

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

Interim Report 2016
1 January 2016 – 30 June 2016

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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)
Jesper Cramon
Bjarne Fabienke
Christian Kledal
Fatiha Benali

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 2016.

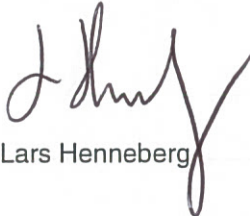
The Interim Report of Maersk Insurance A/S has been prepared in accordance with the Danish Financial Business Act.

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, 30 August 2016

Executive Management



Lars Henneberg

Board of Directors



Jan Kjærviik
(Chairman)



Jesper Gramon



Bjarne Fabienke



Christian Kledal



Fatiha Benali

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. As from June 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 the first six months of 2016 amounts to USD 10,556k (30.6.2015: USD 8,341k). The result is positively influenced by a pre-tax change in risk margin of USD 2,134k (30.06.2015: USD 656k).

The result is satisfactory and somewhat above that of the same period of 2015.

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 (SCR) as of 30 June 2016 has been calculated to USD 53,079k (individual solvency requirement 31.12.2015: USD 72,176k). The capital base has been calculated to USD 156,005k (adequate base capital 31.12.2015: USD 155,621k). Consequently the requirement for the solvency margin is complied with 2.9 times (31.12.2015: 2.2 times). The solvency capital requirement and capital base has been calculated based on the SCR standard formula and capital rules laid down in the Solvency II regulation and directives as well as Executive Orders issued by the Danish Financial Supervisory Authority.

Expectations for the future

The company expects a positive result for 2016.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially would affect the financial position of the company.

The accounts have not been subject to audit or review.

Income statement for the period 1 January - 30 June

	Note	2016 USD k	2015 USD k
Gross premiums		51.799	72.709
Insurance premiums ceded		-50.152	-21.476
Change in premium provisions		-16.252	-34.363
Change in reinsurers' share of premium provisions		36.258	11.744
Total premium income net of reinsurance		21.653	28.614
Technical interest		-81	67
Claims paid		-45.036	-9.418
Received from reinsurers		7.661	-
Change in claims provisions		17.898	-10.303
Change in risk margin		2.134	656
Change in reinsurers' share of claims provisions		6.532	-
Total cost of claims net of reinsurance		-10.811	-19.065
Administration expenses	2	-1.358	-1.715
Reinsurance commissions		1.721	1.164
Total operating expenses		363	-551
TECHNICAL PROFIT		11.124	9.065
Interest income and dividends etc.		877	724
Value adjustments		157	-221
Administration expenses related to investment activity		-31	-23
Total investment income		1.003	480
Interest on technical provisions		81	-67
INVESTMENT RESULT AFTER TECHNICAL INTEREST		1.084	413
PROFIT BEFORE TAX		12.208	9.478
Tax	3	-1.652	-1.137
PROFIT FOR THE PERIOD		10.556	8.341

Balance sheet

	Note	30/6 2016 USD k	31/12 2015 USD k
ASSETS			
Bonds		81.850	91.193
Deposits with credit institutions		18.013	39.115
Total other financial investment assets		99.863	130.308
TOTAL INVESTMENT ASSETS		99.863	130.308
Reinsurers' share of premium provisions		47.724	11.467
Reinsurers' share of claims provisions		13.804	7.272
Total reinsurers' share of insurance provisions		61.528	18.739
Receivables from insurance companies		57.568	18.243
Receivables from affiliated companies	4	94.200	81.054
TOTAL RECEIVABLES		213.296	118.036
Deferred tax assets	5	-	1.268
Cash at bank		988	4.353
TOTAL OTHER ASSETS		988	5.621
Interest receivable		5.991	9.108
Other prepayments and accrued income		3.292	3.645
TOTAL PREPAYMENTS AND ACCRUED INCOME		9.283	12.753
TOTAL ASSETS		323.430	266.718

Balance sheet

	Note	30/6 2016 USD k	31/12 2015 USD k
EQUITY AND LIABILITIES			
Share capital	6	89.987	89.987
Retained earnings		68.890	58.334
TOTAL EQUITY	7	158.877	148.321
Premium provisions		49.625	34.538
Claims provisions		58.901	76.798
Risk Margin		3.631	5.765
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		112.157	117.101
Debt relating to reinsurance		50.152	0
Current tax liabilities		943	557
Payables to affiliated companies		298	109
Other liabilities		1.003	630
TOTAL LIABILITIES		52.396	1.296
TOTAL EQUITY AND LIABILITIES		323.430	266.718
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Notes

1 Accounting policies

Accounting policies are 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.

Apart from the inclusion of risk margin, the accounting policies are unchanged from the 2015 Annual Report.

The change in accounting policies 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 the first half year of 2015 by USD 656k before tax and USD 512k after tax.

	2016	2015
	USD k	USD k
2 Administration expenses		
Other administration expenses	1.339	1.693
Total other administration expenses	1.339	1.693
Fee to auditor elected at the General Assembly		
Statutory audit	19	22
Total fee to auditor elected at the General Assembly	19	22
Total operating expenses	1.358	1.715

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 administration agreement, which includes USD 80k (2015: USD 80k) for services provided by Lars Henneberg as Executive Management in Maersk Insurance A/S and USD 5k (2015: USD 0k) for internal audit services. Remuneration of USD 7k has been paid to member of the Board and the independent member of the Audit Committee Bjarne Fabienke.

3 Tax

Current tax	-1.652	-1.137
Total tax	-1.652	-1.137
Actual tax percentage	22,0%	23,5%
Non taxable / deductible part of premiums and claims	-8,5%	-10,6%
Effective tax rate	13,5%	12,9%

	30/6 2016	31/12 2015
	USD k	USD k
4 Receivables from affiliated companies		
Loan to A.P. Møller - Mærsk A/S	94.200	81.054
Total receivables from affiliated companies	94.200	81.054

5 Deferred tax

Deferred tax assets related to inclusion of Risk Margin	-	1.268
	-	1.268

6 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 2016	31/12 2015
	USD k	USD k
7 Equity		
Share capital	89.987	89.987
Retained earnings at beginning of period	58.334	43.684
Total comprehensive income for the period	10.556	14.650
Equity end of period	158.877	148.321

8 Contractual obligations and guarantee commitments

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

9 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 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 and to bookkeeping and reporting.

10 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

11 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.

12 Sensitivity information

Event	30/6 2016	31/12 2015
	Impact on equity	
Interest rate increase of 0.7 % point	341	692
Interest rate decrease of 0.7 % point	-341	-692
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	383	628

Notes

13 Financial highlights and key figures

	30/6 2016	30/6 2015	30/6 2014	30/6 2013	30/6 2012
	iUSD	iUSD	iUSD	iUSD	iUSD
Main figures					
Gross premium income (including change in premium provisions)	35.547	38.347	30.053	32.958	15.719
Gross claims incurred	-25.004	-19.065	-9.563	-37.804	-10.677
Operating insurance expenses	-1.358	-1.715	-1.582	-1.218	-1.339
Profit or loss of reinsurance	2.020	-8.569	-2.323	-570	0
Insurance technical result	11.124	9.065	16.638	-6.501	3.981
Return on investments after insurance technical interest	1.084	413	553	-51	-155
Result after tax for the period	10.556	8.341	14.157	-6.268	2.869
Run off results, gross	-431	277	-1.040	4.043	0
Run off results, net	-431	277	-1.040	4.043	0
Total technical provisions	112.157	128.605	101.599	104.958	55.407
Total insurance assets	61.528	21.974	16.880	2.091	0
Total equity	158.877	142.012	128.196	96.370	92.831
Total assets	323.430	299.991	255.022	202.440	149.881

Key figures

Gross claims ratio	70	50	32	115	68
Net reinsurance ratio	-6	22	8	2	0
Gross expense ratio	4	4	5	4	8
Combined ratio	68	76	45	121	76
Operating ratio	69	76	45	120	75
Relative run off results	-1	1	-4	14	0
Return on equity in per cent	14	12	23	-13	7
Solvency coverage - Solvency I	-	10	10	8	12
Solvency coverage - Solvency II	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 2016 and 2015 have been adjusted to the changed accounting policies, whereas adjustment for the previous years has not been possible.