

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

Interim Report 2018
1 January 2018 – 30 June 2018

Contents

	<u>Page</u>
Company Details	1
Management Statement on the Interim Report	2
Management's Review	3
Income Statement for the period 1 January – 30 June	4
Balance Sheet	5
Notes	7

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)

Faliha Benali

Martin Herrstedt

Palle Laursen

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 2018.

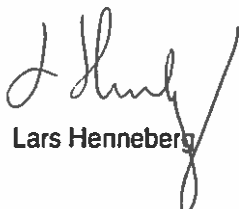
The Interim Report of Maersk Insurance A/S has been prepared in accordance with the Danish Financial Business Act.

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, 15 August 2018

Executive Management



Lars Henneberg

Board of Directors



Jan Kjærnik
(Chairman)



Fatiha Benali



Martin Fredersted



Palle Laursen

Management's Review

Main activities

Maersk Insurance A/S was founded in 2011 as a captive for the parent company A.P. Moller - 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. For Property the maximum net risk per event is USD 45.0m and for Casualty USD 12.5m.

Development in activities and finances

The Company's profit for the first six months of 2018 amounts to USD 7,227k (30.6.2017: USD 4,803k). The result is satisfactory and influenced by a positive net run-off result.

On 6 March 2018 the vessel Maersk Honam suffered a fire in the cargo hold. Maersk Insurance has for this claim posted a gross claims provision of USD 58,910k. The net claims provision is zero as the claim is 100% reinsured.

The Company has in 2018 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 2018 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 (SCR) as of 30 June 2018 has been calculated to USD 51,053k (31.12.2017: USD 56,771k). The capital base amounts to USD 180,552k (31.12.2017: USD 172,263k). Accordingly, the solvency ratio is 3.5 (31.12.2017: 3.0). 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 2018.

The accounts have not been subject to audit or review.

Income statement for the period 1 January - 30 June

	Note	2018 USD k	2017 USD k
Gross premiums		54.245	49.880
Insurance premiums ceded		-40.523	-46.039
Change in premium provisions		-28.228	-22.854
Change in reinsurers' share of premium provisions		18.902	20.573
Total premium income net of reinsurance		4.396	1.560
Technical interest		39	6
Claims paid		-6.736	-19.802
Received from reinsurers		2.807	1.804
Change in claims provisions		-61.541	5.719
Change in risk margin		-1.151	-57
Change in reinsurers' share of claims provisions		67.717	13.952
Total cost of claims net of reinsurance		1.096	1.616
Administration expenses	2	-981	-997
Reinsurance commissions		2.693	2.618
Total operating expenses		1.712	1.621
TECHNICAL PROFIT		7.243	4.803
Interest income and dividends etc.		1.153	916
Value adjustments		922	457
Administration expenses related to investment activity		-13	-12
Total investment income		2.062	1.361
Interest on technical provisions		-39	-6
INVESTMENT RESULT AFTER TECHNICAL INTEREST		2.023	1.355
PROFIT BEFORE TAX		9.266	6.158
Tax	3	-2.039	-1.355
PROFIT FOR THE PERIOD		7.227	4.803

Balance sheet

	Note	30/6 2018	31/12 2017
ASSETS		USD k	USD k
Deposits with credit institutions		71.544	70.849
Total other financial investment assets		71.544	70.849
TOTAL INVESTMENT ASSETS		71.544	70.849
Reinsurers' share of premium provisions		37.708	18.806
Reinsurers' share of claims provisions		94.036	26.957
Total reinsurers' share of insurance provisions		131.744	45.763
Receivables from insurance companies		54.663	23.530
Receivables from affiliated companies	4	118.609	123.646
TOTAL RECEIVABLES		305.016	192.939
Cash at bank		4.131	989
TOTAL OTHER ASSETS		4.131	989
Interest receivable		4.362	0
Other prepayments and accrued income		15.787	14.101
TOTAL PREPAYMENTS AND ACCRUED INCOME		20.149	14.101
TOTAL ASSETS		400.840	278.878

Balance sheet

	Note	30/6 2018	31/12 2017
		USD k	USD k
EQUITY AND LIABILITIES			
Share capital	5	89.987	89.987
Retained earnings		93.514	86.287
TOTAL EQUITY	6	183.501	176.274
Premium provisions		50.899	22.671
Claims provisions		110.858	49.317
Risk Margin		3.917	2.766
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		165.674	74.754
Debt relating to reinsurance		46.453	22.717
Current tax liabilities		2.728	696
Payables to affiliated companies		386	87
Other liabilities		2.098	4.350
TOTAL LIABILITIES		51.665	27.850
TOTAL EQUITY AND LIABILITIES		400.840	278.878
Accounting policies	1		
Contractual obligations and guarantee commitments	7		
Related parties	8		
Ownership	9		
Consolidation	10		
Sensitivity information	11		
Financial highlights and key figures	12		

Notes

1 Accounting policies, judgements and significant estimates

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 2017 Annual Report.

3rd party recovery

Where it is anticipated that recovery is obtainable from a 3rd 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.

As of 30 June 2018, estimated 3rd party recoveries, where final settlement is uncertain, amount to USD 7.7m

	2018	2017
	USD k	USD k
2 Administration expenses		
Other administration expenses	966	986
Total other administration expenses	966	986
Fee to auditor elected at the General Assembly		
Statutory audit	15	11
Total fee to auditor elected at the General Assembly	15	11
Total operating expenses	981	997

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 (2017: USD 80k) for services provided by Lars Henneberg as Executive Management in Maersk Insurance A/S and USD 5k (2017: USD 5k) for internal audit services. Remuneration of USD 10k (2017: USD 12k) has been paid to member of the Board and the independent member of the Audit Committee, Fatima Benali.

3 Tax

Current tax	-2.039	-1.355
Total tax	-2.039	-1.355

Actual tax percentage	22,0%	22,0%
Non taxable / deductible part of premiums and claims	0,0%	0,0%
Effective tax rate	22,0%	22,0%

	30/6 2018	31/12 2017
	USD k	USD k
4 Receivables from affiliated companies		
Loan to A.P. Møller - Mærsk A/S	118.609	123.646
Total receivables from affiliated companies	118.609	123.646

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

	<u>30/6 2018</u>	<u>31/12 2017</u>
	USD k	USD k
6 Equity		
Share capital	89.987	89.987
Retained earnings at beginning of period	86.287	79.683
Total comprehensive income for the period	<u>7.227</u>	<u>6.604</u>
Equity end of period	<u>183.501</u>	<u>176.274</u>

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 2018:

- 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	<u>30/6 2018</u>	<u>31/12 2017</u>
	<u>Impact on equity</u>	
Interest rate increase of 0.7 % point	-	-
Interest rate decrease of 0.7 % point	-	-
Decrease in share price of 12 %	-	-
Decrease in property price of 8 %	-	-
Currency risk (VAR 99.5)	-	-
Loss on counterparties of 8 %	261	188

Notes

12 Financial highlights and key figures

	30/6 2018	30/6 2017	30/6 2016	30/6 2015	30/6 2014
	IUSD	IUSD	IUSD	IUSD	IUSD
Main figures					
Gross premium income (including change in premium provisions)	26 017	27 026	35 547	38 347	30 053
Gross claims incurred	-69 428	-14 140	-25 004	-19 065	-9 563
Operating insurance expenses	-981	-997	-1 358	-1 715	-1 582
Profit or loss of reinsurance	51 596	-7 092	2 020	-8 569	-2 323
Insurance technical result	7 243	4 803	11 124	9 065	16 638
Return on investments after insurance technical interest	2 023	1 355	-1 084	413	553
Result after tax for the period	7 227	4 803	10 556	8 341	14 157
Run off results, gross	-2 092	-6 971	-431	277	-1 040
Run off results, net	3 827	2 257	-431	277	-1 040
Total technical provisions	165 674	95 923	112 157	128 605	101 599
Total insurance assets	131 744	65 515	61 528	21 974	16 880
Total equity	183 501	174 473	158 877	142 012	128 196
Total assets	400 840	335 408	323 430	299 991	255 022

Key figures

Gross claims ratio	267	52	70	50	32
Net reinsurance ratio	-198	26	-6	22	8
Gross expense ratio	4	4	4	4	5
Combined ratio	73	82	68	76	45
Operating ratio	72	82	69	76	45
Relative run off results, gross	-4	-13	-1	1	-4
Relative run off results, net	8	4	-1	1	-4
Return on equity in per cent	8	6	14	12	23
Solvency coverage - Solvency I	-	-	-	10	10
Solvency coverage - Solvency II	4	3	3	-	-

Gross claims ratio

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

Net reinsurance ratio

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

Gross expense ratio

(Operating insurance expenses) / (gross premium income - bonus and premium related) * 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 2018, 2017, 2016 and 2015 have been adjusted to the changed accounting policies implemented in 2016, whereas adjustment for the previous years has not been possible