

# EUROPÆISKE REJSEFORSIKRING A/S ANNUAL REPORT 2019



**COMPANY NAME****EUROPÆISKE EJSEFORSIKRING A/S**

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Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

**BOARD OF DIRECTORS:**

Christof Flosbach (Chairman)

Oliver Wild

Anja Berner

Gabriele Bayer

Christian Søndergaard\*

Peter Fobian\*

\*Elected by the staff

**AUDIT COMMITTEE:**

Oliver Wild (Chairman)

Anja Berner

Christof Flosbach

**BOARD OF MANAGEMENT:**Beata Danuta Kalitowska-Zborowska  
(Chief Executive Officer)

David Kraul (Chief Operating Officer)

Peter Steen Olsen (Chief Financial Officer)

**AUDIT:**

KPMG

Statsautoriseret Revisionspartnerselskab

Company Reg. No. CVR: 25 57 81 98

Anja Bjørnholt Lütthcke

State Authorised Public Accountant

Jette Kjær Bach

State Authorised Public Accountant

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# Management review

## One ERV company in the Nordics

In 2015 Europæiske Rejseforsikring A/S in Denmark and ERV Försäkringsaktiebolag (publ) in Sweden implemented one cross-company organizational structure as a first major step towards acting as one Nordic company. In 2017 we aligned the legal structure of the two companies and thereby cemented the position as one Nordic insurance company – ERV Nordic.

In legal terms, Europæiske Rejseforsikring A/S in Denmark was the continuing entity whereas ERV Försäkringsaktiebolag (publ) continued as a branch of Europæiske Rejseforsikring A/S by the legal name of Europeiska ERV Filial. Both the Danish and Swedish entities have locally continued with their brand names and logos; Europæiske ERV and Europeiska ERV.

During 2020 ERV Nordic will celebrate our 100 year anniversary as a company. This is a proud moment and we are grateful for being the trusted travel insurer for millions of travels during this century. We will during the year change our brand to ERGO Rejseforsikring/Reseförsäkringar in order to align our brands within the group, but also to start a new chapter in our mission to make customers feel safe under all circumstances.

In this annual report, we will still use the term ERV Nordic when referring to both Europæiske ERV and Europeiska ERV. When only referring to Europæiske ERV we will use ERV Denmark and similarly with Europeiska ERV we will use the term ERV Sweden.

## Financial result in 2019 below expectations

ERV Nordic delivered a negative financial result of DKK 7.1m in 2019. This was not in line with expectations, but among other explained by extraordinary frequency and costs of major claims. In addition, our investment result was not as foreseen due to lowered result by affiliated and associated companies and furthermore Nordic alignment of deferral of acquisition costs generated extra costs in 2019.

However, despite volatile situation in tourism, with among other the Thomas Cook bankruptcy, ERV Nordic managed to increase sales on our core travel insurance segments as well as extraordinarily on healthcare insurances.



**January:**

**Claims: Heavy snowfall in the Alps**

Due to the extreme weather conditions in the Alps with massive snowfall, ERV Nordic assisted a large number of travel agents and their customers who are affected by the situation, which cause a large amount of claims on our Extended Liability Insurance concerning missed departure and ruined holiday. A total of 2500-3000 traveller are affected by the situation.



**June:**

**Launch of improved corporate products**



ERV Nordic launched new, improved corporate travel insurance products. With more than 30 improvements to our coverages and increased flexibility in our annual corporate travel insurance we offer the most flexible and complete corporate travel insurance on the market.

**December:**

**New Collaboration with Skandiabanken**

ERV Nordic signed an affinity agreement and become new insurance provider for Skandiabanken and will be providing insurance for all the credit cards holders of Skandiabanken.



**December:**

**Travel Insurance of the Year**



For the second year in a row the travel guide, rejseforsikringsguiden.dk awarded Europæiske ERV in Denmark with the title of 'Travel Insurance of the Year'.

The award is based on the highest customer satisfaction on Trustpilot.dk as well as a strong price structure and coverages that meet the customers demand. Like in 2018 we were also awarded with the title "Best customer reviews" 2019.



**March:**

**ERV Nordic will change to ERGO**

As part of the overall strategy within the ERGO Insurance Group, ERV Nordic released a press release stating that ERV Nordic will change name to ERGO Rejseforsikring in Denmark and ERGO Reseförsäkringar in Sweden. The name change will take place in the fall of 2020 and will not affect the organisation in other ways.



**July:**

**USA - complex claims**



ERV Nordic experienced a large amount of complicated claims in the US all concerning life-threatening diseases. We assist by providing hospital transferring, treatment surveillance, planning transportation and accommodation as well as medical repatriation.

**August:**

**Policy and claims processing**

The old mainframe system in ERV Denmark closes, and the new system NIS becomes the sole system of registration of policies and claims. NIS has been selected to further ERV Nordic's vision of becoming aligned in how we do things and be more business driven. The system enables customization of our products and offerings to the benefit of our partners, and it promises to substantially improve how we process policies and claims.

**December:**

**Marketing campaign**

ERV Nordic launched a marketing campaign in Sweden and in Denmark targeting leisure customers and started promoting the "A part of ERGO" - logo.



**December**

**New collaboration with SkiStar**

Together with SkiStar Europeiska ERV launched a new Accident insurance for children up to 18 years of age. The insurance is included for all children participating in the skii school which is over 40.000 children every year. The insurance is implemented in Sälen, Vemdalen, Åre, Trösil and Hemsedal.



# “We work to make customers feel safe under all circumstances”

## Our mission

“We work to make customers feel safe under all circumstances”

Our mission is to ensure that travelers and people with special, mostly free time related insurance needs always will be adequately insured with us.

## Our vision

Our vision is to be the market leading, internationally capable, Nordic niche insurer that enhances quality of life of our customers with customized, simple, easy and quick solutions relating to travel and other free time related special risks. This vision is also reflected in the ERV Groups eight values, which are:

- Customer focus
- Excellence
- Courage
- Passion
- Teamwork
- Forward looking & Sustainable
- Openness & Trust
- Leadership & Responsibility

## Part of a strong Group

ERV Nordic is a subsidiary 100% owned by ERGO Reiseversicherung AG, which in turn is part of ERGO Group AG and Munich RE Group<sup>1</sup> - the international reinsurance leader. Our financial system, investment portfolio management and some data reporting are outsourced to companies within the group. Furthermore, a part of the claims handling abroad is outsourced to Euro-Center Holding SE that is mainly owned by our group.



<sup>1</sup> The legal name of Munich RE Group is Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft

ERV Nordic is associated with the following companies:

	Registered office	Activity	Shareholding
<b>Subsidiary:</b>			
ERV Pojistovna a.s.	Czech Republic	Insurance	75 %
<b>Associated company:</b>			
Euro-Center Holding SE	Czech Republic	Assistance	33.34 %
European Ass. Holding	Germany	Assistance	20.00 %

ERV Nordic is member of the former European Travel Insurance Group (ETI Group) that has now transformed into International Travel Insurance Alliance (ITIA) uniting specialized insurers from all around Europe with ambition to

expand outside Europe as well. Via this association, we can closely co-operate with many travel insurers on an international level and deliver international solutions to our partners.



International Travel Insurance Alliance

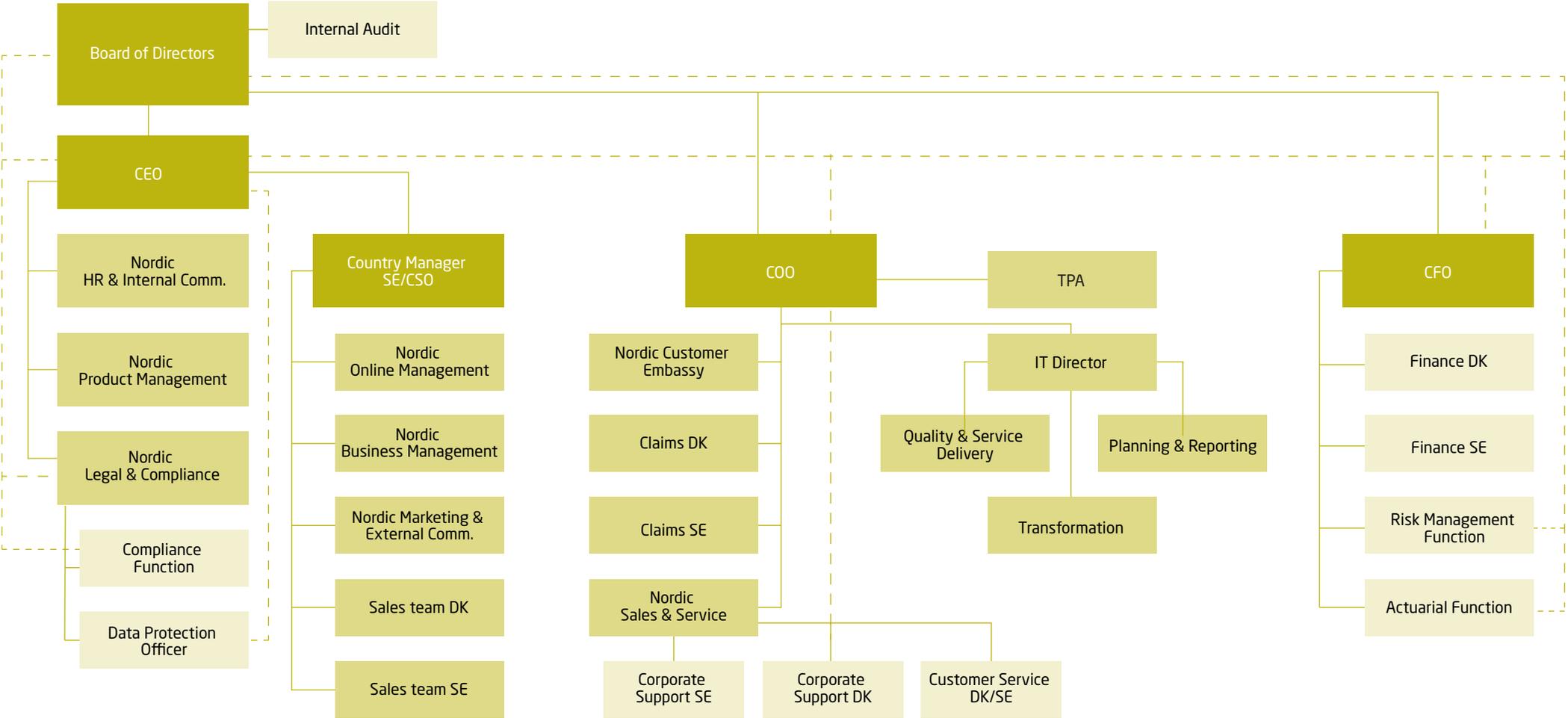
**ITIA MEMBERS**

- Austria
- Bulgaria
- Czech Republic
- Denmark
- Germany
- Hungary
- Italy
- Netherlands
- Norway
- Poland
- Russia
- Slovakia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom



# Organizational chart

ERV Nordic has the below shown organizational structure:





## Our core business

ERV Nordic's primary business areas are sale of travel insurance to private customers in the leisure market including BtC, BtBtC; as well as in the corporate market together with health insurance for employees stationed abroad. Our direct business is focused on the markets in Sweden and Denmark. Through insurance professionals and distribution partners, we are also active in Norway and Finland. ERV Sweden offer travel insurance through Card schemes as well as more affinity group centred business especially in the areas of jewellery and watches. The majority of travel insurance policies are sold either as trip-by-trip insurance or as annual travel insurance in connection with ERV Nordic's 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.

Since 1st of January 2019 ERV Denmark has started to sell domestic healthcare insurances through our new Danish partner Dansk Sundhedssikring A/S, this significantly added volume to our existing insurance portfolio.

ERV Denmark also has a health portfolio of international healthcare insurance that has been in run off since August 2013.

## Strong reputation, digitalization and customer focus

ERV Nordic has a strong business-to-business and end-consumer reputation. As a well-established specialty insurance company, ERV Nordic focus on providing

coverage customized to the policyholders needs, rather than offering products with the lowest premium. In addition, it has been a major priority in recent years to invest in our digital platform where we interact with potential new customers (Sales) as well as existing customers (Policy Administration, Corporate Support and Claims) in state-of-the-art technical applications. Obviously, also our sales partners' sales approach has changed and we adjusted to that. Our broker relations mainly build on large international insurance brokers, strong domestic broker networks, or local travel agencies, both individual and organized in groups.

## The Nordic insurance market

The customer base consists mainly of cross-border travellers from Denmark and Sweden, both leisure and business trips. The small geographical size and northern location of the countries ensures the stability of the market potential as these two factors create a desire for the citizens to travel outside the country. The market competition in Leisure consists primarily of larger insurance companies, which offers the product as part of a package deal with family insurance. In addition to this, the Danish public healthcare system in 2014 changed from covering a part of the health risks related to travel insurance in Europe to cover none (from the yellow card to the blue card), which actually has provided a larger market potential. Changes in the public healthcare system, both on local- and EU level, could contribute positively by increasing demand but also attract new players to that segment increasing competition.

In the business segment, market competition comes from larger insurance companies that covers several insurances outside travel, such as liability and property.

### Industry analysis

Amadeus/Oxford Economics expect global overnight visitor flows to grow significantly faster than GDP growth in years to come. In terms of regional overnight visitors, Amadeus/Oxford Economics predicts that Asia Pacific, the Middle East and Africa will be the fastest growing regions. Europe's share of visitor flows will remain dominant throughout 2023, and then North East Asia will overtake the dominant role. Even though Europeans are to become relatively less important globally, they will still account for a large part of the outbound travel and will increase travel to emerging markets.

With this follows the need for travel insurance, both for private and corporate customers.

### Business Travel Trends

Travel budgets have always fluctuated in line with the economy. Firms are more relaxed about travel spend in the good times and tighten their belts in the bad. In Europe, companies have become more cost-conscious, introducing more sophisticated tools to control business expenses and making smarter use of technological alternatives such as videoconferencing. But as videoconferencing is increasingly a supplement, it will not replace business travel. In Asia, for example, direct

face-to-face contact is a particularly important component of ongoing business relationships.

Most companies today have guidelines regarding how they shall reduce the environmental impact, giving directions to choose climate friendly transportation and usage of technical solutions to reduce number of travels.

### Leisure Trends

The trends for leisure and travels are changing and we use more of our time and income on travel and free-time related activities. The trend is also to take more frequent, shorter trips, as opposed to the longer, more leisurely vacations of years past. This trend also comes as a result of some forward-thinking start-ups that are stressing the importance of work/life balance for as part of their corporate culture. In addition, Millennials (who have shown themselves to value "recharging the batteries" and the "work hard play hard" ethos), now have the disposable income to help shape travel trends.

Sustainable factors, for example environmental, are increasing in importance when it comes to impact on travel patterns. As an example, 23% of Swedes states (Vagabond Resebarometern 2019) that they will chose an environmental friendly way of travelling.

New entrants are disrupting all facets of the travel industry. New companies, products, and trends will alter the way we fly, drive,





and stay. The development of internet based and mobile technologies drives the demand for a seamless travel experience. Seamless travel refers to travel utilising a variety of products and services organised through a single booking process.

### **Trends for Travel insurance market**

The Nordic market for free-time and travel insurance is defined by fierce competition, and competitors include both general insurers and niche insurers. In travel insurance ERV Nordic plays a dominating role in the Swedish and Danish market. Profitable growth opportunities are limited with the traditional products and channels. In Sweden (different from DK) all large (that is four) P&C insurers decided to package a travel insurance base cover into their existing home insurance offerings around 15-20 years back. This changed the business model for ERV Sweden significantly and switched the offerings to become largely a supplement cover to the (new) market standard base cover. 97 % of all Swedes have a home insurance cover. The coverage is however only up to 45 days and is a basic travel insurance offering. In Denmark, the P&C insurance companies have covers for travel included in more general insurance products, and increasingly offers extended travel insurance as ad-on.

### **Claims handling**

ERV Nordic'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 transport. Many cases are complex medical cases, which are handled in close cooperation with our specialized assistance company Euro-Center Holding SE. The Euro-Center Assistance office in Madrid handles all ERV Nordic's assistance service and with service offices on six continents ERV Nordic's customers have one of the world's largest medical networks of experienced professionals and Nordic speaking staff available.

As part of ERV Nordic's strong digital focus, we offer our customers a smooth and convenient online claims handling process. The digital journey is constantly under development with new tools and simplified steps in order to secure a smooth, fast and convenient customer experience.

### **ERV Nordic Strategy**

In order to be a niche leader ERV Nordic needs to grow faster than market average. At the same time offerings have to adapt to the driving forces and competitive arena on the market. That is why ERV Nordic focus both on sustainability of current business and on development, launch and market penetration of future business. This will be achieved by strategic initiatives in the following four focus areas:

- Sustainability
- New Business
- Efficiency & insights
- Digitalization & IT Landscape

## Sustainability

We will strive to sustain current business, customer base and revenues. This will be done by positioning ERV Nordic as premium supplier through customized service and offerings, leading in quality as well as ease of use.

## New Business

We will develop new products and offerings within and outside our niche through advanced customer analytics and efficient development processes. This is to be done in close collaboration with customers in order to reflect their needs and demands.

## Efficiency & insights

We will increase our capability to be compliant towards stakeholders, and at the same time be efficient and customer focused. This will be achieved by using digital systems and tools aligned with clear responsibilities and objectives.

## Digitalization & IT Landscape

A basis for all initiatives above. IT and digitalization have to move from IT department to be the centre of everything we do. Digitalization is not just systems, but also requires a new way of working for all functions within ERV Nordic.

## ERV Nordic's financial result

In 2019, ERV Nordic realised a negative result after tax of DKK 7.1m, compared to a positive result of DKK 13.3m last year. The negative development comes primarily from increased major claim costs in ERV Denmark and decreased income from affiliated and associated companies.

Gross written premium amounts to DKK 687.7m compared to DKK 394.4m in 2018, a substantial increase of DKK 293.3m. The increase is primarily due to sales of domestic healthcare insurances through our new Danish partner Dansk Sundhedssikring A/S. In both ERV Denmark and ERV Sweden, we have however also seen substantial sales increases on our Leisure segments through increased Online sales and new business partners. The corporate segments have seen quite stable sales results.

Gross claims incurred amount to DKK 391.7m against DKK 191.1m in 2018, an increase of DKK 200.6m. As a direct effect of the increased portfolio on mainly healthcare insurance, this development was partly expected. The gross claims ratio however increased more than expected to 57.9%, which is 9.2 percentage-points higher than in 2018. Increased major claims costs on the ERV Denmark leisure market negatively affected the gross claims ratio. In addition, on the ERV Sweden Leisure and Corporate segments, we have seen worsened claims result compared to last year due to increased claims frequency and increased average claim costs. This has also affected increased claim settlement costs. The ERV Sweden Card segment have on the other hand improved during 2019.

The result of reinsurance recoveries and change of reinsurer's share of claim provisions shows a compensation for ERV Nordic of DKK 1.7m in 2019 against DKK 1.5m in 2018. The increase is primarily due to





recoveries on the major claims we received during 2019.

The claims costs net of reinsurance amount to DKK 390.0m against DKK 189.6m in 2018 which is an increase of DKK 200.4m. The claims ratio net of reinsurance is 58.4% against 49.1% in 2018.

Net operating expenses for 2019 amounted to DKK 290.2m against DKK 200.6m in 2018, an increase of DKK 89.6m. Acquisition costs amount to DKK 221.8m against DKK 114.0m in 2018, an increase of DKK 107.7m. The increase is mainly due to acquisition costs in regards to domestic healthcare insurances sold through our new Danish partner Dansk Sundhedssikring A/S. Further to this, Nordic alignment of deferral of acquisition costs has generated extra costs in 2019.

The administrative expenses amount to DKK 68.8m against DKK 86.9m in 2018, which is a decrease of DKK 18.1m. We have had less HR costs compared to 2018 and because of higher claim frequency on the ERV Sweden Leisure and Corporate segments, more costs directed to claim settlement. Further, an aligned Nordic approach on assessing indirect claim and acquisition costs has affected less regular administrative costs in ERV Sweden. Commissions and profit commissions from reinsurance amount to an income of DKK 0.4m compared to 0.4m in 2018. The reinsurance contracts with commission has the same volume in 2019 as in 2018 so therefore this income has been stable.

The total result of business ceded shows a loss for ERV Nordic of DKK 4.9m in 2019 against a loss of DKK 5.7m in 2018. The decrease is due to DKK 0.6m less ceded insurance premiums due to reinsurance contract adjustments and DKK 0.2m more reinsurance claim recovery incl. reinsurer's share of claim provisions due to increased major claims.

The above-described development in sales, claims and operating expenses results in a negative underwriting result of DKK 13.4m compared to a negative result DKK 4.8m in 2018. The cost ratio including acquisition costs amount to 43.3% against 51.4% in 2018. Total combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 101.9% against 101.5% in 2018.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 6.4m against a profit of DKK 16.2m in 2018.

The result from affiliated companies is created by ERV Pojistovna a.s of which ERV Nordic owns 75% of the share capital. In 2019, it shows a profit of DKK 9.4m against DKK 15.3m in 2018 in accordance to the slightly decreased result ERV Pojistovna a.s delivered in 2019.

The result from associated companies is generated by Euro-Center Holding SE of which ERV Nordic owns 33,33% of the share capital and by European Ass. Holding of which ERV Nordic owns 20,00% of the share

capital. In 2019, the result of associated companies shows a loss of DKK 2.0m against a profit of DKK 3.0m in 2018. The main reason for the development is the negative 2019 result of European Ass. Holding.

Income from investment properties amounts to DKK 1.8m against DKK 2.6m in 2018. A shift in tenants has affected a one-time cost that decreased income in 2019.

Interest income etc. for the year amounts to DKK 7.2m compared to DKK 8.5m in 2018. As in 2018, our investment portfolio mainly consists of low-risk Danish and Swedish government bonds.

ERV Nordic is relatively sensitive to the development of the prices of bonds and exchange rates, etc. The company has had a net loss in connection with realised and unrealised gains & losses of bonds, bond-based unit trusts and exchange rates of a total of DKK 9.2m against a loss of DKK 12.3m in 2018. This year's loss is primarily due to unrealised losses in connection with value write-down of bonds.

Interest expenses amount to DKK 0.3m in 2019, which was similarly to 2018.

Administrative expenses related to investments amounts to DKK 0.6m, slightly less than last year. These expenses are primarily triggered by the services delivered by MEAG (Munich Ergo AssetManagement GmbH) that is our appointed investment asset manager.

Interest on insurance provisions amounts to DKK 0.6m compared to DKK 0.5m in 2018. The increase is due to increased insurance provisions.

Other income amounts to DKK 5.7m compared to DKK 5.5m in 2018 and other expenses amounts to DKK 4.6m compared to DKK 4.0m in 2018. Other income and expenses mainly stem from a number of administration agreements where we deliver our renowned claims handling and assistance services to customers that prefer to self-cover their insurance risks.

Due to taxation of the separate positive ERV Denmark result, we will have a tax cost of DKK 1.8m in 2019 compared to a cost of DKK 0.1m last year.

Receivables from policyholders amount to DKK 7.0m against DKK 6.7m in 2018, whereas receivables from insurance brokers amount to DKK 12.0m against DKK 5.0m in 2018.

At 31 December 2019, the company's total capital and reserves amount to DKK 341.9m and total assets amount to DKK 675.4m.

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

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

### **Events after 31 December 2019**

We consider the spread of coronavirus and related actions taken by authorities as non-adjusting post balance sheet events.

No other material events besides coronavirus have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2019.

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

The company expected earlier the following for 2019:

“We expect significant increase in gross written premium in ERV Denmark through our newly started sales of domestic health insurance. At the same time ERV Nordic expect to see continued Leisure sales increases related to Online sales and cooperation with new business partners on both the Danish and the Swedish market. Further, we expect less realised and unrealised losses on our investment portfolio. In total this means that the expectations to the result for 2019 are above the result ERV Nordic delivered for 2018.”

The result of 2019 was below expectations, but partly satisfying due to the increased sales that supports the outlook for 2020.

### **Outlook for 2020**

We expect significant decrease in gross written premium in ERV Denmark due to

lowered sales through Dansk Sundhedssikring A/S. In addition, the spread of coronavirus and the actions taken by authorities during the first part of 2020 effects a significant negative impact in regards to travel insurance sales and claims. Our investment portfolio consists mainly of low-risk Danish and Swedish government bonds, but we expect that the coronavirus will also negative impact the result of our affiliated company.

In total, this means that the expectations for the result for 2020 are below the result ERV Nordic delivered in 2019.

Considering the above-described outlook for 2020, we have performed an assessment of our ability to continue as a going concern covering twelve months from the date of the financial statements. It is our assessment that the expected solvency ratio is satisfactory and that the company's cash resources are adequate compared to the company's expected cash needs 12 months from the date of the financial statements for 2019.



**The Board of Management of ERV Nordic has the following management positions:**

**Beata Danuta Kalitowska-Zborowska, Chief Executive Officer:**

- Managing Director Europeiska ERV Filial, Stockholm, Sweden

**David Kraul, Chief Operating Officer:**

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

**Peter Steen Olsen, Chief Financial Officer:**

- Deputy Managing Director Europeiska ERV Filial, Stockholm, Sweden

**The Board of Directors of ERV Nordic has the following management positions:**

**Christof Flosbach, Chairman and Member of the audit committee:**

- Chairman of Supervisory Board of Globality S.A., Munsbach, Luxembourg
- Chairman of Supervisory Board of ERV Evropska pojistovna A.S., Prague, Czech Republic
- Chairman of Supervisory Board of ETI International Travel Protection, London, UK
- Member of Supervisory Board of ERV Travel Insurance, Moscow, Russia
- Member of Management Board of ERGO Reiseversicherung AG, Munich, Germany

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

- Vice Chairman of the Supervisory Board of Legial AG, München, Germany
- Member of the Supervisory Board of ERV Pojistovna A.S., Prague, Czech Republic

**Gabriele Bayer, Board Member:**

- No other managing positions

**Anja Berner, Board Member and Member of the audit committee:**

- Chairwoman of the Supervisory Board of ERGO Krankeversicherung AG, Nürnberg, Germany
- Member of the Supervisory Board of ERGO Direkt Versicherung AG, Nürnberg, Germany
- Member of the Supervisory Board of Nexible Versicherung AG, Nürnberg, Germany
- Member of the Board of Directors of Storebrand Helseforsikring AS, Lysaker, Norway
- Member of the Board of Directors of Globality S.A., Munsbach, Luxembourg
- General Manager Munich Health Alpha GmbH, München, Germany
- Proxy Holder Munich Health Holding AG, München, Germany

**Christian Søndergaard, Board Member:**

- No other managing positions

**Peter Fobian, Board Member:**

- No other managing positions



### **Pay Policy**

In accordance with the executive order on pay policy and disclosure requirements on pay roll in financial companies and financial holding companies, ERV Nordic has prepared a pay policy which can be found at this link: <https://www.europaeiske.dk/privat/om-europaeiske/virksomheden/lonpolitik/> Please also see note 7.

### **Gender Composition in the Company's Governing Body**

Section 132a of the Executive Order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds requires that companies of a certain size set targets for the gender composition of the Board of Directors and the composition of the management and report on the matter. Regarding composition of

management, a policy for increasing representation of the underrepresented gender must be established in case the requirements on composition are not met. On the Board of Directors as well as in management the composition should be a 40/60 pct. distribution or the number/pct. which is closest to 40/60 pct. in accordance to guidance from the Danish Business Authority.

Currently, the Board of Directors consists of 2 women and 4 men. ERV Nordic does, therefore, meet the gender distribution requirement of 40/60 pct. since 2 women out of 6 board members is considered a fulfilment of the 40/60 pct. requirement according to the guidance from the Danish Business Authority,

Regarding management level and the composition hereof, the Board of

Management of ERV Nordic currently consists of 3 persons. One member is woman and 2 members are men. Board of Management thereby meets the composition requirements for even gender distribution.

### **Audit Committee**

The Board of Directors of ERV Nordic has established an Audit Committee. The Committee consists of three members of the Board of Directors.

The tasks of the Committee are set out in the "Audit Committee Charter" based on the Act on Approved Auditors and Audit Firms no. 1287 of 20 November 2018. 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.

The Audit Committee held three meetings during 2019. These meetings were spread out during the year and among other held in connection with the yearly reporting to the Company's Board of Directors and the Danish Financial Supervisory Authority.

## Risk Management

Risk management is an integral part of our corporate management and is based on the risk strategy and risk appetite decided by the Board of Directors. ERV Nordic is exposed to various types of risks in the daily business and is committed to turning risk into value. Our means of risk management assists in achieving this goal and includes all strategies, methods and processes to identify, analyse, assess, control, monitor and report, both short- and long-term risks ERV Nordic face or may face in the future.

The Board of Directors has the ultimate responsibility for deciding on ERV Nordic's risk strategy, including the risk appetite. It is reviewed at least on a yearly basis and is considered in all strategic initiatives. Our aim of the risk strategy is to limit the impact of all risks in order to maintain a normal operation. ERV Nordic manages risks on a continuous basis to ensure that the risk exposure is within the risk appetite. If the risk exposure is assessed to be outside the approved risk appetite, then actions are taken to manage and/or mitigate the risks. The risk profile is reported on a quarterly basis to the Board of Management and the Board of Directors.

## Organisational set-up of risk management

Risk management is performed at all levels in the organization and is structured according to the three "lines of defence";

**1st line:** Risk takers

**2nd line:** Risk Management Function, Actuarial Function, Compliance Function

**3rd line:** Internal Audit Function

ERV Nordic, in accordance with Solvency II, defines the 2nd and 3rd line of defence as the "Key Functions".

## Risk situation

The risk situation at ERV Nordic has been within the Board of Directors risk tolerance during 2019. Except for some major claims in 2019, we have not faced any material, unexpected risks and the solvency situation is above our internal trigger levels (yellow trigger equals 140%) as well as regulatory requirements. The outbreak of the coronavirus has added uncertainties to the risk situation in 2020. We have taken appropriate measures and are monitoring it closely, both in terms of the claims development and in regards to our Business Continuity management.

Main risks of ERV Nordic:

- Underwriting risks
- Market risks
- Operational risks

## Underwriting risks

Underwriting risk arises from inaccurate assessments of the compensations and other costs related to insurance policies. Significant underwriting risks are premium, if losses are higher than expected, and reserve risks, if the reserves set side are not sufficient to cover the ultimate losses.

Relevant policies exist which are set by the Board of Directors. The overarching policy for underwriting risks states that risks originating from the company's insurance business 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 measure taken to limit the underwriting risk, is reinsurance agreements. This limits the risks for most events to a certain level according to the risk appetite set by the Board of Directors.

In the Standard model, this risk is estimated to DKK 213.7m.

## Market Risks

It is the aim of ERV Nordic to control the market risks in such a way that the company obtains a return corresponding to risks taken.

Main market risks:

- Currency risk
- Equity risk
- Property risk
- Market risk concentrations

Currency risk arises as a result of a mismatch in the value of assets and liabilities in the same foreign currency. Internal guidelines, set by the Board of Directors, limits the exposure to a certain level. In terms of the result, the company is sensitive towards the development in currency rates and the prices of bonds, shares and participations.

Currency risk for ERV Nordic is mainly related to the investment in affiliated and associated companies denominated in Czech koruna ("CZK") and the net assets in ERV Sweden denominated in Swedish krona ("SEK"). The investments in foreign entities and merger with ERV Sweden are based on strategic decisions and in line with the risk appetite set by the Board of Directors.

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 65.6m in order to be able to cover the risk sufficiently with a confidence level at 99.5%, which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

## Operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inevitably linked to the business activities of ERV Nordic. They are addressed in a comprehensive internal control system or through ad-hoc reporting.

ERV Nordic manages operational risks in accordance with internal guidelines and the risk appetite on an ongoing basis. It is reported to the Board of Directors as part of the risk report on a quarterly basis.

The standard model calculation demands a capital of DKK 26.2m in order to be able to cover the operational risk sufficiently with a confidence level at 99.5%, which means that

ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

### Other material risks

ERV Nordic is also exposed to strategic and reputational risks.

Strategic risks are risks arising from wrong business decisions or poor implementation of decisions already taken. ERV Nordic is exposed to a variety of strategic risks such as changes in the customer structure ("demography") and the buying behaviour ("digital disruption"). Additional risks may arise as a result of changes in the competitive environment. Strategic risks usually have an impact lasting over several years and when identified, they are analysed and remedial measures are taken when necessary.

Reputational risk is defined as the risk of damage that occurs if the value or brand name of ERV Nordic deteriorates. The impact ranges from reduced business opportunity to administrative additional expenses.

Ad hoc reporting and regular quarterly communication between the governance functions takes place. In addition, as part of the internal control system, a basic assessment of potential reputational loss for each operational risk is completed by both the Compliance Officer and the Risk Manager. If the risk is assessed as being above the process owner's acceptable range, then a measure is required and monitored.

Sensitivity Analysis as of 31.12.2019, SCR 125 pct.			Stress (Pct.)	SCR (Pct.)
1.	Interest rate risk		200 basis points	142,4%
2.	Equity risk		61%	125,0%
3.	Property risk		31%	125,0%
4.	Spread risk	Danish government bonds	28%	125,0%
		Other government bonds	100%	128,4%
		Other bonds	29%	125,0%
5.	Currency risk	Exposure 1 (CZK)	62%	125,0%
		Exposure 2 (SEK)	100%	134,7%
		Exposure 3 (USD)	23%	125%
6.	Counterparty default risk			89,5%

### Sensitivity Analysis

In accordance with the rules stipulated in BEK no. 615 of May 25th 2018, ERV Nordic has calculated sensitivity analysis on a quarterly basis. The sensitivity analysis done as of 31st December 2019 shows that we are able to withstand changes in the significant risk categories.

There are no stresses to the risk categories that will lead to an MCR of 125% nor 100%. The MCR ratios with maximum stress leads to MCR ratios between 254% to 433%.

### Capital management and requirements

ERV Nordic's Solvency II requirement is calculated on the basis the company's risk profile, and therefore takes into consideration the composition of ERV Nordic's insurance portfolio, cash flow profile,

technical provisions, reinsurance program, investment mix and risk diversification.

The Board of Directors of the company has estimated that a security level of 99.5% has to be used for the capital demands. ERV Nordic 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 ERV Nordic can meet the policyholders' claims for 199 years out of 200 years. The model has been tested during the last 3 years and ERV Nordic 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 199.9m and shall be covered by the company's eligible own funds of DKK 285.1m as of 31st December 2019 affecting a solvency ratio of 143%.

Below is shown a five-year overview of the solvency ratio. Please note that Solvency cover for 2015-2019 is based on Solvency II calculation method (standard formula) and a ratio of eligible own funds to SCR.

	Solvency ratio
2019	143%
2018	176%
2017	185%
2016	249%
2015	306%

### Fitch rating

ERV Nordic has an 'A+' (stable outlook) Insurer Financial Strength (IFS) Rating from Fitch.

<b>Appropriation of profit</b>	2019	2018
Available for appropriation Amount in DKK'000		
<b>Total comprehensive income</b>	<b>-4,253</b>	<b>22,228</b>
<b>Recommended to be allocated as follows</b>	<b>2019</b>	<b>2018</b>
To the Shareholder	0	0
Transferred to other reserves	1,805	9,203
Transferred to reserves	-6,058	13,025



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

We have today presented the annual report for 1 January – 31 December 2019 to ERV Nordic.

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 2019 together with the results of the company's activities for the financial year 1 January – 31 December 2019.

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, 7th of April 2020

## BOARD OF MANAGEMENT:

**Beata Danuta Kalitowska-Zborowska**  
Chief Executive Officer

**David Kraul**  
Chief Operating Officer

**Peter Steen Olsen**  
Chief Financial Officer

## BOARD OF DIRECTORS:

**Christof Flosbach**  
Chairman of the Board and  
Member of the Audit Committee

**Oliver Wild**  
Board Member and  
Chairman of the Audit Committee

**Gabriele Bayer**  
Board Member

**Anja Berner**  
Board Member and  
Member of the Audit Committee

**Peter Fobian**  
Board Member, elected by the  
employees

**Christian Søndergaard**  
Board Member, elected by the  
employees

# Independent Auditor's report



## To the shareholder of Europæiske Rejseforsikring A/S

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Board of Directors and the Audit Committee.

### Audited financial statements

Europæiske Rejseforsikring A/S' financial statements for the financial year 1 January – 31 December 2019 comprise income

statement, statement of comprehensive income, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies (the financial statements).

The financial statements are prepared in accordance with the Danish Financial Business Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark.

Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in article 5(1) of the Regulation (EU) no. 537/2014 and that we remained independent in conducting the audit.

We were appointed auditors of Europæiske Rejseforsikring A/S for the first time on 20 August 2014 for the financial year 2014. We have been re-appointed by resolutions passed by the annual general meeting for a total uninterrupted engagement period of six years, including the financial year ending 31 December 2019.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

## Key audit matter

### Valuation of claims provisions

#### Subjective valuation and inherent uncertainty

Claims provisions represent one of the largest liabilities for the Company. Claims provisions amount to DKK 108,047 million at 31 December 2019 (2018: DKK 56,440 million).

Valuation of these liabilities is highly judgemental because it requires a number of assumptions to be made with estimation uncertainty such as loss ratios and estimates of frequency and severity of claims.

The determination and application of the methodology and performance of the calculations are also complex.

We have assessed that the most significant risks are related to the following elements that are complex and/or based on Management's judgements:

- Direct and indirect claims handling expenses
- Expectations for future claims

#### Completeness and accuracy of data

The valuation of the claims provisions depends on complete and accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating claims provisions, or for forming

judgements of key assumptions, is not complete and accurate, then material impacts on the valuation of claims provisions may arise.

Consequently, we have considered the audit of claims provisions a key audit matter.

Management has specified the risks, etc., related to the estimates of the claims provisions in note 1 "Accounting Policies Applied", pages 30-39, and in note 26 "Risk Management", pages 48-49.

## How our audit addressed the key audit matter

With the assistance of our actuarial specialists, our procedures included:

#### Assessment of control environment:

We have assessed the governance of the claims provision process. Our assessment has included evaluating the qualifications and experience of those responsible for reviewing the provisions and examining the output of the reviews by assessing the scope and depth of these processes.

Our evaluation of the methodologies and key assumptions for the most significant and subjective classes of business has also supported our assessment of the quality of the Company's claims provision process.

**Test of controls:** Evaluation and testing of key controls designed and implemented to ensure the integrity and completeness of the data used in the actuarial claims provision process including both current and prior year case provision data.

The controls included reconciliations between the claims data recorded in the insurance systems and the data used in the actuarial claims provision calculations to test completeness and accuracy of data used.

We tested controls through inspecting or re-performing the Company's reconciliations of data. We also compared samples of claims case provisions to appropriate

documentation in order to test the controls of the valuation of individual claims provisions.

**Replications and independent re-estimation:** We have carried out replications and independent re-estimations of the gross claims provisions covering the lines of business related with the most material risks.

A replication of the provisions is performed by applying identical methods and assumptions as the Company uses in our internal reserving tool. Independent re-estimation is performed by calculating the level of the provisions using KPMG's own parameters and assumptions.

**Sector experience and benchmarking:** We evaluated the Company's applied assumptions, provision methodologies and estimates of losses to expectations based on the Company's historical experience and taking into account current trends, benchmarking and our own industry knowledge including information relating to forthcoming legislation that may materially affect speed or amount of the claims settlement.



### **Statement on the Management’s review**

Management is responsible for the Management’s review.

Our opinion on the financial statements does not cover Management’s review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management’s review and, in doing so, consider whether the Management’s review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management’s review

provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management’s review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act.

We did not identify any material misstatement of the Management’s review.

### **Management’s responsibilities for the financial statements**

Management is responsible for the preparation of the 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.

In preparing the financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor’s responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to

fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 7th of April 2020

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

**Anja Bjørnholt Lütthcke**  
State Authorised Public Accountant  
MNE: 26779

**Jette Kjær Bach**  
State Authorised Public Accountant  
MNE: 19812

# Profit and loss account

Note in DKK'000

	2019	2018
<b>Earned premiums</b>		
3 Gross premiums written	687,724	394,411
Ceded insurance premiums	-6,958	-7,536
Change in the provision for unearned premiums	13,354	-531
Change in the provision for unearned premiums, reinsurers' share	-3	-5
<b>Total premium income, net of reinsurance</b>	<b>667,409</b>	<b>386,339</b>
4 <b>Technical interest, net of reinsurance</b>	<b>-588</b>	<b>-525</b>
<b>Claims incurred</b>		
Claim paid	337,788	197,167
Reinsurance recoveries	-1,793	-2,988
Change in the provision for claims	52,375	-5,693
Change in Risk margin	1,522	-406
Change in the provision for claims, reinsurers' share	92	1,470
<b>Total claims incurred, net of reinsurance</b>	<b>389,984</b>	<b>189,550</b>
<b>Bonus and premium discounts</b>	<b>0</b>	<b>469</b>
<b>Net operating expenses</b>		
5 Acquisition costs	221,790	114,047
6 Administrative expenses	68,797	86,937
Commission and profit share from reinsurers	-352	-366
<b>Total net operating expenses, net of reinsurance</b>	<b>290,235</b>	<b>200,618</b>
<b>8 UNDERWRITING RESULT</b>	<b>-13,398</b>	<b>-4,823</b>
<b>Income from investment assets</b>		
9 Income from affiliated companies	9,383	15,309
Income from associated companies	-1,965	2,993
10 Income from investment properties	1,849	2,629
11 Interest income and dividends etc.	7,234	8,545
12 Value adjustment	-9,193	-12,321
13 Interest expenses	-342	-271
Administrative expenses on investments	-602	-716
<b>Total return on investment activities</b>	<b>6,364</b>	<b>16,168</b>

Note in DKK'000

	2019	2018
4 Interest on insurance provisions	588	636
<b>TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST</b>	<b>6,952</b>	<b>29,607</b>
14 Other income	5,718	5,531
14 Other expenses	4,617	3,978
<b>PROFIT BEFORE TAX</b>	<b>-5,345</b>	<b>13,423</b>
15 Tax	1,779	121
<b>PROFIT FOR THE PERIOD</b>	<b>-7,124</b>	<b>13,302</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Other comprehensive income		
Exchange rate adjustment of foreign entities	1,493	-87
Other comprehensive income, currency adjustment	705	-705
Revaluation of property	3,400	9,923
Revaluation of property, tax	-2,727	-205
<b>Comprehensive income</b>	<b>2,871</b>	<b>8,926</b>
<b>Result of the period</b>	<b>-7,124</b>	<b>13,302</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-4,253</b>	<b>22,228</b>

# Balance sheet as of 31 december 2019

Note in DKK'000

	31/12 2019	31/12 2018
<b>ASSETS</b>		
<b>Intangible assets</b>		
16 Software	32,140	27,652
Software, development projects	6,087	7,681
<b>TOTAL INTANGIBLE ASSETS</b>	<b>38,227</b>	<b>35,333</b>
<b>Tangible assets</b>		
17 Operating equipment	2,626	1,788
18 Land and buildings	107,340	97,957
<b>TOTAL TANGIBLE ASSETS</b>	<b>109,966</b>	<b>99,745</b>
<b>Investments in affiliated and associated companies</b>		
19 Capital holdings (shares) in affiliated companies	62,706	61,026
19 Capital holdings (shares) in associated companies	23,789	25,042
<b>Total investments in affiliated and associated companies</b>	<b>86,495</b>	<b>86,068</b>
<b>Other financial investments</b>		
Participating interests	33	33
Unit trusts	27,561	24,494
27 Bonds	268,575	280,234
<b>Total other financial investments</b>	<b>296,169</b>	<b>304,761</b>
<b>TOTAL INVESTMENT ASSETS</b>	<b>382,664</b>	<b>390,829</b>
<b>Reinsurance share of technical provision</b>		
Reinsurance share of unearned premiums	48	52
Reinsurance share of claim provision	484	575
<b>Total reinsurance of technical provision</b>	<b>532</b>	<b>627</b>

Note in DKK'000

	31/12 2019	31/12 2018
<b>Debtors</b>		
Amounts owed by policy holders	7,019	6,662
Amounts owed by insurance brokers	11,979	5,019
<b>Debtors arising out of direct insurance contracts, in total</b>	<b>18,998</b>	<b>11,681</b>
<b>Other debtors</b>		
Amounts owed by insurance companies	0	1,016
Amounts owed by affiliated companies	3,998	7,875
Other debtors	57,080	18,844
<b>Total other debtors</b>	<b>61,078</b>	<b>27,735</b>
<b>TOTAL DEBTORS</b>	<b>80,608</b>	<b>40,043</b>
<b>Other assets</b>		
Cash in hand and cash equivalent	39,615	14,009
Tax assets	9,315	7,800
Deferred tax assets	6,706	4,689
Other	79	100
<b>TOTAL OTHER ASSETS</b>	<b>55,715</b>	<b>26,598</b>
<b>Prepayments and accrued income</b>		
Accrued interest	1,057	2,130
20 Other prepayments and accrued income	3,070	4,281
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>4,127</b>	<b>6,411</b>
<b>TOTAL ASSETS</b>	<b>671,307</b>	<b>598,959</b>

Note in DKK'000

	31/12 2019	31/12 2018
<b>LIABILITIES</b>		
<b>Capital and reserves</b>		
Shares capital	10,001	10,001
Revaluation provisions	11,189	9,811
<b>Reserves</b>		
Contingency reserve, untaxed	156,985	174,049
Net revaluation reserve	71,387	70,580
<b>Total reserves</b>	<b>228,372</b>	<b>244,629</b>
Profit brought forward	89,392	78,766
21 <b>TOTAL CAPITAL AND RESERVES</b>	<b>338,954</b>	<b>343,207</b>
<b>Provisions for insurance contracts</b>		
Provision for unearned premiums	136,524	120,560
Claim provisions	108,047	56,440
Risk margin on insurance contracts	8,842	7,376
<b>TOTAL PROVISION FOR INSURANCE CONTRACTS</b>	<b>253,413</b>	<b>184,376</b>
<b>Provisions for other risks and charges</b>		
22 <b>Deferred taxation</b>	<b>17,624</b>	<b>11,923</b>
<b>TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES</b>	<b>17,624</b>	<b>11,923</b>

Note in DKK'000

	31/12 2019	31/12 2018
<b>Creditors</b>		
Amounts owed in connection with direct insurance business	12,764	7,993
Amounts owed to reinsurance companies	298	1,442
Amounts owed to affiliated companies	293	1,459
Actual tax liabilities	134	0
23 Leasing liabilities	5,039	0
<b>Other creditors</b>	<b>61,316</b>	<b>59,453</b>
<b>TOTAL LIABILITIES</b>	<b>671,307</b>	<b>598,959</b>
24 Contingency liabilities		
25 Group ownership		
26 Risk Management		
27 Fair value hierarchy of assets and liabilities		
28 Split of classes of insurance		

# Equity Specification

Amount in DKK'000	Share Capital	Revaluation Provisions	Net revaluation Reserve	Translation Reserve	Contingency Reserve	Transferred Result	Proposed Dividend	Total
<b>Equity as of 1st January 2018</b>	10,001	798	70,770		182,900	56,510	10,893	331,872
Profit for the year						13,302		13,302
Other comprehensive income, currency adjustment				-705				-705
Other comprehensive income, currency adjustment for foreign entities			-87					-87
Other comprehensive income Revaluation of property		9,923						9,923
Other comprehensive income Revaluation of property, tax		-205						-205
<b>Total comprehensive income</b>	<b>0</b>	<b>9,718</b>	<b>-87</b>	<b>-705</b>	<b>0</b>	<b>13,302</b>	<b>0</b>	<b>22,228</b>
Currency adjustment Contingency Reserve					-2,201	2,201		0
Release of Contingency reserve					-6,650	6,650		0
Provisions for other reserves			277			-277		0
Dividend paid out							-10,893	-10,893
Proposed dividend							0	0
<b>Equity as of 31st December 2018</b>	<b>10,001</b>	<b>10,516</b>	<b>70,960</b>	<b>-705</b>	<b>174,049</b>	<b>78,386</b>	<b>0</b>	<b>343,207</b>
<b>Equity as of 1st January 2019</b>	10,001	10,516	70,960	-705	174,049	78,386	0	343,207
Profit for the year						-7,124		-7,124
Other comprehensive income, currency adjustment				705				705
Other comprehensive income, currency adjustment for foreign entities			1,493					1,493
Other comprehensive income Revaluation of property		3,400						3,400
Other comprehensive income Revaluation of property, tax		-2,727						-2,727
<b>Total comprehensive income</b>	<b>0</b>	<b>673</b>	<b>1,493</b>	<b>705</b>	<b>0</b>	<b>-7,124</b>	<b>0</b>	<b>-4,253</b>
Currency adjustment Contingency Reserve					-2,411	2,411		0
Release of Contingency reserve					-14,653	14,653		0
Provisions for other reserves			-1,066			1,066		0
Dividend paid out								0
Proposed dividend								0
<b>Equity as of 31st December 2019</b>	<b>10,001</b>	<b>11,189</b>	<b>71,387</b>	<b>0</b>	<b>156,985</b>	<b>89,392</b>	<b>0</b>	<b>338,954</b>

## NOTE 1 - ACCOUNTING POLICIES APPLIED

### General

The annual report has been prepared in accordance with the Danish 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 company has received permission to prepare the annual report solely in English from the Danish Financial Supervisory Authority.

The annual report is presented in thousand DKK.

### Change in accounting policies

As per 1 January 2019 the company has implemented the IFRS 16 standard in regards to leasing contracts one year ahead of its effective date in accordance with Danish Local GAAP regulations. Consequently, lease assets (Right of Use-assets) and lease liabilities have per 1 January 2019 been recognised in the balance sheet. The modified retrospective approach has been applied, which means that lease liabilities on transition was matched by equal and opposite right of use assets resulting in a nil impact on opening

equity. As a consequence of applying the modified retrospective approach comparative figures has not been restated. Implementation of IFRS 16 has no significant impact on profit and loss. Lease assets recognised comprise "Company-occupied property" and "Operating equipment". Lease liabilities are recognised in the line item "Leasing liabilities". The company has chosen not to implement the standard in regards to short term and low value lease contracts.

### Accounting effect of IFRS 16

By implementing IFRS 16 the company has capitalized right-of-use (ROU) assets, previously considered operating leases of DKK 8.3m, which are recognized as leasing liabilities.

Below, the difference between the reported operating lease liabilities under IAS 17 in the financial statements prior to the implementation of IFRS 16 (December 31, 2018) and the lease liabilities recognized in the balance sheet at January 1, 2019 (date of transition) shown.

Operating lease liabilities per December 31, 2018	DKK 2.5m
Effect of maturity estimated to exceed the minimum lease term	DKK 5.9m
Effect of discounting lease liabilities	DKK-0.2m
Effect of indexation of lease liabilities	DKK 0.1m
Operating lease liabilities per January 1, 2019	DKK 8.3m

The weighted average marginal loan interest rate used in the calculation of the lease liabilities per January 1, 2019, is 2%. Except for implementation of the above-mentioned IFRS 16 standard on leasing contracts, the accounting policies are unchanged from last year.

### Accounting estimate

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

The statement of the accounted value of certain assets and liabilities is conditioned by applying accounting estimates. 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 period. Value adjustments of financial assets and liabilities are recorded

in the income statement unless otherwise described below.

### **Intra-group transactions**

The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on intra-group 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 intra-group buyers are settled at market rates.

Intra-group trading in assets, including securities, is conducted at market prices. No significant intra-group trading with assets has taken place during the accounting year.

### **Foreign currency transactions**

The company's functional currency is DKK in respect of business and investments originating from Denmark. The functional currency used by the company's branch in Sweden is SEK.

Receivables and payables recognised in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognised in the latest annual report is recognised in the income statement as value adjustments.

Profit and loss of the foreign branch is translated into the company's functional currency, DKK, at the exchange rate prevailing at the date of transaction. The value of the branch's balance sheet items are translated at the exchange rate prevailing at the balance sheet date.

### **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**

According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of

reinsurance. The interest is applied according to the expected run-off pattern of the provisions.

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 discounts**

Bonus and premium discounts 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 of reinsurance**

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. Profit from property operations derives from rental agreements with tenants. All tenants have less than one-year tenures. Interest, dividends, etc. represent interest earned, dividends received, etc. during the financial period.

Realised and unrealised investment gains and losses are gains and losses on investments, value adjustment of land and buildings and exchange rate adjustments. 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 intra-group 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 tax is measured according to the tax rules and at the tax rates in Denmark and Sweden which based on the legislation in force at the balance sheet date will apply when the deferred tax liability is expected to be settled or when the deferred tax asset is expected to be realised.

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.

The company has not made provisions for deferred tax on contingency funds as it is not likely that a situation will arise within the foreseeable future which will result in taxation.

## 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 3-5 years

Costs that are directly associated with the production of identifiable and unique software products are recognised 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 when 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.

### Operating equipment

Furniture and operating equipment are measured at cost price less accumulated write down and any accumulated impairment losses. The cost price includes the purchase price and costs directly related to the purchase of the relevant assets until the time when the assets are ready for 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.

### Leasing - Accounting policies before January 1, 2019

Leases are divided into financial and operational leasing liabilities. A lease is recognised as financial when substantially

all the risks and gains of owning the leased asset are transferred to the lessee. Other leases are classified as operational. Leasing costs related to operating leases are recognized on a straight-line basis in the profit and loss statement over the lease period.

### Leasing - Accounting policies after January 1, 2019

Before start of a lease contract, the company assesses whether a contract can be determined as a right-of-use asset (ROU asset). A ROU asset has the following conditions:

- The asset is explicitly identifiable
- The company has the right to get almost all the economic benefits from use of the asset throughout the period of use
- The company has the right to choose how to use the asset

The company recognises ROU assets and corresponding lease liabilities with respect to all lease agreements in which it is the lessee, excluding short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. At start or on reassessment of a contract that contains lease components, the company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

ROU assets and lease liabilities are recognised at the lease commencement date. The ROU assets are initially measured at

cost price, which is calculated as the present value of the lease obligation including prepaid lease payments, any direct costs associated with the acquisition and any costs for dismantle and disposal of the asset at the end of the lease period, which the lessee is obliged to pay. ROU assets are depreciated on a straight-line basis over the shortest period of the lease term and the useful life of the assets.

### **Lease liabilities**

Lease liabilities are measured at the present value of the lease payments that are not yet paid, discounted using the rate implicit in the lease. If this rate cannot be determined, the company uses its incremental borrowing rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method and is presented as part of the amount shown under "Leasing liabilities" within Liabilities. It is re-measured when there is a change in future lease payments. An adjustment is made to the carrying amount of the corresponding ROU asset.

### **Impairment of intangible assets and operating equipment**

Finalized development projects and development projects in progress are tested for impairment in connection with the annual report and during the year if there is any indication of impairment. The carrying amount of other intangible assets and operating equipment is reviewed at least annually to determine whether there is any indication of impairment.

If there are indications of impairment, the carrying amount is written down to the estimated recoverable amount of the asset if this is lower than the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the expected value in use.

### **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.

The fair value is calculated based on a market-determined rental income, as well as operating expenses in proportion to the property's required rate of return in percent.

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.

The company 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 provisions

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

The Swedish contingency reserve is reported as an untaxed reserve. Changes are recognized through equity. The basis for the

calculation is based on a directive from the Swedish Financial Supervisory Authority. The directive indicates the maximum amount that may be allocated to the contingency reserve, based on written premiums and the provision for claims outstanding. ERV Sweden continuously calculates the maximum scope for provisions. At year-end the company had not utilized the maximum scope.

### 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.

Currency adjustments comprise exchange differences arising from translation of the contingency reserve and the equity of foreign entities at the beginning of the year to the exchange rate prevailing at the balance sheet date.

### 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).

### Claims provisions are discounted.

Discounting is based on a yield curve reflecting duration applied to the expected future payments from the provision.

Risk margin on insurance contracts  
Risk margin on insurance contracts are the expected amount payable if the company's portfolio of insurance contracts were transferred to another company.

### 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.

### Methods for calculating financial ratios

The financial ratios have been calculated in accordance to the Danish Financial Business Act. The ratios included in the five-year review have been calculated as described below:

**Gross claims ratio** is the relation between gross claims incurred and gross earned premiums, where earned premiums are reduced by bonuses and rebates.

**Gross expense ratio** is the relation gross operating expenses and gross earned premiums less bonuses and rebates.

**Reinsurance ratio** is the profit/loss from reinsurance in proportion to gross earned premiums less bonuses and rebates.

**Combined ratio** is the sum of the gross claims ratio, the gross expense ratio and the net reinsurance ratio.

**Operating ratio** is calculated as the combined ratio, but based on the claims ratio, the expense ratio and the net reinsurance ratio where the allocated investment return has been added to earned premiums in the denominator.

**Relative run-off result** is the run-off result in relation to the corresponding opening provision.

**Return on capital and reserves** is profit of the year in relation to average capital & reserves.



Note in DKK'000

2 Five-year review\*

<b>Profit and Loss</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Gross premiums earned	674,370	393,880	416,036	425,065	292,576
Gross claims incurred	391,685	191,068	207,571	209,240	151,508
Total operating expenses	290,587	200,984	195,773	185,172	96,399
Result of reinsurance (=-net cost)	-4,908	-5,657	-6,380	-8,616	-18,494
Underwriting result	-13,398	-4,823	4,231	19,313	24,444
Profit/loss of investment after transfer of technical interest	6,952	16,693	7,182	29,607	15,627
Profit for the year	-7,124	13,302	10,893	43,010	33,741
Gross run-off profit/loss	749	2,154	11,836	7,174	4,536
Run-off profit/loss, net of reinsurance	540	2,741	9,655	10,171	4,350
Run-off profit/loss, net of reinsurance					
<b>Assets and Liabilities at</b>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Insurance assets	532	627	2,099	14,828	14,828
Technical provisions	253,413	184,376	190,099	212,075	162,368
Capital and reserves at year-end	338,954	343,207	331,872	384,232	263,342
Total assets	671,307	598,959	594,449	679,793	479,092
<b>Key figures</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Gross claims ratio	57,86%	48,67%	50,30%	49,94%	52,05%
Gross expense ratio	43,30%	51,43%	47,33%	43,92%	33,68%
Reinsurance ratio	0,73%	1,44%	1,54%	2,04%	6,35%
Combined ratio	101,89%	101,54%	99,17%	95,90%	92,08%
Operating ratio	101,76%	101,33%	99,23%	95,90%	91,70%
Relative run-off result	1,33%	3,44%	18,93%	7,96%	8,05%
Return on capital and reserves	-2,09%	3,94%	3,04%	12,90%	12,36%

(\*) For 2015 it has not been possible to present a merged profit and loss and balance sheet because of historical differences in bookkeeping methodology and solvency calculation rules between Europæiske Rejseforsikring A/S and ERV Försikringsaktiebolag (publ). In 2015 it is therefore only figures for Europæiske Rejseforsikring A/S.

Note	in DKK'000		2019	2018		2019	2018
3	<b>Gross earned premiums</b>						
	Gross premiums		687,724	394,411			
	Change in the gross provision for unearned premiums		-13,354	-531			
	<b>Gross earned premiums for the year</b>		<b>674,370</b>	<b>393,880</b>			
	<b>Distribution:</b>						
	Direct business		674,370	393,399			
	Indirect business		0	254			
			<b>674,370</b>	<b>393,880</b>			
	<b>Geographic distribution of direct business:</b>						
	Denmark		462,847	191,171			
	EU countries		183,968	176,719			
	Non-EU countries		27,555	25,509			
			<b>674,370</b>	<b>393,399</b>			
4	<b>Technical interest, net of reinsurance</b>						
	Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business						
	Provision for insurance contracts, year start		184,376	190,099			
	Reinsurers share of technical provisions, year start		-627	-2,099			
	Provisions for insurance contracts, year end		253,413	184,376			
	Reinsurers share of technical provisions, year end		-532	-627			
	<b>Total</b>		<b>436,630</b>	<b>371,749</b>			
	<b>Average</b>						
	Interest rate in accordance with the Danish FSA		-0,27%	-0,28%			
	<b>Interest on technical provisions</b>		<b>-588</b>	<b>-525</b>			
	<b>Technical interest, net of reinsurance</b>		<b>-588</b>	<b>-525</b>			
5	<b>Acquisition costs</b>						
	Total acquisition costs				<b>221.790</b>	<b>114.047</b>	
	of which:						
	Commission for direct business				147.858	56.770	
	Commission for indirect business				0	3	
					<b>147.858</b>	<b>56.773</b>	
6	<b>Administrative expenses</b>						
	Administrative expenses				44.345	70.974	
	Duties and contributions etc				10.078	7.853	
	Depreciation				14.374	6.948	
	Reimbursements from affiliated and associated companies				68.797	-856	
					<b>92,445</b>	<b>84,919</b>	

Note in DKK'000

7 Staff costs	2019	2018
Net operating expenses include the following staff costs:		
Wages and salaries	77,575	77,125
Other expenses for social security	8,100	8,019
Pension scheme contributions	11,444	10,134
Payroll tax	10,078	9,328
	<b>107,197</b>	<b>104,606</b>
<b>Total remuneration paid to:</b>		
<b>Board of Directors</b>		
Number	8	6
Fixed salary	6,844	4,793
Variable salary	1,611	2,377
	<b>8,455</b>	<b>7,170</b>
Christof Flosbach (entered 26.04.2019)*	2,160	0
Richard Bader (left 26.04.2019)*	6,205	7,050
Oliver Wild (entered 23.11.2015)	0	0
Gabrielle Bayer (entered 10.04.2013)	0	0
Anja Berner ( entered 26.04.2019 )	0	0
Jørn Sønderup (left 26.04.2019)	10	40
Peter Fobian (entered 13.03.2012)	40	40
Christian Søndergaard (entered 20.04.2016 )	40	40
	<b>8,455</b>	<b>7,170</b>
<b>Audit Comitee</b>		
Jørn Sønderup (left 26.04.2019)	8	30
Anja Berner (entered 26.4.2019)	0	0
	<b>8</b>	<b>30</b>

Board of Management *	2019	2018
Number	3	3
Wages and salaries ( Fixed remuneration )	5,873	5,518
Bonuses ( variable remuneration )	1,222	1,223
Pension benefits ( Fixed remuneration )	398	667
<b>Remuneration of the Board of Management</b>	<b>7,493</b>	<b>7,408</b>
CEO Beata Kalitowska	3,505	3,540
COO David Kraul	2,037	2,220
CFO Peter Steen Olsen	1,951	1,648
<b>Paid remuneration to the Board of Management</b>	<b>7,493</b>	<b>7,408</b>

#### Other employees with activities of considerable influence on the company's risk profile:

Number	7	7
Wages and salaries ( Fixed remuneration ) **	5,962	5,820
Bonuses ( variable remuneration )	353	378
Pension benefits ( Fixed remuneration )	1,032	849
	<b>7,347</b>	<b>7,047</b>

There is no pension obligations towards the BoD or the BoM.

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

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

#### Incentive Schemes

The Board of Management, i.e. the CEO, has the possibility to receive a bonus of maximum TDKK 1.598 if specific targets are reached in accordance with the contract however meeting local legislation.

The average of full-time staff	<b>155</b>	<b>154</b>
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The company has been informed that the Board of Directors and Board of Management has not received any fees from other companies in the Group.

Note	In DKK'000	2019	2018		2019	2018
8	<b>Breakdown of underwriting result</b>			12	<b>Realised and unrealised gains and losses, net</b>	
	Earned premiums	674,370	393,411		Participating in unit trusts, bond based	328
	Underwriting interest, net of reinsurance	-588	-525		Participating in unit trusts, share based	2,739
	Claims incurred incl change in Risk Margin	-391,685	-191,068		Bonds	-9,383
	Administrative expenses	-68,797	-86,937		Capital loss on instalments and redemptions	-686
	Acquisition costs	-221,790	-114,047		Exchange rate adjustments	-2,191
	<b>Profit from gross operations</b>	<b>-8,490</b>	<b>834</b>			<b>-9,193</b>
	Cede insurance premiums	-6,961	-7,541	13	<b>Interest expenses</b>	
	Reinsurance recoveries	1,701	1,518		Interest expenses	-215
	Reinsurance commissions and profit participation	352	366		Interest expenses leasing liabilities	-127
	<b>Result of ceded business</b>	<b>-4,908</b>	<b>-5,657</b>			<b>-342</b>
	<b>Underwriting profit</b>	<b>-13,398</b>	<b>-4,823</b>	14	<b>Other income and expenses</b>	
	<b>Total claims incurred, net of reinsurance, run-off</b>				Income from administration arrangements	5,718
	Gross run-off profit/loss	749	2,154		Expenses from administration arrangements	4,617
	Run-off profit/loss, ceded	-210	588			<b>1,101</b>
	<b>Total claims incurred, net of reinsurance, run-off, total</b>	<b>540</b>	<b>2,741</b>	15	<b>Tax of the profit for the year</b>	
9	<b>Income from affiliated companies</b>				Current tax	0
	The year's net result in Evropská Cestovní Pojistovna a.s. Czechia	<b>9,383</b>	<b>15,309</b>		Change in deferred tax	2,095
		<b>9,383</b>	<b>15,309</b>		Adjustment regarding prior years	-316
10	<b>Income from investment properties</b>					<b>1,779</b>
	Profit from property operations	3,510	4,205		Taxes paid on account for the current year	<b>9,221</b>
	Expenses from property operations	-1,661	-1,576		<b>Effective tax rate</b>	%
		<b>1,849</b>	<b>2,629</b>		Tax rate	22,0
	Profit from property operations derives from rental agreements with tenants. All tenants have less than one-year tenures.				Adjustment of tax from previous years	-26,9
11	<b>Interest income and dividends etc.</b>				Tax of non-taxable income and expenses	-28,1
	Interest income	7,156	8,493			<b>-33,0</b>
	Dividend from participating interests	78	52			<b>1,0</b>
		<b>7,234</b>	<b>8,545</b>			

Note	In DKK'000	2019	2018		2019	2018
16	<b>Software</b>			<b>ROU Assets</b>		
	Cost at the beginning of the year	76,214	69,508	Cost at the beginning of the year	1,027	0
	Currency translation adjustment, foreign branch	6	-2,177	Depreciation and write-downs of the year	400	0
	Disposals during the year	0	0	Currency adjustment	<b>-22</b>	<b>0</b>
	Additions and improvements of the year	15,256	8,884	Cost at the end of the year	605	0
	Cost at the end of the year	<b>91,476</b>	<b>76,214</b>	Leasing of assets with low cost	<b>9</b>	<b>0</b>
	Depreciation and write-downs at beginning of year	48,569	39,166	Leasing liabilities maturities are 2-5 years		
	Currency translation adjustment, foreign branch depreciation	-72	-1,472	18 <b>Land and buildings</b>		
	Depreciation and write-downs of the year	9,708	10,875	Cost at the beginning of the year	117,656	117,426
	Disposals during the year	1,132	0	Right of Use ( ROU ) Assets, change in accounting policies	7,239	0
	Total depreciation and write-downs at year-end	<b>59,336</b>	<b>48,569</b>	Adjusted cost at the beginning of the year	<b>124,895</b>	<b>117,426</b>
	Revaluations of the year	<b>0</b>	<b>0</b>	Additions and improvements of the year	2,637	230
	Total revaluations at year-end	<b>0</b>	<b>6</b>	Currency adjustment	-427	0
	Net book value	<b>32,140</b>	<b>27,652</b>	Cost at the end of the year	<b>127,105</b>	<b>117,656</b>
17	<b>Operating Equipment</b>			Depreciation and write-downs beginning of the year	32,666	31,933
	Cost at the beginning of the year	39,230	37,944	Depreciation and write-downs of the year	3,467	733
	Right of Use ( ROU ) Assets, change in accounting policies	1,027	0	Total depreciation and write-downs at year-end	<b>36,133</b>	<b>32,666</b>
	Adjusted cost at the beginning of the year	<b>40,257</b>	<b>37,944</b>	Revaluations beginning the year	12,967	3,044
	Disposals during the year	-9,794	-86	Revaluations via comprehensive income	3,401	9,923
	Additions and improvements of the year	1,350	1,372	Total revaluations at year-end	<b>16,368</b>	<b>12,967</b>
	Currency adjustment	-24	0	Net book value	<b>107,340</b>	<b>97,957</b>
	Cost at the end of the year	<b>31,789</b>	<b>39,230</b>	Net book value of land and buildings used for company operations	<b>45,928</b>	<b>43,679</b>
	Depreciation and write-downs at beginning of the year	37,442	36,597			
	Depreciation and write-downs of the year	1,255	888			
	Disposals during the year	-9,529	-43			
	Exchange rate adjustments	0	0			
	Total depreciation and write-downs at year-end	<b>29,168</b>	<b>37,442</b>			
	Net book value	<b>2,621</b>	<b>1,788</b>			

Note In DKK'000

	2019	2018
<b>ROU Assets</b>		
Cost at the beginning of the year	7,239	0
Depreciation and write-downs of the year	2,472	0
Currency adjustment	-427	0
Cost at the end of the year	4,340	0
Leasing liabilities maturities are 2-5 years		
Real property value according to the last public assessment	82,000	82,000
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	5,10%	5,50%

19 **Affiliated and associated companies**

	Affiliated company	Associated companies
Acquisition cost, balance, beginning of the year	<b>12,020</b>	<b>3,088</b>
Acquisition cost, balance, year-end	<b>12,020</b>	<b>3,088</b>
Revaluations, balance, beginning of the year	49,005	21,954
Price adjustment of opening balance of capital and reserves	781	712
Share of profit for the year	9,383	-1,965
Dividends paid	-8,483	0
Revaluations, balance, year-end	<b>50,686</b>	<b>20,701</b>
Net book value, year-end 2019	<b>62,706</b>	<b>23,789</b>
Net book value, year-end 2018	<b>61,026</b>	<b>25,042</b>

19 **Affiliated and associated companies**

	Affiliated company	Associated companies
Acquisition cost, balance, beginning of the year	<b>12,020</b>	<b>3,088</b>
Acquisition cost, balance, year-end	<b>12,020</b>	<b>3,088</b>
Revaluations, balance, beginning of the year	49,005	21,954
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Share of profit for the year	9,383	-1,965
Dividends paid	-8,483	0
Revaluations, balance, year-end	<b>50,686</b>	<b>20,701</b>
Net book value, year-end 2019	<b>62,706</b>	<b>23,789</b>
Net book value, year-end 2018	<b>61,026</b>	<b>25,042</b>

**Group Ownership**

ERV Nordic is associated with the following companies:

	Registered office	Activity	Shareholding	Capital & Reserves	Result
Subsidiary:					
ERV Pojistovna a.s.	Czech Republic	Insurance	75 %	83,608	12,511
Associated company:					
Euro-Center Holding SE	Czech Republic	Assistance	33.33 %	59,366	6,286
European Assistance Holding	Germany	Assistance	20.00 %	20,000	-20,305

Note	In DKK'000	2019	2018
20	<b>Other prepayments and accrued income</b>		
	Prepaid wages and salaries	135	250
	Other prepayments and accrued income	2,935	4,031
		<b>3,070</b>	<b>4,281</b>
21	<b>Total capital and reserves</b>		
	The company's share capital consists of:		
	801 shares of DKK 500		
	200 shares of DKK 2,000		
	400 shares of DKK 8,000		
	6 shares of DKK 1,000,000		
	During the merger of Europæiske Rejseforsikring A/S and our Swedish sister company ERV Försäkringsaktiebolag (publ) in 2017, Europæiske Rejseforsikring A/S issued a share to the parent company ERV AG at DKK 500 into Europæiske Rejseforsikring A/S.		
	The shares are not divided into classes		
	DK contingency reserve	103,500	103,500
	SE contingency reserve	53,485	70,549
	Total contingency reserve, untaxed	<b>156,985</b>	<b>174,049</b>
	Base capital and solvency margin:		
	Total capital and reserves, according to annual report	338,954	343,207
	Intangible assets	-38,227	-35,333
	Deferred tax liability at Contingency reserve	-33,783	-37,298
	Lower technical provision in SII	13,862	4,622
	Deferred tax at technical provision above	-2,983	-990
	Deferred tax at software	8,380	7,654
	Different valuation of affiliated companies	2,361	1,400
	Different valuation of associated companies	-4,089	-4,495
	Change deferred tax at associated companies	440	360
	Other minor valuation differences not specified	198	-861
	Eligible own funds (Solvency II)	<b>285,113</b>	<b>278,266</b>

	2019	2018	
22	<b>Provisions for taxation</b>		
	Deferred tax is incumbent on the following items:		
	Owner-occupied property	8,401	6,498
	Affiliated companies owned by Swedish Branch	2,152	2,223
	Intangible fixed assets	7,071	3,202
	Operating equipment	-305	-382
	Pension & similar obligations by Swedish Branch	-3,221	-3,409
	Tax loss carried forward	-2,528	-154
	Risk margin	<b>-652</b>	<b>-744</b>
	Total provisions for deferred taxation	10,918	7,234
	Is presented in the balance sheet as:		
	Deferred tax assets	-6,706	-4,689
	Reserves for deferred tax	17,624	11,923
		<b>10,918</b>	<b>7,234</b>

#### Contingency tax

A release of the Danish contingency reserve will trigger a tax of	22.770	22.770
A release of the Swedish contingency reserve will trigger a tax of	11.018	14.533
A total release of the contingency reserve will trigger a tax of	<b>33.788</b>	<b>37.303</b>

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

A directive from the Swedish Financial Supervisory Authority indicates the maximum amount that may be allocated to the Swedish contingency reserve. ERV Sweden continuously calculates the maximum scope for provisions. At year-end the company had not utilized the maximum scope.

Note	In DKK'000	2019	2018
<b>23</b>	<b>Other creditors</b>		
	PAYE taxes and labour market contribution	5,359	783
	Holiday pay obligations, salaried staff	8,857	9,770
	Social security benefit and other duties	2,545	5,373
	Other accrued costs	26,027	32,633
		<b>42,788</b>	<b>48,559</b>
<b>24</b>	<b>Contingency liabilities</b>		
	Leased cars	0	70
	Office space rental	0	2,013
	Other office equipment	<b>0</b>	<b>72</b>
	IT hardware lease	0	348
		0	2,503

The Company is jointly tax liable with the Danish enterprises in the Munich RE group and is administrating the joint taxation. The Company is liable jointly and severally with other enterprises in the joint taxation of Danish company tax, withholding taxes on dividends, interests and royalties in the joint taxation.

The joint tax obligation represents nominal net payable of approximately DKK 767t as at 31 December 2019 in addition to the liability shown above.

## 25 Ownership and related parties

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, Germany, is 100% owned by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich, Germany.

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

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

## Intra-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.

## 25 Ownership and related parties (continued)

Other services (including assistance services, asset management and 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.

	2019	2018
Premium ceded to reinsurers	-6,094	-6,601
Claims paid, reinsurers share	1,332	1,736
Reinsurance commissions and profit participation	49	48
Purchase of services from Group entities	-14,083	-13,930
Sales of services to Group entities	1,933	2,166
	-16,864	-16,581

### 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, prepare consolidated accounts for the whole group.

## 26 Risk Management

### Underwriting risks

Underwriting risk arises from inaccurate assessments of the compensations and other costs related to insurance policies. Significant underwriting risks are premium, if losses are higher than expected, and reserve risks, if the reserves set side are not sufficient to cover the ultimate losses.

Relevant policies exist which are set by the Board of Directors. The overarching policy for underwriting risks states that risks originating from the company's insurance business 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 measure taken to limit the underwriting risk, is reinsurance agreements. This limits the risks for most events to a certain level according to the risk appetite set by the Board of Directors.

In the Standard model, this risk is estimated to DKK 213.7m.

### Market risks

It is the aim of ERV Nordic to control the market risks in such a way that the company obtains a return corresponding to risks taken.

Main market risks:

- Currency risk
- Equity risk
- Property risk
- Market risk concentrations

Currency risk arises as a result of a mismatch in the value of assets and liabilities in the same foreign currency. Internal guidelines, set by the Board of Directors, limits the exposure to a certain level. In terms of the result, the company is sensitive towards the development in currency rates and the prices of bonds, shares and participations.

Currency risk for ERV Nordic is mainly related to the investment in affiliated and associated companies denominated in Czech koruna ("CZK") and the net assets in ERV Sweden denominated in Swedish krona ("SEK"). The investments in foreign entities and merger with ERV Sweden are based on strategic decisions and in line with the risk appetite set by the Board of Directors.

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 65.6m in order to be able to cover the risk sufficiently with a confidence level at 99.5%, which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

## 26 Risk Management (continued)

### *Operational risks*

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inevitably linked to the business activities of ERV Nordic. They are addressed in a comprehensive internal control system or through ad-hoc reporting.

ERV Nordic manages operational risks in accordance with internal guidelines and the risk appetite on an ongoing basis. It is reported to the Board of Directors as part of the risk report on a quarterly basis.

The standard model calculation demands a capital of DKK 26.2m in order to be able to cover the operational risk sufficiently with a confidence level at 99.5%, which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

### *Other material risks*

ERV Nordic is also exposed to strategic and reputational risks

Strategic risks are risks arising from wrong business decisions or poor implementation of decisions already taken. ERV Nordic is exposed to a variety of strategic risks such as changes in the customer structure ("demography") and the buying behaviour ("digital disruption"). Additional risks may arise as a result of changes in the competitive environment. Strategic risks usually have an impact lasting over several years and when identified, they are analysed and remedial measures are taken when necessary..

Reputational risk is defined as the risk of damage that occurs if the value or brand name of ERV Nordic deteriorates. The impact ranges from reduced business opportunity to administrative additional expenses.

Ad hoc reporting and regular quarterly communication between the governance functions takes place. In addition, as part of the internal control system, a basic assessment of potential reputational loss for each operational risk is completed by both the Compliance Officer and the Risk Manager. If the risk is assessed as being above the process owner's acceptable range, then a measure is required and monitored.

### *Events after 31 December 2019*

After the year end, the coronavirus has been declared a pandemic by WHO affecting large parts of the world and our society, including business.

The outbreak of the coronavirus has added uncertainties to the risk situation in 2020. We have taken appropriate measures and are monitoring it closely, both in terms of the claims development and in regards to our Business Continuity management..

We have performed an assessment of our ability to continue as a going concern covering twelve months from the date of the financial statements. It is our assessment that the expected SCR rate is satisfactory and that the company's cash resources are adequate compared to the company's expected cash needs 12 months from the date of the financial statements for 2019.

Note In DKK'000

27 Fair value hierarchy

"Quoted market prices and consolidated reference prices" (level 1) consists of financial instruments that are quoted and traded in an active market. Such instruments include mainly our Danish and Swedish government bonds. Valuation based on "observable input" (level 2) consists of financial instruments that are valued substantially on the basis of observable input other than quoted price or consolidated reference price for the instrument itself. Valuation based on significant "non-observable input" (level 3) consist of certain financial instruments based substantially on non-observable input. Such instruments include our shares in affiliated and associated companies and our investment property.

2019	Quoted market prices or consolidated references price (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Land and buildings			103,000	103,000
Capital holdings (shares) in affiliated companies			62,706	62,706
Capital holdings (shares) in associated companies			23,789	23,789
Bonds	268,575			268,575
Unit trusts	27,561			27,561
Participating interests	33			33
Cash in hand and cash equivalent	39,615			39,615
<b>Total</b>	<b>335,784</b>		<b>189,495</b>	<b>525,279</b>

2018	Quoted market prices or consolidated references price (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Land and buildings			97,957	97,957
Capital holdings (shares) in affiliated companies			61,026	61,026
Capital holdings (shares) in associated companies			25,042	25,042
Bonds	280,234			280,234
Unit trusts	24,494			24,494
Participating interests	33			33
Cash in hand and cash equivalent	14,009			14,009
<b>Total</b>	<b>318,770</b>		<b>184,025</b>	<b>502,795</b>

Note In DKK'000

27 Fair value hierarchy (continued)

Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:	2019	2018
Carrying amount at 1 January		
Exchange rate adjustments	1,493	-87
Provisions for other reserves	-1,066	277
Additions and improvements of the year	2,637	230
Depreciation and write-downs of the year	-995	-733
Revaluations via comprehensive income	3,401	9,923
Carrying amount at 31 December	<u>189,495</u>	<u>184,025</u>

Note In DKK'000 Split if classes of insurance in accordance with §113 in order on non-life insurance companies's annual reports

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		Accident and health insurance	Fire and personal property (corporate)	Liability insurance	Other insurance	Total
1	Gross premium written	502,892	66,973	8,791	109,068	687,724
2	Gross premium earned	510,375	66,892	8,808	88,295	674,370
3	Gross claims incurred	-310,141	-15,492	-6,288	-58,243	-390,163
4	Bonus and premium discounts	0				0
5	Change in Risk Margin	-2,165			644	-1,522
	Administration costs	-40,924	-11,369	-1,497	-15,007	-68,797
	Acquisition costs	-145,200	-33,690	-2,185	-40,716	-221,791
6	Gross operating expenses	-186,124	-45,059	-3,682	-55,723	-290,588
	Profit from gross operations	11,945	6,341	-1,163	-25,027	-7,903
7	Result of business ceded	-1,919	5	-2,288	-705	-4,908
9	Technical interest o.o.a.	-430	-57	-8	-93	-588
10	Underwriting result	9,596	6,289	-3,459	-25,825	-13,398
	Number of compensations paid	68,190	5,340	119	15,038	88,687
	Average compensation for claims incurred	4,5	2,9	52,8	3,9	4,4
	Compensation ratio	34,7%	1,7%	46,3%	5,8%	11,5%