

EUROPÆISKE REJSEFORSIKRING A/S

ANNUAL REPORT

2005

**Europæiske Rejseforsikring A/S
3, Frederiksberg Allé
1790 Copenhagen V
DENMARK
Company Reg. No. CVR 62 94 05 14**

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

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COMPANY NAME

EUROPÆISKE REJSEFORSIKRING A/S

3, Frederiksberg Allé
DK 1790 Copenhagen V

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

BOARD OF DIRECTORS:

Franz-Josef Biesel (Chairman), Helmut Pritscher, Stefan Holzhauser,
*Henrik Iding, *Jeanett S. Chrisdam

*Elected by the staff

BOARD OF MANAGEMENT:

Preben Mullit, Managing Director

COMPANY AUDITORS:

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

Five-year review

in DKK'000

	2005	2004	2003	2002	2001
Profit and Loss					
Gross premiums earned	427.705	437.379	344.740	364.115	370.989
Gross claims incurred	225.332	247.863	164.162	184.919	195.569
Operating expenses	152.161	176.804	128.512	135.515	154.624
Result of reinsurance (-=net cost)	-19.823	10859,5	9.464	3.067	-13.960
Underwriting result	31.313	26.277	18.664	18.230	6.888
Profit/loss of investment after transfer of technical interest	14.157	7.312	8.000	12.407	7.363
Profit for the year	33.232	25.716	14.825	16.023	3.705
Gross run-off profit/loss	18.566	2.446	4.352	-1.045	-3.208
Run-off profit/loss, net of reinsurance	17.177	12.327	4.948	7.392	7.749
Assets and Liabilities at	31.12.2005	31.12.2004	31.12.2003	31.12.2002	31.12.2001
Insurance assets	76.930	92.443	56.194	64.319	34.081
Technical provisions	204.223	248.196	184.501	193.542	162.867
Capital and reserves at year-end	207.584	180.104	153.202	145.877	141.854
Total assets	465.393	488.209	341.701	341.284	330.598
Key figures	2005	2004	2003	2002	2001
Claims ratio	52,98%	56,80%	48,12%	51,57%	52,47%
Expense ratio	36,28%	41,32%	37,39%	37,99%	41,70%
Reinsurance ratio	4,63%	-2,48%	-2,75%	-0,84%	3,76%
Combined ratio	93,89%	95,63%	82,76%	88,73%	97,93%
Operating ratio	92,69%	94,03%	81,95%	87,48%	96,30%
Relative run-off result	13,98%	2,61%	4,15%	-1,27%	-3,76%
Return on capital and reserves	17,14%	10,21%	9,91%	11,14%	2,58%
Solvency cover	2,42	2,42	2,82	2,88	2,80

The accounting policies have been changed in accordance with the Executive order on financial statements.

Main and key figures for 2001-2003 have not been adjusted to the new accounting policies.

For 2004 a reclassification and an adjustment to the account layout has been made.

Management report 2005

About Europæiske

Europæiske Rejseforsikring A/S' primary business area is sale of travel insurance. The majority of travel insurance policies are sold as either trip-by-trip insurance policies or as annual travel insurance in connection with our customers' holiday and business trips, or stationing abroad. We offer our customers 24 hour assistance, covers of claims and related local services everywhere in the world.

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

Europæiske's network

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

Europæiske's AlarmCentre, Euro-Alarm

Euro-Alarm is Europæiske's own AlarmCentre. It is manned 24 hours a day with international, multi-lingual assistant coordinators and doctors. This ensures our customers the best possible service before, during and after the journey. Euro-Alarm has thorough knowledge of treatment and hospital standards all over the world. An important tool for this is our Information Service Centre (ISC). ISC is a vendor database developed and updated by Euro-Alarm. This information is checked regularly by visits to the hospitals and to physicians etc. At the end of 2005 ISC had mapped more than 65,000 medical suppliers.

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

Europæiske's international ServiceOffices, Euro-Centres

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

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

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

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

In particular in the repatriation area in the skiing season Europæiske has saved the State Scheme up to about DKK1.5m. The solution is called "The Bone Express" which consists of two aircrafts, chartered by Europæiske and outfitted especially with the purpose of returning the unfortunate Danes injured on their skiing holiday. Not only the Authorities benefit from this arrangement, also the patients perceive this as an improved service to them. In 2005 there were 30 flights.

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

New Products and Extended Services

As the market leader Europæiske is always aiming at being at the forefront with product development and new services for our customers.

After a long public debate Europæiske Rejseforsikring decided to remove the definitions "Confinement to bed subscribed by a physician" and "Confined indoor subscribed by a physician" in 2004. This cover has had full effect in 2005 and has now been implemented in all our products.

In addition an extension to the cover "Ruined holiday" has been implemented. This cover provides financial compensation for holidays which have been ruined due to acute illness and it has now been extended also to provide cover in case of bone fractures, sprained ligaments and knee injuries. The result is a very competitive cover.

In 2005 health insurance outside the Danish borders has been a target area, and a number of new products have been implemented.

Europæiske Rejseforsikring has developed and implemented a new health insurance product "Schengen Insurance". It is health insurance for private persons travelling or staying in a Schengen country for a period of 1 to 6 months. The insurance covers the policyholders for expenses to doctors, hospital and medicine.

We have experienced that international companies to an increasingly large extent asks for health insurance for their employees. In 2005 Europæiske has thus developed the product "IHC Corporate" an international health insurance targeted companies who emphasize safety and who would like to give their employees a unique safety net. The policy covers world-wide and it also gives the policyholder free choice of doctors, hospitals and clinics no matter where they are in the world. The insured persons can seek advice and guidance about local hospitals and clinics no matter where they are in the world. The policyholders naturally also gain access to all Europæiske's ServiceOffices anywhere the world.

Sales and new customers

The sales of travel insurance written in Denmark have increased from 2004 to 2005, in spite of a decrease in the sales of overseas trips in the start of 2005. The decrease was probably due to the Tsunami in South East Asia at the end of 2004.

Also in 2005 we have experienced a large increase in sales via our homepage www.er.dk and in 2005 our CallCentre has also experienced a large increase in sales. In 2005 there has been a tendency for our annual customers, private persons buying annual travel insurance or annual cancellation insurance, to call us in order to have confirmation that their insurance still apply or it may be other general questions in connection with our annual products. We expect that the demand for this type of customer service will increase in step with the increase of the share of annual customers.

In a tender round at the end of 2005 Europæiske Rejseforsikring won Star Tour back again. Star Tour has in a period sold another insurance product, but is now selling travel insurance and cancellation insurance from Europæiske.

2005 was also the year, where the agreement between the Government and Europæiske Rejseforsikring fell into place. We have previously had a similar agreement and after a large tender round, we have concluded an administration agreement with the Government. An agreement on assistance and administration in connection with claims for Government employees travelling on service.

The year 2005

In 2005 the development has been very positive both with regard to premium as well as overall profitability.

The gross premium has shown a decrease of DKK67m of which DKK84m is due to Europæiske Rejseforsikring A/S's decision to wind down the activities in England and primarily focus on the business underwritten in Denmark or via agents abroad.

The winding-up of the branch in England influences the accounting figures considerably. Note 6 shows the effect on the profit and loss statement in 2005 and 2004 respectively.

The course of claims for 2005 has been favorable with a claims ratio of 53% of which 4% is due to the run off result gross has been an income of DKK18.6m. This large run off gain is mostly due to the claims provisions set aside for the Tsunami in Asia were DKK10.0m too high. Net of reinsurance the gain was only approximately DKK1m.

Europæiske Rejseforsikring A/S owns 67% of the share capital in Euro-Alarm A/S, which handles our repatriation and assistance cases. In addition, Euro-Alarm A/S handles repatriation and assistance cases for Europeiska Försäkringsaktiebolaget, Sweden and other Nordic insurance companies. The annual accounts of Euro-Alarm A/S for 2005 show a deficit of DKK0.1m of which our share is a loss of approx. DKK0.1m.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2005, the company wrote a gross premium corresponding to DKK37m. The company's annual accounts show a profit of DKK5.8m, which is satisfactory. Our share of the annual profit is DKK4.4m.

Annual accounts

The net profit is DKK33.2m compared to DKK25.7m in 2004.

The result of business ceded shows an expense for Europæiske Rejseforsikring A/S of DKK19.8m against an income of DKK10.9m in 2004. This is an additional expense of DKK30.7 compared to 2004. The result of business ceded in 2005 has been influenced by a run-off loss regarding the Tsunami in Asia of DKK9.4m. Last year we had a run-off profit of DKK 9.7m. Compared to 2004 the effect of these two items is a decrease of our underwriting result of a total of DKK19.1m. In addition our expenses to reinsurance regarding personal accident and cancellation have increased compared to 2004.

The underwriting result shows a profit of DKK31.3m against DKK26.3m in 2004, an improvement of DKK5.0m.

Gross premiums written amount to DKK404.9m against DKK472.2m in 2004, a decrease of DKK67.3m. The decrease is due to the winding down of our branch in England. The gross premiums written in the English branch have decreased by DKK84m from 2004 to 2005.

Gross claims incurred amount to DKK225.3m against DKK247.9m in 2004, a decrease of DKK22.6m.

The gross claims ratio is 53% against 56.8% in 2004.

The claims incurred, net of reinsurance, amount to DKK168.1m against DKK171.4m in 2004, a decrease of DKK3.3m. The claims ratio, net of reinsurance, is 37.8% against 41.2% in 2004.

The administration expenses amount to DKK66.6m against DKK69.0m in 2004.

Acquisition costs amount to DKK85.6m against DKK107.8m in 2004.

The expense ratio, including acquisition cost and commission of business ceded is 36.3% against 40.5% in 2004. The acquisition cost ratio alone is 20.1% against 24.7% in 2004. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 93.9% against 95.6% in 2004.

The result from affiliated companies shows a profit of DKK4.3m against DKK2.3 in 2004. This result consists mainly of a profit of DKK4.4m from Evropská Cestovni Pojistovna A.S., Czech Republic and a deficit in Euro-Alarm A/S, Denmark of DKK0.1m.

Interest income, dividends etc. for the year amount to DKK8.0m against DKK8.5m in 2004.

Income from land and buildings amounts to DKK1.8m against DKK2.5m in 2004, a decrease of DKK0.7m. The decrease is primarily caused by the fact that the maintenance cost to our building was at a very low level in 2004.

Net capital gain for the year amounts to DKK4.2m against a loss of DKK1.5m in 2004. The capital gain in 2005 is primarily due to the positive development in the price of shares.

The result of investment activities before transfer of technical interest amounts to a profit of DKK17.6m against a profit of DKK11.0m in 2004.

The company's branch in England has shown a deficit of DKK1.8m against a profit of DKK3.3m in 2004. The deficit is primarily because the business contract entered into in 2004, have been wound down during 2005 with a loss. The branch is now being wound down and is expected to be completely wound down within the next couple of years. No more significant gains or losses are expected in connection with the winding down.

As of December 31, 2005 the company's total capital and reserves amount to DKK207.6m out of its total assets of DKK465.4m.

Ownership

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

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

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

Group Ownership

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

Amount in DKK'000

Subsidiaries:	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital & Reserves</u>
Euro-Alarm A/S	Copenhagen	Assistance	66.66%	2,623
Evropská Cestovni Pojistovna a.s.	Czech Republic	Insurance	75.00%	35,748
Associated companies:				
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	8,406
Union – Európske cestovné poistenie a.s.	Slovak Republic	Travel Insurance	25.00%	188

Outlook

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

The result of the company for 2006 is expected to be at a lower level than in 2005, as the claims ratio for 2006 is expected to be higher than for 2005.

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 DKK15.7m and minus DKK23.7m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red or yellow scenario.

Operational risks

The development in the travel market and events limiting the population's travel activity will have an impact on the company's result. Europæiske Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to 10% 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 MDKK 4.0 per claims event.

Appropriation of profit

Available for appropriation:

Amount in DKK'000	2005	2004
Profit for the year	<u>33,232</u>	<u>25,716</u>

Which amount is recommended to be allocated as follows:

	2005	2004
To the Shareholders	31,500	9,000
Transferred to other reserves	1,708	4,306
Transferred to reserves	<u>24</u>	<u>12,410</u>
	<u>33,232</u>	<u>25,716</u>

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 rules laid down in the executive order have involved changes to the accounting policies. The impact of these changes has been adjusted via the equity as of 1st January 2005. The comparative figures for 2004 have been adjusted so that they are in accordance with the balance sheet layout set by the executive order, but the comparative figures concerning financial assets and liabilities together with insurance assets and liabilities have not been adjusted in accordance with the interim rules. In total the changes to the accounting policies have meant an increase in the equity of DKK1.9m specified in equity description.

The most significant changes are specified below:

Equalisation provisions

The executive order issued by the Danish Financial Supervisory Authority prohibits recognition of equalisation provisions which is why the existing equalisation provisions have therefore been dissolved. Equalisation provisions have so far represented amounts included to equalise future claims, net of reinsurance, in areas where experience has shown that claims vary. The equalisation provisions of DKK10m concerning the class illness has been entered as income in the capital and reserves as of 1st January 2005.

Discounting of claims provisions

Claims provisions are 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. As of 1st January the provision for claims for personal accident will be discounted and where else it is found material. The calculated opening balance of the discounting has been entered as income in equity as of 1st January 2005.

Claims handling costs

Claims incurred include direct and indirect claims handling costs contrary to the previous practice, under which only the costs of external cooperation partners were included in this financial statement item.

Provisions for claims include a best estimate provision to cover direct and indirect claims handling costs in connection with settlement on the provisions for claims. Such costs were previously expensed as incurred. The calculated opening balance of the provisions for the claims handling costs have been expensed under equity as of 1st January 2005.

Domicile

In prior years, domiciles were measured at market value in accordance with the Danish FSA's executive order. Previously, increases and decreases in market value were taken through the income statement.

In accordance with the Danish FSA's executive order, owner-occupied properties are stated at their revalued amounts, being the fair value at the revaluation date, and are depreciated over their estimated useful lives. Increases in the carrying amount arising on revaluation of owner-occupied properties are included in equity.

The company no longer charges owner-occupied rent of own properties to insurance operation expenses. Europæiske Rejseforsikring A/S owns the head quarter property in Frederiksberg Alle 3, 1620 Copenhagen V, Denmark.

Provision for taxes

The calculated deferred taxes had previously been discounted in the light of the expected taxation periods of the taxable assets releasing deferred tax. It is no longer permitted to discount provisions for deferred tax. We have thus adjusted the capital and reserves as of 1st January 2004, the profit and loss account together with the balance sheet as of 31st December 2004 in accordance with this.

Accounting estimate

The preparation of annual reports under The FSA'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 areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in a separate section of these financial statements.

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 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, Munich Re, prepares consolidated accounts in which the company and its subsidiaries are included.

PROFIT AND LOSS ACCOUNT

RESULT OF INSURANCE OPERATIONS

Premium income, net of reinsurance

Premium income, net of reinsurance consists of the premiums collected for the year less ceded reinsurance premiums, adjusted for movements in the unearned premium reserve.

Technical interest, net of reinsurance

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

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, the difference (run-off result) between the claims incurred and reserved in prior years and the claims reserve at the beginning and end of the accounting year is included. The portion of the increase of the provisions that relates to reduction of term has been transferred to technical interest.

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

Bonus and premium rebates

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

Insurance operating expenses, net

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

Investment activities

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

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

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

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

Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of land and buildings, exchange rate adjustments and the effect in movements in the yield curve used for discounting, are recognised as value adjustments.

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

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

OTHER ITEMS

Other income and expenditure

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

Taxation

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

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

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

Deferred taxes are provided for with 28% 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	3-5 years
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Costs that are directly associated with the production of identifiable and unique software products of a total value of more than DKK0.5m 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 with a maximum period of 5 years. The basis of writing down is reduced by any impairment write downs.

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

Operating equipment

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

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

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

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

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

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

Domicile

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

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

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

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

Other land and buildings (summer house) is valued at fair value. Market value is the latest public valuation. This property is written down over 50 years with a scap value of 70%.

Capital holdings (shares) in affiliated and associated companies

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

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

Other financial assets

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

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

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

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

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance share of the technical provision. If a few exceptional contracts do not meet these classification requirements, they are classified as financial assets.

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. The provisions also include amounts reserved to cover risk in connection with increasing age. These provisions are reserved when there no longer is a natural premium and the risks covered increase with the insured person's age.

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

Provisions for claims

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

Provisions for claims are discounted if such discounting is material. The future payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority. The insurance class personal accident is discounted and other classes where it is found essential.

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.

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

The Board of Management and the Board of Directors have today discussed and adopted the annual report for 2005 of Europæiske Rejseforsikring A/S. 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.

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

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

Copenhagen, April 3, 2006



Board of Management:
Preben Mullit


Winnie Grønnemose

Board of Directors:


Franz-Josef Biesel
Chairman


Helmut Pritscher


Stefan Holzhauser


Henrik Iding


Jeanett Chrisdam

Auditors` report

To the shareholders of Europæiske Rejseforsikring A/S

We have audited the annual report of Europæiske Rejseforsikring A/S for the financial year 2005, which have been prepared in accordance with the financial business act.

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


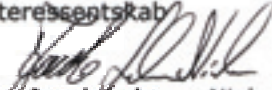


Basis of Opinion

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

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the financial position at 31 December of the company and of the results of the company's operations for the financial year 2005 in accordance with the financial business act.

KPMG C. Jespersen Statsautoriseret Revisionsinteressentskab		DELOITTE Statsautoriseret Revisionsaktieselskab	
			
Ole Karstensen State Authorised Public Accountant	Jacob Lehman Nielsen State Authorised Public Accountant	Erik Holst Jørgensen State Authorised Public Accountant	Birger Berg Nielsen State Authorised Public Accountant

Profit and loss account

Note in DKK'000

	<u>2005</u>	<u>2004</u>
	<i>Earned premiums</i>	
0	404.944	472.229
	-99.240	-115.972
1	22.761	-34.850
	-3.879	14.460
	<u>324.586</u>	<u>335.867</u>
2	Technical interest, net of reinsurance	3.304
	<u>3.304</u>	<u>3.675</u>
	<i>Claims incurred</i>	
	244.475	208.711
	-68.729	-50.091
	-19.142	39.152
	11.506	-26.340
	<u>168.109</u>	<u>171.432</u>
	Bonus and premium discounts	2.380
	<u>2.380</u>	<u>970</u>
	<i>Net operating expenses</i>	
3	85.559	107.762
4	66.602	69.042
	-26.073	-35.941
5	Total net operating expenses, net of reinsurance	126.088
	<u>126.088</u>	<u>140.863</u>
6	UNDERWRITING RESULT	31.313
	<u>31.313</u>	<u>26.277</u>
	<i>Income from investment assets</i>	
7	4.305	2.306
	40	139
	1.816	2.459
8	8.037	8.465
9	4.189	-1.488
	-443	-544
	-363	-350
	<u>17.582</u>	<u>10.987</u>
	Interest on insurance provisions	-3.425
	<u>-3.425</u>	<u>-3.675</u>
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	14.157
	<u>14.157</u>	<u>7.312</u>
10	31.259	27.993
10	29.996	26.820
	<u>29.996</u>	<u>26.820</u>
	PROFIT BEFORE TAX	46.732
	<u>46.732</u>	<u>34.762</u>
11	13.500	9.046
	<u>13.500</u>	<u>9.046</u>
	PROFIT FOR THE YEAR	33.232
	<u>33.232</u>	<u>25.716</u>

Balance Sheet as 31st December

Note	<u>2005</u>	<u>2004</u>
12	ASSETS	
	<i>Intangible assets</i>	
	Software	4.334
	Software, development projects	0
	TOTAL INTANGIBLE ASSETS	<u>4.334</u>
	<i>Tangible assets</i>	
13	Operating equipment	9.985
14	Domicile	71.524
	TOTAL TANGIBLE ASSETS	<u>81.509</u>
	<i>Investments in affiliated and associated companies</i>	
15	Capital holdings (shares) in affiliated companies	25.780
15	Capital holdings (shares) in associated companies	1.425
	Total investments in affiliated and associated companies	<u>27.205</u>
	<i>Other financial investments</i>	
	Participating interests	65
	Unit trusts	12.096
	Bonds	166.953
	Cash in hand and cash equivalent	26.437
	Total other financial investments	<u>205.551</u>
	TOTAL INVESTMENT ASSETS	<u>232.756</u>
	<i>Reinsurance share of technical provision</i>	
	Reinsurance share of unearned premiums	23.536
	Reinsurance share of claim provision	68.907
	Total reinsurance share of technical provision	<u>92.443</u>
	<i>Debtors</i>	
	Amounts owed by policy holders	103
	Amounts owed by insurance brokers	16.498
	Debtors arising out of direct insurance contracts, in total	<u>32.827</u>
	Amounts owed by insurance companies	2.031
	Amounts owed by affiliated companies	894
	Amounts owed by associated companies	15.773
	Other debtors	15.767
	TOTAL DEBTORS	<u>159.735</u>
	<i>Other assets</i>	
	Current tax receivables	342
	Other	3.648
	TOTAL OTHER ASSETS	<u>3.990</u>
	<i>Prepayments and accrued income</i>	
	Accrued interest	3.411
16	Other prepayments and accrued income	2.474
	TOTAL PREPAYMENTS AND ACCRUED INCOME	<u>5.885</u>
	TOTAL ASSETS	<u><u>488.209</u></u>

Balance Sheet as 31st December

Note	<u>2005</u>	<u>2004</u>
	LIABILITIES	
	<i>Capital and reserves</i>	
	Share capital	10.000
	<i>Reserves</i>	
	Contingency reserve, untaxed	115.000
	Other reserves, year end	5.694
	Total reserves	120.694
	Proposed dividend for the accounting year	9.000
	Profit brought forward	40.410
17	TOTAL CAPITAL AND RESERVES	180.104
	<i>Provisions for insurance contracts</i>	
	Provision for unearned premiums	105.429
	Claim provisions	132.767
18	Equalisation provision	10.000
	TOTAL PROVISION FOR INSURANCE CONTRACTS	248.196
	<i>Provisions for other risks and charges</i>	
19	Deferred taxation	2.822
	TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	2.822
	<i>Creditors</i>	
	Amounts owed to insurance companies	3.735
	Amounts owed to reinsurance companies	10.512
20	Amounts owed to credit institutions	8.670
	Amounts owed to affiliated companies	661
	Amounts owed to associated companies	90
	Actual tax liabilities	721
21	Other creditors	32.698
	TOTAL CREDITORS	57.087
	TOTAL LIABILITIES	488.209
22	Contingency liabilities	
23-26	Other Notes	

Note

	2005	2004
in DKK'000		
1 Gross earned premiums		
Gross premiums	404.944	472.229
Change in the gross provision for unearned premiums	<u>22.761</u>	<u>-34.850</u>
Gross earned premiums for the year	<u>427.705</u>	<u>437.379</u>
<i>Distribution:</i>		
Direct business	411.005	425.180
Indirect business	<u>16.700</u>	<u>12.199</u>
	<u>427.705</u>	<u>437.379</u>
<i>Geographic distribution of direct business:</i>		
Denmark	322.009	309.932
EU countries	72.697	100.747
Non-EU countries	<u>16.299</u>	<u>14.501</u>
	<u>411.005</u>	<u>425.180</u>
2 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	248.196	198.024
Reinsurers share of technical provisions, year start	-92.443	-56.194
Provisions for insurance contracts, year end	204.223	248.196
Reinsurers share of technical provisions, year end	<u>-76.930</u>	<u>-92.443</u>
Total	<u>283.046</u>	<u>297.583</u>
Average	141.523	148.792
Interest rate in accordance with the Danish FSA	<u>2,42%</u>	<u>2,47%</u>
Interest on technical provisions	3.425	3.675
Unwinding of provision for claims	<u>-121</u>	<u>0</u>
Technical interest, net of reinsurance	<u>3.304</u>	<u>3.675</u>
3 Acquisition costs		
Total acquisition costs	85.559	107.762
of which:		
Commission for direct business	61.892	74.837
Commission for indirect business	<u>6.902</u>	<u>6.138</u>
	<u>68.794</u>	<u>80.975</u>
4 Administrative expenses		
Administrative expenses	77.307	76.725
Duties and contributions etc	4.332	4.084
Depreciation	7.482	7.622
Reimbursements from affiliated companies	<u>-22.520</u>	<u>-19.389</u>
	<u>66.602</u>	<u>69.042</u>
Total fees paid to auditors appointed by the company at the general meeting:		
Statutory audit services		
Deloitte	413	353
KPMG	<u>388</u>	<u>417</u>
	<u>801</u>	<u>770</u>
Services other than audit:		
Deloitte	448	772
KPMG	<u>18</u>	<u>40</u>
	<u>466</u>	<u>812</u>
Total	<u>1.267</u>	<u>1.582</u>

Note

in DKK'000

	<u>2005</u>	<u>2004</u>
5 Staff costs		
Net operating expenses include the following staff costs:		
Wages and salaries	61.309	51.615
Pension scheme contributions	6.227	5.630
Payroll tax	<u>4.332</u>	<u>4.084</u>
	<u>71.868</u>	<u>61.329</u>
Total remuneration paid to:		
Board of Directors	<u>80</u>	<u>80</u>
Board of Management	<u>2.476</u>	<u>2.304</u>
The average of full-time staff	<u>137</u>	<u>129</u>
6 Breakdown of underwriting result		
Earned premiums	425.325	436.409
Underwriting interest, net of reinsurance	3.304	3.675
Claims incurred	-225.332	-247.863
Administrative expenses	-66.602	-69.042
Acquisition costs	<u>-85.559</u>	<u>-107.762</u>
Profit from gross operations	<u>51.136</u>	<u>15.417</u>
Ceded insurance premiums	103.120	101.512
Reinsurance recoveries	-57.224	-76.431
Reinsurance commissions and profit participation	<u>-26.073</u>	<u>-35.941</u>
Result of ceded business	<u>19.823</u>	<u>-10.860</u>
Underwriting profit	<u>31.313</u>	<u>26.277</u>
In the above figures our branch in England is recognised as:		
Earned premiums	48.239	94.566
Claims incurred	-38.505	-41.665
Administrative expenses	-1.613	-9.655
Commission expenses	<u>-12.403</u>	<u>-35.652</u>
Profit from gross operations	<u>-4.282</u>	<u>7.594</u>
Ceded reinsurance premiums	8.014	24.005
Reinsurance recoveries received	-9.862	-10.208
Reinsurance commissions and profit participation	<u>-243</u>	<u>-9.139</u>
Result of ceded business	<u>-2.091</u>	<u>4.658</u>
Underwriting profit	-2.191	2.936
Interest income	<u>362</u>	<u>400</u>
	<u>-1.829</u>	<u>3.336</u>
7 Income from affiliated companies		
The year's net result in Euro-Alarm A/S	-47	-525
The year's net result in Evropská Cestovni Pojistovna a.s. Czechia	4.352	2.946
The year's net result in ESK a.s. Slovakia	<u>0</u>	<u>-115</u>
	<u>4.305</u>	<u>2.306</u>

Note

in DKK'000

	<u>2005</u>	<u>2004</u>
8 Interest income and dividends etc		
Interest income	7.714	8.191
Dividend from participating interests	<u>323</u>	<u>274</u>
	<u>8.037</u>	<u>8.465</u>
9 Realised and unrealised gains and losses, net		
Participating interests	5.042	1.580
Bonds	144	-1.029
Investment properties	-25	0
Capital loss on instalments and redemptions	-563	-1.749
Mortgage loans	171	48
Claims provisions	-7	0
Exchange rate adjustments	<u>-572</u>	<u>-337</u>
	<u>4.189</u>	<u>-1.488</u>
10 Other income and expenses		
Income from administration arrangements	31.259	27.993
Expenses from administration arrangements	<u>29.996</u>	<u>26.820</u>
	<u>1.263</u>	<u>1.173</u>
11 Tax of the profit for the year		
Current tax	14.581	6.880
Change in deferred tax	-1.428	2.051
Adjustment regarding prior years	<u>347</u>	<u>115</u>
	<u>13.500</u>	<u>9.046</u>
Taxes paid (received) for last year	<u>347</u>	<u>-742</u>
Taxes paid on account for the current year	<u>8.432</u>	<u>6.502</u>
Effective tax rate	%	%
Tax of accounting profit	28	30
Adjustment of tax from previous years	1	-1
Tax of non-taxable income and expenses	-4	-5
Change in accounting estimate - tangible assets	5	0
Change in tax rate	<u>-1</u>	<u>0</u>
	<u>29</u>	<u>24</u>

Note

in DKK'000

	2005	2004
12 Intangible assets		
Cost at the beginning of the year	7.239	5.413
Additions and improvements of the year	5.964	1.826
Cost at the end of the year	13.203	7.239
Depreciation and write-downs at beginning of year	2.905	944
Depreciation and write-downs of the year	2.450	1.961
Total depreciation and write-downs at year-end	5.355	2.905
Revaluations of the year	0	0
Total revaluations at year-end	0	0
Net book value	7.848	4.334
13 Operating Equipment		
Cost at the beginning of the year	57.259	54.060
Additions and improvements of the year	3.245	3.199
Cost at the end of the year	60.504	57.259
Depreciation and write-downs at beginning of year	47.274	42.579
Depreciation and write-downs of the year	4.163	4.695
Total depreciation and write-downs at year-end	51.437	47.274
Revaluations of the year	0	0
Total revaluations at year-end	0	0
Net book value	9.067	9.985
14 Land and buildings		
Cost at the beginning of the year	94.568	94.568
Additions and improvements of the year	0	0
Cost at the end of the year	94.568	94.568
Depreciation and write-downs of the year	94	0
Total depreciation and write-downs at year-end	23.398	23.304
Revaluations of the year	0	0
Total revaluations at year-end	260	260
Net book value	71.429	71.524
Net book value of land and buildings used for company operations	52.619	52.748
Real property value according to the last public assessment	72.600	67.580
The property has not been evaluated by external parties		
In 1992 the company acquired the building at 3, Frederiksberg Allé, in which the registered office is located. The yield used for the assessment of the market value of the building is	6,00%	6,10%
15 Affiliated and associated companies		
	<u>Affiliated companies</u>	<u>Associated companies</u>
Acquisition cost, balance at January 1, 2005	19.961	1.550
Acquisition cost, balance at 31 December 31, 2005	19.961	1.550
Revaluations, balance at 1 January 2005	10.222	-125
Price adjustment of opening balance of capital and reserves	1.111	0
Share of profit for the year	4.305	40
Distribution of dividends	-2.636	0
Revaluations, balance at 31 December 2005	13.002	-85
Write-downs, balance at 1 January 2005	4.403	0
Write-downs, balance at 31 December 2005	4.403	0
Net book value at 31 December 2005	28.560	1.465
Net book value at 31 December 2004	25.780	1.425

Note

in DKK'000

	<u>2005</u>	<u>2004</u>
16 Other prepayments and accrued income		
Prepaid wages and salaries	1.031	721
Other prepayments and accrued income	<u>716</u>	<u>1.753</u>
	<u>1.747</u>	<u>2.474</u>
17 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	207.584	180.104
Deduction of intangible fixed assets	7.848	4.334
Allowance for solvency requirement in subsidiaries	11.579	11.012
Proposed dividend	<u>31.500</u>	<u>9.000</u>
Base capital	<u>156.657</u>	<u>155.758</u>
Solvency requirements	<u>64.675</u>	<u>64.389</u>
18 Equalisation provision		
Illness	<u>0</u>	<u>10.000</u>
	<u>0</u>	<u>10.000</u>

Note

in DKK'000

	<u>2005</u>	<u>2004</u>
19 Provisions for taxation		
Deferred tax is incumbent on the following items:		
Owner-occupied property	2.465	0
Bonds and mortgage debt	-117	-688
Deferred acquisition costs, net of reinsurance	0	4.057
Intangible fixed assets	933	1.300
Operating equipment	-1.669	-1.797
Severance pay etc.	-218	-50
Total provisions for deferred taxation	<u>1.394</u>	<u>2.822</u>
Contingency tax		
A release of the contingency reserve will trigger a tax of	<u>32.200</u>	<u>34.500</u>
	<u>32.200</u>	<u>34.500</u>
<p>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.</p>		
20 Long term creditors		
The following amounts fall due for payment after 5 years or beyond:		
Amounts owed to credit institutions	<u>0</u>	<u>0</u>
21 Other creditors		
PAYE taxes and labour market contribution	0	86
Holiday pay obligations, salaried staff	6.962	5.524
Social security benefit and other duties	766	406
Other accrued costs	<u>16.609</u>	<u>26.682</u>
	<u>24.337</u>	<u>32.698</u>
22 Contingency liabilities		
Submission of guarantee to Danske Bank for the overdraft facility of Euro-Alarm A/S up to a maximum of DKK3m.		
The company is jointly and severally liable with other jointly taxed companies for the total company tax in accordance with the joint taxation existing up to and including 2004.		
The company has leased copying machines. The payments in the leasing period amount to:	<u>831</u>	<u>588</u>

Note

in DKK'000

2005

2004

23 Management assignments

The board has approved the following management assignments to be carried out by Preben Mullit, the Managing Director:

Member of the Board of Euro-Center Holding A/S, Copenhagen

Member of the Board of Euro Alarm A/S, Copenhagen

Member of Danske Rejseagenters Sikkerhedsfond

24 Incentive Schemes

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

25 Group ownership

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

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

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

The annual report for Munich Re can be ordered on <http://www.munichre.com/>

26 Risk Sensitivity

Event

Effect at equity

	2005	2004
Increase in interest rate of 0.7% point	-7.356	-1.855
Decrease in interest rate of 0.7% point	7.356	1.855
Price decrease of 12% on shares	-2.064	-1.459
Decrease in real estate of 8%	-5.173	-5.028
Change in currency by 0.5 % with a probability of 10 days	-175	-725
Loss of contracting parties of 8%	-1.258	-845

Equity specification

Amount in DKK '000

Equity as of 1st January 2004

Changes in accounting policies:

Carrying back the discounting effect on deferred tax

Adjusted equity as of 1st January 2004

Dividend paid out

Provisions for other reserves

Currency adjustment for foreign entities

Profit for the year

Proposed dividend

Equity as of 1st January 2005

Changes in accounting policies:

Equalisation provision

Claim handling expenses

Discounting of claim provision

Discounting of the reinsurer's share of claim provision

Tax of the above

Changes due to the new executive order

Adjusted equity as of 1st January 2005

Dividend paid out

Provisions for other reserves

Currency adjustment for foreign entities

Profit for the year

Proposed dividend

Equity as of 31st December 2005

Share Capital	Other Provisions	Security funds	Transferred result	Dividend	Total
10.000	0	115.000	28.202	7.500	160.702
10.000	0	115.000	27.995	7.500	160.495
	4.306		-4.306		0
	1.388		5		1.393
			25.716		25.716
			-9.000	9.000	0
10.000	5.694	115.000	40.410	9.000	180.104
			10.000		10.000
			-7.243		-7.243
			1.913		1.913
			-1.722		-1.722
			-1.054		-1.054
0	0	0	1.894	0	1.894
10.000	5.694	115.000	42.304	9.000	181.998
				-9.000	-9.000
	1.708		-1.708		0
	1.111		243		1.354
			33.232		33.232
			-31.500	31.500	0
10.000	8.513	115.000	42.571	31.500	207.584

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

	Accident and health insurance	Fire and personal property (corporate) insurance	Liability insurance	Other insurance	Total
1 Gross premiums written	163.046	4.069	6.740	231.089	404.944
2 Gross premiums earned	171.345	3.783	6.767	245.810	427.705
3 Gross claims incurred	-83.380	-1.721	-3.135	-137.096	-225.332
4 Bonus and premium discounts	-2.380	0	0	0	-2.380
<i>Administration costs</i>	-24.022	1	0	-42.581	-66.602
<i>Acquisition costs</i>	-11.840	-157	-228	-73.333	-85.559
6 Gross operating expenses	-35.862	-156	-228	-115.914	-152.161
Profit from gross operations	49.723	1.905	3.404	-7.200	47.832
7 Result of business ceded	22.057	123	-2.303	-39.700	-19.823
9 Technical interest o.o.a.	2.336	-35	-11	1.014	3.304
10 Underwriting result	74.117	1.993	1.089	-45.886	31.313
Number of compensations paid	17.838	370	130	34.833	53.171
Average compensation for claims incurred	4,6	4,6	29,6	2,7	3,4
Compensation ratio	163,7%	23,5%	44,5%	9,7%	5,7%