

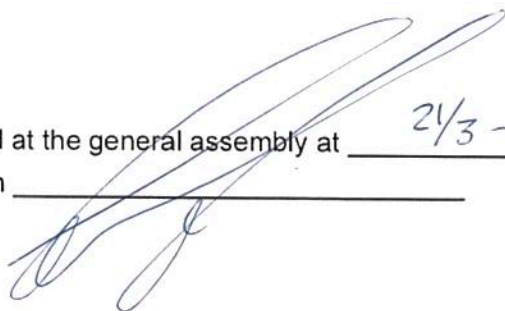
**DSV Insurance A/S**  
**CVR no. 30 52 68 05**

**Annual report 2017**

Approved at the general assembly at

21/3 - 2018

Chairman

A large, stylized handwritten signature in blue ink, written over a horizontal line. The signature is cursive and somewhat abstract, with several loops and flourishes.

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 2017, 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 2017 and of the results of the Company's operations for the accounting period 1 January to 31 December 2017.

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 be approved at the Annual General Assembly.

Hedehusene, 21 March 2018

### 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 2017 and of the results of the Company's operations for the financial year 1 January to 31 December 2017 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 2017 comprise the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity and the 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.

### **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 2017. 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.

## DSV Insurance A/S

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Measurement of claims provisions</i></p> <p>The Company's claims provisions amount to a total of 90 million, which represents 39% 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 significant for the Financial Statements and are based on accounting estimates and actuarial methods that include assumptions about future events.</p> <p>Reference is made to the Financial Statements of "Accounting Estimates" in Note 23 and "Cost of claims net of reinsurance" 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 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>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.

### The key figure Solvency Ratio

Management is responsible for the key figure Solvency Ratio, included in Financial Highlights and key figures in Note 21 of the Financial Statements.

As disclosed in Financial Highlights and key figures in Note 21 the key figure is exempt from audit requirement. Accordingly, our opinion on the Financial Statements does not cover the key figure Solvency Ratio, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to consider, whether the key figure Solvency Ratio is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on this, we conclude that the key figure Solvency Ratio is materially misstated, we are required to report that fact. We have nothing to report in this respect.

### **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

## DSV Insurance A/S

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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.

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, 21 March 2018

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 2017, DSV Insurance A/S has had activity within the insurance classes 7, 13 and 14.

### **Development in activities and finances**

During 2017, the income from Cargo insurance has been a little below budget. Within Freight Forwarding Liability and Credit Insurance, income are above budget. Totally, the income is above budget, which is satisfactory.

The Company has maintained the investment activities in short term bonds with low risk profile, in accordance with the Company's Investment Policy.

Our expectation to the result as described in last years' annual report and in the 2017 interim accounts was a stable development in the insurance technical result. This expectation has been met with an increase of DKK 1,033 thousand in the insurance technical result.

The solvency capital requirement as of 31 December 2017, calculated in accordance with Solvency II standard formula has been calculated to DKK 59,106 thousand (31.12.2016: DKK 51,881 thousand). The capital base amounts to DKK 84,131 thousand (31.12.2016: DKK 73,597 thousand). Accordingly, the solvency ratio is 1.4 (2016: 1.4).

### **Expectations for the future**

A stable development is expected for the insurance activities as well as the result for 2018.

### **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.

## **Management's review (continued)**

### **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, which reduce the Company's risk in case of interest-rate adjustments.

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.

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 37,553 thousand will be distributed with DKK 10,553 thousand to the equity and with DKK 27,000 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 127 100% owned subsidiaries of DSV A/S.

**Jens Bjørn Andersen**

Executive Board Member DSV A/S

Board Member in Nordea-fonden

Board Member in 97 100% owned subsidiaries of DSV A/S.

**Søren Schmidt**

Board Member in 94 100% 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>31.12.2017</u>	<u>31.12.2016</u>
	DKK	DKK
1 Gross premiums	149.893.371	139.631.076
Insurance premiums ceded	-21.415.941	-18.522.356
Change in premium provisions	-867.778	0
<b>Total premium income net of reinsurance</b>	<b><u>127.609.652</u></b>	<b><u>121.108.720</u></b>
<b>2 Insurance technical interest</b>	<b><u>-1.493</u></b>	<b><u>-25.334</u></b>
3, 4 Claims paid	-43.240.814	-41.444.046
3, 4 Received from reinsurers	0	0
Change in claims provisions	-11.182.977	-10.661.727
Change in risk margin	-842.965	-817.000
Change in reinsurers' share of claims provisions	2.155.376	1.942.538
<b>Total cost of claims net of reinsurance</b>	<b><u>-53.111.380</u></b>	<b><u>-50.980.236</u></b>
<b>5 Bonus and premium rebates</b>	<b>-6.000.000</b>	<b>-6.000.000</b>
6 Acquisition costs	-7.001.061	-5.676.649
6 Administration costs	-18.473.310	-16.437.272
<b>Total operating expenses</b>	<b><u>-25.474.371</u></b>	<b><u>-22.113.921</u></b>
<b>INSURANCE TECHNICAL RESULT</b>	<b>43.022.408</b>	<b>41.989.230</b>
Interest income and dividends etc.	0	0
7 Value adjustments	25.208	-105.211
7 Interest costs	-991.295	-343.986
Administrative expenses related to investment activity	-465.469	-306.997
<b>Total investment income</b>	<b><u>-1.431.556</u></b>	<b><u>-756.194</u></b>
<b>2 Interest on insurance technical provisions</b>	<b><u>1.493</u></b>	<b><u>25.334</u></b>
<b>INVESTMENT RESULT AFTER TECHNICAL INTEREST</b>	<b>-1.430.063</b>	<b>-730.860</b>
8 Other income	2.355.963	2.564.365
<b>RESULT BEFORE TAX</b>	<b>43.948.309</b>	<b>43.822.736</b>
9 Tax	-6.395.461	-9.272.008
<b>RESULT FOR THE PERIOD</b>	<b><u>37.552.848</u></b>	<b><u>34.550.728</u></b>
<b>Other comprehensive income for the period</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>37.552.848</u></b>	<b><u>34.550.728</u></b>

## Balance sheet

	<u>31.12.2017</u>	<u>31.12.2016</u>
	DKK	DKK
<b>ASSETS</b>		
Bonds	174.535.908	156.921.073
<b>Total other financial investment assets</b>	<u>174.535.908</u>	<u>156.921.073</u>
<b>TOTAL INVESTMENT ASSETS</b>	<u>174.535.908</u>	<u>156.921.073</u>
Reinsurers' share of claims provisions	23.649.895	21.494.519
<b>Total reinsurers' share of insurance provisions</b>	<u>23.649.895</u>	<u>21.494.519</u>
Receivables from policyholders	729.236	2.136.612
Receivables from insurance companies	22.284.058	14.703.751
Receivables from affiliated companies	0	1.447.059
Other receivables	0	87.572
<b>TOTAL RECEIVABLES</b>	<u>46.663.189</u>	<u>39.869.513</u>
Deferred tax assets	19.793	0
Cash at bank	6.961.363	5.107.392
<b>TOTAL OTHER ASSETS</b>	<u>6.981.156</u>	<u>5.107.392</u>
Interest receivable	1.451.671	1.172.945
Other prepayments	359.928	235.030
<b>TOTAL PREPAYMENTS</b>	<u>1.811.600</u>	<u>1.407.976</u>
<b>TOTAL ASSETS</b>	<u>229.991.852</u>	<u>203.305.954</u>

## Balance sheet

	<u>31.12.2017</u>	<u>31.12.2016</u>
	DKK	DKK
<b>EQUITY AND LIABILITIES</b>		
11 Share capital	25.000.000	25.000.000
Retained earnings	59.150.344	48.597.496
Proposed dividend	<u>27.000.000</u>	<u>29.000.000</u>
<b>12 TOTAL EQUITY</b>	<b><u>111.150.344</u></b>	<b><u>102.597.496</u></b>
Premium provisions	867.778	0
Claims provisions	89.950.452	78.767.475
Risk margin	<u>5.882.581</u>	<u>5.039.616</u>
<b>INVESTMENT CONTRACTS</b>	<b><u>96.700.811</u></b>	<b><u>83.807.091</u></b>
10 Current tax liabilities	6.585.236	8.342.343
Payables to affiliated companies	11.879.084	5.497.498
Other liabilities	<u>3.676.377</u>	<u>3.061.526</u>
<b>TOTAL LIABILITIES</b>	<b><u>22.140.697</u></b>	<b><u>16.901.367</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>229.991.852</u></b>	<b><u>203.305.954</u></b>
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## Statement of changes in equity

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Equalization reserve, credit insurance</b>	<b>Proposed dividend</b>	<b>Total</b>
	DKK	DKK	DKK	DKK	DKK
Equity 1 January	25.000.000	35.554.371	7.492.397	25.500.000	93.546.768
Distributed ordinary dividend	0	0	0	-25.500.000	-25.500.000
Total result/comprehensive income for the year	0	13.043.125	-7.492.397	29.000.000	34.550.728
<b>Equity at 31 December 2016</b>	<b>25.000.000</b>	<b>48.597.496</b>	<b>0</b>	<b>29.000.000</b>	<b>102.597.496</b>
Equity 1 January	25.000.000	48.597.496	0	29.000.000	102.597.496
Distributed ordinary dividend	0	0	0	-29.000.000	-29.000.000
Total result/comprehensive income for the year	0	10.552.848	0	27.000.000	37.552.848
<b>Equity 31 December 2017</b>	<b>25.000.000</b>	<b>59.150.344</b>	<b>0</b>	<b>27.000.000</b>	<b>111.150.344</b>

## Notes

	<u>2017</u>	<u>2016</u>
<b>1 Gross premium written</b>		
<b>Direct insurance</b>		
Denmark	9.248.755	10.099.061
Other EU countries	55.305.158	53.380.098
Other countries	2.832.812	4.997.673
	<u>67.386.724</u>	<u>68.476.832</u>
<b>Indirect insurance</b>		
Denmark	7.498.858	4.050.007
Other EU countries	26.215.887	24.814.299
Other countries	47.924.124	42.289.938
	<u>81.638.869</u>	<u>71.154.244</u>
<b>Total gross premium written</b>	<u>149.025.593</u>	<u>139.631.076</u>
<b>2 Technical interest</b>		
Average unearned premiums	433.889	8.444.566
Technical interest is calculated as -0,34% / -0,30% of the period's average unearned premiums		
	(1.493)	(25.334)
<b>Technical interest</b>	<u>(1.493)</u>	<u>(25.334)</u>
<b>3 Run-off result</b>		
<b>Run-off result</b>		
Run-off, gross	9.236.722	7.867.926
Run-off, net	11.392.617	9.810.464
No unusual situations has affected the run-off result.		
<b>4 Claims incurred, net of reinsurance, by type of insurance</b>		
Cargo insurance	23.352.005	24.946.652
Freight Forwarding Liability	15.470.243	14.909.780
Credit insurance	13.446.167	10.306.804
Risk margin	842.965	817.000
<b>Total claims incurred, net of reinsurance, by type of insurance</b>	<u>53.111.380</u>	<u>50.980.236</u>



## DSV Insurance A/S

	2017	2016
<b>Number of claims</b>		
Cargo	3.076	3.732
General liability insurance	335	306
Credit insurance	76	42
<b>Average claims (excl. IBNR / IBNER)</b>		
Cargo	8.140	5.537
General liability insurance	77.181	76.911
Credit insurance	198.329	207.876
<b>Claims frequency (%-rate)</b>		
Cargo	0,3%	0,4%
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	6.000.000	6.000.000
	<u>6.000.000</u>	<u>6.000.000</u>
	<u>2017</u>	<u>2016</u>

### 6 Operating expenses

Remuneration to the Board of Directors		-
Remuneration to the Executive Board	1.182.542	1.437.463
Variable remuneration hereof, see below		

Remuneration to the Executive Board includes pension contributions of DKK 74,087 (2016: DKK 97,096). Share-based remuneration in the parent company, DSV A/S, which the Executive Board earned in 2017, totals DKK 16,446 (2016: DKK 65,797). Total market value of the options programme for the Executive Board totalled DKK 99,161 at the end of the year (2016: DKK 122,318). 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 2016 nor in 2017 did the Company pay out remuneration to the Board of Directors. Remuneration which the board members received in 2017 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 2017.

In 2016, no other risk takers were identified. From 1 January 2017, two risk takers were 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>2017</u>	<u>2016</u>
<b>Staff costs</b>		
Wages and salaries	10.815.595	9.151.706
Pension	453.285	499.530
Social security expenses	13.540	15.800
<b>Total staff costs</b>	<u>11.284.437</u>	<u>9.669.052</u>
Other administrative expenses	7.188.873	6.768.220
<b>Total administrative expenses</b>	<u>18.473.310</u>	<u>16.437.272</u>
<b>Average number of employees</b>	9,0	10,6

Number of employees comprise staff employed in Denmark. Staff costs also comprise wages and salaries to employees in foreign DSV companies.

	<u>2017</u>	<u>2016</u>
<b>Fee to auditors electd at the General Meeting:</b>		
Statutory audit	151.450	168.797
Other assurance engagements	-	-
Tax consultancy	-	-
Other services	-	-
<b>Total fee to auditors electd at the General Meeting</b>	<u>151.450</u>	<u>168.797</u>

**7 Return on investment**

Bond interest rate	(797.713)	(298.440)
Interest on cash	(193.582)	(45.546)
<b>Interest costs</b>	<u>(991.295)</u>	<u>(343.986)</u>
Unrealised adjustments, other investment securities	34.059	(38.395)
Realised adjustments, other investment securities	(8.851)	(66.815)
<b>Value adjustments</b>	<u>25.208</u>	<u>(105.211)</u>
Administrative expenses related to investment entity	(465.469)	(306.997)
<b>Administrative expenses</b>	<u>(465.469)</u>	<u>(306.997)</u>
<b>Total return on investment</b>	<u>(1.431.555)</u>	<u>(756.194)</u>

## DSV Insurance A/S

### 8 Other income

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

	<u>2017</u>	<u>2016</u>
<b>9 Tax for the year</b>		
Current tax	7.514.297	8.086.731
Adjustment of provisions for deferred tax	(19.793)	929.060
Adjustment of prior-year taxes	(1.099.043)	256.217
<b>Tax for the year</b>	<u>6.395.461</u>	<u>9.272.008</u>
Current rate of taxation	22,0%	22,0%
Adjustment of prior-year taxes	-2,5%	-0,6%
Non-taxable/deductible part of premiums and claims	-4,9%	-0,2%
<b>Effective tax rate</b>	<u>14,6%</u>	<u>21,2%</u>
<b>10 Current and deferred tax assets / liabilities</b>		
Balance at 1 January	(8.342.343)	361.430
Adjustment to prior years	(1.099.043)	(256.217)
Tax paid regarding prior years	8.512.325	(105.213)
	<u>(929.061)</u>	-
Current tax	(7.514.297)	(8.342.343)
Tax paid on account relating to present year	-	-
<b>Balance at 31 December</b>	<u>(6.585.236)</u>	<u>(8.342.343)</u>
<b>Deferred tax assets/tax liabilities</b>		
Balance at 1 January	-	929.060
Adjustments	19.793	(929.060)
<b>Balance at 31 December</b>	<u>19.793</u>	<u>-</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>2017</u>	<u>2016</u>
<b>12 Capital base</b>		
Equity	111.150.344	102.597.496
Dividends	(27.000.000)	(29.000.000)
Deferred tax asset	(19.793)	-
<b>Capital base 31 December</b>	<u>84.130.551</u>	<u>73.597.496</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 2017:

- DSV Insurance A/S has received premiums from and paid out compensation to group entities in 2017.
- DSV Insurance A/S has paid out premium bonus and claims bonus to group entities in 2017.
- 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 2017, 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.

### 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 91,023,789 at 31 December 2017 (31 December 2016: DKK 84,981,695), 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 22,842,815 at 31 December 2017. Any subsequent corrections of the joint taxation income and withholding taxes may entail that the Company's liability will increase.

## DSV Insurance A/S

	Cargo	Liability	Credit insurance	Other indirect	Total
<b>19 Lines of business</b>					
<b>2017</b>					
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 costs	(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
<b>2016</b>					
Gross premiums	41.886.154	26.590.677	33.368.370	37.785.874	139.631.076
Gross earned premiums	(22.841.355)	(6.217.131)	(10.451.723)	(19.412.564)	(58.922.773)
Gross claims	(6.633.674)	(4.211.270)	(5.284.680)	(5.984.297)	(22.113.921)
Gross operating expenses	(633.483)	(4.707.894)	(12.704.403)	1.466.175	(16.579.605)
Reinsurance result	(5.512)	(15.000)	(4.822)	-	(25.334)
Technical interest	11.772.130	11.439.383	4.922.742	13.855.188	41.989.443
Technical result					
<b>20 Sensitivity</b>					
<b>Incident</b>					<b>Påvirkning af egenkapital</b>
Interest rate increase 0.7 - 1.0% point					301.500
Decline in interest rates 0.7 - 1.0% point					(301.500)
Decline in share prices 12%					-
Price decrease in properties 8%					-
Foreign exchange risk ( VaR 99.5 )					-
Loss on counterparts 8%					(218.226)

## 21 Main figures and key ratios

	2017	2016	2015	2014	2013	2.012	2.011	2.010
	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK
<b>Main figures</b>								
Gross premiums written	149.893	139.631	102.326	88.836	80.799	82.630	65.817	43.208
Gross premiums earned	149.026	-52.106	-37.399	-35.641	-30.595	-39.364	-25.948	-22.378
Total operating expenses	-25.474	-22.114	-15.904	-13.710	-12.039			
Reinsurance result	-19.261	-16.580	-5.664	-7.361	-8.326	-14.260	-12.460	-1.818
Insurance technical result	43.022	41.989	36.218	26.221	23.975	11.672	14.108	6.331
Investment result	-1.430	-731	-380	38	7	255	494	-360
Result of the year	37.553	34.551	30.407	21.066	18.317	10.457	11.951	5.806
Run-off, gross	9.237	7.867	16.458	10.549	10.073			
Run-off, net	11.393	9.810	16.458	10.549	10.073			
Provisions for insurance and investment contracts	96.701	83.807	68.106	62.437	46.238	51.165	34.869	27.802
Insurance assets	23.650	21.495	19.552	9.944	4.515	787	0	1.788
Equity	111.150	102.597	93.547	69.055	70.989	56.422	45.965	34.015
Total assets	229.992	203.306	173.964	143.912	128.598	116.603	85.749	67.601
<b>Key ratios</b>	%	%	%	%	%	% %	%	
Claims ratio	43,7	39,0	38,8	43,0	40,9	50,7	39,7	61,6
Reinsurance ratio	12,9	12,4	5,9	8,9	11,1	18,4	20,5	4,6
Cost ratio	17,1	16,5	16,5	16,6	16,1	16,1	17,3	18,3
Combined ratio	73,7	67,9	61,2	68,5	68,1	85,2	77,6	84,5
Operating ratio	73,7	68,0	61,2	68,4	68,0	85,0	77,0	84,0
Run-off result, relatively	10,3	11,6	26,4	23,0	20,6	17,4	20,4	21,2
Equity earnings	35,1	35,2	37,4	33,6	31,3	20,4	29,9	18,7
Solvency coverage (Solvency I)	-	-	2	2	2	2	2	1
Solvency coverage (unaudited*)	1,4	1,4	0	0	0	0	0	0

Main figures and key ratios for 2013-2014 are not adjusted the new accounting policies implemented in 2016 since that was not possible.

The key figure Solvency coverage is exempt from audit requirement, cf. executive order no. 937 dated 27 July 2015 on Financial Reporting on Insurance Companies and cross-sector Pension Funds, and therefor is unaudited.

## 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 2017, and the accounting policies are unchanged from the 2016 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 liabil-

ities 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 recognised 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 amortised cost which usually equals nominal value less provisions for bad debt.

**Prepayments**

Prepayments recognised 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 recognised 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 recognised in the balance sheet at the expected value of their realisation, 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.