"Insight into Topdanmark’s strategy and organizational structure"

CEO Peter Hermann
Agenda

CEO Peter Hermann

Strategic initiatives

Development - Facts and numbers
CEO Peter Hermann

• Born 1973
• Master of Actuarial Science

• Feb 2018  Topdanmark Insurance
• May 2016  Topdanmark Life and Pension
• May 2014  PFA Pension
• May 2011  Nordea Life and Pension
• Nov 1995  PFA Pension
Management principles

• Ambitious goalsetting

• Continuously improving the performance of the organization at all levels through Performance Management

• Continuously developing the business into new areas and services.

The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.

Michelangelo
CEO Peter Hermann

Executive board

CEO
Peter Hermann
Responsible for HR, Communications, IR, CSR, Group Secretariat, Corporate Legal Matters and Topdanmark Life Insurance.

CFO
Lars Thykier
Responsible for Asset Management, Finance, Accounts, Statistical Services, Reinsurance, Tax and Credits

COO
Brian Rothemejer Jacobsen
Responsible for Personal and Commercial, Claims Handling, customer service and Marketing

CIO
Thomas Erichsen
Responsible for Digitalisation, IT and Group Development.
Agenda

CEO Peter Hermann

Strategic initiatives

Development - Facts and numbers
Top 1 - 2 - 3

1. Topdanmark
   - More joint development and exploiting larger synergies focusing on best principles in the Topdanmark Group

2. Customer types
   - The customer journey for private and corporate clients must reflect the full experience across divisions

3. Distribution channels
   - Direct sales, partner sales and digital sales
Being a Topdanmark customer, you need not worry about insurance and pension. We take care of that for you.

Based upon your requirements, we make provisions for your security making sure that being a customer is easy and simple. We are proactive and available when you need our assistance.
How to differentiate ourselves

<table>
<thead>
<tr>
<th>Risk management</th>
<th>Customer relation</th>
<th>Market access</th>
<th>Non-life and Life</th>
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<tbody>
<tr>
<td>We know the risk and quote the right price. We contribute to damage prevention and security.</td>
<td>We provide focused services (insurance and security) on time - and proactively when customer requirements can be predicted by use of experience and data</td>
<td>We offer purchase of insurances through the most suitable channel: • Distribution partners • Digitally • Personal</td>
<td>Any insurance requirements within Non-life, Life and Pension are covered by the Topdanmark Group – joint customers experience advantages from this</td>
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<tr>
<th>Commitment and leadership</th>
<th>Future technology</th>
<th>Execution</th>
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New organisation to ensure flexibility and synergy

Five divisions merge in to three
• Focus on sales (on-line, partner and personal) and profitability

Shared service in claim, customer service and business development
• Focus on efficiency and development
Cooperation agreement with Coop

- Coop is the largest supermarket chain in Denmark counting 1,750,000 customers
- >800,000 customers use the Coop app

- **Digital set-up**
  - Simple, modular products
  - Competitive prices
  - Digital first in Sales, Service and Claims handling
    - Push strategy – insurances must be sold
  - Fully integrated with Coop’s bonus scheme for members

- **Launch**
  - Soft launch of Coop motor insurances in April 2018
  - Other products to be launched later
    - Contents, accident, house etc.
Agenda

- CEO Peter Hermann
- Strategic initiatives
- Development - Facts and numbers
Trend in combined ratio

1) Incl. additional expenses representing 0.5-1pp due to investment in increased digitalisation and automation
Trend in combined ratio

Effect of decline in interest rate level in pp of CR

5.0pp
Claims trend excl. run-off, weather and large-scale claims
– moving average Q1 2016-Q2 2018

Improvement in claims trend excl. run-off, weather and large-scale claims 1.6pp
Reasons for the improved claims trend

- Change in business mix
- Improved underwriting
  - Risk assessment part of sales agents’ success
- Loss preventing initiatives
- Filtering out unprofitable customers
  - Customer scoring system
- Digitalisation
  - Robotics
  - Machine Learning
  - Outsourcing
- Improved purchasing power
- Improved churn rate
Premium classification

Premiums classified by products 2008

- Personal: 13.8%
- Motor: 27.1%
- Agricultural: 6.2%
- SME: 16.2%
- Workers' compensation: 9.2%
- Illness/accident and unemployment: 27.5%

Premiums classified by products H1 2018

- Personal: 7.2%
- Motor: 35.3%
- Agricultural: 7.5%
- SME: 10.9%
- Workers' compensation: 23.0%
- Illness/accident and unemployment: 16.1%
Digitalisation
• Self-service
• Online purchase

Efficiency
• Process optimisation and automation

Transformation
• Culture
• Digital readiness

• 17.6% of new sales are initiated digitally and processed digitally in full or partly
• 63.9% of claims are reported digitally via Topdanmark’s website or glass portal and 18.4% are automated in full or partly

• Topdanmark has reduced the number of FTEs by 12% since 2016
• 38 processes are executed via RPA (Robot Process Automation)
• Experimenting with ML (Machine Learning) for two processes
• Outsourcing of business processes and IT development

• Since 2016, Topdanmark has established Innovation Lab in order to ensure digital readiness
• Topdanmark has signed agreements with SingularityU in Denmark
• Local and central initiatives
Trend in retention ratio Personal segment

- H1 2010: 100
- H1 2011: 100.2
- H1 2012: 100.6
- H1 2013: 101.1
- H1 2014: 100.8
- H1 2015: 99.9
- H1 2016: 100.3
- H1 2017: 101.1
- H1 2018: 101.8
Any questions?