

Europæiske ERV Half yearly report

For the period 1/1 - 30/6 2016



Table of contents

Management Report	3
Signatures of the Board of Management and the Board of Directors	10
Half yearly Report:	
Profit and Loss	11
Balance sheet as of 30 June 2016	12
Equity specification	14
Notes	15

Company name

Europæiske ERV 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)
Oliver Wild
Gabriele Bayer
Jørn Sønderup
* Christian Søndergaard
* Peter Fobian

**Elected by the staff*

Board of management

Johann-Dietrich von Hülsen, Managing Director

Audit

KPMG
Statsautoriseret Revisionspartnerselskab
Company Reg. No. CVR: 25 57 81 98

Anja Bjørnholt Lüthcke,
State Authorised Public Accountant

Mark Palmberg,
State Authorised Public Accountant

Management report for the period 1/1-30/6 2016

Main activities of the company

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

As the market leader within sale of travel

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

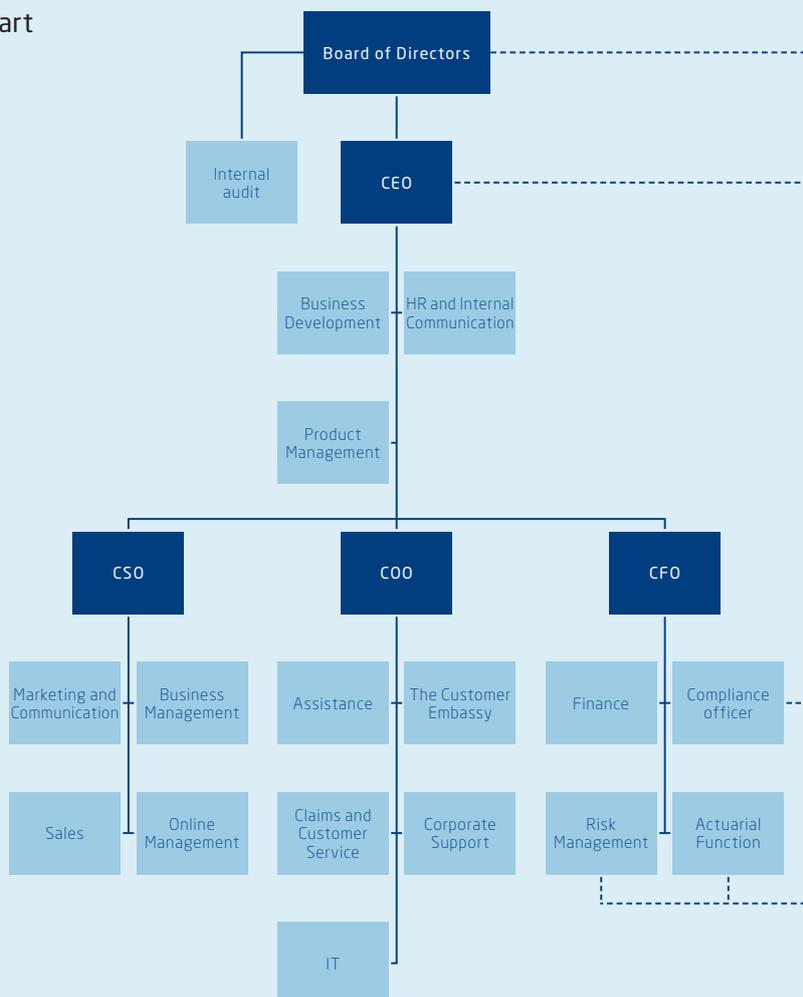
Europæiske Rejseforsikring A/S uses the brand name Europæiske ERV. This is part of the strategic efforts to take advantage of the synergy and the brand value by being a part of the German based ERV Group.

Europæiske ERV's Values

Europæiske's vision is to supply its customers with Denmark's best quality at a competitive price. Therefore, our

target is to have an efficient organization with professional employees focusing on the customers' need for security and safety. This vision is also reflected in the ERV Groups 8 values, which are "Customer Focus", "Excellence", "Courage", "Passion", "Teamwork", "Forward Looking & Sustainable", "Openness & Trust" and "Leadership & Responsibility".

Organisation Chart





Product Development

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

As a consequence of the discontinuation of the public health travel insurance cover through the yellow health card as of 1st August 2014, Europæiske was the first insurer to develop new flexible annual travel insurance and trip-by-trip insurance adjusted to the new requirements. The new products have been designed as a Basic or a Plus travel insurance. For both types of insurance additional covers can be taken out for ski sport, cancellation, baggage, liability and accident. If the customer only wants a cover like the previous public health travel insurance cover under the yellow health card the customer can take out a Yellow Cover. All the insurance products can be bought with or without deductible.

We have during the first half of 2016 kept a close eye on the development of our new products and on this basis we have as in 2015 noticed an increase in claims compared to the situation before the discontinuation of the yellow health card cover. This increase has however not been more than we had anticipated when we launched the new products

back in 2014. This development had originally been taken into consideration and we have therefore not taken any corrective measures on pricing during 2016.

The Corporate Market

On the Corporate Market Europæiske has continued focus on creating profitable business in 2016. Europæiske has maintained focus on communicating the news about our coverage and products to existing as well as to new customers.

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

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

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

The Leisure Market

For the Leisure travel market Europæiske has during the first half of 2016 introduced a new and updated website.

To have an updated and modern website is a necessity nowadays and a prerequisite for being able to increase sales and customer self-service online. One important element of web usability is ensuring that the content works on various devices and browsers. With the new website it's now significantly easier for our visitors to buy insurances and/or find information online, regardless of whether they're using a computer, an iPad or smartphone.

Besides the implementation of a responsive website layout also a more user-friendly design and functionality has been implemented. This new modern and simplified design is based on customer needs and behaviour. And significantly improves flows both for booking and claims.



Nordic Health Care

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

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

Unemployment Insurance

Unemployment insurance is no longer a part of Europæiske's future strategy and during 2015 we decided to transfer this business portfolio to our current reinsurance partner. Thus AmTrust International Underwriters Limited based in Ireland was planned to take over these customers from us during 2016. Europæiske informed the customers and received the Danish FSA's authorization. But as we afterwards have encountered complications in receiving an approval by the Irish Financial Supervisory Authorities we have current-

ly been forced to temporary stop the transfer of this business portfolio.

Europæiske's Claim handling

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

Europæiske's Assistance Network handles emergency assistance cases that occur in all parts of the world from small cases such as outpatient cases to bigger and more complex cases involving air-ambulances. Approximately 20% of the cases are complex medical cases, which are handled in close cooperation with our specialised sister assistance company Euro-Center.

During 2015 we succeeded in establishing an enhanced cooperation, which meant that it in the first half of 2016 has been the Euro-Center Assistance office in Madrid that has handled all Europæiske assistance service.

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



The development in the company's activities and financial matters

The half yearly result amounts to a profit of DKK 14.0m compared to DKK 17.9m in first half year of 2015.

The decline in the profit at DKK 3.9m compared to first half of 2015 can primarily be attributed to the reduced sales and the reduced income from affiliated companies. Compared to first half of 2015 the Gross premium written has in the first half of 2016 been reduced with DKK 15.1m. And the income from affiliated companies has been reduced with DKK 3.8 m due to a decreased result of ERV Pojistovna a.s in the Czech Republic.

The underwriting result amounts to a profit of DKK 10.9m compared to a profit of DKK 9.2m in first half of 2015, corresponding to an increase of 1.7m.

Gross premiums written has in the first half of 2016 decreased to DKK 146.5m compared to DKK 161.6m in first half of 2015. This is due to reduced premiums from the downsized Nordic Health Care products and the Unemployment product, as well as sales decreases on both the Leisure and Corporate segments. On the Corporate segment this is partly explained by discounted premiums due to the good 2015 claims result as well as non-renewal of a few individual major deals.

Gross claims incurred amounts to DKK 69.4m against DKK 80.0m in first half of 2015 which is a decrease of DKK 10.6m. The claims record for first half of 2016 has been satisfactory and better than planned. The gross claims ratio amounts to 51.6% against 54.2% in first half of 2015. The claim ratio is as last year positively affected by run off gains. The claim ratio gross excl. run off gains lies at 52.5% in the first half of the year 2016 against 55.7% for the same period last year. The decreased gross claim ratio is primarily due to decreased claim ratios at Europæiske's Leisure products as well as on the remaining portfolio of International health insurance.

The result of business ceded shows an expense for Europæiske of DKK 5.7m in first half of 2016 against a loss of DKK 10.8m in first half of 2015. A decrease of DKK 5.1m compared to first half of 2015. The decreased re-insurance expenses are primarily due to the lowered volume of especially the Unemployment product.

The claims costs net of reinsurance amount to DKK 63.7m against DKK 69.3m in first half of 2015 which is a decrease of DKK 5.6m. The claims ratio net of reinsurance is 51.0% against 56.4% in first half of 2015, a decrease of 5.4% points mainly caused by the before mentioned improved claims results of the Leisure products and on the re-

maining portfolio of International health insurance.

Acquisition costs amount to DKK 29.0m against DKK 27.2m in first half of 2015. The increase is driven by increased sales of specific products and sales through certain sales channels with relative high commission costs.

The cost ratio, including acquisition costs and commission of ceded business amount to 36.4% compared to 32.9% in first half of 2015. The acquisition cost ratio alone is 21.5% against 18.4% in first half of 2015. Total combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 92.2% against 94.3% in first half of 2014.

The administrative expenses amount to DKK 19.2m against DKK 20.3m in first half of 2015, a decrease of DKK 1.1m. This cost reduction is primarily due to lower cost for personal and lowered office costs. Europæiske has like last year adjusted the organisation and the spending in correspondence to the development of the premium income.

Commissions and profit commissions from reinsurance amount to an income of DKK 2.6m against an income of 3.4m in first half of 2015. The decreased reinsurance commissions correspond to the lowered sales of especially our Unemployment product.



The result from affiliated companies shows a profit of DKK 2.8m against a profit of DKK 6.6m in first half of 2015. This result is created by ERV Pojistovna a.s in the Czech Republic. The main reason for the reduced result by ERV Pojistovna a.s is increased claims costs compared to last year.

Associated companies' delivers no profit in the first half of 2016 compared to DKK 0.6m in first half of 2015. The result last year was created by Euro-Center Holding SE of which Europæiske owns 16.67%.

Income from land and buildings amounts to DKK 0.6m against DKK 1.1m in first half of 2015. The reduced income is partly due to the costs of signing two new rental agreements.

Interest income and dividends for the period amounts to DKK 4.3m compared to DKK 4.5m in first half of 2015.

Europæiske has had a net loss in connection with realised and unrealised gains & losses of bonds, bond-based unit trusts and exchange rates of a total of DKK 1.5m. The loss is due to both losses on bonds and exchange rates. In the same period last year we had a comparable loss of DKK 1.0m, but last

year it was primarily due to loss in connection with price adjustments on bonds.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 5.8m against a profit of DKK 11.4m in first half of 2015.

The tax of the first half of the year amounts to an expense of DKK 3.5m which is the same as last year.

At 30th June 2016, the company's total capital and reserves amount to DKK 243.6m and total assets amount to DKK 457.7m.

The result of the period compared to earlier statements

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

The result for the first half of 2016 has despite less than anticipated sales been better than originally expected. The good result is caused by lower than expected claims costs on especially the Leisure and International health insurance products and the fact that we despite our expectations have had a run-off gain of DKK 3.9m net of re-insurance.

Ownership

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



Group Ownership

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

Amount in DKK'000	Registered office	Activity	Shareholding	Capital & Reserves	Result
Subsidiary ERV Pojistovna a.s.	Czech Republic	Insurance	75.00%	66,364	2,754
Associated company Euro-Center Holding SE	Copenhagen	Assistance	16.67%	42,229	0

Events after June 30th 2016

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

Outlook for the second half of 2016

We expect continued decrease in premium income for international health insurance and unemployment insurance and we expect to see an increase in the claims ratio during the second half of 2016. This means that outlooks for the second half of 2016 is not at the level of the result realised in the first half of the year. We however still believe in positive results in the last two quarters of the year and that we will further improve the overall result of 2016 throughout the second half of 2016.

Uncertainty in respect of recognition and measurement

The statement of the accounted value of certain assets and liabilities is conditioned by applying the accounting

estimate. The estimates made are based on assumptions which the management finds justifiable but uncertain. The statement of the insurance provisions is in particular connected to estimates.

Risk Report

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

Europæiske has implemented the necessary and relevant procedures and control functions with a view to minimize the risks in all business areas. The overall risk management guidelines and the framework are stipulated by the board of directors. The responsibility to follow-up on the individual risks and their risk factors is placed with Finance and it is

reported to the management and the board of directors. We have further fostered our collaboration with the Integrated Risk Management Department of ERGO Group AG in Düsseldorf, Germany throughout 2016 to improve our risk management capabilities.

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

Outline

The most important risks in Europæiske:

- Insurance Risks
- Market Risks
- Operational Risks



Insurance risks

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

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

Market Risks

It is Europæiske's aim to control the market risks in such a way that the company obtains a return corresponding to risks taken.

The most important risks are:

- Currency Risk
- Real Estate Risk
- Equity Risk
- Interest Rate Risk
- Spread Risk

In terms of the result, the company is sensitive towards the development in currency rates and the prices of bonds, shares and participations. The standard model calculation has been used to assess the risks and the necessary capital for this type of risks. This model demands a capital of DKK 49.5m in order to be able to cover the risk sufficient with a confidence level at 99.5%, which means that Europæiske can meet the policyholders' claims for 199 years out of 200 years.

Credit and Counterpart Risk

Europæiske has a limited credit and counterpart risk mainly from reinsurance recoverable, cash in banks and from other debtors. The necessary capital to cover this risk is according to the Standard model under Solvency II DKK 4.1m.

Operational risks

Europæiske assesses that our operational risk could have a negative effect corresponding to approx. 3% of the company's equity. This is calculated according to the Standard model under solvency II which specifies that

Europæiske need a capital of DKK 8.1m in order to cover the operational risk.

Capital Management

Europæiske's solvency requirement is calculated on the basis of the Solvency II requirements. The board of directors of the company has estimated that a security level of 99.5% has to be used for the capital demands. Europæiske has calculated the capital requirement based on a security level of 99.5% and according to the Standard model under Solvency II which means that Europæiske can meet the policyholders' claims for 199 years out of 200 years. The model has been tested during the last 3 years and Europæiske has always had more than sufficient capital to meet the security level of 99.5%.

The solvency capital requirements (SCR) have been calculated to DKK 80.1m and shall be covered by the company's eligible own funds of DKK 228.1m as of 30th June 2016, a coverage of 2,85.

Capital requirements	30/6 2016	31/12 2015
Eligible own funds	228,084	241,604
Solvency II requirements SCR	80,134	79,040
Solvency II requirements MCR	27,593	27,593



Signatures of the Board of Management and the Board of Directors

We have today presented the half yearly report for 1 January - 30 June 2016 to Europæiske Rejseforsikring A/S. The half yearly report has been prepared in accordance with Financial Business Act.

The half yearly report gives a true and

fair view of the company's assets, liabilities and financial position as of 30 June 2016 together with the results of the company's activities for the financial half year 1 January - 30 June 2016.

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.

The half yearly report has not been audited or reviewed by the company's auditor.

Copenhagen, 21th September 2016

Board of Management

Johann-Dietrich von Hülsen
Chief Executive Officer

Peter Steen Olsen
Chief Financial Officer

Board of Directors

Richard Bader
Chairman of the Board

Oliver Wild
Board Member and
Chairman of the Audit Committee

Gabriele Bayer
Board Member and
Member of the Audit Committee

Jørn Sønderup
Board Member and
Member of the Audit Committee

Christian Søndergaard
Board Member,
elected by the employees

Peter Fobian
Board Member,
elected by the Employees

Profit and loss account January 1st - June 30th

Note	in DKK'000	2016	2015
	<i>Earned premiums</i>		
	Gross premiums written	146.503	161.555
	Ceded insurance premiums	-18.458	-23.301
	Change in the provision for unearned premiums	-10.571	-12.622
	Change in the provision for unearned premiums, reinsurers' share	-71	-1.546
	Total premium income, net of reinsurance	117.403	124.086
	Technical interest, net of reinsurance	-225	-196
	<i>Claims incurred</i>		
	Claims paid	73.343	74.988
	Reinsurance recoveries	-9.841	-11.399
	Change in the provision for claims	-3.949	5.030
	Change in the provision for claims, reinsurers' share	-364	681
	Total claims incurred, net of reinsurance	59.189	69.300
	Change in Risk margin	-120	0
	Bonus and premium discounts	1.435	1.252
	<i>Net operating expenses</i>		
	Acquisition costs	28.966	27.198
	Administrative expenses	19.175	20.294
	Commission and profit share from reinsurers	-2.625	-3.377
	Total net operating expenses, net of reinsurance	45.516	44.115
3	Underwriting result	10.918	9.223
	<i>Income from investment assets</i>		
	Income from affiliated companies	2.754	6.594
	Income from associated companies	0	567
	Income from investment properties	638	1.095
	Interest income and dividends etc.	4.273	4.477
	Value adjustment	-1.514	-1.033
	Interest expenses	-43	-67
	Administrative expenses on investments	-289	-279
	Total return on investment activities	5.819	11.354
	Interest on insurance provisions	225	196
	Total return on investment activities after technical interest	6.044	11.550
	Other income	1.585	1.659
	Other expenses	1.034	1.034
	Profit before tax	17.513	21.398
	Tax	3.489	3.461
	Profit for the period	14.024	17.937
STATEMENT OF COMPREHENSIVE INCOME			
	Other comprehensive income		
	Exchange rate adjustment of foreign entities	-320	1.656
	Comprehensive income		
	Result of the period	14.024	17.937
	Total comprehensive income	13.704	19.593

Balance Sheet as of

Note	in DKK'000	30/6 2016	30/6 2015	31/12 2015
ASSETS				
<i>Intangible assets</i>				
	Software	18.751	13.482	11.271
	Software, development projects	0	0	3.195
	Total intangible assets	18.751	13.482	14.466
<i>Tangible assets</i>				
	Operating equipment	1.517	1.961	1.792
	Domicile	87.862	87.130	86.597
	Total intangible assets	89.379	89.091	88.389
<i>Investments in affiliated and associated companies</i>				
	Capital holdings (shares) in affiliated companies	49.773	52.269	55.782
	Capital holdings (shares) in associated companies	7.038	7.177	7.074
	Total investments in affiliated and associated companies	56.811	59.446	62.856
<i>Other financial investments</i>				
	Participating interests	33	33	33
	Unit trusts	18.089	9.896	9.922
	Bonds	232.554	269.733	264.744
	Total other financial investments	250.676	279.662	274.699
	Total investment assets	307.487	339.108	337.555
<i>Reinsurance share of technical provision</i>				
	Reinsurance share of unearned premiums	5.593	8.517	5.664
	Reinsurance share of claim provision	9.528	9.475	9.164
	Total reinsurance share of technical provision	15.121	17.992	14.828
<i>Debtors</i>				
	Amounts owed by policy holders	10.249	7.238	6.478
	Amounts owed by insurance brokers	1.882	1.743	1.242
	Debtors arising out of direct insurance contracts, in total	12.131	8.981	7.720
<i>Other debtors</i>				
	Amounts owed by insurance companies	20	0	0
	Amounts owed by affiliated companies	1.799	2.598	1.852
	Deferred tax assets	1.760	802	666
	Other debtors	2.897	3.640	5.753
	Total other debtors	6.476	7.040	8.271
	Total debtors	33.728	34.013	30.819
<i>Other assets</i>				
	Cash in hand and cash equivalent	3.958	14.413	3.223
	Other	124	95	83
	Total other assets	4.082	14.508	3.306
<i>Prepayments and accrued income</i>				
	Accrued interest	3.449	4.379	2.875
	Other prepayments and accrued income	801	1.536	560
	Total prepayments and accrued income	4.250	5.915	3.435
	Total assets	457.677	496.117	477.970

Balance Sheet as of

Note	in DKK'000	30/6 2016	30/6 2015	31/12 2015
	LIABILITIES			
	<i>Capital and reserves</i>			
	Share capital	10.000	10.000	10.000
	Revaluation provisions	798	798	798
	<i>Reserves</i>			
	Contingency reserve, untaxed	115.000	115.000	115.000
	Other reserves, year end	43.284	45.919	49.329
	Total reserves	158.284	160.919	164.329
	Proposed dividend for the accounting year	0	0	33.496
	Profit brought forward	74.469	79.408	58.698
	Total capital and reserves	243.551	251.125	267.321
	<i>Provisions for insurance contracts</i>			
	Provision for unearned premiums	109.152	123.229	98.581
	Claim provisions	54.737	61.386	58.686
	Risk margin on insurance contracts	5.221	0	0
	Total provision for insurance contracts	169.110	184.615	157.267
	<i>Provisions for other risks and charges</i>			
	Deferred taxation	7.684	8.095	7.695
	Total provisions for other risks and charges	7.684	8.095	7.695
	<i>Creditors</i>			
	Amounts owed in connection with direct insurance business	5.451	7.520	4.753
	Amounts owed to reinsurance companies	1.862	3.121	1.616
	Amounts owed to affiliated companies	714	1.275	1.490
	Actual tax liabilities	2.998	15.915	7.401
	Other creditors	26.307	24.451	30.427
	Total creditors	37.332	52.282	45.687
	Total liabilities	457.677	496.117	320.703
4	Contingency liabilities			

Equity specification

Amount in DKK '000	Share Capital	Revaluation Provisions	Other Reserves	Contingency Reserve	Transferred result	Proposed Dividend	Total
Equity as of 1st January 2015	10.000	798	46.073	115.000	59.661	50.882	282.414
Dividend paid out						-50.882	-50.882
Provisions for other reserves			-1.810		1.810		0
Other comprehensive income, provisions for revaluations							0
Other comprehensive income, currency adjustment for foreign entities			1.656				1.656
Profit for the year					14.024		14.024
Equity as of 30th June 2015	10.000	798	45.919	115.000	75.495	0	247.212
Equity as of 1st January 2015	10.000	798	46.073	115.000	59.661	50.882	282.414
Dividend paid out						-50.882	-50.882
Provisions for other reserves			963		-963		0
Other comprehensive income, currency adjustment for foreign entities			2.293				2.293
Profit for the year					33.496		33.496
Proposed dividend					-33.496	33.496	0
Equity as of 31st December 2015	10.000	798	49.329	115.000	58.698	33.496	267.321
Equity as of 1st January 2016	10.000	798	49.329	115.000	58.698	33.496	267.321
Dividend paid out						-33.496	-33.496
Provisions for other reserves			-5.725		5.725		0
Primo Risk Margin - net of tax					-3.978		-3.978
Other comprehensive income, currency adjustment for foreign entities			-320				-320
Profit for the year					14.024		14.024
Proposed dividend							0
Equity as of 30th June 2016	10.000	798	43.284	115.000	74.469	0	243.551

Note 1 - Accounting Policies Applied

General

The half yearly 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 half yearly report is presented in thousand crowns. Accounting policies have been adapted to the changed

Danish Executive Order on Financial Statements that took effect on 1 January 2016.

Comparative figures have not been made, as the models for calculation of premium provisions and profit margin only have been established in accordance with the new accounting policies since 1/1 2016. It has therefore not been practicable to prepare comparative figures for previous years.

In the opening balance of 1 January 2016, the accounting value of the Risk Margin has been calculated to DKK 5.1m, compared to the value in the 2015 financial report.

The effect on the result and equity is stated in the first table below and the effect on the key figures for first half year of 2016 appears in the second table below:

Amount in DKK'000

Effect at equity 1 /1 2016	Equity
Equity 31 /12 2015	267,321
Claim provision, best estimate	0
Risk margin	-5,101
Premium / profit margin	0
Pre-tax effect	-5,101
Tax	1,122
Net effect at equity 1 /1 2016	-3,979
Equity according to new accounting policy 1 /1 2016	263,342

Effect at Profit and loss 1 /1-30 /6 2016	Result
Result if old accounting principle had been used	14,118
Risk Margin, change 1 /1 - 30 /6 2016	-120
Tax effect	26
Effect of adjustment, post tax	-94
Result according to new accounting policy	14,024

The company have chosen to use the simplified calculation of premium provision according to the Danish Executive Order on Financial Statements § 69a. This means that no changes have been implemented regarding the technical provision except the implementation of Risk margin described above.

Besides adaption to the new Danish Executive Order on Financial Statements, the accounting policies are unchanged compared to 2015.

Note 1 - Accounting Policies Applied, continued

Accounting estimate

The preparation of half yearly 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 half yearly 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 period. 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.

Note 1 - Accounting Policies Applied, continued

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 period.

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 period.

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

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

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

Other items

Other income and expenditure

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

Taxation

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

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

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

Deferred taxes are provided for with 23.5% to 22% on all time differences between the result reported in the half yearly 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.

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 assess-

ment of the assets' expected useful lives:

Software, presently	3-10 years
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Costs that are directly associated with the production of identifiable and unique software products as intangible assets. Direct costs include the software development team's employee costs and other directly related overheads. All other costs associated with developing or maintaining computer software are recognised as an expense as incurred.

After completion of the development the asset is written down on a straight-line basis over the expected useful life, however, presently with a maximum period of 10 years. The basis of writing down is reduced by any impairment write downs.

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

Operating equipment

Fixtures and operating equipment are measured at cost less accumulated write down and any accumulated impairment losses. Cost encompasses the purchase 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

Note 1 - Accounting Policies Applied, continued

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

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

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

Domicile

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

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

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

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

Capital holdings (shares) in affiliated and associated companies

Shareholdings are stated at their equity value using the equity method. As a result, the shareholdings are shown in

the balance sheet as the pro rata share of the companies' equity value, and the company's share of the result is included in the profit and loss account under "income from affiliated or associated companies".

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

Other financial assets

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

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

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

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

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance share of the technical provision.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The benefits to which the company is entitled under its reinsurance contracts held are recognised as assets and

reported as reinsurers' share of claim provisions for insurance contracts.

The reinsurers' share of the provisions for claims is measured at discounted value if such discounting is material. The future payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority.

The company assesses continuously its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

Debtors

Debtors are stated net of a bad debt reserve calculated on the basis of an individual assessment of the debtors.

Accruals

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

Equity

Share capital

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

Revaluation reserves

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

Contingency reserves

The contingency reserves are recognized as part of retained earnings under equity. The reserves may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders.

Note 1 - Accounting Policies Applied, continued

The funds allocated to the contingency reserves are not taxed and there has been no deferred tax allocated in the balance sheet.

Other reserves

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

Proposed dividend

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

Technical reserves

Provisions for insurance contracts

The company have chosen to use the simplified calculation of premium provision according to the Danish Executive Order on Financial Statements § 69a.

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.

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.

Debt

Other liabilities are measured at net realisable value.

Note in DKK'000

2 **FIVE-YEAR REVIEW**

Profit and Loss 1 / 1 - 30 / 6	2016	2015	2014	2013	2012
Gross premiums earned	135.932	148.933	164.956	201.830	238.591
Claims incurred, net of reinsurance	69.394	80.018	74.096	113.790	176.086
Operating expenses	48.141	47.492	50.478	78.630	66.988
Result of reinsurance (-=net cost)	-5.699	-10.752	-12.204	-16.555	1.049
Underwriting profit / loss	10.918	9.223	27.096	-6.956	-3.818
Profit / loss of investment after transfer of technical interest	6.044	11.550	10.451	-3.004	8.291
Profit for the period	14.024	17.937	29.091	-7.597	4.911
Gross run-off profit / loss	1.203	2.262	12.284	11.365	-7.397
Run-off profit / loss, net of reinsurance	3.947	2.387	12.109	6.923	-4.679

Assets and Liabilities at	30.06.2016	30.06.2015	30.06.2014	30.06.2013	30.06.2012
Insurance assets	15.121	17.992	23.658	98.084	109.025
Technical provisions	169.110	184.615	201.838	298.256	347.501
Capital and reserves at year-end	243.551	251.125	261.943	227.972	245.838
Total assets	457.677	496.117	537.277	584.849	673.255
Claims ratio	51,60%	54,18%	45,26%	56,41%	74,13%
Burden ratio	36,40%	32,89%	31,50%	39,52%	28,20%
Reinsurance ratio net	4,19%	7,22%	7,40%	8,20%	-0,44%
Combined ratio	92,19%	94,29%	84,16%	104,13%	101,89%
Operating ratio	91,78%	93,75%	83,47%	103,44%	101,80%
Relative run-off result	0,45%	0,80%	4,74%	4,62%	-2,82%
Return on capital and reserves p.a.	19,15%	24,14%	38,04%	-10,96%	3,99%
Solvency cover (*)	2,85	5,25	5,06	2,97	2,81

(*) Solvency cover for 2016 is based on Solvency II calculation method (standard formula) and ia ratio of eligible own funds to SCR. Solvency cover for 2012 to 2015 is based on Solvency I calculation method in percent of base capital.

January 1st - June 30th

Note in DKK'000

3 **BREAKDOWN OF UNDERWRITING RESULT**

	2016	2015
Earned premiums	134.497	147.681
Underwriting interest, net of reinsurance	-225	-193
Claims incurred	-69.394	-80.018
Administrative expenses	-19.175	-20.294
Acquisition costs	-28.966	-27.198
Profit from gross operations	<u>16.737</u>	<u>19.978</u>
Ceded insurance premiums	-18.529	-24.847
Reinsurance recoveries	10.205	10.718
Reinsurance commissions and profit participation	<u>2.625</u>	<u>3.377</u>
Result of ceded business	<u>-5.699</u>	<u>-10.752</u>
Underwriting profit	<u>11.038</u>	<u>9.226</u>

Total claims incurred, net of reinsurance, run-off

Gross run-off profit/loss	1.203	2.262
Run-off profit/loss, ceded	2.744	124
Total claims incurred, net of reinsurance, run-off, total	<u>3.947</u>	<u>2.387</u>

4 **CONTINGENCY LIABILITIES**

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

	30/6 2016	30/6 2015	31/12 2015
	<u>768</u>	<u>1.286</u>	<u>1.027</u>