



Interim report 2016

Storebrand Helseforsikring AS

Interim Report Storebrand Helseforsikring AS

As at 31 March 2016

Profit before tax is NOK 6,9 million (NOK -11,1 million) in 1st quarter.

Premiums earned totalled NOK 148.8 million (NOK 128.4 million) in 1st quarter. This is an increase of 16 per cent compared to the equivalent period in 2015. Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. Health-related insurance are growing, and the company succeed on the market. This is driven by companies' desire to reduce sick leave, increased work satisfaction and reduction in total insurance costs and increased popularity among the employees for this type of employee benefits.

Cost of claims amounted to NOK 121.3 million (NOK 116.5 million) in 1st quarter. The claims ratio for own account stood at 82 per cent (91 per cent) in 1st quarter. 1st quarter is traditionally a weak quarter for Storebrand Helseforsikring, but the underlying risk development is still satisfying.

Insurance-related operating costs came to NOK 23.0 million (NOK 23.3 million) in 1st quarter. The net cost ratio for own account ended up at 15 per cent (18 per cent) in 1st quarter, reflecting improved efficiency in the operations of the company.

The net non-technical result amounted to NOK 2.5 million (NOK 0.2 million) in 1st quarter. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit. Financial income in Q1 were positively impacted by reduced credit spreads in the Norwegian bond market, while currency fluctuations resulted in a total currency gains / losses including the effects of currency derivatives, was NOK -1.3 million..

New solvency rules (Solvency II) was introduced from January 1 through Financial corporations Act and Regulations. The security provisions in the old rules have been dissolved in connection with this. The change is treated as a change in accounting policy and security provisions are now included in the company's equity. Provision has been made for corresponding tax. Solvency margin of the new solvency regime should be above 100 percent and was 172 percent for Q1 2016.

Lysaker, 19th May 2016
The Board of Storebrand Helseforsikring AS

Statement of Comprehensive income

Storebrand Helseforsikring AS

(NOK thousand)	2016	1.1.-31.3. 2015	Full year 2015
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums earned	149 165	128 836	554 333
- Reinsurers' share	-411	-401	-1 660
Premium income for own account	148 754	128 435	552 673
Other insurance related income	24		82
CLAIMS EXPENSES			
Gross claims incurred	-121 290	-116 532	-419 749
- Reinsurers' share	-10	62	706
Claims expenses for own account	-121 300	-116 470	-419 043
INSURANCE RELATED OPERATING COSTS			
Sales costs	-9 967	-11 137	-39 909
Insurance related administration costs	-13 029	-12 188	-50 341
Insurance related operating costs for own account	-22 996	-23 325	-90 249
Technical profit	4 483	-11 361	43 463
NON-TECHNICAL ACCOUNTS			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets	2 165	2 678	9 842
Change in value on investments	-3 436	-1 630	581
Realised gain and loss on investments	1 727	-934	896
Management expenses linked to investment, included interest cost	-73	-103	-452
Net income from investments	383	12	10 867
Other income	5 675	282	2 129
Other cost	-3 604	-49	-14 008
Non-technical profit	2 454	245	-1 012
Pre tax profit	6 937	-11 116	42 451
Tax	-1 617	2 875	-9 090
Profit before other comprehensive income	5 320	-8 241	33 361
Other result elements:			
Translation differences		1 760	
Change in pension experience adjustments			-3 498
Tax on other comprehensive income			846
Comprehensive income	5 320	-6 480	30 709

Statement of financial position

Storebrand Helseforsikring AS

(NOK thousand)	31.3 2016	31.12 2015
ASSETS		
Intangible assets	15 372	15 329
Total intangible assets	15 372	15 329
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	456 530	430 153
Financial derivatives		5 878
Other financial assets	2 330	4 385
Total financial assets	458 860	440 416
RECEIVABLES		
Receivables due from insurance customers	181 459	146 875
Receivables to connected parties	741	425
Other receivables	3 084	4 439
Total receivables	185 284	151 739
OTHER ASSETS		
Fixed assets	443	495
Cash and bank	31 361	28 967
Total other assets	31 804	29 462
Prepaid costs and accrued income	29 713	574
Total prepaid costs and accrued income	29 713	574
Total assets	721 032	637 520

Statement of financial position

Storebrand Helseforsikring AS (continue)

(NOK thousand)	31.3 2016	31.12 2015
EQUITY CAPITAL AND LIABILITIES		
PAID IN CAPITAL		
Share capital	33 000	33 000
Share premium	122 000	122 000
Total paid in capital	155 000	155 000
RETAINED EARNINGS		
Allocation to guarantee reserve	11 515	11 044
Other retained earnings	80 720	75 870
Total retained earnings	92 235	86 915
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	300 760	229 113
Claims reserve gross	87 238	79 517
Total insurance liabilities gross	387 999	308 630
RESERVES FOR LIABILITIES		
Pension liabilities	3 920	3 920
Period tax liabilities	3 003	8 169
Deferred tax	23 008	21 392
Total reserves for liabilities	29 931	33 481
DEBT		
Due in respect of direct insurance	10 967	10 048
Allocation to dividends		23 097
Other debt	31 206	3 980
Financial derivatives	400	
Debt to connected parties		324
Total debt	42 573	37 448
Accrued costs and deferred income	13 295	16 046
Total accrued costs and deferred income	13 295	16 046
Total equity capital and liabilities	721 032	637 520

Cash flow statement Storebrand Helseforsikring AS

(NOK thousand)	Q1	
	2016	2015
Cash flows from operations		
Net receipts - insurance	186 737	164 580
Net payments/claims insurance	-113 578	-107 956
Payment of incom tax	-5 166	-556
Payments relating to operations	-29 620	-33 372
Net cash flow from operations before financial assets	38 373	22 696
Net receipts/payments - mutual funds	-13 968	-1 580
Net cash flow from financial assets	-13 968	-1 580
Net cash flow from operations	24 405	21 116
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-970	-1 603
Net cash flow from investment activities	-970	-1 603
Cash flows from financing activities		
Payment of dividends	-23 097	
Net cash flow from financing activities	-23 097	
Net cash flow for the period	338	19 513
-of which net cash flow inn the period before financial asset	37 403	21 093
Net movement in cash and cash equivalents	338	19 513
Cash and cash equivalents at start of the period	33 352	48 296
Cash equivalents at the end of the period	33 691	67 808

Statement of change in equity

(NOK thousand)	Share capital	Share premium reserve	Total paid in capital	Guarantee scheme	Other equity	Total retained earnings	Total equity
Equity 01.01.15	33 000	122 000	155 000	19 507	59 796	79 302	234 302
Profit					33 361	33 361	33 361
Change in guarantee reserve				-8 463	8 463		
Change in pension experience adjustments					-3 498	-3 498	-3 498
Tax on other comprehensive income					846	846	846
Share dividend					-23 097	-23 097	-23 097
Equity 31.12.15	33 000	122 000	155 000	11 044	75 870	86 915	241 915
Profit					5 320	5 320	5 320
Change in guarantee reserve				471	-471		
Equity 31.03.16	33 000	122 000	155 000	11 515	80 720	92 235	247 235

Notes

Storebrand Helseforsikring AS

Note 01 | Accounting principles

Except for the treatment of security provisions, the accounts prepared in accordance with accounting principles applied in the financial statements for 2015. A description of the accounting policies presented in the annual report for 2015. New accounting regulations which came into force 01.01.2016 represents a change compared with earlier so it does not longer be allocated for security provision. The change is treated as a change in accounting policy and security provisions are now included in the company's equity. Provision has been made for corresponding tax. Comparative figures have been restated.

STATEMENT OF COMPREHENSIVE INCOME

NOK thousand	1st quarter 2015			Full year 2015		
	Reported figures	Security reserve	Revised figures	Reported figures	Security reserve	Revised figures
Change in security reserve	-884	884		-9 778	9 778	
Exchange effects on the security provisions in Sweden					3 907	3 907
Pre tax profit	-12 000	884	-11 116	28 766	13 685	42 451
Tax	3 096	-221	2 875	-5 668	-3 421	-9 090
Profit before other comprehensive income	-8 904	663	-8 241	23 097	10 264	33 361

STATEMENT OF FINANCIAL POSITION

NOK thousand	1.1.2015			31.12.2015		
	Reported figures	Security reserve	Revised figures	Reported figures	Security reserve	Revised figures
Assets						
Deferred tax assets	0	0	0	389	-389	
Total assets	597 988	0	597 988	637 909	-389	637 520
Equity capital and liabilities						
Other retained earnings	4 717	55 079	59 796	10 528	65 343	75 870
Total retained earnings	24 224	55 079	79 302	21 572	65 343	86 915
Security reserve	73 438	-73 438	0	87 123	-87 123	
Total insurance liabilities gross	335 620	-73 438	262 181	395 754	-87 123	308 630
Deferred tax	1 573	18 360	19 932	0	21 392	21 392
Total equity capital and liabilities	597 988	0	597 988	637 909	-389	637 520

Note 02 | Financial risks

There is no change in the risk picture compared to that described in the 2014 Annual Report.

Note 03 | Capital requirements

Storebrand Helseforsikring AS is subject to the European solvency regime Solvency II, which was implemented in Norwegian law through Financial corporations Act and Regulations with effect from 1.1.16.

The solvency margin and the coverage of the minimum capital requirement is the key ratios in Solvency II. Companies that fall below 100% solvency margin will be put under stricter supervision, and it is forbidden to have less capital than the minimum capital requirement. Storebrand Health Insurance had a yield of respectively 172% and 607% in terms of solvency and coverage of minimum capital requirement pr. 03.31.16.

The solvency margin over is the quotient between the company's solvency margin capital at the company's solvency capital requirements. The solvency margin capital that the company arrived at by first allocating regulatory capital between four groups basis capital and a residual category of supplementary capital in line with solvency II Regulation, then applying rules for how much of each category of capital that can be used. Because Storebrand Helseforsikring AS is only financed with capital belonging to Group 1 without limitations, the company has opportunity to use all his capital in solvency margin calculations. An overview of the company's basis capital is given below.

Solvency is calculated with the standard model under Solvency II, and the distribution of the capital requirement of the different risk modules included is shown below. Storebrand Helseforsikring AS do not yet take into account loss absorbing effects of provisions and tax.

Minimum capital requirement must be reported before and after application of a lower and upper limit, respectively 25% and 45% of the solvency capital requirement, and that the nominal level of the minimum capital requirement shall also be stated.

SOLVENCY CAPITAL

NOK thousand	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3
Share capital	33 000	33 000			
Share premium	122 000	122 000			
Reconciliation reserve	74 898	74 898			
Total solvency capital	229 898	229 898			
Total solvency capital available to cover minimum capital requirement	229 898	229 898			

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK thousand	31.03.16
Market	25 546
Counterparty	5 030
Life	0
Health	106 024
P&C	0
Operational	17 240
Diversification	-19 963
Total solvency requirement	133 877
Operasjonell risiko	35,4
Solvenskapitalkrav	346,5
Solvencymargin	171,7 %
Minimum capital requirement	37 885
Minimum margin	606,8 %

Note
04

Tax Charge

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK thousand)	31.03.2016
Ordinary pre-tax profit	6 937
Expected tax on income at nominal rate	-1 734
Tax effect of:	
permanent differences	118
Tax charge	-1 617
Effective tax rate	23,3 %

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