

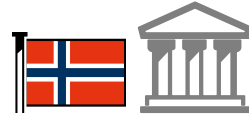


# Insr Transformed

November, 2018

insr  
u\_e

# Insr in brief



Norwegian company, listed Oslo Stock Exchange 2014



Non-life insurance; property & casualty; retail & SME  
Portfolio Q3 '18 NOK 1.5 bn



Currently operating in Norway and Denmark



Equity NOK 423 mn and balance sheet NOK 2.5 bn



Solvency ratio 147 %



Market Cap (share @ NOK 8.00) NOK 1.08 bn

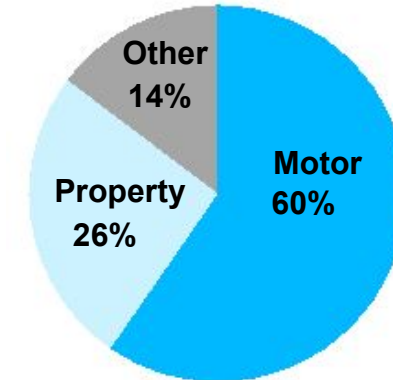
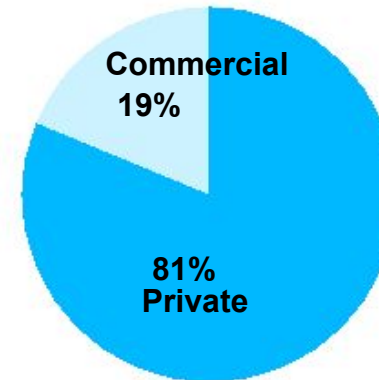
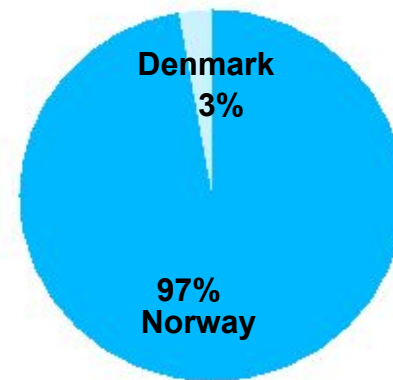


Approximately 150 colleagues

# Business

Partnerships & cooperation  
core business model

Wholesale & tied agents

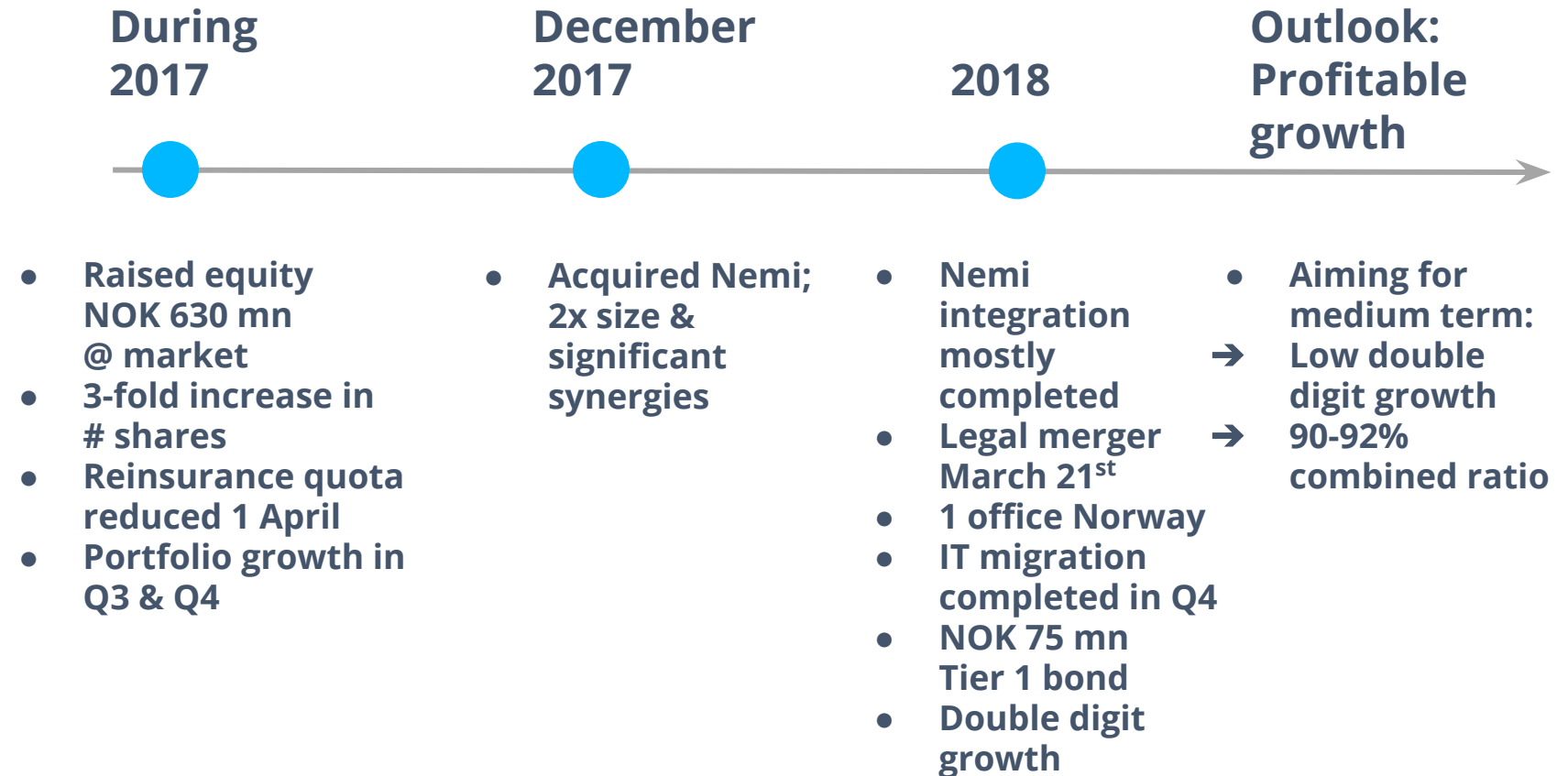


- Distribution strategy highly flexible, supports growth
  - No longer Vardia's costly customer acquisition model
- Wholesale partner types:
  - Associations, Companies (e.g. power & retail), Aggregators & Web services (e.g. finance & bank-sites)

# Total makeover

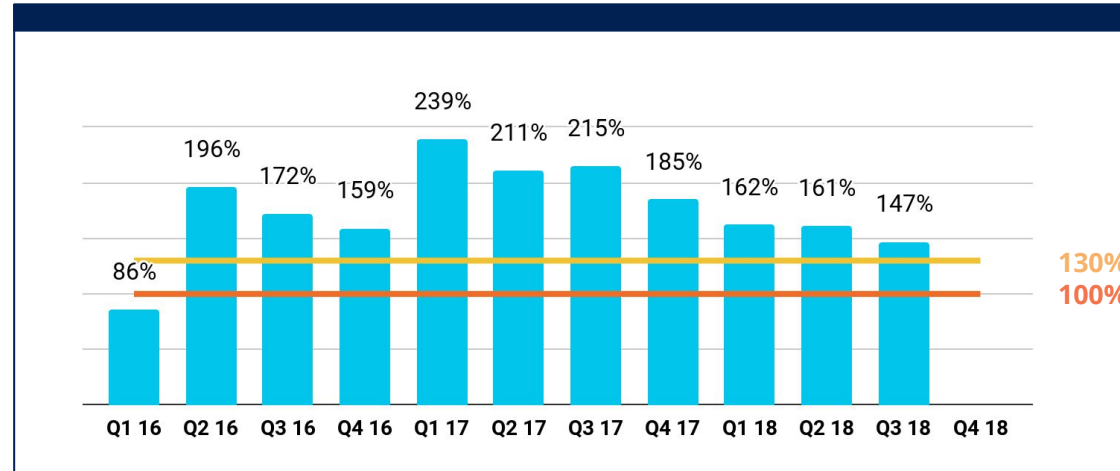
# Critical mass achieved

Company restructured 2015 - 2017



# Solid capital base & strong owners

## SOLVENCY RATIO DEVELOPMENT\*



- Solvency ratio 147 %; 171 % if including new Tier 1 bond
  - Surplus capital above requirement NOK 127 mn (193 incl. Tier 1 bond)
- Financial flexibility from reinsurance
  - Reduced to 50% quota from 01.01.2018 (from 75-80%); strong panel
- Proven ability of capital raising
  - 3x share capital @market in 2017 (reduce quota & purchase Nemi)
  - NOK 75 mn Tier 1 capital raised\*\* Oct '18; attractive terms (N +3.75%)
- Strong owners, including
  - Øresund - stock-listed investment co, history of supporting Insr
  - HDI/Talanx, one of Europe's largest insurers

\*) Solvency ratios are as reported to the Norwegian FSA. These are for Insr Insurance Group ASA with the exception of Q4 '17, when Group solvency was reported.

\*\*\*) Pending approval from the Norwegian FSA, expected end November

# Experienced Management & BoD



## **Espen Husstad, CEO**

Espen Husstad has been CEO of Insr since Oct 2015. Husstad has extensive experience in the insurance industry. Before joining Insr, he was CEO of AON Norway from 2008. Husstad has also held several senior positions in If P&C. He has a doctorate in mathematics.



## **Ingvild Gråberg, EVP Insurance Delivery**

Ingvild Gråberg has been EVP Insurance Delivery since Jan 2018. Prior to this, she was EVP Corporate Services since 2016. Gråberg has 17 years experience in the insurance industry, including leader for Broadspire Norway Crawford & Company, and responsible for several products in Storebrand Life Insurance. She has a master from BI.



## **Bård Standal, CFO**

Bård Standal has been CFO of Insr since 2016. Prior to joining Vardia, Standal was SVP of Finance in the Orkla Group, SVP of Strategy at Statkraft and Legal director of Statoil Fuel & Retail. He has held management positions in If P&C including Head of Ifs agent distribution network. Standal has a master in law from the University of Oslo and an MBA from NHH.



## **Linda Mulehamn, EVP Corporate Insight**

Linda Mulehamn has been EVP Corporate Insight since Dec 2017. Before this, Mulehamn was Head of Price and Product in Nemi since 2015. She also has 15 years of insurance experience, mainly from analytics positions in If P&C. She has a master in industrial mathematics from NTNU, an actuarial degree from the University of Oslo, and an MBA from BI.



## **Cathrine Christiansen, EVP Wholesale**

Cathrine Christiansen has led the business to business sale in Insr since Jan 2017, and was included in the management team Dec 2017. Christiansen has more than 15 years experience from the insurance industry, much of the time managing commercial teams and developing strategy in Aon. She has a master in engineering from NTNU.



## **Terje Løyning, EVP Corporate Services**

Terje Løyning has been EVP Corporate Services in Insr since Jan 2018. Løyning has had a range of managerial roles in Nemi Forsikring since 2007. Prior to this, he worked as a lawyer, and he also has experience from Storebrand and from teaching at university level. He has law degree from the University of Oslo.

**Chairman of the Board of Directors:**  
**Board Members:**

**Åge Korsvold**  
**Ragnhild Wiborg, Mernosh Saatchi, Øystein Engebretsen, Ulf Spång,**  
**Benedicte Gedde-Dahl, Christoffer Rudbeck**

# Company values

Transparent  
Accountable  
**Challenger**  
Collaborative

A low-angle, perspective shot of a paved road with a yellow center line leading into a dense green forest. The road is in the foreground, and the forest is in the background, creating a sense of depth and a path forward. The lighting is bright, suggesting a sunny day.

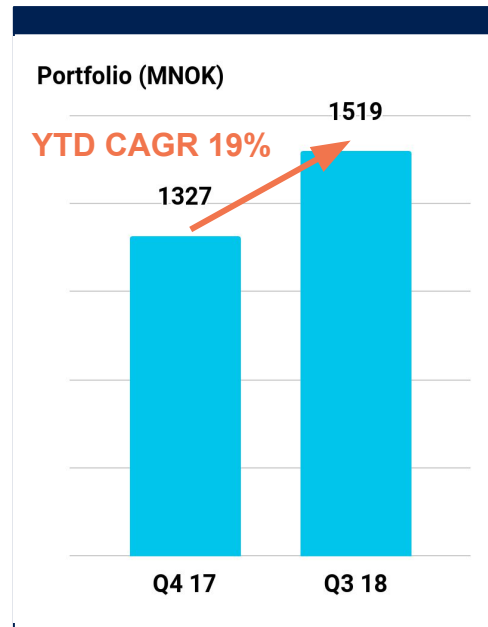
# Q3 Highlights

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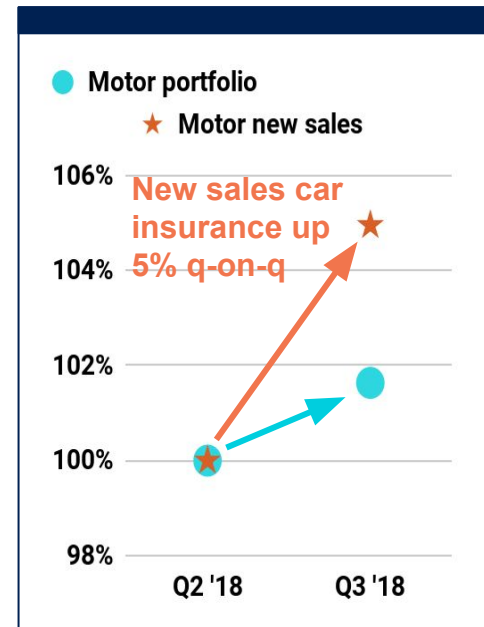


# Pricing to beat claims inflation

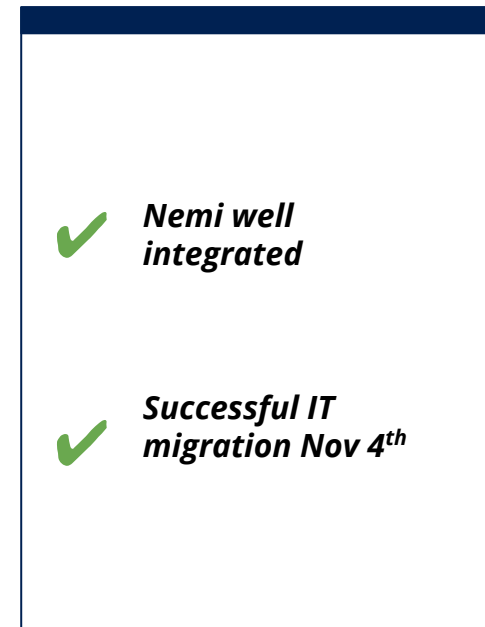
## STRONG GROWTH



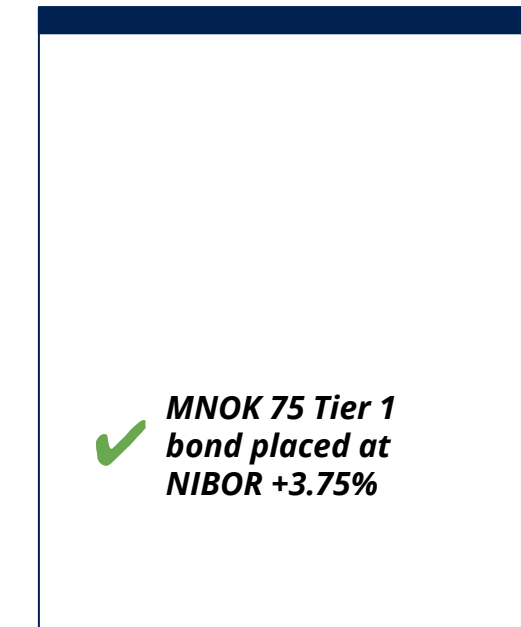
## PRICES ARE INCREASING



## INTEGRATION COMPLETED

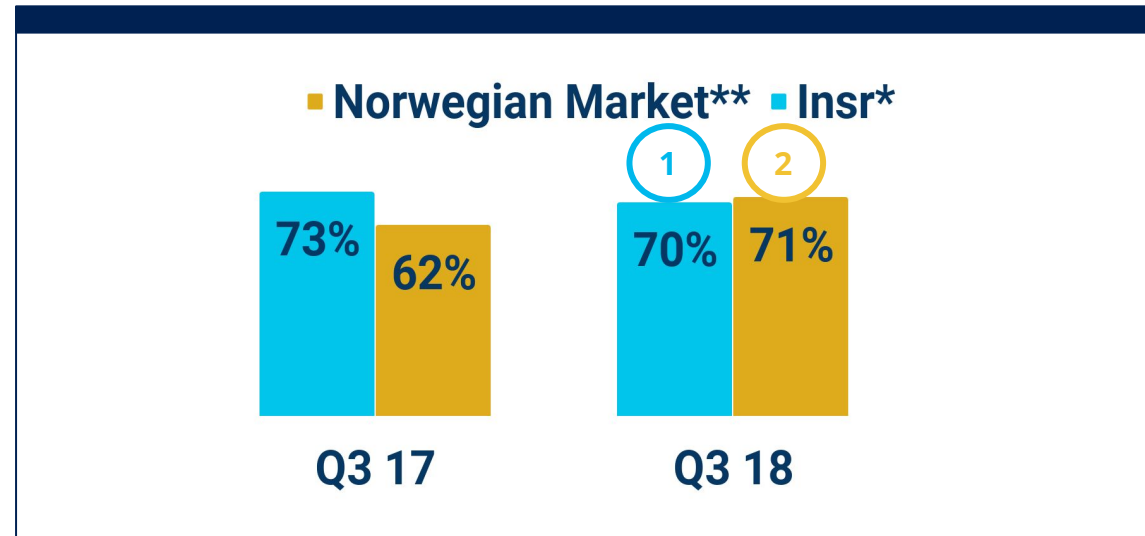


## EFFICIENT CAPITALIZATION



# Q3 18 Loss ratios worse across market

## GROSS LOSS RATIO



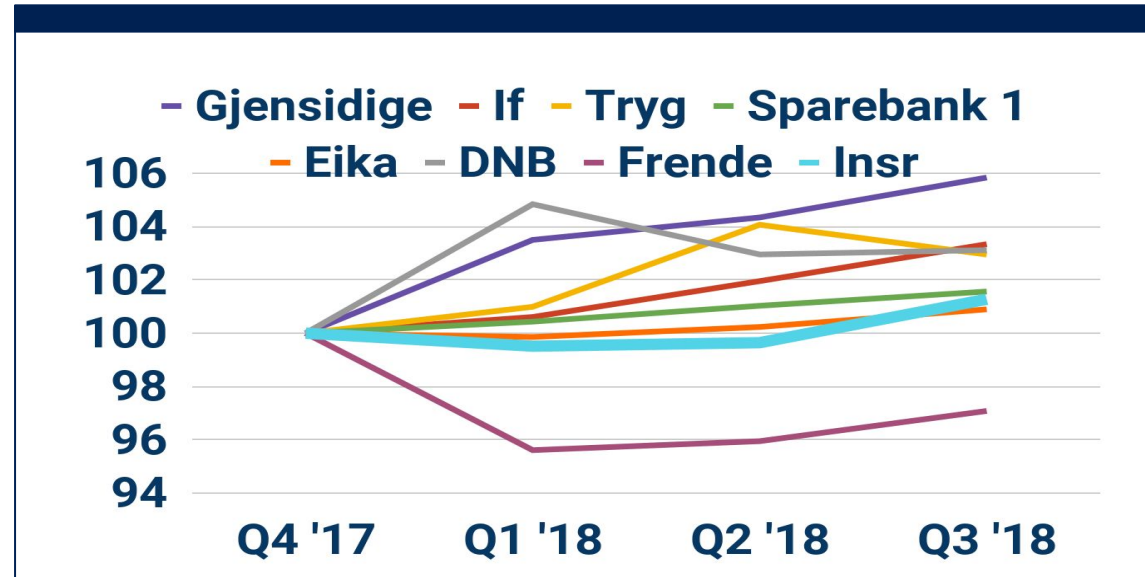
- 1 Improved Insr loss ratio, but still pricing needs to beat claims inflation
- 2 Continued adverse development in the whole market

\*) Pro forma figures combining Legacy Insr and Nemi for Q3 '17

\*\*) Weighted average of Sparebank 1 Skadeforsikring, Gjensidige Private and Commercial, If Norway

# Well on the way with price measures

PRIVATE CAR AVERAGE PORTFOLIO PREMIUM indexed to Q4 '17



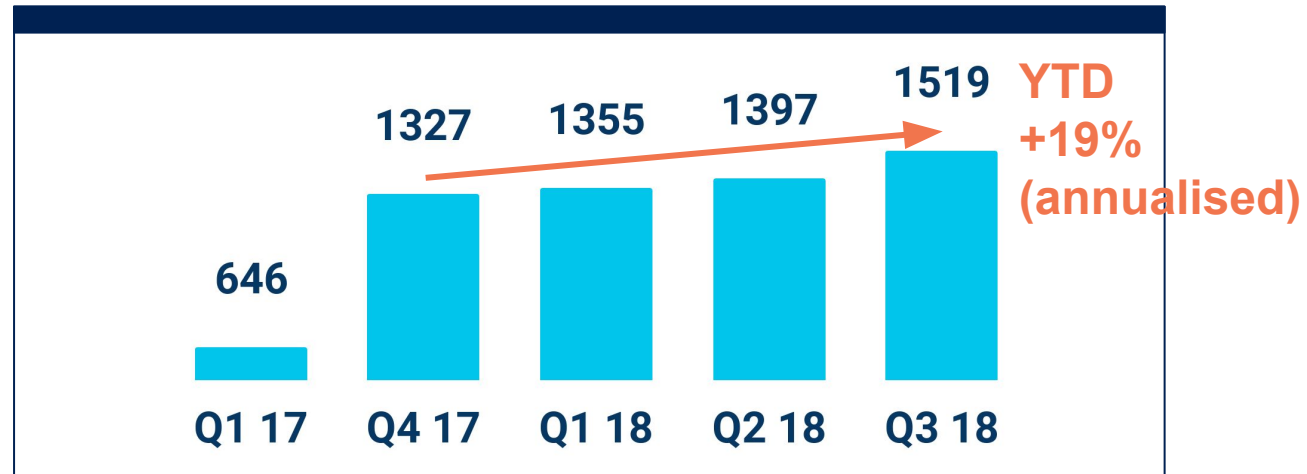
Q3 turning point for average prices across Insr

- Legacy Insr increased prices since 2016
- Nemi and partners have now followed

\*) Source Finans Norge (FNO), for Insr the Q3 '18 figures are as reported to FNO, yet not published. For Q4 '17, Insr's FNO figures have been corrected since initially published

# Portfolio Growth

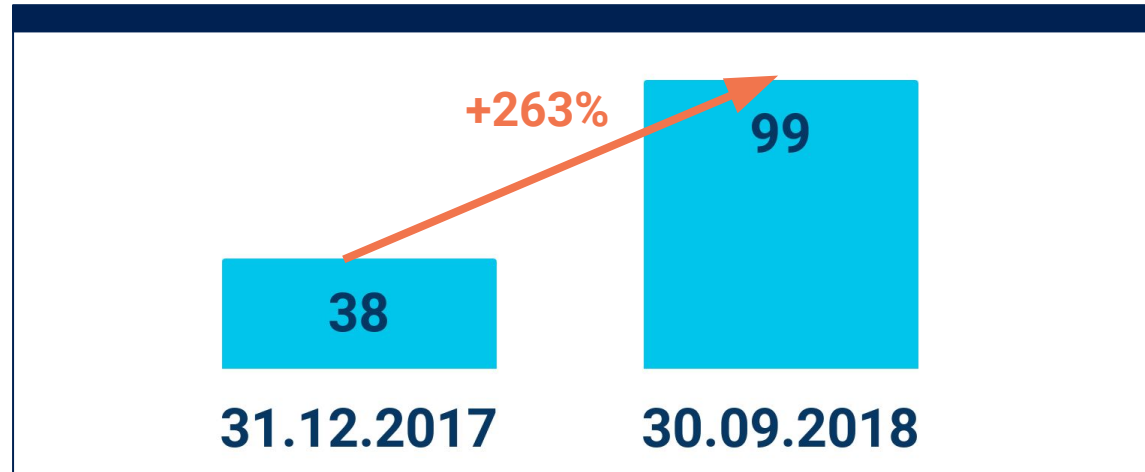
PORTFOLIO DEVELOPMENT (MNOK)



- Growth continues; 5<sup>th</sup> consecutive quarter
  - Despite ongoing repricing
  - Despite organisation focused on migration
- Premium portfolio grew 8.7% in Q3, annualised 35%
  - YTD annualised growth 19.3%
  - Wholesale strategy gives more volatile topline
- Premium for own account grows even more

# Strategy; geographic scalability

DANISH PORTFOLIO (MDKK)



- Growth in Denmark driven by several new wholesale partners
- Limited on site organization (7 colleagues) supported by HQ

# Q3 '18 consolidated statement

<i>(MNOK)</i>	Q3 2018	Pro forma Q3 2017 <sup>3)</sup>	YTD 2018	Pro forma YTD 2017 <sup>3)</sup>	Pro forma FY 2017 <sup>3)</sup>
Gross premium earned <sup>1</sup>	387,7	335,5	1 071,9	1 001,0	1 341,0
Gross claims incurred	(269,3)	(243,3)	(856,6)	(687,6)	(946,7)
Sales costs	(53,1)	(37,9)	(135,0)	(114,2)	(194,3)
Administration costs	(56,4)	(70,7)	(154,7)	(178,7)	(353,7)
<b>Gross underwriting result</b>	<b>8,9</b>	<b>(16,4)</b>	<b>(74,4)</b>	<b>20,5</b>	<b>(153,7)</b>
<i>Gross to net adjustment</i>					
Reinsurance share of premium	(191,8)	(222,6)	(568,0)	(706,8)	(922,6)
Reinsurance share of claims	123,7	151,7	454,7	454,8	618,2
Commissions received	44,5	84,8	130,5	202,0	212,4
<b>Reinsurers' result</b>	<b>23,6</b>	<b>(13,9)</b>	<b>(17,2)</b>	<b>50,0</b>	<b>92,0</b>
<b>Net underwriting result</b>	<b>(14,7)</b>	<b>(2,5)</b>	<b>(57,2)</b>	<b>(29,5)</b>	<b>(245,7)</b>
Investment return	1,4	4,0	6,4	8,1	5,0
Other items <sup>2</sup>	(1,0)	(4,1)	(5,7)	(5,9)	(36,8)
<b>Net result</b>	<b>(14,3)</b>	<b>(2,6)</b>	<b>(56,5)</b>	<b>(27,3)</b>	<b>(277,4)</b>
<b>Solvency ratio</b>	<b>147%</b>				

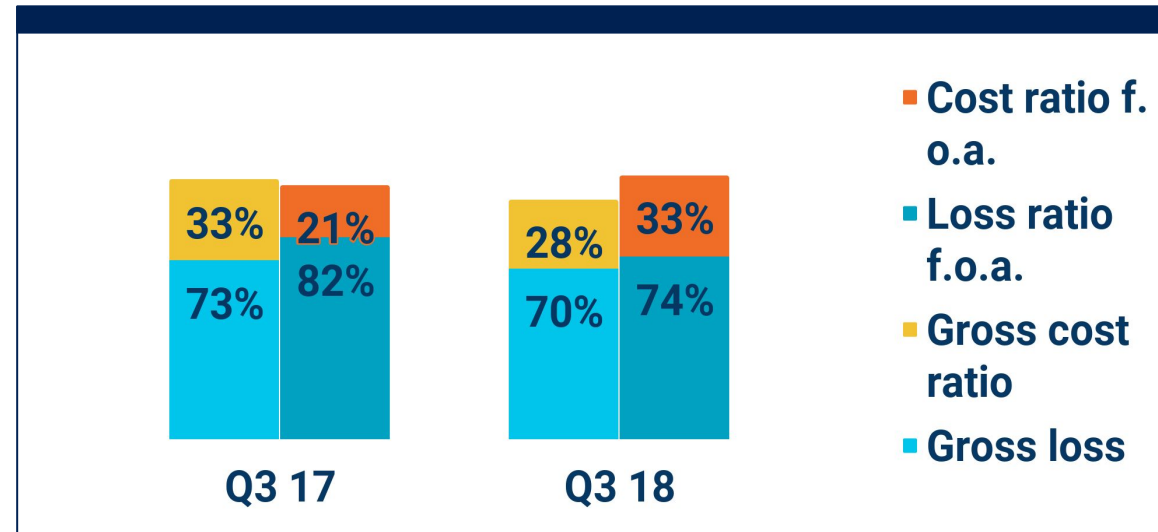
1) Includes other insurance related income

2) Includes interest paid, currency effects, unexpired risk, other income and costs

3) See note in Q3 Report on calculation of pro forma figures

# Gross combined ratio below 100%

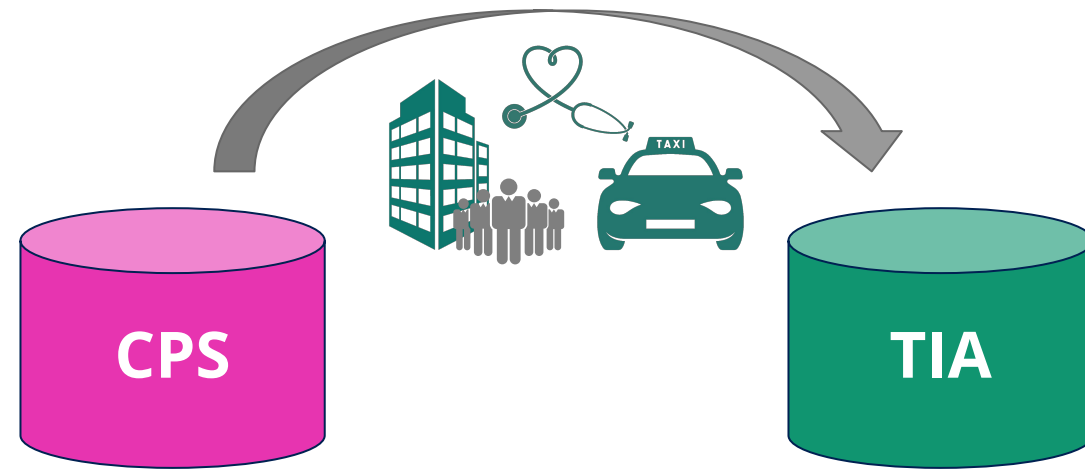
## COMBINED RATIO\*



- Fluctuations between reinsurance share and foa results
  - Approximately half the losses taken by reinsurers
- Cost ratio of 28% above reinsurance commissions
- Q3 '17 extraordinary items reducing costs

*\*) Pro forma figures combining Legacy Insr and Nemi for Q3 '17. Net cost for Q3 '17 includes a correction of reinsurance commissions for 2016*

# Migration of core IT systems completed



- IT migration completed in Q4 '18
  - One common corporate IT platform, accounting and core insurance system for active customers
- Private portfolio migrated Nov 4<sup>th</sup>
  - 99.95% success rate
  - Only 10 customers failed when 79 581 insurance policies migrated
  - Included migration in central car registry and Norwegian payment infrastructure





# Strategy & Outlook

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insure

# Strategic Platform:

The regulated insurance company

Nemi fits multi-brand strategy



Being regulated is complex, expensive & capital intensive

- Partners avoid this complexity and focus on end-consumer
- Insr is the insurance specialist & risk carrier
- Insr business model adapt to & accelerate value chain break-up

Wholesale distribution

- Plug and play insurance solutions; flexible insurance concepts & cooperation models
- Partners handle retail distribution

# Continued progress

## MEDIUM TERM TARGETS

Portfolio growth	Low double digit
Gross combined ratio	90 - 92%
Solvency ratio	Above 130%

- Key takeaways Q3
  - Double digit growth
  - Gross profit for the quarter
  - Prices are increasing
  - IT migration completed
- Outlook 2018
  - Double digit growth
  - Nemi integration completed
  - Tier 1 Bond approved

## Disclaimer

This presentation may contain forward-looking statements which are based on our current expectations and projections about future events. The terms “anticipates”, “assumes”, “believes”, “can”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “should”, “projects”, “will”, “would” or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. All statements other than statements of historical facts included in this presentation, including statements regarding our future financial position, risks and uncertainties related to our business, strategy and our plans and objectives for future operations, may be deemed to be forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this presentation, and we do not intend and do not assume any obligation to update any statements set forth in this presentation.

Established player in an industry with high entry barriers and attractive dynamics

Flexible and agile business model supporting challenger position

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Management with proven track record and extensive insurance expertise

Financially and operationally restructured; ready for disciplined growth



# Appendix

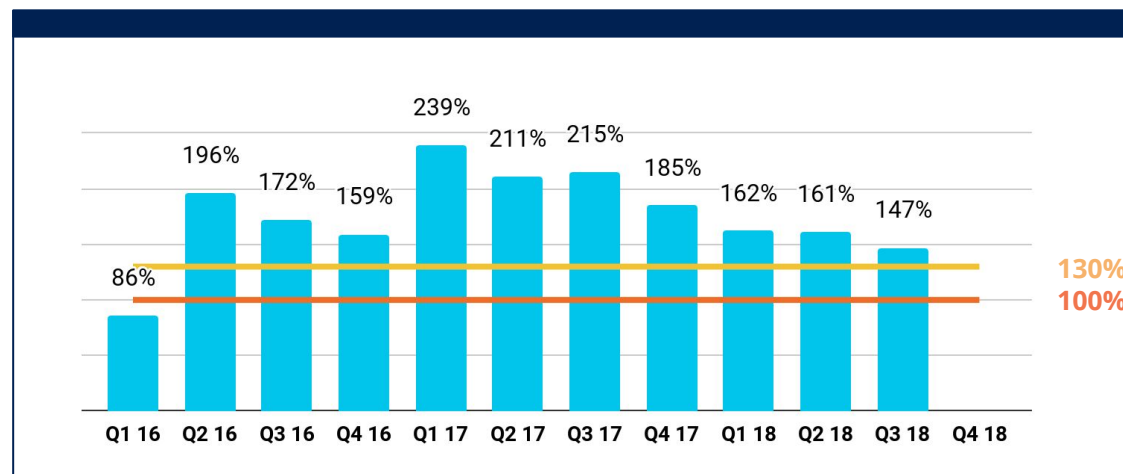
# Q3 Solvency ratio 147%

If MNOK 75 Tier 1 included; 171%

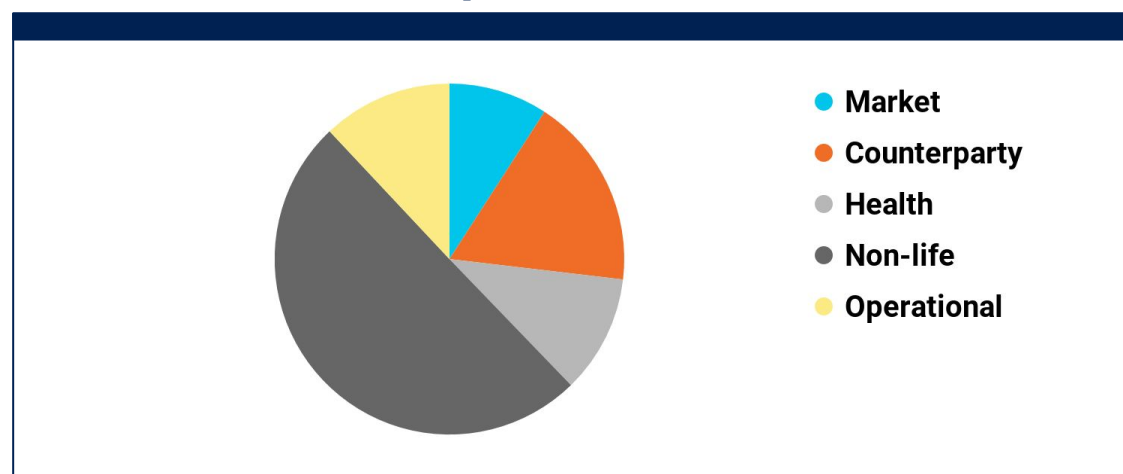
## SOLVENCY CAPITAL (MNOK)

Tier 1	263
Tier 2	100
Tier 3	36
<b>Available capital</b>	<b>400</b>
- SCR	-273
<b>Surplus capital</b>	<b>127</b>

## SOLVENCY RATIO DEVELOPMENT\*

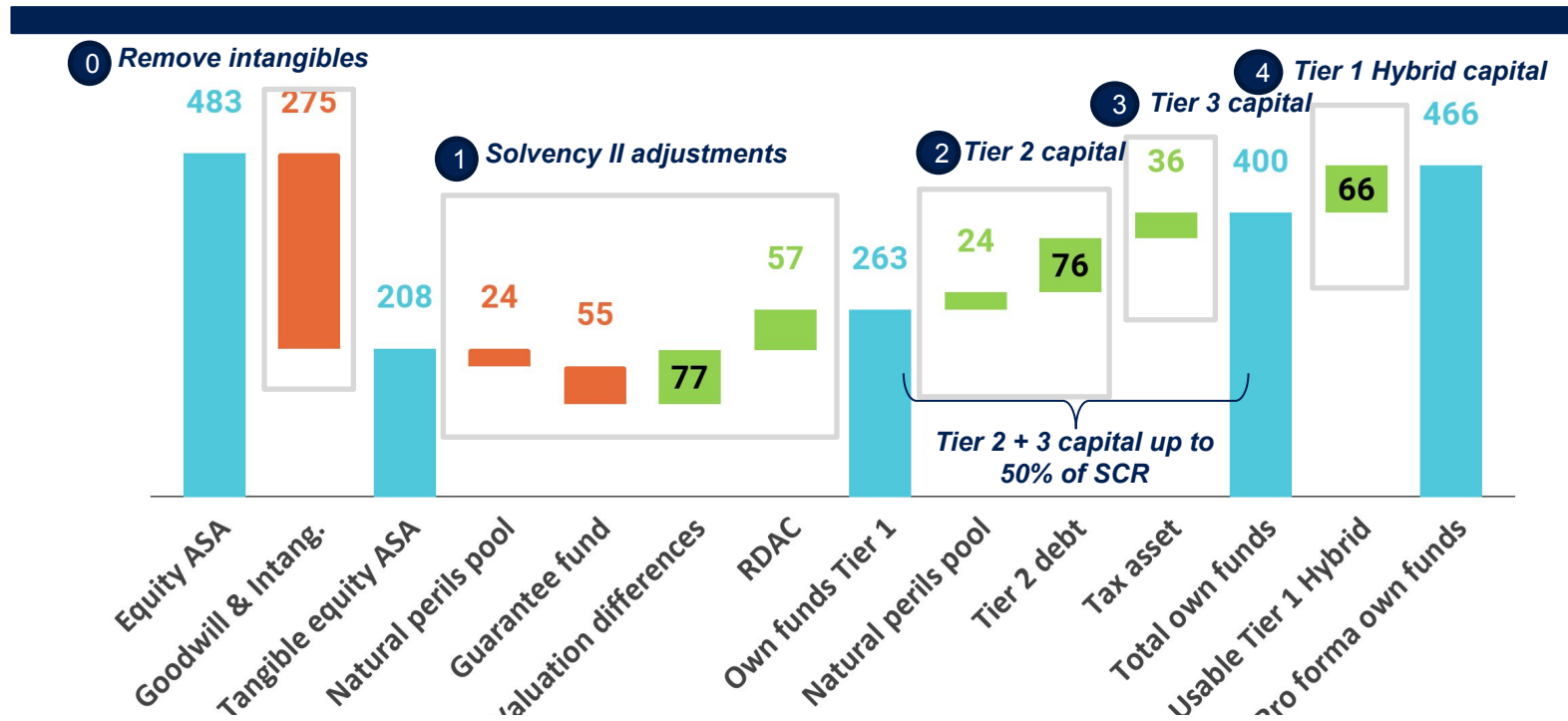


## SOLVENCY CAPITAL REQUIREMENT (SCR): 273 MNOK



# Solvency Capital

Q3 Pro forma assuming NOK 75 mn Tier 1 capital already issued



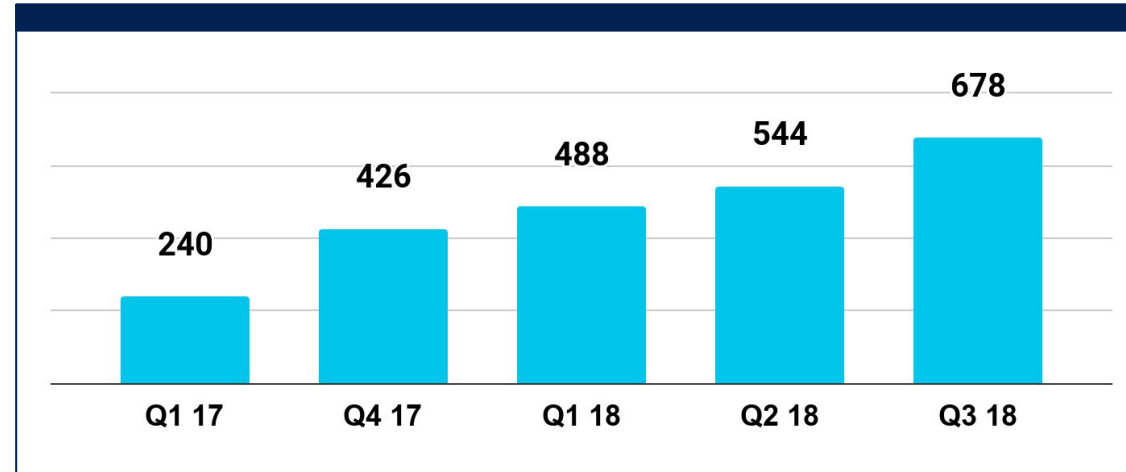
- 1 Differences between IFRS and solvency balance sheet; solvency includes expected value of future cash flow, excluding unmarketable assets
  - Valuation differences on insurance related liabilities and assets
  - RDAC is unearned reinsurance commissions; cash already received
- 2 Natural perils pool capital, part of equity under IFRS, considered Tier 2 capital
- 3 Carry forward tax loss included as Tier 3 capital, which can be up to 15% of SCR
- 4 NOK 75 mn Tier 1 bond contributes NOK 66 mn; max 20% of Tier 1 can be Hybrid



# Investment portfolio growing

Q3 return  
1.4 MNOK  
Annualised  
0.9%

INVESTMENT ASSETS



INVESTMENT PORTFOLIO MIX

