

# PROTECTOR FORSIKRING ASA

## CAPITAL MARKETS DAY

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Oslo 3<sup>rd</sup> June 2015



# Capital market day ambition

- Our focus is operational excellence...
- ...you'll learn to know and trust key people
- ...you'll understand more about our business and culture
- This time we will not;
  - deliver any new figures – or focus on figures in different business areas
  - update you on investment strategy or practice
  - update you on Sweden – since our Country Management is closing an important deal today

# Agenda

13.00	Introduction A profitable growth story	Sverre Bjerkeli
13.30	Change of ownership	Merete C. Bernau
14.00	Highlights Denmark	Flemming Conrad
14.30	Break	
15.00	Commercial sector Norway Public Scandinavia	Henrik Høye
15.45	Entry UK Market Entry Finland Summary and Q&A	Protector Forsikring
16.30	Drinks with management	



# 11 years with profitable growth



## Sverre Bjerkeli (55) - CEO:

- Head of consumer/commercial division at Storebrand (*If..*)
- CEO Storebrand Bank
- IT; Key positions in NOKIA/ICL and CEO Eterra/Ementor
- Last 11 years in Protector
- Handball player and trainer on international level
  - Marathon runner and Vasalopp skier “nowadays”

# Vision, Business Idea, Main targets and Values

## ***Vision***

*The challenger*

## ***Business Idea***

*This will happen through unique relationships, state of the art decision making, and cost effective solutions*

## ***Main targets***

*Cost and quality leadership*

*Profitable growth*

*Top 3*

## ***Values***

*Trustworthy (Troverdig)*

*Accommodative (Imøtekommen)*

*Brave (Modig)*

*Enthusiastic (Engasjert)*



## Half the cost of competitors

	2008	2009	2010	2011	2012	2013	2014
PRF	11,2 %	12,1 %	11,9 %	10,0 %	7,7 %	8,8 %	7,6 %
Tryg	17,1 %	17,2 %	17,0 %	16,6 %	16,4 %	15,6 %	14,6 %
Gjensidige	17,0 %	17,7 %	16,5 %	16,4 %	15,5 %	15,3 %	15,0 %
Top	14,7 %	14,9 %	15,4 %	15,7 %	15,8 %	16,2 %	15,7 %
If	17,4 %	17,6 %	17,2 %	17,3 %	16,9 %	16,8 %	16,7 %
LF	21,0 %	22,0 %	22,0 %	21,0 %	21,0 %	19,0 %	19,0 %
KLP skade	26,7 %	29,1 %	30,4 %	26,5 %	26,4 %	26,2 %	23,1 %
Codan*	20,2 %	20,4 %	19,9 %	21,5 %	22,4 %	22,7 %	23,6 %
<b>Avg ex PRF</b>	<b>19,2 %</b>	<b>19,8 %</b>	<b>19,8 %</b>	<b>19,3 %</b>	<b>19,2 %</b>	<b>18,8 %</b>	<b>18,2 %</b>

## Volume winner

	2008	2009	2010	2011	2012	2013	2014	Vol.weighted d 2008-2014
PRF	9,6 %	19,5 %	16,1 %	19,0 %	26,1 %	22,7 %	27,6 %	22,0 %
KLP skade	3,4 %	4,7 %	5,0 %	3,0 %	15,4 %	10,9 %	10,7 %	8,1 %
Gjensidige	4,4 %	1,3 %	8,3 %	2,9 %	1,7 %	5,3 %	8,8 %	4,6 %
LF	4,2 %	2,3 %	2,2 %	3,3 %	3,2 %	3,5 %	7,4 %	3,7 %
Codan*	12,8 %	1,7 %	0,3 %	-0,3 %	7,2 %	-1,0 %	-2,3 %	3,0 %
If	-0,5 %	-3,7 %	8,4 %	5,3 %	5,7 %	2,7 %	-2,1 %	2,5 %
Tryg	4,4 %	5,2 %	9,1 %	2,4 %	1,8 %	-4,0 %	-4,4 %	2,3 %
Top	0,8 %	-3,1 %	-1,4 %	1,4 %	1,0 %	1,5 %	2,6 %	0,3 %
<b>Avg ex PF</b>	<b>4,2 %</b>	<b>1,2 %</b>	<b>4,6 %</b>	<b>2,6 %</b>	<b>5,1 %</b>	<b>2,7 %</b>	<b>3,0 %</b>	<b>3,5 %</b>

Protector's growth is organic, while some competitors buys significant portfolios or makes large acquisitions during the period



## Best margin in Nordic

	2008	2009	2010	2011	2012	2013	2014	Vol.weighted 2008-2014
<b>PRF</b>	<b>95,8 %</b>	<b>97,8 %</b>	<b>94,2 %</b>	<b>85,3 %</b>	<b>86,2 %</b>	<b>86,7 %</b>	<b>84,5 %</b>	<b>88,4 %</b>
Top	82,4 %	91,1 %	93,3 %	90,3 %	88,0 %	91,5 %	86,0 %	88,9 %
Tryg	88,2 %	92,2 %	98,8 %	93,2 %	88,2 %	87,7 %	84,2 %	90,4 %
If	91,8 %	92,1 %	92,8 %	92,0 %	89,3 %	88,1 %	87,7 %	90,4 %
Gjensidige	94,4 %	94,8 %	95,3 %	91,9 %	85,3 %	89,2 %	86,0 %	90,7 %
LF	93,0 %	96,0 %	102,0 %	100,0 %	98,0 %	97,0 %	93,0 %	96,9 %
Codan*	98,5 %	100,4 %	101,8 %	102,4 %	94,3 %	95,3 %	94,7 %	98,4 %
KLP skade	97,3 %	95,5 %	121,9 %	118,1 %	107,8 %	103,7 %	91,9 %	104,6 %
<b>Avg ex PF</b>	<b>92,2 %</b>	<b>94,6 %</b>	<b>100,8 %</b>	<b>98,3 %</b>	<b>93,0 %</b>	<b>93,2 %</b>	<b>89,1 %</b>	<b>94,3 %</b>

Danish insurers included part of their estimated future invested income (discounted) in their combined ratio. The effect is 3-4% lower CR.



## Return on investments

	2008	2009	2010	2011	2012	2013	2014	Avg. 2008-2014
<b>PRF</b>	<b>-2,1 %</b>	<b>16,1 %</b>	<b>9,7 %</b>	<b>-2,3 %</b>	<b>8,9 %</b>	<b>7,0 %</b>	<b>5,3 %</b>	<b>6,0 %</b>
KLP skade	0,4 %	8,3 %	7,2 %	4,5 %	6,5 %	6,5 %	6,5 %	5,7 %
If	-3,1 %	12,4 %	7,4 %	1,8 %	6,1 %	5,0 %	4,1 %	4,8 %
Tryg	3,5 %	6,6 %	4,3 %	4,8 %	5,1 %	2,5 %	4,3 %	4,4 %
Gjensidige	-0,6 %	5,5 %	5,2 %	4,4 %	5,4 %	4,3 %	4,3 %	4,1 %
Codan*	5,6 %	5,9 %	3,5 %	3,0 %	3,9 %	-0,4 %	1,6 %	3,5 %
Top	-6,9 %	7,3 %	4,8 %	3,1 %	6,9 %	4,1 %	3,4 %	3,2 %
LF	-14,0 %	10,0 %	6,0 %	-2,0 %	5,0 %	6,1 %	6,5 %	2,5 %
<b>Avg ex PF</b>	<b>-2,8 %</b>	<b>8,8 %</b>	<b>5,7 %</b>	<b>2,5 %</b>	<b>5,5 %</b>	<b>4,1 %</b>	<b>4,5 %</b>	<b>4,0 %</b>

Our assesment is that Protector's risk-adjusted return is above average

# WHAT CREATES COST- AND QUALITY LEADERSHIP?

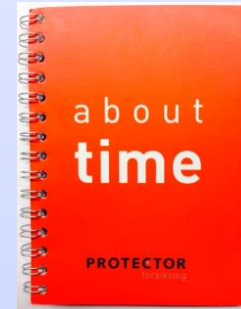
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# What creates cost- and quality leadership?

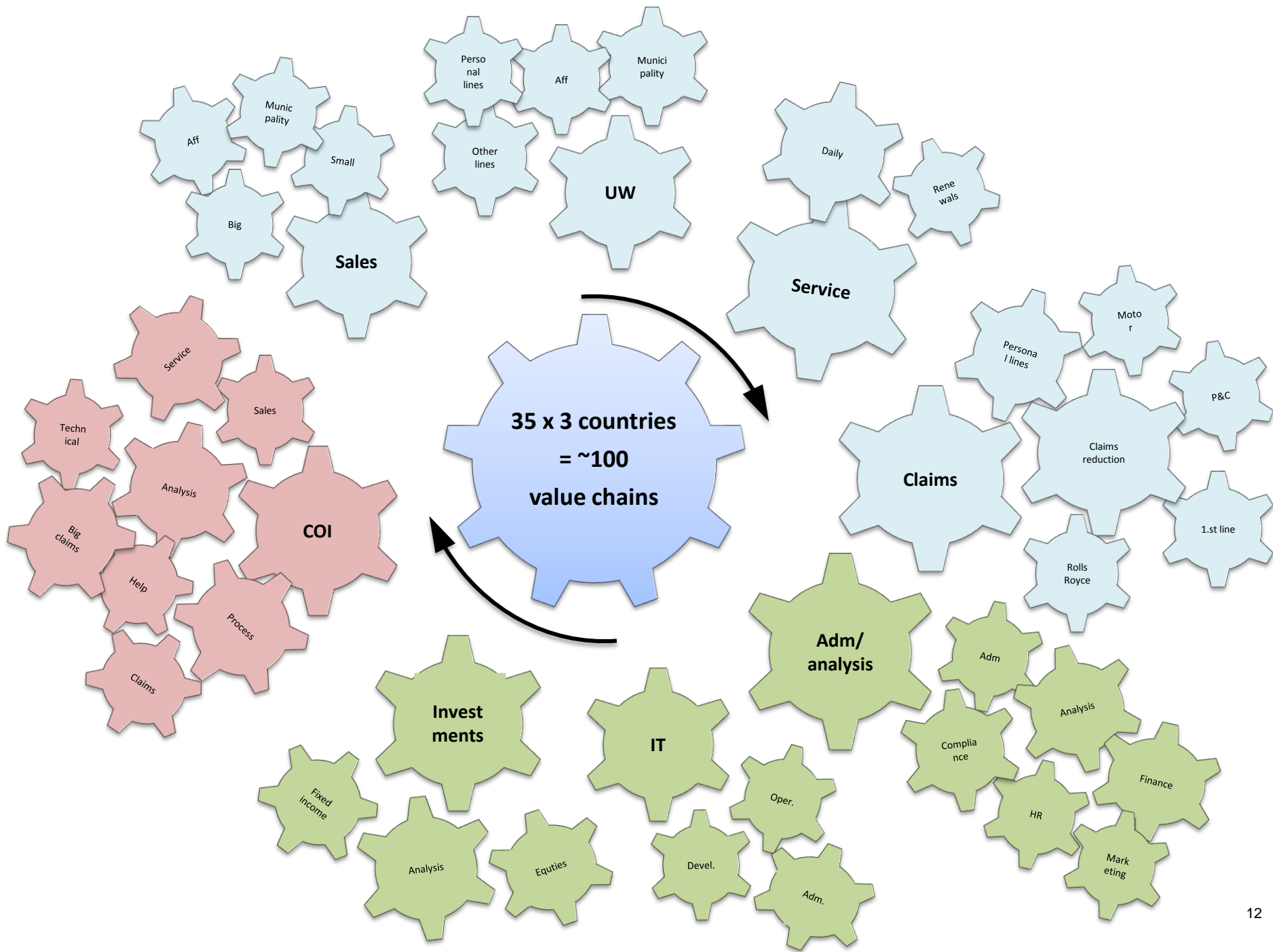
- A well defined and consistent strategy
- Value chains supporting strategy
- Competent people to implement
- This is a good start, but.....

.....«the secret» is;

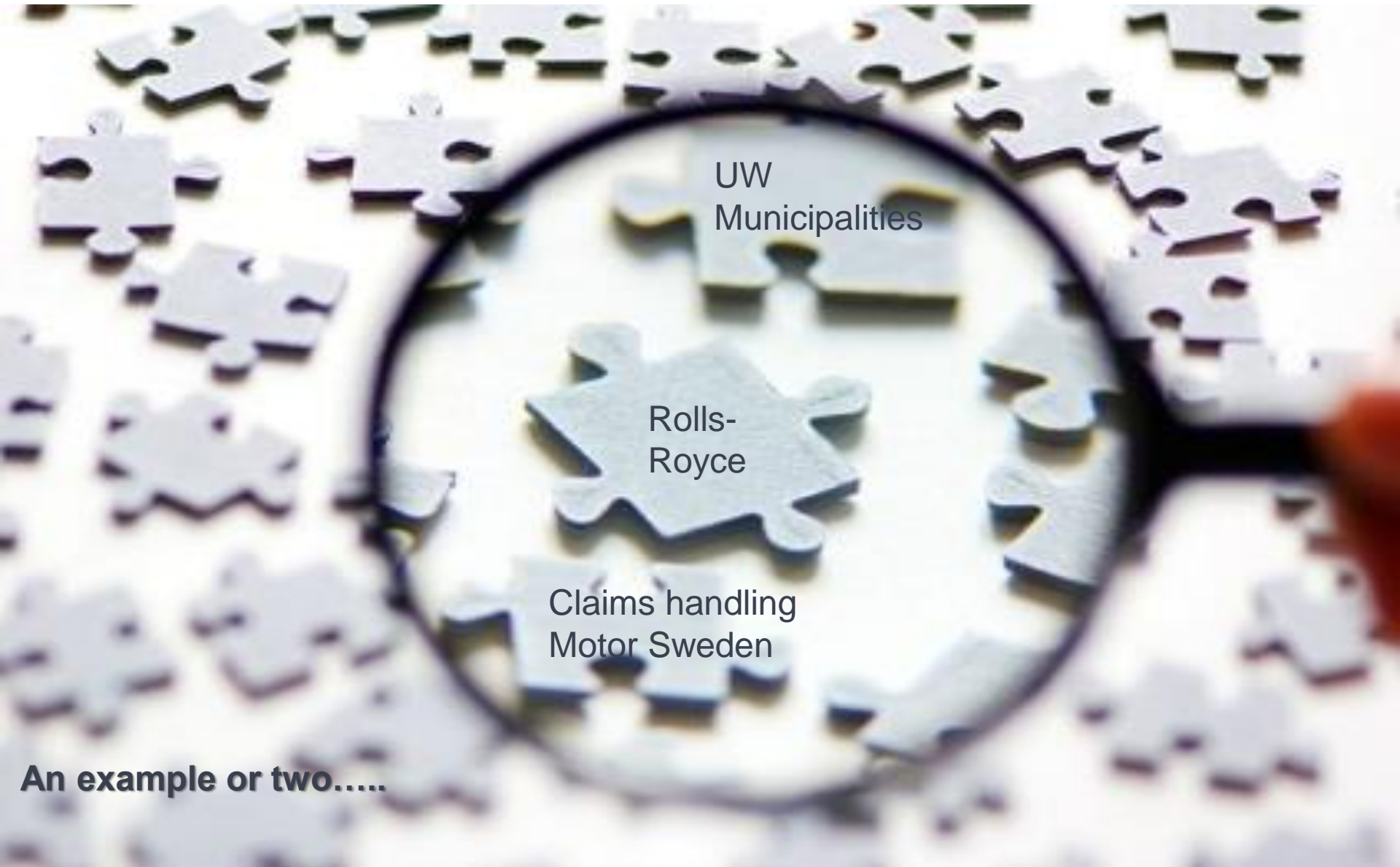
- *Vision, business idea, main targets and values*



- *Hard work to live vision, business idea, main targets and values every day*



# 66 development projects running



UW  
Municipalities

Rolls-  
Royce

Claims handling  
Motor Sweden

**An example or two.....**



# Company projects 2015

6 company projects and 60 others

LEDE®STJERNE

LEDE®STJERNE

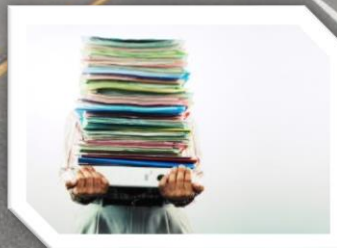
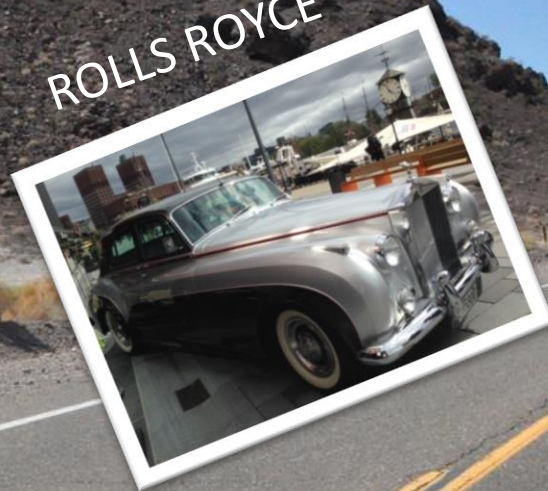
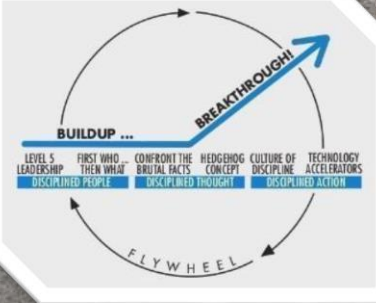
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ROLLS ROYCE

C4



# Vision, Business Idea, Main targets and Values

## ***Vision***

*The challenger*

## ***Business Idea***

*This will happen through unique relationships, state of the art decision making, and cost effective solutions*

## ***Main targets***

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*Profitable growth*

*Top 3*

## ***Values***

*Troverdig (Trustworthy)*

*Imøtekommende (Accommodative)*

*Modig (Brave)*

*Engasjert (Enthusiastic)*





NORDIC CHAMPION:

**PROTECTOR**  
forsikring



# Agenda

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# Management group

Sverre Bjerkeli, CEO



Ditlev de Vibe Vanay, CFO



Merete C Bernau



COI

Henrik Høye



Comm. & Publ Norway

Hans Didring



Sweden

Flemming Conrad



Denmark

# CHANGE OF OWNERSHIP INSURANCE

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Merete Christensen Bernau



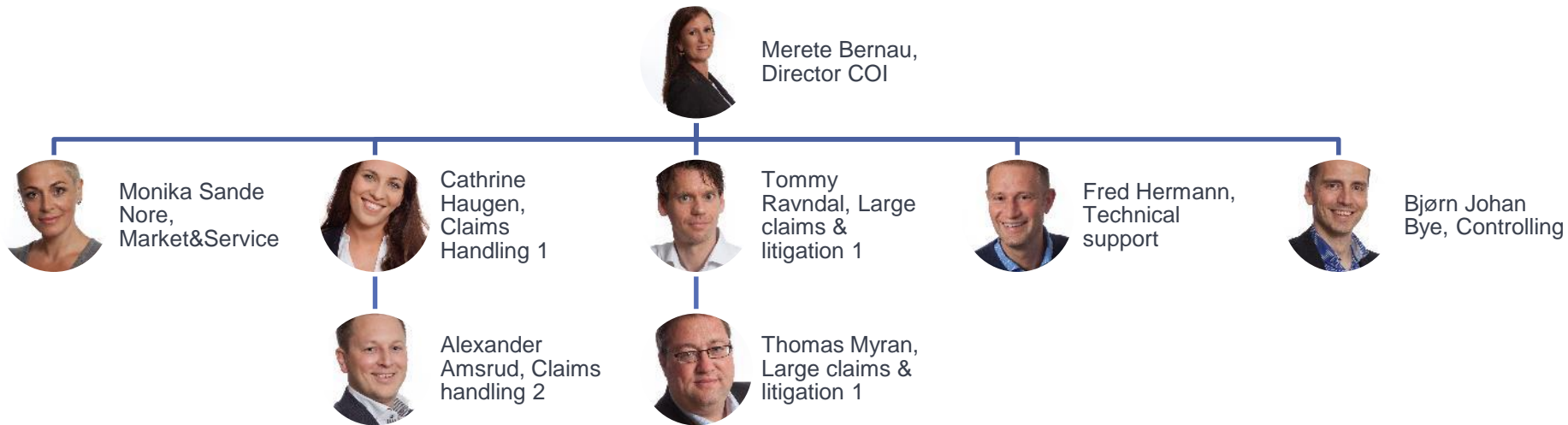
**Merete Christensen Bernau (48) –  
Dir. Change of Ownership insurance**

- Employee since 01.09.2005
- Lawyer from UiO (1994)
- Lawyer at if insurance 1994-2005

## Change of ownership

- Distribution through Real Estate Brokers
  - Documented quality leader
- Claims Handling Quality leadership through;
  - Critical mass, claims ratio as “leading star”, structure and competent people
- Cost leadership through;
  - Slimmer and different value chain
- High entry barriers for new entrants;
  - Reputation, distribution access and claims handling as challenges

## Strong organization – established management



- Strong and stable team with many years experience together
- The team is recruited internally within the company
- The team is built around professional competence
- Hands-on leadership and operational managers

# The product

Based on Norwegian legislation (1992)

## A liability insurance linked to the property

- Sellers liability for *substantial* hidden defects for 5 years
- False information, or information withheld might result in liability, significant deviation (5-6% av sales price)

May be subscribed on all houses, flats, apartments and vacation homes with few exceptions

No underwriting requirements

Maximum claim is limited to MNOK 5

Premium is based on property sales sum

- The product is not sensitive to price





# Sales & Distribution

653 offices  
2250 brokers

2014

- 4 people
- 547 office meetings
- Continuing education points 5629
- 45 social gatherings

• Eiendomsmegler 1, Privatmegleren, Krogsveen, and others...



Molde Drammen Göteborg  
 Praha Budape Sandnes Mestral Go Hillehan  
 Stavanger Stockholm Namsos Asane  
 Strömstau ondhe Berge Mesund Fredriksta Bilbao Hammerfest  
 Tromsø Kristiansund Sarpsborg Vik Skage Steinkier Gaustabili  
 Drammer Haugesur Tønsbo Sandefjor Kristiansund Iestrøm

## The moment of truth – claims handling

- Claims handling a challenge
  - House buying emotionally charged
  - High level of technical «know-how» required – what will a claim cost?
    - Under COI you do not replace old with new, but reimburse for the reduced sales-value
  - Detective work as «false or withheld» are discretionary judgements
- 4.500 claims per year
- 350+ cases before appeal panels (FinKn, KKFE)
- 500+ law suits or litigations per year
  - Win – draw – losses: 60% - 20% - 20%
- 35 lawyers, 4 technical experts (+management&support) working full-time

# Satisfaction among real-estate brokers at all time high

How satisfied are you with Protector as a supplier of COI?

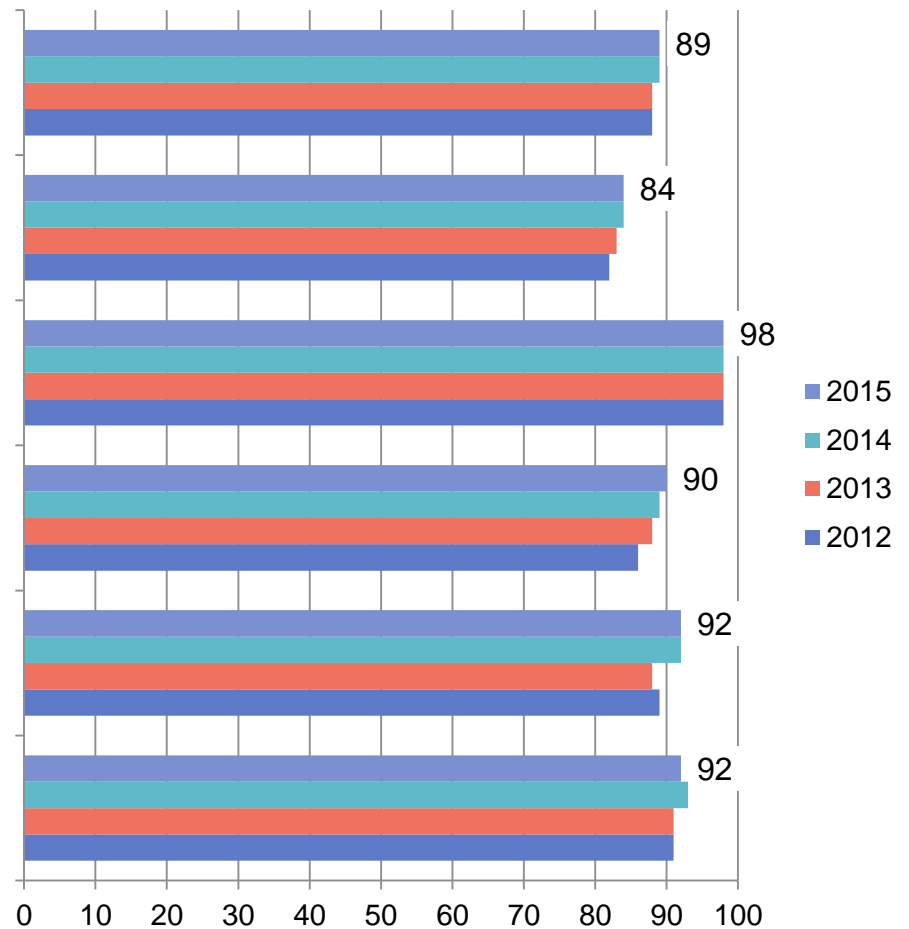
To what extent has Protector met your expectations to the product COI?

What is the probability of you recommending COI from Protector to your next client?

When asked for your opinion on Protector, to what extent will you speak of the company in positive terms?

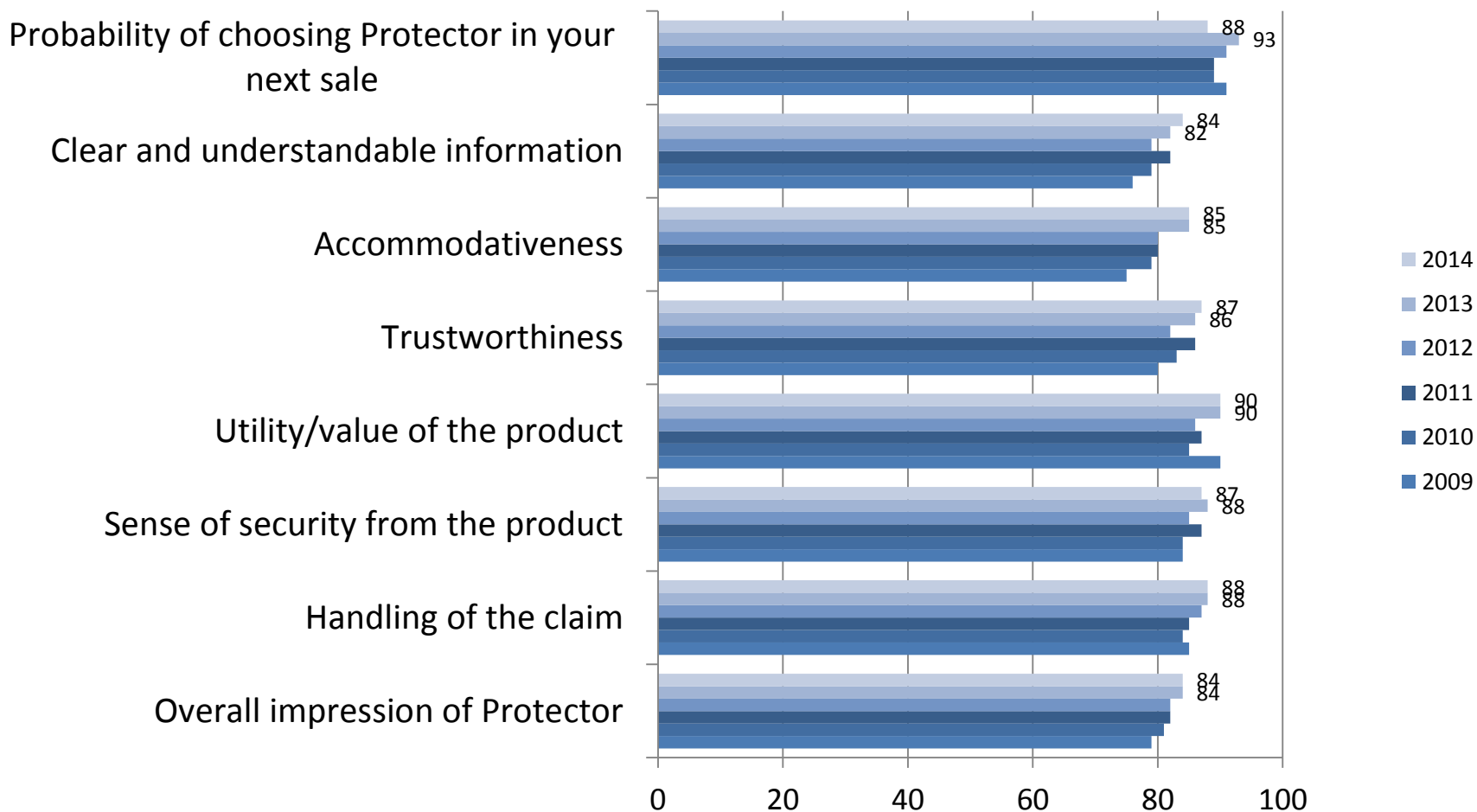
What is the value of COI for you as a real estate broker?

What is the value of COI for your client?



# ...and very satisfied end-customers

## Change of Ownership – Seller satisfaction



# Vision, Business Idea, Main targets and Values

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*Top 3*

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*Trustworthy (Troverdig)*

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*Brave (Modig)*

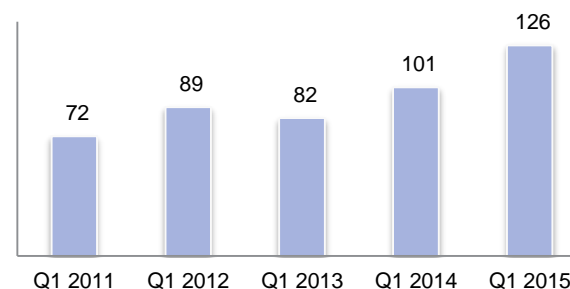
*Enthusiastic (Engasjert)*



# Highlights Q1 2015 - Change of ownership insurance

- Volume up 25%
  - No. of policies sold up 17%
  - Strong real estate market
    - High turnover, no. properties sold up 13,2%
    - Real-estate prices up 7,9%<sup>1</sup>
- Acceptable profitability
  - Cost ratio on a high level due to seasonality
- Weak recovery level, significantly behind the strong Q1 2014
- Conflict level reduced 2004-2014
  - Reduced from claims frequency of 22% in 2004 to 14% in 2014
  - Real estate brokers have contributed through quality improvements
- Weaker results in court, but a short period of measurement
  - Win – draw – losses: 29% - 38% - 32%
- The real-estate prices are expected to flatten
  - 20 % volume growth expected in 2015

**GWP Q1 2011 – Q1 2015 (NOKm)**



		Claims freq.
Year	No. ESF	Houses
2004	13 095	22 %
2005	43 793	19 %
2006	36 658	18 %
2007	38 699	17 %
2008	35 624	15 %
2009	35 582	15 %
2010	40 995	16 %
2011	45 842	14 %
2012	47 391	14 %
2013	47 179	14 %
2014	52 015	14 %
<b>Total</b>	<b>436 873</b>	

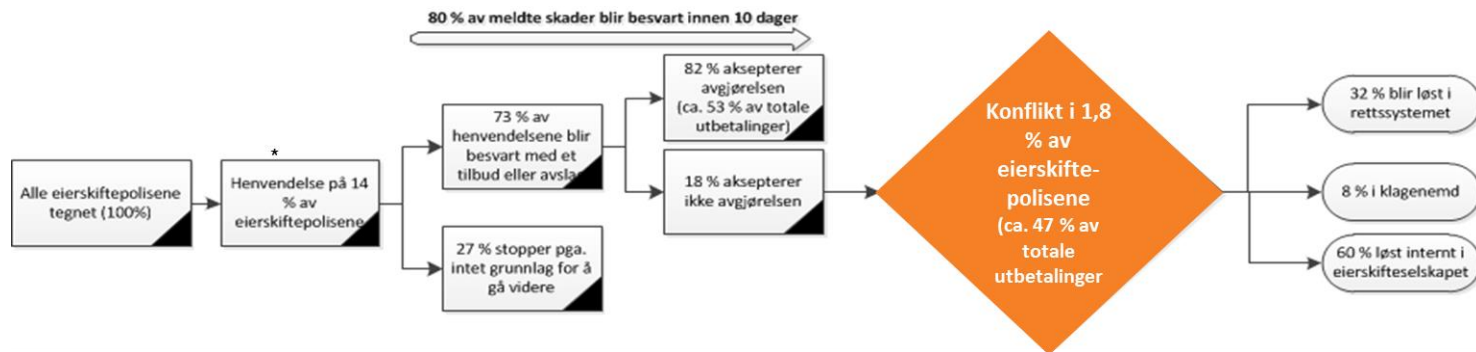
Source: Protector Forsikring ASA, actuary report

<sup>1</sup> Source: Eiendom Norge

# Konfliktnivået er 2 %

*En henvendelse på et boligkjøp er ikke en konflikt.*

*En konflikt oppstår ved uenighet i oppgjøret.*



Eksempel:

436 873 Eierskiftepoliser → 7 864 konflikter





**Merete Christensen Bernau (48) –  
Dir. Change of Ownership insurance**

- Employee since 01.09.2005
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# SWEDEN

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- Market entry Jan 1st 2011



**Hans Didring (35) - Country Manager Sweden**

**Education:**

M.Sc. in Business Administration and Economics  
B.Sc. in Computer Engineering  
Bachelor thesis completed in Germany

**Relevant experience:**

7 years of experience; If and Länsförsäkringar

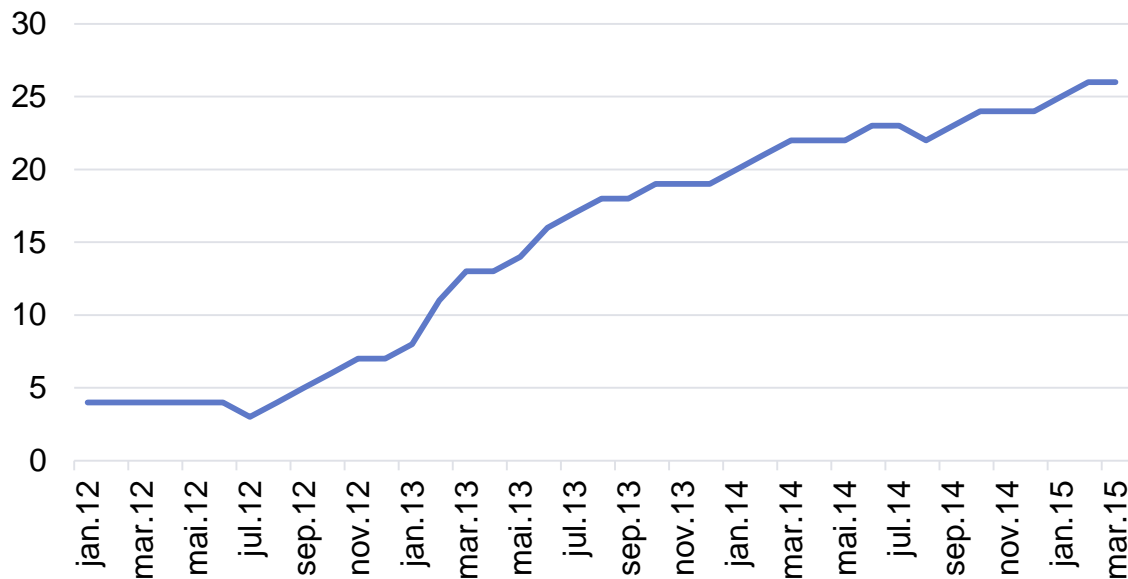
## Sweden

- “Copying” a winning formula through;
  - Vision, business Idea, objectives, values and broker promise
  - Right people on board
  - Adjustments for local differences
- Cost leadership
- Quality leadership
- Critical mass in 2015

## Strong organization – established management



**Growth in Personnel 2012 – Q1 2015**

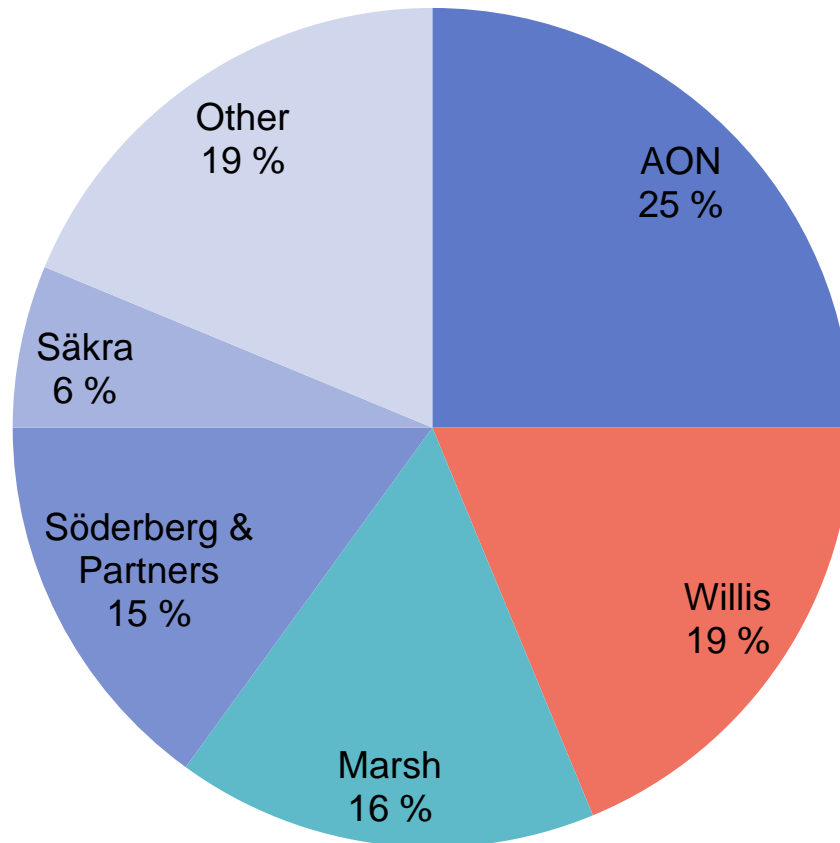


In addition – approx. 6,5 FTEs in «timlönade»

# Protector's SEK 8 bln insurance market by broker

Approximately half of the volume SEK 3-5 bln is within Protector's risk appetite on short term

**Share of brokered insurance market in %**

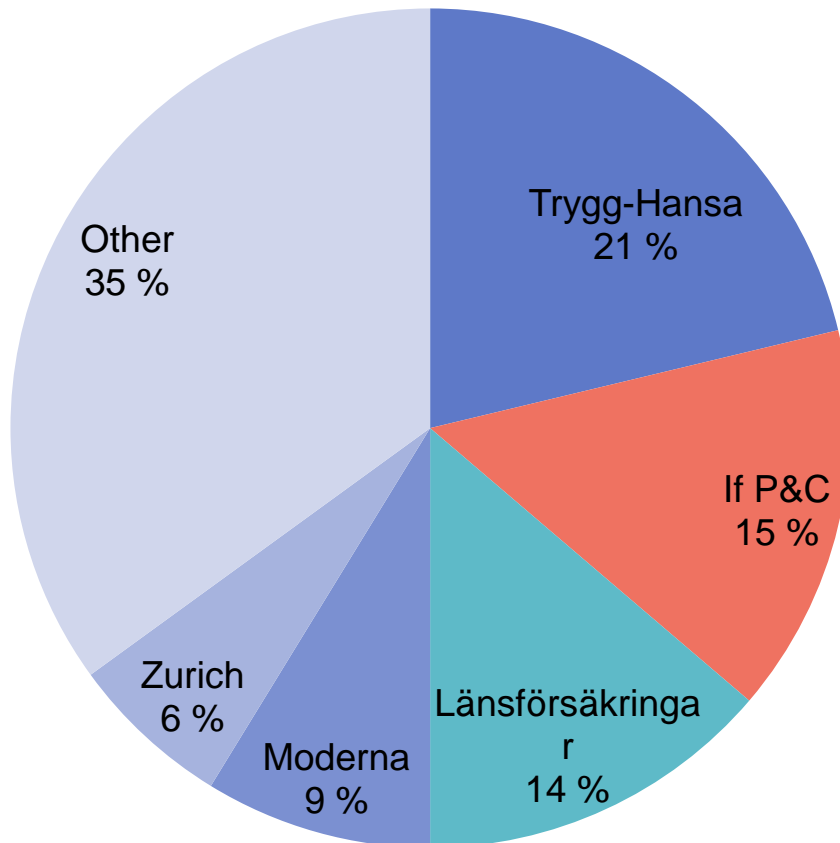


- The five largest brokers in Sweden are dominant with above 80 % share
- Aon and Willis constant volume
- Marsh decreasing
- Söderberg & Partners increasing
- Our broker strategy: Developing unique relations through being:
  - Easy to do business with
  - Commercially attractive
  - Trustworthy
  - *and best at social events*

# Protector's SEK 8 bln insurance market by competitor

Approximately half of the volume SEK 3-5 bln is within Protector's risk appetite on short term

Share of brokered insurance market in %



- Our five largest competitors in Sweden is dominant with 65 % share
- Trygg-Hansa decreasing
- If, Länsförsäkringar, Moderna and Zurich constant
- Other increasing

## Some public customers:

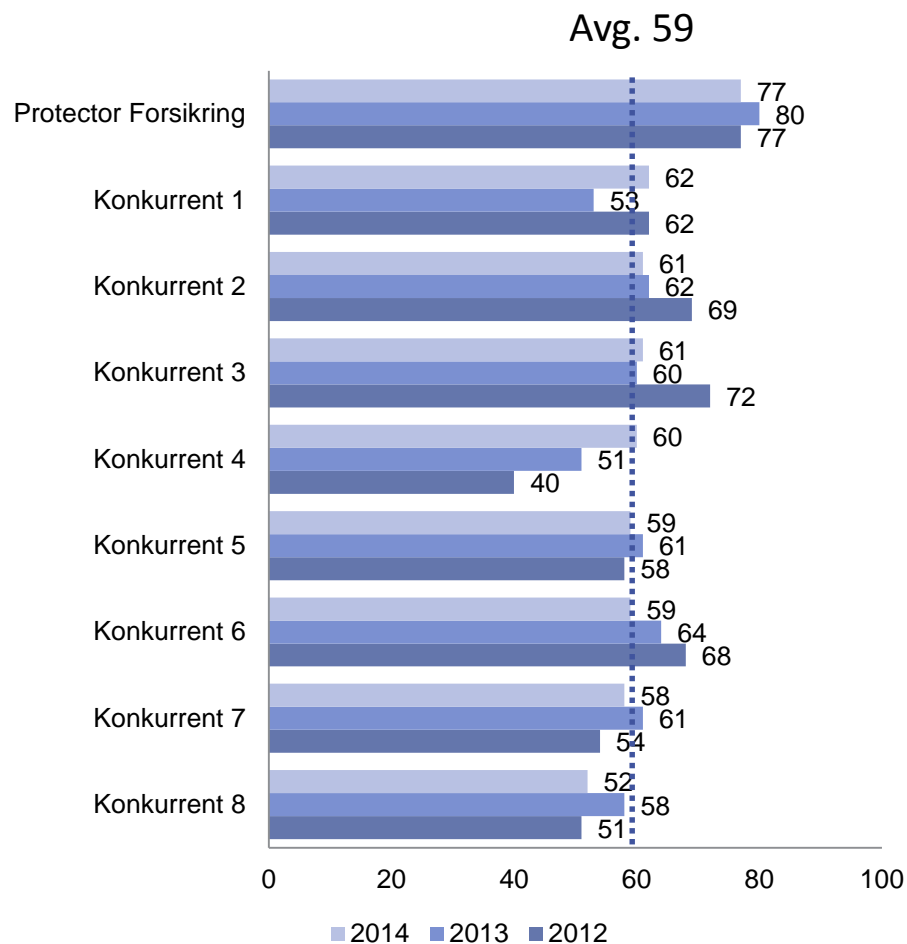


## Some commercial customers:





# Setting new quality standard in Sweden



Protector receives the highest score when brokers are asked to rank insurance companies according to how satisfied they are with their service and offerings

# Vision, Business Idea, Main targets and Values

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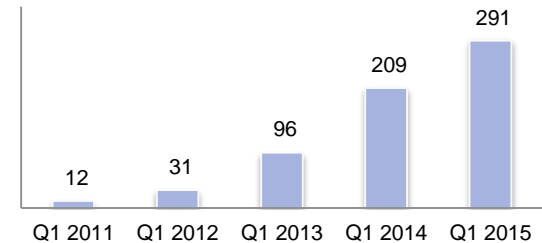




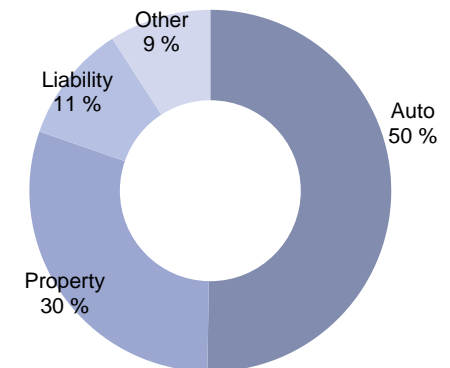
# Highlights Q1 2015 – Sweden

- 39% growth
  - Representing 7 percentage points of the growth on company level
  - 3 large wins, one large non-renewal
  - No. 2 in the municipality segment
  - Strong renewal rate >100%
- Net combined 76,6%
  - Reinsurance commissions driving CR down in Q1 as always
- 32 employees, strong organization
- Product mix: Auto: 50% - Prop: 30% - Liability 11% - Other 9%
- Very strong volume start on Q2
  - 2 very large and 2 large wins

**GWP Q1 2011 – Q1 2015 (NOKm)**



**Product mix GWP Q1 2015**





**Hans Didring (35) - Country Manager Sweden**

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**Relevant experience:**

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## Sweden

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  - Adjustments for local differences
- Cost leadership
- Quality leadership
- Critical mass in 2015

# DENMARK

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- Market entry Jan 1st 2012



**Flemming Conrad (58) – Country Manager  
Denmark**

**Education:**

Insurance Academy FX1 & FX2, Copenhagen Business School, Merkonom (O), Executive IEP Insead, HD (1), Corporate Management for executives (VL).

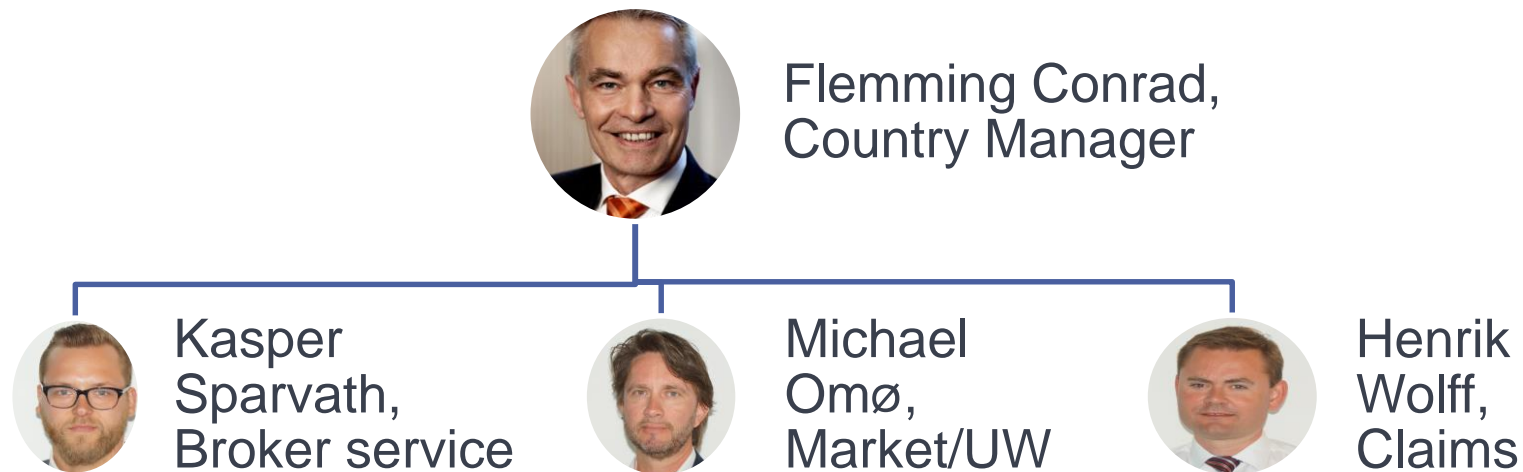
**Relevant experience:**

> 30 years of experience in on Life Insurance. Gjensidige, Nykredit, Provinzial Versicherung, Hafnia Insurance and Protector

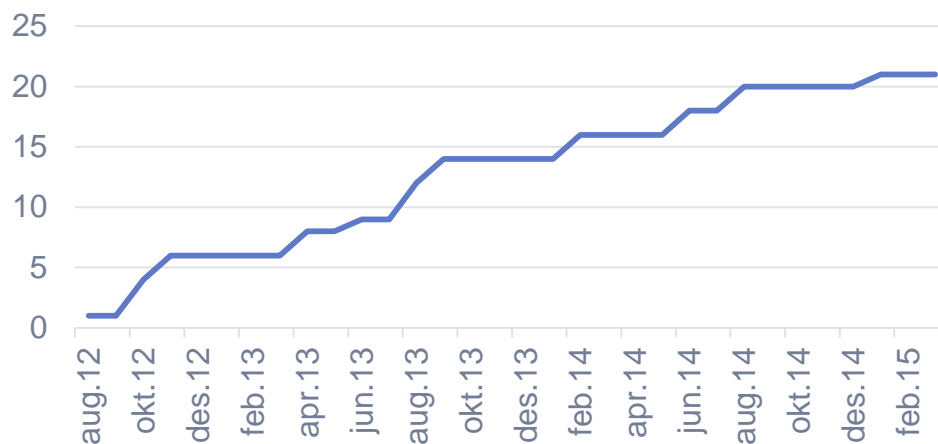
## Denmark

- “Copying” the winning formula through;
  - Vision, business idea, objectives, values & broker promise
  - Right people on board
  - Adjustments for local differences
- Cost leadership
- Quality leadership
- Less competition than Norway and Sweden
- Critical mass in 2015

## Key personell and organization established



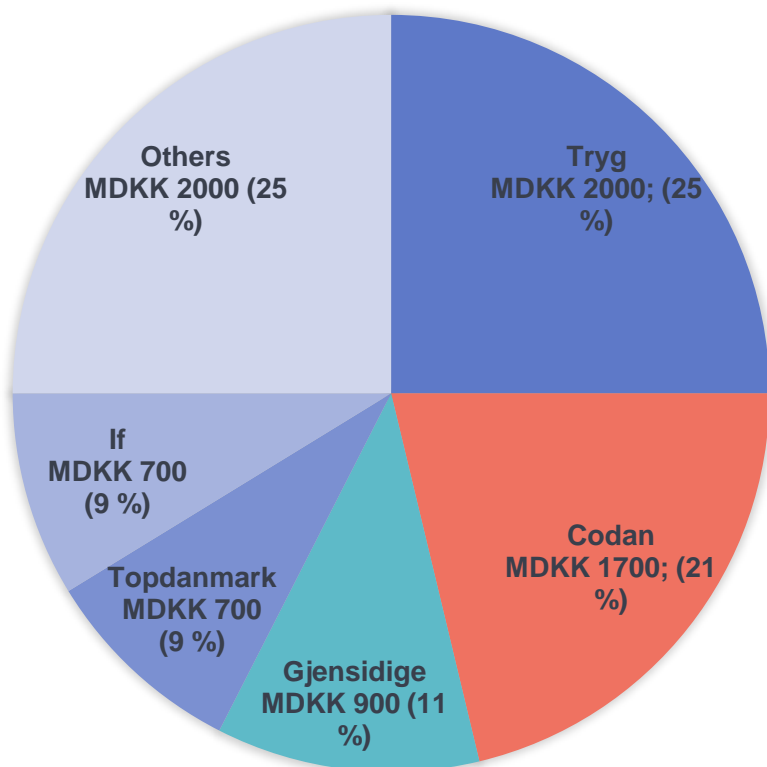
**Growth in Personnel Q3 2012 – Q1 2015**



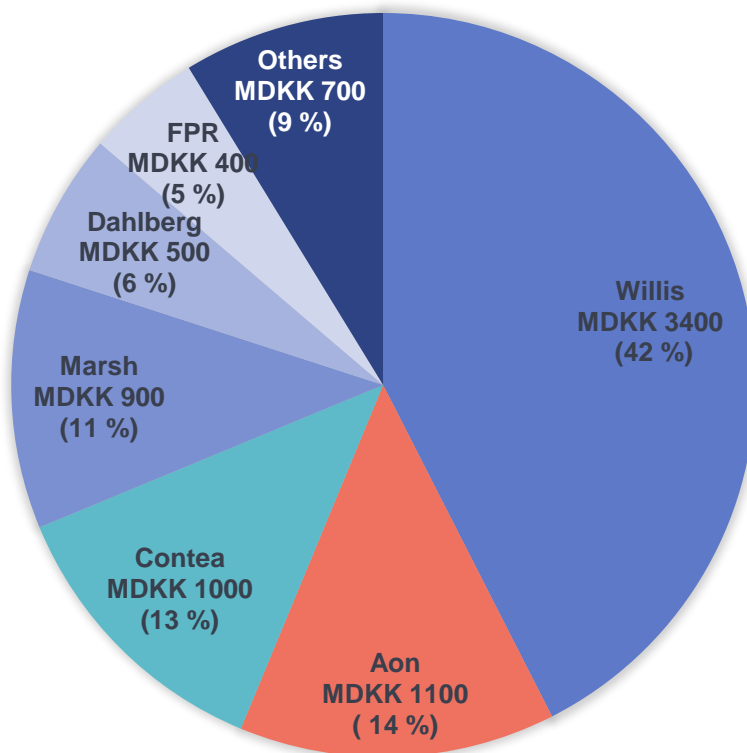
# Total brokered insurance market - MDKK 8.000

- whereas Protector's risk appetite corresponds with approx. MDKK 6.000

Est Danish brokermarket by **Competitors** in MDKK and %



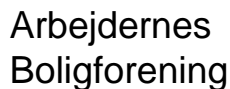
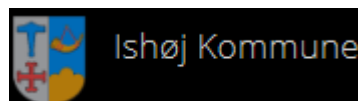
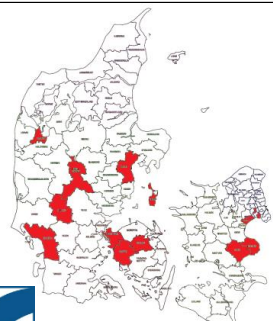
Est Danish brokermarket by **Brokers** in MDKK and %



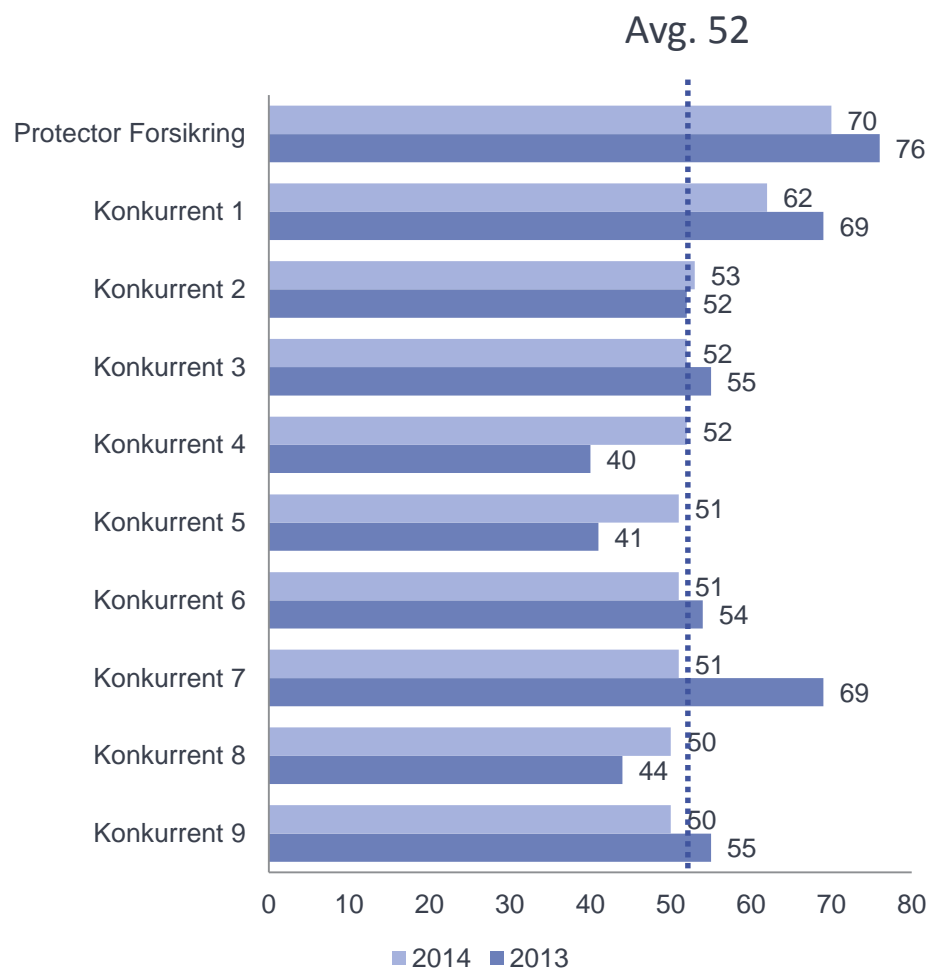


## Some public customers:

## Some commercial customers:



# Front runner on quality in Denmark



Protector receives the highest score when brokers are asked to rank insurance companies according to how satisfied they are with their service and offerings

# Vision, Business Idea, Main targets and Values

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*Trustworthy (Troverdig)*

*Accommodative (Imøtekommende)*

*Brave (Modig)*

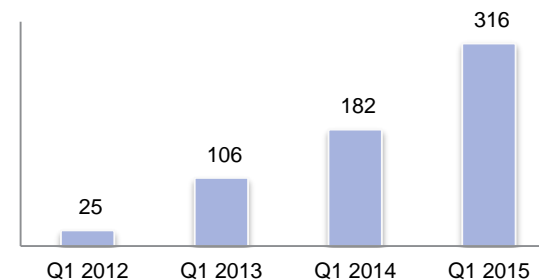
*Enthusiastic (Engasjert)*



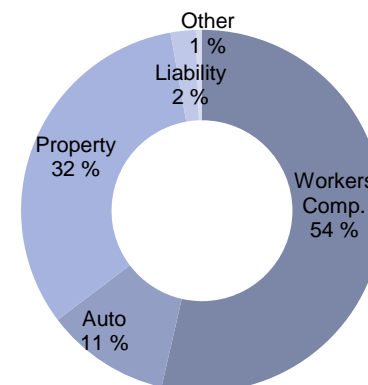
# Highlights Q1 2015 – Denmark

- 74% growth
  - Representing 11 percentage points of the growth on company level
  - 3 very large wins, no large non-renewals
  - Strong renewal rate, 97 %
- Net combined ratio 84.1 %
  - Reinsurance commissions driving CR down in Q1 as always
- 21 employees
- Product mix: WComp: 54% - Prop: 32% - Auto 11% - Other 3%
- Relationship with leading brokers continues to develop
- Slow volume start on Q2

**GWP Q1 2012 – Q1 2015 (NOKm)**



**Product mix GWP Q1 2015**





**Flemming Conrad (58) – Country Manager  
Denmark**

**Education:**

Insurance Academy FX1 & FX2, Copenhagen Business School, Merkonom (O), Executive IEP Insead, HD (1), Corporate Management for executives (VL).

**Relevant experience:**

> 30 years of experience in on Life Insurance. Gjensidige, Nykredit, Provinzial Versicherung, Hafnia Insurance and Protector

## Denmark

- “Copying” the winning formula through;
  - Vision, business idea, objectives, values & broker promise
  - Right people on board
  - Adjustments for local differences
- Cost leadership
- Quality leadership
- Less competition than Norway and Sweden
- Critical mass in 2015

# COMMERCIAL NORWAY & MARKET LEADER PUBLIC SCANDINAVIA

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Henrik Høye  
Director Commercial and Public



**Henrik Wold Høye (33) -  
Dir. Commercial and Public Sector**

**Education:**

MSc in Finance, Leeds School of Business  
(University of Colorado),  
BSc in Economics, College of Arts and  
Sciences (University of Colorado)

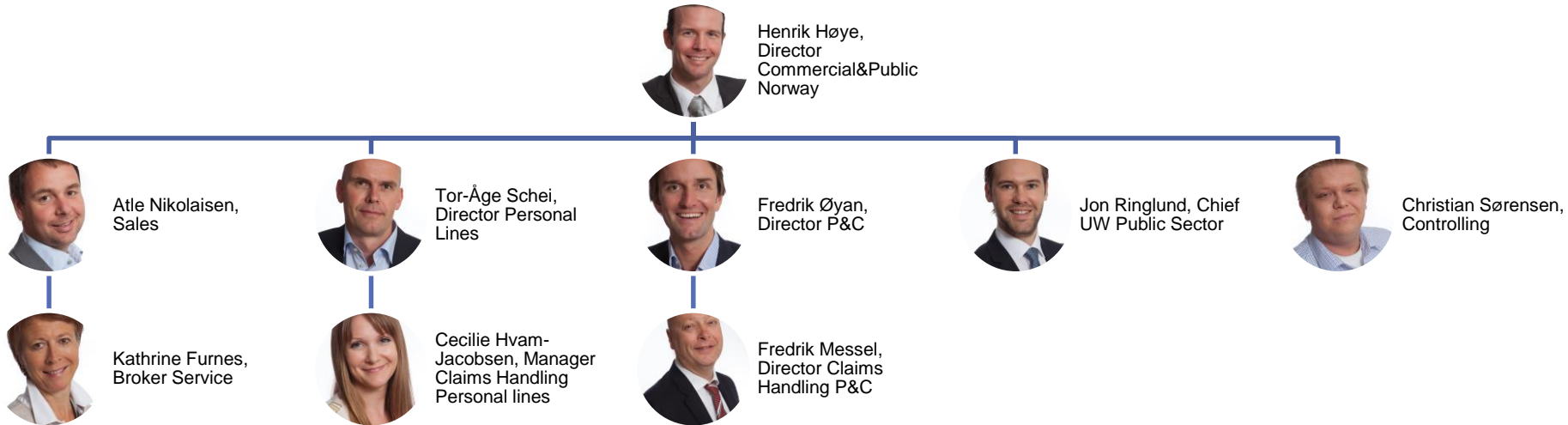
**Relevant experience:**

8 years of experience from insurance and  
projects in Protector

## Commercial and public lines of business, Norway

- Cost leadership
- Quality leadership
  - Claims handling and customer services  
strengthens both quality and UW
  - Underwriting quality in commercial sector
- UW leadership public lines
- “Preferred by the broker” leads to volume

# Strong organization – established management



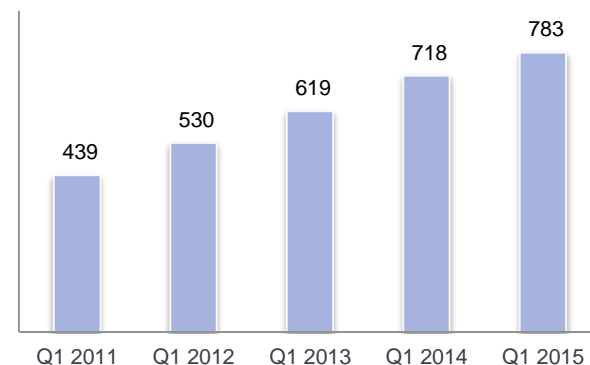
- Management experience > 6 years on average in Protector
- Stable and strong team
- Hands-on with in-depth knowledge and competence
- Ambassadors for Protector's culture



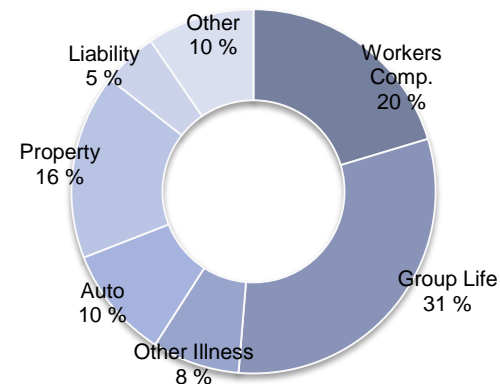
# Highlights Q1 2015 – Norwegian Commercial/public lines

- Volume up 9 %
  - 11% growth in the public sector
    - 2 large wins, 0 large non-renewals
  - 8 % growth in the commercial sector
    - 5 large wins and 7 large non-renewals
- Personal lines of business , 65% of total volume
  - 7 % growth in Q1
  - 11 % growth other lines
- Renewal rate 93 % , unchanged from Q1 2014
  - Renewal rate 99% in the municipality sector
  - Renewal rate in the commercial sector 89 %
- Continued rate pressure within the personal lines of business
- Slow volume start to Q2

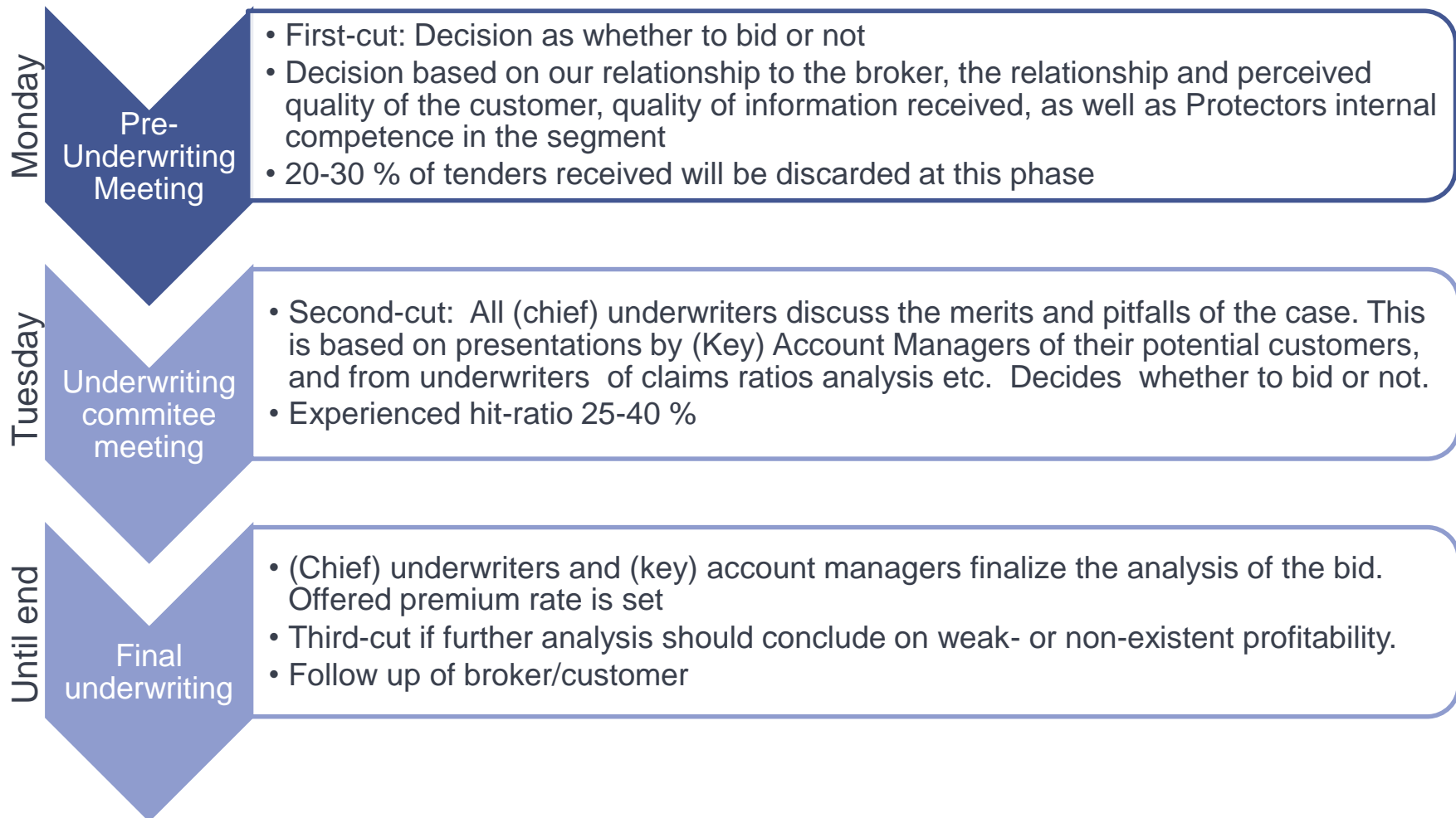
**GWP Q1 2011 – Q1 2015 (NOKm)**



**Product mix GWP Q1 2015**



## Weekly underwriting cycle – all segments



# Underwriting Process - Municipality

Consistent underwriting philosophy – three steps

1. Analytical approach (medium- to large-sized databases)
2. Inspections of selected buildings
3. Qualitative assesment (publicly available data, research and tender information)

## Analytical UW Approach

### Underwriting based on an analytical approach

- Homogeneous market – uniform coverage and portfolios
- Cost effective

### 4-step model – analytical approach

- Based on an extensive database of claims-history
  - Norway: ~7 years avg history, ~ 100 % of the market
  - Sweden: ~5,5 years avg history, ~ 80 % of the market
  - Denmark: ~4,5 years avg history, ~ 50 % of the market
- Detailed risk-evaluation per product – BC- & large loss-rate as factors for analytical premium-level
- Each municipality categorized based on its BC-rate relative to the average BC-rate
- Group analysis – size, geography, publicly available data, win/loose

# Loss prevention information - example

## Examples of consequences

Kommune  
V / rådmann

Tilsvarende informasjon sendes også til: Rektorer, tekniske sjef og brannsjef

### PÅMINNELSE – REDUKSJON AV BRANNRISIKO

Protector Forsikring ASA forsikrer bygningene i Deres kommune. Selskapet jobber kontinuerlig med å redusere risikoen for påsatt brann.

Med fersk oppmerksomhet rundt to omfattende skolebranner, ønsker Protector Forsikring å sikre at kommunene overholder krav i sikkerhetsforskriftene for sine bygninger – og dermed reduserer risikoen for påsatt brann.

**Vedlagt informasjon** er en påminnelse og et ledd i å følge opp dette området.

- Informasjonskravet beskriver konsekvenser av påsatt brann og eksempler på godkjente og ikke-godkjente løsninger.
- Bilderapporten fra bygningsinspeksjoner i Deres kommune er **kun eksempler** på avvik fra sikkerhetsforskrifter. Vi ber om at disse og alle tilsvarende avvik ved Deres bygninger blir rettet opp. Protector oppfatning er at dette er det viktigste enkelttiltak innen skadeforebygging i kommunal sektor.

Vi gjør også oppmerksom på de alminnelige plikter som pålegger alle i brann- og eksplosjonsvernloven. Den sier bl.a.: "Enhver plikter å vise alminnelige aktsomhet og opptre på en slik måte at brann, eksplosjon og annen ulykke forebygges."

Vi mener at faren for påsatt brann i skolen beviselig er så stor at det å ha avfallsbeholdere på eller under brennbart materiale, løse brennbare materialer eller løse trillbare avfallsbeholdere ikke er forenlig med de krav til aktsomhet som stilles i nevnte lov.

Med vennlig hilsen fra  
**PROTECTOR FORSIKRING ASA**

*Trond Høye*

Trond Høye  
Forsikringsdirektør

PROTECTOR FORSIKRING ASA

Henrik Ibsens gate 4, Postboks 1351, Vik, 0113 OSLO – Telefon: 24 13 18 00 – Telefaks: 24 13 17 10  
Mail: megler@protectorforsikring.no – Org.nr: 985 279 721 – www.protectorforsikring.no



Vi har i det siste hatt to svært alvorlige skolebranner. Dette er dessverre ingen tilfeldighet. Det viser seg at skoler er svært utsatt for påsatt brann, uavhengig av om de som setter fyr ønsker å brenne ned skolen, eller om det bare er uønskssomhet.

For å forebygge branner som disse, er det helt avgjørende at man følger forsikringsavtalens sikkerhetsforskrifter. Disse sier bl.a. at man ikke kan ha:

- Avfallsbeholdere plassert på eller under brennbare bygningsdeler
- Løse brennbare materialer
- Løse trillbare søppelkasser

Avvikene gjør skolene meget utsatt for påsatt brann. Protector har foretatt befarer på mer enn 600 skoler og over halvparten av disse hadde avvik fra sikkerhetsforskriftene. Dersom dette er tilfelle på deres skole eller barnehage, må avvikene korrigeres umiddelbart. Ved skade med årsakssammenheng i brudd på sikkerhetsforskrifter, vil det bli avkorting i erstatningsutbetaling.

Protector Forsikring vil i løpet av våren og sommeren inspisere og sjekke status på alle skoler hvor vi tidligere har konstatert avvik. Inspeksjonene er avtalt med kommunen og dens forsikringsmegler, og vil foregå vesentlig i helger og ferier uten nærmere beskjed.

På neste side finnes eksempler på avvik fra sikkerhetsforskriftene, og eksempler på godkjente løsninger. På forespørsel leverer vi gratis wire til å låse fast trillbare avfallsbeholdere. Dersom det er spørsmål til dette, kontakt kommunens forsikringsansvarlig.

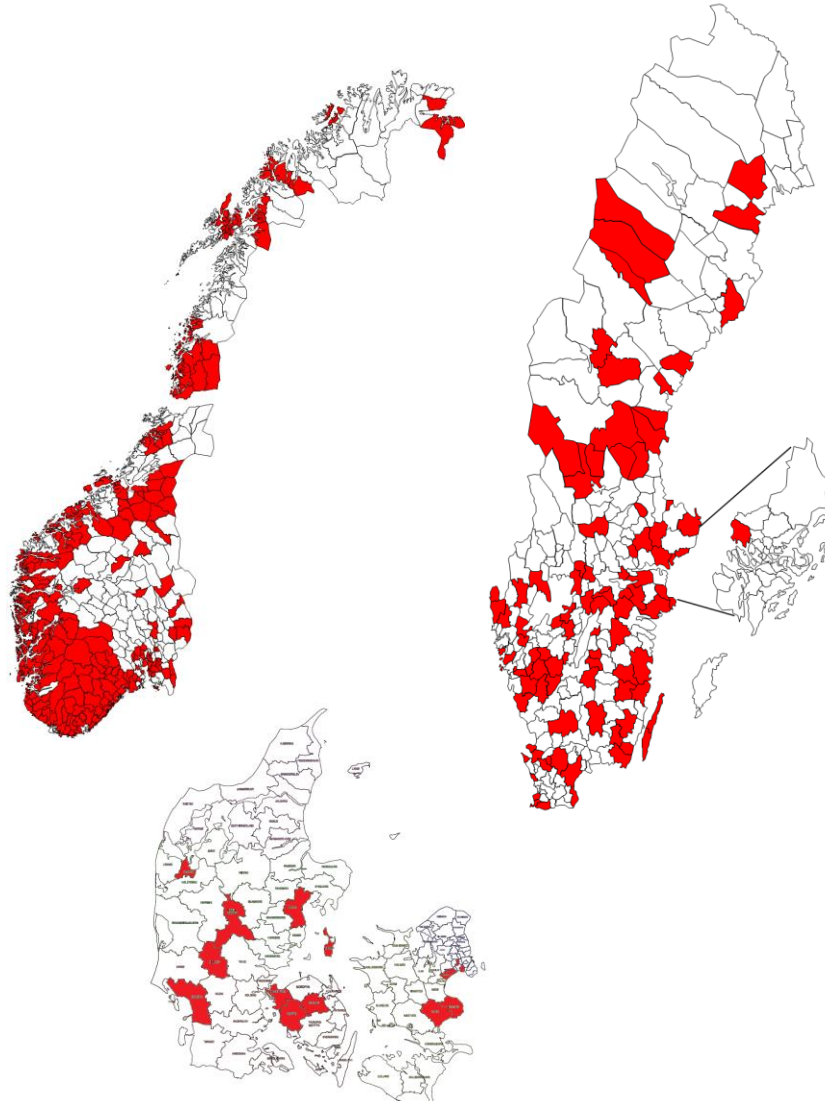
Approved  
solutions

Not  
approved  
solutions

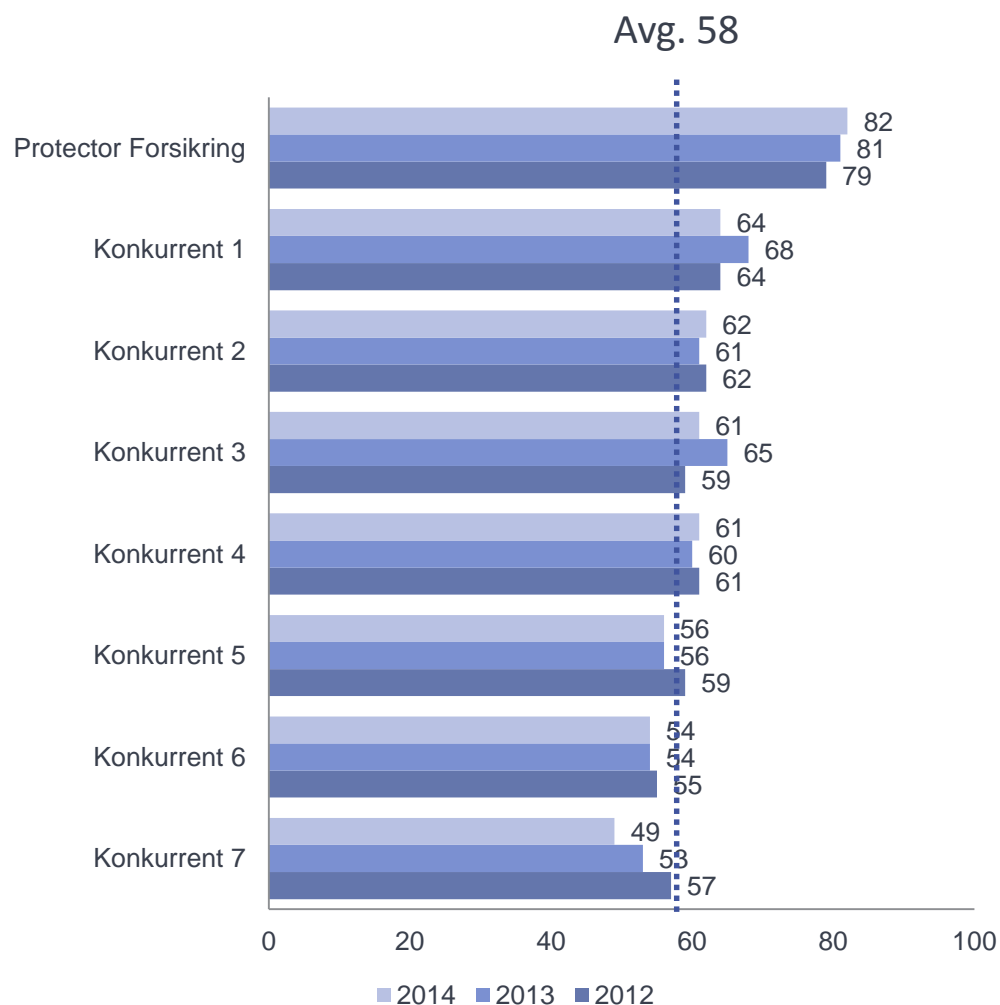




# Market leader Scandinavian municipality market



# Quality leader among insurance brokers eight years in a row



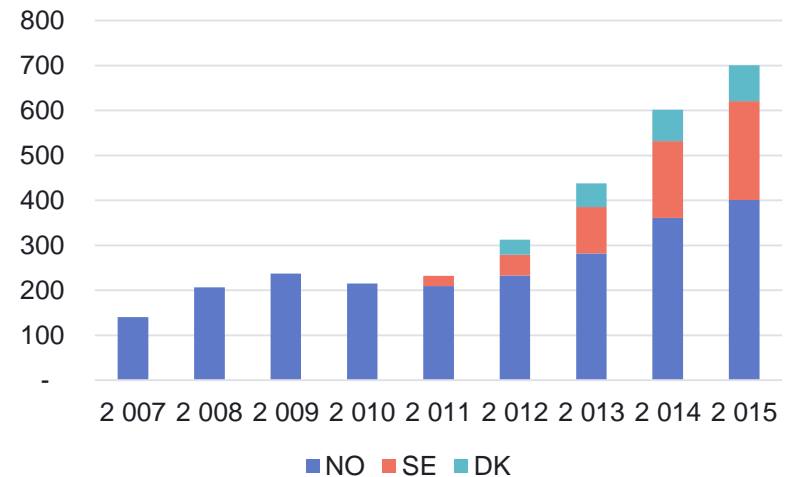
Protector receives the highest score when brokers are asked to rank insurance companies according to how satisfied they are with their service and offerings



# Protector & Municipalities

- First municipality in 2005 – "Tønsberg kommune"
- Scandinavia's largest public sector insurer
- Customer relationship to 253 Norwegian, 179 Swedish and 23 Danish municipalities
- Underwrite, fire and rescue services, housing, education and health service. We are in general interested in all available public sector insurance products

Development – public sector (MNok)



Tromsø



Trondheim



Stavanger



Bærum



København



Malmö



Aarhus

# Vision, Business Idea, Main targets and Values

## ***Vision***

*The challenger*

## ***Business Idea***

*This will happen through unique relationships, state of the art decision making, and cost effective solutions*

## ***Main targets***

*Cost and quality leadership*

*Profitable growth*

*Top 3*

## ***Values***

*Trustworthy (Troverdig)*

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*Brave (Modig)*

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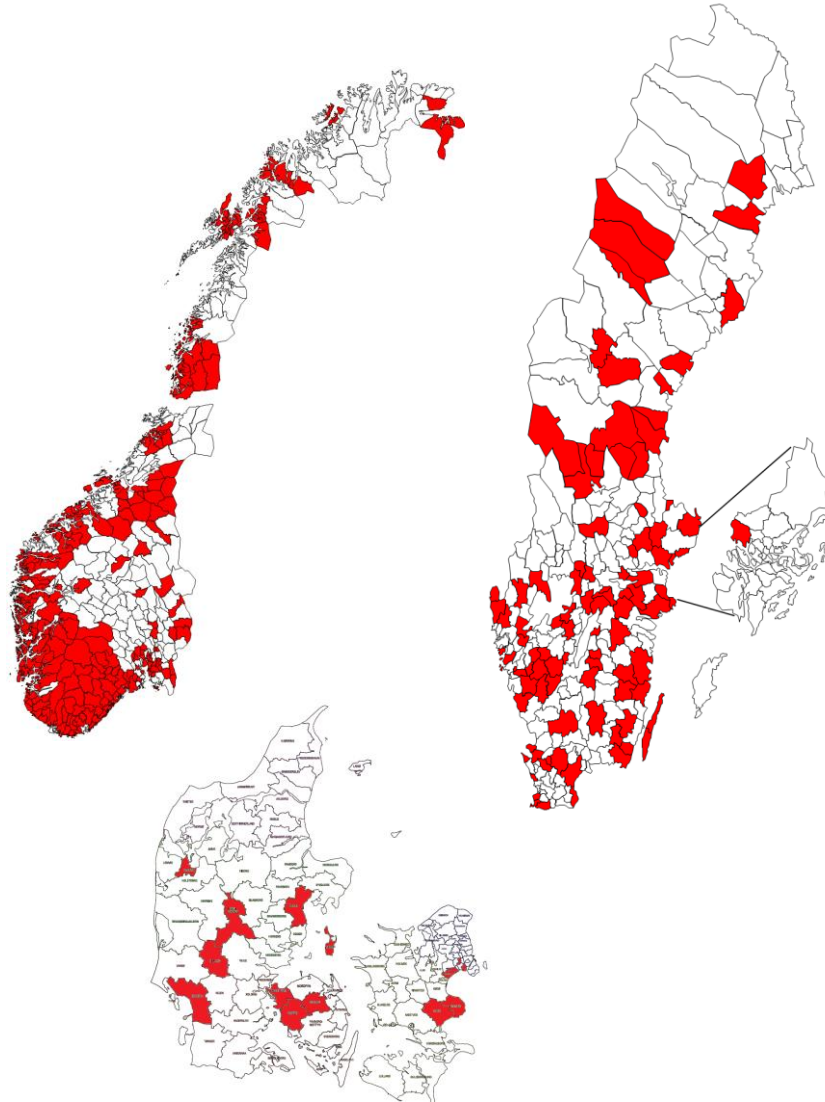
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# ENTRY UK MARKET

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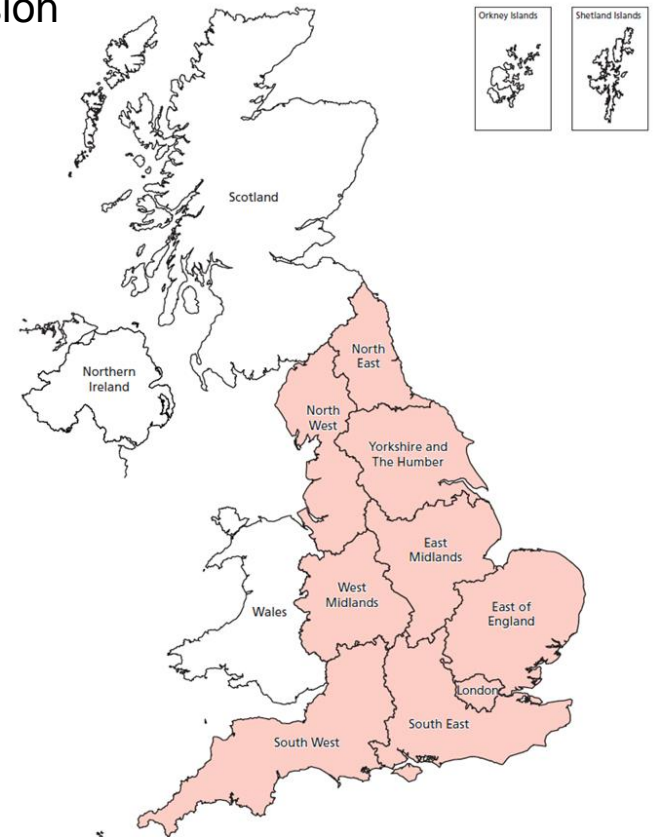


# Scandinavian municipality market leader enters UK



# Entry in the UK decided

- Analytical work on 500-600 pages basis for decision
- Same strategy as in Scandinavia
- Entry focus municipalities, location Manchester
- Business plan completed
- Recruitment started
- Start up-costs included in the 2015 guiding
- Minor volume in 2016



# Market Analysis

## Country ranking and results

### Public & muni

	Ranking	Total score
1	UK	4,45
2	Netherlands	4,18
3	Norway	4,00
4	Belgium	3,78
5	Denmark	3,63
6	Sweden	3,60
7	Finland	3,35
8	Germany	3,13
9	Switzerland	3,08
10	Poland	3,05
11	Austria	1,85

### SME

	Ranking	Total score
1	Netherlands	3,90
2	Belgium	3,88
3	Germany	3,79
4	UK	3,60
5	Denmark	3,58
6	Norway	3,48
7	Sweden	3,38
8	Poland	3,15
9	Finland	3,12
10	Switzerland	2,99
11	Austria	2,10

- High scores given to:
  - Markets with high cost ratios
  - Markets where broker penetration is high
  - Markets with little competition or in a oligopoly situation
  - Markets where quality of service are assumed to be poor (difficult to measure from the outside)
- It is our opinion that Norway and the Nordics are ranked somewhat high
- Discussed with Board of directors during the process – ready to go
- The UK public sector, Holland and part of Belgium seems to be a good starting point
- UK public sector entry 2015/16





# Project C4 UK

Sub-Project	Status	Comment	Start	Stop	Lead
Market Analysis	✓	Several stages, EU 7, Nordic 4 and UK study	01.03.2014	01.08.2015	Henrik Høye
Business planning	●	UK market study available	01.10.2014	11.04.2015	Henrik Høye
Go to Market	●	Market information and tender documents available. Broker introductions started	01.01.2015	01.01.2016	Henrik Høye
Formal Establishment	●	FSA approval process started	01.12.2014	01.01.2016	Ditlev de Vibe Van
Recruitment	○	Unsufficient flow of candidates. Manchester has been targeted. Include non Scandinavians	20.11.2014	01.07.2015	Henrik Høye
Reinsurance	●	Capacity challenge, quota share multiple lines	10.03.2015	TBA	Sverre Bjerkeli
IT & Systems	●	Estimated start up July	01.07.2015	TBA	Marius Austnes
Capital requirements	●	It is not necessary, but increased capital seems suitable	29.04.2015	TBA	Ditlev de Vibe Vanay

✓ = Completed

● = ongoing on schedule

○ = ongoing behind schedule

● = Not started

## Risks, key & summary

Factor	Probability	Consequence
• Poor reinsurance	Low	Very high
• Wrong people	Medium	High
• Poor risk-selection	Medium, but...	High
• No volume	Medium	Low
• High cost-level	Low	Medium
• Opportunity cost	Medium	Medium

**Key factor;** Right people on board, train in Protector's UW methodology

**Medium risk - High reward**

# ENTRY FINLAND

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## Entry Finland decided

- Part of the Nordics, natural part of Protector's Nordic business
- The insurance brokers have a low market share (<10%)
  - Potential is thus low
- Entrypoint is public sector – and some grouped insurance
- Market dominated by the four largest players – «fat & lazy»
- Project lead for will be Country Manager Sweden
- Very limited volume in 2016



## IT – the challenger's approach

- In-house development
  - All insurance systems designed & developed internally – short time-to-market
- IT operations insourced in 2012
  - higher security level – better support (both to developers and end-users)
- I&ITA – 1.000 innovations and improvements a year
- Facts:
  - Cost%: < 1 %
  - UK IT: est. 1.500 h
  - Finland: est. 1.000 h
  - Automated claims handling: from 0 to 100 in 2 years

# SUMMARY

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# Vision, Business Idea, Main targets and Values

## ***Vision***

*The challenger*

## ***Business Idea***

*This will happen through unique relationships, state of the art decision making, and cost effective solutions*

## ***Main targets***

*Cost and quality leadership*

*Profitable growth*

*Top 3*

## ***Values***

*Trustworthy (Troverdig)*

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# Highlights Q1 2015

## 25% growth and increased guiding

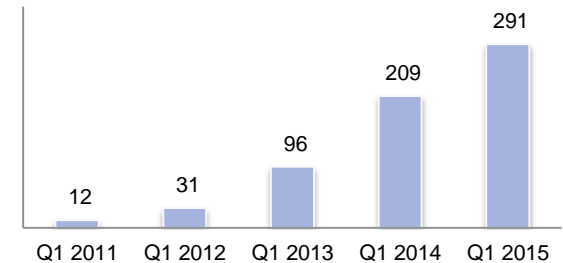
- GWP up 25% (24% in local currencies)
  - Sweden/Denmark, 199 mill growth
- Gross cost ratio down to 7.5% (8,1%)
- Net combined ratio 82.4% (79.9%)
  - Reinsurance commissions driving CR down in Q1 as always
- 2.2 % return on the investment portfolio (1,9%)
  - Net return on investments NOK 122.2m (83.8m)
- Operating profit of NOK 210,5m (162,4m)
  - Best ever quarterly profit
- Entry UK decided
- Guiding 2015 increased
  - Operating profit NOK 600 m, up from previously guided ~ NOK 500m
  - CR 86 %, down from 88-90%
  - 22 % growth in GWP, up from 18%



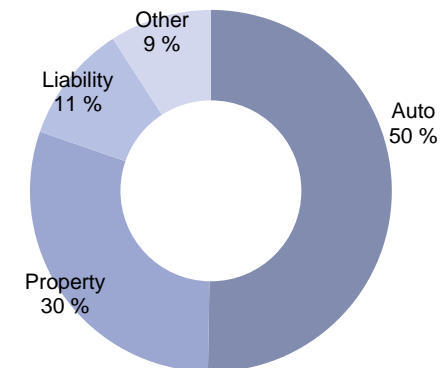
# Highlights Q1 2015 – Sweden

- 39% growth
  - Representing 7 percentage points of the growth on company level
  - 3 large wins, one large non-renewal
  - No. 2 in the municipality segment
  - Strong renewal rate >100%
- Net combined 76,6%
  - Reinsurance commissions driving CR down in Q1 as always
- 32 employees, strong organization
- Product mix: Auto: 50% - Prop: 30% - Liability 11% - Other 9%
- Very strong volume start on Q2
  - 2 very large and 2 large wins

**GWP Q1 2011 – Q1 2015 (NOKm)**



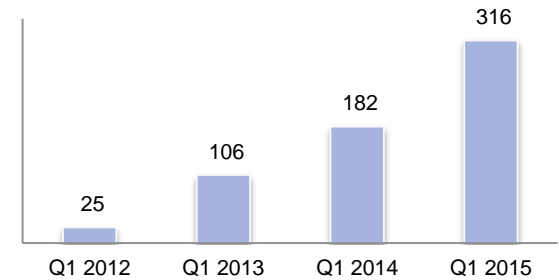
**Product mix GWP Q1 2015**



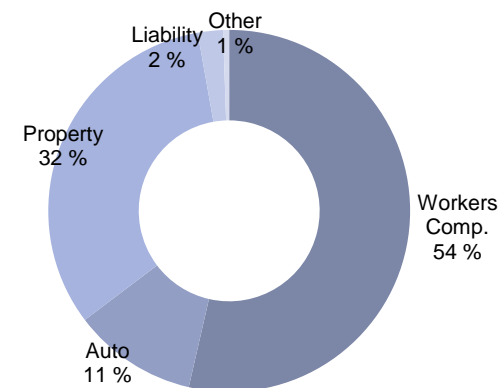
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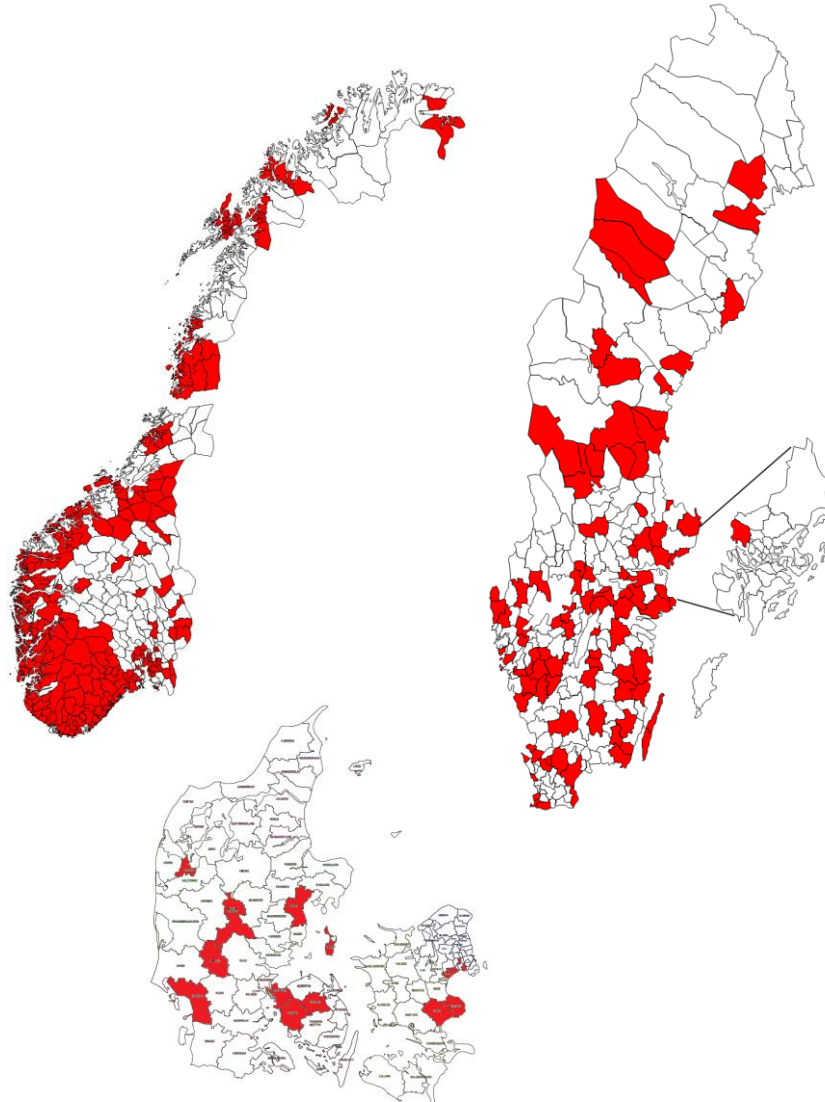


**Product mix GWP Q1 2015**





# Market leader Scandianvian municipality market





# Summary

- Half the cost of competitors
- Quality Leader in the Nordic market
- Fastest growing company last 7 years, 22% year
- Best Combined Ratio last 7 years
- Average Return on Solvency Capital HTD 21.5%
- IT is key for cost and quality leadership
- Entry UK & Finland decided
- Double digit growth expected next 3 years - We've only started

