

Annual report 2013

Storebrand Helseforsikring AS



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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 result before tax expense was NOK 33.1 million (NOK 47.9 million).

Gross premiums written was NOK 441.2 million (NOK 386.5 million), a 14.1 per cent increase, compared with 2012. Premium income for own account was NOK 424.3 million (NOK 366.7 million). The demand for treatment insurance in the market remains high and treatment insurance are by the companies seen as one of many important tools to reduce sick leave. Storebrand Health Insurance has a leading market position in Norway in terms of premiums.

Claims expenses for own account were NOK 304.3 million (NOK 233.4 million) for the year. Claims ratio was 71.7 per cent (63.6 per cent). The increase in claims ratio was due to a higher claims frequency. The underlying risk development of the company is satisfactory.

Insurance-related operating costs were NOK 93.7 million (NOK 90.5 million). The cost ratio was 22.1 per cent, a reduction of 2.6 percentage points, compared with the previous year, which reflects increased efficiency at the company. Positive one-off effects related to changes in pension terms for Storebrand Group's employees also contributes to reduced cost ratio.

Storebrand Helseforsikring achieved a financial return of 2.67 per cent (3.23 per cent) for the investment portfolio. The net financial income was NOK 15.8 million (NOK 10.9 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 tax position. The tax expense for 2013 was NOK 7.3 million (NOK 13.1 million), with NOK 3.5 million allocated to tax payable. The result after tax expense is NOK 25.7 million (NOK 34.8 million).

Pursuant to 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 2013 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 2013 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 and interest rate risk is key to management of the securities portfolio. The company conducts regular stress tests to analyze 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 taken out 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 finds that the company's equity and primary capital during the year and as at 31.12.2013 is adequate.

The company's capital adequacy is calculated at 79.1 per cent (93.0 per cent) at the end of the year, and the primary capital is NOK 154.7 million (NOK 155.7 million). The solvency margin

was 232.0 per cent (257.5 per cent) as at 31.12.2013. Both the capital adequacy and solvency margin are within 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 for nearly 20 years. Sustainable products and relationships are one of Storebrand customer promises and an integral part of the Group's brand. During 2013, Storebrand has further strengthened the work of sustainability for the purpose of delivering the customer promise of sustainability as a differentiating factor that brings us closer to the vision "Our customers recommend us."

Storebrand has signed the UN principles for responsible business conduct Global Compact, and these principles serves as a foundation for our policy sustainability.

The Group places high demands on the companies we invest in and we set the same standards for ourselves and our suppliers.

Sustainability is integral to Storebrand's values, vision, core values and customer promises, and the company has developed clear guidelines as the foundation for this work.

Ethics and trust

Trust is the lifeblood of Storebrand, and we set strict requirements on high ethical standards among the group's employees. All employees are measured by their performance, conduct and attitude.

The group has a common regulatory framework that is available on the intranet. Here find employees rules for personal behavior, business practices and alert. The company has procedures for both internal and external reporting.

Environment

Storebrand works systematically to reduce the company's impact on the environment, through its business activities, investments, procurement and property management. The group places strict environmental requirements on suppliers and companies in which it invests. 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 39 employees at the end of the year. 37 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 (79 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 2013, 20 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 2013.

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 11.0 per cent in 2013 which are an increase of 5.2 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 2013.

Board and management changes

The composition of the board changed during the year. Anna Wahlström resigned 22 November 2013. Michaela Bruneheim joined the board 13 February 2014. The current board consists of Tom Georg Granquist (Chairman), Wolfgang Diels, Horst Weber, Michael Runnacko, Michaela Bruneheim and Agnete Lerdahl (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. There is still great competition in the market, with increased pressure on prices and an increased frequency of claims disbursements. 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 114,555 customers (103,180). In 2013, 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 pick solutions that support cost-efficient and profitable operation, and which further reinforce 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 2013.

Allocation of profit for the year

The 2013 result for Storebrand Helseforsikring AS was NOK 18.3 million (NOK 43.8 million). The board proposes that NOK 25.0 be allocated to dividends.

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

	2013
Transferred to guarantee reserve	1.8
Allocated to dividend	25.0
Transferred to other equity	-8.5
Total	18.3


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

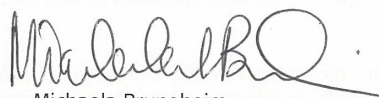
Munich, 25 March 2014

The Board of Storebrand Helseforsikring AS

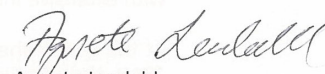

Tom Georg Granquist
Chairman



Wolfgang Diels


Horst Weber


Michaela Bruneheim


Michael Runnakko


Agnete Lerdahl


Bjarke Thorøe
CEO

Profit and Loss account Storebrand Helseforsikring AS

1. januar - 31. desember

NOK thousand	Note	2013	2012
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums written		441,186	386,528
- Reinsurers' share		-1,161	-2,028
Gross change in reserve for unearned premiums		-15,718	-17,754
Premium income for own account	12	424,308	366,747
Allocation of investment return transferred from the non-technical accounts		3,361	3,555
CLAIMS EXPENSES			
Gross claims paid		-298,655	-230,170
- Reinsurers' share		294	377
Gross change in claims reserve		-5,979	-3,598
Claims expenses for own account	5,12	-304,340	-233,391
INSURANCE RELATED OPERATING COSTS			
Sales costs		-41,471	-36,535
Insurance related administration costs		-52,281	-54,005
Insurance related operating costs for own account	13,14,15,16,19,20	-93,753	-90,540
Other insurance related operating cost	18		
Balance on the technical account before allocations to security reserve		29,576	46,371
Change in security reserve	26	-8,678	-5,846
Technical profit		20,898	40,525
NON-TECHNICAL ACCOUNTS			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets		11,225	12,003
Change in value on investments		1,758	-1,488
Realised gain and loss on investments		3,177	828
Costs associated with administration of investments, including interest expense		-403	-439
Net income from investments	11	15,757	10,905
Allocation of investment return transferred to the technical accounts		-3,361	-3,555
Other income/costs		-226	-12
Non-technical profit		12,169	7,338
Pre tax profit		33,068	47,863
Tax	17	-7,342	-13,056
Profit/loss for the year		25,726	34,807
Other result elements:			
Translation differences		-3,338	1,211
Change in pension experience adjustments		-2,715	7,763
Tax on other comprehensive income		-1,363	
Total comprehensive income for the year		18,310	43,780

Statement of financial position Storebrand Helseforsikring AS

31. december

NOK thousand	Note	2013	2012
ASSETS			
Deferred tax assets			
Intangible assets	18	12,542	11,697
Total intangible assets		12,542	11,697
FAIR VALUE FINANCIAL ASSETS			
Shares and other equity investments			
Bonds and other securities - fixed yield	23	382,846	368,494
Financial derivatives	24	1,887	-
Other financial assets		720	3,107
Total financial assets	8,9,21	385,453	371,600
RECEIVABLES			
Receivables due from insurance customers		105,539	89,420
Other receivables		8,399	4,395
Total receivables	21,22	113,938	93,815
OTHER ASSETS			
Fixed assets	19	1,299	1,421
Cash and cash equivalent	8,21	18,843	33,490
Tax assets		-	5,060
Total other assets		20,143	39,972
Prepaid costs and accrued income		-	50
Total prepaid costs and accrued income		-	50
Total assets		532,076	517,133


Statement of financial position Storebrand Helseforsikring AS (cont.)

31. december

NOK thousand	Note	2013	2012
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			
Guarantee reserve	26	17,398	14,786
Other retained earnings		12,269	25,255
Total retained earnings	28	29,667	40,041
GROSS INSURANCE LIABILITIES			
Reserve for unearned premiums gross		174,505	149,171
Claims reserve gross	5	45,999	37,980
Security reserve		63,567	51,976
Total insurance liabilities gross	26	284,070	239,128
RESERVES FOR LIABILITIES			
Pension liabilities	14	9,951	11,077
Tax payable for the period	17,27	3,463	13,656
Deferred tax		182	-
Total reserves for liabilities		13,597	24,733
DEBT			
Due in respect of direct insurance		3,537	12,135
Share dividends		25,000	27,000
Other debt		13,938	1,733
Debt to connected parties	30	237	422
Total debt	27	42,712	41,291
Accrued costs and deferred income		7,031	16,940
Total accrued costs and deferred income	27	7,031	16,940
Total equity capital and liabilities		532,076	517,133


Munich, 25 March 2014


The Board of Storebrand Helseforsikring AS



Tom Georg Granquist
Chairman

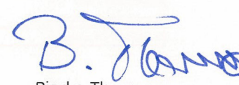

Wolfgang Diels


Horst Weber


Michaela Bruneheim


Michael Runnakko


Agnete Lerdahl


Bjarke Thoree
CEO

Cash flow analysis Storebrand Helseforsikring AS

NOK thousand	2013	2012
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Paid-in premiums gross insurance	415,309	387,169
Paid-out claims gross insurance	-298,362	-229,793
Tax payable for the period	-8,830	-9,787
Net receipts/payments operations	-90,333	-88,989
Net cash flow from operational activities before financial assets	17,785	58,600
Net receipts/payments - financial assets	-2,241	-56,284
Net cash flow from financial assets	15,544	2,316
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net receipts/payments - sale/purchase of fixed assets	-5,578	-2,568
Net cash flow from investment activities	-5,578	-2,568
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-27,000	-
Net cash flow from financing activities	-27,000	-
Net cash flow for the period	-17,034	-252
Net movement in cash and cash equivalent assets	-17,034	-252
Cash and cash equivalent assets at start of the period	36,597	36,849
Cash and cash equivalent assets at the end of the periode	19,563	36,597

Reconciliation of change in equity

NOK thousand	Share capital	Share premium reserve	Re-statement differences	Pension experience adjustments	Guarantee scheme	Other equity	Total equity
Equity 01.01.12	33,000	122,000	-1,118		13,535	10,844	178,261
Profit						34,807	34,807
Change in pension experience adjustments				7,763			7,763
Re-statement differences			1,211				1,211
Change in guarantee reserve					1,251	-1,251	
Share dividend						-27,000	-27,000
Equity 31.12.12	33,000	122,000	93	7,763	14,786	17,400	195,042
Profit						22,041	22,041
Re-statement differences			-3,338				-3,338
Change in guarantee reserve					2,611	-2,611	
Change in pension experience adjustments				-4,078			-4,078
Share dividend						-25,000	-25,000
Equity 31.12.13	33,000	122,000	-3,245	3,685	17,397	11,829	184,667

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 1 – ACCOUNTING PRINCIPLES

The annual accounts have been drawn up in accordance with the Norwegian Regulations on Financial Statements etc. for Insurance Companies.

1 - Use of estimates in preparing the financial statements

In preparing the accounts, management must make assumptions and estimates which affect the recognised 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.

2 - Changes to accounting principles

The annual accounts have been drawn up in accordance with the NRS6 accounting standard and the Norwegian Regulations on Financial Statements etc. for Insurance Companies. An amendment to the regulations relating to the annual accounts of insurance companies has been adopted that states that all insurance companies must use IAS 19 as of 2015. The company has therefor changed its accounting principles from 01.01.2013 and thus achieve equality with the consolidated financial statements of Storebrand ASA. The actuarial gains at 01.01.2013 are therefor recognized and credits the equity of 7.8 million.

3 - Financial instruments

3.1 - General policies and definitions

Recognition and derecognition

Financial assets and liabilities are included in the statement of financial position from such time Storebrand 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 recognised 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 derecognised 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 derecognised 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 amortised cost

Subsequent to initial recognition, held-to-maturity investments, loans and receivables as well as financial liabilities not at fair value in profit or loss, are measured at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value

Refer to the definition of fair value in section 9. The fair value of 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 a market for a financial instrument is not active, fair value is determined by using 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.

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

3.2 - Impairment of financial assets

For financial assets carried at amortised cost, 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)

Notes Storebrand Helseforsikring AS

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, investments held to maturity
- Financial assets, loans and receivables
- Financial assets, available for sale

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.

3.4 - Financial liabilities

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at 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 justifiable and must comply with the minimum requirements.

Insurance premiums are booked 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 notified but not settled. It also covers anticipated claims associated with losses which have occurred but have not been notified by the end of the accounting period. Claims made but not paid are provided for in their entirety. A calculation of the reserve required is then undertaken for claims incurred but not reported (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.

Notes Storebrand Helseforsikring AS

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

Until 31.12.2010 Storebrand Helseforsikring had a defined benefit pension scheme for its employees in Norway. The Norwegian defined benefit scheme was closed to new members from 1.1.2011, and existing members could voluntarily choose to transfer to a defined contribution scheme.

Storebrand has been a member of AFP (Norwegian contractual early retirement scheme) since 1 January 2013. The Norwegian contractual early retirement scheme is considered to be a defined benefit plan, but there is insufficient quantitative information to estimate reliable accounting obligations and costs.

6.1 - 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/losses and the effects of changes in assumptions are included in the total comprehensive income in the income statement for the period in which they occur. The effects of changes in the pension scheme are recognised 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 the total comprehensive income.

As of 31 December 2012 an interest rate derived from high quality corporate bonds is used as the discount rate. Government bond rates were used earlier. See note 14 for further details.

Storebrand has an insured and an uninsured pension plan. The insured plan in Norway is written by Storebrand Livsforsikring AS, which is part of the Storebrand Group.

6.2 - Defined contribution scheme

The defined contribution pension scheme involves the Group in 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 recognised 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.

Notes Storebrand Helseforsikring AS

9 - Tax

The tax cost in the income statement consists of tax payable for the accounting year and changes in deferred tax. Tax is recognised in the income statement, except when it relates to items that are recognised 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 recognised 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.

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 2 - IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the Group's financial statements the management are required to make judgements, 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 judgement at the time the financial statements were prepared. Actual results may differ from these estimates.

The company's critical estimates and judgements 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.

Pensions for own employees

The present value of pension obligations depends upon the financial and demographic assumptions used in the calculation. The assumptions must be realistic, mutually consistent and up to date as they should be based on a cohesive set of estimates about future financial performance. The pension liability calculations are undertaken by actuaries. Any changes to these estimates including forecast salary growth and the discount rate can have a substantial effect on the recognised pension liabilities relating to own employees. Estimates of future real interest rates, real salary growth, future adjustments to the national insurance base amount and future inflation, are subject to significant uncertainty.

NOTE 3 – RISK MANAGEMENT AND INTERNAL CONTROL

Continuous monitoring and active risk management are therefore core areas of the Group's activities and organisation. 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 Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility.

The Board of Directors shall ensure that the company has appropriate systems for risk management and internal control. The Chief Executive Officer shall, in accordance with the guidelines adopted by the Board of Directors, arrange for the establishment of acceptable risk management and internal control, continuous follow-up of risk, and ensure that the risks are satisfactorily covered, ensure that the company's risk management and internal control is implemented, monitored and documented, and provide the Board of Directors with relevant and timely information about the company's risks, risk management and internal control. Managers at all levels in the organisation are responsible for risks, risk management and internal control within their own area of responsibility, and shall continuously consider the implementation of internal control.

The managements prepare annual internal control reports that show how the internal control that has been established functions. At least once a year, the Chief Executive Officer shall prepare an overall review of the risk situation and submit this to the Board of Directors for action.

Storebrand has dedicated functions to follow up and manage risks for various product groups and for the company as a whole. Control functions for risk management, internal control and compliance shall support the line organisation in identifying, assessing, managing and controlling risk-taking.

Responsibility for the Group's control functions for risk management and internal control lie with the Group's Chief Financial Officer.

Notes Storebrand Helseforsikring AS

Compliance

The compliance function is an advisory function that supports the Board and management in managing and following up the risk of failing to comply with the external and internal rules and regulations that apply to the business.

The compliance function in the individual company prepares written reports for the Board of Directors and executive management in the company informing on the company's compliance with internal and external regulations. Compliance reporting is seen as being on a par with the Group companies' internal control reporting, operational risk reporting and event reporting.

Internal auditing

Storebrand has entered into an agreement with an external accounting firm concerning the internal audit function. The responsible partner in the accounting firm reports directly to the Board of Storebrand ASA, which stipulates the instructions for the internal audit and approves the annual audit plan. The audit plan also includes an independent evaluation of the Group's control functions.

NOTE 4 – 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.

The company seeks to reduce operational risk through effective internal control with 1) unambiguous descriptions of responsibilities 2) clear routines and 3) documented powers of attorney/authority. Risks are followed up through the management's quarterly risk reviews, with documentation of risks, measures and the follow-up of incidents. In addition, the internal auditing unit carries out an independent control in accordance with audit projects adopted by the Board.

Contingency plans have been prepared to deal with serious incidents in business-critical processes. Storebrand's control functions also involve people with particular responsibility for controlling operational risk.

NOTE 5 – INSURANCE RISK

Insurance risk is about protecting oneself against financial loss when events occur. Simply put, 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	2008	2009	2010	2011	2012	2013	Sum
Calculated gross cost of claims							
At end of the policy year	116,300	144,200	181,020	206,811	241,590	309,355	
- one year later	116,400	148,956	174,452	198,818	236,729		
- two years later	120,165	148,612	174,160	198,670			
- three years later	120,133	148,628	174,182				
- four years later	120,184	148,606					
- five years later	120,178						
Calculated amount 31.12							
Total disbursed to present	120,178	148,602	174,158	198,578	236,153	269,516	1,147,185
Claims reserve 1)		4	24	92	576	39,839	40,535
Claims reserve for claims from prior years (before 2008)							
Total trend in claims disbursed							40,535

¹⁾ Excluding claims handling costs

Notes Storebrand Helseforsikring AS

NOTE 6 – 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 0.18. 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 7- 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 months	6-12 months	1-3 years	3-5 years	> 5 years	Total value	Booked value
Insurance reserves - P&C insurance ¹⁾	140,921	7,844	1,749	188		150,702	150,702
Other current liabilities	49,743					49,743	49,743
Total financial liabilities 2013	190,663	7,844	1,749	188		200,445	200,445
Total financial liabilities 2012	168,953	6,634	1,479	159		177,226	177,226

¹⁾ Including 60 per cent of premium reserve

NOTE 8 CREDIT RISK

Credit 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

Bonds and other fixed-income securities at fair value	AAA	AA	A	BBB	Other	NIG	Total
Category of issuer or guarantor	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
NOK thousand							
Government and government guaranteed bonds		26,327					26,327
Credit bonds			95,440	142,000		12,210	249,650
Mortgage and asset backed bonds	95,701			5,017			100,718
Supranational organisations			6,150				6,150
Total interest-bearing securities rated by credit rating	95,701	26,327	101,590	147,017		12,210	382,846
Non interest bearing securities in bond fund managed by Storebrand							
Total 2013	95,701	26,327	101,590	147,017		12,210	382,846
Total 2012	42,324	85,834	99,232	123,953		17,150	368,493

Notes Storebrand Helseforsikring AS

Counterparties	AAA	AA	A	BBB	Other	NIG	Total
NOK thousand	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Derivatives		1,887					1,887
Of which derivatives in bond fund managed by Storebrand							
Total excluding derivatives in bond fund 2013		1,887					1,887
Total excluding derivatives in bond fund 2012							
Bank deposit 2013		15,208	4,355				19,563
Bank deposit 2012		16,685	19,912				36,597

Rating classes are based on Standard & Poor's ratings.
NIG = Non-investment grade.

NOTE 9 – 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 are 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.

The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Group 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

This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1.

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. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level.

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.

Notes Storebrand Helseforsikring AS

NOK thousand	Quoted prices	Observable assumptions	Non-observable assumptions	2013	2012
Bonds and other fixed income securities					
- Government and Government guaranteed bonds		26,327		26,327	120,877
- Credit bonds		249,650		249,650	240,335
- Mortgage and asset backed bonds		100,718		100,718	7,282
- Supranational organisations		6,150		6,150	
Total bonds and other fixed income securities		382,846		382,846	368,494
Total bonds and other fixed income securities 2012	29,531	338,962		368,494	368,494
Derivatives:					
- Currency derivatives		1,887		1,887	
Total derivatives		1,887		1,887	
Total derivatives 2012					

NOTE 10 – SEGMENT REPORTING

Breakdown between operations in Norway and Sweden:

NOK thousand	Norway		Sweden		Total	
	2013	2012	2013	2012	2013	2012
Premiums for own account	210,125	179,231.1	214,183	187,516	424,308	366,747
Claims for own account	-148,663	-102,691	-155,677	-130,700	-304,340	-233,391
Insurance-related operating expenses	-47,009.7	-47,002	-46,969.5	-43,550	-93,979	-90,552
Change in security reserve	-6,412.3	-3,679	-2,265.4	-2,166	-8,678	-5,846
Net income from investments	15,756.9	10,905			15,757	10,905
Profit before tax	23,797	36,763	9,271	11,100	33,068	47,863
Assets	445,509	436,610	86,567	80,522	532,076	517,133
Liabilities	181,555	182,545	165,855	147,309	347,410	329,854

NOTE 11 – NET INCOME FROM DIFFERENT CLASSES OF FINANCIAL INSTRUMENTS

Net income and profit from financial assets at fair value where there has been a change in value through profit and loss account:

NOK thousand	2013	2012
Interest bonds and other fixed-income securities at fair value	11,225	12,003
Total interest income financial assets	11,225	12,003
Revaluation bonds and other fixed-income securities at fair value	-146	-408
Revaluation derivatives	1,904	-1,080
Total revaluation on investments	1,758	-1,488
Profit on bonds and other fixed-income securities at fair value	-725	-441
Profits on derivatives	3,903	1,269
Total gains and losses on financial assets	3,177	828
Management expenditure	-403	-439
Net income from financial assets	15,757	10,904

Notes Storebrand Helseforsikring AS

NOTE 12 – INSURANCE PROFIT AND LOSS

NOK thousand	2013	2012
Premiums that have fallen due		
Gross premiums written	441,186	386,528
Ceded premiums	-1,161	-2,028
Premiums that have fallen due, net retention	440,026	384,500
Gross business		
Earned premiums	425,468	368,775
Losses incurred	-304,634	-233,768
Insurance-related gross operating costs	-93,753	-90,540
Technical result	27,082	44,467
Ceded business		
Earned premiums	-1,161	-2,028
Losses incurred	294	377
Technical result	-867	-1,651
Technical result, net retention	26,215	42,815
Losses incurred, net retention		
Incurred this year	-309,355	-241,590
Incurred in previous years	5,015	8,199
Total for the financial year	-304,340	-233,391

NOTE 13 - INSURANCE RELATED SALES AND ADMINISTRATION COSTS

NOK thousand	2013	2012
Personnel costs	6,277	4,874
Commissions	34,329	30,010
Other sales costs	866	1,651
Total insurance-related sales costs	41,471	36,535
Personell costs	13,927	13,222
Other insurance-related operating costs	38,355	40,783
Total insurance-related operating costs	93,753	90,540

NOTE 14 - PENSION COSTS AND LIABILITIES

Storebrand's employees in Norway have both a defined contribution pension scheme and a defined benefit pension scheme that have been established in Storebrand Livsforsikring AS. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established. The contribution based scheme applies to all new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. In the case of the defined contribution scheme, the cost is equal to the period's contribution to the employees' pension savings, which amounts to 5 per cent of the contribution basis between 1G and 6G (G = National Insurance Scheme basic amount as at 31 December 2013, amounting to NOK 85,245), plus 8 per cent of the contribution basis between 6G and 12G, as well as the defined-contribution scheme that is funded from operations that annually comprises 20 per cent of the contribution basis for salaries over 12G. The contributions are deposited in the employees' pension accounts each month. The future pension depends upon the amount of the contributions and the return on pension savings.

Notes Storebrand Helseforsikring AS

The employees who are members of the defined benefit pension scheme have the right to 70 percent of the pensionable salary on the date of retirement when calculated benefits from the National Insurance are included. Full pension entitlement is reached after 30 years of membership in the pension scheme. The cost for the period shows the employees' accrued future pension entitlements during the financial year.

From 1 January 2013 Storebrand has been included in the AFP contractual pension scheme. The private AFP contractual pension scheme shall be accounted for as a defined-benefit multi-purpose scheme and is financed through annual premiums that are determined to be one per cent of salary between 1 and 7.1 G. There is no information available for recognising the new liability in the statement of financial position. Storebrand employees in Norway also have an existing right to retire at 65 years of age and receive a pension directly from the company until they reach 67 years of age. A provision is made in the accounts relating to direct pensions.

The pension for employees aged between 65 and 67 years old and pensions linked to salaries over 12 G are paid out directly from the companies and apply to both members of the defined contribution scheme and the defined benefit scheme. A guarantee has been granted for earned pensions on salaries over 12 G for employees retiring before the age of 65. The pension conditions are determined by the pension regulations. Storebrand is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

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

Reconciliation of pension assets and liabilities in the statement of financial position

NOK thousand	2013	2012
Present value of insured pension benefit liabilities	14,438	13,958
Pension assets as fair value	-10,579	-8,954
Net pension liability/surplus for the insured schemes	3,858	5,004
Present value of the uninsured pension liabilities	6,093	6,073
Unrecognised deviations from estimates, including employers' National Insurance contributions		7,763
Net pension liabilities in the statement of financial position	9,951	18,840

Provision for employment taxes are included in the gross obligation.

Booked in the statement of financial position

NOK thousand	2013	2012
Pension assets		
Pension liabilities	9,951	18,840

Estimate deviations recognised against equity

NOK thousand	2013	2012
Year's change in estimate deviation included in equity	-2,715	5,780
Accumulated estimate deviations included in equity	5,048	7,763

Changes in the net defined benefit pension liability in the period

NOK thousand	2013	2012
Net pension liability at 01.01.	20,030	21,540
Net pension cost recognised in the period	2,275	3,492
Interest on pension liabilities	800	659
Experience adjustments	856	-5,409
Profit/loss on curtailment		
Pension paid	-264	-253
Changes to pension scheme	-2,722	
Payroll tax of employer contribution, assets	-445	
Net pension liability at 31.12.	20,530	20,030

Notes Storebrand Helseforsikring AS

Changes in the fair value of pension assets in the period

NOK thousand	2013	2012
Fair value of pension assets at 01.01	8,954	6,724
Expected return	329	269
Experience adjustments	-1,859	166
Profit/loss on curtailment		
Premium paid	3,601	1,794
Payroll tax of employer contribution, assets	-445	
Net pension assets at 31.12	10,579	8,954

Expected premium payments (pension assets) in 2014	2,440
Expected premium payments (contributions) in 2014	411
Expected AFP early retirement scheme payments in 2014	450

Pension assets are based on the financial assets held by Storebrand Life Insurance composed at 31.12:

	Storebrand Life Insurance	
	2013	2012
Real estate	12%	17%
Bonds at amortised cost	48%	38%
Mortgage loans and other loans	2%	2%
Equities and units	16%	22%
Bonds	20%	14%
Certificates	2%	6%
Other short-term financial assets	0%	1%
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	3.3%	5.8%
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Net pension cost booked to profit and loss account, specified as follows

NOK thousand	2013	2012
Current service cost	2,309	3,492
Net interest cost/expected return	438	390
Experience adjustments		-205
Changes to pension scheme	-2,722	
Gain/loss on insurance reductions		
Total defined benefit pension schemes	24	3,678
The period's payment to contribution scheme	1,994	1,687
Net pension cost booked to profit and loss account in the period	2,018	5,364

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

Other Comprehensive Income (OCI) in the period

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

Notes Storebrand Helseforsikring AS

Main assumptions used when calculating net pension liability at 31.12.:

	Storebrand Life Insurance	
	2013	2012
Discount rate	4.0 %	4.0 %
Expected return on pension fund assets in the period	4.0 %	4.0 %
Expected earnings growth	3.3 %	3.3 %
Expected annual increase in social security pensions	3.5 %	3.3 %
Expected annual increase in pensions in payment	0.1 %	1.5 %
Disability table	KU	KU
Mortality table	K2013BE	K2005

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 particularly subject to a 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 as at 31.12.2013 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. This conclusion is based on the regular activity that takes place in both the primary and secondary markets, as well as the transparency that exists due to the fact that the trades observed on the exchange are close to the indicative levels quoted by the banks. Broad participation by all of the largest bond brokers in the reporting system of the Norwegian Mutual Fund Association (VFF) supports the reliability of the available data. Reference is made to the guide of January 2014 from the Norwegian Accounting Standards Board, which discusses the use of covered bonds as the discount rate.

In 2013 Storebrand (Norway) amended the pension rules in the collective schemes for employees and former employees of the company. The change entails that pensions in payment are no longer annually adjusted by a minimum of 80 per cent of the change in the consumer price index. This means that pensions will only be recorded if there is an adequate surplus of the premium reserve for pensioners, pursuant to the general rule in the Occupational Pensions Act. This gives a positive non-recurring effect in the profit or loss in 2013 which is shown in the pension costs as a change to the scheme.

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

Actuarial assumptions:

In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. In a letter of 8 March, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. Based on the expected increase in life expectancy, the new mortality basis will entail an increase in the pension liabilities in accordance with IAS 19. The pension funds will not increase correspondingly due to the escalation period the life insurance companies have received. Storebrand has used the mortality table K2013BE in the actuary calculations as of 31 December 2013, while K2005 was used for the previous year. The effect of the increased pension liabilities in accordance with K2013E is included in the actuarial gains/losses that are charged to the total comprehensive income.

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

Net pension liability at 31.12.:

NOK thousand	2013	2012
Discounted current value of defined benefit pension liabilities	20,531	20,030
Fair value of pension assets	10,579	8,954
Deficit/surplus	9,951	11,077

Notes Storebrand Helseforsikring AS

NOTE 15 – SALARY AND BENEFITS FOR EXECUTIVES

Bjarke Thorøe is the Managing Director of Storebrand Helseforsikring AS. He has received no remuneration from the company other than his ordinary salary. 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 1,050,000 (175%).

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 paid	Other benefits ¹⁾	Pension accrued for the year ⁴⁾	Discounted present value of pension ⁴⁾	Loan	Interest rate at 31.12.13	Repayment period
Senior employees								
Bjarke Thorøe	1,504	431	134	398	3,063	3,500	2.25%	2036
Total 2013	1,504	431	134	398	3,063	3,500		
Total 2012	1,514	373	144	433	2,912	3,500		

NOK thousand	No. of shares owed ²⁾	Bonus earned in 2013 ³⁾	Bonus to be paid in 2014 ³⁾	Bonus transferred to share bank per 31.12.2013
Senior employees				
Bjarke Thorøe		724	362	1,166
Total 2013		724	362	1,166

NOK thousand	Remuneration
Board of Directors	100
Control Committee	200
Total 2013	300
Total 2012	325

1) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.

2) The summary shows the number of shares in Storebrand ASA owned by the relevant person, their close family and companies in which they have a controlling interest, cf. RL, section 7-26.

3) Bonus

Share Bank

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.

Position with specific responsibilities

For positions with specific responsibilities, 70 per cent of the bonus allocated is paid in cash. The remaining 30 per cent is used to purchase shares in Storebrand ASA at the market price and with a three-year lock-in period.

4) Employees in Norway are members of Storebrand's pension scheme. The defined benefit scheme was closed to new employees from 1 January 2011. From the same date a contributory pension scheme was introduced which applies from 1 January 2011 and also to those employees who chose to transfer from the defined benefit to the defined contribution scheme. For a more detailed description of the pension schemes, see note 14.

The company has no obligations to the chairman of the Board on termination or adjustment of his office. Members of the Board and the audit committee receive no remuneration other than their fees. The company pays for directors' liability insurance for its Board members.

NOTE 16 - AUDITOR'S REMUNERATION

NOK thousand	2013			of this other auditors	Total 2012
	Total	Norway	Sweden		
Statutory audit	245	176	69		267
Total	245	176	69		267

The amounts above is excluding vat.

Notes Storebrand Helseforsikring AS

NOTE 17 – TAX

Reconciliation of expected and actual tax charge

NOK thousand	2013	2012
Ordinary pre-tax profit	33,068	47,863
Permanent differences		
Change in guarantee reserve	-2,611	-1,251
+/- Other permanent differences	-4,391	17
Change in temporary differences	-13,698	2,141
The year's tax basis for tax payable ¹⁾	12,368	48,770
Tax rate	28%	28%

Tax costs

NOK thousand	2013	2012
Payable tax ¹⁾	3,463	13,656
Change in deferred tax	3,879	-599
Total tax costs	7,342	13,056

¹⁾ Payable tax in the balance sheet

NOK thousand	2013	2012
Payable tax in profit and loss account	3,463	13,656
Payable tax in the balance sheet	3,463	13,656

Calculation of deferred tax assets and deferred tax on temporary differences and losses carried forward

NOK thousand	2013	2012
Tax increasing temporary differences		
Fixed assets	439	533
Operating assets	2,087	329
Total tax increasing temporary differences	2,526	862
Tax reducing temporary differences		
Accrued pension liabilities	-9,951	-18,840
Other	5,048	
Restatement differanses branch	3,052	-93
Total tax reducing temporary differences	-1,852	-18,933
Net deferred tax assets/deferred tax before losses carried forward	675	-18,071
Temporary differences not eligible for deferred tax		
Net basis for deferred tax/tax assets	675	-18,071
Net deferred tax asset/liability	182	-5,060

Notes Storebrand Helseforsikring AS

Reconciliation of expected and actual tax charge

NOK thousand	2013	2012
Ordinary pre-tax profit	33,068	47,863
Expected tax on income at nominal rate	-9,259	-13,402
Tax effect of:		
permanent differences	1,961	345
write-down of deferred tax assets		
Change in technical insurance reserves posted to equity	-44	
Tax charge	-7,342	-13,056
Effective tax rate	22%	27%

NOTE 18 – INTANGIBLE ASSETS

NOK thousand	IT- systems	2013	2012
Acquisition cost 01.01	48,667	48,667	46,039
Additions in the period:			
Purchased separately	5,227	5,227	2,627
Acquisition cost 31.12	53,894	53,894	48,667
Accumulated depreciation & write-downs 01.01	-36,970	-36,970	-33,524
Amortisation in the period	-4,381	-4,381	-3,446
Accumulated depreciation & write-downs 31.12	-41,351	-41,351	-36,970
Carrying amount 31.12	12,543	12,543	11,697

The company's insurance system, F2100, is regarded as an intangible asset. There have been new investments in F2100 in 2013. A linear write-down method is currently being used with a six-year write-down period. This six-year write-down period concerns all new investments. Write-down period for previous investments are kept unchanged and will be completed in 2015.

NOTE 19 - TANGIBLE ASSETS

NOK thousand	Equipment	Fixtures & fittings	2013	2012
Booked value 01.01	200	1,222	1,421	1,831
Additions	340		340	16
Disposals				-10
Depreciation	-203	-259	-462	-416
Currency differences. from converting foreign units				
Booked value 31.12	337	963	1,299	1,421
Acquisition cost opening balance	701	2,130	2,831	2,824
Acquisition cost closing balance	1,041	2,130	3,171	2,831
Accumulated depreciation and write-downs opening balance	501	909	1,410	993
Accumulated depreciation and write-downs closing balance	704	1,168	1,872	1,410

Depreciation method:

Linear

Depreciation plan and financial lifetime:

Equipment	3-4 years
Fixtures & fittings	8 years

Notes Storebrand Helseforsikring AS

NOTE 20 - OPERATIONAL LEASES FOR OPERATING EQUIPMENT

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	23		
Lease 1 - 5 years	39	98	
Lease > 5 years	2,433	9,730	2,027
Total 2013	2,495	9,828	2,027

Amount through profit and loss account

NOK thousand	2013	2012
Lease payments through profit and loss account	2,524	2,380

Includes leasing agreement for Lysaker Park, renting local DKV premises in Stockholm, leasing of photocopiers and coffee machines

NOTE 21 - CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

NOK thousand	Loans and receivables	Fair value	Liabilities at amortised cost	Total
Financial assets				
Bank deposits	19,563			19,563
Bonds and other fixed-income securities		382,846		382,846
Accounts receivable and other short-term receivables	113,938			113,938
Derivatives		1,887		1,887
Total financial assets 2013	133,501	384,733		518,235
Total financial assets 2012	130,412	368,494		498,905
Financial liabilities				
Derivatives				
Other current liabilities			49,743	49,743
Total financial liabilities 2013			49,743	49,743
Total financial liabilities 2012		17	58,231	58,248

NOTE 22 - ACCOUNTS RECEIVABLE AND OTHER SHORT-TERM RECEIVABLES

NOK thousand	2013	2012
Accounts receivable	105,539	89,420
Pre-paid commissions		50
Other current receivables	8,399	4,395
Carrying amount 31.12	113,938	93,865

Notes Storebrand Helseforsikring AS

Age distribution for accounts receivable, etc 31.12 (gross)

NOK thousand	2013	2012
Receivables not fallen due	105,539	89,420
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	105,539	89,420
Provisions for losses 31.12		
Net accounts receivable/receivables from reinsurance	105,539	89,420

NOTE 23 - BONDS AND OTHER SECURITIES WITH FIXED RETURN

NOK thousand	2013		2012
	Acquisition cost	Fair value	Fair value
Government and government guaranteed bonds	26,246	26,327	120,876
Credit bonds	248,691	249,650	240,336
Mortgage and asset backed bonds	100,736	100,718	7,282
Bond funds	6,000	6,150	
Total bonds and other fixed-income securities	381,673	382,846	368,494
Modified duration		0.18	0.48
Average effective yield		2.13%	2.46%

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 – DERIVATIVES

Nominal volume

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.

NOK thousand	Gross nominal volume ¹⁾	Average nominal volume ²⁾	Net nominal volume ¹⁾	Fair value ¹⁾	
				Assets	Liabilities
Valutaderivater	71,942	71,922	71,942	1,887	
Sum derivater 2013	71,942	71,922	71,942	1,887	
Sum derivater 2012	71,902	62,068	71,902		

The above table includes net positions in indirect investments.

¹⁾ Values 31.12.

²⁾ Average for the year.

Notes Storebrand Helseforsikring AS

NOTE 25 – CURRENCY EXPOSURE

Financial assets and liabilities in foreign currencies	Balance sheet items excl. currency derivatives	Currency derivatives		Net position	
		Net on balance sheet	Net sales	in currency	in NOK
NOK thousand					
SEK	-93,741	71,929	-21,812		-20,604
Total net position foreign currency 2013					-20,604
Total net position foreign currency 2012					-5,311

NOTE 26 - TECHNICAL INSURANCE RESERVES

NOK thousand	2013	2012
Gross insurance liabilities		
Booked value 01.01	239,128	214,306
Change in premium and claims reserves	21,697	21,352
Change in security reserve	8,678	5,846
Exchange rate changes	14,568	-2,375
Booked value 31.12.	284,071	239,128

Assets and liabilities

NOK thousand	2013	2012
Receivables concerning insurance contracts	105,539	89,420
Total assets	105,539	89,420
Premium reserve	174,505	149,171
Claims reserve	45,999	37,980
- of which RBNS	25,325	19,540
- of which IBNR	15,201	13,923
- of which settlement costs	5,472	4,517
Security reserve	63,567	51,976
Liabilities concerning insurance contracts	3,537	12,135
Total liabilities	287,607	251,263

Technical insurance reserves

NOK thousand	2013	2012
Non-earned gross premiums	174,505	149,171
<i>The Norwegian FSA's minimum requirement</i>	174,505	149,171
Gross claims reserves	45,999	37,980
<i>The Norwegian FSA's minimum requirement</i>	42,359	34,863
Security reserve	63,567	51,976
<i>The Norwegian FSA's minimum requirement</i>	63,567	51,976

Technical insurance reserves classified as other equity

NOK thousand	2013	2012
Provision for guarantee reserve	17,398	14,786
<i>The Norwegian FSA's minimum requirement</i>	17,398	14,786

Notes Storebrand Helseforsikring AS

NOTE 27 – CURRENT LIABILITIES

NOK thousand	2013	2012
	11,762	1,512
Accrued expenses/appropriations	3,899	13,887
Governmental fees and tax withholding	5,311	3,053
Liabilities in connection with direct insurance	3,537	12,135
Share dividends	25,000	27,000
Period tax liabilities	3,463	11,686
Other current liabilities	416	2,613
Carrying amount 31.12	53,388	71,886

NOTE 28 – CAPITAL ADEQUACY AND SOLVENCY

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.

Spesifikasjon av kapitaldekningen

NOK thousand	2013	2012
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other retained earnings	12,269	17,492
Total equity	167,269	172,492
Intangible assets	-12,542	-16,757
Net primary capital	154,727	155,736
Calculation base by class of risk weighting	585,658	499,826
Risk weight 0%		35,042
Risk weight 10%	95,701	7,282
Risk weight 20%	295,541	364,054
Risk weight 50%		
Risk weight 100%	126,404	93,998
Weighted assets in the balance sheet	195,082	167,537
Weighted interest rate and FX contracts	68,012	
Risk weighted calculation base	263,094	167,537
Capital adequacy ratio	58.8%	93.0%

Solvency margin

NOK thousand	2013	2012
Solvency margin demand	79,011	69,575
Solvency margin capital	183,332	179,125
Solvency margin	232.0%	257.5%

Specification of solvency margin capital

NOK thousand	2013	2012
Net primary capital	154,727	155,736
Counting security reserve	28,605	23,389
Solvency capital	183,332	179,125

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

Notes Storebrand Helseforsikring AS

NOTE 29 – NUMBER OF EMPLOYEES

	2013	2012
Number of employees at 31.12.	39	44
Average number of employees	43	45
Fulltime equivalent positions at 31.12.	38	43
Average number of fulltime equivalents	42	44

NOTE 30 – TRANSACTIONS WITH CLOSE ASSOCIATES

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

Transactions with close associates 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	2013				2012			
	Purchase of services	Commission costs	Receivables	Liabilities	Purchase of services	Commission costs	Receivables	Liabilities
Munich Re								
Munich Health Holding AG				12,500				13,500
Storebrand ASA				12,500				13,500
Storebrand Baltic	-371			493	3,876			345
Storebrand Bank ASA								
Storebrand Finansiell Rågivning AS						11		
Storebrand Livsforsikring AS	10,591	14,802	3,705	684	14,618	6,611	1,600	5,292
Storebrand Forsikring AS	2,131				2,200			
Storebrand Pensjonstjenester AS	34							
SPP	2,091		126					
Total	14,476	14,802	3,831	26,177	20,694	6,622	1,600	32,638

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 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 balance sheet as at 31 December 2013, and the income statement, showing a profit of NOK 18,3 million 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's 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 2013, 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 and in the statement on Corporate Social Responsibility, 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, 25 March 2014
Deloitte AS

Ingebret G. Hisdal (signed)
State Authorised Public Accountant (Norway)

[Translation has been made for information purposes only]

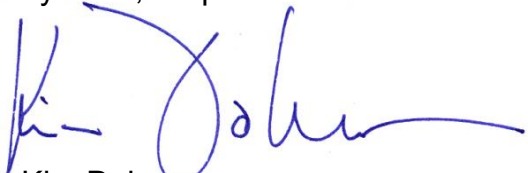
Control Committee declaration for 2014

STOREBRAND HELSEFORSIKRING AS

The control committee of Storebrand Helseforsikring AS has reviewed the board's proposed annual accounts for 2013.

The company has received the audit report and the control committee considers that the presented annual accounts can be determined as the annual accounts of Storebrand Helseforsikring AS for the year 2013.

Lysaker, 9 April 2014

A handwritten signature in blue ink, appearing to read 'Kim Dobrowen', with a large loop at the end of the name.

Kim Dobrowen

Chairman of the Control Committee