



Pojišťovna VZP, a.s.  
**Annual Report**

2012



Pojišťovna VZP, a.s.  
**Annual Report**



2012



## CONTENTS

<b>1</b>	A word from the Chairman of the Board	4
<b>2</b>	Basic information about the company	6
<b>3</b>	Organizational Chart of the Company as of 31 December 2012	7
<b>4</b>	Report on Business Activities	8
<b>5</b>	Report on relations between the controlling and controlled entities	10
<b>6</b>	Independent Auditor's Report	14
<b>7</b>	Overview of changes to Owner's equity	17
<b>8</b>	Balance as of 31 December 2012	18
<b>9</b>	Profit and loss account as of 31 December 2012	20
<b>10</b>	Notes to financial statements	22



**Dear clients  
and business partners,**

The meaning of our existence and our mission is to help protect the most valuable thing we all have – our health. Modern medicine can work wonders, but it is often very expensive. Being well insured means being assured of receiving professional care whenever it is needed. It means having one less thing to worry about.

Pojišťovna VZP, a.s. therefore offers its partners and customers a wide range of high quality insurance products proven over many years in the area of private health insurance, and accident and sickness insurance. We subject our customers' demands to regular analysis, which has resulted in our products being completely upgraded during the course of 2012 in order to ensure that they provide the maximum degree of comfort, certainly and insurance protection for the widest range of clients.

But Pojišťovna VZP, a.s. is also expanding beyond its traditional historical focus. This new trend has resulted in an increase in the complexity of the services provided by the company, the launch of new insurance products onto the market and the offering of an extensive range of loyalty discounts and bonuses to our customers.

The past year was a challenging and difficult period for Pojišťovna VZP, a.s. and all of us alike. We had to overcome a whole number of external influences and the changes resulting from these. We modified and configured our internal processes so as to enable them to effectively and efficiently respond to our clients' needs and to market demand. At the same time, we were able to offset the decline in output in the area of health insurance for foreigners and travel insurance, which was caused by the continuing pan-European economic stagnation and the situation on the market for the employment of foreigners in the Czech Republic.

At this time, I am thus pleased to be able to state that in 2012 we were successful in meeting the goals that we had set, and that last year was a very successful one economically. Pojišťovna VZP, a.s. increased its registered capital, expanded its portfolio of

financial placements, thereby bolstering its stability in the market. The company's business plan has been met and the overall financial result for 2012 is favourable.

In conclusion, please allow me to thank you all for your trust and patronage in 2012. Our results in the field of health care insurance, our firm capital base and solvency give our clients the guarantee that we are a strong, stable and reliable partner. At the same time, I am convinced that our insurance company will continue offering highly comfortable insurance products and professional services to a wide spectrum of the general public.



**MUDr. Pavel Horák, CSc.,MBA**  
Pojišťovna VZP, a.s.  
Chairman of the Board of Directors

**Company name:**

Pojišťovna VZP, a.s.

**Registered office of the company:**

Jankovcova 1566/2b, Prague 7, Post Code 170 00

**Identification number:** 271 16 913

**Incorporation of the company and entry into the Commercial Register:**

Entry into the Commercial Register was conducted on 16 January 2004 at the Municipal Court in Prague, Section B, File No. 9100

**Registered capital:** CZK 210,000,000

**Shares:** 1,000 registered shares in book-entry form, each having a nominal value of CZK 210,000

**Shareholders:**

The company's sole shareholder is Všeobecná zdravotní pojišťovna České republiky (General Health Insurance Company of the Czech Republic), with its registered office at Orlická 4/2020, Prague 3, Post Code 130 00, Identification No.: 411 97 518

**Object of business:**

1. Insurance activities performed pursuant to Act No. 277/2009 Coll., on Insurance, as amended (hereinafter referred to as the "Insurance Act"), within the scope of non life insurance classes stipulated in Section B of Annex No. 1 to the Insurance Act under points 1, 2, 3, 8, 9, 13(d), 16(b), (h) and (j), 17 and 18,
2. Activities related to insurance activities, namely – mediation activities undertaken in relation to insurance business under the Insurance Act, – consulting services related to insurance of natural persons and legal entities under the Act on Insurance, – insurance claims investigation carried out under contract with the insurer under the Insurance Act, – educational activities in the insurance industry and other financial services.

**Board of Directors:**

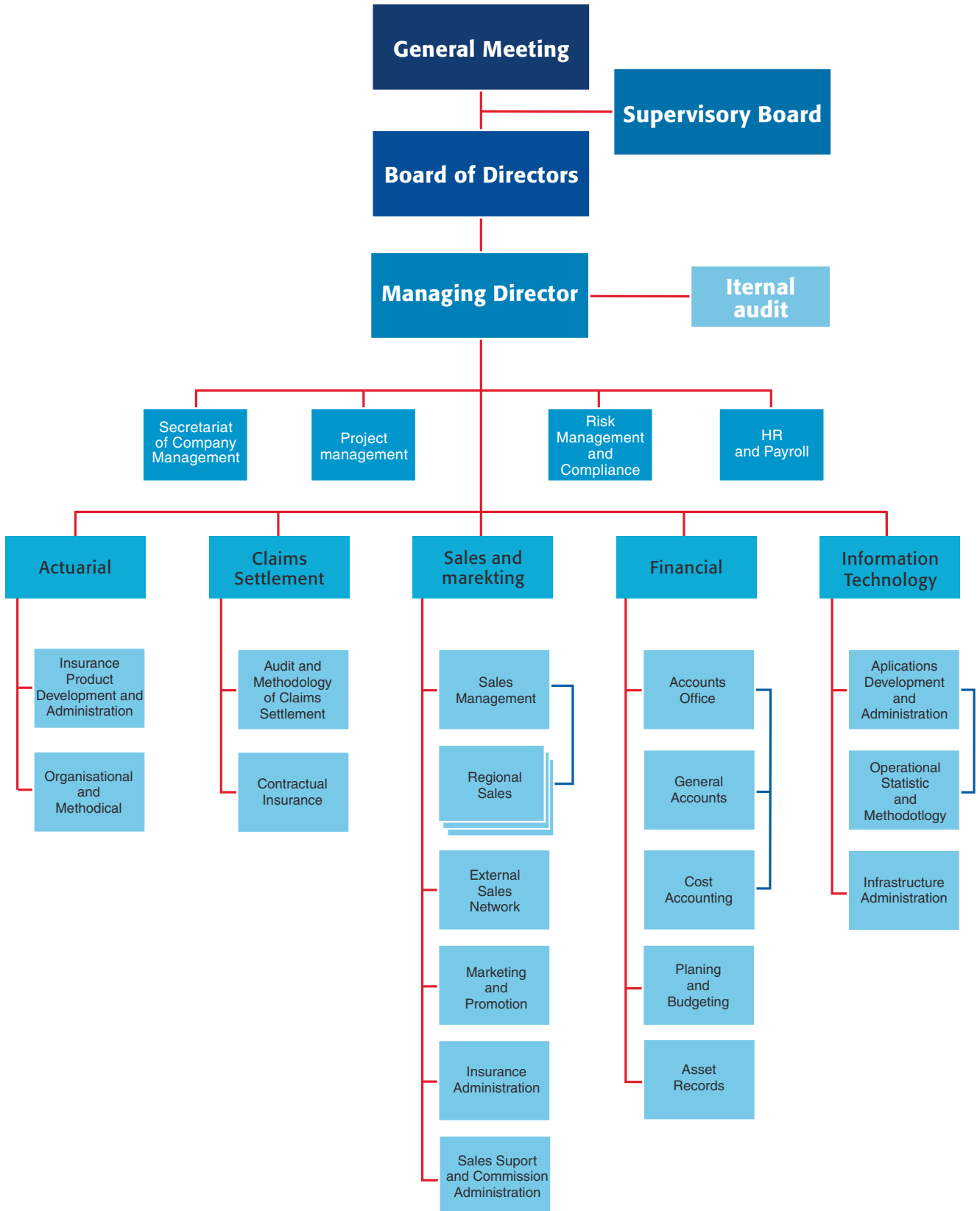
MUDr. Pavel Horák, CSc., MBA	Chairman	in office since 17 September 2009
Ing. Jan Halama, MBA	Vice-Chairman	in office since 11 June 2009
JUDr. Stanislav Trojan	Member	in office since 18 July 2008
Ing. Jaromír Jungbauer	Member	in office since 18 July 2008
Ing. Aleš Zbožínek, MBA	Member	in office since 5 December 2008

**Supervisory Board**

Ing. Martina Šrůtová	Chairwoman	in office since 8 September 2010
Ing. Pavel Ptáčník	Vice-Chairman	in office since 8 September 2010
MUDr. Pavel Vepřek	Member	in office since 1 August 2008

The company is represented jointly by two members of the Board of Directors.





### **STRATEGY EMPLOYED BY POJIŠŤOVNA VZP, a.s.**

The strategy employed by Pojišťovna VZP, a.s. is configured such as to enable all areas of its activity to be as effective as possible and to contribute to client satisfaction and care. To this end, we are developing new products and improving the quality of existing products in order to become a multifunctional insurer to cover a wide range of insurance risks and we are ready to launch these products onto the market.

The strategic objectives of Pojišťovna VZP, a.s., are aimed at ensuring the long-term prospects of the company on the Czech market. To achieve these objectives, the insurance company has in place an implementation team that coordinates and sets the direction for the innovation of insurance products, the creation of new products, streamlining insurance services and simplification all processes so as to deliver a more comfortable experience for existing and new clients and to satisfy their needs.

### **BUSINESS ACTIVITIES**

The focus of the company's business activities is to reduce the concentration of its products and its adaptation to new insurance products.

All existing insurance products were innovated and new products (extended accident insurance as a stand-alone product and property and liability insurance for small and medium businesses) were launched in 2012 in line with the strategic plan and in response to market developments. At the same time, preparations were made for widening the range of products concluded online, especially in the insurance for foreigners field. There was significant expansion in the number of cooperating entities and the opening of additional sales channels in the area of insurance sales and commercial services. Output in 2012 amounted to CZK 430,596,000. As in 2011, the principal products are health insurance for foreigners and travel insurance.

### **CLAIMS SETTLEMENT**

In 2012, the insurance benefit cost, including claims settlement costs, for all products offered by the insurance company totalled CZK 162,101,000. A total of 33,424 insurance claims were registered. As in past years, the insurance company placed emphasis on the speed and quality of the claims settlement process as regards its clients as well as healthcare facilities. This is achieved by a high quality team of loss adjusters, effective cooperation with our business partners, particularly with companies providing assistance services at a professional level and, last but not least, the excellent co-operation with an ever-expanding network of contracted healthcare facilities.

### **REINSURANCE**

Pojišťovna VZP, a.s. has always placed an emphasis on the high rating of the reinsurance companies it co-operates with, as well as the security of operating all of its products.

Based on these requirements, the reinsurance programme employed by Pojišťovna VZP, a.s. in 2012, arranged via Van Breda Risk & Benefits, a reinsurance broker, was built on co-operation with high quality and long-standing business partners, namely Münchener Rück, RGA International Reinsurance Cy Ltd., INTER PARTNER ASSISTANCE, organizační složka and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.

In 2012, the products Insurance of Medical Expenses Incurred Abroad, Basic Health Insurance for Foreigners and Health Insurance for Foreigners were always reinsured using a combination of quota reinsurance and excess of loss reinsurance.

Thanks to an appropriate combination of both types of insurance, we can stated with confidence that the insurance portfolio of Pojišťovna VZP, a.s. is well protected from adverse developments in insurance claims as well as from unforeseeably costly insurance claims.

## **MANAGEMENT AND CONTROL SYSTEM OF POJIŠŤOVNA VZP, a.s.**

The management and control system employed at Pojišťovna VZP is based on a number of internal regulations, from which rights and obligations ensue not only for the insurance company's employees but also for the Board of Directors and the Supervisory Board of the insurance company. The goal of establishing a management and control system at the insurance company is primarily to anchor processes and institutions that allow for the good governance and management of an insurance company, risk management and the proper application of a system of internal control. In 2012, the processes pertaining to risk management and compliance were further developed so that all the requirements placed on the insurance company's management and control system are met.

The management and control system set up at the insurance company is based on the requirements of the Insurance Act and the regulation implementing this law, the insurance company's conditions, whilst also reacting to external and internal changes thereto. A working group for the management and control system of the insurance company was established to bolster the whole system, comprising of the Executive Director, representatives of the Supervisory Board and Deputy/Head of Risk Management and Compliance. Internal Audit has the right to attend the meetings of this working group. The management and control system is configured so as to namely allow:

- for the creation of conditions for economic, effective and efficient performance of the insurance company's activities,
- for the timely identification and evaluation of risks,
- for the provision of timely information to the relevant levels of management on the incidence of serious deficiencies and to give information on the adopted and fulfilled measures for the rectification of these deficiencies,
- for the provision of reasonable assurance of meeting the prescribed objectives.

## **OTHER EVENTS**

No events have occurred subsequent to the balance sheet date that would have any impact on 2012. The company's management is not aware of any post-balance sheet events that would influence, in a significant manner, the company's financial position as of the balance sheet date.

Pojišťovna VZP, a.s. proceeds in accordance with and rigorously adheres to valid labour-law legislation.

## **COMPANY DEVELOPMENTS IN 2013**

In 2013, the insurance company will continue the established strategy of further innovations in existing products and the development of other products in the field of insurance for foreigners, personal, property and liability insurance in order to gradually achieve maximum utilization of all the insurance licenses that it has.

**REPORT ON RELATIONS BETWEEN RELATED PARTIES FOR THE 2012 ACCOUNTING PERIOD**

Given that a so-called controlling agreement has not been concluded between Všeobecná zdravotní pojišťovna České republiky, Orlická 4/2020, Prague 3, Post Code 130 00, Identification No.: 411 97 518 (hereinafter also referred to as "VZP CR"), established under Act No. 551/1991 Coll., on the General Health Insurance of the Czech Republic, as amended (hereinafter also referred to as the "Act"), as the controlling party, and Pojišťovna VZP, a.s., with its registered office at Jankovcova 1566/2b, Prague 7, Holešovice, Post Code 170 00, ID No.: 271 16 913, entered in the Commercial Register maintained by the Municipal Court in Prague (hereinafter also referred to as "Pojišťovna VZP, a.s."), as the controlled party, within the meaning of Section 66a(7) of Act No. 513/1991 Coll., the Commercial Code, as amended (hereinafter also referred to as "ComC"), under which these parties would be subjected to unified management, the Board of Directors of Pojišťovna VZP, a.s. is obliged, pursuant to paragraph 9 of Section 66a of the ComC, to compile a written report within three months of the end of the accounting period on relations between the controlling and the controlled party and on relations between the controlled party and other parties controlled by the same controlling party (hereinafter referred to as the "Report on Relations between Related Parties") for the accounting period from 1 January 2012 to 31 December 2012 (hereinafter also referred to as the "monitored accounting period").

Thus, pursuant to paragraph 9 of Section 66a of the ComC, the Board of Directors of Pojišťovna VZP, a.s., as the board of directors of the controlled party vis-à-vis VZP CR, compiled this Report on Relations between Related Parties for the monitored accounting period, as presented below.

**Controlling party**

VZP CR was the holder of 100% (in words: one hundred percent) of the registered shares of Pojišťovna VZP, a.s. for the duration of the monitored accounting period, and is thus a so-called controlling party within the meaning of Section 66a of the ComC, with the controlling party understood under this Act to mean a party that de facto or de jure exercises, either directly or indirectly, a decisive influence over the control or operation of another party's enterprise.

**Controlled party**

Pojišťovna VZP, a.s. was a subsidiary company of VZP CR for the duration of the monitored accounting period, in which VZP CR, as the sole shareholder, held 100% of the registered shares in Pojišťovna VZP, a.s., with Pojišťovna VZP, a.s. thus being a so-called controlled party pursuant to Section 66a of the ComC vis-à-vis VZP CR, as the parent company.

**Other related parties**

Pojišťovna VZP, a.s. is aware of the fact that VZP CR has an ownership interest in IZIP, a.s., with its registered office at Hvězdova 33, Prague 4, Post Code 140 21, ID No.: 264 33 109 (hereinafter referred to as "IZIP, a.s."). VZP CR held a total of 1,224 certificated bearer shares as at 31 October 2012, which represents a 51% (in words: fifty-one percent) share of the registered capital of IZIP, a.s., as ensues from the minutes from the extraordinary general meeting of IZIP, a.s. held on 31 October 2012.

IZIP, a.s. is thus a party controlled by the same controlling party as that controlling Pojišťovna VZP, a.s., with IZIP, a.s. being a so-called related party vis-à-vis Pojišťovna VZP, a.s. within the meaning of Section 66a of the ComC.

**Relations between the related parties****Relations between VZP and Pojišťovna VZP, a.s.**

VZP CR, as the controlling party, was the 100% (in words: one hundred percent) owner of shares in Pojišťovna VZP, a.s., as the controlled party, for the duration of the monitored accounting period.

VZP CR, as the controlling party, was the holder of a total of 1,030 (in words: one thousand and thirty) registered shares in book-entry form, each having a nominal value of CZK 160,000 (in words: one hundred and sixty thousand Czech crowns) in Pojišťovna VZP, a.s. for the duration of the monitored accounting period, which represented a 100% share of the registered capital of Pojišťovna VZP, a.s. Then, as of 25 April 2012, VZP CR is the holder of a total of 1,000 (in words:

one thousand) registered shares in book-entry form, each having a nominal value of CZK 210,000 (in words: two hundred and ten thousand Czech crowns) in Pojišťovna VZP, a.s., which represents a 100% share of the registered capital of Pojišťovna VZP, a.s.

#### **Relationship between VZP and IZIP, a.s.**

As at 31 December 2012, VZP CR, as the controlling party, was the 51% (fifty-one percent) owner of the shares in IZIP, a.s., as the controlled party.

As at 31 December 2012, VZP CR, as the controlled party, held a total of 1,224 (in words: one thousand two hundred and twenty-four) certificated bearer shares having a nominal value of CZK 1,000 (in words: one thousand Czech crowns) in IZIP, a.s., representing a 51% share of the registered capital of IZIP, a.s.

All relations between VZP CR, as the controlling party, and Pojišťovna VZP, a.s., as the controlled party, as well as relations between Pojišťovna VZP, a.s. and IZIP, a.s., as related parties, ensue from and are regulated by the appropriate provisions of the ComC, or are regulated under civil law contracts pursuant to Act No. 40/1964 Coll., the Civil Code (hereinafter referred to as "CivC"), with regard to and in accordance with the Act.

#### **Contracts concluded between the related parties during the monitored accounting period:**

<b>Contract name</b>	<b>Subject of the contract</b>	<b>Performance rendered</b>
Contract on the Lease of Non-Residential Premises dated 31 January 2012	Under this contract, VZP CR, the controlling party, leased the non-residential premises in Jihlava specified in the contract to Pojišťovna VZP, a.s.	Under this contract, Pojišťovna VZP, a.s. pays the controlling party rent in an amount usual in the place and time.
Protocol on the handover and acceptance of non-residential premises dated 1 February 2012	Physical handover of non-residential premises in Jihlava by the landlord, i.e. VZP CR, including its appurtenances, and its simultaneous acceptance by the tenant, Pojišťovna VZP, a.s.	VZP CR, as the landlord, leased the non-residential premises, including its appurtenances to Pojišťovna VZP, a.s., as the tenant, which simultaneously accepted these premises. No other performance was rendered.
Agreement on the Termination of the Contract on the Lease of Non-Residential Premises, dated 31 January 2012	Under this agreement, the lease of the premises in Jihlava of VZP CR, as the landlord, by Pojišťovna VZP, a.s., as the tenant, was terminated.	No performance was rendered by the controlled party in connection with this agreement.
Protocol on the handover and acceptance of non-residential premises dated 31 January 2012	Pojišťovna VZP, a.s., as the handover party, handed over to VZP CR, as the accepting party, the non-residential premises in Jihlava specified in the protocol, including its appurtenances.	No performance was rendered by the controlled party in connection with this agreement.
Contract on Commercial Representation, dated 16 April 2012	Under this contract, it was agreed that VZP CR, the controlling company, will enjoy the status of a so-called "exclusive insurance agent". VZP CR undertook to co-ordinate the sale of insurance products stipulated in this contract, engage in the long-term development of professional activities aimed at the conclusion of insurance policies, as prescribed by the contract.	Pojišťovna VZP, a.s. as the insurance company, pays VZP CR, as the insurance agent, an agency commission for every insurance policy concluded.
Insurance policy nos. 1875000479 and 1875000490 "Sea Horse" dated 23 May 2012	Under this policy, Pojišťovna VZP, a.s., as the insurer, arranges with VZP CR, as the policyholder, full group travel insurance for all insured under this policy for the Sea Horse 2012 trip.	VZP CR, as the policyholder, pays premiums to Pojišťovna VZP, a.s., as the insurer, on behalf of its clients, as the insured persons. Pojišťovna VZP, a.s. shall pay VZP CR policy-holders insurance benefits in the event of an insurance claim being filed.

## REPORT ON RELATIONS BETWEEN THE CONTROLLING AND CONTROLLED ENTITIES

Contract name	Subject of the contract	Performance rendered
Amendment No. 1 to the Contract on Commercial Representation of 16 April 2012, dated 19 June 2012	Under Amendment No. 1, the Contract on Commercial Representation of 16 April 2012 (hereinafter referred to as the "Contract") was amended and supplemented. An update to the insurance products was made, the rules for the conclusion of insurance policies were supplemented, an adjustment was made to the amount of the agency commission, collection, transfer and settlement of the premiums, furthermore Article XI. of the Contract was repealed and replaced by a new article as well as the repeal of paragraph 3 of Article II. of the Contract and its replacement by a new paragraph.	Pojišťovna VZP, a.s., as the insurance company, pays VZP CR, as the insurance agent, an agency commission for every insurance policy concluded.
Amendment No. 2 to the Contract on Commercial Representation of 16 April 2012, dated 29 June 2012	Under Amendment No. 2, the Contract on Commercial Representation of dated 16 April 2012 (hereinafter referred to as the "Contract") was amended and supplemented. The text of paragraph 3 of Article V. of the Contract was replaced by new wording. Furthermore, paragraph 3 of Article X. of the Contract was repealed and replaced by new wording, with Amendment No. 2 also amending the appendices of the Contract.	Pojišťovna VZP, a.s., as the insurance company, pays VZP CR, as the insurance agent, an agency commission for every insurance policy concluded.
Amendment No. 3 to the Contract on Commercial Representation of 16 April 2012, dated 16 October 2012	Under Amendment No. 3, the Contract on Commercial Representation of dated 16 April 2012 (hereinafter referred to as the "Contract"), the text of paragraph 3 of Article XI. of the Contract is repealed and replaced by its new wording. This amendment also repealing some of the Contract's appendices.	Pojišťovna VZP, a.s., as the insurance company, pays VZP CR, as the insurance agent, an agency commission for every insurance policy concluded.
Agreement on the dissolution of the Contract on the Lease of Non-Residential Premises and other arrangements of 9 July 2012	Under the agreement on the dissolution of the Contract on the Lease of Non-Residential Premises and other arrangements, which was concluded on 30 November 2007, per Amendment No.1 dated 29 June 2009, the above-mentioned contract was dissolved as at 13 July 2012.	No performance was rendered by the controlled party in connection with this agreement.
Contract on the Sub-Lease of Non-Residential Premises dated 9 July 2012	VZP CR, as the tenant, concluded with Pojišťovna VZP, a. s., as the sub-tenant, a contract for the sub-lease of non-residential premises in Jablonec nad Nisou	Under this contract, Pojišťovna VZP, a.s. pays the controlling party rent in an amount usual in the place and time.
Contract on the Provision of VZP CR Products, concluded pursuant to Section 409 et seq of Act No. 513/1991 Coll., the Commercial Code, as amended, dated 6 December 2012	VZP CR, as the seller, concluded with Pojišťovna VZP, a.s., as the purchaser, Contract on the Provision of VZP CR Products (hereinafter referred to as the "Contract"), under which the seller undertook to provide the purchaser with the product defined in this Contract.	The price was determined on the basis of Act No. 526/1990 Coll., on Prices, as amended, as a flat price. The total annual price for the provision of the products was set at CZK 33,200, excluding VAT.
Amendment No. 8 to the Contract on the Lease of Non-Residential Premises dated 7 June 2012	Under this Amendment No. 8, the rent paid by Pojišťovna VZP, a.s., as the tenant, for the lease of non-residential premises in Brno (Brno branch) from VZP CR, as the landlord, was raised by the inflation for 2011 of 1.9%.	Under this Amendment No. 8, the rent for 2012 was raised by the inflation rate for 2011.

Agreement on the Termination of the Contract on the Lease of Non-Residential Premises of 30 November 2007, dated 21 December 2012	Under this agreement, the lease of the premises in Brno of VZP CR, as the landlord, by Pojišťovna VZP, a.s., as the tenant, was terminated.	No performance was rendered by the controlled party in connection with this agreement.
Contract on the Lease of Non-Residential Premises dated 21 December 2012	Pojišťovna VZP, a.s., as the landlord, concluded a Contract on the Lease of Non-Residential Premises with VZP CR, as the tenant.	Under this contract, VZP CR pays the controlled party rent in an amount usual in the place and time determined by a court expert.
Amendment No. 5 to the Contract on the Lease of Non-Residential dated 11 June 2012	Under this Amendment No. 5, the rent paid by Pojišťovna VZP, a.s., as the tenant, for the lease of non-residential premises in Teplice (Teplice branch) from VZP CR, as the landlord, was raised by the inflation for 2011 of 1.9%.	Under this Amendment No. 5, the rent for 2012 was raised by the inflation rate for 2011.
Amendment No. 4 to the Contract on the Lease of Non-Residential dated 11 June 2012	Under this Amendment No. 4, the rent paid by Pojišťovna VZP, a.s., as the tenant, for the lease of non-residential premises in Most (Most branch) from VZP CR, as the landlord, was raised by the inflation for 2011 of 1.9%.	Under this Amendment No. 4, the rent for 2012 was raised by the inflation rate for 2011.

In all the cases when the controlled party, Pojišťovna VZP, a.s., rendered performance to the controlling party, VZP CR, the controlling entity always rendered VZP CR adequate counter-performance, which in each of the above-mentioned contracts was always realised on the basis of market conditions usual at the time and place and in accordance with generally applicable legislation. No contracts were concluded in the monitored accounting period between Pojišťovna VZP, a.s. and IZIP, a.s., as related parties.

#### **Other performance rendered between related parties**

Aside from performance and counter-performance rendered on the basis of the above contracts between Pojišťovna VZP, a.s., as the controlled party, and VZP CR, as the controlling party, no other performance and/or counter-performance was rendered in the monitored accounting period between these parties. No performance and/or counter-performance was rendered in the monitored accounting period between Pojišťovna VZP, a.s. and IZIP, a.s., as related parties.

#### **Other measures carried out in the interest or at the instigation of the controlling party**

No measures over and above the framework of common measures carried out pursuant to the provisions of generally binding legal regulations vis-à-vis the controlling party, were adopted or realised by Pojišťovna VZP, a.s., as the controlled party, in the interest or at the instigation of VZP CR, as the controlling party, during the course of the monitored accounting period.

No measures were adopted or realised by Pojišťovna VZP, a.s. in the interest or at the instigation of IZIP, a.s., as a party related to Pojišťovna VZP, a.s.

#### **Losses incurred by the controlled party and the manner of their settlement**

Pojišťovna VZP, a.s., as the controlled party, did not incur, on the basis of the above-mentioned contracts concluded with VZP CR, as the controlling party, other legal bases, other measures and performance rendered or counter-performance received from VZP CR, any loss, nor did it incur any loss vis-à-vis the company IZIP, a.s., as another related party.

#### **Conclusion**

Based on the above, it can be stated that the mutual relations between Pojišťovna VZP, a.s. and the related parties identified above are proceeding on the basis of contractual relations that are fully in compliance with Act No. 513/1991 Coll., the Commercial Code, as amended, Act No. 40/1964 Coll., the Civil Code, and other generally applicable Czech legislation, in a correct manner and without giving favour to any of the parties.



## Zpráva nezávislého auditora pro akcionáře společnosti

### Pojišťovna VZP, a.s.

#### Zpráva o účetní závěrce

Na základě provedeného auditu jsme dne 27. března 2013 vydali k účetní závěrce, která je součástí této výroční zprávy, zprávu následujícího znění:

„Provedli jsme audit přiložené účetní závěrky společnosti Pojišťovna VZP, a.s., která se skládá z rozvahy k 31. prosinci 2012, výkazu zisku a ztráty za rok končící 31. prosince 2012, přehledu o změnách vlastního kapitálu za rok končící 31. prosince 2012 a přílohy této účetní závěrky, která obsahuje popis použitých podstatných účetních metod a další vysvětlující informace. Údaje o společnosti Pojišťovna VZP, a.s. jsou uvedeny v bodě 1. přílohy této účetní závěrky.

#### *Odpovědnost statutárního orgánu účetní jednotky za účetní závěrku*

Statutární orgán společnosti Pojišťovna VZP, a.s. je odpovědný za sestavení účetní závěrky, která podává věrný a poctivý obraz v souladu s českými účetními předpisy, a za takový vnitřní kontrolní systém, který považuje za nezbytný pro sestavení účetní závěrky tak, aby neobsahovala významné (materiální) nesprávnosti způsobené podvodem nebo chybou.

#### *Odpovědnost auditora*

Naši odpovědnosti je vyjádřit na základě našeho auditu výrok k této účetní závěrce. Audit jsme provedli v souladu se zákonem o auditorech, mezinárodními auditorskými standardy a souvisejícími aplikačními doložkami Komory auditorů České republiky. V souladu s těmito předpisy jsme povinni dodržovat etické požadavky a naplánovat a provést audit tak, abychom získali přiměřenou jistotu, že účetní závěrka neobsahuje významné (materiální) nesprávnosti.

Audit zahrnuje provedení auditorských postupů k získání důkazních informací o částkách a údajích zveřejněných v účetní závěrce. Výběr postupů závisí na úsudku auditora, zahrnujícím i vyhodnocení rizik významné (materiální) nesprávnosti údajů uvedených v účetní závěrce způsobené podvodem nebo chybou. Při vyhodnocování těchto rizik auditor posoudí vnitřní kontrolní systém relevantní pro sestavení účetní závěrky podávající věrný a poctivý obraz. Cílem tohoto posouzení je navrhnout vhodné auditorské postupy, nikoli vyjádřit se k účinnosti vnitřního kontrolního systému účetní jednotky. Audit též zahrnuje posouzení vhodnosti použitých účetních metod, přiměřenosti účetních odhadů provedených vedením i posouzení celkové prezentace účetní závěrky.





Jsme přesvědčeni, že důkazní informace, které jsme získali, poskytují dostatečný a vhodný základ pro vyjádření našeho výroku.

#### **Výrok auditora**

Podle našeho názoru účetní závěrka podává věrný a poctivý obraz aktiv a pasív společnosti Pojišťovna VZP, a.s. k 31. prosinci 2012 a nákladů a výnosů a výsledku jejího hospodaření za rok končící 31. prosince 2012 v souladu s českými účetními předpisy.“

#### **Zpráva o ověření zprávy o vztazích mezi propojenými osobami**

Ověřili jsme věcnou správnost údajů uvedených ve zprávě o vztazích mezi propojenými osobami společnosti Pojišťovna VZP, a.s. za rok končící 31. prosince 2012. Za sestavení této zprávy o vztazích je odpovědný statutární orgán společnosti. Naším úkolem je vydat na základě provedeného ověření stanovisko k této zprávě o vztazích.

Ověření jsme provedli v souladu s AS č. 56 Komory auditorů České republiky. Tento standard vyžaduje, abychom plánovali a provedli ověření s cílem získat omezenou jistotu, že zpráva o vztazích neobsahuje významné (materiální) věcné nesprávnosti. Ověření je omezeno především na dotazování pracovníků společnosti a na analytické postupy a výběrovým způsobem provedené prověření věcné správnosti údajů. Proto toto ověření poskytuje nižší stupeň jistoty než audit. Audit jsme neprováděli, a proto nevyjadřujeme výrok auditora.

Na základě našeho ověření jsme nezjistili žádné skutečnosti, které by nás vedly k domněnce, že zpráva o vztazích mezi propojenými osobami společnosti Pojišťovna VZP, a.s. za rok končící 31. prosince 2012 obsahuje významné (materiální) věcné nesprávnosti.

#### **Zpráva o ověření výroční zprávy**

Ověřili jsme soulad výroční zprávy společnosti Pojišťovna VZP, a.s. k 31. prosinci 2012 s účetní závěrkou, která je obsažena v této výroční zprávě. Za správnost výroční zprávy je zodpovědný statutární orgán společnosti. Naším úkolem je vydat na základě provedeného ověření výrok o souladu výroční zprávy s účetní závěrkou.

Ověření jsme provedli v souladu s mezinárodními auditorskými standardy a souvisejícími aplikačními doložkami Komory auditorů České republiky. Tyto standardy vyžadují, aby auditor naplánoval a provedl ověření tak, aby získal přiměřenou jistotu, že informace obsažené ve výroční zprávě, které popisují skutečnosti, jež jsou též předmětem zobrazení v účetní závěrce, jsou ve všech významných (materiálních) ohledech v souladu s příslušnou účetní závěrkou. Jsme přesvědčeni, že provedené ověření poskytuje přiměřený podklad pro vyjádření výroku auditora.



Podle našeho názoru jsou informace uvedené ve výroční zprávě společnosti Pojišťovna VZP, a.s. k 31. prosinci 2012 ve všech významných (materiálních) ohledech v souladu s výše uvedenou účetní závěrkou.

Praha, 27. března 2013

Mazars Audit s.r.o.  
Číslo oprávnění 158  
Pobřežní 620/3  
186 00 Praha 8

Zastoupená:

Pavel Škraňka  
Partner

Milan Prokopius  
Auditor, číslo oprávnění 2022

## OVERVIEW OF CHANGES TO OWNER'S EQUITY

7

	Registered capital in CZK '000	Reserve funds in CZK '000	Capital funds in CZK '000	Retained profit in CZK '000	Profit (loss) in CZK '000	Total in CZK '000
<b>Balance as of 1 January 2012</b>	<b>164 800</b>	<b>13 817</b>	<b>1 606</b>	<b>6 000</b>	<b>58 151</b>	<b>244 374</b>
Profit/loss for the accounting period	0	0	0	0	39 331	39 331
Dividends	0	0	0	0	-13 000	-13 000
Transfers to funds	0	2 908	3 043	0	-5 951	0
Application of funds	0	0	-2 556	0	0	-2 556
Retained profit	0	0	0	0	0	0
Increase in registered capital	45 200	0	0	-6 000	-39 200	0
<b>Balance as of 31 December 2012</b>	<b>210 000</b>	<b>16 725</b>	<b>2 093</b>	<b>0</b>	<b>39 331</b>	<b>268 149</b>
<b>Balance as of 1 January 2011</b>	<b>149 800</b>	<b>12 619</b>	<b>2 456</b>	<b>0</b>	<b>23 959</b>	<b>188 834</b>
Profit/loss for the accounting period	0	0	0	0	58 151	58 151
Dividends	0	0	0	0	0	0
Transfers to funds	0	1 198	1 761	0	-2 959	0
Application of funds	0	0	-2 611	0	0	-2 611
Retained profit	0	0	0	6 000	-6 000	0
Increase in registered capital	15 000	0	0	0	-15 000	0
<b>Balance as of 31 December 2011</b>	<b>164 800</b>	<b>13 817</b>	<b>1 606</b>	<b>6 000</b>	<b>58 151</b>	<b>244 374</b>



Key	Row number	Prior period (net amount)	Gross amount	Adjustment	Net amount
		1	2	3	4
<b>ASSETS</b>		in thousands CZK (without decimals)			
<b>A. Stock subscriptions receivable</b>	1	0	0	0	0
<b>B. Intangible assets, of which:</b>	2	27 037	142 364	126 606	15 757
a) organization costs	3	0	1 866	1 866	0
b) goodwill	4	0	0	0	0
<b>C. Financial investments</b>	5	342 109	441 815	0	441 815
I. Land and buildings (real-estate), of which:	6	550	135 550	0	135 550
a) operating land and buildings	7	550	2 744	0	2 744
II. Financial investments in subsidiaries and associates	8	0	0	0	0
1. Participating interests in subsidiaries	9	0	0	0	0
2. Debt securities issued by and loans granted to subsidiaries	10	0	0	0	0
3. Participating interests in affiliated undertakings	11	0	0	0	0
4. Debt securities issued by and loans granted to affiliates	12	0	0	0	0
III. Other financial investments	13	341 559	306 265	0	306 265
1. Shares and other variable income securities, other equity interests	14	0	0	0	0
2. Bonds and other debt securities	15	268 559	233 265	0	233 265
3. Investments in investment associations	16	0	0	0	0
4. Other loans	17	0	0	0	0
5. Deposits with financial institutions	18	73 000	73 000	0	73 000
6. Other investments	19	0	0	0	0
IV. Deposits with ceding undertakings	20	0	0	0	0
<b>D. Unit linked life assurance, where the policyholder bears the investment risk</b>	21	0	0	0	0
<b>E. Debtors</b>	22	30 211	32 900	0	32 900
I. Receivables from direct insurance	23	11 312	12 066	0	12 066
1. policyholders	24	1 507	5 475	0	5 475
2. insurance intermediaries	25	9 805	6 591	0	6 591
II. Reinsurance receivables	26	5 125	2 611	0	2 611
III. Other receivables	27	13 774	18 223	0	18 223
<b>F. Other assets</b>	28	65 942	74 092	19 974	54 118
I. Tangible fixed assets other than land and buildings (real-estate) and inventories	29	12 445	28 817	19 974	8 843
II. Cash on accounts with financial institutions and cash in hand	30	53 351	45 146	0	45 146
III. Other assets	31	146	129	0	129
<b>G. Prepayments and accrued income</b>	32	35 821	44 047	0	44 047
I. Accrued interest and rent	33	0	0	0	0
II. Deferred acquisition costs related to insurance contracts, of which:	34	31 902	31 114	0	31 114
a) life insurance	35	0	0	0	0
b) non-life insurance	36	31 902	31 114	0	31 114
III. Other prepayments and accrued income, of which:	37	3 919	12 933	0	12 933
a) estimated accrued income	38	917	2 078	0	2 078
<b>TOTAL ASSETS</b>	<b>39</b>	<b>501 119</b>	<b>735 218</b>	<b>146 580</b>	<b>588 638</b>
<b>LIABILITIES</b>					
<b>A. Equity</b>	<b>40</b>	<b>244 374</b>			<b>268 149</b>
I. Share capital, of which:	41	164 800			210 000
a) changes in capital	42	0			0
b) own shares or own interim certificates, own business shares	43	0			0
II. Share premium	44	0			0
III. Revaluation reserve	45	0			0
IV. Other capital funds	46	0			0
V. Statutory reserve fund	47	15 423			18 818
VI. Retained earnings or accumulated losses brought forward losses brought forward	48	6 000			0

Key	Row number	Prior period (net amount)	Gross amount	Adjustment	Net amount
		1	2	3	4
in thousands CZK (without decimals)					
VII. Profit or loss for the current accounting period	49	58 151			39 331
<b>B. Subordinated debt</b>	<b>50</b>	<b>0</b>			<b>0</b>
<b>C. Technical reserves</b>	<b>51</b>	<b>209 494</b>	<b>257 085</b>	<b>78 910</b>	<b>178 175</b>
1. Unearned premium reserve	52	158 372	180 428	54 448	125 980
of which: a) Provision for unearned premiums related to life insurance	53	0	0	0	0
of which: a) Provision for unearned premiums related to non-life insurance	54	158 372	180 428	54 448	125 980
2. Life assurance reserve	55	0	0	0	0
3. Reserve for claims	56	51 122	76 657	24 462	52 195
of which: a) Provision for claims relating to life insurance	57	0	0	0	0
b) Provision for claims relating to non-life insurance	58	51 122	76 657	24 462	52 195
4. Reserve for bonuses and discounts	59	0	0	0	0
of which: a) Reserve for bonuses and discounts related to life insurance	60	0	0	0	0
b) Reserve for bonuses and discounts related to non-life insurance	61	0	0	0	0
5. Equalisation reserve	62	0	0	0	0
6. Reserves for obligations from the technical interest rate	63	0	0	0	0
7. Non-life insurance reserve	64	0	0	0	0
of which: a) non-life insurance reserve related to life insurance	65	0	0	0	0
b) non-life insurance reserve related to non-life insurance	66	0	0	0	0
8. Other reserves	67	0	0	0	0
of which: a) Other reserves related to life insurance	68	0	0	0	0
b) Other reserves related to non-life insurance	69	0	0	0	0
<b>D. Reserves for unit linked life assurance, where the policyholder bears the investment risk</b>	<b>70</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E. Other provisions</b>	<b>71</b>	<b>1 761</b>			<b>2 336</b>
1. Pension provisions and similar liabilities	72	0			0
2. Tax provisions	73	0			0
3. Other provisions	74	1 761			2 336
<b>F. Deposits received from reinsurers</b>	<b>75</b>	<b>0</b>			<b>0</b>
<b>G. Creditors</b>	<b>76</b>	<b>37 419</b>			<b>114 800</b>
I. Payables from direct insurance	77	820			1 044
II. Payables from reinsurance	78	10 128			2 736
III. Debenture loans, including:	79	0			0
a) convertible loans	80	0			0
IV. Liabilities to financial institutions	81	0			0
V. Other payables, of which:	82	26 471			111 020
a) tax liabilities and liabilities from social and health insurance	83	14 078			2 727
VI. Guarantee fund of the Czech Insurers' Bureau	84	0			0
<b>H. Accruals and deferred income</b>	<b>85</b>	<b>8 072</b>			<b>25 177</b>
I. Accruals and deferred income	86	4 018			21 666
II. Other accruals and deferred income, of which:	87	4 054			3 511
a) estimated accrued expense	88	4 054			3 511
<b>TOTAL LIABILITIES</b>	<b>89</b>	<b>501 119</b>			<b>588 638</b>

Key	Row number	Prior period (result)	Base	Subtotal	Result
	b	1	2	3	4
<b>I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE</b>					
<b>1. Earned premiums, net of reinsurance:</b>	<b>1</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) gross written premiums	2	x	430 596	x	x
b) outward reinsurance premiums	3	x	158 883	271 713	x
c) change in the gross amount of unearned premium reserve (+/-)	4	x	-16 978	x	x
d) portion of change in unearned premium reserve covered by reinsurance (+/-)	5	369 636	15 413	-32 391	304 104
<b>2. Allocated investment return transferred from the non-technical account (item III.6.)</b>	<b>6</b>	<b>3 514</b>	<b>x</b>	<b>x</b>	<b>6 715</b>
<b>3. Other technical income, net of reinsurance</b>	<b>7</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>4. Claims incurred, net of reinsurance::</b>	<b>8</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) paid claims:	9	x	x	x	x
aa) gross amount	10	x	162 101	x	x
ab) share of reinsurance	11	x	65 969	96 131	x
b) change in reserve for claims (+/-):	12	x	x	x	x
ba) gross amount	13	x	14 680	x	x
bb) share of reinsurance	14	118 342	13 607	1 073	97 204
<b>5. Change in other technical reserves, net of reinsurance (+/-)</b>	<b>15</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>6. Bonuses and discounts, net of reinsurance</b>	<b>16</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>7. Net operating expenses:</b>	<b>17</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) claim acquisition costs	18	x	x	84 843	x
b) change in deferred acquisition costs (+/-)	19	x	x	788	x
c) administrative expenses	20	x	x	130 896	x
d) commissions from reinsurers and profit participations	21	175 186	x	47 594	168 933
<b>8. Other technical expenses, net of reinsurance</b>	<b>22</b>	<b>8</b>	<b>x</b>	<b>x</b>	<b>27</b>
<b>9. Change in the equalisation reserve (+/-)</b>	<b>23</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>10. Technical account balance (result) – non-life-insurance business (item III.1.)</b>	<b>24</b>	<b>79 615</b>	<b>x</b>	<b>x</b>	<b>44 656</b>
<b>II. TECHNICAL ACCOUNT – LIFE INSURANCE</b>					
<b>1. Earned premiums, net of reinsurance:</b>	<b>25</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) gross written premiums	26	x	x	0	x
b) outward reinsurance premiums	27	x	x	0	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	28	0	x	0	0
<b>2. Income from financial investments:</b>	<b>29</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) income from equity investments, with special reference to those arising from subsidiaries	30	x	x	0	x
b) income from equity investments, with special reference to those arising from subsidiaries, of which:	31	x	x	x	x
ba) land and buildings	32	x	0	x	x
bb) other financial investments	33	x	0	0	x
c) revaluation gains on financial investments	34	x	x	0	x
d) income from sale of financial investments	35	0	x	0	0
<b>3. Revaluation gains on financial investments</b>	<b>36</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>4. Other technical income, net of reinsurance</b>	<b>37</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>5. Claims incurred, net of reinsurance:</b>	<b>38</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) paid claims:	39	x	x	x	x
aa) gross amount	40	x	0	x	x
ab) share of reinsurance	41	x	0	0	x
b) change in reserve for claims (+/-):	42	x	x	x	x
ba) gross amount	43	x	0	x	x
bb) share of reinsurance	44	0	0	0	0
<b>6. Change in other technical reserves, net of reinsurance (+/-):</b>	<b>45</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) change in reserve for life insurance:	46	x	x	x	x
aa) gross amount	47	x	0	x	x
ab) share of reinsurance	48	x	0	0	x
b) Change in other technical provisions, net of reinsurance	49	0	x	0	0
<b>7. Bonuses and discounts, net of reinsurance</b>	<b>50</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>8. Net operating expenses:</b>	<b>51</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>

Key	Row number	Prior period (result)	Base	Subtotal	Result
	b	1	2	3	4
a) claim acquisition costs	52	x	x	0	x
b) change in deferred acquisition costs (+/-)	53	x	x	0	x
c) administrative expenses	54	x	x	0	x
d) commissions from reinsurers and profit participations	55	0	x	0	0
<b>9. Financial investment expenses</b>	<b>56</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) investment management fees, including interest	57	x	x	0	x
b) change in value of financial investments	58	x	x	0	x
c) cost of sale of financial investments	59	0	x	0	0
<b>10. Revaluation losses on financial investments</b>	<b>60</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>11. Other technical expenses, net of reinsurance</b>	<b>61</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>12. Allocated investment return transferred from the non-technical account (item III.4.)</b>	<b>62</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>13. Allocated investment return transferred from the non-technical account (item III.4.)</b>	<b>63</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>III. NON-TECHNICAL ACCOUNT</b>					
<b>1. Balance on the technical account – non-life-insurance (item I.10.)</b>	<b>64</b>	<b>79 615</b>	<b>x</b>	<b>x</b>	<b>44 656</b>
<b>2. Balance on the technical account – life assurance (item II.13.)</b>	<b>65</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>3. Income from financial investments:</b>	<b>66</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) income from equity investments, with special reference to those arising from subsidiaries	67	x	x	0	x
b) income from equity investments, with special reference to those arising from subsidiaries, of which:	68	x	x	x	x
ba) land and buildings (real-estate)	69	x	0	x	x
bb) other financial investments	70	x	6 246	6 246	x
c) revaluation gains on financial investments	71	x	x	5 494	x
d) income from sale of financial investments	72	57 863	x	89 209	100 949
<b>4. Allocated investment return transferred from the life-assurance technical account (item II.12.)</b>	<b>73</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>5. Financial investment expenses</b>	<b>74</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) investment management fees, including interest	75	x	x	2 299	x
b) change in value of financial investments	76	x	x	154	x
c) cost of sale of financial investments	77	53 585	x	89 202	91 655
<b>6. Allocated investment return transferred to the technical account – non-life insurance (item I.2.)</b>	<b>78</b>	<b>3 514</b>	<b>x</b>	<b>x</b>	<b>6 715</b>
<b>7. Other income</b>	<b>79</b>	<b>3 801</b>	<b>x</b>	<b>x</b>	<b>5 564</b>
<b>8. Other income</b>	<b>80</b>	<b>11 172</b>	<b>x</b>	<b>x</b>	<b>4 069</b>
<b>9. Income tax on ordinary activities</b>	<b>81</b>	<b>17 084</b>	<b>x</b>	<b>x</b>	<b>10 892</b>
<b>10. Profit or loss from ordinary activities after tax</b>	<b>82</b>	<b>55 923</b>	<b>x</b>	<b>x</b>	<b>37 839</b>
<b>11. Extraordinary income</b>	<b>83</b>	<b>15</b>	<b>x</b>	<b>x</b>	<b>187</b>
<b>12. Extraordinary expenses</b>	<b>84</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>13. Extraordinary profit or loss</b>	<b>85</b>	<b>15</b>	<b>x</b>	<b>x</b>	<b>187</b>
<b>14. Tax on extraordinary profits</b>	<b>86</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>0</b>
<b>15. Other taxes not shown under the preceding items</b>	<b>87</b>	<b>-2 213</b>	<b>x</b>	<b>x</b>	<b>-1 306</b>
<b>16. Profit or loss for the current period (item III.3.)</b>	<b>88</b>	<b>58 151</b>	<b>x</b>	<b>x</b>	<b>39 331</b>

## ACCOUNTING PRINCIPLES

### Fundamental principles of compiling the financial statements

The company's accounting books and records are maintained in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Decree No. 502/2002 Coll. of the Ministry of Finance, which implements some provisions of Act No. 563/1991 Coll., on Accounting, as amended, for insurance companies, as amended. The company's accounts are maintained in compliance with general accounting principles, particularly the historical cost valuation principle, the accruals principle, the prudence concept, and the going concern assumption. Amounts reported in the financial statements and in these notes are rounded to the nearest thousand Czech crowns, unless stipulated otherwise.

In 2012 the company applied the accrual method to income from reinsurance commissions and costs of commission / remuneration for external claims handling. This change in the accounting method had a negative impact of CZK 12.2 million on the profit before tax for the 2012 accounting period.

There were no other changes in accounting principles compared to 2011.

### Written gross premiums

Written gross premiums include all premiums stipulated in policies, regardless of whether these amounts related in full or in part to future accounting periods.

### Reinsurance transactions

Amounts agreed between the principal insurer (company) and the reinsurer as part of the reinsurance agreement shall be charged as part of the reinsurance transactions. The company settles shares of the written gross premiums, the insurance benefit costs as well as commissions due to the company with the reinsurer.

### Insurance benefit costs

Insurance benefit costs are expensed at amounts equal to the acknowledged insurance benefit payouts on the basis of the adjusted insurance claims. The insurance benefit costs are shown net of subrogation and other similar insurance company claims.

### Acquisition costs of insurance policies

Acquisition costs of insurance policies include costs associated with the conclusion of these policies, particularly the costs of printed materials, commissions paid to agents, promotion and advertising costs, and medical examinations for clients of HIF.

### Insurance and technical reserves and reinsurers' shares of these reserves

The company creates the following technical reserves in accordance with the Insurance Act in order to meet the commitments ensuing from the insurance activities, which are probable or certain, but uncertain in terms of their amounts or the time when they arise. The accuracy of the creation of technical reserves is confirmed by the responsible actuary pursuant to Section 81, par. 2 of Act No. 277/2009 Coll., on Insurance. The company creates the following technical reserves:

- Reserve for unearned premiums
- Insurance benefit reserve

All of the reserves created are classified analytically according to the individual insurance products.

### Reserve for unearned premiums

This reserve is created from that portion of the gross written premiums that relates to future accounting periods. This reserve is included in reinsurance. It is created on an ongoing basis from every single insurance policy concluded, always charged at the end of the month. Dissolution of the reserve is always performed as of the last day of the calendar quarter. Calculation and settlement of shares to reinsurers for the creation and dissolution of the reserve is always performed quarterly always as of the last day of the calendar quarter.

### Reserve for insurance benefits

This reserve is created to cover the company's liabilities ensuing from insurance events:

- losses incurred and reported but not settled during the current accounting period (RBNS)  
It is set based on diagnoses in the process of settling insurance claims. This reserve is included



in reinsurance. Its creation, dissolution and the appropriate reinsurer's shares are always set and charged as of the last day of the calendar quarter.

- losses incurred but not reported during the current accounting period (IBNR)  
The amount of the reserve is set using mathematic methods and on the basis of the qualified estimate method, with the triangle chart method being applied in the case of the medical expenses insurance policy. This reserve is included in reinsurance. Its creation, dissolution and the appropriate reinsurer's shares are always set and charged as of the last day of the calendar quarter.

The amount of the creation, drawing and the composition of the financial placement of technical reserves is subject to approval by the responsible actuary. The statement on the creation of technical reserves and the composition of financial placements is submitted to the Czech National Bank in accordance with Act No. 277/2009 Coll., on Insurance.

## **Financial placements**

### **Land and buildings**

The acquired land and buildings are valued at cost on the date of their acquisition. As of the balance sheet date, they are valued at fair value based upon an expert valuation, which is updated at least once every five years. Fair value represents the price at which the land and buildings could be sold on the valuation date under normal conditions. Changes in the fair value are reported (net of tax effect) in owner's equity and transferred to the profit and loss statement as at the date of the disposal of the land and buildings.

As of the balance sheet date, the company assesses whether there are any indications that the value of the land and buildings may be permanently reduced. Should such indications exist, the company shall estimate the recoverable amount using an updated expert valuation and adjust the fair value of the land or buildings. A permanent reduction in the value is reported in the profit and loss statement.

Buildings/structures are not depreciated in the company's books. Tax depreciation is applied in accordance with the Income Tax Act, as amended.

### **Fixed-income securities**

Fixed-income securities are posted to the accounts at the moment of their acquisition at their acquisition cost. The acquisition cost is understood to mean the price for which the fixed-income security is purchased, including the acquired aliquot interest yield, and the direct costs of the acquisition. Direct costs do not include bonuses and rebates, financing costs, in-house administrative costs or holding costs.

In the case of debentures, their value is increased gradually by the amount of the unpaid accrued interest from the purchase settlement date to the maturity date or the date of the settlement of their sale. The moment of the settlement of the accrued interest is always the date of sale or maturity date, as the case may be, and the end of the calendar quarter.

The securities are valued using the average acquisition cost method in the event of sale or other reduction. This procedure is employed in respect of the same type of securities, same issuers, same nominal values and same currencies, in which the securities are issued (securities having the same ISIN). At the end of the balance sheet date, the securities are re-valued to their fair value. Fair value is understood as being the market value as announced on a domestic or foreign stock exchange or on another publicly organized market.

Costs pertaining to the administration of securities are adjusted after the posting of all accounting transactions for the current accounting period. The volume of accrual costs is posted in the form of deferred costs of security management, with the objective being to determine the share of the annual volume of fees to the portfolio manager attributed to the acquisition of securities.

### **Deposits with financial institutions**

Short-term deposits held with banks are posted at their nominal values upon their establishment. At the end of the accounting period these assets are re-valued to their fair value, comprising of their nominal value including interest accruals.

Long-term deposits are posted at their acquisition cost, which represents their nominal value. Interest accruals ensuing from long-term deposits are posted to revenues at the end of the accounting period.

**Derivative financial instruments**

The company does not employ any derivative financial instruments.

**Allocation of common items between the company's individual products**

If need be, costs and revenues of financial placements are allocated between the individual products according to the ratio of the technical reserves to the total financial placement.

**Transfer of revenue from financial placements (investments) to the Technical Account – non-life insurance**

The transfer of revenue from the non-technical account to the technical account is carried out at the ratio of technical reserves and financial placements, for reason of the allocation of revenue from financial placements pertaining to non-life insurance.

**Intangible fixed assets (IFA)**

Acquired intangible assets are reported at their acquisition cost. Intangible fixed assets are depreciated by the straight-line method on the basis of their expected lifespan according to the following method:

Software	60 months
----------	-----------

Intangible fixed assets are depreciated as of the month following the month in which it was put into use. A technical improvement is an expense incurred to increase the level of equipment, usefulness or to change the purpose of an intangible asset exceeding CZK 40,000 per year in respect of a single intangible fixed asset and increases its acquisition cost.

Intangible assets having a useful life in excess of one year and an acquisition cost up to CZK 60,000 is expensed upon consumption while at the same time being recorded as a minor intangible fixed asset in off-balance sheet accounts and asset records.

**Tangible fixed assets (TFA)**

Acquired tangible fixed assets are reported at their acquisition costs, which include the price for which the assets were acquired, and acquisition-related costs. Tangible fixed assets produced by the company's own activities is valued at own costs. Depreciation amounts pertaining to tangible fixed assets were calculated by the straight-line method on the basis of its expected lifespan. The company applies the following annual depreciation rates:

IT	3/4 years
Inventory	5 years

The costs of repairing and maintaining fixed tangible assets are charged directly to expenses. A technical improvement is an expense incurred to modernise, increase the level of equipment, or usefulness of an asset exceeding CZK 40,000 per year in respect of a single tangible fixed asset and increases its acquisition cost. Tangible assets having a useful life in excess of one year and an acquisition cost of up to CZK 40,000 are expensed at acquisition and entered in asset records and in off-balance sheet accounts as minor tangible fixed assets.

**Conversion of foreign currencies**

Foreign currency transactions are converted to Czech crowns and posted to the company's accounts at the exchange rate of the Czech National Bank valid on the day of the transaction.

All monetary assets and liabilities kept in foreign currencies were converted at the exchange rate published by the Czech National Bank as of the balance date. All exchange rate gains and losses resulting from a conversion of receivables and payables were posted to the profit and loss statement.

**Creation of adjustments**

Adjustments are created to receivables. Adjustments express the decline over time in the value of receivables determined on the basis of an assessment of the associated risks made by the company's management. Adjustments are created as a lump sum and as a percentage on the basis of the age structure of the receivables. No adjustments to receivables were created in 2012.

**Supplementary pension insurance**

The company pays its employees a contribution towards their supplementary pension insurance.

### **Income tax**

Income tax for the given period comprised of tax due and changes in the state of deferred tax. Tax due includes tax calculated from the tax base using the tax rate valid in the current year and all additional tax and returned tax for the previous period. Deferred tax is reported for all temporary differences between the book value of an asset or liability in the balance sheet and its tax value. A deferred tax receivable is only posted to the accounts if it is likely that it will be possible to apply it towards tax due in the coming tax period.

### **Income tax reserve**

An income tax reserve was not created on account of the enumeration and charging of the tax for 2012 into this accounting period.

### **Reserve for undrawn holiday leave**

A reserve for undrawn holiday leave of CZK 1,599,000 was created as at 31 December 2012.

### **Advance towards income tax**

Advances towards income tax were paid during the course of the year in accordance with the prescribed deadlines. The overpayment on income tax for 2012 of CZK 1,894,850 is reported on the asset side as a tax receivable.

### **Accounting, tax consulting and statutory audit costs**

The total accounting, tax consulting and statutory audit for 2012 amounted to CZK 1,246,000, with CZK 420,000 representing the cost of conducting the audit, tax consulting costing CZK 455,000 and accounting costs amounting to CZK 360,000.

### **Post-balance sheet events**

The impact of events occurring between the balance date and the publication date of these financial statements is captured in the accounting statements in the case that these events provided supplementary information on facts existing at the balance date.

If significant events, taking into account facts that occurred after the balance date, took place between the balance date and the publication date of these financial statements the consequences of these events shall be described in the notes to the financial statements, but shall not be posted to the accounting statements.

**TECHNICAL NON-LIFE INSURANCE ACCOUNT**

2012	written gross premium in CZK '000	earned gross premium in CZK '000	gross costs proceeds of insurance in CZK '000	gross operating expenses in CZK '000
Accident and health insurance	338 071	368 770	116 389	182 665
Motor vehicle insurance	47 214	44 467	34 835	20 097
Liability insurance	13 391	13 419	1 746	5 901
Other insurance	31 920	20 918	9 131	7 864
<b>Total</b>	<b>430 596</b>	<b>447 574</b>	<b>162 101</b>	<b>216 527</b>
2011	written gross premium in CZK '000	earned gross premium in CZK '000	gross costs proceeds of insurance in CZK '000	gross operating expenses in CZK '000
Accident and health insurance	406 092	398 732	123 486	187 356
Motor vehicle insurance	23 258	22 901	9 697	7 346
Liability insurance	11 334	10 659	1 088	4 372
Other insurance	13 093	12 696	987	5 146
<b>Total</b>	<b>453 777</b>	<b>444 988</b>	<b>135 258</b>	<b>204 220</b>
2012	reinsurer's share in prescribed premiums in CZK '000	reinsurance commission in CZK '000	reinsurer's share in costs of insurance proceeds in CZK '000	
Accident and health insurance	112 706,00	25 760,00	34 524,00	
Motor vehicle insurance	42 493,00	21 834,00	31 351,00	
Liability insurance	2 169,00	0,00	76,00	
Other insurance	1 515,00	0,00	18,00	
<b>Total</b>	<b>158 883,00</b>	<b>47 594,00</b>	<b>65 969,00</b>	
2011	reinsurer's share in prescribed premiums in CZK '000	reinsurance commission in CZK '000	reinsurer's share in costs of insurance proceeds in CZK '000	
Accident and health insurance	70 403	17 520	15 199	
Motor vehicle insurance	20 932	11 513	8 728	
Liability insurance	1 614	0	28	
Other insurance	1 269	0	10	
<b>Total</b>	<b>94 218</b>	<b>29 033</b>	<b>23 965</b>	

**OVERVIEW OF COMMISSIONS**

In 2012, the total value of commissions as part of direct insurance reached CZK 76,299,000, having reached an amount of CZK 69,640,000 in 2011.

**INTANGIBLE FIXED ASSETS, ACQUISITION COST**

	1 January 2012 in CZK '000	Additions in CZK '000	Revaluation in CZK '000	Discarded in CZK '000	31 December 2012 in CZK '000
Establishment costs	1 866	0	0	0	1 866
Software	113 010	6 130	0	0	119 140
Revaluation difference	19 583	0	0	0	19 583
Valuable rights	162	0	0	0	162
Acquired intangible assets	21	7 740	-6 149	0	1 613
Advances paid	0		0		0
<b>Total</b>	<b>134 642</b>				<b>142 364</b>
	1 January 2011 in CZK '000	Additions in CZK '000	Revaluation in CZK '000	Discarded in CZK '000	31 December 2011 in CZK '000
Establishment costs	1 866	0	0	0	1 866
Software	104 462	8 548	0	0	113 010
Revaluation difference	19 583	0	0	0	19 583
Valuable rights	162	0	0	0	162
Acquired intangible assets	790	7 780	-8 549	0	21
Advances paid	0		0		0
<b>Total</b>	<b>126 863</b>				<b>134 642</b>

## ADJUSTMENTS

	1 January 2012 in CZK '000	Depreciation in CZK '000	Revaluation in CZK '000	Discarded in CZK '000	31 December 2012 in CZK '000
Establishment costs	1 866	0			1 866
Software	85 994	19 001			104 995
Valuable rights	162	0			162
Revaluation difference	19 583	0			19 583
Total	107 605	19 001			126 606
<b>Balance value</b>	<b>27 037</b>				<b>15 757</b>

	1 January 2011 in CZK '000	Depreciation in CZK '000	Revaluation in CZK '000	Discarded in CZK '000	31 December 2011 in CZK '000
Establishment costs	1 866	0			1 866
Software	66 616	19 378			85 994
Valuable rights	162	0			162
Revaluation difference	11 770	7 813			19 583
Total	80 414	27 191			107 605
<b>Balance value</b>	<b>45 659</b>				<b>27 037</b>

## FINANCIAL PLACEMENTS

Type of financial placement	31 December 2012		31 December 2011	
	Fair value in CZK '000	Acquisition cost in CZK '000	Fair value in CZK '000	Acquisition cost in CZK '000
Fixed-income securities	233 265	236 280	268 559	276 661
Deposits at banks	73 000	73 000	73 000	73 000
<b>Total</b>	<b>306 265</b>	<b>309 280</b>	<b>341 559</b>	<b>349 661</b>

Also, as part of financial placements, the company reports real estate of CZK 135,550,000 (2011: CZK 550,000), of which operating property is CZK 2,744,000. Of this amount, CZK 550,000 represents technical improvements of leased office space. Pojišťovna VZP, a.s. does not consider the said technical improvement as representing a financial placement, with respect to the fact that it is applied towards covering reserves and thus obligations towards clients. The property newly acquired in 2012 amounting to CZK 135,000,000 will be used to cover technical reserves as of 2013 in the amount permitted by regulation.

The purchase price of real estate amounting to CZK 135 million – office building constructed on the land (plot number 263) and the plot of land (built-up area and courtyard) with an area of 1,019 m<sup>2</sup>, was set by an expert appointed by the court to determine the market value of real estate. The office building was entered on the insurance company's list of assets on 21. 12. 2012, i.e. the date of registration of the ownership right by the Land Registry Office for the South Moravian Region.

**OTHER RECEIVABLES**

	31 December 2012 in CZK '000	31 December 2011 in CZK '000
Receivables against VZP	2 127	3 763
Other receivables	16 096	9 859
to maturity	16 096	9 859
after maturity	0	152
<b>Total receivables</b>	<b>18 223</b>	<b>13 774</b>

**ADJUSTMENTS TO RECEIVABLES**

	2012 in CZK '000	2011 in CZK '000
Opening balance as of 1 January	0	0
Adjustments created	0	0
Adjustments cancelled	0	0
Application for depreciation	0	0
<b>Closing balance as of 31 December</b>	<b>0</b>	<b>0</b>

Pojišťovna VZP, a.s. does not report any receivables that are more than 5 years after maturity.

**RECEIVABLES AND PAYABLES FROM PASSIVE REINSURANCE**

As of 31 December 2012, the company reports an active payables balance towards reinsurers amounting to CZK 125,000, and reported an active payables balance towards reinsurers of CZK 5,003,000 as of 31 December 2011.

**TEMPORARY ASSETS AND LIABILITY ACCOUNTS**

The company reports deferred costs and revenues in 2012 of CZK 41,969,000 (CZK 34,904,000 in 2011), prepaid expenses of CZK 2,616,000 in 2012 (CZK 4,018,000 in 2011), deferred revenue in 2012 show a balance of CZK 19,051,000, and showed a zero balance in 2011, estimated asset items in 2012 amounted to CZK 2,078,000 (CZK 917,000 in 2011). Estimated liability items amounted to CZK 3,511,000 in 2012 (CZK 4,054,000 in 2011), which are namely comprised of an estimate ensuing from the settlement of reinsurance and an estimate of the costs of services consumed during the accounting period but not invoiced in this accounting period.

**TANGIBLE FIXED ASSETS  
ACQUISITION COST**

	1 January 2012 in CZK '000	Additions in CZK '000	Revaluation in CZK '000	Discarded in CZK '000	31 December 2012 in CZK '000
Separate movables and sets of movable	28 466	1 015		-664	28 817
Acquired tangible assets	0	1 015	1 015		0
<b>Total</b>	<b>28 466</b>	<b>2 030</b>	<b>1 015</b>	<b>-664</b>	<b>28 817</b>

	1 January 2011 in CZK '000	Additions in CZK '000	Revaluation in CZK '000	Discarded in CZK '000	31 December 2011 in CZK '000
Separate movables and sets of movable	18 519	10 492		- 545	28 466
Acquired tangible assets	7 386	3 106	10 492		0
<b>Total</b>	<b>25 905</b>	<b>13 598</b>	<b>10 492</b>	<b>-545</b>	<b>28 466</b>

The acquired buildings and real estate are described in the Financial Placements section.

## TANGIBLE FIXED ASSETS

		1 January 2012	1 January 2011	Depreciation 2012 2011		Revaluation 2012 2011		Discarded 2012 2011		31 December 2012 2011	
Separate movables and sets of movables	in CZK '000	16 021	14 201	4 577	2 365	0	0	-624	-545	19 974	16 021
<b>Total</b>	<b>in CZK '000</b>	<b>16 021</b>	<b>14 201</b>	<b>4 577</b>	<b>2 365</b>	<b>0</b>	<b>0</b>	<b>-624</b>	<b>-545</b>	<b>19 974</b>	<b>16 021</b>
<b>Balance value</b>	<b>in CZK '000</b>	<b>12 445</b>	<b>4 868</b>							<b>8 843</b>	<b>12 445</b>

Minor intangible and tangible fixed assets are recorded in off-balance sheet accounts, with the value of minor tangible fixed assets (MTFA) as the balance sheet date amounting to CZK 14,708,000, and the value of minor intangible fixed assets (MIFA) amounting to CZK 2,195,000 as of 31 December 2012; in 2011, the value of MTFA amounted to CZK 17,605,000, with the value of MIFA in 2011 amounting to CZK 2,137,000.

## OWNER'S EQUITY APPROVED AND ISSUED SHARES

	Number	31 December 2012 in CZK '000
Common shares with a nominal value of CZK 210,000, fully paid	1 000	210 000
Common shares, total	1 000	210 000

	Number	31 December 2011 in CZK '000
Common shares with a nominal value of CZK 160,000, fully paid	1 030	164 800
Common shares, total	1 030	164 800

## SOLE SHAREHOLDER:

	31 December 2012	31 December 2011
Všeobecná zdravotní pojišťovna České republiky	100 %	100 %

## TECHNICAL RESERVES, INCLUDING REINSURERS' SHARES

	Reserves for unearned premiums in CZK '000	Insurance benefit reserves in CZK '000	Total in CZK '000
Opening balance as of 1 January 2012	158 372	51 122	209 494
Creation of reserves	195 240	225 965	421 205
Application of reserves	-227 632	-224 892	-452 524
<b>Closing balance as of 31 December 2012</b>	<b>125 980</b>	<b>52 195</b>	<b>178 175</b>

	Reserves for unearned premiums in CZK '000	Insurance benefit reserves in CZK '000	Total in CZK '000
Opening balance as of 1 January 2011	168 449	44 073	212 522
Creation of reserves	257 043	228 369	485 412
Application of reserves	-267 120	-221 320	-488 440
<b>Closing balance as of 31 December 2011</b>	<b>158 372</b>	<b>51 122</b>	<b>209 494</b>

As at 1 January 2012, gross insurance benefit reserves from previous years amounted to CZK 38,186,000, with the amount of the reserves applied to insurance benefits of previous years amounts to CZK 32,416,000. The balance of these reserves with a date of creation prior to 1 January 2012 as at 31 December 2012 amounts to CZK 1,949,000.

### OTHER LIABILITIES

	31 December 2012 in CZK '000	31 December 2011 in CZK '000
Liabilities towards VZP	95 892	1 579
Other liabilities		
to maturity	14 797	24 508
after maturity	331	384
<b>Other liabilities – total</b>	<b>111 020</b>	<b>26 471</b>

Pojišťovna VZP, a.s. does not report any liabilities having a period to maturity of over five years. Neither does the company hold any liabilities covered by a guarantee nor any off-balance sheet liabilities.

### DEFERRED INCOME TAX

The deferred income tax for the 2012 tax period is CZK 803,000 (deferred tax receivable), and CZK 502,000 for the 2011 tax period (deferred tax liability).

### ADDITIONAL INFORMATION TO THE PROFIT AND LOSS STATEMENT ADMINISTRATIVE COSTS

	2012 in CZK '000	2011 in CZK '000
Personnel costs (salaries, other personnel costs, including statutory payments)	67 693	59 950
Materials consumed	1 119	1 334
Purchase of low value assets	426	3 712
Consulting	4 804	4 700
Depreciations	22 871	21 281
Rent, services connected with rent, media consumed	12 178	12 196
IT maintenance, infrastructure	12 054	12 582
Other administrative costs	9 751	8 126
<b>Total</b>	<b>130 896</b>	<b>123 881</b>

The 5.66 % increase in administrative overheads in 2012 compared to 2011 is mainly due to the introduction of a motivation programme during the course of 2011, the payment of bonuses to employees suspended in 2011 and the hiring of new employees to key positions at the company in connection with the launching of new products. At the same time, there was an increase in depreciation as a result of SW modifications.



## ANALYSIS OF THE COMPANY'S EMPLOYEES

Recalculated employee numbers	2012	2011
Number of members of the board of directors who are employees	0	0
Number of members of the supervisory board who are employees	1	1
Průměrný počet zaměstnanců	108,38	108,17

	2012	2011
	Total	Total
	In CZK '000	In CZK '000
Salary costs, including LPU	56 151	50 797
Remuneration to members of statutory bodies	3 971	4 315
Social security costs	19 264	16 972
Other social costs	60	0

Besides the above amounts, shareholders, members of statutory and supervisory bodies and management personnel did not receive any other remuneration, whether monetary or in kind, during the course of 2012 or 2011. Nor does the company report any obligations ensuing from pensions and income.

## PLANNED DISTRIBUTION OF THE PROFIT REPORTED FOR THE CURRENT PERIOD

The company's profit shall be distributed in accordance with the decision of the General Meeting.

## CONTINGENT LIABILITIES

The company's management is not aware of any contingent liabilities as of 31 December 2012.

## POST-BALANCE SHEET EVENTS

No events have occurred subsequent to the balance sheet date that would have a significant impact on the financial statements as of 31 December 2012.

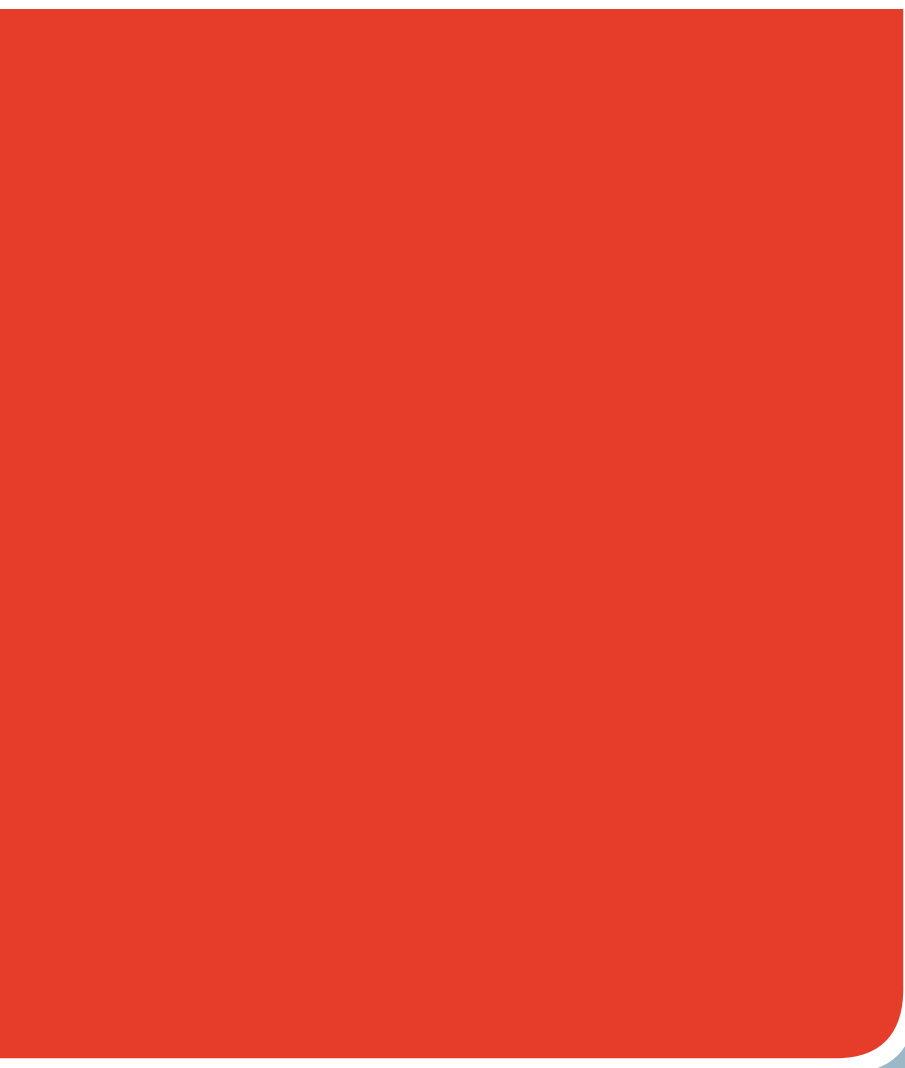
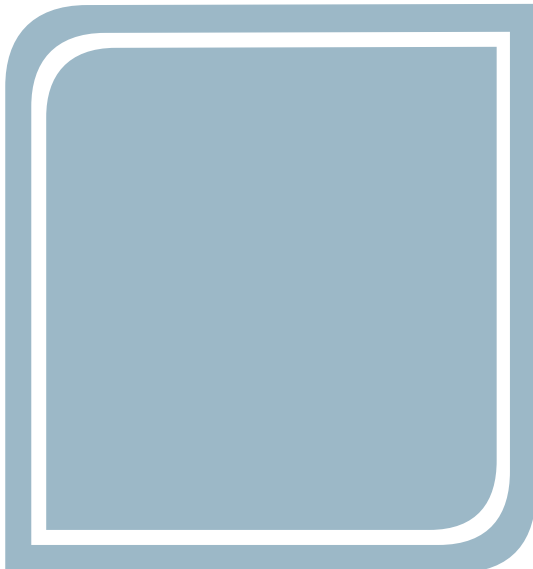
## SPECIFICATION OF THE INSURANCE CLASSES AND ACTIVITIES ASSOCIATED WITH THE INSURANCE ACTIVITY

In accordance with Part B – Non-Life Insurance Classes of Annex No. 1 to Act No. 277/2009 Coll., on Insurance, Pojišťovna VZP, a.s. applied to the Czech National Bank for an expansion in the scope of the authorised activities by the addition of the following insurance classes: accident insurance, sickness insurance, insurance against damage to or loss of land vehicles other than railway rolling stock, insurance against damage to or loss of property other than that referred to in point 3 and 7 of the said annex, insurance against other damage to or loss of property other than that referred to in point 3 and 7 of the said annex, general liability insurance for damage other than that referred to in classes 10 through to 12 of the said annex, insurance of miscellaneous financial losses, legal expenses insurance, assistance insurance to persons who get into difficulties while travelling or while away from their residence, including insurance of financial losses directly connected to the travelling. This licence was granted to Pojišťovna VZP, a.s. in autumn 2010. In 2011 Pojišťovna VZP, a.s. supplemented its medical expenses insurance with the introduction of additional products (accident insurance, luggage insurance, liability insurance, trip cancellation insurance, Slovakian mountain rescue service intervention insurance), as well as a new product, sickness benefits insurance combined with daily benefits in the event of hospitalisation. In 2012, an asset and entrepreneur liability insurance product was launched by the company.



Pojišťovna VZP, a.s.  
**Annual Report**





[www.pvzp.cz](http://www.pvzp.cz)