## Company Participants

- Barbara Plucnar Jensen, Chief Financial Officer
- Gianandrea Roberti, Head of Investor Relations
- Morten Hubbe, Chief Executive Officer

## Other Participants

- Asbjorn Mork, Analyst
- Christoffer Adams, Analyst
- Jakob Brink, Analyst
- Jonathan Denham, Analyst
- Mads Thinggaard, Analyst
- Martin Gregers Birk, Analyst
- Per Gronborg, Analyst
- Phil Ross, Analyst
- Steven Haywood, Analyst
- Youdish Chicooree, Analsyt

## Presentation

### Gianandrea Roberti {BIO 6786731 <GO>}

Good morning, everybody. My name is Gianandrea Roberti, I'm Head of Investor Relations for Tryg. We published our Q3 results earlier on this morning, and I have here with me Morten Hubbe, Group CEO and Barbara Plucnar Jensen, Group CFO, to present the numbers.

Over to you, Morten.

### Morten Hubbe {BIO 7481116 <GO>}

Thank you, Gian, and good morning from my side as well, and we start on slide 3 with the financial highlights of the third quarter, which is a pre-tax result of DKK1.15 billion driven by a technical result of DKK980 million and robust investment income of DKK237 million.

The technical result increased 13% year-on-year, primarily driven by a good private growth, continued positive development in the core business, the delivery of Alka synergies and a small positive impact from lower frequencies driven by COVID-19. The investment result was boosted by good return from equities, approximately 7% in the quarter and also positive return from high-yield bonds even though this is a small asset class for Tryg. We reported a robust solvency ratio of 214 driven by a strong organic capital generation and a broadly stable solvency capital requirement.

On slide 4, we elaborate on customer highlights. We're very satisfied with the continued improvements and the customer targets as we do see a strong link between customer loyalty and retention and thereby the expense ratio. In the quarter, we're particularly pleased to reach already our CMD targets with TNPS. Target was 70 and we are already at 71 as an all-time high for the Group in a period where most of our employees have been working from home. That is really well done.

The number of products per customer increased from 3.8 to 3.9. We are very satisfied with that development. But we also see that particularly our sales in our car dealer channel in Norway MTA [ph] has a negative isolated impact on this KPI as most of these customers start their life as single product customers in Tryg where we then do up-selling to the customers. On the positive side, the trend of this cross-selling is clearly increasing.

10 days ago, TryghedsGruppen paid their bonus of DKK1 billion so our Danish customers in Tryg and Alka. And in the beginning of October, we are starting to see customers reacting positively to that and we expect that to have a positive impact on the awareness going into Q4.

On slide 5, we mentioned again the technical result in elaborate a bit more. DKK980 million for the quarter, an improvement of DKK110 million or 13% year-on-year, helped by lower frequencies for certain lines of business in the quarter. If we look at private, we clearly had a much higher result than the quarter the year before, primarily driven by higher premium level positive COVID-19 impact, but also a lower level of weather claims. The commercial business improved primarily as a result of improved underlying development but also positive net impact from weather, large claims and one-off. And generally, I think if we step back for a second, we're very happy and positive to see a positive turnaround with the private and commercial lines in recent years.

In Corporate, we see a good continued improvement in the underlying development, particularly due to the profitability initiatives in Norway, but also in this quarter, we saw that large claims level was higher than usual, but also we saw a negative impact from COVID-19 on a single claim.

And speaking of COVID-19, we elaborate on slide six, we show COVID-19 impact, clearly with travel insurance as being the main challenge, but also of course investment income for the full year and IT expenses to allow us to work from home. We also see lower frequencies from other lines. Briefly we saw that in a number of lines, but we are seeing now that activity level is almost back to normal in the Nordic region. Commercial transportation and vehicles are up to normal. Private transportation and cars on the roads are almost back to normal. We still see a significantly lower amount of content claims, and that is, of course, because we've seen less burglaries. We do see already higher motor claims than last year, but bear in mind that we have roughly 5% more private customers compared to the year before.

If we look at slide 7, we elaborate on the synergies from Alka, which very much continues to be delivered according to plan. And in Q3, we have DKK45 million achieved in synergies. We're still very confident that we will achieve the promised synergies from the Alka acquisition, and at the same time, on a daily basis, we are really pleased to see a continued very strong development in the entire Alka business, both when it comes to growth and when it comes to an earnings point of view.

On slide 8, we elaborate on shareholders' remuneration. You'd probably recall, our stock exchange announcement on March 27 that we would move to full-year dividend decision as opposed to quarterly, of course, following the intense regulatory debate after the extreme capital market developments in Q1. This does not at all change the aim to deliver a nominal stable increasing dividend and it does not change Tryg's dividend policy.

We are pleased to see that regulators across Europe are gradually opening up through insurers paying dividend again recognizing the resilient business models and the healthy balance sheets even after one of the most adverse capital market development of many years. And Tryg remains in close dialog with Danish FSA and believe that the dividend payment is at the interest of all shareholders and stakeholders.

On slide 10, we show the composition of the growth. Top line growth 4.9% in the quarter, a little bit lower than we saw in previous quarters. We see strong growth in Private and Commercial lines. Of course, we know that private is the most profitable area and we're very satisfied with the growth in this segment of almost 7%. The growth in this quarter is to some extent a continuation of what we've seen in previous quarters.

But there is a negative impact this quarter where we see in Private lines Denmark that profit sharing with partners, which is, as you know booked on a bonus and premium rebates deducted from the premium growth, has an impact. If you adjust for the higher premium rebates this quarter, the growth in Private Denmark would have been 7.4% instead of the reported 4.1%.

So in other words, we see very much a continuation of the strong development in Denmark with cross-selling and sales through our strong agreements with FDM Danske Bank, but also our independent sales agents. And Private Norway, we've seen very strong sales performance, particularly in the car dealer channel, the engineers and NITO and in OBOS, and also, we've seen a couple of smaller players in Norway run into difficulty with new customers searching for a new insurance company.

Commercial had a growth in the quarter of 5.6%, which was a combination of organic growth in Denmark and in -- and price increases for larger commercial customers in Norway, improving the balance between price and claims in the Norwegian Commercial business.

Corporate shows, as expected, a slightly negative growth of 0.9% impacted by price hikes in Norway continuing, but also reducing the portfolio, while in the Danish Corporate portfolio we have a positive impact of high acceptance of price increase of around 10%. Sweden showed a growth of 2.1% driven by price initiatives in motor to improve profitability, but also strong sales for the inbound and niches [ph] of boat and motor insurance.

Turning to slide 11 on average prices, no doubt that adjusting average prices in accordance with claims inflation was extremely important and we spend a huge amount of time monitoring that to make sure that we don't get caught behind the curve. And of course, profitability improvement is always a combination of claims initiatives and price adjustments. Bear in mind, that we see that the average price development has been impacted by a large single partner agreement in Norway, that's why in Q2 in Private Norway, we saw a drop in average prices for house, which could be ascribed to this one single very large partner agreement where the prices were reduced. This also impact the development in Q3, and therefore the lower relative average increase in price for house in Norway.

On slide 12, we are pleased to see a continuation of very positive development in customer retention rates because that proves customer loyalty and delivers low expenses through distribution. For Private Denmark, bear in mind, that as expected, we see a drop in the retention rate as a consequence of the discontinuation of working with Nordea.

When we look at it, we look at the net impact from Danske, the new cooperation bringing on board a substantially higher number of new customers than we see a net outflow of customers in the previous Nordea portfolio. So the net result of those two is clearly a positive inflow, but bear in mind that the lapse of Nordea customers is shown in the retention rate where of course the new Danske Bank customers is not shown in the retention rate. In Norway, we're very satisfied that we continue to see a strong development in the retention rates actually reaching the highest retention level in 10 years.

And over to you, Barbara.

**Barbara Plucnar Jensen** {BIO 17487867 <GO>}

Thank you very much, Morten, and good morning from me as well. Please turn to slide 14 where we gave a little bit more details on the underlying claims ratio, and please note that it does not include the impact from COVID-19 claims.

The underlying claims ratio improved by 60 basis points for the Group in this quarter and by 20 basis points in the Private segment compared to the same quarter last year. This is a continuation of the development that we saw in the second quarter. Price adjustments and the claims excellence program, including claims synergy related to Alka are the main drivers behind the improvement.

The high growth that Morten just spoke about in the Private business had, as expected, a modest negative impact on the underlying claims ratio as new customers in general have a frequency approximately 3% higher than the portfolio in general. However, we are very satisfied that especially the initiatives in Corporate Norway support the improved underlying claims ratio development for the Group.

On slide 15, we give you a little bit more insight in terms of COVID-19. Despite the fact that most countries today seem to experience quite similar patterns in the development of COVID-19, we find it's important to provide you further impact on the situation in our markets. Hence, we have included this slide showing you the development of the COVID-19 cases in both Denmark and Norway.

Towards the end of August and during September, there has been a significant increase in the number of cases in both Denmark and Norway. If you remember, the lockdowns back in March were miles compared to most other European countries where we introduced lockdowns in both countries and they lasted for approximately five to six weeks before we gradually reopened. Even throughout these lockdowns, we were mobile throughout. The spike after the summer seems to be relatively under control. And despite new restrictions being put in place, we are still very far from what is being experienced in countries like the UK and France. And as Morten also explained earlier, we basically see that the activity is more or less normal.

If you turn to slide 16, I'll go through the financial impact of this ongoing situation. As you can see, the total impact of COVID-19 for the year has been negative DKK113 million, of which DDK202 million negative stemming from our investments. We had operating expenses related to COVID-19 of DKK38 million, and then a net impact from insurance of positive DKK127 million.

You can see from this overview that the lower frequencies for especially motor, property and accident, have had a positive impact mitigating the large loss on travel insurance in the beginning of the year. Also worth mentioning is the fact that in this quarter, we were impacted by a large claim in Tryg Garanti reported under other. However, Tryg has a very extensive reinsurance program in this area, and in general, the risk is therefore low [ph].

If you turn to slide 17, we look at the large claims, weather claims and run-off. Q3 had a somewhat higher level of large claims compared to Q3 '19. However, this was still at a relatively lower level than expected. Weather claims, were significantly lower as the weather has been extremely mild this year in the region. The discounting impact in Q3 was also lower compared to the same quarter last year due to the lower level of interest rates. Finally, the run-off result was slightly lower with 4.7% of the combined ratio compared to 5% in the similar quarter last year.

Please turn to slide 18. Here we look at the expense ratio for the third quarter, which ended at 14.1%, and therefore, in line with our target for 2020 of around 14%. In Q3, our expenses were impacted by a significant lower level of expenses related to travel whereas the level of expenses related to distribution cost, particularly in Private Norway increased given the current strong possibilities to pursue high growth. We continue to see that more efficient distribution, to a large degree, continue to finance our IT investments. The number of employees were slightly higher in this quarter driven, among other things, by the higher business volume as well as the repatriation of our health claims use [ph].

Please turn to slide 20 for more details on our investments. On this page, you can see the usual details including the split of our DKK40 billion of investments. The match portfolio backs the insurance reserves and it amounts to approximately DKK30 billion. The free portfolio is the capital of the company and amounted to DKK11 billion at the end of Q3. The overall asset mix remained largely unchanged.

If you look at page 21, you can see that, as mentioned previously, we delivered an overall robust investment result of DKK237 million. The free portfolio primarily benefited by positive returns from equity, nearly 7% in the quarter, but also high-yield bonds returning more than 4%. The match portfolio benefited from narrowing spreads on our Nordic covered bonds. And other financial income and expenses were broadly in line with our expectations. In general, this turned out to be another positive investment quarter, albeit not as strong as Q2 after the extremely challenging start of the year.

On slide 22, we look at the solvency position at the end of the quarter where Tryg reports a 214%, up from 193% at the end of the second quarter. The improvement is driven by strong organic capital generation and by a very small increase in the solvency capital requirement. The upward move in the equity market has been somewhat neutralized by buying equities options so that the two moves offset each other from a capital charge perspective.

Please turn to slide 23 for the debt position and capacity. The Tier 1 instruments can, as a maximum, account for 25% of the Core Equity Tier 1. The decision to postpone our decision on the dividends to a year-end decision means that the Core Equity Tier 1 has increased every quarter and create more space for Tier 1 instruments. However, assuming a normal dividend pattern, this is very limited capacity -- there is very little limited capital capacity for further Tier 1 issuance. The Tier 2 capacity has been fully used. In fact, Tryg is not including Tier 2 funds of approximately DKK160 million in the own funds, due to the SCR cap.

On slide 24, we are showing the solvency ratio development in historical perspective. It's worthwhile mentioning that the approval of the new partial internal model had a positive impact in the second quarter of this year, while as mentioned in the previous slide, a robust organic capital generation is improving the capital position further also now in Q2.

On slide 25, you can see the sensitivities of our solvency ratio in this particular quarter. Taking into account that our asset mix is largely unchanged, this slide is quite similar to what we have showed in previous quarters. The biggest sensitivity continues to be the spread risk, however -- which obviously stems from the fact that the vast majority of our fixed income instruments are Nordic covered bonds.

With this, I'd like to hand over to Morten for the target and outlook.

### Morten Hubbe {BIO 7481116 <GO>}

Thank you, Barbara. Almost coming to the end of our presentation on slide 26. We of course confirm all of our target for 2020. As you know, the ROE target was abandoned after Q1 after the extremely challenging and volatile capital market development. Actually, please note that due to the robust operational performance and capital markets recovering, the ROE for the first nine months was actually 19.2%, while it was 29.9% for Q3 in isolation. And of course, we firmly confirm the DKK3.3 billion technical result target for the full year after having reported now DKK2.715 billion for the nine months of the year.

And then we finish on slide 27 with our favorite quote from John D Rockefeller. And with that, I think we are ready for your questions.

## Questions And Answers

## Operator

(Operator Instructions) And our first question comes from the line of Youdish Chicooree of Autonomous Research. Please go ahead, your line is now open.

## Q - Youdish Chicooree {BIO 17430923 <GO>}

Good morning, everyone. I have about three questions please. The first one is on just your top line. You've mentioned in Corporate you increased prices like 10% in the third quarter. So I was wondering whether these pricing measures are becoming more challenging given the economic uncertainties affecting [ph] your Corporate as well as your commercial customers actually. And then secondly on the COVID-19 impact in the third quarter, you've obviously recognized DKK72 million in net benefit, mainly on from reinsurance [ph]. I was wondering whether it would be fair to expect further benefits in the fourth quarter, given that social distancing and travel restrictions are still in place.

And then finally, my third question is on the dividend. You talked about like the regulators across Europe taking a more pragmatic stance on insurance company and their balance sheet. But I was wondering whether you had specifically discussions with your regulator and whether you anticipate any challenges in paying a dividend in January. So those are my three questions. Thank you very much.

## A - Morten Hubbe {BIO 7481116 <GO>}

Thank you to Youdish and good morning to you as well. I think your important -- or your question on Corporate is important. The way we see it currently, we see more of a lapse of customers in Corporate Norway, whereas we see a high acceptance of the price increases of 10% in Corporate Denmark, and also a good development of increasing prices in Corporate Sweden. I think clearly in Norway, we are now in the fourth year running of increasing prices, which means that we see more of a reaction, whereas in Denmark the increases are more recent. I don't think actually that the COVID-19 is fundamentally changing the environment. I think the environment for increasing prices in Corporate is actually okay. I think many players in the market needs to increase prices and they are doing so. And actually our strategy is quite clear. We want a corporate business that adds to the profitability and which also returns to the high capital requirement we have in Corporate. So, yes, we will accept losing some top line, but we will strengthen the bottom line, and we will strengthen our ROE. And I don't see Corona really changing that.

As far as your third question, and then Barbara can take question two, I think on the dividend, yes, we have had exclusive dialog with our regulators on our situation. And I guess it's fair to say that generally the regulator see this as a decision that we make and not a decision that they make, while at the same time we of course want to make sure that we have a regulator who is not too displeased with our decisions. But it is in our hands.

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yes. And then to answer your question on COVID-19 and what to expect for Q4, I think that there will be an impact from COVID for sure. What we have been going through in previous quarters with reduced sales is also -- that it is a slightly different impact in the various lines. And yes, we have seen positive impact, as we mentioned on, for instance, the motor property and accident and that might very well also happen in Q4. But what we have also experienced in this particular quarter is that we now saw one-off [ph] of the defaults in our guarantee business and it's probably likely to anticipate that further incidents like this might happen going forward as the macroeconomic environment is not fully back as expected.

So it's very difficult to say, because you can see what we experienced also now in August and September was a quite sudden spike after several months where everything was relatively calm. And we don't know how it will develop further from here, in particular, now that the flu season and everything else starts to take off. So, I do think that we expect some impact, but might also see that it can be very well positive as negative.

## Q - Youdish Chicooree {BIO 17430923 <GO>}

All right. That's very helpful, thank you very much.

## Operator

Thank you. Our next question comes from the line of Jakob Brink of Nordea. Please go ahead, your line is now open.

## Q - Jakob Brink {BIO 20303720 <GO>}

Thank you and good morning from my side as well. I have a few questions, I'll just take them one at a time. Just coming back to the question just raised about the dividend, Morten, you said that you want to keep the regulator not too displeased. So what are they displeased with if you would pay the dividend now?

## A - Morten Hubbe {BIO 7481116 <GO>}

I think, Jakob, what we have here is a situation where of course the most important driver is the earnings capacity and dividend-paying capacity of the company and that is why it is a decision to be made by the company and I think that is as it should be. And then, I guess, what we've seen throughout the year, both on the Nordic level and on a European level is regulators generally hesitating towards financial sector paying dividends. And that is, if you will, perhaps more of a political sentiment than an insurance sentiment and perhaps more of a banking sentiment than an insurance sentiment. So, of course, we are pleased when we see the regulators recognizing that insurance companies are not banks. We have very resilient business models, we have a strong balance sheet and we have a strong capital generation capacity and we see that as being recognized more and more. So I think the only thing I was hinting at is that there is us making decisions and then of course us wanting to make sure that the political environment is not underestimated. But we see a healthy development in the political environment nuancing between banks and insurance companies.

## Q - Jakob Brink {BIO 20303720 <GO>}

Are you worried that this political tension will not have eased in early next year?

## A - Morten Hubbe {BIO 7481116 <GO>}

I would be surprised if it had not eased. I think we've seen a healthy tendency during the past quarters and I think we are demonstrating high earnings capacity and high cash flow generation capacity. So, I think clearly it would be in the interests of all stakeholders for us to pay a dividend.

## Q - Jakob Brink {BIO 20303720 <GO>}

Okay, thank you. And then my second question, the profit sharing on your Affinity programs in Denmark this quarter, Norway, last quarter, could you give us a bit more detail on what kind of thresholds are built in, I mean what combined rates of levels must be reached in order for you to give those rebates? Just thinking that growth has been fairly nice in Tryg over the past two years, but obviously it means also that you have to give some money back to the clients. So what is the actual profitability on those new -- on this new premium growth you've had in recent years?

## A - Morten Hubbe {BIO 7481116 <GO>}

I think it's fair to say that we monitor profitability of growth, both on a product-by-product level, a by vintage level. So, year-by-year, and then also by partner-by-partner level. So we're extremely certain that we'll secure a strong continuation of slight underlying improvement and strong profitability for the new partner agreements.

When it comes to the bonus and premium discounts, usually it's fairly smooth for most partners, because there is a sort of a simple monthly sharing of some of the profits with the partner. And then in a few cases, the sharing is a little bit more complicated. So in the first instance, you will, for instance, build up reserving buffers together with the partner before you release some of the profit sharing. And then when these reserving buffers have been developing into a certain level, then you make more sort of stop and go decision whether to release some of those reserve profits [ph], because they're becoming too large. And that's why from time to time you see accruals of where the impact is slightly higher than usual. And in this quarter in Private Denmark the impact is slightly higher than usual. Honestly, I would like that to be more smooth and maybe we can make that even more smooth as we go along. It is to some extent a little bit catching up some impact from the previous quarters. So perhaps we can improve that a bit. I think it is quite important to see that -- that underlying growth continues to be very strong. If you take Private Denmark without the premium discounts, we grow 7.9% for the quarter, and we see strong profit development underlying also in new agreements.

## Q - Jakob Brink {BIO 20303720 <GO>}

Okay. That was clear. Thanks. And then on your CMD, I read that you have not decided on a date yet. I was just thinking about -- is this only a logistics issue? I guess I would imagine that a Board meeting has already been scheduled to sign off a new strategy. So is this only a logistic issue, or is it also maybe some more fundamental?

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah, I think, Jakob, in all fairness, I think we all expected that it was going to be possible to meet up in person and we think for us the CMD is a great launch of a new strategy. Obviously, the Board has been involved in the preparations that we have been working on for quite a while, so there should be no final surprises in the final strategy. But for us, it's very much a question of getting, you can say, the messages and our strategy launched in the right possible way. And given the situation that we're looking into now, we had originally planned that it is going to be a live launch in London in the fourth quarter. But with 17,000 new incidents in the UK on a daily basis at the moment, it's not likely that it's going to be a live launch.

So, therefore, we are actually looking at how could that take place in a virtual space and how could that have the same impact as we would like it to have originally. So I'm sorry to say it's very much related to, you can say, logistics and the environment that we're in. This is obviously for us launching a new three-year strategy is super-important and we want to do it as strongly as possible.

## A - Morten Hubbe {BIO 7481116 <GO>}

I also guess Jakob that yes, it is purely logistics, but as you know, as we see it at least, one of the strengths of our business model and proposition for shareholders is that we are very transparent on where the drivers of the results may -- can come from. So usually our CMDs are quite detailed in describing the initiatives and the drivers creating future value. And if you look at our previous CMDs, if you were to do that online that is simply too high amount of details, too high amount of information to derive [ph]. So this is also one of the trade-offs, would you rather have a shorter online presentation with less meat on the bone and less detail, or would you rather have a very long video presentation, where perhaps if you exhaust the patience of the people participating. So it is actually simple logistics like that.

## Q - Jakob Brink {BIO 20303720 <GO>}

Thank you. And then my very final question, a small one. Barbara, you mentioned something about buying options with some impact on the capital. Could you just give us -- explain that?

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

That was the option part. Yeah, you can say, we like to work with our investment profile, because as you know, we tend to see that on the free portfolio as being low risk, and therefore with the large movements that we have seen in here, we are working very closely, of course, with the tail risks that we have. And in this quarter we have been buying some options in order to protect ourselves and with that we have, you can say, chosen deliberately to get away with, you can say, less upside. At the same time, from an SCR point of view, it also neutralizes some of that impact. So therefore the SCR in this particular quarter has been broadly flat because of this.

## Q - Jakob Brink {BIO 20303720 <GO>}

Should we expect that to continue, i.e. that there will be minor correlation between the SCR and equities going forward?

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think, given the volatility that we have experienced and given what we are looking into right now with US election, you have Brexit, you have potential new impact from COVID, we are just being relatively cautious and you can say it is probably likely that it is something that we will continue to use going forward as well.

## Q - Jakob Brink {BIO 20303720 <GO>}

Okay, thank you very much. That was all from me.

## Operator

Thank you. Our next question comes from the line of Asbjorn Mork of Danske Bank. Please go ahead, your line is now open.

## Q - Asbjorn Mork {BIO 17028219 <GO>}

Yes, good morning. From my side three questions please. One going back to one of the previous questions on the rebates. So basically they have -- if I look at 2017, 2018 and now 2019 and 2020, your rebates have basically doubled in the period. I'm just wondering whether there is a correlation between this and the underlying claims ratio improvement, Private dropping to 20 basis point level then in Q2, Q3. So is the sort of a limitation on how much you can improve your Private business when you grow heavily within these -- with union agreements?

## A - Morten Hubbe {BIO 7481116 <GO>}

Morning to you as well Asbjorn. Clearly there is a link between the underlying improvement and the premium rebates, in the sense that when you improve the underlying development for direct customers, then you keep all of that improvement for yourself. When you improve underlying for the partner business, you share some of that improvement with your partner. But I would say that when you look at the size of the underlying improvements, you need to link it also to the current growth pattern, because clearly when you look at our business, the highest ROE, the most stable combined ratio and most profitable part of our business is Private line. And that is why when we see an opportunity to grow the top line in the Private lines and currently reduce the top line of Corporate lines, we are undoubtedly strengthening the future of our company. But we also know that for the first couple of years a new customer has both the higher distribution costs and a little bit higher claims frequency than they have after a few years. So that means that if you stop growing organically in Private lines, then the underlying improvement jumps up, and when you grow more than normal in the Private lines, then short-term your underlying improvement deteriorates slightly. But the way we see it, we are actually able to grow more than normal in Private lines, strengthening the future of the company, actually still improving underlying in Private, but improving slightly less. And then, yes, we have to share some of it with the partners, but the main reason for the improvement being slightly lower is actually more related to the growth.

## Q - Asbjorn Mork {BIO 17028219 <GO>}

All right, that's very helpful. Then Slide 16 on the COVID-19 impact, in Q3, the accident -- I actually thought accident had a negative impact on you guys as more people are at home doing some work on their own and getting into accidents, but that doesn't seem to be the case. And then the other part is that the Tryg Garanti that influenced that number or what is actually driving that substantial change from Q2 to Q3? And maybe if you could elaborate a bit on the gross impact in Tryg Garanti and the net impact of that claim after the heavy reinsurance that you have in that business. Thanks.

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Absolutely, Asbjorn. If you look at the accident, yes, you are right that more people are at home and more people are active in doing things in their homes. But at the same time, you also have less accidents when people go to sports or run around doing things, you can say, in their spare time. So, therefore, you can say the impact on our accident line is continuing to be slightly positive. But again, as activities pick up and become more normal, you can see also in the quarters that we have seen this year that it is less than this of an impact. You're right, with the other, that this stems from the large claim in Tryg Garanti, but bear in mind that our model is typically that we have at least 80% of the business reinsured. So it is significantly less of an impact on our books, and that is what we can see also in this particular quarter.

## Q - Asbjorn Mork {BIO 17028219 <GO>}

So the gross impact would have been -- I mean, is it fair to assume that the net impact in Garanti is actually around DKK40 million, which is a swing factor from Q2 to Q3, and then the gross impact would have been five times that size, something like that?

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

No. That would be an exaggeration, I would say, on that particular claim.

## Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay far enough...

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

We could see the Q2 -- Q3 impact more or less stemming from that particular item alone.

## Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay. Is there any effects from COVID-19 that you don't show on this slide that have basically caused you to provision more in some business area, in some long-tail businesses or anything -- does that have an impact in other areas of the business, the whole change of outlook, so to speak?

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

I think in general we obviously monitor closely the development and also with the actuarian, we spend quite a lot of time on understanding what is ordinary claims levels and what is COVID-19-related and how does that develop over time. So it is something that we work quite diligently with, but we're -- obviously this is new territory, we haven't tried it before. So, therefore, you can say it does require quite a lot of extensive analysis to see how things develop also within the quarters that we're looking at now.

## A - Morten Hubbe {BIO 7481116 <GO>}

Yes, you can argue Asbjorn that if the claims pattern of this year, before COVID-19, was exactly similar to the claims pattern last year, then it would be easy-peasy isolating the COVID-19 impact. But of course, you're speculating on what would have been the new claims pattern which changes every year have there not been COVID-19. I think we have quite strong tools of analyzing that, but honestly, there is a fair degree of judgment in there, and when you make that fair degree of judgment, of course, we'd rather be on the conservative side of judgment than on the optimistic side of judgment. So there is a high degree of working with the data, separating the drivers and making sure that we are cautious enough in our assessment.

## Q - Asbjorn Mork {BIO 17028219 <GO>}

All right, that's of course very fair. The final question from my side, on your guidance for 2020, the reiterated DKK3.3 billion, I guess, basically it means you're saying technical profits for Q4 of DKK585 million. If I look at your last Q4, so Q4 '19, you had DKK762 million. If I adjust for normalized weather and large claims, let's say, DKK130 million out of that, and then you get DKK630 million, DKK640 million [ph], and then I add (inaudible) and Alka et cetera on the top, I guess we're around DKK700 million for Q4, and then COVID-19 with some positive impact, if I understand it correctly. So my question is more -- since you don't change your guidance, is that because you have some sort of uncertainty for Q4 in isolation, or is it just because the large and weather claims in Q4, I mean they can swing so heavily that it's so unknown at this stage how Q4 you will end?

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yeah, I think you're quite right in your analysis. And then, obviously, I think the conclusion was that you expect a positive COVID impact in Q4. We actually still don't know, and as we just discussed, also there is a potential likelihood that you start seeing more incidents, for instance, within the guarantee business, and then we need to make sure that, of course, with the patterns that we have seen in recent years, typically Q4 is also the quarter where you have more on the large claims. I think when you look at last year's numbers that was also below normal. So it will be taking all those moving parts into consideration that we don't see that that you can say the level of around DKK600 million is foul [ph].

## A - Morten Hubbe {BIO 7481116 <GO>}

And then I guess Asbjorn that as you know, we put out the target of DKK3.3 billion three years ago, we have changed that target several times since then. So for us it's really more of a target that it's -- it's a three-year target rather than a short-term guidance. So I think that's an important distinction between the two.

## Q - Asbjorn Mork {BIO 17028219 <GO>}

Okay, fair enough. Very clear. Thanks a lot.

## Operator

Thank you. Our next question comes from the line of Jon Denham of Morgan Stanley. Please go ahead, your line is now open.

## Q - Jonathan Denham {BIO 19972914 <GO>}

Good morning, Morten. Good morning, Barbara. Thank you very much for taking my questions. I'm just wondering what's your expectation for the impact of COVID on travel in 4Q? There's obviously a large negative in the first quarter, a material positive in this quarter. And I think earlier this year you were talking about changes in travel advice potentially having an impact. I was just wondering what's the latest there. And then could you just expand a bit on what you were saying about the reinsurance protection you have in place for guarantee. Did you say you reinsure 80% on a quota share basis, and I'm just wondering about what's the risk on a net basis. Do you also have any excess of loss there? Thanks.

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Well, if we start with the expectations for COVID-19 travels, I think what we experienced in the first quarter was unseen, no precedents for the magnitude of the hit we have there, because as you remember, the whole world closed down, and a lot of people had travels booked that they had to cancel, and also you had to make sure that people already abroad had to be traveling back to the Nordics. So, therefore, you had a very unforeseen and massive impact in the first quarter. What we have seen in -- you can say the year the following quarters is obviously that it has had an impact on the travel patterns. Less holidays have been booked. So I think we've seen some statistics, where at this time of the year you have around 20% of the travels booked compared to normal years. So, therefore, of course, the risk of claims would be less. There are also less travels taking place from people going abroad that we then need to bring back home, because they get ill or because there is something else going on. So that obviously counts on the positive side.

So I think what we saw in Q1, I don't expect to see being, you can say, happening again. But it is a little down to how calm are people getting with booking holidays in terms of going abroad and still being reluctant to go abroad. So I think, repeating what we saw in Q1, I don't see it, but then it's a question of people's intentions to go abroad from here.

## A - Morten Hubbe {BIO 7481116 <GO>}

But, honestly, we would all like to go abroad, because getting all your vacations canceled and not being able to leave a part of the world where it's always dark and rainy, we all (technical difficulty) to be able to go elsewhere. So let's keep our fingers crossed about the reopen. I think with your question on reinsurance, with guarantee, that is actually extremely important. The reality is that it is not just a proportional reinsurance for quota share for 80%. It is actually a mixture of a proportional component and a non-proportional component, which then travels into roughly 80% and then a profit-sharing on top of that, where of course we get commissions back in return. But what we actually do say is that it means that in all normal years, we pay a fairly high net reinsurance cost to make sure that we have this strong cover when we get to years where there is less positive development in the financial sentiment and you see more bankruptcies. It also means that when we get to periods like this one, where potentially we would have more customers going bankrupt, then the claims ratio needs to be extremely high before reinsurance, before we could get to a loss after reinsurance. It depends a little bit on the types of claims and it depends a little bit of the size and structure and frequency of claims, because you would need claims ratios before reinsurance of somewhere between 150% and 200% before you would be able to get to a net after reinsurance loss.

So that actually means that of course the gross development is important, but it actually means that our reinsurance cushion is extremely strong in the guarantee segment, and we're very comfortable with that.

## Q - Jonathan Denham {BIO 19972914 <GO>}

And can I just check about your expectations for reinsurance costs more broadly. Obviously you framed [ph] on your travel part around reinsurers are talking about price increases anyway. Are there any lines around the group protection where you think you might see a material increase in reinsurance costs?

## A - Morten Hubbe {BIO 7481116 <GO>}

No, I think I would argue that none of the insurance pricing is expected to change in large enough magnitude for you to really see that impacting our results. I think the clear-up link is to our Corporate business. As we talk about, when we had too many large claims and too low profitability in the Corporate segment, it also means that our property per-risk large claim reinsurance has been used too many times for a number of years. And that is why we've also seen price increases in the property per-risk reinsurance for the Corporate customers, which I think is as it should be, and one of the components of securing significantly higher direct insurance price between the customer and us in the Corporate segment. So that is the main segment, I would argue.

## Q - Jonathan Denham {BIO 19972914 <GO>}

Okay. Thanks.

## Operator

Thank you. Our next question comes from the line of Mads Thinggaard of ABG please go ahead, your line is now open.

## Q - Mads Thinggaard {BIO 15369662 <GO>}

Thank you, and thank you for taking my questions here. I have three questions and I would take them one at a time. The first one is going back to the premium rebates, I mean I can recall there were quite a bit of fuss on Q4 last year over high premium discounts, and, I mean, when you look into Q4, then this drag you have, looking in the Private segment, I guess around a couple of percentage points from -- on the premium growth from the discounts, I mean, would you expect that to go to around civil [ph] considering the high level of rebates Q4 last year?

## A - Morten Hubbe {BIO 7481116 <GO>}

It's a little bit tough to predict very precisely, but you could argue that last year as you put it, there was too much accumulation of that impact in Q4 in isolation, and this year we are getting more of an impact in Q3. So I would expect the impact in Q4 this year to be a lot less than what you saw in Q4 last year. Having said that, then it does depend on what is the underlying claims and development per partner agreement, what is COVID-19 claims development in that particular partner agreement, but generally, yes, the fact that we've taken more in Q3 will mean less impact in Q4.

## Q - Mads Thinggaard {BIO 15369662 <GO>}

Okay, thanks for that. And then going back to travel insurance, I was just wondering a bit, when do you expect people to start canceling their travel insurance? I mean, when do you think we could get to a point where people they say we will close down our travel insurance for now and then sign it again -- or open it again when the COVID-19 is not an issue anymore? What do you see here?

## A - Morten Hubbe {BIO 7481116 <GO>}

It's -- when we look at the current pattern, we don't see that. I think we see more structurally, in the elderly segment, people reach a certain age and then they start wondering if they will travel a lot less in the future, and then sometimes we then recommend that they start canceling their insurance for travel, because it's a more longer-term structural issue. Here we're discussing whether people should cancel their travel insurance, which is one of the cheapest insurance element for one year and then remember to start up again a year later. And generally, we don't see that customers tend to do that. There are, of course, some more price conscious customers who would do that for a year and then remember to get back. I think the average customer seems to look at the longer-term picture, I will be traveling again and to try to cancel travel insurance for a year or perhaps less than a year, doesn't make sense. So I don't expect that to be a major trend and we don't see it.

## Q - Mads Thinggaard {BIO 15369662 <GO>}

Okay, great, thanks. And then the third and last question is kind of more broad question on COVID-19. I mean we, of course, seeing a lot of changed behavior. And I think -- I mean it's -- I think your main competitor in Denmark have pointed to some optimization being possible here, looking I mean one to three years ahead. Could you put a bit of flavor on what kind of structural gains you see long term on changed behavior after COVID-19?

## A - Morten Hubbe {BIO 7481116 <GO>}

I think the main change in behavior I can see is actually that the digital solutions are used more. So if, for instance, you look at the way people report travel claims, prior to COVID-19, It was roughly 40% online. Now it has jumped to 70% online. So I think the likelihood that more of our claims handling will be automatic and straight through with even better data to handle correctly and faster, I think that will be a lasting trend, which will be positive both for the customers and for our efficiency and our data. I think that we also see, for instance in the commercial segment, that our ability to have meetings with our customers online has grown dramatically during this period. So, I think, clearly that is a much more efficient way of distributing or servicing the Commercial segment. So I think that will have a positive impact as well.

And then, of course, there are various -- our ways of working could change. Is that more efficient? Well, maybe slightly. I don't think it's a major change, but I think we already had a strategy of investing heavily in new digital solutions and to see that penetration and utilization of those becomes even higher, I think it's very positive. And Commercial Corporate is typically the area where we have a little bit higher sales cost. So being able to take that somewhat down is structurally positive, but those I think are the main drivers I can see.

## Q - Mads Thinggaard {BIO 15369662 <GO>}

Yes. I mean, I surely understand you can't quantify this at this point. But could you give kind of just an indication of the significance of this? I mean, are we on par with the effects from increased fraud detection? Is it something like that in size or is it smaller than that or larger than that or can you give a bit of flavor on that?

## A - Morten Hubbe {BIO 7481116 <GO>}

I think it depends a little bit on the timing of your question because I think when a lot of the efficiency gains is related to the digital utilization, I think that long-term, I think there should be significant impact on that. But short-term, we're investing so heavily in creating the good digital solutions that is, it's actually short-term, not a positive because we have to do heavy IT investments, we have to write them off again as we move along, et cetera. But I think longer term, it is a structural positive of a significant magnitude. But I think in the sort of two-year time horizon, I don't think you'd see it at all, because the investments are rather high.

## Q - Mads Thinggaard {BIO 15369662 <GO>}

Okay. So it's not -- I mean, when you come to the Capital Markets Day is not -- I mean, on a three-year horizon, a very large delta we have seen from this?

## A - Morten Hubbe {BIO 7481116 <GO>}

I think that is a cheeky way of trying to get the information of what we will say on the Capital Markets Day. But as we've always said, Capital Markets Day will be only 15 minutes online, so actually barely we will have time to say anything. You know, kidding aside, I think we will have to wait for the Capital Markets Day to see the content and I wouldn't be very surprised if digital plays a role.

## Q - Mads Thinggaard {BIO 15369662 <GO>}

Okay, thanks. Thanks for that.

## Operator

Thank you. Our next question comes from the line of Per Gronborg of SEB. Please go ahead, your line is now open.

## Q - Per Gronborg {BIO 15910340 <GO>}

Yes, thank you and good morning, if it's still morning. My first question. The rebates that is reducing your premium growth this quarter, I assume it's primarily in Private. The first part of the question. The second part of the question, what is the impact on the technical profit of you paying higher rebates back to you affinity agreements?

### A - Morten Hubbe {BIO 7481116 <GO>}

Good morning to you as well, Per. Getting closer to lunch. I think you're right, it is mainly Private lines and actually within Private lines, it is mainly Private lines Denmark. And if you look at this quarter, we reported growth in Private lines Denmark of 4.1%. Had the premium discounts not had an impact this quarter, then the actual growth would have been 7.9% in Private lines Denmark, so that's a 3.8 percentage points difference. I don't think we've published any numbers on what is the earnings impact from that, but I guess that gives you a fairly clear impression of the magnitude.

### Q - Per Gronborg {BIO 15910340 <GO>}

But this also mostly imply that if this rebate had been more fairly leveled out over the year -- I of course, understand that's not easy to do, then your Q3 underwriting profit would have been better than what you have reported?

### A - Morten Hubbe {BIO 7481116 <GO>}

That is correct, Per. And I think if you go back in the days, this was much more volatile. It's actually still more volatile quarter-on-quarter than I would like, but you're correct. You're correct.

### Q - Per Gronborg {BIO 15910340 <GO>}

Okay, perfect. On the cost side, you're addressing, there is positive, there is negatives related to COVID-19. What is your perception? What is the net-net impact on your cost from the COVID-19 effects versus a normal year whatever that is?

### A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yes. I think if you look at the cost implications that we have in the chart on slide 16, there you can see that year-to-date, we have had COVID-19 related expenses of DKK38 million. This is very much making sure that we are able to operate from home. If you remember when the countries were closed down, we had to make sure that all of our employees have sufficient IT lines in order to be able to work from home. So IT and telephony are areas where we had to invest to be able to operate. That is more or less you can say one-time investments. Obviously, there are smaller investments in stability and so forth, but that more or less hit us at that point in time.

The recurring negatives are also related to the fact that we obviously have increased, you can say that the cleaning of our facilities, and it's also down to making sure that we can offer appropriate canteen [ph] solutions to our employees to avoid, you can say, not complying to the rules around how to engage in office space and so forth. So that is something where to a limited amount you will see an ongoing cost. That being countered with the fact that we do expect that more employees will work from home more than what we have seen historically. So it is just something where you will have most of the expenses taken earlier this year and then you will have the ongoing potential benefit like also, travel and other things going forward.

### Q - Per Gronborg {BIO 15910340 <GO>}

What is the expected net for the full year, plus or minus?

### A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

For the full year, I would say, slightly more negative than what we're looking at at this point in time.

### Q - Per Gronborg {BIO 15910340 <GO>}

So then you're saying that the -- your Group -- your costs will be higher this year compared to a situation where you really [ph] had the COVID?

### A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Yes.

**Q - Per Gronborg** {BIO 15910340 <GO>}

Okay, thank you. One final question, and this is mainly for curiosity. Your potential dividend payment for 2020, should we expect that as an interim dividend after the Q4 we -- or should we expect it as an AGM driven dividend in March?

**A - Morten Hubbe** {BIO 7481116 <GO>}

I think Per that we have -- we've stated that it will be a full-year dividend, and it will, and we're very pleased with our cash flow generation capacity. We haven't stated whether that will be at the end of the year, or it will be beginning of the next year. So I think we will -- you will see that when we announce it. But we're pleased that the capacity to pay a dividend is strong.

**Q - Per Gronborg** {BIO 15910340 <GO>}

Okay, thank you.

**Operator**

Thank you. Our next question comes from the line of Steven Haywood of HSBC. Please go ahead, your line is now open.

**Q - Steven Haywood** {BIO 15743259 <GO>}

Thanks very much. And out of curiosity, on the significant loss you had in Tryg Garanti, could you give a bit more detail about the potential country, the industry, et cetera where this loss occurred?

**A - Barbara Plucnar Jensen** {BIO 17487867 <GO>}

Well, basically, I will start saying that we don't comment on individual claims, so unfortunately I won't be able to provide you that kind of granularity.

**A - Morten Hubbe** {BIO 7481116 <GO>}

I guess, what we can say, it is a fairly plain vanilla claim in the older part of our business, if I could put it that way and sometimes customers or commercial companies as it is are headed for trouble to begin with, in sort of traditional ways losing money on projects and having a negative development in their finances, and then COVID-19 has been part of pushing them over the edge. So it's a fairly uneventful normal course of business and COVID not playing a helping hand.

**Q - Steven Haywood** {BIO 15743259 <GO>}

Okay. Thank you. And then on your productions that you're doing on the equity portfolio, is there any other hedging instruments that you'll be -- that you're using? And are you applying any hedging to other asset classes as well?

**A - Barbara Plucnar Jensen** {BIO 17487867 <GO>}

I think as a standing -- starting point, we haven't changed, you can say, the general investment strategy as such. Why -- what we are talking about here is really looking after the tail risk of our portfolio. So it is a minor adjustment in this quarter, and given the circumstances and financial market developments that we're looking in.

**Q - Steven Haywood** {BIO 15743259 <GO>}

Okay. And last question from me, and this is probably not answerable. Would it displease your regulator to pay special dividend?

**A - Morten Hubbe** {BIO 7481116 <GO>}

I honestly don't think that the regulator would distinguish between the category of dividend payment. I think for them, it is more, do you pay a dividend or not, and whatever you call the dividend, what is the amount relative to your capital base? And I think the regulators see that we have a strong balance sheet and we have strong capital generation and they wouldn't interfere with the type of dividend. That would be too detailed for them to get involved.

**Q - Steven Haywood** {BIO 15743259 <GO>}

Thank you very much.

**Operator**

Thank you. Our next question comes from the line of Christoffer Adams of Kepler Cheuvreux. Please go ahead, your line is now open.

**Q - Christoffer Adams** {BIO 15217428 <GO>}

Thank you. On page 11 of the presentation, you show that the average price of house insurance dipped in Q2 in Norway. I think that was due to the partnership agreement. Can you please give some more detail on that and explain why it has rebounded so strongly in Q3?

**A - Morten Hubbe** {BIO 7481116 <GO>}

Yes, it is. When we look at these numbers, this is the life measurement of the actual portfolio. So that's why sometimes individual changes in a single large partner agreement can have impact. In this case, it's a large Norwegian partner agreement where we have targeted profitability levels and then we see, which is very positive that for a longer period of time the targeted profitability in that particular agreement on that particular line is much stronger than planned and anticipated. And then you observe that for a while and then the partner and we agree to adjust pricing to allow for the combined ratio to move closer to the targeted level. Not many partners are large enough to have this sort of the single impact, so it is one of the very few partners large enough to have that impact. So, -- and we see that then have a tilt to the numbers for a couple of quarters. So yes, I think that's the background.

**Q - Christoffer Adams** {BIO 15217428 <GO>}

Okay, thank you.

**Operator**

Thank you. Our next question comes from the line of Martin Gregers Birk of Carnegie. Please go ahead, your line is now open.

**Q - Martin Gregers Birk** {BIO 19920552 <GO>}

Thank you so much. Just one clarification on the dividend, Morten. If I go into -- if I go into TryghedsGruppen's articles associations, it basically states that you have to pay out dividends this year in order to return the customer bonus next year. And with the dialog that you've been talking about with the Danish FSA, why would it be premature to pay it out in Q3? And should we then think about your AGM -- no, sorry, not AGM -- Capital Markets Day in December as a likely dividend date?

**A - Morten Hubbe** {BIO 7481116 <GO>}

I think, Martin, that you're pointing to an important question. Clearly that's -- TryghedsGruppen receives 60% of all dividends we pay, which of course is a very, very sizable number, and it also means that there is a very clear link between our dividend payment and the bonus payments from TryghedsGruppen. So I think you're pointing to something important. And also that means that

TryghedsGruppen is one of the extremely important stakeholders that would benefit from us paying a dividend. And as we put it earlier today, we find it clearly the best solution for all of our stakeholders that we do pay a dividend.

We don't know if the Capital Markets Day will be in December. So I think that is too early to judge. We're still working on what will be the best combination of information and formats, and as we talked about earlier, getting detail and color on the new strategy plan. Honestly, we don't really like to have to do a short sort of skinny version of strategy online. So we're trying to figure out how to best handle that. So we'll see what the time we will be. But rest assured, we are extremely alert as to the TryghedsGruppen's dependency on the dividends we pay.



## Q - Martin Gregers Birk {BIO 19920552 <GO>}

Okay, thank you. Just a follow up. I mean, we have now seen several European insurers despite mixed regulator guideline reinstating dividends and share buybacks. And I guess, also mentioned, coming back to your comments earlier on insurance companies being insurance companies and banks being banks. I mean, isn't it tempting just to pay out the dividends now that we know that the worries before the summer break were clearly overdone?

## A - Morten Hubbe {BIO 7481116 <GO>}

Well, I think it's fair to say that when you were in March talking about dividends was rather a -- an ill-received political topic. I think now we're in the beginning of October, so we have much more clarity further into Q4. We will have even more clarity. And of course, clarity is an important part of making important decisions. So I guess, temptation increases as the date move forward. So fundamentally, I agree with you.

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

But I think it's worthwhile also, Martin, to mention that, if you remember, in Q1, we saw equity markets down by more than 30%. We are more or less back in terms of the markets. You have seen somewhat more volatility in Q3. And I wouldn't rule out that you would be able to see quite a lot of movement in Q4 as well. So I think from a prudency point of view, and again accommodating some of the guidance that has been given, I think those considerations also are taken into account for us.



## Q - Martin Gregers Birk {BIO 19920552 <GO>}

All right. Thank you so much.

## Operator

Thank you. Our final question comes from the line of Phil Ross of Mediobanca. Please go ahead, your line is now open.

## Q - Phil Ross {BIO 20618440 <GO>}

Hi, good morning. Just one remaining from me, please. Morten, you said you're happy to see good development in commercial lines results, obviously helped this quarter by lower large and weather claims year-on-year. Just wondering if you can expand a little bit on the specific positives that you point to. And then maybe on outlook, how much further is there to go in improving the performance of the commercial lines segment?

## A - Morten Hubbe {BIO 7481116 <GO>}

Thank you, Phil. I think that's a very important topic. If you go back sort of four, five years, we were actually struggling to make enough profits in the commercial segments. So I think what I'm pleased with the commercial performance at the moment, it is actually in several areas. I think one area is that Commercial Norway has improved prices. It has reduced volatility. It has changed some of the exposure, which means that the combined ratio is improving in Commercial Norway. I think that's extremely important. And then when we look at Commercial Denmark, profits has been strong for longer. Actually the drive, the innovation, the degree to which we professionalize sales, take new products to the market, do cross-sales, improve customer loyalty and customer satisfaction has been significantly behind Private line. And what we've seen this year is clearly a strengthening of sales, a strengthening of adding new customer -- or new products to the market, which again has strengthened customer loyalty and strengthened customer satisfaction. And that is why we see a higher growth than usual. We see a higher number of new customers than unusual and we see if they stay longer and they are more pleased. So I think both profitability from Norway and a stronger commercial strength and productivity in Denmark, again also driving better bottom line in Commercial Denmark, I think those are all important step forward. And I think honestly that our commercial business is not by any means finished with developing and improving.

## Q - Phil Ross {BIO 20618440 <GO>}

Okay, thank you.

## Operator

Thank you. There are currently no further questions. I will now hand back to the speakers for final remarks.

## A - Morten Hubbe {BIO 7481116 <GO>}

Thank you so much for calling in today and for all your very good questions. Barbara and I are, of course, available throughout the day in the next few days if you have more questions. Otherwise, have a great weekend. Thanks.

## A - Gianandrea Roberti {BIO 6786731 <GO>}

Thank you.

## A - Barbara Plucnar Jensen {BIO 17487867 <GO>}

Thank you.