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I SUMMARY

Social Security

Eligibility	Social security: All residents in Denmark. Supplementary pension scheme (ATP): All wage earners aged 16 - 64.
Retirement Age	65M/F
Contributions	Employees mainly contribute to basic social security through income taxes, and employers through corporate taxes.
Retirement Benefits	Social security: Basic amount plus special supplements. Labour market supplementary pension scheme (ATP): As of age 65 - the amount depends on contributions paid and on years of contribution. Early (age 60 - 61) " <i>Efterløn</i> ": Maximum of 91% of unemployment benefit, reduced by a percentage of all pension entitlements (i.e. employer sponsored private benefit plans, including capital pension schemes). Early (age 62 - 65) " <i>Efterløn</i> ": The benefit corresponds to 100% of the unemployment benefit.
Disability Benefits	Same as early retirement. Benefits are granted according to the working capacity criterion. Benefits are only payable if it is impossible at all for the person to fulfill the demands of occupational tasks.
Death Benefits	ATP: Lump sum benefits payable to spouse and children. Social security: There are no death benefits payable to surviving spouses. However, the surviving spouse's benefits, if any, are converted to the level of single persons, as all rates are lower for married couples (per person) than for single persons.
Medical Benefits	Quite extensive programme for medical services, hospital, surgery etc.

Private Benefit Plans

Eligibility	Age limits: 18 - 65 M/F. Waiting period: Up to 1 year, but typically three months.
Retirement Age	65M/F
Contributions	Normally contributory. Frequently total contribution for pension plan is 12% - 18% of pensionable salary (employer 8% - 10% and employee 4% - 6% of pensionable salary).
Retirement Benefits	Depends on contributions paid. Lump sums and/or instalment pension and/or annuities.
Disability Benefits	Compulsory group cover (Solidarity Cover): 0% - 50%, but typically 30% - 50% of pensionable salary. Payable if working capacity is reduced by 1/2 or more. Payable till normal retirement age. Waiver of premiums included. Voluntary additional cover: Up to a total of 80% of salary. Critical Illness: Usually a fixed amount (lump sum). Payable when the insured is diagnosed with an approved critical illness.
Death Benefits	Compulsory group cover (Solidarity Cover): Lump sum death benefit of 0% - 500%, but typically 100% to 500% of pensionable salary. Voluntary additional cover: Up to a total of 8 times annual salary. Orphan's Pension: Up to 25% of pensionable salary per eligible child, payable normally till age 18, 21 or 24.
Medical Benefits	Private health insurance is available, mainly for treatment at private hospitals/clinics.
Vesting	Usually totally immediate vesting.

Taxation

Employer Contributions	Social security: ATP sickness benefit fund and work injury fund fully deductible. Private benefit plans: Normally fully deductible.
Employee Contributions	Social security: ATP unemployment fund and early retirement (<i>Efterløn</i>) fully deductible. Private benefit plans: Normally fully deductible.
Benefits	Social security: Almost all pension benefits and ATP are taxed as income. Private benefit plans: Pensions taxed as income, lump sums taxed at flat rate (currently 40%).

II INTRODUCTION

Country Statistics

Population/** growth rate**	5,53 million (September 2009) 0.64% (October 2008)	
Age structure		
0 - 14 years	18.1%	
15 - 64 years	65.8%	
65 years and over	16.1% (2009 est.)	
GDP purchasing power parity/ Real growth rate	USD 199.1 billion (2009 est.) -3.6% (2009 est.)	
Agriculture	1.2%	
Industry	25.7%	
Services	73.1% (2009 est.)	
Unemployment rate**	4.4% (November 2009)	
Inflation rate**	1.7% (2008)	
Annual gross salary*	in DKK	
Labourer	General: 236,277	Skilled: 300,587
Professionals	Junior: 382,401	Senior: 486,484
Management	Lower: 618,895	Upper: 802,394
Legal minimum wage	Fixed according to the various labour agreements	
Exchange rate on February 28, 2010	1 DKK = 0.1825 USD	
Currency: Danish Kroner	1 DKK = 0.1344 EUR	

*Source: Mercer's International Geographic Salary Differentials, Edition 2008

**Source: "Danmarks Statistik" (the Danish Central Statistical Office)

Legislation and Insurance Market Update in Brief

No significant changes occurred on insurance legislation and in the insurance market in 2009.

III SOCIAL SECURITY

Background Information

Danish citizens are insured financially to a considerable extent against illness, unemployment, and the needs of the old aged, to which can be added supplementary aid schemes such as for the cost of housing and family allowances. In addition there are a large number of highly developed services in the form of day-care institutions, health service, home help, etc. The state has the supreme responsibility for social legislation and planning, while the local authorities, in almost all areas, are responsible for the administration directly with the citizens. Exceptions are hospitals, which are administered by the counties; daily cash benefits, which are administered by the unemployment agencies; and compensation for injuries in the workplace, which is the responsibility of insurance societies and the Agency for Injuries in the Workplace.

Early Retirement Reform

On January 1, 2003 an early retirement reform was implemented applying to persons who are granted early retirement pension after January 1, 2003, i.e. persons who were granted early retirement pension, or for whom the case administration with regard to early retirement pension started before January 1, 2003, will after this date still be covered by the former Early Retirement Pension Act applicable up to January 1, 2003.

The early retirement pension is granted according to the working capacity criterion, the cases are subject to uniform case administration and there is only one benefit. In addition, there are no special benefits (personal allowances, etc.) to early retirement pensioners, and benefits to compensate for disabilities are granted via the Services Act to all persons between age 18 and 65.

Eligibility

All residents in Denmark are covered by state social security.

Contributions

In Denmark, unlike the other EU countries, employers and insured persons pay only a small part of the contributions. The bulk is funded out of general revenue of the government. As a result, Denmark has one of the heaviest tax and duty burdens of all EU countries.

Contributions for the Labour Market Supplementary Pension Scheme (ATP), which is a fully funded mandatory occupational scheme comprising all wage earners, is given as follows, applicable as of January 1, 2010:

Hours Worked per Month	Employee's contribution (DKK)	Employer's contribution (DKK)	Total contribution per month
Monthly salary (hours per month)			
At least 117 hours	90.00	180.00	270.00
78 - 117 hours	60.00	120.00	180.00
39 - 78 hours	30.00	60.00	90.00
Under 39 hours	0	0	0
Weekly salary (hours per week)			
At least 27 hours	23.70	47.40	71.10
18 - 27 hours	15.80	31.60	47.40
9 - 18 hours	7.90	15.80	23.70
Under 9 hours	0	0	0
Casual workers			
Per hour	0.64	1.28	1.92

Workers' Compensation insurance is demanded by law in Denmark to provide work-related death and disability benefits. The cost of such insurance varies according to the occupation, and is paid entirely by the employer.

Retirement Benefits

Retirement Age

Normal retirement: 65M/F

Early retirement (*Efterløn*): 60-64M/F

Early retirement: If working ability permanently reduced (minimum 50%): 18M/F

Qualifying Conditions

National Pension System:

A person must be a Danish citizen and a permanent resident of Denmark at the time of retirement. In addition, the person must have lived in Denmark for a minimum of 3 years between the ages 15 and 65. To receive full pension at age 65 the pensioner must have lived in the country for 40 years after age 15. If not, the pension will be reduced pro rata.

Labour Market Supplementary Pension Scheme (ATP):

ATP covers all wage earners between age 16 to 67, working for an employer for at least 9 hours a week. All recipients of early retirement pensions and partial pensions are allowed to pay voluntary contributions to the ATP. However, membership of the scheme is compulsory for recipients of early retirement pensions granted after January 1, 2003.

Early Retirement Pension/Disability Pension:

Early retirement pensions are awarded to Danish citizens resident in Denmark and between 18 to 65 years of age, if the working capacity is permanently reduced on account of physical or psychological disablement. A person must be a Danish citizen and a permanent resident of Denmark at the time of retirement. In addition, the person must have lived in Denmark for a minimum of 3 years between the ages of 15 and 65. To receive full pension at age 65 the pensioner must have lived in the country for 4/5 of the period from age 15 and the time when the early retirement pension is granted. If not, the pension will be reduced pro rata.

The early retirement pension (as of January 1, 2003) is awarded in accordance with the working capacity criterion. The evaluation is based on the “ability needed to be able to fulfill the demands of specific occupational tasks in order to achieve total or partial self support.” A focus is put on the person’s resources, development potential and occupational ability as opposed to his/her level of inability. It is intended that the early retirement pension should take effect once all other forms of support/rehabilitation (including Flex-Job) have been exhausted. So the pension is only awarded if the working capacity is reduced to the extent that it is no longer possible for a person to be active in the labour market.

Early Retirement (*Efterlon*):

Employees aged 60 to 64 who wish to leave the labour market are eligible for early retirement pension. The person must be a resident of Denmark and a qualifying member of an unemployment insurance fund (*a-kasse*). To obtain an early retirement pension, the employee must have been member of a fund for at least 25 years, and early retirement pension contributions must have been paid to the insurance fund for at least 25 years (with a transitional arrangement for people aged 35 or more).

From 2019 to 2022 the early retirement (*Efterlon*) age will gradually be raised from 60 to 62 years in half-yearly increments, while the public retirement age (social security and ATP) will gradually be raised from 65 to 67 years between 2024 and 2027. Contributions towards the early retirement scheme (*Efterlon*) will have to be paid for 30 years, as against 25 years today, and payments will have to have commenced at the age of 30 at the latest.

Benefits

National Pension System:

Social security pays a basic amount and some supplements, which are awarded when certain criteria are fulfilled. The basic amount is disbursed to all persons at age 65. The basic amount will only be reduced as a result of income derived from employment exceeding DKK 277,700. As of January 1, 2010 the basic annual amount is DKK 65,376. It is not related to the salary earned before.

If the residency conditions are not fulfilled, the basic amount is reduced according to the following formula:

$B \times n / 40$

B = basic amount

n = numbers of years of permanent residence in Denmark after age 15; cannot exceed 40.

Contrary to the basic amount, which is generally not means-tested, the supplements are. As of January 1, 2010, pension supplements amount to DKK 32,820 per person for married couples or cohabitants, and DKK 67,896 for single people. They are disbursed to pensioners with little or no income other than the old age pension (the basic amount) and are subject to a special means test, where the income of the person will be considered.

If necessary, the municipal authorities can also grant personal supplements to pensioners whose conditions are particularly difficult. The total expenses for personal supplements must be limited according to the number of pensioners in the municipality.

Pension disbursements (basic amount + supplements) can be postponed until age 75.

Labour Market Supplementary Pension Scheme (ATP):

At age 65 the ATP scheme will pay a lifetime pension depending on the contributions made, and the number of years of affiliation. Members of the scheme, who, because of their age when the law came into force (1964), have not been able to obtain the maximum seniority of 40 years, will be exempt from the general rules. The maximum pension for persons who joined the scheme from the beginning and who reached age 65 by January 1, 2010, amounts to approximately DKK 24,200 per annum.

As of January 1, 2009, it is possible to postpone the disbursement until age 75. The pension will then be increased accordingly.

Early Retirement Pension:

The pension will be granted according to the working capacity criterion. The early retirement pension cannot be granted unless the working capacity is reduced to such a degree that it is not possible for the person in question to be connected with the labour market, either in a normal employment or in a flexi-time job.

The case administration is made in such a way that attention is focused on the persons' resources. Thus, a resource profile is prepared describing how much the person is able to perform and how much they may be able to perform after the necessary support.

The benefit is fully taxable. The early retirement pension for a single person amounts to DKK 195,420 p.a., whereas the benefit for cohabitants or married persons amounts to DKK 166,104.

In the event of disablement, early retirement pensioners and others with reduced functional capacity who are between the age of 18 and 65 can apply for a compensatory benefit due to disablement. The benefit in question will be granted via the Services Act. The benefit will be net of taxes and not income-related.

Early Retirement Benefit (*Efterløn*):

The level of early retirement benefit and the calculation basis of any “offset” are determined according to the following criteria: whether or not retirement occurs at least 2 years after the effective date of an early retirement certificate of entitlement, and whether or not the member has worked a minimum 3,120 hours since that date.

At age 60 the early retirement benefit (for full-time members) is 91% of the unemployment benefit. For 2010, this amounts to DKK 177,840. Early retirement benefit will then be reduced by a percentage of all pension entitlements, i.e. from employer sponsored and private schemes including capital pension schemes.

Alternatively if retirement is deferred for at least 2 years (and the member works at least 3,120 hours) after the early retirement certificate’s effective date the early retirement benefit (for “full-time” member) will be 100% of the unemployment benefit, which is DKK 195,520 in 2010. In this case, only 55% of pensions paid from an employer sponsored scheme will serve to reduce early retirement benefit.

Disability Benefits

Qualifying Conditions

Disability is payable if the ability to work is permanently reduced on account of physical or psychological disablement.

Benefits

Disability Pension:

The pension will be granted according to the working capacity criterion. This means that an evaluation will be made of the working capacity relative to the demands that are made on the labour market to perform various specific tasks with a view to being wholly or partly self-supporting. The early retirement pension reform requires that a pension cannot be granted unless the working capacity is reduced to such a degree that it is not possible for the person in question to be connected with the labour market, either in a normal employment or in a flex-time job.

The waiting period for a pension to be paid is 3 months. In practice, examinations may take longer (up to one year), but then the benefit will be paid retroactively.

The case administration is made in such a way that the attention is focused on the person’s resources. Thus, a resource profile will be prepared describing how much the person is able to perform and how much they may be able to perform after the necessary support.

The benefit is fully taxable. The early retirement pension for a single person amounts to DKK 195,420 p.a., whereas the benefit for cohabitants or married persons amounts to DKK 166,104.

Death Benefits

Qualifying Conditions

There is no specific provision of death and survivor's benefits.

Benefits

Survivors' Benefit (ATP):

Since January 1, 2010 the lump sum benefit payable to the spouse/cohabiting partner amounts to DKK 50,000. If the diseased had paid contributions to the ATP scheme after 2002 the payment of the lump sum benefit will be conditional upon the diseased having paid contributions for at least two years since January 1, 2002 and having paid the full contribution for at least two years. The benefit is subject to 40% tax. The child's benefit amounts to DKK 50,000 for each child below the age of 21 and is also subject to 40% tax.

Funeral Grant:

Funeral grants of DKK 7,950 are provided for persons below age 18 and DKK 9,450 for persons age 18 and above (2010 figures). The funeral grant is reduced according to the means of the deceased.

Sickness Benefits

Qualifying Conditions

All those engaged in active employment who suffer a loss of income on account of illness or injury have the right to sickness benefit from the first day of absence. Residence in Denmark is a requirement.

Benefits

As of January 1, 2010, employed persons receive a weekly maximum of DKK 3,760, if they do not receive salary due to illness. An employer pays the salary for the first 2 weeks. After 2 weeks, the sickness benefit will be paid by the State for a maximum of 52 weeks within 18 calendar months. An employer who pays the salary during the employee's absence due to sickness is entitled to receive compensation from the social security sickness benefit.

Persons who are not permanently employed are not entitled to sickness benefits from an employer. Instead the employer pays contributions to the sickness benefit fund, and the employee will then be entitled to compensation from social security.

The employer can be exempt from paying sickness benefits to permanently employed persons. The employer will then have to pay contributions to the sickness benefit fund, but this is only possible if total salary expenditure for the year 2010 did not exceed DKK 6,343,750.

Medical/Health Benefits

Qualifying Conditions

All residents of Denmark are covered.

Benefits

The National Health Service covers all expenses for general and specialist medical care and some expenses for treatment by dentists, physiotherapists, chiropractors and psychologists. In addition, the health insurance grants reimbursement for medicine to some extent.

The hospital system is run by the regions (Denmark is divided into five regions). Hospital treatment is free and since 1993 patients have had free choice of hospital. With a reference from a doctor, free home nursing care is available so that patients can stay in their own homes during an illness. The local authority dental care for children and young people is free up to age 18.

Work Injury Benefits

Qualifying Conditions

All people who have a temporary or a permanent job.

Industrial injury benefits are granted in the following events:

- Accidents caused by the nature of the job or the conditions under which the work is done.
- Occupational diseases. The National Board of Industrial Injuries (*Arbejdsskadestyrelsen*) decides whether the disease is occupational or not.

Benefits

Compensation for Loss of Working Capacity:

If an injury at work causes loss of earnings through incapacity, compensation will be granted as an annual benefit, paid out monthly in advance. Compensation is not granted if the working capacity has been reduced by less than 15%. For total disability, the annual compensation amounts to 80% of basic salary.

$$\text{Basic salary} = \text{annual salary} \times \frac{\text{maximum salary the year before the injury} = \text{DKK } 367,000 \text{ (2003)}}{\text{maximum salary at the time of injury} = \text{DKK } 451,000 \text{ (2010)}}$$

If disability is less than 100% the compensation is calculated pro-rata and according to the special formula below:

Basic benefit = basic salary x 4/5 x percentage of loss of working capacity

If the loss of working capacity is less than 50%, the annual compensation is converted into a lump sum. When the insured reaches age 65, the monthly payments cannot longer be converted into a lump sum.

Compensation for Permanent Injury:

If the degree of injury is 100%, the compensation will amount to DKK 752,000 (as of January 1, 2010). Compensation is paid as a lump sum and is calculated as follows:

DKK 752,000 x degree of the permanent injury
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Compensation for Loss of Income (Spouse's Pension):

Pension of 30% of the deceased's income is payable according to the formula below:

Basic benefit = basic salary x 30%

This amount will be disbursed in regular payments for a maximum of 10 years. However, maximum DKK 135,300 (2010).

When the period of disbursement has been decided upon, the surviving person's means to earn a living will be reviewed. In order to determine this, age, health, education, occupation, etc. are taken into consideration. Payments will continue even if the person remarries. When the surviving person reaches age 65, the recurring payments are converted into a lump sum which is equal to twice the annual disbursements.

Lump Sum:

If a work injury causes death, the surviving spouse is entitled to a lump sum. As of January 1, 2010, the lump sum amounts to DKK 141,500.

Orphan's Pension:

Each child is entitled to a current annual benefit of 10% of the deceased's annual salary. Maximum annual benefit is DKK 45,100 (as of January 1, 2010). If the deceased was sole provider at the time of death, each child will receive 20% of the deceased's annual salary. Disbursements will cease when the child reaches 18, or 21 if in education.

Unemployment Benefits

Qualifying Conditions

Employees between 18 and 63 residing in Denmark have the right to unemployment benefits after a minimum of one year's membership of an unemployment insurance fund, and a minimum of 52 weeks' work within the last three years.

Benefits

The daily cash benefit constitutes 90% of previous income, subject to a limit of DKK 752 per day and DKK 3,750 per week. The newly qualified have the right to daily cash benefits one month after the end of their training/education, amounting to 82% of the full benefit.

Payment of unemployment benefits ceases after 4 years of unemployment.

Unemployed individuals who are uninsured can, depending on their position as breadwinners and the overall financial position of the family, receive cash benefits under the Social Assistance Act.

Other Benefits

Maternity Benefits

All wage-earners who reside in Denmark are entitled to maternity benefits.

The parents are entitled to a total of 52 weeks maternity/parental leave combined with full benefit payments equal to the weekly sickness benefit. The 52 weeks are broken down as follows: The mother is entitled to take leave 4 weeks before and 14 weeks after the birth. In the same period, the father is entitled to 2 weeks. Following the 14 weeks after the birth, either the mother or the father can take child care leave for another 32 weeks or they can split up the 32 weeks between the two parents (e.g. the mother takes 12 weeks and the father 20 weeks).

If the individual employee is entitled to full salary during maternity/parental leave, the employer receives the benefit instead.

Family Allowance

Family allowance is paid under a separate programme (neither social security nor ATP).

Family allowance is paid to all families with dependant children, regardless of the parents' income. The allowance is paid directly by the ministry of taxes. The benefit is paid quarterly and is adjusted annually according to developments in the consumer price index. Benefits are tax-free.

Benefit payable for	Total annual benefit 2010
Children age 0 – 2 years	DKK 16,988
Children age 3 – 6 years	DKK 13,448
Children age 7 – 17 years	DKK 10,580

Children's Allowance

Additional allowances are available from social security. Some allowances are paid automatically and some must be applied for.

For example, a single parent family will receive an ordinary children's allowance of DKK 4,868 per child annually. In addition, the single family that receives the ordinary children's allowance will receive an extra allowance of DKK 4,956 annually per family irrespective of the number of children. Families who have twins, triplets etc. will receive an allowance of DKK 8,024 p.a. per child for the second, third etc. until the child reaches the age of 7.

The orphan's allowance (where both parents are dead) amounts to a basic allowance of DKK 24,864 per year and possibly a supplemental allowance of DKK 3,216. Further allowances are available upon approval and/or after a means-test.

Family and child allowances are tax-free.

Taxation

Employer Contributions

Employer contributions to ATP, the sickness benefit fund and to the work injury insurance are considered tax-deductible trading expenses.

Employee Contributions

Employee contributions to ATP, an unemployment insurance fund, and to the early retirement scheme are tax-deductible.

Benefits

Almost all pension benefits received from the state or ATP are taxed as income.

Other Information

Reciprocal Social Security Agreements

All EU/EEA countries, all Nordic countries, Australia, Canada (including Quebec), Chile, Croatia, Israel, Macedonia, Morocco, New Zealand, Pakistan, Slovenia, Switzerland, Turkey, the United States of America and former Yugoslavia.

IV PRIVATE BENEFIT PLANS

Background Information

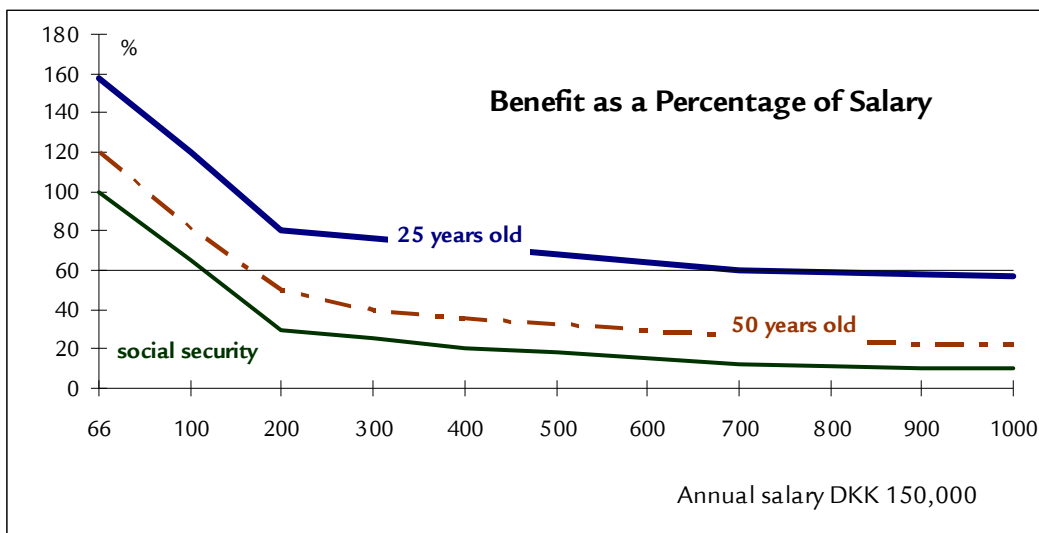
The private occupational pension schemes in Denmark are based on either compulsory collective labour market agreements or agreements in the individual companies (not compulsory by law). Today, roughly 90% of Danish wage-earners are covered by a pension scheme that pays benefits in the event of disability, critical illness, death and retirement. Health insurance is included as well.

Contributions vary from 10% to 20% of payroll. The labour market pension schemes represent the lower end of annual contributions. Contribution levels are, however, successively being increased through an integrated element of periodic collective bargaining, stipulating an overall contribution level between 11% and 12%. In the individual company schemes the contribution is usually 12% to 18%. For both schemes, 2/3 of the contribution is paid by the employer and 1/3 by the employee.

The size of the benefits from occupational pension schemes varies considerably, depending on the contributions paid. Most schemes, when combined with the state pension, aim at providing 60% to 70% of final income.

State benefits are rather low. The following diagram illustrates the social security benefit including ATP, and a defined contribution benefit including social security and ATP starting at age 25 and at age 50, as a percentage of the present annual salary.

The contribution level is 12% of annual salary.



It is obvious that an employee with an annual salary of more than DKK 150,000 should establish a pension scheme at a young age or make large contributions if the pension scheme takes effect at the age of 50, in order to accumulate a fair benefit on retirement.

Customary Benefit Plans

The following sections describe a customary flexible (“flex”) benefit plan (company scheme) designed for white-collar workers of individual companies.

Eligibility

Age limits: 18 to 65M/F

Waiting period: Upon employment up to 1 year (typically three months)

Contributions

Total contribution constitutes typically 12% to 18% of pensionable salary of the employee. The employer pays 2/3, and the employee pays 1/3. The pensionable salary is usually equal to the full annual salary.

Retirement Benefits

Retirement Age

Normal retirement: 65M/F

Early retirement: 60M/F

Benefits

Retirement Pension: Payable at age 65. Amount of pension depends on number of contribution years and amount of premium (defined contributions). Benefits can be paid as lump sums or pensions.

Vesting

Total immediate vesting. The employer may, however, maintain the right to:

- Receive payment of the bonus accumulated on the insurance.
- Receive payment of the insurable value of the insurance if the employee leaves his position prior to the attained age of 30 and prior to the expiry of a period of five years after appointment and without any of the pensions having been affected. This, however, is not very common.

Disability Benefits

Disability Pension (Compulsory Group Cover and Solidarity Cover):

0% - 50%, but typically 30% - 50%, of pensionable salary. Payable if the working capacity of the employee is reduced by 1/2 or more after a waiting period of 3 months. Payable until retirement. Waiver of premium is granted.

Disability Pension (Voluntary Additional Cover):

Up to a total of 80% of salary. Waiver of premium is granted. The waiting period for both benefits is 3 months.

Death Benefits

Lump Sum Death (Compulsory Group Cover and Solidarity Cover):

0% - 500%, but typically 100% - 500%, of pensionable salary.

Orphan's Pension (Voluntary Additional Cover):

Half orphan: up to 25% of pensionable salary per eligible child, payable till the age of 18 or, depending on what is stipulated in the benefit plan, till the age of 21 or 24.

Lump Sum Death (Voluntary Additional Cover):

Up to a total of 800% of pensionable salary.

Medical/Health Benefits

Critical Illness:

As there is usually no statutory financial assistance available to employees suffering from a life threatening illness, many companies take out an insurance that pays a lump sum if the employee is diagnosed with one of many diseases (e.g. cancer).

Health Insurance:

An employee may be suffering from an illness which requires treatment, but where the waiting period for such treatment in the National Health Service is too long, the employer can take out an insurance covering payment of medical expenses in connection with treatment at a private hospital, rehabilitation, by a specialist, etc.

Preventive Health Care:

A few insurance companies offer preventive health care plans, which give the employees an opportunity to consult, for instance, chiropractors and physiotherapists in cases where the employee in question suffers from job-related conditions and disorders.

Other Benefits

None.

Taxation

A life or pension insurance policy that is written with an insurance company approved by the Danish Financial Supervisory Authority, and which is intended to provide financial security on retirement, disability, critical illness and death, is usually given preferential tax treatment.

Contributions

Contributions to occupational pension schemes are normally tax-deductible. Contributions made by the employer are eligible as trading expenses and are fully tax-deductible. They are not considered to be taxable income to the employee. Employee contributions are also fully deductible. However, for capital pension schemes (lump sum payment on retirement) the deductible annual contribution is limited to DKK 46,000 (as of 2010). Contributions in excess of this amount do not qualify for preferential tax treatment. Contributions to a capital pension scheme are not deductible at the top income band. "High earners" (i.e. a person earning more than DKK 389,900 after deduction of labour market contributions in 2010 and therefore paying taxes in the high bracket) need to consider the merits of alternatively contributing to an instalment pension guaranteed for at least 10 years or a temporary guaranteed annuity. Contributions to these contracts continue to enjoy tax relief at the top rate. However, due to a tax reform that took effect on 1 January 2010, contributions above DKK 100,000 p.a. are only tax deductible if the contributions are paid to a lifelong annuity. Employees covered by occupational pension schemes are required to pay labour market contributions (gross tax) at the rate of 8% of pension contributions.

Benefits

The tax treatment of benefits depends on whether the scheme is an instalment pension/annuity or a capital pension scheme. Instalment pensions and annuity benefits are taxed as personal income during the liquidation period, whereas lump-sum benefits under capital pension schemes are taxed at a flat rate of 40%.

Double Taxation Agreements

Anguilla, Antigua and Barbuda, Argentina, Australia, Austria, Bangladesh, Barbados, Belgium, Belize, Brazil, British Virgin Islands, British Solomon Islands, Bulgaria, Canada, China, Croatia, Cyprus, the Czech Republic, Dominica, Egypt, Estonia, Faeroe Islands, Finland, France, Gambia, Georgia, Germany, Ghana, Greece, Greenland, Hungary, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Kiribati, Korea (Republic), Latvia, Lithuania, Luxembourg, Macedonia, Malawi, Malaysia, Malta, Mauritius, Mexico, Montserrat, Morocco, the Netherlands, New Zealand, Nigeria, Pakistan, the Philippines, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, Serbia/Montenegro, Sierra Leone, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Switzerland, Tanzania, Thailand, Trinidad and Tobago, Tunisia, Turkey, Tuvalu, Uganda, Ukraine, the United Kingdom, the United States of America, Venezuela, Vietnam, Yemen and Zambia.

Other Information

Funding

In Denmark, insurance arrangements are a very popular way of procuring additional wage-benefits for an employee. As most companies in Denmark are small and investment opportunities on the stock market rather limited, these insurance plans are normally financed through composite insurance companies or specialised pension insurance companies. Investment restrictions for life insurance companies apply to the amount representing the actuarial liabilities of the fund. Reserves exceeding these liabilities are not subject to any restrictions.

V FUTURE OUTLOOK

Trends in the Insurance Industry

The market continues to be dominated by defined contribution schemes and flex plans are increasingly popular. Here, instead of the traditional route of pre-fixed levels of death, disability and retirement benefits/contributions above a core level of basic risk benefits, the employee has considerable flexibility in determining the actual form and level of benefits to be provided.

The choice of benefits has also broadened with a steadily increasing interest in health insurance and critical illness. 983,000 Danes had concluded a health insurance by the end of 2008, of which 9 out of 10 insurances were paid by the employer. The positive trend is a result of the amendment to an act enacted by the Danish Parliament in 2002 which means that all employees of a company must be covered by health insurance for the employees to obtain the tax advantages stated in the act. This means that unskilled and skilled workers are now covered to almost the same extent as salaried employees with a higher education. In addition, more and more life and pension companies are focussing on prevention of claims rather than just paying out the insurance benefit. The companies offer different programmes on how to become healthier, and some even offer a discount on health insurance if a company's (client) health score (total health score of the staff of the company) is higher than the average of companies.

The interest in market yield products continues to grow in Denmark, too. Contrary to the traditional insurance product where fixed interest rates are guaranteed, more and more Danes are opting for market yield products where they can choose between different investment profiles or where the investment profile is adjusted to the person's age and life situation. The yield of such pension schemes is in accordance with the yield of the underlying investments in equities, bonds, etc. A yield guarantee can be linked to some market yield products, typically a zero-yield-guarantee, which means that a capital loss does not influence the pension scheme as the yield guarantee will kick in.

"PensionsInfo" Offers an Overall View of Pensions

A new survey shows that the 5.4 million Danes have altogether over 18 million private pension schemes. This means that on average each Dane over the age of 20 has 4 pension schemes. To this can be added "Efterløn" (early retirement pay designed for older employees who wish to leave the labour market – subject to certain conditions), old age pension and public early retirement pension. To offer the Danes the possibility of an overall view of their pension schemes including risk insurances all Danish pension funds, life and pension companies, banks, ATP (The Danish Labour Market Supplementary Pension Scheme) and the State Employer's Authority have agreed on the development of the website called *PensionsInfo* (www.pensionsinfo.dk). With *PensionsInfo* consumers have safe and easy access to an overview of their various pension schemes.

Short-Term Economic Outlook

The Danish economy was hit hard, albeit belatedly, by the global economic crisis but is projected to recover gradually as world trade regains momentum and as support is provided by the large automatic stabilisers, substantial fiscal easing and low interest rates.

Despite some withdrawal of the fiscal stimulus imparted in response to the crisis, the budget deficit is expected to remain large in 2011. Additional consolidation measures will be needed in due course to bring the fiscal position back on track with the long-term targets, and these measures should be spelled out sooner rather than later.