

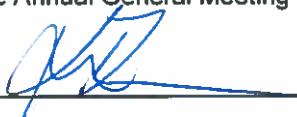
Maersk Insurance A/S
Registration no. 33 51 03 65

Annual Report 2016

Approved at the Annual General Meeting

1. MARCH 2017

Presiding



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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 Kjærvik (Chairman)

Fatiha Benali

Jesper Cramon

Bjarne Fabienke

Christian Kledal

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 2016.

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, 24 February 2017

Executive Management

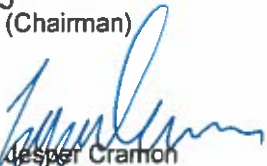


Lars Henneberg

Board of Directors



Jan Kjærviik
(Chairman)



Jesper Crumoh



Christian Kledal



Fatma Benali



Bjarne Fabienke

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 2016 and of the results of the Company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Business Act.

What we have audited

Maersk Insurance A/S's financial statements for the financial year 1 January to 31 December 2016 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies. Collectively referred to as the "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 ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

The key figure Solvency Ratio

Management is responsible for the key figure Solvency Ratio, included in Financial Highlights and key figures in note 20 of the financial statements.

As disclosed in Financial Highlights and key figures in note 20 the key figure is exempt from audit requirement. Accordingly, our opinion on the financial statements does not cover the key figure Solvency Ratio, and we do not express any form of assurance conclusion thereon.

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

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

Management's 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 judgment 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.
- 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.

Copenhagen, 24 February 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231



Jesper Otto Edelbo
State Authorised Public Accountant

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 risks within the areas Marine, Energy, Terminals, Property and Liability. 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 claims occurring after 31 May 2016, the Company's gross risk for Marine, Energy and Terminals has been fully reinsured. For Property the maximum net risk per event is USD 30.0m and for Liability USD 12.5m.

Development in activities and finances

The company's profit for 2016 amounts to USD 21,349k (2015: USD 14,650k). The result is satisfactory and positively influenced by low net claims.

The company has in 2016 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 2016 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 2016 has been calculated to USD 52,623k (individual solvency requirement 2015: USD 72,176k). The capital base amounts to USD 166,751 (adequate base capital 2015: USD 155,621k). Accordingly, the solvency ratio is 3.2 (2015: 2.2). 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 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 17 to the financial statements.

Distribution of the profit for the year

The Board proposes that the profit for the year, USD 21,349k is transferred to equity.

Solvency II

The Solvency II Directive came into force as from 1 January 2016. At the same date, the Executive Order on Management and Control of Insurance Companies issued by the Danish Financial Supervisory Authority came into force.

The Board believes that the company has fully adjusted to this new regulation. The implementation of Solvency II rules for calculating Solvency Capital Requirement (SCR) has in no material aspects differed from the SCR calculations historically carried out for the company. The requirement to appoint key persons responsible for the functions Risk Management, Compliance, Actuary and Internal Audit was fulfilled by Board appointments of key function holders in December 2015.

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, 2016 one of the five shareholder-appointed Board members is a woman. The target for gender diversity is therefore close to being met.

Audit committee

The independent member of the audit committee with accounting and audit qualifications is Bjarne Fabienke.

Bjarne Fabienke is a State Authorised Public Accountant with a deposited practising certificate and former member of the group management of KPMG and of the ethical committee of the Association of State Authorised Public Accountants. Bjarne Fabienke has from 1 January 2007 to 31 December 2015 been appointed as expert assessor of The Maritime and Commercial Court.

During 2016 Fatiha Benali has joined the Board and the audit committee. 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 2016

	Note	2016 USD	2015 USD
Gross premiums	2	50.200	76.445
Insurance premiums ceded		-46.948	-24.222
Change in premium provisions		10.336	-1.529
Change in reinsurers' share of premium provisions		9.541	3.545
Total premium income net of reinsurance		23.129	54.239
Technical Interest	3	31	-166
Claims paid		-30.231	-16.178
Received from reinsurers		246	-
Change in claims provisions		23.904	-30.267
Change in risk margin		2.967	812
Change in reinsurers' share of claims provisions		2.685	5.175
Total cost of claims net of reinsurance	4	-429	-40.458
Administration expenses		-2.599	-3.000
Reinsurance commissions		4.227	2.742
Total operating expenses	5	1.628	-258
TECHNICAL PROFIT		24.359	13.357
Interest income and dividends etc.		1.840	1.522
Value adjustments		237	-439
Administration expenses related to investment activity		-25	-26
Total Investment income	6	2.052	1.057
Interest on technical provisions		-31	166
INVESTMENT RESULT AFTER TECHNICAL INTEREST		2.021	1.223
PROFIT BEFORE TAX		26.380	14.580
Tax	7	-5.031	70
PROFIT FOR THE YEAR		21.349	14.650
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21.349	14.650

Balance Sheet as at 31 December 2016

ASSETS	Note	2016 1USD	2015 1USD
Bonds	8	39.903	91.193
Deposits with credit institutions		46.271	39.115
Total other financial investment assets		86.174	130.308
TOTAL INVESTMENT ASSETS		86.174	130.308
Reinsurers' share of premium provisions		21.103	11.467
Reinsurers' share of claims provisions		9.982	7.272
Total reinsurers' share of insurance provisions		31.085	18.739
Receivables from insurance companies		15.197	18.243
Receivables from affiliated companies	9	106.368	81.054
TOTAL RECEIVABLES		152.650	118.036
Deferred tax assets	10	-	1.268
Cash at bank		1.768	4.353
TOTAL OTHER ASSETS		1.768	5.621
Interest receivable		10.031	9.108
Other prepayments and accrued income		22.493	3.645
TOTAL PREPAYMENTS AND ACCRUED INCOME		32.524	12.753
TOTAL ASSETS		273.116	266.718

Balance Sheet as at 31 December 2016

	Note	2016 USD	2015 USD
EQUITY AND LIABILITIES			
Share capital		89.987	89.987
Retained earnings		79.683	58.334
TOTAL EQUITY	12	169.670	148.321
Premium provisions		23.037	34.538
Claims provisions		52.894	76.798
Risk Margin		2.798	5.765
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		78.729	117.101
Debt relating to reinsurance		19.502	-
Current tax liabilities	11	3.776	557
Payables to affiliated companies		233	109
Other liabilities		1.206	630
TOTAL LIABILITIES		24.717	1.296
TOTAL EQUITY AND LIABILITIES		273.116	266.718
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Statement of changes in equity as at 31 December 2016

	Share capital	Retained earnings	Total
	tUSD	tUSD	tUSD
2015			
Equity 1 January	89,987	48,814	138,801
Change in accounting policies (risk margin)	-	-5,130	-5,130
Equity 1 January (adjusted)	89,987	43,684	133,671
Total result/comprehensive income for the year	-	14,650	14,650
Equity 31 December 2015	89,987	58,334	148,321
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

Total eligible own funds to meet the Solvency Capital Requirement (capital base) are as at 31 December 2016 USD 166.751k. The difference to equity as at 31 December 2016 of USD 169,670k 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 2016 – 31 December 2016 and are presented in USD which is the Company's functional currency.

Changes in accounting policies

The company makes use of the simplified method for calculating premium provisions as described in §69 a of the order. As per §21 a of the order, the company includes a risk margin as part of the total insurance provisions. Changes to the risk margin are included in the income statement.

As the company makes use of the simplified method for calculating premium provision, an insurance technical interest is calculated according to §36 of the order. The interest is a calculated yield of average total premium reserves at own account for the year. The interest used is based on relevant interest curves as published by EIOPA.

Apart from the inclusion of risk margin and the changed method for calculating insurance technical interest, the accounting policies remain unchanged from the financial statements for 2015.

The change in accounting policies related to risk margin has been incorporated with retroactive effect and has reduced total equity as at 31 December 2015 by USD 4,497k and has increased the result for 2016 by USD 2,967k before tax and USD 2,314k after tax.

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.

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

Insurance technical interest

Part of total results of financial 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 at own account for the year. The interest used is based on relevant interest curves as published by EIOPA.

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.

Bonus and premium rebates

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

Administration expenses

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

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.

Investment management expenses

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

Tax

Maersk Insurance A/S is covered by the corporate taxation law § 11A (captive rules) 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.

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 total income with the amount attributable to other total income.

Balance sheet

Bonds

Securities recognized under current assets comprise listed bonds measured at fair value (quoted price at closing) at the balance sheet date.

Receivables

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

Accruals and deferred income/cost

Accruals and deferred income/cost 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.

Provision for premiums

Provisions for premiums are provided to cover obligations and amounts for unexpired risk periods for insurance contracts in force.

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 reserve to cover incurred but not yet reported claims and an IBNER reserve to cover the risk that claims provisions are underestimated.

The claims reserves 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.

Corporation 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

	2016	2015
	tUSD	tUSD
2 Gross premiums		
Gross premium reinsurance	48.758	71.861
Gross premium direct insurance	1.442	4.584
Total gross premium	50.200	76.445
Direct insurance		
Denmark	92	337
Other EU-countries	1.196	3.371
Other countries	155	876
	1.442	4.584
3 Technical interest		
Premium provisions	23.037	34.538
Claims provisions	52.894	76.798
	75.931	111.336
Insurance technical interest has been calculated as 0.62% (2015: -0.18 %) of the average net balance of premium provisions of USD 5,026k (2015: Average balance of insurance provisions USD 92,449k)	31	-166
Total technical interest	31	-166
4 Cost of claims net of reinsurance		
Claims paid	30.231	16.178
Received from reinsurers	-246	-
Change in claims provisions	-23.904	30.267
Change in risk margin	-2.967	-812
Change in reinsurers' share of claims provisions	-2.685	-5.175
Total cost of claims net of reinsurance	429	40.458
Allocation of claims incurred and run off result related to previous years		
Claims losses in the year, gross	12.631	50.118
Run off result, gross	-9.271	-3.673
Total losses, gross	3.360	46.445
Claims losses in the year, reinsurers' share	-8.106	-5.175
Run off result, reinsurers' share	5.175	-
Total losses net of reinsurance	429	41.270

Run off result

The run off result consists mainly of lower claims related to Marine of USD 2.8M and Energy USD 1.0M. Terminal claims increased by USD 1.1M. IBNR reserves contributes positively with USD 1.5M.

Notes

	2016	2015
	tUSD	tUSD
5 Administration expenses		
Other administration expenses	2.571	2.960
Total other administration expenses	2.571	2.960
Fee to auditor elected at the General Assembly		
Statutory audit	28	40
Other services	-	-
Total fee to auditor elected at the General Assembly	28	40
Reinsurance commission		
Reinsurance commission	-4.227	-2.742
Total reinsurance commission	-4.227	-2.742
Total operating expenses	-1.628	258
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 (2015: USD 160k) for services provided by Lars Henneberg as Executive Management in Maersk Insurance A/S and USD 10k (2015: USD 0k) for Internal Audit services. Remuneration of USD 36k (2015: USD 15k) has been paid to members of the Board and the independent members of the Audit Committee, Bjarne Fabienke and Fatiha Benali.</p>		
6 Investment income		
Interest on investment assets, receivables from parent company and cash at bank	1.840	1.522
Interest income, dividends etc.	1.840	1.522
Value adjustments related to other financial assets	237	-439
Value adjustments	237	-439
Administration expenses related to investment activity	-25	-26
Administration expenses	-25	-26
Total investment income	2.052	1.057
7 Tax		
Current tax	5.044	736
Adjustment previous years	-13	-806
Total tax	5.031	-70
Actual tax percentage	22,0%	23,5%
Adjustment previous years	0,0%	-5,5%
Non taxable / deductible part of premiums and claims	-2,9%	-18,5%
Effective tax rate	19,1%	-0,5%

Notes

	2016	2015
	(USD)	(USD)
8 Bonds		
Bonds at fair value	39.903	91.193
Total bonds	39.903	91.193
Average modified duration as at 31 December 2016 is 0,26 (2015: 0.81)		
9 Receivables from affiliated companies		
Loan to A.P. Møller - Mærsk A/S	106.368	81.054
Total receivables from affiliated companies	106.368	81.054
10 Deferred tax assets		
Deferred tax assets related to inclusion of Risk Margin	-	1.268
Total deferred tax assets	-	1.268
11 Current tax assets / current tax liabilities		
Balance 1 January	557	5.624
Transferred from deferred tax assets	-1.268	-
Adjustment previous years	-13	-806
Paid tax related to last year	-544	-4.818
	-1.268	-
Current tax	5.044	557
Paid on account during the year	-	-
Balance 31 December, liability	3.776	557

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

Notes

12 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.

13 Contractual obligations and guarantee commitments

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

14 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 2016:

- Maersk Insurance A/S has granted a loan of USD 106.4m 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 intern audit.

15 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

16 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

17 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 only 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 reserve 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

18 Insurance technical result by insurance class

	Marine, Aviation and Transport *)	Fire *)	Third Party *)	Total
2016	tUSD	tUSD	tUSD	tUSD
Gross premiums written	36.047	12.336	1.818	50.200
Gross premium income	46.671	11.949	1.916	60.536
Gross claims incurred	-9.112	4.718	-1.933	-6.327
Change in risk margin	2.740	236	-9	2.967
Gross operating expenses	1.353	209	66	1.628
Result of ceded business	-21.955	-12.434	(87)	-34.476
Technical interest	22	8	1	31
Technical profit or loss	19.720	4.686	-46	24.359
Number of claims	27	13	8	48
Average claims size (t.USD)	337	-363	242	132
Claims frequency	7	7	2	4

	Marine, Aviation and Transport *)	Fire *)	Third Party *)	Total
2015	tUSD	tUSD	tUSD	tUSD
Gross premiums written	63.448	11.008	1.989	76.445
Gross premium income	63.509	9.748	1.659	74.916
Gross claims incurred	-30.362	-15.731	-352	-46.445
Change in risk margin	1.001	-164	-25	812
Gross operating expenses	-139	-100	-19	-258
Result of ceded business	-19.066	3.623	(59)	-15.502
Technical interest	-138	-24	-4	-166
Technical profit or loss	14.805	-2.647	1.199	13.357
Number of claims	26	26	4	56
Average claims size (t.USD)	1.168	605	88	829
Claims frequency	9	13	1	6

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

"Fire" includes the insurance area Terminals and Property

"Third party" includes the insurance area Liability

19 Sensitivity information

Event	2016	2015
	Impact on equity	
Interest rate increase of 0.7 - 1.0 % point	103	692
Interest rate decrease of 0.7 - 1.0 % point	-103	-692
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	367	628

Notes

20 Financial highlights and key figures

Main figures from the last 5 years.

Main figures	2016	2015	2014	2013	2012
	IUSD	IUSD	IUSD	IUSD	IUSD
Gross premium income (including change in premium provisions)	60.536	74.916	71.643	52.508	45.112
Gross claims incurred	-3.360	-45.633	-28.360	-33.960	-30.768
Operating insurance expenses	-2.599	-3.000	-2.872	-2.567	-2.736
Profit or loss of reinsurance	-30.249	-12.760	-10.749	-1.711	-
Insurance technical result	24.359	13.357	29.784	14.473	11.805
Return on investments after insurance technical interest	2.021	1.223	581	126	316
Result after tax for the year	21.349	14.650	24.762	11.401	12.676
Run off results, gross	9.271	3.673	-813	11.740	-
Run off results, net	4.096	3.673	-813	11.740	-
Total technical provisions	78.729	117.101	79.244	50.057	54.001
Total insurance assets	31.085	18.739	10.173	950	-
Total equity	169.670	148.321	138.801	114.039	102.638
Total assets	273.116	266.718	224.111	168.025	157.419

Key figures

Gross claims ratio	8	61	40	65	68
Net reinsurance ratio	50	17	15	3	-
Gross expense ratio	4	4	4	5	6
Combined ratio	60	82	59	73	74
Operating ratio	60	82	58	73	74
Relative run off results	12	8	-3	40	-
Return on equity in per cent	13	10	19	11	14
Solvency ratio Solvency I		11	9	10	8
Solvency ratio Solvency II* (unaudited)	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-sectored Pension Funds, and therefore is unaudited.

Financial highlights and key figures for 2016 and 2015 have been adjusted to the changed accounting policies, whereas adjustment 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 Høegh Autoliners Holdings AS

Board Member Britannia P&I Club

Board Member VP Securities

CEO Sunrise 14 A/S

Jesper Cramon

Board Member Maersk Property A/S

Board Member Holdingselskabet Af 19. Marts 2010 A/S

Board Member Maersk Shipping 1 A/S

Board Member Maersk Shipping 2 A/S

Board Member Phoenix I A/S

Board Member Phoenix II A/S

Board Member Phoenix III A/S

Board Member Phoenix IV A/S

Bjarne Fabienke

Board Member Pensionskassen for farmakonomer and Board Member in one 100% owned subsidiary

In above companies Bjarne Fabienke is also Chairman of the companies' Audit Committee

Board Member Arbejdstagerne's Pensionskasse SISA (Greenland)

Christian Kledal

CEO Estemco A/S

Chairman Maersk Inc.

Chairman Maersk Services USA Inc.

Chairman Star Air A/S

Chairman Maersk Aviation Holding A/S

Chairman K/S Habro-Worthing

Chairman ApS Habro Komplementar-57

Chairman ApS Habro Komplementar-59

Chairman Habro-59, kommanditaktieselskab

Chairman MyHomes ApS

Board Member Maersk Drilling A/S

Board Member Maersk Drilling Holding A/S

Board Member Maersk Supply Service A/S

Board Member Maersk Tankers A/S