
Arch Re Accident & Health ApS

Frederiksgade 19, DK-1265 København K

Annual Report for 1 January - 31 December 2015

CVR No 30 19 42 84

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
21/6 2016

Jens Steen Jensen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Arch Re Accident & Health ApS for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 21 June 2016

Direktion

Jakob Kolbye

Søren Scheuer

Bestyrelse

Marc Grandisson
Chairman

Søren Scheuer

Maamoun Jamil Rajeh

Independent Auditor's Report on the Financial Statements

To the Shareholders of Arch Re Accident & Health ApS

Report on the Financial Statements

We have audited the Financial Statements of Arch Re Accident & Health ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

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

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 21 June 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Edelbo
statsautoriseret revisor

Kim Schmidt
statsautoriseret revisor

Company Information

The Company

Arch Re Accident & Health ApS
Frederiksgade 19
DK-1265 København K

Telephone: +45 88887660

Website: www.archre.dk

CVR No: 30 19 42 84

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Marc Grandisson, Chairman
Søren Scheuer
Maamoun Jamil Rajeh

Executive Board

Jakob Kolbye
Søren Scheuer

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Arch Re Accident & Health ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, and selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Main activity

The company's main purpose is to mediate reinsurance products and associated operations.

Development in the year

The income statement of the Company for 2015 shows a profit of TDKK 2,591, and at 31 December 2015 the balance sheet of the Company shows equity of TDKK 24,410.

Unusual events

The financial position at 31 December 2015 of the Company and the results of the activities of the Company for the financial year for 2015 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2015 TDKK	2014 TDKK
Gross profit/loss		14.597	10.913
Staff expenses	2	-11.150	-11.240
Depreciation		-150	-102
Profit/loss before financial income and expenses		3.297	-429
Financial income		94	11
Financial expenses		-27	-311
Profit/loss before tax		3.364	-729
Tax on profit/loss for the year	5	-773	109
Net profit/loss for the year		2.591	-620

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		0	0
Retained earnings		2.591	-620
		2.591	-620

Balance Sheet 31 December

Assets

	Note	2015 TDKK	2014 TDKK
Other fixtures and fittings, tools and equipment		594	340
Property, plant and equipment	1	594	340
Deposits		231	229
Fixed asset investments		231	229
Fixed assets		825	569
Receivables from group enterprises		31.737	30.819
Corporation tax		551	0
Prepayments		355	376
Receivables		32.643	31.195
Cash at bank and in hand		2.507	4.995
Currents assets		35.150	36.190
Assets		35.975	36.759

Balance Sheet 31 December

Liabilities and equity

	Note	2015 TDKK	2014 TDKK
Share capital		135	135
Share premium account		119	119
Retained earnings		24.156	21.565
Equity	3	24.410	21.819
Other provisions		0	3.141
Provisions		0	3.141
Payables to group enterprises		1.782	2.275
Corporation tax		0	1.416
Other payables		9.783	8.108
Short-term debt		11.565	11.799
Debt		11.565	11.799
Liabilities and equity		35.975	36.759
Contingent assets, liabilities and other financial obligations	6		
Related parties and ownership	4		

Statement of Changes in Equity

	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total TDKK
2015				
Equity at 1 January	135	119	21.565	21.819
Net profit/loss for the year	0	0	2.591	2.591
Equity at 31 December	135	119	24.156	24.410
2014				
Equity at 1. January	135	119	17.750	18.004
Net effect from adjustment of fundamental error	0	0	4.078	4.078
Adjusted equity at 1 January	135	119	21.828	22.082
Share option value	0	0	357	357
Net profit/loss for the year	0	0	-620	-620
Equity at 31 December	135	119	21.565	21.819

Notes to the Financial Statements

1 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	1.179
Additions for the year	404
Cost at 31 December	1.583
Revaluations at 1 January	0
Revaluations at 31 December	0
Impairment losses and depreciation at 1 January	839
Depreciation for the year	150
Impairment losses and depreciation at 31 December	989
Carrying amount at 31 December	594

2 Staff expenses

	2015	2014
	TDKK	TDKK
Wages and salaries	11.108	11.195
Pensions	9	9
Other social security expenses	33	36
	11.150	11.240
Average number of employees	5	5

3 Equity

The share capital consists of 135.000 shares of a nominal value of TDKK 1.000. No shares carry any special rights.

Notes to the Financial Statements

4 Related parties and ownership

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Arch Re Accident & Health ApS' share capital is wholly owned by Arch Reinsurance Ltd. Bermuda.

Consolidated Financial Statements

The largest group in which this company is included is Arch Capital Group, Ltd. Bermuda.

The Group Annual Report of Arch Capital Group, Ltd. Bermuda may be obtained at the following address: 100 Pitts Bay Road, Pembroke HM 08, Bermuda.

5 Tax on profit/loss for the year

Current tax for the year	773	-109
	<u>773</u>	<u>-109</u>

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has rent liabilities at a total amount of TDKK 461 which are due within 6 months.

Accounting Policies

Basis of Preparation

The Annual Report of Arch Re Accident & Health ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in TDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Accounting Policies

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

The company's revenues derive from commissions earned from mediation of insurance contracts and administrations. The commission is taken to income when the premiums are paid.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other External expenses comprise expenses for premises as well as office expenses, ect.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Accounting Policies

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3-5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Accounting Policies

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.