

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

**Annual Report 2014**

Approved on the Annual General Meeting

26/3 2015

Presiding

Rasmus Holm

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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

### 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 2014.

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, 3 March 2015

### Executive Management



Lars Henneberg

### Board of Directors



Jan Kjærviik  
(Chairman)



Jesper Cramon



Bjarne Fabienke



Christian Kledal

## Independent Auditor's Report

To the Shareholder of Maersk Insurance A/S

### Report on the Financial Statements

We have audited the Financial Statements of Maersk Insurance A/S for the financial year 1 January – 31 December 2014, page 8 – 22, which comprise income statement, statement of other comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Business Act.

### 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

**Opinion**

In our opinion, the Financial Statements give a true and fair view of assets, liabilities and the financial position of the Company at 31 December 2014 and of the results of the Company operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Business Act.

**Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Business Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Copenhagen, 3 March 2015

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab



Jesper 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 and Terminals. As per 1 November 2013 the Company initiated writing separate Liability risks and as from 1 January 2014 also separate Property risks.

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 2014, the Company's maximum net risk is in total limited to USD 59.0m for Energy, USD 38.0m for Marine, USD 17.0m for Terminals and USD 10.0m for General Liability. For Property the maximum net risk per event is USD 30.0m and for Umbrella Liability USD 12.5m.

### Development in activities and finances

The company's profit for 2014 amounts to USD 24,762k (2013: USD 11,401k). The result is satisfactory and positively influenced by relatively low claims.

Maersk Insurance has in 2014 acquired the insurance portfolios of the two companies Corvetine Insurance Company Limited and Barkentine Insurance Company Limited. Maersk Insurance received a total premium of USD 6,036k. Reserves in the amount of USD 5,645k were made in connection with the transactions.

The company has in 2014 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 2014 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 company's solvency margin according to rules from the Danish Financial Supervisory Authority (Finanstilsynet) is USD 14,774k as at 31 December 2014 (2013: USD 11,502k) which is covered by a base capital of USD 138,801k (2013: USD 114,039k). Consequently the Financial Supervisory Authority's requirement for the solvency margin is complied with 9.4 times (2013: 9.9 times).

## **Maersk Insurance A/S**

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The individual solvency requirement as of 31 December 2014 has been calculated to USD 78,303k (2013: USD 65,125k). The individual solvency requirement has been calculated based on the individual solvency requirement according to the Executive Order and Guidance from the Danish Financial Supervisory Authority which came into force on 1 January 2014.

### **Expectations for the future**

The company expects a positive result for 2015.

### **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.

### **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 16 to the financial statements.

### **Distribution of the profit for the year**

The Board proposes that the profit for the year, USD 24,762k is transferred to equity.

### **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](http://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.



## **Maersk Insurance A/S**

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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, 2014 none of the shareholder-appointed Board members is a woman. Consequently, the target for gender diversity has not yet been 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 since 1 January 2007 been appointed as expert assessor of The Maritime and Commercial Court.

### **Board memberships and other assignments for Board members, Executive management and Executive staff**

Reference is made to overview on pages 23 - 24.

## Income statement

	Note	2014	2013
		tUSD	tUSD
Gross premiums	2	82.075	49.919
Insurance premiums ceded		-19.986	-2.661
Change in premium provisions		-10.432	2.589
Change in reinsurers' share of premium provisions		7.921	950
<b>Total premium income net of reinsurance</b>		<b>59.578</b>	<b>50.797</b>
<b>Technical interest</b>	3	<b>123</b>	<b>203</b>
Claims paid		-12.805	-34.602
Change in claims provisions		-15.555	642
<b>Total cost of claims net of reinsurance</b>	4	<b>-28.360</b>	<b>-33.960</b>
Administration expenses		-2.872	-2.567
Reinsurance commissions		1.315	-
<b>Total operating expenses</b>	5	<b>-1.557</b>	<b>-2.567</b>
<b>TECHNICAL PROFIT</b>		<b>29.784</b>	<b>14.473</b>
Interest income and dividends etc.		1.498	869
Value adjustments		-760	-496
Administration expenses related to investment activity		-34	-44
<b>Total investment income</b>	6	<b>704</b>	<b>329</b>
<b>Interest on technical provisions</b>		<b>-123</b>	<b>-203</b>
<b>INVESTMENT RESULT AFTER TECHNICAL INTEREST</b>		<b>581</b>	<b>126</b>
<b>PROFIT BEFORE TAX</b>		<b>30.365</b>	<b>14.599</b>
Tax	7	-5.603	-3.198
<b>PROFIT FOR THE YEAR</b>		<b>24.762</b>	<b>11.401</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>24.762</b>	<b>11.401</b>

Balance sheet as of 31 December

Assets	Note	2014 tUSD	2013 tUSD
Bonds	8	80.001	73.512
Deposits with credit institutions		29.590	29.228
<b>Total other financial investment assets</b>		<b>109.591</b>	<b>102.740</b>
<b>TOTAL INVESTMENT ASSETS</b>		<b>109.591</b>	<b>102.740</b>
Reinsurers' share of premium provisions		7.921	950
Reinsurers' share of claims provisions		2.252	-
<b>Total reinsurers' share of insurance provisions</b>		<b>10.173</b>	<b>950</b>
Receivables from insurance companies		17.945	28.822
Receivables from affiliated companies	9	73.367	32.087
Other receivables		31	-
<b>TOTAL RECEIVABLES</b>		<b>101.516</b>	<b>61.859</b>
Cash at bank		2.722	2.236
<b>TOTAL OTHER ASSETS</b>		<b>2.722</b>	<b>2.236</b>
Interest receivable		7.840	940
Other prepayments and accrued income		2.442	250
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>		<b>10.282</b>	<b>1.190</b>
<b>TOTAL ASSETS</b>		<b>224.111</b>	<b>168.025</b>

## Balance sheet as of 31 December

	Note	2014 tUSD	2013 tUSD
<b>EQUITY AND LIABILITIES</b>			
Share capital	11	89.987	89.987
Retained earnings		48.814	24.052
<b>TOTAL EQUITY</b>		<b>138.801</b>	<b>114.039</b>
Premium provisions		32.696	21.117
Claims provisions		46.548	28.940
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>79.244</b>	<b>50.057</b>
Current tax liabilities	10	5.624	1.230
Payables to affiliated companies		208	-
Other liabilities		234	2.699
<b>TOTAL LIABILITIES</b>		<b>6.066</b>	<b>3.929</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>224.111</b>	<b>168.025</b>
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## Statement of changes in equity as at 31 December 2014

	Share capital	Retained earnings	Total
	tUSD	tUSD	tUSD
<b>2013</b>			
Equity 1 January	89.987	12.651	102.638
Injected share capital	-	-	-
Total comprehensive income for the year	-	11.401	11.401
<b>Equity 31 December 2013</b>	<b>89.987</b>	<b>24.052</b>	<b>114.039</b>
<b>2014</b>			
Equity 1 January	89.987	24.052	114.039
Injected share capital	-	-	-
Total comprehensive income for the year	-	24.762	24.762
<b>Equity 31 December 2014</b>	<b>89.987</b>	<b>48.814</b>	<b>138.801</b>

## Statement of base capital

	2014	2013
	tUSD	tUSD
Equity 31 December	138.801	114.039
Current tax assets	-	-
<b>Base capital 31 December</b>	<b>138.801</b>	<b>114.039</b>
<b>Solvency margin 31 December</b>	<b>14.774</b>	<b>11.502</b>

## Notes

### 1 Accounting policies

The financial statements are presented in accordance with the Danish Financial Business Act and the accounting regulations stipulated for insurance companies by the Danish Financial Supervisory Authority.

The financial statements cover the period 1 January 2014 – 31 December 2014 and are presented in USD which is the Company's functional currency.

The accounting policies remain unchanged from the financial statements for 2013.

In 2013, a combined IBNR/IBNER reserve was calculated as a percentage of open claims for Energy, Marine and Terminals. In 2014, the calculation of IBNR/IBNER reserves was changed to also include the insurance programs Umbrella Liability, General Liability and Property. Further, IBNR reserves are as from 2014 calculated as a percentage of net premium and IBNER reserves are calculated as a percentage of open claims in order to better reflect the exposure which must be covered by these reserves. The change in estimate has had no material impact on profit for the year and equity.

#### 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 technical reserves at own account for the year. The interest used is the interest set by the Danish Financial Supervisory Authority.

**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.

**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 - Mærsk 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.

### **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

	2014	2013
	tUSD	tUSD
<b>2 Gross premiums</b>		
Gross premium reinsurance	81.478	49.919
Gross premium direct insurance	597	-
<b>Total gross premium</b>	<b>82.075</b>	<b>49.919</b>
<b>Direct insurance</b>		
Denmark	186	-
Other EU-countries	111	-
Other countries	300	-
	<b>597</b>	<b>-</b>
<b>3 Technical interest</b>		
Premium provisions	32.696	21.117
Claims provisions	46.548	28.940
	<b>79.244</b>	<b>50.057</b>
Insurance technical interest has been calculated as 0.18% (2013: 0.28 %) of the average balance of insurance provisions of USD 68,507k (2013: USD 72,499k)	123	203
<b>Total technical interest</b>	<b>123</b>	<b>203</b>
<b>4 Cost of claims net of reinsurance</b>		
Claims paid	12.805	34.602
Change in claims provisions	15.555	-642
<b>Total cost of claims net of reinsurance</b>	<b>28.360</b>	<b>33.960</b>
<b>Allocation of claims incurred and run off result related to previous years</b>		
Claims losses in the year, gross and net of reinsurance	27.547	45.700
Run off results gross and net of reinsurance	813	-11.740
<b>Total losses gross and net of reinsurance</b>	<b>28.360</b>	<b>33.960</b>

### Run off result

The run off result consists of higher claims related to Marine of USD 0.2M and Terminals USD 2.0M. IBNR/IBNER reserves have been reduced by USD 1.4M.

## Notes

	2014	2013
	tUSD	tUSD
<b>5 Administration expenses</b>		
Other administration expenses	2.843	2.523
<b>Total other administration expenses</b>	<b>2.843</b>	<b>2.523</b>
<b>Fee to auditor elected at the General Assembly</b>		
Statutory audit	29	44
Other services	-	-
<b>Total fee to auditor elected at the General Assembly</b>	<b>29</b>	<b>44</b>
<b>Reinsurance commission</b>		
Reinsurance commission	-1.315	-
<b>Total reinsurance commission</b>	<b>-1.315</b>	<b>-</b>
<b>Total operating expenses</b>	<b>1.557</b>	<b>2.567</b>
<b>Staff costs</b>		
<p>The company has had no employees in the financial year. Executive Management receives no remuneration from Maersk Insurance A/S. Services provided by A.P. Møller - Mærsk A/S are charged as part of the administration agreement, which includes USD 160k (2013: USD 160k) for services provided by Lars Henneberg as Executive Management in Maersk Insurance A/S. Remuneration of USD 16k (2013: 23k) has been paid to member of the Board and the independent member of the Audit Committee, Bjarne Fabienke.</p>		
<b>6 Investment income</b>		
Interest on investment assets, receivables from parent company and cash at bank	1.498	869
<b>Interest income, dividends etc.</b>	<b>1.498</b>	<b>869</b>
Value adjustments related to other financial assets	-760	-496
<b>Value adjustments</b>	<b>-760</b>	<b>-496</b>
Administration expenses related to investment activity	-34	-44
<b>Administration expenses</b>	<b>-34</b>	<b>-44</b>
<b>Total investment income</b>	<b>704</b>	<b>329</b>
<b>7 Tax</b>		
Current tax	6.064	1.230
Adjustment previous years	-461	1.968
<b>Total tax</b>	<b>5.603</b>	<b>3.198</b>
Actual tax percentage	24,5%	25,0%
Adjustment previous years	-1,5%	12,0%
Non taxable / deductible part of premiums and claims	-4,6%	-15,0%
<b>Effective tax rate</b>	<b>18,4%</b>	<b>22,0%</b>

## Notes

	2014	2013
	tUSD	tUSD
<b>8 Bonds</b>		
Bonds at fair value	80.001	73.512
<b>Total bonds</b>	<b>80.001</b>	<b>73.512</b>

Average modified duration as at 31 December 2014 is 0.87 (2013: 0.68)

### 9 Receivables from affiliated companies

Loan to A.P. Møller - Mærsk A/S	73.367	32.087
<b>Total receivables from affiliated companies</b>	<b>73.367</b>	<b>32.087</b>

### 10 Current tax assets / current tax liabilities

Balance 1 January	1.230	-556
Adjustment previous years	-461	1.968
Paid tax related to last year	-1.209	-1.412
	-440	-
Current tax	6.064	1.230
Paid on account during the year	-	-
<b>Balance 31 December, liability</b>	<b>5.624</b>	<b>1.230</b>

The company is jointly taxed with the parent company A.P. Møller - Mærsk A/S.

## Notes

### 11 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.

### 12 Contractual obligations and guarantee commitments

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

### 13 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 2014:

- Maersk Insurance A/S has granted a loan of USD 73.4m 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 and to bookkeeping and reporting.
- Acquisition of the insurance portfolios of Corvetine and Barkentine at market value of USD 6.0m

### 14 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

### 15 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

### 16 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.

For the investment area, the Board of Directors has drawn up an investment policy. When the company assesses the risk associated with the total investments, including not least the interest exposure, the so-called "traffic light" is used. The traffic light reflects the company's ability to resist a number of scenarios, e.g. changes in interest rates. As stipulated in the investment policy, all investments made in other currencies than USD are hedged to protect the company against the exchange rate exposure.

## Notes

## 17 Insurance technical result by insurance class

	Marine, Aviation and Transport *)	Fire *)	Third Party *)	Total
	tUSD	tUSD	tUSD	tUSD
<b>2014</b>				
Gross premiums written	73.331	7.118	1.626	82.075
Gross premium income	64.103	6.600	940	71.643
Gross claims incurred	-24.952	-3.272	-136	-28.360
Gross operating expenses	-1.391	-135	-31	-1.557
Result of ceded business	-11.812	-253	-	-12.065
Technical interest	110	11	2	123
Technical profit or loss	26.058	2.951	776	29.784
Number of claims	26	9	6	41
Average claims size (t.USD)	960	364	23	692
Claims frequency	13	5	3	7
	Marine, Aviation and Transport *)	Fire *)	Third Party *)	Total
	tUSD	tUSD	tUSD	tUSD
<b>2013</b>				
Gross premiums written	43.724	5.643	552	49.919
Gross premium income	46.328	6.088	92	52.508
Gross claims incurred	-29.763	-4.197	-	-33.960
Gross operating expenses	-2.249	-290	-28	-2.567
Result of ceded business	-1.711	-	-	-1.711
Technical interest	178	23	2	203
Technical profit or loss	12.783	1.624	66	14.473
Number of claims	37	62	-	99
Average claims size (t.USD)	345	26	-	146
Claims frequency	19	62	-	98

\*) "Marine, Aviation and Transport" includes the insurance areas Marine and Energy  
 "Fire" includes the insurance area Terminals and Property  
 "Third party" includes the insurance area Liability

## 18 Sensitivity information

Event	2014	2013
	Impact on equity	
Interest rate increase of 0.7 - 1.0 % point	603	407
Interest rate decrease of 0.7 - 1.0 % point	-603	-407
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	407	230

## Notes

### 19 Financial highlights and key figures

The company was formed 28 February 2011. Accordingly the overview comprises 4 years only

Main figures	2014	2013	2012	2011
	iUSD	iUSD	iUSD	iUSD
Gross premium income (including change in premium provisions)	71.643	52.508	45.112	0
Gross claims incurred	-28.360	-33.960	-30.768	0
Operating insurance expenses	-2.872	-2.567	-2.736	0
Profit or loss of reinsurance	-10.749	-1.711	0	0
Insurance technical result	29.784	14.473	11.805	0
Return on investments after insurance technical interest	581	126	316	1
Result after tax for the year	24.762	11.401	12.676	-25
Run off results, gross	-813	11.740	0	0
Run off results, net	-813	11.740	0	0
Total technical provisions	79.244	50.057	54.001	0
Total insurance assets	10.173	950	0	0
Total equity	138.801	114.039	102.638	80.169
Total assets	224.111	168.025	157.419	80.203

### Key figures

Gross claims ratio	40	65	68	0
Net reinsurance ratio	15	3	0	0
Gross expense ratio	4	5	6	0
Combined ratio	59	73	74	0
Operating ratio	58	73	74	0
Relative run off results	-3	40	0	0
Return on equity in per cent	19	11	14	0
Solvency coverage	9	10	8	18

#### 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 )



**Participation in Boards and Management**

Board Members and Management participate as Board Members and Management in the following companies:

**Jan Kjærvik**

Vice Chairman Höegh Autoliners Holdings AS

Board Member Maersk A/S

Board Member Maersk Property A/S

Board Member Britannia P&I Club

Board Member VP Securities

**Jesper Cramon**

Chairman Maersk Property A/S

Vice Chairman Maersk line A/S

Board Member Maersk 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 Sunrise 14 A/S

**Bjarne Fabienke**

Board Member Pensionskassen PenSam

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

Board Member Pensionskassen for apotekere og farmaceuter

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

Board Member Arbejdstagernes Pensionskasse SISA (Greenland)

## Maersk Insurance A/S

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### Christian Kledal

Chairman and CEO Maersk Inc.  
Chairman Maersk Line A/S  
Chairman Maersk Services USA Inc.  
Chairman Aktieselskabet Roulunds Fabriker  
Chairman Maersk Holding B.V  
Chairman Roulunds Holding A/S  
Chairman APM Terminals A/S  
Chairman Sunrise 14 A/S  
Vice Chairman Rederiet A.P.Møller A/S  
CEO and Board Member Maersk Shipping 1 A/S  
CEO and Board Member Maersk Shipping 2 A/S  
Board Member Damco International A/S  
Board Member Damco International B.V.  
Board Member Odense Stålskibsværft A/S  
Board Member Star Air A/S  
Board Member Maersk Aviation Holding A/S