

**Global Dental Insurance A/S**  
**Central Business Registration No 35804161**

**Interim Report First Half 2016**

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## **Company details**

### **Company**

Global Dental Insurance A/S

Central Business Registration No: 35804161

Registered in: Gentofte

Internet: [www.globaldentalinsurance.dk](http://www.globaldentalinsurance.dk)

E-mail: [info@globaldentalinsurance.dk](mailto:info@globaldentalinsurance.dk)

### **Board of Directors**

Mark Davidson

Steen Bo Jørgensen

Laura Linda Czelada

Jonathan Stong Groat

Toby Lincoln Hall

### **Executive Board**

Jesper Kjeldsgaard

### **Company auditors**

Pricewaterhousecoopers

Statsautoriseret Revisionspartnerselskab

## Statement by Management on the interim report

The Board of Directors and the Executive Board have today considered and approved the interim report of Global Dental Insurance A/S for the period 1 January to 30 June 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of its financial performance for the period 1 January to 30 June 2016.

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

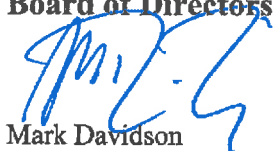
Gentofte, 24 August 2016

### Executive Board



Jesper Kjeldsgaard  
Chief Executive Officer

### Board of Directors

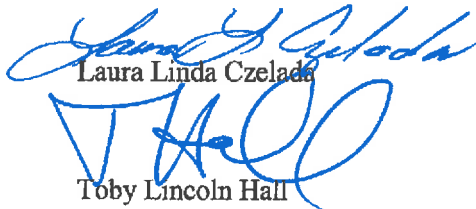


Mark Davidson  
Chairman



Steen Bo Jørgensen

Jonathan Stong Groat



Laura Linda Czelada

Toby Lincoln Hall

## **Management commentary**

### **Primary activities**

#### **Results**

The management is unsatisfied with the negative result but understands that this is a realistic scenario with a startup developing insurance company. The negative result is not a result from adverse risks or a high volume of claims, but due to the high level of cost of starting up operations. Management believes that once the company has grown to a more mature level the costs will proportionally normalize to a more acceptable level.

The management would also like to see the premium income grow more aggressively and projects are being launched to build in more flexibility in the acceptance process. Results of this should become visible during the fourth quarter of 2016.

#### **Solvency**

The management believes that the company's solvency position exceeds the requirements and that the company can meet all its obligations.

#### **Private Market**

We have reduced our marketing efforts to promote Dansk Tandforsikring on television from the second quarter of 2016 and are now focusing more on telesales activities. This is proving to be a more cost efficient method of acquiring new customers. We are continuously improving this process to make it even more effective.

#### **Corporate Market**

We have put a lot of effort into developing the employer market in 2016. We are utilizing several different sales channels to successfully approach this target group. Based on our initial success from the second quarter we expect the largest growth from this segment and are hopeful that similar to private health insurance dental insurance will become an accepted employee benefit.

#### **Insurance Market**

As a specialist in dental insurance and being a member of a group of dental insurance companies in the US with nearly 60 years of experience, GDI, through its sister company Dansk Tandforsikring, is the ideal partner for established, traditional insurance companies. We launched our first partnership in November 2015 and are working on a second partnership during the course of 2016.

## **Significant risks and uncertainties**

### **Business risks**

There are three major risks and uncertainties: Since the product is new on the market the early purchasers are possibly not the healthiest from a risk perspective. This could evolve in adverse selection. Global Dental Insurance does have underwriting procedures and claims controls in place which can decrease this risk. Over time, once the number of policyholders has increased this risk will decrease.

An uncertainty is whether the Danish market responds to the marketing campaigns and to the introduction of the product by purchasing dental insurance. All initial indicators and reactions are fortunately positive.

A third risk is that the subscribers either cancel their policy or decide not to renew their policy, which will impact the gross premium and the growth of the Company.

**Financial exposure**

The financial exposure is limited to the raised capital injected into the Company. There are no other long term commitments.

**Outlook**

Management is encouraged by the adoption of dental insurance as employee benefit and expects the company to grow considerably in this segment in the second half of 2016 and in the years to come. Research is taking place to investigate the market potential in other countries.

The interim report is unaudited and has not been reviewed by the company's auditors.

## Income statement for the period from 1 January to 30 June 2016

	<u>Notes</u>	<u>01.01 - 30.06.2016 DKK</u>	<u>01.01 - 30.06.2015 DKK'000</u>
Gross premiums		5.492.959	1.747
Change in premium provisions		<u>(880.485)</u>	<u>(979)</u>
<b>Premium income net of reinsurance</b>		<b>4.612.474</b>	<b>767</b>
<b>Technical interest</b>		<b><u>(2.115)</u></b>	<b><u>1</u></b>
Claims paid		(1.607.111)	(184)
Change in claims provisions		(56.923)	(333)
Change in risk margin		<u>(4.810)</u>	<u>(29)</u>
<b>Total costs of claims net of reinsurance</b>		<b><u>(1.668.844)</u></b>	<b><u>(546)</u></b>
Acquisition costs		(2.668.966)	(192)
Administrative expenses		<u>(661.711)</u>	<u>(458)</u>
<b>Insurance operating costs, net of reinsurance</b>		<b><u>(3.330.677)</u></b>	<b><u>(650)</u></b>
<b>Technical result</b>		<b><u>(389.163)</u></b>	<b><u>(430)</u></b>
Interest income and dividends		476.230	89
Value adjustments		(459.548)	(1.099)
Interest paid		(12.374)	(7)
Administration expenses in connection with investment activities		<u>(48.370)</u>	<u>(42)</u>
<b>Total investment return</b>		<b><u>(44.062)</u></b>	<b><u>(1.059)</u></b>
Return and value adjustments on insurance provisions		<u>2.445</u>	<u>1</u>
Investment return after return and value adjustments on insurance provisions		<u>(41.617)</u>	<u>(1.058)</u>
<b>Profit/loss before tax</b>		<b><u>(430.780)</u></b>	<b><u>(1.487)</u></b>
Tax		<u>0</u>	<u>343</u>
<b>Profit/loss for the year</b>		<b><u>(430.780)</u></b>	<b><u>(1.145)</u></b>
Other comprehensive income		<u>0</u>	<u>0</u>
<b>Total comprehensive income</b>		<b><u>(430.780)</u></b>	<b><u>(1.145)</u></b>

## Balance sheet at 30 June 2016

	<u>Notes</u>	<u>01.01 - 30.06.2016 DKK</u>	<u>31.12.2015 DKK'000</u>
Bonds		<u>33.742.909</u>	<u>34.595</u>
<b>Investment assets</b>		<u><b>33.742.909</b></u>	<u><b>34.595</b></u>
Receivables from policyholders		3.078.203	1.366
Other receivables		<u>753.948</u>	<u>672</u>
<b>Receivables</b>		<u><b>3.832.151</b></u>	<u><b>2.038</b></u>
Cash at bank		<u>7.417.542</u>	<u>6.068</u>
<b>Other assets</b>		<u><b>7.417.542</b></u>	<u><b>6.068</b></u>
Other prepayments and accrued income		<u>420.260</u>	<u>217</u>
<b>Total other prepayments and accrued income</b>		<u><b>420.261</b></u>	<u><b>217</b></u>
<b>Assets</b>		<u><u><b>45.412.862</b></u></u>	<u><u><b>42.918</b></u></u>



## Balance sheet at 30 June 2016

	<u>Notes</u>	<u>01.01 - 30.06.2016 DKK</u>	<u>31.12.2015 DKK'000</u>
Share capital		42.000.000	42.000
Retained earnings		(2.203.681)	(1.773)
<b>Equity</b>		<b><u>39.796.319</u></b>	<b><u>40.227</u></b>
Premium provisions		2.196.392	1.316
Claims provisions		544.861	488
Risk margin		46.313	42
<b>Provisions for insurance contracts</b>		<b><u>2.787.567</u></b>	<b><u>1.846</u></b>
Creditors arising out of direct insurance operations		1.916.892	190
Debt to affiliated companies		0	0
Other debt		145.039	129
<b>Debt</b>		<b><u>2.061.931</u></b>	<b><u>319</u></b>
<b>Prepayments and accrued income</b>		<b><u>767.045</u></b>	<b><u>526</u></b>
<b>Equity and liabilities</b>		<b><u>45.412.862</u></b>	<b><u>42.918</u></b>
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## Statement of changes in equity for first half of 2016

	Share capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
<b>Equity at 01.01.2015</b>	<b>42.000.000</b>	<b>(73.737)</b>	<b>0</b>	<b>41.926.263</b>
Effect of new executive order on accounting	0	(41.866)	0	(41.866)
<b>Restated equity at 01.01.2015</b>	<b>42.000.000</b>	<b>(116.603)</b>	<b>0</b>	<b>41.884.397</b>
Profit/loss for the year	0	(1.657.298)	0	(1.657.298)
Other total income	0	0	0	0
<b>Equity at 31.12.2015</b>	<b>42.000.000</b>	<b>(1.772.901)</b>	<b>0</b>	<b>40.227.099</b>
Equity at 01.01.2016	42.000.000	(1.731.035)	0	40.268.965
Effect of new executive order on accounting	0	(41.866)	0	(41.866)
<b>Restated equity at 01.01.2016</b>	<b>42.000.000</b>	<b>(1.772.901)</b>	<b>0</b>	<b>40.227.099</b>
Profit/loss for the year	0	(430.780)	0	(666.717)
Other total income	0	0	0	0
<b>Equity at 30.06.2016</b>	<b>42.000.000</b>	<b>(2.203.681)</b>	<b>0</b>	<b>39.796.319</b>

Base capital equals equity.

Solvency requirement equalling the minimum capital requirement amounts to EUR 2.5 million.

## Notes

### 1. Accounting policies

This interim report has been presented in accordance with the provisions of the Danish Financial Business Act and the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession specific pension funds.

The Danish executive order on Financial statements for insurance companies and pension funds has been adapted to the new EU Solvency Rules, Solvency II. The new rules took effect on 1 January 2016.

Solvency II sets down the basic principles for calculation of insurance provisions:

- Best estimate of the present value of expected future cash flows for incurred insurance
- A risk margin to cover the risk of deviation between best estimate and final execution of future cash flows
- An interest rate curve laid down for Solvency II. Global Dental Insurance uses the interest rate curve without adjustments.

### Changes in the accounting policies

Global Dental Insurance has implemented the amendments from the executive order on financial reports for insurance companies and pension funds issued by the Danish FSA from 1 January 2016 as follows.

- The gross premiums are recognized when due. Earlier gross premium were recognized at inception for the entire coverage period.
- The executive order prescribes a change from applying a yield curve issued by the Danish Financial Supervisory Authority to applying a new yield curve published by EIOPA. For Global Dental Insurance this means applying a yield curve at a lower level. The comparative figures from 2015 are restated accordingly. (Global Dental Insurance started their insurance business in 2015).
- Premium provisions are not changed.
- Claims provisions are calculated at present value of best estimate of incurred claims, covered by incurred insurance.
- Risk margin is the amount a business will have to pay an acquirer of an insurance portfolio for taking over the risk that the actual expenses in connection with settlement of insurance provisions deviate from best estimate. At Global Dental Insurance, the risk margin is calculated using the Solvency II model Cost of Capital. Previously, risk margin have not been a separate provision item in the financial statement.

Except from these changes, the accounting policies have been applied consistently with last year. For a full description please refer to the annual accounts of 2015.

The changes have impacted the half year result by (5) t.kr. in loss and the equity as of 30.06.2016 by (5) t.kr. The comparative figures has been changed as follows:

	01.01 -	
	30.06.2015	2015
<b>Income statement</b>		
Technical result	(28)	(42)
Tax	0	0
Profit and loss for the period	(28)	(42)
<b>Statement of financial position</b>	30.06.2015	31.12.2015
Equity	(28)	(42)
Insurance provisions	28	42

## 2. Key Figures

	1. half of 2016	1. half of 2015	1. half of 2014
<b>Profit and Loss</b>			
Gross premiums	4.612.474	767.429	0
Gross claims incurred	(1.668.844)	(546.192)	0
Total operating expenses	(3.330.677)	(650.248)	(108.659)
Result of reinsurance (=net cost)	0	0	0
Underwriting result	(389.163)	(430.424)	(108.659)
Profit/loss of investment after transfer of technical interest	(41.617)	(1.057.678)	22.651
Profit for the year	(430.780)	(1.145.214)	(73.737)
Gross run-off profit/loss	175.895	0	0
Run-off profit/loss, net of reinsurance	175.895	0	0
<b>Assets and Liabilities at</b>			
Insurance assets	0	0	0
Technical provisions	2.787.567	1.312.843	0
Capital and reserves at period-end	39.796.319	40.781.049	41.926.263
Total assets	45.412.862	44.591.529	42.034.922
<b>Key figures</b>			
Gross claims ratio	36,2%	67,4%	-
Gross expense ratio	72,2%	84,7%	-
Reinsurance ratio	0%	0%	-
Combined ratio	108,4%	152,1%	-
Operating ratio	108,7%	152,4%	-
Relative run-off result	1%	0%	-
Return on capital and reserves	-1,7%	-2,6%	-0,18%
Solvency cover	211%	217%	N/A