Y 2020 Earnings Call

Company Participants

- Barbara Plucnar Jensen, Group Chief Financial Officer, Member of the Executive Board
- Gianandrea Roberti, Investor Relations Officer
- Johan Kirstein Brammer, Chief Commercial Officer
- Morten Hubbe, Group Chief Executive Officer, Member of the Executive Board

Other Participants

- Analyst
- Asbjorn Mork
- Derald Goh
- Jakob Brink
- Jonathan Denham
- Martin Gregers Birk
- Paul Walsh
- Per Gronborg
- Steven Haywood

Presentation

Gianandrea Roberti {BIO 6786731 <GO>}

Good morning, everybody. My name is Gianandrea Roberti. I'm Head of Investor Relations at Tryg. We published our Q4 Results Full Year Results earlier on this morning, and I have here with me Morten Hubbe, Group CEO; and Barbara Plucnar Jensen, Group CFO; and Johan Kirstein Brammer, Group CCO.

Morten, over to you.

Morten Hubbe {BIO 7481116 <GO>}

Thank you, Gian, and good morning to all of you. We start on Slide 3, where we reported pre-tax for Q4 more than DKK1.2 billion, up some 23% compared to Q4 last year.

Clearly technical result is slightly better while most of the difference come from the investment return. When we look at the technical result of the fourth quarter, it is 2.4% up year-on-year, whereas the full year technical result is up 8% year-on-year. Underlying claims for Q4 improved 20 basis points for private and 60 basis points for the group, in line with recent developments.

In addition, large claims and weather claims are below normal and we see an impact of the lower economic activity. Investment income was more than DKK500 million in the quarter, well above the normalized level. Equity markets performed very strongly in the last quarter, increasing by some 14%. We are paying a quarterly dividend of around DKK1.75 per share, bringing the full year dividend per share to DKK7. Solvency at year-end of 183% and we really see that Tryg's business model has been very resilient in 2020 despite the difficult Q1, offset by good recovery in all remaining quarters, and we see that our dividend policy remain supportive of TryghedsGruppen's membership bonus.

Last, but clearly not least, we have announced a transformative acquisition in November. Following the recommended offer for RSA, Tryg shareholders and RSA shareholders have now both approved the deal with very, very strong majority. And we will have more details on this throughout the presentation.

If we look at Slide 4, we elaborate a bit on the technical results for Q4, which was DKK780 million or some 2.4% higher than the fourth quarter the year before. And as mentioned, the full year is up some 8% year-on-year. For the quarter, we clearly believe that the technical result of DKK780 million, in what is usually a seasonally difficult quarter shows that the business is very healthy. The result has been driven by a strong performance in particularly the private and commercial segment, while the corporate figures are hit by a high level of large claims in the quarter, some DKK201 million or 3.5% on the combined ratio and then bear in mind that on the 30th of December, we had a very large landslide in Norwegian, costing DKK132 million per truck.

On Slide 5, we're very pleased that we reached the TNPS score of 72 against our CMD target of 70 because we see that increasing our customer satisfaction improves our loyalty, our attention and keeps our expense ratio low. And particularly reaching that in a year where most of our employees have been working from their kitchen table and where there's been an unusually high number of customer reactions, I think this is particularly strong result.

The number of products per customer increased from 3.6 to 3.9. We did not exactly meet our target of 4 products per customer, close but no (inaudible). But we saw that particularly our highest sales in the car dealer channel in Norway in enter, have pulled the number of products per customer down as this with a single product distribution. We have however seen that our upselling in Norway to single-car customers is improving and we will continue to focus on upselling to these customers.

TryghedsGruppen paid the bonus to Danish customers at the end of September, beginning of October. And as expected, we saw a significant increase in the awareness among particularly non-customers in Q4, with an increase of 18% compared to the same period the year before.

On Slide 6, we elaborate on the COVID-19 impact, which coincidentally has had almost no impact to the gross figures for the full year. We saw of course a significant negative impact in the first quarter of the travel insurance. And then, we've seen gradual improvement in the following quarters, due to lower economic activity in society.

For the full year, we had a net positive impact, due entirely into our travel reinsurance program. It is worth noting that it is the first time in 10 years that we've had a positive impact from our reinsurance for travel insurance. And I guess, it might be another 10 years before we see that again.

From a customer point of view, I think very importantly, we actually saw additionally 250,000 phone calls due to COVID-19 and we saw some 100,000 more claims due to COVID-19. And we're extremely pleased that we've been able to help our customers in this difficult period. As you can see from the graphs, there's been some lines of business where impact by COVID-19 has been higher than others and also some different developments between Denmark and Norway. But for the big lines of business, we've seen an increase in the number of claims of approximately 5% but also reflecting a similar growth in the business throughout the year.

On Slide 7, we're happy to see that synergies from Alka continues to be delivered according to plan. And for Q4, DKK46 million was achieved in synergies. We are still very confident that we will achieve the promised synergies related to the Alka acquisition and we see underneath that the core of Alka continues to perform very strongly, both when it comes to top line growth, customer satisfaction, and improving the bottom line even further.

On Slide 8, we elaborate on the strategic initiatives, I'm happy to see that all strategic initiatives, which are significant drivers for reaching the technical result target was met. Continue to harvest synergies from gradually using and extending our procurement power, improving our claims handling, and improving our use-of-data, while also benefiting from using Alka methodologies in other areas.

Continue to see a strong focus on developing new products and services. Three years ago, we targeted a DKK1 billion in new sales for product and services. We reached a DKK1.60 billion, which I think, we should be particularly proud of, also given that through that we are actually growing the market as such.

In the digital part of our strategy, we reached a DKK120 million against the target of a DKK100 million. We also managed to meet our straight-through processing targets very important for the future, with 51% against the target of 50%. Amongst other things, through capitalizing on our claim system across Denmark and Norway. We also resell self-service targets, even though it looked a little challenging in the middle of the year, because we saw that yes, customers were using our self service solutions, but actually they were still calling and using the phone in addition. We saw that due to further new self-service solutions, we managed to reach our target, but honestly, we are also very pleased that customers keeps on contacting us on the phone.

We also managed to meet the targets for distribution efficiency with DKK175 million against the target of a DKK150 million and both private and commercial, and producing new independent agents, one of many successful and important initiatives to reach this target.

So, when we look in the rear mirror on Slide 9 on the past three years financial targets. We're very pleased that we have reached and met all of the financial targets launched at our Capital Markets Day in 2017. The technical result target of DKK3.3 billion was exceeded at DKK3.495 billion, our expense -- and spends ratio target of around 14% was met with 14.1%. Our combined ratio target at or below 86% was reached and mold and met with 84.5% and even though, we suspended our ROE target in the spring, when we saw unprecedented capital markets volatility, we actually reached an ROE of 22.5% post-tax and more than the original target of at or above 21%.

As you follow we noticed, we've moved the Capital Markets Day from January '21 to the autumn, as we'd like to be able to form a new strategy and new financial targets including the CODAN Norwegian business and the Swedish Trygg-HANSA business and of course the related synergies assuming that the acquisition is completed and we get all the necessary authorizations in place. It would have been natural to give new targets for 2023, but given that this will be (Technical Difficulty) in the autumn of '21, we expect to give targets for the year 2024 instead, which also coincides with the year where we have the peak of the synergies in the acquisition.

On Slide 10, we keep on having a very, very strong focus on shareholder remuneration which is key to our investment case and will be so in the future. We're pleased that in a turbulent year, we've been able to continue our positive dividend development, paying a Q4 dividend of DKK1.7, bringing the full year dividend to DKK7, after having paid DKK5.25 in November. This is in fact a ninth year in a row, where we are increasing our dividend per share.

And of course, the dividend continues to support TryghedsGruppen's membership bonus and the overall activities of Tryg's Corporate [ph] NetSpend some DKK650 million a year in charitable and prevention like activities.

And over to you Johan on RSA.

Johan Kirstein Brammer {BIO 18640275 <GO>}

Thank you so much, Morten. And on Page 11, we'll double click a bit on the recommended offer for RSA. So the next three slides are essentially recapping the November announcement related to the recommended offer for RSA, and it is a transformation acquisition for Tryg, which will create the largest Scandinavian non-life insurer, diversifying both our top line and our earnings of the company.

We disclosed in November that we have identified DKK900 million worth of synergies to be delivered by 2024, and that still stands. Shareholders of Tryg and RSA have already approved the deal, as well as antitrust authorities in Norway and Sweden. We still expect the deal to close in Q2 2021, while we anticipate to move ahead with a rights issue during this spring.

Slide 12, just to recap some of the points previously expressed and shows the size of Tryg new market shares and new pro-forma technical result diversification once the acquisition is completed. We've shown this slide in November presentation also, so I'll not spend too much time on it. Maybe just highlight the uplift in gross premiums of around 45%, the uplifted technical result of around 100% and the number three market positions we will obtain in Sweden and Norway.

Moving on to Slide 13, and by that the financial rationale behind the proposed acquisition. We have as mentioned identified synergies of DKK900 million per annum to be delivered fully by 2024. Approximately 80% of these are cost related, which covers operating expenses and claims including procurement. And the knowledge and expertise we gained from the Alka acquisition in 2018, gives us great confidence in our ability to realize the full synergy potential. The transaction will generate an ROI around 7% and a high teens EPS accretion in 2023. And it is important to highlight that the full run rate synergies will be reached in 2024 further improving the financial metrics from here on.

We expect to report a solvency ratio above 170 at the end of 2021, which we see as a robust level considering that we will begin most, but not all transaction related costs in 2021. Finally, we clearly aim that remaining a core dividend stock and this proposed transaction does not alter that. Our earnings capacity will virtually double and therefore, longer-term, we expect our dividend capacity to follow a similar trajectory.

And for that, I'll hand over to you Morten for a detailed outlook.

Morten Hubbe {BIO 7481116 <GO>}

Thank you, Johan. And on Slide 14, we're publishing a detailed outlook for 2021. Not something we've done historically, not something we'll do in future either, but a one-time-only as we've reached all of our financial targets for 2020, but we've not published new ones and we have postponed our CMD to the autumn.

So we bring a more detailed outlook for the year 2021, but please note that going forward that is in future annual reports, we will refer to the new Capital Markets Day targets for 2024 and we will not publish annual earnings guidance. But for 2021, we see a standalone technical result between DKK3.3 billion and DKK3.7 billion. The range largely driven by the natural volatility in large and weather claims and the guidance for investment and other income and cost is unchanged to previously.

Relating specifically to RSA, you can see in the annual report that we've published the last three years of earnings and geography split from RSA in the Nordic countries. Now bear in mind that these geographical numbers is taken from the SFCR report, which for instance means that Privatsikring in Denmark and Holmia in Sweden are not included in these geographical earnings numbers and should indeed we added. We continue to expect some DKK4.4 billion of transaction costs, most of these will be booked in '21, but some will end up in '22 as is required by accounting principles. We also explained that some of the costs will hit the P&L, while others will be on the balance sheet.

Additionally, all transaction costs are not necessarily tax-deductible apart from restructuring. We continue to expect a healthy solvency ratio of above 170 as per year end '21 as we've communicated previously. Last but surely not least, we expect to pay dividends before between DKK2.6 billion and DKK3 billion in '21, which is well above the 2020 level with what also what we communicated in November with the shaded bar in '21 being higher than 2020. Our new Capital Markets Day date will be announced later in the year, but it will be an autumn event and who knows maybe we might even be allowed to travel, so back to you Johan on premiums.

Johan Kirstein Brammer {BIO 18640275 <GO>}

Thanks, Morten and I will jump into Slide 16, where you can all see the top line growth was 7.4%, driven by growth in all segment and private being the most profitable in these capital consuming area, and therefore we are very satisfied with the growth in this segment of 9%. The growth in this quarter is a continuation of what we've seen in the last quarters. And again, we see very high growth in Norway while still somewhat lower growth in Denmark, primarily due to profit sharing with partners booked on the bonus and premium rebates.

Adjusting for the higher level of premium rebates, growth would have been 7.4% instead of 4.1% for Private Denmark. We continue to see a strong development in Denmark with cross selling and sales through our strong partner agreements with FTM Danske Bank, but also from our independent sales agents.

In Norway, we've seen a very strong sales performance in particularly the car channel NITO and OBOS, but also an increased level of cross-selling. Furthermore in Norway, we were also held by financial troubles of smaller competitors that had to stop their activities during the year. Commercial had a growth of 7.2% which was a combination of organic growth in Denmark and in Norway driven by price increases for larger commercial customers, and corporate showed a slightly positive growth with 2%. It was impacted by price hikes in Norway and a reduction in the portfolio, while the Danish corporate portfolio was positively impacted due to high acceptance of price increases around 10%. And also in Sweden, we saw high acceptance of price adjustments.

Sweden showed a growth of 5.6%, driven primarily by pricing initiatives in motor to improve profitability, but also strong sales for the inbound niche channels for boat and motor insurance.

If we look at Slide 17, adjusting prices in accordance with claims inflation is very important and a key focus area for us and we therefore closely monitor the development in average prices. Profitability improvement is a combination of claims initiatives and price adjustments, and the average price development is also impacted by changes in large partner agreements. And in Q2 2020, we saw drop in the average price per house in Norway, which can be ascribed to a reduction prices for very big partner agreement, constituting approximately a quarter of the portfolio for private Norway. This also impacts the development in Q4 2020, and therefore, low average increase in price per house in Norway.

Moving on to Slide 18, customer focus is extremely important and customers' view of Tryg is best monitored through the retention rates. For Private Denmark, we see as expected a drop in the retention rate as a consequence of a drop in the Nordea portfolio. We are satisfied that we have a net positive impact when looking at the Nordea and Danske Bank portfolio due to very strong sales to Danske Bank customers. But in UCL does not impact the retention level.

Excluding Nordea, retention rate was almost unchanged but slightly impacted by the high inflow of new customers in the last years, which always have a higher churn in the first few years. In Norway, we're very satisfied that we continue to see an improved development with the highest retention level in 10 years. And for commercial, we saw a slight improvement for Norway, despite high level of price adjustments, and in Denmark, the retention rate was flat for the commercial business.

And with that, I will hand over to you Barbara for claims and expenses.

Barbara Plucnar Jensen {BIO 17487867 <GO>}

Thank you very much, Johan, and good morning to you all. On Slide 20, you can see the development of the underlying claims ratio, which continued the trend seen in previous quarters. Group underlying claims ratio improved by 50 basis points and Private by 20 basis points. Please remember that when we look at these number, the underlying claims ratio does not include the impact from COVID-19 claims.

The main drivers of the improvement are price adjustments and the claims excellence program including claims synergies related to Alka. The strong growth in our private business had as expected, a modest negative impact on the underlying claims ratio as new customers in general have a frequency approximately 3% higher than the portfolio in general.

We're very satisfied that we can see that in particular the initiatives in corporate Norway support the improved underlying claims ratio. And in parallel, we also see an improved profitability in the Danish and Swedish corporate business, which Johan just described.

Please turn to Slide 21. COVID-19 is continuing to have a huge impact on our lives, and we have included this slide to provide you some background information on the development of COVID-19 cases in Denmark and Norway specifically. In the fourth quarter, the situation deteriorated and we have seen a high increase in the number of cases in both countries. In Scandinavia, the lockdowns in March were mild, compared to most other European countries, and this is still the case for the situation now.

Since December, new restrictions have been enforced. The financial aid packages continue to play an important role, and vaccination programs have been initiated across the Nordics. And some mild restrictions are set to last till end January for Norway, and the 7th of February for Denmark, but this is for now.

Please turn to Slide 16 and I'll go through the financial impact in more detail. As Morten mentioned earlier in the presentation, the total gross impact from insurance was close to zero. However, after reinsurance for travel, we had a positive impact of approximately DKK140 million. The financial markets have recovered fully in 2020, so we do not include these as part of the COVID-19 impact. One of the main points from this table is that lower frequency for especially motor, property and accident had a positive impact, mitigating the loss on travel insurance.

In the third and fourth quarter of 2020, we also had a smaller impact from a number of large claims in Tryg-Granti reported under other. In general, Tryg has a very extensive reinsurance program and therefore low risk in this area, hence, our business model has proven to be resilient in circumstances like this.

Please turn to Slide 23. Due to a high level of large claims in the corporate area, Q4 of last year had a much higher level compared to Q4 2019. The overall level of large claims for 2020 was around DKK500 million against an expected level of DKK550 million. Weather claims were also at a much higher level in Q4 2020 compared to Q4 2019 with a total of DKK148 million. This was primarily due to the landslide in Norway, which had an impact of approximately DKK100 million.

For the full year weather claims were more than 11% lower than in 2019 with a total of DKK359 million against DKK416 million in 2019. What is worthwhile noting is that both these years have ended lower than our expected annual level of DKK600 million. The discounting impact in Q4 '20 was much lower than in the same period prior year due to the generally lower interest rate levels. When comparing the current interest rates with the levels experienced when presenting the CMD targets in November 2017 for the year of 2020, the lower interest rates have had a negative impact of approximately DKK200 million.

Finally, the runoff result was somewhat higher with 5.5% in the fourth quarter 2020 of the combined ratio compared to 4.7% in Q4 '19. However, for the full year 2020, the runoff was somewhat lower with 5.1% compared to the full year 2019 with 5.5%.

Please turn to Slide 24 regarding the expense ratio development. The expense ratio for the fourth quarter was 14%. And for the full year, it ended at 14.1%, fully in line with the target for 2020 of around 14%. In Q4, expenses were positively impacted by a lower level of travel-related expenses, but a higher level of expenses related to distribution particularly in Private Norway, where we have experienced very high growth.

The result is that we continue to see that more efficient distribution to a large degree continues to finance our IT investments. Given the good momentum and hence higher business yield volumes and a decision to in-source certain IT resources, we also saw a slightly higher number of employees in the fourth quarter.

If you turn to Slide 26, you'll see our usual investment slide including the split of are DKK40.5 billion of investments. The free portfolio is the capital of the company and amounts to DKK12.4 billion, whereas the Match portfolio which is matching our insurance reserves amounts to DKK28.1 billion. The overall asset mix is virtually unchanged.

On Slide 27, we have included an overview of the movements in the fourth quarter. Capital Markets continue to perform very strongly and our total investment result was a record DKK513 million in the year. This is almost 5x the normalized annual result. Following an extremely challenging first quarter, we have seen that a very robust recovery has followed in the remaining part of the year, where Q4 mentioned on a high note -- ended the year on a high note. In Q4, the free portfolio benefited from equities returning more than 14% and corporate and emerging market bonds to relatively small asset classes for Tryg, also delivered strong returns. The match portfolio posted a small positive result, thanks to a modest narrowing of Nordic covered bond spreads. Other financial income and expenses was less negative than normal due to a periodisation of costs between quarters.

On Slide 28, you'll have details behind our solvency position at the end of the quarter, were Tryg reports a comfortable solvency ratio of 183%. Own funds were in this quarter primarily impacted one, the net reported profit. Two, the deduction of the full year dividend including the nine months dividends per share which we announced and paid in November as well as Q4 dividends to be paid on January 29. And three, a positive development in relevant currencies, which increased the value of our subordinated loans in the balance sheet, thereby helping the own funds. The SCR moved upwards driven by the higher capital requirements for equities driven by the market rise in Q4. In general, leaving aside market movements, Tryg solvency ratios should remain stable and predictable as it is primarily a function of profits and dividends.

Please turn to Slide 29, adjusted for the dividend payments. This last slide is pretty much unchanged to pass quarters. Our debt capacity is more or less unchanged. Currently, we have a haircut of approximately DKK150 million on Tier 2 funds, while we have a modest capacity of around DKK250 million of Tier 1 funds.

On Slide 30, we have now added a new slide with details on solvency which shows the build-up of the SCR and provides a little bit more detail on the component of the market risk module. As we have previously disclosed, we only use our internal model on the insurance risk, being non-life and health, whereas, all the risk is on the standard formula. In the chart at the bottom right, it should not be a surprise that equities with a higher capital charge and spread risk with covered bonds being our biggest asset class by far are the two biggest components of the market risk.

On Slide 31, we're showing the solvency ratio in a long-term perspective. I would like to highlight the stability of the figures in general. Bearing in mind, the dividend payments as well as leaving aside the capital increase related to the acquisition for Alka.

Finally, on Slide 32, our last slide on solvency. We show the sensitivities to our Solvency II movements in Capital Markets. Nothing new to report here, the biggest sensitivity remains to be the spread risk, which stems from the fact that the vast majority of our fixed income instruments are covered bonds due to our matching methodology. Overall, we believe our solvency ratio is rather robust, when it comes to sensitivity through movements in the capital markets.

With this, I'd like to hand over to Morten to end our presentation today.

Morten Hubbe {BIO 7481116 <GO>}

Thank you, Barbara. And on Slide 33, we reiterate the outlook for the year. Completely in line with what we showed in the beginning of the presentation, and we just wanted to repeat the main moving parts of a year that will be somewhat different from the relatively boring and stable Tryg.

And then bear in mind that we will indeed return to using a three-year targets at the CMD in the autumn, where we will give out targets for 2024. And as always, we finish off at our favorite quote on Slide 34 from John D. Rockefeller on dividends.

And with that, we are ready to take your questions.

Questions And Answers

Operator

(Question And Answer)

Thank you. (Operator Instructions) Our first question is from Asbjorn Mork of Danske Bank. Please go ahead. Your line is open.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Yes. Good morning. And thanks for taking the questions. I have a couple. One, relating to your guidance for 2021 and I'm glad to see your guidance, glad to see that's going to be a one-time event, but anyway. If I take your 2020 numbers and I just go where the larger runoffs were basically down to around DKK3.2 billion of technical profits, because after all, Q4 was not that benign, but in general 2020 was. If I take the mid range of your new guidance, so DKK3.5 billion and take your assumptions for large and weather and use the mid-range on your run-offs, I get to DKK3.7 billion of, you can say, underlined technical profits for 2021.

If I then add growth and add Alka, it's still around 80 basis points improvement to the underlying claims ratio, it appears. And then I don't know what kind of assumption you put in for COVID-19, but I guess that will be some sort of headwind for 2021, so I'm getting closer to 100, 120 basis points improvement. So I'm just basically trying to understand what you see as the building blocks for the DKK3.5 billion mid-range for 2021? And I guess we can call DKK3.7 billion on the line.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah. Thank you for that, Asbjorn. I think the starting point should be that when you look at what we deliver in 2020, we did have some tailwind in that year. You mentioned yourself adjusting for large and weather claims, you also pointed out the effects of COVID. But as we went through in the presentation, it's also important to bear in mind the impact of the interest rate levels and the currencies that actually gives us, you can say, some extra to deliver.

So in general, that's something that you need to adjust the 2020 delivery on. So if you look at it, I would actually say, the outlook that we give for 2021 with a range between 3.3% to 3.7%, I would say taking into account the volatility that we have seen and experienced on large and weather claims, it's probably fair to start with a midpoint of 3.5%. Which also takes into account the continued improvement of Alka and the underlying claims ratio development that we expect to continue to improve. We don't take into account any particular COVID-19 impact for 2021, because we simply don't know how it will impact our business throughout the year.

Q - Asbjorn Mork {BIO 17028219 <GO>}

But then I simply just don't understand the lift to the technical profits for 2021. If you have a DKK141 million of headwinds which more or less will be offset by Alka, but then we're still talking quite a decent growth if we adjust for the -- for weather, large and run-off. that I guess discounting as it looks right now is going to be more or less neutral for '21 versus '20, 20 basis points, right?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yes. But I think you should see this, again, we give the guidance with a range. So, we allow for the volatility in those last items, because as you've seen historically, in the last couple of years we have benefited from lower than anticipated weather and large claims, but we have also seen areas with significant larger claim in this area. So we need to allow ourselves to have a little bit of wiggle room when we do one year target.

Q - Asbjorn Mork {BIO 17028219 <GO>}

No, I fully understand the range, and nobody knows how big the large claims and weather claims will be, but I was just more wondering the mid range which, I guess, should be when you say 3.3% to 3.7%, I guess 3.5% should be what we would aim for. And then you are expecting quite high large claims and weather claims and quite low runoff claims compared to 2020. So that will give you a lot of headwinds. So I'm just really wondering how you can deliver that underlying underlying -- or maybe you can ask another way, do you see upside in 2021 to the 60 basis point underlying claims ratio improvement that you're delivering at the moment? Should we expect that to be more than 60 basis points for 2021 when we adjust for Alka?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

No, I think the 60 basis point is a good starting point. And then as we've talked about, Alka will be double compared to what we had anticipated in the 3.3%. The run rate is expected to be DKK300 million in '21 compared to the expected DKK150 million we had embedded in the target for 2020.

A - Morten Hubbe {BIO 7481116 <GO>}

Bear in mind, Asbjorn, that of course we see healthy top line growth in the retail business and private and commercial, and of course with that comes higher technical result in addition to the underlying improvement and what we see as a current run rate of around 60 basis points. But the reality is, if you look at the volatility of large claims and weather claims, they can easily deviate DKK300 million in a year. If you look at the volatility from interest and currency, that can easily deviate DKK200 million, DKK300 million per year as well. And that's why, honestly, we see the three year targets have much more value in terms of guiding what we're trying to achieve then a more detailed one year guidance, which really can be impacted by a number of these rather volatile factors and doesn't really give you a very good picture of how the underlying business is developing. But now you have a full-year guidance and then by the autumn you'll have a three-year guidance impact.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay. I actually had adjusted for growth in my 80 to 100 basis point improvement. But anyway, progress is good, so let's hope that you continue that, so okay. Just one question on the dividend for '21 and the whole -- the DKK4.4 billion of transaction cost in the tax element to this. So now you mentioned DKK2.9 billion is not tax deductible. You didn't give us any quantified number at November, but it sounds like this is less, I mean, you got to have lower tax deductibility than you thought in November. Is that sort of correctly understood?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah. I think we have got more clarity on some of the items that we had back at the time of the announcement of the deal.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay. Fair enough. And then a question on the -- our safety. First one on the amortization that you mentioned on the intangibles. So I guess, this means that you have identified non-goodwill intangibles of something like DKK6 billion to DKK8 billion that you're going to amortize over 10 years, is that correct? And how much do you expect in total intangible assets? And then in connection with that, is the DKK900 million of synergies for '24, could you just remind me how much of that relates to the Codan Denmark business? Thanks.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

To start with, if we look at the intangibles, I don't think we have provided any guidance on the total number. So what we guide is that we expect to range between the DKK600 million to DKK800 million to impact our numbers from '22. So that is, you can say, what you need to do to address for in the results going forward.

Regarding the synergies, I think it's important to highlight that we don't take any impact from Codan Denmark. We have synergies related to the current, you can say, organization with the regional setup they have. But otherwise what we have included in our synergy is relating to the Swedish and Norwegian business. I don't know, Yohan, if you have further comments to that?

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

No, that's correct. The majority is coming -- the synergies are coming out of Sweden and Norway. There's a little plot coming out of Denmark and Group, but it's not Codan Denmark is our own Tryg operation in Denmark and group services delivered out of our operation here. There will be no interaction or synergy we think in Codan Denmark all from our side.

Q - Asbjorn Mork {BIO 17028219 <GO>}

All right. Those are very clear, so just a follow-up on the intangibles. You're going to amortized over 10 years, right?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yes, that's the current assumption. Yes.

Q - Asbjorn Mork {BIO 17028219 <GO>}

Alright. Thank you. That was all from my side. Thanks a lot.

Operator

Next question is from Jakob Brink of Nordea. Please go ahead.

Q - Jakob Brink {BIO 20303720 <GO>}

Thank you very much. And good morning. Just on the dividends, and I will say DKK2.6 billion to DKK3 billion in 2021. Could you maybe help us understand how would the dividend half will be looking after 2021, I am especially thinking if you're mentioning -- or you did mention high teens EPS accretion by 2023, should we see the dividend accretion in the same way? That was the first question please.

A - Morten Hubbe {BIO 7481116 <GO>}

Morning to you, Jakob. I think that's a excellent question which we're not going to answer. But I think we are looking at a very, very healthy dividend outlook. Clearly, '21 will be this sort of strange year where we will only own the assets for a shorter period, we will have more shares after the rights issue, but only for part of the year. But when you look, as you say, beyond 2021, we are looking at a performer top-line of the earnings capacity.

No doubt that we will also be looking into 2024, we'll have ambitions for the development of the business and therefore the results. And as Johan put it, we will, all other things equal, be able to double our dividend capacity. I think you'll have to wait until the Capital Markets Day to be more specific on how will the years until '24 develop, how will the dividend develop. But a roughly doubling of the dividend capacity is what we're communicating, I think that's very, very positive. And you will hear the more detailed version of that when we have our Capital Markets Day in the autumn.

Q - Jakob Brink {BIO 20303720 <GO>}

And I guess the doubling, that's by '24 or '23? May be it's -- but I forgot.

A - Morten Hubbe {BIO 7481116 <GO>}

That's '24

Q - Jakob Brink {BIO 20303720 <GO>}

Okay. Thank you. And then the next question just on the timeline. Is it on purpose, I guess, it is that you have approval in Q2 '21 and rights issue in H1 '21. Should I read that as if the rights issue happens before the approval or can I not read that into it?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think what you should do -- what you should read into it is that obviously we want to have our financing in place in order to be able to close the deal. We don't have full visibility or control on the regulatory approvals, which is the outstanding item as it is. But we will decide on a, you can say, a comfortable time to launch rights issues as we look into the coming months.

Q - Jakob Brink {BIO 20303720 <GO>}

But you will be in the second where you get the approval, we'll trick them to go over the risks of Codan, because then of course the money needs to be there or could there be some interim phase after the approval where RSA will still be carrying the risk?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think you should anticipate that we want to have the financing in place in order to take over the assets at the time of the approval, because that is when we will see the closing of the deal.

Q - Jakob Brink {BIO 20303720 <GO>}

Okay. Very clear. Thank you. Then the third question on Codan Denmark. Could it be a scenario where Tryg will actually keep this part of the mid-market or large corporate industrial part of Codan

Denmark's business, which I guess won't be too much of an issue from an antitrust that point of view or will all of it be sold?

A - Morten Hubbe {BIO 7481116 <GO>}

I think that it's important to say that (Technical Difficulty) and we're very clear that will drive the operations, Tryg will drive 100% our strategic decisions, including all dialogue with competition authorities. We are extremely happy with the market decision we have currently in Denmark and we not wish to tempt or make more challenging the process by testing if we should own part of Codan Denmark or remain with part of a segment or a business going forward, that would have made the whole thing much more complicated and it would potentially have jeopardized the entirety of the transaction. So no, we do not believe that, that is a likely path, Jakob.

Q - Jakob Brink {BIO 20303720 <GO>}

Okay. Thank you. And then last question for my side on the weather claims in Q4. If I adjust for the impact of the landslide, then weather claims in Q4 was very, very low. I can't see in my model at least that it has ever been that low. Is that just a coincidence or is it something related to COVID, which I can't see? Or what exactly happened here? Or is there any -- I guess what I'm asking is, is there any risk that due to some changed patterns people just haven't found out yet that their cabins that had a water leak in Q4 and you'll get back in Q1 or something like that?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think, to be honest, Jakob, you can blame COVID for a lot of things, but I don't think that the weather is one of them. So, this is simply due to the climate that we have experienced. And as you've seen in the Nordics, in the last couple of years it has been very mild Q4 and Q1 that we have experienced. We have been on the other hand also experienced snow in Norway in Q2 last year. So, it's more down to climate change or at least climate impact at this moment. But I would not relate that to COVID in any shape or form.

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

And honestly, it is tempting to adjust the whether claims forecast downwards because we've seen several years with lower whether claims. But the reality is, still when we look further backwards, then we see some years where weather claims were substantially above also the expected the normal. But it is clearly -- we are clearly into a period with a very positive trend on whether claims.

Q - Jakob Brink {BIO 20303720 <GO>}

Great. Thank you very much for your answers.

Operator

Our next question is from Mads Thinggaard of ABG. Please go ahead.

Q - Analyst

Hi. I'm Ash from ABG here. And thanks for taking my questions. The first one is on the high premium growth. And I just wondered here if you could help a bit with the premium growth outlook for 2021 for Tryg on a standalone basis?

A - Morten Hubbe {BIO 7481116 <GO>}

Good morning to you as well, Ash. I think we've never really given a premium growth outlook. And I guess it's because growth -- top-line growth as such is never a target in its own right, but it's a means to create a stronger business that creates earnings growth. But what is quite important and clear to see if we have a strong momentum at the moment. We saw in the fourth quarter a top-line premiums growth of 7.4%, we see that very positively, so it's particularly driven by our private and commercial SME business, whereas we have negative growth in corporate Norway, slightly positive in corporate Denmark, and net-net close to zero in corporate total.

So we have a very positive momentum where I would say that the private Norway growth is higher than what is likely longer term, where we're looking at around 12% in the forth quarter, that is unusually high, driven of course by the new strong partnership agreements, as well as the very strong development in our retention rate. And then we've talked about for long wanting to increase the amount of new products sold in private Norway, and that is actually now starting to happen, again lifting up the growth. We've seen in private Denmark a growth of around 7% in the quarter, actually being put down a bit by higher than usual premium discounts, actually before that we're above 8%. And that has been the case for a longer period of time.

So I think when you look at the outlook, I would expect a continuation of high growth in private lines, expect the number in private Norway to hold down somewhat, but more stability in the Danish number. But they will both be high and continuation of a positive development also in commercial Denmark top-line growth. And then it's fair to say that in commercial Norway the focus is really more on increasing prices then focusing on growth. And then I think we'll continue to have a close to 0% growth in corporate and social, pulling down the average. But I think there is strong momentum at the moment and we expect that to continue into the new year.

Q - Analyst

Okay, great. That was quite clear. Thanks. And actually my second question is a bit on the bonus and premium discounts that you also touched a bit upon. Because, I mean, I got the impression that there were a large accumulation effect Q4 last year, with DKK224 million in these discounts. But it seems it's actually higher with DKK240 million here in Q4 this year. Is there something -- I mean, is then accumulation effect again this year that was unexpected or something unusual in this DKK240 million number?

A - Morten Hubbe {BIO 7481116 <GO>}

I think the short answer is, no. But we see -- we do see a number of the underlying agreement with partners where the claims development is particularly strong. And we also see some differences in how the development of COVID has hit the various partner agreements, some with a lot of travel, some with very little travel. So the positives and negatives of COVID-19 have hit the partner agreements slightly differently, and some of them very positively, resulting in higher than normal premium discount. So that's the main development underneath.

Q - Analyst

Okay. So it's past normal, that is -- I mean, the outcome (Multiple speakers)

A - Morten Hubbe {BIO 7481116 <GO>}

Well, it's above the normal run rate, because we've seen particularly strong underlying development. But again, I would say, if we look into the future, hopefully, it's not the last time we see a very strong underlying development in the various partner agreements. So basically when we see these impacts, it's a positive to get -- it's a signal of sharing some of the strong claims to development with some of the partners. And as we continue to create better and better results in private, we will see periods where this happens, but it is above a historical normal.

Q - Analyst

Yeah, okay. That's pretty clear. Thanks.

Operator

Our next question is from John Denham of Morgan Stanley. Please go ahead. Please go ahead John, your line is open.

Well, we move on to the next question. Our next question is from Per Gronborg of SEB. Please go ahead. Your line is open.

Q - Per Gronborg {BIO 15910340 <GO>}

Yes, good morning. A few questions from my side. Your dividend guidance DKK2.6 billion to DKK3 billion, takes into account that you that you need to issue a number of shares bringing your share count to the neighborhood of 500 million before any dilution or before any discount. This implies that where you -- on page two of your (inaudible) further saying that you have the ambition to pay an increasing ordinary dividend. Your guide -- your new guidance must imply that your ordinary dividend will be down 21 on 20 per share, is that a fair way of looking at your numbers?

A - Morten Hubbe {BIO 7481116 <GO>}

I think that as we put it, it will be a slightly unusual year in the sense that in some periods we'll own the current assets and in some periods we'll own the new assets, but only part of the year. We'll have to take apart the countries, which will actually only happen in the spring of '22. And only in some periods, we'll have the large amounts of shares. I think in many acquisition cases, you would not pay dividend at all in a year like. For us it's been very important to pay a clear and strong dividend. But you're right that the dividend per share growth will be resumed in the coming years and not in the year of '21 as such.

Q - Per Gronborg {BIO 15910340 <GO>}

I'm not comparing, I just want to be sure that I read your guidance (Multiple Speakers)

A - Morten Hubbe {BIO 7481116 <GO>}

-- we see more moving parts than usual in a year like '21.

Q - Per Gronborg {BIO 15910340 <GO>}

It makes totally sense to cut the EPS, because you won't have the earnings for the full year. So that point aside, I just wanted to be sure that I read your guidance correctly. On the deal, the timing has been addressed a couple of times at the next step. When you look at the guarantee agreement with the banks, you have to start paying an additional fee, if you haven't -- fully haven't finalized the CI [ph] issue by beginning of April. What is the timing? What are you awaiting for to launch the CI [ph] issue? Is this so little that the full year numbers you published today into the prospectors, then we could expect this one within the next month or month and a half?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think in general, yeah, I think it's important to highlight, also as Morten has mentioned a few times that there is a lot of complexity in this year. We are looking into a closing of a global deals where it is not just the Nordics geographies that need to be in place, we need to have a regulatory approvals for the global deals, so that also includes, let's say, geo sections like the U.K.

We need of course to follow that closely in terms of progress and in terms of expected final approvals of all these interactions. And then obviously, we'll need to take that into account and we decide when we go for the financing. There's quite a few moving bits, you can say at this point of time in the process. And obviously, if there are added cost to the underwriting, that's one thing, but also bear in mind if you raise the finance, it needs to be an account at a negative rate, that is also a cost. So there's a lot of pros and cons that you need to take into account when deciding what is the appropriate timing for launching the actual rights issue.

Q - Per Gronborg {BIO 15910340 <GO>}

But you stated -- (Multiple speakers)

A - Morten Hubbe {BIO 7481116 <GO>}

I'm sorry, I was just going to add to that. Of course, there's also the practicality of making sure that we have access to the right accounting data from RSA in the right windows to do the rights issue. And then most likely some of the authority approvals will still be outstanding when we do the rights issue, but we would like to see that to have come as far as possible. So it is putting all of that into the same cocktail and then making sure we make the best possible decision in terms of timing.

Q - Per Gronborg {BIO 15910340 <GO>}

So what you are promising more or less is that we will get additional data on the business you are acquiring in the prospectus?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I would think that's a fairly right assumption, yes. There are some obligations also in terms of what we need to disclose in the prospectus.

Q - Per Gronborg {BIO 15910340 <GO>}

Of course. My final question is on Norway combined ratio on the country basis Q4, pretty far from impressive, extremely far from what we saw against Euribor last week. Any comments?

A - Morten Hubbe {BIO 7481116 <GO>}

I think one comment is that mirroring again the Norwegian combined ratios would be fantastic. So, I think that would be a great aspiration. I'm not sure it would be very likely but it would be great. I think if you ask them to mirror our Danish combined ratios, that would be a good aspiration for them as well. But all kidding aside, clearly what we saw, we saw the land slide -- we saw two things in Q4. We saw a significant property claim in corporate Norway, and so corporate Norway was looking really great for the full year until we saw that large property claim in Q4.

And secondly, we saw on the 30th of December, there's really tragic landslide in Gabon in Norway, hitting actually all three business segments in Norway. And for Tryg, the impact was NOK132 million, which is a very sizable impact to the total combined ratio of Norway, some six percentage points or so as far as I can see. And also a claim which caused the evacuation of more than a thousand people, and actually ten people died and it was really quite a tragic event. So, those two, Per, were a bit on the sarcastic [ph] side, and both hit Q4 and both hit Norway.

Q - Per Gronborg {BIO 15910340 <GO>}

Okay, thank you.

Operator

Next question is from Steven Haywood of HSBC. Please go ahead.

Q - Steven Haywood {BIO 15743259 <GO>}

Good morning. Thank you very much. Just a couple of questions. On your 2021 investment income guidance of 0 to DKK200 million, the 0 part of it just seems a bit wrong when you are normalizing for investment returns. Can you provide any more information on why you've hit a bottom range of 0, please?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yes, I think a very fair question. When you see -- you can see the development that we have experienced in the fourth quarter last year. But if you look back in time, and if you look you can say on a regular basis, you can be in a position where it is not the levels that we have seen last year that apply. And that's sort of why we put out the range of 0 to DKK200 million.

I think the key point also for us is that the core focus is on our core insurance business, that's where we focus, that's where we have, you can say, a very strong opinion on our results. But in some shape, you can say that the investment results are a little bit out of our hands. We have our investment profile which we are happy with, but as such I think 2020 is a testimony to how dependent you are on the actual sentiment in the market in terms of what you deliver. .

Q - Steven Haywood {BIO 15743259 <GO>}

Okay. And then just finally from me. You said earlier that new customers have a 3 percentage higher claims frequency. Can you sort of give any more information, how this develops from year one onwards? So in year two does it come down to a 2% higher claims frequency and year three down to 1%, something like that? Or do you take into consideration that after year one these customers will be having additional products added on and so therefore their claims frequency comes down as a consequence of being a bundled customer?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think of course a very relevant question if we can sort of put a mathematical projection on it. But you can say, it all depends on what are the new customers you take in as a single product customer, do they come in with a portfolio from a partnership agreement or what is, you can say, their entry point? So you will see quite a few dynamic over time. The 3% is a guidance because we can see historically that that is the trend that we have been experiencing and continue to see. And you should expect, like a gradual improvement, but it all depends a little bit on the profile of the new business that we take in.

Q - Steven Haywood {BIO 15743259 <GO>}

Okay. Thank you very much.

Operator

Our next question is from Martin Gregers Birk of Carnegie. Please go ahead.

Q - Martin Gregers Birk {BIO 19920552 <GO>}

Thank you so much. Two questions, both in relation to the RSA transaction. I guess the first one is, we've seen a number of antitrust approvals now at Intact, we received one in Canada, you have received one in Norway and Sweden, but I've not seen any filing in Denmark yet. And if I go on the (inaudible) website, I can't see it in there either. So could you please give us an update on where you are on Denmark and what -- is there any timeline for an approval? That'll be my first question.

A - Morten Hubbe {BIO 7481116 <GO>}

I think, the best way to answer that is to say that the dialogue has been initiated with the Danish antitrust authorities. It's driven by our Canadian partners, Intact. And the process is in motion and we still expect the deal to close in Q2. This is a very dissimilar process to the one we saw when we went through the Alka motions. This is an acquisition where we essentially at Tryf Financial host. If anything, we have no controlling interest in Codan Denmark whatsoever. And we believe that Intact will go to this filing of the motion and approval so we can close the deal in Q2.

Q - Martin Gregers Birk {BIO 19920552 <GO>}

But why do you think they haven't filed yet? I mean, it seems weird that the transaction has been ongoing for so long and one of the sort of key antitrust approvals, they don't seem to have done anything about it, at least not on paper?

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

It's a very common methodology that it takes a little time before you formally file your application. So this is just according to plan and what we expect it to be, Martin, this is how it's normally done with antitrust authorities.

Q - Martin Gregers Birk {BIO 19920552 <GO>}

Okay. All right.

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

So the date of filing is never the same as the date when you start the dialogue.

Q - Martin Gregers Birk {BIO 19920552 <GO>}

Okay. Very clear. And then onto another regulatory approval in the U.K., which I guess is still pending and its also an important one for Intact. What should we expect -- what should we -- is there any timeline on that approval? And in terms of COVID-19, is there any possible for a delay of U.K. Antitrust approval.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think in general, as Johan was saying before, we have all the processes started and initiated. Again, the dialogue with the PRA in the U.K. is a matter for Intact. And as Johan just described, there is a long process ahead of a formal filing and that also applies to the U.K. market. But again, we haven't got any signals that, that will delay the closing. So all that is in process and the -- and moving forward we don't anticipate a closing in the second quarter.

Q - Martin Gregers Birk {BIO 19920552 <GO>}

Okay. Maybe just a follow-up on that, because on the regulatory frontiers or antitrust frontiers, what kind of signal or what kind of probability would you have to put on an approval from Danish antitrust and U.K. antitrust before you are able to go forward with the rights issue?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think it's not a matter of putting a percentage or a likelihood, it's a question of general progress and you can see how advanced the dialogue is with the various authorities. So, there will be some kind of subjective judgment call when we decide to go to the market.

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

But, I guess, it's fair to say that authority approval -- we need to be respectful that it takes time. We need to be respectful that it's several jurisdictions and it's never as fast as you would like, and that's only natural. But we also know that it is more process and time than it is uncertainty. And we just need to respect and deal with the fact that that takes time, and that's why we've said closing expect could in Q2. Pleased that we're seeing some of the approvals already, not unnatural that for instance the U.K. is one of the things awaiting, because that is where you see more complexity. But it looks like Q2 is the right time frame and then we just have to be a little bit more patient than we like. And that's, as I said, always, yes.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think, if I may add a last comment, you asked if we see any impact of COVID-19, and the answer to that is no. The dialogue is taking place as it would, I would expect, if everyone were in the offices. So, in this particular area, we don't see COVID-19 delaying or impacting the dialogue that is taking place in those jurisdictions as of now.

Q - Martin Gregers Birk {BIO 19920552 <GO>}

Okay. I appreciate it. Thank you so much.

Operator

Next question is from Lee Dunlop of JP Morgan. Please go ahead.

Q - Analyst

Good morning. Thank you for taking my question. Just a quick follow-up to the regulatory update you've provided which are very helpful. In your reference to the competition approvals, is the countries for the financial regulators, is that the same status as the antitrust, like you received with Norway, U.K. and Denmark are outstanding, is that correct?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

No, we have a separate dialog going on with the, you say, the FSA's in the various countries. So that is a separate process that runs in parallel with the antitrust. But as such, I would say that the FSA approvals are more formalities than I would expect the antitrust. They are more focused on the actual business that we are taking over as such.

Q - Analyst

Okay. And have any been actually been received approvals or they're all in discussion?

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

There is -- as far as I'm updated, it's all in process. So we haven't received any formal approvals as of yet.

Q - Analyst

Okay. Thank you very much.

Operator

Our next question is from Paul Walsh of Field Gibson Media. Please go ahead.

Q - Paul Walsh {BIO 3076077 <GO>}

Good morning. Thank you for taking my questions. Just three from me, please. On the subject of the dividend and the decision made there, could you possibly talk about your justification behind the decision to (inaudible) dividend? Secondly, obviously, we are still largely in a sort of remote working environment. So with that in mind, are there any operational risks you foresee about that environment continuing? And lastly, could you perhaps give some comment on your progressions for IFRS 17, please? Thank you.

A - Morten Hubbe {BIO 7481116 <GO>}

Let me take the first one. I think on the decision to pay a dividend, that decision was largely taken in December, where we accumulated three quarters of dividends to pay the 525 for nine months, and then adding the 175 for Q4 is a natural continuation of that and what we announced in December. I think in the bigger scheme of things, we discontinued the quarterly dividends or suspended it in the spring of 2020 when the outlook was really tricky for the entire world. I think what we've seen throughout 2020 is that our business model is very resilient through the crisis, also the COVID-19 crisis. And that our earnings ability and thereby also our dividend paying ability has been unchanged. And that made it a fairly easy decision to resume paying dividends again.

I think the operational risk, I guess, the starting point was moving from 600, 700 people being able to work from home to getting to 7,000 connections, because some employee needs two, that was the first and biggest operational risk, we managed that. Particularly difficult was to get the call centers up and running from home. I think in the UK market that was a huge challenge for many insurance companies. And then, of course, it has enhanced IT risk, security risk. So, we spent quite a lot of money investing and further tightening our IT security to make sure that that operational risk was handled well. I think the current biggest operational risk is probably that the longer our staff stays at home, the more people get lonely and depressed and not being able to see colleagues, hopefully, we will manage through that. But I think that's probably the biggest operational risk as we see it now.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Absolutely agree. So, you can say in terms of the working environment and running our business is very much status quo. The important part was when we had to mobilize the whole organizations to work-from-home, as Morten said, when COVID hit us in the spring.

Q - Paul Walsh {BIO 3076077 <GO>}

And just to sort -- can I just follow-up on that, you talked about the sort of the mental health side of things. Have you tried taking any steps to sort of mitigate those risks? Are we taking any steps to possibly get involved in improving mental health of employees?

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

(inaudible) we did on this was just a week ago. So, we monitor this quite closely and then we are doing lots of things in the various apartments to cheer up employees, celebrate virtually, send things home to employees, do as much as we can to create variation and co-operation and the feeling of being together as you are at home. So we are doing a tonne of stuff on that and those that actually work. And we've got the highest employee set ever in the autumn, so I think we are pretty successful in this.

A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

And you can say, we support that by continued surveys of our staff, so we monitor, you can say, the employees well being on a very frequent basis.

The last point you asked about what's the progress in terms of IFRS preparations. And I guess, like the rest of the sector, we are heavily engaged, you can say, in terms of preparing the accounts that we're able to report as intended on 1st Jan, '23. But I think also what you should bear in mind is that in the P&C part of the insurance market, the impact will be less than if you look to the life insurance part of the sector, that's not you can say diminishing the impact because there will be an impact on the way that we report. So we are well progressed, you can say, with a dedicated team working on ensuring that we will be ready when the new regulation comes in play.

Operator

Next question is from Derald Goh of Citigroup. Please go ahead.

Q - Derald Goh {BIO 20775137 <GO>}

Good morning, everyone. Just a couple of questions, please. Firstly, I guess, it's one for Johan, it's around the synergy target that you've disclosed. So you kept the overall figure stable, the DKK900 million. But I'm just wondering, if you have any new insights based on additional studies you've done since the last update? And specifically I'm interested to hear what you're trying to do with the Swedish product, specially.

And then my second question is on the January renewals. Could you please get an indication of maybe the rate that you've seen in absolute terms and also relative to prior years? And also may be an indication of the level of profitability that you're at and how much more is there to be done in terms of pricing? Thank you.

A - Morten Hubbe {BIO 7481116 <GO>}

Maybe I'll start but the synergy question. I think it's fair to say that we of course very focused on reaping the synergies that we laid out, the DKK900 million by 2024. At this stage, there are no insights that indicate that we are changing our synergy numbers. We are expecting DKK500 million of our synergies to be coming out of the Swedish market and 80% of the total energy targets of DKK900 million to be coming out of cost. But at this point, there's no changes to the synergy targets, nor to the timing of them. So we are just reaffirming the synergies as we laid out back in November.

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

And when it comes to your question on renewal 1st of January, that's a particularly important renewal date for corporate's, as roughly 50% of our corporate business renews 1st of January. It's been a good renewal. In all three countries the corporate price increases on 1st of January has been more than 10%. Denmark slightly more than 10%. Norway is somewhat higher than Denmark and actually corporate Sweden with the highest increase 1st of January. I think it's been received well. Customers have understood . And also, majority of the customers have stayed with us, even including these increases. It's a step in the right direction, but the reality is that this is a journey that we'll continue in the rest of '21 and also into the years following that.

Q - Derald Goh {BIO 20775137 <GO>}

Thanks, Johan.

Operator

Our last question is from John Denham of Morgan Stanley. Please go ahead.

Q - Jonathan Denham {BIO 19972914 <GO>}

Good morning, Martin, Johan and Barbara. Thank you very much for taking my questions. One of your competitors are talking quite openly about looking at M&A opportunities in Denmark. I was just wondering how co-owning Denmark works if it comes to sale? i.e., how do you at Intact evaluate sell prices for Codan Denmark and when could any sale be announced given the logistics of the demerger? Is it the kind of 2Q '21 expected deal closing or the demerger in 1Q '22?

And just secondly, give your dividend expectations, I guess, the implications for TryghedsGruppen. How do you expect that to impact your competitive position either in Denmark, either on the prices you charge or the rebates you give? Thanks.

A - Johan Kirstein Brammer {BIO 18640275 <GO>}

Maybe I can start off with answering your question on the dialogues in the press around M&A, interest in the Danish asset. I think it's -- we can answer that very clearly to say that Intact, our Canadian partner, is the controlling owner of the Codan Denmark asset and it will be in their sole discretionary interest to figure out what strategic initiatives they will pursue. I'm sure they're also reading the Danish press and they will pick up on the interest that is communicated there, but it's not within our arms to actually drive or influence this potential sale of the Danish asset. Those strategic alternatives rest with Intact, our partner.

A - Morten Hubbe {BIO 7481116 <GO>}

And I guess it's quite important that we own the company 50-50, which means that the economic interest of finding the maximum value solution is in the interest of Intact, similarly in the interest of us. But Johan put it, Intact is entirely running that transaction. And as you rightfully put it, of course, the separation put some complication into the question of the Danish asset in terms of timing and process. So bear that in mind. But I think any additional questions on that in more detail, we will have to put to Intact.

I think when it comes to the dividend for '21, I think that TryghedsGruppen is very pleased with the medium term dividend capacity with a doubling of the earnings, with all other things equal, doubling of the dividend capacity. And as for '21, we've had a we've had a good strong dialogue with TryghedsGruppen all along. So this is not something that will be a big surprise for them. And also, not something that we expect to impact our competitive position or our market position as such. So I think we look forward to getting into the improvement of earnings zone, improving from the synergies and moving towards the doubling of the earnings and increasing the dividend capacity. And we have TryghedsGruppen alongside in that process.

Q - Jonathan Denham {BIO 19972914 <GO>}

Sorry, maybe about the competitive position 2022 onwards when you're talking about the doubling of the dividend, if you think that will impact your competitive position in Denmark.

A - Morten Hubbe {BIO 7481116 <GO>}

Well, I think that, no, I don't think so. I think the -- what we'll see is that our earnings capacity will increase largely from Sweden and Norway, and then planning a further healthy development in Denmark. And then as we increase our dividend capacity, TryghedsGruppen will get more dividends from us and then they will make their decisions on how much to spend on bonus, how much to spend on TrygFonden or the Tryg Foundation, and how much to spend on buying back more Tryg shares. And they've clearly announced an intent to buy back more shares in Tryg, that's very positive. And they will do that over the coming years. And our increased dividend will of course help them on that journey.

Q - Jonathan Denham {BIO 19972914 <GO>}

Thanks very much.

Operator

There are no further questions. I will hand back to Morten for any closing remarks.

A - Morten Hubbe {BIO 7481116 <GO>}

Thank you all for participating. Slightly longer than usual, but only natural and in light of the RSA transactions and Q4. But thanks a lot for participating. Thanks a lot for your good questions. And we'll see you out there. And if you have any additional questions, please don't hesitate to call Gian or Pita and investor relations. Thank you.