

**Maersk Insurance A/S**  
**Esplanaden 50**  
**DK-1098 Copenhagen K**  
**Registration no. 33 51 03 65**

**Annual Report 2021**

Approved at the Annual General Meeting 28 March 2022

Presiding DocuSigned by:  
*Jon Hvidfeldt*  
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## Maersk Insurance A/S

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## **Maersk Insurance A/S**

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### **Company Details**

#### **Company**

Maersk Insurance A/S  
Esplanaden 50  
DK-1098 Copenhagen K  
Central Business Registration No.: 33 51 03 65

Telephone: +45 33 63 33 63

#### **Board of Directors**

Niclas Erlandson (Chairman)  
Fatiha Benali  
Martin Herrstedt  
Palle Laursen

#### **Executive Management**

Lars Henneberg

#### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

## Maersk Insurance A/S

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### 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 2021.

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, 10 March 2022

### Executive Management


DocuSigned by:  
  
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Lars Henneberg

### Board of Directors

DocuSigned by:  
  
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Niclas Erlandson  
(Chairman)

DocuSigned by:  
  
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Martin Herrstedt

DocuSigned by:  
  
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Fatima Benali

DocuSigned by:  
  
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Palle Laursen

## Maersk Insurance A/S

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### 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 2021 and of the results of the Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

#### *What we have audited*

Maersk Insurance A/S's financial statements for the financial year 1 January to 31 December 2021 comprise the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes, including summary of accounting policies ("Financial Statements").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

#### Appointment

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

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period of uninterrupted engagement of eleven years including the financial year 2021. We were reappointed following a tender procedure at the general assembly on 30 March 2021.

### 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 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b>Measurement of claims provisions</b></p> <p>The Company's claims provisions amount to a total of USD 136 million, which represents 34% of the total balance.</p> <p>Claims provisions are calculated as the present value of the payments, which the Company is expected to be liable to pay in connection with insurance events that have taken place on or before the balance sheet date exceeding amounts already paid in connection with these events. In addition, direct and indirect costs in connection with the settlement of claims are included in claims provisions.</p> <p>Claims provisions are based on accounting estimates and actuarial methods including complex models and assumptions regarding future events.</p> <p>The most significant estimates and assumptions relate to estimates and assumptions of the timing and extent of future payments of claims which are based amongst others on historical claims data.</p>	<p>We reviewed and assessed the business processes and relevant internal controls implemented by the Company regarding claims processing and claims provisioning.</p> <p>We assessed and challenged the models, methods and assumptions used based on our experience in order to ensure that these are in line with regulatory and accounting requirements. This included an assessment of the continuity in the basis for the calculation of claims provisions.</p> <p>For a sample of claims we tested the calculation and the data used to underlying documentation.</p>

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We focused on the measurement of claims provisions because these are significant for the Financial Statements and are based on accounting estimates and actuarial methods that include assumptions about future events.

Reference is made to the Financial Statements of "Accounting Estimates" and "Claims Provisions" in Note 1 and "Cost of claims net of reinsurance" in Note 4.

**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.

**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

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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 scepticism 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.



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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, 10 March 2022  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no 3377 1231



Per Rolf Larssen  
State Authorised Public Accountant  
mne24822

## Maersk Insurance A/S

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### 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). In addition, Maersk Insurance in 2019 was granted permission to conduct direct and reinsurance business for insurance class 1 (medical) and 2 (accident) as well as reinsurance for life class 1c (only death and invalidity caused by bodily injury, including incapacity for work).

#### Insurance risk

The Company writes property and casualty risks mainly within the areas Marine and Terminals. The insurance risk for Maersk Insurance A/S is limited to risks within the insurance classes for which the Company holds a license. Claims are limited per incident and for a number of programmes also on a yearly aggregate. For property the maximum net risk per event is USD 19.75m and for casualty USD 10.0m. For the insurance classes medical, disability, accident and life, the maximum net risk is USD 5.0m per event.

As from 2022 a new reinsurance structure has been implemented which for a number of programs results in increased net risk per event.

#### Development in activities and finances

The company's result for 2021 amounts to a profit of USD 14,733k (2020: loss of USD 216k). The result is higher than expected and is positively influenced by high underwriting profits for Marine property and for Casualty whereas the result for Terminal property was loss giving.

On 1 June 2019, a number of significant policies were written for a 19 month period covering both part of 2019 and all of 2020. This resulted in low written premiums in 2020. In 2021 almost all policies renewed as of 1 January 2021 and were written for a 12 month period. Premiums written and insurance premiums ceded are therefore considerably higher in 2021 than in 2020.

Gross earned premiums have increased by 21% compared to 2020 mainly driven by higher Marine and General Liability premiums. Reinsurance premiums remained stable and so did total cost of claims net of reinsurance. Claims paid were significantly higher in 2021 than in 2020 and is mainly a result of high payments related to Marine and Medical.

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The result for 2021 is not significantly affected by the Covid-19 pandemic, and although predictions are uncertain, Covid-19 is not forecasted to have a material effect on the 2022 result.

The company has in 2021 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 2021 primarily been placed 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 2021 has been calculated to USD 82,070k (2020: USD 66,971k). The capital base amounts to USD 227,378 (2020: USD 211,101k). 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.

The development in solvency ratio in the last 5 years is as follows:

2021	2020	2019	2018	2017
277%	315%	284%	317%	303%

The solvency ratio as of 31 December 2021 has decreased compared to 2020 mainly due to a higher solvency capital requirement caused by a new reinsurance structure for 2022 with higher net retentions for most programs.

### Expectations for the future

For 2022 a modest profit is expected.

### 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 15 to the Financial Statements.

### Distribution of the profit for the year

The Board proposes that the profit for the year, USD 14,733k is transferred to equity.

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### **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/about/sustainability](http://www.maersk.com/about/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 underrepresented 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 maintain at least a 25% share of the underrepresented gender on the Board.

As the Board today consist of 4 members, of which one is female, the target is currently met.

The Board will continuously assess whether the target set in 2014 is still ambitious.

Further information on diversity can be found in the A.P.Moller - Maersk Sustainability Report which can be found on [www.maersk.com/about/sustainability](http://www.maersk.com/about/sustainability).

### **Audit committee**

The independent member of the audit committee with accounting and audit qualifications is Fatiha Benali. Fatiha Benali is Chief Financial Officer at LB Forsikring and has previously held the position as Senior Vice President, Claims at Tryg and prior to that 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 27.

**Maersk Insurance A/S****Income Statement for the period 1 January – 31 December 2021**

	Note	2021 tUSD	2020 tUSD
Gross premiums	2	141,406	35,068
Insurance premiums ceded		-53,577	-12,376
Change in premium provisions		-369	81,312
Change in reinsurers' share of premium provisions		1,375	-40,133
<b>Total premium income net of reinsurance</b>		<b>88,835</b>	<b>63,871</b>
<b>Technical interest</b>	<b>3</b>	<b>23</b>	<b>25</b>
Claims paid		-71,006	-15,756
Received from reinsurers		9,190	16,936
Change in claims provisions		-6,607	-70,933
Change in risk margin		-1,724	894
Change in reinsurers' share of claims provisions		4,156	2,707
<b>Total cost of claims net of reinsurance</b>	<b>4</b>	<b>-65,991</b>	<b>-66,152</b>
Administration expenses		-6,646	-5,242
Reinsurance commissions		1,818	3,370
<b>Total operating expenses</b>	<b>5</b>	<b>-4,828</b>	<b>-1,872</b>
<b>TECHNICAL PROFIT</b>		<b>18,039</b>	<b>-4,128</b>
Interest income and dividends etc.		589	2,654
Value adjustments		-35	1,102
Administration expenses related to investment activity		-17	-16
<b>Total investment income</b>	<b>6</b>	<b>537</b>	<b>3,740</b>
<b>Interest on technical provisions</b>		<b>-23</b>	<b>-25</b>
<b>INVESTMENT RESULT AFTER TECHNICAL INTEREST</b>		<b>514</b>	<b>3,715</b>
<b>PROFIT BEFORE TAX</b>		<b>18,553</b>	<b>-413</b>
Tax	7	-3,820	197
<b>PROFIT FOR THE YEAR</b>		<b>14,733</b>	<b>-216</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>14,733</b>	<b>-216</b>

**Maersk Insurance A/S****Balance Sheet as at 31 December 2021**

<b>ASSETS</b>	<b>Note</b>	<u>2021</u> tUSD	<u>2020</u> tUSD
Deposits with credit institutions		145,000	103,000
<b>Total other financial investment assets</b>		<b><u>145,000</u></b>	<b><u>103,000</u></b>
<b>TOTAL INVESTMENT ASSETS</b>		<b><u>145,000</u></b>	<b><u>103,000</u></b>
Reinsurers' share of premium provisions		1,375	0
Reinsurers' share of claims provisions		57,710	54,227
<b>Total reinsurers' share of insurance provisions</b>		<b><u>59,085</u></b>	<b><u>54,227</u></b>
Receivables from insurance companies		16,330	22,938
Receivables from affiliated companies	<b>8</b>	152,331	158,128
<b>TOTAL RECEIVABLES</b>		<b><u>227,746</u></b>	<b><u>235,293</u></b>
Current tax assets	<b>9</b>	0	587
Cash at bank		6,618	17,186
<b>TOTAL OTHER ASSETS</b>		<b><u>6,618</u></b>	<b><u>17,773</u></b>
Interest receivable		19	23
Other prepayments and accrued income		15,630	14,526
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>		<b><u>15,649</u></b>	<b><u>14,549</u></b>
<b>TOTAL ASSETS</b>		<b><u><u>395,013</u></u></b>	<b><u><u>370,615</u></u></b>

**Maersk Insurance A/S****Balance Sheet as at 31 December 2021**

	Note	2021	2020
		tUSD	tUSD
<b>EQUITY AND LIABILITIES</b>			
Share capital		89,987	89,987
Retained earnings		134,050	119,317
<b>TOTAL EQUITY</b>	<b>10</b>	<b>224,037</b>	<b>209,304</b>
Premium provisions		2,971	2,898
Claims provisions		135,639	129,033
Risk Margin		11,056	9,332
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>149,666</b>	<b>141,263</b>
Debt relating to reinsurance		14,670	17,655
Current tax liabilities	<b>9</b>	3,610	0
Payables to affiliated companies		20	168
Other liabilities		3,010	2,225
<b>TOTAL LIABILITIES</b>		<b>21,310</b>	<b>20,048</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>395,013</b>	<b>370,615</b>
Accounting policies	<b>1</b>		
Contractual obligations and guarantee commitments	<b>11</b>		
Related parties	<b>12</b>		
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**Maersk Insurance A/S****Statement of changes in equity as at 31 December 2021**

	Share capital	Retained earnings	Total
	tUSD	tUSD	tUSD
<b>2020</b>			
Equity 1 January	89,987	119,533	209,520
Total result/comprehensive income for the year	-	-216	-216
<b>Equity 31 December 2020</b>	<b>89,987</b>	<b>119,317</b>	<b>209,304</b>
<b>2021</b>			
Equity 1 January	89,987	119,317	209,304
Total result/comprehensive income for the year	-	14,733	14,733
<b>Equity 31 December 2021</b>	<b>89,987</b>	<b>134,050</b>	<b>224,037</b>

Total eligible own funds to meet the Solvency Capital Requirement (capital base) are as at 31 December 2021 USD 227,378k. The difference to equity as at 31 December 2021 of USD 224,036k is mainly caused by valuation differences in the Solvency II balance sheet.



**Maersk Insurance A/S**

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**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 and Executive Order no. 1442 dated 3 December 2018. The Financial Statements cover the period 1 January 2021 – 31 December 2021 and are presented in USD which is the Company's functional currency.

With effect from 2019 a number of changes have been made to the Executive Order. As a result, the presentation of the key figure Solvency Ratio is made in Management's Review instead of, as in previous years, in the note Financial highlights and key figures.

The accounting policies remain unchanged from the Financial Statements for 2020.

**Recognition and measurement**

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

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably. Investment assets are recognized in the balance sheet using the trading date as date of recognition.

Liabilities are recognized in the balance sheet when, due to an event occurring before or on the balance sheet date, the Company has a legal or constructive obligation, and when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably. On initial recognition, assets and liabilities are measured at cost corresponding to fair value. Subsequent measurements are made as described for each individual item below.

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

**Accounting estimates**

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

## **Maersk Insurance A/S**

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### Claims provisions

#### *Individual claims*

Provisions for individual claims are based on information from fronting companies ensuring that the fronting companies and Maersk Insurance use the same claim amount. Of this amount Maersk Insurance will provide for its share of the total claim. Maersk Insurance assesses information from fronting companies against information which has come to the knowledge of management to ensure that claims provisions are based on all information available to the Company.

#### *IBNR and IBNER*

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

#### *3rd party recovery*

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

### **Conversion of foreign currency**

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

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

### **Financial instruments**

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

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### **Income statement**

#### **Premium income**

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

#### **Insurance technical interest**

Part of total results of financial operation relates to insurance operations and has been transferred to that part of the income statement. The transfer is a calculated yield of average total premium reserves net of reinsurance for the year. The interest used is based on relevant interest curves.

#### **Claims paid**

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

#### **Received from reinsurers**

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

#### **Change in claims provisions**

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

#### **Change in risk margin**

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

#### **Administration expenses**

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

#### **Reinsurance commissions**

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

#### **Investment income**

##### **Interest income, dividends etc.**

Includes interest income from bonds, other securities and loans.

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### **Value Adjustments**

Value adjustments comprises all value adjustments including exchange rate adjustments.

### **Administration expenses related to investment activity**

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

### **Tax**

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

The Company is taxed jointly with A.P. Møller Holding A/S and this company's subsidiaries. The parent company pays the combined Danish tax of these companies' taxable income. The jointly taxed companies are included in the on account tax system.

Tax for the year is recognized in the income statement with the amount attributable to profit or loss for the year and is recognized in other comprehensive income with the amount attributable to other comprehensive income.

### **Balance sheet**

#### **Financial investment assets**

Bonds are measured at fair value (quoted price at closing) at the balance sheet date. Deposits with credit institutions are measured at face value. The Company does not have any investments assets where fair value measurement is based on non observable input (level 3).

#### **Reinsurers' share of insurance provisions**

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

#### **Receivables**

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

#### **Prepayments and accrued income**

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

## **Maersk Insurance A/S**

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### **Premium provisions**

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

### **Claims provisions**

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

The claims provisions are calculated as the sum of the amounts which the Company to the best of its knowledge expects to be liable to pay in connection with the insurance events occurred until the balance sheet date exceeding the amounts that have already been paid in connection with these insurance events. The claims provisions also contain amounts which the Company to the best of its knowledge expects to pay for direct and indirect costs in connection with resolving the claims. The Company also applies an IBNR provision to cover incurred but not yet reported claims and an IBNER provision to cover the risk that claims provisions are underestimated.

The claims provisions are discounted to the extent that it is expected that settlement will take place over a longer period of time unless the difference between discounted and non-discounted provisions is insignificant.

### **Risk Margin**

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

### **Current tax**

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

### **Debt**

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

## Maersk Insurance A/S

### Notes

	2021	2020
	tUSD	tUSD
<b>2 Gross premiums</b>		
Gross premium reinsurance	123,221	29,142
Gross premium direct insurance	18,185	5,926
<b>Total gross premium</b>	<b>141,406</b>	<b>35,068</b>
<b>Direct insurance</b>		
Denmark	18,185	5,926
Other EU-countries	-	-
Other countries	-	-
	<b>18,185</b>	<b>5,926</b>
<b>3 Technical interest</b>		
Premium provisions	2,971	2,898
Claims provisions	135,639	129,033
	<b>138,610</b>	<b>131,931</b>
Insurance technical interest has been calculated as 0.08% (2020: 0.08%) of the average net balance of premium provisions of USD 27,786k (2020: USD 29,987k)		
	23	25
<b>Total technical interest</b>	<b>23</b>	<b>25</b>
<b>4 Cost of claims net of reinsurance</b>		
Claims paid	71,006	15,756
Received from reinsurers	-9,190	-16,936
Change in claims provisions	6,607	70,933
Change in risk margin	1,724	-894
Change in reinsurers' share of claims provisions	-4,156	-2,707
<b>Total cost of claims net of reinsurance</b>	<b>65,991</b>	<b>66,152</b>
<b>Allocation of claims incurred and run off result related to previous years</b>		
Claims losses in the year, gross	86,080	86,911
Run off result, gross	-6,743	-1,116
<b>Total losses, gross</b>	<b>79,337</b>	<b>85,795</b>
Claims losses in the year, reinsurers' share	-11,463	-15,348
Run off result, reinsurers' share	-1,883	-4,295
<b>Total losses net of reinsurance</b>	<b>65,991</b>	<b>66,152</b>
<b>Run off result</b>		
The positive net run off result of USD 8.6m consists of lower claims and claim reserves related to MVP of USD 5.3m, EBI of USD 2.8m, Marine USD 1.4m and Property USD 0.7m. These positive result are partly offset by higher claims for Freight Service Liability of USD -1.0m and Expat insurance of USD -0.8m. The combined result of all other programs is positive USD 0.2m.		

## Maersk Insurance A/S

### Notes

	2021	2020
	tUSD	tUSD
<b>5 Administration expenses</b>		
Other administration expenses	6,619	5,211
<b>Total other administration expenses</b>	<b>6,619</b>	<b>5,211</b>
<b>Fee to auditor elected at the General Assembly</b>		
Statutory audit	27	31
Other services	-	-
<b>Total fee to auditor elected at the General Assembly</b>	<b>27</b>	<b>31</b>
<b>Reinsurance commission</b>		
Reinsurance commission	-1,818	-3,370
<b>Total reinsurance commission</b>	<b>-1,818</b>	<b>-3,370</b>
<b>Total operating expenses</b>	<b>4,828</b>	<b>1,872</b>
<b>Staff costs</b>		
<p>The company has had no employees in the financial year other than part-time employment of Executive Management, Actuary in Chief 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 240k (2020: USD 240k) for services provided by Lars Henneberg as Executive Management in Maersk Insurance A/S and USD 10k (2020: USD 10k) for Internal Audit services. Remuneration of USD 3k (2020: USD 6k) has been paid to the Actuary in Chief. Remuneration of USD 19k (2020: USD 20k) has been paid to member of the Board and the independent member of the Audit Committee, Fatiha Benali.</p>		
<b>6 Investment income</b>		
Interest on investment assets, receivables from parent company and cash at bank	589	2,654
<b>Interest income, dividends etc.</b>	<b>589</b>	<b>2,654</b>
Value adjustments related to other financial assets	-35	1,102
<b>Value adjustments</b>	<b>-35</b>	<b>1,102</b>
Administration expenses related to investment activity	-17	-16
<b>Administration expenses</b>	<b>-17</b>	<b>-16</b>
<b>Total investment income</b>	<b>537</b>	<b>3,740</b>
<b>7 Tax</b>		
Current tax	3,610	-587
Adjustment previous years	210	390
<b>Total tax</b>	<b>3,820</b>	<b>-197</b>

**Maersk Insurance A/S****Notes**

	2021	2020
	tUSD	tUSD
Actual tax percentage	22.0%	22.0%
Adjustment previous years	1.1%	-94.4%
Non taxable / deductible part of premiums and claims	-2.5%	120.1%
<b>Effective tax rate</b>	<b>20.6%</b>	<b>47.7%</b>

**8 Receivables from affiliated companies**

Loan to A.P. Møller - Mærsk A/S	152,106	158,128
Other receivables from A.P. Møller - Mærsk A/S	225	0
<b>Total receivables from affiliated companies</b>	<b>152,331</b>	<b>158,128</b>

**9 Current tax assets / current tax liabilities**

Balance 1 January	-587	4,852
Adjustment previous years	210	390
Paid tax related to last year	377	-5,242
	0	0
Current tax	3,610	-587
Paid on account during the year	-	-
<b>Balance 31 December, 2021: Liability, 2020: Asset</b>	<b>3,610</b>	<b>-587</b>

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



## Maersk Insurance A/S

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### Notes

#### 10 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.

#### 11 Contractual obligations and guarantee commitments

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

#### 12 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 2021:

- Maersk Insurance A/S has granted a loan of USD 152m 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 investment services, underwriting, reinsurance, claims handling, bookkeeping, reporting, IT, legal and tax.
- Transactions with related parties have been conducted on market terms and apart from the above there have been no unusual or significant transactions with related parties in the financial year.

#### 13 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

#### 14 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.

## Maersk Insurance A/S

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# Notes

### 15 Risk information

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

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

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

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

In 2020 the company has on a precautionary basis been put on notice on several policy years regarding a potential energy claim. The size of the potential claim and the affected policy years is uncertain, but based on currently available information technical reserves are considered sufficient.

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.

**Maersk Insurance A/S**


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**Notes**
**16 Insurance technical result by insurance class**

tUSD	Marine		Fire		General Liability	
	2021	2020	2021	2020	2021	2020
Gross premiums written	61,913	8,160	23,719	-1,156	29,142	7,282
Gross premium income	61,913	51,822	23,731	23,408	29,142	17,298
Gross claims incurred	-26,359	-58,541	-29,332	-892	-1,584	-10,095
Change in risk margin	1,586	-159	-2,989	1,866	138	313
Gross operating expenses	-603	-1,061	-1,526	-79	-899	20
Result of ceded business	-22,864	-7,657	-3,676	-10,723	-6,380	-5,300
Technical interest	10	11	4	5	5	4
Technical profit or loss	13,683	-15,584	-13,787	13,586	20,421	2,240
Number of claims	151	140	31	35	100	42
Average claims size (t.USD)	175	418	946	25	16	240
Claims frequency	50	47	6	7	14	6
	Miscellaneous		Income Protection		Medical Expense Insurance	
	Financial Loss					
	2021	2020	2021	2020	2021	2020
Gross premiums written	5,731	454	4,715	6,286	13,716	13,115
Gross premium income	5,626	5,702	4,781	6,203	13,603	11,160
Gross claims incurred	-476	-114	-5,760	-5,980	-12,374	-10,279
Change in risk margin	-68	403	-209	-370	-118	-1,054
Gross operating expenses	-360	379	-349	-349	-1,047	-731
Result of ceded business	-5,644	-8,910	0	0	-293	-277
Technical interest	1	1	1	1	2	2
Technical profit or loss	-921	-2,540	-1,537	-494	-227	-1,179
Number of claims	1	4	-	-	-	-
Average claims size (t.USD)	476	29	-	-	-	-
Claims frequency	0	1	-	-	-	-
	Life Reinsurance		Total			
	2021	2020	2021	2020		
Gross premiums written	2,469	927	141,406	35,068		
Gross premium income	2,241	787	141,037	116,380		
Gross claims incurred	-1,726	-787	-77,613	-86,689		
Change in risk margin	-64	-105	-1,724	894		
Gross operating expenses	-44	-51	-4,828	-1,872		
Result of ceded business	0	0	-38,856	-32,866		
Technical interest	0	0	23	25		
Technical profit or loss	406	-156	18,039	-4,128		
Number of claims	-	-	283	221		
Average claims size (t.USD)	-	-	204	315		
Claims frequency	-	-	15	12		

**Maersk Insurance A/S****Notes****17 Sensitivity information**

Event	2021	2020
	Impact on equity	
Interest rate increase of 0.7 - 1.0 % point	-	-
Interest rate decrease of 0.7 - 1.0 % point	-	-
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	362	258

**18 Financial highlights and key figures**

Main figures from the last 5 years.

Main figures	2021	2020	2019	2018	2017
	tUSD	tUSD	tUSD	tUSD	tUSD
Gross premium income (including change in premium provisions)	141,037	116,380	74,456	59,298	52,426
Gross claims incurred	-79,337	-85,795	-19,997	-99,099	-23,043
Operating insurance expenses	-6,646	-5,242	-2,749	-2,058	-1,970
Profit or loss of reinsurance	-37,038	-29,496	-32,089	54,059	-21,469
Insurance technical result	18,039	-4,128	20,083	12,368	5,980
Return on investments after insurance technical interest	514	3,715	4,758	4,398	2,955
Result after tax for the year	14,733	-216	20,263	12,983	6,604
Run off results, gross	6,743	1,116	587	375	-7,434
Run off results, net	8,626	5,411	2,310	3,105	-357
Total technical provisions	149,666	141,263	152,536	135,801	74,754
Total insurance assets	59,085	54,227	92,319	112,459	45,763
Total equity	224,037	209,304	209,520	189,257	176,274
Total assets	395,013	370,615	418,987	353,554	278,878

**Key figures**

Gross claims ratio	56	74	27	167	44
Net reinsurance ratio	26	25	43	-91	41
Gross expense ratio	5	5	4	3	4
Combined ratio	87	104	74	79	89
Operating ratio	87	104	73	79	89
Relative run off results, gross	5	2	1	1	-14
Relative run off results, net	6	9	2	6	-1
Return on equity in per cent	7	0	10	7	4

**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

Financial highlights and key figures have been adjusted to the changed accounting policies implemented in 2016

**19 Contingent liabilities**

Maersk Insurance primarily conducts reinsurance business, and in certain cases the company will, as part of normal operations, issue a Letter of Credit to fronting companies.

**Maersk Insurance A/S**

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**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:

**Fatiha Benali**

CEO Ejendomsselskabet af 11.11.2018 Aps

**Martin Herrstedt**

Board Member Maersk Training A/S

**Palle Laursen**

Board Member Maersk Training A/S

Chairman of the board for A.P. Moller Singapore Pte Ltd.

Chairman of the board for Maersk Fleet Management & Technology India Pvt. Ltd

Chairman of the board for Maersk Shipping Hong Kong Ltd.