

Insr Insurance Group third quarter 2017 results: Strong underwriting result and portfolio growth

Oslo, 8 November 2017

Insr Insurance Group ASA (OSE:INSR) announces its results for the third quarter of 2017.

A presentation of the results by the group's senior management team will take place today at 08:00 and 09:00 CET - see details below.

Premium portfolio volume returned to growth and ongoing pricing measures have increased average prices in the portfolio significantly. Insr recorded a profit for the third quarter with a strong underwriting result.

The acquisition of Nemi Forsikring is a company transforming transaction, attractive both strategically and financially. The private placement for financing the transaction was upsized due to high demand and the ability of putting capital to good use, e.g., through reducing reinsurance. The transaction is expected to close during fourth quarter.

Espen Husstad, CEO of Insr Insurance Group, comments: *"I am very pleased to see that we are both growing and delivering a profit for the quarter. Our wholesale strategy is clearly working, and we continuously engage in exciting conversations with potential new and existing customers. Planning the integration following approval and closure of the acquisition of Nemi is well underway. I am truly excited about this opportunity to join forces with talented people in both organizations to release the full potential."*

Financial Highlights Q3 2017

(Figures in brackets = same period 2016 unless otherwise stated)

- Premiums earned for own account was NOK 67.9 million (NOK 43.8 million)
- Result from operations was a profit of NOK 12.0 million (loss of NOK 59.1 million)
- Gross loss ratio of 63% (80%)
- Gross cost ratio of 37% (43%).
- The solvency ratio at the end of the quarter was 215% (172%)

Update on Nemi acquisition

The transaction is expected to close during fourth quarter of 2017, subject to approvals from the Norwegian Financial Supervisory Authority. The transaction will double the size of Insr's insurance operation and enable the combined company to reach a profitable scale. Nemi will add both significant volume, competence and its brand to Insr's multi-brand and wholesale strategy. The Nemi brand will be maintained and Nemi will be positioned as a strong distribution channel. With this, Insr will have a solid position in the tied agent market, providing a strong basis to further expand Insr's network of partners and agents.

Insr expects to realize significant economies of scale and benefit from complementary strongholds in the two organisations through combining operations with Nemi. One example is migrating to one set of IT systems and business support. Another is that the combined pool of in-house talent and competence allows for reduced use of external consultants. Insr expects to realize substantial synergies within operating costs as well as from improved claims ratios and reinsurance terms. The expected profitability of the combined company also allows for utilising a large combined loss carryforward of around NOK 1 billion (as of 31 December 2016) earlier than the stand-alone companies.

Insr targets around NOK 60 million of operation cost synergies stemming from the Nemi acquisition. In addition, Insr targets annual savings on claims for own account of around NOK 20 million, much due to anticipated improved terms in a combined reinsurance programme.

Based on Insr's cost reduction plans and expected cost synergies, Insr targets a gross combined ratio in the medium term of 90-92%. Insr aims for low double digit portfolio growth in the medium term, harvesting the strong interest in the wholesale proposition. Assuming gross earned premium of NOK 1.5 billion, a combined ratio of 92% and efficient reinsurance, net results from operations will be in the area of NOK 100 million.

Outlook

With the wholesale business fully operational, Insr expects continued portfolio growth towards year-end 2017. Further, Insr expects the quality of the insurance portfolio to keep improving, as a result of the continuous focus on pricing and pruning measures. This, coupled with continued cost reductions, establishes a strong base for underwriting profitability.

The acquisition of Nemi Forsikring is expected to close during the fourth quarter. This will be followed by a repair share issue. Insr expects to accrue a NOK 40 million cost charge in order to take out synergies related to the acquisition. The focus for 2018 will be integration.

Insr Insurance Group ASA complies with statutory solvency requirements, reporting a solvency ratio of 215% as of 30 September 2017. The company forecasts the solvency ratio to stay above 200% through 2017.

Presentation details

Espen Husstad (CEO) and Bård Standal (CFO) will present the results on 8 November:

(1) Through participative webcast at 08:00 CET. Webcast link:

<http://webtv.hegnar.no/presentation.php?webcastId=67473579>

(2) At 09:00 CET in Vika Atrium Conference Centre, Munkedamsveien 45, Oslo.

The interim report and investor presentation for the third quarter of 2017 are attached to this release.

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This information is subject of the disclosure requirements pursuant to section 5 -12 of the Norwegian Securities Trading Act.