



If you become ill or injured you will quickly return to everyday life again. With our health insurance you get specialist treatment within two weeks.

Emma Guldbrandsen
Storebrand



Annual Report 2014 Storebrand Helseforsikring AS

ABOUT THE COMPANY

Storebrand Helseforsikring AS is 50 %-owned by Storebrand ASA and Munich Health Holding AG (MHH), respectively. The company offers treatment insurance in the corporate and retail markets in Norway and Sweden. Its head office is located at Professor Kohts vei 9, Lysaker, Bærum. The company conducts its business through the head office in Norway and the branch in Sweden.

ACCOUNT OF THE FINANCIAL STATEMENT

The annual accounts have been drawn up in accordance with the Norwegian Regulations on Financial Statements etc. for Insurance Companies which is in accordance with international accounting principles (IFRS), but with some adjustments. The Company uses the option in the Regulation § 3-3 on simplified IFRS. The result before tax expense was NOK 57.2 million (NOK 33.1 million).

Gross premiums written was NOK 507.3 million (NOK 441.2 million), a 15.0 per cent increase, compared with 2013. Premium income for own account was NOK 486.8 million (NOK 424.3 million). The demand for treatment insurance in the market remains high and treatment insurance are by the companies considered as one of many important tools to reduce sick leave. In addition, demand is increasing among employees for this type of employee benefits. Storebrand Health Insurance has a leading market position in Norway in terms of premiums.

Cost of claims for own account was NOK 357.6 million (NOK 304.3 million) for the year. Claims ratio was 73.5 per cent (71.7 per cent). The underlying risk development of the company is satisfactory.

Insurance-related operating costs was NOK 73.4 million (NOK 93.7 million). The cost ratio was 15.1 per cent, a reduction of 7.0 percentage points, compared with the previous year. Positive one-off effects related to changes in pension plans for the Storebrand Group's employees contribute in addition to increased efficiency to the reduced cost ratio.

Combined ratio was 88.5 per cent (93.8 per cent) in 2014.

Storebrand Helseforsikring achieved a financial return of 2.58 per cent (2.67 per cent) for the investment portfolio. The net financial income was NOK 10.8 million (NOK 15.8 million) for the year. The company has a conservative investment strategy, with most of the funds placed in certificates, bonds and money market funds.

Storebrand Helseforsikring is in a payable tax position. The tax expense for 2014 was NOK 16.0 million (NOK 7.3 million), with NOK 9.8 million allocated to tax payable. The result after tax expense is NOK 41.2 million (NOK 25.7 million).

Pursuant to the Norwegian accounting legislation, the board confirms that the company meets the conditions for preparing the financial statements on the basis of a going concern assumption.

In the best judgment of the board, the annual financial statement for 2014 has been prepared in accordance with applicable accounting standards, and the information in the financial statement provides a fair and true picture of the company's assets, liabilities, financial standing and results. The board has no knowledge of events of material importance to the 2014 financial statement having occurred after the reporting date.

RISKS

Storebrand Helseforsikring performs constant follow-up and active management of the company's risk.

BUSINESS RISK

Identification and management of business risk is an integral part of the company's managerial responsibilities. Systematic risk assessments are performed at the organization in relation to operational risks and adopted goals and strategies. The risk analyses result in a general risk report with associated risk-reducing measures, which are presented to and reviewed annually by the company's board.

FINANCIAL RISK

Storebrand Helseforsikring's securities portfolio is mainly invested in Norwegian credit papers with a good credit rating and short interest rate duration. Assessment of price risk, interest rate risk, credit risk, counterparty risk and currency risk is key to management of the securities portfolio. The company conducts regular stress tests to analyse how any unusual market conditions affect the company's securities portfolio. The company checks that the risk level is always appropriate in terms of the company's ability to shoulder risk, and exposure is followed up against the limits set in the company's investment strategy.

INSURANCE RISK

Most of the insurance risk at Storebrand Helseforsikring is linked to the development in the cost of medical treatment. To reduce risk, agreements have been entered into with the largest suppliers of health services with which the company collaborates. To dampen the effect of major claims, the company has also written an 'excess of loss' policy. The insurance risk is considered low to moderate, with the agreements that have been entered into.

CAPITAL SITUATION

The company pays particular attention to the levels of equity and primary capital, which are continually and systematically optimized. No new issues have been needed during the year in order to have adequate capital to operate the business. The board consider that the company's equity and primary capital during the year and as at 31.12.2014 is adequate.

The company's capital adequacy is calculated at 68.0 per cent (79.1 per cent) at the end of the year, and the primary capital is NOK 146.8 million (NOK 154.7 million). The solvency margin was 197.3 per cent (232.0 per cent) as at 31.12.2014. Both the capital adequacy and solvency margin meet the legislative requirements, and are 8 per cent and 100 per cent, respectively. Storebrand Helseforsikring has satisfactory financial soundness.

RESPONSIBILITY

SUSTAINABILITY

Storebrand Group has worked systematically and purposefully sustainability in nearly 20 years. As sole financial player in the world, Storebrand has qualified for a place on the Dow Jones Sustainability Index 15 years in a row. During 2014, Storebrand has further strengthened this initiative. The objective is to ensure sustainability as a differentiating factor that brings us closer to our vision "Our customers recommend us"

In 2014, Storebrand performed an analysis in which the purpose was to get a picture of what sustainability areas that are the most important for us to work with. The analysis shows that this is the industry distrust, climate change, corruption and economic crime and over-exploitation of natural resources. The analysis will affect Storebrand's sustainability strategy, priorities and resources in the coming years. Sustainability's scorecard for 2015-16 will also be based on the analysis.

ETHICS AND TRUST

Trust is the lifeblood of Storebrand, and we set strict requirements on employees' ethical attitudes. The group has a common set of ethical rules and on the intranet the employees find notification, brochures, anonymous mailbox, dilemma bank, question and answer overviews and presentations. All managers must annually certify in writing that they have gone through procedures for ethics and ethical dilemmas, information security, economic crime and HSE (Health, Safety and Environment) at departmental meetings.

All employees must implement the company's e-learning courses in ethics. The group has mandatory ethics courses for executives, including money laundering and corruption. There were completed 16 such courses in 2014. It is also carried out dilemma training on email for all employees once a month.

ENVIRONMENT

The group places high standards for the companies we invest in and we ask the same requirements for ourselves and our suppliers.

All Departments are commissioned to minimize the environmental footprint by being aware of the use of resources. The emissions we have, through travel and energy compensated through the purchase of verified carbon offsets within the framework of REDD and Verified Carbon Standard.

The group's head office is a low-emission building that uses renewable energy sources like solar energy and district heating. The building is also certified as an Eco-lighthouse.

PERSONNEL, ORGANIZATION AND GOVERNING BODIES

The group had 33 employees at the end of the year. 31 of these employees are employed in Norway, and 2 of them are employed at the branch in Sweden. The share of women at the company is 74 per cent (74 per cent).

EQUALITY AND DIVERSITY

Storebrand is committed to enhancing the development and have an equal distribution between women and men in all areas and levels of the company. In 2014, 50 percent of the company's board consists of women. The share of women in senior management is 57 per cent.

The company offers its employees a number of benefits that provide flexibility in every day working life, including the right to up to 15 days off in lieu of pay, flexible working within the Group's core working hours, and a laptop computer. Employees receive full pay in the event of absence due to their own, their children's and their parents' sickness, and during pregnancy.

Like the rest of society, the company has evolved towards increased cultural diversity. Storebrand does not discriminate on the basis of age, sex, disability or cultural background and gives everyone equal access to the workplace.

SKILLS

For our employees at all times to perform at their best, encourages Storebrand learning in everyday life. All employees have easy access to formal courses, both e-learning and classroom, and it is in the individual treatment plans specific skills and development. Equally important is to facilitate that all employees learn most every workday they work, and work to become more aware of how the job can be an effective learning arena has continued in 2014.

WORKING ENVIRONMENT AND SICK LEAVE

Storebrand has worked systematically for several years to prevent sick leave, and has placed great emphasis on health and satisfaction. Sick leave at Storebrand Helseforsikring in Norway was 8.2 per cent in 2014 which are a decrease of 2.8 per cent compared with the previous year. Storebrand has been an inclusive workplace enterprise since 2002, and works closely and well with the National Labour and Welfare Administration. Storebrand has its own health clinic, which made a positive impact on reducing the group's sick leave figures. Employees may exercise at a dedicated sports facility during working hours, and the sports club has administrative responsibility for activities at the facility.

No injuries to people, property damage, or accidents of significance were reported at Storebrand in 2014.

BOARD AND MANAGEMENT CHANGES

The composition of the board changed during the year. Anna Wahlström resigned 13 February 2014, Michael Runnakkko resigned 3 July 2014, Horst Weber resigned 3 July 2014 and Wolfgang Diels resigned 31 December 2014. Michaela Bruneheim joined the board 13 February 2014 and Andrew Kielty joined the board 1 January 2015. In addition Therese Barski joined the board as new employee-elected member 13 March 2015.

The current board consists of Tom Georg Granquist (Chairman), Andrew Kielty, Michaela Bruneheim and Therese Barski (employee-elected).

PROSPECTS FOR THE FUTURE

Storebrand Helseforsikring is a dominant actor in the health insurance market, and has established a market-leading position in high-quality treatment agreements. The market is still growing but is characterized by high competition intensity, increased price pressure and increased frequency of claims payments. Storebrand Helseforsikring has a competitive advantage due to the quality of claims settlement, unlimited liability period, a comprehensive national and international network of high-quality hospitals, and agreements with specialist clinics, and owners with extensive industry experience.

At the end of the year, Storebrand Helseforsikring's total customer base was 127,468 customers (114,555). In 2014, the most important sales channels in Norway were Storebrand's distribution network and brokers. The most important distribution channels in Sweden are SPP, Handelsbanken and brokered channels.

Both the retail and the corporate markets for health insurance are deemed to be profitable. Greater pressure on margins means that one of the main challenges in the future will be to implement solutions that support cost-efficient and profitable operation, and which further strengthen the growth in volume. Storebrand Helseforsikring wants to meet the increased competition in the market with market-adapted products at the right price and level of quality for customers. The market is expected to grow at the present rate for both corporate and privately-paid health insurance.

The board wishes to thank the company's customers for their constant feedback regarding improvements to the company's processes, other business contacts, and the employees for a good collaboration in 2014.

ALLOCATION OF PROFIT FOR THE YEAR:

The 2014 result for Storebrand Helseforsikring AS was NOK 35.7 million (NOK 14.6 million). The board proposes that NOK 41.16 million be allocated to dividends.

The profit has been allocated as follows (amounts in NOK million):

(NOK mill.)	2014
Transferred to guarantee reserve	2,1
Allocated to dividend	41,2
Transferred to other equity	-7,6
Total	35,7

In the Board's opinion the company's equity is satisfactory and reasonable in view of the company's business activities.

Oslo, 13. mars 2015

I styret for Storebrand Helseforsikring AS


Tom Georg Granquist
styrets leder


Andrew Kielty


Michaela Bruneheim


Therese Barski


Bjarke Thoree
administrerende direktør

Storebrand Helseforsikring AS

Statement of Comprehensive income

1 JANUARY - 31 DECEMBER

NOK thousand	Note	2014	2013
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums written		507,342	441,186
- Reinsurers' share		-1,773	-1,161
Gross change in reserve for unearned premiums		-18,780	-15,718
Premium income for own account	10,12	486,788	424,308
Allocation of investment return transferred from the non-technical accounts		5,170	3,361
CLAIMS EXPENSES			
Gross claims paid		-338,023	-298,655
- Reinsurers' share		885	294
Gross change in claims reserve		-20,417	-5,979
Claims expenses for own account	5,12	-357,554	-304,340
INSURANCE RELATED OPERATING COSTS			
Sales costs		-36,801	-41,471
Insurance related administration costs		-36,634	-52,282
Insurance related operating costs for own account	13,14,15,16,18,19,20	-73,435	-93,753
Balance on the technical account before allocations to security reserve		60,969	29,576
Change in security reserve	26	-9,296	-8,678
Technical profit		51,672	20,898
NON-TECHNICAL ACCOUNTS			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets		11,312	11,225
Change in value on investments		321	1,758
Realised gain and loss on investments		-437	3,177
Costs associated with administration of investments, including interest expense		-411	-403
Net income from investments	11	10,785	15,757

Storebrand Helseforsikring AS

Statement of Comprehensive income

NOK thousand	Note	2014	2013
Allocation of investment return transferred to the technical accounts		-5,170	-3,361
Other income/costs		-89	-226
Non-technical profit		5,526	12,169
Pre tax profit		57,198	33,068
Tax	17	-16,037	-7,342
Profit/loss for the year		41,161	25,725
OTHER RESULT ELEMENTS			
Translation differences		-985	-7,023
Change in pension experience adjustments		-6,471	-2,715
Tax on other comprehensive income		2,013	-1,363
Comprehensive income		35,718	14,625

Storebrand Helseforsikring AS

Statement of financial position

NOK thousand	Note	2014	2013
ASSETS			
Intangible assets	18	12,868	12,542
Total intangible assets		12,868	12,542
FAIR VALUE FINANCIAL INSTRUMENTS			
Bonds and other securities - fixed yield	23	408,335	382,846
Financial derivatives	24	2,870	1,887
Other financial assets		2,287	720
Total fair value financial instruments	8,9,21	413,492	385,453
RECEIVABLES			
Receivables due from policyholders	26	118,517	105,539
Other receivables		5,865	8,399
Total receivables	21,22	124,382	113,938
OTHER ASSETS			
Fixed assets	19	705	1,299
Cash and cash equivalents	8,21	46,008	18,843
Total other assets		46,713	20,143
Prepaid costs and accrued income		533	
Total prepaid costs and accrued income	22	533	
Total assets		597,988	532,076

Storebrand Helseforsikring AS

Statement of financial position


NOK thousand	Note	2014	2013
EQUITY CAPITAL AND LIABILITIES			
PAID IN CAPITAL			
Share capital		33,000	33,000
Share premium reserve		122,000	122,000
Total paid in capital	28	155,000	155,000
RETAINED EARNINGS			
Allocation to guarantee scheme	26	19,507	17,398
Other retained earnings		4,717	12,269
Total retained earnings	28	24,224	29,667
GROSS INSURANCE LIABILITIES			
Reserve for unearned premiums gross		195,253	174,505
Claims reserve gross	5	66,928	45,999
Security reserve		73,438	63,567
Total insurance liabilities gross	26	335,620	284,070
RESERVES FOR LIABILITIES			
Pension liabilities	14	3,454	9,951
Period tax liabilities	17	9,823	3,463
Deferred tax	17	1,573	182
Total reserves for liabilities		14,850	13,597
DEBT			
Due in respect of direct insurance	26	3,831	3,537
Allocation to dividends	30	41,161	25,000
Other debt	27	11,789	13,938
Debt to related parties	30	100	237
Total debt	21	56,881	42,712
Accrued costs and deferred income		11,414	7,031
Total accrued costs and deferred income	21	11,414	7,031
Total equity capital and liabilities		597,988	532,076

Oslo, 13 March 2015

The Board of Storebrand Helseforsikring AS


Tom Georg Granquist
Chairman


Andrew Kelly


Michaela Bruneheim


Therese Barski


Bjarke Thoroe
CEO

Storebrand Helseforsikring AS

Cash flow statement

NOK thousand	2014	2013
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Paid-in premiums gross insurance	492,884	415,309
Paid-out claims gross insurance	-337,137	-298,362
Tax payable for the period	-8,701	-8,830
Net receipts/payments operations	-72,640	-90,333
Net cash flow from operational activities before financial assets	74,405	17,785
Net receipts/payments - financial assets	-15,364	-2,241
Net cash flow from financial assets	-15,364	-2,241
Net cash flow from operational activities	59,040	15,544
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net receipts/payments - sale/purchase of fixed assets	-5,308	-5,578
Net cash flow from investment activities	-5,308	-5,578
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-25,000	-27,000
Net cash flow from financing activities	-25,000	-27,000
Net cash flow for the period	28,732	-17,034
Net movement in cash and cash equivalent assets	28,732	-17,034
Cash and cash equivalent assets at start of the period	19,563	36,597
Cash and cash equivalent assets at the end of the periode	48,296	19,563

Storebrand Helseforsikring AS

Statement of change in equity

NOK thousand	Share capital	Share premium reserve	Total paid in capital	Translation differences	Guarantee scheme	Other equity	Total retained earnings	Total equity
Equity 01.01.13	33,000	122,000	155,000	93	14,786	25,163	40,042	195,042
Profit						25,726	25,726	25,726
Translation differences				-7,023			-7,023	-7,023
Change in guarantee reserve					2,611	-2,611	0	0
Change in pension experience adjustments						-4,078	-4,078	-4,078
Share dividend						-25,000	-25,000	-25,000
Equity 31.12.13	33,000	122,000	155,000	-6,930	17,397	19,199	29,667	184,667
Profit						41,161	41,161	41,161
Translation differences				-985			-985	-985
Change in guarantee reserve					2,110	-2,110	0	0
Change in pension experience adjustments						-4,458	-4,458	-4,458
Share dividend						-41,161	-41,161	-41,161
Equity 31.12.14	33,000	122,000	155,000	-7,915	19,507	12,632	24,224	179,224

SHAREHOLDERS:

NOK thousand	Number of shares	Nominal value	Share capital
Storebrand ASA	16,500	1	16,500
Munich Health Holding AG	16,500	1	16,500
Total share capital	33,000		33,000

Notes

Storebrand Helseforsikring AS

Note 01 | Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Regulations on Financial Statements etc. for Insurance Companies which is in accordance with international accounting principles (IFRS), but with some adjustments. The Company uses the option in the Regulation § 3-3 on simplified IFRS.

1. CHANGES TO ACCOUNTING PRINCIPLES

No changes have been made to the accounting principles in.

2. USE OF ESTIMATES IN PREPARING THE FINANCIAL STATEMENTS

In preparing the accounts, management must make assumptions and estimates which affect the recognized value of assets, liabilities, revenue and costs and also the notes concerning conditional liabilities. Actual amounts may differ from these estimates. See note 2 for further information about this.

3. FINANCIAL INSTRUMENTS

3.1 - GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are recognized in the statement of financial position from such time Storebrand Helseforsikring becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are recorded on the transaction date. When a financial asset or a financial liability is initially recognized in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value through profit or loss.

Financial assets are derecognized when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognized in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortized cost

Subsequent to initial recognition, financial liabilities not at fair value in profit or loss, are measured at amortised cost using the effective interest method.

Definition of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled in an arm's length transaction between knowledgeable and willing parties. For financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If the market for a financial instrument is not active, fair value is determined by using recognized valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

3.2 - IMPAIRMENT OF FINANCIAL ASSETS

For financial assets an assessment is made at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at initial recognition). The amount of the loss is recognised in profit or loss.

Losses expected as a result of future events, no matter how likely, are not recognised.

3.3 - CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into one of the following categories:

- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO)
- Financial assets, loans and receivables

At fair value through profit or loss in accordance with the fair value option (FVO)

A significant proportion of Storebrand's financial instruments are classified at fair value through profit or loss because:

- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or that
- the financial assets form part of a portfolio that is managed and reported on a fair value basis

Financial assets are measured at fair value at the reporting date, with all changes in their fair value recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with payments that are fixed or determinable and which are not quoted in an active market, except those that the entity intends to sell immediately or in the short term that are classified as held for turnover, and those that the company initial recognition designates as at fair value through profit.

Financial liabilities

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using an effective interest method, or at fair value.

3.4 - DERIVATIVES

Accounting for derivatives that are not hedging

Derivatives that do not fall under the criteria for hedge accounting are recognized in financial instruments held for trading. The fair value of derivatives is classified as either an asset or a liability with changes in fair value.

4 - ACCOUNTING FOR THE INSURANCE BUSINESS

Storebrand Helseforsikring's insurance contracts are calculated in accordance with the Act on Insurance Activity and associated regulations and accounted for in accordance with the Norwegian Regulations on Financial Statements etc. for Insurance Companies. Under the Act on Insurance Activity, insurance-related provisions must be sound and must meet the minimum requirements.

Insurance premiums are recorded as income according to the insurance period. Costs related to claims are recognised when the claims occur.

4.1 - TECHNICAL INSURANCE RESERVES

The Norwegian FSA has developed distinct minimum requirements for four types of reserve. These are: a reserve for unearned premiums, a claims reserve, a security reserve and a reinsurance reserve.

The reinsurance provisions are not recognized, but will be deducted from the primary capital for calculation of the capital adequacy and solvency margin.

4.2 - UNEARNED PREMIUMS (PREMIUM RESERVE)

The reserve for unearned premiums for own account applies to continuing contracts which are in force at the balance-sheet date. Accrued entitlements are calculated on a pro rata basis and without any deduction for costs.

4.3 - CLAIMS RESERVE

The claims reserve is intended to cover anticipated payment of claims which have been recorded but not settled. It also covers anticipated incurred but not recorded claims (IBNR). Claims made but not paid are provided for in their entirety. Then it is made a calculation of the provision for claims incurred but not reported claims (IBNR) and claims reported but not settled (RBNS). The calculation is done by dividing the business into homogeneous classes. Each separate class is analysed using statistical models. In addition, the claims reserve must include a separate provision for future settlement costs of claims which have occurred but not been settled.

4.4 - SECURITY RESERVE

A reserve to cover fluctuations (possible disasters and extraordinary claims) in the company's claims liability for own account.

4.5 - GUARANTEE RESERVE

A required provision for non-life insurance companies. The reserve is intended to help ensure that the insured obtains settlement in relation to policies entered. The reserve is included in retained earnings.

5 - ALLOCATED RETURN ON INVESTMENT

The Norwegian FSA has produced guidelines for calculating the allocated return on investment. To do this, a technical interest rate is used which is equal to the average interest rate in the relevant accounting year on government bonds with a term to maturity of three years.

6 - PENSION LIABILITIES FOR OWN EMPLOYEES

The schemes are recognized in the accounts in accordance with IAS 19. Employees in Norway employed on or after 1 January 2011 have a defined-contribution pension. Most of the other employees in Norway have had a defined-benefit pension. In the fourth quarter of 2014 it was decided to discontinue the defined-benefit scheme for most employees in Norway with effect from 31 December 2014 and replace it with a defined-contribution scheme. Storebrand is a member of the Norwegian contractual early retirement (AFP) pension scheme. The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable accounting obligations and costs.

6.1 - DEFINED-BENEFIT SCHEME

Pension costs and pension obligations for defined-benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains and losses and the effects of changes in assumptions are recognized in total comprehensive income in the income statement for the period in which they occur. The effects of changes in the pension scheme are recognized on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements, in which case the benefit is apportioned on a straight line basis until the entitlement has been fully earned. The employer's National Insurance contributions are included as part of the pension liability and are included in the actuarial gains / losses shown in total comprehensive income.

The Group has insured and uninsured pension schemes. The insured scheme in Norway is managed by the Group. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies. The paid-up policies that are included in technical insurance reserves are assessed in accordance with accounting standard IFRS 4.

6.2 - DEFINED-CONTRIBUTION SCHEME

The defined-contribution pension scheme involves the Group paying an annual contribution to the employees' collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The Group does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined-contribution pension schemes are recognized directly in the financial statements.

7 - INTANGIBLE ASSETS

Intangible assets with limited service lives are valued at acquisition cost minus accumulated depreciation and any write-downs. The period and method of depreciation are reviewed annually. New intangible assets are included in the statement of financial position if it can be demonstrated that future economic benefits attributable to the asset are likely to accrue to the group. It must also be possible to estimate the cost price of the asset in a reliable manner. The need for write-downs is assessed when there are indications of a fall in value. Otherwise write-downs of intangible assets and reversals of write-downs are dealt with in the same way as described for tangible fixed assets.

8 - TANGIBLE FIXED ASSETS

The company's tangible fixed assets consist of equipment and fixtures and fittings.

Equipment and fixtures and fittings are valued at acquisition cost minus less depreciation and any write-downs.

The write-downs period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. The disposal value is similarly reviewed.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any impairment losses are charged to the income statement as the difference between the carrying value and the recoverable amount. The recoverable amount is the greater of the fair value less related costs of sale and the value in use. On each reporting date a determination is made as to whether to reverse previous impairment losses on non-financial assets.

9 - TAX

The tax cost in the income statement consists of tax payable for the accounting year and changes in deferred tax. Tax is recognized in the income statement, except when it relates to items that are recognized directly against equity. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recognized in the statement of financial position where it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset.

It is not calculated deferred tax on the technical provisions in equity in accordance with the Norwegian Regulations on Financial Statements etc. for Insurance Companies § 3-9 Deferred tax.

10 - FOREIGN CURRENCY

Figures for the Swedish branch are converted to Norwegian kroner by recalculating the income statement using the average exchange rate for the year in question and by converting the balance-sheet using the exchange rate at the end of the financial year. Any difference arising from the conversion is reflected in the total profit.

Note 02

Important accounting estimates and judgments

In preparing the financial statements the management is required to make judgments, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgment at the time the financial statements were prepared.

Actual results may differ from these estimates.

The company's critical estimates and judgments that could result in material adjustment of recognised amounts are discussed below.

Insurance reserves

The claims reserve is intended to cover anticipated payment of claims notified but not paid. It also covers anticipated claims associated with insured events which have occurred but have not been notified by the end of the accounting period. Estimates of not reported claims are made on the basis of claims history using methods of assessing risk approved by the Norwegian FSA. It is also intended to cover future costs of settling the anticipated claims.

Note
03

Risk management and internal control

Storebrand Helseforsikring's income and performance are dependent on external factors that are associated with uncertainty. The most important external risk factors are the developments in the financial markets and the occurring of major damages. Certain internal operational factors can also result in losses, e.g. errors linked to the underwriting or payment of claims.

Continuous monitoring and active risk management are therefore core areas of the Group's activities and organization. The basis for risk management is laid down in the Board's annual review of the strategy and planning process, which sets the risk appetite, risk targets and overriding risk limits for the operations. In the company, responsibility for risk management and internal control is an integral part of management responsibility.

Organisation of risk management

The company's organization of the responsibility for risk management follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and Group level.

The boards of directors have the overall responsibility for limiting and following up the risks associated with the activities. The boards set annual limits and guidelines for risk-taking in the company, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation.

Managers at all levels in the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks, documentation of processes and routines, prioritization and implementation of improvement measures, and good communication, information and reporting.

Independent control functions

The board of the company are responsible for ensuring that independent control functions are in place for risk management within the unit (Chief Risk Officer), for compliance with the regulations, that the insurance liabilities are calculated correctly (Actuary). The independent control functions are organised directly under the companies' managing director and report to the company's board.

In terms of function the independent control functions are affiliated with the Group CRO, which is organised directly under the CEO and reports to the board of directors of Storebrand ASA. The Group CRO shall ensure that all significant risks are identified, measured and appropriately reported. The Group CRO function shall be actively involved in the development of the Group's risk strategy and maintain a holistic view of the company's risk exposure. This includes responsibility for ensuring compliance with the relevant regulations for risk management and the consolidated companies' operations. Storebrand Health buys these services on an equal basis with the wholly owned subsidiaries of Storebrand ASA.

The internal audit function is organised directly under the Board and shall provide the boards of the relevant consolidated companies with confirmation concerning the appropriateness and effectiveness of the company's risk management, including how well the various lines of defence are working.

Note
04

Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial losses or reduced reputation due to inadequate or the failure of internal processes, control routines, systems, human error or external incidents.

Operational risk is minimized by an effective system of internal control with clear procedures, clear descriptions of responsibilities and documented mandates.

Note 05 | Insurance risk

Insurance risk is about protecting oneself against financial loss when events occur. In other words, insurance involves a sharing of risk between many policyholders where the risk reflects probability and impact. For Storebrand Helseforsikring most insurance risk will be associated with developments in the cost of medical treatment which has a direct effect on the company's claims costs. To reduce this risk, agreements have been entered with the largest health services providers with which the company has working relationships. Storebrand Helseforsikring has also entered into a reinsurance agreement with Munich Re, which is the company's reinsurer, to offset the effect of large claims. The company has "excess of loss" protection for 80 per cent of all claims paid above NOK 300,000 per person per year. This means that insurance risk to the company's own account for health insurance is at a low level.

DEVELOPMENTS IN INSURANCE CLAIM PAYMENTS:

NOK thousand	2009	2010	2011	2012	2013	2014	Sum
Calculated gross cost of claims							
At end of the policy year	144,200	181,020	206,811	241,590	309,355	317,007	
- one year later	148,956	174,452	198,818	236,729	308,911		
- two years later	148,612	174,160	198,670	236,617			
- three years later	148,628	174,182	198,642				
- four years later	148,606	174,168					
- five years later	148,583						
Calculated amount 31.12							
Total disbursed to present	148,583	174,163	198,623	236,516	308,150	258,927	1,324,962
Claims reserve ¹⁾		5	19	101	762	58,080	58,968
Claims reserve for claims from prior years (before 2009)							
Total trend in claims disbursed							58,968

¹⁾ Excluding claims handling costs

Note
06

Financial market risk

Market risk is the risk of incurring losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Therefore, market risk is the risk of price changes in the financial markets, including changes in interest rates, and in the currency, equity, property or commodity markets, affecting the value of the company's financial instruments. Storebrand continuously monitors market risk using a range of evaluation methods. The potential for losses in the investment portfolio on a one-year horizon is calculated and the portfolios are stress tested pursuant to the statutorily defined stress tests as well as internal models.

Storebrand Helseforsikring's portfolio consists of interest-bearing investments, and is therefore mainly exposed to changes to the interest rate markets. The duration of the portfolio is 0.20. The low duration, together with active follow-up of the portfolio's credit risk means that the exposure to market risk is deemed to be low.

Note
07

Liquidity risk

Liquidity risk is the risk that the company will not have sufficient liquidity to meet its payment obligations when they fall due, or that the company will not be able to sell securities at acceptable prices. Storebrand Helseforsikring's insurance liabilities are usually known long before they fall due, but a solid liquidity buffer is still important for withstanding unforeseen events.

At the same time company-specific liquidity strategies have been drawn up in line with statutory requirements. These strategies specify limits and measures for ensuring good liquidity and a minimum allocation to assets that can be sold at short notice. The strategy defines limits for allocations to various types of asset and means that Storebrand Helseforsikring generally has money market investments which can be sold if necessary.

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK thousand	0-6	6-12	1-3 years	3-5 years	> 5 years	Total	Booked
Insurance reserves ¹⁾	164,689	9,167	2,044	220		176,119	176,119
Other current liabilities	68,295					68,295	68,295
Total financial liabilities 2014	232,983	9,167	2,044	220		244,414	244,414
Total financial liabilities 2013	168,953	6,634	1,479	159		177,226	177,226

1) Including claims reserve excluding allocation for claims handling costs, and 60 per cent of premium reserve

Note
08

Counterparty risk

Counterparty risk is the risk of incurring losses due to a counterparty's unwillingness or inability to meet its obligations. Maximum limits for credit exposure to individual debtors and for overall credit exposure within rating categories are set by the Board. Particular attention is paid to diversification of credit exposure to avoid concentrating credit risk on any particular debtors or sectors. Changes in the credit rating of debtors are monitored and followed up.

CREDIT RISK BY COUNTERPARTY

(NOK tusen.)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds		42,275				42,275
Credit bonds			135,608	127,200	0	262,808
Mortgage and asset backed bonds	98,166			5,087		103,252
Supranational organisations						0
Total interest-bearing securities 2014	98,166	42,275	135,608	132,286	0	408,335
Total interest-bearing securities 2013	95,701	26,327	101,590	147,017	12,210	382,846

COUNTERPARTIES

NOK thousand	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Derivatives		2,870				2,870
Of which derivatives in bond fund managed by Storebrand						0
Total excluding derivatives in bond fund 2014	0	2,870	0	0	0	2,870
Total excluding derivatives in bond fund 2013	0	1,887	0	0	0	1,887
Bank deposit 2014	0	43,295	5,001	0	0	48,295
Bank deposit 2013	0	15,208	4,355	0	0	19,563

Rating classes are based on Standard & Poor's ratings.

NIG = Non-investment grade.

Note 09

Valuation of financial instruments at fair value

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices obtained from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium is used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Investment Manager continuously performs checks to ensure the quality of market data obtained from external sources. Such checks involve comparing multiple sources and checking and assessing the reasonableness of abnormal changes.

Investment Manager categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES FOR IDENTICAL ASSETS IN ACTIVE MARKETS

Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. The Company has no such investments.

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1

This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Bonds and equivalent instruments are generally classified in this level. The company's investments are primarily in this category.

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE IN ACCORDANCE WITH LEVEL 2

Equities classified as level 3 encompass investments in primarily unlisted/private companies. The Company has no such investments.

NOK thousand	Quoted prices	Observable assumptions	Non-observable assumptions	2014	2013
Bonds and other fixed income securities					
- Government and Government guaranteed bonds		42,275		42,275	26,328
- Credit bonds		262,808		262,808	249,650
- Mortgage and asset backed bonds		103,252		103,252	100,718
- Supranational organisations		0		0	6,150
Total bonds and other fixed income securities 2014		408,335		408,335	
Total bonds and other fixed income securities 2013		382,846			382,846
Derivatives:					
- Currency derivatives		2,870		2,870	1,887
Total derivatives 2014		2,870		2,870	
Total derivatives 2013		1,887			1,887

Note
10

Premium income per country

BREAKDOWN BETWEEN OPERATIONS IN NORWAY AND SWEDEN:

NOK thousand	Norway		Sweden		Total	
	2014	2013	2014	2013	2014	2013
Gross premiums written	256,551	219,547	250,791	221,640	507,342	441,187
Gross premium earned	249,007	210,929	239,555	214,539	488,561	425,468
Reinsurers' share	-1,274	-804	-500	-356	-1,773	-1,160
Earned premium for own account	247,733	210,125	239,055	214,183	486,788	424,308

Note
11

Net income from different classes of financial instruments

NOK thousand	2014	2013
Interest bonds and other fixed-income securities at fair value	11,312	11,225
Total interest income financial assets	11,312	11,225
Revaluation bonds and other fixed-income securities at fair value	-661	-146
Revaluation derivatives	983	1,904
Total revaluation on investments	321	1,758
Profit on bonds and other fixed-income securities at fair value	-24	-725
Profits on derivatives	-414	3,903
Total gains and losses on financial assets	-437	3,177
Management expenditure	-411	-403
Net income from financial assets	10,785	15,757

Note 12 | Insurance profit and loss

NOK thousand	2014	2013
Premiums written		
Gross premiums written	507,342	441,186
Ceded premiums	-1,773	-1,161
Premiums written for own account	505,568	440,026
Gross business		
Earned premiums	488,561	425,468
Losses incurred	-358,439	-304,634
Insurance-related gross operating costs	-73,435	-93,753
Technical result	56,687	27,082
Ceded business		
Earned premiums	-1,773	-1,161
Losses incurred	885	294
Technical result	-888	-867
Technical result for own account	55,799	26,215
Losses incurred for own account		
Incurred this year	-358,174	-309,355
Incurred in previous years	620	5,015
Total for the financial year	-357,554	-304,340

Note 13 | Insurance-related sales and administration costs

NOK thousand	2014	2013
Personnel costs	2,246	6,277
Commissions	33,855	34,329
Other sales costs	699	866
Total insurance-related sales costs	36,801	41,471
Personell costs	2,996	13,927
Other insurance-related operating costs	33,638	38,355
Total insurance-related operating costs	73,435	93,753

Pension costs and liabilities

On 28 October 2014 the Board of Directors of Storebrand ASA decided to change the pension scheme for its own employees from a defined-benefit to a defined-contribution plan with effect from 1 January 2015. Up until 31 December 2014, Storebrand in Norway has had both a defined-contribution and a defined-benefit scheme. The defined-benefit scheme was closed to new members from 1 January 2011, and a defined-contribution scheme was established from the same point in time. In connection with the transition to a defined-contribution pension the employees will be issued with a traditional paid-up policy for the rights accrued in the guaranteed pension scheme. This has been taken into account in the pension liabilities at 31 December 2014. There are certain obligations related to people on sick leave and partially disabled employees for whom the defined-benefit scheme will continue to apply for a period. The employees in Storebrand Helseforsikring in Norway have the same pension plan as the employees of Storebrand and change therefore pension plan accordingly.

According to IAS 19 assets and liabilities linked to the defined-benefit scheme shall be derecognised when a non-reversible decision has been made to discontinue a defined-benefit scheme (and it is not replaced by a similar scheme). The assumptions used in the calculations must be updated and the effects of this must be recognised in total comprehensive income. Effects that were recognised in total comprehensive income in previous periods shall not be reclassified to profit or loss (IAS 19.122). Gains and losses on derecognition are recognised through profit or loss.

For the uninsured insurance liabilities for salaries over 12 G, employees have been offered cash release of the accrued rights, payable at the beginning of 2015, with the exception of executive management employees, who will receive payments spread over five years. These uninsured insurance liabilities were included in the statement of financial position at 31 December 2014. There are also defined-benefit liabilities in the statement of financial position related to direct pensions for certain former employees and former board members.

The new defined-contribution scheme that comes into effect from 1 January 2015 has the following components and premiums:

- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 88,370 at 31 December 2014)
- In addition 13 per cent of salary between 7.1 and 12 G is saved
- Savings rate for salary over 12 G is 20 per cent

For the defined-contribution scheme up until 31 December 2014 the saving rates were 5 per cent of salary between 1 and 6 G, 8 per cent of salary between 6 and 12 G, plus a defined-contribution scheme funded through operations that amounts to 20 per cent of the contribution basis for salaries above 12 G per year.

From 1 January 2013 Storebrand has been a member of the AFP contractual early retirement pension scheme. The private AFP pension scheme shall be accounted for as a defined-benefit multi-employer scheme and is financed through annual premiums that are set at 1 per cent of salary between 1 and 7.1 G. There is no reliable information available for recognition of the new liability in the statement of financial position. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing a contractual early retirement pension (AFP) or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Payment of AFP is lifelong, and employees can choose to receive an AFP pension from the age of 62 and still continue to work. Storebrand's direct pension scheme with payment between the age of 65 and 67 has been discontinued for other employees.

All members of the pension schemes have associated survivor's and disability cover.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK thousand	2014	2013
Present value of insured pension benefit liabilities	2,995	14,438
Pension assets as fair value	-2,535	-10,579
Net pension liability/surplus for the insured schemes	460	3,858
Present value of the uninsured pension liabilities	2,994	6,093
Net pension liabilities in the statement of financial position	3,454	9,951

Provision for employment taxes are included in the gross obligation.

BOOKED IN THE STATEMENT OF FINANCIAL POSITION

NOK thousand	2014	2013
Pension assets		
Pension liabilities	3,454	9,951

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITY IN THE PERIOD

NOK thousand	2014	2013
Net pension liability at 01.01.	20,530	20,030
Net pension cost recognised in the period	2,691	2,275
Interest on pension liabilities	869	800
Experience adjustments	5,723	856
Pension paid	0	-264
Changes to pension scheme	-13,826	-2,722
Pension liabilities additions/disposals and currency adjustments	-9,704	0
Payroll tax of employer contribution, assets	-294	-445
Net pension liability at 31.12.	5,988	20,530

CHANGES IN THE FAIR VALUE OF PENSION ASSETS IN THE PERIOD

NOK thousand	2014	2013
Fair value of pension assets at 01.01	10,578	8,952
Expected return	321	329
Experience adjustments	-748	-1,859
Premium paid	2,383	3,601
Payroll tax of employer contribution, assets	-294	-445
Pension liabilities additions/disposals and currency adjustments	-9,704	0
Net pension assets at 31.12	2,534	10,578

Expected premium payments (pension assets) in 2015	400
Expected premium payments (contributions) in 2015	1,940
Expected AFP early retirement scheme payments in 2015	484

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12:

	2014	2013
Real estate	10%	12%
Bonds at amortised cost	40%	48%
Mortgage loans and other loans	0%	2%
Equities and units	15%	16%
Bonds	28%	20%
Certificates	8%	2%
Total	100%	100%

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance.

The book (realised) investment return on assets	5.4 %	3.3 %
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NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK thousand	2014	2013
Current service cost	2,691	2,309
Net interest cost/expected return	548	438
Changes to pension scheme	-13,826	-2,722
Total defined benefit pension schemes	-10,586	24
The period's payment to contribution scheme	604	1,994
Net pension cost booked to profit and loss account in the period	-9,982	2,018

Net pension cost includes national insurance contributions and is included in operating expenses.

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2014	2013
Loss (profit) – change to the discount rate	5.2	0.0
Loss (profit) – change to other financial assumptions	-0.7	-0.2
Loss (profit) – change to the mortality table	0.0	1.7
Loss (profit) – change to other demographical assumptions	0.0	0.0
Loss (profit) – experienced DBO	1.2	-0.6
Loss (profit) – experienced pension funds	0.6	1.7
Investment/administration costs	0.1	0.1
Upper limit pension funds	0.0	0.0
Remeasurements loss (gain) in the period	6.5	2.7

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AT 31.12.:

	2014	2013
Discount rate	3.0 %	4.0 %
Expected earnings growth	3.0 %	3.3 %
Expected annual increase in social security pensions	3.0 %	3.5 %
Expected annual increase in pensions in payment	0.1 %	0.1 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

FINANCIAL ASSUMPTIONS:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

IAS 19.78 states that high-quality corporate bond rates shall be used as the discount rate. In countries where there is no deep market for such bonds, the government bond rates shall be used.

Storebrand has applied the covered bond rate at 31 December 2014 as the discount rate. Based on the market and volume development observed, the Norwegian covered bond market must be perceived as a deep market in relation to the provisions in IAS 19, in the opinion of Storebrand.

In 2013 Storebrand (Norway) amended the pension rules in the collective schemes for employees and former employees of the company. The change entailed that pensions in payment no longer have a provision concerning annual adjustment by a minimum of 80 per cent of the change in the consumer price index.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2014.

The average employee turnover rate is 2–3 per cent for the entire workforce as a whole, and falling turnover with increasing age is assumed.

NET PENSION LIABILITY AT 31.12.:

NOK thousand	2014	2013
Discounted current value of defined benefit pension liabilities	5,989	20,531
Fair value of pension assets	2,535	10,579
Deficit/surplus	3,454	9,951

Note
15

Remuneration of senior employees and elected officers of company

Bjarke Thorøe is the Managing Director of Storebrand Helseforsikring AS. He has a bonus arrangement linked to the company's financial performance and his individual contribution. The annual bonus level is NOK 600,000 (100%) and may rise to a maximum of NOK 900,000 (150%). The Managing Director is a member of Storebrand's pension scheme. At the end of the employment relationship the Managing Director has six months' notice. The company is under no obligation to give the Managing Director any special compensation payment at the end of the employment relationship.

NOK thousand	Ordinary salary	Bonus earned this year ¹⁾	Other benefits ²⁾	Total remuneration for the year	No. of shares owed ³⁾	Loan ⁴⁾
Senior employees						
Bjarke Thorøe	1,572	900	139	2,611	0	3,500
Total 2014	1,572	900	139	2,611	0	3,500
Total 2013	1,504	724	134	2,362		3,500

- 1) Earned bonus at 31.12.14. Senior executives are contractually entitled to performance related bonuses. 50% of the earned bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market price. These are registered in a share bank with a lock-in period of three years. At the end of three years, the value of the synthetic share is calculated at a new market price. Half of the amount paid from the share bank shall, after tax, be used to purchase shares in Storebrand ASA at market price, with a new three-year lock-in period.
- 2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
- 3) Loans up to 3.5 million follow ordinary employees' conditions while excess loan amount follows the market rate.
- 4) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

NOK thousand	Pension accrued for the year	Estimated pension liabilities at 31 December 2014	Value of paid-up policies issued at 1 January 2015 ¹⁾	Settlement value of direct in excess of 12G/transferred to pension account ^{2,5)}	Accounting gain for Storebrand from discontinuation of defined benefit pensions (before compensation) ³⁾	Value of compensation to employees ^{4,5)}
Senior employees						
Bjarke Thorøe	256	2,829	1,168	1,093	568	675
Total 2014	256	2,829	1,168	1,093	568	675
Total 2013	398	3,063				

- 1) Paid-up policies related to guaranteed pension scheme for salaries below 12G issued on 1 January 2015.
- 2) Redemption of pension rights earned in excess of 12G.
- 3) Estimated gain for Storebrand Helseforsikring before value of compensation related to transition to defined contribution pensions. This is calculated as the "Estimated pension liabilities as at 31 December 2014" minus "Value of paid-up policies issued as at 1 January 2015" minus "Settlement value of direct pension in excess of 12G".
- 4) Compensation related to the transition to defined contribution pensions is estimated based on Storebrand's general compensation model.
- 5) Total amount will be transferred to a pension account with one-fifth of the annual added interest. The amount will be taxed as wage income and the net amount after tax will be transferred to a pension account ("Extra Pension" product).

NOK thousand	Remuneration
Board of Directors	50
Control Committee	175
Total 2014	225
Total 2013	300

Note 16 | Remuneration paid to auditors

NOK thousand	2014				Total 2013
	Total	of this Deloitte		of this other auditors	
		Norway	Sweden		
Statutory audit	152	116	36		245
Total	152	116	36	0	245

The amounts above is excluding vat.

Note
17

Tax

TAX COSTS

NOK thousand	2014	2013
Payable tax ¹⁾	12,252	3,463
Insufficient provision previous year	382	
Change in deferred tax	3,404	3,879
Total tax costs	16,037	7,342

PAYABLE TAX IN THE BALANCE SHEET

NOK thousand	2014	2013
Payable tax in profit and loss account	12,252	3,463
Paid tax in Sweden	-2,428	
Payable tax in the balance sheet	9,823	3,463

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK thousand	2014	2013
Tax increasing temporary differences		
Fixed assets	288	439
Operating assets	2,408	2,087
Translation differences	7,915	3,052
Total tax increasing temporary differences	10,611	5,578
Tax reducing temporary differences		
Allocations	-1,332	
Accrued pension liabilities	-3,454	-9,951
Other		5,048
Total tax reducing temporary differences	-4,786	-4,904
Net deferred tax assets/deferred tax before losses carried forward	5,825	675
Temporary differences not eligible for deferred tax		
Net basis for deferred tax/tax assets	5,825	675
Net deferred tax asset/liability	1,573	189

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	2014	2013
Ordinary pre-tax profit	57,198	33,068
Expected tax on income at nominal rate	-15,444	-9,259
Tax effect of:		
permanent differences	-2,338	1,961
Insufficient provision previous year	382	0
Error regarding previous years	1,363	0
Changes in tax rate	0	-44
Tax charge	-16,037	-7,342
Effective tax rate	28%	22%

Note
18

Intangible assets

NOK thousand	2014	2013
Acquisition cost 01.01	53,894	48,667
Additions in the period:		
Adjusted classification	330	0
Purchased separately	5,310	5,227
Acquisition cost 31.12	59,535	53,894
Accumulated depreciation & write-downs 01.01	-41,352	-36,970
Adjusted classification	-66	0
Amortisation in the period	-5,249	-4,381
Accumulated depreciation & write-downs 31.12	-46,667	-41,351
BCarrying amount 31.12	12,868	12,543

Intangible assets applies the company's insurance system, investment in PM-projects and Health App. Investments in insurance system, which is made before 01.01.2013 are as previously considered fully depreciated in 2015. New investments will be depreciated and is considered to have an economic life of 6 years. Investments in PM-projects and Health App are considered to have an economic life of 5 years.

Note
19

Tangible fixed assets

NOK thousand	Maskiner	Inventar	2014	2013
Booked value 01.01	336	963	1,299	1,421
Additions	0		0	340
Disposals		0	0	0
Depreciation	-58	-272	-330	-462
Other changes	-264		-264	
Booked value 31.12	14	691	705	1,299
Acquisition cost opening balance	979	2,042	3,021	2,831
Acquisition cost closing balance	648	1,967	2,615	3,171
Accumulated depreciation and write-downs opening balance	642	1,079	1,721	1,410
Accumulated depreciation and write-downs closing balance	634	1,276	1,910	1,872
Depreciation method:	Linear			
Depreciation plan and financial lifetime:				
Equipment	3-4 years			
Fixtures & fittings	8 years			

Note
20

Tangible fixed assets – operational leasing

MINIMUM FUTURE PAYMENTS ON OPERATIONAL LEASES FOR FIXED ASSETS ARE AS FOLLOWS:

NOK thousand	Minimum lease payment <1 year	Minimum lease payment 1-5 years	Minimum lease payment > 5 years
Lease < 1 year			
Lease 1 - 5 years	3,444	12,288	
Lease > 5 years			
Total 2014	3,444	12,288	0

Herav framtidige fremleieinntekter. [engelsk?](#)

AMOUNT THROUGH PROFIT AND LOSS ACCOUNT

NOK thousand	2014	2013
Lease payments through profit and loss account	3,444	2,524

Includes leasing agreement for Lysaker Park, renting local DKV premises in Stockholm, as well as some movables

Note
21

Classification of financial assets and liabilities

NOK thousand	Loans and receivables	Fair value	Liabilities at amortised cost	Total
Financial assets				
Bank deposits	48,296			48,296
Bonds and other fixed-income securities		408,335		408,335
Accounts receivable and other short-term receivables	124,382			124,382
Derivatives		2,870		2,870
Total financial assets 2014	172,677	411,205		583,882
Total financial assets 2013	133,501	384,733		518,235
Financial liabilities				
Other current liabilities			68,295	68,295
Total financial liabilities 2014			68,295	68,295
Total financial liabilities 2013		0	49,743	49,743

Note
22

Accounts receivable and other short-term receivables

NOK thousand	2014	2013
Accounts receivable	118,517	105,539
Pre-paid commissions	533	0
Other current receivables	5,865	8,399
Carrying amount 31.12	124,915	113,938

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE, ETC 31.12 (GROSS)

NOK thousand	2014	2013
Receivables not fallen due	118,517	105,539
Past due 1 - 30 days		
Past due 31 - 60 days		
Past due 61 - 90 days		
Past due > 90 days		
Gross accounts receivable/receivables from reinsurance	118,517	105,539
Provisions for losses 31.12		
Net accounts receivable/receivables from reinsurance	118,517	105,539

Note
23

Bonds and other fixed-income securities

NOK thousand	2014	2013
	Fair value	Fair value
Government and government guaranteed bonds	42,275	26,327
Credit bonds	262,808	249,650
Mortgage and asset backed bonds	103,252	100,718
Bond funds	0	6,150
Total bonds and other fixed-income securities	408,335	382,846

	2014	2013
Modified duration	0.20	0.18
Average effective yield	1.76%	2.13%

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

Note 24 | Derivater

NOK thousand	Gross nominal volume	Gross booked value fin. assets	Gross booked value fin. liabilities	Net booked fin. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet		Netto beløp
					Fin. assets	Fin. liabilities	
Currency derivatives	68,958	2,870	0			0	2,870
Total derivatives 2014	68,958	2,870	0	0	0	0	2,870
Total derivatives 2013	71,942	1,887	0	0	0	0	1,887

Financial derivatives are linked to underlying amounts which are not reported in the statement of financial position. In order to quantify a derivative position, reference is made to such underlying amounts described as the underlying nominal principal, nominal volume and the like. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative creates. Gross nominal volume mainly gives an indication of the amount, while net nominal volume gives an impression of risk positions. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Figures for average gross nominal volume are based on daily calculations of gross nominal volume.

Note 25 | Currency exposure

NOK thousand	Balance sheet items		Net position	
	excl. currency derivatives	Currency derivatives	in currency	in NOK
SEK	-95,887	71,984	-23,903	-22,899
Total net position foreign currency 2014				-22,899
Total net position foreign currency 2013				-20,604

Note
26

Technical insurance reserves

NOK thousand	2014	2013
Gross insurance liabilities		
Booked value 01.01	284,071	239,128
Change in premium and claims reserves	39,197	21,697
Change in security reserve	9,296	8,678
Exchange rate changes	3,055	14,568
Booked value 31.12.	335,620	284,071

ASSETS AND LIABILITIES

NOK thousand	2014	2013
Receivables concerning insurance contracts	118,517	105,539
Total assets	118,517	105,539
Premium reserve	195,253	174,505
Claims reserve	66,928	45,999
- of which RBNS	0	25,325
- of which IBNR	58,968	15,201
- of which settlement costs	7,961	5,472
Security reserve	73,438	63,567
Liabilities concerning insurance contracts	3,831	3,537
Total liabilities	339,450	287,607

TECHNICAL INSURANCE RESERVES

NOK thousand	2014	2013
Non-earned gross premiums	195,253	174,505
The Norwegian FSA's minimum requirement	195,253	174,505
Gross claims reserves	66,928	45,999
The Norwegian FSA's minimum requirement	59,002	42,359
Security reserve	73,438	63,567
The Norwegian FSA's minimum requirement	73,438	63,567

TECHNICAL INSURANCE RESERVES CLASSIFIED AS OTHER EQUITY

NOK thousand	2014	2013
Provision for guarantee reserve	19,507	17,398
The Norwegian FSA's minimum requirement	19,507	17,398

Note
27

Current liabilities

NOK thousand	2014	2013
Accounts payable	9,141	11,759
Governmental fees and tax withholding	2,096	2,179
Other current liabilities	552	0
Carrying amount 31.12	11,789	13,938

Capital requirements and solvency requirements

Non-life insurance companies follow the same capital adequacy rules as life insurance companies, banks and other financial institutions. The requirement is for 8 per cent primary capital in relation to the risk-weighted statement of financial position total.

SPECIFICATION OF THE CAPITAL ADEQUACY:

NOK thousand	2014	2013
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other retained earnings	4,717	12,269
Total equity	159,717	167,269
Intangible assets	-12,868	-12,542
Net primary capital	146,849	154,727
Calculation base by class of risk weighting	651,208	585,658
Risk weight 0%	0	0
Risk weight 10%	98,166	95,701
Risk weight 20%	348,365	295,541
Risk weight 50%	0	0
Risk weight 100%	135,719	126,404
Weighted assets in the balance sheet	215,209	195,082
Weighted interest rate and FX contracts	712	513
Risk weighted calculation base	215,920	195,596
Capital adequacy ratio	68.0%	79.1%

SOLVENCY MARGIN

NOK thousand	2014	2013
Solvency margin demand	91,163	79,011
Solvency margin capital	179,896	183,332
Solvency margin	197.3%	232.0%

SPECIFICATION OF SOLVENCY MARGIN CAPITAL

NOK thousand	2014	2013
Net primary capital	146,849	154,727
Counting security reserve	33,047	28,605
Solvency capital	179,896	183,332

The minimum solvency margin is calculated as the greater of the two measurements, based either on last year's premiums or the average of last three years' claims received. The minimum requirement is calculated from the previous year's accounts, and applied for the whole of next year.

Note 29 | Number of employees

	2014	2013
Number of employees at 31.12.	33	39
Average number of employees	35	43
Fulltime equivalent positions at 31.12.	32	38
Average number of fulltime equivalents	34	42

Note 30 | Transactions with related parties

Storebrand Helseforsikring is a joint venture company owned by Storebrand ASA (50%) and Munich Health Holding AG (50%).

Transactions with related parties are included among the products and services offered by the companies to external customers. The transactions are entered into on commercial terms. For the Storebrand companies this includes occupational pensions, medical/personal injury insurance, leasing of premises, investment management, purchase and sale of services. Munich Re is Storebrand Helseforsikring's reinsurer.

For more detail, see information on executives in note 15.

NOK thousand	2014				2013			
	Purchase of services	Commission costs	Receivables	Liabilities	Purchase of services	Commission costs	Receivables	Liabilities
Munich Re				100				
Munich Health Holding AG				20,581				12,500
Storebrand ASA				20,581				12,500
Storebrand Baltic	4,739			896	-371			493
Storebrand Livsforsikring AS	10,838	6,075	2,923	191	10,591	14,802	3,705	684
Storebrand Forsikring AS	1,375				2,131			
Storebrand Pensjonstjenester AS	44			44	34			
SPP	1,212		91		2,091		126	
Total	18,209	6,075	3,014	42,392	14,476	14,802	3,831	26,177

WORDS AND EXPRESSIONS

Insurance profit and loss

Premium income less cost of claims and operating costs.

Risk profit and loss

Premium income less cost of claims.

Cost ratio

Operating costs as a percentage of accrued premiums.

Claims ratio

Claims paid as a percentage of accrued premiums.

Combined ratio

Cost ratio plus claims ratio.

Own account

Amounts added/subtracted for re-insurance.

Reinsurance

Transfer of part of the risk to another insurance company.

Insurance-related returns [non-life insurance]

For a more detailed description of insurance-related returns and accrual of of premiums and claims, see note 1 - Accounting principles.

IBNR reserves (Incurred but not reported)

Provision for claims for insured risks which have occurred but have not been reported to the insurance company.

RBNS reserves (Reported but not settled)

Provisions for settlement of claims notified but not yet settled.

Duration

Average remaining period of an income stream from interest-bearing securities. Modified duration is calculated on the basis of the duration and reflects value sensitivity to underlying interest rate changes.

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Helseforsikring AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Helseforsikring AS, which comprise the statement of financial position as at 31 December 2014, and the profit and loss account, showing a profit of NOK 35.7 million, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand Helseforsikring AS as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 13 March 2015
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant (Norway)

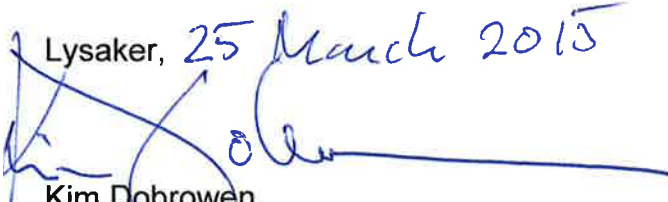
Translation has been made for information purposes only

Control Committee declaration for 2015

STOREBRAND HELSEFORSIKRING AS

The control committee in Storebrand Helseforsikring AS has undergone the board's proposal for the annual report for 2014.

The company has received the audit report and the control committee considers that the presented annual report can be determined as the annual report for Storebrand Helseforsikring AS for the year 2014.

Lysaker, 25 March 2015

Kim Dobrowen
Control committee's chairman

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