

**EUROPÆISKE REJSEFORSIKRING A/S**

**ANNUAL REPORT AND ACCOUNTS**

**2004**

**Europæiske Rejseforsikring A/S  
3, Frederiksberg Allé  
1790 Copenhagen V  
DENMARK**

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### COMPANY NAME

#### EUROPÆISKE REJSEFORSIKRING A/S

3, Frederiksberg Allé  
DK 1790 Copenhagen V

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

### BOARD OF DIRECTORS:

Franz-Josef Biesel (Chairman), Thomas Doyle,  
Helmut Pritscher, \*Henrik Iding, \*Jeanett S. Chrisdam

\*Elected by the staff

### BOARD OF MANAGEMENT:

Preben Mullit, Managing Director

### COMPANY AUDITORS:

Deloitte.	KPMG C. Jespersen
Statsautoriseret	Statsautoriseret
Revisionsaktieselskab	Revisionsinteressentskab
Erik Holst Jørgensen and Birger Berg Nielsen	Per Gunslev and Ole Karstensen

*The annual report includes a translation of the Danish original wording. The Danish original wording shall be governing for all purposes and in any case of discrepancy, the Danish wording shall take precedence.*

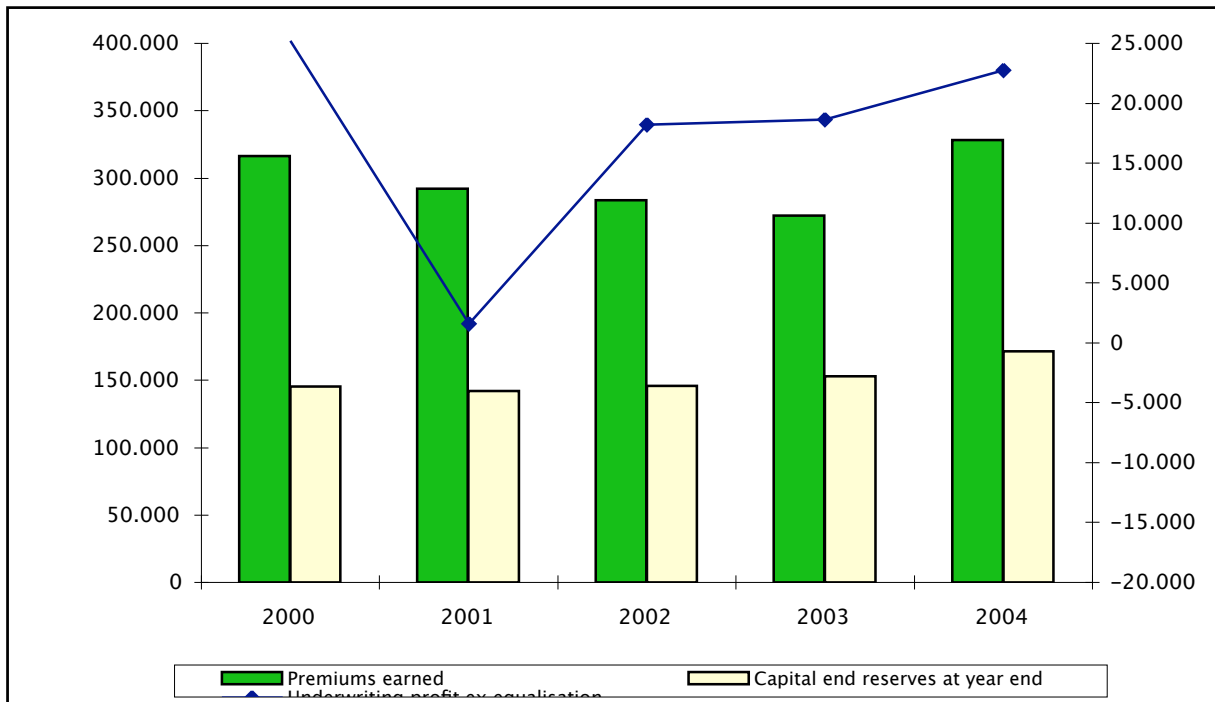
## Five-year review

in DKK'000

Europæiske Rejseforsikring A/S

Key figures	2000	2001	2002	2003	2004
Gross premiums earned	413.802	370.989	364.115	344.740	471.259
Premium income, net of reinsurance	316.447	292.145	283.707	272.004	328.214
Claims incurred, net of reinsurance	152.994	154.624	135.515	128.512	157.532
Net operating expenses, net of reinsurance	144.652	141.209	134.023	126.956	150.472
Adjustment of equalisation provision	0	5.300	0	0	0
Underwriting profit/loss	25.225	6.888	18.230	18.664	22.777
Underwriting profit/loss exclusive of equalisation provision	25.225	1.588	18.230	18.664	22.777
Profit/loss of investment after transfer of technical interest	8.515	7.363	12.407	8.000	12.206
Profit for the year	15.650	3.705	16.023	14.825	27.390
Gross run-off profit/loss	-4.867	-3.208	-1.045	4.352	2.445
Run-off profit/loss, net of reinsurance	4.452	7.749	7.392	4.948	12.327
Technical provisions	145.672	128.786	129.223	128.307	169.276
Capital and reserves at year-end	145.148	141.854	145.877	153.202	171.592
Total assets	344.019	330.598	341.284	341.701	417.348
Claims rate, net of reinsurance	48,35%	52,93%	47,77%	47,25%	48,00%
Burden rate, net of reinsurance	45,71%	48,34%	47,24%	46,67%	45,85%
Return on capital and reserves	10,97%	2,58%	11,14%	9,91%	16,87%
Solvency cover	2,45	2,80	2,88	2,82	2,43

in DKK'000



## **ANNUAL REPORT FOR 2004**

### **About Europæiske**

Europæiske Rejseforsikring A/S' primary business area is sale of travel insurance either in the form of trip-by-trip insurance or annual insurance in connection with our customers' holiday and business trips, or stationing abroad. We offer assistance, covers of claims and related services everywhere in the world.

Our vision is to supply the customers with the best quality in Denmark at a competitive price. This is why we aim at an efficient organisation with professional employees with focus on the customer's need for security and safety.

### **Europæiske's Network**

In more than 80 years a well-developed international network has been our principal basis. A basis, which concurrently is adjusted and expanded in step with the development in the travel market, matching the travellers' needs. Our strength lies in Europæiske's ownership and control of all essential elements in the network. This enables us to have direct control of the quality.

### **Europæiske's own alarm-centre Euro-Alarm**

Euro-Alarm is Europæiske's own alarm centre, which is manned 24 hours a day with international, multi-lingual assistant coordinators and doctors. This ensures our customers the best possible service before, during and after the journey. Euro-Alarm has thorough knowledge of treatment and hospital standards all over the world. An important tool for this is our Information Service Centre (ISC). ISC is a vendor database developed and updated by Euro-Alarm. This information is checked on a continuous basis by visits to the hospitals and to physicians etc. At the end of 2004 ISC had mapped more than 65,000 medical suppliers.

In Euro-Alarm a Danish medical emergency service has been established. This means that Europæiske's customers during travelling – all the 24 hours 365 days during the year – can call Europæiske's Danish medical emergency service with questions on for instance medicine and treatment prescribed by the treating physician at the destination. This way the international traveller will have a Danish doctor "at his side" when travelling and in case of stationing abroad.

### **Europæiske's International Service Offices, Euro-Centres**

The local anchorage of our network is Europæiske's service offices abroad, the Euro-Centres. They are the entry to the regional area in which they are located. Therefore the Euro-Centres are located at destinations with a large concentration of travelers or at destinations with a special need for support. As a minimum there is a Euro-Centre in every continent. The Euro-Centre staff is Scandinavian employees with strong ties to the local population and culture. Generally each employee has lived in the country for many years and speaks the local language.

For the traveller this means that the Euro-Centres are the place to contact if the person is robbed or becomes ill during travelling. Hence, the Euro-Centres function as Euro-Alarm's extended arm in the world.

In November 2004 Europæiske opened service office number 14 in Beijing in China.

The office functions as alarm-centre for the still increasing number of Chinese who travel on holiday outside China in line with how our alarm-centre works in Copenhagen. The other objective with the office is to provide assistance services to Europæiske's increasing number of holiday and business travellers in China.

This is actually an extension of our business area, as all our other world-wide service offices only provide assistance to Danes travelling in the areas in question and not to the people living in the country where the office is located. This is a significant business decision taken based on a clear expectation of continuous financial growth in China, but also in particular based on the fact that in the last 80 years we have build up an expert knowledge in providing travellers with assistance.

### **Administration of the Public Health Travel Insurance Scheme "The yellow Card"**

Europæiske has handled the Public Health Travel Insurance Scheme for 30 years. About 50,000 Danes need assistance from the Scheme annually and it comprises for instance free medical assistance and repatriation.

In particular in the repatriation area in the skiing season Europæiske has saved the State Scheme up to about DKK2m. The solution is called "The Bone Express" which consists of two aircrafts, chartered by Europæiske and outfitted especially with the purpose of returning the unfortunate Danes injured on their skiing holiday. Not only the Authorities benefit from this arrangement, also the patients perceive this as an improved service to them.

In 2004 there were 26 planned flights, but during the season 3 extra flights were deployed.

We pick up many unfortunate Danes and fly them back home from various destinations in the Alps. The airports in Chambéry and Innsbruck are located so centrally that patients from France, Austria, Switzerland and Italy usually can be transported home from here.

### **New Products and Extended Services**

As the market leader Europæiske is always aiming at being at the forefront with product development and new services for our customers. Last year Europæiske introduced WorldRescue® a new cover extending our customers the possibility of evacuation in case of acts of terrorism or outbreaks of contagious diseases. In addition Europæiske places at disposal a professional crisis intervention team at the scene of the accident in case of major natural disasters or acts of terrorism, involving several insured persons. The product has been developed to meet our customers demand for security based on the recent international unrest in a world much more influenced by terror than previously. WorldRescue® has been developed in cooperation with the Ministry of Foreign Affairs.

Also in our International Health Care Insurance, a product especially directed at persons stationed abroad, we have accommodated the customers' larger demand for security, by extending the cover with the new WorldRescue®, VIP Portal and other services – combined in such a way that we can offer individual insurance solutions with a number of services.

Last year we introduced new services for our business travellers and persons stationed abroad, i.a. a psychological hotline service and a security service for employees exposed to either hijacking or kidnapping during business travelling. Both services render psychological assistance to persons stationed abroad and to business travellers. Europæiske's hotline is manned by psychiatrist, psychologists and other professionals with many years' experience from Europæiske's emergency assistance team. The hotline is open 24 hours a day 365 days a year. These services were extended by a special online service – Europæiske's "Voyager Information Portal" – VIP [www.vip-online.com](http://www.vip-online.com). Here we have gathered Europæiske's knowledge about risk assessments, health, vaccinations and hospitals. The "People Locator Tool" can help you build a social network at your destination, and via "People to People" you can share your experiences. In addition, VIP contains a great deal of general information about different countries.

To meet the growing interest in camping holidays, we introduced a new product called Annual Travel Insurance Camping. The new product covers the car, the caravan or trailer tent, it offers for example a replacement car before departure, replacement caravan or trailer tent before departure, replacement car during the trip, extra expenses for accommodation. It also gives access to assistance 24 hours a day in case of illness or injury.

The cover "Ruined Holiday" of the travel insurance industry has recently been debated in Denmark. In 2004 Europæiske decided to act on the criticism and we removed the definitions "Confinement to bed subscribed by a physician" and "Confined indoor subscribed by a physician" with effect from 17<sup>th</sup> May 2004.

In 2004 there has been a large increase in the sale of travel insurance via our homepage [www.europaeiske.dk](http://www.europaeiske.dk). Besides purchase of travel insurance both leisure and business travellers can report claims on-line.

### **The year 2004**

In 2004 there has been increased travel activity again after the war in Iraq and the SARS epidemic.

After a number of years with deficits, our branch in England has in 2004 entered into several large contracts and thus achieved a written premium corresponding to DKK114m and shows a profit of DKK3.3m.

The course of claims for 2004 has been influenced by the Tsunami in Asia together with increased claims expenses on personal accident. The claims ratio has increased for gross claims incurred as well as for claims net of reinsurance by 7.1% and 0.7% respectively.

Europæiske Rejseforsikring A/S owns 67% of the share capital in Euro-Alarm A/S, which handles our repatriation and assistance cases. In addition, Euro-Alarm A/S handles repatriation and assistance cases for Europeiska Försäkringsaktiebolaget, Sweden, Europeiske Rejseforsikring A/S, Norway, and a number of cases for Eurooppalainen Oy, Finland. The annual accounts of Euro-Alarm A/S for 2004 show a deficit of DKK0.8m of which our share is just under DKK-0.5m.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2004, the company wrote a gross premium corresponding to DKK37m. The company's annual accounts show a profit of DKK3.9m, which is satisfactory. Our share of the annual profit is DKK2.9m.

## **Annual accounts 2004**

The net profit for 2004 is DKK27.4m compared to DKK14.8m in 2003.

The result of business ceded shows an income for Europæiske Rejseforsikring A/S of DKK10.9m against an expense of DKK9.5m in 2003, which is tantamount to an increase of our underwriting result net of reinsurance of about DKK20m compared to 2003. The result of business ceded in 2004 has been influenced by the Tsunami in Asia resulting in an income from the reinsurance company of DKK 10m. In addition our settlement of the reinsurance share of the claims reserves from year 2003 has resulted in an income for Europæiske of DKK9.7m. The last mentioned is primarily due to the personal accident cover.

The underwriting result in 2004 shows a profit of DKK22.8m against DKK18.7m in 2003, an improvement of DKK4.1m.

Gross premiums written amount to DKK471.3m against DKK344.7m in 2003, an increase of DKK126.6m.

Gross claims incurred amount to DKK234.0m against DKK164.2m in 2003, an increase of DKK69.8m. The gross claims ratio is 55% against 47.9% in 2003.

The claims incurred, net of reinsurance, amount to DKK157.5m against DKK128.5m in 2003, an increase of DKK29.0m. The claims ratio, net of reinsurance, is 48.0% against 47.3% in 2003.

The administration expenses amount to DKK101.9m against DKK91.8m in 2003.

Acquisition costs amount to DKK81.0m against DKK61.8m in 2003.

The expense ratio, including acquisition cost and commission of business ceded is 45.9% against 46.7% in 2003. The acquisition cost ratio alone is 19.0% against 18.0% in 2003. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 94.2% against 94.4% in 2003.

The result from affiliated companies shows a profit of DKK2.3m the same as in 2003. This result consists mainly of a profit of DKK2.9m from Evropská Cestovní Pojistovna A.S., Czech Republic and a deficit in Euro-Alarm A/S, Denmark of DKK0.5m.

Interest income, dividends etc. for the year amount to DKK6.7m against DKK5.9m in 2003.

Net capital gain for the year amounts to DKK0.6m against DKK2.1m in 2003. The capital gain in 2004 is primarily due to a positive development in the price of shares.

Income from land and buildings for 2004 is DKK2.1m higher than the year before, caused by absolute minimum maintenance cost to our domicile.

The result of investment activities before transfer of technical interest amounts to a profit of DKK15.9m against a profit of DKK11.4m in 2003.

Other ordinary net income has increased by DKK7.6m, which primarily is caused by lower expenses from the administration scheme regarding the Public Health Travel Insurance Scheme.

As of December 31, 2004 the company's total capital and reserves amount to DKK171.6m after provision for dividend of DKK9m out of its total assets of DKK417.3m.

## **Ownership**

Europæiske Rejseforsikring A/S is a 100% owned subsidiary of European International Holding A/S, 3, Frederiksberg Allé, Copenhagen, Denmark.

European International Holding A/S is a 100% owned subsidiary of Europäische Reiseversicherung AG, Munich, Germany.

Europäische Reiseversicherung AG, Munich, is a 100% owned subsidiary of Munich Re, Munich, Germany.

## Consolidation

The following companies are affiliated to Europæiske Rejseforsikring A/S:

Amount in DKK'000

<b>Subsidiaries:</b>	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital &amp; Reserves</u>
Euro-Alarm A/S	Copenhagen	Assistance	66.66%	2,993
Evropská Cestovní Pojistovna a.s.	Czech Republic	Insurance	75.00%	31,979
<b>Associated companies:</b>				
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	8,165
Union – Európske cestovné poistenie a.s.	Slovak Republic	Travel Insurance Agent	25.00%	188

## Outlook

No events have occurred subsequent to the balance sheet date, which would have a material influence on the financial position of the company or its subsidiaries.

In the future the company plans to decrease activities in the branch in England, as Europæiske Rejseforsikring primarily want to focus on the business written in Denmark or via agents abroad.

The result of the company for 2005 is expected to be at a considerable lower level, as increased expenses for reinsurance are to be expected and that the result of the branch in England will decrease due to the above-mentioned planned decrease of activities in England.

In December 2004 new legislation regarding accounting principles for insurance companies was adopted. This means that from 2005 the accounting must be done in accordance to these rules and that the opening balance sheet must be changed so it reflects the new legislation. We do not expect this will change the picture of the company's financial position as of 31<sup>st</sup> December 2004 in any considerable way.

## Appropriation of profit

Available for appropriation:

Amount in DKK'000	<b>2004</b>	<b>2003</b>
Profit for the year	27,390	14,825
Transferred from reserves	28,202	20,877
	<u>55,592</u>	<u>35,702</u>

Which amount is recommended to be allocated as follows:

	<b>2004</b>	<b>2003</b>
To the Shareholders	9,000	7,500
Transferred to reserves	46,592	28,202
	<u>55,592</u>	<u>35,702</u>

## **ACCOUNTING POLICIES APPLIED**

### **General**

The Annual Accounts have been prepared in accordance with the Danish Insurance Operations Act with the appurtenant Executive Order for presentation of annual accounts of non-life insurance companies.

The accounting policies are unchanged from last year.

### **Intercompany transactions**

The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on inter-company accounts is the market rate when these accounts are not considered current business accounts.

Other services (including reinsurance) rendered as part of ordinary insurance operations to and from inter-company customers are settled at market rates.

Inter-company trading in assets, including securities, is conducted at market prices. No significant inter-company trading has taken place during the accounting year.

### **Consolidated accounts**

The company has chosen not to prepare consolidated accounts in accordance with Section 8 of the Executive Order for presentation of consolidated accounts, as the company's ultimate parent company, Munich Re, prepares consolidated accounts in which the company and its subsidiaries are included.

## **PROFIT AND LOSS ACCOUNT**

### **RESULT OF INSURANCE OPERATIONS**

#### **Premium income, net of reinsurance**

Premium income, net of reinsurance consists of the premiums collected for the year less ceded reinsurance premiums, adjusted for movements in the unearned premium reserve corresponding to an accrual of the premium for the duration of the cover.

#### **Technical interest, transferred from non-technical account**

The technical interest, transferred from non-technical account consists of a calculated interest yield from insurance operations, which results from the time difference between in and outgoing payments.

The interest yield is calculated on the basis of the year's average net technical reserves. The year's average rate for short-maturity bonds is used as the rate of interest.

#### **Claims incurred, net of reinsurance**

Claims incurred, net of reinsurance consist of the claims paid during the year less reinsurance recoveries, adjusted for movements in the outstanding claims reserve.

As a result, claims incurred, net of reinsurance consist of reported and expected claims for the accounting year. Furthermore, the difference (run-off result) between the claims incurred and reserved in prior years and the claims reserve at the beginning of the accounting year is included.



**Net operating expenses**

The share of net operating expenses, which results from the acquisition, and renewal of the insurance portfolio, is recorded under "Acquisition cost". The acquisition cost is adjusted for movements in deferred acquisition cost.

**RESULT OF INVESTMENT BUSINESS****Income from land and buildings**

Income from land and buildings includes the operating results of real estate exclusive of interest charges and revaluations, which are found under the relevant entries.

These operating results include an estimated rental income, which is calculated on the basis of market rates, corresponding to the company's own use of the real estate. An equivalent amount is charged to expenditure under "Administrative expenses".

**Interest and dividends etc.**

The investment result includes interest earned in the accounting year, profits from realized securities, as well as dividends received on shareholdings.

**Gains and losses from investment assets**

Realized as well as unrealized gains or losses from the sale and/or price adjustment of securities and real estate and realized and unrealized exchange rate gains or losses are included in the investment result.

Capital gains or losses on securities are calculated as the difference between the sales price and the book value at the beginning of the accounting year or the acquisition cost if the securities sold were acquired in the accounting year under review.

**Exchange rate adjustments**

All balance sheet entries denominated in foreign currencies are converted into Danish kroner using the exchange rate on the balance sheet date.

**OTHER ITEMS****Other ordinary income and expenditure**

Other ordinary income and expenditure contain income and expenses on administration agreements, which cannot be attributed to the insurance portfolio.

**Taxation**

Tax on the profit for the year is calculated on the basis of the profit for the year before tax, adjusted for non-taxable income and expenditure.

The company is jointly taxed with certain group companies. Full inter-company tax equalisation is effected so that the company pays for the utilisation of contingent negative taxable income from the parent company and the company is refunded by the parent company for its utilisation of contingent taxable deficits of the company.

Current taxes are calculated on the basis of the payment-on-account tax scheme.

Deferred taxes are provided for with 30% on all time differences between the result reported in the annual accounts and the result reported in the tax return, and between the book value and taxable value of the company's intangible assets, investment assets, operating equipment, deferred acquisition costs and debts to mortgage institutes. If deferred tax constitutes a tax asset, it is entered in the assets, if it is most probably that it can be used in the future. The calculated deferred taxes have been discounted in the light of the expected taxation periods of the taxable assets. The tax liable on the contingency reserve (contingent tax) is not provided for in the balance sheet but is disclosed in a note to the Annual Accounts.

## **BALANCE SHEET**

### **Intangible assets**

The assets are valued at the acquisition costs with deductions of accumulated depreciation. A straight-line depreciation is applied based on the following assessment of the assets expected useful lifetime:

Software	3-5 years
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### **Land and buildings**

Land and buildings, including land and buildings used by the company, is stated using the Supervisory Authority's directions on the valuation of real estate. The building at 3, Frederiksberg Allé that constitutes most of the total net asset value, is mainly used as the company's head-office. The building has been assessed at its market value on the basis of the building's estimated operating profit for the subsequent accounting year and a rate of return fixed by the management.

### **Capital holdings (shares) in affiliated and associated companies**

Shareholdings are stated at their equity value using the equity method. As a result, the shareholdings are shown in the balance sheet as the pro rata share of the companies' equity value, and the company's share of the result is included in the profit and loss account under "Result of investment business".

The proportion of the total net revaluation entered in the profit and loss account which is not distributed as dividends, is transferred to a special reserve for such revaluations within shareholders' funds. This reserve may not be distributed as dividend.

### **Other financial assets**

Listed bonds and capital investments are stated at the price listed at closing time on the date of the balance sheet. However, drawn bonds are stated at par.

Unlisted capital investments are stated as the estimated market value, based on the last available annual accounts of the company in question.

Secured loans are stated as the estimated market value at the balance sheet date.

### **Debtors**

Debtors are stated net of a bad debt reserve calculated on the basis of an individual assessment of the debtors.

### **Operating equipment**

The assets are stated at acquisition cost less depreciation. Depreciation is performed on a straight-line basis from the following assessment of the assets' expected useful lifetime:

Furniture and other operating equipment	5 years
Computer hard and software	3-5 years
Motor vehicles	5 years

## **TECHNICAL RESERVES**

### **Provisions for unearned premium, net of reinsurance**

Provision for unearned premium, net of reinsurance is calculated using the pro rata temporis method and accounts for that part of the premium which corresponds to insurance cover in the subsequent accounting year.

### **Claims outstanding, net of reinsurance**

The claims outstanding, net of reinsurance, consist of provisions for reported, but not yet settled claims, incurred but not yet reported losses, and claims which may be reopened or which are otherwise subject to some uncertainty.

**Equalisation provisions**

These consist of provisions to cover claims on medical insurance, with a view to eliminating the effect of future fluctuations in claims incurred due to major loss occurrences.

**Other technical provisions**

These provisions cover the risk of increase in age and are made when the natural premium is not collected, and when the risks covered increase with the age of the insured.

## Profit and loss account

Note	in DKK'000	2004	2003
	<i>Earned premiums</i>		
1	Gross premiums written	471.259	344.740
	Ceded reinsurance premiums	-115.972	-68.539
1	Change in the gross provision for unearned premiums	-45.049	-1.006
	Change in the provision for unearned premiums, reinsurers' share	17.975	-3.191
	Premium income, net of reinsurance	328.214	272.004
2	<b>Technical interest, net of reinsurance</b>	3.675	3.373
	<i>Claims incurred</i>		
	Gross claims paid	194.811	175.241
	Reinsurance recoveries received	-50.091	-40.392
	Change in the gross provision for claims	39.152	-11.079
	Change in the provision for claims, reinsurers' share	-26.340	4.742
	<b>Claims incurred, net of reinsurance</b>	157.532	128.512
	<b>Change in other technical provisions, net of reinsurance</b>	-1.108	-1.244
	<i>Net operating expenses</i>		
3	Acquisition costs	80.975	61.764
4	Administrative expenses	101.922	91.808
	Reinsurance commissions and profit participation	-32.425	-26.617
5	<b>Total net operating expenses, net of reinsurance</b>	150.472	126.956
	<b>Change in equalisation provision ( income)</b>	0	0
6	<b>UNDERWRITING RESULT</b>	22.777	18.664
	<i>Income from investment assets</i>		
7	Income from affiliated companies	2.306	2.329
	Income from associated companies	139	-415
	Income from land and buildings	5.959	3.904
8	Interest and dividends etc.	6.717	5.880
9	Gains realised on investment assets, net	888	2.382
	<b>Total income from investment assets</b>	16.008	14.080
9	<b>Unrealised gains on investment assets</b>	0	422
	<i>Investment charges</i>		
	Administrative expenses on investments	350	319
	Interest expenses	544	1.019
9	Losses realised on investment assets, net	0	631
	<b>Total investment charges</b>	894	1.969
9	<b>Unrealised losses on investment assets</b>	290	0
	<b>Exchange rate adjustments</b>	1.056	-1.160
	<b>Profit of investments before transfer of technical interest</b>	15.881	11.373
	<b>Transferred to technical account as technical interest</b>	-3.675	-3.373
	<b>TOTAL PROFIT OF INVESTMENTS</b>	12.206	8.000
10	Other ordinary income	27.993	26.239
10	Other ordinary expenses	26.820	32.664
	<b>PROFIT BEFORE TAX</b>	36.156	20.239
11	Tax	8.766	5.414
	<b>PROFIT FOR THE YEAR</b>	27.390	14.825



## Balance Sheet at 31 December

Note	2004	2003
	<u>2004</u>	<u>2003</u>
	<b>LIABILITIES</b>	
	<i>Capital and reserves</i>	
	Share capital	10.000
	<u>10.000</u>	<u>10.000</u>
	<i>Reserves</i>	
	Contingency reserve, untaxed	115.000
	<u>115.000</u>	<u>115.000</u>
	<b>Total reserves</b>	
	<u>115.000</u>	<u>115.000</u>
	<b>Profit brought forward</b>	
	<u>46.592</u>	<u>28.202</u>
17	<b>TOTAL CAPITAL AND RESERVES</b>	
	<u>171.592</u>	<u>153.202</u>
	<i>Technical provisions</i>	
	<i>Provision for unearned premiums</i>	
	Gross provisions	68.659
	Reinsurance share	13.620
	<u>31.594</u>	<u>13.620</u>
	<b>Provision for unearned premiums, net of reinsurance</b>	
	<u>82.101</u>	<u>55.039</u>
	<i>Claims outstanding</i>	
	Gross provisions	93.635
	Reinsurance share	42.574
	<u>68.907</u>	<u>42.574</u>
	<b>Claims outstanding, net of reinsurance</b>	
	<u>63.860</u>	<u>51.061</u>
18	<b>Equalisation provision</b>	
	<u>10.000</u>	<u>10.000</u>
	<i>Other technical provisions</i>	
	Gross provision	12.207
	<u>13.315</u>	<u>12.207</u>
	<b>Other technical provisions, net of reinsurance</b>	
	<u>13.315</u>	<u>12.207</u>
	<b>TOTAL TECHNICAL PROVISIONS, net of reinsurance</b>	
	<u>169.276</u>	<u>128.307</u>
	<i>Provisions for other risks and charges</i>	
19	<b>Provisions for taxation</b>	
	<u>2.334</u>	<u>563</u>
	<b>TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES</b>	
	<u>2.334</u>	<u>563</u>
	<i>Creditors</i>	
	Amounts owed to insurance companies	4.145
	Amounts owed to reinsurance companies	2.641
20	Amounts owed to credit institutions	10.374
	Amounts owed to affiliated companies	3.287
	Accrued intercompany tax equalisation	966
	Amounts owed to associated companies	264
	Deferred acquisition cost from reinsurance	4.544
21	Other creditors	25.908
	Dividend for the accounting year	7.500
	<u>9.000</u>	<u>7.500</u>
	<b>TOTAL CREDITORS</b>	
	<u>74.146</u>	<u>59.629</u>
	<b>TOTAL LIABILITIES</b>	
	<u>417.348</u>	<u>341.701</u>
22	Contingency liabilities	
23	Management assignments	

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**Note**

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in DKK'000		2004	2003
<b>1</b>	<b>Gross earned premiums</b>		
	Gross premiums	471.259	344.740
	Change in the gross provision for unearned premiums	-45.049	-1.006
	<b>Gross earned premiums for the year</b>	<u>426.210</u>	<u>343.734</u>
	<i>Distribution:</i>		
	Direct business	414.012	331.899
	Indirect business	12.199	11.834
		<u>426.210</u>	<u>343.734</u>
	<i>Geographic distribution of direct business:</i>		
	Denmark	298.764	296.395
	EU countries	100.747	21.168
	Non-EU countries	14.501	14.336
		<u>414.012</u>	<u>331.899</u>
<b>2</b>	<b>Technical interest, transferred from non-technical account</b>		
	Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business	3.675	3.373
		<u>3.675</u>	<u>3.373</u>
<b>3</b>	<b>Acquisition costs</b>		
	Commission for direct business	74.837	55.646
	Commission for indirect business	6.138	6.118
		<u>80.975</u>	<u>61.764</u>
<b>4</b>	<b>Administrative expenses</b>		
	Administrative expenses	109.604	93.508
	Duties and contributions etc	4.084	4.037
	Depreciation	7.622	5.483
	Reimbursements from affiliated companies	-19.389	-11.220
		<u>101.922</u>	<u>91.808</u>
	Total fees paid to auditors appointed by the company at the general meeting:		
	Statutory audit services		
	Deloitte	353	252
	KPMG	417	190
		<u>770</u>	<u>442</u>
	Services other than audit:		
	Deloitte	772	674
	KPMG	40	0
		<u>812</u>	<u>674</u>
	Total	<u>1.582</u>	<u>1.116</u>

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**Note**

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in DKK'000		2004	2003
<b>5</b>	<b>Staff costs</b>		
	Net operating expenses include the following staff costs:		
	Wages and salaries	51.615	48.601
	Pension scheme contributions	5.630	5.082
	Payroll tax	4.084	4.037
		<u>61.329</u>	<u>57.720</u>
	Total remuneration paid to:		
	Board of Directors	80	80
	Board of Management	2.304	2.167
	The average of full-time staff	<u>129</u>	<u>121</u>
<b>6</b>	<b>Breakdown of underwriting result</b>		
	Earned premiums	425.103	342.489
	Underwriting interest, net of reinsurance	3.675	3.373
	Claims incurred	-233.962	-164.162
	Administrative expenses	-101.922	-91.808
	Commission expenses	-80.975	-61.764
	Profit from gross operations	<u>11.918</u>	<u>28.128</u>
	Ceded reinsurance premiums	97.997	71.730
	Reinsurance recoveries received	-76.430	-35.649
	Reinsurance commissions and profit participation	-32.425	-26.617
	Result of ceded business	<u>-10.859</u>	<u>9.464</u>
	Underwriting profit	<u>22.777</u>	<u>18.664</u>
<b>7</b>	<b>Income from affiliated companies</b>		
	Net loss for the year in Euro Alarm A/S	-525	671
	Net profit for the year in Evropská Cestovní Pojistovna a.s., Prague	2.946	1.659
	Net loss for the year in ESK a.s., Bratislava	-115	0
		<u>2.306</u>	<u>2.329</u>
<b>8</b>	<b>Interest and dividends etc</b>		
	Interest income	8.191	8.205
	Capital loss on instalments and redemptions	-1.749	-2.399
	Dividend from participating interests	274	74
		<u>6.717</u>	<u>5.880</u>



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**Note**

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in DKK'000

	<u>2004</u>	<u>2003</u>
<b>9 Realised and unrealised gains and losses, net</b>		
Participating interests	1.580	622
Bonds	-1.029	1.729
Mortgage loans	48	-177
	<u>598</u>	<u>2.173</u>
The above amount being included in the following items:		
Realised gains on investment assets	1.533	2.559
Realised loss on investment assets	-645	-631
Unrealised gains on investment assets	1.628	422
Unrealised loss on investment assets	-1.918	-177
	<u>598</u>	<u>2.173</u>
<b>10 Other ordinary income and expenses</b>		
Income from administration agreements	27.993	26.239
Expenditure from administration agreements	26.820	32.664
	<u>1.173</u>	<u>-6.425</u>
<b>11 Tax</b>		
Current tax	6.159	3.025
Intercompany tax equalisation	721	966
Change in deferred tax	1.771	1.403
Adjustment regarding prior years	115	20
	<u>8.766</u>	<u>5.414</u>
Taxes received (paid) for last year	-742	4.554
Taxes paid on account for the current year	6.502	3.762
<b>12 Intangible assets</b>		
Acquisition cost, balance at beginning of year	5.413	0
Additions and improvements of the year	1.826	5.413
Acquisition cost, balance at year-end	<u>7.239</u>	<u>5.413</u>
Depreciation and write-downs at beginning of year	944	
Depreciation and write-downs of the year	1.961	944
Total depreciation and write-downs at year-end	<u>2.905</u>	<u>944</u>
Revaluations of the year	0	0
Total revaluations at year-end	<u>0</u>	<u>0</u>
Net book value	<u>4.334</u>	<u>4.469</u>
<b>13 Land and buildings</b>		
Acquisition cost, balance at beginning of year	94.564	94.564
Additions and improvements of the year	0	0
Acquisition cost, balance at year-end	<u>94.564</u>	<u>94.564</u>
Depreciation and write-downs of the year	0	0
Total depreciation and write-downs at year-end	<u>23.304</u>	<u>23.304</u>
Revaluations of the year	0	0
Total revaluations at year-end	<u>260</u>	<u>260</u>
Net book value	<u>71.520</u>	<u>71.520</u>
Net book value of land and buildings used for company operations	<u>52.748</u>	<u>52.748</u>
Real property value according to the last public assessment	<u>67.580</u>	<u>67.520</u>
In 1992 the company acquired the building at 3, Frederiksberg Allé, in which the registered office is located. The yield used for the assessment of the market value of the building is	<u>6,10%</u>	<u>6,10%</u>

in DKK'000

<b>14</b>	<b>Affiliated and associated companies</b>	<u>Affiliated companies</u>	<u>Associated companies</u>
	Acquisition cost, balance at January 1, 2004	37.755	1.550
	Additions of the year	0	0
	Disposals of the year	-17.794	0
	Acquisition cost, balance at 31 December 31, 2004	<u>19.961</u>	<u>1.550</u>
	Revaluations, balance at 1 January 2004	5.797	-267
	Price adjustment of opening balance of capital and reserves	1.388	5
	Share of profit for the year	2.306	137
	Revaluations regarding disposals of the year	731	0
	Revaluations, balance at 31 December 2004	<u>10.222</u>	<u>-125</u>
	Write-downs, balance at 1 January 2004	20.013	0
	Distribution of dividends	1.455	0
	Write-downs regarding disposals of the year	-17.065	0
	Write-downs, balance at 31 December 2004	<u>4.403</u>	<u>0</u>
	Net book value at 31 December 2004	<u>25.780</u>	<u>1.425</u>
	Net book value at 31 December 2003	<u>23.539</u>	<u>1.283</u>
		<u>2004</u>	<u>2003</u>
<b>15</b>	<b>Other financial investments</b>		
	Total acquisition cost of:		
	Participating interests	9.995	3.032
	Bonds	168.970	146.272
		<u>178.965</u>	<u>149.304</u>
	Market value (book value)	<u>179.114</u>	<u>149.890</u>
<b>16</b>	<b>Other prepayments and accrued income</b>		
	Prepaid wages and salaries	721	763
	Other prepayments and accrued income	1.753	549
		<u>2.474</u>	<u>1.312</u>

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**Note**

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in DKK'000

	2004	2003
<b>17 Capital and reserves</b>		
Share capital	10.000	10.000
Contingency reserve	115.000	115.000
Profit brought forward at 1 January	28.202	20.877
Transfer to Appropriation of Profit	-28.202	-20.877
Allocated from profit for the year	46.592	28.202
	<u>46.592</u>	<u>28.202</u>

The company's share capital consists of:

800 shares of DKK 500

200 shares of DKK 2,000

400 shares of DKK 8,000

6 shares of DKK 1,000,000

The shares are not divided into classes.

The contingency reserve may only be used to strengthen the technical provisions or otherwise in favour of the insured and only with the consent of the Supervisory Authority.

The funds allocated to the contingency fund are not taxed.

Base capital and solvency margin:

Total capital and reserves	171.592	153.202
Deduction of intangible fixed assets	4.334	4.469
Allowance for solvency requirement in subsidiaries	11.012	6.858
Base capital	<u>156.246</u>	<u>141.875</u>
Solvency requirements	<u>64.389</u>	<u>50.393</u>

**18 Equalisation provision**

Medical expenses	10.000	10.000
	<u>10.000</u>	<u>10.000</u>

**19 Provisions for taxation**

Deferred tax is incumbent on the following items:

Bonds and mortgage debt	-688	-87
Deferred acquisition costs	3.561	1.560
Intangible fixed assets	1.281	1.341
Furniture, computer equipment, motor vehicles etc	-1.807	-1.990
Severance pay	-13	-261
Total provisions for deferred taxation	<u>2.334</u>	<u>563</u>

**Contingency tax**

Land and buildings	2.063	1.654
A release of the contingency reserve will trigger a tax of	34.500	34.500
	<u>36.563</u>	<u>36.154</u>

Land and buildings constitute investment assets (registered office) intended for permanent possession, for which reason the tax is not allocated in the financial statement.

The technical provision is not expected to fall below the level of 90% of 31 December 1994. No provision for deferred tax on the contingency reserve has therefore been made.

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**Note**

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in DKK'000

	<u>2004</u>	<u>2003</u>
<b>20 Long term creditors</b>		
The following amounts fall due for payment after 5 years or beyond:		
Amounts owed to credit institutions	<u>0</u>	<u>1.096</u>
<b>21 Other creditors</b>		
PAYE taxes and labour market contribution	86	0
Holiday pay obligations, salaried staff	5.524	5.114
Social security benefit and other duties	406	475
Other accrued costs	<u>26.682</u>	<u>20.318</u>
	<u>32.699</u>	<u>25.908</u>
<b>22 Contingency liabilities</b>		
Submission of guarantee to Danske Bank for the overdraft facility of Euro-Alarm A/S up to a maximum of DKK3m.		
The company is jointly and severally liable for taxes levied on jointly taxed companies.		
The company is jointly and severally liable for taxes and duties in companies within the joint registration.		
The company has leased copying machines. The payments in the leasing period amount to:	<u>588</u>	<u>828</u>
<b>23 Management assignments</b>		
The board has approved the following management assignments to be carried out by Preben Mullit, the Managing Director:		
Member of the Board of Euro-Center Holding A/S, Copenhagen		
Member of the Board of Euro Alarm A/S, Copenhagen		
Member of Danske Rejseagenters Sikkerhedsfond		

**Split of classes of insurance in accordance with \$70 in order on non-life insurance companies' annual reports**

	<b>Accident and health insurance</b>	<b>Fire and personal property (corporate)</b>	<b>Liability insurance</b>	<b>Other insurance</b>	<b>Total</b>
1 Gross premiums written	89.464	3.802	5.920	372.074	471.259
2 Gross premiums earned	87.669	3.970	5.897	328.675	426.210
3 Gross claims incurred	-73.594	-2.472	-1.807	-156.089	-233.962
4 Change in other technical provisions	-1.108	0	0	0	-1.108
<i>Administration costs</i>	-19.337	-841	-1.280	-80.464	-101.922
<i>Acquisition costs</i>	-5.136	-126	-266	-75.447	-80.975
6 Gross operating expenses	-24.473	-966	-1.547	-155.912	-182.897
Profit from gross operations	-10.398	532	2.544	16.674	9.351
7 Result of business ceded	22.057	123	-2.303	-9.018	10.859
8 Change in equalisation provision	2.318	0	0	1.357	0
9 Technical interest o.o.a.	12.869	655	240	9.013	22.777
10 Underwriting result					

## **SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS**

The Board of Management and the Board of Directors have today discussed and adopted the annual report and accounts for 2004 of Europæiske Rejseforsikring A/S. The annual report and accounts have been prepared in accordance with the Danish Insurance Operations Act with the appurtenant Executive Order.

We consider the accounting policies applied to be appropriate. Accordingly, the annual accounts give a true and fair view of the Company's assets, liabilities and financial position as well as of the results.

We recommend the annual accounts to be approved at the annual general meeting.

Copenhagen, April 4, 2005

### **Board of Management:**

Preben Mullit

/

Winnie Grønnemose

### **Board of Directors:**

Franz-Josef Biesel  
**Chairman**

Thomas Doyle

Helmut Pritscher

Henrik Iding

Jeanett Chrisdam

## **Auditors` report**

### **To the shareholders of Europæiske Rejseforsikring A/S**

We have audited the Annual Accounts of Europæiske Rejseforsikring A/S for the financial year 2004, which have been prepared in accordance with the accounting provisions of Danish legislation.

The Annual Accounts is the responsibility of the Company's Board of Directors and Board of Management. Our responsibility is to express an opinion on the Annual Accounts based on our audit.

### **Basis of Opinion**

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Accounts is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Accounts. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and Board of Management, as well as evaluating the overall Annual Accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

### **Opinion**

In our opinion, the Annual Accounts gives a true and fair view of the financial position at 31 December of the Company and of the results of the Company's operations for the financial year 2004 in accordance with the accounting provisions of Danish legislation.

Copenhagen, April 4, 2005

KPMG C.Jespersen  
Statsautoriseret Revisionsinteressentskab

DELOITTE.  
Statsautoriseret Revisionsaktieselskab

Per Gunslev  
State Authorised  
Public Accountant

Ole Karstensen  
State Authorised  
Public Accountant

Erik Holst Jørgensen  
State Authorised  
Public Accountant

Birger Berg Nielsen  
State Authorised  
Public Accountant