

PROTECTOR

forsikring

Investor presentation
March 2013

Sverre Bjerkeli (53) – Chief Executive Officer



Relevant experience:

- Head of consumer/commercial division at Storebrand (*If..*)
- CEO Storebrand Bank.
- IT Key positions in NOKIA/ICL and CEO Eterra/Ementor
- Last 9 years in Protector
- Handball player and trainer on international level
 - Marathon runner and Vasalopp skier “nowadays”

Agenda

- A profitable Growth story
- What made it happen?
- 2012 and onwards
- Q & A

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A profitable growth story

History – a "new" Norwegian company

- Protector established Jan 1st, 2004. (Listed on Oslo Stock Exchange May 2007)
 - Ownership, 80-85% Norwegian; ODIN, Alfred Berg Norge/Gambak, employees, etc.
- Management and employees with solid background from the insurance industry
 - From 15 employees in 2004 to 125 per Q4 2012
- Reinsurance through Munich Re, SCOR, Swiss, Hannover and other top rated
- Located in Oslo - covering Norway, distribution through brokers
 - Established in Sweden with first customers January 1st 2011
 - Denmark January 1st 2012
- Strong results and a solid balance sheet historical to date
 - Historical to date Combined Ratio 90,3%
 - Volume from 0-1.5 bill NOK

Vision, Business Idea, Main targets and Values

- Vision: “Protector will be *the* challenger to the established insurance companies”.
- Business Idea: “This will happen through unique relationships, state of the art decision making, and cost effective solutions”
- Main targets: Profitable annual growth 10 % through;
 - Being top three in Protector’s defined business segments
 - Cost leadership
 - Being preferred by the brokers
- Values: Integrated part of daily life and evaluated 4 times a year
 - Troverdig (Trustworthy)
 - Imøtekommende (Accomodative)
 - Modig (Brave)
 - Engasjert (Enthusiastic)

A focused insurance company...

Customer segments	Product lines	Distribution channels
Large and Medium sized commercial clients	Full range (standard products)	Insurance brokers
Selected affinity (group company) programs	Tailored product lines	Insurance brokers
Municipalities and public sector	Full range (standard products)	Insurance brokers
Residential property market	Change of ownership	Real-estate brokers

PIA ALMVANG (37)
Director Commercial and public lines



Education:

MSc in Actuarial Science from the University in Oslo

Relevant experience:

7 years experience from Swiss Re and Trygg Hansa/Codan.

7 years in Protector.

Commercial and public lines

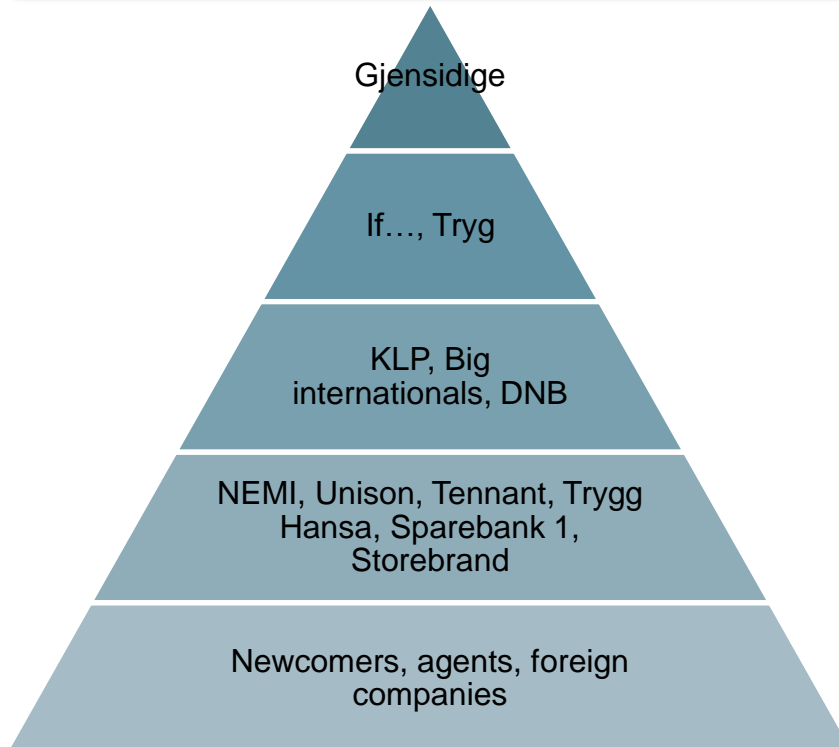
- Fast growing
- Top class in-house underwriting
- Cost leader
- Preferred by the broker
- Scalable business model

Commercial and public lines of business

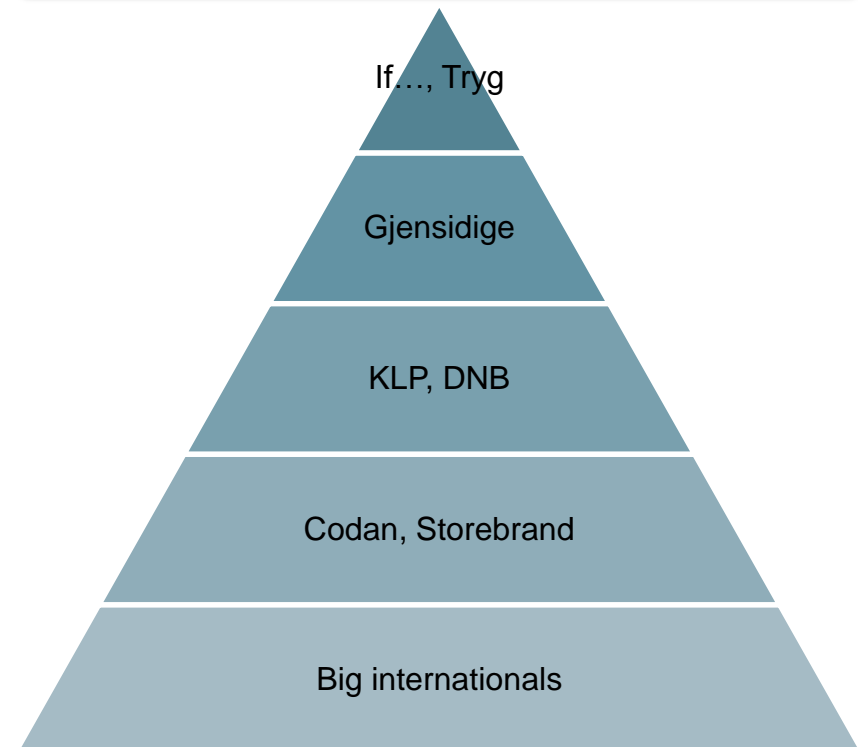
- Market;
 - Brokered Non-Marine business (NOK 6.5 billion)
- Strategy:
 - Product: Standardized products
 - Price: Commercially attractive
 - Distribution: Through brokers only
 - Promotion: Target individuals in leading broker houses
- Protectors distribution philosophy:
 - Easy to do business with
 - Commercially attractive
 - Trustworthy

The competitive landscape has changed significantly from 2007 to 2011, leaving the field less crowded

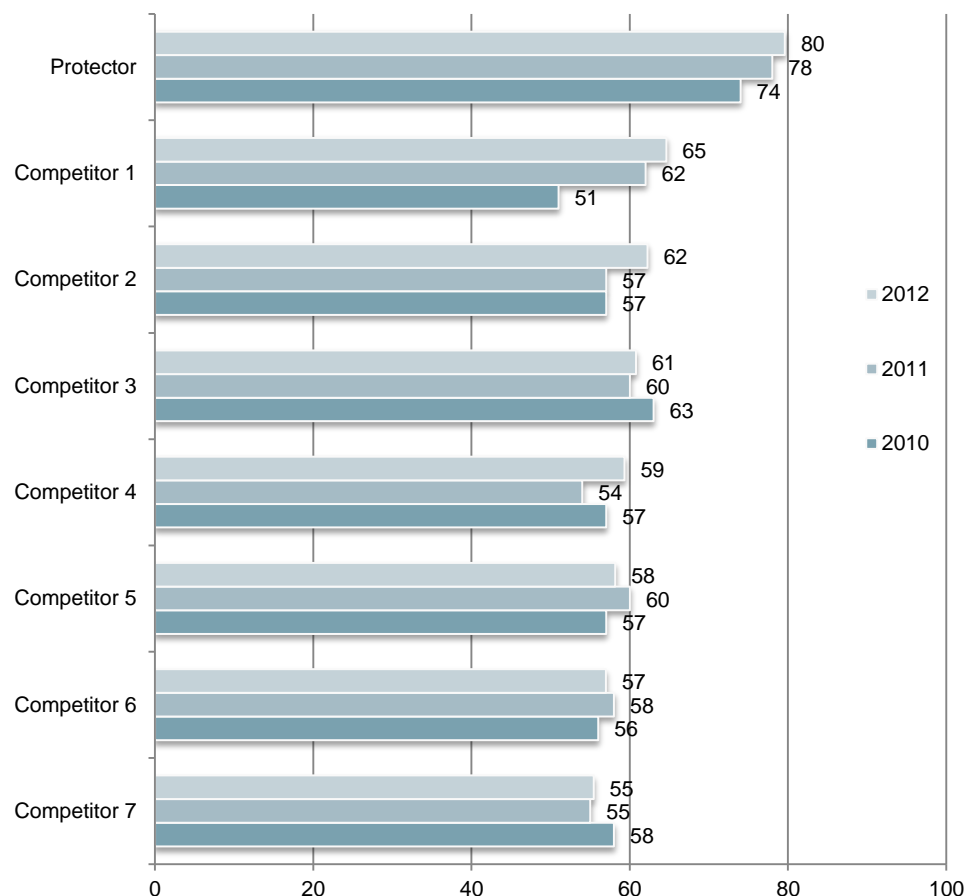
Competitive landscape 2007



Competitive landscape 2012



Quality leader among Insurance Brokers



- Rated no.1 sixth year in a row
- Claims handling department rated on top for the first time
- The survey used internally to identify areas for improvement

Change of ownership insurance

MERETE C BERNAU (46) –
Change of Ownership Director



Education:

Lawyer from the University of Oslo

Relevant experience:

Long experience from Storebrand/If as
a lawyer in commercial liability

7 years in Protector

- Distribution through Real Estate Brokers
 - Protector Market leader
- Claims Handling a challenge
 - Critical mass and structure a must
- Cost leader
 - 6-8% points lower than competitors
 - Different value chain and competent people
- Best database in market
- High entry barriers for new entrants;
 - Niche market product, long tailed, reputation problem, distribution access and claims handling are major challenges

Claims handling, a challenge

- Liability product, 5 years liability accord to Norwegian law, a lot of money and passion involved, “new product”
- Technical surveys (Boligsalgsrapport) are done with a very poor quality level
- Approx. 4.600 claims reported per year
- 500+ law suits per year
- 30 lawyers, 4 technical support, management and support working full time with claims handling

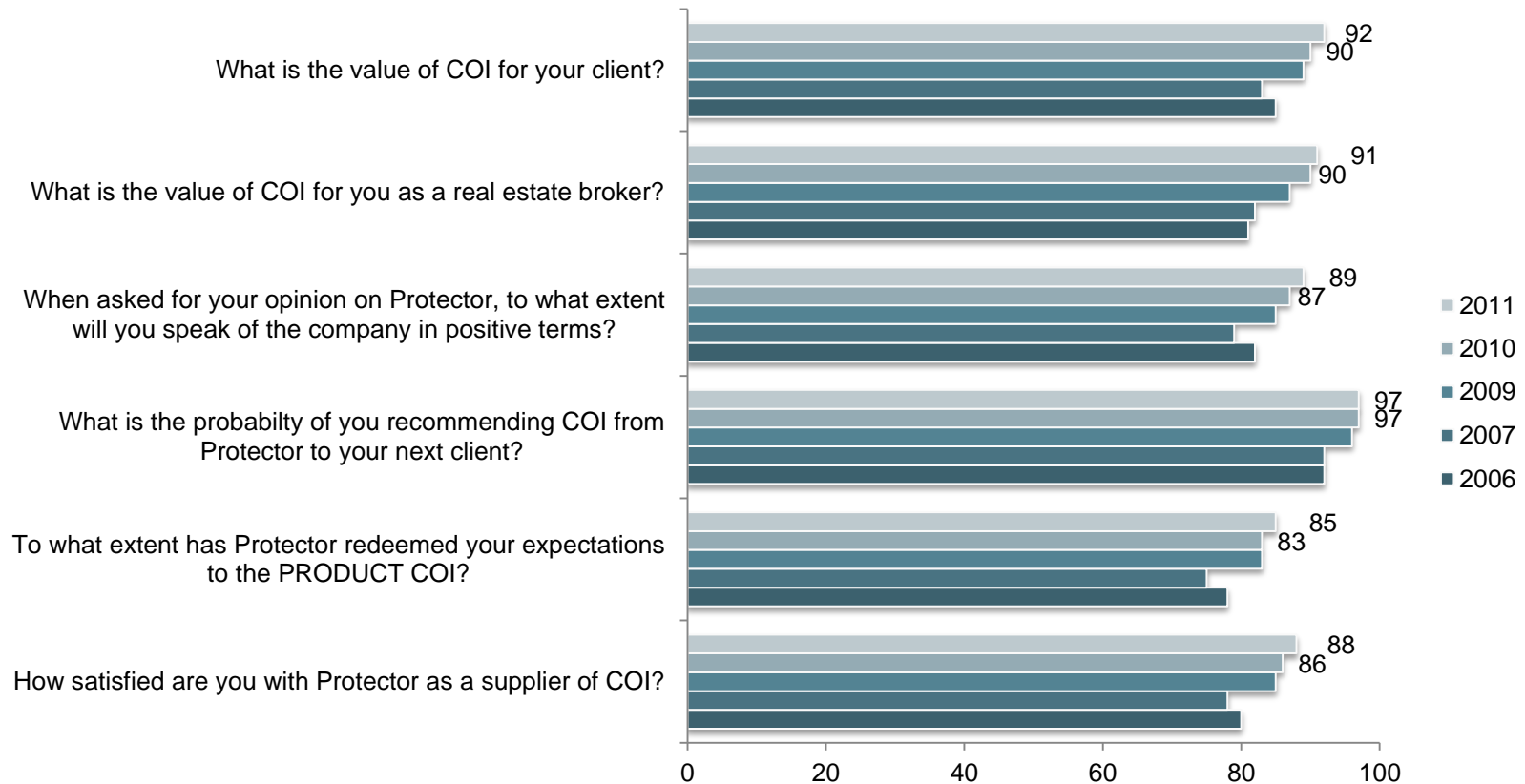
Efficiency and quality, claims handling

Efficiency	Lawyer	No. of claims				No. of claims closed				No. of open claims				Total		
		Q2	Q3	M9	YTD	Q2	Q3	M9	YTD	Q2	Q3	M9	YTD	Q3	M	YTD
	No. 1	88	73	31	250	193	73	56	417	145	125	123	123			
	No. 2	74	27	28	187	134	75	32	377	145	92	96	96			
	No. 3	58	20	21	169	105	71	47	293	134	83	83	83			
	No. 4	73	31	29	166	207	116	23	352	239	154	162	162			
	No. 5	74	22	22	206	105	76	37	337	161	106	101	101			
	No. 6	-12	2	-1	49	97	31	17	313	62	34	33	33			
	No. 7	22	73	18	98	4	32	14	37	24	59	60	60			
	No. 8	25	55	17	87	0	3	5	7	33	76	79	79			
	Team 1	402	303	165	1 212	845	477	231	2 133	943	729	737	737			
	No. 1	42	97	28	149	1	39	13	42	54	97	104	104			
	No. 2	66	59	37	224	131	89	38	401	224	182	187	187			
	No. 3	37	-22	-15	98	147	30	2	299	59	32	32	32			
	No. 4	66	60	29	135	12	25	8	37	66	92	98	98			
	No. 5	74	27	4	190	256	108	28	383	240	155	148	148			
	No. 6	9	45	18	69	1	26	13	48	63	76	76	76			
	No. 7	38	48	26	95	9	14	8	26	36	64	69	69			
	No. 8	24	83	26	114	4	25	15	34	30	76	78	78			
	Team 2	282	370	149	884	305	248	97	887	532	619	644	644			
	Total	684	673	314	2 096	1 150	725	328	3 020	1 475	1 348	1 381	1 381			

Quality	Lawyer	Offer accepted <=14 days				Refusal <=7days				Return rate refusal				Total		
		Q2	Q3	M9	YTD	Q2	Q3	M9	YTD	Q2	Q3	M9	YTD	Q3	M	YTD
	No. 1	67 %	50 %	33 %	47 %	85 %	97 %	92 %	92 %	16 %	21 %	21 %	21 %			
	No. 2	82 %	55 %	75 %	67 %	70 %	67 %	82 %	76 %	15 %	16 %	16 %	16 %			
	No. 3	67 %	71 %	67 %	70 %	71 %	75 %	67 %	75 %	28 %	25 %	25 %	25 %			
	No. 4	86 %	53 %	40 %	63 %	55 %	85 %	100 %	69 %	16 %	15 %	15 %	15 %			
	No. 5	84 %	70 %	43 %	77 %	98 %	75 %	100 %	94 %	19 %	27 %	27 %	27 %			
	No. 6	86 %	75 %	100 %	62 %	75 %	67 %	50 %	84 %	12 %	19 %	19 %	19 %			
	No. 7	67 %	71 %	33 %	70 %	75 %	75 %	38 %	73 %	-25 %	7 %	7 %	7 %			
	No. 8	100 %	0 %	50 %	57 %	80 %	73 %	54 %	70 %	0 %	0 %	0 %	0 %			
	Team 1	78 %	60 %	52 %	67 %	79 %	80 %	75 %	81 %	18 %	19 %	19 %	19 %			
	No. 1	0 %	67 %	0 %	27 %	36 %	40 %	50 %	42 %	0 %	13 %	13 %	13 %			
	No. 2	71 %	54 %	40 %	57 %	72 %	71 %	33 %	78 %	32 %	30 %	30 %	30 %			
	No. 3	89 %	100 %		71 %	62 %	100 %		75 %	22 %	22 %	22 %	22 %			
	No. 4	100 %	80 %	20 %	60 %	40 %	7 %	0 %	25 %	26 %	24 %	24 %	24 %			
	No. 5	69 %	64 %	100 %	66 %	91 %	90 %	78 %	88 %	16 %	13 %	13 %	13 %			
	No. 6		0 %	0 %	50 %	86 %	74 %	75 %	68 %	13 %	11 %	11 %	11 %			
	No. 7	0 %	80 %	50 %	50 %	83 %	59 %	57 %	69 %	-7 %	32 %	32 %	32 %			
	No. 8		50 %	100 %	50 %	60 %	52 %	50 %	52 %	0 %	30 %	30 %	30 %			
	Team 2	74 %	64 %	50 %	62 %	62 %	48 %	47 %	60 %	22 %	24 %	24 %	24 %			
	Total	74 %	60 %	49 %	63 %	79 %	76 %	76 %	80 %	18 %	19 %	19 %	19 %			

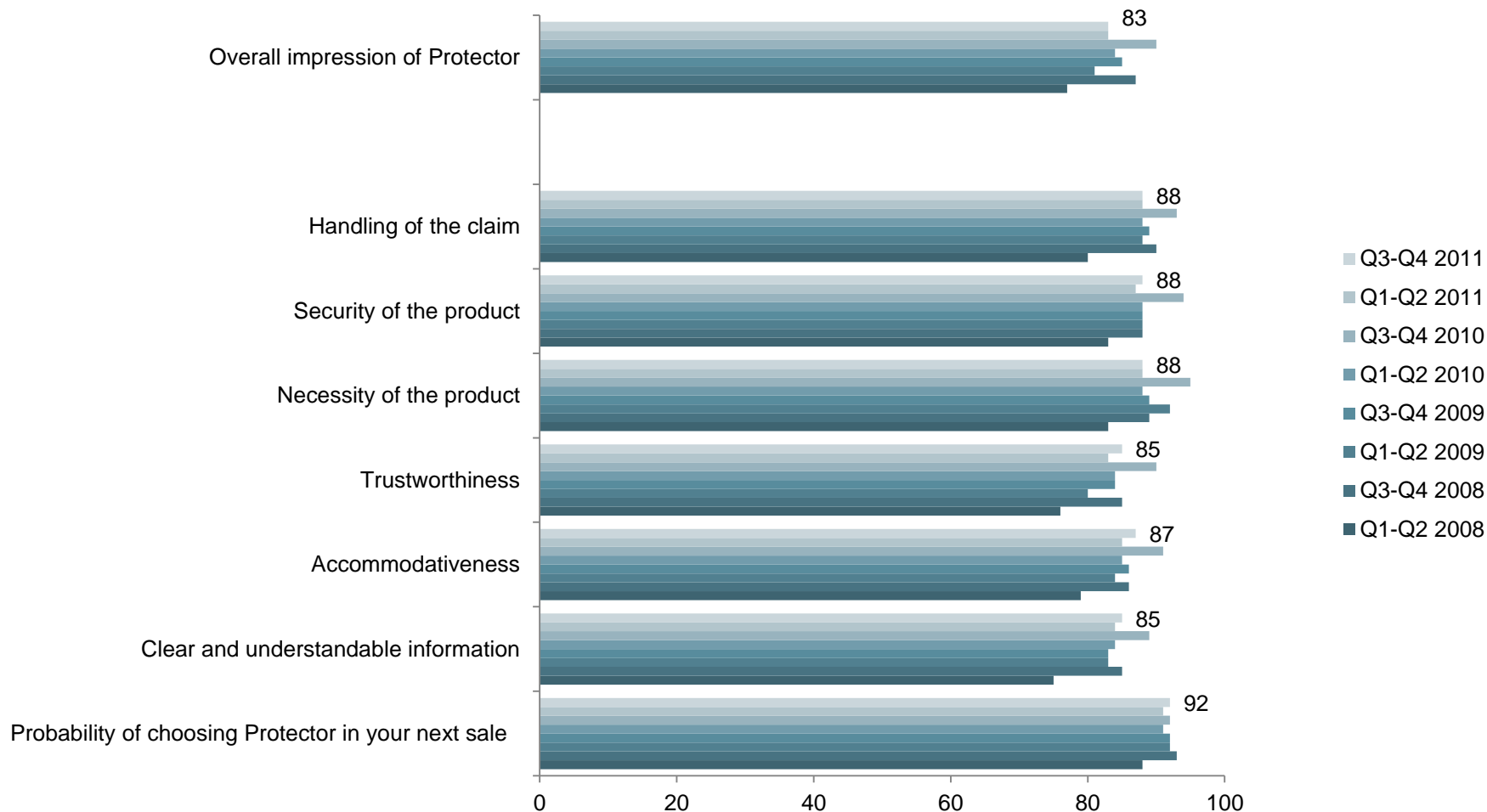
Evaluation of Protector among Real Estate Brokers

- All-time-high, 88%



Customer satisfaction with Protector

Sellers' satisfaction with Protector





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A profitable growth story
- facts and figures

Top line development 2008 - 2012

- From 0 to 1.5 billion in 9 years

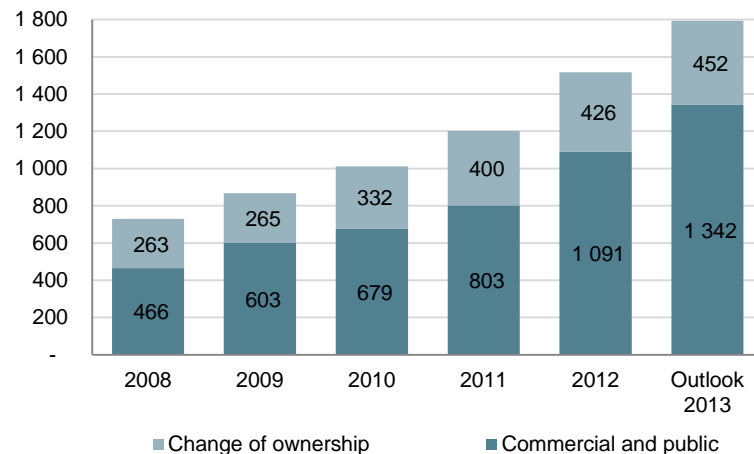
Change of ownership insurance started the growth,...

...then P & C increased Protector's top line...

...followed up by Personal Lines of Business.

- Commercial and public segments are 2/3 of company, steady growing

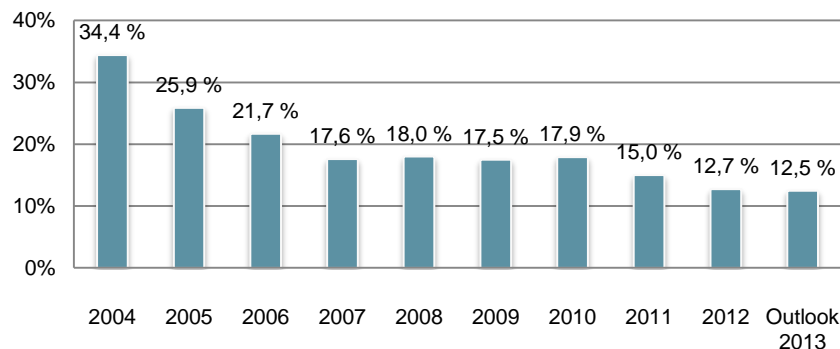
Gross premium written (MNOK)



Cost and Claims ratio 2004 - 2012

- 2012 Gross cost ratio < 13 %
 - Including Claims handling cost (50 % of employees in claims handling)
 - Commercial and Public Segment significant lower
- Relatively stable claims ratio
 - Average compared to market peers

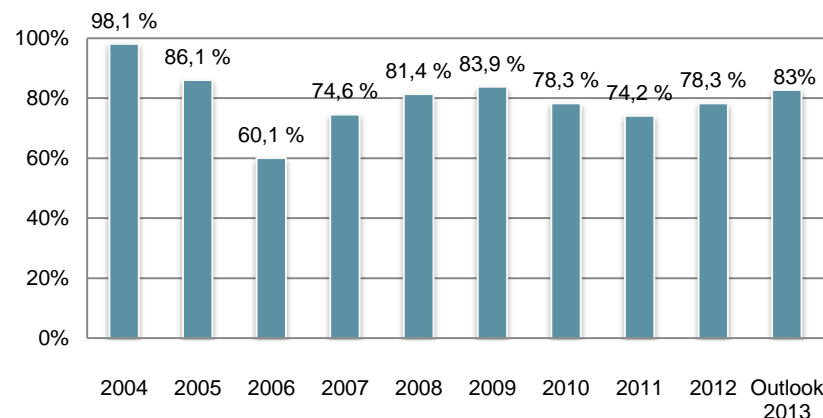
Gross cost ratio 2004 - 2013¹



¹ Inclusive claims handling costs

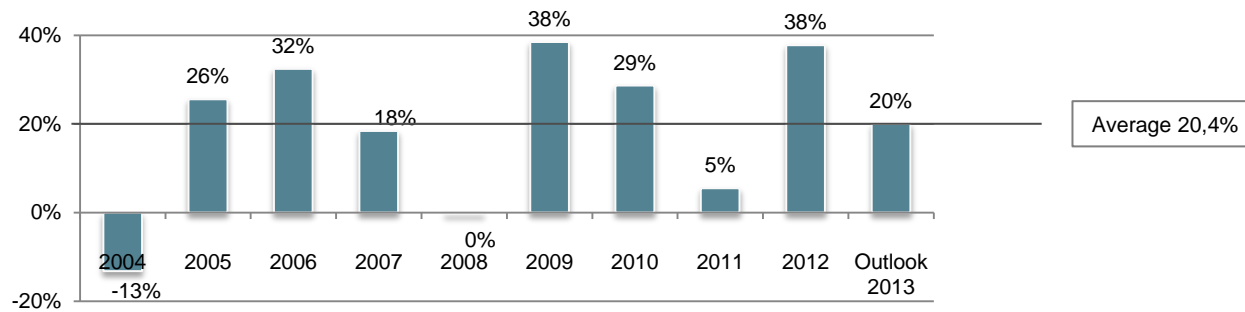
² Exclusive of claims handling costs

Net claims ratio 2004 - 2013²



Return on Solvency capital 2004 – 2012

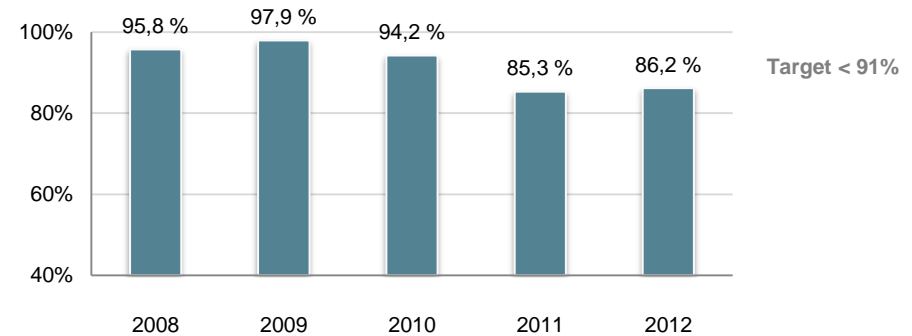
- Average Returns on solvency capital after tax historical to date is 20%
- Earned money already in Q4 2004
- 2008 and 2009 heavily influenced by financial crises
- Investment portfolio is now > 2x Top line => solid basis for future financial income



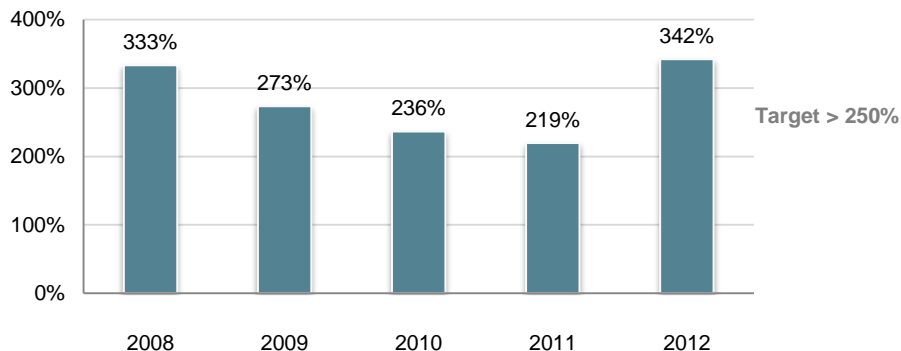
Long term financial objectives

- Medium term GWP growth rate: 10%
- Net combined ratio: 91%
- Solvency margin: > 250%
- Return on solvency capital: 20%

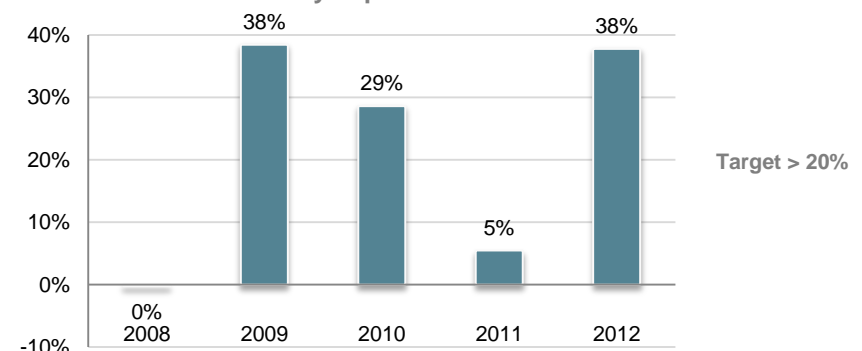
Net Combined ratio



Solvency margin



Return on solvency capital



Solid financial performance

MNOK	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross premiums written	103,9	448,5	516,0	664,9	729,0	871,4	1 011,0	1 202,5	1 517,0
Underwriting result	(8,4)	20,2	60,8	48,5	32,6	22,5	45,8	134,3	147,9
Net financial income	0,6	1,3	12,2	40,2	(28,2)	224,4	176,2	(51,4)	245,6
Operating result	(7,8)	21,5	72,9	88,6	4,4	246,9	222,0	82,9	393,5
Combined ratio gross	111,6 %	98,5 %	78,4 %	101,5 %	94,9 %	95,9 %	94,4 %	86,3 %	87,7 %
Claims ratio gross	77,1 %	72,6 %	56,7 %	83,9 %	76,9 %	78,4 %	76,5 %	71,3 %	75,0 %
Cost ratio gross	34,4 %	25,9 %	21,7 %	17,6 %	18,0 %	17,5 %	17,9 %	15,0 %	12,7 %
Net claims ratio	98,1 %	86,1 %	60,1 %	74,6 %	81,4 %	83,9 %	78,3 %	74,2 %	78,3 %
Net cost ratio	58,8 %	-9,1 %	17,7 %	14,4 %	14,4 %	14,0 %	15,9 %	11,1 %	7,9 %
Net combined ratio	156,9 %	76,9 %	77,7 %	88,9 %	95,8 %	97,8 %	94,2 %	85,3 %	86,2 %
Retention rate	18,4 %	18,8 %	53,5 %	57,8 %	82,2 %	99,9 %	80,2 %	76,8 %	75,6 %
Growth		332 %	15 %	29 %	10 %	20 %	16 %	19 %	26 %

Balance sheet 2004 – 2012

MNOK	2004	2005	2006	2007	2008	2009	2010	2011	2012
Financial assets	57	311	673	1 153	1 221	1 635	2 022	2 355	3 193
Bank deposits	10	101	85	91	37	86	100	113	142
Other assets	133	329	352	472	364	252	265	332	431
Total assets	199	741	1 110	1 716	1 622	1 973	2 386	2 800	3 766
Total equity	53	94	262	533	373	504	516	385	583
Subordinated loan capital									148
Total reserves	86	367	571	870	1 068	1 413	1 756	2 133	2 748
Other liabilities	60	280	278	313	181	56	114	283	286
Total equity and liabilities	199	741	1 110	1 716	1 622	1 973	2 386	2 800	3 766
Solvency capital	57,6	111	317	631	526	719	823	741	1 086
Return on solvency capital	-13 %	26 %	32 %	18 %	-1 %	38 %	29 %	5 %	38 %
Solvency capital per share, end of period	1,1	1,4	3,9	6,3	6,6	9,4	10,0	9,0	13,2
Solvency ratio	333 %	149 %	127 %	167 %	91 %	88 %	101 %	80 %	93 %
Capital adequacy ratio (risk weighted)	59 %	80 %	136 %	121 %	35 %	28 %	20 %	19 %	24 %

Note:

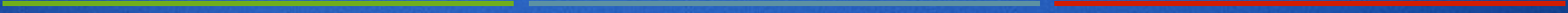
Solvency Capital = shareholder's funds + security provision etc.

Return on solvency capital: Operating profit less tax / average solvency capital

Solvency ratio = solvency capital / NPV

- 2012; 36% (16%) growth in the investment portfolio

What made it happen?



What made it happen?

1. Start with a single ambition - Establish a winning culture
2. Establish Clear objectives - Top 3, Cost- and Quality leadership, Profitable growth
3. Take right people on board and keep them happy - Top 20 empl. stable last 3 years
4. Define a clear strategy, your value chain and implement with competent people
5. Try to “live” Vision, Business Idé and Values every day

Operationel control, quality and efficiency delivered every day...

Commercial

Change of
ownership

Sales

Customer
-service

Under-
writing

Claims-
handling

Sales

Services

1,2 & 3
line
Claims-
handling

Technical
surveys

...Together with a lot of parallell development projects

Change of ownership

- CRM and UW-prosjekt
- Skadebegrensende/regress
- Retts- og prosessprosjekt
- Taksteffektivisering
- Ny produktutvikling
- Utvikling av CLAIMS
- Kremmerskole og lederlinje

Commercial

- Sverige og Danmark
- Effektivisering
- Komput skade og person
- Fornyelsesprosessen – 100%
- Kremmerskole og lederlinje
- Reassuranse fornyelse
- IT som akselerator



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2012 on and forward

Highlights 2012 – Best year ever

Strong growth, strong combined ratio and Scandinavian startup

- Volume up 26 %
 - Gross cost ratio down to 12.7 %
 - Net combined ratio 86.2 %
 - All time high on quality indexes
 - Sweden and Denmark
- No. 1 in Nordic market
No. 1 in Nordic market in our segments
Top 3 in Nordic market
105 mill volume, well received among brokers

Best ever financial result

- Operating profit of NOK 393.5 mill
 - Net return on investments NOK 246 mill (8.9%)
- Return on solvency capital 38% after tax

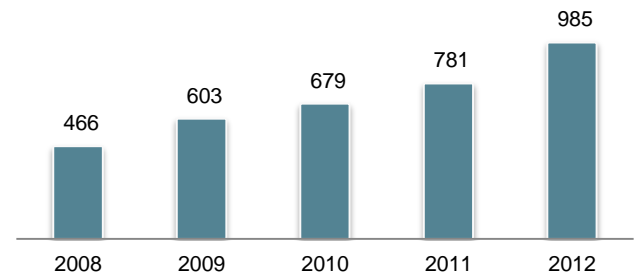
Strong 2013 guiding, volume up 18%

Dividend of NOK 1,20 per share suggested, 7.7% in direct yield

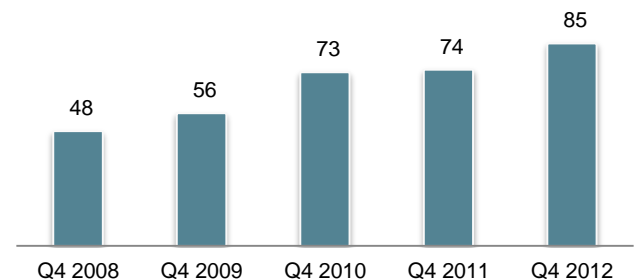
Highlights 2012 - Norwegian Commercial and public lines

- Volume up 26%
 - Strong competition in the Norwegian municipality sector, still rate pressure, 15 % growth in Protector volume
 - Still fast growing in the commercial sector, 31%
 - 2 large wins and 2 none renewals in the municipality sector
 - 10 large wins and 3 none renewals in the commercial sector
- Personal lines of business, 74% of total volume
 - 39% growth
 - 3 % growth other lines
 - Swedish and Danish business will reduce the personal business exposure
- Renewal rate of 97%, above target
- 2013 reinsurance renewed on slightly improved terms
- All time high relationship with leading brokers
 - Rated no.1 sixth year in a row

GWP 2008 – 2012 (NOKm)



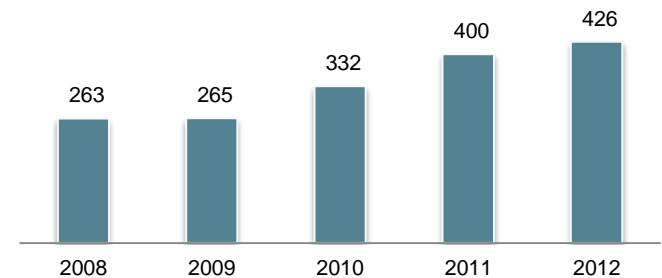
GWP Q4 2008 – Q4 2012 (NOKm)



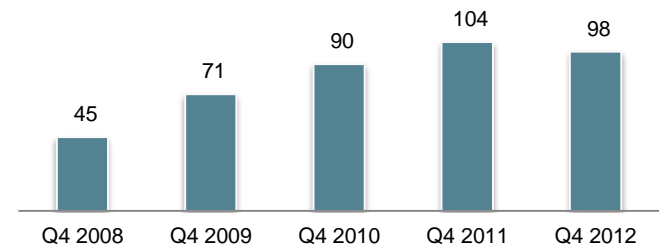
Highlights 2012 - Change of ownership insurance

- Volume up 7 %
 - Market share well above 50%
 - Hit-ratio on a stable high level, around 80%
 - Real estate prices up 7.7% in 2012 relative to 2011
 - 4-6% growth in the real-estate prices in 2013 expected
- Profitable in 2012
- Historical high recovery level
 - Net effect, NOK 15 – 20 mill
- Cost ratio in 2012 up to 20%, increased cost focus in 2013
- No of lawsuits remains high, but stable
 - Continued good results in court
 - 48 wins – 24 draws – 17 losses
- External technical surveys still on a poor level
- All time high relation with the real estate brokers

GWP 2008 – 2012 (NOKm)



GWP Q4 2008 – Q4 2012 (NOKm)



Sweden – Repeating a “winning formula”



**Hans Diding (32) –
Head of Sweden Branch**



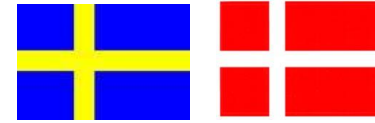
Education:

M.Sc. in Business Administration
and Economics, School of Econ. &
Mgmt. Lund University. B.Sc. in
Computer Engineering

Relevant experience:

6 years of experience from
insurance and IT projects (If P&C
Insurance AB, Länsförsäkringar AB
and CityOffers.de L&G OHG)

- Same Vision, Business idea, Strategy and Values
- Initial project completed at minimal cost
- Cost ratio leadership realistic objective
- Operational support from Norway until critical mass
- Well received in Municipality market, now commercial sector
- Start up team on board
- Profitable in 2013



- followed by Denmark

Flemming Conrad (55) –
Head of Danish Branch

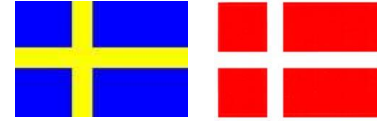


Education:
Copenhagen Business School

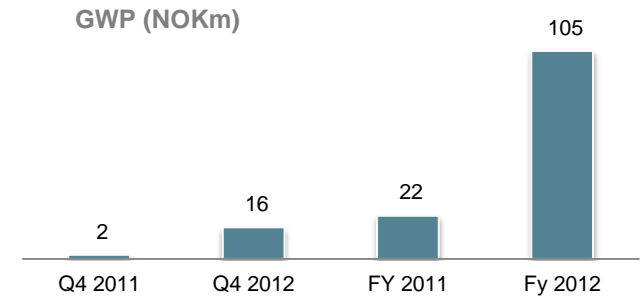
Relevant experience:
More than 30 years of experience
from insurance, Codan, Hafnia,
Provinzial, Trekrone, Nykredit og
Gjensidige

- Same Vision, Business Idea, Strategy and Values
- Initial project completed at even lower costs in Denmark (2011)
- Startup team on board
- Initial Focus Municipality sector
- Accumulated GWP in S/DK estimated to > MNOK 200 during 2013
- Well received among Swedish and Danish leading Brokers
- Sweden and Denmark will support double digit growth on company level in 2013 and 2014

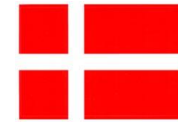
Highlights Sweden and Denmark 2012



- Same Vision, Business Idea, Strategy and Values
 - No significant project surprises
 - Well received among Swedish and Danish leading Brokers
- Operative presence established
 - 13 people on board in Stockholm per Feb. 1st 2013
 - 6 people on board in Denmark
 - Further recruitment in progress
- First Broker Quality Survey in Sweden on a high level
- Volume 105 mill 2012, 188 mill January 1st 2013
 - Municipality sector 59% / 56%
 - Commercial clients 41% / 44%
- Slightly unprofitable in 2012
 - higher cost ratio and more expensive reinsurance due to lack of critical mass
- Sweden and Denmark will support double digit growth on company level in 2013 and 2014



Customer base January 1st 2013



Sweden

- 80 municipalities
- 30 commercial customers

Denmark

- 11 municipalities
- 23 commercial customers

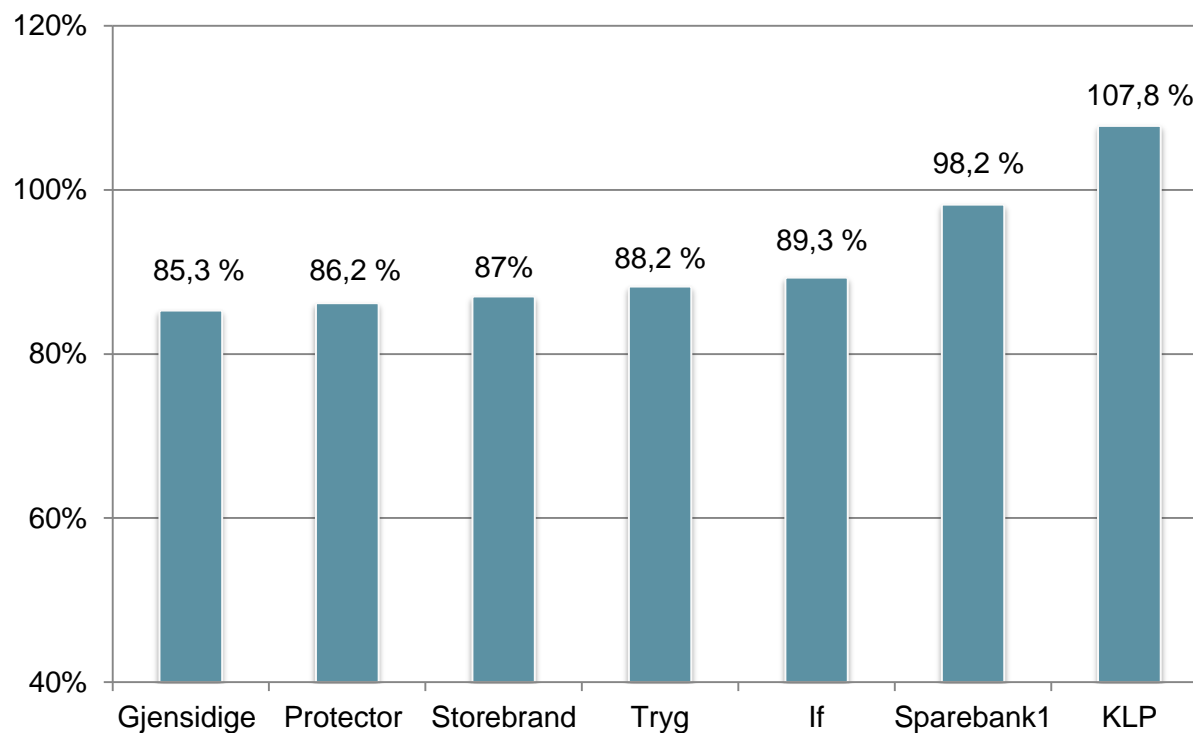
Customers



Brokers

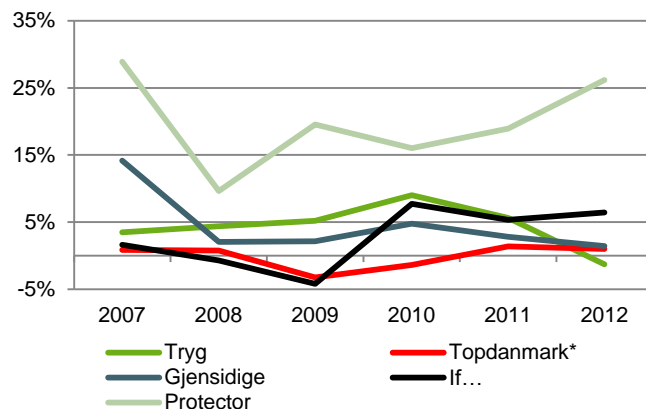


Peers - Combined ratio 2012



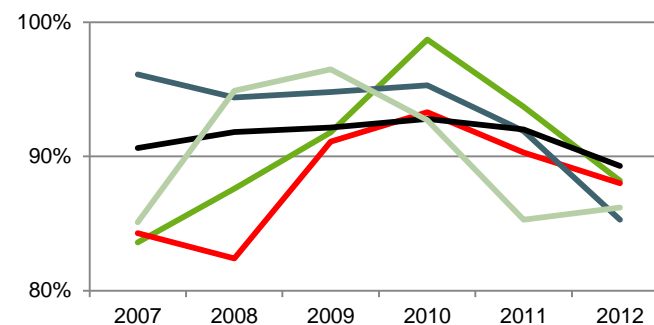
Nordic peers

Premium growth

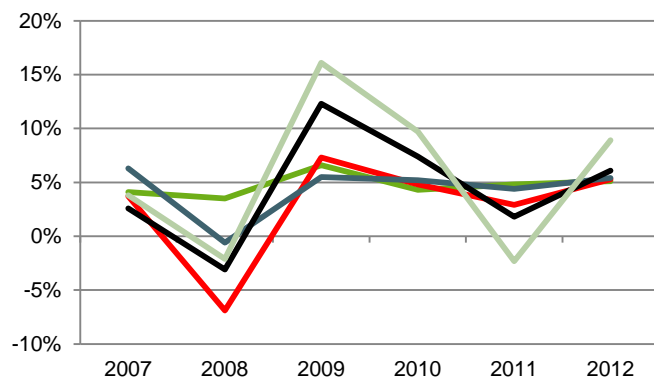


* Pr. Q3 2012

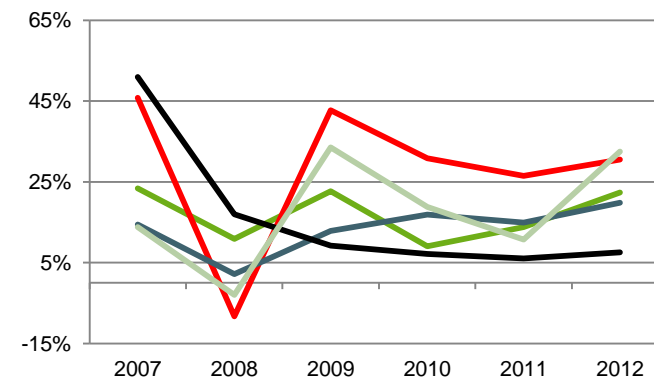
Combined ratio



Return on investments



RoNAV



Outlook 2013

NOKm	Res 2012	Outlook 2013
Premium growth (%)	26	18
Operating profit	393	270
Investment Income	246	160
Gross cost ratio (%)	12.7	12.5
Net combined ratio (%)	86.2	91
Return on solvency (%)	38	20

Return assumptions 2013:

Equity allocation approx. 9%

Return equities: 8% p.a.

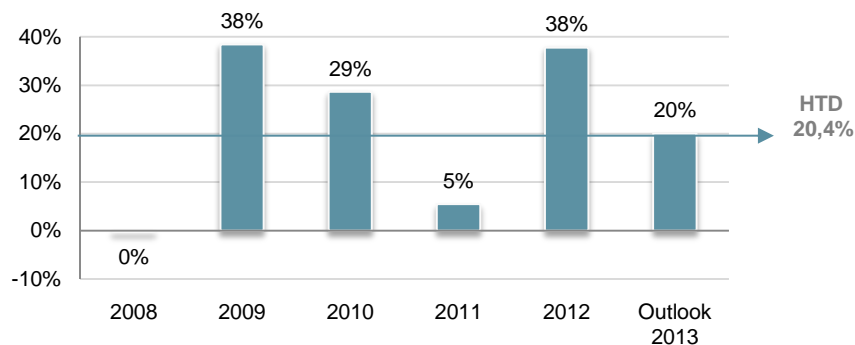
Return bonds: 4% p.a.

Average invested capital: NOK 3.700m

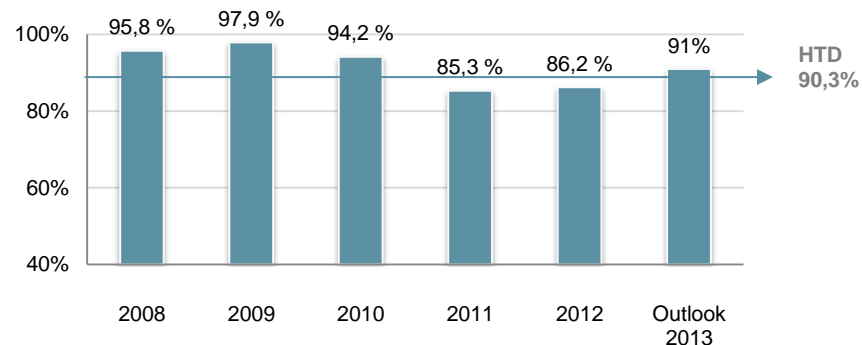
- Strong Q1 2013 expected

Guiding Key figures

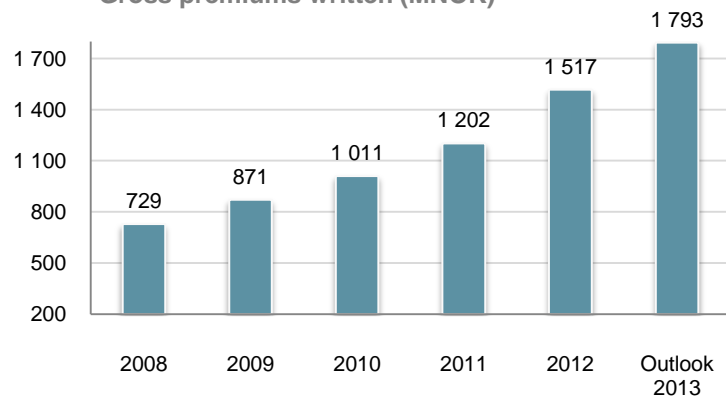
Return on solvency capital after tax



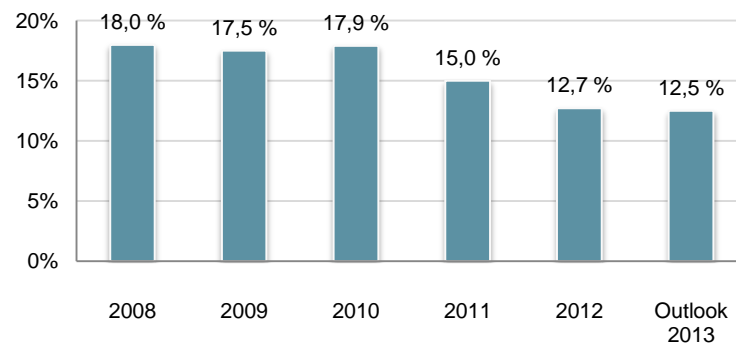
Net combined ratio



Gross premiums written (MNOK)



Gross cost ratio, inclusive claims handling costs



CEO Summary, Risk outlook 2013

Slightly increased risk

	Risk
+ Volume significant up in commercial & public sector	Low
+ Sweden and Denmark support growth	No
+ Balance sheet growing leads to increased financial income	No
+ Cost ratio Gross & Net going down	Low
0 Slightly increased Volume in Change of Ownership sector	Medium
0 Price inflation in line with claims inflation	Low
- Rate pressure driving claims ratio upwards	High
- One or two negative surprises will occur	Medium
- Sweden and/or Denmark develops poorly	Low

Summary

- Results 2004-2012 shows steady growth, an average CR sized 90% and a healthy balance sheet
 - Protector can document Cost- and Quality leadership in selected segments
 - Investment portfolio more volatile than peers but ROI 2007 - 2012 is 5.8% (equities 10.0%)
 - Protector is among “top three” in selected segments in Norway today
 - Sweden/Denmark looks very promising, profitable in 2013
 - Key personnel stays in the company
-
- Guiding 2012; 18% growth, Gross cost ratio 12.5% and Combined Ratio 91%
 - Double digit growth realistic in 2014-2015 due to Scandinavian startup