

DSV Insurance A/S
CVR no. 30 52 68 05

Annual report 2018

Approved at the general assembly at 28th March 2019
Chairman _____

DSV Insurance A/S, Hovedgaden 630, 2640 Hedehusene

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Company details

Company

DSV Insurance A/S
Hovedgaden 630
DK-2640 Hedehusene
CVR-no.: 30 52 68 05

Board of Directors

Jens Hesselberg Lund (chairman)
Jens Bjørn Andersen
Søren Schmidt

Executive Board

Lars Bille Christensen

Auditor

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DSV Insurance A/S for the period 1 January to 31 December 2018, including Statement by the Board of Directors and the Executive Board, Management's review, accounting policies, income statement, statement of other comprehensive income, balance sheet, statement of changes in equity and notes.

The annual report for DSV Insurance A/S is prepared according to the Danish Financial Business Act. In our opinion, the accounting policies selected are appropriate and the annual report give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the accounting period 1 January to 31 December 2018.

Further, in our opinion, the Management's review gives a fair description of the development in the Company's activities and financial standing as well as a description of significant risks and uncertainties, which may affect the Company.

We recommend that the Annual Report is approved at the Annual General Assembly.

Hedehusene, 28th March 2019

Executive Board



Lars Bille Christensen

Board of Directors



Jens Hesselberg Lund
(Chairman)



Jens Bjørn Andersen



Søren Schmidt

Independent Auditor's Report

To the shareholder of DSV Insurance A/S

Our opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

DSV Insurance A/S's financial statements for the financial year 1 January to 31 December 2018 comprise income statement and other comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of DSV Insurance A/S on 23 March 2017 for the financial year ending 31 December 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of two years including the financial year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2018. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Measurement of claims provisions</i> The Company's claims provisions amount to a total of 91 million, which represents 38% of the total balance.</p> <p>Claims provisions are calculated as the present value of the payments, which the Company is expected to be liable to pay in connection with insurance events that have taken place on or before the balance sheet date exceeding amounts already paid in connection with these events. In addition, direct and indirect costs are included in connection with the settlement of claims.</p> <p>We focused on the measurement of claims provisions because these are based on accounting estimates and actuarial methods that include assumptions about future events.</p> <p>Reference is made to the Financial Statements "Claims Provisions", "Claims incurred, net of reinsurance, by type of insurance" in Note 4 and "Accounting policies" section "Claims Provisions" in Note 22.</p>	<p>We reviewed and assessed the business processes and relevant internal controls implemented by the Company regarding claims processing and claims provisioning.</p> <p>We assessed and challenged the models, methods and assumptions used based on our experience and industry knowledge in order to ensure that these are in line with regulatory and accounting requirements. This included an assessment of the continuity in the basis for the calculation of claims provisions.</p> <p>As part of the audit, we used our own actuaries in the evaluation of the Company's actuarial models and assumptions, as well as the relevant calculations. For a sample of claims we tested the calculation and the data used to underlying documentation.</p>

Statement on Management's Review

Management is responsible for 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as 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 about 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 ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 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 achieves fair presentation.

DSV Insurance A/S

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 with 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 Financial Statements of the current period and are 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 determine 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, 28th March 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 3377 1231



Jesper Otto Edelbo

State Authorised Public Accountant

mne-no. 10901



Stefan Vastrup

State Authorised Public Accountant

mne-no. 32126

Management's review

Main activities

DSV Insurance A/S was founded in 2008 as a captive for the parent company DSV A/S and affiliated companies.

DSV Insurance A/S has license to conduct direct insurance and reinsurance business for the insurance classes 1 (accident), 3 (comprehensive motor insurance), 7 (transport of goods), 8 (fire and natural forces), 9 (other damage to property), 13 (general liability), 14 (credit insurance) and 16 (miscellaneous financial losses). In 2018, DSV Insurance A/S has had activity within the insurance classes 7, 13 and 14.

Development in activities and finances

During 2018, the income from Cargo insurance has been a little below budget. Freight Forwarding Liability Insurance is above budget and in relation to Credit Insurance the income is at the same level as the budget. Totally, the income is above budget, which is satisfactory.

DSV Insurance A/S has maintained the investment activities in conservative investments with a low and/or medium risk profile, in accordance with the Company's Investment Policy which has been revised in 2018.

The expectations to the result as described in last years' annual report and in the 2018 interim accounts was a stable development in the insurance technical result. The expectation has been met despite a decrease in the insurance technical result which has been caused primarily by an increase in the claims cost.

The solvency capital requirement as of 31 December 2018, calculated in accordance with Solvency II standard formula has been calculated to DKK 63,845 thousand (31.12.2017: DKK 59,106 thousand). The capital base amounts to DKK 90,481 thousand (31.12.2017: DKK 84,131 thousand). Accordingly, the solvency ratio is 1.4 (2017: 1.4). The solvency ratio for 2014 – 2018 is specified below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Solvency ratio	1.42	1.42	1.42	1.41	1.45

Sensitivity analysis

In accordance with § 126 g of the Danish Financial Business Act, DSV Insurance A/S has prepared a sensitivity analysis as of 31 December 2018. The analysis is published on the company website www.dk.dsv.com/om-dsv/finanstilsynet.

Expectations for the future

A stable development is expected for the insurance activities as well as the result for 2019.

Events after the balance sheet date

Since the balance sheet date, nothing has come to our attention that might significantly affect the financial position of the Company.

Unusual matters

As to the best of Management's knowledge, the annual accounts are not affected by unusual matters, and no material uncertainty is related to the annual accounts or parts hereof.

Risk management

The Board of Directors of DSV Insurance A/S has drawn up risk management policies and guidelines in all significant areas. Risk management primarily relates to insurance risk, market risk, credit risk and operational risk.

The Company has particular focus on reducing the uncertainty associated with provisions and the size thereof, partly by using actuarial calculations conducted by external actuaries and partly through a conservative provisioning policy.

Insurance risk relates to the taking out of insurance, claims handling, including determination of provisions for claims and reinsurance risk. The Company has implemented procedures for taking out insurance and only assumes insurance risks that relate to the DSV Group's business area. Claims handling is based on well-established procedures where the Company's own personnel and/or reinsurers and/or external loss adjusters assess claims. Insurance provisions are determined based on an individual assessment of each individual insurance claim and by using actuarial calculations. Reinsurance is a key element in managing the insurance risk.

Market risks are managed through an investment policy adopted by the Board of Directors, which includes decision-making in relation to, e.g., interest, currency and liquidity risk. The market risk is limited where the Company chooses liquid Danish short-term bonds for the main part of the investments, which reduce the Company's risk in case of interest-rate adjustments. The remaining part are invested in Corporate bonds and through an Intercompany loan to DSV A/S.

Credit risk relates to the risk of losses on counterparties. This risk is limited by choosing reinsurers and other counterparties with high ratings. The Company exclusively uses A.M. Best and Moody-rated reinsurers.

DSV Insurance A/S

Operational risk is the risk of loss resulting from inadequate or incorrect procedures, including human error or system errors.

Such risks are limited by implementing procedures in all significant areas and ongoing management monitoring, including registration of operational events.

Distribution of the profit for the year

The Board of Directors suggests that the result after tax of DKK 30,445 thousand will be distributed with DKK 6,445 thousand to the equity and with DKK 24,000 thousand as dividend to DSV A/S.

The company's remuneration policy

Remuneration to the Board members is decided in DSV A/S and no remuneration in their capacity of board members in DSV Insurance A/S is paid.

Executive management may receive both fixed and variable remuneration. The variable remuneration may consist of a bonus and shares in DSV A/S. Both the fixed and variable remuneration is approved by the board members, based on both financial and non-financial key performance indicators relating to both DSV A/S and DSV Insurance due to a split salary contract.

Risk takers may receive both fixed and variable remuneration, the variable remuneration consisting of bonus and shares in DSV A/S. The variable remuneration is approved by the executive management, based on both financial and non-financial key performance indicators.

Salary is further described in note 6.

Board memberships and other assignments for Board members, Executive management and Executive staff:

The audit committee consists of the board of directors.

Board members and management participate as Board Members and Management in the following companies:

Jens Hesselberg Lund

Executive Board Member DSV A/S

Board Member in Vestas Wind Systems A/S

Board Member in 135 100% owned subsidiaries of DSV A/S.

Jens Bjørn Andersen

Executive Board Member DSV A/S

Board Member in Nordea-fonden

DSV Insurance A/S

Board Member in 67 100% owned subsidiaries of DSV A/S.

Søren Schmidt

Board Member in 52 100% owned subsidiaries of DSV A/S.

Lars Bille Christensen

Board Member in 2 100% owned subsidiaries of DSV A/S.

Income statement and other comprehensive income

	<u>31.12.2018</u>	<u>31.12.2017</u>
	DKK	DKK
1 Gross premiums	156.594.191	149.893.371
Insurance premiums ceded	-22.167.402	-21.415.941
Change in premium provisions	-415.179	-867.778
Total premium income net of reinsurance	134.011.610	127.609.652
2 Insurance technical interest	-1.844	-1.493
3, 4 Claims paid	-66.481.053	-43.240.814
3, 4 Received from reinsurers	10.016.039	0
Change in claims provisions	-678.789	-11.182.977
Change in risk margin	-1.449.656	-842.965
Change in reinsurers' share of claims provisions	-3.529.270	2.155.376
Total cost of claims net of reinsurance	-62.122.729	-53.111.380
5 Bonus and premium rebates	-5.940.092	-6.000.000
6 Acquisition costs	-7.608.465	-7.001.061
6 Administration costs	-19.736.019	-18.473.310
Total operating expenses	-27.344.484	-25.474.371
INSURANCE TECHNICAL RESULT	38.602.460	43.022.408
7 Value adjustments	-125.820	25.208
7 Interest costs	-1.085.654	-991.295
Administrative expenses related to investment activity	-304.969	-465.469
Total investment income	-1.516.443	-1.431.556
2 Interest on insurance technical provisions	1.844	1.493
INVESTMENT RESULT AFTER TECHNICAL INTEREST	-1.514.599	-1.430.063
8 Other income	1.109.968	2.355.963
RESULT BEFORE TAX	38.197.830	43.948.309
9 Tax	-7.752.729	-6.395.461
RESULT FOR THE PERIOD	30.445.101	37.552.848
Other comprehensive income for the period	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	30.445.101	37.552.848

Balance sheet

	31.12.2018	31.12.2017
	DKK	DKK
ASSETS		
Loan to group undertakings	29.500.000	0
Investments in group undertakings	29.500.000	0
Bonds	133.547.165	174.535.908
Investment funds	39.865.243	0
Total other financial investment assets	173.412.408	174.535.908
TOTAL INVESTMENT ASSETS	202.912.408	174.535.908
Reinsurers' share of claims provisions	20.120.730	23.649.895
Total reinsurers' share of insurance provisions	20.120.730	23.649.895
Receivables from policyholders	0	729.236
Receivables from insurance companies	16.321.405	22.284.058
TOTAL RECEIVABLES	36.442.136	46.663.189
Deferred tax assets	114.539	19.793
Cash at bank	1.008.397	6.961.363
TOTAL OTHER ASSETS	1.122.936	6.981.156
Interest receivable	1.128.527	1.451.671
Other prepayments	19.520	359.928
TOTAL PREPAYMENTS	1.148.047	1.811.600
TOTAL ASSETS	241.625.526	229.991.852

Balance sheet

	<u>31.12.2018</u>	<u>31.12.2017</u>
	DKK	DKK
EQUITY AND LIABILITIES		
11 Share capital	25.000.000	25.000.000
Retained earnings	65.595.444	59.150.344
Proposed dividend	24.000.000	27.000.000
12 TOTAL EQUITY	114.595.444	111.150.344
Premium provisions	1.283.179	867.778
Claims provisions	90.628.789	89.950.452
Risk margin	7.332.237	5.882.581
TOTAL PROVISIONS FOR INSURANCE	99.244.205	96.700.811
10 Current tax liabilities	6.481.875	6.585.236
Payables to affiliated companies	17.679.106	11.879.084
Other liabilities	3.624.896	3.676.377
TOTAL LIABILITIES	27.785.877	22.140.697
TOTAL EQUITY AND LIABILITIES	241.625.526	229.991.852

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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend	Total
	DKK	DKK	DKK	DKK
Equity 1 January	25.000.000	48.597.496	29.000.000	102.597.496
Distributed ordinary dividend	0	0	-29.000.000	-29.000.000
Total result/comprehensive income for the year	0	10.552.848	27.000.000	37.552.848
Equity 31. December 2017	25.000.000	59.150.344	27.000.000	111.150.344

Equity 1 January	25.000.000	59.150.344	27.000.000	111.150.344
Distributed ordinary dividend	0	0	-27.000.000	-27.000.000
Total result/comprehensive income for the year	0	6.445.101	24.000.000	30.445.101
Equity 31. December 2018	25.000.000	65.595.445	24.000.000	114.595.445

Notes

	<u>2018</u>	<u>2017</u>
1 Gross premium written		
Direct insurance		
Denmark	11.003.271	9.248.755
Other EU countries	58.836.647	55.305.158
Other countries	2.773.391	2.832.812
	72.613.310	67.386.724
Indirect insurance		
Denmark	5.994.345	7.498.858
Other EU countries	28.413.286	26.215.887
Other countries	49.158.072	47.924.124
	83.565.703	81.638.869
Total gross premium written	156.179.013	149.025.593
2 Technical interest		
Average unearned premiums	1.075.479	433.889
Technical interest is calculated as -0,34% / -0,34% of the period's average unearned premiums	(1.844)	(1.493)
Technical interest	(1.844)	(1.493)
3 Run-off result		
Run-off result		
Run-off, gross	15.732.158	9.236.722
Run-off, net	7.271.814	11.392.617
No unusual situations has affected the run-off result.		
4 Claims incurred, net of reinsurance, by type of insurance		
Cargo insurance	31.109.502	23.352.005
Freight Forwarding Liability	17.447.893	15.470.243
Credit insurance	12.115.678	13.446.167
Risk margin	1.449.656	842.965
Total claims incurred, net of reinsurance, by type of insurance	62.122.729	53.111.380

DSV Insurance A/S

	2018	2017
Number of claims		
Cargo	4.172	3.076
General liability insurance	331	335
Credit insurance	91	76
Average claims (excl. IBNR / IBNER)		
Cargo	7.417	8.140
General liability insurance	75.684	77.181
Credit insurance	157.770	198.329
Claims frequency (%-rate)		
Cargo	0,4%	0,3%
General liability insurance *)	-	-
Credit insurance *)	-	-

*) Regular liability insurance and credit insurance are each covered by / subject to a policy, why a statement of claims frequency is not true and fair. Accordingly, this information has been omitted for these insurance types.

5 Bonuses and premium rebates

Bonuses and premium rebates	5.940.092	6.000.000
	5.940.092	6.000.000
	2018	2017

6 Operating expenses

Remuneration to the Board of Directors		-
Remuneration to the Executive Board	904.666	1.182.542
Variable remuneration hereof, see below		

Remuneration to the Executive Board includes pension contributions of DKK 56,570 (2017: DKK 74,087). Share-based remuneration in the parent company, DSV A/S, which the Executive Board earned in 2018, totals DKK 55.718 (2017: DKK 16,446). Total market value of the options programme for the Executive Board totalled DKK 135,439 at the end of the year (2017: DKK 99,161). Bonus paid amounts to DKK 100,000. The executive board has been employed in the parent company, DSV A/S, since 1st June 2017. The salary is referred to and expensed in DSV Insurance A/S. The salary is referred in accordance with time spent on the two companies.

Neither in 2017 nor in 2018 did the Company pay out remuneration to the Board of Directors. Remuneration which the board members received in 2018 in their capacity as members of the Board of Directors and the Executive Board in DSV A/S is stated in the annual report of DSV A/S for 2018.

From 1 January 2017, two risk takers are identified.

Salary to risk takers is not disclosed because this would lead to presentation of the salary of one employee.

DSV Insurance A/S

	<u>2018</u>	<u>2017</u>
Staff costs		
Wages and salaries	11.555.180	10.815.595
Pension	434.678	453.285
Social security expenses	15.149	13.540
Other staff costs	39.753	-
Total staff costs	<u>12.044.760</u>	<u>11.282.420</u>
Other administrative expenses	7.691.259	7.188.873
Total administrative expenses	<u>19.736.019</u>	<u>18.471.293</u>
Average number of employees	<u>9,0</u>	<u>9,0</u>
Number of employees comprise staff employed in Denmark. Staff costs also comprise wages and salaries to employees in foreign DSV companies.		
	<u>2018</u>	<u>2017</u>
Fee to auditors electd at the General Meeting:		
Statutory audit	150.950	151.450
Other assurance engagements	-	-
Tax consultancy	-	-
Other services	-	-
Total fee to auditors electd at the General Meeting	<u>150.950</u>	<u>151.450</u>
7 Return on investment		
Bond interest rate	(1.111.265)	(797.713)
Interest on cash	25.611	(193.582)
Interest costs	<u>(1.085.654)</u>	<u>(991.295)</u>
Unrealised adjustments, other investment securities	(127.248)	34.059
Realised adjustments, other investment securities	1.428	(8.851)
Value adjustments	<u>(125.820)</u>	<u>25.208</u>
Administrative expenses related to investment entity	(304.969)	(465.469)
Administrative expenses	<u>(304.969)</u>	<u>(465.469)</u>
Total return on investment	<u>(1.516.443)</u>	<u>(1.431.556)</u>

DSV Insurance A/S

8 Other income

Other income related to commission from provision of insurances to other companies.

	<u>2018</u>	<u>2017</u>
9 Tax for the year		
Current tax	7.410.934	7.514.297
Adjustment of provisions for deferred tax	(94.746)	(19.793)
Adjustment of prior-year taxes	436.541	(1.099.043)
Tax for the year	<u>7.752.729</u>	<u>6.395.461</u>

Current rate of taxation	22,0%	22,0%
Adjustment of prior-year taxes	-1,0%	-2,5%
Non-taxable/deductible part of premiums and claims	-0,7%	-4,9%
Effective tax rate	<u>20,3%</u>	<u>14,6%</u>

10 Current and deferred tax assets / liabilities

Cost at 1 January	(6.585.236)	(8.342.343)
Adjustment to prior years	436.541	(1.099.043)
Tax paid regarding prior years	5.219.636	8.512.325
	<u>(929.059)</u>	<u>(929.061)</u>
Current tax	(7.410.934)	(7.514.297)
Tax paid on account relating to present year	-	-
Cost at 31 December	<u>(6.481.875)</u>	<u>(6.585.236)</u>

Deferred tax assets/tax liabilities

Cost at 1 January	19.793	-
Adjustments	94.746	19.793
Cost at 31 December	<u>114.539</u>	<u>19.793</u>

Deferred tax relate to other debt and accruals.

11 Share capital

The share capital consists of 25,000 shares of DKK 1,000 each. The shares are not divided into classes.

	<u>2018</u>	<u>2017</u>
12 Capital base		
Equity	114.595.444	111.150.344
Dividends	(24.000.000)	(27.000.000)
Deferred tax asset	(114.539)	(19.793)
Capital base 31 December	<u>90.480.905</u>	<u>84.130.551</u>

13 Related parties and ownership structure

Related parties exercising control over DSV Insurance A/S:

- DSV A/S Hovedgaden 630 2640 Hedehusene

DSV Insurance A/S has had the below related party transactions in 2018:

- DSV Insurance A/S has received premiums from and paid out compensation to group entities in 2018.
- DSV Insurance A/S has paid out premium bonus and claims bonus to group entities in 2018. Administrative and management assistance, bookkeeping and risk management services, including risk assessment. Fee is settled on market terms in accordance with the agreement made with DSV A/S.
- DSV Insurance A/S has had a balance with the parent company DSV A/S in accordance with a limit approved by the Danish Financial Supervisory Authority. The balance carries market interest.
- In 2018, DSV Insurance A/S has received agency commission from group entities regarding insurance policies placed in other insurance companies.
- DSV Insurance A/S has intra-group balances with the parent company DSV A/S and other group entities regarding the above transactions in accordance with a limit approved by the Danish Financial Supervisory Authority.
- In November 2018, DSV Insurance A/S established a intercompany loan to DSV A/S. The loan to DSV A/S is approved by the Danish Financial Supervisory Authority.

14 Shareholders

The following shareholders hold more than 5% of the Company's share capital:

- DSV A/S , Hovedgaden 630, 2640 Hedehusene

15 Group structure

DSV Insurance A/S is included in the consolidated financial statements of DSV A/S, Hovedgaden 630, 2640 Hedehusene. The consolidated financial statements are available at this address.

16 Risks and policies

We refer to management's review and the section about Risk management.

17 Registered assets

According to section 167 of the Danish Financial Business Act, assets are registered for the payment in full of the policyholders. The assets registered totalled DKK 88,978,135 at 31 December 2018 (31 December 2017: DKK 91,023,789), all related to bonds.

18 Contingent liabilities

The Company is jointly taxed with the DSV A/S Group's Danish entities and together with group entities, the Company has joint and several unlimited liability for Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities. The jointly taxed entities' total known net liabilities in respect of income taxes and withholding taxes totalled DKK 43,189,273 at 31 December 2018. Any subsequent corrections of the joint taxation income and withholding taxes may entail that the Company's liability will increase.

Noter

	Cargo	Liability	Credit insurance	Other indirect	Total
19 Lines of business					
2018					
Gross premiums	49.409.217	25.538.773	41.565.758	40.080.443	156.594.191
Gross earned premiums	49.409.439	25.655.119	41.565.758	39.548.696	156.179.012
Gross claims costs	(21.477.148)	(17.739.925)	(12.632.605)	(16.759.820)	(68.609.498)
Gross operating expenses	(6.227.187)	(3.218.725)	(9.069.001)	(8.829.571)	(27.344.484)
Reinsurance result	(991.233)	2.781.151	(14.776.817)	(2.693.735)	(15.680.634)
Bonus and premium rebates	(3.983.452)			(1.956.640)	(5.940.092)
Technical interest	(782)	(404)	(658)		(1.844)
Technical result	16.729.637	7.477.216	5.086.677	9.308.930	38.602.460
2017					
Gross premiums	46.050.480	22.204.023	41.898.822	39.740.047	149.893.371
Gross earned premiums	46.050.480	21.336.245	41.898.822	39.740.047	149.025.593
Gross claims	(21.924.579)	(8.619.824)	(13.769.350)	(16.953.002)	(61.266.755)
Gross operating expenses	(5.675.400)	(2.736.491)	(9.373.270)	(7.689.211)	(25.474.371)
Reinsurance result	835.080	(2.904.295)	(14.770.584)	(2.420.766)	(19.260.565)
Technical interest	(624)	(301)	(568)		(1.493)
Technical result	19.284.957	7.075.335	3.985.049	12.677.068	43.022.408

20 Main figures and key ratios

20 Main figures and key ratios

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Main figures	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK
Gross premiums written	156.594	149.893	139.631	102.326	88.836	80.799	82.630	65.817	43.208
Gross premiums earned	156.179	149.026	-52.106	-37.399	-35.641	-30.595	-39.364	-25.948	-22.378
Total operating expenses	-27.345	-25.474	-22.114	-15.904	-13.710	-12.039			
Reinsurance result	-15.681	-19.261	-16.580	-5.664	-7.361	-8.326	-14.260	-12.460	-1.818
Insurance technical result	38.602	43.022	41.989	36.218	26.221	23.975	11.672	14.108	6.331
Investment result	-1.515	-1.430	-731	-380	38	7	255	494	-360
Result of the year	30.445	37.553	34.551	30.407	21.066	18.317	10.457	11.951	5.806
Run-off, gross	15.732	9.237	7.867	16.458	10.549	10.073			
Run-off, net	7.272	11.393	9.810	16.458	10.549	10.073			
Provisions for insurance and investment contracts	99.244	96.701	83.807	68.106	62.437	46.238	51.165	34.869	27.802
Insurance assets	20.121	23.650	21.495	19.552	9.944	4.515	787	0	1.788
Equity	114.595	111.150	102.597	93.547	69.055	70.989	56.422	45.965	34.015
Total assets	241.626	229.992	203.306	173.964	143.912	128.598	116.603	85.749	67.601
Key ratios	%	%	%	%	%	%	%	%	%
Claims ratio	48,5	43,7	39,0	38,8	43,0	40,9	50,7	39,7	61,6
Reinsurance ratio	10,0	12,9	12,4	5,9	8,9	11,1	18,4	20,5	4,6
Cost ratio	17,5	17,5	16,5	16,5	16,6	16,1	16,1	17,3	18,3
Combined ratio	76,1	73,7	67,9	61,2	68,5	68,1	85,2	77,6	84,5
Operating ratio	76,1	73,7	68,0	61,2	68,4	68,0	85,0	77,0	84,0
Run-off result, relatively	17,4	10,3	11,6	26,4	23,0	20,6	17,4	20,4	21,2
Equity earnings	27,0	35,1	35,2	37,4	33,6	31,3	20,4	29,9	18,7

Main figures and key ratios for 2013-2014 are not adjusted as a consequence of the accounting policies implemented in 2016, since that was not possible.

22 Accounting policies

The annual report is presented in accordance with the Danish Financial Business Act including the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds.

The annual report covers the period 1 January to 31 December 2018, and the accounting policies are unchanged from the 2017 annual report.

Recognition and measurement

Income is recognised in the income statement as earned. Expenses incurred to achieve the earnings for the period are recognised in the income statement. Value adjustments of financial assets and liabilities which are measured at fair value or amortised costs are also recognised in the income statement, unless otherwise stated below.

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 measured reliably.

Liabilities are recognized in the balance sheet when, due to an event occurring before or on the balance sheet date, the Company has a legal or constructive obligation, and when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost corresponding to fair value. Subsequent measurements are made as described for each individual item below.

The recognition and measurement of assets and liabilities taken into account information received after the balance sheet date, but before the presentation of the interim accounts if such information proves or disproves circumstances prevailing on the balance sheet date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Premium income, net

Premium income at own account includes total charged premium for the accounting period with deduction of premium ceded to reinsurance companies adjusted for changes in premium provisions, corresponding to accruals according to the risk period of the insurance policies.

Insurance technical interest

Part of total results of financial operations relates to insurance operations and has been transferred to that part of the income statement. The transfer is a calculated yield of average total premium reserves

at own account for the period. The interest used is based on relevant interest curves as published by EIOPA.

Claims paid

Claims paid is the amount paid for insurance claims. Claims paid includes expenses for survey and handling of claims and other direct and indirect expenses related to handling of claims.

Received from reinsurers is the amount of money received from reinsurers for their share of claims paid.

Change in claims provisions and change in risk margin

Change in claims provisions and change in risk margin is the difference between claims provisions and risk margin at the start of the period and at the end of the accounting period. This also applies for reinsurance' share of claims provisions.

Bonus and premium rebates

Bonus and premium rebates include bonus to customers who have had positive claims ratios, and Cargo Insurance sales above budget for the period. The criteria are set based on claims incurred and actual sales and are set prior to inception of the insurance period.

Total operating expenses

Administration costs are expenses incurred in connection with renewing and handling of the insurance portfolio.

Investment income

Interest income, dividends etc.

Includes interest income and costs from bonds, cash, other securities and loans.

Value adjustments

Value adjustment comprise all value adjustments including exchange rate adjustments.

Administrative expenses related to investment activity

Costs attributable to trading in and management of the Company's investments are recognised as investment management expenses.

Tax

The Company is jointly taxed with DSV A/S and this Company's Danish subsidiaries. The Parent Company pays the combined Danish tax of these companies' taxable income. The jointly taxed companies are included in the on account tax system.

Tax for the period is recognised in the income statement with the amount attributable to profit or loss for the period and is recognised in other comprehensive income with the amount attributable to other comprehensive income.

Balance sheet

Bonds

Securities recognised under current assets comprise listed bonds measured at fair value (quoted price at closing) at the balance sheet date. Bonds are recognized using the trading date as date of recognition.

Reinsurers' share of insurance provisions

Reinsurers' share of premium and claims provisions are calculated based on reinsurance contracts in force at the balance sheet date. Measurement is in accordance with the assumptions used for measuring gross insurance provisions.

Receivables

Receivables are measured at amortized cost which usually equals nominal value less provisions for bad debt.

Prepayments

Prepayments recognized under "Assets" comprise interest receivables prepaid expenses regarding subsequent financial reporting periods.

Premium provisions

Premium provisions are provided to cover obligations and amounts for unexpired risk periods for insurance contracts in force. Premium provisions are calculated using the pro rata temporis-method.

Claims provisions

Claims provisions are amounts to cover future claims costs for claims incurred in the accounting period or prior to that period.

Claims provisions are calculated as best estimate of the amounts which the Company expects to be liable to pay in connection with the insurance events occurred until the balance sheet date, exceeding the amounts that have already been paid in connection with these insurance events. The Company also recognizes IBNR provisions to cover incurred but not yet reported claims and IBNER provisions to cover the risk that claims provisions on reported claims are underestimated, applying the chain ladder model. Claims provisions also contain best estimate of the amounts which the Company expects to pay for direct and indirect costs in connection with handling and settling the claims.

Claims provisions are discounted to the extent that it is expected that settlement will take place over a longer period of time. The current estimate is that provisions will be settled within a short period of time after the reporting date, and consequently claims provisions are not discounted.

Provisions for bonus and premium rebates

Provisions for bonuses and premium rebates represent amounts expected to be paid to policyholders in view of the claims and sales performance during the financial year.

Risk margin

The risk margin is calculated as the amount which another insurance company may be expected to require for taking over the risk of settling the claims provisions.

Corporation tax and deferred tax

Current tax liabilities and assets are recognized in the balance sheet as tax calculated on the taxable income for the period, adjusted for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized in the balance sheet at the expected value of their realization, either as a set-off against deferred tax liabilities or as net tax assets.

Other liabilities

Debt, including debt to affiliated companies, is measured at amortised cost which usually corresponds to nominal value.