

# DANMARKS NATIONALBANK

26 NOVEMBER 2019

## INSURANCE AND PENSIONS, 3RD QUARTER 2019

# Insurance and pensions twice the size of GDP

By the end of the third quarter of 2019, the balance of the insurance and pensions sector (I&P) totaled kr. 4,773 billion, which is approximately twice the size of Denmark's gross domestic product. Life insurance companies have, as the largest part of the sector, a total balance of kr. 2,663 billion, while the total balance of pension funds amount to kr. 1,938 billion. General insurance has a balance of kr. 172 billion. These figures are available in Danmarks Nationalbank's newly published quarterly statistics on insurance and pension ([link](#)).

### 20 pct. invested in unlisted shares and equity

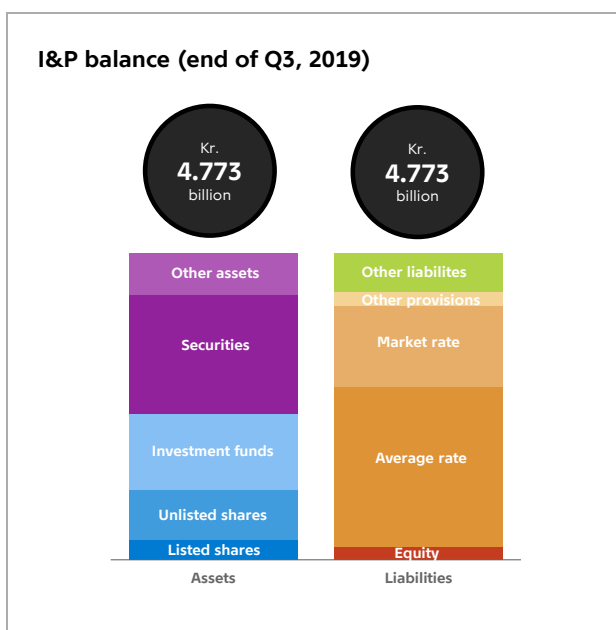
Approximately kr. 4,100 billion of assets is invested in securities such as shares and equity, bonds and

investment funds. Almost one fifth (kr. 775 billion) of this is invested in unlisted shares, which includes the sector's alternative investments. These include properties, investments in private equity, wind farms, etc.

Investment portfolios in the pensions sector are constructed such that the investments reflect the characteristics of the pension schemes held by the customers. For example, investments may be made to match the customers' age and risk profiles. Pension savings are typically invested in low-risk assets for customers who are close to retirement or already retired. For younger savers who choose high-risk investment profiles, the pension savings are allocated in other types of assets than low-risk. Thus, there is a close relationship between investments on the assets side and technical provisions on the liabilities side. Technical provisions are a quantitative measure for companies' liabilities towards their customers.

### Shift in pension wealth towards market rate product

The liabilities side consists primarily of technical provisions for pension. Pensions are classified as either average rate or market rate products. For average rate products, the savings receive a certain guaranteed average return on their pension payments. Market rate products are characterized by the fact that the customer carries the risk of fluctuations in the value of the investments. In recent years there has been a shift from average rate to market rate products. Most new pension schemes today are market-rate products, which now account for 34 per cent of total savings in the sector.



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