

**FORSIKRINGSELKABET**

**PRIVATSIKRING A/S**

**REMUNERATION REPORT 2014**

## Remuneration rules

Forsikringsselskabet Privatsikring A/S ('Privatsikring', the 'Company') has implemented rules for observance of the special restrictions applicable to the remuneration of the Board of Directors, the Board of Management and material risk takers. Consequently, the Company complies with the provisions of sections 71 and 77a-d of the Danish Financial Business Act (Lov om finansiel virksomhed). In accordance with section 77d of the Danish Financial Business Act, information about the total remuneration for members of the Board of Directors and the Board of Management is provided in the annual report. The Company's remuneration rules are also published in this document.

## Background

Privatsikring is a subsidiary of Codan Forsikring A/S ('Codan Forsikring') and thus forms part of the Codan Group (the 'Codan Group' means Codan A/S with subsidiaries and branches), with the ultimate parent being Codan A/S. Privatsikring is subject to supervision by the Danish Financial Supervisory Authority.

## Decision-making process

Privatsikring's Board of Directors has on 20 April 2015 adopted a revised remuneration policy (the 'Remuneration Policy') for the Company. The Remuneration Policy was subsequently approved at the Company's general meeting on 29 April 2015. The respective remuneration programmes covered by the Remuneration Policy are laid down by Privatsikring's Board of Directors.

## Remuneration Policy

The purpose of the Remuneration Policy is to establish general rules on the structuring of remuneration programmes in Privatsikring. The Remuneration Policy covers senior employees on the Board of Management and the Board of Directors and material risk takers in Privatsikring.

## Variable remuneration principles

According to the Remuneration Policy, Privatforsikring wants to strike a suitable balance between fixed and variable remuneration while at the same time aiming to ensure that a portion of all employees' remuneration is based on employee performance.

## VARIABLE REMUNERATION PROGRAMMES 2014

Privatsikring has outsourced its business functions to Codan Forsikring. Privatforsikring's employees, who only comprise the Board of Management, participate in variable remuneration programmes.

## Bonus scheme

Privatforsikring's Board of Management is covered by a bonus scheme ('the Bonus Scheme') developed by Codan Forsikring, which is agreed between Codan Forsikring and the staff association of Codan and its Danish subsidiaries, including Privatsikring. The scheme is revised annually. As a main rule, all employees are covered by the Bonus Scheme, apart from employees in control functions. The purpose of the Bonus Scheme is to support performance management work, to reward a good work effort and to attract and retain competent employees. The result for the individual employee depends on the Codan Group's financial results as well as the employee's performance relative to individually adapted targets.

The financial results are measured via the underwriting result and are included in the Bonus Scheme to create a link between value creation in the Codan Group and in the individual business areas. The assessment of individual performance targets must take qualitative criteria into account, such as compliance with internal rules and the employee's work compared with the Codan Group's values. It is also taken into consideration whether the relevant employee has participated in or been responsible for conduct which has caused the Codan Group to suffer significant losses or whether the employee has failed to meet the fit and proper requirements. The weighting in the Bonus Scheme of the Group's/individual legal units' financial results and the individual employee's performance depends on the employee's position in the organisation.

## **RISK IMPACT OF THE COMPANY'S REMUNERATION PROGRAMMES**

The primary risk associated with the remuneration programmes is linked to the variable remuneration. The remuneration programme seeks to strike a balance between fixed and variable remuneration components and to ensure that the variable remuneration does not inspire excessive risk acceptance.

The variable remuneration is therefore limited to an amount or grant agreed in advance in proportion to the base salary. The portion of variable remuneration relative to the fixed remuneration generally increases in line with the level of seniority in the organisation.

To ensure Privاتفorsikring's compliance with the Remuneration Policy, Internal Audit once a year independently controls whether the remuneration paid by the Company is in accordance with the Remuneration Policy. Internal Audit reports the results of its control to the Company's Board of Directors once a year at the time when the financial statements are complete.

### **Identification of material risk takers positions**

In 2013, Privاتفorsikring had two material risk takers, who are both members of the Board of Management:

- CEO
- Sales Director

The Chief Internal Auditor is employed with Codan A/S, but also performs audits for Codan Forsikring A/S and Privاتفorsikring A/S. The Chief Internal Auditor's remuneration is included in the annual report of Codan A/S, but not in the remuneration report for Codan A/S in order not to make individual employee's remuneration publicly available.

The Chief Actuary and the Investment Manager are employed by Codan Forsikring A/S, but also perform work for Codan A/S and Privاتفorsikring A/S. The Chief Actuary's and the Investment Manager's remuneration is included in the remuneration report for Codan Forsikring A/S.

## PUBLICATION OF VARIABLE REMUNERATION COSTS 2014

Reference to Executive Order no. 818, DKKm			Total
7	Total amount of remuneration earned in the financial year	Amount earned	3.3

Reference to Executive Order no. 818, DKKm		Board of Directors	Board of Management	Other material risk takers	
8* a	Total fixed remuneration	Earned amount	0.1 (1)	2.8 (3)	0 (0)
	Total variable remuneration	(# of recipients)	0.0 (0)	0.5 (3)	0 (0)
8 b	Cash part of variable remuneration	Earned amount	0	0.4	0
	Share part of variable remuneration		0	0.1	0
8 c	Deferred bonus - Vested	Accumulated	0.0	0.0	0
	Deferred bonus - Non-vested		0.0	0.2	0
8 d	Deferred bonus - Granted		0.0	0.1	0
	Deferred bonus - Paid	Amount	0.0	0.0	0
	Deferred bonus - Reduced		0.0	0.0	0
8 e	Sign on bonus	Paid amount	0.0 (0)	0	0
	Severance pay	(# of recipients)	0.0 (0)	0	0
8 f	Severance pay	Amount granted	0.0 (0)	0	0
		# of recipients	0	0	0
		Largest amount	0	0	0
9	Employees with remuneration exceeding 1 EURm	Earned amount	0	0	0

\* This and other lines refer to section 17, item 8