

EUROPÆISKE REJSEFORSIKRING A/S

ANNUAL REPORT

2012

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, Julia Ricks, *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 2012

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 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. Main distribution channels for all travel policies and international health insurance are either direct business or brokers in the 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.

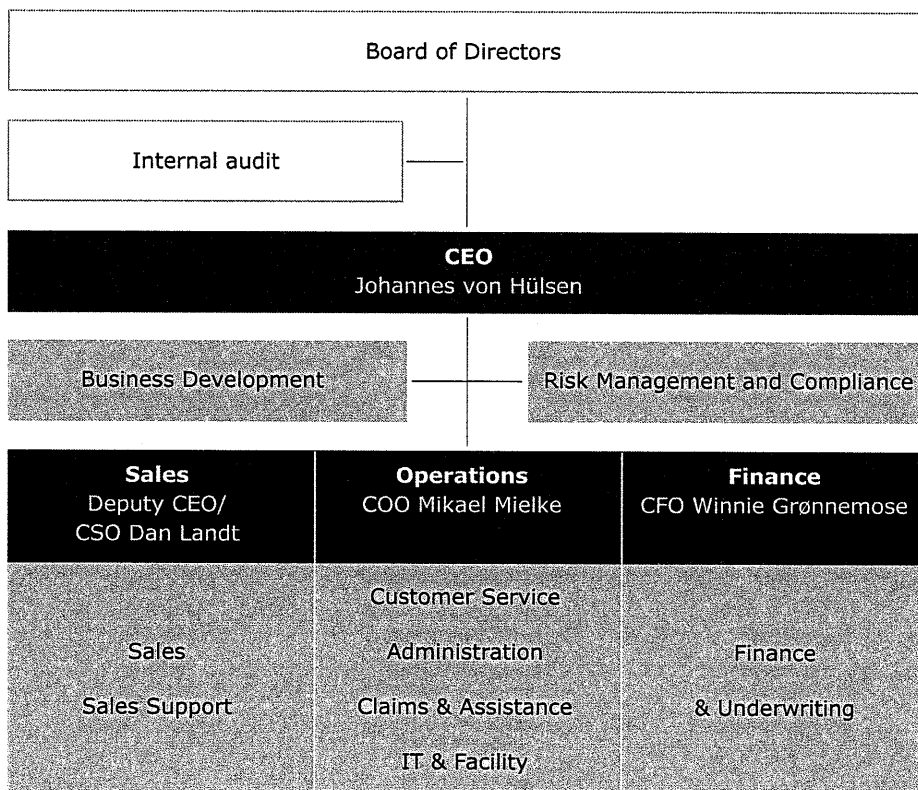
In 2012 Europæiske Rejseforsikring A/S changed the brand name to Europæiske ERV to take advantage of the synergy and the brand value by being a part of the German based ERV (former Europäische Reiseversicherung AG).

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.

The organisational changes as of end of 2011 have secured a more efficient organisation and it has proven to be successful to optimise the processes with a simpler and more streamlined organisation.

Organisation Chart



Europæiske's Claims and Assistance Department

In 2012, 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 30% 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.

In 2012, Europæiske has optimised many of the existing products. Due to changed travel behaviour our wide portfolio of special insurance policies has been adapted to the market and products which no longer were in demand have been 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 Corporate Market

In 2012 Europæiske has continued to focus on creating profitable business. This has meant that some large non-profitable contracts have been terminated. Europæiske has focused on communicating the news about our coverage 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 in the market. We expect that further tightened compliance requirements from 2013 and prospectively to a much larger extent will influence the international corporate travel market. Therefore we have in 2012 introduced additional and forward looking measures to ensure continued international compliance of our products and set-up.

The Leisure Market

The leisure travel market has had a slightly decreasing turnover and a slightly improved claim record in 2012. The turnover through our customer centre is at the same level as last year, whereas the turnover through travel agents and direct internet sale to the customer has been moderately decreasing.

Nordic Health Care

In 2012, Nordic Health Care (NHC) has continued the on-going 3 year strategic assessment. This assessment was started in 2011. Main focus areas have been: Market presence, product development, service and distributions channels. In step with the present activities and services, NHC will use these strategic initiatives to further adjust the business model in a forward looking manner.

The development in the company's activities and financial matters

In 2012 Europæiske presents a profit of DKK 26m, which is at level with the budget.

Gross premiums earned on direct business have shown a decrease of DKK 3.8m. The decrease is mainly attributable to our decreased sale of international health insurance.

Gross premiums earned on indirect business have decreased by DKK 34.1m. The decrease is due to termination of a non-profitable agreement regarding health insurance in Switzerland and that the requirements for improved profitability on the indirect business in the Middle East have had the implication that customers did not renew some of the agreements due to considerable premium increases.

The claims record for 2012 has been unsatisfactory with a gross claims ratio of 64.2% against 62.9% in 2011. The continuous high claims ratio is particularly attributable to the claims costs of DKK19.1m in connection with the bankruptcies of Cimber Sterling, Spanair and Malev together with the hurricane "Sandy" as regards the product travel insurance indemnity. If the above-mentioned big claims are taken out the claims record would have been improved by approximately 3% points compared to 2011. This is due to a considerably improved claims record on our leisure travel market, as well as a slightly improved but still not satisfactory claims record on our business regarding international health insurance.

The improved claims record excluding travel indemnity insurance is also due to a run-off gain of DKK 1.3m realised in 2012. Last year Europæiske Rejseforsikring A/S realised a run-off loss of DKK 7.4m. The run-off loss in 2011 was primarily due to our direct and indirect business with regard to international health insurance.

Net costs to ceded business have decreased by DKK 15.8m compared to 2011. The decrease is primarily due to reinsurance recoveries of DKK 14.6m concerning our product travel insurance indemnity in connection with the bankruptcies Cimber Sterling and Spanair together with the hurricane "Sandy".

The gross technical operating expenses have decreased by DKK 43.9m compared to 2011. In 2011 Europæiske Rejseforsikring A/S carried out changes to the organisation with focus on a simpler and more stream-lined organisation. This has resulted in decreased operating expenses. In 2011 the technical operating expenses were in addition extraordinarily influenced redundancy costs together with other one-off costs in connection with the above-mentioned organisation change of DKK 15.0m. These initiatives together with lower acquisition costs at our international health insurance are the main reason why the technical operating expenses have decreased from DKK 186.2m to DKK 144.2m.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2012, the company had a turnover corresponding to DKK 87m. The company's annual report shows a profit of DKK 12.3m which is satisfactory. Our share of the profit amounts to DKK 9.2m.

Europæiske Rejseforsikring A/S is relatively sensitive to the development of the prices of shares and bonds, etc. The company has had a net loss in connection with realised and unrealised gain & losses adjustments of bonds, share-based unit trusts and exchange rates of a total of DKK 5.0m. The loss is primarily due to losses in connection with redemption of bonds.

Annual accounts

Profit for the year amounts to DKK 26.0m against a deficit of DKK 0.1m in 2011.

The underwriting result amounts to a profit of DKK 15.2m against a loss of DKK 22.6m in 2011 which is an improvement of 37.8m.

Gross premiums written amounts to DKK 470.8m against DKK 519.0m in 2011. The decrease is primarily due to a decreasing sale of international health insurance products in direct as well as indirect business and is caused by termination or lack of renewal of non-profitable agreements.

Gross claims incurred amount to DKK 297.4m against DKK 314.6m in 2011 which is a decrease of DKK 17.3m. The gross claims ratio is 64.2% against 62.9% in 2011.

The result of business ceded shows a loss for Europæiske Rejseforsikring A/S of DKK 9.1m in 2012 against a loss of DKK 24.8m in 2011. A decrease of DKK 15.7m compared to year 2011. The decrease is primarily due to earlier mentioned reinsurance recoveries of DKK 14.6m regarding airline bankruptcies and the hurricane "Sandy" together with a rescheduling of our reinsurance programme.

The claims costs net of reinsurance amount to DKK 199.1m against DKK 214.0m in 2011 which is a decrease of DKK 14.9m. The claims ratio net of reinsurance is 64.6% against 66.3% in 2011.

Acquisition costs amount to DKK 84.5m against DKK 97.9m in 2011.

The cost ratio, including acquisition costs and commission of ceded business amount to 31.2% against 37.8% in 2011. The acquisition cost ratio alone is 18.3% against 19.6% in 2011. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 97.3% against 105.6% in 2011.

The administrative expenses amount to DKK 57.8m against DKK 88.3m in 2011.

Commissions and profit commissions from reinsurance amount to DKK 47.5m against 52.2 m in 2011.

The result from affiliated companies shows a profit of DKK 9.2m against a profit of DKK 7.5m in 2011. This result is created by Evropská Cestovní Pojistovna A.S., Czech Republic.

Income from associates shows a profit of DKK 0.9m against a profit of DKK 0.7m in 2011. The income 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 1.7m in 2011. The decrease is primarily attributed to a lower percentage of rentals.

Interest income, dividends, etc. for the year amount to DKK 8.6m against DKK 8.9m in 2011.

The realized and unrealized gains and losses net for the year amount to a loss of DKK 5.0m against a profit of DKK 2.8m in 2011. The loss in 2012 is primarily due to a loss on the bond portfolio.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 15.1m against a profit of DKK 21.5m in 2011.

The tax of the year amounts to an expense of DKK 4.8m against an income of DKK 2.2m in 2011.

At 31 December 2012, the company's total capital and reserves amount to DKK 262.2m and total assets amount to DKK 648.8m.

The result of the year compared to earlier statements

In general the result meets the expectations.

In 2012 the company expected increase in premium income with regard to international health insurance and leisure travel insurance. The increase in premium has not been met as

international health insurance has realised a decrease in turnover and the leisure travel insurance area has experienced stagnation. The claims record has not improved to the same extent as expected. This is primarily due to a poor claims record as regards travel agency indemnity attributable to a few big single claims in the form of airline bankruptcies and the hurricane "Sandy". In addition our international health insurance product still does not have a satisfactory claims record. This has caused that the underwriting result gross does not meet the expectations, but as both business areas to a considerable extent are reinsured, the underwriting result net of reinsurance does 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 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					
Subsidiary:	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital & Reserves</u>	<u>Result</u>
Evropská Cestovní Pojistovna a.s.	Czech Republic	Insurance	75.00%	74,804	9,233
Associated company:					
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	40,939	861

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.

Managing Director of European International Holding A/S. Copenhagen, Denmark.

Member of the Joint Steering Board AMIG, Cincinnati, Ohio/ERV AG, Munich, Germany.

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

Richard Bader is Chairman in European International Holding A/S

Julia Ricks is board member in European International Holding A/S.

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

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.

Events after 31 December 2012

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 2013

We expect continued decrease in premium income with regard to international health insurance and continued re-underwriting of our entire portfolio. With effect from 1 January 2012 Europæiske has increased premiums considerably regarding unprofitable products. Due to this we expect a decline in the number of insured persons and substantially lower claims ratios in 2013. As a consequence of the above initiatives, the company's result for 2013 is expected to be at the same level as in 2012.

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 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 2012, the Audit Committee held two meetings in connection with the half yearly and yearly reporting to the Company's Board of Directors and the Danish Financial Supervisory Authority. The audit committee has had one meeting in March 2013 in connection with the annual report for 2012.

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 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.

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 21.1m 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 requirements

	2012	2011
Base capital	190,057	193,577
Solvency requirements	70,849	70,849
Individual solvency requirements	102,895	98,084

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	
	2012	2011
Total comprehensive income	21,139	1,419

Recommended to be allocated as follows:

	2012	2011
To the Shareholder	25,000	5,000
Transferred to other reserves	3,617	2,065
Transferred from revaluation reserve	-5,943	0
Transferred from reserves	-1,535	-5,646
	21.139	1,419

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the annual report for 1 January – 31 December 2012 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 2012 together with the results of the company's activities for the financial year 1 January – 31 December 2012.

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, 27 March 2013

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
Member of the Audit Committee

Julia Ricks
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
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 2012, 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 2012 and of its financial performance for the financial year 1 January – 31 December 2012 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, 27 March 2013

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 2012, 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 2012 and of the results of its operations for the financial year 1 January – 31 December 2012 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, 27 March 2013

KPMG

Statsautoriseret Revisionspartnerselskab

Jesper Dan Jespersen

State Authorised
Public Accountant

Lisbeth Kragelund

State Authorised
Public Accountant

Profit and loss account

Note	in DKK'000	<u>2012</u>	<u>2011</u>
	<i>Earned premiums</i>		
3	Gross premiums written	470.759	518.970
	Ceded insurance premiums	-155.503	-189.841
	Change in the provision for unearned premiums	-6.407	-16.751
	Change in the provision for unearned premiums, reinsurers' share	586	12.171
	Total premium income, net of reinsurance	<u>309.435</u>	<u>324.549</u>
4	Technical interest, net of reinsurance	<u>783</u>	<u>2.512</u>
	<i>Claims incurred</i>		
	Claims paid	274.886	301.081
	Reinsurance recoveries	-87.341	-102.837
	Change in the provision for claims	22.464	13.561
	Change in the provision for claims, reinsurers' share	-10.957	2.169
	Total claims incurred, net of reinsurance	<u>199.052</u>	<u>213.974</u>
	Bonus and premium discounts	<u>1.225</u>	<u>1.667</u>
	<i>Net operating expenses</i>		
5	Acquisition costs	84.521	97.900
6	Administrative expenses	57.761	88.299
	Commission and profit share from reinsurers	-47.542	-52.167
7	Total net operating expenses, net of reinsurance	<u>94.740</u>	<u>134.032</u>
8	UNDERWRITING RESULT	<u>15.201</u>	<u>-22.611</u>
	<i>Income from investment assets</i>		
9	Income from affiliated companies	9.233	7.525
	Income from associated companies	861	714
	Income from investment properties	1.537	1.744
10	Interest income and dividends etc.	8.596	8.859
11	Value adjustment	-4.996	2.836
	Interest expenses	0	0
	Administrative expenses on investments	-151	-157
	Total return on investment activities	<u>15.080</u>	<u>21.521</u>
4	Interest on insurance provisions	<u>-783</u>	<u>-2.512</u>
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	<u>14.297</u>	<u>19.009</u>
12	Other income	5.003	5.223
12	Other expenses	3.663	3.863
	PROFIT BEFORE TAX	<u>30.838</u>	<u>-2.242</u>
13	Tax	4.805	-2.180
	PROFIT FOR THE PERIOD	<u>26.033</u>	<u>-62</u>

STATEMENT OF COMPREHENSIVE INCOME

	Other comprehensive income		
	Exchange rate adjustment of foreign entities	1.049	1.481
	Tax of exchange rate adjustment of foreign entities	0	0
	Revaluation provisions	-5.943	0
	Tax of revaluation provisions	0	0
	Comprehensive income	<u>-4.895</u>	<u>1.481</u>
	Result of the period	26.033	-62
	TOTAL COMPREHENSIVE INCOME	<u>21.139</u>	<u>1.419</u>

Balance Sheet as of

Note	in DKK '000	31/12 2012	31/12 2011
	ASSETS		
14	<i>Intangible assets</i>		
	Software	20.126	21.515
	Software, development projects	283	0
	TOTAL INTANGIBLE ASSETS	20.409	21.515
	<i>Tangible assets</i>		
15	Operating equipment	3.499	4.867
16	Domicile	87.200	93.433
	TOTAL TANGIBLE ASSETS	90.699	98.300
	<i>Investments in affiliated and associated companies</i>		
17	Capital holdings (shares) in affiliated companies	56.103	53.129
17	Capital holdings (shares) in associated companies	6.840	6.196
	Total investments in affiliated and associated companies	62.943	59.325
	<i>Other financial investments</i>		
	Participating interests	33	33
	Unit trusts	29.763	12.062
	Bonds	260.261	245.789
	Total other financial investments	290.057	257.884
	TOTAL INVESTMENT ASSETS	353.000	317.209
	<i>Reinsurance share of technical provision</i>		
	Reinsurance share of unearned premiums	58.472	57.886
	Reinsurance share of claim provision	48.797	37.840
	Total reinsurance share of technical provision	107.269	95.726
	<i>Debtors</i>		
	Amounts owed by policy holders	30.315	35.207
	Amounts owed by insurance brokers	11.672	13.249
	Debtors arising out of direct insurance contracts, in total	41.987	48.456
	<i>Other debtors</i>		
	Amounts owed by insurance companies	87	8
	Amounts owed by affiliated companies	6.901	527
	Amounts owed by associated companies	1.200	0
	Tax asset	491	647
	Deferred tax assets	1.598	4.848
	Other debtors	6.483	6.151
	Total other debtors	16.760	12.181
	TOTAL DEBTORS	166.016	156.363
	<i>Other assets</i>		
	Cash in hand and cash equivalent	14.065	10.900
	Other	77	305
	TOTAL OTHER ASSETS	14.142	11.205
	<i>Prepayments and accrued income</i>		
	Accrued interest	3.505	2.274
18	Other prepayments and accrued income	1.007	2.872
	TOTAL PREPAYMENTS AND ACCRUED INCOME	4.512	5.146
	TOTAL ASSETS	648.778	609.738

Balance Sheet as of

Note	in DKK '000	<u>31/12 2012</u>	<u>31/12 2011</u>
	LIABILITIES		
	<i>Capital and reserves</i>		
	Share capital	<u>10.000</u>	<u>10.000</u>
	Revaluation provisions	<u>798</u>	<u>6.741</u>
	<i>Reserves</i>		
	Contingency reserve, untaxed	115.000	115.000
	Other reserves, year end	<u>49.415</u>	<u>45.798</u>
	Total reserves	<u>164.415</u>	<u>160.798</u>
	Proposed dividend for the accounting year	<u>25.000</u>	<u>5.000</u>
	Profit brought forward	<u>61.965</u>	<u>63.500</u>
19	TOTAL CAPITAL AND RESERVES	<u>262.178</u>	<u>246.039</u>
	<i>Provisions for insurance contracts</i>		
	Provision for unearned premiums	175.417	169.010
	Claim provisions	<u>131.385</u>	<u>108.917</u>
	TOTAL PROVISION FOR INSURANCE CONTRACTS	<u>306.802</u>	<u>277.927</u>
	<i>Provisions for other risks and charges</i>		
20	Deferred taxation	<u>9.775</u>	<u>10.002</u>
	TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	<u>9.775</u>	<u>10.002</u>
	<i>Creditors</i>		
	Amounts owed in connection with direct insurance business	20.742	19.480
	Amounts owed to reinsurance companies	12.480	8.825
	Amounts owed to affiliated companies	2.190	47
21	Other creditors	<u>34.610</u>	<u>47.418</u>
	TOTAL CREDITORS	<u>70.022</u>	<u>75.770</u>
	TOTAL LIABILITIES	<u>648.778</u>	<u>609.738</u>
22	Contingency liabilities		
23-27	Other Notes		

Equity specification

Amount in DKK '000

	Share Capital	Revaluation Provisions	Other Reserves	Contingency Reserve	Transferred result	Proposed Dividend	Total
Equity as of 1st January 2011	10.000	6.741	43.733	115.000	69.146	5.000	249.620
Dividend paid out						-5.000	-5.000
Provisions for other reserves			584		-584		0
Other comprehensive income, currency adjustment for foreign entities			1.481				1.481
Profit for the year							-62
Proposed dividend					-5.000	5.000	0
Equity as of 31st December 2011	10.000	6.741	45.798	115.000	63.500	5.000	246.039
Equity as of 1st January 2012	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		0
Other comprehensive income, provisions for revaluations		-5.943					-5.943
Other comprehensive income, currency adjustment for foreign entities			1.049				1.049
Profit for the year					26.033		26.033
Proposed dividend					-25.000	25.000	0
Equity as of 31st December 2012	10.000	798	49.415	115.000	61.965	25.000	262.178

Note 1 – 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 annual report is presented in thousand crowns.

The accounting policies are unchanged from last year. Due to reclassifications, minor changes in the comparative figures have been made, not affecting the information value.

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.

Note 1 – Accounting Policies Applied, continued

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.

Note 1 – Accounting Policies Applied, continued

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.

Note 1 – Accounting Policies Applied, continued

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.

Note 1 – Accounting Policies Applied, continued

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.

Note 1 – Accounting Policies Applied, continued

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.

Note

in DKK'000

2 Five-year review

Profit and Loss	2012	2011	2010	2009	2008
Gross premiums earned	464.352	502.219	468.673	403.844	400.085
Gross claims incurred	297.350	314.642	305.430	206.054	219.615
Total operating expenses	142.282	186.199	168.793	154.800	147.569
Result of reinsurance (-=net cost)	-9.077	-24.835	-8.699	-29.919	-19.809
Underwriting result	15.201	-22.611	-13.863	13.520	16.441
Profit/loss of investment after transfer of technical interest	14.297	19.009	19.896	15.630	11.781
Profit for the year	26.033	-62	7.807	20.808	24.811
Gross run-off profit/loss	1.299	-7.376	-14.243	15.520	2.563
Run-off profit/loss, net of reinsurance	321	-2.708	-5.946	14.671	8.516
Assets and Liabilities at	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Insurance assets	107.269	95.726	85.724	47.433	49.622
Technical provisions	306.802	277.927	247.612	200.776	185.267
Capital and reserves at year-end	262.178	246.039	249.620	249.237	237.954
Total assets	648.778	609.738	571.057	519.064	492.397
Key figures	2012	2011	2010	2009	2008
Gross claims ratio	64,20%	62,86%	65,41%	51,39%	55,27%
Gross expense ratio	31,19%	37,79%	36,76%	39,32%	37,67%
Reinsurance ratio	1,96%	4,96%	1,86%	7,46%	4,99%
Combined ratio	97,35%	105,61%	104,03%	98,17%	97,93%
Operating ratio	96,72%	104,49%	102,96%	96,66%	95,92%
Relative run-off result	1,19%	-7,74%	-18,54%	17,97%	3,42%
Return on capital and reserves	10,24%	-0,03%	3,13%	8,54%	10,78%
Solvency cover	2,68	2,73	2,96	3,40	3,42

Note

in DKK'000

	2012	2011
3 Gross earned premiums		
Gross premiums	470.759	518.970
Change in the gross provision for unearned premiums	-6.407	-16.751
Gross earned premiums for the year	<u>464.352</u>	<u>502.219</u>
<i>Distribution:</i>		
Direct business	430.531	434.355
Indirect business	33.822	67.864
	<u>464.352</u>	<u>502.219</u>
<i>Geographic distribution of direct business:</i>		
Denmark	299.136	311.980
EU countries	22.239	21.648
Non-EU countries	109.156	100.727
	<u>430.531</u>	<u>434.355</u>
4 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	277.927	247.612
Reinsurers share of technical provisions, year start	-95.726	-85.724
Provisions for insurance contracts, year end	306.802	277.927
Reinsurers share of technical provisions, year end	-107.269	-95.726
Total	<u>381.734</u>	<u>344.089</u>
Average	190.867	172.045
Interest rate in accordance with the Danish FSA	0,41%	1,46%
Interest on technical provisions	783	2.512
Unwinding of provision for claims	0	0
Technical interest, net of reinsurance	<u>783</u>	<u>2.512</u>
5 Acquisition costs		
Total acquisition costs	<u>84.521</u>	<u>97.900</u>
of which:		
Commission for direct business	48.416	51.490
Commission for indirect business	5.226	13.222
	<u>53.642</u>	<u>64.712</u>
6 Administrative expenses		
Administrative expenses	43.906	77.460
Duties and contributions etc	9.153	9.370
Depreciation	6.252	6.624
Reimbursements from affiliated and associated companies	-1.550	-5.155
	<u>57.761</u>	<u>88.299</u>
Total fees paid to auditors appointed by the company at the general meeting:		
Statutory audit services	615	587
Fee for other assurance engagements	30	26
Fee for other services	285	18
Total	<u>930</u>	<u>631</u>

Note

in DKK'000

	2012	2011
7 Staff costs		
Net operating expenses include the following staff costs:		
Wages and salaries	60.935	90.386
Other expenses for social security	716	413
Pension scheme contributions	6.884	8.794
Payroll tax	8.665	9.110
	<u>77.200</u>	<u>108.703</u>
Total remuneration paid to:		
Board of Directors		
Number	6	7
Fixed salary	120	83
Variable salary	0	0
	<u>120</u>	<u>83</u>
Remuneration split per person:		
Richard Bader (entered 20.12.2011)	0	0
Johan-Dietrich von Hülsen (left 20.12.2011)	0	0
Ulrike Timmer (entered 04.03.2009)	0	0
Julia Ricks (entered 01.03.2010)	0	0
Peter Andersen (left 13.03.2012)	0	40
Jakob Espersen (left 30.06.2012)	0	10
Jørn Sønderup (entered 17.08.2011)	40	20
Peter Fobian (entered 13.03.2012)	40	0
Christoffer Nylandsted (entered 13.03.2012)	40	0
	<u>120</u>	<u>70</u>
Audit Committee:		
Jørn Sønderup	30	13
	<u>30</u>	<u>13</u>
Board of Management		
Number	1	1
Fixed salary	1.697	2.730
Variable salary	455	374
	<u>2.152</u>	<u>3.104</u>
Employees with activities of considerable influence on the company's risk profile		
Number	4	2
Fixed salary	5.419	2.228
Variable salary	66	43
	<u>5.485</u>	<u>2.271</u>
The average of full-time staff	<u>137</u>	<u>158</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.		
8 Breakdown of underwriting result		
Earned premiums	463.127	500.552
Underwriting interest, net of reinsurance	783	2.512
Claims incurred	-297.350	-314.642
Administrative expenses	-57.761	-88.299
Acquisition costs	-84.521	-97.900
Profit from gross operations	<u>24.278</u>	<u>2.224</u>
Ceded insurance premiums	-154.917	-177.670
Reinsurance recoveries	98.298	100.668
Reinsurance commissions and profit participation	47.542	52.167
Result of ceded business	<u>-9.077</u>	<u>-24.835</u>
Underwriting profit	<u>15.201</u>	<u>-22.611</u>
Total claims incurred, net of reinsurance, run-off		
Gross run-off profit/loss	1.299	-7.376
Run-off profit/loss, ceded	-978	4.667
Total claims incurred, net of reinsurance, run-off, total	<u>321</u>	<u>-2.708</u>

Note

in DKK'000

	<u>2012</u>	<u>2011</u>
9 Income from affiliated companies		
The year's net result in Evropská Cestovní Pojistovna a.s. Czechia	<u>9.233</u>	<u>7.525</u>
	<u>9.233</u>	<u>7.525</u>
10 Interest income and dividends etc		
Interest income	8.287	8.650
Dividend from participating interests	<u>309</u>	<u>209</u>
	<u>8.596</u>	<u>8.859</u>
11 Realised and unrealised gains and losses, net		
Participating interests	291	-1.753
Bonds	-3.223	7.106
Capital loss on instalments and redemptions	-2.882	-2.275
Exchange rate adjustments	<u>818</u>	<u>-242</u>
	<u>-4.996</u>	<u>2.836</u>
12 Other income and expenses		
Income from administration arrangements	5.003	5.223
Expenses from administration arrangements	<u>3.663</u>	<u>3.863</u>
	<u>1.340</u>	<u>1.360</u>
13 Tax of the profit for the year		
Current tax	2.087	-22
Change in deferred tax	3.023	-2.151
Adjustment regarding prior years	<u>-305</u>	<u>-7</u>
	<u>4.805</u>	<u>-2.180</u>
Taxes paid on account for the current year	<u>4.000</u>	<u>403</u>
Effective tax rate	%	%
Tax rate	25	25
Adjustment of tax from previous years	6	0
Tax of non-taxable income and expenses	<u>-15</u>	<u>-122</u>
	<u>16</u>	<u>-97</u>

Note

in DKK'000

	2012	2011
14 Intangible assets		
Cost at the beginning of the year	39.232	34.605
Disposals during the year	-1.115	-3.049
Additions and improvements of the year	2.535	7.676
Cost at the end of the year	<u>40.652</u>	<u>39.232</u>
Depreciation and write-downs at beginning of year	17.717	14.418
Depreciation and write-downs of the year	3.641	3.299
Disposals during the year	-1.115	0
Total depreciation and write-downs at year-end	<u>20.243</u>	<u>17.717</u>
Net book value	<u>20.409</u>	<u>21.515</u>
15 Operating Equipment		
Cost at the beginning of the year	58.740	57.484
Disposals during the year	-9.464	0
Additions and improvements of the year	1.477	1.256
Cost at the end of the year	<u>50.753</u>	<u>58.740</u>
Depreciation and write-downs at beginning of the year	53.873	51.265
Depreciation and write-downs of the year	2.005	2.608
Disposals during the year	-8.624	0
Total depreciation and write-downs at year-end	<u>47.254</u>	<u>53.873</u>
Net book value	<u>3.499</u>	<u>4.867</u>
16 Land and buildings		
Cost at the beginning of the year	110.569	110.035
Additions and improvements of the year	495	534
Cost at the end of the year	<u>111.064</u>	<u>110.569</u>
Depreciation and write-downs beginning of the year	26.123	25.405
Depreciation and write-downs of the year	785	718
Total depreciation and write-downs at year-end	<u>26.908</u>	<u>26.123</u>
Revaluations beginning the year	8.987	8.987
Revaluations	-5.943	0
Total revaluations at year-end	<u>3.044</u>	<u>8.987</u>
Net book value	<u>87.200</u>	<u>93.433</u>
Net book value of land and buildings used for company operations	<u>67.808</u>	<u>66.965</u>
Real property value according to the last public assessment	<u>82.000</u>	<u>82.000</u>
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	<u>6,00%</u>	<u>6,50%</u>
17 Affiliated and associated companies		
	Tilknyttede virksomheder	Associerede virksomheder
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	41.109	4.689
Price adjustment of opening balance of capital and reserves	1.267	-218
Share of profit for the year	9.233	862
Dividends paid	-7.526	0
Revaluations, balance, year-end	<u>44.083</u>	<u>5.333</u>
Net book value, year-end 2012	<u>56.103</u>	<u>6.840</u>
Net book value, year-end 2011	<u>53.129</u>	<u>6.196</u>

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

Note

in DKK'000

	<u>2012</u>	<u>2011</u>
18 Other prepayments and accrued income		
Prepaid wages and salaries	960	10
Other prepayments and accrued income	<u>47</u>	<u>2.862</u>
	<u>1.007</u>	<u>2.872</u>
19 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	262.178	246.039
Deduction of intangible fixed assets	20.409	21.515
Allowance for solvency requirement in subsidiaries	26.712	25.947
Proposed dividend	<u>25.000</u>	<u>5.000</u>
Base capital	<u>190.057</u>	<u>193.577</u>
Solvency requirements	<u>70.849</u>	<u>70.849</u>
20 Provisions for taxation		
Deferred tax is incumbent on the following items:		
Owner-occupied property	4.744	4.624
Intangible fixed assets	5.032	5.379
Operating equipment	-1.499	-1.039
Tax base of loss previous years	0	-3.649
Reserve for bad debts	<u>-99</u>	<u>-160</u>
Total provisions for deferred taxation	<u>8.177</u>	<u>5.154</u>
Is presented in the balance sheet as:		
Deferred tax assets	-1.598	-4.848
Reserves for deferred tax	<u>9.775</u>	<u>10.002</u>
	<u>8.177</u>	<u>5.154</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>2012</u>	<u>2011</u>
21 Other creditors		
PAYE taxes and labour market contribution	17	45
Holiday pay obligations, salaried staff	8.830	10.684
Social security benefit and other duties	901	965
Other accrued costs	<u>24.862</u>	<u>35.724</u>
	<u>34.610</u>	<u>47.418</u>

22 Contingency liabilities

Submission of guarantee to Danske Bank for the overdraft facility of Euro-Center A/S up to a maximum of DKK 16m.

There is a legal claim against the company of USD 16.5 m plus interest in connection with notice on an agent agreement in Central America.

It is the opinion of the management that the claim is unfounded and it will not have an effect on the financial position of the company.

The claim is expected to come before an arbitration tribunal in March 2013.

23 Incentive Schemes

Members of the board of management have the possibility to receive bonuses of maximum DKK 805,723 if specific targets are reached.

24 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 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 DKK21.1m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red scenario.

Incident	Impact on equity	
	2012	2011
Increase in interest rate of 0.7% point	-4.831	-4.114
Decrease in interest rate of 0.7% point	4.831	4.114
Price decrease of 12% on shares	-3.572	-2.011
Decrease in real estate of 8%	-7.451	-7.475
Exchange rate risk (VaR 99,5 pct.)	-1.988	-1.195
Loss of contracting parties of 8%	5.160	3.650
Loss of contracting parties of 8%	-965	-445

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.

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

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	Accident and health insurance	Fire and personal property (corporate)	Liability insurance	Other insurance	Total
1 Gross premiums written	267.435	1.907	13.192	188.225	470.759
2 Gross premiums earned	262.334	2.019	13.178	186.821	464.352
3 Gross claims incurred	-154.063	-1.709	-28.073	-113.505	-297.350
4 Bonus and premium discounts	-1.225	0	0	0	-1.225
<i>Administration costs</i>	-33.285	-234	-1.619	-22.623	-57.761
<i>Acquisition costs</i>	-30.750	-15	-415	-53.340	-84.521
6 Gross operating expenses	-64.035	-249	-2.034	-75.964	-142.282
Profit from gross operations	43.011	61	-16.929	-2.647	23.495
7 Result of business ceded	-21.191	-46	2.234	28.080	9.077
9 Technical interest o.o.a.	643	4	64	71	783
10 Underwriting result	22.463	18	-14.631	25.504	33.355
Number of compensations paid	21.674	99	201	16.923	38.897
Average compensation for claims incurred	4,0	17,3	139,7	3,0	6,9
Compensation ratio	89,1%	11,5%	98,0%	6,4%	8,8%