

Growth in life insurance

08.06.00

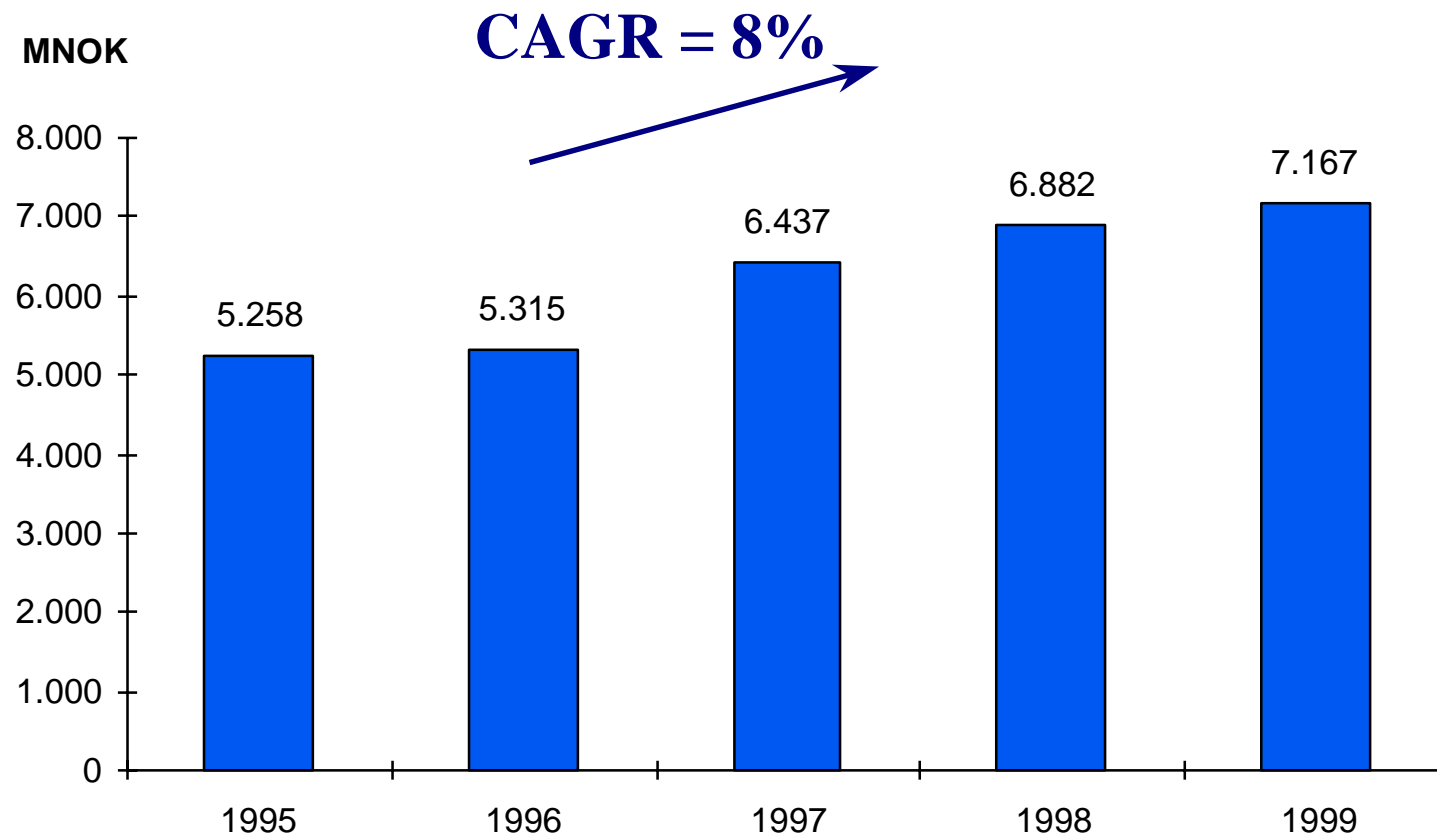
Espen Klitzing

Managing Director

Agenda

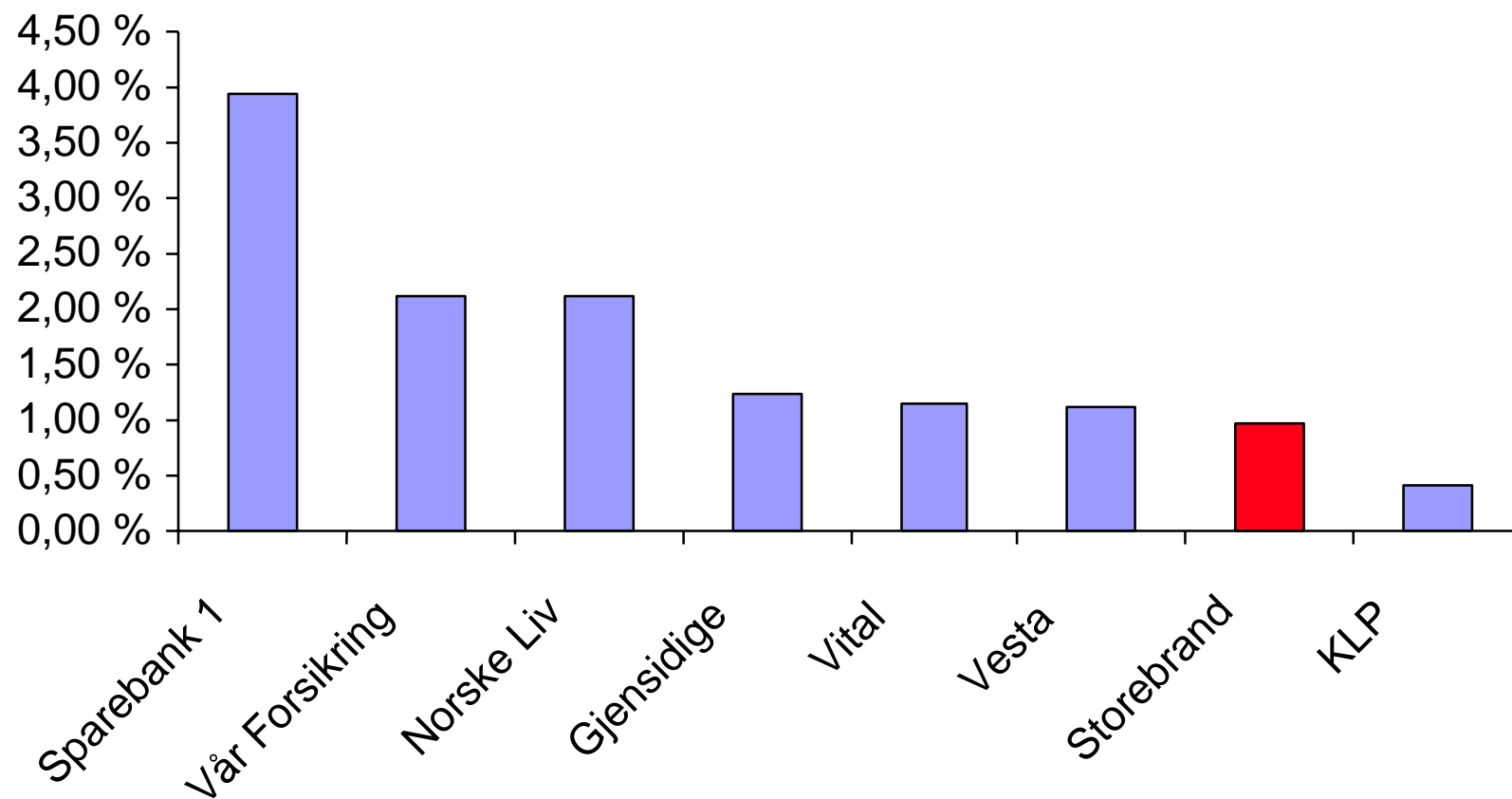
- **Financial background**
- **Growth from in-force business**
- **Growth from new business**
 - **Group pension and defined contribution**
 - **Public sector**
 - **Unit linked**
 - **Risk products**
 - **Health insurance**
 - **International opportunities**
- **Distribution channels**

Top line growth* - total written premium



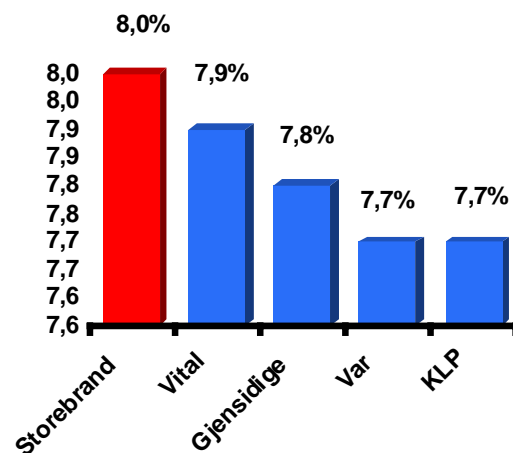
*Premium, all products

Operating costs in % of policyholders funds in 1999

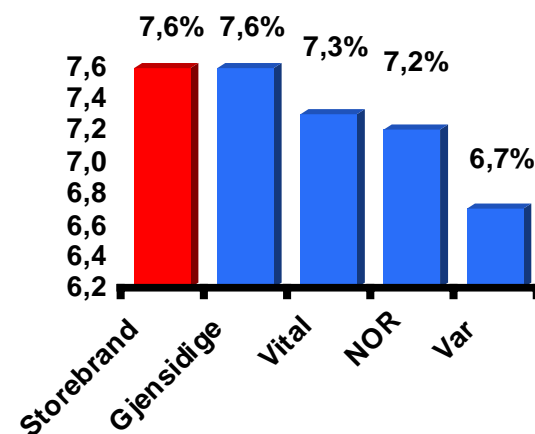


Net Return on Capital 1992-1998

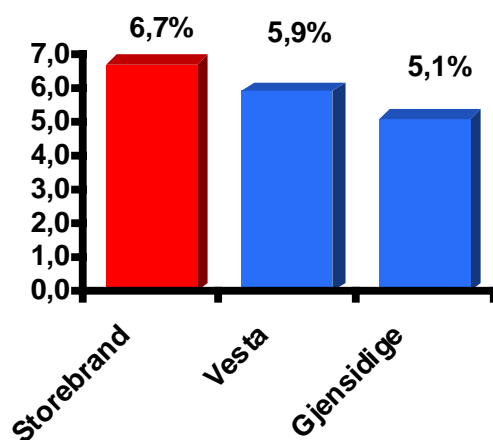
Group Pension



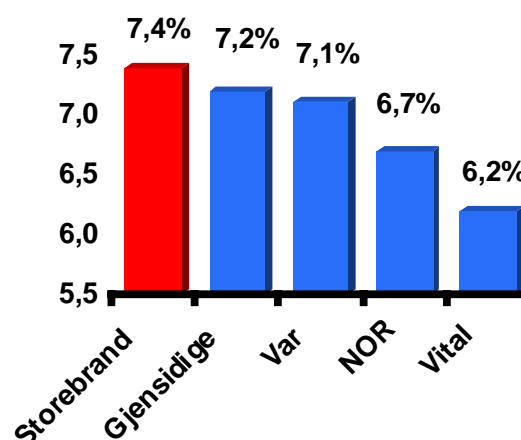
Individual Pensions - Traditional Products



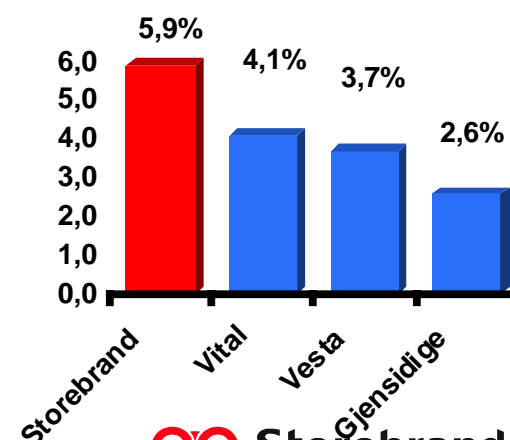
Individual Pensions - Livkonto



Individual Endowment - Traditional Products



Individual Endowment - Livkonto



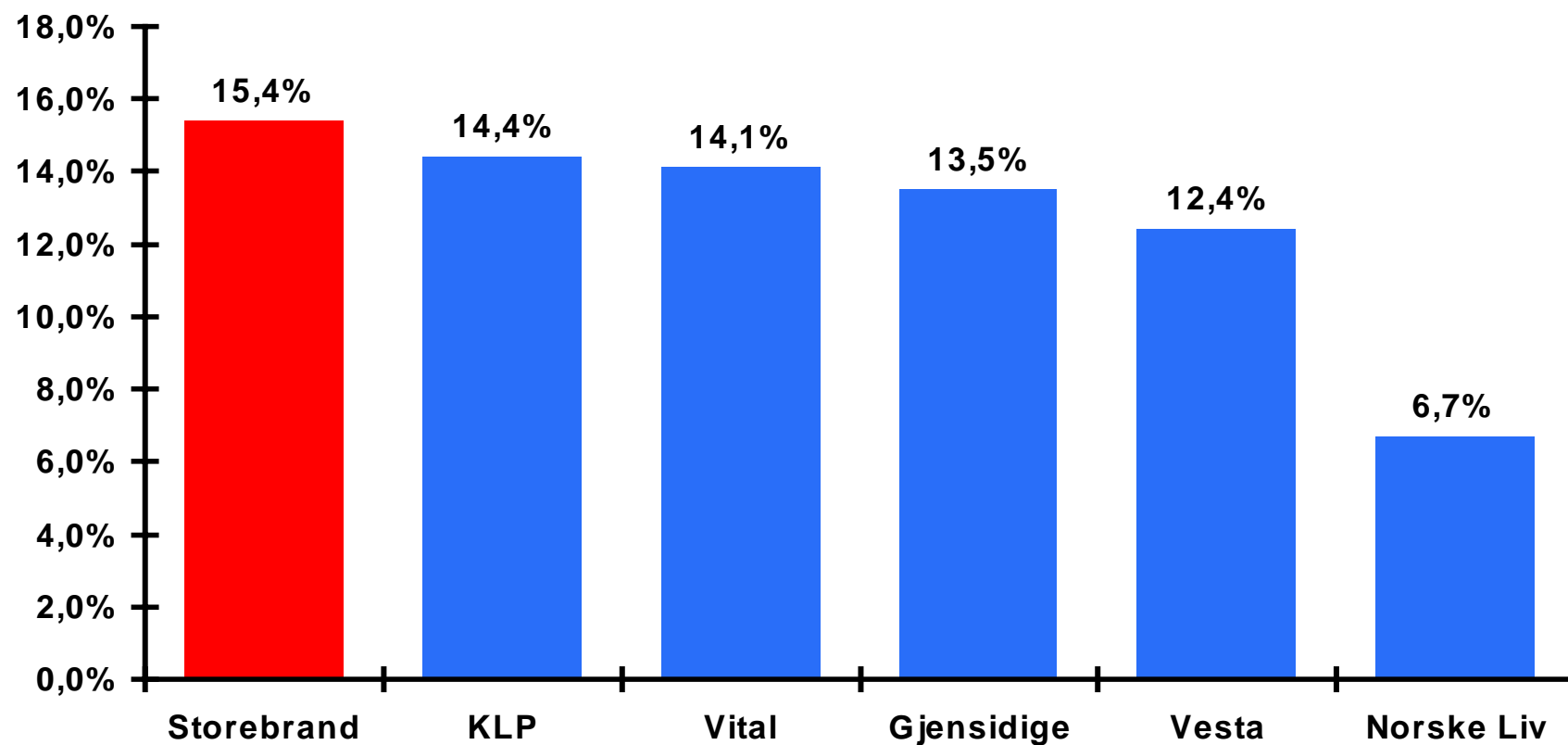
Source: NFF



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Buffer Capital as a % of Customer Funds

December 1999

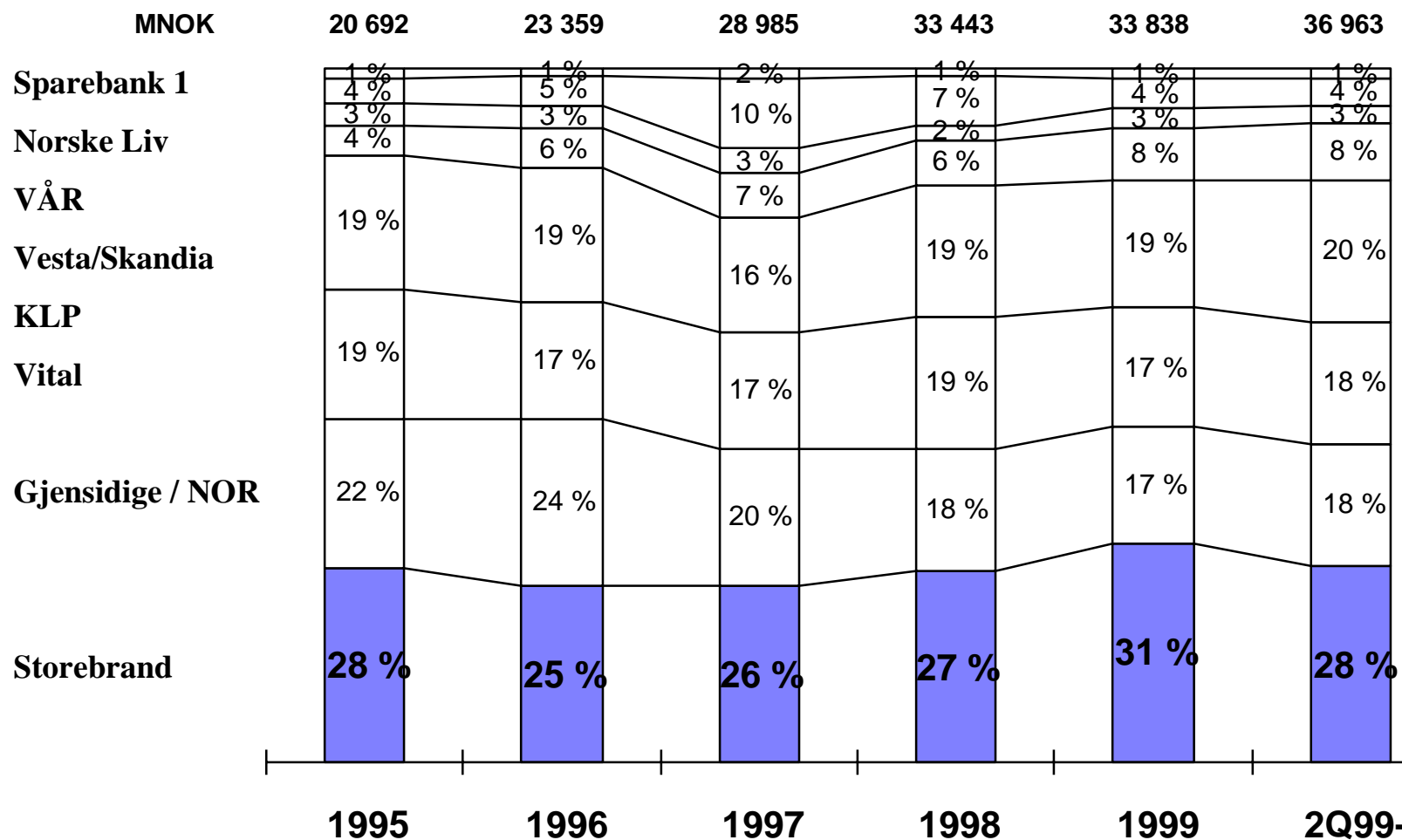


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Market shares - premium written* total

Including unit linked products



*Inc. reserves transferred

Agenda

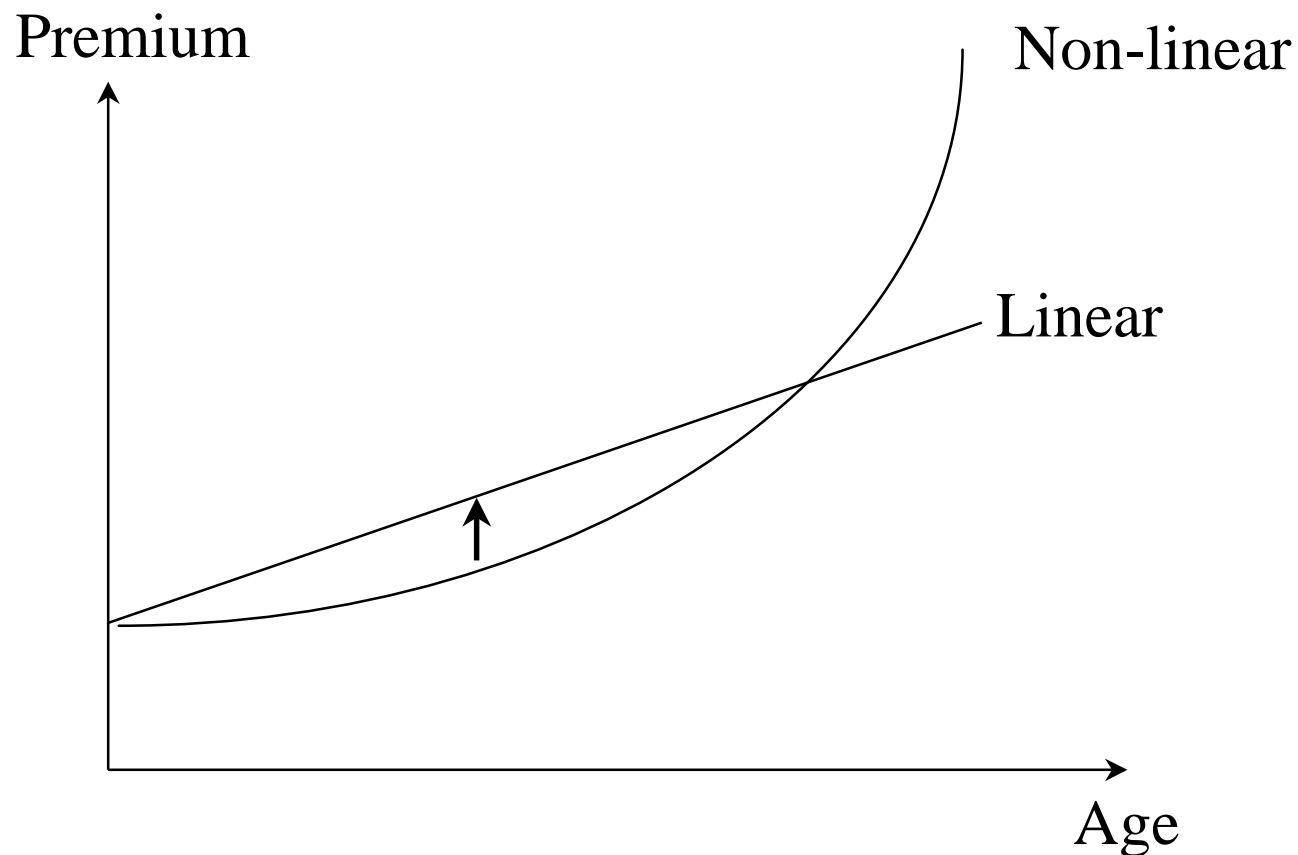
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Growth from in-force business

- **2-5% salary growth p.a.**
- **Pension regulation**
- **Organic growth in number of employees (1% annual growth)**
- **Transformation to linear earning of pension rights**
- **New regulations:**
 - **part time employees with more than 20% employment are included**

Effect of linear premium - savings

Conceptual



After a salary increase, a larger part of the obligation must be paid up front

Agenda

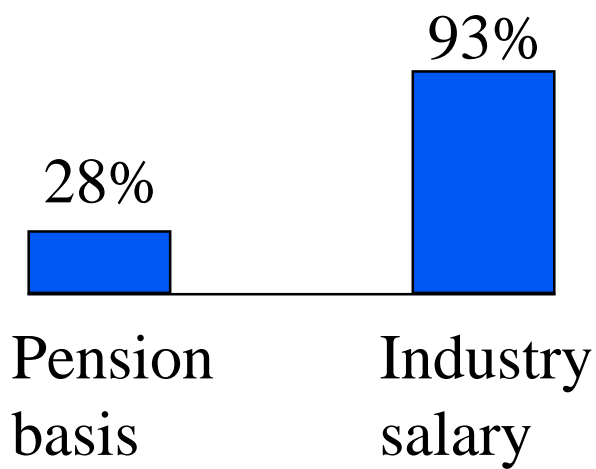
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Increasing importance of pension schemes

- **Reduced trust in the public pension schemes**
- **Pension has become an important issue during central salary negotiations**
- **Shift towards knowledge intensive industries with high pension scheme requirements**
- **Tight labor market makes a pension scheme a necessity for employers**
- **New regulations and products trigger public debates**
- **Increased focus due to new distributors**

Underregulation of the state pension

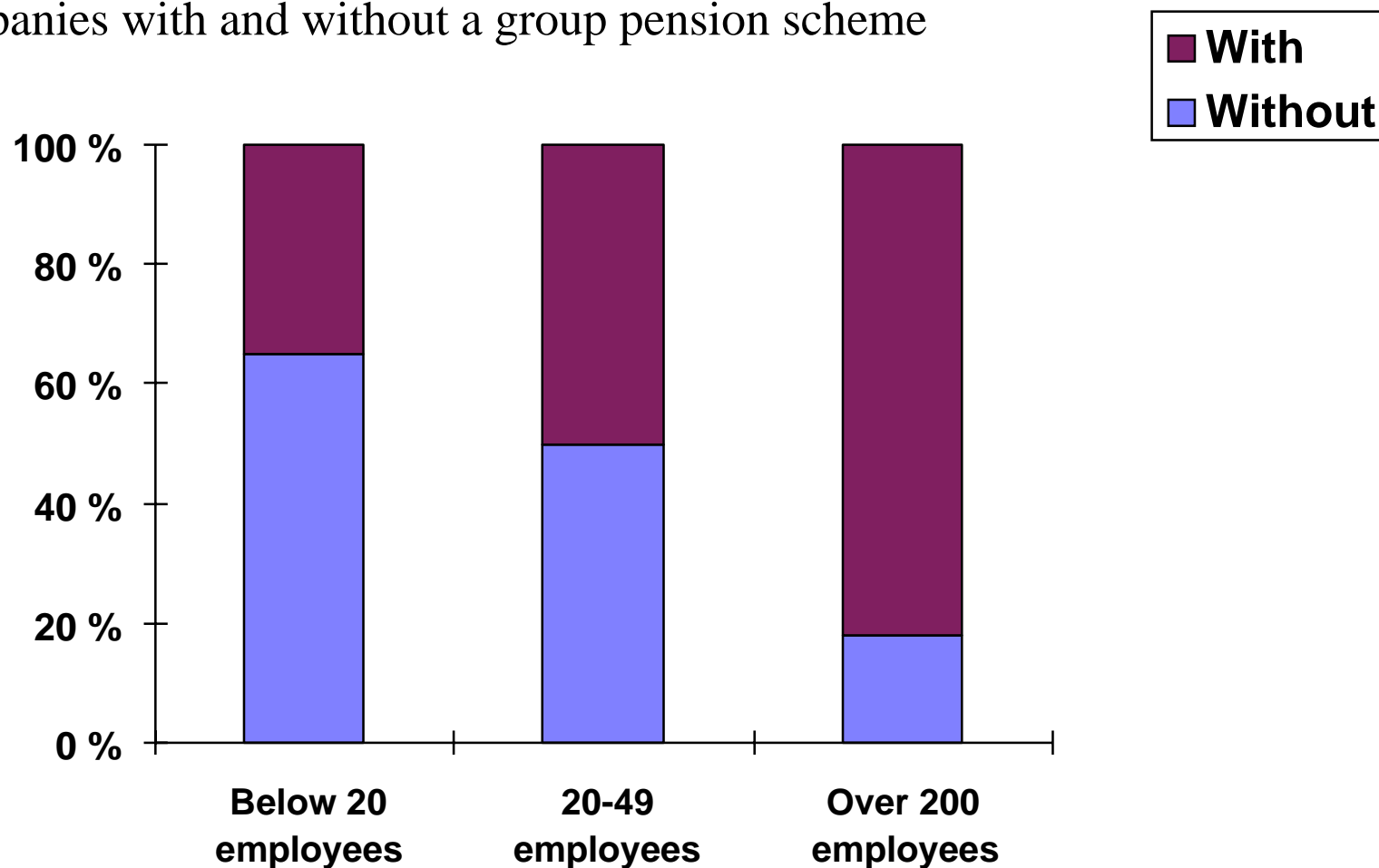
Real growth 1967-1997



As the real value of the state pension erodes, the need for private savings increases.

Significant potential for growth

Companies with and without a group pension scheme

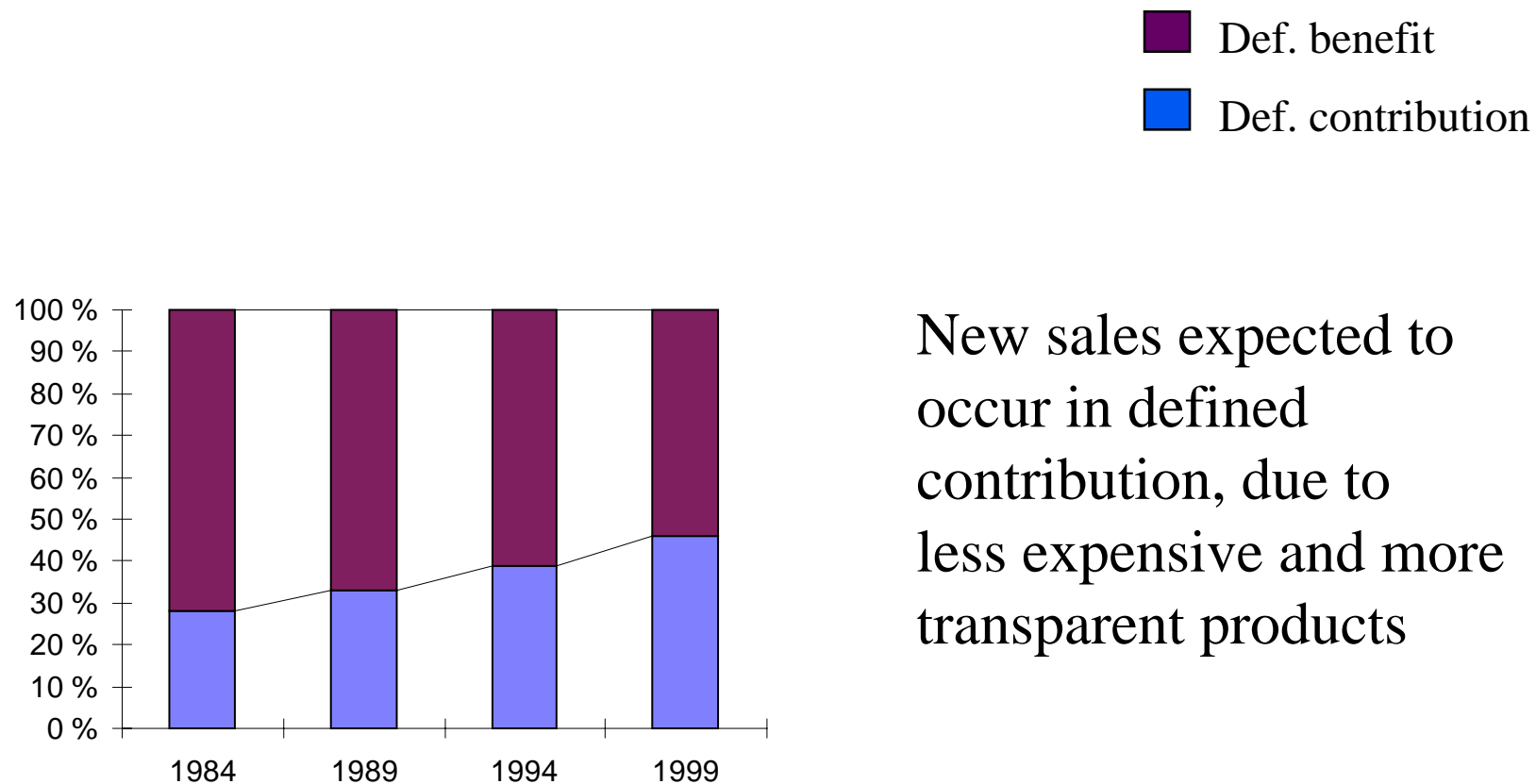


Source: FNH

Defined contribution

- **Regulation expected to be passed by Parliament this fall and be effective from January 1, 2001.**
- **Product development and marketing started.**
- **Expect first sales early in 2001, but significant volume to come later.**
- **Storebrand's strong position in group pension will give a competitive advantage for this new product.**
- **The market will probably consist primarily of new business i.e. companies without a pension scheme today, but transformation regulations (from DB to DC) will also be important.**

Transformation in the US*



New sales expected to occur in defined contribution, due to less expensive and more transparent products

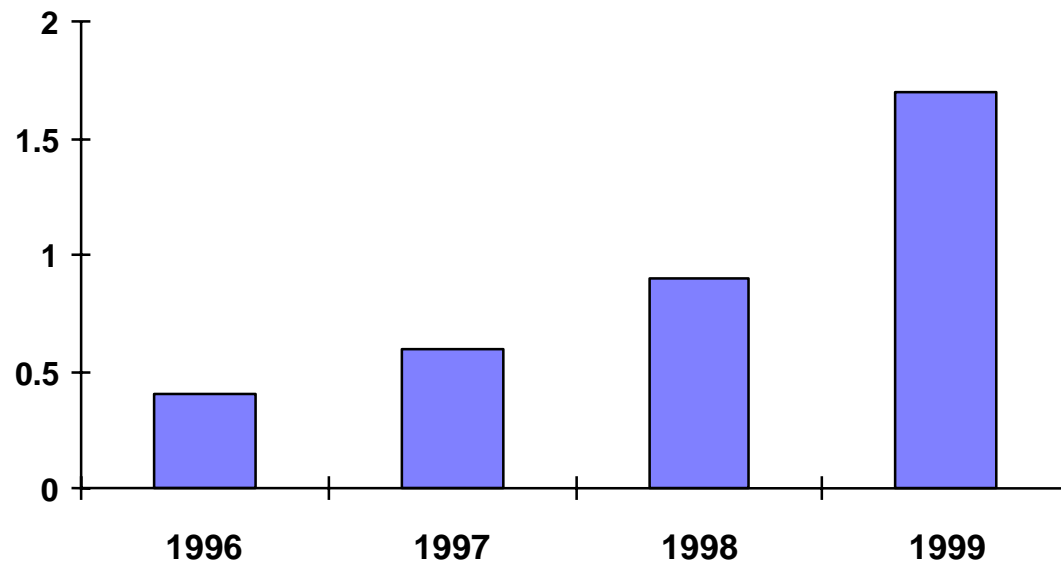
*Funds under management

Source: The Principal Financial Group and Access Research, Inc.

The public sector

Funds under management in Storebrand

Billion NOK



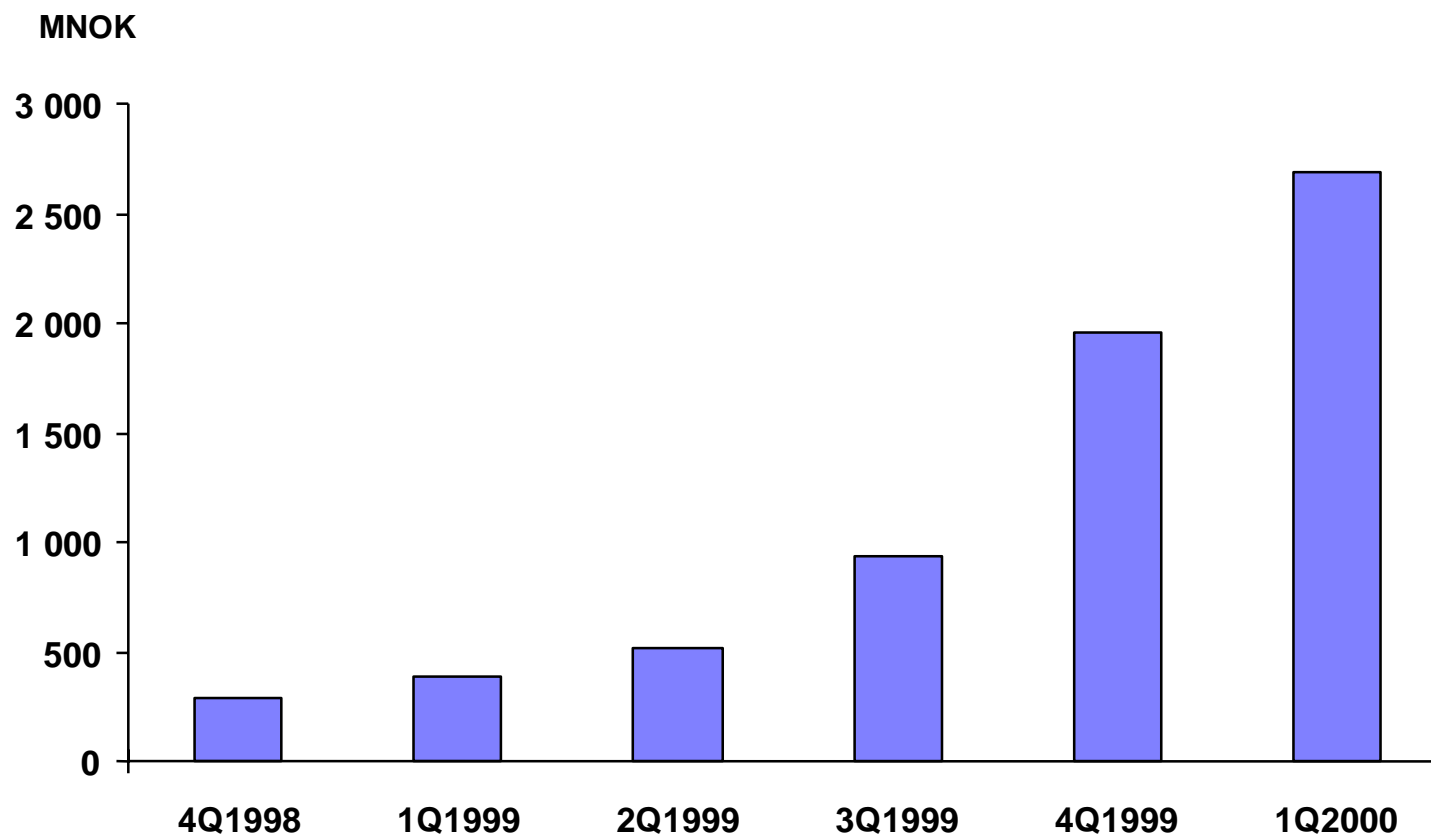
Total potential =
100 billion NOK



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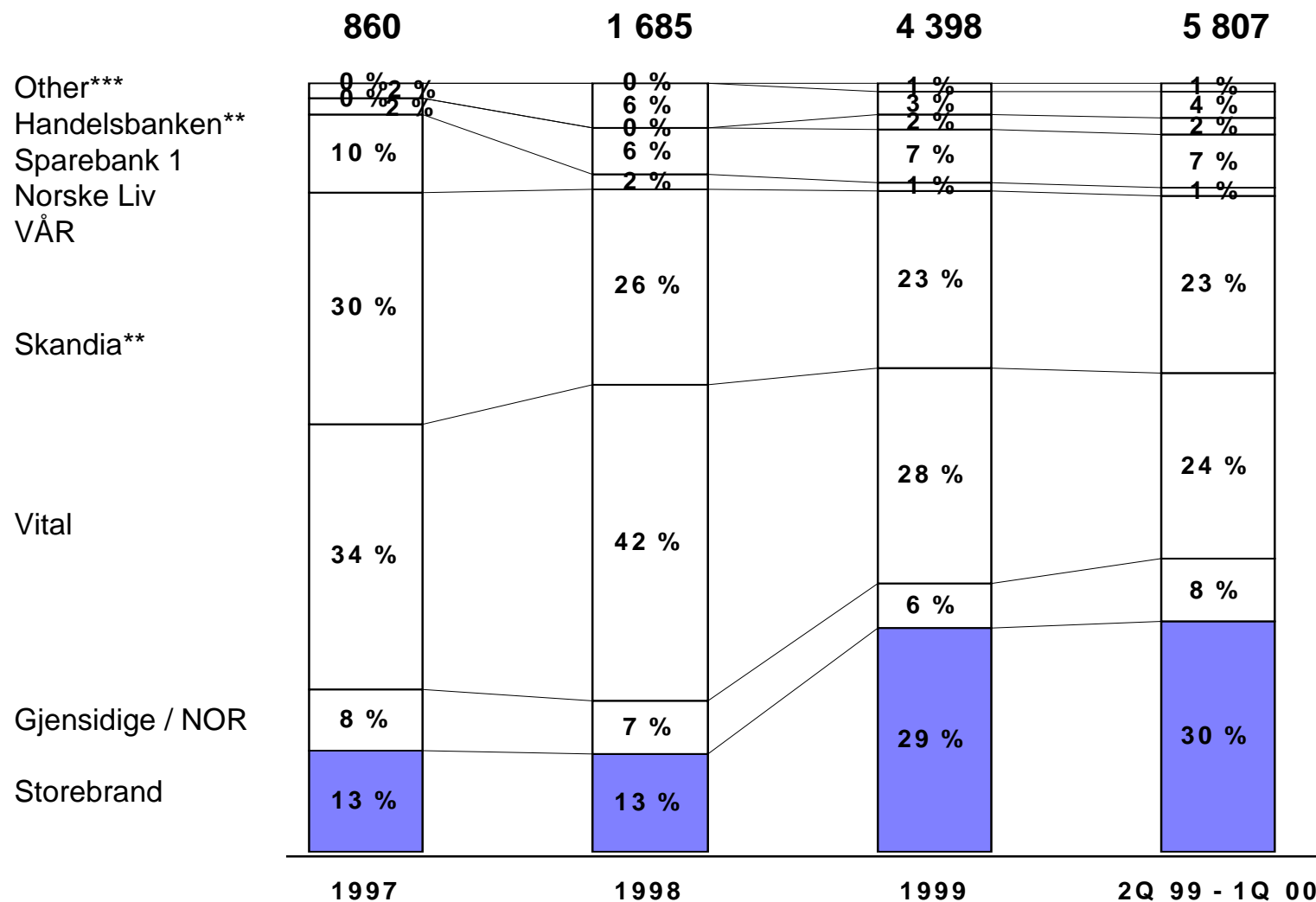
Unit Linked growth

Funds under management in Storebrand



Market share Unit Linked

MNOK



* Incl. transferred reserves

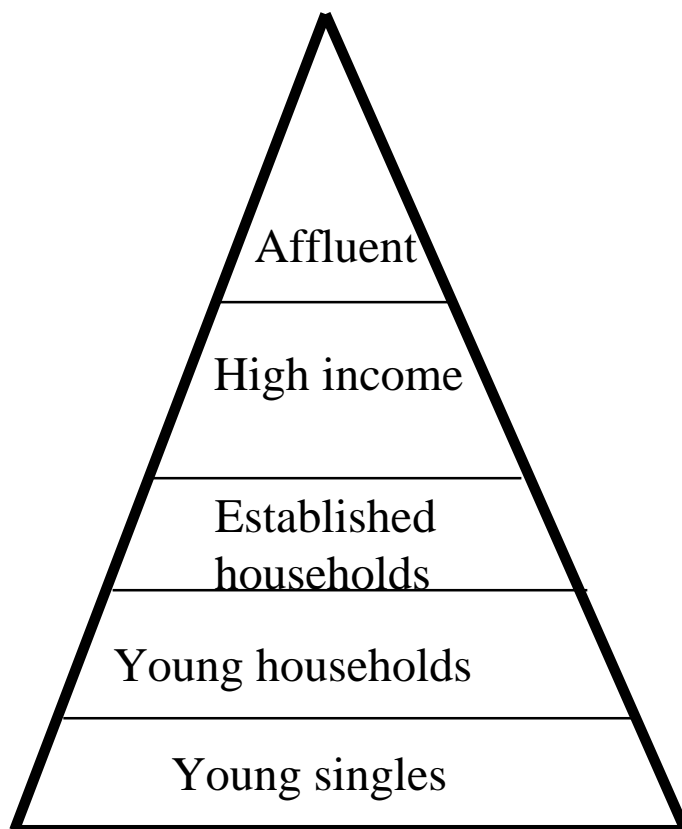
** Based on company information exchange

*** SEB and Commercial Union

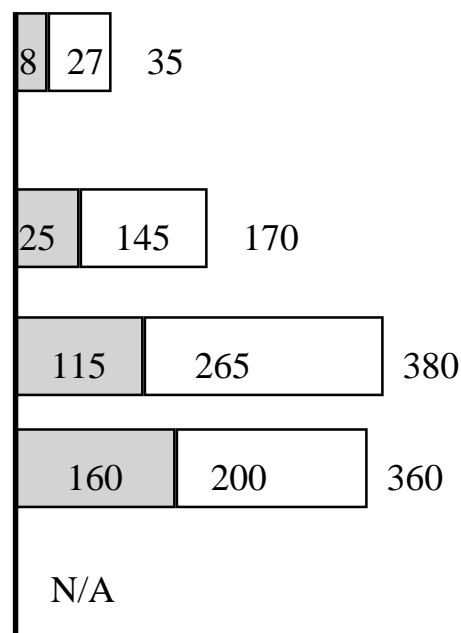
Significant uncovered market for risk products

1 000 persons

 Poor cover
 Medium cover

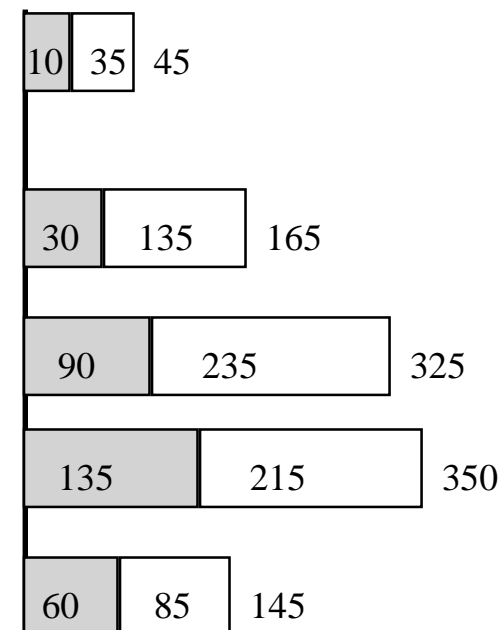


Death cover



ca. 950.000 persons

Disability cover



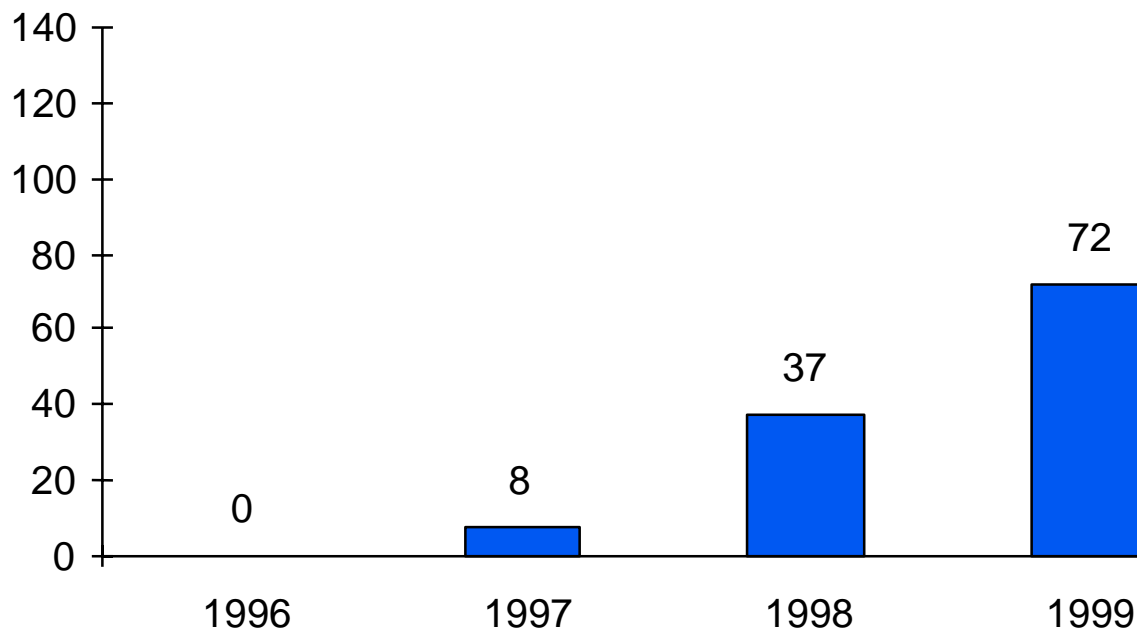
ca. 1.000.000 persons

Source: Market analyses

Risk products without profit sharing

Premium income

MNOK

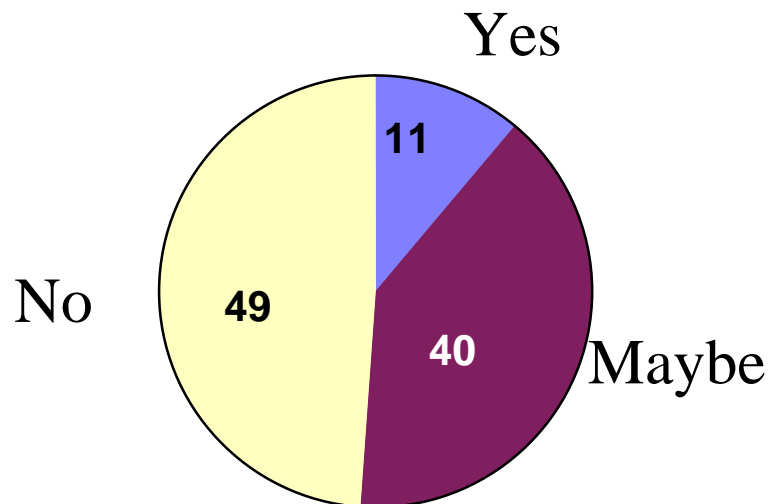


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Care products

Private

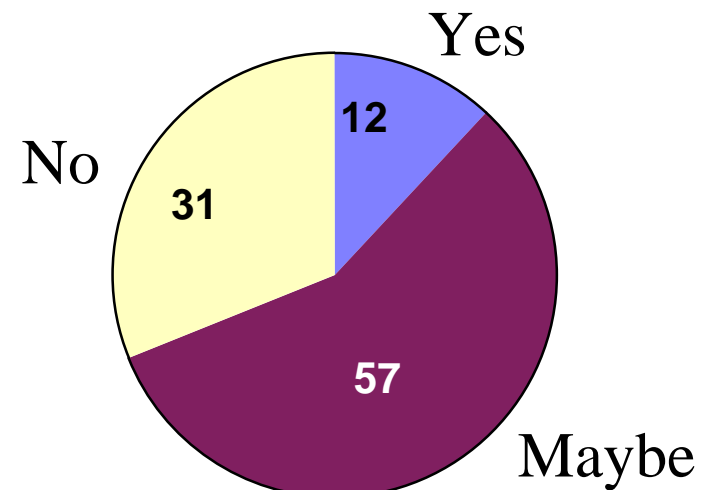
100%=600 people



Would you buy a health insurance if offered one?

Commercial

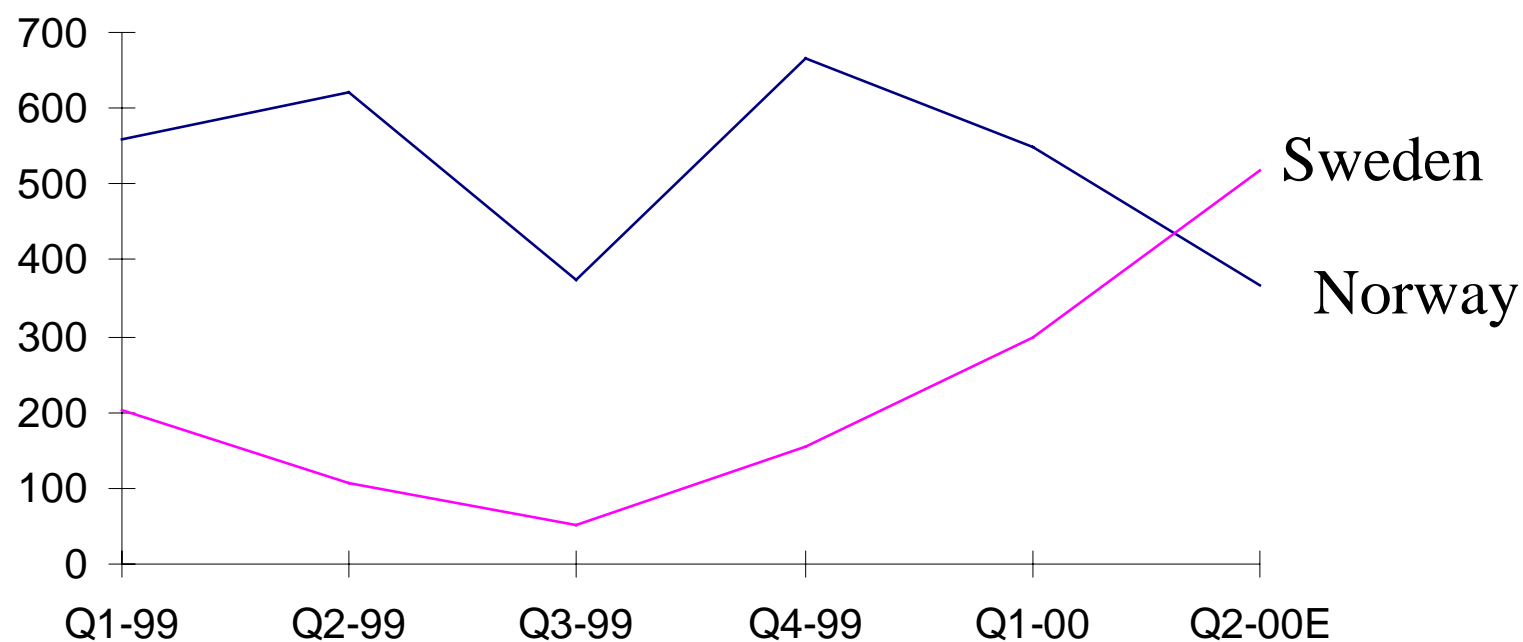
100%=400 corporations



Would you buy the employees a health insurance if offered one?

Sales in Norway and Sweden

Number of health insurance policies



International opportunities

- **Storebrand and SPP of Sweden are establishing a life company in Ireland to serve Scandinavian multinational companies.**
- **Potential for new establishments or acquisitions in the Nordic countries**
- **Experience and skills from the Norwegian market might be valuable in other markets**

Other products will increase volumes

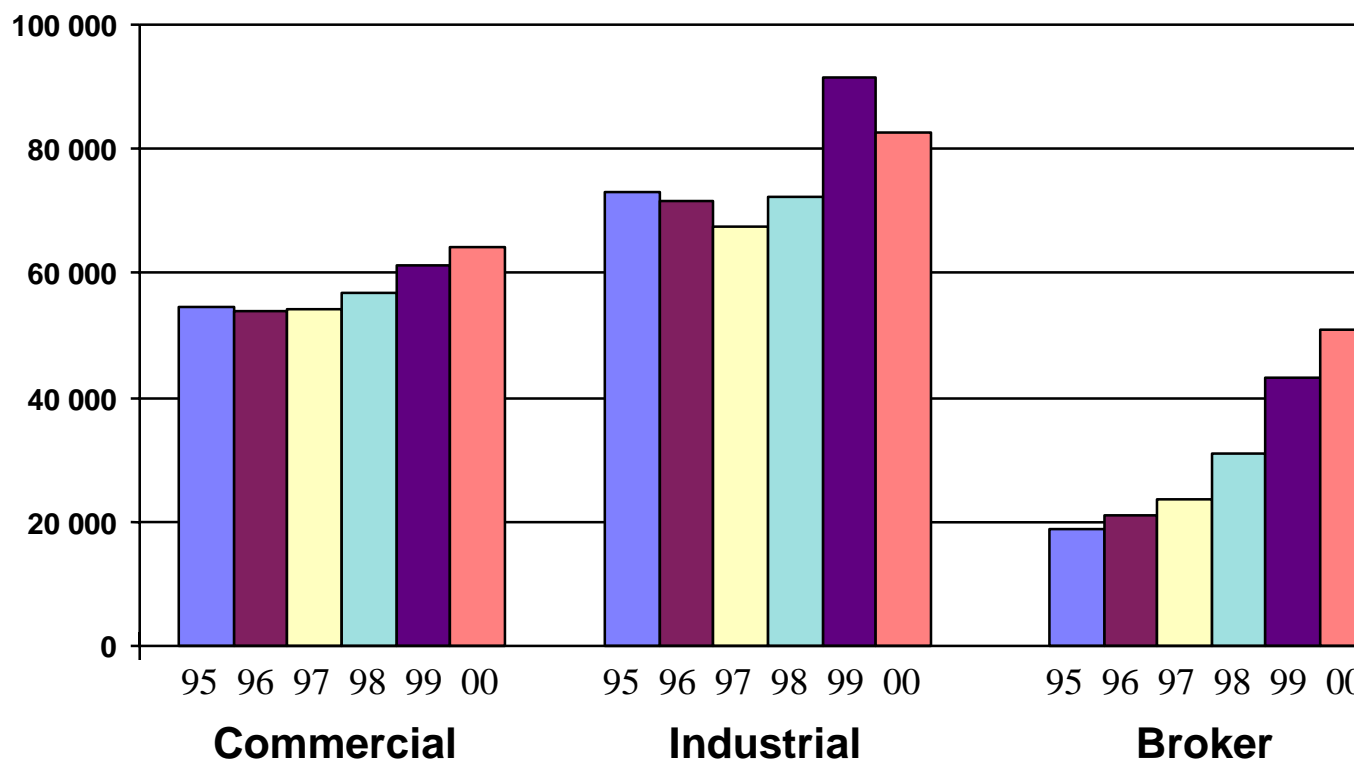
- **Child insurance**
- **Care products**
- **Capitalization products**
- **Commoditizing of existing products**

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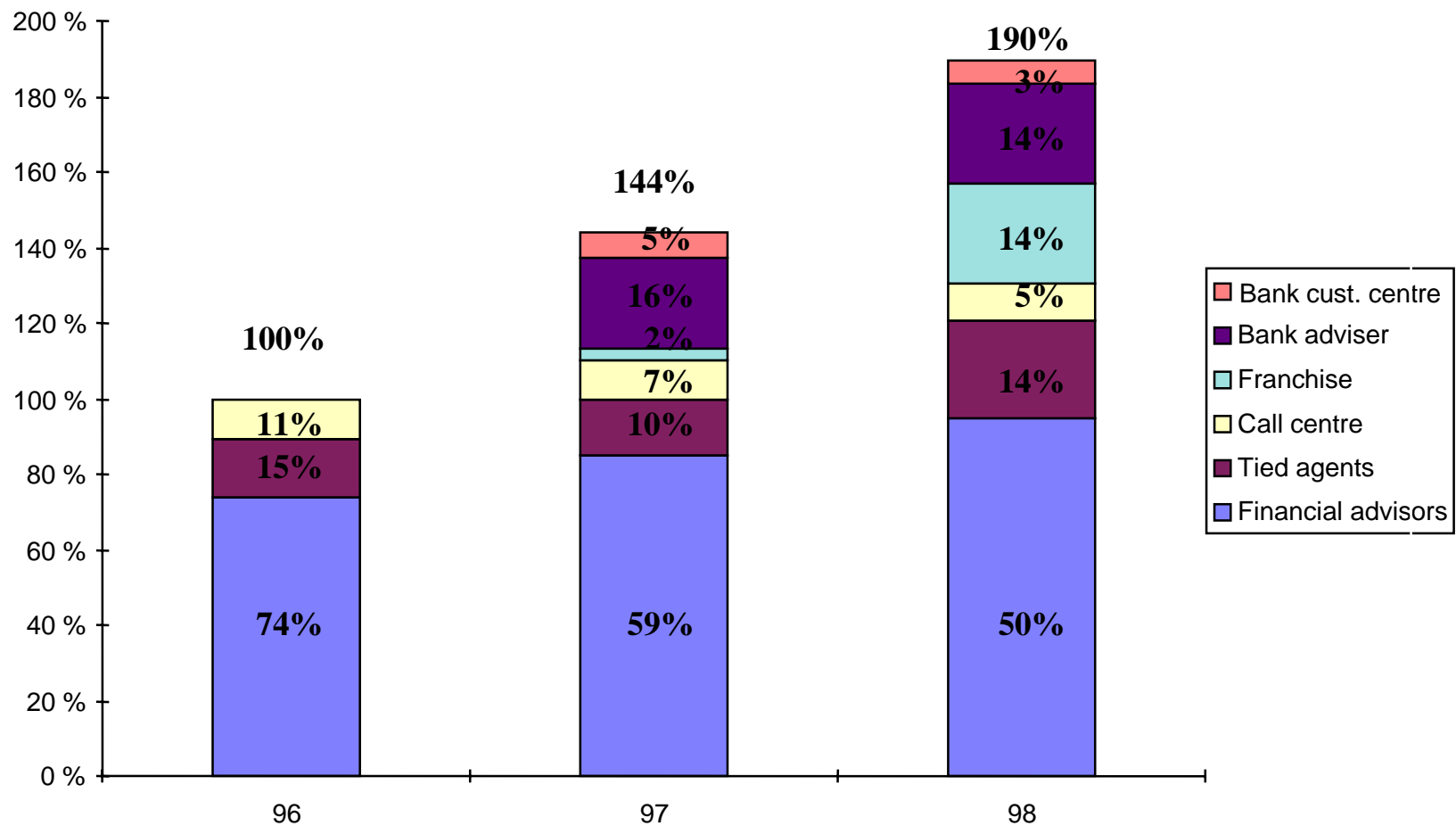
Distribution channels - corporate

Employees with a pension scheme



Distribution channels - private

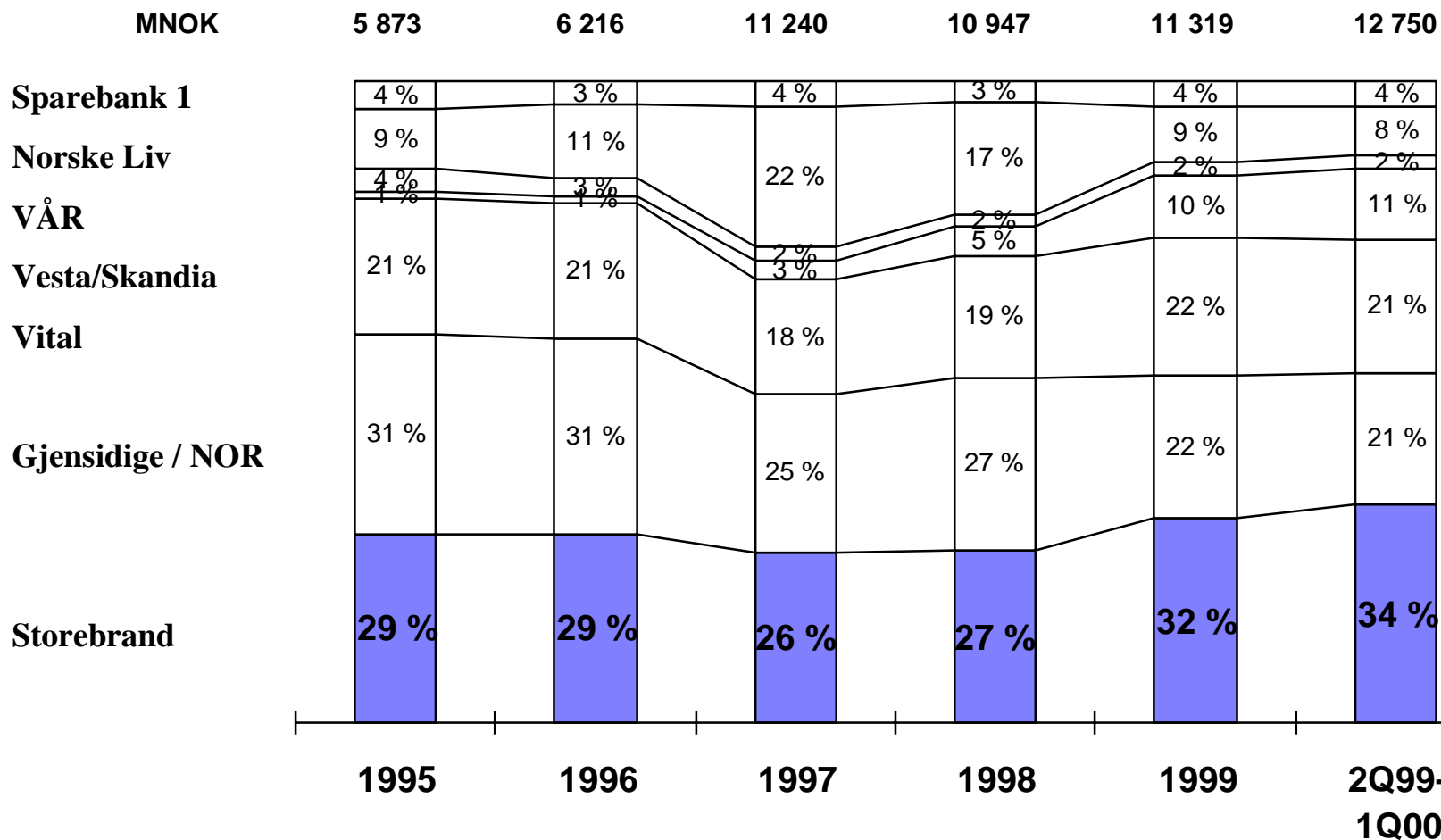
1996-1998



New distribution channels - private

- **Employee Benefit Management**
 - **Potential 200.000 active employees, large product range**
 - **Pilot projects show positive results**
 - **Focus on efficient technical solutions**
- **Internet**
 - **Web enabling of products and processes**
- **Brokers and advisors in the top segment**

Market share private - total premium



*Incl. transferred reserves

Source: Finansnæringens Hovedorganisasjon (FNH)