ERV
Annual report 2013
(former Europeiska)

Translation of the Swedish Annual Report

ANNUAL REPORT 2013

ERV FÖRSÄKRINGSAKTIEBOLAG (publ)

Company Reg. No: 502005-5447

(Former EUROPEISKA FÖRSÄKRINGSAKTIEBOLAGET (publ))

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Management report 2013

ERV FÖRSÄKRINGSAKTIEBOLAG (PUBL)
former 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 2013, the company's 93rd year of operation.

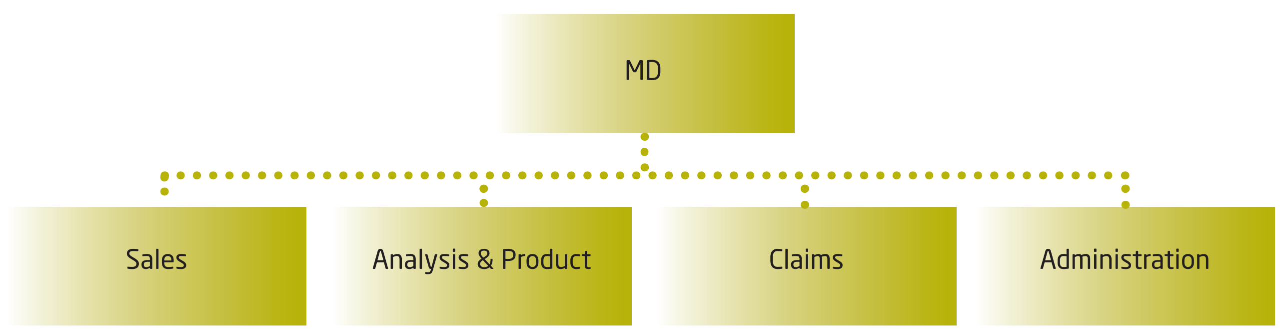
Note that the Europeiska Försäkringsaktiebolaget (publ) has been renamed to ERV Försäkringsaktiebolag (publ) on February 1, 2012.

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

ERV Försäkringsaktiebolag (publ) is based in Sundbyberg, and is a wholly owned 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, 2013-12-31



Summary of Fiscal Year 2013

To ensure better profitability the Company's new management team since May 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 second year. Whereas premium volume dropped considerably claims costs and administrative costs were reduced with success. At the same time improved processes supported significant higher productivity at lower staff levels. This enabled ERV to book substantial restructuring costs in 2013 which reduced profit of the year to 1.6 MSEK but nonetheless should have improved the composition of ERV's future results.

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 inception which we as another result of our heavy re-underwriting completely stopped selling in June 2013. We have re-underwritten our other Leisure Travel Products as well as our entire Corporate Travel Insurance Portfolio on single account basis. In total netted premium has been reduced by 78 MSEK in 2013.

Claims ratio in 2013 has significantly decreased in 2013 to 60.5 % coming from 69.5 % in 2012. As a result of the initiated re-underwriting measures practically our entire insurance portfolio accept for Card Business have seen falling claims ratios during 2013 on aggregated level. In absolute figures Claims costs and claims handling costs have fallen by 78 MSEK in 2013 compared to 2012.

In addition we have been able to reduce our administration costs quite considerably during the year by 16.4 MSEK in total of which 10.1 MSEK apply to HR-related cost savings and 6.3 MSEK to other cost savings. This equals a reduction of administrative costs of 15 %. Investment result was lower than 2012 at -2.6 MSEK

In total ERV's result improved by 9.5 MSEK to 1.7 MSEK for 2013.

The mentioned "3-in-2" Program since 2012 builds on 3 focus areas which have been intended to deliver value to the Company's results within 2 years - that is from 2014 onwards.

The three focus areas are material complexity reduction, tight cost management and securing intelligent, that is easy to sell and easy to administer growth. All three focus areas are secured by so-called roadmaps and monitored by a comprehensive steering and controlling approach.

Complexity reductions across the entire Company, to start with, are facilitated by a focused team of one Business Architect and 2 fulltime and 1 part-time Process Developers. In 2012 a so-called Heatmap has been generated to identify those areas with maximum need for improvements. Step by step the improvement areas out of this Heatmap have been tackled in 2012 and 2013. In addition ERV Sweden together with its sister company in Denmark has in 2013 thoroughly prepared a 10-year investment case with main focus on investing into a new IT System and Platform. It is intended to realize further considerable efficiency gains and reduce administration and claims handling costs. The case has been accepted in February 2014 and will lead to a total of ca 55 MSEK IT investments into ERV Sweden and ERV Denmark during the next 5 years. Business Architectural optimization further intends to re-engineer all processes – also those that are not IT-prone as well as to improve development of easy-to-administer products. Lower production costs due to reduced operational complexity will improve ERV's competiveness in pricing and leads to improved returns.

Tight cost control is effectuated along the entire value chain. Starting with focused re-underwriting of the entire product portfolio, ERV Sweden has decided in 2012 to close its entire Accident Business. In 2013 this portfolio has been successfully sold to a special run-off manager. The agreement was signed in 2013, but we are awaiting a decision from the FSA if the deal is approved. Until approval, we still have the business included in the result. ERV Sweden will continue to administer the portfolio including claims handling for a maximum of 4 additional years. Further the re-underwritten Expatriate Product has been successfully continued to be sold to the Swedish Corporate Travel Insurance Market. Lastly we have continued to challenge our product range in Leisure Travel insurance which led to further price and term adjustments as well as to product exits in 2013. Further along the value chain, we continued to exercise cost control also in claims handling with numerous measures of which better fraud control, further effectuated recoursing, introduction of auto claims as well as renegotiating our international network's service levels and fee structure for 2013 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 by a total of 6.3 MSEK in 2013. Finally we reduced staff by 16 % in 2013 and thereby reduced our HR-related costs net of one-time redundancy payments by sustainable 10.1 MSEK.

Growth is highly welcome in ERV Sweden and we work hard for it. A new sales management has started to endorse this in 2013. A new state-of the art organizational set-up for our distribution team has been agreed by September 2013 and has been implemented since then. We intend to be completed with all new staffing's and the underlying competence shift 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 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 2013 featured only such specialty insurance products that are easy to sell and easy to administer. In addition the year 2013 has been used to further prune our 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 like to be active it is to define in which markets we will not be offering any solutions and services.

Behind these three focus areas, there have been considerable organizational adjustments. These were intended to facilitate a focused and lean organizational set-up. In this context the Company's Top and Middle Management Team has been adjusted on several key positions to sustainably secure the "3-in-2" measures. An effective Program Management has been introduced in January 2013 to steer the entire change and transformation program. Starting with one joint CEO as well as shared Internal Audit, Risk Officer, Legal Compliance as well as Business Compliance functions, ERV Sweden and ERV Denmark continued to move together in 2013. This has further been accentuated during 2013 by the intense work on a Nordic Business Case where IT-related as much as business and governance related strategic options have been evaluated very thoroughly for both companies in a joint Nordic business context.

The strong internationalization of the company's business continues. This puts further demands on services relating to the settlement of claims and assistance activities, but also additional knowhow in the form of knowledge of local business and regulatory environment in the countries where we have insured clients. To serve these purposes ERV Sweden in 2012 has put considerable efforts in developing the before mentioned new 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 2013 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 where all insurance contracts shall be based on qualified risk selection, competent risk assessment and prompt, lean and cost effective service, leading to high customer satisfaction and long-term stability for customers, partners, shareholders and staff.

FINANCIAL RESULTS 2013

The net income before appropriations and tax totaled 1.7 MSEK, compared with -7.8 MSEK for 2012. Gross premiums written decreased from 424.3 MSEK to 314.5 MSEK and net premium income earned decreased from 399.0 MSEK to

321.2 MSEK. Net claims incurred, including claims handling improved from 69.5 % to 60.5 %. Cost ratio rose from 34.8 % to 41.0 % in 2013. Net combined ratio improved from 104.2 % to 101.5 %. Investment income decreased from 8.0 MSEK to 5.4 MSEK.

Investment assets increased from 280.5 MSEK in 2012 to 304.6 MSEK for 2013. The technical provisions for own account during the year decreased from 205.7 MSEK to 186.5 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 catastrophies like the ashcloud event on Iceland or the Tsunami catastrophy in Thailand are examples of that kind of materializing insurance risk in our business. Or there are man-made catastrophies i.e. an airplane accident, fire in hotels or rising health care costs, to give a very wide range. The proper anticipation of this change risk, the proper reflection of this reality of insurance risk 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 travel Insurance

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 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 adjusted. The change took place from June 2013. The effect for the year on total was still a declining sales volume but also significantly lowered claims payments and claims costs. Thus given also 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 Insurance

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 refocus 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 but well according to the expected direction.

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, 2013 saw ERV Sweden taking an even more focused view on underlying so-called Business Compliance issues than before. As a result of this bundle of 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 renewed one Card scheme and we lost one Card scheme in 2013 due to aggressive pricing of competitors.

All in all strict development and application of PReP as an analysis-based product group/contract re-underwriting program has shown very encouraging technical results 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 strikes out. We have used the year 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 2013 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 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 have decided to restructure the sales organization and to adjust it to newly identified needs both in the 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.

Within the 3-in2-Program we have in 2013 continuously worked on the underlying process driven roadmaps and have checked on base of a process based so-called 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 in 2012 and especially 2013, namely higher productivity at lower unit costs.

The company was ordered in 2009 by the Tax Board to pay full VAT on all costs for the purchase of service and support services from abroad. The Company has continued to pay VAT also during 2013. The Company has appealed this decision to the Administrative Court to get a clarification if and to what extent these services should be subject to VAT. The Administrative Court´s ruling was received in 2013 and ERV's legal view was eventually not upheld.

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.

EXPECTED FUTURE DEVELOPMENT 2014

ERV´s view is as for the last years that both Leisure and Corporate travel, including expatriates stationed abroad is a long-term and growth environment, which is largely influenced by the fluctuations of the general economic situation and makro travel patterns. In this context travel activities both private and for business will grow above market average of GDP-growth.

However, during the last years we also observe other impacting factors gaining in importance. Striking out of numerous factors that come to mind is, however, so-called business compliance. Business compliance shows a serious impact on those insurance carriers that offer international schemes. Under business compliance we in ERV subsomise three complementing challenges and needs: Meeting regulatory compliance, i.e. entertaining all business with appropriate licences in the countries we do business in. Meeting tax compliance, i.e. having ensured that the right taxes (mostly insurance tax) through the appropriate mediator are being paid to the correct receiving tax authorities in the relevant countries.

And lastly meeting all regulatory requirements as to consumer protection compliance in the relevant markets. Meeting these standards is all but easy to achieve. It comes at high costs and with high complexity. Nevertheless we believe that as undisputed market leader in Travel Insurance in Sweden and Scandinavia at large it is our utmost responsibility to offer the best and most reliable solution to our customers in the Swedish market. From our intense dialogue with customers and brokers we have realized that many market participants are yet unaware of the related challenges and above all quite unaware of the high speed of change that is at stake. This is driven especially by tightening international compliance screening of regulators (i.e. in the context of Solvency II), by immense fines that have been imposed on non-compliant insurers during the last 2 years in some markets, as well as by tax authorities that have started to levy insurance taxes with visibly higher attention.

ERV is fully aware of these challenges and employs since 2011 a dedicated International Business Compliance Team that coordinates ERV's approach as to business compliance and ensures its execution. We are not aware of any other insurer that has invested lately so heavily in this field and we believe that ERV's USP in this field will lead to more growth and business especially in Corporate but also in parts of our Leisure business where Swedish market participants sell insurance in an international context, i.e. webbased business in foreign markets. We will continue to raise the markets' awareness about business compliance and ERV's global solution.

Our sales trend was expected to be adverse in 2013 and developed exactly as suggested. This was due mainly to extensive re-underwriting of significant parts of the portfolio triggered by the (then) management. This led to lower turnover due to cancellation of unprofitable contracts as well as adjustments of terms and conditions. After intense restructuring work we expect for 2014 now a flattening out of these effects and a stable growth and business level albeit at lower but more profitable level than the years before.

In addition we will use the period of consolidation ahead for further enhancement of our business infrastructure, our processes and workflows. Above all a new IT-platform will enable our doing business in a state-of-the-art way. We will harmonize product offerings, service offerings and enabling processes across the Nordic Business Region of ERV together with our Danish sister company and thereby redefine our relative strength position in the markets in various ways: Pricing power, competitiveness, underwriting excellence, purchase power, scalability and leverage of internal investments and savings – to name the most important ones. We will verify our steering governance in 2014 and will seek new ways of organizational structure for enablement of the underlying strategic shift.

In summary, the Company stands on a solid foundation and the position in the Swedish market remains very strong. The Company's management together with the entire team has successfully and impressively addressed the identified profitability issues and executed the defined milestones during 2013. With these achievements secured, ERV Sweden in 2014 and 2015 is determined and well equipped to enhance its business model even further: for our customers, for our partners, for our shareholders.

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. 2013 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 as 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 2013 the decisions about staffing levels was carried out on matters concerning risk control and compliance taken in 2012 and a special independent risk control function and compliance was established. The company's independent Risk and Compliance function has with the Company's assistance gone through all the company's processes and its risks and noted the cases where the company lacks documentation of the possibility of an alternative process where control of risk is not performed. Monitoring is done by the Board to ensure that the documentation and control measures established and followed. The company regularly conducts training programs in combination with distinct process and job descriptions ensures that risk control functions throughout the organization and ensure that all employees understand their roles and responsibilities. After its independent Risk and Compliance function chose to withdraw from the engagement at the end of the year, the mission carried on and will instead be composed of separate independent functions for compliance and risk management . Both people are employed in Germany in our Group and specialize in these issues and upcoming changes within the context of Solvency II.

SOLVENCY II

Koncernen driver flera projekt för de olika delarna i Solvens II. Koncernmoderbolaget Munich Re vill ligga i framkant när det gäller Solvens II och förberedelserna är långt framskridna. Koncernen anser sig vara väl förberedda inför Solvens II.
Vi har under 2013 testat olika delar av rapporteringen och nya rapporteringssystem tas fram för att klara de krav som ställs. Arbetet fortskrider under 2014 och fler testrapporteringar kommer att ske, bl.a. kommer en ORSA (FLAOR) att rapporteras inom koncernen redan under hösten 2014.

WAGES AND COMPENSATION

More information about salaries and compensation can be found in Note 33.

Proposed Appopriation of Earnings (SEK)

Earnings at the disposal of the General Meeting of shareholders:

SEK

Loss brought forward from 2012	-2 401 660
Fund for current value	2 360 172
Profit for the year	1 594 360
Total unappropriated earnings	1 552 872
The board propose, to be distributed to the shareholders	0
to carry forward to new account	1 552 872

Five-year overview

Result (SEK Thousand)	2013	2012	2011	2010	2009
Insurance operations					
Gross premiums for own account	299 276	421 672	385 857	391 830	348 337
Net premiums earned	321 200	398 994	381 192	388 936	345 110
Net investment income of the insurance operations	2 061	3 322	3 287	1 050	644
Net claims incurred	-194 141	-277 249	-228 892	-247 147	-237 692
Net technical result, insurance operations	-1 909	-11 930	-2 388	3 227	-34 835
Profit for the year	1 594	-317	312	0	-5 472
Economic Status					
Investment assets at current value	331 247	298 477	284 881	271 033	238 117
Technical provisions for own account	186 544	205 732	154 600	150 710	133 321
Shareholders' equity	13 712	13 442	16 291	9 453	10 968
Untaxed funds	133 357	133 357	141 057	141 057	136 813
Return of deferred tax on unrealised gains	665	1 039	2 218	-111	430
Total consolidation capital	147 734	147 838	159 566	150 399	148 212
Capital base	147 734	147 075	157 429	149 511	146 176
Required solvency margin	63 395	63 395	69 783	70 402	64 396
Key figures					
Claims ratio in percent, for own account [1]	60,5	69,5	60,0	63,5	68,9
Expense ratio in percent, for own account [2]	41,0	34,8	41,9	36,3	41,6
Combined ratio in percent, for own account [3]	101,5	104,3	101,9	99,8	110,6
Solvency ratio in percent [4]	49,4	35,1	41,4	38,4	42,5
Direct yield of investments in percent [5]	3,2	3,8	3,4	4,1	4,0
Total yield of investments in percent [6]	2,8	4,5	5,3	6,6	2,4

Since 2007 the company applies to a limited IFRS.

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

Statement of Income

Technical account of insurance operations (SEK Thousand)	Note	2013	2012
Premium earned (for own account)			
Premium income (before reinsurance ceded)	3	314 481	424 329
Reinsurance premiums ceded		-15 205	-2 657
Change in provision for unearned premiums and remaining risks		21 950	-8 544
Reinsurers' share of change in provision for unearned premiums and remaining risks		-26	-14 134
Total premium earned (for own account)		**321 200**	**398 994**
Investment income allocated from non-technical account	4	**2 061**	**3 322**
Other technical income (after reinsurance ceded)	5	**728**	**1 765**
Claims incurred (for own account)			
Claims paid	6		
Gross		-199 162	-275 255
Reinsurers' share		7 755	26 462
Change in provision for outstanding claims			
Gross		-1 926	-4 201
Reinsurers' share		-808	-24 255
Total claims incurred (for own account)		**-194 141**	**-277 249**
Operating expenses	7	**-131 757**	**-138 762**
TECHNICAL RESULT OF INSURANCE OPERATIONS		**-1 909**	**-11 930**

Non-technical account

Technical result of insurance operations		**-1 909**	**-11 930**
Investment income	8	10 410	17 126
Investment expenses	9,10	-4 999	-9 103
unrealised losses on investments		-2 061	-3 322
Result after investment income		**1 441**	**-7 229**
Other income	11	249	-
Other expenses	12	-	-526
Result before appropriations and tax		**1 690**	**-7 755**
Appropriations			
Change in safety reserve	13	-	7 700
Result before tax		**1 690**	**-55**
Tax for the year	14	-96	-262
RESULT FOR THE YEAR		**1 594**	**-317**

Total Result For The Year

(SEK THOUSANDS)	2013	2012
Result for the year	**1 594**	**-317**
Other total result		
Change in Fund for Current value of investments that may be sold	-1 324	-2 532
Sum other total result	**-1 324**	**-2 532**
Total result for the year	**271**	**-2 849**
Tax related to above total result	-291	-666

Balance Sheet

ASSETS (SEK THOUSAND)	Note	2013-12-31	2012-12-31
Intangible assets			
Other Intangible assets	15	-	**763**
Investments			
Investments in group companies and associated companies			
Shares and participations in associated and affiliated companies	16	2 038	2 038
Other financial investment assets			
Shares and participations		0	0
Bonds and other fixed-income securities	17, 18	302 539	278 437
Total investments		**304 577**	**280 475**
Reinsurers' share of technical provisions			
Provision for unearned premiums and remaining risks	19	206	232
Provision for claims outstanding	20	4 852	5 660
Total reinsurers' share of technical provisions		**5 058**	**5 892**
Receivables			
Receivables arising out of direct insurance operations	21	14 537	50 626
Receivables arising out of reinsurance operations		787	10 525
Other receivables	22	13 103	19 582
Total receivables		**28 427**	**80 733**
Other assets			
Fixed and tangible assets and inventories	23	438	837
Cash at bank		26 670	18 002
Current prepaid tax		7 392	7 016
Deferred tax		1 182	1 244
Total other assets		**35 682**	**27 099**
Prepaid expenses and accrued income			
Accrued interest income		5 183	5 195
Deferred acquisition cost	24	12 383	12 723
Other deferred expenses and accrued income	25	3 299	5 002
Total prepaid expenses and accrued income		**20 865**	**22 920**
TOTAL ASSETS		**394 609**	**417 882**

EQUITY, PROVISIONS AND LIABILITIES (SEK THOUSAND)	Note	2013-12-31	2012-12-31
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		2360	3 684
Profit/loss brought forward		-2 402	-2 085
Profit brought forward incl current year result		1 594	-317
Total shareholders' equity		**13 712**	**13 442**
Untaxed reserves			
Equalisation reserve		**133 357**	**133 357**
Technical provisions (before reinsurance ceded)			
Provision for unearned premiums and remaining risks	26	68 075	90 025
Provision for claims outstanding	27	123 527	121 600
Total technical provision (before reinsurance ceded)		**191 602**	**211 625**
Provisions for other risks and charges			
Provision for tax	28	665	1 039
Total provisions for other risks and charges		**665**	**1 039**
Liabilities			
Liabilities arising out of direct insurance operations	29	21 766	31 347
Liabilities arising out of reinsurance operations		2 680	1 240
Other liabilities	30	13 446	11 179
Total liabilities		**37 892**	**43 766**
Accrued expenses and prepaid income			
Reinsurers' share of prepaid acquisition cost		29	29
Other accrued expenses and prepaid income	31	17 352	14 624
Total accrued expenses and prepaid income		**17 381**	**14 653**
Total shareholder's equity, provisions and liabilities		**394 609**	**417 882**
Pledged assets and contingent liabilities	37		
Pledged assets		308 288	284 785
Contingent liabilities		22 144	23 305
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 2012-01-01	10 000	2 160	6 216	-2 085	16 291
Result of the year				-317	-317
Other total result			-2 532		-2 532
CF balance 2012-12-31	**10 000**	**2 160**	**3 684**	**-2 402**	**13 442**
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**

Analysis of Result for Current Year

(SEK THOUSAND)	Accident/ sickness	Home and House	Total
Technical Result of insurance operations			
Premium earned (for own account)	11 816	309 384	321 200
Investment income allocated from non-technical account	116	1 945	2 061
Other technical income (after reinsurance ceded)	0	728	728
Claims paid (for own account)	-16 348	-175 059	-191 407
Change in provision for outstanding claims (for own account)	-10 947	8 214	-2 734
Operating expenses	-7 390	-124 367	-131 757
Technical Result of insurance operations	**-22 753**	**20 844**	**-1 909**
Claims run off result (before reinsurance ceded)	-8 744	-12 765	-21 509
Technical provisions (before reinsurance ceded)			
Provision for unearned premiums and remaining risks	556	67 519	68 075
Provision for claims outstanding	71 573	51 954	123 527
Technical provisions (before reinsurance ceded)	**72 129**	**119 473**	**191 602**
Reinsurers' share of technical provisions			
Provision for unearned premiums and remaining risks	0	206	206
Provision for claims outstanding	3 659	1 193	4 852
Total reinsurers' share of technical provisions	**3 659**	**1 399**	**5 058**

Premium earned (for own account)			
Premium income (before reinsurance ceded)	4 327	310 154	314 481
Reinsurance premiums ceded	-115	-15 090	-15 205
Change in provision for unearned premiums and remaining risks	7 604	14 346	21 950
Reinsurer's share of change of in provision for unearned premiums and remaining risks	0	-26	-26
Claims incurred (for own account)			
Claims paid, gross	-16 350	-182 812	-199 162
Reinsurer's share	1 975	5 780	7 755
Change in provision for outstanding claims, gross	-10 405	8 479	-1 926
Reinsurer's share	-542	-266	-808

Cash Flow Analysis Direct Method

(SEK THOUSAND)	2013	2012
Current business		
Premiums paid	357 049	427 463
Premiums paid to reinsurers	-5 466	-12 614
Claims paid	-203 748	-284 924
Claims paid from reinsurers	9 195	20 850
Operating expenses	-128 459	-139 370
Other payments	990	-421
Paid tax	-783	-2 366
Cash flow from current business	**28 777**	**8 619**
Investment business		
Direct yield*	5 412	8 023
Investments in financial investment assets	-398 566	-405 596
Sales of financial investment assets	373 139	365 348
Investments in intangible assets	0	0
Sales of intangible assets	0	0
Investments in fixed and tangible assets	-93	-514
Sales of fixed and tangible assets	0	0
Cash flow from investment business	**-20 109**	**-32 740**
Finance business		
Loan goup companies and associated companies	-	-
Dividend	-	-
Cash flow from finance business	**0**	**0**
Total cash flow	**8 668**	**-24 121**
Liquid assets at the beginning of the year	**18 002**	**42 123**
Liquid assets at the end of the year	**26 670**	**18 002**
*** Included in direct yield:**		
Paid interest income	5 009	6 021
Paid interest cost	-7	-15
Dividend	**-**	**-**
Sum	**5 002**	**6 006**
****Included in liquid assets**		
Cash at bank	26 670	18 002
Sum	**26 670**	**18 002**

Notes to the Financial Report

Note 1: Accounting Pinciples

GENERAL INFORMATION

The annual report is submitted for fiscal year 2013 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 8 th of April 2014. 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 conformity with FFFS (2010:2043) and (2008:26) the Swedish Annual Accounts Act for Insurance Companies (ÅRFL), and in accordance with the general guidelines and binding regulations of annual report in Insurance companies (FFFS 2011:28) from the Swedish Financial Supervisory Authority (FI).

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

ESTABLISHMENT OF THE INSURANCE COMPANY'S FINANCIAL REPORTS

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

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

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

CHANGE OF ACCOUNTING PRINCIPLES

During year 2013 the company have not changed the accounting principles.

CLASSIFICATION

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

FOREIGN CURRENCY

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

INSURANCE AGREEMENTS – CLASSIFICATION

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

THE ACCOUNTING OF INSURANCE AGREEMENTS

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

Premium income

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

Premium Revenues

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

Technical provisions

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

Provisions for unearned premiums and remaining risks

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

Provisions for claims outstanding

Provisions for claims outstanding are calculated to correspond to the future insurance agreement obligations and therewith cover the expected costs for open claims, inclusive claims that have occurred but not yet reported to the company, so called IBNR-provisions. Provisions for claims outstanding have been strengthened with reserves for incurred but unknown claims and expected inflationary factors. The estimation of the need of provisions for claims outstanding is done for all claims by statistical methods. The basic assumptions of these methods are grounded on historical outcome. The major claims and for the claims with complex responsibility circumstances there are made individual estimate.

Deferred acquisition costs

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

Operating expenses

Operating expenses are classified per function as acquisition, 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 2013 amounts to 1.19 %.

Yield, income

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

Yield, costs

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

Realised and unrealised change in value

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

TAXES

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

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

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

INTANGIBLE ASSETS

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

INVESTMENT ASSETS

Loans receivables and outstanding customer receivables

Loans receivables and outstanding customer receivables are financial assets that are not derivatives have fixed ascertainable payments and that are not noted on an active market. These assets are valuated to accrued acquisition cost.

Accrued acquisition cost is determined by the effective interest rate that was calculated at the time for acquisition. Customer- and loans receivables are accounted to the expected amount to be received, i.e. after deduction of doubtful debts.

Financial assets available for sale

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

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

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

Tangible assets

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

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

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

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

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

The following depreciation periods applies:

Data equipment	3 years
Other fixed assets	5 years

WRITE-DOWN OF TANGIBLE- AND INTANGIBLE ASSETS

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

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

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

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

Reversal of Write-downs

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

OTHER PROVISIONS

Pensions and similar debts

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

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

CONTINGENT LIABILITY

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

APPROPRIATIONS AND UNTAXED RESERVES

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

Equalisation reserve

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

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.

The Board of Directors

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

Internal auditor

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

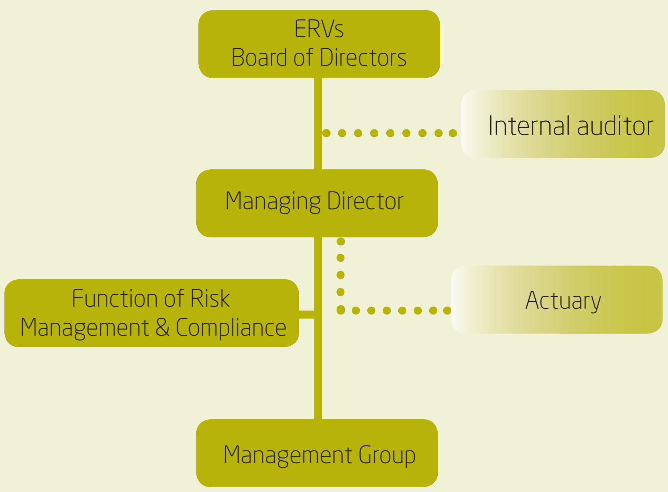
Actuary

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

Risk och Compliance

In 2013 the decisions about staffing levels was carried out on matters concerning risk control and compliance taken in 2012 and a special independent risk control function and compliance was established. The company's independent Risk and Compliance function has with the Company's assistance gone through all the company's processes and its risks and noted the cases where the company lacks documentation of the possibility of an alternative process where control of risk is not performed. Monitoring is done by the Board to ensure that the documentation and control measures established and followed. The company regularly conducts training programs in combination with distinct process and job descriptions ensures that risk control functions throughout the organization and ensure that all employees understand their roles and responsibilities. After its independent Risk and Compliance function chose to withdraw from the engagement at the end of the year, the mission carried on and will instead be composed of separate independent functions for compliance and risk management . Both people are employed in Germany in our Group and specialize in these issues and upcoming changes within the context of Solvency II.

ERV's risk management organisation year 2013.



Risks in insurance operations

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

UNDERWRITING RISKS

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

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

RESERVE ALLOCATION RISKS

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

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

RISK MANAGEMENT IN PROPERTY AND CASUALTY INSURANCE

The Company underwrites property and casualty insurance with the classifications of Home and House, within which we have the following insurance classes; Sickness, Accident, Goods Transport, Fire and Natural Forces, Other Property and Casualty Loss, Public Liability, Other Economic Loss, Legal Cover and Assistance. For coordination of the Company's pricing and follow-up, ERV has primarily chosen to work with the business concepts of Leisure Travel Insurance, Corporate Travel Insurance, Card Travel Insurance and Other Insurance. The Company therefore sets it budget, its forecasts, outcome and rolling 12-months' comparisons, etc., on the basis of the selected business concepts.

Leisure Travel Insurance

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

Corporate Travel Insurance

EA considerable part of the risk within the corporate segment is related to medical treatment costs abroad, which applies to business travellers, and above all to personnel stationed abroad.

ERV works with guidelines and UW policies, which, among other things, cover medical risk assessment. Disbursements are also affected by the fact that our clients are in a large number of countries around the world, which involves some currency risk and also an uneven price trend in medical treatment costs. This business is also more long-term compared with other operational sectors.

Group Accident Insurance

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

Card-related Travel Insurance

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

Miscellaneous Insurance

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

Risk Exposure

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

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

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

Operational Risks

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

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

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

SENSITIVITY REGARDING RISKS ATTRIBUTABLE TO INSURANCE CONTRACTS

The sensitivity analysis given below has been produced through measuring the effects on gross and net provisions, profit before tax and shareholders' equity based on assumptions regarding possible changes in some central respects. The effects have been measured assumption for assumption, with other assumptions being constant. No attention has been paid to any correlations between assumptions. Note that changes in the assumptions below are non-lineal. The method used for measuring sensitivity has not been changed compared with the previous period.

FINANCIAL RISKS

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

According to existing policy, investment assets shall be invested in interest-bearing instruments. The majority of assets during the financial year were invested in bonds with an average life of about 2 years. In the event of changes in interest rates in the market, the financial effect on the Company would be limited.

Credit Risks in Insurance Management

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

Credit Risks in Financial Management

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

Liquidity Risks

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

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

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

Currency Risk

Currency risk arises as a result of assets and liabilities in the same foreign currency not being equivalent to one another in terms of value. The exposure of the Company to currency risk is marginal with respect of the fact that the strategy for handling currency risks is, as far as possible, to match insurance liabilities in foreign currencies with equivalent assets. ERV's amounts insured are usually expressed in SEK. A major proportion of claims are, however, paid in foreign currencies, which consequently increases the sensitivity of the Company for changes in exchange rates. However through effective claims settlement the currency risk is limited.

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
2013					
Average claims cost	+10 %	135 880	130 917	−10 553	4 163
Average number of claims	+10 %	135 880	130 917	−10 553	4 163
Average premium increase	+2 %			7 614	18 237
2012					
Average claims cost	+10 %	133 760	119 102	−3 217	11 111
Average number of claims	+10 %	133 760	119 102	−3 217	11 111
Average premium increase	+2 %			6 892	18 300

Share Price Risk

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

CAPITAL/SOLVENCY

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

At 31.12.2013, the Company had 302.5 MSEK at its disposal for management as investment assets. Of this, 99% was in the form of bonds and other interest-bearing paper, and 1% in shares in associated companies and related companies. The solvency ratio of the Company is equity in relation to the Company's guaranteed commitments.

The largest single effect is changes in the interest situation when assets are invested in interest-bearing securities. The required solvency margin for ERV at 31.12.2013 was 63 395 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**
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**	
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**	

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**

Credit quality of classes of financial asset %

	AAA	AA	A	BB	BBB	No rating	Percent %
Bonds and other interest-bearing securities							
• Treasury bills	100						24
• Swedish State	100						29
• Swedish housing finance institutions	100						40
• 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

Notes

Notes 3 - 37

(SEK Thousand)

Not 3 Premium income

	2013-12-31	2012-12-31
	Gross	Gross
Direct insurance, Sweden	297 771	387 154
Direct insurance, Foreign	15 866	36 783
Reinsurance assumed	844	392
Total	**314 481**	**424 329**

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 1.19 % has been used which was the average interest rate of 90 days STIBOR for year 2013.

Not 5 Other technical income

	2013-12-31	2012-12-31
Brokering of insurance business	728	1 765
Total Other technical income	**728**	**1 765**

Not 6 Claims incurred

	Before reinsurance ceded	Reinsurers' share	For own account
Claims paid			
Claims paid	178 299	-7 755	170 544
Operating expenses for claims adjustment	20 863	-	20 863
Total	**199 162**	**- 7 755**	**191 407**
Change in provision for outstanding claims			
Change in provision for incurred and reported claims	3 668	1 095	4 763
Change in provision for incurred but not reported claims	-1 742	-287	-2 029
Total	**1 926**	**808**	**2 734**
Total Claims incurred	**201 088**	**-6 947**	**194 141**

(SEK Thousand)

Not 7 Operating expenses

	2013-12-31	2012-12-31
Acquisition costs	85 814	90 337
Change in deferred acquisition costs	340	-1 743
Management expenses	47 865	52 470
Commission and profit share from reinsurance operations	-2 262	2 642
Change in deferred commission and profit share from reinsurance operations	0	-4 944
Total operating expenses in insurance*	**131 757**	**138 762**

Total oper. exp. categorized by functions

	Investment mgt	Acquisition	Claims adjustm.	Administration	Total
Cost of staff		15 058	13 574	31 140	59 772
Cost of premises				4 300	4 300
Depreciation				1 255	1 255
Acquisition costs incurred, for own account		60 747			60 747
Other	252	8 087	7 289	11 170	26 798
Total	**252**	**83 892**	**20 863**	**47 865**	**152 872**

The company has leased cars where contracts run for three years. The total cost of the lease payments were 190 thousand (296 thousand). Agreement According amounts payable within one year is 56 thousand (262 thousand).

Auditors fee	2013-12-31	2012-12-31
Annual audit	1 017	644
Tax consultation	95	174
Total	**1 112**	**818**

Not 8 Investment income

	2013-12-31	2012-12-31
Interest income etc.		
Bonds and other fixed-income securities	10 082	10 861
Other interest income*	110	356
Gain on foreign Exchange currency rates, net	0	0
Gain on disposal of investments		
Bonds and other fixed-income securities	218	5 909
Total investment income	**10 410**	**17 126**
* Thereof from group companies	-	-

(SEK Thousand)

Not 9 Investment expenses

	2013-12-31	2012-12-31
Interest expenses etc.		
Other interest expenses	7	15
Investment management expenses*	252	221
Loss on foreign currency exchange rate, net	176	2 723
Loss on disposal of investments		
Bonds and other fixed-income securities	4 564	6 144
Total investment expenses	**4 999**	**9 103**
* Whereof investment management fee TSEK 213 (204).		

Not 10 Net result per category of financial investment

	Finansiella instrument som kan säljas	Summa
Financial assets		
Shares	0	0
Bonds, the Swedish Government	5 735	5 735
Total	**5 735**	**5 735**

Not 11 Other income

	2013-12-31	2012-12-31
Revenue related claims service agreement (CSA)	249	-
Total other income	**249**	**0**

Not 12 Other expenses

	2013-12-31	2012-12-31
Expenses for Resesäkerhetsbutiken (The Travel Security Shop) and Resdagboken (The Travel Diary)	-	526
Total other expenses	**0**	**526**

Not 13 Pledged assets

	2013-12-31	2012-12-31
Reversal of contingency reserves	-	7 700
Total other expenses	**0**	**7 700**

Not 14 Tax for the year

	2013-12-31	2012-12-31
Result before tax	1 690	-55
Tax according to current rate 22 % (26,3%)	-372	14
Tax on non deductible costs (26,3%)	-76	-407
Not activated tax asset	400	408
Increased in loss carryforwards without correspondig capitalization of deferred tax	14	-16
Deferred tax	-62	-262
Total tax for the year	**-96**	**-262**

(SEK Thousand)

Not 15 Other Intangible assets

	2013-12-31	2012-12-31
Capitalized development costs and similar items*		
Accumulated capitalized development costs and similar items		
Balance brought forward	23 311	23 311
Balance carried forward	**23 311**	**23 311**
Accumulated depreciation according to plan		
Balance brought forward	-22 548	-21 174
Depreciation for the year	-763	-1 374
Balance carried forward, accumulated depreciation	**-23 311**	**-22 548**
Total residual value according to plan	**0**	**763**

*The assets refer mainly to an own developed insurance system. The depreciation of the year is accounted in operating expenses.

Not 16 Shares and participations in associated and affiliated companies

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

Not 17 Shares and participations

	Current value		Accrued acquisition cost	
All listed Securities	**2013**	**2012**	**2013**	**2012**
Treasury bills	73 897	69 873	73 889	70 000
Bonds, Swedish governmental	86 869	66 095	85 963	64 300
Housing finance institution, Swedish governmental	119 374	122 724	117 817	119 851
Bonds, Foreign	22 399	19 745	21 846	19 562
Total shares and participations	**302 539**	**278 437**	**299 515**	**273 713**
Positive difference because the book value exceeds the nominal values	**3 024**	**4 724**		

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

Not 18 Financial assets and liabilities
Information of booked values per category of financial intruments

	Total booked value	Total current value	Accrued acquisition value
Listed securities			
Shares and participations	0	0	0
Treasury bills	73 897	73 897	73 889
Bonds, Swedish Governmental	86 869	86 869	85 963
Mortgage bonds, the Swedish Governmental	119 374	119 374	117 817
Bonds, Foreign	22 399	22 399	21 846
Total	**302 539**	**302 539**	**299 515**

*All financial assets are classified as level 1

(SEK Thousand)

Not 19 Provision for unearned premiums and remaining risks

	2013-12-31	2012-12-31
Reinsurers' share		
Balance brought forward	232	14 366
Change in provision	-26	-14 134
Balance carried forward	**206**	**232**

Not 20 Provision for claims outstanding

	2013-12-31	2012-12-31
Reinsurers' share		
Brought forward incurred and reported claims	4 025	15 458
Change in incurred and reported claims	-1 096	-11 433
Brought forward incurred but not reported claims	1 635	14 457
Change in incurred but not reported claims	288	-12 822
Balance carried forward	**4 852**	**5 660**

Not 21 Receivables arising out of direct insurance operations

	2013-12-31	2012-12-31
Policyholders	4 612	44 966
Agents/brokers	9 925	5 660
Total receivables arising out of direct insurance operations	**14 537**	**50 626**

Not 22 Other receivables

	2013-12-31	2012-12-31
The amount includes receivables from associated companies	**10 029**	**5 994**

Not 23 Fixed and tangible assets and inventories

	2013-12-31	2012-12-31
Accumulated purchase value		
Balance brought forward	10 319	9 805
Acquisitions for the year	93	514
Balance carried forward, purchase value	**10 412**	**10 319**
Accumulated depreciation according to plan		
Balance brought forward	-9 482	-8 848
Depreciation for the year	-492	-634
Balance carried forward, accumulated depreciation	**-9 974**	**-9 482**
Total residual value according to plan	**438**	**837**

(SEK Thousand)

Not 24 Deferred acquisition cost

	2013-12-31	2012-12-31
Brought forward deferred acquisition cost	12 723	10 980
Depreciation for the year	-12 723	-10 980
Activation for the year	12 383	12 723
Carried forward deferred acquisition cost	**12 383**	**12 723**
The acquisition cost have a depreciation time up to one year		

Not 25 Other deferred expenses and accrued income

	2013-12-31	2012-12-31
Prepaid office rent	859	1 069
Prepaid employee benefits	352	479
Other deferred expenses	736	1 196
Accrued income	1 352	2 258
Total	**3 299**	**5 002**

Not 26 Provision for unearned premiums and remaining risks

	2013-12-31	2012-12-31
Balance brought forward	90 025	81 482
Written insurance during the period	314 481	424 329
Earned premiums during the period	-336 431	-415 786
Balance carried forward	**68 075**	**90 025**

Not 27 Provision for claims outstanding

	2013-12-31			2012-12-31		
	Gross	Ceeded	Net	Gross	Ceeded	Net
BF Incurred and reported claims	75 741	4 025	71 716	82 981	15 458	67 523
BF Incurred but not reported claims	45 859	1 635	44 224	34 418	14 457	19 961
Balance brought forward	**121 600**	**5 660**	**115 940**	**117 399**	**29 915**	**87 484**
Change in expected cost for claims PY	-21 509	288	-21 797	-20 022	12 822	-32 844
Other adjustments	23 436	-1 096	24 532	24 223	-37 077	61 300
Balance carried forward	**123 527**	**4 852**	**118 675**	**121 600**	**5 660**	**115 940**
BCF Incurred and reported claims	79 410	2 931	76 479	75 741	4 025	71 716
BCF Incurred but not reported claims	44 117	1 921	42 196	45 859	1 635	44 224

Not 28 Provisions other

	2013-12-31	2012-12-31
Deferred tax concearning fund for unrealised gains	665	1 039
Total	**665**	**1 039**

(SEK Thousand)

Not 29 Liabilities arising out of direct insurance operations

	2013-12-31	2012-12-31
Agents / brokers	15 980	3 148
Policyholders	5 786	28 199
Total	**21 766**	**31 347**

Not 30 Other liabilities

	2013-12-31	2012-12-31
Accounts payable	6 485	6 448
VAT	1 235	-316
Employee withholding taxes	4 537	3 860
Insurance tax	1 037	945
Other	152	242
Total	**13 446**	**11 179**

Not 31 Other accrued expenses and prepaid income

	2013-12-31	2012-12-31
Accrued expenses	10 029	7 158
Special payroll tax	7 323	7 466
Total	**17 352**	**14 624**

Not 32 Associated companies

	Year	Purchase	Receivables	Liabilities
Euro-Center Holding A/S (affiliated company)	2013	8 899	10 029	-
	2012	17 463	5 994	-
Euro Alarm Prag (group company)	2013	3 291	1 914	1 032
	2012	3 353	9 334	-
Europäische Versicherung AG, Munchen (group company)	2013	185	35	-
	2012	-	8 764	-
Europaeiske Rejseforsikring A/S (group company)	2013	609	1 352	-
	2012	811	2 258	163
ERGO Versicherungsgruppe (group company)	2013	812	-	-
	2012	292	-	-
Münich RE (group company)	2013	5 122	-	1 250
	2012	6 140	-	1 226
Total		**18 918**	**13 330**	**2 282**

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

(SEK Thousand)

Not 33 Staff and salaries

	2013			2012		
	Men	Women	Total	Men	Woman	Total
Board of directors and CEO	2	3	5	2	3	5
Other managment officers	1	2	3	2	2	4
Office staff*	19	42	61	23	58	81

*recalculated to average full time employees

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

SEK Thousand	Board and CEO		Management		Office staff	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Salaries and remuneration						
Basic salary and remuneration	3 957	3 447	2 786	3 243	34 036	38 345
Variable benefits	121	166	-	-	63	100
Other benefits	60	48	131	182	652	1 127
Social security costs	979	969	917	1 076	9 922	11 278
Pension expenses	284	793	1 090	1 160	5 808	5 359
Total	**5 401**	**5 423**	**4 924**	**5 661**	**50 481**	**56 209**

The salary and remuneration of the Board and CEO is paid to the CEO with 3 957 TSEK. Bonus for CEO was paid 68 TSEK, earned in 2012 and paid in 2013. CEO is employed on fixed-term contracts and are covered by pension programs outside Sweden.

The salary and remuneration of the Board and CEO is paid to the former CEO by 53 TSEK, earned in 2012 and paid in 2013. The remaining accrued compensation to former CEO amount to 79 TSEK and is paid in 2016 under the remuneration policy. The former CEO is paid from age 60 direct pension has been secured through an endowment. Regulatory Board, whose employment was outside the company, is no compensation paid. For the Management the compensation consists of base salary, variable remuneration, other benefits and pension. No bonus was paid in 2013. Accrued compensation of the Management from previous year, 105 TSEK, is paid in 2014 under the remuneration policy . The wages and salaries of Office staff, included bonus of 63 TSEK earned in 2012 and paid in 2013. Bonuses 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.Bonuses 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 34 Additional information regarding the insurance operations

		Insurance classes				
	Total 2013	**Health**	**Accident**	**Property**	**Other financial loss**	**Transport**
Gross premium income	**314 481**	211 601	43 728	12 780	16 022	30 350
Gross premium earned	**336 431**	226 370	46 780	13 672	17 141	32 468
Gross claims incurred	**201 088**	135 303	27 961	8 172	10 245	19 407
Gross operating expenses	**134 019**	90 176	18 635	5 446	6 828	12 934
Reinsurance result ceded	**-6 022**	-4 052	-837	-245	-307	-581

Not 35 Important estimates and judgements

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

(SEK Thousand)

Not 36 Expected reclaimed timetable for assets and liabilities

Assets	Below 1 year	More than 1 year	Total
Intangible assets		-	**0**
Shares and participations in associated affiliated companies		2 038	**2 038**
Bonds and other fixed-income securities	122 918	179 621	**302 539**
Reinsurerer's share of technical provisions			
-Provision for uneamed premiums and remaining risks	206	-	**206**
-Provision for claims outstanding	1 193	3 659	**4 853**
Receivables arising out of direct insurnce operations	14 537	-	**14 537**
Receivables arising out of reinsurance operations	787	-	**787**
Other receivables	13 103	-	**13 103**
Fixed and tangible assets and inventories	-	438	**438**
Cash at bank	26 670	-	**26 670**
Current prepaid tax	7 392	-	**7 392**
Deferred tax	-	1 182	**1 182**
Accrued interest income	5 183	-	**5 183**
Prepaid expenses and accrued income			
-Deferred acquisition cost	12 383	-	**12 383**
-Other deferred expenses and accrued income	3 299	-	**3 299**
Total assets	**207 671**	**186 939**	**394 610**
Liabilities			
Technical provisions (before reinsurance ceded)			
- Provisions for uneamed premiums and remaining risks	68 075		**68 075**
- Provisions for claims outstanding	51 954	71 573	**123 527**
Provisions for other risks and charges			
- Provision for tax	-	665	**665**
Liabilities arising of direct insurance operations	21 766	-	**21 766**
Liabilities arising out of reinsurance operations	2 680	-	**2 680**
Other liabilities	13 446	-	**13 446**
Accrued expenses and prepaid income			
-Reinsurerer's share of prepaid acquisition cost	29	-	**29**
-Other accrued expenses and prepaid income	17 352	-	**17 352**
Total liabilities	**175 302**	**72 238**	**247 540**

Not 37 Pledged assets and contingent liabilities

	2013-12-31	**2012-12-31**
Assets covered by policyholders' beneficiary rights*	308 288	284 785
Contingent liabilities	22 144	23 305
Total	**330 432**	**308 090**

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

Signatures

Sundbyberg, April 8th, 2014

Richard Bader
Chairman

Ulrike Timmer

Gabriele Bayer

Johann von Hülsen
Chief Executive Officer

Anna Strandberg
Employee representative (FTF)

Our audit report was submitted on 8 April, 2014

KPMG AB
Gunilla Wernelind
Authorised public accountant

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