difficult for container traffic, as China not only needs huge amounts of raw materials, but it has also become an important link in the global supply chain. Container ships have been travelling with loads reduced by up to a third and ports, including Italy's, have suffered a drop in traffic.

As for the world fleet, in terms of gross tonnage, the most recent publications confirm the supremacy of Greece, followed by Japan and China (which had the greatest increase in value among the top ten positions). With regard to European countries, the first ones are Norway and Germany, which are respectively in fifth and seventh place. About half of the world fleet tonnage is owned by Asian companies and around 40% by European shipowners.

Almost a third of the world merchant fleet, which consists of over fifty thousand vessels, is made up of general cargo ships, followed by bulk cargo ships and crude oil tankers. Container carriers represent less than 10% of the total number of units (but much more in terms of tonnage).

In recent years, the tonnage has increased considerably in all segments (particularly for bulk carriers), with the exception of general cargo carriers. Most commercial ships are registered under a flag other than the shipowner's nationality. Panama, the Marshall Islands and Liberia are the main registration countries.

The Italian-owned merchant fleet is made up of around 1,400 ships, with a gross tonnage of over 15 million, and in the most recent past it has fallen by very little in percentage terms. In addition to being the European leader in cruise traffic, it holds a very important position in the more sophisticated sectors (such as ro-ro units and chemical tankers).

Almost all of the tonnage is registered in the international register and the percentage flying a foreign flag is marginal.

As for the international marine container sector, the top six shipping companies represent over 70% of the entire market's transport capacity. New large-scale acquisitions are therefore considered unlikely, also because new concentrations would find it hard to get approval from the authorities.

This sector is moving more and more towards vertical integration, entering into various logistics sectors, in order to balance the revenues generated by the maritime transport business with those produced by

other businesses. This integration allows shipping companies to generate more stable cash flows and to counter the volatility of sea freight. Entering these sectors is not without its difficulties, however, as the logistics market is highly competitive and fragmented.

For about twenty years, the maritime transport sector has been undergoing a profound transformation. One of the main reasons for this change is due to the phenomenon of naval gigantism, now visible in almost all types of ship. Naval gigantism is particularly accentuated in the container ship sector, taking into account that about 90% of those delivered in 2019 have a capacity of more than 10,000 TEUs. Based on recent statistics, units with this capacity represent around a third of the world fleet.

The alleged advantage linked to economies of scale appears to be one of the prevailing factors for the use of mega-carriers. Ports are under very strong pressure to adapt their spaces (above all, the depth of water in harbours and the size of quays) and respond generally to the needs of large international carriers.

As regards maritime piracy, the latest data available indicate a recovery in armed attacks during 2019, especially those with crews being taken hostage. The Gulf of Guinea continues to be the area most at risk, also due to the violence of the attacks. 90% of seizures are concentrated in this region. The assaults occur mainly in Nigeria, followed by Togo, Benin and Cameroon. A decline in the attacks is reported in Indonesia and, above all, in Somalia. The extent of these attacks, which pose a serious threat to the safety of seafarers, ships and goods, reinforces the importance of transparency, communication and coordination between ships and local coastal authorities.

In terms of ecology, shipping has reduced carbon dioxide emissions by more than 10% since 2007. And only 2% of the world's CO₂ emissions are caused by ships, which means that they are one of the least polluting means of transport. And this despite the constant increase in global maritime trade, as 90% of world goods are transported by sea, as mentioned previously.

On 1 January 2020, new rules from IMO (the International Maritime Organization) came into force, aiming to reduce the sulphur content of shipping fuel from 3.5% to 0.5%. To achieve this, shipowners must choose whether to use a cleaner, but more expensive type of fuel or to continue using a fuel with a higher sulphur content. In this case, they would have to mount scrubbers, which are a sort of catalytic converters for ships. In both cases, even though the new types of fuel have not yet been fully tested, there will still be a significant decrease in emissions into the atmosphere. The reduction of harmful emissions is also focusing heavily on methane, or LNG (liquefied natural gas), which is still a fossil fuel. This is the solution that cruise companies have mostly adopted, and for which they have been precursors. In fact, about half of the units currently on order will be prepared for propulsion with LNG.

Great interest is being paid to non-fossil fuels, in particular the possibility of feeding fuel cells with hydrogen, because it appears to be the cleanest fuel of all.

So investments in shipping are important to safeguard the environment, which is now a recurring theme at a global level. The route towards more and more "green" ships entails a significant increase in costs for shipowners, also because to a certain extent they are still in difficulty due to the crisis which has not been fully resolved. But the road to further reducing emissions still faces many stages, which should culminate in 2050, the year in which the IMO has forecast a 50% reduction in emissions produced by the sector. To achieve this there are the first, embryonic, concepts to use wind energy on ships.



The current shape

At the beginning of the sixteenth century, Louis XII had Fort Briglia built for the troops that garrisoned the city: when the Genoese rose up against the French, they bombarded the fort, also damaging the *Lanterna*, reducing it to “half a tower”. It was rebuilt in 1543, replacing the ancient crenellations and taking on the definitive shape that we see today.

*(Photograph taken in collaboration with the
Unitre Photographic Circle of Genoa)*



SHIPBUILDING

In the shipbuilding sector, there is an intensification of macro-mergers, as a long-term effect of the economic crisis that began a decade ago. It generated excess cargo capacity, which continues to depress sea freight today.

In South Korea, the world's no. 1 manufacturer of new ships, it is significant that Hyundai (the country's largest shipyard and one of the largest in the world) has combined with Daewoo (controlled by the state). This operation is being looked at by the European Antitrust Commission, because the customers of these shipyards are largely shipowners of the Old Continent. The Singapore, Chinese and Japanese antitrust authorities are also looking at it. Indeed, it is feared that it could undermine the entire global market. Even in China, which established itself recently as a reliable shipbuilding nation, there has been an important marriage between China Shipbuilding Industry Company and China Shipbuilding Group Corporation, both state-controlled.

In Japan, the no. 3 shipbuilding nation after China, Imabari and Jmu have signed a commercial alliance to defend themselves from aggressive Asian competition.

Given the above situation, it becomes essential for Europe to defend technology and for Italy to defend its primacy in cruises (note that in some quarters of recent years, Italy has been the fourth largest nation in the world for naval production in terms of compensated gross tonnage).

At the beginning of 2020, the Coronavirus epidemic caused a sharp slowdown in Chinese shipyards and many of them have already invoked "*force majeure*" for the fact that they cannot fulfil contracts. Hundreds of ships under construction or under repair in China have experienced significant delays in delivery.

Shipyards specialising in pleasure boats are benefiting from a strong trend in the market, brought about by the persistently favourable state of the international economy. In this context, consumer confidence and the propensity to spend on boating benefit from low levels of inflation and interest rates, expanding equity markets and rising employment rates.

In the more mature markets of global boating (North America and Europe), this has translated into investments by shipyards in research and technology, together with the recovery of many jobs that were lost during the crisis. The increase in demand for labour was such that sometimes it was difficult to find skilled workers to maintain the sector's output.

The excellent results of Italian pleasure boating in recent years are closely linked to the international appreciation that it has earned. With a significant share of global pleasure boat exports, Italy is among the top exporters worldwide, ahead of Holland, the United States and Germany. Almost half of Italian exports are destined for the American market.

The large yacht industry also seems to have definitively overcome the crisis, thanks to a lively market both in new builds and in the brokerage of second-hand boats. There is a significant number of new orders, which are still growing in average size.

In the production of yachts over 24 metres, Italy once again confirms and relaunches its undisputed role of excellence worldwide. In fact, among the countries that build these types of boats, Italy's industry is no. 1, with the highest number of super yachts under construction in 2019, more than 40% of the total worldwide. Italy leads the field in front of Turkey, which gains two positions, and the Netherlands, which slip from second to third place. Many shipyards are producing yachts without a specific order from a customer ("order on speculation"), which is a sign of optimism in market demand.

In this sector, the leadership of the European shipbuilding industry has further consolidated with the Italian, Dutch and German manufacturers, the latter two driven above all by the trend towards gigantism.



THE INSURANCE MARKET

The international marine insurance market tends to be oriented towards a general increase in premium rates, particularly in the "Hulls" sector. The one that stands out among all the others is London, which is leading the recovery and from which the effects are gradually spreading worldwide.

However, the intensity of the increase in rates varies according to the type of fleet and its statistical trend, as well as the geographical origin of the insurer that generates the original price. For example, the London market assumes very rigid positions, while the Scandinavian market is less aggressive.

It is widely believed that this upward trend should continue, especially if other Lloyd's syndicates were to cease or reduce their underwriting capacity, unless the future trend is such as to rekindle the appetite of underwriters.

In 2019, due to the evolution expected in the latter part of the year, taking into account the final figures relating to the third quarter, the premium income of the Italian insurance market should reach 142.5 billion euro, an increase of 5.4% on 2018. In particular, the total premiums of the Italian direct portfolio of the Non-Life sector are expected to increase by approximately 3.3% compared with 2018.

With regard to Solvency II, a revision in the calculation mechanism of the Volatility Adjustment (VA) has been requested by several parties, both to extend its application and to eliminate its defects (attributable mainly to the conditions of implementation of the national component).

In particular, this mechanism did not function adequately or promptly in Italy.

In December 2019, the Community Directive was published and entered into force, modifying this mechanism, allowing implementation of the national component on a more continuous basis. Moreover, it does not deal in a more structured way with the operating problems underlying the mechanism.

The objective remains to increase the size and timeliness of the national component, as well as to increase the degree of predictability, with a consequent reduction in the artificial volatility in the financial statements of insurance companies.

Regarding cyber risk, cyber attacks in recent years have had a significant increase in terms of frequency and costs, with some striking cases.

Attacks of ransomware, intellectual property theft and cases of fraud cost huge amounts every year for recovery costs, fines and loss of income. To cover these costs, an increasing number of companies are purchasing insurance coverage against cyber risks.

The types of risks covered by IT insurance vary considerably among policies and business sectors. Insurers do not always agree on which loss events are covered and the language of the relevant policies is not yet standardized.

Moreover, the peculiar characteristics of IT risks, including a limited historical series of losses, the unreliability of past data when it comes to predicting future events, the possibility of a large-scale attack in the presence of correlated losses of companies and/or sectors, make it difficult to stipulate wide-reaching policies.

Time will still be needed to understand properly the extent to which cyber insurance can help protect businesses, and the economy in general, from the costs of cyber attacks as institutional factors and legal uncertainties can hinder the development of this market.

Despite having made progress, the cyber insurance market is still to be considered in its initial stages.

In fact, due to the incomplete understanding and generic definition of IT risks, as well as the related impacts, many companies hesitate to take out this kind of coverage.

A better understanding of the risks could help potential policyholders choose the most suitable protection for their needs, helping insurers to evaluate the types of claims that originate from their policies.

With regard to the “Hulls” sector, 2019 was another difficult year for world maritime insurers. Starting from the important London Market, where the Lloyd’s syndicates suffered further losses, forcing some of them to stop underwriting in this sector, after a long period of soft market.

However, the first important signs of recovery for this sector started appearing at the beginning of 2019, under pressure from a series of negative results and the declining number of underwriters, particularly in London.

We are now seeing a general increase in premium rates and a worsening in coverage conditions, also in terms of aggregate fleet deductibles and more limited guarantees. This increase was particularly significant in the yacht sector.

It is widely believed that the upward trend will continue in 2020 and probably the following year as well, unless the future trend is such as to rekindle the appetite of underwriters.

As for the “Cargo” sector, which is primarily domestic with respect to the “Hulls” segment (the latter being more international), the stagnant state of the Italian economy has had a negative impact on it.

This sector therefore continues to suffer from the lack of an upswing in the economy and potential new customers, with the current ones mainly interested in containing costs and obtaining more advantageous conditions. For large companies, intermediaries put various insurance companies in competition with each other when policies are up for their annual renewal, so that they can renegotiate the terms.

The drop in demand also encounters excess supply, leading to cuts in premium rates, despite the fact that there is a reversal of the trend in the reinsurance market (upwards).

As regards the transport of raw materials, there was a general decrease in steel traffic (also as a result of the new tariffs imposed by the United States), while the values insured in policies covering petroleum products did not show any significant changes.

With regard to the “Aviation” sector, there was a progressive increase in premium rates during 2019, which was particularly marked in the last period of the year. This increase, which affected not only accident coverages, but also clean ones, was more robust on the London international market, extending with less vigour to the Italian market. It is a common opinion that this trend may continue throughout 2020.

Lastly, with regard to passive reinsurance, optional transfers in particular (for both “Hulls” and “Cargo”, as well as for “Aviation”), the market continues to offer capacity, albeit going through a period of downsizing after the difficult performances worldwide in recent years.

Based on the latest available official data published by Ania concerning the premiums for Italian direct business written in 2018, your Company continued to strengthen its leadership in the “Marine” sector. In particular, it came first in the “Hulls” sector and fifth in the “Cargo” sector, with shares of 32% and 8% respectively (31% and 8% in 2017).

In 2019, as in the past, the Company continued in its intent to provide the best possible service to customers. Also of primary importance is the goal to maintain and strengthen the relationship with our policyholders, with a view to continuity of relationship, which is also sought in dealings with our reinsurance counterparties and intermediaries.

However, to earn an adequate return on the work performed, it is necessary to apply an underwriting policy in all sectors oriented towards a correct technical approach to risk, in order to obtain a satisfactory industrial result. In this sense, actions aimed at achieving this important and essential objective have already been identified and implemented (though in part still being completed), particularly in the “Hulls” sector.

RESULTS OF OPERATIONS

Given all of the above, the Company closed 2019 with a profit before tax of € 417 thousand, which is in line with € 708 thousand reported in 2018. Net profit was € 89 thousand, compared with € 325 thousand in the prior year, with a higher tax pressure than in 2018.

The following table summarises the statement of income for 2019, with comparative figures for 2018:

(in thousands of euro)	2019	2018
Underwriting result	325	487
Net investment income	3,715	3,831
Capital and financial charges	(1,452)	(1,922)
Investment return transferred to the technical account	(1,350)	(1,135)
Other income (expenses), net	(201)	(860)
Net extraordinary income (expenses)	(620)	307
Profit (loss) before taxes	417	708
Income taxes for the year	(328)	(383)
Net profit for the year	89	325

With respect to the results for 2019, based on the data set out above, the key factors, which will be discussed more fully in the rest of this report, are as follows:

- The underwriting result, net of the investment return transferred from the non-technical account, is substantially unchanged on the prior year;
- investment income, net of related capital and financial charges, amounted to € 2,263 thousand and improved on the previous year (€ 1,909 thousand). Further information on this is provided below in the section on “Property and financial management”;
- a portion of the investment return was transferred to the technical account on the basis of the criteria laid down in art. 22 of ISVAP Regulation 22 of 4 April 2008. It rises as a result of the increased net profit from investments;



- other income (expenses), net show a negative balance, although with an improvement compared with the negative one of 2018. The following items, among others, contributed to the formation of this balance:

- the releases of the “Provision for risks and charges” of € 899 thousand, which determines the above improvement.

This release offsets the cost, of the same amount and recorded in “Extraordinary expenses”, incurred in May 2019 to close the tax disputes relating to VAT on the relationships with other companies in the insurance sector in the context of co-insurance. In fact, the company decided that it was economically worthwhile to adhere to the provisions of Decree Law no. 199 of 23 October 2018, converted by Law no. 136 of 18 December 2018.

By means of this agreement, which does not mean that the company renounces the defence arguments that it used in court, the tax years up to and including 2012, except for 2003, have been settled. For 2003, considering the rulings in favour of the company (including the partial judgement of the Supreme Court of Cassation) and the extent of the tax bill, management did not think that it was worth accepting the same type of agreement;

- the € 1,128 thousand accrued to the “Provisions for risks and charges” for the VAT dispute on co-insurance, as indicated above, for the years 2013 to 2019;
- for debtor balances which could prove difficult to recover (other than amounts due from policyholders) no provision for doubtful accounts was set aside (€ 40 thousand in 2018), while losses on receivables totalled € 54 thousand (€ 365 thousand in 2018).

At the same time, this provision was used for € 136 thousand (€ 495 thousand in 2018) also due to changes in estimates;

- the effects of the trend in foreign exchange differences, which produced a net balance of less than € 1 thousand (having been positive for € 88 thousand in 2018). Exchange differences were mainly due to fluctuations in the US dollar during the year.

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.

- net extraordinary items show a significant negative balance compared with 2018, as the related charges include € 899 thousand for the cost incurred to comply with the negotiated settlement for the closure of tax disputes, as indicated previously;

- the effective tax rate (78.7%) has increased with respect to the prior year (54.1%). This increase was due to the disallowance of the accrual of € 1,128 thousand to the “Provisions for risks and charges” made in 2019, versus € 1,100 thousand of 2018, as mentioned above, applied to a lower gross profit for the year than in 2018.

Income taxes amount to € 328 thousand (€ 383 thousand in 2018) and relate to:

- current taxes, only for IRES, of € 263 thousand (€ 200 thousand in 2018). There is no IRAP payable (as in 2018);
As in 2018, income taxes do not include any taxes to be paid in Germany (but not recoverable in Italy) where the Company has a permanent establishment, as there is no basis for any such payments;
- deferred tax assets, the expenses of which amount to € 65 thousand (expenses of € 183 thousand in 2018);
- there were no deferred tax liabilities (as in 2018).

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

INSURANCE BUSINESS

Underwriting result

The underwriting result for the years ended 31 December 2019 and 2018 is composed of the following:

(in thousands of euro)	2019	2018
Earned premiums	154,467	147,330
charges related to claims	(128,618)	(159,502)
Other technical income	105	(1,252)
Operating expenses	(35,423)	(33,119)
Gross underwriting result	(9,469)	(46,543)
Balance of outward reinsurance	8,545	45,997
Change in other non-technical reserves	(101)	(102)
Investment return transferred to the non-technical account	1,350	1,135
Net underwriting result	325	487

The above amounts are for direct and indirect business taken as a whole.

They show a significant decrease in the gross underwriting loss, which was heavily penalised in 2018 due to particularly severe accidents (above all, the fire at the “Vulcano” military building).

Given the Company’s reinsurance policies, this loss is significantly cushioned through appropriate reinsurance measures, making it possible to achieve a positive, albeit small, net underwriting result.

This underwriting loss is mainly attributable to a persistent unfavourable trend in the loss ratio of the “Hulls” sector, which has been a feature of this market, especially in recent years.

To deal with this unfavourable trend, an incisive portfolio restructuring plan was launched and is now being completed, above all through the non-renewal of unprofitable business and, where deemed appropriate to continue, with a lower percentage of quotas. This action is followed by the rising trend in the sector’s premium rates, as mentioned previously, and an upward revision in pricing, especially in the boating sector.

A brief analysis of the individual amounts shown above leads to the following considerations:

- gross earned premiums increase significantly compared with the previous year, related to the remarkable production development (+7.6%).

This is essentially attributable to the “Hulls” sector, which having benefited from the upward trend in rates, has also seen a significant development in the boating business. Growth was also negatively affected by important increase in the gross premiums reserve for unexpired risks of € 2,305 thousand (€ 740 thousand increase in 2018). The latter became necessary following the negative trend in the underwriting result for the period in certain lines of businesses, especially those coming from the “Hulls” sector;

- charges relating to claims show a reduction in amount, which in 2018 was also influenced by some particularly serious accidents in the “Hulls” sector, as indicated above. As in the past, we would reiterate the usual caution that the Company normally applies when making reserves;

- other technical income shows a positive balance, against the negative one in 2018. The relative change refers to items of various nature and is adequately scaled within the balance of the outward reinsurance;
- operating expenses include commissions recognised to the network of agents and other intermediaries and to transferor companies for the premiums contributed by them (€ 25,946 thousand versus € 23,597 thousand in 2018) and other acquisition and management expenses (€ 9,477 thousand versus € 9,552 thousand in 2018). The increase in these expenses is related to the increase in gross production;
- following the significant reduction in the gross underwriting loss and considering the reserves recorded in that regard, the outward reinsurance balance reflects an allocation to reinsurers lower than in the previous year. This balance also includes commission income recognised by reinsurers amounting to € 24,013 thousand, an increase on € 22,207 thousand of 2018. The above mentioned increase is due to the growth in outward reinsurance premiums;
- the change in other non-technical reserves is in line with last year;
- the investment return transferred to the non-technical account improves on 2018 thanks to the rise in the net investment income balance, net of capital charges.

Gross premiums earned and recorded

The premiums earned in 2019, compared with those of 2018, are as follows:

(in thousands of euro)	2019	2018
Gross premiums written	159,776	148,484
Premiums transferred for reinsurance	(116,169)	(104,675)
Change in the gross unearned premiums reserve	(5,627)	(1,850)
Change in the unearned premiums reserve to be borne by reinsurers, including the balance of portfolio movements	5,203	988
Net exchange differences on the incoming unearned premiums reserve	108	204
Earned premiums, net of reinsurance	43,291	43,151

There has been a modest increase in the incidence of total premiums ceded to reinsurers, which comes to 72.7% (versus 70.5% the previous year). This increase is attributable to the higher premiums in the Hulls sector, which generally have a lower share of retention than other sectors.

The following table gives details of premiums earned in 2019, with comparative figures for the previous year:

(in thousands of euro)	2019	2018
Italian direct business		
Hulls	100,996	88,676
Marine cargo	23,404	26,657
	124,400	115,333
Aircraft	1,238	1,167
Aircraft third-party liability	503	368
	1,741	1,535
General third-party liability	3,748	3,722
Motor third-party liability	3,378	3,413
Pecuniary losses	1,741	1,431
Other property damage	1,476	1,221
Personal accident	391	386
Other minor business	114	173
	10,848	10,346
Total direct business	136,989	127,214
Indirect business - Italy		
Marine cargo	9,890	9,600
Hulls	6,172	5,016
Motor third-party liability	4,350	4,038
Other minor business	1,248	996
	21,660	19,650
Indirect business - Abroad	1,127	1,620
Total indirect business	22,787	21,270
Grand total	159,776	148,484

The direct business was generated exclusively in Italy and includes the contracts arranged by the foreign permanent establishment in Germany.

Comments on these figures are summarised below:

- as in the recent past, 2019 production can be assigned to the "Marine" sector and, to a lesser extent, the "Aviation" sector. 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 sectors other than the Marine and Aviation sectors. In particular, carrier third-party liability coverage, which comes from the "Cargo" sector with premiums classified to Motor Third-Party Liability, represents almost all of this sector's premiums;

- in general terms, the production of the year shows a significant increase (+7.6%) essentially attributable to direct business, specifically in the Hulls sector.

As regards indirect business, the transfers by the direct parent company Unipol Assicurazioni S.p.A. continue to play a significant role.

These figures have been positively affected by the considerable appreciation of the US dollar during the year (its exchange rate to the euro was 1.1234 at 31 December 2019, compared with 1.1450 at 31 December 2018), having revalued by around +1.9% against the EU currency.

In fact, much of our business is written in US dollars, especially in the "Hulls" sector;

- direct premiums in the Hulls segment have increased significantly, mainly thanks to the permanent establishment in Germany.

This segment has seen an important development in the pleasure boating business, particularly for medium-large size boats and for business of foreign origin, facilitated by the decision of the London market to reduce its capacity for this sector.

A significant increase was also seen in the coverage related to shipbuilding, which was affected by the trend in the order book and the start of various new constructions.

On the other hand, there was no longer the contribution from the Belgian permanent establishment (mainly oriented to the "Hulls" sector, rather than to "Cargo"), with which the relationship was terminated at the end of 2018 (also in consideration of the unfavourable underwriting result).

Policy renewals generally took place with an increase in premium rates, the benefit of which, in terms of volumes, tended to be offset by a frequent reduction in quotas (in some cases very significant) and by the cancellation of policies with unsatisfactory underwriting results.

Production in this segment has continued to be supported by the "A-" (excellent) rating, which was confirmed in August 2019 by AM Best, a leading international agency that specialises in the insurance sector.

Furthermore, the upgrade to "BBB+" (from "BBB") in the opinion expressed by Fitch, of a notch higher than what is currently assigned to our country, should be noted;

- the direct premiums of the Marine Cargo segment have declined, mainly due to the Belgian permanent establishment which stopped underwriting, closing its activity at the end of 2018.

Moreover, to improve the profitability of this segment, some policies in Italy were not renewed (due to an unsatisfactory technical performance), including some of a particularly significant amount. The related loss of production was offset by the underwriting of new business and the positive reformulation of certain contracts.

Particular attention was paid to greater diversification of the portfolio, especially with the research and development of business relating to small and medium-sized enterprises, through small and medium intermediaries well rooted in the territory, for which an appreciable level of profitability is expected in the future.

In this difficult context, the Company remained true to its policy, by avoiding the acceptance of risks that had not been correctly measured with inadequate premium rates, while we continued to analyse individual risks carefully, without overlooking any technical aspects;

- the direct premiums of the Aviation and related third-party liability segment reflect a business started recently, which is expected to consolidate and grow in the near future, based on sound technical principles.

This development focuses on small producers and/or medium-sized airport operators, which carry out the most diverse activities within airports.

The positive balance between new business and lost business contributed to this development, as did the increase on some renewed policies, where competition allowed it;

- the direct premiums of the elementary segments has seen a modest improvement, essentially as a result of business coming from the "Hulls" sector, for which the increase in production has benefited above all the Pecuniary losses segment.

As noted previously, these premiums derive almost exclusively from business generated by the "Marine" sector and, to a lesser extent, the "Aviation" sector.

In addition, the indirect business in the Motor third-party liability sector relates entirely to carrier liability business coming from the Cargo sector;

- with regard to Italian indirect business, there has been a rise in the production compared with 2018, mainly related to the Hulls segment.

It is attributable to the increased coverage of war risks and to the more substantial renewal relating to a primary international container-carrier fleet.

In addition, as with direct business, note that the Motor third-party liability segment relates solely to third-party liability coverage of the vehicle, deriving from the "Cargo" sector.

The premiums from foreign indirect business derive from the "Hulls" and "Cargo" sectors: respectively € 990 thousand and € 137 thousand (€ 1,286 thousand and € 334 thousand in 2018).

The decrease in production is due to the fact that no new business has been accepted from the Dubai market since the end of 2018;

- indirect premiums from the unrestricted provision of services were not significant, while the related direct premiums generated under that regime show a slight decrease totalling € 52,677 thousand (€ 55,445 thousand in 2018).

These premiums relate to the Hulls sector for € 44,883 thousand (€ 45,415 thousand in 2018) and to the Marine Cargo sector for € 7,794 thousand (€ 10,030 thousand in 2018);

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

(in thousands of euro)	2019	2018
• in Italy	147,574	142,905
• abroad, through the permanent establishment in Germany	12,202	5,579
	159,776	148,484

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

Outward reinsurance

The reinsurance policy adopted in 2019 has had an overall approach that is substantially similar to the usual one of the past, with the same interest being shown by professional operators in the technical value of the business being offered to them.

In general terms, a fairly high percentage of our business in the "Hulls" sector continues to be placed on a proportional basis with reinsurers, in view of the high quotas underwritten on insured values that are often very large.

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

Similarly to the past, placements to reinsurers have been carried out on the main markets, both in London and in other international countries, again through brokers of primary importance.

The outward reinsurance plan and the reinsurance guidelines for 2019 were approved by a special resolution of the Board of Directors, as foreseen in IVASS Circular 38D/2018.

Charges related to claims

Charges related to claims in 2019, with comparative figures for 2018, are as follows:

(in thousands of euro)	2019	2018
Gross claims settled	138,494	129,795
Claims settled borne by reinsurers	(99,579)	(93,723)
Change net of recoveries	(899)	(3,589)
Change in the gross claims reserve	(7,856)	40,689
Change in the claims reserve borne by reinsurers, including the balance of portfolio movements	1,801	(41,202)
Net exchange differences on the incoming claims reserve	(465)	(812)
Settlement costs, transferred from the non-technical account	1,262	1,283
Expenses related to claims, net of recoveries and reinsurance	32,578	32,441

The balance of this caption is in line with that of the previous year, even though the latter included the "Vulcano" claim, which was exceptionally heavy.

In fact, the changes in the gross and reinsured amount of the claims payable reserve compared with 2018 are mainly attributable to the extent of the damage relating to the "Vulcano" claim, which significantly affected these amounts in 2018.

The amount of claims settled in 2019, before recoveries from reinsurers and before allocating internal settlement costs, is summarised below according to the main categories:

(in thousands of euro)	Direct business	Indirect business	Total
Claims settled	122,730	8,885	131,615
Settlement costs	5,433	-	5,433
Direct costs	1,446	-	1,446
	129,609	8,885	138,494

With regard to direct business, the following breakdown by sector of claims settled in 2019 is compared with similar data for the previous year:

(in thousands of euro)	2019	2018
Hulls	96,659	83,494
Marine Cargo	19,251	16,842
	115,910	100,336
Motor third-party liability	2,658	1,683
General third-party liability	1,581	2,481
Pecuniary losses	918	1,279
Other property damage	803	750
Personal accident	591	-
Other minor business	269	105
	6,820	6,298
Total direct business	122,730	106,634

Analysis of the above data indicates an overall increase in the amount of claims paid. This increase is attributable, in particular, to the settlement of some serious claims of the "Hulls" sector and, to a lesser extent, of the "Cargo" 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, payments in these periods were affected by the appreciation (+1.9%) of the dollar against the euro, with a closing rate at 31 December 2019 of 1.1234, compared with 1.1450 at 31 December 2018.

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" and "Aviation" 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.

With regard to the claims payable reserve, it amounts to € 247,866 thousand (€ 255,722 thousand as at 31 December 2018) and is made up as follows:

(in thousands of euro)	31.12.2019	31.12.2018
For reimbursements and settlement costs	218,899	226,085
For accidents occurred, but not reported	28,967	29,637
	247,866	255,722

It is related to direct and indirect business for € 221,167 thousand and € 26,699 thousand respectively (€ 230,182 thousand and € 25,540 thousand at 31 December 2018).



SALES ORGANISATION

During the year, the distribution organisation did not change, both in Italy and abroad.

In Italy, the distribution network at 31 December 2019 consists of 25 general agents and 172 brokers (18 and 195, respectively, at 31 December 2018).

Geographically, 77.7% are located in the North (153 intermediaries, compared with 164 at 31 December 2018) and 22.3% in the Centre – South (44 intermediaries, compared with 49 at 31 December 2018).

The distribution structure abroad included the permanent establishment in Germany as well as 75 brokers.

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

Acquisition expenses totalled € 28,405 thousand (€ 26,076 thousand in 2018). The relative growth is due to the increased production for the year, as previously commented. Of these costs, € 22,540 thousand related to direct business (€ 20,777 thousand in 2018) and € 5,865 thousand to indirect business (€ 5,299 thousand in 2018).

The ratio of commissions paid to third parties for new direct business to the related premium income was 15.2% (16.3% in 2018). The one to indirect business was 22.3% (24.9% in 2018).



PERSONNEL AND ADMINISTRATIVE EXPENSES

At 31 December 2019, the company has 104 employees (103 at 31 December 2018), including 4 executives, 19 managers and 81 office staff.

Among them, 47 were on part-time secondments to the Parent Company and to subsidiaries.

In addition to these, at the same date the staff also included 45 employees in Group companies (49 in 2018) the latter on secondments (22 full-time and 23 part-time) seconded to the Company principally in the performance of duties related to the operations of the "Marine Hub".

Further, there was one collaborator on a temporary supply contract (1 in 2018).

The full time equivalent (FTE) headcount, that is, considering actual working hours, in 2019 was 140 employees (144 in 2018).

After allocating a proportion of personnel expenses and the depreciation of tangible assets to policy acquisition and claims settlement, administrative expenses amounted to € 7,018 thousand (€ 7,042 thousand in 2018).



PROPERTY AND FINANCIAL MANAGEMENT

During 2019, financial management operated in accordance with the guidelines of the Investment Policy adopted by the Company, and with the guidelines provided by the Group Investment Committee and by the Financial Investment Committee.

The investment policy followed criteria to optimize the risk/return profile of the portfolio.

The criteria of investment marketability and prudence have been the guideline for our investment policy, while maintaining the necessary consistency with the profile of liabilities.

Management activities focused on the bond sector and there were no significant changes in asset allocation in 2019. For this sector, there was an increase in the exposure to euro area government securities, against a decrease in the exposure to corporate financial issuers. In addition, the incidence of the fixed rate segment was moderately reduced.

We maintained an adequate cash position in the portfolio to meet the needs of the core business.

Trading on financial markets has been designed to achieve our profitability targets. At 31 December 2019, the duration of the portfolio is 3.14 years, a decrease on the end of 2018 (3.46 years), while complying with the limits imposed by the Investment Policy.

In the portfolio, which is denominated mainly in euro, there are positions in US Dollars for which the exchange rate risk has not been hedged because of the peculiarities of the core business, which operates mainly in US dollars.

At 31 December 2019 total investments amounted to € 117,342 thousand (€ 117,082 thousand at 31 December 2018), substantially unchanged with respect to the previous year.

Details are provided below:

(in thousands of euro)	31.12.2019	31.12.2018
Buildings	18,879	18,813
Investments in group and related companies	121	91
Mutual fund units	1,224	1,224
Bonds and other fixed-income securities	96,041	95,841
Loans	2	12
Restricted deposits with banks	402	402
Deposits with ceding undertakings	673	699
	117,342	117,082

Bonds and other fixed-income securities and buildings continue to represent the bulk of total investments (97.9%, compared with 97.9% at 31 December 2018).

With regard solely to financial investments (excluding those in Group companies), shares and mutual funds invested in equities represent 1.4% of the total (1.4% at 31 December 2018) due to continuing caution in this area.

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

- Properties remain stable in value, decreasing as a result of depreciation and increasing due to improvements.
This caption solely comprises the commercial property located in Genoa that houses the company's headquarters and offices.
A significant proportion of this building is rented to the parent company UnipolSai Assicurazioni S.p.A., while another part (which is also destined to be leased) is currently undergoing redevelopment;
- shares and quotas continue to be insignificant.
This caption mainly refers to 23,675 shares of the direct parent company UnipolSai Assicurazioni S.p.A., for an amount of € 54 thousand, and to 12,566 shares of the indirect parent company Unipol Gruppo S.p.A., equal to € 32 thousand.
In addition to the above, this item also includes the shares of the affiliate UnipolSai Servizi Consortili S.c.a.r.l., for a total of € 35 thousand;
- the units in mutual funds (most of them equity-based) are unchanged in amount;
- bonds and other fixed-interest securities increase on the end of the previous year.

A distinct preference for government issues (especially domestic ones) which constitute 81.4% of the total (80.9% at 31 December 2018).

The portfolio, mainly in euro, includes positions in US Dollars.

These are represented by fixed-interest securities, € 84,094 thousand, and variable-income securities, € 11,947 thousand (€ 91,701 thousand and € 4,140 thousand respectively at 31 December 2018).

There is an increased propensity towards variable-income investments, but which still remain limited in amount compared with the total.

The long-term securities have a book value of € 46,783 thousand (€ 43,830 thousand at 31 December 2018). These comprise € 35,610 thousand invested in Italian government securities (BTPs maturing between 2024 and 2033, € 34,687 thousand, and CCTs maturing in 2025, € 923 thousand).

They also include € 4,173 thousand invested in Spanish government securities and € 1,983 thousand in Portuguese government securities, as well as (banking) corporate issues totalling € 5,017 thousand.

At the year-end, the total market value of long term securities amounts to € 50,764 thousand.

During the year, long-term securities have not been sold or transferred to other portfolios;

- the balance of restricted deposits with banks, which consist of cash collateral, remains unchanged;
- deposits with ceding undertakings and loans are essentially unchanged.

No use was made of derivatives during the year and there were no derivative contracts outstanding at 31 December 2019 (as at 31 December 2018).

The following subordinated bonds are held at year end:

*Issuer: Crédit Agricole
ISIN code: XS1204154410
Par value: 500,000 €
Book value: 499,907 €
Issue: 17 March 2015
Maturity: 17 March 2027
Structure: Tier 2 subordinated bond*

*Issuer: Intesa San Paolo
ISIN code: XS1109765005
Par value: 500,000 €
Book value: 500,000 €
Issue: 15 September 2014
Maturity: 15 September 2026
Structure: Tier 2 subordinated bond*

*Issuer: LB – Baden Wuertt
ISIN code: XS1246732249
Par value: 200,000 €
Book value: 199,586 €
Issue: 16 June 2015
Maturity: 16 June 2025
Structure: Tier 2 subordinated bond*

*Issuer: Monte dei Paschi
ISIN code: IT0005013971
Par value: 150,000 €
Book value: 149,934 €
Issue: 17 April 2014
Maturity: 16 April 2021
Structure: covered bond*

*Issuer: AG Insurance S.a.
ISIN code: BE6277215545
Par value: 500,000 €
Book value: 489,655 €
Issue: 31 March 2015
Maturity: 30 June 2047
Structure: Tier 2 subordinated bond*

*Issuer: Aviva Plc
ISIN code: XS1242413679
Par value: 400,000 €
Book value: 393,166 €
Issue: 4 June 2015
Maturity: 4 December 2045
Structure: Tier 2 subordinated bond*

Issuer: NN Group Nv
 ISIN code: XS1550988643
 Par value: 500,000 €
 Book value: 503,651 €
 Issue: 13 January 2017
 Maturity: 13 January 2048
 Structure: Tier 2 subordinated bond

At year-end, the book value of the securities portfolio was € 6,924 thousand lower than its market value at the same date (€ 1,482 thousand at 31 December 2018).

The above unrealised gain comprises:

- € 6,160 thousand (€ 1,046 thousand at 31 December 2018) relating to bonds and other fixed-interest securities, including those held for the long term. The latter carry an unrealised loss of € 3,981 thousand (unrealised gain of € 308 thousand € at 31 December 2018);
- € 723 thousand relating to mutual funds (€ 436 thousand at 31 December 2018);
- € 11 thousand attributable to the shares and quotas held in Group companies and affiliates (no unrealised gain/losses at 31 December 2018).

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

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

(in thousands of euro)	2019	2018
Net profit from:		
shares		
dividends	6	6
net gains (losses) on disposals	16	12
net write-backs (writedowns)	(7)	-
	15	18
bonds and other fixed-income securities		
interest income	2,320	2,849
net gains (losses) on disposals	580	393
net write-backs (writedowns)	323	(355)
	3,223	2,887
other financial investments		
buildings		
rental income	445	433
depreciation	(700)	(687)
	(255)	(254)
Total income, net	2,983	2,651
Expenses		
operating expenses	712	735
interest expense	6	6
Total expenses	718	741

Overall, the results of property and financial management improved compared with those for 2018, both in income, and to a lesser extent, in expenses.

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

- for equities, the above figures confirm the lack of interest in this type of investment. The dividends collected related to the shares held in UnipolSai Assicurazioni S.p.A. and Unipol Gruppo S.p.A. amount to € 4 thousand and € 2 thousand respectively. Gains on disposal relate to the transfer of shares in Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. for € 14 thousand and € 2 thousand respectively, which were allocated during the year to top management in accordance with their compensation plan. The adjustments refer exclusively to the subsidiary UnipolSai Servizi Consortili S.c.a. r.l. to bring its carrying amount into line with the Company's share of its equity;
- for bonds and other fixed-interest securities, we note that:
 - a decrease in interest earned, following the declining trend in the portfolio, as well as the securities with the most remunerative coupons reaching maturity;
 - an improvement in the results from trading, which was limited (so as to protect the unrealised gain implicit in the existing portfolio);
 - a balance of writebacks, net of the related adjustments, increase significantly. They are essentially attributable to the drop in interest spread, given the significant volume of Italian government bonds;
- for other financial investments, the result is immaterial, as in the previous year;
- for buildings, represented exclusively by the property in Genoa, where the head office and the company's operations are located, we would point out the following with regard to just the portion intended for use by third parties:
 - rental income and adjustments remained stable (solely comprising depreciation);
 - restructuring work on the ground floor has continued, prior to future rental;
 - the lease of four floors to the parent company UnipolSai Assicurazioni S.p.A. at current market conditions.

Operating expenses concerned the property sector for € 462 thousand (€ 347 thousand in 2018) and the securities sector for € 250 thousand (€ 388 thousand in 2018). The latter have decreased mainly due to the lower costs incurred for the ordinary management of the property owned by the Company and refer to IMU (municipal tax) for € 88 thousand (€ 89 thousand in 2018).

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



The monumental complex of the *Lanterna* of Genoa

The visit begins with the promenade overlooking the Port of Genoa. We continue in the Open Air Museum in the park, which follows the line of the seventeenth-century fortifications and the “*Porta Nuova*” (New Gate) of the *Lanterna*. At the base of the lighthouse, inside the ancient fortifications, is the *Lanterna* Museum. Coming out of the museum, you can continue towards the lighthouse, coming to the first panoramic balcony to admire an amazing and original 360° view of the city and its port.

MONUMENTAL COMPLEX

(Photograph by
Clara Bigaretti)



OWN SHARES, SHARES IN THE PARENT COMPANY AND ITS SUBSIDIARIES

The Company forms part of the “Unipol Insurance Group” (Register of Insurance Groups, no. 046), which in turn is subject to the direction and coordination of Unipol Gruppo S.p.A..

This means that the Company is subject to the direction and coordination of Unipol Gruppo S.p.A., pursuant to arts. 2497 of the Civil Code.

This activity had no effect on the company and its results.

UnipolSai Assicurazioni S.p.A. is the direct parent company, as it holds 94.69% of the Company's share capital.

Having said that, note that the Company does not hold, nor has it traded during 2019, any of its own shares or shares in companies belonging to “Gruppo Assicurativo Unipol”, except as indicated below.

In fact, in addition to a marginal investment in UnipolSai Servizi Consortili S.c.a r.l. (acquired in previous years), at 31 December 2019, 12,566 ordinary shares in the indirect parent company Unipol Gruppo S.p.A. and 23,675 ordinary shares in the direct parent company Unipol Assicurazioni S.p.A.

These shares were held to service the “performance share” stock-based compensation plan for the Company's top management in relation to the three-year period 2016-2018.

This plan was approved by the Shareholders' Meeting on 18 April 2016. At 31 December 2018, 19,576 shares were held in Unipol Gruppo S.p.A. and an additional 200 were acquired in March 2019. In April 2019, no. 7,210 were assigned to the above mentioned personnel. Accordingly, 12,566 shares remain at 31 December 2019.

As regards the UnipolSai Assicurazioni S.p.A. shares, additional 37,000 were acquired in March 2019 and 13,325 were assigned to top managers in April 2019. Accordingly, 23,675 shares remain at 31 December 2019. The Shareholders' Meeting of 19 November 2019 approved the compensation plan for the 2019-2021 three-year period, against which no shares were purchased in 2019.



INTERCOMPANY TRANSACTIONS

With regard to transactions with related companies, the principal intragroup activities relate to insurance business in the broadest sense (mainly reinsurance), 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.

UnipolSai Assicurazioni S.p.A. has been granted mandates to provide internal audit, compliance, risk management services and actuarial function.

Moreover, the following services were received from the parent company:

- 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 property;
- management of financial investments.

Conversely, the Company provides the direct parent company with technical, operational and administrative services in the “Marine Insurance” sector.

The Company and its indirect parent company Unipol Gruppo S.p.A. are parties to a tax group under the joint election made. In fact, the aforementioned parent company exercised the option for the Group taxation regime, as governed by Title II, Chapter II, section II of Presidential Decree no. 917/86 (TUIR, articles 117 and following), as consolidating company, jointly with the companies belonging to the Unipol Group that meet the regulatory requirements from time to time. The option has a three-year duration and is automatically renewed, unless cancelled.

The meeting of the Board of Directors held on 6 November 2018 resolved to renew membership of the tax group led by Unipol Gruppo S.p.A. for the three-year period 2018-2020, as well as to renew that membership for the following three-year periods on the established economic conditions and subject to the applicable regulatory requirements. Further information is provided in point C. 7 of Part C. – “Other information” of the Notes to the financial statements.

The Company has also joined the Unipol VAT Group, again led by the indirect company, with effect from 1 January 2019.

In fact, Unipol Gruppo S.p.A. and its subsidiaries (for which there are the economic, financial and organisational ties according to current legislation) have exercised the joint option for the establishment of a Unipol VAT Group for the three-year period 2019-2021, with tacit renewal until revoked, pursuant to articles 70-bis and following of Presidential Decree no. 633/1972 and Ministerial Decree of 6 April 2018. This election was approved by the Board of Directors of the Company on 18 December 2018 and, to the extent relevant, by those of the Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. on 8 November 2018.

Further information is provided in point C. 8 of Part C. – “Other information” of the Notes to the financial statements.

We also have reinsurance relationships with the affiliates Unipol Re and the direct parent company UnipolSai Assicurazioni S.p.A.

More specifically, the first case is outward reinsurance, in relation to the elementary and motor sectors, for claims that took place in years prior to 2005.

With the parent company UnipolSai Assicurazioni S.p.A., on the other hand, we have had active reinsurance relationships in the “Marine Insurance” sector.

The amounts relating to transactions and balances with companies belonging to the “Gruppo Assicurativo Unipol” are disclosed in the notes. The significant 2019 transactions with companies subject to management and coordination by the indirect parent company Unipol Gruppo S.p.A. are summarised below, in accordance with the provisions of the Civil Code, art. 2497-bis, paragraph 5:

Insurance and reinsurance transactions (in thousands of euro)	Reserve						
	Debtors	Creditors	Premiums	Claims	Premiums	Claims	Commissions
UnipolSai Assicurazioni S.p.A. (direct parent company)							
Coinsurance trans.	2	-	-	-	-	-	-
Reinsurance trans.							
- active	1,759	-	(4,826)	(20,158)	17,658	(8,329)	(4,173)
- passive	15	-	6	7	(15)	30	3

Commercial transactions (in thousands of euro)				
	Debtors	Creditors	Costs	Revenues
UnipolSai Assicurazioni S.p.A. (direct parent company)				
- services	950	(977)	(911)	1,859
- personnel on secondment	684	(1,310)	(2,408)	1,330
- rental income and expenses	-	-	-	445

Fiscal relations (in thousands of euro)				
	Debtors	Creditors	Costs	Revenues
Unipol Gruppo S.p.A. (indirect parent company)				
- tax group arrangements	159	(262)	-	-
UnipolSai Assicurazioni S.p.A. (direct parent company)				
- Ires repayment claim	440	-	-	-

Key: (...) Creditors /Costs



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 (EU Regulation no. 679/2016), in order to ensure the protection and integrity of the data of customers, employees and anyone else with whom it comes in contact.



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 field of fraud prevention and detection, Decree Law 1 of 24 January 2012, converted with amendments into Law 27 of 24 March 2012, resulted in IVASS issuing Regulation 44 of 9 August 2012. This Regulation requires insurance companies to send the Authority an annual report containing the information needed to assess the efficiency of processes, systems and people, in order to ensure the adequacy of the Company's organisation vis-à-vis the objective of preventing and combating fraud in the TPL Motor sector.

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 2019. This is also a result of the low number of policies pertaining to the business sector in question.

INFORMATION RELATING TO RISK MANAGEMENT POLICIES (art.2428, Civil Code)

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 UnipolSai Assicurazioni S.p.A..

Set out below are additional disclosures to facilitate an assessment of the Company's financial position.

The control of financial risk 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

At 31 December 2019, the duration of the class C investment portfolio, an indicator of the Company's exposure to interest rate risk, amounted to 3.14 years (3.46 years at 31 December 2018).

With specific reference to the bond portfolio, the duration is equal to 3.37 years (3.65 years at 31 December 2018).

Risk Sector	Composition	Duration	Increase	
			10 bps	50 bps
Government	86.49%	3.37	-297,608	-1,488,038
Financial	10.15%	3.60	-37,407	-187,033
Corporate	3.35%	2.73	-9,351	-46,756
Bonds	100.00%	3.37	-344,366	-1,721,828

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

Credit risk

The policy is for the securities portfolio to be invested primarily in investment-grade securities (99.44% of the bond portfolio, compared with 98.51% at 31 December 2018).

In particular, 6.71% of the bonds are rated triple A, 8.10% double A and 7.35% single A and 77.28% triple B (6.26%, 6.32%, 7.05% and 78.88% respectively at 31 December 2018).

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

Rating	Composition	Increase		
		1 bps	10 bps	50 bps
AAA	6.71%	-687	-6,871	-34,355
AA	8.10%	-4,704	-47,038	-235,189
A	7.35%	-5,667	-56,672	-283,359
BBB	77.28%	-39,782	-397,825	-1,989,123
NIG	0.56%	-342	-3,421	-17,104
Bonds	100.00%	-51,183	-511,826	-2,559,131

Equity risk

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

Sector	Composition	Beta	Shock -10%
Utilities	0.00%	-	0
Funds	100.00%	1.00	-196,226
Energy	0.00%	-	0
Raw materials	0.00%	-	0
Industrial	0.00%	-	0
Discretionary goods	0.00%	-	0
First necessity goods	0.00%	-	0
Health	0.00%	-	0
Finance	0.00%	-	0
IT	0.00%	-	0
Communication	0.00%	-	0
Real Estate	0,00%	-	0
Shares	100.00%	1.00	-196,226

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.

From this point of view, the Company constantly monitors cash flow matching between assets and liabilities in order to limit the need to sell off investments without adequate notice.

INFORMATION ON PRUDENTIAL SUPERVISION

The capital adequacy of the Company is checked in compliance with the *Solvency II* regulation.

On the basis of this regulation, at 31 December 2019 the Company had own funds eligible to cover the capital requirements of 1.47 times (1.36 times at 31 December 2018) and the Solvency Capital Requirement (SCR) of 4.37 times (4.06 times at 31 December 2018) the Minimum Capital Requirement (MCR).

The following table summarizes:

- the amount of own funds available and eligible to cover capital requirements, with details for individual levels;
- the amount of SCR and MCR capital requirements;
- the capital requirements coverage ratios.

Values in thousands of €	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	Own funds available to cover the Solvency Requirement	63,553	63,553	-	-
Own funds available to cover the Minimum Capital Requirement	63,553	63,553	-	-	-
Own funds eligible to cover the Solvency Requirement	63,553	63,553	-	-	-
Eligible own funds to cover the Minimum Capital Requirement	63,553	63,553	-	-	-
Solvency Requirement	43,188				
Minimum Capital Requirement	14,545				
Ratio between eligible own funds and Solvency Requirement	1.47				
Ratio between eligible own funds and Minimum Capital Requirement	4.37				

The individual solvency requirements mentioned above are calculated using the so-called market-wide standard formula.

For the purpose of determining own funds, the volatility adjustment provided for in art. 36-septies of the Private Insurance Code is applied.

OTHER INFORMATION

For information on significant events subsequent to the year end and the outlook for operations, please read Part D of the Notes to the financial statements.

Bologna, 18 March 2020

For the Board of Directors
The Chairman
(Giuseppe Santella)



THE PROMENADE

The promenade

The Passeggiata della Lanterna (or Promenade of the *Lanterna*) was designed and built in 2001 by the architect Andrea Marengo with "Architettiriuniti" and "Studio4", with the aim of connecting the city with its symbol and creating a "balcony" overlooking the Port of Genoa, thereby returning the port area to the city. The path, which is about 800 metres long, follows the route of the 17th and 19th century walls, retracing the ancient road that passed through the Lanterna Gate to bring people coming from France and Northern Europe into the city. Nowadays, it has been designed so that visitors can go directly from the Ferry Terminal to the *Lanterna*.

(Photograph by Franco Galatolo)

ANNUAL ACCOUNTS

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Statement of income
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BALANCE SHEETS AS OF 31 DECEMBER 2019 AND 2018

ASSETS	31.12.2019	31.12.2018
(in thousands of €)		
B. INTANGIBLE ASSETS		
5. Other deferred costs	1,073	633
C. INVESTMENTS		
C.I Property		
1. Property used for business purposes	6,825	6,858
2. Property used by third parties	12,054	11,955
C.II Investments in group and related companies	121	91
C.III Other financial investments		
2. Mutual fund units	1,224	1,224
3. Bonds and other fixed-interest securities	96,041	95,841
4. Loans	2	12
6. Restricted deposits with banks	402	402
C.IV Deposits with ceding undertakings	673	699
Total	117,342	117,082
D.bis TECHNICAL RESERVES CARRIED BY REINSURERS		
1. Unearned premiums reserve	43,335	38,134
2. Claims payable reserve	179,341	181,680
	222,676	219,814
E. DEBTORS		
E.I Receivables arising out of direct insurance		
1.a Due from policyholders for current premiums	54,146	53,656
1.b Due from policyholders for premiums relating to prior years	1,555	1,759
2. Due from agents and others intermediaries	6,054	6,533
3. Due from insurance companies	2,890	3,078
4. Due from policyholders and third parties	3,948	5,634
	68,593	70,660
E.II Reinsurance debtors		
1. Insurance and reinsurance companies	10,361	7,525
	10,361	7,525
E.III Other debtors	7,750	9,071
Total	86,704	87,256
F. OTHER ASSETS		
F.I Tangible assets		
1. Furniture and office machine	194	254
3. Plant and equipment	1	13
	195	267
F.II Cash and cash equivalents		
1. Bank accounts	4,718	3,293
2. Cheques and cash	2	4
	4,720	3,297
F.IV Other assets		
2. Other	999	1,026
	999	1,026
Total	5,914	4,590
G. PREPAYMENTS AND ACCRUED INCOME		
1. Interest	586	750
2. Other	42	39
	628	789
Total assets	434,337	430,164

LIABILITIES AND EQUITY	31.12.2019	31.12.2018
(in thousands of €)		
A. CAPITAL AND EQUITY RESERVES		
A.I Share capital	38,000	38,000
A.IV Legal reserve	2,401	2,385
A.VI Reserve for parent company's shares	86	50
A.VII Other reserves	18,576	18,303
A.IX Net profit (loss) for the year	89	325
Total	59,152	59,063
B. SUBORDINATED LIABILITIES	0	0
C. TECHNICAL RESERVES		
1. Unearned premiums reserve	57,435	51,808
2. Claims payable reserve	247,866	255,722
5. Other technical reserves	2,266	2,165
	307,567	309,695
E. PROVISIONS FOR RISKS AND CHARGES		
2. Provision for taxation	2,739	2,511
	2,739	2,511
F. DEPOSITS FROM REINSURERS	2,659	929
G. CREDITORS AND OTHERS LIABILITIES		
G.I Payables arising out of direct insurance		
1. Due to agents and other intermediaries	6,024	6,522
2. Due to insurance companies	1,920	2,780
4. Guarantee funds in favour of policyholders	0	131
	7,944	9,433
G.II Reinsurance creditors		
1. Insurance and reinsurance companies	25,448	20,932
2. Reinsurance intermediaries	0	0
	25,448	20,932
G.VII Termination indemnities	959	1,010
G.VIII Other creditors		
1. Taxes paid by policyholders	202	239
2. Miscellaneous taxes payable	337	305
3. Due to social security and welfare institutions	324	362
4. Sundry creditors	1,410	2,253
	2,273	3,159
G.IX Other liabilities		
2. Commission on premiums to be collected	7,140	7,081
3. Sundry liabilities	18,456	16,351
	25,596	23,432
Total	62,220	57,966
Total liabilities and equity	434,337	430,164

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

I. TECHNICAL ACCOUNT	01.01-31.12.2019	01.01-31.12.2018
(in thousands of €)		
1. EARNED PREMIUMS, NET OF REINSURANCE		
a. Gross premiums written	159,776	148,484
b. Outward reinsurance premiums	(116,169)	(104,675)
c. Change in unearned premium reserve	(5,309)	(1,155)
d. Change in unearned premium reserve carried by reinsurers	4,993	497
	43,291	43,151
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	1,350	1,135
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE	2,685	2,770
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE		
a. Claims paid		
aa. Gross amount	(139,756)	(131,078)
bb. (less) ceded to reinsurers	99,579	93,723
	(40,177)	(37,355)
b. Change in recoveries, net of reinsurance		
aa. Gross amount	1,894	9,782
bb. (less) ceded to reinsurers	(995)	(6,193)
	899	3,589
c. Changes in claims payable reserve		
aa. Gross amount	9,244	(38,206)
bb. (less) ceded to reinsurers	2,725	39,531
	6,519	1,325
Total	(32,758)	(32,441)
6. PROFIT COMMISSIONS, NET OF REINSURANCE	(232)	(240)
7. OPERATING EXPENSES		
a. Acquisition commissions	(25,946)	(23,597)
b. Other acquisition costs	(2,459)	(2,479)
e. Other administrative expenses	(7,018)	(7,042)
f. Commission and other income from reinsurers	24,013	22,208
	(11,410)	(10,910)
8. OTHER TECHNICAL EXPENSES, NET OF REINSURANCE	(2,499)	(2,876)
9. CHANGE IN OTHER TECHNICAL RESERVES	(101)	(102)
Underwriting result	325	487

III. NON-TECHNICAL ACCOUNT	01.01-31.12.2019	01.01-31.12.2018
(in thousands of €)		
1. NET INVESTMENT INCOME		
a. Income from shares	6	8
b. Income from other investments		
aa. Income on properties	445	433
bb. Income from financial investments	2319	2,849
c. Writebacks	324	0
d. Gains on sale of investment	621	543
	3,715	3,831
5. CAPITAL AND FINANCIAL CHARGES		
a. Investment management charges and interest expense	(719)	(741)
b. Writedowns	(708)	(1,043)
c. Losses on sale of investment	(25)	(138)
	(1,452)	(1,922)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT	(1,350)	(1,135)
7. OTHER INCOME	4,495	4,108
8. OTHER EXPENSES	(4,696)	(4,969)
10. EXTRAORDINARY INCOME	367	358
11. EXTRAORDINARY EXPENSES	(987)	(50)
Non-technical result	92	221
Profit (loss) before taxes	417	708
14. INCOME TAXES FOR THE YEAR	(328)	(383)
Net profit (loss) for the year	89	325



Open Air Museum in the Park

Visiting the external areas you can see the bastions of what was a majestic defensive system, founded at the *Lanterna* in 1626. The walls were completed in 1639, reaching a length of about 20 km, thereby becoming the longest city wall in Europe and second in the world, in terms of length, only to the Great Wall of China. The last modification dates back to the 19th century, under the Kingdom of Savoy.

OPEN AIR MUSEUM IN THE PARK

(Photograph by
Clara Bigaretti)

NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 comprise the balance sheet and statement of income, and these explanatory notes and related attachments, prepared in accordance with ISVAP Regulation 22 of 4 April 2008 (the Regulation) and subsequent additions and amendments.

As required by this "Regulation", a statement of changes in financial position is attached to the financial statements.

The financial statements is accompanied by the directors' report on operations.

These financial statements have been prepared in accordance with current civil laws and specific regulations of the insurance sector.

In particular, they have been drawn up in compliance with the provisions of title VIII of the Legislative Decree 209 of 7 September 2005 (the "Insurance Code"), of the Legislative Decree 173 of 26 May 1997, the provisions of "Regulation" and subsequent additions or amendments, and the indications issued by the Supervisory Authority.

Even though not expressly governed by the sector regulations, reference is made to the general provisions of the Italian Civil Code on financial statements, as well as to the accounting standards issued by the Italian Accounting Body ("OIC").

The balance sheet and the income statement are drawn up in Euro, without decimals, while the explanatory notes and the other tables are drawn up in thousands of Euro, unless otherwise indicated.

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 the "Regulation", 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 the above "Regulation" 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 audited by PricewaterhouseCoopers S.p.A., who were appointed as auditors for the period 2013 - 2021, pursuant to current legislation and the shareholders' resolution of 28 November 2013.

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

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

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

PART A - ACCOUNTING POLICIES

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The accounting policies applied for the preparation of these financial statements are in conformity with applicable laws and refer to the accounting standards issued by the OIC (Italian Accounting Board) for interpretation.

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

The various items in the financial statements have been valued on a prudent, going-concern basis.

Moreover, we have borne in mind the economic function of each asset or liability; in other words, substance has been preferred over form.

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

Start-up and expansion costs and other deferred costs

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

Research and advertising costs are charged to the statement of income in the year they are incurred.

Property

Tangible assets are recorded at purchase cost, including related charges and any revaluation made in accordance with specific laws. They are shown net of accumulated depreciation. 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 for business purposes directly by the Company or leased to third parties, are systematically depreciated using rates that reflect their residual useful lives. Depreciation of wholly-owned property is calculated on the value of the building, net of the value of the land on which it is built.

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. Carrying value, determined on a weighted moving-average cost basis, is represented by their purchase or subscription cost. It is adjusted or integrated 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.

The market value of securities listed on organised markets is determined as the simple average of stock market prices struck during the last month of the year.

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.

Debtors

These are stated at their estimated realisable value, as provided for by Legislative Decree no. 173/1997, article 16, paragraph 9.

They are shown net of a provision for bad and doubtful accounts.

Tangible assets

Tangible assets are recorded at purchase cost, including related charges, and are stated net of accumulated depreciation.

Depreciation is calculated on a systematic basis, using rates that reflect the residual useful lives of the assets to which they refer, and starts when assets are available for use or, in any case, when they start producing economic benefits.

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, if applicable.

These are calculated together, in accordance with Attachment 15 of "Regulation", 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 Attachment 15 of "Regulation", the related calculation is based on the ratio of claims to current generation premiums (net of acquisition commission and other directly attributable acquisition costs), compared with the same ratio in previous years.

The share of the apportioned premiums reserve borne by reinsurers is calculated on a detailed, accrual basis. The share of the reserve for unexpired risks, borne by reinsurers is determined by applying to this gross reserve 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.

In any case, the general principle of sufficiency required by Attachment 15 to the "Regulation" was taken into account.

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 Attachment 15 of "Regulation", 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.

Equalisation reserve

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 Attachment 15 (paragraph 50) of "Regulation".

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.

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 Hulls and related third-party liability businesses.

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

Claims

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

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

Interest and other costs and revenues

These are booked on an accruals basis.

Dividends

Dividends are recorded when collected.

Income taxes

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

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

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

Translation of foreign currency balances

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

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

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

When the financial statements are approved and the results allocated, any net profits deriving from this translation represent an unrealised gain and are transferred to a non-distributable reserve until they are realised, pursuant to article 2426, 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	31.12.2019	31.12.2018	Change (%)
US Dollar	1.1234	1.1450	(1.9)
Swiss Franc	1.0854	1.1269	(3.7)
British Pound	0.8508	0.8945	(4.9)
Japanese Yen	121.94	125.85	(3.1)

Functional currency

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

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

Exemptions pursuant to Art. 2423, paragraph 4, of the Civil Code

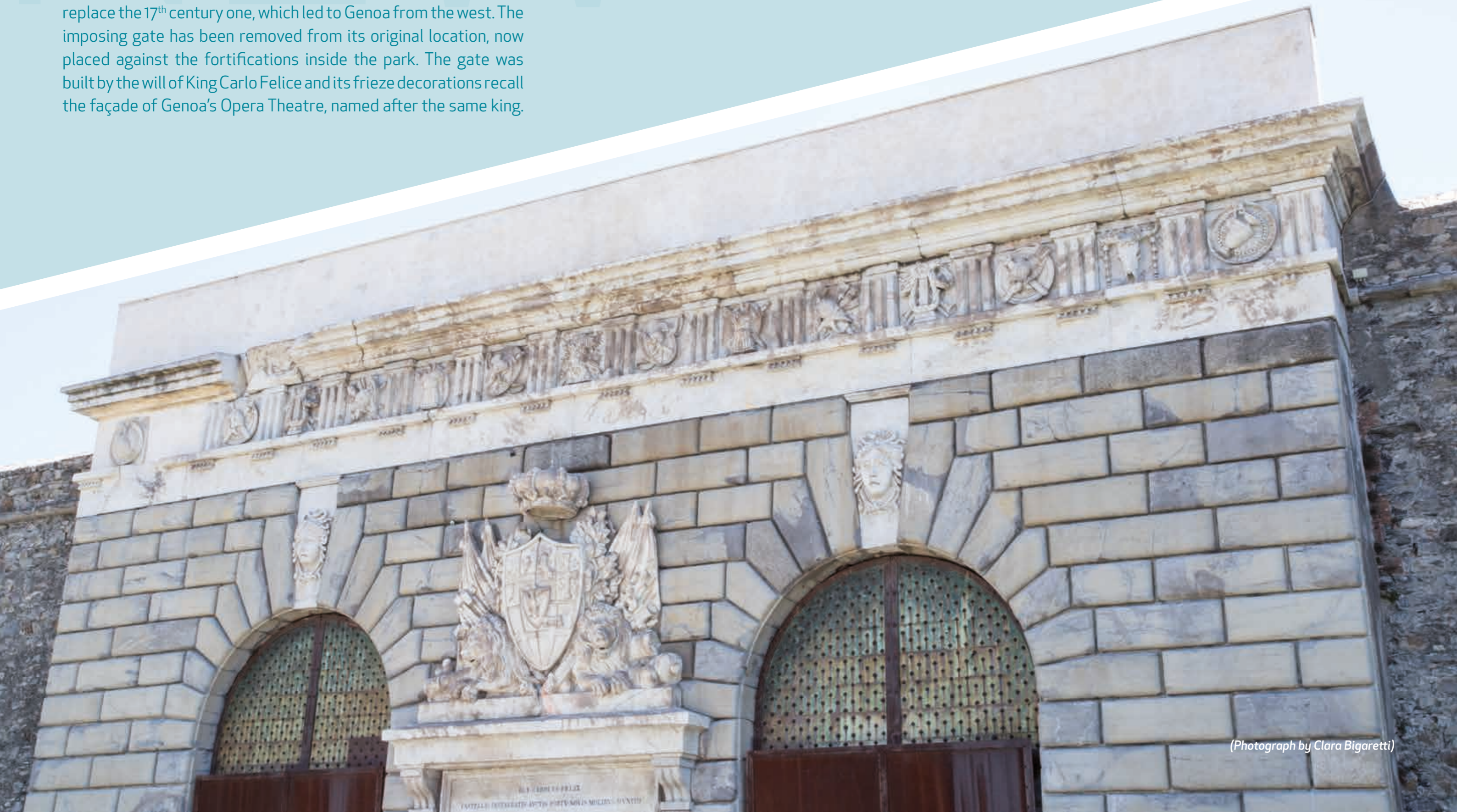
No exemptions have been taken in accordance with the article in question.

SECTION 2 - TAX ADJUSTMENTS AND PROVISIONS

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

The “New Gate” of Genoa

The ramparts defended the “*Porta Nuova*”, completed in 1831 to replace the 17th century one, which led to Genoa from the west. The imposing gate has been removed from its original location, now placed against the fortifications inside the park. The gate was built by the will of King Carlo Felice and its frieze decorations recall the façade of Genoa’s Opera Theatre, named after the same king.



(Photograph by Clara Bigaretti)

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 € 1,073 thousand (€ 633 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
5. Other deferred costs	1,073	633	440

Attachment 4 shows the changes during the year in the above caption, being additions of € 575 thousand and amortisation for the year of € 135 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.

The increase recorded during the year is mainly attributable to the development of IT projects and application update.

SECTION 2 - INVESTMENTS (CAPTION C)

C. "Investments" total € 117,342 thousand (€ 117,082 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
I. Property	18,879	18,813	66
II. Investments in group and other companies	121	91	30
III. Other financial investments	97,669	97,479	190
IV. Deposits with reinsurers	673	699	(26)
	117,342	117,082	260

C.I. "Property" amounts to € 18,879 thousand (€ 18,813 thousand at 31 December 2018) and comprises:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Property used for business purposes	6,825	6,858	(33)
2. Property used by third parties	12,054	11,955	99
	18,879	18,813	66

These are shown net of accumulated depreciation at 31 December 2019, amounting to € 7,994 thousand (€ 7,294 thousand at 31 December 2018).

The related depreciation charge for the year (€ 700 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 2019, the market value of the above property was estimated to be € 25,500 thousand (€ 26,500 thousand at 31 December 2018).

Market value was determined in accordance with the rules laid down by "Regulation", 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.

A total of € 307 thousand was invested in improvements during the year. By contrast, the depreciation charge for the year was € 340 thousand.

C.I.2 "Property used by third parties" is only for business purposes and includes a portion of the building situated in via V Dicembre 3, Genoa.

This increased by € 459 thousand due to work done in the year on improvements and renovation and decreased by € 360 thousand due to depreciation for the year.

Rental income and expense recoveries from tenants (only the Parent Company UnipolSai Assicurazioni S.p.A.) amount to € 375 thousand and € 70 thousand respectively.

No property is subject to finance leasing contracts.

C.II “Investments in group and other companies” amount to €121 thousand (€91 thousand at 31 December 2018), an increase of €30 thousand.

These are represented entirely by “Shares and quotas”.

C.II.1 “Shares and quotas” comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
a) parent companies	86	50	36
c) affiliated companies	34	40	(6)
e) other	1	1	-
	121	91	30

The shares of the parent companies relate to the ordinary shares of the direct parent UnipolSai Assicurazioni S.p.A. (no. 23,675, for a value of €54 thousand) and of the indirect parent company Unipol Gruppo S.p.A. (no. 12,566, for a value of €32 thousand).

These shares are to service the “performance share” stock-based compensation plan for the Company’s top management.

This plan was approved by the Shareholders’ Meeting on 18 April 2016.

The following changes occurred during the year:

- an increase due to the purchase of 200 shares of Unipol Gruppo S.p.A. and 37,000 shares of UnipolSai Assicurazioni S.p.A., equal to €1 thousand and €85 thousand respectively.
The purchase was made in compliance with the resolution of the Shareholders’ Meeting of 8 June 2019;
- a decrease due to the assignment to top management of no. 7,210 Unipol Gruppo S.p.A. shares, for a value of €18 thousand, and no. 13,325 UnipolSai Assicurazioni S.p.A. shares, for a value of €31 thousand.

This assignment resulted in a total gain of €16 thousand.

These investments, with the exception of the parent companies shares referred to above, are considered to be long-term assets as the companies intend to hold them over time as a stable investment.

The definition of affiliated companies makes reference to Art. 5.1.c) of Legislative Decree 173 of 26 May 1997. “Other” companies mean equity investments as defined in Art. 4.2 of the above mentioned Decree.

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.

The shares and quotas of parent companies are on deposit at BPER Banca S.p.A., while those of subsidiaries and other companies at the companies to which they refer.

C.III “Other financial investments” amount to €97,669 thousand (€97,479 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
2. Mutual fund units	1,224	1,224	-
3. Bonds and other fixed-income securities	96,041	95,841	200
4. Loans	3	12	(9)
6. Restricted deposits with banks	401	402	(1)
	97,669	97,479	190

As indicated in Attachment 8, the above financial investments are all considered to be short term, with the exception of the following listed securities that have been classified as long-term investments:

(in thousands of euro)	Par value	Book value	Market value
BTP 1 March 2024 – 4.5%	3,000	2,999	3,501
BTP 1 March 2030 – 3.5%	2,500	2,529	3,010
BTP 11 April 2024 – 0.4%	15,500	15,457	15,414
BTP 1 June 2025 – 1.5%	3,000	2,965	3,122
BTP 15 May 2028 – 1.3%	1,000	1,047	1,123
BTP 15 September 2032 – 1.25%	5,000	5,139	5,597
BTP 1 September 2033 – 2.45%	4,000	3,634	4,374
BTP 21 May 2026 – 0.55%	1,000	917	988
CCT 15 September 2025	1,000	923	973
Spain 30 November 2030 – 1.0%	4,000	4,173	4,945
Portugal 21 July 2026 – 2.875%	2,000	1,983	2,357
Dexia Credit Local 18 October 2027 – 1.0%	5,000	5,017	5,360
		46,783	50,764

Attachment 8 also compares the book value of each type of investment with its market value. The latter was determined on the basis described in Part A, Section 1, to which reference is made.

As shown in this Attachment, the book value at 31 December 2019 of “Other financial investments” is €6,924 thousand (€1,482 thousand at 31 December 2018) lower than their market value at that date.

The changes in “Mutual fund units” and “Bonds and other fixed-income securities” during the year are analysed below:

(in thousands of euro)	Mutual fund units	Bonds and other fixed-income securities
Opening balance	1,224	95,841
Purchases	-	32,465
Writebacks	-	324
Issue discounts and trading	-	208
Sales and reimbursements	-	(33,036)
Adjustments	-	(1)
Exchange differences	-	240
Closing balance	1,224	96,041

C.III.2 **"Mutual fund units"** comprise open-end funds invested in shares.

Their book value is € 723 thousand (€ 436 thousand at 31 December 2018) lower than their year-end market value.

These units are deposited with third parties.

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

(in thousands of euro)	31.12.2019	31.12.2018	Change
a) listed	96,040	95,839	201
b) unlisted	1	2	(1)
	96,041	95,841	200

Their book value is € 6,160 thousand (€ 1,046 thousand at 31 December 2018) lower than their year-end market value.

This amount includes a net gain of € 3,981 thousand (net loss of € 308 thousand at 31 December 2018) on long-term investments.

"Bonds and other fixed-income securities" denominated in euro total € 78,831 thousand, while those in other currencies (exclusively US dollars) amount to € 17,210 thousand (€ 83,386 thousand and € 12,455 thousand at 31 December 2018).

They comprise investments earning interest at fixed rates, € 84,094 thousand, and floating rates, € 11,947 thousand (€ 91,701 thousand and € 4,140 thousand at 31 December 2018).

As for listed "Bonds and other fixed-income securities", government and corporate securities amount to € 78,153 thousand and € 17,888 thousand, respectively (€ 77,503 thousand and € 18,336 thousand at 31 December 2018).

The issue discounts booked to the statement of income relating to this caption are positive for € 26 thousand and negative for € 15 thousand, while positive and negative trading discounts amount to € 465 thousand and € 268 thousand.

The following analysis of "Bonds and other fixed-income securities" details the significant positions held (more than € 1 million) by issuer, with the clarification that they are all listed in organised markets:

Issuer (in thousands of euro)	Amount
Italy	63,447
Dexia Credit Local	5,017
Spain	4,173
EIB	3,978
Nordic Investment Bank	2,796
Portugal	1,983
United States	1,775
Goldman Sachs	1,332
Barclays Plc	1,277
eBay Inc.	1,262
Bank of America	1,067

The "Bonds and other fixed-income securities" are all on deposit with third parties. In particular, those that are listed are on deposit with BPER Banca S.p.A.

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"** relates exclusively to a restricted deposit (without deadline) that has been provided as security on our behalf and for the same amount by a bank in connection with domestic insurance business. The changes during the year are shown in Attachment 10.

C.IV **"Deposits with ceding undertakings"** amount to € 673 thousand (€ 699 thousand at 31 December 2018) and have decreased by € 26 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 € 222,675 thousand (€ 219,814 thousand at 31 December 2018) and consist of:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Unearned premiums reserve	43,335	38,134	5,201
2. Claims payable reserve	179,340	181,680	(2,340)
	222,675	219,814	2,861

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 technical reserves carried by UnipolSai Assicurazioni S.p.A. to cover reinsurance transactions amount to € 13 thousand, of which € 6 thousand by way of unearned premiums reserve and € 7 thousand by way of claims payable reserve.

SECTION 5 - DEBTORS (CAPTION E)

E. "Debtors" total € 86,704 thousand (€ 87,256 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
I. Receivables arising out of direct insurance	68,593	70,660	(2,067)
II. Reinsurance debtors	10,361	7,525	2,836
III. Others debtors	7,750	9,071	(1,321)
	86,704	87,256	(552)

E.I. "Receivables arising out of direct insurance" amount to € 68,593 thousand (€ 70,660 thousand at 31 December 2018) and are due from:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1.a Due from policyholders for current premiums	54,146	53,656	490
1.b Due from policyholders for premiums relating to prior years	1,555	1,759	(204)
2. Due to agents and other intermediaries	6,054	6,533	(479)
3. Due to insurance companies - current accounts	2,890	3,078	(188)
4. Due from policyholders and third parties	3,948	5,634	(1,686)
	68,593	70,660	(2,067)

E.I.1 The amounts "Due from policyholders" for current and prior-year premiums total € 55,701 thousand (€ 55,415 thousand at 31 December 2018).

These are shown net of a provision of € 416 thousand (€ 1,168 thousand at 31 December 2018).

"Due from policyholders" were written down by € 29 thousand during the year, given that they were considered uncollectable 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 € 781 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 € 22,502 thousand in premium instalments not yet due for the Hull, Aircraft and the related accessories (€ 25,396 thousand at 31 December 2018).

E.I.2 The amounts "Due from agents and other intermediaries" are stated net of the related provision, which is zero as at 31 December 2018.

In fact, "Due from agents and other intermediaries" were not written down during the year, after an analytical valuation.

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 € 557 thousand (€ 591 thousand at 31 December 2018).

Following a detailed analysis of their recoverability, the amounts "Due from insurance companies - current accounts" were adjusted by a change in estimate during the year for € 34 thousand, which was booked to "Other income" in the statement of income.

This item includes an amount due from the direct parent company UnipolSai Assicurazioni S.p.A. for € 2 thousand, for co-insurance operations, while it does not include any amounts due from the affiliated companies.

E.I.4. "Due from policyholders and third parties" amount to € 3,948 thousand and refer to reimbursements of claims paid (€ 5,634 thousand at 31 December 2018).

These mainly relate to the Hulls sector for € 1,817 thousand and Cargo for € 2,134 thousand (€ 3,762 thousand and € 1,514 thousand respectively at 31 December 2018).

The portion to be transferred to reinsurers has been recorded under "Other liabilities".

E.II "Reinsurance debtors" amount to € 10,361 thousand (€ 7,525 thousand at 31 December 2018) and are due from:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Insurance and reinsurance companies	10,361	7,525	2,836
	10,361	7,525	2,836

E.II.1 Reinsurance receivables from "Insurance and reinsurance companies" are stated net of a provision of € 244 thousand (€ 346 thousand at 31 December 2018) which relates solely to reinsurance current accounts.

During the year, this provision was reduced by € 102 thousand as a result of uses to cover losses of € 54 thousand and changes in estimates of € 48 thousand; the amount was charged to "Other income" in the statement of income.

This caption includes an amounts due from UnipolSai Assicurazioni S.p.A. of € 1,774 thousand due to reinsurance transactions, while no amount is due from affiliated companies for the same reason.

E.III "Other debtors" amount to € 7,750 thousand (€ 9,071 thousand at 31 December 2018).

Their main components are shown below:

(in thousands of euro)	31.12.2019	31.12.2018	Change
Amounts due from the tax authorities	4,655	3,243	1,412
Due from the direct parent company	2,074	1,843	231
Deposits with clearing houses	475	380	95
Amounts due from tax authorities for disputed tax claim	273	1,882	(1,609)
Amounts due from the indirect parent company	159	1,479	(1,320)
Deposits with third parties	-	103	(103)
Due from affiliated companies	26	26	-
Other debtors	88	115	(27)
	7,750	9,071	(1,321)

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

Amounts due from the tax authorities comprise advances of € 4,631 thousand recoverable from the Italian authorities and € 24 thousand recoverable from the German authorities.

The amounts due from the Italian tax authorities comprise:

- the tax advance on insurance policies for 2020 of € 3,667 thousand paid in November 2019. From February 2020, this advance was partially used to offset the tax bill due for the previous month;
- € 948 thousand direct taxes (including € 746 thousand due to be reimbursed and € 202 thousand of IRAP advances paid during 2018);
- € 14 thousand relating to government concession taxes (also due to be reimbursed);
- € 2 thousand of excess contributions paid to the National Health Service in 2007.

Since the Company is a member of the domestic tax group, it has transferred its tax credits to the indirect parent company Unipol Gruppo S.p.A. to be deducted from the Group tax liability. The amount concerned, € 159 thousand, has therefore been reclassified to the caption "Amounts due from the indirect parent company", as described below. These credits relate to the Ires advances paid during the year.

The amounts due from the direct parent company, UnipolSai Assicurazioni S.p.A. refer to operating costs incurred on behalf of that company and therefore recharged to it.

They relate to services provided to it (€ 950 thousand) and personnel on secondment (€ 684 thousand).

The total also includes € 440 thousand attributable to a tax rebate claim filed in 2013 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel.

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 the Tax Authorities for disputed tax claim relate to indirect taxes on coinsurance and refer to the residual amounts that were paid on provisional collection of the following tax assessments received:

- in July 2010, € 258 thousand in relation to the 2003 tax year;
- in December 2018, € 15 thousand, in relation to the 2013 tax year.

Further information about the outstanding tax dispute is provided in point E.2 of Section 12.

The amounts due from the indirect parent company Unipol Gruppo S.p.A. derive from membership of the domestic tax group and reflect the Ires advances paid during the year.

Note that, for 2018 -2020, the Group tax regime is headed up by Unipol Gruppo S.p.A., the indirect parent company.

The amounts Due from affiliated companies refer to staff seconded to Pronto Assistance S.p.A. (€ 16 thousand), Incontra Assicurazioni S.p.A. (€ 5 thousand) and BIM Vita S.p.A. (€ 5 thousand).

SECTION 6 - OTHER ASSETS (CAPTION F)

F. "Other assets" total € 5,914 thousand (€ 4,590 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
I. Tangible assets	195	267	(72)
II. Cash and cash equivalents	4,720	3,297	1,423
IV. Other assets	999	1,026	(27)
	5,914	4,590	1,324

F.I "Tangible assets" of € 195 thousand, are stated net of accumulated depreciation at year-end of € 2,115 thousand, as analysed below:

(in thousands of euro)	Gross value	Accumulated depreciation	Book value
1. Furniture and office machines	2,067	(1,873)	194
3. Plant and equipment	243	(242)	1
	2,310	(2,115)	195

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

(in thousands of euro)	Gross value			
	Balance at 31.12.2018	Increase	Decrease	Balance at 31.12.2019
1. Furniture and office machines	2,050	17	-	2,067
3. Plant and equipment	243	-	-	243
	2,293	17	-	2,310

Accumulated depreciation amounts to € 2,115 thousand (€ 2,026 thousand at 2018).

The increase of € 89 thousand reflects the depreciation charge for the year. There were no asset retirements during 2018.

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

Category	Rate %
Furniture	12
Fixtures	15
Office machines	20
Equipment	15
Internal communication equipment	25
Publicly registered assets	25

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

No accelerated or advance depreciation has been provided.

F.II **"Cash and cash equivalents"** amount to € 4,720 thousand (€ 3,297 thousand at 31 December 2018) and consist of:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Bank accounts	4,718	3,293	1,425
2. Cheques and cash	2	4	(2)
	4,720	3,297	1,423

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

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

F.IV **"Other assets"** amount to € 999 thousand (€ 1,026 thousand at 31 December 2018) and consist of:

(in thousands of euro)	31.12.2019	31.12.2018	Change
2. Other	999	1,026	(27)
	999	1,026	(27)

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

(in thousands of euro)	31.12.2019	31.12.2018	Change
Deferred tax assets	738	803	(65)
Other assets	261	223	38
	999	1,026	(27)

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 24.00% and 6.82% respectively.

Deferred tax assets were fully recognised in prior years.

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.

They also include € 94 thousand deposited with BPER Banca S.p.A., which is subject to attachment for claims at the request of third parties.

SECTION 7 - PREPAYMENTS AND ACCRUED INCOME (CAPTION G)

G. **"Prepayments and accrued income"** amount to € 628 thousand (€ 789 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Interest	586	750	(164)
3. Other	42	39	3
	628	789	(161)

They are analysed as follows:

(in thousands of euro)	Accrued income	Prepayments	Total
1. Interest	586	-	586
3. Other	-	42	42
	586	42	628

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

Non-interest prepayments comprise subscriptions to periodicals (€ 8 thousand), rating agency fees (€ 8 thousand), utilities (7 thousand €) and insurance premiums (€ 2 thousand).

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



The *Lanterna* Museum

At the base of the lighthouse, inside the ancient fortifications, is the *Lanterna* Museum, which is currently being updated: the first rooms tell the story of the *Lanterna*; the last few rooms host a permanent exhibition dedicated to lighthouses and lights.

MUSEUM

(Photograph by Maurizio Forni in collaboration with the Unitre Photographic Circle of Genoa)

BALANCE SHEET - LIABILITIES AND EQUITY

SECTION 8 - CAPITAL AND EQUITY RESERVES (CAPTION A)

A. As at 31 December 2019 these amount to € 59,152 thousand (€ 59,063 thousand at 31 December 2018) and consist of:

(in thousands of euro)	31.12.2019	31.12.2018	Change
I. Subscribed share capital	38,000	38,000	-
IV. Legal reserve	2,401	2,385	16
VI. Reserve for parent company's shares	86	50	36
VII. Other reserves	18,576	18,303	273
IX. Net profit for the year	89	325	(236)
	59,152	59,063	89

The changes during the year are summarised as follows:

(in thousands of euro)	Subscribed share capital	Legal reserve	Reserve for parent company's shares	Other reserves	Net profit for the year	Total
Balance at 31.12.2018	38,000	2,385	50	18,303	325	59,063
Allocation of 2018 earnings authorised at the shareholders' meeting held on 12 April 2019:						
- to legal reserve	-	16	-	-	(16)	-
- to other reserves	-	-	-	309	(309)	-
Transfer to Other reserves, pursuant to art. 2359-bis	-	-	36	(36)	-	-
Net profit for 2019	-	-	-	-	89	89
Balance at 31.12.2019	38,000	2,401	86	18,576	89	59,152

As required by Art. 2427, 7-bis of the Italian Civil Code, the following table analyses the various items included in equity at 31 December 2019, explaining their origin, possible use and availability for distribution or other purposes (in thousands of euro):

Caption	Amount	Possible use	Available amount
I. Subscribed share capital	38,000	-	-
IV. Legal reserve	2,401	B	-
VI. Reserve for parent company's shares	86	-	-
VII. Other reserves			
- Reserve for losses	1,953	A, B, C	1,953
- Extraordinary reserve	16,249	A, B, C	16,249
- Reserve for exchange gains	185	A, B	185
- Reserve for purchase of parent company's shares	189	-	-

Key: A: for increase in capital - B: to cover losses - C: for distribution to shareholders

The total distributable amount is € 18,202 thousand.

A.I "Subscribed share capital" amounts to € 38,000,000.

This amount did not change 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 € 2,401 thousand.

It increases by € 16 thousand during the year following the allocation of part of the net profit for 2018, as required by art. 2430 of the Italian Civil Code.

A.VI The "Reserve for parent company's shares" amounts to € 86 thousand. This reserve has been set up as these shares relating to the direct parent company UnipolSai Assicurazioni S.p.A. (€ 54 thousand) and to the indirect parent company Unipol Gruppo S.p.A. (€ 32 thousand) are to service the "performance share" stock-based compensation plan for the Company's top management.

For further information on the above, please refer to what is indicated in the Directors' Report on Operations, in the section "Own shares, shares in the parent company and its subsidiaries".

This reserve has increased by € 36 thousand to adjust it to the carrying amounts in the financial statements of the assets in portfolio, in compliance with the provisions of article 2359 - bis, paragraph 3 of the Italian Civil Code, by transferring the same amount to the reserve for purchase of parent company's shares, included in "Other reserves".

A.VII "Other reserves" amount to € 18,576 thousand.

During the year there were the following changes:

(in thousands of euro)	Balance at 31.12.2018	Increase	Decrease	Balance at 31.12.2019
Reserve for losses	1,953	-	-	1,953
Extraordinary reserve	15,815	434	-	16,249
Reserve for purchase of parent company's shares	225	-	(36)	189
Reserve for exchange gains (art. 2426-bis Civil Code)	310	-	(125)	185
	18,303	434	(161)	18,576

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 12 April 2019 that was held to approve the financial statements for the year ended 31 December 2018.

The extraordinary reserve increased due to the transfer to it of € 309 thousand of part of the profit for 2018 and € 125 thousand of the amount transferred from the reserve for exchange gains.

The decrease of € 36 thousand in the reserve for purchase of parent company's shares is the consequence of the transfer of an equal amount to this item from the reserve for parent company's shares, as already explained in point A.VI of this Section.

This reserve is to service the "performance share" stock-based compensation plan for the top management.

None of these reserves has been used in the last three years (including 2019).

SECTION 9 - SUBORDINATED LIABILITIES (CAPTION B)

B. As in the previous year, there are no Subordinated Liabilities at 31 December 2019.

SECTION 10 - TECHNICAL PROVISIONS (CAPTION C.I)

C.I. "Technical provisions" at 31 December 2019 amount to € 307,567 thousand (€ 309,695 thousand at 31 December 2018) and consist of:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Unearned premiums reserve	57,435	51,808	5,627
2. Claims payable reserve	247,866	255,722	(7,856)
5. Other technical reserves	2,266	2,165	101
	307,567	309,695	(2,128)

In compliance with Attachment 15 of "Regulation", 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 direct parent company, UnipolSai Assicurazioni S.p.A. for reinsurance transactions, totals € 24,984 thousand and includes € 4,826 thousand in unearned premiums and € 20,158 thousand for claims.

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 € 57,435 thousand (€ 51,808 thousand at 31 December 2018) and has been calculated in accordance with "Regulation", Attachment 15.

The unearned premiums reserve refers to direct business for € 50,360 thousand (€ 46,074 thousand at 31 December 2018) and to indirect business for € 7,075 thousand (€ 5,734 thousand at 31 December 2018).

This is made up as follows:

(in thousands of euro)	31.12.2019	31.12.2018	Change
For apportioned premiums	51,390	48,068	3,322
For unexpired risks	6,045	3,740	2,305
	57,435	51,808	5,627

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

Business segment (in thousands of euro)	Unearned premiums reserve		
	Direct business	Indirect business	Total
Personal accident	150	-	150
Rolling stock	18	217	235
Aircraft	382	-	382
Hulls	46,639	3,102	49,741
Marine Cargo	947	2,483	3,430
Fire	450	-	450
Other property damage	62	116	178
Motor third-party liability	521	1,095	1,616
Aircraft third-party liability	208	-	208
Hull third-party liability	11	-	11
General third-party liability	307	62	369
Pecuniary losses	662	-	662
Assistance	3	-	3
	50,360	7,075	57,435

With regard to the unearned premiums reserve for direct business, the above amounts include € 6,045 thousand for unexpired risks (€ 3,740 thousand at 31 December 2018).

The latter refers to the sectors:

- Hull, € 5,500 thousand (€ 3,200 thousand at 31 December 2018);
- Motor third-party liability, € 300 thousand (€ 300 thousand at 31 December 2018);
- Marine Cargo, € 100 thousand (€ 100 thousand at 31 December 2017);
- General third-party liability, € 100 thousand (€ 100 thousand at 31 December 2018);
- Personal accident, € 35 thousand (zero balance at 31 December 2018);
- Rolling stock, € 10 thousand (€ 20 thousand at 31 December 2018).

The unearned premiums reserve for indirect business has a zero balance for unexpired risks (unchanged since 31 December 2018).

Note that any reserve for unexpired risks has been calculated for each business sector taking into account the "Regulation" mentioned above.

In particular, reference was made to the ratio of claims to current generation premiums (net of acquisition commissions and other directly attributable acquisition expenses), 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 risk reserve.

Lastly, € 450 thousand has been added to the apportioned premium reserve (€ 561 thousand at 31 December 2018) against risks related to previous years for natural disasters.

C.I.2 The “**Claims payable reserve**” amounts to € 247,866 thousand (€ 255,722 thousand at 31 December 2018) and has been calculated in accordance with ISVAP Regulation 16 of 4 March 2008.

The claims payable reserve refers to direct business for € 221,167 thousand (€ 230,182 thousand at 31 December 2018) and to indirect business for € 26,699 thousand (€ 25,540 thousand at 31 December 2018).

This is made up as follows:

(in thousands of euro)	31.12.2019	31.12.2018	Change
For reimbursements and direct costs	210,009	216,914	(6,905)
For settlement costs	8,890	9,171	(281)
For accidents occurred, but not reported	28,967	29,637	(670)
	247,866	255,722	(7,856)

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

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

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

In addition, the claims payable reserve also includes an estimate of accidents that have taken place, but which have not yet been reported at year-end.

This estimate is based on experience in previous years, bearing in mind the frequency of late claims and the average cost of accidents reported during the year.

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

C.I.5 The “**Other non-technical reserves**” amount to € 2,266 thousand (€ 2,165 thousand at 31 December 2018) and solely comprise the reserve for natural disasters.

It refers to direct business for € 2,224 thousand (€ 2,135 thousand at 31 December 2018) and to indirect business for € 42 thousand (€ 30 thousand at 31 December 2018).

This reserve was established pursuant to Ministerial Decree 705 dated 19 November 1996 (as referred to in Attachment 15 of “Regulation”), in order to offset over time the loss experience associated with the risks concerned.

The following changes took place during the year:

(in thousands of euro)	Balance at 31.12.2018	Increase	Decrease	Balance at 31.12.2019
Reserve for natural disasters	2,165	101	-	2,266
	2,165	101	-	2,266

The increases during the year related to both direct business, € 89 thousand, and indirect business, € 12 thousand.

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

E. “**Provisions for risks and charges**” amount to € 2,739 thousand (€ 2,511 thousand at 31 December 2018) and are made up as follows:

(in thousands of euro)	31.12.2019	31.12.2018	Change
2. Provision for taxation	2,739	2,511	228
	2,739	2,511	228

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

E.2 The “**Provision for taxation**” includes € 2,739 thousand in relation to the following disputes with the Tax Authorities.

In fact, in the period 2005 - 2019 the company was subjected to various tax audits, which covered the tax years from 2003 to 2014 included, with the exclusion of the years 2004, 2005, 2009, 2011 and 2012.

The above audits identified minor matters in relation to direct taxation, but major issues with regard to indirect taxes that were followed by notices of assessment and objections.

For the indirect taxation, the above assessments and objections relate to the coinsurance relations established with other insurers, for the tax treatment of which the Company has consistently follows the market practice established over many decades.

The issues raised concern the Company’s failure to charge VAT on the amounts charged to or from co-insurers by way of commission (income or expense).

In addition, again with regard to the coinsurance relationships, audits by the Tax Authorities at other insurance companies have also resulted in notification to the Company of objections and assessments with regard to VAT (regarding commission income and expense) for the 2004, 2005, 2009, 2011 and 2012 tax years.

The above disputes relate to the alleged failure to account properly for VAT purposes, via the issue of self-invoices, for charges received from coinsurers for the reinsurance commission paid to them.

Appeals against all the above assessments have been lodged with the competent tax commissions.

With regard to the above, the Company is engaged in a long-term and ongoing dispute with the Tax Authorities that has resulted in multiple rulings, mostly favourable to the Company, at both provincial and regional level, as well as from the Supreme Court of Cassation.

Given the uncertainties linked with continuation of the dispute, the Company considered appropriate, and economically convenient, to apply the provisions of Legislative Decree 119 dated 23 October 2018, as enacted by Law 136 dated 18 December 2018, to close the specific tax disputes currently in progress. This taking into account merely the economic convenience of the transaction, which led to the recognition of significantly reduced amounts compared with those alleged.

In all cases, the above agreement to settle does not represent a waiver of the arguments presented by the Company in the various jurisdictions.

A settlement was reached in May 2019 for tax years up to and including 2012, but with the exclusion of 2003. For 2003, it was not considered convenient to agree with the settlement terms, given the substantial acceptance of the grounds of appeal by the Supreme Court, (with a very detailed and well-motivated judgement filed in March 2017) and referral by the latter to the Liguria Regional Tax Commission.

As regards the tax years 2013 and 2014, the company believes that there are valid reasons for appealing the disputes brought by the Tax Authorities. The same applies to any disputes relating to the years from 2015 to 2019 included.

However, even though the Company believes that the court is likely to recognise the correctness of its behaviour, at the moment confirmed by the rulings mainly in favour of the Company, the Provisions for taxation prudently include the amount of VAT on the commission income recorded by the Company between 2013 and 2019.

These provisions do not include any deferred tax liabilities which might burden future financial years, since none are due.

F. **“Deposits from reinsurers”** amount to € 2,658 thousand (€ 929 thousand at 31 December 2018), up by € 1,729 thousand compared with the previous year.

This increase is due to a reinsurer paying its share of the claims payable reserves for the non-renewal of a proportional contract.

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

SECTION 13 - CREDITORS AND OTHER LIABILITIES (CAPTION G)

G. **“Creditors and other liabilities”** amount to € 62,220 thousand (€ 57,966 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
I. Payables arising out of direct insurance	7,944	9,433	(1,489)
II. Reinsurance creditors	25,448	20,932	4,516
VII. Termination indemnities	959	1,010	(51)
VIII. Other creditors	2,273	3,159	(886)
IX. Other liabilities	25,596	23,432	2,164
	62,220	57,966	4,254

G.I **“Payables arising out of direct insurance”** amount to € 7,944 thousand (€ 9,433 thousand at 31 December 2018) and consist of:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Due to agents and other intermediaries	6,024	6,522	(498)
2. Due to insurance companies - current accounts	1,920	2,780	(860)
3. Policyholders for guarantee deposits and premiums	-	131	(131)
	7,944	9,433	(1,489)

G.I.1 **“Due to agents and other intermediaries”** comprise amounts payable to agents, brokers 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 do not include any amount due to the direct parent company UnipolSai Assicurazioni S.p.A.

G.II **“Reinsurance creditors”** amount to € 25,448 thousand (€ 20,932 thousand at 31 December 2018) and are due to:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Insurance and reinsurance companies	25,448	20,932	4,516
	25,448	20,932	4,516

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

These include € 14,762 thousand (€ 14,265 thousand at 31 December 2018) in liabilities for premium instalments not yet expired in respect of Hull and related Third-party liability insurance business. 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 do not include any amount due to the direct parent company UnipolSai Assicurazioni S.p.A. for reinsurance transactions.

G.VII **“Termination indemnities”** amount to € 959 thousand (€ 1,010 thousand at 31 December 2018) 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 € 2,273 thousand (€ 3,159 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
1. Taxes paid by policyholders	202	239	(37)
2. Miscellaneous taxes payable	337	305	32
3. Due to social security and welfare institutions	324	362	(38)
4. Sundry creditors	1,410	2,253	(843)
	2,273	3,159	(886)

G.VIII.1 **“Taxes paid by policyholders”** include the amount due to the Tax Authorities on insurance policies (€ 157 thousand), net of advances paid during the year.

This amount was duly paid over in January 2020.

The total also includes € 45 thousand due to foreign tax authorities (mainly United Kingdom, Germany, Finland and Greece) for taxes withheld from policyholders, regarding the provision of unrestricted services.

G.VIII.2 The **“Miscellaneous taxes payable”** comprise amounts withheld by the Company acting as a tax agent that were properly paid over in January 2020.

The balance does not include the IRAP charge for 2019, as nothing is due.

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

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 2020.

G.VIII.4 **“Sundry creditors”** are analysed below:

(in thousands of euro)	31.12.2019	31.12.2018	Change
Due to suppliers of goods and services	1,093	1,734	(641)
Due to the indirect parent company	262	200	62
Due to corporate officers	43	43	-
Due to shareholders for dividends	-	199	(199)
Other creditors	12	77	(65)
	1,410	2,253	(843)

The amount due to the indirect parent company Unipol Gruppo S.p.A. refers to amounts that are payable to it for 2019 IRES, following the Company’s inclusion in the national tax consolidation.

Note that, for 2018 - 2020, the Group tax regime is headed up by Unipol Gruppo S.p.A.

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

Due to shareholders for dividends is equal to zero and, given that having passed the period of prescription, it is recorded in the statement of income as “Extraordinary income”.

G.IX **“Other liabilities”** amount to € 25,596 thousand (€ 23,432 thousand at 31 December 2018) and comprise:

(in thousands of euro)	31.12.2019	31.12.2018	Change
2. Commission on premiums to be collected	7,140	7,081	59
3. Sundry liabilities	18,456	16,351	2,105
	25,596	23,432	2,164

G.IX.2 **“Commission on premiums to be collected”** has not changed significantly given the stability in amounts due from policyholders for premiums.

G.IX.3 **“Sundry liabilities”** are analysed below:

(in thousands of euro)	31.12.2019	31.12.2018	Change
Claims being settled	10,660	7,553	3,107
Amounts due for recoveries	3,081	4,522	(1,441)
Invoices to be received from the parent company	2,302	2,299	3
Due to employees	1,938	1,581	357
Due to third parties	354	123	231
Due to affiliated companies	13	45	(32)
Other liabilities	108	228	(120)
	18,456	16,351	2,105

Claims being settled relate to amounts that have already been receipted, but not yet paid to the eligible beneficiaries.

Before being settled, we are waiting to receive a statement of account from the insurance brokers, through whom payment is made.

Amounts due for recoveries relate to claims recoveries.

They refer to amounts owed by reinsurers for insurance excesses and amounts to be recovered from policyholders recorded under “Due from policyholders and third parties”.

These relate to the Hulls sector for € 1,421 thousand and Cargo for € 1,660 thousand (€ 3,105 thousand and € 1,417 thousand respectively at 31 December 2018).

The invoices to be received from UnipolSai Assicurazioni S.p.A. relate for € 1,310 thousand to employees on secondment, for € 977 thousand to services that it provides as the parent company and for € 15 thousand to other expenses.

Amounts due to employees mainly concern:

- for € 1,078 thousand to staff bonuses owed to them (of which € 185 thousand relating to LTI), to be settled in the future;
- for € 402 thousand to the provision for the renewal of the national and local labour contracts;
- for € 227 thousand in holidays accrued but not yet taken by them;
- for € 157 thousand to seniority bonuses to be paid to staff reaching 35 years of service with the Company.

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

Amounts due to affiliated companies relate to services provided by UnipolSai Servizi Consortili S.c.a.r.l. for € 13 thousand.

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

H.I "Deferred income and accrued expenses" amount to zero (as in 2018).

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
(in thousands of euro)		
Assets		
E.3 Other debtors	1,473	-

The amount due after one year in relation to E.3 "Other receivables" comprises:

- € 746 thousand in direct taxes relating to 1998 due to be reimbursed in 1999;
- € 440 thousand attributable to a tax rebate claim filed in 2013 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel;
- € 258 thousand paid on provisional collection of the amount demanded in the indirect tax assessment received in relation to the coinsurance transaction carried out in the 2003 tax year;
- € 15 thousand paid on provisional collection of the amounts demanded in the direct tax assessments received in relation to IRAP for the 2013 tax year;
- € 14 thousand relating to government concession taxes due to be reimbursed of 2001.

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:

(in thousands of euro)	Italy	Other E.U.	Other non E.U.	Total
	countries		countries	
E. Receivables				
E.1 Receivables arising out of direct insurance	40,162	14,837	13,594	68,593
E.2 Reinsurance debtors	1,883	3,817	4,661	10,361
E.3 Other debtors	7,251	499	-	7,750
Total	49,296	19,153	18,255	86,704

(in thousands of euro)	Italy	Other E.U.	Other non E.U.	Total
	countries		countries	
G. Creditors				
G.I Payables arising out of direct insurance	3,829	3,822	293	7,944
G.II Reinsurance creditors	1,441	16,967	7,040	25,448
G.VIII Other creditors	2,157	116	-	2,273
Total	7,427	20,905	7,333	35,665

SECTION 17 - COMMITMENTS, GUARANTEES, CONTINGENT LIABILITIES AND OTHER MEMORANDUM ACCOUNTS

As required by article 2427 of the Italian Civil Code, the following table shows commitments, guarantees and other memorandum accounts at the reporting date, with comparative figures for the previous year:

(in thousands of euro)	31.12.2019	31.12.2018	Change
Guarantees given by third parties in favour of the Company	1,224	1,257	(33)

"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 and are represented on the basis of the contractual value of the commitment versus the beneficiary.

There were no dealings in derivative contracts during the year.

There were no derivative contracts outstanding at 31 December 2019.

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

Lastly, it should be noted that at the end of the year:

- there are no known contingent liabilities that are not adequately reflected in the financial statements;
- there are no commitments to associated companies, parent companies or companies controlled by the latter.

THE LIGHTHOUSE ROOMS

The lighthouse rooms

Inside the Lantern Museum, in the “Cannons” rooms, there is an interesting collection of instruments: here the visitor can understand the functioning of these important navigation aids, and not only (indeed, the *Lanterna* also works as a aerobeacon for Cristoforo Colombo Airport nearby).



(Photograph by Franco Galatolo)

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 € 43,291 thousand, of which € 35,641 thousand of direct business and € 7,650 thousand of indirect business.

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

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

Within "Gross premiums written", those related to indirect business include the amount accepted by the direct parent company UnipolSai Assicurazioni S.p.A. (€ 17,658 thousand) for the sectors within the "Maritime and Cargo insurance" segment.

I.1.b "Outward reinsurance premiums" do not include any amount transferred to affiliated companies, whereas premiums transferred to the direct parent company UnipolSai Assicurazioni S.p.A. amounted to € 15 thousand.

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

(in thousands of euro)	Gross	Reinsured	Net
Unearned premiums reserve at 31.12.2018	(51,809)	38,134	(13,675)
Unearned premiums reserve at 31.12.2019	57,436	(43,335)	14,101
Net exchange differences	(318)	210	(108)
Portfolio movements, net	-	(2)	(2)
	5,309	(4,993)	316

I.2 The **"Share of profit from investments transferred from the non-technical account"** amounts to € 1,350 thousand and was determined in accordance with the criteria envisaged in art. 22 of "Regulation".

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 2019 financial statements, this ratio amounted to 59.6% (59.5% in the 2018 financial statements).

I.3 **"Other technical income, net of recoveries and reinsurance"** amounts to € 2,685 thousand and comprises a variety of items.

These include, in particular, the use of the allowance for amounts due from policyholders (€ 781 thousand), technical cancellations of amounts due from policyholders for prior-year premiums assigned to reinsurers (€ 223 thousand) and the related commissions payable to the agents and brokers that acquired the business (€ 104 thousand).

I.4 **"Claims incurred, net of recoveries and reinsurance"** amount to € 32,758 thousand.

I.4.a Gross "Amounts paid" include those relating to the reinsurance business accepted from the direct parent company UnipolSai Assicurazioni S.p.A. (€ 8,329 thousand).

This caption includes, among other things, € 6,608 thousand of accident settlement expenses. These expenses include administrative costs (mainly payroll) incurred for the management of claims totalling € 1,262 thousand.

The portions charged to reinsurers of the amounts paid include the amount pertaining to the direct parent company UnipolSai Assicurazioni S.p.A. for € 30 thousand.

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

(in thousands of euro)	Gross	Reinsured	Net
Claims payable reserve at 31.12.2018	(255,722)	181,679	(74,043)
Claims payable reserve at 31.12.2019	247,866	(179,340)	68,526
Net exchange differences	(1,388)	923	(465)
Portfolio movements, net	-	(537)	(537)
	(9,244)	2,725	(6,519)

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 the opening claims payable reserve.

I.6 **"Profit commissions, net of reinsurance"** amounted to € 232 thousand and include only the amounts paid to policyholders during the year for profit commissions.

I.7 "Operating expenses" amount to € 11,410 thousand.

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

These commissions also include those recognised on the acceptance of reinsurance business. In particular, the latter refer for € 4,173 thousand to the direct parent company UnipolSai Assicurazioni S.p.a.

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

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

I.7.e "Other administrative expenses" comprise general costs, net of those allocated to "other acquisition expenses" (€ 2,458 thousand) and "claims incurred" (€ 1,262 thousand).

The general costs include directors' emoluments (€ 196 thousand), as well as the fees of the statutory auditors (€ 48 thousand) and the members of the supervisory body (€ 14 thousand) for 2019.

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

Commission income comprises commissions related to the direct parent company UnipolSai Assicurazioni S.p.A. amounting to € 3 thousand.

I.8 "Other technical expenses, net of reinsurance" amount to € 2,499 thousand.

They include various items, such as the technical cancellation of amounts due from policyholders for prior-year premiums (€ 508 thousand) and the commission on business assigned to reinsurers (€ 63 thousand). They also include the provision writing down amounts due from policyholders for premiums (€ 29 thousand).

I.9 The "Change in the equalisation reserve" during the year amounts to € 101 thousand and is summarised by business sector as follows:

Sector (in thousands of euro)	Opening balance	Utilisations	Provisions	Closing balance
Personal accident (1)	101	-	-	101
Motor fire, theft, etc. insurance (3)	68	-	-	68
Marine, aircraft and transport insurance (4,5,6,7,12)	1,676	-	96	1,772
Fire and other property damage (8,9)	320	-	5	325
	2,165	-	101	2,266

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 € 3,715 thousand and is detailed in Attachment 21.

This includes € 375 thousand and € 70 thousand and concerns respectively rental income and expenses related to rental to the direct parent company UnipolSai Assicurazioni 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 € 1,452 thousand and are detailed in Attachment 23.

III.5.a "Investment management charges and interest expense" amounting to € 719 thousand relate to the management of property (€ 462 thousand) and financial investments (€ 251 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 6 thousand). Management charges for financial investments include € 62 thousand relating to fees payable to the indirect parent UnipolSai Assicurazioni S.p.A. for the management of the securities portfolio. On the other hand, management charges for property include € 88 thousand related to the tax burden for IMU.

III.5.b "Writedowns on investments", amounting to € 708 thousand, are made up of property depreciation (€ 700 thousand, of which € 360 thousand for properties used by third parties and € 340 thousand for properties used by the Company), as well as writedown on the value of shares (€ 7 thousand) and bonds (€ 1 thousand).

The writedown on shares is entirely attributable to the related company UnipolSai Servizi Consortili S.c.ar.l., to adjust the value of the investment to its equity.

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

III.6 For the “Investment return transferred to the technical account”, the same comments apply as were made in point I.2 of Section 18.

III.7 “Other income” amounts to € 4,494 thousand and is detailed below:

(in thousands of euro)	
Revenues from direct parent company	3,189
Releases of the “Provision for risks and charges”	899
Release of the “Provision for doubtful accounts”	136
Exchange gains	93
Revenues from affiliated companies	51
Gain on long-term indemnity liability	34
Bank interest income	27
Contributions from inter-professional funds	17
Other	48
	4,494

Revenues from the direct parent company relate for € 1,859 thousand to services rendered and for € 1,330 thousand to the recovery of costs from UnipolSai Assicurazioni S.p.A..

Revenues from services refer to technical services carried out in the context of managing the Marine Insurance business, as contractually formalised.

The recovery of expenses relates exclusively to the secondment of staff.

The release of the “Provision for risks and charges” offsets the cost of the same amount, recorded in “Extraordinary expenses”, incurred in May 2019 to settle the tax disputes about VAT on relations with other companies in the insurance sector for co-insurance.

In fact, the Company decided that it was economically worthwhile to adhere to the provisions of Decree Law no. 199 of 23 October 2018, converted by Law no. 136 of 18 December 2018.

By means of this agreement, which does not mean that the Company renounces the defence arguments that it used in court, the tax years up to and including 2012, except for 2003, have been settled. For 2003, considering the rulings in favour of the Company (including the partial judgement of the Supreme Court) and the extent of the tax bill, management did not think that it was worth accepting the same type of agreement;

Release of the “Provision for doubtful accounts” relate entirely to insurance and reinsurance companies. The above release includes € 54 thousand offsetting the collection losses charged to “Other expenses” and € 82 thousand reflecting changes in the accounting estimates made previously with regard to doubtful accounts.

Exchange gains, like exchange losses (totalling € 93 thousand), derive from the application of multicurrency methodologies.

This balance includes both realised gains (€ 49 thousand) and those arising on translation (€ 44 thousand). In consideration of the fact that there is a net exchange gain on translation of € 17 thousand, on approval of the 2019 financial statements, a proposal will be made to reclassify this amount from a disposable equity reserve to the reserve for exchange gains (as provided for in point 8-bis of art. 2426 of the Italian Civil Code).

Revenues from affiliated companies are for personnel seconded to Pronto Assistance S.p.A. (€ 31 thousand), BIM Vita S.p.A. (€ 10 thousand) and Incontra Assicurazioni S.p.A. (€ 10 thousand).

The unrealised gain on the long-term indemnity (LTI) liability represents the adjustment made to reflect the market value of the underlying securities.

The latter relate to shares in UnipolSai Assicurazioni S.p.A. and Unipol Gruppo S.p.A. already held in portfolio and to be bought to service the “performance share” stock-based compensation plan for the Company’s top management for the periods 2016-2018 and 2019-2021.

The contributions from inter-professional funds, collected via Unipol Gruppo S.p.A. (as presenter of the request), relate to the amount received from the Fund for Banks and Insurance Companies for staff training.

III.8 “Other expenses” amount to € 4,696 thousand and comprise:

(in thousands of euro)	
Administrative expenses and costs on behalf of the direct parent company	3,233
Provisions for risks and charges”	1,128
Exchange losses	93
Loss on long-term indemnity liability	65
Sundry taxes	62
Losses on debtors	54
Operating costs of clearing houses	31
Other	30
	4,696

Administrative expenses and costs on behalf of the parent company refer for € 2,334 thousand to personnel costs and for € 899 thousand to operating costs incurred on behalf of UnipolSai Assicurazioni S.p.A..

The Provisions for risks and charges (for 2013 and 2014, with potential for subsequent years) relate to the dispute about VAT on co-insurance transactions in tax years from 2013 to 2019.

Further information is provided in point E.2 of Section 12 above.

Exchange losses, like exchange gains (totalling € 93 thousand), derive from the application of multicurrency methodologies.

This balance includes both realised amounts (€ 66 thousand) and those arising on translation (€ 27 thousand).

The unrealised loss on the long-term indemnity (LTI) liability represents the adjustment of this liability to the market value of the underlying securities.

The latter relate to shares in UnipolSai Assicurazioni S.p.A. and Unipol Gruppo S.p.A. already held in portfolio and to be bought to service the “performance share” stock-based compensation plan for the Company’s top management for the periods 2016-2018 and 2019-2021.

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

The losses on debtors relate to insurance and reinsurance companies and the provision was used against them for the same amount as part of "Other income".

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

III.10 "Extraordinary income" amounts to € 367 thousand.

They include non-recurring proceeds and refer to out-of-period income, of which € 199 thousand from dividends that have fallen into prescription and € 36 thousand from previous years' tax returns.

In addition, they include € 86 thousand for the amount repaid by the Tax Authorities, as penalties and interest, for a part of the amount paid in July 2010 to settle a tax demand issued by the Tax Authorities for the 2003 tax year.

This relates to the VAT on co-insurance transactions with other insurance companies.

III.11 "Extraordinary expenses" amount to € 987 thousand.

They comprise non-operating costs relating to prior periods.

€ 899 thousand refer to the cost incurred in May 2019 of closing the tax disputes relating to VAT on co-insurance transactions with other insurance companies (for years up to 2012, excluding 2003). The cost is offset by releases of the "Provision for risks and charges" for the same amount.

None of these expenses relates to prior-year tax declarations.

III.14 "Income taxes for the year", totalling € 328 thousand, include IRES (€ 263 thousand) and the change in deferred tax assets (€ 65 thousand).

There was no IRAP charge.

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	IRES		Deferred tax assets
		tax rate	IRAP tax rate	
Net change in claims payable reserve	1,491	24.00%	-	358
Taxed prov. doubtful accounts	492	24.00%	-	118
Long-term indemnity (LTI) liability	185	24.00%	6.82%	57
Adjustments to the value of equity securities	30	24.00%	-	7
Depreciation of land used by the Company	300	24.00%	-	72
Depreciation of land used by the Company	258	-	6.82%	18
Provisions for doubtful accounts exceeding the limit set in art. 106.3 Tax Law	257	24.00%	6.82%	79
Remuneration of Independent Auditors	78	24.00%	-	19
Emoluments of Directors	43	24.00%	-	10
<i>Deferred tax assets at 31 December 2019</i>				738
<i>Deferred tax assets at 31 December 2018</i>				(803)
<i>Decrease (increase) in deferred tax assets</i>				65

Deferred tax liabilities	Deferred tax liabilities
<i>Deferred tax liabilities at 31 December 2019</i>	-
<i>Deferred tax liabilities at 31 December 2018</i>	-
<i>Decrease (increase) in deferred tax liabilities</i>	-

Lastly, with regard to taxation for the year, the following schedule for 2019 reconciles the theoretical IRES rate (24.00%) with the effective rate:

Profit (loss) before taxes (A)	417
Theoretical IRES (24.00%)	(100)
Tax effect of differences (B)	
Permanent	(289)
Temporary	82
Other differences (C)	
Decrease in deferred tax assets - IRES	(65)
Increase in deferred tax liabilities - IRES	-
Other	35
Effective IRES (A) + (B) + (C)	(328)
Effective Ires tax rate	78.7%

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.

The significant increase in the effective incidence of IRES with respect to the theoretical charge was due to the non-deductibility of the provision recorded for risks and charges, € 1,128 thousand (classified among the "Other expenses").

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.



Rotating optic with Fresnel lenses

It is possible to observe closely the fascinating operation of a motor weight watch system with Fresnel lenses, positioned on rotating optics calibrated with extreme precision, so that the flashes of light and eclipse could maintain the identifying characteristic of lighthouses on nautical charts. Once loaded manually, the mechanical system guaranteed the optics would keep on rotating for about seven hours: nowadays, modern technology uses an electric motor.

FRESNEL

(Photograph by Franco Galatolo)

PART C - OTHER INFORMATION

C.1 Revenue or cost elements of exceptional entity or incidence

Pursuant to article 2427, paragraph 13) of the Civil Code, there were no revenue or cost elements of exceptional entity or incidence in 2019.

C.2 Trend in exchange rates

The exchange rates at the date the financial statements were prepared do not differ significantly from those at 31 December 2019 (especially considering the US dollar, a currency that is widely used in the Marine insurance sector).

C.3 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 2019 is provided in the report on operations, to which reference is made.

C.4 Off-balance sheet agreements

As required by art. 2427.22-ter of the Italian Civil Code, it is confirmed that, at 31 December 2019, there are no off-balance sheet agreements that might result in significant risks or benefits for the Company.

C.5 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 2019 include financial fixed assets consisting of:

- investments in parent and associated companies (pursuant to art. 2359 of the Civil Code), as indicated in point C.II.1 of Section 2;
- government securities (mainly Italian) and other non-governmental securities with various maturities and a total carrying amount of € 46,783 thousand, as detailed in point C.III of Section 2.

These financial assets are shown at an amount higher than their fair value.

C.6 Derivative instruments

As mentioned in the report on operations, no use of derivative instruments was made during the year.

However, at 31 December 2019, 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.7 Formation of a domestic tax group

Following the resolution of 10 May 2018 of its Board of Directors, Unipol Gruppo S.p.A., as the consolidating company, informed the Tax Authorities, in the manner foreseen, that it had joined the Group tax regime (as per arts. 117 to 129 of the Income Tax Code).

The company resolved to join the tax regime for the period 2018 - 2020 at the meeting of its Board of Directors on 6 November 2018.

An agreement has been signed with Unipol Gruppo S.p.A. to govern the financial transactions deriving from the above.

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 company receives from the consolidating company the amount of the tax reduction obtained by the latter via use of any tax losses transferred to it by the company.

C.8 Membership of the Unipol VAT Group

The joint option to participate in the Unipol VAT Group took effect from 1 January 2019.

This election was approved by the Board of Directors of the Company on 18 December 2018 and, to the extent relevant, by those of the Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. on 8 November 2018.

This election is binding for the three-year period 2019-2021, after which it will be renewed automatically each year until revoked.

Following the establishment of this VAT Group, the member companies waived their subjective autonomy for VAT purposes and established a new entity with its own VAT number.

Transfers of goods and the provision of services among the Group members are not subject to VAT.

Unipol Gruppo S.p.A. is the representative of the Group and, in that role, is responsible for satisfying the obligations and exercising the rights of members envisaged in the VAT regulations.

Since the taxpayer representing the VAT Group is just one company, all the other members are deemed to be jointly liable for its activities.

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, in 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.

The sentences of the Provincial and Regional Tax Commissions, which in previous years had cancelled this penalty and reduced it to the minimum amount of € 103, were confirmed by the Supreme Court, with its own ruling of September 2019.

The dispute in question was therefore settled by paying € 103.

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 2019 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 include the Consob contribution, VAT and expenses:

Type of service	Provider of the service	Fees
Auditing services	PricewaterhouseCoopers S.p.A.	77
Other certification services	PricewaterhouseCoopers S.p.A.	22

C.11 Interim dividends (if any)

No interim dividends were approved or paid during 2019.

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

As required by "Regulation", the statement of changes in shareholders' equity after the year-end is reported below:

(in thousands of euro)	Subscribed share capital	Legal reserve	Other reserves	Net profit for the year	Total
Balance at 31.12.2019	38,000	2,401	18,662	89	59,152
Allocation of 2019 earnings, as proposed by the Board of Directors on 18 March 2020					
- to legal reserve	-	4	-	(4)	-
- to extraordinary reserve	-	-	85	(85)	-
- dividends	-	-	-	-	-
	38,000	2,405	18,747	-	59,152

C.13 Transparency in the system of public payments

With reference to the regulation on the transparency of public funds introduced by article 1, paragraph 125, of the Law no. 124 of 4 August 2017 and subsequent amendments and additions, it should be noted that during 2019 the Company received grants from the Banks and Insurance Companies Fund for staff training. The amounts were received by the direct parent company UnipolSai SpA (as presenter of the request). The information relating to these grants is reported, with reference to the requesting company and by the granting body, in the National Register of State Aid and is available for public consultation in the "Transparency" section of the relevant website.

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

With reference to the information required by article 2427.22-quinquies and sexies of the Civil Code, the Company is directly controlled by the insurance company UnipolSai Assicurazioni S.p.A. The latter draws up the consolidated financial statements pursuant to art. 154-ter of Legislative Decree 58/1998 (CFA) and ISVAP Regulation 7 of 13 July 2007, and subsequent amendments and additions, in compliance with the IAS/IFRS issued by the IASB and endorsed by the European Union.

A copy of the consolidated financial statements at 31 December 2018 (the latest to be approved) of UnipolSai Assicurazioni S.p.A. is available at the company's registered office, as well as on its website (www.unipolsai.com).

UnipolSai Assicurazioni S.p.A. is directly controlled by the mixed financial holding company Unipol Gruppo S.p.A., a company listed on the Milan Stock Exchange, with registered office in via Stalingrado 45, Bologna.

Unipol Gruppo S.p.A. prepares the consolidated financial statements pursuant to art. 154-ter of Legislative Decree 58/1998 (CFA) and ISVAP Regulation 7 of 13 July 2007, and subsequent amendments and additions, in compliance with the IAS/IFRS issued by the IASB and endorsed by the European Union.

Unipol Gruppo S.p.A. exercises direction and coordination of its direct and indirect subsidiaries.

It is also the parent company of Gruppo Assicurativo Unipol, registered in the Register of Insurance Groups at no. 046, and parent company of the Unipol Banking Group.

In addition, Unipol Gruppo S.p.A. operates as a mixed investment holding company at the head of the Unipol financial conglomerate.

A copy of the consolidated financial statements at 31 December 2018 (the latest to be approved) of Unipol Gruppo S.p.A. is available at the company's registered office, as well as on its website (www.unipol.it).

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 2018 (the latest to be approved) of the indirect parent company, Unipol Gruppo S.p.A., as it exercises direction and coordination of the Company:

KEY FIGURES FROM THE FINANCIAL STATEMENTS OF UNIPOL GRUPPO S.P.A.	
(in millions of euro)	31.12.2018
BALANCE SHEET	
ASSETS	
A) SUBSCRIBED CAPITAL UNPAID	-
B) FIXED ASSETS	
I Intangible assets	2.3
II Tangible assets	0.8
III Financial assets	7,013.4
TOTAL FIXED ASSETS	7,016.5
C) CURRENT ASSETS	
I Inventories	-
II Debtors	546.9
III Financial assets not held as fixed assets	150.1
IV Cash and cash equivalents	1,092.7
TOTAL CURRENT ASSETS	1,789.7
D) PREPAYMENTS AND ACCRUED INCOME	2.9
TOTAL ASSETS	8,809.0
LIABILITIES	
A) CAPITAL AND EQUITY RESERVES	
I Share capital	3,365.3
II Share premium reserve	1,435.7
IV Legal reserve	583.0
VI Other reserves	63.4
IX Net profit (loss) for the year	66.2
X Negative reserve for own shares in portfolio	(2.0)
TOTAL CAPITAL AND EQUITY RESERVES	5,511.6
B) PROVISIONS FOR RISKS AND CHARGES	433.7
C) TERMINATION INDEMNITIES	-
D) CREDITORS	2,863.7
TOTAL LIABILITIES	8,809.0
STATEMENT OF INCOME	
A) VALUE OF PRODUCTION	18.8
B) PRODUCTION COSTS	(57.4)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	(38.6)
C) FINANCIAL INCOME AND EXPENSES	373.6
D) ADJUSTMENTS TO FINANCIAL ASSETS	(289.9)
PROFIT (LOSS) BEFORE TAXES	45.1
INCOME TAXES	21.1
NET PROFIT (LOSS) FOR THE YEAR	66.2

C.15 Data of the companies that prepare consolidated financial statements

The consolidated financial statements are prepared by the direct parent company UnipolSai Assicurazioni S.p.A. and the indirect parent company Unipol Gruppo S.p.A., both with registered office in Via Stalingrado 45, Bologna.

Copies of their consolidated financial statements are available at these companies' headquarters.

PART D - SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END AND OUTLOOK FOR OPERATIONS

No events worthy of mention in this report have taken place since the end of the year and up to the date of this report, except for Covid-19 (commonly known as the Coronavirus).

In fact, the global economy is continuing to show signs of a general slowdown, even though some of the uncertainties relating to the "tariff war" between the USA and China and Brexit appear to have found or are finding elements of stabilisation.

By contrast, the first part of 2020 has been characterised by the negative effects on the growth of the global economy, largely generated by the spread of the Coronavirus epidemic throughout the world.

The infection from Coronavirus, recently classified as a "pandemic" by the World Health Organization, has in fact led to the adoption of precautionary measures, first in China, then in several other countries including Italy, to counter the spread of the epidemic.

The size of the pandemic, in terms of its duration and extent, is difficult to estimate at this point, just as it is very difficult to quantify the impact that it may have on the world economy.

The immediate impact on the world economy has been to reduce international trade, with repercussions also for the "Cargo" sector, including the "Marine" one.

In Italy, the GDP figures in the fourth quarter of 2019 were lower than expected, which confirmed the vulnerability of our economy, in a context of weak growth in the international economy.

Starting from the end of February 2020, the spread of a health emergency, together with the above, led many observers to review their growth estimates for the current year: previously they were expected to be around 0.5%; now they are down significantly, for many even negative.

With regard to financial markets, the Central Banks continue to implement accommodative policies, without facing a serious inflationary risk, which keeps the level of interest rates low.

The main stock markets featured strong volatility, fearing a slowdown in the global economy due to the measures launched by many countries, including Italy, to counter the spread of the epidemic. In fact, from the end of February 2020, this socio-health situation is causing a strongly negative performance by stock indices, together with an increase in the spread between Italian government bonds and German Bunds.

All of this may have repercussions on our financial investments and on the Company's financial management, which aims to balance assets and liabilities, with the objective of maintaining a correct risk-return profile of the portfolio, selectively pursuing adequate risk diversification.

Excluding events that are currently not foreseeable and any significant lasting effects of the current health crisis on the economic cycle and on financial markets, the result of operations for the current year is expected to be positive.

PART E - PROPOSED RESOLUTIONS TO THE ORDINARY SHAREHOLDERS' MEETING

Resolution concerning the financial statements and the results for the year

You are invited to approve the report on operations and the financial statements for the year ended 31 December 2019, together with the following proposed allocation of the net profit of € 88,595:

- Net profit for the year ended 31 December 2019	88,595 €
- to the legal reserve, 5%	(4,430) €
- the balance to Other reserves: Extraordinary reserve	(84,165) €
	-

Resolution with regard to the reserve for exchange gains (as per art. 2426, point 8-bis of the Civil Code)

We submit for your approval the transfer within other reserves of € 16,835 from the extraordinary reserve to the reserve for exchange gains (as per art. 2426, point 8-bis of the Italian Civil Code).

Bologna, 18 March 2020

For the Board of Directors
The Chairman
(Giuseppe Santella)

ATTACHMENT

Statement of changes in financial position for the year ended 31 December 2019		
(in thousands of euro)	2019	2018
Sources of funds		
Net profit for the year	89	325
Writedown of receivables	29	233
Depreciation and amortisation of property, tangible and intangible assets	925	848
Adjustments to financial investments	8	355
Provision for termination indemnities	400	399
Decrease in deposits with insurance and reinsurance companies	26	111
Decrease in investments in Group and other companies	-	29
Decrease in financial investments	-	12,419
Increase in deposits from reinsurers	1,729	139
Net increase in technical reserves	-	878
Provisions for risks and charges	1,127	1,100
Net change in other receivables and payables	435	-
Net change in other assets and liabilities	2,190	-
Net change in debtors and creditors from/to insurance and reinsurance operations	2,229	-
Net change in accruals and deferrals	161	87
Total sources of funds	9,348	16,923
Application of funds		
Dividends paid	-	4,180
Increase in financial investments	191	-
Increase in investments in Group and other companies	37	-
Utilisation of termination indemnities	450	479
Utilisation of provisions for risks and charges	899	-
Net change in other receivables and payables	-	2,210
Net change in other assets and liabilities	-	1,673
Net change in debtors and creditors from/to insurance and reinsurance operations	-	6,472
Net decrease in technical reserves	4,989	-
Investments in property	766	390
Increase in tangible and intangible assets	593	646
Total application of funds	7,925	16,050
Increase (decrease) in cash and cash equivalents	1,423	873
Cash and cash equivalents:		
- beginning of the year	3,297	2,424
- end of the year	4,720	3,297
Increase (decrease) in cash and cash equivalents	1,423	873

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*(Photograph by Davide Marcesini,
courtesy of Formento Restauri)*

The Coat of Arms of St George painted on the lighthouse

The coat of arms of Genoa with the cross of St George is painted on the side of the lighthouse facing the city. Made by the painter "Evangelista di Milano" (from the city of Milan) in 1340, in the summer of 2019 it was the subject of an innovative and spectacular restoration "at heights" by Formento Restauri. Restoration was possible thanks to the support of the "Compagnia di San Paolo" for "Bando I luoghi della Cultura 2018", funding bid won by Fondazione Labò.

ST THE COAT OF ARMS OF ST GEORGE

ATTACHMENTS

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	325	21	41 325
Income from investments.....	+ 2	3,715		42 3,715
Financial charges.....	- 3	1,452		43 1,452
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	1,350		45 1,350
Intermediate result.....	6	1,239	26	46 1,239
Other income	+ 7	4,494	27	47 4,494
Other expenses.....	- 8	4,696	28	48 4,696
Extraordinary income.....	+ 9	367	29	49 367
Extraordinary expenses.....	- 10	987	30	50 987
Result before tax.....	11	417	31	51 417
Income taxes.....	- 12	328	32	52 328
Net result for the year.....	13	89	33	53 89

Year 2019

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

		Intangible assets B.	Property C.I
Gross opening balance	+	2,235	26,107
Increase.....	+	575	767
due to : Purchases		575	0
Write backs.....		0	0
Revaluation		0	0
Other changes.....		0	767
Decrease.....	-	0	0
due to : Sales.....		0	0
Permanent writedowns.....		0	0
Other changes.....		0	0
Gross closing balance.....(a)		2,810	26,874
Depreciation / Amortisation.....			
Opening balance.....	+	1,601	7,294
Increase.....	+	135	701
due to : Depreciation / Amortisation.....		135	701
Other changes.....		0	0
Decrease.....	-	0	0
due to : Sales.....		0	0
Other changes.....		0	0
Accumulated depreciation / amortisation.....(b)		1,737	7,995
Net book value(a - b)		1,073	18,879
Market value.....			25,500
Total revaluation.....			0
Total writedowns.....			
(*) of which depreciation / amortisation made solely for tax purposes			

Year 2019

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

		Shares and quotas	Bonds	Loans
Opening balance	+	91	21	41
Increase.....	+	86	22	42
due to : Purchases		86	23	43
Write backs.....			24	44
Revaluation				
Other changes.....			26	46
Decrease.....	-	56	27	47
due to : Sales.....		49	28	48
Writedowns.....		7	29	49
Other changes.....			30	50
Book value.....		121	31	51
Market value.....		162	32	52
Total revaluation.....				
Total writedowns.....			34	54

The item "Bonds" includes :

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

Group and related companies

: general information (*)

		Listed or Unlisted	Activity carried out	Company name and registered office	Currency
	(1)	(2)	(3)		
1	e	NQ	7	UCI Società Consortile a r.l. Corso Sempione, 39 MILANO	242
2	c	NQ	7	UNIPOLSAI Servizi Consortili Scrl Via Stalingrado, 37 BOLOGNA	242
3	a	Q	2	UNIPOL GRUPPO S.p.A. Via Stalingrado, 45 BOLOGNA	242
4	a	Q	1	UNIPOLSAI ASSICURAZIONI S.p.A. Via Stalingrado, 45 BOLOGNA	242

Share capital		Net Worth (**)	Profit / Loss for the last year closed (**)	Participating share (5)		
Amount	Number of Shares			Direct %	Indirect %	Total %
(4)		(4)	(4)			
535,500	1,035,000			0.09	0.09	
5,200,000	10,000,000			0.11	0.11	
3,365,292,407	717,473,508			0.01	0.01	
2,031,456,338	2,829,717,372					

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

(**) Only for controlled and affiliated companies

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

(2) L = Listed
U = Unlisted

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

(4) Original currency

(5) Global percentage owned

Year 2019

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. Corso Sempione, 39 MILANO			
2	c	D	UNIPOLSAI Servizi Consortili Scarl Via Stalingrado, 37 BOLOGNA			
3	a	D	UNIPOL GRUPPO S.p.A. Via Stalingrado, 45 BOLOGNA	200	1	
4	a	D	UNIPOLSAI ASSICURAZIONI S.p.A. Via Stalingrado, 45 BOLOGNA	37,000	85	
	a		Parent company		86	
	b		Controlled company			
	c		Related company			
	d		Affiliated company			
	e		Other			
			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

companies : shares and quotas

Decrease in the year			Book value (4)		Purchase cost	Market value
Sales		Other decrease	Number of shares	Amount		
Number of shares	Amount					
			948			
		7	10,528	34	41	34
7,210	31		19,576	32	32	66
13,325	18		23,675	54	54	62
	49			86	86	128
		7		34	41	34
				1	1	1

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	61	81	81	101
a) listed shares	22	42	62	82	82	102
b) unlisted shares	23	43	63	83	83	103
c) quotas	24	44	64	84	84	104
2. Mutual funds units	25	45	65	85	1,224	1,947
3. Bonds and other fixed securities	46,783	50,764	49,258	51,437	96,041	102,201
a1) listed State bonds	41,766	45,004	36,387	37,657	78,153	83,061
a2) other listed securities	5,017	5,760	12,870	13,779	17,887	19,139
b1) unlisted State bonds	29	40	69	89	89	109
b2) other unlisted securities	30	50	70	90	90	110
c) convertible bonds	31	51	71	91	91	111
5. Quotas in mutual investments	32	52	72	92	92	112
7. Other financial investments	33	53	73	93	93	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	201	221
a) listed shares	142	162	182	202	202	222
b) unlisted shares	143	163	183	203	203	223
c) quotas	144	164	184	204	204	224
2. Mutual funds units	145	165	185	205	205	225
3. Bonds and other fixed securities	146	166	186	206	206	226
a1) listed State bonds	147	167	187	207	207	227
a2) Other listed securities	148	168	188	208	208	228
b1) Unlisted State Bonds	149	169	189	209	209	229
b2) Other unlisted securities	150	170	190	210	210	230
c) convertible bonds	151	171	191	211	211	231
5. Quotas in mutual investments	152	172	192	212	212	232
7. Other financial investments	153	173	193	213	213	233

Notes to the financial statements - Attachment 9
Year 2019

Company SIAT Società Italiana Assicurazioni e Riassicurazioni p.A.

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	+	1	21	41	43,830	81	101	101		
Increases during the year:	+	2	22	42	3,262	82	102	102		
for: purchases		3	23	43	2,790	83	103	103		
writedowns		4	24	44		84	104	104		
transfers from the short-term portfolio		5	25	45		85	105	105		
other changes		6	26	46	471	86	106	106		
Decreases during the year:	-	7	27	47	309	87	107	107		
for: sales		8	28	48	36	88	108	108		
writedowns		9	29	49		89	109	109		
transfers to the short-term portfolio		10	30	50		90	110	110		
other changes		11	31	51	273	91	111	111		
Book value		12	32	52	46,783	92	112	112		
Current value		13	33	53	50,764	93	113	113		

Year 2019

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

		Loans C.III.4	Restricted deposits with banks C.III.6
Opening balance	+ 1	12 ²¹	401
Increase:	+ 2	0 ²²	0
due to : disbursements.....	3		
write backs.....	4		
other changes	5		
Decrease:.....	- 6	10 ²⁶	0
due to : reimbursements.....	7	19	
writedowns	8		
other changes	9	-9	
Book value	10	2 ³⁰	401

Year 2019

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 51,391 ¹¹	48,069 ²¹	3,322
Reserve for unexpired risks	2 6,045 ¹²	3,740 ²²	2,305
Book value	3 57,436 ¹³	51,809 ²³	5,627
Claims payable reserve:			
Reserve for claims and direct expenses	4 210,009 ¹⁴	216,914 ²⁴	-6,905
Reserve for liquidation expenses	5 8,890 ¹⁵	9,171 ²⁵	-281
Reserve for IBNR	6 28,967 ¹⁶	29,637 ²⁶	-670
Book value	7 247,866 ¹⁷	255,722 ²⁷	-7,856

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
		11	21		31
Opening balance	+		2,511		1,010
Provision for the year	+		2,739		492
Other increase	+		0		0
Use in the year	-		2,511		543
Other decrease	-		0		0
Book value			2,739		959

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Statement of assets and liabilities for intercompany transactions

I: Assets

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Shares and equities	1 86	2 0	3 34	4 0	5 0	6 121
Bonds	7 0	8 0	9 0	10 0	11 0	12 0
Loans	13 0	14 0	15 0	16 0	17 0	18 0
Quotas in mutual investments	19 0	20 0	21 0	22 0	23 0	24 0
Restricted deposits with banks	25 0	26 0	27 0	28 0	29 0	30 0
Other financial investments	31 0	32 0	33 0	34 0	35 0	36 0
Deposits with ceding undertakings	37 0	38 0	39 0	40 0	41 0	42 0
Investments linked with mutual funds and other index	43 0	44 0	45 0	46 0	47 0	48 0
Investments deriving from management of pension funds	49 0	50 0	51 0	52 0	53 0	54 0
Receivables arising out of direct insurance	55 2	56 0	57 0	58 0	59 0	60 2
Reinsurance debtors	61 1,774	62 0	63 0	64 0	65 0	66 1,774
Other receivables	67 2,234	68 0	69 36	70 0	71 0	72 2,270
Bank accounts	73 0	74 0	75 0	76 0	77 0	78 0
Other assets	79 0	80 0	81 0	82 0	83 0	84 0
Total	85 4,096	86 0	87 70	88 88	89 0	90 4,167
of which subordinated assets	91 0	92 0	93 0	94 0	95 0	96 0

Statement of assets and liabilities for intercompany transactions

II: Liabilities

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Subordinated liabilities	97 0	98 0	99 0	100 0	101 0	102 0
Deposits from reinsurers	103 0	104 0	105 0	106 0	107 0	108 0
Payables arising out of direct insurance	109 129	110 0	111 0	112 0	113 0	114 129
Reinsurance creditors	115 1,716	116 0	117 0	118 0	119 0	120 1,716
Bank overdrafts	121 0	122 0	123 0	124 0	125 0	126 0
Secured payables	127 0	128 0	129 0	130 0	131 0	132 0
Loans	133 0	134 0	135 0	136 0	137 0	138 0
Other payables	139 200	140 0	141 0	142 0	143 0	144 200
Other liabilities	145 2,299	146 0	147 45	148 0	149 0	150 2,345
Total	151 4,345	152 0	153 45	154 154	155 0	156 4,391

Year 2019

Insurance business highlights

	Gross premiums written	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance Balance
Direct insurance:					
Personal accident and health insurance	391	383	1,029	67	413
Motor third party liability	3,378	3,386	1,288	1,088	-363
Motor fire, theft, etc. insurance					
Marine insurance	126,245	121,981	113,734	25,581	12,524
Fire and other property damage	1,476	1,602	832	415	-336
Generale third party liabilities	3,748	3,970	1,585	954	-802
Credit and bond insurance			-563		-142
Pecuniary losses	1,741	1,670	900	318	-266
Legal defence					
Assistance	9	7		1	2
Total direct insurance	136,989	132,999	118,802	28,425	11,030
Indirect insurance	21,660	20,106	9,429	6,790	-2,066
Total Italian business	158,649	153,105	128,231	35,215	8,964
Foreign business	1,127	1,362	387	209	-418
Grand total	159,776	154,467	128,618	35,423	8,546

Year 2019

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

	Non-life business	Life business	Total
Income from shares and quotas:			
Dividends from group companies	6	81	6
Other dividends	42	82	
Total	6	83	6
Income from property:	446	84	446
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	2,320	88	2,320
Interest income on loans	0	89	0
Income from mutual investments	50	90	
Interest income on restricted deposits with banks	51	91	
Interest income on other financial investments	52	92	
Interest income on deposits with ceding undertakings	0	93	0
Total	2,320	94	2,320
Writebacks from :			
Property	55	95	
Group companies' shares	56	96	
Group companies' bonds			
Other shares and quotas	58	98	
Other bonds	324	99	324
Other financial investments	60	100	
Total	324	101	324
Gains on disposal of :			
Property	62	102	
Group companies shares	16	103	16
Group companies bonds	64	104	
Other shares and quotas	65	105	
Other bonds	605	106	605
Other financial investments	67	107	
Total	621	108	621
GRAND TOTAL	3,715	109	3,715

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	31	61
Properties.....	2	252	252
Bonds.....	3	284	284
Mutual fund units	4	34	64
Mutual investments.....	5	35	65
Other financial investments.....	6	176	176
Deposits from reinsurers.....	7	6	6
Total.....	8	719	719
Writedowns of:			
Properties.....	9	701	701
Group company's shares.....	10	7	7
Group company's bonds	11	41	71
Other shares and quotas	12	42	72
Other bonds.....	13	1	1
Other financial investments.....	14	44	74
Total.....	15	708	708
Losses on sale of :			
Properties.....	16	46	76
Shares and quotas	17	47	77
Bonds.....	18	25	25
Other financial investments.....	19	49	79
Total.....	20	25	25
GRAND TOTAL	21	1,452	1,452

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	Personal accident	Health insurance
Direct business net of reinsurance		
Premiums written.....	+ 1 391	1
Change in unearned premiums reserve.....	- 2 8	2
Claims incurred	- 3 1,029	3
Change in other technical reserves	- 4	4
Other technical income (expenses) net.....	+ 5	5
Operating expenses	- 6 67	6
Underwriting result of direct business (+ o -).....	A 7 -713	7
Result of outward reinsurance (+ o -)	B 8 413	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 4	11
Tecnical result (+ o -)	(A + B + C - D + E) 12 -296	12

	Cargo insurance	Fire
Direct business net of reinsurance		
Premiums written.....	+ 1 23,404	1
Change in unearned premiums reserve.....	- 2 -38	2 -111
Claims incurred	- 3 10,296	3 38
Change in other technical reserves	- 4	4
Other technical income (expenses) net.....	+ 5 -616	5
Operating expenses	- 6 7,050	6
Underwriting result of direct business (+ o -).....	A 7 5,479	7 73
Result of outward reinsurance (+ o -)	B 8 -4,377	8 -85
Net underwriting result of indirect business (+ o -)	C 9 1,043	9 7
Change in equalisation reserve (+ o -)	D 10 22	10
Portion of income from inv. transferred from non technical account.....	E 11 227	11 1
Tecnical result (+ o -)	(A + B + C - D + E) 12 2,350	12 -4

	General third party liability	Credit insurance
Direct business net of reinsurance		
Premiums written.....	+ 1 3,748	1
Change in unearned premiums reserve.....	- 2 -222	2
Claims incurred	- 3 1,585	3
Change in other technical reserves	- 4	4
Other technical income (expenses) net.....	+ 5 -38	5
Operating expenses	- 6 954	6
Underwriting result of direct business (+ o -).....	A 7 1,392	7
Result of outward reinsurance (+ o -)	B 8 -802	8
Net underwriting result of indirect business (+ o -)	C 9 127	9
Change in equalisation reserve (+ o -)	D 10	10
Portion of income from inv. transferred from non technical account.....	E 11 59	11
Tecnical result (+ o -)	(A + B + C - D + E) 12 776	12

Motor fire, theft, etc. Insurance	Railway carriage insurance	Aircraft insurance	Hull insurance
1	1 70	1 1,238	1 100,996
2	2 -25	2 -8	2 4,248
3	3 -3	3 -201	3 170
4	4	4	4
5	5	5	5 899
6	6 21	6 185	6 18,235
7	7 3	7 274	7 890
8	8 -145	8 -145	8 -911
9	9 50	9 50	9 67
10	10	10	10 74
11	11 5	11 5	11 3
12	12 3	12 184	12 49

Other property damage	Motor third party liability	Aircraft third party liability	Hull third party liability
1	1 1,476	1 3,378	1 503
2	2 -14	2 -7	2 81
3	3 794	3 1,288	3 111
4	4	4	4
5	5 -10	5 -216	5
6	6 415	6 1,088	6 83
7	7 272	7 794	7 227
8	8 -251	8 -363	8 -247
9	9 45	9 798	9
10	10 5	10	10
11	11 8	11 125	11
12	12 69	12 1,354	12 -20

Bond insurance	Pecuniary losses	Legal defense	Assistance
1	1 1,741	1	1 9
2	2 71	2	2 2
3	3 -563	3 900	3
4	4	4	4
5	5 87	5	5
6	6 318	6	6 1
7	7 563	7 539	7 6
8	8 -142	8 -266	8 2
9	9 36	9	9
10	10	10	10
11	11 18	11 6	11
12	12 476	12 279	12 7

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		Reinsured risks 4	Retained risks 5=1+2+3+4	
Premiums written.....	136,989	101,605	101,605	21,660	13,913	43,131
Change in unearned premiums reserve.....	3,990	4,248	4,248	1,555	866	431
Claims incurred.....	118,802	88,031	88,031	9,429	7,622	32,578
Change in other technical reserves.....						
Other technical income (expenses) net.....	105	151				-46
Operating expenses.....	28,425	20,507	20,507	6,790	3,359	11,349
Change in equalisation reserve (+ o -).....	-14,123	-11,030	-11,030	3,887	2,066	-1,273
Underwriting result (+ o -).....	1,155	166				101
Portion of income from inv. transferred from non technical account.....						1,350
Technical result (+ o -).....	-12,968	-11,030	-11,030	4,082	2,066	-24

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	9 349
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)		12 349

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

I: Revenues		Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investments income							
1	Income from property	446	2	4	5	6	446
7	Dividends	6	8	9	10	11	6
13	Interest income on bonds						
19	Interest on loans	20	21	22	23	24	
25	Interest income on other financial investments	26	27	28	29	30	
31	Interest income on deposits with ceding undertakings	32	33	34	35	36	
37	Total	451	38	40	41	42	451
Other revenues							
43	Interest income on receivables		44	45	46	47	48
49	Recovery of administrative expense	50		51	52	53	54
55	Others	31,89	56	57	58	59	3,240
61	Total	17	62	63	64	65	66
67	Gains on disposal of investments	3,206	68	69	70	71	3,257
73	Extraordinary revenues	16	74	75	76	77	16
79	Total	80	81	82	83	84	84
85	GRAND TOTAL	3,673	86	87	88	89	3,724

Intercompany transactions

II: Charges		Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investment management charges and interest expenses :							
91	Investment charges	84	92	93	94	95	200
97	Interest expenses on subordinated liabilities	98	99	100	101	102	
103	Interest expenses on deposits from reinsurers	104	105	106	107	108	
109	Interest expenses on payables arising out of direct insurance	110	111	112	113	114	
115	Interest expenses on payables arising out of reinsurance	116	117	118	119	120	
121	Interest expenses on bank overdrafts	122	123	124	125	126	
127	Interest expenses on secured payables	128	129	130	131	132	
133	Other interests expenses	134	135	136	137	138	
139	Losses on receivable	140	141	142	143	144	
145	Administrative expenses on behalf of third parties	146	147	148	149	150	
151	Other charges	152	153	154	155	156	
157	Total	84	158	159	160	161	200
163	Loss on disposal of investments	164	165	166	167	168	
169	Extraordinary costs	170	171	172	173	174	
175	Total	176	177	178	179	180	
181	GRAND TOTAL	84	182	183	184	185	200

Direct business : summary of gross premiums written

	Non-life Business		Life Business		Total
	Permanent establishment	Freedom of services	Permanent establishment	Freedom of services	
Premiums written:					
in Italy.....	72,111	5	11	15	72,111
in other European countries.....	12,201	6	16	16	12,201
in other countries.....	84,312	7	17	17	84,312
Total.....	84,312	8	18	18	84,312

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.....	5,573	61	5,573
- Social contributions.....	1,517	62	1,517
- Provision for termination indemnities.....	400	63	400
- Other personnel expenses.....	905	64	905
Total.....	8,395	65	8,395
Foreing business:			
- Salaries.....		66	
- Social contributions.....		67	
- Other personnel expenses.....		68	
Total.....		69	
Grand total	8,395	70	8,395
Fees for consultancy :			
Italian Business		71	
Foreing business		72	
Total.....		73	
Total personnel expenses	8,395	74	8,395

II: Splitting of personnel expenses

	Non life business	Life business	Total
Investment management charges.....		45	75
Claims operating expenses	698	46	698
Other acquisition costs.....	1,709	47	1,709
Other administrative expenses.....	3,654	48	3,654
Administrative expenses on behalf of third parties.....	2,334	49	2,334
		50	80
Total.....	8,395	51	8,395

III: Average personnel workforces for the year

	Number
Managers	4
Clerks.....	101
Others.....	94
Total.....	105

IV: Directors and statutory auditors

	Number	Emoluments
Directors.....	11	196
Statutory auditors	3	48

The panoramic balcony with a 360° view over the city

To reach the top of the lighthouse, you have to climb 365 steps, one for each day of the year: 172 are enough for the first panoramic balcony, whose access to the public is allowed by the Navy. From here, 70 m above the sea, you can enjoy an amazing and original 360° view of the city and its port.



(Photograph by Clara Bigaretti)

AUDITOR'S REPORT

Independent auditor's report

in accordance with article 14 of Legislative Decree n° 39 of 27 January 2010, article 10 of Regulation (EU) n° 537/2014 and article 102 of Legislative Decree n° 209 of 7 September 2005

To the Shareholders of
SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni

Report on the Audit of the Financial Statements as of 31 December 2019

Opinion

We have audited the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni (the “Company”), which comprise the balance sheet as of 31 December 2019, the income statement for the year then ended and notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2019, and of the result of its operations for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Actuarial estimates of Non-life claims provisions

Notes to the Financial Statements:
Part A: Accounting policies
Part B: Balance sheet and statement of income,
Section 10 – Technical provision (Caption C.I)

Technical provisions include Euro 248 million of Non-Life claims provisions representing the 57 per cent of “Total liabilities and equity”.

Non-Life claims provisions is posted to face the amounts incurred by the Company to settle the claims incurred in the current and in previous years and not yet defined at year end.

Granted that the valuation of outstanding claims relies on the quality of the underlying data, a range of methods, underlying a number of implicit or explicit assumptions relating to the expected settlement amount and number of claims, may be used to determine these provisions. Change in these assumptions can modify the estimate of the final provisions.

The valuation of Non-Life claims provisions involves the use of significant estimates and relies on a significant professional judgement based on the actuarial assumption adopted.

Professional judgement is involved, for instance, in estimating the period over which claims are expected to settle.

Auditing procedures performed in response to key audit matters

In order to challenge the quality of the data utilized to value the Non-Life claims provisions, we understood and tested the governance process in place to determine the insurance contract liabilities and validated, on a sample basis, the controls in place. In addition we verified the accuracy and completeness of the data base testing a sample of claims and matching the information included in the IT system with those of the related dossiers.

Our audit procedures applied to verify the actuarial valuation include the following:

- analysis of the methodologies, hypothesis and assumptions adopted by management;
- challenge these methodologies and assumptions by comparing them with those used in the industry and in prior periods.

Moreover, for the more relevant LoBs, assisted by our own actuarial experts, we performed a technical-comparative analysis on assumptions and estimates utilized by the Company in the year end and in the previous year together with a statistical analysis based on claims indicators.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- we concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.



Additional Disclosures required by article 10 of Regulation (EU) n° 537/2014

On 28 November 2013, the Shareholders of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni in general meeting engaged us to perform the statutory audit of the Company's financial statements audit for the years ending 31 December 2013 to 31 December 2021.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) n° 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with article 14, paragraph 2, letter e), of Legislative Decree n° 39/2010

Management of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni is responsible for preparing a report on operations of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as of 31 December 2019, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion on the consistency of the report on operations, with the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as of 31 December 2019 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as of 31 December 2019 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree n° 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.



Opinion drawn up pursuant to article 102, paragraph 2, of Legislative Decree n° 209 of 7 September 2005, Non –Life technical provisions

In execution of the assignment received from SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni, we have performed procedures, in accordance with article 102, paragraph 2, of Legislative Decree n° 209 of 7 September 2005, on the items relating to the Non – Life technical provisions, included in the liabilities section of the balance sheet of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as at 31 December 2019. The Directors are responsible to establish technical provisions to the extent to guarantee the obligations arising from insurance and reinsurance contracts.

On the basis of the procedures performed in accordance with article 102, paragraph 2, of Legislative Decree n° 209 of 7 September 2005, of ISVAP Regulation n° 22/2008 and associated guidelines included in the application document published by IVASS on its website on 31 January 2017, the above mentioned technical provisions, included in the liabilities section of the balance sheet of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as at 31 December 2019, are sufficient in accordance with applicable law and regulations and on the basis of correct actuarial techniques, in accordance with ISVAP Regulation n° 22/2008.

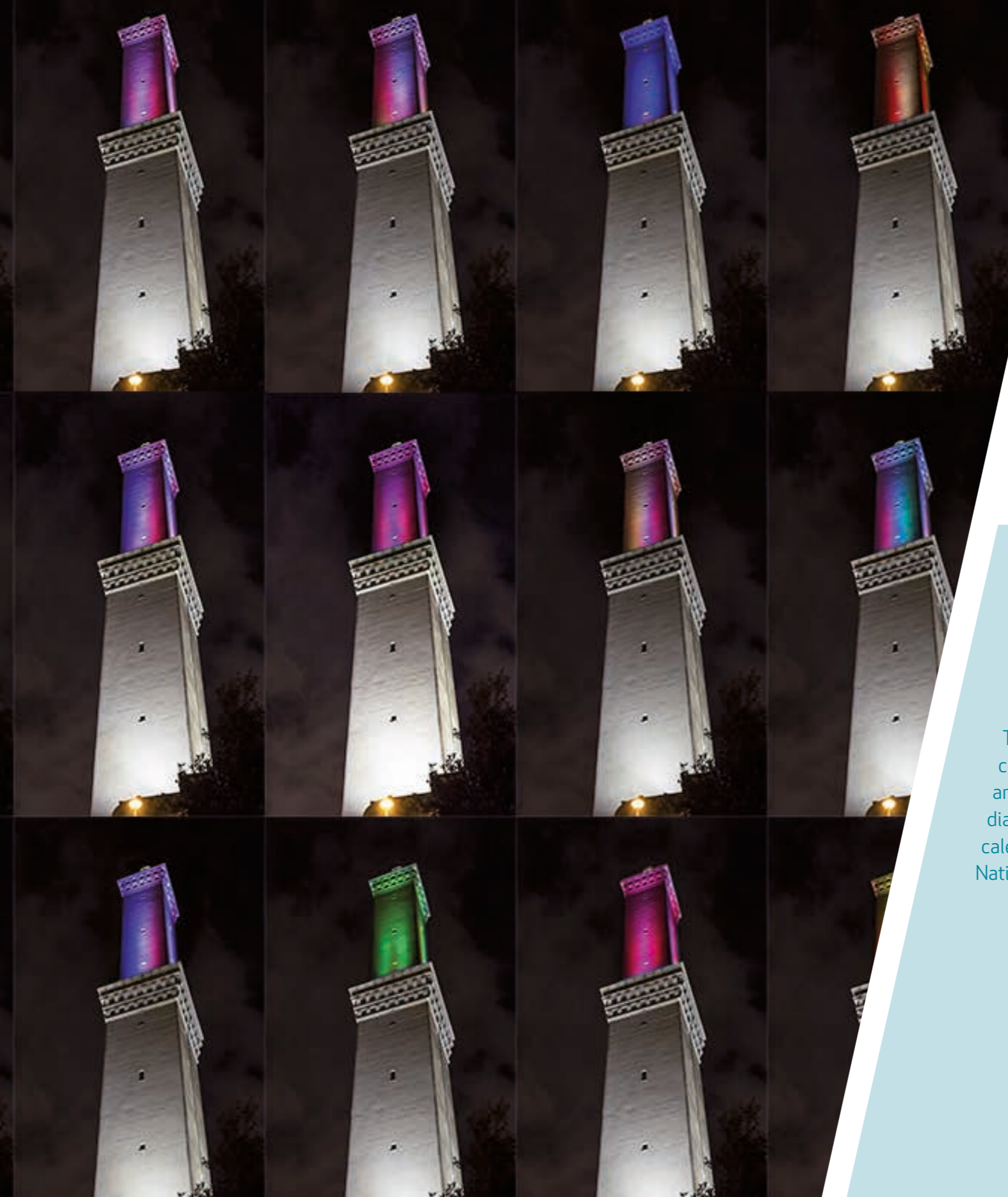
Milan, 3 April 2020

PricewaterhouseCoopers SpA

Signed by

Rudy Battagliarin
(Partner)

This report has been translated into the English language from the original, which was issued in Italian and in accordance with Italian law, solely for the convenience of international readers.



ISSU SUPPORT

The *Lanterna* lights up to support important issues

The symbol of Genoa, like the most famous buildings in the world, changes the colour of its lighting to attract public attention on important topics: with its artistic lighting system, created thanks to the support of Slam, it is in constant dialogue with the city, recovering its ancient function: communication. The calendar with all the dates of local, national, international UNESCO and United Nations events and initiatives with scheduled lighting, is available on the website: <http://www.lanternadigenova.it/calendario-illuminazione-lanterna/>

(Photographs by Katarina Sevcikova Photographer)

RESOLUTION OF THE SHAREHOLDERS' MEETING – EXTRACT

The following resolutions were passed at the Annual General Meeting held on 22 April 2020:

- that the Financial statements at 31 December 2019 be approved, together with the Director's Report on operations;
- that the Directors' proposal regarding the allocation of the net income be approved;
- to appoint Alfonso Roberto Galante e Andrea Giovannelli to the Board of Directors.



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