

Insr: Q2 and H1 2020 results - Orderly Wind-down

Oslo, August 28th, 2020

Insr Insurance Group ASA (OSE: INSR) announces results for second quarter and first half year 2020.

A presentation of the results by the Group's senior management will take place today at 08:30 CET - see details below.

Financial Results

The continued Norwegian business delivers a profit of NOK 11 million in the second quarter, before writing off goodwill, showing that all improvements and investments are gradually paying off. For the first half year, the claims result is six percentage points better than last year.

The abrupt close-down of the Danish operation, resulting from the corrective order from the Norwegian Financial Services Authority (NFSA), has led to a need for provision increases. The negative contribution from discontinued business is NOK 57 million.

As announced on August 14th, Insr has entered into an agreement for the sale of the substantial part of its Norwegian insurance portfolio to Storebrand Forsikring AS. The agreement with Storebrand is a result of the strategic review announced in the stock exchange announcement on June 29th, 2020, where Insr also announced that it had been notified that the NFSA considered to withdraw Insr's license to operate.

The notification has triggered a revaluation of goodwill and IT systems, and all goodwill is written off in the quarter. In total, intangibles of NOK 232 are removed from the balance sheet. This has no impact on the solvency ratio, as such assets have no value under that regulatory framework.

The result for the quarter is a loss of NOK 277 million, year to date NOK 304 million.

Expected Wind-down

The regulatory framework following introduction of Solvency II in 2016, has made it increasingly difficult to be a small player in the market. Insr has had challenges linked to the governance, risk, and control pillar of the regulatory framework. The notice from the NFSA in June was surprising, as we have made progress on these issues and are working hard to rectify all concerns. We strongly disagree with the preliminary decision by the NFSA to revoke Insr's insurance licence being a suitable and proportionate measure and have timely responded to the NFSA to refute their preliminary conclusion.

Subject to NFSA and shareholder approvals, to reduce the risk of withdrawal of the insurance license and a statutory liquidation, Insr has decided that the insurance operation will be closed during 2021. The timeline is conditional upon Insr being allowed to exit the insurance market in a manner controlled by Insr itself. We believe that Storebrand will be an excellent home for our customers and many of our partners. Also, the run-off in Denmark and specialty insurance classes is expected to be sorted out during the fall.

In such a complicated wind down, involving several transactions and operational steps, there is

uncertainty as to the ultimate outcome following a closure of the insurance business. We are committed to completing this as a solvent, effective and controlled process. This, in our opinion, will maximize expected value for all stakeholders, and be the best solution for our competent and hard-working staff.

In the extraordinary general meeting preliminary set for September 29th we will present the plan in more detail. No assurance can be given that the NFSA will approve the plan.

Outlook

Assuming approvals from the NFSA and the shareholders, all potential growth and future development of the company is cancelled. Thus, all remaining value is linked to the wind down of the current balance sheet and income under the Storebrand agreement.

Insr plans to gradually close the insurance operation during the remainder of 2020 and 2021, assuming all relevant approvals. Insr is investigating transferring remaining insurance risk to reinsurers earlier. The investment portfolio is a consequence of the cash flow in casualty insurance, and most of it will disappear with the insurance risk.

During 2021, the remaining organization will continue working on a secure transfer of the customers and claims handling. At the end of 2021, Insr plans to no longer have any insurance contracts or insurance risk.

The solvency margin is expected to stay above the regulatory requirement of 100% during the remainder of 2020 and 2021.

Espen Husstad, CEO of Insr Insurance Group, comments: *“It is sad that Insr must withdraw from the insurance business given all the enthusiasm from shareholders, colleagues and partners during this attempt at challenging this mature market. Customers have been the key priority and have always been well protected and serviced throughout this journey. However, I am equally confident that Storebrand will become a great home for our customers and many of our partners.”*

Q2 Financial Highlights:

(Figures are for continued operations, and figures in brackets for same period previous year, unless otherwise stated)

- Premium earned for own account (net) was NOK 185 million (NOK 194 million)
- Net result from operations was a loss of NOK 221 million (profit of NOK 13 million)
- Total result, incl. discontinued operations, was a loss of NOK 277 mn (profit of NOK 7 mn)
- Gross loss ratio was 68.9% (67.8%)
- Gross cost ratio was 26.8% (26.7%)
- Net combined ratio was 100.0% (93.8%) and gross combined ratio 95.7% (94.5%)
- The solvency ratio was 103%. At the end of Q1, the solvency ratio was 117%.

H1 Financial Highlights:

- Premium earned for own account (net) was NOK 373 million (NOK 385 million)
- Net result from operations was a loss of NOK 244 million (loss of NOK 38 million)
- Total result, incl. discontinued operations, was a loss of NOK 304 mn (loss of NOK 63 mn)
- Gross loss ratio was 76.1% (82.9%)
- Gross cost ratio was 25.8% (26.1%)
- Net combined ratio was 104.5% (110.5%) and gross combined ratio 101.9% (109.0%)

Presentation details

Espen Husstad (CEO) and Hans Petter Madsen (CFO) will present results on August 28th at 08:30 CET

(1) Through participative webcast

https://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20200828_1

(2) In Vika Atrium Conference Centre, Oslo

The interim report and webcast presentation for the second quarter and first half year of 2020 are attached to this release. A spreadsheet explaining Alternative Performance Measures used in this stock exchange communication is available on the company webpage insr.io/investor-relations. The webcast presentation is not intended to be a stand-alone presentation and should be read in conjunction with management's comments and the quarterly report.

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Insr Insurance Group ASA was established in 2009 and is an independent insurance group listed on the Oslo Stock Exchange, with headquarters in Oslo. The Company's main focus is on the market for property and casualty insurance for the retail and small enterprise segments in Norway. Insr distributes its products mainly through partners and insurance agents. Insr is regulated by the Norwegian FSA (Finanstilsynet) and has a license for all groups of non-life insurance, except for credit and guarantee insurance.