Alm. Brand Forsikring A/S
Non-life

- Since 1792
- Main business activity in financial group
- 4th largest non-life company in DK
- 400,000 customers*
  - 200,000 Plus customers*
- Strong on
  - 1. Agriculture (30% market share)
  - 2. Private (12% market share)
  - 3. SME (6% market share)
  - Very strong on buildings

* Number of households/units

“We take care of our customers”
Alm. Brand Forsikring A/S
Highlights Q1 2010

- Performance: Loss of DKK 250m
  - Extraordinary winter claims of DKK 350m
- Total premiums: DKK 1.2bn
  - Growth: 0.5%-points
- CR: 125.1
  - Increased by 26.9%-points
- Expense ratio: 19.5%
  - Decreased by 0.4%-points
**Alm. Brand Forsikring A/S**

**Gross premiums**

- **Premium growth of 0.5%**
  - Private: 2.5%
- **Lower premiums from SME**
  - Economic recession
  - Reduction of risk
  - Loss of portfolio
Bankruptcies, foreclosures & unemployment

www.statistikbanken.dk: TVANG1, KONK2, AUS01
Alm. Brand Forsikring A/S
Expenses for major claims*

* Claims in excess of DKK 1m

- Only few fires during winter
Alm. Brand Forsikring A/S
Weather claims

- Snow load
- Accident
- Motor
Alm. Brand Forsikring A/S
Excessive snow loads
Alm. Brand Forsikring A/S
Excessive snow loads

Number of claims related to excessive snow loads
Alm. Brand Forsikring A/S
Excessive snow loads

Number of claims by segment

Claims expenses by segment

- Agricultural
- Private
- Commercial
Alm. Brand Forsikring A/S
Impact on performance

- + Lower costs
- + Lower major claims
- + Stabilisation of other claims
- + Increased premiums in private
- + Increase in premiums in SME and agriculture in 2010
- - Extraordinary winter claims
- - Discounting effect: 0.8% higher claims ratio
- - Weaker growth because of economic recession and premium increases

Combined ratio

Pct. Claims Operating expenses Net reinsurance

2007 2008 2009 Q1 2009 Q1 2010

69.0 73.9 76.4 73.5 101.3
91.4 96.5 98.0 98.2 125.1
2.8 3.6 3.1 4.0 4.3
19.6 19.0 18.5 19.9 19.5
4.8 3.1 3.6 2.8 0
### Alm. Brand Forsikring A/S

#### Combined ratio

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Q1 2009</th>
<th>Q1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined ratio ex weather claims and major claims</td>
<td>81.6</td>
<td>84.3</td>
<td>87.4</td>
<td>87.4</td>
<td>87.9</td>
</tr>
<tr>
<td>Major claims</td>
<td>7.4</td>
<td>9.6</td>
<td>9.2</td>
<td>10.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Weather claims</td>
<td>4.3</td>
<td>1.9</td>
<td>3.1</td>
<td>0.4</td>
<td>29.9</td>
</tr>
<tr>
<td>Run-off result*</td>
<td>-1.9</td>
<td>0.7</td>
<td>-1.7</td>
<td>0.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>91.4</td>
<td>96.5</td>
<td>98.0</td>
<td>98.2</td>
<td>125.1</td>
</tr>
</tbody>
</table>

* A negative run-off result equals a run-off gain
Alm. Brand Forsikring A/S

Any specific reasons for premiums increases?
- here are some headlines …..
Theft & Burglary

\[ y = 1.543,5x + 71090 \]
Private content – ex. major claims

### Development in private content claims

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
<th>Fire and allied perils</th>
<th>Theft</th>
<th>Other perils</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>22</td>
<td>61</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>2007</td>
<td>30</td>
<td>79</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>2008</td>
<td>101</td>
<td>65</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>2009</td>
<td>118</td>
<td>65</td>
<td>26</td>
<td>15</td>
</tr>
</tbody>
</table>

### Private content claims - causes 2009

- Fire and allied perils: 65%
- Theft: 20%
- Other perils: 15%
Agricultural content – ex. major claims

**Development in agricultural content claims**

**Agricultural content claims - causes 2009**
Commercial content – ex. major claims

**Development in commercial content claims**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fire and allied perils</th>
<th>Theft</th>
<th>Other perils</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>24</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>2007</td>
<td>35</td>
<td>65</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>35</td>
<td>97</td>
<td>-</td>
</tr>
<tr>
<td>2009</td>
<td>36</td>
<td>110</td>
<td>-</td>
</tr>
</tbody>
</table>

**Commercial content claims - causes 2009**

- Fire and allied perils: 61%
- Theft: 19%
- Other perils: 20%

---

WWW.ALMBRAND.DK

ALM. SUND FORNUFT
Private building – ex. major claims

Development in private building claims

Private building claims - causes 2009

- Fire and allied perils
- Burst pipes
- Theft
- Other perils

Graphs showing development in private building claims and the causes of claims in 2009.
Motor

Frequency

Average claims

Indeks 2006= 100
Alm. Brand Forsikring A/S
Outlook 2010

• Announced in Annual Report 2009
  • Profit of DKK 230m
  • CR: 97
• Revised guidance after winter claims
  • Loss of DKK100m
  • CR 104
• Tendency towards lower average claims
  • Premiums up
    • Private (2009)
    • SME and agriculture in 2010
  • New policy conditions
    • Self risk
    • Claims limiting activities
Alm. Brand Forsikring A/S
Capital situation

As per 31/12-2009

- Owners Equity: DKK 2.945bn
- Capital Base: DKK 2.113bn
- Solvency requirement: DKK 0.777bn
- Solvency ratio: 2.7

- Solvency ratio (31/3-2010): 2.4
Solvency II
1: Alm. Brand and Solvency II
- Responsibility rests with top management

The Risk Committee is responsible for the Solvency II Programme in Alm. Brand Group

Areas of responsibility

- Capital requirement after Solvency 1½
- Development of internal models
- Risk Appetite
- External risk reporting

Note:
The figure above shows the group structure for risk management and compliance and does not reflect the legal structure of Alm. Brand A/S
1: Alm. Brand and Solvency II
- Effects of Solvency II

- Current capital base in Alm. Brand Forsikring A/S
  - Sufficient to meet future requirements
- Solvency II => Increased focus on active capital and risk management
  - Asset allocation
    - Limited impact on Alm. Brand, due to conservative investment profile
    - New capital requirement of Mortgage Bonds looks expensive
      - Concentration of risk on specific names
      => Might change investment profile ie. Government bonds, Swaps etc.
  - Management of risk through internal risk models
    - Will reduce capital requirements
    - Considering use of partial internal model or specific parameters
  - Active use of reassurance
    - Several possibilities ie. large complex transactions, lower CAT thresholds etc.
    - Price targets will be adjusted towards Solvency II risk based pricing => improvements in earnings
Disclaimer

“The statements made in this presentation are based on current expectations, estimates and projections made by management. All statements about future financial performance are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the statements. All statements about future financial performance made in this presentation are solely based on information known at the time of the preparation of the last published financial report, and the company assumes no obligation to update these statements, whether as a result of new information, future events, or otherwise.”