

# Claims handling and the Grenfell Tower disaster

Claims Club Summit

27.09.2017



# Grenfell Tower – a human tragedy

*As the insurance provider for Royal Borough of Kensington and Chelsea, Protector Forsikring ASA is involved in the tragic fire in Grenfell Tower which occurred 14<sup>th</sup> of June, 2017.*

*Our thoughts go out to the people who lived in the building, their families and everyone directly or indirectly involved with this terrible event.*



## 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

Values tested in Grenfell Tower situation  
...walk the talk or...



# Facts about Protector

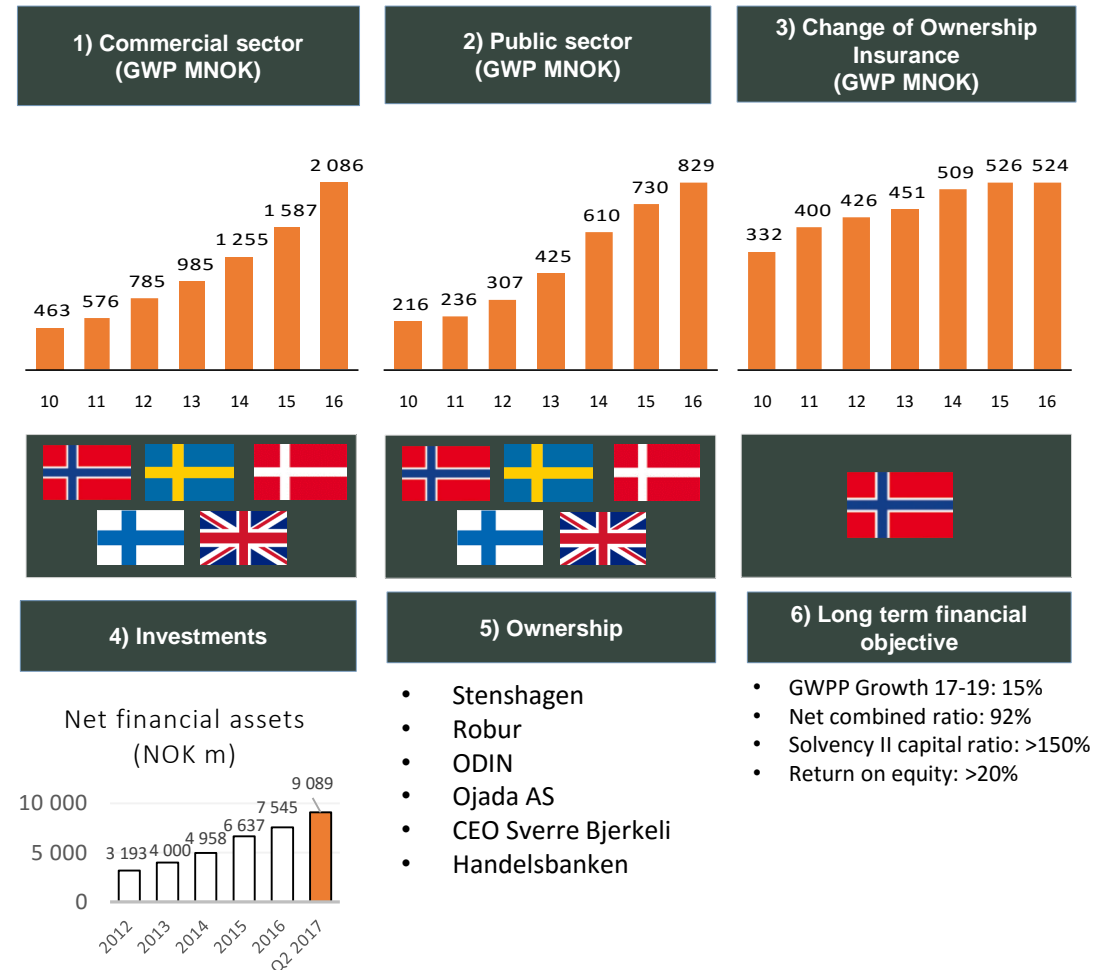
## The Challenger



**Sverre Bjerkeli, CEO**

- 30+ years of experience from the insurance, IT and banking industry
- Head of Consumer/Commercial at Storebrand (if...)
- CEO Torino
- CEO Storebrand Bank
- CEO Eterra/Ementor
- Last 14 years in Protector

- Protector was established in 2004
- Listed on Oslo Stock Exchange May 2007
- Entered the Swedish market in 2011, Denmark in 2012 followed by Finland & UK in 2016
- Market capitalization is ~ NOK 6bn
- Average combined ratio 2005 – 2016: 88.3%
- Gross written premium (GWP) 2016: NOK 3.4bn
- Investment portfolio of ~ NOK 9bn



# Protector's key success factors

## Cost, quality, profitability and growth



Gross expense ratio	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>PRF</b>	<b>11.2 %</b>	<b>12.1 %</b>	<b>11.9 %</b>	<b>10.0 %</b>	<b>7.7 %</b>	<b>8.8 %</b>	<b>7.6 %</b>	<b>7.5 %</b>	<b>6.8 %</b>
Gjensidige	17.0 %	17.7 %	16.5 %	16.4 %	15.5 %	15.3 %	15.0 %	15.1 %	14.2 %
Codan/Trygg-Hansa <sup>1</sup>	20.2 %	20.4 %	16.7 %	17.6 %	18.6 %	19.5 %	21.2 %	16.4 %	14.8 %
Tryg	17.1 %	17.2 %	17.0 %	16.6 %	16.4 %	15.6 %	14.6 %	15.3 %	15.7 %
Topdanmark	14.7 %	14.9 %	15.4 %	15.7 %	15.8 %	16.2 %	15.7 %	15.9 %	16.4 %
If	17.4 %	17.6 %	17.2 %	17.3 %	16.9 %	16.8 %	16.7 %	13.0 %	16.6 %
LF	21.0 %	22.0 %	22.0 %	21.0 %	21.0 %	19.0 %	19.0 %	19.0 %	19.0 %
KLP	26.7 %	29.1 %	30.4 %	26.5 %	26.4 %	26.2 %	23.1 %	21.1 %	22.8 %
Avg. ex. PRF	19.2 %	19.8 %	19.3 %	18.7 %	18.7 %	18.4 %	17.9 %	16.5 %	17.1 %

### Quality leadership

Quality leader – 11 years in a row

Quality leader – 6 years in a row

Top three on quality

Quality leader – 1 year

Target – far ahead of number two

Source: TNS Gallup surveys and Finnish Insurance Broker Association (FIBA)

Combined ratio	2008	2009	2010	2011	2012	2013	2014	2015	2016	Avg. 08-16
Topdanmark	82.4 %	91.1 %	93.3 %	90.3 %	88.0 %	91.5 %	86.0 %	87.3 %	85.1 %	88.3 %
Gjensidige	94.4 %	94.8 %	95.3 %	91.9 %	85.3 %	89.2 %	86.0 %	83.7 %	83.4 %	89.3 %
If	91.8 %	92.1 %	92.8 %	92.0 %	89.3 %	88.1 %	87.7 %	85.4 %	84.4 %	89.3 %
Tryg	88.2 %	92.2 %	98.8 %	93.2 %	88.2 %	87.7 %	84.2 %	86.8 %	86.7 %	89.6 %
<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>88.7 %</b>	<b>97.0 %</b>	<b>90.7 %</b>
Codan/Trygg-Hansa <sup>1</sup>	98.5 %	100.4 %	101.8 %	102.4 %	94.3 %	95.3 %	90.4 %	94.0 %	86.2 %	95.1 %
LF	93.0 %	96.0 %	102.0 %	100.0 %	98.0 %	97.0 %	93.0 %	91.0 %	95.0 %	96.1 %
KLP	97.3 %	95.5 %	121.9 %	118.1 %	107.8 %	103.7 %	91.9 %	98.8 %	98.7 %	103.7 %
Avg. ex. PRF	92.2 %	94.6 %	100.8 %	98.3 %	92.8 %	92.3 %	88.5 %	89.6 %	88.5 %	93.1 %

Revenue growth (GWP)	2008	2009	2010	2011	2012	2013	2014	2015	2016	Avg. 08-16
<b>PRF</b>	<b>9.6 %</b>	<b>19.5 %</b>	<b>16.1 %</b>	<b>19.0 %</b>	<b>26.1 %</b>	<b>22.7 %</b>	<b>27.6 %</b>	<b>19.7 %</b>	<b>21.0 %</b>	<b>20.1 %</b>
KLP	3.4 %	4.7 %	5.0 %	3.0 %	15.4 %	10.9 %	10.7 %	20.8 %	13.8 %	9.8 %
Gjensidige	-1.8 %	0.2 %	24.0 %	5.7 %	2.1 %	7.7 %	7.9 %	7.4 %	5.7 %	6.5 %
LF	4.2 %	2.3 %	2.2 %	3.3 %	3.2 %	3.5 %	7.4 %	5.4 %	6.0 %	4.2 %
Codan/Trygg-Hansa <sup>1</sup>	12.8 %	1.7 %	0.3 %	-0.3 %	7.2 %	-1.0 %	-0.8 %	3.5 %	7.2 %	3.4 %
Tryg	4.4 %	5.2 %	9.1 %	2.4 %	1.8 %	-4.0 %	-4.4 %	-2.7 %	-1.7 %	1.1 %
If	-0.7 %	-4.2 %	7.7 %	5.4 %	6.4 %	1.5 %	-2.8 %	-1.6 %	-2.2 %	1.1 %
Topdanmark	0.8 %	-3.1 %	-1.4 %	1.4 %	1.0 %	1.5 %	2.6 %	-2.6 %	-1.6 %	-0.2 %
Avg. ex. PRF	3.3 %	1.0 %	6.7 %	3.0 %	5.3 %	2.9 %	2.9 %	4.3 %	3.9 %	3.7 %

**PROTECTOR**  
forsikring

<sup>1</sup>Numbers for Codan only before merger with Trygg-Hansa in 2015 and RSA Group Scandinavian segment in 2015

# Market leader public sector in the Nordics

Entered UK 2016



- Cost-, quality- and UW-leader
- Client relationship to more than 600 local authorities
- All Claims are handled locally and internally
  - Of course acquiring external expertise when needed
- Norway - #2 in market share, #1 in profitability
- Sweden - # 1 in market share, presumably # 1 in profitability
- Denmark - # 1 in market share, presumably # 1 in profitability



Copenhagen



Stavanger



Aarhus



Malmö



Gothenburg



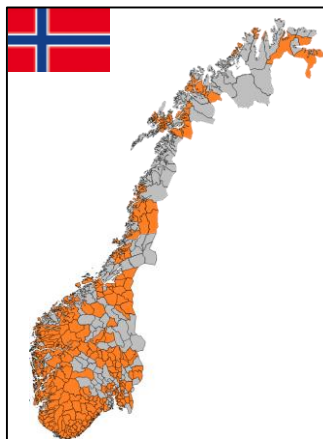
Trondheim



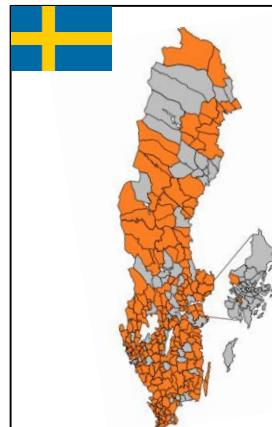
Helsinki



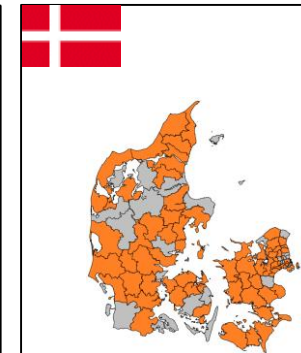
Tromsø



- Insuring 280 Norwegian municipalities
- > 400 MNOK GWP 2017
- Gross claims ratio less than 75 % 2012-2017
- Far better profitability than main competitor
- Quality leader 11 years in a row



- Insuring 240 Swedish municipalities
- > 350 MNOK GWP 2017
- Strong positive trend in gross claims ratio
- Quality leader 6 years in a row



- Insuring 80 Danish municipalities
- > 140 MNOK GWP 2017
- # 1 after strong Jan. 1st 2017 renewal
- Gross claims ratio just above 50 %
- Quality leader three years in a row. Setback 2016, still top three

# Protector in the UK

## Entry point Public Sector – targeting top 3



- All products covered
- 45 Local Authorities incl. 20 Boroughs
  - 12 boroughs in London
- 24 housing associations
- 3 Fire Authorities and 1 University
  - £47Bn Sum Insured, 190,000 properties
- 22 people on board, 20 more to come in the next 18 months
- We do medium to large size commercial clients also



The more exposure, the darker spots

# Grenfell Tower Fire

## Progression of fire



Grenfell Tower: 14 June, 01:30 BST



02:10 BST



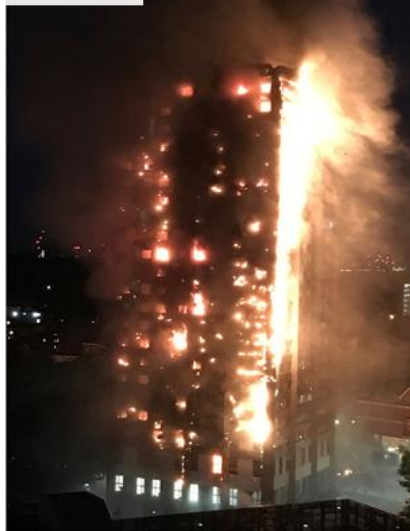
02:34 BST



03:08 BST



03:23 BST



03:44 BST



04:20 BST



04:43 BST



05:16 BST







**Grenfell Tower fire: Hundreds storm Kensington Town Hall**



**BREAKING NEWS** PROTESTS ARE TAKING PLACE IN KENSINGTON  
skynews.com | GUEST: THE FIRE WAS SET DELIBERATELY | **BREAKING NEWS** GRENFELL TOWER FIRE: LONDON FIRE B...



**A tale of two leaders**



**INSIDE HELL**  
Revealed: Haunting images that show inferno victims never stood a chance  
One tower, 16 failed council inspections - then 79 died



30 years ago Britain turned its back on social housing. Profit mattered more than putting a safe roof over the heads of our poorest. It is a diabolical failing which shames our nation... and may now have claimed more than 100 lives. We need answers. We need change.

# Grenfell Tower Fire

## Government involvement



### 14<sup>th</sup> of June

- Fire & Rescue on site
- Reports of several casualties and injured
- Mayor of London speaks
- Theresa May calls for government meeting – investigation



### 15<sup>th</sup> of June

- Statement from Queen Elizabeth
- Death tolls rising
- Tower block search may take months



### 16<sup>th</sup> of June

- Queen Elizabeth and Prince William visits the site
- £5m fund to support victims
- Protests in London

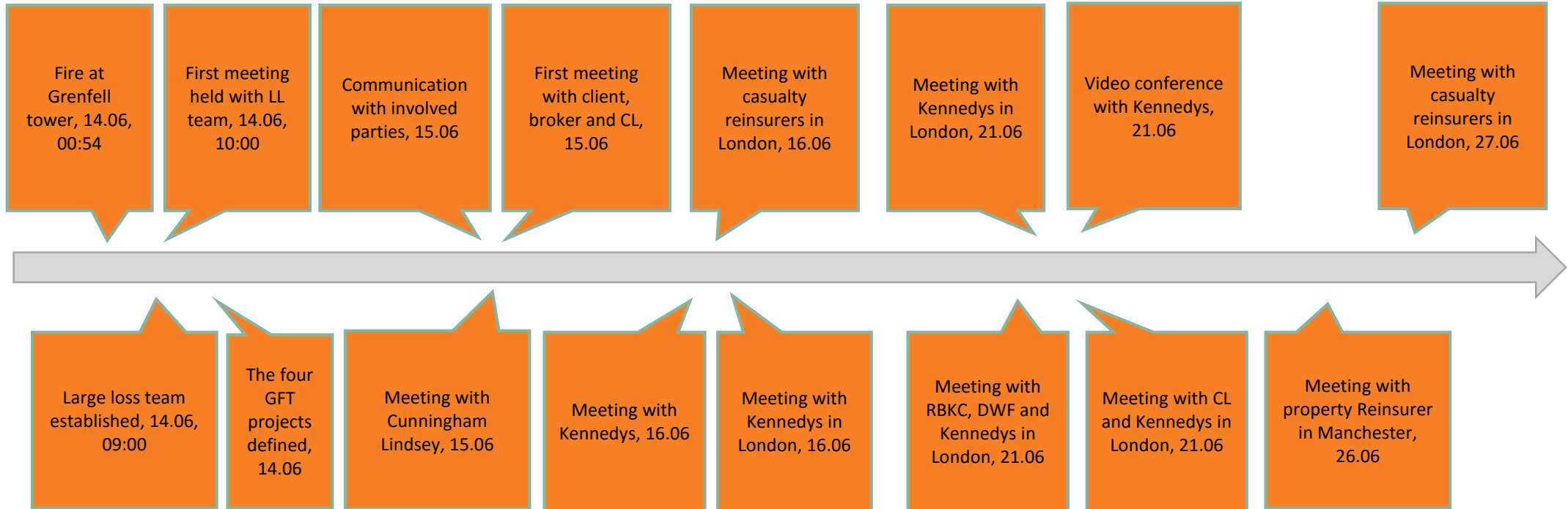
### Subsequent days and weeks

- Public inquiry under way
- Corporate manslaughter investigation
- Massive public attention on Grenfell, tower blocks and social housing



# Event timeline

## The first two weeks



# Claims handling

## Reinsurance

- Claims handling involvement and support
- Challenging UK casualty renewal completed
- Align reinsurance with Risk Management, UW and renewal season



Property Reinsurance  
Casualty Reinsurance

...In total 11 Reinsurance partners

## The four Grenfell Tower projects

### Risk Management/ UW

- RBKC walk-through
- Lesson learned from Grenfell Tower
- UW well done
- New broker and client initiatives incl. inspections

## Media/Communication



# Grenfell Tower Fire Projects

## Media/Communication

- Reactive and open
  - On the spot and credible
- No media advisor
  - All requests handled internally
- We are in the periphery
  - Focus on the claims handling process
- No scandals so far



THE TIMES



# Grenfell Tower Fire Projects

## Claims handling – the moment of truth

- Manage claim and client
- Keep legal costs at decent level
- Process is key
- Align with reinsurance companies
- Proactive and professional communication to involved parties and other stakeholders (brokers)



# Grenfell Tower Fire

## Claims handling - Summary



- The Grenfell Tower fire is an unprecedented tragedy
- Protector has established a fruitful and good relation with RBKC
- Working on the same goal
  - Not waiting for liability to be established, redress schemes to compensate without prejudice the survivors and bereaved from Grenfell Tower
  - Trying to speed up processes that support the victims – enable them to go forward with their lives
  - Trying to channel most of the compensations to the victims
  - Avoid unnecessary legal costs
- The reserves are highly uncertain (£50m) and will be updated in Q3



# Grenfell Tower Fire

## Status - Property

- London Resilience Team (LRT) and Gold Command (GC) in control of the site
- Police is conducting investigations
- Building unlikely to be released to RBKC/Protector until April 2018
  - All information is secondary or rumors
- LRT has so far focused on stabilizing the building, securing and remove human remains and facilitate the investigations
- Scaffolding designed for both investigation and potential demolition
- The damaged building will be sheeted this autumn, to enable investigations during the winter
- Protector in regular communication with LRT and GC and prepared to handle the site when released





# Grenfell Tower Fire

## Status - Liability

- Many victims from the fire have suffered, several with personal injuries and many have lost most of their belongings
- The challenge is that nobody knows if anyone is liable for the fire, or eventually who it might be and to what extent
- It will take a long time to establish the liability, so far no one has accepted liability
- The Public Inquiry will answer many questions – but it will take months or years
- RBKC and Protector don't want to wait months or years
  - The survivors from Grenfell Tower and directly affect deserves better
  - Survivors should be spared for long and tedious processes and having the tragedy repeated
  - We want money used on the victims and not spent on legal costs
- RBKC and Protector from the beginning worked together on schemes to act fast to assist and help the victims



# Grenfell Tower Fire

## Status - Liability

- RBKC and Protector started early to draft a contents scheme
  - Without prejudice, pay compensation for the residents contents
  - Enable the survivors to reestablish their life when relocated to permanent accommodation
- Tenants' contents scheme is ongoing
  - Claims handling conducted by RBKC's own claims organization
  - Large and complex claims: close cooperation with Protector
  - Received positive feedback from claimants and their lawyers
- Next scheme is a rehabilitation scheme - special medical needs
  - Two acknowledged suppliers engaged to offer support and treatment
  - Corpore and The Grove (PTSD-treatment)
- RBKC and Protector working on a more comprehensive Redress scheme



# Grenfell Tower Fire

## Recovery

- Emotional and Painful process for all the unfortunate victims involved
  - Recovery process will lead to repetition of the terrible experience
- Difficult territory, for all involved parties and their insurance carriers
  - Recovery work already started
- Approximately 24 companies involved with minimum 24 insurance companies from 9 different countries
  - From large global companies to small local advisors
- Recovery will take 10 years of legal battles and an army of lawyers
- Sums can get larger than the insurance losses



## An unprecedented claim like the Grenfell Tower tragedy, calls for unprecedented considerations

Let's consider an unprecedented contribution with all involved parties that focuses the maximum attention upon delivering compensation to the unfortunate victims and avoids costs being incurred in legal exchanges.

# Summary

We stand firmly behind our UK operations



- Grenfell Tower fire – a human tragedy
  - Worst in decades



- Nordic market leader – Targeting top 3 in the UK

- 45 Local Authorities, incl. 20 Boroughs
- 24 housing associations
- 3 Fire Authorities and 1 university
- 22 people, more to come

£47Bn Sum Insured,  
190,000 properties



- An unprecedented claim calls for unprecedented considerations

## 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

Values tested in Grenfell Tower situation  
...walk the talk or...

