

# Insurer Profile

The Source For Informed Financial Decision-Making

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## Api International Health Insurance danmark a/s

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Insurer Profile dated 18 July 2005

IHI is recognised as the world's largest provider of international individual health insurance and is also a significant player in the corporate market. IHI services customers world-wide. Gross premiums written grew 7% in 2004 to Dkr 1.4bn.

In June 2005, IHI's owner, EQT, signed an agreement to sell the company to BUPA (not rated).

Earnings are considered to be very strong, with a combined ratio of 82% in 2004 (2003: 79%), driven by a strong and steady loss ratio around 50%. Pre-tax return on equity remains very satisfactory at 28% (2003: 43%).

Capitalisation is considered to be strong. The solvency ratio (net premium written / shareholders funds) has been strong since 2001 when net premium exposure fell dramatically in relation to capital, as a result of increased utilisation of reinsurance support. The ratio was 129% in 2004 (2003: 145%). However, the high utilisation of reinsurance support leaves the company exposed to counterparty credit risk. In 2004 all reinsurance was placed with General Re (AAA/Stable/-) and Converium AG (BBB+/Stable/-).

Technical reserves appear to be at a strong level. Reserves were reduced a little in 2004 and stand now at 30% of net written premium - low compared with other non-life insurers. However, this must be seen in conjunction with the short tail of the business written, and the strong run-off profits recorded over the last 10 years.

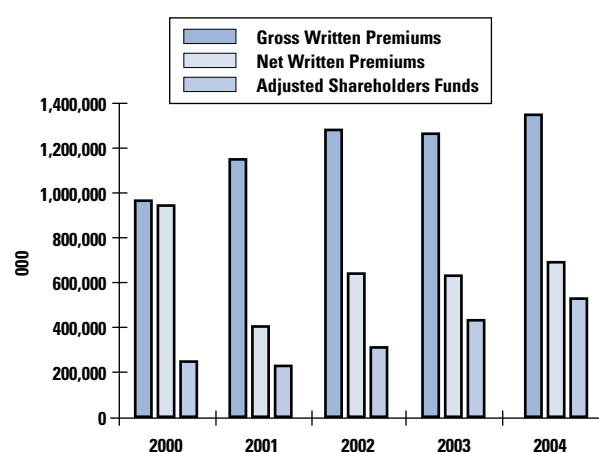
A very strong level of liquidity is noted, with liquid assets covering technical reserves nearly 5x. A low 10% of total assets are invested in equities.

### Two year financial statement (Dkr 000)

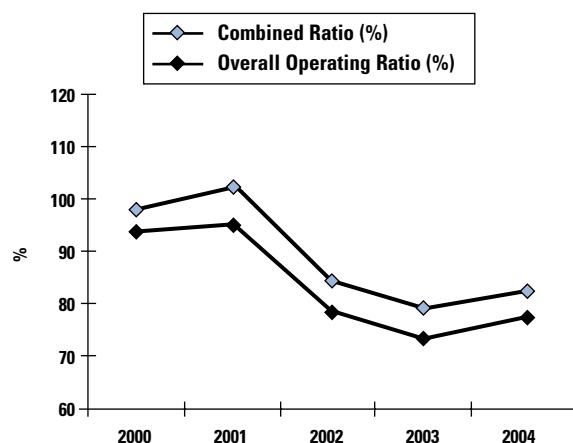
	2003	2004
Adjusted shareholders funds	435,889	539,403
Technical reserves	210,014	211,530
Total assets	1,041,539	1,196,093
Underwriting profit	122,904	105,962
Net investment income	30,757	33,026
Combined ratio (%)	78.7%	82.4%
Overall operating ratio (%)	73.6%	77.4%

\*All financial data as reported in statutory statements.

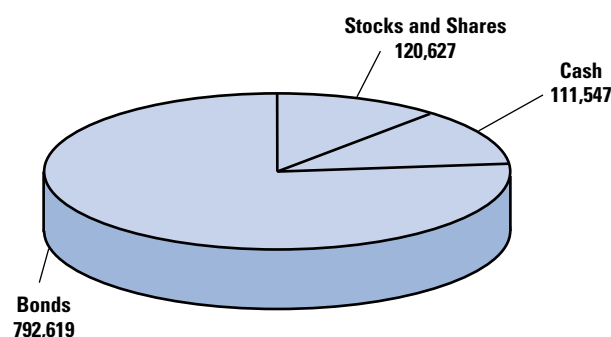
### Dkr (000)



### Combined Ratio and Overall Operating Ratio



### Investment Assets 2004 (Dkr 000)



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Secure Range	
AAA or AAApi	(Extremely Strong)
AA or AAapi	(Very Strong)
A or Api	(Strong)
BBB or BBBpi	(Good)
Vulnerable Range	
BB or BBpi	(Marginal)
B or Bpi	(Weak)
CCC or CCCpi	(Very Weak)
CC or CCpi	(Extremely Weak)

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