

INSR INSURANCE GROUP ASA

INTERIM REPORT

FOURTH QUARTER
AND FULL YEAR 2016

i n s r
u e

HIGHLIGHTS

- Operational and capital restructuring program ahead of plan providing the company with strategic flexibility and accelerating the strategic transformation to wholesale insurer
 - 2018 cost target will be achieved already in 2017, one year ahead of plan
 - Pricing measures and portfolio pruning proving effective
 - New capital raised in February 2017
- Fourth quarter 2016 results significantly impacted by non-recurring expenses related to the restructuring process
- Complete top management team in place

CONSOLIDATED KEY FIGURES

<i>(MNOK except otherwise stated)</i>	Q4 2016	Q4 2015 ¹	FY 2016 ²	FY 2015 ¹
Financial				
Premiums earned f.o.a.	58.9	55.1	227.2	209.9
Profit/loss from operations	(41.4)	(138.1)	(23.7)	(276.8)
Basic earnings per share (NOK)	(0.92)	(0.33)	(0.53)	(1.11)
Basic average number of shares	44.8	412.8	44.8	248.7
Investment portfolio	119.4	190.0	119.4	190.0
Net financial income	(5.3)	4.2	(2.9)	1.1
Operational³				
Loss ratio f.o.a.	33.2%	96.2%	69.9%	90.4%
Cost ratio f.o.a.	126.8%	180.0%	100.3%	106.9%
Combined ratio f.o.a.	159.9%	276.1%	170.2%	197.3%
Other³				
Solvency ratio	165%			

¹ Numbers have been restated and are excluding discontinued operations related to sale of the Swedish portfolio.

² Numbers are excluding discontinued operations related to the sale of the Swedish portfolio.

³ See glossary for definitions.

Speeding up transformation

During the fourth quarter, Insr continued its transformation to a wholesale insurance provider, reducing headcount at call centers and adjusting the organisation to deliver on the new strategy. New funds raised in early 2017 will enable Insr to accelerate implementation of the revised strategy.

Operational performance was impacted by planned downscaling of sales activities and restructuring costs. Effects from repricing and pruning of existing portfolio are increasingly materializing.

NEW FUNDS RAISED

Insr completed a private placement on 1 February 2017, raising NOK 126 million of additional equity. The successful process confirmed confidence from existing and new shareholders, and provides an opportunity to accelerate the process of implementing Insr's new strategy. The added financial funds will enable Insr to reduce reinsurance, thereby retaining a larger share of earned premiums. This is one of several key measures aimed at improving profitability.

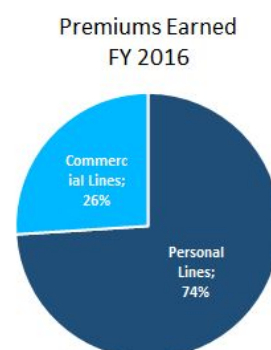
On 27 February 2017, the board of directors approved a subsequent offering of four million shares to be directed towards all existing shareholders who were not allocated shares in the private placement.

GROUP PERFORMANCE

(Figures in brackets = same period prior year unless otherwise stated)

Premium income

<i>(MNOK except otherwise stated)</i>	Q4 2016	Q4 2015 ¹	FY 2016 ²	FY 2015 ¹
Gross premiums written	177.2	246.1	723.9	846.9
Norway	166.9	235.9	670.0	800.3
Denmark	10.2	10.2	53.9	46.5
Premiums earned f.o.a.	58.9	55.1	227.2	209.9
Norway	56.4	52.2	213.0	201.8
Denmark	2.5	2.9	14.3	8.1
Portfolio	718.9	831.4		
Norway	666.5	782.1		
Denmark	52.4	49.3		



Fourth quarter 2016

Gross premiums written for Insr Insurance Group ASA (Insr) declined to NOK 177.2 million (NOK 246.1 million) during the fourth quarter due to the planned reduction in sales capacity. Written premiums in Denmark remained stable at NOK 10.2 million (NOK 10.2 million). The share of personal line premiums increased to 74.0% (70.4%), following efforts to reduce exposure towards commercial customers with unfavourable risk profiles. The planned decline in written premiums was a consequence of a controlled reduction in sales efforts as well as pricing measures, targeting enhanced profitability.

Gross premiums earned came to NOK 188.9 million (NOK 182.1 million), while premiums earned for own account amounted to NOK 58.9 million (NOK 55.1 million), reflecting high underwriting activity in earlier periods.

The portfolio as of 31 December 2016 amounted to NOK 718.9 million (NOK 831.4 million). Personal line premiums accounted for a larger share of total premiums, at 74.0% (70.3%). The decline in the share of commercial lines premiums to 26.0% (29.7%) was primarily a result of the company's effective reduction of exposure towards unfavourable segments such as large wooden buildings, pubs and restaurants. The majority of such policies were not renewed by year end 2016.

Full year 2016

Gross premiums written for the full year 2016 declined to NOK 723.9 million (NOK 846.9 million), reflecting the shift in strategic focus, aiming at building a profitable portfolio. Lower sales activities and portfolio pruning impacted written premiums in 2016.

Gross premiums earned came to NOK 804.6 million (NOK 751.7 million) and premiums earned for own account amounted to NOK 227.2 million (NOK 209.9 million). The increase reflected portfolio growth in earlier years.

Results

Fourth quarter 2016

Gross claims incurred came to NOK 87.8 million (NOK 133.7 million) during the fourth quarter, corresponding to a gross loss ratio of 46.5% (73.4%). Claims incurred for own account came to NOK 19.5 million (NOK 53.0 million), corresponding to a loss ratio for own account of 33.2% (96.2%).

Gross claims incurred during the quarter reflected the unfavourable risk profile of parts of earlier vintages. Ongoing pruning as well as maturation of the insurance portfolio will improve the overall risk profile of the portfolio going forward. Claims incurred f.o.a. were positively impacted by reduced claims provisions.

The company initiated a comprehensive operational improvement program during the first quarter of 2016, targeting a reduction of annual group operating expenses to NOK 175 million in 2018. The effective measures completed during 2016 have reduced the cost base significantly, enabling the company to push forward this goal to 2017.

Total operating expenses for own account during the fourth quarter came to NOK 74.6 million (NOK 99.1 million), mainly driven by reduced sales capacity. Headcounts were significantly reduced with about one third of the total during the fourth quarter, following closure of the Hamar office, reducing outbound sales capacity in Porsgrunn and rightsizing the headquarter in Oslo.

The group recorded NOK 46.3 million in non-recurring items during the quarter related to the ongoing restructuring process and cost cutting initiatives. The change of IT vendor and changes in the distribution set-up are the main items.

Gross combined ratio for the fourth quarter was 99.8% (145.2%). Combined ratio for own account was 159.9% (276.1%).

Technical result for the quarter was a loss of NOK 34.7 million (loss of NOK 97.5 million), significantly impacted by non-recurring items.

Total financial income for the quarter was negative with NOK 5.3 million (positive NOK 4.2 million), primarily related to write down of shares in subsidiaries.

Loss from operations for the quarter was NOK 41.4 million (loss of NOK 138.1 million), largely impacted by the ongoing restructuring process.

Full year 2016

Technical result for the full year 2016 was a loss of NOK 156.9 million (loss of NOK 198.0 million). Loss from operations was NOK 23.7 million (loss of NOK 276.8 million), reflecting gains related to the sale of the Swedish portfolio and non-recurring expenses.

Financial position and liquidity

Consolidated cash flow

Fourth quarter 2016

Cash flow from operations was positive NOK 11.0 million (negative NOK 60.7 million). Cash used for investment activities amounted to negative NOK 3.0 million (negative NOK 12.6 million). Cash flow from financial activities amounted to positive NOK 0.4 million (positive NOK 42.6 million).

The group recorded cash and cash equivalents of NOK 218.3 million as of 31 December 2016 (NOK 316.5 million).

Full year 2016

Cash flow from operations was negative NOK 87.5 million (negative NOK 304.1 million). Cash used for investment activities amounted to negative NOK 13.7 million (negative NOK 26.4 million). Cash flow from financial activities amounted to positive NOK 2.9 million (positive NOK 462.1 million).

Discontinued operations had a negative impact on cash holdings amounting to NOK 19.8 million (positive NOK 33.4 million).

Consolidated financial position and solvency capital

As of 31 December 2016, total assets amounted to NOK 1 293.9 million (NOK 2 193.1 million). Total equity amounted to NOK 81.5 million (NOK 103.6 million).

The solvency ratio at the end of the quarter was 165% (172% as of 30 September 2016), significantly above the minimum regulatory requirement of 100%. Solvency capital requirement as of 31 December 2016 was NOK 118.5 million (NOK 130.8 million as of 30 September 2016).

STRATEGIC UPDATE

The purpose of the ongoing restructuring program is to establish Insr as a profitable wholesale insurer. The company aims to establish a flexible insurance platform, offering insurance policies to partners focused on sales and distribution towards consumers and small and mid-sized businesses (SME). Management has worked diligently on aligning the business model to operationalize the new strategic direction. Through the new strategy, the company will strive to foster a performance oriented, innovative and challenger culture.

During the fourth quarter, management conducted operational improvements and continued the process of establishing a competitive business model with a selective distribution set-up. Significant headcount reduction was carried out, following closure of the Hamar office and rightsizing the headquarter in Oslo. Total employees have been reduced from approximately 330 to approximately 100 during 2016. Distribution operations in Denmark were established as an external agency effective from 1 January 2017, in line with the strategy to reduce in-house sales activities towards retail customers. As a result of the implemented measures, full-year 2017 cost forecast is already at 2018 target.

Efforts have been put into optimizing the corporate organization, reducing layers of management and increasing managerial spans of responsibility. Customer services and claims handling are now grouped together, providing efficient customer handling. The top management team has been completed with the appointment of Ingvild Gråberg as Executive Vice President for the shared services function. Insr has attracted relevant competency within sales, and capacity within risk and analysis has been significantly strengthened. Marketing activities targeting new segments have been stepped up.

Reduction of reinsurance is one of the key measures for improving group profitability. The new capital raised during the first quarter enables Insr to accelerate the process. Management has initiated dialogue with the reinsurance providers.

OUTLOOK

The current macroeconomic conditions in Norway and Denmark give reason to expect continued stable demand for general insurance products in the short and medium term. The Scandinavian insurance market is characterized by increasing demand for tailored solutions. Disruptive innovations challenge established business models, forcing the incumbents to assess new product offerings, business models and operations. Insr will respond to these trends by being a flexible and agile challenger, providing efficient, competitive and customized products.

The restructuring process is ahead of plan, and Insr will remain committed to complete the ongoing restructuring process in 2017. This will generate significant savings from 2017, as well as increased profitability. The controlled reduction of in-house sales capacity will continue to negatively affect premiums going into 2017. In order to mitigate this, and in line with the wholesale strategy, the company has started to ramp up external sales capacity. Ongoing portfolio pruning and maturation of the insurance portfolio are expected to improve the loss ratio throughout 2017.

Insr will renew its reinsurance program on 1 April, 2017. As previously announced, the company intends to reduce the amount of proportional reinsurance purchased.

Insr Insurance Group ASA complies with statutory solvency requirements, reporting a solvency ratio of 165% as of 31 December 2016. Following the private placement, the company forecasts the solvency ratio to stay above 200% through 2017.

Oslo, 27 February 2016

The Board of Directors
Insr Insurance Group ASA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED FOR THE PERIOD ENDED 31 DECEMBER 2016

Insr Insurance Group					
Consolidated Income Statement					
					(NOK 1,000)
	Note	Q4 2016	Q4 2015 ¹	FY 2016 ²	FY 2015 ¹
Premium income	2				
Gross premiums earned		188 927	182 110	804 613	751 666
Reinsurance share		(130 044)	(127 029)	(577 382)	(541 774)
Premiums earned for own account		58 883	55 081	227 231	209 892
Other insurance-related income		645	(431)	2 740	6 207
Claims	2				
Gross claims incurred		(87 809)	(133 684)	(615 380)	(683 538)
Reinsurance share of gross claims incurred		68 272	80 707	456 518	493 816
Claims incurred for own account		(19 537)	(52 978)	(158 862)	(189 722)
Operating expenses					
Sales costs		(8 426)	(105 549)	(136 154)	(269 216)
Insurance-related administration costs		(92 310)	(25 130)	(199 167)	(91 441)
Commission received		26 095	31 560	107 331	136 282
Total operating expenses for own account		(74 641)	(99 119)	(227 990)	(224 375)
Technical result		(34 651)	(97 447)	(156 881)	(197 998)
Net financial income					
Interest income and dividends etc. on financial assets		(5 305)	4 189	(2 875)	1 080
Total financial income		(5 305)	4 189	(2 875)	1 080
Other income		0	964	0	964
Other expenses		0	(4 997)	0	(4 997)
Non-technical result		(5 305)	156	(2 875)	(2 953)
Profit before tax		(39 956)	(97 291)	(159 756)	(200 951)
Tax		0	3 833	0	3 833
Profit before components of comprehensive income	5	(39 956)	(93 908)	(159 756)	(197 568)
Other income and expenses					
Exchange rate differences		(1 398)	1 395	(38)	(2 406)
Total other income and expenses		(1 398)	1 395	(38)	(2 406)
Profit from continued operations		(41 354)	(92 513)	(159 794)	(199 974)
Profit from discontinued operations	7	0	(45 550)	136 130	(76 799)
Profit/ loss from operations		(41 354)	(138 063)	(23 664)	(276 773)

Insr Insurance Group		(NOK 1,000)	
Consolidated Statement of Financial Position			
	Note	FY 2016	FY 2015
ASSETS			
Intangible assets			
Goodwill		78 546	54 137
Other intangible assets	4	63 273	72 898
Total intangible assets		141 819	127 035
Investments			
Investments in shares and parts		363	0
Bonds and other fixed-income securities	6	119 001	189 999
Total investments		119 363	189 999
Reinsurance share of gross technical provisions			
Reinsurance share of gross premium provisions		260 190	559 017
Reinsurance share of unexpired risk reserve		3 753	0
Reinsurance share of gross claims provisions		326 523	551 676
Total reinsurance share of gross technical provisions		590 466	1 110 693
Receivables			
Receivables in connection with direct insurance and reinsurance		240 594	525 995
Other receivables		93 869	67 067
Total receivables		334 463	593 062
Other assets			
Plant and equipment		3 844	4 288
Cash and cash equivalents		99 258	126 508
Total other assets		103 102	130 796
Prepaid expenses and earned income not received			
Prepaid costs and earned income not received		4 667	41 484
Total prepaid expenses and earned income not received		4 667	41 484
Total assets		1 293 881	2 193 069

Insr Insurance Group			
Consolidated Statement of Financial Position		(NOK 1,000)	
	Note	FY 2016	FY 2015
EQUITY AND LIABILITIES			
Paid-in equity			
Share capital		35 829	35 829
Share premium		907 334	907 333
Other paid-in-equity		5 536	4 081
Total paid-in equity		948 699	947 243
Provision for Guarantee scheme		21 393	14 435
Other equity		(888 635)	(858 108)
Total equity	3	81 457	103 570
Subordinated loan		73 959	73 931
Technical provisions			
Gross premium reserve		341 073	752 792
Unexpired risk reserve		5 004	0
Gross claims reserve		438 285	704 515
Total technical provisions		784 362	1 457 307
Financial liabilities			
Other liabilities		82 457	58 988
Liabilities in connection with direct insurance and reinsurance		169 766	345 319
Total financial liabilities		252 223	404 307
Accrued costs and received unearned income		101 880	153 954
Total liabilities		1 212 425	2 089 499
Total equity and liabilities		1 293 881	2 193 069

Insr Insurance Group				
Consolidated statement of cash flow				
	(NOK 1,000)			
	Q4 2016	Q4 2015	FY 2016	FY 2015
Net cash flow from operational activities	10 978	(60 762)	(87 462)	(304 099)
Net cash flow from investment activities	(2 976)	(12 558)	(13 653)	(26 447)
Net cash flow from financial activities	423	42 630	2 867	462 076
Net change in cash and cash equivalents	8 426	(30 690)	(98 248)	131 530
Hereof discontinued operations	0	8 546	(19 756)	33 443
Cash and cash equivalents beginning of the period	209 833	347 197	316 507	184 977
Cash and cash equivalents end of the period	218 259	316 507	218 259	316 507
Net cash flow for the period	8 426	(30 690)	(98 248)	131 530
Specification of cash and cash equivalents				
Cash in bank and liquidity funds	218 259	316 507	218 259	316 507
Total cash and cash equivalents	218 259	316 507	218 259	316 507

Insr Insurance Group Consolidated statement of changes in equity							(NOK 1,000)
	Share capital	Share premium	Other equity	Other earned equity	Natural perils fund	Guarantee scheme	Total
Equity as at 1 January 2015	2 579	552 382	2 541	(538 281)	428	7 067	26 716
Change accounting principles				(36 118)			(36 118)
	2 579	552 382	2 541	(574 399)	428	7 067	(9 402)
Changes in provisions in Q1 2015				(300)	300		0
Profit before OCI				(72 959)			(72 959)
Other result components (net after tax)				49			49
Profit from discontinued operations				(9 282)			(9 282)
Other				510			510
Equity as at 31 March 2015	2 579	552 382	2 541	(656 381)	728	7 067	(91 084)
Equity as at 1 April 2015	2 579	552 382	2 541	(656 381)	728	7 067	(91 084)
Increase in equity in Q2 2015	30 000	315 572					345 572
Cost related to capital issue		(3 698)					(3 698)
Changes in provisions in Q2 2015				728	(728)		0
Profit before OCI				(17 760)			(17 760)
Other result components (net after tax)				(476)			(476)
Profit from discontinued operations				(20 504)			(20 504)
Other				(315)			(315)
Equity as at 30 June 2015	32 579	864 256	2 541	(694 708)	0	7 067	211 735
Equity as at 1 July 2015	32 579	864 256	2 541	(694 708)	0	7 067	211 735
Increase in equity in Q3 2015	0	0					0
Cost related to capital issue		(1 582)					(1 582)
Changes in provisions in Q3 2015				(5 404)	0	5 404	0
Profit before OCI				(12 941)			(12 941)
Other result components (net after tax)				(3 376)			(3 376)
Profit from discontinued operations				(1 463)			(1 463)
Other				547			547
Equity as at 30 September 2015	32 579	862 674	2 541	(717 345)	0	12 471	192 920
Equity as at 1 October 2015	32 579	862 674	2 541	(717 345)	0	12 471	192 920
Increase in equity in Q4 2015	3 250	46 719					49 969
Cost related to capital issue		(2 060)					(2 060)
Changes in provisions in Q4 2015				(1 964)	0	1 964	0
Profit before OCI				(93 908)			(93 908)
Other result components (net after tax)				1 396			1 396
Option expenses			1 540				1 540
Gevinst salg datterselskaper							0
Profit from discontinued operations				(45 550)			(45 550)
Other				(737)			(737)
Equity as at 31 December 2015	35 829	907 333	4 081	(858 108)	0	14 435	103 570

Equity as at 1 January 2016	35 829	907 333	4 081	(858 108)	0	14 435	103 570
Changes in provisions in Q1 2016				(1 902)		1 902	0
Profit before OCI				(46 294)			(46 294)
Other result components (net after tax)				(29)			(29)
Option expenses			400	(400)			0
Profit from discontinued operations				(23 675)			(23 675)
Other				2			2
Equity as at 31 March 2016	35 829	907 333	4 481	(930 406)	0	16 337	33 574
Equity as at 1 April 2016	35 829	907 333	4 481	(930 406)	0	16 337	33 574
Changes in provisions in Q2 2016				(1 766)		1 766	0
Profit before OCI				(12 953)			(12 953)
Other result components (net after tax)				0			0
Option expenses			1 456	(1 456)			0
Other expenses				(109)			(109)
Profit from discontinued operations				159 805			159 805
Other				1			1
Equity as at 30 June 2016	35 829	907 333	5 937	(786 883)	0	18 103	180 318
Equity as at 1 July 2016	35 829	907 333	5 937	(786 883)	0	18 103	180 318
Cost related to capital issue				(2 107)		2 107	0
Profit before OCI				(60 553)			(60 553)
Other result components (net after tax)				1 498			1 498
Option expenses			1 000	(1 000)			0
Other				150			150
Equity as at 30 Sept. 2016	35 829	907 333	6 937	(848 896)	0	20 210	121 413
Equity as at 1 October 2016	35 829	907 333	6 937	(848 896)	0	20 210	121 413
Changes in provisions in Q4 2016				(1 183)		1 183	0
Profit before OCI				(41 354)			(41 354)
Option expenses			(1 500)	1 500			0
Other				1 398			1 398
Equity as at 31 December 2016	35 829	907 333	5 437	(888 535)	0	21 393	81 457

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Accounting principles

These interim accounts and the report from the Board of Directors for the fourth quarter and the year 2016 have been prepared according to IFRS and IAS 34 Interim Reporting, and are in line with the principles described in the annual report for 2015. For further information, reference is made to the 2015 annual report.

Due to changes in the financial statement regulation for insurance companies, effective from 1 January 2016, the comparable figures have been restated. The changes in the regulation led to changes in the accounting principles regarding the security provision and allocated return on investments. The changes in security provisions are no longer required and the provisions amounting to NOK 46.7 million at year end 2015 have been restated to other equity. The changes in security provisions in profit and loss have been restated accordingly for prior periods. The allocation of return on investments are no longer transferred from non-technical to technical accounts and all comparable periods have been restated accordingly.

The Group has decided to change accounting principles related to capitalization and amortization of sales expenses. As of 30 June 2016 the capitalized expenses amounted to NOK 112.0 million and have been restated to equity. The comparative amounts for prior periods have been restated accordingly. The effect of the changes in accounting principles is shown in the table below:

Equity effect of changing principles 30 June 2016	112 054
Reduced expenses 2016	35 470
Equity effect of changing principles 31 December 2015	147 524
Increased sales expenses 2015	-79 432
Changes in security reserves provisions 2015	-31 974
Equity effect of changing principles 1 January 2015	36 118

NOTE 2 Segment information

Norway (NOK 1,000)	Q4 2016	Q4 2015 ¹	FY 2016	FY 2015 ¹
Gross premiums written	166 882	235 901	669 836	800 331
Premiums earned f.o.a.	56 400	49 154	212 965	201 806
Other income	645	(422)	2 740	8 726
Incurring claims and operating expenses f.o.a.	(83 238)	(83 294)	(359 876)	(338 731)
Technical result	(26 193)	(34 562)	(144 171)	(128 201)
Cost Ratio	120%	47%	100%	78%
Loss Ratio	27%	122%	69%	90%
Net Combined Ratio	148%	169%	169%	168%

Denmark (NOK 1,000)	Q4 2016	Q4 2015 ¹	FY 2016	FY 2015 ¹
Gross premiums written	10 147	10 180	53 942	46 541
Premiums earned f.o.a.	2 482	2 982	14 266	8 086
Other income	0	(9)	0	0
Incurring claims and operating expenses f.o.a.	(10 940)	(10 418)	(26 975)	(75 364)
Technical result	(8 458)	(7 445)	(12 710)	(67 278)
Cost Ratio	273%	233%	101%	821%
Loss Ratio	168%	116%	88%	111%
Net Combined Ratio	441%	349%	189%	932%

NOTE 3 Other intangible assets

The Group had no large investments in goodwill or intangible assets during the fourth quarter of 2016. The balance of goodwill amounting to NOK 78.5 million refers mainly to development of the Group's insurance system, acquisition of an insurance portfolio at the end of 2013 and the purchase of the distribution companies in 2016. Both the Group's insurance system and the insurance portfolio are depreciated over seven years.

NOTE 4 Earnings per share

Earnings per share

Earnings per share is calculated by dividing the profit before components of comprehensive income on a weighted average of outstanding ordinary shares through the quarter, own shares deducted.

(NOK 1,000)	Q4 2016	Q4 2015 ¹	FY 2016	FY 2015 ¹
Profit before OCI	(41 354)	(138 063)	(23 664)	(276 773)
Earnings per share	(0.92)	(0.33)	(0.53)	(1.11)

Earnings per share, diluted

By calculation of diluted earnings per share, a weighted average of total outstanding shares through the quarter is used adjusted for the effect of conversion of potential shares that can cause dilution. The Group has one category of potential shares that can cause dilution: stock options. The number of shares is compared with the number of shares that would have been issued if all stock options were exercised. The difference is added in the calculation as issued shares without consideration.

(NOK 1,000)	Q4 2016	Q4 2015 ¹	FY 2016	FY 2015 ¹
Profit before OCI	(41 354)	(138 063)	(23 664)	(276 773)
Weighted average of ordinary shares (in 1,000)	41 049	407 242	41 049	242 283
Adjusted for stock options (in 1,000)	44 787	412 787	44 787	248 721
Earnings per share diluted	(0.92)	(0.33)	(0.53)	(1.11)

Earnings per share diluted is for Insr Insurance Group ASA equivalent to earnings per share. The earnings per share diluted will only be different if conversion of shares increases the deficit per share.

NOTE 5 Bond and other fixed-income securities

During the third quarter 2015, the company invested in low risk money market funds. The value of the portfolio by end of December 2016 was NOK 119.0 million. The managers of the funds are Danske Bank, Storebrand and Nordea.

NOTE 6 Transactions with related parties

Transactions with companies within the Group have been eliminated in the Group accounts. With the acquisition of Vardia Norge, additional transactions have been identified and eliminated. The purchase of the shares of Vardia Norge group (distribution companies) was executed on 23 May 2016 for the amount of NOK 5.5 million. Vardia Norge's activities are integrated into group operations.

For further information, please refer to the annual accounts for 2015.

NOTE 7 Discontinued operations

On 28 April 2016, Insr announced the sale of its Swedish insurance portfolio to Gjensidige for a total consideration of SEK 200 million and the repurchase of the distribution business in Norway that was divested in 2015. The Swedish portfolio is not included in the balance sheet as per 30 June 2016 (included in prior periods) and the related result for the portfolio is presented as "discontinued operations" in the related quarters. The business represents the geographic area Sweden, defined as an operating segment.

Insr Insurance Group				
Discontinued operations (Sweden)				
(NOK 1,000)				
	Q4 2016	Q4 2015	FY 2016	FY 2015
Premium income				
Gross premiums earned	0	157 206	348 617	564 215
Reinsurance share	0	(115 786)	(272 765)	(424 994)
Premiums earned for own account	0	41 420	75 906	139 221
Other insurance-related income	0	0	0	5 958
Claims				
Gross claims incurred	0	(66 905)	(310 079)	(334 176)
Reinsurance share of gross claims incurred	0	9 063	233 208	209 517
Claims incurred for own account	0	(57 841)	-76 871	(124 659)
Operating expenses				
Sales costs	0	(54 406)	(61 549)	(167 911)
Insurance-related administration costs	0	(4 021)	(23 256)	(35 187)
Commission received	0	29 298	39 620	105 779
Total operating expenses for own account	0	(29 129)	(45 185)	(97 319)
Technical result	0	(45 550)	(46 150)	(76 799)
Net financial income				
Gain from sale of the Swedish portfolio	0	0	182 280	0
Total financial income	0	0	182 280	0
Non-technical result	0	0	182 280	0
Profit before components of comprehensive income	0	(45 550)	136 130	(76 799)
Profit from discontinued operations	0	(45 550)	136 130	(76 799)

GLOSSARY

Available capital: Capital measure defined internally based on Insr's valuation of market-consistent value of assets minus market-consistent value of obligations.

Solvency capital requirement (SCR): The amount of capital the company is required to hold. SCR is derived using a standard formula.

Solvency margin: Available capital / Solvency capital requirement

Vintages: Policies written in prior underwriting years.

Underwriting year: The year commencing with the effective date of a policy or with the renewal date of that policy.

Gross loss ratio: Gross claims incurred / Gross premiums earned

Gross cost ratio: Sales and administration costs / Gross premiums earned

Gross combined ratio: Gross loss ratio + Gross cost ratio

For own account (f.o.a.): Net of reinsurance

Loss ratio f.o.a.: Claims incurred f.o.a. / Earned premium f.o.a.

Cost ratio f.o.a.: Administration costs / Earned premiums net of reinsurance

Combined ratio f.o.a.: Loss ratio f.o.a. + Cost ratio f.o.a.

Disclaimer

This report may contain forward-looking statements, which are based on our current expectations and projections about future events. The terms “anticipates”, “assumes”, “believes”, “can”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “should”, “projects”, “will”, “would” or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. All statements other than statements of historical facts included in this report, including statements regarding our future financial position, risks and uncertainties related to our business, strategy and our plans and objectives for future operations, may be deemed to be forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this report, and we do not intend and do not assume any obligation to update any statements set forth in this report.

FINANCIAL CALENDAR

Q1 2017 Results	10 May 2017
Annual General Meeting	24 May 2017
Q2 2017 Results	16 August 2017
Q3 2017 Results	8 November 2017

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