INDUSTRIAL INSURANCE

Annual report 1998

INDUSTRIAL INSURANCE ANNUAL REPORT 1998

Contents

This Annnual Report does not contain Industrial Insurance Company Ltd's official final accounts for 1998. The official final accounts can be inspected at Industrial Insurance, Vattuniemenkuja 8 A, 00210 Helsinki, Finland.

Veikko Nuutinen 1944-
Opening Up, 1990

Sampo Art is a collection which comprises a representative selection of Finnish art from the 18th century to our times. The illustrations in this annual report show some examples of the works of art owned by Sampo.

MANAGING DIRECTOR'S REVIEW

Industrial Insurance's position as the leading insurer in Finland's major companies segment strengthened further and direct insurance premiums written remained stable. The annual Client Satisfaction Survey showed again that Industrial Insurance clients have great confidence in their risk carrier. This was also borne out by the company image survey carried out by Taloustutkimus Oy Research, which again rated Industrial Insurance among the top ten companies in Finland. Standard & Poor's A- rating in 1998 represents good security for our clients.

Industrial Insurance improved its profit for the financial year. Investment performance was excellent thanks to rising share prices. Realised gains on investments doubled and solvency continued to strengthen. Loss experience, on the other hand, was unfavourable – the number of large losses in our insurance portfolio doubled over normal years.

The increasingly networked business environment intertwines risks in a complex manner and long-term co-operation grows in emphasis in risk management and loss prevention. Industrial Insurance operations concentrate on close and confidential client relationships that build a profound understanding of their business and intensify co-operation. Extensive loss prevention projects were implemented last year in co-operation with e.g. Outokumpu, Kemira, and VR Group. Emphasis on the loss prevention theme will continue strongly this year as well.

The turn of the millennium is a great challenge both for our clients and for us. Industrial Insurance has already ensured Y2K compliance for those systems most critical to its operations. We have also worked closely with clients on their Y2K risks. Several reports have been prepared on the matter to raise general awareness and the year 2000 has been the topic of several lectures and customer events. Reinsurance contracts concluded for a two-year period covering the turn of the millennium are a considerable indicator of the confidence reinsurers place in our expertise and operating policy.

This year also took us one step closer to the euro. Some companies have already started using the new currency, and Industrial Insurance has been prepared to offer clients euro services since the beginning of this year.

More than a Century of Occupational Safety

Tariffs for statutory workers' compensation insurance were deregulated at the start of 1999. This means a wider range of solutions and payment models for Industrial Insurance clients.

The significance of occupational safety is increasingly emphasised. Insufficient prevention and negligence are soon reflected in occupational accident numbers, and often lead to property damage and business interruption losses. It is my firm belief that our more than a hundred years' experience in occupational safety creates a solid base for loss prevention work.

Growth Through Specialisation

Our strategy is to grow in those fields where we possess the greatest strength and versatility of know-how. Forestry and related industries are a natural choice for us, supported in particular by our recently joining the Forest Cluster project. I hope that in this way our input as an experienced forestry insurer and safety and prevention expert will become more widely available; and that this in turn will further strengthen our position among the leading forestry insurers.

Our natural domestic market comprises Northern Europe and the Baltic Rim. Newly opened offices in Hamburg, Antwerp and Moscow extend our service capabilities further. This year we enter the Polish market by first establishing a risk management company there, to be followed by an insurance company.

Industrial Insurance has for many years offered its clients comprehensive international multi-line/multi-year solutions, where the client's own loss prevention work is taken into account in pricing. This type of arrangement is only now being introduced by other European insurers. The company's new development focus is on interactive electronic services, an initiative that is expected, in particular, to make both the client's and our claims settlement processes more efficient.

Industrial Insurance is well known for its professional skills and our clients value the solid expertise we offer in selected industries and risk types. We again expect a year of interesting challenges, and remain committed to maintaining our leading position as the company that specialises in underwriting industrial risks and providing risk management services. I wish to express my warmest thanks to our clients and partners for their confidence and co-operation.

Staff development programmes were considerably expanded and deepened at Industrial Insurance during the year under review. The entire personnel deserves sincere thanks for substantial input in an increasingly challenging environment.

Although there are elements of uncertainty linked to the turn of the millennium, the event has also led to a significant increase in loss prevention work, which Industrial Insurance's service concept will continue to support into future.

Our service model will gain further clarity through a structural reorganisation to be implemented in 1999, after which all of Sampo's Major Accounts Service units will be part of Industrial Insurance Group.

March 1999

Juha Toivola

LOSS PREVENTION GUARANTEES GOOD PERFORMANCE

Risks have changed

Specialisation is a key to success in business operations. Industrial Insurance, together with Sampo Group Major Accounts Services (MAS) built around it, specialise explicitly in insurance and risk management for large companies and medium-sized international enterprises.

This provides our client companies with an economic edge in many ways. The risk management solutions tailored for our clients are compiled to meet both client and industry specific needs. Our strength lies in the seamless combination of risk analyses, loss prevention, insurance and claims settlement, which optimises total risk management costs for the client.

Loss prevention plays a focal role in company risk management systems. Networking and elaborate logistics chains mean any interruption has more extensive and more serious consequences. Even a short absence from the market is often totally unacceptable these days. Timely and faultless delivery of goods and services to clients must be fully secured. Liability issues and related operational risks, such as directors' and officers' liability, product liability, environmental liability and contractual risks, are all increasingly accentuated.

Practical results

One concrete result of our loss prevention work was that several large losses were avoided thanks to the successful deployment of sprinkler systems. There were around 50 fires in premises equipped with sprinklers amongst Industrial Insurance's Finnish clientele, and in each case the sprinkler installation was able to extinguish the fire, assisted by the local fire brigade. There were two unfortunate cases where installation work had not been completed, and the fire caused considerable damage that could otherwise have been avoided.

Plant fire brigades played a significant role in several fires. The degree of loss remained small in a number of cases thanks to their operational readiness and special skills. Plant fire brigade operations have focused largely on loss prevention work, with a positive impact on the number of times the fire alarm rings for Industrial Insurance client companies.

Non-destructive testing activities were primarily aimed at black liquor recovery boilers and power generation machinery. Testing uncovered bearing and structural defects in power generation machines, and their timely detection averted the threat of further damage.

Sea Launch was a particularly interesting risk management project in hull insurance. A satellite launch platform and its mother ship were finished and fitted out under very challenging circumstances in St Petersburg and Vyborg in Russia. Industrial Insurance was the claims leader in charge of loss prevention for this USD 250 million multinational project. Largely thanks to inspection activities enacted by Industrial Insurance, there was no loss or damage needing compensation during the one-year supervision period, which yielded such positive results.

Industrial Insurance's extensive experience and development know-how has been put to good use in the TUTOR occupational safety programme, which can be applied for each client's individual needs. TUTOR is a complete package offering Industrial Insurance's services in safety management, accident statistics, the assessment of risks, and in training. Development work related to workers compensation insurance, and the implementation of our tailor-made solutions, will place increasing emphasis on the importance of occupational safety practices.

The annual Industrial Insurance Safety Award was conferred on Neste Oyj's Very High Viscosity Index (VHVI) Project Group. The number of accidents, near misses, leakages and ignitions was at a very low level for the initiation, kick-off and implementation stages of the project, especially considering the extent and demanding nature of the project. It was implemented in an extremely difficult environment alongside other activities. The new technology applied in the project required exceptionally creative safety solutions. The principle of "planning through participation" was followed from the outset, so half of the project participants were operating and maintenance staff.

Expert and survey services were widely employed during the year under review for loss pre-

Saara Ekström, 1965–
Time is a Place, 1990
The central element of Saara Ekström's "Time is a Place" is the vaulted window familiar from the art of the past - a space between different times and eras. The striking contrasts between light and shadow connect the picture first and foremost with the exuberant world of the Renaissance. After gazing long enough into this work one may find that the light in "Time is a Place" also contains a message: the triumph of light over shadow. It is admirable that such thoughts are still possible in this day and age, when we stoically believe in the endless growth of all material good.

vention in the fields of property, loss of profits, accident and liability risks. Around 1,100 reports were drawn up containing recommendations for the further development of loss prevention in co-operation with client companies. Related customer training also continued actively and more than 2,500 client representatives participated.

Risks are managed together

Industrial Insurance is renowned worldwide for its risk management know-how and insurance services provided for forest industry and related industrial and service enterprises. We insure 17 per cent of all paper and cardboard production capacity in Europe.

Networking and clusters have impacted the operations environment and risks of business enterprises, and these trends must also be catered for in risk management and loss prevention. In January, 1999, Industrial Insurance was admitted as a member of the industry association known as the Forest Cluster project, in which we intend to contribute by introducing the risk management viewpoint. We further consolidated our service capacity in 1998 by recruiting new experts for forest industry loss prevention.

The Askelma® auditing system, originally developed by Industrial Insurance for industrial safety assessment, was used extensively in the management of property and business interruption risks, thanks to the new auditing tool introduced in 1997 as a part of Askelma. Askelma analysis was applied in the forest industry for Enso Timber Oy Ltd's units in Finland. This user-friendly method supplies a good overall picture of property and business interruption risks and reveals several areas that require further development and improvement.

In the power generation industry, loss prevention was emphasised e.g. in international projects in Poland and the Czech Republic.

Our risk management experts also focused strongly on liability risks in this industry. Deregulation of the electricity market in the Nordic

Countries was characterised by networking and dependency risks and served to put liability and contractual risks under the microscope.

The commitment of corporate management, and a company culture that promotes safety, play a key role when safety programmes are planned and implemented. We wish to contribute to this work in client companies and support them in improving safety management methods. Our extensive expertise in this field is clearly and positively evidenced in safety programmes, mirrored by decreasing losses.

Excellent examples of successful long-term co-operation in metal and chemical industries' loss prevention are Outokumpu Oyj and Kemira Corporation, with whom we continue large-scale co-operation into 1999. An assessment of industrial safety at Outokumpu will be completed in 1999, paying special attention to the improvement of smelting plant safety. We shall participate in Kemira Corporation's risk management, focusing on intensified measures at Kemira Agro Oy. The mutual target of this programme is to achieve a good safety level at all Kemira Agro plants by the end of the year 2000.

Major industry-specific risks in the food sector include product recalls that often require the most extensive and costly measures and careful advance planning. We have now developed a new risk management product to help, which combines insurance, loss prevention and claims adjustment.

In the information industries, resources were allocated to risk analyses, placing special emphasis on business interruption and liability risks. Risks pertaining to the Internet and electronic trading, and related security measures, will be at the forefront in this field in the years to come.

In service sector loss prevention, special attention was paid to train safety in Finland. The safety enhancing Automatic Train Protection Systems (ATP) will be implemented to fully cover the main network by the end of 2001. VR Group Ltd aims to match Sweden's safety level by 2002, and then go on to meet the highest EU levels of train safety. In co-operation with Industrial Insurance and VTT (the Technical Research Centre of Finland), VR Group Ltd has launched a project for risk assessment and the further development of risk management in railway traffic.

Year 2000 - A shared challenge

The year 2000 is of mutual concern to business and society as a whole. The turn of the millennium and other significant dates may cause disturbance, loss and liability implications in any business operation.

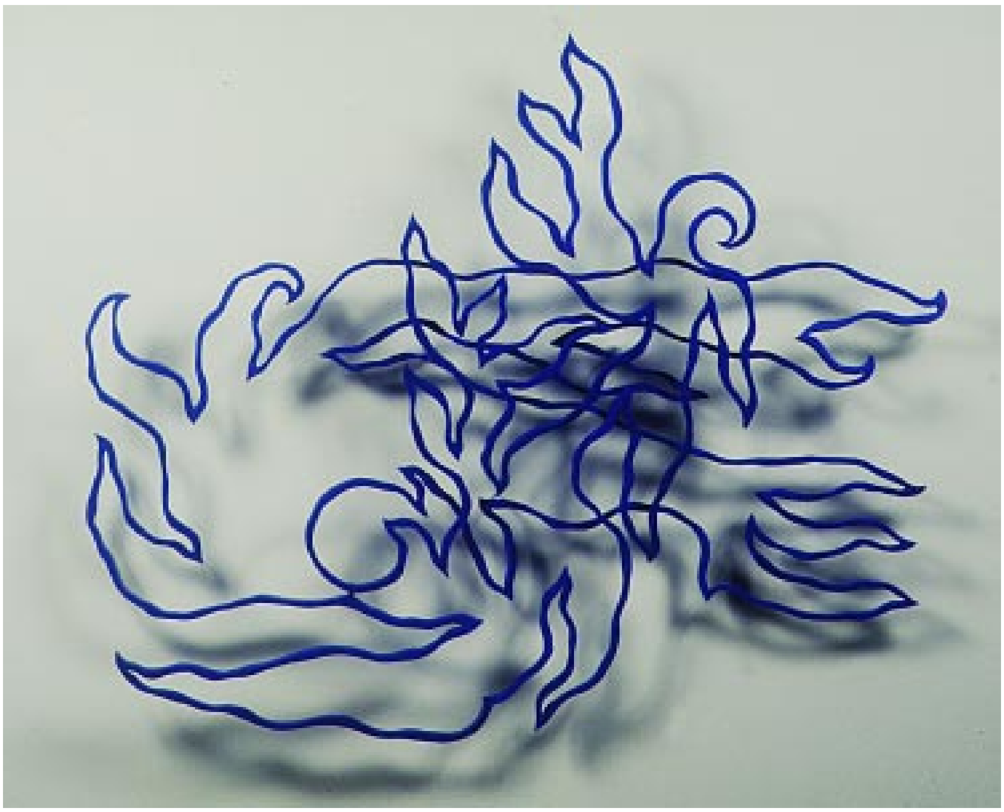
The approach to Y2K risks is similar to that for any other business risk. Appropriate loss prevention measures are planned once risk identification is complete. We have made and will continue substantial efforts to prevent millennium bug impacts on client companies by providing information in numerous client seminars, publishing safety bulletins and organising individual consultations.

Ruins don't call for disputes

Business risks are wide and varied, so effective risk management solutions must be based on the client company's individual risk profile. A risk analysis of business operation offers a firm foundation for a risk management solution that safeguards the company's profit and protects its balance sheet against any loss risks. Our expertise in various industries, loss prevention, risks, cases of loss and loss adjustment provides client companies with clear economic advantages.

If loss or damage does occur despite all feasible prevention measures, a lot can still be achieved by managing the loss situation to minimise the degree of loss and impact on business operations. Even minor fires can cause major property and business interruption losses due to smoke, soot and corrosion. Similarly, breakdowns may cause long interruptions to business operations, but recovery can be speeded through temporary repairs or other solutions that minimise operational disruption.

Swift and competent action is of critical importance in a case of loss, and this is ably supported by the active participation of our experts in the loss adjustment process. Taking charge of the situation to minimise the amount of loss is of shared interest to both us and our clients.



Martti Aiha, 1952–
Blue Ego, 1990

Ancient oriental culture and Finnish wood are combined in an artistic manner in ”Blue Ego”: the delicately winding imagery springs from Chinese calligraphy, while Finnish birch wood serves as the material. The paradox of the work is that the artist has tried to capture the nature of a drawing in it while pictorial art generally tries to create a *trompe l’oeil*, an illusion of three-dimensionality.

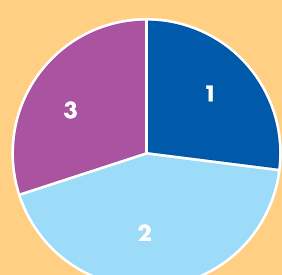
MAJOR ACCOUNTS SERVICES BY COMPANY 1998

FIM millions

	Industrial Insurance	Otso	Sampo Industrial	Insurance Co. of Finland	Sampo Insurance Group*)
Turnover	2,414	469	390	59	7,794
Gross premiums written	1,510	242	345	32	5,177
Balance on technical account before the change inequalisation provision	– 228	– 28	–35	3	– 639
Profit for the financial year	489	126	– 8	11	654
Techical provisions	3,286	630	215	67	11,797
Balance Sheet total at current values	9,297	1,651	628	384	–
Loss ratio %	105	85	96	– 5	94
Expense ratio %	14	39	38	16	20
Combined ratio %	119	125	135	11	114
Combined ratio at fixed currency exchange rates	120	127	135	11	116
Equalisation provision	353	465	–	64	1,336
Solvency ratio %	457	1,101	284	9,778	260
Average number of personnel	385	43	73	8	3,170

Elimination have not been taken into the calculations.
* Non-Life Group

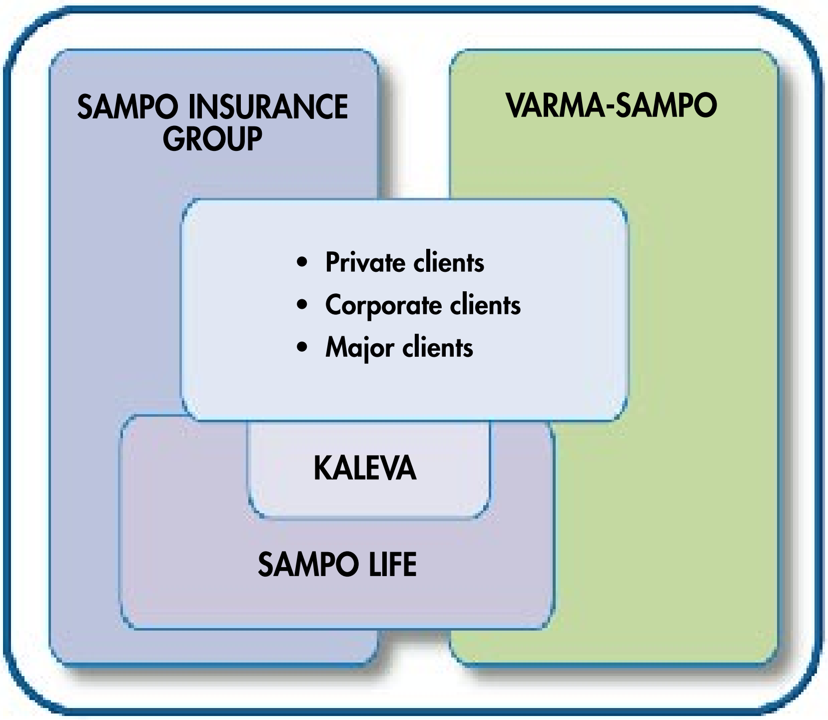
Gross premiums written by Major Accounts Services*)



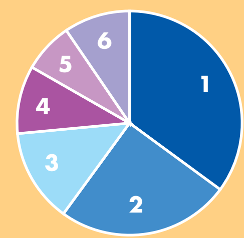
1. Statutory insurance	FIM 532.8 mill	27 %
2. Other domestic business	FIM 859.0 mill	43 %
3. Foreign business	FIM 588.7mill	30 %
	FIM 1980.5 mill	100%

*) The underwriting business between the companies has been eliminated.

SAMPO-VARMA GROUP COMPOSITION AND DIRECT NON-LIFE INSURANCE MARKET SHARE



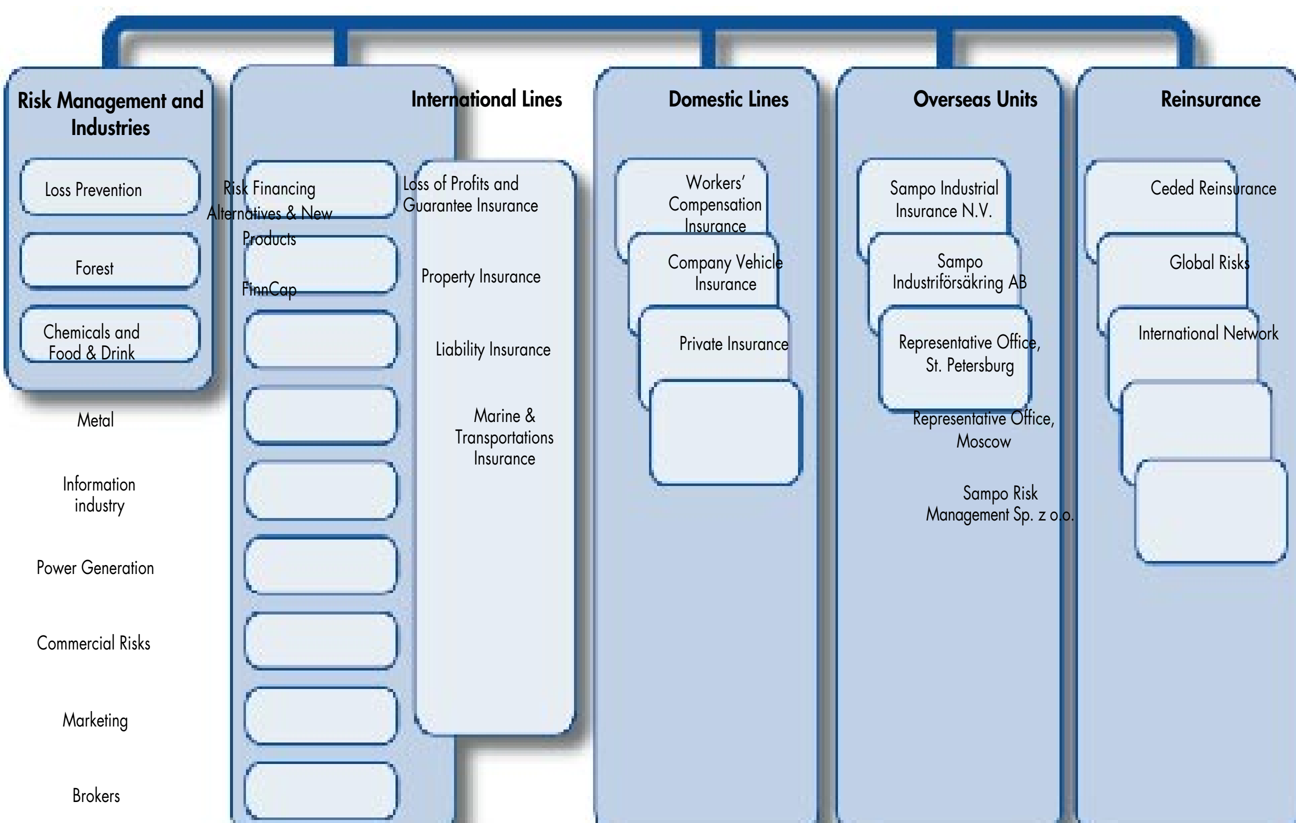
Direct non-life insurance market shares 1998 *)



1. Sampo	35.1 %
2. Pohjola	24.9 %
3. Tapiola	13.5 %
4. Enterprise Fennia	9.8 %
5. Local Insures	7.2 %
6. Others	9.5 %

*) Projection, excluding banks' and Garantia's credit insurance, including insurance associations.

OPERATIONAL COMPOSITION OF MAJOR ACCOUNTS SERVICES



INDUSTRIAL INSURANCE COMPANY LTD
BOARD OF DIRECTORS' REPORT 1998

Industrial Insurance Company Ltd is a wholly-owned subsidiary of Sampo Insurance Company plc (listed on the Helsinki Stock Exchange).

Industrial Insurance Group profit for the financial year improved clearly over the year before. The better result was mainly attributable to a growth in net investment income, and particularly in gains on investment realisation. The balance on technical account, on the other hand, weakened. Profitability on underwriting business was weakened by an exceptional number of large losses, and by major non-recurring adjustments to technical provisions. Exchange rate differences improved the result. Operating expenses increased due to reinsurance commissions in particular, and some exceptional items related to Industrial Insurance's own operating expenses.

Underwriting Result

Group premiums written rose to FIM 1,749 million (FIM 1,592 million in 1997). This growth is largely attributable to the national, non-recurring charge on statutory workers' compensation insurance, of which Industrial Insurance's share was FIM 110 million. This item was transferred to the equalisation provision, so it improved the key figures of underwriting business, but did not impact the result for the financial year. The increase in the parent company's reinsurance premiums written was significantly impacted by reinsurance arrangements within the Group, which do not have an impact on premiums written at Group level.

The Group loss ratio improved to 100.9 per cent (102.1%), although the number of large losses (exceeding FIM 10 million) doubled over normal years. The improvement was mainly due to the separate charge on statutory workers' compensation insurance, to successful commutations in Patria Reinsurance Company Limited, and to exchange rate differences. In addition to the large losses, the profitability of the parent company's underwriting business was further weakened by non-recurring adjustments to technical provisions. These adjustments will, however, reduce the cost burden in years to come.

As general Finnish interest rates stabilised at a lower level, the discounting rates on technical provisions employed in the insurance business were lowered from four and a half to four per cent in statutory lines. As a result of this, the parent company's provision for outstanding claims increased by FIM 56 million. In addition, the separate provision for occupational illnesses resulting from asbestos exposure was strengthened by FIM 165 million in statutory workers' compensation insurance. Adjustments to the technical provisions were covered by a change in the equalisation provision, and so had no effect on the result for the financial year. However, added to claims incurred, these adjustments weaken the unequalised balance on technical account and underwriting business key figures.

Operating Expenses and Personnel

A significant part of the growth in Group operating expenses was due to arrangements within the Group's internal reinsurance commissions. The increase in the Group's own operating expenses, mainly attributable to the parent company, resulted from an increase in the number of staff, from IT work for the euro and Y2K, as well as from some adjustments to allocations of incentive pay and social expenses. Group operating expenses totalled FIM 213 million (FIM 162 million) and the expense ratio was 16.3 per cent (14.0%).

The Group employed an average number of 479 people in 1998 (466), of whom an average of 385 (373) was employed by the parent company.

Balance on Technical Account

The consolidated balance on technical account before the change in equalisation provision was FIM 225 million negative (FIM -186 million), and the combined ratio was 117.7 per cent (116.1%). The strengthening of the Finnish markka improved the balance on technical account by FIM 55 million, compared to the year before when the weakening markka had a negative impact of FIM 131 million. Patria's balance on technical account was most affected by exchange rate differences. Since the Group companies' currency positions are balanced on average, counter-items for exchange rate differences on underwriting business are entered under Investments.

Investments and Result for the Financial Year

Group net investment income amounted to FIM 801 million (FIM 564 million). This includes gains on realisation of investments of FIM 609 million (FIM 220 million), and value adjustments totalling FIM 95 million (FIM 56 million).

Group profit for the financial year stood at FIM 533 million (FIM 259 million). Group unrestricted capital and reserves totalled FIM 753 million including profits on the financial year.

Group Composition

At the close of the year under review, the Industrial Insurance Group comprised the parent company Industrial Insurance Company Ltd, and its Finnish subsidiaries Oy Finnish Captive & Risk Services Ltd, Oy Haveri Ab, Patria Reinsurance Company Limited, and 16 housing and real estate companies. The Group is represented overseas by Sampo Industriförsäkring AB in Sweden; and Teva Holding B.V., Sampo Industrial Holding and Sampo Industrial Insurance N.V., all operating from the Netherlands. The company has representative offices in St. Petersburg, Moscow and Hamburg. The absorption of Oy Imico Insurance Systems Ab into the parent company was entered in the Trade Register on January 5th, 1998. The company was not conducting any business at the time.

Of the Group companies, only the parent company and Sampo Industrial Insurance carry on insurance activities. Patria Reinsurance Company Limited concentrates on running off its old insurance portfolio. Sampo Industriförsäkring underwrites mainly on behalf of Industrial Insurance and Otso Loss of Profits Insurance Company Ltd.

The guarantee insurance business of Insurance Company of Finland, wholly owned by Sampo Insurance Company plc, was concentrated on Industrial Insurance and Sampo Enterprise, for underwriting new policies. Insurance Company of Finland's credit insurance business was transferred to Finnish Credit Insurance Company Ltd, co-owned in equal shares by Sampo Group, the Finnish State Guarantee Board and German company Hermes Kreditversicherungs AG.

Parent Company - Industrial Insurance Company Ltd

Parent company gross premiums written rose to FIM 1,510 million (FIM 1,274 million). Direct insurance premiums written increased by 14.4 per cent and assumed reinsurance premiums written by 38.5 per cent. The company's loss ratio was 104.7 per cent (98.2%).

Industrial Insurance's operating expenses totalled FIM 172 million (FIM 123 million) and the expense ratio was 14.2 per cent (11.7%). A maximum depreciation permitted under the Finnish Taxation of Businesses Act was made, valued at FIM 27 million. Depreciation according to plan totalled FIM 26 million.

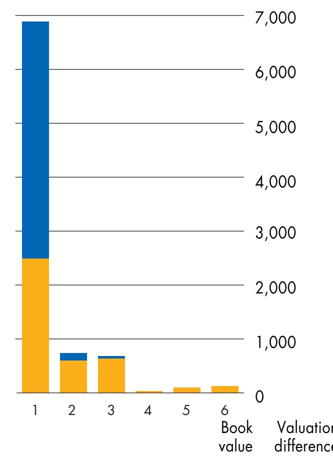
The balance on technical account before the change in equalisation provision was FIM 228 million in the red (FIM -104 million) and the combined ratio stood at 118.9 per cent (109.9%).

The basis for Industrial Insurance's equalisation provision was modified due to the removal of Patria's stop loss cover. The change came into force at the beginning of the financial year, leading to a FIM 27 million decrease in equalisation provision transfer and so improving the company result. In addition, the decrease in discounting percentage, as well as the separate provision for occupational diseases, were financed by the equalisation provision, which consequently dropped to FIM 353 million (531 million) or 23 per cent of the total.

Parent Company Investments

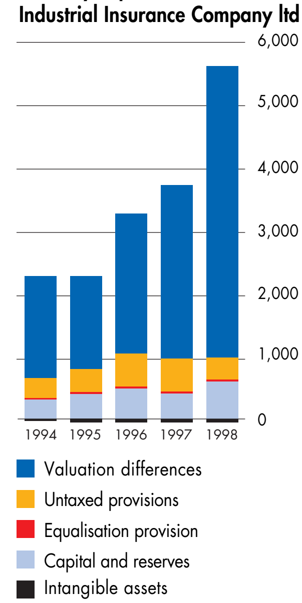
Industrial Insurance's net investment income stood at FIM 739 million (FIM 470 million). The largest income items affecting investment results were gains realised on investments of FIM 590 million (FIM 225 million), and dividend income of FIM 174 million (FIM 133 million). Value adjustments were mainly on quoted shares and decreased net investment income by FIM 92 million (FIM 51 million).

Investment portfolio, FIM
Industrial Insurance Company Ltd



	Book value	Valuation difference
1. Shares	2,490	4,396
2. Land and buildings	596	148
3. Debt securites	634	53
4. Deposits with ceding undertakings	30	0
5. Market money investments	93	0
6. Credits	128	0
Total	3,971	4,597

Solvency capital, FIM
Industrial Insurance Company ltd



	1994	1995	1996	1997	1998
Capital and reserves	313	392	482	405	594
Untaxed provisions	20	30	33	30	31
Equalisation provision	322	363	521	531	353
Valuation differences	1,603	1,462	2,202	2,732	4,597
Intangible assets	– 28	– 61	– 55	– 52	– 52
Total	2,230	2,186	3,183	3,646	5,523

Einari Levo, 1946–1987
Changing Landscape, 1979
Levo's short but none the less notable career bears witness to the way in which the artist reacted to movements and ideologies of the time with the sensitivity of a seismograph. The "Changing Landscape" is a concrete example of this. The theme and technique of the work suggest the tradition of participative art without, however, preaching or trying to prove a point. The feeling of the picture is warm and if anything slightly nostalgic: one can easily sense the decline of the old world and its values. The viewer has to pass through the gap between old farm buildings, through forests and hills, to the very gates of industrialised society. The viewer himself is left to judge whether the journey is a *via dolorosa* or a pilgrimage, and what kind of world lies beyond the factory chimneys.

The current value of Industrial Insurance's investment portfolio stood at FIM 8,553 million (FIM 6,109 million) at year-end 1998. The valuation difference between current and book values increased to FIM 4,582 million (FIM 2,732 million), mainly due to a rise in the market value of quoted shares; 89.2 per cent of the valuation difference was in quoted shares.

The parent company profit for the financial year was FIM 489 million (FIM 248 million).

Parent Company Solvency

Industrial Insurance's solvency capital totalled FIM 5,523 million (FIM 3,871 million) and the solvency ratio stood at 457.0 per cent (370.2%).

Ratings company Standard & Poor's gave Industrial Insurance and Sampo Industrial Insurance a Financial Strength Rating of A- as in the previous year. The A- assesses the companies' capital adequacy and solvency, representing good security. Sampo Insurance Company plc and Otso Loss of Profits Insurance Company Ltd also received the same rating, again as in 1997.

An Extraordinary General Meeting passed a resolution on November 12th, 1998, to pay a FIM 225 million additional dividend to the parent company, as proposed by the Board of Directors.

Subsidiaries and Major Associated Undertakings

Premiums written by Sampo Industrial Insurance increased slightly. The company underwrites direct insurance business in Central and Western Europe, where the number of large losses was exceptionally high with a gross loss ratio of 116.7 per cent (50.0%). The loss ratio after the reinsurers' share was 96.4 per cent (60.1%), and the combined ratio stood at 134.5 per cent (93.2%). The company is reinsured mainly by Industrial Insurance and Otso. Sampo Industrial Insurance made a loss of FIM 8 million on the financial year, as against a profit of FIM 15 million in 1997.

The run-off of reinsurance portfolio transferred to Patria in 1993 made significant progress in 1998. Gross technical provisions decreased by FIM 181 million, or FIM 135 million calculated at fixed exchange rates. Patria's equalisation provision accrued by FIM 54 million (FIM 28 million). The balance on technical account before the change in the equalisation provision was FIM 37 million in the black (FIM -89 million) and the company made a profit of FIM 16 million (FIM -6 million).

The Group share of associated companies' profit was FIM 30 million (FIM 40 million), split equally between Nova Life Insurance Company Limited and Sampo Life Insurance Company Limited at FIM 15 million each. Nova and Sampo Life merged at the beginning of 1999 and Industrial Insurance owns 26.2 per cent of the new Sampo Life.

Personnel Bond with Warrants

The Annual General Meeting of Industrial Insurance's parent company Sampo convened on April 21st, 1998, and decided to offer a bond with warrants valued at FIM 6.6 million to Sampo Group and Kaleva personnel. No interest will be paid on the bond, which is to be repaid on May 22nd, 2001. The warrants allow personnel to subscribe to a total of 3.3 million Sampo A shares, at a subscription price of FIM 271 less dividends distributed prior to the subscription. The share subscription period ends for all warrants on May 31st, 2005. The bond with warrants is part of a personnel incentive scheme and was clearly oversubscribed with 72 per cent of staff participating.

Year 2000

Industrial Insurance actively supports clients' loss prevention work regarding the millennium bug, working in close co-operation to ensure Y2K compliance. The Group has also published several Y2K bulletins and dealt with the issue in customer seminars and other events.

It has, nevertheless, also been necessary to limit and specify insurance cover for Y2K risks, due to potentially cumulative effects. Amendments of some insurance terms and conditions entered into force as of January 1st 1999. These do not apply to statutory workers' compensation, land vehicles, motor third party liability, credit and guarantee insurances, and private sector insurance.

Insurance terms and conditions pertaining to property, loss of profits, liability and marine insurances have been amended and defined. In accordance with Industrial Insurance operating methods, clients have also been offered individual, tailor-made solutions on the basis of Y2K studies and risk analyses. A prerequisite for compensation is, however, that the client has ensured year 2000 preparedness, so that any loss or damage is sudden and unforeseen, in accordance with the insurance terms and conditions. Overseas companies adhere to local Y2K practice.

Y2K risks make higher than usual demands on reinsurance programmes' functionality. Industrial Insurance Group reinsurance terms and conditions fall uniformly in line with Sampo Group approved Y2K guidelines, and the contract period for the major insurance classes has exceptionally been extended to two years. Reinsurance contracts thus cover all the critical dates. Preparations have been made for the possible increase in loss frequencies on Industrial Insurance Group's own account, through loss frequency covers bought on the reinsurance market. Equalisation provisions can also be used to cover the possible increase.

Industrial Insurance Group has been working to ensure Y2K compatibility since 1997. Critical Y2K systems already conform and testing of some less significant systems concludes in the first half of 1999. Common systems' year 2000 compliance is being examined together with Sampo interest groups and co-operation partners, and this is also due for completion in the half-year.

The coverage of all sub-areas is ensured through a scope and risk analysis completed by the end of March 1999, and a continuity plan will be drawn up for critical sub-areas.

The Euro

Industrial Insurance's Board of Directors approved a euro transition plan in December, 1998. Corporate clients have been offered euro-denominated services on request since the beginning of 1999.

The fact that currency conversion risk will become history in "Euroland" will facilitate the spread of investments in that area. Investment plans have been specified so that the birth of the euro area is reflected in the allocation to different instruments and markets.

Administration

Industrial Insurance Company Ltd's Board of Directors comprises Mr Jouko K. Leskinen, Chairman; Mr Mikko Kivimäki, Vice Chairman; members Mr Heimo Karinen, Mr Björn Mattsson, Mr Kurt Nordman and Mr Timo Poranen.

Mr Juha Toivola is Managing Director of the company.

Significant Events after the Close of the Financial Year

Sampo's Board of Directors approved two intra-group merger plans in February, 1999. Sampo subsidiaries Otso Loss of Profits Insurance Company Ltd and Insurance Company of Finland Limited will merge into their parent company Sampo, to evolve and simplify Sampo Group structure.

The mergers will be decided by the Shareholders' General Meetings of the parties involved. The planned schedule states the mergers will take effect on December 31st 1999, providing the necessary permissions have been obtained from the relevant authorities.

For new policies, loss of profits insurance handled by Otso will be transferred to Sampo subsidiaries Industrial Insurance and Sampo Enterprise. Otso's personnel will transfer to Industrial Insurance.

Industrial Insurance has expanded its operations into Poland. Sampo Risk Management Spólka z ograniczona odpowiedzialnoscia (a limited liability company) was established in Warsaw in February 1999. Its goal is to promote Sampo at the Polish corporate market and lay the groundwork for the practical operations of an insurance company, to be established during 1999 according to plan.

Outlook for 1999

The transfer of loss of profits and guarantee insurance to Industrial Insurance simplifies and strengthens the structure of Sampo Major Accounts Services. The volume of Finnish direct insurance is expected to remain stable and premiums written from overseas to grow.

The theme for 1999 is loss prevention. Several comprehensive risk management projects have been initiated in co-operation with clients, to achieve clearly improved safety levels.

It is naturally difficult to predict the impact of Y2K, but general preparedness and more effective loss prevention activities should reduce the frequency of losses in the near future.

As a whole, business operations are expected to develop positively.

Board Proposal for Profit Distribution

Industrial Insurance Group's distributable non-restricted capital and reserves amounted to FIM 715,545,663.59. Industrial Insurance Company Ltd's non-restricted capital and reserves, including profit for the financial year, stood at FIM 644,098,244.39. The Board of Directors recommends to the Annual General Meeting that a dividend of FIM 600.00 per share be paid for the financial year, or a total of FIM 300,000,000.00. The Board also proposes that FIM 344,098,244.39 be retained on the closing account.

Helsinki, March 4, 1999

Jouko K. Leskinen
Mikko Kivimäki
Heimo Karinen
Björn Mattsson
Kurt Nordman
Timo Poranen

Industrial Insurance Group
CONSOLIDATED PROFIT AND LOSS ACCOUNT

FIM '000	**Jan. 1 to Dec. 31, 1998**		Jan. 1 to Dec. 31, 1997	
Technical account				
Premiums earned				
Premiums written	**1,749,035**		1,592,494	
Reinsurers' share	**–417,223**	**1,331,812**	–475,333	1,117,161
Change in the provision for unearned premiums				
Total change	**–7,532**		256,301	
Portfolio transfer	**0**	**–7,532**	–261,277	–4,976
Reinsurers' share				
Total change	**–15,879**		16,564	
Portfolio transfer	**0**	**–15,879**	22,114	38,678
		1,308,401		1,150,863
Claims incurred				
Claims paid	**–1,292,712**		–1,168,354	
Reinsurers' share	**274,409**	**–1,018,303**	202,720	–965,634
Change in the provision for outstanding claims				
Total change	**–424,316**		–195,598	
Portfolio transfer	**0**	**–424,316**	–36,857	–232,455
Reinsurers' share				
Total change	**124,473**		13,745	
Portfolio transfer	**0**	**124,473**	9,199	22,944
		–1,318,146		–1,175,145
Change in the collective guarantee item		**–1,912**		0
Net operating expenses		**–213,083**		–161,551
Balance on technical account before the change in equalisation provision		**–224,740**		–185,833
Change in equalisation provision		**124,185**		–43,531
Balance on technical account		**–100,555**		–229,364

FIM '000		**Jan. 1 to Dec. 31, 1998**		Jan. 1 to Dec. 31, 1997
Non-technical account				
Investment income	**1,014,833**		665,825	
Investment charges	**–214,218**	**800,615**	–101,484	564,341
Other income		**474**		884
Other charges				
Depreciation on consolidation difference	**–2,407**		–2,396	
Depreciation on goodwill	**–9,125**		–9,125	
Other	**–60**	**–11,592**	–26	–11,547
Tax on profit from ordinary activities				
Tax for the financial year	**–189,010**		–98,291	
Tax from previous periods	**–75**		–6,176	
Change in deferred tax	**–797**	**–189,882**	4,254	–100,213
Share of associated undertakings' profit/loss after tax		**30,143**		40,154
Profit/loss on ordinary activities after tax		**529,203**		264,255
Extraordinary income and charges				
Extraordinary income				
Premiums written	**0**		18,185	
Claims paid	**0**		24,888	
Change in equalisation provision	**0**		4,752	
	0		47,825	
Extraordinary charges				
Change in collective guarantee item	**0**		–47,825	
Other extraordinary charges	**0**		0	
	0		–47,825	
		0		0
Profit/loss after extraordinary items		**529,203**		264,255
Minority interest in the profit for the financial year		**3,347**		–4,818
Consolidated profit/loss for the financial year		**532,550**		259,437

Industrial Insurance Group
CONSOLIDATED BALANCE SHEET

FIM '000		**Dec. 31, 1998**		Dec. 31, 1997
ASSETS				
Intangible assets				
Intangible rights		**35,365**		26,536
Goodwill		**16,840**		25,965
Consolidation difference		**16,841**		19,163
Other long-term expenses		**299**		387
		69,345		72,051
Investments				
Investments in land and buildings				
Land and buildings		**647,616**		689,901
Investments in affiliated and associated undertakings				
Affiliated undertakings				
Shares and participations		**212,827**		62,905
Associated undertakings				
Shares and participations	**97,141**		187,388	
Debt securities issued by, and loans to, associated undertakings	**0**	**97,141**	50,000	237,388
Other investments				
Shares	**2,057,618**		1,637,856	
Debt securities	**1,310,552**		1,282,575	
Loans guaranteed by mortgages	**23,138**		90,077	
Other loans	**105,363**		43,386	
Deposits with credit insitutions	**432,116**		289,017	
Other investments	**0**	**3,928,787**	0	3,342,911
Deposits with ceding undertakings		**138,955**		149,635
		5,025,326		4,482,740
Debtors				
Arising out of direct insurance operations				
Policyholders	**142,979**		83,807	
Intermediaries	**111,886**	**254,865**	92,415	176,222
Arising out of reinsurance operations		**314,857**		223,003
Other debtors		**116,213**		93,515
		685,935		492,740
Other assets				
Tangible assets				
Equipment	**32,268**		27,746	
Other tangible assets	**1,259**	**33,527**	2,994	30,740
Cash at bank and in hand		**190,281**		204,755
Other assets		**8,307**		1,684
		232,115		237,179
Prepayments and accrued income				
Interest and rents		**41,008**		36,933
Other		**83,332**		76,098
		124,340		113,031
		6,137,061		5,397,741

FIM '000		Dec. 31, 1998		Dec. 31, 1997
LIABILITIES				
Capital and reserves				
Restricted				
Subscribed capital	**50,000**		50,000	
Legal reserve	**199,991**		199,991	
Revaluation reserve	**116**		22,880	
Other restricted reserves	**1,355**		1,382	
Currency conversion differences	**3,367**	**254,829**	3,063	277,316
Non-restricted				
Non-restricted reserves	**96,070**		96,095	
Profit/loss brought forward	**124,583**		151,194	
Profit/loss for the financial year	**532,550**	**753,203**	259,437	506,726
		1,008,032		784,042
Minority interest		**98,743**		102,306
Technical provisions				
Provision for unearned premiums	**271,401**		263,397	
Reinsurers' share	**–76,973**	**194,428**	–92,487	170,910
Claims outstanding	**4,032,749**		3,606,011	
Reinsurers' share	**–619,815**	**3,412,934**	–493,609	3,112,402
Equalisation provision		**435,502**		559,687
Collective guarantee item		**49,738**		47,825
		4,092,602		3,890,824
Deposits received from reinsurers		**3,010**		3,286
Creditors				
Arising out of direct insurance operations		**15,249**		0
Arising out of reinsurance operations		**401,615**		428,812
Pension loans		**2,655**		0
Deferred tax		**14,645**		13,848
Other creditors		**275,222**		20,711
		709,386		463,371
Accruals and deferred income		**225,288**		153,912
		6,137,061		5,397,741

Industrial Insurance Company Ltd
PROFIT AND LOSS ACCOUNT

FIM '000		**Jan. 1 to Dec. 31, 1998**		Jan. 1 to Dec. 31, 1997
Technical account				
Premiums earned				
Premiums written	**1,509,964**		1,274,392	
Reinsurers' share	**–279,792**	**1,230,172**	–266,709	1,007,683
Change in the provision for unearned premiums				
Total change	**–23,229**		298,763	
Portfolio transfer	**0**	**–23,229**	–261,277	37,486
Reinsurers' share				
Total change	**1,626**		–21,758	
Portfolio transfer	**0**	**1,626**	22,114	356
		1,208,569		1,045,525
Claims incurred				
Claims paid	**–933,041**		–1,247,736	
Reinsurers' share	**141,237**	**–791,804**	159,520	–1,088,216
Change in the provision for outstanding claims				
Total change	**–534,752**		118,624	
Portfolio transfer	**0**	**–534,752**	–36,857	81,767
Reinsurers' share				
Total change	**63,558**		–29,404	
Portfolio transfer	**0**	**63,558**	9,198	–20,206
		–1,262,998		–1,026,655
Change in the collective guarantee item		**–1,912**		
Net operating expenses		**–171,800**		–122,548
Balance on technical account before the change in equalisation provision		**–228,141**		–103,678
Change in equalisation provision		**177,983**		–15,073
Balance on technical account		**–50,158**		–118,751

FIM '000	**Jan. 1 to Dec. 31, 1998**		Jan. 1 to Dec. 31, 1997	
Non-technical account				
Investment income	**925,681**		578,737	
Investment charges	**–187,024**	**738,657**	–109,025	469,712
Other income		**1,325**		235
Other charges				
Depreciation on goodwill	**–9,125**		–9,125	
Other	**–4**	**–9,129**	–7	–9,132
Tax on profit from ordinary activities				
Tax for the financial year	**–190,970**		–92,592	
Tax from previous periods	**–93**	**–191,063**	–4,753	–97,345
Profit on ordinary activities after tax		**489,632**		244,719
Extraordinary income and charges				
Extraordinary income				
Premiums written	**0**		18,185	
Claims paid	**0**		24,888	
Change in the equalisation provision	**0**		4,752	
	0		47,825	
Extraordinary charges				
Change in collective guarantee item	**0**	**0**	–47,825	0
Profit after extraordinary items		**489,632**		244,719
Increase/decrease in depreciation difference		**–1,438**		–1,791
Increase/decrease in optional reserves				
Increase/decrease in credit loss reserve		**320**		–163
Decrease in transition reserve		**0**		5,293
Profit for the financial year		**488,514**		248,058

Industrial Insurance Company Ltd
BALANCE SHEET

FIM '000		**Jan. 1 to Dec. 31, 1998**		Jan. 1 to Dec. 31, 1997
ASSETS				
Intangible assets				
Intangible rights		**35,276**		26,364
Goodwill		**16,840**		25,965
Other long-term expenses		**300**		387
		52,416		52,716
Investments				
Investments in land and buildings				
Land and buildings	**275,359**		283,261	
Loans to affiliated undertakings	**320,873**	**596,232**	335,750	619,011
Investments in affiliated and associated undertakings				
Affiliated undertakings				
Shares and participations	**410,502**		351,503	
Associated undertakings				
Shares and participations	**97,423**		122,423	
Debt securities issued by, and loans to associated undertakings	**0**	**507,925**	50,000	523,926
Other investments				
Shares	**1,982,539**		1,555,482	
Debt securities	**665,427**		434,523	
Loans guaranteed by mortgages	**22,868**		89,808	
Other loans	**105,363**		43,386	
Deposits with credit insitutions	**61,227**	**2,837,424**	79,966	2,203,165
Deposits with ceding undertakings		**29,798**		30,759
		3,971,379		3,376,861
Debtors				
Arising out of direct insurance operations				
Policyholders		**142,979**		83,807
Arising out of reinsurance operations		**205,777**		154,757
Other debtors		**134,818**		113,241
		483,574		351,805
Other assets				
Tangible assets				
Equipment	**21,494**		18,446	
Other tangible assets	**1,259**	**22,753**	1,259	19,705
Cash at bank and in hand		**87,685**		103,824
		110,438		123,529
Prepayments and accrued income				
Interest and rents		**23,218**		18,236
Other		**58,593**		68,391
		81,811		86,627
		4,699,618		3,991,538

FIM '000		**Jan. 1 to Dec. 31, 1998**		Jan. 1 to Dec. 31, 1997
LIABILITIES				
Capital and reserves				
Restricted				
Subscribed capital	**50,000**		50,000	
Legal reserve	**199,850**	**249,850**	199,850	249,850
Non-restricted				
At the disposal of the Board	**141**		151	
Profit brought forward	**155,443**		192,385	
Profit for the financial year	**488,514**	**644,098**	248,058	440,594
		893,948		690,444
Untaxed reserves				
Accumulated depreciation difference		**23,632**		22,111
Optional reserves				
Credit loss reserve		**7,500**		7,820
		31,132		29,931
Technical provisions				
Provision for unearned premiums	**180,412**		157,183	
Reinsurers' share	**–12,055**	**168,357**	–10,429	146,754
Claims outstanding	**2,937,439**		2,402,687	
Reinsurers' share	**–222,411**	**2,715,028**	–158,853	2,243,834
Equalisation provision		**353,246**		531,229
Collective guarantee item		**49,738**		47,825
		3,286,369		2,969,642
Deposits received from reinsurers		**0**		0
Creditors				
Arising out of reinsurance operations		**70,668**		187,856
Other creditors		**256,490**		21,034
		327,158		208,890
Accruals and deferred income		**161,011**		92,631
		4,699,618		3,991,538

Accounting Principles in Industrial Insurance Group

The financial statements have been compiled in accordance with the Finnish Accounting Act, Companies Act and Insurance Companies Act, and the instructions and regulations issued by the Finnish Ministry of Social Affairs and Health, the authority that supervises the insurance business. Provisions and recommendations concerning listed companies have furthermore been taken into account.

Consolidation Principles

Industrial Insurance's Consolidated Accounts include the parent company Industrial Insurance Company Ltd, and all subsidiaries in which the parent company either directly or indirectly holds more than half the voting rights. The Group does not include subsidiaries in which the parent company's dominant influence is based on other than voting rights. Group companies and changes in the group structure are presented in the Board of Directors' Report.

Subsidiaries acquired during the financial year are consolidated as from the day of acquisition, and those subsidiaries sold until the assignment day. Intra-group transactions, amounts due to or from Group companies, internal gains and losses as well as profit distributions are eliminated; intra-group direct insurance is not.

Intra-group cross-shareholdings are eliminated using the acquisition method. The difference between the acquisition cost of shares in subsidiaries and their capital and reserves at the time of acquisition, is entered primarily under subsidiaries' land and buildings and depreciated according to their depreciation plan. The unallocated part is entered under consolidation difference and depreciated over its useful economic life.

The closing figures for subsidiaries are converted into Finnish markka at the average rate quoted by the Bank of Finland on the date of closing each company's accounts. Final accounts' items of subsidiaries operating in the Netherlands have been converted in the final accounts for 1998 using fixed conversion coefficients between the euro, and euro area national currencies. Currency conversion differences resulting from changes in exchange rates, which have arisen from the elimination of cross-shareholdings, are shown under restricted capital and reserves due to their origin.

Minority interests in subsidiaries' results for the financial year and capital and reserves are presented as separate items in the Profit and Loss Account and Balance Sheet.

Associated Undertakings

Those companies in which the Group's holding and voting rights amount to 20–50 per cent have been integrated as associated undertakings in the Consolidated Accounts, using the equity method.

Group associated undertakings Sampo Life Insurance Company Limited and Nova Life Insurance Company Limited merged on December 31st, 1998. The new Sampo Life Insurance Company Limited continues as an associated undertaking of Industrial Insurance Group, but is now a Sampo Group subsidiary. Industrial Insurance Group's share of Nova's and Sampo Life's profit is included in the profit share for associated undertakings in the Consolidated Profit and Loss Account.

Foreign Currency Items

Currency-denominated receivables, investments in the nature of receivables, and liabilities have been converted into Finnish markka at the average rate quoted by the Bank of Finland on the date of closing the accounts. However, those receivables, investments in the nature of receivables, debt securities, and shares in the nature of investments, which were held in the national currencies of EMU member countries or in ecu, have been converted into Finnish markka in the final accounts for 1998 using fixed conversion coefficients between the euro, and euro area national currencies. Other investments have been valued at the lower of the rate valid on the date of acquisition or that on the date of closing the accounts. However, other investments held in the national currencies of EMU member countries or in ecu, have been valued in the final accounts for 1998 at the rate valid on the date of acquisition or, if lower, using the fixed conversion coefficients between the euro, and euro area national currencies.

Currency conversion differences relating to insurance business are entered as adjustment items under income and expenditure. Conversion differences on receivables and investments, and those that it is not possible to allocate directly to an adjustment item under income and expenses, are presented under investments, grouped under Other income, and under Charges arising from other investments.

Valuation and Matching

Intangible assets and equipment are entered in the Balance Sheet at acquisition cost less planned depreciation. Real estate shares are entered at the lower of acquisition cost or current value. Buildings and structures are presented at acquisition cost less planned depreciation, or current value, whichever is lower. Certain book values of real estate and real estate shares include revaluations made in the previous years.

Stocks and shares in the nature of investments are entered at the lower of acquisition cost or current value. Those in the nature of fixed assets are presented at the lower of acquisition price or current value, if the value adjustment is considered permanent. Shares are valued according to the average price principle.

Debt securities are considered to include bonds and money-market instruments. They are generally entered in the Balance Sheet at acquisition cost. The difference between the par value and acquisition cost of debt securities is accrued under interest income; the counter-item is acquisition cost.

Receivables and investments in the nature of receivables are presented at the lower of par value or current value.

Derivative contracts are stated at their current value on the date of closing the accounts. The difference between the current value of a hedging derivative contract and a lower book value/contract rate is entered as income. However, the maximum amount entered is that which corresponds to the amount of the hedged balance sheet item that is entered as an expense. If the book value/contract rate exceeds the current value, the loss is entered in its full amount. The difference between the current value of derivative contracts not concluded for hedging purposes, and a higher book value/contract rate, is entered as an expense, and the possible valuation gain is not entered.

Unrealised gains and value adjustments, on investments in the nature of investment assets, are entered with impact on the result. Revaluations on investments in the nature of fixed assets, and their reversals, are entered in the revaluation reserve under restricted capital and reserves. If a fixed assets investment later becomes an investment asset, the funded revaluation is reversed.

Value adjustments made earlier are re-adjusted up to the original acquisition cost, if the current value increases.

The difference between the book value and the remaining acquisition cost of investments shown in the analyses, comprises unrealised gains and associated undertakings' value adjustments made using the equity method.

Depreciation

Planned straight-line depreciations based on estimated useful lives are made on intangible assets, buildings, structures and their components, and equipment. If the estimate diverges from the earlier estimate on the date of closing the accounts, the depreciation period is adjusted accordingly. A decrease in the current value of buildings is taken into account in the form of extraordinary planned depreciations, if necessary.

Intangible rights	5 years
Goodwill	5 - 10 years
Consolidation difference and negative consolidation difference	3 - 10 years
Other long-term liabilities	10 years
Residential and business premises and offices	40 - 50 years
Industrial premises and warehouses	30 - 40 years
Building components	10 - 15 years
Computer hardware and cars	3 - 5 years
Other equipment	10 years

Planned depreciation corresponding to the average useful life of buildings is made annually on unrealised gains entered as income, arising from buildings in the nature of investments. No depreciations are made on revaluations of property in the nature of fixed assets.

Current Values

The current values of investments in land and buildings are fixed annually, as required by the Finnish Ministry of Social Affairs and Health. Each site is assessed separately, allowing for the net income earned, location and market situation. Both in-house and outside experts have assisted in the assessment.

In the final accounts for 1998, 25 per cent of the valuation differences has been taken into account in the current value of shares in a subsidiary life insurance company. Former final accounts have not taken any valuation differences on life insurance companies into account in the current value of their shares.

Shares in other Group companies are valued at net asset value. The current value of shares in associated undertakings is calculated on net asset value, on a value based on the equity method, or on the remaining acquisition cost.

Shares and debt securities quoted on official stock exchanges or otherwise publicly traded, are valued at the latest available closing price or, if this is not available, at buying rate. The probable sales price of other shares and debt securities, e.g. based on net asset value or the undepreciated portion of acquisition cost, is taken as their current value.

Loans, deposits with credit institutions, and deposits with ceding undertakings, are valued at the lower of par value or probable value.

Extraordinary Income and Charges

Exceptional, non-recurring and significant transactions, unrelated to the ordinary business activities of Group companies, are shown under extraordinary income and charges. The impact of changes in accounting principles and other changes affecting the whole industry are also presented under this heading. In the final accounts for 1997, e.g. items relating to the formation of the collective guarantee item for statutory non-life insurance, were shown under extraordinary income.

Taxes

Taxes on ordinary activities and extraordinary items are presented separately in the Profit and Loss Account. Taxes for the year have been calculated on the basis of the taxable income calculated in accordance with tax regulations.

Avoir fiscal tax credit on dividend earned is entered in dividends, under Investment Income. Dividends, guarantee capital interests and avoir fiscal tax credit are entered in the accounting period during which the profit distribution decision was made. However, avoir fiscal tax credit sums exceeding the amount of business income tax for the year will not be entered, if it is probable that the unused credit can be employed in setting off the business income tax of future periods, with particular regard to the expectations for the financial year immediately following.

The avoir fiscal tax credit relating to dividends received from subsidiaries and associated undertakings is transferred in the Consolidated Profit and Loss Account as a deduction from the taxes for the year.

Untaxed Reserves and Treatment of Deferred Tax

Regulations concerning Finnish accounting and taxation practice allow for certain optional untaxed reserves, and depreciation above plan impacting on the result and taxation, to be made in the final accounts.

In the Group companies, the difference between planned depreciation and the total depreciation made in accordance with the Business Tax Act, is presented as a separate item in the Profit and Loss Account, and the accumulated depreciation difference is presented under untaxed reserves in the Balance Sheet.

In the companies' final accounts and key figures, deferred tax is not deducted from reserves, from revaluations transferred to reserves, nor from valuation differences on investments. Because the reserves are entered as income, and revaluations transferred to reserves as well as valuation differences are realised only to cover expenses, the deferred tax is not realised. Unrealised gains entered as income are taxable income at 28 per cent.

Technical Provisions

Various methods are applied in calculating technical provisions, which involve assumptions made on such matters as claims settlement, mortality, and yield on investments. Technical provisions are revised annually on the basis of assumptions and new data received.

A change in the basis of non-life insurance provision for outstanding claims is usually reflected in the balance on technical account, by a change in the equalisation provision of the opposite mathematical sign. Equalisation provision calculation bases are normally kept unchanged for at least three years. A change in the calculation bases always impacts on the result.

Non-life Insurance

The provision for unearned premiums is calculated using the pro rata rule or by insurance contract.

Discounting is applied both to the calculation of the provision for outstanding claims pertaining to annuities, and to a part of Patria Reinsurance Company Ltd's provision for outstanding claims in foreign reinsurance. Patria's discounted technical provisions are mainly in USD and covered by assets in the same currency. These assets are estimated as sufficient to secure a

Harry Henriksson, 1907–1981
Docks, 1960
Already in the 1930's Harry Henriksson was recognised as one of Finland's leading graphic artists. His most typical themes were harbours and factories. Henriksson walked about among his subjects, setting up his easel at the height of the ships' keels, alongside the propellers and rudders, among the busy dockworkers. This resulted in works full of tension, like "Docks". At first sight it seems as if the mighty dimensions of the sea monsters make a mockery of the dwarfed figures of the workers. In the next second anxiety changes into pride: the war-worn dockworkers toil to build the ships demanded as reparation by the victors, showing their country and the world an example with their strength and skill, as they bend the heavy steel to their will.

profit exceeding the interest rate applied. The claims settlement period used in discounting is based on Group company statistics.

Pension Schemes

For those employed by the Finnish Group companies, statutory pension cover has been arranged in compliance with the Finnish Employees' Pensions Act, TEL. Some Group companies have additional pension arrangements handled by insurance companies. In foreign subsidiaries, pension schemes have been arranged in accordance with local practice.

Pension insurance premiums are entered in the Profit and Loss Account on the accrual basis.

CALCULATION METHODS FOR THE KEY FIGURES

Turnover	Premiums earned before credit losses and reinsurers' share + investment income + other income + revaluations entered as income, realised in connection with sales
Solvency ratio	The ratio of solvency capital to premiums earned for 12 months (%)
Loss ratio	The ratio of claims incurred to premiums earned (%)
Expense ratio	The ratio of operating expenses to premiums earned (%)
Gross expense ratio	The ratio of operating expenses excluding reinsurance commissions to gross premiums written (%)
Combined ratio	Loss ratio + expense ratio (%)

INDUSTRIAL INSURANCE COMPANY LTD KEY FIGURES

KEY FIGURES PERTAINING TO SOLVENCY (FIM m)

	1994	1995	1996	1997	**1998**
Capital and reserves after proposed profit distribution	313,569	392,157	482,410	630,444	**593,948**
Optional reserves and accumulated depreciation difference	19,850	30,637	33,270	29,931	**31,132**
Valuation difference between current value and Balance Sheet book value of assets	1,602,765	1,461,717	2,201,891	2,731,828	**4,597,260**
Intangible assets	– 28,293	– 61,268	– 53,695	– 52,715	**– 52,416**
Other items	0	0	– 1,509	0	**0**
Solvency margin	1,907,891	1,823,243	2,662,367	3,339,488	**5,169,924**
Equalisation provision	321,831	363,004	520,908	531,229	**353,246**
Solvency capital	2,229,722	2,186,247	3,183,275	3,870,717	**5,523,170**
Solvency ratio	203.4 %	197.4 %	279.6 %	370.2 %	**457.0 %**
Ratio of equalisation provision to its full value	14 %	17 %	26 %	31 %	**23 %**

KEY FIGURE PERTAINING TO EFFICIENCY

	1994	1995	1996	1997	**1998**
Direct insurance gross expense ratio	–	9.3 %	10.1 %	9.4 %	**11.0 %**

ANALYSES

GROSS PREMIUMS WRITTEN

		1998		1997
Direct insurance				
Finland	**1,190,047**		1,050,270	
EEA countries	**17,971**	**1,208,018**	5,718	1,055,988
Reinsurance				
Life reinsurance	**20,585**		21,190	
Non-life reinsurance	**281,491**	**302,076**	196,856	218,046
Gross premiums written		1,510,094		1,274,034
Credit loss on premiums		**– 129**		358
Premiums written before outward reinsurance premiums		1,509,965		1,274,392

BALANCE ON TECHNICAL ACCOUNT BY GROUP OF INSURANCE CLASS

FIM '000	1	2	3	4	5	6	Compined ratio % 7
Direct insurance							
Statutory workers' compensation							
1998	471,291	471,309	–579,322	–28,918	–116	–137,046	129
1997	358,800	359,227	–387,223	–21,952	–167	–50,115	114
1996	368,446	368,329	–354,138	–23,789	–169	–9,767	103
Non-statutory accident and health							
1998	55,304	54,909	–49,032	–5,708	–69	99	100
1997	49,930	49,923	–37,928	–4,381	–84	7530	85
1996	39,162	39,015	–26,313	–4,182	–302	8218	79
Motor third party liability							
1998	61,410	57,772	–61,316	–9,025	–37	–12,606	122
1997	51,728	53,024	–53,340	–6,656	–56	–7,028	113
1996	50,214	50,975	–55,359	–9,663	–49	–14,096	128
Motor, other classes							
1998	64,432	64,421	–57,080	–6,527	–52	761	99
1997	62,522	62,635	–56,361	–5,195	–63	1,016	98
1996	62,282	61,160	–55,475	–5,725	–135	–175	100
Marine, aviation and transport							
1998	193,098	190,721	–178,183	–20,800	–1,481	–9,743	107
1997	191,323	180,476	–95,996	–17,902	–21,548	45,030	68
1996	175,033	178,172	–117,592	–19,052	–26,953	14,575	88
Fire and other damage to property							
1998	244,603	242,082	–207,368	–49,634	–107	–15,027	111
1997	242,785	241,953	–223,280	–33,208	–17,495	–32,030	126
1996	235,109	238,367	–180,296	–32,022	–20,381	5,668	95
Third party liability							
1998	112,430	113,249	–92,504	–13,152	–22,830	–15,236	118
1997	98,280	98,120	–45,552	–10,529	–26,555	15,484	77
1996	93,932	92,435	–47,098	–9,635	–14,727	20,975	69
Credit and suretyship							
1998	2,726	0	0	0	0	0	*
1997	0	0	9	0	25	34	*
1996	0	0	81	0	7	88	*
Legal expenses							
1998	333	336	–559	–44	0	–267	179
1997	354	358	–266	–43	0	49	86
1996	350	351	–197	–147	0	7	98
Miscellaneous							
1998	2,391	2,142	–474	–562	–1,294	–188	202
1997	266	266	–155	–363	–186	–438	*
1996	–1	–1	8	–258	–15	–266	*
Direct insurance in total							
1998	1,208,018	1,196,941	–1,225,838	–134,370	–25,986	–189,253	119
1997	1,055,988	1,045,982	–900,092	–100,229	–66,129	–20,468	102
1996	1,024,527	1,028,803	–836,379	–104,473	–62,724	25,227	97

FIM '000	1	2	3	4	5	6	Combined ratio % 7
Reinsurance							
1998	302,076	289,794	– 241,955	– 83,328	– 1,486	– 36,975	117
1997	218,046	265,896	– 265,877	– 70,122	– 13,107	– 83,210	145
1996	457,823	367,723	– 301,373	– 130,361	– 5,971	– 69,981	123
Total							
1998	1,510,094	1,486,735	– 1,467,793	– 217,698	– 27,472	– 226,228	119
1997	1,274,034	1,311,878	– 1,165,969	– 170,351	– 79,236	– 103,678	110
1996	1,482,350	1,396,526	–1,137,752	– 234,834	– 68,695	– 44,754	104

Change in the collective guarantee item	
1998	– 1,913
Change in the equalisation provision	
1998	177,983
1997	– 15,073
1996	– 157,904
Balance on technical account	
1998	– 50,158
1997	– 118,751
1996	– 202,658

Columns:
1= Gross premiums written before credit loss and reinsurers' share
2= Gross premiums earned before reinsurers' share
3= Gross claims incurred before reinsurers' share
4= Gross operating expenses before reinsurance commissions and profit participation
5= Reinsurance balance
6= Balance on technical account before the change in collective guarantee item and equalisation provision
7 = Combined ratio

EXPENSES BY ACTIVITY

FIM '000		1998		1997
Claims settlement expenses (claims paid)				
Directly allocated	4,124		3,704	
Share of fixed costs	48,678	52,802	40,535	44,239
Operating expenses				
Policy acquisition costs				
Direct insurance commissions	1,622		803	
Commissions on assumed reinsurance	60,426		46,835	
Other policy acquisition costs	30,416	92,464	24,527	72,165
Policy management expenses		76 688		59,574
Administrative expenses		48,546		38,612
Commissions on ceded reinsurance		– 45,898		– 47,803
		171,800		122,548
Investment management expenses (investment charges)				
Directly allocated*	20,872		21,873	
Share of fixed costs	4,296	25,168	3,374	25,247
Other charges		0		7
		249,770		192,041
Change in deferred policy acquisition costs included in the change in the provision for unearned premiums		0		0

* Comprises management expenses for land and buildings and maintenance charges.

DEPRECIATION ACCORDING TO PLAN

FIM '000	1998		1997	
Depreciation according to plan by activity				
Claims paid	2,847		2,316	
Operating expenses	9,127		7,187	
Investment charges	0	11,974	0	9,503
Buildings		4,489		4,239
Goodwill		9,125		9,125
		25,588		22,867

NET INVESTMENT INCOME

FIM '000		1998		1997
INVESTMENT INCOME				
Income from investments in affiliated undertakings				
Dividend income		0		6
Income from investments in associated undertakings				
Dividend income	8,290		8,566	
Interest income	1,880	10,170	3,825	12,391
Income from investments in land and buldings				
Interest income from affiliated undertakings	23,380		24,264	
Other income from affiliated undertakings	10,904		9,981	
Other income from other than affiliated undertakings	47,807	82,091	49,097	83,342
Income from other investments				
Dividend income	165,531		124,588	
Interest income from affiliated undertakings	931		2,324	
Interest income from other than affiliated undertakings	68,586		74,270	
Other income from affiliated undertakings	0		234	
Other income from other than affiliated undertakings	8,807	243,855	48,891	256,307
Total	336,116		352,046	
Value readjustments		0		2,068
Gains on realisation of investments		589,566		224,623
Investment income in total		925,682		578,737
INVESTMENT CHARGES				
Charges arising from investments in land and buildings		–55,814		–,63,320
Charges arising from other investments		–25,784		12,087
Interest and other expenses on liabilities to affiliated undertakings		–389		–716
Interest and other expenses on liabilities to other than affiliated undertakings		–592		–1,700
Total	–82,579		–53,649	
Value adjustments and depreciations				
Value adjustments	–92,238		–50,731	
Planned depreciation on buildings	–4,489	–96,727	–4,239	–54,970
Losses on realisation of investments		–7,718		–406
Investment charges in total		–187,024		–109,025
Net investment income before unrealised gains and losses on investments		738,658		469,712
NET INVESTMENT INCOME IN THE PROFIT AND LOSS ACCOUNT		738,658		469,712
Avoir fiscal tax credit included in income from dividends		48,129		37,285
Items included in other income and charges from other investments				
Exchange rate gains		7,660		54,208
Exchange rate losses		20,208		777

MAJOR SHAREHOLDINGS

Name of Company	Votes %	Book value FIM '000	Current value FIM '000
PUBLIC COMPANIES			
Banking and finance			
Merita Plc	0.23	28,951	60,534
Investment			
Interavanti Oyj	2.08	1,309	1,309
Polar Corporation	1.04	4,228	4,228
Transport and traffic			
Finnair Oyj	1.30	24,504	32,780
Finnlines Plc	5.01	15,336	218,000
Neptun Maritime Oyj	6.07	40,459	40,459
Trade			
Kesko Corporation	0.33	17,682	22,800
Stockmann plc	1.66	71,272	125,496
Metal industry			
Fiskars Corporation	2.13	16,992	84,666
KCI Konecranes International Plc	0.27	2,720	9,200
Kone Corporation	0.28	24,640	28,615
Metra Corporation	3.73	74,162	138,742
Outokumpu Oyj	0.19	11,335	11,335
Partek Corporation	5.22	118,605	118,605
Rauma Corporation	0.98	38,532	38,532
Rautaruukki Corporation	1.12	49,000	49,000
Santasalo-JOT Corporation	1.94	5,053	6,240
Valmet Corporation	1.25	66,300	66,300
Forestry			
Enso Oyj	1.28	114,398	169,391
Metsä-Serla Corporation	3.92	43,714	68,208
UPM-Kymmene Corporation	1.81	180,043	715,254
Conglomerates			
Aspo Plc	2.30	16,040	20,900
Hackman Oyj Abp	0.18	4,029	5,395
Instrumentarium Corporation	0.13	3,115	4,979
Energy			
Espoon Sähkö Oyj	3.15	34,217	58,410
Fortum Oyj	0.45	59,398	108,396
Food industry			
Cultor Oyj	4.81	97,631	120,120
Hartwall Plc	0.15	5,442	24,255
Huhtamäki Oyj	2.74	47,374	69,350

MAJOR SHAREHOLDINGS

Name of Company	Votes %	Book value FIM '000	Current value FIM '000
Data communications and electronics			
Elcoteq Network Corporation	0.11	7,475	7,475
Helsinki Telephone Corporation	0.27	66,528	130,711
Nokia Corporation	2.50	317,931	3,038,000
Sonera Group plc	0.08	27,270	54,540
Tampereen Puhelin Oyj	0.38	5,158	7,906
Chemical industry			
Asko Oyj	0.28	9,537	9,537
Kemira Oyj	1.15	54,020	54,020
Media and publishing			
Alma Media Corporation	2.65	48,930	49,150
Werner Söderström Corporation - WSOY	0.03	4,536	4,536
Other industry			
Nokian Tyres plc	0.97	3,600	16,500
Tamfelt Corporation	5.13	7,040	54,892
OTHER SHARES			
Björkboda Lås Oy Ab*	12.25	1,225	1,225
Varma-Sampo Mutual Pension Insurance Company**		46,265	46,265
Kaleva Mutual Insurance Company*,**	5.00	5,080	6,000
Otava Publishing Company Ltd	3.46	10,507	10,507
Rakennus Oy Leo Heinänen*	20.00	1,920	1,168
Realinvest Oy Ab	2.33	20,160	20,160
Sato-Yhtymä Oy	3.42	12,156	26,020
Suomen Kantaverkko Oyj	0.33	5,000	5,000
Unsa Ltd*	14.70	88,959	202,546
Sampo Life Insurance Company Limited*	26.23	113,175	381,109
FOREIGN SHARES			
Banca Commerciale Italiana	0.01	4,132	5,276
Carrefour Supermarche	0.01	6,965	8,411
Elsevier	0.01	6,386	6,386
Endesa S.A.	0.01	8,839	10,660
Internationale Nederlande	0.00	9,516	9,557
Novartis N	0.00	7,647	8,986
SAP Ag	0.01	7,442	7,442
Telefonica S.A.	0.00	9,018	9,018
UBS Ag	0.00	7,711	7,803
FUNDS			
EQT Scandinavia II		4,520	4,520
Mandatum Global		10,007	11,889
Seligson Global Top 25 Brands		20,000	20,420

* Associated undertaking

** Share of guarantee capital

AUDITORS' REPORT

To the Shareholders of Industrial Insurance Company Ltd

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Industrial Insurance Company Ltd for the financial year 1998. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, statement of changes in the financial position, and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the company's administration.

The undersigned Jaakko Nyman has scrutinised the accounts for the financial year and submitted a separate report thereon.

We have conducted the audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of administration has been to examine that the Board of Directors and the Managing Director have legally complied with the rules of the Insurance Companies Act and the Finnish Companies Act.

In our opinion, the final accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the profit is in compliance with the Finnish Companies Act.

Helsinki, March 15, 1999

Eric Haglund
Authorised Public Accountant

Jaakko Nyman
Authorised Public Accountant

KPMG

(Translation of a Finnish Original)

INDUSTRIAL INSURANCE ADMINISTRATION AND MANAGEMENT January 1st, 1999

Seated from the left Mikko Kivimäki, Jouko K. Leskinen ja Björn Mattsson, standing from left Heimo Karinen, Kurt Nordman and Timo Poranen

BOARD OF DIRECTORS

Chairman
Jouko K. Leskinen
President and CEO,
Sampo Group

Vice Chairman
Mikko Kivimäki
Chairman and President, CEO,
Rautaruukki Corporation

Heimo Karinen
Chairman and CEO,
Kemira Oyj

Björn Mattsson
President and CEO,
Cultor Oyj

Kurt Nordman
Chairman and CEO,
Helsinki Telephone Corporation

Timo Poranen
President,
Finnish Forest Industries Federation

AUDITORS

Auditors
Jaakko Nyman
M.Sc.(Econ), Authorised Public Accountant
Supervising Auditor

Birger Haglund
Authorised Public Accountant
Deputy Supervising Auditor

Deputy Auditors
Pertti Keskinen
Authorised Public Accountant

Authorised Public Accountants KPMG Wideri Oy Ab

Seated from the left Juha Toivola, Martti Pesonen, Kirsti Fagerström, Reijo Kämäräinen and Seppo Juutilainen, standing from the left Kristian Ignatius, Juha Ettala, Pentti Järvikare and Sirpa Kukkonen

EXECUTIVE GROUP

Managing Director
Juha Toivola

Senior Vice President
Juha Ettala

Claims Settler
Kirsti Fagerström,
Staff Representative

Vice President
Kristian Ignatius

Senior Vice President
Seppo Juutilainen

Vice President
Pentti Järvikare

Manager, Claims Settlement
Sirpa Kukkonen,
Staff Representative

Senior Vice President
Reijo Kämäräinen

Actuary
Martti Pesonen

SAMPO GROUP MAJOR ACCOUNTS SERVICES

Industrial Insurance Company Ltd	Juha Toivola, Managing Director
Otso Loss of Profits Insurance Company Ltd	Juha Toivola, Managing Director
Insurance Company of Finland Limited	Antti Savolainen, Managing Director
Sampo Industrial Insurance N.V.	Eero Holma, Managing Director
Sampo Industriförsäkring AB	Matti Rattik, Managing Director
Sampo Group Representative Office in St. Petersburg	Pirjo Myyryläinen, Manager
Sampo Group Representative Office in Moscow	Janis Abasins, Manager
Sampo Risk Management Sp. z o.o.	Timo Ahvonen, Project Manager

MAJOR ACCOUNTS SERVICES OPERATIONAL ORGANISATION

Management

Juha Toivola
Juha Ettala
Eero Holma
Seppo Juutilainen
Reijo Kämäräinen
Anders Nordman

Risk Management and Industries

Juha Ettala,	
Senior Vice President	*Loss Prevention*
Anna Maria Vähäkuopus	*Loss Prevention Development*
Yngve Nygårdas	*Forest Industry*
Kari Rämä	*Forest Industry*
Björn Sjöberg	*Chemicals and Food & Drink*
Lars-Erik Willberg	*Metal Industry*
Eija Holmström	*Information industry*
Ville Valta	*Power Generation*
Juhani Laaksonen	*Commercial Risks*
Yrjö Somersalmi	*Marketing*
Folke Rehnberg	*Brokers*
Ilkka Ilmonen	*New Products*
Lars von Hertzen	*Captive Services/FinnCap*

International Lines

Reijo Kämäräinen,	
Senior Vice President	
Peter Granqvist	*Loss of Profits and Guarantee Insurance*
Timo Virtanen	*Property Insurance*
Esbjörn af Hällström	*Liability Insurance*
Harri Ek	*Marine and Transportations Insurance*

Domestic Lines

Seppo Juutilainen,	
Senior Vice President	
Kristian Ignatius	*Workers' Compensation Insurance*
Klaus Berg	*Company Vehicle Insurance*
Jouni Ukkonen	*Private Insurance*

Overseas Units

Eero Holma,
Managing Director

Reinsurance and International Network

Anders Nordman	
Vice President	*Ceded Reinsurance*
Hans von Hertzen	*Global Risks*
Antti Perttu	*International Network*

COMMITTEES 1999

Non-Life Insurance Committee

Henrik Arle
Executive Vice President, CFO
Finnair Oyj

Finn Berg
Executive Vice President
Oy Rettig Ab

Hans Olof Danielsson
Vice President
Oy Karl Fazer Ab

Kari Haavisto
Chief Financial Officer
Metsäliitto Group

Heikki Horstia
Senior Vice President
Corporate Treasurer
Metra Corporation

Olli Härmänmaa
Senior Vice President
Leonia Bank plc

Mauri Jaakonaho
Executive Vice President
CFO, Member of the Board
Valmet Corporation

Juhani Kari
Executive Vice President
Kemira Oyj

Veikko Kasurinen
Deputy CEO
CFO, Member of the Board
Altia Group Ltd.

Teljo Kolkka
Group Business Controller
Hackman Oyj Abp

Matti Krannila
Managing Director
Oy Pohjolan Liikenne Ab

Jukka Kähkönen
Risk Manager
Stora Enso Oyj

Kaj Lindström
Executive Vice President, Finance
Fortum Power and Heat Oy

Erkki Luhta
Senior Vice President
ABB Oy

Pekka Luukkainen
Vice Chairman
Finland Post Ltd.

Kai Miesmäki
Executive Vice President
Tamrock Corporation

Matti Mustaniemi
Vice President,
Finance
Wihuri Oy

Jorma Mäkinen
Vice President,
Financial Control
UPM-Kymmene Corporation

Juho Mäkinen
Executive Vice President
Outokumpu Oyj

Jorma Niilola
Vice President, Group Treasurer
Cultor Oyj

Antti Norrlin
Managing Director
Koiviston Auto Oy

Karl-Erik Palin
Vice President
General Counsel
A. Ahlstrom Corporation

Erkki Ripatti
Managing Director
Tampere Telephone Company

Heikki Räty
Executive Vice President, CFO
Myllykoski Oy

Markku Sirén
Financial Director
Hartwall Plc

Pekka Soveri
Finance Director
Oy G.W. Sohlberg Ab

Per-Olof Söderlund
Financial Director
Asko Oyj

Erkki Tavi
Administrative Director
Saarioinen Oy

Maija Torkko
Senior Vice President,
Finance and Control
Nokia Corporation

Esko Tulikoura
Senior Vice President,
Business Administration
Skanska Oy

Veikko Vaikkinen
Finance Director
VR-Group Ltd.

Seppo Viitanen
Treasurer
Fortum Corporation

Timo Vuorio
Senior Vice President,
Human Resources
and Administration
Partek Corporation

Marine Insurance Committee

Touko Antola
Vice President, Purchasing
Metsä-Serla Corporation

Matti Elovirta
Manager, International Transports
NK Cables Ltd

Kaj Engblom
Managing Director
Rederi Ab Engship

Kaj Eriksson
Director
Oy Rettig Ab Bore

Rolf G. W. Eriksson
Managing Director
Transfennica Ltd

Timo Kouri
Logistic Manager
Finnforest Oy

Jukka Liimatainen
Vice President, Group Insurances
& Information Security
Kemira Oyj

Pekka Loikkanen
Corporate Risk Manager
Nokia Corporation

Kari Lounasmeri
Chief Finance Officer
Helvar Merca Oy Ab

Ben Lundqvist
Managing Director
Lundqvist Rederierna Ab

Sverre Norrgård
Managing Director
Myllykoski Paper Oy

Kari Nurmela
Manager, Forwarding and International
Transports
Kesped Oy

Nils-Gustaf Palmgren
Managing Director
Neptun Juridica Oy Ab

Jussi Sarvikas
Vice President, Logistics
UPM-Kymmene Corporation

Juha Silvanto
Managing Director
Steveco Oy

Jari Sorvettula
Director
Hollming Ltd Shipping

Jukka Suominen
President CEO
Neptun Maritime Oyj

Lars Trygg
Vice President
Finnlines Plc

Erkki Tuominen
Executive Vice President, CFO
Sonera Group plc

Hans Westö
Vice President, Finance
Wärtsilä NSD Finland Oy

Erik Yrjölä
Managing Director
Oy JIT-Trans Ltd

Accident and Industrial Safety Committee

Olli Ahola
Vice President, Corporate Personnel
Metra Corporation

Lauri Ihalainen
President
Central Organization of Finnish Trade Unions

Juha Kivinen
Executive Vice President
Finland Post Ltd

Lasse Laatunen
Director
Confederation of Finnish Industry and Employers

Per-Erik Lundh
President
The Finnish Metal Workers´ Union

Jarmo Lähteenmäki
President
Finnish Paper Workers´ Union

Pasi Merikalla
Senior Vice President, Personnel and Administration
Kvaerner Masa Yards Inc.

Henrik Nordström
Vice President, Administration
UPM-Kymmene Corporation/ Schauman Wood

Esa Swanljung
President
Finnish Confederation of Salaried Employees STTK

Arto Tähtinen
Director
Finnish Forest Industries' Federation

ADDRESSES

Industrial Insurance Company Ltd
Postal address:
FIN-00035 Helsinki, Finland
Visiting address:
Vattuniemenkuja 8 A, Helsinki
Tel. +358 10 51512
Fax +358 10 514 5232

Otso Loss of Profits Insurance Company Ltd
Postal address:
P.O.Box 101, FIN-00211 Helsinki, Finland
Visiting address:
Vattuniemenkuja 8 A, Helsinki
Tel. +358 10 51517
Fax +358 10 514 6288

Insurance Company of Finland Limited
Postal address:
P.O.Box 12, FIN-00211 Helsinki, Finland
Visiting address:
Itälahdenkatu 21 A, Helsinki
Tel. +358 10 51512
Fax +358 10 514 5833

Sampo Industrial Insurance N.V.
Head Office
Postal address:
P.O. Box 8524
3009 AM Rotterdam
Netherlands
Visiting address:
K.P. van der Mandelelaan 90
3062 MB Rotterdam
Netherlands
Tel. +31 10 452 7299
Fax +31 10 452 4403

Branch Office in the Netherlands
Postal address:
P.O. Box 8524
3009 AM Rotterdam
Netherlands
Visiting address:
K.P. van der Mandelelaan 90
3062 MB Rotterdam
Netherlands
Tel. +31 10 212 1000
Fax +31 10 212 0850

Branch Office in Belgium
Postal address:
Suikerrui 5, Bus 4
B-2000 Antwerp
Belgium
Tel. +32 3 232 1983

Branch Offices in Germany
Rennbahnstrasse 72
D-60528 Frankfurt a.M.
Germany
Tel. +49 69 967 8050
Fax +49 69 670 1441

Rödingsmarkt 16
D-20459 Hamburg
Germany
Tel. +49 40 3613 010
Fax +49 40 3613 0125

Branch Office in England
2 Seething Lane
London EC3N 4SA
United Kingdom
Tel. +44 171 208 8400
Fax +44 171 208 8402

Sampo Industriförsäkring AB
Postal address:
Box 16136
SE-103 23 Stockholm
Sweden
Visiting address:
Jacobs Torg 3, 5th fl., Stockholm
Tel. +46 8 5661 0500
Fax +46 8 5661 0540

Sampo Group
St. Petersburg Representative Office
Postal address:
P.O.Box 16, FIN-53501 Lappeenranta
Finland
Visiting address:
Malaya Konjushennaya 1/3 office A11
191186 St. Petersburg
Russia
Tel. +7 812 329 2540
Fax +7 812 329 2541

Sampo Group
Moscow Representative Office
Postal address:
c/o Leonia Bank plc
P.O. Box 301, FIN-53501 Lappeenranta
Finland
Visiting address:
Molochnyi Pereulok 9/14
Building 3, 1st floor
119034 Moscow
Russia
Tel. +7 095 937 4375
Fax +7 095 937 4376

Sampo Risk Management Sp. z o.o.
Plac Defilad 1, room 1820
PL-00901 Warsaw
Poland
Puh. +48 22 656 6573
Telekopio: +48 22 656 6922

Sampo Kindlustuse AS
Rävala 2
EE-0001 Tallinn
Estonia
Tel. +372 613 0130
Fax +372 613 0131

AAS Sampo Latvija
Merkela Street 1, 5th floor
LV-1050 Riga
Latvia
Tel. +371 750 3333
Fax +371 750 3555

Sampo Insurance Company plc
Postal address:
FIN-20025 SAMPO, Finland
Visiting address:
Yliopistonkatu 27, Turku
Tel. +358 10 515 300
Fax +358 10 514 1811

Postal address:
FIN-00025 SAMPO, Finland
Visiting address:
Aleksanterinkatu 11, Helsinki
Tel. +358 10 515 311
Fax +358 10 514 4028

Sampo Life Insurance Company Limited Kaleva
Postal address:
FIN-00025 SAMPO, Finland
Visiting address:
Bulevardi 56, Helsinki
Tel. +358 10 515 225
Fax +358 10 514 7449

Varma-Sampo Mutual Pension Insurance Company
Postal address:
FIN-00098 Varma-Sampo, Finland
Visiting address:
Annankatu 18, Helsinki
Tel. +358 10 51513
Fax +358 10 514 4752

INDUSTRIAL INSURANCE