

# 2013 results

## Investor presentation

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March 2014

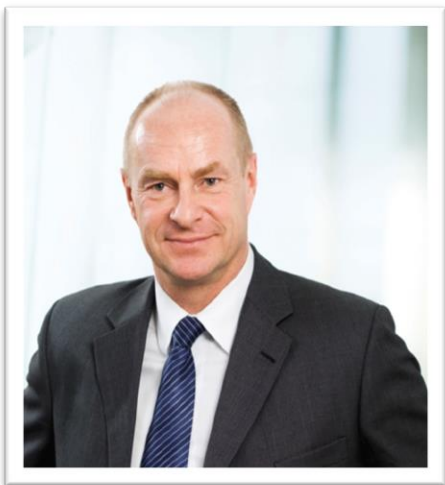




# Summary

- 0 – 1,9 billion NOK in 10 years
  - Double digit growth every year
- Historical To date Combined Ratio 89,5 %
- Historical To Date return on Solvency capital 21,5 %
- Documented Quality and Cost leader in the market, improving every year
- Sweden and Denmark well started, CR < 100% in 2014
  - will support double digit company growth next 2 years
- Looking forward; We have only started our journey
  - We got the right team on board
  - Scandinavian Insurance market is doing very well
  - Protector cost ratio will decrease in 2014, strong competitive position
  - Reduced investment risk and increased Investment portfolio => higher ROI with lower risk

## 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 10 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?
- 2013 and guiding 2014
- Q & A

## History – a “new” Norwegian company

- Protector established Jan 1<sup>st</sup>, 2004 (Listed on Oslo Stock Exchange May 2007)
  - Ownership; ODIN, Alfred Berg Norge/Gambak, Franklin Mutual, DnB NOR SMB, Nordea, Stenshagen Invest, employees etc.
- Management and employees with solid background from the insurance industry
  - From 15 employees in 2004 to 163 year-end 2013
- Reinsurance through Munich Re, SCOR, Swiss, Hannover and other top rated reinsurers
- Located in Oslo - covering Norway, distribution through brokers
  - Established in Sweden with first customers January 1<sup>st</sup> 2011
  - Denmark January 1<sup>st</sup> 2012
- Strong results and a solid balance sheet historical to date
  - Combined Ratio of 89.5%
  - Volume from NOK 0 to 1.9 bn
  - Return on solvency capital 21,5%

# Top line development 2004-2013

- From 0 to 1,9 billion in 10 years

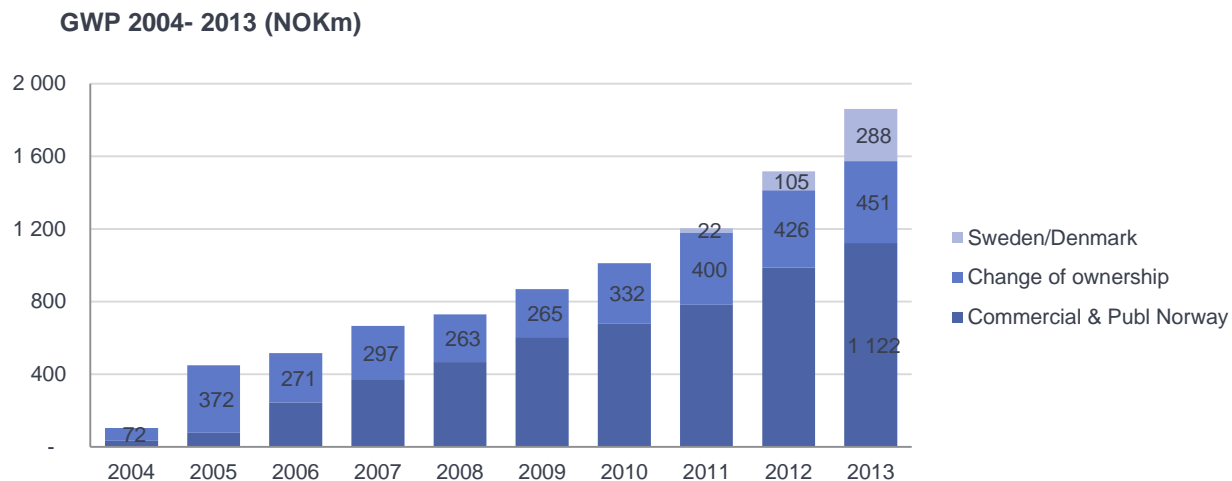
Change of ownership insurance started the growth,...

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

...followed up by Personal Lines of Business...

...and then Sweden and Denmark

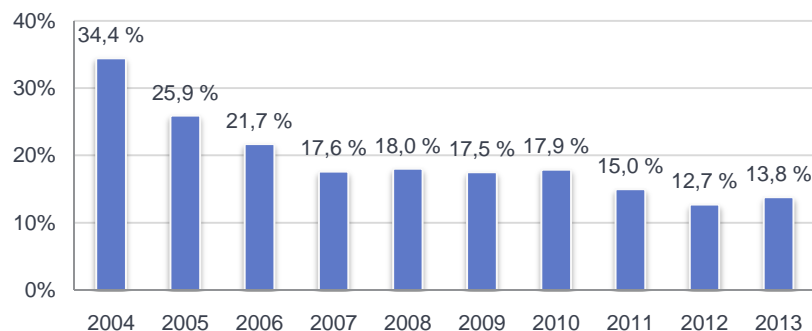
- Commercial and public segments are 3/4 of company, steady growing



## Cost and Claims ratio 2004 - 2013

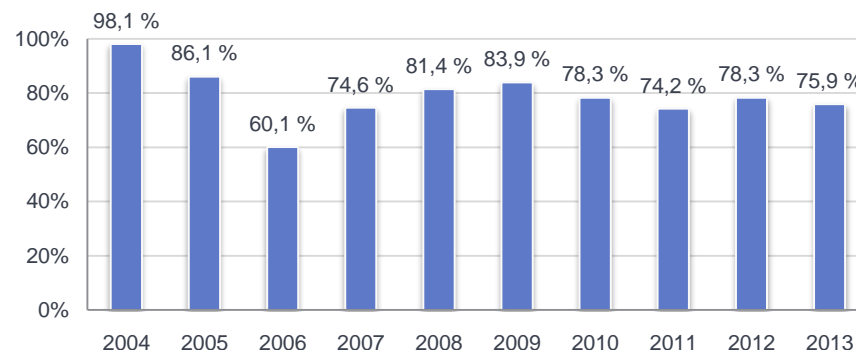
- 2013 Gross cost ratio 13,8 %
  - Including Claims handling cost (50 % of employees in claims handling)
  - Commercial and Public Segment significant lower
  - Cost will decline in 2014 and 2015
- Relatively stable claims ratio
  - Average compared to market peers

**Gross cost ratio 2004 - 2013<sup>1</sup>**



<sup>1</sup> Including claims handling costs

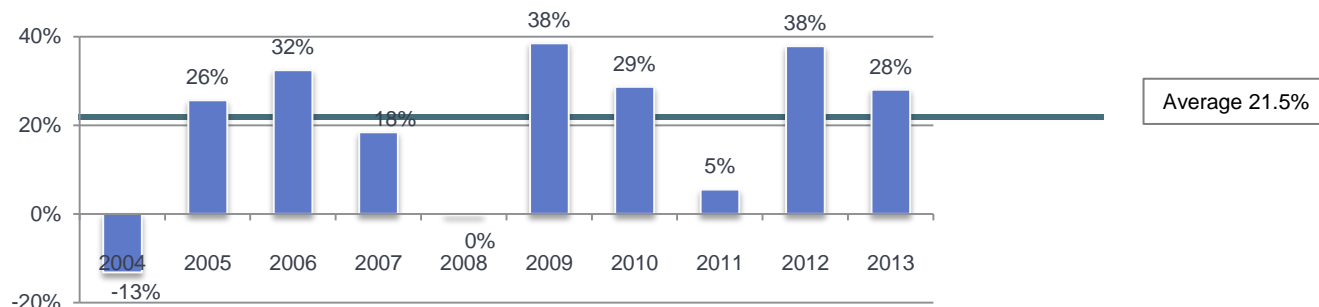
**Net claims ratio 2004 - 2013 <sup>2</sup>**



<sup>2</sup> Exclusive claims handling costs

## Return on Solvency capital 2004 - 2013

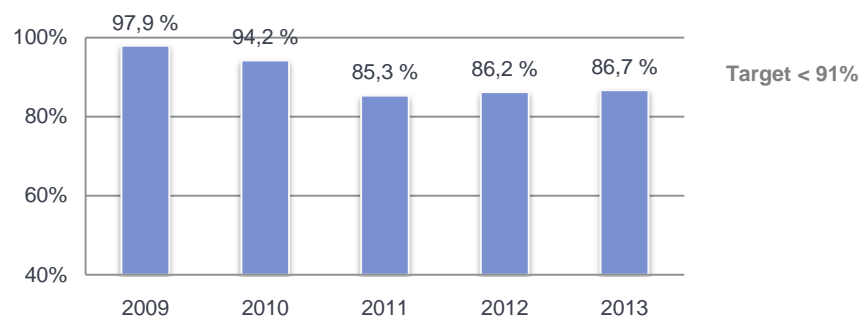
- Average Return on solvency capital historical to date is 21.5%.
- Earned money already in Q4 2004
- 2008 and 2009 heavily influenced by financial crises
- Investment portfolio is now > 2x Top line => solid basis for future financial income



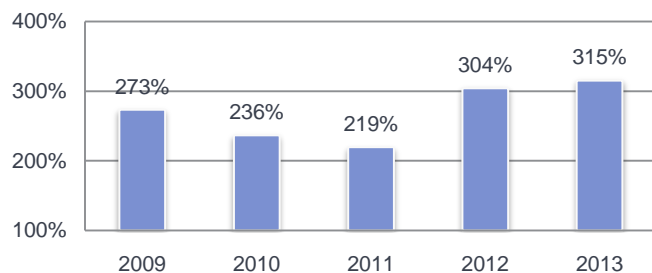
# Long term financial objectives

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

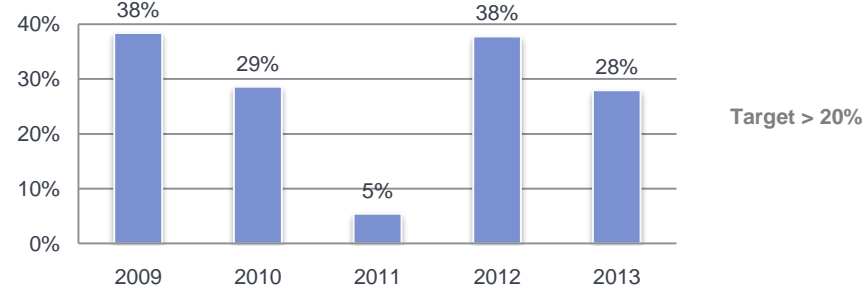
**Net Combined Ratio**



**Solvency margin**



**Return on solvency capital after tax**





# Solid financial performance

MNOK	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Premiums written gross</b>	<b>103,9</b>	<b>448,5</b>	<b>516,0</b>	<b>664,9</b>	<b>729,0</b>	<b>871,4</b>	<b>1011,0</b>	<b>1202,5</b>	<b>1517,0</b>	<b>1860,6</b>
Premiums earned gross	86,9	429,3	478,4	649,6	720,5	843,1	987,7	1177,0	1464,2	1814,6
Claims incurred gross <sup>1</sup>	(67,0)	(311,9)	(271,3)	(545,0)	(554,1)	(661,1)	(755,7)	(839,2)	(1097,7)	(1359,3)
Premiums earned for own account	16,0	80,9	255,9	375,8	592,4	842,6	792,3	903,5	1107,4	1373,6
Claims incurred for own account <sup>1</sup>	(15,7)	(69,6)	(153,7)	(280,3)	(482,1)	(706,6)	(620,4)	(670,3)	(866,8)	(1042,2)
Operating costs <sup>2</sup>	(28,8)	(60,3)	(85,1)	(101,1)	(117,9)	(138,9)	(149,8)	(151,1)	(177,8)	(242,6)
Sales costs	(1,1)	(50,8)	(18,5)	(13,2)	(12,0)	(8,4)	(26,6)	(25,6)	(8,2)	(7,5)
Commission on reinsurance ceded	20,5	118,5	58,4	60,3	44,7	29,4	50,5	76,1	98,5	101,9
Net financial income	0,6	1,3	12,2	40,2	(28,2)	224,4	176,2	(51,4)	245,6	256,7
Other income/costs	0,7	1,6	3,8	6,9	7,5	4,4	(0,2)	1,7	(5,0)	(9,5)
<b>Operating profit</b>	<b>(7,8)</b>	<b>21,5</b>	<b>72,9</b>	<b>88,6</b>	<b>4,4</b>	<b>246,9</b>	<b>222,0</b>	<b>82,9</b>	<b>393,7</b>	<b>430,3</b>
Combined ratio gross	111,6 %	98,5 %	78,4 %	101,5 %	94,9 %	95,9 %	94,4 %	86,3 %	87,7 %	88,7 %
Claims ratio gross	77,1 %	72,6 %	56,7 %	83,9 %	76,9 %	78,4 %	76,5 %	71,3 %	75,0 %	74,9 %
<b>Cost ratio gross</b>	<b>34,4 %</b>	<b>25,9 %</b>	<b>21,7 %</b>	<b>17,6 %</b>	<b>18,0 %</b>	<b>17,5 %</b>	<b>17,9 %</b>	<b>15,0 %</b>	<b>12,7 %</b>	<b>13,8 %</b>
Retention rate	18,4 %	18,8 %	53,5 %	57,8 %	82,2 %	99,9 %	80,2 %	76,8 %	75,6 %	75,7 %
Net claims ratio	98,1 %	86,1 %	60,1 %	74,6 %	81,4 %	83,9 %	78,3 %	74,2 %	78,3 %	75,9 %
Net cost ratio	58,8 %	-9,1 %	17,7 %	14,4 %	14,4 %	14,0 %	15,9 %	11,1 %	7,9 %	10,8 %
<b>Net combined ratio</b>	<b>156,9 %</b>	<b>76,9 %</b>	<b>77,7 %</b>	<b>88,9 %</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>
Growth	N/A	332 %	15 %	29 %	10 %	20 %	16 %	19 %	26 %	23 %

<sup>1</sup> Exclusive claims handling costs

<sup>2</sup> Inclusive claimshandling costs

# Balance Sheet 2004 - 2013

MNOK	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Financial assets	56,8	310,9	672,7	1 152,9	1 221,3	1 634,8	2 021,5	2 354,8	3 192,8	3 999,8
Bank deposits	9,6	100,6	85,1	91,2	37,2	85,6	99,9	112,7	141,9	153,3
Other assets	132,6	328,9	352,2	472,0	364,0	252,5	264,5	332,4	430,9	590,9
<b>Total assets</b>	<b>199,1</b>	<b>740,5</b>	<b>1 110,0</b>	<b>1 716,1</b>	<b>1 622,4</b>	<b>1 972,9</b>	<b>2 386,0</b>	<b>2 799,8</b>	<b>3 765,6</b>	<b>4 744,1</b>
<b>Total equity</b>	<b>52,9</b>	<b>94,0</b>	<b>261,6</b>	<b>533,0</b>	<b>373,4</b>	<b>504,3</b>	<b>516,0</b>	<b>384,5</b>	<b>583,2</b>	<b>777,2</b>
Subordinated loan capital									148,1	148,1
Total reserves	86,4	366,9	570,5	869,7	1 067,8	1 412,9	1 755,6	2 132,6	2 748,0	3 368,8
Other liabilities	59,7	279,6	277,8	313,4	181,2	55,7	114,4	282,6	286,3	450,0
<b>Total equity and liabilities</b>	<b>199,1</b>	<b>740,5</b>	<b>1 110,0</b>	<b>1 716,1</b>	<b>1 622,4</b>	<b>1 972,9</b>	<b>2 386,0</b>	<b>2 799,8</b>	<b>3 765,6</b>	<b>4 744,1</b>
Solvency capital	57,6	111,0	317,3	631,1	526,4	718,9	822,8	741,3	1 087,0	1 335,2
Return on solvency capital	-13 %	26 %	32 %	18 %	0 %	38 %	29 %	5 %	38 %	28 %
Solvency capital per share, end of period	1,1	1,4	3,1	7,3	6,4	8,7	10,0	9,0	13,2	16,2
Solvency ratio	315 %	133 %	119 %	158 %	84 %	81 %	101 %	80 %	93 %	93 %
Capital adequacy ratio (risk w eighted)	59 %	80 %	136 %	121 %	35 %	28 %	20 %	19 %	20 %	20 %
Solvency margin	101 %	185 %	476 %	711 %	333 %	273 %	236 %	219 %	304 %	315 %

Note:

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

*Return on solvency capital: Operating profit after tax /average solvency capital*

*Solvency ratio = solvency capital / NPW*

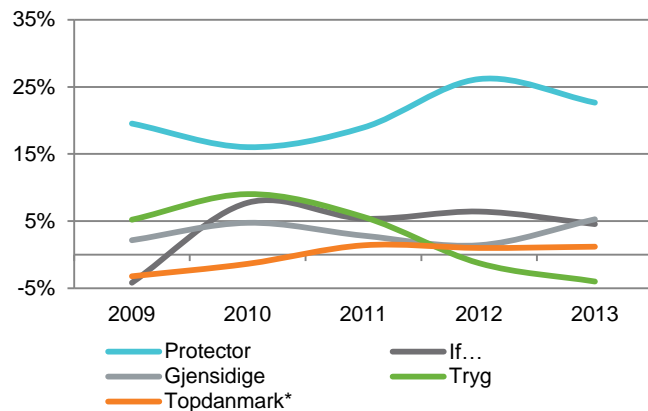
*Solvency margin calculated according to regulations from the FSA of Norway.*

*No. of shares = total outstanding shares ex own shares*

- 2013; 25% growth in the investment portfolio

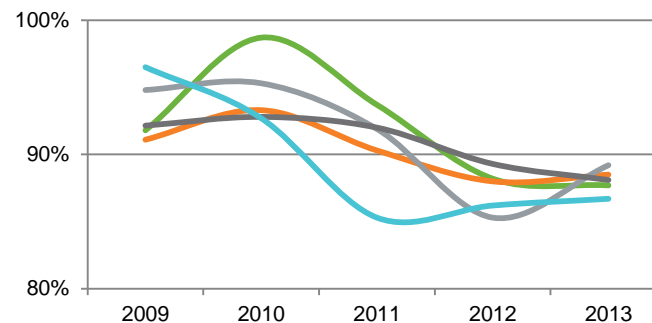
# Nordic peers

Premium growth

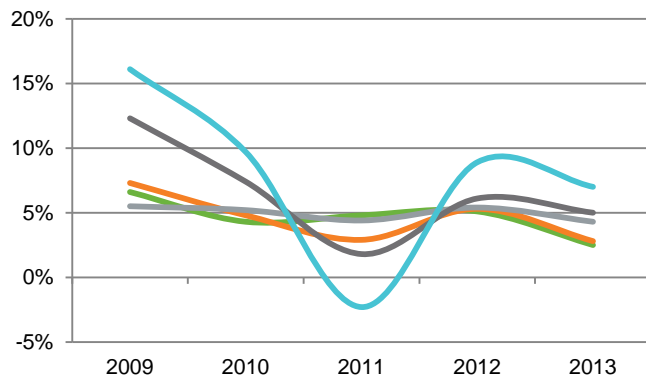


\* Pr. Q3 2013

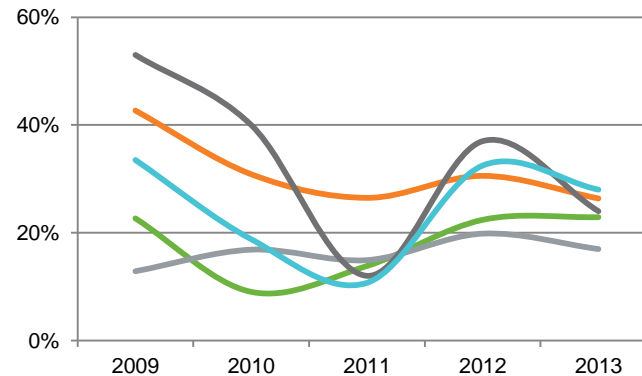
Combined ratio



Return on investments



RoNAV



↘ 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
4. Define a clear strategy, define your value chain and implement with competent people
5. Try to “live” Vision, Business Idea and Values every day

# 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: Profitable annual growth 10 % next 3 years 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

## ...with strict focus on cost, quality & underwriting

### Cost leadership through....

- Well defined and stable strategy, value chains supporting strategy and competent people to implement => scalability and cost leadership

### Quality leadership through ....

- Broker statements (USP): Easy to do business with, commercial attractive, trusted. Must be supported by sales, UW, customer services, claims handling, IT and other staff (= all people)

### Underwriting core competence

- Underwriting on customer, product and broker level
- Analytical approach to municipality market, segments and large portfolios
- Process includes; Pre-underwriting, Underwriting, Input from customer services and claims handling, loss prevention and annual profitability projects based on analyses



# PROTECTOR

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*Commercial and publ. Norway*



**Henrik Wold Høye (32) -  
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:**

6 years of experience from insurance and  
projects in Protector

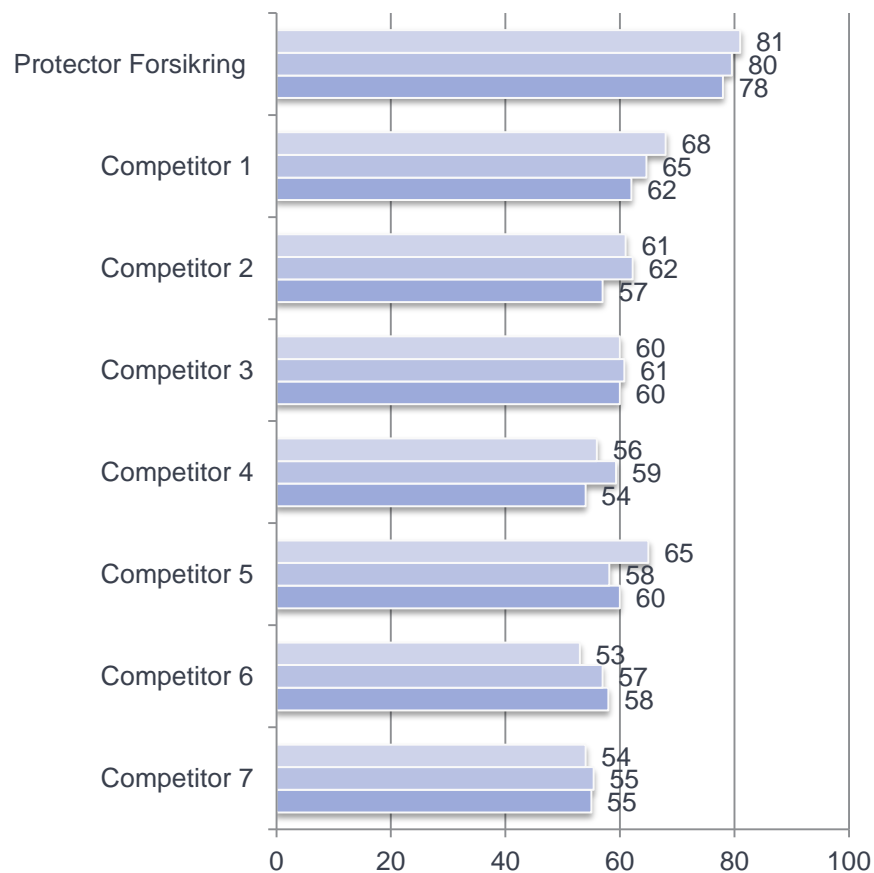
## Commercial and public lines of business, Norway

- 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

## 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

## Quality leader among insurance brokers seven 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

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*Change of ownership insurance*





Merete Christensen Bernau (47) –  
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

## Claims handling a challenge

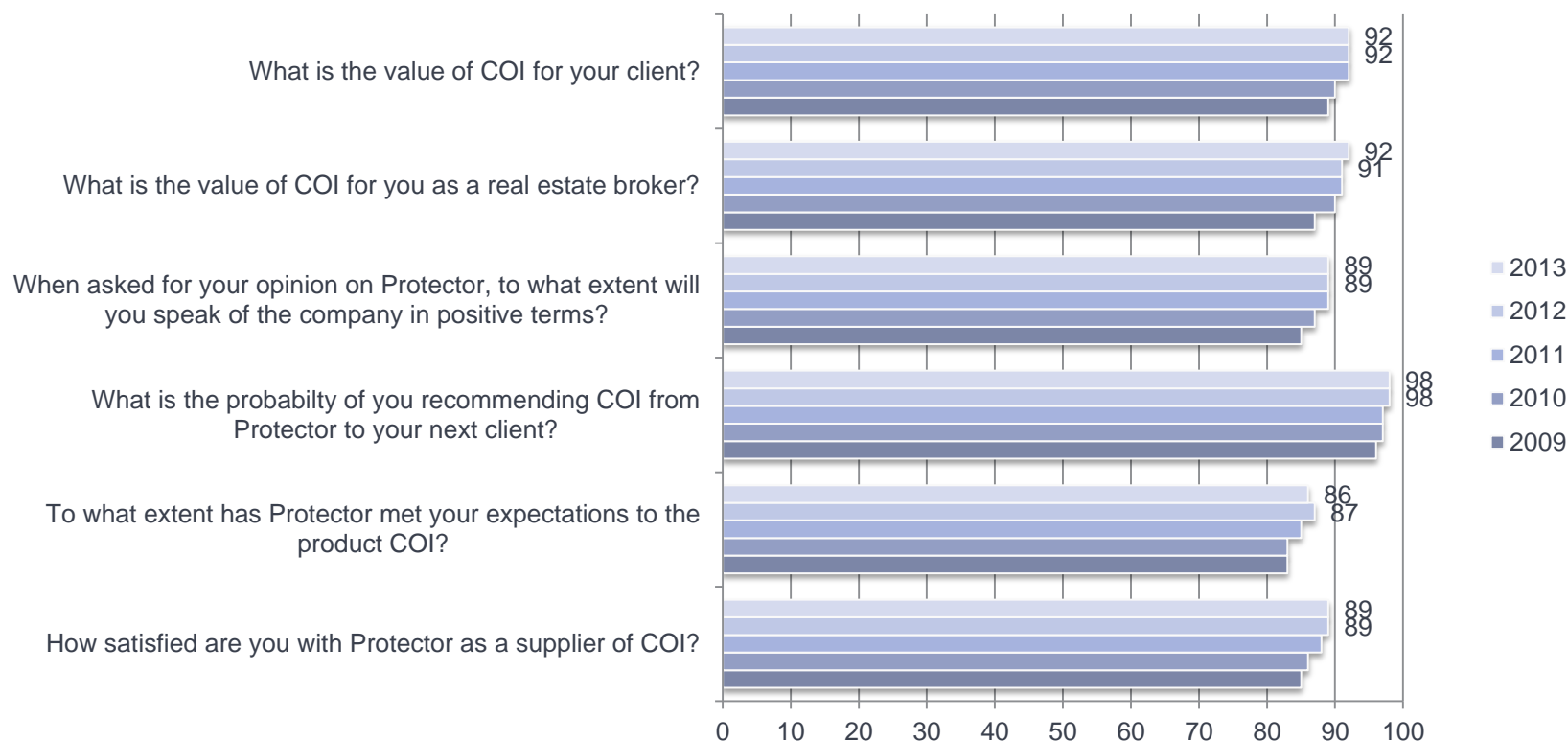
- Liability product, 5 years liability accord to Norwegian law, a lot of money and passion involved, “new product”
- Technical surveys (Boligsalgsrapport) are done with a very poor quality level
- Approx. 4.500 claims reported per year
- 500+ law suits per year
- 35 lawyers, 2 technical support, management and support working full time with claims handling

# Quality, claims handling

		Refusal <= 7 days		Offer accepted <= 14 days		Return rate refusals	
		Q4-13	Y-13	Q4-13	Y-13	Q4-13	Y-13
Team 1	ClaimsHandler1	 92 %	 92 %	67 %	71 %	 10 %	 10 %
	ClaimsHandler2	 100 %	 87 %	100 %	100 %	 16 %	 25 %
	ClaimsHandler3	 77 %	 92 %	0 %	0 %	 10 %	 11 %
	ClaimsHandler4	 97 %	 97 %	100 %	100 %	 2 %	 13 %
	ClaimsHandler5	 90 %	 95 %	100 %	71 %	 13 %	 10 %
	<b>Team 1</b>	 <b>94 %</b>	 <b>93 %</b>	<b>89 %</b>	<b>79 %</b>	 <b>12 %</b>	 <b>14 %</b>
Team 2	ClaimsHandler1	 65 %	 87 %	 25 %	 64 %	 13 %	 12 %
	ClaimsHandler2	 89 %	 90 %	 70 %	 59 %	 24 %	 21 %
	ClaimsHandler3		 68 %		 88 %	 8 %	 8 %
	ClaimsHandler4	 83 %	 77 %	 47 %	 64 %	 10 %	 14 %
	ClaimsHandler5	 88 %	 89 %	 85 %	 85 %	 16 %	 20 %
	ClaimsHandler6	 60 %	 82 %	 67 %	 53 %	 15 %	 23 %
	<b>Team 2</b>	 <b>80 %</b>	 <b>87 %</b>	 <b>56 %</b>	 <b>62 %</b>	 <b>14 %</b>	 <b>16 %</b>
Team 3	ClaimsHandler1	 76 %	 78 %	 63 %	 55 %	 19 %	 20 %
	ClaimsHandler2	 70 %	 82 %	 70 %	 74 %	 17 %	 19 %
	ClaimsHandler3	 76 %	 76 %	 93 %	 78 %	 24 %	 17 %
	ClaimsHandler4		 76 %		 67 %	 18 %	 18 %
	ClaimsHandler5	 74 %	 68 %	 80 %	 65 %	 28 %	 26 %
	ClaimsHandler6	 88 %	 89 %	 60 %	 60 %	 26 %	 26 %
	<b>Team 3</b>	 <b>77 %</b>	 <b>77 %</b>	 <b>77 %</b>	 <b>69 %</b>	 <b>21 %</b>	 <b>21 %</b>
Team 4	ClaimsHandler1	 0 %	 56 %	 0 %	 30 %	 19 %	 29 %
	ClaimsHandler2	 0 %	 33 %	 100 %	 17 %	 8 %	 21 %
	ClaimsHandler3	 77 %	 71 %	 67 %	 48 %	 15 %	 11 %
	ClaimsHandler4	 43 %	 22 %	 88 %	 38 %	 24 %	 22 %
	ClaimsHandler5	 28 %	 38 %	 0 %	 33 %	 -11 %	 7 %
	ClaimsHandler6	 0 %	 33 %	 0 %	 50 %	 0 %	 0 %
	<b>Team 4</b>	 <b>38 %</b>	 <b>47 %</b>	 <b>47 %</b>	 <b>36 %</b>	 <b>14 %</b>	 <b>17 %</b>



## 2013 Real-estate broker satisfaction - all time high again



# Customer satisfaction with Protector



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*Sweden and Denmark*





## Hans Didring (34) - 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 from insurance and IT projects

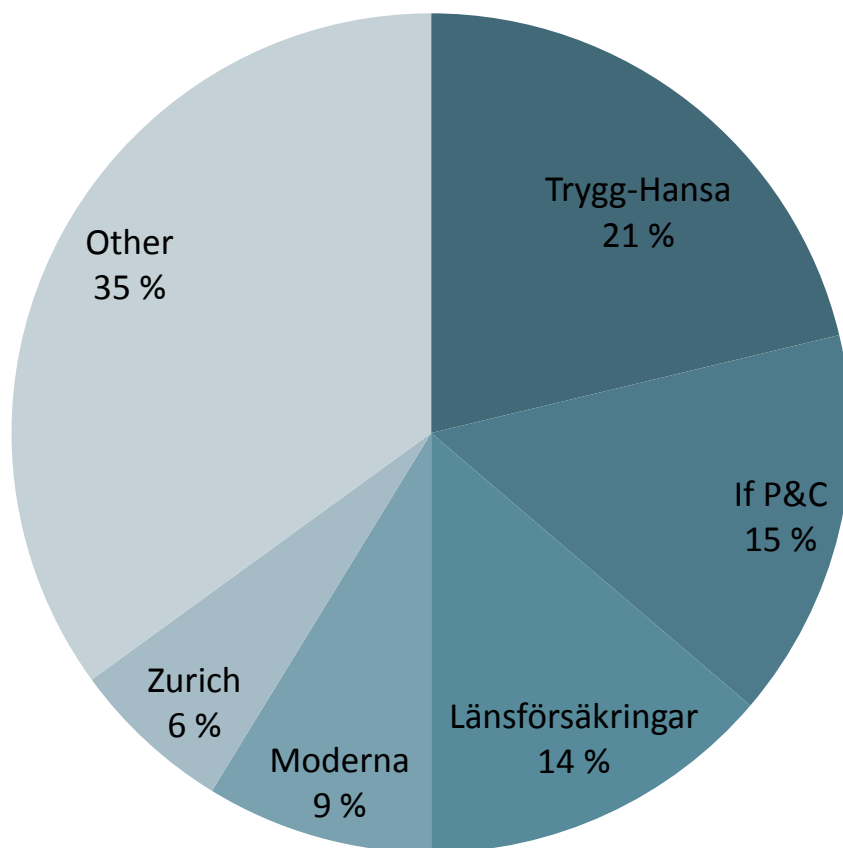
- Head of Project methodology in Länsförsäkringar
- Project Manager in If
- Head of Employee Benefits Underwriting Sweden in If
- Head of Broker Sales & Service Stockholm in If

## 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
- Entry Focus Municipalities
- Target medium and large companies and relevant affinity groups
- Critical mass in 2014/2015

## Protector's SEK 8 billion insurance market by competitor

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

Our largest commercial customers in Sweden

**BONNIER**

**postnord**

 **NIBE**

**TRACTION**



**DUROC** AB

**C R A M O**



 **Husqvarna**

*Fazer*



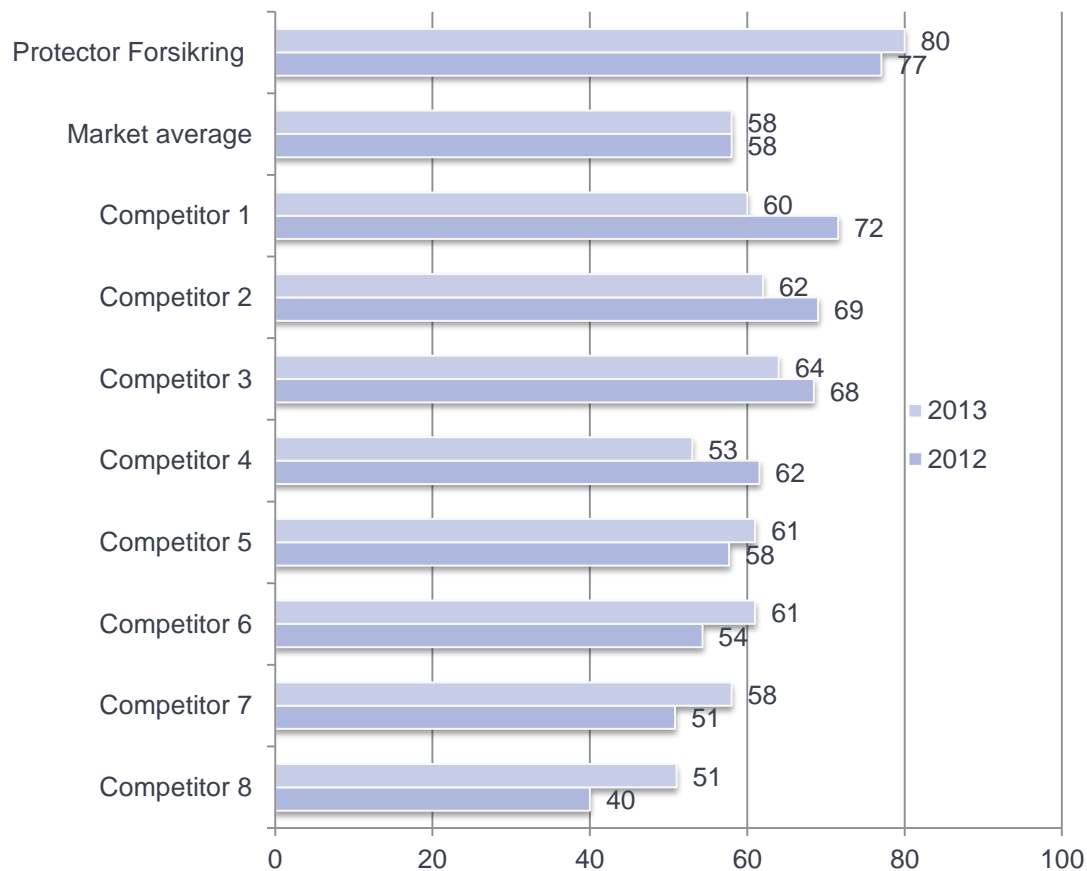
**ATEA**

**AkzoNobel**  
Tomorrow's Answers Today



**martin&servera**

## Broker satisfaction index 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





## Flemming Conrad (57) – 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:

39 years of experience in insurance in Non Life Insurance.  
Experience before joining Protector:

- 2 years as director in Gjensidige DK (private customers)
- 8 years as director in Nykredit Insurance (commercial)
- 3 years as director in Trekroner/SNV (private+commercial)
- Before that: Provinzial Versicherung (6y), Hafnia Insurance (19y)

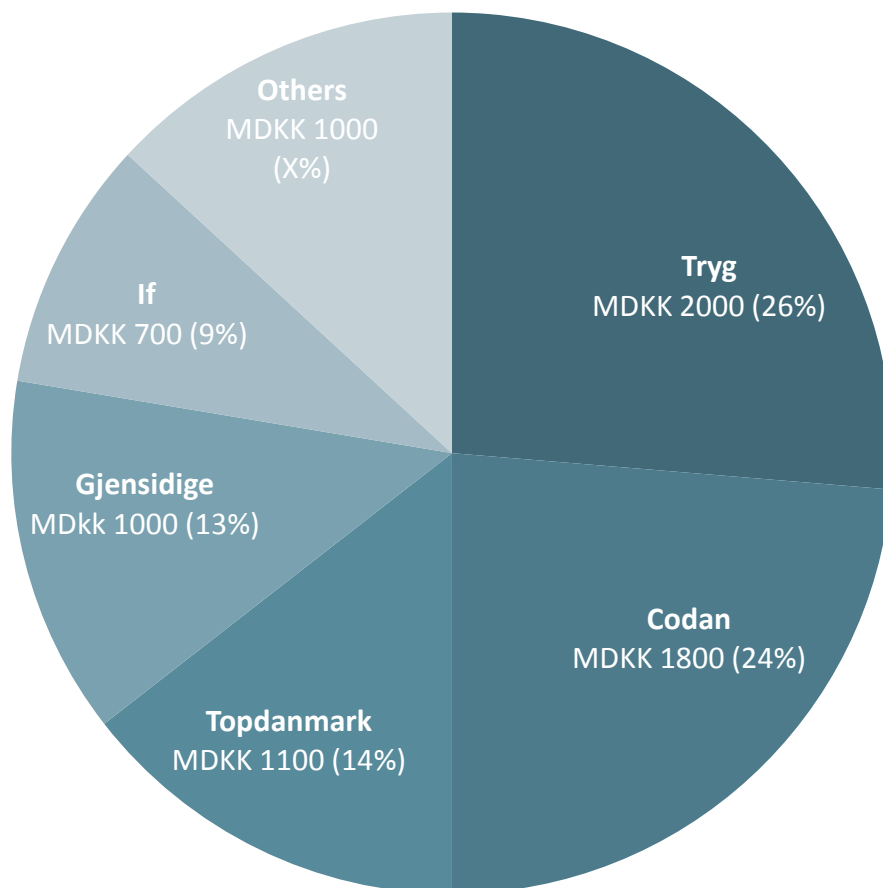
## Denmark

- “Copying” the winning formula through;
  - Vision, business idea, objectives, values & broker promise
  - Right people on board
  - Adjustments for local differences
- Cost leadership
- Quality leadership
- Entry Focus Municipalities
- Target medium and large companies and relevant affinity groups
- Critical mass expected in 2014/2015



## The total brokered insurance market at DKK 7,6 billion

Estimate of the Danish brokered market by Competitors in MDKK and %



- Our 5 major competitors in Denmark is dominant with 87% share
- Codan's, Topdanmark's and If's market-share in this market is decreasing
- Tryg's marketshare is constant
- Gjensidige's and 'Others' are increasing

## Some of our public customers:



**Middelfart**  
KOMMUNE



Billund



Århus



Esbjerg



Glostrup



Greve



Arbejdernes  
Boligforening



Ishøj Kommune

HIMMERLAND  
Boligforening



## Some of our commercial customers:

**BoConcept®**



**postnord**

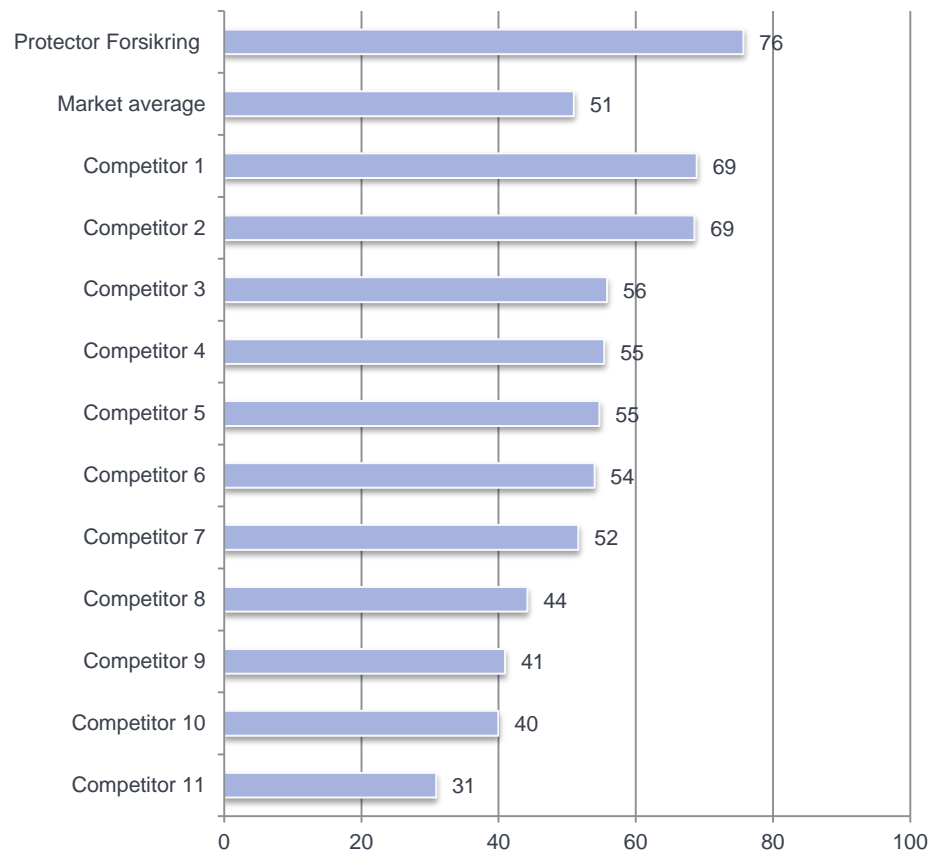
**expert**



**Danske  
Anlægsgartnere**



## 2013 Broker satisfaction index 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

First survey, few respondents



# PROTECTOR

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*2013 results and guiding 2014*



# Highlights 2013

## Best year ever

- Volume up 23 % (26%)
- Gross cost ratio up to 13.8 % (12.7%)
- Net combined ratio 86.7 % (86.2%)
- All time high on quality indexes
- Sweden and Denmark, 288 mill volume
- Operating profit of NOK 430.3 mill (393.7 mill)
  - Net return on investments NOK 256.7 mill (7.0%) (246 mill, 8,9%)
- Return on solvency capital 28 % after tax (38%)
- 2014 guiding; Volume up 16%, Combined Ratio 90%
- Dividend of NOK 1,75 per share suggested, 6.6% in direct yield<sup>1</sup>

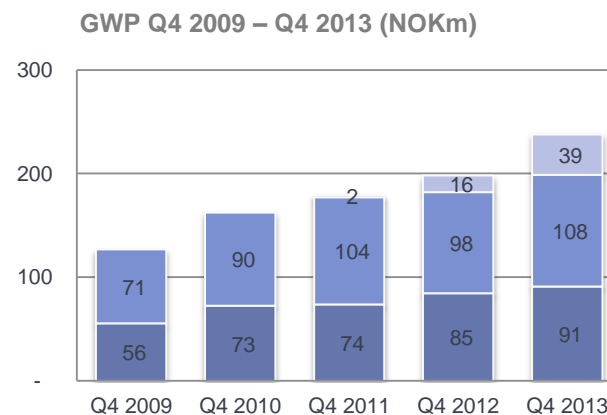
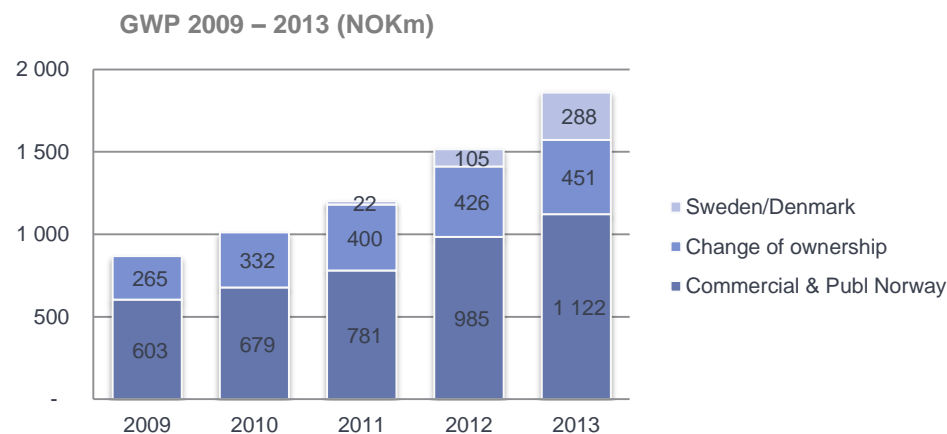
No. 1 in Nordic market  
No. 1 in Nordic market  
Top 3 in Nordic market

<sup>1</sup> Share price 25 Feb 2014 NOK 26,60

# Gross written premium 2013

GWP up 23%, from NOK 1.517m to NOK 1.860,6m

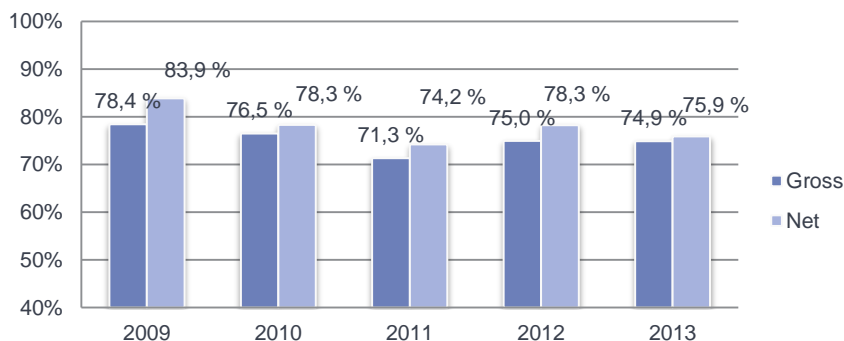
- GWP up 14% within the Norwegian commercial and public lines of business
  - Good renewal rate, 93%, down from 98% in 2012
  - Very good access to quotations, but hit-ratio slowing down in commercial sector
- GWP in Sweden and Denmark 174% growth
  - 12 percentage points of of total volume growth
  - Strong renewal rates, above 100%
- Change of ownership insurance, 6% growth
  - Increased real estate prices and increased no. of policies sold



# Claims development 2013

- Gross claims ratio<sup>1</sup> 74.9%, down from 75.0% in 2012
  - Strong development within change of ownership insurance
  - Property, other illness and group life (municipality sector) in Norway behind schedule, all other products within the commercial and public lines of business in Norway doing well.
  - Sweden and Denmark behind schedule, two large claims including storm (> MNOK 5) in Denmark
- Net run-off-gains of NOK 61 mill, 4.4% (11,9 mill in 2012)
  - Run-off-gains on all products within the commercial sector
  - Some run-off gains in the commercial sector expected in the future because Protector's accounting is based on the FSA minimum reserve requirement
- Net claims ratio<sup>2</sup> 75.9%, down from 78.3%. Higher claims ratio than peers.

Claims ratio 2009 - 2013

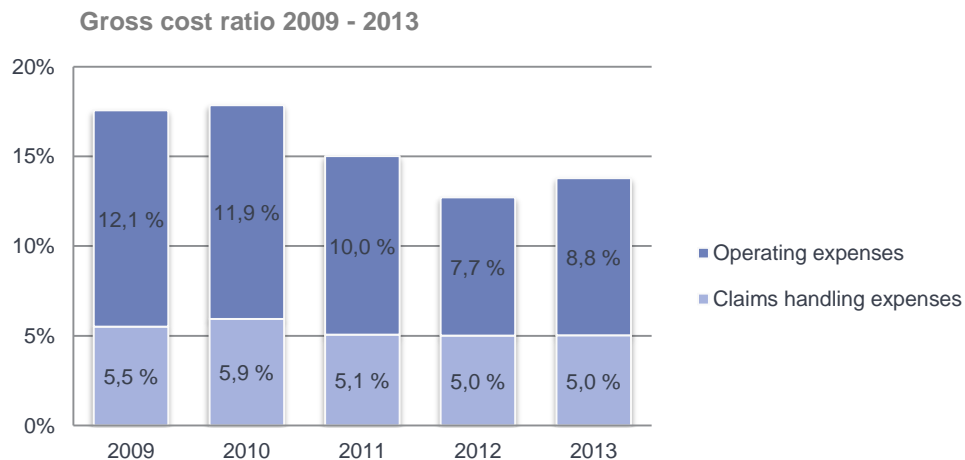


<sup>1</sup> Exclusive claims handling expenses, 5.0 percentage points (5.0 percentage points)

<sup>2</sup> Exclusive claims handling expenses, 6.6 percentage points (6.6 percentage points)

## Cost ratio 2013

- Gross cost ratio<sup>1</sup> 13.8 %, up from 12.7%
  - Increased staffing in the commercial sector in Sweden, Denmark and Norway
  - Strengthening of the administration to support the build-up of Swedish and Danish business
  - Average no of employees 2013 146, up from 116 in 2012
- Net cost ratio<sup>2</sup> 10.8 %, up from 7.9 %
  - Driven by the increased gross costs
- Cost ratio will stabilize and then gradually decrease in 2014



<sup>1</sup> Inclusive claims handling expenses, 5.0 percentage points (5.0 percentage points)

<sup>2</sup> Inclusive claims handling expenses, 6.6 percentage points (6.6 percentage points)



# Gross cost ratio

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

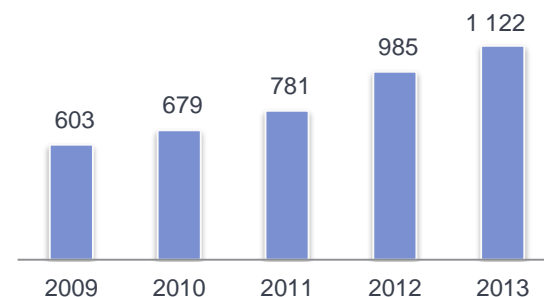
Top – pr. Q3 2013, Codan – pr. Q2 2013

- Protector's low cost ratio is driven by cost effective operations in all areas (sales, UW, services, IT and admin.)

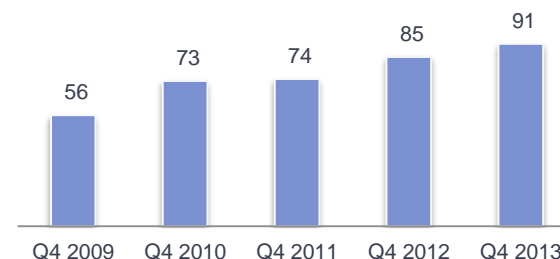
# Highlights 2013 – Norwegian Commercial/public lines

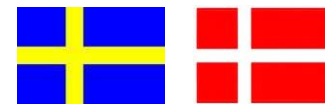
- Volume up 14%
  - 13% growth in commercial sector, 18% in the public
  - Hit-ratio slowing down in the commercial sector
  - 4 large wins and 2 large non-renewals in the municipality sector
  - 7 large and 1 very large wins and 2 large non-renewals in the commercial sector
- Personal lines of business , 72% of total volume
  - 10 % growth in 2013
  - 25 % growth other lines
- Renewal rate 93%, on target
- 2014 reinsurance renewed on similar terms and conditions
- All time high relationship with leading brokers
  - Rated no. 1 seven years in a row
- Single digit growth expected in 2014

GWP 2009 – 2013 (NOKm)



GWP Q4 2009 – Q4 2013 (NOKm)





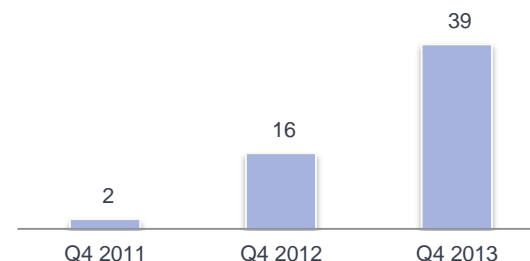
# Highlights 2013 – Sweden and Denmark

- 174% growth
  - Representing 12 percentage points of the growth on company level
  - 4 large wins and 1 very large win in Denmark, no large non-renewals
  - 3 large wins in Sweden, no large non-renewals
  - Strong renewal rates, above 100% both in Sweden and Denmark
- Combined ratio above 100%
  - High cost ratios due to lack of critical mass
  - No significant profitability issues, but some necessary price increases effected January 1<sup>st</sup> 2014
  - Combined Ratio < 100% expected in 2014
- Cost ratios will stabilize early 2014 and then fall rapidly
- Will support double digit growth on company level in 2014 and 2015
- Relationship with leading brokers continues to develop

GWP 2011 – 2013 (NOKm)



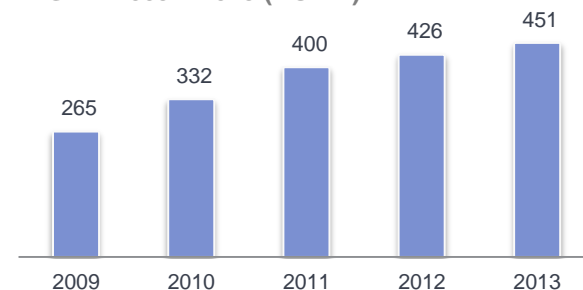
GWP Q4 2011 – Q4 2013 (NOKm)



## Highlights 2013 - Change of ownership insurance

- Volume up 6%
  - Stable market share well above 50%
  - Hit-ratio stable on a high level, slightly above 80%
  - One new large customer on board late 2013, no losses
  - Real estate prices in 2013 up 4.9% relatively to 2012<sup>1</sup>
  - High real estate market turnover rate
- Good profitability
  - Profitability actions yields results
  - More claims management capacity => improved quality
  - Average claims size increasing
- Very good court results
  - Win – draw – losses: 46% - 24% - 30%
- Real estate prices expected to slightly decline in 2014
  - 0 volume growth expected in 2014

GWP 2009 – 2013 (NOKm)



GWP Q4 2009 – Q4 2013 (NOKm)



<sup>1</sup> Source: NEF

# Results 2013

NOKm	Q4 2013	Q4 2012	FY 2013	FY 2012
<b>Premiums written gross</b>	<b>237,7</b>	<b>198,2</b>	<b>1 860,6</b>	<b>1 517,0</b>
Premiums earned gross	468,4	375,6	1 814,6	1 464,2
Claims incurred gross	(362,4)	(327,1)	(1 450,6)	(1 171,0)
Premiums earned for own account	352,5	279,5	1 373,6	1 107,4
Claims incurred for own account	(291,9)	(259,3)	(1 133,5)	(940,1)
Operating costs for own account	(36,0)	(23,8)	(56,9)	(14,2)
Other income/costs	(1,8)	(0,7)	(9,5)	(5,0)
Net financial income	83,9	61,2	256,7	245,6
<b>Profit before change in security provision etc</b>	<b>106,6</b>	<b>56,9</b>	<b>430,3</b>	<b>393,7</b>
Change in security provision etc.	19,6	(96,7)	(54,8)	(146,5)
<b>Profit after change in security provision etc.</b>	<b>126,2</b>	<b>(39,8)</b>	<b>375,5</b>	<b>247,1</b>
Tax	(32,4)	13,5	(88,5)	(48,4)
<b>Profit before comprehensive income</b>	<b>93,8</b>	<b>(26,3)</b>	<b>287,0</b>	<b>198,8</b>
Comprehensive income	(1,5)	8,9	5,7	8,9
<b>Profit for the period</b>	<b>92,3</b>	<b>(17,4)</b>	<b>292,6</b>	<b>207,7</b>
Net claims ratio	82,8 %	92,8 %	82,5 %	84,9 %
Net expense ratio	10,2 %	8,5 %	4,1 %	1,3 %
<b>Net combined ratio</b>	<b>93,0 %</b>	<b>101,3 %</b>	<b>86,7 %</b>	<b>86,2 %</b>
Retention rate	75,3 %	74,4 %	75,7 %	75,6 %

Note:

Net claims ratio = claims incurred for own account / NPE

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

Retention rate = NPE in % of GPE

- 23% growth, net combined ratio 86.7%

# Return on solvency capital 28%, after tax

NOKm 31.12.2013 31.12.2012

Financial assets	3 999,8	3 192,8
Bank deposits	153,3	141,9
Other assets	590,9	430,9
<b>Total assets</b>	<b>4 744,1</b>	<b>3 765,6</b>
Total equity	777,2	583,7
Subordinated loan capital	148,1	148,1
Total reserves	3 368,8	2 748,0
Other liabilities	450,0	285,8
<b>Total equity and liabilities</b>	<b>4 744,1</b>	<b>3 765,6</b>

Solvency capital	1 335,3	1 087,0
Return on solvency capital, after tax	28 %	38 %
Solvency capital per share, end of period	16,2	13,2
Solvency ratio	93 %	93 %
Solvency margin	315 %	304 %
Capital adequacy ratio (risk weighted)	20 %	20 %
NAV	1 179,0	946,0
NAV per share, end of period	14,3	11,5

Note:

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

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

Solvency ratio = solvency capital / NPW

Solvency margin calculated according to regulations from the FSA of Norway.

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

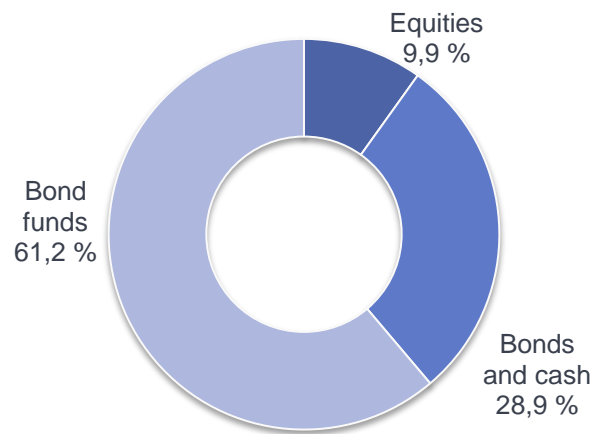
No. of shares = total outstanding shares ex own shares

- Return on solvency capital 28%, after tax
- 25% growth in investment portfolio
- Solvency margin 315%, after eventually dividend
- Historical to date Return on solvency capital after tax 21.5%

# Asset allocation

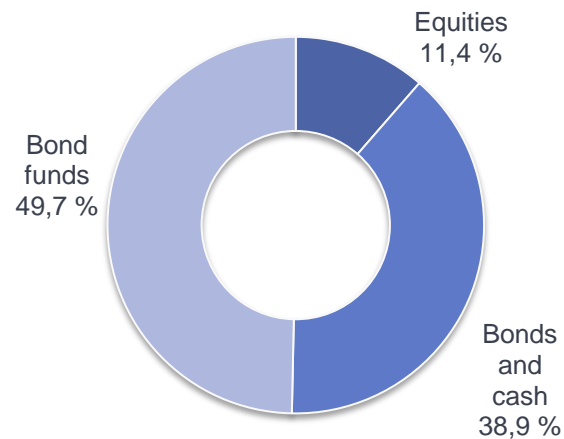
- Year end 2013; Bonds 86,8% of portfolio, Norwegian equities 13,2%
- Increased exposure in equities late Q4 (and not early 2014)
  - NOK 100 mill invested in Swedish Index fund

**Money-weighted allocation of investments 31.12.2013**



Total financial assets end year; NOK 3.999m

**Money-weighted allocation of investments 31.12.2012**

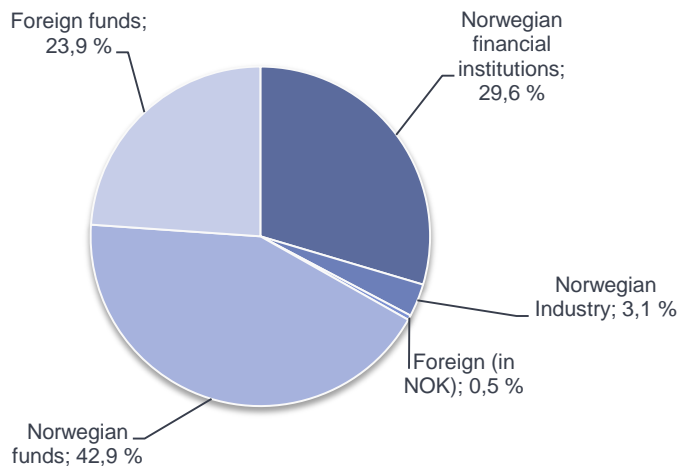


Total financial assets end year; NOK 3.193m

# Portfolio structure and quality bond portfolio

- No currency risk
- Duration 0,57 years (0,88), average maturity is 3,23 years (3,1 years)
- Reduced risk in non rated funds in Q4

Bond portfolio 31 December 2013



Quality bond portfolio 31 December 2013

Split of fixed income portfolio	NOK mill	%
Bonds	1 104	32 %
Bond funds	2 319	67 %
Bank deposits	48	1 %
<b>Total</b>	<b>3 471</b>	<b>100 %</b>

**Rating including internal rating by Norwegian financial institutions**

Investmentgrade	1 919	55 %
BB	62	2 %
B	-	0 %
Non rated (funds)	1 489	43 %
<b>Total</b>	<b>3 471</b>	<b>100 %</b>

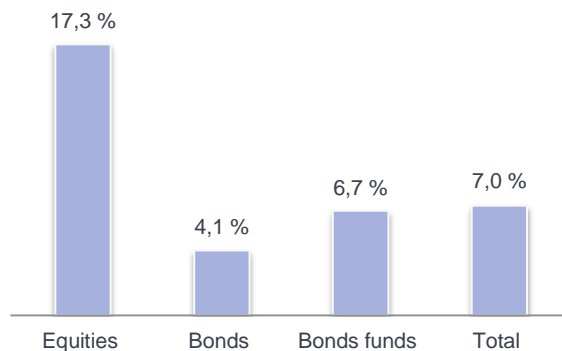


# Investment performance 2013

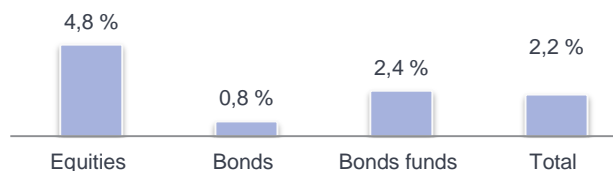
7% return on the investment portfolio

- Net investment result of NOK 256.7m, 7.0% return (NOK 245.6m, 8.9%)
  - Q4; NOK 83.9m, 2,2% return (NOK 61.2m, 2,0%)
- Equities, return of 17.3% (25.2%), OSEBX 23.6%, OSEFX 24.2%
  - Q4; 4,8% (3,1%), OSEBX 9,4% OSEFX 9,8%
- Bond portfolio, return of 5.8% (6.8%)
  - Credit spreads tightened
  - Q4: 1,9% (1,8%)
- Investment portfolio of NOK 3,999m (NOK 3,173m), 25% growth

Return 2013 per asset class



Return Q4 2013 per asset class



## Investment income compared with competitors

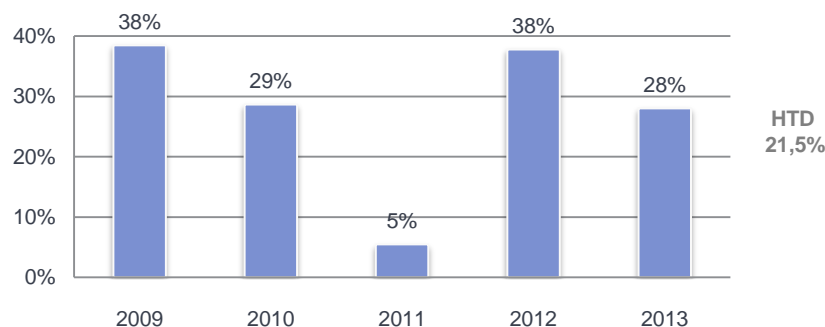
	2008	2009	2010	2011	2012	2013	Average
Protector	-2,1 %	16,1 %	9,7 %	-2,3 %	8,9 %	7,0 %	6,2 %
KLP Skade	0,4 %	8,3 %	7,2 %	4,5 %	6,5 %	6,5 %	5,6 %
If	-3,1 %	12,4 %	7,4 %	1,8 %	6,1 %	5,0 %	4,9 %
Tryg	3,5 %	6,6 %	4,3 %	4,8 %	5,1 %	2,5 %	4,5 %
Gjensidige	-0,6 %	5,5 %	5,2 %	4,4 %	5,4 %	4,3 %	4,0 %
Codan*	5,6 %	5,9 %	3,5 %	3,0 %	3,9 %	-0,5 %	4,0 %
Top*	-6,9 %	7,3 %	4,8 %	3,1 %	6,9 %	2,8 %	3,0 %
LF	-14,0 %	10,0 %	6,0 %	-2,0 %	5,0 %	N/A	1,0 %
Average ex. PF	-3,2 %	7,5 %	5,1 %	2,5 %	5,3 %	3,2 %	3,3 %

\* Top – pr. Q3 2013, Codan – pr. Q2 2013

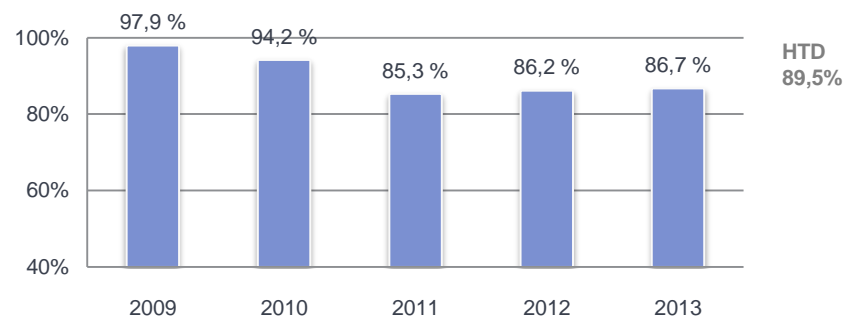
- Our assessment is that Protector also is doing well when we risk adjust the investment income

# Development in earnings and key ratios

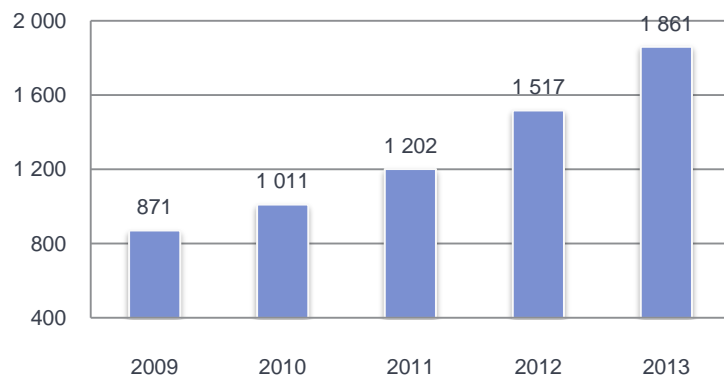
Return on solvency capital after tax



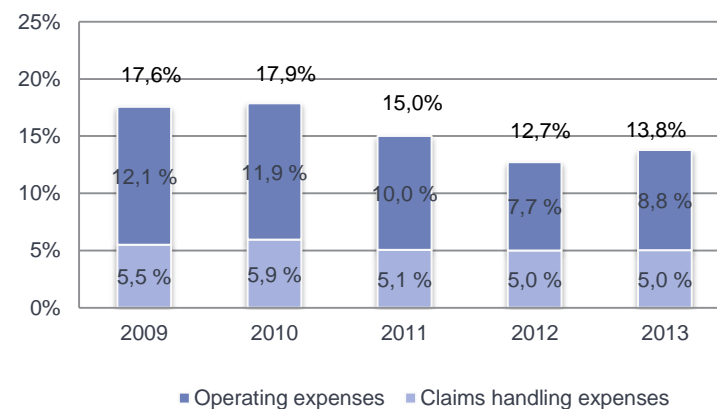
Net Combined Ratio



Gross premiums written (NOKm)

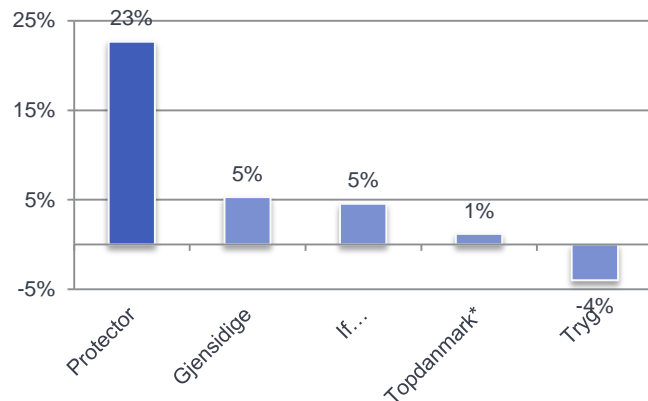


Gross cost ratio, inclusive claims handling expenses



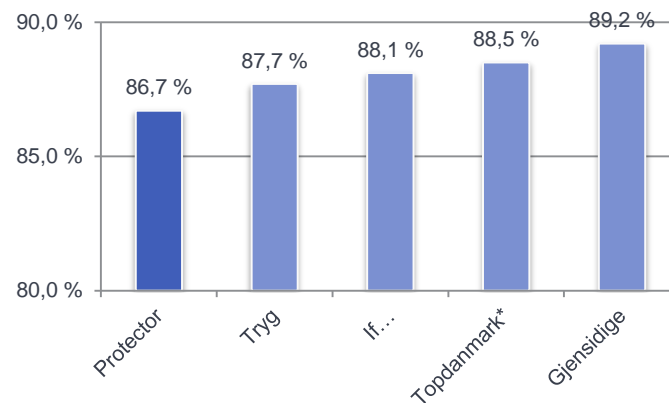
# Nordic peers – 2013

Premium growth

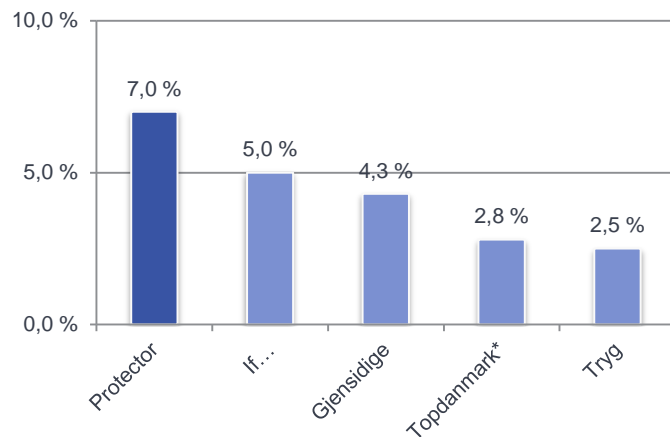


\* Pr. Q3 2013

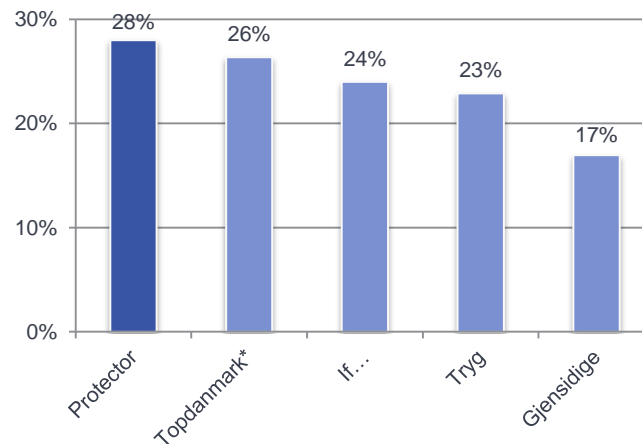
Combined ratio



Return on investments



RoNAV



# Shareholder matters 19 February 2014

Shareholder	No. shares	Percent
ODIN NORDEN	6 611 211	7,67 %
STENSHAGEN INVEST AS	4 489 873	5,21 %
MSF-MUTUAL FINANCIAL SERVI FD	4 479 410	5,20 %
PROTECTOR FORSIKRING ASA	3 570 661	4,14 %
OJADA AS	3 563 116	4,14 %
HANSARD EUROPE LTD	3 353 957	3,89 %
TJONGSFJORD INVEST AS	2 811 809	3,26 %
GABLER RÅDGIVNING AS	2 502 751	2,90 %
MP PENSJON PK	2 375 706	2,76 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	2 111 193	2,45 %
ARTEL HOLDING A/S	1 873 451	2,17 %
VERDIPAPIRFONDET HANDELSBANKEN	1 804 734	2,09 %
AVANZA BANK AB	1 721 599	2,00 %
VPF NORDEA NORGE VERDI	1 671 268	1,94 %
FROGNES AS	1 649 916	1,92 %
VARMA MUTUAL PENSION INSURANCE	1 642 329	1,91 %
JOHAN VINJE AS	1 437 841	1,67 %
PETROSERVICE AS	1 343 815	1,56 %
NORDEA NORDIC SMALL CAP FUND	1 283 657	1,49 %
JP MORGAN CHASE BANK, NA	1 250 000	1,45 %
<b>TOTAL 20 LARGEST</b>	<b>51 548 297</b>	<b>59,83 %</b>
<b>OTHERS</b>	<b>34 607 308</b>	<b>40,17 %</b>
<b>TOTAL SHARES</b>	<b>86 155 605</b>	<b>100,00 %</b>

## Related parties shareholding

- Management's direct and indirect shareholding totals 3,1m shares or 3,6% of current outstanding shares
- Board members directly and indirectly own a total of 6,3m shares or 7,3% of current outstanding shares
- 31 employees own directly a total of 4.8 m shares or 5.5% of current outstanding shares (incl. management)
- Protector own 3.570.661 own shares or 4,14% of current outstanding shares

No. Shareholders 2.564

<sup>1</sup> CEO Sverre Bjerkeli

<sup>2</sup> Chairman of the Board, Jostein Sørvoll

# Outlook 2014

## Volume up 16 % (23 % in 2013)

- + January 1<sup>st</sup> volume on a strong level
- + Very strong start in Sweden, strong start in Denmark
- Norwegian real estate market flattens or slightly decline, 0 growth within change of ownership
- Continued rate pressure in the commercial and public sector

## Net claims ratio<sup>1</sup> 80% (75.9% in 2013)

- + Good start in 2014
- + Profitability measurers claims handling (Change of ownership and commercial) yielding results
- Some rate pressure in commercial and public sector
- Slightly poorer customer portfolio (Sweden, Denmark)

## Gross cost ratio<sup>2</sup> <13% (13,8% in 2013)

- + Some volume growth and scalability Norway
- + Critical mass Sweden/Denmark will gradually occur during 2014
- + Cost program will reduce cost with 15 mill in 2014
- Very high level of motor business in Sweden, less cost effective

## Net Combined ratio 90% (86.7% in 2013)

<sup>1</sup> Exclusive claims handling costs

<sup>2</sup> Inclusive claims handling costs

# CEO Summary, risk outlook 2014

## Slightly increased

Risk

+ Volume up in commercial & public sector Norway

Low

+ Sweden and Denmark support double digit growth

No

+ Balance sheet growing leads to increased financial income

No

+ Cost ratio Gross & Net going down

Low

0 Unchanged volume in Change of Ownership sector

Medium

- Price inflation lower than claims inflation in Change of Ownership

High

- Rate pressure driving claims ratio upwards

Medium

- One or two negative surprises will occur

Medium

- Sweden and/or Denmark develops worse than guided

Low



# Outlook 2013

NOKm	Res 2013	Outlook 2014
Premium growth (%)	23	16
Operating profit	430	330
Investment Income	257	190
Gross cost ratio (%)	13.8	< 13
Net combined ratio (%)	86.7	90
Return on solvency (%)	28	20

## Return assumptions 2014:

Equity allocation approx. 10%

Return equities: 8% p.a.

Return bonds: 4% p.a.

Average invested capital: NOK 4.300m



# Summary 2013

- Volume up 23 %, Sweden and Denmark GWP 288 mill
- Net combined ratio 86.7 %
- All time high on quality indexes
- Operating profit of NOK 430.3 mill
- Return on solvency capital 28 % after tax
- 2014 guiding;
  - Volume up 16%
  - Combined Ratio 90%
  - Cost < 13%
- Strong Q1 2014 expected



# Summary

- 0 – 1,9 billion NOK in 10 years
  - Double digit growth every year
- Historical To date Combined Ratio 89,5 %
- Historical To Date return on Solvency capital 21,5 %
- Documented Quality and Cost leader in the market, improving every year
- Sweden and Denmark well started, CR < 100% in 2014
  - will support double digit company growth next 2 years
- Looking forward; We have only started our journey
  - We got the right team on board
  - Scandinavian Insurance market is doing very well
  - Protector cost ratio will decrease in 2014, strong competitive position
  - Reduced investment risk and increased Investment portfolio => higher ROI with lower risk