

# Europæiske ERV Annual report 2015



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## COMPANY NAME:

**EUROPÆISKE REJSEFORSIKRING A/S**

Frederiksberg Allé 3

1790 København V

Telefon: 35 25 25 25

Registered in: Copenhagen      Company Reg. No. CVR nr. 62 94 05 14

## BOARD OF DIRECTORS AND AUDIT COMMITTEE:

Richard Bader (Chairman)

Oliver Wild

Jørn Sønderup

Gabriele Bayer

Christoffer Nylandsted (Elected by the staff)

Peter Fobian (Elected by the staff)

## BOARD OF MANAGEMENT:

Johann-Dietrich von Hülsen, Managing Director

## AUDIT:

KPMG

Statsautoriseret Revisionspartnerselskab

Company Reg. No. CVR nr.: 25 57 81 98

Anja Bjørnholt Lüthcke

State Authorised Public Accountant

Mark Palmberg

State Authorised Public Accountant

# MANAGEMENT REPORT 2015

## Main activities of the company

Europæiske Rejseforsikring A/S' primary business areas are sale of travel insurance to the leisure market as well as the corporate market together with health insurance for companies' employees stationed abroad. The majority of travel insurance policies are sold either as trip-by-trip insurance or as annual travel insurance in connection with our customers' holiday trips, business trips or expatriation. Main distribution channels for all travel insurance policies and health insurance policies are either direct business or brokers in the relevant markets.

As the market leader within sale of travel insurance in the Danish market, it is essential we offer our customers 24 hour assistance, coverage of claims and related local services everywhere in the world.

Europæiske Rejseforsikring A/S uses the brand name Europæiske ERV. This is part of the strategic efforts to take advantage of the synergy and the brand value by being a part of the German based ERV Group.

## Europæiske's Values

Europæiske's vision is to supply its customers with Denmark's best quality at a competitive price. Therefore, our target is to have an efficient organization with professional employees focusing on the customers' need for security and safety. This vision is also reflected in the ERV Groups 8 values, which are "Customer Focus", "Excellence", "Courage", "Passion", "Teamwork", "Forward Looking & Sustainable", "Openness & Trust" and "Leadership & Responsibility".

## Product Development

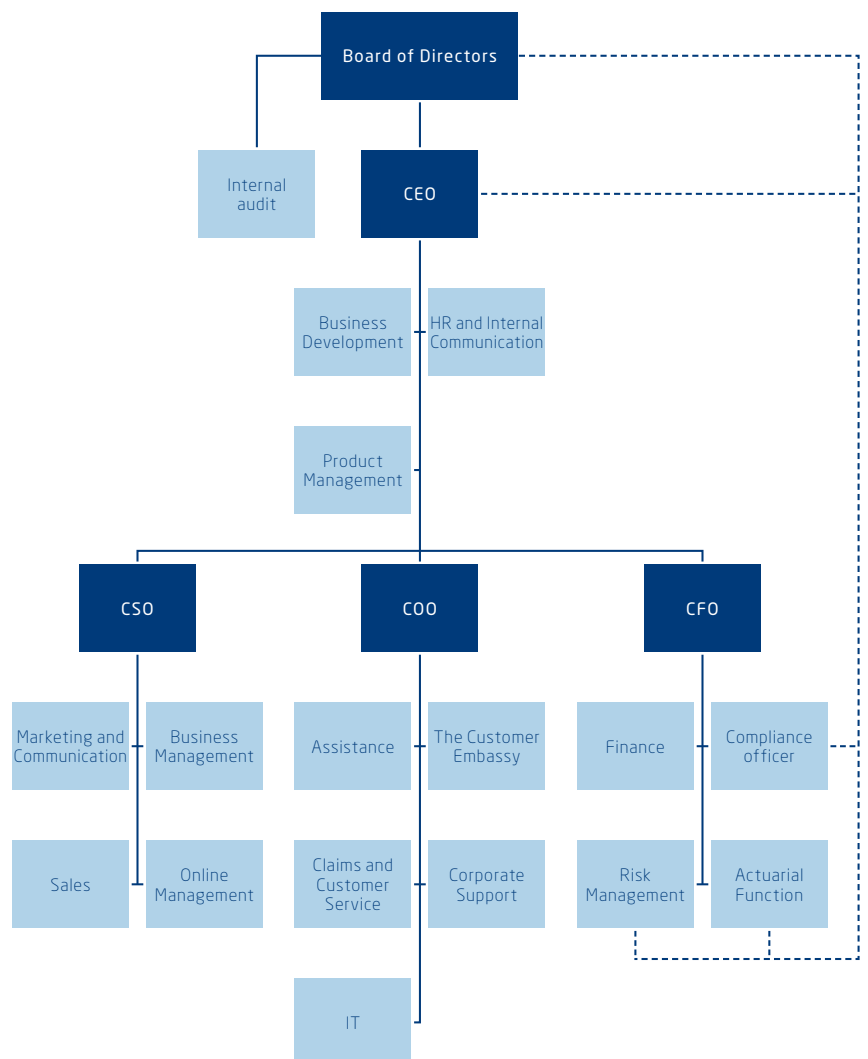
The core of our business is safety. In its role as market leader, one of Europæiske's main tasks is to aim at being ahead of the development and at all times provide new and improved services with relevance to our customers and which secure them the best possible way while travelling.

As a consequence of the discontinuation of the public health travel insurance cover through the yellow health card as of 1st August 2014, Europæiske was the first insurer to develop new flexible annual travel insurance and trip-by-trip insurance

adjusted to the new requirements. The new products have been designed as a Basic or a Plus travel insurance. For both types of insurance additional covers can be taken out for ski sport, cancellation, baggage, liability and accident. If the customer only wants a cover like the previous public health travel insurance cover under the yellow health card the customer can take out a Yellow Cover. All the insurance products can be bought with or without deductible.

We have during 2015 kept a close eye on the development of our new products and on this basis we have noticed

Organisation Chart





an increase in claims, but no more than we had anticipated when we launched the new products in 2014. This development had originally been taken into consideration and we have therefore not taken any corrective measures on pricing during 2015.

### **The Corporate Market**

On the Corporate Market Europæiske has continued focus on creating profitable business in 2015. Europæiske has maintained focus on communicating the news about our coverage and products to existing as well as to new customers.

One of the topics we have communicated to our corporate customers is compliance, namely the fact that we and our customers have to act in accordance with international agreements and local legislation when issuing insurance. Business Travel Insurance across borders is in itself not yet subject to very many rules or any joint control. But especially the western countries are working closer and closer together to regulate all parties in the transaction between the insured and the employers who insure them. The problem is two-sided: These requirements must not only be achieved where a company has its head office (e.g. in Denmark) but also where the company has interests and employees located abroad for shorter or longer periods.

Europæiske has decided to take timely action on these challenges and to have a conservative attitude to compliance,

to minimize the expected future risk for our customers and ourselves. With our compliance guidelines, which are based on ongoing analyses of the legal requirements internationally and locally, our aim is to make sure that our insurance solutions are in conformity with international and local rules and regulations.

### **The Leisure Market**

On the Leisure travel market Europæiske has in 2015 in addition to delivering our services to new customers focused on assisting our existing customers to convert from the old Leisure travel insurance products to the new products we launched in 2014. The Leisure market sales has, in relation to the downward trend in 2014 and supported by our new Leisure products, stabilized in 2015 and also provided an acceptable and expected claims experience.

### **Nordic Health Care**

International health insurance is no longer a part of Europæiske's strategy. It was therefore decided to withdraw Nordic Health Care – Europæiske's international health insurance brand from the international health insurance market with effect from August 2013.

The above-mentioned decision means that our premium income from this line of business has had a declining trend since 2013. It will continue to decrease substantially, as Europæiske expects that the majority of customers will change to another health insurance company within the next years.

### **Unemployment Insurance**

Unemployment Insurance is no longer a part of Europæiske's future strategy and we have during 2015 decided to transfer this business portfolio to our current reinsurance partner. Thus AmTrust International Underwriters Limited based in Ireland is planned to take over these customers from us. Europæiske has informed our customers and have received the Danish FSA's authorization to transfer this business portfolio to AmTrust International Underwriters Limited. We now await the Irish Financial Supervisory Authorities approval of the transfer. This we expect to receive in the first half of the 2016.

### **Europæiske's Claim handling**

For more than 90 years, a well-developed international network has been our principal foundation, a foundation which is adjusted continuously and expanded concurrently with the development on the travel market and in accordance with the travellers' needs and wishes. Our strength is that Europæiske own and/or control all significant elements in the network enabling us directly to ensure the quality of our assistance.

In 2015, Europæiske's Assistance Network has handled close to 4,000 emergency assistance cases together with more than 35,000 calls to our emergency telephone number. The claims occur in all parts of the world from small cases such as outpatient cases to bigger and more complex cases involving air-ambulances. Approximately 20% of the



cases are complex medical cases, which are handled in close cooperation with our specialised sister assistance company Euro-Centers Assistance offices in Prague and Madrid.

During 2015 we have succeeded in establishing an enhanced cooperation, which means that it from now on will be the Euro-Center Assistance office in Madrid that will handle all Europæiske assistance service.

The enhanced cooperation has ensured Europæiske assistance services a significant quality boost. Euro-Center offices are the entry to the regional areas and thus the local help and assistance for our customers. With service offices on six continents Europæiske's customers have one of the world's largest medical networks of experienced professionals with them on the journey. It involves, among other Danish-speaking staff 24/7, specialist doctors, psychologists and nurses.

#### **The development in the company's activities and financial matters**

In 2015 Europæiske realised a profit of DKK 33.5m, which is approximately DKK 17.4m below last year.

The decline in profit was primarily due to a decreased premium income together with an increase in claims expenses.

Moreover, the return on investment also declined by DKK 4.5m primarily due to negative market value adjustments of our bonds contrary to gains in 2014. The underwriting result amounts to a profit of DKK 24.1m against a profit of DKK 45.0m in 2014 which is a decrease of DKK 20.9m.

Gross premiums written amounts to DKK 280.6m against DKK 291.3m in 2014 a decrease of DKK 10.7m. The decrease is primarily due to decreasing turnover for the corporate travel market and the stationed abroad insurance policies which is caused by termination or lack of renewal of non-profitable agreements. Furthermore there has been loss of customers, as we stick to a strict business compliance policy which restricts us from covering certain markets – an issue we, however, constantly work on. Gross claims incurred amount to DKK 151.8m against DKK 144.7m in 2014 which is an increase of DKK 7.1m. The claims record for 2015 has in spite of this increase been satisfactory with a gross claims ratio of 52.2%. This is mainly due to the acceptable claims record of our products in the leisure market together with an improved claims record of our corporate products. In comparison to last year we have however seen an increased claims ratio on the business related to international health insurance, but it is still on a level

that is acceptable. These achievements meanwhile show the positive effects of our re-underwriting efforts for our entire portfolio which we have launched since 2013

The result of business ceded shows a loss for Europæiske Rejseforsikring A/S of DKK 18.5m in 2015 against a loss of DKK 28.2m in 2014. A decrease of DKK 9.7m compared to 2014. The decrease is primarily due to the restructuring of our reinsurance on international health insurance and a smaller turnover. The claims costs net of reinsurance amount to DKK 129.8m against DKK 117.7m in 2014 which is an increase of DKK 12.1m. The claims ratio net of reinsurance is 53.1% against 44.6% in 2014.

Net operating expenses for 2015 amounted to DKK 90.0m against DKK 101.2m in 2014, a decrease of DKK 11.2m. A major reason for the improvement is that the cost in 2014 was affected by a higher commission expense caused by the restructuring of our reinsurance on international health insurance. This fact as well as a strong focus on cost reductions means that the operating expenses declined.

Acquisition costs amount to DKK 52.8m against DKK 46.0m in 2014. The increase is due to an arbitration case with an agent back in May 2013, which made



us set aside conservative provisions for any compensation for this agent's sub-agents in the financial statements for 2013. The compensation to the sub-agents however turned out to be lower than foreseen in 2013. Consequently, the acquisition costs for 2014 were positively affected by DKK 10.4m.

The cost ratio, including acquisition costs and commission of ceded business amount to 33.7% against 31.4% in 2014. The acquisition cost ratio alone is 18.2% against 14.7% in 2014. Total combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 92.2% against 86.5% in 2014.

The administrative expenses amount to DKK 43.6m against DKK 50.3m in 2014 which is a decrease of DKK 6.7m. This cost reduction is primarily due to less marketing costs than last year where we launched our new leisure products. We have furthermore, in line with last year, adjusted the organization and spending, to the extent it has been possible, in proportion to the decline in premium income.

Commissions and profit commissions from reinsurance amount to an income of DKK 6.4m against an expense of 5.0 m in 2014. The development can be ascribed to the above-mentioned commission in connection with the rescheduling of the reinsurance agreements on our international health insurance product.

The result from affiliated companies shows a profit of DKK 9.6m against a profit of DKK 9.0m in 2014. This result is created by ERV Pojistovna a.s of which

Europæiske Rejseforsikring A/S owns 75% of the share capital. In 2015, the company had a turnover corresponding to DKK 121.0m. The company's annual report shows a profit of DKK 12.8m which is satisfactory. Our share of the profit amounts to DKK 9.6m.

Result from associated companies shows a profit of DKK 0.6m against a profit of DKK 0.5m in 2014.

Income from land and buildings amounts to DKK 2.0m against DKK 1.9m in 2014.

Interest income, dividends, etc. for the year amounts to DKK 9.0m against DKK 7.9m in 2014.

Europæiske Rejseforsikring A/S is relatively sensitive to the development of the prices of bonds and exchange rates, etc. The company has had a net loss in connection with realised and unrealised gains & losses of bonds, bond-based unit trusts and exchange rates of a total of DKK 4.6m against a profit of DKK 1.3m in 2014. The loss is primarily due to losses in connection with price adjustments on bonds.

Interest expenses amount to DKK 0.6m against DKK 0.1m in 2014.

Administrative expenses related to investments amounts to DKK 0.6m like last year.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 15.4m against a profit of DKK 19.9m in 2014.

The tax of the year amounts to an expense of DKK 7.5m against an expense of DKK 13.6m in 2014.

Receivables from policy holders amount to DKK 6.5m against DKK 6.8m in 2014.

Receivables from insurance brokers amount to DKK 1.2m against DKK 2.2m in 2014.

At 31 December 2015, the company's total capital and reserves amount to DKK 267.3m and total assets amount to DKK 478.0m.

### **The result of the year compared to earlier statements**

The company expected earlier the following for 2015: "We expect continued decrease in premium income for international health insurance. It is however difficult to continue the adjustment of the organisation and the fixed costs to the full extent of the expected premium decrease in 2015. At the same time Europæiske does not expect run-off gains in 2015 to the same extent as for 2014. This means that the expectations to the result for 2015 are substantially lower than for 2014."

In 2015 Europæiske has had a better result than originally expected. It is caused by the fact that we despite our expectations have had a run-off gain of DKK 4.3m net of reinsurance and that results in associated and affiliated companies have been better than expected.

## Ownership

Europæiske Rejseforsikring A/S is a 100% owned subsidiary of ERV AG, Munich, Germany  
ERV AG, Munich is a 100% owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, Germany.  
ERGO Versicherungsgruppe AG, Düsseldorf is a 100% owned subsidiary of Münchener Rückversicherungs-Gesellschaft, Munich, Germany

## Group Ownership

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

Amount in DKK'000	Registered office	Activity	Shareholding	Capital & Reserves	Result
<b>Subsidiary</b>					
ERV Pojistovna a.s	Czech Republic	Insurance	75.00%	69.727	9,606
<b>Associated company</b>					
Euro-Center Holding SE	Copenhagen	Assistance	16.67%	43.356	572

## Management Positions

The Managing Director Johann-Dietrich von Hülsen has the following management positions approved by the Board of Directors:

Managing Director and Member of the Board of Directors of ERV Försäkringsaktiebolaget, Stockholm, Sweden.  
Member of the Board of Directors in European Travel Insurance Group, Amsterdam, Holland  
Member of the Executive Council ERV Group, Munich, Germany  
Member of the Board of Constant Art Scandinavia AB, Taby, Sweden

The Board of Directors of Europæiske Rejseforsikring A/S has the following management positions.

Richard Bader, Chairman:

Deputy Member of the managing Steering Committees of Bundesverband der Deutschen Tourismuswirtschaft e. V., Berlin, Germany.

Member of the Supervisory Board of Euro-Center Holding SE, Prague, Czech Republic .

Vice chairman of the Supervisory Board of Europäische Reiseversicherungs-Aktiengesellschaft, Vienna, Austria.

Vice President of European Travel Insurance Group, Amsterdam, The Netherlands.

Vice chairman of the Supervisory Board of Europai Utazasi Biztosito Rt., Budapest, Hungary.

Member of the Board of Directors of ERV (China) Travel Service and Consulting Ltd., Beijing, China.

Director of Europäische UK Ltd., London, UK.

Member of the Management Board of Europäische Reiseversicherung AG, Munich, Germany.

Chairman of the Supervisory Board of Compagnie Européenne d'Assurances, Nanterre, France.

Chairman of the Supervisory Board of ERV försäkringsaktiebolaget (Publ.), Sundbyberg, Sweden.

Chairman of the Supervisory Board of ERV Pojistovna A.S., Prague, Czech Republic.

Member of the Supervisory Board of Triple IP B.V., Amsterdam, The Netherlands

Chairman of the Supervisory Board of ERGO Pensionsfonds AG, Düsseldorf, Germany

Chairman of the Supervisory Board of ERGO Pensionskasse AG, Düsseldorf, Germany

Oliver Wild, Board Member and Chairman of the audit committee:

Head of Department at ERGO Versicherungsgruppe AG, Düsseldorf

Member of the Supervisory Board of Europeiska Försäkringsaktiebolaget (publ), Stockholm, Sweden.

Jørn Sønderup, Board Member and Member of the audit committee:

Gabriele Bayer, Board Member and Member of the audit committee:

Head of International Business Europe of ERV AG, Munich, Germany.

Member of the Supervisory Board of Europeiska Försäkringsaktiebolaget (publ), Stockholm, Sweden.

Member of the Supervisory Board of CJSIC European Travel Insurance, Moscow, Russia.

Member of the Supervisory Board of ERV Pojistovna A.S., Prague, Czech Republic.

Christoffer Nylandsted, Board Member:

Team leader Product Management, Europæiske Rejseforsikring A/S, København, Danmark.

Peter Fobian, Board Member:

IT manager, Europæiske Rejseforsikring A/S, København, Danmark.



### **Pay Policy**

In accordance with executive order on pay policy and disclosure requirements on pay roll in financial companies and financial holding companies, Europæiske Rejseforsikring A/S has prepared a pay policy which can be found at this link <http://www.europaeiske.dk/In-English> Please also see note 7.

### **Events after 31 December 2015**

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

### **Outlook for 2016**

We expect continued decrease in premium income for international health insurance. It is however difficult to continue the adjustment of the organisation and the fixed costs to the full extent of the expected premium decrease in 2016. At the same time Europæiske does not expect run-off gains in 2016 to the same extent as for 2015. This means that the expectations to the result for 2016 are substantially lower than for 2015.

### **Audit Committee**

The Boards of Directors of Europæiske Rejseforsikring A/S have established an Audit Committee. The Committee consists of three members of the Board of Directors. As the independent member with special qualifications in accounting, the Board of Directors has appointed Jørn Sønderup. The Board of Directors found that his qualifications met the legislative requirements. His appointment has also been notified to the Danish Financial Supervisory Authority.

The tasks of the Committee are set out in the "Audit Committee Charter" based on Executive Order No. 1393 of 2011 on Audit Committees in Companies and Groups, which are subject to the Supervision of the Danish Financial Supervisory Authority. The tasks of the Committee includes monitoring and control of the financial reporting process, the company's internal control system, risk management systems as well as the effectiveness of the internal audit function. Furthermore, the Committee monitors the statutory audit of the Annual Report and the independence of the auditors.

When performing its tasks, the Audit Committee ensures that due regard is given to matters important to the company. The work of the Audit Committee is based on supervision of historical events and does therefore not include future events, expectations or forecasts.

In 2015, the Audit Committee held two meetings in connection with the yearly and half yearly reporting to the Company's Board of Directors and the Danish Financial Supervisory Authority.

### **Uncertainty in respect of recognition and measurement**

The statement of the accounted value of certain assets and liabilities is conditioned by applying the accounting estimate. The estimates made are based on assumptions which the management finds justifiable but uncertain. The statement of the insurance provisions is in particular connected to estimates.

### **Risk Report**

Europæiske Rejseforsikring A/S overall risk profile originates from the risks connected with the running of the core business together with the financial and capital requirements. Europæiske Rejseforsikring A/S' aim is to monitor and control the contribution of each individual risks to the overall risk, in such a way that the possibilities to make the right decisions are optimised.

Europæiske Rejseforsikring A/S has implemented the necessary and relevant procedures and control functions with a view to minimize the risks in all business areas. The overall risk management guidelines and the framework are stipulated by the board of directors. The responsibility to follow-up on the individual risks and their risk factors is placed with Finance and it is reported to the management and the board of directors. We have further fostered our collaboration with the Integrated Risk Management Department of ERGO AG in Düsseldorf, Germany throughout 2015 to further improve our risk management capabilities.

Each business area works in a structured way with risk management and reports the efforts to the risk management.

### **Outline**

The most important risks in Europæiske Rejseforsikring A/S:

- Insurance Risks
- Market Risks
- Operational Risks



## Insurance risks

Europæiske Rejseforsikring A/S has with regard to the insurance part various forms of risks. There are risks in provisions, premium and pricing. It is important to have an overview of the individual risks but it is also an important factor that the identification and monitoring of risks can be used in connection with strategic decisions.

It is Europæiske Rejseforsikring A/S policy that the risks originating from the company's activities shall be covered or limited to such a level that the company will be able to maintain a normal operation and carry out planned initiatives even in case of a very unfavourable development. One of the measures is our excess of loss reinsurance agreements. To cover the risks in connection with disasters, the company has made reinsurance contracts limiting Europæiske Rejseforsikring A/S' risks to about DKK 5.0m per claim event. The company has estimated the effect of a widespread pandemic at DKK 16m at own account. The size of this risk is due to the fact that a pandemic is not seen as one claim. Europæiske's risk is, therefore, not limited to the above mentioned DKK 5m.

## Market Risks

It is Europæiske Rejseforsikring A/S aim to control the market risks in such a way that the company obtains a return corresponding to risks taken.

The most important risks are:

- Interest Rate Risk
- Equity Risk
- Real Estate Risk
- Credit and Counterpart Risk
- Exchange Rate Risk

In terms of the result, the company is sensitive towards the development in exchange rates and the prices of bonds and shares. The stress scenarios red and green, set by the Danish Financial Supervisory Authority, have been calculated on a continuous basis and Europæiske Rejseforsikring A/S has always been in the green with a good safety margin.

The latest calculation shows a total equity effect of minus DKK 22.8m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red scenario.

## Operational risks

The development in the travel market and events limiting the population's travel activity would have a relatively large impact on the company's result. Europæiske Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to 10% of the company's equity. Please also see note 24.

## Capital Management

Europæiske's solvency requirement is calculated on the basis of the rules on individual solvency requirements. The board of directors of the company has estimated that a security level of 99% is satisfactory. It means that Europæiske can meet the policyholders' claims for 99 years out of 100 years. Besides the calculation with a security level of 99%, Europæiske has also calculated the capital requirement based on a security level of 99,5% which means that Europæiske can meet the policyholders' claims for 199 years out of 200 years. The model has been used for a number of years and Europæiske has always had sufficient capital to meet both the security level of 99% as well as the security level of 99.5%.

The individual solvency requirements have been calculated to DKK 78.8m and shall be covered by the company's base capital of DKK 194.5 m as of 31st December 2015.

## Capital requirements

	2015	2014
Base capital	194,510	191,986
Solvency requirements	42,194	42,194
Individual solvency requirements	78,844	89,460

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

Europæiske's solvency requirements have been calculated in accordance with a Solvency II standard model based on the Danish Financial Supervisory Authority's Revised Executive Order on Solvency and Operating Plans for Insurance Companies which became effective as of 1st January 2014. The calculation of sufficient base capital and total solvency requirement as of 31st December 2015, cf. above-mentioned executive order:

	2015	2014
Sufficient base capital	186,016	204,656
Individual solvency requirements	99,474	100,227

## Solvency II

The European solvency rules, Solvency II, have become effective as of 1st of January 2016. Munich Re and ERGO Group, which Europæiske Rejseforsikring A/S is a part of, started in 2009 a Solvency II project. The project is managed by a project group in Germany. As for Europæiske Rejseforsikring A/S the project includes a continuous adjustment and development of a standard model together with a system for risk management. The board of directors' involvement and management of the project are secured by the participation in the project of the board of directors including the chairman of the board. The board is informed on a continuous basis. Based on the financial statement for 2014 test calculations have been made of a standard model calculation of the solvency requirements, a calculation of the financial balance and the concept "own funds" cf. Solvency II Directive. The calculation for 2014 showed that Europæiske met the solvency requirements without problems.

## Appropriation of profit

Available for appropriation Amount in DKK'000	2015	2014
Total comprehensive income	35,789	49,581
Recommended to be allocated as follows		
To the Shareholder	33,496	50,882
Transferred to other reserves	3,256	2,152
Transferred to reserves	-963	-3,453
	35,789	49,581

### SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the annual report for 1 January – 31 December 2015 to Europæiske Rejseforsikring A/S. The annual report has been prepared in accordance with Financial Business Act. The annual report gives a true and fair view of the company's assets, liabilities

and financial position as of 31 December 2015 together with the results of the company's activities for the financial year 1 January – 31 December 2015. The management report contains a fair and true review of the development of the company's activities and financial performance together with a description of the most significant risks and ele-

ments of uncertainty that may have an impact on the company.

We recommend the annual report to be approved at the annual general meeting. Copenhagen, 5th of April 2016

#### Direktionen:

Johann-Dietrich von Hülsen  
Chief Executive Officer

/ Peter Steen Olsen  
Chief Financial Officer

#### Bestyrelsen:

Richard Bader  
Chairman of the Board

Oliver Wild  
Board Member and  
Chairman of the Audit Committee

Gabriele Bayer  
Board Member and  
Member of the Audit Committee

Peter Fobian  
Board Member, elected by the Employees

Christoffer Nylandsted  
Board Member, elected by the Employees

Jørn Sønderup  
Board Member and Member of the Audit Committee

# Independent Auditors' Statement of Assurance

To the shareholder of  
Europæiske Rejseforsikring A/S

## Report on Financial Statements

We have audited the financial statements of Europæiske Rejseforsikring A/S for the financial year 1 January – 31 December 2015, pages 15-33. The financial statements comprise, income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

## Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based

on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall

presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit has not resulted in any qualification.

## Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Business Act.

## Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

## Statement on the Management's review

Copenhagen, 5th of April 201

KPMG

Statsautoriseret Revisionspartnerselskab  
CVR nr.: 25 57 81 98

Anja Bjørnholt Lüthcke  
State Authorised Public Accountant

Mark Palmberg  
State Authorised Public Accountant

## Profit and loss account

Note	in DKK'000		
	<i>Earned premiums</i>		
		<b>2015</b>	<b>2014</b>
3	Gross premiums written	280.550	291.273
	Ceded insurance premiums	-42.557	-14.767
	Change in the provision for unearned premiums	12.026	24.231
	Change in the provision for unearned premiums, reinsurers' share	-4.398	-35.575
	<b>Total premium income, net of reinsurance</b>	<b>245.621</b>	<b>265.162</b>
4	<b>Technical interest, net of reinsurance</b>	<b>-260</b>	<b>261</b>
	<i>Claims incurred</i>		
	Claim paid	149.492	171.751
	Reinsurance recoveries	-23.058	-46.580
	Change in the provision for claims	2.330	-27.004
	Change in the provision for claims, reinsurers' share	992	19.519
	<b>Total claims incurred, net of reinsurance</b>	<b>129.756</b>	<b>117.686</b>
	<b>Bonus and premium discounts</b>	<b>1.471</b>	<b>1.498</b>
	<i>Net operating expenses</i>		
5	Acquisition costs	52.836	46.026
6	Administrative expenses	43.563	50.261
	Commission and profit share from reinsurers	-6.395	4.952
7	<b>Total net operating expenses, net of reinsurance</b>	<b>90.004</b>	<b>101.239</b>
8	<b>UNDERWRITING RESULT</b>	<b>24.130</b>	<b>45.000</b>
	<i>Income from investment assets</i>		
9	Income from affiliated companies	9.606	8.982
	Income from associated companies	572	488
	Income from investment properties	1.996	1.879
10	Interest income and dividends etc.	9.004	7.930
11	Value adjustment	-4.608	1.282
	Interest expenses	-629	-123
	Administrative expenses on investments	-574	-563
	<b>Total return on investment activities</b>	<b>15.367</b>	<b>19.875</b>
4	<b>Interest on insurance provisions</b>	<b>260</b>	<b>-261</b>
	<b>TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST</b>	<b>15.627</b>	<b>19.614</b>
12	Other income	3.319	3.304
12	Other expenses	2.042	3.394
	<b>PROFIT BEFORE TAX</b>	<b>41.034</b>	<b>64.524</b>
13	Tax	7.538	13.642
	<b>PROFIT FOR THE PERIOD</b>	<b>33.496</b>	<b>50.882</b>
	<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
	<b>Other comprehensive income</b>		
	Exchange rate adjustment of foreign entities	2.293	-1.301
	<b>Comprehensive income</b>	<b>2.293</b>	<b>-1.301</b>
	Result of the period	33.496	50.882
	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>35.789</b>	<b>49.581</b>

## Balance Sheet as of

Note	in DKK'000	31/12 2015	31/12 2014
	<b>ASSETS</b>		
	<i>Intangible assets</i>		
14	Software	11.271	15.046
	Software, development projects	3.195	335
	<b>TOTAL INTANGIBLE ASSETS</b>	<b>14.466</b>	<b>15.381</b>
	<i>Tangible assets</i>		
15	Operating equipment	1.792	1.693
16	Domicile	86.597	87.664
	<b>TOTAL TANGIBLE ASSETS</b>	<b>88.389</b>	<b>89.357</b>
	<i>Investments in affiliated and associated companies</i>		
17	Capital holdings (shares) in affiliated companies	55.782	53.453
17	Capital holdings (shares) in associated companies	7.074	6.147
	<b>Total investments in affiliated and associated companies</b>	<b>62.856</b>	<b>59.600</b>
	<i>Other financial investments</i>		
	Participating interests	33	33
	Unit trusts	9.922	30.214
25	Bonds	264.744	275.089
	<b>Total other financial investments</b>	<b>274.699</b>	<b>305.336</b>
	<b>TOTAL INVESTMENT ASSETS</b>	<b>337.555</b>	<b>364.936</b>
	<i>Reinsurance share of technical provision</i>		
	Reinsurance share of unearned premiums	5.664	10.063
	Reinsurance share of claim provision	9.164	10.156
	<b>Total reinsurance share of technical provision</b>	<b>14.828</b>	<b>20.219</b>
	<i>Debtors</i>		
	Amounts owed by policy holders	6.478	6.829
	Amounts owed by insurance brokers	1.242	2.218
	<b>Debtors arising out of direct insurance contracts, in total</b>	<b>7.720</b>	<b>9.047</b>

*Other debtors*

Amounts owed by affiliated companies	1.852	2.084
Deferred tax assets	666	861
Other debtors	5.753	7.175
<b>Total other debtors</b>	<b>8.271</b>	<b>10.120</b>
<b>TOTAL DEBTORS</b>	<b>30.819</b>	<b>39.386</b>

*Other assets*

Cash in hand and cash equivalent	3.223	2.539
Other	83	127
<b>TOTAL OTHER ASSETS</b>	<b>3.306</b>	<b>2.666</b>

*Prepayments and accrued income*

Accrued interest	2.875	3.133
18 Other prepayments and accrued income	560	2.107
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>3.435</b>	<b>5.240</b>
<b>TOTAL ASSETS</b>	<b>477.970</b>	<b>516.966</b>

# Balance sheet af of

Note in DKK'000

		31/12 2015	31/12 2014
<b>LIABILITIES</b>			
<i>Capital and reserves</i>			
	<b>Shares capital</b>	<b>10.000</b>	<b>10.000</b>
	<b>Revaluation provisions</b>	<b>798</b>	<b>798</b>
<i>Reserves</i>			
	Contingency reserve, untaxed	115.000	115.000
	Other reserves, year end	49.329	46.073
	<b>Total reserves</b>	<b>164.329</b>	<b>161.073</b>
	<b>Proposed dividend for the accounting year</b>	<b>33.496</b>	<b>50.882</b>
	<b>Profit brought forward</b>	<b>58.698</b>	<b>59.661</b>
19	<b>TOTAL CAPITAL AND RESERVES</b>	<b>267.321</b>	<b>282.414</b>
<i>Provisions for insurance contracts</i>			
	Provision for unearned premiums	98.581	110.607
	Claim provisions	58.686	56.356
	<b>TOTAL PROVISION FOR INSURANCE CONTRACTS</b>	<b>157.267</b>	<b>166.963</b>
<i>Provisions for other risks and charges</i>			
20	<b>Deferred taxation</b>	<b>7.695</b>	<b>8.500</b>
	<b>TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES</b>	<b>7.695</b>	<b>8.500</b>
<i>Creditors</i>			
	Amount owed in connection with direct insurance business	4.753	8.022
	Amount owed to reinsurance companies	1.616	4.198
	Amounts owed to affiliated companies	1.490	2.084
	Actual tax liabilities	7.401	13.817
21	Other creditors	30.427	30.968
	<b>TOTAL CREDITORS</b>	<b>45.687</b>	<b>59.089</b>
	<b>TOTAL LIABILITIES</b>	<b>477.970</b>	<b>516.966</b>
22	Contingency liabilities		
23	Group ownership		
24	Risks and Sensitivity		
25	Registered assets		
26	Split of classes of insurance in accordance with § 113		

## Equity specification

Amount in DKK'000	Share Capital	Revaluation Provisions	Other Reserves	Contingency Reserve	Transferred result	Proposed Dividend	Total
<b>Equity as of 1st January 2014</b>	10.000	798	43.921	115.000	63.114	26.400	259.233
Dividend paid out						-26.400	-26.400
Provisions for other reserves			3.453		-3.453		0
Other comprehensive income, provisions for revaluations							0
Other comprehensive income, adjustment for foreign entities			-1.301				-1.301
Profit for the year					50.882		50.882
Proposed dividend					-50.882	50.882	0
<b>Equity as of 31st December 2014</b>	<b>10.000</b>	<b>798</b>	<b>46.073</b>	<b>115.000</b>	<b>59.661</b>	<b>50.882</b>	<b>282.414</b>
<b>Equity as of 1st January 2015</b>	10.000	798	46.073	115.000	59.661	50.882	282.414
Dividend paid out						-50.882	-50.882
Provisions for other reserves			963		-963		0
Other comprehensive income, adjustment for foreign entities			2.293				2.293
Profit for the year					33.496		33.496
Proposed dividend					-33.496	33.496	0
<b>Equity as of 31st December 2015</b>	<b>10.000</b>	<b>798</b>	<b>49.329</b>	<b>115.000</b>	<b>58.698</b>	<b>33.496</b>	<b>297.321</b>



## Note 1 - Accounting Policies Applied

### General

The annual report has been prepared in accordance with Financial Business Act and the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds.

The annual report is presented in thousand crowns.

The accounting policies are unchanged from last year.

### Accounting estimate

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

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

### Recognition and measurement

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

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

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

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

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

### Inter group transactions

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

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

Inter-company trading in assets, including securities, is conducted at market prices.

No significant inter-company trading with assets has taken place during the accounting year.

### Consolidated accounts

The company has chosen not to prepare consolidated accounts in accordance with §134 in the executive order issued by the Danish Financial Supervisory Au-

thority on financial reports for insurance companies and profession-specific pension funds, as the company's ultimate parent company, Münchener Rückversicherungsgesellschaft, Munich, Germany, prepares consolidated accounts in which the company and its subsidiaries are included.

## PROFIT AND LOSS ACCOUNT

### RESULT OF INSURANCE OPERATIONS

#### Premium income, net of reinsurance

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

#### Technical interest, net of reinsurance

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

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

#### Claims incurred, net of reinsurance

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

As a result, claims incurred, net of reinsurance consist of reported and expected claims for the accounting year. Furthermore, run-of gains or losses on previous years' provision for outstanding claims are included in claims incurred. The portion of the increase of the provisions that relates to reduction of term has been transferred to technical interest.

## Note 1 - Anvendt regnskabspraksis, fortsat

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

### Bonus and premium rebates

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

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

### Investment activities

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

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

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

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

Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of land and buildings, exchange rate adjustments.

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

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 24.5% to 22% on all time differences between the result reported in the annual report and the result reported in the tax return, and between the book value and taxable value of the company's intangible assets, investment assets, operating equipment and debts.

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

## BALANCE SHEET

### Intangible assets

The assets are measured at the acquisition costs with deductions of the write down. A straight-line write down is applied based on the following assessment of the assets' expected useful lives:

Software, presently 3-10 years

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

After completion of the development the asset is written down on a straight-line basis over the expected useful life, however, presently with a maximum period of 10 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

## Note 1 – Anvendt regnskabspraksis, fortsat

price and costs directly attributable to the acquisition of the relevant assets until the time when the asset is ready to be brought into use.

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

Furniture and other operating equipment, presently	5 years
Computer hard and software, presently	3 – 5 years
Motor vehicles, presently	5 years

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

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

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

### Domicile

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

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

credited to the income statement unless the decrease corresponds to an increase previously credited to equity.

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

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

### Capital holdings (shares) in affiliated and associated companies

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

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

### 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.

## Note 1 - Anvendt regnskabspraksis, fortsat

### Accruals

Accruals, reported under assets, comprise cost paid relating to the following financial year.

### EQUITY

#### Share capital

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

#### Revaluation reserves

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

#### Contingency reserves

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

#### Other reserves

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

#### Proposed dividend

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

### TECHNICAL RESERVES

#### Provisions for insurance contracts

Provisions for insurance contracts are recognized as future payments including payments for administration and claims handling regarding future events for in-force policies. However, as a minimum to the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any variations in the incidence of risk. For new annual insurance policies, where a considerable part of the risk is in the immediate continuation of the date they become effective, we add as income 50% of the premium within the first 2-3 weeks and then distribute the rest according to the pro rata temporis principle. The provisions also include amounts reserved to cover risk in connection with increasing age. These provisions are reserved when there no longer is a natural premium and the risks covered increase with the insured person's age.

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

#### Provisions for claims

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

Provisions for claims are discounted if such discounting is material. The future

payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority.

Discounting is not applied at present as it is not considered material.

#### 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 recognized at the raising of the loan at a fair value plus transaction costs incurred.

#### Debt

Other liabilities are measured at net realisable value.

## 2 Five-year review

Profit and Loss	2015	2014	2013	2012	2011
Gross premiums earned	292.576	315.504	407.916	464.352	502.219
Gross claims incurred	151.822	144.747	191.681	297.350	314.642
Total operating expenses	96.399	96.287	143.036	142.282	186.199
Result of reinsurance (- = net cost)	-18.494	-28.233	-42.379	-9.077	-24.835
Underwriting result	24.130	45.000	29.811	15.201	-22.611
Profit/loss of investment after transfer of technical interest	15.627	19.614	2.512	14.297	19.009
Profit for the year	33.496	50.882	26.397	26.033	-62
Gross run-off profit/loss	4.536	15.039	24.475	1.299	-7.376
Run-off profit/loss, net of reinsurance	4.350	14.582	18.172	321	-2.708

Assets and Liabilities at	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Insurance assets	14.828	20.219	75.313	107.269	95.726
Technical provisions	157.267	166.963	218.189	306.802	277.927
Capital and reserves at year-end	267.321	282.414	259.233	262.178	246.039
Total assets	477.970	516.966	559.392	648.778	609.738

Key figures	2015	2014	2013	2012	2011
Gross claims ratio	52,15%	46,10%	47,16%	64,20%	62,86%
Gross expense ratio	33,68%	31,36%	35,73%	31,19%	37,79%
Reinsurance ratio	6,35%	8,99%	10,43%	1,96%	4,96%
Combined ratio	92,18%	86,45%	93,32%	97,35%	105,61%
Operating ratio	91,70%	85,68%	92,67%	96,65%	104,49%
Relative run-off result	8,05%	18,04%	18,63%	1,19%	-7,74%
Return on capital and reserves	12,19%	18,79%	10,13%	10,24%	-0,03%
Solvency cover	4,61	4,55	3,87	2,68	2,73

Note	in DKK'000		
3	<b>Gross earned premiums</b>		
	Gross premiums	280.550	291.273
	Change in the gross provision for unearned premiums	12.026	24.231
	<b>Gross earned premiums for the year</b>	<b>292.576</b>	<b>315.504</b>
	<i>Distribution:</i>		
	Direct business	292.434	315.652
	Indirect business	142	-148
		<b>292.576</b>	<b>315.504</b>
	<i>Geographic distribution of direct business:</i>		
	Denmark	251.750	264.826
	EU countries	6.777	9.799
	Non-EU countries	33.907	41.027
		<b>292.434</b>	<b>315.652</b>
4	<b>Technical interest, net of reinsurance</b>		
	Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business		
	Provision for Insurance contracts, year start	166.963	218.189
	Reinsurance share of technical provisions, year start	-20.219	-75.313
	Provisions for insurance contracts, year end	157.267	166.963
	Reinsurance share of technical provisions, year end	-14.828	-20.219
	<b>Total</b>	<b>289.183</b>	<b>289.620</b>
	Average	144.592	144.810
	Interest rate in accordance with the Danish FSA	-0,18%	0,18%
	Interest on technical provisions	<b>-260</b>	<b>261</b>
	Technical interest, net of reinsurance	<b>-260</b>	<b>261</b>
5	<b>Acquisition costs</b>		
	Total acquisition costs	<b>52.836</b>	<b>46.026</b>
	of which:		
	Commission for direct business	20.042	13.945
	Commission for indirect business	-1	-683
6	<b>Administrative expenses</b>		
	Administrative expenses	30.628	37.833
	Duties and contributions etc	8.126	7.624
	Depreciation	5.725	5.822
	Reimbursements from affiliated and associated companies	-916	-1.018
		<b>43.563</b>	<b>50.261</b>
	Total fees paid to auditors appointed by the company at the general meeting:		
	Statutory audit services	978	564
	Fee for other assurance engagements	19	25
	Fee for other services	0	258
	<b>Total</b>	<b>997</b>	<b>847</b>

Note in DKK'000

7	Staff costs	2015	2014
	Net operating expenses include the following staff costs:		
	Wages and salaries	56.871	61.051
	Other expenses for social security	372	581
	Pension scheme contributions	6.260	6.278
	Payroll tax	8.126	7.624
		<b>71.629</b>	<b>75.534</b>
	Total remuneration paid to:		
	<b>Board of Directors</b>		
	Number	6	6
	Fixed salary	2.149	2.779
	Variable salary	2.636	2.108
		<b>4.785</b>	<b>4.887</b>
	<b>Remuneration of the Board of directors:</b>		
	Richard Bader (entered 20.12.2011)*	4.665	4.767
	Oliver Wild (entered 23.11.2015)	0	0
	Gabrielle Bayer (entered 10.04.2013)	0	0
	Julia Ricks (left 10.04.2013)	0	0
	Ulrike Timmer (left 23.11.2015)	0	0
	Peter Andersen (left 13.03.2012)	0	0
	Jørn Sønderup (entered 17.08.2011)	40	40
	Peter Fobian (entered 13.03.2012)	40	40
	Christoffer Nylandsted (entered 13.03.2012)	40	40
		<b>4.785</b>	<b>4.887</b>
	<b>Audit Committee:</b>		
	Jørn Sønderup	30	30
		<b>30</b>	<b>30</b>
	<b>Board of Management *</b>		
	Number	1	1
	Fixed salary	3.296	3.208
	Variable salary	932	1.224
		<b>4.228</b>	<b>4.432</b>
	<b>Employees with activities of considerable influence on the company's risk profile</b>		
	Number	7	4
	Fixed salary	7.451	6.114
	Variable salary	509	862
		<b>7.960</b>	<b>6.976</b>

The entry fixed salary includes fixed salary, pension and tax value of company car, telephone etc.

\* Remuneration is the total remuneration for CEO or board positions within the Munich Re Group

#### Incentive Schemes

Members of the management board have the possibility to receive a bonus of maximum TDKK 1.604 if specific targets are reached in accordance with the contract however meeting local legislation.

The average of full-time staff	<b>112</b>	<b>119</b>
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The company does not have any information as to fees received by the board and the board of management from other companies in the Group.

Note	In DKK'000	2015	2014
8	<b>Breakdown of underwriting result</b>		
	Earned premiums	291.105	314.003
	Underwriting interest, net of reinsurance	-260	264
	Claims incurred	-151.822	-144.747
	Administrative expenses	-43.563	-50.261
	Acquisition costs	-52.836	-46.026
	<b>Profit from gross operations</b>	<b>42.624</b>	<b>73.233</b>
	Cede insurance premiums	-46.955	-50.342
	Reinsurance recoveries	22.066	27.061
	Reinsurance commissions and profit participation	6.395	-4.952
	<b>Result of ceded business</b>	<b>-18.494</b>	<b>-28.233</b>
	<b>Underwriting profit</b>	<b>24.130</b>	<b>45.000</b>
	<b>Total claims incurred, net of reinsurance, run-off</b>		
	Gross run-off profit/loss	4.536	15.039
	Run-off profit/loss, ceded	-186	-458
	<b>Total claims incurred, net of reinsurance, run-off, total</b>	<b>4.350</b>	<b>14.582</b>
		<b>2015</b>	<b>2014</b>
9	<b>Income from affiliated companies</b>		
	The year's net result in Evropská Cestovní Pojistovna a.s. Czechia	<b>9.606</b>	<b>8.982</b>
		<b>9.606</b>	<b>8.982</b>
10	<b>Interest income and dividends etc</b>		
	Interest income	8.737	7.369
	Dividend from participating interests	267	561
		<b>9.004</b>	<b>7.930</b>
11	<b>Realised and unrealised gains and losses, net</b>		
	Participating in unit trusts	-40	481
	Bonds	-4.922	540
	Investment properties	0	0
	Capital loss on instaiments and redemptions	-1.037	47
	Exchanged rate adjustments	1.391	214
		<b>-4.608</b>	<b>1.282</b>
12	<b>Other income and expenses</b>		
	Income from administration arrangements	3.319	3.304
	Expenses from administration arrangements	2.042	3.394
		<b>1.277</b>	<b>-90</b>
13	<b>Tax of the profit for the year</b>		
	Current tax	8.157	14.212
	Change in deferred prior years	-608	-564
	Taxes paid on account for the current year	-11	-6
		<b>7.538</b>	<b>13.642</b>
	Taxes paid on account for the current year	<b>3.418</b>	<b>2.750</b>
	<b>Effective tax rate</b>	%	%
	Tax rate	23,5	24,5
	Adjustment of tax from previous years	0	0
	Tax of non-taxable income and expenses	-6	-4
		<b>18</b>	<b>21</b>



Note	In DKK'000	2015	2014
14	<b>Software</b>		
	Cost at the beginning of the year	42.680	41.654
	Disposals during the year	0	0
	Additions and improvements of the year	0	1.026
	Cost at the end of the year	<b>42.680</b>	<b>42.680</b>
	Depreciation and write-downs at beginning of year	27.634	23.844
	Depreciation during the year	3.775	3.790
	Disposals during the year	0	0
	Total depreciation and write-downs at year-end	<b>31.409</b>	<b>27.634</b>
	Net book value	<b>11.271</b>	<b>15.046</b>
15	<b>Operating Equipment</b>		
	Cost at the beginning of the year	49.732	50.382
	Disposals during the year	-440	-1.090
	Additions and improvements of the year	1.101	440
	Cost at the end of the year	<b>50.393</b>	<b>49.732</b>
	Depreciation and write-downs at beginning of the year	48.038	47.576
	Depreciation and write-downs of the year	843	1.042
	Disposals during the year	-280	-580
	Total depreciation and write-downs at year-end	<b>48.601</b>	<b>48.038</b>
	Net book value	<b>1.792</b>	<b>1.693</b>
16	<b>Land and buildings</b>		
	Cost at the beginning of the year	113.451	112.727
	Additions and improvements of the year	0	724
	Cost at the end of the year	<b>113.451</b>	<b>113.451</b>
	Depreciation and write-downs beginning of the year	28.831	27.781
	Depreciation and write-downs of the year	1.067	1.050
	Total depreciation and write-downs at year-end	<b>29.898</b>	<b>28.831</b>
	Revaluations beginning the year	<b>3.044</b>	<b>3.044</b>
	Total revaluations at year-end	<b>3.044</b>	<b>3.044</b>
	Net book value	<b>86.597</b>	<b>87.664</b>
	Net book value of land and buildings used for company operations	<b>38.657</b>	<b>47.654</b>
	Real property value according to the last public assessment	<b>82.000</b>	<b>82.000</b>
	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%	6,00%
17	<b>Affiliated and associated companies</b>	Tilknyttede virksomheder	
	Acquisition cost, balance, beginning of the year	<b>12.020</b>	<b>1.507</b>
	Acquisition cost, balance, year-end	<b>12.020</b>	<b>1.507</b>
	Revaluations, balance, beginning of the year	41.433	4.640
	Price adjustment of opening balance of capital and reserves	1.772	521
	Share of profit for the year	9.606	572
	Dividends paid	-9.049	-166
	Revaluations, balance, year-end	<b>43.762</b>	<b>5.567</b>
	Net book value, year-end 2015	<b>55.782</b>	<b>7.074</b>
	Net book value, year-end 2014	<b>53.453</b>	<b>6.147</b>
	Name and adress etc. can be found in the annual report section "Ownership"		

Note	In DKK'000	2015	2014
18	<b>Other prepayments and accrued income</b>		
	Prepaid wages and salaries	561	2.108
	Other prepayments and accrued income	0	-1
		<b>560</b>	<b>2.107</b>
19	<b>Total capital and reserves</b>		
	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	267.321	282.414
	Deduction of intangible fixed assets	14.466	15.381
	Allowance for solvency requirement in subsidiaries	24.849	24.165
	Proposed dividend	33.496	50.882
	Base capital	<b>194.510</b>	<b>191.986</b>
	Solvency requirements (solvency I)	<b>42.194</b>	<b>42.194</b>
20	<b>Provisions for taxation</b>		
	Deferred tax is incumbent on the following items:		
	Owner-occupied property	5.217	5.133
	Intangible fixed assets	2.479	3.367
	Operating equipment	-666	-861
	Total provisions for deferred taxation	7.030	7.638
	Is presented in the balance sheet as:		
	Deferred tax assets	-666	-861
	Reserves for deferred tax	7.696	8.500
		<b>7.030</b>	<b>7.638</b>
	<b>Contingency tax</b>		
	A release of the contingency reserve will trigger a tax of	<b>25.300</b>	<b>25.300</b>
		<b>25.300</b>	<b>25.300</b>

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 been made.

Note	In DKK'000	2015	2014
21	<b>Other creditors</b>		
	PAYE taxes and labour market contribution	34	69
	Holiday pay obligations, salaried staff	9.551	9.795
	Social security benefit and other duties	1.556	875
	Other accrued costs	19.286	20.229
		<b>30.427</b>	<b>30.968</b>
22	<b>Contingency liabilities</b>		
	The company has leased copying machines. The payments in the leasing period amount to:	<b>1.027</b>	<b>1.545</b>

### 23 Group ownership

Europæiske Rejseforsikring A/S is a 100% owned subsidiary of ERV AG (former Europäische Reiseversicherungs AG), Munich, Germany

ERV AG (former Europäische Reiseversicherungs AG), Munich, is a 100% owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, Germany

ERGO Versicherungsgruppe AG, Düsseldorf, Germany, Reg. nr. DE 120060, is a 100% owned subsidiary of Münchener Rückversicherungs-Gesellschaft, Munich, Germany. Reg. nr. DE 220001

The annual report for ERGO Versicherungsgruppe AG can be ordered on <http://www.ergo.com/>

The annual report for Münchener Rückversicherungs-Gesellschaft can be ordered on <http://www.munichre.com/>

#### *Inter group transactions*

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

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

Inter-company trading in assets, including securities, is conducted at market prices. No significant inter-company trading with assets has taken place during the accounting year.

#### *Consolidated accounts*

The company has chosen not to prepare consolidated accounts in accordance with §134 in the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds, as the company's ultimate parent company, Münchener Rückversicherungsgesellschaft, München, Germany.

## 24 Risk Sensitivity

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 DKK22.8m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red scenario.

Incident	Impact on equity	
	2015	2014
Increase in interest rate of 0.7% point	-5.934	-6.757
Decrease in interest rate of 0.7% point	5.934	6.757
Price decrease of 12% on shares	-1.191	-3.626
Decrease in real estate of 8%	-6.928	-7.013
Exchange rate risk (VaR 99,5pct.)	-4.500	-1.506
Loss of contracting parties of 8%	-608	-839
Country spread risk	<b>-3.670</b>	<b>-4.965</b>
<b>Total risk on assets, ex decrease in interests of 0.7 percentage points</b>	<b>-22.831</b>	<b>-24.706</b>
Counterpart risks from reinsurance contracts	781	1.062
<i>Operational risks</i>		

The development in the travel market and events limiting the population's travel activity can have a relatively large impact on the company's result. Europæiske Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to 6% 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 DKK5.0 per claim event. The company has estimated the effect of a wide-scale pandemic to approx. DKK16.3m net of reinsurance. The size of this risk is because a pandemic is not considered a claim. Europæiske's risk is therefore not limited to the above-mentioned DKK5.0m.

**Registered assets**

The company has registered DKK180.9m in bonds as security for payment in full to the policyholders cf. Financial Business Act §167.

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

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In DKK'000

	Accident and health insurance	Fire and personal property (corporate)	Liability insurance	Other insurance	Total
2	Gross premium written	1.846	7.129	164.874	280.550
2	Gross premium earned	1.864	7.129	171.919	292.576
3	Gross claims incurred	-36.283	-2.958	-111.904	-151.822
4	Bonus and premium discounts	-1.471	0	0	-1.471
	<i>Administration costs</i>	-16.764	-1.107	-25.405	-43.563
	Acquisition costs	-6.133	-397	-46.280	-52.836
6	Gross operating expenses	-22.897	-1.504	-71.685	-96.399
	Profit from gross operations	51.013	2.667	-11.670	42.884
7	Result of business ceded	-20.111	-178	2.420	-18.494
9	Technical interest o.o.a.	39	0	-272	-260
	<b>10 Underwriting result</b>	<b>30.941</b>	<b>2.042</b>	<b>-9.522</b>	<b>24.130</b>
	Number of compensations paid	5.544	84	12.520	18.257
	Average compensation for claims incurred	7,8	35,2	6,7	7,1
	Compensation ratio	77,8%	43,5%	3,6%	5,2%