

# THE CHALLENGER

Capital Markets Day August 18<sup>th</sup> 2016

# Agenda



10:00 Welcome and snack

- **Company update & long term targets**
  - Including solvency II
  - Q&A
- **The investement challenger – core business**
  - Fast growing float
  - Financial underwriting
  - Q&A
- **In depth Sweden**
  - Does model work outside Norway?
  - Q&A
- **In depth UK**
  - Main future growth driver
  - Q&A
- **Summary and final Q&A**

13:15 Lunch and mingle



# Company Update and Long Term Targets



## Sverre Bjerkeli (56) - CEO:

- 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 Vasaloppet skier “nowadays”

# Vision, Business Idea, Main targets and Values

– Consistent for 10 years

## **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*

«We are different»

«Culture eats strategy  
for breakfast»



# How to value Protector?

## Facts

- Cost leader
- Quality leader
- 20% growth per year and further geographical expansion
- > 20% historical return on Solvency capital
- Among best combined ratio in the industry
- Best historical investment returns and a growing float

*Are nordic peers relevant?*

## Methods

- DCF?
- Value of growing float?
- P/E, P/B etc.?

## What others are saying

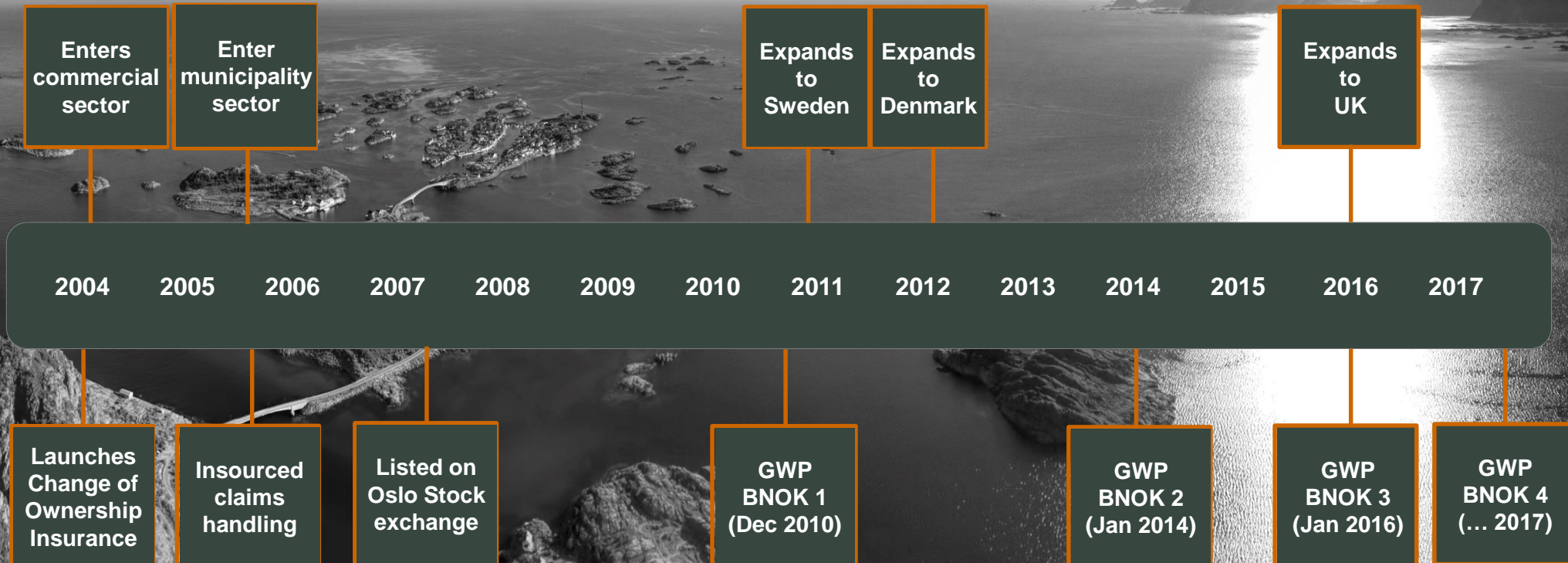
- |                  |     |                                              |
|------------------|-----|----------------------------------------------|
| • Fondfinans:    | 100 | Ulrik Ardal Zurcher, uaz@fondsfinans.no      |
| • Handelsbanken: | 94  | Kimmo Rämä, kira@handelsbanken.se            |
| • Pareto:        | 90  | Vegard Toverud, vegard.toverud@paretosec.com |
| • Nordea :       | 90  | Thomas Svendsen, thomas.svendsen@nordea.com  |

*"Current Share Price: 72,50 NOK"*

What is your target price for protector?



## Historical timeline



# 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”
- Cost advantage increased the last 5 years
  - H1 2016 gross cost ratio of 5,6%

## In-house IT services

- Protector develops all IT systems internally. Well documented, no key personnel risk
- Cost ratio of 0,8%. 3,5% for industry (Gartner Inc.)

## 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>
Tryg	17,1 %	17,2 %	17,0 %	16,6 %	16,4 %	15,6 %	14,6 %	15,3 %
Gjensidige	17,0 %	17,7 %	16,5 %	16,4 %	15,5 %	15,3 %	15,0 %	15,1 %
Codan/Trygg-Hansa <sup>2</sup>	20,2 %	20,4 %	16,7 %	17,6 %	18,6 %	19,5 %	21,2 %	16,4 %
If	17,4 %	17,6 %	17,2 %	17,3 %	16,9 %	16,8 %	16,7 %	13,0 %
Topdanmark	14,7 %	14,9 %	15,4 %	15,7 %	15,8 %	16,2 %	15,7 %	15,9 %
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 %
Avg. ex. PRF	19,2 %	19,8 %	19,3 %	18,7 %	18,7 %	18,4 %	17,9 %	16,5 %

<sup>1</sup>Cost ratio adjusted for the removal of an annual minimum regulation clause for pension payments in the defined benefit plan contributed with a non-recurring income of NOK 477m, reducing the operating expenses and hence affecting the cost ratio with 8.6 percentage points

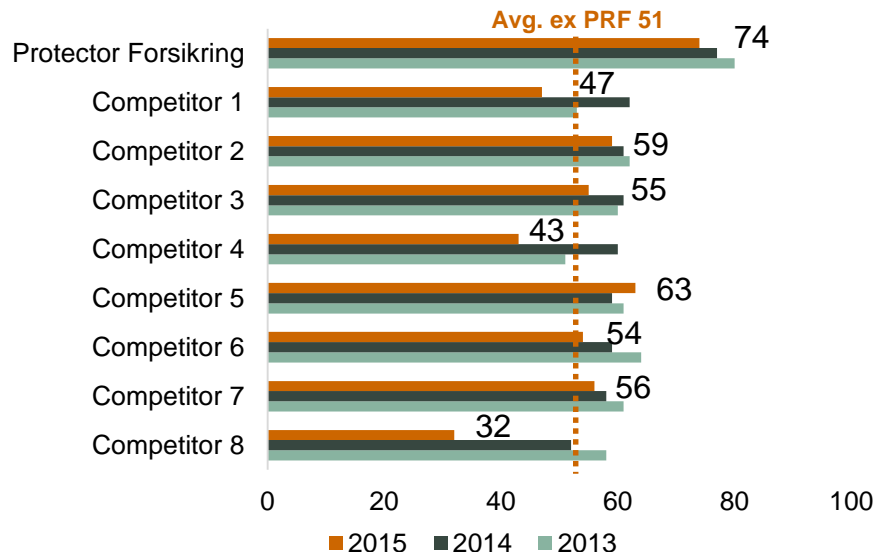
<sup>2</sup>Numbers for Codan only before merger with Trygg-Hansa in 2015 and RSA Group Scandinavian segment in 2015. Numbers updated through 2015

# Quality leader in the Nordic market

## Broker Satisfaction Survey

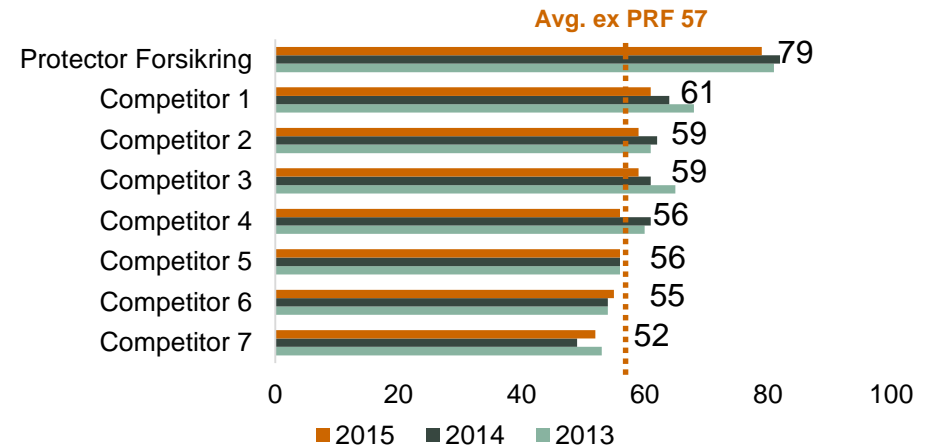
- Consistently on top when brokers rank satisfaction with service and offerings. True for Norway, Sweden and Denmark
- Easy to do business with, Commercially attractive, Trustworthy (USP)

## Quality leader – 4 years in a row

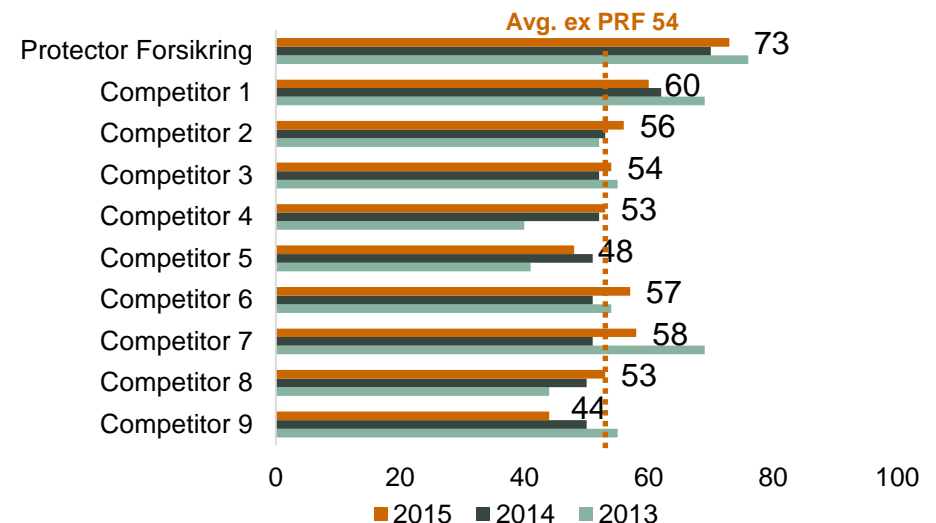


Source: TNS Gallup surveys

## Quality leader – 9 years in a row



## Quality leader – 3 years in a row





# Volume growth – strong and prudent

## Sustainable growth

- Average volume growth of 21,5 % in period 2008-2015
  - H1 2016 growth of 22%.
- Profitability comes first, volume growth second
- Low capex and will exit new markets if unprofitable over time
- Significant growth potential in Sweden and Denmark – stronger geographic diversification

## 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 %	<b>10,5 %</b>
Gjensidige	-1,8 %	0,2 %	24,0 %	5,7 %	2,1 %	7,7 %	7,9 %	7,4 %	<b>7,0 %</b>
LF <sup>1</sup>	4,2 %	2,3 %	2,2 %	3,3 %	3,2 %	3,5 %	7,4 %	5,3 %	<b>4,1 %</b>
Codan/Trygg-Hansa <sup>2</sup>	12,8 %	1,7 %	0,3 %	-0,3 %	7,2 %	-1,0 %	-0,8 %	3,5 %	<b>2,3 %</b>
Tryg	4,4 %	5,2 %	9,1 %	2,4 %	1,8 %	-4,0 %	-4,4 %	-2,7 %	<b>1,4 %</b>
If	-0,7 %	-4,2 %	7,7 %	5,4 %	6,4 %	1,5 %	-2,8 %	-1,6 %	<b>1,3 %</b>
Topdanmark	0,8 %	-3,1 %	-1,4 %	1,4 %	1,0 %	1,5 %	2,6 %	-2,7 %	<b>0,0 %</b>
Avg. ex. PRF	3,3 %	1,0 %	6,7 %	3,0 %	5,3 %	2,9 %	2,9 %	4,3 %	<b>3,8 %</b>

<sup>1</sup>LF volume growth based on premiums earned after ceded reinsurance

<sup>2</sup>Numbers for Codan only before merger with Trygg-Hansa in 2015 and RSA Group Scandinavian segment in 2015. and assumed to be the same growth rate for Q1 and Q2 '16

# Profitability – Best margin in the Nordic market

## Overview

- Consistently CR below 100% since 2005 (second year in business)
- Average combined ratio of 88,5 % in the period 2008-2015
  - H1 2016 combined ratio of 91,2%
- Prudent and disciplined underwriting
- 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 %	<b>88,7 %</b>
Gjensidige	94,4 %	94,8 %	95,3 %	91,9 %	85,3 %	89,2 %	86,0 %	83,7 %	<b>89,4 %</b>
If	91,8 %	92,1 %	92,8 %	92,0 %	89,3 %	88,1 %	87,7 %	85,4 %	<b>89,7 %</b>
Tryg	88,2 %	92,2 %	98,8 %	93,2 %	88,2 %	87,7 %	84,2 %	86,8 %	<b>89,9 %</b>
Codan/Trygg-Hansa <sup>1</sup>	98,5 %	100,4 %	101,8 %	102,4 %	94,3 %	95,3 %	90,4 %	94,0 %	<b>96,0 %</b>
LF	93,0 %	96,0 %	102,0 %	100,0 %	98,0 %	97,0 %	93,0 %	91,0 %	<b>96,3 %</b>
KLP	97,3 %	95,5 %	121,9 %	118,1 %	107,8 %	103,7 %	91,9 %	98,8 %	<b>103,5 %</b>
Avg. ex. PRF	92,2 %	94,6 %	100,8 %	98,3 %	92,8 %	93,4 %	88,5 %	89,6 %	<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. Numbers updated through 2015

# Strong investment result compared to peers

- Insourcing started Q4 2014

## Overview

- Average investment result of 6,0% in the period 2008-2015, supported by higher interest rates in Norway
  - H1 2016 investment returns of 2,6%
- Better investment return than average of peers for seven out of last eight full years
- Risk management through; operational routines, mandate given by board, FSA stress tests quarterly (min)

## Benchmark / Return on investments

	2008	2009	2010	2011	2012	2013	2014	2015	Avg. 08-15
<b>PRF</b>	<b>-2,1 %</b>	<b>16,1 %</b>	<b>9,7 %</b>	<b>-2,3 %</b>	<b>8,9 %</b>	<b>7,0 %</b>	<b>5,3 %</b>	<b>5,2 %</b>	<b>6,0 %</b>
KLP	0,4 %	8,3 %	7,2 %	4,5 %	6,5 %	6,5 %	6,5 %	4,4 %	5,4 %
If	-3,1 %	12,4 %	7,4 %	1,8 %	6,1 %	5,0 %	4,1 %	1,5 %	4,4 %
Tryg	3,5 %	6,6 %	4,3 %	4,8 %	5,1 %	2,5 %	4,3 %	0,7 %	4,0 %
Gjensidige	-0,6 %	5,5 %	5,2 %	4,4 %	5,4 %	4,3 %	4,3 %	2,6 %	3,9 %
Codan/Trygg-Hansa <sup>1</sup>	5,6 %	5,9 %	3,5 %	3,0 %	3,9 %	-0,4 %	3,9 %	3,0 %	3,6 %
Topdanmark	-6,9 %	7,3 %	4,8 %	3,1 %	6,9 %	4,1 %	3,4 %	1,0 %	3,0 %
LF	-14,0 %	10,0 %	6,0 %	-2,0 %	5,0 %	6,1 %	6,5 %	4,6 %	2,8 %
Avg. ex. PRF	-2,2 %	8,0 %	5,5 %	2,8 %	5,6 %	4,0 %	4,7 %	2,5 %	3,9 %

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

# Solvency II

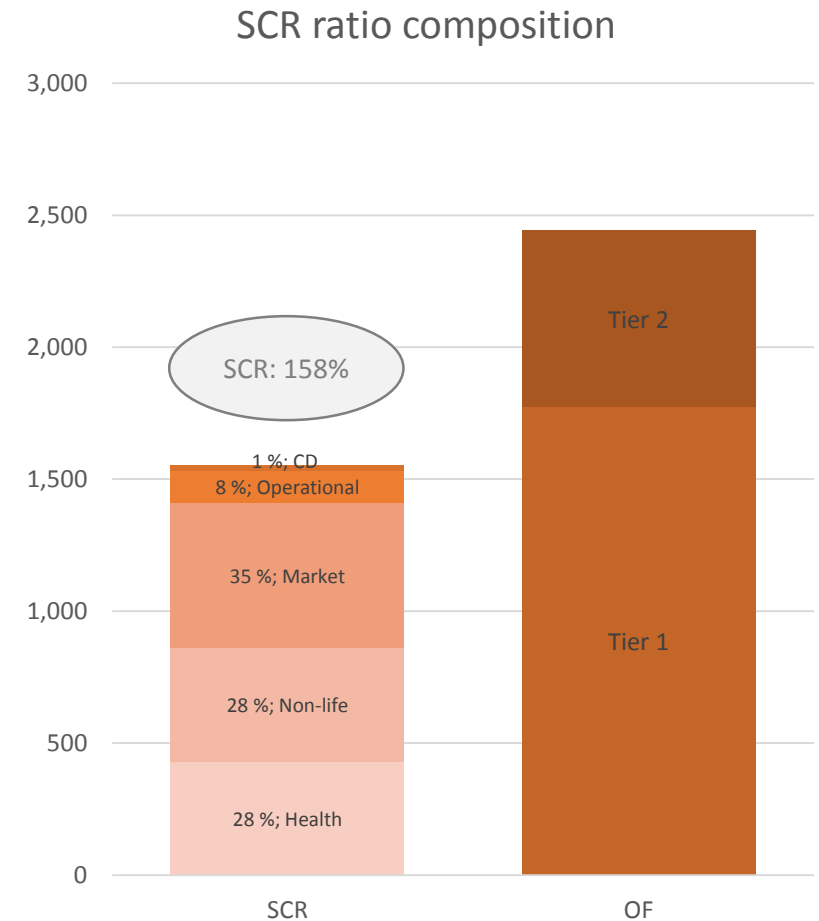
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# Solvency II

Strong capital position:

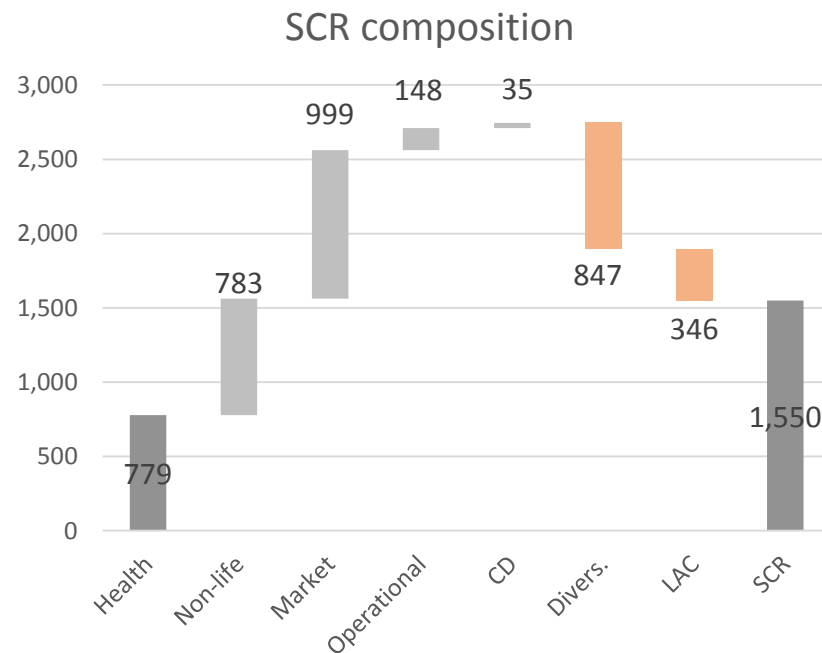
- SCR coverage ratio 158 % pr. 30.06
  - Within risk appetite
- SCR fully covered by Tier 1 capital only
- Tier 2 utilization approx. 85 %



# Solvency II

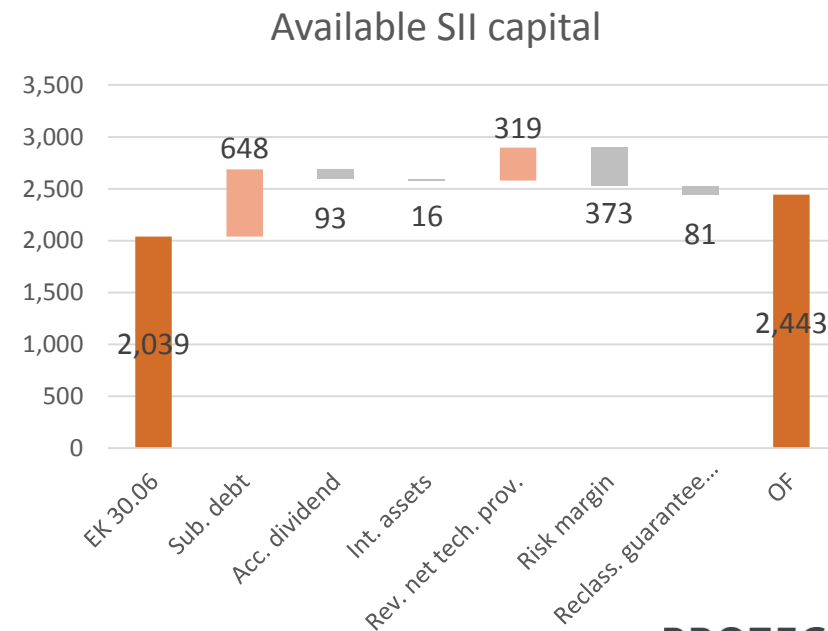
## Composition of SCR:

- Net insurance risk 55 %
- Net market risk 35 %
- Other risks 10 %



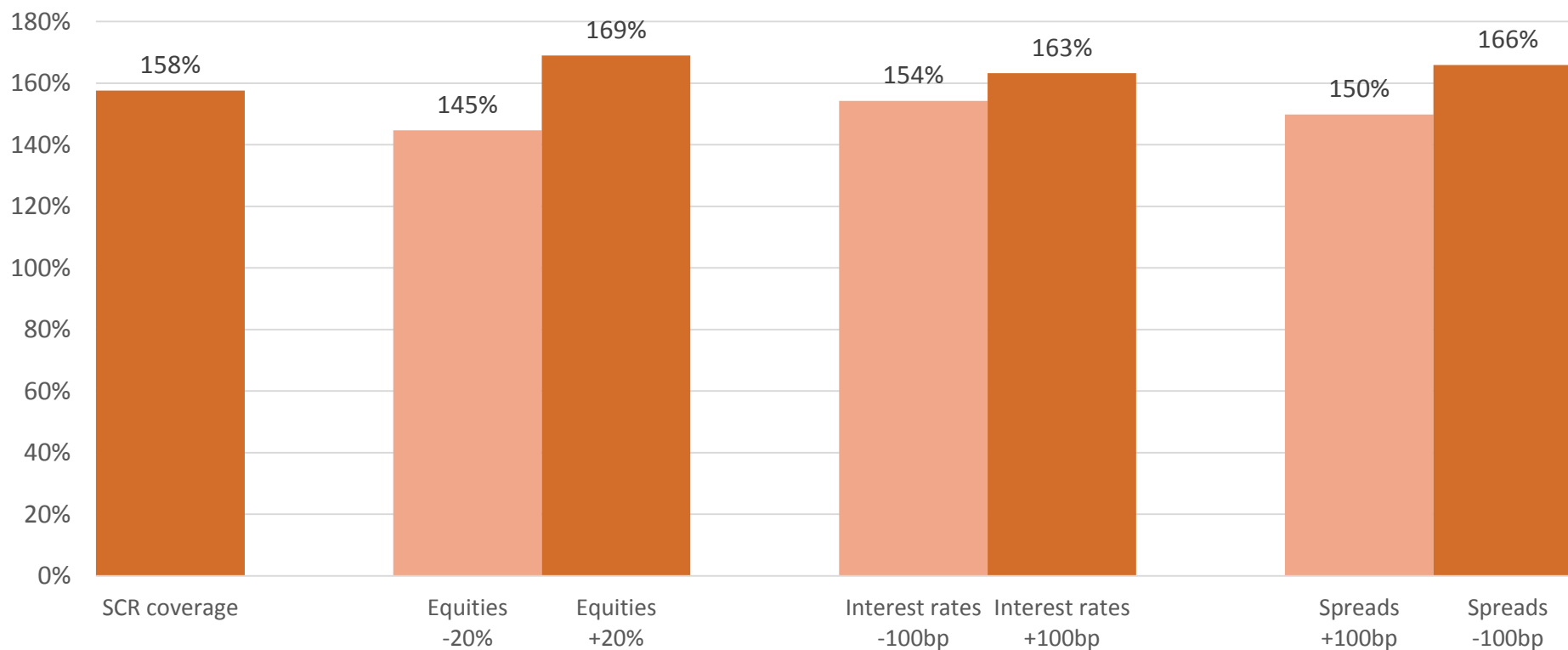
## Available SII capital:

- Assumed dividend of 40 % on H1 result
- Guarantee provision subtracted from own funds



# Solvency II

## Solvency II sensitivities



Figures pr. 30.06 including assumed dividend pay-out of 40 % on H1 result. Interest rate floor of 0 in calculating interest rate sensitivity.

# Most solid company in the Nordic insurance market?

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>	146 % <sup>6</sup>	# 1	145 %	# 2	122 %	# 3	117 %	# 4
<b>Most solid company in the Nordic insurance market</b>	<b>Nr. 1</b>	<b>1,5</b>	<b>Nr. 2</b>	<b>2</b>	<b>Nr. 3</b>	<b>3</b>	<b>Nr. 4</b>	<b>3,5</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>"Day 1" Solvency II calculations and interpretations in accordance with Solvency II regulation based on standard model. "Day 1" SCR including subordinated loan is 176 %

<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



# Long Term Targets

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# Revised long-term financial objectives

New Growth Target 15%

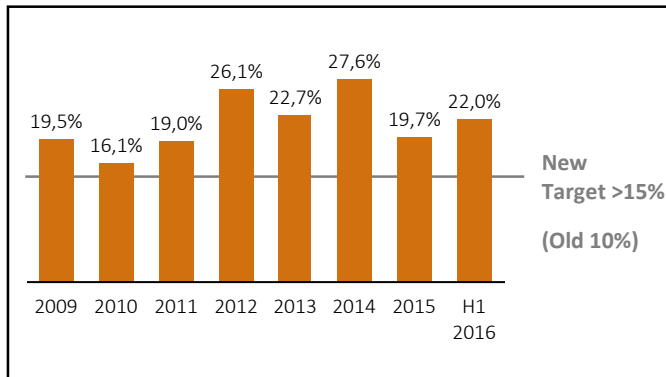
## Old

- Medium term GWP growth rate: **10%**
- Net combined ratio: **90%**
- Solvency I margin: **> 250%**
- Return on solvency capital: **>20%**

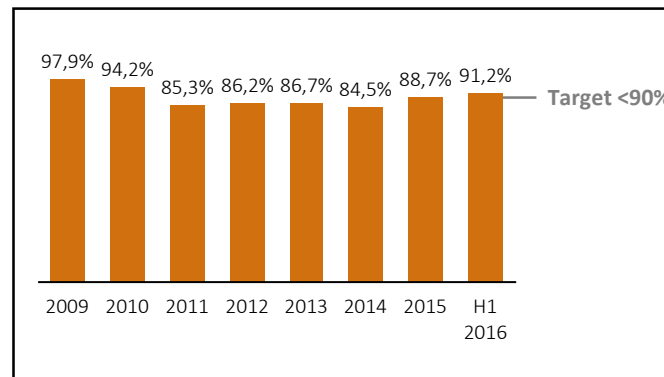
## New

- GWP growth rate 2017-2019: **15%**
- Net combined ratio: **90%**
- Solvency II capital ratio: **125%-160%**
- Return on solvency capital: **>20%**

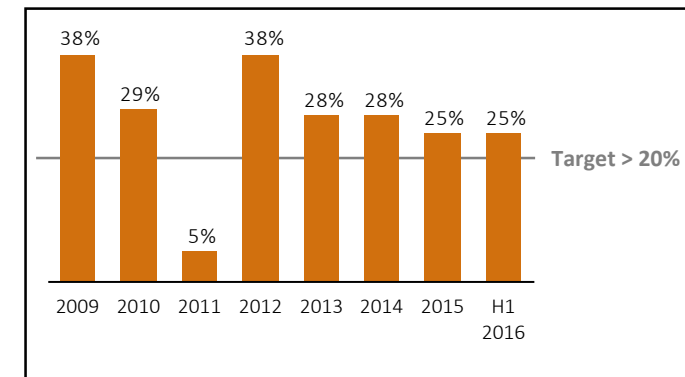
### GWP Growth



### Net Combined Ratio



### Return on Solvency Capital



### Expected future growth

- Limited growth in Norway
- Medium strong growth in SWE/DK/FIN
- Strong growth in UK

# Nordic Champion attacking UK



# The investement challenger – core business

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# Investment Attitude – The Challenger

## ***Peers***

Good  
Insurance  
No  
Average  
Follow  
Losing  
Traditional

People  
Attitude  
Risk  
Target  
Financial theory  
Market down  
Model

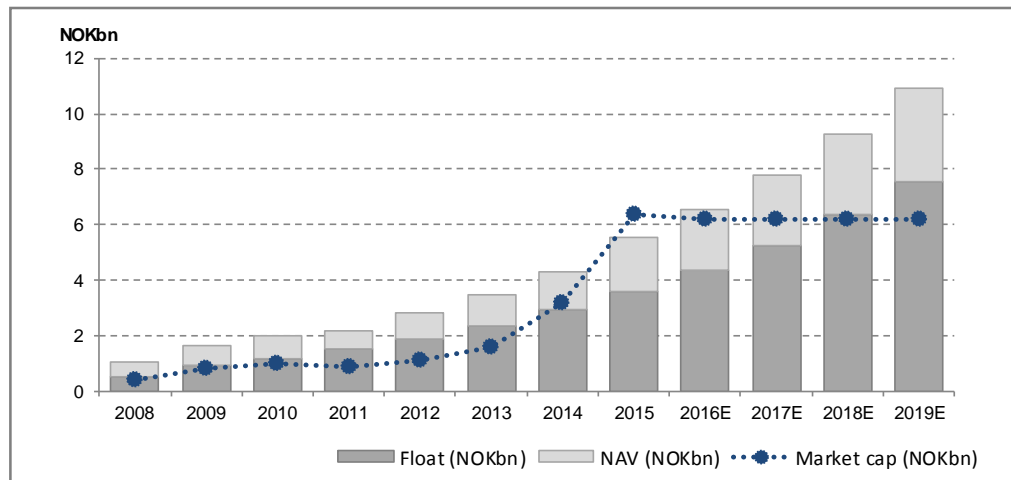
## ***Protector***

Great  
Core  
Manage  
Champion  
Background  
Buy  
Financial UW

# Float

- Float = money not paid out as claims but recieved
- If combined < 100 % then the float has a negative funding cost
- Protector's float is growing rapidly due to high GWP growth
- A substantial premium to invested assets is warranted

Float – Illustrative development - Source Fondfinans analysis pg. 12



# Vision, Business Idea, Main targets and Values

## ***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*



# Introduction and historical returns

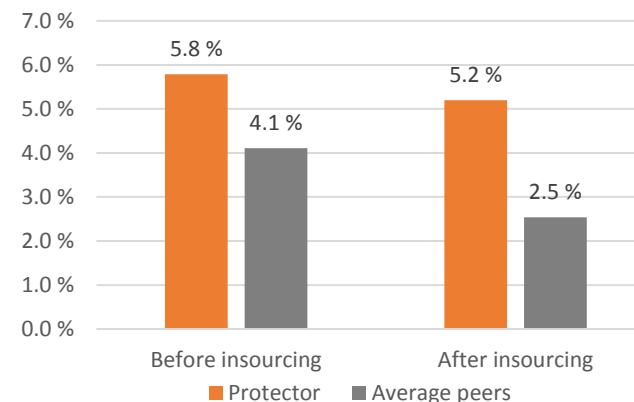
## General Introduction

- Asset management mandate set by the board defines the investment strategy
- Well thought through connection between investment portfolio and balance sheet structure
  - Priority 1 is to never allow any risk for solvency issues or being trapped
- Investments in equities fixed income and real estate (if we want). Allocation end of Q2 of 21,5% equities and 78,5% bonds (and cash)
- In-house asset management since 2014 too improve quality (at lower cost)

## Historical Performance

- Peer outperformance in period before in-house asset management of 1,7 percentage points. Partly explained by higher Norwegian interest rates
- Peer outperformance in period after in-house asset management of 2,7 percentage points
- Period after insourcing is short and not yet statistically significant

Investment Return – Protector vs Peers





# The Team

Experience and youth – all invested in Protector Shares



**Dag Marius Nereng**

Chief Investment Officer Equities

More than 20 years of fund manager experience.



**Cathrine Foyn**

Chief Investment Officer Fixed Income

More than 25 years of fund manager experience.



**Christoffer Callesen**

Analyst



**Andreas Høye**

Analyst and IR



**Jonas W. Backman**

Analyst

# 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

# Financial Underwriting (FUW)

## Equities

Financial underwriting enables continuous improvement of decision making process

- Evaluates opportunities and portfolio holdings
- Serves as a checklist in avoiding biases and mistakes
- Documents and tracks decisions

	Financial factors	Organisational factors	Industry specific factors	Risk factors	OVERALL ASSESSMENT	Top line growth	Margin change	Expected dividend	Price change	Expected return
Company	Expected	Expected	Expected	Expected	Expected	Expected	Expected	Expected	Expected	Expected
Company 1	20%	0.7 %	8,3%	0.0 %	29.0 %					
Company 2	20%	1.2 %	3.2 %		24.5 %					
Company 3	22%	2.0 %	2.0 %		24.3 %					
Company 4	10%	4.0 %			14.0 %					
Company 5	10%	3.9 %			13.9 %					
Company 6	8%	4.0 %	1.1 %		13.1 %					
Company 7	10%	2.5 %			12.5 %					
Company 8	8%	-2.0 %	3.2 %		8.9 %					
Company 9	3%	-3.3 %	4.6 %		4.3 %					
Company 10	4%	-3.3 %	3.5 %		4.2 %					
Company 11	3%	-3.3 %	3.9 %		3.6 %					
Company 12	3%	-3.3 %	1.6 %		1.3 %					
Company 13	3%	-3.3 %	0.0 %		-0.3 %					

# FUW – Financial and risk factors

## Equities

Historical Return	Volatility/Standard Deviation	Correlation with Market	Beta	Alpha	Sharpe Ratio	Sortino Ratio	Max Drawdown	Win Rate	Expected Return
15.2%	18.5%	0.85	1.12	2.1%	1.15	1.25	-12.5%	65%	12.5%
12.8%	16.2%	0.78	1.05	1.8%	1.08	1.18	-10.8%	62%	11.8%
10.5%	14.1%	0.72	0.98	1.5%	0.95	1.05	-9.5%	60%	10.5%
8.9%	12.3%	0.65	0.92	1.2%	0.88	0.98	-8.2%	58%	9.2%
7.1%	10.8%	0.58	0.85	0.9%	0.82	0.92	-7.5%	55%	8.5%
5.3%	9.2%	0.52	0.78	0.6%	0.75	0.85	-6.8%	52%	7.8%
3.7%	7.5%	0.45	0.72	0.3%	0.68	0.78	-5.1%	50%	6.5%
2.1%	6.1%	0.38	0.65	0.1%	0.62	0.72	-4.2%	48%	5.8%
0.5%	4.8%	0.32	0.58	0.0%	0.55	0.65	-3.5%	45%	5.1%
-1.2%	3.5%	0.25	0.52	-0.1%	0.48	0.58	-2.8%	42%	4.4%
-2.8%	2.2%	0.18	0.45	-0.2%	0.42	0.52	-2.1%	40%	3.7%
-4.5%	1.1%	0.12	0.38	-0.3%	0.35	0.45	-1.4%	38%	3.0%
-6.2%	0.5%	0.08	0.32	-0.4%	0.32	0.42	-0.7%	35%	2.3%
-8.1%	0.2%	0.05	0.25	-0.5%	0.28	0.38	-0.1%	32%	1.6%
-10.3%	0.1%	0.02	0.18	-0.6%	0.25	0.35	0.0%	30%	0.9%

### Financial Factors

- Evaluation criteria examples:
  - Historical financials (e.g. Growth, Margins, ROE, CF conversion)
  - Capital structure and debt level
- What drove historical performance? Are those drivers intact?

### Risk Factors

- Identify, rank and score risk factors
  - Probability
  - Consequence
  - Our understanding of risk factors

# FUW – Organisational factors

## Equities

Period	Period start	Period end	Period length	Period type	Period status	Period description	Period details	Period notes	Period actions	Period results	Period comments
2010	2010-01-01	2010-12-31	12	Annual	Completed	2010 Annual Report	2010-12-31	2010-12-31	2010-12-31	2010-12-31	2010-12-31
2011	2011-01-01	2011-12-31	12	Annual	Completed	2011 Annual Report	2011-12-31	2011-12-31	2011-12-31	2011-12-31	2011-12-31
2012	2012-01-01	2012-12-31	12	Annual	Completed	2012 Annual Report	2012-12-31	2012-12-31	2012-12-31	2012-12-31	2012-12-31
2013	2013-01-01	2013-12-31	12	Annual	Completed	2013 Annual Report	2013-12-31	2013-12-31	2013-12-31	2013-12-31	2013-12-31
2014	2014-01-01	2014-12-31	12	Annual	Completed	2014 Annual Report	2014-12-31	2014-12-31	2014-12-31	2014-12-31	2014-12-31
2015	2015-01-01	2015-12-31	12	Annual	Completed	2015 Annual Report	2015-12-31	2015-12-31	2015-12-31	2015-12-31	2015-12-31
2016	2016-01-01	2016-12-31	12	Annual	Completed	2016 Annual Report	2016-12-31	2016-12-31	2016-12-31	2016-12-31	2016-12-31
2017	2017-01-01	2017-12-31	12	Annual	Completed	2017 Annual Report	2017-12-31	2017-12-31	2017-12-31	2017-12-31	2017-12-31
2018	2018-01-01	2018-12-31	12	Annual	Completed	2018 Annual Report	2018-12-31	2018-12-31	2018-12-31	2018-12-31	2018-12-31
2019	2019-01-01	2019-12-31	12	Annual	Completed	2019 Annual Report	2019-12-31	2019-12-31	2019-12-31	2019-12-31	2019-12-31
2020	2020-01-01	2020-12-31	12	Annual	Completed	2020 Annual Report	2020-12-31	2020-12-31	2020-12-31	2020-12-31	2020-12-31
2021	2021-01-01	2021-12-31	12	Annual	Completed	2021 Annual Report	2021-12-31	2021-12-31	2021-12-31	2021-12-31	2021-12-31
2022	2022-01-01	2022-12-31	12	Annual	Completed	2022 Annual Report	2022-12-31	2022-12-31	2022-12-31	2022-12-31	2022-12-31
2023	2023-01-01	2023-12-31	12	Annual	Completed	2023 Annual Report	2023-12-31	2023-12-31	2023-12-31	2023-12-31	2023-12-31
2024	2024-01-01	2024-12-31	12	Annual	Completed	2024 Annual Report	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
2025	2025-01-01	2025-12-31	12	Annual	Completed	2025 Annual Report	2025-12-31	2025-12-31	2025-12-31	2025-12-31	2025-12-31
2026	2026-01-01	2026-12-31	12	Annual	Completed	2026 Annual Report	2026-12-31	2026-12-31	2026-12-31	2026-12-31	2026-12-31
2027	2027-01-01	2027-12-31	12	Annual	Completed	2027 Annual Report	2027-12-31	2027-12-31	2027-12-31	2027-12-31	2027-12-31
2028	2028-01-01	2028-12-31	12	Annual	Completed	2028 Annual Report	2028-12-31	2028-12-31	2028-12-31	2028-12-31	2028-12-31
2029	2029-01-01	2029-12-31	12	Annual	Completed	2029 Annual Report	2029-12-31	2029-12-31	2029-12-31	2029-12-31	2029-12-31
2030	2030-01-01	2030-12-31	12	Annual	Completed	2030 Annual Report	2030-12-31	2030-12-31	2030-12-31	2030-12-31	2030-12-31

- Management

- Able with strong track record
- Owner oriented
- Strong capital allocator
- Humble with integrity

- Incentive structure and insider ownership

- Right incentives aligned with shareholders interest

Factor	Management	Strategy	Culture	Ownership	Incentive structure and inside ownership	Organisational factors
Verdipapir						
Company 1						
Company 2						
Company 3						
Company 4						
Company 5						
Company 6						
Company 7						

- Strategy

- Competitive advantage
- Well defined and consistent strategy

- Culture – well defined and lived

- Strong and able ownership

# FUW - Industry and peer analysis

## Equities

	Executive Salaries	Organizational Expenses	Industry Specific Salaries	Web Salaries	Website Maintenance	Up the front	Weight change	Expected	Pulse change	Actual change
Executive Salaries						100%	0.0%	0.0%	0.0%	0.0%
Organizational Expenses						100%	0.0%	0.0%	0.0%	0.0%
Industry Specific Salaries						100%	0.0%	0.0%	0.0%	0.0%
Web Salaries						100%	0.0%	0.0%	0.0%	0.0%
Website Maintenance						100%	0.0%	0.0%	0.0%	0.0%
Up the front						100%	0.0%	0.0%	0.0%	0.0%
Weight change						100%	0.0%	0.0%	0.0%	0.0%
Expected						100%	0.0%	0.0%	0.0%	0.0%
Pulse change						100%	0.0%	0.0%	0.0%	0.0%
Actual change						100%	0.0%	0.0%	0.0%	0.0%
Actual						100%	0.0%	0.0%	0.0%	0.0%

## Example – Salmon Industry

Factor	Relative Price - Chicken		Relative Price - Pork		Relativ pris	Lice per fish	Fish health	Tilbudsvekst bransjen	Cost per kg	EBIT per kg	Profitability per kg laks	Fiskemel pris	Fiskeolje pris	Input cost	Selskaps og bransjevurdering				
Verdipapir	Trend	Score	Trend	Score		Score			Trend	Score	Trend	Score		Trend	Score	Trend	Score		
Company 1																			
Company 2																			
Company 3																			
Company 4																			
Company 5																			
Company 6																			

- Objective to identify, measure and monitor:
  - Most important industry factors (10Y history)
  - Peer performance

# FUW – Expected return

## Equities

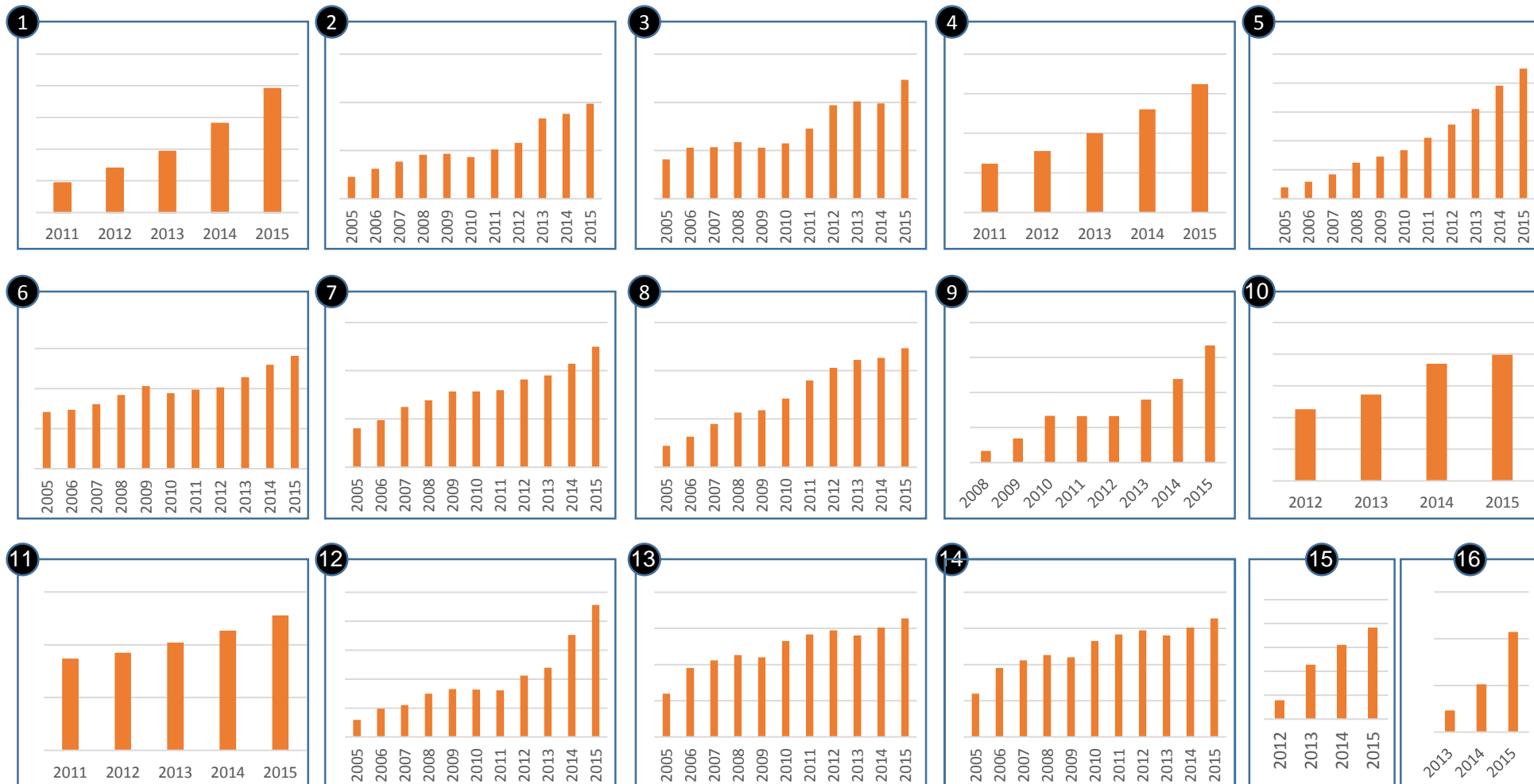
	Financial factors	Organisational factors	Industry specific factors	Risk factors	OVERALL ASSESSMENT	Top line growth	Margin change	Expected dividend	Price change	Expected return
Company	Expected	Expected	Expected	Expected	Expected	Expected	Expected	Expected	Expected	Expected
Company 1	20%	0.7 %	8,3%	0.0 %	29.0 %					
Company 2	20%	1.2 %	3.2 %		24.5 %					
Company 3	22%		2.0 %		24.3 %					
Company 4	10%		4.0 %		14.0 %					
Company 5	10%		3.9 %		13.9 %					
Company 6	8%	4.0 %	1.1 %		13.1 %					
Company 7	10%		2.5 %		12.5 %					
Company 8	8%	-2.0 %	3.2 %		8.9 %					
Company 9	3%	-3.3 %	4.6 %		4.3 %					
Company 10	4%	-3.3 %	3.5 %		4.2 %					
Company 11	3%	-3.3 %	3.9 %		3.6 %					
Company 12	3%	-3.3 %	1.6 %		1.3 %					
Company 13	3%	-3.3 %	0.0 %		-0.3 %					

- Modeling different scenarios to arrive at an expected return
  - Top-line growth
  - Margin change
  - Expected dividend
  - Price / multiple change



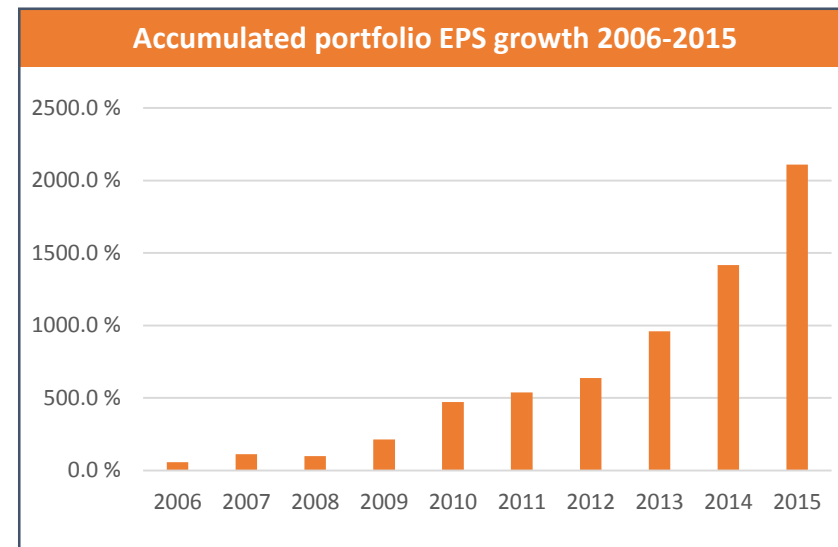
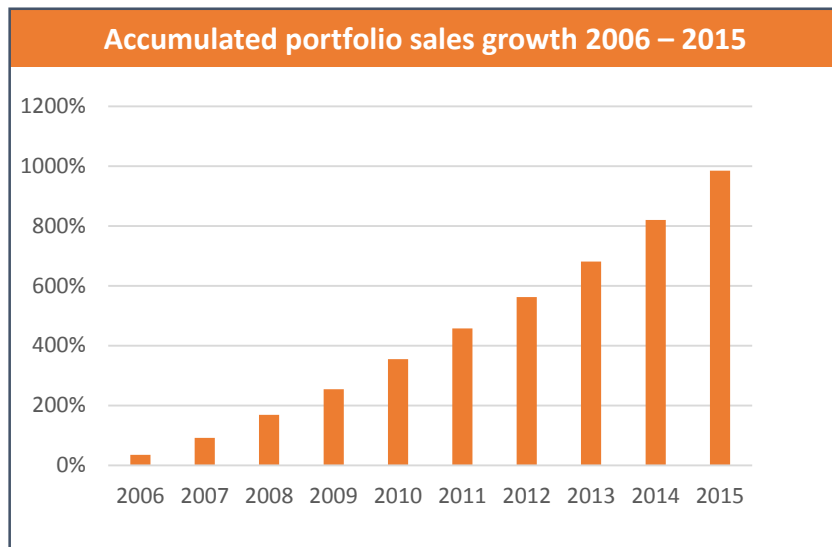
# Sales development

## In-house managed equity portfolio



# Historical sales and EPS growth development

In-house managed equity portfolio



**Top 10 Holdings per 17/8 2016**

1.	Norwegian Finans Holding ASA
2.	B2Holding ASA
3.	Pandora A/S
4.	AF Gruppen ASA
5.	Norwegian Air Shuttle ASA
6.	XXL
7.	Intrum Justitia AB
8.	Bouvet ASA
9.	Dustin Group
10.	Multiconsult

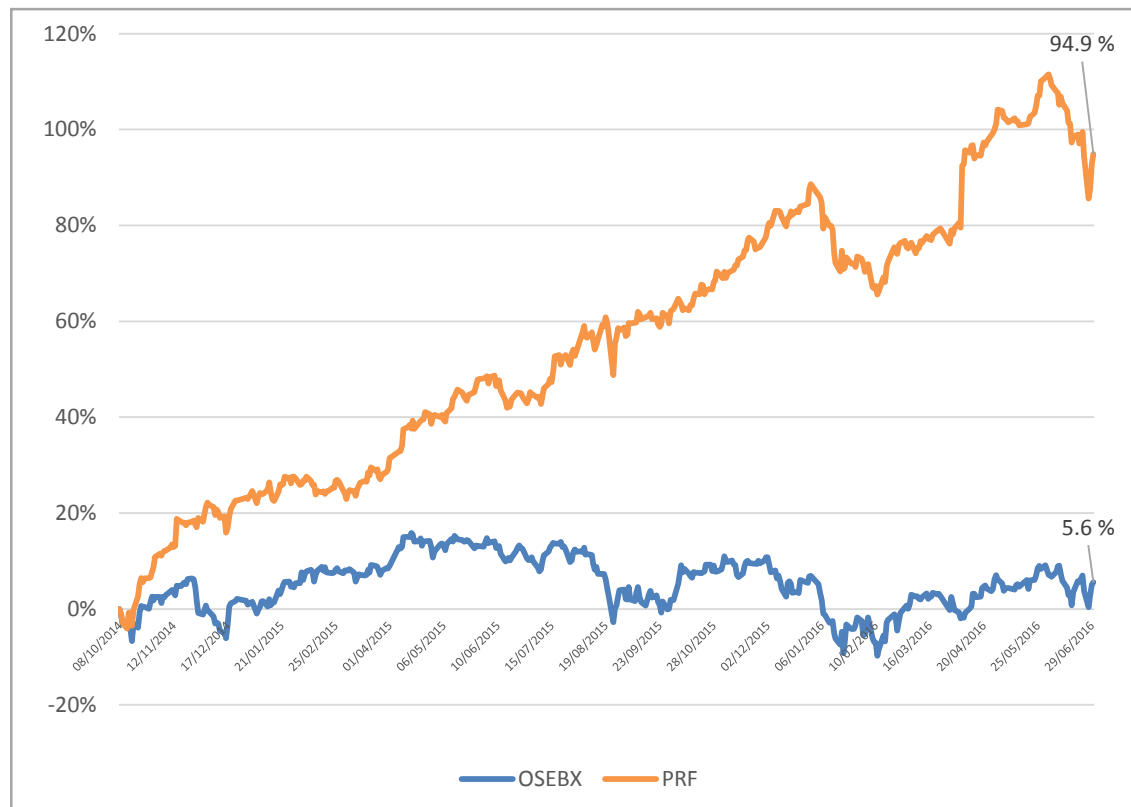
# Portfolio statistics

In-house managed portfolio vs OSEBX

Key Figures	In-house Managed Portfolio	OSEBX
Performance	95 %	6 %
Std dev	15 %	17 %
EPS Delta	70 %	-20 %
Dividend yield	1,8 %	3,8%
P/E NTM	15,1	15,3
3 yr sales CAGR	22 %	3 %
3 yr EPS CAGR	30 %	-5 %

- Extreme outperformance in period
- Objective to beat market over time

Performance – In house managed portfolio vs. OSEBX  
(08.10.2014 – 30.06.2016)



Investment performance evaluated over the long term

# The Investment Challenger

Investment Strategy Fixed Income

## Philosophy

- Well diversified investment grade portfolio
- Healthy risk adjusted return
- No currency risk
- Strive toward low turnover and volatility
- Search for pricing and rating inefficiencies in the market
- Try to identify all possible downside risks

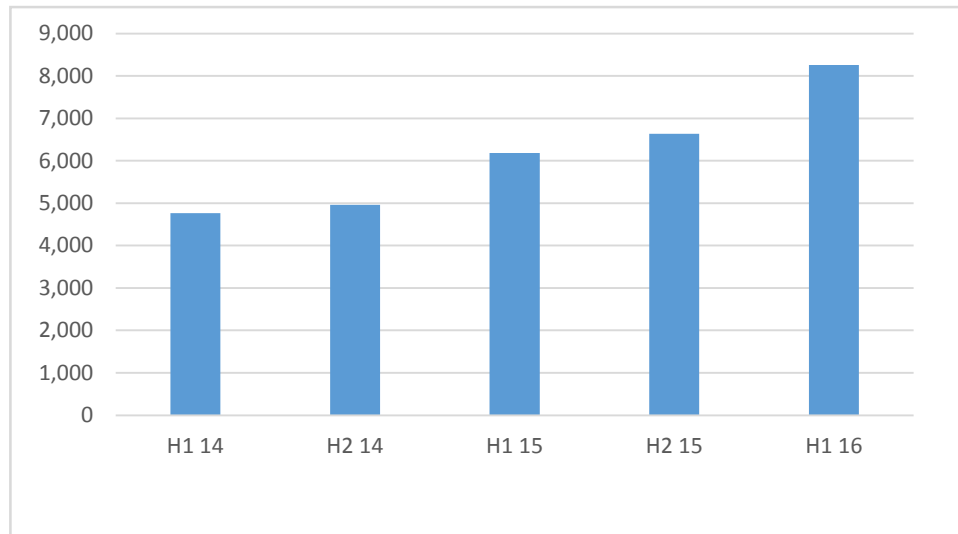
## Type of investments

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

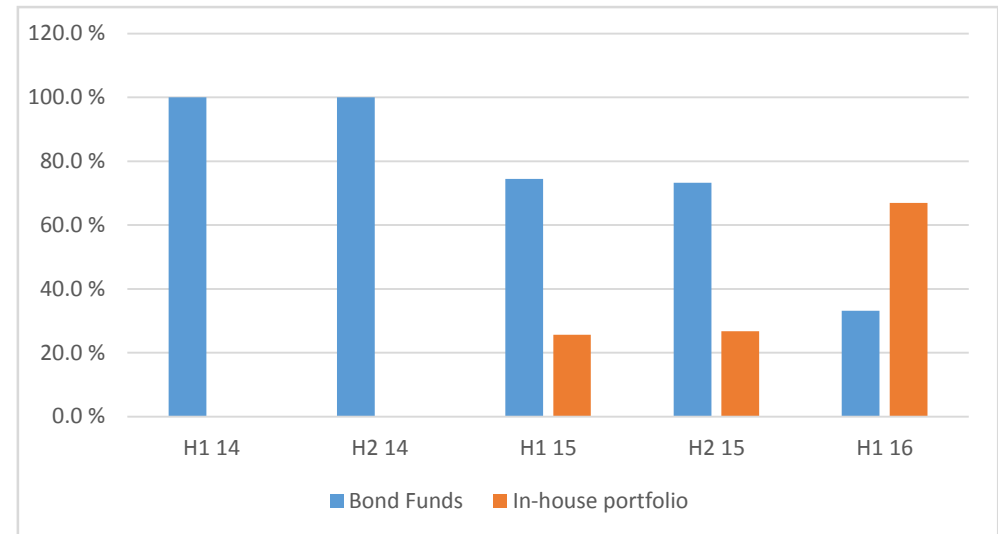
# Financial assets (AUM)

## Changes in fixed income portfolio

Total Financial assets (AUM)



Fixed Income



- 67% of the fixed income portfolio now managed in-house
- Invested in 3 funds today (Carnegie, Nordea, Arctic)
- When choosing fund – use an internal fund selection process
  - Score card for each Fund/Fund Manager
    - Ability, trackrecord, historical result, costs etc

# Financial Underwriting (FUW) – Fixed income

- Enables continuous improvement of the decision making process
- Documenting our quantitative and qualitative analyses one place
- 167 companies evaluated in the model today

	Financial factors	Organisational factors	Industry specific factors	Risk factors	OVERALL ASSESSMENT	Rating	Protector rating	Credit duration	Spread	E(loss) bp	E(return) ex reference rate	E(return)/Capital employed	PRF Investment %	Investment PRF/Amount issued (Nominal value)
<b>Security</b>														
Company 1						BB	BBB+	1,49	210	6	204	18,1	1,2 %	6,00 %
Company 2						AA-	AA	0,53	20	1	19	14,3	0,6 %	4,00 %
Company 3						AA+	AA+	3,35	47	1	45	5,4	0,7 %	0,45 %
Company 4						BBB-	BBB	1,54	154	16	138	19,8	1,8 %	9,00 %
Company 5						BBB	BBB	1,72	119	17	103	23,1	0,6 %	5,00 %
Company 6						A-	A-	3,48	88	8	80	5,1	0,7 %	1,14 %
Company 7						BB	BB+	2,21	279	48	231	116,1	1,2 %	8,00 %
Company 8						BB	BB+	0,53	208	33	175	368,7	0,6 %	5,00 %
Company 9						BBB+	BBB+	3,11	91	16	75	17,3	0,4 %	3,00 %
Company 10						AA+	AA+	1,86	31	2	29	6,3	0,6 %	9,00 %
Company 11						BB	BB-	1,87	274	115	159	94,2	1,3 %	6,43 %
Company 12						B+	B-	4,05	613	404	209	20,7	0,8 %	0,54 %
Company 13						AA-	BBB+	2,53	63	15	48	4,2	0,1 %	0,29 %

- The fixed income model has a lot of similarities but does also vary from the Equity model
- Focus on the issuers ability and willingness to pay interest and principal
- Financial factors will among other focus on the companies profitability, total debt, liquidity and balance sheet

# Financial Underwriting (FUW)

## How to use the model

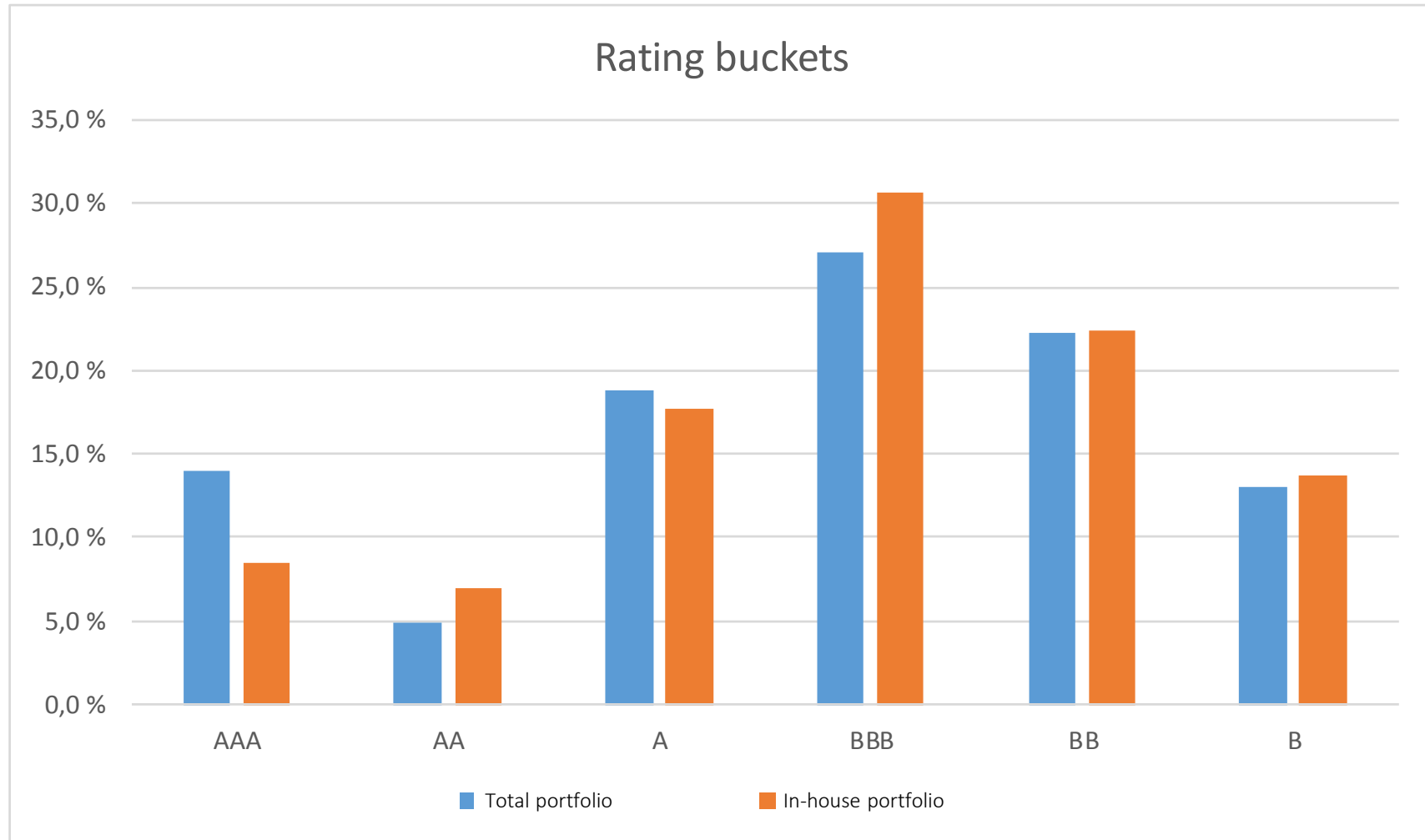
- Document and track company evaluations, decisions and rating changes
- Efficient way to evaluate opportunities and portfolio holdings

	Financial factors	Organisational factors	Industry specific factors	Risk factors	OVERALL ASSESSMENT	Rating	Protector rating	Credit duration	Spread	E(loss) bp	E(return) ex reference rate	E(return)/Capital employed	PRF Investment %	Investment PRF/Amount issued (Nominal value)
<b>Security</b>														
Company 7						BB	BB+	2,21	279	48	231	116,1	1,8 %	8,00 %
Company 11						BB	BB-	1,87	274	115	159	94,2	1,3 %	6,43 %
Company 5						BBB	BBB	1,72	119	17	103	23,1	1,2 %	5,00 %
Company 1						BB	BBB+	1,49	210	6	204	18,1	1,2 %	6,00 %
Company 12						B+	B-	4,05	613	404	209	20,7	0,8 %	0,54 %
Company 4						BBB-	BBB	1,54	154	16	138	19,8	0,7 %	9,00 %
Company 3						AA+	AA+	3,35	47	1	45	5,4	0,7 %	0,45 %
Company 6						A-	A-	3,48	88	8	80	5,1	0,6 %	1,14 %
Company 10						AA+	AA+	1,86	31	2	29	6,3	0,6 %	9,00 %
Company 2						AA-	AA	0,53	20	1	19	14,3	0,6 %	4,00 %
Company 8						BB	BB+	0,53	208	33	175	368,7	0,6 %	5,00 %
Company 9						BBB+	BBB+	3,11	91	16	75	17,3	0,4 %	3,00 %
Company 13						AA-	BBB+	2,53	63	15	48	4,2	0,1 %	0,29 %



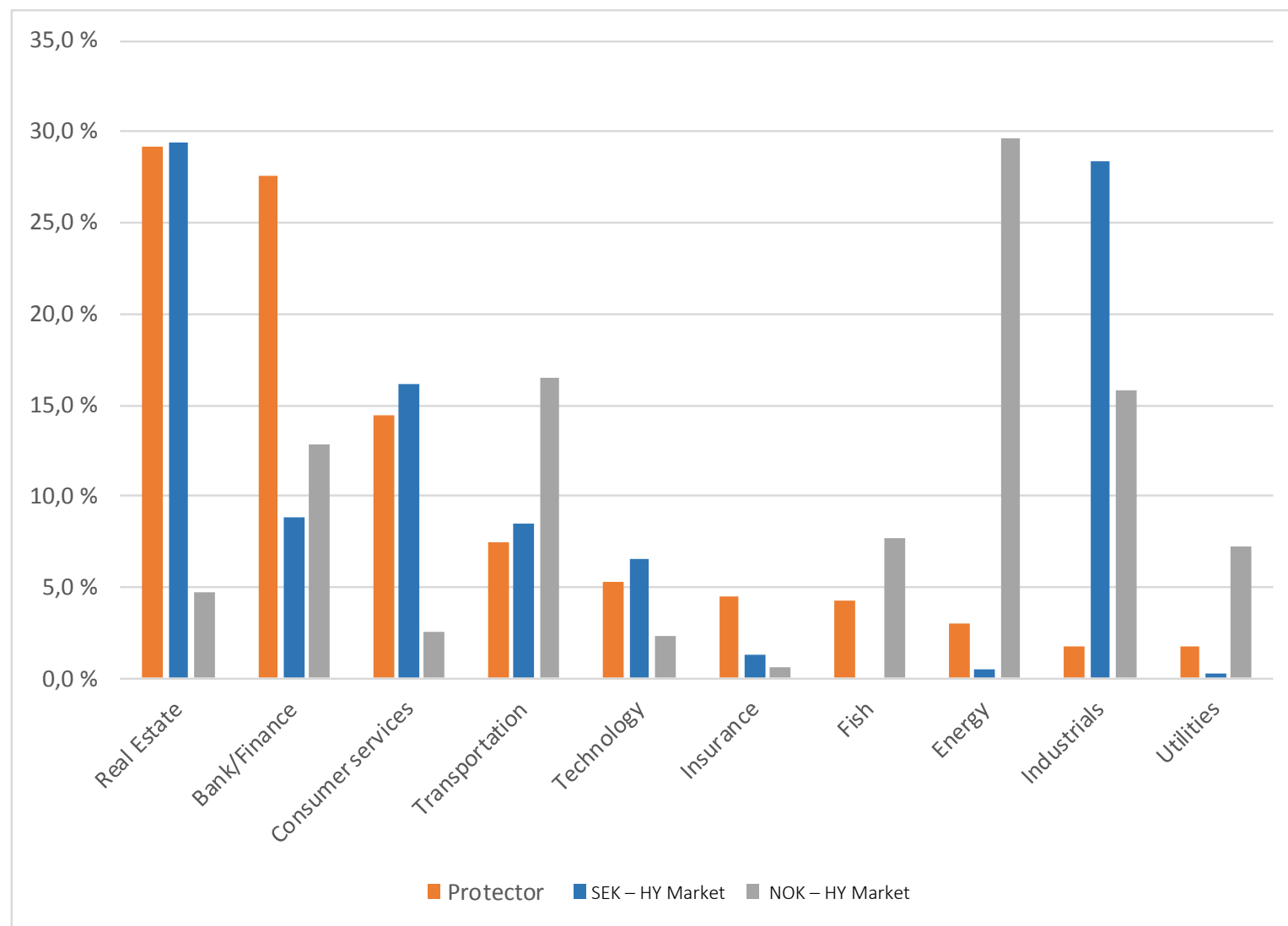
# Portfolio Data

Average rating: BBB



# Portfolio Data

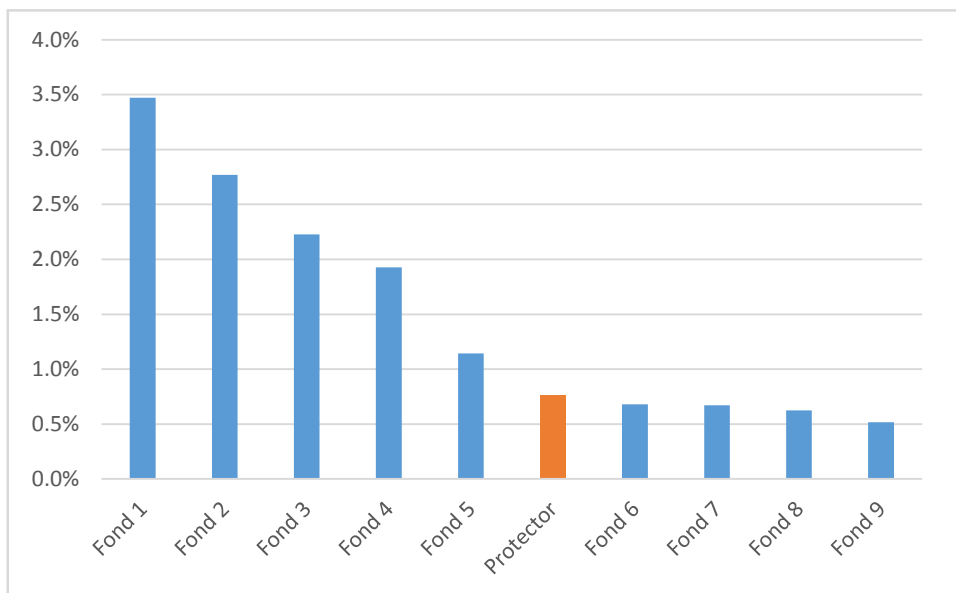
In-house managed portfolio



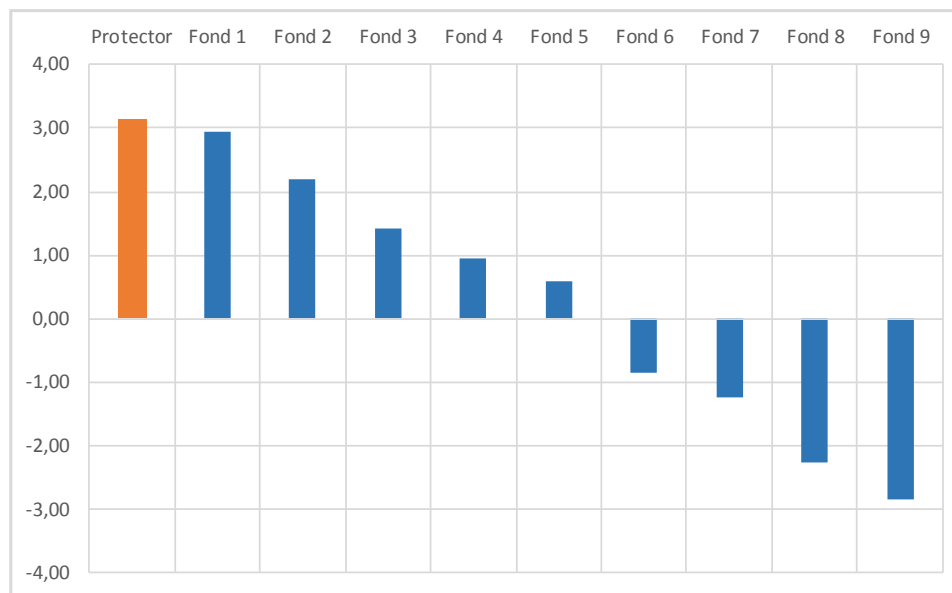
# High return at low risk

In-house managed Portfolio vs Peers

Standard Deviation



Sharpe Ratio



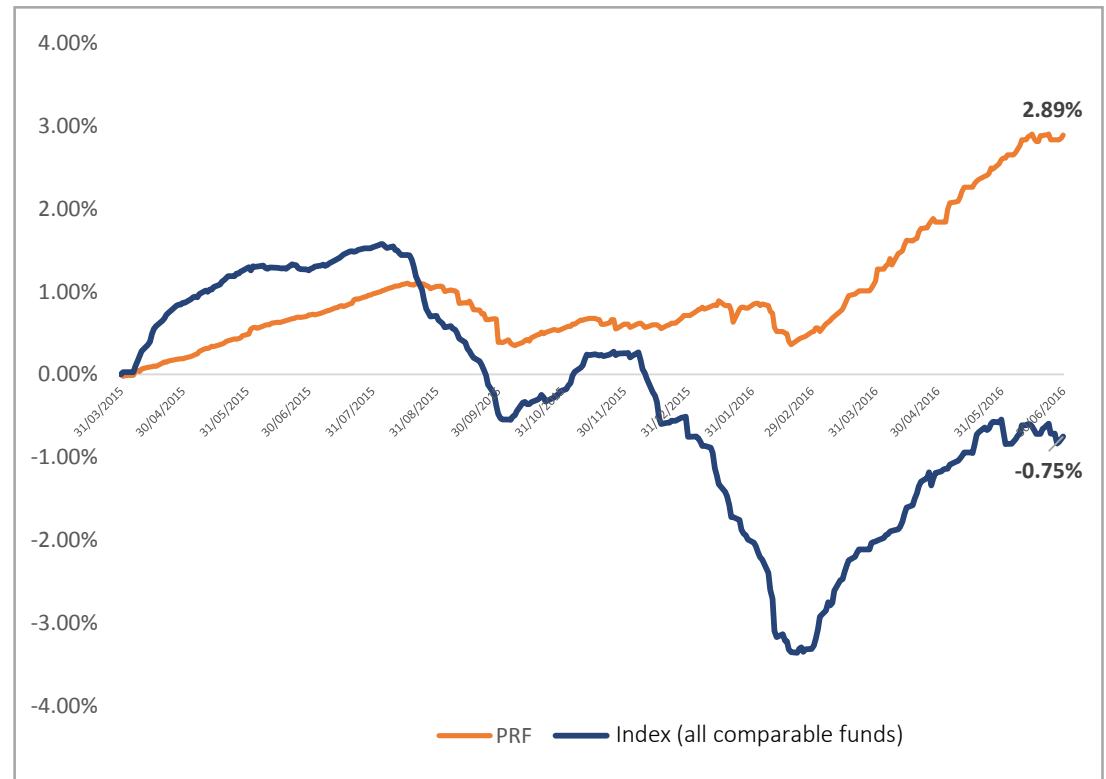
# Portfolio Data

## In-house managed portfolio

Portfolio data 30.06.2016	
Size MNOK	3414
Yield	3,5 %
Duration	0,40
Credit duration	3,26
Average rating	BBB
Official ratings	37,4 %

- Significant outperformance
- Lower variance
- Selective choice of sectors
- Objective to beat index

Performance – In house managed portfolio vs. Index  
(31.03.2015 – 30.06.2016)



Investment performance evaluated over the long term

# Investment Attitude – The Challenger

## ***Peers***

Good  
Insurance  
No  
Average  
Follow  
Losing  
Traditional

People  
Attitude  
Risk  
Target  
Financial Theory  
Market down  
Model

## ***Protector***

Great  
Core  
Manage  
Champion  
Background  
Buy  
Financial UW

In Depth Sweden - Does model work outside Norway?

CMD 2016-08-18

# Sweden – Introduction



**Hans Didring (36) - Country Manager Sweden**

**Education:**

M.Sc. in Business Administration and Economics  
B.Sc. in Computer Engineering  
Bachelor thesis completed in Germany

**Relevant experience:**

7 years of experience; If and Länsförsäkringar

- “Copying” a winning formula through;
  - Vision, business Idea, objectives, values and broker promise
  - Right people on board
  - Adjustments for local differences
- Cost leadership
- Quality leadership reached in 18 months
- Combined ratio < 100% reached in 4 yrs
- Critical mass in 2015 (NOK 520m)



# Vision, Business Idea, Main targets and Values

## ***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*

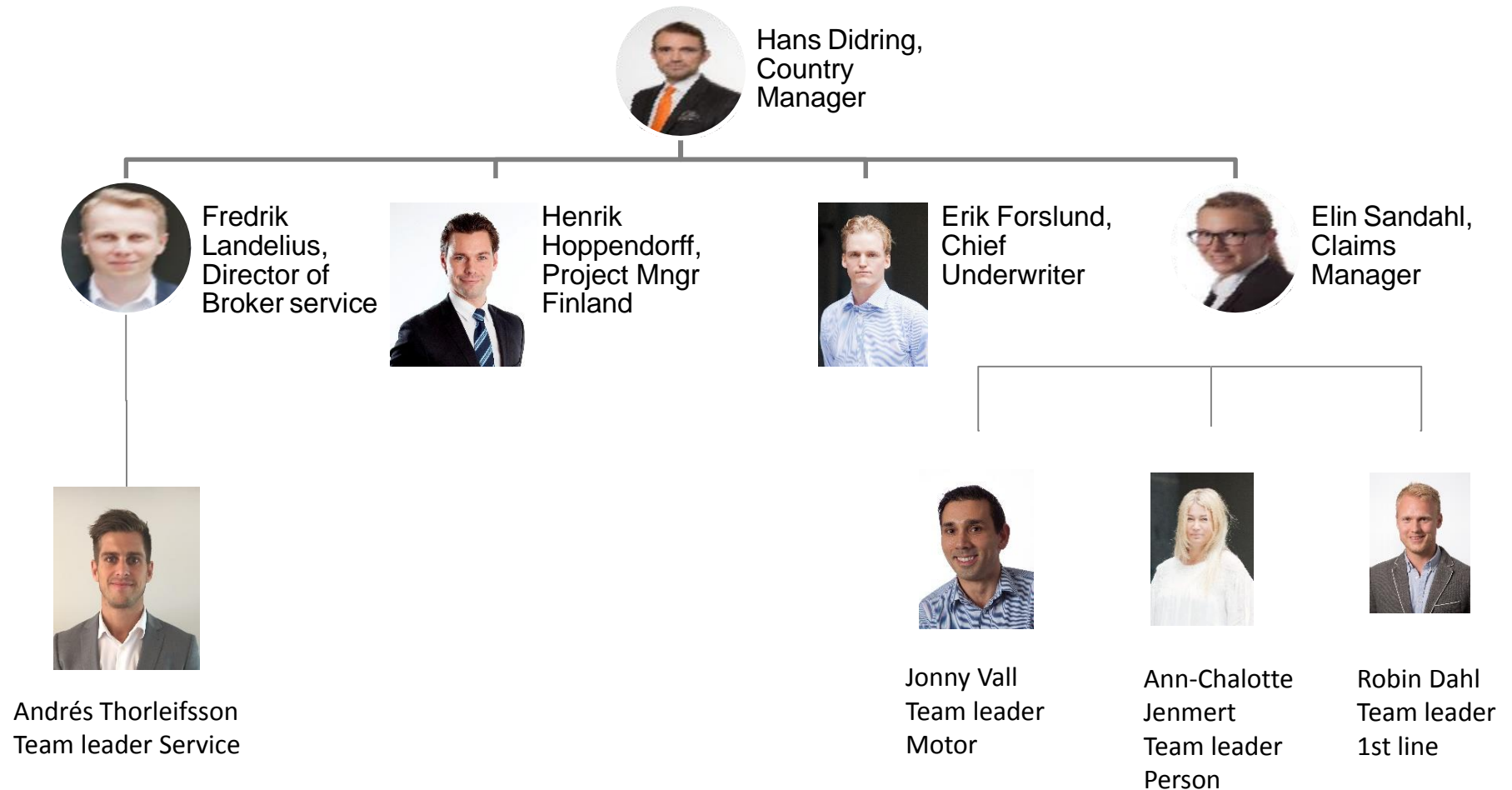
*Open*

*Bold*

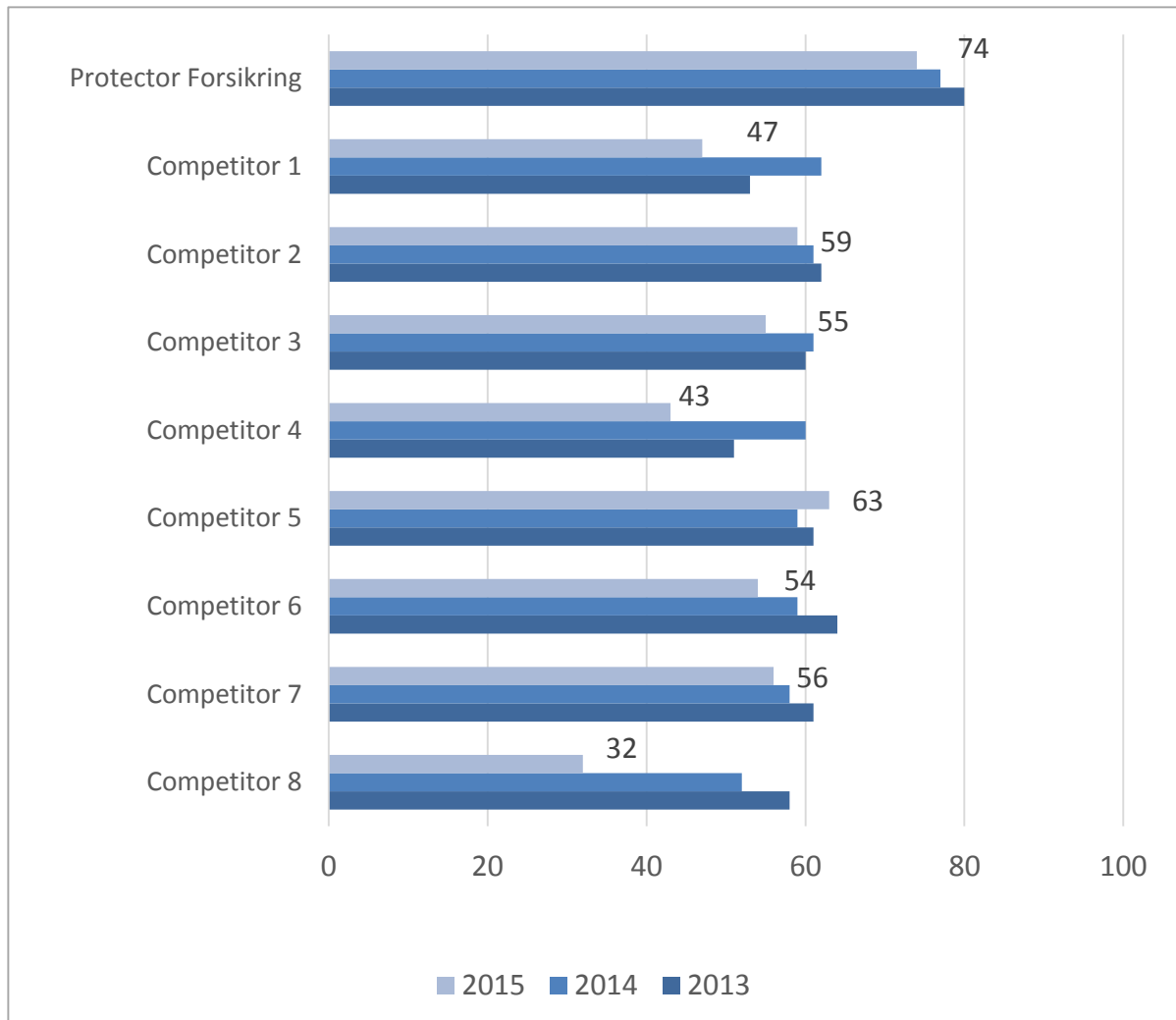
*Committed*



# Strong organization – established management

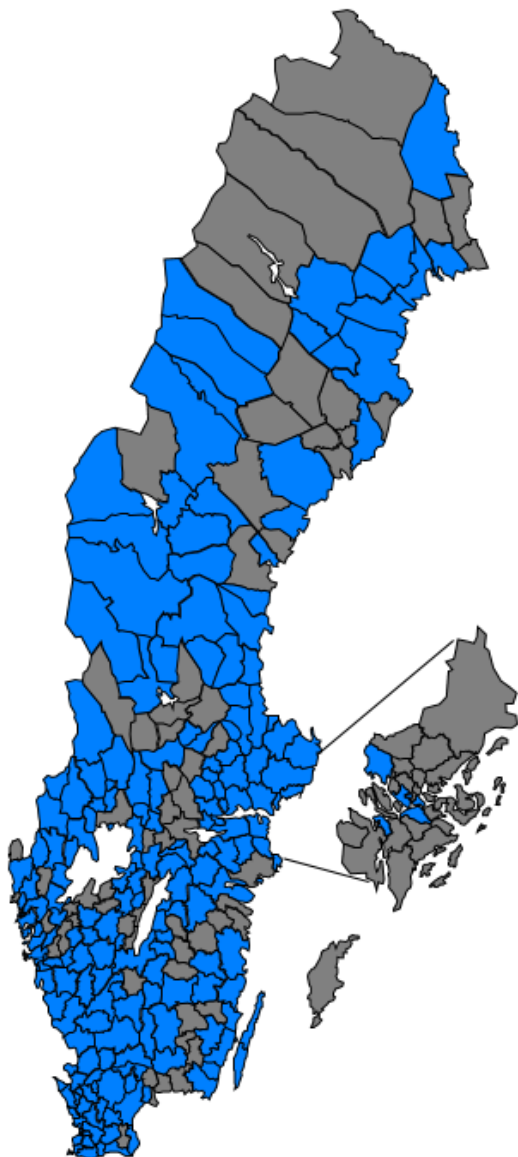


# Setting new quality standard in Sweden



Protector receives the highest score when brokers are asked to rank insurance companies according to how satisfied they are with their service and offerings

## Public market leader:



## Some commercial customers:



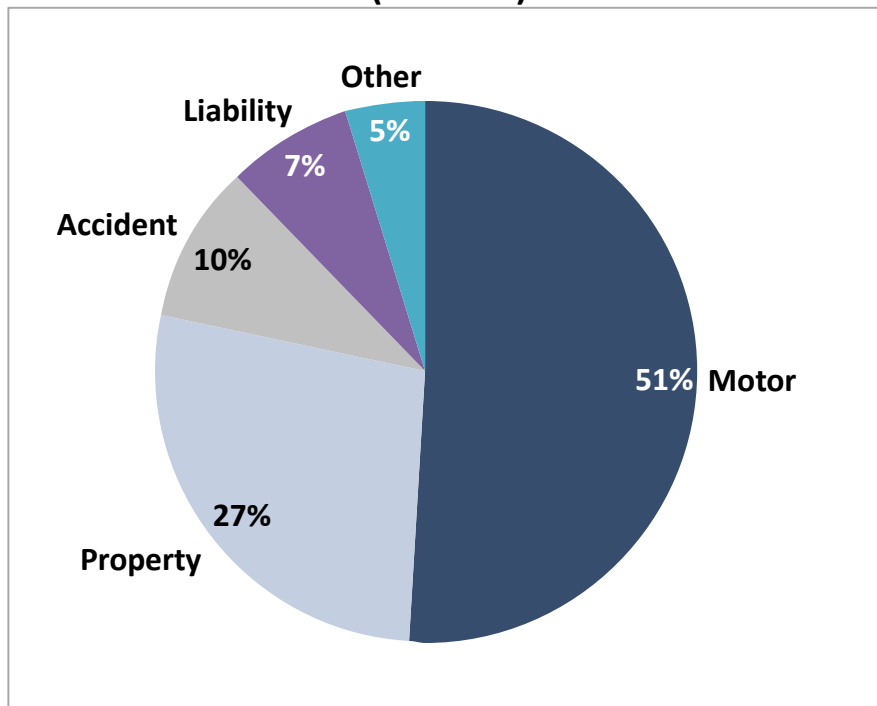
Affinity



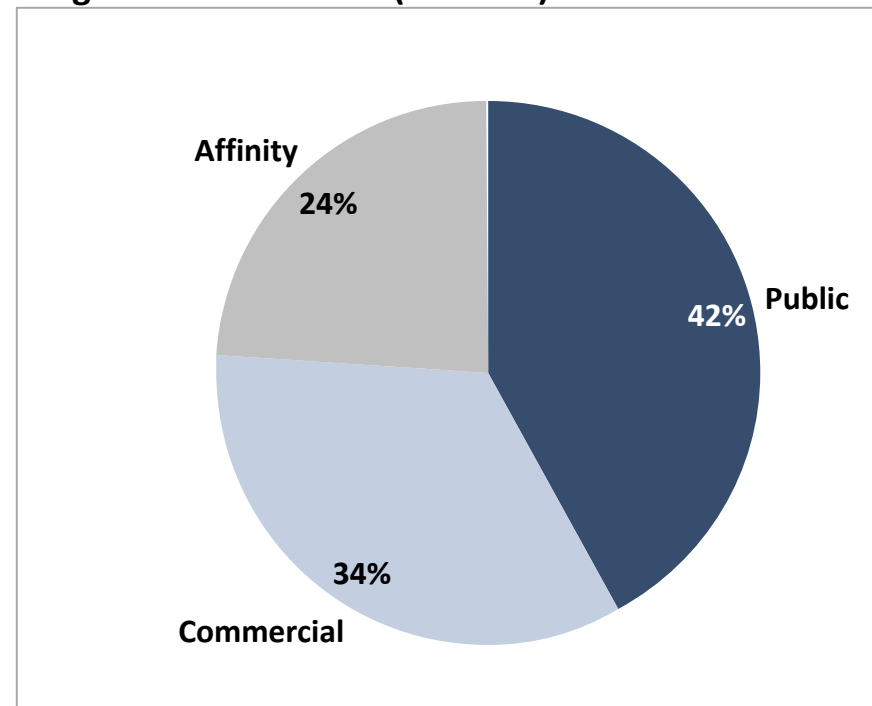
# Product and Segment mix Sweden



Product mix Sweden (H1 2016)



Segment mix Sweden (H1 2016)



# Market leader in the Swedish bus insurance market



- 6500 buses
  - 45% market share
  - 12 of 30 largest customers
- Bus claims handling expertise
  - Claims handlers
  - Technicians
  - Personal injury experts
- Efficient bus fleet administration with modern IT system



# Swedish Affinity programs – On Track



Program	Broker	Net Annual Premium PQ1	Net Growth PQ1	Hit rate PQ1	Earned Premium HTD	Claims-% HTD	Claims-% Q1
1	A	46	3	N/A	112*	80%	80%
2	B	27	0	70%	44	72%	46%
3	C	27	0	8%	19	87%	89%
4	D	23	0	Ny	7	45%	45%
5	E	10	1	100%	4	70%	85%
6	F	11	0	N/A	8	94%	59%
7	G	12	3	67%	20	75%	129%
8	H	7	0	86%	12	73%	54%

Total >5 mSek		163	8	55%	226	74%	72%
Grand Total		181	9	53%	247	74%	69%

Motor		78	4	32%	91	80%	64%
Property		50	2	65%	37	65%	53%
Liability		49	3	N/A	114	78%	79%
Person		5	0	N/A	5	53%	58%

Cost efficiency 1-5	Lock-in 1-5	Gatekeeping 1-5	Pricing 1-5	Total score 1-5
5	5	5	5	5
2	2	4	4	3
4	4	4	2	3
3	3	4	4	3
4	4	3	4	4
4	3	3	2	3
2	2	4	4	3
3	3	4	3	3

3,5	3	4	3,5	3,5
3,5	3,4	3	3	3,5

2	3	4	3	3
3	3	3	4	3
5	5	4	4	5
4	3	4	3	3

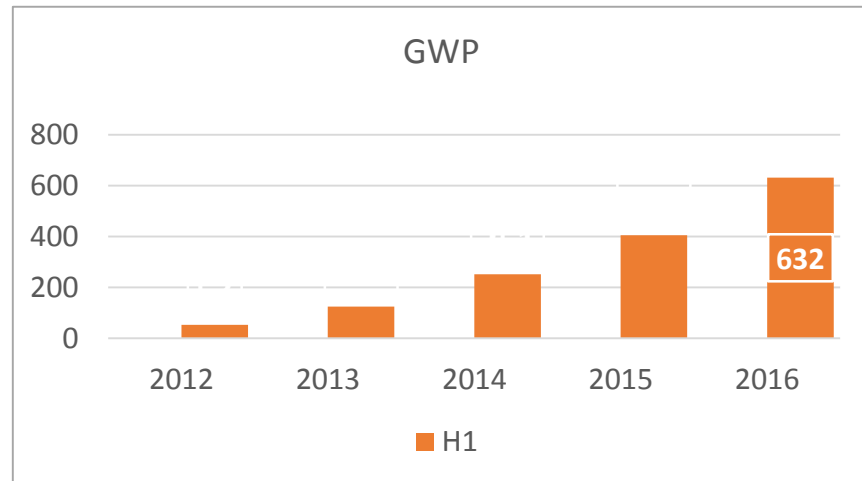
- Takes 18-24 months to create an overview on market pricing
- Good profitability based on gate keeping and efficient handling

# Highlights H1 2016

- Sweden



- Volume up 56%% (43% in SEK)
- Claims ratio net of 72,9%
  - All segments and products are very good
- Renewal rate >100%
- Net combined ratio 78%
- Facilities/affinity programs running very well
- Improved quality and efficiency in claims handling and broker service processes
- “Clean desk” project doing very well





# Profit & loss Sweden



[1.000.000 NOK]		H1 2016	FY 2015	FY 2014	FY 2013	
Gross premiums written		632.4	520.7	325.4	147.4	Strong growth
Gross premiums earned		360.2	493.9	298.9	137.3	
Gross claims incurred		(223.4)	(386.5)	(233.8)	(129.7)	
Earned premiums, net of reinsurance		276.6	394.5	229.7	96.6	
Claims incurred, net of reinsurance		(201.6)	(298.7)	(188.7)	(99.6)	
Net commission income		9.7	(6.6)	(3.8)	5.0	
Operating expenses		(23.9)	(37.8)	(33.7)	(22.0)	
Other income/costs		(0.1)	(0.2)	(0.6)	0.1	
Net financial income		6.3	12.9	11.6	4.5	
<b>Operating profit before tax</b>		<b>66.9</b>	<b>64.1</b>	<b>14.5</b>	<b>(15.4)</b>	
Claims ratio, net of ceded business	(1)	72.9 %	75.7 %	82.1 %	103.2 %	
Expense ratio, net of ceded business	(2)	5.1 %	11.2 %	16.3 %	17.6 %	
<b>Combined ratio, net of ceded business</b>	(3)	<b>78.0 %</b>	<b>87.0 %</b>	<b>98.5 %</b>	<b>120.7 %</b>	Improved profitability
Gross claims ratio	(4)	62.0 %	78.3 %	78.2 %	94.5 %	
Gross expense ratio	(5)	14.3 %	13.0 %	16.5 %	19.0 %	
Gross expense ratio excl. commissions		6.6 %	7.7 %	11.3 %	16.0 %	Improved expense ratio
<b>Gross combined ratio</b>	(6)	<b>76.3 %</b>	<b>91.3 %</b>	<b>94.7 %</b>	<b>113.5 %</b>	
1) Claims incurred, net of reinsurance in % of earned premiums, net of reinsurance 2) Operating expenses in % of earned premiums, net of reinsurance 3) Net claims ratio + net expense ratio 4) Gross claims incurred in % of gross premiums earned 5) Sales and administration costs in % of gross premiums earned 6) Gross claims ratio + gross expense ratio						

# Summary and next level Sweden



## 2011-2015

- “Copying” a winning formula
- Cost leadership
- Quality leadership reached in 18 months
- Combined ratio < 100% reached in 4 yrs
- Critical mass in 2015 (NOK 520m)

## 2016-

- Continued profitable growth
- Strengthen cost leadership by value chain and IT development
- Strengthen quality leadership by improving claims handling
- Take top 3 position in “new” segments

Use “center of excellence competence” within Affinity- and Motor segment outside Sweden



**Henrik Wold Høye (34) -**  
**Director Corporate/ Project Manager UK**

**Education:**

BSc in Finance, Leeds School of Business  
(University of Colorado),  
BSc in Economics, College of Arts and  
Sciences (University of Colorado)

**Relevant experience:**

9 years of experience from insurance and  
projects in Protector

In depth UK – Main future growth driver

CMD 2016-08-18

# Copying a Winning Formula to new Markets

By gradually transferring to «all business is local business»

## 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

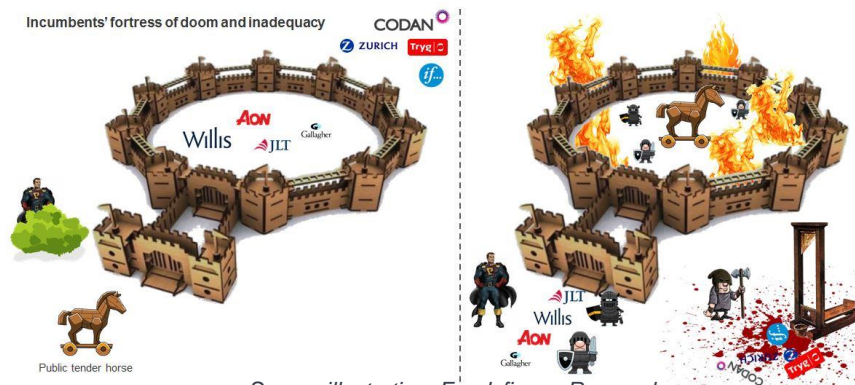
*People and culture*

## 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 nich picking

*People and culture*

Commercial sector; biggest potential, Public sector; entry point



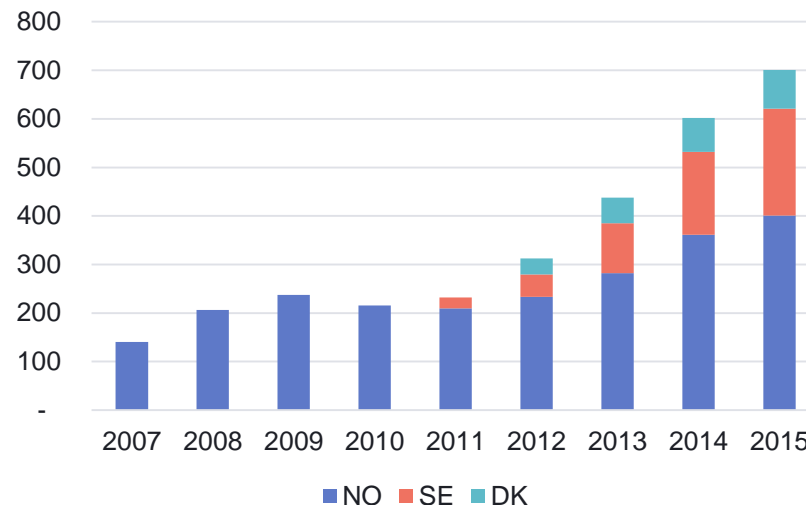
Source illustration: Fondsfinans Research

**PROTECTOR**  
forsikring

# Protector & Public Sector

- First municipality in 2005 – "Tønsberg kommune"
- Customer relationship to more than 500 local authorities
- Scandinavia's largest public sector insurer
- Cost-, quality- and UW-leader

GWP – Public Sector (MNOK)



Tromsø



Trondheim



Stavanger



Bærum



København



Malmö



Aarhus

# Risk appetite and hit ratio

	P2014	Risk appetite (volume)			Hit-ratio% (volume)		
Norway	Volume	Green	Yellow	Red	Green	Yellow	Red
Person	118,3	63 %	34 %	3 %	44 %	20 %	0 %
Skade	93,1	33 %	42 %	25 %	71 %	36 %	2 %
<b>Total</b>	<b>211,5</b>	<b>50 %</b>	<b>37 %</b>	<b>13 %</b>	<b>52 %</b>	<b>28 %</b>	<b>1 %</b>
Sweden	Volume	Green	Yellow	Red	Green	Yellow	Red
Kommun	64,9	25 %	38 %	37 %	86 %	50 %	0 %
Motor	52,8	40 %	39 %	20 %	64 %	73 %	69 %
Olycksfall	31,7	65 %	35 %	0 %	73 %	64 %	0 %
Fastighet	44,9	13 %	42 %	45 %	30 %	29 %	0 %
<b>Total</b>	<b>194,2</b>	<b>35 %</b>	<b>39 %</b>	<b>27 %</b>	<b>64 %</b>	<b>42 %</b>	<b>0 %</b>
Denmark	Volume	Green	Yellow	Red	Green	Yellow	Red
Kommun	28,3	43 %	39 %	18 %	67 %	52 %	2 %
Motor	5,5	60 %	35 %	5 %	59 %	17 %	100 %
Boligselskap	20,0	23 %	52 %	25 %	13 %	0 %	0 %
<b>Total</b>	<b>53,7</b>	<b>52 %</b>	<b>28 %</b>	<b>1 %</b>	<b>53 %</b>	<b>26 %</b>	<b>3 %</b>
Scandinavia	Volume	Green	Yellow	Red	Green	Yellow	Red
Person	152,4	63 %	34 %	3 %	50 %	30 %	3 %
Skade	242,1	34 %	40 %	26 %	72 %	49 %	13 %
Boligselskap	64,9	16 %	45 %	39 %	23 %	19 %	0 %
<b>Total</b>	<b>459,4</b>	<b>41 %</b>	<b>39 %</b>	<b>20 %</b>	<b>58 %</b>	<b>38 %</b>	<b>9 %</b>

Local currency, market prices

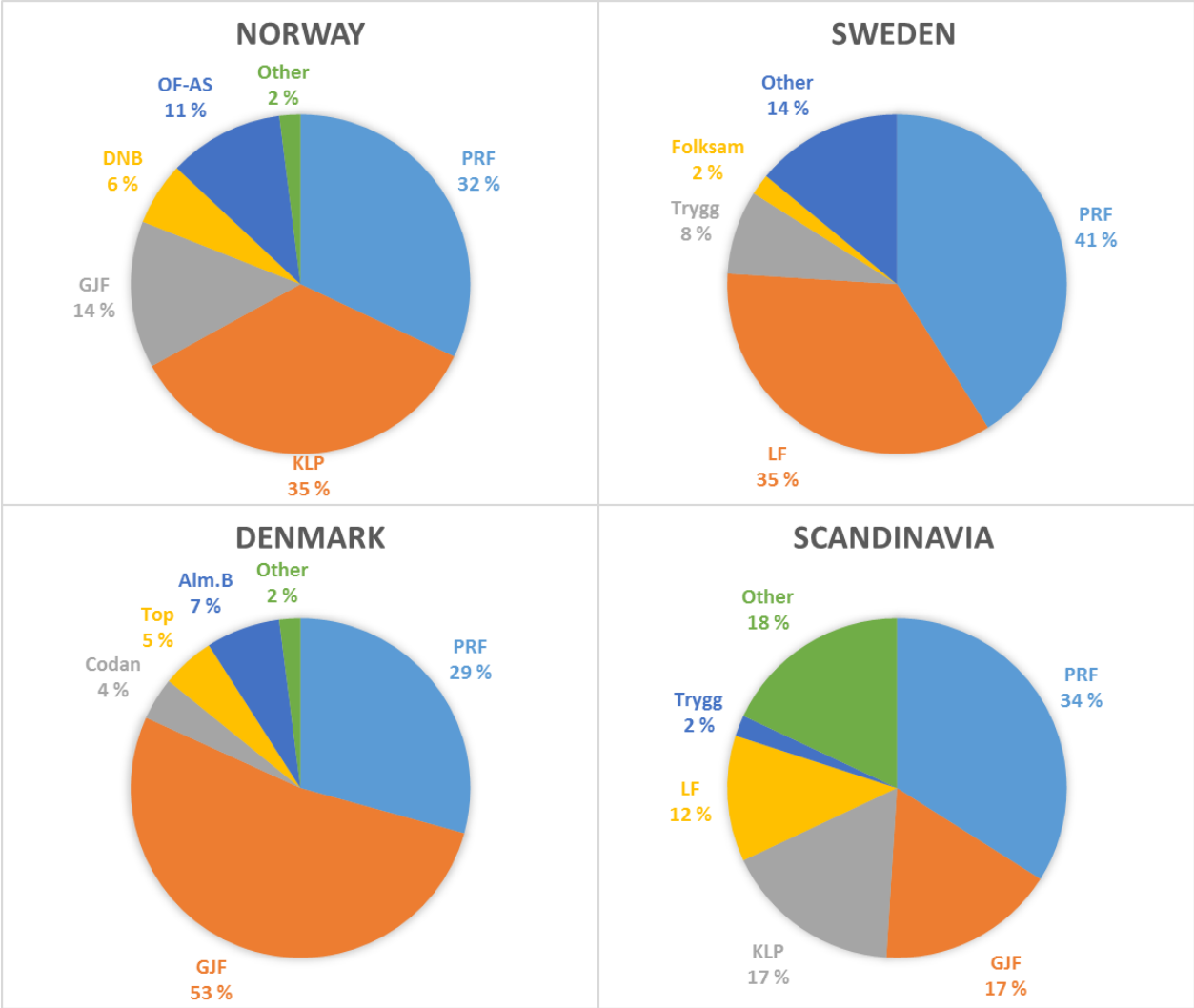
Green: Highly attractive customers

Yellow: Attractive customers – at sustainable premiums

Red: Will be tendered for at higher premium levels. Tailored solutions do exist

# Nordic market leader

Public sector



# UK Stage 3 & 4

CMD 2016-08-18



# Project C4 – Country four

1000 pages of analysis



Ultimo 2013 – Initial process started  
Board meeting

Stage one

- Seven markets identified
- Market studies completed

Medio 2014 – Further analysis  
Management meeting Zürich  
Board meeting

Stage two

- Home markets analysis (Nordics)
- Benchmark vs seven identified markets
- UK, Netherlands and Belgium top 3
- UK market entry report decided

Ultimo 2014 – Country decision  
Board meeting

Stage three

- Handelsbanken meeting London
- First broker meeting
- Data collection
- Location and set up

Primo 2015 – UK project decided  
Board meeting

Stage four

- Reinsurance discussions
- Recruitment started
- Broker meetings
- Formal establishment
- Operational preparation

November 2015 – First employees on board in Manchester

# Evaluation of Market Studies

## 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

## 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

Criteria	Austria		Belgium		Germany		Netherlands		Poland		Switzerland		United Kingdom	
	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		1,87		3,53		2,85		3,93		3,15		2,89		4,17

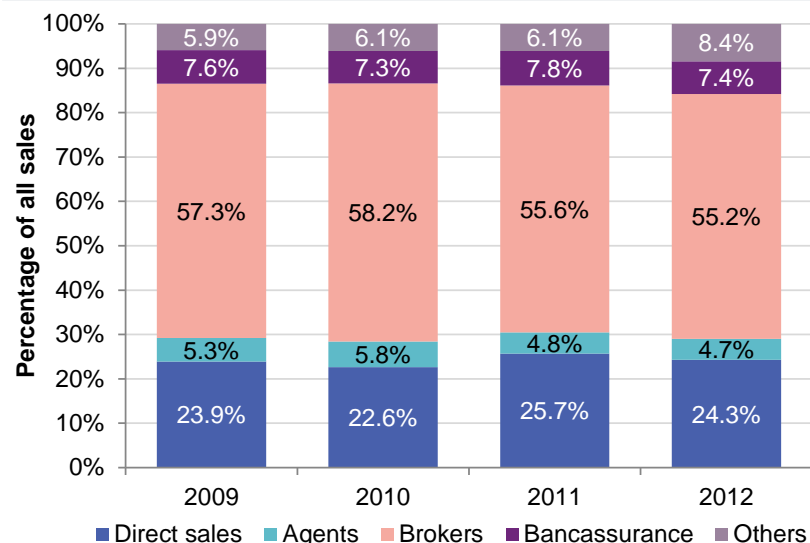
- High scores given to:
  - Markets with high cost ratios
  - Markets where broker penetration is high
  - Markets with little competition or in a oligopoly situation
  - Markets where quality of service are assumed to be poor (difficult to measure from the outside)
- The Nordics are ranked somewhat high (Protector's opinion)
- Discussed with Board of directors during the process
- The UK public sector, Holland and part of Belgium appeared to be a good starting point
- →UK public sector entry 2015/16

# UK Market Studies – Fact based decisions

CMD 2016-08-18

# Distribution channels – public and commercial sector

## Distribution channels in the UK 2009-2012



Source: Statista.com

### Direct Sales

- Direct sales are the **second largest distribution channel** in the UK and have a strong position for personal lines
- They are, however, **declining** as the importance of direct contact between customer and insurer is decreasing rapidly

### Agents

- Agents only play a limited role in the UK
- Direct channel declining, high broker penetration and a market for brokers that is highly competitive

### Brokers

- Brokers represent the **main distribution channel** in the UK, and have a **particularly strong position** in the **commercial and public sectors** (declining in personal lines)
- The broker market is **highly competitive** with low prices
- The number of brokers is decreasing as many withdraw or merge with large players

### Bancassurance

- Bancassurance plays a certain role in insurance distribution, but **has failed to pick up** over the past years
- Bancassurance is mainly **limited to personal lines**, particularly Property

### Others

#### Affinity

- Affinity business, notably through retailers or utilities, account for approx. **6%** of the market. Insurance products do not always carry the name of the insurer, but of the seller ("white label products"). Those are mainly **limited to personal business**

#### E-commerce

- Direct internet sales are gaining substantial importance and most insurer now have online sales platform. Internet is the largest distribution channel for personal Motor
- There are also a large number of ebrowsers and price-comparison websites, targeting individuals. **Internet sales are not popular for the commercial lines**

# Public Sector Market Overview

## Scotland

32 unitary authorities

Leading carriers: RMP & Zurich (almost 100% MS\* together)

Leading broker: Aon (c. 50% MS)

## North West & North East

Leading carriers: Zurich Municipal & RMP

Leading brokers: Aon (c. 40% MS), Arthur J Gallagher

## Midlands, South West & Wales

Leading carriers: Zurich (c. 45% MS), RMP (c. 35% MS) & Travelers (10% MS)

Leading brokers: Aon & Marsh (c. 15% MS each)

## Total United Kingdom

Estimated premium: GBP 500 – 600m

Leading carriers: Zurich & RMP

Leading brokers: Aon, Marsh, JLT & Willis

## South East & London

Leading carriers: Zurich & RMP (c. 75% MS together, 90% together on Liability)

Leading brokers: Aon, JLT (especially London), Marsh & Gallagher



\* MS = Market Share

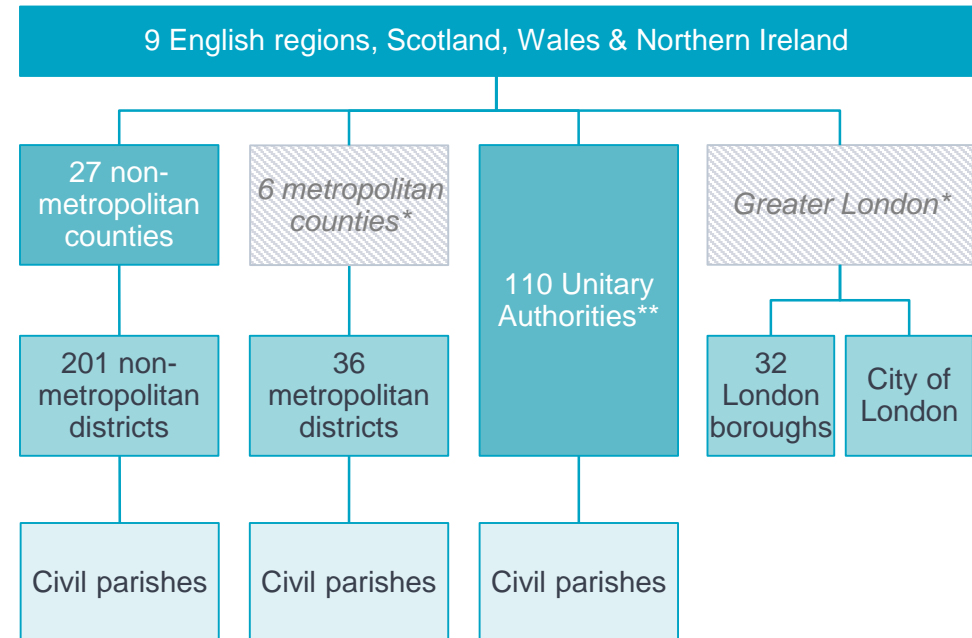
Source: UK's Office for National Statistics (ONS) / Other information from Aon. Figures are rough estimates only

# UK Local Government Structure

## Local authorities & responsibilities

- Many parts of the UK have a **two-tier** local government structure with:
  - Counties**, responsible for key functions such as education, highways, social services
  - Districts, boroughs & cities**, delivering services such as waste collection, leisure, parks, markets
- In other parts of the country, there is just **one tier** of local government providing a full range of services:
  - Unitary authorities** in shire areas
  - London boroughs**
  - Metropolitan boroughs**, covering Manchester, Merseyside, South Yorkshire, Tyne & Wear, West Midlands and West Yorkshire urban areas
- Parish, community and town councils** are in charge of local services such as bus shelters, community centres, support to local organisations, fines for litter / graffiti etc.
- Breakdown of local government somewhat more extensive than Scandinavia. Does not pose any challenges for Protector. Ability to split and isolate type of risk might even be favourable for Protector

## Local government structure



\* The 6 Metropolitan counties and the Greater London Council are no longer official administrative divisions, but some local services controlled by the metropolitan / London boroughs remain provided on a county-wide basis and are administered by statutory joint boards composed of boroughs' members

\*\* 56 English, 32 Scottish & 22 Welsh Unitary Authorities

# Competitor analysis

## UK public sector

- All major players
- Some segment specific information available
- Cost-ratios, loss ratios, reserve situation, market shares, risk appetite and latest trends analysed

	Zurich Municipal	RMP	QBE (via RMP)	AIG (via RMP)	Aspen	Maven Public Sector
Bronghts	<ul style="list-style-type: none"> <li>• Long-standing reputation</li> <li>• Wide range of product, Property as a strength</li> <li>• Direct writing and close customer relationships</li> <li>• Diversified customer base</li> <li>• Cost-efficient in-house claims handling with customer online tool</li> </ul>	<ul style="list-style-type: none"> <li>• Large capabilities in claims handling and risk management services</li> <li>• Long-standing reputation</li> <li>• Wide range of product, Liability as a strength</li> <li>• Diversified customer base</li> <li>• Online resource database</li> </ul>	<ul style="list-style-type: none"> <li>• Access to large volume of business via RMP</li> <li>• Good reputation for Liability</li> <li>• Track record of good technical performance</li> <li>• Willingness to cover risks that other insurers won't</li> </ul>	<ul style="list-style-type: none"> <li>• Access to large volume of business via RMP</li> <li>• Improving underwriting performance</li> <li>• Writes mainly Property and Personal Accident</li> </ul>	<ul style="list-style-type: none"> <li>• Good reputation in Property</li> <li>• Cost efficient</li> <li>• Good value added with online risk management tool</li> <li>• Well diversified, well capitalised, strongly rated</li> </ul>	<ul style="list-style-type: none"> <li>• Key personnel bring market experience and expertise</li> <li>• Competitive pricing through simple offering with focus on main LoB</li> <li>• Collaboration with A-rated insurers</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Authorities do not always prefer exclusive direct distribution model</li> <li>• Considered difficult for large claims pay-out</li> <li>• High cost ratio (25% - 2013)</li> <li>• Decline in premium income over the past years</li> </ul>	<ul style="list-style-type: none"> <li>• High dependency on partners' risk appetite</li> <li>• Considered difficult for large claims pay-out</li> <li>• Considered to be lacking flexibility</li> <li>• Outsourcing of key services can drive cost</li> </ul>	<ul style="list-style-type: none"> <li>• High cost ratio driven by a 18.3% commission ratio</li> <li>• Vulnerable to adverse claims experience</li> </ul>	<ul style="list-style-type: none"> <li>• High cost ratio at 20.6% in 2014, driven by acquisition costs of 15.7%</li> <li>• Wording and pricing are not considered among the most competitive</li> <li>• Reputational image due to past financial problems</li> </ul>	<ul style="list-style-type: none"> <li>• Considered as inconsistent and selective due to focus on high quality risks and regular quoting</li> <li>• Extremely poor cost efficiency</li> <li>• Rather weak underwriting performance</li> <li>• Weak image in Liability</li> </ul>	<ul style="list-style-type: none"> <li>• Not included in the current insurance framework</li> <li>• Very new to the market</li> <li>• High dependency on partners' risk appetite</li> <li>• Outsourced claims handling</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Can influence market underwriting standards</li> <li>• Customer loyalty promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Can influence market underwriting standards</li> <li>• Increasing role of brokers could help to win business</li> </ul>	<ul style="list-style-type: none"> <li>• Good reputation among brokers</li> </ul>	<ul style="list-style-type: none"> <li>• Good reputation among brokers</li> <li>• Can improve policy wording or expand to other lines to grow in the market</li> </ul>	<ul style="list-style-type: none"> <li>• Recently increased capacity in Liability to meet market standards (GBP 15m to 25m)</li> <li>• Good reputation among brokers</li> </ul>	<ul style="list-style-type: none"> <li>• Joining the new framework likely to increase market presence and premium</li> <li>• Potential to grow quickly</li> <li>• Can benefit from building relationships with brokers</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• Increasing role of brokers for local authorities</li> <li>• New competitors' aggressive rates and as customers' focus on price increases</li> </ul>	<ul style="list-style-type: none"> <li>• Main partners AIG and QBE could decide to reduce appetite</li> <li>• Rising exposure to Liability and Motor risks poses challenges</li> <li>• New competitors' aggressive rates and customers' focus on price</li> </ul>	<ul style="list-style-type: none"> <li>• Rising exposure to Liability and Motor risks poses challenges</li> <li>• Influence of RMP on policy wording and pricing can limit ability to adapt to market changes</li> <li>• Strong competition from other players (Zurich as well as smaller players) on Property and Personal Accident</li> </ul>	<ul style="list-style-type: none"> <li>• Influence of RMP on policy wording and pricing can limit ability to adapt to market changes</li> <li>• Strong competition from other players (Zurich as well as smaller players) on Property and Personal Accident</li> </ul>	<ul style="list-style-type: none"> <li>• Toughening competition against small players more frequently quoting</li> </ul>	<ul style="list-style-type: none"> <li>• Might suffer from competition from RMP</li> <li>• Partners could decide to reduce appetite</li> <li>• Worsening Liability and Motor claims experience can put pressure on competitive pricing</li> </ul>

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## Zurich – At a glance

ZURICH

### Company profile

#### The group

- Zurich Insurance Company Ltd (Zurich Group) was founded in 1872 and is headquartered in Zurich, Switzerland
- Listed in the SIX Swiss Exchange (SDX: ZURN)
- C. 60'000 employees in over 170 countries
- Offers life & non-life insurance, pensions and investments

Financial strength ratings	S&P	A.M. Best	Moody's
Zurich Insurance Company Ltd	AA-	A+	Aa3
Zurich Insurance plc	AA-	A+	-

#### Zurich UK & Zurich Municipal

- Zurich Insurance plc (European HQ) is based in Dublin, Ireland
- UK branch head office is based in Fareham, EN
- UK market is Zurich Group's second largest after the US
- Non-life and life insurance products for individuals, businesses and the UK public sector (via Zurich Municipal)
- Zurich Municipal is a trading name of Zurich Insurance plc and operates from six offices in the UK (Cardiff, Birmingham, Farnborough, Newcastle, Leeds & Glasgow)
- In 1993, Zurich bought Municipal Mutual Insurance, UK public sector's sole mutual insurer at the time, thus gaining an immediate strong presence and building on popular direct writing model

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## RMP – At a glance

rmp...

### Company profile

#### The group

- Arthur J. Gallagher & Co was founded in 1927 and headquartered in Itasca, Illinois, USA
- Non-US activities are operated from London-based Arthur J. Gallagher (UK) Limited under the trading name Arthur J. Gallagher International
- Listed in the New York Stock Exchange (NYSE:AJG)
- C. 16'400 employees in 30 countries
- Offers insurance brokerage and risk management services

#### Risk Management Partners Ltd

- Risk Management Partners Ltd was founded in 1994 in London and is a subsidiary of Arthur J. Gallagher (UK) Ltd
- Operates as an underwriting agency (also called managing general agent) delivering insurance and risk management services for the UK public sector on behalf of carriers – Not a licensed insurance company
- RMP maintains a high independence from Gallagher's brokerage to ensure transparency

### Operational structure

Zurich Municipal	Zurich UK branch	Zurich Personal
Full range of life insurance & risk management	Wide range of LoBs for:	• Property
• Property & Liability	• SMB	• Motor / Boats
• Motor	• Large businesses	• Pensions
• Engineering	• Corporations & multinationals	• Investments
• Miscellaneous		• Life insurance

- 11'000 employees in the Zurich UK branch
- UK staff includes 600 engineering inspectors
- Expert risk management & insurance consultants
- Claims support teams incl. inspectors, major loss team
- In-house qualified medical staff
- External partners include selected loss adjusters, public law firms and suppliers network
- Business is structured to ensure that customers have local access to experienced business managers and consultants

### Operational structure

Risk transfer (via QBE, AIG, etc.)	Risk control (via Gallagher Bassett)	Claims handling (via Gallagher Bassett)
• Property & Liability	• Claims & leakage analysis	• Integrated claims management and risk management service
• Motor	• Risk review	
• Financial	• Training and facilitation	
• PA & Travel		
• Crime, Fine arts		

- RMP's account and underwriting teams are essentially composed of public sector insurance experts
- The staff (estimated < 30') is divided into central services, underwriting, Northern / Southern / Scottish teams
- RMP shares several leadership and board members with mother company Arthur J. Gallagher (UK) Limited
- 380 staff at key partner Gallagher Bassett in the UK

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# Public Sector Summary

UK more than twice the size of the Nordic Market

	UK	Norway	Sweden	Denmark
Number of municipalities	406 (12 regions)	430 (19 regions)	290 (21 regions)	98 (5 regions)
Population	62 000 000	5 000 000	10 000 000	5 600 000
Number of employees	5 700 000	570 000	930 000	510 000
Number of cars	200 000	30 000	60 000	39 000
MNOK TSI (buildings)	6 500 000	500 000	900 000	650 000
MNOK market size (est)	6 000	1 000	650	600

	UK	Norway	Sweden	Denmark
Product lines	All lines ex GL	All lines	All lines ex personal	All lines ex personal
Broker share	Medium (~55 %*)	-----High (~80 %)-----		
Competitors	Zurich, RMP, (Travelers)	KLP, PRF, (Gjensidige)	PRF, LF, (TH)	Gjensidige, PRF
Tender process	EU regulation	EU regulation	EU regulation	EU regulation

\* Zurich, market leader is direct only, broker involvement significantly higher (~80 %)



# A warm Welcome from the Brokers

Initiated through Market Leader Aon

Meetings 2015	Agenda	Key take out
<ul style="list-style-type: none"><li>March London</li></ul>	<ul style="list-style-type: none"><li>Introductions with market leader Aon Management</li></ul>	<ul style="list-style-type: none"><li>Warmly welcomed by professionals</li><li>Partnership in growth</li></ul>
<ul style="list-style-type: none"><li>June Manchester</li></ul>	<ul style="list-style-type: none"><li>Introductions Aon Manchester team</li><li>Test tender, example</li></ul>	<ul style="list-style-type: none"><li>Data and market information</li><li>Tender feedback</li></ul>
<ul style="list-style-type: none"><li>July Manchester</li></ul>	<ul style="list-style-type: none"><li>Market analysis and surveys</li><li>Verification of business assumptions</li></ul>	<ul style="list-style-type: none"><li>Business assumptions OK</li><li>Business model transferrable</li></ul>
<ul style="list-style-type: none"><li>September Manchester</li></ul>	<ul style="list-style-type: none"><li>Update project C4</li><li>Tender pipeline</li></ul>	<ul style="list-style-type: none"><li>Continued support</li></ul>
<ul style="list-style-type: none"><li>November Manchester</li></ul>	<ul style="list-style-type: none"><li>Claims handling</li><li>Protector UK team, recruitment</li></ul>	<ul style="list-style-type: none"><li>Protector UK on board</li><li>Manchester ready for business</li></ul>



# Access to Tender Documents

## Quickly Increasing Protector's Knowledge

- Brokers welcome Protector, contributing to learning process
- Quick access to information about 1/3 of the market
  - More than 5 000 pages of information processed in initial phase
- Tender contents and set up very similar to Scandinavia
- Similar products to the Scandinavian market



Produkt - delbarhet*	Namn på produkt i UK	Beskrivelse av produktet	Norsk produkt	Andel ***	Aktuelt for Protector
Ting	PD - ex leisure PD - leisure/andre spesielle bygg** BI - ex leisure BI - leisure/andre spesielle bygg** All risks - general Glass Money Leasehold Flats** Heritage Buildings**	Skade på eiendom, brann, vann, flom med mer Tidvis er elementer av ting-porteføljen skilt ut for å få separat premie, men er ikke delbart Avbrudd, tap av inntekter Avbrudd, tap av inntekter All risk for skade/tap av ting, Utvalgte objekter Glass Ran, tyveri av penger/verdisaker fra ansatte Elementer av tingportefølje delbart (her leieboliger) Elementer av tingportefølje delbart (her bygg av historisk betydning)	Ting	25 %	Ja
Ansvar	Employers' liability Public products liability Officials indemnity Libel & slander Professional indemnity Public Health act Land Charges	Yrkesskade (men ikke helt det samme produktet) Ansvar offentlig og for produkter solgt/levert Økonomisk tap påført andre i kraft av utført arbeid Økonomisk og skadevaskende Økonomisk tap som følge av uaktsomhet hos kommunen Tap som følge av etterlevelse av stans i arbeid etter beordring Byggetillatelser og offentlig felleslig informasjon	Ansvar	43 %	Ja
Skadeoppgjør ansvar	Liability Claims handling Services	Skadeoppgjør	Ansvar	5 %	Ja
Motor	Fleet motor	Ansvar og kasko kjeratøy	Motor	16 %	Ja
Byggherreansvar	Contract works all risks	Byggherreansvar	Ansvar	<1%	Ja
EDB/verdisaker	Computer	EDB, inkl. dataportering og avbrudd	Ting	<1%	Ja
Kollektivulykke og reiseforsikringer	Group Personal Accident Business travel School Journey	Utbetaling ved ulykke og død Reiseforsikring Reiseforsikring for skoleturer	Ulykke Reiseforsikring	1 %	Delvis
Kriminalitet	Crime/Fidelity Guarantee	Tap som følge av svindel eller underslag utført av ansatte	Ansvar	2 %	Ja
Engiener- inspeksjon og ansvarsforsikring	Engineering and inspection	Inspeksjon og sertifisering av maskiner, inkl. ansvarsforsikring	N/A	3 %	Senere
Verdijøntestander	Fine art	Orfererklæde, kunst o.l.	Ting	1 %	Ja
Terrorisme		Skader som følge av terror. Omfatning ofte som for ting	Ting	3 %	Senere
Medisinsk ansvar	Medical Malpractice**	Begrenset ansvar. For eksempel medisin fra helsesester	Nai	<1%	Senere
Styreansvar	D&O liability**	Styreansvar / ansvar for ledende personell	Ansvar	<1%	Ja
Cyber Liability	Cyber Liability**	Cyber Liability	N/A	1 %	Senere
Rettsbistand	Legal Expenses**	Rettsbistand	Ansvar	<1%	Senere
Båter	Marine (commercial craft) AWACS**	Småbåter, bøyer, installasjoner på hav	Motor	<1%	Senere

\*Det er naturlig for oss å bundle ting/verdisak/EDB/Allrisk til ting-dekningen. Det samme gjelder alle ansvarsrelaterte produkter

\*\*Produktet etterspores i mindre grad av kommunene i UK

\*\*\*Lite datagrunnlag

# Tender comparison

Scale 1-5, only brokered customers

Region	General information	Description of requirements	Claims history	Exposure information	Efficient tender process	Evaluation	Total (weighted)
United Kingdom	3	4	4	4	4	3	3
Norway	2	2	2	3	3	2	2
Sweden	2	4	4	4	4	4	4
Denmark	3	3	3	4	4	2	3

# CCS Framework

Protector is an approved Insurer from primo 2016

## The Framework

- The CCS insurance services framework's main objectives are to facilitate procurement process thanks to a standard set of documentation
- Tendered every 4 years
- 30 % of Public Sector GWP flow through the framework → 50 % next 4 years (target)

## Framework tender 2015/2016

- Protector has been approved for RM3731 "the framework"
- Market leader ZM did not quote for (or failed) the framework
  - Cyber Essentials Certificate (or equivalent ISO certificate) was requested on a pass fail basis → Not supplied by ZM
  - → The CCS is trying to find a workaround, despite the tender deadline and 4 year lock out
- It is also rumoured that Swiss Re was unable to provide the Cyber Essentials Certificate

## Consequence if ZM is not on the framework

- Local Authorities who have been waiting for the framework must chose between tendering within the framework and without ZM, or undertake a normal OJEU tender
- The preferred option among clients may be to skip the framework and use the OJEU route to include ZM

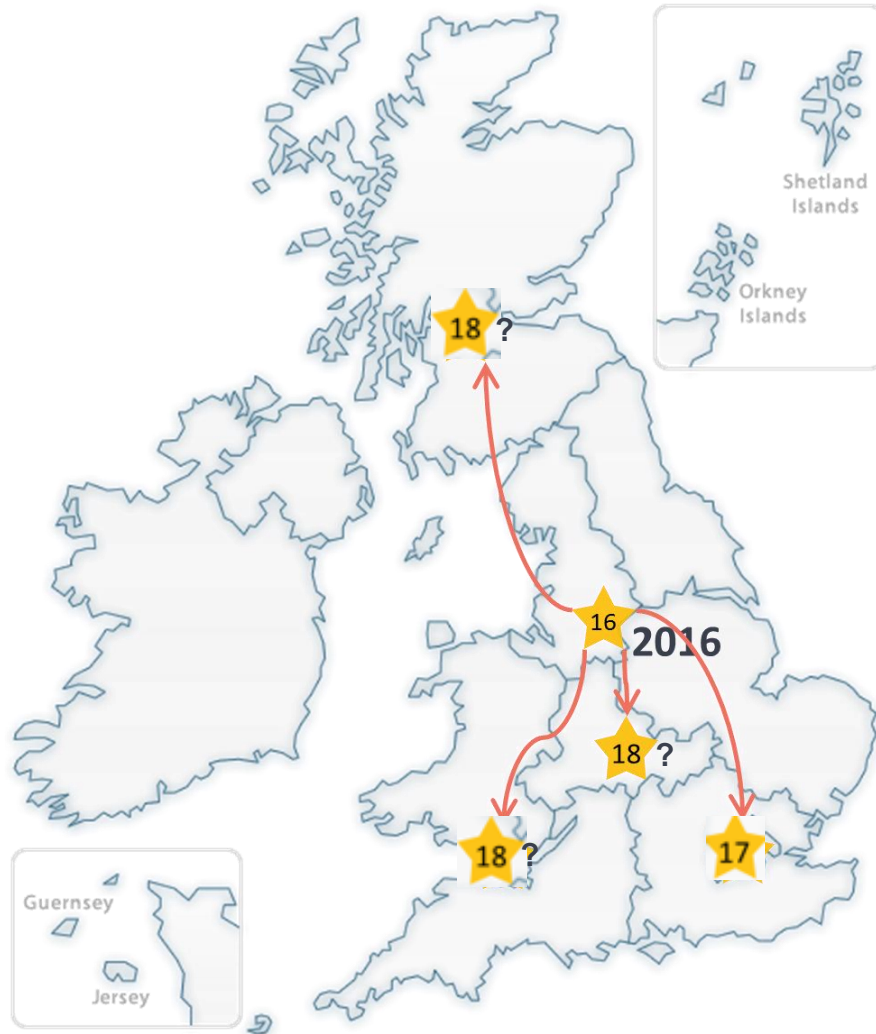


Crown  
Commercial  
Service



# THE CHALLENGER'S LOCATION IN UK

CLOSE TO THE BROKERS



Based on discussions with leading public sector brokers, we found that:

- Manchester seems to be the best starting point in the UK
  - Close to public sector market leader Aon
  - Is an insurance hub - public sector
  - Close to highly skilled workforce – lower cost than London
  - Does not other segments
- Culture is key before expanding to the next location

# UK – Go live

Stage 4 & 5

CMD 2016-08-18

# Project C4 transfer to M6



## Project C4 UK – July 2016

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	✓



## Project M6 – July 2016

Sub-Project	Status
Pub Attack	●
Tools 4 Trade	●
Claims Surprise	●
5x20	●
Operational Excellence	●
Formal Establishment	●

✓ = Completed

● = on schedule

● = behind schedule

# Recruitment – First Who, then What

- Partnership with local recruiters
- Recruiting continuously since November
- Target 25 by end of 2016

**Scandinavia's market-leading insurance firm is targeting Manchester. And you.**

Immediate positions available include:

- Underwriting Manager, Casualty
- Underwriters/Senior Underwriters, Property & Casualty
- Risk Engineer/Consultant
- Commercial Claims Manager
- 2 x Graduating Underwriters/Analysts

All competitive salaries plus excellent range of benefits.

Protecta Insurance is coming to the UK market and, from its new offices in Manchester, has big plans to grow. Established in Sweden in 2008, Protecta has a proven track record of continuous growth. The firm's elevated focus is Scandinavia's leading public sector insurer and it sits in the top 100 European commercial insurers. Ready to meet business fast-paced and quality leadership, vision, local relevance, and a creative, forward-thinking team, you need to have a "hands-on" approach, and thrive in a fast-moving yet demanding environment. Expect to be challenged, and be happy to challenge others. In return, Protecta believes in empowering its staff with a clear vision, proven business ideas, targets and company values. It brings energy, commitment and belief in the insurance industry.

For a confidential conversation with Jon Rubin or Nick Rubin, please call 0161 634 4747 or email your CV directly to [protecta@njsrecruitment.co.uk](mailto:protecta@njsrecruitment.co.uk).

[www.njsrecruitment.co.uk](http://www.njsrecruitment.co.uk) **PROTECTOR** forsikring **NJR**

		Competence							Profile		Timeline																												
Role	Capacity	UW	Cla	Re	Br	Mgmt	Edu	Exp	Age?	2015				2016								2017																	
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec								
UW manager casualty	1	x	x	x	x	2+	Deg/CII	10+	35-50	1																													
UW casualty	1	x					Deg/CII	3+	30-40							1																							
UW manager property	1	x	x	x	x	2+	Deg/CII	10+	35-50								1																						
Development UW	1						Deg	5+	35-40																	1													
Commercial combined UW	2	x					Deg	2+	25-35							2																							
UW motor / bus / truck	0	x					Deg	5+	30-40																														
Analyst / UW	3						Deg/M	0+	<30	2										1																			
Claims manager	1	x	x	x			Deg/CII	10+	35-40					1																									
Claims handler casualty	4	x					Deg/CII?	5+	25-40							2											2												
Claims handler motor	3						?	5+	25-40							1											2												
Motor technician	1	?					?	10+	25-35								1																						
Claims handler property	1	x					Deg/CII?	5+	25-40							1																							
Risk-engineer property	2	x					Deg/M	10+																		1													
UW assistant	2						?	3+	<35																														
Regional Manager	1	x	x	x	x		Deg/CII	10+	40-45																														
Actuary / UW	1	x					M	5+																															
"Secretary" / Office assistant	1							4+	22-30																														
26										3	0	0	0	2	0	0	4	4	2	0	0	2	0	5	0	0	0	0	0	2	1	0	0						
										Search				Signing				Start date																					

Signings 2016 depending on development of market penetration  
We will normally get customer acceptance 2 mths prior to inception date

Pre interview evaluations							Post interview evaluations					Personality			Ability					Sum																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
Current title	Position	Epi	Epi	Epi	Epi	Total	Technic	Operatio	Relatio	Compete	Confide	Humilit	Analysis	Commun	Perf	Total																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
Regional Casualty UW Manager	UW Manager Casualty	3	4	3	2	2	2 (not eval)	3	4	4	3	3	2	3	2*	3*	3	4	4	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3</

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# The People



## Team on board

- Maureen Owen – Regional Manager UK
- Julie Kenny – Claims Manager
- Claire Lyons – Claims Technician
- Lee Goodyear – Underwriting Manager (Property)
- Paul Steventon – Underwriting Manager (Liability)
- Charlotte Craven – Fleet Motor Underwriter
- Matthew Wright – Fleet Motor Underwriter
- Bjarte A. S. Jensen – Chief Underwriter Public Sector
- Jayna Patel – Underwriter
- Sam Oakes – Underwriter
- Susan Pomfret – Administration Officer
- David Reddish – Risk Engineer



## Norwegian Resources in the UK

- Sverre Bjerkeli (CEO),
- Henrik Høye (Dir. Commercial and Public Sector),
- Fredrik Øyan (Dir. P&C and Reinsurance),
- Helge Knutsen (Risk Engineer),
- Fredrik Messel (Claims Director),
- Marius Austnes (Dir. IT), Bjørn Bye (Chief Risk Officer)
- Analytical resources



## Ongoing recruitment

- Accountant
- Claims handlers
- Graduate underwriters

# Culture – An Opportunity and a key factor for success

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## Our DNA

**Vision**  
The Challenger

**Business Idea**  
Unique relationships, best in class decision-making and cost effective solutions

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

**Values**  
(Troværdig) Credible  
(Imøtekommende) Open  
(Modig) Brave  
(Engasjert) Committed



As an employee in Protector I will:	As an employee in Protector I will:	Day to day examples	As an employee in Protector I will:	As an employee in Protector I will:	Day to day examples
Communicate respectfully and directly, with the relevant person	Understand and live what the challenger means in my role	<ul style="list-style-type: none"> <li>Understand company and individual objectives, and how these relate to being the Challenger</li> <li>Be creative, use my own initiative and challenge the status quo</li> <li>Believe and achieve</li> <li>Proactively approach difficult conversations</li> <li>Tackle difficult tasks straight away</li> <li>Have the confidence to stand up for what I believe in</li> </ul>	Understand the requirements of my role and be able to deliver accordingly	Understand and live what the challenger means in my role	<ul style="list-style-type: none"> <li>Understand company and individual objectives, and how these relate to being the Challenger</li> <li>Be creative, use my own initiative and challenge the status quo</li> <li>Believe and achieve</li> <li>Proactively approach difficult conversations</li> <li>Tackle difficult tasks straight away</li> <li>Have the confidence to stand up for what I believe in</li> </ul>
Always strive to be creative	Have the courage of my convictions no matter what the situation	<ul style="list-style-type: none"> <li>Proactively approach difficult conversations</li> <li>Tackle difficult tasks straight away</li> <li>Have the confidence to stand up for what I believe in</li> </ul>	Collect, share and make use of relevant facts	Have the courage of my convictions no matter what the situation	<ul style="list-style-type: none"> <li>Proactively approach difficult conversations</li> <li>Tackle difficult tasks straight away</li> <li>Have the confidence to stand up for what I believe in</li> </ul>
Always have a positive mind-set	Talk about mistakes to ensure everyone learns from them	<ul style="list-style-type: none"> <li>Acknowledge, learn from and share mistakes collectively</li> <li>Understand the cause and remedy</li> </ul>	Deliver on time, every time	Talk about mistakes to ensure everyone learns from them	<ul style="list-style-type: none"> <li>Acknowledge, learn from and share mistakes collectively</li> <li>Understand the cause and remedy</li> </ul>
Take suggestion and constructive feedback as an opportunity to develop and improve	Challenge myself and continuously reach for the next level	<ul style="list-style-type: none"> <li>Actively seek more knowledge and more responsibility</li> <li>Strive to be great and go the extra mile</li> </ul>	Recognise my expertise, and that of my colleagues – and ask for assistance where necessary	Challenge myself and continuously reach for the next level	<ul style="list-style-type: none"> <li>Actively seek more knowledge and more responsibility</li> <li>Strive to be great and go the extra mile</li> </ul>

As an employee in Protector am i:	Day to day examples	As an employee in Protector I will:	Day to day examples
A dedicated and enthusiastic team player	<ul style="list-style-type: none"> <li>Take ownership of my own and the team's role and responsibilities and lead by example</li> <li>Have a positive attitude and a willingness to help others</li> <li>Support my colleagues and work as a team</li> </ul>	Understand and live what the challenger means in my role	<ul style="list-style-type: none"> <li>Understand company and individual objectives, and how these relate to being the Challenger</li> <li>Be creative, use my own initiative and challenge the status quo</li> <li>Believe and achieve</li> </ul>
Build confidence and motivation in order to create a strong team	<ul style="list-style-type: none"> <li>Encourage and praise colleagues</li> <li>Always show my colleagues respect</li> <li>Offer recognition where it is deserved</li> <li>Be considerate of others' needs, workloads and deadlines</li> </ul>	Have the courage of my convictions no matter what the situation	<ul style="list-style-type: none"> <li>Proactively approach difficult conversations</li> <li>Tackle difficult tasks straight away</li> <li>Have the confidence to stand up for what I believe in</li> </ul>
Seek the little improvements	<ul style="list-style-type: none"> <li>Actively seek new and better ways of doing my job</li> <li>Be aware of and committed to Protector's business and goals</li> <li>Challenge myself to add value</li> </ul>	Talk about mistakes to ensure everyone learns from them	<ul style="list-style-type: none"> <li>Acknowledge, learn from and share mistakes collectively</li> <li>Understand the cause and remedy</li> </ul>
Adhere to company strategy, processes and procedures	<ul style="list-style-type: none"> <li>Choose to use opportunities, not limitations</li> <li>Contribute towards decisions and embrace the outcomes</li> <li>Ensure that I understand the way we do things, and why</li> </ul>	Challenge myself and continuously reach for the next level	<ul style="list-style-type: none"> <li>Actively seek more knowledge and more responsibility</li> <li>Strive to be great and go the extra mile</li> </ul>



**Indikator STP PROTECTOR**

Indikator	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
1. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
2. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
3. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
4. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
5. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
6. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
7. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
8. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
9. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
10. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
11. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
12. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
13. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
14. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
15. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
16. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
17. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
18. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
19. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
20. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
21. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
22. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
23. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
24. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
25. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
26. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
27. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
28. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
29. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0
30. Prestasjonslekk	5,0	5,0	5,0	5,0	5,0

**PRESTASJONSMÅL - KAM**

Indikator: Prestasjonslekk

Q4 2023: 5,0

Q1 2024: 5,0

Q2 2024: 5,0

Q3 2024: 5,0

Q4 2024: 5,0

Q1 2025: 5,0

Q2 2025: 5,0

Q3 2025: 5,0

Q4 2025: 5,0

Q1 2026: 5,0

Q2 2026: 5,0

Q3 2026: 5,0

Q4 2026: 5,0

Q1 2027: 5,0

Q2 2027: 5,0

Q3 2027: 5,0

Q4 2027: 5,0

Q1 2028: 5,0

Q2 2028: 5,0

Q3 2028: 5,0

Q4 2028: 5,0

Q1 2029: 5,0

Q2 2029: 5,0

Q3 2029: 5,0

Q4 2029: 5,0

Q1 2030: 5,0

Q2 2030: 5,0

Q3 2030: 5,0

Q4 2030: 5,0

Q1 2031: 5,0

Q2 2031: 5,0

Q3 2031: 5,0

Q4 2031: 5,0

Q1 2032: 5,0

Q2 2032: 5,0

Q3 2032: 5,0

Q4 2032: 5,0

Q1 2033: 5,0

Q2 2033: 5,0

Q3 2033: 5,0

Q4 2033: 5,0

Q1 2034: 5,0

Q2 2034: 5,0

Q3 2034: 5,0

Q4 2034: 5,0

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Q2 2035: 5,0

Q3 2035: 5,0

Q4 2035: 5,0

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Q2 2036: 5,0

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Q1 2037: 5,0

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Q3 2037: 5,0

Q4 2037: 5,0

Q1 2038: 5,0

Q2 2038: 5,0

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Q4 2038: 5,0

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Q1 2040: 5,0

Q2 2040: 5,0

Q3 2040: 5,0

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Q3 2041: 5,0

Q4 2041: 5,0

Q1 2042: 5,0

Q2 2042: 5,0

Q3 2042: 5,0

Q4 2042: 5,0

Q1 2043: 5,0

Q2 2043: 5,0

Q3 2043: 5,0

Q4 2043: 5,0

Q1 2044: 5,0

Q2 2044: 5,0

Q3 2044: 5,0

Q4 2044: 5,0

Q1 2045: 5,0

Q2 2045: 5,0

Q3 2045: 5,0

Q4 2045: 5,0

Q1 2046: 5,0

Q2 2046: 5,0

Q3 2046: 5,0

Q4 2046: 5,0

Q1 2047: 5,0

Q2 2047: 5,0

Q3 2047: 5,0

Q4 2047: 5,0

Q1 2048: 5,0

Q2 2048: 5,0

Q3 2048: 5,0

Q4 2048: 5,0

Q1 2049: 5,0

Q2 2049: 5,0

Q3 2049: 5,0

Q4 2049: 5,0

Q1 2050: 5,0

Q2 2050: 5,0

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Q1 2051: 5,0

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Q4 2056: 5,0

Q1 2057: 5,0

Q2 2057: 5,0

Q3 2057: 5,0

Q4 2057: 5,0

Q1 2058: 5,0

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Q2 2075: 5,0

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Q1 2078: 5,0

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Q4 2078: 5,0

Q1 2079: 5,0

Q2 2079: 5,0

Q3 2079: 5,0

Q4 2079: 5,0

Q1 2080: 5,0

Q2 2080: 5,0

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Q2 2086: 5,0

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Q3 2088: 5,0

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Q1 2089: 5,0

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Q3 2090: 5,0

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Q1 2091: 5,0

Q2 2091: 5,0

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Q1 2092: 5,0

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Q3 2092: 5,0

Q4 2092: 5,0

Q1 2093: 5,0

Q2 2093: 5,0

Q3 2093: 5,0

Q4 2093: 5,0

Q1 2094: 5,0

Q2 2094: 5,0

Q3 2094: 5,0

Q4 2094: 5,0

Q1 2095: 5,0

Q2 2095: 5,0

Q3 2095: 5,0

Q4 2095: 5,0

Q1 2096: 5,0

Q2 2096: 5,0

Q3 2096: 5,0

Q4 2096: 5,0

Q1 2097: 5,0

Q2 2097: 5,0

Q3 2097: 5,0

Q4 2097: 5,0

Q1 2098: 5,0

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Q1 2099: 5,0

Q2 2099: 5,0

Q3 2099: 5,0

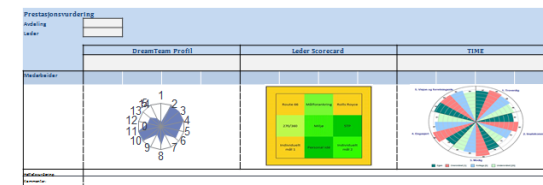
Q4 2099: 5,0

Q1 2100: 5,0

Q2 2100: 5,0

Q3 2100: 5,0

Q4 2100: 5,0



# SLA's – a part of the definition of quality

- Quality standard with clear objectives
  - Responsiveness (time)
  - At least market standards / brokers' requirement

New policies will be produced and at the brokers desk within 15 days	75 %
Notice on renewal of policies will be sent the broker at least 3/6 months before maturity	95 %
Renewal policy will be at the brokers desk at least 1 month before maturity	90 %
E-mail answered within one working day	95%
Broker's calls shall always be answered	80 %

**"Right first time,  
on time, every  
time"**

- Reports with results delivered
- Penalties if breached
  - Payable to broker / customer
  - Fee or percentage of premium if < 90 % objectives



# Claims Handling UK – The Moment of Truth

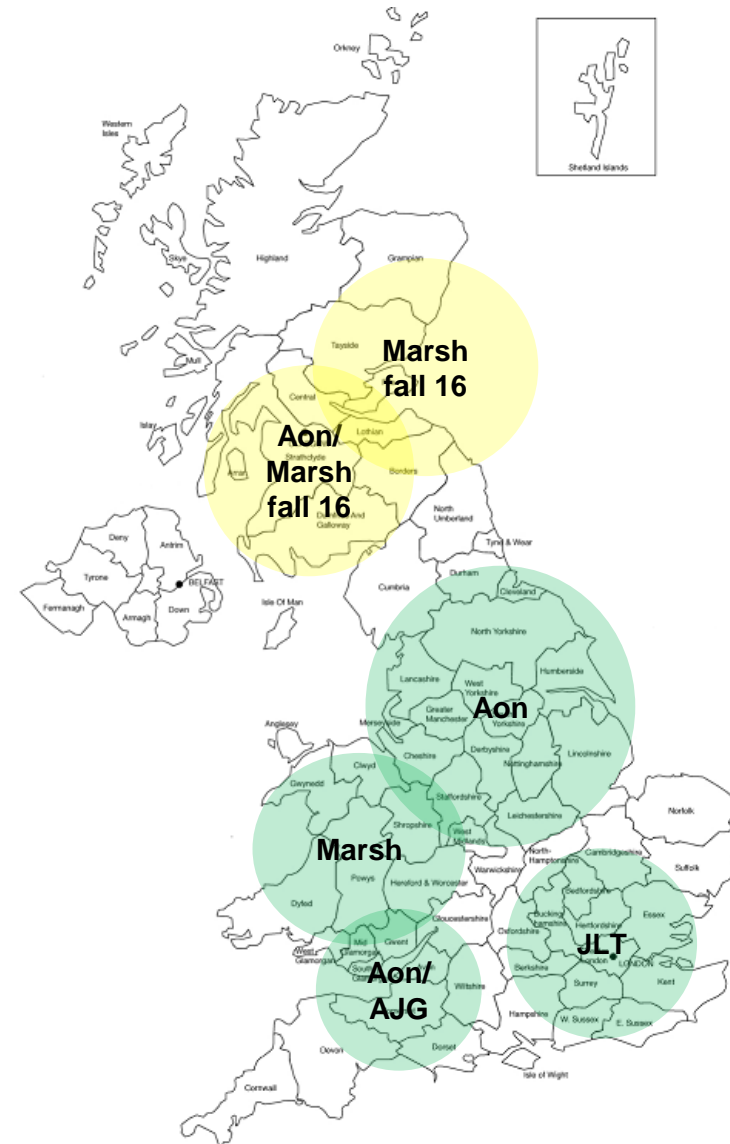
- Protector targets to be quality leader in claims handling in first UK survey
  - Survey to be conducted in 2017
- This will be done through a two-stage operational set-up (similar to Scandinavia):
  - Short term (present → critical mass is reached):
    - Partnership with Cunningham Lindsey
  - Long term (when critical mass is reached →):
    - In-house claims handling, utilizing a network of experts where needed
    - Gradual insourcing of lines of business
- The process of defining and designing quality leadership is adapted from Scandinavia
  - Adjustments for local differences with local professionals is ongoing
  - Then we will deliver and measure

1. Speed of response
2. Tone of Voice
3. Technical knowledge
4. Correct settlement
5. Overall Assessment



# Market Activities Public Sector

- **Broker meetings**
  - 20 meetings with AON, Marsh, JLT, AJG and Willis
  - 100 brokers (85 % of all Public Sector brokers)
  - Professional individuals, efficient organizations
  - Warm welcome
- **Events**
  - 4 conferences hosted by Public Sector organizations
    - More than 200 insurance officers
    - On speaker panel, with stand, participation in work shops
  - 5 client and broker meetings
  - Several insurance awareness days
    - Individual meetings with clients and their broker

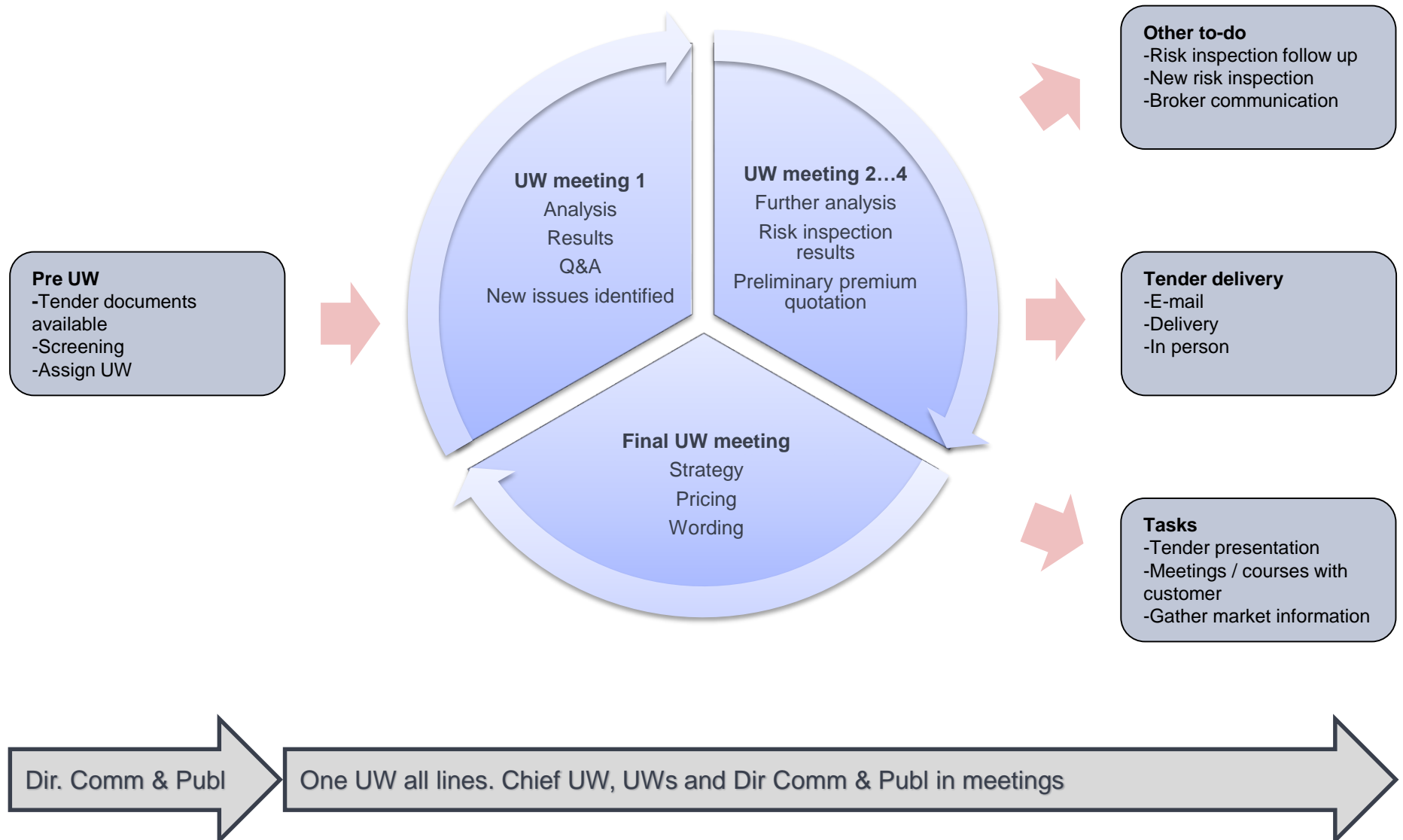


# UW – Gradual learning

Transferring methodology and culture from Scandinavia

CMD 2016-08-18

# Underwriting process



# Public Sector Data

- Significant dataset available across main lines of business
  - Result of market entry activities
  - Ongoing market presence and tender activity
- More UK data is scheduled to arrive

	Property			Casualty			Fleet		
	Sums insured	Claim years	# Claims / sum claims	Sums insured	Claim years	# Claims / sum claims	Sums insured	Claim years	# Claims / sum claims
UK	• £600bn	• 10 years	• 15k claims • £120m losses	• £50bn wages • 2m empl.	• 10 years	• 60k claims • £500m losses*	• 75k vehicle years	• 6 years	• 21k claims • £47m losses
Norway	• £430bn	• 8 years	• 5,5k claims • £150m losses	• £190bn turnover • 3,5m empl.	• 8 years	• 2,5k claims • £21m losses	• 186k vehicle years	• 6 years	• 22k claims • £44m losses
Sweden	• £430bn	• 8 years	• 3,1k claims • £190m losses	• £105bn turnover	• 8 years	• 5,5k claims • £25m losses	• 250k vehicle years	• 4 years	• 40k claims • £30m losses
Denmark	• £200bn	• 5 years	• 9k claims • £105m losses	• £35bn wages	• 5 years	• 5k claims • £6m losses	• 100k Vehicle years	• 4 years	• 2,3k claims • £3,5m losses

\*Ground up basis



## Underwriting – Public Sector

Sums insured			Summary other factors										Claim volume k €		Frequency		Consequence	
EML k€	Sums insured - k€	Claim years	Type of Claims	Public stat	Research/google	Property occupati	Street-View	First hand inspect	Total	Want	Current insurer	Volume	Reduced	Per Year	Per sum insured	BCR + marg	Weighted P	
18 700	1 322 077	5,00	Green	Yellow	White/Yell	White	.		White	Yes	ZM	177	177	17,00	12,85			
na	1 102 678	5,00	Green	Green		White			Green	Yes	Travelers	1	1	0,60	0,5			
741 432	1 057 996	5,00	Yellow	Red	Red	Yellow	Yellow/white		Red	No	ZM	68	68	1,80	1,33			
	10 68		White	Green	Green	White			Green	No	ZM	142	129	18,8	17,57			
				Yellow/red	Yellow/red	White	Yellow		Yellow	Yes		91	50	3,00				
46 505	581 337	4,00	Yellow	White	Green	White			White	Yes	Travelers	6	6	1,50	2,58			
15 869	288 641	4,00	Red	White	Green	Yellow	White		Red	No	Self Insu	126	126	29,75	103,07			
39 464	489 245	5,00	Green	Yellow	Green	White	White		White	Yes	ZM		32	3,60	7,36			
	280 534	11,00	White	Green	White	White			Green	Yes	Travelers	12	54	4,73	16,85			
	7 002 705	55										766	64		11,54	-	-	

## Public statistics – and other go/no go indicators

## Claims history - conclusion

## Rate comparison / premium suggestion

Sums insured			Summary other factors									
EML k£	Sums insured - P.C.	Claim years	Type of Claims	Arson	Fire	Water	Vandalism	Other	Large losses	Comment Type of Claims		
18 700	1 322 077	5,00	Green	Green	Green	White	Green	Green	Green	storm damage, but noting		
na	1 102 678	5,00	Green	Green	Green	Green	Green	Green	Green	claims in total (high e		
341 932	1 057 996	5,00	Yellow	White	White	Yellow	Red	Yellow	White	lot of vandalism al		
22 595	1 070 992	10,68	White	Green	Green	White	Yellow	Green	White	d escape of water		
24 000	809 205	5,00	Red	Red	Yellow	Green	Green	Green	Yellow	Alo schools. One v		
46 505	581 337	4,00	Yellow	Yellow	White	Green	Green	Green	White	Seven trucks in the cl		
15 869	288 641	4,00	Red	Red	Red	Green	Green	Green	Yellow	Several in the cla		
39 464	489 245	5,00	Green	White	Green	Green	Green	Green	White	One arsonist last 5 yea		
	280 534	11,00	White	Green	Green	Red	Green	Green	Yellow	One large f claim		
-		55										

## Detailed view – responsibilities and risk factors

UW  
recommendation -  
risk appetite

## Risk engineers comments and conclusion

- Risk mapping and conclusion presented in a easy-to-read manner

# UNDERWRITING TOOLS

- We have approx. 130,000 claims in our dataset
- Will analyse against all local authorities and then similar services
- Regional variations also analysed



Inc 0	Inc 0	> ded	> ded	Inc 0	> ded	Inc 0	> ded
Nr of claims total inc 0	Per year	Nr of claims > dedu	Per year	Per FTE per year	Per FTE per year	Per wage	Per wage
190	14	118,6	8,82	0,85 %	529 %	0,26	0,16
641	61,03	437	41,64	0,51 %	349 %	0,15	0,11
321	21	180,1	11,70	0,26 %	148 %	0,09	0,05
112	12	76	8,04	0,27 %	186 %	0,11	0,07
195	35,91	138,1	25,44	0,27 %	190,63 %	0,14	0,10
61	6	40,6	3,89	0,13 %	88 %	0,06	0,04
82	9	30,8	3,23	0,28 %	105 %	0,09	0,03
88	9	34,2	3,33	0,23 %	90 %	0,12	0,05
172	27	106,0	16,71	0,32 %	198 %	0,13	0,08

- Claims frequency
- Inflate claims costings
- Effect of Deductible variations



BCR	Frequency all			Frequency >ded		
BCR red	WR	FTE's	Pop	WR	FTE's	Pop

## Summary

- Introductory information
  - With contact information and key days

<b>Client</b>	
LA Type	
Broker Contact	
Required Rating	
Submission Portal	
<b>Deadline</b>	<b>14th July 2015 at 12 noon</b>
Inception	1st October 2016
QA deadline	30th June 2016
Award Date	30th August 2016

Loss	Current Insurer	EMI/Limit k	Aggregate	Existing Excess
<b>PBBI</b>	Zurich Municipal			
Housing Properties				£5,000 each and every loss
General		£100,000,000 any one occurrence	250 000	£5,000 each and every loss
Floors				£5,000 each and every loss
Playground Equipment				£50/£2,500
Fine Arts	Ecclesiastical			£5,000 each and every loss
Contract Works (All Risks)	Zurich Municipal			
Terrorism	Maven Underwriters			
Combined Liability	Travelers			
Employers' Liability				25 000
Public/Products Liability			370 000	50 000
Motor Fleet	AIG			£5,000 ADTFWS/ Nil TP
Fidelity Guarantee/Crime	Zurich Municipal			
Engineering Insurance and Statutory Insurance	RSA			
Computer	RSA			
Cyber Liability	AIG			

- Benchmarking models and comparison evaluations
- Total overview and underwriter suggestion
- Checklists

[illegible]

Year	Total Price		Auction										On-line auction									
	Price	Rate	Price	Rate	Price	Rate	Price	Rate	Price	Rate	Price	Rate	Price	Rate	Price	Rate						
2004	2,834	0.45	0.04	0.01	2,838	0.608	0.01	0.01	0.20	0.04	7,647	13.58	0.00	0.00	0.00	0.00						
2005	7,824	0.04	0.01	4,058	2,822	0.00	0.00	0.03	0.04	13,068	1,983	0.00	0.00	0.04	0.05	2,012	0.02					
2006	1,317	0.02	0.01	1,317	0.02	0.01	0.01	0.01	0.01	1,317	0.02	0.01	0.01	0.01	0.01	0.01	0.01					
2007	149,206	0.05	0.05	187,880	0.03	0.03	148,988	0.03	0.05	275,005	0.07	0.05	0.05	0.05	0.05	0.05	0.05					
2008	1,928	0.18	0.18	1,928	0.18	0.18	1,928	0.18	0.18	1,928	0.18	0.18	0.18	0.18	0.18	0.18	0.18					
2009	194,268	0.48	0.08	259,339	154,433	153,638	0.08	0.34	0.15	127,478	60,638	0.04	0.12	0.01	90,943	289,123	0.03					
2010	9,445	0.07	0.07	9,445	0.07	0.07	9,445	0.07	0.07	9,445	0.07	0.07	0.07	0.07	0.07	0.07	0.07					
2011	18,185	0.19	0.06	7,890	33,517	0.11	0.01	0.03	0.03	3,184	4,848	27,784	0.05	0.05	7,789	24,878	0.05					
2012	17,685	0.02	0.01	20,586	22,694	0.02	0.02	0.02	0.02	5,462	27,412	70,713	0.06	0.06	9,978	24,878	0.06					
2013	9,248	0.18	0.14	33,772	47,058	7,064	0.05	0.05	0.05	12,884	76,746	1,900	0.01	0.07	0.07	18,185	0.18					
2014	33,324	0.18	0.18	33,324	0.18	0.18	33,324	0.18	0.18	33,324	0.18	0.18	0.18	0.18	0.18	0.18	0.18					
2015	57,574	0.07	0.06	64,992	13,992	0.02	0.02	0.02	0.02	94,362	566,113	27,874	0.18	0.17	0.14	16,962	129,912					
2016	9,049	0.18	0.18	14,034	38,884	4,056	0.01	0.01	0.01	4,043	1,983	55,883	0.06	0.23	0.11	18,962	42,962					
2017	4,118	0.02	0.02	4,118	0.02	0.02	4,118	0.02	0.02	4,118	0.02	4,118	0.02	0.02	4,118	0.02	0.02					
2018	1,070	0.82	0.82	1,070	21,478	0.02	0.02	0.02	0.02	16,379	0.04	0.05	0.18	0.58	1,070	22,478	0.02					
2019	9,445	0.04	0.04	9,445	0.04	0.04	12,061	0.02	0.02	41,062	56,265	9,445	0.04	0.04	9,445	0.04	0.04					
2020	83,889	0.89	0.89	103,230	276,009	0.09	0.09	0.09	0.09	163,794	9,445	9,445	0.04	0.04	103,230	276,009	0.09					
2021	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	1,070	0.04	0.04	1,070	0.04	0.04					
2022	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	1,070	0.04	0.04	1,070	0.04	0.04					
2023	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	1,070	0.04	0.04	1,070	0.04	0.04					
2024	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	1,070	0.04	0.04	1,070	0.04	0.04					
2025	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	1,070	0.04	0.04	1,070	0.04	0.04					
2026	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	0.04	1,070	0.04	1,070	0.04	0.04	1,070	0.04	0.04					

EML k£	Sums insured - K £	Claim years	Type of Claims	Public stat	Research / google	Property occupation	Street-View	First hand inspection	Total	Want
25 088	813 433	9,61	Yellow	White	White	Red	White	White	Yellow	Yes
34 666	1 521 089	9,6	Yellow	Yellow	White	White	White	White	Yellow	Yes
53 456	1 598 070	5,70	White	White	Yellow	White	White	White	Green	Yes
58 885	441 064	9,58	Yellow	White	Yellow	White	White	White	White	Yes
54 000	963 179	4,67	Yellow	Green	White	White	White	White	White	Yes
36 200	2 262 846	10,67	Green	Green	Green	White	White	White	White	Yes
22 407	151 433	9,52	White	Green	Yellow	Green	White	White	Green	Yes
14 939	88 241		Black	Green	White	Green	White	Green	Green	Yes
182 834	650 635	10,30	Green	Green	Yellow	White	Green	Not inspel	White	Yes

[illegible]

Total Price (Service Includes)			Shipping Price		Inventory Price (quantity)		Total Price		Total Price, Subtotal	
Product	Unit Price	Quantity	Unit Price	Quantity	Unit Price	Quantity	Unit Price	Quantity	Unit Price	Quantity
10001	10.00	100	2.00	100	5.00	100	17.00	100	17.00	100
10002	15.00	150	3.00	150	7.50	150	25.50	150	25.50	150
10003	20.00	200	4.00	200	10.00	200	34.00	200	34.00	200
10004	25.00	250	5.00	250	12.50	250	42.50	250	42.50	250
10005	30.00	300	6.00	300	15.00	300	51.00	300	51.00	300
10006	35.00	350	7.00	350	17.50	350	59.50	350	59.50	350
10007	40.00	400	8.00	400	20.00	400	68.00	400	68.00	400
10008	45.00	450	9.00	450	22.50	450	76.50	450	76.50	450
10009	50.00	500	10.00	500	25.00	500	85.00	500	85.00	500
10010	55.00	550	11.00	550	27.50	550	92.50	550	92.50	550
10011	60.00	600	12.00	600	30.00	600	102.00	600	102.00	600
10012	65.00	650	13.00	650	32.50	650	110.50	650	110.50	650
10013	70.00	700	14.00	700	35.00	700	119.00	700	119.00	700
10014	75.00	750	15.00	750	37.50	750	127.50	750	127.50	750
10015	80.00	800	16.00	800	40.00	800	136.00	800	136.00	800
10016	85.00	850	17.00	850	42.50	850	144.50	850	144.50	850
10017	90.00	900	18.00	900	45.00	900	153.00	900	153.00	900
10018	95.00	950	19.00	950	47.50	950	161.50	950	161.50	950
10019	100.00	1000	20.00	1000	50.00	1000	170.00	1000	170.00	1000
10020	105.00	1050	21.00	1050	52.50	1050	178.50	1050	178.50	1050
10021	110.00	1100	22.00	1100	55.00	1100	187.00	1100	187.00	1100
10022	115.00	1150	23.00	1150	57.50	1150	195.50	1150	195.50	1150
10023	120.00	1200	24.00	1200	60.00	1200	204.00	1200	204.00	1200
10024	125.00	1250	25.00	1250	62.50	1250	212.50	1250	212.50	1250
10025	130.00	1300	26.00	1300	65.00	1300	221.00	1300	221.00	1300
10026	135.00	1350	27.00	1350	67.50	1350	229.50	1350	229.50	1350
10027	140.00	1400	28.00	1400	70.00	1400	238.00	1400	238.00	1400
10028	145.00	1450	29.00	1450	72.50	1450	246.50	1450	246.50	1450
10029	150.00	1500	30.00	1500	75.00	1500	255.00	1500	255.00	1500
10030	155.00	1550	31.00	1550	77.50	1550	263.50	1550	263.50	1550
10031	160.00	1600	32.00	1600	80.00	1600	272.00	1600	272.00	1600
10032	165.00	1650	33.00	1650	82.50	1650	280.50	1650	280.50	1650
10033	170.00	1700	34.00	1700	85.00	1700	289.00	1700	289.00	1700
10034	175.00	1750	35.00	1750	87.50	1750	297.50	1750	297.50	1750
10035	180.00	1800	36.00	1800	90.00	1800	306.00	1800	306.00	1800
10036	185.00	1850	37.00	1850	92.50	1850	314.50	1850	314.50	1850
10037	190.00	1900	38.00	1900	95.00	1900	323.00	1900	323.00	1900
10038	195.00	1950	39.00	1950	97.50	1950	331.50	1950	331.50	1950
10039	200.00	2000	40.00	2000	100.00	2000	340.00	2000	340.00	2000
10040	205.00	2050	41.00	2050	102.50	2050	348.50	2050	348.50	2050
10041	210.00	2100	42.00	2100	105.00	2100	357.00	2100	357.00	2100
10042	215.00	2150	43.00	2150	107.50	2150	365.50	2150	365.50	2150
10043	220.00	2200	44.00	2200	110.00	2200	374.00	2200	374.00	2200
10044	225.00	2250	45.00	2250	112.50	2250	382.50	2250	382.50	2250
10045	230.00	2300	46.00	2300	115.00	2300	391.00	2300	391.00	2300
10046	235.00	2350	47.00	2350	117.50	2350	399.50	2350	399.50	2350
10047	240.00	2400	48.00	2400	120.00	2400	408.00	2400	408.00	2400
10048	245.00	2450	49.00	2450	122.50	2450	416.50	2450	416.50	2450
10049	250.00	2500	50.00	2500	125.00	2500	425.00	2500	425.00	2500
10050	255.00	2550	51.00	2550	127.50	2550	433.50	2550	433.50	2550
10051	260.00	2600	52.00	2600	130.00	2600	442.00	2600	442.00	2600
10052	265.00	2650	53.00	2650	132.50	2650	450.50	2650	450.50	2650
10053	270.00	2700	54.00	2700	135.00	2700	459.00	2700	459.00	2700
10054	275.00	2750	55.00	2750	137.50	2750	467.50	2750	467.50	2750
10055	280.00	2800	56.00	2800	140.00	2800	476.00	2800	476.00	2800
10056	285.00	2850	57.00	2850	142.50	2850	484.50	2850	484.50	2850
10057	290.00	2900	58.00	2900	145.00	2900	493.00	2900	493.00	2900
10058	295.00	2950	59.00	2950	147.50	2950	501.50	2950	501.50	2950
10059	300.00	3000	60.00	3000	150.00	3000	510.00	3000	510.00	3000
10060	305.00	3050	61.00	3050	152.50	3050	518.50	3050	518.50	3050
10061	310.00	3100	62.00	3100	155.00	3100	527.00	3100	527.00	3100
10062	315.00	3150	63.00	3150	157.50	3150	535.50	3150	535.50	3150
10063	320.00	3200	64.00	3200	160.00	3200	544.00	3200	544.00	3200
10064	325.00	3250	65.00	3250	162.50	3250	552.50	3250	552.50	3250
10065	330.00	3300	66.00	3300	165.00	3300	561.00	3300	561.00	3300
10066	335.00	3350	67.00	3350	167.50	3350	569.50	3350	569.50	3350
10067	340.00	3400	68.00	3400	170.00	3400	578.00	3400	578.00	3400
10068	345.00	3450	69.00	3450	172.50	3450	586.50	3450	586.50	3450
10069	350.00	3500	70.00	3500	175.00	3500	595.00	3500	595.00	3500
10070	355.00	3550	71.00	3550	177.50	3550	603.50	3550	603.50	3550
10071	360.00	3600	72.00	3600	180.00	3600	612.00	3600	612.00	3600
10072	365.00	3650	73.00	3650	182.50	3650	620.50	3650	620.50	3650
10073	370.00	3700	74.00	3700	185.00	3700	629.00	3700	629.00	3700
10074	375.00	3750	75.00	3750	187.50	3750	637.50	3750	637.50	3750
10075	380.00	3800	76.00	3800	190.00	3800	646.00	3800	646.00	3800
10076	385.00	3850	77.00	3850	192.50	3850	654.50	3850	654.50	3850
10077	390.00	3900	78.00	3900	195.00	3900	663.00	3900	663.00	3900
10078	395.00	3950	79.00	3950	197.50	3950	671.50	3950	671.50	3950
10079	400.00	4000	80.00	4000	200.00	4000	680.00	4000	680.00	4000
10080	405.00	4050	81.00	4050	202.50	4050	688.50	4050	688.50	4050
10081	410.00	4100	82.00	4100	205.00	4100	697.00	4100	697.00	4100
10082	415.00	4150	83.00	4150	207.50	4150	705.50	4150	705.50	4150
10083	420.00	4200	84.00	4200	210.00	4200	714.00	4200	714.00	4200
10084	425.00	4250	85.00	4250	212.50	4250	722.50	4250	722.50	4250
10085	430.00	4300	86.00	4300	215.00	4300	731.00	4300	731.00	4300
10086	435.00	4350	87.00	4350	217.50	4350	739.50	4350	739.50	4350
10087	440.00	4400	88.00	4400	220.00	4400	748.00	4400	748.00	4400
10088	445.00	4450	89.00	4450	222.50	4450	756.50	4450	756.50	4450
10089	450.00	4500	90.00	4500	225.00	4500	765.00	4500	765.00	4500
10090	455.00	4550	91.00	4550	227.50	4550	773.50	4550	773.50	4550
10091	460.00	4600	92.00	4600	230.00	4600	782.00	4600	782.00	4600
10092	465.00	4650	93.00	4650	232.50	4650	790.50	4650	790.50	4650
10093	470.00	4700	94.00	4700	235.00	4700	799.00	4700	799.00	4700
10094	475.00	4750	95.00	4750	237.50	4750	807.50	4750	807.50	4750
10095	480.00	4800	96.00	4800	240.00	4800	816.00	4800	816.00	4800
10096	485.00	4850	97.00	4850	242.50	4850	824.50	4850	824.50	4850
10097	490.00	4900	98.00	4900	245.00	4900	833.00	4900	833.00	4900
10098	495.00	4950	99.00	4950	247.50	4950	841.50	4950	841.50	4950
10099	500.00	5000	100.00	5000	250.00	5000	850.00	5000	850.00	5000
10100	505.00	5050	101.00	5050	252.50	5050	858.50	5050	858.50	5050

# UK status – Public Sector Tenders

5 clients on board, careful start, learning quickly

Status	Count	Share %
Won	5	25%
Lost	15	75%
Ongoing	4	
Quoted	11	
Total	35	

Status	Sum	Share %
Won	£1m	11%
Lost	£8m*	89%
Ongoing	£4m	
Quoted	£6m	
Total	£21m	

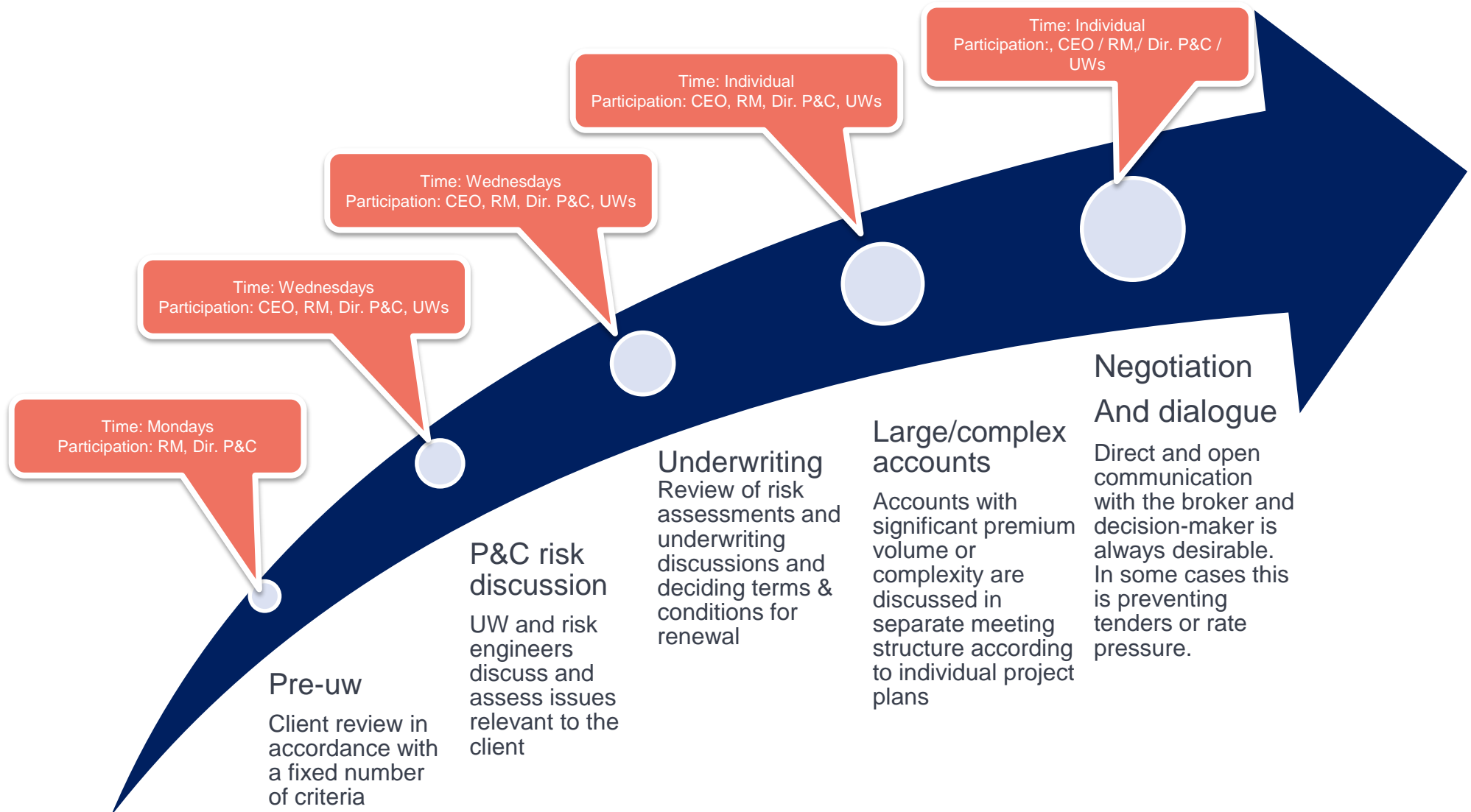
\*Includes non attractive volume

# UK – UW Commercial sector

CMD 2016-08-18

# Underwriting Process

Gradually transferred to UK resources



# Pre-underwriting

Information in tender doc							Necessary info available (operational / technical /ownership structure etc.)
Risk type							Desirable exposure? Easy or difficult to assess? Antiselection?
Losses / loss information							Reliable claims history, info about causes, preventive actions?
Economy							Lindorf's rating, trends / cycles, research online etc.
Quality							Type of organisation, geographical location, HMS, attitudes, safety management
Internal competence							Knowledge about type of exposure/occupancy, previous site-visits etc.
Work load							Complexity, estimated work load in underwriting and servicing throughout period
Broker's quality and relation							Trusting and open dialogue versus being presented poor quality exposures
Probability of winning							Competition, price, pros/cons
<b>Overall assessment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

- The pre-underwriting criteria are consistently applied to evaluate all tenders:
  - The nine elements are weighted differently
  - An overall assessment forms the foundation for decision
  - The approach is identical in NO/SWE/DK/UK

# Summary

Risk is summarized on one page - underlying analyzes are easily accessible.

Client	
Client	
Nace	10.85
Industry	Food
Group	Food and Drink

Responsible	
UW P&C	LG
UW EB	N/A
Lead	LG
KAM	MO

Market assessment	
Grade: (Broker relation, tender process and win probability)	2
Expected tender process:	Market that can write both P&C as package
Expected winning premium	

Summary of risks - UW comments	
Property:	Insured operate from 2 manufacturing sites and then supply to distribution warehouses. Stock is not covered this is on a thruput policy. BI figure of £60m is the 24 MIP + dec linking. Bulk of revenue generated from two manufacturing sites, main target in this respect is Clitheroe which will generate the bulk of the revenue. Still awaiting the actual split but would guess around 60% of the £60m generated from here. No business processes undertaken, risk management looks good and acceptable spread of risks. Overseas P&C extensions - propose FAE only.
GTPL/EL	EL is main risk 8 incidents over 5 year period. Health & Safety is to a high standard and family run business ethos is less likely to claim than other companies. We have very detailed survey reports confirming British Retail Consortium Grade A accreditation, appropriate risk assessments and training is being carried out, machinery is well guarded and that slip resistant footwear / floor surfaces are in place and good standards of housekeeping exist.
Auto:	N/A
Cargo	N/A

Product	UW- score	Premium	Share	Margin UW	Margin UW
P&C - total	3	87,900	100%	26,370	30%
EB - total	-	-	0%	-	-
Client total:	3	87,900		26,370	0.3

Product	UW assessment	Risk appetite (default)	Basis (Sum insured/revenue)	Deductible	Premium	Share of Premium	Rate	Historical		Loss projections			View of margin			
								Burn cost	BC rate	Applied BC-rate	Applied LL-rate	Loss rate (prognosis)	Client (own history)	UW assessment	BC rate industry	BC rate group
Property	3	n/a	71,425,156	-	47,378	54%	0.66	-	-	-	-	-	100%	100%		
GTPL	4	n/a	198,300,000	-	10,113	12%	0.05	2,316	0.01	0.01	0.01	0.03	77%	50%		
EL	4	n/a	10,770,000	-	29,618	34%	2.75	2,316	1.92	0.59	0.79	1.38	30%	50%		
Auto	-	3	-	-	-	-	-	-	-	-	-	-	0%	0%		
Cargo	-	3	-	-	-	0%	0	-	-	-	-	-	0%	0%	n/a	n/a
Sum								331					63%	60%		

Risk

Rate level proposed

Actual Client BC

Large loss rate

Margin Clients HTD

BC sector

Key Take-Outs per LOB



# Fact Sheets Property

70 business types considered and implemented in the template.

Client		Foreslåtte fact sheets - basert på bransje	
Client	M3 Anlegg AS	Entreprenør- grunnarbeid	-
Nace	43.120	-	-
Industry	Grunnarbeid	-	-
Group	Spesialisert bygge- og anleggsvirksomhet	-	-
		-	-
		-	-

Business	Bakeri
----------	--------

Generell info	
General information	Big variations in size and complexity. May be big production facilities, or smaller specialized local suppliers.
Processes	Several processes include heating with, steam, electric heating or gas fired heating.  Tanks for propane/natural gas, NH3, CO2 and nitrogen may be present

	Color	Comment
Risik appetite	3	entral styring, lite opplæring av personell, lite beskyttelse etcBakerovner med avsug er en risiko. Branner kan starte i ovnen og spre seg via ventilasjonsanlegget

Type of risk	Expected level	UW - rating	Weight 1-5
BLC, CO (Construction)	3	2	3
BLC, LO (Lay Out)	3	2	3
BLC,FL (Fire load)	3	2	3
LP, SC (Sprinklers)	3	1	3
LP,OS (Loss prevention)	5	1	5
ER,MA (Manning)	4	3	4
ER,ABA (Fire alarm)	4	2	4
ER, EF (Emergency response)	3	2	4
SM (Safety management)	3	2	4

Score - Expected	Score - UW
9	9
9	9
12	12
25	5
16	12
16	8
12	8
12	8

Summary of assessments

Default vs UW

Risk Type	Default	UW - vurdering
BLC, CO (Construction)	9	9
BLC, LO (Lay Out)	9	9
BLC,FL (Fire load)	12	12
LP, SC (Sprinklers)	25	5
LP,OS (Loss prevention)	16	12
ER,MA (Manning)	16	8
ER,ABA (Fire alarm)	12	8
ER, EF (Emergency response)	12	8
SM (Safety management)	12	8

# Check Lists Liability

Risk factor	Negative extremity	Risk assessment					Positive extremity	UW - Comment
		1	2	3	4	5		
Industry trends that affect the business	New industry with high degree of uncertainty related to court practice, liability standards etc.			3			Well established industry with regulated conditions and well known and balanced contract regimes being followed. Regulated by (public) legislation.	Long established industry and company
Loss history	High frequency and large losses			3			No losses	Improving loss record in last 3 years
Large loss potential	Substantial large loss potential . Work at height / high risk locations / offshore / high accumulation / COMAH (Control of Major Accident Hazards) registered sites etc			3			Low accumulation of staff / non-manual driven activities / work carried out in low risk environments i.e. offices / small shops	Largest single loss is £56k. Work is generally in low-medium category. Mechanics is heavier trade but represents only 2% of overall wagheroll
Any history of Disease Claims?	Asbestos / Noise / VWF / HAVS / Stress			3			Accident driven account with no known long-tail exposures	Not known itemised claims listing awaited
Any work at height in confined spaces or similar?	Could be trade driven such as roofers / scaffolders / window cleaners / industrial tank cleaning etc where this represents a significant exposure in relation to overall wages			3				Not anticipated other than general maintenance
Risk Management – does Insured conform to HSG65, OHSAS 18001 or similar standards?	Basic attitude towards H&S with no plan to achieve these standards			3			Conformance to these standards is a very positive feature.	H&S is to a high standard
Compliance with Trade Sector Codes of Practices and Members of Trade Bodies / Associations	Non compliance is a less attractive feature. For certain trade sectors for example construction there are a large number of trade bodies and membership of some may be key to quoting for risk				4		Compliance with and members of is a positive feature	ABTA / ATOL / FTA / CPT / PSA / ACE / BEST which whilst they are industry travel accreditations would expect H&S practices to be
Rate of Injuries for business sector exceeds UK average	Could be indicative of poor risk management if rate exceeds UK average				4		Less than UK average	RIDDOR accidents are less than sector average
Any HSE Prosecutions or Improvement Notices issued?	Recent prosecutions - check HSE online database. Understand nature of prosecution / improvement notice and action taken.			3			No prosecutions / improvement notices and seen as benchmark for industry standard	

- Checklists are used to establish a clear view of qualitative aspects of exposure
- Incorporating an understanding of the level (and quality) of risk management/-awareness
  - RM standards, codes of practice, injury rate, HSE improvement notices etc.

# Check Lists Fleet Motor

UW-Score



## Quality of Claims Information

### Worst

Full claims breakdown (row by row data)

No information provided

Large loss information

No details of large claims


### Best

10 + years data, including paid & o/s, AD/TP split, incurred & reported dates, date of extraction  
Full information including circumstances of loss, payments / reserves, position as at last year

## Quality of Exposure Information

### Worst

Cover and deductible information

No information provided

Vehicle accumulation

No information provided / high accumulation > £7.5M

Geographical area

Crash for cash hotspot, poor road network, poor area


### Best

Cover and excess data for 10 + years, including details of any changes in cover, historic vehicle numbers  
No accumulation of vehicles in any one location  
Good road network, investment in infrastructure, low incidence of fraud, affluent area

## Fleet Schedule

### Worst

Composition of schedule

High exposure (refuse, minibus, blue light)

Security arrangements (parking, storage)

No details / no security in place

Vehicle use

Haz goods / refuse / blue light

Fleet now vs. expected future size

No information / significant changes planned


### Best

Low exposure (cars, vans, plant)  
CCTV, perimeter fencing, security guard, spaced parking  
SDP & business / own goods  
No changes planned, stable vehicle numbers / routines / cover requirements

- Benchmarking of the degree to which quality of information and data provided effects overview of risk
  - Quality of Claims Information
  - Quality of Exposure Information
  - Fleet Schedule

# Copying a Winning Formula to new Markets

By gradually transferring to «all business is local business»

## 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

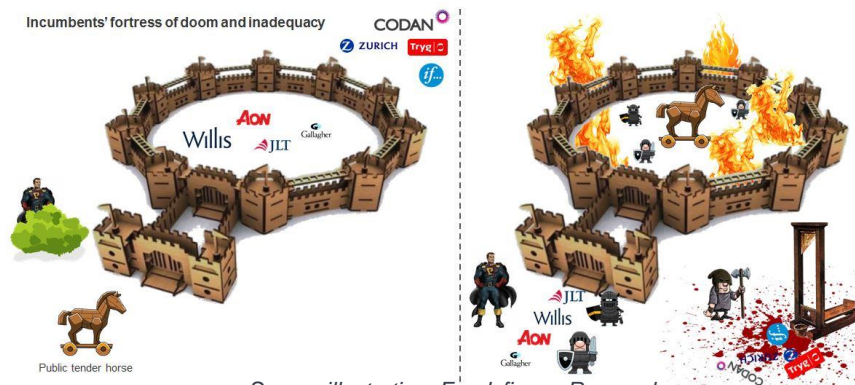
*People and culture*

## 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 nich picking

*People and culture*

Commercial sector; biggest potential, Public sector; entry point



Source illustration: Fondsfinans Research

**PROTECTOR**  
forsikring

# Summary and Final Q&A

CMD 2016-08-18

# Highlights H1 2016

- On Track

- Operating profit of 300 MNOK
- GWP + 22% year to date (17% local currency)
- Net combined ratio 91.2%
- Investment results of 188,6 MNOK, 2.6%
- First 5 clients in UK
- Guiding unchanged

From Norwegian, to Scandinavian, to...



# Summary and next level

- 2004-2016 Nordic Champion – Broker based business

- Cost and Quality leadership
- Best combined ratio and investment results
- Growing 20% a year
- Culture eats strategy for breakfast

From Norwegian, to Scandinavian, to...



- 2017-2019; world leading not only on cost

- Good is the enemy of great 
- Culture is key
- Copy winning formula in UK & Finland
- New volume target 2017-2019, 15% GWP growth
- Key priorities 2017-2019, key riskfactors and key questions



**10% growth and control >> more important than 15-25% growth and ...**

# Key Priorities 2017-2019

1. Claims handling, huge potential
  - Internal quality development (Rolls Royce, Veritas, Clean desk)
  - Efficiency development looking to 2018/2019
2. Profitable growth in the Nordics
3. UK
  - Manchester
  - London, Sales/UW Motor
  - Office number 3 and 4
4. Experto Credite – Change of ownership including new technical survey
5. Affinity and profit control in Denmark
  - Support from Sweden
6. New strategic initiative in Sweden
7. Next Country

Increased need of management and talent capacity

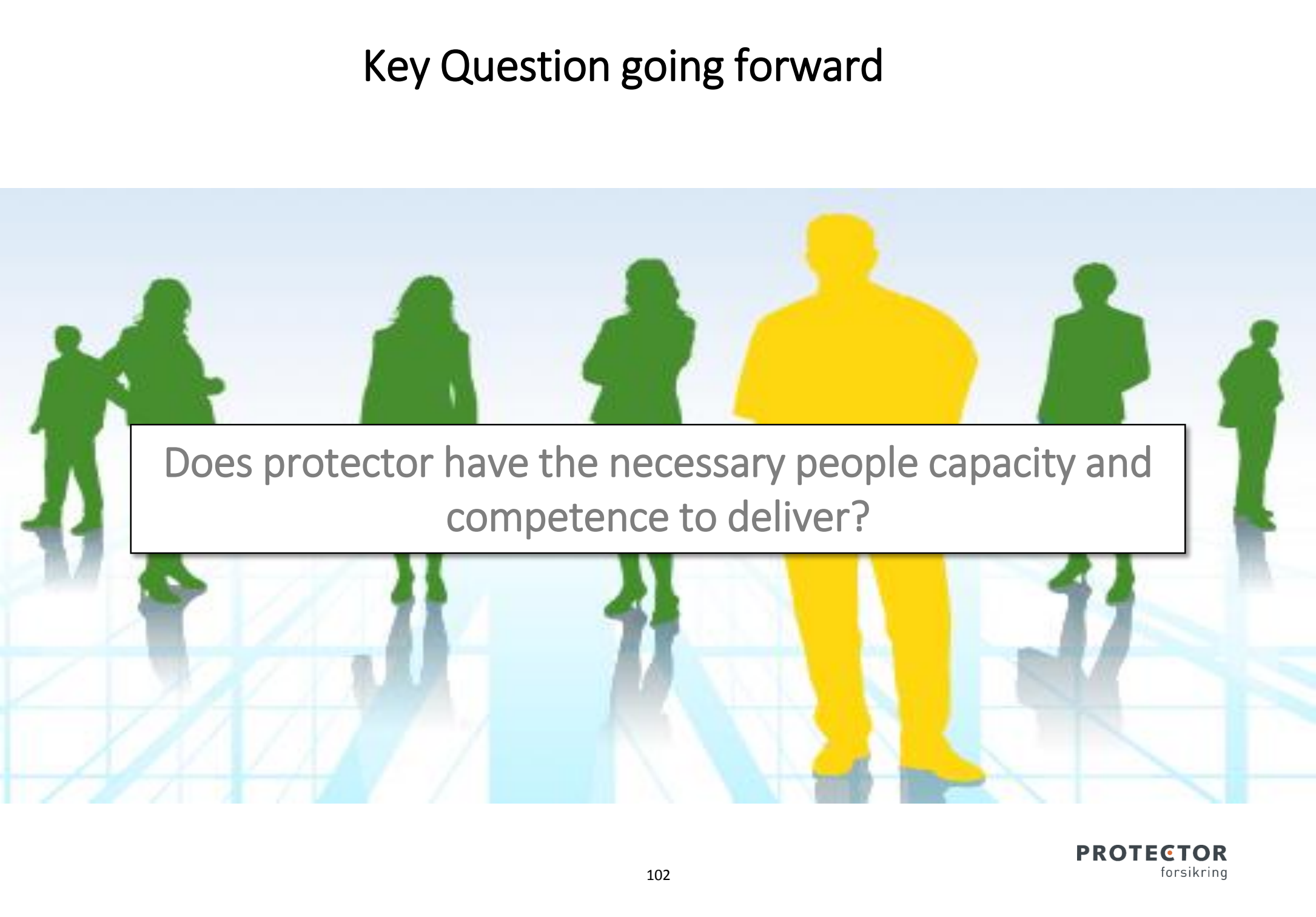


# Key risk factors going into 2017

## Risk

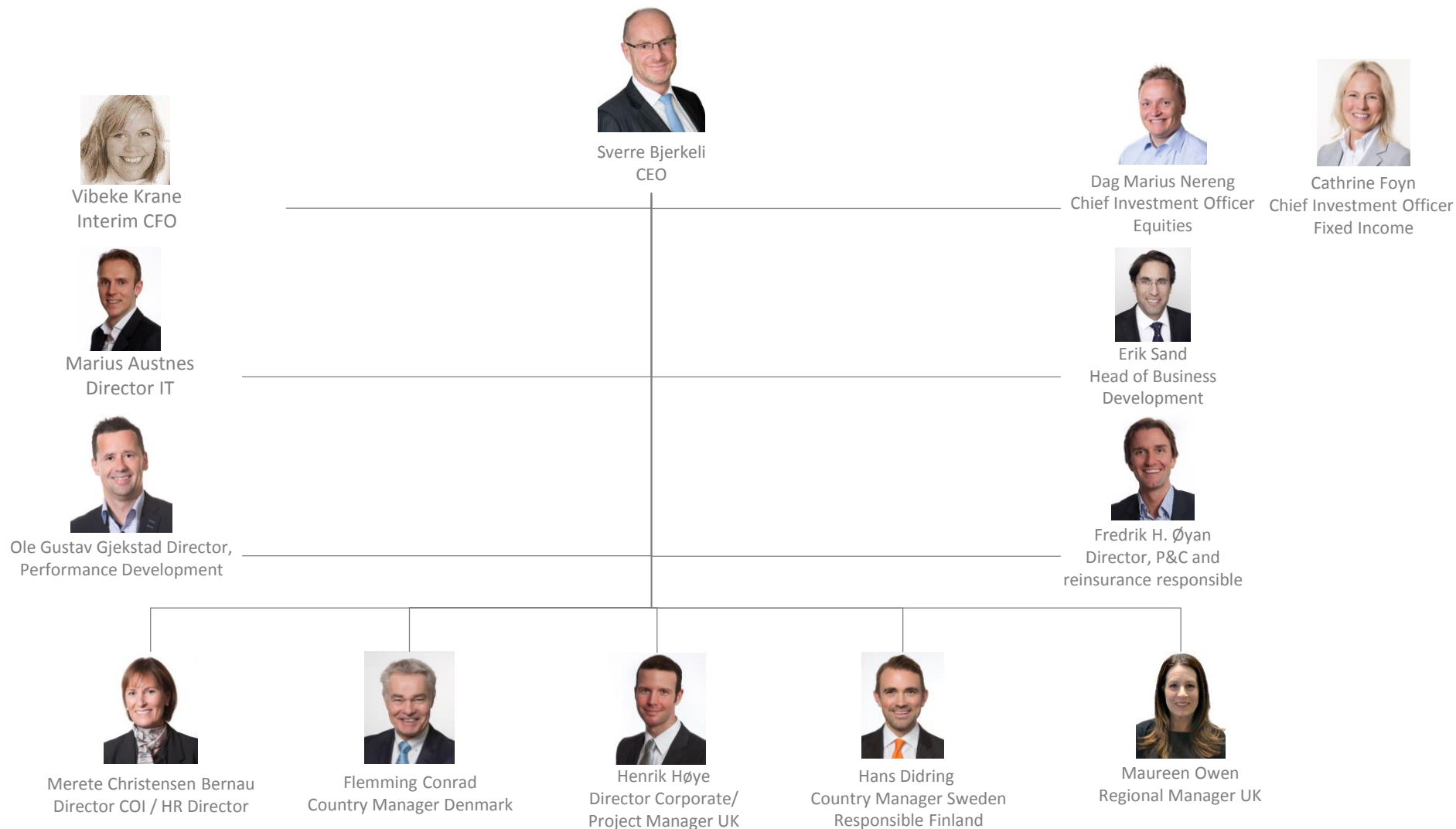
Increased competition in Norway	Medium
Significant Real Estate price correction in Norway	Some
New entrant Change of Ownership sector	Low
Significant setback Sweden and affinity programs	Low
Denmark WC driving claims ratio upwards	Some
Rate pressure (outside guiding)	Medium
Reserves going wild	Low
Financial volatility or crisis	Unknown
One or two other negative surprises will occur (outside guiding)	Low
Cost ratio going up due to UK & Finland	None
Key personnel considerations (capacity + competence)	Medium
UK causes trouble	Some
Finland causes trouble	Low

# Key Question going forward

The background of the slide features a series of stylized human silhouettes in green and yellow, standing on a light blue grid pattern that recedes into the distance. The silhouettes are of various sizes and are arranged in a line, with the central figure being the largest and colored yellow, while the others are green. The overall aesthetic is clean and modern, suggesting a corporate or professional environment.

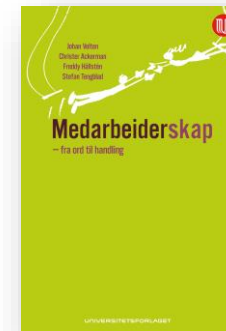
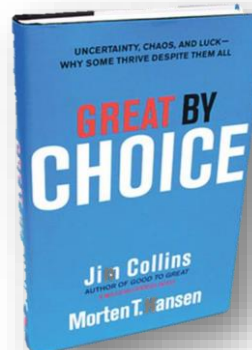
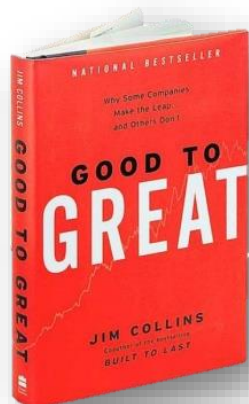
Does protector have the necessary people capacity and competence to deliver?

# Management Group



**Lots of key people and new talents on board**

# Leadership Development



# Vision, Business Idea, Main targets and Values

## ***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*

- Final Summary
  - Cost and Quality leadership
  - Best combined ratio and investment result
  - Growing 20% a year
  - Culture eats strategy for breakfast





# Q&A

The Challenger  
Capital Markets Day August 18<sup>th</sup> 2016