



PROTECTOR

forsikring

Preliminary year-end results 2010
Investor presentation

24 February 2011

Facts about Protector

- A focused non-life Norwegian insurance company
- Established Jan.1, 2004. (Listed on Oslo Stock Exchange May 2007)
- Vision: "Protector will be the challenger to the established insurance companies"
- Main targets:
 - Being top three in Protector's defined business segments
 - Cost leadership
 - Being preferred by the brokers

- Ownership; ODIN, Franklin Mutual Funds, Alfred Berg Norge/Gambak, DnB NOR SMB, Nordea, employees, etc.
- Strong results, average combined ratio 2004 - 2010, 92%
- GWP in 2010: MNOK 1.011, further growth in 2011
- Solid balance sheet, solvency capital of MNOK 894, investment portfolio > 2bn.

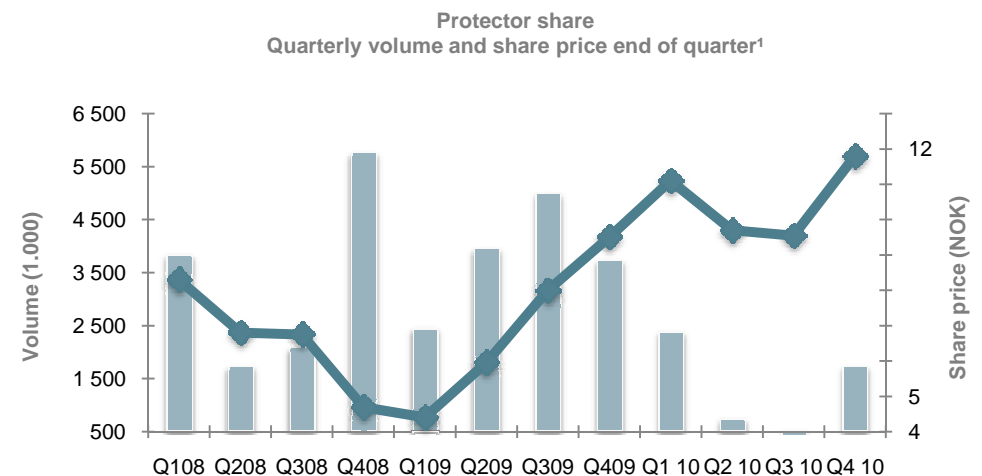
Outlook 2011:

GWP + 15%
CR ~ 88

Dividend policy:

5-15% of the solvency capital
Share buy backs for additional surplus capital

Suggested dividend for 2010, NOK 1.50 per share



¹ Share buy back not included in the volume figures

Highlights 2010

Strong growth, strong combined ratio and strong investment income

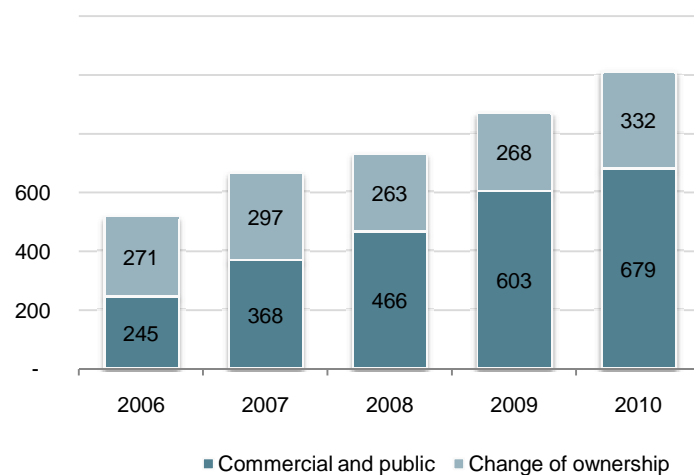
- GWP up 16 %
 - Commercial and public lines of business, up 13%
 - Change of ownership insurance, up 26%
- Net combined ratio, 92.7%, down from 96.4%
- Return on investments, 9.7%, down from 16.1%
 - 24% growth in investment portfolio
- Operating profit, NOK 234m, down from NOK 258.8m in 2009
- Return on solvency capital 28%, 38% in 2009
- Dividend of NOK 1,50 per share suggested

Gross written premium 2010

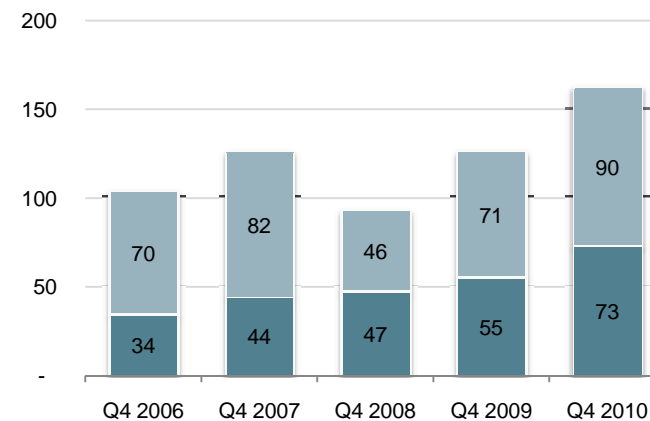
GWP up 16%, from NOK 871.4m to NOK 1.011m

- GWP up 13% within the commercial and public lines of business
 - Acceptable renewal rate, 85% down from 89% in 2009
 - Strong new sales and good access to quotations
- Change of ownership insurance, 26% growth, driven by
 - Increased real estate prices and higher real estate turnover rate
 - Increased hit-ratio, all time high 75% up from 73% and increased market share

GWP 2006 – 2010 (NOKm)



GWP Q4 2006 – Q4 2010 (NOKm)

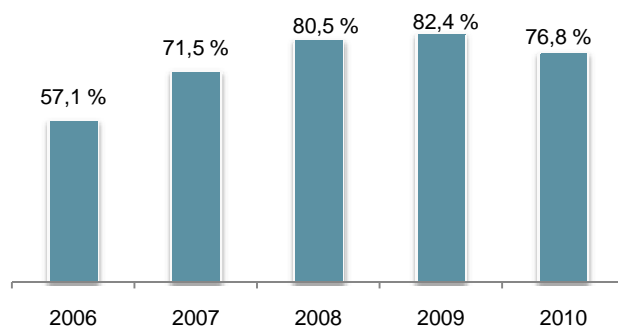


Claims development 2010

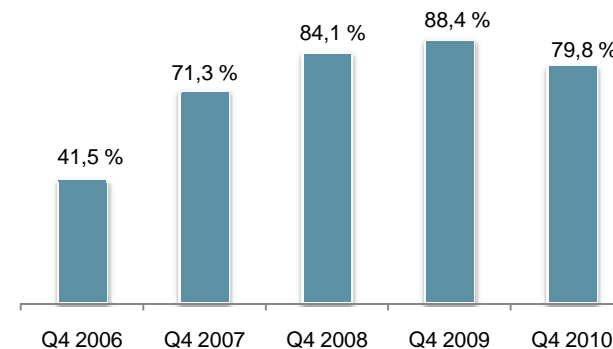
Net claims ratio 76.8%, down from 82.4%

- 3 large claims (> NOK 5m) within the commercial and public sector (4 large claims in 2009)
 - Q4 not affected by the cold winter, 1 large claim
- Run-off-losses of NOK 16.2m
 - Change of ownership insurance; Run-off-losses of NOK 43.3m
 - Commercial and public lines of business; Run off-off-gains of NOK 27.1m
- Gross claims ratio 75.3%, down from 77.0%
- Claims ratio in the UW-year 2010, 74.7%

Net claims ratio 2006 - 2010



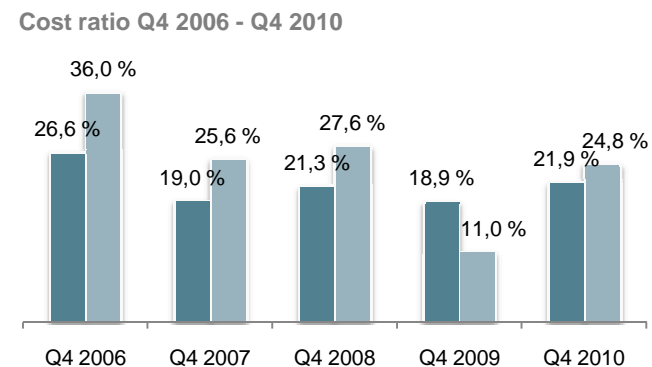
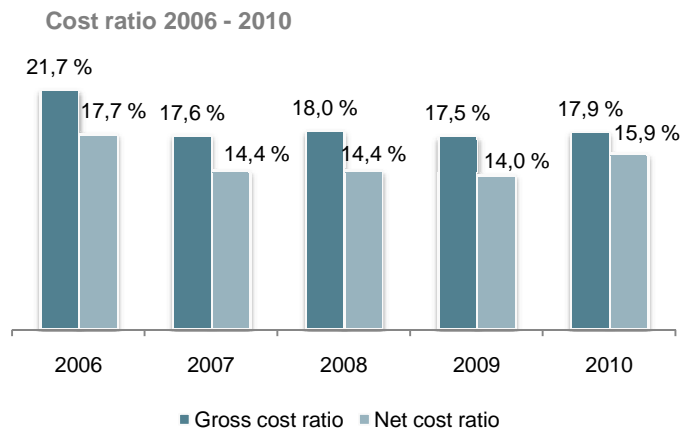
Net claims ratio Q4 2006 - Q4 2010



Cost ratio 2010

Gross cost ratio 17.9%, up from 17.5% in 2009

- Commissions drives cost ratio upwards
 - NOK 18.1m in increased commissions, 1,8 percentage point on cost ratio
- Increased manning costs due to increased no. of employees
 - Average no. of employees 106, up from 96 in 2009
- Cost development not good enough, cost initiatives taken
 - Some effect from Q1 2011 and full effect from Q3 2011



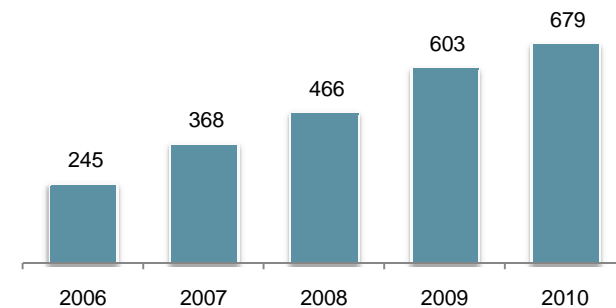
Highlights 2010 - Commercial and public lines of business

- Volume up 13%
 - Difficult in the municipality sector, 10% decline in volume
 - Still fast growing in the commercial sector, 35% growth
 - 1 large win in Q4 with a very high commission level
 - Start up in the Swedish municipality sector,
 - 9 municipalities on the customer list 1 Jan 2011
 - 1 large win and 6 losses in the municipality sector
 - 8 large wins and 3 losses in the commercial sector

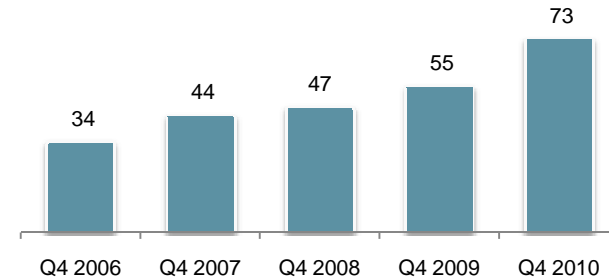
- Personal lines of business 62% of totality
 - 25% growth
 - 3% decline other lines

- Renewal rate 85%, slightly behind target

GWP 2006 – 2010 (NOKm)



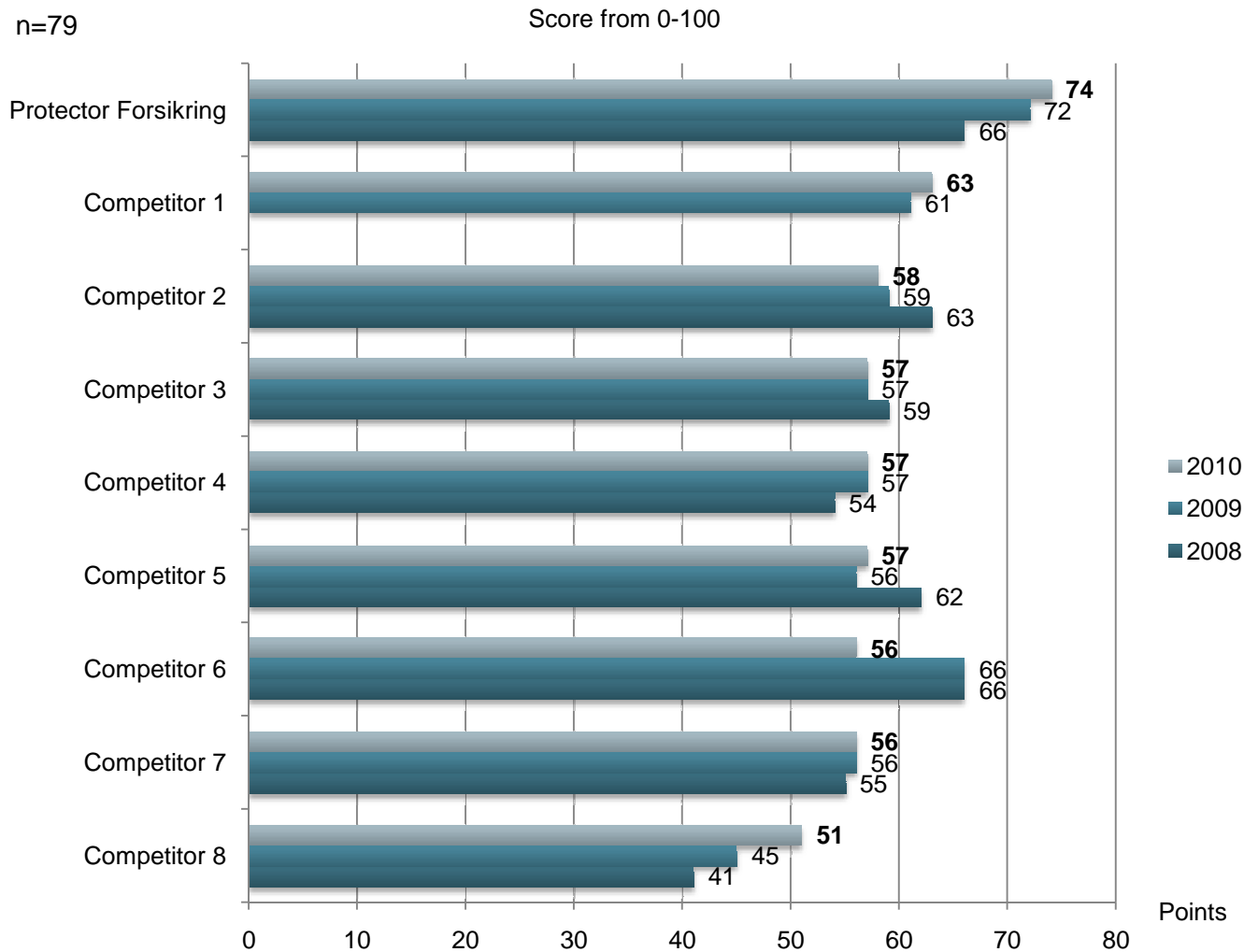
GWP Q4 2006 – Q4 2010 (NOKm)



Highlights 2010 - Commercial and public lines of business

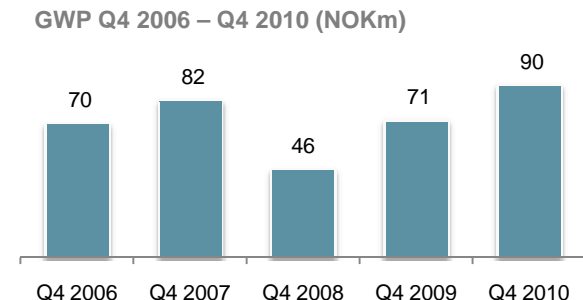
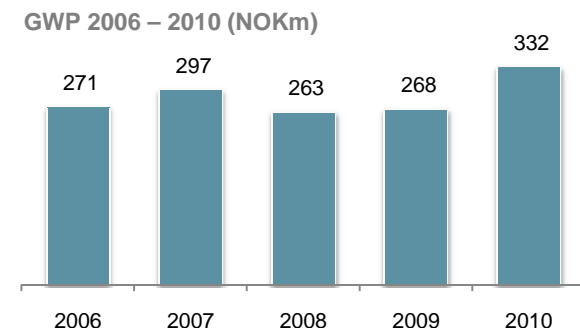
- Net combined ratio approx 82%
- 2011 reinsurance renewed with improved terms
 - Increased commissions and investment income
- Cost ratio increasing despite volume growth, cost actions taken
 - Target 2011 (provided of unchanged commissions), cost ratio down 3 percentage points, further 3 percentage points down in 2012
- Relationship with all leading brokers
 - Rated no. 1 fourth year in a row

Overall satisfaction with the insurance companies



Highlights 2010 - Change of ownership insurance

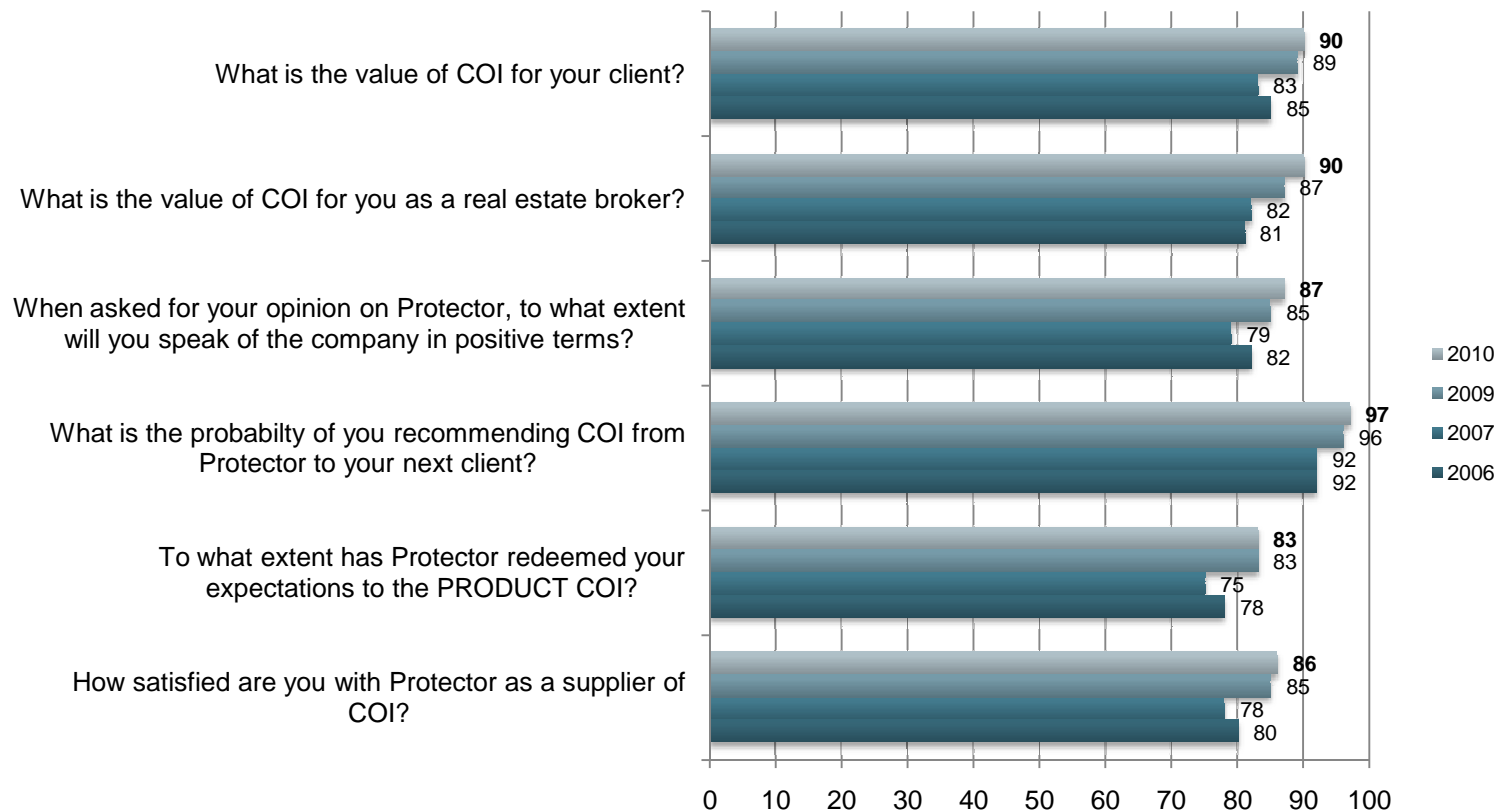
- Volume up 26%
 - Market share increased, well above 50%
 - Hit-ratio on a historic high level, above 75%
- Strong real estate market
 - Real estate prices up 8% in 2010 relative to 2009
 - 8% growth in the real estate prices expected in 2011
- Unprofitable in 2010
 - Weak claims development, due to run-off-losses of NOK 43.3m
- Claims handling- and technical department, strengthening
 - Manning increasing from 38 employees to 44
 - The strengthening is part of the action plan to reduce the claims ratio 8 percentage points during a 3-year period
- No of lawsuits on a stable high level
 - Conflict level slightly increasing
 - Historical high win ratio in court - 37 – 10 – 16 (win – draw – loss)
- Documented improved quality and efficiency within claims handling



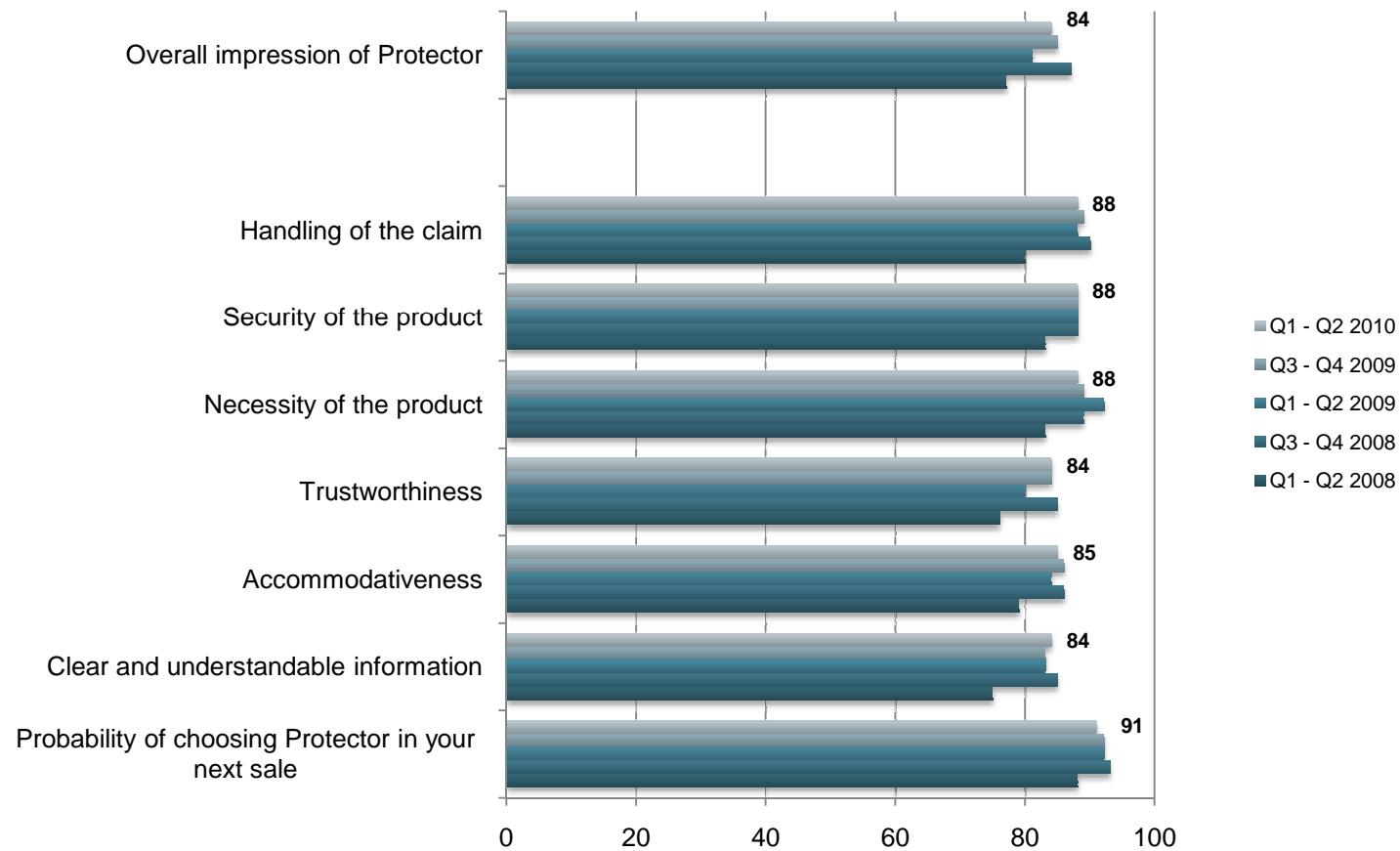
Highlights 2010 - Change of ownership insurance

- Technical surveys still on a low level
 - More than 10.000 technical surveys related to Protector's portfolio done every year
 - 8 out of 10 technical surveys do not follow basic quality guiding from technical organizations
 - Investments in a technical survey team (on Protector's payroll) might be a possible way to go
- Cost leader ship
 - Cost ratio 2010; 22% including claims handling costs
 - Estimated 6 - 8 percentage points lower than main competitors
- Quality leader
 - Historical high real estate broker quality feedback
 - Continued very high customer feedback

Evaluation of Protector among Real Estate Brokers



Customer satisfaction with Protector



Results 2010

MNOK	Q4 2010	Q4 2009	FY 2010	FY 2009
Premiums written gross	162,6	126,5	1 011,0	871,4
Premiums earned gross	267,7	223,2	987,7	843,1
Claims incurred gross	(218,2)	(161,3)	(743,7)	(649,2)
Premiums earned for own account	217,0	352,3	792,3	842,6
Claims incurred for own account	(173,3)	(311,5)	(608,4)	(694,7)
Operating costs	(53,8)	(38,6)	(125,9)	(117,9)
Net financial income	107,4	62,8	176,2	224,4
Other income/costs	(2,3)	1,1	(0,2)	4,4
Profit before change in security provision etc.	95,1	66,1	234,0	258,8
Change in security provision etc.	(59,2)	(0,9)	(92,2)	(61,7)
Profit after change in security provision etc.	35,9	65,2	141,8	197,2
Net claims ratio	79,8 %	88,4 %	76,8 %	82,4 %
Net cost ratio	24,8 %	11,0 %	15,9 %	14,0 %
Net combined ratio	104,6%¹	99,4 %	92,7 %	96,4 %
Retention rate	81,1 %	157,8 %	80,2 %	99,9 %

Note:

Net claims ratio = claims incurred for own account / NPE

Net cost ratio = (sales costs + admin costs + commission on reinsurance ceded)/NPE

Retention rate = NPE in % of GPE

¹ Net combined in Q4 2010; Reserves set higher than min. requirement and cost up due to a large low margin customer. Underlying trend in Q4, net CR ~ 90%.

- 16% growth, net combined ratio 92,7%, 28% return on the solvency capital

Balance sheet 2010

MNOK	31.12.2010	31.12.2009
Financial assets	2 021,5	1 634,8
Bank deposits	99,9	85,6
Other assets	264,5	252,5
Total assets	2 386,0	1 972,9
Total equity	587,5	562,7
Total reserves	1 689,4	1 358,7
Other liabilities	109,2	51,5
Total equity and liabilities	2 386,0	1 972,9
Solvency capital	894,3	777,3
Return on solvency capital	28 %	38 %
Solvency capital per share, end of period	10,8	9,4
Solvency margin	109 %	88 %
Capital adequacy ratio (risk weighted)	28 %	28 %
NAV	808,4	717,2
NAV per share, end of period	9,8	8,7

Note:

Solvency Capital = shareholder's funds + security provision etc.

Return on solvency capital: Operating profit / average solvency capital

Solvency margin = solvency capital / NPW

NAV = total equity pluss 72% of the total security provision etc.

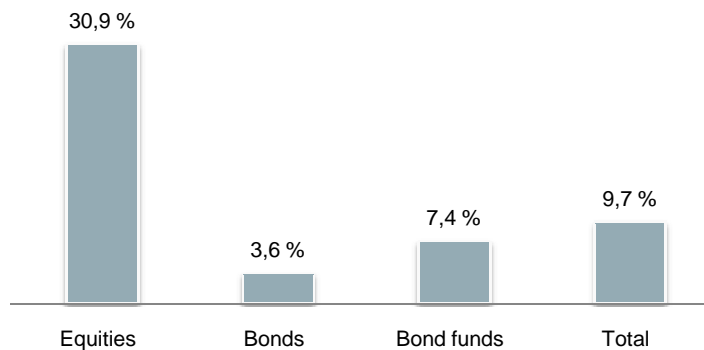
No. of shares = total outstanding shares ex own shares

- 24% growth in the investment portfolio

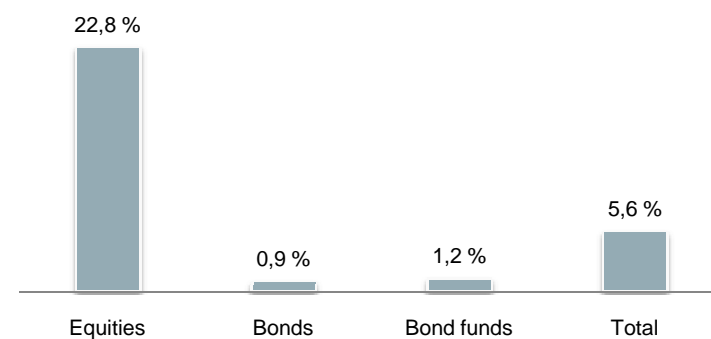
Investment performance 2010

- Net investment result of NOK 176.2m, 9,7% return (NOK 224.4m, 16,1%)
- NOK 107.4m in Q4 (NOK 62.7m)
- Equities, return of 30.9% (72.6%), OSEBX 18.3%
- Strong return due to timing of allocation and strong performance of Pareto Aksje Norge
- Return of 22.8% in Q4 (12.8%), OSEBX 17.7%
- Bond portfolio, return of 4.2% (5.8%)
- HTM portfolio reclassified, now available for trading, NOK 0,9m in gain.
- Risk exposure in one issuer reduced, NOK 1.8m in loss.
- Investment portfolio of NOK 2.022m (NOK 1.635m), 24% growth

Return YTD 2010



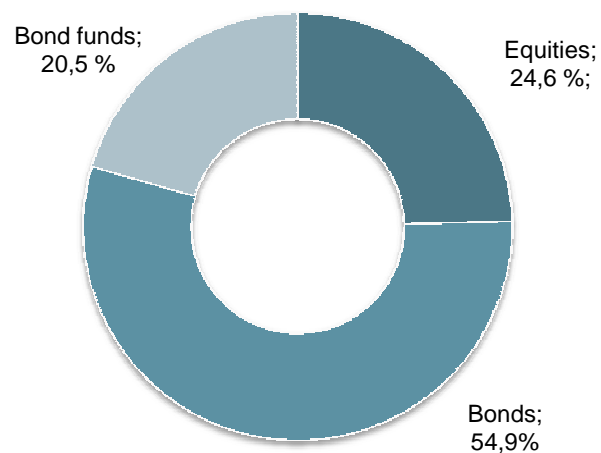
Return Q4 2010



Asset allocation

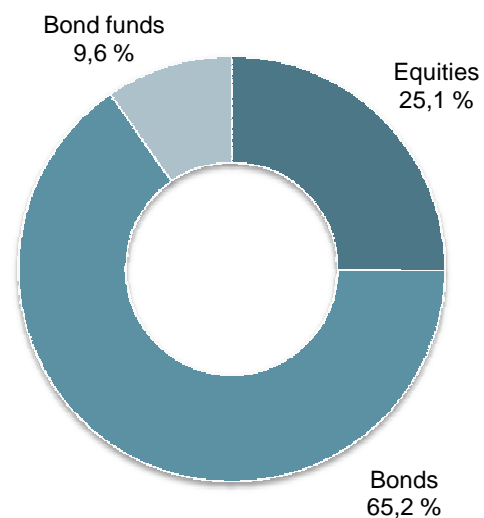
- Bonds 75.4% of portfolio, Norwegian equities 24.6%

Allocation of investments 31.12.2010



Total financial assets; NOK 2.022m

Allocation of investments 31.12.2009

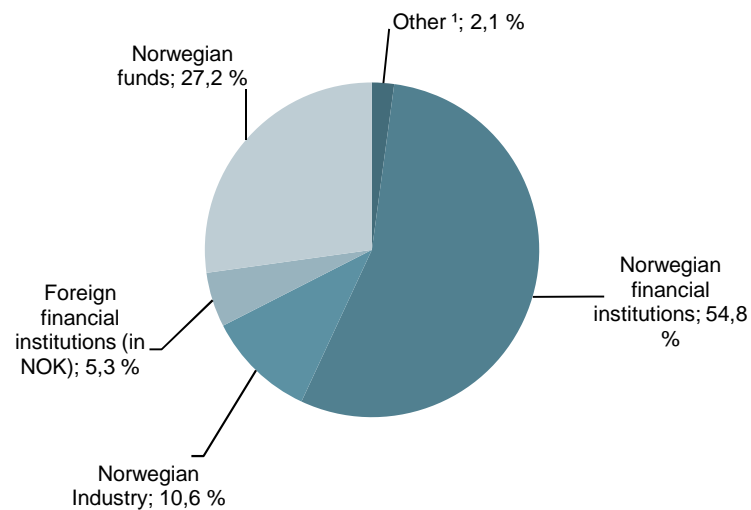


Total financial assets; NOK 1.635m

Portfolio structure and quality bond portfolio

- Duration (credit) of bond portfolio is 2,12 years (2,34 years)
-Interest duration 0,26 years (0,37 years)
- Slightly increased risk in non rated funds

Bond portfolio 31 Dec 2010



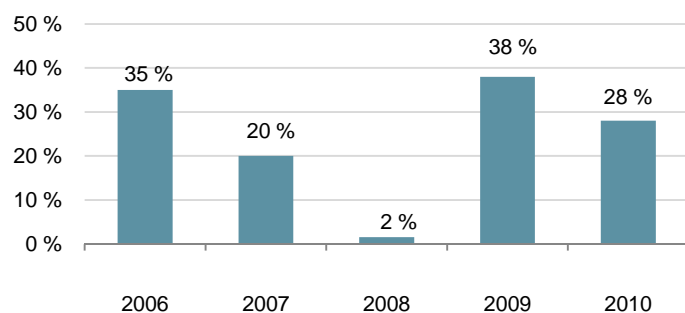
Quality bond portfolio 31 Dec 2010

Split of fixed income portfolio	NOK mill	%
Bonds:		
Bonds	1 109 103	73 %
Bond funds	414 451	27 %
Total	1 523 554	100 %
Rating including internal rating by Norwegian banks		
Investmentgrade	1 017 312	67 %
High yield	91 790	6 %
Non rated (funds)	414 451	27 %
Total	1 523 554	100 %

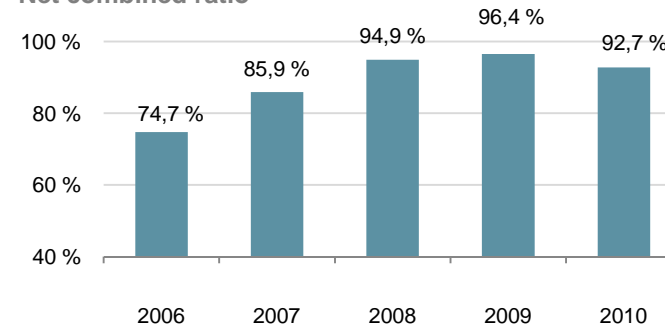
¹ Municipalities and government bonds

Development in earnings and key ratios

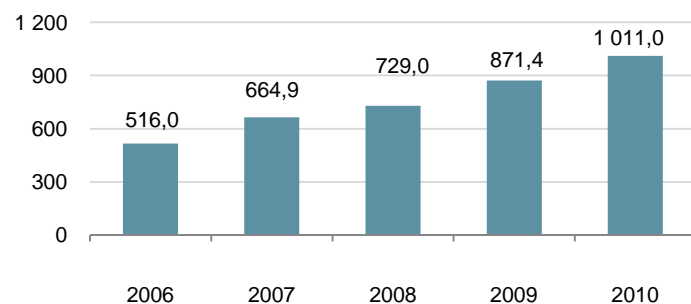
Return on solvency capital



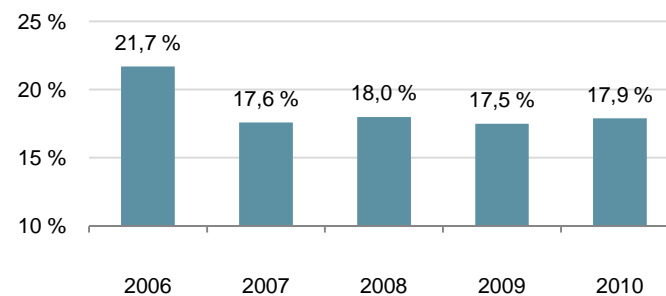
Net combined ratio



Gross written premium (NOKm)

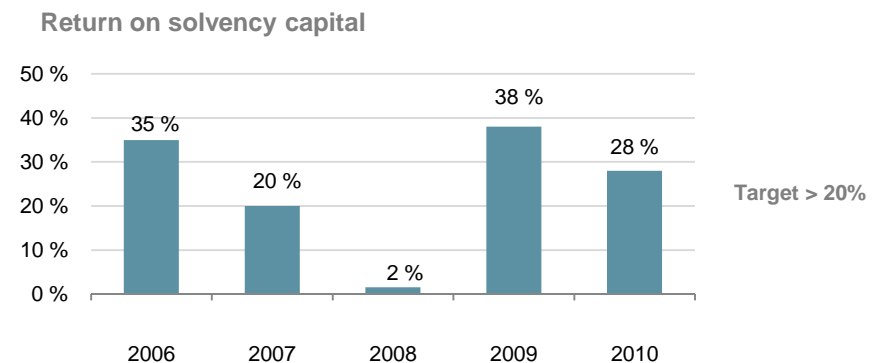
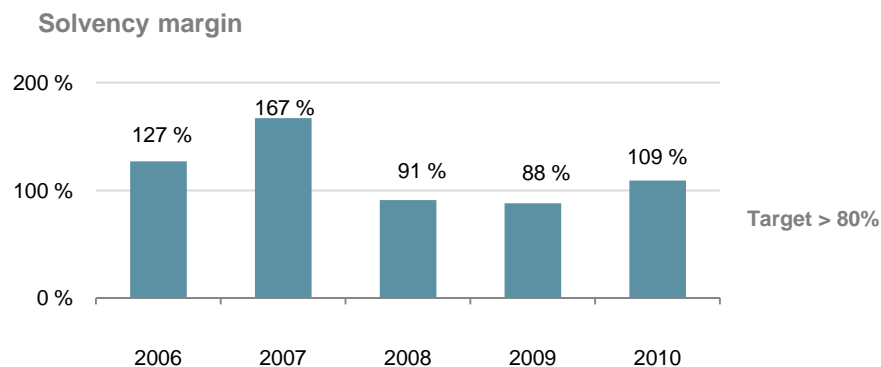
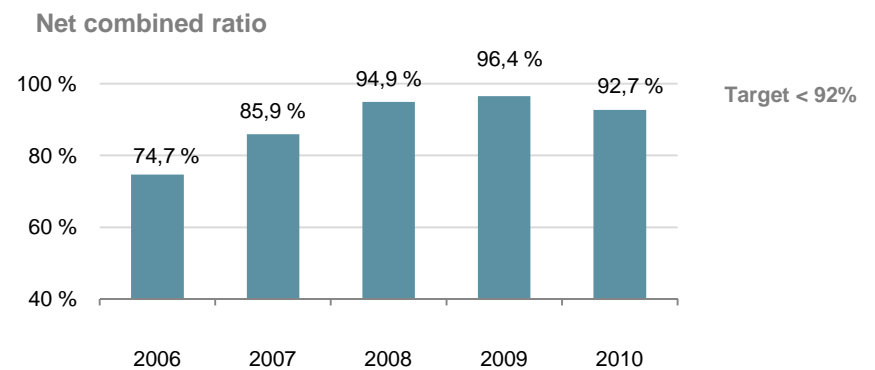


Gross cost ratio

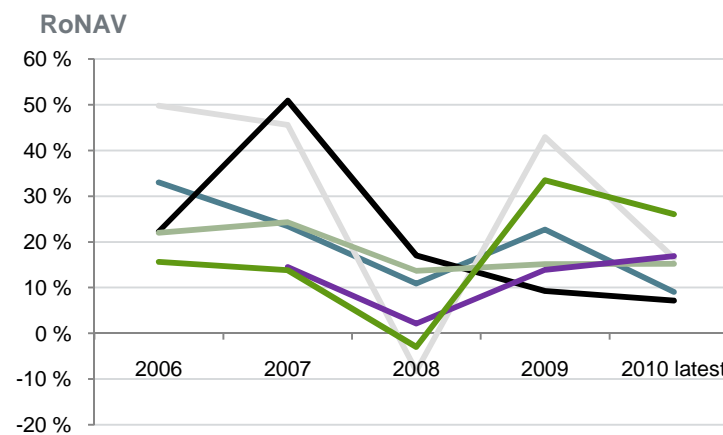
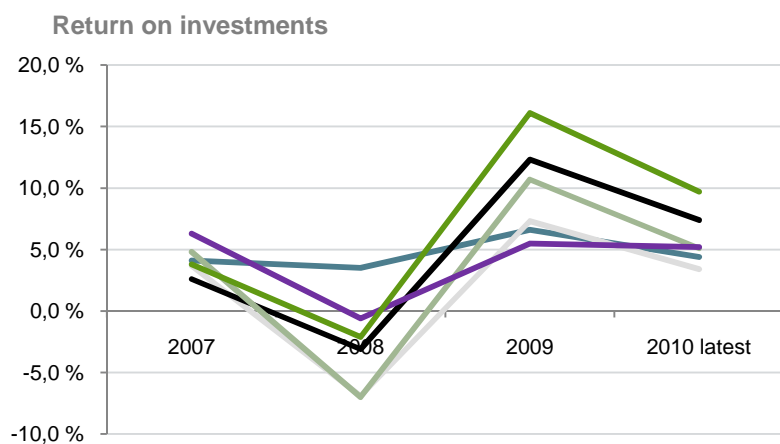
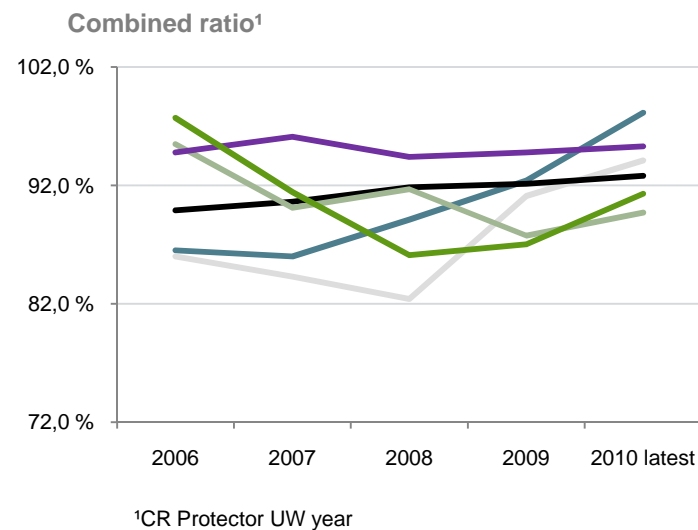
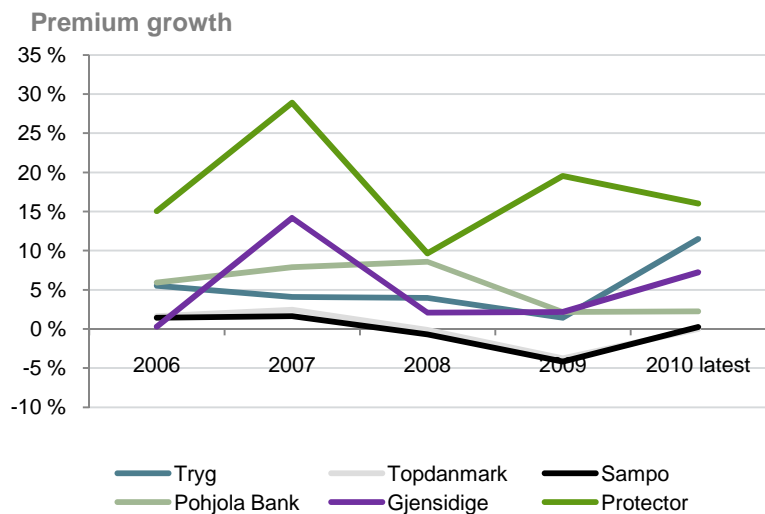


Long term financial objectives

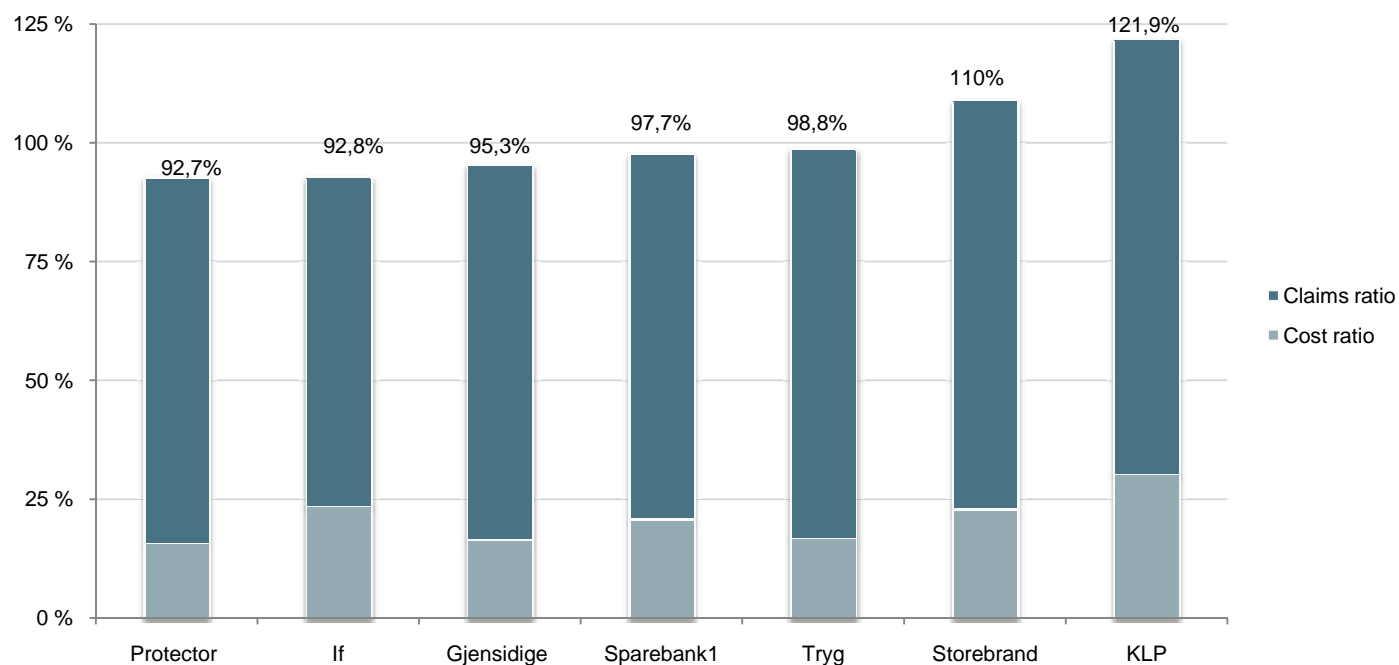
- Medium term GWP growth rate: 10%
- Net combined ratio: 92%
- Solvency margin: 80%
- Return on solvency capital: 20%



Nordic peers



Peers - Combined ratio 2010



Shareholder matters 17 February 2011

Shareholder	No. shares	Percent
ODIN NORDEN	7 205 255	8,36 %
MSF-MUTUAL FINANCIAL SERVICES FD	4 479 410	5,20 %
DNB NOR LUXEMBOURG SA	3 730 717	4,33 %
ALFRED BERG GAMBAK VPF	3 587 742	4,16 %
PROTECTOR FORSIKRING ASA	3 570 661	4,14 %
OJADA AS	3 563 116	4,14 %
BERGTOR AS	3 083 300	3,58 %
DNB NOR SMB VPF	3 200 000	3,71 %
TJONGSFJORD INVEST AS ¹	2 661 809	3,09 %
GABLER RÅDGIVNING AS ²	2 652 751	3,08 %
MORGAN STANLEY & CO	2 405 402	2,79 %
MP PENSJON	2 375 706	2,76 %
VPF NORDEA NORGE	2 349 588	2,73 %
LETRA INVEST AS	1 873 451	2,17 %
HATHON HOLDING AS	1 785 988	2,07 %
ALFRED BERG NORGE + VPF	1 776 000	2,06 %
FROGNES AS	1 649 916	1,92 %
PETROSERVICE AS	1 479 712	1,72 %
JOHAN VINJE AS	1 437 841	1,67 %
TRAFALGAR AS	1 403 938	1,63 %
TOTAL 20 LARGEST	56 272 303	65,31 %
OTHERS	29 883 302	34,69 %
TOTAL SHARES	86 155 605	100,00 %

No. Shareholders 2.756

¹ CEO Sverre Bjerkeli

² Chairman of the Board, Jostein Servoll

Related parties shareholding

- Management's direct and indirect shareholding totals 4,5m shares or 5,3 % of current outstanding shares
- Board members directly and indirectly own a total of 6,5m shares or 7,5% of current outstanding shares
- 45 employees own directly a total of 4.9 m shares or 5.7% of current outstanding shares (incl. management)
- Protector own 3.570.661 own shares or 4,14% of current outstanding shares

- Stock option scheme terminated 30 Dec 2010

Summary 2010

- GWP up 16 %
 - Commercial and public lines of business, up 13%
 - Change of ownership insurance, up 26%
- Net combined ratio, 92.7%, down from 96.4%
- Return on investments, 9.7%, down from 16.1%
 - 24% growth in investment portfolio
- Operating profit, NOK 234m, down from NOK 258.8m in 2009
- Return on solvency capital 28%
- Dividend of NOK 1.50 per share suggested
- Very strong Q1 2011 expected

Outlook 2011

Volume, outlook 2011, up 15% (16% in 2010)

Commercial and municipality sector

- + January 1st volume on a strong level
- + 2/3 of municipality renewals already history
- + Lower cost ratio, strengthened pricing power
- + Startup in the Swedish market
- + Less profitability actions necessary
- Municipality competition still strong, rates towards unhealthy
- Index increase lower than historical
- Continued rate pressure in the commercial sector

Change of ownership insurance

- + Average price per property up 8%
- + Slightly improved hit-ratio (1-3%)
- + Slightly improved market share expected (1-2%)
- + Norwegian economy do very well, property turnover expected to increase

Outlook up 15% (13% in 2010)

Outlook, up 15% (26% in 2010)

Net claims ratio, outlook 2011, 75%

Commercial and municipality sector

- + Strong start in January
- + Improved portfolio quality
- Rate pressure in both sectors

Change of ownership insurance

- + Profitability actions started
 - Costs claims surveys, down NOK 3 – 4m
 - Recourse improvements expected
 - Other UW actions will give NOK 2- 4m improvement
- + Increased premiums per policy higher than claims inflation
- Conflict level slightly up

Cost ratio, outlook 2011

Gross cost ratio, 16% (17.9% in 2010)

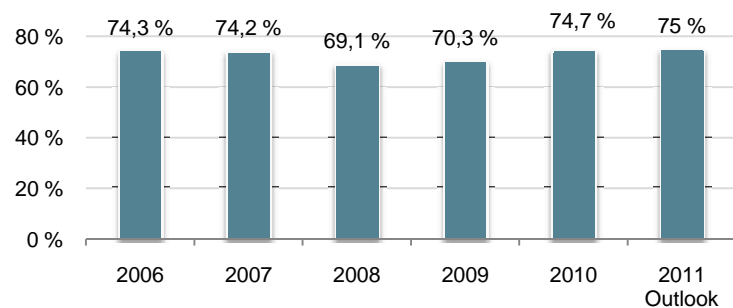
- + Volume growth
- + Stable or slightly decrease in no. of employees
- + Efficiency actions in the commercial department
- Increased manning in the claims handling department, change of ownership

Net cost ratio, 13% (15.9% in 2010)

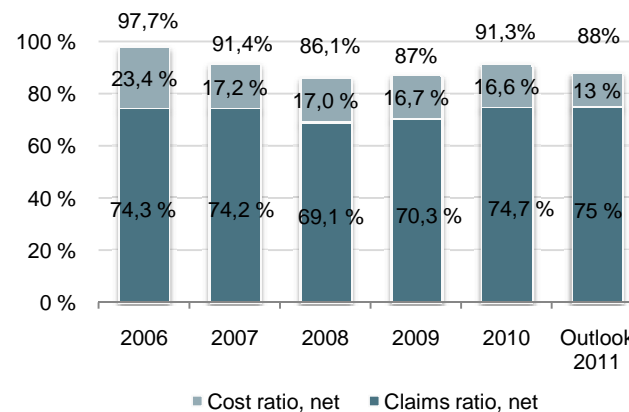
- + Volume growth
- + Stable or slightly decrease in no. of employees
- + Improved reinsurance commissions (without risk changes), improve net cost ratio
- + Efficiency actions in the commercial department
- Increased manning in the claims handling department, change of ownership

Key figures, UW year

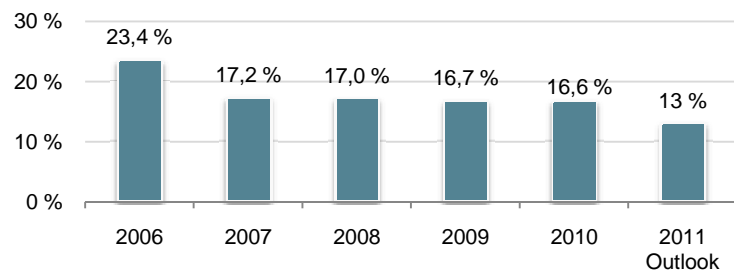
Claims ratio, net UW year – Outlook 2011



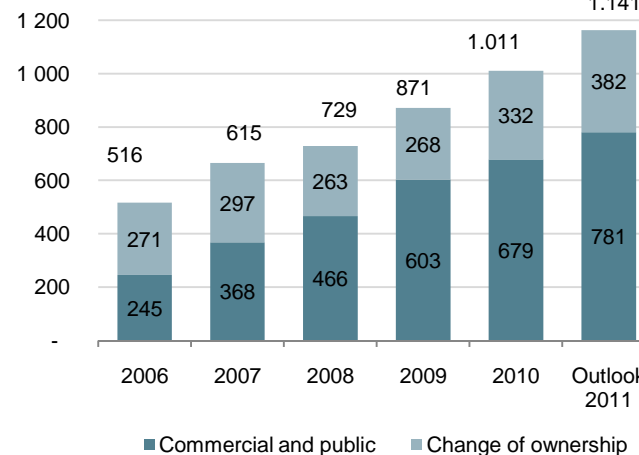
Combined ratio net UW year – Outlook 2011



Cost ratio, net UW year – Outlook 2011



GWP UW year – Outlook 2011 (NOKm)



Outlook 2011

NOKm	Res 2010	Outlook 2011
Premium growth (%)	16	15
Operating profit	234	230
Investment Income	176.1	125
Gross cost ratio (%)	17.9	16
Net combined ratio (%)	92.7	88
Return on solvency (%)	28	24

Return assumptions 2011:

Equity allocation approx. 25%
Return equities: 8% p.a.
Return bonds: 4.6% p.a.

Average invested capital: NOK 2.300m

CEO Summary, Outlook 2011

	Risk
+ Volume significant up in commercial & public sector	Low
+ Volume significant up in Change of Ownership sector	Low
+ Balance sheet growing leads to increased financial income	No
+ Reinsurance commission level growing	No
+ Cost ratio Gross & Net going down	Low/No
+ Price inflation higher than claims inflation Change of Ownership	Low
+ Company reserves on a stable level	Medium
- Rate pressure driving claims ratio upwards	High
- One or two negative surprises will occur	Medium

Summary 2010, Outlook 2011

	2010	Outlook 2011
• Volume growth	16%	15%
• Net combined ratio	92.7%	88%
• Net cost ratio	15,9%	13%
• Operating profit	NOK 234m	NOK 230m
• Return on solvency capital	28%	24%
• Dividend	NOK 1,50 per share	In line with policy
• Very strong Q1 2011 expected		

Appendix

Sweden – Repeating a “winning formula”



- Same Vision: “We will be the challenger to the established insurance companies” – also in Sweden.
- Same Business idea: “This will happen through unique relationships, good decision making, and cost effective solutions”
 - The basis for unique relations is challenging, but possible to establish
 - A comprehensive and reliable database creates a basis for good decision making
 - Cost effective solutions will happen through synergies and scalable structures
- Same Strategy
 - We sell standardized products at commercially attractive prices...
 - ...through insurance brokers only, all based on unique relations.
- Same Values
 - Trustworthy, Accommodative, Brave and Enthusiastic

Implementation Project



- Initial project completed at minimal cost
 - Systems, products, formalities, processes and reinsurance in place
- Operational implementation
 - Administration & service, underwriting and IT is handled from Norway
 - Service level with Swedish language
 - Loss adjusting externally until critical mass is reached
 - Sales will be handled from Sweden
- Recruitment of “Country Manager” progressing
 - Right person more important than speed



Entry focus – Municipality sector

- Protector's results in the sector in Norway are very good
 - An identical approach will be used
 - There are a few differences, should not be too difficult to manage
- Public sector easier to access, but without strong margins
 - Public regulation makes it easier to bid and win business
 - Two or three brokers dominates market
 - Few companies compete, nr 3 position "open"
- Comprehensive risk-related database collected
 - 2 years ahead compared to entry in Norway
- 9 Swedish municipalities (approx MNOK 12) have chosen Protector pr 2011-1-1
 - Slightly less than expected, however...
 - ...Protector's references now include small as well as large municipalities
 - The market is entered
- We are preparing for business in additional sectors