ERV
Annual report 2012

(former Europeiska)

Translation of the Swedish Annual Report

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CEO's message

”To scout trends and transform these into value adding products and services for our leisure and corporate customers has been and will always be central part of our genetic code as specialist insurer”.

The year 2012 has no doubt been a challenging one for the company. Europeiska Försäkringsaktiebolaget changed its name into ERV Försäkringsaktiebolag on February 1, 2012. The name change was based on the ERV Group's ambition to create a strong joint global brand name. Besides the name change the clear aim for the year was to initiate a thorough turnaround program for our company to reduce our operating costs and optimize our processes. The turnaround program was called "3-in-2" and was launched in May 2012 and will pay off in the coming 2 years. Securing operational excellence and re-underwriting our entire insurance portfolio have been in our focus. We have come a good way since then.

A new organizational structure, an almost entirely refreshed Management Team with focus on Sales and Operations as well as other key-skills in Business Development & Compliance, Underwriting and Risk-Controlling have been added to our staff with the intention to strengthen our institutional skills. At the same time we have begun to optimize our processes and workflows which enabled us to reduce our operating costs in a first round already in 2012 with more savings to follow in 2013/14.

In addition we have started to re-underwrite nearly our entire insurance portfolio in a quest to optimize the risk-return profile of our book. In our Corporate Line of business we have offered a completely new expatriate product which has been very well received by the market. A simplified product struct ure contributed to improved operational excellence. In Corporate Accident Insurance we have decided to leave the market as earned margins no longer meet our profit expectations. In our Leisure lines we have adjusted pricing and partially also terms & conditions of our products. Our Card & Affinity Line of business has been performing very satisfying in 2012.

The mentioned initiatives have negatively impacted the overall 2012 result and certainly we are not satisfied with the present development. Yet the taken initiatives are without alternative and will eventually lead to significantly improved performance and profitability. We have given us 2 years for leading the 3-in-2 to success.

To close with, please allow me some comments on how we define our role as market leader in travel insurance in Sweden. As market leader, for decades now, we have always been at the forefront of solution and product innovation. To scout trends and transform these into value adding products and services for our leisure and corporate customers has been and will always be central part of our genetic code as specialist insurer.

In this context over the last 2 years we firmly identified Business compliance as the key industry theme for the next 5 years, especially so in Corporate and Cross border travel insurance. Ensuring excellence in Business compliance means excellence in three sub-areas: Regulatory compliance, tax compliance and consumer protection compliance. Legal requirements in all three fields have widened considerably during the last two to three years. And certainly this trend will continue with even higher pace. Judgements of the European Court of Justice have clarified that by no means compliance is merely an obligation to the insurer. Also the buyers of insurance as well as the brokers of insurance have to ensure Business compliance. Thus compliance has evolved as a true industry theme.

As market leader at an early stage, i.e. some 5 years ago, we have identified this critical business success factor for our customers and for us and have invested heavily in our solution and our offerings. Today we can proudly say that thanks to these efforts we continue to provide the leading travel insurance facility in Sweden.
You are more than invited to follow us also in 2013 on how we continue to add value as well as operational excellence to our core competences in Travel and other Specialty Insurance. Our website scouts these and other themes in an interesting and easy to understand way. Be inspired...

Sundbyberg, maj 2013

Johann von Hülsen
CEO

Management report 2012

ERV Försäkringsaktiebolag (publ)
(formerly the Europeiska Försäkringsaktiebolaget (publ))
Organization number 502005-5447

The Board of Directors and Chief Executive Officer of ERV Försäkringsaktiebolag (publ) hereby submit the Annual Accounts for 2012, the company's 92nd year of operation.

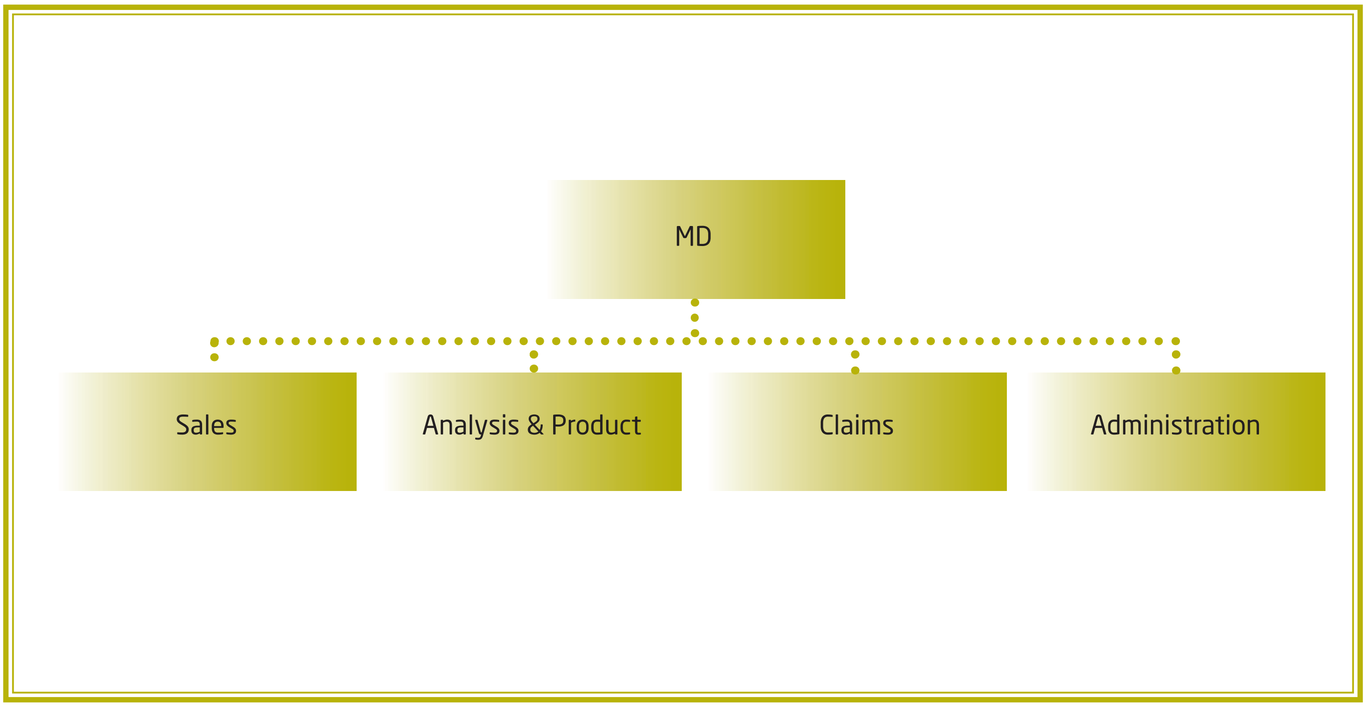
Note that the Europeiska Försäkringsaktiebolaget (publ) has been renamed to ERV Försäkringsaktiebolag (publ) on February 1, 2012.

ERV apply the so-called statutory IFRS. This means that the approved international accounting standards (International Financial Reporting Standards, IFRS) applicable to the restrictions imposed by law or regulation, the regulations and guidance on annual reports of insurance companies (FFFS 2008:26, 2009:12 and 2011:28) and The Council for Financial reporting (RFR 2).

ERV Försäkringsaktiebolag (publ) is based in Sundbyberg, and is a wholly owned subsidiary of the European International Holding A/S based in Copenhagen, that in turn is wholly owned by Europäische Reiseversicherung AG based in Munich.The Company is part of ERGO Versicherungsgruppe AG based in Düsseldorf, where the financial statements can be obtained. ERGO is part of Munich Re Group, based in Munich, where consolidated documents may be obtained.

ERV was formed in 1920 and is a specialist company in the travel insurance. In addition to private and corporate travel insurance ERV provides accident insurance, specialty insurance for bank cards, and various product insurance in cooperation with retail chains.

Operational organization, 2012-12-31



Summary of Fiscal Year 2010

Sales of Card insurance and various types of Affinity insurance in total rose slightly during the year. Premium income for Corporate Business increased overall due to extensive re-underwriting efforts. Income in Leisure Travel Insurance has dropped significantly due to a product change with cyclically lower premium in the first year of inception. In total netted premium has reduced by 36 MSEK in 2012.

Claims ratio has further increased in 2012 to high 63.2 % coming from 54.2 % in 2011. Especially our Corporate Expatriate and our Municipal Accident Insurance business have seen both more and higher loss events.

The effect of reduced sales and worsened claims development, despite lower costs of 8 MSEK and better investment income of 2 MSEK resulted in a decrease in profit before tax in 2012 compared to the previous year at 8 MSEK. Tax effects and lower tax effects on effectively used equalization reserve supported the total result after tax to a final profit of 0.5 MSEK which we clearly consider as not satisfying.

To ensure better profitability in future the Company's new management team since May 2012 has evaluated and put in force the efficiency and turnaround program "3-in-2".

"3-in-2" builds on 3 focus areas which are destined to deliver value to the Company's results within 2 years that is from 2014 onwards. The three focus areas are material Complexity reduction, tight Cost management and securing intelligent, that is easy to sell and easy to administer Growth. All three focus areas are secured by so-called Roadmaps and monitored by a comprehensive steering and controlling tool.

Complexity reductions across the entire Company, to start with, are facilitated by a focused team of one Business Architect and 2 fulltime and 2 part-time Process Developers. In 2012 a so-called Heatmap has been generated to identify those areas with maximum need for improvements. Step by step the improvement areas will be tackled in the next 2 years. In addition ERV Sweden intends to introduce a new IT System to realize considerable efficiency gains and reduce administration and claims handling costs. Business Architectural optimization further intends to re-engineer all processes – also those that are not IT-prone as well as to improve development of easy-to-administer products. Lower production costs due to reduced operational complexity will improve ERV's competiveness in pricing and leads to improved returns.

Tight cost control is effectuated along the entire value chain. Starting with focused re-underwriting of the entire product portfolio, ERV Sweden has decided in 2012 to close its entire Accident Business. Further we have launched a re-underwritten Expatriate Product to the Swedish Corporate Travel Insurance Market. Lastly we have challenged our product range in Leisure Travel insurance which led to price and term adjustments as well as to product exits. Continued on the value chain we have begun to exercise cost control also in Claims handling with numerous measures of which better fraud control, more effective recoursing, introduction of auto claims as well as renegotiating our international network's service levels and fee structure for 2013 are but few examples. Lastly we have endorsed tight cost control by improved cost monitoring across the entire company as well as an improved cost center structure.

Growth is highly welcome in ERV Sweden and we work hard for it. A new sales management will endorse this in 2013. Nonetheless the Company in the past has assumed growth that turned out to be too complex to handle which eventually led to a rising HR-cost structure the past years. This has been turned back now by ensuring so called "intelligent growth": ERV, starting from 2012, will feature only such speciality insurance products that are easy to sell and easy to administer. In addition the year 2012 has been used to prune our product range as well as to sharpen our market presence by leaving specific market segments or to enrich our product range by partnering with strategic partners that will add more value to our products and therefore also make these products more customer friendly. As important as defining in which markets we like to be active it is to define in which markets we will not be offering any solutions and services.

Behind these three focus areas, there have been considerable organizational adjustments. These intend to facilitate a focused and lean organizational set-up. In this context the Company's Top and Middle Management Team has been adjusted on several key positions to sustainably secure the "3in-2" measures. Starting with one joint CEO ERV Sweden and ERV Denmark are moving together more and more in order to optimize costs, knowledge exchange, joint sales and solution activities and task sharing especially in complex steering areas like Risk Control, Business and Legal Compliance, Internal Auditing and Finance.

The strong internationalization of the company's business continues. This puts further demands on services relating to the settlement of claims and assistance activities, but also additional knowhow in the form of knowledge of local business and regulatory environment in the countries where we have insured clients. To serve these purposes ERV Sweden in 2012 has put considerable efforts in developing the before mentioned new comprehensive Expatriate Product. In addition we expect further tightened compliance requirements to be enforced by worldwide insurance regulators in the next years. Therefore we, together with our Headquarter as well as our sister company in Denmark, have introduced in 2012 additional and forward looking measures to ensure continued international compliance of our products and set-up.

The Company's long term strategy remains unchanged where all insurance contracts shall be based on qualified risk selection, competent risk assessment and prompt, lean and cost effective service, leading to high customer satisfaction and long-term stability for customers, partners, shareholders and staff.

FINANCIAL RESULTS 2010

The net income before appropriations and tax totaled -7.8 MSEK, compared with -0.2 MSEK for 2011. Gross premiums written decreased from 458.5 MSEK to 424.3 MSEK while net premium income earned increased from 381.2 MSEK to 399.0 MSEK. Net claims incurred, including claims handling rose from 60.0 % to 69.5 %. Cost ratio improved from 41.9 % to 34.8 % in 2012. Net combined ratio deteriorated from 101.5 % to 104.2 %. Investment income increased from 5.8 MSEK to 8.0 MSEK.

Investment assets increased from 242.8 MSEK in 2011 to 280.5 MSEK for 2012. The technical provisions for own account during the year developed from 154.6 MSEK to 205.7 MSEK.

MARKETS / PRODUCTS

Leisure travel Insurance

The market for leisure travel has typically had a strong correlation with the economic situation in general. In recent years, however, this relationship seems to have declined somewhat, which among other things, confirmed by SIFO studies that indicate that for most people, holiday trips remain an important and prominent place in the private economy, even in times of lower economic growth. The development in 2012 and also in 2013 seems to indicate a continued strong traveling even in times of increased uncertainty about economic development. Sold trips and financial results of our Tour Operating Partners show this very clearly.

Nonetheless Sales of Leisure travel insurance fell by 41 MSEK in 2012. Background is a completely new leisure product with which we intend to replace trip-by-trip travel insurance by an annual travel insurance product that covers multitude of trips of travelers during a year and which would be renewable by customers. Annual renewable products usually have a lower volatility profile compared to trip-by-trip products. As generally the case with new products there is a – yet anticipated – phase when sales are impacted by introducing a new product structure and new product features to sales partners and end consumers. We experienced the same hockey-stick development in Denmark some years ago when we introduced the annual product to the Danish local market. Thus we consider the development within the expected scenarios.

Market position in the domestic market continues to be very strong but with a continued and increasing competition primarily from the major non-life insurance companies in Sweden. In the context of creating competitive and sellable products it is worthwhile to note that our Leisure products continue to be screened through our intensified re-underwriting routines triggered by pillar two of the "3-in-2"-Program. This includes all products we offer, starting with risk adequateness of premium, loss exposure, terms and conditions as well as commission and distribution analysis.

Corporate Insurance

ERV's corporate portfolio has for several years grown in volume combined with relatively stable profitability. Overall growth continued also in 2012 which underlines the outstanding recognition ERV Sweden continues to receive in this professional buyer market. On contract level, however, our portfolio re-underwriting led to loss of some larger accounts where sustainable and healthy profit levels were not achievable.

In 2012 we introduced our long awaited new Expatriate product to the market which was received very positive. The new product allows customers to choose a more need-driven product scope. The product in addition enables more risk adequate underwriting by taking into account varying cover levels as well as geographic exposure reflecting different, especially medically triggered, cost exposure from countries to countries. This new product development will lead to a more efficient and fairer pricing.

We have used the year 2012 in addition to further strengthen our Corporate insurance solution by an increasing focus on compliance. We perceive it as part of our professional claim to be Sweden's market leader in Corporate travel insurance to anticipate, enriched by our professional experience as well as our worldwide network, future key industry trends. In this context it is self-evident that the need for waterproof compliant solutions has risen steadily over the last years and this trend will intensify even more so in the coming 2-4 years. Recent rulings of the European Court of Justice have confirmed that compliance is not only a challenge for the involved insurance companies.

To the contrary but still widely unnoticed by professional buyers, eventually even the insured face obligations to ensure regulatory and tax compliance of the solutions they entertain for their respective staff abroad and can be made liable for failure to do so. It becomes more and more apparent that less specialized insurers face serious challenges and costs to enable appropriate compliance solutions and insurance facilities over the next years. ERV has in 2012 adjusted its structure to the foreseeable needs. Last year we have invested in highly skilled personnel, created a dedicated international business compliance team as well as developed various technical monitoring features to enable again a trusted and bespoke benchmark solution to our customers.

In addition to pro-active and highly professional solution enablement we believe that a very close cooperation with major companies, organizations and brokers through a focus on quality service and efficient processes create additional conditions for continued growth.

In Card insurance we continue to see a strong demand for more customized products and qualified claims administration. This year we have seen a continued increase in volume in the schemes we manage. The Company believes that this demand will further increase in

Namnbyte

In February 1, 2012 changed the name to the ERV. Campaigns were carried out at Arlanda Airport, in newspapers and on the web.

New York vs Ullared

Digital campaign where participants voted on which of the cities of New York and Ullared (famous shopping centre in Sweden) who really is the best place to shop. The winner got a trip to the city receiving the most votes.

future years. In 2012 we identified two new strategic USP's for our market approach in Card Insurance: Firstly cross-border, i.e. Scandinavian solution enablement becomes increasingly important. ERV Sweden together with her sister company in Denmark and its strategic partners in Norway, the Baltics and Finland is one of the few providers that have already today a comprehensive Scandinavian facility ready. Second, our focus has been on strategic packaging through partnerships i.e. with Viking Assistance and others. We will continue to package our solutions with customer friendly and innovative add on solutions to give our insurance solutions even higher customer value and user-friendliness. As confirmation of the company's strong position in this field it has been decided that ERV Sweden will be the base for the Group's growth ambitions in this line of business by placing ERV Group's new competence center for these activities to Sweden.

Other non-travel related insurance

The Company's other insurance portfolio includes cooperation with Stjärnurmakarna, Din Guldsmed, Hörsam and others. We have continued to develop this business in 2012 with our partners and recorded a growth in business to close to 50 MSEK. Profit came to above 3 MSEK. We consider our Affinity business an interesting growth area in the future with above market growth factors and therefore intend to develop our market position the next years. As the non-travel related business diversifies our portfolio further it enhances the risk-return profile of ERV Sweden in a positive way.

Non-insurance-related contracts

The Company's other contracts that generate revenue but which are not insurance, consist of investment income, advertising sales and commission income from sales by agents of various products related to travel safety.

DISTRIBUTION AND CLAIMS MANAGEMENT

ERV continues to sell its products and services through a wide variety of distribution channels. The external channels covering the majority of the Swedish tour operators, most travel agents and insurance brokers in the Swedish market. The Company's own sales channels include its own sales force, sales on the website and telephone sales via its own customer service. ERV has by selling through multiple channels a unique know-how to sell both new and existing products and services across the entire available market. The Internet development is continuing and the Company will continue to develop new web-based alternatives to the services offered. An increasing number of claims are reported through the web solution that was launched a few years

Advertising Daily Press

Own supplement in one of Sweden's largest tabloids, Aftonbladet, focusing on travelling with children.

ago, this service has now been further improved, for example to facilitate the insurance claims reporting on the spot from the major tourist destinations.
The company was ordered in 2009 by the Tax Board to pay full VAT on all costs for the purchase of service and support services from abroad. The Company has continued to pay VAT also during 2012. The Company has appealed this decision to the Administrative Court to get a clarification if and to what extent these services should be subject to VAT. The Administrative Court´s ruling is expected during 2013.

The strategy is to continue to closely monitor the rapid market changes and to adjust the Company's product and service offerings. This, together with flexible but lean processes is expected to continue to attract demanding customers.

EXPECTED FUTURE DEVELOPMENTS 2013-

ERV´s view is like before that both Leisure and Corporate travel, including expatriates stationed abroad is a long-term stable growth environment, which is mainly influenced by the fluctuations of the general economic situation. Supplemented with different Affinity and especially Card products the Company is expected to maintain a relatively well diversified business also in 2013.

The long-term sales trend is expected to be adverse in 2013. This will be due to extensive re-underwriting of significant parts of the portfolio triggered by the new management of the Company. It very likely will lead to lower turnover due to cancellation of unprofitable contracts as well as adjustments of terms and conditions. The latter in turn is expected to lead to decreasing turnover as customer perceived attractiveness might be lower in consequence.

For 2013, there is a somewhat greater uncertainty how the global financial turmoil may affect the Swedish economy after Sweden's industry at large has performed very well over the last 3 years. All in all, uncertainty is especially about interest rates, financing of large budget deficits in different countries, the Euro's future, consequences of the fiscal cliff in the US as well as undefined political situations for instance after the Italian election in February 2013 with immediate effects on the European stock market as well as government bond's risk premiums. As for the last years 3-5 years it seems more difficult than before to anticipate future trends.

The Company is in the long run affected by many external factors that cannot be influenced like unemployment, interest rates, fuel prices, etc. These potentially influence people's and companies' consumption and thus ultimately may impact travel patterns and travel frequency.

The Company takes full responsibility of course for its product- and skills development, for work processes and customer service. The company has for decades now held the position as the leading travel insurance company in Sweden, creating many of the products and services several competitors have adopted. The Company will continue to drive this development very closely with the various stakeholders concerned. However, as indicated already in the context of the 2012 turnaround achievements, the Company will continue to screen large parts of the portfolio and re-underwrite significant business components.

In summary, the Company stands on a solid foundation and the position in the Swedish market remains very strong. The Company's management is determined to address the identified profitability issues and will execute the defined milestones for 2013.

INFORMATION ON NON-FINANCIAL PERFORMANCE INDICATORS

The company has continued its work to develop various control and management tools for the analysis of different supply and quality parameters, such as continuous monitoring of response times on the phone, claims balances and processing times for various insurance products, and more. 2012 we have also conducted research on brand awareness and continued with various customer- and employee satisfaction indexes.

INFORMATION ABOUT RISKS AND UNCERTAINTIES

In addition to the risks that are described in Note 2 as the Company has a limited number of large cooperation- or customer contracts which at termination could lead to staff redundancies.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company applies a very strict and conservative investment policy. The company has chosen to meet the debt coverage requirements applicable to insurance companies based on specific provisions of the FSA and others. In order to limit and control risks assumed in the operations, the Company's Board of Directors established guidelines and instructions for the financial activities.

More information on financial instruments and the company's risk management can be found in Note 2. It was decided in 2012 to strengthen the company's personnel in risk controlling and compliance matters by employing from 2013 onwards a dedicated and independent risk controller as well as a legal compliance and business compliance officer. In addition the Company continued to implement various Internal Control Systems (ICS). Also Solvency II was continued to be implemented both on internal as well as external model level.

WAGES AND COMPENSATION

More information about salaries and compenisation can be found in Note 32.

Proposed Appopriation of Earnings (SEK)

Earnings at the disposal of the General Meeting of shareholders:

SEK	
Loss brought forward from 2011	-2 084 811
Fund for current value	3 683 700
Profit for the year	-316 607
Total unappropriated earnings	1 282 282
The board propose, to be distributed to the shareholders	0
to carry forward to new account	1 282 282

FIVE YEAR OVERVIEW

Result (SEK Thousand)	2012	2011	2010	2009	2008
Insurance operations					
Gross premiums for own account	421 672	385 857	391 830	348 337	365 005
Net premiums earned	398 994	381 192	388 936	345 110	368 254
Net investment income of the insurance operations	3 322	3 287	1 050	644	5 769
Net claims incurred	-277 249	-228 892	-247 147	-237 692	-217 092
Net technical result, insurance operations	-11 930	-2 388	3 227	-34 835	11 460
Profit for the year	-317	312	0	-5 472	9 713
Economic Status					
Investment assets at current value	298 477	284 881	271 033	238 117	278 889
Technical provisions for own account	205 732	154 600	150 710	133 321	124 441
Shareholders' equity	13 442	16 291	9 453	10 988	28 825
Untaxed funds	133 357	141 057	141 057	136 813	152 813
Return of deferred tax on unrealised gains	1 039	2 218	-111	430	2 408
Total consolidation capital	147 838	159 566	150 399	148 212	184 046
Capital base	147 075	157 429	149 511	146 176	175 336
Required solvency margin	63 395	69 783	70 402	64 396	66 679
Key figures					
Claims ratio in percent, for own account [1]	69	60	63,5	68,9	59,0
Expense ratio in percent, for own account [2]	35	42	36,3	41,6	39,7
Combined ratio in percent, for own account[3]	104	102	99,8	110,6	98,7
Solvency ratio in percent[4]	35,1	41,4	38,4	42,5	50,4
Direct yield of investments in percent[5]	3,8	3,4	4,1	4,0	4,0
Total yield of investments in percent[6]	4,5	5,3	6,6	2,4	2,4

Since 2007 the company applies to a limited IFRS.

1 Net claims incurred in percent of Net premiums earned.
2 Expenses according to FFFS 2008:26 encl 4 9 § in percent of Net premiums earned.
3 The total of Net claims incurred and Expenses in percent of Net premiums earned.
4 Consolidation capital in percent of premiums written (for own account).
5 Investment income according to FFFS 2008:26 encl 4 11 § a-c in relation to the average value of Financial Investment Assets, Financial Investment Assets for which the policy holders carry the risk and Cash in bank and at hand.
6 Investment income according point 5 above decreased by expenses for estate and land acc to encl 4, 19 § in relation to the average value of Financial Investment Assets for which the policy holders carry the risk and Cash in bank and at hand.

Statement of Income

Technical account of insurance operations (SEK Thousand)	Note	2012-12-31	2011-12-31
Premium earned (for own account)			
Premium income (before reinsurance ceded)	3	424 329	458 448
Reinsurance premiums ceded		- 2 657	-72 591
Change in provision for unearned premiums and remaining risks		-8 544	-5 474
Reinsurers' share of change in provision for unearned premiums and remaining risks		-14 134	809
Total premium earned (for own account)		**398 994**	**381 192**
Investment income allocated from non-technical account	4	**3 322**	**3 287**
Other technical income (after reinsurance ceded)	5	**1 765**	**1 597**
Claims incurred (for own account)			
Claims paid	6		
Gross		-275 255	-272 556
Reinsurers' share		26 462	42 889
Change in provision for outstanding claims			
Gross		-4 201	3 870
Reinsurers' share		-24 255	-3 095
Total claims incurred (for own account)		**-277 249**	**-228 892**
Operating expenses	7	**-138 762**	**-159 572**
TECHNICAL RESULT OF INSURANCE OPERATIONS		**-11 930**	**-2 388**

Non-technical account

Technical result of insurance operations		**-11 930**	**-2 388**
Investment expenses	8	17 126	11 648
Investment income allocated to technical account	9,10	-9 103	-5 841
Kapitalavkastning överförd till skadeförsäkringsrörelsen	8	-3 322	-3 287
Result after investment income		**-7 229**	**132**
Other income	11	0	287
Other expenses	12	-526	-599
Result before appropriations and tax		**-7 755**	**-180**
Appropriations			
Change in safety reserve		7 700	0
Result before tax		**-55**	**-180**
Tax for the year	14	-262	492
RESULT FOR THE YEAR		**-317**	**312**

Total Result For The Year

(SEK Thousands)	2012	2011
Result for the year	-317	312
Other Total result		
Change in Fund for Current value of investments that may be sold	-2 532	6 526
Sum Other Total result	**-2 532**	**6 526**
Total result for the year	**- 2 849**	**6 838**
Tax related to above total result	-666	1 716

Balance Sheet

Assets (SEK Thousand)	Note	2012-12-31	2011-12-31
Intangible assets			
Other Intangible assets	15	**763**	**2 137**
Investments			
Investments in group companies and associated companies			
Shares and participations in associated and affiliated companies	16	2 038	2 038
Other financial investment assets			
Shares and participations		0	0
Bonds and other fixed-income securities	17, 18	278 437	240 720
Total investments		**280 475**	**242 758**
Reinsurers' share of technical provisions			
Provision for unearned premiums and remaining risks	19	232	14 366
Provision for claims outstanding	20	5 660	29 915
Total reinsurers' share of technical provisions		**5 892**	**44 281**
Receivables			
Receivables arising out of direct insurance operations	21	50 626	47 719
Receivables arising out of reinsurance operations		10 525	3 476
Other receivables	22	19 582	22 719
Total receivables		**80 733**	**73 911**
Other assets			
Fixed and tangible assets and inventories	23	837	957
Cash at bank		18 002	42 123
Current prepaid tax		7 016	5 829
Deferred tax		1 244	1 506
Total other assets		**27 099**	**50 415**
Prepaid expenses and accrued income			
Accrued interest income		5 195	3 536
Deferred acquisition cost	24	12 723	10 980
Other deferred expenses and accrued income	25	5 002	4 129
Total prepaid expenses and accrued income		**22 920**	**18 645**
TOTAL ASSETS		**417 882**	**432 147**

Balance Sheet

Equity, provisions and liabilities (SEK Thousand)	Note	2012-12-31	2011-12-31
Shareholders' equity			
Share capital (20.000 shares with par value of SEK 500 each)		10 000	10 000
Reserve fund		2 160	2 160
Fund for unrealised gains		3 684	6 216
Profit/loss brought forward		-2 085	-2 397
Profit brought forward incl current year result		-317	312
Total shareholders' equity		**13 442**	**16 291**
Untaxed reserves			
Equalisation reserve		**133 357**	**141 057**
Technical provisions (before reinsurance ceded)			
Provision for unearned premiums and remaining risks	26	90 025	81 482
Provision for claims outstanding	27	121 600	117 399
Total technical provision (before reinsurance ceded)		**211 625**	**198 881**
Provisions for other risks and charges			
Provision for tax	28	1 039	2 218
Total provisions for other risks and charges		**1 039**	**2 218**
Liabilities			
Liabilities arising out of direct insurance operations	29	31 347	35 999
Liabilities arising out of reinsurance operations		1 240	1 908
Other liabilities	30	11 179	16 871
Total liabilities		**43 766**	**54 778**
Accrued expenses and prepaid income			
Reinsurers' share of prepaid acquisition cost		29	4 973
Other accrued expenses and prepaid income	31	14 624	13 949
Total accrued expenses and prepaid income		**14 653**	**18 922**
TOTAL SHAREHOLDER'S EQUITY, PROVISIONS AND LIABILITIES		**417 882**	**432 147**
Pledged assets and contingent liabilities			
Pledged assets	37	284 785	245 358
Contingent liabilities		23 305	23 597
Commitments		None	None

Report on Changes in Sharholders' Equity

SEK Thousand	Restricted equity		Non-restricted equity		Total
	Share Capital	Reserve fund	Fund for current value	Result for the year	
BF Balance 2011-01-01	10 000	2 160	-310	-2 397	9 453
Result of the year				0	312
Other total result			6 526		6 526
CF balance 2011-12-31	**10 000**	**2 160**	**6 216**	**-2 085**	**16 291**
BF balance 2012-01-01	10 000	2 160	6 216	-2 085	16 291
Result of the year				312	312
Other total result	0	0	-2 532		-2 532
CF balance 2012-12-31	**10 000**	**2 160**	**3 684**	**-2 402**	**13 442**

Analysis of Result for Current Year.

(SEK Thousand)	Accident/ sickness	Home and House	Total
Technical Result of insurance operations			
Premium earned (for own account)	38 000	360 994	398 994
Investment income allocated from non-technical account	251	3 071	3 322
Other technical income (after reinsurance ceded)	0	1 765	1 765
Claims paid (for own account)	-16 100	-232 693	-248 793
Change in provision for outstanding claims (for own account)	-32 617	4 161	-28 456
Operating expenses	-10 496	-128 266	-138 762
Technical Result of insurance operations	-20 963	9 033	-11 930
Claims run off result (before reinsurance ceded)	6 378	13 644	20 022
Technical provisions (before reinsurance ceded)			
Provision for unearned premiums and remaining risks	8 160	81 865	90 025
Provision for claims outstanding	48 930	72 670	121 600
Technical provisions (before reinsurance ceded)	57 090	154 535	211 625
Reinsurers' share of technical provisions			
Provision for unearned premiums and remaining risks	-	232	232
Provision for claims outstanding	-	1 459	5 660
Total reinsurers' share of technical provisions	-	1 691	5 892
Premium earned (for own account)			
Premium income (before reinsurance ceded)	38 955	385 374	424 329
Reinsurance premiums ceded	782	-3 439	-2 657
Change in provision for unearned premiums and remaining risks	-474	-8 069	-8 544
Reinsurer's share of change of in provision for unearned premiums and remaining risks	-1 263	-12 871	-14 134
Claims incurred (for own account)			
Claims paid, gross	-16 103	-259 151	-275 255
Reinsurer's share	10 490	15 972	26 462
Change in provision for outstanding claims, gross	-13 101	8 900	-4 201
Reinsurer's share	-19 516	-4 738	-24 255

Cash Flow Analysis Direct Method

(SEK Thousand)	2012	2011
Current business		
Premiums paid	427 463	466 507
Premiums paid to reinsurers	-12 614	-77 136
Claims paid	-284 924	-272 158
Claims paid from reinsurers	20 850	43 531
Operating expenses	-139 370	-158 882
Other payments	-421	2 787
Paid tax	-2 366	7
Cash flow from current business	**8 619**	**4 655**
Investment business		
Direct yield*	8 023	5 808
Investments in financial investment assets	-405 596	-338 234
Sales of financial investment assets	365 348	339 618
Investments in intangible assets	0	-2 290
Sales of intangible assets	0	0
Investments in fixed and tangible assets	-514	-852
Sales of fixed and tangible assets	0	0
Cash flow from investment business	**-32 740**	**4 050**
Finance business		
Loan goup companies and associated companies	-	-
Dividend	-	0
Cash flow from finance business	**0**	**0**
Total cash flow	**-24 121**	**8 705**
Liquid assets at the beginning of the year	**42 123**	**33 418**
Liquid assets at the end of the year	**18 002**	**42 123**
*** Included in direct yield:**		
Paid interest income	**6 021**	**5 822**
Paid interest cost	**-15**	**-8**
Dividend	**-**	**151**
Sum	**6 006**	**5 964**
****Included in liquid assets**		
Cash at bank	**18 002**	**42 123**
Sum	**18 002**	**42 123**

Notes to the Financial Report

Note 1: Accounting Pinciples

GENERAL INFORMATION

The annual report is submitted for fiscal year 2012 and refers to ERV Försäkringsaktiebolag (publ), registration number 502005-5447, located in Sundbyberg, Sweden. The address to the main office is: Löfströms Allé 6A, S-172 13 Sundbyberg, Sweden. The annual report will be distributed at the Annual general board meeting the 16 th of April 2013. ERV Försäkringsaktiebolag (publ) is a completely owned subsidiary of European International Holding A / S, registration number 17154575, based in Copenhagen, that in turn is wholly owned by Europäische Reiseversicherung AG, München, HRB 42 000. The company is a part of ERGO Versicherungsgruppe AG, HRB 42039, located in Düsseldorf. ERGO is part of Munich Re Group based in Munich, where the consolidated accounts reports can be received.

ACCOUNTING PRINCIPLES

The Annual Accounts have been prepared in conformity with FFFS (2010:2043) and (2008:26) the Swedish Annual Accounts Act for Insurance Companies (ÅRFL), and in accordance with the general guidelines and binding regulations of annual report in Insurance companies (FFFS 2011:28) from the Swedish Financial Supervisory Authority (FI).

The company applies a limited IFRS, which means the general International Accounting Standards that have been adapted with the limitations that follows from the guidelines from *Rådet för finansiell rapportering* (RFR 2) and FFFS (2008:26, 2011:28, and 2009:12). This implies that all of the European Union approved IFRS and statements are exercised as far as possible within the framework of Swedish law and with consideration to the relations between accounting and taxation.

ESTABLISHMENT OF THE INSURANCE COMPANY'S FINANCIAL REPORTS

All financial reports in the annual report are presented in the operational currency of the company that is SEK. If nothing else is stated all the amounts are rounded off to nearest thousand SEK. All Assets and Liabilities are accounted to acquisition value with exception for certain financial assets and liabilities valued to actual value.

In order to establish Financial Reports in accordance with limited IFRS it is required that the board of the company makes judgements, estimates, and assumptions that effects the application of the accounting principles and the accounted amounts of assets, liabilities, income and costs. The result of these estimates and assumptions are then used to assess the accounted values of assets and liabilities that are not clearly visible from other sources.

On a regularly basis a review of the estimates and assumptions are made and possible changes are accounted for in the actual period when the change is made, alternatively during the actual period and future periods.

CHANGE OF ACCOUNTING PRINCIPLES

During year 2012 the company have not changed the accounting principles

CLASSIFICATION

Investments are consisted in all essentials of amounts that are expected to be recovered or paid later than twelve months counted from the balance day. Technical provisions, other assets and liabilities are consisted of amounts that are expected to be recovered or paid within twelve months calculated from the balance day.

FOREIGN CURRENCY

Transactions in foreign currency are recalculated to the operational currency at the exchange rate of the transaction day. The operational currency for the company is SEK and when valuating assets and liabilities in foreign currency the closing rate of the balance day is used.

INSURANCE AGREEMENTS – CLASSIFICATION

The company issues insurance agreements which means contracts that transfers substantial insurance risk from the insured to the company and where the company agrees to compensate the insured or another beneficiary if a pre agreed insured incident occurs.

THE ACCOUNTING OF INSURANCE AGREEMENTS

Insurance agreements are accounted in accordance with FFFS (2011:28) and IFRS 4. The application of IFRS 4 means that the company continues with the accounting principles for insurance contracts according to IFRS 4.25.

Premium income
The premium income is accounted according to the inception day principle. This means that t only the insurance agreements for which the company's responsibility has begun during the financial year are accounted as premium income (indirect and direct premium). With gross written premium income means the contractual premium for the whole insurance period after deductions of discounts.

Premium revenues
The part of the Premium income that is referring to the period of insurance are reported as Premium Revenues, that is "pro rata temporis". The aim of Premium Revenues is that the revenues have to be taken up as income at the time when the claim expenses are accounted. Since the company do not have insurance agreements that have the duration period that are extended one year, the company have considered that "pro rata temporis" functions as a qualitative application.

Technical provisions
Technical provisions consist of provisions for unearned premiums and remaining risks and provisions for claims outstanding and correspond to obligations arising from applicable insurance agreements.

Provisions for unearned premiums and remaining risks
For non-life insurance and non-life reinsurance the provisions for unearned premiums are accounted strictly time proportional, so called pro rata temporis calculation. If the premium level is estimated to be inadequate to cover the expected claims- and operational expenses, then the provisions for unearned premiums must be strengthened with a so-called premium deficiency reserve.

Provisions for claims outstanding
Provisions for claims outstanding are calculated to correspond to the future insurance agreement obligations and therewith cover the expected costs for open claims, inclusive claims that have occurred but not yet reported to the company, so called IBNR-provisions. Provisions for claims outstanding have been strengthened with reserves for incurred but unknown claims and expected inflationary factors.

The estimation of the need of provisions for claims outstanding is done for all claims by statistical methods. The basic assumptions of these methods are grounded on historical outcome. The major claims and for the claims with complex responsibility circumstances there are made individual estimate.

Deferred acquisition costs
Sales costs with a clear connection to the signing of insurance agreements are activated as an asset, deferred acquisition costs, and it is depreciated in a way corresponding to the allocation of not unearned premiums. Costs that varies for both indirect and direct business and related to acquisitions or renewal of insurance agreements are the base for activation. Examples of direct assignable sales cost are salaries, sales commissions and other costs for own sales personal and underwriting.

Operating expenses
Operating expenses are classified per function as acquisition costs or administration expenses. Operating expenses for claims adjustment are accounted as part of claims incurred in the statement of the technical result, and operating expenses for investment management are accounted as a part of the investment costs.

Reinsurers' share of technical provisions
Amounts accounted as premium for ceded reinsurance are the amounts that during the financial year have been paid out or been booked as a debt to insurance companies that have received reinsurance in accordance to contractual reinsurance agreements, including portfolio premiums. Deductions are made for amounts credited due to change of the reinsurers' share in proportional reinsurance agreements.

Reinsurers' share of technical debts consist of the share of provisions for unearned premiums and remaining risks as well as of the share of provisions for claims outstanding covered by the reinsurer in accordance with the reinsurance agreement.

ACCOUNTING OF INVESTMENT YIELD
Investment income allocated from non-technical account
From the investment income allocation is made to the technical result based upon average technical provisions for own accounts after deduction of net assets in the claim insurance business. The allocated investment income is calculated from an interest rate that corresponds to the interest on government bonds with duration that essentially meet with the duration for the technical provisions (or other method). The interest rate for year 2012 amounts to 2.00 %.

Yield, income
This is income from investment portfolio of the company which includes dividend on shares and participations, interest income, currency gains (net), returned write downs and realised gains on sales of investments.

Yield, costs

These are costs relating to the investment portfolio of the company that includes the portfolio management fees, interest costs, currency losses (net), depreciations and write downs and realised losses on sales of investments.

Realised and unrealised change in value

For investments valuated to amortisation cost value forms the realised result at a sale as the difference between booked value and sales value. For investments valuated to market value at a sale the realised result is the difference between acquisition value and market value. For interest bearing investments the acquisition value will be booked to amortised cost value and for other investments the acquisition cost is equal to historical acquisition cost. At a sale of investments the earlier unrealised change in value is reversed from "fund for realised value" in the balance sheet and the realised result is seen in the profit and loss account as realised result. The company is applicable the principles of market value in the accounts of investments that corresponds the regulations of IFRS. The company is reporting "Fund for real value" in equity and not of the Profit & Loss report, accordingly to the internal accounting principles within Munich Re.

TAXES

Income taxes consist of current tax and deferred tax. Income taxes are shown in the profit and loss account except when the underlying transaction is accounted directly to total result or Shareholders' Equity, and then the appropriate tax effect is also accounted to the total result or Shareholders' Equity.

Current tax is tax to be paid or received for the current year, with application to the tax rates that are decided or in practise decided at balance sheet day, including tax adjustments from previous years.

Deferred tax is calculated according to balance sheet accounts principle based on temporary differences between accounted and fiscal values of assets and liabilities. The valuation in deferred tax is based upon how underlying assets and liabilities may be realised or adjusted. Deferred tax is calculated with application on tax rates and tax rules that are decided or in practise decided at the balance day. Deferred tax regarding temporary differences on losses is only accounted for if they are likely to be utilized. The value of deferred tax should therefore be reduced when it is no longer able to be utilized.

INTANGIBLE ASSETS

Intangible assets consist mainly of the development cost of the company's own development and acquired computer software that can be deemed to be of essential financial value for the operation during the next coming years. Intangible assets are accounted at acquisition cost with deduction of write-downs and accumulated depreciations. The depreciation time is decided at the time of completion and the financial lifetime expectancy. If the real value of the assets after depreciation is estimated to be below the booked asset value, the asset will be accounted to the lowest value.

INVESTMENT ASSETS

Loans receivables and outstanding customer receivables

Loans receivables and outstanding customer receivables are financial assets that are not derivatives have fixed ascertainable payments and that are not noted on an active market. These assets are valuated to accrued acquisition cost. Accrued acquisition cost is determined by the effective interest rate that was calculated at the time for acquisition. Customer- and loans receivables are accounted to the expected amount to be received, i.e. after deduction of doubtful debts.

Financial assets available for sale

The category of financial assets available for sale includes financial assets not classified in any other category as well as financial assets that the company initially chose to classify to this category.

Assets in this category are valuated to market value where the unrealised change in value is accounted to "funds for realised value" in the Shareholders' Equity in the Balance Sheet but excluding changes in value caused by write downs (see accounting principles) or by currency gains/losses on monetary items accounted in the Profit and Loss account.

Furthermore, the interest on interest bearing instrument are accounted in accordance with effective interest model in the Profit and Loss account including dividends on shares. For these instruments possible transaction costs will be part of the acquisition value when accounted the first time and will thereafter be part of the recurring valuation to market value in the fund for realised value until the instrument expires or is sold. At a sale of the investment the accumulated gain or loss will accounted in the Profit and Loss statement and not as previously in the Shareholders' Equity.

TANGIBLE ASSETS

Tangible assets are accounted as assets in the Balance Sheet if it is likely that this leads to a future financial advantage for the company and the acquisition value for the asset can be calculated in a reliable way.

Tangible assets are accounted to acquisition value after deduction for accumulated depreciations and possible write-downs with addition for possible write-ups.

The accounted value for a tangible asset is removed from the Balance Sheet when expiring or sold or when no future financial advantages are expected from the use, expiration or sale of the asset.

Gains or losses occurring at the sale of an asset are the difference between the sales price and the accounted value with deductions for direct sales expenses. Gains and losses are accounted as other income/costs.

Depreciations according to plan is based on the asset's historic cost. Depreciations are made linear over the period of fixed assets are used and accounted for as a cost in the Profit and Loss account.

The following depreciation periods applies:

Data equipment	3 years
Other fixed assets	5 years

WRITE-DOWN OF TANGIBLE- AND INTANGIBLE ASSETS

Write-down test for tangible- and intangible assets and shares in associated companies

If there is an indication for a write-down, the recovery value is estimated in accordance with IAS 36. For other intangible assets with uncertain usage time and tangible assets not yet completed for use, the recovery values are calculated annually. If not possible to adopt material independent cash flows to an individual asset the assets shall when assessed for write-downs be grouped to the lowest level where an material independent cash flow can be identified – a so called cash generating unit.

A write-down is accounted when an assets or the cash generative unit's (group of units) booked value exceeds the recovery value. Write-down of assets assignable to a cash generative unit (group of units) is primarily distributed to goodwill. Thereafter a proportional write-down is made of the remaining assets belonging to the unit (group of units).

The recovery value is the highest of real value after direct sales costs and usage values. When assessing the usage value, future cash flows are discounted with a factor of the risk free interest rate and the risk that is associated with the specific asset.

Reversal of Write-downs

A write-down will be reversed if there is an indication that a write-down is no longer needed and there is a change of the assumptions of the original basis for calculation of the recovery value. A reversal is only made to the extent that the asset's accounted value after a reversal does not exceed the accounted value that would have been accounted with deduction for appropriate depreciation, if no write-down would have been made.

OTHER PROVISIONS

Pensions and similar debts

The company's pension plans for occupational pensions are in accordance with the general Insurance company union agreements and are secured by insurance contracts. The pension plan for the company's employees is deemed to be a defined benefit plan that comprehends several employers. The company has also made the assessment that the UFR 6 pension plans are relevant also for the company's pension plan. The company is lacking enough information to enable an accounting in accordance with IAS 19 and accounts the pensions in accordance with UFR 6 i.e. pension plans as defined contribution plans. The company's obligations concerning the fees for the defined contribution plans are accounted as a running cost in the Profit and Loss statement during the time period the employees have carried out services to the company.

According to the FTP collective agreement, employees born in 1955 or earlier are entitled to early retirement at 62 years age.

CONTINGENT LIABILITY

A contingency is accounted for when there is a possible liability originating from occurred events and whose existence is confirmed only by one or several uncertain future events or when there is a liability not accounted as a debt or provision due to that it most likely not will require an outflow of resources.

APPROPRIATIONS AND UNTAXED RESERVES

Fiscal legislation in Sweden gives companies possibility to reduce the taxable income through allocation to untaxed reserves. The company use the following untaxed reserve:

Equalisation reserve

The Equalisation reserve consists of a collective security conditioned strengthening of the technical provisions. The accessibility is limited to coverage of losses related to the technical result of insurance operations.The accessibility is limited to coverage of losses related to the technical result of insurance operations.

Notes

Note 2: Information on Risks

The Company's earnings depend partly on insurance operations and associated insurance risks, and partly on investment activities and associated financial risks. Risk and risk management are therefore a central part of the operations of an insurance company. The note below describes the Company's risk management organisation and gives quantitative and qualitative information regarding insurance risks and financial risks.

RISK MANAGEMENT
The aim of the Company's risk management organisation is to identify, measure and control all risks that the Company is exposed to, both insurance risks and financial risks. An important objective is also to ensure that the Company has adequate solvency in relation to these risks.

The Board of Directors
The main responsibility for handling the risks that the Company is exposed for lies with its Board of Directors. The Board of Directors establishes the applicable guidelines as regards risk management, risk reporting, internal controls and follow-up. The Board of Directors has in separate instructions and within stipulated frameworks delegated the responsibility for risk management and risk control to other functions in the Company.

Internal auditor
The contracted independent auditor executes his audit of the Company on behalf of the Board of Directors and reports directly to the Board.

Actuary
The contracted independent actuary supervises the technical provisions and calculations as well as secures the quality of certain parts of the Quarterly reports to the FSA.

Compliance officer
With the support of the Company's Management Group, the Company's Compliance Officer has established "risk assessment documentation", listing the Company's total risks, their probabilities and consequences. The documentation is examined annually by the Company's Management Group, and the necessary updating is made. All changes and any updates are then reported to the Board of Directors.

Risk and Compliance
The Company has during the year established a risk-and compliance function aiming at identifying the Company´s risks and securing that relevant risk documentation and policies are issued. During the year the Company has also, supported by the parent company reviewed and documented all the Company´s processes and risks. In those cases where risk documentation about a certain process has been missing or alternatively it has been found that measurement or follow up is not possible, this has been noted accordingly. The Company also works continuously to secure that documentation and measurements are established and subject to regular follow ups.

Through recurring training programmes and clear process and work descriptions, it is ensured that risk controls are functioning throughout the entire organisation, and that all employees understand their roles and their responsibilities.

ERV's risk management organisation at Dec 31, 2013.

Risks in insurance operations

Insurance risks consist both of underwriting risks and risks connected with provisions to reserves. The significance of these concepts and the Company's general methods for handling both these types of risks are described below.

UNDERWRITING RISKS

The underwriting risk is the risk that the estimated premium and other income in the insurance do not equate with the actual claim costs and operating costs connected with the insurance. There are various methods for reducing underwriting risks, for example, the portfolio can be diversified over time, and/or between different types of insurance risk.

The Company's main method used for controlling underwriting risks is the group- and underwriting guidelines, rules and procedures, internal guidelines and the business plan which is established annually, and confirmed by the Board of Directors. In the plan, it is determined what insurance classes or product areas of insurance shall be underwritten, and what geographic markets and sectors the Company intends to underwrite contracts in. The plan also stipulates quantitative limits as regards the maximum exposure permitted within various risk areas (limits). The business plan is implemented in the organisation through insurance guidelines to the Company's underwriters. The guidelines set the insurance classes, sizes, geographic areas and sectors within which the Company is willing to expose itself to risk. In this way, an appropriate division is established within sums insured. The insurance contracts for Corporate- and Affinity business usually run for one year, with a built-in right for the Company to refuse extension or to change terms and conditions in renewal agreements. The Company's Leisure Travel Insurance has primarily included short term contracts to 2/3 with duration of one to two weeks and for 1/3 annual insurances.

RESERVE ALLOCATION RISKS

The reserve allocation risk, i.e., the risk that the technical reserves will not be sufficient to cover claims that occur, is primarily managed by means of advanced actuarial methods and careful continual examination of reported claims. Risk limitation is also carried out through reinsurance. Through reinsurance, the size of exposure can be handled, and thus the Company's equity protected. Reinsurance is purchased partly as a share of the total risk that the Company is exposed to within various areas, and partly as an upper limit as regards the size of the risk permitted within the area. Reinsurance can also be purchased on a facultative basis for major individual insurance contracts: The maximum net cost that Europeiska may accept per loss for various types of insurance risks, the Company's retention level, is set by the Board of Directors.

Average amounts insured and average claims costs are relatively moderate, for which reason individual claims have a rather limited effect on earnings. The cumulative risk in the case of major claims, where many policyholders may be affected, for example, in the case of a major aircraft accident, are on the other hand, not negligible, and all claims are reinsured with a retention level for the Company of a normal maximum of 200 TEUR per claim.

RISK MANAGEMENT IN PROPERTY AND CASUALTY INSURANCE

The Company underwrites property and casualty insurance with the classifications of Home and House, within which we have the following insurance classes; Sickness, Accident, Goods Transport, Fire and Natural Forces, Other Property and Casualty Loss, Public Liability, Other Economic Loss, Legal Cover and Assistance. For coordination of the Company's pricing and follow-up, ERV has primarily chosen to work with the business concepts of Leisure Travel Insurance, Corporate Travel Insurance, Card Travel Insurance and Other Insurance. The Company therefore sets it budget, its forecasts, outcome and rolling12-months' comparisons, etc., on the basis of the selected business concepts.

Leisure Travel Insurance

ERV regularly follows up changes in loss frequencies and average losses. Factors that affect risks include destination and duration of travel. The purpose of the trip, the nature of the trip and the customer's age are also parameters of importance. Private travel business is relatively short-term; claims are reported and adjusted very quickly as a rule. A large proportion of the premium volume in the private travel segment is generated via tour operators and travel agencies, which involves some credit risk.

Corporate Travel Insurance
A considerable part of the risk within the corporate segment is related to medical treatment costs abroad, which applies to business travellers, and above all to personnel stationed abroad. ERV works with guidelines and UW policies, which, among other things, cover medical risk assessment. Disbursements are also affected by the fact that our clients are in a large number of countries around the world, which involves some currency risk and also an uneven price trend in medical treatment costs. This business is also more long-term compared with other operational sectors.

Group Accident Insurance
The risks within this segment are based on group accident insurance for children within the Swedish public school system. As the final assessment of a claim with a risk of a permanent medical disability sometimes only can be made when the claimant has reached adulthood, this means that the company cannot close the claim and make a final financial assessment until a long period of time has passed. To handle this risk the company monitors the claims very closely and sets premium reserves in close cooperation with among others, the company 's actuary.

Card-related Travel Insurance
The risk related to Card-related Travel Insurance is affected by such things as travel frequency and card-use frequency connected to the specific cardholders. The spread of risk is very good in those cases in which the insurance applies to all cardholders in a particular insurance programme. ERV monitors claim frequencies and cost developments very carefully, and is able to conclude that travel frequency and card use have increased during the last few years, and this has automatically brought with it higher claim frequencies.

Miscellaneous Insurance
This area primarily includes Watch and Jewellery Insurance, i.e., risks which are not connected to travel. The business is analysed on the basis of such things as claim frequency and price developments as regards the objects insured.

Risk Exposure
ERV's cumulative exposure for the various product areas is determined in relation to identified concentrations of risk, which are recurrently assessed and valued.

The total aggregated risk that the Company is willing to take is determined in relation to risk concentrations within the property and casualty insurance area. The Company monitors these exposures both as regards the underwriting of contracts and monthly by examining reports with major concentrations of risks. In order to produce such reports and identify risk concentrations on a continual basis, various statistical methods are used, as well as stress tests and simulations. Simulations of losses in various scenarios can also be used in order to measure the efficiency of the reinsurance programme and ERV's net exposure (retention level).

The reinsurance contracts are connected with some credit risk. This is also discussed in the section on financial risks below. The credit rating of the reinsurers is regularly reviewed in order to ensure the reinsurance cover decided upon is maintained.

OPERATIONAL RISKS
The operational risks that occur are primarily risks connected with telecommunications and data systems in operational interruptions, and from a quality point of view, for follow up of activities. Additionally, there are always risks resulting from considerable dependence connected with persons who have key competence and risks connected with irregularities, both external and internal. Within ERV, work is continually ongoing to identify and limit all conceivable risks. The Company has also produced documentation and routines for applying the Swedish Financial Supervisory Authority's general advice on the guidance and control of financial companies.

The establishment of good internal control is a continually ongoing process within the Company, which covers such things as

- requirements for appropriate routines and instructions
- clearly defined divisions of responsibility and work as regards the employees
- IT support with built-in mechanical checks and controls
- authorisation system
- internal information and reporting system for satisfying such things as the executive management's requirements for information on such things as risk exposure, and
- routines for information security.

SENSITIVITY REGARDING RISKS ATTRIBUTABLE TO INSURANCE CONTRACTS
The sensitivity analysis given below has been produced through measuring the effects on gross and net provisions, profit before tax and shareholders' equity based on assumptions regarding possible changes in some central respects. The effects have been measured assumption for assumption, with other assumptions being

constant. No attention has been paid to any correlations between assumptions. Note that changes in the assumptions below are non-lineal. The method used for measuring sensitivity has not been changed compared with the previous period.

FINANCIAL RISKS

In the insurance company's operations, various types of financial risk arise, such as credit risks, liquidity risks, market risks and operational risks. In order to limit and control risk taking in operations, the Company's Board of Directors, which is ultimately responsible for internal controls within the insurance company, has established guidelines and instructions as regards finance operations.

According to existing policy, investment assets shall be invested in interest-bearing instruments. The majority of assets during the financial year were invested in bonds with an average life of about 4 years. In the event of changes in interest rates in the market, the financial effect on the Company would be limited.

Credit Risks in Insurance Management

Agents and representatives collect a considerable proportion of premium income within Leisure Travel insurance. Settlement is normally monthly and is carefully monitored; various types of measure have been taken to further reduce these risks.

Credit Risks in Financial Management

The insurance company has as its policy in financial management only to permit investments in securities of very high credit worthiness. The credit and counterparty risks in this area of the business are therefore considered to be very small or insignificant.

Liquidity Risks

A liquidity risk is the risk of the Company having difficulty in fulfilling the commitments associated with insurance liabilities and financial liabilities. A liquidity risk can also be expressed as the risk of loss or impaired earning ability as a result of the payment commitments of the Company not being fulfilled at the correct time. Liquidity risks arise when assets and liabilities have different maturities.

The strategy of the Company in handling liquidity risks is intended, to the greatest possible extent, to match expected receipts and disbursements with one another (so-called "asset-liability management" or ALM). Liquidity is constantly monitored. The duration for Financial assets are lower than for technical liabilities and therefore have the company more liquidity to secure the technical obligations. The Cash Flow Statement, see the separate Financial Report in the Annual Report that illustrates the liquidity situation of the Company.

Market Risks

A market risk defines as the risk that the actual value of cash flow or future cash flows from a financial instrument fluctuates on account of changes in market prices. There are three types of market risks: currency risk, interest risk and other price risks. In Financial operations, the most important market risks consist of currency risks, interest risks and share price risks (price risks). In the case of the Company, the interest risk constitutes the dominant market risk.

Analysis of sensitivity attributable to insurance contracts

Assumption TSEK	Change in assumption %	Technical provisions gross	Technical provisions net	Result before tax and appropriations	Equity capital
2012					
Average claims cost	+10 %	133 760	119 102	−3 217	11 111
Average number of claims	+10 %	133 760	119 102	−3 217	11 111
Genomsnittlig premiehöjning	+2 %			6 892	18 300
2011					
Average premium increase	10 %	129 139	96 298	−8 994	9 795
Average number of claims	10 %	129 139	96 298	−8 994	9 795
Average premium increase	+2 %			6 371	21 119

Geographic concentration of technical reserves

TSEK	Leisure travel insurance	Corporate travel Insurance	Card travel insurance	Other	Total
2012					
Sweden, technical provisions gross	1 799	78 133	1 346	34 154	115 432
Sweden, reinsurers' share of technical provisions	-	3 311	-	-	3 311
Sweden, technical provisions net	1 799	74 823	1 346	34 154	112 122
Europe, technical provisions gross	9 499	23 458	591	-	33 538
Europe, reinsurers' share of technical provisions	-	994	-	-	994
Europe, technical provisions net	9 499	22 464	591	-	32 544
The world, technical provisions gross	24 984	37 459	211	-	62 654
The world, reinsurers' share of technical provisions	-	1 587	-	-	1 587
The world, technical provisions net	24 984	35 872	211	-	61 067
Total, technical provisions gross	36 272	139 051	2 148	34 154	211 625
Total, reinsurers' share of technical provisions	-	5 892	-	-	5 892
Total, technical provisions net	36 272	133 159	2 148	34 154	205 733
2011					
Sweden, technical provisions gross	3 895	38 983	1 894	32 219	76 991
Sweden, reinsurers' share of technical provisions	-	13 160	-	-	13 160
Sweden, technical provisions net	3 895	25 822	1 894	32 219	63 830
Europe, technical provisions gross	11 438	30 068	151	-	41 657
Europe, reinsurers' share of technical provisions	-	10 151	-	-	10 151
Europe, technical provisions net	11 438	19 917	151	-	31 506
The world, technical provisions gross	17 880	62 115	238	-	80 233
The world, reinsurers' share of technical provisions	-	20 970	-	-	20 970
The world, technical provisions net	17 880	41 145	238	-	59 263
Total, technical provisions gross	33 213	131 166	2 283	32 219	198 881
Total, reinsurers' share of technical provisions	-	44 281	-	-	44 281
Total, technical provisions net	33 213	86 885	2 283	32 219	154 600

Actual Claims compared with Previous Estimations

TSEK	2007	2008	2009	2010	2011	2012	Totalt
Estimated final claims cost at the end of claims year (gross)	251 528	258 592	291 218	309 248	270 589	292 619	2 392 757
One year later	248 166	254 072	278 324	299 959	263 522		-
Two years later	246 668	251 132	288 318	289 830			-
Three years later	247 747	252 491	290 810				-
Four years later	247 913	252 369					-
Five years later	247 817						
Estimated final claims cost 2012-12-31	247 817	252 369	290 810	289 830	263 522	292 619	1 636 967
Accumulated claims paid	245 747	251 481	289 617	281 965	245 540	202 031	1 729 323
Provision for claims outstanding	2 070	888	1 193	7 865	17 982	90 588	120 586
Accumulated surplus/deficit	3 711	6 223	408	19 418	7 067		
Surplus/deficit in % of initial claims cost	1,48%	2,41%	0,14%	6,28%	2,61%		
Reconciliation of balance sheet	**2007 +Prev. years**	**2008**	**2009**	**2010**	**2011**	**2012**	**Total**
Provision for claims outstanding before discounting	3 085	888	1 193	7 865	17 982	90 588	121 600
Discount effect							0
Total provision for claims outstanding accounted for in the balance sheet							**121 600**

Credit quality of classes of financial asset %

	AAA	AA	A	BB	BBB	No rating	Percent %
Bonds and other interest-bearing securities							
• Treasury bills	100						25
• Swedish State	100						23
• Swedish housing finance institutions	100						44
• Foreign State							0
Shares and participations							0
Shares and participations in associated and related companies						100	1

Credit risk in claims on reinsurers %

	AAA	AA	A	BB	BBB	No rating	Percent %
			100				100

Interest Risk

The Company is exposed to interest risk through the risk of the market value of the Company's fixed-interest assets falling when market interest rates rise. The degree of interest risk or price risk increases with the life of the asset. The technical reserves are also affected by changes in market interest through the discounting used.

Currency Risk

Currency risk arises as a result of assets and liabilities in the same foreign currency not being equivalent to one another in terms of value. The exposure of the Company to currency risk is marginal with respect of the fact that the strategy for handling currency risks is, as far as possible, to match insurance liabilities in foreign currencies with equivalent assets.

ERV's amounts insured are usually expressed in SEK. A major proportion of claims are, however, paid in foreign currencies, which consequently increases the sensitivity of the Company for changes in exchange rates. However through effective claims settlement the currency risk is limited.

Share Price Risk

Share price risk is the risk that the market value of a share investment falls as a result of macroeconomic factors. Primarily the share price risks are countered through diversification of the insurance company's share portfolio. The company has accordingly to internal investments policies and guidelines few part of investment in share funds.

CAPITAL/SOLVENCY

The goal of the Company is to manage its capital in the best possible way. This is done primarily through ensuring that the Company fulfils the requirements of the Swedish Financial Supervisory Authority in having sufficient cover for its liabilities and thereby ensuring that the Company can fulfil its commitments in relation to the policyholders. The Company has chosen to outsource the management of its capital to a capital management company. Also, the Board of Directors has stipulated clear frameworks to the capital management company. These frameworks are guidelines as regards the kinds of investment assets that shall apply, average life and what minimum rating the issuer must have.

At 31.12.2012, the Company had 280.5 MSEK at its disposal for management as investment assets. Of this, 99% was in the form of bonds and other interest-bearing paper, and 1% in shares in associated companies and related companies. The solvency ratio of the Company is equity in relation to the Company's guaranteed commitments.

The largest single effect is changes in the interest situation when assets are invested in interest-bearing securities. The required solvency margin for ERV at 31.12.2012 was 63 395 TSEK.

Notes

Notes 3 - 37

(SEK Thousand)

Note 3 Premium income

	2012-12-31	2011-12-31
	Gross	Gross
Direct insurance, Sweden	423 937	458 005
Reinsurance assumed	392	443
Total	**424 329**	**458 448**

Note 4 Investment income allocated from non-technical account

Of a total amount based on a calculation of the average technical provisions for own account, after deduction for net receivables arising out of insurance operations has been allocated from the total investment income to the insurance operations. In the calculation, an interest rate of 2,45% has been used which was the average interest rate of 90 days STIBOR for year 2011.

Note 5 Other technical income

	2012-12-31	2011-12-31
Brokering of insurance business	1 765	1 597
Total Other technical income	**1 765**	**1 597**

Note 6 Claims incurred

	Before reinsurance ceded	Reinsurers' share	For own account
Claims paid			
Claims paid	250 064	-26 462	223 602
Operating expenses for claims adjustment	25 191	-	25 191
Total	**275 255**	**-26 462**	**248 793**
Change in provision for outstanding claims			
Change in provision for incurred and reported claims	-7 239	11 433	4 194
Change in provision for incurred but not reported claims	11 440	12 822	24 262
Total	**4 201**	**24 255**	**28 456**
Total Claims incurred	**279 456**	**-2 207**	**277 249**

(SEK Thousand)

Note 7 Operating expenses

	2012-12-31	2011-12-31
Acquisition costs	90 337	113 161
Change in deferred acquisition costs	-1 743	-138
Management expenses	52 470	66 975
Commission and profit share from reinsurance operations	2 642	-20 705
Change in deferred commission and profit share from reinsurance operations	-4 944	279
Total operating expenses in insurance*	**138 762**	**159 572**

Total oper. exp. categorized by functions

	Investment mgt	Acquisition	Claims adjustm.	Administration	Total
Cost of staff		19 411	16 258	33 941	69 610
Cost of premises				4 927	4 927
Depreciation				2 008	2 008
Acquisition costs incurred, for own account		56 205			56 205
Other	221	10 677	8 933	11 593	31 424
Total	**221**	**86 293**	**25 191**	**52 469**	**164 174**

The company has leased cars where contracts run for three years. The total cost of the lease payments were 296 thousand (321 thousand). Agreement According amounts payable within one year is 262 thousand (303 thousand).

Auditors fee	2012-12-31	2011-12-31
Annual audit	644	312
Internal audit	-	-
Tax consultation	174	-
Consultation other	-	35
Total	**818**	**347**

Note 8 Investment income

	2012-12-31	2011-12-31
Dividends		
Dividents international shares	-	151
Interest income etc.		
Bonds and other fixed-income securities	10 861	8 488
Other interest income*	356	870
Gain on foreign Exchange curreny rates, net	0	0
Gain on disposal of investments		
Bonds and other fixed-income securities	5 909	2 139
Total investment income	**17 126**	**11 648**
** Thereof from group companies*	-	-

(SEK Thousand)

Note 9 Investment expenses

	2012-12-31	2011-12-31
Interest expenses etc.		
Other interest expenses	15	8
Investment management expenses*	221	494
Loss on foreign currency exchange rate, net	2 723	677
Loss on disposal of investments		
Foreign shares	-	1 089
Bonds and other fixed-income securities	6 144	3 573
Total investment expenses	**9 103**	**5 841**
** Whereof investment management fee TSEK 213 (204)*		

Note 10 Net result per category of financial investment

	Financial investment that can be sold	Total
Financial assets		
Shares	0	0
Bonds, the Swedish Government	10 625	10 625
Total	**10 625**	**10 625**

Note 11 Other income

	2012-12-31	2011-12-31
Resdagboken (The Travel Diary)	-	0
Disposal of assets	-	287
Total other income	**0**	**287**

Note 12 Other expenses

	2012-12-31	2011-12-31
Resesäkerhetsbutiken (The Travel Security Shop) and Resdagboken (The Travel Diary)	526	599
Disposal of assets	-	0
Total other expenses	**526**	**599**

Note 13 Pledged assets

	2012-12-31	2011-12-31
Reversal of contingency reserves	7 700	0
Total other expenses	**7 700**	**0**

Note 14 Tax for the year

	2012-12-31	2011-12-31
Result before tax	-55	-180
Tax according to current rate (26,3%)	14	47
Tax on non deductible costs (26,3%)	-407	-1 070
Not activated tax asset	408	9
Increased in loss carryforwards without correspondig capitalization of deferred tax	-16	-
Deferred tax	-262	1 506
Total tax for the year	**-262**	**492**

It has been decided to reduce the tax to 22% from the fiscal year 2013, the deferred tax has been restated to reflect the new rate.

(SEK Thousand)

Note 15 Other Intangible assets

Capitalized development costs and similar items*	2012-12-31	2011-12-31
Accumulated capitalized development costs and similar items		
Balance brought forward	23 311	21 021
Internally developed assets during the year	-	2 290
Disposal/sale of developed assets	-	0
Balance carried forward	**23 311**	**23 311**
Accumulated depreciation according to plan		
Balance brought forward	-21 174	-20 133
Depreciation for the year	-1 374	-1 041
Disposal/sale	-	0
Balance carried forward, accumulated depreciation	**-22 548**	**-21 174**
Total residual value according to plan	**763**	**2 137**
*The assets refer mainly to an own developed insurance system. The depreciation for the year is accounted in operating expenses.		

Note 16 Shares and participations in associated and affiliated companies

	Corp.identity No	No	Owner share	Acq. Cost	Book value	Domicile
Euro-Center Holding A/S	A/S 174224	4	16,67%	2 015	2 015	Copenhagen
European Assist. Holding GmbH	139284	1	10,00%	23	23	Munich
Total shares and participations in associated companies				**2 038**	**2 038**	

Note 17 Shares and participations

	Current value		Accrued aquisition value	
All listed Securities	**2012**	**2011**	**2012**	**2011**
Treasury bills	69 873	51 941	70 000	51 951
Bonds, Swedish governmental	66 095	151 901	64 300	144 101
Housing finance institution, Swedish governmental	122 724	36 878	119 851	36 234
Bonds, Foreign	19 745	-	19 562	-
Total shares and participations	**278 437**	**240 720**	**273 713**	**232 286**
Positive difference because the book value exceeds the nominal values	**4 724**	**8 434**		

Bonds and other fixed-income securities are accounted to current value.

(SEK Thousand)

Note 18 Financial assets and liabilities
Information of booked values per category of financial intruments

	Total booked value	Total current value	Accrued acquisition value
Listed securities			
Shares and participations	0	0	0
Treasury bills	69 873	69 873	70 000
Bonds, Swedish Governmental	66 095	66 095	64 300
Mortgage bonds, the Swedish Governmental	122 724	122 724	119 851
Bonds, Foreign	19 745	19 745	19 562
Total	**278 437**	**278 437**	**273 713**

*All financial assets are classified as level 1

Note 19 Provision for unearned premiums and remaining risks

	2012-12-31	2011-12-31
Reinsurers' share		
Balance brought forward	14 366	13 557
Change in provision	-14 134	809
Balance carried forward	**232**	**14 366**

Note 20 Provision for claims outstanding

	2012-12-31	2011-12-31
Reinsurers' share		
Brought forward incurred and reported claims	15 458	19 211
Change in incurred and reported claims	-11 433	-3 753
Brought forward incurred but not reported claims	14 457	13 799
Change in incurred but not reported claims	-12 822	658
Balance carried forward	**5 660**	**29 915**

Note 21 Receivables arising out of direct insurance operations

	2012-12-31	2011-12-31
Policyholders	44 966	40 512
Agents/brokers	5 660	7 207
Total receivables arising out of direct insurance operations	**50 626**	**47 719**

Note 22 Other receivables

	2012-12-31	2011-12-31
The amount includes receivables from associated companies	5 994	17 751

(SEK Thousand)

Note 23 Fixed and tangible assets and inventories

	2012-12-31	2011-12-31
Accumulated purchase value		
Balance brought forward	9 805	10 296
Disposal of assets	-	-1 343
Acquisitions for the year	514	852
Balance carried forward, purchase value	**10 319**	**9 805**
Accumulated depreciation according to plan		
Balance brought forward	-8 848	-9 090
Disposal of assets	-	1 343
Depreciation for the year	-634	-1 101
Balance carried forward, accumulated depreciation	**-9 482**	**-8 848**
Total residual value according to plan	**837**	**957**

Note 24 Deferred acquisition cost

	2012-12-31	2011-12-31
Brought forward deferred acquisition cost	10 980	10 843
Depreciation for the year	-10 980	-10 843
Activation for the year	12 723	10 980
Carried forward deferred acquisition cost	**12 723**	**10 980**
The acquisition cost have a depreciation time up to one year		

Note 25 Other deferred expenses and accrued income

	2012-12-31	2011-12-31
Prepaid office rent	1 069	1 020
Prepaid employee benefits	479	437
Other deferred expenses	1 196	2 672
Accrued income	2 258	-
Total	**5 002**	**4 129**

Note 26 Provision for unearned premiums and remaining risks

	2012-12-31	2011-12-31
Balance brought forward	81 482	76 007
Written insurance during the period	424 329	458 448
Earned premiums during the period	-415 786	-452 973
Balance carried forward	**90 025**	**81 482**

(SEK Thousand)

Note 27 Provision for claims outstanding

	2012-12-31			2011-12-31		
	Gross	Ceeded	Net	Gross	Ceeded	Net
BF Incurred and reported claims	82 981	15 458	67 523	81 861	19 211	62 650
BF Incurred but not reported claims	34 418	14 457	19 961	39 409	13 799	25 610
Balance brought forward	**117 399**	**29 915**	**87 484**	**121 270**	**33 010**	**88 260**
Change in expected cost for claims PY	-20 022	12 822	-32 843	-17 132	-1 905	-15 227
Other adjustments	24 223	-37 076	61 300	13 261	-1 190	14 451
Balance carried forward	**121 600**	**5 660**	**115 941**	**117 399**	**29 915**	**87 484**
BCF Incurred and reported claims	75 741	4 025	71 716	82 981	15 458	67 523
BCF Incurred but not reported claims	45 859	1 635	44 225	34 418	14 457	19 961

Note 28 Provisions other

	2012-12-31	2011-12-31
Deferred tax concearning fund for unrealised gains	1 039	2 218
Total	**1 039**	**2 218**

Note 29 Liabilities arising out of direct insurance operations

	2012-12-31	2011-12-31
Agents / brokers	3 148	7 656
Policyholders	28 199	28 343
Total	**31 347**	**35 999**

Note 30 Other liabilities

	2012-12-31	2011-12-31
Accounts payable	6 448	12 414
VAT	-316	2 413
Employee withholding taxes	3 860	1 013
Insurance tax	945	758
Other	242	273
Total	**11 179**	**16 871**

Note 31 Other accrued expenses and prepaid income

	2012-12-31	2011-12-31
Accrued expenses	7 158	7 021
Special payroll tax	7 466	6 928
Total	**14 624**	**13 949**

(SEK Thousand)

Note 32 Associated companies

	Year	Purchase	Receivables	Liabilities
Euro Center Holding A/S (affiliated company)	2012	17 463	5 994	-
	2011	20 574	17 751	-
Euro Alarm Prague (group company)	2012	3 353	9 334	-
	2011	2 781	845	-
Europäische Reiseversicherung AG, Munich (group company)	2012	-	8 764	-
	2011	3 543	345	-
Europaeiske Rejseforsikring A/S (group company)	2012	811	2 258	163
	2011	-	-	-
ERGO Versicherungsgruppe AG (group company)	2012	292	-	-
	2011	-	-	-
Münich Re (group company)	2012	6 140	-	1 226
	2011	0	-	-
Total		**28 059**	**26 350**	**1 389**

The company has reinsurance available within the group as X/L and a quota share.

Note 33 Staff and salaries

			2012			**2011**
	Men	Women	Total	Men	Women	Total
Board of directors and CEO	2	3	5	2	3	5
Other managment officers	2	2	4	2	2	4
Office staff*	23	58	81	26	61	87

*recalculated to average full time employees

Salaries, remuneration and social expenses have been paid as follows:

KKR	**Board and CEO**		**Management**		**Office staff**	
Salaries and remuneration	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Basic salary and remuneration	3 613	2 009	3 243	3 245	38 179	36 795
Variable benefits	166	280	-	-	200	75
Other benefits	2	11	49	47	1 294	1 179
Social security costs	936	635	1 034	1 034	14 668	11 554
Pension expenses	793	3 795	1 160	727	5 359	5 523
Total	**5 510**	**6 730**	**5 486**	**5 053**	**59 700**	**55 126**

As of 1 January 2012, a new CEO was employed. The salary and remuneration to the Board and CEO includes salary to the CEO of 2 543 TSEK. No bonus was paid. The CEO is employed on fixed-term contracts and are covered by pension schemes outside Sweden.

The salaries and remuneration to the Board and CEO includes salary to the former CEO Kenneth Sandén of 1 070 TSEK and pension of 793 TSEK. Bonus to former CEO of 166 TSEK that are related and earned during year 2011 has been paid out in 2012. The rest part of the earned renumeration, 264 TSEK will be paid out in year 2014, according to the salary and renumeration policy of the company. The former CEO is paid from age 60 direct pension which has been secured through an endowment. Regarding the Board of directors, whose employment are outside of the company, no renumeration has been paid.
For other key directors of the company's management salaries and remuneration consist of basic salary, variable wages, other benefits and pension. No bonuses were paid during 2012. The earned renumeration from previous years are 105 TSEK, and will be paid out in year 2014 according to the salary and renumeration policy of the company. The salaries and remuneration for the office staff of the company, are included in bonus of 200 TSEK that have been earned during year 2011 and paid out 2012. The bonus targets for the CEO are yearly set by the Chairman of the Board and are a combination of a number of fixed financial goals and a number of operational goals.
The bonus targets for the management are yearly set by the CEO and are normally based on a number of fixed financial goals.
Further information can be found in the Company´s Remuneration policy which is available on www.erv.se.

(SEK Thousand)

Note 34 Additional information regarding the insurance operations

		Insurance classes				
	Total 2012	Health	Accident	Property	Other financial loss	Transport
Gross premium income	424 329	258 058	82 403	15 031	43 796	25 041
Gross premium earned	415 785	252 862	80 744	14 728	42 914	24 537
Gross claims incurred	279 457	169 953	54 269	9 899	28 844	16 492
Gross operating expenses	141 064	85 789	27 394	4 997	14 560	8 325
Reinsurance result ceded	-12 283	-7 470	-2 385	-435	-1 268	-725

Note 35 Important estimates and judgements

The company has no other important estimates and judgements than the ones already mentioned in note 1, Accounting Principles and note 2, Information about Risks.

Note 36 Expected reclaimed timetable for assets and liabilities

Assets	Below 1 year	More than 1 year	Total
Intangible assets		763	**763**
Shares and participations in associated affiliated companies		2 038	**2 038**
Bonds and other fixed-income securities	114 511	163 926	**278 437**
Reinsurerer's share of technical provisions			
-Provision for uneamed premiums and remaining risks	232		**232**
-Provision for claims outstanding	1 459	4 201	**5 660**
Receivables arising out of direct insurnce operations	50 626		**50 626**
Receivables arising out of reinsurance operations	10 139	386	**10 525**
Other receivables	19 582		**19 582**
Fixed and tangible assets and inventories		837	**837**
Cash at bank	18 002		**18 002**
Current prepaid tax	7 016		**7 016**
Deferred tax		1 244	**1 244**
Accrued interest income	5 195		**5 195**
Prepaid expenses and accrued income			
-Deferred acquisition cost	12 723		**12 723**
-Other deferred expenses and accrued income	5 002		**5 002**
Total assets	**244 487**	**173 395**	**417 882**
Liabilities			
Technical provisions (before reinsurance ceded)			
-Provisions for uneamed premiums and remaining risks	90 025		**90 025**
-Provisions for claims outstanding	72 670	48 930	**121 600**
Provisions for other risks and charges			
-Provision for tax		1 039	**1 039**
Liabilities arising of direct insurance operations	31 347		**31 347**
Liabilities arising out of reinsurance operations	1 240		**1 240**
Other liabilities	11 179		**11 179**
Accrued expenses and prepaid income			
-Reinsurerer's share of prepaid acquisition cost	29		**29**
-Other accrued expenses and prepaid income	14 624		**14 624**
Total liabilities	**221 114**	**49 969**	**271 083**

(SEK Thousand)

Note 37 Pledged assets and contingent liabilities

	2012-12-31	2011-12-31
Assets covered by policyholders' beneficiary rights*	284 785	245 358
Contingent liabilities	23 305	23 597
Total	308 090	268 955

*In the event of insolvency, the policyholders have preferential rights to the registered assets corresponding to the amounts stated for respective year.

Signatures

Sundbyberg, March 26, 2013

Richard Bader
Chairman

Ulrike Timmer

Julia Ricks

Johann von Hülsen
Chief Executive Officer

Anna Strandberg
Employee representative (FTF)

Our audit report was submitted on March 26, 2013

KPMG AB
Gunilla Wernelind
Authorised public accountant

Audit Report

To the annual meeting of the shareholders of ERV Försäkringsaktiebolaget (publ)

Corporate identity number 502005-544

REPORT ON THE ANNUAL ACCOUNTS

We have audited the annual accounts of ERV Försäkringsaktiebolaget (publ) for the year 2012.

Responsibilities of the Board of Directors and the managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express anb opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from materail misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosured in the annual accounts. The procedured selected depend on the auditor's judgement, including the assessment of the risks of material misstatemant of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to company's preperation and fair presentation of the annual accounts 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 the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of ERV Försäkringsaktiebolaget (publ) as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Insurance Annual Accounts Act. The statutory adminstration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of ERV Försäkringsaktiebolaget (publ) for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible för the proposal for appropriations of the company's profit or loss, and the Board Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to extress an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the adminstration based on our audit. We conducted the audit in accordance with generally accepted auditin standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concearning discharge from liablilty, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Insurance Business Act, the Insurance Annual Accounts Act or the Artivles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 26 Marh, 2013

KPMG AB

Gunilla Wernelind
Authorized Public Accountant

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Name of the company: ERV | Reg. office: Sundbyberg, Sweden | Company Reg. No.: 502005-5447