

Danica Pension reports strong growth in premiums and profits

Buoyant financial markets enabled Danica Pension to record a profit before tax and strong premium income growth. Investments in the green transition rapidly approaching the 2023 target.

In the first half of 2023, Danica Pension reported 8.9% year-on-year premium growth. Profit before tax was DKK 689 million, against a loss before tax of DKK 519 million in the same period last year. The performance was driven primarily by the fact that Danica Pension's investments in the financial markets yielded fair-sized positive returns in the early part of 2023.

Søren Lockwood, CEO:

"We are riding on a strong momentum, generating value for our customers by offering the market's best healthcare solutions, strong long-term net returns, proactive advisory services and focus on sustainable investments. This setting makes it even more satisfactory to be able to report strong profits and fair-sized growth."

Premium growth

Danica Pension's gross premiums rose 8.9% from DKK 18,408 million to DKK 20,051 million in the first half year.

"Business customers are increasingly attracted to the overall package we offer, and over a period of several years, we have witnessed a clear trend of continuous growth. By listening to our customers' needs we have adapted our solutions to accommodate our customers' investments and cater to their healthcare needs to the best possible extent, and the market has rewarded us for our efforts," says Søren Lockwood.

Stable markets yield positive returns

"In the early part of 2023, our long-term investment strategy has yielded fair-sized returns for our customers in a period of severe market volatility. I am pleased with the fact that this also applies over a five-year period, which is a testament to our responsible asset management approach and our portfolio being constructed prudently," says Søren Lockwood.

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was 6.1% for the first six months of 2023. Over the past five years, this customer group has achieved a net return of 33%.

Green transition investments approaching a milestone

To further contribute to the transition towards a climate-friendly society, it is Danica Pension's ambition to invest DKK 50 billion in the green transition by the end of 2023. Danica Pension has scaled up investments in the green transition from DKK 37.7 billion at 31 December 2022 to DKK 49 billion at 30 June 2023. The increase was driven by, for example, increasing investments in green bonds and an increase in the value of equity investments in the green transition.

"An investment target of DKK 50 billion in the green transition is a very ambitious level, and given the sharply contracting market in 2022 it was by no means certain that we would reach our target. Consequently, I am very pleased with the giant strides we have made in the area, which demonstrates that we are dedicated to fulfilling our role as an investor taking responsibility for the world around us," says Søren Lockwood.

Increase in health and accident claims

The result of the health and accident business was adversely affected by a higher number of new claims. For quite some time, Danica Pension has witnessed a positive trend in its health and accident business, driven not least by our extensive focus on helping customers return to work by providing improved, holistic treatment and prevention solutions in all healthcare areas. However, Danica Pension has acknowledged that the general societal developments, which in recent years have involved a significant increase in the number of Danes receiving public sickness benefits or attending a public re-employment or resource programme, are also reflected in Danica Pension's own portfolio.

In the first half of 2023, Danica Pension posted a risk and cost loss on its health and accident business of DKK 261 million, against a loss of DKK 88 million in the first half of 2022. The performance was driven primarily by the above-mentioned development in the number of new claims.

The fact that Danish consumers increasingly rely on private healthcare insurance is also supported by the fact that the number of customers with health insurance has risen by 30% during the past 18 months to now stand at more than 200,000. Demand for Danica Pension's Health Package remains extremely strong, and we have reached 150,000 customers with this product, representing approximately 50% growth in 18 months.

"We have recorded an increase in demand for and use of private health insurance among the Danish population. To us, it means mounting pressure on our health initiatives when more citizens fall ill, but I am pleased that we now cover far more customers, who we are able to help with our health solutions designed to help meet our customers' needs," says Søren Lockwood.

Strong demand for early healthcare services

The number of consultations in Danica Pension's Health Package was up 33% in the first half of 2023 compared with the same period of 2022, and the 16,908 consultations provided are a clear signal that the offer of fast, early healthcare services is still in demand by the Danish population. The solution continues to have a high customer satisfaction rate at 93%.

The Health Package was launched at the beginning of 2021 as an extra preventive measure designed to make customers consult doctors, psychologists and dieticians online before their problems escalate and potentially develop into serious injuries.

“The Health Package offers our customers an extra layer of security because they can ask about even small concerns that might otherwise grow larger. The constantly growing demand demonstrates that our customers can make good use of this approach in their everyday lives,” Søren Lockwood says.

	H1 2023	H1 2022
Premiums, DKK billions	20.1	18.4
Return on customer funds – Danica Balance Mix, medium risk profile and 20 years to retirement (%)	6.1	-14.3
Return on customer funds – Danica Pension Traditionel (%)	0.2	-13.5
Return on customer funds – Danica Pension Traditionel after change in additional provisions, (%)	0.8	-5.8
Profit/loss before tax, DKK millions	689	-519
Pension assets under management, DKK billions	428	415

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Solvency ratio disclosure

June 30th 2023

Danica Pension
Livsforsikringsaktieselskab

SCR (DKKm) 16,035

Solvency rate 191%

Summary of Danica's subordinated loan capital

Issuer	Danica Pension Livsforsikringsaktieselskab
Securities code (ISIN)	XS1117286580
Amount	EUR 500 m
Coupon	4.375 % p.a
Issued	29 September 2015
Matures	29 September 2045
First call date	29 September 2025
Rate of interest will reset on	29 September 2025