

**Insurance
& Pension
Denmark**

Strategy

2025



Vision 2025

The insurance and pension industry wants to be known for playing its part in resolving some of the greatest challenges faced by Danish and international society. This involves welfare and security for the individual Dane, and it involves sustainability and the necessary green transition both here in Denmark as well as abroad.

- We want to provide the welfare and security that the individual Dane needs. We want to do this throughout all of life's stages. In the future, there will be an increasing discrepancy in welfare between what the public sector offers and what the individual Dane demands. We can minimise this discrepancy.
- We support the Paris Agreement on limiting global warming to below 2.0, and preferably 1.5, degrees Celsius. This represents a global challenge, and it requires massive investments across the board. We see ourselves as a key actor within green transition. Danish pension companies are frontrunners in investment in green transition, and they will increase their efforts significantly going forward.

Even today, the insurance and pension industry is contributing to welfare, security as well as sustainability and green transition; however, we will do more in the future. This is a role that must be earned. The individual Dane, politicians and other stakeholders need to have confidence that we can carry out this task in a proper and responsible manner. This is why our focus is on ensuring that our business models are proper and responsible and that we can be regarded as a legitimate actor.

Strategy 2025 further develops and motivates the role that the industry wants to play, as well as the requirements that must be fulfilled in order to achieve this. The requirements are directed at the individual companies and Insurance & Pension Denmark's protection of interests in a broad sense. Strategy 2025 is therefore also a formulation of the contract between us and the rest of society, which is essential for an industry that depends on trust.



Welfare

Within the welfare area, the insurance and pension industry already supplements tax-financed state pension, health and unemployment benefits with pension and insurance services.

For example, in the form of pension schemes, health insurance, insurance for loss of earning capacity and wage guarantees. In all cases, the industry's services are based on and carefully correlated with the public basic services, and there is always a collective element in the financing and risk sharing – as with tax-financed welfare.

However, the industry can supplement the basic services in other areas as well, e.g. elder care for the very old. The demographic development and limits for what the public sector can finance mean that the uncovered needs within elder care will grow radically in the future.

It is important that privately-financed welfare schemes are broad and solidary. The industry has already established a long tradition for ensuring this, e.g. consisting of labour market pensions and health insurances.

Some pension companies now finance further education. This is an example of a new area, where the need for life-long development and, for example, digital competency development, will only intensify. Pension companies, for example in cooperation with the economic and social partners, can contribute with organisation and financing.

Security is and always has been the core service of the industry. Previously, this typically involved monetary compensation following an unfortunate event; however, in the future, it will be about ensuring that the unfortunate event never occurs.

Today, this takes place using devices like anti-flood valves or burglar alarms as an integrated part of home insurance. Tomorrow, it will presumably be about preventing common diseases and ensuring flexible retirement for people with wear and tear injuries.

Thanks to new technology, we will be able to prevent much more in the future. The Internet of Things (IoT) and wearables can warn us of injury and changes to our health long before they become serious. And the increasing use of data will lead to products and services that are more customised to the individual. Sharing data with the public sector can also play a greater role; for example, the data of the insurance companies can help prevent traffic accidents. However, the use of new technology and advanced use of data also present a number of ethical dilemmas. These are dilemmas that our industry has been open about from an early stage, and where all the actors were invited to join the discussion – which is something we will continue going forward.

Security



Sustainability and green transition

The Danish pension companies are frontrunners when it comes to investment in climate and environmentally-friendly electricity production around the world. This is a position we want to maintain and extend. Therefore, moving towards 2030, the industry has made a conditional pledge to the government and the UN to invest approx. EUR 47 billion.

However, the sustainable and green transition is not just about wind turbines and bioenergy. Energy savings in investment properties also lower CO2 emissions in the same way as traditional damage prevention, such as prevention of fire or traffic accidents.

In the future, we will invest in PPP (private-public partnership) projects for climate proofing in Denmark, e.g. in dikes and dams in towns close to the sea.

Requirements for Insurance & Pension Denmark

Requirements for the industry

The more active and broader role is new; however, it is a natural extension of the history and present role of the insurance and pension industry as an industry that generates security. However, being a welfare and security partner in collaboration with the public sector requires increased legitimacy and trustworthiness. It imposes requirements on the industry on using ethically-responsible business models. In other words, the industry must conduct itself in a proper manner and fulfil the social contract. This is with respect to the products we sell to Danes, the information we collect and use on customers, the way we invest and the tax that we and our partners pay. We will work to ensure that the industry is responsible for getting its own house in order, and we will impose more stringent requirements for being a part of it.

As a trade organisation, we want to support the implementation of the requirements that society imposes. And we are ready to ensure the necessary self-policing, including through the implementation of ethical rules and industry standards.

Customer ethics – which ensure openness and transparency concerning product price, costs, coverages, yield, risks and the company’s service and advice. This is an area that the industry has worked with systematically, and it has resulted in consumer tools such as Pensionsinfo (Pension Info), Fakta om Pension (Facts Concerning Pension), Forsikringsguiden (The Insurance Guide), etc. We would also like to continue working with industry principles within health, e.g. on obtaining health information and using statements from medical specialists.

Data ethics – which ensures transparency concerning the customer data that has been collected by the companies, imposes requirements on what the data may be used for and, following consent, ensures earlier and fairer protection for the individual family. This is an area we have worked with in recent years, and the guidelines have been published.

Investment ethics – which is largely governed by the wishes of the customers and members; however, all companies are subject to responsibility in their investments, e.g. with regard to the UN’s Sustainable Development Goals, Global Compact, etc., and requirements are imposed on the companies in which investments are made. The entire field is undergoing rapid development, and dilemmas are discussed intensively and publicly.

We want to aggressively influence the debate on SDGs, impact investments, etc. and to be a key actor in relation to the future framework conditions.

Tax ethics – which require openness and impose requirements on your own tax payments and those of your partners. As an international investor, paying the correct tax is not a trivial matter because

the tax systems of different countries are not coordinated. Not even in the EU. Therefore, tax ethics is also about how companies with cross-border investments should act in this imperfect world. Both with regard to their own tax payments and those of their partners.

Regulation of the insurance and pension industry is extensive. And this is how it should be. It is important that the individual Dane receives the compensation that he/she is entitled to when an unfortunate event occurs, and it is important that everyone receives the pension they were promised when they retire. Therefore, we are not against regulation when it leads to better consumer protection. However, we must also safeguard the framework conditions that ensure that the industry can fulfil its role in society. Danish insurance and pension companies must be able to compete on equal terms with foreign companies and new players, and deductions and tax should not erode the support the people have for the world’s best pension system. This is not simply a question of the competitive landscape, but also of ensuring consumer protection in a broad sense.

Finally, we must work to ensure that the industry has the opportunity to develop in line with its customers’ needs. So that old rules and biases do not prevent appropriate solutions to the challenges faced by society. For example, there is a need for increased focus on regulation within digitalisation readiness as well as better coordination between public data

sources. Both parts are key if the industry is to realise the potential that will ensure the welfare and security of the citizens. For example, our ability to very quickly ensure treatment and rehabilitation of an employee who suffered an industrial accident should not be hindered by obsolete regulation and a lack of understanding of digital options.

At Insurance & Pension Denmark we will continue to work towards:

- Being a strong and agile/adaptable organisation with significant political power, supported by a membership base that backs the strategy and implementation.
- Being a legitimate partner that listens and stands for a proper and trustworthy approach and which has the necessary professional competence.
- Generating openness concerning the dilemmas or challenges that will arise on an ongoing basis in connection with the activities in this industry.
- Generating a close and open cooperation with our numerous stakeholders.

The social development we are envisioning, together with our vision for the industry, require that we take a broad view and continue to establish more and closer partnerships with welfare and security providers as well as with other commercial organisations that, like us, want to ensure a green transition. We will continuously work on this leading up to 2025.

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