

EUROPÆISKE REJSEFORSIKRING A/S

ANNUAL REPORT

2013

**Europæiske Rejseforsikring A/S  
Frederiksberg Allé 3  
1790 Copenhagen V  
DENMARK  
CVR nr. 62 94 05 14**

*The annual report is 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*

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### COMPANY NAME

#### **EUROPÆISKE REJSEFORSIKRING A/S**

3, Frederiksberg Allé  
DK 1790 Copenhagen V  
Tel.: +45 33 25 25 25

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

#### **BOARD OF DIRECTORS AND AUDIT COMMITTEE:**

Richard Bader (Chairman), Ulrike Timmer, Jørn Sønderup,  
Gabriele Bayer, \*Christoffer Nylandsted, \*Peter Fobian

\*Elected by the staff

#### **BOARD OF MANAGEMENT:**

Johann-Dietrich von Hülsen, Managing Director

#### **AUDIT:**

KPMG  
Statsautoriseret  
Revisionspartnerselskab  
Jesper Dan Jespersen and Lisbet Kragelund

## Management report 2013

### Main activities of the company

Europæiske Rejseforsikring A/S' primary business areas are sale of travel insurance to the leisure market as well as the corporate market together with health insurance for companies' employees stationed abroad. The majority of travel insurance policies are sold either as trip-by-trip insurance or as annual travel insurance in connection with our customers' holiday trips, business trips or expatriation. Main distribution channels for all travel insurance policies and health insurance policies are either direct business or brokers in the relevant markets.

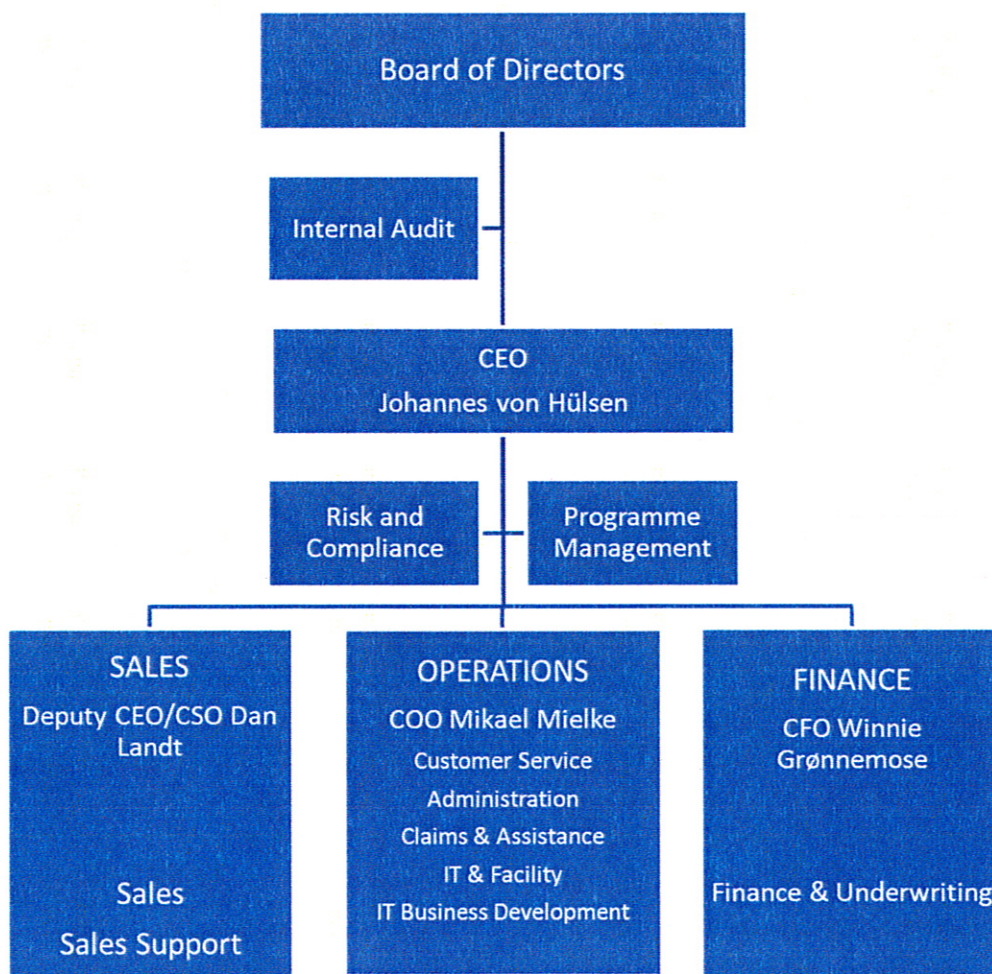
As the market leader within sale of travel insurance in the Danish market, it is essential we offer our customers 24 hour assistance, coverage of claims and related local services everywhere in the world.

Europæiske Rejseforsikring A/S uses the brand name Europæiske ERV. This is part of the strategic efforts to take advantage of the synergy and the brand value by being a part of the German based ERV.

### Europæiske's Values

Europæiske's vision is to supply its customers with Denmark's best quality at a competitive price. Therefore, our target is to have an efficient organization with professional employees focusing on the customers' need for security and safety. This vision is also reflected in Europæiske's 8 values, which are Customer Focus, Excellence, Courage, Passion, Teamwork, Forward Looking & Sustainable, Openness & Trust and Leadership & Responsibility.

### Organisation Chart



### **Europæiske's Claims and Assistance Department**

In 2013, Europæiske's Assistance has handled close to five thousand emergency assistance cases together with more than 35,000 calls to our emergency telephone number. The claims happen in all parts of the world from small cases such as outpatient cases to bigger and more complex cases such as involving air-ambulances.

Approximately 20% of the cases are complex medical cases, which are handled in close cooperation with our specialised sister assistance company, Euro-Alarm in Prague. Nearly all customer contact and supervision is handled from our own alarm centre.

We believe that the integration and control of all parts of our assistance network means that we can supply our customers with the best and most efficient assistance. For Europæiske it is paramount that we continue our high quality concept of safety before, during and after the travel.

For more than 90 years, a well-developed international network has been our principal foundation, a foundation which is adjusted continuously and expanded concurrently with the development on the travel market and in accordance with the travellers' needs and wishes. Our strength is that we own and/or control all significant elements in the network enabling us directly to ensure the quality of our assistance.

Europæiske's service offices comprise the local anchorage of our well-established network throughout the world. The service offices are the entry to the regional areas and thus the local help and assistance for our customers.

The presence of the service offices means that the traveller has a place to turn to in case of robbery or illness during the travel. Globally, we have 10 offices distributed in every continent, and they are all staffed with Scandinavian staff who also speaks the local language. Hence the service offices function as Europæiske's extended arm in the world.

### **Product Development**

The core of our business is safety. In its role as market leader, one of Europæiske's main tasks is to aim at being ahead of the development and at all times provide new and improved services with relevance to our customers and which secure them the best possible way while travelling.

Europæiske optimises continuously the existing products. Due to changed travel behaviour the wide portfolio of special insurance policies was adjusted to the market in 2012. Products that were no longer in demand were phased out. In all cases the quality of the product has been paramount with an adequate pricing. Thus we support our image as the specialist who always provides products of high quality and excellent service.

The latest is the launch of a new more contemporary and informative website. The website now has an improved split of products and also improved product descriptions. In addition the website introduces new online services which make it easier for our customers to buy the correct insurance policy and to obtain necessary information before the trip.

### **The Corporate Market**

Europæiske has continued focus on creating profitable business. This has meant that some large non-profitable contracts have been terminated. Europæiske has maintained focus on communicating the news about our coverage and products to existing as well as to new customers. In addition, our web portal has promoted our products and further supported our profile as experts in the market. In 2013 the compliance requirements have and will prospectively to a much larger extent influence the international corporate travel market. Europæiske has therefore introduced measures to ensure continued international compliance of our products and set-up.

### **The Leisure Market**

The leisure travel market has shown a decreasing turnover and an improved claims record in 2013. Our agreement with the Thomas Cook Group expired at the end of 2013 and has contributed to the decreasing turnover. The discontinuation of the agreement with the Thomas Cook Group will also reduce the turnover in 2014. The agreement was not profitable and will therefore not affect our future results negatively.

### **Nordic Health Care**

International health insurance is no longer a part of Europæiske's strategy. It has therefore been decided that Nordic Health Care – Europæiske's international health insurance brand – withdraws from the international health insurance market. Hence Europæiske has stopped writing new business with effect from 1<sup>st</sup> August 2013.

The above-mentioned decision means that our premium income from this line of business has decreased considerably for 2013. It will continue to decrease substantially, as Europæiske expects that the majority of customers will change to another health insurance company within the next years.

### **The development in the company's activities and financial matters**

In 2013 Europæiske has had a profit of DKK 26.4m, which is approximately DKK 6.0m better than budget.

Gross premiums earned on direct business have shown a decrease of DKK 39.2m. The decrease is mainly attributable to our phasing out of international health insurance, our decreased sales of corporate products and to a smaller extent a decrease in the leisure market.

Gross premiums earned on indirect business have decreased by DKK 17.2m. The decrease is primarily due to the phasing out of the indirect business in the Middle East.

The claims record for 2013 has been very satisfactory with a gross claims ratio of 47.2% against 64.2% in 2012. This is due to a substantially improved claims record of our products in the corporate market together with a strongly improved claims record of our business concerning international health insurance. In addition we have not, like last year, been affected by large single claims incidents concerning bankruptcies of airlines and the hurricane "Sandy" which affected our travel agency indemnity product.

The improved claims record is also due to the fact that Europæiske Rejseforsikring A/S in 2013 had a realised gross run-off gain of DKK 24.5m. Last year the run-off gain was DKK 1.3m. The run-off gain in 2013 is primarily caused by a too high estimation of the provisions for claims outstanding on known as well as provisions for late reported claims (IBNR) as of 31<sup>st</sup> December 2012. In addition Europæiske has had extraordinarily big run-off gains on some product groups. This applies to Europæiske's stationed abroad business with a run-off gain of DKK 4.1m together with a run-off gain on the product travel agency indemnity of DKK 4.6m concerning the bankruptcies of "Cimber" and "Spanair" and the hurricane "Sandy".

Net costs to ceded business have increased by DKK 33.3m compared to 2012. The increase is primarily due to the low claims ratio on international health insurance and unemployment insurance together with a lower number of claims above DKK 1.5m. Additionally the year 2013 has not been affected by substantial claims on our travel agency indemnity product contrary to year 2012 where Europæiske had claims covered by ceded business of approximately DKK 20 m.

The gross technical operating expenses have increased by DKK 0.8m compared to 2012. The operating expenses are lower than budgeted.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2013, the company had a turnover corresponding to DKK 79.5m. The company's annual report shows a profit of DKK 8.0m which is satisfactory. Our share of the profit amounts to DKK 6.0m.

Europæiske Rejseforsikring A/S is relatively sensitive to the development of the prices of bonds and exchange rates, etc. The company has had a net loss in connection with realised and unrealised

gains & losses of bonds, share-based unit trusts and exchange rates of a total of DKK 9.1m. The loss is primarily due to losses in connection with price adjustments on bonds.

### **Annual accounts**

Profit for the year amounts to DKK 26.4m against a profit of DKK 26.0m in 2012.

The underwriting result amounts to a profit of DKK 29.8m against a profit of DKK 15.2m in 2012 which is an improvement of 14.6m.

Gross premiums written amounts to DKK 367.3m against DKK 470.7m in 2012 a decrease of DKK 103.4m. The decrease is primarily due to a decreasing sale of international health insurance products in direct as well as indirect business caused by the strategic decision on not to focus on international health insurance anymore. In addition there is decreasing turnover for the corporate travel market and the stationed abroad insurance policies which is caused by termination or lack of renewal of non-profitable agreements. Furthermore there has been loss of customers, as we have been unable to offer insurance to all employees in a group or company due to compliance issues.

Gross claims incurred amount to DKK 191.7m against DKK 297.4m in 2012 which is a decrease of DKK 105.7m. The gross claims ratio is 47.2% against 64.2% in 2012.

The result of business ceded shows a loss for Europæiske Rejseforsikring A/S of DKK 42.4m in 2013 against a loss of DKK 9.1m in 2012. An increase of DKK 33.3m compared to year 2012. The decrease is primarily due to above-mentioned decrease in the gross claims ratio and the circumstances described on the previous page.

The claims costs net of reinsurance amount to DKK 130.1m against DKK 199.1m in 2012 which is a decrease of DKK 69.0m. The claims ratio net of reinsurance is 47.6% against 64.6% in 2012.

Europæiske Rejseforsikring A/S was in May 2013 sentenced to pay compensation to one of our former agents for lost future earnings and Europæiske has in addition made provisions for an amount to a possible compensation of this agent's subagents. This influences the technical operating expenses by a total of DKK 26.5 m which is the primary cause for the increase in the technical operating expenses. In addition 2012 was influenced by a large commission income from reinsurance companies caused by the adjustment of our reinsurance on international health insurance. These two circumstances together with a strong cost focus entail that the increase in the technical operating expenses only constitutes DKK 19.7 m from 94.4 m to DKK 114,1m.

Acquisition costs amount to DKK 95.0m against DKK 84.5m in 2012. In this amount the above-mentioned costs to agent and subagents are included by DKK 24.6m.

The cost ratio, including acquisition costs and commission of ceded business amount to 35.7% against 31.2% in 2012. The acquisition cost ratio alone is 23.4% against 18.3% in 2012. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 93.3% against 97.3% in 2012.

The administrative expenses amount to DKK 48.1m against DKK 57.8m in 2012. This cost reduction of DKK 9.7 m has been obtained by adjusting the organisation and the spending in connection with the decreased turnover.

Commissions and profit commissions from reinsurance amount to DKK 28.9m against 47.5 m in 2012. The decrease in these commissions can be ascribed to the above-mentioned commission in connection with the adjustment of the reinsurance agreements on our international health insurance product and the phasing-out of our international health insurance which is extensively reinsured.

The result from affiliated companies shows a profit of DKK 6.0m against a profit of DKK 9.2m in 2012. This result is created by Evropská Cestovní Pojistovna A.S., Czech Republic. The main cause for the declining result is the price adjustments of bonds together with the result from associates. Both the price adjustment of bonds and the result of associates influence the result with an expense contrary to 2012, where both items affected the result positively.

Result from associated companies shows a deficit of DKK 0.6m against a profit of DKK 0.9m in 2012. The deficit can primarily be ascribed to the extra-ordinary provision in Spain. The result is created by Euro-Center Holding SE of which Europæiske Rejseforsikring A/S owns 16.67%.

Income from land and buildings amounts to DKK 1.5m against DKK 1.5m in 2012.

Interest income, dividends, etc. for the year amount to DKK 8.0m against DKK 8.6m in 2012.

The realized and unrealized gains and losses net for the year amount to a loss of DKK 9.1m against a loss of DKK 5.0m in 2012. The loss in 2013 is primarily due to a loss on the bond portfolio.

Interest expenses amount to DKK 2.2m against DKK 0 in 2012. The interest expense is due to interest in connection with the previously mentioned case for compensation to an agent.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 3.0m against a profit of DKK 15.1m in 2012.

The tax of the year amounts to an expense of DKK 6.8m against an expense of DKK 4.8m in 2012.

At 31 December 2013, the company's total capital and reserves amount to DKK 259.2m and total assets amount to DKK 559.4m.

### **The result of the year compared to earlier statements**

The company expected earlier the following for 2013: "A decrease in premium income is still expected for international health insurance and also continued reinsurance of our entire portfolio. For policies expiring 1<sup>st</sup> January 2012, Europæiske has introduced considerable price increases on unprofitable products. As a consequence it is expected that there will be a decline in number of insured persons and a considerable lower claims ratio for 2013. The company's result for 2013 is therefore expected to be at the same level as for 2012."

In 2013 Europæiske has more than met the expectations even though the result includes an expense before tax of DKK 28.7 m to the above-mentioned agent and subagents.

### **Ownership**

Europæiske Rejseforsikring A/S is a 100% owned subsidiary of ERV AG, Munich, Germany  
ERV AG, Munich is a 100% owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, Germany.  
ERGO Versicherungsgruppe AG, Düsseldorf is a 100% owned subsidiary of Munich Re, Munich, Germany

### **Group Ownership**

Europæiske Rejseforsikring A/S is associated with the following companies:

|                                   | Amount in DKK'000        |                 |                     |                               |               |
|-----------------------------------|--------------------------|-----------------|---------------------|-------------------------------|---------------|
| <b>Subsidiary:</b>                | <u>Registered office</u> | <u>Activity</u> | <u>Shareholding</u> | <u>Capital &amp; Reserves</u> | <u>Result</u> |
| Evropská Cestovní Pojistovna a.s. | Czech Republic           | Insurance       | 75.00%              | 68,308                        | 5,987         |
| <b>Associated company:</b>        |                          |                 |                     |                               |               |
| Euro-Center Holding SE            | Copenhagen               | Assistance      | 16.67%              | 37,214                        | -626          |

### **Management Positions**

The Managing Director Johann-Dietrich von Hülsen has the following management positions approved by the board of directors:

Managing Director of ERV Försäkringsaktiebolaget, Stockholm, Sweden.

Member of the board of directors in Euro-Center Holding SE, Prague, Czech Republic

Member of the board of directors in Compagnie Europeenne d'Assurance S.A. (CEA), Paris, France

The Board of Directors of Europæiske Rejseforsikring A/S has no management positions in Danish companies.

### **Pay Policy**

In accordance with executive order on pay policy and disclosure requirements on pay roll in financial companies and financial holding companies, Europæiske Rejseforsikring A/S has prepared a pay policy which can be found at this link <http://www.europaeiske.dk/In-English> Please see note 7.

### **Gender Composition in the Company's Governing Body**

As from 27<sup>th</sup> March 2013 the company has adopted a policy for the gender composition in the company's governing body (board of directors). The part of the board of directors which is elected at the general meeting is presently gender wise equally distributed with 2 women and 2 men. This means that Europæiske meet the requirement that each gender shall be represented by at least 40% in the part of the board of directors that are elected by the general assembly.

The board of directors will in future elections endeavour to keep the same composition of the part of the board of directors that are elected by the general assembly.

### **Events after 31 December 2013**

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.

### **Outlook for 2014**

We expect continued decrease in premium income for international health insurance and in our leisure market caused by the previously mentioned agreement with the Thomas Cook Group which has been terminated at the end of 2013. Rescheduling of our reinsurance programme concerning international health insurance from a 60% quota share agreement to an excess of loss contract is expected to lead to a considerable decrease in net expenses to ceded business. It is however difficult to continue the adjustment of the organisation and the fixed costs to the full extent of the expected premium decrease in 2014. At the same time Europæiske does not expect run-off gains in 2014 to the same extent as for 2013. This means that the expectations to the result for 2014 are substantially lower than for 2013.

### **Audit Committee**

The Boards of Directors of Europæiske Rejseforsikring A/S have established an Audit Committee. The Committee consists of three members of the Board of Directors. As the independent member with special qualifications in accounting, the Board of Directors has appointed Jørn Sønderup. The Board of Directors found that his qualifications met the legislative requirements. His appointment has also been notified to the Danish Financial Supervisory Authority.

The tasks of the Committee are set out in the "Audit Committee Charter" based on Executive Order No. 1393 of 2011 on Audit Committees in Companies and Groups, which are subject to the Supervision of the Danish Financial Supervisory Authority. The tasks of the Committee includes monitoring and control of the financial reporting process, the company's internal control system, risk management systems as well as the effectiveness of the internal audit function. Furthermore, the Committee monitors the statutory audit of the Annual Report and the independence of the auditors.

When performing its tasks, the Audit Committee ensures that due regard is given to matters important to the company. The work of the Audit Committee is based on supervision of historical events and does therefore not include future events, expectations or forecasts.

In 2013, the Audit Committee held two meetings in connection with the yearly and half yearly reporting to the Company's Board of Directors and the Danish Financial Supervisory Authority. The audit committee has had one meeting in March 2014 in connection with the annual report for 2013.

### **Uncertainty in respect of recognition and measurement**

The statement of the accounted value of certain assets and liabilities is conditioned by applying the accounting estimate. The estimates made are based on assumptions which the management finds



justifiable but uncertain. The statement of the insurance provisions is in particular connected to estimates. These estimates are described in more details in the accounting policies applied.

### **Risk Report**

Europæiske Rejseforsikring A/S overall risk profile originates from the risks connected with the running of the core business together with the financial and capital requirements. Europæiske Rejseforsikring A/S' aim is to monitor and control the contribution of each individual risks to the overall risk, in such a way that the possibilities to make the right decisions are optimised. Europæiske Rejseforsikring A/S has implemented the necessary and relevant procedures and control functions with a view to minimize the risks in all business areas. The overall risk management guidelines and the framework are stipulated by the board of directors. The responsibility to follow-up on the individual risks and their risk factors is placed with Finance and it is reported to the management and the board of directors.

Each business area works in a structured way with risk management and reports the efforts to the risk management. To secure a complete separation between the operational part of the business, an independent Risk Management & Compliance function has been established in 2013 with reference to the management.

### **Outline**

The most important risks in Europæiske Rejseforsikring A/S:

- Insurance Risks
- Market Risks
- Operational Risks

### **Insurance risks**

Europæiske Rejseforsikring A/S has with regard to the insurance part various forms of risks. There are risks in provisions, premium and pricing. It is important to have an overview of the individual risks but it is also an important factor that the identification and monitoring of risks can be used in connection with strategic decisions.

It is Europæiske Rejseforsikring A/S policy that the risks originating from the company's activities shall be covered or limited to such a level that the company will be able to maintain a normal operation and carry out planned initiatives even in case of a very unfavourable development. One of the measures is our excess of loss reinsurance agreements. To cover the risks in connection with disasters, the company has made reinsurance contracts limiting Europæiske Rejseforsikring A/S' risks to about DKK 4.0m per claim event. The company has estimated the effect of a widespread pandemic at DKK 13m at own account. The size of this risk is due to the fact that a pandemic is not seen as one claim. Europæiske's risk is, therefore, not limited to the above mentioned DKK 4m.

### **Market Risks**

It is Europæiske Rejseforsikring A/S aim to control the market risks in such a way that the company obtains a return corresponding to risks taken.

The most important risks are:

- Interest Rate Risk
- Equity Risk
- Real Estate Risk
- Credit and Counterpart Risk
- Exchange Rate Risk

In terms of the result, the company is sensitive towards the development in exchange rates and the prices of bonds and shares. The stress scenarios red and green, set by the Danish Financial Supervisory Authority, have been calculated on a continuous basis and Europæiske Rejseforsikring A/S has always been in the green with a good safety margin. The latest calculation shows a total equity effect of minus DKK 18.3m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red scenario.

### **Operational risks**

The development in the travel market and events limiting the population's travel activity can have a relatively large impact on the company's result. Europæiske Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to 11% of the company's equity. Please also see note 25.

### **Capital Management**

Europæiske's solvency requirement is calculated on the basis of the rules applicable until 31st December 2013 for calculation of individual solvency requirements. The board of directors of the company has estimated that a security level of 99% is satisfactory. It means that Europæiske can meet the policyholders' claims for 99 years out of 100 years. Besides the calculation with a security level of 99%, Europæiske has also calculated the capital requirement based on a security level of 99,5% which means that Europæiske can meet the policyholders' claims for 199 years out of 200 years. The model has been used for a number of years and Europæiske has always had sufficient capital to meet both the security level of 99% as well as the security level of 99.5%.

The individual solvency requirements has been calculated to DKK 91.4m and shall be covered by the company's base capital of DKK 189.7 m as of 31<sup>st</sup> December 2013.

### **Capital requirements**

|                                  | <b>2013</b> | <b>2012</b> |
|----------------------------------|-------------|-------------|
| Base capital                     | 189,709     | 190,057     |
| Solvency requirements            | 49,006      | 70,849      |
| Individual solvency requirements | 91,364      | 102,894     |

The above shown capital requirements are in accordance with Financial Business Act.

### **Solvency 2**

Munich Re and ERGO Group, which Europæiske Rejseforsikring A/S is a part of, started in 2009 a Solvency 2 project. The project is managed by a project group in Germany. As for Europæiske Rejseforsikring A/S the project includes a continuous adjustment and development of a standard model together with a system for risk management. The board of directors' involvement and management of the project are secured by the participation in the project of several members of the board of directors including the chairman of the board and the CFO. The board is informed on a continuous basis.

### **Appropriation of profit**

Available for appropriation:

|                            | Amount in DKK'000 |             |
|----------------------------|-------------------|-------------|
|                            | <b>2013</b>       | <b>2012</b> |
| Total comprehensive income | 22,055            | 21,139      |

Recommended to be allocated as follows:

|                                      | <b>2013</b>   | <b>2012</b>   |
|--------------------------------------|---------------|---------------|
| To the Shareholder                   | 26,400        | 25,000        |
| Transferred to other reserves        | -5,494        | 3,617         |
| Transferred from revaluation reserve | 0             | -5,943        |
| Transferred from reserves            | 1,149         | -1,535        |
|                                      | <b>22,055</b> | <b>21,139</b> |

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

We have today presented the annual report for 1 January – 31 December 2013 to Europæiske Rejseforsikring A/S.

The annual report has been prepared in accordance with Financial Business Act.


The annual report gives a true and fair view of the company's assets, liabilities and financial position as of 31 December 2013 together with the results of the company's activities for the financial year 1 January – 31 December 2013.

The management report contains a fair and true review of the development of the company's activities and financial performance together with a description of the most significant risks and elements of uncertainty that may have an impact on the company.

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

Copenhagen, 28 March 2014

### Board of Management:

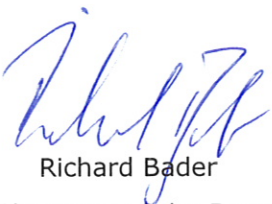


Johann-Dietrich von Hülsen  
Chief Executive Officer




/ Winnie Grønnemose  
Chief Financial Officer

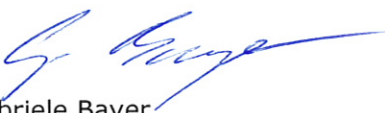
### Board of Directors:




Richard Bader  
Chairman of the Board




Ulrike Timmer  
Board Member and  
Chairman of the Audit Committee



Gabriele Bayer  
Board member and Member of the Audit  
Committee



Peter Fobian  
Board Member, elected by the  
Employees



Christoffer Nylandsted  
Board Member, elected by the employees



Jørn Sønderup  
Board Member and Member of the  
Audit Committee

## **Internal auditors' report**

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

#### **Report on Financial Statements**

I have audited the Financial Statements of Europæiske Rejseforsikring A/S for the financial year 1 January – 31 December 2013, pages 15-33. The financial statements comprise, income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The Financial Statements have been prepared in accordance with the Danish Financial Business Act.

#### **Basis of opinion**

I have conducted my audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and International Standards on Auditing. This requires that I plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of procedures and internal controls established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, I have examined, on a test basis, the basis of amounts and other disclosures in the Financial Statements. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

I have participated in the audit of risk and other material areas and believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

My audit has not resulted in any qualification.

#### **Opinion**

In my opinion, the procedures and internal controls established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks, are working satisfactorily.

In addition, in our opinion, the Company's Financial Statements give a true and fair view of the Company's financial position at 31 December 2013 and of its financial performance for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Business Act.

#### **Statement regarding Management Review**

I have, in accordance with the Danish Financial Business Act, read the Management Review. I have not conducted any additional procedures in connection with my audit of the Financial Statements.

On this basis, it is my opinion that the information presented in the Management Review is in accordance with the Financial Statements.

Copenhagen, 28 March 2014

Internal Audit

Stefan Vastrup  
State Authorised Public Accountant  
Chief Internal Auditor

## **Independent auditors' report**

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

#### **Report on Financial Statements**

We have audited the financial statements of Europæiske Rejseforsikring A/S for the financial year 1 January – 31 December 2013, pages 15-33. The financial statements comprise, income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2013 and of the results of its operations for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Business Act.

## Independent auditors' report - continued

### Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 28 March 2014

**KPMG**

Statsautoriseret Revisionspartnerselskab



Jesper Dan Jespersen  
State Authorised  
Public Accountant



Lisbeth Kragelund  
State Authorised  
Public Accountant

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**Profit and loss account**


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| Note | in DKK'000  | 2013           | 2012           |
|------|---|----------------|----------------|
|      | <i>Earned premiums</i>  |                |                |
| 3    | Gross premiums written  | 367.336        | 470.759        |
|      | Ceded insurance premiums  | -120.103       | -155.503       |
|      | Change in the provision for unearned premiums                         | 40.580         | -6.407         |
|      | Change in the provision for unearned premiums, reinsurers' share      | -12.834        | 586            |
|      | <b>Total premium income, net of reinsurance</b>                       | <b>274.979</b> | <b>309.435</b> |
| 4    | <b>Technical interest, net of reinsurance</b>                         | <b>479</b>     | <b>783</b>     |
|      | <i>Claims incurred</i>  |                |                |
|      | Claims paid   | 239.710        | 274.886        |
|      | Reinsurance recoveries  | -80.744        | -87.341        |
|      | Change in the provision for claims                                    | -48.029        | 22.464         |
|      | Change in the provision for claims, reinsurers' share                 | 19.122         | -10.957        |
|      | <b>Total claims incurred, net of reinsurance</b>                      | <b>130.059</b> | <b>199.052</b> |
|      | <b>Bonus and premium discounts</b>                                    | <b>1.488</b>   | <b>1.225</b>   |
|      | <i>Net operating expenses</i>   |                |                |
| 5    | Acquisition costs   | 94.948         | 84.521         |
| 6    | Administrative expenses   | 48.088         | 57.761         |
|      | Commission and profit share from reinsurers                           | -28.936        | -47.542        |
| 7    | <b>Total net operating expenses, net of reinsurance</b>               | <b>114.100</b> | <b>97.740</b>  |
| 8    | <b>UNDERWRITING RESULT</b>  | <b>29.811</b>  | <b>15.201</b>  |
|      | <i>Income from investment assets</i>                                  |                |                |
| 9    | Income from affiliated companies                                      | 5.987          | 9.233          |
|      | Income from associated companies                                      | -626           | 861            |
|      | Income from investment properties                                     | 1.541          | 1.537          |
| 10   | Interest income and dividends etc.                                    | 7.966          | 8.596          |
| 11   | Value adjustment  | -9.146         | -4.996         |
|      | Interest expenses   | -2.160         | 0              |
|      | Administrative expenses on investments                                | -571           | -151           |
|      | <b>Total return on investment activities</b>                          | <b>2.991</b>   | <b>15.080</b>  |
| 4    | <b>Interest on insurance provisions</b>                               | <b>-479</b>    | <b>-783</b>    |
|      | <b>TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST</b> | <b>2.512</b>   | <b>14.297</b>  |
| 12   | Other income  | 3.636          | 5.003          |
| 12   | Other expenses  | 2.721          | 3.663          |
|      | <b>PROFIT BEFORE TAX</b>  | <b>33.238</b>  | <b>30.838</b>  |
| 13   | Tax   | 6.841          | 4.805          |
|      | <b>PROFIT FOR THE PERIOD</b>  | <b>26.397</b>  | <b>26.033</b>  |
|      | <b>STATEMENT OF COMPREHENSIVE INCOME</b>                              |                |                |
|      | <b>Other comprehensive income</b>                                     |                |                |
|      | Exchange rate adjustment of foreign entities                          | -4.342         | 1.049          |
|      | Revaluation provisions  | 0              | -5.943         |
|      | <b>Comprehensive income</b>   | <b>-4.342</b>  | <b>-4.895</b>  |
|      | Result of the period  | 26.397         | 26.033         |
|      | <b>TOTAL COMPREHENSIVE INCOME</b>                                     | <b>22.055</b>  | <b>21.139</b>  |

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**Balance Sheet as of**


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| Note | in DKK '000  | 31/12 2013     | 31/12 2012     |
|------|--|----------------|----------------|
|      | <b>ASSETS</b>  |                |                |
|      | <i>Intangible assets</i>   |                |                |
| 14   | Software   | 17.810         | 20.126         |
|      | Software, development projects                                     | 879            | 283            |
|      | <b>TOTAL INTANGIBLE ASSETS</b>                                     | <b>18.689</b>  | <b>20.409</b>  |
|      | <i>Tangible assets</i>   |                |                |
| 15   | Operating equipment  | 2.805          | 3.499          |
| 16   | Domicile   | 87.991         | 87.200         |
|      | <b>TOTAL TANGIBLE ASSETS</b>                                       | <b>90.796</b>  | <b>90.699</b>  |
|      | <i>Investments in affiliated and associated companies</i>          |                |                |
| 17   | Capital holdings (shares) in affiliated companies                  | 51.231         | 56.103         |
| 17   | Capital holdings (shares) in associated companies                  | 6.217          | 6.840          |
|      | <b>Total investments in affiliated and associated companies</b>    | <b>57.448</b>  | <b>62.943</b>  |
|      | <i>Other financial investments</i>                                 |                |                |
|      | Participating interests  | 33             | 33             |
|      | Unit trusts  | 29.732         | 29.763         |
|      | Bonds  | 226.707        | 260.261        |
|      | <b>Total other financial investments</b>                           | <b>256.472</b> | <b>290.057</b> |
|      | <b>TOTAL INVESTMENT ASSETS</b>                                     | <b>313.920</b> | <b>353.000</b> |
|      | <i>Reinsurance share of technical provision</i>                    |                |                |
|      | Reinsurance share of unearned premiums                             | 45.638         | 58.472         |
|      | Reinsurance share of claim provision                               | 29.675         | 48.797         |
|      | <b>Total reinsurance share of technical provision</b>              | <b>75.313</b>  | <b>107.269</b> |
|      | <i>Debtors</i>   |                |                |
|      | Amounts owed by policy holders                                     | 26.734         | 30.315         |
|      | Amounts owed by insurance brokers                                  | 11.931         | 11.672         |
|      | <b>Debtors arising out of direct insurance contracts, in total</b> | <b>38.665</b>  | <b>41.987</b>  |
|      | <i>Other debtors</i>   |                |                |
|      | Amounts owed by insurance companies                                | 0              | 87             |
|      | Amounts owed by affiliated companies                               | 2.680          | 8.101          |
|      | Tax asset  | 0              | 491            |
|      | Deferred tax assets  | 1.076          | 1.598          |
|      | Other debtors  | 5.114          | 6.483          |
|      | <b>Total other debtors</b>   | <b>8.870</b>   | <b>16.760</b>  |
|      | <b>TOTAL DEBTORS</b>   | <b>122.848</b> | <b>166.016</b> |
|      | <i>Other assets</i>  |                |                |
|      | Cash in hand and cash equivalent                                   | 9.198          | 14.065         |
|      | Other  | 29             | 77             |
|      | <b>TOTAL OTHER ASSETS</b>  | <b>9.227</b>   | <b>14.142</b>  |
|      | <i>Prepayments and accrued income</i>                              |                |                |
|      | Accrued interest   | 2.947          | 3.505          |
| 18   | Other prepayments and accrued income                               | 965            | 1.007          |
|      | <b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>                        | <b>3.912</b>   | <b>4.512</b>   |
|      | <b>TOTAL ASSETS</b>  | <b>559.392</b> | <b>648.778</b> |



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**Balance Sheet as of**


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| Note         | in DKK '000   | <u>31/12 2013</u> | <u>31/12 2012</u> |
|--------------|---|-------------------|-------------------|
|              | <b>LIABILITIES</b>  |                   |                   |
|              | <i>Capital and reserves</i>                               |                   |                   |
|              | <b>Share capital</b>                                      | <u>10.000</u>     | <u>10.000</u>     |
|              | Revaluation provisions                                    | <u>798</u>        | <u>798</u>        |
|              | <i>Reserves</i>   |                   |                   |
|              | Contingency reserve, untaxed                              | 115.000           | 115.000           |
|              | Other reserves, year end                                  | <u>43.921</u>     | <u>49.415</u>     |
|              | <b>Total reserves</b>                                     | <u>158.921</u>    | <u>164.415</u>    |
|              | <b>Proposed dividend for the accounting year</b>          | <u>26.400</u>     | <u>25.000</u>     |
|              | <b>Profit brought forward</b>                             | <u>63.114</u>     | <u>61.965</u>     |
| <b>19</b>    | <b>TOTAL CAPITAL AND RESERVES</b>                         | <u>259.233</u>    | <u>262.178</u>    |
|              | <i>Provisions for insurance contracts</i>                 |                   |                   |
|              | Provision for unearned premiums                           | 134.837           | 175.417           |
|              | Claim provisions  | <u>83.352</u>     | <u>131.385</u>    |
|              | <b>TOTAL PROVISION FOR INSURANCE CONTRACTS</b>            | <u>218.189</u>    | <u>306.802</u>    |
|              | <i>Provisions for other risks and charges</i>             |                   |                   |
| <b>20</b>    | <b>Deferred taxation</b>                                  | <u>9.278</u>      | <u>9.775</u>      |
|              | <b>TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES</b>       | <u>9.278</u>      | <u>9.775</u>      |
|              | <i>Creditors</i>  |                   |                   |
|              | Amounts owed in connection with direct insurance business | 20.158            | 20.742            |
|              | Amounts owed to reinsurance companies                     | 13.625            | 12.480            |
|              | Amounts owed to affiliated companies                      | 510               | 2.190             |
|              | Actual tax liabilities                                    | 5.351             | 0                 |
| <b>21</b>    | Other creditors   | <u>33.048</u>     | <u>34.610</u>     |
|              | <b>TOTAL CREDITORS</b>                                    | <u>72.692</u>     | <u>70.022</u>     |
|              | <b>TOTAL LIABILITIES</b>                                  | <u>559.392</u>    | <u>648.778</u>    |
| <b>22</b>    | Contingency liabilities                                   |                   |                   |
| <b>23-27</b> | Other Notes   |                   |                   |

**Equity specification**

Amount in DKK '000

|  | Share<br>Capital | Revaluation<br>Provisions | Other<br>Reserves | Contingency<br>Reserve | Transferred<br>result | Proposed<br>Dividend | Total   |
|--|------------------|---------------------------|-------------------|------------------------|-----------------------|----------------------|---------|
| <b>Equity as of 1st January 2012</b>                                 | 10.000           | 6.741                     | 45.798            | 115.000                | 63.500                | 5.000                | 246.039 |
| Dividend paid out  |                  |                           |                   |                        |                       | -5.000               | -5.000  |
| Provisions for other reserves  |                  |                           | 2.568             |                        | -2.568                |                      | -5.943  |
| Other comprehensive income, provisions for revaluations              |                  | -5.943                    |                   |                        |                       |                      | 1.049   |
| Other comprehensive income, currency adjustment for foreign entities |                  |                           | 1.049             |                        | 26.033                |                      | 26.033  |
| Profit for the year  |                  |                           |                   |                        | -25.000               | 25.000               | 0       |
| Proposed dividend  |                  |                           |                   |                        |                       |                      | 0       |
| <b>Equity as of 31st December 2012</b>                               | 10.000           | 798                       | 49.415            | 115.000                | 61.965                | 25.000               | 262.178 |
| <b>Equity as of 1st January 2013</b>                                 | 10.000           | 798                       | 49.415            | 115.000                | 61.965                | 25.000               | 262.178 |
| Dividend paid out  |                  |                           |                   |                        |                       | -25.000              | -25.000 |
| Provisions for other reserves  |                  |                           | -1.152            |                        | 1.152                 |                      | 0       |
| Other comprehensive income, currency adjustment for foreign entities |                  |                           | -4.342            |                        |                       |                      | -4.342  |
| Profit for the year  |                  |                           |                   |                        | 26.397                |                      | 26.397  |
| Proposed dividend  |                  |                           |                   |                        | -26.400               | 26.400               | 0       |
| <b>Equity as of 31st December 2013</b>                               | 10.000           | 798                       | 43.921            | 115.000                | 63.114                | 26.400               | 259.233 |

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**Note 1 – Accounting Policies Applied**

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**General**

The annual report has been prepared in accordance with Financial Business Act and the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds.

The annual report is presented in thousand crowns.

The accounting policies are unchanged from last year.

**Accounting estimate**

The preparation of annual reports under the Danish Financial Supervisory Authority's executive order requires the use of certain critical accounting estimates and requires the management to exercise its judgment in the process of applying the company's accounting policies.

The statement of the accounted value of certain assets and liabilities is conditioned by applying the accounting estimate. The estimates made are based on assumptions which the management finds justifiable but uncertain. The statement of the insurance provisions is in particular connected to estimates. These estimates are described in more details in the below-mentioned under the individual accounting items.

**Recognition and measurement**

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value, however tangible and intangible assets are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described below.

**Inter group 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 buyers are settled at market rates.

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

**Consolidated accounts**

The company has chosen not to prepare consolidated accounts in accordance with §134 in the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds, as the company's ultimate parent company, Münchener Rückversicherungsgesellschaft, Munich, Germany, 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 provision.

**Technical interest, net of reinsurance**

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

Technical interest is reduced by the portion of the increase in net provisions that relates to unwinding of discounting.

**Claims incurred, net of reinsurance**

Claims incurred, net of reinsurance consist of the claims paid together with direct and indirect costs for claims handling 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, run-of gains or losses on previous years' provision for outstanding claims are included in claims incurred. The portion of the increase of the provisions that relates to reduction of term has been transferred to technical interest.

Changes in provisions of claims due to changes in the yield curve and exchange rates are recognized as a value adjustment.

**Bonus and premium rebates**

Bonus and premium rebates represent anticipated and reimbursed premiums where the amount reimbursed depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the business was written.

**Insurance operating expenses, net**

Insurance operating expenses represent acquisition costs and administrative expenses less reinsurance commissions received. Expenses relating to acquiring and renewing the insurance portfolio are recognised at the time of writing the business. Administrative expenses are accrued to match the financial year.

**Investment activities**

Income from affiliated companies includes the company's share of the affiliates' net profit.

Income from associates includes the company's share of the associates' net profit.

Income from investment properties before fair value adjustment represents the profit from property operations less property management expenses for the part of the property which is not used by the company.

Interest, dividends, etc. represent interest earned, dividends received, etc. during the financial year.

Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of land and buildings, exchange rate adjustments.

Exchange rate adjustments: all items in the balance sheet in foreign currency are translated at the exchange rate ruling on the date of the transaction.

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**Note 1 – Accounting Policies Applied, continued**

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Investment management charges represent expenses relating to the management of investments.

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

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

Deferred tax related to recapture of previously deducted deficits in foreign branches or affiliates' entities is included based on an actual assessment of the purpose of the individual entity.

Deferred taxes are provided for with 24.5% to 22% on all time differences between the result reported in the annual report 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 and debts.

If deferred tax constitutes a tax asset, it is included in the assets, if it is most probably that it can be used in the future. The tax liable on the contingency reserve (contingent tax) is not provided for in the balance sheet but is disclosed in a note.

**BALANCE SHEET****Intangible assets**

The assets are measured at the acquisition costs with deductions of the write down. A straight-line write down is applied based on the following assessment of the assets' expected useful lives:

|                     |            |
|---------------------|------------|
| Software, presently | 3-10 years |
|---------------------|------------|

Costs that are directly associated with the production of identifiable and unique software products as intangible assets. Direct costs include the software development team's employee costs and other directly related overheads. All other costs associated with developing or maintaining computer software are recognised as an expense as incurred.

After completion of the development the asset is written down on a straight-line basis over the expected useful life, however, presently with a maximum period of 10 years. The basis of writing down is reduced by any impairment write downs.

Intangible assets including development projects are written down to the lower of recoverable amount and carrying amount.

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**Note 1 – Accounting Policies Applied, continued**

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**Operating equipment**

Fixtures and operating equipment are measured at cost less accumulated write down and any accumulated impairment losses. Cost encompasses the purchase price and costs directly attributable to the acquisition of the relevant assets until the time when the asset is ready to be brought into use.

The tangible assets are written down on a straight-line basis from the following assessment of the assets' expected useful lives, as follows:

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

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposals and retirements are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Tangible assets are written down to the lower of recoverable amount and carrying amount.

**Domicile**

Domiciles are measured in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed regularly to avoid the carrying amount differing from the domicile's fair value at the balance sheet date.

Increases in the revalued carrying amount of domiciles are credited in equity, unless the increase corresponds to a decrease previously credited to the income statement. Decreases are credited to the income statement unless the decrease corresponds to an increase previously credited to equity.

The write downs are recognized in the profit and loss account over their useful lives. The expected useful life is measured regularly.

Europæiske Rejseforsikring A/S assessed at the time of the change-over to the rules of Danish Financial Supervisory Authority's executive order on financial reports that the useful life is 50 years and the scrap value is 70%.

**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 "income from affiliated or associated companies".

The total net revaluation of capital holdings in affiliated and associated companies are included in the net revaluation reserve in equity, if the book value is higher than the cost price.

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**Note 1 – Accounting Policies Applied, continued**

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**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 fair value.

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 fair value at the balance sheet date.

The settling day is used as the time of calculation for all investment assets.

**Reinsurers' share of provisions for insurance contracts**

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance share of the technical provision.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The benefits to which the company is entitled under its reinsurance contracts held are recognised as assets and reported as reinsurers' share of claim provisions for insurance contracts.

The reinsurers' share of the provisions for claims is measured at discounted value if such discounting is material. The future payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority.

The company assesses continuously its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

**Debtors**

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

**Accruals**

Accruals, reported under assets, comprise cost paid relating to the following financial year.

**TECHNICAL RESERVES****Provisions for insurance contracts**

Provisions for insurance contracts are recognised as future payments including payments for administration and claims handling regarding future events for in-force policies. However, as a minimum to the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any variations in the incidence of risk. For new annual insurance policies, where a considerable part of the risk is in the immediate continuation of the date they become effective, we add as income 50% of the premium within the first 2-3 weeks and then distribute the rest according to the pro rata temporis principle. The provisions also include amounts reserved to cover risk in connection with increasing age. These provisions are reserved when there no longer is a natural premium and the risks covered increase with the insured person's age.

The provisions for insurance contracts are recognised, taking into account, the deductions for direct acquisition costs.

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**Note 1 – Accounting Policies Applied, continued**

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**Provisions for claims**

Provisions for claims include direct and indirect claims handling costs arising from events that have occurred up to the balance sheet date. Provisions for claims are estimated using the input of assessments for individual cases reported to the company and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Provisions for claims are discounted if such discounting is material. The future payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority.

Discounting is not applied at present as it is not considered material.

**Provisions for bonus and premium rebates**

Provisions for bonus and premium rebates represent amounts expected to be paid to policyholders in view of the claims experience during the financial year.

**Liability adequacy test**

Tests are continuously performed to ensure the adequacy of the technical provisions. In performing these tests, current best estimates of future cash flows of claims, gains and direct and indirect claims handling costs are used. Any deficiency is charged to the income statement by raising the relevant provision.

**Financial liabilities**

Bond loans, debt to credit institutions, etc. are recognised at the raising of the loan at a fair value plus transaction costs incurred.

Other liabilities are measured at net realisable value.



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**Note**

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in DKK'000

**2 Five-year review**

| <b>Profit and Loss</b>  | <b>2013</b>       | <b>2012</b>       | <b>2011</b>       | <b>2010</b>       | <b>2009</b>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Gross premiums earned   | 407.916           | 464.352           | 502.219           | 468.673           | 403.844           |
| Gross claims incurred   | 191.681           | 297.350           | 314.642           | 305.430           | 206.054           |
| Total operating expenses  | 143.036           | 142.282           | 186.199           | 168.793           | 154.800           |
| Result of reinsurance (-=net cost)                                | -42.379           | -9.077            | -24.835           | -8.699            | -29.919           |
| Underwriting result   | 29.811            | 15.201            | -22.611           | -13.863           | 13.520            |
| Profit/loss of investment after<br>transfer of technical interest | 2.512             | 14.297            | 19.009            | 19.896            | 15.630            |
| Profit for the year   | 26.397            | 26.033            | -62               | 7.807             | 20.808            |
| Gross run-off profit/loss   | 24.475            | 1.299             | -7.376            | -14.243           | 15.520            |
| Run-off profit/loss, net of reinsurance                           | 18.172            | 321               | -2.708            | -5.946            | 14.671            |
| <b>Assets and Liabilities at</b>                                  | <b>31.12.2013</b> | <b>31.12.2012</b> | <b>31.12.2011</b> | <b>31.12.2010</b> | <b>31.12.2009</b> |
| Insurance assets  | 75.313            | 107.269           | 95.726            | 85.724            | 47.433            |
| Technical provisions  | 218.189           | 306.802           | 277.927           | 247.612           | 200.776           |
| Capital and reserves at year-end                                  | 259.233           | 262.178           | 246.039           | 249.620           | 249.237           |
| Total assets  | 559.392           | 648.778           | 609.738           | 571.057           | 519.064           |
| <b>Key figures</b>  | <b>2013</b>       | <b>2012</b>       | <b>2011</b>       | <b>2010</b>       | <b>2009</b>       |
| Gross claims ratio  | 47,16%            | 64,20%            | 62,86%            | 65,41%            | 51,39%            |
| Gross expense ratio   | 35,73%            | 31,19%            | 37,79%            | 36,76%            | 39,32%            |
| Reinsurance ratio   | 10,43%            | 1,96%             | 4,96%             | 1,86%             | 7,46%             |
| Combined ratio  | 93,32%            | 97,35%            | 105,61%           | 104,03%           | 98,17%            |
| Operating ratio   | 92,67%            | 96,65%            | 104,49%           | 102,96%           | 96,66%            |
| Relative run-off result   | 18,63%            | 1,19%             | -7,74%            | -18,54%           | 17,97%            |
| Return on capital and reserves                                    | 10,13%            | 10,24%            | -0,03%            | 3,13%             | 8,54%             |
| Solvency cover  | 3,87              | 2,68              | 2,73              | 2,96              | 3,40              |

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**Note**


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in DKK'000

|   | <u>2013</u>    | <u>2012</u>    |
|---|----------------|----------------|
| <b>3</b>  |                |                |
| <b>Gross earned premiums</b>  |                |                |
| Gross premiums  | 367.336        | 470.759        |
| Change in the gross provision for unearned premiums   | 40.580         | -6.407         |
| <b>Gross earned premiums for the year</b>   | <u>407.916</u> | <u>464.352</u> |
| <i>Distribution:</i>  |                |                |
| Direct business   | 391.302        | 430.531        |
| Indirect business   | 16.614         | 33.822         |
|   | <u>407.916</u> | <u>464.352</u> |
| <i>Geographic distribution of direct business:</i>  |                |                |
| Denmark   | 282.648        | 299.136        |
| EU countries  | 19.432         | 22.239         |
| Non-EU countries  | 89.222         | 109.156        |
|   | <u>391.302</u> | <u>430.531</u> |
| <b>4</b>  |                |                |
| <b>Technical interest, net of reinsurance</b>   |                |                |
| Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business |                |                |
| Provision for insurance contracts, year start   | 306.802        | 277.927        |
| Reinsurers share of technical provisions, year start  | -107.269       | -95.726        |
| Provisions for insurance contracts, year end  | 218.189        | 306.802        |
| Reinsurers share of technical provisions, year end  | -75.313        | -107.269       |
| Total   | <u>342.409</u> | <u>381.734</u> |
| Average   | 171.205        | 190.867        |
| Interest rate in accordance with the Danish FSA   | 0,28%          | 0,41%          |
| Interest on technical provisions  | 479            | 783            |
| Technical interest, net of reinsurance  | <u>479</u>     | <u>783</u>     |
| <b>5</b>  |                |                |
| <b>Acquisition costs</b>  |                |                |
| Total acquisition costs   | 94.948         | 84.521         |
| of which:   |                |                |
| Commission for direct business  | 61.182         | 48.416         |
| Commission for indirect business  | -140           | 5.226          |
|   | <u>61.042</u>  | <u>53.642</u>  |
| <b>6</b>  |                |                |
| <b>Administrative expenses</b>  |                |                |
| Administrative expenses   | 35.346         | 43.906         |
| Duties and contributions etc  | 7.886          | 9.153          |
| Depreciation  | 5.836          | 6.252          |
| Reimbursements from affiliated and associated companies   | -980           | -1.550         |
|   | <u>48.088</u>  | <u>57.761</u>  |
| Total fees paid to auditors appointed by the company at the general meeting:  |                |                |
| Statutory audit services  | 567            | 615            |
| Fee for other assurance engagements   | 24             | 30             |
| Fee for other services  | 322            | 285            |
| Total   | <u>913</u>     | <u>930</u>     |

**Note**

| in DKK'000 |   | 2013           | 2012           |
|------------|---|----------------|----------------|
| <b>7</b>   | <b>Staff costs</b>  |                |                |
|            | Net operating expenses include the following staff costs:   |                |                |
|            | Wages and salaries  | 64.346         | 60.935         |
|            | Other expenses for social security  | 612            | 716            |
|            | Pension scheme contributions  | 7.020          | 6.884          |
|            | Payroll tax   | 7.886          | 8.665          |
|            |   | <u>79.864</u>  | <u>77.200</u>  |
|            | Total remuneration paid to:   |                |                |
|            | Board of Directors  |                |                |
|            | Number  | 6              | 6              |
|            | Fixed salary  | 120            | 120            |
|            | Variable salary   | <u>0</u>       | <u>0</u>       |
|            |   | <u>120</u>     | <u>120</u>     |
|            | <b>Remuneration split per person:</b>   |                |                |
|            | Richard Bader (entered 20.12.2011)  | 0              | 0              |
|            | Ulrike Timmer (entered 04.03.2009)  | 0              | 0              |
|            | Gabrielle Bayer (entered 10.04.2013)  | 0              | 0              |
|            | Julia Ricks (left 10.04.2013)   | 0              | 0              |
|            | Peter Andersen (left 13.03.2012)  | 0              | 0              |
|            | Jørn Sønderup (entered 17.08.2011)  | 40             | 40             |
|            | Peter Fobian (entered 13.03.2012)   | 40             | 40             |
|            | Christoffer Nylandsted (entered 13.03.2012)   | 40             | 40             |
|            |   | <u>120</u>     | <u>120</u>     |
|            | <b>Audit Committee:</b>   |                |                |
|            | Jørn Sønderup   | <u>30</u>      | <u>30</u>      |
|            |   | <u>30</u>      | <u>30</u>      |
|            | Board of Management   |                |                |
|            | Number  | 1              | 1              |
|            | Fixed salary  | 1.283          | 1.697          |
|            | Variable salary   | <u>412</u>     | <u>455</u>     |
|            |   | <u>1.695</u>   | <u>2.152</u>   |
|            | <b>Employees with activities of considerable influence on the company's risk profile</b>  |                |                |
|            | Number  | 5              | 4              |
|            | Fixed salary  | 6.447          | 5.419          |
|            | Variable salary   | <u>725</u>     | <u>66</u>      |
|            |   | <u>7.172</u>   | <u>5.485</u>   |
|            | The average of full-time staff  | <u>130</u>     | <u>137</u>     |
|            | The company does not have any information as to fees received by the board and the board of management from other companies in the Group. |                |                |
| <b>8</b>   | <b>Breakdown of underwriting result</b>   |                |                |
|            | Earned premiums   | 406.428        | 463.127        |
|            | Underwriting interest, net of reinsurance   | 479            | 783            |
|            | Claims incurred   | -191.681       | -297.350       |
|            | Administrative expenses   | -48.088        | -57.761        |
|            | Acquisition costs   | <u>-94.948</u> | <u>-84.521</u> |
|            | Profit from gross operations  | <u>72.190</u>  | <u>24.278</u>  |
|            | Ceded insurance premiums  | -132.937       | -154.917       |
|            | Reinsurance recoveries  | 61.622         | 98.298         |
|            | Reinsurance commissions and profit participation  | <u>28.936</u>  | <u>47.542</u>  |
|            | Result of ceded business  | <u>-42.379</u> | <u>-9.077</u>  |
|            | Underwriting profit   | <u>29.811</u>  | <u>15.201</u>  |
|            | <b>Total claims incurred, net of reinsurance, run-off</b>   |                |                |
|            | Gross run-off profit/loss   | 24.475         | 1.299          |
|            | Run-off profit/loss, ceded  | <u>-6.303</u>  | <u>-978</u>    |
|            | <b>Total claims incurred, net of reinsurance, run-off, total</b>  | <u>18.172</u>  | <u>321</u>     |

**Note**

in DKK'000

|  | <u>2013</u>   | <u>2012</u>   |
|--|---------------|---------------|
| <b>9 Income from affiliated companies</b>                          |               |               |
| The year's net result in Evropská Cestovni Pojistovna a.s. Czechia | 5.987         | 9.233         |
|  | <u>5.987</u>  | <u>9.233</u>  |
| <b>10 Interest income and dividends etc</b>                        |               |               |
| Interest income  | 7.319         | 8.287         |
| Dividend from participating interests                              | 647           | 309           |
|  | <u>7.966</u>  | <u>8.596</u>  |
| <b>11 Realised and unrealised gains and losses, net</b>            |               |               |
| Participating interests  | -31           | 291           |
| Bonds  | -8.106        | -3.223        |
| Capital loss on instalments and redemptions                        | -14           | -2.882        |
| Exchange rate adjustments  | -995          | 818           |
|  | <u>-9.146</u> | <u>-4.996</u> |
| <b>12 Other income and expenses</b>                                |               |               |
| Income from administration arrangements                            | 3.636         | 5.003         |
| Expenses from administration arrangements                          | 2.721         | 3.663         |
|  | <u>915</u>    | <u>1.340</u>  |
| <b>13 Tax of the profit for the year</b>                           |               |               |
| Current tax  | 6.851         | 2.087         |
| Change in deferred tax   | 25            | 3.023         |
| Adjustment regarding prior years                                   | -35           | -305          |
|  | <u>6.841</u>  | <u>4.805</u>  |
| Taxes paid on account for the current year                         | <u>4.000</u>  | <u>4.000</u>  |
| <b>Effective tax rate</b>  | %             | %             |
| Tax rate   | 25            | 25            |
| Adjustment of tax from previous years                              | 0             | 6             |
| Tax of non-taxable income and expenses                             | -4            | -15           |
|  | <u>21</u>     | <u>16</u>     |

**Note**

in DKK'000

|   | 2013                  | 2012                  |
|---|-----------------------|-----------------------|
| <b>14 Software</b>  |                       |                       |
| Cost at the beginning of the year   | 40.369                | 39.232                |
| Disposals during the year   | 0                     | -1.115                |
| Additions and improvements of the year  | 1.285                 | 2.252                 |
| Cost at the end of the year   | 41.654                | 40.369                |
| Depreciation and write-downs at beginning of year   | 20.243                | 17.717                |
| Depreciation and write-downs of the year  | 3.601                 | 3.641                 |
| Disposals during the year   | 0                     | -1.115                |
| Total depreciation and write-downs at year-end  | 23.844                | 20.243                |
| Net book value  | 17.810                | 20.126                |
| <b>15 Operating Equipment</b>   |                       |                       |
| Cost at the beginning of the year   | 50.753                | 58.740                |
| Disposals during the year   | -1.623                | -9.464                |
| Additions and improvements of the year  | 1.251                 | 1.477                 |
| Cost at the end of the year   | 50.382                | 50.753                |
| Depreciation and write-downs at beginning of the year   | 47.254                | 53.873                |
| Depreciation and write-downs of the year  | 1.462                 | 2.005                 |
| Disposals during the year   | -1.140                | -8.624                |
| Total depreciation and write-downs at year-end  | 47.576                | 47.254                |
| Net book value  | 2.805                 | 3.499                 |
| <b>16 Land and buildings</b>  |                       |                       |
| Cost at the beginning of the year   | 111.064               | 110.569               |
| Additions and improvements of the year  | 1.663                 | 495                   |
| Cost at the end of the year   | 112.727               | 111.064               |
| Depreciation and write-downs beginning of the year  | 26.908                | 26.123                |
| Depreciation and write-downs of the year  | 873                   | 785                   |
| Total depreciation and write-downs at year-end  | 27.781                | 26.908                |
| Revaluations beginning the year   | 3.044                 | 8.987                 |
| Revaluations  | 0                     | -5.943                |
| Total revaluations at year-end  | 3.044                 | 3.044                 |
| Net book value  | 87.990                | 87.200                |
| Net book value of land and buildings used for company operations  | 64.057                | 67.808                |
| Real property value according to the last public assessment   | 82.000                | 82.000                |
| The property has not been evaluated by external parties   |                       |                       |
| 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 | 6,00%                 | 6,00%                 |
| <b>17 Affiliated and associated companies</b>   |                       |                       |
|   | Affiliated<br>company | Associated<br>company |
| Acquisition cost, balance, beginning of the year  | 12.020                | 1.507                 |
| Acquisition cost, balance, year-end   | 12.020                | 1.507                 |
| Revaluations, balance, beginning of the year  | 44.083                | 5.333                 |
| Price adjustment of opening balance of capital and reserves   | -4.345                | 3                     |
| Share of profit for the year  | 5.987                 | -626                  |
| Dividends paid  | -6.514                | 0                     |
| Revaluations, balance, year-end   | 39.211                | 4.710                 |
| Net book value, year-end 2013   | 51.231                | 6.217                 |
| Net book value, year-end 2012   | 56.103                | 6.840                 |

Name and adress etc. can be found in the annual report, page 7 section "Ownership"

**Note**

in DKK'000

|   | <u>2013</u>    | <u>2012</u>    |
|---|----------------|----------------|
| <b>18 Other prepayments and accrued income</b>  |                |                |
| Prepaid wages and salaries  | 967            | 960            |
| Other prepayments and accrued income  | -1             | 47             |
|   | <u>966</u>     | <u>1.007</u>   |
| <b>19 Total capital and reserves</b>  |                |                |
| 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  | 259.233        | 262.178        |
| Deduction of intangible fixed assets  | 18.689         | 20.409         |
| Allowance for solvency requirement in subsidiaries  | 24.435         | 26.712         |
| Proposed dividend   | 26.400         | 25.000         |
| Base capital  | <u>189.709</u> | <u>190.057</u> |
| Solvency requirements   | <u>49.006</u>  | <u>70.849</u>  |
| <b>20 Provisions for taxation</b>   |                |                |
| Deferred tax is incumbent on the following items:   |                |                |
| Owner-occupied property   | 5.221          | 4.744          |
| Intangible fixed assets   | 4.057          | 5.032          |
| Operating equipment   | -1.076         | -1.499         |
| Reserve for bad debts   | 0              | -99            |
| Total provisions for deferred taxation  | <u>8.202</u>   | <u>8.177</u>   |
| Is presented in the balance sheet as:   |                |                |
| Deferred tax assets   | -1.076         | -1.598         |
| Reserves for deferred tax   | 9.278          | 9.775          |
|   | <u>8.202</u>   | <u>8.177</u>   |
| <b>Contingency tax</b>  |                |                |
| A release of the contingency reserve will trigger a tax of  | <u>25.300</u>  | <u>28.750</u>  |
|   | <u>25.300</u>  | <u>28.750</u>  |

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>2013</u>   | <u>2012</u>   |
|---|---------------|---------------|
| <b>21 Other creditors</b>                 |               |               |
| PAYE taxes and labour market contribution | 62            | 17            |
| Holiday pay obligations, salaried staff   | 9.033         | 8.830         |
| Social security benefit and other duties  | 1.025         | 901           |
| Other accrued costs                       | <u>22.928</u> | <u>24.862</u> |
|   | <u>33.048</u> | <u>34.610</u> |

**22 Contingency liabilities**

There is a legal claim against the company of USD 5.1 m in connection with notice of subagent agreements in Central America. It is the opinion of the management that the claim is partially unfounded and it will not have an effect on the financial position of the company as in Europæiske's opinion a reasonable amount has already been allocated in the accounts to compensate these agents.

The company has leased copying machines. The payments in the leasing period amount to: 2.063      931

**23 Incentive Schemes**

Members of the board of management have the possibility to receive bonuses of maximum DKK 591 TDKK if specific targets are reached.

**24 Group ownership**

Europæiske Rejseforsikring A/S is a 100% owned subsidiary of ERV AG (former Europäische Reiseversicherungs AG), Munich, Germany

ERV AG (former Europäische Reiseversicherungs AG), Munich, is a 100% owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, Germany.

ERGO Versicherungsgruppe AG, Düsseldorf, Germany, Reg. nr. DE 120060, is a 100% owned subsidiary of Münchener Rückversicherungs-Gesellschaft, Munich, Germany. Reg. nr. DE 220001

The annual report for ERGO Versicherungsgruppe AG can be ordered on

<http://www.ergo.com/>

The annual report for Münchener Rückversicherungs-Gesellschaft can be ordered on

<http://www.munichre.com/>

*Inter group 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 buyers are settled at market rates.

Inter-company trading in assets, including securities, is conducted at market prices.

No significant inter-company trading with assets has taken place during the accounting year.

*Consolidated accounts*

The company has chosen not to prepare consolidated accounts in accordance with §134 in the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds, as the company's ultimate parent company, Münchener Rückversicherungsgesellschaft, Munich, Germany,

in DKK'000

**25 Risk Sensitivity**  
*Financial risks*

In terms of the result the company is sensitive towards the development in exchange rates and the prices of bonds and shares. The stress scenarios red, yellow and green, set by the Danish Financial Supervisory Authority, have been calculated on a continuous basis and Europæiske Rejseforsikring A/S has always been in the green with a good safety margin. The latest calculation shows a total equity effect of minus DKK18.3m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red scenario.

| Incident  | Impact on equity |         |
|---|------------------|---------|
|   | 2013             | 2012    |
| Increase in interest rate of 0.7% point                                 | -4.017           | -4.831  |
| Decrease in interest rate of 0.7% point                                 | 4.017            | 4.831   |
| Price decrease of 12% on shares   | -3.568           | -3.572  |
| Decrease in real estate of 8%   | -7.039           | -7.451  |
| Exchange rate risk (VaR 99,5 pct.)                                      | -81              | -1.988  |
| Loss of contracting parties of 8%                                       | -845             | -965    |
| Country spread risk   | -2.719           | -2.281  |
| Total risk on assets, ex decrease in interests of 0.7 percentage points | -18.269          | -21.088 |
| Counterpart risks from reinsurance contracts                            | 3.664            | 5.160   |

*Operational risks*

The development in the travel market and events limiting the population's travel activity can have a relatively large impact on the company's result. Europæiske Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to 11% of the company's equity.

*Disaster cover*

To cover the risks in connection with disasters, the company has made reinsurance contracts limiting Europæiske Rejseforsikring A/S' risks to about DKK4.0m per claim event.

The company has estimated the effect of a wide-scale pandemic to approx. DKK 13.0m net of reinsurance. The size of this risk is because a pandemic is not considered a claim. Europæiske's risk is therefore not limited to the above-mentioned DKK4.0m.

**26 Discounting of provision of claims**

Discounting is not applied at present as it is not considered material.



**Note**

in DKK'000

**Split of classes of insurance in accordance with §113 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                 | 90.404                               | 2.001   | 9.619                      | 265.313                | 367.336        |
| 2 Gross premiums earned                  | 89.647                               | 1.975   | 9.638                      | 306.656                | 407.916        |
| 3 Gross claims incurred                  | -25.791                              | -649  | -860                       | -164.381               | -191.681       |
| 4 Bonus and premium discounts            | -1.488                               | 0   | 0                          | 0                      | -1.488         |
| <i>Administration costs</i>              | <i>-12.234</i>                       | <i>-5.583</i>                                 | <i>0</i>                   | <i>-30.271</i>         | <i>-48.088</i> |
| <i>Acquisition costs</i>                 | <i>-1.022</i>                        | <i>-22</i>                                    | <i>-619</i>                | <i>-93.285</i>         | <i>-94.948</i> |
| 6 Gross operating expenses               | -13.256                              | -5.605  | -619                       | -123.556               | -143.036       |
| Profit from gross operations             | 49.111                               | -4.279  | 8.159                      | 18.719                 | 71.711         |
| 7 Result of business ceded               | -22.060                              | -199  | -1.317                     | 65.954                 | 42.379         |
| 9 Technical interest o.o.a.              | -15                                  | 50  | 0                          | 444                    | 479            |
| 10 Underwriting result                   | 27.037                               | -4.427  | 6.842                      | 85.117                 | 114.569        |
| Number of compensations paid             | 14.012                               | 105   | 119                        | 14.372                 | 28.608         |
| Average compensation for claims incurred | 5,3                                  | 0,1   | 7,2                        | 6,3                    | 5,8            |
| Compensation ratio                       | 153,7%                               | 13,3%   | 50,4%                      | 3,0%                   | 5,9%           |