

EUROPÆISKE REJSEFORSIKRING A/S

ANNUAL REPORT

2011

Europæiske Rejseforsikring A/S

Frødenkøbsvej 113
1790 Copenhagen V
DENMARK
CVR nr. 6294 0514

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
Tel.: +45 33 25 25 25

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

BOARD OF DIRECTORS AND AUDIT COMMITTEE:

Richard Bader (Chairman), Ulrike Timmer, Jørn Sønderup, Julia Ricks, *Peter Andersen

*Elected by the staff

BOARD OF MANAGEMENT:

Johann-Dietrich von Hülsen, Managing Director

AUDIT:

KPMG
Statsautoriseret
Revisionspartnerselskab
Jesper Dan Jespersen and Lisbet Kragelund

Management report 2011

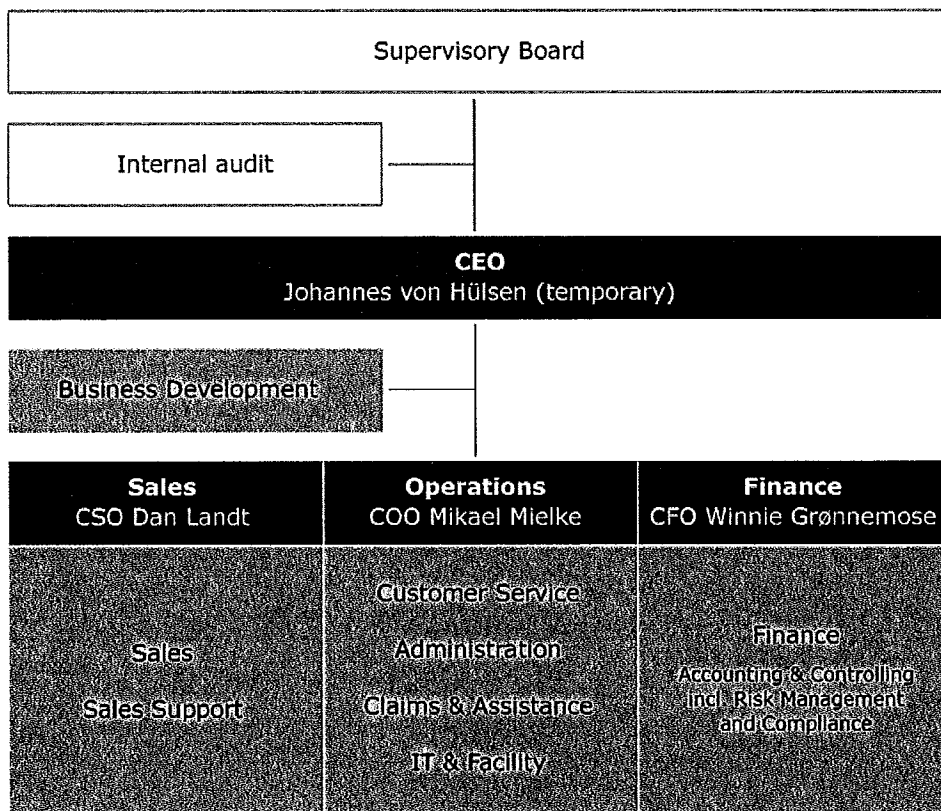
Main activities of the company

Europæiske Rejseforsikring A/S' primary business areas are sale of travel insurance and international health insurance. 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. The international health insurance policies are sold directly or through insurance companies or brokers in markets where we have chosen to be present. In 2011, Nordic Health Care, introduced by Europæiske in 2008, has increasingly consolidated its brand and its products on a number of markets keeping main focus on Europe, the Middle East and the Far East.

We offer our customers 24 hour assistance, coverage 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. Therefore, our target is to have an efficient organization with professional employees focusing on the customers' need for security and safety. To ensure this development through 2011 we have implemented organisational changes, focusing on a simpler and more streamlined organisation. This change reflects the processes of a travel insurance company to greater extent than before.

Organisation Chart



Europæiske's Assistance

In 2011, Europæiske's Assistance has handled several thousand cases in all parts of the world from small cases such as outpatient cases to bigger and more complex cases such as involving air-ambulance.

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

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

Europæiske's international service offices

For more than 80 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 we own and/or controls all significant elements in the network enabling us directly to ensure the quality of our assistance.

Europæiske's service offices comprise the local anchorage of our well-established network throughout the world. The service offices are the entry to the regional areas and thus the local help and assistance for our customers.

The presence of the service offices means that the traveller has a place to turn to in case of robbery or illness during the travel. Globally, we have 10 offices distributed in every continent, and they are all staffed with Scandinavian staff who also speaks the local language. Hence the service offices function as Europæiske's extended arm in the world.

Product development, new products and services

In its role as market leader, Europæiske's main job is to aim at being ahead of the product development and at all times to provide new and improved services to our customers.

In 2011, Europæiske has advanced its existing products. Among other initiatives Europæiske has launched annual travel insurance products which fit the customers travel patterns to a greater extent than before. In all cases the quality of the product has been paramount and the price fair. Thus we support our image as the specialist who always provides products of high quality at competitive prices.

Nordic Health Care

In 2011, Nordic Health Care (NHC) has increasingly consolidated its brand and products on a number of markets with continued main focus on Europe, the Middle East, China and Japan. In 2012, we expect growth in all the above-mentioned markets.

Corporate travel market

In 2011, Europæiske's corporate client department has focused on creating profitable business. This has meant that some large non-profitable contracts have been terminated. The result is that Europæiske's profitability in the corporate market has improved considerably. During the year we have focused on communicating the news about our coverages and products to existing as well as to new customers. In addition, our web portal further promoted our products and further supported our profile as experts in the market.

Leisure travel market

Like last year the leisure travel market has been influenced by the financial recession and fierce competition which has resulted in the same level of written premium as last year.

The development in the company's activities and financial matters

Gross premiums earned on direct business have shown an increase of DKK 16.2m. The increase is attributable to our increased sale of international health insurance.

Gross premiums earned on indirect business have increased by DKK 17.3m. The increase is due to a continuous prosperity of indirect business in international health insurance in Switzerland and the Middle East.

The claims record for 2011 has despite a small improvement compared to 2010 been unsatisfactory with a gross claims ratio of 62.9% against 65.4% in 2010. The continuous high claims ratio is attributable to the claims costs of DKK 7m in connection with the turmoil in North Africa and a bad claims result on our international health insurance products.

In 2011 Europæiske Rejseforsikring A/S realised a run-off loss of DKK 7.4m. Last year the run-off loss was an extraordinary loss of DKK 14.2m. This were due to run-off loss in connection with our indirect business in Switzerland together with run-off loss concerning summons in a case finalised several years ago. The improved run-off result in 2011 is partly due to the run-off result on the ash cloud from the Icelandic volcano Eyjafjallajökull together with the improved run-off loss on the Nordic Health Care business which is lower than last year. Excluding the above run-off loss have the claim ratio decreased with 1% point. This is mainly due to the improved claims record in the corporate travel market.

Net costs to ceded business have increased by DKK 16.1m compared to 2010. This is primarily due to a considerably higher ceded reinsurance premium compared to 2010 partly due to the increased sale of international health insurance together with the write down of several major claims included in our Excess of loss cover conf. the above-mentioned ash cloud.

The technical operating expenses have been influenced by the previously mentioned organisation change and projects connected to the change in processes. The extra ordinary expense in connection with the organisation change etc. is approximately DKK 15m.

During the financial year, the company has continued the development of a new and improved insurance system in cooperation with external consultants. The system has been taken into use successively.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s. In 2011, the company had a turnover corresponding to DKK 82m. The company's annual report shows a profit of DKK 10.0m which is satisfactory. Our share of the profit amounts to DKK 7.5m.

Europæiske Rejseforsikring A/S is relatively sensitive to the development of the prices of shares and bonds, etc. As a consequence of the positive market, the company has a net profit of realised and unrealised bonds, share-based unit trusts and exchange rates of a total of DKK 5.1m. The gain is primarily due to unrealised gains of DKK 7.1m relating to bonds and shares.

Annual accounts

Profit for the year amounts to DKK -0.1m against DKK 7.8m in 2010.

The underwriting result amounts to a loss of DKK 22.6m against a loss of DKK 13.9m in 2010 which is an increased loss of DKK 8.7m.

Gross premiums written amount to DKK 519.0m against DKK 497.0m in 2010, which is an increase of DKK 22.0m. The increase is primarily due to increased sales of international health insurance products.

Gross claims incurred amount to DKK 314.6m against DKK 305.4m in 2010 which is an increase of DKK 9.2m. The gross claims ratio is 62.9% against 65.4% in 2010.

The result of business ceded shows a loss for Europæiske Rejseforsikring A/S of DKK 24.8m in 2011 against a loss of DKK 8.7m in 2010. An increase of DKK 16.1m compared to year 2010. This is primarily due to an increase in the sale of international health insurance where there is a high reinsurance quota together with the write down of the ash cloud provision.

The claims costs net of reinsurance amount to DKK 214.0m against DKK 207.5m in 2010 which is an increase of DKK 6.5m. The claims ratio net of reinsurance is 66.3% against 65.7% in 2010.

The administrative expenses amount to DKK 88.3m against DKK 79.0m in 2010.

Acquisition costs amount to DKK 97.9m against DKK 89.8m in 2010.

The cost ratio, including acquisition costs and commission of ceded business amount to 37.8% against 36.3% in 2010. The acquisition cost ratio alone is 19.6% against 19.2% in 2010. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 105.6% against 104.0% in 2010.

The result from affiliated companies shows a profit of DKK 7.5m against a profit of DKK 7.3m in 2010. This result is created by Evropská Cestovní Pojistovna A.S., Czech Republic.

Income from associates show a profit of DKK 0.7m against a profit of DKK 3.1m in 2010. The income is created by Euro-Center Holding A/S of which Europæiske Rejseforsikring A/S owns 16.67%.

Interest income, dividends, etc. for the year amount to DKK 6.6m against DKK 8.8m in 2010.

Income from land and buildings amounts to DKK 1.7m against DKK 1.9m in 2010.

The realized and unrealized gains and losses net for the year amount to a profit of DKK 5.1m against a profit of 3.1 in 2010. The gain in 2011 is primarily due to an unrealised profit on the bond portfolio.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 21.5m against a profit of DKK 22.0m in 2010.

The tax of the year amounts to a profit of DKK 2.2m against a profit of DKK 0.3m in 2010.

At 31 December 2011, the company's total capital and reserves amount to DKK 246.0m and total assets amount to DKK 609.7m.

The result of the year compared to earlier statements

The company expected prosperity in premium income with regard to international health insurance and business travel insurance. The expectations were met with regard to international health insurance, but not with respect to leisure travel insurance which has experienced a stagnation. In spite of an improvement compared to 2010 the claims record has been more unfavourable than expected. Due to this the result of 2011 does not meet the expectations.

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 100% owned subsidiary of Munich Re, Munich, Germany

Group Ownership

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

				Amount in DKK'000	
Subsidiary:	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital & Reserves</u>	<u>Result</u>
Evropská Cestovní Pojistovna a.s.	Czech Republic	Insurance	75.00%	70,839	7,525
Associated company:					
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	37,077	401

Management positions

The Board of Directors has approved the former managing director Preben Mullit's management position as:

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

The Managing Director as of 20 December 2011 Johann-Dietrich von Hülsen has the following management positions approved by the board of directors:

Managing Director of Europeiska Försäkringsaktiebolaget, Stockholm, Sweden.
Managing Director of European International Holding A/S. Copenhagen, Denmark.
Chairman of the the board in l'Européenne d'Assurances, Nanterre, France.
Chariman of the board in Compañia Europea de Seguros S.A., Madrid, Spain.
Member of the board in Deutsche Touring GMBH; Frankfurt a M, Germany
Member of the board in Tripple IP BV, Amsterdam, Holland.
Member of the board in Euro-Center Holding A/S, Copenhagen, Denmark.

The Board of Directors of Europæiske Rejseforsikring A/S has the following management positions in Danish companies:

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

Pay Policy

In accordance with executive order about pay policy and disclosure requirements about pay roll in financial companies and financial holding companies Europæiske Rejseforsikring A/S has prepared a pay policy. It has been forwarded to the Danish Financial Supervisory Authority. Please see note 7.

Events after 31 December 2011

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.

Outlook for 2012

We expect an increase in premium income with regard to international health insurance and leisure travel insurance. With effect from 1 January 2012 Europæiske has made considerable price increases regarding unprofitable products. Due to this we expect considerably lower claims ratios in 2012. As a consequence of the above initiatives, the company's result for 2012 is expected to be at a significantly higher level than in 2011.

Audit Committee

The Boards of Directors of Europæiske Rejseforsikring A/S have in 2011 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 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 2011, the Audit Committee held one meeting in connection with the half yearly reporting to the Company's Board of Directors and the Danish Financial Supervisory Authority. The audit committee has had one meeting in February 2012 in connection with the annual report 2011 for 2011.

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. These estimates are described in more details in the accounting policies applied.

Risks

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 DKK 15.2m and minus DKK 24.2m 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 11% 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 DKK 4.0m per claim event. The company has estimated the effect of a widespread pandemic at DKK 17m 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 4m.

Capital requirements

	2011	2010
Base capital	193,577	197,856
Solvency requirements	70,849	66,871
Individual solvency requirements	98,084	92,415

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

Solvency 2

Munich Re and ERGO group, which Europæiske Rejseforsikring A/S is a part of, started in 2009 a solvency 2 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 an standard model and a system for risk management. The board of directors' involvement and management of the project are secured by the participation in the project of several members of the board of directors including the chairman of the board and the CFO. The board is informed on a continuous basis.

Appropriation of profit

Available for appropriation:

	Amount in DKK'000	
	2011	2010
Profit for the year	-62	7,807
Transferred from other reserves	-584	0
Other comprehensive income	1,481	2,326
Transferred from revaluation reserves	0	400
	835	10,533

Recommended to be allocated as follows:

	2011	2010
To the Shareholder	5,000	5,000
Transferred to other reserves	0	2,702
Other comprehensive income	1,481	2,326
Transferred from reserves	-5.646	505
	835	10,533

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the annual report for 1 January – 31 December 2011 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 2011 together with the results of the company's activities for the financial year 1 January – 31 December 2011.

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, 27 February 2011

Board of Management:

Johann-Dietrich von Hülsen

/ Winnie Grønnemose

Board of Directors:

Richard Bader
Chairman

Ulrike Timmer

Julia Ricks

Peter Andersen

Jørn Sønderup

Internal auditors' report

To the shareholder of Europæiske Rejseforsikring A/S

Report on Financial Statements

I have audited the Financial Statements of Europæiske Rejseforsikring A/S for the financial year 1 January – 31 December 2011, pages 14-32. 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 have been prepared in accordance with the Danish Financial Business Act.

Basis of opinion

I have conducted my audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and International Standards on Auditing. This requires that I plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of procedures and internal controls established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, I have examined, on a test basis, the basis of amounts and other disclosures in the Financial Statements. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

I have participated in the audit of risk and other material areas and believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

My audit has not resulted in any qualification.

Opinion

In my opinion, the procedures and internal controls established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks, are working satisfactorily.

In addition, in our opinion, the Company's Financial Statements give a true and fair view of the Company's financial position at 31 December 2011 and of its financial performance for the financial year 2011 in accordance with the Danish Financial Business Act.

Statement regarding Management Review

I have, in accordance with the Danish Financial Business Act, read the Management Review. I have not conducted any additional procedures in connection with my audit of the Financial Statements.

On this basis, it is my opinion that the information presented in the Management Review is in accordance with the Financial Statements.

Copenhagen, 27 February 2012

Internal Audit

Stefan Vastrup
state authorised public accountant
Chief Internal Auditor

Independent auditors' report

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 2011, pages 14-32. 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.

Independent auditors' report - continued

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2011 and of the results of its operations for the financial year 1 January – 31 December 2011 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.

Copenhagen, 27 February 2012

KPMG

Statsautoriseret Revisionspartnerselskab

Jesper Dan Jespersen

Lisbeth Kragelund

State Authorised
Public Accountant

State Authorised
Public Accountant

Profit and loss account

Note	in DKK'000	2011	2010
	<i>Earned premiums</i>		
3	Gross premiums written	518.970	496.988
	Ceded insurance premiums	-189.841	-169.785
	Change in the provision for unearned premiums	-16.751	-28.315
	Change in the provision for unearned premiums, reinsurers' share	12.171	18.838
	Total premium income, net of reinsurance	<u>324.549</u>	<u>317.726</u>
4	Technical interest, net of reinsurance	<u>2.512</u>	<u>2.081</u>
	<i>Claims incurred</i>		
	Claims paid	301.081	286.919
	Reinsurance recoveries	-102.837	-78.458
	Change in the provision for claims	13.561	18.511
	Change in the provision for claims, reinsurers' share	2.169	-19.453
	Total claims incurred, net of reinsurance	<u>213.974</u>	<u>207.519</u>
	Bonus and premium discounts	<u>1.667</u>	<u>1.695</u>
	<i>Net operating expenses</i>		
5	Acquisition costs	97.900	89.750
6	Administrative expenses	88.299	79.043
	Commission and profit share from reinsurers	-52.167	-44.337
7	Total net operating expenses, net of reinsurance	<u>134.032</u>	<u>124.456</u>
8	UNDERWRITING RESULT	<u>-22.611</u>	<u>-13.863</u>
	<i>Income from investment assets</i>		
9	Income from affiliated companies	7.525	7.252
	Income from associated companies	714	1.821
	Income from investment properties	1.744	1.851
10	Interest income and dividends etc.	6.584	8.782
11	Value adjustment	5.111	3.100
	Interest expenses	0	-39
	Administrative expenses on investments	-157	-790
	Total return on investment activities	<u>21.521</u>	<u>21.977</u>
4	Interest on insurance provisions	<u>-2.512</u>	<u>-2.081</u>
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	<u>19.009</u>	<u>19.896</u>
12	Other income	5.223	5.263
12	Other expenses	3.863	3.820
	PROFIT BEFORE TAX	<u>-2.242</u>	<u>7.476</u>
13	Tax	-2.180	-331
	PROFIT FOR THE PERIOD	<u>-62</u>	<u>7.807</u>
	STATEMENT OF COMPREHENSIVE INCOME		
	Exchange rate adjustment of foreign entities	1.481	2.326
	Comprehensive income	<u>1.481</u>	<u>2.326</u>
	Result of the period	-62	7.807
	TOTAL COMPREHENSIVE INCOME	<u>1.419</u>	<u>10.133</u>

Balance Sheet as of

Note	in DKK '000	<u>31/12 2011</u>	<u>31/12 2010</u>
	ASSETS		
14	<i>Intangible assets</i>		
	Software	21.515	17.137
	Software, development projects	<u>0</u>	<u>3.050</u>
	TOTAL INTANGIBLE ASSETS	<u>21.515</u>	<u>20.187</u>
	<i>Tangible assets</i>		
15	Operating equipment	4.867	6.219
16	Domicile	<u>93.433</u>	<u>93.617</u>
	TOTAL TANGIBLE ASSETS	<u>98.300</u>	<u>99.836</u>
	<i>Investments in affiliated and associated companies</i>		
17	Capital holdings (shares) in affiliated companies	53.129	52.179
17	Capital holdings (shares) in associated companies	<u>6.196</u>	<u>5.081</u>
	Total investments in affiliated and associated companies	<u>59.325</u>	<u>57.260</u>
	<i>Other financial investments</i>		
	Participating interests	33	33
	Unit trusts	12.062	8.189
	Bonds	<u>245.789</u>	<u>221.507</u>
	Total other financial investments	<u>257.884</u>	<u>229.729</u>
	TOTAL INVESTMENT ASSETS	<u>317.209</u>	<u>286.989</u>
	<i>Reinsurance share of technical provision</i>		
	Reinsurance share of unearned premiums	57.886	45.715
	Reinsurance share of claim provision	<u>37.840</u>	<u>40.009</u>
	Total reinsurance share of technical provision	<u>95.726</u>	<u>85.724</u>
	<i>Debtors</i>		
	Amounts owed by policy holders	35.207	29.593
	Amounts owed by insurance brokers	<u>13.249</u>	<u>19.143</u>
	Debtors arising out of direct insurance contracts, in total	<u>48.456</u>	<u>48.736</u>
	<i>Other debtors</i>		
	Amounts owed by insurance companies	8	8
	Amounts owed by affiliated companies	527	7.661
	Amounts owed by associated companies	0	118
	Tax asset	647	409
	Deferred tax assets	4.848	1.331
	Other debtors	<u>6.151</u>	<u>1.625</u>
	Total other debtors	<u>12.181</u>	<u>11.152</u>
	TOTAL DEBTORS	<u>156.363</u>	<u>144.281</u>
	<i>Other assets</i>		
	Cash in hand and cash equivalent	10.900	10.301
	Other	<u>305</u>	<u>3.752</u>
	TOTAL OTHER ASSETS	<u>11.205</u>	<u>14.053</u>
	<i>Prepayments and accrued income</i>		
	Accrued interest	2.274	1.901
18	Other prepayments and accrued income	<u>2.872</u>	<u>2.479</u>
	TOTAL PREPAYMENTS AND ACCRUED INCOME	<u>5.146</u>	<u>4.380</u>
	TOTAL ASSETS	<u>609.738</u>	<u>571.057</u>

Balance Sheet as of

Note	in DKK '000	<u>31/12 2011</u>	<u>31/12 2010</u>
	LIABILITIES		
	<i>Capital and reserves</i>		
	Share capital	<u>10.000</u>	<u>10.000</u>
	Revaluation provisions	<u>6.741</u>	<u>6.741</u>
	<i>Reserves</i>		
	Contingency reserve, untaxed	115.000	115.000
	Other reserves, year end	<u>45.798</u>	<u>43.733</u>
	Total reserves	<u>160.798</u>	<u>158.733</u>
	Proposed dividend for the accounting year	<u>5.000</u>	<u>5.000</u>
	Profit brought forward	<u>63.500</u>	<u>69.146</u>
19	TOTAL CAPITAL AND RESERVES	<u>246.039</u>	<u>249.620</u>
	<i>Provisions for insurance contracts</i>		
	Provision for unearned premiums	169.010	152.260
	Claim provisions	<u>108.917</u>	<u>95.352</u>
	TOTAL PROVISION FOR INSURANCE CONTRACTS	<u>277.927</u>	<u>247.612</u>
	<i>Provisions for other risks and charges</i>		
20	Deferred taxation	<u>10.002</u>	<u>8.636</u>
	TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	<u>10.002</u>	<u>8.636</u>
	<i>Creditors</i>		
	Amounts owed in connection with direct insurance business	19.480	15.067
	Amounts owed to reinsurance companies	8.825	12.184
	Amounts owed to affiliated companies	47	2.995
	Amounts owed to associated companies	0	2.129
21	Other creditors	<u>47.418</u>	<u>32.814</u>
	TOTAL CREDITORS	<u>75.770</u>	<u>65.189</u>
	TOTAL LIABILITIES	<u>609.738</u>	<u>571.057</u>
22	Contingency liabilities		
23-26	Other Notes		

Equity specification		Share Capital	Revaluation Provisions	Other Reserves	Contingency Reserve	Transferred result	Proposed Dividend	Total
Amount in DKK '000								
Equity as of 1st January 2010		10.000	7.141	38.705	115.000	68.641	9.750	249.237
Dividend paid out						400	-9.750	-9.750
Provisions for revaluations			-400				0	0
Provisions for other reserves				2.702		-2.702	0	0
Other comprehensive income, currency adjustment for foreign entities				2.326		7.807		2.326
Profit for the year						-5.000	5.000	7.807
Proposed dividend								0
Equity as of 31st December 2010		10.000	6.741	43.733	115.000	69.146	5.000	249.620
Equity as of 1st January 2011		10.000	6.741	43.733	115.000	69.146	5.000	249.620
Dividend paid out						-584	-5.000	-5.000
Provisions for other reserves				584			0	0
Other comprehensive income, currency adjustment for foreign entities				1.481		-62		1.481
Profit for the year						-5.000	5.000	-62
Proposed dividend								0
Equity as of 31st December 2011		10.000	6.741	45.798	115.000	63.500	5.000	246.039

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. Due to reclassifications, minor changes in the comparative figures have been made, not affecting the information value.

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.

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.

Note 1 – Accounting Policies Applied, continued

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.

Note 1 – Accounting Policies Applied, continued

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 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.

Note 1 – Accounting Policies Applied, continued

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.

Note 1 – Accounting Policies Applied, continued

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

Other liabilities are measured at net realisable value.

Note

in DKK'000

2 Five-year review

Profit and Loss	2011	2010	2009	2008	2007
Gross premiums earned	502.219	468.673	403.844	400.085	376.311
Gross claims incurred	314.642	305.430	206.054	219.615	173.783
Total operating expenses	186.199	168.793	154.800	147.569	141.184
Result of reinsurance (-=net cost)	-24.835	-8.699	-29.919	-19.809	-38.575
Underwriting result	-22.611	-13.863	13.520	16.441	25.690
Profit/loss of investment after transfer of technical interest	19.009	19.896	15.630	11.781	-2.246
Profit for the year	-62	7.807	20.808	24.811	18.844
Gross run-off profit/loss	-7.376	-14.243	15.520	2.563	1.598
Run-off profit/loss, net of reinsurance	-2.708	-5.946	14.671	8.516	716
Assets and Liabilities at	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Insurance assets	95.726	85.724	47.433	49.622	45.556
Technical provisions	277.927	247.612	200.776	185.267	174.098
Capital and reserves at year-end	246.039	249.620	249.237	237.954	222.252
Total assets	609.738	571.057	519.064	492.397	450.540
Key figures	2011	2010	2009	2008	2007
Gross claims ratio	62,86%	65,41%	51,39%	55,27%	46,49%
Gross expense ratio	37,79%	36,76%	39,32%	37,67%	38,49%
Reinsurance ratio	4,96%	1,86%	7,46%	4,99%	10,32%
Combined ratio	105,61%	104,03%	98,17%	97,93%	95,30%
Operating ratio	104,49%	102,96%	96,66%	95,92%	93,18%
Relative run-off result	-7,74%	-18,54%	17,97%	3,42%	1,70%
Return on capital and reserves	-0,03%	3,13%	8,54%	10,78%	8,70%
Solvency cover	2,73	2,96	3,40	3,42	3,56

Note

in DKK'000

	<u>2011</u>	<u>2010</u>
3 Gross earned premiums		
Gross premiums	518.970	496.988
Change in the gross provision for unearned premiums	-16.751	-28.315
Gross earned premiums for the year	<u>502.219</u>	<u>468.673</u>
<i>Distribution:</i>		
Direct business	434.355	418.115
Indirect business	67.864	50.558
	<u>502.219</u>	<u>468.673</u>
<i>Geographic distribution of direct business:</i>		
Denmark	311.980	322.201
EU countries	21.648	28.710
Non-EU countries	100.727	67.204
	<u>434.355</u>	<u>418.115</u>
4 Technical interest, net of reinsurance		
Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business		
Provision for insurance contracts, year start	247.612	200.776
Reinsurers share of technical provisions, year start	-85.724	-47.433
Provisions for insurance contracts, year end	277.927	247.612
Reinsurers share of technical provisions, year end	-95.726	-85.724
Total	<u>344.089</u>	<u>315.231</u>
Average	172.045	157.616
Interest rate in accordance with the Danish FSA	1,46%	1,32%
Interest on technical provisions	2.512	2.081
Unwinding of provision for claims	0	0
Technical interest, net of reinsurance	<u>2.512</u>	<u>2.081</u>
5 Acquisition costs		
Total acquisition costs	<u>97.900</u>	<u>89.750</u>
of which:		
Commission for direct business	51.490	58.438
Commission for indirect business	13.222	4.128
	<u>64.712</u>	<u>62.566</u>
6 Administrative expenses		
Administrative expenses	77.460	74.019
Duties and contributions etc	9.370	8.122
Depreciation	6.624	7.285
Reimbursements from affiliated and associated companies	-5.155	-10.384
	<u>88.299</u>	<u>79.043</u>
Total fees paid to auditors appointed by the company at the general meeting:		
Statutory audit services	587	588
Fee for other assurance engagements	26	44
Fee for tax advisory services	0	0
Fee for other services	18	273
Total	<u>631</u>	<u>905</u>

Note

in DKK'000

	<u>2011</u>	<u>2010</u>
7 Staff costs		
Net operating expenses include the following staff costs:		
Wages and salaries	90.799	83.311
Pension scheme contributions	8.794	8.330
Payroll tax	9.110	8.122
	<u>108.703</u>	<u>99.763</u>
Total remuneration paid to:		
Board of Directors		
Number	7	6
Fixed salary	83	90
Variable salary	0	0
	<u>83</u>	<u>90</u>
Remuneration split per person:		
Richard Bader	0	0
Johan-Dietrich von Hülsen	0	0
Ulrike Timmer	0	0
Julia Ricks	0	0
Peter Andersen	40	40
Jakob Espersen	10	40
Jørn Sønderup	20	0
Kewin Hedegaard	0	10
	<u>70</u>	<u>90</u>
Audit Committee:		
Jørn Sønderup	13	0
	<u>13</u>	<u>0</u>
Board of Management		
Number	1	1
Fixed salary	2.730	2.717
Variable salary	374	395
	<u>3.104</u>	<u>3.112</u>
Number	2	2
Fixed salary	2.228	1.701
Variable salary	43	0
	<u>2.271</u>	<u>1.701</u>
The average of full-time staff	<u>158</u>	<u>168</u>
8 Breakdown of underwriting result		
Earned premiums	500.552	466.978
Underwriting interest, net of reinsurance	2.512	2.081
Claims incurred	-314.642	-305.430
Administrative expenses	-88.299	-79.043
Acquisition costs	-97.900	-89.750
	<u>2.224</u>	<u>-5.164</u>
Profit from gross operations		
Ceded insurance premiums	177.670	150.947
Reinsurance recoveries	-100.668	-97.911
Reinsurance commissions and profit participation	-52.167	-44.337
	<u>24.835</u>	<u>8.699</u>
Result of ceded business		
Underwriting profit	<u>-22.611</u>	<u>-13.863</u>
9 Income from affiliated companies		
The year's net result in Evropská Cestovní Pojistovna a.s. Czechia	<u>7.525</u>	<u>7.252</u>
	<u>7.525</u>	<u>7.252</u>

Note

in DKK'000

	<u>2011</u>	<u>2010</u>
10 Interest income and dividends etc		
Interest income	6.375	8.620
Dividend from participating interests	<u>209</u>	<u>162</u>
	<u>6.584</u>	<u>8.782</u>
11 Realised and unrealised gains and losses, net		
Participating interests	-1.753	971
Bonds	7.106	2.128
Investment properties	0	444
Capital loss on instalments and redemptions	0	-2.056
Exchange rate adjustments	<u>-242</u>	<u>1.613</u>
	<u>5.111</u>	<u>3.100</u>
12 Other income and expenses		
Income from administration arrangements	5.223	5.263
Expenses from administration arrangements	<u>3.863</u>	<u>3.820</u>
	<u>1.360</u>	<u>1.443</u>
13 Tax of the profit for the year		
Current tax	-22	316
Change in deferred tax	-2.151	-762
Adjustment regarding prior years	<u>-7</u>	<u>115</u>
	<u>-2.180</u>	<u>-331</u>
Taxes paid (received) for last year	<u>0</u>	<u>-715</u>
Taxes paid on account for the current year	<u>403</u>	<u>2.897</u>
Effective tax rate	%	%
Tax rate	25	25
Adjustment of tax from previous years	0	2
Tax of non-taxable income and expenses	<u>-122</u>	<u>-31</u>
	<u>-97</u>	<u>-4</u>

Note

in DKK'000

	<u>2011</u>	<u>2010</u>
14 Intangible assets		
Cost at the beginning of the year	34.605	39.815
Disposals during the year	-3.049	-7.573
Additions and improvements of the year	<u>7.676</u>	<u>2.363</u>
Cost at the end of the year	<u>39.232</u>	<u>34.605</u>
Depreciation and write-downs at beginning of year	14.418	17.298
Depreciation and write-downs of the year	<u>3.299</u>	<u>-2.880</u>
Total depreciation and write-downs at year-end	<u>17.717</u>	<u>14.418</u>
Net book value	<u>21.515</u>	<u>20.187</u>
15 Operating Equipment		
Cost at the beginning of the year	57.484	78.429
Disposals during the year	0	-22.909
Additions and improvements of the year	<u>1.256</u>	<u>1.964</u>
Cost at the end of the year	<u>58.740</u>	<u>57.484</u>
Depreciation and write-downs at beginning of the year	51.265	70.280
Depreciation and write-downs of the year	2.608	3.409
Depreciation and write-downs of sold assets	0	48
Reversal of total depreciation and write-downs of assets that are either sold	<u>0</u>	<u>-22.472</u>
Total depreciation and write-downs at year-end	<u>53.873</u>	<u>51.265</u>
Net book value	<u>4.867</u>	<u>6.219</u>
16 Land and buildings		
Cost at the beginning of the year	110.035	110.483
Disposals during the year	0	-778
Additions and improvements of the year	<u>534</u>	<u>330</u>
Cost at the end of the year	<u>110.569</u>	<u>110.035</u>
Depreciation and write-downs beginning of the year	25.405	25.150
Depreciation and write-downs of the year	<u>717</u>	<u>255</u>
Total depreciation and write-downs at year-end	<u>26.123</u>	<u>25.405</u>
Revaluations beginning the year	8.987	9.647
Revaluations of the year that are included directly in the equity	0	-400
Revaluations of the year that are included in the income statement	<u>0</u>	<u>-260</u>
Total revaluations at year-end	<u>8.987</u>	<u>8.987</u>
Net book value	<u>93.433</u>	<u>93.617</u>
Net book value of land and buildings used for company operations	<u>66.965</u>	<u>67.425</u>
Real property value according to the last public assessment	<u>82.000</u>	<u>116.000</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>6,50%</u>
17 Affiliated and associated companies		
	<u>Affiliated company</u>	<u>Associated company</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	40.159	3.574
Price adjustment of opening balance of capital and reserves	1.498	401
Share of profit for the year	7.525	714
Distribution of dividends	<u>-8.073</u>	<u>0</u>
Revaluations, balance, year-end	<u>41.109</u>	<u>4.689</u>
Net book value, year-end	<u>53.129</u>	<u>6.196</u>
Net book value, year-end 2010	<u>52.179</u>	<u>5.081</u>

Name and adress etc. can be found in the annual report, page 6 section "Ownership"

Note

in DKK'000

	<u>2011</u>	<u>2010</u>
18 Other prepayments and accrued income		
Prepaid wages and salaries	10	623
Other prepayments and accrued income	<u>2.862</u>	<u>1.856</u>
	<u>2.872</u>	<u>2.479</u>
19 Total capital and reserves		
The company's share capital consists of:		
800 shares of DKK 500		
200 shares of DKK 2,000		
400 shares of DKK 8,000		
6 shares of DKK 1,000,000		
The shares are not divided into classes.		
The contingency reserve may only be used to strengthen the technical provisions or otherwise in favour of the insured and only with the consent of the Supervisory Authority.		
The funds allocated to the contingency fund are not taxed.		
Base capital and solvency margin:		
Total capital and reserves	246.039	249.620
Deduction of intangible fixed assets	21.515	20.187
Allowance for solvency requirement in subsidiaries	25.947	26.577
Proposed dividend	<u>5.000</u>	<u>5.000</u>
Base capital	<u>193.577</u>	<u>197.856</u>
Solvency requirements	<u>70.849</u>	<u>66.871</u>
20 Provisions for taxation		
Deferred tax is incumbent on the following items:		
Owner-occupied property	4.624	4.351
Bonds and mortgage debt	0	0
Intangible fixed assets	5.379	4.284
Operating equipment	-1.039	-1.137
Tax base of loss 2011	-3.649	0
Reserve for bad debts	<u>-160</u>	<u>-194</u>
Total provisions for deferred taxation	<u>5.154</u>	<u>7.305</u>
Is presented in the balance sheet as:		
Deferred tax assets	-4.848	-1.331
Reserves for deferred tax	<u>10.002</u>	<u>8.636</u>
	<u>5.154</u>	<u>7.305</u>
Contingency tax		
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.

Note

in DKK'000

	<u>2011</u>	<u>2010</u>
21 Other creditors		
PAYE taxes and labour market contribution	45	1.149
Holiday pay obligations, salaried staff	10.684	11.139
Social security benefit and other duties	965	884
Other accrued costs	<u>35.724</u>	<u>19.642</u>
	<u>47.418</u>	<u>32.814</u>

22 Contingency liabilities

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

There is a legal claim against the company of USD 15m plus interest in connection with notice on an agent agreement in Central America. It is the opinion of the management that the claim is unfounded and it will not have an effect on the financial position of the company. The claim is expected to come before an arbitration tribunal in the spring of

The company has leased copying machines. The payments in the leasing period amount to:

	<u>0</u>	<u>33</u>
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23 Incentive Schemes

Members of the board of management have the possibility to receive bonuses at maximum DKK 500,000 if specific targets are reached.

24 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, 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, Munich, Germany,

in DKK'000

25 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 DKK15.2m and minus DKK24.2m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red or yellow scenario.

Incident	Impact on equity	
	2011	2010
Increase in interest rate of 0.7% point	4.114	4.448
Decrease in interest rate of 0.7% point	-4.114	-4.448
Price decrease of 12% on shares	-2.011	-1.594
Decrease in real estate of 8%	-7.475	-7.489
Exchange rate risk (VaR 99,5 pct.)	-1.195	-2.318
Loss of contracting parties of 8%	-445	-94

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 11% 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.

26 Discounting of provision of claims

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

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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	Accident and health insurance	Fire and personal property (corporate)	Liability insurance	Other insurance	Total
1 Gross premiums written	314.083	2.511	11.583	190.792	518.970
2 Gross premiums earned	291.620	2.684	11.650	196.264	502.219
3 Gross claims incurred	-166.515	-999	-9.336	-137.792	-314.642
4 Bonus and premium discounts	-1.667	0	0	0	-1.667
<i>Administration costs</i>	<i>-54.050</i>	<i>-428</i>	<i>-1.971</i>	<i>-31.849</i>	<i>-88.299</i>
<i>Acquisition costs</i>	<i>-36.452</i>	<i>-51</i>	<i>-195</i>	<i>-61.201</i>	<i>-97.900</i>
6 Gross operating expenses	-90.503	-479	-2.166	-93.050	-186.199
Profit from gross operations	32.936	1.205	149	-34.578	-288
7 Result of business ceded	-22.833	-253	-347	-1.402	-24.835
9 Technical interest o.o.a.	1.771	17	98	626	2.512
10 Underwriting result	11.874	969	-100	-35.355	-22.611

Number of compensations paid
Average compensation for claims incurred
Compensation ratio

23.930	121	152	19.574	43.777
4,1	8,3	1,2	2,8	6,5
56,2%	14,1%	71,0%	7,2%	9,7%