



DEFEND INSURANCE
A FORTEGRA COMPANY



DEFEND AT A GLANCE 2019/2020



Experience More



DEFEND INSURANCE
A FORTEGRA COMPANY

DEFEND INSURANCE GROUP



Welcome to the exclusive
world of innovative
automotive solutions

Experience More



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FOREWORD

Dear ladies and gentlemen, dear business partners,

We are pleased to submit our report for 2019 as another year of successful strategic development completed with acquisition with Fortegra Financial Corporation. We can look back over a record year: number of registered policies rose by 18% to 171 000 and the gross written premium also achieved a new record high with €77.8 million.

2019 marked a milestone in the history of DEFEND INSURANCE GROUP, highlighted by the acquisition of majority share of DIG by a strategic partner, A-rated insurer Fortegra Financial Corporation, which unlocked many opportunities for upcoming years including our mutual aim for Pan-European growth.

With the recent launch of Fortegra Europe Insurance Company Ltd, headquartered in London, becoming our main underwriter, we are ready to take advantage of such a close relationship to bring more innovative products and to grow further.

I am delighted that we managed a smooth integration with Fortegra, which would not be possible without the commitment of our staff, whose efforts are greatly appreciated.

With more than 80 people employed, located in 6 offices across the CEE region, we feel able to bring even more cutting edge projects to the market, which will help our clients find the products and solutions that meet their requirements and to provide them safety and peace of mind.

Furthermore, 2019 successful business results came along with our internal process enhancement and successful launches, which continued in 2020 despite the global pandemic and the economic downtime.

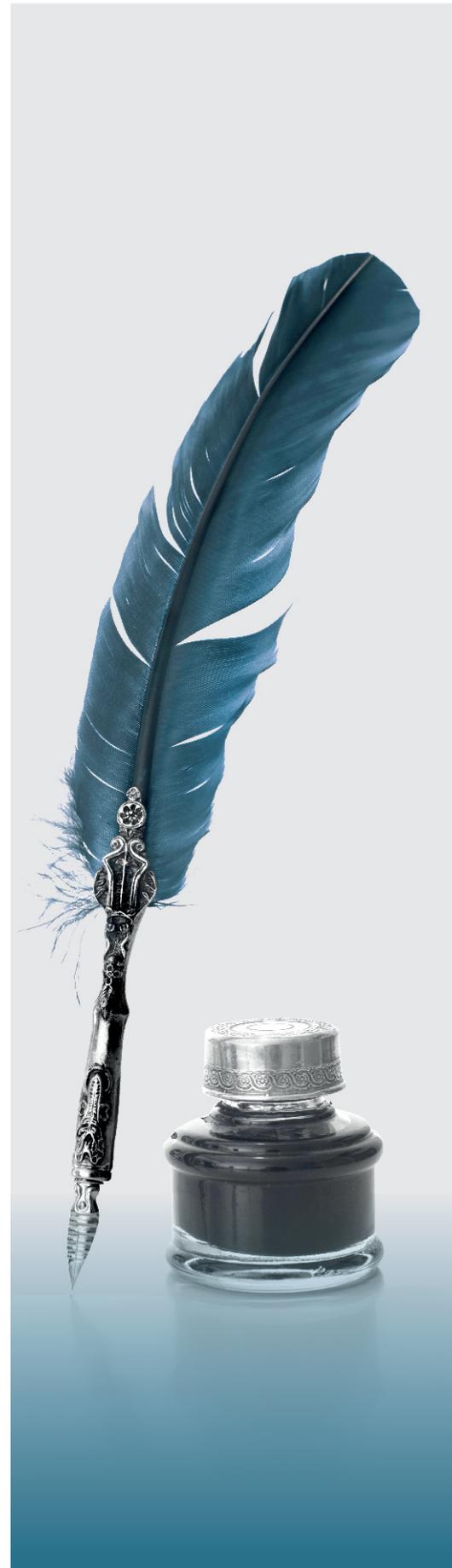
We had efficient emergency systems and procedures in place which allowed us to continue with all operations remotely, while we launched monthly financing and advanced e-learning platform DEFEND LEARNING ACADEMY, to provide our business partners with all the tools they need to increase their results.

Thanks to that we are well positioned to weather the coming storm and to emerge stronger.

I hope you will share my excitement by the many opportunities that we still have in front of us and I look forward sharing our future success with you.

Sincerely,

Andrew Quirke
Managing Director





GROUP PROFILE

Our mission is to exceed expectations by developing and delivering market leading products and services that customers recommend to their family; partners prefer for their customers, and employees are proud of. We provide innovative solutions that contribute significantly to customer satisfaction and their loyalty towards our partners.

We strive to facilitate the security of our customers and to bring profit to our partners by providing a full range of highly competitive products and services, which cover all main market segments.

Our Group involves companies which mutually complement its product portfolio, capable of offering complete services across the CEE region and the United Kingdom in the key areas that concern the automotive industry:

- **Insurance**
- **Protection**
- **Safety**
- **Digital merchandising**

DEFEND INSURANCE GROUP has recorded remarkable growth during the past years, from a local company to one of the leading specialty insurance providers we are today, with focus on GAP insurance, extended warranties, S.M.A.R.T. and MOT insurance.

As we are constantly looking for new opportunities and improvements, we need to have the right partners along the road.

DEFEND is fortunate to work with strong partner insurers and reinsurers who are fully supportive and confident in our direction and future and you can find out more about them on page 12.

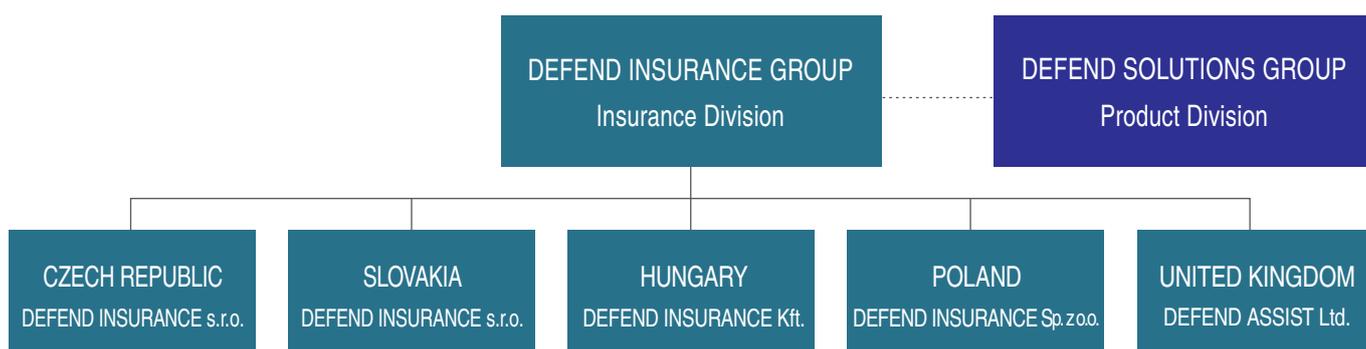
We also value our partner network and the important role it plays in supporting our development by providing an access to diverse customers across all markets.

We are now able to reach the end customer through cooperation with more than 3 500 automotive dealers, 340 independent brokers and almost 50 fleet and leasing management companies, which represents another year-on-year growth in our partner network.

With our solid base together with our new investor, the outlook for 2020 and beyond is more than exciting as we look forward to further growth, strengthening our position as the leading provider of insurance services in the automotive sector in the region.

A huge benefit in providing and managing complex product portfolio, is our operating company DEFEND SOLUTIONS GROUP, which is gathering steam from developing a strong partnership with British market leader GardX International Ltd.

DEFEND SOLUTIONS GROUP successfully launched GardX award-winning vehicle protection system in the CEE region, together with merchandising platform DEFEND SpinCar. These two solutions brought to our partners and their clients additional benefits, opening new opportunities.





OUR LOCATIONS

DEFEND INSURANCE GROUP companies are incorporated in five countries with six offices across CEE market - in the Czech Republic, Slovakia, Hungary, Poland and in the UK.



Headquarter - Czech Republic
DEFEND INSURANCE HOLDING s.r.o.
Rožtylská 1860/1
148 00 Prague
Czech Republic

Administrative Office - Czechia
DEFEND INSURANCE s.r.o.
Spáčilova 569
767 01 Kroměřiz
Czech Republic

Sales Support Office - Poland
DEFEND INSURANCE Sp. z o.o.
ul. Ligocka 103
40-568 Katowice
Poland

Poland
DEFEND INSURANCE Sp. z o.o.
ul. Solec 18/20
00-410 Warsaw
Poland

Slovakia
DEFEND INSURANCE s.r.o.
Pribinova 4
811 09 Bratislava
Slovakia

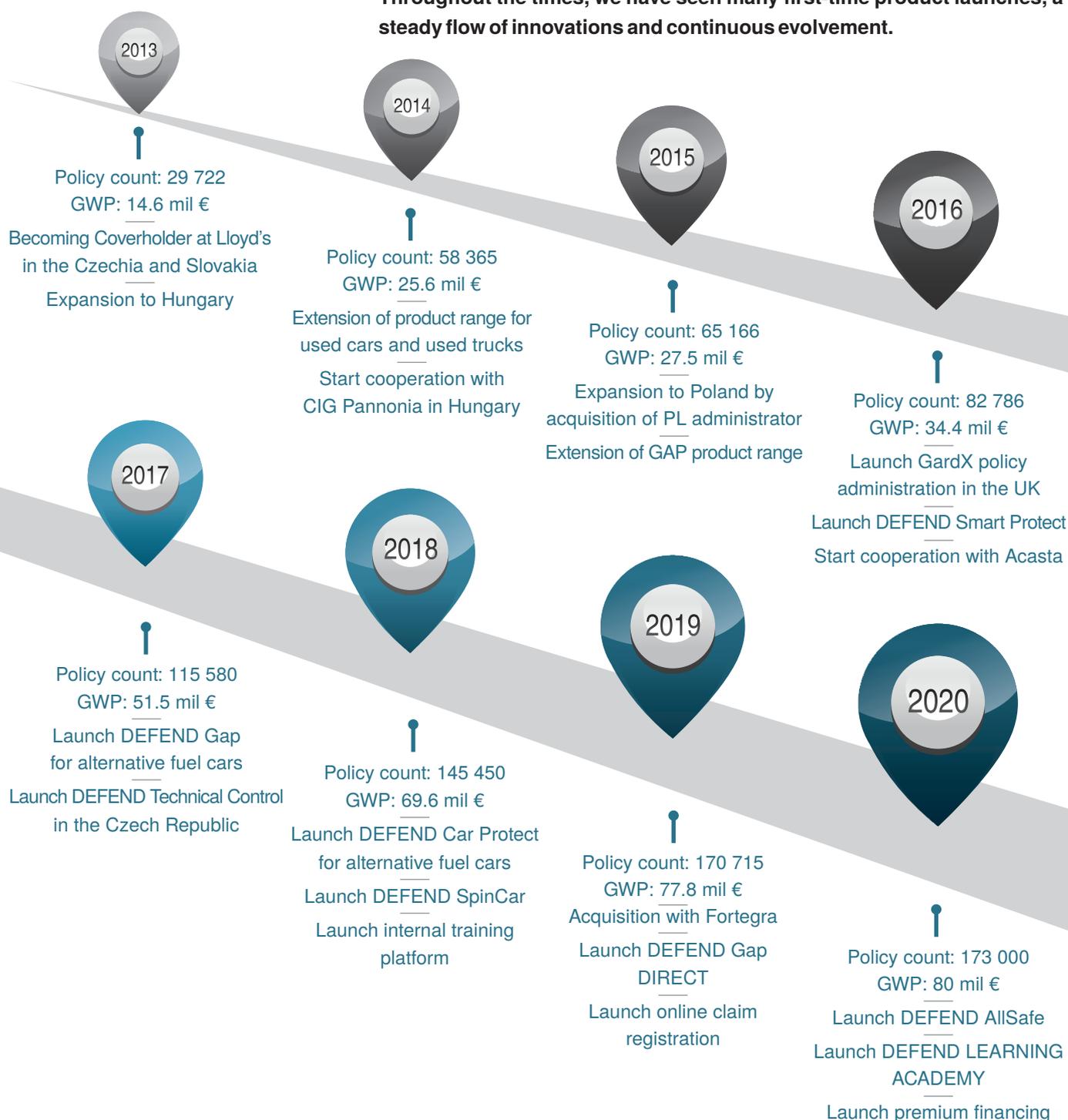
Hungary
DEFEND INSURANCE Kft.
Futó utca 35-37
1082 Budapest
Hungary

United Kingdom
DEFEND ASSIST Ltd.
8 Huxley Drive
SK7 2PH Stockport - Bramhall
United Kingdom



DEFEND MILESTONES

Historical milestones and a variety of achievements characterize our journey from a local company to the strong player we are today. Throughout the times, we have seen many first-time product launches, a steady flow of innovations and continuous evolution.





OUR STRATEGY

Our strategy has driven the success and growth of DEFEND in recent years, taking advantage of our past and expected promising future. This strategy is based on seamless adaptation to a dynamic environment, but at the same time has roots in strong values and stable long-term vision.

Our policy, maintained over the years, places us in position as a financially stable and respected brand, also acknowledged as a solid partner.

DEFEND strength consists of a dedicated team, supporting insurers, effective solutions, excellent services, reliable partners and loyal customers.

THE KEY PILLARS OF OUR STRATEGY

Focused management team

The management team is integral to the success of DEFEND.

It consists of industry's leading executives, each bringing their experience and perspective to the strategic development of our company.

They are committed to the highest standards of corporate governance and oversee management as well as the day-to-day work to ensure the right direction of our company for the further growth.

Dedicated employees

Investing in the development of our employees allow us to deliver more satisfying product and solutions.

In DEFEND we put emphasis in providing our employees with friendly working environment and the opportunity to grow personally and professionally to benefit both, customers and team members.

Supporting insurers

We are proud to work with some of the leading insurers, who allow us to be always one step ahead and in many ways lead the direction of the market, bringing innovative solutions to the needs of our customers.

They also provide peace of mind to customers that at times of stress, will still be there to settle claims quickly and efficiently.

Effective solutions

DEFEND is focused on delivering solutions that will exceed expectations and create new standards on the market.

We are open to listen to our customers needs, follow the development of new technologies and quickly adjust to current demands.

Over the years we also maintain careful risk assessment and comprehensive claims management to ensure full adherence to regulator requirements.

Excellent customer service

Our main purpose is to help the customers at a stressful times.





OUR STRATEGY

Thus, we pay great attention to our customer service, which represents both the first and last stage of the whole insurance process and plays an important role in building positive experience.

Reliable Partners

Our partners network consists of major market players, together with local businesses.

This results in our presence in different areas of the market, giving us access to diverse customers and expanding our influence.

We provide their staff with cooperative management able to provide essential information and support and our e-learning platform gives them opportunity to access our knowledge and solutions in the most user-friendly way.

Valued loyal customers

The loyalty and trust of our customers is what we strive to achieve. In reaching this goal, we reinforce the benefits of our strategy.

Only thanks to them can we continue our growth and future development.





MANAGEMENT TEAM

Wise leadership and in-depth industry knowledge are the essential principles to succeed in any business.

Our management team each day oversees daily challenges at pace in providing groundbreaking solutions and the finest service; maintaining corporate identity in all aspects, and building unique workplace, that everyone can be proud of and enjoy.

Andrew Quirke
Managing Director



Andrew has over 25 years' experience in automotive insurance companies. He co-founded DEFEND INSURANCE GROUP in 2012 and since then he is responsible for strategy and executive management of DIG and DSG as well as leading the Group's sales team.

Pavel Tempír
Technology Director



Pavel has over 15 years' experience with IT systems, data mining and analysis. He co-founded DIG and is in charge of IT and systems at DEFEND especially leading MIS and web based policy administration system development as well as managing new systems initiatives.

Bohdan Minol
U/W & Product Manager



Bohdan has almost 20 years' experience with underwriting, reinsurance, claims handling and product management. He joined DEFEND in 2020 and is responsible for the Group's underwriting and insurance strategy as well as cooperation with partner insurers.

Miroslava Izáková
Finance Manager



Miroslava has 20 years' experience in finance and reporting in insurance companies. She joined DEFEND in 2016 and currently supervises financial position for all Group's companies across the region.

Kateřina Písaříková
Marketing Manager



Kateřina has more than 8 years' experience with marketing and graphic design. She joined DEFEND in 2015 and currently manages the Group's marketing activities and communication and creates strategy for all products.

Lenka Zlatníková
System Manager



Lenka has more than 15 years' experience with administration and systems. She joined DEFEND in 2013 and currently is responsible for processes connected with policies administration and leading admin team in Kroměříž.

Jiří Voborník
Claims Manager



Jiří has almost 15 years' experience with claims handling and repairs shop management. He joined DEFEND in 2013 and currently he oversees the day to day claims operation and leads claims team.

Mariam Gulbani
Compliance Manager



Mariam has more than 7 years' experience with compliance and legal consulting. She joined DEFEND in 2017 and currently supervises areas of Contract management & certainty and Compliance and is a lead person for GDPR matters.

Vojtěch Růžička
Reporting Manager



Vojtěch has almost 10 years' experience with data analysis and reporting. He joined DEFEND in 2015 and currently is responsible for partner, management, insurer and regulatory reporting and for maintaining data quality.



Gabriela Motežiková
Country Manager CZ

Gabriela has almost 15 years' experience in sales and key account management. She joined DEFEND in 2013 and is responsible for sales of DIG & DSG products in CR and leading the sales team.



Marcela Baníková
Key Account Manager

Marcela has almost 15 years' experience in sales and key account management. She joined DEFEND in 2019 and is responsible for maintaining and developing a relationship with our key partner AAA AUTO.



Carine Osusky
Country Manager UK

Carine has more than 10 years' experience in client relationship and operations management. She joined DEFEND in 2017 and is responsible for DIG operations in the UK market and leading the claims team.



Oliver Kiss
Country Manager SK

Oliver has over 20 years' experience in sales, business development and asset financing. He joined DEFEND in 2019 and currently is responsible for strategy and sales of DIG & DSG products in SR and leads the country sales team.



Emília Nagy
Country Manager HU

Emília has over 15 years' experience in key account management and asset financing. She joined DEFEND in 2017 and currently is responsible for strategy and sales of DIG products in HU and leads the country sales team.



Tomasz Oszczepalski
Country Manager PL

Tomasz has 15 years' experience in car insurance, customer care and sales. He joined DEFEND in 2016 and currently is responsible for strategy and sales of DIG products in PL and leads the country sales team.





INSURERS & REINSURERS

Our insurer and reinsurer partners help us leverage our consumer insights to stay at the forefront of the fast-paced automotive market.

With comprehensive industry and business knowledge, they can help us build and implement solutions that best fit our strategic and development needs and drive more innovation.

We focus on providing niche and specialty insurance coverages which we believe allows us to be focused and specific in the products to deliver the benefit to our clients.

We are fortunate to work with partners who are fully supportive and confident in our direction and future. Together with our deep knowledge of local markets and detailed customer understanding, we are delivering to our customers a local presence with an international feel.

With the change in ownership of DEFEND INSURANCE GROUP, the current insurance arrangements are being transferred to FEIC as they become ready for renewal.

Fortegra has the experience to push the boundaries further around the world and by establishing this strong partnership, the merger will enrich both parties, helping Fortegra to move into the European market, while providing DEFEND with powerful

support, insurance backing and long-term financial stability.

Fortegra underwriters have reviewed the portfolios and have not required any changes. Our insurance portfolio which were driven by long-term business and product strategy, is therefore fully in order with all necessary compliance orders and all programmes are being transferred on the same terms if not better.

Fortegra underwriters fully endorse the philosophy of the DIG team and will continue with the innovative, flexible, customer responsive programmes that have been the hallmark of the DEFEND success over the last years.

Apart from the close relationship with Fortegra, three of DEFEND INSURANCE GROUP companies are Coverholders at Lloyd's - ultimate testimony as to how attractive our products and services are, and we are also cooperating with Newline Group.

Financial Strength Rating



Fortegra Europe Insurance Company Ltd

Financial Strength Rating



Lloyd's Insurance Company S.A.



FORTEGRA
Experience More

Fortegra Europe Insurance Company

FEIC can proudly claim an AM Best Financial Strength Rating of A-. From convenient consumer goods coverage to valuable automotive protection products, FEIC is licensed to sell in various EU and EEA countries with authorisation from the Malta Financial Services Authority.

LLOYD'S

Lloyd's Insurance Company S.A.

Lloyd's Brussels is Lloyd's first Europe wide operation, established to bring the scale, expertise and capacity of the world's specialist insurance market closer to its customers in Europe through a locally staffed and regulated insurer.



NEWLINE GROUP®

Newline Group

Newline Group is a market leading specialty insurance group headquartered in London, operating through two underwriting platforms: Newline Syndicate 1218 at Lloyd's and Newline Insurance Company Limited.



FORTEGRA CONFIDENCE

In January 2020, AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" of Fortegra Europe Insurance Company Limited (FEIC). FEIC is a Malta-incorporated subsidiary of Fortegra Financial Corporation (FFC) group, established to write warranty and specialty motor insurance business in several European markets. The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect FEIC's balance sheet strength, which AM Best categorises as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management. The ratings also reflect FEIC's strategic importance to the group, and the track record of financial and operational support from FFC.

FEIC's balance sheet strength is underpinned by its risk-adjusted capitalisation, which AM Best expects to remain at the strongest level as at year-end 2019. AM Best expects FEIC's balance sheet strength to remain strong prospectively, supported by a conservative investment portfolio, good liquidity and further capital contributions from FFC during the start-up phase.

The company generated a profit of USD 0.7 million in the first three quarters of 2019. Third-quarter 2019 results are underpinned by robust underwriting profits and supplemented by moderate investment returns. AM Best expects FEI to continue to generate profitable technical results, supported by local and group underwriting expertise.

As a new company, FEIC's portfolio is small and has limited diversification by product line and geography; underwriting exposure is concentrated in automotive GAP insurance in the United Kingdom. During the first three quarters of 2019, FEIC accelerated its growth relative to its original business plan following the unforeseen exit of a key market player. Going forward, premium growth is expected to stabilise, as the company has capitalised on this business opportunity. FEIC uses third-party administrators and brokers to distribute its products. FEIC's significant reliance on a number of outsourcing partners represents a source of risk, which it aims to mitigate through careful selection, management and monitoring.

FEIC's ratings benefit from the support of its parent, FFC. FEIC plays a strategically important role in expanding the operations of FFC into Europe. FEIC shares branding and management with its parent. FFC's support is demonstrated by recent capital contributions to FEIC, and the expectation that it will provide further capital to support the company during the five-year start-up phase.



EMPLOYEE EXPERIENCE

Our mission drives us to expand our potential, giving us the best chance to thrive in this competitive environment. We start with the core element - building an experienced and diverse global team which manages all major areas of our business and creates ground-breaking innovative products and services.

More than 70 people throughout the region work hard every day to make DEFEND the most respected specialty insurance brand in CEE. We value the contribution of each employee, caring about their well-being and providing them access to the right development in support of their career objectives.

Attracting and retaining talent

Our employees are the heart of our business. Thus, we need to be able to attract and retain talented, skilled and motivated individuals.

The collective sense of shared endeavour that has helped us do lots of things a little better than our competitors, has been a key reason for our success.

Our growing HR department is also an invaluable support, enhancing an employee's experience while providing the bedrock for company growth.

Diversity

A diverse workforce can provide the different perspectives, innovative ideas and creativity we need to ensure long-term success.

With various minds working together, along with their in-depth industry knowledge, we are able to deliver the unique solutions.

We are proud to work with talented people from 16 countries, with

women representing 60% of the total workforce and 50% of the management.

We also cherish the variety of age diversity, with age range of 21 to 60 years, creating a dynamic team with larger spectrum of knowledge.

Communication

Communication is vital to our ability to operate smoothly. Therefore, we aim not only to guarantee intense downward communication, but also to create a safe space for open dialogue to ensure people are heard.

Recently, we launched regular anonymous feedback survey, empowering people to raise their concerns, share their ideas or even spread a kind word of what they have appreciated.

Positive work-life balance

While forming an environment in which employees can work efficiently, we are also engaging in a wide range of efforts to help our employees achieve positive work-life balance.





EMPLOYEE EXPERIENCE

DEFEND operates various programmes for employees to elevate their standard of living as we believe that their happiness, both personally and professionally, leads to stronger business performance.

In addition to home office and flexible working schedules available for positions where it is possible, we have introduced 5 weeks of holiday for everyone in 2020.

Multisport programme launched in 2017 is enjoying a great acclaim and to continue on our path, we came up with office yoga classes to reduce the stress on a body and mind while at the office.

Fun

DEFEND strives to create the best employee experience. We are glad that even after a whole day together in

the office people are still willing to unite stronger bond with their colleagues. Going out together, not only shapes better relations, but also helps to communicate in more open way, builds a trust and inspires collaboration back in the office.

Education and training

Training represents a core part of our complex HR development system and an essential part of our success.

Our e-learning platform is a comprehensive tool, corresponding to the needs of modern training methods, designed to deliver high-quality online training for all employees and partners.

We have also launched English and Czech classes as we are aware that effective communication can mean the difference between success or failure.

Efficient Environment

An important step in our effort was to improve internal IT services allowing our employees to work in a more efficient environment with less technical interruptions and in-house training to use our platforms to their full potential.

We also improved some processes which will allow us to implement future changes in a much more efficient way.

Reward and Recognition

We are aware our people need to feel valued in our company.

Therefore we do acknowledge them for being great at what they do by simple saying 'thank you' or rewarding them for their achievements also based on performance review system.





PARTNER EXPERIENCE

Our business is based on cooperation with our like-minded business partners, who share our values and vision. In each country, we partner with a network of car dealers, brokers, fleet and leasing managements, to ensure our customers have convenient access to our products.

DEFEND works alongside our partners to make sure they understand not only what our products are, but also how they are best suited for the customer's needs. Our extensive support program, local field account managers, and other experts provide them with the knowledge and tools they need to help customers optimize the benefits from our products.

Increasing dealer profit

By consistently delivering high-quality products and services and staying on top of trends, we give our partners a significant opportunity to build customer loyalty and increase profit.

Training and Support

Customer commitment is one of our core values. Our comprehensive training and support program ensures all partners are aware of our expectations towards both customer approach and business goals.

Nevertheless, our work does not end with launching the product. We are always reviewing performance of each partner and looking for areas to improve.

Communication

To support our healthy business partnerships and ensure we are on the same page, honest and effective two-way communication is key.

We remain grateful to our partners for sharing their experiences and suggestions. At the same time we strive to provide them with regular news and important information.

Campaigns and competitions

At DEFEND, we are always looking for ways to motivate our partners and reward them for a job well done.

Besides our regular campaigns and competitions, we would like to spend more time with our partners, deepen the relationships and enjoy some fun together. Thus, we have committed ourselves to spend more time in each region and organize events throughout the year.

Reporting

Our and our partners' ability to measure and manage performance has greatly improved with the implementation of the MI database with Tableau® as a front-end reporting tool.

Together with the implementation of Multicash, we are able to pay commissions or insurance benefits swiftly.

It enhanced the process also for the customers, getting their claims and refunds faster, increasing customer satisfaction and their loyalty back towards our partners.





PARTNER EXPERIENCE

Systems and IT

Implementation of the GDPR, adoption of the IDD and changes in our main binding authorities related to Brexit have been one of the biggest challenges for our Systems and IT departments of the last few years.

Whilst we implemented all those changes and also deepened functionality of our core system iDEFEND, we are pleased the transition was smooth and transparent to our partners.

Marketing

Marketing is a lot more than just advertising for us. It means understanding our partners and customers to make their business or lives better and easier.

In the same way we respect the diverse needs of our customers, we appreciate varied needs of our partners.

In 2019, tailor-made products represented more than half of our business, both in terms of branding or adjusted coverage, which allow our partners to differentiate their offering from the competition.

We are also happy to be able to assist in improving dealer online presentation providing useful marketing support and above all, our comprehensive interactive suite DEFEND SpinCar with 360° vehicle spins.

The collage displays several marketing assets for DEFEND Car Protect:

- DEFEND Car Protect Brochure (Top Left):** Focuses on financial protection and peace of mind, mentioning the 'DEFEND Gap' and 'DEFEND Car Protect'.
- DEFEND Car Protect Brochure (Top Middle):** Highlights the 'DEFEND Car Protect' as a comprehensive solution for peace of mind.
- DEFEND Car Protect Brochure (Top Right):** Emphasizes the 'DEFEND Car Protect' as a complete solution for peace of mind.
- DEFEND Car Protect Brochure (Middle Left):** Features a 360-degree vehicle spin feature.
- DEFEND Car Protect Brochure (Middle Right):** Promotes the 'DEFEND Car Protect' as a complete solution for peace of mind.
- DEFEND Car Protect Brochure (Bottom Left):** A detailed comparison table of product levels: DIAMOND, CRYSTAL, ADVANTAGE, COMPACT, and PLUS.
- DEFEND Car Protect Brochure (Bottom Middle):** A large infographic detailing the 'DEFEND Car Protect' benefits, including 24-hour assistance, theft protection, and comprehensive coverage.
- DEFEND Car Protect Brochure (Bottom Right):** Another view of the 'DEFEND Car Protect' brochure highlighting the 360-degree spin.



CUSTOMER EXPERIENCE

As a company which is involved in customers lives, we appreciate the importance of providing care and support. In DEFEND we put people's concern as a priority, to make sure that the main pillar of our mission is always fulfilled.

One of the most important things for us is positive experience learnt from the very first contact with a brand. For that reason we created customer-focused training for our employees, to emphasize the full meaning of all customers' needs.

Peace of mind

Thousands of customers from CEE countries rely on our products and we are grateful for this trust, although it comes with great responsibility and duty.

DEFEND is more than just a company, it is a guarantee of peace of mind and support to all whom decided to confide in our brand.

Our Products

We are aware that our products are a contribution to everyday life, so we focus on their functional and flexible aspects.

Our portfolio represents our philosophy and provides a wide range of comprehensive and market relevant products.

As part of our efforts to achieve success, we have revised our Terms & Conditions, so our customer can now enjoy improved coverage and claim limits together with adjusted eligibility criteria to suit any customer needs and 99% of vehicles.

We also draw conclusions from our customers' feedback, constantly working on delivering better solutions for them.

Our policies

DEFEND satisfies all legal requirements of local regulators whilst fulfilling its obligations to all insurers.

We want to be sure that all our stakeholders follow the rule of treating customers fairly. To emphasize this we provide them with trainings, helpful materials and on-going support.

Clear Terms and Conditions

We believe in clear and honest communication in every area of our operation.

Together with a revision of all policy wordings, we have also invested considerable time in redesigning them to give them a fresh look, which contributes to better customer orientation and readability.

Customer service

Thanks to our multinational team, we are able to provide responsive and professional customer service.

We have continued to improve our services also from technical aspects. We introduced new phone lines with faster and more precise redirection





CUSTOMER EXPERIENCE

to the right line, resulting in shorter time of standby in case of a priority situation.

Thus, we provide them, beside excellent products, also with professional claim handling service.

We keep improving our services also from technical aspects and we are delighted to announce a launch of new customer web portal in 2021 where everyone will be able to administer their policies and claims easily

A key milestone of our development is the online claim registration feature so our partners have an opportunity to register a claim online, and track its current status.

Value for time and money

Our quick and effective claims settlement, is integral to our drive for customer satisfaction.

In 2019 we handled more than 18 000 claims within 5 countries with over two thirds approval rate. All approved claims were processed quickly with 70% of them paid within 1-6 days.





DEVELOPMENT & INNOVATION

Maintaining innovation and a competitive edge is challenging. Today's businesses are expected to evolve as quickly as the markets they serve, efficiently delivering breakthrough solutions to satisfy changing customer needs.

Thanks to our flexibility and deep market knowledge, we are well positioned to be one of the leaders and catalysts for innovations.

New Corporate Identity

One of main events of 2019 has been an introduction of new corporate identity, to mark the start of a new era for us and acquisition with Fortegra.

Employee wellbeing

To increase wellbeing, efficiency and ability to recruit the right people to move the business forward, we have moved our office in Budapest, Warsaw and renovated head office in Prague.

To further optimize our recruiting efforts, we have launched new onboarding process, which will further improve retention rate. We are also pushing boundaries how to engage our employees and we will launch new intranet together with internal podcast in Q4 2020.

Product developments

Our continuous product development together with efficient launch process are our competitive advantages.

Thanks to partnership with Fortegra we have revised our products to increase the coverage and claims limits as well as extend the eligibility where the product performance allowed us to do so.

In terms of extended warranty, we launched DEFEND Car Protect DELUXE, which provides „all risk“ coverage for used cars and DEFEND Car Protect e-ADVANTAGE for electric cars to further support environmental sustainability.

In regard to GAP insurance, we have launched DEFEND Gap DIRECT, which is our only GAP product not related to vehicle purchase.

It enables our partners and customers to conclude it anytime with truly innovative approach to calculating insurance benefits, disregarding the purchase price.

Customers could choose their desired fixed amount of insurance benefits, which will be granted in the case of total loss or theft.

We also launched one-of-a-kind product DEFEND AllSafe for our main partner AAA AUTO, which offers unique package of protection and assistance services. Thanks to our customer fit VIN code etching system, vehicles are protected against theft, while assistance solution offers peace of mind on road.





DEVELOPMENT & INNOVATION

And it's still not the end. We leverage our experience and current DEFEND Gap portfolio to design another new product DEFEND Secure, which provides financial protection in case of theft for cars with tracking device, should it not be recovered.

System developments

Our policy registration system iDEFEND have seen further development of their functionality, mainly on implementation of our new products and monthly financing where we cooperate with PayU, global payment technology provider.

Thanks to the Fortegra's financial strength, monthly financing allows customers to pay the single premium in 12 installments, thus easing their budget.

Our further development endeavour is inherently worthwhile and in the heart of our long-term strategy.

That said, our main focus has been on developing brand new system, which will allow us to scale our business even more, and provide an enhanced user experience.

This goes hand in hand with ability to launch customer portal and mobile Apps, so customers can easily manage their policies, claims and much more in a foreseen future.

DEFEND LEARNING ACADEMY

With the pandemic situation around us, lockdown in all countries we operate in and inability to travel or visit dealers on a regular basis, we launched DEFEND LEARNING ACADEMY to pass all knowledge our partners need to increase their bottom line in this unprecentic situation,

where income from F&I products are even more important.

Calling on more than 25 years of expertise, all videos and supporting documents are designed to provide business partners with all the tools they need to enjoy sales success.

Moreover, DLA platform provide them with certificates of completion following successful testing after each module, which serve as proof to us and our regulators that business partners have been trained and are capable of offering their products in a professional manner according to all requirements and law.

AdDEFEND

Lockdown also proved our strategy focusing on digital solutions, which are the way forward.

Apart from establishing DEFEND SpinCar in the Czech Republic and Poland, we launched digital advertising platform AdDEFEND.

AdDEFEND is a cost-effective video solution that can be used for sales or aftersales opportunities, merchandising and marketing as it was proved that video has the ability to catch the attention and deliver the message much more effectively than just plain text. AdDEFEND is proven to increase conversion rates and customer satisfaction.





PRODUCTS REVIEW

Extended Warranty - Whilst we are constantly looking for innovative products, we never lose sight of the basics.

Buying a car is one of our most important financial decisions as it is necessary to consider also the risk of potential additional cost on car repairs.

Extended warranty covers mechanical, electrical and electronical breakdown of vehicles.

Our DEFEND Car Protect and DEFEND Truck Protect programmes for new and used vehicles have reached a level of excellence on the market.

All our programmes can be tailored to suit our partners' needs and branded.

Our DEFEND Gap programmes are designed to suit all circumstances and vehicles with coverage even for alternative fuel vehicles.

Everyday, hundreds of road traffic accidents and car thefts occur across the CEE. Unfortunately, the value of a car can be less than 50% of purchase price after 3 years. In case of total damage or theft, DEFEND Gap covers an amount equal to the difference between motor insurance

settlement and original invoice price, or early settlement amount of a finance or lease agreement, dependent on the coverage.

Both our DEFEND Gap and DEFEND Gap Truck programmes can be tailored to suit our partners' needs and branded.

DEFEND Technical Control - An amazing tool to aid customer retention and ease their worries about additional expenses.

Our special product line of MOT insurance, DEFEND Technical Control covers the cost of repairs or replacements of the covered parts being cited on a notification of refusal to issue an MOT certificate, which creates great selling opportunity.

While motoring expenses are on the rise, DEFEND Technical Control covers many of the most common causes of MOT failure and offers an excellent opportunity to improve customer retention rates within dealer workshop.

DEFEND AllSafe - Unique package of safety marking and assistance services to enjoy driving with no worries.

DEFEND AllSafe offers customer-fit kit with glass VIN etching system, so customers can protect their vehicles against theft in comfort of their home easily and effectively.

It is combined with roadside assistance, providing extra peace of mind for our customers, especially if it is combined with the rest of our portfolio, such as extended warranty.





PRODUCTS REVIEW

DEFEND S.M.A.R.T. Protect - There are extra forms of cover for the vehicles that offer additional peace of mind and flexibility.

DEFEND S.M.A.R.T. Protect insurance covers minor cosmetic damages.

It can help to keep the car in pristine condition free from the inevitable chips, dents, scratches and scuffs caused by everyday motoring, with just one low cost premium.

„Small & Medium Accident Repair Technology” insurance is especially useful for protecting vehicle’s re-sale value and safeguard driver’s no-claims bonus.

The programme can be tailored to suit our partners’ needs and branded.

DEFEND SpinCar - A comprehensive interactive suite of image and video solutions that helps to increase dealer conversion rate.

Customers attitudes are being shaped by the internet, and the data and services it provides access to. Experiences in other sectors, which have moved much faster than automotive, are transferring into the experience customers are looking for from the Automotive Industry.

DEFEND SpinCar takes a dealer to the next level in professional vehicle presentation. Application increases photographer efficiency while it is proven to increase website dwell times and conversion rates by providing a more interactive consumer experience.

GardX VPS - Proven in the world’s harshest environments the GardX Vehicle Protection System protects your vehicle’s paintwork.

Modern automotive paint is water-based and highly prone to fading. Moreover, paintwork is constantly under assault from many harmful pollutants which are inevitably degrading the appearance of vehicle’s exterior.

The GardX Vehicle Protection System protects the exterior of the vehicle whilst retaining that glossy ‘showroom shine’ wash-after-wash. It also provides protection for vehicle’s fabric or leather interior from spillages and staining.

DEFEND Key Protect - A unique online service connecting owners and finders of lost keys, pets and phones in combination with key insurance.

DEFEND Key Protect insurance covers the car key replacement costs when being stolen or lost.

Moreover, it provides unique retrieval system which connects owners and finders of lost valuables in quickest, safest and most efficient way.

Each smart keychain, pet tag or phone lock screen includes a unique ID number. In the event it is lost, the finder can use the unique ID number to instantly and anonymously notify the owner of its location.

Will be available from 2021.





THE UK OPERATIONS

It was anticipated that 2019/2020 would be a time of major growth and change to the organisation. To ensure readiness for the growth of our, DEFEND INSURANCE redesigned and upsized the UK department.

SERVICES

Our Services team is responsible for providing our partners with quality timely service and proactive solutions. The services team assists policyholders and dealers with all policy related enquiries including cancellations, amendments and system troubleshooting. The team also manages all accounts payables (claims related payments) and accounts receivables (premium and commission payments) completed within the timelines set by our partners.

A dedicated project and operations coordinator is responsible for all new dealer which includes UAT with client approval before launching to live.

The services team also manages all system development from troubleshooting, to enhancements and new scopes. System development is managed by the Service Delivery Manager who works with our partners to understand their needs and liaises directly with the IT development team to bring the projects to life.

The projects we delivered in 2019/2020 include:

iConnect version 2 (GardX)

We delivered a direct to consumer platform for our partner GardX which provides individual dealers with a means of offering GardX Assure

products direct to consumers after the vehicle purchase has been concluded. This platform can be utilised via the iGard website in the form of an email to resolicit clients who have already received a quote or white labelled on the dealer group website.

GardX Maintenance Plan

We undertook a major project to launch the GardX Maintenance Plan into iGard to enable plan registrations and treatment requests. The GardX Maintenance Plan is a new non-insured product that Provides SMART treatments to vehicle's bodywork, tyre and alloys, maintaining condition as close as possible to when purchased. Maintenance plans require inspections, that are 'tied' to the business, bringing significant aftersales, parts and labour upsell opportunities.

iGard enhancements

We continue to make iGard available to non-UK dealers in their native language taking into consideration insurance laws in their country. In 2019/2020 we implemented dealers in New Zealand, Middle East, Greece, Panama and Costa Rica.

The system was also modified to meet the needs of 3 new insurers – this includes new product creation, bordereaux production and claims handling.

iDEFEND

Creation of the iDEFEND UK platform which offers end-to-end management capabilities from registration and calculation through to decision making and benefit payments. The biggest achievement for the system in 2020 was our ability to accept policies from our car hire excess partner via API for claims handling purposes.

Automated policy import

We developed an automated process of importing policies into the iGard system, reporting the errors, and reporting the successfully imported records. The files to be imported will be deposited on an FTP drive for import, and the reports will be deposited there after the import has completed. Completely removing the need for human intervention in this process.

Real time call centre statistics

Our service level agreements for the call centre is 95% phone calls answered (5% abandonment rate) and 85% calls answered within 30 sec. Telephone key performance data is now displayed in real time, providing essential oversight to supervisors, who use them to make tactical decisions 'in-play' to optimise overall performance.

iDefend Claims App

To be launched in January 2021.



THE UK OPERATIONS

CLAIMS

Our claims teams are responsible for paying all valid claims as quickly as possible for the right price.

In order to achieve this goal whilst maintaining efficiencies and service level requirements set by our partners it was identified that specialisation was required.

In 2020 the claims adjuster role was split to enable staff to focus on select tasks, we have introduced specialist roles with experts focussing on GAP, car hire excess and warranty from first notification of loss to payment.

Claims for our SMART, tyre, alloy and GMP products are handled by our generalist claims adjusters who are assisted by claims administrators.

Since making these changes we have seen an increase in all key performance indicators as well as a quantifiable increase in the customer journey, efficiencies and customer compliments.

We truly believe that claims handling is our greatest opportunity to differentiate ourselves, and allow customers to Experience More.

As such we introduced a Quality Assurance role whose responsibilities include auditing claims (we aim to audit 5-10% of all claims per month), new staff training and reporting on regulatory complaints.

We aim to pass 90% of audits per month and claims adjusters are given regular feedback on their performance as well as regular training.

NEW BUSINESS

The COVID-19 shutdown measures saw the activation of the business continuity plan which had all staff successfully working remotely with very little impact on service delivery. Once businesses were allowed to re-open in the UK there was a unprecedented spike in claims activity as well as new policy registrations from our existing network.

Our major UK partner, GardX, has a reputation for providing market leading profitable solutions with exemplary customer service and support in the automotive industry.

GardX provide customer centric insurance solutions, vehicle protection products and digital re-marketing services that enrich the customer experience from sales through to ownership. As such, they have been successful in a number of large tenders which will see them more-than double their policy count, the new dealers will be implemented in December 2020.



CarDealer Power Awards 2019
presented to GardX:

Paint Protection Provider of the Year
Product Innovation of the Year





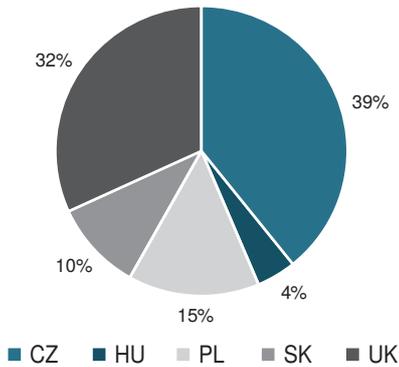
FINANCES & FORECAST

2019 marked a highly successful year for DEFEND INSURANCE GROUP with 171 000 registered policies and gross written premium of €77.8 million.

Our track record of success is based on having a firm view of the future, introducing and delivering more new and leading edge products, providing even more customized support for our customers and continuing our investment in development.

In 2019, DEFEND grew by 34% in CEE market, while the whole company marked a solid growth of 18%.

We registered impressive growth mainly in Poland with over 100%, and currently representing 15% of our business. Czech Republic represents 39% of the business with 20% growth from 2018.



Average premium on GAP and Warranty contributed to our success with an average amount of 398 € in 2019, up from 381 € in 2018, as the customers demand longer insurance terms and higher coverages.

However, due to the pandemic situation, the average premium dropped down in 2020, as the used car sales were booming in the region, while the new car sales shown decline.

Despite the Covid-19 pandemic and severe regulations including lockdown through our region and Europe in general, we are well positioned to continue in our growth, yet in a slower pace in 2020 with budgeted growth of almost 20% in CEE and 12% in the whole company.

This comes mainly from our growth of non-insured products, which we will launch in Q3 2020, Polish business which will continue to provide strong growth in the company, and our expansion strategy, which includes continuing our pan-European growth, especially in the UK, where our business has increased rapidly in recent years and we will keep up the pace.

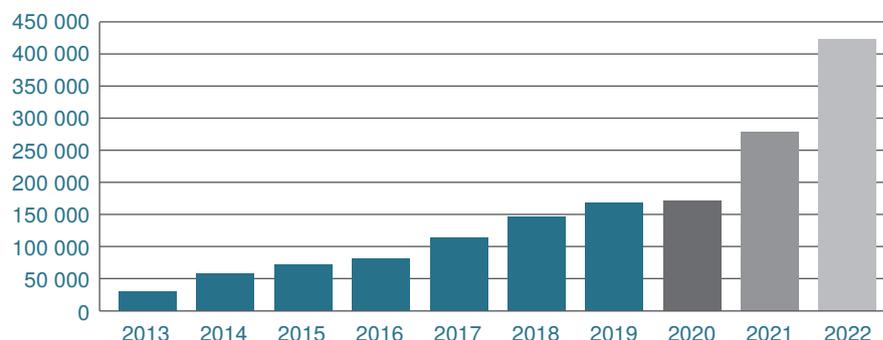
Together with new products and projects in the pipeline and support from Fortegra, which infused new energy to the brand, we are well positioned towards the future, asserting our position as the leading CEE specialty insurance administrator and automotive solutions provider.



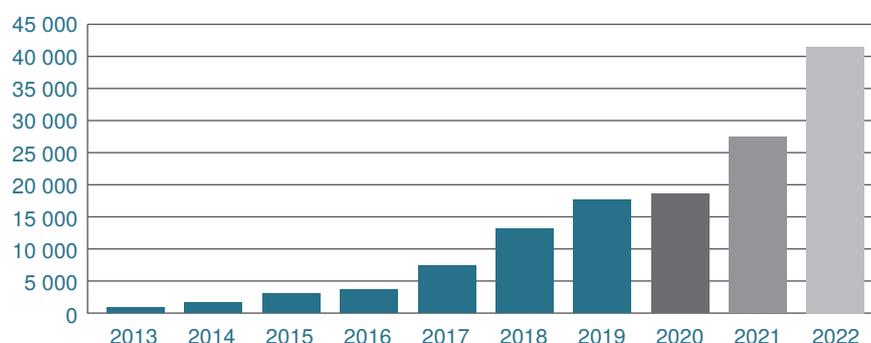


FINANCES & FORECAST

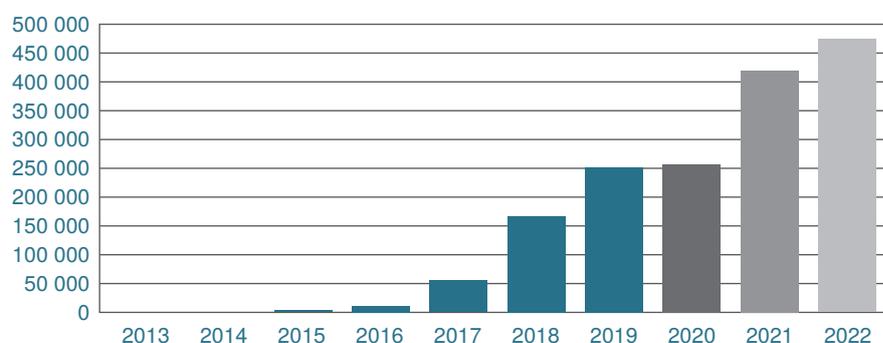
Insurance Policies Annual Policy Count, 2013-2022



Claims Administered, 2013-2022



Non-Insured Products Annual Sales, 2013-2022



Insurance Policies Summary:

Year	Policy count	GWP in mil.€	Growth	Type
2013	29 772	14.6		Actual
2014	58 356	25.6	75%	Actual
2015	65 166	27.5	7%	Actual
2016	82 786	34.4	25%	Actual
2017	115 580	51.5	45%	Actual
2018	145 450	69.6	35%	Actual
2019	170 715	77.8	18%	Actual
2020	173 000	80.0	1%	Estimate
2021	280 000	135.0	60%	Forecast



COMPLIANCE CONFIDENCE

Despite its youth compared to similar functions in other financial industries, Compliance for insurance is yet a key player that keeps the Board in control while refilling risk culture throughout the organization.

Increasing regulations, internal and external environment complexity, and stronger customer awareness are putting pressure on Compliance Managers to capture incoming risks, therefore increasing their span of control over the company-impacted processes and relative controls in place.

The Compliance Function ensure compliance to laws, regulations and internal processes, keeping a specific focus on transparency, correctness of behaviours toward the customers, contractual information and contracts execution. That being said, DEFEND INSURANCE GROUP as a whole is setting a positive example to its peers on Central and Eastern European market.

For the past year, we have been challenged by number of positive changes, such as transferring all of our European Business to Fortegra Europe Insurance Company. As a result of the transfer, we have facilitated an onboarding of more than a thousand Car Dealers and Brokers across CEE to establish a strong and compliant partnership with Fortegra.

UK Market post Brexit

DEFEND ASSIST Limited which is a UK based daughter company of DEFEND INSURANCE GROUP has applied for intermediary license with the UK Financial Conduct Authority to become fully licenced Insurance Agency in the United Kingdom and Northern Ireland.

DIG's Compliance operations has enhanced with a positive addition to the department - Quality Control. It's focused on auditing claims services and ensuring fair outcomes to our customers. We have audited more than 100 claims per month, and given a feedback to individual claims adjusters to improve their performance.

Audits and Due Diligence

Despite pandemic and majority of our staff working from home, we managed to host 5 audits in 2020 so far and even more in 2019. We are glad to announce that all audits concluded without resulting in any financial penalty. One of the external auditor carriers (Pro Global on behalf of Lloyd's Managing Agent) has made no recommendations to our claims operations at all, which indeed proves we set very high standards at DEFEND!

DEFEND Czech Republic increased efforts on a regular due diligence on our partner intermediaries and their employees to ensure regulatory requirements are met at every step of the way, when distributing insurance on the market.





EPILOGUE

Dear ladies and gentlemen, dear business partners,
Thank you for your time to read our report DEFEND At a Glance 2019/2020. The last 12 months brought unexpected events, such as a worldwide pandemic, but also assured us that we are well positioned to take advantage of the changing world as we continued with the excellent results after the insurance market downtime.

Global pandemic has changed the business operating model in all regions, nevertheless we provided immediate respond and introduced online tools to help our partners and clients emerge the uncertain times.

The major development was driven by a great support of our core insurer Fortegra, whose financial strength and underwriting expertise allowed us to launch variety of innovative online solutions during the most challenging time.

Doubtless, it is Fortegra's intention to continue reassuring DEFEND INSURANCE GROUP development and to provide necessary resources to establish

our top market position in the European market.

The last months were an unexpected exam for DEFEND INSURANCE GROUP, proudly being said, we succeed. Together with ongoing projects and futures solutions to launch we see bright and exciting future for the whole Group, partners and insurers and finally clients who can expect to Experience More in 2020 and many years after.

Kindest regards,

On behalf of the Group
Andrew Quirke
Managing Director





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Disclaimer and cautionary statement

The Report contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, and regulatory developments.

This Report is available online as a PDF in English, Czech, Slovak, Hungarian and Polish. In the event of inconsistencies in the translations, the English original version shall prevail.





DEFEND INSURANCE
A FORTEGRA COMPANY

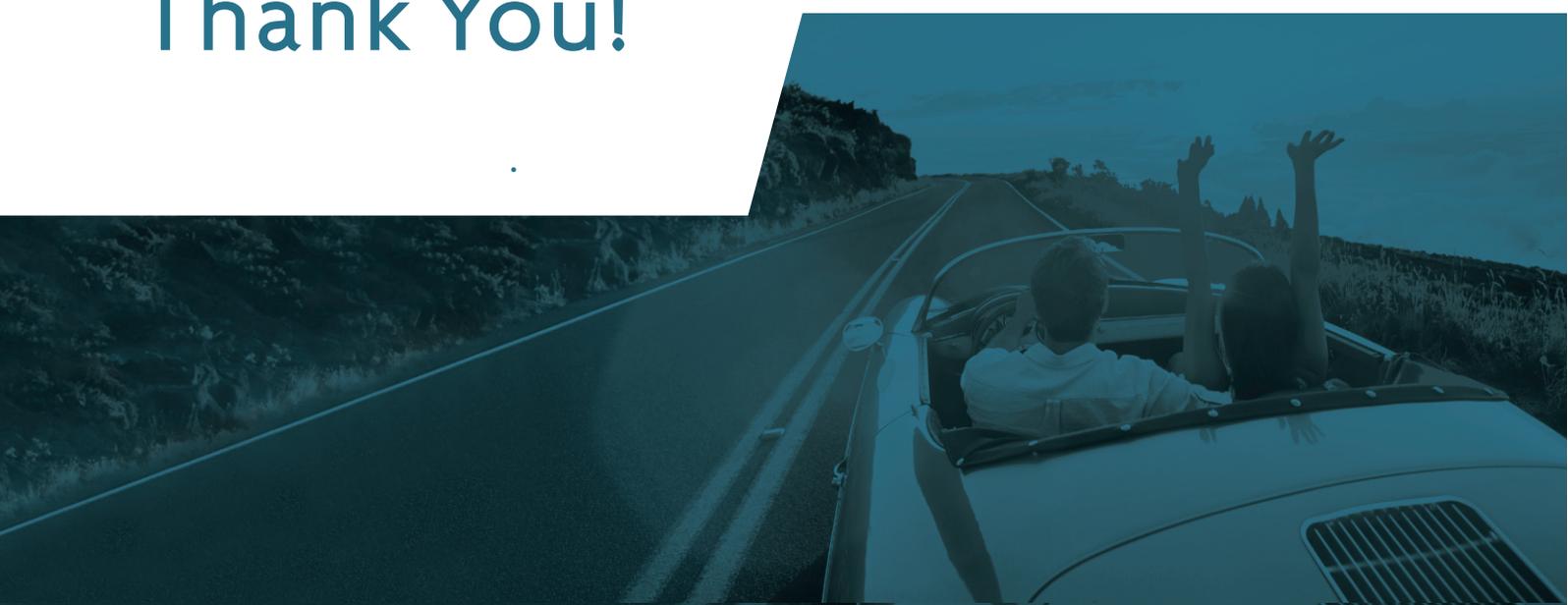
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Thank You!



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