


Maersk Insurance A/S
Registration no. 33 51 03 65

Annual Report 2017

Approved at the Annual General Meeting 26 March 2018

Presiding


Anne Pihlberg

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Company Details

Company

Maersk Insurance A/S

Esplanaden 50

1098 Copenhagen K

Central Business Registration No.: 33 51 03 65

Telephone: +45 33 63 33 63

Board of Directors

Jan Kjærviik (Chairman)

Fatiha Benali

Martin Herrstedt

Palle Laursen

Executive Management

Lars Henneberg

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

Management Statement on the Annual Report

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Maersk Insurance A/S for 2017.

The Annual Report of Maersk Insurance A/S has been prepared in accordance with the Danish Financial Business Act.

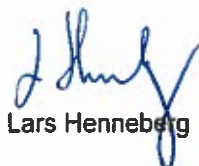
The Annual Report gives a true and fair view of the Company's assets, liabilities, financial position and result.

The Management Review includes 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.

It is recommended that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 February 2018

Executive Management



Lars Henneberg

Board of Directors



Jan Kjærøvik
(Chairman)



Martin Herstedt



Fatiha Benali



Palle Laursen

Independent Auditor's Report

To the Shareholder of Maersk 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

Maersk 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 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 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 Maersk Insurance A/S on 16 September 2011 for the financial year ending 31 December 2011. We have been reappointed annually by shareholder resolution for a total

period of uninterrupted engagement of 7 years including the financial year 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.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Measurement of claims provisions</p> <p>The Company's claims provisions amount to a total of USD 49 million, which represents 18% 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" and "Claims Provisions" in Note 1 and "Cost of claims net of reinsurance" in Note 4.</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 Coverage

Management is responsible for the key figure Solvency Coverage, included in Financial highlights and key figures in note 19 of the Financial Statements.

As disclosed in Financial highlights and key figures in note 19 the key figure is exempt from audit requirement. Accordingly, our opinion on the Financial Statements does not cover the key figure Solvency Coverage, 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 Coverage 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 Coverage is materially misstated, we are required to report that fact. We have nothing to report in this respect.

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

Maersk Insurance A/S

- 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, 28 February 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231



Jesper Otto Edelbo

State Authorised Public Accountant

mne10901

Management's Review

Main activities

Maersk Insurance A/S was founded in 2011 as a captive for the parent company A.P. Møller - Mærsk A/S and affiliated companies.

Maersk Insurance A/S has license to conduct direct and reinsurance business for the insurance classes 6 (Fully comprehensive insurance for ships), 8 (Fire and natural forces), 9 (Other damage to property), 12 (Third party liability for ships), 13 (General liability) and 16 (Miscellaneous financial losses).

Insurance risk

The Company writes property and casualty risks within the areas Marine, Energy and Terminals. The insurance risk for Maersk Insurance A/S is limited to risks within the insurance classes for which the Company holds a license. Claims are limited per incident and for most programmes also on a yearly aggregate. For Property the maximum net risk per event is USD 30.0m and for Casualty USD 12.5m.

Development in activities and finances

The company's profit for 2017 amounts to USD 6,604k (2016: USD 21,349k). The result is satisfactory considering that the net risk of the Company is kept at a modest level.

The company has in 2017 had investment activities which, according to the policy of the company, have comprised investment assets with a low risk profile. The company's investment assets have in 2017 primarily been placed in government and mortgage bonds with short duration, in short term deposits and in a loan to the parent company. The result of investment activities is satisfactory.

The solvency capital requirement as of 31 December 2017 has been calculated to USD 56,771k (2016: USD 52,623k). The capital base amounts to USD 172,263 (2016: USD 166,751k). Accordingly, the solvency ratio is 3.0 (2016: 3.2). The solvency capital requirement has been calculated according to the standard method under Solvency II and the capital base has been made up according to the valuation rules under Solvency II.

Expectations for the future

The company expects a positive result for 2018 at the same level as for 2017.

Salary policy

The overall purpose of the company's salary policy is to support that management and significant risk takers work to promote a healthy and effective risk management of the company. The salary may thus not be of a magnitude or composition which entails a risk for conflict of interest or which does not harmonise with the company's wishes for protection of customers and investors.

Apart from this, reference is made to note 5 to the Financial Statements.

Risk management

Reference is made to note 16 to the Financial Statements.

Distribution of the profit for the year

The Board proposes that the profit for the year, USD 6,604k is transferred to equity.

Social responsibility

For a description of the A.P. Moller - Maersk Group's work with social responsibility, reference is made to the home page www.maersk.com/sustainability.

Gender Equality

In February 2014 the Board adopted targets for the diversity of the company's shareholder-appointed board members with respect to the under-represented gender.

The Board believes that its members should be elected on the basis of their combined qualifications and at the same time recognises the advantages of a board comprising a wide range of backgrounds such as global experience, style, culture and gender.

On the basis of this ambition the Board has defined a target to increase the share of the under-represented gender on the Board, to account for at least 25% of the shareholder-appointed Board members within a four year period.

As of 31 December, 2017 one of the four shareholder-appointed Board members is a woman. The target for gender diversity is therefore being met.

Audit committee

The independent member of the audit committee with accounting and audit qualifications is Fatiha Benali. Fatiha Benali is Senior Vice President, Claims at Tryg A/S and has previously held the position as Business Financial Officer at the same company and has experience from audit committee and Board in Danmarks Skibskredit A/S. Through these positions, Fatiha Benali has acquired a broad knowledge of finance, accounting and IT.

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

Reference is made to overview on page 26.

Income Statement for the period 1 January – 31 December 2017

	Note	2017 tUSD	2016 tUSD
Gross premiums	2	52.060	50.200
Insurance premiums ceded		-45.692	-46.948
Change in premium provisions		366	10.336
Change in reinsurers' share of premium provisions		-2.203	9.541
Total premium income net of reinsurance		4.531	23.129
Technical interest	3	36	31
Claims paid		-26.652	-30.231
Received from reinsurers		4.591	246
Change in claims provisions		3.577	23.904
Change in risk margin		32	2.967
Change in reinsurers' share of claims provisions		17.001	2.685
Total cost of claims net of reinsurance	4	-1.451	-429
Administration expenses		-1.970	-2.599
Reinsurance commissions		4.834	4.227
Total operating expenses	5	2.864	1.628
TECHNICAL PROFIT		5.980	24.359
Interest income and dividends etc.		1.855	1.840
Value adjustments		1.162	237
Administration expenses related to investment activity		-26	-25
Total Investment Income	6	2.991	2.052
Interest on technical provisions		-36	-31
INVESTMENT RESULT AFTER TECHNICAL INTEREST		2.955	2.021
PROFIT BEFORE TAX		8.935	26.380
Tax	7	-2.331	-5.031
PROFIT FOR THE YEAR		6.604	21.349
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6.604	21.349

Balance Sheet as at 31 December 2017

ASSETS	Note	<u>2017</u> tUSD	<u>2016</u> tUSD
Bonds	8	-	39.903
Deposits with credit institutions		<u>70.849</u>	<u>46.271</u>
Total other financial investment assets		<u>70.849</u>	<u>86.174</u>
TOTAL INVESTMENT ASSETS		<u>70.849</u>	<u>86.174</u>
Reinsurers' share of premium provisions		18.806	21.103
Reinsurers' share of claims provisions		<u>26.957</u>	<u>9.982</u>
Total reinsurers' share of insurance provisions		<u>45.763</u>	<u>31.085</u>
Receivables from insurance companies		23.530	15.197
Receivables from affiliated companies	9	<u>123.646</u>	<u>106.368</u>
TOTAL RECEIVABLES		<u>192.939</u>	<u>152.650</u>
Cash at bank		<u>989</u>	<u>1.768</u>
TOTAL OTHER ASSETS		<u>989</u>	<u>1.768</u>
Interest receivable		-	10.031
Other prepayments and accrued income		<u>14.101</u>	<u>22.493</u>
TOTAL PREPAYMENTS AND ACCRUED INCOME		<u>14.101</u>	<u>32.524</u>
TOTAL ASSETS		<u>278.878</u>	<u>273.116</u>

Balance Sheet as at 31 December 2017

	Note	2017 <u>(USD)</u>	2016 <u>(USD)</u>
EQUITY AND LIABILITIES			
Share capital		89.987	89.987
Retained earnings		<u>86.287</u>	<u>79.683</u>
TOTAL EQUITY	11	<u>176.274</u>	<u>169.670</u>
Premium provisions		22.671	23.037
Claims provisions		49.317	52.894
Risk Margin		<u>2.766</u>	<u>2.798</u>
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		<u>74.754</u>	<u>78.729</u>
Debt relating to reinsurance		22.717	19.502
Current tax liabilities	10	696	3.776
Payables to affiliated companies		87	233
Other liabilities		<u>4.350</u>	<u>1.206</u>
TOTAL LIABILITIES		<u>27.850</u>	<u>24.717</u>
TOTAL EQUITY AND LIABILITIES		<u>278.878</u>	<u>273.116</u>

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Statement of changes in equity as at 31 December 2017

	Share capital	Retained earnings	Total
	tUSD	tUSD	tUSD
2016			
Equity 1 January	89.987	58.334	148.321
Total result/comprehensive income for the year	-	21.349	21.349
Equity 31 December 2016	89.987	79.683	169.670
2017			
Equity 1 January	89.987	79.683	169.670
Total result/comprehensive income for the year	-	6.604	6.604
Equity 31 December 2017	89.987	86.287	176.274

Total eligible own funds to meet the Solvency Capital Requirement (capital base) are as at 31 December 2017 USD 172.263k. The difference to equity as at 31 December 2017 of USD 176,274k is caused by valuation differences in the Solvency II balance sheet.

Notes

1 Accounting policies

The Financial Statements are presented in accordance with the Executive Order no. 937 dated 27 July 2015 and changes in Executive Order no. 688 dated 1 June 2016.

The Financial Statements cover the period 1 January 2017 – 31 December 2017 and are presented in USD which is the Company's functional currency.

The accounting policies remain unchanged from the Financial Statements for 2016.

Recognition and measurement

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

Assets are recognized 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. Investment assets are recognized in the balance sheet using the trading date as date of recognition.

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 take into account information received after the balance sheet date but before the presentation of the Financial Statements if such information proves or disproves circumstances prevailing on the balance sheet date.

Accounting estimates

In connection with the compilation of the Financial Statements, management make a number of accounting estimates. The most significant estimates relate to the following:

Claims provisions

Individual claims

Provisions for individual claims are based on information from fronting companies ensuring that the fronting companies and Maersk Insurance use the same claim amount. Of this amount Maersk Insurance will provide for its share of the total claim. Maersk Insurance assesses information from fronting

companies against information which has come to the knowledge of management to ensure that claims provisions are based on all information available to the Company.

IBNR and IBNER

Based on principles approved by the Board, the Company will calculate IBNR and IBNER provisions. The principles used are on a yearly basis evaluated by the Actuary Function and the Board to ensure that these provisions are at an appropriate level.

3rd party recovery

Where it is anticipated that recovery is obtainable from a 3rd party, the recovery amount will be estimated based on all available and relevant information, including where possible advise from external lawyers. The estimation of expected recovery amounts will take the inherent process risk associated with such cases into account.

Conversion of foreign currency

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Exchange differences resulting from translation at the exchange rate prevailing at the date of transaction and the exchange rate prevailing at the date of payment are recognized in the income statement as a financial item.

Receivables, payables and other monetary items in foreign currency, which are not settled at the balance sheet date, are translated at the exchange rate prevailing on the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognized in the latest annual report is recognized in the income statement as a financial item.

Financial instruments

Financial instruments are initially recognized in the balance sheet at cost and are subsequently valued at fair value. Positive and negative fair values of financial instruments are included in the income statement and are in the balance sheet included under other assets and other liabilities respectively.

Income statement

Premium income

Premium income net of reinsurance 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 operation 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 net of reinsurance for the year. The interest used is based on relevant interest curves.

Claims paid

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

Received from reinsurers

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

Change in claims provisions

Change in claims provisions is the difference between claims provisions at the start of the year and at the end of the accounting year. This also applies for the reinsurance companies' share of claims.

Change in risk margin

Change in risk margin is the difference between risk margin at the start of the year and at the end of the accounting year.

Administration expenses

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

Reinsurance commissions

Reinsurance commissions comprise commissions based on contractual rates and profit shares received from reinsurance companies.

Investment income

Interest income, dividends etc.

Includes interest income from bonds, other securities and loans.

Value Adjustments

Value adjustments comprises all value adjustments including exchange rate adjustments.

Administration expenses related to investment activity

Costs attributable to trading in and management of the Company's investments are recognized as administration expenses related to investment activity.

Tax

Maersk Insurance A/S is covered by the corporate taxation law § 11A (captive rule) which entails that the Company is taxed respectively obtains tax deductions to the extent that group payments of premiums etc. are taxable respectively are tax deductible by other companies in the joint taxation.

Maersk Insurance A/S

The Company is taxed jointly with A.P. Møller Holding A/S and this company's 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 year is recognized in the income statement with the amount attributable to profit or loss for the year and is recognized in other comprehensive income with the amount attributable to other comprehensive income.

Balance sheet

Financial investment assets

Bonds are measured at fair value (quoted price at closing) at the balance sheet date. Deposits with credit institutions are measured at face value.

Reinsurers' share of insurance provisions

Amounts receivable from reinsurers are measured at the amounts receivable related to premium and claims provisions in accordance with the reinsurance contracts entered into.

Receivables

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

Prepayments and accrued income

Prepayments and accrued income includes receivable interest and expenses paid before the balance sheet date but which relate to following years. Interest receivable also includes positive market value of FX derivatives. Negative market value of FX derivatives is included in other liabilities.

Premium provisions

Provisions for premiums are provided to cover obligations and amounts for unexpired risk periods for insurance contracts in force. The Company makes use of the simplified method for calculating the provisions as described in §69a of the executive order.

Claims provisions

Claims provisions are amounts to cover claims and costs on insurance events occurred in the accounting year or prior to that year.

The claims provisions are calculated as the sum of the amounts which the Company to the best of its knowledge 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 claims provisions also contain amounts which the Company to the best of its knowledge

expects to pay for direct and indirect costs in connection with resolving the claims. The Company also applies an IBNR provision to cover incurred but not yet reported claims and an IBNER provision to cover the risk that claims provisions are underestimated.

The 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 this is not the case.

Risk Margin

Risk margin is provided to cover the amount to be expected to pay another insurance company for assuming the risk of settling insurance obligations in addition to amounts already provided for in premium and claims provisions.

Current tax

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

Debt

Debt is measured at amortized cost which usually corresponds to nominal value.

Notes

	2017	2016
	(USD)	(USD)
2 Gross premiums		
Gross premium reinsurance	50.736	48.758
Gross premium direct insurance	1.324	1.442
Total gross premium	52.060	50.200
Direct insurance		
Denmark	1.324	92
Other EU-countries	-	1.196
Other countries	-	155
	1.324	1.442
3 Technical interest		
Premium provisions	22.671	23.037
Claims provisions	49.317	52.894
	71.988	75.931
Insurance technical interest has been calculated as 1.60% (2016: 0.62 %) of the average net balance of premium provisions of USD 2,279k (2016: USD 5,026k)	36	31
Total technical interest	36	31
4 Cost of claims net of reinsurance		
Claims paid	26.652	30.231
Received from reinsurers	-4.591	-246
Change in claims provisions	-3.577	-23.904
Change in risk margin	-32	-2.967
Change in reinsurers' share of claims provisions	-17.001	-2.685
Total cost of claims net of reinsurance	1.451	429
Allocation of claims incurred and run off result related to previous years		
Claims losses in the year, gross	15.609	12.631
Run off result, gross	7.434	-9.271
Total losses, gross	23.043	3.360
Claims losses in the year, reinsurers' share	-14.515	-8.106
Run off result, reinsurers' share	-7.077	5.175
Total losses net of reinsurance	1.451	429

Run off result

The run off result, net, consists of lower claims related to Marine of USD 0.5m and Energy USD 0.2m. Terminal claims increased by USD 1.7m, Property by USD 1.8m and other minor programs by USD 0.2m. IBNR reserves contributes positively with USD 2.6m.

Notes

	2017	2016
	tUSD	tUSD
5 Administration expenses		
Other administration expenses	1.942	2.571
Total other administration expenses	1.942	2.571
Fee to auditor elected at the General Assembly		
Statutory audit	28	28
Other services	-	-
Total fee to auditor elected at the General Assembly	28	28
Reinsurance commission		
Reinsurance commission	-4.834	-4.227
Total reinsurance commission	-4.834	-4.227
Total operating expenses	-2.864	-1.628
Staff costs		
<p>The company has had no employees in the financial year other than part-time employment of Executive Management and Internal Auditor. Executive Management and Internal Auditor receive no remuneration from Maersk Insurance A/S. Remuneration for these services are charged by A.P. Møller - Mærsk A/S as part of the administration agreement, which includes USD 160k (2016: USD 160k) for services provided by Lars Henneberg as Executive Management in Maersk Insurance A/S and USD 10k (2016: USD 10k) for Internal Audit services. Remuneration of USD 22k (2016: USD 17k) has been paid to member of the Board and the independent member of the Audit Committee, Fatiha Benali. Remuneration of USD 3k (2016: USD 19k) has been paid to former member of the Board and independent member of the Audit Committee, Bjarne Fabienke.</p>		
6 Investment income		
Interest on investment assets, receivables from parent company and cash at bank	1.855	1.840
Interest income, dividends etc.	1.855	1.840
Value adjustments related to other financial assets	1.162	237
Value adjustments	1.162	237
Administration expenses related to investment activity	-26	-25
Administration expenses	-26	-25
Total investment income	2.991	2.052
7 Tax		
Current tax	1.964	5.044
Adjustment previous years	367	-13
Total tax	2.331	5.031
Actual tax percentage	22,0%	22,0%
Adjustment previous years	4,1%	0,0%
Non taxable / deductible part of premiums and claims	0,0%	-2,9%
Effective tax rate	26,1%	19,1%

Notes

	2017	2016
	(USD)	(USD)
8 Bonds		
Bonds at fair value	-	39.903
Total bonds	<u>-</u>	<u>39.903</u>

Average modified duration as at 31 December 2016 is 0,26

9 Receivables from affiliated companies		
Loan to A.P. Møller - Mærsk A/S	123.646	106.368
Total receivables from affiliated companies	<u>123.646</u>	<u>106.368</u>

10 Current tax assets / current tax liabilities		
Balance 1 January	3.776	557
Transferred from deferred tax assets	-	-1.268
Adjustment previous years	367	-13
Paid tax related to last year	-5.411	-544
	<u>-1.268</u>	<u>-1.268</u>
Current tax	1.964	5.044
Paid on account during the year	-	-
Balance 31 December, liability	<u>696</u>	<u>3.776</u>

The company is taxed jointly with A.P. Møller Holding A/S and this company's subsidiaries.

Notes

11 Share capital

The share capital consists of 5,120,000 shares of DKK 100 each corresponding to USD 89,987k.
The shares are not divided into classes.

12 Contractual obligations and guarantee commitments

The company has no obligations or guarantee commitments cf. the Danish Financial Business Act §182.

13 Related parties

Related parties with a controlling interest in Maersk Insurance A/S:

- A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K

Related parties with whom Maersk Insurance A/S has had transactions in 2017:

- Maersk Insurance A/S has granted a loan of USD 123.6m to the parent company A.P. Møller - Mærsk A/S according to permission from the Danish Financial Supervisory Authority.
The loan yields interest at arm's length basis.
- An agreement has been established with A.P. Møller - Mærsk A/S related to fees for risk management services, bookkeeping, reporting and internal audit.

14 Ownership

The following shareholder owns more than 5% of the company's share capital:

- A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K

15 Consolidation

Maersk Insurance A/S is consolidated in the Group Annual Accounts for A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K (smallest group) and in the Group Annual Accounts for A.P. Møller Holding A/S, Esplanaden 50, 1098 Copenhagen K (largest group). The Group Annual Accounts are obtainable from these addresses.

Notes

16 Risk information

In Maersk Insurance A/S risk management is performed when the Board of Directors evaluates and decides on several types of risk according to the Danish Financial Business Act and the Companies Act. The nature of the risks are both financial and operational. The company has prepared policies and guidelines for all significant areas in order to manage these risks

At the operational level it is mainly insurance risks that must be evaluated while at the financial level it is the investment risk.

The company mainly assumes insurance risk within the A.P. Moller - Maersk Group, including subsidiaries, and as required for joint ventures and partner companies. Part of the risk is naturally associated with claims provisions where a technical provision is made. On top of this the company allocates an IBNR provision to cover incurred but not yet reported claims and an IBNER provision to cover the risk that reserves for claims should be too low.

In the preparation of the financial statements estimates and judgments are exercised that affect the carrying value of assets and liabilities and the result. The most significant estimates are exercised in the measurement of technical provisions. In the measurement of technical provisions a number of assumptions and estimates are made, inter alia in connection with the calculation of expected claims payments and expenses on reported claims. Technical provisions also include an estimate of claims incurred that have not yet come to the Company's knowledge. These estimates are inherently uncertain and rests on a number of assumptions that may be affected by developments in practise and litigation, etc. Accordingly, the Company's actual liability for claims may be subject to material positive and negative deviations relative to the amounts initially estimated in the technical provisions.

For the investment area, the Board of Directors has drawn up an investment policy. The policy defines the types of assets in which the company may invest, how much risk can be taken within each type of asset and against one counterpart, and which counterparties that may be used. As stipulated in the policy, all investments made in other currencies than USD are hedged to protect the company against the exchange rate exposure. The overall objective of the policy is to ensure that the company adheres to the prudent person principle. Adherence to the investment policy is monitored on a current basis by management and the audit committee.

Notes

17 Insurance technical result by insurance class

	Marine, Aviation and Transport *)	Fire *)	Third Party *)	Total
2017	tUSD	tUSD	tUSD	tUSD
Gross premiums written	37.235	13.026	1.799	52.060
Gross premium income	38.860	12.794	772	52.426
Gross claims incurred	-18.705	-4.323	-48	-23.075
Change in risk margin	53	-21	0	32
Gross operating expenses	2.715	219	-70	2.864
Result of ceded business	-16.165	-10.041	-97	-26.303
Technical interest	26	9	1	36
Technical profit or loss	6.784	-1.363	558	5.980
Number of claims	38	32	7	77
Average claims size (t.USD)	492	135	7	300
Claims frequency	13	16	1	7
	Marine, Aviation and Transport *)	Fire *)	Third Party *)	Total
2016	tUSD	tUSD	tUSD	tUSD
Gross premiums written	37.509	12.336	356	50.200
Gross premium income	48.269	11.949	318	60.536
Gross claims incurred	-10.780	4.718	-265	-6.327
Change in risk margin	2.740	236	-9	2.967
Gross operating expenses	1.402	209	18	1.628
Result of ceded business	-21.955	-12.434	(87)	-34.476
Technical interest	23	8	0	31
Technical profit or loss	19.690	4.686	-16	24.359
Number of claims	27	13	8	48
Average claims size (t.USD)	399	-363	33	132
Claims frequency	7	7	2	4

*) "Marine, Aviation and Transport" includes the insurance areas Marine, Energy, Construction All Risk, Umbrella Liability and Structured Umbrella

"Fire" includes the insurance area Terminals and Property

"Third party" includes the insurance area Liability except Umbrella Liability

18 Sensitivity information

Event

Interest rate increase of 0.7 - 1.0 % point	0	103
Interest rate decrease of 0.7 - 1.0 % point	0	-103
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	188	367

	2017	2016
	Impact on equity	
Interest rate increase of 0.7 - 1.0 % point	0	103
Interest rate decrease of 0.7 - 1.0 % point	0	-103
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	188	367

Notes

19 Financial highlights and key figures

Main figures from the last 5 years.

Main figures	2017	2016	2015	2014	2013
	USD	USD	USD	USD	USD
Gross premium income (including change in premium provisions)	52.426	60.536	74.916	71.643	52.508
Gross claims incurred	-23.043	-3.360	-45.633	-28.360	-33.960
Operating insurance expenses	-1.970	-2.599	-3.000	-2.872	-2.567
Profit or loss of reinsurance	-21.469	-30.249	-12.760	-10.749	-1.711
Insurance technical result	5.980	24.359	13.357	29.784	14.473
Return on investments after insurance technical interest	2.955	2.021	1.223	581	126
Result after tax for the year	6.604	21.349	14.650	24.762	11.401
Run off results, gross	-7.434	9.271	3.673	-813	11.740
Run off results, net	-357	4.096	3.673	-813	11.740
Total technical provisions	74.754	78.729	117.101	79.244	50.057
Total insurance assets	45.763	31.085	18.739	10.173	950
Total equity	176.274	169.670	148.321	138.801	114.039
Total assets	278.878	273.116	266.718	224.111	168.025

Key figures

Gross claims ratio	44	6	61	40	65
Net reinsurance ratio	41	50	17	15	3
Gross expense ratio	4	4	4	4	5
Combined ratio	89	60	82	59	73
Operating ratio	89	60	82	58	73
Relative run off results, gross	-14	12	8	-3	40
Relative run off results, net	-1	5	8	-3	40
Return on equity in per cent	4	13	10	19	11
Solvency coverage Solvency I			11	9	10
Solvency coverage Solvency II* (unaudited)	3	3			

Gross claims ratio

(Claims paid + change in claims provisions) / (gross premium income - bonus and premium rebates) * 100

Net reinsurance ratio

(Profit or loss of reinsurance) / (gross premium income - bonus and premium rebates) * 100

Gross expense ratio

(Operating insurance expenses) / (gross premium income - bonus and premium rebates) * 100

Combined ratio

(The sum of above three key figures)

Operating ratio

(Combined ratio where premium income is added to the allocated return on investments)

Relative run off results

(Run off result compared to claims provisions as at 1 January current year)

Return on equity in per cent

(Result for the year / the average equity) * 100

Solvency coverage Solvency I

(Base capital / capital requirement)

Solvency coverage Solvency II

(Capital available / solvency capital requirement)

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

Financial highlights and key figures for 2017, 2016 and 2015 have been adjusted to the changed accounting policies implemented in 2016, whereas adjustments for the previous years has not been possible.

Board Memberships and other assignments for Board Members

Participation in Boards and Management

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

Jan Kjærvik

Vice Chairman Höegh Autoliners Holdings AS

Board Member Britannia P&I Club

Board Member VP Securities

CEO Sunrise 14 A/S