

Report | First Half-year 2002 | UNIQA Versicherungen AG



Ratios of the UNIQA Group Austria (in millions)

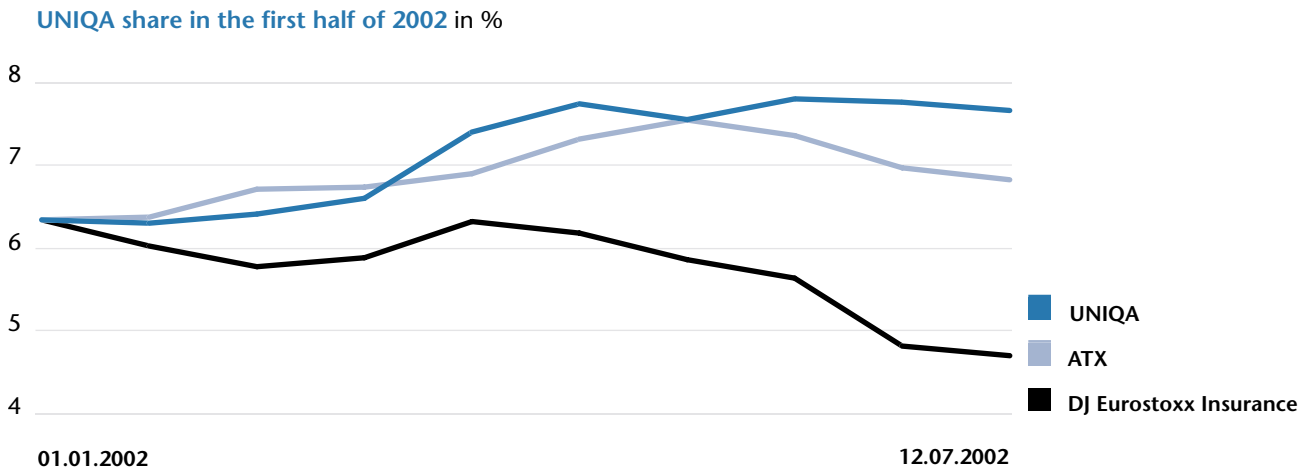
	January to June 2001 €	January to June 2002 €*	Change %
Premiums written, direct business			
Property and casualty	439.6	542.3	23.4
Life			
Recurring premium products	310.5	346.3	11.5
Single premium insurance and special products	310.9	132.1	-57.5
Health	335.2	346.8	3.5
Benefits and claims paid			
Property and casualty	257.4	262.4	1.9
Life	327.2	349.9	6.9
Health	266.6	245.3	-8.0
	30.6.2001 €	30.6.2002 €*	Change %
Insured capital in life assurance	27,048.3	29,546.3	9.2
Investments			
Land and buildings	612.5	770.6	25.8
Investments in affiliated companies and participations	907.4	991.4	9.3
Shares and other variable yield securities	2,358.0	4,389.3	86.1
Debt securities and other fixed interest securities	4,891.9	4,482.6	-8.4
Mortgage loans	15.2	13.8	-9.7
Advance payments on policies	11.6	11.9	3.4
Other loans	2,195.7	865.7	-60.6
Other investments	73.0	35.7	-51.1
Cash at banks	59.8	59.9	0.2
Total	11,125.1	11,620.9	4.5

Excluding deposits receivable from acquired reinsurance business

*The results for the first half of 2002 include the results of the majority acquired UNIQA S.A. and UNIQA Zycie S.A. in June 2001. UNIQA, Lodz' share of the total Group investments as at 30.6.2002 amounted to € 69.1 million (€ 3.9 million in land and buildings, € 0.4 million investments in associated companies and participations, € 0.1 million in shares, € 58.7 in bonds and € 5.9 million in cash at banks). Not taking UNIQA, Lodz' investments into consideration, the Group investments increased by 3.8%.

Stock markets: Gloomy mood because of concerns about the economy and the investor confidence crises

The second quarter as well as the first months of the current quarter was characterised by the negative mood of the capital market, which led to a massive slump in the values of shares. The UNIQA share managed to successfully buck the trend in this environment with a stable price performance in the second quarter. However, even the UNIQA share could no longer completely avoid the negative returns of financial shares at the beginning of the third quarter.



Robust expansion, especially by the property insurance

The UNIQA Group recorded a very encouraging development in the first half of 2002 with a 15.8% increase to € 681.2 million in gross premiums written in direct recurring premium business. As life assurance business in single premium and special products was further targeted for withdrawal because of profitability considerations the premium income in the life assurance sector including single premium and special products reduced by 23.0% to € 478.4 million.

The growth was carried in particular by the premium increase of 23.4% to € 542.3 million in the property and casualty insurance. It must however be taken into account that the business revenue of UNIQA, Lodz, acquired in mid 2001, is not included in the comparative figures for the previous year. Adjusted for UNIQA, Lodz business revenue, the premium revenue increased by 13.5% to € 498.9 million.

In the life assurance sector, the recurring premiums in direct business increased by 11.5% to € 346.3 million. Single premium and special product business was further targeted for withdrawal in the second quarter because of profitability and risk considerations, and strategically reduced by 57.5% to € 132.1 million.

The premiums for health insurance increased by 3.5% to € 346.3 million.

The total benefits paid remained with a minor increase of 0.8% to € 857.6 million at last years level.

The second quarter was also characterised by the continued consistent implementation of the “increased earnings” programme introduced by UNIQA in the previous year. This continued the trend of improved actuarial results with an achieved combined ratio of below 100% and a further reduction of costs through the consistent implementation of the defined action plans was achieved.

Investments increase by 4.5% –

Stock markets burden the financial results of the Group companies

The total investments of the UNIQA Group increased clearly by 4.5% in the first six months of the 2002 financial year. At the end of June they were capitalised at – excluding the deposits receivable from the reinsurance business – € 11.6 billion (€ 11.1 billion) and thereby outperformed the previous years value by € 0.5 billion (€ 0.8 billion). The increase in shares and other variable yield securities resulted from the regrouping of fixed interest securities into funds to achieve synergy effects and cost optimisation but not from any increase in the share quota.

Current investment income increased by 2.5% to € 317.9 million in the first six months as a result of a decreased dividend distribution from funds. The poor performance of the stock markets worldwide in the first half-year burdened the financial results with a clear drop in value, whereby the situation is admittedly characterised by a high volatility.

Costs reduced by 16.3% in the first half of 2002

The total costs of the UNIQA Group also showed positive effects as a result of the “cost savings” programme introduced in the previous year. The costs of the Group companies reduced by 16.3% to € 182.4 million compared to the same period of the previous year. Thereby the domestic companies managed to reduce their costs by 17.6% to € 161.0 million, whilst our international companies succeeded in reducing their costs by 4.5% to € 21.4 million.

Encouraging development in the property insurance line

The premium volume written in direct business in the property and casualty insurance increased by 23.4% to € 524.3 million in the first half of 2002. Adjusted for the premium volume of the Polish companies acquired in mid 2001, the premium growth amounted to 13.5%. The premium growth in the motor vehicle insurance sector in the first half of 2002 led to a further improvement of the position in this line. The domestic Group companies managed to increase the premium volume by 12.9% in this business segment compared to the first half of 2001. Herewith the premium development for the current year is clearly above the growth rates of the previous financial year.

Paid benefits in the property and casualty insurance remained, with a marginal increase of 1.9% to € 262.4 million in the first half of 2002, roughly at the same level as in the previous year, and thereby contributed to a further improvement of the actuarial results.

Continued premium growth in recurring premium in life assurance

The satisfactory development in the life assurance business in recurring premium also continued in the second quarter. In the growth division life, the recurring premium volume could be increased by 11.5% to € 346.3 million in the first half of 2002. As in the first quarter, single premium business,

as well as special products, continued to be consciously withdrawn in the second quarter because of profitability and risk considerations in favour of promoting the recurring business, whereby the premium volume was reduced by 57.5% to € 132.1 million.

The benefits paid in life assurance increased in line with the business trend by 6.9% to € 349.9 million.

Continued upward trend in health insurance

Health insurance contributed to the overall result of the UNIQA Group with a premium growth of 3.5% to € 346.8 million. As a result of conditional accounting, health insurance benefits paid reduced by 8.0% to € 245.3 million.

Domestic companies of the UNIQA Group Austria

UNIQA Versicherungen AG

UNIQA Versicherungen AG, the Group holding company of the UNIQA Group Austria, is the only Group company listed on the stock exchange. It operates as the central reinsurer for the operative Group companies.

The UNIQA Versicherungen AG recorded premium income amounting to € 301.8 million from active reinsurance in the first six months of 2002. Of this, € 267.8 million came from the Group.

In the first half of 2002, claims occurred to the value of € 201.6 million; of which € 138.7 million were retained.

UNIQA Personenversicherung AG

The UNIQA Personen Versicherung AG operates the health, accident and life insurance lines.

In the first half of 2002, the company's premium volume written increased by 3.5% to € 537.6 million. Of this 58.0% was apportioned to health insurance (+3.6%), 34.6% to life assurance (+4.1% recurring premium and -2.9% for single premium and special products) and 7.4% to accident insurance (+8.8%).

During the reporting period, benefits to the value of € 426.2 million or 8.4% less than in the first half of 2001 were paid.

UNIQA Sachversicherung AG

The UNIQA Sachversicherung AG operates exclusively in casualty insurance.

The direct written premium volume of the company improved by 10.8% to € 338.2 million in the first six months of the current financial year.

The benefits paid of € 181.5 million were 1.5% higher than in the first half of 2001.

Raiffeisen Versicherung AG

Within the UNIQA Group Austria, the Raiffeisen Versicherung AG has specialised in bank distribution. It offers its provision and insurance products to the clients of the over 2,500 Raiffeisen bank branches. The risk protection also covers the property insurance lines, including motor vehicle insurance.

Austria's leading bank insurer, the Raiffeisen Versicherung AG, has specialised in bank distribution within the UNIQA Group Austria. The premiums written in the direct business increased by 17.9% to € 216.3 million. The premium volume from single premium and special products was reduced to € 86.3 million in the reporting period as a result of the targeted withdrawal.

The benefits paid, as a result of conditional accounting, increased simultaneously by 42.7% to € 186.7 million.

Salzburger Landes-Versicherung AG

The premiums written increased by 4.5% to € 36.3 million in the first half of 2002. Once again the motor vehicle insurance contributed in particular to the pleasing increase in premium volume.

Paid benefits fell by 17.5% to € 21.5 million in the reporting period.

CALL DIRECT Versicherung AG

The premiums written by this direct insurer increased by 12.2% to € 2.2 million in the first six months of 2002.

At the same time, benefits to the value of € 0.4 million were paid.

In May 2002, the CALL DIRECT Versicherung AG founded a sales partnership with Universal Versand which is construed for several years, through which customers of Universal Versand will be offered exclusive insurance solutions for their personal provision needs.

International companies of the UNIQA Group Austria

Within the scope of the uniform market approach of the UNIQA Group, the decision to change the name of our Polish companies to UNIQA S.A., respectively UNIQA Zycie S.A was taken in June 2002. As from 2003, UNIQA shall also stand for security, competence and quality in the insurance industry in Poland.

The exceedingly encouraging development of our international Group companies continued in the first half of 2002.

International company	Accounted premium million €	Paid benefits million €	Share %
UNIQA, Prague	28.1	11.8	83.3
UNIQA, Bratislava	14.3	6.7	99.7
UNIQA, Geneva	18.3	15.7	100.0
Austria, Milan	15.2	6.9	100.0
UNIQA Osiguranje, Zagreb	2.1	0.2	80.0
CARNICA, Udine	28.0	11.9	85.7
UNIQA S.A., Lodz*	44.0	27.2	98.9
UNIQA Zycie S.A, Lodz*	0.7	0.4	98.2

*These companies were majoritarianly acquired in June 2001

Outlook 2002

The further development in this financial year will mainly depend on the situation on the capital markets. At the beginning of the third quarter, the stock market slump was further aggravated and investor confidence suffered a further setback because of negative company reports. As a result of investor nervousness and the high market volatility, reliable predictions are difficult from today's point of view. If no significant recovery of the stock market occurs by year-end, a deterioration of the Group results for the year 2002 should be expected.

This all the more so as the catastrophic thunder storms and floods in large parts of Austria in the middle of the third quarter, in spite of the limited insurance cover represent a setback for the actuarial results in the property insurance that up to now showed an excellent development in the current year.

In the current quarter agreement could be achieved on the acquisition of MLP Germany's 50% share in MLP Austria by UNIQA.

According to our central European orientation we will again work the Hungarian insurance market by the acquisition of the "Agrupacion Funeuropa Biztosito Rt."

The overall negative environment thereby overshadows the excellent business revenue development and the significant improvement in the actuarial results and Group cost structure.

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Concept and design

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