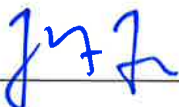


**Global Dental Insurance A/S
Jægersborg Alle 14
2920 Charlottenlund
Central Business Registration No 35804161**

Annual Report 2017

The Annual General Meeting adopted the annual report on 3/4/2018

Chairman of the General Meeting



Jens Steen Jensen

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Company details

Company

Global Dental Insurance A/S

Central Business Registration No: 35804161

Registered in: Gentofte

Internet: www.globaldentalinsurance.dk

E-mail: info@globaldentalinsurance.dk

Board of Directors

Mark Davidson

Goran Mike Jurkovic

Ole Ærthøj

Steen Bo Jørgensen

Laura Linda Czelada

Toby Lincoln Hall

Executive Board

Jesper Kjeldsgaard Haugbølle

Company auditors

Pricewaterhousecoopers

Statsautoriseret Revisionspartnerselskab

Independent Auditor's Report

To the Shareholders of Global Dental 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 Board of Directors.

What we have audited

Global Dental 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 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 Global Dental Insurance A/S on 7 July 2014 for the financial year ending 31 December 2015. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 3 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>
<i>Measurement of provisions for insurance contracts</i>	
The Company's provisions for insurance	We reviewed and assessed the business processes and relevant internal controls implemented by the Compa-

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contracts amount to a total of DKK 17.7 million, which represents 33% of the total balance.

The premium provisions amount to DKK 12.5 million, claims provisions amount to DKK 4.8 million and risk margin amounts to DKK 0.4 million.

Premium provisions are recognised as future payments including payments for administration and claims handling regarding future events for in-force policies. Premium provisions are calculated according to the Danish Financial Supervisory Authority Order on financial reporting requirements for insurance companies, section 69a. The premium provisions are further adjusted to include a best estimate for unexpired risk corresponding to the estimated deficit relating to remaining risk periods of insurance contracts in force at the balance sheet date.

Claims provisions are calculated as the present value of the IBNR 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.

We focused on the measurement of premiums and 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.

Reference is made to the Financial Statements, "Significant accounting estimates, assumptions and uncertainties".

ny regarding premium and claims processing and provisioning.

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 provisions for insurance contracts.

In connection with the audit our own actuaries assessed the actuarial methods and models applied by the Company. We have considered the assumptions applied and the calculations made, including the assumptions relating to the timing and magnitude of future payments. We tested the accuracy and completeness of the data used in the actuary calculations.

For premium provisions we tested the calculation, including the assumptions applied and calculation of amounts provided in respect of unexpired risk included in premium provisions.

For IBNR we tested the calculation, triangles and the data used to underlying documentation.

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.

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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 Cover

Management is responsible for the key figure Solvency Cover, included in Five-year summary in note 15 of the Financial Statements.

As disclosed in Five-year summary in note 15 the key figure is exempt from audit requirement. Accordingly, our opinion on the Financial Statements does not cover the key figure Solvency Cover, 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 Cover 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 Cover 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
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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.

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



Kim Schmidt

State Authorised Public Accountant

mne34552

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Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Global Dental Insurance A/S for the financial year 1 January to 31 December 2017.


The annual report is presented in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority Order on financial reporting requirements for insurance companies.

We consider the adopted accounting policies to be appropriate and in our opinion, the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of its operations for the financial year from 1 January – 31 December 2017.

We believe that the management review contains a fair assessment of the development of the Company's activities and financial position, together with a description of the principal risks and uncertainties that the Company can be affected by.

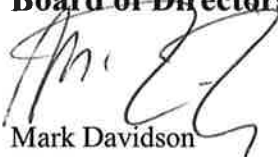
Gentofte, 28 February 2018

Executive Board



Jesper Kjeldsgaard Haugbølle
Chief Executive Officer

Board of Directors



Mark Davidson
Chairman



Steen Bo Jørgensen




Ole Ærthøj



Goran Mike Jurkovic



Laura Linda Czelada



Toby Lincoln Hall

Management commentary

Results

The management is unsatisfied with the negative result but understands that this is a realistic scenario with a startup developing insurance company. The negative result is a result of a strongly growing book of business, the competitive pricing, the volume of claims, which is not abnormal when new groups are introduced to a product like dental insurance and due to the high level of cost of starting up operations. The expectation is that this will normalize in later years. This is not a result from adverse risks. The management believes that once the company has grown to a more mature level the costs will proportionally normalize to a more acceptable level.

The management is satisfied with the premium income growth of 2017, this was mainly achieved thanks to the successful negotiations between Finansforbundet and the banks of a new collective wage agreement, including dental insurance for all bank employees from July 1 2017. The company has been successful in acquiring a substantial number of new clients and is confident about further future developments.

The management is aware that the successful introduction within the banking sector has created substantial awareness among competitors, but the company believes that it will maintain an advantage as dental insurance specialist.

Outlook

Management is encouraged by the adoption of dental insurance as employee benefit by employer groups and expects the company to grow considerably in this segment in 2018 and in the years to come. Research is taking place to investigate the market potential in other countries. The company has spent a lot of effort to prepare itself for the introduction of the EU GDPR in 2018 and the management believes that it is on track and will be ready for the introduction of this new legislation.

Private Market

While the focus has been on the corporate market in 2017, the company is still interested in the private market. The company plans to introduce new product models for this segment in 2018.

Corporate Market

The effort put into developing the corporate market in 2016 has materialized and we have seen a large growth in this segment and expect that this growth will continue. We are confident that the market is showing an interest similar to private health insurance, that dental insurance will become an accepted employee benefit.

Insurance Market

As a specialist in dental insurance and being a member of a group of dental insurance companies in the US with nearly 60 years of experience, GDI, through its sister company Dansk Tandforsikring, is the ideal partner for established, traditional insurance companies.

Customer appreciation

Dansk Tandforsikring's level of service is greatly appreciated by the market, resulting in a 9.5 out of 10 rating, on TRUSTPILOT, an accepted online satisfaction measuring tool. Dansk Tandforsikring receives the highest possible appreciation resulting in a top position within the Danish insurance industry.

Uncertainty relating to recognition and measurement

The statement of the accounted value of certain assets and liabilities is conditioned by applying accounting estimates. The accounting estimates made are based on assumptions which Management finds justifiable but uncertain. The estimates are described further in note 1 – accounting policies.

Unusual circumstances

No unusual circumstances have affected recognition and measurement.

Particular risks

There are some major risks and uncertainties for the company that are described below. The general risks are described further in note 1 – accounting policies.

Insurance risk

Since the product is new on the market the early purchasers are possibly not the healthiest from a risk perspective. This could evolve in adverse selection. Global Dental Insurance does have underwriting procedures and claims controls in place which can decrease this risk. Over time, once the number of policyholders has increased this risk will decrease.

It is uncertain whether the Danish market responds to the marketing activities and to the introduction of the product by purchasing dental insurance. Based on the successful introduction and the adoption of dental insurance by the banking sector this risk seems to become smaller every year.

Another risk is that the subscribers either cancel their policy or decide not to renew their policy, which will impact the gross premium and the growth of the Company. This risk has been noticeable in the first few years through cancellations, but the book of business has stabilized considerably in 2017.

Financial risk

A major financial risk is the interest rate risk. The Danish interest rate is below zero and will possibly increase in the foreseeable future. This will impact our bond portfolio. To protect the company, we have invested in bonds with a short duration. This way, we do not expect major shocks to the value of our portfolio.

Other risks

The level of competition is a major risk. As soon as a market matures it attracts competition. As a specialist the company is fully aware of the current level of competition and it is aware of future potential initiatives. The company believes that it is well equipped through its high level of automation and low cost of handling to maintain a competitive advantage.

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Financial exposure

The financial exposure is limited to the raised capital injected into the Company. There are no other long term commitments.

Intellectual capital resources

The intellectual capital is based on the strength of the relationship with on the one hand the US parent company with a very strong and lengthy position in the US dental insurance market and therefore extensive product and market experience. On top of this the Company enjoys a good relationship with its sister organization Dansk Tandforsikring the market specialist in dental insurance in the Danish market.

Research and development activities

Extensive R&D is done by the parent organization in USA. This ranges from investment in various oral health research activities and product innovations. The Company constantly monitors how this could benefit the Scandinavian market.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Audit committee

The audit committee for Global Dental Insurance A/S consists of the entire board of directors.

Solvency capital requirements

	2017	2016
	DKK	DKK'000
Own funds	32.990.161	39.056
Solvency capital requirement	7.874.993	3.671
Minimum capital requirement	18.612.250	18.750

The above shown capital requirements are measures by the standard formula in accordance with the Danish Financial Business Act.

The management believes that the company's solvency position exceeds the requirements and that the company can meet all its obligations.

Participation in Boards and Management

The members of the Board of Directors and Management participate as Board Members and Management in the following companies:

Mark Davidson

DNS Holding Company, LLC - President & Chief Executive Officer

Dansk Tandforsikring Administration APS (DDI) - Chairman

Global Dental Insurance A/S - Chairman

Steen Bo Jørgensen

Kapitalforeningen Falcon Invest – Board member

Global Dental Insurance A/S – Board member and Chairman of the Audit Committee

Laura Linda Czelada

Renaissance Health Service Corporation - President & Chief Executive Officer

Delta Dental Plan of Michigan, Inc. - President & Chief Executive Officer

Delta Dental Plan of Ohio, Inc. - President & Chief Executive Officer

Delta Dental Plan of Indiana, Inc. - President; Director

Delta Dental Fund - President

GLM Holding Company - President & Chief Executive Officer; Director, Chairperson

Dewpoint, Director - Chairperson

Renaissance Holding Company – President, Director, Chairperson

Renaissance Life & Health Insurance Company of America - Treasurer; Director, Chairperson

Renaissance Health Insurance Company of New York - Vice President; Director, Chairperson

Global Dental Insurance A/S – Board member

Renaissance Family Foundation, Inc. – President, Director

Delta Dental Plans Association - Director

C3 Jian, Inc. – Director

RGL Agency, LLC – Chief Executive Officer

Goran Mike Jurkovic

Renaissance Health Service Corporation – Chief Financial Officer

Delta Dental Plan of Michigan, Inc. – Chief Operating Officer, Chief Financial Officer, Chief Risk Officer

Delta Dental of New Mexico – Chief Financial Officer

Delta Dental of North Carolina – Chief Financial Officer

Delta Dental Plan of Ohio, Inc. - Chief Operating Officer, Chief Financial Officer, Chief Risk Officer

Delta Dental Plan of Indiana, Inc. - Chief Operating Officer, Chief Financial Officer, Chief Risk Officer; Treasurer, Director

Delta Dental Fund - Chief Financial Officer

GLM Holding Company - Chief Financial Officer; Director, Treasurer

Dewpoint, Inc. - Vice President, Director, Secretary

Red Cedar Investment Management, LLC – Chief Executive Officer, Chief Financial Officer, Manager

Chesme, LLC - Manager

Renaissance Holding Company – Chief Financial Officer, Director, Treasurer

Renaissance Life & Health Insurance Company of America – Chief Financial Officer, Chief Risk Officer; Director

Renaissance Health Insurance Company of New York – Chief Financial Officer, Chief Risk Officer; Director, Treasurer

DNS Holding Company, LLC – Chief Financial Officer

Renaissance Dental Network, LLC – Chief Financial Officer, Treasurer

Renaissance Electronic Services, LLC – Chief Financial Officer, Treasurer

Renaissance Family Foundation, Inc. – Chief Financial Officer; Director, Treasurer

RGL Agency, LLC – Chief Financial Officer, Treasurer

Tesia Clearinghouse, LLC – Chief Financial Officer, Treasurer

Global Dental Insurance A/S – Board member

Ole Ærthøj

Hebaru ApS - Chief Executive Officer

APO Invest ApS - Chief Executive Officer

Motivu ApS – Board Member

Safeaway A/S – Board Member

Global Dental Insurance A/S – Board member

Toby Lincoln Hall

Delta Dental Plan of Michigan, Inc. - Senior Vice President & Chief Actuary

Renaissance Health Insurance Company of New York - Director

Dansk Tandforsikring Administration APS (DDI) – Board member

Global Dental Insurance A/S – Board member

Jesper Kjeldsgaard Haugbølle

Dansk Tandforsikring Administration APS (DDI) – Board member

Global Dental Insurance A/S - Chief Executive Officer

Fonden 65-ferie – Chairman

Sankalpa ApS – Chief Executive Officer

Dan Dryer A/S – Chairman

VITUS Reiser A/S – Board member

Income statement for the period from 1 January to 31 December 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Gross premiums	2	34.405.949	10.401
Change in premium provisions		<u>(10.040.738)</u>	<u>(1.128)</u>
Total premium income net of reinsurance		24.365.211	9.273
Insurance technical interest	3	<u>(25.741)</u>	<u>(5)</u>
Claims paid		(17.775.851)	(4.367)
Change in claims provisions		(3.939.464)	(332)
Change in risk margin		<u>(342.625)</u>	<u>(28)</u>
Total costs of claims net of reinsurance		<u>(22.057.941)</u>	<u>(4.727)</u>
Acquisition costs		(6.729.111)	(4.036)
Administrative expenses	4	<u>(2.037.694)</u>	<u>(1.617)</u>
Total insurance operating costs, net of reinsurance		<u>(8.766.805)</u>	<u>(5.653)</u>
Technical result		<u>(6.485.277)</u>	<u>(1.112)</u>
Interest income	5	965.104	954
Value adjustments	6	(381.498)	(910)
Interest paid		(5.296)	(19)
Administration expenses in connection with investment activities		<u>(136.504)</u>	<u>(139)</u>
Total investment return		<u>441.806</u>	<u>(114)</u>
Return and value adjustments on insurance provisions		<u>26.936</u>	<u>5</u>
Investment return after return and value adjustments on insurance provisions		<u>468.742</u>	<u>(109)</u>
Profit or loss before tax		<u>(6.016.535)</u>	<u>(1.220)</u>
Tax		<u>0</u>	<u>0</u>
Profit or loss for the year		<u><u>(6.016.535)</u></u>	<u><u>(1.220)</u></u>
Other comprehensive income		<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>(6.016.535)</u></u>	<u><u>(1.220)</u></u>

Proposed distribution of profit/loss		
Profit or loss for the year	<u>(6.016.535)</u>	(1.220)
Profit or loss available for distribution	<u>(6.016.535)</u>	(1.220)
Profit or loss brought forward	<u>(6.016.535)</u>	(1.220)
	(6.016.535)	(1.220)

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Balance sheet at 31 December 2017

	<u>Notes</u>	<u>31.12.2017</u> <u>DKK</u>	<u>31.12.2016</u> <u>DKK'000</u>
Bonds		39.259.897	35.465
Total investment assets		39.259.897	35.465
Receivables from policyholders		2.278.840	2.257
Receivables from group undertakings		1.084.079	344
Other receivables		2.034.344	2.039
Total receivables		5.397.263	4.640
Cash		7.933.163	5.697
Total other assets		7.933.163	5.697
Interest		252.351	242
Total accruals and deferred income		252.351	242
Total assets		52.842.674	46.044

Balance sheet at 31 December 2017

	<u>Notes</u>	<u>31.12.2017</u> <u>DKK</u>	<u>31.12.2016</u> <u>DKK'000</u>
Share capital equivalent funds	7	42.000.000	42.000
Profit or loss brought forward		<u>(9.009.839)</u>	<u>(2.993)</u>
Total equity		<u>32.990.161</u>	<u>39.007</u>
Premium provisions		12.484.786	2.444
Claims provisions		4.757.850	820
Risk margin		<u>412.290</u>	<u>69</u>
Total provisions for insurance contracts		<u>17.654.926</u>	<u>3.333</u>
Creditors arising out of direct insurance operations		34.031	1.721
Amount payable to group undertakings		17.320	6
Other payables	8	<u>590.015</u>	<u>309</u>
Debt		<u>641.367</u>	<u>2.036</u>
Accruals and deferred income		<u>1.556.221</u>	<u>1.668</u>
Total equity and liabilities		<u>52.842.674</u>	<u>46.044</u>
Accounting policies	1		
Other notes	2-15		

Statement of changes in equity for 2017

	Share capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity at 1.1.2016	42.000.000	(1.731.035)	0	40.268.965
Effect of new executive order on accounting	0	(41.866)	0	(41.866)
Adjusted equity at 1.1.2016	42.000.000	(1.772.901)	0	40.227.099
Profit/loss for the year	0	(1.220.403)	0	(1.220.403)
Other total income	0	0	0	0
Total income	0	(1.220.403)	0	(1.220.403)
Equity at 31.12.2016	42.000.000	(2.993.304)	0	39.006.696
Equity at 1.1.2017	42.000.000	(2.993.304)	0	39.006.696
Profit/loss for the year	0	(6.016.535)	0	(6.016.535)
Other total income	0	0	0	0
Equity at 31.12.2017	42.000.000	(9.009.839)	0	32.990.161

Own funds equals equity.

Solvency capital requirement equalling the minimum capital requirement amounts to DKK 18.6 million.

Notes

1. Accounting policies

This annual report is presented in accordance with the provisions of the Danish Financial Business Act and the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession specific pension funds.

The accounting policies are unchanged according to last year.

General information

The annual report is presented in DKK.

Accounting estimates

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

The statement of the accounted value of certain assets and liabilities is conditioned by applying the accounting estimate. The estimates made are based on assumptions which Management finds justifiable but uncertain. The statement of the insurance provisions is in particular connected to estimates. These estimates are described in more details in the below-mentioned under the individual accounting items.

Significant accounting estimates, assumptions and uncertainties

The calculation of the accounting value of certain assets and liabilities is determined on the basis of certain specific assumptions that imply the use of accounting estimates and assumptions. These estimates and assumptions are made by management in accordance with accounting policies and based on historical experience and assumptions which management considers to be true and fair.

Due to the nature of the estimates, the assumptions used may prove incomplete and furthermore unexpected future events or circumstances may arise. As a result a third party can reach other estimates.

In Global Dental Insurance A/S, risk management takes the form of the Board of Directors assessing and deciding on all relevant risks in accordance with the rules set out in the Danish Financial Business Act and the Danish Companies Act. These risks are both of a financial and an operational nature. The company has prepared policies and guidelines in all key areas with a view to managing these risks.

Relevant risks primarily relate to insurance risk, credit and counterparty risk, market risk and operational risk.

Notes

Insurance risk

Insurance risk is assessed on the basis of general principles for the key insurance risks that the company may accept based on the prepared policies and guidelines for risk acceptance (acceptance policy).

Part of the risk naturally relates to the assessment of claims provisions. GDI makes extensive use of technical assistance from professional dentists when determining and assessing claims and underwriting.

Determination of the carrying amount of claims provision is related to estimates that relate mainly to the historical technical data. The determination of the various assumptions is based on recognized actuarial calculations, which by nature are difficult. This means that the measurement of claims provisions is naturally subject to uncertainty.

Financial risks

Market risk is assessed taking into account the set investment policy according to which it is the company's policy to manage invested funds with a low risk profile. Investments are mainly placed on short-term deposit or invested in Danish bonds with short remaining maturities. The company monitors developments in the financial market on an ongoing basis, through reporting from the company's brokers.

Credit and counterparty risk

The company's credit and counterparty risk primarily relates to receivables from policyholders and group undertakings connection with the insurance contracts and cash deposits in banks. In order to limit the counterparty risk the company's investment policy specify limits on the size of deposits in each individual bank.

Operational risk

Operational risk is monitored and mitigated on an ongoing basis through prepared policies and procedures that are controlled and updated.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Notes

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described below.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses.

Profit and loss account

Premium, net of reinsurance

Premium income consists of the premiums collected for the year, adjusted for movements in the unearned premium provision.

Insurance technical interest

The interest yield is calculated on the basis of the year's average net premium provisions. The year's average rate for EIOPAs risk free term structure without volatility adjustment is used as the rate of interest.

Claims incurred, net of reinsurance

Claims incurred consist of the claims paid together with direct and indirect costs for claims handling, adjusted for movements in the outstanding claims reserve.

As a result, claims incurred consist of reported and expected claims for the accounting year. Furthermore, run-off gains or losses on previous years' provision for outstanding claims are included in claims incurred. The portion of the increase of the provisions that relates to reduction of term and changes in provision of claims due to changes in the yield curve and exchange rates are recognized as a value adjustment.

Insurance operating costs, net of reinsurance

Deferred expenses for the acquisition and management of the Company's portfolio of insurance contracts are included in operating expenses. The item includes the corresponding share of staff costs, commissions, marketing expenses, rent, expenses for stationary and office supplies.

Notes

The proportion of operating expenses attributable to the acquisition and renewal of the portfolio of insurance contracts is included in 'Acquisition costs'. Acquisition costs are recognized at the time of commencement of the insurance contracts.

Commissions received from reinsurers are accrued over the period of cover of the insurance contracts.

Investment return

Interest and interest-related income from bonds, other securities, loans and receivables, dividends on equity investments, are recognized in interest income and dividends, etc.

Total value adjustments, including currency translation adjustments as well as net gains and losses from the sale of assets falling within the group of investments in the balance sheet, are recognized as value adjustments.

Change in the provision for outstanding claims, net of reinsurance, resulting from changes in the discount rates used is also recognized.

Interest on and interest-related expenses in connection with payables and liabilities are recognized as interest expenses.

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

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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

Notes

Balance sheet

Bonds

Listed bonds and capital investments are stated at the price listed at closing time on the date of the balance sheet. However, drawn bonds are stated at fair value.

The settling day is used as the time of calculation for all investment assets.

Receivables

Receivables are measured at amortized cost, usually equalling nominal value less provisions for bad debts.

Equity

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Provisions for insurance contracts

Provisions for insurance contracts are recognized as future payments including payments for administration and claims handling regarding future events for in-force policies. However, as a minimum to the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any variations in the incidence of risk.

The provisions for insurance contracts are recognized, taking into account, the deductions for direct acquisition costs.

If the company's portfolio is expected to be loss-making as a result of claims expenses occurring after the balance sheet date, the premium provisions shall include an amount to cover the loss to be calculated taking into account the risk margin. This amount is subsequently referred to as provision for unpaid risk.

Risk margins are distributed between premium and compensation provisions based on expected payments. Provision for unearned risk is calculated as the part of the expected payments + the provision of premiums on the risk margin, which exceeds the premium provisions calculated by pro rata temporis. The expected payments on premium provisions are calculated gross of acquisition costs and based on an expected loss ratio for future claims.

Provisions for claims

Provisions for claims include direct and indirect claims handling costs arising from events that have occurred up to the balance sheet date. Provisions for claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Notes

Provisions for claims are discounted. The future payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority.

Other financial liabilities

Other financial liabilities are measured at amortized cost which usually corresponds to nominal value.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Notes

	<u>2017</u>	<u>2016</u>
2. Lines of business		
The Company only provides health insurance in Denmark		
Total claims	27.783	8.608
Average claims	789	566
Claims frequency	0,9	1,8
3. Insurance technical interest		
Average premium provisions	<u>7.500</u>	<u>2.118</u>
Insurance technical interest	(26)	(5)
	<u>2017</u>	<u>2016</u>
	<u>DKK</u>	<u>DKK'000</u>
4. Administration expenses		
Salaries and wages	341.186	298
Other social security costs	<u>54.596</u>	<u>46</u>
	<u>395.782</u>	<u>344</u>
Total remuneration* for:		
Executive board (Tim Werner Hansen)		<u>74</u>
Board of directors (Ole Ærthøj)	<u>20.000</u>	<u>0</u>
Executive board (Jesper Kjeldsgaard Haugbølle)	<u>189.336</u>	<u>110</u>
Board of directors (Steen Bo Jørgensen)	<u>136.667</u>	<u>114</u>
Average number of employees	<u>1</u>	<u>1</u>
*) The remuneration is in line with the company's policy for remuneration in accordance with Executive Order No. 1583 of 13 December 2016 on wage policy and remuneration of insurance companies and insurance holding companies.		
Total fees paid to auditor appointed by the Company at the general meeting:		
Statutory audit	78.000	159
Fee for tax advisory	0	0
Fee for other assurance engagements*	12.000	0
Fee for other services	<u>0</u>	<u>0</u>
	<u>90.000</u>	<u>159</u>
*) PwC has in 2017 not performed other services		
5. Interest income and dividends		
Interest income	<u>965.104</u>	<u>954</u>
	<u>965.104</u>	<u>954</u>

Notes

	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK'000</u>
6. Value adjustments		
Realized gains/loss bonds	(3.157)	(411)
Unrealized gains/loss bonds	<u>(378.341)</u>	<u>(499)</u>
	<u>(381.498)</u>	<u>(910)</u>

7. Share capital

The share capital consists of 42.000 shares at 1.000 kr.

The shares have not been divided into classes.

Changes in share capital in the past five financial years:

Share capital at 13 March 2014	500.000	500
Capital increase 1 December 2014	<u>41.500.000</u>	<u>41.500</u>
Share capital at 31.12.2018	<u>42.000.000</u>	<u>42.000</u>

8. Other debt

Wages and salaries, personal income taxes, social security costs, etc payable	25.092	2
Other costs payable	<u>564.923</u>	<u>177</u>
	<u>590.015</u>	<u>179</u>

9. Recourse guarantee commitments and contingent liabilities

none

10. Related parties

Related parties with a controlling interest

The following related parties have a controlling interest in Global Dental Insurance A/S:

Name	Registered office	Basis of influence
DNS Holding Company, LLC	Okemos, Michigan, USA	100% owner
Mark Davidson	Okemos, Michigan, USA	Chairman
Steen Bo Jørgensen	Copenhagen, Denmark	Member of the board
Laura Linda Czelada	Okemos, Michigan, USA	Member of the board
Goran Mike Jurkovic	Okemas, Michigan, USA	Member of the board
Toby Lincoln Hall	Okemos, Michigan, USA	Member of the board
Ole Ærthøj	Copenhagen, Denmark	Member of the board
Jesper Kjeldsgaard Haugbølle	Copenhagen, Denmark	Chief Executive Officer

Notes

All transactions between related parties and Global Dental Insurance A/S have been conducted at arm's length.

13. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

DNS Holding Company, LLC, Okemos, Michigan, USA (TIN 46-4534401)

14. Consolidation

Global Dental Insurance A/S is included in the consolidated financial statements of DNS Holding Company LLC.

15. Five-year summary

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Gross premiums earned</i>	24.365.211	9.272.609	2.613.539	0
<i>Gross claims incurred</i>	(22.057.941)	(4.727.302)	(1.699.131)	0
<i>Total operating expenses</i>	(8.766.805)	(5.652.570)	(1.843.643)	(108.659)
<i>Result of reinsurance (-=net cost)</i>	0	0	0	0
<i>Underwriting result</i>	(6.485.277)	(1.112.331)	(932.880)	(108.659)
<i>Profit/loss of investment after transfer of technical interest</i>	468.742	(108.071)	(743.644)	22.651
<i>Profit for the year</i>	(6.016.535)	(1.220.403)	(1.699.165)	(73.737)
<i>Gross run-off profit/loss</i>	1.212	197.304	0	0
<i>Run-off profit/loss, net of reinsurance</i>	1.212	197.304	0	0
<i>Assets and Liabilities at</i>				
<i>Insurance assets</i>	0	0	0	0
<i>Technical provisions</i>	17.654.926	3.333.293	1.845.678	0
<i>Capital and reserves at year-end</i>	32.990.161	39.006.696	41.072.173	41.936.263
<i>Total assets</i>	52.842.674	46.043.616	42.917.851	42.034.922
<i>Key figures</i>				
<i>Gross claims ratio</i>	90,5%	51,0%	65,0%	-
<i>Gross expense ratio</i>	36,0%	61,0%	70,5%	-
<i>Reinsurance ratio</i>	0%	0%	0%	-
<i>Combined ratio</i>	126,5%	111,9%	135,0%	-
<i>Operating ratio</i>	126,6%	112,0%	135,7%	-
<i>Relative run-off result</i>	0,15%	0%	0%	-
<i>Return on capital and reserves</i>	-16,71%	-3,03%	-4,13%	-0,18%
<i>Solvency cover*</i>	177%	208%	216%	N/A

*) Solvency cover in 2015 are ratio between base capital and the Solvency I requirement. Solvency cover in 2016 and 2017 is the ratio between own funds and the solvency capital requirement (Solvency II) and is exempt from the requirement for auditing and thus not audited.

16. Risk and sensitivity information

Financial risks

In terms of the result the Company is sensitive towards the development in the prices of bonds. The Board of Directors determines and approves the overall policy for investment risk and determine the overall risk framework and the reporting.

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Notes

Insurance risks

Insurance risks include the acceptance of risks on a direct basis, issuance of policies and claims management. The Board of Directors determines and approves the overall policy for risk assumption and determines the overall risk framework and the reporting.

Event

	Impact on equity	
	2017	2016
Increase in interest rate of 0,7-1,0 percentage point	(573.862)	(682.402)
Decrease in interest rate of 0,7-1,0 percentage point	573.682	682.402
Price decrease of 12% on shares	0	0
Decrease in real estate of 8%	0	0
Exchange rate risk (VaR 99.5 pct.)	0	0
Loss of contracting parties of 8%	(198.875)	(137.418)

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