

# Copenhagen Winter Seminar

5 December 2018

Topdanmark  
CEO Peter Hermann



# Agenda

## Introduction

Termination of the distribution agreement with Danske Bank

Strategic initiatives

Claims trend

Assumed combined ratio for 2019



# CEO Peter Hermann

- Born 1973
- Master of Actuarial Science
  
- Feb 2018 CEO Topdanmark
- May 2016 CEO Topdanmark Life and Pension
- May 2014 Director, Actuarial Dept., Health PFA Pension
  
- May 2011 COO Nordea Life and Pension
- Nov 1995 Director, Actuary Service PFA Pension

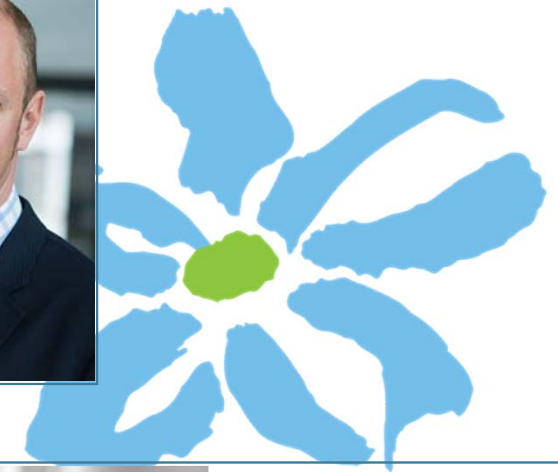


CEO Peter Hermann

# 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 Digitisation, IT and Group Development.

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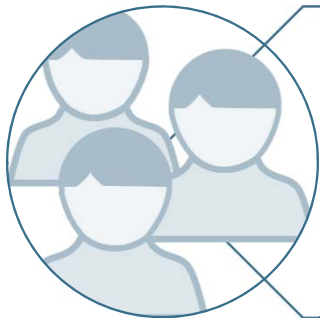
Assumed combined ratio for 2019



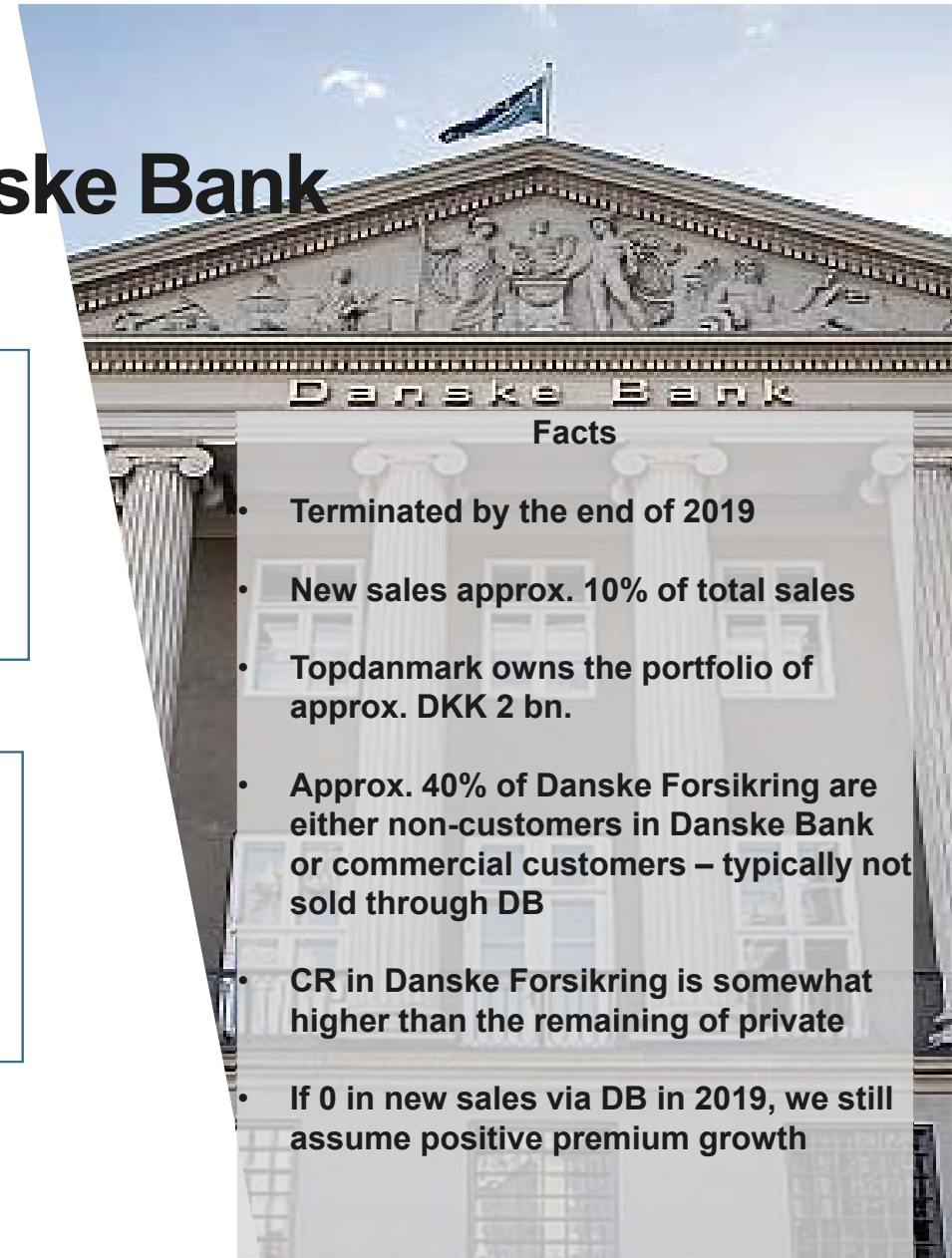
# Distribution Agreement with Danske Bank



Replace the loss of new sales by further development of existing distribution agreements and new agreements  
plus reallocation of sales resources



Retention of record low churn rate  
plus continue net inflow of customers in private, agricultural and commercial lines



Danske Bank

## Facts

- Terminated by the end of 2019
- New sales approx. 10% of total sales
- Topdanmark owns the portfolio of approx. DKK 2 bn.
- Approx. 40% of Danske Forsikring are either non-customers in Danske Bank or commercial customers – typically not sold through DB
- CR in Danske Forsikring is somewhat higher than the remaining of private
- If 0 in new sales via DB in 2019, we still assume positive premium growth

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# Top 1 - 2 - 3

## 1 Topdanmark

**More joint and more profitable synergies focusing on best practice within the Topdanmark Group**

- Stronger execution power, across the entire Group (Life and Non-life)
- Economies of Scale – fewer meetings of prioritisation, more meetings of execution
- With time: one customer IT platform

## 2 Type of Customers

**The customer journey within B2C and B2B must reflect the full experience across divisions**

- Base proactive and personalised customer service on knowledge and data
- Base good customer loyalty on customer journeys and a joint approach to customer service for B2C and B2B, by building bridges between the two.

## 3 Distribution Channels

**Direct sales, partner sales and digital sales**

Focus on all distribution channels – to ensure growth, retention and additional sales





# How to Differentiate Ourselves?

## Non-life and Life

Any insurance requirements within Non-life, Life and Pension are covered by the Topdanmark Group – joint customers will experience advantages from this.

### Customer Relation

We provide focused services (insurance and security) on time and proactively when customer requirements can be predicted, by use of experience and data.

### Market Access

We offer purchase of insurance, through the most suitable channels:

- Distribution Partners
- Digitally
- Personal

### Risk Management

We know the risk and quote the right price. We contribute to damage prevention and security.

Commitment and  
Leadership

Future  
Technology

Execution

# Strategy Corridors

Long Term  
Customer Relations



Strong  
Distribution Power



Expert in Risk  
Management



Non-life and Life  
within One Group



Commitment  
and Leadership



Future  
Technology



Best at Execution



## Customer Aspiration

As a Topdanmark customer, you need not worry about insurance and pension. We will take care of that for you.

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

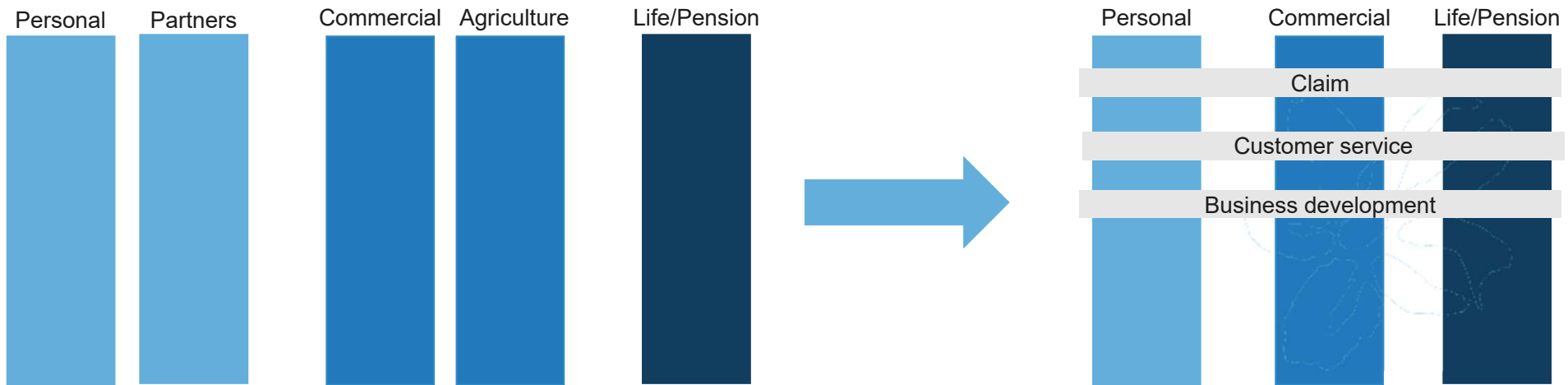
# New Organisation to Ensure Flexibility and Synergy

Five divisions merge into 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



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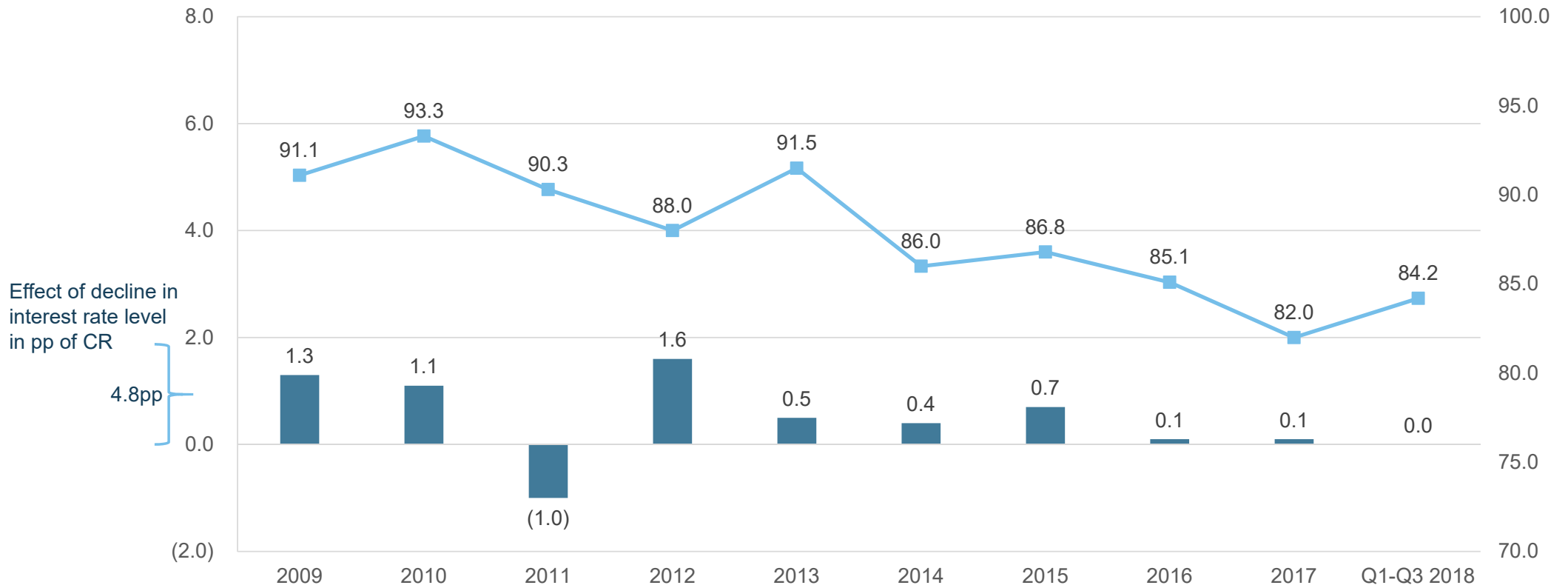
Strategic initiatives

**Claims trend**

Assumed combined ratio for 2019



# Trend in Combined Ratio



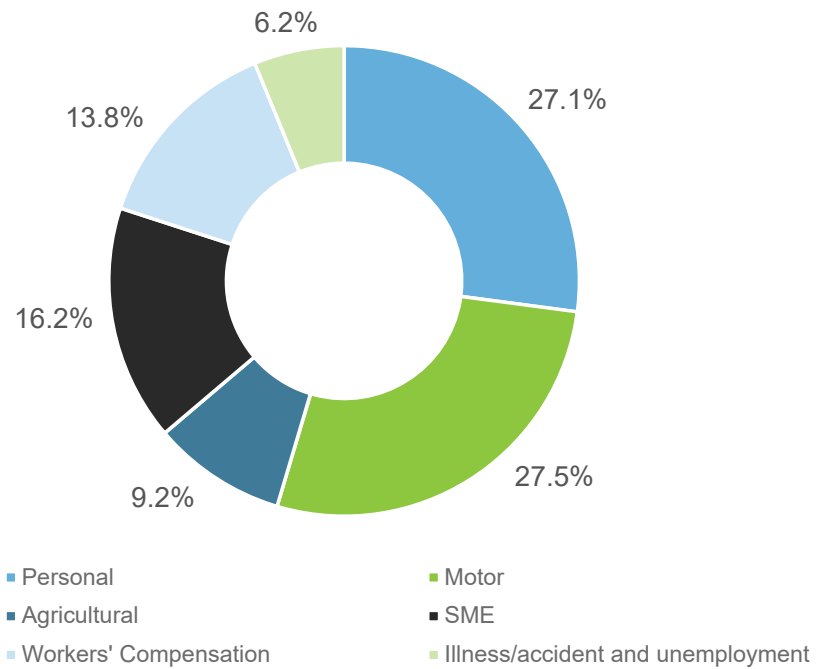
# Reasons for the Improved Trend in Combined Ratio

- Change in business mix
- Improved underwriting
- Loss preventing initiatives
- Screening for unprofitable customers
  - Customer scoring system
- Digitisation
  - Self-service
  - Robotics
- Outsourcing
- Improved purchasing power
- Improved churn rate

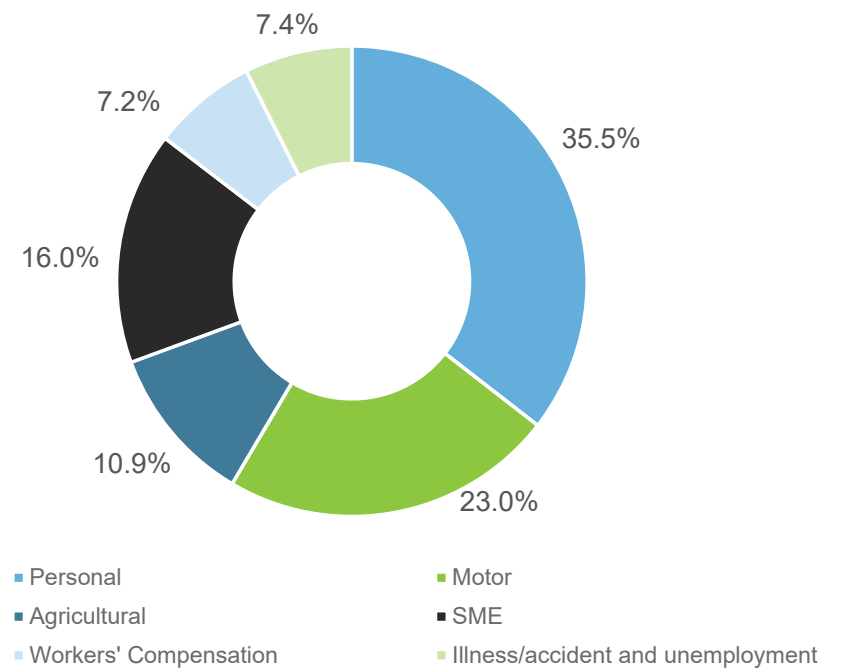


# Premium Classification

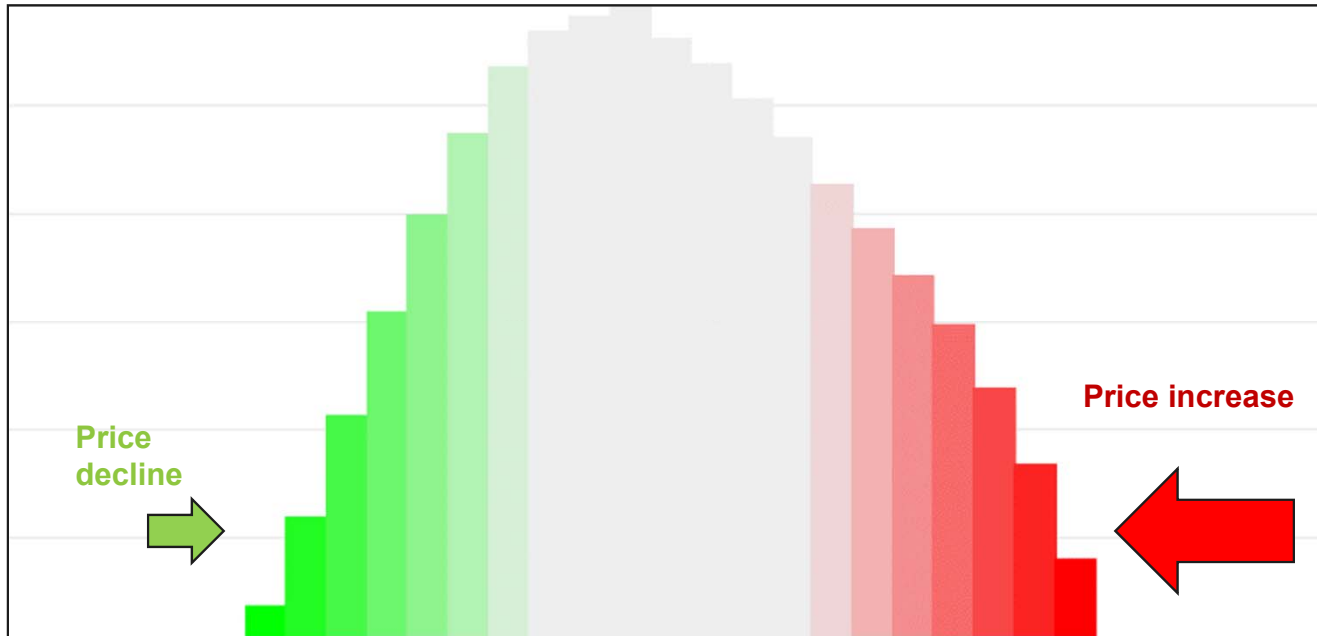
Premiums classified by products 2008



Premiums classified by products Q1-Q3 2018



# Customer Score



Customers in the private segment are split into 20 risk groups

Customer Score is used for both existing and potential customers

Backtested

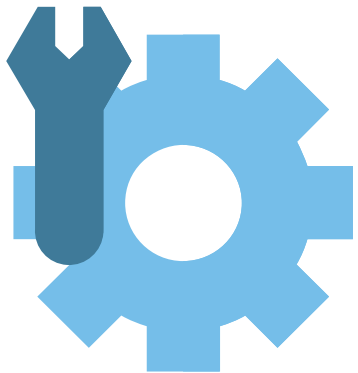


# Efficiency



## Digitisation

- Self-service
- Online purchase



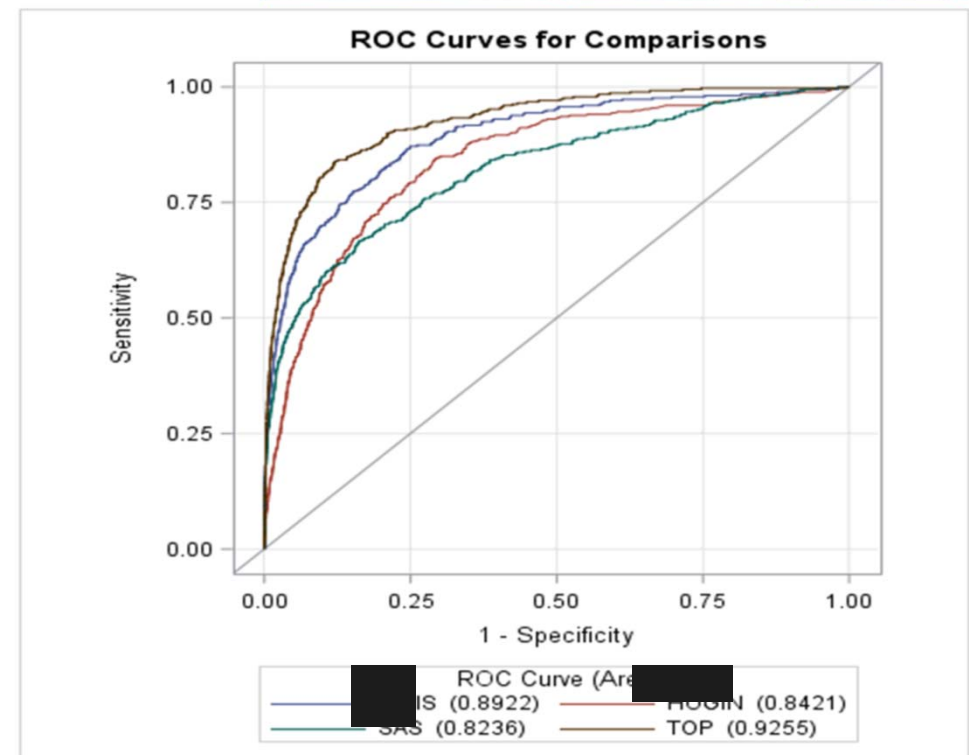
## Efficiency

- Process optimisation and automation

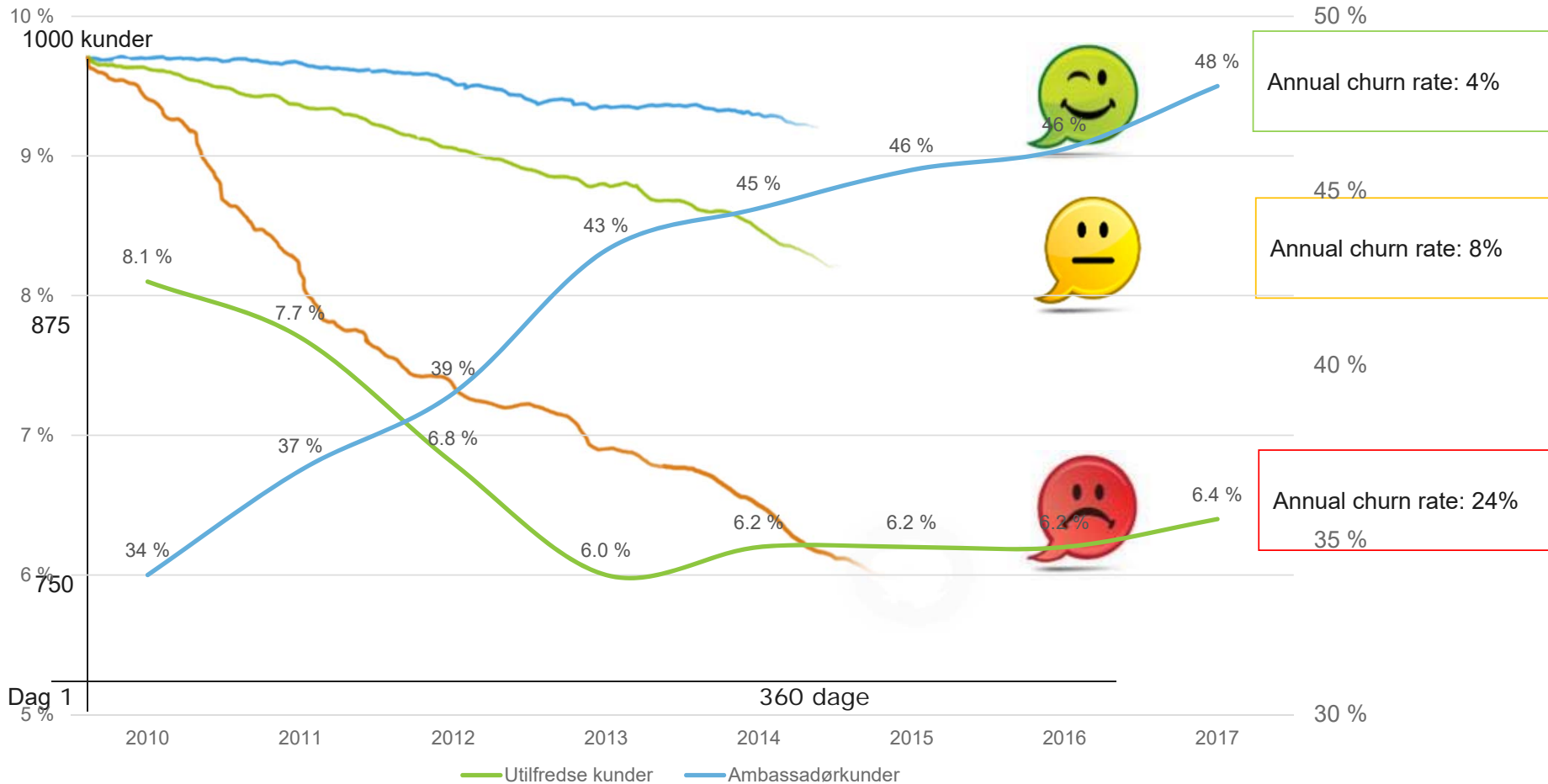
- 17% of new sales are initiated digitally and processed digitally in full or partly
- 64% of claims are reported digitally via Topdanmark's website or glass portal
  - 18% are automated in full or partly
  - 10% are fully automated
- Pilot experiment:
  - Machine Learning
  - IoT
- 46 processes are executed via RPA (Robot Process Automation)
- Automation, digitisation and outsourcing of business processes and IT development in Topdanmark have reduced the number of FTEs by 14% since 2016

# Topdanmark's Fraud Detection Model

- Fraud detection model based on structured data and realtime
- The first version launched this November
- Outperformed model of external vendors

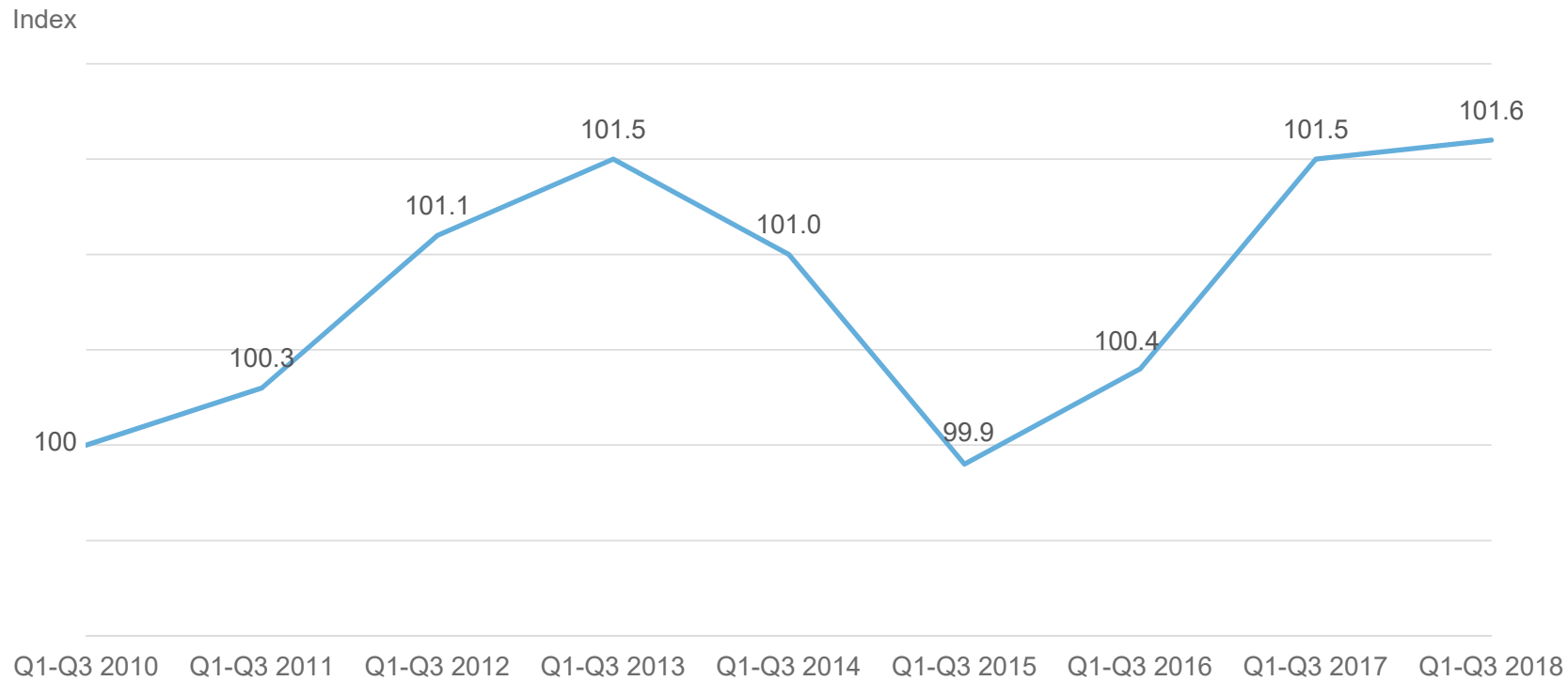


# Our Goal Is to Have Satisfied Customers – because they stay longer

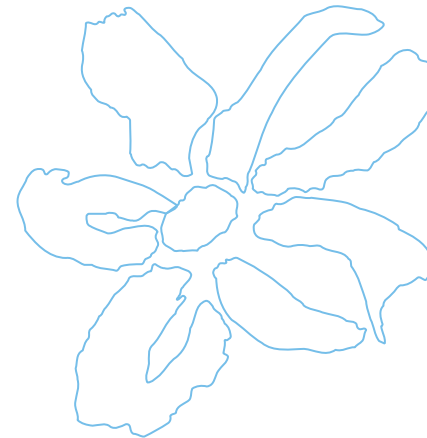
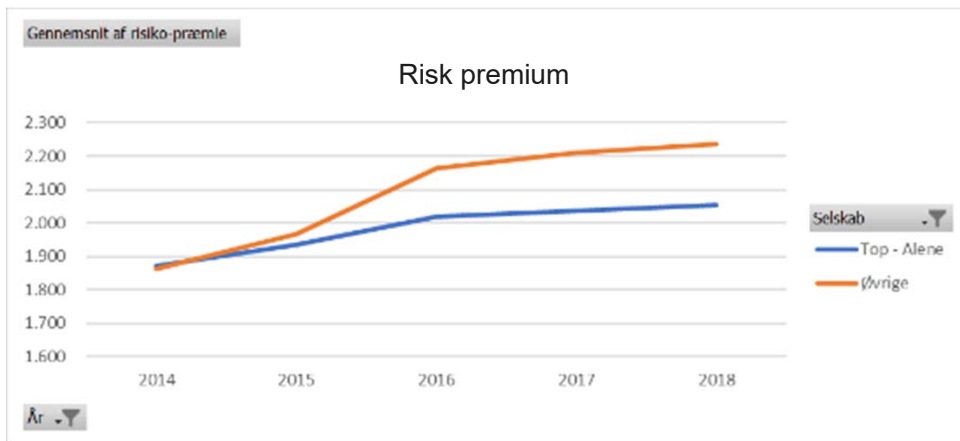
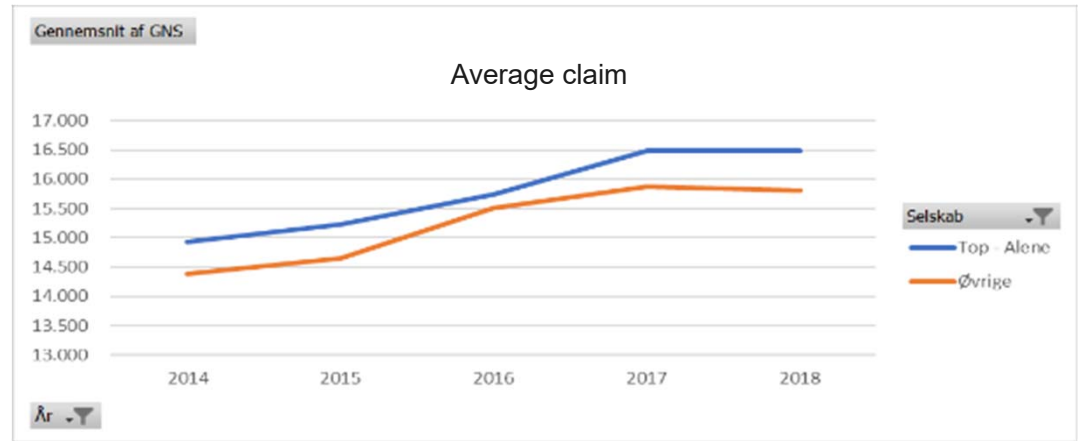
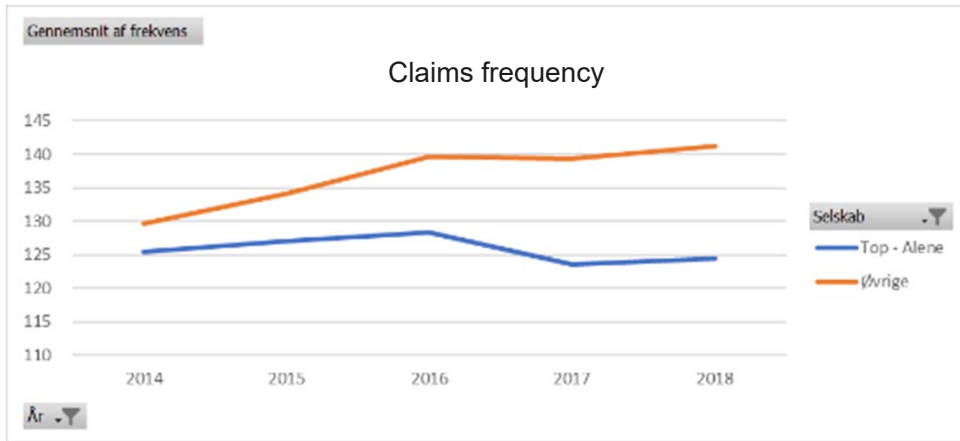


Personal segment

# Trend in Retention Ratio



# Trend in Risk on Motor



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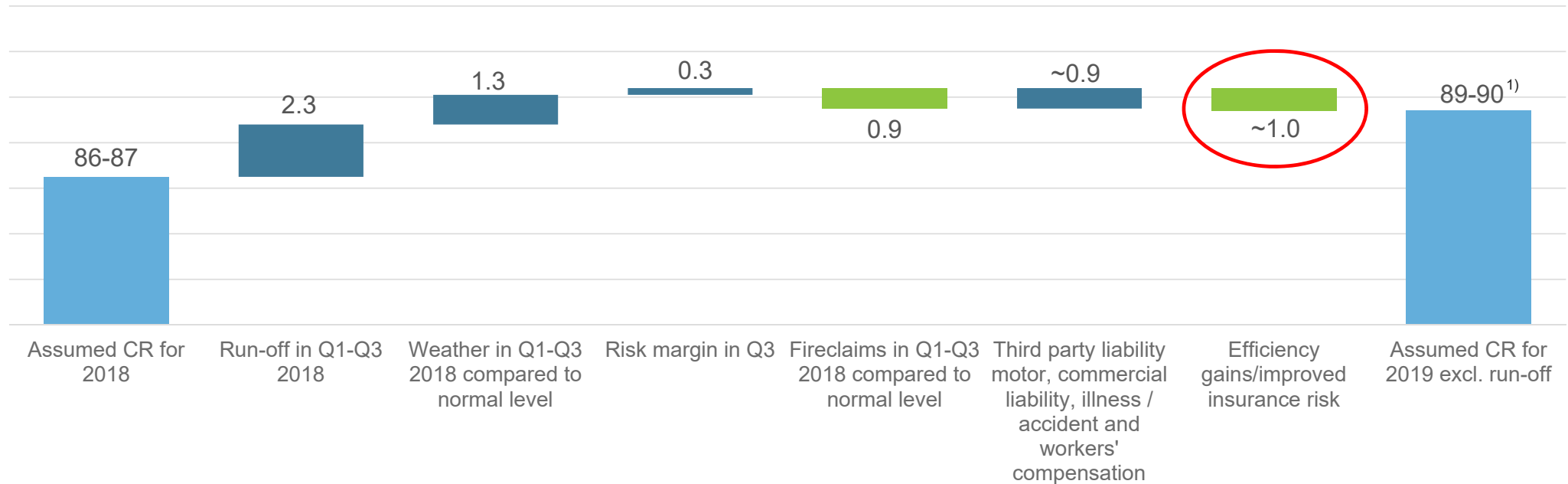
Claims trend

**Assumed combined ratio for 2019**



Excl. run-off

# Assumed CR of around 89-90 for 2019



<sup>1)</sup> Assumed normal level for i.a. fire and large-scale claims

# Any Questions?