

FC020613

~~100002~~
~~20~~

ANNUAL REPORT 2011

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI



A1HX5KEO
A23 21/09/2012 #83
COMPANIES HOUSE
COMPANIES HOUSE

CONTENTS

COMPANY INFORMATION	2
MANAGEMENT'S REVIEW	3
STATEMENT BY THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS	5
INDEPENDENT AUDITOR'S REPORT	6
BALANCE SHEET – ASSETS	8
BALANCE SHEET – LIABILITIES	9
INCOME STATEMENT	10
STATEMENT OF CHANGES IN EQUITY	11
FINANCIAL HIGHLIGHTS AND KEY RATIOS – GROUP	12
FINANCIAL HIGHLIGHTS AND KEY RATIOS – PARENT COMPANY	13
NOTES TO THE FINANCIAL STATEMENTS	14

COMPANY INFORMATION

BOARD OF DIRECTORS

Alan John Turner, Chairman
Thomas James Nichols (Resigned 15th September 2011)
Gareth Howard John Nokes
Clive Paul Thomas (Appointed 15th September 2011)

MANAGEMENT BOARD

Clive Paul Thomas, Chief Executive (Resigned 15th September 2011)
Steven Roger Western (Appointed 15th September 2011)

AUDITORS

Deloitte, Statsautoriseret Revisionspartnerselskab

REGISTRATION

A/S Det Københavnske Reassurance-Compagni
Company reg (CVR) no 87 37 23 16

ADDRESS

C/O Legalink Danmark
Grønningen 17, 1
1270 København K

MANAGEMENT'S REVIEW

2011 was the tenth year that Copenhagen Re has been in run-off and the second year The Enstar Group has had full control over it. The company ceased writing new business immediately following the attack on the World Trade Center in 2001, as the cost of this loss reduced the company's shareholder equity to a level that made it impossible to continue as an active company. The company's sole activity has hereafter been to manage the run-off of reinsurance contracts previously written through its Danish operation as well as a UK registered subsidiary and a UK branch.

Trends in activities and financial position

The result of this year's activities before tax was a profit of DKK 70 million. At the end of 2011 shareholders' equity amounted to DKK 174 million compared to DKK 104 million at the end of 2010. The Company is expected to continue to be profitable.

As a result of various positive and negative developments, net provisions for the Company's own account fell by 16% from DKK 537 million to DKK 453 million. Net provisions declined as a result of normal run-off.

The Company's solvency ratio of 1.3 times the legal minimum as of 31 December 2010 was increased to 2.8 times as of 31 December 2011 due to profits in the year.

Activities in 2011

Due to its structure which includes foreign branches and a foreign subsidiary, Copenhagen Re has liquid assets tied up in the United Kingdom in order to fulfill the capital requirements of the local financial authority. The closure of the Australian branch as of 31 December 2010 means that the capital tied up in Australia has been released during January 2011.

There have been no unusual events in 2011.

Financial results for 2011

The profit before tax for 2011 was DKK 70 million. The result was due to a reduction in estimated ultimate losses and profitable commutations.

The Company's investment income fell from DKK 24 million in 2010 to DKK 8 million in 2011. In 2011 this is equivalent to a return of 1.36%. Interest earned on technical provisions was DKK 7 million in 2011 as well as in 2010. Copenhagen Re's shareholder equity has increased from DKK 104 million at the end of 2010 to DKK 174 million at the end of 2011. Shareholder equity corresponds to 38% of total net provisions, which is 19% higher than last year.

Uncertainty in recognition and Measurement

Due to the ongoing high level of financial and insurance activity in Copenhagen Re, and in light of the prospect of a solvent run-off, Copenhagen Re continues to present its financial statements on a going-concern basis.

As indicated above and in the section on "Special Risks", the calculation of the profit for the year and shareholder equity at 31 December 2011 is still subject to a degree of uncertainty. The company's management has, however, determined assets and liabilities to the best of its ability and finds that the financial statements provide a true and fair view of the company's assets and liabilities, financial position and result for the year.

Financial risks

The Company invests in short to medium term fixed income securities as well as holding cash, and hence is susceptible to general financial development such as price changes of bonds.

The Company's policy regarding investments aims at risk diversification to mitigate these risks.

Special risks

Copenhagen Re's risk of being hit by new events has been negligible for some years. However, due to the basic nature of Copenhagen Re's business, the final outcome of events that have already occurred is subject to

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI Annual Report 2011

uncertainty, as is the outcome of the remaining contracts in the company's portfolio which have not yet been finalised. The uncertainty could lead to positive as well as negative development going forward.

Allocation of result

It is proposed that the company's result for the year of DKK 66,384 thousand, be allocated as follows:

Reserve for revaluation according to equity method	2,994 TDKK
Carried forward	<u>63,390 TDKK</u>
	66,384 TDKK

Events after the balance sheet date

No events have occurred in the period from the balance sheet date until today's date which may change the evaluation of the annual report.

Outlook

The continued run-off of Copenhagen Re will, in 2012, primarily take place via the company's offices in England. Copenhagen Re's Australian branch was closed in 2011.

Premiums are expected to be insignificant in 2012 and onwards. The company expects to report a profit in 2012. This expectation is conditional upon interest rates being stable and claims developments during the year.

Calculation of the company's individual solvency requirement and capital adequacy requirement

It is Supervisory Board's responsibility at least once a year to identify, assess and quantify the risks the Company faces or will face. The Supervisory Board therefore examines the individual risks in the risk groups to assess whether the risks are relevant for the Company and, if so, whether appropriate provisions have been made.

It is also the Supervisory Board's responsibility to determine the security level when calculating the individual solvency requirement. The calculation is based on an internal model which calculates the impact on the Company's capital base of a number of scenarios which have a negative impact when applied to the following risks of the Company:

- Insurance portfolio and provisions (insurance risks)
- Property and financial investment assets (market risks)
- Credit and counterparty risk, operating risks, etc (other risks)

The model calculates a diversification (risk diversification) among the individual risks in the risk groups and overall among the risk groups.

The company's capital adequacy requirement can be calculated as follows:

	31 12 2011	31 12 2010
	<u>DKK '000</u>	<u>DKK '000</u>
Individual solvency requirement	75,780	53,015
Solvency based on development in claims provisions	53,516	60,588
Capital adequacy requirement	75,780	60,588

Directors

The Company's Directors serve on the Board of Directors for the parent company Marlon Insurance Company Limited, and the wholly-owned subsidiary Copenhagen Re UK Limited.

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report of A/S Det Københavnske Reassurance-Compagni for the financial year 1 January to 31 December 2011

The annual report is presented in accordance with the Danish Financial Business Act

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2011 and of their financial performance for the financial year 1 January to 31 December 2011

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein

We recommend the annual report for adoption at the Annual General Meeting

MANAGEMENT BOARD

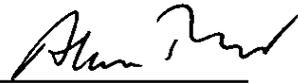
Guildford, England, 26 APRIL 2012



Steven Roger Western

BOARD OF DIRECTORS

Guildford, England, 26 APRIL 2012



Alan John Turner



Clive Paul Thomas



Gareth Howard John Nokes

INDEPENDENT AUDITOR'S REPORT

To the shareholder of A/S Det Københavnske Reassurance-Compagni

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of A/S Det Københavnske Reassurance-Compagni for the financial year 1 January to 31 December 2011, which comprise the accounting policies, income statement, balance sheet, other comprehensive income, statement of changes in equity and notes for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2011, and of the results of their operations for the financial year 1 January to 31 December 2011 in accordance with the Danish Financial Business Act.

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

Statement on the management commentary

Pursuant to the Danish Financial Business Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, April 26, 2012

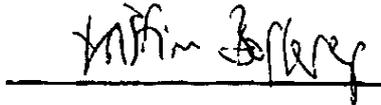
Deloitte

Statsautoriseret Revisionspartnerselskab



Lone Møller Oisen

State Authorised Public Accountant



Kristian Bollerup

State Authorised Public Accountant

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

BALANCE SHEET – ASSETS

DKK'000	Note	Group		Parent Company	
		2011	2010	2011	2010
Investment in subsidiaries					
Capital participation in subsidiaries	1	0	0	155,063	148,352
Total investment in subsidiaries		0	0	155,063	148,352
Other financial investment assets					
Bonds		491,029	328,320	398,241	263,767
Other securities and loans		28,778	40,061	28,778	40,058
Total other financial investment assets		519,807	368,381	427,019	303,825
Reinsurance deposits	2	19,976	19,882	48,079	45,913
Total investment assets		539,782	388,263	630,160	498,090
Reinsurers' shares of provisions for insurance contracts					
Outstanding claims		66,675	110,236	40,601	80,988
Total reinsurers' shares of provisions for insurance contracts		66,675	110,236	40,601	80,988
Debtors					
Amounts due from insurance companies		8,468	46,675	14,766	24,601
Amounts due from affiliated undertakings		0	0	34,819	69,917
Other debtors		315	371	177	297
Total debtors		8,784	47,046	49,762	94,815
Other assets					
Current tax assets	3	0	380	0	380
Cash at bank and in hand		166,775	328,940	70,246	194,332
Total other assets		166,775	329,320	70,246	194,712
Prepayment and accrued income					
Interest due		5,980	3,476	4,957	2,432
Other prepayments and accrued income		2	0	2	0
Total prepayment and accrued income		5,982	3,476	4,959	2,432
Total assets		787,999	878,341	795,728	871,037

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

BALANCE SHEET – LIABILITIES

DKK'000	Note	Group		Parent Company	
		2011	2010	2011	2010
Shareholders' equity					
Share capital		140,000	140,000	140,000	140,000
Reserve for net revaluation based on the equity method of accounting				32,464	25,752
Retained profit		33,614	-36,488	1,150	-62,240
Total shareholders' equity		173,614	103,512	173,614	103,512
Provisions for insurance contracts					
Provisions for outstanding claims	4	519,492	646,939	493,832	619,766
Total provisions for insurance contracts		519,492	646,939	493,832	619,766
Provisions for other risks and costs					
Other provisions	6	16,382	22,377	0	0
Total provisions for other risks and costs		16,382	22,377	0	0
Reinsurance deposits	7	21,508	27,058	3,369	3,497
Creditors					
Creditors from reinsurance		53,968	75,025	77,206	65,316
Amounts owed to subsidiaries		613	649	45,886	76,506
Other creditors		2,423	2,781	1,821	2,440
Total creditors		57,004	78,455	124,913	144,262
Total liabilities		787,999	878,341	795,728	871,037
Contingent liabilities	8				

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

INCOME STATEMENT

DKK'000	Note	Group		Parent Company	
		2011	2010	2011	2010
Premium income					
Gross premiums		6,303	6,615	6,323	6,400
Reinsurance premiums, ceded		-24		-21	0
Total premium income, net of reinsurance	10	6,279	6,615	6,302	6,399
Investment income from insurance business, net of reinsurance		7,224	6,889	7,424	6,802
Claims incurred					
Gross claims paid		-24,442	-54,574	-35,560	-65,945
Claims paid by reinsurers		-970	-6,681	10,148	4,690
Change in gross provisions for claims	4	140,577	72,971	138,227	61,443
Change in provisions for claims, reinsurers' share		-41,905	-22,809	-42,004	-11,418
Total claims incurred, net of reinsurance		73,260	-11,093	70,811	-11,230
Underwriting management expenses					
Acquisition costs	12	-602	-826	-625	-610
Management expenses	13	-17,008	-20,470	-15,700	-16,071
Total underwriting management expenses, net of reinsurance		-17,610	-21,296	-16,325	-16,681
Underwriting profit		69,153	-18,885	68,212	-14,710
Income from investment assets					
Operating profit from subsidiaries	14			2,994	-3,200
Interest and dividends, etc	15	13,135	15,511	10,377	11,537
Gains/losses on investment assets	16	-4,970	8,193	-7,782	6,055
Total profit from investment business, before investment income to insurance income		8,165	23,704	5,589	14,392
Investment income to insurance business, net of reinsurance		-7,224	-6,889	-7,424	-6,802
Total profit from investment business		941	16,815	-1,835	7,590
Profit before tax		70,094	-2,070	66,377	-7,120
Tax	17	7	-2,387	7	-2,387
Profit for the year		70,101	-4,457	66,384	-9,507
Other Comprehensive Income		0	0	0	0
Total income for the year		70,101	-4,457	66,384	-9,507

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

STATEMENT OF CHANGES IN EQUITY

DKK'000	Note	Group		Parent Company	
		2011	2010	2011	2010
Share capital, at the beginning of the year		140,000	140,000	140,000	140,000
		<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>
The share capital consists of 1 share of DKK 140m					
Revaluation reserves, at the beginning of the year				25,753	23,903
Additions				2,994	-3,200
Exchange rate adjustment on shares in subsidiary				3,717	5,050
Disposals				0	0
				<u>32,464</u>	<u>25,753</u>
Opening retained result		-36,487	-32,030	-62,240	-55,933
Brought forward reserve for revaluation based on the equity method of accounting		0	0	-2,994	3,200
Retained profit for the period		70,101	-4,457	66,384	-9,507
Other Comprehensive Income		0	0	0	0
Transferred to proposed dividend		0	0	0	0
		<u>33,614</u>	<u>-36,487</u>	<u>1,150</u>	<u>-62,240</u>
Total shareholder's equity		<u>173,614</u>	<u>103,512</u>	<u>173,614</u>	<u>103,512</u>
Shareholders' equity				173,614	103,512
Solvency margin for subsidiaries and additional deductions				-23,856	-23,854
Capital base				<u>149,758</u>	<u>79,658</u>
Solvency margin				<u>53,516</u>	<u>60,588</u>

FINANCIAL HIGHLIGHTS AND KEY RATIOS – GROUP

Group					
DKKm	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Gross premium income	6	7	11	14	16
Gross claims incurred	116	18	-39	223	-7
Total underwriting management expenses	-17	-21	-52	-44	-40
Result from reinsurance	-43	-29	-8	56	27
Investment income on insurance business	7	5	16	29	44
Underwriting profit/loss	69	-20	-72	277	41
Total profit from investment business	1	18	16	9	30
Profit/loss before tax	70	-2	-56	286	71
Tax	0	-2	-2	-105	-21
Profit/loss for the year	70	-4	-59	181	50
Profit/loss on business in run-off	122	24	-29	235	9
Total technical provisions	519	647	679	653	1,340
Total insurance assets	75	157	170	249	467
Total shareholders' equity	174	104	108	442	261
Total assets	788	878	917	1,363	2,035
Gross claims ratio	-1843%	-278%	349%	-1605%	41%
Gross expense ratio	280%	322%	462%	323%	241%
Combined ratio	-886%	490%	879%	-1717%	282%
Operating ratio	-412%	240%	365%	553%	33%
Relative run-off result	19%	4%	-4%	-4%	1%
Return on equity in % (the relation between the year's result and the year's average shareholders' equity, in total)	51%	-4%	-14%	51%	21%

FINANCIAL HIGHLIGHTS AND KEY RATIOS – PARENT COMPANY

Parent Company					
DKKm	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Gross premium income	6	6	11	12	17
Gross claims incurred	103	-5	-36	218	-13
Total underwriting management expenses	-16	-17	-37	-29	-46
Result from reinsurance	-32	-7	-8	58	32
Investment income on insurance business	7	5	16	28	43
Underwriting profit/loss	68	-16	-55	287	33
Total profit from investment business	-2	9	-36	119	81
Profit/loss before tax	66	-7	-92	406	114
Tax	0	-2	-2	-105	-21
Profit/loss for the year	66	-10	-94	301	93
Profit/loss on business in run-off	108	2	-27	229	3
Total technical provisions	494	620	641	611	1,131
Total insurance assets	55	106	108	174	233
Total shareholders ' equity	174	104	108	442	261
Total assets	796	871	834	1,282	1,728
Gross claims ratio	-1624%	-70%	-326%	-1889%	80%
Gross expense ratio	259%	-261%	-335%	254%	276%
Combined ratio	-865%	436%	-736%	-2135%	356%
Operating ratio	-397%	211%	-304%	-617%	47%
Relative run-off result	17%	0%	-4%	-4%	0%
Solvency Ratio	2 8	1 3	1 3	2 3	2 1
Return on equity in % (the relation between the year's result and the year's average shareholders' equity, in total)	48%	-9%	-24%	73%	36%

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

NOTES TO THE FINANCIAL STATEMENTS

DKK'000	<u>Group</u>		<u>Parent Company</u>	
	2011	2010	2011	2010
NOTE 1 Capital participations in subsidiaries				
Acquisition costs, at the beginning of the year			149,578	144,594
Exchange rate adjustment			3,748	4,984
			153,326	149,578
Revaluation, at the beginning of the year			-1,226	1,908
Exchange rate adjustment			-31	66
Profit from participating interests			2,994	-3,200
			1,737	-1,226
Total book value of subsidiaries			155,063	148,352
The book value includes the following				
Copenhagen Re (U K) (nom GBP 50m, 100% owned)			155,063	148,352
			155,063	148,352
NOTE 2 Reinsurance deposits				
Deposits with insurance companies	19,976	19,882	19,891	19,882
Deposits with subsidiaries	0	0	28,188	26,031
	19,976	19,882	48,079	45,913
NOTE 3 Current tax assets				
Tax amount due, at the beginning of the year	380	7,464	380	7,464
Paid tax in the year	-374	-4,697	-374	-4,697
Prior year adjustment	-6	-525	-6	-525
Calculated tax on profit for the year		-1,862		-1,862
Tax outstanding	0	380	0	380
NOTE 4 Provisions for outstanding claims				
Provisions for outstanding claims, at beginning of the year	646,939	678,642	619,766	641,455
Exchange rate adjustment	13,130	41,268	12,293	39,754
Change in provisions for gross claims	-140,577	-72,971	-138,227	-61,443
Provisions for outstanding claims, at year-end	519,492	646,939	493,832	619,766
NOTE 5 Claim Development				
Number of claims in the year	52	284	37	187
Average claims for losses occurred	470	192	961	353
Claims frequency - reinsurance	0%	0%	0%	0%

NOTES TO THE FINANCIAL STATEMENTS

DKK'000	<u>Group</u>		<u>Parent Company</u>	
	2011	2010	2011	2010
NOTE 6 Other provisions	16,382	22,377	0	0
<p>As a shareholder in LUC Holdings Limited (LUC) the Group subsidiary, The Copenhagen Reinsurance Company (U K) Ltd , together with other shareholders has assumed a liability for the rent and leasing commitments of LUC's wholly owned subsidiary Market Building Limited concerning London Underwriting Centre, 3 Minister Court, London The commitments expire in the year 2016 The provision has been assessed based on an estimation of the result of Market Building Limited's future operation Furthermore, other provisions consist of amounts to staff and other property obligations</p>				
NOTE 7 Reinsurance deposits				
Deposits from insurance companies	21,508	27,058	3,369	3,497
NOTE 8 Contingent liabilities				
<p>As a professional and international reinsurer, the Group is constantly involved in a number of insurance disputes and/or lawsuits, the expected result of which has been included in the Annual Report However, it is obvious that there is a measure of uncertainty with regard to the final outcome The management believes that the conclusion of these matters will not materially affect the financial standing of the Group</p>				
NOTE 9 Pledged assets				
<p>The following amounts are pledged as security for debt and technical provisions</p>				
Cash at bank and in hand	16,174	25,868	13,742	23,333
NOTE 10 Premium income, net of reinsurance				
<p>Gross premium income</p>				
Indirect non life insurance premium	6,303	-548	2,988	-764
Indirect life insurance premium	0	7,163	3,335	7,163
	6,303	6,615	6,323	6,399
Outward reinsurance premiums	0	0	0	0
	6,303	6,615	6,323	6,399
<p>Gross earned premiums relate only to indirect insurance</p>				
NOTE 11 Profit from business in run-off, net of reinsurance				
Gross profit from business in run-off	121,812	24,186	108,344	1,287
Gross profit from business ceded	-42,876	-29,490	-31,856	-6,728
Profit from business in run-off, net of reinsurance	78,937	-5,304	76,488	-5,441

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

NOTES TO THE FINANCIAL STATEMENTS

DKK'000	<u>Group</u>		<u>Parent Company</u>	
	2011	2010	2011	2010
NOTE 12 Acquisition costs				
Commissions	-602	-826	-625	-610
NOTE 13 Management expenses				
Management	-1,327	-5,504	-3,459	-5,363
Services from associated companies	-15,680	-14,966	-12,240	-10,708
	<u>-17,008</u>	<u>-20,470</u>	<u>-15,700</u>	<u>-16,071</u>
NOTE 14 Operating gains from subsidiary				
Copenhagen Re (U K) (nom GBP 50m, 100% owned)			2,994	-3,200
The loss comprises the following items				
Operating profit / loss			2,994	-3,200
Tax			0	0
			<u>2,994</u>	<u>-3,200</u>
NOTE 15 Interest and dividends				
Bonds	12,327	6,049	9,933	5,348
Special terms deposit	918	9,326	609	5,989
Capital participations		40		40
Other interest and dividends	-110	96	-165	160
	<u>13,135</u>	<u>15,511</u>	<u>10,377</u>	<u>11,537</u>
NOTE 16 Exchange rate adjustments				
Capital participations	0	-24	0	-24
Bonds	-5,690	-1,999	-4,820	169
Exchange rate adjustments	720	10,216	-2,962	5,910
Total exchange rate adjustments	<u>-4,970</u>	<u>8,193</u>	<u>-7,782</u>	<u>6,055</u>

A/S DET KJØBENHAVNSKE REASSURANCE-COMPAGNI
Annual Report 2011

NOTES TO THE FINANCIAL STATEMENTS

DKK'000	<u>Group</u>		<u>Parent Company</u>	
	2011	2010	2011	2010
NOTE 17 Tax				
Calculated tax on profit for the year	0	-1,862	0	-1,862
Prior year adjustment	7	-525	7	-525
Change in future tax	0	0	0	0
	7	-2,387	7	-2,387
Effective tax rate				
Current tax rate	25%	25%	25%	25%
Tax on subsidiary results	0%	0%	0%	0%
Prior year adjustment	0%	-25%	0%	-7%
Other adjustments	0%	0%	0%	0%
Valuation allowance for deferred tax assets etc	-25%	-115%	-25%	-51%
Effective tax rate	0%	-115%	0%	-33%
NOTE 18 Employee related expenses				
Salaries	0	0	0	0
Pension	0	0	0	0
	0	0	0	0
Average number of employees	0	0	0	0
Fee to Board of Directors			0	0
Remuneration to management			0	0
			0	0

The directors are not remunerated for their services by the Company. They are employees of Enstar (EU) Limited and are remunerated by Enstar (EU) Limited for their services to the group.

Disclosures regarding Directors' emoluments and staff costs are contained in the financial statements of Enstar (EU) Limited.

NOTE 19 Auditors' fees

Deloitte				
Audits			539	224
Non-audit services			0	0
			539	224

NOTE 20 Equity risk at given Parameter Changes

	Exposure Parameter		Impact on Equity	
	DKKm	change	DKKm	Pct
Interest-bearing instruments	494	Rising rate 0.7%	-6	-3%
Shares	0	Share price 12%	0	0%
Property Prices	0	No property	0	0%
Provisions, net of reinsurance	453	1% change	-5	-3%
Currency risks	175	99.5% probable	-14	-8%
Loss on counterparties	491	1% change	-5	-3%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21 Internal Group transactions

Related parties include other companies owned by Enstar Group Limited

Transactions with related parties

Administrative duties are undertaken on a group-wide basis. All internal group transactions during the financial year have been undertaken at usual arm's length or where there is not a market on a cost coverage basis.

NOTE 22 Ownership

The Company is 100% owned by Marlon Insurance Company Limited which is ultimately owned by Enstar Group Limited.

Marlon Insurance Company

Avaya House
2 Cathedral Hill
Guildford
Surrey
GU2 7YL
United Kingdom

Enstar Group Limited

Windsor Place
3rd Floor
18 Queen Street
Hamilton
HM 11
Bermuda

NOTE 23 Financial highlights and key ratios

Please refer to pages 12 & 13

NOTE 24 Accounting policies

GENERAL INFORMATION

The annual report has been prepared based on the provisions of the Danish Financial Business Act and associated provisions in the executive order issued by the Danish Financial Supervisory Authority on the presentation of financial reports by insurance companies and profession-specific pension funds.

ACCOUNTING POLICIES

The accounting policies are unchanged from 2010.

The principal accounting policies are as follows:

RECOGNITION AND MEASUREMENT

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24 Accounting policies (continued)

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement. Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

FOREIGN CURRENCY

Transactions in foreign currencies during the year are translated at average rates of exchange for the period. Monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Foreign exchange adjustments, other than foreign exchange adjustment of shares in subsidiaries, are recognised in the income statement.

BALANCE SHEET

Investments in group enterprises

Investments in subsidiaries are measured at the parent company's share of the net asset value of the company at the balance sheet date.

Other financial investment assets

Financial instruments are recognised at fair values at the settlement date.

Listed financial instruments are measured at fair value based on the closing price at the balance sheet date or, in the absence of a closing price, another public price deemed to be closest to this price.

Loans, advances and receivables are measured at fair value.

Deferred tax assets

Deferred tax assets are recognised at 25% of all differences between tax base and carrying amount with the addition of tax losses. However, deferred tax is recognised only to the extent that future taxable income is deemed to be able to offset tax losses.

Reserve for net revaluation according to the equity method

This reserve comprises the parent company's share of the combined net profits of subsidiaries and associated undertakings less dividends to the parent company.

Reinsurance assets

Reinsurance premiums ceded and reinsurers' share received are accrued and recognised in the income statement according to the same principles as those applied for the corresponding items under the gross business.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad debts.

Outstanding claims provisions

Outstanding claims provisions comprise the amounts provided at the end of the year against reported but not settled claims as well as amounts for claims incurred but not reported. Claims not reported are estimated against the background of the payment history, and it is thus assumed that the future cash flows will resemble the historical payments. The outstanding claims provisions also include amounts to cover direct costs considered necessary in connection with the runoff of the claims liabilities. The company does not separately discount provisions.

Deposits with ceding companies, payable

Deposits include amounts which are kept to cover insurance liabilities of other insurance companies towards the group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24 Accounting policies (continued)

Other provisions

Liabilities which are uncertain in terms of size or settlement date are recognised as liabilities when it is probable that the liability will require an outflow of the company's financial resources, and the liability can be reliably measured

Provisions are reviewed at each reporting date and adjusted so as to reflect best current estimates

Other provisions comprise expected payments related to the settlement of claims and liabilities in connection with the run-off of the company. The expenses comprise rent obligations and loss-making non-insurance contracts

INCOME STATEMENT

Premium income

Gross premiums comprise premiums due relating to insurance and contracts on which the risk period commenced prior to the end of the financial year, as well as adjustments to already booked premiums concerning prior periods

Technical interest

The technical interest is stated as a calculated return on the year's average technical provisions, net of reinsurance, less deposits with ceding companies. The return is determined on the basis of a rate of interest corresponding to the average bond yield before tax published by the Copenhagen Stock Exchange for all bonds with a term to maturity of less than three years. Interest for the year on deposits with ceding companies is added to the item

Claims incurred

Claims incurred comprise claims paid, adjusted for movements in outstanding claims provisions

Reinsurance

Reinsurance premiums ceded and reinsurers' share received are accrued and taken to the income statement according to the same principles as those applied for the corresponding items under the gross business

Insurance operating expenses

Administrative expenses comprise expenses related to managing the company's insurance portfolio. Administrative expenses are accrued to cover the financial year

Investment income

Investment income comprises income and expenses on the company's investments. As the investments related to insurance operations cannot be clearly separated from other investments, the return on these investments is included in investment income, after which part of the total return is transferred to insurance operations

Income from group enterprises and associates

Income from group enterprises comprises the parent company's share of the profit on ordinary activities of the subsidiaries

Interest, dividends, etc.

Interest, dividends, etc. includes dividends received and interest earned during the financial year

Market value adjustments

Market value adjustments comprise all realised and unrealised gains and losses on investment assets, except for value adjustment of group enterprises and associates

Expenses related to investment activities

The item includes amounts associated with the management of investment assets. Brokerage and commission relating to the purchase and sale of securities is recognised under market value adjustments

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24 Accounting policies (continued)

Tax

Tax includes tax for the year, comprising current tax for the year, changes in deferred tax and prior-year adjustments

FINANCIAL HIGHLIGHTS AND KEY RATIOS

The profit on business in runoff concerning claims incurred in prior financial years is identical to the profit on

The claims ratio is calculated as the ratio of gross claims incurred to gross premium income after bonuses and premium discounts

The expense ratio is calculated as the ratio of gross operating expenses relating to insurance activities to gross premium income

The combined ratio is stated as the sum of the claims ratio, the expense ratio and the net reinsurance ratio

The operating ratio is calculated in the same way as the combined ratio, except that the technical interest is added to gross premium income

The relative runoff result is calculated as the runoff result stated in relation to provisions at the beginning of the year

The return on equity is calculated as the ratio of the profit for the year before and after tax to the average shareholders' equity for the year, net of dividends and other changes in capital

The solvency ratio is calculated as the ratio of the core capital, which is the part of shareholders' equity available to meet the solvency requirement, to the solvency margin, which is the minimum capital requirement

OS AA01

Statement of details of parent law and other information for an overseas company

100002/20



Companies House

What this form is for
You may use this form to accompany your accounts disclosed under parent law

What this form is NOT for
You cannot use this form to an alteration of manner of with accounting requireme

Part 1 Corporate company name

Corporate name of overseas company ①

A/S DET KJOBENHAVNSKE REASSURANCE-COMPAGNI

UK establishment number

B R 0 0 4 1 5 1

→ **Filling in this form**

Please complete in typescript or in bold black capitals

All fields are mandatory unless specified or indicated by *

① This is the name of the company in its home state

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited

Legislation ②

Danish Legislation

② This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box

No Go to Section A3

Yes. Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3

③ Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ③

International Auditing and Assurance Standards Board

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

No Go to Section A5

Yes. Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

No Go to Part 3 'Signature'

Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

① Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ①

Danish Accounting Standards Committee

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

No

Yes

Part 3 Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X

X

This form may be signed by
Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Siobhan Hextall
Company name	Enstar (EU) Limited
Address	Avaya House
2 Cathedral Hill	
Post town	Guildford
County/Region	Surrey
Postcode	G U 2 7 Y L
Country	
DX	
Telephone	

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- The company name and, if appropriate, the registered number, match the information held on the public Register
- You have completed all sections of the form, if appropriate
- You have signed the form

Important information

Please note that all this information will appear on the public record

Where to send

You may return this form to any Companies House address

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk