EUROPÆISKE REJSEFORSIKRING A/S

HALF YEARLY REPORT

FOR THE PERIOD 1/1-30/6 2018

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

TABLE OF CONTENTS

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:
Richard Bader (Chairman), Oliver Wild, Jørn Sønderup,
Gabriele Bayer, *Christian Søndergaard, *Peter Fobian
*Elected by the staff

AUDIT COMMITTEE:
Oliver Wild (Chairman), Jørn Sønderup, Gabriele Bayer

BOARD OF MANAGEMENT:
Beata Danuta Kalitowska-Zborowska (Chief Executive Officer)
David Kraul (Chief Operating Officer)
Peter Steen Olsen (Chief Financial Officer)

AUDIT:
KPMG
Statsautoriseret Revisionspartnerselskab
Company Reg. No. CVR: 25 57 81 98

Anja Bjørnholt Lüthcke
State Authorised Public Accountant

Mark Palmberg
State Authorised Public Accountant

MANAGEMENT REVIEW

Our mission
Our mission is to ensure that travelers and people with special, mostly free time related insurance needs always will be rightly insured with us.

Our vision
Our vision is to be the market leading, internationally capable, niche insurer in Sweden and Denmark that enhances quality of life of our Customers with customized, simple, easy and quick solutions relating to travel and other mostly free time related special risks. This vision is also reflected in the ERV Groups 8 values, which are:

- **Costumer focus**
- **Excellence**
- **Courage**
- **Passion**
- **Teamwork**
- **Forward looking & Sustainable**
- **Openness & Trust**
- **Leadership & Responsibility**

Ownership
ERV Nordic is a subsidiary 100% owned by ERV AG, which in turn is part of ERGO Group AG (ERGO) and Munich RE Group - the international reinsurance leader. Our financial system, investment portfolio management and some data reporting are outsourced to companies within the group. Furthermore a part of the claims handling abroad is outsourced to Euro-Center Holding that is mainly owned by us and ERV AG.

ERV Nordic is associated with the following companies:

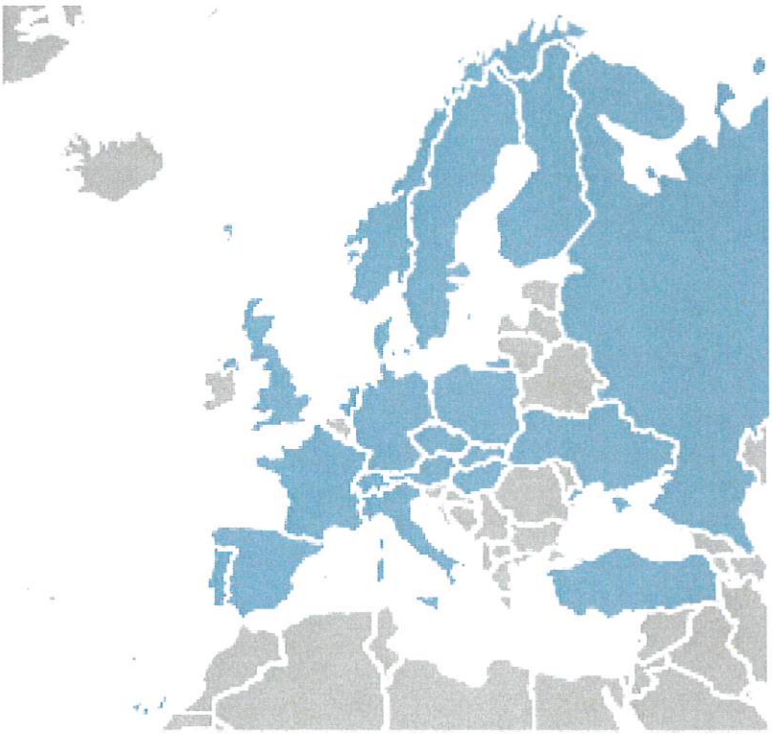
	Registered office	Activity	Shareholding
Subsidiary:			
ERV Pojistovna a.s.	Czech Republic	Insurance	75.00%
Associated companies:			
Euro-Center Holding SE	Czech Republic	Assistance	33.34%
European Ass. Holding	Germany	Assistance	20.00%

ERV Nordic is member of the European Travel Insurance Group (ETI Group) uniting specialized insurers bearing similar name from all around Europe. Via this association we can closely co-operate with many travel insurers on an international level and deliver international solutions to our partners.

EUROPEAN
Travel Insurance Group

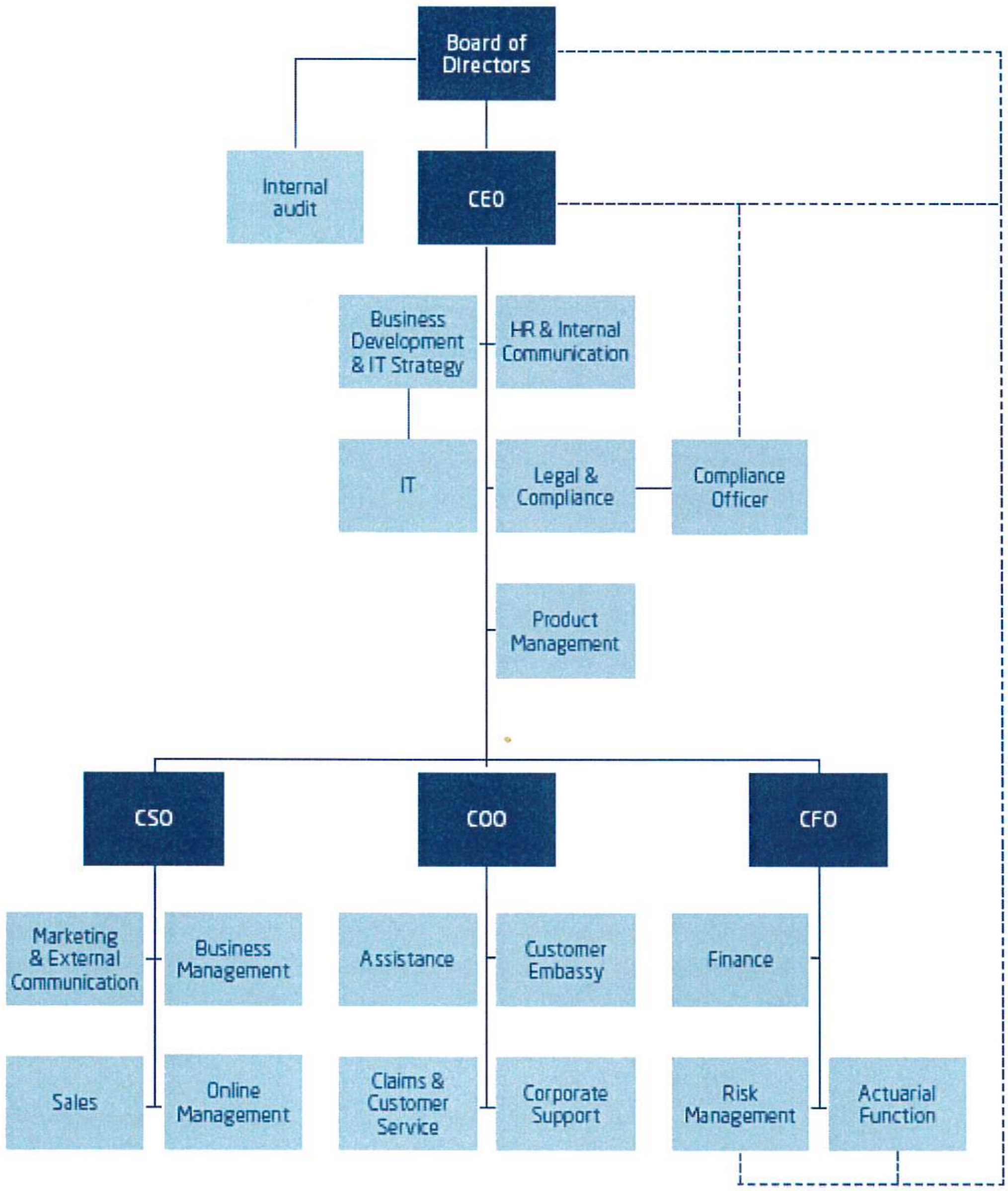
Members ETI Group

Austria	Poland
Czech Republic	Portugal
Denmark	Russia
Finland	Slovakia
France	Spain
Germany	Sweden
Hungary	Switzerland
Italy	Turkey
Netherlands	Ukraine
Norway	United Kingdom



Organizational chart

ERV Nordic has the below shown organizational structure:



Our core business

ERV Nordic's primary business areas are sale of travel insurance to private customers in the leisure market including BtC, BtBtC; as well as in the corporate market together with health insurance for companies' employees stationed abroad. Our direct business is focused on the markets in Sweden and Denmark. Through insurance professionals and Distribution partners we are also active in Norway and Finland.

ERV Sweden offer travel insurance through Card schemes as well as more affinity group centred business especially in the areas of jewellery and watches. The majority of travel insurance policies are sold either as trip-by-trip insurance or as annual travel insurance in connection with ERV Nordic's customers' holiday trips, business trips or expatriation. Main distribution channels for all travel insurance policies and health insurance policies are either direct business or brokers in the relevant markets.

In addition, for many years ERV Denmark wrote so called Unemployment insurance which were 100% reinsured. This business is no longer part of the business strategy and policies have gradually been cancelled at renewal since the autumn of 2016. As a consequence, this business will no longer be part of ERV Nordic by the end of 2018. ERV Denmark also has a health portfolio of International health care insurance which is in run off since August 2013.

Strong brand, digitalization and customer focus

ERV Nordic remains to have a strong and well recognized end-consumer brand particularly in Denmark whereas the brand of ERV Sweden is more known as a business-to-business brand. As a well-established specialty brand, Europæiske ERV and Europeiska ERV focus on providing coverage customized to the policyholders needs, rather than offering products with the lowest premium. In addition it has been a major priority in recent years to invest in our digital platform where we interact with potential new customers (Sales) as well as existing customers (Policy Administration, Corporate Support and Claims) in state-of-the-art technical applications. Obviously, also our sales partners` sales approach has changed and we adjusted to that. Our broker relations mainly build on large international insurance brokers or strong domestic broker networks or local travel agencies, both individual and organized in groups.

The Nordic insurance market

The customer base consists of cross-border travellers from Denmark and Sweden. The small geographical size and northern location of the countries ensures the stability of the market potential as these two factors creates a desire for the citizens to travel outside the country. The market competition consists primarily of larger insurance companies, which offers the product as part of a package deal with family insurance. In addition to this, the Danish public health care system in 2014 changed from covering a part of the health risks related to travel insurance in Europe to cover none (from the yellow card to the blue), which actually has provided a larger market potential. Changes in the public health care system can theoretically influence the markets' potential further in the future.

Industry analysis

After the extended economic woes of the past years, the travel industry started to rebound in 2014 and 2015. A forecast from Amadeus/Oxford Economics expect global overnight visitor flows to grow at 5,4 % per annum over the next decade, significantly faster than GDP growth of 3,4%. In terms of regional overnight visitors, Amadeus/Oxford Economics predicts that Asia Pacific, the Middle East and Africa will be the fastest growing regions over the next 10 years. Europe's share of visitor flows will remain dominant out to 2023, and then North East Asia will overtake the dominant role. Even though Europeans are to become relatively less important global-ly, they will still account for a large part of the outbound travel and will increase travel to emerging markets.

With this follows the need for travel insurance, both for private and corporate customers.

Business Travel Trends

Travel budgets have always fluctuated in line with the economy. Firms are more relaxed about travel spend in the good times and tighten their belts in the bad. During the recent belt-tightening in Europe, companies have become more cost-conscious, introducing more sophisticated tools to control business expenses and making smarter use of technological alternatives such as videoconferencing.

But as videoconferencing is increasingly a supplement, it will not replace business travel. In Asia, for example, direct face-to-face contact is a particularly important component of ongoing business relationships.

Leisure Trends

The trends for leisure and travels are changing and we use more of our time and income on travel and free-time related activities. The trend is also to take more frequent, shorter trips, as opposed to the longer, more leisurely vacations of years past. This trend also comes as a result of some forward-thinking start-ups that are stressing the importance of work/life balance for as part of their corporate culture. In addition, Millennials (who have shown themselves to value "recharging the batteries" and the "work hard play hard" ethos), now have the disposable income to help shape travel trends.

New entrants are disrupting all facets of the travel industry. New companies, products, and trends will alter the way we fly, drive, and stay. The development of internet based and mobile technologies drives the demand for a seamless travel experience. Seamless travel refers to travel utilising a variety of products and services organised through a single booking process. At present, many providers appear to be focused on improving their own offering, seamless travel is effectively left for "someone else" to worry about.

Trends for Travel insurance market

The Nordic market for free-time and travel insurance is defined by fierce competition, and competitors include both general insurers and niche insurers. In travel insurance ERV plays a dominating role in the Swedish and Danish market. Profitable growth opportunities are limited with the traditional products and channels.

In Sweden (different from DK) all large (that is 4) P&C insurers decided to package a travel insurance base cover into their existing home insurance offerings around 15-20 years back. This changed the business model for ERV Sweden significantly and switched the offerings to become largely a supplement cover to the (new) market standard base cover. 98 % of all Swedes have a home insurance cover. The coverage is however only up to 45 days and is a basic travel insurance offering.

Claims handling

ERV Nordic's Assistance Network handles emergency assistance cases that occur in all parts of the world from small cases such as outpatient cases to bigger and more complex cases involving air transport. Many cases are complex medical cases, which are handled in close cooperation with our specialized sister assistance company Euro-Center Holding SE. Since 2016 the Euro-Center Assistance office in Madrid has handled all ERV Nordic's assistance service and with service offices on six continents ERV Nordic's customers have one of the world's largest medical networks of experienced professionals and Danish speaking staff available.

ERV Nordic Strategy

ERV Nordic has established four strategic focus areas to support our financial and customer targets.

- Selected growth
- Digital journey
- E20 – Nordic alignment
- Strong foundation

Selected growth – New Nordic Leisure products

Our focus will continuously be on growing the business in Travel and Travel Related risk with focus on profitable and defined-growth areas in 2018.

We will strive to deliver intelligent (new) growth in existing and new markets and we will launch new leisure and corporate products in our current and new sales channels. Our existing products will be launched for distribution in new channels and we will offer packaging capabilities to include both new features as well as 3rd party offerings.

In 2018 we have launched new Nordic leisure products on the Danish and Swedish market. This includes improvements on our Basic and Plus insurance in Denmark as well as launching Basic and Plus as a whole new product portfolio in Sweden. Moreover we have also launched three new products, Youth, Backpacker and Weekend for the leisure market in Denmark and Sweden.

Digital journey – maximise customer experience

Digitalization is one of the backbones of improving the customer experience and customer service. Recently we have developed many new digital solutions including a new and improved Agent Web as well as a new broker tool.

With almost 50% of all leisure sales in our online channels further development of our self-service solutions to customers and partners in omni-channels that will provide customers with our products and services whenever, wherever and however they need it is a continuously strategic goal.

E20 – No. 1 in the Nordic countries

In 2015 we launched our E20 strategy named after the highway that connects Copenhagen and Stockholm. The E20 strategy focuses on implementing one cross-entity organizational structure, processes and offerings between ERV Denmark and ERV Sweden. In 2017 we succeeded in branching ERV Sweden to Denmark and thereby cementing the position as ONE Nordic insurance company. In 2018 and 2019 it is our ambition to implement the last parts of the E20 strategy including focus on:

- **One offering catalogue**, based on modular products and services that can be combined to support customised solutions quickly and easily. A standard, repeatable process for dynamically customizing products without creating back-end complexity, and thereby be able to respond quickly to changing consumer preferences and needs.
- **One common operating model**, with a process landscape that is based on standard IT solution. This will enable a virtual operation model where synergies for Denmark and Sweden can be harvest.
- **One IT** - Make a scalable, modern, long-lasting IT infrastructure that can integrate with partners and customers easily and in a cost efficient way. Lower future investment & development cost significantly as these will only apply to one product & service and process set-up. Shared/lower development costs, lower operational costs due to process benefits, enlarged data for UW etc., shared/lower IT operational costs, purchasing power.

Strong foundation

Culture and people are the core of our business; the people and their knowledge, attitude and passion. We need all people in all functions to work as one team to secure and create a strong company. We aim to create an environment where ERV Nordic employees are proud and eager to work.

Secure licence to operate is an integrated part of ERV Nordic's core business. "To insure is to understand" and that is how we protect our customers interest. This includes systematic risk management, continuous improvement of corporate compliance as well as development of employee's skills and competences.

ERV Nordic's financial result

In the first half of 2018 ERV Nordic realised a profit of DKK 3.8m, which is better than same period last year where we realized a negative result of DKK 1.1m. The improved result can primarily be attributed to improved return on investment activities.

Gross written premium amounts to DKK 220.6m against DKK 232.9m in 2017, a decrease of DKK 12.3m. The decrease is primarily due to decreasing turnover of our ERV Sweden Card and Affinity business, but also effected by strategically decided decrease of our ERV Denmark Nordic Health Care products. Leisure and Corporate segments have on the other hand shown quite stable sales results during the first half of 2018.

Gross claims incurred amount to DKK 100.4m against DKK 101.1m in same period in 2017 which is a decrease of DKK 0.6m. The gross claims costs for 2018 have however affected a gross claims ratio of 51.3%, which is higher compared to the 49.2% in the same period last year. We have seen satisfactory claims records of our Leisure and Corporate products in both the Danish and the Swedish markets. But in comparison to the same period last year we have however seen a dissatisfying increased claims ratio on the ERV Sweden Card segment.

The result of reinsurance recoveries and change of reinsurer's share of claim provisions shows a cost for ERV Nordic of DKK 0.6m in 2018 against a compensation of DKK 1.4m in 2017. The cost is due to a write down of our reinsurers share of a major claim and due to lowered volume of the ERV Denmark Unemployment product which is 100% reinsured to AmTrust International Underwriters Limited based in Ireland.

The claims costs net of reinsurance amount to DKK 101.0m against DKK 99.7m in 2017 which is an increase of DKK 1.3m. The claims ratio net of reinsurance is 52.5% against 49.3% in 2017.

Net operating expenses for the first half of 2018 amounted to DKK 101.2m against DKK 100.7m in 2017, an increase of DKK 0.6m.

Acquisition costs amount in the first half of 2018 to DKK 42.3m against DKK 54.5m in 2017, a decrease of DKK 12.2m. The decrease is mainly due to adjusted allocation logic of commission costs initiated by renewed annual insurance policies. Commission costs arising from renewed annual insurance policies have in the 2018 result been allocated to administration expenses, whereas it was considered acquisition costs in 2017.

The administrative expenses amount this year so far to DKK 59.3m against DKK 46.7m in 2017 which is an increase of DKK 12.6m. The increase is mainly affected by the adjusted allocation logic of commission costs as described above. But furthermore have we had increased costs related to improved compliance setup and increased amortization costs related to the finished parts of our new Nordic IT.

Commissions and profit commissions from reinsurance amount to an income of DKK 0.3m compared to 0.5m in 2017. The development is due to the decreased volume of our Unemployment product.

The total result of business ceded shows a cost for ERV Nordic of DKK 4.7m in 2018 against a cost of DKK 4.3m in 2017. The development is primarily due to write down of our reinsurers share of a major claim as already described.

The above described development in sales, claims and operating expenses results in a negative underwriting result of DKK 10.4m and was therefore worse than in 2017 where it was a profit of DKK 1.5m. The net operating expense ratio including acquisition costs amount to 52.7% against 49.8% in 2017. Total combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 105.2% against 99.1% in 2017.

In the first half of 2018 the result of investment activities before transfers of technical interest amounts to a profit of DKK 9.7m against a cost of DKK 1.7m in 2017.

The result from affiliated companies is created by ERV Pojistovna a.s of which ERV Nordic owns 75% of the share capital. In 2018 it shows a profit of DKK 12.9m against a loss of DKK 2.3m in 2017. The main reasons for the increased result is an improved result of ERV Pojistovna a.s and that the 2017 result from affiliated companies was affected by an adjustment of the 2016 income from this company, which had a negative effect of DKK 3.3m in 2017.

The result from associated companies is created by Euro-Center Holding of which ERV Nordic owns 33,33% of the share capital. In 2018 it shows a profit of DKK 1.6m against a profit of DKK 1.0m in 2017.

Income from investment properties amounts to DKK 1.0m against DKK 1.5m in 2017. The decreased income is mainly affected by more costs for maintenance of the building in the first part of this year compared to the same period last year.

Interest income and dividends etc. for the first part of the year amounts to DKK 4.5m compared to DKK 3.9m in 2017. As in 2017 our investment portfolio mainly consists of Danish and Swedish government bonds.

ERV Nordic is relatively sensitive to the development of the prices of bonds and exchange rates, etc. The company has had a net loss in connection with realised and unrealised gains & losses of bonds, bond-based unit trusts and exchange rates of a total of DKK 9.8m against a loss of DKK 5.4m in 2017.

Interest expenses amount to DKK 0.1m against DKK 0.1m in 2017. We focus on keeping these expenses as low as possible and have been successful keeping them to a minimum also this year.

Administrative expenses related to investments amounts to DKK 0.4m which is in the same level as last year. These expenses are primarily triggered by the services delivered by MEAG (Munich Ergo Assetmanagement GmbH) that is our appointed investment asset manager.

Interest on insurance provisions amounts to DKK 0.4m which is in the same level as last year.

Other income amounts to DKK 2.6m compared to DKK 1.6m in 2017 and other expenses amounts to DKK 2.2m compared DKK 0.9m in 2017. Other income and expenses mainly stem from a number of administration agreements where we deliver our renowned claims handling and assistance services to customers that prefer to self-cover their insurance risks.

Due to the negative underwriting result we will have a tax income in the first half of the year of DKK 3.8m compared to a cost of DKK 2.0 last year.

Receivables from policy holders amount to DKK 17.6m against DKK 17.5m in 2017, whereas receivables from insurance brokers amount to DKK 4.7m against DKK 11.8m in 2017.

At 30 June 2018, the company's total capital and reserves amount to DKK 323.4m and total assets amount to DKK 597.7m.

Uncertainty in respect of recognition and measurement
The statement of the accounted value of certain assets and liabilities is conditioned by applying accounting estimates. 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.

Events after June 30th 2018
No events have occurred subsequent to the balance sheet date, which would have a material influence on the financial position of the company.

The result of the year compared to earlier statements
The company expected earlier the following for 2018:

"We expect continued decrease in gross written premium in ERV Denmark for our international health insurance portfolio and in ERV Sweden we expect a decrease in the Card business due to a major discontinued Card-account agreement. At the same time ERV Nordic does not expect run-off gains in 2018 to the same extent as for 2017. On the other hand we in 2018 expect to see benefits of our new Nordic Leisure products and sales increases related to cooperation with new business partners on both the Danish and the Swedish market. Further we expect an improved result from our affiliated company ERV Pojistovna a.s. and less realised and unrealised losses on our investment portfolio.

In total this means that the expectations to the result for 2018 are at the same level as what ERV Nordic delivered for 2017."

The result of the first half of 2018 is partly in line with expectations, but we have seen a dissatisfying claims result, mainly affected by increased claims ratio on the ERV Sweden Card segment.

Outlook for the second half of 2018
As previously stated we expect to see continued decrease in gross written premium in ERV Denmark for our international health insurance portfolio and in ERV Sweden we expect a decrease in the Card business due to a major discontinued Card-account agreement. On the other hand, we expect to see further benefits of our new Nordic Leisure products and sales increases related to cooperation with new business partners on both the Danish and the Swedish market. We furthermore expect improved claims figures, steady development in operating expenses and a stable investment result.

This means that we expect positive results in the last two quarters of the year and that we will therefore improve the overall result of 2018 throughout the remaining part of 2018.

Risk Management
ERV Nordic is exposed to a variety of risks in the daily business and work actively to ensure that the risks are monitored and where possible mitigated. Risk management includes all strategies, methods and processes to identify, analyse, assess, control, monitor and report the short and long-term risks ERV Nordic face or may face in the future.

Risk management is performed at all levels and is organized according to the three "lines of defence";
1st line: Risk takers
2nd line: Risk Management Function, Actuarial Function, Compliance Function
3rd line: Internal Audit Function

ERV Nordic, in accordance with Solvency II, defines the 2nd and 3rd line of defence as the "Key Functions".

Outline
Main risks of ERV Nordic:
- Underwriting Risks
- Market Risks
- Operational Risks

Underwriting risks
Underwriting risks arise from inaccurate assessments of the compensations and other costs related to insurance policies.

It is the policy of ERV Nordic that the risks originating from the company's insurance business 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 ERV Nordic's risks to about DKK 5.2m per claim event for all events except a pandemic. In the Standard model, this risk is estimated to DKK 186.2m.

Market Risks
It is the aim of ERV Nordic to control the market risks in such a way that the company obtains a return corresponding to risks taken.

Main market risks:
- Currency risk
- Equity risk
- Property risk
- Market risk concentrations

The currency risk is mainly related to the investment in affiliated and associated companies denominated in Czech Koruna ("CZK") and the net assets in ERV Sweden denominated in Swedish krona ("SEK"). The investments in foreign entities and merger with ERV Sweden are based on strategic decisions.

In terms of the result, the company is sensitive towards the development in currency rates and the prices of bonds, shares and participations. The standard model calculation has been used to assess the risks and the necessary capital for this type of risks. This model demands a capital of DKK 58.2m in order to be able to cover the risk sufficiently with a confidence level at 99.5%, which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

Operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inevitably linked to the business activities of ERV Nordic. They are addressed in a comprehensive internal control system (ICS) or through ad-hoc reporting.

The standard model calculation demands a capital of DKK 12.4m in order to be able to cover the operational risk sufficiently with a confidence level at 99.5%, which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

Capital Management

Solvency II

The European solvency rules, Solvency II, became effective as of 1st of January 2016. Munich Re and ERGO Group, which ERV Nordic is a part of, started in 2009 a Solvency II project that has enabled timely and prober implementation of the SII principles. As for ERV Nordic the project has included among other continued adjustment and development of a standard model, implementation of a system for risk management (ICS), written ORSA (Own Risk and Solvency Assessment) reports and organizational implementation of the required key functions (risk management function, compliance function, internal audit function and actuarial function). As a continuation of the SII effort we have also delivered SII narrative reports since 2017.

ERV Nordic's Solvency II requirement is calculated on the basis the company's risk profile, and therefore takes into consideration the composition of ERV Nordic's insurance portfolio, cash flow profile, technical provisions, reinsurance program, investment mix and risk diversification.

The board of directors of the company has estimated that a security level of 99.5% has to be used for the capital demands. ERV Nordic has calculated the capital requirement based on a security level of 99,5% and according to the Standard model under Solvency II which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years. The model has been tested during the last 3 years and ERV Nordic has always had more than sufficient capital to meet the security level of 99.5%.

The solvency capital requirements (SCR) have been calculated to DKK 154.5m and shall be covered by the company's eligible own funds of DKK 260.1m as of 30th June 2018 affecting a solvency ratio of 168%.

Capital requirements

	30/6 2018	**31/12 2017**
Eligible own funds	260,100	267,553
Solvency II requirements SCR	154,495	144,998
Solvency II requirements MCR	51,348	47,574

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

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the half yearly report for 1 January – 30 June 2018 to ERV Nordic.

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

The half yearly report gives a true and fair view of the company's assets, liabilities and financial position as of 30th June 2018 together with the results of the company's activities for the financial year 1 January – 30 June 2018.

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, 25th of September 2018

Board of Management:

Beata Danuta Kalitowska-Zborowska
Chief Executive Officer

David Kraul
Chief Operating Officer

Peter Steen Olsen
Chief Financial Officer

Board of Directors:

Richard Bader
Chairman of the Board

Oliver Wild
Board Member and
Chairman of the Audit Committee

Gabriele Bayer
Board Member and Member of the Audit Committee

Peter Fobian
Board Member, elected by the employees

Christian Søndergaard
Board Member, elected by the employees

Jørn Sønderup
Board Member and Member of the Audit Committee

Note	in DKK'000	H1 2018	H1 2017
	Earned premiums		
	Gross premiums written	220.634	232.929
	Ceded insurance premiums	-6.082	-6.058
	Change in the provision for unearned premiums	-23.447	-23.228
	Change in the provision for unearned premiums, reinsurers' share	1.561	-154
	Total premium income, net of reinsurance	**192.666**	**203.489**
	Technical interest, net of reinsurance	**-378**	**-437**
	Claims incurred		
	Claims paid	103.050	109.231
	Reinsurance recoveries	-1.037	-7.300
	Change in the provision for claims	-2.239	-6.666
	Change in Risk margin	-379	-1.506
	Change in the provision for claims, reinsurers' share	1.598	5.905
	Total claims incurred, net of reinsurance	**100.993**	**99.664**
	Bonus and premium discounts	**468**	**1.241**
	Net operating expenses		
	Acquisition costs	42.293	54.456
	Administrative expenses	59.277	46.687
	Commission and profit share from reinsurers	-342	-476
	Total net operating expenses, net of reinsurance	**101.228**	**100.667**
3	**UNDERWRITING RESULT**	**-10.401**	**1.480**
	Income from investment assets		
	Income from affiliated companies	12.855	-2.297
	Income from associated companies	1.584	951
	Income from investment properties	1.011	1.509
	Interest income and dividends etc.	4.511	3.913
	Value adjustment	-9.842	-5.416
	Interest expenses	-89	-64
	Administrative expenses on investments	-363	-343
	Total return on investment activities	**9.667**	**-1.747**
	Interest on insurance provisions	**378**	**437**
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	**10.045**	**-1.310**
	Other income	2.568	1.619
	Other expenses	2.151	943
	PROFIT BEFORE TAX	**61**	**846**
	Tax	-3.784	1.976
	PROFIT FOR THE PERIOD	**3.845**	**-1.130**

STATEMENT OF COMPREHENSIVE INCOME

	H1 2018	H1 2017
Other comprehensive income		
Exchange rate adjustment of foreign entities	-1.419	4.196
Tax release Contigency reserve	0	
Other comprehensive income, currency adjustment	0	
Comprehensive income	-1.419	4.196
Result of the period	3.845	-1.130
TOTAL COMPREHENSIVE INCOME	**2.426**	**3.066**

Balance Sheet as of

Note in DKK '000

	30/06 2018	31/12 2017
ASSETS		
Intangible assets		
Software	29.849	30.342
Software, development projects	4.830	7.053
TOTAL INTANGIBLE ASSETS	34.679	37.395
Tangible assets		
Operating equipment	1.521	1.347
Domicile	88.153	88.537
TOTAL TANGIBLE ASSETS	89.674	89.884
Investments in affiliated and associated companies		
Capital holdings (shares) in affiliated companies	57.877	63.968
Capital holdings (shares) in associated companies	23.214	21.910
Total investments in affiliated and associated companies	81.091	85.878
Other financial investments		
Participating interests	33	33
Unit trusts	20.232	20.278
Bonds	304.011	306.473
Total other financial investments	324.277	326.784
TOTAL INVESTMENT ASSETS	405.368	412.662
Reinsurance share of technical provision		
Reinsurance share of unearned premiums	1.610	56
Reinsurance share of claim provision	444	2.043
Total reinsurance share of technical provision	2.054	2.099
Debtors		
Amounts owed by policy holders	17.557	8.857
Amounts owed by insurance brokers	4.658	9.208
Debtors arising out of direct insurance contracts, in total	22.215	18.065
Other debtors		
Amounts owed by insurance companies	740	1.295
Amounts owed by affiliated companies	2.225	8.098
Other debtors	10.894	7.162
Total other debtors	13.859	16.555
TOTAL DEBTORS	38.128	36.719
Other assets		
Current tax receivables	0	0
Cash in hand and cash equivalent	9.995	10.192
Tax asset	2.530	0
Deferred tax assets	5.268	1.208
Other	164	58
TOTAL OTHER ASSETS	17.957	11.458
Prepayments and accrued income		
Accrued interest	4.007	3.104
Other prepayments and accrued income	4.033	3.227
TOTAL PREPAYMENTS AND ACCRUED INCOME	8.040	6.331
TOTAL ASSETS	593.846	594.449

Note	In DKK '000	30/06 2018	31/12 2017
	LIABILITIES		
	Capital and reserves		
	Share capital	10.001	10.001
	Revaluation provisions	798	798
	Reserves		
	Contingency reserve, untaxed	178.290	182.900
	Net revaluation reserve	65.983	70.770
	Total reserves	244.273	253.670
	Profit brought forward	68.333	56.510
	Proposed dividend for the accounting year	0	10.893
	TOTAL CAPITAL AND RESERVES	323.405	331.872
	Provisions for insurance contracts		
	Provision for unearned premiums	143.406	119.734
	Claim provisions	59.440	62.638
	Risk margin on insurance contracts	7.347	7.727
	TOTAL PROVISION FOR INSURANCE CONTRACTS	210.193	190.099
	Provisions for other risks and charges		
	Deferred taxation	10.094	9.836
	TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	10.094	9.836
	Creditors		
	Amounts owed in connection with direct insurance business	9.010	10.577
	Amounts owed to reinsurance companies	369	196
	Amounts owed to affiliated companies	1.938	3.063
	Actual tax liabilities	0	1.994
	Other creditors	38.837	46.812
	TOTAL CREDITORS	50.154	62.642
	TOTAL LIABILITIES	593.846	594.449
4	Contingency liabilities		

Equity specification

Amount in DKK '000	Share Capital	Revaluation Provisions	Net revaluation reserve	Contingency Reserve	Transferred result	Proposed Dividend	Total
Equity as of 1st January 2017	10.000	798	68.709	204.529	37.379	62.817	384.232
Increase of share capital	1				-1		0
Dividend paid out						-62.817	-62.817
Provisions for other reserves			-1.787		1.787		0
Other comprehensive income, currency adjustment				-2.156	2.156		0
Other comprehensive income, release of Contingency reserve				-19.473	15.189		-4.284
Other comprehensive income, currency adjustment for foreign entities			3.848				3.848
Profit for the year					10.893		10.893
Proposed dividend					-10.893	10.893	0
Equity as of 31st December 2017	10.001	798	70.770	182.900	56.510	10.893	331.872
Equity as of 1st January 2018	10.001	798	70.770	182.900	56.510	10.893	331.872
Dividend paid out						-10.893	-10.893
Provisions for other reserves			-3.368		3.368		0
Other comprehensive income, currency adjustment				-4.610	4.610		0
Other comprehensive income, release of Contingency reserve							0
Other comprehensive income, currency adjustment for foreign entities			-1.419				-1.419
Profit for the year					3.845		3.845
Proposed dividend							0
Equity as of 30st June 2018	10.001	798	65.983	178.290	68.333	0	323.405

Note 1 – Accounting Policies Applied

General
The half yearly 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 company has received permission to prepare the half yearly report solely in English from the Danish Financial Supervisory Authority.

The half yearly report is presented in thousand DKK.

Accounting policies are unchanged from last year.

Merger
The merger between Europæiske Rejseforsikring A/S and our Swedish sister company ERV Försäkringsaktiebolag (publ) was approved by the Danish FSA on the 8th of May 2017 and by the Swedish FSA on the 31st of August 2017 with retroactively effect as of 1st of January 2017. This means that the half yearly 2017 result has been restated.

The parent company of the merged entities is ERV AG. Europæiske Rejseforsikring A/S issued a share to ERV AG at DKK 500 in connection with the merger of ERV Försäkringsaktiebolag (publ) into Europæiske Rejseforsikring A/S. The Swedish entity continues as a branch of Europæiske Rejseforsikring A/S by the legal name of Europeiska ERV Filial.

Accounting estimate
The preparation of half yearly 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 accounting estimates. 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 half yearly 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 period. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described below.

Intra-group transactions
The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on intra-group 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 intra-group buyers are settled at market rates.

Intra-group trading in assets, including securities, is conducted at market prices. No significant intra-group trading with assets has taken place during the accounting year.

Foreign currency transactions
The company's functional currency is DKK in respect of business and investments originating from Denmark. The functional currency used by the company's branch in Sweden is SEK.

Receivables and payables recognised in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognised in the latest annual report is recognised in the income statement as value adjustments.

Profit and loss of the foreign branch is translated into the company's functional currency, DKK, at the exchange rate prevailing at the date of transaction. The value of the branch's balance sheet items are translated at the exchange rate prevailing at the balance sheet date.

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

According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of reinsurance. The interest is applied according to the expected run-off pattern of the provisions.

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 period.

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 period.

Realised and unrealised investment gains and losses are gains and losses on investments, value adjustment of land and buildings and exchange rate adjustments.

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 intra-group 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 22% on all time differences between the result reported in the annual report and the result reported in the tax return, and between the book value and taxable value of the company's intangible assets, investment assets, operating equipment and debts.

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

The company has not made provisions for deferred tax on contingency funds as it is not likely that a situation will arise within the foreseeable future which will result in taxation.

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	3-5 years

Costs that are directly associated with the production of identifiable and unique software products are recognised 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.

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.

Impairment of intangible assets and operating equipment
Finalized development projects and development projects in progress are tested for impairment in connection with the annual report and during the year if there is any indication of impairment. The carrying amount of other intangible assets and operating equipment is reviewed at least annually to determine whether there is any indication of impairment.

If there are indications of impairment, the carrying amount is written down to the estimated recoverable amount of the asset if this is lower than the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the expected value in use.

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.

The fair value is calculated based on a market-determined rental income, as well as operating expenses in proportion to the property's required rate of return in percent.

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.

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 period.

EQUITY
Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets.

Revaluation reserves
Revaluation of owner-occupied property is recognized in other comprehensive income unless the revaluation offsets a previous impairment loss. Revaluation reserves show the net revaluation of the owner-occupied property.

Contingency reserves
The Danish contingency reserve is recognized as part of retained earnings under equity. The reserve may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders. The funds allocated to the contingency reserve are not taxed and there has been no deferred tax allocated in the balance sheet.

The Swedish contingency reserve is reported as an untaxed reserve. Changes are recognized through equity. The basis for the calculation is based on a directive from the Swedish Financial Supervisory Authority. The directive indicates the maximum amount that may be allocated to the contingency reserve, based on written premiums and the provision for claims outstanding. ERV Sweden continuously calculates the maximum scope for provisions. At year-end the company had not utilized the maximum scope.

Other reserves
The total net revaluation of capital holdings in affiliated and associated companies is recognized via appropriation of profit to the net revaluation reserve in equity (other reserves), if the book value is higher than the cost price.

Currency adjustments comprise exchange differences arising from translation of the contingency reserve and the equity of foreign entities at the beginning of the year to the exchange rate prevailing at the balance sheet date.

Proposed dividend
The proposed dividend is recognized as a liability at the time of the adoption by the shareholders at the annual general meeting. Dividend to be paid out for the year is shown as a separate item under equity.

TECHNICAL RESERVES

Provisions for insurance contracts
The company have chosen to use the simplified calculation of premium provision according to the Danish Executive Order on Financial Statements § 69a. 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).

Claims provisions are discounted. Discounting is based on a yield curve reflecting duration applied to the expected future payments from the provision.

Risk margin on insurance contracts
Risk margin on insurance contracts are the expected amount payable if the company's portfolio of insurance contracts were transferred to another company.

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.

Debt
Other liabilities are measured at net realisable value.

2 Key figures and financial ratios

Profit and Loss	H1 2018	H1 2017
Gross premiums earned	197.187	209.701
Gross claims incurred	100.432	101.059
Total operating expenses	101.570	101.143
Result of reinsurance (-=net cost)	-4.740	-4.341
Underwriting result	-10.401	1.480
Profit/loss of investment after transfer of technical interest	10.045	-1.310
Profit for the year	3.845	-1.130
Gross run-off profit/loss	-3.905	-10.856
Run-off profit/loss, net of reinsurance	-4.798	-9.277

Key figures	H1 2018	H1 2017
Gross claims ratio	51,25%	49,20%
Gross expense ratio	51,89%	48,71%
Reinsurance ratio	2,41%	2,08%
Combined ratio	105,55%	99,99%
Operating ratio	105,49%	100,01%
Relative run-off result	-6,23%	-12,04%
Solvency cover (not audited) *	168%	248%

(*) For H1 2017 it has not been possible to present a merged solvency cover for Europæiske Rejseforsikring A/S and ERV Försikringsaktiebolag (publ). Therefore the H1 2017 figure only represents Europæiske Rejseforsikring A/S.

The key figure "solvency cover" is exempted from audit according to appendix 9 in the executive order no. 937 of July 27th 2015 and is therefore not audited.

Note

in DKK'000

Note		H1 2018	H1 2017
3	**Breakdown of underwriting result**		
	Earned premiums	196.719	208.459
	Underwriting interest, net of reinsurance	-378	-437
	Claims incurred incl change in Risk Margin	-100.432	-101.059
	Administrative expenses	-59.277	-46.687
	Acquisition costs	-42.293	-54.455
	Profit from gross operations	-5.661	5.821
	Ceded insurance premiums	-4.521	-6.212
	Reinsurance recoveries	-561	1.395
	Reinsurance commissions and profit participation	342	476
	Result of ceded business	-4.740	-4.341
	Underwriting result	-10.401	1.480
	Total claims incurred, net of reinsurance, run-off		
	Gross run-off profit/loss	-3.905	10.856
	Run-off profit/loss, ceded	-893	-1.578
	Total claims incurred, net of reinsurance, run-off, total	-4.798	9.277

Note		H1 2018	H1 2017
4	**Contingency liabilities**		
	Leased cars	163	526
	Office space rental	1.805	1.913
	IT hardware lease	0	639
		1.968	3.078