



Annual Report 1999





Basic features of Česká spořitelna Financial Group



- 1/ Perfection
- 2/ Flexibility
- 3/ Openness
- 4/ Growth
- 5/ Bright Future
- 6/ Professionality
- 7/ Strength

C o n t e n t s

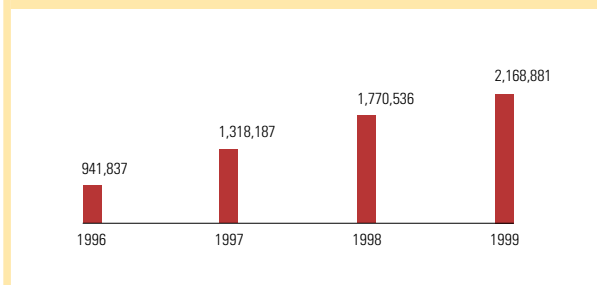
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Selected financial indicators

		1996	1997	1998	1999
Share capital and funds	CZK '000	226,000	226,000	626,000	826,000
Total assets	CZK '000	951,159	1,365,193	2,203,424	2,853,188
Business result	CZK '000	14,672	-366,324	2,315	-47,978
Total technical provisions	CZK '000	564,637	844,915	912,567	1,106,829
Total financial placements	CZK '000	175,441	120,682	967,249	1,425,148
Net income from financial placements	CZK '000	13,092	26,197	89,182	61,885
Total written premiums	CZK '000	941,837	1,318,187	1,770,536	2,168,881
– non-life insurance	CZK '000	902,678	1,200,726	1,631,360	1,992,908
– life insurance	CZK '000	39,159	117,461	139,176	175,973
Total claims paid	CZK '000	280,550	1,217,838	1,055,189	1,097,473
– non-life insurance	CZK '000	278,958	1,210,644	1,041,551	1,069,657
– life insurance	CZK '000	1,592	7,194	13,638	27,816
Number of contracts concluded		118,445	189,013	286,890	337,777
Number of employees as of 31 December		1,017	1,145	1,270	1,291
Number of branches and agencies		136	134	124	115
Number of external exclusive agencies		11	11	13	12
Number of external sales representatives		1,400	2,185	2,916	6,201

**Development of written premiums
of ČS-Živnostenská pojišťovna, a.s. (CZK '000)**





Company profile

BASIC INFORMATION ABOUT THE COMPANY

Name of the Company: ČS-Živnostenská pojišťovna, a.s.
Registered office: Smilova 547, 530 02 Pardubice
Legal status: joint stock company

ČS-Živnostenská pojišťovna, a.s. was entered into the Commercial Register in section and file B 855 at the Regional Court in Hradec Králové (identification number – IČO 474 52 820) on 1 October 1992.

The only shareholder is Česká spořitelna, a.s. (identification number – IČO 452 44 782), Na Příkopě 29, Prague 1, which owns 100% of the shares.

On 16 December 1992, the Ministry of Finance of the Czech Republic issued decision no. 103/68361/92 authorising the Company to operate an insurance business.

ČS-Živnostenská pojišťovna, a.s. is a composite insurance company, which provides the following classes of insurance in accordance with the Act on Insurance and its entry in the Commercial Register:

- Industrial and commercial insurance
- Personal property and liability insurance
- Life insurance and personal accident insurance
- Motor own damage insurance
- Motor third party liability insurance
- Agricultural insurance
- Travel insurance

MEMBERSHIP IN ASSOCIATIONS AND ORGANISATIONS

ČS-Živnostenská pojišťovna, a.s. is a member of the Česká spořitelna Financial Group, which represents an effective combination of the bank and its specialised subsidiaries. It offers its clients a complete, modern line of financial products and services.

ČS-Živnostenská pojišťovna, a.s. is a founding member of the **Czech Insurance Association** and also of the **Czech Nuclear Pool**, where it actively participates within the Czech market in the insuring of nuclear liability and property risks. ČS-Živnostenská pojišťovna, a.s. is a member of the **Chamber of Commerce in Pardubice**.

HISTORY OF THE COMPANY

ČS-Živnostenská pojišťovna, a.s. was founded in 1992 as Živnostenská pojišťovna, a.s. Its aim was to offer insurance services principally to the emerging entrepreneurial sector. The products offered to individuals also gradually attracted broad public. With the entry of a strong banking partner – Česká spořitelna, a.s. – in 1995, ČS-Živnostenská pojišťovna, a.s. gained needed capital background provided by the membership in the Česká spořitelna Financial Group.

MOST SIGNIFICANT EVENTS OF 1999

In March 1999 there was a change of Company management. After the dismissal of Mr. Jaroslav Kulhánek, Mr. Jaroslav Klapal became the new General Manager and Chairman of the Board of Directors.

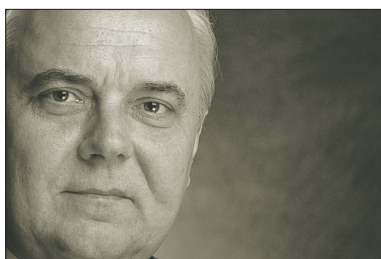
A significant step toward strengthening the Company's position on the insurance market was the decision to increase the share capital by CZK 200 million to the current level of CZK 816 million in September 1999.

Another significant milestone was gaining the license for motor third party liability insurance in October 1999. ČS-Živnostenská pojišťovna, a.s. thus became one of the twelve insurance companies, which have started providing this insurance to their clients after the abolition of the monopoly.



Introduction by the Chairman of the Board of Directors and General Manager

Dear friends,



ČS-Živnostenská pojišťovna, a.s., fully integrated into the Česká spořitelna Financial Group, began 1999 as the seventh-largest insurance company in the Czech Republic.

It is developing its activities in an environment characterised by many contradictory factors. Although it has been possible to detect certain signs of improving economic conditions and the return of growth, the general situation of the economy in the Czech Republic can be better described as stagnation than as the arrival of trends toward growth. In an effort to support economic growth, the central bank has cut interest rates significantly. The increasing influx of foreign capital has contributed to keeping the exchange rate of the Czech currency relatively stable, especially against the euro. Growth of industrial output has come to a standstill, and necessary restructuring is taking place slowly and often only as the result of the critical situations at many big companies. The government has started to prepare extensive revitalisation programmes. In spite of a number of negative economic phenomena, the real income of the population increased in 1999.

It is clear that the overall economic situation did not create optimal conditions for the growth of the insurance market. Despite this, the total insurance market grew in 1999 by 14.6%. In comparison with 1998, however, the growth rate was lower. Only life insurance showed dramatic growth, increasing by 31.3%. On the other hand, industrial insurance had only a minimum growth rate of 1.6%. Non-life insurance increased by 8.2%. Year 1999 saw significant progress with the liberalisation of the insurance market in the Czech Republic. The monopoly for motor third party liability insurance was abolished, so as of 1 January 2000 customers could choose from what company to buy that coverage.

ČS-Živnostenská pojišťovna, a.s. achieved 22.5% growth last year and strengthened its position. Its share on the insurance market is 3.4%. Its 7.6% market share in industrial insurance is the fourth largest in the Czech Republic. On the other hand, we do not feel that our market share in personal insurance is sufficient, even though we achieved 26% growth of life insurance. Loss experience tended to increase and this was in relation with developments of the insurance market in general. The impact from this was minimised to a great extent through the cutting of administrative and overhead costs. In this direction, our insurance company has made significant progress toward greater efficiency and productivity. The Company has continued its close co-operation within the framework of the Česká spořitelna Financial Group, especially in the development and sales of new products.

At the end of 1999 there was a particular campaign connected with the redistribution of the market for motor third party liability insurance. On the basis of the license for this type of insurance, ČS-Živnostenská pojišťovna, a.s. prepared an ambitious project for the attaining of an appropriate share of that branch of insurance. Premiums from the effected contracts will represent a contribution only in the year 2000 when the coverage begins, while costs connected with the campaign had an impact on the financial results of the year being evaluated, which thus ended with a planned and controlled loss.

During the past year, the Company has significantly strengthened its financial stability. After the Company's sole shareholder Česká spořitelna, a.s. increased the share capital by CZK 200 million, its value increased to CZK 816 million and ČS-Živnostenská pojišťovna, a.s. became the insurance company with the third-highest share capital among the insurance companies operating on the Czech market.

The relocation of the Company's headquarters to the renovated Grand building in Pardubice has brought new possibilities and conditions for more efficient co-ordination of work of the Company's central departments and improved management and communications with organisational units throughout the Czech Republic.

Company's management has prepared and communicated the Company's mid-term strategy, which focuses on stabilisation of the Company's position in industrial insurance and on fundamental progress in personal lines, especially life insurance.

The long-term strategy of ČS-Živnostenská pojišťovna, a.s is to become one of the most important insurers in retail insurance in the Czech Republic and to achieve a comparable level of services provided by the insurance institutions of the European Union. In working toward achieving these goals, the Company will have the benefit of the strong background and the know-how of the Česká spořitelna Financial Group and of the constant expansion and innovation of the portfolio of insurance products.

During the seven years it has been operating on the Czech insurance market, ČS-Živnostenská pojišťovna, a.s. has achieved a number of successes and positive results. This, however, would not have been possible without the trust and support of our clients, business partners and, last but not least, our employees. I would like to thank them, on behalf of the Board of Directors.



*Mr. Jaroslav KLAPAL
Chairman of the Board of Directors and General Manager*



Members of the Company's executive bodies

BOARD OF DIRECTORS AS OF 1 JANUARY 1999

Chairman

Mr. Jaroslav Kulhánek /*1957/

General Manager

Deputy Chairman

Mr. Jan Brebera /*1952/

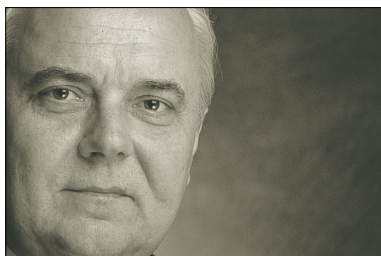
Manager of the Life Insurance Section

Member

Mr. Ladislav Korobczuk /*1963/

Manager of the Financial Section

BOARD OF DIRECTORS AS OF 31 DECEMBER 1999



Chairman

Mr. Jaroslav Klapal /*1947/

General Manager

Changes in the Board of Directors during 1999

- On 17 March Mr. Jaroslav Kulhánek was dismissed from the chairmanship of the Board of Directors.
- On 18 March Mr. Jaroslav Klapal was elected as Chairman of the Board of Directors.
- On 17 October Mr. Jan Brebera was dismissed from the position of Deputy Chairman of the Board of Directors.
- On 18 October Mr. Jaroslav Svoboda was elected as Member of the Board of Directors.
- On 19 October Mr. Jaroslav Svoboda was elected as Deputy Chairman of the Board of Directors.



Deputy Chairman

Mr. Jaroslav Svoboda /*1955/

Manager of the Personal Insurance Section



Member

Mr. Ladislav Korobczuk /*1963/

*Manager of the Financial Management
and Information Technology Section*

SUPERVISORY BOARD AS OF 1 JANUARY 1999

Chairman

Mr. Jaroslav Klapal /*1947/

*Chairman of the Board of Directors and Managing Director
of Česká spořitelna, a.s.*

Deputy Chairman

Mr. Karel Kotrba /*1934/

Chairman of the Supervisory Board of Česká spořitelna, a.s.

Member

Mr. Jaroslav Daňhel /*1943/

Prague University of Economics

Member

Mr. Pavel Kubík /*1948/

ČS-Živnostenská pojišťovna, a.s.

Member

Mr. Roman Mentlík /*1964/

Česká spořitelna, a.s.

Member

Mr. Libor Zima /*1966/

Česká spořitelna, a.s.

SUPERVISORY BOARD AS OF 31 DECEMBER 1999

Chairman

Mr. Dušan Baran /*1965/

*Chairman of the Board of Directors and Managing Director
of Česká spořitelna, a.s.*

Deputy Chairman

Mr. Martin Škopek /*1967/

*Deputy Chairman of the Executive Board and Deputy Managing
Director of Česká spořitelna, a.s.*

Member

Mr. Jaroslav Daňhel, CSc. /*1943/

Prague University of Economics

Member

Mr. Oldřich Deutsch /*1957/

ČS-Živnostenská pojišťovna, a.s.

Member

Mr. Roman Mentlík /*1964/

Česká spořitelna, a.s.

Member

Mr. Libor Zima /*1966/

Česká spořitelna, a.s.

Changes in the Supervisory Board during 1999

- On 11 March Mr. Jaroslav Klapal resigned as Chairman and Member of the Supervisory Board.
- On 12 March Mr. Jaroslav Svoboda was elected as substitute Member of the Supervisory Board.
- On 26 March Mr. Karel Kotrba resigned as Deputy Chairman and Member of the Supervisory Board.
- On 26 March Mr. Dušan Baran was appointed by the Supervisory Board as its member.
- On 30 April Mr. Dušan Baran was elected as Chairman of the Supervisory Board.
- On 30 April Mr. Jaroslav Svoboda was elected as Deputy Chairman of the Supervisory Board.
- On 17 June Mr. Pavel Kubík's membership in the Supervisory Board expired.
- On 18 June Mr. Oldřich Deutsch was elected as Member of the Supervisory Board.
- On 6 October Mr. Jaroslav Svoboda resigned from membership in the Supervisory Board.
- On 12 November Mr. Martin Škopek was elected as Member and subsequently as Deputy Chairman of the Supervisory Board.

COMPANY'S MANAGEMENT AS OF 31 DECEMBER 1999

General Manager

Mr. Jaroslav Klapal /*1947/

Manager of the Personal Lines Section

Mr. Jaroslav Svoboda /*1955/

Manager of the Financial Management and Information
Technology Section

Mr. Ladislav Korobczuk /*1963/

Manager of the Sales, Marketing
and Human Resources Section

Ms. Yvonna Ronzová /*1960/

Manager of the Industrial and Commercial Lines Section

Mr. Jan Paseka /*1952/



Report of the Board of Directors

■ FULFILMENT OF COMPANY'S GOALS IN 1999

The most significant event during the past year was the abolition of the monopoly on motor third party liability insurance. On 13 October 1999, ČS-Živnostenská pojišťovna, a.s. obtained a license to provide motor third party liability insurance and was thus able to participate actively in the dividing of this market at the end of the year. According to preliminary results ČS-Živnostenská pojišťovna, a.s. has achieved a 4% market share.

According to the Czech Insurance Association, the insurance market as a whole increased in 1999 by 14.6%*. Again in 1999, ČS-Živnostenská pojišťovna, a.s. managed to maintain a high growth rate of written premiums (22.5%). That significantly exceeds the average growth of the insurance market in the Czech Republic. With respect to written premiums, ČS-Živnostenská pojišťovna, a.s. has improved its position on the insurance market from seventh to sixth place. In 1999 it strengthened its co-operation within the Česká spořitelna Financial Group in development of new joint products and sales. The result was the introduction of the products SPOROLIST for children, GARANT, and DOMOV in the network of Česká spořitelna, a.s. branches.

In accordance with the strategy of lowering costs for product sales and increasing accessibility of ČS-Živnostenská pojišťovna, a.s. products, the Company became one of the first to offer the sale of selected products over the Internet. During 1999 ČS-Živnostenská pojišťovna, a.s. started to offer the products GARANT and DOMOV on-line, and at the end of the year it also began on-line offering of AUTOPLUS motor third party liability insurance.

■ REINSURANCE

Compared to the previous year, there were no significant changes with respect to the extent and content of reinsurance treaties for 1999. The stability of the existing contracts was mainly supported by the following factors:

– the reinsurance programme was optimised in previous years by

gradual development, so no fundamental corrections had to be made; – the financial situation of ČS-Živnostenská pojišťovna, a.s., its position on the market, and the range of products offered did not change, so no significant action was necessary.

Since during 1999 ČS-Živnostenská pojišťovna, a.s. did not suffer any big losses and also total technical results for individual types of insurance did not show any extraordinary fluctuations, the result of reinsurance treaties was quite balanced this year. By the volume of ceded premiums, the major partner was Swiss Re. This company was also the leading reinsurer of main reinsurance treaties. In addition to Swiss Re, the other leading reinsurers for other contracts of the reinsurance programme were ERC Frankona, Partner Re, New Re, and Tela. Most of the reinsurance companies active on the Czech market also participated in the contracts. Among them were all of the traditional partners of ČS-Živnostenská pojišťovna, a.s. from the reinsurance treaties in previous years.

Besides the direct reinsurance relations, brokers who have already been traditional partners of the Company mediated part of the reinsurance: AON Le Blanc de Nicolay, Willis, and BMS Harris & Dixon. Leading ratings agencies have given positive rating to all of the reinsurers of ČS-Živnostenská pojišťovna, a.s.

At the end of 1999 the renewal of the reinsurance treaties for the year 2000 was successfully completed. Treaties concerning a new insurance product, motor third party liability insurance, extended the reinsurance programme. The treaties concluded represent a firm guarantee that ČS-Živnostenská pojišťovna, a.s. will meet its obligations in the year 2000 and are a good basis for the Company's long-term stability in this competitive insurance branch.

* source: Czech Insurance Association, 7 March 2000

■ INTERNAL AUDIT

In accordance with generally accepted worldwide standards, since 1998 ČS-Živnostenská pojišťovna, a.s. has had an independent internal audit department. According to the Internal Audit Statute, the main goals of this department are independent research, evaluation of adequacy, efficiency, and justifiability of the tools and mechanisms of the internal management system, performance of analyses and evaluations of the Company, evaluation of possible risks and proposal of appropriate measures.

■ HUMAN RESOURCES POLICY

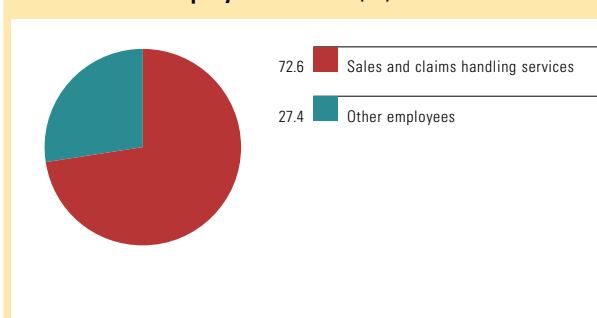
In comparison with 1998, the average number of employees as of 31 December 1999 increased by 4 employees to a total of 1,261. The average age of the employees was 37.

In the year being evaluated, ČS-Živnostenská pojišťovna, a.s. focused on stabilising the sales network and developing the capacity of claims handling services in relation to the development of the insurance services offered and the growth of the insurance portfolio including preparations for the introduction of motor third party liability insurance.

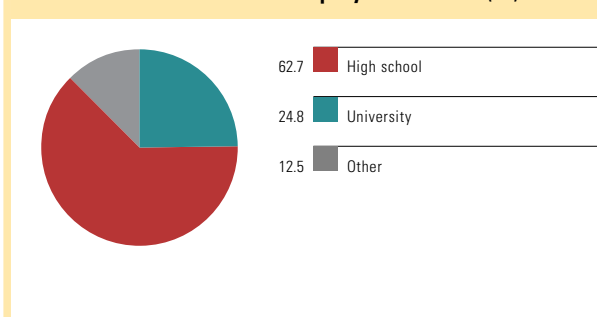
One of the main goals of ČS-Živnostenská pojišťovna, a.s. human resources policy is to become a sought after employer on the employment market, thus creating conditions for recruiting of top professionals. In 1999 the Company paid special attention to improving the employee training system, developing social programmes, improving the working environment, and preparing ways of motivating employees in order to increase productivity of work.

The Company had a good relationship with trade unions. In 1999 a new collective agreement took effect, covering the period of 1999–2002.

Structure of employees in 1999 (%)



Educational structure of employees in 1999 (%)



■ SOCIAL ACTIVITIES

Again last year, ČS-Živnostenská pojišťovna, a.s. participated in activities for the public benefit.

The Company concentrated on a limited number of the most important sponsorship projects. The sponsorship strategy of ČS-Živnostenská pojišťovna, a.s., in accordance with the philosophy of the entire Česká spořitelna Financial Group, is oriented toward charities, healthcare, and development of culture, education, and sports.

ČS-Živnostenská pojišťovna, a.s. provides financial support for the activities of the Association of Paraplegics, and is sponsoring three paraplegic sportsmen who have already been successful in international competition for several years in table tennis and athletics for the handicapped.

Since it started doing business, ČS-Živnostenská pojišťovna, a.s. has been sponsoring the breeding of African elephants at the East Bohemia ZOO at Dvůr Králové nad Labem.

ČS-Živnostenská pojišťovna, a.s. is an active participant in the project of the Česká spořitelna Financial Group for the donation of money for the purchase of ambulances for emergency services in selected towns.

The Company also sponsors sport events. Since 1997 ČS-Živnostenská pojišťovna, a.s. has been the major sponsor of the Golden Helmet Speedway Competition regularly held in Pardubice. Together with other members of the Česká spořitelna Financial Group, in 1999 the Company also supported the Česká spořitelna mountain bikes racing team.

As a member of the Česká spořitelna Financial Group, in 1999 ČS-Živnostenská pojišťovna, a.s. had its first opportunity to support an important cultural event – the international opera festival Smetanova Litomyšl.

■ GOALS OF THE COMPANY FOR 2000

The long-term strategy of ČS-Živnostenská pojišťovna, a.s. is to be a significant, profitable, and prosperous company and to become one of the most important companies providing retail insurance while maintaining its market share of corporate clients. ČS-Živnostenská pojišťovna, a.s. wants to further develop insurance sales through distribution channels operating with minimum costs.

The Czech Republic economy suffered a decline of GDP in 1999 despite a slight increase in the second half of the year after a recession lasting five quarters. In 2000 only slight growth of around 1.4%* may be expected. The expected increase of unemployment will also have a negative influence on the purchasing power of consumers. The current developments of the Czech Republic economy and the projected macroeconomic trends in 2000 will have a significant impact on the Czech insurance market and its development.

The goal of ČS-Živnostenská pojišťovna, a.s. is to make a significant place for itself on the market of personal lines, especially life

* source: Czech Statistics Bureau, 4 April 2000

insurance. By securing complete, high-quality services and by deepening co-operation within the Česká spořitelna Financial Group, ČS-Živnostenská pojišťovna, a.s. will strive to gain a leading position in insurance sales at bank branches (bancassurance) on the Czech financial market.

In 2000 the process of improving the quality of insurance services will continue, moving toward the usual standards in the European Union countries.

In life and personal accident insurance, in 2000 ČS-Živnostenská pojišťovna, a.s. will start the sale of flexible life insurance with unemployment complementary insurance. In industrial and commercial insurance, we are preparing a special all risks product for small and mid-size businesses under the trade name MISTR. In connection with the change of legislation in the area of tourism, ČS-Živnostenská pojišťovna, a.s. is preparing insurance for travel agencies. Further products of ČS-Živnostenská pojišťovna, a.s. will be adapted for sale via the Internet.

■ YEAR 2000 ISSUE

The solution of the Y2K problem was among the main priorities of ČS-Živnostenská pojišťovna, a.s. in 1999. Most of the attention was paid to the Company's information system. The Company made adequate changes and maintenance of hardware, operating systems, and applications.

In hardware, all computers were tested for their compatibility with the year 2000. The outdated types were put out of service, and other computers were adjusted by addition of the devices suggested by the manufacturer. All computers were thoroughly tested.

In operating systems and system programs, ČS-Živnostenská pojišťovna, a.s. uses Microsoft products. During 1999 all measures recommended by Microsoft in connection with the Y2K problem were implemented.

All critical applications, especially systems used for the administration of the insurance portfolio and for accounting, were adapted for the transition to the year 2000 and were tested. In order to be prepared for unexpected threats to the system, at the end of 1999 a complete backup of the operating systems and data was made, and during last days of 1999 and first days of 2000 there was a short shutdown of the entire system.

There were no complications and no failures in the ČS-Živnostenská pojišťovna, a.s. information system connected with the transition to the year 2000. No problems were observed at other facilities operated by ČS-Živnostenská pojišťovna, a.s.

■ COMMENTS TO THE FINANCIAL RESULTS

The decisive indicators for Company finances in 1999 were:

- growth of the balance which, after correction for the accumulated loss and the loss in 1999, increased as of 31 December 1999 by CZK 604,101,000 to a total of CZK 2,402,137,000;
- a resulting loss of CZK -47,978,000; this loss was caused by the expenses associated with entering the demonopolised market for motor third party liability insurance;
- growth of equity by CZK 152,022,000 to a total amount of CZK 374,949,000 as of 31 December 1999.

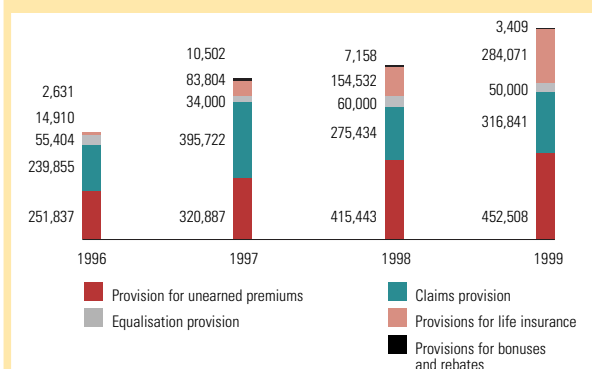
■ Technical provisions

Special attention was paid to correct determination of technical provisions. Technical provisions were established by the appropriate procedures:

- to determine the amount of claims provisions, expert estimates of claims reported by 31 December 1999 were used. The provision for IBNR claims was based on actuarial methods. The provisions also include claims handling expenses.
- to determine the amount of provisions for life insurance, adequate actuarial methods were used.
- to determine the amount of provisions for bonuses and rebates, an actuarial estimate was used.
- to determine the amount of equalisation provision, an actuarial estimate based on statistical calculations was used.
- to determine the provision for unearned premiums, the method pro rata temporis was used.

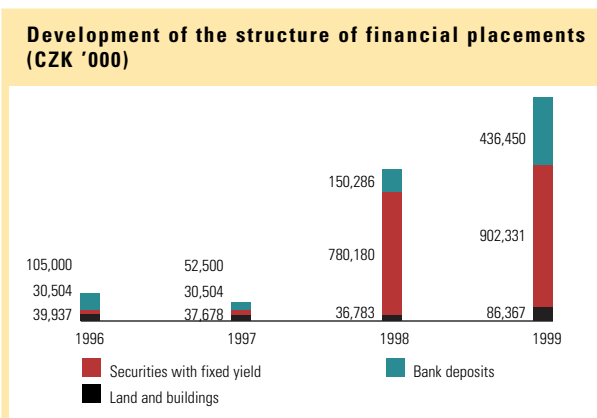
The total net amount of technical provisions as of 31 December 1999 was CZK 1,106,829,000, or by CZK 194,262,000 more than at the end of 1998.

Development of the amounts and structure of technical provisions (CZK '000)

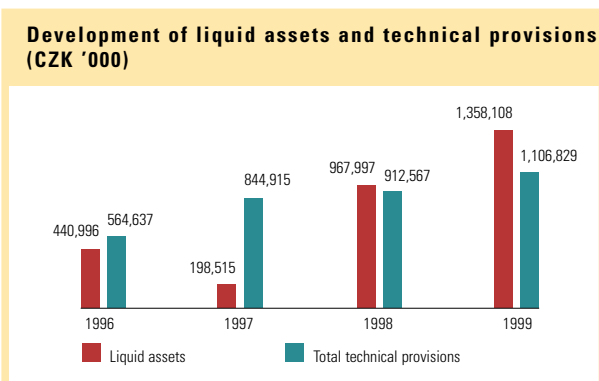


Management of liquidity and financial placements

Company management established as its main goal in this area the achievement of sufficient liquidity. In 1999 management focused in particular on safe investments with emphasis on a high level of liquidity. The following graph shows the development of the structure of financial placements and how their total amount is growing.



Total financial placements as of 31 December 1999 were CZK 1,425,148,000. This is by CZK 457,899,000 more than on 31 December 1998. After correction for the influence of loans for increasing liquidity, the growth consists of an increase of the share capital in the amount of CZK 200 million, net revenues from investments in the amount of CZK 62 million, and from the positive cash flow from insurance activity worth CZK 245,900,000. It can be said that the goal was achieved. The deficit in liquidity caused by catastrophic flooding in 1997 was balanced out, and the liquidity of the Company was sufficient. This is also proven by the development of the ratio between the amount of liquidity and technical provisions as shown in the following graph:



INFORMATION FOR SHAREHOLDERS

The sole shareholder owning 100% of the Company's shares is Česká spořitelna, a.s., one of the most important banks in the Czech Republic.

In 1999 three General Meetings took place. At an extraordinary meeting held on 20 July 1999, the General Meeting through its only shareholder decided to increase the share capital of the Company by CZK 200 million. On 4 August 1999 the General Meeting approved the annual financial statements for 1998 and noted the changes of the Supervisory Board. After the end of Mr. Pavel Kubík's term of office, the employees elected Mr. Oldřich Deutsch as a new Member of the Supervisory Board. After the resignation of Mr. Jaroslav Klapal and Mr. Karel Kotrba, the General Meeting elected Mr. Dušan Baran and Mr. Jaroslav Svoboda as new members of the Supervisory Board. On 12 November 1999 the General Meeting noted the resignation of the Supervisory Board member Mr. Jaroslav Svoboda and elected Mr. Martin Škopek as a new Member of the Supervisory Board.

The registered share capital of the Company is CZK 816 million and consists of 8,160 registered share certificates. The share capital was fully paid.



Business results

BUSINESS STRATEGY

In 1999 the business strategy of ČS-Živnostenská pojišťovna, a.s. was focused on the development of insurance of individuals, i.e. life and personal accident insurance, and on maintaining and increasing the portfolio of industrial and commercial property and liability insurance.

The Company continued with further systematic development of the sale of insurance at the Česká spořitelna, a.s. branches (bancassurance). After the demonopolisation of the insurance market, the ČS-Živnostenská pojišťovna, a.s. network and the Česká spořitelna, a.s. network started the sale of motor third party liability insurance under the trade name AUTOPLUS. The insurance products GARANT, DOMOV, and AUTOPLUS were altered so they could be sold over the Internet. Co-operation with many intermediary companies and professional chambers was broadened. This, among other things, helped the Company to achieve positive results in industrial and commercial lines. ČS-Živnostenská pojišťovna, a.s. introduced new client cards offering a number of advantages, services, discounts and bonuses to the clients.

POSITION OF ČS-ŽIVNOSTENSKÁ POJIŠŤOVNA ON THE INSURANCE MARKET

During the year evaluated, ČS-Živnostenská pojišťovna, a.s. achieved CZK 2.17 billion of written premiums. The Company thus moved from the seventh to the sixth position among the insurers on the Czech market according to the preliminary results of the Czech Insurance Association.

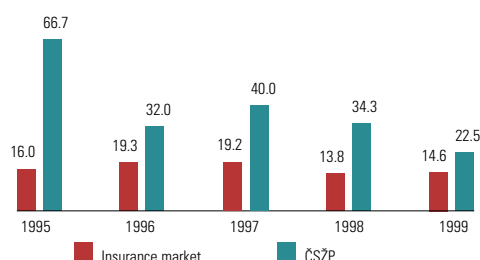
The volume of written premiums increased by almost CZK 400 million compared to previous year, i.e. by 22.5%. This growth rate is 1.5 times higher than of the insurance market as a whole in 1999. From individual insurance areas, industrial and commercial insurance made a major contribution toward this result. The Company's share on the Czech insurance market in this area increased by almost 1% to the value of 7.6%.

INSURANCE CONTRACTS

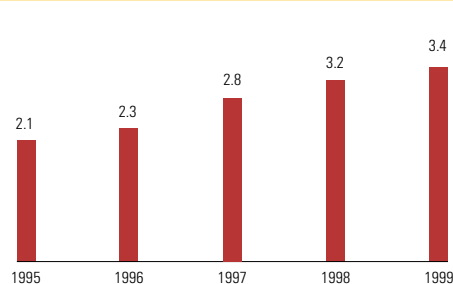
As of 31 December 1999, ČS-Živnostenská pojišťovna, a.s. had a total of 337,777 policies on record. In comparison with 1998 that represents an increase by 50,887 policies, i.e. by almost 18%.

From the total number of policies, 304,951 were long-term and 32,826 were short-term policies.

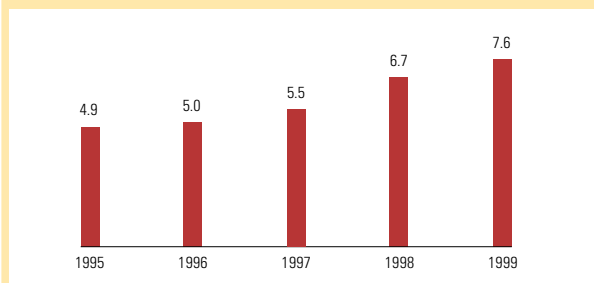
Comparison of the growth rate of the insurance market and ČSŽP according to written premiums (%)



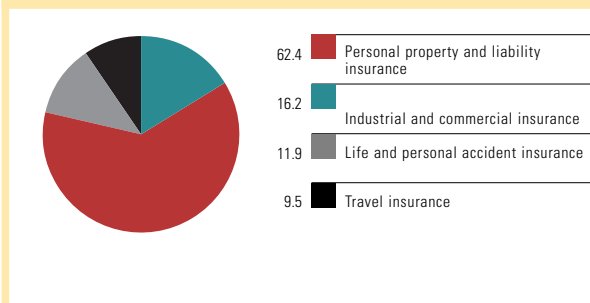
Total share of ČSŽP on the Czech insurance market (%)



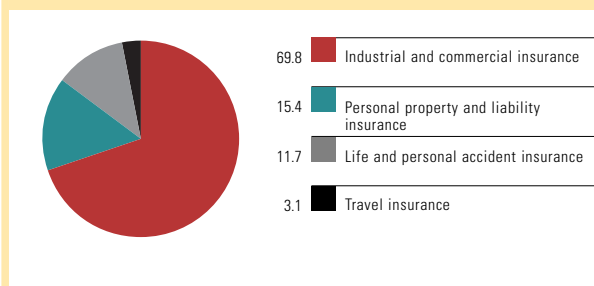
Share of ČSŽP on the Czech insurance market for industrial and commercial insurance (%)



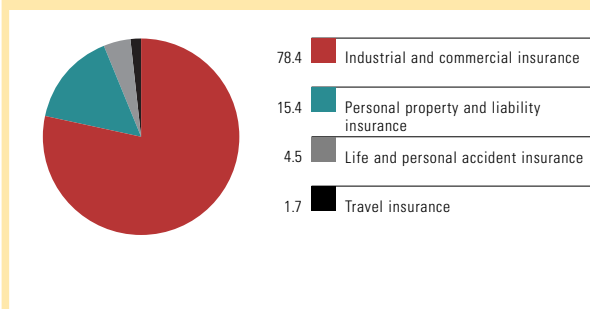
Structure of insurance policies (%)



Share of individual insurance classes of ČSŽP for 1999 according to the volume of written premiums (%)



Structure of paid claims (%)



WRITTEN PREMIUMS (CZK '000)

	1996	1997	1998	1999
Industrial and commercial insurance	809,980	1,004,249	1,294,459	1,513,648
Personal property and liability insurance	75,159	155,207	238,090	331,460
Life and personal accident insurance	56,698	153,982	213,480	253,592
Travel insurance	*	4,749	24,507	70,181
Total	941,837	1,318,187	1,770,536	2,168,881

* This type of insurance was not offered.

NUMBER OF INSURANCE POLICIES

	1996	1997	1998	1999
Industrial and commercial insurance	23,021	30,532	38,012	54,773
Personal property and liability insurance	82,504	128,579	196,599	210,754
Life and personal accident insurance	12,920	23,587	33,991	40,067
Travel insurance	*	6,315	18,288	32,183
Total	118,445	189,013	286,890	337,777

* This type of insurance was not offered.

PAID CLAIMS (CZK '000)

	1996	1997	1998	1999
Industrial and commercial insurance	219,670	979,097	850,224	821,488
Personal property and liability insurance	53,866	137,277	123,504	161,574
Life and personal accident insurance	7,014	14,048	30,133	46,622
Travel insurance	*	1,247	5,234	18,254
Total	280,550	1,131,669	1,009,095	1,047,938

* This type of insurance was not offered.



Insurance products

INDUSTRIAL AND COMMERCIAL INSURANCE

The development of written premiums for fire and natural perils insurance and insurance against theft has continued the long-term trend of increasing saturation of the insurance market while the total amount of written premiums has remained almost at the same level.

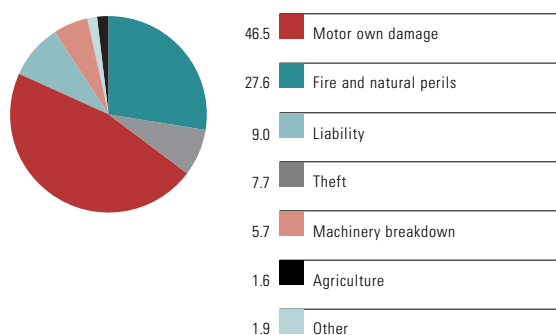
During 1999, CZK 1,513,648,000 of premiums were written. This represents an increase of CZK 219,189,000 compared to previous year. The greatest year-on-year increase was for motor own damage insurance, up by CZK 164,467,000, so it became the main factor for the increase of written premiums. There were CZK 703,998,000 of written premiums for industrial portfolio motor own damage insurance, i.e. 46.5% of the total written premiums. This fact represented a good starting position on the demonopolised market for motor third party liability insurance. A significant increase of written premiums was also achieved in agricultural insurance (72.2%), business interruption insurance (52.8%), and machinery breakdown and electronic equipment insurance (22.7%).

SUMMARY OF WRITTEN PREMIUMS ACCORDING TO THE CLASS OF INSURANCE (CZK '000)

	1996	1997	1998	1999
Fire and natural perils	348,291	376,420	412,544	417,010
Theft	105,297	109,921	114,947	116,551
Motor own damage	218,695	350,925	539,531	703,998
Liability	45,684	98,844	124,915	136,682
Machinery breakdown	40,499	50,973	70,419	86,429
Agriculture	*	*	14,239	24,521
Other	51,514	17,166	17,864	28,457
Total	809,980	1,004,249	1,294,459	1,513,648

* This type of insurance was not offered.

Structure of written premiums in 1999 (%)



WRITTEN PREMIUMS AND PAID CLAIMS IN 1999 (CZK '000)

Written premiums	1,513,648
Paid claims	821,488

As of 31 December 1999, 54,773 industrial and commercial insurance contracts were on record, representing an increase of insurance contracts by 16,761 compared to previous year. From this portfolio 52% of the contracts included motor own damage insurance, 43% of the contracts included fire and natural perils insurance, and more than 33% included theft insurance. In 1999 the average written premium per contract amounted to CZK 27,635.

In industrial and commercial insurance 24,210 claims were reported. In comparison with 1998 the Company recorded by 7,594 more claims, which represented an increase of 45.7%. Among traditional types of insurance, the number of reported claims increased mainly for theft insurance (by 64.2%), motor own damage insurance (by 61.6%), and machinery breakdown and electronic equipment insurance (by 44.6%).

PERSONAL PROPERTY AND LIABILITY INSURANCE

In personal property and liability insurance, ČS-Živnostenská pojišťovna, a.s. witnessed a continuous increase in the number of clients and the amount of written premiums. This positive trend resulted from an effort to provide clients with higher-quality insurance products, more closely meeting their needs.

The most significant growth of written premiums was for liability insurance, up by almost 85%. A significant increase of written premiums was also achieved in motor own damage insurance, up by more than 45% compared to previous year. The development of household and building insurance was stable. In 1999 the average written premium per contract was CZK 1,573.

As of 31 December 1999 there were 210,754 personal property and liability insurance contracts in force. This represents an increase of 7.2% compared to previous year.

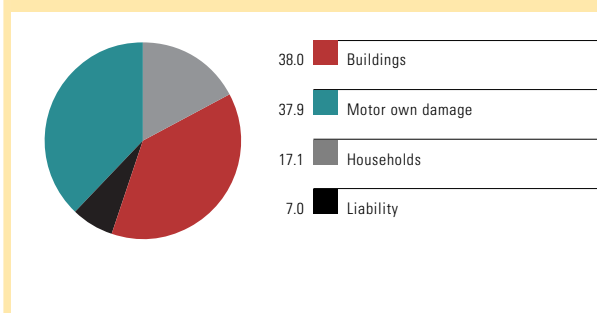
During 1999, a total of 8,907 claims had been settled in personal property and liability insurance. Of these claims 41% were for household insurance, 26% for insurance of buildings, 17% for liability insurance, and 16% for motor own damage insurance.

SUMMARY OF WRITTEN PREMIUMS ACCORDING TO THE CLASS OF INSURANCE (CZK '000)

	1996	1997	1998	1999
Households	25,053	30,696	41,968	56,746
Buildings	46,150	68,338	97,108	125,922
Liability	3,956	7,494	12,528	23,136
Motor own damage	*	48,679	86,486	125,656
Total	75,159	155,207	238,090	331,460

* This type of insurance was not offered.

Structure of written premiums in 1999 (%)



WRITTEN PREMIUMS AND PAID CLAIMS IN 1999 (CZK '000)

Written premiums	331,460
Paid claims	161,574

LIFE AND PERSONAL ACCIDENT INSURANCE

In 1999 the volume of written premiums for life and personal accident insurance increased by almost 19% in comparison with 1998. The highest growth rate of 78% compared to previous year was for complementary insurance for daily benefits and hospitalisation.

ČS-Živnostenská pojišťovna, a.s. became the first insurance company to introduce critical illness insurance on the Czech insurance market in 1995. This type of insurance has become the most requested form of capital insurance.

In life and personal accident insurance, a total of 40,067 contracts were concluded in 1999. The average annual written premium per contract for life and personal accident insurance as of 31 December 1999 was CZK 6,329.

All clients of ČS-Živnostenská pojišťovna, a.s. who concluded a capital insurance contract were guaranteed a stable return from financial placements of the life provisions. As of 31 December 1999, the total share of revenues credited to clients was CZK 17,269,000.

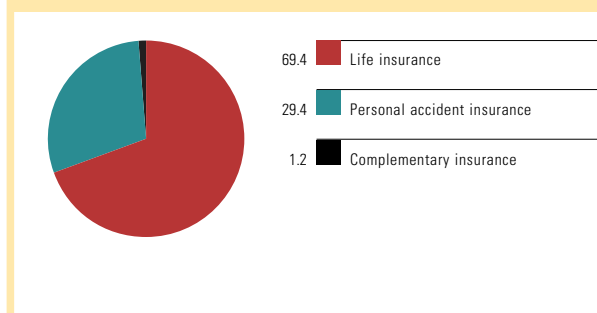
In 1999, in total 4,649 claims were settled in life and personal accident insurance. Of the total number of claims settled, almost 88% related to claims under personal accident insurance.

SUMMARY OF WRITTEN PREMIUMS ACCORDING TO THE CLASS OF INSURANCE (CZK '000)

	1996	1997	1998	1999
Life	39,159	117,461	139,176	175,973
Personal accident	17,539	36,366	72,539	74,482
Complementary insurance (daily benefits, hospitalisation)	*	155	1,765	3,137
Total	56,698	153,982	213,480	253,592

* This type of insurance was not offered.

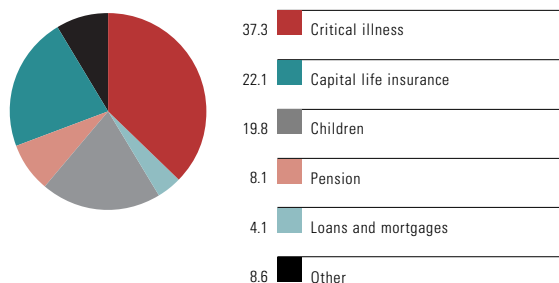
Structure of written premiums in 1999 (%)



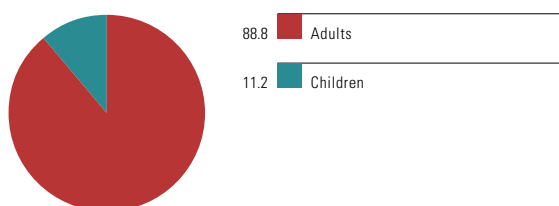
WRITTEN PREMIUMS AND PAID CLAIMS IN 1999 (CZK '000)

Written premiums	253,592
Paid claims	46,622

Structure of written premiums in life insurance (%)



Structure of written premiums in personal accident insurance (%)



KOLUMBUS TRAVEL INSURANCE

Again in 1999, the position of KOLUMBUS travel insurance on the insurance market was strengthened. The changes made to the product on 1 July 1999 had a significant influence on this improvement. The range of assistance services offered was expanded, complementary insurance for sports was introduced, and the sums insured for individual complementary covers were raised.

In 1999 a number of direct contracts were concluded with travel agencies. These contracts indicate promising potential for the further increase of written premiums in 2000.

Written premiums amounted to CZK 70,181,000 in 1999. In comparison with 1998, written premiums had a very high growth rate of 186%, or in absolute terms of CZK 45,674,000. The average premium per contract was CZK 2,181 in 1999.

In 1999 the Company paid CZK 18,254,000 when settling 1,975 claims.

CO-OPERATION WITHIN THE ČESKÁ SPOŘITELNA FINANCIAL GROUP

Within the framework of co-operation of individual members of the Česká spořitelna Financial Group, in 1999 more insurance products began to be offered for sale in the branch network of Česká spořitelna, a.s. At present, clients can choose from various high-quality insurance products such as KOLUMBUS travel insurance, ECHO comprehensive life and personal accident insurance, SPOROLIST for children, DOMOV household insurance, and GARANT employee's liability insurance. Selected branches of Česká spořitelna, a.s. also offer ESO motor own damage insurance and, since the end of 1999, AUTOPLUS motor third party liability insurance.

In co-operation with other members of Česká spořitelna Financial Group (Spořitelní penzijní fond, a.s. and ČS-stavební spořitelna, a.s.), the Company is continuing to have success offering life and personal accident insurance to the clients of Spořitelní penzijní fond, a.s. and insurance of health care expenses incurred abroad by the participants in the SUMA programme (a programme of ČS-stavební spořitelna, a.s. offered to young people below the age of 29).



Report of the Supervisory Board

The Supervisory Board has performed the tasks assigned to it by generally binding regulations and the Articles of Association of the Company. In 1999 the Supervisory Board met regularly and held eleven regular and two extraordinary meetings.

In the course of 1999, there were changes to the personnel of the Supervisory Board. Most significant was the change of the Chairman and Deputy Chairman. In April Mr. Dušan Baran replaced Mr. Jaroslav Klapal as Chairman of the Supervisory Board, and in November Mr. Martin Škopek replaced Mr. Jaroslav Svoboda as Deputy Chairman of the Supervisory Board.

The Board of Directors and Company management continually informed the Supervisory Board about developments of the business dealings, achievement of strategic goals, and other important information necessary for the responsible performance of its function.

During the fiscal year, the Supervisory Board supervised the activities of the Company and submitted to the Board of Directors its ideas and suggestions for dealing with the most important issues.

The Supervisory Board reviewed the financial statements of the Company for 1999 according to the accounting principles valid for insurance companies and stated that the accounting records and evidence were kept in an appropriate manner.

The Supervisory Board has noted the results of the audit of the financial statements for the year 1999 performed by the audit firm KPMG Česká republika Audit, spol. s r.o.

On the basis of the facts stated above, the Supervisory Board has recommended that the General Meeting approve the status of the assets and liabilities and the settlement of the loss of the Company in 1999.

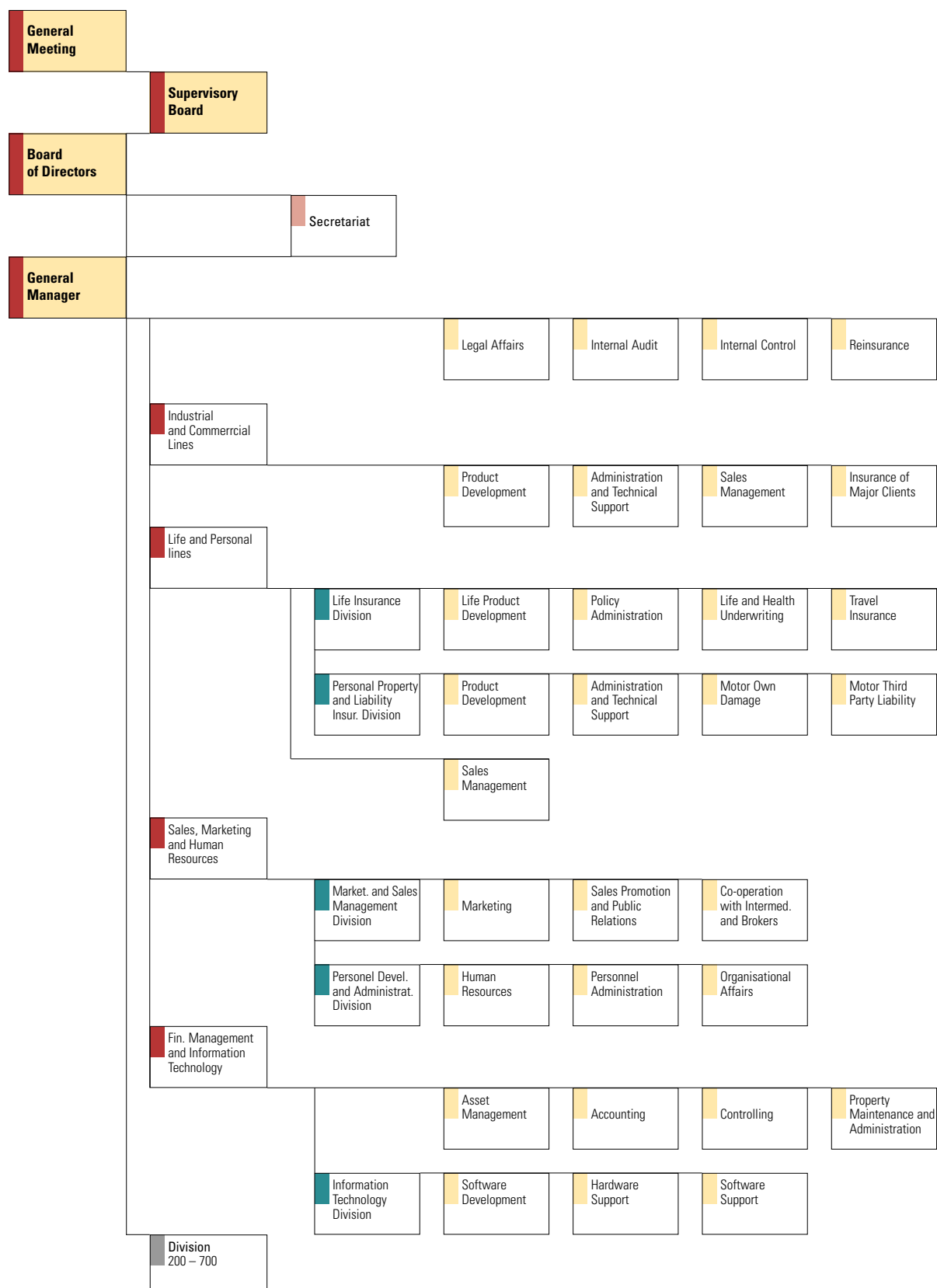
Pardubice, 13 April 2000

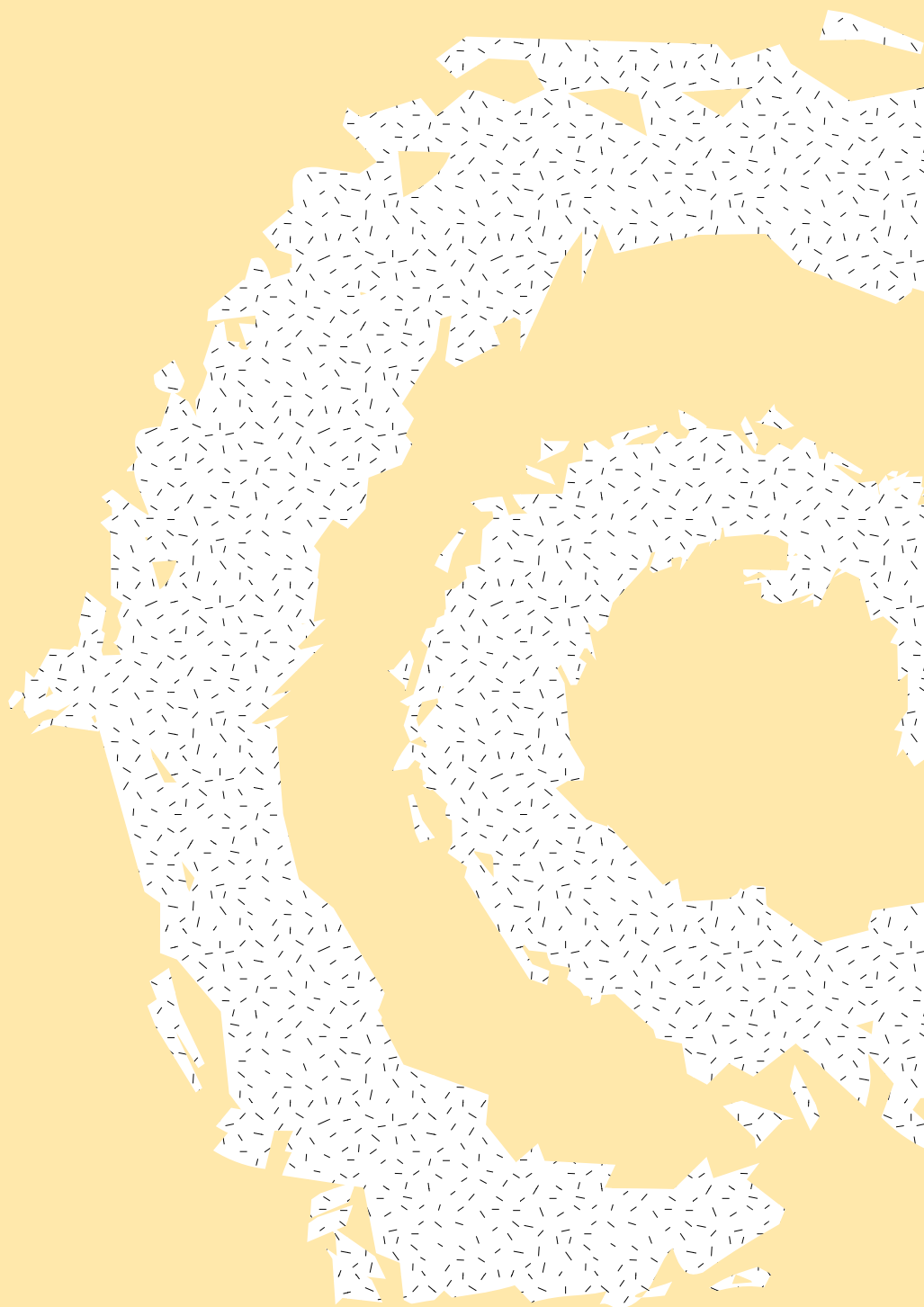
Dušan BARAN

Chairman of the Supervisory Board



Company's structure as of 31 December 1999







KPMG Česká republika Audit, spol. s r.o.

Auditor's report to the shareholders of ČS - Živnostenská pojišťovna, a.s.

We have reviewed the information included in the 1999 annual report of ČS-Živnostenská pojišťovna, a.s. The scope of our review was limited to confirmation as to whether the information included in the annual report was consistent with the financial statements.

On 15 March 2000, we issued the following auditor's report on the Company's statutory financial statements:

"We have audited the accompanying financial statements of ČS-Živnostenská pojišťovna, a.s. for the year ended 31 December 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and the Chamber of Auditors of the Czech Republic and the auditing standards of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and equity of ČS-Živnostenská pojišťovna, a.s. as of 31 December 1999 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

Prague, 2 June 2000

KPMG Česká republika Audit, spol. s r.o.
Licence number 71

Ing. František DOSTÁLEK
Licence number 176

Balance sheet as of 31 December

(CZK '000)	1996	1997	1998	1999
I. ASSETS				
Intangible assets	2,559	4,121	9,889	6,403
Financial placements of technical provisions	175,441	120,682	967,249	1,425,148
thereof: Land and buildings	39,937	37,678	36,783	86,367
Bank deposits	105,000	52,500	150,286	436,450
Other financial placements	30,504	30,504	780,180	902,331
Receivables	271,551	401,628	484,705	608,556
thereof: Receivables from policyholders	187,816	203,310	283,375	362,327
Receivables from reinsurance operations	56,771	191,448	191,909	217,232
Other receivables	26,964	6,870	9,421	28,997
Other assets	447,873	433,375	336,193	362,030
thereof: Tangible assets	45,903	113,383	114,918	111,353
Financial assets	305,492	115,511	37,531	19,327
Other assets	96,478	204,481	183,744	231,350
Retained loss of previous period	53,735	39,063	405,388	403,073
Current accounting period loss	0	366,324	0	47,978
Total assets	951,159	1,365,193	2,203,424	2,853,188
II. LIABILITIES				
Equity and funds	226,000	226,000	626,000	826,000
thereof: Share capital	216,000	216,000	616,000	816,000
Other funds	10,000	10,000	10,000	10,000
Technical provisions	564,637	844,915	912,567	1,106,829
thereof: Unearned premium provisions	251,837	320,887	415,443	452,508
Life insurance provisions	14,910	83,804	154,532	284,071
Claims provisions	239,855	395,722	275,434	316,841
Provisions for bonuses and rebates	2,631	10,502	7,158	3,409
Equalisation provision	55,404	34,000	60,000	50,000
Provisions for other risks and losses	0	0	0	0
Payables and other liabilities	145,850	294,278	662,542	920,359
thereof: Payables due to the policyholders	9,757	33,712	31,737	215,654
Payables from reinsurance operations	83,691	146,176	192,855	240,774
Bank loans	0	0	300,000	250,000
Other payables and liabilities	52,402	114,390	137,950	213,931
Retained profit	0	0	0	0
Profit of the current period	14,672	0	2,315	0
Total liabilities	951,159	1,365,193	2,203,424	2,853,188

Profit and loss account for the year ended 31 December

(CZK '000)	1996	1997	1998	1999
I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE				
Written premiums	902,678	1,200,726	1,631,360	1,992,908
Written premiums ceded to reinsurers	321,155	441,898	573,975	635,266
Change in unearned premium provisions	79,727	100,108	105,862	73,213
Change in unearned premium provisions , reinsurers' share	5,173	53,983	17,071	25,992
Other technical income, net	140,765	191,046	324,496	305,362
Paid claims	278,958	1,210,644	1,041,551	1,069,657
Paid claims, reinsurers' share	102,490	667,419	457,289	355,735
Change in claims provisions	137,915	435,237	-415,191	64,074
Change in claims provisions, reinsurers' share	42,047	280,882	-293,067	24,767
Acquisition expenses	45,224	94,256	141,933	250,876
Administrative expenses	187,343	408,717	501,815	581,510
Other technical expenses, net	33,238	79,925	126,558	43,872
Change in equalisation provision	19,302	-21,404	26,000	-10,000
Result of the technical account of non-life insurance	90,291	-355,325	34,645	-3,704
II. TECHNICAL ACCOUNT – LIFE INSURANCE				
Written premiums	39,159	117,461	139,176	175,973
Written premiums ceded to reinsurers	752	1,871	2,825	4,416
Change in unearned premium provisions	10,586	23,522	5,813	-10,221
Change in unearned premium provisions, reinsurers' share	237	597	48	-65
Revenue from financial placements	610	10,070	13,585	17,269
Unrealised gains from financial placements	0	0	0	0
Other technical revenues, net	260	3,783	4,599	1,477
Paid claims	1,592	7,194	13,638	27,816
Paid claims, reinsurers' share	500	405	0	3,047
Change in claims provisions	995	1,711	5,484	-2,047
Change in claims provisions, reinsurers' share	-500	-200	-3,647	4,147
Change in life insurance provisions	12,707	68,893	70,728	129,539
Change in other technical provisions	0	0	3,672	-1,573
Acquisition expenses	9,799	8,365	48,582	34,501
Administrative expenses	10,362	33,096	58,408	43,918
Financial placement expenses	0	0	0	0
Unrealised losses on financial placements	0	0	0	0
Other technical expenses, net	0	1,622	6,007	4,605
Result of the technical account of life insurance	-5,527	-13,758	-54,102	-37,400
III. NON-TECHNICAL ACCOUNT				
Revenue from financial placements	12,482	0	3,148,571	12,009,423
Financial placement expenses	0	1,638	3,139,899	12,008,518
Other revenues	11,195	14,365	15,567	1,589
Other expenses	93,392	9,335	10,988	12,066
Income tax on ordinary income	1,422	2,703	-815	2,106
Extraordinary revenues	1,114	2,195	8,422	5,350
Extraordinary expenses	69	126	716	546
Result after tax	14,672	-366,324	2,315	-47,978

1. GENERAL INFORMATION

1.1 Registered office of the Company

ČS-Živnostenská pojišťovna, a.s.
Smilova 547
530 02 Pardubice

1.2 Board of Directors

Members of the Board of Directors as of 31 December 1999:

Chairman: Mr. Jaroslav Klapal, Praha 4, Starobylá 8

Deputy Chairman: Mr. Jaroslav Svoboda, Praha 5, U Kříže 633/28

Member: Mr. Ladislav Korobczuk, Přelouč, Jižní 1370

All members individually or two members of the Board of Directors together act in the name of the Company. In order to sign in the name of the Company, the signatures of at least two members of the Board of Directors are required alongside the name of the Company.

1.3 Supervisory Board

Members of the Supervisory Board as of 31 December 1999:

Chairman: Mr. Dušan Baran, Praha 6, Brunclíkova 1830/11

Deputy Chairman: Mr. Martin Škopek, Praha 4, Klapálkova 2243/11

Member: Mr. Libor Zima, Hradec Králové, Baarova 1377

Member: Mr. Roman Mentlík, Praha 6, Národní obrany 14/714

Member: Mr. Oldřich Deutsch, Pardubice, Benešovo nám. 2517

Member: Mr. Jaroslav Daňhel, Praha 1, Vladislavova 13

1.4 Basic accounting procedures of the Company

1.4.1 Financial placements

1.4.1.1 Book value

Land and buildings are carried at acquisition cost. The Company uses straight-line depreciation. The depreciation periods in years arranged by type of assets are as follows:

Assets	Depreciation period (years)
Land	not depreciated
Buildings	45

Securities and participating interests are stated at purchase price.

Loans, other long-term receivables and bank deposits are stated at their nominal value.

Temporary reductions in value are reflected through the creation of value adjustments. Accounting is not kept for unrealised gains from financial placements.

1.4.1.2 Current value

The Company performs a valuation of land and buildings at least once in five years by means of expert appraisal.

The value of securities and participating interests is calculated as of the date of the financial statements:

- for those securities and participating interests, which are quoted on the stock exchange, the current value is the value listed at the stock exchange on the last trading day before the date of the financial statements,
- for securities and participating interests traded on the RM-System or other financial markets, the current (market) value is the average price at which the investments are traded on the last day of trading before the date of financial statements.

The current value for all other financial placements is determined based on an expert estimate of their likely realisable (sale) price.

1.4.2 Tangible and intangible assets

Tangible and intangible assets are stated at acquisition cost.

Tangible assets with an acquisition cost of up to CZK 40,000 and intangible assets with an acquisition cost of up to CZK 60,000 are entered into accounting as costs for the accounting period when they were purchased.

Tangible assets acquired before 1 January 1998, if their acquisition cost was in excess of CZK 20,000, are maintained in the tangible asset ledger.

The annual rate of accounted depreciation reflects actual usage and the service life of tangible and intangible assets. Depreciation is entered into accounting on a monthly basis.

The Company's planned depreciation for individual types of assets is shown in the following table:

Assets	Method	Depreciation period (years)
Industrial rights, etc.	not depreciated	—
Software	straight-line	4
Movable assets – motor cars	straight-line	4
Movable assets – information technology	straight-line	4
Movable assets – office equipment	straight-line	4
Movable assets – inventory	straight-line	8

For depreciation according to Income Tax Act, the Company has chosen the straight-line depreciation method.

1.4.3 Stocks

Stocks are stated at acquisition cost. The acquisition cost includes the purchase price, transport costs, and other direct expenses connected with acquisition.

1.4.4 Cash and vouchers

Cash and vouchers are stated at their nominal value.

1.4.5 Foreign currency translation

Transactions carried out during the year are entered into accounting at the exchange rate of the Czech National Bank valid as of the transaction date.

Assets and liabilities in foreign currency are translated according to the official exchange rate of the Czech National Bank as of the end of the accounting period (i.e. 31 December 1999).

Exchange rate differences determined when the accounting books are closed as of the day of the compilation of the financial statement are entered into accounting as follows:

- a) receivables, payables, and financial placements – unrealised foreign currency gains and losses are disclosed in the balance sheet, and a provision is created for unrealised foreign currency losses.
- b) cash value and other financial assets in foreign currencies – exchange rate gains and losses are charged to the profit and loss account.

1.4.6 Establishment of adjustments to assets

Adjustments to assets are created against expenses if the decrease of their value determined on the basis of information from stocktaking is not permanent.

1.4.7 Written premiums

Gross written premiums include all amounts due in accordance with insurance contracts during an accounting period, regardless of whether these amounts relate wholly or in part to future accounting periods.

1.4.8 Paid claims

Paid claims also include handling costs, i.e. the costs to the insurer connected with handling claims. Paid claims are reduced by claims of recourse and other similar rights of the Company. Paid claims are recorded at the moment the claim is processed and the claim amount to be paid is recognised (determined). Claims handling costs are entered into accounting for the period to which they relate in terms of time and subject, but at the latest in the period when they were identified.

1.4.9 Unearned premiums provisions

Unearned premium provisions are created from the part of written premiums that relates to future accounting periods. They are shown as the sum of all provisions calculated for each individual contract using the *pro rata temporis* method.

1.4.10 Claims provisions

Provisions for life and non-life insurance are created for:

- a) claims from insured events reported but not settled during the accounting period;
- b) claims from insured events that were incurred but not reported during the accounting period.

The total provisions for outstanding claims represent the sum of provisions calculated for individual claims. The provision for outstanding claims also comprise all expected costs connected with claims handling. For claims that were incurred but not reported, the amount of provision for outstanding claims is determined using the chain-ladder method.

1.4.11 Provisions for bonuses and rebates

The provisions for bonuses and rebates are created in accordance with the general insurance terms and conditions.

1.4.12 Equalisation provision

The equalisation provision is created for individual classes of non-life insurance from a part of premiums in order to offset year-on-year variations of loss experience. Equalisation provision is also created for all expected costs connected with the claims handling. The amount of the provision is determined by means of an expert estimate. In 1999 the amount of this provision has already been established in accordance with Act no. 363/1999 Coll. and with the proposed decree, which is to accompany that law.

1.4.13 Life insurance provisions

Life insurance provisions represent the sum of the provisions calculated in accordance with individual life insurance contracts.

Life insurance provisions represent the amount of the Company's liabilities calculated by actuarial methods including profit participation already declared and guaranteed (shares on premium surplus) and a provision for expenses, related to the administration of contracts, after deducting the value of future premiums.

The Company accounts for zillmerised provisions in accordance with calculation of individual tariffs approved by the Ministry of Finance of the Czech Republic. Negative values of calculated provisions are substituted by zero. The amount resulting from the nullification of negative values for provisions is then activated in the form of deferral of acquisition costs for life insurance contracts, taking into account the expected cancellation of insurance contracts.

1.4.14 Allocation of revenues and expenses between the technical accounts and the non-technical account

1.4.14.1 Revenues from financial placements

Revenues from financial placements, which are directly connected to life insurance activities, are recorded in the technical account for life insurance. Other revenues from financial placements, which are not directly connected with life insurance activities, are recorded in the non-technical account during the accounting period. Revenues from financial placements of technical provisions of non-life insurance are subsequently transferred from the non-technical account to the technical account for non-life insurance.

1.4.14.2 Expenses

During the accounting period, unanimously attributable expenses and revenues are accounted for directly in the technical account. Expenses and revenues that cannot be directly attributed are initially recorded in the non-technical account and subsequently divided between the technical and non-technical accounts. This procedure is not applied to taxes and fees, expenses connected with financial placements in non-life insurance, and other expenses not connected with insurance or reinsurance activities.

The ratio of written premiums for individual insurance areas to overall written premiums is used for the division of expenses and revenues between life and non-life insurance.

1.4.15 Deferred acquisition costs

In accordance with article X paragraph 2 letter b) of the regulation designating the chart of accounts and the accounting procedures for insurance companies, ref. no. V/2-25 430/1992 as amended, acquisition costs are deferred as expenses of future accounting periods, meaning that those expenses in part relating to a subsequent accounting period are debited to the account no. 391. Deferred acquisition costs are debited to account no. 511 or 532 and credited to account no. 391. Acquisition costs for non-life insurance contracts are deferred at the same ratio as written premiums.

For life insurance, acquisition costs for insurance contracts are deferred using the formation of life insurance provisions. Negative balances of this technical provision are stated in account 391, taking into consideration the principle of prudence, and after taking into account the expected cancellation of insurance contracts.

Direct acquisition costs for insurance contracts (commissions) for the new motor third party liability insurance were deferred in the full amount. The indirect acquisition costs of the insurance contracts (especially the advertising campaign) were deferred over two years (1999 and 2000), taking into account the level of fulfilment of the business plan for this insurance.

1.4.16 Consolidation

Information from the financial statement of the Company is included in the consolidated financial statement of Česká spořitelna, a.s., with registered office at Na Příkopě 29, Praha 1.

2. SPECIAL INFORMATION

2.1 Non-life insurance

The summary of basic data on non-life insurance in 1996–1999 is included in the following table (CZK '000):

Direct insurance	Year	Gross premium written	Gross premium earned	Gross claims	Gross operating expenses
Total non-life insurance	1996	902,678	822,951	416,873	232,567
	1997	1,200,726	1,100,618	1,645,881	502,973
	1998	1,631,360	1,525,498	626,360	643,748
	1999	1,992,908	1,919,695	1,133,731	832,386
Fire and other damage to property (natural perils and theft)	1996	457,707	435,570	191,845	118,609
	1997	482,522	474,334	1,038,222	202,145
	1998	666,078	599,077	308,096	262,842
	1999	794,203	765,027	415,446	331,718
Motor own damage	1996	217,193	193,644	104,760	55,956
	1997	396,449	281,438	228,942	166,082
	1998	623,810	538,267	195,075	246,169
	1999	824,473	794,184	547,931	344,361
Liability	1996	49,640	42,607	16,175	12,791
	1997	106,338	100,613	49,947	44,563
	1998	133,469	124,288	61,697	52,659
	1999	164,749	158,697	73,146	68,811
Other	1996	178,438	151,130	104,093	45,211
	1997	215,417	244,333	328,770	90,183
	1998	208,003	263,872	61,492	82,078
	1999	209,483	201,787	97,208	87,496
	1996		1997	1998	1999
Reinsurance balance of non-life insurance		-73,242	698,159	-217,673	-4,897

2.2 Life insurance

The gross amount of written premiums in life insurance is stated in the following table (CZK '000):

	as of 31 Dec 1996	as of 31 Dec 1997	as of 31 Dec 1998	as of 31 Dec 1999
Total gross written premiums	39,159	117,461	139,176	175,973
thereof: individual premium	37,086	108,468	127,808	162,182
premium under group contracts	2,073	8,993	11,368	13,791
thereof: periodic premiums	33,115	92,979	109,356	118,095
single premiums	6,044	24,482	29,820	57,878
thereof: premium from contracts without profit-sharing	3,108	32,964	45,216	35,660
premium from contracts with profit-sharing	36,051	84,497	93,960	140,313
Reinsurance balance of life insurance	485	-669	878	-4,648

2.3 Total amount of gross written premium by the countries where concluded

All contracts were concluded in the territory of the Czech Republic.

2.4 Summary of commissions

The total amount of commissions for direct insurance, particularly commissions for acquisition, renewal, premium collection, and portfolio administration is stated in the following table (CZK '000):

Type of insurance	Year	First period commission		Following periods commission		Total
		internal	external	internal	external	
Non-life insurance	1996	17,409	26,798	19,397	9,719	73,323
	1997	19,807	43,197	18,502	19,094	100,600
	1998	23,586	90,406	18,566	41,962	174,520
	1999	28,531	93,460	22,590	71,485	216,066
Life insurance	1996	3,154	4,224	261	302	7,941
	1997	3,227	7,687	1,280	2,507	14,701
	1998	3,350	16,176	2,486	3,567	25,579
	1999	5,199	7,956	1,913	3,522	18,590
Total	1996	20,563	31,022	19,658	10,021	81,264
	1997	23,034	50,884	19,782	21,601	115,301
	1998	26,936	106,582	21,052	45,529	200,099
	1999	33,730	101,416	24,503	75,007	234,656

3. OTHER INFORMATION

3.1 Intangible assets

As of 31 December 1999, the intangible assets of the Company comprised the following items (CZK '000):

	Book value			
	as of 31 Dec 1996	as of 31 Dec 1997	as of 31 Dec 1998	as of 31 Dec 1999
Industrial and other rights	295	295	295	295
Software	2,264	3,826	9,594	6,108
Total	2,559	4,121	9,889	6,403

3.2 Financial placements

3.2.1 Current value of participating interest

As in previous years, ČS-Živnostenská pojišťovna, a.s. did not have any participating interest in third-party entities.

3.2.2 Current value of other financial placements

The summary of the book and current value of financial placements is as follows (CZK '000):

	Book value as of			Current value as of		
	31 Dec 1997	31 Dec 1998	31 Dec 1999	31 Dec 1997	31 Dec 1998	31 Dec 1999
Land and buildings	37,678	36,783	86,367	37,678	36,782	86,367
Variable-yield securities	x	x	x	x	x	x
Fixed-yield securities	30,504	780,180	902,331	30,930	779,894	907,114
Mortgage	x	x	x	x	x	x
Other loans	x	x	x	x	x	x
Bank deposits	52,500	150,286	436,450	52,500	150,304	436,450
Other financial placements	x	x	x	x	x	x
Total	120,682	967,249	1,425,148	121,108	966,980	1,429,931

The appraisal of land and buildings includes adjustments to the prices of operations buildings in the total amount of CZK 5,468,000, which were created on the basis of expert appraisal of these buildings in 1997 and 1999.

3.3 Receivables

The Company created adjustments to receivables from premiums. The adjustments were created when financial statements were prepared. In the opinion of persons responsible (as designated by internal regulations) the amount of the adjustments is adequate for the level of risk that the premiums might be uncollectable. The adjustments to receivables are as follows (CZK '000):

	as of 31 Dec 1996	as of 31 Dec 1997	as of 31 Dec 1998	as of 31 Dec 1999
Adjustments to receivables	19,573	45,815	59,191	71,949
Total receivables (including advances paid)	291,123	447,443	543,896	680,505

3.4 Other assets and temporary accounts of assets/liabilities

The balance of deferred acquisition costs determined by the procedure described in paragraph 1.4.15 is stated in the following table (CZK '000):

	as of 31 Dec 1996	as of 31 Dec 1997	as of 31 Dec 1998	as of 31 Dec 1999
Non-life insurance	22,876	36,253	50,644	80,038
Life insurance	5,270	23,065	11,209	8,282
Total	28,146	59,318	61,853	88,320

3.5 Payables and receivables within the Česká spořitelna Financial Group

The value of payables to and receivables from the members of Česká spořitelna, a.s. consolidation group were as follows (CZK '000):

Receivables from:	as of 31 Dec 1997	as of 31 Dec 1998	as of 31 Dec 1999
Česká spořitelna, a.s.	9,173	3,479	201,634
Spořitelní penzijní fond, a.s.	0	3	x
CORFINA, a.s.	201	17,873	x
Payables and temporary passive accounts to:			
Česká spořitelna, a.s.	2,296	302,173	252,128
CORFINA, a.s.	251	0	376
Spořitelní penzijní fond, a.s.	0	0	10

4. REGISTERED CAPITAL AND FUNDS

4.1 Registered capital

The registered share capital consists of 8,160 registered shares. The shares were issued as certificates with a nominal value of CZK 100,000 per share. As of 31 December 1999, 100% of the share capital has been paid.

The development of the registered capital is described in the following table:

	Number (pcs)	Nominal value of share (CZK '000)	Share capital (CZK '000)	Share premium (CZK '000)	Total (CZK '000)
Balance as of 31 Dec 1996	2,160	100	216,000	x	216,000
Balance as of 31 Dec 1997	2,160	100	216,000	x	216,000
Balance as of 31 Dec 1998	6,160	100	616,000	x	616,000
Balance as of 31 Dec 1999	8,160	100	816,000	x	816,000

4.1.1 Capital funds

The capital fund was created by contributions paid to cover the obligatory deposit in accordance with the Act on Insurance and the requirements of the supervisory authority. As of 31 December 1999, capital funds amounted to CZK 10 million (the same as of 31 December 1998).

4.1.2 Funds from net profit

In 1999 in accordance with the decision of General Meeting and in accordance with Company's Articles of Association a legal reserve fund was created in the amount of CZK 116,000 by contribution from the net profit of 1998, which was consequently used to cover losses from previous accounting periods.

4.1.3 Profit distribution

The net profit of 1998 (CZK 2,315,000) was used to cover accumulated losses of previous years and to create the legal reserve fund, the balance of which was subsequently used to cover losses of previous years. The specific figures are as follows (CZK '000):

	1996	1997	1998	1999
Undistributed retained profit from the previous year	21,721	14,672	0	2,315
Profit of the current year	14,672	0	2,315	0
Additions to and withdrawals from the reserve fund	1,286	734	0	0
Settlement of loss from previous years	20,435	13,938	0	2,315
Undistributed profit	14,672	0	2,315	0

4.2 Technical provisions

4.2.1 Life insurance provision

When calculating the balance of the life insurance technical provision, the Zillmer method is used in accordance with the approved general insurance terms and conditions. The results of this method including limitations set out in §6 subparagraph 3 of Decree 52/1994 Coll. are as follows (CZK '000):

	as of 31 Dec 1997	as of 31 Dec 1998	as of 31 Dec 1999
Unzillmerised provision	111,337	148,487	260,690
Zillmerised adjustment	54,279	54,761	61,506
Elimination of negative provisions	26,746	13,188	9,815
Balanced zillmerised provision	83,804	106,912	208,999

The balance of the life insurance provision is further adjusted for the allocated profit participation, pensions, and waived premiums. The total balance of the life insurance provision as of 31 December 1999 amounts to CZK 284,071,000.

4.2.2 Claims provisions

The difference between the claims provision as of 1 January 1999, payments (in respect of claims included within this provision), and the balance of this provision as of 31 December 1999 represents the result of the adjustment of claims. The following table illustrates its calculation (CZK '000):

	1997	1998	1999
Provision for outstanding claims as of 1 January	383,313	1,091,755	410,553
Claims paid during the current accounting period relating to losses of previous periods	135,033	445,632	271,351
Claims provision at the end of the current accounting period in respect of claims arising in previous periods and not yet settled	214,614	54,776	40,841
Development result of previous periods' claims	33,666	591,346	98,361

4.2.3 Equalisation provision

As of 31 December 1999, the Company adjusted the equalisation provision in accordance with internal instructions to the amount of CZK 50 million (in 1997 it was CZK 34 million, in 1998 CZK 60 million).

4.3 Payables and receivables from passive reinsurance

The table below gives an overview of reinsurance payables and receivables (CZK '000):

	as of 31 Dec 1996	as of 31 Dec 1997	as of 31 Dec 1998	as of 31 Dec 1999
Receivables from reinsurers	56,771	191,448	191,909	217,232
Payables to reinsurers	83,691	146,176	192,855	240,774
Balance (+ receivable, - payable)	-26,920	45,272	-946	-23,542

4.4 Complementary information to the profit and loss account

4.4.1 Premium bonuses and rebates

The Company provided the following premium bonuses and rebates on the basis of insurance conditions and insurance contracts (CZK '000):

	1998			1999		
	gross	reinsurance	net	gross	reinsurance	net
Total bonuses and rebates paid	13,344	0	13,344	14,113	0	14,113
Life insurance	0	0	0	3,712	0	3,712
Non-life insurance	13,344	0	13,344	10,401	0	10,401
Total change in provision for bonuses and rebates	-3,344	0	-3,344	-3,749	0	-3,749
Life insurance	3,672	0	3,672	-1,573	0	-1,573
Non-life insurance	-7,016	0	-7,016	-2,176	0	-2,176
Total bonuses and rebates	10,001	0	10,001	10,364	0	10,364
Life insurance	3,672	0	3,672	2,139	0	2,139
Non-life insurance	6,329	0	6,329	8,225	0	8,225

4.4.2 Administration expenses

Items posted to administrative overhead accounts 512 and 533 are determined by Internal Instruction No. 14/1997. Administrative overhead includes primarily costs connected with collection of premiums and administration of contracts. An overview of these costs is shown in the following table (CZK '000):

	1997	1998	1999
Personnel costs of employees who effect or administer insurance contracts and who are allocated to the departments of individual insurance products and to their claims handling departments; the total amount of those costs is stated including costs for social security and health insurance	199,540	252,080	270,947
Subsequent commissions	41,382	66,581	94,075
Travel expenses	10,950	11,983	9,453
Depreciation and expenses for repair and maintenance of tangible assets classified in accounting class 21	26,698	42,877	51,522
Fuel consumption	4,236	4,685	6,108
Services of material and non-material nature	29,571	61,723	97,031
Rent for offices	29,693	46,181	49,538
Services relating to rental offices	4,381	8,562	8,093
Consumption of low value tangible assets	15,678	27,253	29,168
Other expenses included under administration overhead	79,684	38,298	9,493
Total	441,813	560,223	625,428

4.4.3 Employees and executives

Below is an overview of personnel expenses (CZK '000) and the structure of the Company's staff:

Type of personnel expenses (CZK '000)	Year	Category of employees			Total
		acquisition, sales	claims	admini- stration	
Payroll expenses	1997	129,187	32,504	56,578	218,269
	1998	129,466	36,048	98,856	264,370
	1999	126,012	40,214	103,816	270,042
Social insurance	1997	40,515	0	10,422	50,937
	1998	30,235	8,418	23,086	61,739
	1999	33,179	10,591	22,247	66,017
Health insurance	1997	14,005	0	3,591	17,596
	1998	10,448	2,909	7,977	21,334
	1999	11,442	3,659	7,657	22,758
Contribution to catering of employees	1997	2,999	765	797	4,561
	1998	2,958	824	2,259	6,041
	1999	3,412	1,369	1,808	6,589
Total personnel expenses	1997	186,706	33,269	71,388	291,363
	1998	173,107	48,199	132,178	353,484
	1999	174,045	55,833	135,528	365,406
Average number of employees	1997	753	192	200	1,145
	1998	726	212	319	1,257
	1999	653	262	346	1,261

4.4.4 Statutory, Executive and Supervisory Board Members' remuneration

Members of the Board of Directors including the Chairman are employees of the Company who work either as managers or the General Manager. Members of the Board of Directors and of the Supervisory Board receive remuneration for the work connected with these positions as determined by the majority shareholder. An overview of this remuneration is shown in the following table (CZK '000):

	1996	1997	1998	1999
Remuneration prescribed	845	667	3,608	3,180
Remuneration paid	845	667	3,608	3,180
Advances paid by the Company	0	0	0	0
Loans granted by the Company	0	0	0	0
Paid retirement pension	0	0	0	0

4.4.5 Expenses allocated between technical accounts and the non-technical account

The total amount of expenses allocated between the technical account for life insurance, non-life insurance, and the non-technical account on the basis of the prescribed method as of the date of the financial statements amounted to CZK 300,580,000 (1998 CZK 263,769,000; 1997 CZK 152,039,000).

4.4.6 Result of non-technical account

The result of non-technical account was as of 31 December 1999 CZK -6,874,000 (1998 CZK 21,772,000; 1997 CZK 6,537,000)

4.4.7 Result before taxes

The business result before taxes as of 31 December 1999 was CZK -45,872,000 (this result is adjusted by the deferred tax liability). The business result before taxes in 1998 represented a profit of CZK 1,500,000 in 1997 a loss of CZK 363,621,000.

4.4.8 Taxation

The Company does not expect any corporate income tax to become payable for the fiscal year 1999. Preliminary tax result for 1999 represents a loss in the amount of CZK 17,476,000.

Tax from items accounted and taxed in different accounting periods is reflected in the balance sheet as a deferred tax liability. In comparison with 1998 the amount of deferred tax increased by CZK 2,106,000 to CZK 6,023,000.

5 EVENTS AFTER THE BALANCE SHEET DATE

The extraordinary General Meeting held on 29 March 2000 decided to pay for part of the loss from previous accounting periods by lowering the registered capital by CZK 488.8 million and at the same time it decided on the subsequent increase of the registered capital by CZK 250 million. The extraordinary General Meeting further decided to allow the subscription of shares for a total increase of the registered capital by up to CZK 1 billion.



REGISTERED OFFICE OF THE COMPANY

General Manager – Mr. Jaroslav Kulhánek (as of 31 December 1998)

Mr. Jaroslav Klapal (as of 18 March 1999)

Smilova 547, 530 02 Pardubice, tel.: +420 (40) 605 11 10, fax: +420 (40) 605 13 80



BRNO DIVISION

Division Manager – Mr. Pavel Kubík

Kounicova 4, 611 51 Brno, tel.: +420 (05) 41 58 61 75, fax: +420 (05) 41 58 61 71

Brno Branch – Janská ul., Ivančice Agency, Tišnov Agency, Břeclav Branch, Hodonín Agency, Kyjov Agency, Mikulov Agency, Pohořelice Agency, Veselí nad Moravou Agency, Jihlava Branch, Žďár nad Sázavou Agency, Velké Meziříčí Agency, Bystřice nad Pernštejnem Agency, Zlín Branch, Uherské Hradiště Agency, Uherský Brod Agency, Slavičín Agency, Kroměříž Branch, Holešov Agency, Koryčany Agency, Znojmo Branch, Hrušovany nad Jeviškou Agency, Boskovice Branch, Blansko Agency, Vyškov Branch, Slavkov u Brna Agency, Třebíč Branch, Moravské Budějovice Agency, Náměšť nad Oslavou Agency.



ČESKÉ BUDĚJOVICE DIVISION

Division Manager – Mr. Petr Voráček

Kněžskodvorská 8/1, 370 04 České Budějovice, tel.: +420 (038) 773 52 78, fax: +420 (038) 731 32 21

České Budějovice Agency, Prachatic Agency, Český Krumlov Agency, Strakonice Agency, Písek Agency, Milevsko Agency, Klatovy Agency, Sušice Agency, Tábor Agency, Benešov Agency, Pelhřimov Agency, Příbram Agency, Jindřichův Hradec Agency.



HRADEC KRÁLOVÉ DIVISION

Division Manager – Mr. Jaroslav Štěchovský

Střelecká 1222, 500 10 Hradec Králové, tel.: +420 (049) 575 21 11, fax: +420 (049) 39 84 46

Hradec Králové Branch, Rychnov nad Kněžnou Branch, Svitavy Branch, Jičín Branch, Nymburk Branch, Poděbrady Agency, Turnov Branch, Semily Agency, Vrchlabí Branch, Trutnov Agency, Pardubice Branch, Chrudim Branch, Havlíčkův Brod Branch, Kolín Branch, Český Brod Agency, Kutná Hora Branch, Čáslav Agency, Mladá Boleslav Branch, Benátky nad Jizerou Agency, Česká Lípa Branch, Mělník Branch, Varnsdorf Branch, Liberec Branch, Jablonec nad Nisou Branch.



OLOMOUČ DIVISION

Division Manager – Mr. Karel Veselý

Jeremenkova 42, 772 00 Olomouc, tel.: +420 (068) 555 03 53, fax: +420 (068) 555 03 19

Ostrava Branch, Hlučín Agency, Karviná Branch, Šumperk Branch, Jeseník Agency, Mohelnice Agency, Vsetín Branch, Valašské Meziříčí Agency, Rožnov pod Radhoštěm Agency, Hranice Agency, Frýdek-Místek Branch, Nový Jičín Agency, Trinec Agency, Kopřivnice Agency, Bruntál Branch, Opava Agency, Vítkov Agency, Krnov Agency, Olomouc Branch, Uničov Agency, Přerov Agency, Prostějov Agency.



PLZEŇ DIVISION

Division Manager – Mr. Zdeněk Jančovič (as of 1 January 1999)

Školní 2, 312 06 Plzeň, tel.: +420 (019) 726 65 07, fax: +420 (019) 726 20 02

Plzeň Branch, Domažlice Branch, Bor u Tachova Agency, Nepomuk Agency, Cheb Agency, Karlovy Vary Branch, Sokolov Agency, Kraslice Agency, Žatec Branch, Louny Agency, Chomutov Agency, Kadaň Agency, Teplice Branch, Most Agency, Litvínov Agency, Ústí nad labem Branch, Děčín Agency, Litoměřice Branch, Roudnice nad Labem Agency.



PRAHA DIVISION

Division Manager – Mr. Pavel Toman

Roháčova 64/1056, 130 00 Praha 3, tel.: +420 (02) 67 29 71 11, fax: +420 (02) 61 21 61 81

Praha Sokolovská Branch, Praha Šafaříkova Agency, Praha Žitomířská Agency, Praha Národní třída Agency, Praha Střelničná Agency, Praha Roháčova Agency, Kladno Branch, Beroun Agency, Slaný Agency, Rakovník Agency.

LIFE INSURANCE AND PERSONAL ACCIDENT INSURANCE

- Capital and risk life insurance
- Capital and risk life insurance for critical illnesses
- JUNIOR, STUDENT insurance for children
- Credit risk insurance for cases of the death or critical illness of the debtor
- ECHO comprehensive life and personal accident insurance
- Complementary insurance of daily benefits and hospitalisation
- Group insurance
- Personal accident insurance as standalone product
- KOLUMBUS travel health insurance (also sold at Česká spořitelna, a.s. branches)
- SPOROLIST for children (also sold at Česká spořitelna, a.s. branches)
- Flexible life insurance (also sold at Česká spořitelna, a.s. branches)

PERSONAL PROPERTY AND LIABILITY INSURANCE

- Comprehensive household insurance
- Comprehensive homeowners insurance
- Comprehensive apartment building insurance
- Comprehensive insurance of apartments
- Insurance of personal liability
- Employee's liability insurance
- ESO motor own damage insurance
- DOMOV household insurance (also sold at Česká spořitelna, a.s. branches and through the Internet)
- GARANT employee's liability insurance (also sold at Česká spořitelna, a.s. branches and through the Internet)
- AUTOPLUS motor third party liability insurance (also sold at Česká spořitelna, a.s. branches and through the Internet)

FAMILY FINANCIAL ANALYSIS

Family financial analysis represents a new, modern approach to the client. It is an over standard service, free of charge, offering complete care, perfect service, and providing for the financial security of people and property. Family financial analysis is a financial products sales method of the members of the Česká spořitelna Financial Group.

INDUSTRIAL AND COMMERCIAL INSURANCE

- Fire and natural perils insurance
- Business interruption insurance
- Insurance against burglary and robbery
- Insurance of motor vehicles and trailers
- Cargo insurance
- Machinery breakdown insurance
- Electronic equipment insurance
- Third party liability insurance
- Product liability insurance
- Directors and officers liability insurance
- CAR/EAR insurance
- Agricultural insurance
- AUTOPLUS motor third party liability insurance (also sold at Česká spořitelna, a.s. branches and through the Internet)

INSURANCE PROGRAMMES

Insurance programmes are sets of insurance packages more favourable than if the respective insurance contracts are effected individually. This addresses certain groups of clients and offers complete care, and especially better insurance rates based on the good knowledge of the client (large volume of insured property, distribution of risks, or low loss experience).

bonus	A promise of a premium rebate if no losses occur during the term of insurance.
beneficiary	A legal entity or individual entitled to the insurance benefit according to the insurance contract, as designated by name or by relation to the insured person. If such person is not designated directly in the insurance contract or if that person does not acquire the right to the benefit, the party stated in §817 subparagraph 2 and 3 of the Civil Code becomes the beneficiary.
certificate of insurance	Written confirmation from the insurer that an insurance contract has been concluded.
complementary insurance	Extension of the existing insurance cover to include other insured subjects, or coverage for other insured perils. It may be concluded in one insurance contract with the basic existing cover but it forms a separate part.
comprehensive insurance services	The securing of comprehensive insurance coverage for property, persons, and liability.
contractual stipulations	An agreement between the insurer and the policyholder specifying the conditions of the insurance relationship.
deductible	An amount or share of financial participation by the insured in loss settlement for each insured event. It is expressed in CZK (fixed deductible) or as a percentage (variable deductible) of sum insured or loss amount.
expiration of insurance contract	The termination of the validity of an insurance contract.
general insurance terms and conditions	Stipulations of the conditions of insurance fulfilling the requirements of the Insurance Act, issued by individual insurers. The general insurance terms and conditions form an integral part of every insurance contract.
inception of insurance	A set of work procedures connected with effecting of an insurance contract, its rating, the setting of the rate, and the writing of the contract. In a narrower sense, the inception of insurance is the moment of effecting of an insurance contract.
insurance agent	A legal entity or individual brokering insurance on the basis of a contract with an insurance company.
insurance benefit	Compensation for a loss arising to the insured on the insured object through an insured event, or to an injured party if the insured is liable for the loss.
insurance broker	A legal entity or individual brokering insurance on the basis of a contract with a person interested in effecting an insurance contract.
insurance brokering	A professional activity leading to the effecting of insurance contracts or reinsurance treaties and activities connected therewith performed by an insurance agent or insurance broker.
insurance business	The conclusion of insurance contracts, their administration, provision of benefits for insured events, and insurance brokerage; prevention is also a part of the insurance business.
insurance contract	A bilateral legal act between the policyholder and the insurer, on the basis of which contractual insurance originates and continues. It is a legal document in written form containing the contractual terms and conditions of the insurance relationship that are binding on both contractual parties.
insured	A legal entity or individual whose life, health, property, or liability are the subject matter of the insurance and who, if the insured event occurs, is entitled to an insurance benefit unless stated otherwise.
insured event	A loss occurrence or other event to which the obligation of the insurer applies.
injured party	A party, which has suffered a loss for which someone else is responsible according to valid legal regulations.
insurer	A legal entity licensed to provide insurance in accordance with the Insurance Act.

loss	Damages, calculable as money, occurring to life, health, an object, property, nature, or the environment.
loss occurrence	A circumstance connected with the origin of a loss that the insurer investigates with the goal of determining whether the conditions for providing an insurance benefit have been met and, if so, in what amount.
personal accident	Bodily injury caused unexpectedly by external causes, independently of the will of the damaged party, by mechanical force, by the action of chemical substances, or by the uninterrupted effect of high or low external temperatures, gasses, vapours, radiation, or poisons, or as a result of sudden, excessive, nonrecurring bodily effort.
policyholder	A legal entity or individual who concluded an insurance contract with an insurer and has the basic obligation to pay premiums unless that party is relieved of this obligation.
premium	Payment due for the insurance coverage provided.
reinsurance	A contractual relationship between an insurer and a reinsurer, on the basis of which the reinsurer pays part of the insurance benefits for the insurer in cases defined in the given contractual relationship (it thus constitutes insurance of the risks assumed by the insurer).
reinsurer	A legal entity assuming part of the risks of an insurer and further assuming a corresponding amount of the premiums (reinsurance premium) less the reinsurance commission and other agreed fees.
sum insured	The amount established in a contract as the maximum limit of the insurer's obligation.
surrender value	The amount of money to which a person insured under a life insurance contract is entitled if the life insurance provision becomes positive.
technical provisions	Tax-deductible funds designated for use in future accounting periods. The purpose of the technical provisions is to insure that the business result of a given accounting period is not distorted by expenses or revenues actually belonging to another accounting period.
universal insurance company	An insurance company providing comprehensive insurance services (insurance of property, persons, and liability for damage).
zillmerisation	An actuarial method taking into account initial costs when calculating premium provisions for life insurance.

Contact address:

ČS-Živnostenská pojišťovna, a.s.

Smilova 547

530 02 Pardubice

Telephone: +420/40/6051 110

Fax: +420/40/6051 380

Internet: <http://www.zivpo.cz>

E-mail: zivpo@zivpo.cz

Identification number: 474 52 820

Auditor: KPMG Česká republika Audit, spol. s r.o.

Consulting, design and production:

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