

Who is Protector and why invest now?

DNB's 15th Annual SME Conference
Oslo, 4th April 2019



«Olemme erilaisia»

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

«Vi är annorlunda»

«Vi er annerledes»

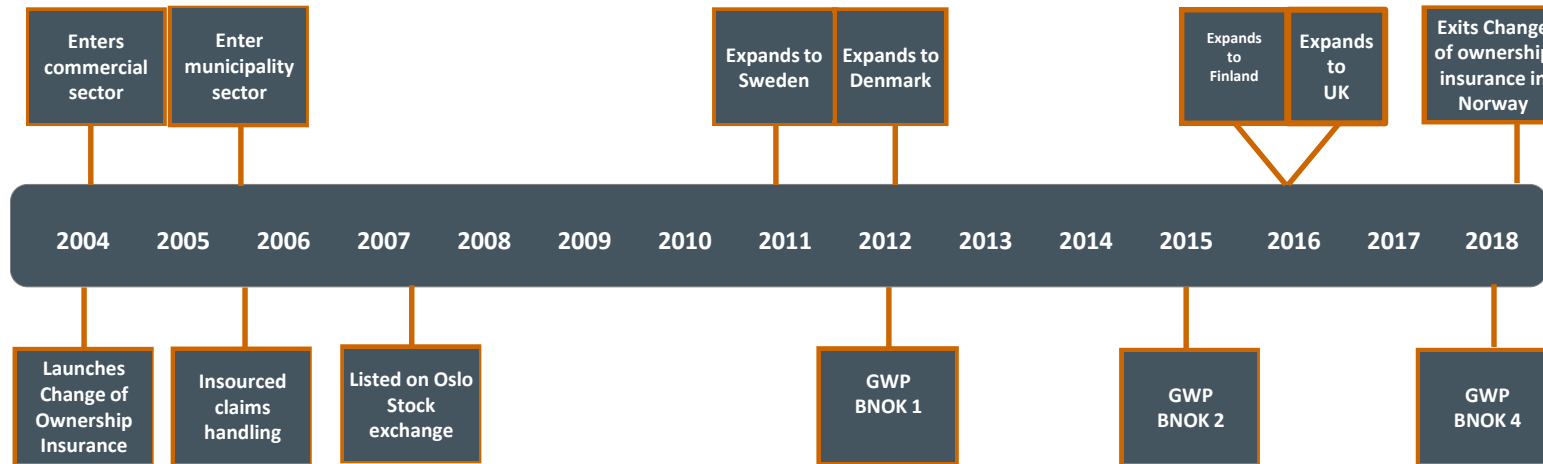
«Vi er forskjellige»

«We are different»

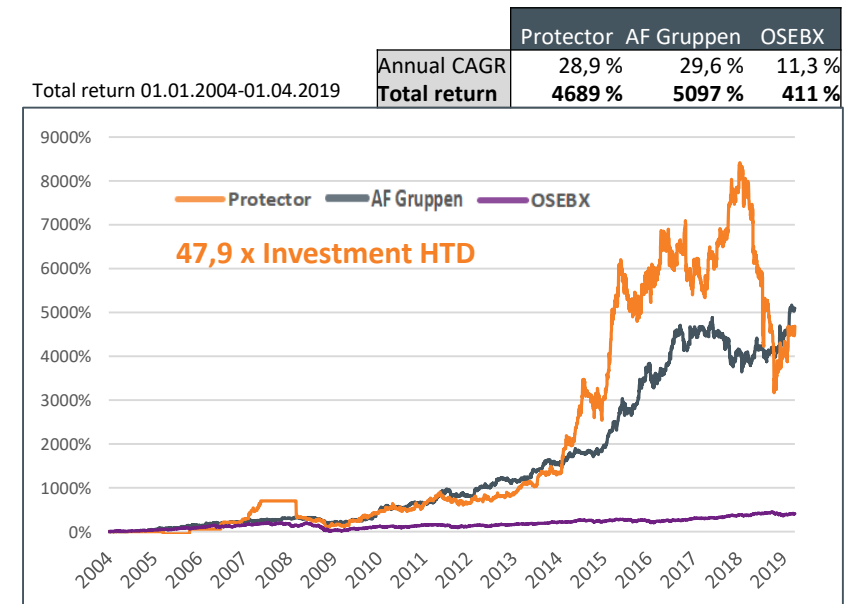


Who are we?

The Challenger



- HTD Combined Ratio 92,6 %
- 0 to 4 BNOK GWP in 15 years, 38 % CAGR
- Cost leader in the world
- Quality leader in all markets
- Expanding to Sweden in 2011, Denmark in 2012, Finland and UK in 2016



The Nordic Challenger

Segments



Commercial sector

73 % of Nordic revenues



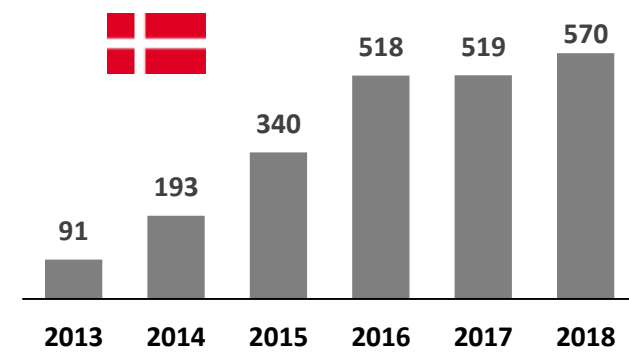
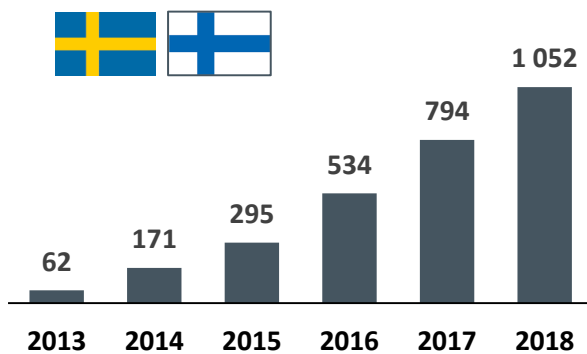
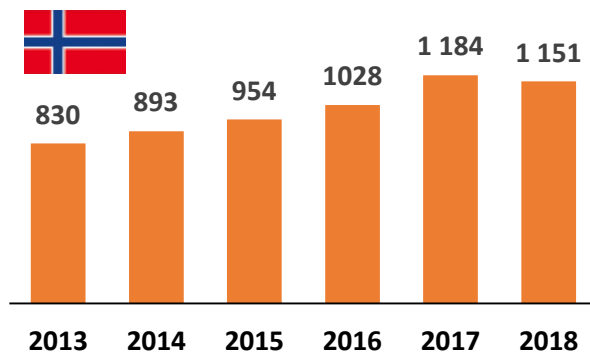
Summary

- Corporate clients minimum size NOK 0.2m
- Standardized products; Workers Compensation, Group Life, Other Insurance, Accident, Health , Property, Motor, Liability & Cargo
- Similar underwriting process in all countries; securing efficiency and quality in decision-making
- Underwriters, risk-engineers, Key Account Managers and management present in underwriting meetings

Market drivers

- Cost and quality leadership
- Protector's market appetite in Nordics is > NOK 15bn
- Market dominated by a few large players in each market with approximately 75% of the market

Revenue development per country – GWP (MNOK)



Public sector

27 % of Nordic revenues



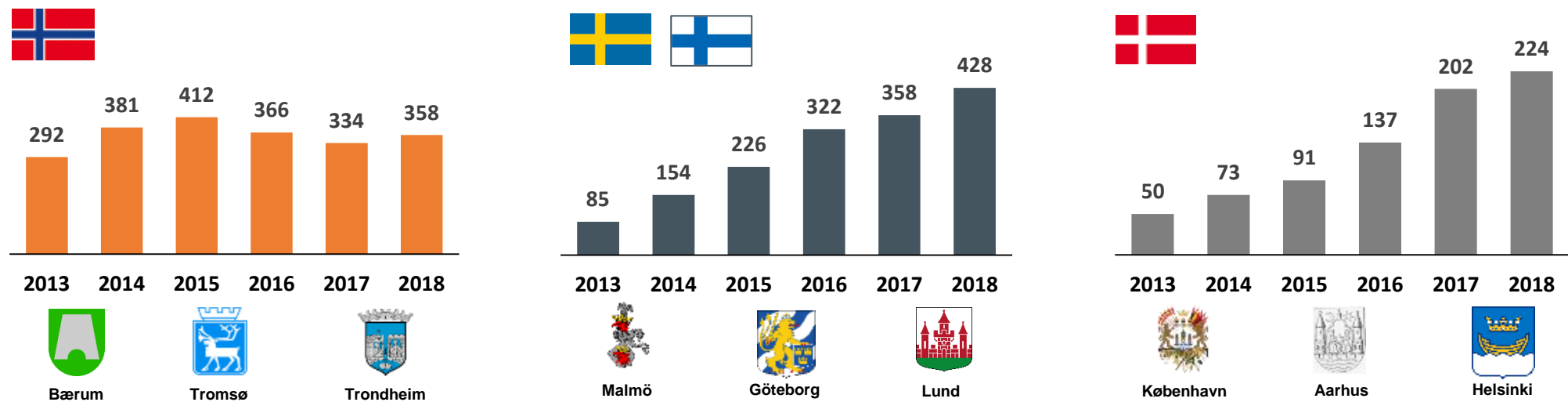
Summary

- Protector is the market leader in the Nordics
- Insuring more than 600 municipalities
 - 280 Norwegian, 240 Swedish and 80 Danish clients
- Protector quotes all tenders and all product lines
- Underwriting in the Nordics centralized from Oslo
- Service and claims handling locally

Market drivers

- Few players and tough market conditions
- Tender processes are governed by public procurement regulation
- Avg. tender evaluation criteria 30% quality and 70% price
- Nordic market appetite is more than NOK 2bn

Revenue development per country – GWP (MNOK)

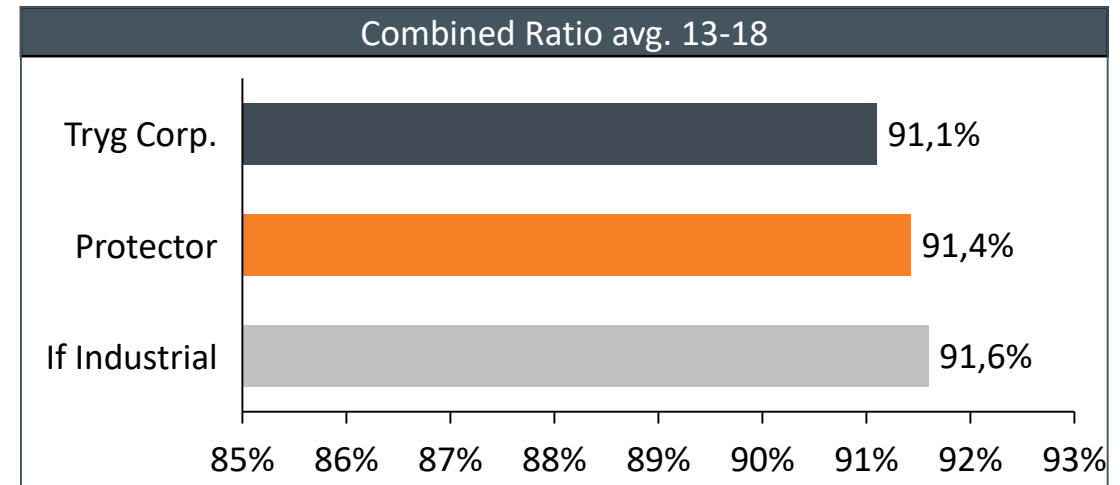


Protector vs If Industrial and Tryg Corporate

Peers in same segment with same product mix and distribution channel



- Protector vs. Peers
 - Same product mix
 - Same broker based sales channel
 - Same commission structure
 - Same average size of clients
- Profitable Nordic market
 - However with significant rate pressure 2013-17
 - Prices started to increase in 2018 and continues in 2019
- Protector with a competitive Combined ratio...
 - Despite growing fast
 - Despite expansion across borders
 - ...Our cost advantage makes this possible



Highlights 2018 results

19% growth – combined ratio 98,6%



- Profit before tax -23,9 MNOK down from 441,0 MNOK
- Investment return -19,8 MNOK or -0,3%

A poor 2018 is behind us

- Protector Exits Change of Ownership insurance in Norway



Highlights 2018 results

15% growth – combined ratio 106,9%



- Profit before tax -340,6 MNOK down from 562,2 MNOK
- Investment return -56,2 MNOK or -0,6%

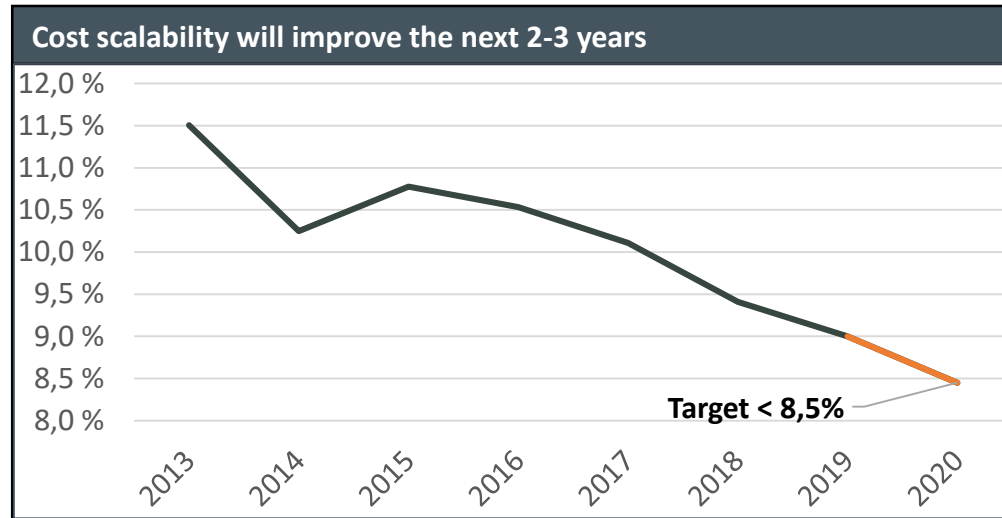
A poor 2018 is behind us

- Protector Exits Change of Ownership insurance in Norway



Cost Leader in the world

Competitive advantage strengthened



*Gross Cost incl. Claims handling ex. Broker commission



Gross expense ratio	2013	2014	2015	2016	2017	2018
Protector	7,5 %	6,4 %	7,3 %	6,6 %	8,0 %	8,4 %
Codan/Trygg Hansa	19,5 %	21,2 %	16,4 %	14,8 %	14,5 %	13,7 %
Tryg	15,6 %	14,6 %	15,3 %	15,7 %	14,0 %	14,4 %
Gjensidige	15,3 %	15,0 %	15,1 %	14,2 %	15,3 %	15,2 %
If	16,8 %	16,7 %	13,0 %	16,6 %	16,3 %	16,4 %
Länsförsäkringar	19,0 %	19,0 %	19,0 %	19,0 %	18,0 %	19,0 %
KLP	26,2 %	23,1 %	21,1 %	22,8 %	21,8 %	24,6 %
Average ex. Protector	18,7 %	18,3 %	16,7 %	17,2 %	16,7 %	17,2 %

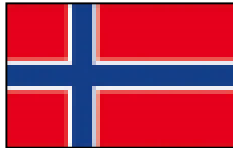
Quality leader in Scandinavia and UK

Humble and proud



Broker satisfaction index done annually through Protector, Broker houses and/or broker associations

13 years in a row



2 yrs consecutive



Far ahead of #2 again



7 years in a row



#2 in 2018



Volume growth

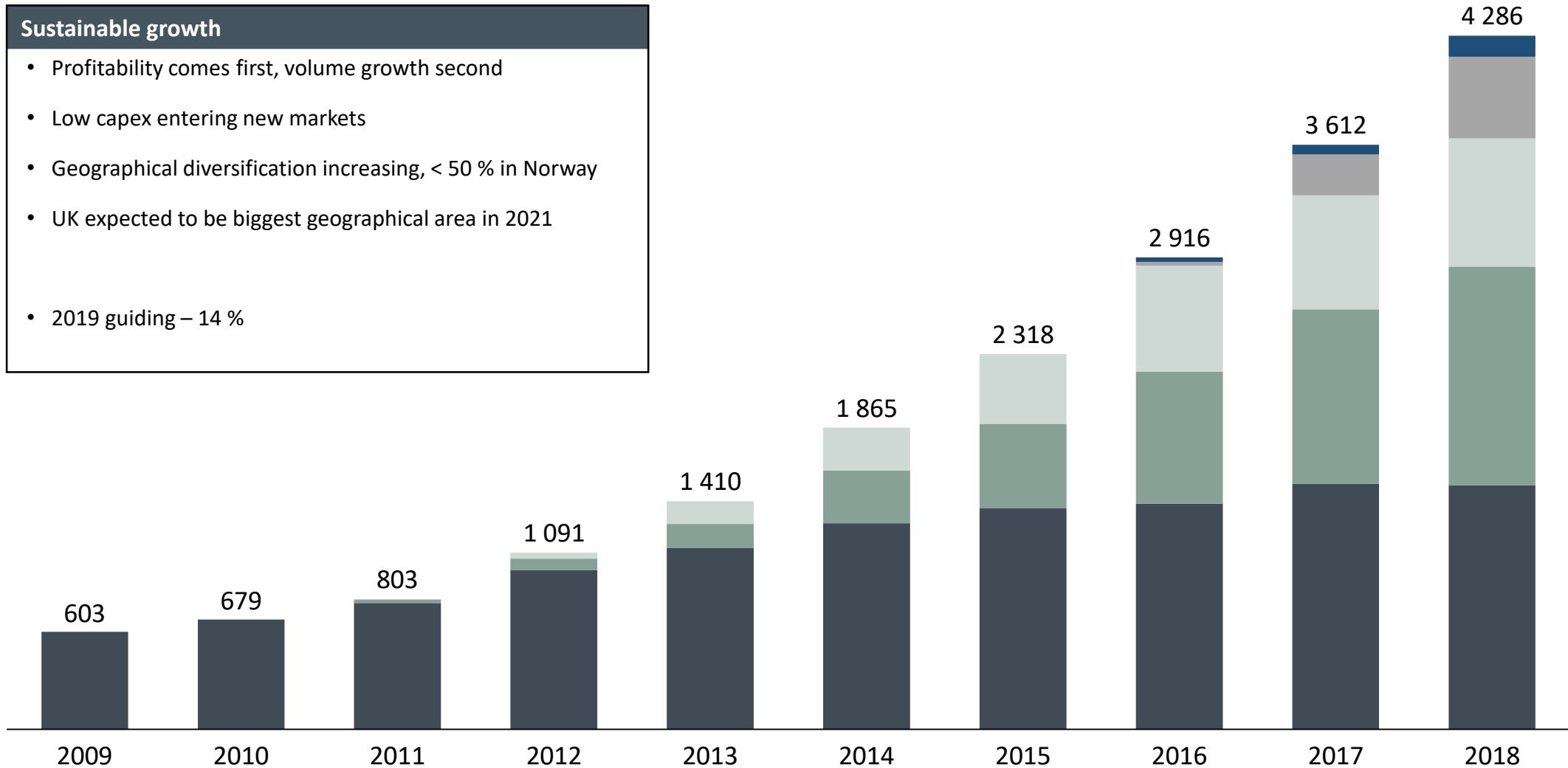
25 % growth, 10 years in a row



Sustainable growth

- Profitability comes first, volume growth second
- Low capex entering new markets
- Geographical diversification increasing, < 50 % in Norway
- UK expected to be biggest geographical area in 2021

- 2019 guiding – 14 %



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%

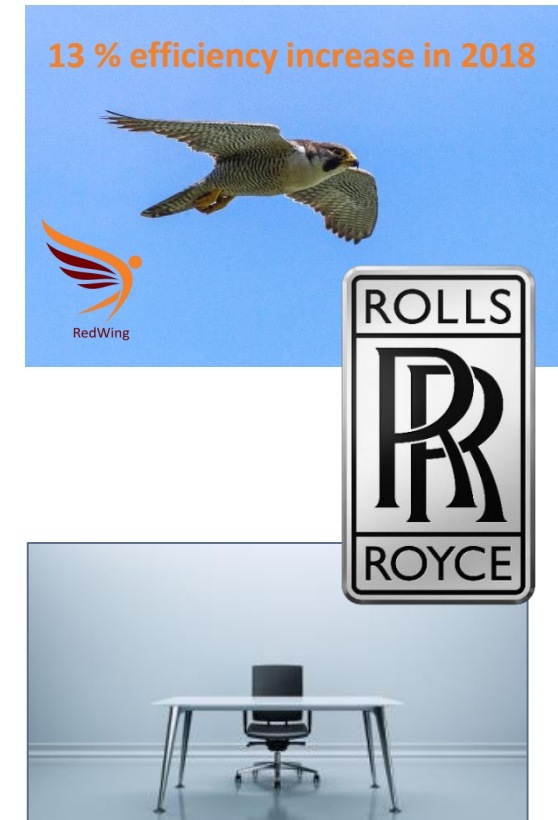


- Limited growth, but further profitability improvements in 2019
 - Portfolio re-pricing and clean up continues
 - Price increases 01.01 target >12%, result 9,4%



- 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

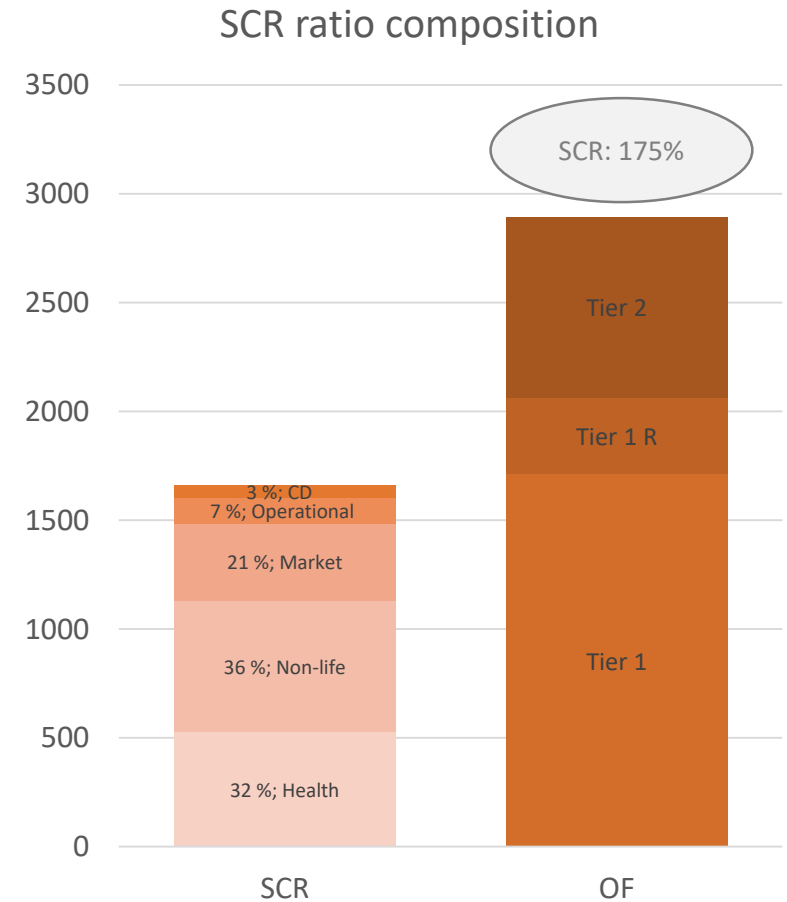
ROI	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-18
Protector incl. COI	16,1 %	9,7 %	-2,3 %	8,9 %	7,0 %	5,3 %	5,2 %	7,0 %	4,8 %	-0,6 %	6,1 %
KLP	8,3 %	7,2 %	4,5 %	6,5 %	6,5 %	6,5 %	4,4 %	6,1 %	5,6 %	1,8 %	5,7 %
Länsförsäkringar	10,0 %	6,0 %	-2,0 %	5,0 %	6,1 %	6,5 %	4,6 %	5,6 %	7,2 %	0,9 %	5,0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

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

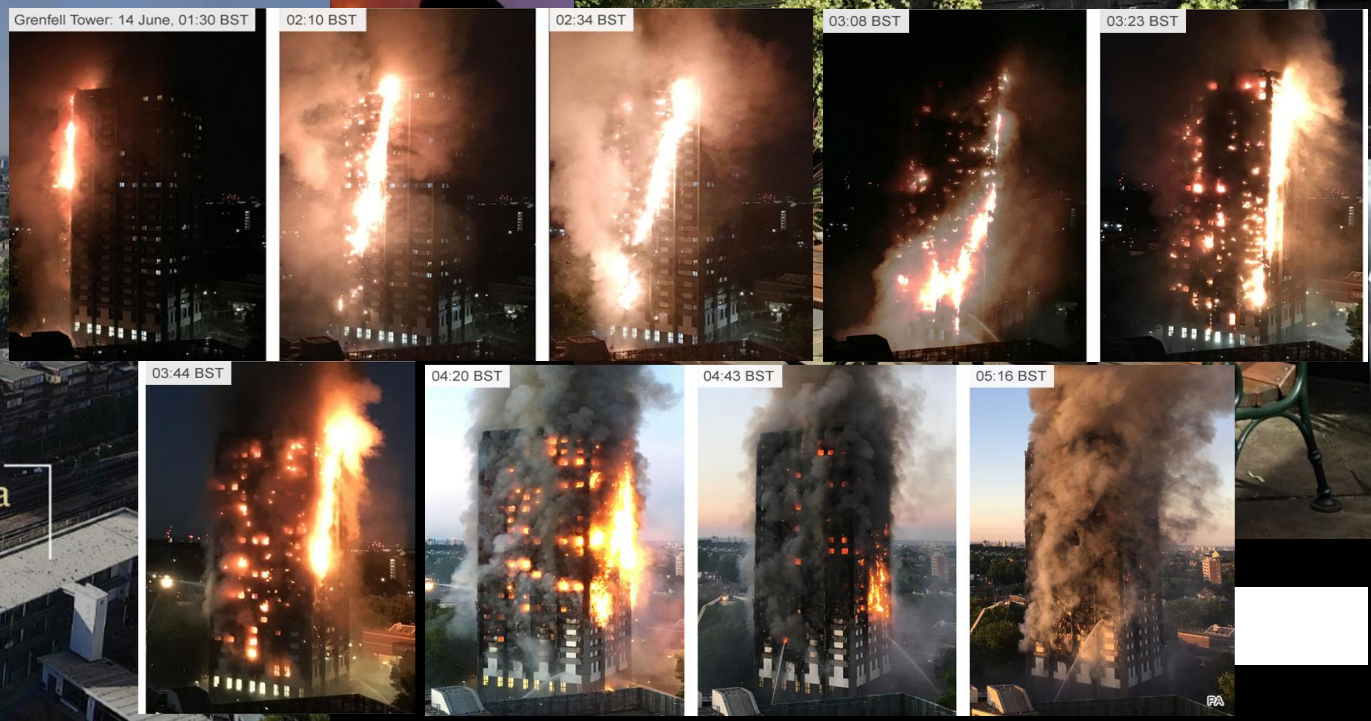


Grenfell Tower Fire

A human tragedy



Floors 24	Residents 400-600
Homes 120	Refurbished 2016





Claims handling

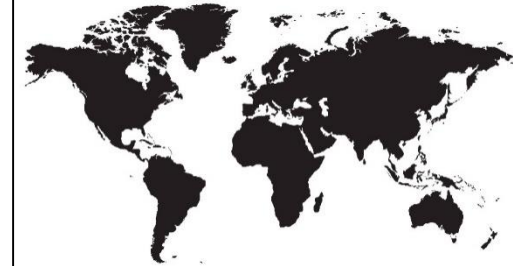
- Manage claim and client
- Keep lawyer cost at low level
- Process is key
- Align with reinsurance
- Proactive and professional communication
- Full property settlement finalised 17.08.2018
- Liability will take many years

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

Kennedys
Legal advice in black and white



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

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



Inspection examples

Construction

Cladding

- Grenfell Risk Management report released

Post GFT Risk Management report released

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



Grenfell Tower
Risk Management
Rapport
Mars 2019

- 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

The collage displays ten pages from the report, each with a header 'PROTECTOR' and a page number:

- 7 - Internal Routines & Lessons learned**: Includes a table with columns for 'Internal Routines', 'Lessons learned', and 'Status'. The table lists various routines and lessons, such as 'Fire drills', 'Fire alarm testing', and 'Fire risk assessments', with their respective statuses.
- 8 - Future Work**: Features a bar chart showing the status of various future work items, with categories like 'Completed', 'In progress', and 'Not started'.
- 9 - First Hand Inspection**: Contains a table with columns for 'Inspection date', 'Inspection type', 'Inspection results', and 'Inspection actions'. It also includes a bar chart showing the distribution of inspection results.
- Building Class**: Shows a bar chart comparing the Grenfell Tower's performance to other buildings in the UK, categorized by building class.
- Coverage**: Includes a bar chart showing the coverage of various fire safety measures, such as fire doors, fire alarms, and fire extinguishers.

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

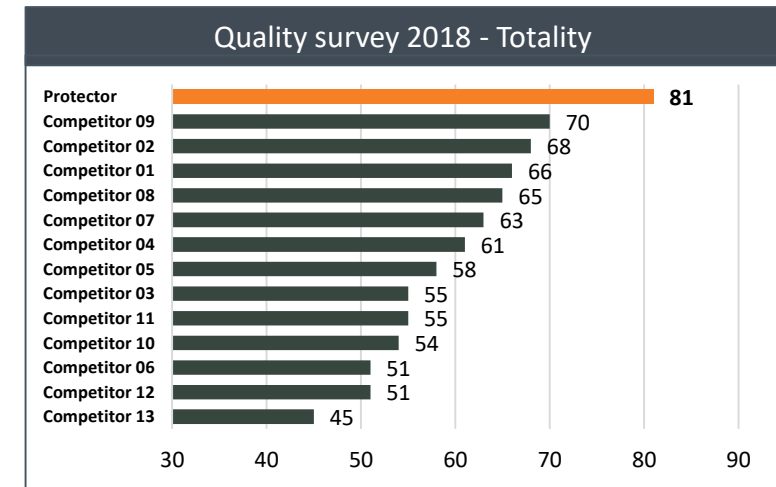
Will give us access to a much larger commercial market

UK – Summary

On track, according to plan



- GWP 505 MNOK in 2018 up 100%
 - 95 public sector clients - Insure 1/3 of London Boroughs
 - 51 housing associations - 3 large, national HAs on board
 - 92 commercial clients - Medium to large commercial clients
- Gross cost ratio 16,9%, 10,5% excl. broker commissions
 - Cost ratio will rapidly decrease
- UK #1 on Quality again
- Manchester HQ
- London offices in March 2019 – no hurry
- UK expected to be biggest geographical area in 2021
 - Largest client in Protector history won January 1st



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

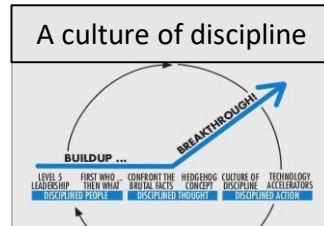


Cultural development

Culture eats strategy for breakfast



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



Our DNA

Vision

The Challenger

Business Idea

Main targets

Cost and quality leadership

Profitable growth

Top 3

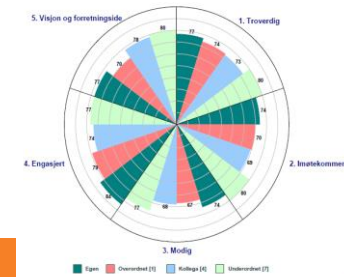
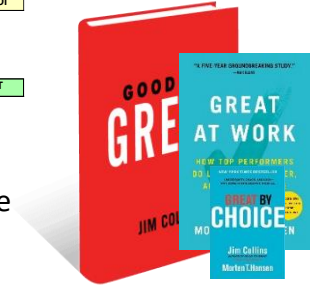
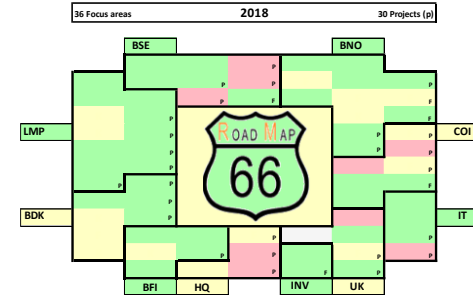
Values

Credible

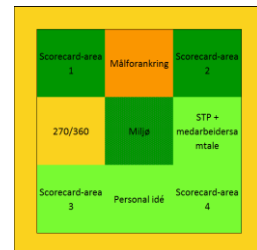
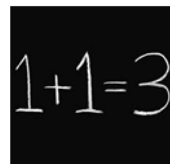
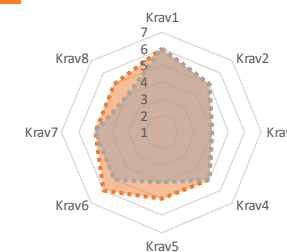
Open

Bold

Committed



Protector Profile



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 %



Who is Protector and why invest now?

Strong competitive position entering 2019

- Cost leader in the world
- Quality leader in all markets
- Strong HTD results with avg. ROE ~20%
- Poor 2018 is behind us and we have exited COI
- Prices are going up in the Nordics, some patience needed
 - We will not reach long term combined ratio target this year and you will see a normal seasonality distribution of profits, with a poor Q1, then improving
- UK looks promising and will be the growth engine the next 5 years
 - Biggest client ever won januar 1st 2019
 - Expanding in Manchester
 - Carefully opening up in London



Guiding 2019

Net combined ratio **96 %**

Volume growth **14 %**



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 forskjellige»

«We are different»



Who is Protector and why invest now? - appendix

DNB's 15th Annual SME Conference
Oslo, 4th April 2019



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 in 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