

09

2009





Genoa is a major city by the sea. Capturing the many facets of its soul requires poetic sensitivity. Like that of Diana Lapin. “Her” Genoa is a world of imperceptible movements, unheard creaks, fleeting reflections and unformed shapes.

Sometimes this gives meaning to “less is more”. Other times to “not now, later”.

A subtle tie exists between such descriptive sensitivity and our profession as maritime insurers: a job based on prediction and provision.

An imaginary course, but real too, between saying and doing.

A complex business, because the sea is the strongest, biggest and most unpredictable element faced by man.

The numbers and words in this report recount a year of activity.

In its way, this too is poetry.

Small actions and minor details that transform the daily routine into concrete results, important and full of meaning.

For us, but above all for those who, year after year, confirm their confidence in us.

Cover:

*The Lantern and the lifebelt,
symbols of safety and protection:
the perfect synthesis for a maritime
insurer based in Genoa.*

ANNUAL REPORT 2009

SIAT - SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI PER AZIONI

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COMPANY BELONGING TO THE FONDIARIA-SAI GROUP



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Bartolomeo Barberis	Deputy General Manager

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Reconta Ernst & Young



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Waiting for daybreak.



REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS



Shareholders,

THE STATE OF THE ECONOMY

The world economy was strongly affected during 2009 by the deep recession that began in the prior year, firstly in the financial sector and then extending into the real economy. This nature of this crisis is exceptional, both in terms of its global reach and with regard to the economic sectors involved.

As a result, the fall in production was accompanied by a reduction in capital investment and a downturn in consumption, causing a drastic decline in trade and exports, as well as serious employment problems.

In order to tackle the gravity of this situation, the most industrialised countries acted in concert with great determination, adopting all possible measures to limit the damage and stimulate the necessary economic growth, supported by a different and more solid financial system. For their part, the central banks implemented easy monetary policies combined with rigorous selection for the granting of loans.

At the same time, it became clear that global economic rebalancing over the past decade has irreversibly shifted the sources of growth towards the emerging countries (especially China, but also India and Brazil to a lesser extent). The recent crisis has accelerated this phenomenon, since the return to growth by the advanced economies is much slower than that of the emerging countries (which merely slowed their rate of expansion, rather than actually contracting as in the mature economies).

Signs of recovery became evident towards the end of 2009 and the prevailing opinion is that the world economy is headed for a period of steady recovery, followed by the normalisation of conditions. This said, given the current difficulties faced by growth, the attention of economists is now focused on the size of the recovery and its durability.

In the United States, the White House has made every effort and pinned all hopes on the relaunch of the economy, while the Federal Reserve has sought to stimulate growth by maintaining interest rates close to zero (and has recently confirmed its intention to keep them unchanged for an extended period).

After long months of profound contraction and anaemic growth, the economy started to expand in the fourth quarter due to the less adverse balance of trade and a recovery in domestic demand. However, although the picture is undoubtedly brighter, the recovery still seems weak and concerns remain about the sustainability of growth. In fact, there are still many factors hindering the expansion of domestic and, more generally, global demand: high unemployment (close to 10%), limited access to credit and high levels of borrowing in both the public and private sectors.

In Japan, the economic recovery is fragile, domestic demand remains stifled and public borrowing continues to be somewhat high at almost 200% of GDP. Exports are unable to take off due to the ongoing strength of the yen (especially against the US dollar), and public support for the economy is still modest.

With interest rates already low, the central bank has little room for action to increase demand and stimulate investment or, indeed, to avoid a painful fall into recession.

Nevertheless, due to an upturn in international trade and the introduction of significant tax incentives, the country has started to grow with difficulty again.

In China, the economic indicators that showed uncertainty during the first half of 2009 have all recovered strongly, confirming that the locomotive (which never stopped) is now pulling hard once again.

Following months in free fall, exports have started to grow (making China the world's leading exporter, at the expense of Germany) and imports have risen significantly too (particularly due to massive purchases of energy and raw materials, especially oil).

The continuous robust growth in GDP throughout 2009 (latest estimates of about 8%) was due to the economic stimulus plan to tackle the crisis implemented by the Chinese government in autumn 2008, which used public investment to offset the loss of foreign trade.

The expansive monetary policy implemented by the central bank in 2009 is drawing to a close, in order to prevent easy money from resulting in excess investment, speculative bubbles, non-performing bank loans and inflation.

In Europe, after the macroeconomic difficulties suffered during the first half of 2009, economic activity recovered moderately in the second half due to the rise in exports, significant macroeconomic stimulus and the measures adopted to restore the functioning of the financial system.

The euro-zone economies not over burdened by private sector debt suffered less acutely from the credit crunch. Nevertheless, given the lower weighting of domestic demand, they suffered more than others from the sudden collapse in international trade. In addition, certain European countries (Greece and Portugal in the forefront) already weighed down by significant public debt were unable to weather the crisis easily, trapped by the servicing of debt and their structurally high levels of unemployment.

Within Europe, Italy closed 2009 with a 4.9% contraction in GDP compared with the prior year and the prospects for economic recovery in 2010, in line with those for the rest of the euro zone, appear weak. On top of domestic difficulties, the key issues relate to the foreign component of demand which, in a low growth scenario, has penalised and may continue to penalise expansion. Falling demand has adversely affected the utilisation of productive capacity, with loading rates often below 70%. Despite this, employment has suffered less than in other EU countries and has held up overall, largely due to widespread recourse to the social amortisers.

Among the various sectors, food experienced the smallest decline in production, while engineering (about half of whose production is exported) was heavily penalised by the weak recovery of international trade.

MARITIME ACTIVITY

Except for the cruise sector (which confirmed the good performance seen in recent years), 2009 was a very bad year for world maritime activity due to the drastic fall in international trade by sea caused by the adverse global economic conditions.

The *Baltic Exchange Dry Index* (BDI), the reference index compiled daily by specialist brokers that best expresses the state of maritime charters, collapsed from more than 11,600 points (in early 2008) to below 1,000 points (in mid-2009), before closing 2009 below 4,000 points.

The main reasons for this recovery in charters, representing a shaft of light after months of tempest, are found in the upturn in Chinese exports and the recovery of the steel industry (which has stimulated traffic in raw materials and finished products by sea).

Cape-size charters have returned to satisfactory levels, while *liquid bulk* carriers are less enthusiastic, since the remuneration of owners remains below par. In this regard, despite positive signals from the real economy, the transportation of crude and refined products has not yet picked up.

Experts believe that the demand for shipping should hold up for several months more, maintaining the BDI at around 4,000 points for a good part of 2010 and thus re-establishing reasonable market equilibrium with respect to the peaks and troughs seen in the last two years.





When the wind starts to play.

SHIPBUILDING

Following the boom years from 2000 to 2007, in 2009 the shipbuilding sector saw an unprecedented worldwide collapse in orders for new ships, together with the handover of leadership to China in terms of orders obtained (about 50% of the global backlog), just one decade after the historic defeat of Japan at the hands of South Korea.

China has taken giant steps in this sector in just a few short years, having started in the second half of the 1970s.

The reasons for China's industrial success are clear: increased domestic demand associated with the development of foreign trade, the competitive cost of labour and raw materials and, lastly, strong governmental support since shipbuilding has been identified as an industry of strategic national interest.

South Korea, until last year the leading player, is seeking to offset the volume lost by accelerating in the areas of technology and value added i.e. by adopting a different growth model. In other words, this country will move upscale, leaving the bulk carriers and container ships more to the Chinese, while focusing on supertankers, offshore platforms and LNG transporters.

Attempts to enter into the cruise market and the trend towards the consolidation of mid-sized operators involve the (potentially risky) transfer of know-how to foreign competitors.

The significant support measures put in place the South Korean government confirm that naval engineering is still a sector where heavy public involvement rivals that of the private sector.

This said, the risk of excess global capacity hovers in the background, especially if the world economy only expands slowly in the coming years, while rival players such as Vietnam and India continue to grow.

THE INSURANCE MARKET

As far as the insurance industry is concerned, 2009 was an extremely difficult year internationally given the adverse effects of the economic crisis. The "consumption of insurance" fell, especially in the loss sectors, and soft market conditions continued in many sectors due to the weakness of the economy, which continues to exert downward pressure on many tariffs.

Operators have recognised this new and more competitive scenario, taking a harder line and more actively seeking "good" risks, while working to improve their efficiency levels.

The improvement of capital ratios is becoming a greater priority (in Europe, via the *Solvency II* regulations), causing generalised concern among operators in view of the likely need for further capital injections.

In the Italian insurance market, there was strong divergence in 2009 between the performance of the life sector, which saw large growth in premium income, and that of the loss sectors where production is likely to have fallen considerably, with a deterioration in the technical results.

The good results of the life sector were buoyed by the demand for capital accumulation policies,

which reflect the desire of investors (burned by recent market volatility) for safety rather than high short-term returns.

With regard to third-party motor insurance, the cost of claims has risen more than premiums, despite recent tariff increases, and the *combined ratio* (the relation between costs and premiums) has exceeded the critical 100% threshold.

By its nature, the “Hulls” sector within the Italian insurance market must really be seen in a broader and more globalised international context. This market has experienced a sometimes significant reduction in insured values and an increase in the number of mothballed ships, both as a result of lower commercial maritime traffic.

On the other hand, the climate for maritime insurers has improved moderately since last year, now that the reduction in rates seems to have stopped and quotations are showing early signs of an upturn, even for fleets with good statistics. In this context, shipowners are continuing to ask for more favourable terms, while reinsurers are tightening their acceptance policies in order to improve their results.

The performance of the “Cargo” sector has been very badly affected by the economic conditions described above. The main factors with adverse repercussions include:

- poor flow of traffic to be insured, due to the drop in volume and the fall in prices for raw materials in general and primary goods, which are key parameters for the calculation of insurance premiums;
- the marked decrease in industrial sales;
- the major downsizing (or closure in some cases) of firms and commercial businesses.

In this context, competition has further intensified since the lack of new business in the marketplace has prompted many insurers and brokers to focus their attention on the customers of other firms. The tendency to offer strongly discounted rates, often not supported by positive technical statistics, has been adopted by many companies in order to attract new business and offset the reduced flow of premiums caused by the reasons given above.

Lastly, there is no particular news from the reinsurance market, with continental insurers as usual almost solely interested in contract protection and stop-loss cover.

With regard to voluntary reinsurance, London remains the principal market.

The better capitalised reinsurers could be positioned to benefit if capital adequacy requirements are tightened significantly, as the supervisory authorities are expected to do in the near future. In particular, in the absence of sufficient capital, insurers might be forced to allocate a larger share of their portfolios to reinsurers which, accordingly, will see an increase in volume.

Based on the latest available official data for Italy published by Ania concerning the premiums for direct business written in 2008, the Company remains firmly in second place in both the “Hulls” sector and the “Cargo” sector, which confirms our leading role in the provision of marine insurance.

In 2009, as in the past, the Company continued in its intent to provide the best possible service to policyholders, while adopting a technical underwriting policy for new business designed to achieve satisfactory and adequate margins.

The results obtained in the recent past, combined with the financial strength and sound competitive position of the Company, have prompted Standard & Poor's, a leading international rating agency, to confirm its previous rating (BBB) while improving the *outlook* from "stable" to "positive".

In difficult times such as at present, when agency ratings often tend to worsen (especially in the financial sector, insurance included), the conclusions reached by Standard & Poor's are worth rather more than just the above-mentioned improvement in *outlook*.

RESULTS OF OPERATIONS

Given all of the above, the company closed 2009 with a profit before taxation of € 5,183 thousand, which was slightly deal better than the € 5,146 thousand reported in 2008.

Net profit for 2009 was € 2,926 thousand, compared with € 2,727 thousand in the prior year.

In brief, the above result reflects a decline in the direct margin on insurance business, despite the significant portion of profit from investments transferred from the non-technical account, and a notable improvement in the net results from financial management (mainly due to lower adjustments to equities and bonds recorded in 2009 with respect to the prior year).

The following table summarises the statement of income for 2009, with comparative figures for 2008:

	(in thousands of €)	
	2009	2008
Direct margin on insurance business	4,444	5,980
Income from investments	5,106	4,496
Financial charges	(846)	(4,633)
Portion of income from investments transferred to direct insurance results	(3,102)	-
Other income (expenses), net	(473)	(659)
Net extraordinary income (expenses)	54	(38)
Profit (loss) before tax	5,183	5,146
Income taxes	(2,257)	(2,419)
Net profit for the year	2,926	2,727

The following principal considerations based on the 2009 figures will be discussed more fully in the rest of this report:

- The direct margin on insurance business has declined significantly, mainly due to exceptionally adverse claims experience in the Hulls sector. Specifically, this sector was hit by various major accidents that substantially affected its profitability.

By contrast, compared with the prior year, this aggregate benefited from the transfer of a portion of income from investments from the non-technical account (amounting to € 3,102 thousand). Last year, as mentioned again later, the loss on investments was retained entirely in the non-technical account in accordance with current regulations.

- In addition, the administrative expenses absorbed entirely by the direct margin have been reduced considerably;
- income from investments was satisfactory, benefiting from the writeback of provisions against bonds, while earning lower interest from financial investments (due to the steady decline in rates). Further information on this is provided below in the section on “Property and financial management”;
 - capital and financial charges have improved significantly, due to the lower impairment recognised in 2009. By contrast, significant adjustments were made to the value of equities and bonds in 2008, as a consequence of heavy turbulence in the financial markets as a whole. Again, further information on this is provided below in the section on “Property and financial management”;
 - the portion of income from investments transferred to the technical account was determined using the criteria established in the ISVAP Regulations.
As stated, no transfer was made in 2008 since, due to a drastic reduction in the net income from investments, a loss was reported;
 - other income (expenses), net reflect a net charge that is lower than in the previous year. This caption includes the effect of exchange-rate fluctuations, resulting in a net gain of € 155 thousand (net loss of € 87 thousand in 2008).
The residual balance on this account includes the following provisions:
 - for doubtful debtors (other than amounts due from policyholders which are covered by provisions charged to the technical account), which were prudently increased by € 549 thousand (€ 584 thousand in 2008);
 - for legal defence costs (€ 250 thousand) related to the tax dispute over reinsurance, as discussed further in point E.1 of Section 12 within the explanatory notes.Further discussion can be found in points III.7 and III.8 of Section 21 within the explanatory notes.
 - The positive balance on net extraordinary items is mainly attributable to the repayment of excess income taxes paid in prior years, due to make a flat-rate deduction of 10% of the Irap charge in the 2004-2007 tax years;
 - the effective tax rate (43.5%) has declined with respect to the prior year (47.0%). This reduction relates to both Ires (due to changes in the permanent allowances/disallowances) and Irap (due to decreases in both the direct margin and payroll costs).
Income taxes mainly consist of Ires and Irap with charges of € 2,000 and € 500 thousand respectively (€ 2,620 and € 550 thousand in 2008), together with € 66 thousand (€ 113 thousand in 2008) in taxes paid in certain countries where foreign branches are located that is not recoverable in Italy. Income taxes also include the effect of recognising deferred tax assets of € 290 thousand (€ 842 thousand in 2008) and deferred tax liabilities of € 19 thousand (€ 22 thousand in 2008).

The significant decrease in deferred tax assets is due to the changes introduced in 2008 in the way that variances in the net claims payable reserves can be deducted for tax purposes, as well as to the substantial adjustments made in 2008 to the value of equity securities, which are disallowed for Ires purposes (writebacks being treated in the same way).

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

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

The good results for 2009 were achieved not least due to the professionalism and skill displayed once again by all our employees, who deserve our thanks and on whom we count as we strive for further improvement in the future.

INSURANCE BUSINESS

GROSS PREMIUMS WRITTEN

The following table gives details of premium revenues for 2009, with comparative figures for the previous year:

	(in thousands of €)	
	2009	2008
Italian direct business		
Hull	103,029	96,882
Cargo	31,765	43,531
	134,794	140,233
Motor third-party liability	5,690	7,819
General third-party liability	2,270	2,212
Other property damage	1,732	1,544
Pecuniary losses	730	595
Other minor business	251	844
	10,673	13,014
Total direct business	145,467	153,247
Indirect business - Italy		
Cargo	13,023	15,269
Hull	10,281	10,294
Motor third-party liability	6,062	5,594
Other minor business	251	340
	29,617	31,497
Indirect business - Abroad	120	1,085
Total indirect business	29,737	32,582
Grand total	175,204	185,829

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

With regard to Malta, the decision was taken to limit cover solely to the Marine insurance sector from 1 January 2009, and no further business has been written in the other sectors (the premiums from which represented the majority of local production).

The key points regarding the above data are summarized below:

- production is essentially attributable to the “Marine Insurance” sector, as Elementary and Motor premiums of “non-marine” provenance have been reduced to a minimum, in line with the objectives defined a few years ago when it was decided to set up the Group’s “Marine Hub”. However, as required by the regulations governing financial statements and having regard for the insurance cover provided under contract, part of this production has been allocated to non-Marine sectors.

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

- in general terms, considering the difficult conditions experienced in 2009, production reflects just a slight reduction in premiums written that was entirely attributable to direct and indirect business in the Cargo sector.

The significantly lower production in this sector was due to the serious economic crisis which, as already discussed, generated an abrupt slowdown in all international traffic, together with a drastic fall in the value of raw materials carried.

These figures were also adversely affected by the depreciation of the US dollar (exchange rate against the euro of 1.4406 at 31 December 2009, compared with 1.3917 at 31 December 2008), which dropped by around 4% against the EU currency during 2009. In fact, much of our business is written in US dollars, especially in the Hull sector;

- direct premiums in the Hull sector rose by more than 6%, partly due to the tariff increases imposed on fleets with poor statistics and to the expansion of the existing portfolio via the coverage of new construction risk.

The increase in production was also due to growth in the portfolio of existing business and in the premium for war risk (given the deterioration in the situation worldwide), as well as to the acceptance of new business, principally from abroad. These factors offset the difficult market conditions and the depreciation of the US dollar against the euro, as discussed earlier.

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

- direct premiums fell considerably in the Cargo sector with respect to the prior year due, as mentioned, to the deep international economic and financial crisis.

The drastic reduction in volume from existing customers was clear from notifications of their actual sales in 2008 and the first premium payments made in 2009. In addition, for most renewals it was necessary to reduce the parameter used to calculate the premium (charter revenue, sales / purchases invoiced, value of goods moved). Similarly, the number of risks

accepted also fell by about 5% with respect to the prior year.

The percentage of premiums allocated to war and strike risk also fell noticeably in relation to total sector production. In particular, the high cost of insuring against these risks has induced some customers not to seek cover.

The business in this sector was obtained in accordance with an acquisition policy that attaches particular importance to the technical result. This long-standing policy is based on constantly selective criteria and is applied without taking part in the indiscriminate approach to signing up new business, which is becoming more and more frequent in the marketplace. Even if this approach has not led to the acquisition of any major new clients, it has allowed us to maintain good relations with our existing policyholders. In particular, customers are offered a high standard of service from the writing and management of business through to settlements, since this is an important factor in the long-term retention of policyholders;

- direct premiums have fallen considerably in the elementary and motor third-party liability sectors, due to lower production in the Cargo sector which generates much of such income. As already stated, these premiums almost entirely derive from business in the "Cargo" sector;
- the indirect business in the Motor third-party liability sector relates entirely to carrier liability business coming from the Cargo sector;
- indirect premiums from the unrestricted provision of services in the EU were not significant, while the related direct premiums totalled € 41,355 thousand (€ 42,185 thousand in 2008). These premiums solely related to the Hull and Cargo sectors;
- a geographical analysis of gross direct and indirect premiums is provided below:

	(in thousands of €)			
	2009		2008	
- in Italy	152,701		155,480	
- abroad, via permanent establishments located in:				
	2009		2008	
Belgium	5,812		6,377	
France	2,833		7,314	
Germany	12,541		13,521	
Malta	90		2,433	
Netherlands	1,227		704	
	175,204		185,829	

With regard to foreign premiums, the expected reduction recorded in 2009 was mainly due to changes in the underwriting strategies adopted in France (where international risks, especially in the Hulls sector, are basically no longer accepted) and in Malta (where production is now limited to the Marine sector).

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

REINSURANCE

There were no significant changes in the company's policy regarding reinsurance in 2009.

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

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

CHARGES RELATED TO CLAIMS

The following table analyses the main components of 2009 payouts, before recoveries from reinsurers:

	(in thousands of €)		
	Direct business	Indirect business	Total
Claims paid	107,320	14,117	121,437
Settlement costs	11,671	1,805	13,476
Direct costs	930	-	930
	119,921	15,922	135,843

With regard to direct business, the following breakdown by sector of claims settled in 2009 is compared with similar data for the previous year:

	(in thousands of €)	
	2009	2008
Hull	66,238	66,520
Cargo	26,739	27,072
	92,977	93,592
Motor third-party liability	9,462	8,867
General third-party liability	2,894	5,550
Fire and natural calamities	370	1,002
Other property damage	297	578
Personal accident	288	489
Motor fire, theft, etc, insurance	158	297
Other minor business	874	462
	14,343	17,245
Total direct business	107,320	110,837

Analysis of the above data highlights a certain stability overall. Payments in the periods considered were affected by the depreciation of the dollar against the euro, with a closing rate at 31 December 2009 of 1.4406, compared with 1.3917 at 31 December 2008.

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

- payments in the Hull and Cargo sectors during 2009 were in line with the prior year.
As in the past, payouts in 2009 regarding losses incurred previously demonstrate the adequacy of the related claims provision;
- the contraction in payments relating to the other sectors was mainly due to the progressive reduction in the related volume of production in prior years, due to the company's withdrawal from such business.
Claims relating to carrier third-party cover (from the Cargo sector) represent a significant part of the payments made in relation to the Motor third-party liability sector.

In addition, with regard to direct Italian business, it is not considered necessary to report the speed of claims settlement in the elementary and motor sectors (excluding the business deriving from the "Marine" sectors), since the steady reduction in the related portfolio and the sharp contraction in the numbers concerned mean that this indicator is not relevant any more.

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

SALES ORGANISATION

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

In Italy, the distribution network at 31 December 2009 consists of 16 general agents and 262 brokers (15 and 264 respectively at 31 December 2008).

Geographically, 75.9% are located in the North (211 intermediaries, compared with 216 at 31 December 2008) and 24.1% in the Centre – South (67 intermediaries, compared with 63 at 31 December 2008).

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

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

Acquisition expenses totalled € 29,934 thousand (€ 33,005 thousand in 2008). Of these costs, € 22,392 thousand related to direct business (€ 24,654 thousand in 2008) and € 7,542 thousand to indirect business (€ 8,351 thousand in 2008).

The ratio of commissions paid to third parties for new direct business to the related premium income was 15.4% (16.1% in 2008).

PERSONNEL AND ADMINISTRATIVE EXPENSES

At 31 December 2009, the company has 103 employees (104 at 31 December 2008), including 4 executives, 19 managers and 80 office staff.

The average number of employees during the year was 103 (103 in 2008).

Administrative expenses totalled € 12,638 thousand in 2009 (before allocation to the technical account), including € 106 thousand relating to the depreciation of tangible assets.

These costs were 3.6% lower than in 2008 (€ 13,133 thousand, of which € 143 thousand for the depreciation of tangible assets).

After allocating a proportion of personnel expenses and the depreciation of tangible assets to policy acquisition and claims settlement, administrative expenses amounted to € 7,583 thousand (€ 8,003 thousand in 2008).

Personnel costs accounted for 74.5% of administrative expenses (73.0% in 2008).

Administrative expenses represented 7.2% of premium income for the year (7.1% in 2008).

Deducting from this figure the amounts charged to the indirect parent company, Fondiaria – SAI S.p.A., and to Milano Assicurazioni S.p.A., a related company, for expenses essentially relating to management of the “Marine Hub” on their behalf, this proportion decreases to 5.9% (6.0% in 2008).

PROPERTY AND FINANCIAL MANAGEMENT

At 31 December 2009 total investments amounted to € 100,186 thousand (€ 99,292 thousand at 31 December 2008), up 0.9% with respect to the previous year.

Details are provided below:

	(in thousands of €)	
	31.12.2009	31.12.2008
Buildings	17,938	18,259
Investments in group and related companies	1	340
Shares and quotas	2,606	1,930
Mutual fund units	524	1,321
Bonds and other fixed-income securities	73,119	68,560
Loans	70	58
Restricted deposits with banks	4,367	7,202
Deposits with ceding undertakings	1,562	1,622
Total investments	100,186	99,292

Bonds and other fixed-income securities and buildings continue to represent the bulk of total investments (90.9%, compared with 87.4% at 31 December 2008).

With regard to investment in securities, shares and mutual funds invested in shares represent 4.1% of the total (4.5% at 31 December 2008) due to continuing caution in this area.

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

- buildings remain stable in terms of amount and the minor decrease is solely due to depreciation during the year (only of those used directly in the business).
This caption solely comprises the commercial property that houses the Company's offices. Part of this property is rented to third parties;
- shares and quotas held in Group companies are now insignificant (less than € 1 thousand) following disposal of the 0.84% interest previously held in Uniservizi S.c.r.l., the carrying amount of which (€ 339 thousand) represented the large majority of this caption. This disposal did not have any economic effect as it took place at book value;
- investments in shares, quotas and mutual fund units (mainly equity-based) have increased moderately overall.
These are administered on a trading basis, with a view to benefiting from positive fluctuations in the prices of the securities acquired;
- bonds and other fixed-income securities have increased due, in part, to the significant writeback of impairment adjustments (€ 1,337 thousand);
- the significant decrease in the level of restricted deposits with banks, mainly because the additional returns were insignificant compared with ordinary accounts.
Restricted deposits, with notice periods of at least fifteen days, are made in order to maximize the return on liquidity available for investment in the very short term.
All amounts mature by no later than January 2010;
- deposits with ceding undertakings and loans are essentially unchanged.

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

No use was made of derivatives during the year and there were no derivative contracts outstanding at 31 December 2009.

The following subordinated bonds are held at year end:

Issuer: Banca Intesa

Isin code: XS0242832599

Par value: 1,300,000 €

Issue: 8 February 2006

Maturity: 8 February 2016

Structure: callable from 8 February 2011 to 8 November 2015, at par value

Issuer: Banca Intermobiliare

Isin code: IT003853014

Par value: 28,350 €

Issue: 29 July 2005

Maturity: 29 July 2015

Structure: convertible bonds

At year-end, the book value of the securities portfolio was € 879 thousand lower than its market value at the same date (€ 350 thousand at 31 December 2008).

This unrealised capital gain relates to bonds and other fixed-income securities, € 839 thousand (€ 343 thousand at 31 December 2008); shares, € 33 thousand (€ 0 thousand), and mutual funds, € 7 thousand (€ 7 thousand).

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 €)	
	2009	2008
Net profit from:		
- shares		
-- dividends paid	73	140
-- net gains (losses) on disposals	(20)	192
-- net write-backs (write-downs)	139	(1,562)
	192	(1,230)
- bonds and other fixed-income securities		
-- interest income	1,804	2,690
-- net gains (losses) on disposals	515	244
-- net write-backs (write-downs)	1,335	(1,477)
	3,654	1,457
- Other financial investments	305	(381)
- Buildings		
-- rental income	814	737
-- depreciation	(325)	(323)
	489	414
Total income, net	4,640	260
Expenses		
- operating expenses	355	375
- interest expense	23	23
Total expenses	378	398

Overall, the results from property and financial management have improved significantly with respect to 2008.

In particular, as shown above, net income has increased substantially while costs have basically remained stable. The rise in income was mostly attributable to bonds and other fixed-income securities which, unlike in the prior year, benefited from major writebacks of impairment adjustments.

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

- results from shares improved significantly due to changes in measurement, which resulted in major writedowns in the prior year;
- the marked recovery in the prices of bonds and other fixed-income securities was offset by a steady decline in the interest coupons.

Overall, the sector performed much better than in the prior year, due to the increase in realised capital gains and the significant swing in the mark-to-market adjustment at year end;

- the improvement in other financial investments reflects the writeback of adjustments made to the value of the units held in mutual funds, which are mainly equity-based.

This balance includes € 26 thousand (€ 259 thousand in 2008) of interest income earned from the short-term investment of available liquidity in repurchase agreements and restricted deposits (in any case for periods of not less than 15 days), in order to maximize their yield. The sharp decrease in market rates (especially for US Dollars) has made this type of investment much less attractive, resulting in a significant reduction in the amounts earned;

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

Operating expenses relate to the property sector for € 289 thousand (€ 283 thousand in 2008) and to the securities sector for € 66 thousand (€ 93 thousand in 2008).

The operating expenses related to the property sector were in line with the prior year and include municipal property taxes (ICI) totalling € 102 thousand (€ 102 thousand in 2008).

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

OWN SHARES, SHARES IN THE PARENT COMPANY AND ITS SUBSIDIARIES

SIAT does not hold any own shares or shares in the parent company and/or its subsidiaries, and did not trade in them during 2009.

INTERCOMPANY TRANSACTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(in thousands of €)

INSURANCE AND REINSURANCE TRANSACTIONS	Debtors		Reserve		Premiums	Claims	Commissions
	Debtors	Creditors	Premiums	Claims			
• <i>Fondiaria – SAI S.p.A. (indirect parent company)</i>							
- coinsurance transactions		(1,165)	-	-	-	-	-
- reinsurance transactions							
assets	2,416	-	(2,835)	(14,924)	16,284	(6,882)	(3,516)
• <i>Milano Assicurazioni S.p.A. (related company)</i>							
- coinsurance transactions		(424)	-	-	-	-	-
- reinsurance transactions							
liabilities	4,780	-	-	1,728	(24)	3,254	-
assets	-	-	(1,968)	(13,040)	10,691	(5,207)	(2,376)
• <i>The Lawrence Re. (related company)</i>							
- reinsurance transactions							
liabilities	71	-	-	169	(1)	98	-
• <i>Liguria Assicurazioni S.p.A.</i>							
- reinsurance transactions							
assets	5	-	(269)	(95)	713	(191)	(137)

(in thousands of €)

COMMERCIAL TRANSACTIONS	Debtors	Creditors	Costs	Revenues
• <i>Fondiaria – SAI S.p.A. (indirect parent company)</i>				
- services	765	(693)	(544)	2,548
- personnel on secondment		(3,627)	(3,602)	-
• <i>Milano Assicurazioni S.p.A. (related company)</i>				
- services	366	(10)	(10)	1,218
- personnel on secondment	127	(131)	(131)	127

(in thousands of €)

FISCAL RELATIONS	Debtors	Creditors	Costs	Revenues
• <i>Fondiaria – SAI S.p.A. (indirect parent company)</i>				
- tax group arrangements	214	(2,276)	-	-

Key: (...) Creditors / Costs

PRIVACY REGULATIONS (DECREE 196/2003)

We have prepared the Data Security Plan for 2009 in accordance with art. 26 of the “Technical Regulations for Security Measures”, Attachment B) of Decree 196 of 30 June 2003, as required by art. 34 of the said Decree and the Technical Regulations mentioned above.





A thousand stories to tell.

INFORMATION ON BUSINESS RISKS

From a regulatory standpoint, the European insurance sector is undergoing profound change in the areas of prudent supervision and the management of risk. In particular, migration from “*Solvency I*”, the current solvency regime, to *Solvency II* will be completed by 31 October 2012.

Ahead of this change, the company has participated in the last two quantitative impact studies (*QIS 3* and *QIS 4*), in order to quantify in economic terms its exposure to the principal risks (using the standard formula and the internal model) and assess the impact of the new rules on capital requirements. For operational purposes, the estimate of capital requirements using the rules established for *QIS 4* was repeated in 2009 using the data at 31 December 2008.

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

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

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

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

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

Insurance risks associated with the pricing of premiums, the settlement of claims and the provisions for accidents, are quantified on the basis of the premium rates applied and historical claims statistics. Given the nature of activities, especially those in the Hull sector, potential volatility in the technical results is mitigated by adequate reinsurance cover (as mentioned in the previous section on “Reinsurance”).

The exposures to financial risks include the following factors:

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

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

- credit, related above all to reinsurance counterparties.

To prevent this risk, the annual reinsurance plan is reviewed in detail and approved by the Board of Directors, which takes into account the *ratings* assigned by the leading international rating agencies when establishing the maximum exposure to each reinsurer.

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

- liquidity: considering the size and importance of the Group to which the Company belongs, so far there have not been any problems obtaining lines of credit, both inside and outside the Group.

In any case, based on the Company's past experience, liquidity risk can be considered fairly remote.

Assessment of the exposure to operational risks is currently under development, following assessment cycles involving a number of common processes at Group level. At present, given a lack of available data, the assessments of overall exposure are made using the *QIS 4* standard form.

Again with regard to risk management, in February 2009 the Board of Directors of Fondiaria – SAI S.p.A. approved a risk policy for the entire Group with the following principal objectives:

- to define the principles and concepts underlying the Group's *ERM* model, with a view to guaranteeing a consistent approach to risk by the entire Group;
- to lay down guidelines and the structure of the Group's operating limits consistent with the *risk appetite* and *capital allocation* strategies of the parent company;
- to formalise the decision-making process for new investments in light of the introduction of criteria based on an *economic capital* approach and measurements of *risk adjusted profitability*;
- more generally, to support the process of defining strategic decisions in matters of risk.

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

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

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

- market risk:
 - shares
 - interest rate
 - property
 - exchange rates

- credit risk:
 - counterparty default risk
 - spread risk

- liquidity risk.

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

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

In particular, the limits are defined in terms of:

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

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

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END

Except as discussed below, no other events worthy of mention in this report have taken place since the end of the year.

In a ruling handed down on 11 December 2008 and filed on 3 February 2010, the Liguria Regional Tax Commissioners overturned the sentence of the first-level court and accepted an appeal from the Tax Authorities. This appeal related to an indirect tax assessment issued following a 2005 inspection carried out by the Liguria Regional Tax Office with regard to the 2003 tax year. Following that inspection, the Tax Office disputed irregularities concerning coinsurance relationships and related compliance with VAT rules.

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

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

Given the above and despite the overall size of the matters raised, no specific provision has been considered necessary or recorded even though an adverse ruling has been filed by the Liguria Regional Tax Commissioners.

Further information is provided in point E.1 of Section 12 within the explanatory notes.

OUTLOOK FOR OPERATIONS

Having regard for the information available to date and subject to any particularly adverse events that cannot be foreseen at this time, it is reasonable to expect that 2010 will be another profitable year.

PROPOSED RESOLUTIONS TO THE ORDINARY SHAREHOLDERS' MEETING

RESOLUTION CONCERNING THE FINANCIAL STATEMENTS AND THE RESULTS FOR THE YEAR

Shareholders,

You are invited to approve the 2009 financial statements and this report on operations, together with the following proposed allocation of the net profit of € 2,926,007:

Net profit for the year ended 31 December 2009	2,926,007 €
- to the legal reserve, 5%	(146,300) €
- to the Other reserves: Reserve for exchange gains (art. 2426.8-bis Civil Code)	(23,063) €
- the balance to the Other reserves: Extraordinary reserve	(2,756,644) €
	-

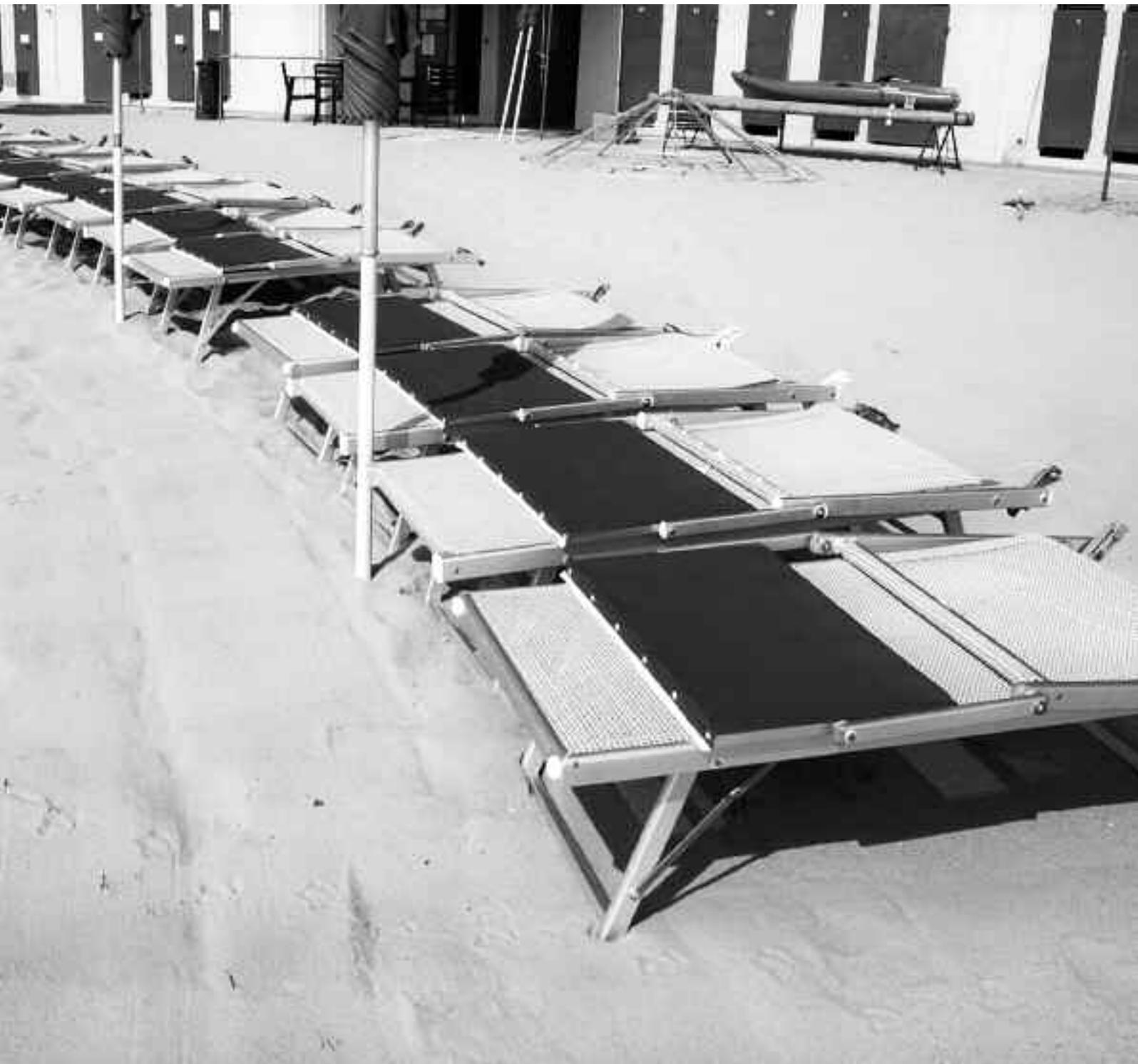
Genoa, 19 March 2010

For the Board of Directors
The Chairman
(Fausto Marchionni)

Even the infinite must turn.



ANNUAL ACCOUNTS



BALANCE SHEETS AS OF 31 DECEMBER 2009 AND 2008 (in thousands of €)

	31.12.2009		31.12.2008	
ASSETS				
B. INTANGIBLE ASSETS				
5. Other deferred costs		180		203
C. INVESTMENTS				
C.I Property				
1. Property used for business purposes	8,093		8,227	
2. Property used by third parties	9,845	17,938	10,032	18,259
C.II Investments in group and related companies		1		340
C.III Other financial investments				
1. Shares and quotas	2,606		1,930	
2. Mutual fund units	524		1,321	
3. Bonds and other fixed-interest securities	73,119		68,560	
4. Loans	70		58	
6. Restricted deposits with banks	4,367	80,686	7,202	79,071
C.IV Deposits with ceding undertakings		1,562		1,622
Total		100,187		99,292
D.bis TECHNICAL RESERVES CARRIED BY REINSURERS				
1. Unearned premiums reserve	43,871		45,512	
2. Claims payable reserve	208,408	252,279	169,975	215,487
E. DEBTORS				
E.I Receivables arising out of direct insurance				
1.a Due from policyholders for current premiums	55,701		62,049	
1.b Due from policyholders for premiums relating to prior years	1,995		3,078	
2. Due from agents and others intermediaries	8,808		11,805	
3. Due from insurance companies	6,899	73,403	6,164	83,096
E.II Reinsurance debtors				
1. Insurance and reinsurance companies	8,560		2,886	
2. Reinsurance intermediaries	1,870	10,430	2,480	5,366
E.III Other debtors		5,127		6,249
Total		88,960		94,711
F. OTHER ASSETS				
F.I Tangible assets				
1. Furniture and office machine	145		227	
3. Plant and equipment	12	157	18	245
F.II Cash and cash equivalents				
1. Bank accounts	4,166		3,887	
2. Cheques and cash	2	4,168	5	3,892
F.IV Other assets				
1. Temporary reinsurance accounts	116		31	
2. Other	4,250	4,366	3,349	3,380
Total		8,691		7,517
G. PREPAYMENTS AND ACCRUED INCOME				
1. Interest	616		1,068	
2. Other	162	778	266	1,334
Total assets		451,075		418,544

	31.12.2009		31.12.2008	
LIABILITIES AND EQUITY				
A. CAPITAL AND EQUITY RESERVES				
A.I Share capital		38,000		38,000
A.IV Legal reserve		647		511
A.VII Other reserves		4,984		4,673
A. IX Net profit (loss) for the year		2,926		2,727
	Total	46,557		45,911
B. SUBORDINATED LIABILITIES				
		0		0
C. TECHNICAL RESERVES				
1. Unearned premiums reserve	52,924		53,597	
2. Claims payable reserve	284,088		243,790	
5. Other technical reserves	1,391	338,403	1,297	298,684
E. PROVISIONS FOR RISKS AND CHARGES				
2. Provision for taxation		1,178		1,256
F. DEPOSITS FROM REINSURERS				
		458		423
G. CREDITORS AND OTHERS LIABILITIES				
G.I Payables arising out of direct insurance				
1. Due to agents and other intermediaries	7,908		5,294	
2. Due to insurance companies	3,534	11,442	1,912	7,206
G.II Reinsurance creditors				
1. Insurance and reinsurance companies	16,353		22,208	
2. Reinsurance intermediaries	15,894	32,247	20,566	42,774
G.VII Termination indemnities		1,829		1,905
G.VIII Other creditors				
1. Taxes paid by policyholders	624		486	
2. Miscellaneous taxes payable	382		297	
3. Due to social security and welfare institutions	219		223	
4. Sundry creditors	3,918	5,143	4,207	5,213
G.IX Other liabilities				
1. Temporary reinsurance accounts	106		179	
2. Commission on premiums to be collected	6,791		8,548	
3. Sundry liabilities	6,919	13,816	6,417	15,144
	Total	64,477		72,242
H. DEFERRED INCOME AND ACCRUED LIABILITIES				
1. Interest		2		28
	Total liabilities and equity	451,075		418,544

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (in thousands of €)

	2009		2008	
I. TECHNICAL ACCOUNT				
1. EARNED PREMIUMS, NET OF REINSURANCE				
a. Gross premiums written	175,204		185,830	
b. Outward reinsurance premiums	(131,852)		(139,070)	
c. Change in unearned premium reserve	38		1,947	
d. Change in unearned premium reserve carried by reinsurers	(1,078)	42,312	(1,591)	47,116
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT		3,102		0
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE		6,773		7,789
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE				
a. Claims paid				
aa. Gross amount	3,354		4,261	
bb. (less) ceded to reinsurers	102,078	(33,766)	103,599	(34,080)
b. Change in recoveries, net of reinsurance				
aa. Gross amount	4,261		3,442	
bb. (less) ceded to reinsurers	(2,282)	1,072	(3,114)	1,147
c. Changes in claims payable reserve				
aa. Gross amount	(42,359)		14,641	
bb. (less) ceded to reinsurers	40,163	(2,196)	(17,845)	(3,204)
		Total		(36,137)
6. PROFIT COMMISSIONS, NET OF REINSURANCE		(253)		58
7. OPERATING EXPENSES				
a. Acquisition commissions	(26,953)		(29,984)	
b. Other acquisition costs	(2,981)		(3,021)	
d. Collection commissions	0		(2)	
e. Other administrative expenses	(7,583)		(8,003)	
f. Commission and other income from reinsurers	27,176	(10,341)	29,561	(11,449)
8. OTHER TECHNICAL EXPENSES, NET OF REINSURANCE		(2,165)		(1,297)
9. CHANGE IN OTHER TECHNICAL RESERVES		(94)		(100)
Underwriting result		4,444		5,980

	2009		2008	
III. NON-TECHNICAL ACCOUNT				
1. NET INVESTMENT INCOME				
a. Income from shares	73		140	
b. Income from other investments				
aa. Income on properties	814		737	
bb. Income from financial investments	1,846		2,972	
c. Writebacks	1,594		178	
d. Gains on sale of investment	778	5,105	469	4,496
5. CAPITAL AND FINANCIAL CHARGES				
a. Investment management charges and interest expense	(379)		(398)	
b. Writedowns	(348)		(4,209)	
c. Losses on sale of investment	(118)	(845)	(26)	(4,633)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT		(3,102)		0
7. OTHER INCOME		2,066		2,390
8. OTHER EXPENSES		(2,539)		(3,049)
10. EXTRAORDINARY INCOME		64		3
11. EXTRAORDINARY EXPENSES		(10)		(41)
		Non-technical result		(834)
		Profit (loss) before taxes		5,146
14. INCOME TAXES FOR THE YEAR		(2,257)		(2,419)
		Net profit (loss) for the year		2,727

NOTES TO THE FINANCIAL STATEMENTS

The 2009 financial statements comprise the balance sheet and statement of income, prepared in accordance with ISVAP Regulation 22 of 4 April 2008, and these explanatory notes.

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

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

These notes are organised into the following parts:

Part A: Accounting policies

Part B: Balance sheet and statement of income

Part C: Other information

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

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

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

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

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

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

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

PART A - ACCOUNTING POLICIES

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

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

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

START-UP AND EXPANSION COSTS AND OTHER DEFERRED COSTS

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

PROPERTY

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

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

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

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

SHARES, QUOTAS, BONDS AND OTHER FIXED-INCOME SECURITIES

Long-term investments

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

Short-term investments

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

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

Original cost is reinstated in future accounting periods if the reasons for any writedowns cease to apply.

For securities listed on organised markets, market value is determined on the basis of the year-end price.

For securities not listed on organised markets, market value is determined with reference to their estimated realisable value considering the market value of listed securities with similar characteristics or, otherwise, using objective criteria applied on a consistent basis.

REPURCHASE AGREEMENTS

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

DEBTORS

These are stated at their estimated realisable value.

TANGIBLE ASSETS

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

They are stated net of accumulated depreciation.

TEMPORARY REINSURANCE ACCOUNTS

Considering the delay with which reinsurers make their accounts available, the technical costs and revenues relating to reinsurance business arranged with non-group companies are recorded in the subsequent year. Accordingly, debtors and payables relating to technical accounts for the year notified prior to year-end are reported in the financial statements, while the corresponding costs and revenues are deferred to the following year by using the transit accounts.

ACCRUALS AND DEFERRALS

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

UNEARNED PREMIUMS RESERVE

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

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

Direct business

The apportioned premiums reserve is calculated on a detailed, accruals basis considering the gross premiums recorded net of acquisition commissions and other costs directly attributable to the acquisition. This reserve includes specific provisions required by law to cover risks of a particular nature (such as bond insurance, hail and other natural disasters, and those relating to nuclear energy).

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

The reserve for unexpired risks is determined, sector by sector, to cover the risks outstanding after year-end in cases where estimated indemnities and expenses deriving from contracts written before

the year-end exceed any related unearned premiums and premiums to be collected. As required by ISVAP Regulation 16 of 4 March 2008, the related calculation is based on the ratio of claims to recent premiums (net of acquisition commission and claims of an exceptional nature), while also taking into account the estimated claims for the Hull and Cargo businesses.

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

Indirect business

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

The reserve for outstanding risks is determined using criteria similar to those employed for direct business. The share of the unearned premiums reserve carried by reinsurers is determined by applying to this reserve the ratio of premiums transferred to reinsurers to the premiums written on indirect business.

CLAIMS PAYABLE RESERVE

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

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

Direct business

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

Indirect business

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

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

OTHER TECHNICAL RESERVES

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

PROVISIONS FOR RISKS AND CHARGES

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

CREDITORS

These are stated at their nominal value.

TERMINATION INDEMNITIES

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

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

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

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

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

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

Securities deposited with third parties are stated at book value.

PREMIUMS

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

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

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

CLAIMS

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

INTEREST AND OTHER COSTS AND REVENUES

These are booked on an accruals basis.

DIVIDENDS

Dividends are recorded when collected.

INCOME TAXES

Income taxes are provided on the basis of an estimate of taxable income made in accordance with current tax laws, taking account of any tax losses carried forward and costs disallowed for fiscal purposes. When timing differences arise (deductible or taxed) between the results for the year and taxable income for corporate income tax purposes, the related taxation is allocated to other liabilities or assets using the tax rate expected at the time the differences reverse.

Deferred tax assets are only recorded if it is reasonably certain that they will be recovered in the future. Deferred tax liabilities are recorded if it is considered probable that the amount will actually have to be paid.

TRANSLATION OF FOREIGN CURRENCY BALANCES

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

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

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

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

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

EXCHANGE RATE AGAINST THE EURO	2009	2008	Change (%)
US Dollar	1.4406	1.3917	(3.5)
Swiss Franc	1.4836	1.4850	-
British Pound	0.8881	0.9525	6.8

FUNCTIONAL CURRENCY

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

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

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

However, while the same accounting policy is used to value shares, quotas, bonds and other fixed-income securities listed on organised markets, the method used for calculating market value has changed: instead of the average price for the last month of the year as used in 2008, it is now based on the year-end market price.

SECTION 2 - TAX ADJUSTMENTS AND PROVISIONS

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





Geometries of the sea.

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 € 180 thousand (€ 203 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
5. Other deferred costs	180	203	(23)
	180	203	(23)

Attachment 4 shows the changes during the year in the above caption, which solely related to the amortisation charge recorded.

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

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

SECTION 2 - INVESTMENTS (CAPTION C)

C. "**Investments**" amount to € 100,187 thousand (€ 99,292 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
I. Property	17,938	18,259	(321)
II. Investments in group and related companies	1	340	(339)
III. Other financial investments	80,686	79,071	1,615
IV. Deposits with reinsurers	1,562	1,622	(60)
	100,187	99,292	895

C.I.1 "**Property**" amounts to € 17,938 thousand (€ 18,259 thousand at 31 December 2008) and comprises:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Property used for business purposes	8,093	8,227	(134)
2. Property used by third parties	9,845	10,032	(187)
	17,938	18,259	(321)

Property is stated net of accumulated depreciation totalling € 2,852 thousand at 31 December 2009 (€ 2,527 thousand at 31 December 2008), all of which refers to property used for business purposes.

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

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

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

At 31 December 2009, the market value of the above property was estimated to be € 25,400 thousand (€ 25,700 thousand at 31 December 2008).

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

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

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

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

Property is not mortgaged.

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

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

These buildings are rented out to third parties.

No property is subject to finance leasing contracts.

C.II **"Investments in Group and related companies"** total € 1 thousand (€ 340 thousand at 31 December 2008).

They consist solely of quotas.

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

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
b) subsidiary companies	-	-	-
c) related companies	-	339	(339)
e) other	1	1	-
	1	340	(339)

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

The definition of related companies makes reference to Art. 5.1.c) of Decree 173 of 26 May 1997.

The definition of subsidiary and associated companies is based on art. 2359 of the Italian Civil Code.

"Other" companies mean equity investments as defined in Art. 4.2 of Decree 173 of 26 May 1997.

The significant reduction during the year reflects the sale of the 0.84% interest previously held in Uniservizi S.c.r.l., an affiliate, since the balance was almost entirely represented by the carrying amount of this investment. This disposal did not have any economic effect as it took place at book value.

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

General information on equity investments is provided in Attachment 6.

C.III **"Other financial investments"** amount to € 80,686 thousand (€ 79,071 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Shares and quotas	2,606	1,930	676
2. Mutual fund units	524	1,321	(797)
3. Bonds and other fixed-income securities	73,119	68,560	4,559
4. Loans	70	58	12
6. Restricted deposits with banks	4,367	7,202	(2,835)
	80,686	79,071	1,615

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

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

As shown in Attachment 8, the book value at 31 December 2009 of "Other financial investments" is € 879 thousand (€ 350 thousand at 31 December 2008) lower than their market value at that date.

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

	(in thousands of €)		
	Shares and quotas	Mutual fund units	Bonds and other fixed-income securities
Opening balance	1,930	1,321	68,560
Purchases	3,049	134	41,747
Writebacks	159	98	1,337
Issue discounts	-	-	(5)
Sales and redemptions	(2,511)	(1,029)	(38,411)
Value adjustments	(21)	-	(2)
Exchange differences	-	-	(107)
Closing balance	2,606	524	73,119

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

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
a) Listed shares	2,606	1,930	676
	2,606	1,930	676

"Listed shares" comprise shares quoted on the Italian stockmarket (€ 1,609 thousand) and on other European organised markets (€ 997 thousand). Among the latter, most are French (€ 417 thousand) or German (€ 413 thousand).

They are all denominated in Euro.

Their book value is € 33 thousand lower than their market value at year-end (no unrecognised gains at 31 December 2008).

C.III.2 "**Mutual fund units**" comprise Exchange-Traded Funds (ETF) replicating a US stockmarket index totalling € 518 thousand, and € 6 thousand invested in a foreign Sicav monetary fund.

Their book value is € 7 thousand (€ 7 thousand at 31 December 2008) lower than their year-end market value.

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

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
a) listed	72,931	68,356	4,575
b) unlisted	163	182	(19)
c) convertible bonds	25	22	3
	73,119	68,560	4,559

Their book value is € 839 thousand (€ 343 thousand at 31 December 2008) lower than their year-end market value.

"Bonds and other fixed-income securities" denominated in euro total € 70,065 thousand, while those in other currencies (exclusively US dollars) amount to € 3,054 thousand.

They comprise investments earning interest at floating rates, € 38,940 thousand, and fixed rates, € 33,991 thousand.

Listed "Bonds and other fixed-income securities" include government and corporate securities totalling € 61,078 thousand and € 11,853 thousand, respectively.

The issue and trading discounts relating to this caption total € 5 thousand.

An analysis of significant positions by issuer is presented below:

	(in thousands of €)	
Issuer	Listed/unlisted	Amount
Italian Government	listed	39,108
French Government	listed	8,381
German Government	listed	5,996
US Treasury	listed	3,054
Austrian Government	listed	2,007
Belgian Government	listed	1,515
Banca Lombarda	listed	1,495
Goldman Sachs	listed	1,485
Banca Intesa	listed	1,261
EIB	listed	1,016

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

The changes during the year are shown in Attachment 10.

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

The changes during the year are shown in Attachment 10.

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

C.IV "**Deposits with reinsurers**" amount to € 1,562 thousand (€ 1,622 thousand at 31 December 2008) and have decreased by € 60 thousand.

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

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

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

D.bis. "**Technical reserves carried by reinsurers**" amount to € 252,279 thousand (€ 215,487 thousand at 31 December 2008) and consist of:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Unearned premiums reserve	43,871	45,512	(1,641)
2. Claims payable reserve	208,408	169,975	38,433
	252,279	215,487	36,792

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

These reserves include a claims reserve of € 1,728 thousand carried by Fondiaria – SAI S.p.A., the indirect parent company.

The amount of these reserves carried by related companies includes € 21 thousand in unearned premiums and € 1,902 thousand for claims.





In the clutches of the port.

SECTION 5 - DEBTORS (CAPTION E)

E. "Debtors" total € 88,960 thousand (€ 94,711 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
I. Receivables arising out of direct insurance	73,403	83,097	(9,694)
II. Reinsurance debtors	10,430	5,366	5,064
III. Other debtors	5,127	6,248	(1,121)
	88,960	94,711	(5,751)

E.I. "Receivables arising out of direct insurance" amount to € 73,403 thousand (€ 83,097 thousand at 31 December 2008) and are due from:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1.a Due from policyholders for current premiums	55,701	62,049	(6,348)
1.b Due from policyholders for premiums relating to prior years	1,995	3,078	(1,083)
2. Due from agents and other intermediaries	8,808	11,806	(2,998)
3. Due from insurance companies	6,899	6,164	735
	73,403	83,097	(9,694)

E.I.1 "Due from policyholders" for current and prior year premiums amount in total to € 57,696 thousand (€ 65,127 thousand at 31 December 2008) and are shown net of the related provision for doubtful accounts, which amounts to € 201 thousand (€ 220 thousand at 31 December 2008).

"Due from policyholders" were written down by € 18 thousand during the year; 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 € 37 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 € 32,530 thousand in premium instalments not yet due for the Hull and related third-party liability sectors (€ 32,710 thousand at 31 December 2008).

E.I.2 "Due from agents and other intermediaries" are shown net of the related provision for doubtful accounts of € 430 thousand (€ 610 thousand at 31 December 2008).

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

No writedowns were recorded during the year in relation to the amounts "Due from agents and other intermediaries".

Use of the related provision amounted to € 180 thousand during the year, without any net effect on the statement of income.

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

This caption also includes € 10 thousand due from related companies.

No writedowns were recorded during the year, nor were any provisions for doubtful accounts recorded in the past, since there were no reasons for doing so.

E.II "**Reinsurance debtors**" amount to € 10,430 thousand (€ 5,366 thousand at 31 December 2008) and are due from:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Insurance and reinsurance companies	8,560	2,886	5,674
2. Reinsurance intermediaries	1,870	2,480	(610)
	10,430	5,366	5,064

E.II.1 Reinsurance receivables from "**Insurance and reinsurance companies**" are stated net of a provision for € 4,786 thousand (€ 4,286 thousand at 31 December 2008) which relates solely to reinsurance current accounts.

During the year, these receivables were written down by € 549 thousand, which was charged to the statement of income under "Other expenses".

It also decreased by € 49 thousand as a result of exchange gains, credited to the related caption within "Other income", arising in relation to that part of the provisions recorded in foreign currencies.

These receivables include the amount due from Fondiaria-SAI S.p.A., € 2,417 thousand, and from related companies, € 4,862 thousand.

E.II.2 Receivables due from "**Reinsurance intermediaries**" are stated net of the related provision for doubtful accounts totalling € 143 thousand (€ 143 thousand at 31 December 2008).

No writedowns were recorded during the year in relation to the amounts due from "Reinsurance intermediaries", and the related provision was not used either.

E.III “Other debtors” amount to € 5,127 thousand (€ 6,248 thousand at 31 December 2008). Their main components are shown below:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
Due from the tax authorities	3,292	1,951	1,341
Due from the indirect parent company	979	2,565	(1,586)
Deposits with clearing houses	376	843	(467)
Due from related companies	366	380	(14)
Guarantee funds in favour of policyholders	67	336	(269)
Due from tenants	32	63	(31)
Other receivables	15	110	(95)
	5,127	6,248	(1,121)

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

Amounts due from the tax authorities include € 2,813 thousand receivable from the Italian tax authorities and € 479 thousand due from those in other European countries (for advance taxation, VAT recoverable and amounts withheld from dividend payments).

As regards amounts due from the Italian tax authorities, € 1,203 thousand relate to direct taxes (including € 693 thousand due to be reimbursed and € 510 thousand of IRAP advances paid during 2009), € 1,596 thousand concern the tax advance on insurance policies (partially used to reduce the amount due for this in February 2010 for the previous year), € 11 thousand due to government concession taxes (also due to be reimbursed) and € 3 thousand of higher contributions paid to the National Health Service in 2007.

Since the company is a member of the domestic tax group, SIAT has transferred its tax credits to the indirect parent company to be deducted from the Group tax liability. The amount concerned, € 156 thousand, has therefore been reclassified to the caption described above.

The amounts due from the indirect parent company, Fondiaria – SAI S.p.A., mainly include operating costs of € 765 thousand incurred on behalf of that company and therefore recharged to it.

They also include the credit deriving from membership of the domestic tax group. This amounts to € 214 thousand as discussed below, of which € 156 thousand relates to withholding taxes and € 58 thousand relates to the overpayment of Ires taxation in prior years.

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

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

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

Amounts due from tenants relate to rents and expenses.

SECTION 6 - OTHER ASSETS (CAPTION F)

F. "Other assets" total € 8,691 thousand (€ 7,517 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
I. Tangible assets	157	245	(88)
II. Cash and cash equivalents	4,168	3,892	276
IV. Other assets	4,366	3,380	986
	8,691	7,517	1,174

F.I "Tangible assets" are stated net of accumulated depreciation at year-end totalling € 2,369 thousand, as analysed below:

	(in thousands of €)		
	Gross value	Accumulated depreciation	Book value
1. Furniture and office machines	2,159	(2,014)	145
2. Publicly registered assets	15	(15)	-
3. Plant and equipment	195	(183)	12
	2,369	(2,212)	157

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

	(in thousands of €)			
	Gross value			
	Balance at 31.12.2008	Increase	Decrease	Balance at 31.12.2009
1. Furniture and office machines	2,147	12	-	2,159
2. Publicly registered assets	15	-	-	15
3. Plant and equipment	195	-	-	195
	2,357	12	-	2,369

Accumulated depreciation, € 2,369 thousand (€ 2,212 thousand at 31 December 2008), was increased during the year by a provision of € 145 thousand. There were no decreases during the year, since no fixed assets were sold or retired.

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

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

No accelerated or advance depreciation has been provided.

F.II "**Cash and cash equivalents**" amount to € 4,168 thousand (€ 3,892 thousand at 31 December 2008) and consist of:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Bank accounts	4,166	3,887	279
2. Cheques and cash	2	5	(3)
	4,168	3,892	276

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 € 4,366 thousand (€ 3,380 thousand at 31 December 2008) and consist of:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Temporary reinsurance accounts	116	31	85
2. Other	4,250	3,349	901
	4,366	3,380	986

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

They essentially relate to reinsurance transactions concerning the Hull business.

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

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
Deferred tax assets	2,610	2,320	290
Disbursements for accident claims to be settled	859	222	637
Insurance excesses and amounts to be recovered from policyholders	387	155	232
Due from insurance companies	247	230	17
Due from related companies	127	131	(4)
Due from French tax authorities	19	14	5
Due from indirect parent company	-	45	(45)
Other assets	1	232	(231)
	4,250	3,349	901

Deferred tax assets derive from timing differences (primarily due to the non-deductible writedown of receivables) between the results reported in the financial statements and Ires taxable income. The recovery of these timing differences against future taxable income is deemed to be reasonably likely. The balance was determined using the tax rates that are expected to apply in the year when the related timing differences reverse. The rates used in relation to Ires and Irap were 27.50% and 4.82% respectively. Deferred tax assets recognised during the year amount to € 290 thousand while those recorded in prior years total € 2,320 thousand.

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

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

Amounts due from insurance companies relate to mandate commissions due to the company for the management of claims relating to the Hull sector which have not yet been charged to coinsurers.

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

Amounts due from the French tax authorities relate entirely to the excess value-added tax paid locally in 2009, which is recoverable by the French business on a "pro rata" basis.

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

SECTION 7 - PREPAYMENTS AND ACCRUED INCOME (CAPTION G)

G. "Prepayments and accrued income" amount to € 778 thousand (€ 1,334 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Interest	616	1,068	(452)
3. Other	162	266	(104)
	778	1,334	(556)

This caption is analysed as follows:

	(in thousands of €)		
	Accrued income	Prepayments	Total
1. Interest	616	-	616
3. Other	-	162	162
	616	162	778

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

Other prepayments relate to various operating expenses referring to future periods (€ 122 thousand), social security contributions (€ 27 thousand) and insurance premiums (€ 13 thousand).

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

Calm after a storm.



BALANCE SHEET - LIABILITIES AND EQUITY

SECTION 8 - CAPITAL AND EQUITY RESERVES (CAPTION A)

As at 31 December 2009 these amount to € 46,557 thousand (€ 45,911 thousand at 31 December 2008) and consist of:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
I. Subscribed share capital	38,000	38,000	-
IV. Legal reserve	647	511	136
VII. Other reserves	4,984	4,673	311
IX. Net profit (loss) for the year	2,926	2,727	199
	46,557	45,911	646

The changes during the year are summarised as follows:

	(in thousands of €)				
	Subscribed share capital	Legal reserve	Other reserves	Net profit for the year	Total
Balance at 31.12.2008	38,000	511	4,673	2,727	45,911
Allocation of 2008 earnings authorised at the shareholders' meeting held on 15 April 2009:					
- to legal reserve	-	136	-	(136)	-
- to extraordinary reserve	-	-	311	(311)	-
- dividends	-	-	-	(2,280)	(2,280)
Net profit for 2009	-	-	-	2,926	2,926
Balance at 31.12.2009	38,000	647	4,984	2,926	46,557

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 2008, explaining their origin, possible use and availability for distribution or other purposes:

	(in thousands of €)		
Caption	Amount	Possible use	Available amount
I. Subscribed share capital	38,000	-	-
IV. Legal reserve	647	B	-
VII. Other reserves			
- reserve for losses	1,953	A, B, C	1,953
- extraordinary reserve	3,031	A, B, C	3,031

Key: A: for increase in capital

B: to cover losses

C: for distribution to shareholders

None of these reserves have been used in the last three years (including 2009).

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

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

A.IV The "Legal reserve" amounts to € 647 thousand following an increase of € 136 thousand during the year on allocation of part of the net profit for 2008, as required by art. 2430 of the Italian Civil Code.

A.VII "Other reserves" amount to € 4,984 thousand after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2008	Increase	Decrease	Balance at 31.12.2009
Reserve for losses	1,953	-	-	1,953
Extraordinary reserve	2,664	367	-	3,031
Reserve for exchange gains (art. 2426.8-bis Civil Code)	56	-	(56)	-
	4,673	152	-	4,984

SECTION 9 - SUBORDINATED LIABILITIES (CAPTION B)

As in 2008, there are no subordinated liabilities at 31 December 2009.

SECTION 10 - TECHNICAL PROVISIONS (CAPTION C.I)

C.I "Technical provisions" at 31 December 2009 amount to € 338,403 thousand (€ 298,684 thousand at 31 December 2008) and consist of:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Unearned premiums reserve	52,924	53,597	(673)
2. Claims payable reserve	284,088	243,790	40,298
5. Equalisation reserve	1,391	1,297	94
	338,403	298,684	39,719

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

The amount of these reserves carried by indirect parent company, Fondiaria-SAI S.p.A., includes € 2,835 thousand in unearned premiums and € 14,924 thousand for claims.

The unearned premiums reserve carried by affiliates amounts to € 2,237 thousand, while the claims payable reserve carried by them totals € 13,136 thousand.

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

C.I.1 The “**Unearned premiums reserve**” amounts to € 52,924 thousand (€ 53,597 thousand at 31 December 2008, of which € 52,919 thousand related to apportioned premiums and € 678 thousand related to unexpired risks) and has been calculated in accordance with ISVAP Regulation 16 of 4 March 2008.

In the current year, this reserve comprises € 52,654 thousand in apportioned premiums and € 270 thousand in unexpired risks.

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

(in thousands of €)			
Unearned premiums reserve			
Business sector	Direct business	Indirect business	Total
Motor, fire, theft, etc. insurance	3	-	3
Rolling stock	6	-	6
Hull	45,108	2,927	48,035
Cargo	1,071	880	1,951
Fire	960	-	960
Other property damage	36	9	45
Motor third-party liability	434	993	1,427
General third-party liability	233	-	233
Bond insurance	38	-	38
Pecuniary losses	226	-	226
	48,115	4,809	52,924

With regard to the unearned premiums reserve for direct business, the above amounts include € 270 thousand for unexpired risks (€ 678 thousand at 31 December 2008).

It relates to Motor third-party liability (€ 150 thousand), Cargo (€ 100 thousand), Motor fire, theft, etc. insurance (€ 10 thousand) and General third-party liability (€ 10 thousand).

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

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

In addition, as regards the fact that an unearned premiums reserve for unexpired risks has not been set up, except for the one relating to the sectors mentioned above, the following has to be said:

- direct business: the reason is related to the technical performance of the various sectors and,

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

C.I.2 The “**Claims payable reserve**” amounts to € 284,088 thousand (€ 243,790 thousand at 31 December 2008) and has been calculated in accordance with ISVAP Regulation 16 of 4 March 2008.

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

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

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

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

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

C.I.5 “**Other technical reserves**” amount to € 1,391 thousand (€ 1,297 thousand at 31 December 2008) after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2008	Increase	Decrease	Balance at 31.12.2009
Equalisation reserve for natural disasters	1,295	94	-	1,389
Compensation reserve	2	-	-	2
	1,297	94	-	1,391

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

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





At the start of a journey.

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

E. The "**Provisions for risks and charges**" amount to € 1,178 thousand (€ 1,255 thousand at 31 December 2008), a decrease of € 77 thousand.

They consist solely of the "Provision for taxation".

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

The changes during the year are detailed in Attachment 15.

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

Since the Company is a member of the domestic tax group, the corporation tax payable (IRES: € 2,276 thousand) has been reclassified as a liability to the indirect parent company, Fondiaria-SAI S.p.A., under "Other creditors".

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

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

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

This issue was previously raised by the Liguria Regional Tax Office following the 2005 inspection of the 2003 tax year. In that case, the challenge included the failure to subject to VAT the expenses incurred by the company, as manager of the claim, that were recharged to co-insurers.

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

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

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

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

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

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

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

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

Given the above and despite the overall size of the matters raised, no specific provision has been considered necessary or recorded even though an adverse ruling has been filed by the Liguria Regional Tax Commissioners.

Lastly, in view of the defence costs and other possible liabilities in relation to the above, the provision for taxation includes an amount set aside of € 500 thousand (including € 250 thousand provided in prior years).

F. "**Deposits from reinsurers**" amount to € 458 thousand (€ 423 thousand at 31 December 2008), up by € 35 thousand compared with the previous year.

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

SECTION 13 - CREDITORS AND OTHER LIABILITIES (CAPTION G)

G. "**Creditors and other liabilities**" amount to € 64,478 thousand (€ 72,242 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
I. Payables arising out of direct insurance	11,442	7,206	4,236
II. Reinsurance creditors	32,247	42,773	(10,526)
VII. Termination indemnities	1,829	1,906	(77)
VIII. Other creditors	5,143	5,213	(70)
IX. Other liabilities	13,816	15,144	(1,328)
	64,477	72,242	(7,765)

G.I. "**Payables arising out of direct insurance**" amount to € 11,442 thousand (€ 7,206 thousand at 31 December 2008) and consist of:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Due from agents and other intermediaries	7,908	5,294	2,614
2. Due from insurance companies	3,534	1,912	1,622
	11,442	7,206	4,236

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

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

They also include € 1,165 thousand due to the indirect parent company Fondiaria - SAI S.p.A. and € 432 thousand due to related companies.

G.II. "**Reinsurance creditors**" amount to € 32,247 thousand (€ 42,773 thousand at 31 December 2008) and are due to:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Insurance and reinsurance companies	16,353	22,208	(5,855)
2. Reinsurance intermediaries	15,894	20,565	(4,671)
	32,247	42,773	(10,526)

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

These include € 1,543 thousand (€ 1,832 thousand at 31 December 2008) in liabilities for premium instalments not yet expired in respect of Hull and related Third-party liability insurance business.

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

G.II.2 Reinsurance payables deriving from transactions with **"Reinsurance intermediaries"** include apportioned premiums only in respect of Hull and related Third-party liability insurance, These premium instalments not yet expired (totalling € 17,636 thousand compared with € 19,647 thousand at 31 December 2008) have been partly deducted from the corresponding asset caption relating to reinsurance transactions, if residual amounts are still due to the intermediary concerned.

G.VII **"Termination indemnities"** amount to € 1,829 thousand (€ 1,906 thousand at 31 December 2008) and represent the indemnities accrued in compliance with current laws and labour contracts.

The changes during the year are detailed in Attachment 15.

G.VIII **"Other creditors"** amount to € 5,143 thousand (€ 5,213 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Taxes paid by policyholders	623	486	137
2. Tax authorities for taxes payable	382	297	85
3. Due to social security and welfare institutions	219	223	(4)
4. Other creditors	3,919	4,207	(288)
	5,143	5,213	(70)

G.VIII.1 **"Taxes paid by policyholders"** include the amount due to the tax authorities on insurance policies (€ 554 thousand), net of advances paid during the year. This amount was duly paid over in January 2010.

The total also includes € 69 thousand due to foreign tax authorities (mainly Spain, United Kingdom and Germany) for taxes withheld from policyholders, regarding the provision of unrestricted services.

G.VIII.2 **"Tax authorities for taxes payable"** include taxes for which the Company has acted as withholding agent, € 288 thousand, and the VAT balance, € 94 thousand.

These amounts were duly paid over in early 2010.

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 2010.

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

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
Due to the indirect parent company	2,276	2,620	(344)
Due to suppliers	1,270	1,014	256
Due to shareholders for dividends	256	226	30
Due to corporate officers	81	141	(60)
Due to related companies	-	132	(132)
Other creditors	36	74	(38)
	3,919	4,207	(288)

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

Amounts due to corporate officers relate to the Board of Directors, € 57 thousand, and the Board of Statutory Auditors, € 24 thousand.

G.IX **"Other liabilities"** amount to € 13,681 thousand (€ 15,144 thousand at 31 December 2008) and comprise:

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
1. Temporary reinsurance accounts	106	179	(73)
2. Commission on premiums to be collected	6,791	8,548	(1,757)
3. Sundry liabilities	6,919	6,417	502
	13,816	15,144	(1,328)

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

They essentially relate to reinsurance transactions concerning the Hull business.

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

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

	(in thousands of €)		
	31.12.2009	31.12.2008	Change
Due to the indirect parent company	4,320	3,710	610
Due to reinsurers and co-insurers for sundry items	971	1,025	(54)
Deferred tax liabilities	376	395	(19)
Due to third parties	347	468	(121)
Due to employees	338	587	(249)
Due to reinsurers for the settlement of premiums and exclusions	202	80	122
Due to related companies	158	34	124
Other	207	118	89
	6,919	6,417	502

The amount due to the indirect parent company includes the services provided on behalf of the company by Fondiaria - SAI S.p.A. These mainly related to management of the motor and elementary sectors and to IT support.

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

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

Amounts due to third parties relate to invoices to be received for goods or services supplied in 2009.

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

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

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

Amounts due to affiliated companies related to services provided by them and principally relate to Milano Assicurazioni S.p.A. (€ 142 thousand).

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

H. "Deferred income and accrued expenses" amount to € 2 thousand (€ 28 thousand at 31 December 2008) and comprise:

(in thousands of €)			
	31.12.2009	31.12.2008	Change
2. Rents	-	20	(20)
3. Other	2	8	(6)
	2	28	(26)

This caption is analysed as follows:

(in thousands of €)			
	Accrued expenses	Deferred income	Total
3. Other	-	2	2
	-	2	2

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:

(in thousands of €)		
Caption	Due beyond 12 months	of which: due beyond 5 years
Assets		
C.4 Loans		
c) other loans	43	-

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 €)

	Italy	Other E.U. countries	Other non E.U. countries	Total
E. Receivables				
E.1 Receivables arising out of direct insurance	58,783	14,009	611	73,403
E.2 Reinsurance debtors	4,514	2,068	3,848	10,430
E.3 Other debtors	4,276	851	-	5,127
Total	67,573	16,928	4,459	88,960

(in thousands of €)

	Italy	Other E.U. countries	Other non E.U. countries	Total
D. Payables				
D.I Payables arising out of direct insurance	9,239	2,199	4	11,442
D.II Reinsurance creditors	20,625	11,448	175	32,248
D.VIII Other creditors	4,897	246	-	5,143
Total	34,761	13,893	179	48,833

SECTION 17 - GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

"Guarantees, commitments and other memorandum accounts" comprise:

(in thousands of €)

	31.12.2009	31.12.2008	Change
I. Guarantees given	6	6	-
III. Guarantees given by third parties in the interest of the Company	858	2,648	(1,790)
V. Third-party assets	-	6	(6)
VII. Securities with third parties	76,250	72,151	4,099

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

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

There were no dealings in derivative contracts during the year.

There were no derivative contracts outstanding at 31 December 2009.

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

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

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





Stories continue to unfold themselves...

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 € 42,312 thousand, of which € 27,176 thousand of direct business and € 15,136 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").

"Gross premiums written" for indirect business include € 16,284 thousand transferred in full by Fondiaria-SAI S.p.A. in relation to sectors within the "Maritime and Cargo insurance" sector, following the creation of the Group's Marine Hub.

In addition, in a similar context, premiums totalling € 11,368 thousand have been accepted from related companies, namely € 10,691 thousand from Milano Assicurazioni S.p.A. and € 713 thousand from Liguria Assicurazioni S.p.A.

I.1.b "Premiums transferred for reinsurance" include € 25 thousand transferred to related companies, namely € 24 thousand to Milano Assicurazioni S.p.A. and € 1 thousand to The Lawrence Re.

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

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

	(in thousands of €)		
	Gross	Reinsured	Net
Unearned premiums reserve at 31.12.2008	(53,597)	45,512	(8,085)
Unearned premiums reserve at 31.12.2009	52,924	(43,871)	9,053
Net exchange differences	635	(563)	72
Portfolio movements, net	-	-	-
	(38)	1,078	1,040

I.2 The “**Share of profit from investments transferred from the non-technical account**” amounts to € 3,102 thousand and was determined in accordance with the criteria envisaged in art. 22 of ISVAP Regulation 22 of 4 April 2008.

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

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

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

In the 2009 financial statements, this ratio amounted to 72.8%.

I.3 “**Other technical income, net of reinsurance**” amounts to € 6,773 thousand and includes income of € 2,386 thousand deriving from technical services provided to Group companies, including € 1,670 thousand in relation to Fondiaria - SAI S.p.A. and € 716 thousand in relation to Milano Assicurazioni S.p.A.

In addition, this caption also includes the technical cancellation of amounts due to reinsurers for premiums transferred in prior years (€ 279 thousand), as well as the reversal of commission expense on prior-year premiums that were cancelled (€ 71 thousand).

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

I.4 “**Claims incurred, net of recoveries and reinsurance**” amount to € 34,890 thousand.

I.4.a Gross “Amounts paid” include those relating to the reinsurance business accepted from Fondiaria-SAI S.p.A. (€ 6,862 thousand), Milano Assicurazioni S.p.A. (€ 5,207 thousand) and Liguria Assicurazioni S.p.A. (€ 191 thousand).

This account also includes expenses of € 12,830 thousand relating to the settlement of claims, of which € 57 thousand relates to charges from Fondiaria-SAI S.p.A., for services rendered under current agreements covering the elementary and motor sectors.

These expenses include administrative costs (mainly payroll) incurred for the management of claims totalling € 2,136 thousand.

Amounts due from reinsurers for “claims paid” include those pertaining to Milano Assicurazioni S.p.A. (€ 3,254 thousand) and The Lawrence Re. (€ 98 thousand).

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

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

	(in thousands of €)		
	Gross	Reinsured	Net
Claims payable reserve at 31.12.2008	(243,790)	169,975	(73,815)
Claims payable reserve at 31.12.2009	284,088	(208,408)	75,680
Net exchange differences	2,061	(1,730)	331
Portfolio movements, net	-	-	-
	42,359	(40,163)	2,196

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 gross difference of about 0.5% of the opening claims payable reserve. This positive difference is essentially attributable to indirect business, as the difference indirect business is close to zero.

I.7 "**Operating expenses**" amount to € 10,341 thousand.

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

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

These costs also include commission expense recognised in relation to the reinsurance business accepted. In particular, this commission includes € 3,516 thousand charged by Fondiaria – SAI S.p.A., € 2,376 thousand by Milano Assicurazioni S.p.A. and € 137 thousand by Liguria Assicurazioni S.p.A.

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

I.7.e “Other administrative expenses” comprise general costs, net of those allocated to “other acquisition expenses” (€ 2,981 thousand) and “claims incurred” (€ 2,165 thousand).

In fact, before allocating € 5,117 thousand to the above captions, other administrative expenses amounted to € 12,638 thousand. This caption also includes payroll costs (€ 10,397 thousand) and depreciation (€ 106 thousand), as well as the 2009 emoluments of directors (€ 47 thousand) and statutory auditors (€ 48 thousand).

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

Commission income received from related companies totals € 5 thousand and refers to Milano Assicurazioni S.p.A.

No commission income has been recognised to the indirect parent company, Fondiaria-SAI S.p.A.

I.8 "**Other technical expenses, net of reinsurance**" amount to € 2,165 thousand and include technical write-offs of amounts due from policyholders for prior-year premiums (€ 453 thousand), as well as the elimination of commission income on transferred prior-year premiums that have been cancelled (€ 65 thousand).

This caption also includes a provision of € 18 thousand for uncollectible insurance premiums due from customers.

I.9 The "**Change in the equalisation reserve**" during the year amounts to € 94 thousand and is summarised by business sector as follows:

(in thousands of €)				
Sector	Opening balance	Utilisations	Provisions	Closing balance
Personal accident (1)	96	-	-	96
Motor fire, theft, etc. insurance (3)	68	-	-	68
Marine, aircraft and transport insurance (4,5,6,7,12)	853	-	89	942
Fire and other property damage (8,9)	278	-	5	283
Credit insurance (14)	2	-	-	2
	1,297	-	94	1,391

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

SECTION 20 - TECHNICAL RESULTS BY BUSINESS SECTOR

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

Reports from the Company's management accounting system have been used, for the most part, to allocate common costs to individual business sectors. Revenues and costs not analysed by the management accounting system are generally allocated, where appropriate, in proportion to the sector's premiums or claims with respect to the total. In particular cases, specific decisions have been reached on a logical basis.

SECTION 21 - INFORMATION ON THE NON-TECHNICAL ACCOUNT

III.3 "**Income from investments**" amounts to € 5,106 thousand and is detailed in Attachment 21.

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

III.5 "**Capital and financial charges**" amount to € 846 thousand and are detailed in Attachment 23.

III.5.a "Investment management charges and interest expense" amounting to € 379 thousand relate to the management of property (€ 289 thousand) and financial investments (€ 67 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 23 thousand). In particular, charges for the management of property relate to local property tax (ICI) for € 102 thousand.

III.5.b "Writedowns" on investments, amounting to € 348 thousand, comprise adjustments to the value of shares (€ 20 thousand), bonds (€ 2 thousand), as well as the depreciation of commercial property used by the Company (€ 326 thousand).

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

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

III.7 "Other income" amounts to € 2,066 thousand and is detailed below:

	(in thousands of €)
Recovery of costs from the indirect parent company	878
Recovery of costs from related companies	630
VAT refund	202
Exchange gains	193
Interest income on bank current accounts	24
Interest income on tax credit	16
Other	123
	2,066

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

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

The VAT refund relates to VAT charged to the income statement for the year which is recoverable on a pro-rata basis for 2009 in Italy (€ 183 thousand) and by the permanent establishment in France (€ 19 thousand).

Exchange gains, like exchange losses (totalling € 38 thousand), derive from the application of multicurrency methodologies and include both realised gains (€ 134 thousand) and those arising on translation (€ 59 thousand).

Since net unrealised exchange gains total € 23 thousand, the proposed allocation of net profit for 2009 will include the creation of a reserve for exchange gains (as required by point 8-bis of art. 2426 of the Italian Civil Code).

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

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

III.8 "**Other expenses**" amount to € 2,539 thousand and mainly comprise:

	(in thousands of €)
Administrative costs and expenses on behalf of indirect parent company	878
Administrative costs and expenses on behalf of related companies	630
Provisions for doubtful accounts	549
Provision for fiscal dispute	250
Sundry taxes	75
Operating costs of clearing houses	70
Amortisation of intangible fixed assets	45
Exchange losses	38
Other	4
	2,539

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

The provisions for doubtful accounts relate to debtors other than those from policyholders for insurance premiums. In particular, they relate entirely to amounts due from reinsurance companies.

The provision for fiscal dispute relates to the defence expenses and other possible liabilities described in point E.I of Section 12.

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

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

The exchange losses deriving from the application of a multicurrency accounting system. This balance includes both realised losses (€ 3 thousand) and those arising on translation (€ 35 thousand).

III.10 "**Extraordinary income**" amounts to € 64 thousand.

This caption mainly reflects the reimbursement of excess income taxes paid in prior years, following failure to deduct a flat rate of 10% of the annual Irap charge from Ires taxable income for the 2004-2007 tax years.

III.11 "**Extraordinary expenses**" amount to € 10 thousand.

III.14 "**Income taxes**", for a total of € 2,257 thousand, include IRES (€ 2,000 thousand), IRAP (€ 500 thousand) and the taxes paid in certain countries where the foreign branches are located (€ 66 thousand).

These amounts are stated net of the increase in deferred tax assets (€ 290 thousand) and the release of deferred tax liabilities (€ 19 thousand) recorded during the year.

As shown below, the increase in deferred tax assets principally relates to temporary differences on the taxed provisions for doubtful accounts, the increase in the net long-term claims payable reserve and adjustments to the value of equity securities (recorded from 2004 and still remaining at 31 December 2009).

This is discussed further in points F.IV.2 of Section 6 and G.IX.3 of Section 13.

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

(in thousands of €)				
DEFERRED TAX ASSETS	Amount	IRES	IRAP	Deferred tax assets
Taxed prov. doubtful accounts	4,580	27.50%	-	1,260
Net change in claims payable reserve	3,638	27.50%	-	1,000
Net change in claims payable reserve	645	-	4.82%	31
Adjustments to the value of equity securities	779	27.50%	-	214
Provisions for doubtful accounts exceeding	80	27.50%	4.82%	26
Depreciation of land	141	27.50%	-	39
Depreciation of land	60	-	4.82%	3
Remuneration of Independent Auditors	73	27.50%	-	20
Emoluments of Directors	54	27.50%	-	15
Entertainment expenses	7	27.50%	4.82%	2
Deferred tax assets at 31 December 2009				2,610
Deferred tax assets at 31 December 2008				(2,320)
Increase in deferred tax assets				290
DEFERRED TAXES LIABILITIES	Amount	IRES	IRAP	Deferred tax liabilities
Tax depreciation of property used by third parties	1,224	27.50%	-	337
Tax depreciation of property used by third parties	816	-	4.82%	40
Deferred tax liabilities at 31 December 2009				377
Deferred tax liabilities at 31 December 2008				(396)
Increase in deferred tax liabilities				19

Lastly, with regard to taxation for the year, the following schedule reconciles the theoretical tax rate for 2009 (IRES only, 27.50%) with the effective rate:

	(in thousands of €)
Profit (loss) before tax	5,183
Theoretical IRES (27.50%)	(1,425)
Tax effect of the change in permanent differences	(95)
Other differences	(180)
Effective IRES	(1,700)
<i>Effective IRES tax rate</i>	<i>32.80%</i>

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

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

SECTION 22 - SUNDRY INFORMATION ON THE STATEMENT OF INCOME

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

PART C - OTHER INFORMATION

- The solvency margin and the guarantee required for 2009 total € 19,134 thousand and € 6,379 thousand respectively, while the elements comprising the available margin total € 43,452 thousand, calculated in accordance with ISVAP Regulation 19 of 14 March 2008.
- The amount of the technical reserves to be covered at the end of the year is € 291,179 thousand. The assets available at 31 December 2009 are suitable and sufficient, considering the restrictions imposed by current regulations, to guarantee coverage of the above reserves. In particular, this coverage is provided by Class A. assets ("Investments"), € 98,043 thousand; Class B. assets ("Debtors"), € 189,200 thousand, and Class D. assets ("Bank deposits"), € 4,000 thousand.
- The exchange rates at the date the financial statements were prepared do not differ significantly from those at 31 December 2009 (especially considering the US dollar, a currency that is widely used in the Marine insurance sector).
- As required by art. 2427.22-bis of the Italian Civil Code, it is confirmed that no significant transactions with related parties have been conducted on other than market terms. Information about relations with Group companies during 2009 is provided in the report on operations, to which reference is made.
- As required by art. 2427.22-ter of the Italian Civil Code, it is confirmed that, at 31 December 2009, there are no off-balance sheet agreements that might result in significant risks or benefits for the company.
- As required by para. 1.2 of art. 2427-bis of the Italian Civil Code, it is confirmed that the financial statements at 31 December 2009 do not include any financial fixed assets (excluding investments in subsidiary and associated companies, as defined in art. 2359 of the Italian Civil Code) at a value that exceeds their fair value.
- As mentioned in the report on operations, no use of derivative instruments was made during the year. However, at 31 December 2009, 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 2009.
- Following the resolution adopted on 13 October 2004 by the Board of Directors of Fondiaria - SAI S.p.A., the indirect parent company notified the Tax Authorities in the prescribed manner about the formation of a domestic tax group pursuant to arts. 117-129 of the Consolidated Income Tax Law.

The company is currently a member of this tax group for the three-year period 2007 – 2009.

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

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

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

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

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

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

The related hearing was held on 2 February 2010, but the Commission has not yet issued its ruling.

- 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 2008 fees for services provided to the Company by the independent auditors and companies that are members of its network. Amounts are stated in thousands of euro and exclude VAT and expenses:

(in thousands of €)

Type of service	Provider of the service	Fees
Audit	Reconta Ernst & Young S.p.A.	82
Other auditing activities	Reconta Ernst & Young S.p.A.	29
Certification services (*)	Reconta Ernst & Young S.p.A.	3

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

- The statement of changes in financial position for the year ended 31 December 2009 with comparative figures from the previous year is shown below:

	(in thousands of €)	
	2009	2008
Sources of funds		
Net profit for the year	2,926	2,727
Losses on debtors	-	25
Writedown of receivables	567	666
Depreciation and amortisation of property, tangible and intangible assets	520	574
Writedown of financial investments	22	3,887
Provisions for termination indemnities	347	386
Provisions for risks and charges	920	1,166
Decrease in investments in Group companies and other related companies	339	-
Net increase in technical reserves	2,925	6,275
Increase in deposits from reinsurers	36	-
Net change in other receivables and payables	1,051	-
Decrease in deposits with insurance and reinsurance companies	60	184
Net change in other assets and liabilities	-	1,728
Net change in accruals and deferrals	530	-
Total sources of funds	10,243	17,618
Application of funds		
Dividends paid	2,280	950
Increase in other financial investments	1,637	8,032
Utilisation of termination indemnities	422	998
Utilisation of provisions for risks and charges	997	899
Increase in investments in Group companies and other related companies	-	18
Net change in other receivables and payables	-	145
Net change in other assets and liabilities	2,314	-
Increase in investment in property	4	14
Increase in tangible and intangible assets	84	86
Net change in debtors and creditors from/to insurance and reinsurance operations	2,228	4,352
Decrease in deposits received from reinsurers	-	4
Net change in accruals and deferrals	-	262
Total application of funds	9,966	15,760
Increase (decrease) in cash and cash equivalents	277	1,858
Cash and cash equivalents:		
- beginning of the year	3,892	2,034
- end of the year	4,169	3,892
	277	1,858

- As required by Art. 2497-bis, para. 4 of the Italian Civil Code, the following tables provide a summary of the key figures from the statutory and consolidated financial statements at 31 December 2008 (the latest to be approved) of the indirect parent company, Fondiaria-SAI S.p.A., as it exercises management control and coordination over the Company:

(in thousands of €)

SUMMARY OF THE BALANCE SHEET	31.12.2008
Assets	
Intangible assets	276,276
Investments	16,034,307
Debtors	1,887,024
Other assets	745,590
Total assets	18,943,197
Liabilities and Equity	
Capital and equity reserves	2,600,544
Subordinated liabilities	900,000
Technical reserves (*)	13,398,489
Provisions for risks and charges	415,156
Deposits received from reinsurers	145,796
Creditors and other liabilities	1,483,212
Total liabilities	18,943,197

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

(in thousands of €)

SUMMARY OF THE STATEMENT OF INCOME	2008
Result of the technical account of loss sectors	242,850
Result of the technical account of life sectors	(156,936)
Net financial income from investments (**)	82,691
Investment return transferred from the technical account of life sectors	-
Balance of other income and expenses	(185,553)
Result of ordinary operations	(16,948)
Extraordinary income	120,377
Extraordinary expenses	(68,568)
Profit (loss) before tax	34,861
Income taxes	34,730
Net profit for the year	69,591

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

(in thousands of €)

SUMMARY OF THE CONSOLIDATED BALANCE SHEET	31.12.2008
Assets	
Intangible assets	1,899,998
Tangible assets	1,244,217
Investments	33,437,833
Other debtors	2,520,006
Other assets	1,699,465
Total assets	40,801,519
Liabilities and Equity	
Capital and equity reserves	3,894,808
Provisions	463,037
Technical reserves (*)	28,487,988
Financial liabilities	6,263,208
Creditors	958,201
Other liabilities	734,277
Total liabilities	40,801,519

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

(in thousands of €)

SUMMARY OF THE CONSOLIDATED STATEMENT OF INCOME	2008
Net premiums	11,153,553
Commission income	89,319
Income	1,110,286
Other revenues	460,392
Total revenues and income	12,813,550
Net charges deriving from claims	(8,965,047)
Commission expense	(32,611)
Expenses	(687,198)
Operating expenses	(1,948,428)
Other costs	(1,005,774)
Total costs and expenses	(12,639,058)
Profit for the year before taxation	174,492
Income taxes	(83,728)
Net profit for the year	90,764

A small example of creation.



ATTACHMENTS



Only attachments applicable to the Company have been enclosed

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

		Non life business	Life business	Total
Direct margin on insurance business.....	1	4,444	21	41 4,444
Income from investments.....	+ 2	5,106		42 5,106
Financial charges.....	- 3	846		43 846
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	3,102		45 3,102
Intermediate result.....	6	5,602	26	46 5,602
Other income	+ 7	2,066	27	47 2,066
Other expenses.....	- 8	2,539	28	48 2,539
Extraordinary income.....	+ 9	64	29	49 64
Extraordinary expenses.....	- 10	10	30	50 10
Result before tax.....	11	5,183	31	51 5,183
Income taxes.....	- 12	2,257	32	52 2,257
Net result for the year.....	13	2,926	33	53 2,926

Year 2009

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

		Intangible assets B.	Property C.I
Gross opening balance	+ 1	1,284	20,785
Increase.....	+ 2	66	5
due to : Purchases	3	66	5
Write backs.....	4		34
Revaluation	5		35
Other changes.....	6		36
Decrease.....	- 7	0	0
due to : Sales.....	8		0
Permanent writedowns.....	9		39
Other changes.....	10		40
Gross closing balance.....(a)	11	1,350	20,790
Depreciation / Amortisation.....			
Opening balance.....	+ 12	1,080	2,527
Increase.....	+ 13		325
due to : Depreciation / Amortisation.....	14	89	325
Other changes.....	15		45
Decrease.....	- 16	0	0
due to : Sales.....	17		47
Other changes.....	18		48
Accumulated depreciation / amortisation.....(b)	19	1,080	2,852
Net book value(a - b)	20	270	17,938
Market value.....			25,400
Total revaluation.....	22		52
Total writedowns.....	23		53
(*) of which depreciation / amortisation made solely for tax purposes	24		54

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

		Shares and quotas	Bonds	Loans
Opening balance	+	1 339	21	41
Increase.....	+	2	22	42
due to : Purchases		3	23	43
Write backs.....		4	24	44
Revaluation		5		
Other changes.....		6	26	46
Decrease.....	-	7 339	27	47
due to : Sales.....		8 339	28	48
Writedowns.....		9	29	49
Other changes.....		10	30	50
Book value.....		11	31	51
Market value.....		12	32	52
Total revaluation.....		13		
Total writedowns.....		14	34	54

The item "Bonds" includes :

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

Group and related companies

	(1)	Listed or Unlisted (2)	Activity carried out (3)	Company name and registered office	Currency
1	e	NQ	7	UCI Società Consortile a r.l. Corso Sempione, 39 MILANO	EUR

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

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

(2) L = Listed
U = Unlisted

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

(4) Original currency

(5) Global percentage owned

: general information (*)

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

(**) Only for controlled and affiliated companies

Changes in group and related

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

(1) As per annex 6

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

companies : shares and quotas

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

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

I - Non life business

	Long-term investments		Short-term investments		Total	
	Book value	Market value	Book value	Market value	Book value	Market value
1. Shares and quotas:						
a) listed shares	21	2,639	61	2,639	81	2,639
b) unlisted shares	22	2,639	62	2,639	102	2,639
c) quotas	23		63		83	
2. Mutual funds units	24		64		84	
3. Bonds and other fixed securities	25	531	65	531	105	531
a1) listed State bonds	26	73,119	66	73,957	86	73,957
a2) other listed securities	27	61,787	67	61,787	87	61,787
b1) unlisted State bonds	28	11,853	68	11,982	88	11,982
b2) other unlisted securities	29		69		89	
c) convertible bonds	30	163	70	163	90	163
5. Quotas in mutual investments	31	25	71	25	91	25
7. Other financial investments	32		72		92	
	33		73		93	

II - Life business

	Long-term investments		Short-term investments		Total	
	Book value	Market value	Book value	Market value	Book value	Market value
1. Shares and quotas:						
a) listed shares	141		181		201	
b) unlisted shares	142		182		202	
c) quotas	143		183		203	
2. Mutual funds units	144		184		204	
3. Bonds and other fixed securities	145		185		205	
a1) listed State bonds	146		186		206	
a2) Other listed securities	147		187		207	
b1) Unlisted State Bonds	148		188		208	
b2) Other unlisted securities	149		189		209	
c) convertible bonds	150		190		210	
5. Quotas in mutual investments	151		191		211	
7. Other financial investments	152		192		212	
	153		193		213	

Attachment 10

Year 2009

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	58	21 7,202
Increase:	+ 2	42	22 15,237
due to : disbursements.....	3	42	
write backs.....	4		
other changes	5		
Decrease:.....	- 6	30	26 18,072
due to : reimbursements.....	7	30	
writedowns	8		
other changes	9		
Book value	10	70	30 4,367

Attachment 13

Year 2009

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

	Year		Prior Year		Change	
Unearned premiums reserve :						
Reserve for apportioned premiums	1	52,654	11	52,919	21	-265
Reserve for unexpired risks	2	270	12	678	22	-408
Book value	3	52,924	13	53,597	23	-673
Claims payable reserve:						
Reserve for claims and direct expenses	4	229,036	14	195,644	24	33,392
Reserve for liquidation expenses	5	27,522	15	24,806	25	2,716
Reserve for IBNR	6	27,530	16	23,340	26	4,190
Book value	7	284,088	17	243,790	27	40,298

Attachment 15
 Year 2009

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

		Provision for retirement	Provision for taxation	Other provisions	Termination Indemnities
Opening balance	+ 1		1,256 21		1,905 31
Provision for the year	+ 2		920 22		347 32
Other increase	+ 3		23 23		
Use in the year	- 4		998 24		423 34
Other decrease	- 5				
Book value	6		1,178 26		1,829 36

Statement of assets and liabilities for intercompany transactions

I: Assets

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

Statement of assets and liabilities for intercompany transactions

II: Liabilities

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Subordinated liabilities	97	98	99	100	101	102
Deposits from reinsurers	103	104	105	106	107	108
Payables arising out of direct insurance	109	110	111	112	113	114
			432			1,597
Reinsurance creditors	115	116	117	118	119	120
Bank overdrafts	121	122	123	124	125	126
Secured payables	127	128	129	130	131	132
Loans	133	134	135	136	137	138
Other payables	139	140	141	142	143	144
				0		2,276
Other liabilities	145	146	147	148	149	150
			158			4,478
Total	151	152	153	154	155	156
	7,761	0	590	0	0	8,351

Year 2009

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

	Year	Prior year	
I. Guarantees given			
a) secured guarantees given in the interest of parent companies, controlled and related companies	1	31	
b) secured guarantees given in the interest of affiliated companies.....	2	32	
c) secured guarantees given in the interest of third parties.....	3	33	
d) other guarantees given in the interest of parent companies, controlled and related companies	4	34	
e) other guarantees given in the interest of affiliated companies.....	5	35	
f) other guarantees given in the interest of third parties.....	6	36	
g) secured guarantees given for liabilities of parent companies, controlled and related companies	7	37	
h) secured guarantees given for liabilities of affiliated companies	8	38	
i) secured guarantees given for liabilities of third parties.....	9	39	
l) other guarantees given for company's liabilities	10	6 40	6
m) assets deposited for reinsurance transactions	11	41	
Total	12	6 42	6
II. Guarantees received			
a) from related and affiliated companies	13	43	
b) from third parties	14	44	
Total	15	45	
III. Guarantees given by third parties in the interest of the company			
a) from related and affiliated companies	16	46	
b) from third parties	17	858 47	2,648
Total	18	858 48	2,648
IV. Commitments			
a) commitments for resell agreements	19	49	
b) commitments for repurchase agreements	20	50	
c) other commitments	21	51	
Total	22	52	

Insurance business highlights

	Gross premiums written	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance Balance
Direct insurance:					
Personal accident and health insurance	118 2	185 3	-95 4	255 5	-304
Motor third party liability	5,690 7	6,542 8	7,937 9	2,074 10	2,402
Motor fire, theft, etc. insurance	8 12	102 13	135 14	18 15	12
Marine insurance	134,895 17	133,644 18	138,763 19	26,465 20	33,861
Fire and other property damage	1,744 22	1,920 23	452 24	481 25	-1,013
Generale third party liabilities	2,270 27	2,253 28	3,982 29	533 30	1,120
Credit and bond insurance	13 32	27 33	-191 34	35 35	-91
Pecuniary losses	730 37	669 38	336 39	115 40	-185
Legal defence	42	43	-6 44		3
Assistance	47	7 48	4 49		-3
Total direct insurance	145,468 52	145,349 53	151,317 54	29,976 55	35,802
Indirect insurance	29,617 57	29,617 58	23,266 59	7,503 60	1,391
Total Italian business	175,085 62	174,966 63	174,583 64	37,479 65	37,193
Foreign business	121 67	276 68	265 69	38 70	41
Grand total	175,206 72	175,242 73	174,848 74	37,517 75	37,234

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

		Non-life business	Life business	Total
Income from shares and quotas:				
Dividends from group companies	1	41	81	
Other dividends	2	73	42	73
Total	3	73	43	73
Income from property.....	4	814	44	84
Income from other investment:				
Interest income from group companies	5	45	85	
Interest income on loans granted to group companies	6	46	86	
Income from mutual fund units.....	7	13	47	13
Interest income on bonds and other fixed securities	8	1,804	48	1,804
Interest income on loans.....	9	2	49	2
Income from mutual investments.....	10	50	90	
Interest income on restricted deposits with banks.....	11	26	51	26
Interest income on other financial investments.....	12	98	52	92
Interest income on deposits with ceding undertakings.....	13	1	53	93
Total	14	1,846	54	94
Writebacks from :				
Property	15	55	95	
Group companies' shares.....	16	56	96	
Group companies' bonds	17			
Other shares and quotas.....	18	159	58	98
Other bonds.....	19	1,337	59	99
Other financial investments.....	20	98	60	100
Total	21	1,594	61	101
Gains on disposal of :				
Property	22	62	102	
Group companies shares.....	23			
Group companies bonds.....	24			
Other shares and quotas	25	71	65	105
Other bonds	26	539	66	106
Other financial investments.....	27	168	67	107
Total.....	28	778	68	108
GRAND TOTAL.....	29	5,105	69	109

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

	Non-life Business		Life Business		Total	
Investment management charges and interest expenses for						
Shares and quotas	1	19	31	61	19	
Properties.....	2	290	32	62	290	
Bonds.....	3	47	33	63	47	
Mutual fund units	4		34	64		
Mutual investments.....	5		35	65		
Other financial investments.....	6		36	66		
Deposits from reinsurers.....	7	23	37	67	23	
Total.....	8	379	38	68	379	
Writedowns of:						
Properties.....	9	325	39	69	325	
Group companie's shares.....	10		40	70		
Group companie's bonds	11		41	71		
Other shares and quotas	12	21	42	72	21	
Other bonds.....	13	2	43	73	2	
Other financial investments.....	14		44	74		
Total.....	15	348	45	75	348	
Losses on sale of :						
Properties.....	16		46	76		
Shares and quotas	17	91	47	77	91	
Bonds.....	18	24	48	78	24	
Other financial investments.....	19	3	49	79	3	
Total.....	20	118	50	80	118	
GRAND TOTAL	21	845	51	81	845	

NOTES TO THE FINANCIAL STATEMENTS - ATTACHMENT 25

		Personal accident	Health insurance
Direct business net of reinsurance			
Premiums written.....	+	1 118	1
Change in unearned premiums reserve.....	-	2 -67	2
Claims incurred	-	3 -95	3
Change in other technical reserves	-	4	4
Other technical income (expenses) net.....	+	5 -3	5
Operating expenses	-	6 255	6
Underwriting result of direct business (+ o -).....	A	7 22	7
Result of outward reinsurance (+ o -)	B	8 -304	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 5	11
Technical result (+ o -)	(A + B + C - D + E)	12 -277	12

		Cargo insurance	Fire
Direct business net of reinsurance			
Premiums written.....	+	1 31,765	1 12
Change in unearned premiums reserve.....	-	2 -133	2 -134
Claims incurred	-	3 22,842	3 -235
Change in other technical reserves	-	4	4
Other technical income (expenses) net.....	+	5 2,088	5 -5
Operating expenses	-	6 9,309	6 3
Underwriting result of direct business (+ o -).....	A	7 1,835	7 373
Result of outward reinsurance (+ o -)	B	8 1,457	8 -411
Net underwriting result of indirect business (+ o -)	C	9 3,323	9
Change in equalisation reserve (+ o -)	D	10 37	10
Portion of income from inv. transferred from non technical account.....	E	11 625	11 29
Technical result (+ o -)	(A + B + C - D + E)	12 7,203	12 -9

		General third party liability	Credit insurance
Direct business net of reinsurance			
Premiums written.....	+	1 2,270	1
Change in unearned premiums reserve.....	-	2 17	2
Claims incurred	-	3 3,982	3
Change in other technical reserves	-	4	4
Other technical income (expenses) net.....	+	5 -14	5
Operating expenses	-	6 533	6
Underwriting result of direct business (+ o -).....	A	7 -2,276	7
Result of outward reinsurance (+ o -)	B	8 1,121	8
Net underwriting result of indirect business (+ o -)	C	9 -19	9
Change in equalisation reserve (+ o -)	D	10	10
Portion of income from inv. transferred from non technical account.....	E	11 366	11
Technical result (+ o -)	(A + B + C - D + E)	12 -808	12

Year 2009

Motor fire, theft, etc. Insurance	Railway carriage insurance	Aircraft insurance	Hull insurance
1	8	1	103,029
2	-94	2	1,379
3	135	3	115,897
4		4	
5	-2	5	-2,490
6	18	6	-17,128
7	-53	7	-33,865
8	12	8	32,434
9		9	-1,498
10		10	52
11	3	11	1,356
12	-38	12	-1,625

Other property damage	Motor third party liability	Aircraft third party liability	Hull third party liability
1	1,732	1	46
2	-42	2	-1
3	687	3	-4
4		4	
5	-7	5	
6	478	6	12
7	602	7	39
8	-601	8	-22
9	-5	9	
10	5	10	
11	12	11	
12	3	12	17

Bond insurance	Pecuniary losses	Legal defense	Assistance
1	13	1	
2	-14	2	-7
3	-191	3	4
4		4	
5	-5	5	
6	35	6	
7	178	7	3
8	-91	8	-3
9	19	9	
10		10	
11	109	11	
12	215	12	

Attachment 26

Year 2009

Summary of technical account for non-life business
Italian Business

	Direct insurance		Indirect insurance		Retained risks	
	Direct risks 1	Ceded risks 2	Indirect risks 3	Retrieved risks 4	Total 5 = 1+2+3+4	
Premiums written.....	145,467 11	117,210 21	29,617 31	14,570 41	43,504	
Change in unearned premiums reserve.....	117 12	-963 22	32	-33 42	1,113	
Claims incurred	151,317 13	127,936 23	23,266 33	11,842 43	34,805	
Change in other technical reserves	14	24	34	44		
Other technical income (expenses) net.....	-770 15	-3,028 25	2,105 35		4,363	
Operating expenses	29,975 16	23,009 26	7,503 36	4,152 46	10,317	
Underwriting result (+ 0 -)	-36,712 17	-35,800 27	953 37	-1,391 47	1,432	
Change in equalisation reserve (+ 0 -)						94
Portion of income from inv. transferred from non technical account.....	2,321	29	781		3,102	
Technical result (+ 0 -)	-34,391 20	-35,800 30	1,734 40	-1,391 50	4,440	

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 6
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 6

Section II : Life business

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

Intercompany transactions

II: Charges

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investment management charges and interest expenses :						
Investment charges	12 92	93	94	105 95	96	117
Interest expenses on subordinated liabilities	98	99	100	101	102	
Interest expenses on deposits from reinsurers	104	105	106	107	108	
Interest expenses on payables arising out of direct insurance	110	111	112	113	114	
Interest expenses on payables arising out of reinsurance	116	117	118	119	120	
Interest expenses on bank overdrafts	121	122	124	125	126	
Interest expenses on secured payables	127	128	130	131	132	
Other interests expenses	134	135	136	137	138	
Losses on receivable.....	140	141	142	143	144	
Administrative expenses on behalf of third parties.....	879 146	147	148	629 149	150	1,508
Other charges	151	153	154	155	156	
Total.....	891 158	159	160	734 161	162	1,625
	163	165	166	167	168	
Loss on disposal of investments	170	171	172	173	174	
Extraordinary costs.....	175	177	178	179	180	
GRAND TOTAL.....	891 182	183	184	734 185	186	1,625

Statement of personnel expenses and costs for directors and statutory auditors

I: Personnel expenses

	Non life business	Life business	Total
Payroll costs			
Italian business :			
- Salaries.....	1 4,338 31	61	4,338
- Social contributions.....	2 1,230 32	62	1,230
- Provision for termination indemnities	3		
- Other personnel expenses.....	4 4,119 34	64	4,119
Total.....	5 10,038 35	65	10,038
Foreing business:			
- Salaries.....	6	36	66
- Social contributions.....	7	37	67
- Other personnel expenses.....	8	38	68
Total.....	9	39	69
Grand total	10 10,038 40	70	10,038
Fees for consultancy :			
Italian Business	11 529 41	71	529
Foreing business	12	42	72
Total.....	13 529 43	73	529
Total personnel expenses	14 10,567 44	74	10,567

II: Splitting of personnel expenses

	Non life business	Life business	Total
Investment management charges.....	15	45	75
Claims operating expenses	16 1,523 46	76	1,523
Other acquisition costs.....	17 2,106 47	77	2,106
Other administrative expenses.....	18 5,439 48	78	5,439
Administrative expenses on behalf of third parties.....	19 1,499 49	79	1,499
Total.....	21 10,567 51	81	10,567

III: Average personnel workforces for the year

	Number
Managers	91 4
Clerks.....	92 99
Others.....	94
Total.....	95 103

IV: Directors and statutory auditors

	Number	Emoluments
Directors.....	96 12 98	47
Statutory auditors	97 3 99	48

Every mirror reflects new horizons.



REPORTS:
AUDITOR
ACTUARY



**Independent auditors' report
pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58
and article 102 of Legislative Decree of September 7, 2005, n. 209
(Translation from the original Italian text)**

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

1. We have audited the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of and for the year ended December 31, 2009. The Management of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. is responsible for the preparation of these financial statements in accordance with the Italian (*) regulations governing financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (*). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

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

For our opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated March 30, 2009.

3. In our opinion, the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. comply with the Italian (*) regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of December 31, 2009, and the results of its operations for the year then ended.

4. Pursuant to Article 2497-bis, first paragraph, of the Italian Civil Code, SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. has specified that it is subject to the management and coordination of Fondiaria - SAI S.p.a. and, therefore, has included in the Explanatory Notes the essential data of the last financial statements of such company. Our opinion on the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. does not extend to such data.
5. The management of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. is responsible for the preparation of the Report of the Board of Directors on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report of the Board of Directors on operations with the financial statements as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report of the Board of Directors on operations is consistent with the financial statements of SIAT - Società Italiana Assicurazioni e Riassicurazioni p.A. as of December 31, 2009.

Milan, March 31 2010

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

(*) Words added in translation from original Italian text

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

ACTUARY'S REPORT

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

(Translation from the original Italian text)

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

Subject: "SIAT - SOCIETA' ITALIANA ASSICURAZIONI E RIASSICURAZIONI p.A."
- Financial Statements for the year ended 31 December 2009 -

1. In complying with the engagement assigned to me, I have applied actuarial auditing standards to the items relating to technical reserves recorded in the liabilities of the balance sheet of the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni p.A. for the year ended 31 December 2009.
2. In my opinion, the technical reserves property and casualty insurance, taken as a whole, are sufficient in conformity with current legislation and regulations and with correct actuarial procedures, in accordance with the principles stated in Art. 26, paragraph 1, of the ISVAP pronouncement n.22 dated April 4, 2008.

Milan, 26 March 2010

Signed by: Michele Folli
(Actuary)

There's always something important to focus on.



RESOLUTION OF THE
SHAREHOLDERS' MEETING-EXTRACT



The following resolutions were passed at the Annual General Meeting held on 21 April 2010 (in first calling):

- That the financial statements at 31 December 2009 be approved, together with the Directors' report on operations;
- That the Directors' proposal regarding the allocation of net income be approved;
- To fix the number of Directors at 13 and to appoint the following persons to the Board of Directors for the three years 2009-2012:
Fausto Marchionni (Chairman), Carlo Ciani, Giuseppe D'Amico, Barbara De Marchi, Aldo Grimaldi, Consolazione Lucia Lia Lo Vecchio, Franco Marianelli, Alberto Marras, Giorgio Mitolo, Ettore Rigamonti, Alessandra Talarico, Mario Tuccillo, Bruno Villosi (as Directors);
- To appoint the following persons to the Board of Statutory for the three years 2009-2012:
Benito Giovanni Marino (Chairman), Laura Acella and Roberto Seymandi (Auditors), Ombretta Cataldi and Rossella Porfido (Alternative Auditors).



Diana Lapin, born in 1986 in Bielsko Bila, Poland, has lived in Genoa for several years. As a freelance photographer, her services are sought by publishers and advertisers. Her works have been recognised in many photographic competitions and shown in collective and personal exhibitions, both in Italy and abroad.

As a photographic artist, she is mainly interested in the behaviour of man in his environment and the wealth of characters expressed, an individual in the city, but also the city itself, with its shapes, structures and colours.

Awards:

1st prize, Photographic Competition "Interni di luce", 2009 - Genoa, Italy

2nd prize, International Photographic Competition - Biennale di Venezia, 2007 Venice, Italy

1st prize, "Visual Arts" - photography, "Cerca Talenti", 2007 - Genoa, Italy

2nd prize, International photographic competition: "No borders", 2006 - Poland

Collective exhibitions:

"Successi", Galleria d'Arte Contemporanea Artré, design, 2009 Genoa, Italy

"Zone d'ombra", Galleria d'Arte Contemporanea Artré, photography, 2008 Genoa, Italy

Exhibition on the theme "Bielsko-Biala - magic city", C.H. SFERA, Bielsko-Biala

Personal exhibitions:

"People in the street going about their business" (SCKM) Krakow, (DK Chwalowice) Rybnik 2008 - Poland

"Genoa through the lens of Diana Lapin", BerioCafe, 2007 - Genoa, Italy

Publications:

La Bellezza Imprigionata
Liberodiscrivere, 2009 - Italy

Le Theatre en Pologne, 3-4, 2006
Poland/France



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