

# ØRSTED INSURANCE A/S

## ANNUAL REPORT 2023

Approved at the Annual General Meeting on 30 April 2024

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Chairman Jeppe Skov Andersen

Ørsted Insurance A/S, CVR no. 28330766, Kraftværksvej 53, 7000 Fredericia



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## Company information

Company	Ørsted Insurance A/S Kraftværksvej 53 Skærbæk DK-7000 Fredericia
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	CVR no. 28 33 07 66
	Registered office: Municipality of Fredericia, Denmark
	The 2023 financial year is the company's 18th financial year
Secondary names	Orsted Insurance A/S (Ørsted Insurance A/S)
Shareholders	The entire share capital is held by Ørsted A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark
Board of Directors	Jeppe Hoff Nielsen (Chairman) Helle Risbjerg Nielsen (Deputy Chairman) Anders Zoëga Hansen Gert Olander
Executive Board	Jens Helskov Varder
Auditor	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Annual General Meeting	Adopted at the company's Annual General Meeting on 30. April 2024

## Management's review

### Principal activities

Ørsted Insurance A/S is licensed to conduct direct insurance and reinsurance business within the following classes of insurance: 6 (Vessels), 7 (Goods in transit), 8 (Fire and natural perils), 9 (Other damage to property), 12 (Third-party liability for vessels), 13 (General liability), and 16 (Miscellaneous financial loss).

The company writes policies exclusively for companies that are wholly or partly owned by Ørsted A/S.

Ørsted A/S handles the administration of the company.

### Development in activities and finances

In 2023, the company wrote all-risk insurance in respect of the Ørsted Group's assets as well as transport insurance. It is generally the company's policy to mitigate insurance risk by means of reinsurance. In 2023, the company reinsured most of the insurance risk written and only retained a fairly limited insurance risk.

Total premium income, net of reinsurance totalled DKK 155m in 2023 against DKK 30m in 2022. This five-fold increase in net premium income is mainly due to an increased business volume from an increased share of Ørsted's renewables assets and to increased premium rates on existing business. The increased business volume in 2023 has been facilitated by the financial rating assigned to the company in September 2021, which has been affirmed in October 2022 and October 2023.

It should be noted that the comparative figures for 2022 are affected by a change in accounting policies regarding provisions for unearned premiums and profit margin, cf. note 18.

The company's total claims net of reinsurance amounted to DKK 75m at 31 December 2023. The claims result mainly reflects two new claims reported in 2023 as well as an increase in IBNR provisions. The new case reserves and the increase in IBNR provisions are partially offset by a positive development in the case reserves at own account for claims reported in prior years. This includes a positive difference between the aggregate case reserves at the end of 2022 and the amounts paid out for two claims closed in 2023.

The two new claims reported in 2023 concern a fire in a warehouse with wood pellets at a power plant in Denmark and a generator grease leak at an offshore wind farm in the UK. The case reserves for the two claims amount to a total of roughly DKK 38m net of reinsurance.

The company posted a technical profit for 2023 of DKK 86m against a loss of DKK 140m in 2022. The profit before tax amounted to DKK 109m in 2023 against a loss of DKK 145m in 2022.

The company had expected a positive result for 2023 in the range of DKK 75-100m. The better than expected result primarily reflect better than expected premium income, a generally satisfactory claims development and a positive investment return of DKK 23m (against DKK -4,5m in 2022).

The company's liquidity during the financial year was satisfactory. It is the company's policy to manage its investment assets maintaining a low risk profile. In 2023, the company's investment assets were primarily invested in Danish mortgage credit bonds, UK government bonds and deposits in Danish banks.

## Solvency II

At 31 December 2023, the solvency capital requirement (SCR) totalled DKK 252m, calculated using the standard formula, which was covered by a capital base of DKK 676m. The Danish Financial Supervisory Authority's capital requirement was thus met 2,69 times.

By comparison, at 31 December 2022, the company's solvency capital requirement (SCR) totalled DKK 207m, while its capital base was DKK 551m. The Danish Financial Supervisory Authority's capital requirement was thus met 2,66 times.

The increase in available capital amounts to 23% and reflects the profit for the year in 2023 as well as the inclusion of the profit associated with the Bound But Not Incepted (BBNI) insurance contracts for 2024, cf. also the below outlook for 2024. The increase in SCR reflects the increased business volume in 2023 as well as changes to the insurance programme structures.

The table below shows the development of the company's solvency ratio for the past five years.

	2023	2022	2021	2020	2019
Solvency ratio – Solvency II (unaudited)	2,69	2,66	3,33	3,35	3,42

## Sensitivity information

DKK '000	2023	2022
Interest rate increase of 0,7-1,0 percentage points	(3.870)	(3.882)
Interest rate decrease of 0,7-1,0 percentage points	3.870	3.882
Currency risk (Var 99)	963	1.535
Loss on counterparties of 8 percentage points	2.067	1.819

## Significant risks and uncertainty factors

The various types of risk associated with the activities of an insurance company are described in note 16.

## Audit Committee

The Audit Committee functions are performed by the Board of Directors. Under the Danish Act on Ap-proved Auditors and Audit Firms (revisorloven), the conditions for doing so are met.

In connection with the Board of Directors' performance of the Audit Committee's functions, at least one member of the Board of Directors must be independent of the company and have qualifications within accounting or auditing. Gert Olander has been appointed by the Board of Directors, and as a state authorised public accountant, he meets the criterion concerning qualifications. He also fulfils the independence criterion.

## Unusual circumstances

The company's assets, liabilities, and financial position at 31 December 2023 and the results of the company's operations for the 2023 financial year were not affected by unusual circumstances.

## Gender composition

In accordance with section 79a of the Danish Financial Business Act (lov om finansiel virksomhed), the Board of Directors has set targets for the gender composition of the Board of Directors. The

Board of Directors' objective is to have an equal gender distribution among its members before 2030. However, the decisive factor is still that the directorships are elected based on the qualifications required for the company's Board of Directors.

There has been no changes to the Board of Directors in 2023. Since Helle Risbjerg Nielsen joined the Board of Director on 1 July 2022, the Board of Directors has consisted of three men and one woman.

## Financial rating

AM Best has on 27 October 2023 affirmed a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of "a-" (Excellent) to Ørsted Insurance A/S. The outlook assigned these Credit Ratings is stable. AM Best originally assigned the ratings to Ørsted Insurance A/S on 21 September 2021.

## Outlook for 2024

A positive result on a level with the result for 2023 is expected for 2024. Like the result for 2023 the expected result for 2024 is positively affected by an increased business volume from an increased share of Ørsted's renewables assets.

The expectation for 2024 is conditional on the company avoiding an unsatisfactory claims development similar to 2022.

## Events after the end of the financial year

No events have occurred after the end of the financial year which will have a material effect on the financial reporting at 31 December 2023.

## Managerial posts

The Board members' and CEO's managerial posts in enterprises:

Jeppe Hoff Nielsen	Ørsted Insurance A/S (Chairman of the Board of Directors) Ørsted Services A/S (Deputy Chairman) Danish Offshore Gas Systems A/S (Board member) Danish Oil Pipe A/S (Board member) Ørsted Real Estate A/S (Deputy Chairman) Ørsted Onshore Holding A/S (CEO) Ørsted North America Holding A/S (CEO) Ørsted Onshore A/S (Board member and CEO) Ørsted nr. 1 2023 A/S (Chairman of the Board of Directors)
Helle Risbjerg Nielsen	Ørsted Insurance A/S (Deputy Chairman of the Board of Directors)
Anders Zoëga Hansen	Ørsted Insurance A/S (Board member)
Gert Olander	Ørsted Insurance A/S (Board member) V.O. Invest ApS (CEO) MCA ApS (CEO) Salling Group Captiveforsikringsselskab A/S (Board member) Ejendomsselskabet Århus Nord A/S (Chairman of the Board of Directors) Ejendomsselskabet Århus Syd A/S (Chairman of the Board of Directors) Revisionsfirmaet Gert Olander, Statsautoriseret revisor (CEO, owner)
Jens Helskov Varder	Ørsted Insurance A/S (Director)

## Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the annual report of Ørsted Insurance A/S for 2023.

The annual report has been prepared in accordance with the Danish Financial Business Act.

The financial statements give a true and fair view of the company's assets, liabilities, and financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023

The management's review includes a true and fair review of the development in the company's activities and financial situation as well as a description of the most significant risks and elements of uncertainty facing the company.

We recommend that the annual report be approved at the Annual General Meeting.

Gentofte, 12 April 2024

Executive Board:

Jens Helskov Varder  
*Director*

Board of Directors:

Jeppe Hoff Nielsen  
*Chairman*

Helle Risbjerg Nielsen  
*Deputy Chairman*

Anders Zoëga Hansen

Gert Olander



## Independent auditor's report

To the shareholder of Ørsted Insurance A/S

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### Our opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Board of Directors.

### What we have audited

The Financial Statements of Ørsted Insurance A/S for the financial year 1 January to 31 December 2023 comprise income statement and other comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("Financial Statements").

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

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

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

### Appointment

We were first appointed auditors of Ørsted Insurance A/S on 19 May 2010 for the financial year ending 31 December 2010. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 14 years including the financial year 2023. We were reappointed following a tendering procedure at the General Meeting on 26 April 2020.

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### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p data-bbox="164 304 624 365"><i>Measurement of provisions for insurance contracts</i></p> <p data-bbox="164 398 662 589">The Company's provisions for insurance contracts total DKK 771,1 million, which represents 48% of the total balance. Provisions for insurance contracts primarily comprise premium and claims provisions.</p> <p data-bbox="164 622 662 875">Premium provisions are calculated as the net present value of a best estimate of expected future cash-flows relating to insurance events after the balance sheet date on insurance contracts entered into on this date, including direct and indirect costs relating to these contracts.</p> <p data-bbox="164 909 662 1193">Claims provisions are calculated as the present value of a best estimate of expected payments relating to insurance events incurred at the balance sheet date in addition to payments already made in connection with these events. The estimate includes direct and indirect costs relating to the settlement of claims.</p> <p data-bbox="164 1227 662 1480">Accounting estimates in respect of insurance provisions is an experience-based estimate involving use of historic claims data and complex actuarial methods and models, which involve significant assumptions on the frequency and extent of insurance events relating to the insurance contracts.</p> <p data-bbox="164 1514 662 1704">We focused on the measurement of insurance provisions, as the accounting estimate is by nature complex and influenced by subjectivity and thus to a large extent associated with estimation uncertainty.</p> <p data-bbox="164 1738 662 1928">Reference is made to the Financial Statements "Accounting policies" section "Significant accounting estimates and judgements" in Note 18 and "Run-off result" in Note 5 "Technical profit (loss) by insurance class".</p>	<p data-bbox="694 365 1351 589">We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, procedures and relevant controls relating to claims processing and insurance provisioning. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement.</p> <p data-bbox="694 622 1351 813">We used our own actuaries in the evaluation of the actuarial methods and models applied by the Company as well as assumptions applied, and calculations made. For a sample of insurance provisions, we tested the calculation and the data used to underlying documentation.</p> <p data-bbox="694 846 1351 1070">We assessed and challenged the methods and models and significant assumptions applied based on our experience and industry knowledge with a view to ensure that these are in line with regulatory and accounting requirements. This comprised an assessment of the continuity in the basis for the calculation of insurance provisions.</p> <p data-bbox="694 1104 1351 1171">We tested the calculation of insurance provisions on a sample basis.</p> <p data-bbox="694 1205 1351 1272">We assessed whether the disclosures on insurance provisions were adequate.</p>

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

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## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going

concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Hellerup, 12 April 2024  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 3377 1231

Stefan Vastrup  
State Authorised Public Accountant  
mne32126

Lars Vagner Hansen  
State Authorised Public Accountant  
mne33245

Income Statement and Statement of Comprehensive Income for the year ended 31 December 2023

DKK '000	Note	2023	2022
Gross premiums	1	496.897	146.523
Insurance premiums ceded		-273.276	-110.394
Change in profit margin		-55.794	-19.743
Change in premium provisions		-159.663	-35.155
Change in reinsurers' share of premium provisions		146.604	48.369
<b>Total premium income, net of reinsurance</b>		<b>154.768</b>	<b>29.600</b>
Technical interest	2	685	52
Claims paid		-139.499	-1.105
Reinsurance recoveries		62.837	0
Change in claims provisions		-30.706	-405.661
Change in risk margin		-7.339	-5.900
Change in reinsurers' share of claims provisions		39.838	252.007
<b>Total claims, net of reinsurance</b>		<b>-74.869</b>	<b>-160.659</b>
Bonus and premium rebates		8.610	-4.429
Acquisition costs	3	-2.372	-2.317
Administrative expenses	4	-3.997	-2.521
Reinsurance commissions and profit participation		3.266	0
<b>Total operating expenses, net of reinsurance</b>		<b>-3.103</b>	<b>-4.838</b>
Technical profit (loss)	5	86.091	-140.378
Interest income		19.835	4.556
Value adjustments	6	3.612	-8.318
Interest expenses		-11	-682
Administrative expenses related to investment activities		-51	-52
<b>Total investment return</b>		<b>23.385</b>	<b>-4.496</b>
Interest on and value adjustments of technical provisions	2	-685	-52
<b>Investment return after technical interest</b>		<b>22.700</b>	<b>-4.548</b>
Profit (loss) before tax		108.791	-144.822
Tax	7	-24.357	3.059
<b>Profit (loss) for the year</b>		<b>84.434</b>	<b>-141.763</b>
<b>Total comprehensive income for the year</b>		<b>84.434</b>	<b>-141.763</b>
Proposal for distribution of profit		84.434	-141.763
<b>Transferred to retained earnings</b>		<b>84.434</b>	<b>-141.763</b>

Balance sheet at 31 December – Assets

DKK '000	Note	2023	2022
<b>Assets</b>			
Bonds	8	386.873	388.274
Derivative financial instruments		0	1.082
<b>Total other financial investment assets</b>		<b>386.873</b>	<b>389.356</b>
<b>Total investment assets</b>		<b>386.873</b>	<b>389.356</b>
Reinsurers' share of premium provisions		194.973	48.369
Reinsurers' share of claims provisions		291.845	252.007
<b>Total reinsurers' share of provisions for insurance contracts</b>		<b>486.818</b>	<b>300.376</b>
Deferred tax assets		6.722	4.073
Current tax assets	9	0	755
Receivables from insurance companies		316.000	40.939
Receivable group companies		0	1.084
Other receivables		6.220	0
Cash and cash equivalents	8	393.820	295.216
<b>Total other assets</b>		<b>722.762</b>	<b>342.067</b>
Interest receivable		4.170	1.896
<b>Total prepayments</b>		<b>4.170</b>	<b>1.896</b>
<b>Total assets</b>		<b>1.600.623</b>	<b>1.033.695</b>

Balance sheet at 31 December – Equity and liabilities

DKK '000	Note	2023	2022
<b>Equity and liabilities</b>			
Share capital		1.001	1.001
Retained earnings		556.779	472.345
<b>Total equity</b>	10	<b>557.780</b>	<b>473.346</b>
Provisions for unearned premiums		194.818	35.155
Profit margin on insurance contracts		75.537	19.743
Claims provisions		474.926	444.220
Risk margin		25.854	18.515
Provisions for bonus and premium rebates		0	5.711
<b>Total provisions for insurance contracts</b>		<b>771.135</b>	<b>523.344</b>
Payables arising from direct insurance contracts		3.163	1.423
Payables arising from reinsurance contracts		226.329	35.297
Payables to group enterprises		6	2
Income tax payable	9	41.062	0
Other payables		529	283
Derivative financial instruments		619	0
<b>Total liabilities</b>		<b>271.708</b>	<b>37.005</b>
<b>Total equity and liabilities</b>		<b>1.600.623</b>	<b>1.033.695</b>

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## Statement of Changes in Equity

DKK '000	Share capital	Retained earnings	Total
Equity at 1 January 2022	1.001	614.108	615.109
Profit (loss) for the period / Comprehensive income	0	-141.763	-141.763
Equity at 31 December 2022	1.001	472.345	473.346
Equity at 1 January 2023	1.001	472.345	473.346
Profit (loss) for the period / Comprehensive income	0	84.434	84.434
Equity at 31 December 2023	1.001	556.779	557.780



## Notes to the income statement

### Note 1 Gross premiums

DKK '000	2023	2022
Gross premiums, Denmark	81.065	39.359
Gross premiums, other EU countries	62.665	70.503
Gross premiums, other countries	353.168	36.662
<b>Total gross premiums</b>	<b>496.897</b>	<b>146.523</b>

### Note 2 Technical interest

DKK '000	2023	2022
Technical interest has been calculated on the average balance on:		
Provisions for unearned premiums	-162.626	-27.449
Reinsurers' share of provisions for unearned premiums	121.670	24.184
	-40.956	-3.265
Technical interest: 3,35% (2022: 3,17%) p.a.	-685	-52
<b>Total technical interest</b>	<b>-685</b>	<b>-52</b>

### Note 3 Acquisition costs

DKK '000	2023	2022
Insurance brokers' fees	-1.734	-998
Other costs	-638	-1.319
<b>Total acquisition costs</b>	<b>-2.372</b>	<b>-2.317</b>

## Note 4 Administrative expenses

DKK '000	2023	2022
<b>Staff costs</b>		
Remuneration to the Board of Directors	-216	-65
Remuneration for key persons responsible for functions	-142	-160
<b>Total staff costs</b>	<b>-358</b>	<b>-225</b>
<b>Fees to auditor appointed at the Annual General Meeting</b>		
Statutory audit	-153	-127
Other assurance engagements	-9	-9
Other services	-67	-44
<b>Fees to PricewaterhouseCoopers</b>	<b>-229</b>	<b>-180</b>
Other services relate to declarations concerning the remuneration policy and on consolidated Ørsted assets to Everen Limited.		
<b>Other administrative expenses</b>		
Group overhead allocation, services	-2.056	-2.079
Other administrative expenses	-1.316	0
Miscellaneous	-38	-37
<b>Total other administrative expenses</b>	<b>-3.410</b>	<b>-2.116</b>
<b>Total administrative expenses</b>	<b>-3.997</b>	<b>-2.521</b>

Group overhead allocation calculated in accordance with service agreement with Ørsted Services A/S.

For information on the company's remuneration policy, refer to the company's website (<https://orstedinsurance.com/Loenpolitik>).

For information on the company's remuneration of the Board of Directors and the Executive Board, refer to the company's website ([https://orstedinsurance.com/Vederlagsrapport\\_2023](https://orstedinsurance.com/Vederlagsrapport_2023)).

Note 5 Technical profit (loss) by insurance class

	2023	2023	2023
DKK '000	Property	Marine Cargo	Total
Gross premiums	496.669	228	496.897
Gross earned premiums	337.006	228	357.447
Change in profit margin	-55.794	0	-55.794
Gross costs of claims	-169.595	-610	-170.205
Profit (loss) on ceded business	-23.997	0	-23.997
Technical interest, net of reinsurance	685	0	685
Bonus and premium rebates	8.610	0	8.610
Gross operating expenses	-6.366	-3	-6.369
Reinsurance commissions and profit participation	3.265	1	3.266
Change in risk margin	-7.339	0	-7.339
Technical profit (loss)	86.474	-383	86.091
Run-off profit, net of reinsurance	23.333	0	23.333
Run-off profit, gross	-45.417	0	-45.417
Total claims paid	2	0	2
Average claim payment on claims incurred	-69.180	0	-69.180
Claims frequency	0	0	0

## Ørsted Insurance A/S – Annual report 2023

DKK '000	2022 Property	2022 Marine Cargo	2022 Total
Gross premiums	146.377	146	146.523
Gross earned premiums	111.222	146	111.368
Change in profit margin	-19.743	0	-19.743
Gross costs of claims	-406.766	0	-406.766
Profit (loss) on ceded business	189.982	0	189.982
Technical interest, net of reinsurance	52	0	52
Bonus and premium rebates	-4.429	0	-4.429
Gross operating expenses	-4.833	-5	-4.838
Change in risk margin	-5.900	0	-5.900
Technical profit (loss)	-140.416	141	-140.274
Run-off profit, net of reinsurance	0	0	-18.514
Run-off profit, gross	0	0	-18.514
Total claims paid	1	0	1
Average claim payment on claims incurred	-1.105	0	-1.105
Claims frequency	0	0	0

## Note 6 Value adjustments

DKK '000	2023	2022
Value adjustments, bonds	4.986	-7.650
Value adjustments, deposits with credit institutions	-1.796	-2.801
Value adjustments, reinsurers' share	-3.514	76
Value adjustments, derivative financial instruments	-1.316	2.057
Value adjustments, debtors/creditors	5.252	0
<b>Total gains (loss) on value adjustments</b>	<b>3.612</b>	<b>-8.318</b>

## Note 7 Tax on profit (loss) for the year

DKK '000	2023	2022
Tax on profit (loss) for the year is calculated as follows:		
Current tax	-23.063	755
Change in deferred tax	2.649	1.219
Adjustments of current tax in respect of prior years	-3.943	384
Adjustments of deferred tax in respect of prior years	0	701
<b>Tax expense/income for the year</b>	<b>-24.357</b>	<b>3.059</b>
The tax on profit (loss) for the year can be explained as follows:		
Calculated 25,2% (2022: 22%) tax on profit (loss) before tax	-27.415	29.824
Tax effect of:		
Non-taxable income	6.201	-27.771
Change in tax rate deferred tax	800	0
Adjustment of tax for previous years	-3.943	1.085
	<b>-24.357</b>	<b>3.138</b>
<b>Effective tax rate</b>	<b>22,4%</b>	<b>-2,3%</b>

## Notes to the balance sheet

### Note 8 Assets and liabilities to fair value

#### Bonds

Bonds, comprising listed bonds, are recognised initially in the balance sheet at cost on the value date with the addition of trading costs, and are subsequently measured at fair value (closing rate) at the balance sheet date.

#### Derivative financial instruments (liability)

Other derivative financial instruments include positive fair values of derivative financial instruments (hedging of currency risks).

Financial assets and liabilities are measured in the balance sheet at fair value, which is the price that will be received if an asset is sold, or the price that must be paid if a liability is transferred in a normal transaction between market participants at the time of measurement.

When calculating fair value, valuation categories consisting of three levels are used:

Level 1: Quoted prices in an active market for identical assets or liabilities

Level 2: Valuation model primarily based on observable market data

Level 3: Valuation model which is, to a significant extent, based on non-observable market data.

The fair value of quoted securities is determined as the officially quoted closing price on the balance sheet date (level 1).

The fair value of cash is determined as the balance of the balance sheet date (level 1).

DKK '000 2023 (2022)	Quoted prices Level 1	Observable prices Level 2	Non-observable prices Level 3	Total fair value
Assets				
Bonds	386.873 (388.274)	0	0	386.873 (388.274)
Cash and cash equivalents	393.820 (295.216)	0	0	393.820 (295.216)
Derivative finan- cial instruments	0			0
Liabilities				
Derivative finan- cial instruments	-619 (1.082)	0	0	-619 (1.082)

The company's bond portfolio consists of four Danish mortgage credit bonds as well as UK government bonds.

At 31 December 2023, the value of the portfolio of Danish bonds was DKK 346m. The remaining maturities of the bonds are up to nine months.

The portfolio of British government bonds has a nominal value of GBP 5m. At 31 December 2023, the fair value of the bonds was DKK 41m. The British government bonds will expire January 2025. The currency risk is hedged using swaps.

## Note 9 Current tax assets / (liabilities)

DKK '000	2023	2022
Income tax receivable at 1 January	755	432
Adjustments of current tax in respect of prior years	-3.943	384
Payments in respect of prior years	-14.811	-816
Current tax for the year	-23.063	755
Current tax assets / (liabilities) at 31 December	-41.062	755

## Note 10 Equity and capital base

DKK '000	2023	2022
Share capital	1.001	1.001
Equity at 31 December	556.779	472.345
Capital base at 31 December	557.780	473.346

The share capital can be broken down as follows:  
1.001 shares of DKK 1.000 each.

All shares rank equally.

The entire share capital is held by Ørsted A/S, Fredericia, Denmark.

## Notes without reference

### Note 11 Exposures and collateral

The company has no intragroup exposures or collateral over and above the exposures mentioned in the annual report; see section 182 of the Danish Financial Business Act.

### Note 12 Contingent liabilities and other liabilities

Ørsted Insurance A/S is taxed jointly with the Ørsted Group and is jointly and severally liable with the other jointly taxed companies.

The company has no other contingent liabilities.

### Note 13 Related parties

Related parties exercising control:

- Ørsted A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark

Related parties with which Ørsted Insurance A/S has entered into transactions in 2023:

- Ørsted Services A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark

The transactions are based on normal arm's-length terms.

Transactions between related parties and Ørsted Insurance A/S in 2023:

- Fee of DKK 2.231 thousand (2022: DKK 2.144 thousand) in respect of administrative, management, and investment assistance
- Derivative agreements in the form of currency swaps for hedging purposes

### Note 14 Shareholder information

The company has registered the following shareholders holding more than 5 % of the voting rights or more than 5 % of the nominal value of the share capital:

- Ørsted A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark

### Note 15 Group structure

Ørsted Insurance A/S is a subsidiary of Ørsted A/S and is included in the Ørsted Group's financial statements.



## Note 16 Risk information

In Ørsted Insurance A/S, risk management takes the form of the Board of Directors assessing and deciding on all relevant risks in accordance with the rules set out in the Danish Financial Business Act and the Danish Companies Act (*selskabsloven*). These risks are both of a financial and an operational nature. The company has prepared policies and guidelines in all key areas with a view to managing these risks. Moreover, the company's risk is monitored closely by four key functions: risk management, compliance, actuary and internal audit.

All relevant risks are assessed. Relevant risks for Ørsted Insurance A/S predominantly relate to insurance risk, credit and counterparty risk, market risk, and operational risk.

### Insurance risk

Insurance risk is assessed on the basis of general principles for the key insurance risks that the company may accept based on the prepared policies and guidelines for risk acceptance (acceptance policy), including for reinsurance cover and the quality of reinsurance. Ørsted Insurance A/S has determined its acceptance policy taking into account the fact that it primarily writes policies for companies that are wholly or partly owned by Ørsted A/S, and these are extensively reinsured.

To limit the insurance risk in Ørsted Insurance A/S, including the total claims costs, the company enters into reinsurance agreements. These may cover some or all of the insurance portfolio. Likewise, the company operates with so-called stop-loss agreements for a number of programmes that set a threshold for the aggregate costs of claims on each insurance programme.

Part of the risk naturally relates to the assessment of claims provisions. Ørsted Insurance A/S makes extensive use of external technical assistance when determining and assessing claims.

As the company insures technically sophisticated equipment on, among other things, offshore activities, the determination of expected claims costs can be difficult, which means that the measurement of claims provisions is naturally subject to uncertainty.

### Financial risks

Market risk is assessed taking into account the adopted investment policy according to which it is the company's policy to manage invested funds with a low risk profile. Investments are mainly placed on short-term deposit or invested in Danish and UK bonds with short remaining maturities. The company engages in currency hedging on an ongoing basis with a view to reducing the currency exposure associated with having claims costs in foreign currency.

The company monitors developments in the financial market on an ongoing basis, through reporting from the company's insurance brokers and reporting from Financial Markets Risk in Ørsted A/S.

### Operational risk

Operational risk is monitored and mitigated on an ongoing basis through prepared policies and procedures that are controlled and updated on a regular basis.

### Credit and counterparty risk

The company only uses insurance companies with an S&P Rating of 'A-' or above (or equivalent from other approved rating agencies) as policy and premium-collecting front. All premiums are collected directly from Ørsted A/S, where Ørsted Insurance A/S ensures immediate premium payment.

The company enters into a management agreement with the fronting insurance company that specifies, among other things, how quickly the premium must be ceded from the front to Ørsted Insurance A/S.

The company's credit risk therefore primarily relates to receivables from reinsurers in connection with possible claims cover.

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In connection with major insured events or very large individual claims, receivables from reinsurers may be significant. The company's reinsurance policy specifies that reinsurance must only be written with companies with a rating of 'A-' or above (S&P). At the same time, there are typically at least three to ten reinsurance companies on the company's reinsurance programme, further diversifying any risk.

As the company is a wholly-owned subsidiary of Ørsted A/S and, in principle, only insures risks under Ørsted A/S, it is deemed that the company does not have any group risks.

### Note 17 Five-year overview, financial highlights and key figures

DKK '000	2023	2022	2021	2020	2019
<b>Income statement</b>					
Gross earned premiums	281.441	91.625	45.580	50.629	49.838
Gross costs of claims	-170.205	-406.766	15.117	-52.625	-2.241
Insurance operating expenses	-6.369	-4.838	-4.212	-5.651	-5.606
Profit (loss) on ceded business	-23.997	189.982	-24.570	-17.980	-23.385
Technical profit (loss)	86.091	-140.274	27.107	-26.250	15.083
Investment return after technical interest	22.700	-4.548	422	-5.852	-574
Profit (loss) for the period	84.434	-141.763	28.321	-28.778	14.701
Run-off profit	23.333	-18.514	15.239	-667	5.247
<b>Balance sheet</b>					
Total technical provisions	500.780	462.735	51.174	71.156	38.704
Total insurance assets	294.983	251.937	0	294	48
Total equity	557.780	473.346	615.109	586.788	615.566
Total assets	1.600.623	1.033.695	672.529	663.829	683.259
<b>Financial ratios</b>					
Gross claims ratio	58,7%	466,5%	-35,5%	106,0%	4,7%
Gross expense ratio	2,2%	5,5%	9,9%	11,4%	11,8%
Net reinsurance ratio	8,3%	-217,9%	57,7%	36,2%	49,2%
Combined ratio	69,2%	254,2%	32,1%	153,6%	65,7%
Operating ratio	71,2%	242,0%	30,6%	150,8%	63,2%
Relative run-off profit	5,3%	-48,0%	25,2%	-2,4%	17,9%
Return on equity in per cent p.a.	16,4%	-26,0%	4,7%	-4,8%	2,4%

### Financial ratios

Financial ratios have been calculated in accordance with the Danish Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds):

The ratios and figures shown in the statement of financial highlights and key figures have been calculated as follows:

*Gross claims ratio:* The ratio of gross costs of claims to gross premium income less any bonus and premium rebates.

*Gross expense ratio:* The ratio of insurance operating expenses before deduction of commission and shares of surpluses from reinsurance contracts to gross earned premiums less any bonus and premium rebates.

*Net reinsurance ratio:* The ratio of profit on reinsurance to gross earned premiums less any bonus and premium rebates.

*Combined ratio:* The sum of gross claims ratio, gross expense ratio, and net reinsurance ratio.

*Operating ratio:* Calculated as combined ratio, but with allocated investment return increased by premium income in the calculation.

*Relative run-off profit:* Run-off profit measured as a percentage of claims provisions at the start of the period. The run-off profit is the difference between (a) claims provisions in the balance sheet at the start of the financial period, adjusted for foreign exchange translation differences and the effects of discounting, and (b) the sum of claims paid during the financial year and the portion of claims provisions that relates to claims that occurred in previous financial years.

*Return on equity p.a.:* The ratio of profit (loss) for the period to average equity for the period.

## Note 18 Accounting policies

### CHANGE IN ACCOUNTING POLICIES

The company has changed accounting policies regarding provisions for unearned premiums and profit margin on insurance contracts in order to obtain symmetry between the provisions for insurance contracts in the annual report compared to the Solvency II technical provisions in the Solvency II balance sheet. The company has restated comparative amounts for 2022. The changes appear in the table below:

DKK '000	2022 Annual Report	Change	2022 Restated
<b>Profit and Loss</b>			
Change in profit margin	0	-19.743	-19.743
Change in premium provisions	3.049	-38.204	-35.155
Change in reinsurers' share of premium provisions	-320	48.689	48.369
<b>Balance sheet</b>			
Reinsurers' share of premium provisions	-320	48.689	48.369
Provisions for unearned premiums	3.049	-38.204	-35.155
Profit margin on insurance contracts	0	-19.743	-19.743

Except for the changes mentioned above; the accounting policies are consistent with those applied last year.

### GENERAL

The annual report has been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds) (*regnskabsbekendtgørelsen*).

The annual report is presented in thousands of DKK.

No leases have been entered into which give rise to changes in the accounting policies.

#### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company as a result of a past event and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, and it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On recognition and measurement, account is taken of expected risks and losses arising prior to the date of presentation of the annual report that evidence or do not support conditions existing at the balance sheet date.

Income is recognised in the income statement as earned, and all expenses are recognised with the amounts that relate to the financial period.

#### Foreign currency translation

On initial recognition, transactions in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under value adjustments.

Receivables, payables and other monetary items in foreign currencies are translated at the closing rates at the balance sheet date. The difference between the closing rate at the balance sheet date and the rate at the date of creation of the receivable or payable is recognised in the income statement under value adjustments.

### Hedging and derivative financial instruments

Derivative financial instruments are recognised and subsequently measured at fair value. Fair value is determined on the basis of market data and recognised valuation methods. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively, and offsetting of positive and negative values is only effected if the company has the right to and intends to settle several financial instruments net in cash.

## INCOME STATEMENT

Income is recognised in the income statement as earned, and all expenses are recognised as incurred.

### Gross premiums

Gross premiums are the amounts that the company has received during the period or is due in respect of insurance contracts where the period of cover commenced before the end of the financial period.

### Technical interest

As a result of the executive order on presentation of financial statements, claims provisions are no longer included in the calculation of the technical interest. A return on the average provisions for unearned premiums for the period, net of reinsurance, is calculated and transferred from the investment return to the technical profit (loss).

The yield curve applied is a yield curve determined by the European Insurance and Occupational Pensions Authority (EIOPA).

### Insurance operating expenses

Insurance operating expenses comprise expenses for managing the company's insurance portfolio as well as brokers' fees.

### Investment return

Interest income comprises interest income relating to the year. Value adjustments comprise realised and unrealised foreign exchange gains and losses on transactions in foreign currencies as well as realised and unrealised value adjustments to market values.

### Tax on profit (loss) for the year

The company is subject to the Danish rules on joint taxation of the Ørsted Group's Danish companies. Subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

The parent company Ørsted A/S is the management company as far as the joint taxation is concerned and consequently settles all payments of income tax with the tax authorities.

The current Danish income tax is allocated among the jointly taxed companies in the form of settlement of joint taxation contributions in proportion to their taxable income. In this connection, companies with tax losses receive joint taxation contributions from companies that have been able to utilise these losses to reduce their own taxable profits.

Tax for the year, consisting of the joint taxation contribution for the year and change in deferred tax, is recognised in the income statement.

## BALANCE SHEET

### Significant accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. These relate primarily to the estimation of claims provisions, which are subject to uncertainties and management's best estimate.

Claims provisions are estimated using available information and assessments to support case reserves relating to known cases and using actuarial and statistical methods. In that connection, besides known case reserves, provision is made for claims covering an estimate of claims incurred but not yet reported ('IBNR provisions').

By its nature, the calculation of claims provisions involves estimates and various assumptions that may be significantly lower than or significantly exceed the estimated claims provisions.

### Bonds

Bonds, comprising listed bonds, are recognised initially in the balance sheet at cost on the value date with the addition of trading costs, and are subsequently measured at fair value (closing rate) at the balance sheet date.

### Derivative financial instruments (asset)

Other derivative financial instruments include positive fair values of derivative financial instruments (hedging of currency risks).

### Reinsurers' share of claims provisions

Reinsurers' share of claims provisions include the company's rights under reinsurance contracts in respect of insurance events that have occurred. The rights are determined on the basis of the terms of the reinsurance contracts and based on the estimates used to calculate the gross claims provisions. Reinsurance assets are assessed for impairment and impaired to the present value of calculated rights as described above. Discounting is based on the yield curve issued by EIOPA.

### Receivables

Receivables are measured at amortised cost. Write-downs are made for bad and doubtful debts.

### Equity

Proposed dividend expected to be paid for the year is disclosed as a separate item under equity.

### Provisions for unearned premiums

Provisions for unearned premiums comprise the sum of the payments that the company expects to have to pay, based on a best estimate, in respect of insured events occurring after the end of the financial year under written insurance contracts. The allocation is based on the expected development of the risk over the periods of cover of the respective policies although as a minimum corresponding to the accrued insurance premiums. Discounting is based on the yield curve issued by EIOPA.

### Profit margin on insurance contracts

A profit margin is calculated to illustrate the expected profit for non-expired risk periods on existing insurance contracts. The calculated profit margin is set off against the calculated provisions for unearned premiums and has no impact on results.

### Claims provisions

Claims provisions comprise the sum of the payments and expenses that the company expects to have to pay, based on a best estimate, in respect of insured events that have occurred before the balance sheet date. This estimate comprises insured events that have occurred but have yet to be reported. Claims are measured at the present value of expected future claims paid. Discounting is based on the yield curve issued by EIOPA.

### Risk margin

The risk margin is the risk premium which a third party would require to take over the technical provisions, including the associated risk. The risk margin is calculated using a cost-of-capital approach.

### Liabilities

Liabilities, comprising trade payables and other payables, are measured at amortised cost, which usually corresponds to nominal value.

### Derivative financial instruments (liability)

Other derivative financial instruments include negative fair values of derivative financial instruments, etc. (hedging of currency risks).

### Current tax and deferred tax

Under the joint taxation rules, subsidiaries are liable to the tax authorities for their own income taxes as they pay their joint taxation contributions to the management company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under current tax liabilities and current tax assets, respectively.

The company is comprised by the rules under section 11A (captive rules) of the Danish Corporation Tax Act (*selskabsskatteloven*), according to which the company is taxed or achieves tax deductions, respectively, to the extent that intragroup payments are taxable or can be deducted, respectively, in other companies under the joint taxation.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities.

Where different tax rules can be applied to determine the tax base, deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.