

Danica Pension reports strong return and high growth

Supported by a strong financial market rally toward the end of the year, Danica Pension generated a solid profit and a strong inflow of new business customers resulting in continued, strong growth.

For 2023, Danica Pension reported 10% year-on-year premium growth. Profit before tax, goodwill impairment and discontinued operations amounted to DKK 1,422 million, against a loss before tax of DKK 138 million in 2022. A strong positive trend toward the end of the year gave Danica Pension's investment returns a fair-sized lift, driving solid returns for customers and a large profit for the year.

Danica Pension CEO, Mads Kaagaard:

"I'm very pleased to have joined the company and to be able to look back on a satisfactory 2023 with positive momentum in so many areas, following a challenging 2022."

Strong premium and customer growth

Danica Pension's gross premiums were up by 10% from DKK 35,138 million in 2022 to DKK 38,647 million in 2023, driven by a significant net inflow of 300 new business customers. The increase in 2023 was in stark contrast to 2022, when gross premiums fell by 4.6%.

"We can see from the amount of new business customers and an increased customer satisfaction score that customers are actively choosing us and benefiting from our overall value proposition of responsible investments that generate returns on their pension savings, the best healthcare solutions in the market and proactive advisory services. They also reflect our unique competitive situation as part of a strong group, enabling us to provide holistic advice on all aspects of our customers' finances," says Mads Kaagaard.

Recovering markets generate positive returns

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was 11.1% for 2023. Over the past five years, this customer profile has achieved a net return of 47.2%.

"Generating returns on our customers' savings and thus providing extra financial security for them in their retirement is one of our core objectives, and in 2023 we struck an excellent balance between risk and return for our customers," says Mads Kaagaard.

Green investment target reached

In 2023, Danica Pension's investments in the green transition grew by 47% from DKK 37.7 billion to DKK 55.4 billion.

Mads Kaagaard:

"The green transition was met with challenging market conditions in 2023. In that context, I'm pleased that we found many sensible investment opportunities in this area, including wind turbines and electric vehicle batteries. We believe that the green transition will go hand in hand with returns in the future, so that our investments will benefit both the climate and our customers' savings."

Danica Pension's original target was to invest DKK 30 billion in the green transition by 2023. Already in 2021, this target was raised to DKK 50 billion invested in the green transition by the end of 2023. The next green investment target is to have DKK 100 billion invested by 2030.

Far more customers receive healthcare services

In 2023, 93,200 Danes used Danica Pension's healthcare solutions: health insurance, cover for loss of earning capacity, cover for critical illness and the health package. In 2023, 53% more customers used Danica Pension's health package relative to 2022, which clearly reflects the continued demand among our customers for quick and early healthcare services. The solution enjoyed a 93% customer satisfaction rating.

"We're today providing more customers with preventive measures, help when they've fallen ill or been injured and support to help them return to a normal working life. As a pension provider, we're thus playing an increasing role in taking care of our customers' health for the benefit of individual employees, our business customers and society in general," explains Mads Kaagaard.

Decline in health and accident result due to increase in claims

In 2023, Danica Pension posted a loss of DKK 924 million on the health and accident business, against a loss of DKK 1,032 million in 2022. The investment result accounted for a loss of DKK 23 million and the underlying business for a loss of DKK 901 million, approximately half of which related to provisions for future losses on existing contracts.

This development was driven by a general adverse trend in society with more and more people being reported absent due to long-term illness, which results in a growing number of loss of earning capacity claims.

“Sadly, we’re generally seeing a growing number of people suffering from particularly mental health challenges, forcing them out of the labour market for extended periods of time, which impacts our result negatively. We’ve launched a number of improvement measures in this area, and we’re making a determined effort to strike a balance for this part of our business,” says Mads Kaagaard.

Danica Pension’s plan for the health and accident area includes an aim of helping even more customers return from a period of illness by offering the so-called StepCare treatment programmes to all customers, in addition to regular price adjustments in the area to achieve an overall balance.

	2023	2022
Premiums (DKK billions)	38.6	35.1
Return on customer funds - Danica Balance Mix, medium risk profile and 20 years to retirement (%)	11.1	-14.2
Return on customer funds - Danica Pension Traditionel (%)	4.6	-14.6
Return on customer funds - Danica Pension Traditionel after change in additional provisions (%)	3.6	-4.7
Profit/loss before tax, goodwill impairment and discontinued operations (DKK millions)	1,422	-138
Pension assets under management (DKK billions)	440	416

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Solvency ratio disclosure

December 31th 2023

Danica Pension Livsforsikringsaktieselskab

SCR (DKKm) 18,738

Solvency rate 170%

Summary of Danica Pension'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