



SALVA
KINDLUSTUS

Annual Report

Annual Report 2001



Main Figures

	2001	2000	1999	1998	1997
	million kr.	million kr.	million kr.	million kr.	million kr.
1. Gross premiums	113	79,4	68,3	55,9	70,9
2. Claims	53,2	39,6	42,3	39,3	27,6
3. Profit	0,5	2,9	0,7	-10,3	4,1
4. Full-time employees	96	88	78	71	65



Address by the Chairman of the Management Board

The year 2001 was successful for the economy of Estonia. The gross domestic product increased more than 5% due to increased domestic demand and export. This can be considered a very good result considering the insecurity that deepened in the world last year. The high credit ratings given by international agencies in autumn 2001 confirm the reliability of the Estonian economy in that year.

The stable development of the insurance market also continued in the conditions of favourable economic growth. The insurance market grew 16.8% in 2001 and reached the volume of 1.786 billion kroons. The relevant indicators of the loss insurance market were 16.7% and 1.430 billion kroons.

The consolidated turnover of Salva Kindlustus in 2001 was 115.9 million kroons, which was 35.9% more than in 2000. The consolidated net profit for the previous year was 0.516 million kroons, which was lower than expected due to relatively high loss in the fourth quarter. The loss in the last quarter of 2001 was 1.65 times higher than the indicator of the same period in the previous year.

The last year will go down in the history of Salva Kindlustus as a year of significant increase. The amount of collected premiums increased almost 36% and we also opened new offices in Kuressaare, Paide and Narva. The office in Tartu moved into new premises in the town centre.

One part of the powerful development program of Salva was refreshing its logo and visual identity, which took place in



October 2001. The principle of Salva is to link reliability with friendliness. The new logo gives a better expression of the values we hold important. The old visual identity no longer portrayed the Salva we see today - modern, flexible and developing. The old framework was becoming rather constraining.

In 2002, we will continue the development of the sales organisation in order to meet the increasing demand for Salva products in a better way than before. We are planning to hire new sales employees and open new sales offices in West and South Estonia. Claim handling, travel insurance and property insurance modules should be completed within the framework of the IT project that was launched in the previous year. In product develop-

ment, we are focusing on mandatory types of insurance.

We also continue our efforts in keeping our operating expenses low.

The previous year clearly confirmed that Salva belongs among the leaders of the Estonian insurance market. The constant increase of insurance premium numbers, the continuous increase of the market share and the valuable experience gained in nine years of activities allow us to look into the future with optimism. I am convinced that Salva is a company that can and must also be seriously reckoned with in the future.

On behalf of the management board, I would like to thank the shareholders, clients and co-operation partners for their trust and the employees for their good work.

Tiit Pahapill,

Chairman of the Management Board
of Salva Kindlustus AS



Overview of Insurance Activities

Estonian Insurance Market

The stable development of the Estonian insurance market continued in 2001. The amount of collected premiums increased 16.8% or 27 million kroons. In the 1.786 million kroons collected in the previous year, 1.430 million came from non-life insurance and 0.356 from life insurance.

Unlike the predicted projections, the terror attack against the World Trade Centre in September did not have a significant impact on the insurance sales figures in Estonia. However, the impact will certainly be felt in 2002, when companies will begin to renew their reinsurance contracts. Several reinsurance companies who paid the damages related to the terror act were forced to readjust their tariffs.

An event occurring in the Estonian insurance market that deserves to be mentioned separately is the beginning of the

negotiations between Nordea General Insurance (Tryg-Baltica) and Nordika Kindlustuse AS for taking over the insurance portfolio of the latter.

The year 2001 brought no changes in the number of companies. At the end of the year, there were 6 non-life insurance and 7 life insurance companies and one fund operating in Estonia.

The biggest increase in the previous year occurred in motor own damage insurance (23%), in which the amount of collected premiums was the highest. Insurance premiums increased in all types of insurance.

The claims paid increased together with premiums and in 2001 they amounted to approximately 691 million kroons. Most of the claims were paid in motor own damage insurance (269.3 million) and motor TPL insurance (254.9 million).

Insurance premiums collected and claims paid in non-life insurance in 2000/2001

	Collected Premiums			Claims paid		
	2001 thousand kr.	2000 thousand kr.	Change %	2001 thousand kr.	2000 thousand kr.	Change %
Motor TPL	458 064	410 117	112%	254 890	243 233	105%
Motor own damage	477 255	386 800	123%	269 344	204 868	131%
Other motor	7 564	4 239	178%	3 204	2 282	140%
Property	322 698	275 669	117%	115 498	101 539	114%
Personal accident	35 710	34 604	103%	15 477	13 957	111%
Travel	43 271	40 649	106%	10 162	8 670	117%
Motor liability	21 935	18 723	117%	5 677	4 967	114%
General liability	27 749	22 284	125%	4 265	7 936	54%
Other compulsory	2 011	1 358	148%	206	120	172%
Other insurance	33 909	40 099	85%	11 865	19 488	61%
TOTAL:	1 430 166	1 224 542	117%	690 588	607 060	114%



Salva Kindlustus

In 2001, Salva Kindlustus collected 115.9 million kroons worth of premiums (together with motor insurance service charges), which is 36% more than in 2000. Premiums increased in all types of insurance.

Compulsory motor TPL insurance (domestic motor TPL insurance plus green card) continued to form the biggest

part of the premiums collected by Salva Kindlustus by totalling 44%.

In 2001, Salva Kindlustus paid insurance claims in the amount of 55.8 million kroons, the biggest part of this (38%) were claims paid in motor own damage insurance.

Premiums Collected by Salva Kindlustus According to Types of Insurance:

	2001		2000		1999	
	thousand kr.	% of collected premiums	thousand kr.	% of collected premiums	thousand kr.	% of collected premiums
Domestic motor TPL	35 963	31,0%	31 618	37,1%	20 624	30,1%
Green card	15 072	13,0%	10 983	12,9%	8 187	12,0%
Motor own damage	39 135	33,7%	25 472	29,9%	25 768	37,6%
Travel	6 734	5,8%	5 041	5,9%	3 826	5,6%
Property	10 534	9,1%	7 148	8,4%	6 031	8,8%
Engineering	2 113	1,8%	1 285	1,5%	1 462	2,1%
Carrier's liability	142	0,1%	15	0,0%	32	0,0%
General and professional liability	532	0,5%	344	0,4%	345	0,5%
Marine cargo	2 671	2,3%	1 317	1,5%	651	1,0%
Personal accident	1 325	1,1%	685	0,8%	593	0,9%
Guarantees	1 221	1,1%	1 350	1,6%	938	1,4%
Other marine	180	0,2%	36	0,0%		
Railway rolling stock	339	0,3%				
TOTAL:	115 960	100,00%	85 294	100,00	68 456	100,00



Claims Paid According to Types of Insurance:

	kroons	2001 % of paid claims	kroons	2000 % of paid claims	kroons	1999 % of paid claims
Domestic motor TPL	17 599	31,54%	12 114	30,56%	12 635	30,6%
Green card	11 490	20,59%	6 386	16,11%	5 246	16,1%
Motor own damage	21 189	37,98%	15 980	40,31%	19 222	40,3%
Travel	1 503	2,69%	1 069	2,70%	1 384	2,7%
Property	2 218	3,97%	2 635	6,65%	2 664	6,6%
Engineering	254	0,45%	462	1,17%	859	1,2%
Carrier's liability	0	0,00%	0	0,00%	80	0,0%
General and professional liability	117	0,21%	19	0,05%	0	0,0%
Marine cargo	391	0,70%	225	0,57%	286	0,6%
Personal accident	907	1,63%	246	0,62%	273	0,6%
Guarantees	126	0,23%	500	1,26%	905	1,3%
Other marine	0	0,00%	0	0,00%	0	0,0%
TOTAL:	55 793	100,00%	39 637	100,00%	43 552	100,0%



Product Development and Risk Assessment

In 2001, licences for new non-life insurance products were granted as follows: AS If Eesti Kindlustus in railway rolling stock and ship liability insurance, Salva Kindlustuse AS in railway rolling stock insurance and Zürich Kindlustuse Eesti AS in credit insurance.

No new products for private clients came onto the market.

The biggest change related to insurance products occurred in motor TPL insurance. The Motor Third Party Liability Insurance Act which entered into force on 1 June brought along an increase in insurance tariffs and changes in the sale process

From the viewpoint of risk assessment, 2001 may be considered a successful year for Salva Kindlustus. Consolidated net losses remained at the same level as in the previous year - 54.7%. Maintaining the loss ratio is the result of a conservative risk assessment and tariff policy, which Salva Kindlustus had already started to employ in 1998.

Product-technical Innovations in 2001

1. New terms and conditions of motor own damage insurance entered into force in June
2. The general terms and conditions of construction insurance were approved in October

The goal for 2001 was to link the offices and sale centres of Salva Kindlustus to a central database. The connection in motor own damage insurance went into use at the end of the previous year. It is planned to connect up claim handling in the first quarter of 2002.

The main task of product development in 2002 will be the development of mandatory types of insurance (occupational accident and occupational health insurance, different types of liability insurance, motor TPL insurance) and improvement of the existing products in order to meet better the needs of our clients. Insurance terms and conditions will also change pursuant to the Right of Obligation Act that will soon enter into force.



Sales and Marketing

The sales results in 2001 were good. The volume of collected premiums increased 36% and reached its highest level of all times, i.e. 115.9 million kroons. When compared to the increase in the Estonian non-life insurance market, which was 16.8%, this result may be seen as extremely good.

The market share of the company at the end of the last year was 8.1%, which shows a 25% increase when compared to 2000. At the end of the year, Salva held fourth place among all non-life insurance companies.

Most Important Events in 2001:

New offices were opened in Kuressaare, Paide and Narva. Extension of the sales network helps to meet the increasing

demand for the products of Salva Kindlustus better than before;

Tartu office moved into the new office building at Kõnnu 5b;

Since October 2001, Salva Kindlustus has a new logo and visual identity. The logo was changed due to several important reasons. Salva Kindlustus has grown considerably in the last few years, both turnover and the sales network have increased. The old framework simply became too constraining. The new logo, which is a more modern, simple and colourful version of the old one, gives a better expression of the values we hold important and want to emphasise, i.e. reliability and friendliness.



Main Ratios

	2001	2000	1999	1998	1997	1996	1995
Net loss ratio	55%	54%	58%	58%	46%	35%	55%
Deferred costs/ earned net premiums	46%	50%	48%	58%	37%	31%	36%
Average return on equity	3,2%	21%	4%	-63%	20%	48%	33%
Yield per stock	0,51	2,93	0,71	10,31	4,08	10,00	5,21
Increase in gross premiums	42 %	16%	22%	-21%	20%	81%	148%



Personnel and Organisational Structure

There were 96 employees in principal jobs in Salva Kindlustus as of the end of 2001. The number of employees in principal jobs at the end of 2000 was 88. New employees were hired mainly on account of the sales organisation. New employees started in the Saaremaa, Paide and Narva offices.

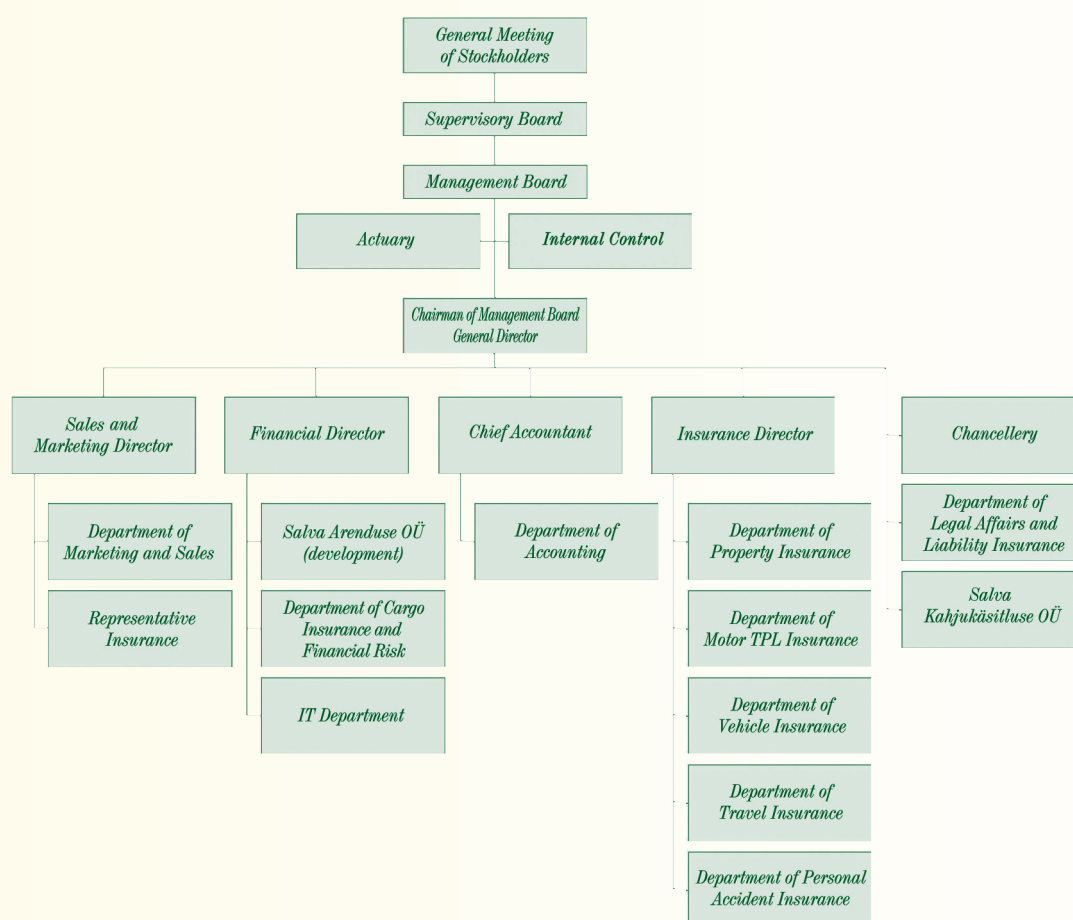
The average age of Salva employees is 36 years, 42% of them have higher education, 33% have secondary education and 19% have secondary-special education.

Completion of the approved training programmes continued in 2001. We used the assistance of training companies in conducting training in client services and teamwork. Training within the company is conducted by the relevant company specialist employees.

Most important events in 2001:

1. The creation of a new Internet-based attestation system was launched and should be completed by the beginning of 2002. The new system makes the attestation process quicker and more convenient for employees.
2. Positions were created in new offices in Saaremaa, Paide and Narva. All new employees have previous experience in insurance, which would guarantee that the offices are launched quickly and successfully.

In 2002, we will continue our progress in developing the different areas of personnel work. We are planning to amend the procedure of development and performance interviews and to develop new procedures for internal sales training.





SALVA
KINDLUSTUS

Financial Report

Financial Report 2001



Balance Sheet

ASSETS

		Salva Kindlustus 31.12.2001	Consolidated 31.12.2001	Salva Kindlustus 31.12.2000	Consolidated 31.12.2000
1. Cash and bank		2 564 259	2 633 824	2 411 572	2 433 528
Receivables					
2.1. Direct insurance	Note 1	7 280 015	7 280 015	3 343 385	3 343 385
incl. 2.1.1. Policyholders		1 444 069	1 444 069	697 025	697 025
2.1.2. Intermediaries		5 835 946	5 835 946	2 646 360	2 646 360
2.2. Reinsurance		2 188 488	2 188 488	472 137	472 137
2. Total		9 468 503	9 468 503	3 815 522	3 815 522
Accrued income and prepaid expenses					
3.1. Accrued income		191 529	425 751	305 822	278 434
3.2. Deferred acquisition cost		4 056 381	4 056 381	1 806 613	1 806 613
3.3. Other prepaid expenses		848 009	1 104 694	450 618	640 549
3. Total		095 919	5 586 826	2 563 053	2 725 596
Investments					
4.1. Land and buildings	Note 2	15 329 744	15 329 744	16 082 072	16 082 072
4.2. Affiliated companies	Note 7	4 306 590	0	2 687 154	0
incl. 4.2.1. Stock and securities		2 916 590	0	907 154	0
4.2.2. Bonds and loans		1 390 000	0	1 780 000	0
4.3. Other financial investments		25 066 978	25 286 975	15 341 341	15 341 341
incl. 4.3.1. Stock and securities	Note 3	18 822 926	18 822 926	8 004 086	8 004 086
4.3.2. Bonds and other fixed yield securities	Note 3	2 750 035	2 750 035	3 287 629	3 287 629
4.3.3. Mortgages	Note 5	300 000	300 000	1 200 000	1 200 000
4.3.4. Other loans	Note 5	1 318 768	1 538 765	329 331	329 331
4.3.5. Deposits in credit institutions	Note 6	1 875 249	1 875 249	2 520 295	2 520 295
4. Total		44 703 312	40 616 719	34 110 567	31 423 413
5. Tangible assets	Note 9	274 766	3 776 438	243 895	3 573 586
TOTAL ASSETS		62 106 759	62 082 310	43 144 609	43 971 645



Liabilities

		Salva Kindlustus 31.12.2001	Consolidated 31.12.2001	Salva Kindlustus 31.12.2000	Consolidated 31.12.2000
Liabilities					
1.1. Direct insurance	Note 10	2 403 382	2 403 382	2 422 409	2 422 409
incl. 1.1.1. Policyholders		1 172 161	1 172 161	1 463 900	1 463 900
1.1.2. Intermediaries		899 706	899 706	682 254	682 254
1.1.3. Other		331 515	331 515	276 255	276 255
1.2. Reinsurance		7 192 060	7 192 060	1 965 001	1 965 001
1.3. Other	Note 12	0	1 309 209	0	1 753 708
1. Total		9 595 442	10 904 651	4 387 410	6 141 118
Accrued expenses and prepaid revenue					
2.1. Accrued expenses	Note 13	3 547 727	3 747 047	2 956 551	3 062 352
2.2. Reinsurer's share in deferred acquisition costs		5 052 847	5 052 847	2 121 605	2 121 605
2.3. Other prepaid revenue	Note 13	0	186 675	0	112 619
2. Total		8 600 574	8 986 569	5 078 156	5 296 576
Technical provisions	Note 14				
3.1. Unearned premiums		13 827 422	13 827 422	8 614 070	8 614 070
incl. 3.1.1. Gross amount		33 464 606	33 464 606	20 050 386	20 050 386
3.1.2. Reinsured		19 637 184	19 637 184	11 436 316	11 436 316
3.2. Claims outstanding		13 741 986	12 022 333	9 251 413	8 106 321
incl. 3.2.1. Gross amount		44 140 736	42 421 083	28 169 680	27 024 588
3.2.2. Reinsured		30 398 750	30 398 750	18 918 267	18 918 267
3.3. Other technical provisions		299 062	299 062	287 417	287 417
incl. 3.3.1. Gross amount		1 389 747	1 389 747	1 149 665	1 149 665
3.3.2. Reinsured		1 090 685	1 090 685	862 248	862 248
3. Total		27 868 470	26 148 817	18 152 900	17 007 808
Equity					
4.1. Stock capital		10 000 000	10 000 000	10 000 000	10 000 000
4.2. General reserve		1 858 965	1 882 965	1 565 859	1 589 859
4.3. Other reserves		1 008 085	1 008 085	1 008 085	1 008 085
4.4. Retained earnings		2 659 093	2 635 093	21 134	-2 866
4.5. Profit for the financial year		516 130	516 130	2 931 065	2 931 065
4. Total		16 042 273	16 042 273	15 526 143	15 526 143
TOTAL LIABILITIES AND EQUITY		62 106 759	62 082 310	43 144 609	43 971 645



Income Statement

Technical Account

		Salva Kindlustus 2001	Consolidated 2001	Salva Kindlustus 2000	Consolidated 2000
Earned premiums net of reinsurance					
1.1. Gross premiums	Note 15	113 200 994	113 005 239	79 595 766	79 393 981
1.2. Reinsurance premiums		68 033 283	68 033 283	48 937 884	48 937 884
1.3. Change in unearned premiums	Note 14	-13 414 220	-13 414 220	-1 718 257	-1 718 257
1.4. Reinsurer's share of change in unearned premiums		8 200 868	8 200 868	576 309	576 309
1. Total		39 954 359	39 758 604	29 515 934	29 314 149
2. Other technical income net from reinsurance		3 093 211	2 959 057	6 098 383	5 910 470
Claims incurred net of reinsurance					
3.1. Claims paid	Note 16	55 793 134	53 213 261	40 538 960	39 637 151
incl. 3.1.1. Damages paid		48 410 070	48 410 070	35 109 690	35 109 690
3.1.2. Claim handling expenses		8 816 022	6 825 599	6 781 175	6 551 887
3.1.3. Salvage and subrogation collected		-1 432 958	-2 022 408	-1 351 905	-2 024 426
3.2. Reinsurer's share in claims		35 477 343	35 477 343	24 842 229	24 842 229
3.3. Change in claims outstanding	Note 14	-15 971 056	-15 484 139	1 255 928	1 389 553
3.4. Reinsurance share of change in claims outstanding		11 480 483	11 480 483	-2 375 024	-2 375 024
3. Total		24 806 364	21 739 574	16 815 827	15 780 393
Change in other technical allocations in net of reinsurance	Note 14				
4.1. Total sum		-240 082	-240 082	-156 945	-156 945
4.2. Reinsurance's share		228 437	228 437	117 708	117 708
4. Total		-11 645	-11 645	-39 237	-39 237

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Net operating expenses	Note 18				
5.1. Acquisition costs		23 100 130	23 100 130	17 684 535	17 684 535
5.2. Change in acquisition costs		2 249 768	2 249 768	-629 583	-629 583
5.3. Administrative expenses		9 792 218	11 656 836	8 184 532	9 618 078
5.4. Reinsurance commissions and profit participation		17 054 709	17 054 709	12 582 393	12 582 393
5.5. Change in prepaid reinsurance commission fees		-2 931 242	-2 931 242	606 822	606 822
5. Total		16 519 113	18 383 731	13 309 435	14 742 981
6. Other technical income net of reinsurance		3 858 455	3 858 455	2 944 072	2 944 072
7. TECHNICAL RESULT		-2 148 007	-1 275 744	2 505 746	1 717 936

Non-technical Account

	Salva Kindlustus 2001	Consolidated 2001	Salva Kindlustus 2000	Consolidated 2000
1. Technical result	-2 148 007	-1 275 744	2 505 746	1 717 936
Investment income				
2.1. Affiliates and associates	2 210 902	0	230 624	0
2.2. Land and buildings	11 133	1 801 436	24 342	2 156 898
2.3. Other investments	702 970	620 585	602 360	552 457
2.4. Change in value of investments	135 151	135 151	44 268	44 268
2.5. Realised capital gains	188 625	188 625	451 076	451 076
2. Total	3 248 781	2 745 797	1 352 670	3 204 699
Investment expenses				
3.1. Operating investment expenses	817 635	1 188 478	1 158 139	1 992 296
3.2. From affiliates and associates	201 466	0	0	0
3.3. Change in value of investments	640 197	640 197	799 916	799 916
3.4. Realised capital losses	0	0	52 064	52 064
3. Total	1 659 298	1 828 675	2 010 119	2 844 276
4. Other income	2 809 515	3 331 769	2 522 756	2 887 388
5. Other expenses	1 734 861	2 457 018	1 439 988	2 034 682
6. NET PROFIT (-LOSS) FOR THE FINANCIAL YEAR	516 130	516 130	2 931 065	2 931 065



Technical Account of Motor TPL

kroons, without decimal points	2001	2000
Earned premiums net of reinsurance		
1.1. Gross premiums	48 226 384	36 801 545
1.3. Reinsurance premiums	26 902 693	23 335 077
1.4. Change in unearned premiums	-5 188 193	-1 955 342
1.5. Reinsurer's share on Change in unearned premiums	2 604 196	860 495
1. Total	18 739 694	12 371 621
2. Other technical income net of reinsurance	2 959 057	6 029 940
incl. Service fees for the conclusion of contracts	2 959 057	5 909 560
Claims incurred net of reinsurance		
3.1. Claims paid	29 088 977	18 725 596
incl. 3.1.1. Damages paid	26 363 727	17 155 404
3.1.2. Claim handling expenses	3 401 991	2 068 101
3.1.3. Salvage and subrogation collected	-676 741	-497 909
3.2. Reinsurer's share in claims	17 611 557	10 462 525
3.3. Change in claims outstanding	-12 778 827	-1 487 356
3.4. Reinsurance share of change in claims outstanding	9 286 419	-173 209
3. Total	14 969 828	9 923 636
Change in other technical provisions net of reinsurance		
4.1. Change in provision for pension insurance	-240 082	-156 945
4.2. Reinsurers' share in changes in the provision for pension insurance	228 437	117 708
4. Total	-11 645	-39 237
Net operating expenses		
5.1. Acquisition costs	5 578 192	5 184 390
5.2. Change in acquisition costs	1 017 745	-88 924
5.3. Administrative expenses	2 364 613	3 764 884
5.4. Reinsurance commissions and profit participation	5 335 780	4 694 190
5.5. Change in prepaid reinsurance commission fees (-decrease)	1 531 488	-332 461
5. Total	3 120 768	4 676 469
6. Other technical income net of reinsurance	3 858 455	2 944 072
incl. Transfers to ETIF	3 858 455	2 944 072
7. TECHNICAL RESULT	-261 945	818 147



Changes in Equity

	Parent Company 2001	Consolidated 2001	Parent Company 2000	Consolidated 2000
Stock capital				
Beginning of year	10 000 000	10 000 000	10 000 000	10 000 000
End of year	10 000 000	10 000 000	10 000 000	10 000 000
General reserve				
Beginning of year	1 565 859	1 589 859	1 565 859	1 567 976
Increase from net profit	293 106	293 106	0	21 883
End of year	1 858 965	1 882 965	1 565 859	1 589 859
Other reserves				
Beginning of year	1 008 085	1 008 085	1 724 001	1 724 001
Decreased to cover losses from previous year	0	0	-715 916	-715 916
End of year	1 008 085	1 008 085	1 008 085	1 008 085
Retained earnings/losses				
Beginning of year	21 134	-2 866	21 134	-1 406 751
Profit from previous financial year	2 931 065	2 931 065	-715 916	709 852
Decreased to cover losses	0	0	715 916	715 916
To compulsory reserves	-293 106	-293 106	0	-21 883
End of year	2 659 093	2 635 093	21 134	-2 866
Profit for the financial year	516 130	516 130	2 931 065	2 931 065
Total equity	16 042 273	16 042 273	15 526 143	15 526 143

Stock capital as of 31.12.2001

Stock capital	10 000 000 kroons
Number of stocks	1 000 000
Nominal value per stock	10 kroons

As of 31.12.2001 the shares of Kindlustuse AS distributed as follows:

Tiit Pahapill	45%
SIA UB Apdrošinašanas	45%
Minority owners	10%

The general reserve includes the mandatory legal reserve of Salva Kindlustuse AS of 1 858 965 kroons pursuant to § 38 (1) of the Republic of Estonia Insurance Activities Act, the reserve capital of Salva Arenduse OÜ of 4 000 kroons pursuant to § 160 (2) of the Commercial Code, and the reserve capital of

Salva Kahjukäsitle OÜ of 20 000 kroons pursuant to § 160 (2) of the Commercial Code. In the group accounts, the retained earnings have been decreased by the reserve capital of the subsidiary. Other reserves include the reserve created on account of net profit, which is used to cover potential losses.



Cash Flow Statement

income + expenditures -	Salva Kindlustus 2001	Consolidated 2001	Salva Kindlustus 2000	Consolidated 2000
Insurance operations				
1.1. Premiums collected	113 836 752	113 460 470	80 480 719	80 277 561
1.2. Premiums returned upon cancellations and terminations	-1 651 646	-1 651 646	-1 385 635	-1 385 635
1.3. Claims paid	-46 977 112	-46 977 112	-33 757 785	-31 732 128
1.4. Claim handling expenses	-8 935 899	-387 822	-6 895 501	-662 207
1.5. Amounts transferred to ETIF	-3 803 195	-3 803 195	-2 936 775	-2 936 775
1.6. Amounts transferred to reinsurers	-15 006 822	-15 006 822	-12 186 637	-12 186 637
1.7. Amounts collected from reinsurers	3 310 447	3 310 447	2 938 335	2 938 335
1.8. Operating expenses	-31 576 363	-29 448 569	-17 939 998	-16 461 233
1. Total	9 196 162	19 495 751	8 316 723	17 851 281
Investment operations				
2.1. Amounts collected from investments	-92 786	1 895 094	-541 093	2 093 129
incl. 2.1.1. Variable yield securities	44 235	44 235	77 194,00	77 194
2.1.2. Fixed yield securities	279 743	279 743	279 882,00	279 882
2.1.3. Mortgages	45 969	45 969	26 333,00	26 333
2.1.4. Deposits	42 621	42 621	105 892,00	105 892
2.1.5. Uncollateral loans	137 442	63 462	65 565	25 508
2.1.6. Lease of property	12 695	2 049 116	50 847	2 722 510
2.1.7. Other investments	162 144	187 583	27 999	30 615
2.1.8. Investment expenses	-817 635	-817 635	-1 174 805	-1 174 805
2.2. Amounts collected from maturity, cancellation and (re)sales of investments	31 114 722	30 056 725	30 080 233	29 330 231
incl. 2.2.1. Variable yield securities	17 199 243	17 199 243	12 517 927	12 517 927
2.2.2. Fixed yield securities	1 300 000	1 300 000	2 279 597	2 279 597
2.2.3. Mortgages	1 200 000	1 200 000	200 000	200 000
2.2.4. Deposits	8 675 903	8 675 903	14 034 993	14 034 993
2.2.5. Uncollateral loans	2 739 576	1 681 579	1 047 716	297 714
2.3. Investments	-41 224 101	-42 064 429	-34 600 903	-34 834 878
incl. 2.3.1. Variable yield securities	-29 625 052	-29 625 052	-18 531 396	-18 531 396
2.3.2. Mortgages	-300 000	-300 000	-1 200 000	-1 200 000
2.3.3. Deposits	-8 029 049	-8 029 049	-13 957 775	-13 957 775
2.3.4. Uncollateralized loans	-3 270 000	-2 822 000	-819 500	-494 500
2.3.5. Other investments	-1 288 328	-92 232	-651 207	
2. Total	-10 202 165	-10 112 610	-5 061 763	-3 411 518

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Financing and other operations				
3.1. Collected premiums of co-insurers	152 876	152 876	100 045	100 045
3.2. Paid upon redemption and maturity of bonds, loan repayments			-6 000 000	-6 000 000
3.3. Other income	5 511 031	5 650 983	8 781 033	9 603 608
3.4. Other expenses	-4 505 217	-14 986 704	-7 953 695	-19 182 697
3.5. Income and other taxes paid		-38 486	-869 243	
3. Total	1 158 690	-6 971 735	-5 111 103	-8 971 557
4. Total change in cash (1 + 2 + 3)	152 687	200 296	-1 856 143	-1 908 524
5. Change in cash and bank	152 687	200 296	-1 856 143	-1 908 524



Comments to Financial Statements

Basis for Presentation of the Annual Accounts

Basis for Presentation

The annual accounts have been prepared in accordance with the generally accepted accounting principles of the Republic of Estonia, which are based on the international generally accepted accounting principles, and the main requirements of which have been established in the Accounting Act of the Republic of Estonia and the relevant regulations of the Government of Estonia and the Ministry of Finance, and the instructions issued by the Accounting Board of the Republic of Estonia.

The interim annual accounts are prepared in Estonian kroons and rounded to full kroons. Assets and liabilities are presented in the accounts proceeding from their historic cost.

Change in the Accounting Methods

The income statement presents, among other income, gains from currency exchange. In order to compare the statements, the investment income and other income of the 2000 non-technical report have been reduced by 1 066 932 and the income received from currency exchange has been reflected among other income by increasing it by the same amount.

Principles of Consolidation

In preparing the consolidated accounts, the financial statements of Salva Kindlustuse AS, Salva Kahjukäsitluse OÜ and Salva Arenduse OÜ were consolidated line by line and the income, expenses, receivables and payables within the group were eliminated. A company in which Salva Kindlustus has a shareholding of over 50% is considered to be a subsidiary.

In the financial statements of the parent company, investments into subsidiaries are presented according to the extended capital equity method pursuant to which an investment is initially registered in its gross carrying amount and then later adjusted on the basis of the post-acquisition changes in the net assets of the investment object corresponding to the investor's share. In the income statement, the share of the investment is presented as a result of the activities of the investment object, taking into account the effect of inter-group transactions on the result.

Accounts and Transactions in Foreign Currency

Transactions in foreign currency are accounted for according to the corresponding exchange rate of the Bank of Estonia on the day of the transaction. In the annual accounts, the monetary accounts based on foreign currency have been revaluated according to the exchange rate of the Bank of Estonia on the balance sheet date. Gains or losses from such revaluations are accounted for in the income statement.

Cash and Bank

The balance of cash in cash registers and call deposits in banks as of 31.12.2001 are presented as cash and bank.

Receivables

This section presents receivables from policyholders, brokers and others at the end of the accounting period. The net amount of claims is indicated on the balance sheet, meaning that claims unlikely to be received and irrecoverable accounts have been subtracted. In assessing receivables, each of them has been analysed individually. Claims unlikely to be received have been charged to expenses.

Conclusion Expenses and the Share of Reinsurance in Conclusion Expenses

Conclusions expenses, which are connected with the premiums transferred to the subsequent financial period, have been capitalised as prepaid expenses. The basis of capitalised conclusion expenses is gross premiums and expenses by their types. Capitalised conclusion expenses form the same percentage in direct conclusion expenses as the total amount of the provision for prepaid premiums has in the total amount of gross premiums. The share of reinsurance in capitalised conclusion expenses forms the same percentage in the commission fees payable under reinsurance contracts as the percentage of reinsurance in the provision for prepaid premiums has in reinsurance premiums. The basis of accounting is reinsurance premiums and commission fees under reinsurance contract by their types.

Land and Buildings

Investments are accounted for their gross carrying amount, consisting of the purchase price and costs directly related to the acquisition. In the balance sheet, real estate indicated in the parent company's balance is accounted for at its residual value.



Stocks and Other Securities

Stocks and other securities are accounted for at their historical cost. The valuation of stocks and other securities is based on the FIFO method, according to which the sequence of purchases of securities determines the sequence of charges to expenses with selling transactions. As of 31.12.2001, stocks and other securities were revealed in the balance sheet according to the lowest of the purchase price and net sales value. An exception was made with stocks quoted at the public stock exchange of member states of the International Organisation of Securities Commission (IOSCO), being accounted for as short-term financial investments. These stocks are evaluated according to the stock quotation of the public stock exchange of the member state of IOSCO on the date of striking the balance sheet.

Bonds and Other Fixed Yield Securities

Bonds are accounted for at their gross carrying amount, consisting of the purchase price and costs directly related to the acquisition. If the gross carrying amount differs from the nominal value, the difference is divided to the valid periodic time of the bond. The gains or losses from the difference are accounted for in the income statement entries, and in the balance sheet either the gross carrying amount of bonds is decreased or the balance sheet entry "Accrued income" is increased. The calculation of interest is carried out according to the conditions of the emission of every bond separately and is accounted for in the income statement line "Other investments" and in the balance sheet line "Accrued income."

Tangible Assets

Tangible assets are comprised of assets with a useful life longer than a year, the purchase price of which generally exceeds 10 000 kroons. In the balance sheet, tangible assets are presented at their residual value.

Tangible assets are taken into account at their historical cost and are depreciated by the linear method according to their life during the following depreciation periods:

Buildings	25 years
Other tangible assets	3.33 years
Capital lease	2-4 years based on the length of the lease period and the redemption price of the leased property).

Renovation costs and improvements are presented on the basis of their nature - either as an expense at the moment of

their acquisition if they do not add value to the tangible assets being renovated and do not substantially increase the useful lifetime of those assets, or as a capitalised expense which adds value to the assets under renovation.

Accounting for Leases

In differentiating between capital and operating lease agreements, the actual economic content was used as the basis. The lease transactions where the goal is to acquire the leased property after the end of the lease period or where the change of the ownership right is likely or where the estimated useful life of the leased property is limited to the lease period are treated as capital lease. All other lease transactions are presented as operating use.

Provisions for Prepaid Premiums

The provision for prepaid premiums is formed from provisions for prepaid premiums under single contracts and is calculated separately for each insurance contract and additional contract on the basis of gross premiums according to the Pro Rata Temporis method.

The share of reinsurance in the provision for prepaid premiums forms the same percentage in the provision of prepaid premiums as the premiums of proportionate reinsurance have in respect of gross premiums.

Outstanding Claims Provision

Outstanding claims provision consists of:

- Claims settled but not paid
- Known and registered but unsettled claims (RBNS)
- Incurred but not reported claims (IBNR)

Outstanding claims provision also contains claim handling expenses and is calculated on a case-by-case basis. Reinsurers' share in outstanding claims provision comprises the part of outstanding claims provision for which the reinsurer is liable.

Other Provisions

The provision for motor insurance pensions (a pension designed to compensate for the loss of capacity to work or a family pension for the family of the deceased) is formed for the payment of traffic pensions paid from time to time. The share of the reinsurer in the provision is calculated on the basis of the terms of the reinsurance contract.

Membership Fee to the Estonian Traffic Insurance Fund

In motor insurance, 8% of the collected motor insurance and green card premiums are paid to the Estonian Traffic Insurance Fund.



Income

The income of Salva Kindlustus consists of insurance premiums, investment income and other income generated from operations. The technical result from insurance is reflected in the technical report of non-life insurance. Gross premiums are premiums or partial premiums received and to be received under insurance contracts, whose term or enforcement date falls into the accounting period. Reinsurance premiums are the share of premiums under reinsurance contracts that have been transferred or are subject to be transferred to the reinsurer.

Other technical income net of reinsurance reflects the service fees of motor insurance and other technical income received until 1 June 2001. According to the new Motor Third Party Liability Insurance Act that entered into force on 1 June 2001, the service fees of motor insurance will be reflected as a part of insurance premiums.

Investment income reflects rent income from land and buildings calculated during the accounting period and the retained earnings of subsidiaries calculated by the equity method. This also reflects the interest income and financial income calculated in the accounting period.

Other non-technical income includes commission fees for brokerage of the insurance contracts of other insurers, retained earnings from foreign currency revaluation on the basis of the Bank of Estonia exchange rate as of the balance sheet date, interest income from call bank deposits and profit generated from currency exchange and other income that is not considered in the technical result.

Operating Expenses

Expenses related to insurance activities are divided into administrative, conclusion and claim handling expenses. Administrative expenses are expenses related to collection of premiums, portfolio administration and reinsurance. Administrative expenses are divided between types of insurance according to the share the conclusion expenses of the certain type comprised of the total conclusion expenses.

Conclusion expenses are divided according to their nature into direct and indirect conclusion expenses. Direct conclusion expenses include expenses that are of a variable nature and arise from the conclusion of insurance contracts, i.e. commission fees to brokers, costs of formalisation and printing of insurance documents, and transportation and communication expenses. Indirect conclusion expenses include invariable expenses, such as the salaries of the Sales Department and Insurance Departments, advertising

expenses, change in the value of tangible assets and other expenses in the extent to which they do not belong among administrative expenses, loss (claim) handling expenses or investment expenses

Investment expenses reflect investment-related expenses on staff, expenses related to (income-yielding) assets let to third persons and other expenses related to investing activities. Devaluation of long-term investments, depreciation on buildings let to third persons and retained loss related to changes in the value of investments are reflected as change in the value of investments.

Other non-technical expenses reflect other expenses made in the interests of the company as a whole. These expenses are fees and compensation to auditors, experts and tax consultants, expenses made on the maintenance of insurance supervision and payments to the Association of Insurance Companies, etc. These expenses also reflect retained loss from revaluation of currency on the basis of the Bank of Estonia exchange rate as of the balance sheet date, loss from sales of fixed assets, fines, tax delays and other expenses.

Taxation

Pursuant to the Income Tax Act, which entered into force on 1 January 2000, the dividends paid by an undertaking to resident physical persons and non-residents are taxable (26/74 of the amount paid as net dividend). Pursuant to the Income Tax Act, there are no time differences of incomes and expenses regarding their accounting and payment, which would give rise to deferred income tax assets or liabilities. The balance sheet does not present the potential income tax on the free equity of the company, which would be incurred if the equity were paid out as dividend. The amount of income tax upon potential payment of dividend depends on whether and when the company pays the dividend and how the stocks of the company are divided between resident commercial undertakings, resident physical persons and non-residents as of the date of dividend payment. The income tax on the payment of dividend is presented by reducing the "Retained earnings" at the moment of dividend declaration

Other taxation rates under current tax law are:

Personal income tax	26% of the taxable disbursements
Social tax	33% of the payments and fringe benefits to the employees
VAT	18% of the taxable value of goods sold and services provided
Land tax	0.5-2% of the taxable value of land per year



Transaction with Connected Parties

Connected parties are subsidiaries, their management, members of the management and supervisory boards of the parent company, shareholders and employees of the group companies. All transactions with connected parties occurred on the basis of market conditions

General Reserve

Pursuant to Section 38(1) of the Republic of Estonia Insurance Activities Act, an insurance company must create a reserve from the net profit specified in the approved annu-

al report. The insurance company must allocate at least 10 percent of the net profit in the approved annual report to the reserve capital until the reserve capital reaches the maximum amount of reserve capital specified in the articles of association of the insurer, i.e. 40 million kroons.

Potential Liabilities

Promises, guarantees and other liabilities that under certain circumstances may become liabilities in the future have been disclosed in the notes to the financial statements as potential liabilities.



Notes

Note 1. Receivables from Direct Insurance Activities

As of 31.12.2001, the receivables of Salva Kindlustuse AS from direct insurance activities amount to 7 280 015 kroons. In 2001, receivables in the amount of 16 062 kroons, after consolidation 223 257 kroons, were written off as expenses. 30 000 kroons worth of written-off expenses were received.

Note 2. Land and Buildings

Gross carrying amount	
Beginning of year	19 938 237
Acquisition	45 925
End of year 31.12.2001	19 984 162

Accumulated depreciation	
Beginning of year	-3 856 165
Book depreciation	-798 253
End of year 31.12.2001	- 4 654 418

Residual value	
Beginning of year	16 082 072
End of year 31.12.2001	15 329 744

Consolidated income from rent was 1 801 436 kroons in 2001.

Note 3. Stocks and Other Securities

The stocks and securities in the balance sheet as of 31.12.2001 have been reflected as short-term investments.

	Net realisable value 31.12.2000	Acquired	Realised	31.12.2001	Net realisable value 31.12.2001	Realised gains	Realised losses	Realised losses	Realised gains
Estonian emitters yield rate securities	7 172 456	28 767 390	17 525 926	18 413 920	18 548 926	151 674	0	145	135 151
Foreign emitters yield rate securities	831 630	0	396 630	435 000	274 000	24 451	0	161 000	0
TOTAL	8 004 086	28 767 390	17 922 556	18 848 920	18 822 926	176 125	0	161 145	135 151

Salva Kindlustuse AS owns 545 stocks in ASA Kindlustus which are valued at zero due to the bankruptcy of ASA Kindlustus. The same zero value applies to the stocks of SIA Krajibanka.


Note 4. Bonds and Fixed Yield Securities

According to the redemption deadlines of bonds

	Net realisation value 31.12.2000	Acquired	Realised	31.12.2001	Net reali- sation value 31.12.2001	Realised gains	Realised losses	Un- realised losses	Un- realised gains
Bond redeemed in 2002	3 287 629	0	1 287 500	2 000 129	2 000 129	12 500	0	100	0
Perpetual bonds	0	750 006	0	750 006	750 006	0	0	0	0
TOTAL	3 287 629	750 006	1 287 500	2 750 135	2 750 135	12 500	0	100	0

Note 5. Loans

Mortgage loans	Parent company 31.12.2001	Consolidated 31.12.2001	Parent company 31.12.2000	Consolidated 31.12.2000
Redemption between up to 3 months and 1 year	300 000	300 000	1 200 000	1 200 000
TOTAL	300 000	300 000	1 200 000	1 200 000
Other loans				
Loans with redemption up to 3 months	140 000	140 000	197 386	197 386
Loans with redemption from 3 months to 1 year	359 221	579 218	21 503	21 503
Loans with redemption from 1 year to 3 years	819 547	819 547	110 442	110 442
TOTAL	1 318 768	1 538 765	142 127	162 125

The annual interest rates of issued loans are up to 15% per year. The income on loan interest earned in the year 167 643, after consolidation 176 227 kroons.

Note 6. Deposits in Credit Institutions

Hansapank	1 717 107	Overnight deposit, interest 2.15%
Sampo Pank	158 142	Liquid, notification 10 bank days in advance, interest 3.5%
KOKKU	1 875 249	

In 2001, the interest income on deposits was 40 261 kroons.

Note 7. Subsidiaries

Name and area of activity of company	Share-holding %	Equity capital, EEK	Acquisition cost EEK	Result of previous periods equity	Profit/loss in 2001 by the equity method	Balance sheet value
Salva Kahjukäsitluse OÜ (claim handling, rent and repair of vehicles) Founded in Sept. 1997	100	40 000	40 000	652 751	2 210 902	2 903 653
Salva Arenduse OÜ (property management, advertising and consultation services) Founded in April 1998	100	40 000	10 000	204 403	-201 466	12 937



	Salva Kahjukäsitluse OÜ	Salva Arenduse OÜ
Number of shares 31.12.2001	1	1
Total equity 31.12.2001	2 903 653	12 937
incl. share capital	40 000	40 000
general reserve	20 000	4 000
retained earnings	632 751	170 403
profit (loss) for the financial year	2 210 902	- 201 466

Note 8. Transactions with Group Companies

The balance of the loan granted to Salva Kahjukäsitluse OÜ as of 31.12.2001 is 790 000 kroons. The loan bears interest of 2% and its repayment term is 31.12.2002. The balance of the loan granted to Salva Arenduse OÜ as of 31.12.2001 is 600 000 kroons. The loan bears interest of 10% on the loan balance.

Services purchased from group companies:

Salva Kahjukäsitluse OÜ	
Claim handling	7 617 174
Other services	1 282 050
Salva arenduse OÜ	
Other services	979 109

Services sold to group companies:

Salva Kahjukäsitluse OÜ	
Interest	21 565
Insurance services	218 107
Other services	134 154
Salva arenduse OÜ	
Interest	60 820
Other services	20 115

Salva Kahjukäsitluse OÜ purchased 119 202 kroons worth of services from Salva Arendus. The said amounts have been eliminated upon the preparation of the consolidated report.

Note 9. Tangible Assets

In 2001, tangible assets were sold and returned in the amount of 1 497 474 kroons. The profit made from the sale was 127 232 kroons. No tangible assets were purchased or sold within the group.

	Parent company	Consolidated
Beginning of year	3 080 454	9 410 831
Acquired tangible assets	248 869	2 503 832
Sold tangible assets	-59 589	-831 929
Written-off tangible assets	-250 134	-665 545
End of year 31.12.2001	3 019 600	10 417 190
Accumulated depreciation		
Beginning of year	-2 836 559	-5 837 246
Book depreciation	-207 998	-1 868 783

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Accumulated depreciation on sold tangible assets	49 589	579 023
Accumulated depreciation on written-off tangible assets	250 134	486 254
End of year 31.12.2001	-2 744 834	-6 640 752
Residual value		
Beginning of year	243 895	3 573 586
End of year 31.12.2001	274 766	3 776 438

Note 10. Liabilities from Direct Insurance Activities

	31.12.2001	31.12.2000
Prepayments by policyholders	1 172 161	1 463 900
Payables to brokers, incl. other brokers	456 707	306 039
Payables to ETIF for cross border policies	442 999	376 215
TOTAL payables to brokers	899 706	682 254
Payables to ETIF regarding 8% of membership fee	331 515	276 255
TOTAL liabilities from direct insurance activities	2 403 382	2 422 409

Note 11. Payments to Credit Institutions

The overdraft agreement with Eesti Ühispank whose limit was 2 000 000 kroons, term 20 June 2001 and interest 8.3% per year, expired during the financial year. The loan limit was not used. 11 014 kroons of limit fee was paid.

A mortgage in the amount of 2 000 000 was established on the registered immovable at Pärnu mnt.16 as collateral to the overdraft, but the contracts related to the said registered immovable have expired.

Note 12. Capital Lease and Operating Lease
Note 12.1 Capital Lease

In the consolidated balance sheet, the liabilities incurred by Salva Kahjukäsitluse OÜ through leasing assets under capital lease conditions are presented on the line "Other liabilities." In 2001, depreciation of 645 086 kroons was calculated on assets leased under capital lease conditions.

	2001	2000
Gross carrying amount	1 943 812	2 925 013
Acquired tangible assets	1 105 212	351 525
Returned tangible assets	62 702	885 134
Book interest expenses	211 894	274 625
Total principal and redemption payments	1 483 970	964 579
Balance of liability at the end of the period	1 387 006	1 753 707



The principal and redemption payments for the next years are as follows:

2002.a.	431 142
Balance of liability 31.12.02	955 864
2003.a.	217 076
Balance of liability 31.12.03	738 788
2004.a.	342 284
Balance of liability 31.12.04	396 504
2005.a.	396 504
Average interest rate	10,97%

The gross carrying amount of assets leased under capital lease conditions as of 31.12.2001 is 1 943 812 kroons and accumulated depreciation amounts to 443 128 kroons.

Note 12.2 Operating Lease

Assets taken on operating lease

The car lease expenses reflected in the financial year amount to 449 840 kroons, 137 440 kroons after consolidation. In addition to this, rent for premises in the amount of 1 305 676 kroons has been reflected in the financial year.

Assets given on operating lease

Motor cars, mobile telephones, etc., have been given on operating lease. Lease income in the amount of 620 773 kroons has been reflected in the financial year, which amounts to 308 390 after consolidation. The gross carrying amount of assets given by subsidiaries on operating lease to the parent company is 4 050 781 kroons and accumulated depreciation is 1 473 135 kroons.

Note 13. Accrued Expenses and Unearned Income

	Parent company 31.12.2001	Consolidated 31.12.2001	Parent company 31.12.2000	Consolidated 31.12.2000
Payables to employees	1 915 689	2 065 947	1 531 529	1 659 353
Taxes payable	758 164	1 005 975	696 330	833 716
Supplier payables	873 874	675 125	728 692	569 283
incl. to group companies	487 872		344 540	
TOTAL	3 547 727	3 747 047	2 956 551	3 062 352

Prepaid rent in the amount of 186 675 kroons is presented on the line "Other unearned income."

Note 14. Technical Provisions

Provision for prepaid premiums	BEGINNING OF YEAR		END OF YEAR		HANGE (- DECREASE)	
	Total	Reinsurance share	Total	Reinsurance share	Total	Reinsurance share
1 MTPL	8 822 715	4 495 818	14 010 908	7 100 014	5 188 193	2 604 196
2 Short-term health insurance	714 922	221 280	1 364 347	526 479	649 425	305 199
3 Land vehicle insurance	6 395 333	4 466 772	11 862 294	8 303 606	5 466 961	3 836 834
4 Railway rolling stock, aircraft and ship insurance	19 277		127 311	95 082	108 034	95 082

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5 Goods in transportation insur.	68 152	66 023	175 434	171 791	107 282	105 768
6 Property insur. (phys. persons)	1 829 162	1 266 860	2 274 751	1 147 433	445 589	-119 427
7 Property insur. (legal persons)	1 665 619	837 307	2 763 390	1 903 758	1 097 771	1 066 451
8 Motor vehicle liability insurance	2 471		42 944	31 764	40 473	31 764
9 Civil liability insurance	96 255	58 287	174 725	130 673	78 470	72 386
10 Material loss insurance	436 480	23 969	668 502	226 584	232 022	202 615
TOTAL	20 050 386	11 436 316	33 464 606	19 637 184	13 414 220	8 200 868

Provision for outstanding claims	BEGINNING OF YEAR		END OF YEAR		CHANGE (- DECREASE)	
	Total	Reinsurance share	Total	Reinsurance share	Total	Reinsurance share
1 MTPL	20 971 221	13 837 676	33 750 048	23 124 095	12 778 827	9 286 419
2 Short-term health insurance	1 085 288	625 882	631 736	315 144	-453 552	-310 738
3 Land vehicle insurance	4 094 387	2 866 071	7 757 884	5 430 519	3 663 497	2 564 448
4 Goods in transportation insurance	81 999	74 903	555 638	547 303	473 639	472 400
5 Property insur. (phys. persons)	660 912	509 407	422 100	247 992	-238 812	-261 415
6 Property insur. (legal persons)	619 597	378 988	833 805	564 166	214 208	185 178
7 Motor vehicle liability insurance	450 000	441 000	0	0	-450 000	-441 000
8 Civil liability insurance	206 276	184 340	189 525	169 531	-16 751	-14 809
TOTAL	28 169 680	18 918 267	44 140 736	30 398 750	15 971 056	11 480 483

Other technical provisions	BEGINNING OF YEAR		END OF YEAR		HANGE (- DECREASE)	
	Reinsurance Total	Reinsurance share	Reinsurance Total	Reinsurance share	Reinsurance Total	Reinsurance share
1 MTPL annuity provision	1 149 665	862 248	1 389 747	1 090 685	240 082	228 437


Note 15. Premiums

	Total in 2001	incl. MTPL	Motor vehicle insurance	Fire risk and other material loss insurance	Accident and health insurance	Total in 2000
Gross premiums	113 005 239	48 226 384	39 186 683	12 646 883	8 058 740	79 393 981
Gross earned premiums	99 591 019	43 038 191	33 719 722	11 103 473	7 409 315	77 675 724

Gross earned premiums reflect changes in provisions for prepaid premiums.

Note 16. Claims

	Total in 2001	incl. MTPL	Motor vehicle insurance	Fire risk and other material loss insurance	Accident and health insurance	Total in 2000
Gross claims	53 213 261	29 088 977	21 189 270	2 471 443	2 409 737	39 637 151
Gross incurred claims	68 937 482	42 107 886	24 852 767	2 446 839	1 956 185	38 247 598

Gross incurred claims reflect changes in provisions for claims outstanding.

Note 17. Revenue from Outgoing Reinsurance

	Total in 2001	Incl. MTPL	Motor vehicle insurance	Fire risk and other material loss insurance	Accident and health insurance	Total in 2000
	-1 477 315	-6 632 208	-783 821	2 682 423	1 233 586	12 587 447

Note 18. Gross Operating Expenses

	Total in 2001	incl. MTPL	Motor vehicle insurance	Fire risk and other material loss insurance	Accident and health insurance	Total in 2000
Gross operating expenses	32 507 198	6 925 060	6 966 532	5 916 642	6 247 978	27 932 196
Incl. commiss. fees	10 085 713	3 828 676	3 204 711	1 308 440	1 670 200	849 106

Commission fees include expenses related to conclusion and renewal of contracts, and collection and administration of premiums.

Note 19. Off Balance Sheet Claims

Recourse Claims

	2001	2000
Beginning of year	2 231 073	1 821 885
Recourse claims evolved during the financial year	1 279 960	1 382 775
Collected/written-off during the financial year	1 378 423	973 587
End of financial year	2 132 610	2 231 073



Note 20. Contingent Liabilities

The contingent liabilities and guarantees assumed by Salva Kindlustuse AS as of 31.12.2001 are:

	31.12.2001	31.12.2000
Guarantees to policyholders	0	240 494
Other contingent liabilities	0	17 147
Contingent liabilities related to subsidiaries	0	82 015

Guarantees and contingent liabilities are accounted for off the balance sheet.



Auditor's Statement

To the Stockholders of Salva Kindlustuse AS

We have audited the consolidated annual accounts of Salva Kindlustuse AS prepared for the financial year ended on 31 December 2001, which is presented on pages 4 through 22. The said annual accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

We conducted our audit in accordance with the Estonian auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. The audit also included assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual accounts present fairly, in all material respects, the financial position of Salva Kindlustuse AS as of 31 December 2001, and the financial results and cash flow for the year then ended in conformity with the Republic of Estonia Accounting Act.

In Tallinn, on 28 March 2002
KPMG Estonia

Taivo Epner
Authorised auditor

Ene Makus
Authorised auditor