

EUROPÆISKE REJSEFORSIKRING A/S

ANNUAL REPORT AND ACCOUNTS

2003

**Europæiske Rejseforsikring A/S
3, Frederiksberg Allé
1790 Copenhagen V
DENMARK**

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COMPANY NAME

EUROPÆISKE REJSEFORSIKRING A/S

3, Frederiksberg Allé
DK 1790 Copenhagen V

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

BOARD OF DIRECTORS:

Franz-Josef Biesel (Chairman), Thomas Doyle,
Helmut Pritscher, *Anne Manniche, *Yvonne Hansen

*Elected by the staff

BOARD OF MANAGEMENT:

Preben Mullit, Managing Director

COMPANY AUDITORS:

Deloitte.
Statsautoriseret
Revisionsaktieselskab
Erik Holst Jørgensen and Birger Berg Nielsen

KPMG C. Jespersen
Statsautoriseret
Revisionsinteressentskab
Per Gunslev and Ole Karstensen

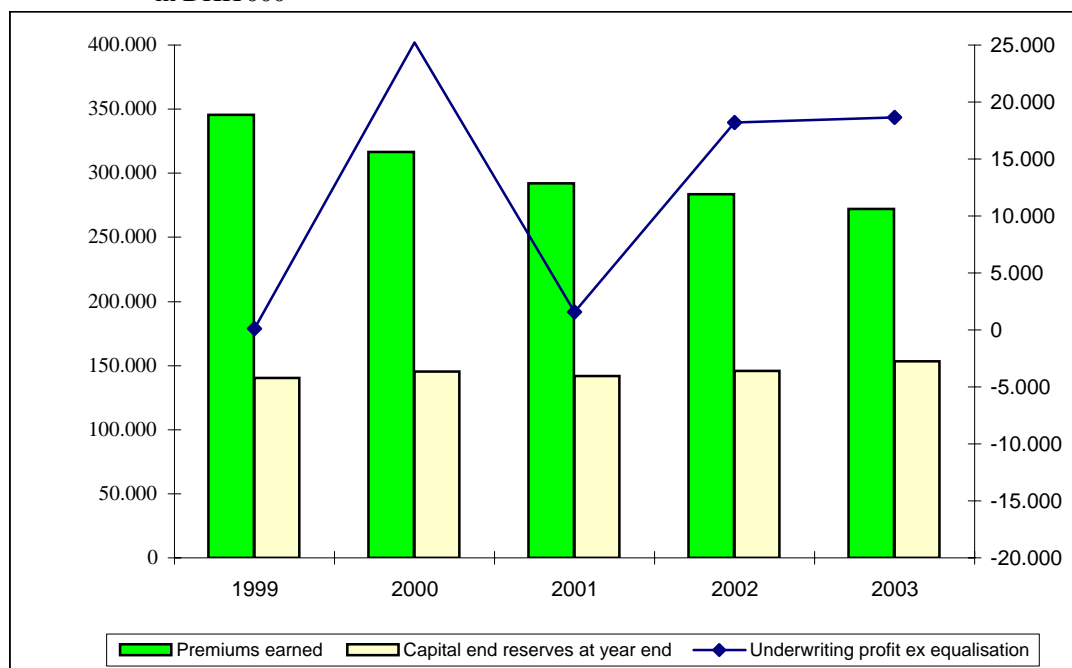
Five-year review

in DKK'000

Europæiske Rejseforsikring A/S

Key figures	1999	2000	2001	2002	2003
Written premium	440.923	413.802	370.989	364.115	344.740
Earned premiums, net of reinsurance	345.458	316.447	292.145	283.707	272.004
Claims incurred, net of reinsurance	156.628	152.994	154.624	135.515	128.512
Net operating expenses, net of reinsurance	193.168	144.652	141.209	134.023	126.956
Adjustment of equalisation provision	15.000	0	5.300	0	0
Underwriting profit/loss	15.103	25.225	6.888	18.230	18.664
Underwriting profit/loss exclusive of equalisation provision	103	25.225	1.588	18.230	18.664
Profit/loss of investment after transfer of technical interest	3.738	8.515	7.363	12.407	8.000
Profit for the year	2.443	15.650	3.705	16.023	14.825
Gross run-off profit/loss	7.649	-4.867	-3.208	-1.045	5.430
Run-off profit/loss, net of reinsurance	14.543	4.452	7.749	7.392	1.655
Technical provisions	136.583	145.672	128.786	129.223	128.307
Capital and reserves at year-end	140.199	145.148	141.854	145.877	153.202
Total assets	338.288	344.019	330.598	341.284	341.701
Claims rate, net of reinsurance	45,34%	48,35%	52,93%	47,77%	47,25%
Burden rate, net of reinsurance	55,92%	45,71%	48,34%	47,24%	46,67%
Return on capital and reserves	1,76%	10,97%	2,58%	11,14%	9,91%
Solvency cover	2,21	2,45	2,80	2,88	2,95

in DKK'000



ANNUAL REPORT FOR 2003

About Europæiske

Europæiske Rejseforsikring A/S' primary business area is sale of travel insurance either in the form of trip-by-trip insurance or annual insurance in connection with our customers' holiday and business trips, or stationing abroad. We offer assistance, covers of claims and related services everywhere in the world.

Our vision is to supply the customers with the best quality in Denmark at a competitive price. This is why we aim at an efficient organisation with professional employees with focus on the customer's need for security and safety.

Europæiske's Network

In more than 80 years a well-developed international network has been our principal basis. A basis, which concurrently is adjusted and expanded in step with the development in the travel market, matching the travelers' needs. Our strength lies in Europæiske's ownership and control of all essential elements in the network. This enables us to have direct control of the quality.

Europæiske's own alarm-centre Euro-Alarm

Euro-Alarm is Europæiske's own alarm centre, which is manned 24 hours a day with international, multi-lingual assistant coordinators and doctors. This ensures our customers the best possible service before, during and after the journey. Euro-Alarm has thorough knowledge of treatment and hospital standards all over the world. An important tool for this is our Information Service Centre (ISC). ISC is a vendor database developed and updated by Euro-Alarm. This information is checked on a continuous basis by visits to the hospitals and to physicians etc. At the end of 2003 ISC had mapped more than 65,000 medical suppliers.

In Euro-Alarm a Danish medical emergency service has been established. This means that Europæiske's customers during traveling – all the 24 hours 365 days during the year – can call Europæiske's Danish medical emergency service with questions on for instance medicine and treatment prescribed by the treating physician at the destination. This way the international traveler will have a Danish doctor "at his side" when traveling and in case of stationing abroad.

Europæiske's International Service Offices, Euro-Centres

The local anchorage of our network is Europæiske's service offices abroad, the Euro-Centres. They are the entry to the regional area in which they are located. Therefore the Euro-Centres are located at destinations with a large concentration of travelers or at destinations with a special need for support. As a minimum there is a Euro-Centre in every continent. The Euro-Centre staff is Scandinavian employees with strong ties to the local population and culture. Generally each employee has lived in the country for many years and speaks the local language.

For the traveler this means that the Euro-Centres are the place to contact if the person is robbed or becomes ill during traveling. Hence, the Euro-Centres function as Euro-Alarm's extended arm in the world.

Administration of the Public Health Travel Insurance Scheme "The yellow Card"

Europæiske has handled the Public Health Travel Insurance Scheme for 30 years. In 2002 the Scheme was put out for public tender. Europæiske won the public tender round and regards the result as a confirmation of our market leading position within travel insurance in Denmark. About 50,000 Danes need assistance from the Scheme annually and it comprises for instance free medical assistance and repatriation.

New Products and Extended Services

As the market leader Europæiske is always aiming at being at the forefront with product development and new services for our customers. In 2003 Europæiske introduced WorldRescue® a new cover extending our customers the possibility of evacuation in case of acts of terrorism or outbreaks of contagious diseases. In addition Europæiske places at disposal a professional crisis intervention team at the scene of the accident in case of major natural disasters or acts of terrorism, involving several insured persons. The product has been developed to meet our customers demand for security based on the recent international unrest in a world much more influenced by terror than previously. WorldRescue® has been developed in cooperation with the Ministry of Foreign Affairs.

Also in our International Health Care Insurance, a product especially directed at persons stationed abroad, we have accommodated the customers' larger demand for security, by extending the cover with the new WorldRescue®, VIP Portal and other services – combined in such a way that we can offer individual insurance solutions with a number of services.

Last year we introduced new services for our business travelers and persons stationed abroad, i.a. a psychological hotline service and a security service for employees exposed to either hijacking or kidnapping during business traveling. Both services render psychological assistance to persons stationed abroad and to business travelers. Europæiske's hotline is manned by psychiatrist, psychologists and other professionals with many years' experience from Europæiske's emergency assistance team. The hotline is open 24 hours a day 365 days a year. In 2003 these services were extended by a special online service – Europæiske's "Voyager Information Portal" – VIP www.vip-online.com. Here we have gathered Europæiske's knowledge about risk assessments, health, vaccinations and hospitals. The "People Locator Tool" can help you build a social network at your destination, and via "People to People" you can share your experiences. In addition, VIP contains a great deal of general information about different countries. VIP is available in English.

In 2003 we introduced a new product called Annual Travel Insurance Camping to meet the growing interest in camping holidays. The new product covers the car, the caravan or trailer tent, it offers for example a replacement car before departure, replacement caravan or trailer tent before departure, replacement car during the trip, extra expenses for accommodation. It also gives access to assistance 24 hours a day in case of illness or injury.

In 2003 there has been a large increase in the sale of travel insurance via our homepage www.europaeiske.dk. Besides purchase of travel insurance both leisure and business travelers can report claims on-line.

The year 2003

2003 has been influenced by the war in Iraq and the SARS epidemic. This has primarily had a negative impact on the level of overseas traveling activity. As a consequence Europæiske has had a decrease in the earned premiums of 5% compared to 2002.

The course of claims for 2003 has been very satisfactory. The claims ratio has decreased for gross claims incurred as well as for claims net of reinsurance by 4% and 0.5% respectively. This is in spite of considerably increased hospital expenses in connection with very serious illness cases especially in USA, where some courses of illness meant compensations of up to DKK2.8m.

Interest and dividends etc. for 2003 are DKK4.7m lower than the year before, which is due to a lower interest level in 2003, and that the portfolio of bonds has decreased by approximately DKK20m.

Europæiske Rejseforsikring A/S owns 67% of the share capital in Euro-Alarm A/S, which handles our repatriation and assistance cases. In addition, Euro-Alarm A/S handles repatriation and assistance cases for Europeiska Försäkringsaktiebolaget, Sweden, Europeiske Rejseforsikring A/S, Norway, and a number of cases for Eurooppalainen Oy, Finland. The annual accounts of Euro-Alarm A/S for 2003 show a profit of DKK1.0m of which our share is just under DKK0.7m.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, Evropská Cestovní Pojistovna a.s., which sells products on the Czech market based on the Danish concept. In 2003, the company wrote a gross premium corresponding to DKK32m. The company's annual accounts show a profit of DKK2.2m, which is regarded satisfactory. Our share of the annual profit is DKK1.7m.

Annual accounts 2003

The net profit for 2003 is DKK14.8m compared to DKK16.0m in 2002.

The result of business ceded shows an expense for Europæiske Rejseforsikring A/S of DKK9.5m against an income of DKK3.1m in 2002, which is tantamount to a decrease of our underwriting result of about DKK13m compared to 2002. The decrease is primarily due to the negative run-off result on business ceded in 2002 together with the strengthening of the reserves on ceded business to counteract this in the future, which totally meant an income for Europæiske in 2002 on business ceded.

The underwriting result in 2003 shows a profit of DKK18.7m against DKK18.2m in 2002.

Gross premiums written amount to DKK344.7m against DKK364.1m in 2002, a decrease of DKK19.4m.

Gross claims incurred amount to DKK164.2m against DKK184.9m in 2002, a decrease of DKK20.7m. The gross claims ratio is 47.9% against 52.0% in 2002.

The claims incurred, net of reinsurance, amount to DKK128.5m against DKK135.5m in 2002, a decrease of DKK7.0m.

The claims ratio, net of reinsurance, is 47.3% against 47.8% in 2002.

The administration expenses amount to DKK91.8m against DKK91.1m in 2002.

Acquisition costs amount to DKK61.8m against DKK69.6 in 2002.

The expense ratio, including acquisition cost and commission of business ceded is 46.8% against 47.2% in 2002. The acquisition cost ratio alone is 18.0% against 19.5% in 2002. The combined ratio (total costs measured in relation to earned premiums) is 94.4% against 95.4% in 2002.

The result from affiliated companies shows a profit of DKK2.3m against a profit of DKK1.7m in 2002. This result consists mainly of a profit of DKK1.7m from Evropská Cestovni Pojistovna A.S. , Czech Republic and a profit in Euro-Alarm A/S, Denmark of DKK0.7m.

Interest income, dividends etc. for the year amount to DKK5.9m against DKK10.6m in 2002.

Net capital gain for the year amounts to DKK2.1m against DKK2.0m in 2002. The development in 2003 is primarily caused by a positive development in the market value of bonds.

The result of investment activities before transfer of technical interest amounts to a profit of DKK11.4m against a profit of DKK17.4m in 2002.

Other ordinary net expenses have decreased by DKK2.0m, which primarily is caused by increased revenue from the administration scheme regarding the Public Health Travel Insurance Scheme.

As of December 31, 2003 the company's total capital and reserves amount to DKK153.2m after provision for dividend of DKK6m out of its total assets of DKK341.7m.

Ownership

Europæiske Rejseforsikring A/S is a 100% owned subsidiary of European International Holding A/S, 3, Frederiksberg Allé, Copenhagen, Denmark.

European International Holding A/S is a 100% owned subsidiary of Europäische Reiseversicherung AG, Munich, Germany.

Europäische Reiseversicherung AG, Munich, is a 100% owned subsidiary of Munich Re, Munich, Germany.

Consolidation

The following companies are affiliated to Europæiske Rejseforsikring A/S:

	Amount in DKK'000			
Subsidiaries:	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital & Reserves</u>
Euro-Alarm A/S	Copenhagen	Assistance	66.66%	3,480
Evropská Cestovni Pojistovna a.s.	Czech Republic	Insurance	75.00%	28,140
ESK a.s.	The Slovak Republic	In the process of winding up	100.00%	115
Associated companies:				
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	7,328

Outlook

No events have occurred subsequent to the balance sheet date, which would have a material influence on the financial position of the company or its subsidiaries.

The profit in 2004 is expected to be at a slightly lower level compared to 2003, as the same favorable course of claims cannot be expected for 2004.

Appropriation of profit

Available for appropriation:

Amount in DKK'000	2003	2002
Profit for the year	14,825	16,023
Transferred from reserves	<u>20,877</u>	<u>16,854</u>
	<u>35,702</u>	<u>32,877</u>

Which amount is recommended to be allocated as follows:

	2003	2002
To Shareholders	7,500	12,000
Transferred to reserves	<u>28,202</u>	<u>20,877</u>
	<u>35,702</u>	<u>32,877</u>

ACCOUNTING POLICIES APPLIED

General

The Annual Accounts have been prepared in accordance with the Danish Insurance Operations Act with the appurtenant Executive Order on the presentation of annual accounts of non-life insurance companies.

The accounting policies are unchanged from last year.

Intercompany transactions

The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on inter-company accounts is the market rate when these accounts are not considered current business accounts.

Other services (including reinsurance) rendered as part of ordinary insurance operations to and from inter-company customers are settled at market rates.

Inter-company trading in assets, including securities, is conducted at market prices. No significant inter-company trading has taken place during the accounting year.

Consolidated accounts

The company has chosen not to prepare consolidated accounts in accordance with Section 8 of the Executive Order on the presentation of consolidated accounts, as the company's ultimate parent company, Munich Re, prepares consolidated accounts in which the company and its subsidiaries are included.

PROFIT AND LOSS ACCOUNT

RESULT OF INSURANCE OPERATIONS

Premium income, net of reinsurance

Premium income, net of reinsurance consists of the premiums collected for the year less ceded reinsurance premiums, adjusted for movements in the unearned premium reserve corresponding to an accrual of the premium for the duration of the cover.

Technical interest, transferred from non-technical account

The technical interest, transferred from non-technical account consists of a calculated interest yield from insurance operations, which results from the time difference between in and outgoing payments.

The interest yield is calculated on the basis of the year's average net technical reserves. The year's average rate for short-maturity bonds is used as the rate of interest.

Claims incurred, net of reinsurance

Claims incurred, net of reinsurance consist of the claims paid during the year less reinsurance recoveries, adjusted for movements in the outstanding claims reserve.

As a result, claims incurred, net of reinsurance consist of reported and expected claims for the accounting year. Furthermore, the difference (run-off result) between the claims incurred and reserved in prior years and the claims reserve at the beginning of the accounting year is included.

Net operating expenses

The share of net operating expenses, which results from the acquisition, and renewal of the insurance portfolio, is recorded under "Acquisition cost". The acquisition cost is adjusted for movements in deferred acquisition cost.

RESULT OF INVESTMENT BUSINESS**Income from land and buildings**

Income from land and buildings includes the operating results of real estate exclusive of interest charges and revaluations, which are found under the relevant entries.

These operating results include an estimated rental income, which is calculated on the basis of market rates, corresponding to the company's own use of the real estate. An equivalent amount is charged to expenditure under "Administrative expenses".

Interest and dividends etc.

The investment result includes interest earned in the accounting year, profits from realized securities, as well as dividends received on shareholdings.

Gains and losses from investment assets

Realized as well as unrealized gains or losses from the sale and/or price adjustment of securities and real estate and realized and unrealized exchange rate gains or losses are included in the investment result.

Capital gains or losses on securities are calculated as the difference between the sales price and the book value at the beginning of the accounting year or the acquisition cost if the securities sold were acquired in the accounting year under review.

Exchange rate adjustments

All balance sheet entries denominated in foreign currencies are converted into Danish kroner using the exchange rate on the balance sheet date.

OTHER ITEMS**Other ordinary income and expenditure**

Other ordinary income and expenditure contain income and expenses on administration agreements, which cannot be attributed to the insurance portfolio.

Taxation

Tax on the profit for the year is calculated on the basis of the profit for the year before tax, adjusted for non-taxable income and expenditure.

The company is jointly taxed with certain group companies. Full inter-company tax equalisation is effected so that the company pays for the utilisation of contingent negative taxable income from the parent company and the company is refunded by the parent company for its utilisation of contingent taxable deficits of the company.

Current taxes are calculated on the basis of the payment-on-account tax scheme.

Deferred taxes are provided for with 30% on all time differences between the result reported in the annual accounts and the result reported in the tax return, and between the book value and taxable value of the company's intangible assets, investment assets, operating equipment, deferred acquisition costs and debts to mortgage institutes. If deferred tax constitutes a tax asset, it is entered in the assets, if it is most probably that it can be used in the future. The calculated deferred taxes have been discounted in the light of the expected taxation periods of the taxable assets. The tax liable on the contingency reserve (contingent tax) is not provided for in the balance sheet but is disclosed in a note to the Annual Accounts.

BALANCE SHEET

Intangible assets

The assets are valued at the acquisition costs with deductions of the depreciation. A straight-line depreciation is applied based on the following assessment of the assets expected useful lifetime:

Software	3-5 years
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Land and buildings

Land and buildings, including the property used by the company, is stated using the Supervisory Authority's directions on the valuation of real estate. The building at 3, Frederiksberg Allé that constitutes most of the total net asset value, is mainly used as the company's head-office. The building has been assessed at its market value on the basis of the building's estimated operating profit for the subsequent accounting year and a rate of return fixed by the management.

Capital holdings (shares) in affiliated and associated companies

Shareholdings are stated at their equity value using the equity method. As a result, the shareholdings are shown in the balance sheet as the pro rata share of the companies' equity value, and the company's share of the result is included in the profit and loss account under "Result of investment business".

The proportion of the total net revaluation entered in the profit and loss account which is not distributed as dividends, is transferred to a special reserve for such revaluations within shareholders' funds. This reserve may not be distributed as dividend.

Other financial assets

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 par.

Unlisted capital investments are stated as the estimated market value, based on the last available annual accounts of the company in question.

Secured loans are stated as the estimated market value at the balance sheet date.

Debtors

Debtors are stated net of a bad debt reserve calculated on the basis of an individual assessment of the debtors.

Operating equipment

The assets are stated at acquisition cost less depreciation. Depreciation is performed on a straight-line basis from the following assessment of the assets' expected useful lifetime:

Furniture and other operating equipment	5 years
Computer hard and software	3-5 years
Motor vehicles	5 years

TECHNICAL RESERVES

Provisions for unearned premium, net of reinsurance

Provision for unearned premium, net of reinsurance is calculated using the pro rata temporis method and accounts for that part of the premium which corresponds to insurance cover in the subsequent accounting year.

Claims outstanding, net of reinsurance

The claims outstanding, net of reinsurance, consist of provisions for reported, but not yet settled claims, incurred but not yet reported losses, and claims which may be reopened or which are otherwise subject to some uncertainty.

Equalisation provisions

These consist of provisions to cover claims on medical insurance, with a view to eliminating the effect of future fluctuations in claims incurred due to major loss occurrences.

Other technical provisions

These provisions cover the risk of increase in age and are made when the natural premium is not collected, and when the risks covered increase with the age of the insured.

Profit and loss account

Note	in DKK'000	<u>2003</u>	<u>2002</u>
	<i>Earned premiums</i>		
1	Gross premiums written	344.740	364.115
	Ceded reinsurance premiums	-68.539	-80.376
1	Change in the gross provision for unearned premiums	-1.006	-7.438
	Change in the provision for unearned premiums, reinsurers' share	-3.191	7.406
	Premium income, net of reinsurance	<u>272.004</u>	<u>283.707</u>
2	Technical interest, transferred from non technical account	<u>3.373</u>	<u>5.031</u>
	<i>Claims incurred</i>		
	Gross claims paid	175.241	162.544
	Reinsurance recoveries received	-40.392	-26.565
	Change in the gross provision for claims	-11.079	22.376
	Change in the provision for claims, reinsurers' share	4.742	-22.840
	Claims incurred, net of reinsurance	<u>128.512</u>	<u>135.515</u>
	Change in other technical provisions, net of reinsurance	<u>1.244</u>	<u>970</u>
	<i>Net operating expenses</i>		
3	Acquisition costs	61.764	69.567
4	Administrative expenses	91.808	91.088
	Reinsurance commissions and profit participation	-26.617	-26.632
5	Total net operating expenses, net of reinsurance	<u>126.956</u>	<u>134.023</u>
	Change in equalisation provision (income)	<u>0</u>	<u>0</u>
6	UNDERWRITING RESULT	<u>18.664</u>	<u>18.230</u>
	<i>Income from investment assets</i>		
7	Income from affiliated companies	2.329	1.739
	Income from associated companies	-415	-87
	Income from land and buildings	3.904	4.146
8	Interest and dividends etc.	5.880	10.621
9	Gains realised on investment assets, net	2.382	2.103
	Total income from investment assets	<u>14.080</u>	<u>18.521</u>
9	Unrealised gains on investment assets	<u>422</u>	<u>484</u>
	<i>Investment charges</i>		
	Administrative expenses on investments	319	257
	Interest expenses	1.019	669
9	Losses realised on investment assets, net	631	0
	Total investment charges	<u>1.969</u>	<u>926</u>
9	Unrealised losses on investment assets	<u>0</u>	<u>568</u>
	Exchange rate adjustments	<u>-1.160</u>	<u>-72</u>
	Profit of investments before transfer of technical interest	11.373	17.438
	Transferred to technical account as technical interest	<u>-3.373</u>	<u>-5.031</u>
	TOTAL PROFIT OF INVESTMENTS	<u>8.000</u>	<u>12.407</u>
10	Other ordinary income	26.239	20.853
10	Other ordinary expenses	32.664	29.407
	ORDINARY PROFIT BEFORE TAX	<u>20.239</u>	<u>22.083</u>
11	Tax	5.414	6.059
	PROFIT FOR THE YEAR	<u><u>14.825</u></u>	<u><u>16.023</u></u>

Balance Sheet at 31 December

Note	<u>2003</u>	<u>2002</u>
LIABILITIES		
<i>Capital and reserves</i>		
Share capital	10.000	10.000
<i>Reserves</i>		
Contingency reserve, untaxed	115.000	115.000
Total reserves	<u>115.000</u>	<u>115.000</u>
Profit brought forward	<u>28.202</u>	<u>20.877</u>
17 TOTAL CAPITAL AND RESERVES	<u>153.202</u>	<u>145.877</u>
<i>Technical provisions</i>		
<i>Provision for unearned premiums</i>		
Gross provisions	68.659	67.738
Reinsurance share	13.620	16.829
Provision for unearned premiums, net of reinsurance	<u>55.039</u>	<u>50.909</u>
<i>Claims outstanding</i>		
Gross provisions	93.635	104.842
Reinsurance share	42.574	47.490
Claims outstanding, net of reinsurance	<u>51.061</u>	<u>57.352</u>
18 Equalisation provision	<u>10.000</u>	<u>10.000</u>
<i>Other technical provisions</i>		
Gross provision	12.207	10.963
Other technical provisions, net of reinsurance	<u>12.207</u>	<u>10.963</u>
TOTAL TECHNICAL PROVISIONS, net of reinsurance	<u>128.307</u>	<u>129.223</u>
<i>Provisions for other risks and charges</i>		
19 Provisions for taxation	<u>563</u>	<u>0</u>
TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	<u>563</u>	<u>0</u>
<i>Creditors</i>		
Amounts owed to insurance companies	6.787	5.397
20 Amounts owed to credit institutions	10.374	11.784
Corporate taxes	0	4.535
Amounts owed to affiliated companies	3.287	4.462
Accrued intercompany tax equalisation	966	1.236
Amounts owed to associated companies	264	187
Deferred acquisition cost from reinsurance	4.544	5.098
21 Other creditors	25.908	21.483
Dividend for the accounting year	7.500	12.000
TOTAL CREDITORS	<u>59.629</u>	<u>66.183</u>
TOTAL LIABILITIES	<u>341.701</u>	<u>341.284</u>
22 Contingency liabilities		
23 Management assignments		

Note

in DKK'000

	<u>2003</u>	<u>2002</u>
1 Gross earned premiums		
Gross premiums	344.740	364.115
Change in the gross provision for unearned premiums	<u>-1.006</u>	<u>-7.438</u>
Gross earned premiums for the year	<u>343.734</u>	<u>356.677</u>
<i>Distribution:</i>		
Direct business	331.899	335.269
Indirect business	<u>11.834</u>	<u>21.408</u>
	<u>343.734</u>	<u>356.677</u>
<i>Geographic distribution of direct business:</i>		
Denmark	296.395	314.818
EU countries	21.168	10.821
Non-EU countries	<u>14.336</u>	<u>9.630</u>
	<u>331.899</u>	<u>335.269</u>
Earned premiums solely concern travel insurance or other travel related products		
2 Technical interest, transferred from non-technical account		
Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business	<u>3.373</u>	<u>5.031</u>
	<u>3.373</u>	<u>5.031</u>
3 Acquisition costs		
Commission for direct business	55.646	58.130
Commission for indirect business	<u>6.118</u>	<u>11.437</u>
	<u>61.764</u>	<u>69.567</u>
4 Administrative expenses		
Administrative expenses	93.508	89.231
Taxes and contributions etc	4.037	4.255
Depreciation	5.483	6.699
Reimbursements from affiliated companies	<u>-11.220</u>	<u>-9.097</u>
	<u>91.808</u>	<u>91.088</u>
Total fees paid to auditors appointed by the company at the general meeting:		
Statutory audit services		
Deloitte.	252	295
KPMG	<u>190</u>	<u>260</u>
	<u>442</u>	<u>555</u>
Services other than audit:		
Deloitte.	674	723
KPMG	<u>0</u>	<u>21</u>
	<u>674</u>	<u>744</u>
Total	<u>1.116</u>	<u>1.299</u>

Note

in DKK'000

	<u>2003</u>	<u>2002</u>
5 Staff costs		
Net operating expenses include the following staff costs:		
Wages and salaries	48.521	44.621
Pension scheme contributions	5.082	5.744
Payroll tax	4.037	4.255
	<u>57.640</u>	<u>54.620</u>
Total remuneration paid to:		
Board of Directors	<u>80</u>	<u>80</u>
Board of Management	<u>2.167</u>	<u>2.106</u>
The average of full-time staff	<u>121</u>	<u>128</u>
6 Breakdown of underwriting result		
Earned premiums	342.489	355.707
Underwriting interest, net of reinsurance	3.373	5.031
Claims incurred	-164.162	-184.919
Administrative expenses	-91.808	-91.088
Commission expenses	-61.764	-69.567
Profit from gross operations	<u>28.128</u>	<u>15.163</u>
Ceded reinsurance premiums	71.730	72.970
Reinsurance recoveries received	-35.649	-49.405
Reinsurance commissions and profit participation	-26.617	-26.632
Result of ceded business	<u>9.464</u>	<u>-3.067</u>
Underwriting profit excl. equalisation	18.664	18.230
Adjustment of equalisation provision (income)	<u>0</u>	<u>0</u>
Underwriting profit	<u>18.664</u>	<u>18.230</u>
7 Income from affiliated companies		
Net loss for the year in Euro Alarm A/S	671	73
Net profit for the year in Evropská Cestovni Pojistovna a.s., Prague	1.659	2.230
Net loss for the year in ESK a.s., Bratislava	0	-564
	<u>2.329</u>	<u>1.739</u>
8 Interest and dividends etc		
Interest income	8.205	10.777
Capital loss on instalments and redemptions	-2.399	-198
Dividend from participating interests	74	42
	<u>5.880</u>	<u>10.621</u>

Note

in DKK'000

	<u>2003</u>	<u>2002</u>
9 Realised and unrealised gains and losses, net		
Participating interests	622	-373
Bonds	1.729	2.407
Land and Buildings	0	180
Mortgage loans	-177	-195
	<u>2.173</u>	<u>2.018</u>
The above amount being included in the following items:		
Realised gains on investment assets	2.382	2.103
Realised loss on investment assets	-631	0
Unrealised gains on investment assets	422	484
Unrealised loss on investment assets	0	-568
	<u>2.173</u>	<u>2.018</u>
10 Other ordinary income and expenses		
Income from administration agreements	26.239	20.853
Expenditure from administration agreements	32.664	29.407
	<u>-6.425</u>	<u>-8.554</u>
11 Tax		
Current tax	3.025	4.823
Intercompany tax equalisation	966	1.236
Change in deferred tax	1.403	93
Adjustment regarding prior years	20	-92
	<u>5.414</u>	<u>6.059</u>
Taxes paid for last year	4.554	0
Taxes paid on account for the current year	3.762	0
12 Intangible assets		
Acquisition cost, balance at beginning of year	0	0
Additions and improvements of the year	5.413	0
Depreciation and write-downs of the year	944	0
Total depreciation and write-downs at year-end	944	0
Revaluations of the year	0	0
Total revaluations at year-end	0	0
Net book value	<u>4.469</u>	<u>0</u>
13 Land and buildings		
Acquisition cost, balance at beginning of year	94.564	94.564
Depreciation and write-downs of the year	0	0
Total depreciation and write-downs at year-end	23.304	23.304
Revaluations of the year	0	180
Total revaluations at year-end	260	260
Net book value	<u>71.520</u>	<u>71.520</u>
Net book value of land and buildings used for company operations	<u>52.748</u>	<u>45.890</u>
Real property value according to the last public assessment	<u>67.520</u>	<u>67.520</u>
In 1992 the company acquired the building at 3, Frederiksberg Allé, in which the registered office is located. The yield used for the assessment of the market value of the building is	<u>6,10%</u>	<u>6,10%</u>

Note

in DKK'000

	<u>Affiliated companies</u>	<u>Affiliated companies</u>
14 Affiliated and associated companies		
Acquisition cost, balance at January 1, 2003	37.755	1.550
Acquisition cost, balance at 31 December 31, 2003	37.755	1.550
Revaluations, balance at 1 January 2003	4.046	148
Price adjustment of opening balance of capital and reserves	-578	0
Share of profit for the year	2.329	-415
Revaluations, balance at 31 December 2003	5.797	-267
Write-downs, balance at 1 January 2003	17.356	0
Distribution of dividends	2.657	0
Write-downs, balance at 31 December 2003	20.013	0
Net book value at 31 December 2003	23.539	1.283
Net book value at 31 December 2002	24.445	1.698
	<u>2003</u>	<u>2002</u>
15 Other financial investments		
Total acquisition cost of:		
Participating interests	3.032	6.469
Bonds	146.272	166.238
	<u>149.304</u>	<u>172.648</u>
Market value (book value)	<u>149.890</u>	<u>170.523</u>
16 Other prepayments and accrued income		
Prepaid wages and salaries	763	932
Other prepayments and accrued income	549	121
	<u>1.312</u>	<u>1.053</u>

Note

in DKK'000

	<u>2003</u>	<u>2002</u>
17 Capital and reserves		
Share capital	10.000	10.000
Contingency reserve	115.000	115.000
Profit brought forward at 1 January	20.877	16.854
Transfer to Appropriation of Profit	20.877	16.854
Allocated from profit for the year	<u>28.202</u>	<u>20.877</u>
	<u>28.202</u>	<u>20.877</u>

The company's share capital consists of:

800 shares of DKK 500

200 shares of DKK 2,000

400 shares of DKK 8,000

6 shares of DKK 1,000,000

The shares are not divided into classes.

The contingency reserve may only be used to strengthen the technical provisions or otherwise in favour of the insured and only with the consent of the Supervisory Authority.

The funds allocated to the contingency fund are not taxed.

Base capital and solvency margin:

Total capital and reserves	153.202	145.877
Deduction of intangible fixed assets	4.469	0
Allowance for solvency requirement in subsidiaries	6.858	2.007
Base capital	<u>141.875</u>	<u>143.870</u>

Solvency margin	<u>48.048</u>	<u>49.992</u>
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18 Equalisation provision

Medical expenses	<u>10.000</u>	<u>10.000</u>
	<u>10.000</u>	<u>10.000</u>

19 Provisions for taxation

Deferred tax is incumbent on the following items:

Bonds and mortgage debt	-87	30
Deferred acquisition costs	1.560	1.570
Intangible fixed assets	1.341	0
Furniture etc.	-1.990	-2.057
Severance pay	<u>-261</u>	<u>-383</u>
Total provisions for deferred taxation (-= tax asset)	<u>563</u>	<u>-840</u>

Contingency tax

A release of the contingency reserve will trigger a tax of approx.	<u>34.500</u>	<u>34.500</u>
	<u>34.500</u>	<u>34.500</u>

The technical provision is not expected to fall below the level of 90% of 31 December 1994. No provision for deferred tax on the contingency reserve has therefore been made.

Note

in DKK'000

	<u>2003</u>	<u>2002</u>
20 Long term creditors		
The following amounts fall due for payment after 5 years or beyond:		
Amounts owed to credit institutions	<u>1.096</u>	<u>2.976</u>
21 Other creditors		
PAYE taxes and labour market contribution	0	-3
Holiday pay obligations, salaried staff	5.114	4.836
Social security benefit and other duties	475	403
Other accrued costs	<u>20.318</u>	<u>16.247</u>
	<u>25.908</u>	<u>21.483</u>
22 Contingency liabilities		
Submission of guarantee to Danske Bank for the overdraft facility of Euro-Alarm A/S up to a maximum of DKK3m.		
The company is jointly and severally liable for taxes levied on jointly taxed companies.		
The company is jointly and severally liable for taxes and duties in companies within the joint registration.		
The company has leased copying machines. The payments in the leasing period amount to:	<u>828</u>	<u>1.040</u>
23 Management assignments		
The board has approved the following management assignments to be carried out by Preben Mullit, the Managing Director:		
Member of the Board of Euro-Center Holding A/S, Copenhagen		
Member of the Board of Euro Alarm A/S, Copenhagen		
Member of Danske Rejseagenters Sikkerhedsfond		

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

The Board of Management and the Board of Directors have today discussed and adopted the annual report and accounts for 2003 of Europæiske Rejseforsikring A/S. The annual accounts have been prepared in accordance with the Danish Insurance Operations Act with the appurtenant Executive Order.

We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the Company's assets, liabilities and financial position as well as of the results.

We recommend the annual report to be approved at the annual general meeting.

Copenhagen, February 26, 2004

Board of Management:

Preben Mullit

/

Winnie Grønnemose

Board of Directors:

Franz-Josef Biesel
Chairman

Thomas Doyle

Helmut Pritscher

Anne Manniche

Yvonne Hansen

Auditors` report

To the shareholders of Europæiske Rejseforsikring A/S

We have audited the Annual Accounts of Europæiske Rejseforsikring A/S for the financial year 2003.

The Annual Accounts is the responsibility of the Company's Board of Directors and Board of Management. Our responsibility is to express an opinion on the Annual Accounts based on our audit.

Basis of Opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Accounts. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and Board of Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the Annual Accounts gives a true and fair view of the financial position at 31 December of the Company and of the results of the Company's operations for the financial year 2003 in accordance with the requirements of Danish legislation in respect of the preparation of annual accounts.

Copenhagen, February 26, 2004

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

DELOITTE.
Statsautoriseret Revisionsaktieselskab

Per Gunslev
statsaut. Revisor

Ole Karstensen
statsaut. Revisor

Erik Holst Jørgensen
statsaut. revisor

Birger Berg Nielsen
statsaut. revisor