

EUROPÆISKE REJSEFORSIKRING A/S

ANNUAL REPORT

2010

Europæiske Rejseforsikring A/S
3, Frederiksberg Allé
1790 Copenhagen V
DENMARK
Company Reg. No. CVR 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

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

BOARD OF DIRECTORS:

Johann-Dietrich von Hülsen (Chairman), Ulrike Timmer, Julia Ricks,
*Jakob Espersen, *Peter Andersen

*Elected by the staff

BOARD OF MANAGEMENT:

Preben Mullit, Managing Director

COMPANY AUDITORS:

KPMG
Statsautoriseret
Revisionspartnerselskab
Ole Karstensen and Lisbet Kragelund

Management report 2010

Main activities of the company

Europæiske Rejseforsikring A/S' primary business areas are sale of travel insurance and international health insurance. 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. The international health insurance policies are sold directly or through insurance companies or brokers in markets where we have chosen to be present. In 2010, Nordic Health Care, introduced by Europæiske in 2008, has increasingly consolidated its brand and its products on a number of markets keeping main focus on Europe, South America, the Middle East and the Far East.

We offer our customers 24 hour assistance, coverage of claims and related local services everywhere in the world.

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.

Europæiske's Assistance

In 2010, Europæiske's Assistance has handled several thousand cases in all parts of the world from small cases such as outpatient cases to bigger and more complex cases such as involving air-ambulance.

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.

Europæiske's international service offices

For more than 80 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 controls 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, new products and services

In its role as market leader, Europæiske's main job is to aim at being ahead of the product development and at all times to provide new and improved services to our customers.

In 2010, Europæiske has advanced its existing products. In all cases the quality of the product has been paramount and the price fair. Thus we support our image as the specialist who always provides products of high quality at competitive prices.

Nordic Health Care

In 2010, Nordic Health Care (NHC) has increasingly consolidated its brand and products on a number of markets with continued main focus on Europe, South America, the Middle East, China and Japan. In 2011, we expect considerable growth in all the established markets.

Corporate travel market

In 2010, Europæiske's corporate client department came out strengthened. 2010 has in many ways been a year with significant development. Through 2010, we focused on communicating the news about our coverages and products to existing as well as to new customers. In addition, our web portal further promoted our products and further supported our profile as experts on the market. From January 2010, Europæiske corporate department won a number of large tenders, and at year end we are the unrivalled market leader within corporate travel insurance products as well as expatriate products.

Leisure travel market

The leisure travel market has been influenced by the financial recession which has led to decreasing travel activity. This has in particular influenced the income from travel agencies, whereas direct sales to the customers via internet or via Europæiske's call centre has increased.

The development in the company's activities and financial matters

Gross premiums earned on direct business have shown an increase of DKK 47.4m. The increase is attributable to our increased sale of international health insurances, expatriate insurances and unemployment insurance.

Gross premiums earned on indirect business have increased by DKK 17.5m. The increase is due to a continuous prosperity of indirect business in international health insurance in Switzerland and the Middle East.

The claims record for 2010 has been unfavourable with a gross claims ratio of 64.4% against 51.4% in 2009. The increase in the claims ratio is attributable to the expected claims costs of DKK 12m in connection with the ash cloud from the Icelandic volcano Eyjafjallajökull an unfavourable claims record on our expatriate product, where a number of large contracts have provided us with a loss, and our indirect business in Switzerland. Further, the company was summoned to the court in Jacksonville, Florida, USA, in a case about payment of a claim which we had rejected two years before. Besides ordinary damages, the injured plead breach of contract which in accordance with American court of law could imply a risk that the company could be ordered to pay a substantial extra punitive damage. The case has been settled in Autumn 2010 with a payment of DKK 4.4m.

The unfavourable claims record has been further intensified because Europæiske Rejseforsikring A/S in 2010 realised a run-off loss of DKK 14.2m. Last year, the run-off result was a gain of DKK 15.5m. The large increase is due to run-off loss in connection with the indirect business in Switzerland, the above summon in USA and a loss on our unemployment insurances.

Net costs to ceded business have decreased by DKK 21.2m compared to 2009. This is primarily due to a significantly higher reinsurance coverage compared to 2009 among other things due to the above unfavourable claims record and increased number of large claims. Further, Europæiske Rejseforsikring A/S has chosen to fully reinsure the unemployment insurances from Spring 2010.

During the financial year, the company has continued the development of a new and improved insurance system in cooperation with external consultants. The system will be taken into use successively. The commencement use will take place during the period 2009-2011.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2010, the company had a turnover corresponding to DKK 67m. The company's annual report shows a profit of DKK 9.7m which is satisfactory. Our share of the profit amount to DKK 7.3m.

Europæiske Rejseforsikring A/S is relatively sensitive to the development of the prices of shares and bonds, etc. As a consequence of the positive market, the company has a net profit of realised and unrealised bonds, share-based unit trusts and exchange rates of a total of DKK 3.1m. The gain is primarily due to unrealised gains of DKK 2.8m relating to bonds and shares and foreign exchange rate profit of DKK 1.6m.

Annual accounts

Profit for the year amount to DKK 7.8m against DKK 20.8m in 2009.

The underwriting loss amount to a loss of DKK 13.9m against a profit of DKK 13.5m in 2009 which is a decrease of DKK 27.4m.

Gross premiums written amount to DKK 497.0m against DKK 428.9m in 2009, which is an increase of DKK 68.1m. The increase is primarily due to increased sales of international health insurance products.

Gross claims incurred amount to DKK 305.4m against DKK 206.1m in 2009 which is an increase of DKK 99.3m. The gross claims ratio is 65.4% against 51.4% in 2009.

The result of business ceded shows a loss for Europæiske Rejseforsikring A/S of DKK 8.7m in 2010 against a loss of DKK 29.9m in 2009 which is a decrease of DKK 21.2m compared to 2009. This is primarily due to the above mentioned large claim with respect to the ash cloud and the generally unfavourable claims record.

The claims costs net of reinsurance amount to DKK 207.5m against DKK 163.4m in 2009 which is an increase of DKK 44.1m. The claims ratio net of reinsurance is 65.7% against 55.6% in 2009.

The administrative expenses amount to DKK 79.0m against DKK 80.3m in 2009.

Acquisition costs amount to DKK 89.8m against DKK 74.5m in 2009.

The cost ratio, including acquisition costs and commission of ceded business amount to 36.8% against 39.3% in 2009. The acquisition cost ratio alone is 19.2% against 18.6% in 2009. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 104.0% against 98.2% in 2009.

The result from affiliated companies shows a profit of DKK 7.3m against a profit of DKK 9.8m in 2009. This result is created by Evropská Cestovní Pojistovna A.S., Czech Republic.

Income from associates show a profit of DKK 1.8m against a profit of DKK 0.9m in 2009. The income is created by Euro-Center Holding A/S of which Europæiske Rejseforsikring A/S owns 16.67%.

Interest income, dividends, etc., for the year amount to DKK 8.8m against DKK 10.7m in 2009.

Income from land and buildings amounts to DKK 1.9m against DKK 2.0m in 2009.

The realized and unrealized gains and losses for the year amounts to a profit of DKK 3.1m against a loss of DKK 3.7m in 2009. The gain in 2010 is primarily due to an unrealised profit on the bond and share portfolio.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 22.0m against a profit of DKK 18.9m in 2009.

The tax of the year amounts to a profit of DKK 0.3m against a loss of DKK 9.7m in 2009. The tax for 2009 was influenced by extra tax in connection with double taxation, primarily in Spain, amounting to DKK 2.4m and an adjustment relating to prior years' allocated tax of DKK 2.1m., a total of DKK 4.5m in extra ordinary tax in 2009.

At 31 December 2010, the company's total capital and reserves amount to DKK 249.6m and total assets amount to DKK 519.1m.

The result of the year compared to earlier statements

The company expected prosperity in premium income with regard to international health insurance and business travel insurance. The expectations were met but the claims record has been more unfavourable than expected, see above explanations, which has implied that 2010 result does not meet the expectations.

Ownership

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

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

Europäische Reiseversicherung AG, Munich is a 100% owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, Germany.

ERGO Versicherungsgruppe AG, Düsseldorf is a 95% owned subsidiary of Munich Re, Munich, Germany

Group Ownership

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

				Amount in DKK'000
Subsidiary:	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital & Reserves</u>
Evropská Cestovni Pojistovna a.s.	Czech Republic	Insurance	75.00%	69,572
Associated company:				
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	30,386

Management positions

The Board of Directors has approved managing director Preben Mullit's management position as:

Board member in Euro-Center Holding A/S, Copenhagen.

The Board of Directors of Europæiske Rejseforsikring A/S has the following management positions in Danish companies:

Johann-Dietrich von Hülsen is board member in European International Holding A/S

Julia Ricks is managing director in European International Holding A/S

Ulrike Timmer is board member in European International Holding A/S.

Outlook

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

We expect an increase in premium income with regard to international health insurance and leisure travel insurance. The company's result for 2011 is expected to be at a significantly higher level than in 2010.

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.

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 DKK 16.0m and minus DKK 25.1m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red or yellow 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.

Disaster cover

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 17m 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.

Appropriation of profit

Available for appropriation:

	Amount in DKK'000	
	2010	2009
Profit for the year	7,807	20,808
Transferred from revaluation reserves	400	0
	<u>8,207</u>	<u>20,808</u>
Recommended to be allocated as follows:		
	2010	2009
To the Shareholder	5,000	9,750
Transferred to other reserves	2,702	7,702
Transferred to reserves	505	3,356
	<u>8,207</u>	<u>20,808</u>

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the annual report for 1 January – 31 December 2010 to Europæiske Rejseforsikring A/S.

The annual report has been prepared in accordance with Financial Business Act and Executive Order on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds).

We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the company's assets, liabilities and financial position as of 31 December 2010 together with the results of the company's activities for the financial year 1 January – 31 December 2010.

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, February 28, 2011

Board of Management:

Preben Mullit

/

Winnie Grønnemose

Board of Directors:

Johann-Dietrich von Hülsen
Chairman

Ulrike Timmer

Julia Ricks

Jakob Espersen

Peter Andersen

Independent auditors' report

TO THE SHAREHOLDERS OF EUROPÆISKE REJSEFORSIKRING A/S

We have audited the financial statements of Europæiske Rejseforsikring A/S for the financial year 1 January – 31 December 2010, pp. 11-29. The financial statements comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Business Act.

In addition to our audit, we have read the Management's review prepared in accordance with Danish Financial Business Act.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with the Danish Financial Business Act.

AUDITORS' RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgement, 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 and fair presentation of the financial statements 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 audit opinion.

Our audit did not result 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 2010 and of the results of the company's operations for the financial year 1 January – 31 December 2010 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 given in the Management's review is consistent with the financial statements.

Copenhagen 28 February 2011

KPMG

Statsautoriseret Revisionspartnerselskab

Ole Karstensen
State Authorised
Public Accountant

Lisbet Kragelund
State Authorised
Public Accountant

ACCOUNTING POLICIES APPLIED

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 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 and the effect in movements in the yield curve used for discounting, are recognised as value 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.

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 25% 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
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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 5 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.

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 materially 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%.

Other land and buildings (summer house) is valued at fair value. This property is written down over 50 years with a scrap value of 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.

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.

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. This is why the information in the notes is no longer relevant in accordance with Executive Order on Financial Reports Institutions and Investment Companies, etc. paragraph 95a.

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.

Profit and loss account

Note	in DKK'000	2010	2009
	<i>Earned premiums</i>		
2	Gross premiums written	496.988	428.913
	Ceded insurance premiums	-169.785	-112.451
	Change in the provision for unearned premiums	-28.315	-25.069
	Change in the provision for unearned premiums, reinsurers' share	18.838	5.463
	Total premium income, net of reinsurance	<u>317.726</u>	<u>296.856</u>
3	Technical interest, net of reinsurance	<u>2.081</u>	<u>3.294</u>
	<i>Claims incurred</i>		
	Claims paid	286.919	215.625
	Reinsurance recoveries	-78.458	-50.327
	Change in the provision for claims	18.511	-9.571
	Change in the provision for claims, reinsurers' share	-19.453	7.653
	Total claims incurred, net of reinsurance	<u>207.519</u>	<u>163.380</u>
	Bonus and premium discounts	<u>1.695</u>	<u>2.846</u>
	<i>Net operating expenses</i>		
4	Acquisition costs	89.750	74.515
5	Administrative expenses	79.043	80.285
	Commission and profit share from reinsurers	-44.337	-34.395
6	Total net operating expenses, net of reinsurance	<u>124.456</u>	<u>120.405</u>
7	UNDERWRITING RESULT	<u>-13.863</u>	<u>13.520</u>
	<i>Income from investment assets</i>		
8	Income from affiliated companies	7.252	9.768
	Income from associated companies	1.821	930
	Income from investment properties	1.851	2.017
9	Interest income and dividends etc.	8.782	10.729
10	Value adjustment	3.100	-3.728
	Interest expenses	-39	-49
	Administrative expenses on investments	-790	-743
	Total return on investment activities	<u>21.977</u>	<u>18.924</u>
3	Interest on insurance provisions	<u>-2.081</u>	<u>-3.294</u>
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	<u>19.896</u>	<u>15.630</u>
11	Other income	5.263	4.930
11	Other expenses	3.820	3.546
	PROFIT BEFORE TAX	<u>7.476</u>	<u>30.534</u>
12	Tax	-331	9.726
	PROFIT FOR THE YEAR	<u>7.807</u>	<u>20.808</u>

Balance Sheet as of 31st December

Note	in DKK '000	<u>2010</u>	<u>2009</u>
	ASSETS		
13	<i>Intangible assets</i>		
	Software	17.137	20.410
	Software, development projects	<u>3.050</u>	<u>2.107</u>
	TOTAL INTANGIBLE ASSETS	<u>20.187</u>	<u>22.517</u>
	<i>Tangible assets</i>		
	Operating equipment	6.219	7.269
	Operating equipment, not used yet	<u>0</u>	<u>880</u>
14	Total operating equipment	<u>6.219</u>	<u>8.149</u>
15	Domicile	<u>93.617</u>	<u>94.980</u>
	TOTAL TANGIBLE ASSETS	<u>99.836</u>	<u>103.129</u>
	<i>Investments in affiliated and associated companies</i>		
16	Capital holdings (shares) in affiliated companies	52.179	49.014
16	Capital holdings (shares) in associated companies	<u>5.081</u>	<u>3.218</u>
	Total investments in affiliated and associated companies	<u>57.260</u>	<u>52.232</u>
	<i>Other financial investments</i>		
	Participating interests	33	54
	Unit trusts	8.189	7.443
	Bonds	<u>221.507</u>	<u>222.400</u>
	Total other financial investments	<u>229.729</u>	<u>229.897</u>
	TOTAL INVESTMENT ASSETS	<u>286.989</u>	<u>282.129</u>
	<i>Reinsurance share of technical provision</i>		
	Reinsurance share of unearned premiums	45.715	26.877
	Reinsurance share of claim provision	<u>40.009</u>	<u>20.556</u>
	Total reinsurance share of technical provision	<u>85.724</u>	<u>47.433</u>
	<i>Debtors</i>		
	Amounts owed by policy holders	29.593	17.639
	Amounts owed by insurance brokers	<u>19.143</u>	<u>17.237</u>
	Debtors arising out of direct insurance contracts, in total	<u>48.736</u>	<u>34.876</u>
	<i>Other debtors</i>		
	Amounts owed by insurance companies	8	10
	Amounts owed by affiliated companies	7.661	1.416
	Amounts owed by associated companies	118	1.854
	Tax asset	409	0
	Other debtors	<u>1.625</u>	<u>1.713</u>
	Total other debtors	<u>9.821</u>	<u>4.993</u>
	TOTAL DEBTORS	<u>144.281</u>	<u>87.302</u>
	<i>Other assets</i>		
	Cash in hand and cash equivalent	10.301	11.485
	Other	<u>3.752</u>	<u>7.548</u>
	TOTAL OTHER ASSETS	<u>14.053</u>	<u>19.033</u>
	<i>Prepayments and accrued income</i>		
	Accrued interest	1.901	1.903
17	Other prepayments and accrued income	<u>2.479</u>	<u>3.051</u>
	TOTAL PREPAYMENTS AND ACCRUED INCOME	<u>4.380</u>	<u>4.954</u>
	TOTAL ASSETS	<u>569.726</u>	<u>519.064</u>

Balance Sheet as of 31st December

Note	in DKK '000	<u>2010</u>	<u>2009</u>
	LIABILITIES		
	<i>Capital and reserves</i>		
	Share capital	<u>10.000</u>	<u>10.000</u>
	Revaluation provisions	<u>6.741</u>	<u>7.141</u>
	<i>Reserves</i>		
	Contingency reserve, untaxed	115.000	115.000
	Other reserves, year end	<u>43.733</u>	<u>38.705</u>
	Total reserves	<u>158.733</u>	<u>153.705</u>
	Proposed dividend for the accounting year	<u>5.000</u>	<u>9.750</u>
	Profit brought forward	<u>69.146</u>	<u>68.641</u>
18	TOTAL CAPITAL AND RESERVES	<u>249.620</u>	<u>249.237</u>
	<i>Provisions for insurance contracts</i>		
	Provision for unearned premiums	152.260	123.945
	Claim provisions	<u>95.352</u>	<u>76.831</u>
	TOTAL PROVISION FOR INSURANCE CONTRACTS	<u>247.612</u>	<u>200.776</u>
	<i>Provisions for other risks and charges</i>		
19	Deferred taxation	<u>7.305</u>	<u>7.237</u>
	TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	<u>7.305</u>	<u>7.237</u>
	<i>Creditors</i>		
	Amounts owed to insurance companies	15.067	10.997
	Amounts owed to reinsurance companies	12.184	10.650
	Amounts owed to credit institutions	0	0
	Amounts owed to affiliated companies	2.995	903
	Amounts owed to associated companies	2.129	0
	Actual tax liabilities	0	3.874
20	Other creditors	<u>32.814</u>	<u>35.390</u>
	TOTAL CREDITORS	<u>65.189</u>	<u>61.814</u>
	TOTAL LIABILITIES	<u>569.726</u>	<u>519.064</u>
21	Contingency liabilities		
21-26	Other Notes		

Equity specification

Amount in DKK '000	Share Capital	Revaluation Provisions	Other Provisions	Security funds	Transferred result	Dividend	Total
Equity as of 31st December 2009	10.000	7.141	38.705	115.000	68.641	9.750	249.237
Dividend paid out						-9.750	-9.750
Provisions for revaluations		-400			400		0
Provisions for other reserves			2.702		-2.702		0
Currency adjustment for foreign entities			2.326				2.326
Profit for the year					7.807		7.807
Proposed dividend					-5.000	5.000	0
Equity as of 31st December 2010	10.000	6.741	43.733	115.000	69.146	5.000	249.620

Note

in DKK'000

1 Five-year review

Profit and Loss	2010	2009	2008	2007	2006
Gross premiums earned	468.673	403.844	400.085	376.311	379.863
Gross claims incurred	305.430	206.054	219.615	173.783	183.598
Total operating expenses	168.793	154.800	147.569	141.184	141.702
Result of reinsurance (-=net cost)	-8.699	-29.919	-19.809	-38.575	-37.307
Underwriting result	-13.863	13.520	16.441	25.690	19.928
Profit/loss of investment after transfer of technical interest	19.896	15.630	11.781	-2.246	10.338
Profit for the year	7.807	20.808	24.811	18.844	26.586
Gross run-off profit/loss	-14.243	15.520	2.563	1.598	4.595
Run-off profit/loss, net of reinsurance	-5.946	14.671	8.516	716	342
Assets and Liabilities at	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Insurance assets	85.724	47.433	49.622	45.556	54.906
Technical provisions	247.612	200.776	185.267	174.098	178.780
Capital and reserves at year-end	249.620	249.237	237.954	222.252	211.084
Total assets	569.726	519.064	492.397	450.540	455.051
Key figures	2010	2009	2008	2007	2006
Gross claims ratio	65,41%	51,39%	55,27%	46,49%	48,53%
Gross expense ratio	36,76%	39,32%	37,67%	38,49%	38,12%
Reinsurance ratio	1,86%	7,46%	4,99%	10,32%	9,86%
Combined ratio	104,03%	98,17%	97,93%	95,30%	96,51%
Operating ratio	102,96%	96,66%	95,92%	93,18%	94,79%
Relative run-off result	-18,54%	17,97%	3,42%	1,70%	3,81%
Return on capital and reserves	3,13%	8,54%	10,78%	8,70%	12,70%
Solvency cover	2,96	3,40	3,42	3,56	2,93

Note

in DKK'000

	<u>2010</u>	<u>2009</u>
2		
Gross earned premiums		
Gross premiums	496.988	428.913
Change in the gross provision for unearned premiums	<u>-28.315</u>	<u>-25.069</u>
Gross earned premiums for the year	<u>468.673</u>	<u>403.844</u>
<i>Distribution:</i>		
Direct business	418.115	370.755
Indirect business	<u>50.558</u>	<u>33.089</u>
	<u>468.673</u>	<u>403.844</u>
<i>Geographic distribution of direct business:</i>		
Denmark	334.231	311.097
EU countries	27.867	27.088
Non-EU countries	<u>56.017</u>	<u>32.570</u>
	<u>418.115</u>	<u>370.755</u>
3		
Technical interest, net of reinsurance		
Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business		
Provision for insurance contracts, year start	200.776	185.267
Reinsurers share of technical provisions, year start	-47.433	-49.622
Provisions for insurance contracts, year end	247.612	200.776
Reinsurers share of technical provisions, year end	<u>-85.724</u>	<u>-47.433</u>
Total	<u>315.231</u>	<u>288.988</u>
Average	157.616	144.494
Interest rate in accordance with the Danish FSA	<u>1,32%</u>	<u>2,28%</u>
Interest on technical provisions	2.081	3.294
Unwinding of provision for claims	<u>0</u>	<u>0</u>
Technical interest, net of reinsurance	<u>2.081</u>	<u>3.294</u>
4		
Acquisition costs		
Total acquisition costs	<u>89.750</u>	<u>74.515</u>
of which:		
Commission for direct business	58.438	42.491
Commission for indirect business	<u>4.128</u>	<u>5.007</u>
	<u>62.566</u>	<u>47.498</u>
5		
Administrative expenses		
Administrative expenses	74.019	75.183
Duties and contributions etc	8.122	6.891
Depreciation	7.285	9.443
Reimbursements from affiliated and associated companies	<u>-10.384</u>	<u>-11.232</u>
	<u>79.043</u>	<u>80.285</u>
Total fees paid to auditors appointed by the company at the general meeting:		
Statutory audit services		
KPMG	<u>588</u>	<u>534</u>
Services other than audit:		
KPMG	<u>317</u>	<u>61</u>
Total	<u>905</u>	<u>595</u>

Note

in DKK'000		<u>2010</u>	<u>2009</u>
6	Staff costs		
	Net operating expenses include the following staff costs:		
	Wages and salaries	83.311	81.119
	Pension scheme contributions	8.330	8.369
	Payroll tax	<u>8.122</u>	<u>6.891</u>
		<u>99.763</u>	<u>96.379</u>
	Total remuneration paid to:		
	Board of Directors	<u>90</u>	<u>70</u>
	Board of Management	<u>3.112</u>	<u>2.912</u>
	The average of full-time staff	<u>168</u>	<u>155</u>
7	Breakdown of underwriting result		
	Earned premiums	466.978	400.998
	Underwriting interest, net of reinsurance	2.081	3.294
	Claims incurred	-305.430	-206.054
	Administrative expenses	-79.043	-80.285
	Acquisition costs	<u>-89.750</u>	<u>-74.515</u>
	Profit from gross operations	<u>-5.164</u>	<u>43.439</u>
	Ceded insurance premiums	150.947	106.988
	Reinsurance recoveries	-97.911	-42.674
	Reinsurance commissions and profit participation	<u>-44.337</u>	<u>-34.395</u>
	Result of ceded business	<u>8.699</u>	<u>29.919</u>
	Underwriting profit	<u>-13.863</u>	<u>13.520</u>
8	Income from affiliated companies		
	The year's net result in Evropská Cestovni Pojistovna a.s. Czechia	<u>7.252</u>	<u>9.768</u>
		<u>7.252</u>	<u>9.768</u>

Note

in DKK'000		2010	2009
9	Interest income and dividends etc		
	Interest income	8.620	10.709
	Dividend from participating interests	162	20
		<u>8.782</u>	<u>10.729</u>
10	Realised and unrealised gains and losses, net		
	Participating interests	971	258
	Bonds	2.128	305
	Investment properties	444	-203
	Capital loss on instalments and redemptions	-2.056	-2.465
	Mortgage loans	0	1
	Exchange rate adjustments	1.613	-1.624
		<u>3.100</u>	<u>-3.728</u>
11	Other income and expenses		
	Income from administration arrangements	5.263	4.930
	Expenses from administration arrangements	3.820	3.546
		<u>1.443</u>	<u>1.384</u>
12	Tax of the profit for the year		
	Current tax	316	7.599
	Change in deferred tax	-762	47
	Adjustment regarding prior years	115	2.080
		<u>-331</u>	<u>9.726</u>
	Taxes paid (received) for last year	-715	2.080
	Taxes paid on account for the current year	2.897	3.781
		<u></u>	<u></u>
	Effective tax rate	%	%
	Tax rate	25	25
	Adjustment of tax from previous years	2	7
	Tax of non-taxable income and expenses	-31	0
		<u>-4</u>	<u>32</u>

Note

in DKK'000

	<u>2010</u>	<u>2009</u>
13 Intangible assets		
Cost at the beginning of the year	39.815	38.700
Disposals during the year	-7.573	0
Additions and improvements of the year	<u>2.363</u>	<u>1.115</u>
Cost at the end of the year	<u>34.605</u>	<u>39.815</u>
Depreciation and write-downs at beginning of year	17.298	13.321
Depreciation and write-downs of the year	<u>-2.880</u>	<u>3.977</u>
Total depreciation and write-downs at year-end	<u>14.418</u>	<u>17.298</u>
Net book value	<u>20.187</u>	<u>22.517</u>
14 Operating Equipment		
Cost at the beginning of the year	78.429	76.690
Disposals during the year	-22.909	-2.453
Additions and improvements of the year	<u>1.964</u>	<u>4.192</u>
Cost at the end of the year	<u>57.484</u>	<u>78.429</u>
Depreciation and write-downs at beginning of the year	70.280	66.906
Write-downs of the year	0	
Depreciation and write-downs of the year	3.409	3.374
Depreciation and write-downs of sold assets	48	0
Reversal of total depreciation and write-downs of assets that are either sold or withdrawn from operations during the year	<u>-22.472</u>	<u>0</u>
Total depreciation and write-downs at year-end	<u>51.265</u>	<u>70.280</u>
Net book value	<u>6.219</u>	<u>8.149</u>
15 Land and buildings		
Cost at the beginning of the year	110.483	110.059
Disposals during the year	-778	0
Additions and improvements of the year	<u>330</u>	<u>424</u>
Cost at the end of the year	<u>110.035</u>	<u>110.483</u>
Depreciation and write-downs of the year	<u>255</u>	<u>685</u>
Total depreciation and write-downs at year-end	<u>25.405</u>	<u>25.150</u>
Revaluations beginning the year	9.647	9.647
Revaluations of the year that are included directly in the equity	-400	0
Revaluations of the year that are included in the income statement	<u>-260</u>	<u>0</u>
Total revaluations at year-end	<u>8.987</u>	<u>9.647</u>
Net book value	<u>93.617</u>	<u>94.980</u>
Net book value of land and buildings used for company operations	<u>67.425</u>	<u>68.417</u>
Real property value according to the last public assessment	<u>116.000</u>	<u>117.800</u>
In 1992 the company acquired the building at 3, Frederiksberg Allé, in which the registered office is located. The yield used for the assessment of the market value of the building is	<u>6,50%</u>	<u>6,50%</u>
16 Affiliated and associated companies		
	<u>Affiliated company</u>	<u>Associated companies</u>
Acquisition cost, balance, beginning of the year	<u>12.020</u>	<u>1.507</u>
Acquisition cost, balance, year-end	<u>12.020</u>	<u>1.507</u>
Revaluations, balance, beginning of the year	36.994	1.710
Price adjustment of opening balance of capital and reserves	2.090	43
Share of profit for the year	7.252	1.821
Distribution of dividends	<u>-6.177</u>	<u>0</u>
Revaluations, balance, year-end	<u>40.159</u>	<u>3.574</u>
Net book value, year-end	<u>52.179</u>	<u>5.081</u>
Net book value, year-end 2008	<u>49.014</u>	<u>3.218</u>

Name and adress etc. can be found in the annual report, page 6 chapter "Group Ownership"

Note

in DKK'000

	<u>2010</u>	<u>2009</u>
17 Other prepayments and accrued income		
Prepaid wages and salaries	623	648
Other prepayments and accrued income	<u>1.856</u>	<u>2.403</u>
	<u>2.479</u>	<u>3.051</u>
18 Total capital and reserves		
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	249.620	249.237
Deduction of intangible fixed assets	20.187	22.517
Allowance for solvency requirement in subsidiaries	26.577	12.686
Proposed dividend	<u>5.000</u>	<u>9.750</u>
Base capital	<u>197.856</u>	<u>204.285</u>
Solvency requirements	<u>66.871</u>	<u>60.028</u>
19 Provisions for taxation		
Deferred tax is incumbent on the following items:		
Owner-occupied property	4.351	4.283
Bonds and mortgage debt	0	387
Intangible fixed assets	4.284	5.104
Operating equipment	-1.137	-2.342
Severance pay etc.	<u>-194</u>	<u>-195</u>
Total provisions for deferred taxation	<u>7.305</u>	<u>7.237</u>
Contingency tax		
A release of the contingency reserve will trigger a tax of	<u>28.750</u>	<u>28.750</u>
	<u>28.750</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.

Note

in DKK'000

	<u>2010</u>	<u>2009</u>
20 Other creditors		
PAYE taxes and labour market contribution	1.149	3.478
Holiday pay obligations, salaried staff	11.139	10.272
Social security benefit and other duties	884	819
Other accrued costs	<u>19.642</u>	<u>20.821</u>
	<u>32.814</u>	<u>35.390</u>

21 Contingency liabilities

Submission of guarantee to Danske Bank for the overdraft facility of Euro-Center A/S up to a maximum of DKK 20m.

A claim has been filed against the company of approx. DKK5.5m for payment of services and compensation concerning a terminated cooperation agreement.

It is the management's opinion that the claim is unjustified and it will not influence the company's financial position except of the debtors and liabilities already included in the balance sheet as of 31 December 2010.

This will be addressed in court during spring 2011.

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

<u>33</u>	<u>235</u>
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22 Incentive Schemes

Members of the board of management have the possibility to receive bonuses at maximum DKK 500,000 if specific targets are reached.

23 Group ownership

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

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

Europäische Reiseversicherung AG, Munich, is a 100% owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, Germany.

ERGO Versicherungsgruppe AG, Düsseldorf, Germany, Reg. nr. DE 120060, is a 95% 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

24 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 DKK16.0m and minus DKK25.1m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red or yellow scenario.

Incident	Impact on equity	
	2010	2009
Increase in interest rate of 0.7% point	4.448	4.725
Decrease in interest rate of 0.7% point	-4.448	-4.725
Price decrease of 12% on shares	-1.594	-1.286
Decrease in real estate of 8%	-7.489	-7.598
Exchange rate risk (VaR 99,5 pct.)	-2.318	-2.753
Loss of contracting parties of 8%	-94	-819

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 17.0m 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.

25 Discounting of provision of claims

Discounting is not applied at present as it is not considered material. This is why the information in the notes is no longer relevant in accordance with Executive Order on Financial Reports Institutions and Investment Companies, etc. paragraph 95a.

Note

in DKK'000

26 Split of classes of insurance in accordance with §113 in order on non-life insurance companies' annual reports

	Accident and health insurance	Fire and personal property (corporate)	Liability insurance	Other insurance	Total
1 Gross premiums written	155.279	2.929	11.212	327.568	496.988
2 Gross premiums earned	225.443	2.880	10.964	229.387	468.673
3 Gross claims incurred	-141.026	-752	-13.313	-150.339	-305.430
4 Bonus and premium discounts	-1.695	0	0	0	-1.695
<i>Administration costs</i>	<i>-27.118</i>	<i>-223</i>	<i>-24.819</i>	<i>-26.883</i>	<i>-79.043</i>
<i>Acquisition costs</i>	<i>-21.685</i>	<i>-87</i>	<i>-192</i>	<i>-67.786</i>	<i>-89.750</i>
6 Gross operating expenses	-48.804	-310	-25.011	-94.669	-168.793
Profit from gross operations	33.918	1.818	-27.360	-15.621	-7.244
7 Result of business ceded	-20.109	-784	-2.062	14.256	-8.699
9 Technical interest o.o.a.	735	5	1.242	99	2.081
10 Underwriting result	14.544	1.039	-28.181	-1.266	-13.863
Number of compensations paid	18.347	130	182	22.100	40.759
Average compensation for claims incurred	8,5	10,3	79,3	5,2	8,3
Compensation ratio	78,6%	15,7%	115,2%	7,7%	9,9%