



# ANNUAL REPORT

2004

YOUR HEALTH ABOVE ALL



## MANAGEMENT

Allan Møller, CFO

Per Bay Jørgensen, CEO

Peter Jenkins,  
Director - Internationalisation

Ulrik Blinkenberg,  
Director - Legal & Compliance

## MEMBERS OF THE BOARD

John Hepburn,  
Consultant to the board

Peter Korsholm,  
Partner, EQT Scandinavia

Sandra Vandermerwe,  
Professor, Imperial College Business  
School, London

Massimo Rossi, Chairman  
Senior Executive Advisor  
Swedish Match

Bjørn Høi Jensen, Vice Chairman  
Senior Partner EQT

Vagn Sørensen,  
Director, Austrian Airlines, Austria

Peter Wallenberg, Jr.  
President & CEO, Grand Hôtel Holdings  
(not pictured)

Udo Phillip,  
Partner, EQT in Munich  
Consultant to the board  
(not pictured)



# CONTENTS

Management's statement . . . . .	4
Auditors' report . . . . .	5
Chairman's statement . . . . .	6 - 7
Chief executive's report & operational review . . . . .	8 -11
Accounting report . . . . .	12 -15
Accounting policies . . . . .	16 -21
Methods for calculating financial ratios & graphs . . . . .	22 -23
Five-year summary . . . . .	24
Profit and loss account for 2004 . . . . .	25
Assets as at 31 December 2004 . . . . .	26
Liabilities as at 31 December 2004 . . . . .	27
Cash flow statement . . . . .	28
Notes . . . . .	29 -35
IHI addresses . . . . .	36

## MEMBERS OF THE BOARD\*

Ida Berg Schaldemose, Corporate Business Manager

Michael Andersen, Deputy Manager, Accounts Department

Helle Malmberg, Supervisor, Service Department, P1

\* *Employee representatives*





# MANAGEMENT'S STATEMENT

The Board of Directors and the Management have today discussed and adopted the Annual Report of International Health Insurance danmark Forsikringsaktieselskab for 2004.

The Annual Report of International Health Insurance danmark Forsikringsaktieselskab has been prepared in accordance with the provisions of the Danish Financial Business Act and the orders issued by the Danish Financial Supervisory Authority on the financial reporting of non-life insurance companies.

We consider the accounting policies used are appropriate and that the Annual Report thus gives a true and fair view of the Company's financial position at 31 December 2004 and of the results of its operations and its cash flows for the financial year 1 January - 31 December 2004 in accordance with the requirements of Danish statutory financial reporting requirements.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 16 March 2005

## MANAGEMENT

Per Bay Jørgensen

Allan Møller

Peter Jenkins

Ulrik Blinkenberg

## BOARD OF DIRECTORS

Massimo Rossi  
(Chairman)

Bjørn Høi Jensen  
(Vice Chairman)

Vagn Sørensen

Sandra Vandermerwe

Peter Korsholm

Peter Wallenberg Jr.

Michael Andersen  
(Employee representative)

Ida Berg Schaldemose  
(Employee representative)

Helle Malmberg  
(Employee representative)

# AUDITORS' REPORT

To the Shareholders of International Health Insurance danmark Forsikringsaktieselskab

We audited the annual report of International Health Insurance danmark Forsikringsaktieselskab for the financial year 1 January - 31 December 2004, prepared in accordance with Danish statutory financial reporting requirements.

The annual report is the responsibility of the Company's Management and Board of Directors. Our responsibility is to express an opinion on the annual report based on our audit.

## BASIS OF OPINION

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit

includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Management and Board of Directors, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

## OPINION

In our opinion, the annual report gives a true and fair view of the Company's financial position at 31 December 2004 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2004 in accordance with the requirements of Danish statutory financial reporting requirements.

Copenhagen, 16 March 2005

KPMG C.JESPERSEN

Statsautoriseret  
Revisionsinteressentskab



Jesper Dan Jespersen  
State Authorised Public Accountant

KRISTIAN J. KROGSGAARD



Kristian J. Krogsgaard  
State Authorised Public Accountant



Anja Bjørnholt Lüthcke  
State Authorised Public Accountant

## COMPANY

International Health Insurance danmark Forsikringsaktieselskab  
8 Palaegade  
DK- 1261 Copenhagen K  
Denmark

Tel.: +45 33 15 30 99  
Fax: +45 33 32 25 60  
Web: www.ihl.com  
E-mail: ihl@ihl.com  
CVR no.: 88 07 65 16

## BOARD OF DIRECTORS

Massimo Rossi, Chairman  
Bjørn Høi Jensen, Vice Chairman  
Peter Korsholm  
Vagn Sørensen  
Sandra Vandermerwe  
Peter Wallenberg Jr.  
Michael Andersen\*  
Ida Berg Schaldemose\*  
Helle Malmberg\*

\*Employee representative

## MANAGEMENT

Per Bay Jørgensen,  
Chief Executive Officer

Allan Møller,  
Chief Financial Officer

Peter Jenkins, Director

Ulrik Blinkenberg, Director

## ANNUAL GENERAL MEETING

The Company's annual general meeting will be held in Copenhagen, 29 March 2005.

## OWNERSHIP

The Company is 100% owned by:  
IHI Holding A/S,  
8 Palaegade  
DK-1261 Copenhagen K

The Company is part of the Group:

IHI Nederland B.V.  
c/o EQT II B.V.  
Strawinskylaan 1159  
NL-1077 XX Amsterdam  
Netherlands

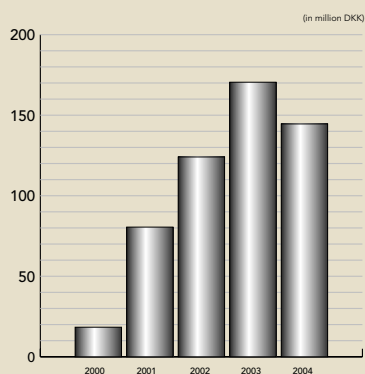


# CHAIRMAN'S STATEMENT

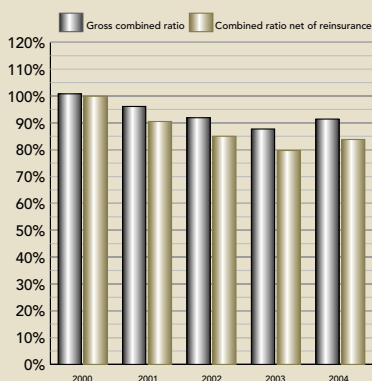
By Massimo Rossi

Chairman Massimo Rossi

## PROFIT BEFORE TAX



## COMBINED RATIO



### INTRODUCTION

2004 was a year of further positive growth for International Health Insurance danmark a/s (IHI) not least because our customers value the security provided by IHI in an increasingly insecure world.

IHI is the provider of choice for health and travel insurance among:

- Individuals in the high & middle income segments;
- Corporates, including top management, key employees & expatriates; and
- International travellers, including leisure & business.

### FINANCIAL HIGHLIGHTS OF ANOTHER SUCCESSFUL YEAR

- The Company generated a profit before tax of 144.6 million in 2004 compared to a profit before tax of 170.5 million in 2003.
- Return on shareholders' funds was 21.2%, compared to 31.3% in 2003.
- Gross premium earned amounted to DKK 1,294.1 million, an increase of 6.4% compared to last year. In fixed exchange rates, the portfolio growth rate was 15.7% in 2004 compared to 13.1% in 2003.
- Gross claims ratio is increased to 51.1% in 2004, from 48.5% in 2003. The fine-tuning of the methods for making claims provisions has resulted in a reduction of 2.9% in the 2004 claims ratio.
- Combined ratio (gross) was 91.4% in 2004, compared to 87.7% in 2003.
- Shareholders' funds amounted to DKK 539.4 million, compared to DKK 435.9 million in 2003.
- The Danish legal requirements on solvency margins have been met by a multiple of 4.5 times versus 3.8 times in 2003.

## STRATEGIC HIGHLIGHTS

In 2004 the Board of IHI set the current corporate strategy to continue:

- Organic market growth
- Focus on new products for growing segments
- Local establishments

During 2004 IHI has continued its progress in delivering this strategy.

### Organic market growth

IHI has increased the portfolio with a growth in fixed exchange rates by 15.7% in 2004, through a concentrated market penetration strategy. We are constantly seeking ways of delivering products in new markets and in new ways of meeting the needs of IHI customers.

### Focus on new products for growing segments

With focus on new products for growing segments, IHI is a top 5 player in the niche market of International Private Medical Insurance (IPMI) on a global basis. During 2004 we have identified new growth segments in the following markets:

- North Africa
- Middle East
- Asia / Pacific

To support the growth in these new segments, we will continue to redesign and develop several new products.

A higher priority than winning new customers is the care we take in looking after our existing customers. In 2004 IHI developed its service initiatives to ensure the loyalty of our customers.

### Local establishments

In 2004 IHI has grown across the world with new establishments in London and Florida. In addition we have also created new relationships in 5 different markets.

## OUR PEOPLE

Our business is based on high quality service developed by our staff.

We recognise the value of our staff and continuously implement employee care initiatives. As a result, staff turnover at the Company remains very low.

On behalf of the Board and the Shareholders, I would like to thank both staff and management for their contribution to the prosperity of IHI in 2004.

## OUTLOOK

IHI is in a good position to continue its growth. The health insurance sector continues to grow and the demand for new types of health services is increasing. In addition, new markets throughout the world lead to new customers; they all come to IHI because they want the best service they can find.

The Company has set ambitious goals for 2005. These do not need a change of strategy, but simply that we work harder and continue to do it better.

The Company anticipates an increasing number of policyholders in the coming years, especially in the corporate market which remains a major opportunity for IHI and for which we have begun introducing specific products and paid particular attention to attracting new businesses.

Provided a stable development in the world economy and stabilisation of the USD against the EUR, we expect a positive development in the premium income measured in DKK, and in the underlying combined ratio. The Company's return on investments will depend on the development in the financial markets.

IHI has a strong market potential, a commanding market leadership position and a highly experienced management. Based on the above, the Board has a strong confidence in the future of IHI.

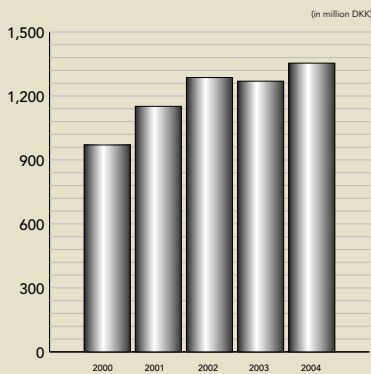


# CHIEF EXECUTIVE'S REPORT & OPERATIONAL REVIEW

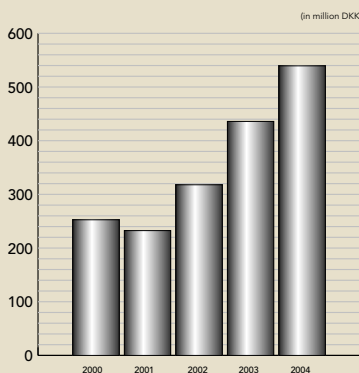
By Per Bay Jørgensen

Per Bay Jørgensen,  
Chief Executive Officer

## GROSS PREMIUMS WRITTEN



## SHAREHOLDERS' FUNDS



International Health Insurance danmark a/s specialises in providing both health, medical and travel insurance internationally.

In 2004 IHI demonstrated strong growth and excellent results, and continues to surpass expectation in the market place. We strive to deliver the best possible value to both corporate and individual clients by offering quality insurance cover for all of our customers.

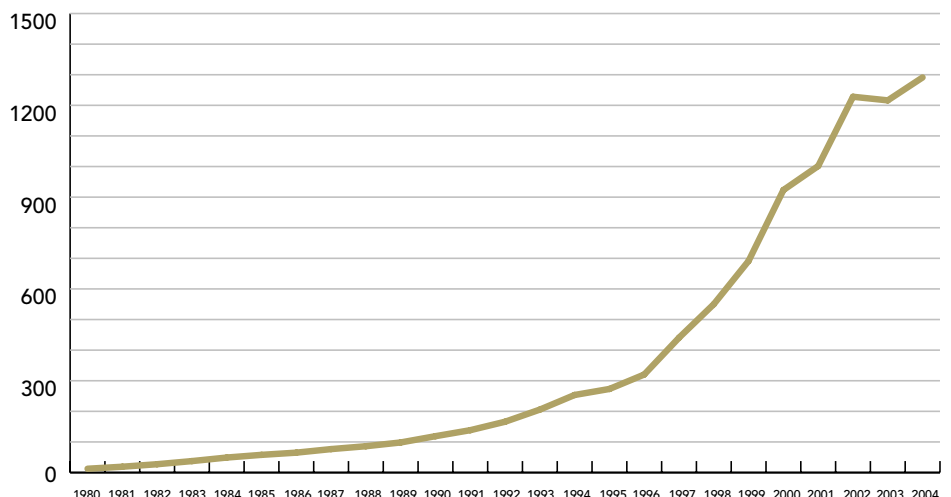
### IHI STRIVES TO DELIVER:

- Constant innovation
- Customer focus
- Pioneering improvements in health insurance
- Increasing rewards to all of our stakeholders

Throughout the past year we have continued to focus on maintaining strong growth in our core markets. We have also established new market platforms for future expansion which have been achieved largely through product development, the constant innovation of solutions, and through continuously exploring market opportunities by establishing branches and representative offices. Establishing relations with key local insurance companies through cooperation and reinsurance agreements, has also been a key factor.

## GROSS PREMIUMS EARNED 1980-2004

(in million DKK)



## 25 YEARS OF CONSTANT GROWTH

In 2004 IHI marked its 25th anniversary as an independent insurance company.

The concept of IHI was created in 1972, when a Danish sea pilot from Mauritius wrote to the former parent company Sygeforsikringen "danmark" (the mutual health insurance "danmark") claiming that overseas health insurance was unavailable to expat Danes. Since then, the number of insurance policies has increased among Danes, and later Scandinavians, living abroad and towards the end of the 1970's the supply of international health insurance was further extended to other nationalities.

In August 1979, 25 years ago, we decided to establish an independent Company for this area of business, and International Health Insurance danmark a/s was founded.

## FROM INSURANCE TO WELLBEING

The first decade as an independent Company was spent developing traditional health insurance, comprising underwriting, policy administration and claims handling.

Throughout the following decade the Company started to move its focus from Illness to Wellbeing creating new opportunities for IHI.

The challenge is to proactively affect habits and attitudes among our insured, so they experience less inconvenience and improved health. All of IHI's stakeholders will – with the new Wellbeing initiatives – make positive gains.

Recently, new products and Wellbeing initiatives have been brought into the market.

IHI continues to develop new products for the illness market, building on those we already have in place:

- Critical Illness
- Accident Insurance
- Schengen Medical Travel Insurance
- IHI Global 1
- Superior
- IHI First Choice

And similarly in the Wellbeing market:

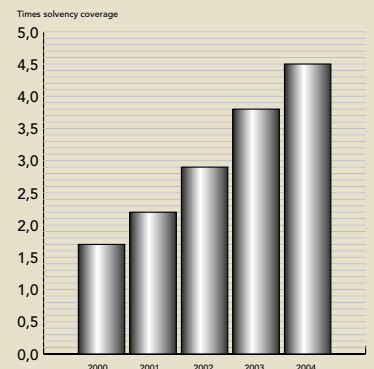
- Corporate Wellbeing Assessment
- Personal Wellbeing Management
- Security Monitor

The development of the Wellbeing market creates extra advantages for our corporate customers through networking and exchange of knowledge about health, illness and result sharing. In order to support these initiatives, training programs within IHI ensure that staff are equipped with all the new skills and knowledge they need to confidently work with these new concepts and maintain the high quality standards.

By moving into the Wellbeing market, IHI will keep its position as the thought leader and the market innovator.

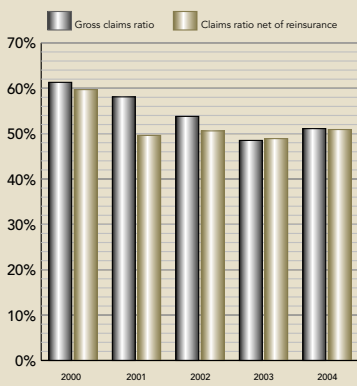
IHI aims to change the perception of health insurance and to be recognised as a "knowledge company", with specialised Wellbeing services and health insurance products attached.

## SOLVENCY COVERAGE

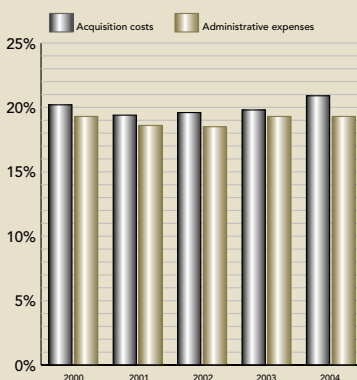




## CLAIMS RATIO



## GROSS COST RATIO



## DEVELOPMENTS IN 2004

During 2004 IHI has established co-operations with important insurance companies abroad:

- Kuwait, via Warba Insurance
- Indonesia, via PT Aegis Insurance
- Bahrain, via Al Ahlia Insurance
- Morocco, via WAFASSURANCE and Attijariwafa Bank
- Oman, via Al Ahlia Insurance

A new office was opened in Coral Gables, Florida, realising our efforts to further improve services for both providers and policyholders. Furthermore, the Company has started establishing subsidiaries, branches or representative offices in Mexico, Argentina, Guatemala, Honduras, Brazil, Japan and Hong Kong, some of which will begin operation in 2005.

In September 2004 a London branch was opened in order to improve our service to our customers and brokers in the UK market.

To support the development of the Wellbeing market, we have held a number of seminars for both insurance companies and corporations with whom we work.

To further enhance the market opportunities, permission has been obtained for cross-border trading in all EU countries. We will continue to concentrate on developing market opportunities.

In 2004 the IHI Wellbeing University undertook a number of highly positive new scientific research projects. We hope to unveil these at the University's Annual Meeting in April 2005.

## THE ORGANISATION

Constant development and innovation throughout the organisation are key factors ensuring our ability to meet the demands of the growing Wellbeing market. We will also seek to recruit the best individuals in the insurance industry and other key players whose business skills and excellence can contribute to our global growth and customer satisfaction objectives.

Our customers want and deserve more than a standard health cover. We pride ourselves on delivering this in every aspect of the IHI business.

## BEST INTERNATIONAL PRIVATE HEALTH GROUP

In May 2004 IHI won the award for "Best International Private Health Group" at the International Investment and Standard and Poor's Awards. This recognition reflects our determination to further enhance our high quality services.



*In May 2004 IHI won the award for "Best International Private Health Group" at the International Investment and Standard and Poor's Awards.*

## NEW RATING FROM STANDARD & POOR'S

In April 2004 the Standard and Poor's rating of IHI was raised from 'BBBp' (good) to 'Api' (Strong). This rating is based on the following conclusions from Standard and Poor's:

- 'Earnings are considered to be extremely strong'
- 'Capitalisation is considered to be strong'
- 'Technical reserves appear to be at a strong level'
- 'A very strong level of liquidity is noted'
- 'Exposure to equity investments is minimal'

IHI is determined to build on this rating performance.

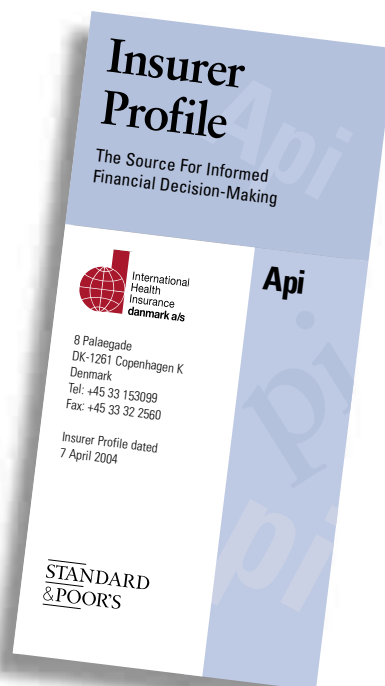
## THE FUTURE

As a result of the many initiatives and the Company's development into the Wellbeing market, there will be many opportunities of key relevance for the future growth of the Company.

Our dedicated staff are prepared to continue the hard work that is necessary to maintain our strong results and performance.

On behalf of the Management I envisage a challenging but promising 2005.

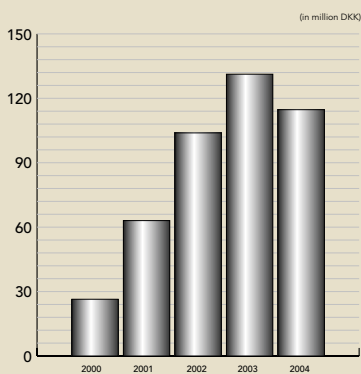
*In April 2004 the Standard and Poor's rating of IHI was raised from 'BBBp' (good) to 'Api' (Strong).*



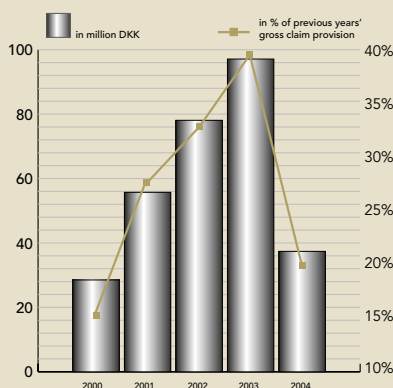


# ACCOUNTING REPORT

## TECHNICAL PROFIT ON INSURANCE OPERATIONS



## GROSS RUN-OFF PROFIT



The following financial statements for International Health Insurance danmark Forsikringsaktieselskab have been prepared in accordance with the directions of the Danish Financial Business Act and the orders issued by the Danish Financial Supervisory Authority on the financial reporting of non-life insurance companies.

The following comments to the profit development should be read in connection with the Chairman's statement (page 6) and the Chief Executive's report & operational review (page 8).

The financial statements have been rendered according to the same accounting principles as last year.

## CHANGES IN ACCOUNTING ESTIMATES

As described in the Annual Report for 2003 IHI has been in a process of reassessing the methods for making claims provisions due to increasing run-off profits.

The tests and analyses of the new method for making claims provisions were finalised in 2003 and refined through 2004.

By refining the new method, the claims provisions in the financial statements as at 31 December 2004 have been reduced by DKK 37.6 million compared to the calculations following the previous method. The reduction has affected the net result before tax for 2004 with a similar amount.

## NEW DIRECTIONS OF FINANCIAL REPORTING FROM 2005

The Danish Financial Supervisory Authority has decided that Danish insurance

companies must prepare the annual report in accordance with new accounting rules inspired by IAS/IFRS from the beginning of 2005. Consequently, a full implementation of IAS/IFRS will not be required; however, insurance companies may choose to do so.

The new regulations may lead to the following important changes concerning the Company's results and/or equity:

### ■ Claims provisions:

Claims provisions must contain direct and indirect costs in connection with settlement of claims undertaking. Until now these amounts have been recognized in the profit and loss account upon consumption.

### ■ Deferred tax:

At the transition to the new regulation the tax asset will be recognised without discounted effects.

Provisions for deferred tax of contingency reserve funds are still expected to be irrelevant.

Furthermore, new regulations etc. will result in reclassifications in the layout and adjustments of applied accounting policies like:

- indirectly deferred acquisition costs
- distinction between Presentation Currency and Functional Currency
- changed measurement of investment assets from "all transactions" (average rate) to "closing rate"

## PROFIT DEVELOPMENT

In 2004 the profit before tax amounted to DKK 144.6 million, compared to a profit before tax of DKK 170.5 million in 2003. The drop of 15.2% is due to a less favourable result on insurance and investments compared to 2003.

## INSURANCE OPERATIONS

The technical profit on insurance operations amounted to DKK 114.7 million in 2004, compared to DKK 131.2 million in 2003.

Gross premiums written amounted to DKK 1,354.1 million, which is 6.7% higher than last year. Gross premiums written are positively influenced by the growth in the number of policyholders and new markets; however, the drop in the USD has had a negative effect compared to the previous years. The portfolio growth in fixed exchange rates was 15.7%, compared to 13.1% in 2003.

The gross claims ratio was increased from 48.5% in 2003 to 51.1% in 2004. The increase is due to the fact that the determined premium only in minor extent has caught the new trends for new and more expensive ways of treatment. The refinement of the method for making claims provisions has improved the claims ratio by 2.9% in 2004.

The Company's costs in relation to reinsurance have decreased by DKK 21.5 million in 2004 compared to 2003, which was influenced by settling a profit sharing agreement. In 2004 there has been a favourable combination of reinsurance premiums and claims drawn on the reinsurers. In 2004 the Company had reinsurance contracts with GenRe and Converium.

In 2004 the Company's gross administrative cost ratio was at 2003 level.

## INVESTMENT BUSINESS

The total return on investments before transfer of technical insurance interest amounted to DKK 38.6 million, compared to DKK 47.6 million in 2003. Total value adjustment for the year amounted to DKK 19.5 million, compared to DKK 14.8 million in 2003.

Following the transfer of technical insurance interest, the result of the investment business amounted to DKK 29.9 million, compared to DKK 39.3 million in 2003.

Return on investment for the financial years 2003 and 2004 amounts to 5.5% and 4.0%, respectively, measured on average of investment assets and cash deposits. The development in return on investment is in our opinion satisfactory according to the agreements with our portfolio managers and compared to similar benchmarks.

The investment return for 2004 was affected by increasing capital gains of the stock and bond portfolios.

The Company uses external portfolio management companies. Morgan Stanley and SEB Asset Management manage the Company's share portfolio and global bond portfolio. SEB Asset Management and Nykredit Portefølje manage the Company's Danish bond portfolio.

The Company's investment guidelines, which are unchanged in 2004, determine that shares shall amount to between 10% and 15% of the Company's total investment assets. Bonds and cash shall

amount to between 85% and 90% of the Company's total investment assets.

Duration of the Company's bond portfolio is to be between 3.5 and 4.5 years.

IHI invests in a variety of bonds in Denmark, the rest of Europe and the USA. Investments in Denmark (which amount to 62% of IHI's bond portfolio) are placed in government or mortgage bonds with a rating of at least "AA". The bond portfolio placed outside Denmark is to have a minimum weighted investment grade of "A" or better.

All investments in bonds and corporate bonds should have a minimum of "BBB" as investment grade. Derivatives are used for hedging risks, primarily on foreign exchange. These instruments are not used to gear investments.

IHI assesses financial risks incurred in connection with the investment portfolio on an ongoing basis in order to hedge or balance these risks to the widest possible extent.

## PROFIT FOR THE YEAR

The Board of Directors is of the opinion that the profit for the year after taxes, DKK 103.5 million, is satisfactory. The total tax charge for the year is DKK 41.1 million.

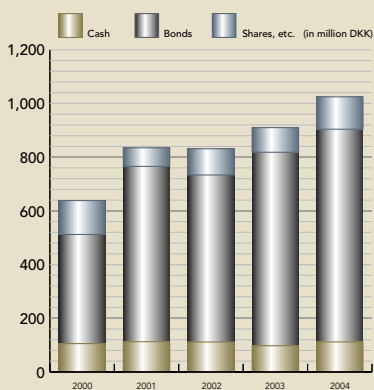
## SHAREHOLDERS' FUNDS

Shareholders' funds amount to DKK 539.4 million following the distribution of profit.

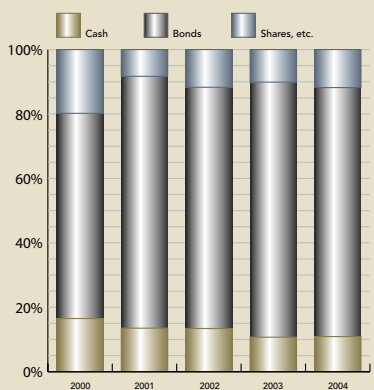
The capital base of the Company is DKK 505.2 million. Solvency margin is DKK 112.1 million. The Danish legal



## INVESTMENT ASSETS



## ALLOCATION INVESTMENT ASSETS



requirements have thus been met by a multiple of 4.5 times, compared to a multiple of 3.8 times in 2003.

Easing legal demands for limited liability companies about binding legal premium reserves (share premium account) means that the DKK 25 million is expected to be brought forward to the retained profit and loss account by a decision of the Company's next General meeting.

## BRANCHES AND REPRESENTATIVE OFFICES

IHI has branches in France, Spain, the Isle of Man, UK, Bolivia and Florida (USA) and a representative office in Japan.

## RISK MANAGEMENT

The Company is as an insurer in the international health insurance business well aware of the necessity of taking

risks in a controlled manner. In order to avoid uncertainty, the following approach to risk management is used:

- Reinsurance
- Market risks
- Currency risks
- Operational risks

### Reinsurance

It is IHI's policy solely to make reinsurance agreements with carefully selected, sound reinsurers in order to reduce credit risk.

Since its establishment in 1979, the Company has had Excess of Loss reinsurance contracts with GenRe. Furthermore, the Company has had Quota Share contracts with GenRe since 2001.

## DISTRIBUTION OF PROFIT IN 1,000 DKK

Retained profit and loss account at 1 January 2004	262,054
Profit for the year	103,514
<hr/>	
Available for distribution	365,568

The Board of Directors recommends the following distribution of the profit:

Dividend, 0%	0
Revaluation of associated undertakings	- 3
Retained profit and loss account at 31 December 2004 (before transfer of share premium account of DKK 25 million)	365,571
<hr/>	
Total	365,568

### Market risks

A large proportion of the Company's assets consists of investment assets stated at market value. Consequently, the Company's profit and shareholders' funds are influenced by bond and stock market fluctuations.

The Company minimises investment risks by spreading investments on various types of investment assets.

The majority of IHI's investment is placed in liquid quoted bonds, which are saleable at market price in case realisation is needed at short notice.

### Currency risk

The Company's financial statements are influenced by the development in the exchange rates, especially in the USD exchange rate.

Approximately 64% of the Company's turnover is derived from policies denominated in USD. During the accounting year 2004 the average USD premiums exchange rate was 6.04 compared to 6.63 in the accounting year 2003.

All balance sheet items are adjusted to the exchange rate at year-end. For 2004 the year-end USD exchange rate was 5.47, compared to 5.96 at year-end in 2003.

The Company's policy is to hedge its profit contribution via sale of forward exchange contracts in USD within the respective accounting year. It is furthermore the Company's policy to match assets and liabilities in order to avoid any currency risk on the balance sheet items.

### Operational risks

Operational risks form an integral part of IHI's activities and may arise as a result of technical or human errors or external events. To the greatest extent possible, IHI uses written guidelines and continuously supervises the most important business processes and procedures in the event of any process failure.

### RISK SCENARIOS & SENSITIVITY TEST

The Danish Financial Supervisory Authority regularly receives information from the financial companies on specific risks.

For the so-called "Traffic light" scenarios with the risk levels green, yellow and red the Danish insurance sector gives the following sensitivity information on risk events:

- Interest increase of 0.7%-point
- Interest decrease of 0.7%-point
- Drop in the price of shares of 12%
- Alterations in foreign exchange rates with a possibility of ½% in 10 days
- Loss of opposite parties at 8%

The above "Traffic light" risk scenarios have through 2004 placed IHI in "green", which is very satisfactory.



# ACCOUNTING POLICIES

## GENERAL PRINCIPLES FOR THE PREPARATION OF THE ACCOUNTS

The Annual Report of International Health Insurance danmark Forsikringsaktieselskab has been prepared in accordance with the directions of the Danish Financial Business Act and the orders issued by the Danish Financial Supervisory Authority on the financial reporting of non-life insurance companies.

The Annual Report has been rendered according to the same accounting policies as last year.

### Changes in accounting estimates

As mentioned in the accounting report, a new method for making claims provisions has been implemented in 2003 and fine-tuned through 2004.

Claims provisions in the financial statements for 2004 have been reduced by DKK 37.6 million compared to the calculations following the previous methods. The reduction has effected the net result before tax for 2004 with a similar amount.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Annual Report that evidence conditions existing at

the balance sheet date are taken into account.

Income is recognised in the profit and loss account as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the profit and loss account.

When entries are stated for own account, this is indicated net of reinsurance.

### Intercompany transactions

The Company is a subsidiary to IHI Holding A/S, Palaegade 8, DK-1261, Copenhagen K, which prepares the consolidated accounts.

IHI Holding A/S' principal shareholder is IHI Nederland B.V. owned by investors in the private equity fund EQT II managed by EQT II B.V., Strawinskylaan 1159, NL-1077 XX Amsterdam, Nederland.

The Annual Reports can be collected at the addresses above.

The Company has elaborated written guidelines for intercompany transactions according to Danish Financial Supervisory Authority regulations.

Operations embraced by Danish Financial Supervisory Authority regulations etc. for intercompany transactions also involve companies controlled by EQT via direct or indirect overlaps in the group of investors or owners.

Intercompany transactions are carried through on market terms. Joint group assignments performed by one group company for another group company are invoiced on a cost-covering basis.

Intercompany transactions comprise primarily policies, IT services, etc.

In relation to the Company's total activities the intercompany transactions are immaterial and do not comprise trading of assets between the group companies.

#### **Foreign currencies translation**

Upon initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, insurance provisions, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date.

All exchange gains and losses occurring in connection with the translations are recognised in the profit and loss account under exchange rate adjustment.

Outstanding forward exchange transactions are estimated at market value at the balance sheet date.

## **PROFIT AND LOSS ACCOUNT**

#### **Premiums earned net of reinsurance**

Premiums earned net of reinsurance includes gross premiums written in the year from policyholders less reinsurance premiums paid to reinsurance companies adjusted for changes in both premium provisions at the beginning and the end of the financial year.

Gross premiums are accounted less return of premiums, bonus and rebates to policyholders regardless of claims performance, premium taxes and stamp duty.

#### **Technical interest net of reinsurance**

In the profit and loss account, a proportion of the total investment return is transferred to the insurance operations as technical interest net of reinsurance.

Technical interest net of reinsurance indicates a market rate of return on insurance provisions and is calculated as a return on the average insurance provisions net of reinsurance for the year. The interest rate used is the average of the effective bond interest rate before taxes of all bonds with a maturity of less than three years, published at the end of each month by the Copenhagen Stock Exchange.

#### **Claims net of reinsurance**

Claims net of reinsurance includes gross claims paid during the year less the reinsurance cover received, adjusted for changes in claims provisions both at the beginning and the end of the financial year.

Gross claims paid comprise internal and external expenses for survey and evaluations of injuries together with control and limitation of claims raised.

#### **Run-off profit/loss for the year**

Run-off profit/loss for the year is included in claims net of reinsurance and shows the difference between expected and realised claims related to previous years. The run-off profit/loss is accounted for as claims provisions at the beginning of the year less annual payments and claims provisions at year-end related to previous years.

#### **Bonuses and rebates net of reinsurance**

Bonuses and rebates net of reinsurance is the amount paid or the amount that will be paid to large group policyholders considering their claims performance during the financial year.

#### **Insurance operating expenses net of reinsurance**

Insurance operating expenses are expenses in the year incurred on acquisition and administration of the insurance portfolio, including employment cost, rent, expenses for stationary and office supplies, and amortisations, depreciation and impairments on IT development projects and operating equipment.

Development costs are recognised in the profit and loss account when incurred unless they meet the recognition criteria for IT development projects.

Operating equipment, including furniture, IT and other equipment not exceeding DKK 50,000 per unit are recognised in the Profit and loss account in the year of acquisition.

Compensations for accomplished assignments for associated undertakings are deducted in administrative expenses.

In the acquisition costs item, all insurance operating expenses which are related to acquisition or renewal of the portfolio, are included.

Insurance operating expenses contain a deduction for commission and profit commission from reinsurance companies, which are accounted for and accrued in accordance with the reinsurance agreements.



#### **Income from investment assets**

Income from associated undertaking includes proportional results adjusted for revaluation and depreciations according to the equity method.

Interests and dividends, etc. include dividends declared, net interests on bonds earned in the financial year and realised gains and losses on bonds drawn, ordinary interest on corporation tax and other interests income.

Interests on bonds subsequent to the last due date are recognised in accrued interest.

Realised gains on investment assets include gains on disposals.

#### **Unrealised gains and losses on investment assets**

Unrealised gains and losses on investment assets include adjustments at market value of shares and bonds at year-end.

#### **Expenses in connection with investment assets**

Administrative expenses in connection with investments consist of fees and other charges that are directly related to the investment operations.

Interest expenses include ordinary interest on corporation tax and other interest expenses.

Realised losses on investment assets include losses on disposals.

#### **Exchange rate adjustment**

This item includes unrealised net exchange rate adjustments on assets and liabilities in foreign currencies at year-

end and realised gains/losses, including gains/losses on forward exchange contracts.

#### **Other ordinary income and expenses**

This item includes other ordinary income and expenses, which are not directly connected to insurance activities.

#### **Extraordinary income and expenses**

This item includes income and expenses unusual to the Company.

#### **Tax on profit/loss for the year and corporation tax**

The Company is jointly taxed with parent company IHI Holding A/S. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the profit and loss account, and the tax expense relating to amounts directly recognised in the shareholders' funds is recognised directly in shareholders' funds.

Tax expense relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

In connection with the tax computation current tax rates are applied.

Additions, deductions and compensations regarding tax payments are included in Interest and dividend, etc.

## BALANCE SHEET

### IT development projects

Development costs comprise costs of external consultants and suppliers of computer software, IT equipment, and use of internal resources.

Development projects comprise development of new products, extension and upgrading of existing IT platforms and implementation of new IT platforms.

Those IT development projects which meet the recognition criteria, are recognised as intangible assets in the balance sheet.

Development costs recognised in the balance sheet are measured at the lower cost less accumulated amortisation and the recoverable amount.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Intangible assets are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted of individual assets or groups of assets when there is an indication of impairment.

### Shares in associated undertakings

Investments in associates are measured in the balance sheet at the proportionate

share of the companies' net asset values calculated in accordance with the parent company's accounting policies plus or minus unrealised intra-group profits and losses.

Net revaluation of investments in associates is transferred to the reserve for net revaluation according to the equity method in capital and reserves to the extent that the carrying amount exceeds cost.

### Other financial investment assets

Listed shares, units in unit trusts and bonds are stated at the market prices ruling at year-end.

Brokerage and commission on purchase and sale of traded securities are included in acquisition and selling costs, respectively. Purchase and sale expenses are thus included in gains and losses on securities.

### Debtors

This item includes premium amount owed by policyholders, amount owed by associated undertakings and other debtors.

Debtors and outstanding accounts are measured at estimated fair value at year-end, which is equal to the nominal value less any write-downs made to meet losses.

### Deferred tax & corporation tax

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the expected value of their utilisation as a set-off against tax on future income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the profit and loss account.

Computation of deferred tax on Danish untaxed contingency funds is not made as the Company expects an increasing insurance portfolio in the future years. In practice the tax will not become of current interest, when the contingency funds are applied according to the purpose hereof, and as long as no material drop in the insurance business takes place.

Current tax assets are recorded in the balance sheet under "Debtors".

Current tax liabilities are recorded in the balance sheet under "Debt".

Deferred tax is recorded in the balance sheet under "Debtors".

### Other assets

Other assets include operating equipment and cash at bank and in hand and demand deposit.

Operating equipment including furniture and equipment, IT equipment, cars, etc. is valued at costs less accumulated depreciation, or utility value where this is lower for reasons not considered temporary.



Depreciation is provided on a straight-line basis over the utility life of the assets:

- Leasehold improvements, 5 years;
- IT equipment, 3 years;
- Furniture and equipment, 3 years;
- Cars, 3 years.

Assets with a cost of less than DKK 50,000 per unit are recognised in the profit and loss account in the year of acquisition.

Lease contracts regarding operating equipment where the Company has all risks and advantages connected to ownership (financial lease), are measured taking into account lowest present day value and present value of future leasing services. When calculating the present value as a discounting factor either the internal interest rate of the leasing agreement or the Company's own interest rate is used. Financially leased assets are hereafter treated as the Company's remaining operating equipment.

The capitalised residual leasing obligation is included in the balance as liability under other debt and the interest share of the leasing service is calculated over the term of the contract in the Profit and loss account.

#### **Prepayments and accrued income**

The item includes accrued interest, deferred acquisition costs and other prepayments

Acquisition costs paid in the financial year relating to the subsequent years and which are closely related to future premium income are recorded as deferred acquisition costs.

Paid expenditures regarding following years are included under other prepayments.

#### **Premium provisions net of reinsurance**

Premium provisions net of reinsurance include the proportional part of the collected premiums net of reinsurance relating to the subsequent financial year.

#### **Claims provisions net of reinsurance**

Claims provisions net of reinsurance include known and anticipated claims net of reinsurance arising in the current and previous years.

Claims outstanding are calculated with due regard to all available information and circumstances so as to provide adequate cover for all claims incurred, whether reported or not, before the balance sheet date.

Claims provisions are not deducted with discounts, due to the short run-off.

Run-off gains or losses on previous years' outstanding claims are included in claims incurred.

Gross claims provisions include the benefits, which empirically are obtained in settling the claims.

#### **Provision for bonuses and rebates net of reinsurance**

Provision for bonuses and rebates net of reinsurance is the expected amount payable to large group policyholders in consideration of their claims performance during the financial year.

#### **Provisions for pensions and similar obligations**

The item includes pensions and similar obligations.

#### **Debt**

Debt includes Creditors arising out of reinsurance operations, Creditors and other financial liabilities.

Financial lease contracts are recognised at the amortised value of the future lease liabilities and other financial liabilities are recognised at fair value.

#### **Deferred income**

Deferred income includes prepaid premiums.

### **CASH FLOW STATEMENT**

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

#### **Cash flows from operating activities**

Cash flows from operating activities are specified at main items from insurance and investment operations and paid taxes, without the non-cash operating items.

#### **Cash flows from investing activities**

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of activities and investments.

#### **Cash flows from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as payment of dividends to shareholders.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand as well as deposits with credit institutions.

Cash and cash equivalents in the end of the year is obtained from Cash and cash equivalents in the beginning of the year, changes exchange rates and gross movements from the items above through the year.

### **FIVE-YEAR SUMMARY**

The Five-year summary shows the development in the accounts and financial ratios. The Financial ratios are calculated according to "Methods for calculating Financial Ratios & Graphs".



# METHODS FOR CALCULATING *Financial ratios*

## Claims ratio net of reinsurance (percent):

$$\frac{\text{Claims net of reinsurance} \times 100}{\text{Premiums earned net of reinsurance less bonuses and rebates}}$$

*The claims ratio may be calculated net of reinsurance or in gross terms.*

## Cost ratio net of reinsurance (percent):

$$\frac{\text{Total insurance operating expenses net of reinsurance} \times 100}{\text{Premiums earned net of reinsurance less bonuses and rebates}}$$

*The cost ratio may be calculated net of reinsurance or in gross terms.*

## Return on shareholders' funds (percent):

$$\frac{\text{Profit for the year} \times 100}{\text{Average shareholders' funds}}$$

## Solvency coverage:

$$\frac{\text{Capital base}}{\text{Solvency margin}}$$

## Profit after tax margin (percent):

$$\frac{\text{Profit for the year} \times 100}{\text{Gross premiums earned less bonuses and rebates}}$$

# METHODS FOR CALCULATING

## *Financial graphs*

### **Combined ratio net of reinsurance (percent):**

Claims ratio net of reinsurance + Cost ratio net of reinsurance

*The combined ratio may be calculated net of reinsurance or in gross terms.*

### **Administrative expenses (percent):**

$$\frac{\text{Administrative expenses} \times 100}{\text{Gross premiums earned less bonuses and rebates}}$$

### **Acquisition costs (percent):**

$$\frac{\text{Acquisition costs} \times 100}{\text{Gross premiums earned less bonuses and rebates}}$$

# FIVE-YEAR SUMMARY

	DKK 1,000				
	2000	2001	2002	2003	2004
Gross premiums written	970,269	1,151,500	1,286,500	1,269,487	1,354,129
Gross claims paid	566,676	611,383	622,406	614,602	679,829
Premiums earned net of reinsurance	903,407	523,648	613,886	610,133	660,833
Claims net of reinsurance	539,258	259,922	308,678	296,230	332,080
Total insurance operating expenses net of reinsurance	363,360	213,905	210,336	186,915	214,610
Technical profit on insurance operations	26,423	63,049	103,893	131,223	114,699
Total profit/loss on investment operations after transfer of technical interest	- 8,063	13,471	20,179	39,261	29,886
Profit for the year before tax	18,360	80,520	124,072	170,484	144,585
Profit for the year	6,462	55,841	85,356	118,032	103,514
Run-off profit net of reinsurance	27,620	59,442	74,225	82,968	33,676
Insurance provisions net of reinsurance	472,768	279,765	283,942	261,823	268,683
Shareholders' funds	252,660	232,501	317,857	435,889	539,403
Total assets	812,125	1,028,502	1,021,391	1,093,348	1,253,246
Number of employees	232	262	287	327	354
<b>FINANCIAL RATIOS (percent)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Claims ratio net of reinsurance	59.7	49.6	50.6	48.9	50.9
Cost ratio net of reinsurance	40.2	40.8	34.5	30.8	32.9
Return on shareholders' funds	2.6	23.0	31.0	31.3	21.2
Solvency coverage	1.7	2.2	2.9	3.8	4.5
Profit after tax margin	0.7	5.1	7.0	9.7	8.0

# PROFIT AND LOSS ACCOUNT FOR 2004

NOTES

DKK 1,000

	2004	2003	
1	Gross premiums written	1,354,129	1,269,487
2	Reinsurance premiums paid	- 660,418	- 635,743
	Change in gross premium provisions	- 60,009	- 53,298
2	Change in reinsurance share of premium provisions	27,131	29,687
	<b>Premiums earned net of reinsurance</b>	<b>660,833</b>	<b>610,133</b>
	<b>Technical interest net of reinsurance</b>	<b>8,737</b>	<b>8,319</b>
	Gross claims paid	- 679,829	- 614,602
2	Reinsurance cover received	335,933	308,565
	Change in gross provisions for claims	22,740	26,936
2	Change in reinsurance share of provisions for claims	-10,924	-17,129
3	<b>Claims net of reinsurance</b>	<b>- 332,080</b>	<b>- 296,230</b>
4	<b>Bonuses and rebates net of reinsurance</b>	<b>- 8,181</b>	<b>- 4,084</b>
5	Acquisition costs	- 269,269	- 240,546
6	Administrative expenses	- 248,443	- 234,290
2	Commissions and profit commissions from reinsurance companies	303,102	287,921
	<b>Total insurance operating expenses net of reinsurance</b>	<b>- 214,610</b>	<b>- 186,915</b>
7	<b>TECHNICAL PROFIT ON INSURANCE OPERATIONS</b>	<b>114,699</b>	<b>131,223</b>
	Income from associated undertakings	- 3	10
	Interests and dividends, etc.	36,260	32,950
8	Realised gains on investment assets	12,943	5,372
	<b>Total income from investment assets</b>	<b>49,200</b>	<b>38,332</b>
8	<b>Unrealised gains on investment assets</b>	<b>6,530</b>	<b>9,378</b>
	Administrative expenses in connection with investment operations	- 3,231	- 1,990
	Interest expenses	0	- 213
8	Realised losses on investment assets	0	0
	<b>Total expenses in connection with investment assets</b>	<b>- 3,231</b>	<b>- 2,203</b>
8	<b>Unrealised losses on investment assets</b>	<b>0</b>	<b>0</b>
	<b>Exchange rate adjustment</b>	<b>- 13,876</b>	<b>2,073</b>
	<b>Transferred to technical interest</b>	<b>- 8,737</b>	<b>- 8,319</b>
	<b>TOTAL PROFIT ON INVESTMENT OPERATIONS</b>	<b>29,886</b>	<b>39,261</b>
	<b>Ordinary profit before tax</b>	<b>144,585</b>	<b>170,484</b>
9	Tax	- 41,071	- 52,452
	<b>PROFIT FOR THE YEAR</b>	<b>103,514</b>	<b>118,032</b>

# ASSETS AS AT 31 DECEMBER 2004

## NOTES

DKK 1,000

INTANGIBLE ASSETS		2004	2003
10	IT development projects	13,896	6,379
	<b>Total IT development projects</b>	<b>13,896</b>	<b>6,379</b>
INVESTMENT ASSETS			
11	Shares in associated undertakings	237	240
	<b>Total investments in associated undertakings</b>	<b>237</b>	<b>240</b>
OTHER FINANCIAL INVESTMENT ASSETS			
12	Shares	86,219	66,723
13	Units in unit trusts	34,408	25,171
14	Bonds	792,619	720,663
	<b>Total other financial investment assets</b>	<b>913,246</b>	<b>812,557</b>
	<b>Total investment assets</b>	<b>913,483</b>	<b>812,797</b>
DEBTORS			
	Premium amount owed by policyholders	39,160	44,989
	Amount owed by associated undertakings	1,500	900
19	Deferred tax assets	20,270	20,102
19	Corporation tax	862	0
	Other debtors	52,887	23,799
	<b>Total debtors</b>	<b>114,679</b>	<b>89,790</b>
OTHER ASSETS			
15	Operating equipment	17,205	9,078
	Cash at bank and in hand and demand deposits	111,547	97,562
	<b>Total other assets</b>	<b>128,752</b>	<b>106,640</b>
PREPAYMENTS AND ACCRUED INCOME			
	Accrued interest	10,786	12,328
	Deferred acquisition costs	57,153	51,809
	Other prepayments	14,497	13,605
	<b>Total prepayments and accrued income</b>	<b>82,436</b>	<b>77,742</b>
TOTAL ASSETS			
	<b>Total assets</b>	<b>1,253,246</b>	<b>1,093,348</b>

# LIABILITIES AS AT 31 DECEMBER 2004

NOTES

DKK 1,000

SHAREHOLDERS' FUNDS		2004	2003
	Share capital	95,000	95,000
	Share premium account	0	25,000
	Security fund	53,830	53,830
	Reserve for net revaluation acc. to the equity method	2	5
	<b>Total reserves</b>	<b>148,832</b>	<b>173,835</b>
	Retained profit and loss account	390,571	262,054
16	<b>Total shareholders' funds</b>	<b>539,403</b>	<b>435,889</b>
INSURANCE PROVISIONS			
	Gross premium provisions	386,924	354,848
	Reinsurance share of premium provisions	- 199,926	- 186,524
17	<b>Premium provisions net of reinsurance</b>	<b>186,998</b>	<b>168,324</b>
	Gross claims provisions	159,113	191,031
	Reinsurance share of provisions for claims	- 86,053	- 102,946
18	<b>Claims provisions net of reinsurance</b>	<b>73,060</b>	<b>88,085</b>
4	Provision for bonuses and rebates net of reinsurance	8,625	5,414
	<b>Total insurance provisions net of reinsurance</b>	<b>268,683</b>	<b>261,823</b>
OTHER PROVISIONS			
	Provisions for pensions and similar obligations	10,502	8,495
	<b>Total provisions for other risks and expenses</b>	<b>10,502</b>	<b>8,495</b>
DEBT			
	Creditors arising out of reinsurance operations	281,014	257,900
19	Corporation tax	0	2,047
	Other current liabilities	97,519	88,914
	<b>Total debt</b>	<b>378,533</b>	<b>348,861</b>
DEFERRED INCOME			
	Deferred income	56,125	38,280
	<b>Total deferred income</b>	<b>56,125</b>	<b>38,280</b>
TOTAL LIABILITIES			
	<b>Total liabilities</b>	<b>1,253,246</b>	<b>1,093,348</b>
20	Contingencies and commitments		
21	Directorships and executive positions		

# CASH FLOW STATEMENT

DKK 1,000

CASH FLOW FROM OPERATING ACTIVITIES	2004	2003
Premiums	1,346,583	1,277,969
Claims incurred and benefits paid	- 677,643	- 614,602
Outward business	20,663	- 22,327
Expenses	- 519,825	- 462,167
Acquisitions of furniture, IT-equipment, etc.	-22,477	- 10,692
<b>Cash flow from insurance operations</b>	<b>147,301</b>	<b>168,181</b>
Interests and dividends, etc.	39,287	33,082
Tax	- 44,016	- 65,353
<b>Total Cash flow from operating activities</b>	<b>142,572</b>	<b>135,910</b>

INVESTMENTS		
Acquisition / disposal of shares / units in unit trusts, net	- 23,124	12,682
Acquisition / disposal of bonds, net	- 77,061	- 122,270
Acquisition of associated undertakings	0	0
<b>Total cash flow from investments</b>	<b>- 100,185</b>	<b>- 109,588</b>

FINANCING		
Dividend paid	0	0
Capital increase	0	0
<b>Total cash flow from financing</b>	<b>0</b>	<b>0</b>

CHANGE IN CASH AND CASH EQUIVALENTS		
Change in cash and cash equivalents, gross	42,387	26,322
Value adjustment of cash and cash equivalents, beginning of year	-28,402	- 40,059
<b>Change in cash and cash equivalents, net</b>	<b>13,985</b>	<b>- 13,737</b>
Cash and cash equivalents, beginning of year	97,562	111,299
<b>Cash and cash equivalents, end of year</b>	<b>111,547</b>	<b>97,562</b>

Cash and cash equivalents consist of cash at bank and in hand as well as deposits with credit institutions.

# NOTES

DKK 1,000

1	GROSS PREMIUMS WRITTEN	2004	2003
	Direct insurance		
	Denmark	130,253	106,918
	Other EU member states	176,357	168,649
	Other countries	1,037,955	986,704
	Total direct insurance	<u>1,344,565</u>	<u>1,262,271</u>
	Indirect insurance	9,564	7,216
	<b>Total gross premiums written</b>	<b><u>1,354,129</u></b>	<b><u>1,269,487</u></b>
	The above mentioned total gross premiums written includes primarily policies effected within the "Individual accident and health insurance" class.		
2	CEDED REINSURANCE	2004	2003
	Ceded reinsurance premium	- 633,287	- 606,056
	Ceded reinsurance claims	325,009	291,436
	Commissions and profit commissions from reinsurance companies	303,102	287,921
	<b>Net ceded reinsurance</b>	<b><u>- 5,176</u></b>	<b><u>- 26,699</u></b>
3	RUN-OFF PROFIT	2004	2003
	In Claims net of reinsurance are included the following run-off results		
	Gross run-off profit	37,388	97,096
	Run-off profit of reinsurance	<u>3,712</u>	<u>14,128</u>
	<b>Run-off profit net of reinsurance</b>	<b><u>33,676</u></b>	<b><u>82,968</u></b>
4	BONUSES AND REBATES NET OF REINSURANCE	2004	2003
	Bonuses and rebates paid	<u>4,970</u>	<u>1,789</u>
	Bonuses and rebates net of reinsurance, beginning of year	- 5,414	- 3,119
	Bonuses and rebates net of reinsurance, end of year	<u>8,625</u>	<u>5,414</u>
	Change in provisions	<u>3,211</u>	<u>2,295</u>
	<b>Total bonuses and rebates net of reinsurance</b>	<b><u>8,181</u></b>	<b><u>4,084</u></b>
5	ACQUISITION COSTS	2004	2003
	Commissions	208,159	191,771
	Acquisition costs	<u>61,110</u>	<u>48,775</u>
	<b>Total acquisition costs</b>	<b><u>269,269</u></b>	<b><u>240,546</u></b>

DKK 1,000

6 ADMINISTRATIVE EXPENSES	2004	2003
Salaries and wages, fees, etc.	124,334	126,236
Current pension contributions	12,021	10,998
Other expenses	105,255	88,581
Depreciation and amortisation	6,833	8,475
<b>Total administrative expenses</b>	<b><u>248,443</u></b>	<b><u>234,290</u></b>
Audit fees:		
Fee for statutory audit:		
KPMG	828	800
Kristian J. Krogsgaard	84	88
Non-audit fees:		
KPMG	690	506
Salaries and wages	105,002	104,367
Pensions	12,021	10,998
Social security contributions	1,970	2,089
<b>Total remuneration to employees</b>	<b><u>118,993</u></b>	<b><u>117,454</u></b>
The remuneration to the Board of Directors totalled DKK 1,150 thousand. Salaries and pensions to the Management totalled DKK 5,340 thousand and DKK 595 thousand, respectively.		
Average number of full-time employees	354	327

7 SPECIFICATION OF TECHNICAL PROFIT ON INSURANCE OPERATIONS 2004			
	Direct Business	Indirect Insurance	Total
Gross premiums written	1,344,565	9,564	1,354,129
Gross premiums earned	1,285,956	8,164	1,294,120
Gross claims	- 653,012	- 4,077	- 657,089
Bonuses and rebates	- 8,181	0	- 8,181
Commissions*	- 206,837	- 1,322	- 208,159
Acquisition costs*	- 60,722	- 388	- 61,110
Administrative costs*	- 246,848	- 1,595	- 248,443
Profit/loss on reinsurance ceded	- 4,505	- 671	- 5,176
Technical interest net of reinsurance	8,682	55	8,737
<b>Technical profit on insurance operation</b>	<b><u>114,533</u></b>	<b><u>166</u></b>	<b><u>114,699</u></b>
* The above mentioned amounts for Insurance operating expenses and Technical interest net of reinsurance are calculated by allocation.			

DKK 1,000

8	CAPITAL GAINS AND LOSSES	2004	2003
	Shares	8,029	14,671
	Units in unit trusts	702	215
	Bonds	10,742	- 136
	<b>Total capital gains and losses</b>	<b><u>19,473</u></b>	<b><u>14,750</u></b>
	Capital gains and losses, net total, appear as follows:		
	Realised gains on investment assets	12,943	5,372
	Unrealised gains on investment assets	6,530	9,378
	Realised losses on investment assets	0	0
	Unrealised losses on investment assets	0	0
	<b>Total capital gains and losses</b>	<b><u>19,473</u></b>	<b><u>14,750</u></b>
9	TAXATION	2004	2003
	Estimated tax on the taxable income	41,218	52,987
	Prior year adjustment	- 111	- 182
	Deferred tax adjustment for the year	- 36	- 353
	<b>Tax on the profit for the year</b>	<b><u>41,071</u></b>	<b><u>52,452</u></b>
	Tax on the profit/loss for the year only pertains to profit/loss on ordinary activities and can be broken down as follows:		
	Profit before tax	144,585	170,484
	Of which 30%	43,376	51,145
	Adjustment tax assets	- 3,559	666
	Other tax	1,254	641
	<b>Tax on the profit for the year</b>	<b><u>41,071</u></b>	<b><u>52,452</u></b>
10	IT DEVELOPMENT PROJECTS	2004	2003
	Total costs, beginning of year	6,972	0
	Additions	9,481	6,972
	Total costs, end of year	<u>16,453</u>	<u>6,972</u>
	Accumulated amortisation, beginning of year	593	0
	Amortisation	1,964	593
	Accumulated amortisation, end of year	<u>2,557</u>	<u>593</u>
	<b>Total balance, end of year</b>	<b><u>13,896</u></b>	<b><u>6,379</u></b>
	Amortisation period	5 years	5 years

DKK 1,000

11	SHARES IN ASSOCIATED UNDERTAKINGS	2004	2003
	Total costs, beginning of year	235	235
	Additions	0	0
	Total costs, end of year	<u>235</u>	<u>235</u>
	Total revaluations, beginning of year	5	- 4
	Revaluation of the year	0	9
	Loss of the year	- 3	0
	Total revaluations, end of year	<u>2</u>	<u>5</u>
	<b>Balance sheet value, end of year</b>	<b><u>237</u></b>	<b><u>240</u></b>
	The value of participating interests in associated undertakings can be broken down as follows		
	Forsikringens DataCenter K/S	158	158
	Forsikringsselskabernes Data Central Aps	79	82
	<b>Total share in associated undertakings</b>	<b><u>237</u></b>	<b><u>240</u></b>
		<b>Holding %</b>	<b>Latest published result</b>
	<b>Name:</b>		<b>Latest published shareholders' funds</b>
	Forsikringens DataCenter K/S, registered office Ballerup	31.7	0
	Forsikringsselskabernes Data Central Aps, registered office Ballerup	33.3	- 10
	Forsikringens DataCenter K/S' activities concern sales of IT production and system development and maintenance of insurance systems for the limited partners as well as external customers.		
	Forsikringsselskabernes Data Central Aps' only activity is to be general partner in Forsikringens DataCenter K/S.		
12	SHARES	2004	2003
	Cost	88,854	63,969
	<b>Balance sheet value, end of year</b>	<b><u>86,219</u></b>	<b><u>66,723</u></b>
13	UNITS IN UNIT TRUSTS	2004	2003
	Cost	34,711	24,957
	<b>Balance sheet value, end of year</b>	<b><u>34,408</u></b>	<b><u>25,171</u></b>

DKK 1,000

14	BONDS	2004	2003
	Cost	801,575	727,809
	<b>Balance sheet value, end of year</b>	<b><u>792,619</u></b>	<b><u>720,663</u></b>

15	OPERATING EQUIPMENT	2004	2003
	Total costs, beginning of year	64,897	61,177
	Additions	12,996	3,720
	Disposals	- 27,157	0
	Total costs, end of year	<u>50,736</u>	<u>64,897</u>
	Accumulated depreciation, beginning of year	55,819	47,937
	Depreciation	4,869	7,882
	Disposals	- 27,157	0
	Accumulated depreciation, end of year	<u>33,531</u>	<u>55,819</u>
	<b>Total balance, end of year</b>	<b><u>17,205</u></b>	<b><u>9,078</u></b>
	Depreciation period	3 and 5 years	3 and 5 years

16	SHAREHOLDERS' FUNDS	2004	2003
	Shareholders' funds, beginning of year	435,889	317,857
	Result of the year	103,517	118,027
	Revaluation of associated undertakings	- 3	5
	<b>Shareholders' funds, end of year</b>	<b><u>539,403</u></b>	<b><u>435,889</u></b>
	Share capital	95,000	95,000
	Share premium account	-	25,000
	Security fund	53,830	53,830
	Reserve for net revaluation acc. to equity method	2	5
	Retained profit and loss account	390,571	262,054
	<b>Balance, end of year</b>	<b><u>539,403</u></b>	<b><u>435,889</u></b>

Retained profit and loss account at year-end, DKK 390,571 thousand contains the beginning of year, DKK 262,054 thousand and the profit for the year 2004, DKK 103,514 thousand, the change in valuation of associated undertakings, DKK 3 thousand and the amount from the easing in 2004 binding amount to Share premium account, DKK 25,000 thousand.

Solvency margin	112,081	108,184
Capital base	505,237	409,408

The solvency margin and the capital base have been calculated in accordance with the Danish Financial Supervisory Authority's rules. In relation to shareholders' funds, the capital base has been reduced by the deferred tax assets and intangible assets.

The share capital consists of 5 shares of DKK 900 thousand, DKK 1,800 thousand, DKK 17,300 thousand, DKK 25,000 thousand and DKK 50,000 thousand, respectively. All shares carry the same rights.

The security fund has been allocated from untaxed funds. Subject to the consent of the Danish Financial Supervisory Authority, the security fund may be used to consolidate the technical reserves or otherwise be used for the benefit of the policyholders.

DKK 1,000

17	PREMIUM PROVISIONS	2004	2003
	<b>Gross premium provisions</b>		
	Gross premium provisions, beginning of year	354,848	355,404
	Currency adjustment	- 25,021	- 53,854
	Change in premium provisions	57,097	53,298
	<b>Gross premium provisions, end of year</b>	<b><u>386,924</u></b>	<b><u>354,848</u></b>
	<b>Reinsurance share of premium provisions</b>		
	Reinsurance share of premium provisions, beginning of year	186,524	185,078
	Currency adjustment	- 13,727	- 28,241
	Change in premium provisions	27,129	29,687
	<b>Reinsurance share of premium provisions, end of year</b>	<b><u>199,926</u></b>	<b><u>186,524</u></b>
	<b>Premium provision net of reinsurance</b>		
	Premium provision net of reinsurance, beginning of year	168,324	170,326
	Currency adjustment	- 11,294	- 25,613
	Change in premium provisions	29,968	23,611
	<b>Premium provisions net of reinsurance, end of year</b>	<b><u>186,998</u></b>	<b><u>168,324</u></b>
18	CLAIMS PROVISIONS	2004	2003
	<b>Gross claims provisions</b>		
	Gross claims provisions, beginning of year	191,031	245,899
	Currency adjustment	- 9,178	- 27,932
	Change in claims provisions	- 22,740	- 26,936
	<b>Gross claims provisions, end of year</b>	<b><u>159,113</u></b>	<b><u>191,031</u></b>
	<b>Reinsurance share of claims provisions</b>		
	Reinsurance share of claims provisions, beginning of year	102,946	135,402
	Currency adjustment	- 5,969	- 15,327
	Change in claims provisions	- 10,924	- 17,129
	<b>Reinsurance share of claims provisions, end of year</b>	<b><u>86,053</u></b>	<b><u>102,946</u></b>
	<b>Claims provisions net of reinsurance</b>		
	Claims provisions net of reinsurance, beginning of year	88,085	110,497
	Currency adjustment	- 3,209	- 12,605
	Change in claims provisions	- 11,816	- 9,807
	<b>Claims provisions net of reinsurance, end of year</b>	<b><u>73,060</u></b>	<b><u>88,085</u></b>



# IHI ADDRESSES

## DENMARK - HEAD OFFICE

International Health Insurance danmark a/s  
8 Palaegade, DK-1261 Copenhagen K  
Denmark

Telephone: +45 33 15 30 99  
Fax: +45 33 32 25 60  
E-mail: [ihi@ihi.com](mailto:ihi@ihi.com)

## SPAIN

International Health Insurance danmark a/s  
Edif. Tres Coronas, Portal D, Apt. 202  
Avda. Clemente Díaz Ruiz, 4  
E-29640 Fuengirola (Málaga),  
Spain

Telephone: +34 952 47 12 04  
Fax: +34 952 47 12 08  
E-mail: [spain@ihi.com](mailto:spain@ihi.com)

## FRANCE

International Health Insurance danmark a/s  
Nice-Etoile  
30, Avenue Jean Médecin  
F-06000 Nice, France

Telephone: +33 (0)4 92 17 42 42  
Fax: +33 (0)4 92 17 42 44  
E-mail: [france@ihi.com](mailto:france@ihi.com)

## ISLE OF MAN

International Health Insurance danmark a/s  
1, Sydney Mount, Douglas  
Isle of Man IM1 3DB, British Isles

Telefon: +44 1624 677 412  
Fax: +44 1624 675 856  
E-mail: [iom@ihi.com](mailto:iom@ihi.com)

## UNITED KINGDOM

International Health Insurance danmark a/s  
34, Bedford Row  
London WC1R 4JH, United Kingdom

Telephone: +44 (0) 20 7611 7930  
Fax: +44 (0) 20 7611 7940  
E-mail: [uk@ihi.com](mailto:uk@ihi.com)

## USA - FLORIDA, CORAL GABLES

International Health Insurance danmark a/s  
Two Alhambra Plaza, Suite 802  
Coral Gables, Florida 33134  
USA

Telephone: +1 (305) 476-9200  
Fax: +1 (305) 476-1700  
E-mail: [us@ihi.com](mailto:us@ihi.com)

## BOLIVIA

International Health Insurance danmark - Bolivia S.A.  
Av. San Martin No. 1800  
Edificio Tacuaral, Oficina 203  
Equipetrol  
Santa Cruz, Bolivia

Telephone: +591 3 3412842 / +591 3 3412841  
Fax: +591 3 3412832  
E-mail: [bolivia@ihi.com](mailto:bolivia@ihi.com)

## JAPAN - REPRESENTATIVE OFFICE

International Health Insurance danmark a/s  
Kokaji Building 2F, 3-62-1 Sendagaya, Shibuya-ku  
Tokyo 151-0051, Japan

Telephone: +81 3 34 05 07 94  
Fax: +81 3 34 05 12 94  
E-mail: [info@ihidanmark.jp](mailto:info@ihidanmark.jp)

[www.ihi.com](http://www.ihi.com) – Official website of International Health Insurance danmark a/s

[www.wellbeinguniversity.com](http://www.wellbeinguniversity.com) – IHI Wellbeing University

[www.ivc.dk](http://www.ivc.dk) – International Vaccination Center