

# EUROPÆISKE REJSEFORSIKRING A/S

## ANNUAL REPORT

2009

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

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

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### COMPANY NAME

#### EUROPÆISKE REJSEFORSIKRING A/S

3, Frederiksberg Allé  
DK 1790 Copenhagen V

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

### BOARD OF DIRECTORS:

Johann-Dietrich von Hülsen (Chairman), Ulrike Timmer, Stefan Holzhauser,  
\*Jakob Espersen, \*Kewin Hedegaard

\*Elected by the staff

### BOARD OF MANAGEMENT:

Preben Mullit, Managing Director

### COMPANY AUDITORS:

KPMG  
Statsautoriseret  
Revisionspartnerselskab  
Ole Karstensen og Jes P. Sørensen

## **Management report 2009**

### **About Europæiske**

Europæiske Rejseforsikring A/S' primary business area is sale of travel insurance and international health insurance. The majority of travel insurance policies are sold as either trip-by-trip insurance policies or as annual travel insurance in connection with our customers' holiday, business trips, or stationing abroad. The international health insurance policies are sold directly or through insurance companies or brokers in the markets we have chosen to be present in. In 2008 Europæiske introduced its new brand in the international market – Nordic Health Care. In 2009 we have increasingly consolidated this brand and the products in a number of markets still with our main focus on Europe, South America and the Middle East.

We offer our customers 24 hour assistance, covers of claims and related local services everywhere in the world.

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

### **Europæiske's Alarm-Centre**

Europæiske Alarm-Centre has been operating since the beginning of 2009 to our customers' great satisfaction. In 2009 we have handled several thousand claims in all the continents of the world. The claims have ranged from small claims like out-patient cases to extensive complicated cases involving air ambulance etc.

We believe that the integration and control of all parts of our assistance network mean that we can supply our customers with the best and most efficient assistance.

For Europæiske it is of paramount importance that we continue our concept of high quality with safety before, during and after travelling.

### **Europæiske's international service offices**

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

The local anchorage of our network is Europæiske's service offices abroad. They are the entry to the regional area in which they are located and thus the local help and assistance for our customers.

For the traveller this means that the service offices are the place to contact if the person is robbed or becomes ill during travelling. Globally we have 10 offices with 1 office in every continent as a minimum. They are all staffed with Scandinavian personnel and at the same time the staff also speaks the local language. Hence the service offices function as Europæiske's extended arm in the world.

### **Product development, new products and services**

As market leader Europæiske is always aiming at being at the forefront with product development and all the time improve services to our customers.

In 2009 we have developed further our existing products and launched a new annual leisure cancellation product with world-wide cover. In addition Europæiske has introduced add-on products as supplement to our competitors' existing travel insurance products to the Danish market. In all cases the quality of the product has been of paramount importance and the price fair. By this we consolidate our image as the specialist providing high quality products at competitive prices.

### **Nordic Health Care**

In 2009 Nordic Health Care (NHC) has increasingly consolidated its brand and products in a number of markets still with main focus on Europe, South America and the Middle East. In 2010 we expect considerable growth in all the established markets.

### **Corporate travel market**

In 2009 Europæiske's corporate department has strengthened their position in the market despite the continued financial recession. 2009 has been a year with significant development in several segments. We have maintained our focus on communicating the message about our new covers and products to existing as well as new customers. In addition we have launched a new stream-lined web portal to further promote and support our profile as experts in the market. In 2009 Europæiske corporate department has won several large tenders and at year end we are the unrivalled market leader within corporate travel insurance as well as stationed abroad products.

### **Leisure travel market**

The leisure market has been influenced by the financial recession which has led to decreasing travel activity. This has in particular influenced the income from travel agencies, whereas direct sales to the customers via internet or via Europæiske's call centre have increased.

The gross premium on direct business has shown a decrease of DKK4.8m. The decrease is primarily from annual travel insurance for leisure customers.

The gross premium on indirect business has shown an increase of DKK8.6m. The increase is due to the establishment of indirect business in international health insurance in Switzerland and the Middle East.

The claims record for 2009 has been relatively favorable with a claims ratio of 51.4% against 55.3% in 2008. The decrease in the claims ratio is primarily due to the improved claims record of corporate travel, annual travel insurance and travel agency indemnity insurance mainly due to considerably less claims in 2009. This is further enhanced as Europæiske Rejseforsikring A/S in 2009 has realised a higher run-off gain gross corresponding to DKK15.5m. Last year showed a run-off gain of DKK2.6m. The large increase is primarily due to a run-off gain on claim provisions in connection with Sterling's bankruptcy.

Net costs to ceded business have increased by DKK10.1m compared to 2008. This is primarily because we have received a considerable lower reinsurance cover than in 2008 mainly due to the above-mentioned improved claims record.

In 2009 Europæiske has continued the development of a new and improved insurance system in cooperation with external consultants. The system has been implemented in steps. The implementation period runs from 2008 to 2011.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2009 the company has had a gross premium corresponding to DKK67m. The company's annual report shows a profit of DKK5.7m, which is satisfactory. Our share of the annual profit is DKK4.4m.

Europæiske Rejseforsikring A/S is relatively sensitive towards the prices of shares and bonds etc. As a consequence of the negative market the company has a net loss in realised and unrealised bonds, share-based unit trusts and exchange rates of a total of DKK3.7m. The loss is primarily due to a realised loss of DKK2.5m through sale and redemption of bonds.

### **Annual accounts**

The net profit is DKK20.8m against DKK24.8m in 2008.

The underwriting result shows a profit of DKK13.5m against DKK16.4m in 2008, a decrease of DKK2.9m.

Gross premiums written amount to DKK428.9m against DKK399.7m in 2008, an increase of DKK29.2m. The increase is primarily due to increased sales of international health products.

Gross claims incurred amount to DKK206.1m against DKK219.6m in 2008, a decrease of DKK13.5m. The gross claims ratio is 51.4% against 55.5% in 2008.

The result of business ceded shows an expense for Europæiske Rejseforsikring A/S of DKK29.9m in 2008 against an expense of DKK19.8m in 2008. An increase of DKK10.1m compared to 2008. This is primarily due to an improved claims record.

The claims incurred, net of reinsurance, amount to DKK163.4m against DKK170.5m in 2008, a decrease of DKK7.1m. The claims ratio, net of reinsurance, is 55.6% against 57.5% in 2008.

The administration expenses amount to DKK80.3m against DKK75.2m in 2008.

Acquisition costs amount to DKK74.5m against DKK72.4m in 2008.

The expense ratio, including acquisition costs and commission of ceded business is 39.3% against 37.7% in 2008. The acquisition cost ratio alone is 18.6% against 18.2% in 2008. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 98.2% against 97.9% in 2008.

The result from affiliated companies shows a profit of DKK9.8m against a profit of DKK11.7m in 2008. This result is created by Evropská Cestovní Pojistovna A.S., Czech Republic.

Interest income, dividends etc. for the year amount to DKK10.7m against DKK9.9m in 2008.

Income from land and buildings amounts to DKK2.0m against DKK1.1m in 2007, an increase of DKK1.1m. The increase is primarily due to the fact that the first half year of 2008 there were premises in the property Frederiksberg Alle 3 that were not rented out. This was due to the relocation and sale of Euro-Alarm A/S at the end of 2007. The property is now fully rented out.

Net capital loss for the year amounts to DKK3.7m against a loss of DKK4.7m in 2008. The capital loss in 2009 is primarily due to a realized loss on the bond portfolio.

The result of investment activities before transfer of technical interest amounts to a profit of DKK18.9m against a profit of DKK17.8m in 2008.

The tax of the year amounts to DKK9.7m against DKK4.0m in 2008. The tax is influenced by extra tax in connection with double taxation primarily in Spain amounting to DKK2.4m. At the same time the tax of the year is influenced by a adjustment regarding last year's allocated tax of DKK2.1m.

As of December 31, 2009 the company's total capital and reserves amount to DKK249.2m out of its total assets of DKK519.1m.

### 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 ERGO Versicherungsgruppe AG, Düsseldorf, Germany

ERGO Versicherungsgruppe AG, Düsseldorf is a 94,70% owned subsidiary of Munich Re, Munich, Germany

### Group Ownership

Europæiske Rejseforsikring A/S has shareholdings in the following companies:

Amount in DKK'000				
<b>Subsidiary:</b>	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital &amp; Reserves</u>
Evropská Cestovni Pojistovna a.s.	Czech Republic	Insurance	75.00%	65,352
<b>Associated company:</b>				
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	19,203

### Management positions

The board has approved managing director Preben Mullit's management position as:

Board member in Euro-Center Holding A/S, Copenhagen.

The supervisory board in Europæiske Rejseforsikring A/S has the following management positions in Danish companies:

Johann-Dietrich von Hülsen is board member in European International Holding A/S

Stefan Holzhauser is managing director in European International Holding A/S

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

### Outlook

Subsequent to the balance sheet date the company has been summoned to the court in Jacksonville, Florida in a case about payment of insurance damages which the company dismissed nearly two years ago.

In addition to the standard damages, the injured claims "breach of contract" which according to American law entails that there is a risk that the company will be charged with a considerable extra compensation ("punitive damages").

The total risk of damages is assessed to be covered by the company's reinsurance scheme.

Besides the above-mentioned event, 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.

We expect an increase in premium income as regards international health insurance and corporate travel insurance, whereas we expect that the continued financial crisis will result in a small decrease in the premium income for leisure travel insurance products. In 2010 we expect a considerably smaller expense for tax. As a result we expect that the company's result in 2010 will be at a significantly higher level than in 2009.

### 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 DKK17.2m and minus DKK26.1m 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 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 13% of the company's equity.

### Disaster cover

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

### Appropriation of profit

Available for appropriation:

	Amount in DKK'000	
	<b>2009</b>	<b>2008</b>
Profit for the year	<u>20,808</u>	<u>24,811</u>

Which amount is recommended to be allocated as follows:

	<b>2009</b>	<b>2008</b>
To the Shareholder	9,750	9,750
Transferred to other reserves	7,883	10,285
Transferred to reserves	<u>3,175</u>	<u>4,776</u>
	<u>20,808</u>	<u>24,811</u>

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

We have today presented the annual report for 1 January – 31 December 2009 to Europæiske Rejseforsikring A/S.

The annual report has been prepared in accordance with Financial Business Act and Executive Order on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational 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 of 31 December 2009 together with the results of the company's activities for the financial year 1 January – 31 December 2009.

The management report contains a fair and true review of the development of the company's activities and financial performance together with a description of the most significant risks and elements of uncertainty that may have an impact on the company.

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

Copenhagen, February 15, 2010

### **Board of Management:**

Preben Mullit

/

Winnie Grønnemose

### **Board of Directors:**

Johann-Dietrich von Hülsen  
**Chairman**

Ulrike Timmer

Stefan Holzhauser

Jakob Espersen

Kewin Hedegaard



## **Independent auditors' report**

### **TO THE SHAREHOLDERS OF EUROPÆISKE REJSEFORSIKRING A/S**

We have audited the financial statements of Europæiske Rejseforsikring A/S for the financial year 1 January – 31 December 2009, pp. 11-29. The financial statements comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Business Act.

In addition to our audit, we have read the Management's review prepared in accordance with Danish Financial Business Act.

### **MANAGEMENT'S RESPONSIBILITY**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with the Danish Financial Business Act.

### **AUDITORS' RESPONSIBILITY AND BASIS OF OPINION**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgement, 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 and fair presentation of the financial statements 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 audit opinion.

Our audit did not result 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 2009 and of the results of the company's operations for the financial year 1 January – 31 December 2009 in accordance with the Danish Financial Business Act.

## **INDEPENDENT AUDITORS' REPORT CONTINUED**

### **STATEMENT ON THE MANAGEMENT'S REVIEW**

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

Copenhagen 15 February 2010

**KPMG**

Statsautoriseret Revisionspartnerselskab

Ole Karstensen  
State Authorised  
Public Accountant

Jes P. Sørensen  
State Authorised  
Public Accountant

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

## **PROFIT AND LOSS ACCOUNT**

### **RESULT OF INSURANCE OPERATIONS**

#### **Premium income, net of reinsurance**

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

#### **Technical interest, net of reinsurance**

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

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

#### **Claims incurred, net of reinsurance**

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

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

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

#### **Bonus and premium rebates**

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

#### **Insurance operating expenses, net**

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

#### **Investment activities**

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

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

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

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

Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of land and buildings, exchange rate adjustments 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 25% on all time differences between the result reported in the annual report and the result reported in the tax return, and between the book value and taxable value of the company's intangible assets, investment assets, operating equipment and debts.

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

## **BALANCE SHEET**

### **Intangible assets**

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

Software, presently

3-10 years

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

After completion of the development the asset is written down on a straight-line basis over the expected useful life, however, presently with a maximum period of 5 years. The basis of writing down is reduced by any impairment write downs.

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

### **Operating equipment**

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

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

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

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

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

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

### **Domicile**

Domiciles are measured in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed regularly to avoid the carrying amount differing 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 scrap 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. For new annual insurance policies, where a considerable part of the risk is in the immediate continuation of the date they become effective, we add as income 50% of the premium within the first 2-3 weeks and then distribute the rest according to the pro rata temporis principle. The provisions also include amounts reserved to cover risk in connection with increasing age. These provisions are reserved when there no longer is a natural premium and the risks covered increase with the insured person's age.

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

**Provisions for claims**

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

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. This is why the information in the notes is no longer relevant in accordance with Executive Order on Financial Reports Institutions and Investment Companies, etc. paragraph 95a.

**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.



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**Profit and loss account**


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Note	in DKK'000	<u>2009</u>	<u>2008</u>
	<i>Earned premiums</i>		
2	Gross premiums written	428.913	399.708
	Ceded insurance premiums	-112.451	-99.290
	Change in the provision for unearned premiums	-25.069	377
	Change in the provision for unearned premiums, reinsurers' share	5.463	-1.548
	<b>Total premium income, net of reinsurance</b>	<u>296.856</u>	<u>299.247</u>
3	<b>Technical interest, net of reinsurance</b>	<u>3.294</u>	<u>6.063</u>
	<i>Claims incurred</i>		
	Claims paid	215.625	208.014
	Reinsurance recoveries	-50.327	-43.500
	Change in the provision for claims	-9.571	11.601
	Change in the provision for claims, reinsurers' share	7.653	-5.618
	<b>Total claims incurred, net of reinsurance</b>	<u>163.380</u>	<u>170.497</u>
	<b>Bonus and premium discounts</b>	<u>2.846</u>	<u>2.714</u>
	<i>Net operating expenses</i>		
4	Acquisition costs	74.515	72.370
5	Administrative expenses	80.285	75.199
	Commission and profit share from reinsurers	-34.395	-31.911
6	<b>Total net operating expenses, net of reinsurance</b>	<u>120.405</u>	<u>115.658</u>
7	<b>UNDERWRITING RESULT</b>	<u>13.520</u>	<u>16.441</u>
	<i>Income from investment assets</i>		
8	Income from affiliated companies	9.768	11.723
	Income from associated companies	930	769
	Income from investment properties	2.017	1.106
9	Interest income and dividends etc.	10.729	9.872
10	Value adjustment	-3.728	-4.687
	Interest expenses	-49	-134
	Administrative expenses on investments	-743	-805
	<b>Total return on investment activities</b>	<u>18.924</u>	<u>17.844</u>
3	<b>Interest on insurance provisions</b>	<u>-3.294</u>	<u>-6.063</u>
	<b>TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST</b>	<u>15.630</u>	<u>11.781</u>
11	Other income	4.930	5.027
11	Other expenses	3.546	4.471
	<b>PROFIT BEFORE TAX</b>	<u>30.534</u>	<u>28.778</u>
12	Tax	9.726	3.967
	<b>PROFIT FOR THE YEAR</b>	<u>20.808</u>	<u>24.811</u>

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**Balance Sheet as of 31st December**


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Note	in DKK '000	<u>2009</u>	<u>2008</u>
	<b>ASSETS</b>		
13	<i>Intangible assets</i>		
	Software	20.410	16.887
	Software, development projects	<u>2.107</u>	<u>8.492</u>
	<b>TOTAL INTANGIBLE ASSETS</b>	<u>22.517</u>	<u>25.379</u>
	<i>Tangible assets</i>		
	Operating equipment	7.269	9.784
	Operating equipment, not used yet	<u>880</u>	<u>0</u>
14	Total operating equipment	<u>8.149</u>	<u>9.784</u>
15	Domicile	<u>94.980</u>	<u>95.241</u>
	<b>TOTAL TANGIBLE ASSETS</b>	<u>103.129</u>	<u>105.025</u>
	<i>Investments in affiliated and associated companies</i>		
16	Capital holdings (shares) in affiliated companies	49.014	41.987
16	Capital holdings (shares) in associated companies	<u>3.218</u>	<u>2.361</u>
	<b>Total investments in affiliated and associated companies</b>	<u>52.232</u>	<u>44.348</u>
	<i>Other financial investments</i>		
	Participating interests	54	54
	Unit trusts	7.443	0
	Bonds	<u>222.400</u>	<u>203.401</u>
	<b>Total other financial investments</b>	<u>229.897</u>	<u>203.455</u>
	<b>TOTAL INVESTMENT ASSETS</b>	<u>282.129</u>	<u>247.803</u>
	<i>Reinsurance share of technical provision</i>		
	Reinsurance share of unearned premiums	26.877	21.414
	Reinsurance share of claim provision	<u>20.556</u>	<u>28.208</u>
	<b>Total reinsurance share of technical provision</b>	<u>47.433</u>	<u>49.622</u>
	<i>Debtors</i>		
	Amounts owed by policy holders	19.086	6.695
	Amounts owed by insurance brokers	<u>15.790</u>	<u>20.013</u>
	<b>Debtors arising out of direct insurance contracts, in total</b>	<u>34.876</u>	<u>26.708</u>
	<i>Other debtors</i>		
	Amounts owed by insurance companies	10	474
	Amounts owed by affiliated companies	1.416	464
	Amounts owed by associated companies	1.854	1.696
	Tax asset	0	5.499
	Other debtors	<u>1.713</u>	<u>485</u>
	<b>Total other debtors</b>	<u>4.993</u>	<u>8.618</u>
	<b>TOTAL DEBTORS</b>	<u>87.302</u>	<u>84.948</u>
	<i>Other assets</i>		
	Cash in hand and cash equivalent	11.485	11.335
	Other	<u>7.548</u>	<u>10.963</u>
	<b>TOTAL OTHER ASSETS</b>	<u>19.033</u>	<u>22.298</u>
	<i>Prepayments and accrued income</i>		
	Accrued interest	1.903	3.403
17	Other prepayments and accrued income	<u>3.051</u>	<u>3.541</u>
	<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<u>4.954</u>	<u>6.944</u>
	<b>TOTAL ASSETS</b>	<u>519.064</u>	<u>492.397</u>

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**Balance Sheet as of 31st December**


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Note	in DKK '000	<u>2009</u>	<u>2008</u>
	<b>LIABILITIES</b>		
	<i>Capital and reserves</i>		
	<b>Share capital</b>	<u>10.000</u>	<u>10.000</u>
	Revaluation provisions	<u>7.141</u>	<u>7.141</u>
	<i>Reserves</i>		
	Contingency reserve, untaxed	115.000	115.000
	Other reserves, year end	<u>38.661</u>	<u>30.778</u>
	<b>Total reserves</b>	<u>153.661</u>	<u>145.778</u>
	<b>Proposed dividend for the accounting year</b>	<u>9.750</u>	<u>9.750</u>
	<b>Profit brought forward</b>	<u>68.685</u>	<u>65.285</u>
18	<b>TOTAL CAPITAL AND RESERVES</b>	<u>249.237</u>	<u>237.954</u>
	<i>Provisions for insurance contracts</i>		
	Provision for unearned premiums	123.945	98.876
	Claim provisions	<u>76.831</u>	<u>86.391</u>
	<b>TOTAL PROVISION FOR INSURANCE CONTRACTS</b>	<u>200.776</u>	<u>185.267</u>
	<i>Provisions for other risks and charges</i>		
19	<b>Deferred taxation</b>	<u>7.237</u>	<u>7.190</u>
	<b>TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES</b>	<u>7.237</u>	<u>7.190</u>
	<i>Creditors</i>		
	Amounts owed to insurance companies	10.997	12.559
	Amounts owed to reinsurance companies	10.650	14.110
	Amounts owed to credit institutions	0	1.011
	Amounts owed to affiliated companies	903	231
	Amounts owed to associated companies	0	146
	Actual tax liabilities	3.874	0
20	Other creditors	<u>35.390</u>	<u>33.929</u>
	<b>TOTAL CREDITORS</b>	<u>61.814</u>	<u>61.986</u>
	<b>TOTAL LIABILITIES</b>	<u>519.064</u>	<u>492.397</u>
21	Contingency liabilities		
21-26	Other Notes		

**Equity specification**

Amount in DKK '000	Share Capital	Revaluation Provisions	Other Provisions	Security funds	Transferred result	Dividend	Total
<b>Equity as of 31st December 2008</b>	10.000	7.141	30.778	115.000	65.285	9.750	237.954
Dividend paid out						-9.750	-9.750
Provisions for revaluations			7.658		-7.658		0
Provisions for other reserves			225				225
Currency adjustment for foreign entities					20.808		20.808
Profit for the year					-9.750	9.750	0
Proposed dividend							0
<b>Equity as of 31st December 2009</b>	10.000	7.141	38.661	115.000	68.685	9.750	249.237

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**Note**

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in DKK'000

**1 Five-year review**

<b>Profit and Loss</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Gross premiums earned	403.844	400.085	376.311	379.863	427.705
Gross claims incurred	206.054	219.615	173.783	183.598	225.332
Total operating expenses	154.800	147.569	141.184	141.702	152.161
Result of reinsurance (-=net cost)	-29.919	-19.809	-38.575	-37.307	-19.823
Underwriting result	13.520	16.441	25.690	19.928	31.313
Profit/loss of investment after transfer of technical interest	15.630	11.781	-2.246	10.338	14.156
Profit for the year	20.808	24.811	18.844	26.586	33.232
Gross run-off profit/loss	15.520	2.563	1.598	4.595	18.566
Run-off profit/loss, net of reinsurance	14.671	8.516	716	342	17.177
<b>Assets and Liabilities at</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
Insurance assets	47.433	49.622	45.556	54.906	76.930
Technical provisions	200.776	185.267	174.098	178.780	204.223
Capital and reserves at year-end	249.237	237.954	222.252	211.084	207.584
Total assets	519.064	492.397	450.540	455.051	465.393
<b>Key figures</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Claims ratio	51,39%	55,27%	46,49%	48,53%	52,98%
Expense ratio	39,32%	37,67%	38,49%	38,12%	36,28%
Reinsurance ratio	7,46%	4,99%	10,32%	9,86%	4,66%
Combined ratio	98,17%	97,93%	95,30%	96,51%	93,92%
Operating ratio	96,66%	95,92%	93,18%	94,79%	92,69%
Relative run-off result	17,97%	3,42%	1,70%	3,81%	13,98%
Return on capital and reserves	8,54%	10,78%	8,70%	12,70%	17,14%
Solvency cover	3,40	3,42	3,56	2,93	2,42

**Note**

in DKK'000

	<u>2009</u>	<u>2008</u>
<b>2 Gross earned premiums</b>		
Gross premiums	428.913	399.708
Change in the gross provision for unearned premiums	<u>-25.069</u>	<u>377</u>
<b>Gross earned premiums for the year</b>	<u>403.845</u>	<u>400.085</u>
<i>Distribution:</i>		
Direct business	381.627	386.453
Indirect business	<u>22.218</u>	<u>13.632</u>
	<u>403.845</u>	<u>400.085</u>
<i>Geographic distribution of direct business:</i>		
Denmark	311.097	332.672
EU countries	27.088	23.929
Non-EU countries	<u>43.442</u>	<u>29.852</u>
	<u>381.627</u>	<u>386.453</u>
<b>3 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	185.267	174.098
Reinsurers share of technical provisions, year start	-49.622	-45.556
Provisions for insurance contracts, year end	200.776	185.267
Reinsurers share of technical provisions, year end	<u>-47.433</u>	<u>-49.622</u>
Total	<u>288.988</u>	<u>264.187</u>
Average	144.494	132.094
Interest rate in accordance with the Danish FSA	<u>2,28%</u>	<u>4,59%</u>
Interest on technical provisions	3.294	6.063
Unwinding of provision for claims	0	0
Technical interest, net of reinsurance	<u>3.294</u>	<u>6.063</u>
<b>4 Acquisition costs</b>		
Total acquisition costs	<u>74.515</u>	<u>72.370</u>
of which:		
Commission for direct business	42.491	44.564
Commission for indirect business	<u>5.007</u>	<u>4.126</u>
	<u>47.498</u>	<u>48.690</u>
<b>5 Administrative expenses</b>		
Administrative expenses	75.183	79.331
Duties and contributions etc	6.891	5.989
Depreciation	9.443	8.781
Reimbursements from affiliated and associated companies	<u>-11.232</u>	<u>-18.902</u>
	<u>80.285</u>	<u>75.199</u>
Total fees paid to auditors appointed by the company at the general meeting:		
Statutory audit services		
KPMG	<u>534</u>	<u>584</u>
Services other than audit:		
KPMG	<u>61</u>	<u>63</u>
Total	<u>595</u>	<u>681</u>

**Note**

in DKK'000

	<u>2009</u>	<u>2008</u>
<b>6 Staff costs</b>		
Net operating expenses include the following staff costs:		
Wages and salaries	81.119	73.526
Pension scheme contributions	8.369	7.290
Payroll tax	<u>6.891</u>	<u>5.989</u>
	<u>96.379</u>	<u>86.805</u>
Total remuneration paid to:		
Board of Directors	<u>70</u>	<u>98</u>
Board of Management	<u>2.912</u>	<u>2.981</u>
The average of full-time staff	<u>155</u>	<u>152</u>
<b>7 Breakdown of underwriting result</b>		
Earned premiums	400.998	397.371
Underwriting interest, net of reinsurance	3.294	6.226
Claims incurred	-206.054	-219.615
Administrative expenses	-80.285	-75.199
Acquisition costs	<u>-74.515</u>	<u>-72.370</u>
Profit from gross operations	<u>43.439</u>	<u>36.413</u>
Ceded insurance premiums	106.988	100.838
Reinsurance recoveries	-42.674	-49.118
Reinsurance commissions and profit participation	<u>-34.395</u>	<u>-31.911</u>
Result of ceded business	<u>29.919</u>	<u>19.809</u>
Underwriting profit	<u>13.520</u>	<u>16.604</u>
<b>8 Income from affiliated companies</b>		
The year's net result in Evropská Cestovni Pojistovna a.s. Czechia	<u>9.768</u>	<u>11.723</u>
	<u>9.768</u>	<u>11.723</u>

**Note**

in DKK'000

	<u>2009</u>	<u>2008</u>
<b>9 Interest income and dividends etc</b>		
Interest income	10.709	8.898
Dividend from participating interests	<u>20</u>	<u>974</u>
	<u>10.729</u>	<u>9.872</u>
<b>10 Realised and unrealised gains and losses, net</b>		
Participating interests	258	-7.391
Bonds	305	2.622
Investment properties	-203	-207
Capital loss on instalments and redemptions	-2.465	-5
Mortgage loans	1	-12
Exchange rate adjustments	<u>-1.624</u>	<u>306</u>
	<u>-3.728</u>	<u>-4.687</u>
<b>11 Other income and expenses</b>		
Income from administration arrangements	4.930	5.027
Expenses from administration arrangements	<u>3.546</u>	<u>4.471</u>
	<u>1.384</u>	<u>556</u>
<b>12 Tax of the profit for the year</b>		
Current tax	7.599	-98
Change in deferred tax	47	3.999
Adjustment regarding prior years	<u>2.080</u>	<u>66</u>
	<u>9.726</u>	<u>3.967</u>
Taxes paid (received) for last year	<u>2.080</u>	<u>66</u>
Taxes paid on account for the current year	<u>3.781</u>	<u>5.400</u>
<b>Effective tax rate</b>	%	%
Tax rate	25	25
Adjustment of tax from previous years	8	0
Tax of non-taxable income and expenses	<u>5</u>	<u>-11</u>
	<u>38</u>	<u>14</u>



**Note**

in DKK'000

	<u>2009</u>	<u>2008</u>
<b>13 Intangible assets</b>		
Cost at the beginning of the year	38.700	22.617
Additions and improvements of the year	1.115	16.083
Cost at the end of the year	<u>39.815</u>	<u>38.700</u>
Depreciation and write-downs at beginning of year	13.321	10.681
Depreciation and write-downs of the year	3.977	2.640
Total depreciation and write-downs at year-end	<u>17.298</u>	<u>13.321</u>
Net book value	<u>22.517</u>	<u>25.379</u>
<b>14 Operating Equipment</b>		
Cost at the beginning of the year	76.798	73.612
	-1.109	0
Additions and improvements of the year	4.192	3.186
Cost at the end of the year	<u>79.881</u>	<u>76.798</u>
Depreciation and write-downs at beginning of the year	67.014	61.556
Depreciation and write-downs of the year	4.718	5.458
Total depreciation and write-downs at year-end	<u>71.732</u>	<u>67.014</u>
Net book value	<u>8.149</u>	<u>9.784</u>
<b>15 Land and buildings</b>		
Cost at the beginning of the year	110.059	109.247
Additions and improvements of the year	424	812
Cost at the end of the year	<u>110.483</u>	<u>110.059</u>
Depreciation and write-downs of the year	685	400
Total depreciation and write-downs at year-end	<u>25.150</u>	<u>24.465</u>
Revaluations beginning the year	9.647	9.647
Total revaluations at year-end	<u>9.647</u>	<u>9.647</u>
Net book value	<u>94.980</u>	<u>95.241</u>
Net book value of land and buildings used for company operations	<u>68.417</u>	<u>68.607</u>
Real property value according to the last public assessment	<u>117.800</u>	<u>102.800</u>
The property has not been evaluated by external parties		
In 1992 the company acquired the building at 3, Frederiksberg Allé, in which the registered office is located. The yield used for the assessment of the market value of the building is	<u>6,50%</u>	<u>6,25%</u>
<b>16 Affiliated and associated companies</b>		
	<u>Affiliated company</u>	<u>Associated companies</u>
Acquisition cost, balance, beginning of the year	12.020	1.507
Acquisition cost, balance, year-end	<u>12.020</u>	<u>1.507</u>
Revaluations, balance, beginning of the year	29.968	810
Price adjustment of opening balance of capital and reserves	218	7
Share of profit for the year	9.768	850
Distribution of dividends	-2.960	0
Revaluations, balance, year-end	<u>36.994</u>	<u>1.667</u>
Net book value, year-end	<u>49.014</u>	<u>3.174</u>
Net book value, year-end 2008	<u>41.988</u>	<u>2.360</u>

**Note**

in DKK'000

	<u>2009</u>	<u>2008</u>
<b>17 Other prepayments and accrued income</b>		
Prepaid wages and salaries	648	672
Other prepayments and accrued income	<u>2.405</u>	<u>2.869</u>
	<u>3.053</u>	<u>3.541</u>
<b>18 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	249.237	237.954
Deduction of intangible fixed assets	22.517	25.379
Allowance for solvency requirement in subsidiaries	12.686	12.591
Proposed dividend	<u>9.750</u>	<u>9.750</u>
Base capital	<u>204.285</u>	<u>190.234</u>
Solvency requirements	<u>60.028</u>	<u>55.663</u>
<b>19 Provisions for taxation</b>		
Deferred tax is incumbent on the following items:		
Owner-occupied property	4.283	3.825
Bonds and mortgage debt	387	518
Deferred acquisition costs, net of reinsurance	0	0
Intangible fixed assets	5.103	4.222
Operating equipment	-2.342	-1.373
Shares	0	0
Severance pay etc.	<u>-195</u>	<u>0</u>
Total provisions for deferred taxation	<u>7.237</u>	<u>7.190</u>
<b>Contingency tax</b>		
A release of the contingency reserve will trigger a tax of	<u>28.750</u>	<u>28.750</u>
	<u>28.750</u>	<u>28.750</u>

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

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**Note**

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in DKK'000

20092008**20 Other creditors**

PAYE taxes and labour market contribution  
Holiday pay obligations, salaried staff  
Social security benefit and other duties  
Other accrued costs

3.478

352

10.272

10.027

819

887

20.82122.66335.39033.929**21 Contingency liabilities**

Submission of guarantee to Danske Bank for the overdraft facility of Euro-Center A/S up to a maximum of DKK 20m.

A claim has been filed against the company of approx. DKK10m for payment of services and compensation concerning a terminated cooperation agreement. It is the management's opinion that the claim is unjustified and it will not influence the company's financial position except of the debtors and liabilities already included in the balance sheet as of 31 December 2009.

The company's rejection from September 2009 is still unanswered

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:

235437**22 Incentive Schemes**

Members of the board of management have the possibility to receive bonuses at maximum DKK 500,000 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 ERGO Versicherungsgruppe AG, Düsseldorf, Germany.

ERGO Versicherungsgruppe AG, Düsseldorf, is a 94,7% owned subsidiary of Münchener Rückversicherungs-Gesellschaft, Munich, Germany.

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

in DKK'000

## 24 Risk Sensitivity

### *Financial risks*

In terms of the result the company is sensitive towards the development in exchange rates and the prices of bonds and shares. The stress scenarios red, yellow and green, set by the Danish Financial Supervisory Authority, have been calculated on a continuous basis and Europæiske Rejseforsikring A/S has always been in the green with a good safety margin. The latest calculation shows a total equity effect of minus DKK17.2m and minus DKK26.1m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red or yellow scenario.

Incident	Impact on equity	
	2009	2008
Increase in interest rate of 0.7% point	4.725	8.240
Decrease in interest rate of 0.7% point	-4.725	-8.240
Price decrease of 12% on shares	-1.286	0
Decrease in real estate of 8%	-7.598	-7.619
Exchange rate risk (VaR 99,5 pct.)	-2.753	-30
Loss of contracting parties of 8%	-819	-1.095

### *Operational risks*

The development in the travel market and events limiting the population's travel activity can have a relatively large impact on the company's result. Europæiske Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to 13% of the company's equity.

### *Disaster cover*

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

The company has estimated the effect of a wide-scale pandemic to approx. DKK 17.0m net of reinsurance. The size of this risk is because a pandemic is not considered a claim. Europæiske's risk is therefore not limited to the above-mentioned DKK4.0m.

## 25 Discounting of provision of claims

Discounting is not applied at present as it is not considered material. This is why the information in the notes is no longer relevant in accordance with Executive Order on Financial Reports Institutions and Investment Companies, etc. paragraph 95a.

**Note**

in DKK'000

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

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	<b>Accident and health insurance</b>	<b>Fire and personal property (corporate) insurance</b>	<b>Liability insurance</b>	<b>Other insurance</b>	<b>Total</b>
1 Gross premiums written	211.389	3.057	9.294	205.173	428.913
2 Gross premiums earned	190.610	3.131	9.469	200.634	403.844
3 Gross claims incurred	-75.353	-1.076	2.414	-132.039	-206.054
4 Bonus and premium discounts	-2.846	0	0	0	-2.846
<i>Administration costs</i>	<i>-40.087</i>	<i>-580</i>	<i>-1.740</i>	<i>-37.878</i>	<i>-80.285</i>
<i>Acquisition costs</i>	<i>-11.298</i>	<i>-101</i>	<i>-178</i>	<i>-62.938</i>	<i>-74.515</i>
6 Gross operating expenses	-51.385	-680	-1.918	-100.816	-154.800
Profit from gross operations	61.026	1.375	9.965	-32.221	40.145
7 Result of business ceded	-20.109	-784	-2.062	-6.964	-29.919
9 Technical interest o.o.a.	2.459	36	90	710	3.294
10 Underwriting result	43.375	627	7.993	-38.475	13.520

Number of compensations paid

Average compensation for claims incurred

Compensation ratio

12.286	123	33	16.019	28.461
1,0	11,8	126,6	10,8	8,5
76,7%	10,9%	19,0%	4,6%	6,6%