

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

Interim Report 2017
1 January 2017 – 30 June 2017

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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

Christian Kledal

Executive Management

Lars Henneberg

Auditors

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

Management Statement on the Interim Report

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

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

The Interim 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.

Copenhagen, 31 August 2017

Executive Management



Lars Henneberg

Board of Directors



Jan Kjærviik
(Chairman)



Fatiha Benali



Jesper Cramon



Christian Kledal

Management's Review

Main activities

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

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

Insurance risk

The Company writes property and casualty risks within the areas Marine, Energy, Terminals.

The insurance risk for Maersk Insurance A/S is limited to risks within the insurance classes for which the Company holds a license. Claims are limited per incident and for most programmes also on a yearly aggregate. As from June 2016, the Company's gross risk for Energy has been fully reinsured. For Marine the gross risk has also been fully reinsured as from June 2016 except for risks related to war where the net risk per event is USD 15.0m. For Property the maximum net risk per event is USD 30.0m and for Casualty USD 12.5m.

Development in activities and finances

The Company's profit for the first six months of 2017 amounts to USD 4,803k (30.6.2016: USD 10,556k). The result is satisfactory considering that the net risk has been reduced significantly compared to the same period of 2016.

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

The solvency capital requirement (SCR) as of 30 June 2017 has been calculated to USD 59,680k (31.12.2016: USD 52,623k). The capital base amounts to USD 172,006k (31.12.2016: USD 166,751k). Accordingly, the solvency ratio is 2.9 (31.12.2016: 3.2). The solvency capital requirement has been calculated according to the standard formula 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.

Events after the balance sheet date

On 21 August 2017, A.P. Møller – Mærsk A/S entered into an agreement to sell Mærsk Olie og Gas A/S to Total S.A. The transaction is subject to regulatory approval from relevant authorities and closing is expected to take place during Q1 2018. If approved, the sale will reduce the activity level and profits of Maersk Insurance A/S in future years.

The accounts have not been subject to audit or review.

Income statement for the period 1 January - 30 June

	Note	2017 USD k	2016 USD k
Gross premiums		49.880	51.799
Insurance premiums ceded		-46.039	-50.152
Change in premium provisions		-22.854	-16.252
Change in reinsurers' share of premium provisions		20.573	36.258
Total premium income net of reinsurance		1.560	21.653
Technical interest		6	-81
Claims paid		-19.802	-45.036
Received from reinsurers		1.804	7.661
Change in claims provisions		5.719	17.898
Change in risk margin		-57	2.134
Change in reinsurers' share of claims provisions		13.952	6.532
Total cost of claims net of reinsurance		1.616	-10.811
Administration expenses	2	-997	-1.358
Reinsurance commissions		2.618	1.721
Total operating expenses		1.621	363
TECHNICAL PROFIT		4.803	11.124
Interest income and dividends etc.		916	877
Value adjustments		457	157
Administration expenses related to investment activity		-12	-31
Total investment income		1.361	1.003
Interest on technical provisions		-6	81
INVESTMENT RESULT AFTER TECHNICAL INTEREST		1.355	1.084
PROFIT BEFORE TAX		6.158	12.208
Tax	3	-1.355	-1.652
PROFIT FOR THE PERIOD		4.803	10.556

Balance sheet

	Note	30/6 2017 USD k	31/12 2016 USD k
ASSETS			
Bonds		0	39.903
Deposits with credit institutions		75.458	46.271
Total other financial investment assets		75.458	86.174
TOTAL INVESTMENT ASSETS		75.458	86.174
Reinsurers' share of premium provisions		41.581	21.103
Reinsurers' share of claims provisions		23.934	9.982
Total reinsurers' share of insurance provisions		65.515	31.085
Receivables from insurance companies		53.280	15.197
Receivables from affiliated companies	4	120.750	106.368
TOTAL RECEIVABLES		239.545	152.650
Cash at bank		2.453	1.768
TOTAL OTHER ASSETS		2.453	1.768
Interest receivable		0	10.031
Other prepayments and accrued income		17.952	22.493
TOTAL PREPAYMENTS AND ACCRUED INCOME		17.952	32.524
TOTAL ASSETS		335.408	273.116

Balance sheet

	Note	30/6 2017	31/12 2016
		USD k	USD k
EQUITY AND LIABILITIES			
Share capital	5	89.987	89.987
Retained earnings		84.486	79.683
TOTAL EQUITY	6	174.473	169.670
Premium provisions		45.892	23.037
Claims provisions		47.176	52.894
Risk Margin		2.855	2.798
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		95.923	78.729
Debt relating to reinsurance		54.379	19.502
Current tax liabilities		5.131	3.776
Payables to affiliated companies		269	233
Other liabilities		5.233	1.206
TOTAL LIABILITIES		65.012	24.717
TOTAL EQUITY AND LIABILITIES		335.408	273.116

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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.

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.

Accounting policies are unchanged from the 2016 Annual Report.

	2017	2016
	USD k	USD k
2 Administration expenses		
Other administration expenses	986	1.339
Total other administration expenses	986	1.339
Fee to auditor elected at the General Assembly		
Statutory audit	11	19
Total fee to auditor elected at the General Assembly	11	19
Total operating expenses	997	1.358

Staff costs

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 outsourcing agreement, which includes USD 80k (2016: USD 80k) for services provided by Lars Henneberg as Executive Management in Maersk Insurance A/S and USD 5k (2016: USD 5k) for internal audit services. Remuneration of USD 12k (2016: USD 7k) has been paid to members of the Board and the independent members of the Audit Committee, Fatiha Benali and Bjarne Fabienke.

3 Tax

Current tax	-1.355	-1.652
Total tax	-1.355	-1.652
Actual tax percentage	22,0%	22,0%
Non taxable / deductible part of premiums and claims	0,0%	-8,5%
Effective tax rate	22,0%	13,5%

	30/6 2017	31/12 2016
	USD k	USD k
4 Receivables from affiliated companies		
Loan to A.P. Møller - Mærsk A/S	120.750	106.368
Total receivables from affiliated companies	120.750	106.368

5 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.

Notes

	30/6 2017	31/12 2016
	USD k	USD k
6 Equity		
Share capital	89.987	89.987
Retained earnings at beginning of period	79.683	58.334
Total comprehensive income for the period	4.803	21.349
Equity end of period	174.473	169.670

7 Contractual obligations and guarantee commitments

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

8 Related parties

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

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

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

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

9 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

10 Consolidation

Maersk Insurance A/S is consolidated in the Group Interim Accounts for A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K (smallest group) and in the Group Interim Accounts for A. P. Møller Holding A/S, Esplanaden 50, 1098 Copenhagen K (largest group).

The Group Interim Accounts are obtainable from these addresses.

11 Sensitivity information

Event	30/6 2017	31/12 2016
	Impact on equity	
Interest rate increase of 0.7 % point	-	103
Interest rate decrease of 0.7 % point	-	-103
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	430	367

Notes

12 Financial highlights and key figures

	30/6 2017	30/6 2016	30/6 2015	30/6 2014	30/6 2013
	tUSD	tUSD	tUSD	tUSD	tUSD
Main figures					
Gross premium income (including change in premium provisions)	27.026	35.547	38.347	30.053	32.958
Gross claims incurred	-14.140	-25.004	-19.065	-9.563	-37.804
Operating insurance expenses	-997	-1.358	-1.715	-1.582	-1.218
Profit or loss of reinsurance	-7.092	2.020	-8.569	-2.323	-570
Insurance technical result	4.803	11.124	9.065	16.638	-6.501
Return on investments after insurance technical interest	1.355	1.084	413	553	-51
Result after tax for the period	4.803	10.556	8.341	14.157	-6.268
Run off results, gross	-6.971	-431	277	-1.040	4.043
Run off results, net	2.257	-431	277	-1.040	4.043
Total technical provisions	95.923	112.157	128.605	101.599	104.958
Total insurance assets	65.515	61.528	21.974	16.880	2.091
Total equity	174.473	158.877	142.012	128.196	96.370
Total assets	335.408	323.430	299.991	255.022	202.440

Key figures

Gross claims ratio	52	70	50	32	115
Net reinsurance ratio	26	-6	22	8	2
Gross expense ratio	4	4	4	5	4
Combined ratio	82	68	76	45	121
Operating ratio	82	69	76	45	120
Relative run off results, gross	-13	-1	1	-4	14
Relative run off results, net	4	-1	1	-4	14
Return on equity in per cent	6	14	12	23	-13
Solvency coverage - Solvency I	-	-	10	10	8
Solvency coverage - Solvency II	3	3	-	-	-

Gross claims ratio

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

Net reinsurance ratio

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

Gross expense ratio

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

Combined ratio

(The sum of above three key figures)

Operating ratio

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

Relative run off results

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

Return on equity in per cent

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

Solvency coverage

(Base capital / capital requirement)

Financial highlights and key figures for 2017 and 2016 have been adjusted to the current accounting policies, whereas adjustment for the previous years has not been possible.