

Company update

Given after the AGM

Oslo, 28.03.2019

PROTECTOR
 insurance



Our DNA

Vision

The Challenger

Business Idea

This will happen through unique relationships, best in class decision-making and cost effective solutions

Main targets

Cost and quality leadership

Profitable growth

Top 3

Values

Credible

Open

Bold

Committed

«Olemme erilaisia»

«Vi är annorlunda»

«Vi er annerledes»

«Vi er forskellige»

«We are different»



Highlights 2018 results

15% growth – combined ratio 106,9%, and...



- GWP growth of 15% (15 % local currency)
- Net Combined ratio 106,9% up from 93,1%
- Profit before tax -340,6 MNOK down from 562,2 MNOK
- Investment return -56,2 MNOK or -0,6%
- AUM 9,5 bnNOK, float 6,3 bnNOK (both incl. COI)
- Solvency ratio of 174,4 % (incl. COI) - A.M. Best BBB+ maintained

...strong competitive position maintained



Highlights 2018 results

19% growth – combined ratio 98,6%, and...

- GWP growth of 19% (18 % local currency)
- Net Combined ratio 98,6% up from 93,6%
- Profit before tax -23,9 MNOK down from 441,0 MNOK
- Investment return -19,8 MNOK or -0,3%
- AUM 9,5 bnNOK, float 6,3 bnNOK (both incl. COI)
- Solvency ratio of 174,4 % (incl. COI) - A.M. Best BBB+ maintained

...strong competitive position maintained



Guiding 2019

Net combined ratio	96 %
Volume growth	14 %



Protector – Facts & Figures

Profitable growth through 15 years



Cost leader in the world

Gross expense ratio	2014	2015	2016	2017	2018
Protector	6,4 %	7,3 %	6,6 %	8,0 %	8,4 %
Codan/Trygg Hansa	21,2 %	16,4 %	14,8 %	14,5 %	14,2 %
Tryg	14,6 %	15,3 %	15,7 %	14,0 %	14,4 %
Gjensidige	15,0 %	15,1 %	14,2 %	15,3 %	15,2 %
If	16,7 %	13,0 %	16,6 %	16,3 %	16,1 %
Topdanmark	15,7 %	15,9 %	16,4 %	16,1 %	16,1 %
Länsförsäkringar	19,0 %	19,0 %	19,0 %	18,0 %	20,0 %
KLP	23,1 %	21,1 %	22,8 %	21,8 %	22,9 %
Avg. ex. Protector	17,9 %	16,5 %	17,1 %	16,6 %	17,0 %

Profitable but pay out more to clients

Net CR	2014	2015	2016	2017	2018	14-18
Gjensidige	86,0 %	83,7 %	83,4 %	85,4 %	85,0 %	85,3 %
Topdanmark	86,0 %	86,8 %	85,1 %	82,0 %	83,6 %	85,6 %
Tryg	84,2 %	86,8 %	86,7 %	84,4 %	85,1 %	85,8 %
If	87,7 %	85,4 %	84,4 %	85,3 %	85,8 %	86,0 %
Codan/Trygg Hansa	90,4 %	94,0 %	86,2 %	82,9 %	87,6 %	88,2 %
Protector	87,7 %	88,6 %	91,9 %	93,8 %	98,6 %	93,1 %
Länsförsäkringar	93,0 %	91,0 %	95,0 %	92,0 %	98,0 %	94,5 %
KLP	91,9 %	98,8 %	98,7 %	106,0 %	100,1 %	100,1 %
Avg. ex. Protector	88,0 %	87,7 %	86,8 %	85,9 %	87,8 %	87,2 %

Quality leader



Source: TNS Gallup surveys

Growing 25% per year

GWP Growth	2014	2015	2016	2017	2018	14-18
Protector	32,3 %	24,3 %	25,8 %	23,9 %	18,6 %	25,0 %
KLP	10,7 %	20,8 %	13,8 %	8,1 %	-1,3 %	10,4 %
Länsförsäkringar	7,4 %	5,4 %	6,0 %	5,9 %	5,1 %	6,0 %
Gjensidige	7,9 %	7,4 %	5,7 %	3,7 %	3,3 %	5,6 %
Codan/Trygg Hansa	-0,8 %	3,5 %	7,2 %	6,5 %	1,0 %	3,5 %
Topdanmark	2,6 %	-1,6 %	-1,2 %	1,4 %	1,7 %	0,6 %
Tryg	-4,4 %	-2,7 %	-1,7 %	0,7 %	4,3 %	-0,8 %
If	-2,8 %	-1,6 %	-2,2 %	1,5 %	-0,5 %	-1,1 %
Avg. ex. Protector	2,9 %	4,5 %	3,9 %	4,0 %	1,9 %	3,5 %

Price increases entering 2019

Further actions needed – in line with market



- Price increase in 2019 will continue
 - High retention and price acceptance in the market
 - Price increases 01.01 target >8%, result >8%



- Many individual price increases – more to come in 2019
 - Client churn higher than normal
 - Price increases 01.01 target >4%, result 5,8%

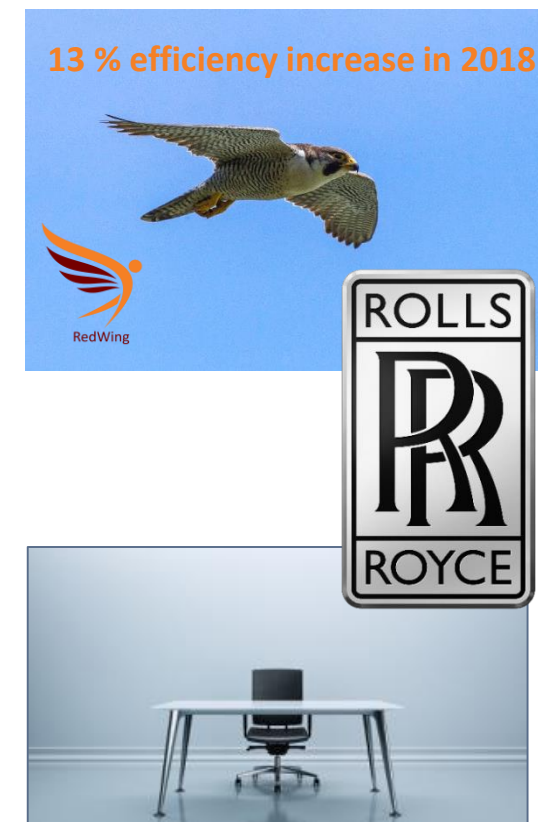


- Limited growth, but further profitability improvements in 2019
 - Portfolio re-pricing and clean up continues
 - Price increases 01.01 target >12%, result 9,4%



- Renewal rate 1.1.2019 >100% - due to some price increases
 - High retention and price acceptance in the market
 - As always in a new country some smaller portfolios must be cleaned

High level of market acceptance



Strong investment result over the business cycle

Underlying reality good, but volatility must be expected and managed



Beating all relevant benchmarks since insourcing

- Risk management through; Operational routines, mandate given by board, FSA stress test quarterly, internal stress test
- Investment portfolios in Norway, incl. Protector's, have enjoyed avg. NIBOR rates of roughly 1% above STIBOR and CIBOR in the period 2010-2017
- Slightly higher market risk than peer average in early years
- 107,1 % equity return after insourcing in Q4 2014 and 12,1 % bond return after insourcing in Q1 2015
- Approx. 75 % of result after tax from investments 08-17

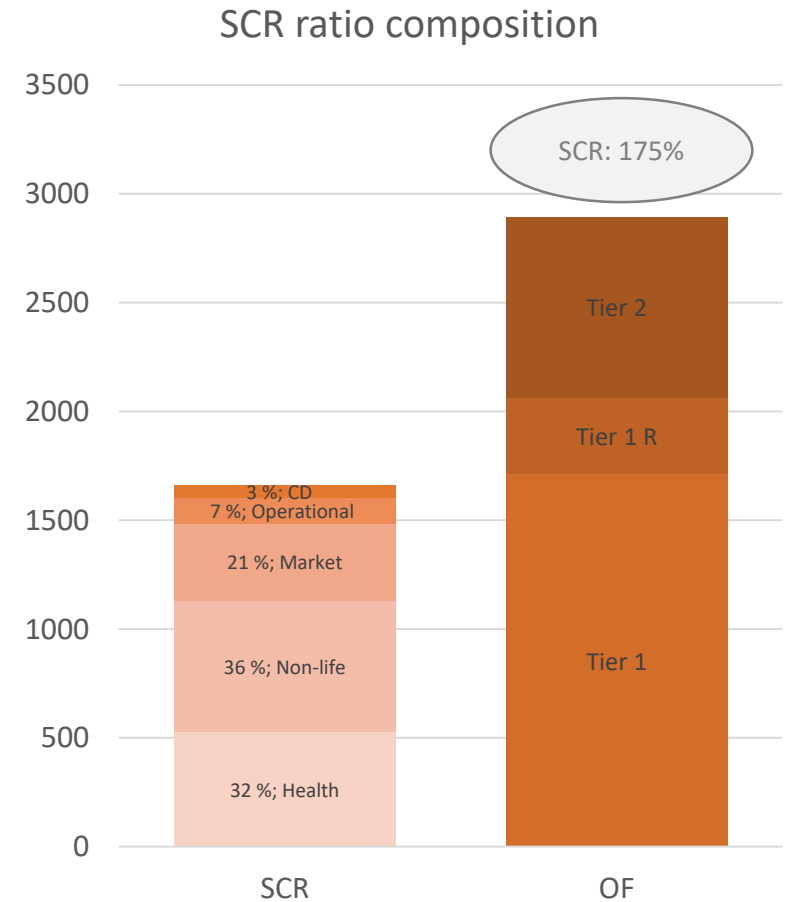
ROI	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-18
Protector incl. COI	16,1 %	9,7 %	-2,3 %	8,9 %	7,0 %	5,3 %	5,2 %	7,0 %	4,8 %	-0,6 %	6,1 %
KLP	8,3 %	7,2 %	4,5 %	6,5 %	6,5 %	6,5 %	4,4 %	6,1 %	5,6 %	1,8 %	5,7 %
Tryg	6,6 %	4,3 %	4,8 %	5,1 %	2,5 %	4,3 %	0,7 %	3,7 %	2,1 %	-0,8 %	3,3 %
Codan/Trygg Hansa	5,9 %	3,5 %	3,0 %	3,9 %	-0,4 %	3,9 %	3,0 %	2,8 %	2,7 %		
If	12,4 %	7,4 %	1,8 %	6,1 %	5,0 %	4,1 %	1,5 %	2,9 %	2,6 %	1,3 %	4,5 %
Gjensidige	5,5 %	5,2 %	4,4 %	5,4 %	4,3 %	4,3 %	2,6 %	3,9 %	3,7 %	1,5 %	4,1 %
Länsförsäkringar	10,0 %	6,0 %	-2,0 %	5,0 %	6,1 %	6,5 %	4,6 %	5,6 %	7,2 %	1,7 %	5,1 %
Topdanmark	7,3 %	4,8 %	3,1 %	6,9 %	4,1 %	3,4 %	1,0 %	4,4 %	2,1 %	0,0 %	3,7 %
Avg. ex. PRF	8,0 %	5,5 %	2,8 %	5,6 %	4,0 %	4,7 %	2,5 %	4,2 %	3,7 %	0,9 %	4,4 %

Balance sheet 2018

Very Strong – SCR 175%



- SCR coverage ratio 175% pr. 31.12
- SCR fully covered by Tier 1 capital only
- Full Tier 2 utilization; some Tier 1 restricted capacity
- Solvency based reinsurance solution also in place



Grenfell Tower Fire

A human tragedy



Grenfell Tower: 14 June, 01:30 BST



02:10 BST



02:34 BST



03:08 BST



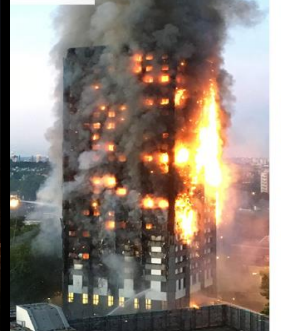
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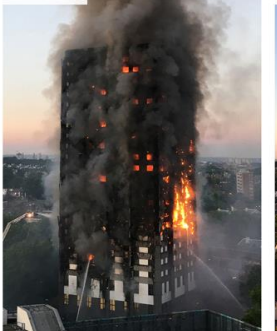
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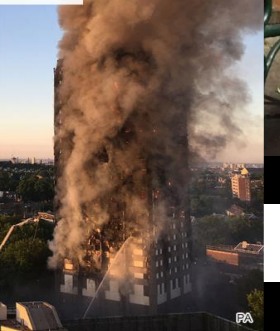
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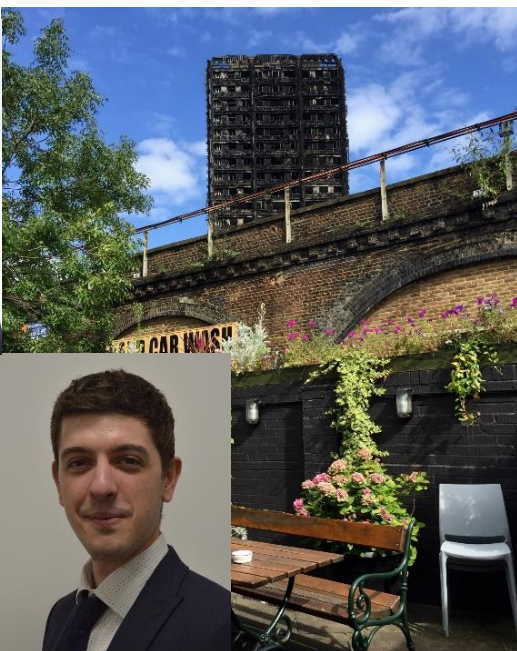


04:43 BST



05:16 BST





Kennedys
Legal advice in black and white



Claims handling

- Manage claim and client
- Keep lawyer cost at low level
- Process is key
- Align with reinsurance
- Proactive and professional communication
- Full property settlement finalised 17.08.2018
- Liability will take many years

Reinsurance

- Claims handling involvement/support
- Align reinsurance with Risk Management, UW and renewal season
- UK Casualty Reinsurance contract renewal completed twice
- Property XL with 2bn NOK capacity from January 2019
- Arbitration with Munich Re in May 2019 – lesson learned



World leading reinsurance partners



Property Reinsurance & Casualty Reinsurance
...In total 11 Reinsurance partners

Ensure correct settlements to BSRs and Clients on valid claims

Minimize the expenditure on legal costs

Learn for the future – Use Risk Management to mitigate future events



Risk Management/ UW

- RBKC walk-through
- Lessons learned from Grenfell Tower
- UW well done
- New broker and client initiatives incl. inspections
- Grenfell Risk Management report released



Media/Communication

- Reactive and open
 - On the spot and credible
- No media advisor
 - All requests handled internally
- Brokers, Reinsurance companies and “insurance industry” updated
- Potential Defendants



All media answered
All parties informed
Always

World leading reinsurance partners

Board of Directors



Investor

Oslo Stock Exchange

Insurance Insider Insurance POST 2

THE TIMES
Insurance Times

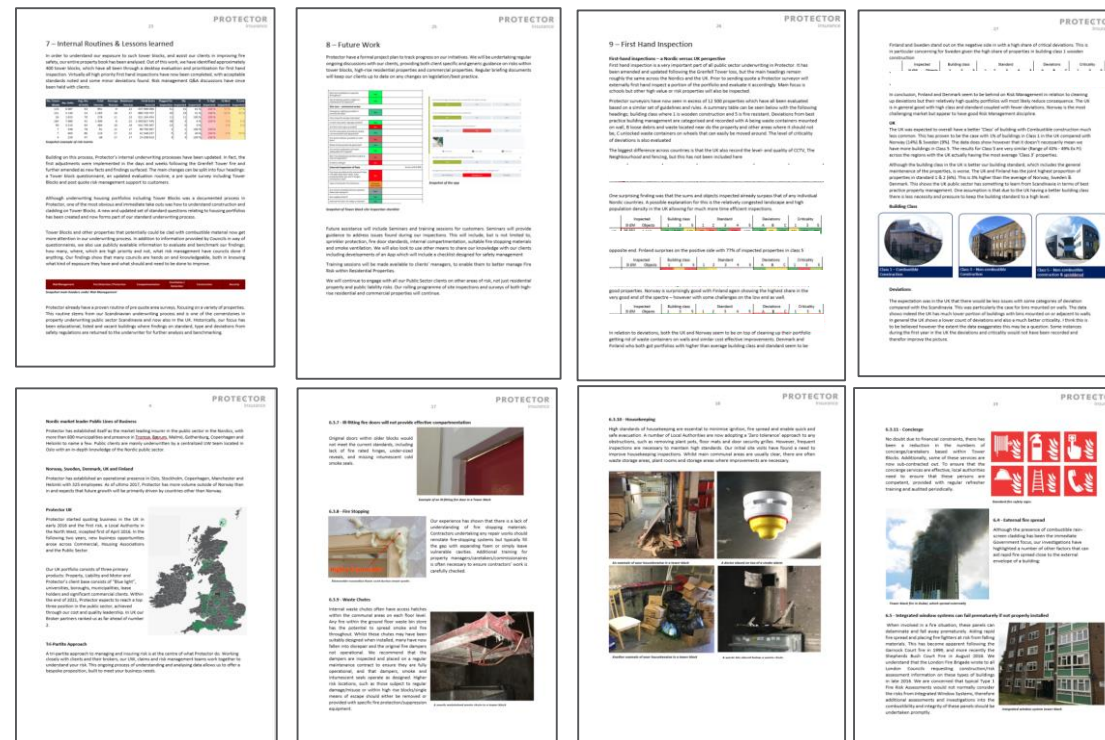
BBC
DAILY MIRROR

Post GFT Risk Management report released

Learn for the future – Use Risk Management to mitigate future events



- 40 pages based on a Review of Public buildings in the Public sector and not GFT as such
- Released in November in the UK - March in Norway



London office

Offices has been chosen



The Leadenhall Building – up and running in March 2019



UW/RM team of 4 will grow to 10 next 2 years – no hurry, slow start

Will give us access to a much larger commercial market

2019 → Onwards



Strategy 2018-2021 - Top 8 priorities

“Don’t change strategy”



- Claims Handling – Falcon
- Profitable growth in Nordic
- UK
- ROI peer knock out
- Protector University
- IT as Innovator and Accelerator
- World class HQ
- Manage matrix organization perfectly



Falcon – Claims handling

2017-2020



Cultural development

Culture eats strategy for breakfast

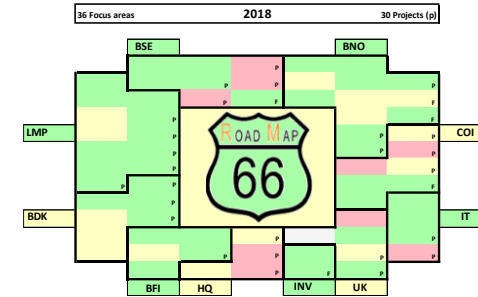


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Business Idea



This will happen through unique relationships, best in class decision-making and cost effective solutions

Main targets

Cost and quality leadership

Profitable growth

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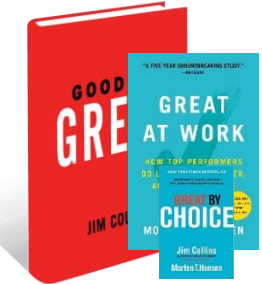
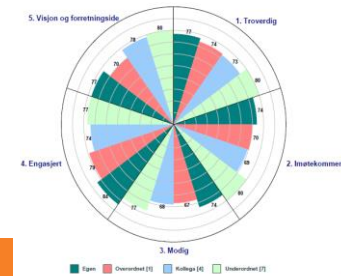
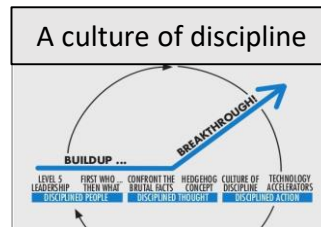
Values

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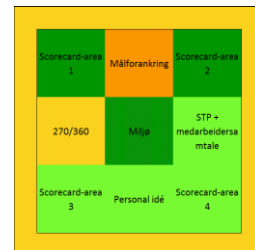
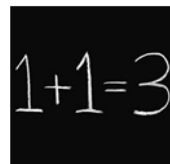
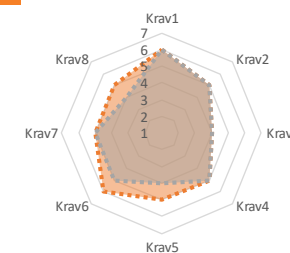
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Protector Profile



Management Development in Protector

Internally managed, external inputs



Long term financial objectives

New targets decided in Board meeting 31.01.2019



	Prior to 2019	From 2019
• Net Combined Ratio	92 %	94 %
• Solvency II Capital ratio	> 150 %	> 150 %
• Return on Equity (excl. COI)	> 20 %	> 20 %
• GWP growth rate	15 %	10-15 %



From Surplus to Risk XL on Property

Changed margin distribution and reduced margin in transition year (2019)



Question from Protector's Investor presentation Q4 2018, 01.02.19:

Can you give information on the CR distribution throughout the year?

- Given a 96 % guided Combined Ratio in 2019, the CR distribution might look like
 - High in Q1, lower i Q2, lowest in Q3 and then increasing in Q4 – average 96%.
 - This distribution is also influenced by normal seasonality effects
- Large Reinsurance commissions prior to 2019 was based on written premium
 - Commissions has always been very high in Q1 (since January 1st is a big renewal date), then decreasing through the year
- The reason why the margin is reduced the first year after changing from Surplus to Risk XL;
 - Surplus contract: Margins appear 100 % on client inception date and is based on gross written premium
 - Risk XL: Margins appear gradually through the year and is based on net earned premiums

Summary 2018 and onwards

Strong competitive position maintained



- Growth 19%
- Net Combined ratio 98,6%
- Profit before tax of -23,9 MNOK
- Investment return -19,8 MNOK or -0,3%, excl. COI
- Solvency ratio of 175% - A.M. Best maintains BBB+ rating

Guiding 2019

Net combined ratio	96 %
Volume growth	14 %

2019 – back with a healthy Combined Ratio, good speed towards 2020

- London offices opening in UK
- Competent people aligned and put into play – culture & competency is key
- Strong competitive position improved - cost, quality
- Many & large profitability improvements taking effect
 - Further price increases needed
- Change of Property reinsurance program – from Surplus to Risk XL



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