



PROTECTOR
forsikring

Preparing for continued growth

August 22nd 2017

Preparing for continued growth

Agenda

- 10.00-10.15: Coffee and snack
- 10.15-11.15: Company update and claims handling
- 11.15-11.45: Investments
- 11.45-12.00: Coffee and snack
- 12.00-12.30: IT and digitalization
- 12.30-13.00: UK
- 13.00-13.15: Summary and Q&A

Questions allowed through presentation

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Management Strengthened

Continuity and fresh blood

Sverre Bjerkeli (57) – Chief Executive Officer



- CEO since 2006
- Protector since 2004
- Director consumer and commercial sector Storebrand/If.
- CEO Storebrand Bank
- CEO positions at Torinno and Ementor Norge

Henrik Høye (35) – Dir. Commercial & Public NO / Project Lead UK



- Employee since 2007
- Director Public sector
- Project Manager UK
- Project Manager 2012 Denmark
- Project Manager 2011 Sweden

Hans Didring (37)– Country Manager Sweden / Responsible for Finland



- Employee since 2011.
- 6 years of experience from IF and Länsförsäkringar.
- Former Head of Broker Sales and Service at If
- Project Manager Finland

Dag Marius Nereng (44) – Chief Investment Officer



- Employee since 2015
- 20 years of asset management experience
- 10 years as Senior Portfolio Manager in Handelsbanken
- 2 years as Senior Portfolio Manager in Bankenes sikringsfond
- 7 years as Portfolio Manager in Landkreditt

Vibeke Krane (46) – CFO



- CFO since August 1st 2016
- Employee since December 1st 2015
- State Authorized Public Accountant
- 20 years of experience within finance and accounting from KPMG, EY and Telenor

Merete Christensen Bernau (51) – Dir. Change of Ownership



- Employee since 2005
- Director claims handling commercial Norway
- Director HR and Cultural development
- Experience from Storebrand/IF

Thomas Boutrup (37) – Country Manager Denmark



- Started at Protector August 1st
- Senior underwriter and Partner RiskPoint
- Account executive IF
- Team Leader, Liabilities Major, Chartis
- Risk Manager AIG Europe

Lars Ola Rambøl (50) – Director of Business Development



- Starting at Protector September 1st
- Multiple Director positions in Storebrand
- Professional IT background

Preparing for continued growth

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10.15-11.15: Company update with claims handling in focus

1) Keep up the good work

2) Strengthen the balance sheet

3) Strengthen competitive position through Next Level claims handling - Falcon





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



Challenger Strategy 2020



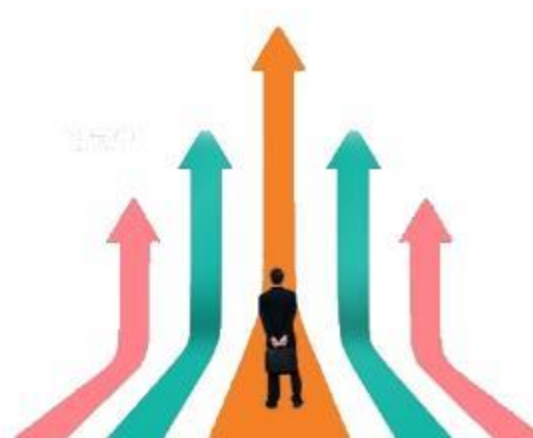
Lets further develop our DNA – Next Level

- Don't change Strategy
- Investments are Core, manage Risk
- Strong balance sheet important
- Growth comes before CR... must be balanced!
- Focus Claims Handling and top 8



**Next Level Management training program,
NGL and talent development → Next Level**

NEXT LEVEL



Strategy 2017-2020

Top 8 priorities



1. Claims Handling, great potential

- Internal quality development (RR, Breitling, CleanDesk etc.)
- 40 %/15% efficiency increase (Commercial/COI) - ultimo 16 to ultimo 19



2. Profitable growth in Nordic

- Protakst – New technical solution COI
- New billion segment opened



3. Insurance and Investments are twins

4. UK

- Manchester, London, other offices
- Segment and product mix considerations



5. Comeback and new profitable growth in Denmark

- Nr. 1 on quality again in 2018

6. Go Public Sector, New country

IT as Innovator and Accelerator

World class staff also adding value to business units and process development



Cost leader

Less than half the cost of competitors



Creating cost leadership

- Well defined and consistent strategy, understand value chains and competent people to implement
- “Culture eats strategy for breakfast”
- Cost advantage in the Nordics has increased the last 5 years
- Targeting 1/3 of competitors’ cost ratio in UK
- Peers with comparable cost figures are industrial/corporate segment at If and Tryg

In-house IT services

- Cost ratio of 1.1% vs 3.2% for industry (Gartner Inc.)
 - No legacy, modern platform, competent people
- Developed all IT systems internally since 2003
- Insourced operation
- Well documented
- Time efficient implementation of new IT solutions

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

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

Quality leader in the Nordic market

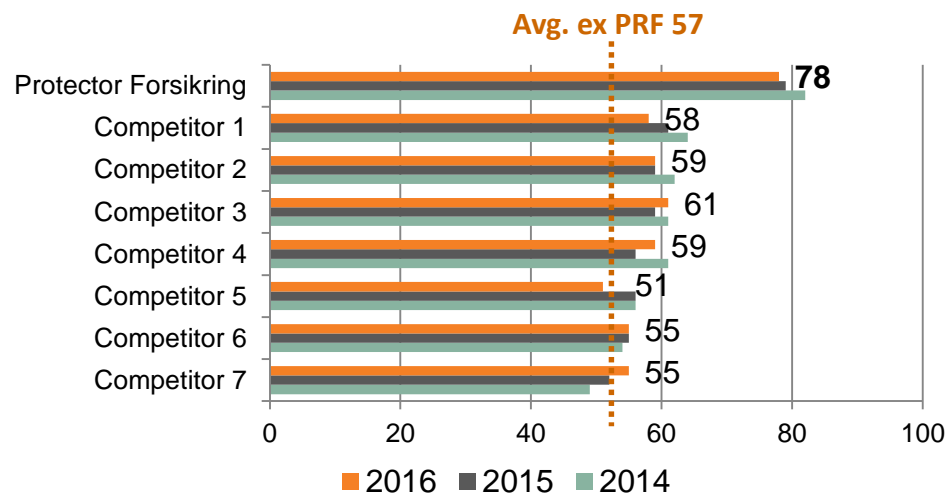


Broker Satisfaction Surveys

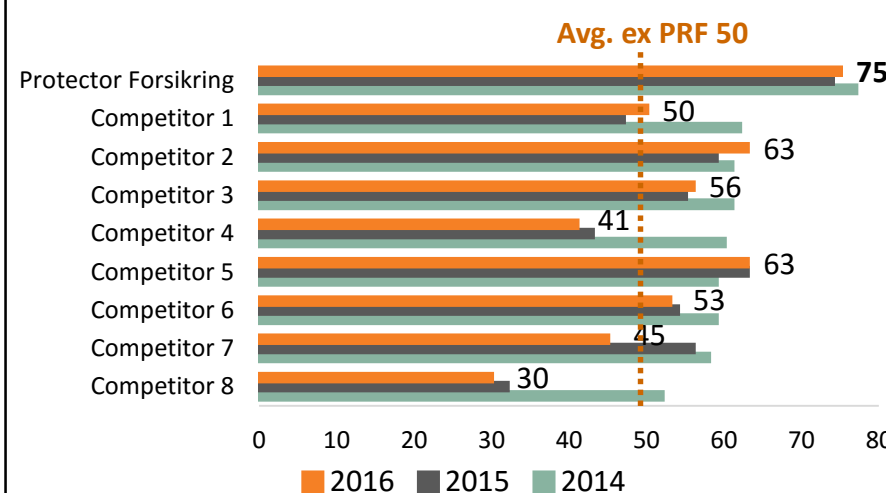
- Consistently on top when brokers rank satisfaction with service and offerings. True for Norway and Sweden
- Quality leader in Denmark three years in a row. Quality setback in Denmark in 2016. Still top three on quality
- Voted Best trading partner in Finland (FIBA) in 2016 and Norway in 2017
- Targeting being far ahead of #2 in UK
- Easy to do business with, commercially attractive, trustworthy (USP)



Quality leader – 11 years in a row



Quality leader – 6 years in a row



Source: TNS Gallup surveys

Volume growth

Strong and prudent



Sustainable growth

- **Profitability comes first** volume growth second, but...
- Low capex entering new markets
 - Reduced risk appetite in Denmark in 2017 – single-digit growth expected
- Growth potential 2017 mainly in Sweden and UK – further strengthening geographic diversification
- Increased 2017 growth to 22% (24% in local currency)

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

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

Profitability

Back on track 2017 – Avg. CR 2005-2016: 88.3%



Key comments

- Combined ratio in 2016 of 97.0% was not satisfactory and was due to profitability issues in Denmark and cleanup in COI
- Prudent and disciplined underwriting
- Reinsurance used to reduce risk and reduce volatility
- H1 2017: 88,9%, guided 92% full year
 - Despite Grenfell Tower

Combined ratio	2008	2009	2010	2011	2012	2013	2014	2015	2016	H1'17	Avg. 08-16
Topdanmark	82.4 %	91.1 %	93.3 %	90.3 %	88.0 %	91.5 %	86.0 %	87.3 %	85.1 %	81.8 %	88.3 %
Gjensidige	94.4 %	94.8 %	95.3 %	91.9 %	85.3 %	89.2 %	86.0 %	83.7 %	83.4 %	85.0 %	89.3 %
If	91.8 %	92.1 %	92.8 %	92.0 %	89.3 %	88.1 %	87.7 %	85.4 %	84.4 %	86.5 %	89.3 %
Tryg	88.2 %	92.2 %	98.8 %	93.2 %	88.2 %	87.7 %	84.2 %	86.8 %	86.7 %	84.4 %	89.6 %
PRF	95.8 %	97.8 %	94.2 %	85.3 %	86.2 %	86.7 %	84.5 %	88.7 %	97.0 %	88.9 %	90.7 %
Codan/Trygg-Hansa ¹	98.5 %	100.4 %	101.8 %	102.4 %	94.3 %	95.3 %	90.4 %	94.0 %	86.2 %	81.9 %	95.1 %
LF	93.0 %	96.0 %	102.0 %	100.0 %	98.0 %	97.0 %	93.0 %	91.0 %	95.0 %	93.0 %	96.1 %
KLP	97.3 %	95.5 %	121.9 %	118.1 %	107.8 %	103.7 %	91.9 %	98.8 %	98.7 %	n/a	103.7 %
Avg. ex. PRF	92.2 %	94.6 %	100.8 %	98.3 %	92.8 %	92.3 %	88.5 %	89.6 %	88.5 %	85.4 %*	93.1 %

¹Numbers for Codan only before merger with Trygg-Hansa in 2015 and RSA Group Scandinavian segment in 2015. Numbers updated through Q2 2016

* Average excl. KLP

Strong investment result over the business cycle

Better than peers



Overview

- Risk management thorough; 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 2010-2016
- Better investment return than peer average for eight out of nine last years
- Slightly higher market risk than peer average in early years

Return on investments	2008	2009	2010	2011	2012	2013	2014	2015	2016	H1'17	Avg. 08-16
PRF	-2.1 %	16.1 %	9.7 %	-2.3 %	8.9 %	7.0 %	5.3 %	5.3 %	7.0 %	1.7 %	6.1 %
KLP skadeforsikring	0.4 %	8.3 %	7.2 %	4.5 %	6.5 %	6.5 %	6.5 %	4.4 %	6.1 %	n/a	5.6 %
If	-3.1 %	12.4 %	7.4 %	1.8 %	6.1 %	5.0 %	4.1 %	1.5 %	2.9 %	2.4 %	4.2 %
Tryg	3.5 %	6.6 %	4.3 %	4.8 %	5.1 %	2.5 %	4.3 %	0.7 %	3.7 %	2.7 %	3.9 %
Gjensidige	-0.6 %	5.5 %	5.2 %	4.4 %	5.4 %	4.3 %	4.3 %	2.6 %	3.9 %	2.0 %	3.9 %
Codan/Trygg-Hansa ¹	5.6 %	5.9 %	3.5 %	3.0 %	3.9 %	-0.4 %	3.9 %	3.2 %	2.8 %	1.1 %	3.5 %
Topdanmark	-6.9 %	7.3 %	4.8 %	3.1 %	6.9 %	4.1 %	3.4 %	1.0 %	4.4 %	0.9 %	3.1 %
LF	-14.0 %	10.0 %	6.0 %	-2.0 %	5.0 %	6.1 %	6.5 %	4.5 %	5.6 %	2.5 %	3.1 %
Avg. ex. PRF	-2.2 %	8.0 %	5.5 %	2.8 %	5.6 %	4.0 %	4.7 %	2.6 %	4.2 %	1.9 %	3.9 %

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

Commercial Lines of Business

61% of revenues



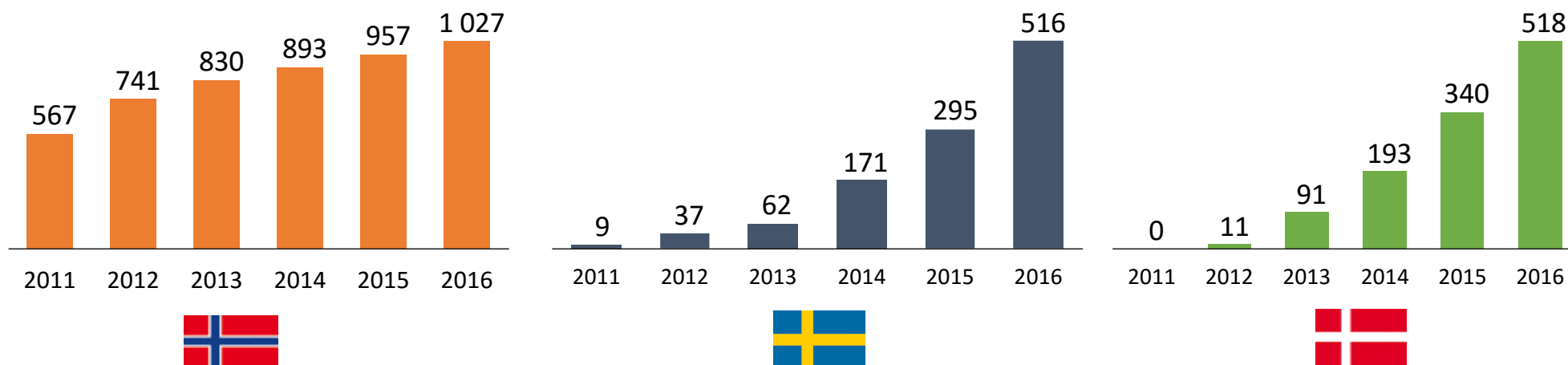
Summary

- Corporate clients minimum size NOK 0.2m
- Standardized products; Workers Compensation, Group Life, Other Insurance, Accident, Health (2016), 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
- Current market share of about 14% (Jan 1st 2017)
- Market dominated by four large players in each market with approximately 75% of the market

Revenue development per country – GWP (MNOK)



Public lines of business

24% of revenues



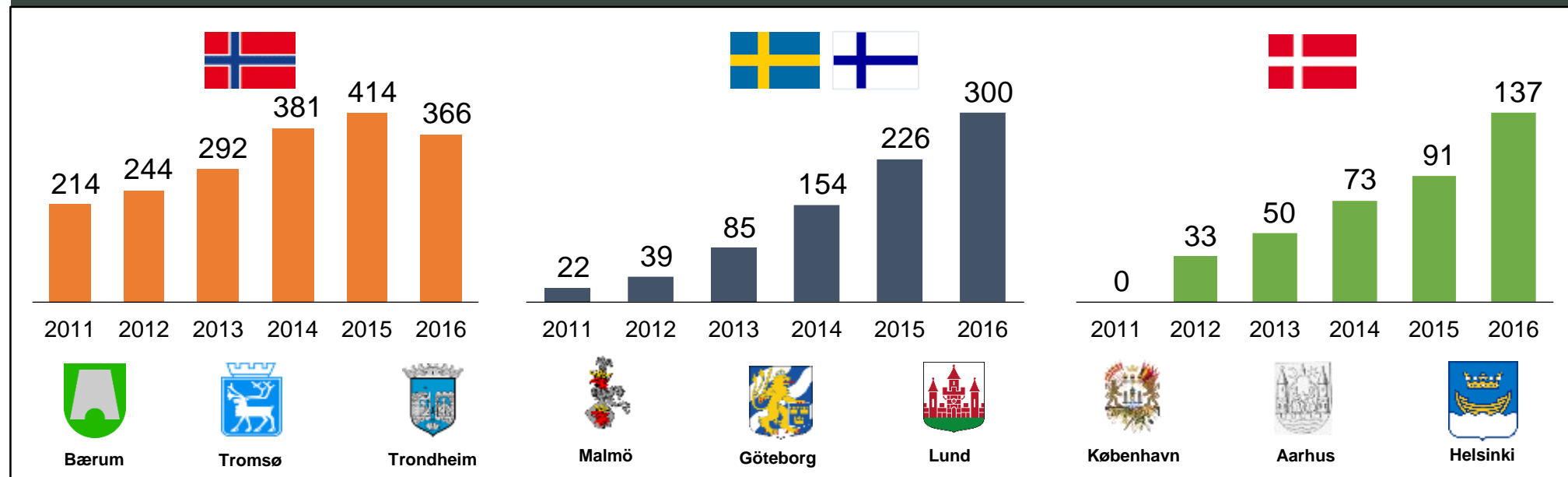
Summary

- 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)



Change of ownership insurance (COI)

15% of revenues



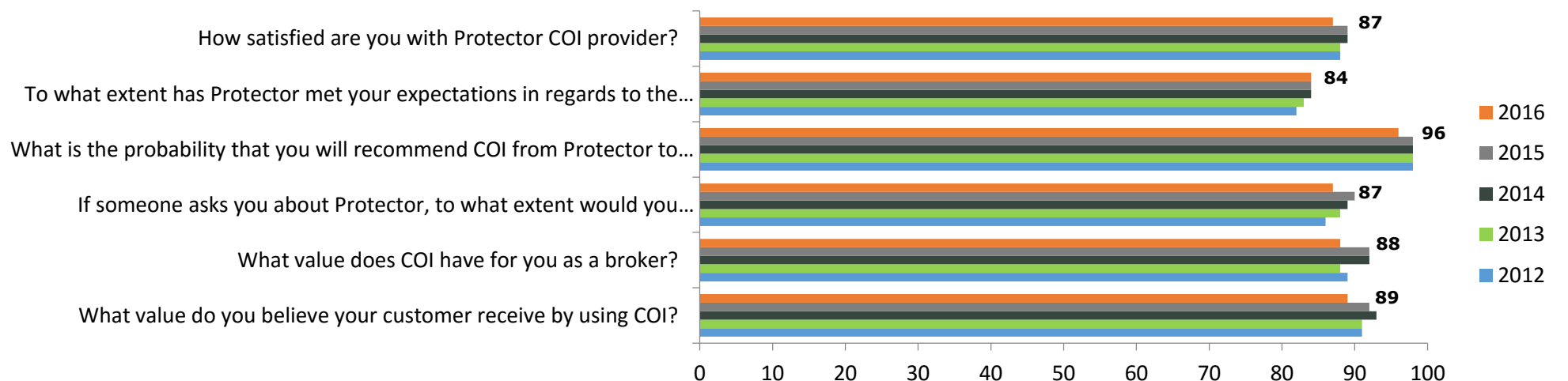
The product

- Insurance linked to the property
 - Covers substantial hidden defects for 5 years
 - Houses, apartments and vacation homes
- No underwriting requirements
- Maximum claim is limited to NOK 10m
- Premium based on the property's sale price
- Unprofitable in 2016 (but profitable history to date)
- Profitability back on track 2017

Key market drivers

- Market situation; few players & with critical mass
- High entry barriers; Reputation, distribution access and claims handling
- Increased hit-ratio from 70% in 2008 to more than 80% in 2016
- Technical report used in 71% of house sales
- Protector receives almost 4 500 claims per year

Broker survey – proven quality COI provider, but small setback in 2016



Protector vs IF Industrial and Tryg Corporate

Closing the gap



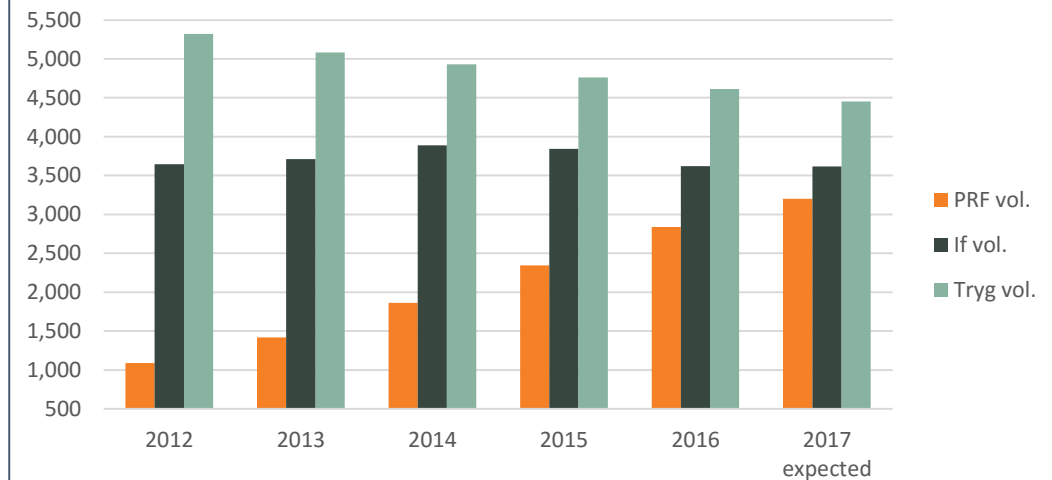
Protector is gaining volume on the expense of our competitors – growing through:

- 1) Cost and quality leadership
- 2) Diversified product mix
- 3) Now Nr. 3 in the Nordic brokered market
- 4) 70 % of volume outside Norway*
- 5) Being market leader in several segments
 - Public sector Sweden and Denmark
 - Bus segment Sweden and Norway
 - Many other sub segments

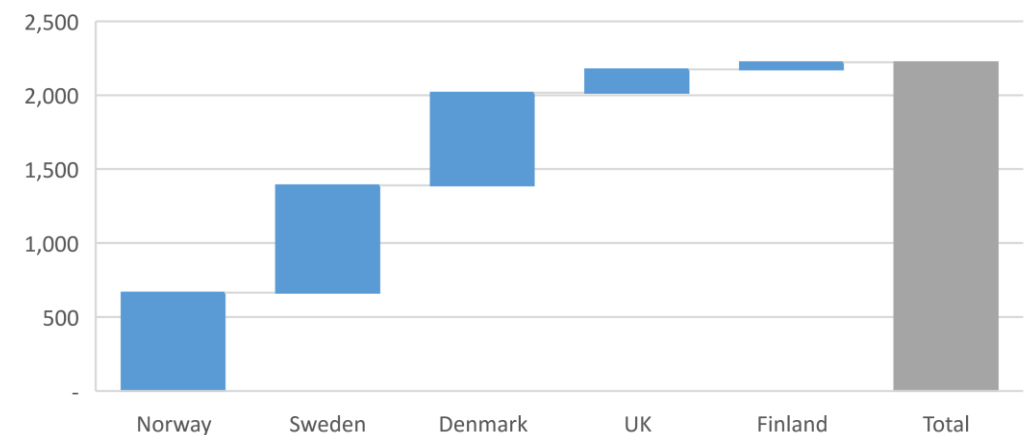
- Still room for *continued growth* in the Nordics
- Soon we are passing both If and Tryg

* GWP YTD '17 ex COI

GWP vs competitors 2012-2016



GWP YTD '17



Protector vs IF Industrial and Tryg Corporate

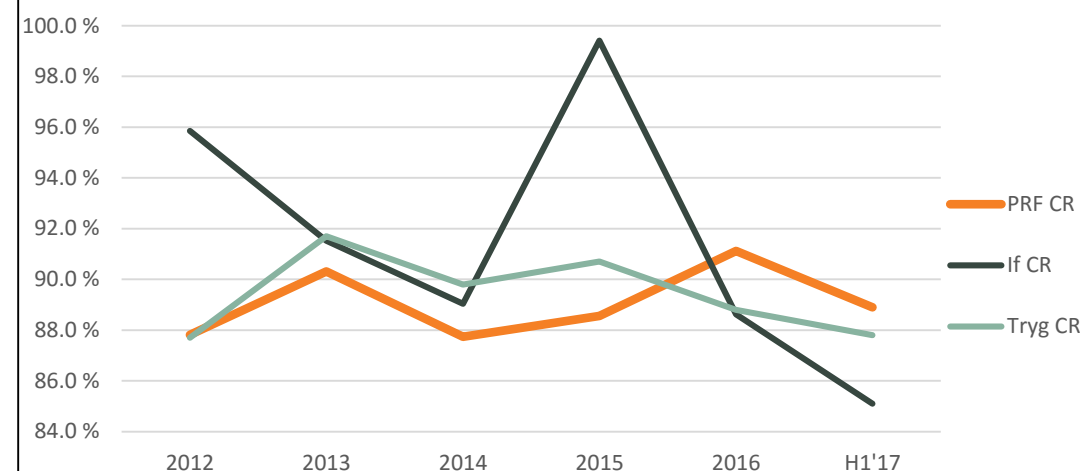
Protector with best Combined Ratio



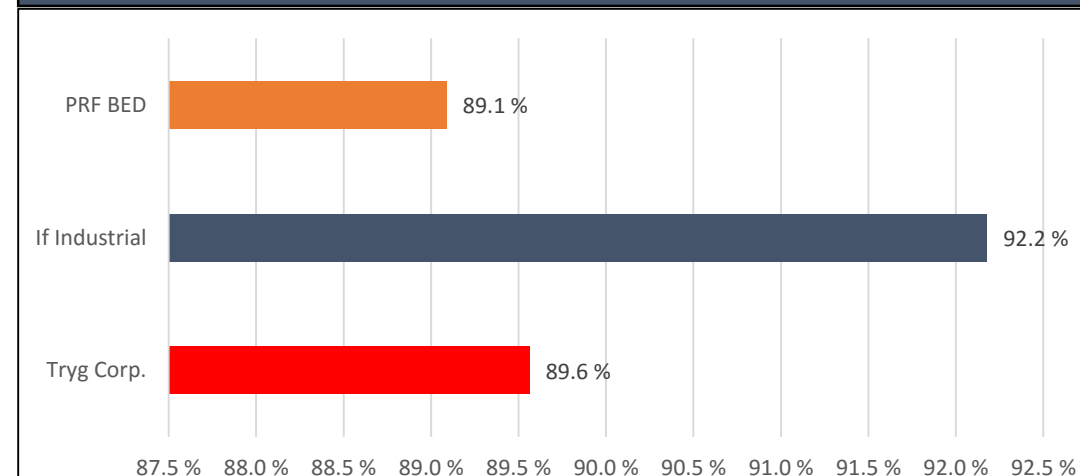
- Beating our competitors at a level playing field
 - Same product mix
 - Same broker based sales channel
 - Same commission structure
 - Same average size of clients
- Profitable Nordic market
 - But continuously pressure on rates
 - Brokers taking care of their customers
- Protector with lowest CR
 - Despite growing fast
 - Our cost advantage makes this possible



Combined Ratio '12 – H1'17



Combined Ratio HTD



Nordic Champion

Attacking UK



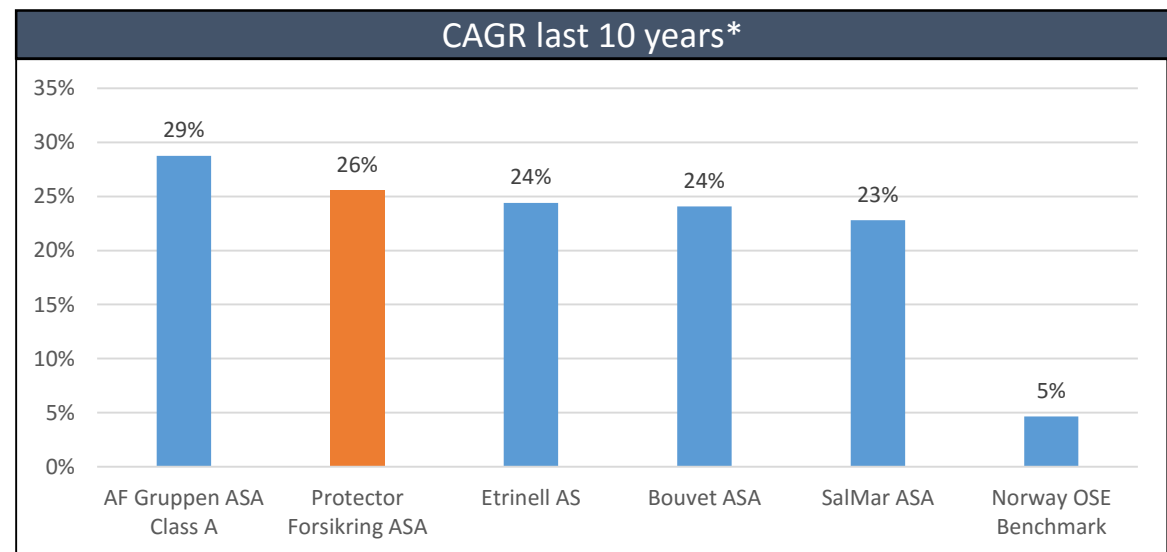
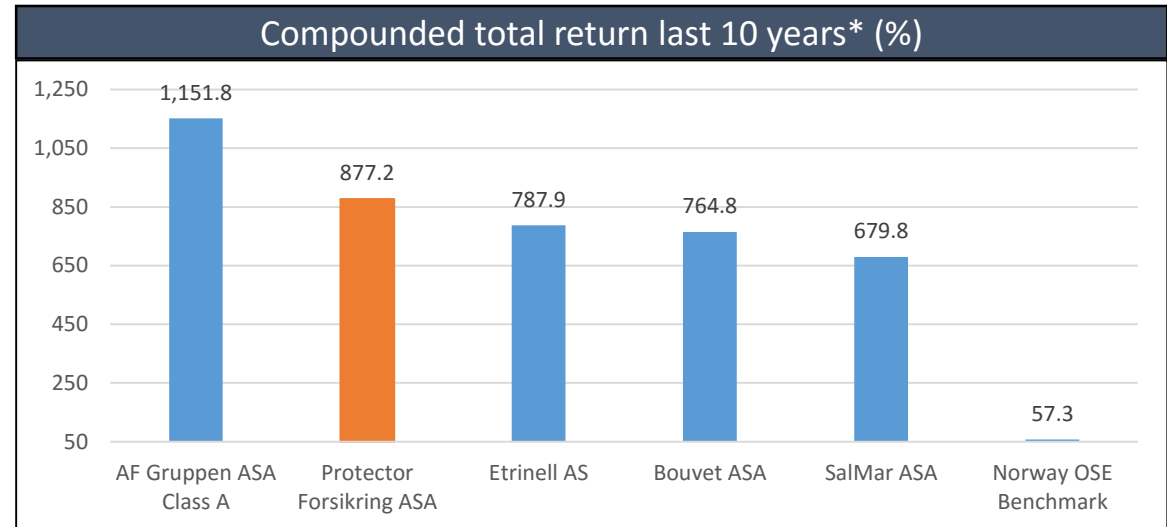
Keep up the good work

Profitable growth + Investments = Good results



- The last 10 years only AF Gruppen has performed better than Protector in the Norwegian stock market
- Long term investors have earned a total return of 877% over the period
- CAGR of 26% - more than 5x what you would have gotten from index investing

«Preparing for continued growth»



*Per august 9th 2018

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10.15-11.15: Company update with claims handling in focus

1) Keep up the good work



2) Strengthen the balance sheet

3) Strengthen competitive position through Next Level claims handling - Falcon



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10.15-11.15: Company update with claims handling in focus

1) Keep up the good work



2) Strengthen the balance sheet

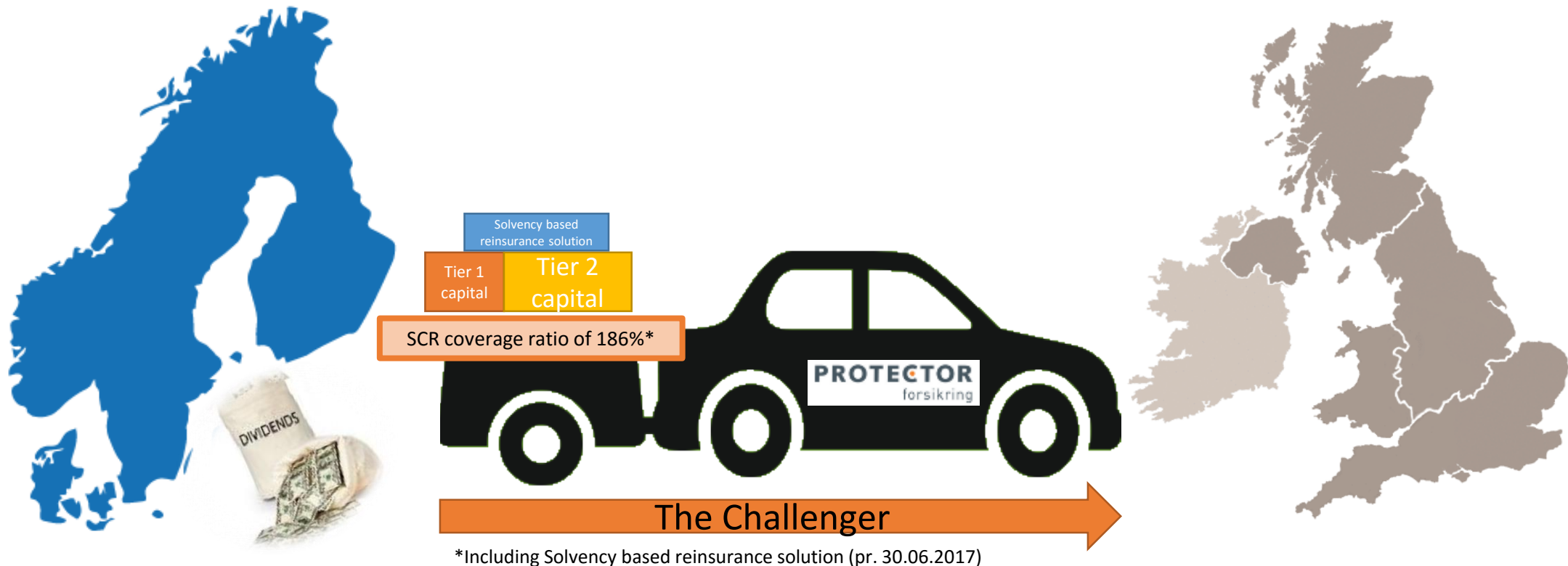
3) Strengthen competitive position through Next Level claims handling - Falcon





Finished building capital

Ready to challenge

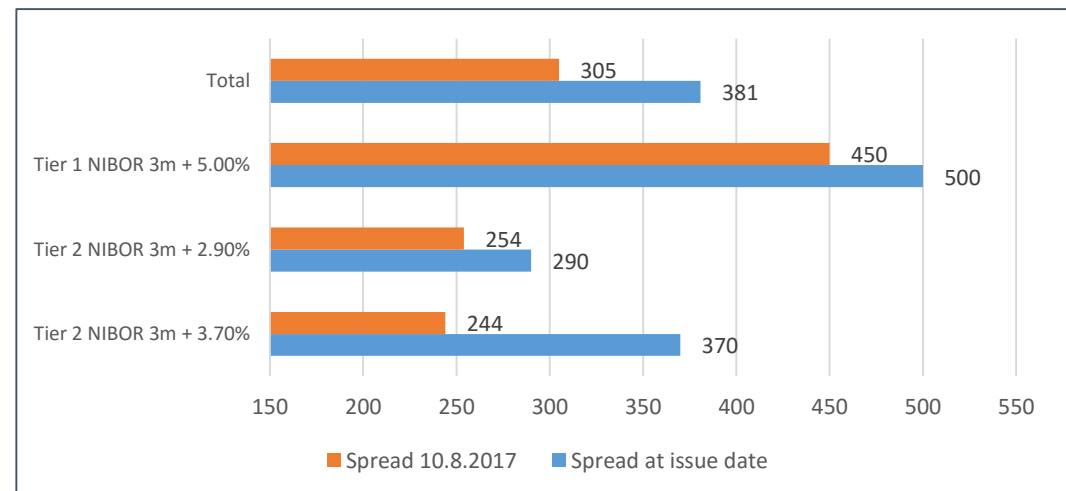
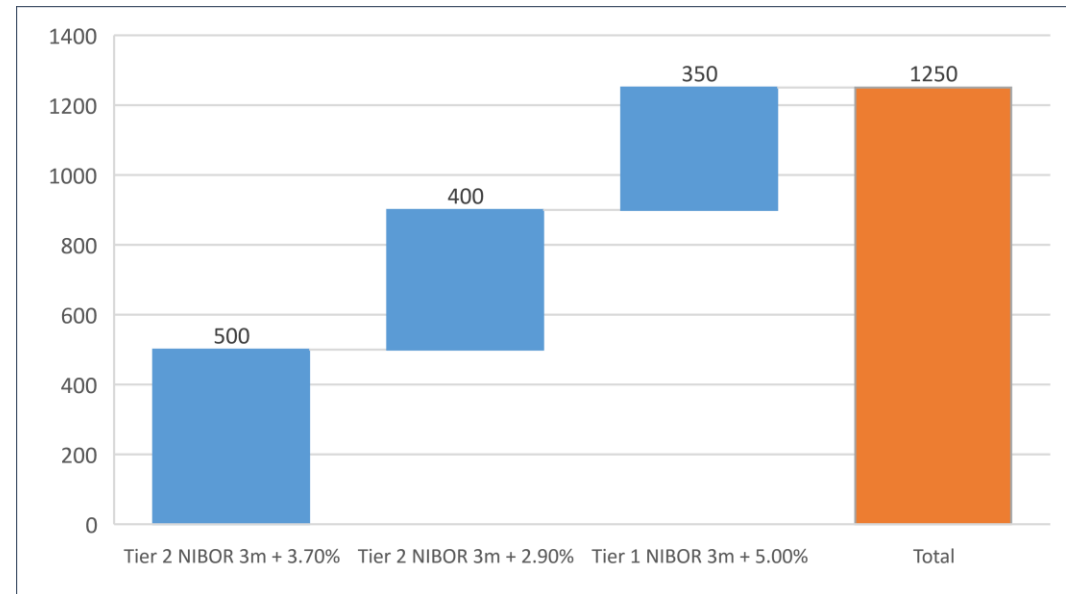




Raising capital

Tier 1 and Tier 2 successfully placed

- Debt totalling NOK 1250m has been raised since end of April '16
 - NOK 500m May '16
 - NOK 750m March '17
- In less than 1 year, the price Protector had to pay for Tier 2 dropped from 370 bps to 290 bps
- On the back of strong financials, high expected growth and favourable capital markets additional debt was raised end of March '17
- All of Protector's debt trade significantly above par
 - A spread of 305 bps today vs 380 bps when issued (weighted average)



Protector vs RSA

Better bond terms than RSA

Transaction background

- Both RSA Insurance Group and Protector Forsikring issued Tier 1 capital ultimo March '17 in open market transactions
 - RSA: 2 500m SEK
 - Protector: 350m NOK
- Both are perpetual with a call option in 2022
- RSA rated A by S&P, Protector not rated

Pricing implications

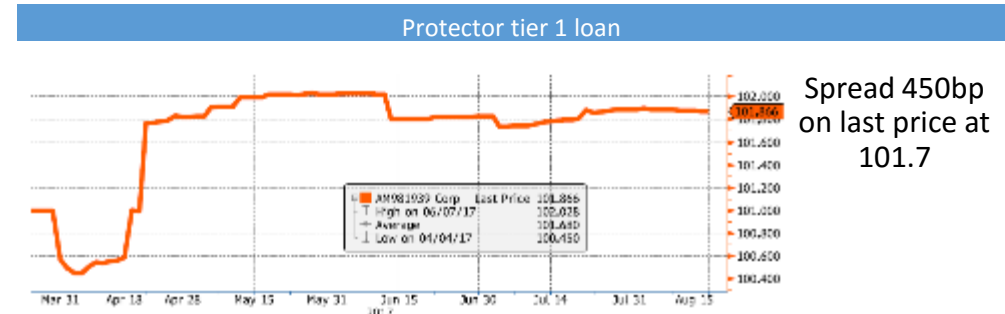
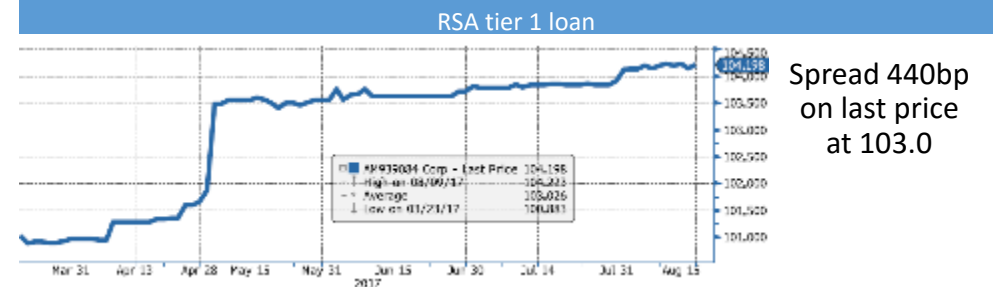
- Both of the securities were set with the following floating rates
 - RSA: STIBOR 3 month + 5,25%
 - Protector: NIBOR 3 month + 5,00%
- Price as of 15th August
 - PRF ~450 spread
 - RSA ~440 spread
- The market judges Protector similar as an A rated (official) company

Simple comparison RSA vs Protector

Full year 2016	PRF	RSA
Cost ratio	6.8 %	15.2 %
Combined ratio ('08-'16)	90.7 %	96.2 %
Geographic diversification	43%	48%
Percentage subordinate loan of adj solvency capital	53%	20%
Solvency Capital end Q1 '17	185%	166%
Solvency Capital 2016	163%	158%
Return On Equity (2007-2016)	24.35%	6.88%

* FactSet Numbers

Price development since transaction



Balance sheet Q2 2017

Strong & growing fast

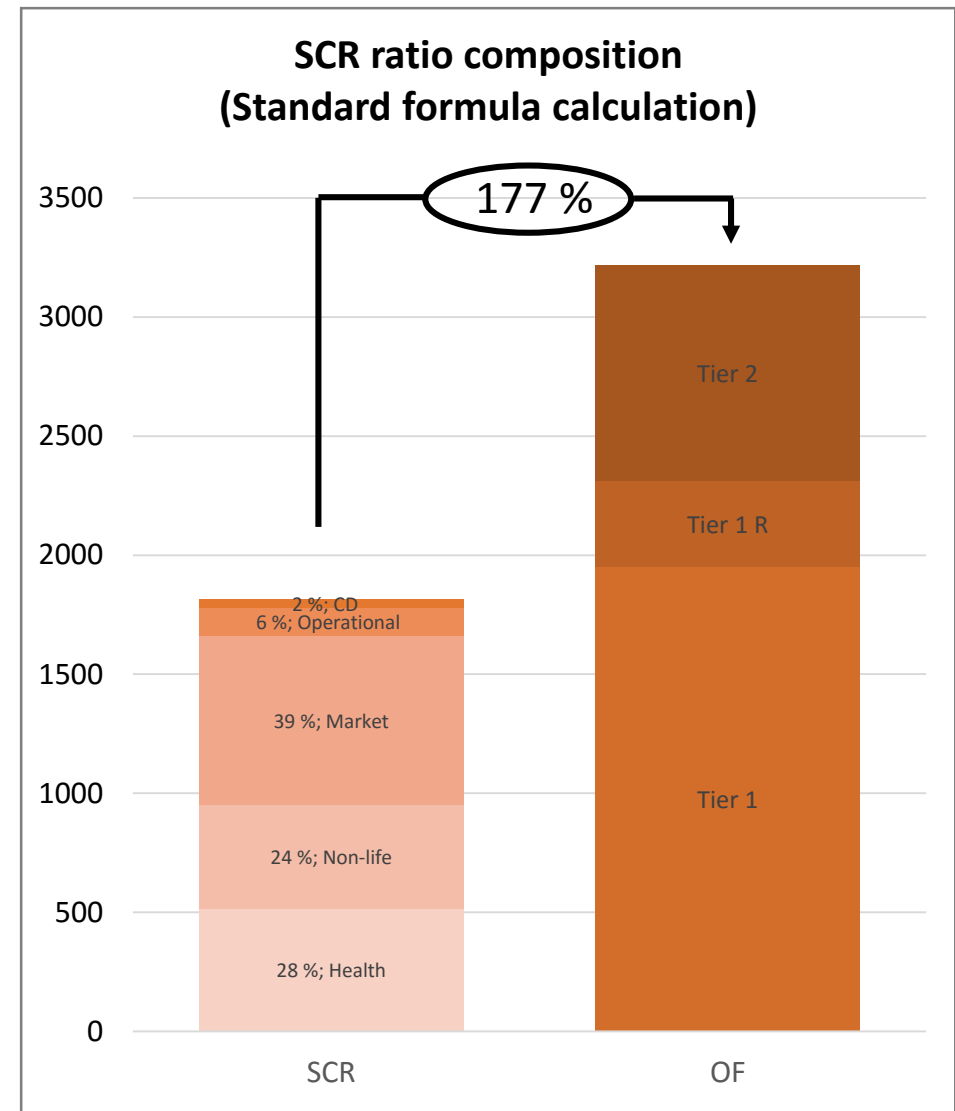


[1.000.000 NOK]	30.06.2017	30.06.2016	31.12.2016
Owner-occupied property	13,7	13,6	13,7
Financial assets*	11 398,3	8 261,5	8 537,6
Bank deposits	285,5	45,9	204,3
Other assets	2 173,8	1 372,1	1 091,7
Total assets	13 871,4	9 693,1	9 847,4
Total equity	2 317,2	2 051,3	2 268,2
Subordinated loan capital	1 241,4	648,1	645,9
Total reserves	7 282,6	5 551,4	5 148,0
Other liabilities*	3 030,1	1 442,3	1 785,3
Total equity and liabilities	13 871,4	9 693,1	9 847,4

* Financial derivatives has for informational purposes been netted in this balance sheet.

Strong capital position:

- SCR coverage ratio 177 % pr. 30.06
- SCR fully covered by Tier 1 capital only
 - NOK 194m dividend paid
- Full Tier 2 utilization; some Tier 1 restricted capacity



Solvency II

SCR & Capital

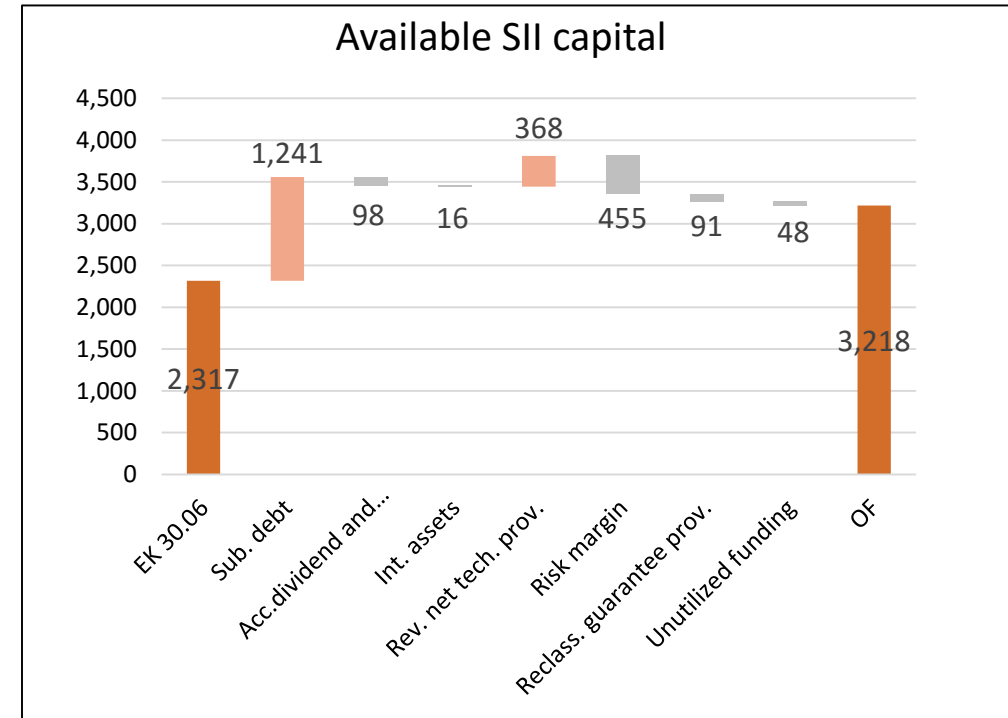
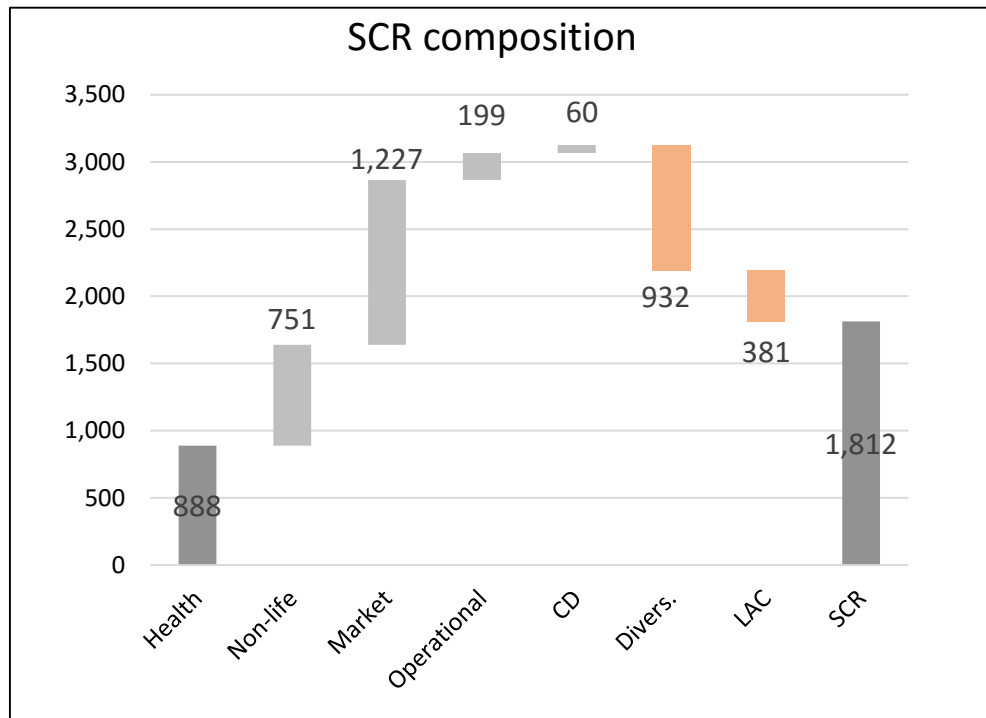


Composition of SCR:

- Net insurance risk 52 %
- Net market risk 39 %
- Other risks 9 %

Available SII capital:

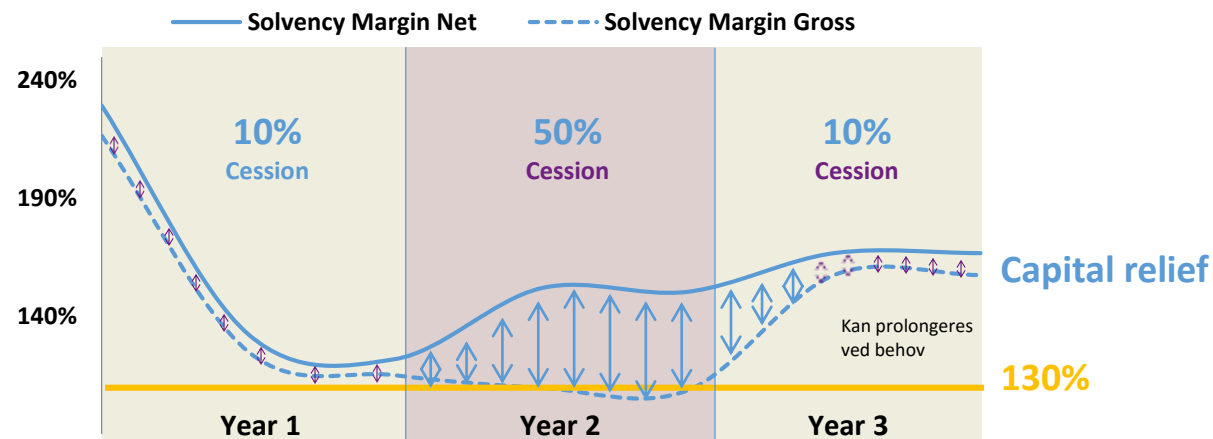
- Assumed dividend of 40 % on YTD17 result
- Guarantee provision subtracted from own funds





Solvency based reinsurance solution

Cushion against negative solvency changes – effective from July 1st



Shock Absorber

Protection in case of unexpected events such as a financial crisis 2.0

Low up-front cost

Option based solution with price slightly above subordinated debt

Capital relief

If the SCR ratio falls below 130% Protector can pull the trigger, bringing up capital position to robust levels

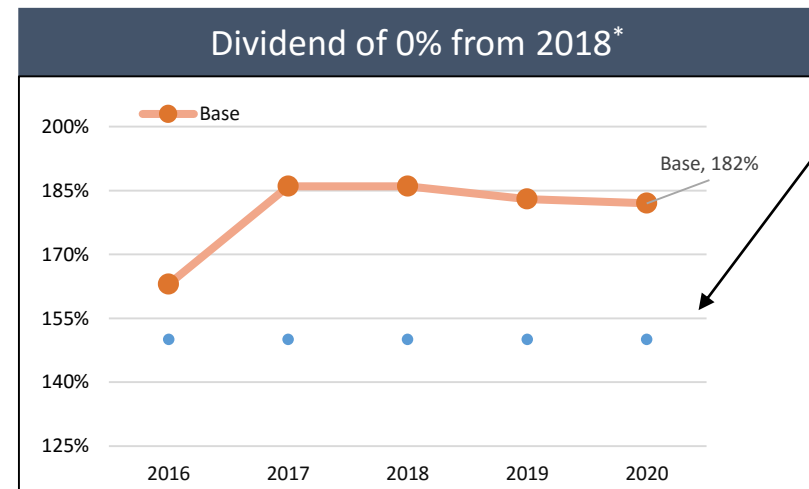
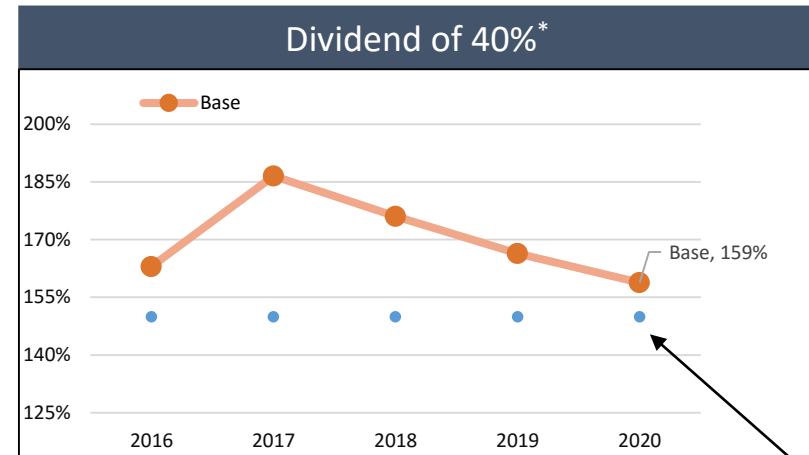
- Covers all lines of businesses – across all jurisdictions
- Signed by both parties and started to run July 1st
- Intention of minimum 3 year duration, with annual renewals
- Minimum cession 10% - maximum cession 50%. Protector decides
- Will secure Protector against *sudden* and *unforeseen* negative changes to the solvency ratio
- Price slightly above subordinated debt

Dividends on hold

No payments from 2018 suggested



- As the Board is of the opinion that the company's core markets provide good opportunities for strong profitable growth in the coming years, it believes that the company and the shareholders will benefit from reinvesting the full earnings in the company during this growth period
- Consequently, the Board will most likely not propose distribution of dividend for the fiscal year 2017 to the General Meeting in 2018.
- A strong balance sheet opens up for:
 - Continued strong growth (20% ROE) in UK and the Nordic market the next 3-5 years
 - Increase retention to a more normalized level compared to peers
 - Continued appetite for long tailed business
 - Increased investment risk when attractive
- ROE 20% still our target
 - Supported by improved capital structure
 - Negatively affected by lower fixed income yield



SCR>150

*Base scenario indicates higher growth rate than guided

Balance sheet summary

Prepared for continuous growth



Building blocks

No dividends

Tier 1 capital

Tier 2 capital

Solvency based reinsurance solution

SCR coverage ratio of
186%*

Capital consumption

Continued strong growth

Increased retention (NOK
100m)

Increased investment risk when
attractive

Sustainable high ROE
going forward



Next Level

* SCR coverage ratio incl. Solvency based reinsurance solution

Long-term financial objectives

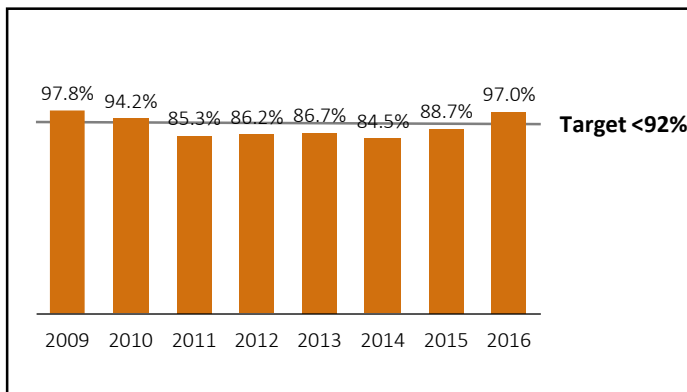
Higher SCR target (>150)



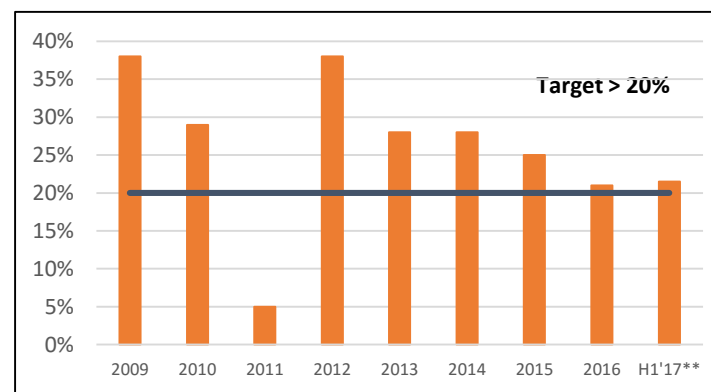
Long term financial objectives

- Net combined ratio: **92%**
- Solvency II capital ratio: **>150 (New)**
- Return on Equity: **>20%**
- GWP growth rate 2017-2019: **15%**

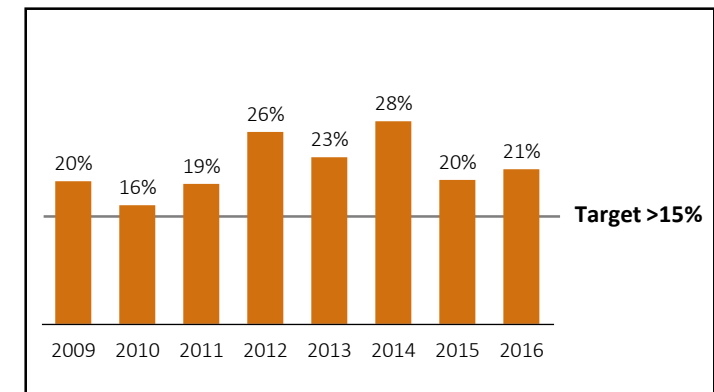
Net Combined Ratio



Return on Equity*



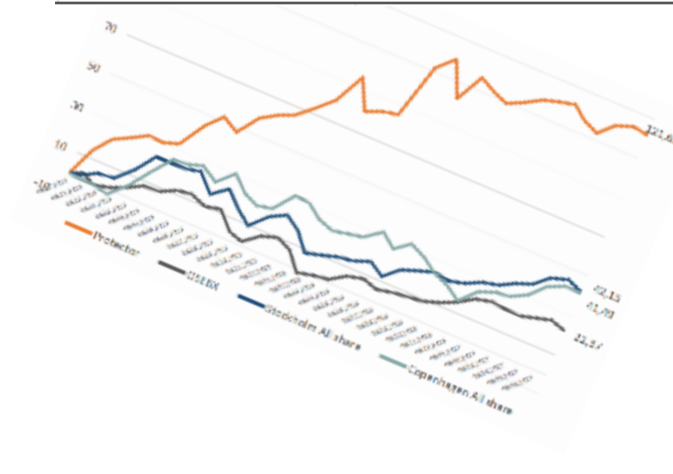
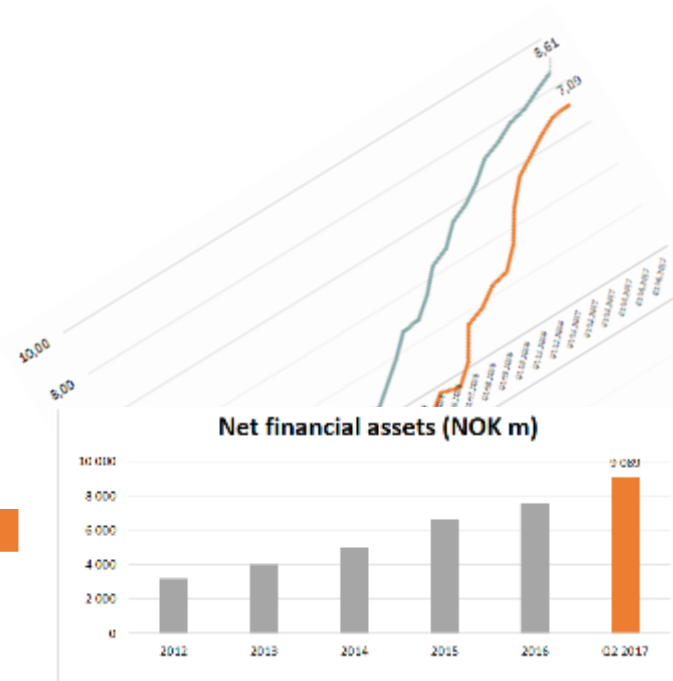
GWP Growth



*Return on Solvency Capital until 2016 when reflecting changes in accounting principles from Jan. 1st 2016 where Shareholder's Equity includes security provisions

**Annualized

Profitable growth + Investment return = Success



Preparing for continued growth

PROTECTOR
forsikring

10.15-11.15: Company update with claims handling in focus

Keep up the good work



Strengthen the balance sheet



Strengthen competitive position through Next Level claims handling - Falcon



Preparing for continued growth

PROTECTOR
forsikring

10.15-11.15: Company update with claims handling in focus

Keep up the good work



Strengthen the balance sheet



Strengthen competitive position through Next Level claims handling - Falcon





- Do things right
- **Do right things**
- Prepare in due TIME



Ambition - World Leading Claims Handling

Table of Contents

- Customer quality
- Rolls-Royce
- F17
- Clean Desk
- Instant Feedback
- Claims handling cost
- Falcon 2020



Quality leadership

All criteria defined and measured in every claim

- 95 claims handlers in Protector handled approx. 80 000 claims in 2016.
- Large surveys show that five criteria are most important to customers in a claim:
 - TIME
 - Tone-of-voice
 - Professional substance
 - Correct
 - Overall judgement
- To ensure quality leadership all criteria has to be defined and measured in every claim



Customer Quality leadership

Also in claims handling

Quality leadership

Quality leader – 11 years in a row



Quality leader – 6 years in a row



Top three on quality



Quality leader – 1 year



Target – far ahead of number two



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

Broker Satisfaction Surveys

Consistently on top when brokers rank satisfaction with service and offerings. True for Norway and Sweden

Quality leader in Denmark three years in a row. Quality setback in Denmark in 2016. Still top three on quality

Voted Best trading partner in Finland (FIBA) in 2016 and Norway in 2017

Targeting being far ahead of #2 in UK

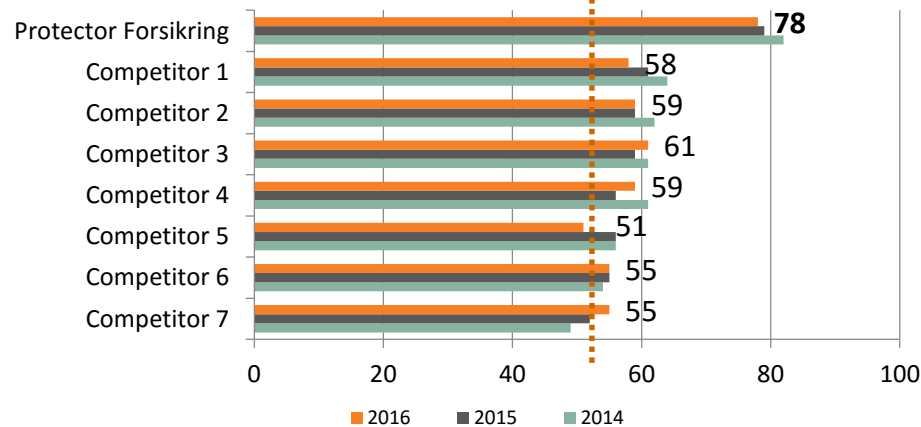


Easy to do business with, commercially attractive, trustworthy (USP)

Quality leader – 11 years in a row



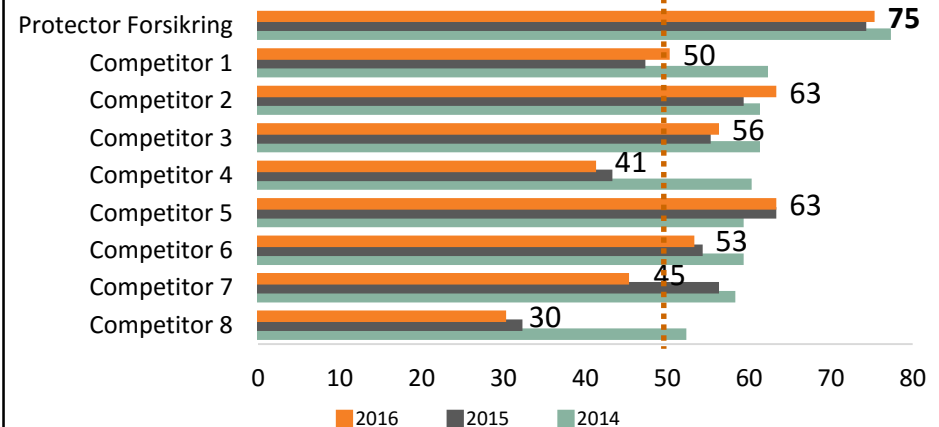
Avg. ex PRF 57



Quality leader – 6 years in a row



Avg. ex PRF 50



What is Rolls-Royce?

Reducing leakage and Recourse

Definition

Reducing leakage and Recourse

Goal

- Not picking up bills others should pay
- Creating win-win situations Client/Protector
- Target number of savings and volume

Why?

- Happy customers
- Better insurance – don't suffer because of others
- Building strong culture in claims handling
- Improved profitability and competitive position

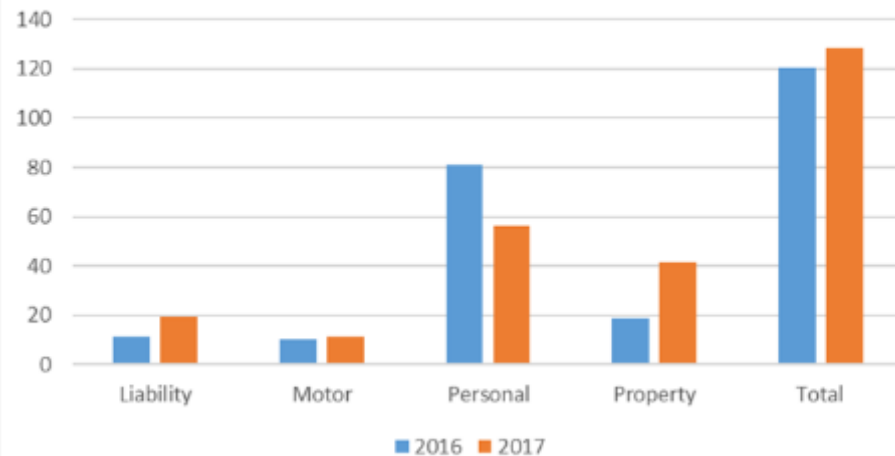


Rolls-Royce

On track to NOK 400m

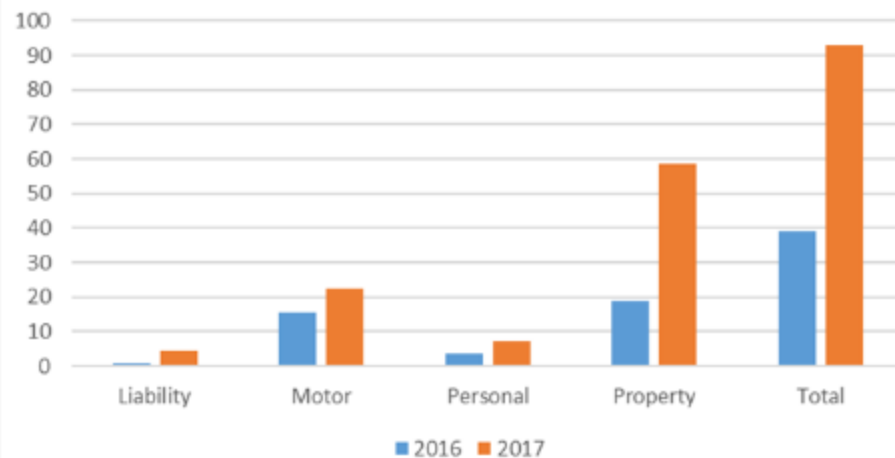


RR Norge YTD

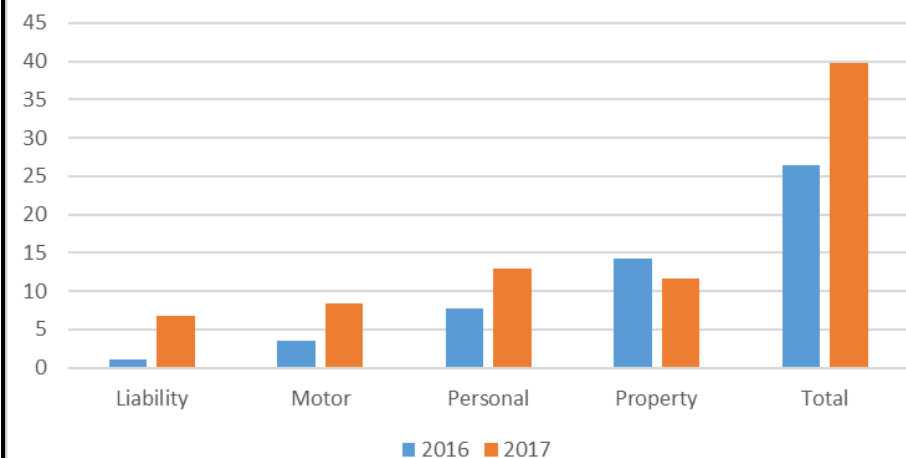


- Goal of NOK 400m of savings in 2017
- NOK 260m saved YTD – on track
- All countries with increased RR in 2017 – 13 250 RR's in 2017 (!)
- Norway on top
- Sweden moving faster
- Denmark also going strong

RR Sverige YTD



RR Danmark YTD



Formel 1 2017 (F17)

Motor claims handling Sweden

- Vision to "handle twice the amount of claims per FTE with increased quality"
- Started 2014
- Top-down vision based on top performers and external benchmarking
- Bottom-up process involving all claims handlers
- Individual efficiency performance target for all claims handlers
 - Monthly follow-up for all individuals throughout the period
- F17 project to structure and follow-up process-improvements
 - Activities to find improvements involving all claims handlers



F17 on track

Efficiency doubled in 3 years

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Formel 1 2017 – made in 2014



Vision: We handle twice as many claims/FTE with increased quality in 2017

The vision will be reached through small innovative steps regarding organization, responsibilities, processes and IT. We will do this by creating an environment where everyone contribute continuously.

KPI's Motor	2012	2013	Mål 2014	FC 2014	Mål 2015	Mål 2016	Mål 2017
Vehicles #	20 042	44 942	75 350	75 350	100 000	130 000	160 000
Motor claims #	3 554	8 893	16 700	16 700	21 000	27 300	35 000
Motor claims #/FTE	1 350	1 100	1 200	1 550	1 850	2 125	2 400
Change Y/Y		-19%	9%	41%	19%	15%	13%
Cost ratio per claim	1 050	910	876	699	603	541	493
Claims cost ratio %	11,70%	10,10%	9,70%	7,7%	6,7%	6,0%	5,5%

- Efficiency on target doubled in three years
- Internal quality before target, large improvements

Clean Desk-project

No delays in Claims Handling – without compromising on quality

Company project, started in 2016

Clean Desk-standards defined on every Claims Handling-team. All Claims...

- Answered within ...
- Handled within ...
- Settled within ...

Never compromise on quality

- Right first time, on time, every time
- Data quality

Monitored daily, reported monthly

Internal competitions part of Clean Desk-project

- E.g. “Clean **Green** Summer” (Summer 2017, ice cream to teams with 100 % score that week)



Clean Desk 2017

Moving towards 100 % Clean Desk



	Jan	Feb	Mar	Apr	May	Jun	Jul
Eierskifte	96 %	95 %	99 %	99 %	98 %	98 %	97 %
Skadeoppgjør	91 %	98 %	97 %	98 %	97 %	98 %	99 %
Prosess	100 %	92 %	100 %	100 %	98 %	98 %	94 %

Bedrift Norge	93 %	73 %	66 %	80 %	91 %	95 %	99 %
Person	90 %	78 %	71 %	94 %	97 %	94 %	98 %
Auto	82 %	100 %	100 %	100 %	100 %	100 %	100 %
Ting	100 %	94 %	91 %	82 %	93 %	100 %	100 %
Ansvar	100 %	20 %	0 %	44 %	72 %	88 %	97 %

Bedrift Sverige	100 %	98 %	98 %	94 %	96 %	98 %	99 %
1. linje	100 %	100 %	99 %	100 %	99 %	100 %	100 %
Person	100 %	100 %	97 %	96 %	100 %	95 %	100 %
Auto	100 %	100 %	99 %	99 %	97 %	99 %	95 %
Ting	100 %	98 %	97 %	98 %	99 %	100 %	98 %
Ansvar	100 %	90 %	100 %	78 %	85 %	97 %	100 %

Bedrift Danmark	100 %	100 %	92 %	97 %	95 %	97 %	99 %
Person	100 %	100 %	94 %	100 %	100 %	100 %	100 %
Auto, 1. linje	100 %	100 %	91 %	97 %	100 %	95 %	100 %
Auto	100 %	100 %	90 %	96 %	81 %	90 %	100 %
Ting	100 %	100 %	91 %	92 %	95 %	100 %	100 %
Ansvar	100 %	100 %	91 %	100 %	100 %	100 %	95 %

Totalt	98 %	92 %	88 %	92 %	95 %	97 %	98 %
---------------	------	------	------	------	------	------	------


- Total score of 98 % in July '17 – best month so far, no reds
- Competitions, rewards and social gatherings motivates





Instant Feedback implementations

Enhancing customer experience

Project started February 2017 – live in April

	Norway
Instant feedback pilot launched on Person in April	

	Sweden
Instant feedback pilot launched on Motor in May	

	Denmark
Instant feedback pilot launched on Liability yesterday	



Norway, Sweden and Denmark will launch Instant Feedback on all products from early Q3

Protector is world leading on cost

However, behind peers in claims handling

Gross cost ratio

	2011	2012	2013	2014	2015	2016
If P&C	17,3%	16,9%	16,8%	16,7%	13,0%*	16,6%
RSA scandinavia	17,6%	18,6%	19,5%	21,2%	16,4%	14,8%
Länsförsäkringar	21,0%	21,0%	19,0%	19,0%	19,0%	19,0%
Protector	10,0%	7,7%	8,8%	7,6%	7,5%	6,8%

Protector is clearly ahead on gross cost ratio....

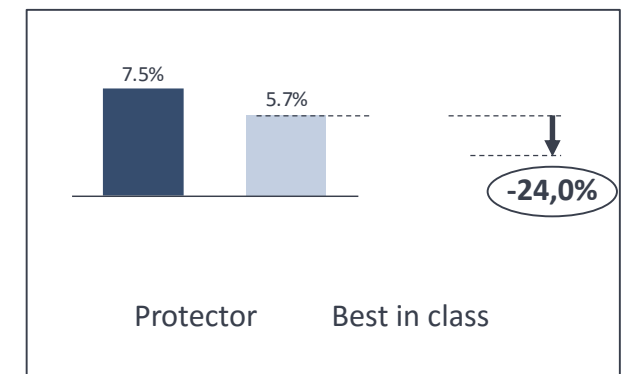
*Pension funds cost decrease

Claims handling cost ratio (ex. COI)

	2011	2012	2013	2014	2015	2016
If P&C	6,2%	6,10%	6,0%	5,8%	5,8%	5,7%
RSA scandinavia	8,0%	7,6%	7,6%	6,9%	7,0%	7,0%
Länsförsäkringar estimate	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%
Protector				6,9%	6,5%	7,5%*

* 8,1% incl. COI

Very poor claims handling ratio



Remember – Claims handling cost in Protector have lower overhead costs allocated than competitors (IT and Admin)

World leading claims handling

2017-2020



World Leading Claims Handling

Peregrine Falcon (Vandrefalk)

- The Peregrine falcon can reach 320 km/h, which makes it the fastest animal in the world
- The bird uses its velocity and body weight to kill its prey by smashing into it
- Under ideal conditions the Peregrine falcon can distinguish a mid-size bird from up to 8 km
- The Peregrine falcon is present on all continents except for Antarctica



Falcon 2020

Project plan



Purpose, scope & delimitations			KPI's
<ul style="list-style-type: none"> World leading claims handling 40% efficiency increase, halved lead time, increased customer satisfaction and improved claims cost control Coordination with Clean Desk, Rolls Royce, Veritas, Breitling and Ch@mpion 			<ul style="list-style-type: none"> # claims per product/FTE Broker satisfaction index Customer satisfaction Rolls Royce
Objectives	Main deliverables	Main Risks	Project organisation
<p>Efficiency:</p> <ul style="list-style-type: none"> Increase usability, optimize work flow Improve process support and integrate into Claims Automate all processes where humans don't add value Clear communication in the right channel (internet/e-mail/phone) <p>Internal quality</p> <ul style="list-style-type: none"> Steer volume to partners Best practice and education Documented process control <p>External quality / customer satisfaction</p> <ul style="list-style-type: none"> TIME: shorten lead time Tone of voice: clear and friendly Substance: templates Correctness: quality control All in all: the world's fastest 	<ul style="list-style-type: none"> Vision 2020 Structure for target, activities & follow-up Benchmarking Requirements on projects, participants and line management 	<ul style="list-style-type: none"> Priority and focus Matrix leadership Analytical capacity 	<ul style="list-style-type: none"> Lead Hans Didring PL Lars-Ola Rambøl DK Thomas F, Marie NB NO Mads SA, Alexander A COI Alexander A SE Mikael H, Fredrik L
	Business unit deliverables	Critical success factors	Time line
	<ul style="list-style-type: none"> Best practice processes IT-requirements Templates Partners Education 	<ul style="list-style-type: none"> Employee buy-in Follow-up Discipline as a culture 	2017-2020

Falcon 2020 summary

Strengthen competitive position



- Cost and quality leadership → Profitable growth → Top 3 in all our segments
- To ensure cost leadership claims handling is crucial
- Good basis for new ambitions
 - Rolls-Royce ✓
 - Clean Desk ✓
 - F17 ✓



Customer quality

→ Falcon 2020: Strengthening our competitive position through efficiency improvements and further quality improvement

Falcon objective	KPI	Effect of Falcon	Competitive position increased by
Efficiency	Claims handling cost-%	Increase efficiency 25-35%	1,5-2%
Quality improvements	Claims cost and renewal rate		1,5-2%
Total			3-4%

Preparing for continued growth

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10.15-11.15: Company update with claims handling in focus

Keep up the good work



Strengthen the balance sheet



**Strengthen competitive position through Next Level claims handling -
Falcon**



Preparing for continued growth

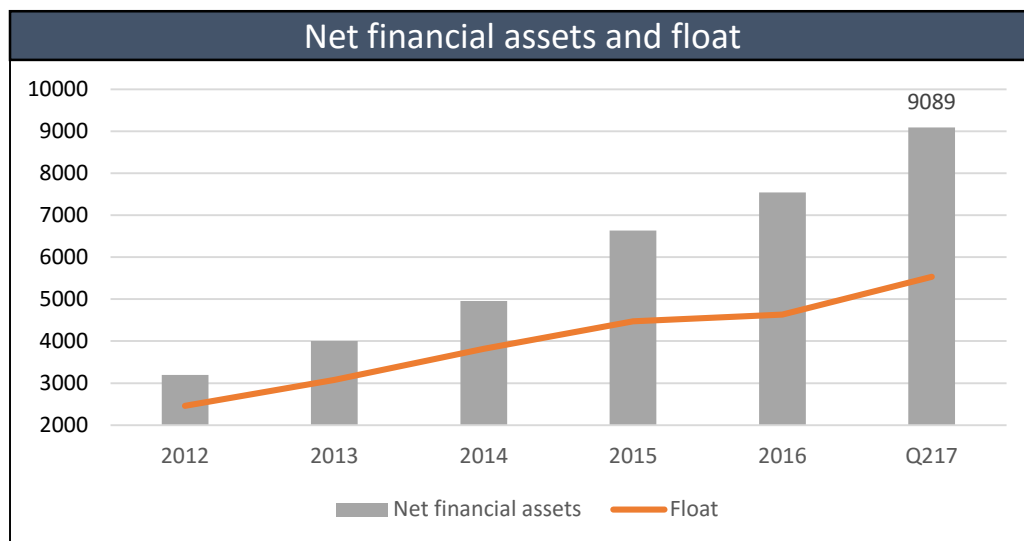
11.15-11.45: Investments

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forsikring



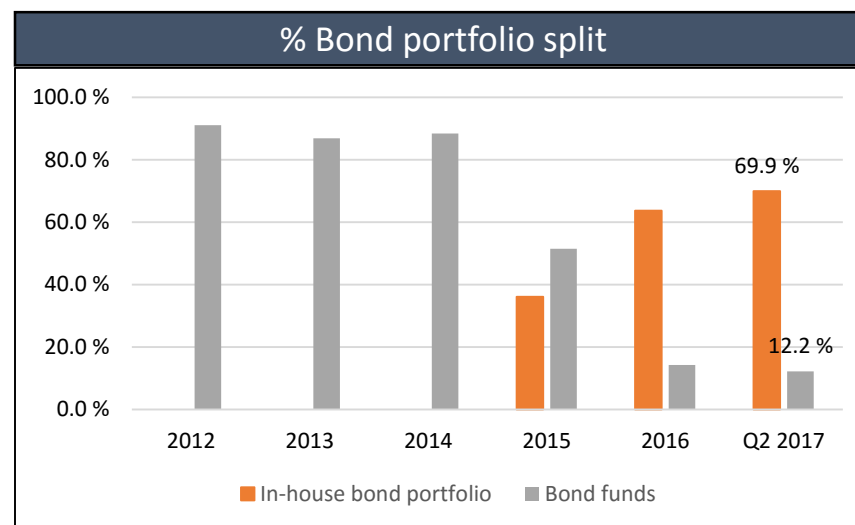
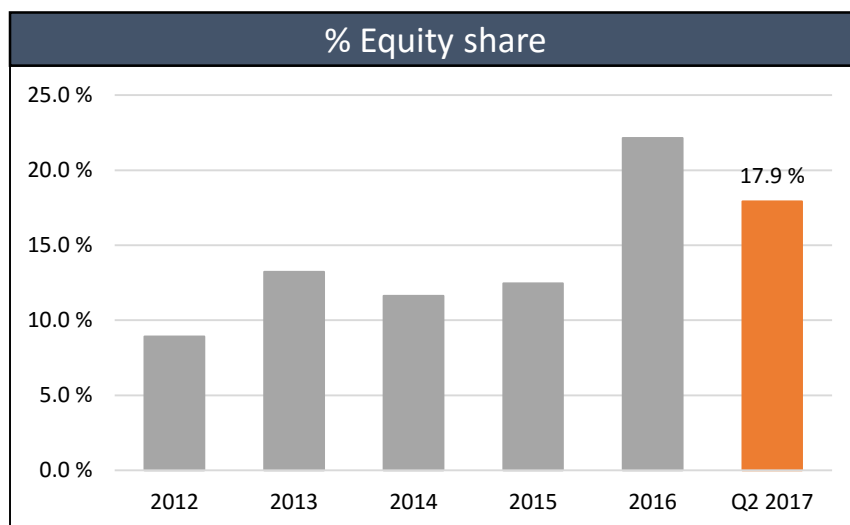
Investments

Beautiful “float” growing rapidly



“Insurers receive premiums upfront and pay claims later. ... This collect-now, pay-later model leaves us holding large sums — money we call “float” — that will eventually go to others. Meanwhile, we get to invest this float for our benefit. ...”

HTD 2/3 of Protector’s net income has come from investments



The Investment Challenger

Investment Strategy Equities



Philosophy

- Long term oriented (5 years to forever)
- Patience – willing to wait for great opportunities
- Concentrated portfolio (10-20 holdings)
- Focus on continuous improvement of process

Type of investments

- Great companies
- Strong management
- Price with an implied margin of safety
- Profitable growth

Main Risks

- No indexing – returns can diverge from index
- Key people considerations

Sales development

The story continues

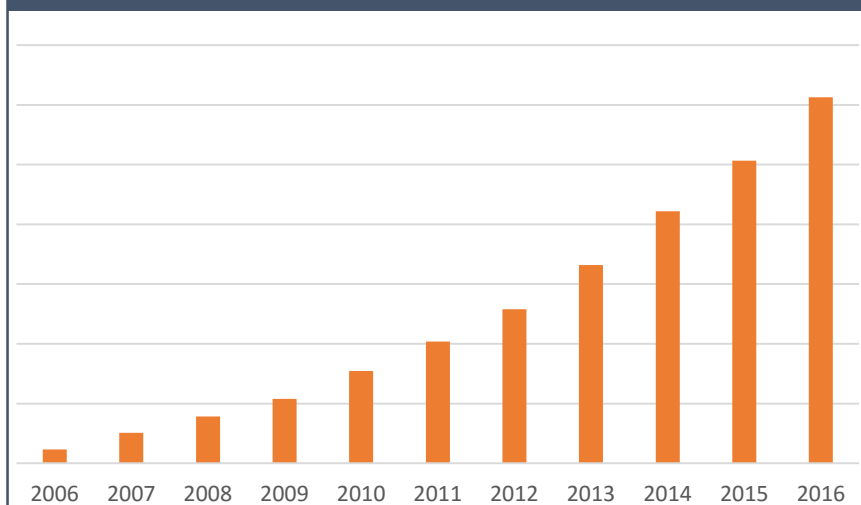


Historical sales and EPS growth development

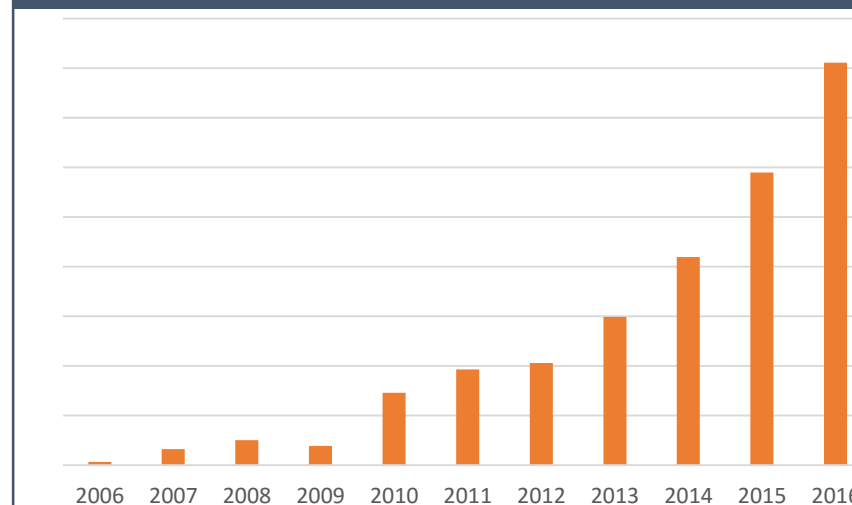
Portfolio of great companies



Acc. portfolio sales growth 2006 – 2016, CAGR 19,5%



Accumulated portfolio EPS growth 2006-2016, CAGR 22,2%



Top 10 Holdings per 21/8 2017

1. Norwegian Finans Holding ASA
2. Schibsted
3. Pandora A/S
4. XXL
5. Compusoft
6. Bouvet
7. Dustin
8. Multiconsult
9. Zooplus
10. Medistim



Bought

Schibsted (sold Dec '15)

Zooplus

Sold

B2 Holding (Target reached)

AF Gruppen (Target reached)

Norwegian (Other causes)

Intrum (Terrible merger)



Portfolio statistics

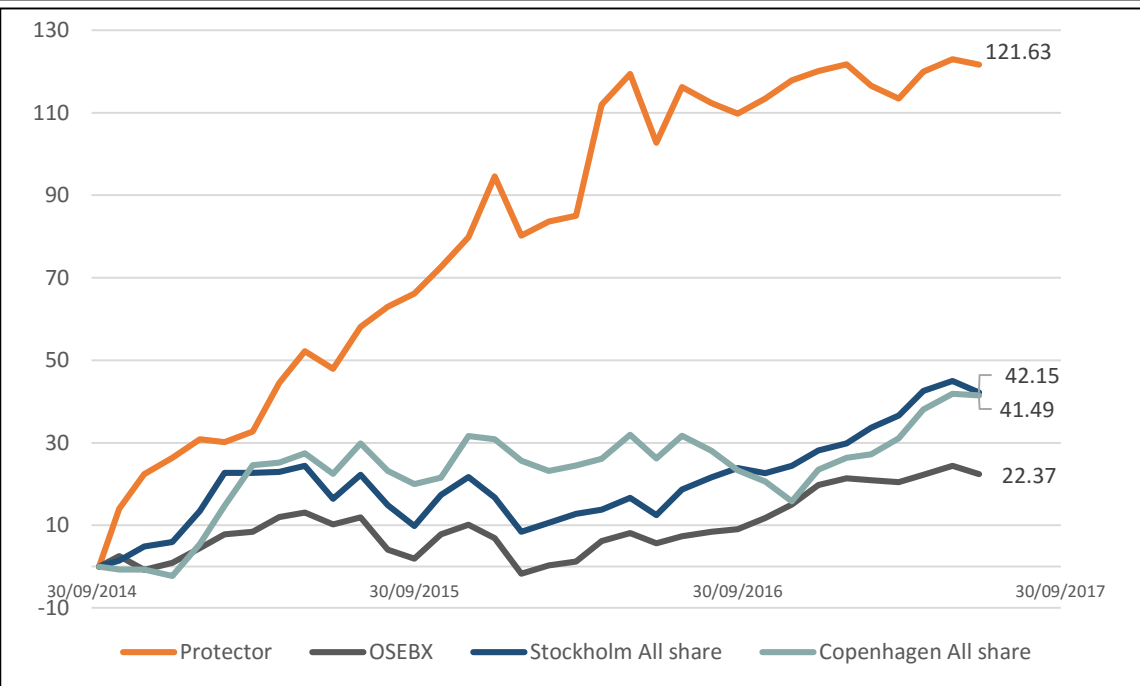
Equity portfolio vs. OSEBX end of June 2017

Key Figures	Equity Portfolio	OSEBX
Performance	121,6%	13,3%
Dividend yield	2,3%	4,1%
P/E Next 12m*	13,9	14,8
3 yr sales CAGR	27%	-2%
3 yr EPS CAGR	27,9%	-7,6%

*Factset estimates except for one company not listed where own estimates are used

- Extreme outperformance in period
- Cannot, and will not expect similar outperformance in the future
- Comfortable with periods of underperformance as long as underlying performance is good
- Goal to beat market over time

Performance – In-house managed portfolio vs. benchmarks
(08.10.2014 – 30.06.2017)



Investment performance evaluated over the long term

EPS growth and performance

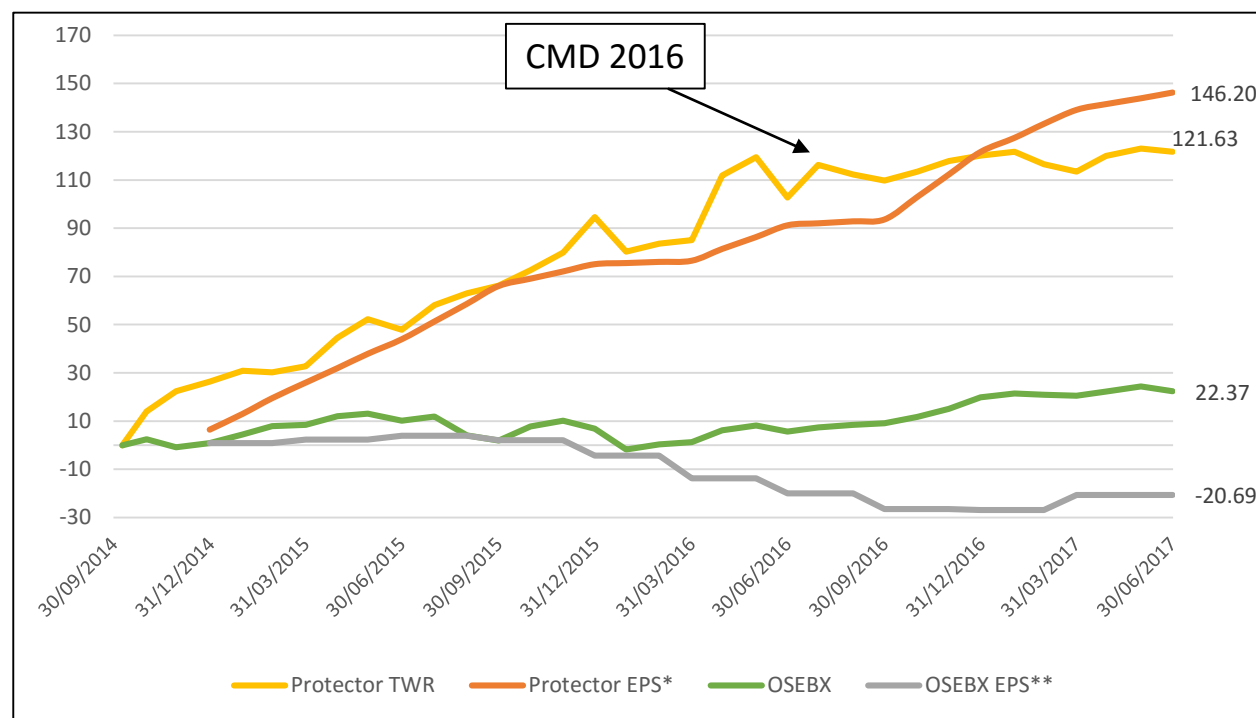
Go hand in hand



Key comments

- Strong historic relationship between EPS growth and share performance
- Share performance has been lagging EPS development for 4 quarters
 - Cheaper portfolio of great companies
- Opposite for OSEBX - performing significantly better than its underlying reality
 - More expensive

Protector Equity Portfolio vs OSEBX (TWR and EPS growth) from Q4'14 to H1'17



* Protector EPS graph represents today's portfolio and has not been adjusted for changes in composition

**ABGSC numbers (ajd. EPS)

The Investment Challenger

Investment strategy Fixed Income



Philosophy

- Well diversified investment grade portfolio
- No currency risk
- Strive toward low turnover and volatility
- Search for pricing and rating inefficiencies in the market

Type of investments

- Sound companies
- Trustworthy management
- Price/spread with an implied margin of safety



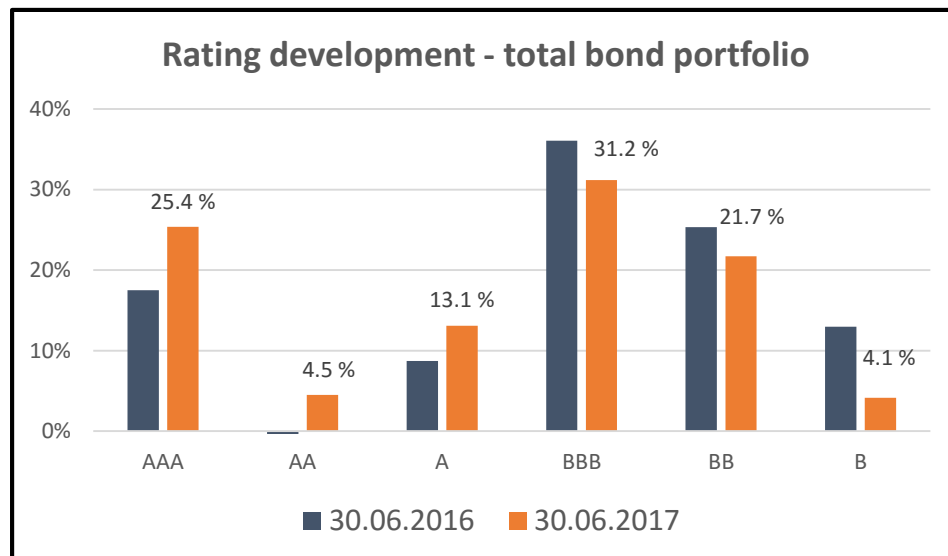
Fixed income portfolio data

Reduced risk, A- vs BBB+ last CMD – no reaching for yield

Factor	30.06.2017
Market value (NOK m)	7 461
Yield (%)	2,3
Spread (bp)	163
Average rating	A-
Duration (yrs)	0,4
Credit duration (yrs)	3,0
Internally managed % share	85 %

Total bond portfolio comments

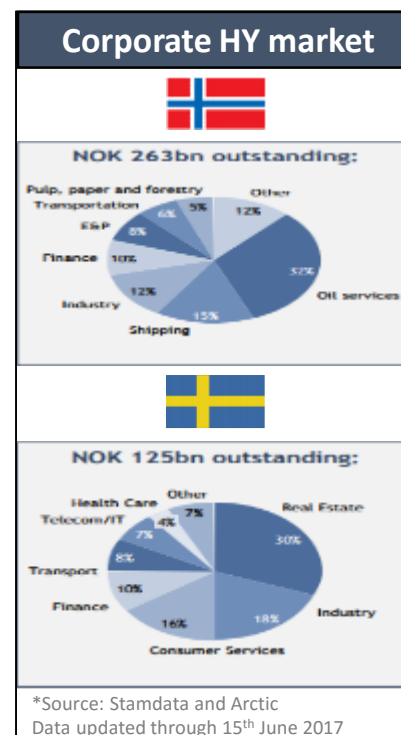
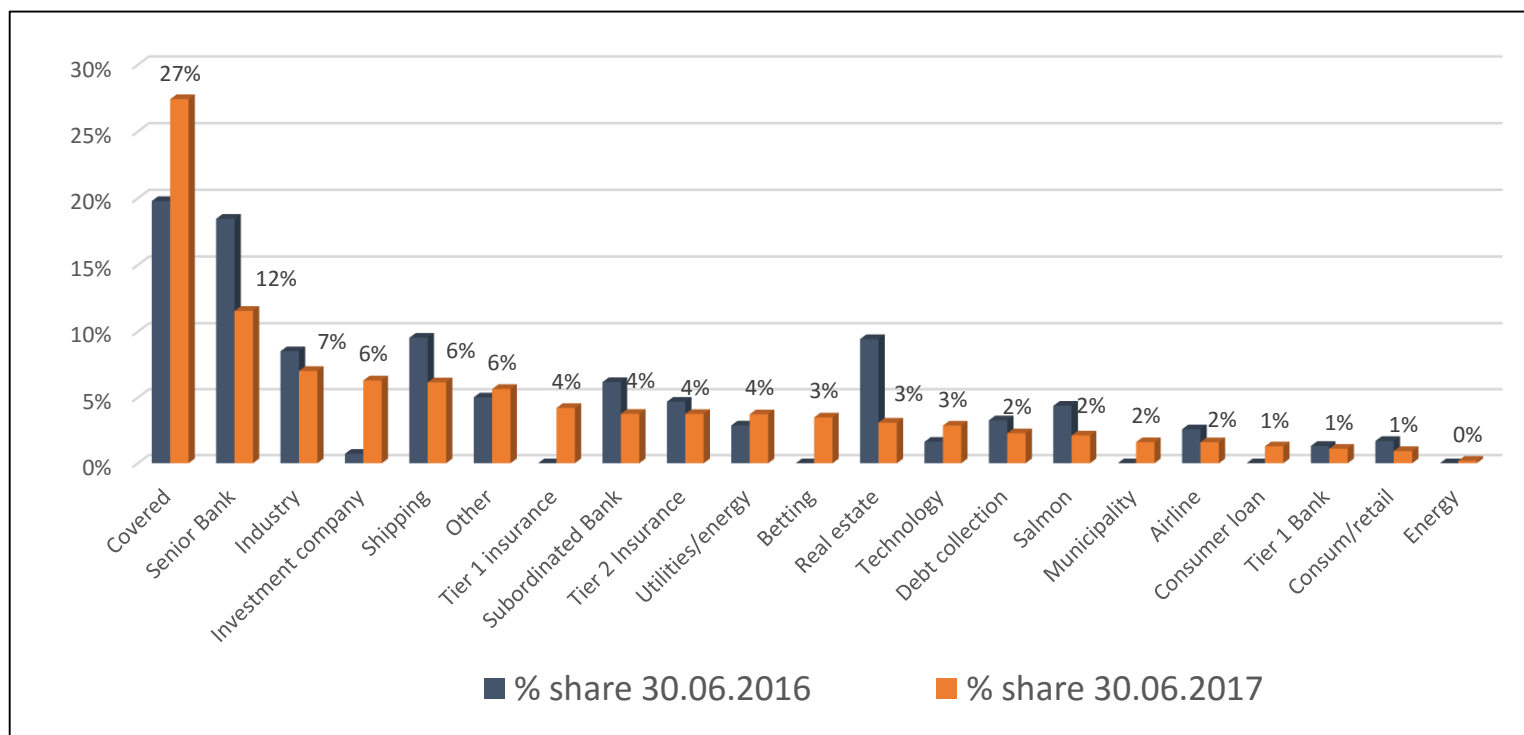
- Significant spread tightening
- Reduced risk in bond portfolio
- Bargain opportunities not plentiful in current market in our opinion
- Absolute minimum hurdle rate used when deciding on new high yield investments
- Currently well positioned with ample liquid investments for new investments if meeting our hurdle rate



*Rating is a mix of official rating and own rating

Internally managed Fixed Income portfolio

Sector distribution development



Sector distribution comments - internally managed bond portfolio

- Well diversified portfolio
- Move towards higher rated bonds
- No exposure to oil services sector which deviates from 32% of outstanding high yield volume in Norway
- Low exposure to real estate high yield sector which deviates from 30% of outstanding high yield volume in Sweden

Mrs. Bucket

Portfolio surveillance

Count	NOK m	% of bond portfolio	Credit dur.	Duration	Protector rating	Market rating
29	778	12 %	1,3	0,3	BBB+	BBB+

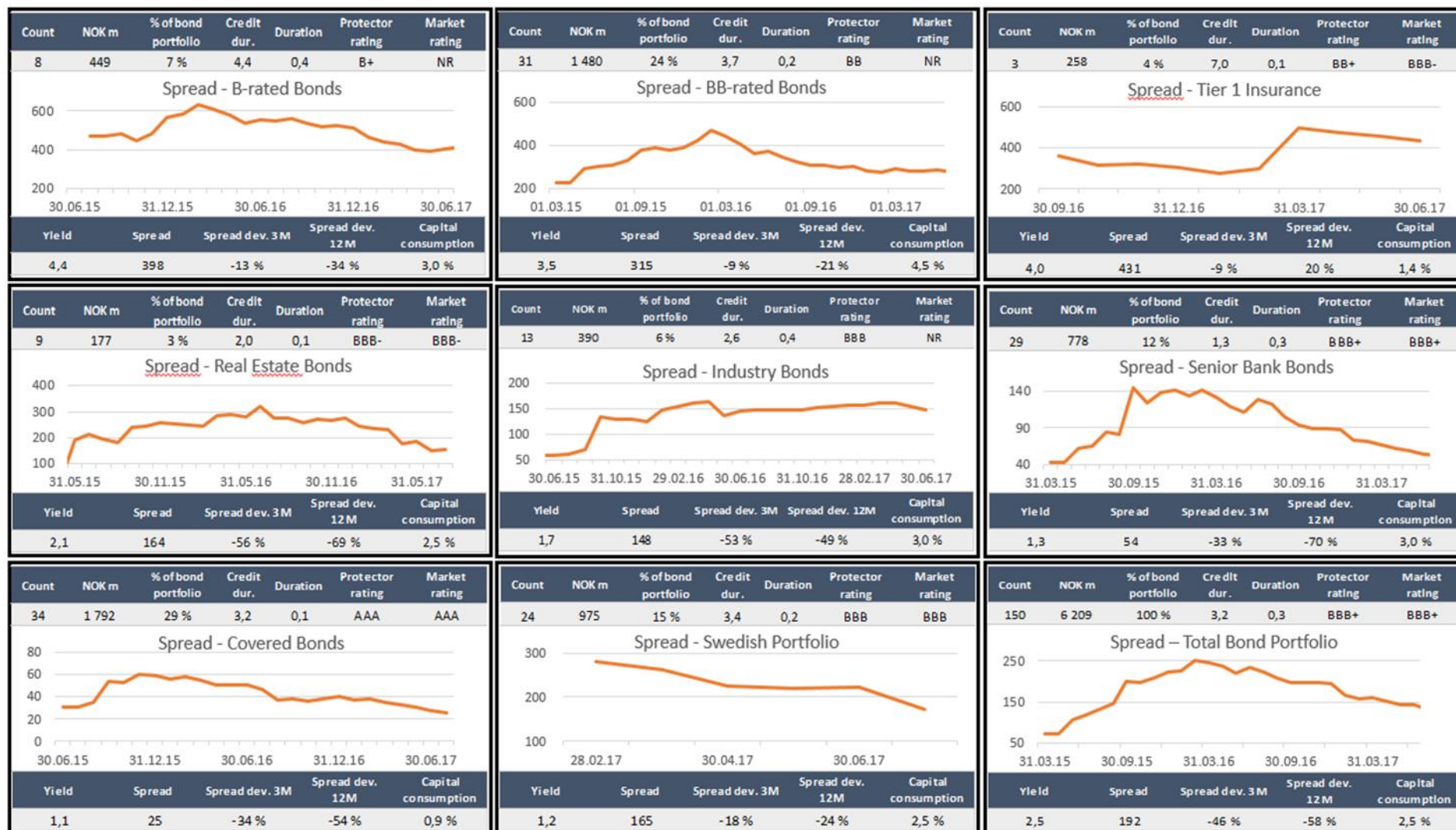
Spread - Senior Bank Bonds



Yield	Spread	Spread dev. 3M	Spread dev. 12M	Capital consumption
1,3	54	-33 %	-70 %	3,0 %

Mrs. Bucket

Portfolio surveillance





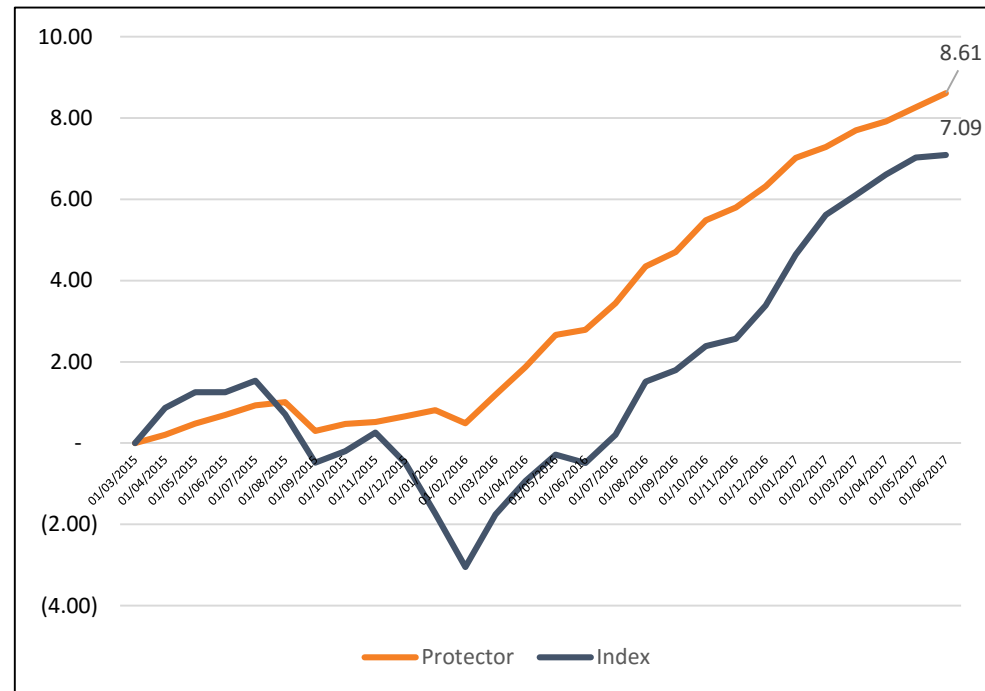
Portfolio statistics

Internally managed portfolio vs. benchmark end of June 2017

Internally managed portfolio data 30.06.2017	
Size NOK m	6 209
Yield	2,5%
Duration	0,4
Credit duration	3,2
Average rating	BBB+ ¹

- Navigating in a very hot market
- Significant outperformance in the period
- Cannot, and will not expect similar outperformance in the future
- Goal to beat benchmark over time

Performance – Internally managed portfolio² vs. benchmark³
(31.03.2015 – 30.06.2017)



Investment performance evaluated over the long term

¹Average rating based on official and shadow rating

² Protector graph adjusted for the difference between NIBOR, STIBOR and CIBOR from February and March '17 when portfolios were created in Sweden and Denmark

³Benchmark bond portfolio made up by basket of cross-over funds: Storebrand Rente +, Arctic Return Class I, Carnegie Corp. Bond, Handelsbanken Høyrente, Holberg Kreditt, Pareto Høyrente, Alfred Berg Income, Eika Kreditt, Landkreditt Høyrente, Skagen Høyrente

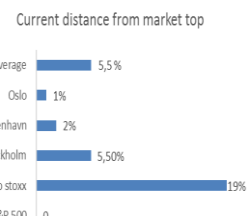
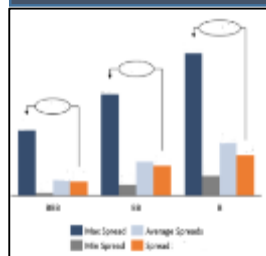
Protector's financial underwriting process

Continuous process improvements

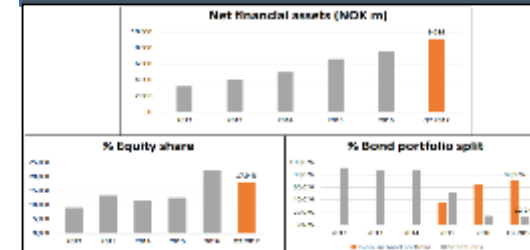
Protector's analysis process

- Stress test to survive volatility experienced in financial crisis
- Portfolio allocation based on risk/reward considerations
- Thorough bottom-up analysis the cornerstone of our investment approach
- Dashboards and surveillance as background

Stress test



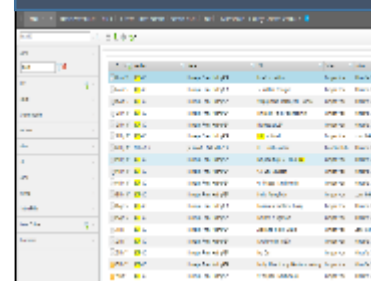
Risk allocation



Bottom-up analysis



Quarterly update



New ideas and watchlist



Macro dashboard



Market dashboard



Portfolio surveillance



Compusoft

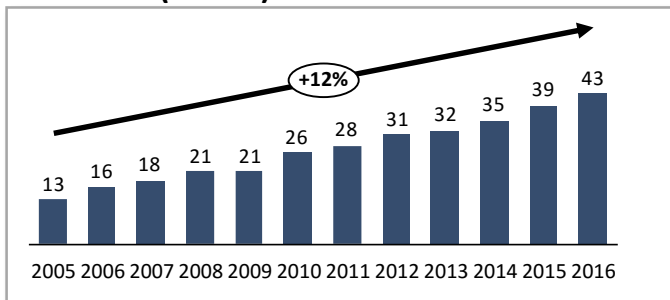
One of our favorites



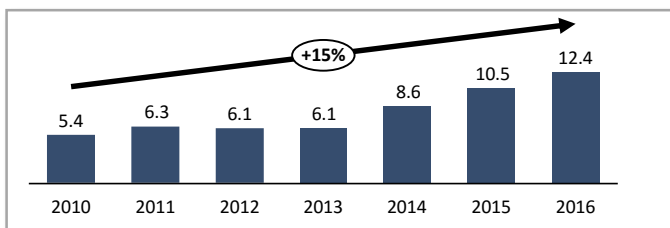
High level review – Compusoft

One of our favorites

Revenue (MEUR)



EBIT (MEUR)



Other

- Private company, based in Norway
- Protector owns 5,8%

Investment Highlights

- Compusoft provides design and sales tool (CAD¹) for multibrand kitchen and bathroom retailers. 80% of revenue is subscription based.
- Strong record as a capital light compounder (ROIC = ~100%²), with moat and performance runway likely intact.
- Strong owner operator management and a highly customer focused organization aligned with shareholders (40%+ of employees own shares)
- Fair price for a wonderful company



Note 1: Computer Aided Design

Note 2: Ex. cash

Checklist approach to support investment evaluation

-
- 1 Moat and durability
 - 2 Revenue and margin drivers – intact for the future?
 - 3 Management and organization
 - 4 Expected return and margin of safety

[illegible]

Moat and durability

Isn't a CAD¹ program a pure commodity?

1	Moat and durability
2	Revenue and margin drivers – intact for the future?
3	Management and organization
4	Expected return and margin of safety

Barriers to entry

- Integrating all different manufacturers product catalogues (CAD drawing, price and spec.) into system is a key competitive barrier
 - High investment requirements – 120 employees in Compusoft maintaining product catalogues (1000 catalogues, 11 languages)
 - Shortest lead time for updating system with latest product catalogues
 - Agreements to get product catalogues from manufacturers before publishing
- Limited market size deter entry (high investment need) and limits viability of e.g. open source alternative

Support intensive

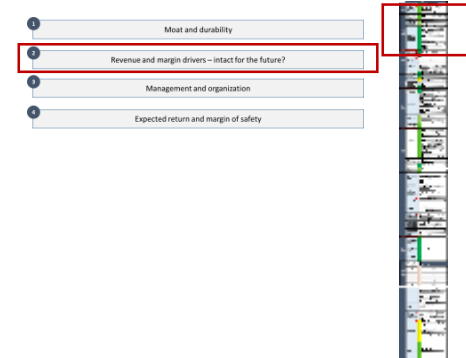
- An established and well trained support organization – very high customer satisfaction



Signs of existing moat

- Pricing power – able to raise prices ahead of inflation every year
- Minimal churn to competitors
 - Last 5 years annual churn to competitors have averaged ~0,4% of customer base
 - 80-90% of new customers are won from competitors
 - “All” due to (1) better product catalogue quality / maintenance or (2) better support

What have driven historical performance and are those drivers intact for the future?



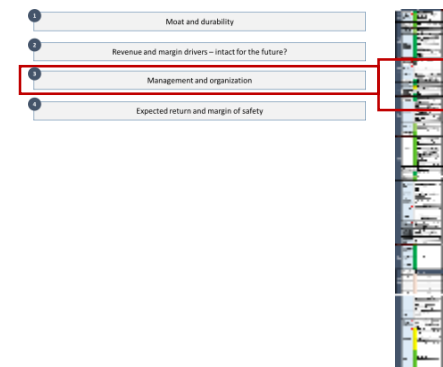
Growth

- Historical growth mainly by European market share gains within kitchen solutions, which constitute 70% of sales.
 - CompuSoft is the leading player with ~30% market share in Europe. Still untapped runway in market share gains, with many small and weak competitors bleeding customers (~50%-60% MS over time)
 - Roughly flat overall addressable market historically
- Bathroom solution – another future growth driver
 - CompuSoft have acquired a competitor within bathroom solutions and invested heavily in integrating product catalogues during the last couple of years
 - Have the most comprehensive product catalogue and are rolling out bathroom solution across Europe, leveraging existing sales and support network

Margins

- Historical margin expansion driven mainly by opex leverage
 - EBIT margin have increased from 21% in 2010 to 29% today
- Future margin expansion due to continued opex scalability likely – leveraging already established European platform
 - Management targets EBIT margin expansion to 36% in 2020

Strong founding management and an organization aligned with shareholders



Balance sheet and capital allocation

- Limited booked tangible and intangible assets.
- Net cash of ~1-1,5x EBIT– no change expected, but significant untapped debt capacity is a plus
- ~All earnings distributed as dividend

Management and Organization

- All stakeholder interest aligned
 - Strong long term oriented owner operator management.
 - 40% of employees owns shares in the company
 - Low employee turnover, 3% of revenue spent on employee training
 - Organization with laser focus on customer service and satisfaction – shown willingness to sacrifice short term growth to not risk service quality

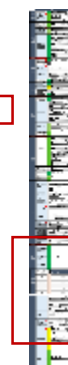
Other FUW / Check List Items

- | | |
|--|---|
| <input type="checkbox"/> In what way does accounting figures differ from underlying performance? | <input type="checkbox"/> Why is the other side selling? Why is it cheap? |
| <input type="checkbox"/> What important things do we not know? | <input type="checkbox"/> Regulatory risk? |
| <input type="checkbox"/> Cyclicalities (and where are we in the cycle)? | <input type="checkbox"/> Do we really understand it? Why not in the too hard basket? |
| <input type="checkbox"/> What are the relevant base rates for this investment? | <input type="checkbox"/> Macro risk factors (Housing bubble, Economic recession, higher interest rate, commodity prices etc.) |
| <input type="checkbox"/> List all possible behavioral and decision making biases we could face. | <input type="checkbox"/> Perform a pre-mortem |

Probabilistic approach to forecasting

Stock Return = [Earnings Growth] + [Dividend / Share Buyback] + [Multiple Expansion / Contraction]

1	Most and durability
2	Revenue and margin drivers – intact for the future?
3	Management and organization
4	Expected return and margin of safety



5 year expected returns (SMURF)	Expected Returns	17,0 %	Sales Per Share	Margin	Utbytte	Reprising ¹	Forventet	Comment
	Scenario 1 - Management meets internal budget (2020). Continued MS gains kitchen + price + successful penetration for bath	60%	13%	5%	5%	0,0 %	23%	Ending LTM P/E of 20
	Scenario 2 - Bath solution fails to take off in new countries. Slower but continued MS gains in kitchen + price increases.	30%	7%	3%	5%	-5,6 %	9%	Ending LTM P/E 15
	Scenario 3 - Dismruptive competitive shift, limited new business and high churn.	10%	-5%	-4%	3%	-12,9 %	-19%	Ending LTM P/E 10. Loss of around 65%
	Sum	100%	9,4 %	3,5 %	4,8 %	-3,0 %	17,0 %	

Key Risks and Investment points

Margin of safety and key investment points

- Margin of safety, low downside risk and high expected return
 - Downside probability limited by sticky recurring revenues and strong competitive position in a small niche
 - High probability of continued value accretive growth (kitchen + bath) yielding high overall expected return
- Strong owner operator management and organization aligned with shareholders

Key Risks

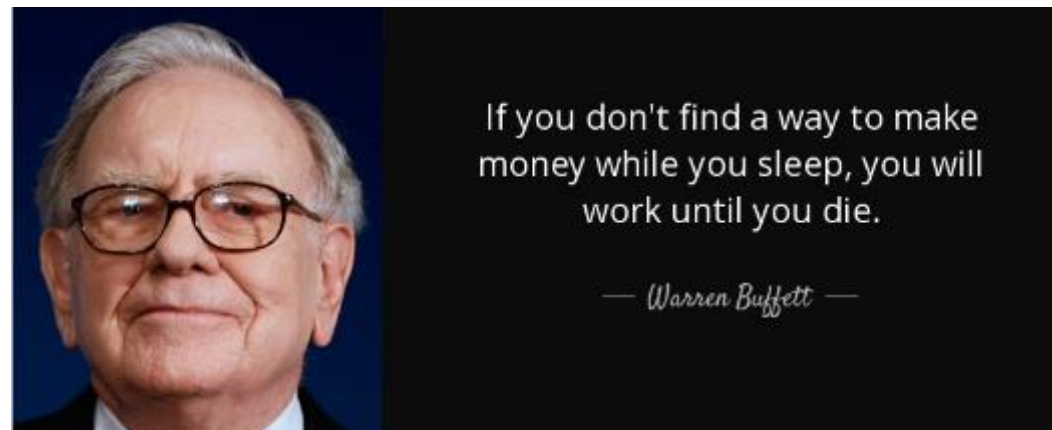
- Any change diluting importance of product catalogue database and maintenance.
- Short product life cycle increases threat of disruption.
- Loss of key management or personnel
- Consolidation and increasing bargaining power of customers.

Note 1: Based on at latest trade at 137 NOK per share (LTM P/E ~20). Protector's cost price of 119,3 NOK on position initiated during 2016 and 2017

Summary: Investments is core business

Better than peers, prepared for future

- HTD ROI better than peers
 - Also risk adjusted
- Insourcing Q4 2014 – first phase delivered
- 7 people on board
 - 2 Portfolio Managers
 - 5 Analysts
- Financial Underwriting further developed
- Strengthened balance sheet
 - Opportunity and safety net



Preparing for continued growth

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11.45-12.00: Coffee and snack



Preparing for continued growth

12.00-12.30: IT and digitalization

PROTECTOR
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Protector has a different
IT strategy



Internal
Days or weeks
> 1600 in 2016
500 a year
1%
Insourced

Development
Time to market
Innovations
Releases
Cost ratio
Operations

External
Months or years
??
Monthly?
3,5%
Outsourced

A changing world

- Algorithm
- Digitalization
- Artificial intelligence
- Automation
- Robotics

The world is changing
So are we...

“Our intuition about the future is linear. But the reality of information technology is exponential, and that makes a profound difference. If I take 30 steps linearly, I get to 30. If I take 30 steps exponentially, I get to a billion.”

- Ray Kurzweil

The biggest risk is not taking any risk... In a world that changing really quickly, the only strategy that is guaranteed to fail is not taking risks.

- Mark Zuckerberg

Innovation is moving at a scarily fast pace

- Bill Gates



Protector

Back to 2003



Protector's «founding fathers», the Chairman, the CEO and the IT director all has extensive background from the IT/Insurance industry

→ All core insurance systems are developed in-house, it's religion

Protector Insurance Application (PIA)

Claims application (CLAIMS)



PROTECTOR

TORINNO S


paxus

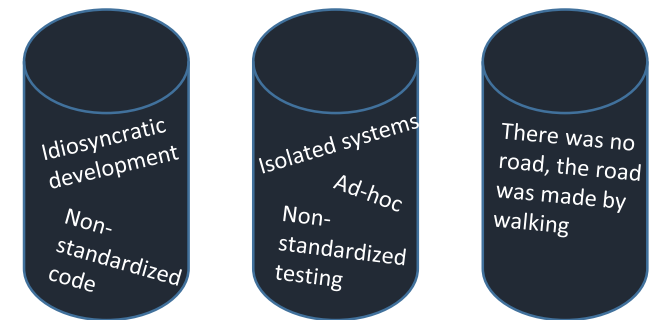
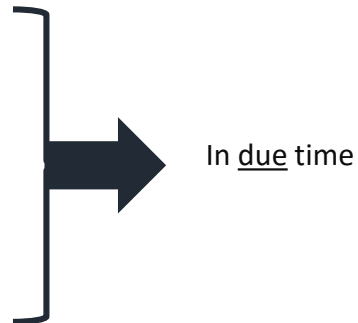


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The first five years

Good enough, not robust but first robot made in 2004

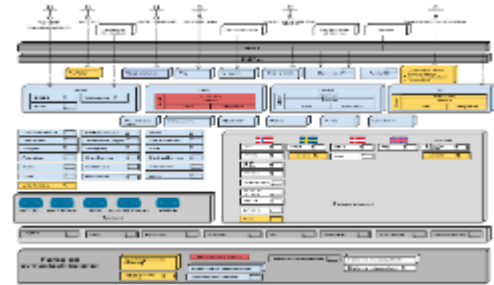
- Silo based development
- Highly skilled IT-professionals developed systems idiosyncratically
- First UW robot made 2004 
- First five years characterized by: «Waiting for Critical mass»
- IT operations outsourced
- Policies were made
- Claims were managed
- Development was fast and agile
 - Albeit not robust
- IT solution consumer market (all products) developed
- Low IT cost



The next five years

Gradually moving towards robustness, but...

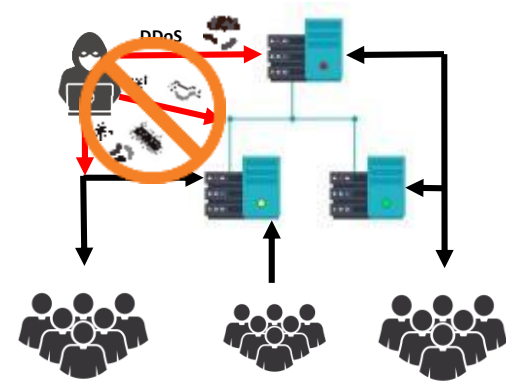
- Gradually developing an unified architecture
- New people on board
 - New impulses and ways of thinking
- Insourcing of IT operations in 2013, improved quality and cost
- IT cost moving downwards, despite “no budget restrictions”
- User satisfaction and Time To Market new functionality improving from a good level
- Multiple systems and features launched
 - Sweden – two employees, three months
 - Denmark – one employee, three months
 - New specialized claims handling system for COI
- Architectural “war” started and ended, change of IT management
- Gradually understanding how «incompetent» users normally are about IT
 - «How can an IT person develop a solution if you cannot describe it precisely»



The “last” five years

Stabilisation and standardisation

- Architecturally stabilisation
 - Transformation process
- Operational and security improvements
 - Cyber attacks increases
- Stable systems, SLA 99,5 % or higher
- Standardized platform (tools, comm. platform, data models and databases)
- Continuous delivery process implemented
 - 500-800 releases each year - «World class»
- Moving towards automatic test procedures
- Cost continues to decline



Today's situation

IT as an accelerator

- IT + Insurance = ❤️
 - Business competency more aligned with the business
 - More holistic involvement in projects
- Sound, prudent and scalable IT architecture
- Launched multiple new systems and solutions, with the use of mature technology
- More system changes done last 3 years than all previous years
- Quality, Time to market and user satisfaction improves further
- **Significant potential** for further digitalization



«There is no such thing as IT problems, the only challenge we have is the potential lack of skills to describe what we need»



Prepared for continuous growth

It's not about digitalisation



Preparing for continued growth

12.30-13.00: UK

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Grenfell Tower

Unprecedented accident – but financial impact limited






THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA



- Financial impact: Very limited due to reinsurance
- Estimated loss from own account is GBP 2,5m
- Kensington one of the most affluent areas in UK - lower frequency of fire and criminal damage
- No UW mistakes made – same procedure as normal cases, but extended due to size

Property Name	Property Use	Address	Sum Insured £	Building Class	Standard	NLE Auto	Explanat	Date of Street V	Other Info
4 Grenfell Tower Housing		W11 1TQ	17,550,397	3	3				n/a





Risk Management

Post Grenfell Tower Tragedy



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA



A stronger focus than ever is on Fire & Safety in UK

Thousands of people are now discussing and implementing improvements

New regulations and laws will gradually appear

Many risks will improve - but how much

Protector Risk Management post Grenfell Tower Strategy started





Internal Risk Management and Underwriting improvement

Post Grenfell

Subproject & Milestones	Deadline	Status
Technical education of UW's -Training stage 1 -Training stage 2	6.7.17 Autumn	✓
UW, current Tower Block exposure and portfolio analyses -Internal UW review -Tower Exposure (high priority locations inspected) -Tower Exposure (medium and low priority locations inspected) -First hand inspections and inspections planning -One to one meetings with customers	13.7.17 20.7.17 21.7.17 11.7.17	✓ ✓ ✓
Underwriting procedures and portfolio analysis -Update guidelines and questionnaires -Implementation -RM library	21.7.17 2.8.17 2.8.17	✓ ✓ ✓
Inspections; background and updated routine -Updated guidelines and evaluations -Implementation	2.8.17 6.8.17	✓ ✓

- The first initial training sessions and reviews are all completed
- Identification of Tower Block exposure completed
- First hand inspection of high importance locations completed, medium and low priority ongoing
- One-to-one meetings with clients being conducted this week (08/08/2017 – 10/08/2011)
- Plan will be updated going forward

Grenfell Tower Summary



- Grenfell Tower is an unprecedented accident and human tragedy - with at least 80 people dead
- We are there to help: Projects are running, experts nominated and first pay-out decision taken
- The financial impact will be limited – estimated loss of GBP 2,5m
- Protector stand firmly behind our UK operation – targeting a top 3 position in the broker based market
- Copying a winning formula we will be:
 - Easy to do business with
 - Commercially attractive
 - Trustworthy



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA



Studies of 11 Countries over 1 year and > 1 000 pages

The basis for deciding entry in UK

Public

	Ranking	Total score
1	UK	4,45
2	Netherlands	4,18
3	Norway	4,00
4	Belgium	3,78
5	Denmark	3,63
6	Sweden	3,60
7	Finland	3,35
8	Germany	3,13
9	Switzerland	3,08
10	Poland	3,05
11	Austria	1,85

High scores given to:

- Markets with high cost ratios
- Markets where broker penetration is high
- Markets with little competition or in a oligopoly situation
- Markets where quality of service are assumed to be poor (difficult to measure from the outside)

The Nordics are ranked somewhat high (Protector's opinion)

Discussed with Board of directors during the process

The UK public sector, Holland and part of Belgium were assessed as strong starting points

→UK public sector entry 2015/16

SME

	Ranking	Total score
1	Netherlands	3,90
2	Belgium	3,88
3	Germany	3,79
4	UK	3,60
5	Denmark	3,58
6	Norway	3,48
7	Sweden	3,38
8	Poland	3,15
9	Finland	3,12
10	Switzerland	2,99
11	Austria	2,10

		Austria		Belgium		Germany		Netherlands		Poland		Switzerland		United Kingdom	
Criteria		Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score
1	Product Mix	2	0.40	3	0.67	3	0.67	4	0.80	4	0.73	3	0.60	5	0.93
2	Cost ratios	3	1.07	4	1.47	3	1.20	4	1.60	4	1.60	3	1.20	4	1.60
3.0	Market combined ratios	2	0.20	4	0.35	2	0.23	3	0.28	3	0.30	3	0.30	4	0.35
4.0	Brokers' position	1	0.25	4	0.92	2	0.58	4	1.00	2	0.42	3	0.67	4	1.08
5.0	Cultural challenges	1	0.05	3	0.13	4	0.18	5	0.23	2	0.10	3	0.13	4	0.20
Total		1.97		3.53		2.85		3.90		3.15		2.89		4.17	



Copying a Winning Formula entering new Markets

In-depth analysis through 2015

Cost leadership

- Fact: 1/2 of competitors
Target UK: 1/3 of competitors
- Competitors higher than Scandinavia
 - Larger average clients than Scandinavia

People and culture

Quality leadership

- Fact: # 1 in Scandinavia
Target UK: Far ahead of # 2
- Indications of low service-level
 - More resources on board from start
 - Claims handling biggest challenge

People and culture

Top 3

- Fact: Need to believe before entering
UK: Many niche-segment opportunities
- Required to be cost-efficient and gain expertise
 - UK Public Sector will happen soon
 - Big markets allows for niche picking

People and culture

Commercial sector; biggest potential, Public sector; entry point



Source illustration: Fondsinans Research

UK database increasing rapidly

Already large database, best quality of all markets



- Significant dataset purchased from market leading broker before market entry
- Additional data collected through tender processes
- Currently approximately 1/4 of the UK market, with 10 years ground up claims history, still growing rapidly

	Property			Casualty			Fleet		
Market	Sums Insured	Claim years	# Claims £ losses	Exposure	Claim years	# Claims £ losses	Exposure	Claim years	# Claims £ losses
UK	£100bn	10	<ul style="list-style-type: none">• 25k claims• £180m losses	<ul style="list-style-type: none">• £13bn wages• 2m empl.	10	<ul style="list-style-type: none">• 350k claims• £950m losses*	260k vehicle years	6	<ul style="list-style-type: none">• 70k claims• £90m losses
Norway	£50bn	8	<ul style="list-style-type: none">• 5.5k claims• £170m losses	<ul style="list-style-type: none">• £23bn turnover• 2.,6m empl.	7.5	<ul style="list-style-type: none">• 2,7k claims• £26m losses	186k vehicle years	7	<ul style="list-style-type: none">• 22k claims• £44m losses
Sweden	£90bn	6.5	<ul style="list-style-type: none">• 7.5k claims• £260m losses	<ul style="list-style-type: none">• £11bn turnover	8	<ul style="list-style-type: none">• 5,6k claims• £21m losses	250k vehicle years	4	<ul style="list-style-type: none">• 40k claims• £30m losses
Denmark	£65bn	5.5	<ul style="list-style-type: none">• 45k claims• £290m losses	<ul style="list-style-type: none">• £6bn wages	5	<ul style="list-style-type: none">• 6k claims• £11m losses	100k Vehicle years	4.5	<ul style="list-style-type: none">• 2,3k claims• £3,5m losses

*Ground up basis



- | Housing Assets | | Consumer Items Insured | | Revenue Rate | | Costs Flat | | Profit Rate | | Maintenance Rate | | Average | | Average | | Total | | High Education/Jobless/Young/Vulnerable + economic | | Total | | Gross | | Live | | Live | | Comment | | Total | | Assessment | |
|----------------|-------|------------------------|------|--------------|-------|------------|-------|-------------|-------|------------------|-------|---------|-------|---------|--------|-------|-----|--|-----|--------|-------|-------|-----|------|---|------|--|-------------------------------------|-----------------------------------|-------|-------|------------|--|
| | | 2016 | Aver | Trend | 2016 | Aver | Trend | 2016 | Aver | Trend | 2016 | Aver | Trend | 2016 | Aver | Trend | | | | | | | | | | | | | | | | | |
| 1894,230,572 | 4.36% | 3.76% | | | 2,240 | 2,636% | | | 1,161 | 0.95% | 0.92% | 0.92% | 0.92% | 69 | 20 | White | No | Yes | Yes | No | White | N/A | N/A | 2 | 3 | 3 | | | Area for improvement, significant | White | Green | | |
| 202,450,000 | 1.20% | 1.00% | | | 1,500 | 1,650% | | | 750 | 0.60% | 0.60% | 0.60% | 107 | 30 | White | No | Yes | No | No | White | N/A | N/A | 2 | 3 | 3 | | | Consistently well reviewed | White | Green | | | |
| 672,774,241 | 2.83% | 3.36% | | | 2,040 | 2,650% | | | 1,020 | 0.76% | 0.76% | 0.76% | 82 | 17 | White | No | Yes | Yes | No | White | N/A | N/A | 4 | 3 | 3 | | | Consistently good performing [2] | White | Green | | | |
| 248,574,543 | 5.52% | 4.76% | | | 4,660 | 3.8% | | | 2,330 | 0.71% | 1.02% | 1.02% | 19 | 14.75 | White | No | Yes | Yes | No | Yellow | N/A | N/A | 1 | 1 | 1 | | | Staff not assessed but good in 2016 | Green | White | | | |
| 202,680,700 | 3.20% | 4.76% | | | 4,560 | 3.2% | | | 2,280 | 0.74% | 0.74% | 0.74% | 39.4 | 39.4 | White | No | Yes | Yes | No | White | N/A | N/A | 1 | 1 | 1 | | | Consistently good | Green | White | | | |
| 207,576,200 | 2.44% | 2.47% | | | 2,550 | 2.47% | | | 1,275 | 0.65% | 0.76% | 0.76% | 70 | 47.5 | Yellow | No | Yes | Yes | No | White | N/A | N/A | 1 | 1 | 1 | | | Increased Care Inspectorate report | Green | White | | | |

[illegible]

Client	Review	Month	Executed	Sum insured		Frequency per \$BIP Billions - adj. Deductible										Share of claims by claim type (Values)										Assessment									
				Rated	Unrated	Millions	Claim	All	Small	Large	Flood	Earth	Fire	Fire	Flood	Earth	Storm	Other	Impair	Malice	Theft	Subv.	Size	Claim	Prop.	Reas.	QA's	Pub's	Flood	To					
080207	7	5,000	3,007.0	8.83	8.36	8.24	0.11	0.19	3.76	1.81	42%	5%	24%	0%	1%	4%	3%	3%	7%	Very large	Green	White	White	Green	Yellow	Green	White	W							
080207	4	1,500	1,034.8	8.75	7.42	7.31	0.11	0.22	1.11	2.99	70%	1%	5%	0%	3%	1%	1%	1%	1%	MD	Large	White	White	White	White	White	Green	White	W						
080208	7	2,500	184.5	7.42	7.95	7.95	-	-	0.66	4.34	68%	0%	2%	0%	5%	5%	0%	0%	0%	Medium	Yellow	White	White	White	White	White	White	Green	W						
080208	7	5,000	1,514.1	5.00	5.82	5.92	0.53	0.28	1.59	1.45	45%	1%	5%	0%	5%	5%	0%	0%	0%	Medium	White	White	White	White	White	White	White	Green	W						
080209	6	1,000	548.6	4.00	5.52	5.52	-	-	0.91	1.82	23%	0%	6%	0%	0%	5%	0%	0%	0%	Small	White	White	White	White	White	White	White	Green	W						
080209	4	1,000	652.0	4.42	13.18	13.18	-	-	0.35	7.63	1.73	37%	6%	40%	4%	7%	1%	3%	1%	0%	Medium	White	White	White	White	White	White	White	Yellow	W					
080209	6	500	505.1	8.92	16.87	16.85	0.22	0.67	0.88	3.1	1%	54%	23%	5%	4%	1%	1%	1%	1%	0%	Large	White	White	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow						
080209	5	5,000	246.6	5.5	34.56	33.81	0.79	15.7	10.22	11.01	4%	87%	4%	1%	3%	0%	0%	0%	0%	0%	Small	White	White	White	White	White	White	White	Green	W					
080209	5	2,225	223.9	6.83	11.39	11.39	3.58	-	0.89	0.89	0%	0%	0%	0%	0%	0%	0%	0%	0%	Small	White	White	White	White	White	White	White	Green	W						
080209	4	5,000	207.7	9.75	11.59	10.86	0.49	0.99	4.94	1.48	80%	3%	3%	1%	0%	0%	0%	0%	0%	Small	Yellow	White	Yellow	Yellow	White	White	White	Green	W						
080209	7	250	116.9	4.90	10.48	10.48	-	-	1.75	-	5.24	70%	8%	4%	0%	3%	0%	8%	0%	0%	Small	White	White	White	White	White	White	White	Green	W					
080209	7	500	106.4	4.83	10.61	11.67	1.94	-	-	5.63	93%	0%	0%	0%	3%	0%	0%	4%	0%	0%	Small	White	White	White	White	Green	White	Green	W						
080209	4	2,500	63.7	3.68	12.82	12.82	-	-	-	4.27	95%	0%	0%	0%	0%	1%	0%	5%	0%	0%	Small	White	White	White	Yellow	White	White	Green	W						
080209	4	2,500	2,293.0	9.98	20.84	20.57	0.27	0.64	8.01	4.32	57%	4%	22%	1%	4%	2%	1%	5%	5%	Very large	Yellow	White	White	White	White	White	NA	W							
080209	1	1,000	490.1	4.75	16.35	16.73	0.53	-	14.74	4.21	92%	0%	24%	4%	1%	2%	0%	4%	0%	Medium	White	White	White	White	White	White	White	Green	W						
080209	7	10,000	684.5	6.73	54.3	49.9	0.43	-			4.32	93%	0%	4%	0%	0%	0%	2%	0%	0%	Medium	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow						
080209	7	250	384.5	2.83	14.89	14.89	-	-	0.46	3.72	41%	0%	22%	0%	7%	10%	2%	10%	6%	0%	Medium	Green	White	Green	Green	Green	Yellow	Green	W						
080209	7	250	3,208.1	4.99	9.99	9.86	0.14	0.48	5.79	1.90	77%	5%	15%	0%	4%	0%	1%	0%	1%	Very large	White	White	Green	Yellow	Yellow	White	White	W							
080209	9	50	17.8	4.73	35.70	35.70	-	-	11.90	11.90	44%	0%	38%	0%	0%	0%	0%	38%	0%	0%	Small	White	Green	White	Yellow	Red	Green	W							
080209	10	5,000	1,871.1	5.68	23.99	23.14	0.85	0.19	4.24	2.26	61%	1%	23%	4%	3%	3%	1%	1%	5%	0%	Medium	Yellow	Green	Yellow	Green	White	White	White	W						



- Statistical exercise, get the facts right
- Extensive risk management information evaluated
- Cost leadership leads to increased market share

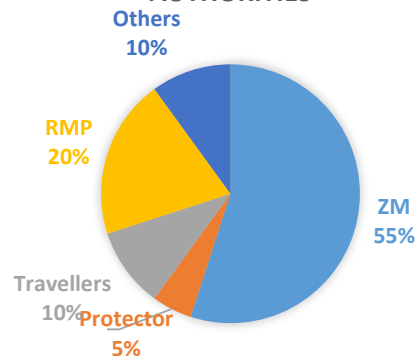
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Market situation in UK is similar to Nordics

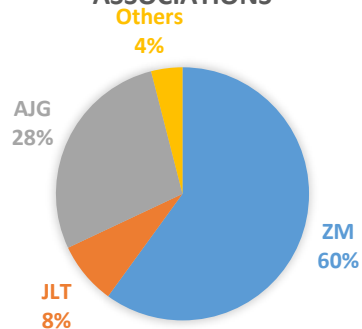
Estimated figures per Q2 2017



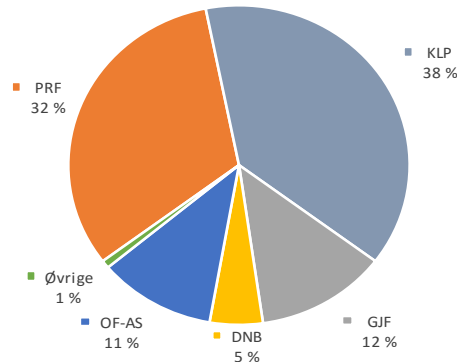
MARKET SHARE UK LOCAL AUTHORITIES



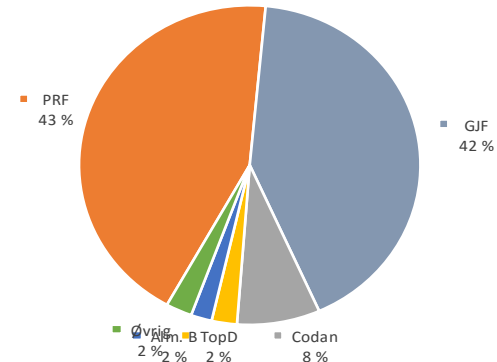
MARKET SHARE UK HOUSING ASSOCIATIONS



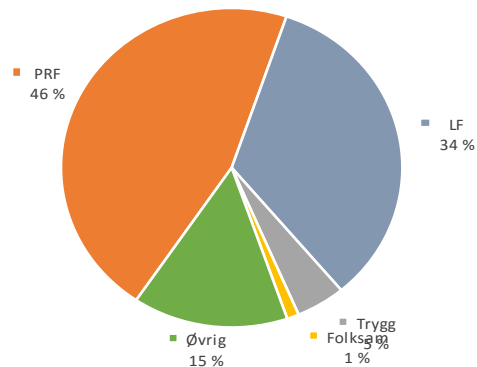
NORWAY



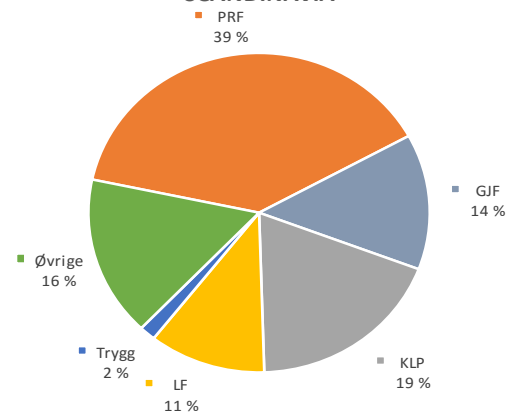
DENMARK



SWEDEN



SCANDINAVIA



The challenger's location in UK

Close to the brokers



- UK (non-life) insurance market is big:
 - Commercial: ~ £6bn
 - Public incl Housing: £600m
- Manchester; a good hub
 - High density of brokers
 - 2nd largest insurance hub in the UK
 - Access to skilled workforce – lower cost than London
 - Cheaper office space
- Manchester cannot serve all of UK
 - London
 - Scotland
 - Potentially south ex London
- Timing is important
 - Key personell capacity to open a new office
 - Proximity to brokers with the best business

UK – Operational development

Controlled growth in a market with many opportunities



- >20 people on board
 - A good mix of experience and quickly developing talents
 - New recruitment phase started April 2017 – double in 18 months
- Very good growth - £17m on board, 3 segments delivering
 - Public sector: ~£9m
 - Commercial sector: ~£5m
 - Housing Associations: ~£3m
- Main focus in H2
 - Insourcing of claims handling
 - High market activity commercial sector (JLT, Marsh, Aon)
 - Housing Associations – Continued Profitable Growth and improved value chain
 - Ogden Discount rate change – learn, take advantage of opportunities
 - Organizational development
 - Position Protector as # 1 in quality survey



PROTECTOR
forsikring

Volume estimates UK



Volume full year 2016

Volume 25 MNOK

Estimate 2017

150 - 200 MNOK

Ahead of schedule

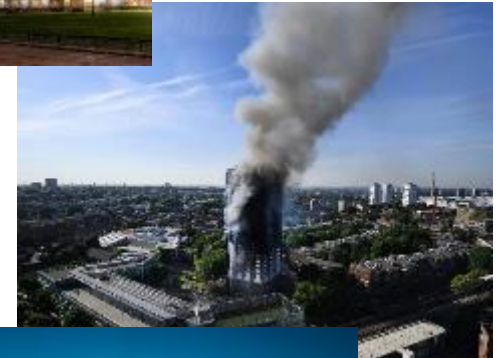
Preliminary estimate 2018

400 – 500 MNOK



UK summary

- Prepared for 2 years (2014 and 2015)
- Tested the market (2016)
- 16 people on board - volume arriving 2017
- Grenfell Tower unprecedented accident
 - Will not change our strategy
 - Protector brand already well known
 - Brokers
 - Public sector
- Strong potential in housing and public sector – very strong in commercial sector long term
- Will hire 20 people the next 18 months





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



Summary and Q&A

Preparing for continued growth

- Keep up the good work
- Balance sheet strengthened – improved structure
- Volume guiding increased
- SCR target increased and dividend policy changed
- Strategy 2020 and top 8 
- Claims handling is number 1 – Falcon
- Investments is core business
- It's not about digitalisation
 - People, processes and digitalisation
- UK – ahead of Schedule
- People, culture and management development is everything

