

Interim Report: As 30. September 2011

# Storebrand Helseforsikring AS





# Interim Report Storebrand Helseforsikring AS

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## As At 30 September 2011

The company made a profit before tax of NOK 21.7 million (15.8 million) in Q3 and a profit of NOK 34.6 million (47.7 million) so far this year.

The net premium income came to NOK 79.6 million (69.8 million) in Q3 and NOK 235.2 million (212.3 million) so far this year. This is an accumulated increase of 11 per cent compared to the equivalent period in 2010. There is greater competition in the market and our competitors are capturing increasing market shares.

The claims costs came to NOK 36.3 million (35 million) in Q3 and NOK 123.9 million (104.9 million) so far this year. The net claims ratio ended up at 65 per cent (61 per cent) in Q3 and 53 per cent (49 per cent) year to date. Developments in the claims costs are as expected. The claims costs last year included a positive effect on the results of NOK 10.6 million as a result of a change in the method of calculating reserves.

Insurance-related operating costs came to NOK 25.1 million (23.2 million) in Q3 and NOK 82.2 million (80.9 million) so far this year. The net costs ratio ended up at 27 per cent (34 per cent) in Q3 and 36 per cent (38 per cent) on an accumulated basis. The relative reduction in costs is due to increased efficiency in the operations.

The net financial items amounted to NOK 4.5 million (4.9 million) in Q3 and NOK 9.3 million (11.9 million) so far this year. The return is affected by a decline in interest rates in the market.

The capital adequacy requirement is 8 per cent of the risk-weighted balance sheet and the company's capital adequacy ratio was 78.9 per cent as at 30 September 2011, down from 93 per cent at the beginning of the year. This decline is due to an increase in the basis of calculation as a result of assets under management being allocated, combined with the fact that the profit so far this year has not been audited and thus does not count as equity and subordinated loan capital (primary capital).

The solvency margin requirement is 100 per cent and the solvency margin is estimated to be 220 per cent as at 30 September 2011, down from 243 per cent at the beginning of the year. The reason for this decline is an increase in the premium income without the accumulated profit so far this year counting as equity and subordinated loan capital (primary capital).

Lysaker 18 November 2011

The Board of Storebrand Helseforsikring AS

# Storebrand Helseforsikring AS

## Profit and Loss Account

NOK thousand	Q3		01.01-30.09		Full Year
	2011	2010	2011	2010	2010
<b>TECHNICAL ACCOUNTS</b>					
PREMIUMS					
Gross premiums written	56 073	49 924	247 057	219 397	300 267
- Reinsurers' share	-433	-426	-1 301	-1 287	-1 715
Gross change in reserve for unearned premiums	23 988	20 309	-10 535	-5 796	-3 918
<b>Premium income for own account</b>	<b>79 628</b>	<b>69 808</b>	<b>235 221</b>	<b>212 315</b>	<b>294 634</b>
Allocation of investment return transferred from the non-technical accounts	-512	-210	5 516	5 173	5 002
<b>CLAIMS EXPENSES</b>					
Gross claims paid	-36 630	-34 880	-126 894	-114 755	-154 344
- Reinsurers' share	-16	22	-16	285	293
Gross change in claims reserve	315	-89	2 983	11 920	10 770
- Reinsurers' share	-	-19	-	-2 312	-2 334
<b>Claims expenses for own account</b>	<b>-36 331</b>	<b>-34 967</b>	<b>-123 927</b>	<b>-104 862</b>	<b>-145 615</b>
<b>INSURANCE RELATED OPERATING COSTS</b>					
Sales costs	-8 141	-7 912	-25 951	-25 146	-33 133
Insurance related administration costs	-18 314	-15 269	-56 202	-55 732	-78 200
<b>Insurance related operating costs for own account</b>	<b>-26 454</b>	<b>-23 181</b>	<b>-82 152</b>	<b>-80 878</b>	<b>-111 333</b>
Other insurance related operating cost	1 316	-	-2 222	-	-
<b>Balance on the technical account before allocations to security reserve</b>	<b>17 647</b>	<b>11 450</b>	<b>32 435</b>	<b>31 748</b>	<b>42 688</b>
Change in fluctuation reserve	-977	-700	-1 546	9 303	8 523
<b>Technical profit</b>	<b>16 669</b>	<b>10 750</b>	<b>30 889</b>	<b>41 050</b>	<b>51 211</b>
<b>NON-TECHNICAL ACCOUNTS</b>					
Interest and dividend etc from financial assets	2 901	2 352	7 742	6 029	8 322
Change in value on investments	4 154	-520	3 119	4 080	-42
Realised gain and loss on investments	-2 538	3 056	-1 596	1 762	3 772
<b>Net income from investments</b>	<b>4 517</b>	<b>4 888</b>	<b>9 265</b>	<b>11 870</b>	<b>12 052</b>
Allocation of investment return transferred to the technical accounts	512	210	-5 516	-5 173	-5 002
<b>Non-technical profit</b>	<b>5 029</b>	<b>5 098</b>	<b>3 749</b>	<b>6 698</b>	<b>7 050</b>
<b>Profit from ordinary activities</b>	<b>21 698</b>	<b>15 848</b>	<b>34 638</b>	<b>47 748</b>	<b>58 261</b>
Tax	-6 146	-	-6 146	-	-
<b>Profit/loss for the year</b>	<b>15 553</b>	<b>15 848</b>	<b>28 492</b>	<b>47 748</b>	<b>58 261</b>
Other result elements:					
Translation differences	-480	-1 545	937	-4 119	-3 747
<b>Total comprehensive for the period</b>	<b>15 073</b>	<b>14 303</b>	<b>29 429</b>	<b>43 629</b>	<b>54 514</b>

# Storebrand Helseforsikring AS

## Balance Sheet

NOK thousand	30.09.2011	30.09.2010	31.12.2010
<b>ASSETS</b>			
<b>Intangible assets</b>	12 150	14 346	12 842
FAIR VALUE FINANCIAL ASSETS			
Bonds and other securities - fixed yield	295 198	204 053	245 746
Financial derivatives	565	2 921	-
<b>Total financial assets</b>	<b>295 763</b>	<b>206 973</b>	<b>245 746</b>
<b>RECEIVABLES</b>			
Receivables due from insurance customers	75 140	65 584	73 548
Receivables to connected parties	205		
Other receivables	3 493	875	159
<b>Total receivables</b>	<b>78 839</b>	<b>66 459</b>	<b>73 707</b>
<b>OTHER ASSETS</b>			
Fixed assets	1 957	3 679	3 385
Cash and bank	31 729	71 853	38 522
<b>Total other assets</b>	<b>33 686</b>	<b>75 531</b>	<b>41 907</b>
Prepaid costs and accrued income	790	632	360
<b>Total prepaid costs and accrued income</b>	<b>790</b>	<b>632</b>	<b>360</b>
<b>Total assets</b>	<b>421 228</b>	<b>363 941</b>	<b>374 562</b>

# Storebrand Helseforsikring AS

## Balance Sheet

NOK thousand	30.09.2011	30.09.2010	31.12.2010
<b>EQUITY CAPITAL AND LIABILITIES</b>			
<b>PAID IN CAPITAL</b>			
Share capital	33 000	33 000	33 000
Share premium reserve	122 000	122 000	122 000
<b>Total paid in capital</b>	<b>155 000</b>	<b>155 000</b>	<b>155 000</b>
<b>RETAINED EARNINGS</b>			
Administration reserve	10 304	9 865	9 788
Allocation to guarantee reserve	13 314	11 264	12 475
Other retained earnings	-3 710	-41 118	-31 783
<b>Total retained earnings</b>	<b>19 909</b>	<b>-19 989</b>	<b>-9 519</b>
<b>GROSS INSURANCE LIABILITIES</b>			
Reserve for unearned premiums gross	130 873	123 245	121 600
Claims reserve gross	29 952	31 978	33 228
Fluctuation reserve	44 075	42 074	42 934
<b>Total insurance liabilities gross</b>	<b>204 899</b>	<b>197 298</b>	<b>197 763</b>
<b>RESERVES FOR LIABILITIES</b>			
Pension liabilities	15 453	13 903	15 453
Deferred tax	6 146	-	-
<b>Total reserves for liabilities</b>	<b>21 599</b>	<b>13 903</b>	<b>15 453</b>
<b>DEBT</b>			
Due in respect of direct insurance	2 659	2 151	981
Other debt	2 943	3 948	2 815
Financial derivatives	-	-	393
Debt to connected parties	-	-	212
<b>Total debt</b>	<b>5 602</b>	<b>6 098</b>	<b>4 401</b>
Accrued costs and deferred income	14 220	11 632	11 464
<b>Total accrued costs and deferred income</b>	<b>14 220</b>	<b>11 632</b>	<b>11 464</b>
<b>Total equity capital and liabilities</b>	<b>421 228</b>	<b>363 941</b>	<b>374 562</b>

## Cash Flow analysis - Storebrand Helseforsikring

NOK thousand	30.09.11	30.09.10
<b>Cash flows from operations</b>		
Paid-in premiums gross insurance	245 840	227 214
Paid-out claims gross insurance	-126 894	-114 755
Paid-in reinsurance settlements for claims	-16,0	285
Payments to other suppliers for goods and services	-57 174	-56 427
Payments to employees, pensions, employers' Nat. Ins. contributions, etc	-27 984	-28 071
Interest received	333	566
Net payments received relating to securities	-40 550	7 088
<b>Net cash flow from operations</b>	<b>-6 446</b>	<b>35 900</b>
<b>Cash flows from investment activities</b>		
Net payments received/made for the sale/purchase of operating equipment	-348	-463
<b>Net cash flow from investment activities</b>	<b>-348</b>	<b>-463</b>
<b>Net cash flow during the period</b>	<b>-6 794</b>	<b>35 437</b>
Net change in cash equivalents	-6 794	35 437
Cash equivalents at the start of the period	38 522	36 415
<b>Cash equivalents at the end of the period</b>	<b>31 729</b>	<b>71 852</b>

## EQUITY - Storebrand Helseforsikring AS

NOK thousand	Share capital	Share premium account	Restatement differences	Admin and guarantee scheme	Other equity	Total equity
<b>Equity 31 decemer 2009</b>	<b>33 000</b>	<b>122 000</b>	<b>2 717</b>	<b>20 709</b>	<b>-87 460</b>	<b>90 966</b>
Profit/loss for the year					58 261	58 261
Gain/loss on exchange when converting branch office			-3 747			-3 747
Change in administration- and quarantee reserve				1 554	-1 554	-
<b>Equity 31 decemer 2010</b>	<b>33 000</b>	<b>122 000</b>	<b>-1 030</b>	<b>22 263</b>	<b>-30 753</b>	<b>145 480</b>
Profit/loss for the year					28 492	28 492
Gain/loss on exchange when converting branch office			937			937
Change in administration- and quarantee reserve				1 355	-1 355	-
<b>Equity 31 September 2011</b>	<b>33 000</b>	<b>122 000</b>	<b>-93</b>	<b>23 619</b>	<b>-3 617</b>	<b>174 908</b>

# Notes to the accounts for Storebrand Helseforsikring AS

## NOTE 1: ACCOUNTING PRINCIPLES

The third quarter accounts have been presented in accordance with IAS 34 Interim Financial Reporting. The accounts have been presented in accordance with the accounting principles applied in the 2010 Annual Accounts. A description of the accounting principles is given in the 2010 Annual Report.

## NOTE 2: FINANCIAL RISK

There is no change in the risk picture compared to that described in the 2010 Annual Report.

## NOTE 3: CAPITAL ADEQUACY AND SOLVENCY MARGIN CAPITAL

Non-life insurance companies comply with the same capital adequacy rules as life insurance companies, banks and other financial institutions. The requirement is equity and subordinated loan capital (primary capital) equal to 8 per cent of the risk-weighted balance sheet.

### SPECIFICATION CAPITAL ADEQUACY:

NOK thousand	30.09.2011	30.09.2011	31.12.2010
Risk adjusted calculation basis	33 000	33 000	33 000
Gross equity and subordinated capital	122 000	122 000	122 000
Intangible assets	-33 138	-88 866	-31 783
Net equity and subordinated capital	121 862	66 134	123 217
Capital adequacy ratio, pct	-12 150	-14 346	-12 842
<b>Net equity and subordinated capital</b>	<b>109 712</b>	<b>51 788</b>	<b>110 375</b>
Risk adjusted calculation basis	139 025	114 006	118 706
<b>Capital adequacy ratio, pct</b>	<b>78,9 %</b>	<b>45,4 %</b>	<b>93,0 %</b>

### SOLVENCY MARGIN:

NOK thousand	30.09.2011	30.09.2011	31.12.2010
Solvency margin capital	129 546	70 722	129 695
Minimum required solvency margin	58 904	51 802	53 318
Funds in excess of requirement	70 642	18 920	76 377

### SPESIFIKASJON OF SOLVENSKAPITAL

NOK thousand	30.09.2011	30.09.2011	31.12.2010
Net equity and subordinated capital	109 712	51 788	110 375
Eligible share of security reserves	19 834	18 934	19 320
Solvency margin capital	129 546	70 722	129 695

## Storebrand Helseforsikring AS

Professor Kohtsvei 9, Postboks 500, 1327 Lysaker, tlf. 08880, [www.storebrand.no](http://www.storebrand.no)

