



DANSKE BANK'S WINTER SEMINAR

by Christian Sagild, CEO, Topdanmark

30 November 2016



AGENDA

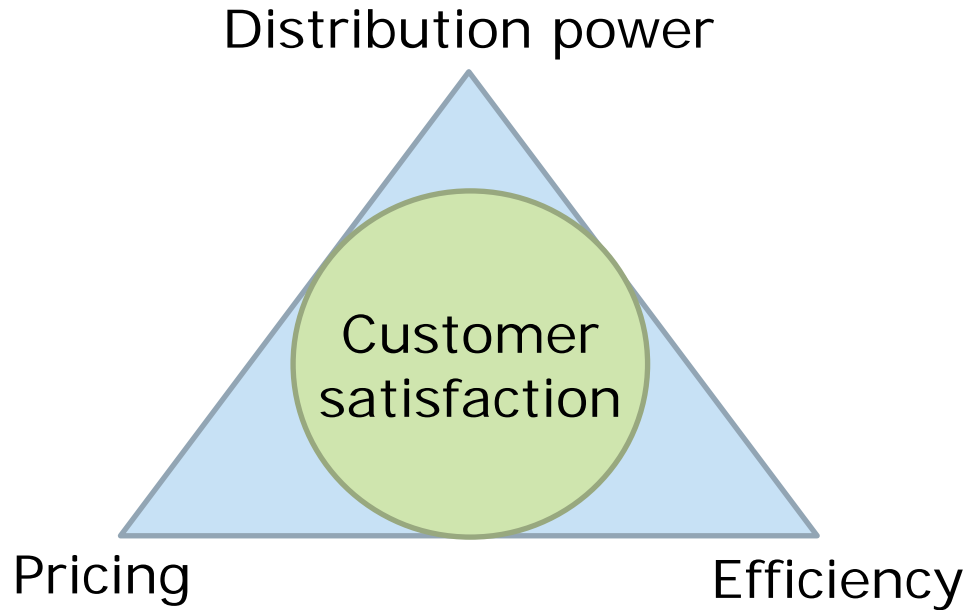


Future earnings potential and risks



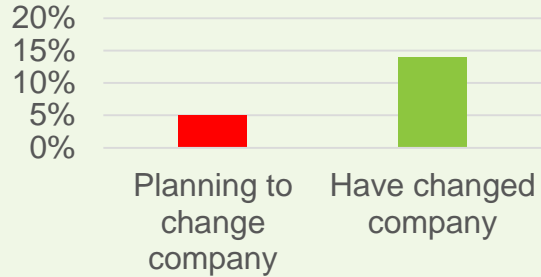
Current and future market position

OUR SUCCESS CRITERIA



INSURANCE BUSINESS IS CHARACTERISED BY PUSH MARKET

Insurance

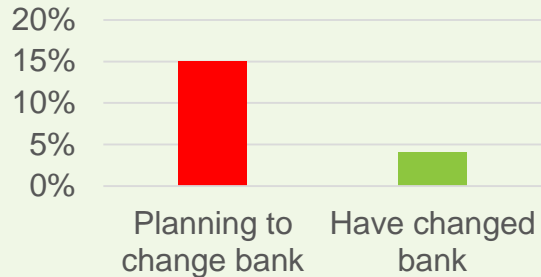


Insurance

Planning to change company: 5%

Have changed company: 14%
(Customer for 1 year or less)

Bank

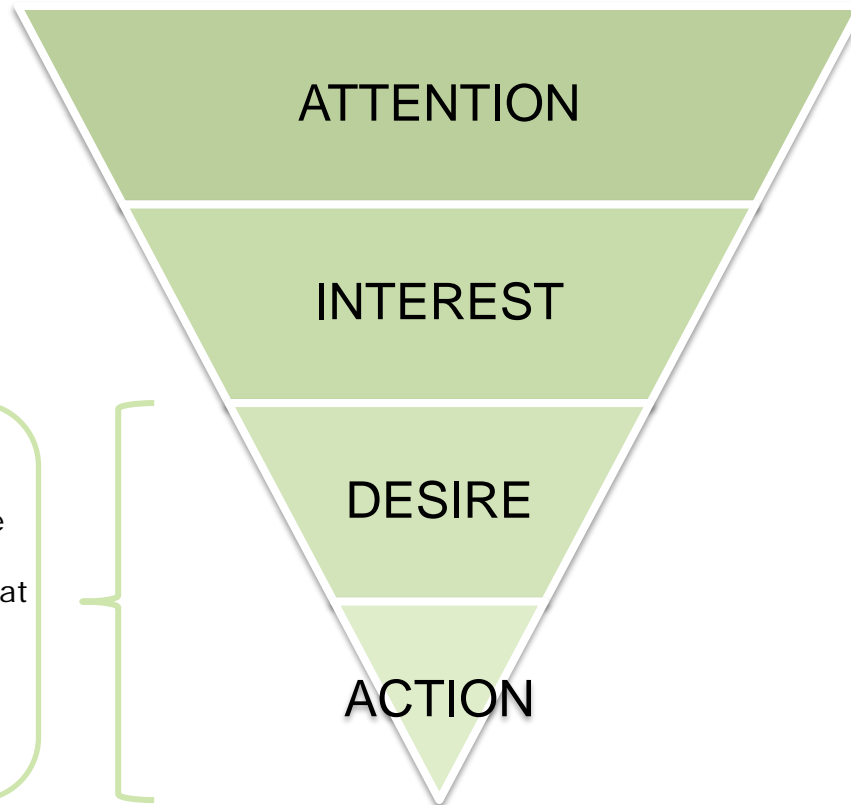


Bank

Planning to change bank: 15%

Have changed bank: 4%
(Customer for 1 year or less)

CURRENT DISTRIBUTION MODEL



Sales

In the mass market, Topdanmark/Danske Forsikring has more than 300 sales reps at its disposal. A very strong capacity for handling customer flows and hosting sales meetings.

Engine

Topdanmark has a marketing engine at its disposal with capacity to generate the necessary customer flows at low cost, precisely and efficiently.

PRICING



We follow the price trend in the market

We closely monitor the effect of price adjustments on additional premiums and loss of customers



We believe in a full-customer concept.

This means higher loyalty and more profitable customers

EFFICIENCY



Digitalisation

- Self-service
- Online purchasing



Efficiency

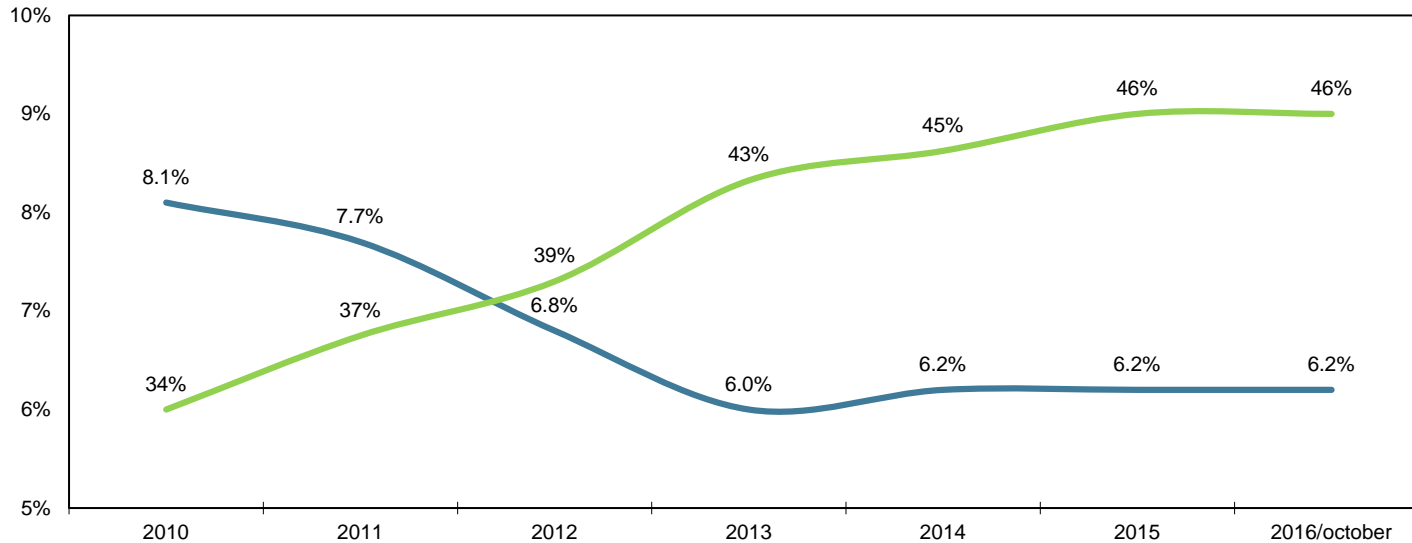
- Process optimisation and automation



Transformation

- Culture
- Readiness for change

GOOD CUSTOMER RATINGS



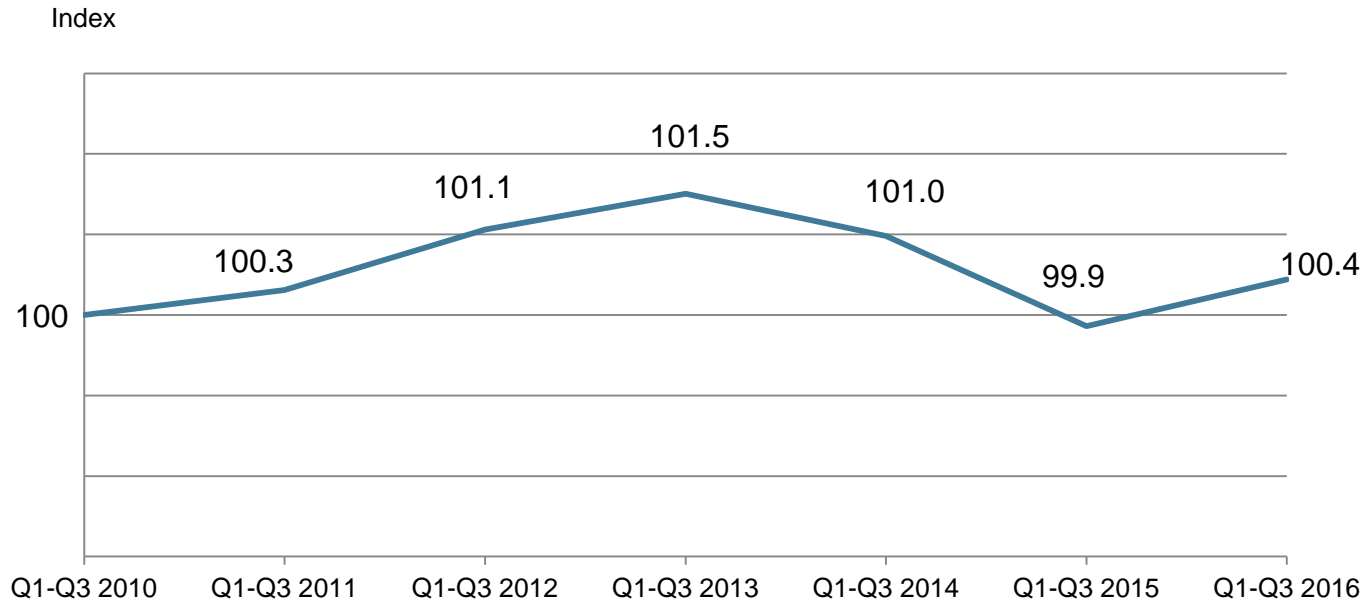
Dissatisfied customers

Ambassadors

Source: ASMA telephone surveys - 31 October 2016

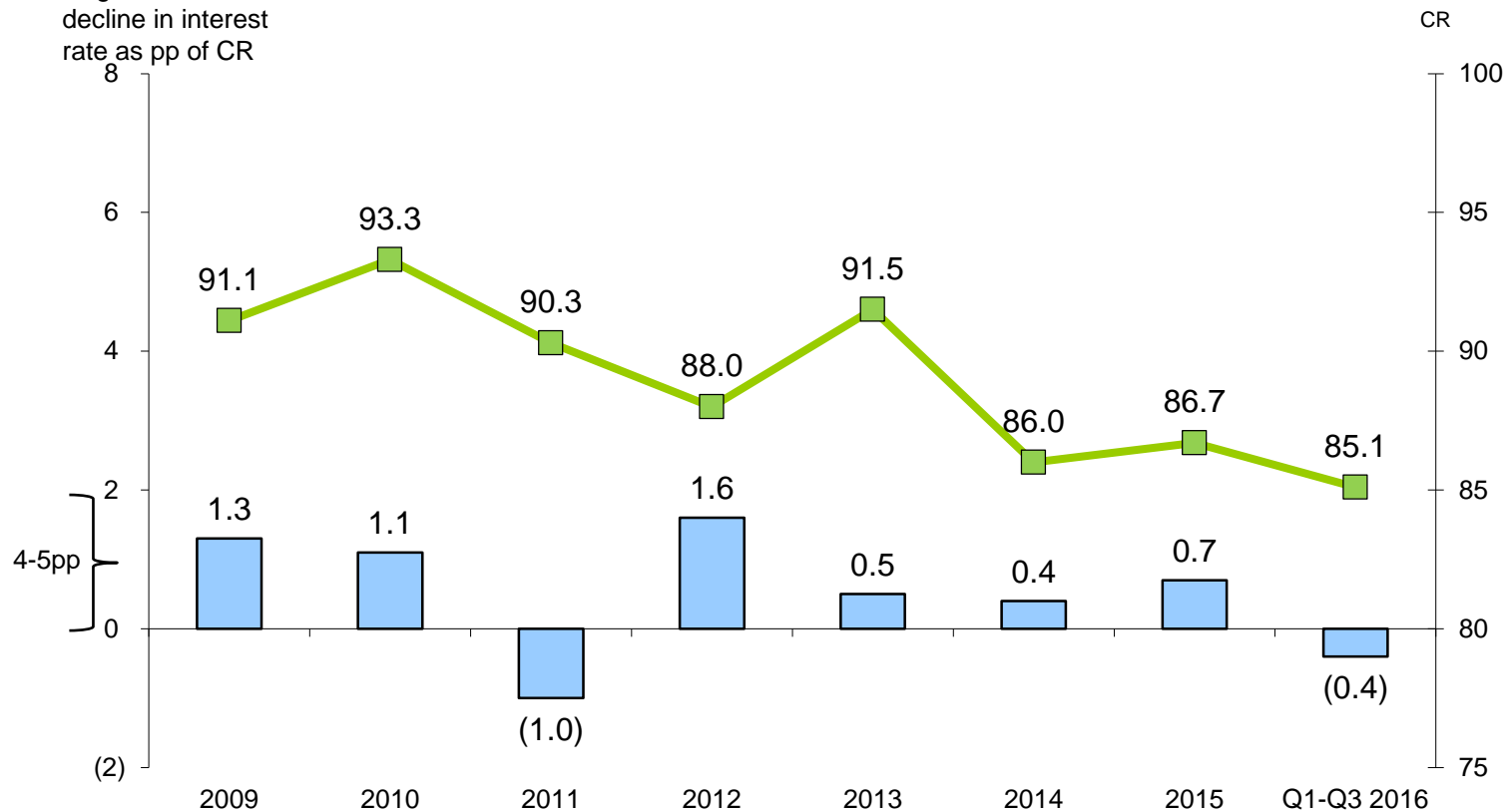
TREND IN RETENTION RATIO

PERSONAL SEGMENT



TREND IN COMBINED RATIO

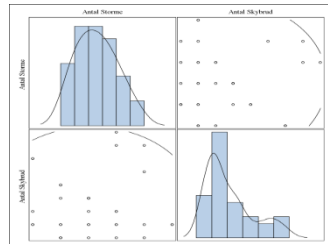
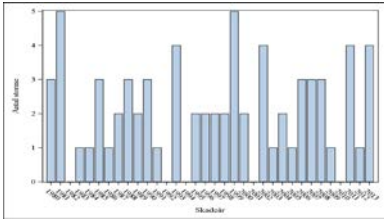
Negative effect of decline in interest rate as pp of CR



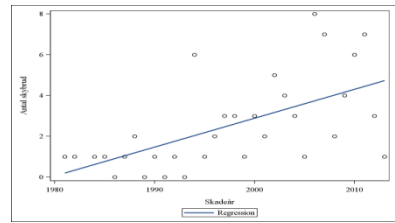
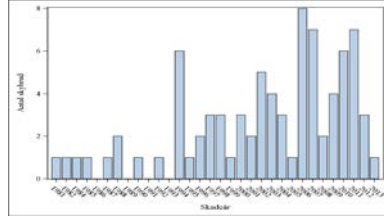
STORM AND RAINSTORM RISK



Number

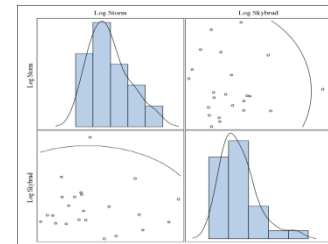
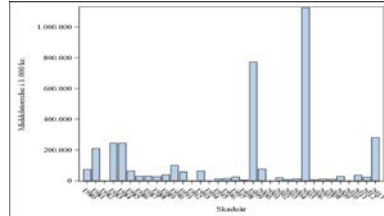


No correlation between numbers

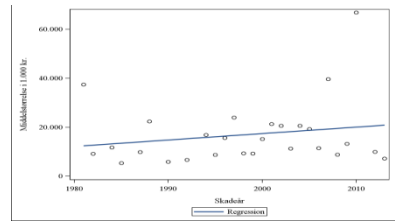
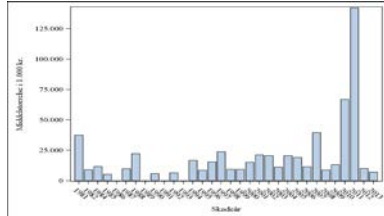


Significant tendency → increase in number of rainstorms!

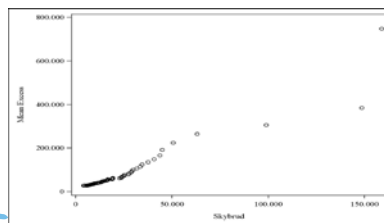
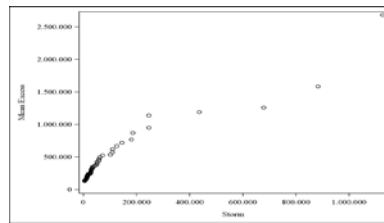
Mean sizes



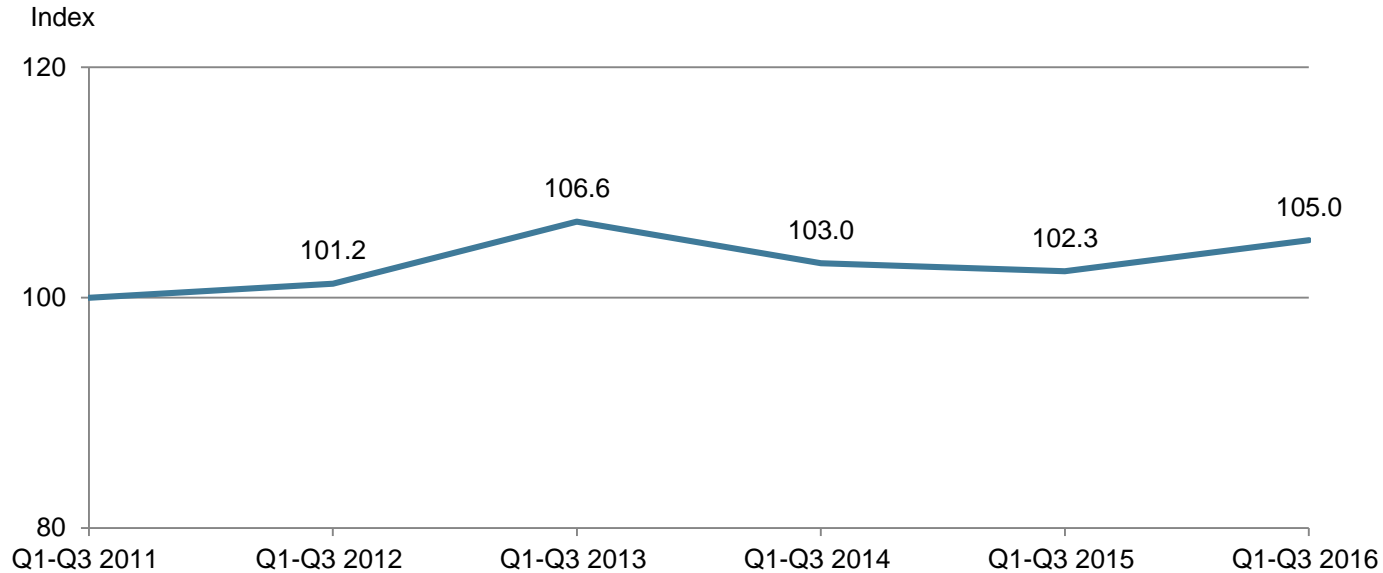
No correlation between mean sizes



Tendency not significant for mean sizes...



TREND IN RISK PREMIUM FOR CARS



INVESTMENT RISK

Investment policy matches profitability of insurance business

Very low probability of loss on primary business

Investment risk aligned with expected profitability of primary business

E (CR) ~ 90 → Some investment risk

E (CR) ~ 95 → Significantly lower investment risk

New 2008 → Low, but positive bottom line



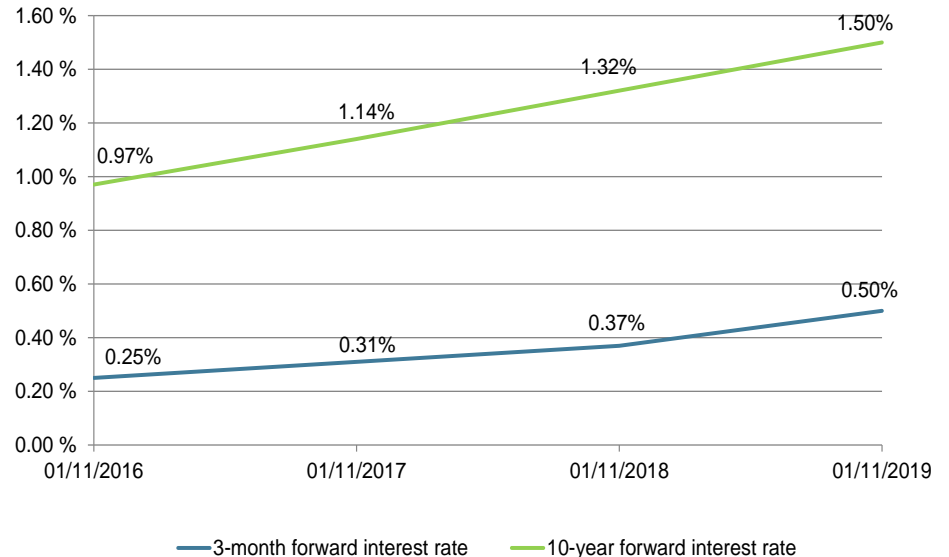
EFFECT OF INCREASE IN INTEREST RATES

- Claims provisions are matched by corresponding assets

- Changes in interest rates have no effect on overall value of claims provisions and matching investment assets

- A 1pp increase in the interest rate curve reduces the CR by about 1.5pp corresponding to DKK 130m before tax

3-month and 10-year forward interest rate in DKK



SOLVENCY COVER

Solvency cover

	30 June 2016	30 Sep 2016
Solvency capital requirement	3,868	4,039
Own funds	5,896	6,402 ¹⁾
Solvency cover	152%	159%

- 1) The increase of DKK 506m is impacted by DKK 400m planned share buy-back in the period August to December 2016, already approved by the DFSA in Q2 2016, deducted from own funds at the end of Q2, while the permit for the DKK 450m buy-back for November 2016 to March 2017 was not granted until Q4 2016. Consequently, this was not deducted from own funds at the end of Q3.

AGENDA

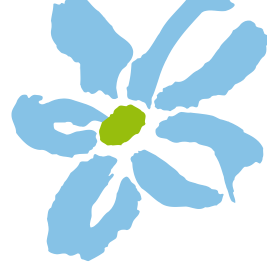


Future earnings potential and risks

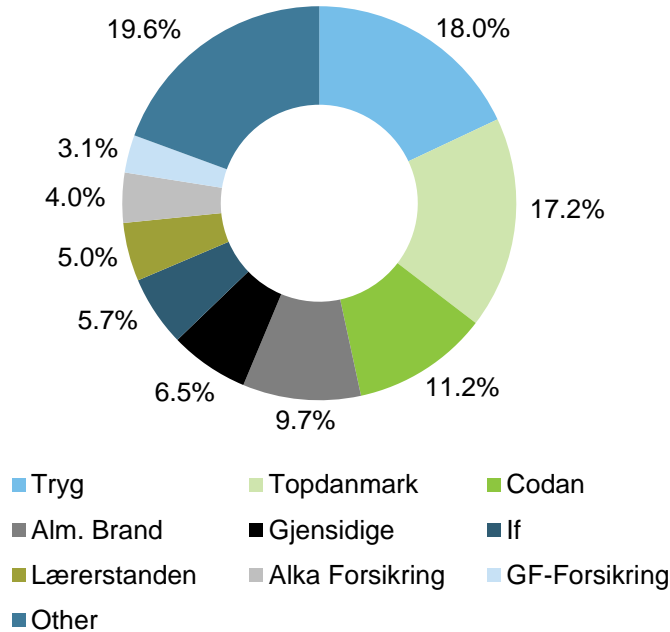


Current and future market position

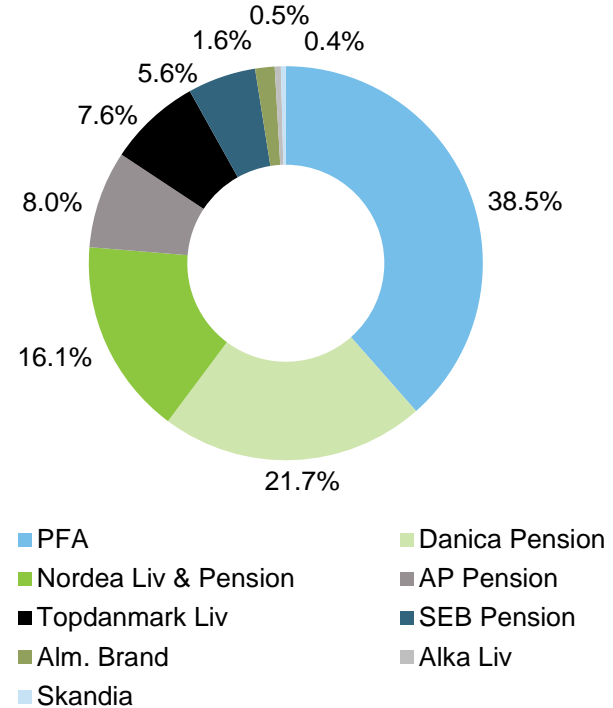
MARKET SHARES



Non-life insurance Q3 2015



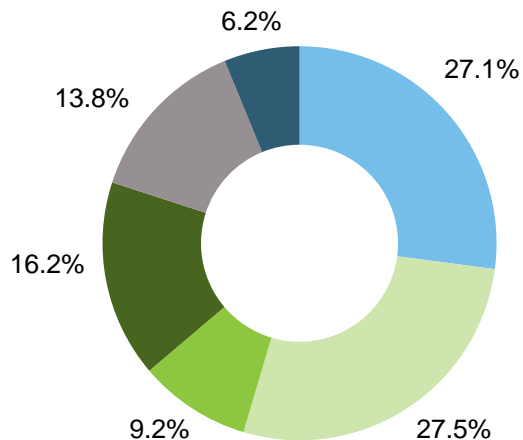
Life insurance 2015



PREMIUM CLASSIFICATION

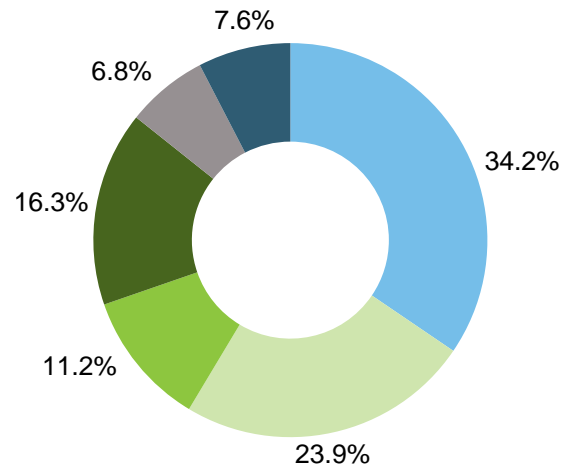


Premiums classified by products 2008



- Personal
- Motor
- Agricultural
- SME and Industrial
- Workers' compensation
- Illness, accident and unemployment

Premiums classified by products Q1-Q3 2016



- Personal
- Motor
- Agricultural
- SME and Industrial
- Workers' compensation
- Illness, accident and unemployment

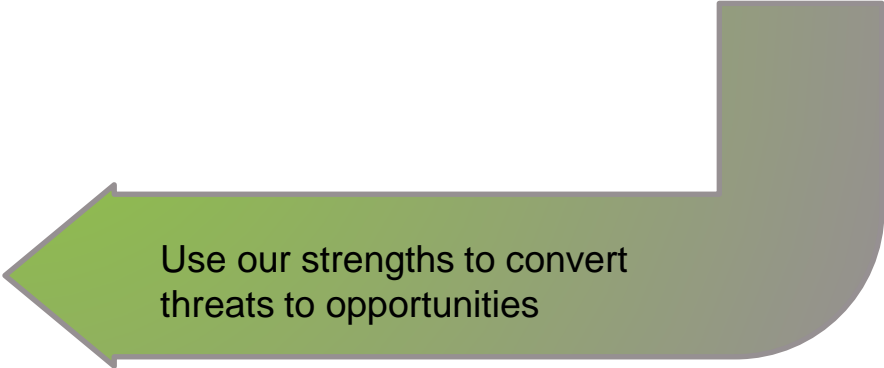
OPPORTUNITIES AND THREATS

Opportunities

- ❖ Digitalisation
- ❖ Partnerships
- ❖ Analysis and use of data

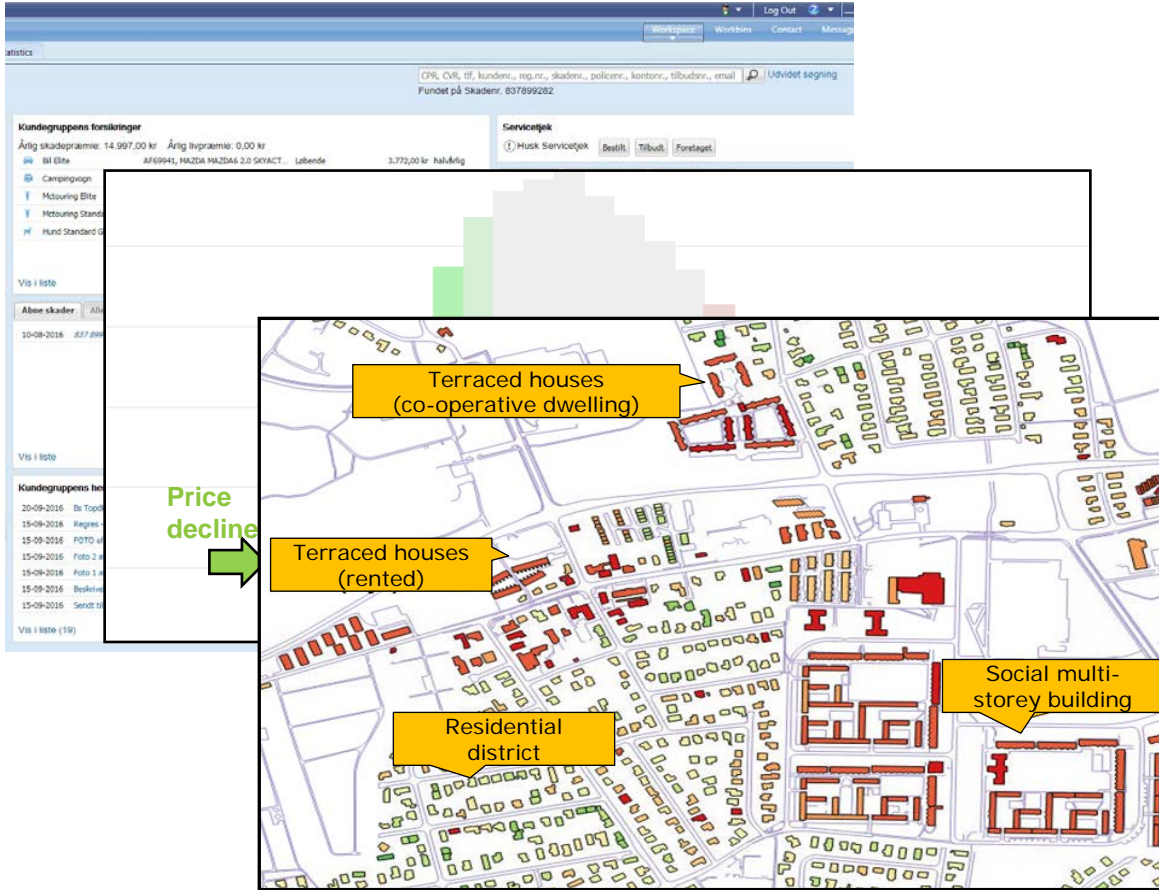
Threats

- ❖ Effect of competitors' bonus models
- ❖ Less disciplined market
- ❖ Changed business models



Use our strengths to convert
threats to opportunities

CUSTOMER SCORE



Use:

New business potential

Notification of price increase

New sales

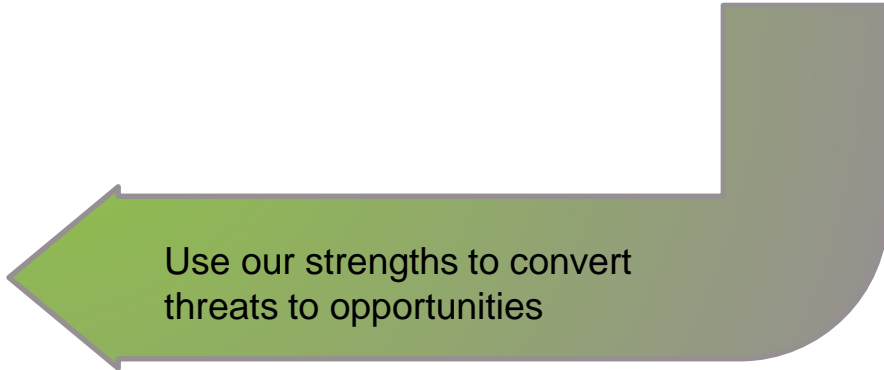
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