

# Protector Forsikring ASA

Investor presentation

April 2016



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<b>Appendix II</b>	<b>Regulatory framework</b>

## Company introduction

### Protector Forsikring ASA

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- Nordic P&C insurance company
- Listed on Oslo Stock Exchange – market cap 6,5 BNOK
- 500 MNOK subordinated loan
- 30 NC 5 bond structure
- Most solid P&C Insurance company in the Nordic region



### Sverre Bjerkeli (56) – CEO

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- Head of consumer/commercial division at Storebrand (*If..*)
- CEO Storebrand Bank
- IT; Key positions in NOKIA/ICL and CEO Eterra/Ementor
- Last 12 years in Protector
- Handball player and trainer on international level
  - Marathon runner and Vasalopp skier “nowadays”



## Executive summary

### 12 years of profitable growth

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- Half the cost of competitors
- Quality leader in the Nordic market
- Best Combined Ratio last 8 years, HTD 88,5%
- Average Return on Solvency Capital HTD 25,4%
- IT is key for cost and quality leadership
- Successful entry Sweden 2011 and Denmark 2012
- Strong geographical diversification
- Entry UK proceeding according to plan
- Board members and CEO owns 18% of shares

### Financial status and capital needs

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- Double digit historical growth funded by strong results
- Solvency Margin<sup>1</sup> 2015 is 370%, higher than any other listed Nordic insurance company
- Lower gearing than other listed Nordic insurance companies
- Prudent to further strengthen buffer capital
- Taxation of security reserves not resolved, but postponed
- Intangible assets and Goodwill  $\approx 0$
- No CapEx booked when entering UK

### Financial targets

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#### Overall long-term financial goals

- Growth rate of gross written premium: 10%
- Combined ratio for own account: 90%
- Return on solvency capital: 20%

#### Dividend policy

- Target solvency margin<sup>1</sup> > 250%
- 30 – 50% of profit after tax

<sup>1</sup>Solvency margin calculated in accordance with Solvency I regulation, while Solvency II regulation came into force 01 Jan 2016

**Vision**  
*The Challenger*

**Business Idea**  
*This will happen through unique relationships, excellent decision-making and cost effective solutions*

**Main targets**  
*Cost -and quality leadership  
Profitable growth  
Top 3*

**Values**

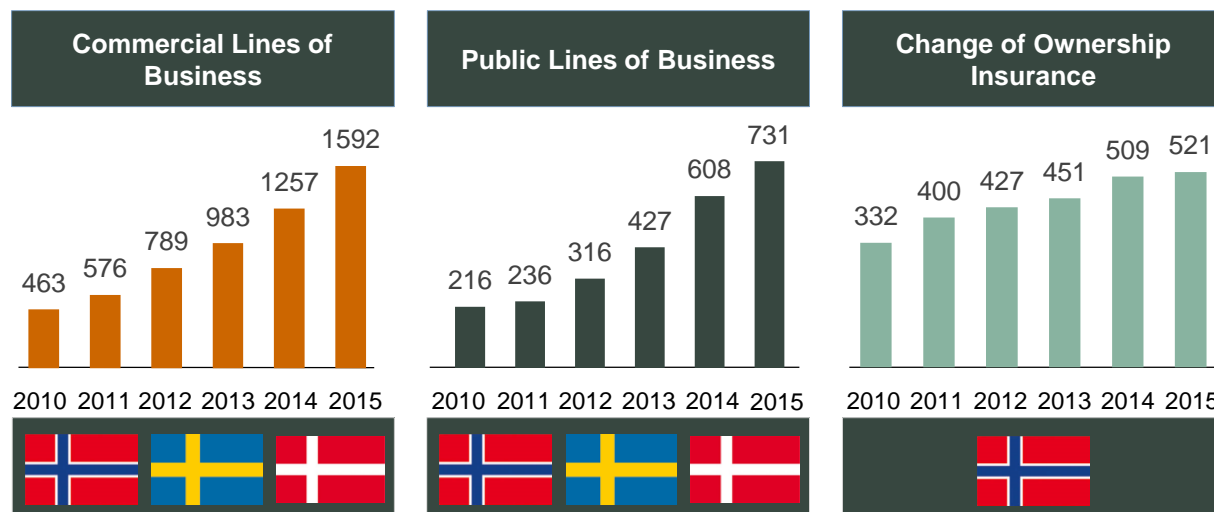
<b>(Troverd<sup>i</sup>g)</b>	<b>Credible</b>
<b>(Imøtekomme<sup>n</sup>de)</b>	<b>Open</b>
<b>(Modig)</b>	<b>Brave</b>
<b>(Engasjert)</b>	<b>Committed</b>

## Company overview

### Company

- Nordic non-life insurance company, established January 2004
- Listed on Oslo Stock Exchange, 2007
- Experienced and stable management team led by CEO Sverre Bjerkeli
- 2015 showed GWP growth of 20% and combined ratio of 89%
- Diversified investment portfolio 7 BNOK

### Business segments – GWP MNOK



### Key financial information

(MNOK)	2010	2011	2012	2013	2014	2015
Gross premiums written	1 011	1 212	1 533	1 861	2 374	2 844
Earnings before taxes	130	33	247	375	476	536
Net financial income	176	-51	246	257	237	304
<b>Solvency capital</b>	<b>823</b>	<b>741</b>	<b>1 086</b>	<b>1 335</b>	<b>1 576</b>	<b>2 158</b>
Return on solvency capital	28%	5%	38%	28%	28%	24%
Combined ratio	94%	85%	86%	87%	85%	89%
Gross expense ratio	12%	10%	8%	9%	8%	7%



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## Cost leader – half the cost of competitors

### Overview

- Well defined and consistent strategy, understand value chains and competent people to implement
- “Culture eats strategy for breakfast”
- Significant higher education level and younger people
- Cost-effective operation in all areas, Norway world leading
- Cost advantage increased the last 5 years
  - Peers with comparable figures are industrial/corporate segment at If and Tryg

### In-house IT services

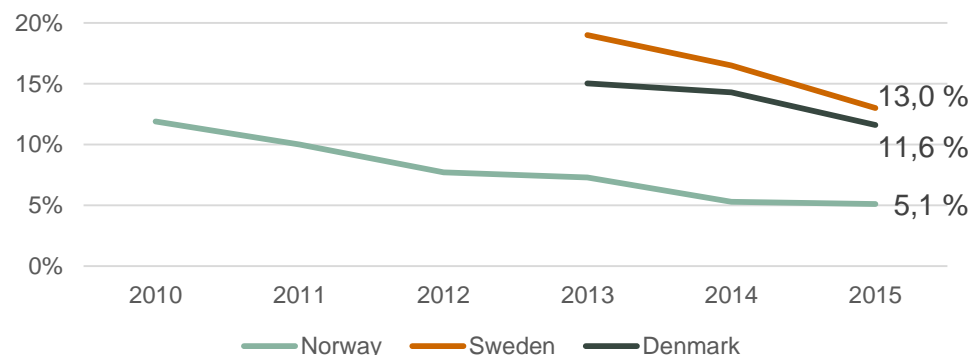
- Protector have developed all IT systems internally from 2003. Well documented, no key personell risk.
- Stable and high quality IT system portfolio
- Cost ratio <1,0%. 3,5% for industry (Gartner Inc.)
  - No legacy, modern platform, competent people
- Fraction of time spent to implement new solutions
- Goal of 900 IT innovations in 2016
- Insourced operation

### Gross expense ratio

	2008	2009	2010	2011	2012	2013	2014	2015
<b>PRF</b>	<b>11,2 %</b>	<b>12,1 %</b>	<b>11,9 %</b>	<b>10,0 %</b>	<b>7,7 %</b>	<b>8,8 %</b>	<b>7,6 %</b>	<b>7,5 %</b>
If	17,4 %	17,6 %	17,2 %	17,3 %	16,9 %	16,8 %	16,7 %	13,0 %
Gjensidige	17,0 %	17,7 %	16,5 %	16,4 %	15,5 %	15,3 %	15,0 %	15,1 %
Tryg	17,1 %	17,2 %	17,0 %	16,6 %	16,4 %	15,6 %	14,6 %	15,3 %
Topdanmark	14,7 %	14,9 %	15,4 %	15,7 %	15,8 %	16,2 %	15,7 %	15,9 %
Codan/Trygg-Hansa <sup>1</sup>	20,2 %	20,4 %	16,7 %	17,6 %	18,6 %	19,5 %	21,2 %	16,4 %
LF	21,0 %	22,0 %	22,0 %	21,0 %	21,0 %	19,0 %	19,0 %	19,0 %
KLP	26,7 %	29,1 %	30,4 %	26,5 %	26,4 %	26,2 %	23,1 %	21,1 %
<b>Avg. ex. PRF</b>	<b>19,2 %</b>	<b>19,8 %</b>	<b>19,3 %</b>	<b>18,7 %</b>	<b>18,7 %</b>	<b>18,4 %</b>	<b>17,9 %</b>	<b>16,5 %</b>

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

### Gross expense ratio per country



Gross expense ratio for Sweden and Denmark in 2011 and 2012 included in Norwegian expense ratio



# Distribution channels commercial and public lines of business

## Overview

- Protector = preferred insurer by the Nordic brokers
- 60 different brokerage firms on list
- International brokers facilitate entry to new markets
- Broker penetration in Nordic countries lower than Europe in general, but market share growing

## Key information Protector brokers

International brokers year-end 2015

Name	Listed on	Market Cap MUSD	Employees	Turnover MUSD
Marsh	NYSE	30 236	60 000	12 893
Aon	NYSE	26 719	69 000	11 682
Willis Tower Watson <sup>1</sup>	NASDAQ	16 192	39 000	7 491
JLT	LON	1 844	10 000	1 151
Hyperion (Howden)	Not listed	NA	3 500	388

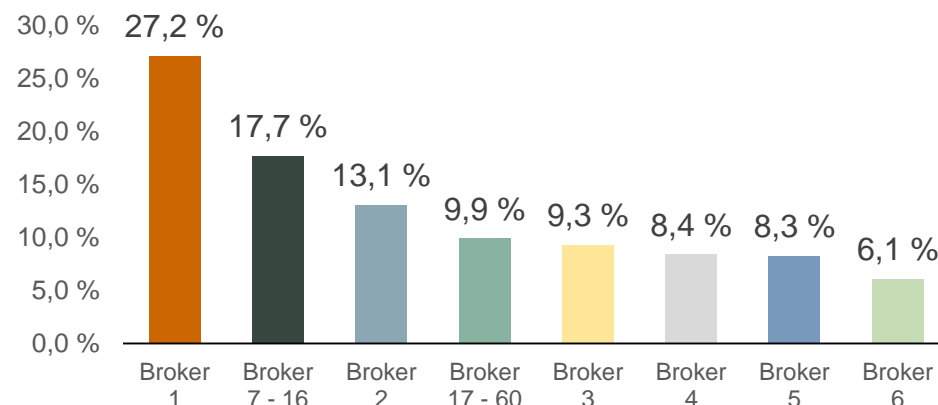
<sup>1</sup>Merger of Willis and Towers Watson happened 04.01.2016

Examples of local Scandinavian brokers year-end 2015

Name	Employees	Turnover MNOK
Söderberg & Partners	1 400	1800
Norwegian Broker	> 50	80
Pareto	> 25	70
Hansson & partners	> 25	25
FPR	> 25	NA

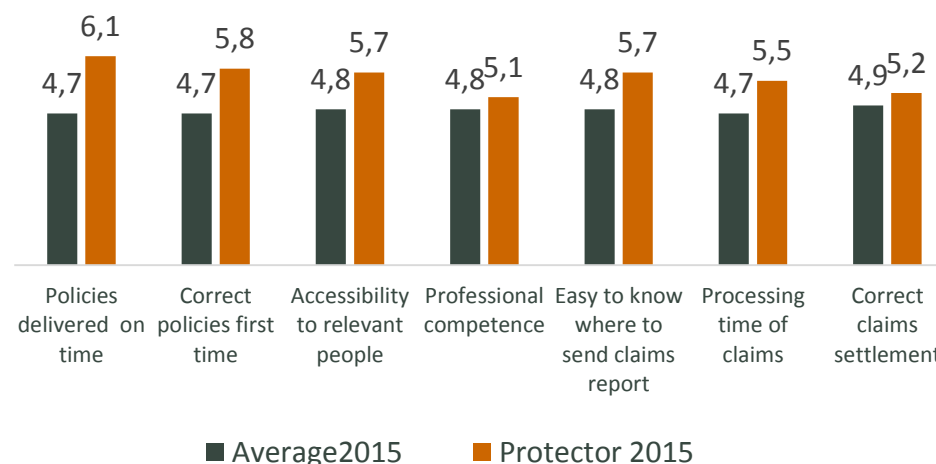
<sup>1</sup>Employees and turnover numbers from year 2014

## Brokerage share of business in 2015



## Norwegian brokers' own quality survey in 2015

How satisfied are you with (the company) when it comes to...?  
 Scale 1 – 7 where 7 = Very satisfied («don't know» not included)

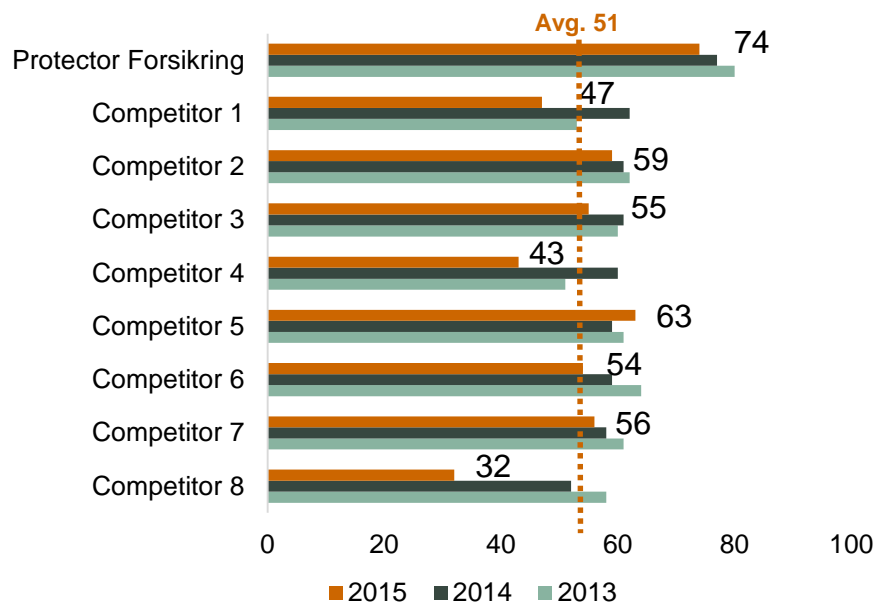


## Quality leader in the Nordic market

### Broker Satisfaction Survey

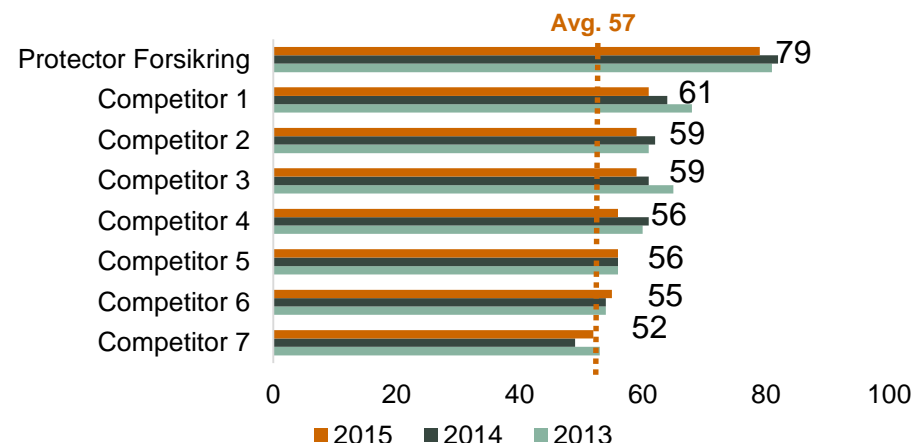
- Consistently on top when brokers rank satisfaction with service and offerings. True for Norway, Sweden and Denmark
- Easy to do business with, Commercially attractive, Trustworthy (USP)

### Quality leader – 4 years in a row

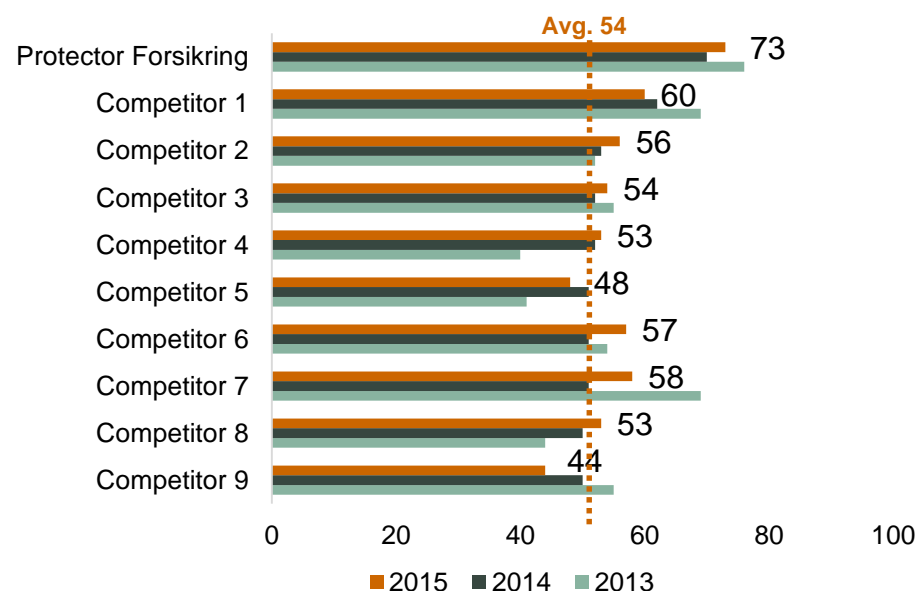


Source: TNS Gallup surveys

### Quality leader – 9 years in a row



### Quality leader – 3 years in a row



## Profitability – Best margin in the Nordic market

### Overview

- Prudent and disciplined underwriting
- Consistently CR below 100% since 2005 (second year in business)
- Combined ratio 2015 is 88,7%
- HTD combined ratio is 88,5%
- Reinsurance used to reduce risk and reduce volatility

### Lowest combined ratio

	2008	2009	2010	2011	2012	2013	2014	2015	Avg. 08-15
<b>PRF</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>	<b>84,5 %</b>	<b>88,7 %</b>	<b>88,5 %</b>
Topdanmark	82,4 %	91,1 %	93,3 %	90,3 %	88,0 %	91,5 %	86,0 %	87,3 %	88,7 %
Gjensidige	94,4 %	94,8 %	95,3 %	91,9 %	85,3 %	89,2 %	86,0 %	83,7 %	89,4 %
If	91,8 %	92,1 %	92,8 %	92,0 %	89,3 %	88,1 %	87,7 %	85,4 %	89,7 %
Tryg	88,2 %	92,2 %	98,8 %	93,2 %	88,2 %	87,7 %	84,2 %	86,8 %	89,9 %
LF	93,0 %	96,0 %	102,0 %	100,0 %	98,0 %	97,0 %	93,0 %	91,0 %	96,0 %
Codan/Trygg-Hansa <sup>1</sup>	98,5 %	100,4 %	101,8 %	102,4 %	94,3 %	95,3 %	90,4 %	94,0 %	96,3 %
KLP	97,3 %	95,5 %	121,9 %	118,1 %	107,8 %	103,7 %	91,9 %	98,8 %	103,5 %
<b>Avg. ex. PRF</b>	<b>92,2 %</b>	<b>94,6 %</b>	<b>100,8 %</b>	<b>98,3 %</b>	<b>93,0 %</b>	<b>93,2 %</b>	<b>88,5 %</b>	<b>89,6 %</b>	<b>93,4 %</b>

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

## Volume growth – strong and prudent

### Sustainable growth

- **Profitability comes first**, volume growth second
- Low capex and will exit new markets if unprofitable over time
- Around 60% of new business in 1<sup>st</sup> quarter each year giving transparency to volume development
- Significant growth potential in Sweden and Denmark – stronger geographic diversification
- Cost position in Sweden and Denmark will gradually improve the next years

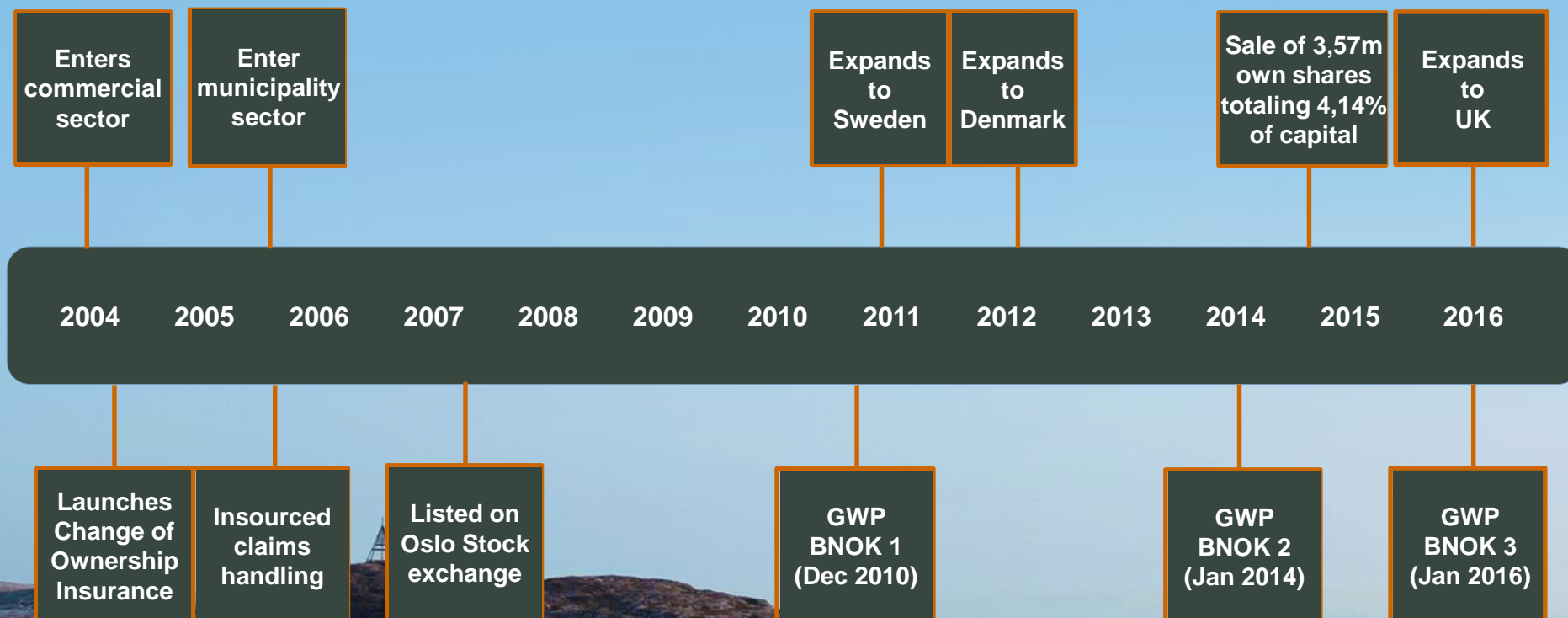
### Historical growth in GWP

	2008	2009	2010	2011	2012	2013	2014	2015	Avg. 08-15
<b>PRF</b>	<b>9,6 %</b>	<b>19,5 %</b>	<b>16,1 %</b>	<b>19,0 %</b>	<b>26,1 %</b>	<b>22,7 %</b>	<b>27,6 %</b>	<b>19,7 %</b>	<b>21,5 %</b>
KLP	3,4 %	4,7 %	5,0 %	3,0 %	15,4 %	10,9 %	10,7 %	20,8 %	10,5 %
Gjensidige	-1,8 %	0,2 %	24,0 %	5,7 %	2,1 %	7,7 %	7,9 %	7,4 %	7,0 %
LF	4,2 %	2,3 %	2,2 %	3,3 %	3,2 %	3,5 %	7,4 %	5,3 %	4,1 %
Codan/Trygg-Hansa <sup>1</sup>	12,8 %	1,7 %	0,3 %	-0,3 %	7,2 %	-1,0 %	-0,8 %	3,5 %	2,3 %
Tryg	4,4 %	5,2 %	9,1 %	2,4 %	1,8 %	-4,0 %	-4,4 %	-2,7 %	1,4 %
If	-0,7 %	-4,2 %	7,7 %	5,4 %	6,4 %	1,5 %	-2,8 %	-1,6 %	1,3 %
Topdanmark	0,8 %	-3,1 %	-1,4 %	1,4 %	1,0 %	1,5 %	2,6 %	-2,7 %	0,0 %
<b>Avg. ex. PRF</b>	<b>3,3 %</b>	<b>1,0 %</b>	<b>6,7 %</b>	<b>3,0 %</b>	<b>5,3 %</b>	<b>2,9 %</b>	<b>2,9 %</b>	<b>4,3 %</b>	<b>3,8 %</b>

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

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## Historical timeline



## Commercial lines of business

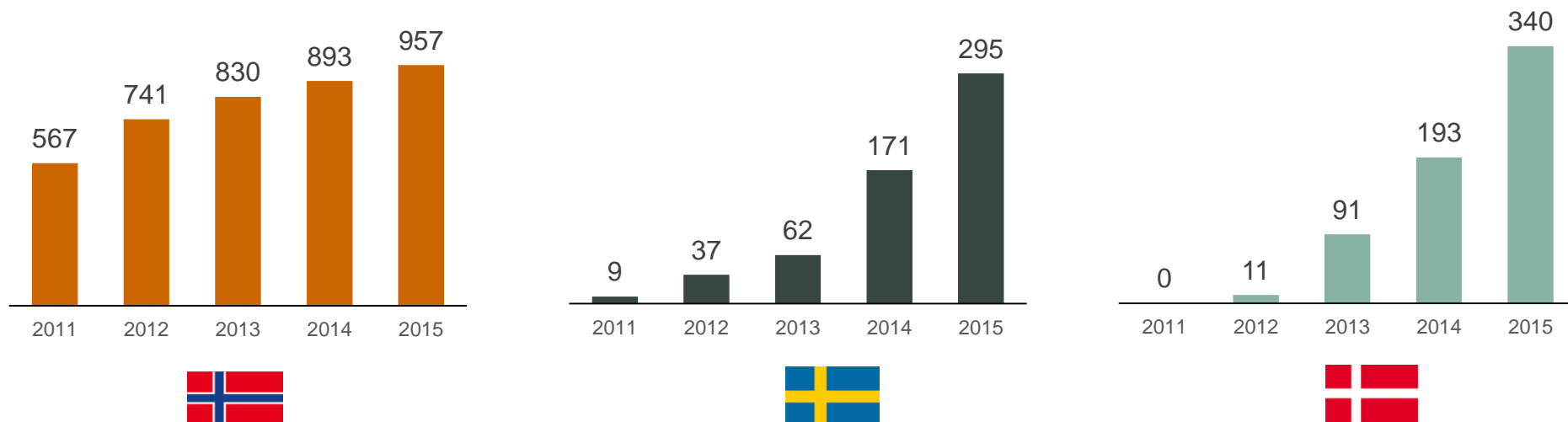
### Summary

- Corporate clients sized min MNOK 0,2
- 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 USP; "Easy to do business with", "commercially attractive", "trusted"
- In Nordic Protector's market appetite is > BNOK 15
- Market share around 13-14% (Jan 1<sup>st</sup> 2016)
- Market dominated by four large players in each market with approximately 75% of the market

### Revenue development – GWP (MNOK)







## Public lines of business

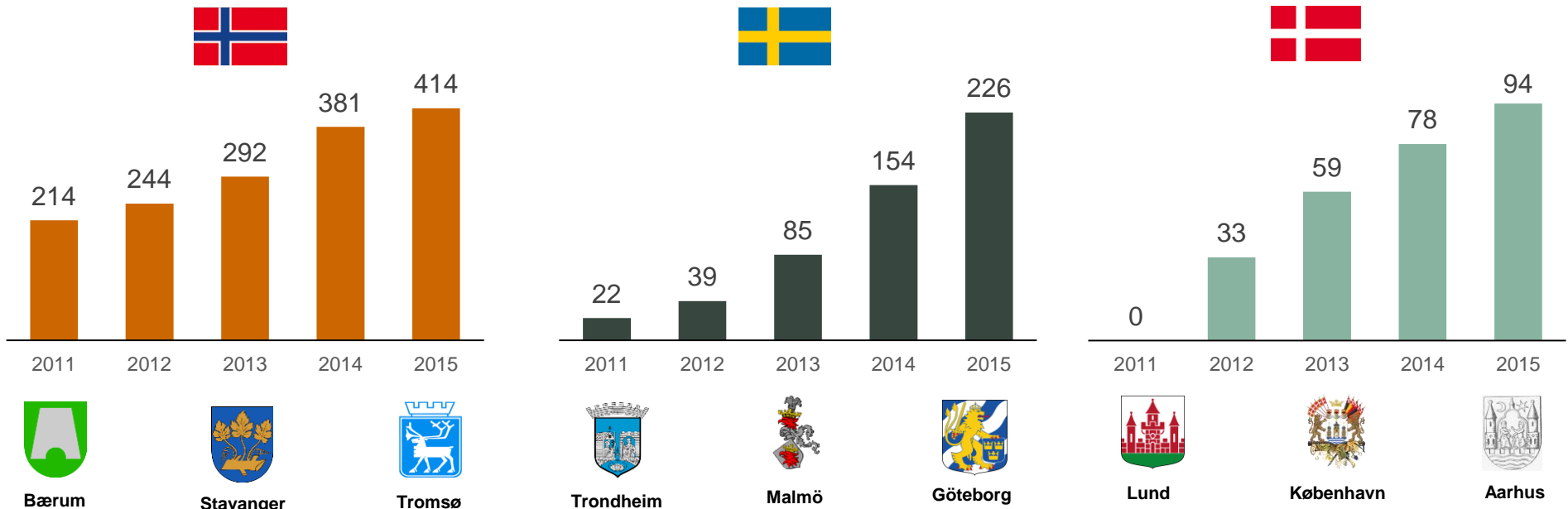
### Summary

- Protector is the market leader in Scandinavia
- First municipality in 2005 – "Tønsberg kommune"
- About 260 Norwegian, 220 Swedish and 50 Danish clients
- Protector quotes all tenders and all product lines
- All underwriting in Scandinavia centralized from Oslo
- Service and claims handling locally

### Market drivers

- Few players and tough market conditions
- Tender process is governed by public procurement regulation
- Avg. tender evaluation criteria 30% quality and 70% price
- Protector's market appetite is more than BNOK 2

### Revenue development – GWP (MNOK)



# Change of ownership insurance

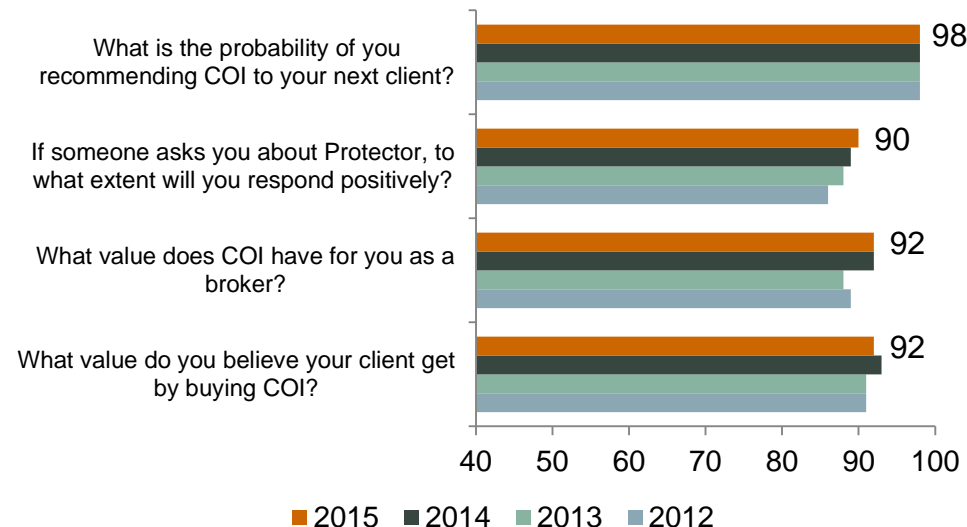
## The product

- 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 MNOK 10
- Premium based on the property's sale price
- Unprofitable in 2015, profitable HTD

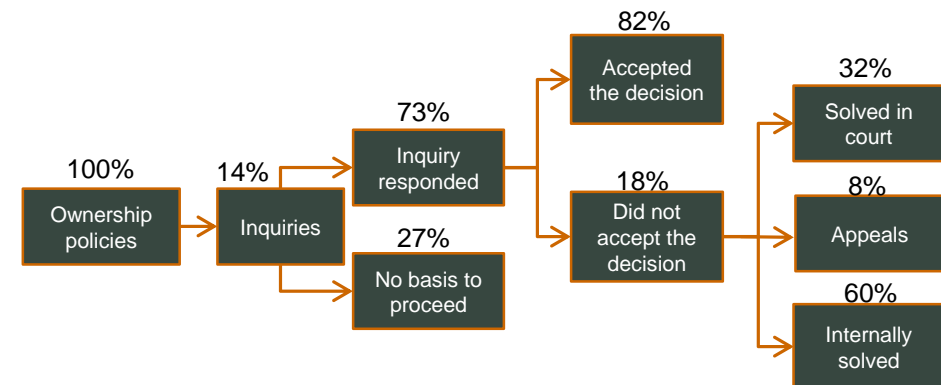
## Key market drivers

- 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 2015
- Strong real estate market expected to slow down
- Technical report used in 71% of house sales
- Protector receives almost 4 500 claims per year

## Broker survey – proven quality COI provider



## Claims process



Conflict level < 2%, but still challenging

## Development in Sweden

### Entry strategy Sweden

- Copy winning formula from Norway (same vision, business idea, main targets and values)
- Entry point public sector
- Profitable growth through
  - Cost and quality leadership

### 2015 highlights

- 60% growth
  - No. 2 in the municipality segment
- Net combined ratio 87,0% in 2015
- Some run-off gains
- First customer on board in Finland (January 1st)
- Good growth expected 2016



### Sweden moves faster than Norway

- Critical mass reached after four years  
(approx. 520 MNOK annual premium end of 2015)
- Quality leadership reached after 18 months
- Combined ratio below 100% reached after three – four years

## Development in Denmark

### Entry strategy Denmark

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- Copy winning formula from Norway and Sweden (same vision, business idea, main targets and values)
- Entry point public sector
- Profitable growth through
  - Cost and quality leadership
- Less competition than Norway and Sweden

### 2015 highlights

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- 62% growth
  - No. 2 in public sector
- Net combined ratio 107,3% in 2015
  - Affected by some medium and large claims
- Good growth expected 2016



### Denmark moves faster than Norway

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- Critical mass reached after four years  
(approx. 500 MNOK annual premium January 1<sup>st</sup> 2016)
- Quality leadership reached after 18 months
- Combined ratio below 100% reached after three - four years

## Development in Finland

### Entry strategy Finland

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- Natural part of Protector's Nordic business
- Copy winning formula (same vision, business idea, main targets and values)
- Entry point public sector and some grouped insurance
- First customer on board, Helsinki
- Project lead from Sweden



### Market drivers Finland

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- The insurance brokers have a low market share (<10%)
  - Potential is therefore low
- Market dominated by four players

## Expanding into the UK market

### Overview

- 1000 pages analysis
- Analyzed 7 countries, UK entry decided
- Entry point – public sector, like Sweden in 2011 and Denmark in 2012
- Recruitment progressing well, 9 signed
- First quotes delivered
- Minor volume expected in 2016-2017
  - Less than 5% of total GWP

### UK Market

- New UK Surplus Property is settled with München RE
- Two main competitors in public sector
- Good fact-base and access to tenders
- High market cost-ratios (and poor service?)
- Have established relationship with “top 5” brokers

### Project C4 UK

Sub-Project	Status
Market Analysis	✓
Business planning	✓
Go to Market	✓
Formal Establishment	✓
Recruitment	●
Reinsurance	✓
Great Lakes	●
Practical & office space	✓
IT & Systems	●
Service & Claims handling	✓
Capital requirements	✓

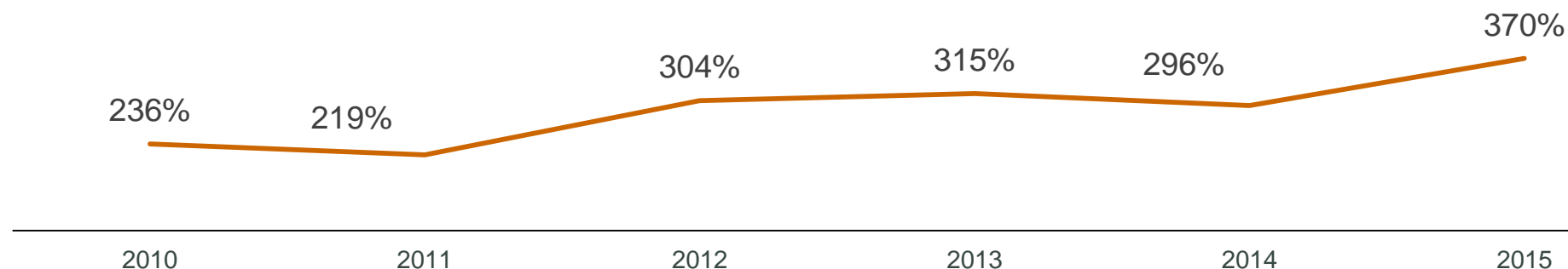
✓ = Completed    ● = ongoing on schedule

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## Solid and healthy development of solvency

### Solvency margin<sup>1</sup> development



<sup>1</sup>Solvency margin calculated in accordance with Solvency I regulation

### Key financial information

In '000 NOK	2010	2011	2012	2013	2014	2015
Paid in equity	87	87	872	87	87	91
Earned equity	429	297	496	690	904	1 483
Security provision	307	357	503	558	584	584
<b>Solvency capital</b>	<b>823</b>	<b>741</b>	<b>1 086</b>	<b>1 335</b>	<b>1 576</b>	<b>2 158</b>

# Most solid company in the Nordic insurance market?<sup>1</sup>

Full year 2015	PRF	Rank	Gjensidige	Rank	Tryg	Rank	Topdanmark	Rank
Cost ratio	7,5 %	# 1	15,1 %	# 2	15,3 %	# 3	15,9 %	# 4
Combined ratio (2008-2015)	88,5 %	# 1	89,4 %	# 3	89,9 %	# 4	88,7 %	# 2
Geographic diversification - share of business outside country of main office <sup>2</sup>	43,7 %	# 2	27,9 %	# 3	48,2 %	# 1	0,0 %	# 4
Adj. solvency capital to GPE ratio <sup>3</sup>	71,7 %	# 2	85,0 %	# 1	54,7 %	# 3	52,2 %	# 4
Percentage subordinate loan of adj. solvency capital <sup>3</sup>	7,4 %	# 2	6,6 %	# 1	17,3 %	# 3	46,1 %	# 4
Gross leverage <sup>4</sup>	3,84	# 2	3,54	# 1	5,04	# 3	5,38	# 4
Return on adj. solvency capital <sup>3</sup>	28,6 %	# 1	21,0 %	# 3	18,9 %	# 4	22,9 %	# 2
Solvency Capital Requirement ratio (SCR) <sup>5</sup>	151 % <sup>6</sup>	# 1	145 %	# 2	122 %	# 3	117 %	# 4
Solvency margin ratio <sup>7</sup>	370 %		351 %		NA		NA	
<b>Most solid company in the Nordic insurance market</b>	<b>Nr. 1</b>	<b>12</b>	<b>Nr. 2</b>	<b>16</b>	<b>Nr. 3</b>	<b>24</b>	<b>Nr. 4</b>	<b>28</b>

<sup>1</sup>Calculations done by Protector with available information from reported financial statements and credit analyses

<sup>2</sup>Calculations for PRF based on 01.01.2016 GWP

<sup>3</sup>Adj. solvency capital defined as (shareholder's equity + security provisions - tax on security provision)

<sup>4</sup>Gross leverage is used to determine how exposed an insurer is to pricing and estimation errors, as well as its exposure to reinsurance companies ((gross premiums + gross reserves - security provision) / adj. solvency cap)

<sup>5</sup>Calculations and interpretations in accordance with Solvency II regulation based on standard model

<sup>6</sup>Calculations and interpretations are based on Protector's current understanding of the Solvency II regulation and how it will be implemented in Norway. Protector's standard model SCR ratio before bond issuance is 123 %

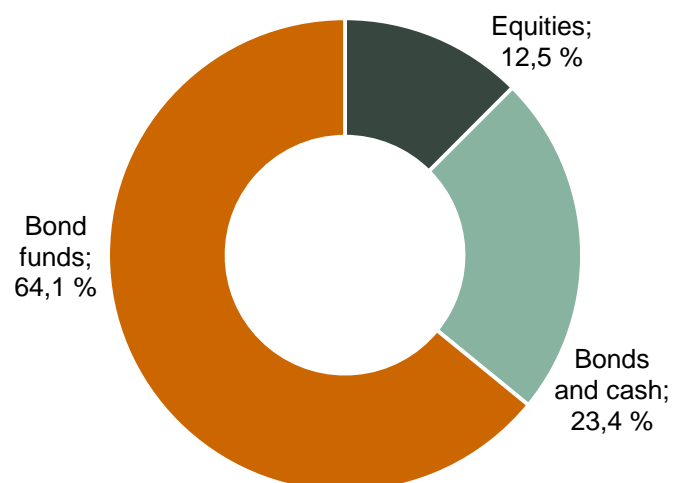
<sup>7</sup>Solvency margin in accordance with Solvency I regulation

# Protector's investment portfolio - allocation

## Overview

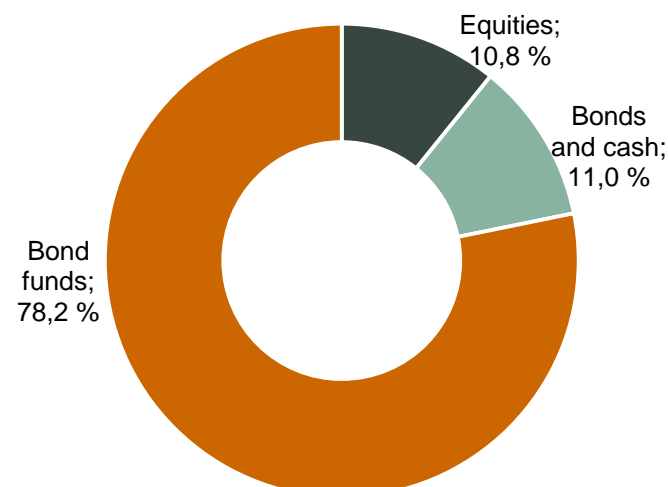
- End of Q4 2015; Bonds 86,3% of portfolio, equities 13,7%
- Reduced exposure to HY funds in 2015 and in Q1 2016
- Zero exposure to Norwegian oil and oil services sector both in equities and bonds
- Investment grade average for both bond funds and for all in-house managed bond portfolios

Money-weighted allocation of investments 31.12.2015



Total net financial assets year-end 2015; NOK 6.293m

Money-weighted allocation of investments 31.12.2014



Total net financial assets year-end 2014; NOK 4.894m

## Strong investment result compared to peers

### Overview

- Good investment return compared to peers in the period 2010-2015
  - Investment portfolios in Norway, including Protector's, have experienced NIBOR on average 0,9% above STIBOR and 1,4% above CIBOR for the period 2010-2015
- Better investment return than average of peers for five out of six last years
- Slightly higher market risk than average of peers in early years
- Risk management through; Operational routines, mandate given by board, FSA stress tests (min) quarterly

### Benchmark / Return on investments

	2010	2011	2012	2013	2014	2015	Avg. 10-15
KLP skadeforsikring	7,2 %	4,5 %	6,5 %	6,5 %	6,5 %	4,4 %	5,8 %
<b>PRF</b>	<b>9,7 %</b>	<b>-2,3 %</b>	<b>8,9 %</b>	<b>7,0 %</b>	<b>5,3 %</b>	<b>5,3 %</b>	<b>5,7 %</b>
Gjensidige	5,2 %	4,4 %	5,4 %	4,3 %	4,3 %	2,6 %	4,3 %
If	7,4 %	1,8 %	6,1 %	5,0 %	4,1 %	1,5 %	4,2 %
Topdanmark	4,8 %	3,1 %	6,9 %	4,1 %	3,4 %	1,0 %	3,8 %
Tryg	4,3 %	4,8 %	5,1 %	2,5 %	4,3 %	0,7 %	3,6 %
LF	6,0 %	-2,0 %	5,0 %	0,0 %	6,5 %	4,5 %	3,4 %
Codan/Trygg-Hansa <sup>1</sup>	3,5 %	3,0 %	3,9 %	-0,4 %	3,9 %	3,2 %	2,9 %
<b>Avg. ex. PF</b>	<b>5,5 %</b>	<b>2,8 %</b>	<b>5,6 %</b>	<b>3,1 %</b>	<b>4,7 %</b>	<b>2,6 %</b>	<b>4,0 %</b>

<sup>1</sup>Numbers for Codan only before merger with Trygg-Hansa in 2015 and RSA group total investment result after merger

## Limiting risk exposure through reinsurance policies

### Overview reinsurance at Protector

- Own account normally limited to 20 MNOK per event
- Property Surplus contracts signed for 2016 and 2017
- Long-term relationship with reinsurers ensures predictability
- All reinsurance treaties placed by Willis Re (third party)

### Key market drivers

- Current view of the reinsurance market; soft market going forward (it's a buyer's market)
- Excess of loss coverage for natural disaster (CAT XL), accident (EB XL) and property (Risk XL) have not been hit last three years
- Current reinsurers average S&P rating of A+

### Reinsurance risk carriers rating as of 08.03.2016

Risk Carrier	S&P Rating	Risk Carrier	S&P Rating
Allied World Assurance Company Limited	A	Acapella PA Consortium 9938	A+
Amlin AG	A	Lloyd's Syndicate 3623	A+
Assurances Mutuelles de France	A+	Lloyd's syndicate 1200	A+
Aspen Insurance UK Limited	A	Lloyd's syndicate 1301	A+
Axis Re Europe	A+	Lloyd's syndicate 2003	A+
Beazley Solutions Limited on behalf of Lloyd's syndicate 2623	A+	Lloyd's syndicate 4444	A+
Beazley Solutions Limited on behalf of Lloyd's syndicate 623	A+	Lloyd's syndicate 4472	A+
Caisse Centrale de Reassurance	AA	Markel Switzerland on behalf of Markel at Lloyd's syndicate 3000	A+
Catlin Re Switzerland Limited	A+	Munchener Ruckversicherungs-Gesellschaft AG	AA-
Chaucer Underwriting A/S on behalf of Lloyd's syndicate 1084	A+	Nacional de Reaseguros S.A.	A-
Deutsche Ruckversicherung Schweiz AG	A+	New Reinsurance Company Ltd	AA-
DEVK Ruckversicherungs- und Beteiligungs-Aktiengesellschaft	A+	Partner Reinsurance Europe SE	A+
Hannover Ruck SE	AA-	Peak Reinsurance Company Limited	A- <sup>1</sup>
Helvetia Swiss Insurance Company Ltd	A	Ironshore/Pembroke Managing Agency Limited on behalf of Lloyd's syndicate 4000	A+
Lloyd's syndicate 0033	A+	Sirius International Insurance Corporation	A-
Lloyd's syndicate 435	A+	Swiss Re Europe, UK branch	A-
Lloyd's syndicate 1206	A+		

<sup>1</sup>A.M. Best rating

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## Executive summary

### Most solid company in the Nordic P&C Insurance Market

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- Diversified Nordic company with strong market positions
  - No CapEx booked when entering UK
- Consistent strategy and prudent risk management all 12 years
- Half the cost of competitors, quality leader in all markets
- Best Combined Ratio last 8 years, HTD 88,5%
- Average return on solvency capital HTD 25.4%



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# Protector financials

## 2014-2015 financial highlights and key ratios

NOKm	Profit and loss			
	Q4 2015	Q4 2014	2015	2014
<b>Premiums written gross</b>	<b>325,3</b>	<b>281,8</b>	<b>2 843,4</b>	<b>2 374,5</b>
Premiums earned gross	698,7	593,7	2 791,1	2 306,8
Claims incurred gross	(617,0)	(451,6)	(2 283,6)	(1 854,5)
Premiums earned for own account	535,1	453,4	2 176,0	1 775,3
Claims incurred for own account	(475,7)	(337,7)	(1 861,0)	(1 439,5)
Operating costs for own account	(41,3)	(37,5)	(69,1)	(60,3)
Other income/costs	(4,4)	(2,0)	(13,5)	(10,2)
Net financial income	152,8	13,6	303,8	236,8
<b>Profit before change in security provision etc.</b>	<b>166,5</b>	<b>89,8</b>	<b>536,1</b>	<b>502,0</b>
Change in security provision etc.	57,9	27,0	-	(26,3)
<b>Profit after change in security provision etc.</b>	<b>224,4</b>	<b>116,8</b>	<b>536,1</b>	<b>475,7</b>
Tax	(30,7)	(14,1)	(70,6)	(93,0)
<b>Profit before comprehensive income</b>	<b>193,7</b>	<b>102,7</b>	<b>465,5</b>	<b>382,8</b>
Comprehensive income inc. tax	3,7	(14,9)	17,5	(24,0)
<b>Profit for the period</b>	<b>197,3</b>	<b>87,8</b>	<b>483,0</b>	<b>358,8</b>
Gross claims ratio	88,3 %	76,1 %	81,8 %	80,4 %
Gross expense ratio	9,6 %	8,2 %	7,5 %	7,6 %
<b>Gross combined ratio</b>	<b>97,9 %</b>	<b>84,3 %</b>	<b>89,4 %</b>	<b>88,0 %</b>
Net claims ratio	88,9 %	74,5 %	85,5 %	81,1 %
Net expense ratio	7,7 %	8,3 %	3,2 %	3,4 %
<b>Net combined ratio</b>	<b>96,6 %</b>	<b>82,7 %</b>	<b>88,7 %</b>	<b>84,5 %</b>
Retention rate	76,6 %	76,4 %	78,0 %	77,0 %
Return on investment assets	2,5 %	0,3 %	5,2 %	5,3 %
<b>Earnings per share</b>	<b>1,8</b>	<b>1,0</b>	<b>5,6</b>	<b>4,9</b>

Note:

Retention rate = NPE in % of GPE

Earnings per share = (Profit before comp. income + Change in security provision - 27% tax on Change in security provision)/

(No. of outstanding shares - own shares)

Financial information based on Q4 2015 report

NOKm	Balance Sheet	
	31.12.2015	31.12.2014
Financial assets	6 636,6	4 957,9
Bank deposits	144,1	207,9
Other assets	959,5	786,9
<b>Total assets</b>	<b>7 740,1</b>	<b>5 952,7</b>
Total equity	1 573,8	991,4
Subordinated loan capital	148,1	148,1
Total reserves	4 891,0	4 113,3
Other liabilities	1 127,3	699,8
<b>Total equity and liabilities</b>	<b>7 740,1</b>	<b>5 952,7</b>
Solvency capital	2 158,3	1 575,9
Return on solvency capital, after tax	25 %	28 %
Solvency capital per share, end of period	25,1	19,1
Solvency ratio	96 %	93 %
Solvency margin	364 %	296 %
Capital adequacy ratio (risk weighted)	24 %	18 %
NAV	2 000,5	1 418,1
NAV per share, end of period	23,2	17,2

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 pluss 73% of the total security provision etc.

No. of shares = total outstanding shares ex own shares

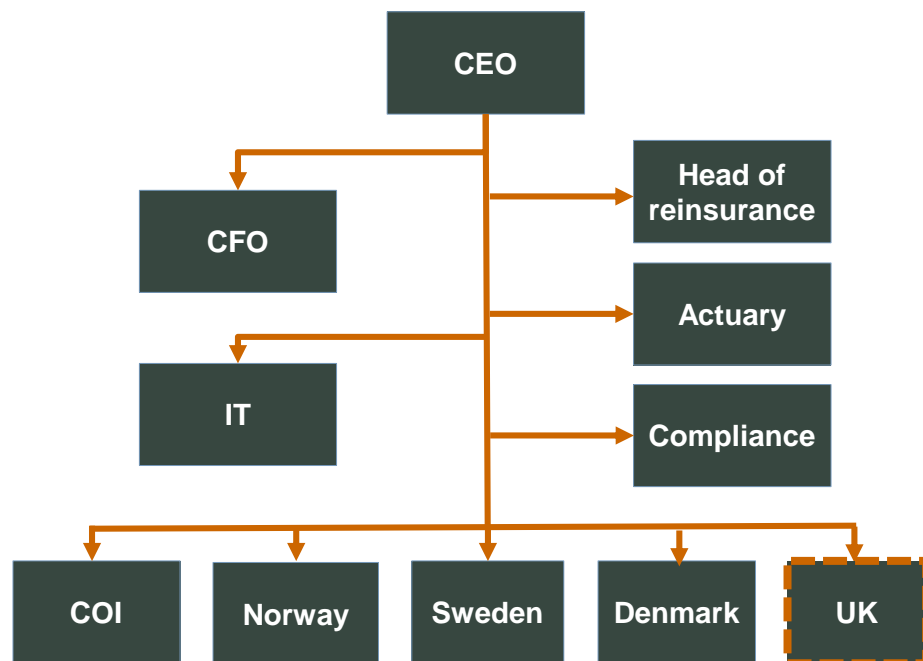
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# Ownership & company structure

## Organizational structure



## Legal and ownership structure

- Protector Forsikring ASA is located in Oslo with branches in Norway, Sweden, Denmark and UK
- Issued 86,155,605 shares, one class of shares with equal rights for all shareholders

## Ownership as of 29.01.2016

Shareholder	No. of shares	Percent
STENSHAGEN INVEST AS	6 550 000	7,60%
SWEDBANK ROBUR SMABOLAGSFOND	5 631 835	6,54%
ODIN NORDEN	4 473 484	5,19%
OJADA AS	3 563 116	4,14%
VERDIPAPIRFONDET HANDELSBANKEN	3 032 384	3,52%
TJONGSFJORD INVEST AS <sup>1</sup>	2 811 809	3,26%
MP PENSJON PK	2 017 379	2,34%
VEVLEN GÅRD AS	2 000 000	2,32%
ARTEL HOLDING A/S	1 873 451	2,17%
ALSØY INVEST AS <sup>2</sup>	1 702 751	1,98%
FROGNES AS	1 649 916	1,92%
JP MORGAN CHASE BANK, NA	1 609 741	1,87%
AVANZA BANK AB	1 451 514	1,68%
JOHAN VINJE AS	1 437 841	1,67%
GENERALI PANEUROPE LTD -GP11940006	1 421 250	1,65%
ODIN NORGE	1 410 233	1,64%
BNP PARIBAS SEC. SERVICES S.C.A	1 380 547	1,60%
PETROSERVICE AS	1 333 815	1,55%
NORDNET BANK AB	1 275 393	1,48%
ARCTIC FUNDS PLC	1 160 975	1,35%
<b>20 LARGEST</b>	<b>47 787 434</b>	<b>55,47%</b>
<b>OTHERS</b>	<b>38 368 171</b>	<b>44,53%</b>
<b>TOTAL SHARES</b>	<b>86 155 605</b>	<b>100,00%</b>

<sup>1</sup> CEO, Sverre Bjerkeli

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

# Management

## Sverre Bjerkeli – Chief Executive Officer



Bjerkeli has worked for Protector since 2004 and as CEO since 2006. Bjerkeli has more than 20 years of experience from the finance and insurance industry and served as the Director of Private and Small Business Insurance at Storebrand/If. He had an influential role with the establishment and leading Storebrand Bank and has international experience through CEO positions at Torrino and Ementor Norge

## Flemming Holm – CFO



Employee since 2016. Holm has significant experience from both the banking -and insurance industry. Before joining Protector Holm worked as CFO for Sparebanken Sør and has more than 15 years of insurance industry experience from Gjensidige Forsikring. He holds a BSc in Management from BI Norwegian Business School and is a licensed insurance agent.

## Merete Christensen Bernau – Dir. Change of Ownership insurance



Employee since 2005. Bernau holds a Law degree from the University of Oslo and is an authorized lawyer. She has extensive experience from Storebrand/IF as a lawyer within liability insurance

## Henrik Høye – Commercial & Public / Deputy CEO



Employee since 2007. Høye holds a Bsc in Finance, Leeds School of Business (University of Colorado), and a BSc in Economics, College of Arts and Sciences (University of Colorado). Høye comes from the position as Director Public sector, and has been responsible for the building of Protector's public sector initiative

## Hans Didring – Country Manager Sweden



Employee since 2011. Didring holds an MSc in Business Administration and Economics and a BSc in Computer Engineering. He has 6 years of experience from various positions in IF and Länsförsäkringar. Didrings last position was as Head of Broker Sales and Service at If in Stockholm

## Flemming Conrad – Country Manager Denmark



Employee since 2012, IEP Insead, Handelshøjskolen, Merkonom (O), Forsikringsakademiet. He has 38 years of experience in insurance sector from Hafnia, Codan, Provinzial, Tre Kroner and Nykredit. His latest position was director in Gjensidige's branch in Denmark

# Board

## Jostein Sørvoll – Chairman of the Board



Mr. Sørvoll has been the Chairman of the Board since 2006. He is also Chairman of the Board at Gabler Rådgivning AS and has previously been CEO at Gabler Wassum AS, Protector Forsikring ASA, Norske Liv AS and worked in leading positions at Storebrand

## Erik G. Braathen – Board Member, Deputy Chairman of the Board



Mr. Braathen has been a member of the Board at Protector since 2009. He is the Chairman of the Board at Holmen Fondsforvaltning AS and a board member at Fly Leasing Ltd., Cenzia AS, Peer Gynt Tours AS, Nort Sea PSV, Opera Technologies ASA. Braathen holds a Master of International Management from AGSIM, Phoenix Arizona

## Elise Bugge Fougner – Board Member



Elise Bugge Fougner has been a member of the Board since 2011. She is a partner at the law firm Advokatfirmaet Hjort DA and serves as the Chairman of the Board at Kommunalbanken and Eksportkreditt in addition to being a member of the Board at Aberdeen, Eiendomsfond Norge II ASA and Aker kværner Holding AS

## Randi Helene Røed – Board Member and leader of the Audit Committee



Randi Helene Røed has been a member of the Board since 2014. She is currently the Director of Development at Norsk Tipping and has, among other things, earlier worked seven years as the CFO of Norsk Tipping. She is also a long-time Board Member and leader of the Audit Committee at Bouvet ASA

## Jørgen Stenshagen – Board Member



Mr. Stenshagen has been a member of the Board since 2014. He is currently the head of Stenshagen Invest managing more than 1 BNOK. Mr. Stenshagen is a certified financial analyst and portfolio manager (NFF) and holds a MSc from NHH

## Employee electives



Fredrik H. Øyan



Cecilie Westby