



Interim report Q4 2010

Tryg | 

# Contents

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Interim report Q4 2010	Page
<b>Management's report</b>	
Highlights in Q4 2010	1
Financial highlights	2
The Group's financial performance	3
Private Nordic	5
Commercial Nordic	7
Corporate Nordic	9
Investment activities	10
Outlook	12
Disclaimer	13
<b>Accounts</b>	
Statement of the Supervisory Board and Executive Management	15
Income statement	16
Total comprehensive income	17
Statement of financial position	18
Statement of changes in equity	20
Cash flow statement	21
Notes	22
Geographical segments	26
Quarterly outline	28
Further information	30

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## Webcast og telekonference

Tryg hosts a webcast and teleconference Thursday 10 February 2010 at 08.30 CET. Follow the webcast on [tryg.com/investor](http://tryg.com/investor). Financial analysts may participate on telephone +44 207 509 5139 or +45 32 71 47 67 for Q&A.

*Webcast and teleconference will be held in English and can subsequently be viewed on [tryg.com](http://tryg.com).*

This report is unaudited. Historical figures are adjusted for the sale of the Marine Hull business cf. announcement from 11 March 2010. Unless otherwise stated, all comparisons are relative to the fourth quarter of 2009.

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# Highlights in Q4 2010

## Full year performance affected by steep increase in claims expenses

The pre-tax profit for 2010 was DKK 941m against DKK 2,610m in 2009. 2010 was a year in which Tryg launched a number of initiatives that will improve profitability in the years ahead. The performance came under pressure due to higher claims expenses as a result of the severe winter weather, cloudbursts, a sustained high underlying claims level and rising expenses for workers' compensation following a decision by the Danish Supreme Court as well as a higher frequency of claims involving loss of ability to work.

In 2010, Tryg implemented premium increases which had an overall impact of DKK 0.9bn, and the Group's total earned premiums increased by 4.5% in local currency terms (9% in DKK terms) to DKK 19.5bn. Investment returns were good, and costs remained at a satisfactory level during a period of high expenses related to Nordic branding activities.



## Q4 2010 performance

- The performance of claims showed clear indications of improvement based on the initiated premium initiatives, tightening of insurance terms and conditions, focus on claims procurement and individual customer overhauls. It was, however, adversely impacted by winter claims in Denmark and Norway. Winter claims had an impact of around DKK 200m in the fourth quarter of 2010.
- Premium growth of 5.5% in local currency terms (9.5% in DKK terms) to DKK 5,049m. The Danish and Norwegian private business reported steep growth of 8.6% and 4.5%, respectively, as a result of premium increases.
- As a result of the sustained focus on the cost level, the expense ratio was 17.2, which was 0.8 percentage point lower than in 2009.
- The technical result amounted to DKK 261m against DKK 317m in the same period of 2009. Excluding extraordinary expenses in connection with winter claims, the result improved by more than DKK 140m relative to the fourth quarter of 2009.

- The net investment result was DKK 266m, an improvement of DKK 56m relative to the fourth quarter of 2009, mainly attributable to higher equity prices.
- DKK 256m or 43% of the profit for the year is expected to be distributed as cash dividend in the amount of DKK 4 per share.

## Outlook

Based on the profitability enhancing initiatives introduced, we expect our financial performance to improve in 2011. Our medium-term target is to generate a return on equity in excess of 20% after tax, corresponding to a combined ratio at the level of 90 including any run-off gains or losses.

See our annual report 2010 for more information.

# Financial highlights

DKKm	2009	2010				2009	2010	Change
	Q4	Q1	Q2	Q3	Q4			
<b>Gross premiums earned</b>	<b>4,609</b>	<b>4,650</b>	<b>4,890</b>	<b>4,886</b>	<b>5,049</b>	<b>17,862</b>	<b>19,475</b>	<b>9.0%</b>
Gross claims incurred	-3,436	-4,135	-3,573	-4,009	-3,900	-12,882	-15,617	-21.2%
Total insurance operating expenses	-824	-789	-848	-796	-871	-3,056	-3,304	-8.1%
Profit/loss on gross business	349	-274	469	81	278	1,924	554	
Profit/loss on ceded business	-73	-114	-102	-41	-56	-520	-313	
Technical interest, net of reinsurance	41	34	27	34	39	158	134	
<b>Technical result</b>	<b>317</b>	<b>-354</b>	<b>394</b>	<b>74</b>	<b>261</b>	<b>1,562</b>	<b>375</b>	<b>-76%</b>
Return on investments after technical interest	210	204	-208	308	266	1,086	570	
Other income and expenses	0	37	-13	-13	-15	-38	-4	
<b>Profit/loss before tax</b>	<b>527</b>	<b>-113</b>	<b>173</b>	<b>369</b>	<b>512</b>	<b>2,610</b>	<b>941</b>	<b>-64%</b>
Tax	-134	28	-44	-105	-144	-625	-265	
<b>Profit/loss on continuing business</b>	<b>393</b>	<b>-85</b>	<b>129</b>	<b>264</b>	<b>368</b>	<b>1,985</b>	<b>676</b>	
Profit/loss on discontinued and divested business after tax <sup>a)</sup>	55	-17	-1	-66	1	23	-83	
<b>Profit/loss for the period</b>	<b>448</b>	<b>-102</b>	<b>128</b>	<b>198</b>	<b>369</b>	<b>2,008</b>	<b>593</b>	<b>-70%</b>
Run-off gains/losses, net of reinsurance	190	158	169	211	286	683	824	
<b>Balance sheet</b>								
Total provisions for insurance contracts	29,042	32,879	32,810	33,220	32,031	29,042	32,031	
Total reinsurers' share of provisions for insurance contracts	1,320	1,625	1,587	1,586	1,588	1,320	1,588	
Total shareholders' equity	9,631	9,462	8,444	8,411	8,458	9,631	8,458	
Total assets	44,740	48,662	48,530	48,889	50,591	44,740	50,591	
<b>Key ratios</b>								
Gross claims ratio	74.5	88.9	73.1	82.1	77.2	72.1	80.2	
Business ceded as % of gross premiums	1.6	2.5	2.1	0.8	1.1	2.9	1.6	
Claims ratio, net of ceded business	76.1	91.4	75.2	82.9	78.3	75.0	81.8	
Gross expense ratio	18.0	17.2	17.3	16.3	17.2	17.2	17.0	
<b>Combined ratio</b>	<b>94.1</b>	<b>108.6</b>	<b>92.5</b>	<b>99.2</b>	<b>95.5</b>	<b>92.2</b>	<b>98.8</b>	
Gross expense ratio without adjustment						17.1	17.0	
Operating ratio						91.3	98.1	
Return on equity after tax (%)						22.5	6.6	
Relative run-off gains/losses						3.6	3.9	
Number of full-time employess, end of period, continuing business						4,310	4,291	
Solvency						97	125	
<b>Share performance</b>								
Earnings per share								
- continuing business of DKK 25						31.3	10.8	
Net asset value per share (DKK)						152.3	139.5	
Dividend per share (DKK)						15.5	4.0	
Price Earnings						11.0	23.8	
Number of shares, end of period (1,000)						63,228	60,634	

The gross expense ratio without adjustment is calculated as the ratio of actual gross insurance operating expenses to earned gross premiums ratios are calculated in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

The adjustment, which is made pursuant to the Danish Financial Supervisory Authority's and the Danish Society of Financial Analysts' definition of expense ratio and combined ratio, involves the addition of a calculated expense (rent) concerning owner-occupied property based on a calculated market rent and the deduction of actual depreciation and operating costs on owner-occupied property.

a) Profit/loss on discontinued and divested business after tax includes Marine Hull insurance. Comparative figures are restated to reflect Marine Hull insurance.

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# The Group's financial performance

## **Combined ratio affected by winter claims**

The fourth quarter combined ratio was 95.5 compared with nearly 102 in the preceding three quarters of 2010. Excluding extraordinary winter claims, the combined ratio was 91.7 against 94.1 in the same period of 2009. The positive performance was a result of profitability measures which impacted the Norwegian part of the business in particular. Profitability began to improve in the Danish part of the business, but failed to achieve the targeted level for the private business.

## **Good growth in gross earned premiums in a challenging market**

The Group's gross earned premiums increased by 4.5% in local currency terms to DKK 5,049m in the fourth quarter of 2010. The premium increases implemented along with sustained growth in Sweden and Finland especially with business partners lifted gross earned premiums by DKK 440m in the fourth quarter relative to the same period of 2009.

Premiums in the Danish and Norwegian parts of Corporate performed negatively compared with the same period of 2009. The lower earned premiums reported in Corporate should be seen in the context of our restrictive approach to writing and renewing agreements that do not meet the Group's profitability requirements.

Premium increases amounting to DKK 900m were implemented in 2010. In the fourth quarter, we recorded a distinct improvement in the Norwegian and Finnish parts of the portfolio, in which the initiatives had been introduced earlier, and an incipient improvement in the Danish part of the portfolio. More profitability initiatives are required for the commercial portfolio to become profitable, including individual customer overhauls. The introduction of premium increases in the autumn of 2010, especially in the Danish part of Commercial Nordic, went as planned and will lift profitability considerably.

## **Claims affected by winter claims**

The claims ratio was 77.2, and excluding extraordinary winter

claims it was 73.4 against 74.5 in the fourth quarter of 2009. The claims level recorded an underlying improvement and was favourably affected by portfolio overhauls, tightening of insurance terms and conditions, focus on claims procurement, and run-off gains. The extraordinary impact of winter claims in the fourth quarter was around DKK 200m, having an impact of about 4 percentage points on the claims level.

Expenses related to large claims amounted to DKK 177m in the fourth quarter of 2010 compared with DKK 97m in the same period of 2009.

## **Efficiency enhancements and process improvements reducing costs**

The expense ratio was 17.2 in the fourth quarter of 2010 against 18.0 in the same period of 2009. The reduction was achieved while we made an extra investment in branding activities designed to support the Group's new name and logo across the Nordic region, and in Tryg Transition, a project designed to establish a common business model and IT system.

Tryg focuses strongly on reducing the Group's costs. This is done by restraint in filling vacant positions and focus on in-house rotation and digitalisation, self-service and investments to improve business processes and supporting IT systems.

At 31 December 2010, the Group employed 4,291 full-time employees, which were 19 less than at the end of 2009. This was achieved through reductions in Denmark and Norway while the expansion in Sweden and Finland continued.

## **Investment return**

The investment portfolio generated a total gross return of DKK 293m, equivalent to a return of 2.9% (7.4% annualised) on average invested capital. The return was favourably impacted by the performance of equities, which produced a return of 9.8% or DKK 171m.

The net investment return was DKK 266m against DKK 210m in the fourth quarter of 2009.

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#### **Profit before and after tax**

The profit before tax and discontinued business was DKK 512m, largely in line with the level of the fourth quarter of 2009. Excluding extraordinary winter claims expenses, the fourth quarter 2010 profit was thus an improvement of around DKK 180m relative to the same period of 2009.

The post-tax profit was DKK 369m in the fourth quarter of 2010 against DKK 448m in the same period of 2009.

#### **Performance of discontinued business**

The profit on discontinued business was DKK 1m, relating to adjustment of the marine business. The right to renew the marine portfolio was sold to RSA in March 2010, but Tryg is required to settle claims already reported and any claims arising during the remaining period of cover. Changes in the related provisions are therefore recognised under 'Profit/loss on discontinued business'.

#### **Capital and solvency**

Tryg's available capital amounted to DKK 10.6bn at 31 December 2010 and should be seen relative to a capital requirement of DKK 9.9bn. The requirement is based on Tryg's target of maintaining a level of capital corresponding to a rating of 'A-' from Standard & Poor's. The capital buffer thus amounts to DKK 750m or 7.6% before dividend. See also the annual report for a review of Tryg's capital and solvency.

#### **Changes after the balance sheet date**

Group CEO Stine Bosse resigned her position on 11 January, and Group CFO Morten Hübbe was appointed Group CEO on 12 January. At the same time, Group Executive Vice President Lars Bonde was appointed as a member of the Executive Management. Following these changes, the Executive Management consists of Morten Hübbe and Lars Bonde. The changes became effective on 1 February 2011.

**Private Nordic sells insurances to private individuals in Denmark, Norway, Sweden and Finland. Sales take place through call centres, the Internet, own sales agents, franchisees (Norway), affinity groups, car dealers, real estate agents and Nordea. This business area accounts for approximately 52% of total premiums earned by the Group.**

### Improved underlying operations and adverse impact from extraordinary winter claims

The effect of premium increases in both 2009 and 2010 improved the underlying operations significantly in the fourth quarter of 2010. Excluding extraordinary winter claims, the combined ratio was 88.8 in the fourth quarter of 2010 against 97.0 in the same period of 2009.

### New markets lifting growth

Gross earned premiums increased by 8.5% in local currency terms to stand at DKK 2,654m in the fourth quarter of 2010. Developments were characterised by growth driven by the premium increases implemented in Denmark and Norway in particular and sustained growth in Sweden and Finland of almost 20% in both countries.

The private business in Denmark produced premium growth of 8.6%, composed of premium increases for, in particular, contents, holiday home and change of ownership insurances and, to a lesser extent, for house insurances. Concurrently with these initiatives, partner-based agreements continued to produce decent growth. Several agreements were renewed in the fourth quarter, generally at more profitable levels.

The average premium for house insurances increased by 5.8% in Denmark and 9.2% in Norway in the fourth quarter. The average motor premium increased by 4.4% in Norway and 2.3% in Denmark.

As was expected, premium increases in Denmark resulted in an increased outflow of customers, but the retention rate remained at a high level of 90 at the end of 2010. Norway, which implemented premium increases earlier than Denmark, as mentioned above, improved the retention rate significantly during 2010, ending the year at 86 as compared with 85 at the beginning of the year.

## Profit/loss Private Nordic

DKKm	Q4 2009	Q4 2010	Change	2008	2009	2010	Change
<b>Gross earned premiums</b>	<b>2,338</b>	<b>2,654</b>	<b>13.5%</b>	<b>8,122</b>	<b>8,962</b>	<b>10,181</b>	<b>13.6%</b>
Gross claims incurred	-1,841	-2,040	-10.8%	-5,735	-6,751	-8,223	-21.8%
Gross expenses	-401	-448	-11.7%	-1,598	-1,477	-1,627	-10.2%
Profit/loss on gross business	96	166		789	734	331	
Profit/loss on ceded business	-26	-26		-85	-87	38	
Technical interest, net of reinsurance	29	22		210	85	77	
<b>Technical result</b>	<b>99</b>	<b>162</b>	<b>64%</b>	<b>914</b>	<b>732</b>	<b>446</b>	<b>-39%</b>
Run-off gains/losses, net of reinsurance	62	153		190	134	399	
<b>Key ratios</b>							
Gross claims ratio	78.7	76.9		70.6	75.3	80.8	
Business ceded as percentage of gross premiums	1.1	1.0		1.0	1.0	-0.4	
Claims ratio, net of ceded business	79.8	77.9		71.6	76.3	80.4	
Gross expense ratio	17.2	16.9		19.7	16.5	16.0	
<b>Combined ratio</b>	<b>97.0</b>	<b>94.8</b>		<b>91.3</b>	<b>92.8</b>	<b>96.4</b>	

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### **Claims level affected by the winter weather**

The claims ratio was 76.9 against 78.7 in the fourth quarter of 2009. Extraordinary winter claims in both Norway and Denmark had a 6 percentage point impact on the claims ratio. Excluding winter claims and run-off gains, the claims ratio improved by 2.5 percentage points as a result of measures to reduce damage and claims.

The claims ratio in Denmark was 79.5 against 82.9 in the fourth quarter of 2009, favourably affected by premium increases, but adversely affected by winter claims, which had an impact of just under 8 percentage points on the claims ratio.

The claims ratio in Norway was 73.4 compared with 71.6 in the fourth quarter of 2009. Winter claims had a 6.7 percentage point impact on the claims level. The claims ratio in Finland was 78.7, indicating that the Finnish business is on a comparable level with the Danish and Norwegian portfolios – a level that will improve through measures launched during 2010. The Swedish business was not affected by extraordinary winter claims to any significant extent and reported a claims ratio of 80.1, an improvement of more than 12 percentage points relative to the same period of 2009.

### **Expense ratio**

The expense ratio fell from 17.2 to 16.9, emphasising our focus on improving the cost level. This was achieved mainly by reducing the number of service centres and franchise offices and by optimising the work distribution in the sales channels.



**Commercial Nordic sells insurances to small and medium-sized enterprises, mainly in Denmark and Norway. In Sweden, most of the commercial business is written through brokers and accordingly forms a part of Corporate Nordic. The commercial business in Finland remains in a start-up phase. Commercial Nordic accounts for 22% of the Group's total earned premiums.**

### High claims level impacted by extraordinary winter claims and improved cost level

Commercial Nordic reported a technical result for the fourth quarter of 2010 of DKK 9m compared with DKK 29m in the same period of 2009. The performance was impacted by winter claims in December, economic recession, an improved cost level and the effect of premium increases, particularly in the Danish part of the business. Before extraordinary winter claims and the run-off result, the combined ratio improved by 4.2 percentage points in the fourth quarter of 2010 compared with the same period of 2009. Further improvement is expected for the business in 2011, but the earnings level will only be satisfactory after a few years because a reduction in costs requires a number of process adjustments and investments.

### Earned premiums

Gross earned premiums increased by 10.9% in local currency terms to stand at DKK 1,087m in the fourth quarter of 2010. Most of the increase was attributable to a portfolio transfer from Private Nordic and Corporate Nordic to Commercial Nordic. Excluding these transfers, Commercial Nordic reported growth of nearly 2%.

The 10% premium increases for agricultural insurances in Denmark introduced at the beginning of 2010 were supplemented by premium increases for commercial insurances in the autumn of 2010. The premium increases had a positive impact on the premium performance, but this was partly offset by a decline of the retention rate, as had been expected.

As in Denmark, the Norwegian part of the commercial portfolio reported low premium growth when adjusted for portfolio transfers. The retention rate in Norway improved significantly in the fourth quarter of 2010 as premium initiatives were not required to the same extent as in Denmark.

## Profit/loss Commercial Nordic

DKKm	Q4 2009	Q4 2010	Change	2008	2009	2010	Change
<b>Gross earned premiums</b>	<b>961</b>	<b>1,087</b>	<b>13.1%</b>	<b>3,694</b>	<b>3,777</b>	<b>4,263</b>	<b>12.9%</b>
Gross claims incurred	-681	-825	-21.1%	-2,550	-2,797	-3,768	-34.7%
Gross expenses	-237	-254	-7.2%	-819	-925	-1,029	-11.2%
Profit/loss on gross business	43	8		325	55	-534	
Profit/loss on ceded business	-21	-6		-73	-98	39	
Technical interest, net of reinsurance	7	7		117	39	30	
<b>Technical result</b>	<b>29</b>	<b>9</b>	<b>-69%</b>	<b>369</b>	<b>-4</b>	<b>-465</b>	<b>n/a</b>
Run-off gains/losses, net of reinsurance	82	46		193	192	100	
<b>Key ratios</b>							
Gross claims ratio	70.9	75.9		69.0	74.1	88.4	
Business ceded as percentage of gross premiums	2.2	0.6		2.0	2.6	-0.9	
Claims ratio, net of ceded business	73.1	76.5		71.0	76.7	87.5	
Gross expense ratio	24.7	23.4		22.2	24.5	24.1	
<b>Combined ratio</b>	<b>97.8</b>	<b>99.9</b>		<b>93.2</b>	<b>101.2</b>	<b>111.6</b>	

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The Finnish part of the commercial business reported growth of 20% in the fourth quarter with earned premiums for the full year totalling around DKK 100m.

**Premium initiatives and extraordinary winter claims affecting the claims ratio**

The claims ratio was 75.9 in the fourth quarter of 2010 compared with 70.9 in the same period of 2009. Excluding run-off and winter claims, the claims ratio improved by about 1.5 percentage point. The improvement of the underlying claims ratio was attributable to the effect of the overhauls measures implemented to improve the profitability of the portfolio. The initiatives launched will improve profitability further in the medium term.

**Significant reduction of the expense ratio**

The expense ratio was 23.4 in the fourth quarter of 2010, which was 1.3 percentage points lower than in the same period of 2009. The reduction was positive, but the level remains high, and additional process-enhancing measures will be launched while we will continue to reduce selling costs.

**Corporate Nordic's insurances are sold through its own sales force and through insurance brokers under the brands 'Tryg' in Denmark and Norway and 'Moderna' in Sweden. Corporate has about 10,000 customers, paying annual premiums of more than DKK 900,000 or having more than 50 employees. About 5% of the customers pay annual premiums of more than DKK 10m. All sales through brokers are written in Corporate Nordic irrespective of customer size.**

## High level of large claims and competition in Denmark

The technical result was DKK 90m in the fourth quarter of 2010 against DKK 205m in the same period of 2009 and was mainly attributable to a high level of large claims in the Norwegian part of Corporate. Workers' compensation insurances in Denmark continued to be affected by fierce competition, which reduced the portfolio in the Danish part of Corporate.

The combined ratio increased to 94.1 compared with 84.8 in the same period of 2009. The increase was mainly attributable to large claims of around DKK 84m in Norway. Focus on making and renewing insurance agreements at a profitable level reduced the business volume and resulted in an adjustment of costs to the lower business level.

## Earned premiums

Gross earned premiums decreased by 4.4% in local currency to

stand at DKK 1,311m. A portfolio transfer took place from Corporate Nordic to Commercial Nordic. Excluding the transfer to Commercial, Corporate recorded a negative growth rate of about 1%.

## Claims

The claims ratio was 79.0 against 70.2 in the same period of 2009. As already mentioned, the steep increase was mainly attributable to large claims in the Norwegian part of the business. In addition, the period was affected by a sustained high claims level for workers' compensation in the Danish part of Corporate due to an increase in the frequency of claims involving loss of ability to work and the ongoing effect of the Danish Supreme Court's decision on workers' compensation in Denmark, which makes it possible for part-time workers to increase their compensation retroactively. Measures have been launched to improve profitability, particularly for workers' compensation in Denmark.

## Costs

The expense ratio was 12.9 against 12.8 in the same period of 2009. Focus in 2010 was on adjusting costs in the Danish and Norwegian parts of the business. The Swedish part of the business recorded sustained growth, having a substantial impact on the cost of commissions to brokers, by far the most common distribution channel for both corporate and commercial business in Sweden. Cost restraint in both the Danish and Norwegian parts of Corporate made it possible to balance growth in the Swedish part of Corporate.

## Profit/loss Corporate Nordic

DKKm	Q4 2009	Q4 2010	Change	2008	2009	2010	Change
<b>Gross earned premiums</b>	<b>1,321</b>	<b>1,311</b>	<b>-0.8%</b>	<b>5,165</b>	<b>5,127</b>	<b>5,044</b>	<b>-1.6%</b>
Gross claims incurred	-928	-1,037	-11.7%	-3,197	-3,348	-3,630	-8.4%
Gross expenses	-169	-169	0.0%	-549	-610	-648	-6.2%
Profit/loss on gross business	224	105		1,419	1,169	766	
Profit/loss on ceded business	-24	-25		-446	-325	-399	
Technical interest, net of reinsurance	5	10		164	34	27	
<b>Technical result</b>	<b>205</b>	<b>90</b>	<b>-56%</b>	<b>1,137</b>	<b>878</b>	<b>394</b>	<b>-55%</b>
Run-off gains/losses, net of reinsurance	46	87		376	357	325	
<b>Key ratios</b>							
Gross claims ratio	70.2	79.1		61.9	65.3	72.0	
Business ceded as percentage of gross premiums	1.8	1.9		8.6	6.3	7.9	
Claims ratio, net of ceded business	72.0	81.0		70.5	71.6	79.9	
Gross expense ratio	12.8	12.9		10.6	11.9	12.8	
<b>Combined ratio</b>	<b>84.8</b>	<b>93.9</b>		<b>81.1</b>	<b>83.5</b>	<b>92.7</b>	

## Investment activities

Tryg's investment activities are divided into a match portfolio and a free investment portfolio. The size of the match portfolio corresponds to the discounted value of the technical provisions, hedging the related interest rate risk. The free investment portfolio comprises investment assets not included in the match portfolio. The distribution is described in more detail in the annual report 2010.

The total deviation between the match portfolio return and the return to technical provisions was DKK 31m in the fourth quarter of 2010. Out of a match portfolio of DKK 30.9bn, this corresponds to a deviation of 0.1 percentage point, which is below Tryg's tolerance threshold of plus/minus DKK 50m within any one quarter.

The free investment portfolio amounted to DKK 9.5bn at 31 December 2010 and yielded a total gross return of DKK 293m,

corresponding to a return of 2.9% on average invested capital. The performance was favourably impacted by developments in the equity markets. The equity portfolio produced a return of 9.8% or DKK 171m. The return on the real estate portfolio was 3.2% or DKK 123m. On balance the bonds in the investment portfolio produced a zero return in the fourth quarter.

The total investment return before other financial income and expenses not related to investment was DKK 306m compared with DKK 220m in the same period of 2009. The net investment return amounted to DKK 266m.

Out of the total bond portfolio, almost 90% is placed in AAA rated bonds, nearly 5% in AA rated bonds, and the remainder in A rated bonds, unrated Norwegian money market certificates with good credit quality.

See our annual report 2010 for more information.

### Income statement of match and free portfolio

DKKm	Q4 2010			2010		
	Match	Free	Total	Match	Free	Total
Bonds, cash deposits, etc.	-161	-1	-162	974	211	1,185
Equities		171	171		261	261
Real estate		123	123		300	300
<b>Total</b>	<b>-161</b>	<b>293</b>	<b>132</b>	<b>974</b>	<b>772</b>	<b>1,746</b>
Value adjustment, changed discount rate	380		380	-227		-227
Transferred to technical interest	-188		-188	-752		-752
<b>Total return, investment activities</b>	<b>31</b>	<b>293</b>	<b>324</b>	<b>-5</b>	<b>772</b>	<b>767</b>
Other financial income and expenses, investment			-18			-45
Other financial income and expenses, non-investment			-40			-152
<b>Return on investment activities</b>			<b>266</b>			<b>570</b>



## Income statement of investment activities

DKKm							Investment asstes	
	2009	2010	Change	2009	2010	Change	31.12.09	31.12.10
Bonds, cash deposits, etc.	326	-162	-488	1,850	1,185	-665	34,248	34,317
Equities <sup>a)</sup>	92	171	79	405	261	-144	1,589	2,179
Real estate <sup>b)</sup>	83	123	40	258	300	42	3,893	3,897
<b>Total</b>	<b>501</b>	<b>132</b>	<b>-369</b>	<b>2,513</b>	<b>1,746</b>	<b>-767</b>	<b>39,730</b>	<b>40,393</b>
Value adjustment, changed discount rate	-15	380	395	-294	-227	67		
Transferred to technical interest	-205	-188	17	-845	-752	93		
<b>Total return, investment activities</b>	<b>281</b>	<b>324</b>	<b>43</b>	<b>1,374</b>	<b>767</b>	<b>-607</b>		
Other financial income and expenses, investment <sup>c)</sup>	-61	-18	43	-181	-45	136		
Other financial income and expenses, non-investment <sup>c)</sup>	-10	-40	-30	-107	-152	-45		
<b>Return on investment activities</b>	<b>210</b>	<b>266</b>	<b>56</b>	<b>1,086</b>	<b>570</b>	<b>-516</b>		

a) DKK 246m bought on futures contracts has been added to the equity portfolio.

b) Return on properties includes a calculated return on owner-occupied property (excl. cost concerning The Living House). The balancing item is recognised in 'Other financial income and expenses' to the effect that the total return shown corresponds to the investment return according to the income statement which does not include return on owner-occupied property.

c) The item comprises interest on operating assets, bank debt and reinsurance deposits, exchange rate adjustment of insurance items, costs of investment activities and offsetting of return on owner-occupied property.

# Outlook

## Outlook for the medium term

Tryg maintains a medium-term target of generating a return on equity exceeding 20%, corresponding to a combined ratio at the level of 90 including any run-off gains or losses, assuming an unchanged level of interest rates relative to 2010.

## Technical result

The combined ratio for 2011 is expected to improve based on the major initiatives implemented in 2009 and 2010 and the initiatives planned for 2011. However, Tryg still expects a high level of claims costs and follow the risk of a new claims inflation closely. The initiatives are expected to have an impact of more than DKK 1.0bn in 2011 with an additional impact in 2012. The initiatives mark the first major step on the road towards achieving the combined ratio targeted for the medium term, but additional important improvements are scheduled for 2012 and 2013 in order to achieve our long-term targets.

Tryg expects premium growth at the level of 2010, composed of sustained organic growth in Sweden and Finland and growth in Denmark and Norway that will to a great extent relate to the above initiatives.

Based on the most recent experience, the level of both weather claims and large claims is expected to increase in 2011 compared with previous forecast for a normal year. The increase in weather claims is in particular attributable to the more frequent and more violent cloudbursts. In addition, winter claims in 2010 triggered an upgrade of forecasts. The level of large claims was higher than expected in 2010, resulting in the higher expectations going forward. It should be noted in this context that the divestment of the marine portfolio reduced the exposure to large claims significantly.

The expense ratio is expected to fall in 2011. This will be achieved, among other things, because all divisions still have to reduce their direct costs by at least 2% each year. In 2011, additional cost reductions have been implemented in the form of less staffing due to efficiency improving initiatives and automation as well as lower travel, meeting and consultant costs. Furthermore, branding costs which affected the expense ratio by 0.4 percentage point in 2010 will be substantially reduced in 2011.

Despite a lower expense ratio in 2011, expenses involved in the multi-year process and IT efficiency project Tryg Transition will increase by around DKK 200m annually. Tryg Transition is a multi-year process and IT efficiency project. Expenses related to Tryg Transition will support Tryg's ambition of an expense ratio of 10 by 2020, achieved in particular through extensive restructuring of processes and IT infrastructure and increased use of self-service.

## Investment return

Tryg divided the investment portfolio into two portfolios in 2010 – a match portfolio exclusively intended to match the technical provisions and a free investment portfolio for actively investing the Group's capital.



**Read more about the investment return in the section Investment activities.**

Price fluctuations on the match portfolio resulting from interest rate changes are offset by an opposite interest rate effect on the discounted provisions, thereby neutralising any immediate effect on the financial results. On the other hand, higher interest rates produce higher, current earnings.

Equities and real estate in the investment portfolio are expected to generate returns of 7% and 6%, respectively. The outlook for bonds is based on the interest rates prevailing at 31 December. At 31 December 2010, bonds in the investment portfolio yielded 1.4%, while bonds in the match portfolio yielded 2.3%.

## Capitalisation

As in prior years, Tryg's capitalisation in 2011 is expected to exceed the capital requirements to be imposed on the insurance industry by the upcoming Solvency II rules by a substantial margin. The Group's own capital requirement target is currently based on Standard & Poor's 'A-' rating, to which Tryg has added a safety margin of 5%.



**The Group's capital requirement and structure are described in greater detail in the section Capitalisation.**

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## Disclaimer

Certain statements in this annual report are based on the beliefs of our management as well as assumptions made by and information currently available to management. Statements regarding Tryg's future results of operations, financial condition, cash flows, business strategy, plans and future objectives other than statements of historical fact can generally be identified by terminology such as "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues" or similar expressions.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extra ordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

Tryg urges readers to refer to the section on risk management for a description of some of the factors that could affect the Group's future performance or the insurance industry.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, Tryg's actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected.

Tryg is not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

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# Contents – Accounts

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Accounts Q1-Q4 2010	Side
Statement of the Supervisory Board and Executive Management	15
Income statement	16
Total comprehensive income	17
Statement of financial position	18
Statement of changes in equity	20
Cash flow statement	21
Notes	22
Geographical segments	26
Quarterly outline	28
Further information	30



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# Statement of the Supervisory Board and Executive Management

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The Supervisory Board and the Executive Management have today considered and adopted the interim report for the fourth quarter of 2010. The report, which is unaudited and has not been reviewed by the company's auditors, is presented in accordance with IAS 34 Interim Financial Reporting, the Danish Financial Business Act and the requirements of the Nasdaq OMX Copenhagen for the presentation of financial statements of listed companies.

In our opinion, the report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2010 and of the results of the Group's activities and cash flows for the period. We are furthermore of the opinion that the management's report includes a fair review of the developments in the activities and financial position of the Group, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that the Group faces.

**Ballerup, 9 February 2011.**

## Executive Management

Morten Hübbe  
Group CEO

Lars Bonde  
Group Executive Vice President

## Bestyrelse

Mikael Olufsen  
Chairman

Bodil Nyboe Andersen  
Deputy Chairman

Jørn Wendel Andersen

Paul Bergqvist

Christian Brinch

Lene Skole

Bill-Owe Johansson

John R. Frederiksen

Rune Torgeir Joensen

Tina Snebjerg

Jesper Hjulmand

Berit Torm

# Income statement

DKKm		2009	2010
Notes	<b>General insurance</b>		
	Gross premiums written	17,883	19,939
	Ceded insurance premiums	-824	-1,054
	Change in provisions for unearned premiums	91	-382
	Change in reinsurers' share of provisions for unearned premiums	-62	47
2	<b>Earned premiums, net of reinsurance</b>	<b>17,088</b>	<b>18,550</b>
3	<b>Technical interest, net of reinsurance</b>	<b>158</b>	<b>134</b>
	Claims paid	-13,148	-14,809
	Reinsurance recoveries	253	391
	Change in provisions for claims	266	-808
	Change in the reinsurers' share of provisions for claims	32	211
4	<b>Claims incurred, net of reinsurance</b>	<b>-12,597</b>	<b>-15,015</b>
	<b>Bonus and premium rebates</b>	<b>-112</b>	<b>-82</b>
	Acquisition costs	-2,214	-2,406
	Administrative expenses	-842	-898
	Acquisition costs and administrative expenses	-3,056	-3,304
	Commission and profit commission from the reinsurers	81	92
5	<b>Insurance operating expenses, net of reinsurance</b>	<b>-2,975</b>	<b>-3,212</b>
6	<b>Technical result</b>	<b>1,562</b>	<b>375</b>
	<b>Investment activities</b>		
	Income from associates	0	-5
	Income from investment properties	136	128
7	Interest income and dividends	1,287	1,133
8	Value adjustment	734	238
7	Interest expenses	-116	-96
	Investment management charges	-110	-76
	<b>Total return on investment activities</b>	<b>1,931</b>	<b>1,322</b>
3	Interest on insurance provisions	-845	-752
	<b>Total return on investment activities after technical interest</b>	<b>1,086</b>	<b>570</b>
	Other income	123	162
	Other expenses	-161	-166
	<b>Profit/loss before tax</b>	<b>2,610</b>	<b>941</b>
	Tax	-625	-265
	<b>Profit/loss on continuing business</b>	<b>1,985</b>	<b>676</b>
9	Profit/loss on discontinued and divested business	23	-83
	<b>Profit/loss for the year</b>	<b>2,008</b>	<b>593</b>
	Earnings per share - continuing business of DKK 25	31.3	10.8
	Earnings per share of DKK 25	31.7	9.5
	Diluted earnings per share of DKK 25	31.7	9.5

## Total comprehensive income

DKKm	2009	2010
Adjustment beginning of year cf note 1	-35	0
Change in equalization provision	0	1
Revaluation of owner-occupied properties for the year	9	19
Tax on owner-occupied properties for the year	-2	-5
Exchange rate adjustment of foreign entities for the year	505	330
Hedging of currency exposure in foreign entities for the year	-474	-328
Tax on hedging of currency exposure in foreign entities for the year	119	82
Deferred tax on equalization provision	0	68
Actuarial gains/losses on defined benefit pension plans	28	-228
Tax on actuarial gains/losses on defined benefit pension plans	-7	68
<b>Net income/expense recognised in equity</b>	<b>143</b>	<b>2</b>
Profit for the year	2,008	593
<b>Total comprehensive income</b>	<b>2,151</b>	<b>595</b>

# Statement of financial position

DKKm		2009	2010
Notes	<b>Assets</b>		
	<b>Intangible assets</b>	<b>934</b>	<b>968</b>
	Operating equipment	83	118
	Owner-occupied property	1,358	1,385
	Assets under construction	172	353
	<b>Total property, plant and equipment</b>	<b>1,613</b>	<b>1,856</b>
	<b>Investment property</b>	<b>2,364</b>	<b>2,158</b>
	Investments in associates	17	13
	<b>Total investments in associates</b>	<b>17</b>	<b>13</b>
	Equity investments	381	184
	Unit trust units	2,143	2,268
	Bonds	29,410	34,643
	Deposits in credit institutions	2,938	2,755
	<b>Total other financial investment assets</b>	<b>34,872</b>	<b>39,850</b>
	<b>Deposits with ceding undertakings, receivable</b>	<b>15</b>	<b>15</b>
	<b>Total investment assets</b>	<b>37,268</b>	<b>42,036</b>
	Reinsurers' share of provisions for unearned premiums	195	154
	Reinsurers' share of provisions for claims	1,125	1,434
	<b>Total reinsurers' share of provisions for insurance contracts</b>	<b>1,320</b>	<b>1,588</b>
	Receivables from policyholders	967	1,110
	Total receivables in relation to direct insurance contracts	967	1,110
	Receivables from insurance enterprises	271	211
	Other receivables	1,190	862
	<b>Total receivables</b>	<b>2,428</b>	<b>2,183</b>
	Current tax assets	0	196
	Deferred tax assets	86	104
	Cash in hand and at bank	512	857
	Other	4	21
	<b>Total other assets</b>	<b>602</b>	<b>1,178</b>
	Accrued interest and rent earned	417	609
	Other prepayments and accrued income	158	173
	<b>Total prepayments and accrued income</b>	<b>575</b>	<b>782</b>
	<b>Total assets</b>	<b>44,740</b>	<b>50,591</b>

DKKm	2009	2010
Notes <b>Liabilities</b>		
<b>Shareholders' equity</b>	<b>9,631</b>	<b>8,458</b>
<b>Subordinated loan capital</b>	<b>1,586</b>	<b>1,591</b>
Provisions for unearned premiums	6,208	6,819
Provisions for claims	22,470	24,883
Provisions for bonuses and premium rebates	364	329
<b>Total provisions for insurance contracts</b>	<b>29,042</b>	<b>32,031</b>
Pensions and similar obligations	496	671
Deferred tax liability	1,330	1,387
Other provisions	6	1
<b>Total provisions</b>	<b>1,832</b>	<b>2,059</b>
Debt related to direct insurance	383	419
Debt related to reinsurance	168	187
Debt to credit institutions	611	30
Current tax liabilities	303	106
Other debt	989	5,353
<b>Total debt</b>	<b>2,454</b>	<b>6,095</b>
<b>Accruals and deferred income</b>	<b>195</b>	<b>357</b>
<b>Total liabilities and equity</b>	<b>44,740</b>	<b>50,591</b>

1 Accounting policies

## Statement of changes in equity

DKKm	Share-capital	Revaluation-reserves	Reserve for exchange rate adj.	Equalisation-reserve	Other reserves	Retained earnings	Proposed dividends	Total
<b>Shareholders' equity at 31 Dec. 2008</b>	<b>1,700</b>	<b>7</b>	<b>-134</b>	<b>58</b>	<b>749</b>	<b>5,422</b>	<b>442</b>	<b>8,244</b>
<b>2009</b>								
Adjustment beginning of year cf note 1						-35		-35
Profit for the year					201	816	991	2,008
Revaluation of owner-occupied properties		9						9
Exchange rate adjustment of foreign entities			487			18		505
Hedge of foreign currency risk in foreign entities			-474					-474
Actuarial gains and losses on pension obligation						28		28
Tax on equity entries		-2	119			-7		110
<b>Total comprehensive income</b>	<b>0</b>	<b>7</b>	<b>132</b>	<b>0</b>	<b>201</b>	<b>820</b>	<b>991</b>	<b>2,151</b>
Nullification of own shares	-102					102		0
Dividend paid							-442	-442
Dividend own shares						32		32
Purchase of own shares						-418		-418
Exercise of share options						19		19
Issue of employee shares						30		30
Issue of share options						15		15
<b>Total equity entries in 2009</b>	<b>-102</b>	<b>7</b>	<b>132</b>	<b>0</b>	<b>201</b>	<b>600</b>	<b>549</b>	<b>1,387</b>
<b>Shareholders' equity at 31 Dec. 2009</b>	<b>1,598</b>	<b>14</b>	<b>-2</b>	<b>58</b>	<b>950</b>	<b>6,022</b>	<b>991</b>	<b>9,631</b>
<b>Shareholders' equity at 31 Dec. 2009</b>	<b>1,598</b>	<b>14</b>	<b>-2</b>	<b>58</b>	<b>950</b>	<b>6,022</b>	<b>991</b>	<b>9,631</b>
<b>2010</b>								
Profit for the period					128	209	256	593
Change in equalisation provision				1				1
Revaluation of owner-occupied properties		19						19
Exchange rate adjustment of foreign entities			330					330
Hedge of foreign currency risk in foreign entities			-328					-328
Actuarial gains and losses on pension obligation						-228		-228
Tax on equity entries		-5	82			131		208
<b>Total comprehensive income</b>	<b>0</b>	<b>14</b>	<b>84</b>	<b>1</b>	<b>128</b>	<b>112</b>	<b>256</b>	<b>595</b>
Dividend paid							-991	-991
Dividend own shares						14		14
Purchase of own shares						-816		-816
Exercise of share options						9		9
Issue of share options						16		16
<b>Total equity entries in 2010</b>	<b>0</b>	<b>14</b>	<b>84</b>	<b>1</b>	<b>128</b>	<b>-665</b>	<b>-735</b>	<b>-1,173</b>
<b>Shareholders' equity at 31 Dec. 2010</b>	<b>1,598</b>	<b>28</b>	<b>82</b>	<b>59</b>	<b>1,078</b>	<b>5,357</b>	<b>256</b>	<b>8,458</b>

# Cash flow statement

DKKm	2009	2010
Notes <b>Cash generated from operations</b>		
Premiums	18,011	19,911
Claims paid	-13,170	-14,801
Ceded business	-529	-552
Expenses	-2,946	-3,172
Change in other payables and other amounts receivable	-191	-314
<b>Cash flow from insurance operations</b>	<b>1,175</b>	<b>1,072</b>
Interest income	1,573	1,132
Interest expenses	-173	-96
Dividend received	14	10
Taxes	-349	-482
Other items	-42	-5
<b>Cash generated from operations, continuing business</b>	<b>2,198</b>	<b>1,631</b>
Cash generated from operations, discontinued and divested business	-2	-20
<b>Total cash generated from operations</b>	<b>2,196</b>	<b>1,611</b>
<b>Investments</b>		
Acquisition and refurbishment of real property	-203	-210
Sale of real property	1	339
Acquisition of equity investments and unit trust units (net)	14	441
Purchase/Sale of bonds (net)	1,411	593
Deposits in Credit institutions	-1,850	265
Purchase/sale of operating equipment (net)	-166	-31
Acquisition of subsidiaries	-939	0
Acquisition of subsidiaries, cash and cash equivalents	605	0
Foreign currency hedging	-474	-328
<b>Investments, continuing business</b>	<b>-1,601</b>	<b>1,069</b>
<b>Total investments</b>	<b>-1,601</b>	<b>1,069</b>
<b>Funding</b>		
Purchase of own shares	-334	-807
Subordinated loan capital	485	0
Dividend paid	-442	-991
Change in debt to credit institutions	-98	-581
<b>Funding, continuing business</b>	<b>-389</b>	<b>-2,379</b>
<b>Total funding</b>	<b>-389</b>	<b>-2,379</b>
<b>Change in cash and cash equivalents, net</b>	<b>206</b>	<b>301</b>
Exchange rate adjustment of cash and cash equivalents, beginning of year	24	44
<b>Change in cash and cash equivalents, gross</b>	<b>230</b>	<b>345</b>
Cash and cash equivalents, beginning of year	282	512
<b>Cash and cash equivalents, end of year</b>	<b>512</b>	<b>857</b>

# Notes

DKKm	2009	2010
<b>1 Accounting policies</b> Refer to the Annual Report 2010		
<b>2 Earned premiums, net of reinsurance</b>		
Direct insurance	17,925	19,627
Indirect insurance	31	36
	17,956	19,663
Unexpired risk provision	18	-106
	17,974	19,557
Ceded direct insurance	-852	-941
Ceded indirect insurance	-34	-66
	<b>17,088</b>	<b>18,550</b>
<b>3 Technical interest, net of reinsurance</b>		
Interest on insurance provisions	845	752
Transferred from provisions for claims concerning discounting	-687	-618
	<b>158</b>	<b>134</b>
<b>4 Claims incurred, net of reinsurance</b>		
Claims incurred	-13,534	-16,500
Run-off previous years, gross	652	883
	-12,882	-15,617
Reinsurance recoveries	254	661
Run-off previous years, reinsurers' share	31	-59
	<b>-12,597</b>	<b>-15,015</b>
Under claims incurred, the value adjustment of inflation swaps to hedge the inflation risk concerning annuities on workers' compensation insurance totals DKK -83m (in 2009 DKK 62m).		
<b>5 Insurance operating expenses, net of reinsurance</b>		
Commission regarding direct business	-439	-492
Other acquisition costs	-1,775	-1,914
	-2,214	-2,406
Total acquisition costs	-2,214	-2,406
Administrative expenses	-842	-898
	-3,056	-3,304
Insurance operating expenses, gross	-3,056	-3,304
Commission from reinsurers	81	92
	<b>-2,975</b>	<b>-3,212</b>



DKKm	Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
<b>6 Operating segments</b>					
<b>2010</b>					
<b>Gross premiums earned</b>	<b>10,181</b>	<b>4,263</b>	<b>5,044</b>	<b>-13</b>	<b>19,475</b>
Gross claims	-8,223	-3,768	-3,630	4	-15,617
Gross operating expenses	-1,627	-1,029	-648	0	-3,304
Profit/loss on business ceded	38	39	-399	9	-313
Technical interest, net of reinsurance	77	30	27	0	134
<b>Technical result</b>	<b>446</b>	<b>-465</b>	<b>394</b>	<b>0</b>	<b>375</b>
Total return on investment activities after technical interest					570
Other income and expenses					-4
<b>Profit before tax</b>					<b>941</b>
Tax					-265
<b>Profit on continuing business</b>					<b>676</b>
Profit/loss on discontinued and divested business					-83
<b>Profit</b>					<b>593</b>
Run-off gains/losses, net of reinsurance	399	100	325	0	824
Investments in associates				13	13
Reinsurers' share of provision for unearned premiums	14	0	140	0	154
Reinsurers' share of provision for claims	232	312	890	0	1,434
Other assets				48,990	48,990
<b>Total assets</b>					<b>50,591</b>
Provisions for unearned premiums	3,883	1,480	1,456	0	6,819
Provisions for claims	6,824	6,280	11,779	0	24,883
Provisions for bonuses and premium rebates	196	20	113	0	329
Other liabilities				10,102	10,102
<b>Total liabilities</b>					<b>42,133</b>

# Notes

DKKm	Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
<b>6 Operating segments</b>					
<b>2009</b>					
<b>Gross premiums earned</b>	<b>8,962</b>	<b>3,777</b>	<b>5,127</b>	<b>-4</b>	<b>17,862</b>
Gross claims	-6,751	-2,797	-3,348	14	-12,882
Gross operating expenses	-1,477	-925	-610	-44	-3,056
Profit/loss on business ceded	-87	-98	-325	-10	-520
Technical interest, net of reinsurance	85	39	34	0	158
<b>Technical result</b>	<b>732</b>	<b>-4</b>	<b>878</b>	<b>-44</b>	<b>1,562</b>
Total return on investment activities after technical interest					1,086
Other income and expenses					-38
<b>Profit before tax</b>					<b>2,610</b>
Tax					-625
<b>Profit on continuing business</b>					<b>1,985</b>
Profit/loss on discontinued and divested business					23
<b>Profit</b>					<b>2,008</b>
Run-off gains/losses, net of reinsurance	134	192	357	0	683
Investments in associates				17	17
Reinsurers' share of provision for unearned premiums	48	0	147	0	195
Reinsurers' share of provision for claims	93	118	914	0	1,125
Other assets				43,403	43,403
<b>Total assets</b>					<b>44,740</b>
Provisions for unearned premiums	3,430	1,404	1,374	0	6,208
Provisions for claims	6,265	5,444	10,752	9	22,470
Provisions for bonuses and premium rebates	206	21	137	0	364
Other liabilities				6,067	6,067
<b>Total liabilities</b>					<b>35,109</b>

## Description of segments

Please refer to 'Results' in the Annual Report 2010 for a description of our operating segments. Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'. Other assets and liabilities are managed at Group level and are therefore not allocated to the individual segments. These amounts are thus included under 'Other'. Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption. The distribution on segments in Moderna has been altered during Q2 as to medium sized enterprise. Comparative figures have been restated accordingly. A presentation of segments broken down by geography is provided in 'Geographical segments.'

DKKm	2009	2010
<b>7 Interest and dividends</b>		
<i>Interest income and dividends</i>		
Dividends	14	10
Interest income cash in hand and at bank	67	43
Interest income bonds	1,197	1,054
Interest income other	9	26
	1,287	1,133
<i>Interest expenses</i>		
Interest expenses subordinated loan capital and credit institutions	-90	-88
Interest expenses others	-26	-8
	-116	-96
	<b>1,171</b>	<b>1,037</b>
<b>8 Value adjustment</b>		
<i>Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:</i>		
Equity investments	62	61
Unit trust units	485	233
Share derivatives	-38	5
Bonds	532	78
Interest derivatives	-23	3
	1,018	380
<i>Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:</i>		
Investment property	19	74
Owner-occupied property	1	0
Discounting	-294	-227
Other balance sheet items	-10	11
	-284	-142
	<b>734</b>	<b>238</b>
Value gains	1,606	907
Value losses	-872	-669
<b>Market value adjustment, net</b>	<b>734</b>	<b>238</b>
Under value adjustment the adjustment of inflation swaps totals DKK 27m (in 2009 DKK 13m).		
<b>9 Profit/loss on discontinued and divested business</b>		
Earned premiums, net of reinsurance	333	224
Claims incurred, net of reinsurance	-265	-291
Insurance operating expenses, net of reinsurance	-37	-44
Technical result	31	-111
Profit/loss before tax	31	-111
Tax	-8	28
<b>Profit/loss on discontinued and divested business</b>	<b>23</b>	<b>-83</b>

## Geographical segments

DKKm	Q4 2009	Q4 2010	2009	2010	Change
<b>Danish general insurance</b>					
<b>Gross premiums earned</b>	<b>2,427</b>	<b>2,522</b>	<b>9,525</b>	<b>9,636</b>	<b>1.2%</b>
Technical result	379	112	1,178	166	-85.9%
Run-off gains/losses, net of reinsurance	153	196	421	615	
<b>Key ratios</b>					
Gross claims ratio	69.3	77.4	71.6	82.0	
Business ceded as % of gross premiums	2.5	2.1	2.5	0.7	
Claims ratio, net of ceded business	71.8	79.5	74.1	82.7	
Gross expense ratio	13.1	16.6	14.5	16.1	
<b>Combined ratio</b>	<b>84.9</b>	<b>96.1</b>	<b>88.6</b>	<b>98.8</b>	
Number of full-time employees, end of period			2,293	2,342	
<b>Norwegian general insurance</b>					
<b>Gross premiums earned</b>	<b>1,759</b>	<b>1,914</b>	<b>6,750</b>	<b>7,490</b>	<b>11.0%</b>
Technical result	34	191	618	389	-37.1%
Run-off gains/losses, net of reinsurance	56	84	277	177	
<b>Key ratios</b>					
Gross claims ratio	79.4	75.1	70.8	76.7	
Business ceded as % of gross premiums	0.0	-0.3	3.7	3.1	
Claims ratio, net of ceded business	79.4	74.8	74.5	79.8	
Gross expense ratio	19.2	16.1	17.0	15.7	
<b>Combined ratio</b>	<b>98.6</b>	<b>90.9</b>	<b>91.5</b>	<b>95.5</b>	
Number of full-time employees, end of period			1,398	1,338	
<b>Swedish general insurance <sup>a)</sup></b>					
<b>Gross premiums earned</b>	<b>306</b>	<b>463</b>	<b>1,111</b>	<b>1,769</b>	<b>59.2%</b>
Technical result	-60	-30	-75	-124	-65.3%
Run-off gains/losses, net of reinsurance	-18	6	-8	32	
<b>Key ratios</b>					
Gross claims ratio	87.6	83.8	80.6	84.6	
Business ceded as % of gross premiums	3.3	2.2	1.8	0.8	
Claims ratio, net of ceded business	90.9	86.0	82.4	85.4	
Gross expense ratio	29.7	22.0	25.1	22.4	
<b>Combined ratio</b>	<b>120.6</b>	<b>108.0</b>	<b>107.5</b>	<b>107.8</b>	
Number of full-time employees, end of period			425	414	

DKKm	Q4 2009	Q4 2010	2009	2010	Change
<b>Finnish general insurance</b>					
<b>Gross premiums earned</b>	<b>128</b>	<b>153</b>	<b>480</b>	<b>593</b>	<b>23.5%</b>
Technical result	-20	-12	-115	-56	51.3%
Run-off gains/losses, net of reinsurance	-1	0	-7	0	
<b>Key ratios</b>					
Gross claims ratio	80.5	81.0	84.2	80.9	
Business ceded as % of gross premiums	0.0	0.0	0.6	0.8	
Claims ratio, net of ceded business	80.5	81.0	84.8	81.7	
Gross expense ratio	47.7	28.1	41.7	29.3	
<b>Combined ratio</b>	<b>128.2</b>	<b>109.1</b>	<b>126.5</b>	<b>111.0</b>	
Number of full-time employees, end of period			194	197	
<b>Other<sup>b)</sup></b>					
Gross premiums earned	-11	-3	-4	-13	
Technical result	-16	0	-44	0	
<b>Tryg</b>					
<b>Gross premiums earned</b>	<b>4,609</b>	<b>5,049</b>	<b>17,862</b>	<b>19,475</b>	<b>9.0%</b>
Technical result	317	261	1,562	375	-76.0%
Run-off gains/losses, net of reinsurance	190	286	683	824	
<b>Key ratios</b>					
Gross claims ratio	74.5	77.2	72.1	80.2	
Business ceded as % of gross premiums	1.6	1.1	2.9	1.6	
Claims ratio, net of ceded business	76.1	78.3	75.0	81.8	
Gross expense ratio <sup>c)</sup>	18.0	17.2	17.2	17.0	
<b>Combined ratio</b>	<b>94.1</b>	<b>95.5</b>	<b>92.2</b>	<b>98.8</b>	
Number of full-time employees, end of period			4,310	4,291	

a) Moderna Försäkringar is included in 'Swedish general insurance' from 2 april 2009.

b) Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'.

c) Adjustment to Gross expense ratio included only in the calculation of 'Tryg'. Explanation of adjustment as a footnote to Financial Highlights

## Quarterly outline

DKKm	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
<b>Private Nordic</b>									
<b>Gross premiums earned</b>	<b>2,022</b>	<b>1,987</b>	<b>2,261</b>	<b>2,376</b>	<b>2,338</b>	<b>2,391</b>	<b>2,562</b>	<b>2,574</b>	<b>2,654</b>
Technical result	112	138	196	299	99	-167	240	211	162
<b>Key ratios</b>									
Gross claims ratio	74.6	76.1	74.3	72.3	78.7	92.2	74.0	80.9	76.9
Business ceded as a percentage of gross premiums	0.8	1.2	0.6	1.0	1.1	-0.7	1.7	-3.5	1.0
Claims ratio, net of ceded business	75.4	77.3	74.9	73.3	79.8	91.5	75.7	77.4	77.9
Gross expense ratio	21.4	17.0	17.2	14.7	17.2	16.3	15.5	15.2	16.9
<b>Combined ratio</b>	<b>96.8</b>	<b>94.3</b>	<b>92.1</b>	<b>88.0</b>	<b>97.0</b>	<b>107.8</b>	<b>91.2</b>	<b>92.6</b>	<b>94.8</b>
<b>Commercial Nordic</b>									
<b>Gross premiums earned</b>	<b>913</b>	<b>910</b>	<b>947</b>	<b>959</b>	<b>961</b>	<b>1,019</b>	<b>1,084</b>	<b>1,073</b>	<b>1,087</b>
Technical result	172	14	11	-58	29	-376	-44	-55	9
<b>Key ratios</b>									
Gross claims ratio	57.4	71.9	72.8	80.6	70.9	117.2	81.8	80.3	75.9
Business ceded as a percentage of gross premiums	1.0	4.2	1.6	2.5	2.2	-2.5	-2.9	1.0	0.6
Claims ratio, net of ceded business	58.4	76.1	74.4	83.1	73.1	114.7	78.9	81.3	76.5
Gross expense ratio	24.6	24.1	25.6	23.7	24.7	23.0	25.7	24.4	23.4
<b>Combined ratio</b>	<b>83.0</b>	<b>100.2</b>	<b>100.0</b>	<b>106.8</b>	<b>97.8</b>	<b>137.7</b>	<b>104.6</b>	<b>105.7</b>	<b>99.9</b>
<b>Corporate Nordic</b>									
<b>Gross premiums earned</b>	<b>1,310</b>	<b>1,220</b>	<b>1,291</b>	<b>1,295</b>	<b>1,321</b>	<b>1,240</b>	<b>1,248</b>	<b>1,245</b>	<b>1,311</b>
Technical result	249	293	212	168	205	188	201	-84	90
<b>Key ratios</b>									
Gross claims ratio	59.2	56.7	69.9	63.7	70.2	59.4	63.2	85.7	79.1
Business ceded as percentage of gross premiums	12.1	9.5	1.6	12.7	1.8	12.7	7.2	10.0	1.9
Claims ratio, net of ceded business	71.3	66.2	71.5	76.4	72.0	72.1	70.4	95.7	81.0
Gross expense ratio	11.9	11.6	12.0	11.1	12.8	13.2	13.9	11.4	12.9
<b>Combined ratio</b>	<b>83.2</b>	<b>77.8</b>	<b>83.5</b>	<b>87.5</b>	<b>84.8</b>	<b>85.3</b>	<b>84.3</b>	<b>107.1</b>	<b>93.9</b>

DKKm	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
<b>Other<sup>a)</sup></b>									
<b>Gross premiums earned</b>	-5	0	0	7	-11	0	-4	-6	-3
Technical result	-4	-8	-8	-12	-16	1	-3	2	0
<b>Tryg</b>									
<b>Gross premiums earned</b>	<b>4,240</b>	<b>4,117</b>	<b>4,499</b>	<b>4,637</b>	<b>4,609</b>	<b>4,650</b>	<b>4,890</b>	<b>4,886</b>	<b>5,049</b>
Technical result	529	437	411	397	317	-354	394	74	261
Return on investment activities	-157	46	498	332	210	204	-208	308	266
Profit/loss before tax	360	470	896	717	527	-113	173	369	512
Profit/loss	80	320	710	530	448	-102	128	198	369
<b>Key ratios</b>									
Gross claims ratio	66.0	69.4	72.7	71.5	74.5	88.9	73.1	82.1	77.2
Business ceded as percentage of gross premiums	4.2	4.3	1.1	4.7	1.6	2.5	2.1	0.8	1.1
Claims ratio, net of ceded business	70.2	73.7	73.8	76.2	76.1	91.4	75.2	82.9	78.3
Gross expense ratio <sup>b)</sup>	19.1	17.3	17.7	15.9	18.0	17.2	17.3	16.3	17.2
<b>Combined ratio</b>	<b>89.3</b>	<b>91.0</b>	<b>91.5</b>	<b>92.1</b>	<b>94.1</b>	<b>108.6</b>	<b>92.5</b>	<b>99.2</b>	<b>95.5</b>

a) Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'

b) Adjustment to Gross expense ratio included only in the calculation of 'Tryg'. Explanation of adjustment as a footnote to Financial Highlights

## Further information

### Financial calendar 2011

14 April 2011	Annual general meeting
11 May 2011	Interim report Q1 2011
17 August 2011	Interim report Q2 and H1 2011
9 November 2011	Interim report Q3 2011



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