CODAN FORSIKRING A/S
ANNUAL REPORT 2008

Company Reg. No. 10 52 96 38

Contents

General information

Boards of Directors and Management	**Board of Directors:** Simon Lee, Chairman Anthony Latham, Deputy Chairman Andrew Burke Jørgen Lykke * Henrik Müllertz * Clare Sheikh Rowan Saunders Christian Sletten * *) Elected by employees **Board of Management:** Rickard Gustafson, CEO Vibeke Krag
Auditors	**Auditors elected by the general meeting:** Deloitte, Statsautoriseret Revisionsaktieselskab
Ownership	Codan A/S, Frederiksberg, is the sole shareholder of Codan Forsikring A/S.
Address etc.	Gammel Kongevej 60 DK-1790 Copenhagen V Telephone: +45 33 21 21 21 Telefax: +45 33 55 21 22 Company Reg. No. 10 52 96 38

Management's review

Key figures (in DKK m) and financial ratios

Five year summary*	2008	2007	2006	2005	2004
Gross earned premiums	6,828	6,033	5,436	5,218	5,164
Gross claims incurred	-5,054	-4,485	-2,441	-4,008	-3,707
Total operating expenses	-1,355	-1,242	-1,044	-1,026	-965
Profit/loss from reinsurance	-237	132	-335	124	-219
Balance on the technical account	318	621	1,686	362	333
Investment return after technical interest	240	155	180	1	40
Profit for the year	355	585	1,387	259	464
Run-off gain/loss	-95	187	1,049	146	-97
Total technical provisions	10,323	9,692	8,579	9,445	8,726
Total insurance assets	894	1,282	1,017	1,425	1,568
Total equity	4,291	3,840	4,446	3,052	4,531
Total assets	15,490	15,176	15,108	13,606	14,812
Financial ratios					
Gross claims ratio	74.6	75.4	45.5	77.8	72.9
Gross expense ratio	20.0	20.9	19.5	19.9	19.0
Combined ratio	98.1	94.1	71.2	95.3	96.2
Operating ratio	95.4	90.0	69.4	93.1	93.6
Relative run-off result	-1.4	3.2	16.0	2.5	-1.8
Return on equity in %	8.7	14.3	37.0	6.8	10.7
Solvency ratio	242	323	307	309	309

* The key figures and financial ratios have been prepared in accordance with the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds).

Management's review

Financial review

The Company's principal activity

Codan Forsikring A/S provides almost all types of general insurance to both individuals and companies in the Nordic countries. Being the third largest player in both the personal and commercial markets and the largest marine insurer, Codan Forsikring A/S holds a leading position in the Danish general insurance market.

The Company has branches in Sweden, Norway, Finland and Estonia.

Codan Forsikring A/S' share of the marine insurance market in Finland is approx. 35%.

The Annual Report for 2008

Codan Forsikring A/S is a subsidiary of RSA Insurance Group plc, which prepares consolidated financial statements in accordance with applicable United Kingdom law. Consolidated financial statements have therefore not been prepared for the Codan Forsikring A/S Group.

On 1 October 2004, the life insurance subsidiaries of Codan Forsikring A/S were sold. All accounting items relating to the disposal of these operations are included in one line in the income statement.

Major events in 2008

In 2008, Codan continued to focus on profitable growth, supported by distribution agreements with car dealers, local banks and the DaneAge Association, among others. In addition, the distribution agreements of the Company's branches in Norway and Sweden were extended.

On 1 October 2008, Codan Forsikring A/S sold its subsidiary Ejendomsselskabet Gammel Kongevej 60 ApS, which owned the Codan Group's Danish head office. At the same time, Codan Forsikring A/S entered into a leaseback agreement with the buyer. The sale price of the property was in line with the carrying amount, and a provision of DKK 115m was made for deferred income in connection with the leaseback agreement.

As of 1 January 2008, Codan Forsikring A/S acquired the insurance activities of the branch in Norway previously operated by the affiliated company Trygg-Hansa Försäkrings AB. As of the same date, Codan Forsikring A/S also acquired the marine insurance activities carried on by Trygg-Hansa Försäkrings AB in Sweden. In 2008, the acquired activities developed in line with expectations.

Profit for the year and development of the Company

Codan Forsikring A/S recorded a profit of DKK 355m for 2008. The balance on the technical account was DKK 318m. This performance is in line with the expectations for 2008 set out in the Annual Report for 2007 to maintain a satisfactory insurance operating profit.

The profit from continuing operations comprises a balance on the technical account of DKK 318m, an investment result of DKK 240m, other income and expenses amounting to a negative DKK 108m and tax expenses of DKK 99m.

The profit for the year is considered satisfactory.

Dividends for 2008

Management's review

The Board of Directors proposes a dividend of DKK 850m. The proposal will be considered at the Company's Annual General Meeting to be held on 29 April 2009.

General insurance
In 2008, gross earned premiums increased by approx. 13% to DKK 6,828m compared to an increase of 11% in 2007. Net earned premiums rose by DKK 781m to DKK 6,456m, equal to an increase of approx. 14%.

In Commercial Lines, net written premiums were up by 16%, while Personal Lines delivered an 18% increase in net written premiums.

In 2008, the activities acquired from Trygg-Hansa Försäkrings AB accounted for 6% of premium growth in both Commercial and Personal Lines.

The gross claims ratio was 74.6% in 2008 compared to 75.4% in 2007. 2008 saw a reduced number of large and weather-related claims compared to 2007.

The gross expense ratio was 20.0% in 2008 compared to 20.9% in 2007. This performance is in line with the expectations for 2008 set out in the Annual Report for 2007, assuming a reduction in the expense ratio compared to 2007. The expense ratio continued to be influenced by increased expenses resulting from the integration of acquired portfolios in the Company's branches in Sweden, Norway and Finland as well as the continued development of the Estonian branch.

Reinsurance activities generated a loss of DKK 237m in 2008 whereas for 2007, the result was a profit of DKK 132m. The change in the reinsurance result is mainly attributable to a decrease in reinsurers' share of claims incurred which, due to large claims, was higher in 2007 than in 2008.

Business initiatives
The increase in net written premiums in Commercial Lines reflects strong growth in Norway, where agreements were signed with ten new agents during the year. Denmark reported good growth in SME, Marine and Renewable Energy.

In Personal Lines, the increase in net written premiums reflects a solid performance in affinity channels including banks and car dealerships, continued growth from WLI in Norway and good retention across the region. During 2008, Codan strengthened its customer offerings, among other things by including a worldwide travel insurance as standard to all personal customers with a family insurance. In addition, a new loyalty programme was introduced to customers.

In 2008, Codan maintained its strong position in the health insurance market. During the year, the Company introduced a new targeted health insurance with an excess and a considerably lower premium than previously. The product is primarily aimed at SMEs requiring a basic health insurance. In 2008, Codan also introduced a sickness cover as an additional cover to the general personal accident insurance.

Codan continues to focus on profitability through operational excellence, cost savings and the introduction of Lean principles. The objective is to achieve more streamlined and customer-focused processes, and all employees are expected to use Lean as a tool to identify and implement improvements to own working methods. Lean is a continuing process and forms part of Codan's new corporate culture.

In addition, Codan introduced a new logo in order to present a more modern image and to support the Company's new objective of keeping people moving. The change marks the close relationship with the

Management's review

Parent Company RSA and the fact that Codan in 2008 commenced the internal work of building a new corporate culture and a new brand.

In 2008, several years' targeted efforts in corporate social responsibility resulted in the publication of Codan's first corporate responsibility report bearing the title "Our shared responsibility". The report includes Codan's corporate social responsibility strategies and identifies a number of action areas with specific objectives that Codan has undertaken to meet. The objectives focus on customers, employees, community and environment, and these areas all have both a short-term and a long-term impact on Codan as a business and on Codan's external environment.

Codan developed a new sponsorship strategy focusing on children, health, safety and corporate social responsibility in 2008. This has resulted in changes to the sponsorship portfolio during the year: DGI (Danish Gymnastics and Sports Associations) and the Danish FA Football School for children and youth were added to the portfolio, while Codan's main sponsorship agreement with the football club Brøndby IF was changed to a smaller sponsorship targeted at the club's children and youth section. Moreover, the Child Accident Prevention Foundation, co-founded by Codan, has also been included in the sponsorship programme.

Investments

The Company's investments are made in subsidiaries and in other financial assets. The investment return for 2008 was affected by capital gains on the Company's bond portfolio, driven by falling interest rates at the end of 2008. The investment return was further positively affected by exchange rate adjustments of the Company's provisions and balances arising from insurance transactions, primarily in GBP and USD.

The profits generated by subsidiaries are as follows: Privatsikring generated a profit of DKK 73m and Trekroner Forsikring returned a profit of DKK 2m. Ejendomsselskabet Gammel Kongevej 60 ApS and other subsidiaries generated a loss of DKK 2m.

Privatsikring

Privatsikring writes business through the Association of Local Banks in Denmark.

Privatsikring generated a profit of DKK 73m for 2008 against a profit of DKK 42m for 2007. The result comprises a balance on the technical account of DKK 86m, an investment result of DKK 12m and tax expenses of DKK 25m.

Gross earned premiums for Privatsikring increased from DKK 326m in 2007 to DKK 366m in 2008. Like the previous year, several banks joined the bancassurance agreement between Privatsikring and the Association of Local Banks in Denmark in 2008.

2008 was yet another year with growth and very satisfactory results for Privatsikring. The focus areas were the Hotline and support of sales through the banks.

Trekroner Forsikring

The business of Trekroner Forsikring primarily lies in the segment "personal insurance aimed at the average Danish family", and particularly in the camping segment.

Trekroner Forsikring generated a profit of DKK 2m for 2008 against a profit of DKK 30m for 2007. The result comprises a balance on the technical account amounting to a negative DKK 6m, an investment result of DKK 10m and tax expenses of DKK 2m.

Gross earned premiums for Trekroner Forsikring increased from DKK 395m in 2007 to DKK 419m in 2008.

Management's review

The profit for the year in Trekroner Forsikring is lower than expected. Premium developments are positive; however, average claims costs were higher than expected and claims handling costs also increased.

Bonds
In January 2008, the Company restructured its bond portfolio, reducing the number of mortgage bonds by approx. 10% and increasing the number of government bonds by a similar percentage. Furthermore, the bond portfolio duration was reduced to approx. 2.5 years in order to better match the technical provisions. In the last quarter of 2008, the return on bonds was affected by capital gains due to falling yields on government bonds in particular.

The total return on bonds amounted to DKK 590m compared to DKK 322m in 2007. Danish bonds yielded a satisfactory return of 6.1% in 2008 against 3.2% in 2007. USD bonds yielded a return of 9.81% in 2008, while NOK bonds produced a negative return of 13.3% in 2008. The return on USD bonds and NOK bonds was affected by exchange rate fluctuations.

Loans to Group entities
In connection with the sale of the subsidiary Ejendomsselskabet Gammel Kongevej 60 ApS, the loan of DKK 310m was settled.

In 2008, Codan Forsikring A/S granted a loan of DKK 1,000m to RSA Overseas Holdings B.V., the Parent Company of Codan A/S. The loan was made on an arm's length basis.

Shares
The Company continued to have a low exposure to shares. The Company's shares delivered a return of DKK 0.4m in 2008 compared to a negative return of DKK 0.2m in 2007. In 2008, the Company's share portfolio consisted exclusively of unlisted shares.

Risk management in Codan

Codan's overall risk policy and limits are laid down by the Company's Board of Directors. The connection between the strategic considerations concerning business risks, foreign exchange risks, market risks, credit risks and operational risks is ensured through an ongoing assessment of the Company's current risk profile.

The Company has implemented the necessary and relevant monitoring systems, business processes and controls to minimise risks.

In 2008, Codan established a separate Enterprise Risk Management function (ERM). The purpose of the ERM function is to increase the focus on independent assessment and monitoring of the risk environment of the Codan Group both in a Nordic setting and in respect of the individual legal entities making up the Group. The development of the individual risks is discussed on a quarterly basis by a Risk Committee established by the Board of Management. The ERM function subsequently reports its assessment of the current risk environment to the Boards of Directors of the individual companies.

In 2009, the ERM function, together with the financial and legislative compliance functions, was integrated into an internal control function referring directly to the CEO, however, not forming part of the Senior Leadership Team. As a result, the function is independent of the business. The internal control function also reports directly to the Boards of Directors of the companies with regard to assessing the risk environment of the Codan Group and the individual legal entities.

The key components of the Company's risk profile are set out below:

- Business risk
- Market risk
- Credit risk
- Operational risk

Management's review

Business risk
The business risks of Codan Forsikring A/S comprise the following:
- Acceptance and premium rating risk
- Reinsurance risk
- Reserve risk (risk involved in determining the future claims payments)

Codan Forsikring A/S continuously monitors the insurance risks accepted, assessing these risks in relation to the acceptance, reinsurance and capital policies adopted. The Company uses reinsurance to cover the risk of single large losses and events.

The Company's premium rating has been adapted to individual markets and customer types. In the personal, commercial and marine markets, premiums are mainly standard rates. However, in respect of large commercial and marine customers, premiums are rather subject to individual assessment.

In relation to guarantee business, Codan Forsikring A/S provides guarantees for the payment of bank loans established in connection with the acquisition of properties. The guarantees are based on own calculations of the properties' values using return requirements. The Company has mortgages on the properties and their returns, and a considerable safety margin is included.

Technical provisions to cover future claims payments have been calculated by applying generally accepted actuarial methods. Codan Forsikring A/S applies several statistical methods and analyses to determine the probable amount of future claims payments.

Market risk
A significant part of the assets of Codan Forsikring A/S consists of investments recorded at market value on an ongoing basis. Thus, the Company's equity and results are affected by the regional and global performance of stock, bond and foreign exchange markets. The investment policy guidelines of Codan Forsikring A/S lay down criteria for limiting and managing risks in respect of individual investments as well as accumulation of risks. Codan has an Investment Committee, which monitors the implementation of the investment strategy and proposes changes to the Board of Management.

The majority of investments held by Codan Forsikring A/S consist of Danish liquid listed bonds which are realisable at market price at short notice.

Credit risk
The credit and counterparty risks of Codan Forsikring A/S are primarily related to the Company's reinsurance contracts and portfolio of mortgage bonds.

It is the Company's policy only to enter into reinsurance contracts with carefully selected, sound reinsurers.

More than 85% of the Company's bond portfolio consists of government bonds or AAA rated mortgage bonds.

The company is exposed to credit risk in connection with guarantee business where guarantees are provided for the payment of bank loans established in relation to the acquisition of properties. However such guarantees are provided on the basis of mortgages on the properties in question, as described above in the section on Business risk.

Operational risk
Operational risks comprise losses due to inadequate or faulty procedures as well as human or systematic errors.

Management's review

Codan Forsikring A/S registers operational risk events in order to continuously assess and remedy these. The direct and indirect financial impacts from various scenarios that may inflict financial losses on the Company are assessed annually just as emergency plans are updated in order to minimise any financial losses.

Events subsequent to 31 December 2008

No events of material importance to the Company's financial position or business affairs have occurred subsequent to 31 December 2008.

Outlook for 2009

Codan Forsikring A/S expects to maintain the satisfactory insurance operating profit in 2009.

However, the financial crisis and economic recession add uncertainty to a number of factors influencing the balance on the technical account of Codan Forsikring A/S. A fall in the number of cars sold, more corporate bankruptcies and a decline in trade and export are all factors that are expected to result in lower premium growth than in 2008. On the other hand, a reduced level of activity in the society is expected to have a positive impact on claims inflation due to falling prices for commodities and materials as well as lower traffic intensity and business interruption losses.

In 2009, the expense ratio is expected to remain at the same level as in 2008. Apart from this, the operating profit depends on developments in relation to personal injury claims, weather-related claims and large claims.

The Management of Codan does not consider it appropriate to make any statements as to the expected developments in the interest rate and stock markets or the expected value adjustments for 2009.

Management's review

Directorships and executive positions

Board of Directors

At the time of adoption of the Annual Report, the Company's Board of Directors held the following directorships and executive positions in other Danish public limited companies. Wholly-owned subsidiaries are not included in the list.

Board of Directors	Directorships and executive positions in other Danish public limited companies
Simon Lee, Chairman	Codan A/S (Chairman)
Anthony Latham, Deputy Chairman	Codan A/S (Deputy Chairman)
Andrew Burke	Codan A/S
Jørgen Lykke *	Codan A/S
Henrik Müllertz *	Codan A/S
Clare Sheikh	Codan A/S
Rowan Saunders	Codan A/S
Christian Sletten *	Codan A/S

Board of Management

Pursuant to S. 80 of the Danish Financial Business Act, the Board of Directors of Codan Forsikring A/S has approved that the members of the Board of Management of the Company who were registered during 2008 held or hold the following directorships and executive positions:

Board of Management	Directorships and executive positions
Rickard Gustafson, CEO	Directorships in: Codan Ejendomme II A/S (under liquidation) (Chairman)**, Ejendomsselskabet Gammel Kongevej 60 ApS (Chairman)**, Survey Association Ltd. A/S (Deputy Chairman) Executive positions in: Codan A/S, Trygg-Hansa Försäkrings AB (publ.)
Vibeke Krag	Directorships in: Codan Ejendomme II A/S**, Trekroner Forsikring A/S, Forsikringsselskabet Privatsikring A/S, Survey Association Ltd. A/S, Ejendomsselskabet Gammel Kongevej 60 ApS*

* Elected by employees
** Resigned before the end of the year

Statement by the Boards of Directors and Management on the Annual Report

The Board of Directors and the Board of Management have today adopted the Annual Report of Codan Forsikring A/S for 2008, comprising the Management's review, the income statement, the balance sheet, the statement on changes in equity, the cash flow statement, the accounting policies, and the notes to the financial statements.

The Annual Report of Codan Forsikring A/S has been prepared in accordance with the Danish Financial Business Act.

The Management's review gives a true and fair view of the development in the Company's operations and financial situation and describes the most significant risks and uncertainties that may affect the Company.

It is our opinion that the accounting policies applied are appropriate, and that the Annual Report gives a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2008 as well as of the results of the Company's operations and cash flows for the period 1 January to 31 December 2008 as stipulated in the Danish Financial Business Act.

We recommend that the Annual Report be adopted by the Annual General Meeting.

Copenhagen, 23 April 2009

Board of Management

Rickard Gustafson
Chief Executive Officer

Vibeke Krag

Board of Directors

Simon Lee *Chairman*	Anthony Latham *Deputy Chairman*	Andrew Burke	Jørgen Lykke
Henrik Müllertz	Clare Sheikh	Rowan Saunders	Christian Sletten

Independent Auditor's Report

To the shareholder of Codan Forsikring A/S

We have audited the Annual Report of Codan Forsikring A/S for the financial year 1 January to 31 December 2008. The Annual Report comprises the statement by Management on the Annual Report, the Management's review, the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, the accounting policies and the notes to the financial statements. The Annual Report has been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an Annual Report in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this Annual Report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2008 and of its financial performance and its cash flows for the financial year 1 January to 31 December 2008 in accordance with the Danish Financial Business Act.

Copenhagen, 23 April 2009

Deloitte
Statsautoriseret Revisionsaktieselskab

Henrik Priskorn	Per Rolf Larssen
State Authorised	State Authorised
Public Accountant	Public Accountant

Income statement

Note	DKK '000	2008	2007
	General insurance		
2	Gross premiums written	7,055,211	6,211,389
	Premiums ceded to reinsurers	-364,459	-330,527
2	Change in the provision for unearned premiums	-227,495	-177,919
	Change in the provision for unearned premiums, reinsurers' share	-7,326	-27,875
	Earned premiums, net of reinsurance	6,455,931	5,675,068
3	**Technical interest, net of reinsurance**	192,137	268,403
	Claims paid, gross	-4,908,784	-3,708,277
	Claims paid, reinsurers' share	451,009	194,439
	Change in the provision for claims	-145,344	-776,654
	Change in the provision for claims, reinsurers' share	-327,300	284,090
4	**Claims incurred, net of reinsurance**	-4,930,419	-4,006,402
	Bonuses and rebates	-55,921	-86,756
	Acquisition costs	-946,952	-799,811
	Administrative expenses	-407,778	-441,868
	Reinsurance commissions and profit participation	10,974	12,064
5	**Net operating expenses**	-1,343,756	-1,229,615
6	**Balance on the technical account, general insurance**	**317,972**	**620,698**
	Investments		
	Income from Group entities	72,956	97,609
	Income from associates	-	-
	Income from investment properties	-38	26
	Interest income and dividends, etc.	557,934	573,231
7	Value adjustments	104,002	-100,108
	Interest expenses	-7,577	-28,907
	Investment management expenses	-24,351	-19,175
	Total investment return	702,926	522,676
	Technical interest transferred to general insurance	-462,927	-368,066
	Total investment return after technical interest	**239,999**	**154,610**
8	Other income	11,290	-
9	Other expenses	-119,240	-
10	Profit from discontinued operations	3,839	-
	Profit before tax	**453,860**	**775,308**
11	Tax	-98,723	-190,631
	Profit for the year	**355,137**	**584,677**
	Proposal for the distribution of profit:		
	Profit for the year	355,137	584,677
	Retained earnings, beginning of the year	1,680,123	2,283,544
	Intra-group portfolio transfer	15,787	-
	Intra-group contribution	20,519	7,391
	Transferred to/from revaluation reserve	-318	11,014
	Actuarial gains and losses on pension obligations	-150	909
	Transferred to/from reserve for net revaluation according to the equity method	-224,367	-
	Transferred to equalisation reserve	-6,870	-7,412
	Amount available for distribution	1,839,861	2,880,123
	Proposed dividend	-850,000	-
	Final dividend	-	-1,200,000
	Transferred to retained earnings	989,861	1,680,123

Balance sheet at 31 December

Note	DKK '000	2008	2007
	Assets		
12	**Intangible assets**	**310,454**	**257,829**
	Equipment	87,896	83,456
	Group occupied properties	6,337	5,821
13	**Total property and equipment**	**94,233**	**89,277**
14	Investments in Group entities	510,308	570,531
	Loans to Group entities	1,000,000	310,000
	Total investments in Group entities	**1,510,308**	**880,531**
	Equity investments	4,140	3,762
	Bonds	10,702,681	10,449,284
	Other loans	145,231	144,304
	Total other financial assets	**10,852,052**	**10,597,350**
	Deposits with ceding undertakings	1,498	6,201
	Total investments	**12,363,858**	**11,484,082**
	Reinsurers' share of provision for unearned premiums	28,376	35,169
	Reinsurers' share of provision for claims	865,456	1,247,120
	Total reinsurers' share of insurance contract provisions	**893,832**	**1,282,289**
	Receivables from policyholders	758,090	519,124
	Receivables from brokers	10,756	8,206
	Total receivables arising from direct insurance contracts	**768,846**	**527,330**
	Receivables from insurance companies	137,410	68,082
	Receivables from Group entities	76,246	530,720
	Other receivables	63,810	158,410
	Total receivables	**1,046,312**	**1,284,542**
	Assets in temporary possession	619	38
15	Current tax assets	38,199	20,575
16	Deferred tax assets	45,083	33,597
	Cash and cash equivalents	505,304	557,851
	Total other assets	**589,205**	**612,061**
	Accrued interest and rent	182,549	154,240
	Other prepayments	9,870	11,856
	Total prepayments and accrued income	**192,419**	**166,096**
	Total assets	**15,490,313**	**15,176,176**

Balance sheet at 31 December

Note	DKK '000	2008	2007
	Equity and liabilities		
17	**Share capital**	15,000	15,000
	Share premium account	1,732	1,732
	Reserve for net revaluation according to the equity method	224,367	-
	Revaluation reserve	2,034	955
	Total revaluation reserve	226,401	955
18	Contingency funds	2,082,106	2,082,106
	Translation reserve	59,278	190
	Equalisation reserve	67,006	60,135
	Total reserves	2,208,390	2,142,431
	Retained earnings	989,861	1,680,123
	Proposed dividend	850,000	-
19	**Total equity**	**4,291,384**	**3,840,241**
	Provision for unearned premiums	2,302,340	2,026,263
	Provision for outstanding claims	7,979,124	7,614,110
	Provision for bonuses and rebates	41,616	51,591
	Total insurance contract provisions	**10,323,080**	**9,691,964**
20	Pension obligations	3,368	3,556
16	Deferred tax liabilities	2,543	-
21	Other provisions	-	931
	Total provisions	**5,911**	**4,487**
	Deposits received from reinsurers	**469**	**544**
	Payables arising from direct insurance contracts	63,329	21,917
	Payables arising from reinsurance contracts	43,984	147,338
	Amounts owed to Group entities	87,622	192,255
22	Current tax liabilities	-	2,334
	Other payables	530,415	1,235,147
23	**Total payables**	**725,350**	**1,598,991**
	Accruals and deferred income	**144,119**	**39,949**
	Total equity and liabilities	**15,490,313**	**15,176,176**

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Statement of changes in equity

Note	DKK '000					
	Share capital	Share premium* account	Revaluation and other reserves	Proposed dividend	Retained earnings	Total equity
2007						
Equity, beginnning of the year	**15,000**	**1,732**	**2,146,211**	-	**2,283,544**	**4,446,487**
Changes in equity for 2007:						
Revaluation of Group occupied properties			781			**781**
Tax on revaluation of Group occupied properties			-194			**-194**
Currency translation adjustment, foreign subsidiaries			190			**190**
Actuarial gains on pension obligations					909	**909**
Profit for the year					584,677	**584,677**
Total income for the year	-	-	777	-	585,586	**586,363**
Equalisation reserve (credit and guarantee)			7,412		-7,412	**-**
Intra-group contribution					7,391	**7,391**
Transferred to retained earnings in connection with the sale of Group occupied properties			-11,014		11,014	**-**
Final dividend					-1,200,000	**-1,200,000**
Changes in equity for the year	**-**	**-**	**-2,825**	**-**	**-603,421**	**-606,246**
Equity, end of the year	**15,000**	**1,732**	**2,143,386**	**-**	**1,680,123**	**3,840,241**
2008						
Equity, beginnning of the year	**15,000**	**1,732**	**2,143,386**	-	**1,680,123**	**3,840,241**
Changes in equity for 2008:						
Revaluation of Group occupied properties			363			**363**
Reversal of previous revaluation of Group occupied properties			-200			**-200**
Currency translation adjustment, foreign subsidiaries			59,088			**59,088**
Actuarial gains on pension obligations					-150	**-150**
Profit for the year			224,367		130,770	**355,137**
Total income for the year			283,618		130,620	**414,238**
Equalisation reserve (credit and guarantee)			6,870		-6,870	**-**
Transferred to/from revaluation reserve			318		-318	**-**
Intra-group contribution					20,519	**20,519**
Intra-group portfolio transfer			599		15,787	**16,386**
Proposed dividend				850,000	-850,000	**-**
Changes in equity for the year	**-**	**-**	**291,405**	**850,000**	**-690,262**	**451,143**
Equity, end of the year	**15,000**	**1,732**	**2,434,791**	**850,000**	**989,861**	**4,291,384**

* According to the Danish Public Companies Act, the share premium account is no longer an undistributable reserve as from the date of the Annual General Meeting in 2005.

Cash flow statement

Note	DKK '000	2008	2007
	Premiums received	6,779,218	6,108,567
	Claims and benefits paid	-4,862,670	-3,702,223
	Amounts received in respect of outwards business	393,073	209,486
	Amounts paid in respect of outwards business	-404,454	-309,491
	Payments relating to development projects	-70,984	-12,011
	Operating expenses paid	-943,597	-1,174,387
	Cash flows from insurance operations	890,586	1,119,941
	Corporation tax paid	-149,921	-495,200
	Cash flows from operating activities	**740,665**	**624,741**
	Interest income and dividends received	530,342	585,679
	Interest paid	-7,577	-28,907
	Investment expenses paid	-24,351	-19,175
	Cash flows from direct investment returns	498,414	537,597
	Purchase of property and equipment	-45,843	-34,029
	Sale of property and equipment	12,814	55,151
24	Acquisition of operations	234,551	-87,862
25	Disposal of operations	-230,386	-
	Disposal of subsidiary	131,764	-
	Purchase of securities	-7,519,448	-5,413,018
	Purchase of securities	6,821,534	5,746,794
	Proceeds from/repayments of loans	-686	-6,383
	Cash flows from changes in investments	-595,700	260,653
	Cash flows from investing activities	**-97,286**	**798,250**
	Dividends paid	-	-1,200,000
	Cash flows from dividend payments	-	-1,200,000
	Change in loans to and from Group entities	-690,000	-
	Lease payments under finance leases	-16,834	-8,109
	Cash flows from changes in financing activities	-706,834	-8,109
	Cash flows from financing activities	**-706,834**	**-1,208,109**
	Cash flow changes, net	-63,455	214,882
	Exchange differences on cash and cash equivalents	-27,132	-5,390
24	Additions relating to the acquisition of operations	45,354	39,174
25	Disposal relating to the sale of operations	-7,314	0
	Cash flow changes, gross	-52,547	248,666
	Cash and cash equivalents, beginning of the year	557,851	309,185
	Cash and cash equivalents, end of the year	**505,304**	**557,851**
	Cash and cash equivalents, end of the year can be specified as follows:		
	Cash balances and call deposits	373,304	293,841
	Deposits with credit institutions	132,000	264,010
	Cash and cash equivalents, end of the year	505,304	557,851

Notes to the financial statements

Note

1 Accounting policies

The Annual Report of Codan Forsikring A/S has been prepared in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Insurance Companies.

Codan Forsikring A/S is a subsidiary of RSA Insurance Group plc, which prepares consolidated financial statements in accordance with applicable United Kingdom law. Consolidated financial statements have therefore not been prepared for the Codan Forsikring A/S Group.

In 2004, Codan Forsikring A/S sold all of its life insurance subsidiaries to SEB Trygg Liv Holding AB. Results of the subsidiaries disposed of are recognised in the income statement as profit/loss from discontinued operations.

In 2008, the Company changed its accounting policies for treatment of group contributions between the Company and other entities of the Codan Group. In 2007, which was the first financial year in which group contributions were made, an amount of DKK 7,391 thousand was included under 'Other income' in the income statement. As from 2008, group contributions are treated as capital increases in respect of contributions from the Parent Company or companies affiliated with the Company and as dividends in respect of contributions from the Company to the Parent Company or affiliated companies. The comparative figures have been restated so that the group contribution of DKK 7,391 thousand, which has been recognised under 'Other income' in the Annual Report for 2007, has been recognised directly in equity.

The change in accounting policies is due to an announcement made by the Danish Financial Supervisory Authority as to the treatment of group contributions in financial undertakings.

Apart from this, the accounting policies remain unchanged from the Annual Report for 2007.

In some tables and notes, the comparative figures have been reclassified when compared to the Annual Report for 2007. The reclassifications are of no importance to the informative value of the individual tables or notes.

General information

The Annual Report is presented in DKK, rounded to the nearest thousand. The business of Codan Forsikring A/S consists mainly of selling general insurance products on the Danish market and investing in Danish securities.

The income statement and balance sheet have been prepared in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds).

Recognition and measurement

On initial recognition, assets and liabilities are measured at fair value. However, intangible assets and property and equipment are measured at cost on initial recognition. Subsequent measurements are made as described for each individual item below. Measurement at amortised cost involves recognition of a constant effective interest rate over the life of the asset or liability. Amortised cost is calculated as the original cost less repayments and with addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. In this way, capital gains and losses are allocated over the life of the asset or liability.

Assets are recognised in the balance sheet when, due to an event occurring before or on the balance sheet date, it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably. Financial instruments are recognised in accordance with this principle, and the trade date is thus used as the date of recognition.

Liabilities are recognised in the balance sheet when, due to an event occurring before or on the balance sheet date, the Company has a legal obligation, and when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

The recognition and measurement of assets and liabilities take into account information received after the balance sheet date but before the presentation of the Annual Report if such information proves or disproves circumstances prevailing on the balance sheet date.

Income is recognised in the income statement as earned. Expenses incurred to achieve the earnings for the year, including depreciation, amortisation, impairment losses and provisions, are recognised in the income statement. Adjustments resulting from changes in accounting estimates of items previously recognised in the income statement are also recognised in the income statement. Value adjustments of financial assets and liabilities which are measured at fair value are also recognised in the income statement, unless otherwise stated below.

Key assumptions and estimates

Determination of the carrying amount of assets and liabilities requires an estimate of how future events will affect the value at the balance sheet date. Estimates having a material impact on the financial reporting are e.g. made in connection with the determination

Notes to the financial statements

Note

of technical provisions, depreciation, amortisation and impairment losses, properties, pension obligations as well as contingent assets and liabilities. The assumptions and estimates used are reviewed on a continuous basis and are, among other things, based on historical experience and expectations of future events.

The estimates used are based on assumptions which the Management believes to be reasonable, but which are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur. Codan Forsikring A/S is furthermore subject to risks and uncertainties that could cause actual results to differ from the estimates used.

The following accounting assumptions and estimates are considered material to the Annual Report:

Insurance contract liabilities
The provision for outstanding claims is generally affected by key actuarial assumptions and estimates, including expectations of the number and size of claims incurred but not reported as well as inflation developments. In some cases, the historical data forming part of the actuarial methods does not necessarily reflect the expected future level of claims, for instance in connection with amended legislation where an a priori estimate is prepared, forming the basis of premium increases necessitated by an expected higher level of claims.

For general insurance companies, a run-off result is calculated as the difference between

a) the provision for outstanding claims in the opening balance sheet, adjusted for currency translation differences and discounting effects, and
b) the sum of claims paid during the financial year relating to claims incurred in previous financial years, and that part of the provision for outstanding claims relating to claims incurred in previous financial years.

Run-off results for the past five years are shown in the five year summary.

Allocations in Codan Forsikring A/S
Expenses that are not directly attributable to individual lines of business or cannot be identified as either claims handling costs, operating expenses (acquisition costs and administrative expenses) or investment management expenses are allocated on the basis of estimated time consumption or cost charge.

Measurement of intangible assets
Impairment testing of intangible assets may be significantly affected by major changes in the estimates and assumptions on which the calculations of recoverable amounts are based.

Deferred tax
The tax liability arising on a temporary difference between the carrying amount and the tax value is generally recognised as deferred tax. If the temporary difference is negative, and it is considered likely that it can be used to reduce future tax liabilities, a deferred tax asset will be recognised.

Codan Forsikring A/S does not make provisions for deferred tax on contingency funds. The reason for this is that in the opinion of the Management, taxation will only take place if the insurance portfolio is transferred or if the Company ceases to carry on insurance business.

Contingent liabilities
Contingent liabilities, including the outcome of pending legal proceedings, are inherently uncertain. The Management has estimated these on the basis of legal assessments of the specific cases.

Changes in assumptions and estimates
The rules on discounting of technical provisions were changed by the Danish Financial Supervisory Authority at the end of 2008 due to an agreement of 31 October 2008 on financial stability in the pensions area. The changes result in the use of an adjusted term dependent yield curve for calculations made in the period from 31 October 2008 to 31 December 2009. The adjusted term dependent yield curve is based on the redemption yield on mortgage bonds whereas the original term dependent yield curve was based on zero-coupon rates for liquid interest rate instruments in Euro plus the spread between zero-coupon rates for Danish and German government bonds. The impact on results, equity, balance sheet total, capital requirement and capital base of Codan Forsikring A/S from the use of the adjusted yield curve compared to the use of the original yield curve is immaterial. By using the adjusted yield curve, the impact on the technical provisions is DKK 16m, and this is equal to the increase in the profit and equity before tax.

In 2008, the Company changed its method for calculating the impact of the unwinding of discount on technical provisions. The unwinding of discount is offset against the technical interest. However, as from 2008 the method has been changed so that the unwinding of discount on technical provisions that are discounted at a term dependent yield curve is calculated based on exactly the same principles as the technical interest and thus corresponds to the technical interest. The change has not affected the results, equity or balance sheet total of the Company. The comparative figures have not been restated.

Notes to the financial statements

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In 2008, the Company analysed and subsequently changed the calculation method for distribution of expenses that are not directly attributable to functions. The revised calculation method has resulted in an increased allocation to claims handling costs of approx. DKK 60m.

Future changes in assumptions and estimates
Based on the transitional provisions of the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds), the Company has applied a fixed-interest method when discounting technical provisions for workers' compensation insurance up to an including the 2008 financial year. With effect from the 2009 financial year, the Company will instead use a term dependent discount rate similar to the method applied in connection with other technical provisions. The revised method would have had a positive impact of approx. DKK 160m before tax on the Company's results and equity as at 31 December 2008.

Business combinations
Newly acquired or established entities are included in the financial statements from the date of acquisition or foundation. Entities sold or terminated are included in the income statement up to the date of disposal. Comparative figures are not adjusted for entities recently acquired, sold or terminated.

Identifiable assets, liabilities and contingent liabilities of newly acquired entities are measured at fair value at the date of acquisition.

The cost of business combinations is measured as the total fair value at the date of acquisition of transferred assets, known or predicted liabilities, and all costs directly attributable to the business combination.

Positive balances (goodwill) between the cost of business combinations and the fair value of identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets.

Goodwill is not amortised, but tested at least annually for impairment and written down to the recoverable amount through the income statement if the carrying amount is higher. Negative balances (negative goodwill) are recognised in the income statement at the date of acquisition.

However, in connection with intra-group business combinations or portfolio transfers, the difference between the purchase consideration and the net assets acquired is recognised directly in equity.

When the initial accounting for a business combination can be determined only provisionally, any adjustments to goodwill and the fair values of assets, liabilities and contingent liabilities are recognised within 12 months of the date of acquisition. Subsequently, goodwill will only be adjusted as a result of changes in estimates of contingent purchase considerations. If, 12 months after the acquisition, it is ascertained that the fair value of assets or liabilities at the date of acquisition differs from the values initially recognised, the adjustments are recognised in the income statement.

Any additional price paid in connection with the purchase of minority interests is written down directly against equity.

Intra-group transactions
Business transactions between consolidated companies are conducted on an arm's length basis or on a cost-covering basis.

Foreign currency translation
The Company's functional currency is DKK in respect of business and investments originating from Denmark. This part of the Company constitutes by far the largest proportion. The functional currencies used by the Company's branches in Sweden, Norway, Finland and Estonia are the currencies of the respective countries.

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Exchange differences resulting from translation at the exchange rate prevailing at the date of transaction and the exchange rate prevailing at the date of payment are recognised in the income statement as value adjustments.

Receivables, payables, other monetary items as well as non-monetary items recognised on the basis of the fair value in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognised in the latest annual report is recognised in the income statement as value adjustments.

Results of foreign branches are translated into the presentation currency (DKK) at the exchange rate prevailing at the date of transaction. An average exchange rate for the period is used as the exchange rate at the date of transaction to the extent that this does not significantly distort the presentation. The value of foreign branches is translated at the exchange rates prevailing at the balance sheet date. Currency translation differences are recognised directly in equity as part of the translation reserve. If the foreign entity is disposed of, any currency translation differences will be recognised in the income statement in connection with the disposal.

Goodwill and other fair value adjustments of assets and liabilities arising on the acquisition of foreign entities are treated as belonging to the foreign entity and are translated at the exchange rate ruling at the balance sheet date.

Notes to the financial statements

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Individual areas in the Annual Report

Insurance contracts
Insurance contracts are defined as contracts under which one party (the insurer) accepts a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is defined as risk, other than financial risk, transferred from the policyholder to the issuer of an insurance contract.

Insurance liabilities are recognised in the balance sheet from the time when the insurance risk is transferred to the insurer. The liability or part thereof is removed from the balance sheet when the liability, as specified in the contract, is met, cancelled or has expired.

The provision for insurance liabilities is recognised so that it, by taking into account what can reasonably be anticipated, is sufficient to cover all liabilities of the Company, but at the same time the level of provision should not be higher than required.

Reinsurance
Reinsurance contracts are defined as insurance contracts entered into with reinsurers under which the Company is fully or partially compensated for losses on one or more insurance contracts issued by the Company.

Codan Forsikring A/S uses reinsurance as a normal part of its business for the purpose of limiting possible losses through the spreading of risk. Reinsurance does not change the Company's liabilities towards the policyholders. Conclusion of reinsurance contracts therefore means that the Company is exposed to credit risk as far as receivables from reinsurers are concerned.

Earned premiums, claims incurred and technical provisions are shown on a gross basis in the income statement and the balance sheet, i.e. gross of reinsurance.

General insurance contracts
Gross premiums include amounts received by the Company during the accounting period or amounts owed to the Company for direct and indirect insurance contracts whose period of insurance commenced prior to the end of the accounting period.

Gross premiums are recognised less any return of premiums, bonuses and rebates offered to policyholders irrespective of claims experience, and excluding any charges payable to public authorities which were collected together with the premiums. In connection with co-insurance, the share of the total premium belonging to the Company is included.

The provision for unearned premiums is calculated as the sum of amounts which the Company, according to its best estimate, is expected to pay in connection with insured events that are expected to take place after the balance sheet date and which are covered by the insurance contracts entered into by the Company. The provision for unearned premiums furthermore includes the direct and indirect costs that the Company, according to its best estimate, is expected to incur after the balance sheet date in connection with the administration of insurance contracts entered into by the Company.

However, the provision for unearned premiums constitutes at least the sum of the gross premium share calculated for each individual insurance contract which corresponds to that part of the period of insurance falling after the balance sheet date. Codan Forsikring A/S does not discount the provision for unearned premiums as this does not significantly affect the amount of the provision for unearned premiums.

The difference between the provision for unearned premiums, gross at the beginning and at the end of the accounting period is recognised as change in the provision for unearned premiums. However, the proportion of the balance attributable to currency translation differences is recognised in the income statement as value adjustments.

The premium amounts repaid or to be repaid to policyholders are recognised as bonuses and rebates when the repayment amount is determined on the basis of the claims experience during the financial year for the individual insurance contract or a portfolio of insurance contracts based on criteria laid down prior to the beginning of the accounting period or when the insurance contracts are taken out.

The provision for bonuses and rebates includes the expected amounts payable to policyholders based on their claims experience during the accounting period.

Claims paid include amounts paid in respect of insurance claims during the accounting period. The amount includes internal and external costs for the survey and assessment of claims, costs for the limitation of claims incurred as well as other direct and indirect costs for the settlement of claims incurred. Claims paid are recognised after deducting amounts received as a result of the Company taking over insured values or being subrogated to the insured's rights in connection with claims payments.

Run-off gains or losses on previous years' provision for outstanding claims are included in claims incurred.

Notes to the financial statements

Note

The provision for outstanding claims is recognised as the sum of the amounts that the Company, according to its best estimate, is expected to pay in connection with insured events that have occurred up to the balance sheet date in addition to the amounts already paid in connection with such events. The provision for outstanding claims furthermore includes the direct and indirect claims settlement costs that the Company, according to its best estimate, is expected to incur.

The provision for outstanding claims is calculated as the sum of expected claims payments and costs on the basis of:

- a case-by-case assessment of reported events comprising all significant events reported;
- an experience-based estimate of events that have been subject to a case-by-case assessment and where the information available is insufficient;
- an experience-based estimate of reported events that have not been subject to a case-by-case assessment; and
- an experience-based estimate of events that have occurred prior to the balance sheet date, but which have not yet been reported at the time of preparing the financial statements.

The methods used for the determination of the provision for outstanding claims are classical actuarial methods. For most of the business, the methods are based on run-off triangles containing paid or reported claim amounts. When using these methods, a joint provision is made for the last three bullets above (the methods do not attempt to separate not reported claims from reported claims).

The main assumptions of the methods are that the claims run-off is relatively stable over time. It is for instance assumed that a claim occurred in 2008 more or less has the same run-off pattern as a claim occurred in 2005. To the extent that specific knowledge is available which makes such assumption unlikely, the model will be adjusted accordingly. In several segments, reserves relating to claims occurred within the last few years are affected by assumptions concerning underlying changes in premium level, claim frequency and claim size. These assumptions are therefore quantified explicitly and are included as part of the basis for determining the reserve.

For most lines of business, future inflation is handled implicitly in the statistical models. The assumption is that the future claims inflation is equal to the historical claims inflation. In respect of larger lines of business with long settlement periods, this assumption is important for the size of the provision for outstanding claims. This especially applies to workers' compensation insurance where inflation assumptions are therefore handled explicitly.

Reserves are determined in accordance with an internal reserving process. Data used in the reserving process are reconciled with the primary systems. By using the models described above, the size of reserves is subsequently determined. Any application of models to data requires choices and related estimates. These choices and estimates affect the size of reserves. The choices/estimates are therefore reviewed by an internal review process to ensure that the final reserve level is appropriate.

The calculation of the provision for outstanding claims, gross takes into account income and expenses resulting from the acquisition and realisation of assets and rights that the Company, according to its best estimate, expects to be entitled to in connection with claims payments.

All provisions for outstanding claims are measured at present value when discounted. All provisions for outstanding claims, except claims for which compensation is paid in the form of annuities in accordance with the Danish Workers' Compensation Act, are discounted at a term dependent discount rate. Claims for which compensation is paid in the form of annuities in accordance with the Workers' Compensation Act are discounted up to and including 2008 at a fixed annual interest rate in accordance with the transitional provisions of the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements. As from the 2009 financial year, workers' compensation claims are also discounted at a term dependent discount rate.

The difference between the provision for outstanding claims at the beginning and at the end of the accounting period is recognised as change in the provision for claims. However, the proportion of the balance attributable to currency translation differences and changes in the discount rates used is recognised in the income statement as value adjustments. Technical interest includes the proportion of change in the provision for claims attributable to the current revaluation of the present value of the provision until the expected settlement date (impact of unwinding of discount).

Amounts paid or payable by the Company to reinsurers for reinsurance cover during the financial year are recognised as premiums ceded to reinsurers.

Reinsurers' share of provision for unearned premiums includes the Company's rights under reinsurance contracts calculated as the net premium less that part of the net premium relating to the time prior to the balance sheet date. The net premium is the premium paid by the Company for reinsurance contracts. The asset is tested for impairment and written down to any lower recoverable amount.

Change in the provision for unearned premiums, reinsurers' share includes the difference between the proportion of the provision for unearned premiums attributable to reinsurance cover at the beginning and at the end of the financial year. However, as is the case with change in the provision for unearned premiums, gross, the proportion of the balance attributable to currency translation differences is included in the income statement as value adjustments.

Amounts received by the Company during the financial year from the Company's reinsurers to cover claims incurred under reinsurance contracts are recognised as claims paid, reinsurers' share.

Reinsurers' share of provision for claims includes the Company's rights under reinsurance contracts as regards insured events that have occurred. The rights are determined on the basis of the terms of the reinsurance contracts, using the same estimates and discounting principles that have formed the basis for the calculation of the provision for outstanding claims, gross. As is the case with reinsurers' share of provision for unearned premiums, the asset is tested for impairment and written down to any lower recoverable amount.

Change in the provision for claims, reinsurers' share includes the difference between the proportion of the provision for outstanding claims attributable to reinsurance cover at the beginning and at the end of the financial year. As is the case with change in the provision for claims, gross, the proportion of the balance attributable to currency translation differences and changes in the discount rate applied is recognised in the income statement as value adjustments. Furthermore, the proportion of the change attributable to the impact of the unwinding of discount of the reinsurers' share of provision for claims during the period is included in the technical interest.

A proportion of the total investment result is transferred to technical interest in the income statement as a return on the average technical provisions for the year and is designated 'Technical interest'. The impact of the unwinding of discount is offset against the interest income in connection with discounting. In respect of provisions discounted at a term dependent discount rate, the technical interest and discounting are calculated on the basis of the same principles and therefore the two items offset each other. In respect of non-discounted provisions, primarily the provision for unearned premiums, net of reinsurance, and the provision for outstanding claims relating to workers' compensation insurance, the technical interest on the year's average provisions is calculated on the basis of the yield on bonds with a term to maturity of less than three years.

Operating expenses
Deferred expenses for the acquisition and management of the Company's portfolio of insurance contracts are included in operating expenses. The item includes the corresponding share of staff costs, commissions, marketing expenses, rent, expenses for stationary and office supplies, and depreciation, amortisation and impairment of property and equipment as well as intangible assets.

The proportion of operating expenses attributable to the acquisition and renewal of the portfolio of insurance contracts is included in 'Acquisition costs'. Acquisition costs are recognised at the time of commencement of the insurance contracts.

Financial instruments
In connection with the acquisition and disposal of financial instruments under normal market conditions, the trade date is used as the date of recognition or the date where the asset/liability is no longer recognised in the balance sheet. When the financial instrument is recognised, an asset/liability equal to the agreed price is also recognised. On the disposal of a financial instrument, an asset/liability equal to the agreed price is similarly recognised. The liability or the asset will no longer be recognised in the balance sheet on the settlement date.

Leases
Assets held under finance leases are recognised on equal terms with other equipment from the time when Codan Forsikring A/S is entitled to use the leased asset. On initial recognition, the asset is measured at the lower of the fair value and the present value of the agreed lease payments. When calculating the present value, the interest rate implicit in the lease is used as discount rate or an approximate value for this. Changes in present values during the financial year are recognised as financial expenses.

The capitalised remaining lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is charged to the income statement as incurred.

Assets held under operating leases are not recognised in the balance sheet, and lease payments are recognised in the income statement on a straight-line basis over the period of the lease.

In connection with sale and leaseback transactions (sale of an asset and leaseback of the same asset) resulting in operating leases, the sale price and lease payments will be assessed relative to the fair value. If the transaction has been agreed at fair value, any profit or loss relative to the carrying amount will be recognised immediately.

If the sale price is below fair value, any profit or loss will also be recognised immediately, unless the loss is compensated for by future lease payments below market price. In such cases the loss is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used.

If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

The Company has no sale and leaseback transactions where the leaseback is a finance lease.

Notes to the financial statements

Note

Incentive schemes
The RSA Group operates share option schemes satisfied by shares in RSA Insurance Group plc. The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares granted. The fair value is determined at the grant date. At each balance sheet date, the Company revises the estimates of the number of options expected to become exercisable. Codan Forsikring A/S recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Assets held for sale and discontinued operations
Discontinued operations are classified as one entity whose operations and cash flows can clearly be separated from the remaining business - both operationally and financially - and where the operations have either been disposed of or separated for the purpose of sale. Operations/assets are classified as Assets held for sale or Discontinued operations if their carrying amount will be recovered principally through a sale transaction within 12 months according to a formal plan rather than through continuing use. Discontinued operations also include businesses acquired for resale, where the sale is likely to be completed within one year.

Discontinued operations are presented in a separate line in the income statement together with comparative figures and are specified in the notes. Balance sheet items relating to discontinued operations and assets held for sale are recognised as separate items in assets and liabilities, respectively. Comparative figures for assets and liabilities are not restated.

Assets held for sale are measured at the lower of the fair value less costs to sell and the carrying amount. The assets are not subject to depreciation.

Cash flows from discontinued operations are included in separate lines in the cash flow statement.

Income statement
As regards the technical account in the income statement, reference is made to the specifications in 'General insurance contracts' and 'Operating expenses'.

Investment return
The proportionate share of the profit/loss of associates after tax is recognised in the income statement after elimination of the proportionate share of inter-company profits/losses. The profit/loss of associates is calculated using the same accounting policies as for Codan Forsikring A/S.

Income from investment properties, excluding interest and fair value adjustments, includes rental income and other operating income less direct operating expenses, including property management costs.

Interest and interest-related income from bonds, other securities, loans and receivables, including indexation of index-linked bonds and dividends on equity investments, are recognised in interest income and dividends, etc.

Total value adjustments, including currency translation adjustments as well as net gains and losses from the sale of assets falling within the group of investments in the balance sheet, apart from associates, are recognised as value adjustments. Change in the provision for outstanding claims, net of reinsurance, resulting from changes in the discount rates used is also recognised.

Interest on and interest-related expenses in connection with payables and liabilities are recognised as interest expenses. Borrowing costs are charged to the income statement as incurred, as borrowing costs related to qualifying assets are not capitalised (e.g. in connection with the construction of Group occupied properties).

Costs attributable to trading in and management of the Company's investments are recognised as investment management expenses.

The investment return further includes income from Group entities, which consists of Codan Forsikring A/S' share of subsidiaries' net profit after tax.

Other income and expenses
Income and expenses that are not attributable to the Company's insurance portfolio or investments are included in other income and expenses.

Tax
Codan Forsikring A/S is taxed jointly with Danish subsidiaries and Codan A/S as well as the Danish subsidiaries of this company. Full allocation is made to all jointly taxed companies. Tax for the year, consisting of current tax for the year, any change in deferred tax and adjustments relating to previous years, is recognised in the income statement with the proportion attributable to the profit for the year, and directly in equity with the proportion attributable to transactions recognised directly in equity.

The Company is subject to the Danish tax prepayment scheme. Additions, deductions and allowances relating to tax payments are included in 'Interest and dividends, etc.' and 'Interest expenses'. Tax payments are made to Codan A/S, which, according to the rules on joint taxation, acts as administration company.

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on taxable income for previous years and tax paid on account.

Deferred tax liabilities are measured using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, no provision is made for deferred tax on temporary differences arising from amortisation of goodwill disallowed for tax purposes and other items where such differences - except in connection with acquisitions - have arisen at the date of acquisition without having an impact on the financial results or the taxable income. In those cases where the tax base can be determined according to alternative taxation rules, deferred tax liabilities will be measured on the basis of the planned use of the asset and the settlement of the liability.

Deferred tax assets, including the tax base of tax losses that may be carried forward, are recognised in financial assets at the value at which they are expected to be used, either through elimination of tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates in the respective countries which, based on the legislation in force at the balance sheet date, will apply when the deferred tax liability is expected to be settled or when the deferred tax asset is expected to be realised. Change in deferred tax resulting from changes in tax rates is recognised in the income statement with the proportion attributable to the profit for the year, and directly in equity with the proportion attributable to transactions recognised directly in equity.

Codan Forsikring A/S does not make provisions for deferred tax on contingency funds. According to the Danish Financial Supervisory Authority’s Executive Order on the Presentation of Financial Statements, a provision for deferred tax on contingency funds should only be made if it is likely that a situation will arise within the foreseeable future that will result in taxation. In the opinion of the Management, taxation will only take place if the insurance portfolio is transferred or if Codan Forsikring A/S ceases to carry on insurance business.

Balance sheet
Assets
Intangible assets
Goodwill
Goodwill is initially recognised in the balance sheet at the amount corresponding to the excess of the cost of acquisition of Codan Forsikring A/S’ interest in an acquired entity over Codan Forsikring A/S’ interest in the fair value of the acquired assets and liabilities, including contingent liabilities, at the time of acquisition. Goodwill relating to acquisitions prior to 2004 is recognised at the carrying amount on transition to IFRS. This goodwill has thus been recognised on the basis of the cost recognised in accordance with the previous accounting policies less amortisation and impairment losses up to 1 January 2004. Reference is made to the section 'Business combinations'. The carrying amount of goodwill is allocated to cash-generating units at the date of acquisition. Cash-generating units are determined in accordance with the legal structure (the individual branch) and goodwill is tested for impairment at the end of the financial year.

The carrying amount of goodwill is tested for impairment together with all other assets in the cash-generating unit to which goodwill has been allocated and is written down to the recoverable amount through the income statement if the carrying amount is higher.

Negative balances (negative goodwill) are recognised in the income statement at the date of acquisition.

Impairment losses on goodwill are not reversed.

IT development projects
Computer software projects that are clearly defined and identifiable, where the technical rate of utilisation, adequate resources and development opportunities in the Company can be demonstrated, and where the intention is to produce or use the software, are recognised as intangible assets, provided that the cost can be determined reliably and that there is sufficient certainty that the asset will generate economic benefits exceeding costs.

Computer software development costs include salaries and amortisation attributable to the Company’s development activities – currently development of IT programmes and platforms.

All other costs associated with developing or maintaining computer software are recognised in the income statement as incurred.

Completed development projects are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The amortisation period is usually three years, but can be five to seven years. Development projects in progress are measured at cost less any impairment losses.

Other intangible assets
Customer lists acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment losses. The amortisation period for customer lists is five years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Acquired computer software licences are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The amortisation period is usually three years.

Impairment of IT development projects and other intangible assets
Impairment losses on development projects and other intangible assets are reversed to the extent that changes have been made to the assumptions and estimates underlying the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Property and equipment
Group occupied properties
Group occupied properties are properties used by the Company for its own operations. On initial recognition, Group occupied properties are measured at cost. Group occupied properties are subsequently measured at revalued amount, equal to the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluation is made on a continuous basis to ensure that the carrying amount does not differ significantly from the value that would be determined by using the fair value at the balance sheet date.

Any increases in the carrying amount arising from the revaluation of Group occupied properties are recognised directly in equity as part of the asset revaluation reserve, unless the increase corresponds to any decrease in value previously recognised in the income statement. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve directly in equity, whereas other decreases are recognised in the income statement.

Valuations used to determine the fair value are primarily carried out by independent external valuers with the necessary professional knowledge about each property category and the area in which the property is located.

Subsequent costs are included in the carrying amount when it is probable that they will result in future economic benefits and can be measured reliably. Costs of normal repairs and maintenance are charged to the income statement.

Depreciation is charged to the income statement on a systematic basis over the estimated useful life of the asset. Depreciation is calculated on the basis of the revalued amount of the property less the expected residual value of the property at the end of its useful life. The depreciation period is usually 30 years. The properties' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

The Group occupied properties of Codan Forsikring A/S consist of holiday homes let to employees of the Codan Group as well as the Company's office in Greenland. No depreciation has been charged to the income statement in relation to these properties.

Equipment
Equipment is measured at cost less accumulated depreciation and impairment losses.

Cost includes the acquisition costs and costs directly related to the acquisition until the time when the asset is ready for use. Subsequent costs are included in the carrying amount when it is probable that they will result in future economic benefits and can be measured reliably. Costs of normal repairs and maintenance are charged to the income statement.

The basis of depreciation is the cost less the residual value and any impairment losses, and depreciation is charged on a straight-line basis over the estimated useful lives of the assets, which are mainly in the range from four to ten years. The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on assets disposed of or scrapped are determined by comparing proceeds with the carrying amount. Gains and losses are recognised in the income statement.

Impairment of intangible assets and property and equipment
Goodwill and development projects in progress are tested for impairment at the end of the financial year. The carrying amount of other intangible assets and property and equipment is reviewed at least annually to determine whether there is any indication of impairment. If there are indications of impairment, the carrying amount is written down to the estimated recoverable amount of the asset if this is lower than the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the expected value in use.

Investment properties
Properties held for long-term rental yields that are not occupied by Codan Forsikring A/S for its own operations are classified as investment properties. Investment properties are measured at fair value according to the guidelines issued by the Danish Financial Supervisory Authority. A value for each individual property has been calculated using an expected future operating profit and a rate of return (return requirement). This value is adjusted for special factors which temporarily affect the earnings of the property, and

Notes to the financial statements

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the property's maintenance standard is taken into account. The rate of return has been determined by considering current market conditions for the individual property types as well as location, use, tenancy agreements, etc.

Valuations used to determine the fair value are primarily carried out by independent external valuers with the necessary professional knowledge about each property category and the area in which the property is located.

Investments in Group entities
Investments in subsidiaries are measured according to the equity method, and this means that the value is equal to the proportion of equity in the entities which corresponds to the ownership interest and is calculated in accordance with the accounting policies applied by Codan Forsikring A/S.

The net profits of subsidiaries are included in the Parent Company income statement for the same financial year. The net profits of subsidiaries are transferred to the reserve for net revaluation according to the equity method under equity. This reserve may not be used for dividend or distribution. The reserve in the Parent Company is reduced by dividend payments from subsidiaries.

Investments in associates
Associates are entities that are not subsidiaries but in which Codan companies, directly or indirectly, hold more than 20 % of the voting rights and exercise or could exercise significant influence.

Investments in associates are measured in the balance sheet at the proportionate share of the entities' equity value calculated in accordance with Codan Forsikring A/S' accounting policies.

When the Codan companies' share of losses in an associate equals or exceeds their interest in the associate, including any other unsecured receivables, the Codan companies will not recognise further losses, unless the companies have incurred a legal or constructive obligation to cover the negative balance of the associate.

Other financial assets
Financial assets are measured at fair value and value adjustments are included in the income statement. The financial assets are controlled and assessed by the Company's Investment Committee based on fair value.

The fair value of listed securities is determined on the basis of the closing price at the balance sheet date, or, if such a price is not available, another public price which is deemed to be the closest possible equivalent.

For securities that are not listed on a stock exchange, or for which no market price exists which reflects the fair value of the asset, the fair value is determined using valuation techniques, the purpose of which is to determine the transaction price which would result from arm's length transactions between independent parties at the date of measurement. These techniques include the use of similar recent arm's length transactions, reference to other instruments that are substantially the same and a discounted cash flow analysis. All value adjustments of financial assets are recognised in the income statement as value adjustments.

Currency translation adjustments are recognised directly in the income statement.

Receivables
Receivables, including deposits with ceding undertakings, are recognised at fair value and subsequently measured at amortised cost using the effective interest method, and this usually corresponds to the nominal value in respect of short-term non-interest-bearing receivables and floating rate receivables.

An estimated provision for expected losses is recognised in the income statement when there is a clear indication that the asset is impaired. The recognised provision is measured as the difference between the asset's carrying amount and a possible lower recoverable amount.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks as well as securities with a maturity of less than three months at the date of acquisition which are readily convertible into cash and which are subject to insignificant risks of changes in value.

Prepayments and accrued income
Prepayments and accrued income are measured at cost, equivalent to the measurement made on initial recognition.

Equity and liabilities
Equity
Share capital
Shares in Codan Forsikring A/S are recognised at nominal value.

Notes to the financial statements

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Share premium account
The share premium account comprises amounts paid as premium on subscription for shares less costs arising from issues carried through.

Revaluation reserve
The revaluation reserve includes gains arising from the revaluation of property and equipment at fair value. The reserve will be dissolved in the event of any reversal of revaluations made or in the event of disposal of the individual assets.

Contingency funds
Contingency funds are separate reserves within equity, which, until 1989, were set aside to strengthen the capital position and which were subject to tax relief. Contingency funds may only be used to strengthen the technical provisions or otherwise benefit the policyholders, always subject to the approval of the Danish Financial Supervisory Authority.

Translation reserve
The translation reserve comprises exchange differences arising from the translation of the equity of foreign subsidiaries and associates at the beginning of the year at the exchange rates prevailing at the balance sheet date and from the translation of income statements from the exchange rate prevailing at the date of transaction into the exchange rates prevailing at the balance sheet date.

The reserve also comprises foreign currency translation of intangible assets relating to acquisitions.

The translation reserve has been determined in accordance with the guidelines issued by the Danish Financial Supervisory Authority as from 1 January 2004.

Currency translation adjustments are recognised in the income statement if the foreign entity is dissolved or disposed of.

Equalisation reserve
The equalisation reserve is a separate item under equity calculated in accordance with the provisions of the Danish Financial Supervisory Authority's Executive Order on Equalisation Reserves for Credit and Guarantee Insurance. Any adjustments made to the equalisation reserve are not shown in the income statement.

Proposed dividend
Proposed dividend is shown as a separate item under equity. Dividend distribution is recognised as a liability at the time of approval by the Annual General Meeting (time of declaration).

Payables and liabilities, general information
Amounts owed to credit institutions are measured at fair value. The fair value of amounts owed to credit institutions usually corresponds to the nominal value. Other financial liabilities are measured at amortised cost, and this usually corresponds to the nominal value in respect of short-term non-interest-bearing receivables.

The capitalised residual lease obligation in respect of finance leases is also recognised as liabilities.

Pension obligations
The Company has entered into pension agreements and similar agreements with the majority of its employees.

Contributions to defined contribution schemes under which fixed contributions are paid to independent pension funds on an ongoing basis are recognised in the income statement in the period to which they relate and any contributions payable are recognised in the balance sheet as other payables. When contributions to defined contribution schemes have been paid, the Company has no further obligations to present or former employees.

For defined benefit schemes, an annual actuarial calculation (Projected Unit Credit Method) is made of the present value of future benefits payable under the defined benefit scheme. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the Company. The actuarial present value less the fair value of any scheme assets is recognised in the balance sheet under pension obligations.

Current service costs are recognised in the income statement based on actuarial estimates and financial expenses. Any difference between the expected development in pension scheme assets and liabilities and realised amounts determined at year end constitutes actuarial gains or losses and is recognised directly in equity.

If changes in benefits relating to employee services in current and prior years result in changes in the actuarial present value, the changes are recognised as past service costs. Past service costs are recognised immediately, provided that employees have already earned the changed benefits. Otherwise, the past service costs are recognised in the income statement over the period in which the changed benefits are earned by the employees.

Notes to the financial statements

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If a pension scheme constitutes a net asset, the asset is only recognised if it offsets future refunds from the scheme or will lead to reduced future payments to the scheme.

Provisions
Provisions for jubilee bonuses and payments on retirement are gradually being accumulated over the period of employment. The liability is calculated by taking into account expected staff reductions based on the Company's experience.

Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation.

On measurement of provisions, the expenditure required to settle the obligation is discounted if the amounts fall due more than 12 months after the period in which they are earned. A pre-tax discount factor is used that reflects the current market interest rate level and the risks specific to the obligation. Changes in present values during the financial year are recognised as investment return.

Deposits received from reinsurers
Deposits received from reinsurers include amounts received from reinsurers which have been deposited to cover the liabilities of reinsurers towards the Company. Deposits received from reinsurers are measured at amortised cost and this usually corresponds to the nominal value.

Accruals and deferred income
Accruals and deferred income are measured at cost, equivalent to the measurement made on initial recognition.

Cash flow statement
The cash flow statement is presented using the direct method and shows cash flows from operating, investing and financing activities for the year, changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and at the end of the year.

The effect on cash flow from acquisitions and disposals of entities is shown separately under cash flows from investing activities. Cash flows from entities acquired are recognised in the cash flow statement from the date of acquisition, and cash flows from entities disposed of are recognised up to the time of sale.

Cash flows from operating activities
Cash flows from operating activities include dividends from Group entities and associates, operating expenses paid and payment of corporation tax.

Cash flows from investing activities
Cash flows from investing activities include interest income and dividends, interest paid and payments made in connection with the acquisition and disposal of entities and operations, purchase and sale of intangible assets, property and equipment as well as financial assets, and payments made in connection with the purchase and sale of securities not recognised as cash and cash equivalents.

Cash flows from financing activities
Cash flows from financing activities include capital increases and reductions, including dividends paid. Also included are borrowings and repayments of long-term debt.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, including fixed-term deposits with banks with a maturity of less than three months. Also included are securities with a maturity of less than three months, calculated from the date when the Company acquired such securities, which are readily convertible into cash.

Notes to the financial statements

Note

Methods for calculating financial ratios
The financial ratios have been calculated in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements. The ratios included in the five year summary have been calculated as follows:

Combined ratio =

Claims ratio calculated as

<u>Gross claims incurred x 100</u>
Gross earned premiums less
bonuses and rebates

to which a percentage is added or deducted, and this result shows outwards business in proportion to gross earned premiums less bonuses and rebates

and plus the expense ratio calculated as

<u>Gross operating expenses x 100</u>
Earned premiums less
bonuses and rebates

Operating ratio =

Calculated as the combined ratio, but based on the claims ratio, the expense ratio and the net reinsurance ratio where the allocated investment return has been added to earned premiums in the denominator.

Relative run-off result =

The run-off result in relation to the corresponding opening provision.

Return on equity in % =
<u>Profit for the year x 100</u>
Average equity

Solvency ratio=
<u>Capital base less deductions x 100</u>
Capital requirement

Notes to the financial statements

Note	DKK '000	2008	2007
2	**Gross earned premiums**		
	Gross premiums written	7.055.211	6.211.389
	Change in the provision for unearned premiums, gross	-227.495	-177.919
	Gross earned premiums	**6.827.716**	**6.033.470**
	Gross earned premiums from direct insurance by geographical location of the risk:		
	Denmark	5.632.998	5.531.360
	Other EU countries	370.316	70.431
	Other countries	738.464	313.967
	Direct insurance	6.741.778	5.915.758
	Gross earned premiums from indirect insurance:		
	General insurance	85.938	117.456
	Life insurance	-	256
	Indirect insurance	85.938	117.712
	Gross earned premiums	**6.827.716**	**6.033.470**
3	**Technical interest, net of reinsurance**		
	Yield calculated on technical provisions	462.909	367.739
	Interest on deposits with ceding undertakings	18	327
	Technical interest transferred to general insurance	**462.927**	**368.066**
	Increase in technical provisions attributable to discounting	-270.790	-99.663
	Technical interest, net of reinsurance	**192.137**	**268.403**
4	**Claims incurred, net of reinsurance**		
	Claims incurred include the following run-off results:		
	Run-off gain/loss, gross	-114.099	109.965
	Run-off gain, outwards business	19.110	77.038
	Run-off gain/loss, net of reinsurance	**-94.989**	**187.003**

Notes to the financial statements

Note	DKK '000	2008	2007
5	**Net operating expenses**		
	Staff costs:		
	Wages and salaries	-834.469	-757.221
	Defined contribution schemes	-124.037	-114.745
	Other social security costs	-10.762	-6.381
	Payroll tax	-86.129	-91.101
	Share-based payment costs	-9.828	-11.422
	Other staff costs	-33.301	-26.647
		-1.098.526	-1.007.517
	Commissions, direct insurance	-329.869	-275.135
	Depreciation on property and equipment	-29.950	-27.742
	Amortisation on intangible assets	-24.694	-20.508
	Other acquisition costs and administrative expenses	-478.247	-337.697
	Reimbursements from Group entities	196.662	160.821
	Development costs capitalised as intangible assets	54.531	11.955
	Claims handling costs transferred to claims incurred	339.724	241.178
	Transferred to investment management expenses	15.634	12.966
	Reinsurance commissions and profit participation	10.979	12.064
	Net operating expenses	**-1.343.756**	**-1.229.615**
	Total payroll costs, including commissions to tied agents, in respect of direct insurance	-949.197	-850.213

Converted into full-time employees, the average number of persons employed during the financial year was 1583 (1447 persons in 2007).

	2008	2007
Remuneration of current and former members of the Board of Directors and Board of Management of Codan Forsikring A/S:		
Remuneration of the Board of Directors	-	-
Remuneration of the Board of Management:		
Wages and salaries	-5.438	-5.299
Bonuses	-2.918	-2.670
Pension benefits	-990	-1.032
Share-based payments	-1.256	-928
Remuneration of the Board of Management	**-10.602**	**-9.929**

Remuneration to the Board of Management is allocated between Codan A/S and its subsidiaries. The specification above contains the total remuneration.

A few unfunded pension commitments were made to former members of the Board of Directors and the Board of Management of Codan Forsikring A/S, cf. Note 20. These pension commitments are not included in the above specification.

	2008	2007
Remuneration of the Company's auditor:		
Audit:		
Deloitte	-4.358	-2.923
Remuneration, audit	-4.358	-2.923
Advisory services and assistance:		
Deloitte	-4.783	-6.542
Remuneration, advisory services and assistance	-4.783	-6.542
Remuneration of the Company's auditor	**-9.141**	**-9.465**

In addition to the above remuneration, costs have been paid in respect of the Companys' Internal Audit Department.

Notes to the financial statements

Note		2008	DKK '000		
6	**Balance on the technical account, general insurance**				**Motor**
	Balance on the technical account for general insurance	**Personal**	**Health**	**Workers'**	**Third Party**
	in 2008 by line of business:	**Accident**	**Insurance**	**Compensation**	**Liability**
	Gross premiums written	331.921	269.989	753.536	829.912
	Gross earned premiums	327.067	262.953	724.542	829.339
	Gross claims incurred	-219.670	-236.625	-799.166	-492.786
	Bonuses and rebates	-	8.768	-	29
	Operating expenses, gross	-76.180	-41.609	-78.883	-176.135
	Profit/loss from reinsurance	5.616	-1.454	-1.644	-3.746
	Technical interest, net of reinsurance	7.125	3.530	78.468	-3.131
	Balance on the technical account	43.958	-4.437	-76.683	153.570
	Number of claims paid	6.269	19.875	7.387	36.620
	Average claims paid in DKK	35.041	11.906	108.185	13.457
	Claims frequency	3,5%	200,4%	31,8%	11,4%

	Motor, Accidental Damage, Fire and Theft	Marine, Aviation and Cargo	Fire and Contents (Personal)	Fire and Contents (Commercial)
Gross premiums written	1.071.707	732.848	995.315	1.650.111
Gross earned premiums	1.028.751	742.766	956.782	1.543.319
Gross claims incurred	-694.764	-468.075	-769.094	-1.201.037
Bonuses and rebates	-35.462	-3.542	-26.276	1.573
Operating expenses, gross	-244.485	-104.825	-256.822	-289.546
Loss from reinsurance	-5.029	-140.098	-17.082	-13.342
Technical interest, net of reinsurance	42.271	8.853	19.301	27.238
Balance on the technical account	91.282	35.079	-93.191	68.205
Number of claims paid	74.708	4.178	58.562	20.854
Average claims paid in DKK	9.300	112.033	13.133	57.593
Claims frequency	35,6%	27,6%	16,7%	20,5%

	Liability	Credit and Guarantee	Other insurance	Total general insurance
Gross premiums written	280.364	52.105	87.403	7.055.211
Gross earned premiums	275.547	50.713	85.937	6.827.716
Gross claims incurred	-120.411	3.044	-55.544	-5.054.128
Bonuses and rebates	-1.011	-	-	-55.921
Operating expenses, gross	-53.235	-8.553	-24.457	-1.354.730
Loss from reinsurance	-17.774	-575	-41.974	-237.102
Technical interest, net of reinsurance	4.466	2.223	1.793	192.137
Balance on the technical account	87.582	46.852	-34.245	317.972
Number of claims paid	6.863	38		235.354
Average claims paid in DKK	17.545	-80.105		21.475
Claims frequency	12,3%	1,3%		22,2%

Gross earned premiums from non-proportional indirect general insurance
amount to DKK -76,000

Notes to the financial statements

Note	2007	DKK '000			
6	**Balance on the technical account, general insurance (continued)**				
	Balance on the technical account for general insurance in 2007 by line of business:	**Personal Accident**	**Workers' Compensation**	**Motor Third Party Liability**	**Motor, Accidental Damage, Fire and Theft**
	Gross premiums written	321.583	227.753	716.913	720.969
	Gross earned premiums	311.552	210.787	684.382	692.123
	Gross claims incurred	-185.168	-166.122	-608.777	-368.110
	Bonuses and rebates	-	4	-	-195
	Operating expenses, gross	-137.222	-31.745	-71.210	-137.390
	Profit/loss from reinsurance	-2.815	-1.217	-5.892	783
	Technical interest, net of reinsurance	16.905	6.129	90.765	31.474
	Balance on the technical account	3.252	17.836	89.268	218.685
	Number of claims paid	5.450	14.023	7.792	18.071
	Average claims paid in DKK	33.976	11.846	78.128	20.370
	Claims frequency	3,7%	169,3%	34,6%	11,0%
		Marine, Aviation and Cargo	**Fire and Contents (Personal)**	**Fire and Contents (Commercial)**	**Liability**
	Gross premiums written	976.429	502.639	888.125	1.403.408
	Gross earned premiums	914.806	570.402	839.153	1.372.044
	Gross claims incurred	-482.950	-417.441	-582.253	-1.435.375
	Bonuses and rebates	-38.420	-6.266	-25.417	-13.375
	Operating expenses, gross	-209.078	-76.435	-155.332	-292.980
	Profit/loss from reinsurance	-6.478	-53.806	-19.768	224.984
	Technical interest, net of reinsurance	21.066	19.060	22.280	45.040
	Balance on the technical account	198.946	35.514	78.663	-99.662
	Number of claims paid	41.071	3.777	38.338	19.574
	Average claims paid in DKK	11.759	110.522	15.187	73.331
	Claims frequency	26,6%	41,8%	14,6%	19,9%
		Liability	**Credit and Guarantee**	**Other insurance**	**Total general insurance**
	Gross premiums written	282.287	47.307	123.976	6.211.389
	Gross earned premiums	276.222	44.286	117.713	6.033.470
	Gross claims incurred	-162.037	6.901	-83.599	-4.484.931
	Bonuses and rebates	-3.087	-	-	-86.756
	Operating expenses, gross	-72.069	-7.639	-50.579	-1.241.679
	Profit/loss from reinsurance	-38.862	-189	35.451	132.191
	Technical interest, net of reinsurance	9.714	941	5.029	268.403
	Balance on the technical account	9.881	44.300	24.015	620.698
	Number of claims paid	6.702	35		154.833
	Average claims paid in DKK	24.177	-197.171		28.966
	Claims frequency	12,1%	1,1%		16,7%

Gross earned premiums from non-proportional indirect general insurance amount to DKK 22,000.

Notes to the financial statements

Note	DKK '000	2008	2007
6	**Balance on the technical account, general insurance (continued)**		
	The average claims paid are calculated as claims costs for the year relative to the number of claims paid and are therefore affected by run-off gains and losses.		
	The claims frequency is calculated as the number of claims paid relative to the average number of insurance contracts in the period, cf. the guidelines issued by the Danish Financial Supervisory Authority.		
7	**Value adjustments**		
	Group occupied properties	-382	2.891
	Investments:		
	Equity investments	378	-283
	Bonds	125.742	-173.995
	Other loans	242	48
	Total Group occupied properties and investments	**125.980**	**-171.339**
	Other value adjustments	-21.978	71.231
	Value adjustments	**104.002**	**-100.108**
	Realised gains and losses on Group occupied properties and investments	-42.911	-230.609
	Unrealised gains and losses on Group occupied properties and investments	169.090	59.270
	Other realised gains and losses	-2.997	-3.047
	Other unrealised gains and losses	-19.180	74.278
	Value adjustments	**104.002**	**-100.108**
	Unrealised gains and losses on securities where the fair value is determined using valuation techniques which are not based on official market values or prices	615	-180
8	**Other income**		
	Adjustment in connection with portfolio transfers in previous years	614	-
	Gain on disposal of indirect general insurance portfolios	10.676	-
	Other income	**11.290**	**-**
9	**Other expenses**		
	Loss on disposal of indirect general insurance portfolios	-4.240	-
	Deferred income on sale and leaseback transactions	-115.000	-
	Other expenses	**-119.240**	**-**
10	**Profit from discontinued operations**		
	Profit from discontinued life and pensions business	3.839	-
	Profit from discontinued operations	**3.839**	**-**

Notes to the financial statements

Note	DKK '000	2008	2007
11	**Tax**		
	Tax on total income for the year:		
	Current tax expense	-116.575	-172.475
	Change in deferred tax on temporary differences	11.228	-11.929
	Change in deferred tax resulting from change in tax rate	88	-5.526
	Tax on total income for the year	**-105.259**	**-189.930**
	Adjustments relating to previous years:		
	Current tax for previous years	-13.388	506
	Adjustment of deferred tax at 1 January	4.722	-1.401
	Adjustments relating to previous years	**-8.666**	**-895**
	Tax expense	**-113.925**	**-190.825**
	Tax is included as follows:		
	Tax on continuing operations in the income statement	-98.723	-190.631
	Tax on changes in equity	-15.202	-194
	Tax expense	**-113.925**	**-190.825**
	Total tax on total income for the year can be explained as follows:		
	Profit before tax	453.860	775.308
	Reversal of income from Group entities	-72.956	-97.609
	Revaluation of properties taken to equity	59.251	781
	Total income	440.155	678.480
	Applicable tax rate	25%	25%
	Tax calculated on total income	-110.039	-169.620
	Tax on permanent differences:		
	Properties and other equity investments	16	-1
	Income not subject to tax	30	719
	Intra-group contribusion	-6.905	-1.848
	Expenses not allowable for tax purposes	-1.250	-5.531
	Different tax rates in countries where branches are located	-940	-2.845
	Change in tax rate	88	-5.526
	Other permanent differences relating to branches	10.975	
	Other permanent differences	2.766	-5.278
	Tax	**-105.259**	**-189.930**
	Tax on the total income for the year	-105.259	-189.930
	Adjustment of tax relating to previous years	-8.666	-895
	Tax expense	**-113.925**	**-190.825**

Notes to the financial statements

Note	DKK '000	Completed IT development projects	Goodwill	IT development projects in progress
12	**Intangible assets**			
	2008			
	Cost, beginning of the year	92.265	195.867	9.660
	Currency translation adjustments, foreign branches	-	-1.486	-6
	Intra-group portfolio transfer	-	10.359	-
	Additions	6.247	-	56.909
	Disposals	-137	-	-
	Transferred from development projects in progress	7.131	-	-7.131
	Cost, end of the year	**105.506**	**204.740**	**59.432**
	Amortisation and impairment, beginning of the year	-63.727	-	-
	Currency translation adjustments, foreign branches	-	-	-
	Impairment losses recognised in the income statement	-2.482	-	-1.000
	Amortisation during the year	-15.643	-	-
	Reversal of amortisation relating to disposals during the year	23	-	-
	Amortisation and impairment, end of the year	**-81.829**	**-**	**-1.000**
	Carrying amount, end of the year	**23.677**	**204.740**	**58.432**
	Carrying amount, beginning of the year	28.538	195.867	9.660
	2007			
	Cost, beginning of the year	72.127	131.160	17.843
	Additions	-	64.707	11.955
	Transferred from development projects in progress	20.138	-	-20.138
	Cost, end of the year	**92.265**	**195.867**	**9.660**
	Amortisation and impairment, beginning of the year	-48.385	-	-
	Amortisation during the year	-15.342	-	-
	Amortisation and impairment, end of the year	**-63.727**	**-**	**-**
	Carrying amount, end of the year	**28.538**	**195.867**	**9.660**
	Carrying amount, beginning of the year	23.742	131.160	17.843

	Acquired software licenses	Customer lists	Total intangible assets
2008			
Cost, beginning of the year	7.058	24.207	329.057
Currency translation adjustments, foreign branches	-746	-	-2.238
Intra-group portfolio transfer	1.552	-	11.911
Additions	8.780	-18	71.918
Disposals	-	-	-137
Cost, end of the year	**16.644**	**24.189**	**410.511**
Amortisation and impairment, beginning of the year	-4.676	-2.825	-71.228
Currency translation adjustments, foreign branches	271	4	275
Impairment losses recognised in the income statement	-	-	-3.482
Amortisation during the year	-5.161	-4.841	-25.645
Reversal of amortisation relating to disposals during the year	-	-	23
Amortisation and impairment, end of the year	**-9.566**	**-7.662**	**-100.057**
Carrying amount, end of the year	**7.078**	**16.527**	**310.454**
Carrying amount, beginning of the year	2.382	21.382	257.829
2007			
Cost, beginning of the year	7.003	-	228.133
Additions	55	24.207	100.924
Cost, end of the year	**7.058**	**24.207**	**329.057**
Amortisation and impairment, beginning of the year	-2.335	-	-50.720
Amortisation during the year	-2.341	-2.825	-20.508
Amortisation and impairment, end of the year	**-4.676**	**-2.825**	**-71.228**
Carrying amount, end of the year	**2.382**	**21.382**	**257.829**
Carrying amount, beginning of the year	4.668	-	177.413

Amortisation is included in operating expenses and claims incurred.

Notes to the financial statements

Note	DKK '000	Group occupied properties	IT equipment under finance leases	Other equipment	Total equipment
13	**Total property and equipment**				
	2008				
	Cost, beginning of the year	4.682	58.317	126.040	189.039
	Currency translation adjustments, foreign branches	-154	-	-644	-798
	Additions, including improvements	-	22.955	21.337	44.292
	Additions through business combinations	919	-	4.852	5.771
	Disposals during the year	-882	-	-27.061	-27.943
	Cost, end of the year	**4.565**	**81.272**	**124.524**	**210.361**
	Revaluations, beginning of the year	1.271	-	-	1.271
	Currency translation adjustments, foreign branches	-182	-	-	-182
	Revaluations during the year	363	-	-	363
	Reversal of previous revaluations etc.	-200	-	-	-200
	Revaluations on business combinations	720	-	-	720
	Revaluations, end of the year	**1.972**	**-**	**-**	**1.972**
	Depreciation and impairment, beginning of the year	-132	-31.542	-69.359	-101.033
	Currency translation adjustments, foreign branches	-	-	-444	-444
	Intra-group portfolio transfer	-	-	-1.789	-1.789
	Depreciation during the year	-	-15.605	-14.345	-29.950
	Impairment losses during the year	-200	-	-	-200
	Depreciation on disposals during the year	132	-	15.184	15.316
	Depreciation and impairment, end of the year	**-200**	**-47.147**	**-70.753**	**-118.100**
	Carrying amount, end of the year	**6.337**	**34.125**	**53.771**	**94.233**
	Carrying amount, beginning of the year	5.821	26.775	56.681	89.277
	Depreciated linear over	30 år	3-5 år	4-10 år	
	Fair value of Group occupied properties valued at the end of the year by independent external valuers	3.000			
	Depreciation is included in operating expenses and claims incurred.				
	2007				
	Cost, beginning of the year	26.071	52.345	129.571	207.987
	Additions, including improvements	-	16.961	17.068	34.029
	Disposals during the year	-21.389	-10.989	-20.599	-52.977
	Cost, end of the year	**4.682**	**58.317**	**126.040**	**189.039**
	Revaluations, beginning of the year	15.271	-	-	15.271
	Revaluations during the year	781	-	-	781
	Revaluations on disposals during the year	-14.781	-	-	-14.781
	Revaluations, end of the year	**1.271**	**-**	**-**	**1.271**
	Depreciation and impairment, beginning of the year	-222	-22.929	-66.165	-89.316
	Depreciation during the year	-	-13.878	-13.864	-27.742
	Impairment losses during the year	-	-	-81	-81
	Depreciation on disposals during the year	90	5.265	10.751	16.106
	Depreciation and impairment, end of the year	**-132**	**-31.542**	**-69.359**	**-101.033**
	Carrying amount, end of the year	**5.821**	**26.775**	**56.681**	**89.277**
	Carrying amount, beginning of the year	41.120	29.416	63.406	133.942
	Depreciated linear over	30 år	3-5 år	4-10 år	
	Fair value of Group occupied properties valued at the end of the year by independent external valuers	3.400			

Notes to the financial statements

Note	DKK '000	2008	2007
13	**Total property and equipment (continued)**		
	Additional information on Group occupied properties:		
	Proportion of properties used for the Company's own operations	100,0%	100,0%
	Specific land and buildings not valued on the basis of required rate of return:		
	Balance sheet value, Danish properties	1.671	1.671
	Balance sheet value, foreign properties	4.666	4.150
14	**Investments in Group entities**		
	Cost, beginning of the year	809.728	809.728
	Disposals, during the year	-378.326	-
	Cost, end of the year	**431.402**	**809.728**
	Adjustments, beginning of the year	-239.197	-336.806
	Profit for the year from Group entities	72.956	97.609
	Reversal of adjustments relating to disposals during the year	245.147	-
	Adjustments, end of the year	**78.906**	**-239.197**
	Carrying amount, end of the year	**510.308**	**570.531**
	The value of investments in Group entities can be broken down as follows:		
	Besigtelses Kontoret af 1914 A/S	16.002	8.500
	Ejendomsselskabet Gammel Kongevej 60 ApS	-	142.904
	Forsikringsselskabet Privatsikring A/S	260.327	187.567
	Trekroner Forsikring A/S	233.979	231.560
		510.308	**570.531**

Equity in Group entities, which has formed the basis for the calculation of Codan Forsikring A/S' share as specified above, has been determined in accordance with the accounting policies of Codan Forsikring A/S.

All subsidiaries are separate entities.

Notes to the financial statements

Note			DKK '000	2008	2007
14	**Investments in Group entities (continued)**				
	Additional information on investments in Group entities:			**Results**	**Equity**
		Registered office	**Ownership interest %**	**2008 DKK '000**	**31.12.2008 DKK '000**
	Companies carrying on insurance business:				
	Forsikringsselskabet Privatsikring A/S	Frederiksberg	100	72.760	260.327
	Trekroner Forsikring A/S	Frederiksberg	100	2.419	233.979
	Companies providing insurance-related services:				
	Besigtelses Kontoret af 1914 A/S	Frederiksberg	100	7.501	16.002

Results and equity in Group entities as stated above are in accordance with the latest Annual Report.

Note		2008	2007
15	**Current tax assets**		
	Current tax assets, beginning of the year	20.575	-
	Transfer from current tax liabilities	17.624	20.575
	Current tax assets, end of the year	**38.199**	**20.575**

Notes to the financial statements

Note	DKK '000	2008	2007
16	**Deferred tax assets and tax liabilities**		
	Deferred tax assets, beginning of the year	33.597	52.807
	Deferred tax on acquired operations	-	-320
	Currency translation adjustments	-7.095	-33
	Change relating to intangible assets	-9.392	1.985
	Change relating to property and equipment	-1.899	-885
	Change relating to investments	-70.117	-21.810
	Change relating to technical provisions	-6.662	-4.676
	Change relating to liabilities and payables	49.060	-2.546
	Change relating to tax losses	55.048	9.075
	Transferred to deferred tax liabilities	2.543	-
	Deferred tax assets, end of the year	**45.083**	**33.597**
	Deferred tax assets expected to be recovered within 12 months of the end of the financial year	-	-
	Deferred tax assets expected to be recovered more than 12 months after the end of the financial year	45.083	33.597
	Deferred tax assets, end of the year	**45.083**	**33.597**
	Deferred tax liabilities expected to be paid within 12 months of the end of the financial year	-	-
	Deferred tax liabilities expected to be paid more than 12 months after the end of the financial year	-2.543	-
	Deferred tax liabilities, end of the year	**-2.543**	**-**
	Deferred tax assets and tax liabilities, end of the year	**42.540**	**33.597**
	Deferred tax for the year recognised in the income statement	11.366	-17.650
	Deferred tax for the year recognised in equity	-50	194
	Total deferred tax for the year	**11.316**	**-17.456**
	Specification of deferred tax assets and liabilities at the end of the year:		
	Intangible assets	-20.152	-10.760
	Property and equipment	-1.559	341
	Investments	-23.466	46.651
	Technical provisions	-5.295	38
	Liabilities and payables	37.346	-11.715
	Net tax losses, carried forward	55.666	9.042
	Deferred tax assets and liabilities, end of the year	**42.540**	**33.597**

In accordance with the rules issued by the Danish Financial Supervisory Authority no provisions are made for deferred tax on untaxed transfers to contingency funds, cf. Note 18.

Note		2008	2007
17	**Share capital**		
	The Company's fully paid share capital can be broken down as follows:		
	2 shares of DKK 1,000,000	2.000	2.000
	1 share of DKK 2,000,000	2.000	2.000
	2 shares of DKK 3,000,000	6.000	6.000
	1 share of DKK 5,000,000	5.000	5.000
	Share capital	**15.000**	**15.000**

The Company does not hold own shares.

Note		2008	2007
18	**Contingency funds**		
	The contingency funds can be broken down as follows:		
	Contingency fund A, created by resolution at the Annual General Meeting on 17 May 1966	313.461	313.461
	Contingency fund B for general insurance, cf. Section 138(2) of Act No. 630 of 23 December 1980	1.749.889	1.749.889
	Contingency fund C for workers' compensation insurance	18.756	18.756
	Contingency funds	**2.082.106**	**2.082.106**
	Of which untaxed	1.395.059	1.395.059

Notes to the financial statements

Note	DKK '000	2008	2007
19	**Total equity**		
	Solvency margin and capital base:		
	Calculated solvency margin	**1.050.003**	**913.461**
	Capital base to cover the solvency margin	**2.542.620**	**2.952.124**
	Capital base is calculated as follows:		
	Equity	4.291.384	3.840.241
	Proposed dividend	-850.000	-
	Equalisation reserves within credit and guarantee insurance	-67.006	-60.135
	Value of intangible assets	-310.454	-257.829
	Value of tax assets	-45.083	-33.597
	Solvency margin in subsidiaries	-141.853	-127.775
	Value of intangible assets and tax assets in subsidiaries carrying on insurance business	-862	-3.941
	Deduction for discounting in the provision for outstanding claims	-308.981	-368.767
	Deduction for discounting in the provision for outstanding claims in subsidiaries carrying on insurance business	-24.525	-36.073
	Capital base to cover the solvency margin	**2.542.620**	**2.952.124**

20 **Pension obligations**

Pension obligations in Codan Forsikring A/S are generally funded.

In respect of defined contribution schemes, the employer is under an obligation to pay a defined contribution (e.g. a fixed amount or a fixed percentage of the salary). In a defined contribution scheme, the Company does not bear the risk in relation to future developments in interest rates, inflation, mortality and disability. This is opposed to defined benefit schemes, where the employer is under an obligation to pay a defined benefit (e.g. a fixed amount or a percentage of the final salary).

Codan Forsikring A/S has a few pension obligations that are not fully funded.

	2008	2007
Present value of defined benefit schemes	3.368	3.556
Net liability recognised in the balance sheet	**3.368**	**3.556**

No assets have been separated to cover pension obligations.

Development in present value of defined benefit obligations:		
Pension obligations, beginning of the year	3.556	4.920
Calculated interest on obligation	142	168
Actuarial gains and losses	200	-912
Benefits paid	-530	-620
Pension obligations, end of the year	**3.368**	**3.556**
Pension costs recognised in the income statement:		
Calculated interest on obligation	-142	-168
Total recognised for defined benefit schemes	-142	-168
Total recognised for defined contribution schemes	-124.037	-114.745
Pension costs recognised in the income statement	**-124.179**	**-114.913**
Assumptions used in the calculation of pension obligations:		
Discount rate for Danish pension schemes	4%	4%
Future rate of salary increase for Danish pension schemes	0%	0%

Notes to the financial statements

Note	DKK '000	2008	2007
21	**Other provisions**		
	Other provisions, beginning of the year	931	-
	Reversal of unused provisions	-931	-
	Provisions made during the year	-	931
	Other provisions, end of the year	-	931
	Other provisions	**-**	**931**
22	**Current tax liabilities**		
	Current tax liability, beginning of the year	2.334	304.988
	Transfer from other receivables	-	2
	Current tax for the year	116.575	172.475
	Adjustment of current tax relating to previous years	13.388	-506
	Corporation tax paid during the year	-149.921	-495.200
	Transfer to current tax assets	17.624	20.575
	Current tax liability, end of the year	**-**	**2.334**

23 **Total payables**

No payables fall due more than five years after the balance sheet date.

Included in other payables are unsettled transactions in investments etc.
with DKK ,0 in 2008 (DKK 685527,0,000 in 2007).

Notes to the financial statements

Note		DKK '000	
24	**Acquisition of operations**		
	As of 1 January 2008, Codan Forsikring A/S acquired the Swedish marine insurance activities as well as all the Norwegian insurance activities of the affiliated company Trygg-Hansa Försäkrings AB.		
		Fair value at the time of acquisition	**Carrying amount before the acquisition**
	Intangible assets	-11.911	-7.044
	Group occupied properties	-1.639	-1.639
	Equipment	-3.063	-3.063
	Receivables from insurance companies	-91.401	-91.401
	Cash and cash equivalents	-45.354	-45.354
	Reinsurers' share of insurance contract provisions	-13.338	-13.338
	Insurance contract provisions	368.733	379.653
	Payables arising from direct insurance contracts and other payables	16.737	16.737
	Gain on intra-group portfolio transfer	15.787	
	Net assets acquired	234.551	234.551
	Of which cash and cash equivalents	45.354	
	Net cash consideration	**279.905**	

Note			
25	**Disposal of operations**		
	As of 1 January 2008, Codan Forsikring A/S disposed of its run-off portfolios for indirect business.		
		Fair value at the time of disposal	**Carrying amount before the disposal**
	Receivables from insurance companies	12.073	12.073
	Cash and cash equivalents	7.314	7.314
	Reinsurers' share of insurance contract provisions	115.802	115.802
	Insurance contract provisions	-300.602	-307.038
	Payables arising from direct insurance contracts and other payables	-64.973	-64.973
	Gain on disposal		6.436
	Cash consideration	-230.386	-230.386
	Of which cash and cash equivalents		-7.314
	Net cash consideration		**-237.700**

Notes to the financial statements

Note	DKK '000

26 **Market risk**

The Company may be exposed to the following market risks: Interest rate risk is defined as the risk of losses arising from fluctuations in interest rates. Share price risk is defined as the risk of losses arising from fluctuations in stock market values. Property risk is defined as the risk of losses arising from fluctuations in property market values. Foreign exchange risk is defined as the risk that changes in exchange rates decrease the value of foreign currency assets or increase the value of liabilities denominated in foreign currencies.

Interest rate risk

The fair value of the Company's portfolio of fixed rate bonds is inversely correlated to changes in the market interest rates. Thus, if market rates fall, the fair value of the portfolio would tend to rise and vice versa. The Company is also exposed to the risk of changes in future cash flows from such bonds in connection with re-investments arising from changes in market interest rates.

Maturity periods or contractual repricing

The following table summarises the contractual repricing or maturity dates (whichever is earlier) for financial assets and liabilities that are subject to fixed or floating interest rates.

Contractual repricing or maturity dates

2008	**< 1 year**	**1 - 2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**> 5 years**	**Total**
Danish government bonds	1.400.824	1.504.743	1.505.050	-	490.275	808.398	**5.709.290**
Danish fixed rate mortgage bonds	78.951	75.066	621.389	25.031	-	1.397.951	**2.198.388**
Danish floating rate mortgage bonds	-	-	-	-	-	2.050.161	**2.050.161**
Other European bonds	63.157	-	189.759	72.245	83.354	19.805	**428.320**
US bonds	108.481	114.703	54.133	39.205	-	-	**316.522**
Other loans, deposits with credit institutions, call deposits, etc.	650.535	-	-	-	-	-	**650.535**
Receivables from Group entities	1.076.246	-	-	-	-	-	**1.076.246**
Financial assets	**3.378.194**	**1.694.512**	**2.370.331**	**136.481**	**573.629**	**4.276.315**	**12.429.462**
Amounts owed to Group entities	87.622	-	-	-	-	-	**87.622**
Lease payables	14.006	13.032	3.298	-	-	-	**30.336**
Financial liabilities	**101.628**	**13.032**	**3.298**	**-**	**-**	**-**	**117.958**

2007	**< 1 year**	**1 - 2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**> 5 years**	**Total**
Danish government bonds	2.116.296	288.512	1.656.871	185.203	-	417.650	**4.664.532**
Danish fixed rate mortgage bonds	585.126	128.081	73.550	250.665	24.558	1.798.300	**2.860.280**
Danish floating rate mortgage bonds	-	-	-	-	-	2.720.238	**2.720.238**
US bonds	101.657	-	102.577	-	-	-	**204.234**
Other loans, deposits with credit institutions, call deposits, etc.	702.155	-	-	-	-	-	**702.155**
Receivables from Group entities	530.720	-	-	-	-	310.000	**840.720**
Financial assets	**4.035.954**	**416.593**	**1.832.998**	**435.868**	**24.558**	**5.246.188**	**11.992.159**
Amounts owed to Group entities	192.255	-	-	-	-	-	**192.255**
Lease payables	12.950	7.587	4.608	1.901	-	-	**27.046**
Financial liabilities	**205.205**	**7.587**	**4.608**	**1.901**	**-**	**-**	**219.301**

Notes to the financial statements

Note **DKK '000**

26 **Market risk (continued)**

The below table shows the effective interest rate and the duration for financial assets and liabilities as of 31 December 2008.

	Effective interest rate		Duration	
	2008	**2007**	**2008**	**2007**
Financial assets				
Danish government bonds	2,7	4,3	2,4	1,9
Danish mortgage bonds	5,3	5,2	2,6	5,3
US bonds	0,5	3,2	1,5	1,1
Other loans	10,9	8,3		
Deposits with credit institutions, call deposits, etc.	4,3	4,0		
Receivables from Group entities	4,6	4,5		
Financial liabilities				
Amounts owed to Group entities	4,6	4,5		
Lease payables	5,3	4,6		

Foreign exchange risk

Foreign exchange risk is managed in accordance with the Company's foreign exchange policy, which is to match assets to the currency of the related liability.

The following table shows the Company's primary exposure to foreign exchange risks in DKK '000.

Part of the Company's marine insurance business is managed by the Company's branches in Sweden and Finland. The branches have an underlying currency position in USD of DKK -19.5m. Below, the branches are stated in SEK and EUR in the line Net assets in branches.

Foreign exchange risk

	2008					
	USD	**SEK**	**GBP**	**EUR**	**NOK**	**EEK**
Net assets in branches	-	-4.712	-	-11.087	-41.062	-40.844
Financial assets						
Bonds	316.521	-	-	178.204	250.116	-
Other loans, deposits with credit institutions, call deposits, etc.	35.248	2.310	1.236	5.913	10.296	-
Intangible assets	-	-	-	83.007	-	-
Receivables from policyholders, brokers and insurance companies	139.980	-	-	15.173	3.346	158
Receivables from Group entities	-	38	-	565	-	82
Other receivables	3	-	-	669	-	-
Deferred tax assets	-	-	-	-	-	-
Prepayments and accrued income	3.379	-	-	4.567	8.691	-
Reinsurers' share of insurance contract provisions	19.986	4.298	12	101.089	-	-
Financial liabilities						
Payables arising from direct insurance and reinsurance contracts	-	-	-92.719	-12.911	-	-
Amounts owed to credit institutions	-	-	-	-	-	-
Amounts owed to Group entities	-5.686	-42.199	-	-49.449	-262.227	-
Other payables	-5.107	-7.927	-134	-1.841	-	-
Current tax liabilities	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Insurance liabilities	-357.860	-25.000	-38.526	-87.910	-22.728	-473
Foreign exchange risk	**146.464**	**-73.192**	**-130.131**	**225.989**	**-53.568**	**-41.077**

Notes to the financial statements

Note		DKK '000					
26	**Market risk (continued)**						
				2007			
		USD	**SEK**	**GBP**	**EUR**	**NOK**	**EEK**
	Net assets in branches	-	-7.207	-	7.732	-11.795	-14.154
	Financial assets						
	Bonds	204.233	-	-	-	-	-
	Other loans, deposits with credit institutions, call deposits, etc.	14.624	4.689	11.481	5.889	15.856	-
	Intangible assets	-	-	-	87.915	-	-
	Receivables from policyholders, brokers and insurance companies	69.608	467	-	17.551	11.901	-
	Receivables from Group entities	368	-30	-	8.431	19.529	-
	Other receivables	3	-2	-	665	1	-
	Deferred tax assets	-	-	-	-	-	-
	Prepayments and accrued income	2.189	-	-	-	-	-
	Reinsurers' share of insurance contract provisions	146.557	815	18.391	162.606	-61	-
	Financial liabilities						
	Payables arising from direct insurance and reinsurance contracts	-	681	-139.720	-77.572	-721	-
	Amounts owed to credit institutions	-	-	-	-	-	-
	Amounts owed to Group entities	-	-25.122	-	-38.885	-82.551	-
	Other payables	-2.163	-6.006	-1.365	-874	-10	-
	Current tax liabilities	-	-	-	-	-	-
	Deferred tax liabilities	-	-	-	-	-	-
	Insurance liabilities	-489.166	-4.168	-103.128	-100.203	-45.537	-
	Foreign exchange risk	**-53.747**	**-35.883**	**-214.341**	**73.255**	**-93.388**	**-14.154**

Sensitivity information

Impact on the Company's equity

Occurrence:	**2008**	**2007**
0.7 percentage point increase in interest rates	-172.131	-209.163
0.7 percentage point decrease in interest rates	135.305	209.163
12 per cent fall in share prices	-497	-451
8 per cent fall in property prices	-507	-78.866
Foreign exchange risk (Value-at-risk 99.5)	-13.216	-9.658
Counterparty losses of 8 per cent (credit and counterparty risk)	-116.870	-44.279

27 **Credit risk**

Credit risk is defined as the risk of non-performance of contractual payment obligations and adverse changes in creditworthiness.

Maximum credit risk		
Danish government bonds	5.709.290	4.664.532
Danish fixed rate mortgage bonds	2.198.388	2.860.280
Danish floating rate mortgage bonds	2.050.161	2.720.238
US bonds	316.522	204.234
Other loans, deposits with credit institutions and call deposits, etc.	650.535	702.155
Deposits with ceding undertakings	1.498	6.201
Reinsurers' share of provision for unearned premiums	28.376	35.169
Reinsurers' share of provision for claims	865.456	1.247.120
Receivables from policyholders	758.090	519.124
Receivables from brokers	10.756	8.206
Receivables from insurance companies	137.410	68.082
Receivables from Group entities	1.076.246	840.720
Other receivables	63.810	158.410
Accrued interest and rent	182.549	154.240
Maximum credit risk	**14.049.087**	**14.188.711**

Notes to the financial statements

Note	DKK '000	2008	2007

28 **Related parties**

Related party disclosures
Codan A/S owns 100% of the shares in Codan Forsikring A/S and consequently holds a controlling interest in the Company.

The Company's related parties furthermore include the members of the Board of Directors and the Board of Management, and the boards of directors and boards of management and executives of Group entities as well as their related family members. Related parties also include companies in which the above persons have significant interests.

Apart from normal management remuneration, no transactions, except for those listed below, were entered into during the year with the Board of Directors and the Board of Management, executives, major shareholders or other related parties. The management remuneration is shown in Notes 5 and 31.

Related party transactions
The Company undertakes all administrative tasks for all wholly-owned Danish subsidiaries in the Codan Group. The Company furthermore undertakes all administrative tasks for the Parent Company, Codan A/S.

Administration fees payable to and receivable from Group entities in the Codan Group are settled on a cost-covering basis. Rent payments to Group entities are made on an arm's length basis.

The Company entered into securities transactions with other companies in the Codan Group. All transactions have took place at market value.

Agreements on interest on inter-company balances on an arm's length basis were made between the companies in the Codan Group. Interest income from Group entities amounted to DKK 17.9m in 2008 (DKK 12.6m in 2007).

Agreements on reinsurance were entered into with companies in the Codan Group and with companies in the RSA Group on an arm's length basis.

In 2008, the Company paid for the use of joint IT systems and the Company's share of joint services in the RSA Group. Payments were made on a cost-covering basis.

Business transactions with Group entities and associates included the following:

	2008	2007
Sale of reinsurance to Group entities	72.967	93.195
Purchase of reinsurance from Group entities	-30.704	-23.716
Sale of services to Group entities	3.289	735
Purchase of services from Group entities	-37.844	-33.227
Sale of administrative services to Group entities	196.662	163.480
Business transactions with Group entities	**204.370**	**200.467**

Notes to the financial statements

Note	DKK '000	2008	2007
29	**Security**		
	The following assets are held under trust for the benefit of policyholders to cover technical provisions:		
	Land and buildings of subsidiaries	-	486.103
	Bonds	11.121.917	10.316.138
	Interest receivable	183.953	156.095
	Cash and cash equivalents	534.167	577.377
	Security	**11.840.037**	**11.535.713**
30	**Contingent assets, contingent liabilities and financial liabilities**		
	Financial liabilities		
	Operating lease commitments fall due within ten years and constitute:	226.624	62.667
	Service agreements (IT and telephony)	156.411	238.770
	Sponsorships	3.655	8.229
	Guarantee in connection with the disposal of Group occupied property	29.000	
	Asset management agreements	-	100.000
	Financial liabilities	**415.690**	**409.666**

The Company is cooperating with other insurers to provide joint cover of certain types of insurance risks. In addition to the Company's own share of such risks, which is included in the Annual Report, the Company is jointly and severally liable for the other insurers' share of the insurance liabilities. However, in view of the fact that these insurers are sound companies, the risk is largely minimal.

The Company signed contracts with external companies for the purpose of selling insurance products.

The Company is jointly registered with the majority of the Codan Group's Danish companies for the purpose of payment of VAT and payroll tax and is jointly and severally liable for the payment of such taxes.

The Company is jointly and severally liable together with other companies participating in the joint taxation before 2005 for any corporation tax imposed during the accounting period 2004 and previously.

The Company entered into agreements with other companies in the Codan Group on the sale of insurance products, investment management, reinsurance, provision of administrative services, property management, etc.

Notes to the financial statements

Note

31 **Incentive schemes**

RSA Insurance Group plc. operates a number of incentive schemes. Until and including 2005, RSA Insurance Group plc. had an Executive Share Option Plan and a Share Matching Plan for executives and other key employees. In 2006, these plans were replaced by a Long Term Incentive Plan. The plans are all subject to different performance conditions and are based on shares in RSA Insurance Group plc.. In addition, RSA Insurance Group plc. operates the Savings Related Share Option Plan providing all employees with the opportunity of buying shares in RSA Insurance Group plc. at a favourable price.

Executive Share Option Plan
The options are exercisable between three and ten years after grant, provided that specific performance conditions are met. The exercise price of all options is equal to the fair value of the underlying stock at the date of the grant.

The fair value of the options granted is based on all performance conditions being met.

Share Matching Plan
The options granted are exercisable between three and five years after grant at a price per share of nil. 25% of the options granted are not subject to performance conditions, while the remaining 75% can be exercised only if a number of performance conditions are met.

Long Term Incentive Plan
The structure of the plan allows for a number of different types of awards to be made. Voluntary Deffered Shares are purchased by the participants from net bonus payable (limited to a maximum value of 33% of net bonus); in addition, for senior executives, the Remuneration Committee may defer a portion of an individual's bonus (limited to 33% of that bonus) into an award over shares referred to for the purpose of the plan as Compulsory Deferred Shares. Deferred shares are held in trust for three years and normally forfeited on an employee leaving the Group. No further performance conditions apply. The Remuneration Committee may make a conditional award of shares on a "matched" basis to Voluntary and Compulsory Deferred Shares ("Matching Shares").

Additionally, the Remuneration Committee may make conditional awards of Performance Shares to senior Executives, and conditional awards of Restricted Shares to other executives and senior managers.

Awards of Performance Shares and Matching Shares related to Compulsory Deferred Shares are subject to a performance condition consisting of a combination of a return on equity target and a total shareholder return target (with performance measured by comparison against other European insurance companies) over a single three year performance period. Matching Shares related to Voluntary Deferred Shares are subject only to the return on equity performance condition. Restricted Shares are not subject to performance conditions. All awards vest on the third anniversary of the date of the grant to the extent that the performance conditions have been met.

Savings Related Share Option Plan
Employees eligible to participate in the RSA Insurance Group plc. International Sharesave Plan (savings related) can, through a savings contract, receive options to purchase ordinary shares of RSA Insurance Group plc.'s common stock at a price equal to 80% of the fair value of the ordinary shares at the date of the grant. The number of shares available for purchase from the plan by each participant is limited to the whole number of shares purchasable from the aggregate value of the individual's savings contract upon maturity. An individual's maximum monthly contribution to all current savings contracts is £250. All options expire in three or five years from the grant date and expire six months after vesting.

Notes to the financial statements

Note **DKK '000**

31 **Incentive schemes (continued)**

Board of Directors and Board of Management

There are no bonus schemes or incentive schemes for the Board of Directors.
The Board of Management is covered by the general bonus scheme and by
RSA Insurance Group plc.'s incentive schemes as set out above.

Participation of the Board of Management in incentive schemes at 31 December:

2008	**Executive Share Option Plan**		**Share Matching Plan**		**Long Term Incentive Plan**		**Savings Related Share Option Plan**	
	Shares	Prices (a)	Shares	Prices (a)	Shares	Prices (a)	Shares	Prices (a)
Outstanding at 1 January	-	-	-	-	204.019	-	10.375	118
Granted during the year	-	-	-	-	246.397	-	-	-
Outstanding at 31 December	**-**	**-**	**-**	**-**	**450.416**	**-**	**10.375**	**118**
Potential Matching Share awards	-	-	-	-	334.687	-	-	-
Options exercisable at year end	-	-	**-**	**-**	**-**	**-**	-	-

(a) Price refers to weighted average exercise price in sterling (pence)

2007	**Executive Share Option Plan**		**Share Matching Plan**		**Long Term Incentive Plan**		**Savings Related Share Option Plan**	
	Shares	Prices (a)	Shares	Prices (a)	Shares	Prices (a)	Shares	Prices (a)
Outstanding at 1 January	131.266	208	26.619	-	101.868	-	13.205	68
Appointment of members of the Board of Management	-	-	-	-	55.009		7.743	122
Retirement of members of the Board of Management	-131.266	-208	-26.619	-	-101.868		-13.205	-
Granted during the year	-	-	-	-	149.010	-	2.632	105
Outstanding at 31 December	**-**	**-**	**-**	**-**	**204.019**	**-**	**10.375**	**118**
Potential Matching Share awards	-	-	-	-	165.703	-	-	-
Options exercisable at year end	-	-	**-**	**-**	**-**	**-**	-	-

(a) Price refers to weighted average exercise price in sterling (pence)

32 **Consolidated financial statements**
RSA Insurance Group plc., One Plantation Place, London, England
prepares the consolidated financial statements, in which
Codan Forsikring A/S is included as a subsidiary.

Aruande digitaalallkirjad

Codan Forsikring A/S Eesti filiaal (registrikood: 11299485) 01.01.2008 - 31.12.2008 majandusaasta aruande andmete õigsust on elektrooniliselt kinnitanud:

Allkirjastaja nimi	Allkirjastaja roll	Allkirja andmise aeg
DMITRI VOLKOV	Sisestaja	14.07.2010
KAIDO KEPP	Filiaali juhataja	19.07.2010

Müügitulu jaotus tegevusalade lõikes

Tegevusala	EMTAK kood	Müügitulu (EEK)	Müügitulu %	Põhitegevusala
Kahjukindlustus	**65121**	**77592239**	**100.00%**	**Jah**

Sidevahendid

Liik	Sisu
Telefon	**+372 6224550**
Faks	**+372 6030779**
E-posti aadress	**dmitri.volkov@rsagroup.ee**