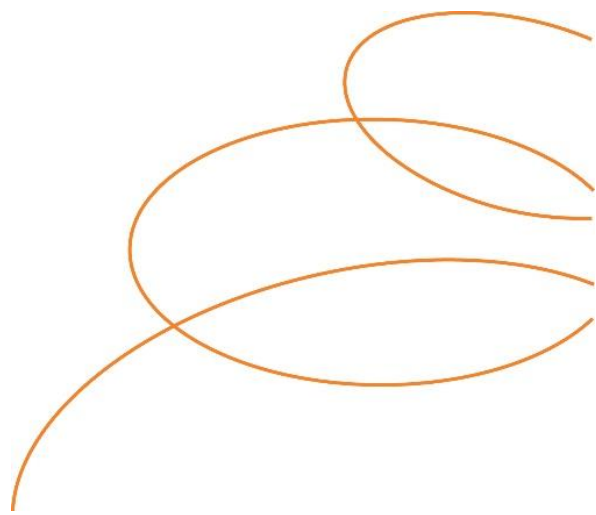




INTERIM REPORT Q2 2019
PROTECTOR FORSIKRING ASA

(UNAUDITED)
JULY 2019



Highlights Q2 2019

Poor Q2 result – CR 107,2%

Protector Forsikring ASA recorded a loss of NOK -125.7m (NOK 53.8m) for the quarter. The result is driven by an arbitration loss regarding the Grenfell Tower claim, a weak technical result and a weak return on investments. The underwriting result was NOK -72.0m (NOK 2.8m) corresponding to a combined ratio of 107.2% (99.2%). Excluding the arbitration loss the net combined ratio was 99.8%.

Protector decided end of 2018 to exit the COI market and COI is in the P&L defined as «discontinued operations». Some figures below are also given as if COI business was continued business to ease the comparison with earlier reported figures.

Q2 2019 shows following development compared to Q2 2018:

- Premium growth of 32% from NOK 838,3m (13%)
 - Premium growth incl. COI 19% (14%)
- Net combined ratio was 107.2%, up from 99.2%
 - The net combined ratio incl. COI was 104.0%, up from 100.7%
- Net return on investments incl. COI NOK - 69.3m (NOK 112.3m) or -0.6% (1.1%)
 - Net return on investments excl. COI of NOK - 31.7m (NOK 78.7m) or -0.4% (0.9%)
- Profit before tax NOK - 116.9m (68.9m)
 - Profit before tax incl. COI NOK - 127.8m (NOK 97.4m)
- Gross expense ratio 8.7%, (8.3%)
 - Gross expense ratio incl. COI 8.1%, (7.4%)

Financial highlights and key ratios

NOKm	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018	
Gross premiums written	1 105,9	838,3	3 819,2	3 186,7	4 286,1	
Gross premiums earned	1 241,9	1 015,7	2 388,8	1 974,0	4 139,6	
Gross claims incurred	(1 150,0)	(889,3)	(2 221,7)	(1 760,5)	(3 859,3)	
Earned premiums, net of reinsurance	1 011,9	699,8	1 902,5	1 369,1	2 817,8	
Other insurance related income	3,2	2,9	6,4	4,1	25,5	
Claims incurred, net of reinsurance	(999,8)	(670,5)	(1 884,2)	(1 305,8)	(2 658,3)	
Sales cost	(65,6)	(49,3)	(114,6)	(100,9)	(205,6)	
Administration cost	(42,9)	(35,0)	(80,9)	(68,2)	(143,1)	
Commission from reinsurer	23,1	61,0	51,1	160,3	229,2	
Other insurance related expenses	(1,9)	(6,0)	(7,1)	(7,3)	(20,2)	
Technical result	(72,0)	2,8	(126,6)	51,4	45,3	
Other income/costs	(13,2)	(12,6)	(27,4)	(24,5)	(49,4)	
Net financial income	(31,7)	78,7	49,5	86,6	(19,8)	
Profit before tax	(116,9)	68,9	(104,6)	113,5	(23,9)	
Tax	(0,1)	(17,7)	(0,1)	(44,4)	3,2	
Discontinued business, change of ownership insurance	(10,8)	21,1	69,1	5,2	(274,7)	
Net comprehensive income	2,2	(18,6)	1,8	(22,8)	0,2	
Profit for the period	(125,7)	53,8	(33,8)	51,4	(295,2)	
Claims ratio, net of ceded business	(1)	98,8 %	95,8 %	99,0 %	95,4 %	94,3 %
Expense ratio, net of ceded business	(2)	8,4 %	3,3 %	7,6 %	0,6 %	4,2 %
Combined ratio, net of ceded business	(3)	107,2 %	99,2 %	106,6 %	96,0 %	98,6 %
Gross claims ratio	(4)	92,6 %	87,5 %	93,0 %	89,2 %	93,2 %
Gross expense ratio	(5)	8,7 %	8,3 %	8,2 %	8,6 %	8,4 %
Gross combined ratio	(6)	101,3 %	95,8 %	101,2 %	97,7 %	101,7 %
Retention rate	(7)	81,5 %	68,9 %	68,9 %	79,6 %	68,1 %
Earnings per share	(8)	(1,6)	0,8	(0,4)	0,9	(3,5)

(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

(7) Earned premiums, net of reinsurance in % of gross earned premiums

(8) Profit before other comprehensive income divided by weighted number of shares

Premiums

Q2

In Q2, gross premiums written increased by 32% to a total of NOK 1,105.9m. The volume growth is driven by strong volume growth in the UK and Sweden. NOK 45 million of the volume growth is due to price increases in the Nordic countries.

The growth per country was;

Gross premiums written (NOKm)	Q2 2019	Q2 2018	Growth in quarter	
Norway	333,9	289,8	44,1	15,2 %
Sweden	402,7	294,1	108,6	36,9 %
Denmark	40,2	10,4	29,9	288,2 %
UK	311,2	230,3	80,9	35,1 %
Finland	17,8	13,7	4,1	29,9 %
Total	1105,9	838,3	267,6	31,9 %

Gross premiums earned increased by NOK 226.2m or by 22% to a total of NOK 1,241.9m.

The growth per country was;

Gross premiums earned (NOKm)	Q2 2019	Q2 2018	Growth in quarter	
Norway	405,6	368,4	37,2	10,1 %
Sweden	374,7	319,6	55,1	17,2 %
Denmark	227,6	187,1	40,5	21,7 %
UK	178,9	92,9	86,0	92,6 %
Finland	55,2	47,8	7,3	15,3 %
Total	1241,9	1015,7	226,2	22,3 %

Premiums earned for own account amounted to NOK 1.011,9, an increase of 45% compared to Q2 2018. The strong growth is due to the overall premium growth and an increased retention rate due to changes in the reinsurance structure. The retention rate will gradually increase through the year.

The growth in net premiums earned per country was;

Net premiums earned (NOKm)	Q2 2019	Q2 2018	Growth in quarter	
Norway	347,4	280,7	66,7	23,8 %
Sweden	307,9	216,2	91,7	42,4 %
Denmark	191,6	121,8	69,9	57,4 %
UK	116,1	43,2	73,0	169,1 %
Finland	48,8	37,9	10,9	28,7 %
Total	1011,9	699,8	312,1	44,6 %

H1

Gross written premiums totalled NOK 3,819.2m, representing a 20% growth.

The growth by country was:

Gross premiums written (NOKm)	H1 2019	H1 2018	Growth in quarter	
Norway	1137,9	1059,6	78,2	7,4 %
Sweden	1188,5	997,0	191,4	19,2 %
Denmark	801,5	704,4	97,1	13,8 %
UK	486,7	290,4	196,3	67,6 %
Finland	204,8	135,3	69,5	51,3 %
Total	3819,2	3186,7	632,5	19,8 %

Gross premiums earned increased by 21% from NOK 1.974.0m to a total of NOK 2,388.8m.

The growth by country was:

Gross premiums earned (NOKm)	H1 2019	H1 2018	Growth in quarter	
Norway	781,1	729,9	51,3	7,0 %
Sweden	720,5	610,2	110,3	18,1 %
Denmark	435,2	383,2	52,0	13,6 %
UK	332,3	162,3	170,0	104,7 %
Finland	119,7	88,4	31,3	35,4 %
Total	2388,8	1974,0	414,8	21,0 %

The premiums earned for own account totalled to NOK 1,902.5m, an increase of 39% compared to H1 2018.

The premiums earned for own account by country was:

Net premiums earned (NOKm)	H1 2019	H1 2018	Growth in quarter	
Norway	661,9	555,1	106,8	19,2 %
Sweden	569,7	413,8	155,9	37,7 %
Denmark	365,5	254,0	111,5	43,9 %
UK	199,7	76,2	123,6	162,2 %
Finland	105,7	70,1	35,6	50,8 %
Total	1902,5	1369,1	533,4	39,0 %

Results

In Q2, the loss for the quarter totalled NOK -125.7m against a profit of NOK 53.8m in Q2 2018. The weak result is driven by a weak technical result and a weak return on investments.

The Grenfell Tower claim hits the result by approx. NOK 75m. The technical result is weak even without the NOK 75m one-off. Price increases came too late and with too little and price and profitability measures going forward will be further strengthened in the Nordic region.

The net combined ratio was 107.2%, 8 percentage points higher than the 99,2% reported in Q2 2018.

The net combined ratio by country was:

Net combined ratio	Q2 2019	Q2 2018
Norway	91,6 %	96,5 %
Sweden	99,1 %	85,2 %
Denmark	109,5 %	108,6 %
UK	155,0 %	73,2 %
Finland	147,7 %	129,6 %
Total	107,2 %	99,2 %

In Q2 the company had run-off losses of 9.7%. Exclusive the Grenfell Tower claim the company had run-off losses of 2.3%.

The claims ratio for own account increased from 95.8% in Q2 2018 to 98.8 % in Q2 2019. The claims ratio is driven by the Arbitration loss, high claims inflation within Motor in the Nordic countries and a loss ratio on large claims higher than normalized.

The expense ratio for own account amounted to 8.4%, up from 3.3 % in Q2 2018. The increase is due to significant reductions in reinsurance commissions due to change in reinsurance structure (from Surplus to Risk XL on property). Strong growth in Sweden and the UK drives also broker commissions upwards.

In H1, the loss for the half-year totalled NOK -33.8m against a profit of NOK 51.4m in H1 2018. The net combined ratio was 106.6%, compared to 96.0% in H1 2018.

The net combined ratio for the half-year by country was:

Net combined ratio	H1 2019	H1 2018
Norway	96,5 %	104,2 %
Sweden	99,3 %	78,9 %
Denmark	112,9 %	96,8 %
UK	139,9 %	92,1 %
Finland	124,8 %	133,6 %
Total	106,6 %	96,0 %

In H1 the company had run-off losses of 1.9%. Exclusive the Grenfell Tower claim the company had run-off gains of 2.0%.

The gross expense ratio was 8.2% down from 8.6% in H1 2018, whilst the net expense ratio was 7.6%, up from 0.6%. The low net cost ratio in 2018 comes from a high level of reinsurance commissions.

Investment return

Net investment portfolio amounted to a total of NOK 10.896m at 30 June 2019, up 4.2% compared to the portfolio end of Q2 2018.

Investment activities yielded a total negative return of NOK -69,3m, or -0.6% compared to a return of NOK 112,3m or 1.1% in Q2 2018. Equities accounted for a NOK 122,0m loss (-10.1%) against a NOK 75.4m gain (4.5%) in Q2 2018. Return on the fixed income portfolio totalled NOK 52,7m or 0.5% against NOK 36.9m or 0.4% in Q2 2018.

In H1, the investment result was NOK 41.9m (0.4%) against NOK 114.8m (1.1%) in H1 2018. Equities accounted for a NOK 69.7m loss (-6.2%) against NOK 32.8m gain (1.9%) in H1 2018. The return on the fixed income portfolio totalled NOK 111.7m or 1.2% against NOK 82.0m or 1,0% in H1 2018.

End of Q2 2019, 10,3% of Protector's financial assets were invested in equities, against 9.9% year end 2018.

Equity and capital position

The company's equity amounted to NOK 1,988.0m at the end of the quarter. End of Q2, the solvency capital requirement (SCR) ratio using the standard formula was 164%, which is within the company's risk appetite but weaker than the SCR ratio year end 2018. The company's long term objective is to maintain a SCR-ratio (calculated according to the Solvency II regulations) above 150 %.

Protector has a BBB+ rating from A.M. Best.

Prospects

The technical result is weak even without the Grenfell Tower claim. Price and profitability measures implemented have come too late and are not sufficient. Going forward, price increases and other profitability measures will be further strengthened in the Nordic countries and the technical result is expected to be improved.

Claims development, and the inherent volatility of capital markets, are continued to be the most important risk factors that could affect the company's profit in 2019.

Oslo, 11th July 2019

The Board of Directors of Protector Forsikring ASA

Income statement

NOKm	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Premium income					
Gross written premiums	1 105,9	838,3	3 819,2	3 186,7	4 286,1
Change in provisions for unearned premiums	136,1	177,5	(1 430,4)	(1 212,7)	(146,5)
Gross premiums earned	1 241,9	1 015,7	2 388,8	1 974,0	4 139,6
Reinsurers' share of earned premiums	(230,0)	(316,0)	(486,3)	(604,9)	(1 321,8)
Earned premiums, net of reinsurance	1 011,9	699,8	1 902,5	1 369,1	2 817,8
Other insurance-related income	3,2	2,9	6,4	4,1	25,5
Gross claims incurred	(1 150,0)	(889,3)	(2 221,7)	(1 760,5)	(3 859,3)
Reinsurers' share of claims incurred	150,2	218,7	337,5	454,7	1 201,0
Claims incurred, net of reinsurance	(999,8)	(670,5)	(1 884,2)	(1 305,8)	(2 658,3)
Operating expenses					
Sales costs	(65,6)	(49,3)	(114,6)	(100,9)	(205,6)
Administration costs	(42,9)	(35,0)	(80,9)	(68,2)	(143,1)
Commission from reinsurers	23,1	61,0	51,1	160,3	229,2
Total operating expenses, net of reinsurance	(85,4)	(23,3)	(144,3)	(8,7)	(119,6)
Other insurance-related expenses	(1,9)	(6,0)	(7,1)	(7,3)	(20,2)
Technical result	(72,0)	2,8	(126,6)	51,4	45,3
Net income from financial assets	(31,7)	78,7	49,5	86,6	(19,8)
Other income	0,4	0,3	0,7	0,3	1,4
Other expenses	(13,6)	(12,9)	(28,1)	(24,9)	(50,7)
Other income/expenses	(13,2)	(12,6)	(27,4)	(24,5)	(49,4)
Non-technical result	(45,0)	66,1	22,1	62,1	(69,2)
Profit before tax	(116,9)	68,9	(104,6)	113,5	(23,9)
Tax	(0,1)	(17,7)	(0,1)	(44,4)	3,2
Discontinued operations	(10,8)	21,1	69,1	5,2	(274,7)
Profit before components of comprehensive income	(127,9)	72,4	(35,6)	74,2	(295,4)
Actuarial gain and loss from defined benefit pension plans	-	-	-	-	0,3
Currency changes from foreign enterprise	2,5	(24,7)	1,9	(30,4)	(0,1)
Taxes on components of comprehensive income	(0,3)	6,2	(0,1)	7,6	(0,1)
Profit for the period	(125,7)	53,8	(33,8)	51,4	(295,2)
Earnings per share	(1,56)	0,84	(0,43)	0,86	(3,5)
Earnings per share, diluted	(1,56)	0,84	(0,43)	0,86	(3,5)

Balance Sheet

NOKm	30.6.2019	30.6.2018	31.12.2018
Assets			
Intangible fixed assets			
Other intangible fixed assets	26,6	20,1	24,1
Total intangible fixed assets	26,6	20,1	24,1
Buildings and other real estates			
Owner-occupied property	13,1	13,7	13,4
Total buildings and other real estates	13,1	13,7	13,4
Financial assets			
Shares	896,3	1 219,9	745,2
Securities, bonds etc	7 164,2	6 764,5	6 386,6
Financial derivatives	16,7	10,9	25,7
Bank deposits	839,0	357,4	460,1
Total financial assets	8 916,3	8 352,6	7 617,5
Reinsurers share of gross technical provisions			
Reinsurers share of gross premium provisions	288,0	647,4	292,6
Reinsurers share of gross claims provisions	1 679,6	1 772,7	1 899,8
Total reinsurers share of gross technical provisions	1 967,6	2 420,1	2 192,4
Receivables			
Policyholders	628,1	323,7	256,9
Intermediaries	6,6	150,6	5,0
Other receivables	19,1	(17,5)	65,7
Total receivables	653,8	456,8	327,6
Other assets			
Tangible fixed assets	38,1	27,9	25,8
Cash and bank deposits	151,4	190,7	278,6
Total other assets	189,5	218,5	304,4
Total prepaid expenses	415,0	289,3	235,4
Assets discontinued operations	2 828,8	2 286,3	2 117,2
Total assets	15 010,7	14 057,4	12 832,1

Balance Sheet

NOKm	30.06.2019	30.06.2018	31.12.2018
Equity and liabilities			
Shareholders' equity			
Share capital [86.155.605 shares]	86,2	86,2	86,2
Own shares	(4,4)	(0,0)	(4,4)
Other paid-in equity	267,7	267,7	267,7
Total paid-in equity	349,4	353,8	349,4
Earned equity			
Natural perils fund	67,8	46,6	54,8
Guarantee scheme	89,2	58,3	88,5
Other equity	1 481,6	2 163,5	1 540,4
Total earned equity	1 638,6	2 268,4	1 683,6
Total equity	1 988,0	2 622,2	2 033,1
Subordinated loan capital	1 243,3	1 243,3	1 243,3
Technical provisions			
Provisions for unearned premiums	2 493,4	2 136,5	1 104,7
Provisions for claims	6 332,4	5 480,7	5 997,4
Total technical provisions	8 825,8	7 617,2	7 102,1
Provisions for other risks and liabilities			
Pension liabilities	13,0	12,1	13,0
Current tax liability	12,5	12,8	-
Deferred tax liability	123,2	155,4	105,4
Total provisions for other risks and liabilities	148,8	180,3	118,4
Liabilities			
Liabilities in connection with insurance	143,8	114,4	93,0
Liabilities in connection with reinsurance	536,7	938,3	393,3
Financial derivatives	22,1	4,6	8,6
Other liabilities	354,9	149,6	205,6
Total liabilities	1 057,5	1 206,9	700,4
Incurred expenses and prepaid income			
Other incurred expenses and prepaid income	119,2	138,9	328,2
Total incurred expenses and prepaid income	119,2	138,9	328,2
Liabilities discontinued operations	1 628,1	1 048,6	1 306,5
Total equity and liabilities	15 010,7	14 057,4	12 832,1

Cash flow statement

[NOKm]	Q2 2019	Q2 2018	30.06.2019	30.06.2018	FY 2018
Cash flow from operations					
Premiums paid	1 188,8	1 015,4	3 393,4	2 975,6	4 903,0
Claims paid	(825,8)	(724,1)	(1 830,5)	(1 571,5)	(3 642,0)
Paid reinsurance	281,1	(14,2)	240,7	(98,5)	(238,8)
Paid operating expenses including commissions	(196,4)	(97,1)	(429,1)	(178,7)	(348,8)
Interest / dividend income	81,7	71,6	139,3	119,3	247,8
Net payments from financial instruments	(347,5)	161,6	(1 019,8)	(978,1)	(117,0)
Payable tax	(18,1)	1,1	2,9	(68,9)	(119,1)
Net cash flow from operations	163,9	414,2	496,9	199,2	684,9
Cash flow from investment activities					
Investments in fixed assets	(14,9)	(22,0)	(28,9)	(25,5)	(39,0)
Net cash flow from investment activities	(14,9)	(22,0)	(28,9)	(25,5)	(39,0)
Cash flow from financial activities					
Interest payments on subordinated loan capital	(16,3)	(15,6)	(32,1)	(30,2)	(61,4)
Repayment of equity	-	-	-	-	(259,0)
Net cash flow from financial activities	(16,3)	(15,6)	(32,1)	(30,2)	(320,5)
Net cash flow for the period	132,7	376,6	435,8	143,5	325,4
Net change in cash and cash equivalents	132,7	376,6	435,8	143,5	325,4
Cash and cash equivalents opening balance	859,5	293,1	859,5	537,7	537,7
Effects of exchange rate changes on cash and cash equivalents	(1,0)	(8,1)	(8,2)	(19,5)	(3,6)
Cash and cash equivalents closing balance	991,2	661,6	1 287,1	661,6	859,5

Statement of changes in equity

[NOKm]	Share Capital	Own shares	Other paid-in equity	Natural perils fund	Guarantee scheme	Other equity	Total
Equity at 31.12.2017	86,2	(0,0)	267,7	22,7	85,9	2 128,8	2 591,3
Profit for the period	-		-	15,7	(28,5)	10,3	(2,4)
Currency changes						(15,5)	(15,5)
Own shares		(0,0)					(0,0)
Equity at 31.03.2018	86,2	(0,0)	267,7	38,4	57,4	2 123,7	2 573,3
Profit for the period	-		-	8,2	0,8	45,1	54,1
Currency changes						(5,4)	(5,4)
Own shares		-				0,1	0,1
Equity at 30.06.2018	86,2	(0,0)	267,7	46,6	58,3	2 163,5	2 622,2
Profit for the period	-		-	8,4	0,6	75,2	66,2
Currency changes						8,1	8,1
Own shares		(4,4)			-	254,7	(259,1)
Equity at 30.09.2018	86,2	(4,4)	267,7	55,0	58,9	1 841,7	2 305,0
Profit for the period	-	0,0	-	(0,2)	29,5	310,9	281,5
Currency changes						9,6	9,6
Own shares		-					-
Equity at 31.12.2018	86,2	(4,4)	267,7	54,8	88,5	1 540,3	2 033,0
Profit for the period	-	0,0	-	24,3	0,5	67,1	91,9
Currency changes						(10,5)	(10,5)
Own shares		(0,0)					(0,0)
Equity at 31.03.2019	86,2	(4,4)	267,7	79,1	89,0	1 596,9	2 114,4
Profit for the period	-	0,0	-	(11,3)	0,2	114,6	125,7
Currency changes						(0,8)	(0,8)
Own shares		(0,0)					(0,0)
Equity at 30.06.2019	86,2	(4,4)	267,7	67,8	89,2	1 481,6	1 988,0

Notes

Accounting principles

These interim accounts have been prepared in accordance with the Financial Statement Regulation for Non-life Insurance Companies (Forskrift om årsregnskap for skadeforsikringsselskaper) and IAS 34 and in line with the accounting principles described in the annual report for 2018. The company's financial statements are prepared in accordance with the Norwegian Accounting Act, Financial Statement Regulation for Non-life Insurance Companies and generally accepted accounting principles. For further information, please see the 2018 annual report.

Segment information

Protector Forsikring ASA's operations comprise the segments Norway, Sweden, Denmark, Finland and the UK. The segments are evaluated regularly by Protector's executive management based on financial and operational information specially prepared for each segment for the purpose of following up performance and allocating necessary resources.

Quarter

	Norway		Sweden		Denmark		UK		Finland	
[NOKm]	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Gross premiums written	333,9	289,8	402,7	294,1	40,2	10,4	311,2	230,3	17,8	13,7
Gross premiums earned	405,6	368,4	374,7	319,6	227,6	187,1	178,9	92,9	55,2	47,8
Gross claims incurred	(343,3)	(358,3)	(374,4)	(239,6)	(233,8)	(177,9)	(124,2)	(57,0)	(74,4)	(56,5)
Earned premiums, net of reinsurance	347,4	280,7	307,9	216,2	191,6	121,8	116,1	43,2	48,8	37,9
Other insurance related income	1,6	1,2	0,1	0,1	0,7	1,0	0,5	0,4	0,3	0,2
Claims incurred, net of reinsurance	(310,6)	(289,4)	(263,2)	(171,7)	(197,1)	(126,2)	(162,0)	(37,8)	(66,9)	(45,5)
Sales cost	(3,4)	(8,9)	(40,8)	(23,3)	(2,7)	(2,9)	(15,7)	(13,0)	(3,0)	(1,2)
Administration cost	(10,9)	(8,0)	(7,4)	(8,3)	(12,3)	(10,6)	(12,0)	(5,7)	(0,3)	(2,3)
Commission from reinsurer	6,7	9,7	6,4	19,1	2,3	7,5	9,6	24,9	(1,9)	(0,2)
Other insurance related expenses	(1,8)	5,3	(0,2)	(12,6)	(0,0)	1,2	(0,3)	0,2	0,4	(0,2)
Technical result	29,0	(9,4)	2,8	19,5	(17,4)	(8,3)	(63,7)	12,2	(22,6)	(11,2)
Other income/costs	(13,1)	(12,5)	(0,0)	(0,0)	(0,1)	(0,0)	-	-	(0,0)	(0,0)
Net financial income	(52,2)	70,0	13,6	7,1	0,8	0,9	0,5	0,1	5,6	0,5
Profit before tax	(36,3)	48,1	16,3	26,5	(16,8)	(7,4)	(63,2)	12,3	(17,0)	(10,6)
Claims ratio, net of ceded business	(1)	89,4 %	103,1 %	85,5 %	79,4 %	102,9 %	103,7 %	139,5 %	87,5 %	137,0 %
Expense ratio, net of ceded business	(2)	2,2 %	2,6 %	13,6 %	5,8 %	6,6 %	4,9 %	15,6 %	-14,2 %	10,7 %
Combined ratio, net of ceded business	(3)	91,6 %	105,7 %	99,1 %	85,2 %	109,5 %	108,6 %	155,0 %	73,2 %	147,7 %
Gross claims ratio	(4)	84,6 %	97,3 %	99,9 %	75,0 %	102,7 %	95,1 %	69,4 %	61,4 %	134,8 %
Gross expense ratio	(5)	3,5 %	4,6 %	12,9 %	9,9 %	6,6 %	7,2 %	15,5 %	20,2 %	6,0 %
Gross combined ratio	(6)	88,2 %	101,9 %	112,8 %	84,9 %	109,3 %	102,3 %	84,9 %	81,5 %	140,8 %

(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

Half-year

	Norway		Sweden		Denmark		UK		Finland	
[NOKm]	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Gross premiums written	1 137,9	1 059,6	1 188,5	997,0	801,5	704,4	486,7	290,4	204,8	135,3
Gross premiums earned	781,1	729,9	720,5	610,2	435,2	383,2	332,3	162,3	119,7	88,4
Gross claims incurred	(675,7)	(735,8)	(700,5)	(430,5)	(456,3)	(386,7)	(249,8)	(97,2)	(139,4)	(110,2)
Earned premiums, net of reinsurance	661,9	555,1	569,7	413,8	365,5	254,0	199,7	76,2	105,7	70,1
Other insurance related income	2,1	1,8	0,2	0,2	0,9	1,1	1,9	0,4	1,2	0,6
Claims incurred, net of reinsurance	(609,5)	(564,8)	(506,6)	(325,1)	(392,6)	(257,6)	(251,5)	(69,6)	(123,9)	(88,7)
Sales cost	(14,2)	(24,2)	(65,7)	(49,1)	(9,7)	(7,6)	(21,0)	(18,0)	(3,9)	(1,9)
Administration cost	(23,3)	(20,9)	(18,1)	(15,9)	(18,7)	(16,4)	(17,7)	(10,4)	(3,1)	(4,5)
Commission from reinsurer	8,3	31,8	25,0	63,4	8,2	35,8	10,7	27,8	(1,0)	1,5
Other insurance related expenses	(3,0)	4,1	(2,6)	(12,7)	(0,5)	1,1	(0,7)	0,2	(0,3)	(0,2)
Technical result	22,2	(17,2)	1,9	74,7	(46,8)	10,4	(78,6)	6,7	(25,2)	(23,2)
Other income/costs	(27,2)	(24,4)	(0,1)	(0,1)	0,0	(0,0)	-	0,0	(0,2)	(0,0)
Net financial income	16,0	63,1	21,7	19,1	2,6	3,5	3,3	0,1	6,0	1,0
Profit before tax	11,0	21,5	23,5	93,7	(44,2)	13,8	(75,4)	6,7	(19,4)	(22,2)
Claims ratio, net of ceded business	(1)	92,1 %	101,8 %	88,9 %	78,6 %	107,4 %	101,4 %	125,9 %	91,3 %	117,2 %
Expense ratio, net of ceded business	(2)	4,4 %	2,4 %	10,3 %	0,4 %	5,5 %	-4,6 %	14,0 %	0,8 %	7,6 %
Combined ratio, net of ceded business	(3)	96,5 %	104,2 %	99,3 %	78,9 %	112,9 %	96,8 %	139,9 %	92,1 %	124,8 %
Gross claims ratio	(4)	86,5 %	100,8 %	97,2 %	70,6 %	104,8 %	100,9 %	75,2 %	59,9 %	116,4 %
Gross expense ratio	(5)	4,8 %	6,2 %	11,6 %	10,7 %	6,5 %	6,3 %	11,7 %	17,5 %	5,8 %
Gross combined ratio	(6)	91,3 %	107,0 %	108,9 %	81,2 %	111,4 %	107,2 %	86,8 %	77,4 %	122,3 %

Discontinued operations

Protector decided in 2018 to exit the COI market due to the product's recent years weak technical performance, and due to the significant uncertainty related to the product's future premium development and profitability. After the decision to exit the COI market, COI is defined as "discontinued operations" in the accounts. Net profit and assets and liabilities associated with COI are presented on separated lines as discontinued operations.

Protector has in July 2019 entered into a 50% quota share agreement (reinsurance) for the entire COI portfolio. The quota share agreement includes the historical portfolio as well as all new business written until the policy writing cease.

[NOKm]	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Gross premiums earned	110	179	199	292	514
Reinsurers' share of earned premiums	(51)	(18)	(59)	(29)	(51)
Earned premiums, net of reinsurance	59	161	139	263	462
Gross claims incurred	(77)	(175)	(78)	(295)	(749)
Reinsurers' share of claims incurred	45	18	45	29	75
Claims incurred, net of reinsurance	(32)	(158)	(33)	(265)	(675)
Total operating expenses, net of reinsurance	2	(5)	6	(11)	(55)
Other insurance-related income/expenses	(0)	(0)	(0)	(0)	(0)
Technical result	30	(2)	113	(13)	(268)
Net income from financial assets	(38)	34	(8)	28	(36)
Other income/expenses	(3)	(3)	(6)	(6)	(13)
Non-technical result	(41)	30	(14)	22	(49)
Profit before tax	(11)	28	99	8	(317)
Tax	(0)	(7)	(30)	(3)	42
Profit for the period	(11)	21	69	5	(275)

Financial assets, fair value estimation

Financial assets through profit or loss [NOKm]	Currency	Level 1	Level 2	Level 3	Total
Shares	NOK	193	878	37	1 108
Bonds and other fixed income securities	NOK	0	8 847	0	8 847
Cash and cash equivalents	NOK	1 044			1 044
<i>Derivates:</i>					
Foreign currency contracts	NOK		16		16
Options	NOK		4		4
Total assets 30.06.2019	NOK	1 237	9 745	37	11 019
Total assets 30.06.2018	NOK	691	9 780		10 472

Financial liabilities at fair value through profit or loss [NOKr]	Currency	Level 1	Level 2	Level 3	Total
Foreign exchange contracts	NOK		-22		-22
Other financial liabilities	NOK	-101			-101
Total financial liabilities 30.06.2019	NOK	-101	-22		-124
Total financial liabilities 30.06.2018	NOK		-5		-5

The fair value of listed investments is based on the current sales price. Financial instruments measured at fair value are valued on a daily basis. Directly observable prices in the market are used as far as possible. The valuations for the different types of financial instruments are based on recognised methods and models.

Level 1: Financial instruments valued on the basis of quoted prices for identical assets in active markets

This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1

This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Foreign exchange derivatives are classified as level 2. Fund investments are generally classified as level 2.

Level 3: Financial instruments valued on the basis of information that is not observable in accordance with level 2

If one or more of the key parameters in a valuation model is not based on observable market data,

Solvency Margin

(NOKm)	30.06.2019	30.06.2018	31.12.2018
Total solvency capital requirement	1 741	1 885	1 659
Total eligible own funds to meet SCR	2 856	3 704	2 910
Ratio of eligible own funds to SCR	164 %	196 %	175 %
Total minimum capital requirement	784	848	747
Ratio of eligible own funds to MCR	273 %	346 %	299 %

Quarterly outline continued business

[NOKm]	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Gross premiums written	1 105,9	2 713,4	475,1	624,3	838,3	2 348,4	424,5	486,1	739,0
Gross premiums earned	1 241,9	1 146,9	1 123,2	1 042,4	1 015,7	958,3	881,7	863,3	775,8
Gross claims incurred	(1 150,0)	(1 071,7)	(1 161,7)	(937,1)	(889,3)	(871,2)	(799,6)	(943,2)	(1 167,9)
Earned premiums, net of reinsurance	1 011,9	890,6	759,0	689,7	699,8	669,4	604,1	606,5	606,3
Other insurance related income	3,2	3,1	12,0	9,5	2,9	1,2	0,8	2,3	0,8
Claims incurred, net of reinsurance	(999,8)	(884,4)	(739,3)	(613,2)	(670,5)	(635,3)	(575,9)	(498,9)	(581,6)
Sales cost	(65,6)	(48,9)	(49,4)	(55,4)	(49,3)	(51,6)	(45,0)	(35,1)	(41,6)
Administration cost	(42,9)	(38,0)	(46,1)	(28,9)	(35,0)	(33,2)	(21,5)	(29,7)	(30,6)
Commission from reinsurer	23,1	28,0	31,1	37,7	61,0	99,4	22,7	21,8	58,3
Other insurance related expenses	(1,9)	(5,2)	(2,1)	(10,8)	(6,0)	(1,3)	(1,3)	(1,7)	(1,6)
Technical result	(72,0)	(54,7)	(34,8)	28,6	2,8	48,5	(16,2)	65,3	10,1
Other income/costs	(13,2)	(14,0)	(12,3)	(12,5)	(12,6)	(12,0)	(12,0)	(13,7)	(13,6)
Net financial income	(31,7)	81,2	(141,9)	35,5	78,7	8,0	124,9	100,0	101,2
Profit before tax	(116,9)	12,5	(189,1)	51,7	68,9	44,6	96,7	151,6	97,7
Claims ratio, net of ceded business	(1) 98,8 %	99,3 %	97,4 %	88,9 %	95,8 %	94,9 %	95,3 %	82,3 %	95,9 %
Expense ratio, net of ceded business	(2) 8,4 %	6,6 %	8,5 %	6,7 %	3,3 %	-2,2 %	7,3 %	7,1 %	2,3 %
Combined ratio, net of ceded business	(3) 107,2 %	105,9 %	105,9 %	95,7 %	99,2 %	92,7 %	102,6 %	89,3 %	98,2 %
Gross claims ratio	(4) 92,6 %	93,4 %	103,4 %	89,9 %	87,5 %	90,9 %	90,7 %	109,3 %	150,5 %
Gross expense ratio	(5) 8,7 %	7,6 %	8,5 %	8,1 %	8,3 %	8,8 %	7,5 %	7,5 %	9,3 %
Gross combined ratio	(6) 101,3 %	101,0 %	111,9 %	98,0 %	95,8 %	99,8 %	98,2 %	116,8 %	159,8 %

(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

The Board of Directors and the CEO's statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2019 has been prepared in accordance with Norwegian Accounting Act, financial statement regulations for insurance companies, IAS 34 – Interim Financial Reporting and generally accepted accounting principles, and gives a true and fair view of the Company's assets, liabilities, financial position and profit and loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, 11th July 2019

The Board of Directors of Protector Forsikring ASA

Jostein Sørvoll
(Chair)

Anders J. Lenborg
(Deputy Chair)

Adele Bugge Norman Pran

Else Bugge Fougner

Jørgen Stenshagen

Randi Helene Røed

Line Engelmann-Kokkim

Mathews V. Ambalathil

Sverre Bjerkeli
(CEO)