EUROPEISKA ERV

Europeiska ERV
Annual report 2014

(former Europeiska)

Translation of the Swedish Annual Report

ANNUAL REPORT 2014

ERV FÖRSÄKRINGSAKTIEBOLAG (publ)

Company Reg. No: 502005-5447

(Former EUROPEISKA FÖRSÄKRINGSAKTIEBOLAGET (publ))

Table of contents

Management report 2014

ERV FÖRSÄKRINGSAKTIEBOLAG (PUBL)

formerly the EUROPEISKA FÖRSÄKRINGSAKTIEBOLAGET (PUBL)
Company Reg. No: 502005-5447

The Board of Directors and Chief Executive Officer of ERV Försäkringsaktiebolag (publ) hereby submit the Annual Accounts for 2014, the company's 94th year of operation.

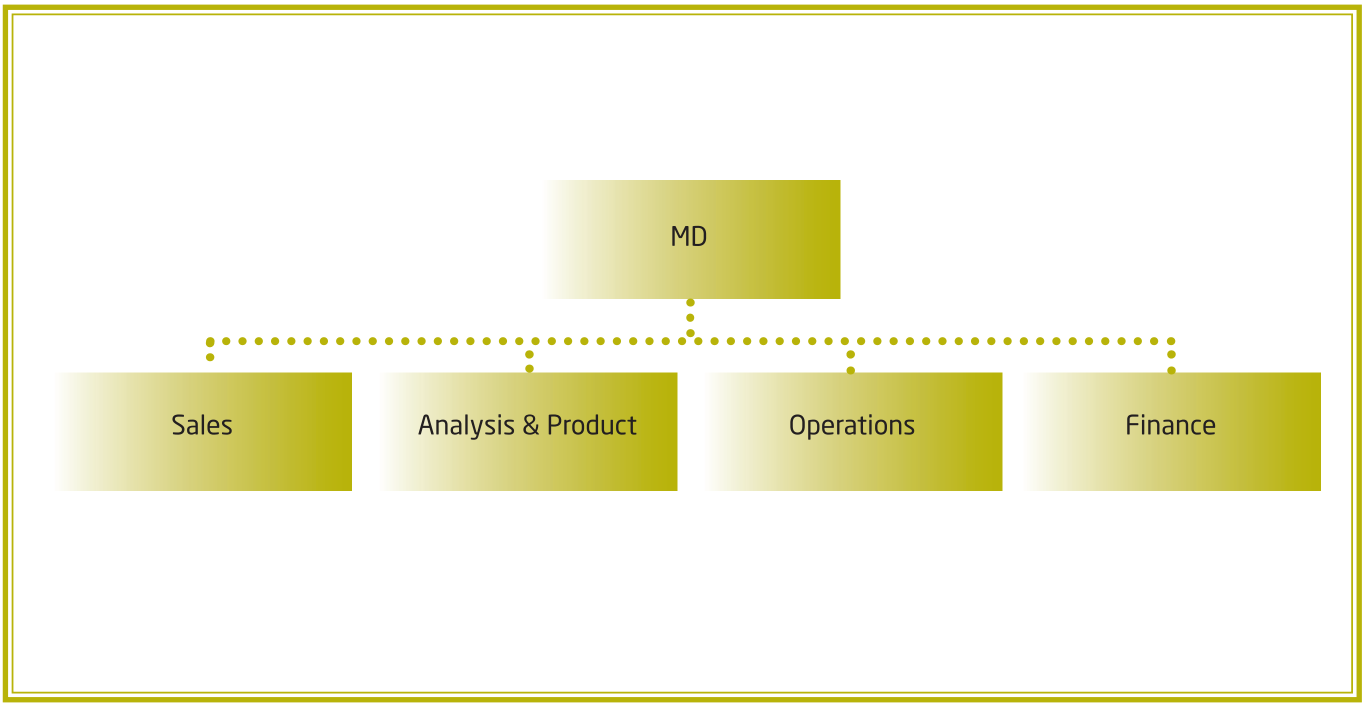
Note that the Europeiska Försäkringsaktiebolaget (publ) has been renamed to ERV Försäkringsaktiebolag (publ) on February 1, 2012.

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 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 Versicherungsgruppe AG 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 for travel and travel related insurance. In addition to private and corporate travel insurance ERV provides specialty insurance for bank cards, and various product insurance in cooperation with retail chains.

Operational organization, 2014-12-31



Summary of Fiscal Year 2014

To ensure better profitability the Company's new management team since Half-year 2012 has evaluated and put in force the efficiency and turnaround Program "*3-in-2*". Overall the *"3-in-2" Program* fortunately showed good success in its final year building on the results that have been achieved during 2013. Whereas premium volume dropped considerably also in 2014, claims costs and administrative costs were further reduced with success. A successful de-risking and restructuring of the insurance portfolio showed particular effect in the claims cost area. At the same time improved processes supported significant improved productivity at lower staff levels. This enabled ERV to book also in 2014 considerable restructuring costs for early retirement, for release of staff, for hiring selected new staff as well as for project costs for the follow-up Program to "3-in2" named "E 20" which is running until 2017, and to achieve a result well above Plan 2014. Total restructuring costs in 2014 amount to 4.5 MSEK.

Sales of Card insurance and various types of Affinity insurance in total rose slightly during the year. Premium income for Corporate Business decreased overall due to extensive re-underwriting efforts. Also income in Leisure Travel Insurance has dropped significantly due to a product change with cyclically lower premium in the first years of in our Supplementing Leisure Business where we have stopped selling our Annual Product which we introduced to the market at the end of 2012 but which we could not place in the market successfully enough. Our new core product in Supplement is a traditional trip-by-trip product with adjusted features. Lower volume was further caused by loss of a large Travel account due to ever rising commission demands upon renewal which the company decided not to pay for sake of profitability reasons. We continued to re-underwrite our other Leisure Travel Products as well as our Corporate Travel Insurance Portfolio on single account basis. In consequence total gross premium has been reduced by 47,6 MSEK in 2014.

Claims ratio has continued to significantly decrease in 2014 to 48.7 % coming from 60.5 % in 2013 and 69.5 % in 2012. As a result of the initiated re-underwriting measures practically our entire insurance portfolio except for Card Business and Corporate Travel Insurance has seen falling claims ratios during 2014 on aggregated level.

Given the positive result situation it was decided to book more restructuring costs in 2014 at 4.5 MSEK which led to

final administration costs for 2014 that are slightly higher than 2013. Investment result was 2.7 MSEK better than 2013 and also above Plan. In total ERV's result (before tax) improved by 18.3 MSEK to 20.0 MSEK for 2014.

The mentioned *"3-in-2"-Program* since 2012 built on 3 focus areas which have been intended to deliver value to the Company's results within 2 years - that is by end of 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 approach.

Complexity reductions across the entire Company, to start with, were facilitated by a focused team of 1 Business Architect and 2 fulltime and 1 part time Process Developers. In 2012 a so-called Heatmap had been generated to identify areas with maximum need for improvements. Step by step improvement areas of this map have been during 2013 as well as in 2014. We now consider the "3-in-2"-Program successfully accomplished. What are the results? Altogether we were able to reduce claims ratio by 20.8 % and costs by 26 MSEK incl. restructuring costs since end of 2012. We were able to increase productivity of the company and at the same time reduced complexity and staff by a total of 20 FTE or 24.7 % since 2012. The company's result before tax since 2012 including all restructuring costs improved by 27.8 MSEK.

Parallel to continued work within the context of the *"3-in-2"-Program* ERV started to look ahead and identify the next chapter of strategic work. Together with its sister company in Denmark, Europaeiske ERV, a joint 10-year strategic investment case for the entire Nordic region has been developed in late 2013/early 2014. By executing the underlying strategy program it is intended to realize further efficiency gains and reduce administration and claims handling costs and leverage now on a joint Nordic level. The case has been accepted in February 2014 and will lead to a total of ca. 55 MSEK IT-investments into our operations in Sweden and Denmark during the next 5 years. Business Architectural optimization will re-engineer all processes as well as to improve development of easy-to-administer products on a modular product component approach named Insurance Modular Design (IMD). Lower production costs due to reduced operational complexity will improve ERV Nordics competiveness in pricing and lead to improved returns. These strategic targets will be managed and implemented through a joint Nordic Organisation across Sweden and Denmark that will come in effect from 01.05.2015. This joint Nordic Strategic Program has been given the name *"E20"* – inspired by the highway which connects Sweden and Denmark via Öresund Bridge. This next restructuring phase will run until 2017.

Tight cost control is effectuated along the entire value chain: Starting with focused re-underwriting of the entire product portfolio, as reported in previous years ERV during second half of 2012 decided to close its entire Accident Business. In 2013 this portfolio has successfully been sold to a special run-off manager. The agreement was closed upon confirmation of the German and Swedish Regulator in September 2014. ERV will continue to administer the portfolio including claims handling for a maximum of 3 additional years. Further the re-underwritten Expatriate Product has been successfully continued to be sold to the Swedish Corporate Travel Insurance Market. Lastly we brought to the market during 2014 our adjusted product range in Leisure Travel insurance which led to further price and term adjustments as well as to some minor product exits.

Further along the value chain, we continued to exercise cost control in claims handling with numerous measures of which better fraud control, further effectuated recourses, introduction of auto claims as well as renegotiating our international network's service levels and fee structure for 2014 are the lead examples.

Lastly we have endorsed tight cost control by improved cost monitoring across the entire company as well as an improved cost center structure. We reduced our marketing and IT-costs as well as other administrative costs by reducing rental space, tighter travel cost management and renegotiating a number of supplier contracts.

Growth is highly welcome in ERV and we work hard for it. A new sales management has started to endorse this ambition in 2013. A new state-of the art organizational set-up for our distribution team had been agreed by September 2013 and was implemented by Summer 2014. As discussed before in the 2012 Report, the Company in the past has assumed growth that turned out to be too complex to handle and 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, stringently in 2014 featured only such specialty insurance products that are easy to sell and easy to administer. In addition the year 2014 has been used to sell our further pruned product range as well as to sharpen our market presence by leaving specific market segments or unprofitable contracts 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 are active it is to define in which markets we will not be offering any solutions and services.

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 know-how of local business and regulatory environments in the countries where we have insured clients. To serve these purposes ERV in 2012 has put considerable efforts in developing the before mentioned new 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 and our sister company in Denmark, have in 2014 continued to invest heavily in our international business compliance solution. Next to a dedicated international team of up to 5 specialists that work full-time on regulatory, tax and consumer protection compliance, we, by means of market conferences, press releases and regular newsletters have started to communicate into the Nordic insurance markets about the relevance of business compliance as a necessity for doing proper international business.

This notwithstanding, the Company's long term strategy remains unchanged in our aim that 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 2013

The net income before appropriations and tax totaled 20.0 MSEK, compared with 1.7 MSEK for 2013. Gross premiums written decreased from 314.5 MSEK to 266.9 MSEK and net premium income earned decreased from 321.2 MSEK to 265.5 MSEK. Net claims incurred, including claims handling improved from 60.5 % to 48.7 %. Cost ratio rose from 41.0 % to 47.9 % in 2014. Net combined ratio improved from 101.5 % to 96.6 %. Investment income increased from 5.4 MSEK to 8.1 MSEK.

Investment assets decreased from 304.6 MSEK in 2013 to 255.2 MSEK for 2014 – especially triggered due to completed sale of our CAI-Portfolio during 2014. Technical provisions for own account during the year changed from 186.5 MSEK to 102.7 MSEK.

MARKETS AND PRODUCTS

The before mentioned *"3-in-2" Program* since 2012 builds on complexity reduction, tight cost management and securing intelligent, that is easy to sell and easy to administer growth. Cost management has, next to administration costs at large, a second component, namely reduction of claims costs. In this sense claims costs are the expression of the risk exposure of an insurance portfolio. Certainly claims costs are prone to the general "change risk" that can hit any insurance portfolio during a year – natural catastrophes like the ash cloud event on Iceland or the Tsunami catastrophe in Thailand are examples of that kind of insurance risk materializing in our business. In addition there are man-made catastrophes i.e. airplane accidents, fires in hotels or rising health care costs, to give a very wide range. The proper anticipation of this change risk, proper reflection of this reality of insurance risks in our products, or even more precise in our tariffs therefore is one key driver for managing claims costs. Therefore as part of our cost reduction roadmaps we initiated a thorough re-underwriting program named PReP with which was aimed to analyse the entire insurance portfolio in force in 2012/2013. As a consequence of PReP we analysed our Leisure, our Corporate and our Card&Affinity business segments.

Leisure

In Leisure we adjusted all tariffs within our "Other Leisure" products in various ways, namely price changes as well as adjustments in our terms & conditions. We verified our pricing in our "Cancellation offerings". Above all we decided in our re-underwriting efforts for our "Supplement Products" to stop selling the Annual Leisure Product which we had introduced to the market in prior years and to offer a new Trip-by-Trip Travel Product. The product was repriced, product components and also terms& conditions were adjusted. The change took place from June 2013 and became fully effective during 2014. The effect for 2014 on total was still a declining sales volume but also significantly lowered claims payments and claims costs. Thus given the relative size of the Leisure Supplement Portfolio we retrospectively now consider the taken decisions well in line with the targets of our "*3-in-2"-Program*.

Corporate

In Corporate the PReP-analysis led as early as July 2012 to the decision to stop underwriting our Corporate or Municipality Accident Business. Reason being the strategic decision to focus on ERV's core underwriting and selling competences as well as revocation of our clearly profit driven strategy. This was achieved by issuing no renewals from that time. Effects started to reach our portfolio only from 2013 into 2014. By end of 2013 we identified a run-off specialist who acquired the entire CAI-portfolio. By September 2014 we effectively closed the transaction upon formal approval of the portfolio transfer by the German and Swedish Regulators.

Further in Corporate, PReP together with a regular single account analysis across the entire portfolio led to a more restricted renewal approach for our CTI but mostly our by definition larger CEI-Contracts. In addition to strict financial performance analysis of our corporate accounts, 2014 saw ERV taking a continued focused view on underlying so-called Business Compliance issues than before. As a result of these various restructuring measures our Corporate portfolio ex CAI was reduced with several MSEK.

In Card and our All-Risk business PReP was applied to a number of smaller accounts and in consequence led to exit them. We successfully renewed our largest Card scheme in 2014 and won two more smaller, however, strategically promising ones.

All in all strict application of PReP as an analysis-based product group/contract re-underwriting program continued to show very encouraging technical results in 2014 as our claims costs have reduced and our net underwriting result excluding extraordinary restructuring costs has improved significantly during the report period.

Within our product and market approach the before mentioned approach to so-called Business Compliance continues strikes out. We have used the year 2014 to further strengthen our Corporate insurance solution offerings 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 parties themselves face obligations to ensure regulatory and tax compliance of the solutions they entertain for their respective staff abroad. They also 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 since 2012 adjusted its structure to the foreseeable needs. We have continued in 2014 to invest heavily in highly skilled personnel, our dedicated international business compliance team as well as our various technical and financial monitoring features to enable again a trusted and bespoke benchmark solution to our customers. We have entered in a dialogue with the local regulators to have specific alternative protection solutions officially approved and we have further widened our global network to offer business compliant solutions (through trusted partnerships) even in countries where ERV Group stand alone or with our mother company MunichRE Group has no self-owned insurance facility available. We strongly believe that the next 2-3 years will see decisive changes in this area and we are satisfied that we were able to work on the needed strategic shift for the last 2 years now with high intensity which should eventually also lead to edging commercial results.

DISTRIBUTION AND CLAIMS HANDLING

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 state-of-art web-based alternatives to the services offered. An increasing number of claims are reported through the web solution that was launched a few years ago, this service has now been further improved, for example to facilitate the insurance claims reporting on the spot from the major tourist destinations.

In the Fall of 2013 we on the base of the related *"3-in-2"-Roadmap* for Sales decided to restructure the sales organization and to adjust it to newly identified needs both in our internal "way to market" as well as externally to our customers. In this context we have introduced a set-up of new Key Accounts, the role of Client Executives, a new Offering Management and a new Channel Management. This new structure of our distribution team will be amended by dedicated sales efforts controlling. The changes were introduced by a new Head of Sales who was hired in the first half of 2013. We completed our staffing of the new Sales organization until mid-2014 and have started to operate successfully in this structure since then.

Within the *"3-in2"-Program* we have in 2014 continuously worked on the underlying process driven roadmaps and have checked on base of a Process Heatmap a multitude of handling processes mostly in our Claims and Customer Support/Administration departments. This has effectively led to significantly improved processes and workflows. With a significantly reduced number of staff our service KPI's have been improved. Thus it is obvious that our main targets of process improvement work have been achieved by the *"3-in-2"- Program*, namely higher productivity at lower unit costs.

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 reduce costs and to continue to attract demanding customers. It is the aim of the mentioned "E 20"-Program to leverage this on basis of a joint IT-System across both our Swedish and our Danish operation during 2015/2016.

EXPECTED FUTURE DEVELOPMENT 2015-

ERV´s perspective is that both Leisure and Corporate travel, including expatriates stationed abroad will support 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 well diversified business also in 2015.

The long-term sales trend is expected to rise slightly in 2015, however it seems ambitious from today's perspective to meet this year's Budget fully as we during 2014 for 2015 ff. have lost a large Travel account. Efforts are ongoing to balance this lost business with new business in Cards and other Leisure business. We hope that the successful restructuring of our Sales Department will support these efforts during 2015 when new team members will increasingly gain traction.

For 2015, there is some continued uncertainty how the Swedish economy will deal with recent developments in Europe's economy and politics since Sweden's industry at large has performed quite well over the last 3 years. All in all, uncertainty is especially about low interest rates, financing of large budget deficits in various southern European countries, the Euro's future, consequences of the fiscal cliff in the US as well as undefined political situations for instance in Ukraine, Islamic Terror Attacks and also consequences of recent elections in Greece which brought in a new far-left government into power with a decisive Anti-European political program. 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 2012-14 turnaround achievements, the Company will continue to screen large parts of the portfolio and re-underwrite significant business components where necessary.

In summary, the Company stands on a solid foundation and the position in the Swedish market remains very strong. The Company's strengthened management team, on ground of its successful turnaround management from 2012-2014, is determined to address the identified Nordic strategy and restructuring program "E 20" and will execute the defined milestones for 2015 accordingly.

INFORMATION ABOUT 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. 2014 we have conducted research on our 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, the Company has a limited number of large cooperation- or customer contracts which at termination could lead to staff redundancies.

FINANCIAL INSTRUMENTS

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.

RISK AND COMPLIANCE

In 2014 the decisions about staffing specialist support on matters concerning risk control and compliance were further continued. Our independent risk control function was supported together with ERGO Group. The compliance function was supported together with our mother ERV Group. The company's Risk and Compliance functions have with the Company's assistance gone through the company's processes and risks and noted cases where the company lacks documentation. We have acted on these matters and further improved our reporting standards on Risk Management and monitoring by Management and Board level. In 2015 intention is to hire a new independent Risk Manager function on Nordic level.

SOLVENCY II

The Group operates several projects for the various elements of Solvency II. Group Parent company Munich RE ambition is to be at the forefront of Solvency II-implementation and preparations are well advanced. The Group believes it is well prepared for Solvency II. We have during 2014 tested various aspects of reporting (ORSA, ELC, ICS) and new reporting systems are being developed to meet the requirements. Work continues in 2015 on a detailed data level to conclude the next test and preparation levels including economic balance sheet. We will support Solvency II work in 2015 by hiring Solvency II resource in Denmark and a consultant in Sweden.

WAGES AND COMPENSATION

More information about salaries and compensation 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 2013	-807 300
Fund for current value	4 760 618
Profit for the year	15 927 370
Total unappropriated earnings	19 880 688
The board propose, to be distributed to the shareholders	-15 000 000
to carry forward to new account	4 880 688

Five-year overview

Result (SEK Thousand)	2014	2013	2012	2011	2010
Insurance operations					
Gross premiums for own account	255 822	299 276	421 672	385 857	391 830
Net premiums earned	265 521	321 200	398 994	381 192	388 936
Net investment income of the insurance operations	1 057	2 061	3 322	3 287	1 050
Net claims incurred	-129 361	-194 141	-277 249	-228 892	-247 147
Net technical result, insurance operations	12 520	-1 909	-11 930	-2 388	3 227
Profit for the year	15 927	1 594	-317	312	0
Economic Status					
Investment assets at current value	276 382	331 247	298 477	284 881	271 033
Technical provisions for own account	102 660	186 544	205 732	154 600	150 710
Shareholders' equity	32 040	13 712	13 442	16 291	9 453
Untaxed funds	133 357	133 357	133 357	141 057	141 057
Return of deferred tax on unrealised gains	1 343	665	1 039	2 218	-111
Total consolidation capital	166 740	147 735	147 838	159 566	150 399
Capital base	166 740	147 735	147 075	157 429	149 511
Required solvency margin	34 188	63 395	63 395	69 783	70 402
Key figures					
Claims ratio in percent, for own account [1]	48,7	60,5	69,5	60,0	63,5
Expense ratio in percent, for own account [2]	47,9	41,0	34,8	41,9	36,3
Combined ratio in percent, for own account[3]	96,6	101,5	104,3	101,9	99,8
Solvency ratio in percent[4]	65,2	49,4	35,1	41,4	38,4
Direct yield of investments in percent[5]	3,5	3,2	3,8	3,4	4,1
Total yield of investments in percent[6]	4,8	2,8,5	4,5	5,3	6,6

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	2014	2013
Premium earned (for own account)			
Premium income (before reinsurance ceded)	3	266 920	314 481
Reinsurance premiums ceded		-11 098	-15 205
Change in provision for unearned premiums and remaining risks		9 730	21 950
Reinsurers' share of change in provision for unearned premiums and remaining risks		-31	-26
Total premium earned (for own account)		**265 521**	**321 200**
Investment income allocated from non-technical account	4	**1 057**	**2 061**
Other technical income (after reinsurance ceded)	5	**2 375**	**728**
Claims incurred (for own account)			
Claims paid	6		
Gross		-139 708	-199 162
Reinsurers' share		7 737	7 755
Change in provision for outstanding claims			
Gross		6 777	-1 926
Reinsurers' share		-4 167	-808
Total claims incurred (for own account)		**-129 361**	**-194 141**
Operating expenses	7	**-127 072**	**-131 757**
TECHNICAL RESULT OF INSURANCE OPERATIONS		**12 520**	**-1 909**

Non-technical account

	Note	2014	2013
Technical result of insurance operations		**12 520**	**-1 909**
Investment income	8	13 230	10 410
Investment expenses	9,10	-5 159	-4 999
unrealised losses on investments		-1 057	-2 061
Result after investment income		**19 534**	**1 441**
Other income	11	500	249
Other expenses	12	-5	-
Result before appropriations and tax		**20 029**	**1 690**
Appropriations			
Change in safety reserve		-	-
Result before tax		**20 029**	**1 690**
Tax for the year	13	-4 102	-96
RESULT FOR THE YEAR		**15 927**	**1 594**

Total Result For The Year

(SEK THOUSANDS)	2014	2013
Result for the year	**15 927**	**1 594**
Other total result		
Change in Fund for Current value of investments that may be sold	2 401	-1 324
Sum other total result	**2 401**	**-1 324**
Total result for the year	**18 328**	**271**
Tax related to above total result	677	-374

Balance Sheet

ASSETS (SEK THOUSAND)	Note	2014-12-31	2013-12-31
Investments			
Investments in group companies and associated companies			
Shares and participations in associated and affiliated companies	14	2 038	2 038
Other financial investment assets			
Shares and participations		0	0
Bonds and other fixed-income securities	15,16	253 195	302 539
Total investments		**255 233**	**304 577**
Reinsurers' share of technical provisions			
Provision for unearned premiums and remaining risks	17	175	206
Provision for claims outstanding	18	686	4 852
Total reinsurers' share of technical provisions		**861**	**5 058**
Receivables			
Receivables arising out of direct insurance operations	19	12 460	14 537
Receivables arising out of reinsurance operations		195	787
Other receivables	22	32 036	13 103
Total receivables		**44 691**	**28 427**
Other assets			
Fixed and tangible assets and inventories	21	511	438
Cash at bank		21 149	26 670
Current prepaid tax		2 708	7 392
Deferred tax		1 174	1 282
Total other assets		**25 542**	**35 682**
Prepaid expenses and accrued income			
Accrued interest income		4 684	5 138
Deferred acquisition cost	22	14 006	12 383
Other deferred expenses and accrued income	23	3 308	3 299
Total prepaid expenses and accrued income		**21 998**	**20 865**
TOTAL ASSETS		**348 325**	**394 609**

EQUITY, PROVISIONS AND LIABILITIES (SEK THOUSAND)	Note	2014-12-31	2013-12-31
Shareholders' equity			
Share capital (20.000 shares with par value of SEK 500 each)		10000	10 000
Reserve fund		2 160	2 160
Fund for unrealised gains		4 761	2 360
Profit/loss brought forward		-808	-2 402
Profit brought forward incl current year result		15 927	1 594
Total shareholders' equity		**32 040**	**13 712**
Untaxed reserves			
Equalisation reserve		**133 357**	**133 357**
Technical provisions (before reinsurance ceded)			
Provision for unearned premiums and remaining risks	24	58 345	68 075
Provision for claims outstanding	25	45 176	123 527
Total technical provision (before reinsurance ceded)		**103 521**	**191 602**
Provisions for other risks and charges			
Provision for tax	26	1 343	665
Total provisions for other risks and charges		**1 343**	**665**
Liabilities			
Liabilities arising out of direct insurance operations	27	24 330	21 766
Liabilities arising out of reinsurance operations		2 010	2 680
Other liabilities	28	28 479	13 446
Total liabilities		**54 819**	**37 892**
Accrued expenses and prepaid income			
Reinsurers' share of prepaid acquisition cost		29	29
Other accrued expenses and prepaid income	29	23 216	17 352
Total accrued expenses and prepaid income		**23 245**	**17 381**
Total shareholder's equity, provisions and liabilities		**348 325**	**394 609**
Pledged assets and contingent liabilities	30		
Pledged assets		256 301	308 288
Contingent liabilities		22 003	22 144
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 2013-01-01	10 000	2 160	3 684	-2 402	13 442
Result of the year				1 594	1 594
Other total result			-1 324		-1 324
CF balance 2013-12-31	**10 000**	**2 160**	**2 360**	**-808**	**13 712**
BF balance 2014-01-01	10 000	2 160	2 360	-808	13 712
Result of the year				15 927	15 927
Other total result			2 401		2 401
CF balance 2014-12-31	**10 000**	**2 160**	**4 761**	**15 119**	**32 040**

Analysis of Result for Current Year

(SEK THOUSAND)	Accident/ sickness	Home and House	Total
Technical Result of insurance operations			
Premium earned (for own account)	983	264 538	265 524
Investment income allocated from non-technical account	0	1 057	1 057
Other technical income (after reinsurance ceded)	499	1 876	2 375
Claims paid (for own account)	73	-132 044	-131 971
Change in provision for outstanding claims (for own account)	0	2 610	2 610
Operating expenses	-5 018	-122 054	-127 072
Technical Result of insurance operations	**-3 463**	**15 983**	**12 520**
Claims run off result (before reinsurance ceded)	0	-41 924	-41 924
Technical provisions (before reinsurance ceded)			
Provision for unearned premiums and remaining risks	0	58 345	58 345
Provision for claims outstanding	0	45 176	45 176
Technical provisions (before reinsurance ceded)	**0**	**103 521**	**103 521**
Reinsurers' share of technical provisions			
Provision for unearned premiums and remaining risks	0	175	175
Provision for claims outstanding	0	686	686
Total reinsurers' share of technical provisions	**0**	**861**	**861**

Premium earned (for own account)			
Premium income (before reinsurance ceded)	431	266 489	266 920
Reinsurance premiums ceded	-4	-11 094	-11 098
Change in provision for unearned premiums and remaining risks	556	9 174	9 730
Reinsurer's share of change of in provision for unearned premiums and remaining risks	0	-31	-31
Claims incurred (for own account)			
Claims paid, gross	73	-139 781	-139 708
Reinsurer's share	0	7 737	7 737
Change in provision for outstanding claims, gross	0	6 777	6 777
Reinsurer's share	0	-4 167	-4 167

Cash Flow Analysis Direct Method

(SEK THOUSAND)	2014	2013
Current business		
Premiums paid	250 065	357 049
Premiums paid to reinsurers	-10 506	-5 466
Claims paid	-187 821	-203 748
Claims paid from reinsurers	7 067	9 195
Operating expenses	-128 316	-128 459
Other payments	3 367	989
Paid tax	1 267	-783
Cash flow from current business	**-64 876**	**28 777**
Investment business		
Direct yield*	8 071	5 412
Investments in financial investment assets	-408 962	-398 567
Sales of financial investment assets	460 707	373 138
Investments in intangible assets	0	0
Sales of intangible assets	0	0
Investments in fixed and tangible assets	-461	-93
Sales of fixed and tangible assets	0	0
Cash flow from investment business	**-59 355**	**-20 109**
Finance business		
Loan goup companies and associated companies	-	-
Dividend	-	-
Cash flow from finance business	**0**	**0**
Total cash flow	**-5 521**	**8 668**
Liquid assets at the beginning of the year	**26 670**	**18 002**
Liquid assets at the end of the year	**21 149**	**26 670**
*** Included in direct yield:**		
Paid interest income	5 819	5 009
Paid interest cost	-22	-7
Dividend	**-**	**-**
Sum	**5 797**	**5 002**
****Included in liquid assets**		
Cash at bank	21 149	26 670
Sum	**21 149**	**26 670**

Notes to the Financial Report

Note 1: Accounting Pincíples

GENERAL INFORMATION

The annual report is submitted for fiscal year 2014 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 17th of March 2015. ERV Försäkrings-aktiebolag (publ) is a completely owned subsidiary of 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 accordance with the Swedish Annual Accounts Act for Insurance Companies (ÅRFL) and the Financial Supervisory Authority's regulations and general guidelines on annual accounts of insurance companies (FFFS 2008: 26 and its amending regulations).

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 2014 the Company has not changed their 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. Changes in exchange rates are recognized in the income statement net under Investment income or Investment expenses.

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 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 vary 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, claims adjustment, administration and investment management costs. Operating expenses for claims adjustment are accounted as part of claims incurred in the Profit & Loss report, 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 2014 amounts to 0.66 %.

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 Shareholder's Equity, and then the appropriate tax effect is also accounted to the total result or Shareholder's 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 the age of 62.

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.

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. Continuous risk management is a competitive advantage and also increases the customer's confidence in the company.

For some years, the Company has started working on an internal control system (ICS), which aims to operational activities are made aware of the risks, identifies, monitors, measure, control and document them. In addition to this, the Company also has an independent actuary, a risk and compliance function and an internal auditor.

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.

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.

Internal control systems

The Company has reviewed its processes and identified risks within these processes, Risk Control Assessment (RCA). In all RCA is that described what kind of risk, who owns or is responsible for the risk, control made or to be made, consequences, etc. Monitoring is conducted annually and reporting shall be made by the Risk Management function to the Board.

Risk Management and Compliance

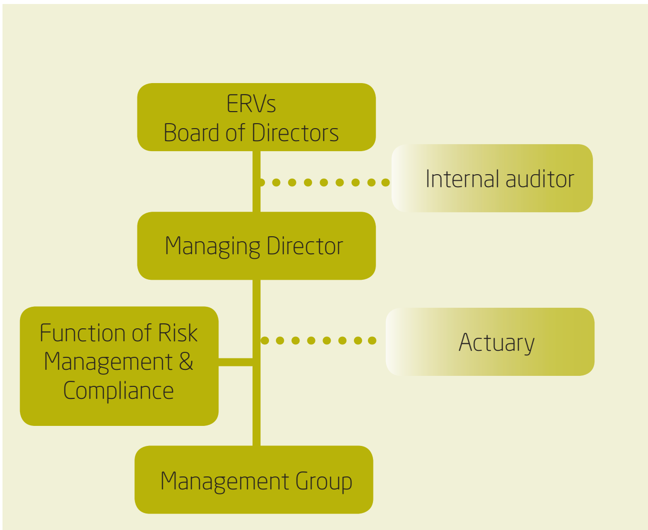
In 2014, the Company has elected to have two separate functions in risk management and compliance where a person works solely on risk management function and another person working exclusively with the function compliance. Both people are employed in Germany in the Company Group and specialize in these issues and upcoming changes within the context of Solvency II.

The Company's independent Risk Management and Compliance function, shall with the Company's help go through all the Company's processes and its risks and note where the Company has no documentation about the risk of a process alternative where control of risk is not performed. Monitoring is done by the Board to ensure that documentation and control measures are in place and followed. The company regularly conducts training programs in combination with clear processes and job descriptions to ensure that risk control functions throughout the organization and that all employees understand their role and responsibilities.

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.

The Company's risk management organisation at Dec 31, 2014



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 may also choose to reduce the underwriting risk by reinsuring part of the risk.

The focus of the Company's underwriting department is to ensure that the premium after deducting claims and operating expenses will give a profit margin that allows a return to the business owner.

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.

Insurance contracts for Leisure Travel Insurance have during the year to 100% consisted of insurance where the insurance period was less than 1 year. For direct contract with the customer generally no renewals exists, instead insurance is linked to a specific trip. In agreement with the agent is a built right of the Company to terminate the dealership agreement if no time limit discussed or that Company declines renovation or change the terms and conditions applicable to resale contract at renewal.

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 the Company 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 250 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, the Company 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 its budget, its forecasts, outcome and rolling 12-months' comparisons, etc. on the basis of the selected business concepts.

Leisure Travel Insurance

The Company 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. The Company 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

After the consent of the FSA to assign the municipal accident insurance for children in preschool, primary and secondary school to another insurer the business has ended. Final settlement was made in September this year, with retroactive effect on January 1, 2013.

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. The Company monitors claim frequencies and cost developments very carefully.

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 regarding the objects insured.

Risk Exposure

The Company'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 regarding 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 the net exposure (retention level) of the Company.

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 Europeiska, 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.

Compliance risks

The risk that the laws, regulations and internal rules etc. are not followed is defined as compliance risk. To minimize this risk, the Company has appointed a person, with a focus on regulatory compliance and risk management.

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 regarding 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 2 years. In the event of changes in interest rates in the market, the financial effect on the Company would be limited. The purpose of this cautious investment

strategy is to protect the interests of policyholders regarding payments and to comply with the laws and regulations in Sweden. The company's internal policy for liability coverage also imposes stricter requirements, 120 % of the debt coverage, than the legal requirements for liability coverage. Register for liability coverage exists as the Company updates monthly.

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. The agreements with agents and representatives stated that the payments relating to insurance premiums, as an agent or representative received, is reporting means for the Company and shall be kept separate from their own and for account of the funds received.

In respect of reinsurance, the Company will not enter into reinsurance contracts unless the rating of the reinsurer is at least BBB-. Exceptions can be made if the company can reserve the right to bank guarantee, premium depot or similar solution.

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-

Analysis of sensitivity attributable to insurance contracts

Assumption TSEK	Change in assumption %	Technical provisions gross	Technical provisions net	Result before tax and appropriations	Equity capita
2014					
Average claims cost	+10 %	49 694	48 814	15 705	26 765
Average number of claims	+10 %	49 694	48 814	15 705	26 765
Average premium increase	+2 %			24 839	31 690
2013					
Average claims cost	+10 %	135 880	130 917	-10553	4 163
Average number of claims	+10 %	135 880	130 917	-10 553	4 163
Average premium increase	+2 %			7 614	18 237

Actual Claims compared with Previous Estimations

TSEK	2009	2010	2011	2012	2013	2014	Total
Estimated final claims cost at the end of claims year (gross)	291 218	309 248	270 589	292 619	203 019	145 509	1 512 202
One year later	278 324	299 959	263 522	276 890	158 952		_
Two years later	288 318	289 830	274 272	251 704			_
Three years later	290 810	293 424	262 336				_
Four years later	291 637	288 130					_
Five years later	293 117						_
Estimated final claims cost 2014-12-31	293 117	288 130	262 336	251 704	158 952	145 509	1 399 748
Accumulated claims paid	291 885	288 062	261 735	249 573	155 021	109 676	1 355 952
Provision for claims outstanding	1 232	68	601	2 131	3 932	35 833	43 797
Accumulated surplus/deficit	-1 898	21 118	8 253	40 915	44 067	0	_
Surplus/deficit in % of initial claims cost	-0,65 %	6,83 %	3,05 %	13,98 %	21,71 %	0,00 %	-
Reconciliation of balance sheet	**2009 +Prev. years**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Provision for claims outstanding before discounting	1 232	68	601	2 131	3 932	35 833	45 176
Discount effect							0
Total provision for claims outstanding accounted for in the balance sheet							**45 176**

Actual Claims compared with Previous Estimations

TSEK	2008	2009	2010	2011	2012	2013	Total
Estimated final claims cost at the end of claims year (gross)	258 592	291 218	309 248	270 589	292 619	203 019	1 625 286
One year later	254 072	278 324	299 959	263 522	276 890		_
Two years later	251 132	288 318	289 830	274 272			_
Three years later	252 491	290 810	293 424				_
Four years later	252 369	291 637					_
Five years later	252 130						_
Estimated final claims cost 2013-12-31	252 130	291 637	293 424	274 272	276 890	203 019	1 591 371
Accumulated claims paid	251 546	290 709	285 812	256 136	241 416	143 822	1 469 441
Provision for claims outstanding	584	928	7 611	18 136	35 474	59 197	121 930
Accumulated surplus/deficit	6 463	-419	15 824	-3 683	15 730	-	_
Surplus/deficit in % of initial claims cost	2,50 %	-0,14 %	5,12 %	-1,36 %	5,38 %	-	-
Reconciliation of balance sheet	**2008 +Prev. years**	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**
Provision for claims outstanding before discounting	584	928	7 611	18 136	35 474	59 197	123 527
Discount effect							0
Total provision for claims outstanding accounted for in the balance sheet							**123 527**

liability management" or ALM). Liquidity is constantly monitored. The duration for Financial assets is slightly longer than for technical liabilities and therefore the company has more liquidity to secure the technical obligations. The Cash Flow Analysis, see separate Financial Report in the Annual Report, illustrates the liquidity situation of the Company. Special liability coverage policy is prepared in the company setting the handling of liability coverage to be made. Records of the Company's investments and debts are kept and updated once per month. Specific written instructions from the CEO to the controllers.

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.

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 provisions are also affected by changes in market interest through the discounting used.

Sensitivity analysis - interest rate risk

The impact on interest income over the next twelve months at an interest rate increase of 1 percentage point at the balance sheet date amounted to -/+ 2.532 TSEK (previous year -/+ 3.025 TSEK) – given the interest-bearing assets and liabilities that exist at the balance sheet date.

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. The Company's amount insured is 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 according to internal investment policies and guidelines a small part of investments 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

Credit quality of classes of financial asset %

	AAA	AA	A	BB	BBB	No rating	Percent %
Bonds and other interest-bearing securities							
• Treasury bills							0
• Swedish State	100						63
• Swedish housing finance institutions	100						30
• Foreign State	100						7
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

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 regarding the kinds of investment assets that shall apply, average life and what minimum rating the issuer must have. At 31.12.2014 the Company have 253.2 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 shareholder's 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 the Company at 31.12.2014 is 34.188 TSEK.

Analysis of sensitivity attributable to interest rate risk

Assumption TSEK	**Assets on the balance sheet date (fair value)**	**Changes in interest rates %**	**Effect on Equity**	**Effect on the result**
2014				
Treasury bills	0	-1 %	0	0
Bonds, Swedish governmental	160 718	-1 %	1 607	1 607
Housing Finance Institution, Swedish governmental	74 855	-1 %	749	749
Bonds, Foreign governmental	17 623	-1 %	176	176
Total			**2 532**	
2013				
Treasury bills	73 897	-1 %	739	739
Bonds, Swedish governmental	86 869	-1 %	869	869
Housing Finance Institution, Swedish governmental	119 374	-1 %	1 194	1 194
Bonds, Foreign governmental	22 399	-1 %	224	224
Total			**3 025**	

Analysis current maturities of assets, liabilities and technical provisions (kkr)

Assets	**<3 months**	**3 months -1 year**	**1-5 years**	**>5 years**
Bonds and other fixed-income securities		100 751	152 444	
Receivables	32 036			
Reinsurers' share of technical provisions	175		686	
Liabilities				
Liabilities regarding direct insurance	24 330			
Liabilities regarding reinsurance				
Other liabilities	37 300		1 180	
Technical provisions		58 345	45 176	

Analysis of sensitivity attributable to interest rate risk

Assumption TSEK	Assets on the balance sheet date (fair value)	Changes in interest rates %	Effect on Equity	Effect on the result
2014				
Treasury bills	0	+1 %	0	0
Bonds, Swedish governmental	160 718	+1 %	-1 607	-1 607
Housing Finance Institution, Swedish governmental	74 855	+1 %	-749	-749
Bonds, Foreign governmental	17 623	+1 %	-176	-176
Total			**-2 532**	

2013				
Treasury bills	73 897	+1 %	-739	-739
Bonds, Swedish governmental	86 869	+1 %	-869	-869
Housing Finance Institution, Swedish governmental	119 374	+1 %	-1 194	-1 194
Bonds, Foreign governmental	22 399	+1 %	-224	-224
Total			**-3 025**	

Notes

Notes 3 - 35

(SEK Thousand)

Not 3 Premium income

	2014-12-31	2013-12-31
	Gross	Gross
Direct insurance, Sweden	255 808	297 771
Direct insurance, Foreign	10 621	15 866
Reinsurance assumed	491	844
Total	**266 920**	**314 481**

Not 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 0.66 % has been used which was the average interest rate of 90 days STIBOR for year 2014.

Not 5 Other technical income

	2014-12-31	2013-12-31
Brokering of insurance business	2 375	728
Total Other technical income	**2 375**	**728**

Not 6 Claims incurred

	Before reinsurance ceded	Reinsurers' share	For own account
Claims paid			
Claims paid	118 475	-7 737	110 738
Operating expenses for claims adjustment	21 233	-	21 233
Total	**139 708**	**-7 737**	**131 971**
Change in provision for outstanding claims			
Change in provision for incurred and reported claims	21 709	2 244	23 953
Change in provision for incurred but not reported claims	-28 486	1 923	-26 563
Total	**-6 777**	**4 167**	**-2 620**
Total Claims incurred	**132 931**	**-3 570**	**129 361**

(SEK Thousand)

Not 7 Operating expenses

	2014-12-31	2013-12-31
Acquisition costs	76 616	85 814
Change in deferred acquisition costs	-1 623	340
Management expenses	54 087	47 865
Commission and profit share from reinsurance operations	-2 008	-2 262
Change in deferred commission and profit share from reinsurance operations	0	-4 944
Total operating expenses in insurance*	**127 072**	**131 757**

Total oper. exp. categorized by functions

	Investment mgt	Acquisition	Claims adjustm.	Administration	Total
Cost of staff		13 969	13 014	33 151	60 134
Cost of premises				4 397	4 397
Depreciation				393	393
Acquisition costs incurred, for own account		50 194			50 194
Other	255	8 822	78 219	16 146	33 442
Total	**255**	**72 985**	**21 233**	**54 087**	**148 560**

The company has leased cars where contracts run for three years. The total cost for the lease payments were 56 TSEK (190 TSEK). Agreement according to amounts payable within one year is 14 TSEK (56 TSEK).

Auditors fee	2014-12-31	2013-12-31
Annual audit	1 088	1 017
Tax consultation	30	95
Total	**1 118**	**1 112**

Not 8 Investment income

	2014-12-31	2013-12-31
Interest income etc.		
Bonds and other fixed-income securities	10 259	10 082
Other interest income*	244	110
Gain on foreign Exchange currency rates, net	71	0
Gain on disposal of investments		
Bonds and other fixed-income securities	2 656	218
Total investment income	**13 230**	**10 410**
* Thereof from group companies	-	-

(SEK Thousand)

Not 9 Investment expenses

	2014-12-31	2013-12-31
Interest expenses etc.		
Other interest expenses	22	7
Investment management expenses*	255	252
Loss on foreign currency exchange rate, net	-	176
Loss on disposal of investments		
Bonds and other fixed-income securities	4 882	4 564
Total investment expenses	**5 159**	**4 999**
* Whereof investment management fee TSEK 255 (252).		

Not 10 Net result per category of financial investment

	Finansiella instrument som kan säljas	Summa
Financial assets		
Shares	0	0
Bonds, the Swedish Government	8 034	8 034
Total	**8 034**	**8 034**

Not 11 Other income

	2014-12-31	2013-12-31
Revenue related claims service agreement (CSA)	500	249
Total other income	**500**	**249**

Not 12 Other expenses

	2014-12-31	2014-12-31
Expenses regarding claims service	5	-
Total other expenses	**5**	**526**

Not 13 Tax for the year

	2014-12-31	2013-12-31
Result before tax	20 029	1 690
Tax according to current rate 22 % (26,3%)	-4 406	-372
Tax on non deductible costs (26,3%)	-72	-76
Not activated tax asset	382	408
Increased in loss carryforwards without correspondig capitalization of deferred tax	2	14
Deferred tax	-8	-62
Total tax for the year	**4 102**	**96**

(SEK Thousand)

Not 14 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**	

Not 15 Shares and participations

	Current value		Accrued acquisition cost	
All listed Securities	**2014**	**2013**	**2014**	**2013**
Treasury bills	0	73 897	0	73 889
Bonds, Swedish governmental	160 717	86 869	159 114	85 963
Housing finance institution, Swedish governmental	74 855	119 374	171 606	117 817
Bonds, Foreign	17 623	22 399	16 372	21 846
Total shares and participations	**253 195**	**302 539**	**247 092**	**299 515**
Positive difference because the book value exceeds the nominal values	**6 103**	**3 024**		

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

Not 16 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	0	0	0
Bonds, Swedish Governmental	160 717	160 717	159 114
Mortgage bonds, the Swedish Governmental	74 855	74 855	71 606
Bonds, Foreign	17 623	17 623	16 372
Total	**253 195**	**253 195**	**247 092**

*All financial assets are classified as level 1

Not 17 Provision for unearned premiums and remaining risks

	2014-12-31	2013-12-31
Reinsurers' share		
Balance brought forward	206	232
Change in provision	-31	-26
Balance carried forward	**175**	**206**

Not 18 Provision for claims outstanding

	2014-12-31	2013-12-31
Reinsurers' share		
Brought forward incurred and reported claims	2 929	4 025
Change in incurred and reported claims	-2 243	-1 096
Brought forward incurred but not reported claims	1 923	1 635
Change in incurred but not reported claims	-1 923	288
Balance carried forward	**686**	**4 852**

(SEK Thousand)

Not 19 Receivables arising out of direct insurance operations

	2014-12-31	2013-12-31
Policyholders	4 326	4 612
Agents/brokers	8 134	9 925
Total receivables arising out of direct insurance operations	**12 460**	**14 537**

Not 20 Other receivables

	2013-12-31	2012-12-31
Receivables from associated companies	10 029	10 029
Receivables from group companies	35	35
Receivables from employees	6	99
Receivables from other companies	21 966	2 941
Total Other receivables	**32 036**	**13 103**

Not 21 Fixed and tangible assets and inventories

	2014-12-31	2013-12-31
Accumulated purchase value		
Balance brought forward	10 412	10 319
Acquisitions for the year	461	93
Balance carried forward, purchase value	**10 873**	**10 412**
Accumulated depreciation according to plan		
Balance brought forward	-9 974	-9 482
Depreciation for the year	-388	-492
Balance carried forward, accumulated depreciation	**-10 362**	**-9 974**
Total residual value according to plan	**511**	**438**

Not 22 Deferred acquisition cost

	2014-12-31	2013-12-31
Brought forward deferred acquisition cost	12 383	12 723
Depreciation for the year	-12 383	-12 723
Activation for the year	14 006	12 383
Carried forward deferred acquisition cost	**14 006**	**12 383**
The acquisition cost have a depreciation time up to one year		

Not 23 Other deferred expenses and accrued income

	2014-12-31	2013-12-31
Prepaid office rent	842	859
Prepaid employee benefits	117	352
Other deferred expenses	607	736
Accrued income	1 742	1 352
Total	**3 308**	**3 299**

(SEK Thousand)

Not 24 Provision for unearned premiums and remaining risks

	2014-12-31	2013-12-31
Balance brought forward	68 075	90 025
Written insurance during the period	266 920	314 481
Earned premiums during the period	-276 650	-336 431
Balance carried forward	**58 345**	**68 075**

Not 25 Provision for claims outstanding

	2014-12-31			2013-12-31		
	Gross	Ceeded	Net	Gross	Ceeded	Net
BF Incurred and reported claims	79 410	2 931	76 479	75 741	4 025	71 716
BF Incurred but not reported claims	44 117	1 921	42 196	45 859	1 635	44 224
Balance brought forward	**123 527**	**4 852**	**118 675**	**121 600**	**5 660**	**115 940**
Change in expected cost for claims PY	-41 924	-1 923	-40 001	-21 509	288	-21 797
Other adjustments	-36 427	-2 243	-34 184	23 436	-1 096	24 532
Balance carried forward	**45 176**	**686**	**44 490**	**123 527**	**4 852**	**118 675**
BCF Incurred and reported claims	29 546	686	28 860	79 410	2 931	76 479
BCF Incurred but not reported claims	15 630	0	15 630	44 117	1 921	42 196

Not 26 Provisions other

	2014-12-31	2013-12-31
Deferred tax concearning fund for unrealised gains	1 343	665
Total	**1 343**	**665**

Not 27 Liabilities arising out of direct insurance operations

	2014-12-31	2013-12-31
Agents / brokers	16 467	15 980
Policyholders	7 863	5 786
Total	**24 330**	**21 766**

Not 28 Other liabilities

	2014-12-31	2013-12-31
Accounts payable	26 439	6 485
VAT	860	1 235
Employee withholding taxes	0	4 537
Insurance tax	1 180	1 037
Other	1	152
Total	**28 479**	**13 446**

(SEK Thousand)

Not 29 Other accrued expenses and prepaid income

	2014-12-31	2013-12-31
Accrued expenses	14 430	10 029
Special payroll tax	7 841	7 323
Other expenses	945	-
Total	**23 216**	**17 352**

Not 30 Pledged assets and contingent liabilities

	2014-12-31	2013-12-31
Assets covered by policyholders' beneficiary rights*	256 301	308 288
Contingent liabilities	22 003	22 144
Totalt	**278 304**	**330 432**

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

Not 31 Associated companies

	Year	Purchase	Receivables	Liabilities
Euro-Center Holding A/S (affiliated company)	2014	4 262	10 029	-
	2013	8 899	10 029	-
Euro Alarm Prag (group company)	2014	1 576	1 899	1 032
	2013	3 291	1 914	1 032
Europäische Versicherung AG, Munchen (group company)	2014	236	35	11
	2013	185	35	-
Europaeiske Rejseforsikring A/S (group company)	2014	1 153	1 694	-
	2013	609	1 352	-
ERGO Versicherungsgruppe (group company)	2014	812	-	-
	2013			
IT ERGO Informationstechnologie GmbH, Düsseldorf (group company)	2014	824	-	-
	2013	-	-	-
MEAG Cash Management GmbH, Munich (group company)	2014	204	-	-
	2013	201	-	-
Münich Re (group company)	2014	3 379	-	814
	2013	5 122	-	1 250
Total		**12 323**	**13 657**	**1 857**

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

(SEK Thousand)

Not 32 Staff and salaries

	2014			2013		
	Men	Women	Total	Men	Woman	Total
Board of directors and CEO	2	3	5	2	3	5
Other managment officers	1	1	2	1	2	3
Office staff*	19	40	59	19	42	61

*recalculated to average full time employees

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

SEK Thousand	Board and CEO		Management		Office staff	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Salaries and remuneration						
Basic salary and remuneration	3 116	3 957	1 706	2 786	33 164	34 037
Variable benefits	658	121	171	-	202	63
Other benefits	70	60	41	131	840	652
Social security costs	995	1 048	753	1 181	13 547	11 682
Pension expenses	284	284	621	1 090	7 302	5 808
Total	**5 123**	**5 470**	**3 292**	**5 188**	**55 055**	**52 242**

The salary and remuneration to the Board and CEO is paid to the CEO by 3 116 TSEK. Bonus for CEO is paid by 158 TSEK in 2014 and earned in 2013, and bonuses from Denmark 235 TSEK earned in 2012 (27 TSEK) and in 2013 (208 TSEK) and paid in 2014. CEO is employed on fixed-term contracts and are covered by pension programs outside Sweden. The salary and remuneration to the Board and CEO is paid to the former CEO by 264 TSEK, earned in 2010 and paid in 2014. The remaining accrued compensation to former CEO amount to 329 TSEK and will be paid in 2015 (250 TSEK) and in 2016 (79 TSEK), according to the remuneration policy. Direct pension, which has been secured through an endowment, is paid from age 60 to the former CEO. To Regulatory Board, whose employment is outside the company, no compensation is paid.

For the Management the compensation consists of base salary, other benefits, pension and bonuses of 57 TSEK. The compensation and benefits of Office staff include bonuses of 415 TSEK paid in 2014, whereof 126 TSEK is earned in 2010 and 289 TSEK is earned in 2013, according to the remuneration policy. Bonus targets for CEO is determined annually by the Company's Chairman and consists of a combination of a number of specified financial ratios and a number of operational objectives. Bonus targets for management are established annually by the CEO and usually consist of a number of established financial ratios. For further information please refer to the company's remuneration policy, available on www.erv.se.

Not 33 Additional information regarding the insurance operations

		Insurance classes				
	Total 2014	**Health**	**Accident**	**Property**	**Other financial loss**	**Transport**
Gross premium income	**266 920**	178 142	32 564	14 254	10 490	31 470
Gross premium earned	**276 650**	184 637	33 751	14 773	10 872	32 617
Gross claims incurred	**132 931**	88 717	16 218	7 099	5 224	15 673
Gross operating expenses	**129 080**	86 148	15 748	6 893	5 073	15 219
Reinsurance result ceded	**-5 552**	-3 706	-677	-296	-218	-655

Not 34 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 on Risks.

(SEK Thousand)

Not 35 Expected reclaimed timetable for assets and liabilities

Assets	Below 1 year	More than 1 year	Total
Shares and participations in associated affiliated companies		2 038	**2 038**
Bonds and other fixed-income securities	100 751	152 444	**253 195**
Reinsurerer's share of technical provisions			
-Provision for uneamed premiums and remaining risks	175	0	**175**
-Provision for claims outstanding	686	0	**686**
Receivables arising out of direct insurnce operations	12 460		**12 460**
Receivables arising out of reinsurance operations	195		**195**
Other receivables	32 036		**32 036**
Fixed and tangible assets and inventories		511	**511**
Cash at bank	21 149		**21 149**
Current prepaid tax	2 708		**2 708**
Deferred tax		1 174	**1 174**
Accrued interest income	4 684		**4 684**
Prepaid expenses and accrued income			
-Deferred acquisition cost	14 006		**14 006**
-Other deferred expenses and accrued income	3 308		**3 308**
Total assets	**192 158**	**156 167**	**348 326**

Liabilities			
Technical provisions (before reinsurance ceded)			
- Provisions for uneamed premiums and remaining risks	58 345		**58 345**
- Provisions for claims outstanding	45 176	0	**45 176**
Provisions for other risks and charges			
- Provision for tax		1 343	**1 343**
Liabilities arising of direct insurance operations	24 330		**24 330**
Liabilities arising out of reinsurance operations	2 010		**2 010**
Other liabilities	28 479		**28 479**
Accrued expenses and prepaid income			
-Reinsurerer's share of prepaid acquisition cost	29		**29**
-Other accrued expenses and prepaid income	23 216		**23 216**
Total liabilities	**181 585**	**1 343**	**182 929**

Signatures

Sundbyberg March 17th, 2015

Richard Bader
Chairman

Ulrike Timmer

Gabriele Bayer

Johann von Hülsen
Chief Executive Officer

Anna Strandberg
Employee representative (FTF)

Our audit report was submitted on March 17, 2015

KPMG AB
Gunilla Wernelind
Authorised Public Accountant

ERV
P.O Box 1, S-172 13 Sundbyberg, Sweden
Visiting address: Löfströms Allé 6 A
Telephone: +46-770-456 900
www.erv.se

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