

EUROPÆISKE REJSEFORSIKRING A/S

ANNUAL REPORT

2006

**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

TABLE OF CONTENTS

Five-year review	Page	3
Management Report for 2006	Page	4
Accounting policies applied	Page	9
Signatures of the Board of Directors and the Board of Management	Page	15
Auditor's Report	Page	16
Profit and Loss of 2006	Page	17
Balance sheet as of 31st December 2006.....	Page	18
Notes	Page	20
Equity specification	Page	27
Split of insurance classes.....	Page	28

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,
*Gitte Larsen, *Jeanett S. Chrisdam

*Elected by the staff

BOARD OF MANAGEMENT:

Preben Mullit, Managing Director

COMPANY AUDITORS:

Deloitte
Statsautoriseret
Revisionsaktieselskab
Erik Holst Jørgensen and Jacques Peronard

KPMG C. Jespersen
Statsautoriseret
Revisionsinteressentskab
Ole Karstensen and Jes P. Sørensen

Five-year review

in DKK'000

	2006	2005	2004	2003	2002
Profit and Loss					
Gross premiums earned	379.863	427.705	437.379	344.740	364.115
Gross claims incurred	183.598	225.333	247.863	164.162	184.919
Operating expenses	141.702	152.161	176.804	128.512	135.515
Result of reinsurance (-=net cost)	-37.307	-19822,5	10.860	9.464	3.067
Underwriting result	19.928	31.313	26.277	18.664	18.230
Profit/loss of investment after transfer of technical interest	10.338	14.157	7.312	8.000	12.407
Profit for the year	26.586	33.232	25.716	14.825	16.023
Gross run-off profit/loss	4.595	18.566	2.446	4.352	-1.045
Run-off profit/loss, net of reinsurance	342	17.177	12.327	4.948	7.392
Assets and Liabilities at	31.12.2006	31.12.2005	31.12.2004	31.12.2003	31.12.2002
Insurance assets	54.906	76.930	92.443	56.194	64.319
Technical provisions	178.780	204.223	248.196	184.501	193.542
Capital and reserves at year-end	211.084	207.584	180.104	153.202	145.877
Total assets	455.051	465.393	488.209	341.701	341.284
Key figures	2006	2005	2004	2003	2002
Claims ratio	48,53%	52,98%	56,80%	48,12%	51,57%
Expense ratio	38,12%	36,28%	41,32%	37,39%	37,99%
Reinsurance ratio	9,82%	4,63%	-2,48%	-2,75%	-0,84%
Combined ratio	96,47%	93,89%	95,63%	82,76%	88,73%
Operating ratio	94,79%	92,69%	94,03%	81,95%	87,48%
Relative run-off result	3,81%	13,98%	2,61%	4,15%	-1,27%
Return on capital and reserves	12,70%	17,14%	10,21%	9,91%	11,14%
Solvency cover	2,93	2,42	2,42	2,82	2,88

The accounting policies where changed from 2005 in accordance with the Executive order on financial statements. Main and key figures for 2002-2003 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 2006

About Europæiske

Choosing travel insurance can never be as exciting or absorbing as choosing a travel destination. Even we have to acknowledge that in terms of interest, the outcome of a contest between the two will always be a foregone conclusion.

Nevertheless, it is wise to devote just as much care and attention to choosing your travel insurance as to deciding where you want to go, where you want to stay and how you want to get there. In short, it is important to take as much trouble over your travel insurance as you do over your travel details. Because experience shows that travel insurers differ considerably both as companies and in what they offer.

When you insure with Europæiske you join forces with Denmark's biggest and probably best organised travel insurance company.

As a Europæiske customer you have an unrivalled network of service offices, doctors, call centres and experts at your disposal. When travelling, you are also protected by the uncompromising customer support philosophy that characterises all our activities. The philosophy that just one individual in distress is enough to mobilise our entire organisation.

Our service centres are located in 13 different places around the world. They are open for personal, on-the-spot help and are manned by knowledgeable, specially trained staff.

Our call centre is your direct point of contact with Europæiske and ensures we are always available no matter what time zone you are in. 24 hours a day, 365 days a year, you can talk to Danish-speaking personnel who will assist you at short notice with any problem large or small, whether you are close at hand or far away.

As a Europæiske customer you also receive the benefit of more than 80 years' experience and intensive research into treatment conditions abroad. We travel the world to keep up to date with the best and most qualified treatment centres, and we never compromise on treatment quality however remote the location.

All it takes to find you a hospital is an address book, but finding you the right treatment at the right place – whether you are in Nepal, Norway or New York - takes insight and a precise understanding of local conditions. Europæiske has this knowledge and we act on it when the need arises.

We sincerely hope that none of our customers will ever have occasion to call upon Europæiske for help. But the knowledge that you will not be abandoned to your fate if you insure with us will hopefully help lighten your suitcase. You will have left your uncertainty behind you.

Have a good and safe journey.

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 2006 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 lived up to expectations. 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 2006 there were 20 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.

From 1st January 2008 repatriation will no longer be included in the Public Health Travel Insurance Scheme and Europæiske look forward to further develop the unique experience we already have in supplying this service to Danish citizens but via private insurance policies instead.

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. In 2006 the Danish Parliament decided to cut down the Public Health Travel Insurance's coverage geographically as well as on the repatriation cover. Europæiske has acted upon this and in 2006 we initiated an adjustment of our product range to reflect the changed situation. It is still too early to say in which direction we will move but we will definitely use the very extensive experience we have as market leader.

Sales and new customers

Also in 2006 we have experienced a large increase in sales via our homepage www.er.dk and in 2006 our CallCentre has also experienced a large increase in sales.

The year 2006

In 2006 the development has fully lived up to our expectations.

The gross premium has shown a decrease of DKK24m which 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 2006 and 2005 respectively.

In the last couple of years Europæiske Rejseforsikring A/S has had to realize losses on our group personal accident insurance policies. In 2005 Europæiske Rejseforsikring A/S therefore gave notice of considerable premium increases on these products. The consequence has been that two large unprofitable contracts were cancelled and that considerable premium increases on other group personal accident policies are now in force. The product now has an acceptable claims ratio. Europæiske Rejseforsikring A/S's loss of sale in gross premium of the two above-mentioned cancelled agreements has been compensated fully by other new business.

The course of claims for 2006 has been favorable with a claims ratio of 49% against 53% in 2005. The decrease in the claims ratio is due to the improved course of claims for group personal accident insurance and the winding-up of our branch in England. To the contrary Europæiske Rejseforsikring A/S has not realized the same run off gain as in 2005. 2006 has been influenced by a run-off gain gross corresponding to DKK 4.6m. Last year this run off result was an extraordinary large gain of DKK 18.6m.

Europæiske Rejseforsikring A/S has considerable ceded business on the classes, personal accident, liability and on some of our cancellation products. These classes have had a very good course of claim. The result is that our net costs to ceded business have increased significantly.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2006, the company wrote a gross premium corresponding to DKK55m. The company's annual accounts show a profit of DKK9.3m, which is very satisfactory. Our share of the annual profit is DKK7.0m.

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 report of Euro-Alarm A/S for 2006 shows a profit of DKK0.5m of which our share is a profit of approx. DKK0.3m.

Annual accounts

The net profit is DKK26.6m compared to DKK33.2m in 2005.

The result of business ceded shows an expense for Europæiske Rejseforsikring A/S of DKK37.3m against an expense of DKK19.8m in 2005. This is an additional expense of DKK17.5 compared to 2005. This is due to lower reimbursement of claims from reinsurance and that the two unrenewed, unprofitable insurance contracts regarding group personal accident insurance, included in the reinsurance contracts, were not renewed.

The underwriting result shows a profit of DKK19.9m against DKK31.3m in 2005, a decrease of DKK11.4m.

Gross premiums written amount to DKK381.1m against DKK404.9m in 2005, a decrease of DKK23.8m. The decrease is due to the winding down of our branch in England. The gross premiums written in the English branch have decreased by DKK27m from 2005 to 2006.

Gross claims incurred amount to DKK183.6m against DKK225.3m in 2005, a decrease of DKK41.7m. The gross claims ratio is 48.5% against 53.0% in 2005.

The claims incurred, net of reinsurance, amount to DKK155.0m against DKK168.1m in 2005, a decrease of DKK13.1m. The claims ratio, net of reinsurance, is 41.0% against 37.8% in 2005.

The administration expenses amount to DKK65.0m against DKK66.6m in 2005.

Acquisition costs amount to DKK76.7m against DKK85.6m in 2005.

The expense ratio, including acquisition cost and commission of business ceded is 38.1% against 36.3% in 2005. The acquisition cost ratio alone is 20.3% against 20.1% in 2005. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 96.5% against 93.9% in 2005.

The result from affiliated companies shows a profit of DKK7.3m against DKK4.3m in 2005. This result consists mainly of a profit of DKK7.0m from Evropská Cestovni Pojistovna A.S., Czech Republic and a profit in Euro-Alarm A/S, Denmark of DKK0.3m.

Interest income, dividends etc. for the year amount to DKK7.0m against DKK8.0m in 2005.

Income from land and buildings amounts to DKK1.6m against DKK1.8m in 2005, a decrease of DKK0.2m. The decrease is primarily due to a decrease in rental income to 3rd party of DKK0.5m.

Net capital gain for the year amounts to DKK0.5m against a profit of DKK4.2m in 2005. The capital gain in 2006 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 DKK14.7m against a profit of DKK17.6m in 2005.

The company's branch in England has shown a deficit of DKK2.9m before tax against a deficit of DKK1.8m in 2005. The branch is now being wound up and is expected to be completely wound up within the next couple of years. No more significant gains or losses are expected in connection with the winding down.

As of December 31, 2006 the company's total capital and reserves amount to DKK211.1m out of its total assets of DKK455.1m.

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%	3,114
Evropská Cestovni Pojistovna a.s.	Czech Republic	Insurance	75.00%	42,440
Associated companies:				
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	7,081
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 2007 is expected to be at a lower level than in 2006, as the claims ratio for 2007 is expected to be higher than the very low claims ratio for 2006.

Financial risks

In terms of the result the company is sensitive towards the development in exchange rates and the prices of bonds and shares. The stress scenarios red, yellow and green, set by the Danish Financial Supervisory Authority, have been calculated on a continuous basis and Europæiske Rejseforsikring A/S has always been in the green with a good safety margin. The latest calculation shows a total equity effect of minus DKK16.0m and minus DKK25.5m 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 12% of the company's equity.

Disaster cover

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

Appropriation of profit

Available for appropriation:

Amount in DKK'000	2006	2005
Profit for the year	<u>26,586</u>	<u>33,232</u>

Which amount is recommended to be allocated as follows:

	2006	2005
To the Shareholders	9,000	31,500
Transferred to other reserves	3,836	1,708
Transferred to reserves	<u>13,750</u>	<u>24</u>
	<u>26,586</u>	<u>33,232</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.

Accounting estimate

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

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

Recognition and measurement

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

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

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

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

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

Inter group transactions

The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on inter-company accounts is the market rate when these accounts are not considered current business accounts.

Other services (including reinsurance) rendered as part of ordinary insurance operations to and from inter-company buyers are settled at market rates.

Inter-company trading in assets, including securities, is conducted at market prices. No significant inter-company trading 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 provision.

Technical interest, net of reinsurance

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

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

Claims incurred, net of reinsurance

Claims incurred, net of reinsurance consist of the claims paid together with direct and indirect costs for claims handling less reinsurance recoveries, adjusted for movements in the outstanding claims reserve.

As a result, claims incurred, net of reinsurance consist of reported and expected claims for the accounting year. Furthermore, the difference (run-off result) between the claims incurred and provision in prior years and the claims provision 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
----------	-----------

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

After completion of the development the asset is written down on a straight-line basis over the expected useful life, however 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 Danish Financial Supervisory Authority's executive order on financial reports that the useful life is 50 years and the scrap value is 70%.

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

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 2006 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, February 12, 2007

Board of Management:

Preben Mullit

/

Winnie Grønnemose

Board of Directors:

Franz-Josef Biesel
Chairman

Helmut Pritscher

Stefan Holzhauser

Gitte Larsen

Jeanett Chrisdam

Profit and loss account

Note in DKK'000

	<u>2006</u>	<u>2005</u>
	<i>Earned premiums</i>	
1	381.087	404.944
	-88.732	-99.240
	-1.224	22.761
	1.619	-3.879
	<u>292.750</u>	<u>324.586</u>
2	Technical interest, net of reinsurance	3.304
	<i>Claims incurred</i>	
	211.414	244.475
	-53.067	-68.729
	-27.816	-19.142
	24.509	11.506
	<u>155.040</u>	<u>168.109</u>
	Bonus and premium discounts	2.380
	<i>Net operating expenses</i>	
3	76.734	85.559
4	64.968	66.602
	-21.248	-26.073
5	<u>120.454</u>	<u>126.088</u>
6	UNDERWRITING RESULT	31.313
	<i>Income from investment assets</i>	
7	7.286	4.305
	-305	40
	1.629	1.816
8	6.955	8.037
9	536	4.189
	-773	-443
	-620	-363
	<u>14.708</u>	<u>17.582</u>
2	Interest on insurance provisions	-3.425
	<u>10.338</u>	<u>14.157</u>
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	
10	33.822	31.259
10	<u>31.818</u>	<u>29.996</u>
	PROFIT BEFORE TAX	46.732
11	5.684	13.500
	<u>26.586</u>	<u>33.232</u>
	PROFIT FOR THE YEAR	

Balance Sheet as of 31st December

Note	in DKK '000	<u>2006</u>	<u>2005</u>
	ASSETS		
12	<i>Intangible assets</i>		
	Software	3.659	3.332
	Software, development projects	<u>6.252</u>	<u>4.516</u>
	TOTAL INTANGIBLE ASSETS	<u>9.911</u>	<u>7.848</u>
	<i>Tangible assets</i>		
13	Operating equipment	13.405	9.067
14	Domicile	<u>94.000</u>	<u>71.429</u>
	TOTAL TANGIBLE ASSETS	<u>107.405</u>	<u>80.497</u>
	<i>Investments in affiliated and associated companies</i>		
15	Capital holdings (shares) in affiliated companies	33.913	28.560
15	Capital holdings (shares) in associated companies	<u>1.244</u>	<u>1.465</u>
	Total investments in affiliated and associated companies	<u>35.157</u>	<u>30.024</u>
	<i>Other financial investments</i>		
	Participating interests	54	65
	Unit trusts	20.780	17.138
	Bonds	117.133	160.407
	Cash in hand and cash equivalent	<u>14.298</u>	<u>7.490</u>
	Total other financial investments	<u>152.265</u>	<u>185.100</u>
	TOTAL INVESTMENT ASSETS	<u>196.809</u>	<u>215.124</u>
	<i>Reinsurance share of technical provision</i>		
	Reinsurance share of unearned premiums	21.526	19.907
	Reinsurance share of claim provision	<u>33.380</u>	<u>57.023</u>
	Total reinsurance share of technical provision	<u>54.906</u>	<u>76.930</u>
	<i>Debtors</i>		
	Amounts owed by policy holders	735	864
	Amounts owed by insurance brokers	<u>25.928</u>	<u>16.498</u>
	Debtors arising out of direct insurance contracts, in total	<u>26.663</u>	<u>17.362</u>
	Amounts owed by insurance companies	111	2.150
	Amounts owed by affiliated companies	12.138	6.118
	Amounts owed by associated companies	0	10.759
	Tax asset	1.327	0
	Other debtors	<u>47.391</u>	<u>41.073</u>
	TOTAL DEBTORS	<u>142.536</u>	<u>154.391</u>
	<i>Other assets</i>		
	Other	<u>4.321</u>	<u>3.376</u>
	TOTAL OTHER ASSETS	<u>4.321</u>	<u>3.376</u>
	<i>Prepayments and accrued income</i>		
	Accrued interest	2.175	2.409
16	Other prepayments and accrued income	<u>1.281</u>	<u>1.748</u>
	TOTAL PREPAYMENTS AND ACCRUED INCOME	<u>3.456</u>	<u>4.157</u>
	TOTAL ASSETS	<u>455.051</u>	<u>465.393</u>

Balance Sheet as of 31st December

Note in DKK '000

	<u>2006</u>	<u>2005</u>
LIABILITIES		
<i>Capital and reserves</i>		
Share capital	<u>10.000</u>	<u>10.000</u>
<i>Reserves</i>		
Contingency reserve, untaxed	<u>115.000</u>	<u>115.000</u>
Revaluations provisions	6.871	0
Other reserves, year end	<u>13.400</u>	<u>8.513</u>
Total reserves	<u>135.271</u>	<u>123.513</u>
Proposed dividend for the accounting year	<u>9.000</u>	<u>31.500</u>
Profit brought forward	<u>56.812</u>	<u>42.571</u>
17 TOTAL CAPITAL AND RESERVES	<u>211.084</u>	<u>207.584</u>
<i>Provisions for insurance contracts</i>		
Provision for unearned premiums	84.773	83.470
Claim provisions	<u>94.007</u>	<u>120.752</u>
TOTAL PROVISION FOR INSURANCE CONTRACTS	<u>178.780</u>	<u>204.223</u>
<i>Provisions for other risks and charges</i>		
18 Deferred taxation	<u>4.466</u>	<u>1.394</u>
TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	<u>4.466</u>	<u>1.394</u>
<i>Creditors</i>		
Amounts owed to insurance companies	3.186	4.652
Amounts owed to reinsurance companies	20.966	6.446
Amounts owed to credit institutions	4.866	6.770
Amounts owed to affiliated companies	1	2.259
Amounts owed to associated companies	2.182	548
Actual tax liabilities	168	7.180
19 Other creditors	<u>29.352</u>	<u>24.337</u>
TOTAL CREDITORS	<u>60.721</u>	<u>52.192</u>
TOTAL LIABILITIES	<u>455.051</u>	<u>465.393</u>
20 Contingency liabilities		
21-24 Other Notes		

Note

in DKK'000

	<u>2006</u>	<u>2005</u>
1 Gross earned premiums		
Gross premiums	381.087	404.944
Change in the gross provision for unearned premiums	-1.224	22.761
Gross earned premiums for the year	<u>379.863</u>	<u>427.705</u>
<i>Distribution:</i>		
Direct business	368.366	411.005
Indirect business	11.497	16.700
	<u>379.863</u>	<u>427.705</u>
<i>Geographic distribution of direct business:</i>		
Denmark	331.020	322.009
EU countries	22.160	72.697
Non-EU countries	15.186	16.299
	<u>368.366</u>	<u>411.005</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	204.223	248.196
Reinsurers share of technical provisions, year start	-76.930	-92.443
Provisions for insurance contracts, year end	178.780	204.223
Reinsurers share of technical provisions, year end	-54.906	-76.930
Total	<u>251.167</u>	<u>283.046</u>
Average	125.584	141.523
Interest rate in accordance with the Danish FSA	3,48%	2,42%
Interest on technical provisions	4.370	3.425
Unwinding of provision for claims	-115	-121
Technical interest, net of reinsurance	<u>4.255</u>	<u>3.304</u>
3 Acquisition costs		
Total acquisition costs	<u>76.734</u>	<u>85.559</u>
of which:		
Commission for direct business	51.347	61.892
Commission for indirect business	6.805	6.902
	<u>58.152</u>	<u>68.794</u>
4 Administrative expenses		
Administrative expenses	73.711	77.307
Duties and contributions etc	4.828	4.332
Depreciation	7.840	7.482
Reimbursements from affiliated and associated companies	-21.411	-22.520
	<u>64.968</u>	<u>66.602</u>
Total fees paid to auditors appointed by the company at the general meeting:		
Statutory audit services		
Deloitte	421	413
KPMG	342	388
	<u>763</u>	<u>801</u>
Services other than audit:		
Deloitte	308	448
KPMG	90	18
	<u>398</u>	<u>466</u>
Total	<u>1.161</u>	<u>1.267</u>

Note

in DKK'000

	<u>2006</u>	<u>2005</u>
5 Staff costs		
Net operating expenses include the following staff costs:		
Wages and salaries	60.042	61.309
Pension scheme contributions	6.516	6.227
Payroll tax	<u>4.828</u>	<u>4.332</u>
	<u>71.386</u>	<u>71.868</u>
Total remuneration paid to:		
Board of Directors	<u>70</u>	<u>80</u>
Board of Management	<u>2.636</u>	<u>2.476</u>
The average of full-time staff	<u>139</u>	<u>137</u>
6 Breakdown of underwriting result		
Earned premiums	378.280	425.325
Underwriting interest, net of reinsurance	4.255	3.304
Claims incurred	-183.598	-225.332
Administrative expenses	-64.968	-66.602
Acquisition costs	<u>-76.734</u>	<u>-85.559</u>
Profit from gross operations	<u>57.235</u>	<u>51.136</u>
Ceded insurance premiums	87.113	103.120
Reinsurance recoveries	-28.558	-57.224
Reinsurance commissions and profit participation	<u>-21.248</u>	<u>-26.073</u>
Result of ceded business	<u>37.307</u>	<u>19.823</u>
Underwriting profit	<u>19.928</u>	<u>31.313</u>
In the above figures our branch in England is recognised as:		
Earned premiums	6.075	48.239
Claims incurred	-8.473	-38.505
Administrative expenses	-332	-1.613
Commission expenses	<u>-730</u>	<u>-12.403</u>
Profit from gross operations	<u>-3.460</u>	<u>-4.282</u>
Ceded reinsurance premiums	114	8.014
Reinsurance recoveries received	-642	-9.862
Reinsurance commissions and profit participation	<u>0</u>	<u>-243</u>
Result of ceded business	<u>-528</u>	<u>-2.091</u>
Underwriting profit	-2.932	-2.191
Interest income	<u>36</u>	<u>362</u>
	<u>-2.896</u>	<u>-1.829</u>
7 Income from affiliated companies		
The year's net result in Euro-Alarm A/S	333	-47
The year's net result in Evropská Cestovni Pojistovna a.s. Czechia	6.953	4.352
The year's net result in ESK a.s. Slovakia	<u>0</u>	<u>0</u>
	<u>7.286</u>	<u>4.305</u>

Note

in DKK'000

	<u>2006</u>	<u>2005</u>
8 Interest income and dividends etc		
Interest income	5.852	7.714
Dividend from participating interests	<u>1.103</u>	<u>323</u>
	<u>6.955</u>	<u>8.037</u>
9 Realised and unrealised gains and losses, net		
Participating interests	3.631	5.042
Bonds	-2.985	144
Investment properties	-25	-25
Capital loss on instalments and redemptions	-60	-563
Mortgage loans	99	171
Claims provisions	0	-7
Exchange rate adjustments	<u>-124</u>	<u>-572</u>
	<u>536</u>	<u>4.189</u>
10 Other income and expenses		
Income from administration arrangements	33.822	31.259
Expenses from administration arrangements	<u>31.818</u>	<u>29.996</u>
	<u>2.004</u>	<u>1.263</u>
11 Tax of the profit for the year		
Current tax	5.789	14.581
Change in deferred tax	556	-1.428
Adjustment regarding prior years	<u>-661</u>	<u>347</u>
	<u>5.684</u>	<u>13.500</u>
Taxes paid (received) for last year	<u>-661</u>	<u>347</u>
Taxes paid on account for the current year	<u>6.615</u>	<u>8.432</u>
Effective tax rate	%	%
Tax of accounting profit	28	28
Adjustment of tax from previous years	-2	1
Tax of non-taxable income and expenses	-6	-4
Change in accounting estimate - tangible assets	0	5
Change in tax rate	<u>0</u>	<u>-1</u>
	<u>20</u>	<u>29</u>

Note

in DKK'000

	<u>2006</u>	<u>2005</u>
12 Intangible assets		
Cost at the beginning of the year	13.203	7.239
Additions and improvements of the year	4.696	5.964
Cost at the end of the year	<u>17.899</u>	<u>13.203</u>
Depreciation and write-downs at beginning of year	5.355	2.905
Depreciation and write-downs of the year	2.633	2.450
Total depreciation and write-downs at year-end	<u>7.988</u>	<u>5.355</u>
Revaluations of the year	0	0
Total revaluations at year-end	<u>0</u>	<u>0</u>
Net book value	<u>9.911</u>	<u>7.848</u>
13 Operating Equipment		
Cost at the beginning of the year	60.504	57.259
Additions and improvements of the year	9.411	3.245
Cost at the end of the year	<u>69.915</u>	<u>60.504</u>
Depreciation and write-downs at beginning of year	51.437	47.274
Depreciation and write-downs of the year	5.073	4.163
Total depreciation and write-downs at year-end	<u>56.510</u>	<u>51.437</u>
Revaluations of the year	0	0
Total revaluations at year-end	<u>0</u>	<u>0</u>
Net book value	<u>13.405</u>	<u>9.067</u>
14 Land and buildings		
Cost at the beginning of the year	98.463	94.568
Additions and improvements of the year	9.414	0
Cost at the end of the year	<u>107.877</u>	<u>94.568</u>
Depreciation and write-downs of the year	0	94
Total depreciation and write-downs at year-end	<u>23.524</u>	<u>23.398</u>
Revaluations beginning the year	260	260
Revaluations of the year	9.387	0
Total revaluations at year-end	<u>9.647</u>	<u>260</u>
Net book value	<u>94.000</u>	<u>71.429</u>
Net book value of land and buildings used for company operations	<u>57.893</u>	<u>52.619</u>
Real property value according to the last public assessment	<u>75.940</u>	<u>72.600</u>
The property has not been evaluated by external parties		
In 1992 the company acquired the building at 3, Frederiksberg Allé, in which the registered office is located. The yield used for the assessment of the market value of the building is	<u>5,50%</u>	<u>6,00%</u>
15 Affiliated and associated companies		
	<u>Affiliated companies</u>	<u>Associated companies</u>
Acquisition cost, balance at January 1, 2006	19.961	1.550
Acquisition cost, balance at 31 December 31, 2006	<u>19.961</u>	<u>1.550</u>
Revaluations, balance at 1 January 2006	13.002	-85
Price adjustment of opening balance of capital and reserves	1.296	0
Share of profit for the year	7.286	-221
Distribution of dividends	-3.230	0
Revaluations, balance at 31 December 2006	<u>18.354</u>	<u>-306</u>
Write-downs, balance at 1 January 2006	4.403	0
Write-downs, balance at 31 December 2006	<u>4.403</u>	<u>0</u>
Net book value at 31 December 2006	<u>33.913</u>	<u>1.244</u>
Net book value at 31 December 2005	<u>28.560</u>	<u>1.465</u>

Note

in DKK'000

	<u>2006</u>	<u>2005</u>
16 Other prepayments and accrued income		
Prepaid wages and salaries	966	1.031
Other prepayments and accrued income	<u>315</u>	<u>717</u>
	<u>1.281</u>	<u>1.748</u>
17 Total capital and reserves		
	<u>56.812</u>	<u>42.571</u>

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	211.084	207.584
Deduction of intangible fixed assets	9.911	7.848
Allowance for solvency requirement in subsidiaries	12.209	11.579
Proposed dividend	<u>9.000</u>	<u>31.500</u>
Base capital	<u>179.964</u>	<u>156.657</u>
Solvency requirements	<u>61.506</u>	<u>64.675</u>

Note

in DKK'000

	<u>2006</u>	<u>2005</u>
18 Provisions for taxation		
Deferred tax is incumbent on the following items:		
Owner-occupied property	5.627	2.465
Bonds and mortgage debt	-433	-117
Deferred acquisition costs, net of reinsurance	0	0
Intangible fixed assets	1.024	933
Operating equipment	-1.387	-1.669
Severance pay etc.	-365	-218
Total provisions for deferred taxation	<u>4.466</u>	<u>1.394</u>

Contingency tax

A release of the contingency reserve will trigger a tax of	<u>32.200</u>	<u>32.200</u>
	<u>32.200</u>	<u>32.200</u>

The technical provision is not expected to fall below the level of 90% of 31 December 1994. No provision for deferred tax on the contingency reserve has therefore been made.

19 Other creditors

PAYE taxes and labour market contribution	30	0
Holiday pay obligations, salaried staff	6.637	6.962
Social security benefit and other duties	609	766
Other accrued costs	<u>22.076</u>	<u>16.609</u>
	<u>29.352</u>	<u>24.337</u>

20 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>537</u>	<u>831</u>
--	------------	------------

Note

in DKK'000

2006

2005

21 Management assignments

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

Chairman of the Board of Euro Alarm A/S, Copenhagen
Member of the Board of Euro-Center Holding A/S, Copenhagen
Member of Danske Rejseagenters Sikkerhedsfond

22 Incentive Schemes

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

23 Group ownership

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

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

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

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

24 Risk Sensitivity

Event

	Effect at equity	
	<u>2006</u>	<u>2005</u>
Increase in interest rate of 0.7% point	-5.454	-7.356
Decrease in interest rate of 0.7% point	5.464	7.356
Price decrease of 12% on shares	-2.494	-2.064
Decrease in real estate of 8%	-7.131	-5.173
Change in currency by 0.5 % with a probability of 10 days	-23	-175
Loss of contracting parties of 8%	-960	-1.258

Equity specification							
Amount in DKK '000							
	Share Capital	Revaluation Provisions	Other Provisions	Security funds	Transferred result	Dividend	Total
Equity as of 1st January 2005	10.000		5.694	115.000	40.410	9.000	180.104
<i>Changes in accounting policies:</i>							
Equalisation provision					10.000		10.000
Claim handling expenses					-7.243		-7.243
Discounting of claim provision					1.913		1.913
Discounting of the reinsurer's share of claim provision					-1.722		-1.722
Tax of the above					-1.054		-1.054
Changes due to the new executive order	0		0	0	1.894	0	1.894
Adjusted equity as of 1st January 2005	10.000		5.694	115.000	42.304	9.000	181.998
Dividend paid out					-1.708	-9.000	-9.000
Provisions for other reserves			1.708		243		1.354
Currency adjustment for foreign entities			1.111		33.232		33.232
Profit for the year					-31.500	31.500	0
Proposed dividend							
Equity as of 31st December 2005	10.000		8.513	115.000	42.571	31.500	207.584
Equity as of 1st January 2006	10.000		0	8.513	115.000	42.571	207.584
Dividend paid out						-31.500	-31.500
Provisions for revaluations		6.871					6.871
Provisions for other reserves			3.589		-3.589		0
Currency adjustment for foreign entities			1.298		245		1.543
Profit for the year					26.586		26.586
Proposed dividend					-9.000	9.000	0
Equity as of 31st December 2006	10.000	6.871	13.400	115.000	56.813	9.000	211.084

Split of classes of insurance in accordance with §13 in order on non-life insurance companies' annual reports

	Accident and health insurance	Fire and personal property (corporate)	Liability insurance	Other insurance	Total
1 Gross premiums written	154.975	3.845	8.330	213.938	381.087
2 Gross premiums earned	152.010	3.904	8.333	215.617	379.863
3 Gross claims incurred	-57.925	-1.445	-2.523	-121.705	-183.598
4 Bonus and premium discounts	-1.583	0	0	0	-1.583
<i>Administration costs</i>	-27.038	-667	-1.420	-35.844	-64.968
<i>Acquisition costs</i>	-8.848	-111	-306	-67.470	-76.734
6 Gross operating expenses	-35.885	-778	-1.726	-103.313	-141.702
Profit from gross operations	56.617	1.682	4.083	-9.402	52.980
7 Result of business ceded	22.057	123	-2.303	-57.184	-37.307
9 Technical interest o.o.a.	3.884	5	11	355	4.255
# Underwriting result	82.557	1.810	1.792	-66.230	19.928
Number of compensations paid	18.366	296	103	35.280	54.045
Average compensation for claims incurred	3,5	4,9	24,5	2,7	3,1
Compensation ratio	179,4%	19,6%	61,7%	8,7%	5,2%