



# Protector Forsikring ASA

Q1 results 2010

Investor presentation

29 April 2010

# Protector Forsikring ASA

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

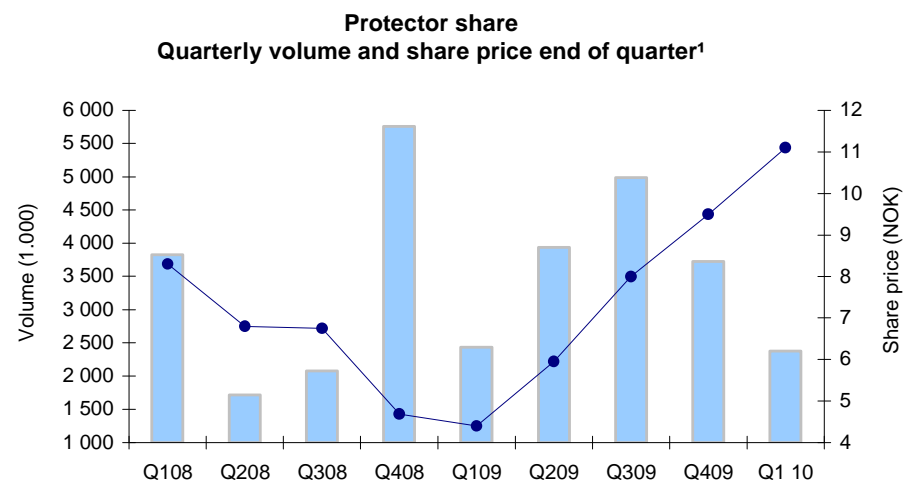
## Outlook 2010:

GWP + 15%  
CR ~ 92  
Operating profit, NOK 180m

## Dividend policy:

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

- Ownership; ODIN, Franklin Mutual Funds, Alfred Berg Norge/Gambak, DnB NOR SMB, employees, etc.
- Strong results, average combined ratio 2004 - 2009, 92%
- GWP in 2009: MNOK 871, further growth in 2010
- Solid balance sheet, solvency capital of MNOK 835, investment portfolio > 1,89 bn.



<sup>1</sup> Share buy back not included in the volume figures

# Highlights Q1 2010

Continued growth, strong results and increased guiding

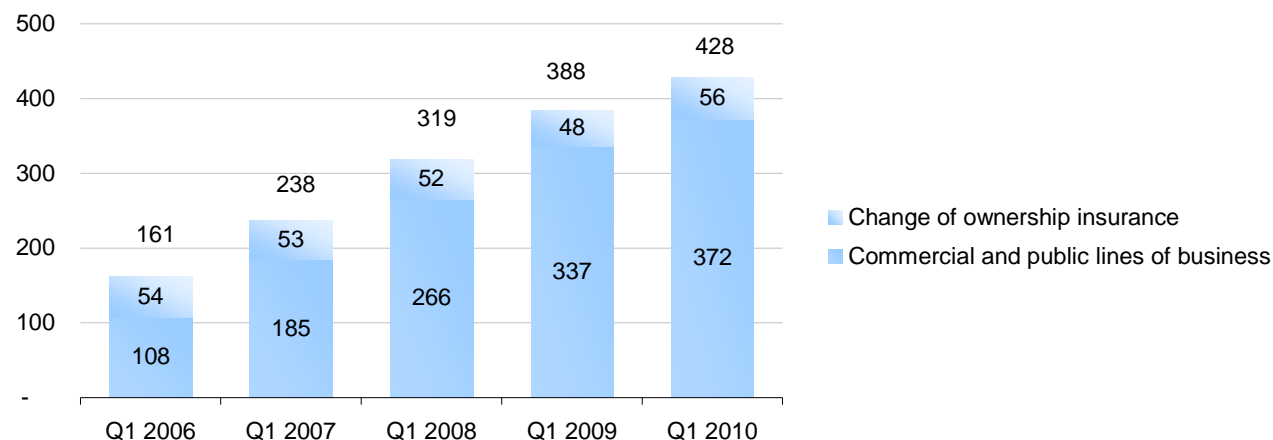
- 10% growth in GWP
  - Commercial and public lines of business, up 10%
  - Change of ownership insurance, up 18%
- Net combined ratio 90%, down 7.6 percentage points
- Return on investments, NOK 39,4m (2.2%), up from NOK 25,9m (2.1%)
  - 43% growth in average invested capital
- Operating profit, NOK 56.9m, up from NOK 30.9m

# Gross written premium Q1 2010

GWP up 10%, from NOK 388m to NOK 427.9m

- 10% growth within commercial and public lines of business
  - Strong new sales and good access to quotations
  - 23% growth within the personal lines of business
  - Weak renewal rate, 78% ( 87% in Q1 09), driven by market share reduction in the municipality sector
- Change of ownership insurance, 18% growth
  - Increased real estate prices, 10% up relatively to Q1 09
  - Increased turnover rate, but lower than expected no. of real estates for sale in the market

Gross written premium Q1 2006 - Q1 2010  
NOKm



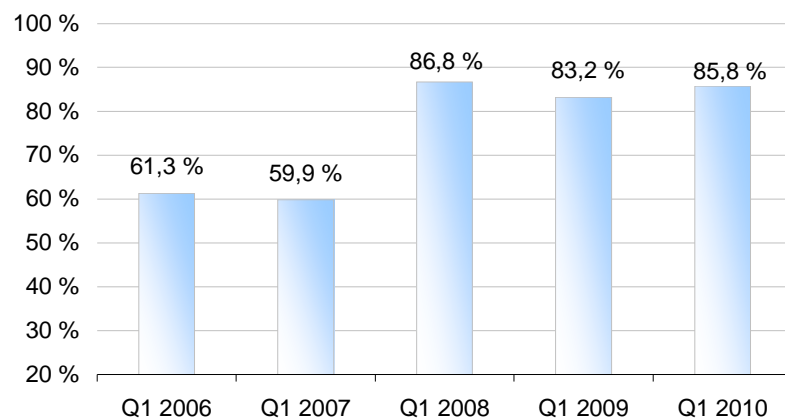
# Claims development Q1 2010

Gross claims ratio 79,0%, up from 78,3% in Q1 2009

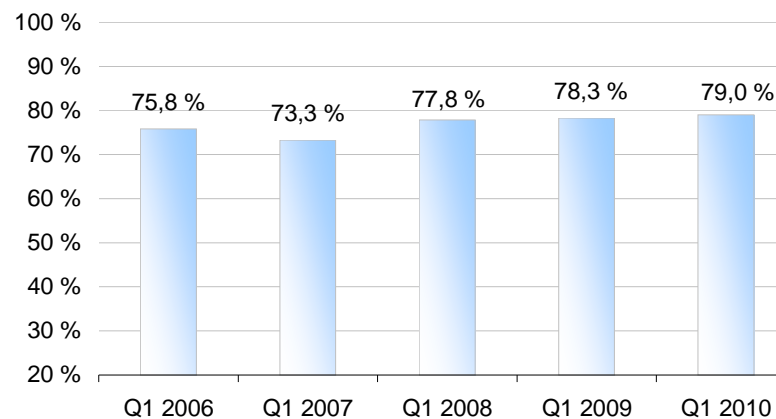
- A tough winter influences negatively on auto and property
  - High claims frequency within motor and a large number of water-related claims
  - No large claims (> NOK 5m)
  - Q1 normally the weakest quarter

Net claims ratio 85,8%, up from 83,2% in Q1 2009

Net claims ratio Q1 2006 - Q1 2010



Gross claims ratio Q1 2006 - Q1 2010



# Cost ratio Q1 2010

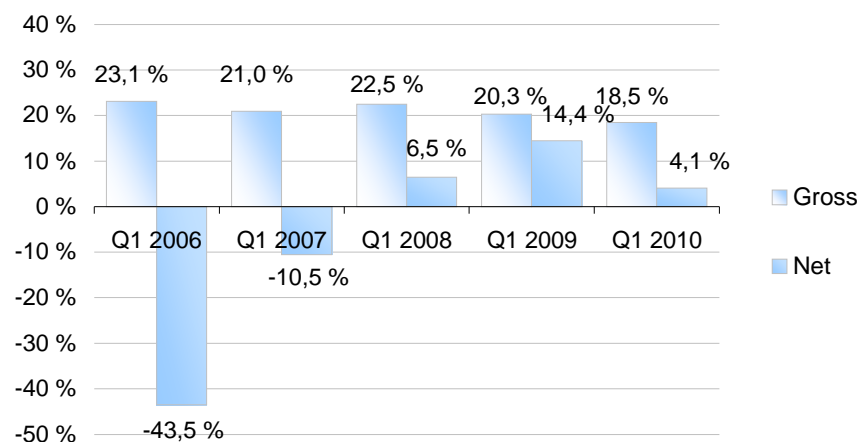
Gross cost ratio 18,5%, down from 20,3% in Q1 2009

- No one-off costs
  - One off costs of NOK 3m in Q1 09
- Slightly increased manning costs
  - Slightly increase in average manning
  - 3 year bonus program implemented H2 09, NOK 1,5m in Q1 2010

Net cost ratio 4,1% due to increased (NOK 15.2m) reinsurance commissions

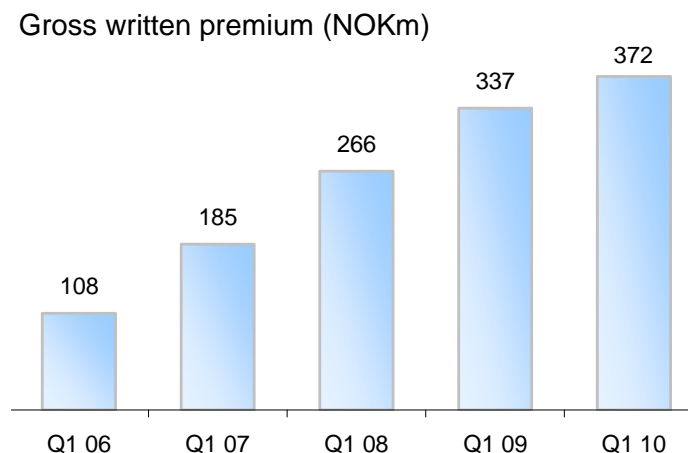
- Strong growth within the personal lines of business
- Increased reinsurance share and improved reinsurance terms
- Including some profit share elements
- Protector has in April moved to new premises, 5 years lease, no cost implications

Cost ratio Q1 2006 - Q1 2010



## Highlights Q1 2010 - Commercial and public lines of business

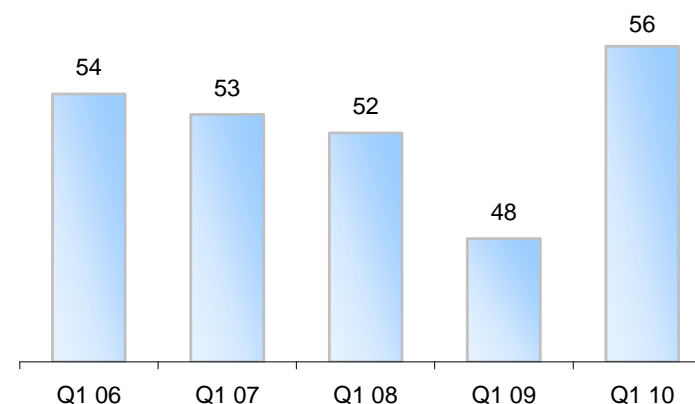
- 10% volume growth
  - Strong growth and good hit-ratio in the SME market
  - First Swedish municipality contract signed Jan 1st 2010
  - 23% growth within the personal lines
- Weak renewal rate, 78%, down from 87% in Q1 09
  - Market share reduction in the municipality sector
- Claims ratio hit by a tough winter
- Profitability actions
  - Some segments left for profitability reasons, volume effect NOK - 10m
  - UW focus Property, on schedule
  - UW focus Motor, still a way to go
- Policy production quality level better than ever
  - Positive cash improvement
- High level of Q2 quotations
  - 4 large wins (3 in the municipality sector) and 0 losses



## Highlights Q1 2010 - Change of ownership insurance

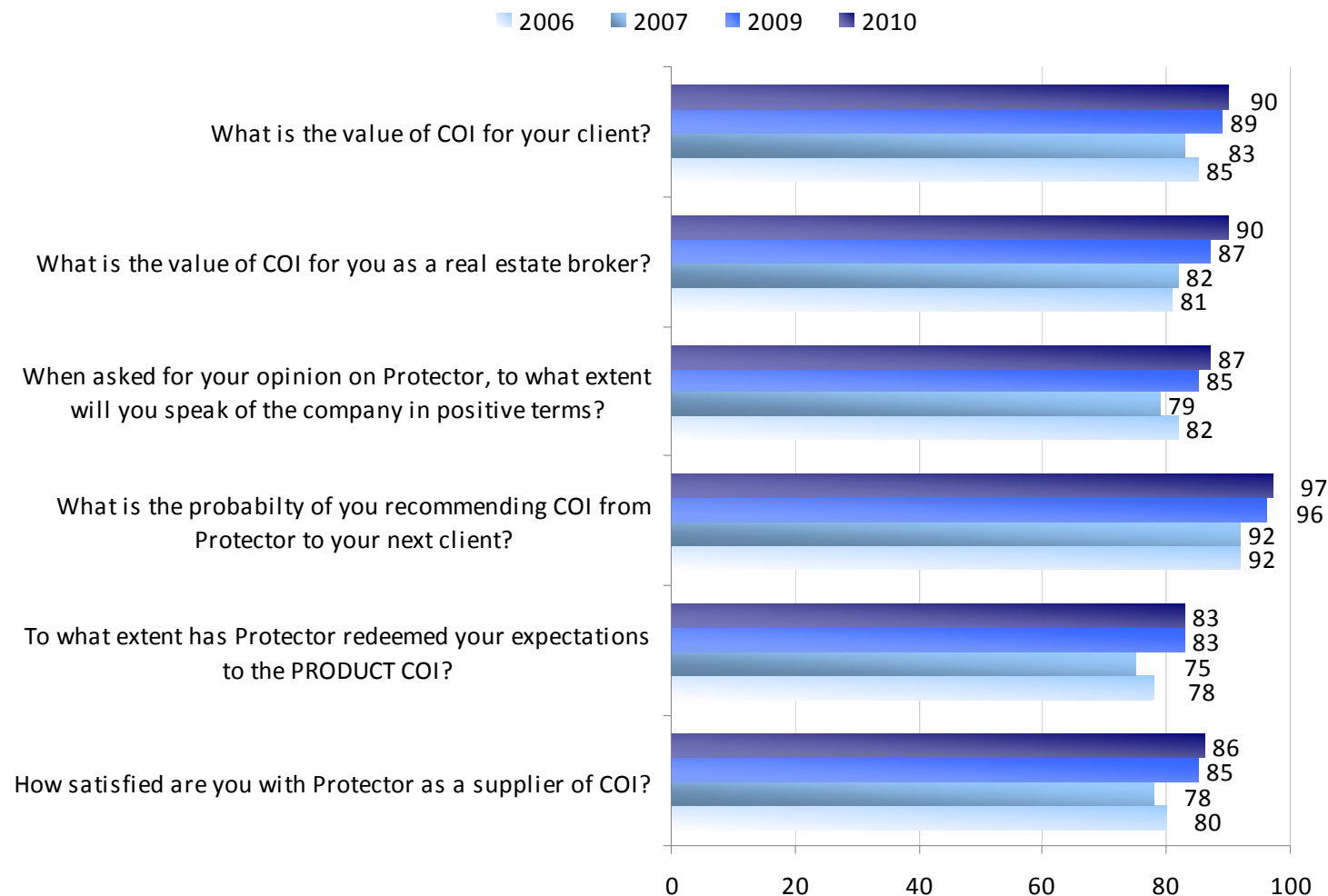
- Improved market
  - Real estate prices up 10% relatively to Q1 09
  - Turnover down from 44 days in March 09 to 28 days in March 10
- Volume up 18%
  - Slightly increased market share, well above 50%
  - Hit-ratio stable
- Real estate quality index at an all time high level
- No. of lawsuits decreasing
- Real estate market continued to improve in April
  - Strong Q2 volume expected

Gross written premium (NOKm)





# Evaluation of Protector among Real Estate Brokers



# Results Q1 2010

MNOK	Q1 2010	Q1 2009	2009
<b>Premiums written gross</b>	<b>427,9</b>	<b>388,0</b>	<b>871,4</b>
Premiums earned gross	208,8	180,8	843,1
Claims incurred gross	(165,0)	(141,7)	(649,2)
Premiums earned for own account	165,1	139,6	842,6
Claims incurred for own account	(141,7)	(116,1)	(694,7)
Operating costs	(6,8)	(20,1)	(118,6)
Net financial income	39,4	25,9	224,4
Other income	1,0	1,6	5,1
<b>Profit before change in security provision etc.</b>	<b>56,9</b>	<b>30,9</b>	<b>258,8</b>
Change in security provision etc.	(7,1)	(7,9)	(61,7)
<b>Profit after change in security provision etc.</b>	<b>49,8</b>	<b>23,0</b>	<b>197,2</b>
Net claims ratio	85,8 %	83,2 %	82,4 %
Net cost ratio	4,1 %	14,4 %	14,1 %
<b>Net combined ratio</b>	<b>90,0 %</b>	<b>97,6 %</b>	<b>96,5 %</b>
Retention rate	79,1 %	77,2 %	99,9 %

Note:

*Net claims ratio = claims incurred for own account / NPE*

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

*Retention rate = NPE in % of GPE*

# Balance sheet Q1 2010

MNOK	31.03.2010	31.03.2009	31.12.2009
Financial assets	1 899,0	1 362,1	1 634,8
Bank deposits	118,9	154,9	85,6
Other assets	326,4	447,1	252,5
<b>Total assets</b>	<b>2 344,3</b>	<b>1 964,1</b>	<b>1 972,9</b>
Total equity	613,4	438,1	562,7
Total reserves	1 630,6	1 284,0	1 358,7
Other liabilities	100,3	242,0	51,5
<b>Total equity and liabilities</b>	<b>2 344,3</b>	<b>1 964,1</b>	<b>1 972,9</b>
Solvency capital	835,2	599,0	777,3
Return on solvency capital	7 %	5 %	38 %
Solvency capital per share, end of period	10,1	7,0	9,4
Solvency margin	261 %	197 %	88 %
Capital adequacy ratio (risk weighted)	27 %	34 %	28 %
NAV	773,1	553,9	717,2
NAV per share, end of period	9,3	6,4	8,7

Note:

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

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

*Solvency margin = solvency capital / NPW*

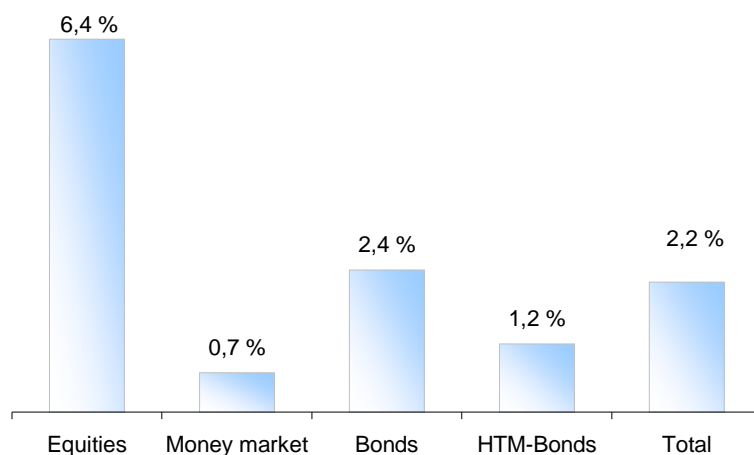
*NAV = total equity pluss 72% of the total security provision etc.*

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

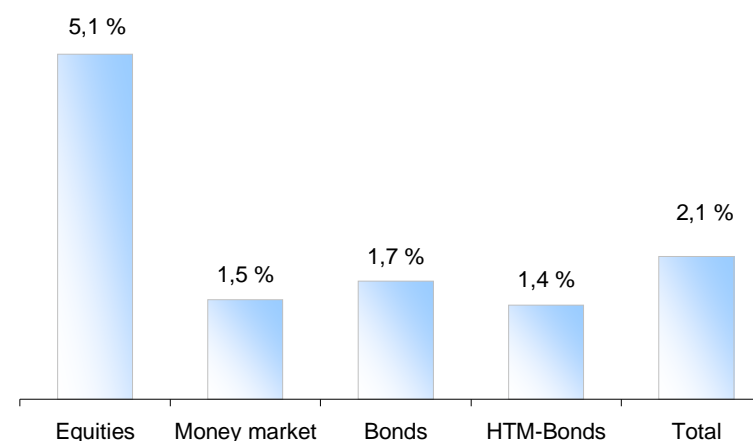
# Investment performance Q1 2010

- Net investment result of NOK 39.4m (NOK 25,9m)
- Equities; Return of 6,4% (5,1%), OSEBX 1,4%,
- Bond portfolio (inc HTM-Bonds); Return of 1,0% (1,5%), slightly increased risk exposure
- Investment portfolio of NOK 1.899m (NOK 1.362m)

Return Q1 2010 per asset class



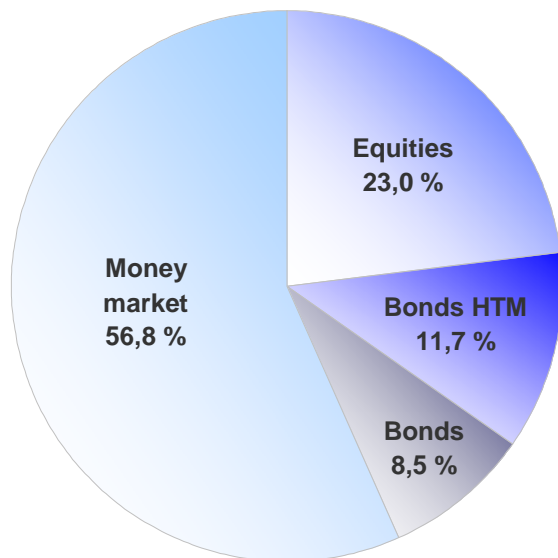
Return Q1 2009 per asset class



# Asset allocation

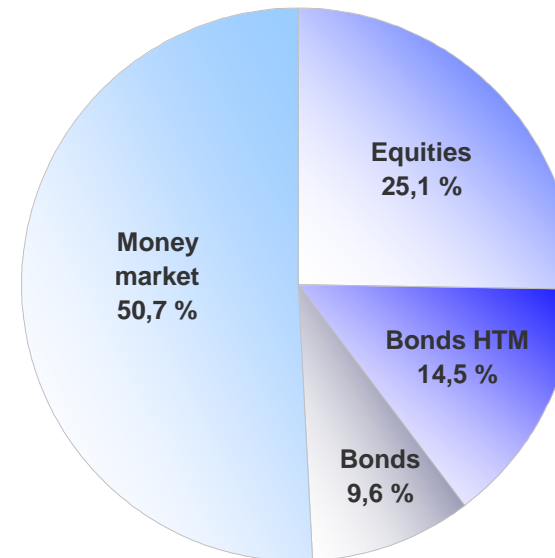
- Bonds 77% of portfolio, Norwegian equities 23%
  - Exposure in equities reduced in Q2, NOK 100m reallocated (21 April) from equities to bonds

Asset allocation 31 March 2010



**Total financial assets 31.03.2010**  
**NOK 1.899m**

Asset allocation 31 December 2009

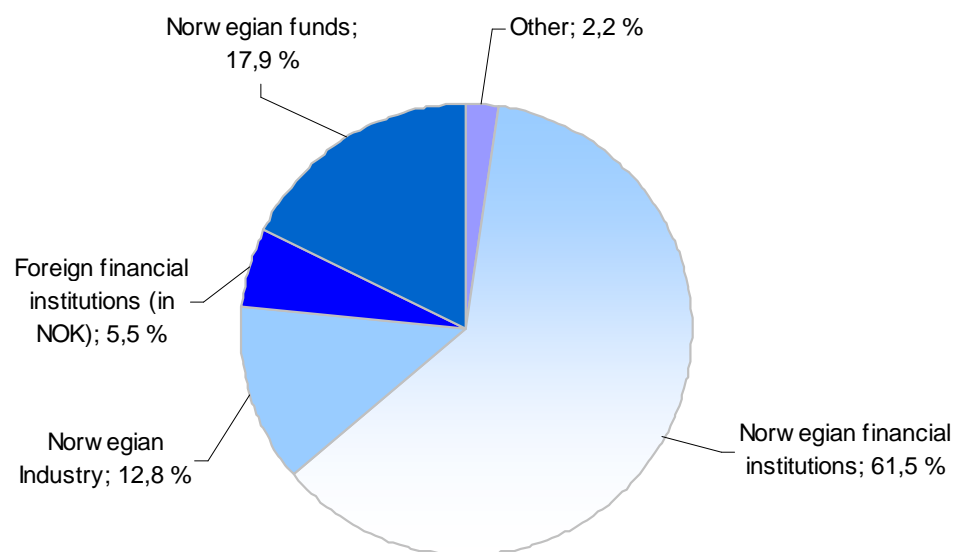


**Total financial assets 31.12.2009**  
**NOK 1.635m**

# Portfolio structure and quality bond portfolio

- Duration (credit) of bond portfolio (ex HTM) is 2,28 years (1,77 years)
  - Interest duration (ex HTM) 0,17 years (0,27 years)

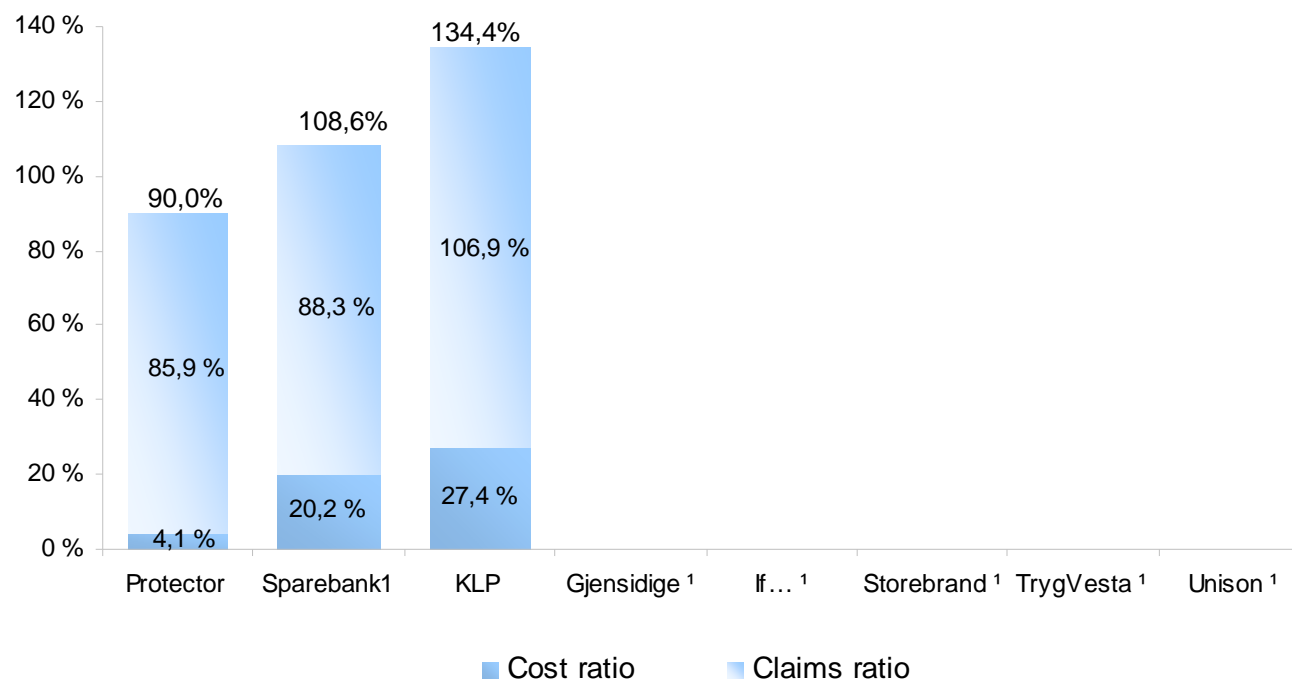
**Bond portfolio 31 March 2010**



**Quality bond portfolio 31 March 2010**

Split of fixed income portfolio	NOK mill	%
Money market instruments	977 339	67 %
Money market funds	100 697	7 %
Total money market	1 078 036	74 %
Bonds:		
Bonds held to maturity	222 482	15 %
Bond funds	161 051	11 %
Total bonds	383 533	26 %
<b>Total</b>	<b>1 461 569</b>	<b>100 %</b>
<b>Rating including internal rating by Norwegian banks</b>		
Investmentgrade	1 105 110	76 %
High yield	94 710	6 %
Non rated (funds)	261 748	18 %
<b>Total</b>	<b>1 461 569</b>	<b>100 %</b>

# Combined ratio Q1 2010



<sup>1</sup> Q1 figures not published

# Shareholder matters 20 April 2010

Shareholder	No. shares	Percent
Odin Norden	7 175 355	8,33 %
Bank of New York, Mellon SA/NV	4 479 410	5,20 %
Alfred Berg Gambak	3 735 694	4,34 %
Ojada AS	3 563 116	4,14 %
Bergtor AS	3 083 300	3,58 %
DNB NOR Luxembourg SA	2 784 478	3,23 %
Morgan Stanley & Co INTL PLC	2 776 333	3,22 %
DNB NOR SMB	2 769 000	3,21 %
Tjongsfjord Invest AS <sup>1</sup>	2 661 809	3,09 %
Gabler Rådgivning AS <sup>2</sup>	2 652 751	3,08 %
Protector Forsikring ASA	2 624 879	3,05 %
MP Pensjon	2 375 706	2,76 %
Alfred Berg Norge +	2 023 000	2,35 %
VPF Nordea Norge Verdi	1 942 497	2,25 %
Letra Invest AS	1 873 451	2,17 %
Hathon Eiendom AS	1 855 328	2,15 %
Frognas AS	1 649 916	1,92 %
Petroservice AS	1 479 712	1,72 %
Johan Vinje AS	1 437 841	1,67 %
Trafalgar AS	1 344 331	1,56 %
Trond Høye	1 235 562	1,43 %
<b>Total 20 largest</b>	<b>55 523 469</b>	<b>64,45 %</b>
<b>Others</b>	<b>30 632 136</b>	<b>35,55 %</b>
<b>Total shares</b>	<b>86 155 605</b>	<b>100,00 %</b>

No. Shareholders 2.237

<sup>1</sup> CEO Sverre Bjerkeli

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

## Option program

- Outstanding options: 2.260.293  
Strike price of NOK 7,75  
Strike dates: 28 Aug. 2010, 28 Feb 2011, 28 Aug 2011

Employees have in Q1 2010 exercised 724 041 options. Protector has used its own shares to cover this redemption in stock options.

CEO Sverre Bjerkeli has exercised 400 000 options and has after the transaction 100 000 options in Protector.

## Related parties shareholding

- Management's direct and indirect shareholding totals 4,5m shares or 5,3 % of current outstanding shares
- Board members directly and indirectly own a total of 6,5m shares or 7,5% of current outstanding shares
- 50 employees own directly a total of 5,2m shares or 6% of current outstanding shares (incl. management)
- Protector own 2.624.879 own shares or 3,05% of current outstanding shares



# Outlook 2010, increased

Guiding 28 February 2010



Guiding 29 April 2010

- GWP up 15%
  - Status per Q1, slightly behind schedule
- Combined ratio 92%
  - Status per Q1, on schedule
- Return on investments 4,9%
  - Status per Q1, ahead of schedule
- Operating profit NOK 150m
  - Status per Q1, ahead of schedule
- Return on solvency capital 20%
  - Status per Q1, ahead of schedule

GWP up 15%

Combined ratio 92%

Return on investments 6,2%

Operating profit NOK 180m

Return on solvency 24%

# Outlook 2010

NOK m	2009	2010 Feb	<b>2010 April</b>	Positive scenario	Negative scenario
Premium growth (%)	20	15	<b>15</b>	20	10
Operating profit	258.8	150	<b>180</b>	210	150
Investment income	224.6	88	<b>118</b>		
Gross Cost ratio (%)	17.6	16	<b>16</b>		
Net combined ratio (%)	96.5	92	<b>92</b>	88	96
Return on solvency capital (%)	38	20	<b>24</b>		

- Dividend in line with policy

## Return assumptions Q2-Q4:

Average invested volume in the period (Q2-Q4) approx NOK 1.950m

Average invested in equities in the period (Q2-Q4): approx 18%

Return equities in the period (Q2-Q4): 8%

Return bonds in the period (Q2-Q4): 3,2%

## Summary Q1 2010

- Volume up 10%
- Net combined ratio 90%
- Operating profit of NOK 56,9m, up from NOK 30,9m
- Return on investments, NOK 39,4m (2.2%), up from NOK 25,9m (2.1%)
- Increased guiding
  - Operating profit up from NOK 150m to NOK 180m
- Good start on Q2