



# Interim Report 3rd quarter 2017

Storebrand Helseforsikring AS (unaudited)

# Interim Report Storebrand Helseforsikring AS

## As at 30 September 2017

Profit before tax is NOK 48.7 million (NOK 39.6 million) in 3rd quarter and a profit of NOK 90.7 million (NOK 66.9 million) so far this year. Due to a positive development in claims, the profit in 3rd quarter was good.

Premiums earned totalled NOK 170.5 million (NOK 153.0 million) in 3rd quarter. This is an increase of 11 per cent compared to the equivalent period in 2016. So far this year, the earned premiums for own account totalled NOK 483.7 million (NOK 454.3 million) an increase of 6 per cent compared to the equivalent period in 2016. Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. Health-related insurance is growing. This is driven by companies' desire to reduce sickness absence, increase work satisfaction and reduction in total insurance costs. This type of employee benefits is increasing in popularity among the employees.

Cost of claims amounted to NOK 95.3million (NOK 93.1 million) in 3rd quarter and NOK 315.9 million (NOK 318.4 million) so far this year. The claims ratio for own account stood at 56 per cent (61 per cent) in 3rd quarter and 65 per cent (70 per cent) year to date. The risk result has been good in both 3rd quarter and year to date due to positive claims development. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 28.9 million (NOK 20.7 million) in 3rd quarter and NOK 84.7 million (NOK 74.2 million) so far this year. The net cost ratio for own account ended up at 17 per cent (14 per cent) in 3rd quarter. Year to date the net cost ratio is 18 per cent (16 per cent).

The net non-technical result amounted to NOK 2.4 million (NOK 0.5 million) in 3rd quarter and NOK 7.5 million (NOK 5.1 million) so far this year. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit papers. The financial return in 3rd quarter was 0.48 per cent and so far this year 1.77 per cent. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK -0.0 million in 3rd quarter (NOK 1.1 million) and NOK - 1.7 million (NOK - 2.3 million) so far this year.

Solvency margin of the new solvency regime should be above 100 percent and was 208 per cent for 3rd quarter 2017.

Vienna, 23th November 2017

The Board of Storebrand Helseforsikring AS

# Storebrand Helseforsikring AS

## Statement of comprehensive income

| NOK thousand  | Q3             |                | 01.01. - 30.09  |                 | Full year       |
|---|----------------|----------------|-----------------|-----------------|-----------------|
|   | 2017           | 2016           | 2017            | 2016            | 2016            |
| <b>TECHNICAL ACCOUNTS</b>   |                |                |                 |                 |                 |
| PREMIUMS  |                |                |                 |                 |                 |
| Gross premiums earned   | 170 930        | 153 362        | 485 030         | 455 492         | 616 687         |
| - Reinsurers' share   | -420           | -409           | -1 286          | -1 230          | -1 664          |
| <b>Premium income for own account</b>   | <b>170 511</b> | <b>152 953</b> | <b>483 744</b>  | <b>454 262</b>  | <b>615 023</b>  |
| Other insurance related income  | 18             | 19             | 28              | 60              | 77              |
| CLAIMS EXPENSES   |                |                |                 |                 |                 |
| Gross claims incurred   | -95 313        | -93 294        | -315 921        | -318 640        | -424 985        |
| - Reinsurers' share   | 0              | 160            | 54              | 280             | 335             |
| <b>Claims expenses for own account</b>  | <b>-95 313</b> | <b>-93 134</b> | <b>-315 867</b> | <b>-318 360</b> | <b>-424 650</b> |
| INSURANCE RELATED OPERATING COSTS   |                |                |                 |                 |                 |
| Sales costs   | -10 357        | -9 653         | -32 203         | -32 043         | -43 622         |
| Insurance related administration costs (incl. commissions for reinsurance received) | -18 545        | -11 096        | -52 471         | -42 182         | -56 202         |
| <b>Insurance related operating costs for own account</b>                            | <b>-28 903</b> | <b>-20 749</b> | <b>-84 674</b>  | <b>-74 225</b>  | <b>-99 824</b>  |
| <b>Technical profit</b>   | <b>46 313</b>  | <b>39 089</b>  | <b>83 232</b>   | <b>61 737</b>   | <b>90 625</b>   |
| <b>NON-TECHNICAL ACCOUNTS</b>   |                |                |                 |                 |                 |
| NET INCOME FROM FINANCIAL ASSETS  |                |                |                 |                 |                 |
| Interest and dividend etc from financial assets                                     | 2 945          | 1 897          | 8 476           | 6 112           | 8 216           |
| Change in value on investments  | -2 644         | -2 661         | -2 701          | -6 037          | 103             |
| Realised gain and loss on investments   | 494            | -2 907         | 3 582           | -3 086          | -8 944          |
| Management expenses linked to investment, included interest cost                    | -129           | -125           | -385            | -323            | -495            |
| <b>Net income from investments</b>  | <b>666</b>     | <b>-3 797</b>  | <b>8 972</b>    | <b>-3 335</b>   | <b>-1 120</b>   |
| Other income  | -3 121         | -2 939         | 5 555           | 8 468           | 7 775           |
| Other cost  | 4 842          | 7 282          | -7 030          | -0              | -9              |
| <b>Non-technical profit</b>   | <b>2 387</b>   | <b>546</b>     | <b>7 497</b>    | <b>5 133</b>    | <b>6 646</b>    |
| <b>Pre tax profit</b>   | <b>48 700</b>  | <b>39 635</b>  | <b>90 729</b>   | <b>66 871</b>   | <b>97 271</b>   |
| Tax   | -11 944        | -9 687         | -21 970         | -15 019         | -24 892         |
| <b>Profit before other comprehensive income</b>                                     | <b>36 756</b>  | <b>29 948</b>  | <b>68 760</b>   | <b>51 851</b>   | <b>72 380</b>   |
| Other result elements:  |                |                |                 |                 |                 |
| Change in pension experience adjustments  |                |                |                 |                 | 741             |
| Tax on other comprehensive income   |                |                |                 |                 | -185            |
| <b>Comprehensive income</b>   | <b>36 756</b>  | <b>29 948</b>  | <b>68 760</b>   | <b>51 851</b>   | <b>72 935</b>   |

# Storebrand Helseforsikring AS

## Statement of financial position

|   | 30.09          | 31.12          |
|---|----------------|----------------|
| NOK thousand                                  | 2017           | 2016           |
| <b>ASSETS</b>                                 |                |                |
| Intangible assets                             | 12 981         | 11 824         |
| <b>Total intangible assets</b>                | <b>12 981</b>  | <b>11 824</b>  |
| FAIR VALUE FINANCIAL ASSETS                   |                |                |
| Bonds and other securities - fixed yield      | 519 056        | 497 037        |
| Financial derivatives                         |                | 2 283          |
| Other financial assets                        |                |                |
| <b>Total financial assets</b>                 | <b>519 056</b> | <b>499 319</b> |
| RECEIVABLES                                   |                |                |
| Receivables due from insurance customers      | 143 459        | 146 079        |
| Receivables arising from reinsurance business |                |                |
| Receivables to connected parties              | 211            |                |
| Other receivables                             | 46 247         | 5 939          |
| <b>Total receivables</b>                      | <b>189 917</b> | <b>152 018</b> |
| OTHER ASSETS                                  |                |                |
| Fixed assets                                  | 135            | 288            |
| Cash and bank                                 | 37 480         | 21 439         |
| Deferred tax assets                           |                |                |
| <b>Total other assets</b>                     | <b>37 615</b>  | <b>21 726</b>  |
| Prepaid costs and accrued income              | 138            | 420            |
| <b>Total prepaid costs and accrued income</b> | <b>138</b>     | <b>420</b>     |
| <b>Total assets</b>                           | <b>759 707</b> | <b>685 307</b> |

# Storebrand Helseforsikring AS

## Statement of financial position cont.

|  | 30.09<br>2017  | 31.12<br>2016  |
|--|----------------|----------------|
| NOK thousand                                   |                |                |
| <b>EQUITY CAPITAL AND LIABILITIES</b>          |                |                |
| PAID IN CAPITAL                                |                |                |
| Share capital                                  | 33 000         | 33 000         |
| Share premium                                  | 122 000        | 122 000        |
| <b>Total paid in capital</b>                   | <b>155 000</b> | <b>155 000</b> |
| RETAINED EARNINGS                              |                |                |
| Allocation to guarantee reserve                | 12 856         | 12 237         |
| Other retained earnings                        | 143 375        | 75 234         |
| <b>Total retained earnings</b>                 | <b>156 231</b> | <b>87 471</b>  |
| GROSS INSURANCE LIABILITIES                    |                |                |
| Reserve for unearned premiums gross            | 255 454        | 226 364        |
| Claims reserve gross                           | 73 750         | 73 344         |
| <b>Total insurance liabilities gross</b>       | <b>329 204</b> | <b>299 707</b> |
| RESERVES FOR LIABILITIES                       |                |                |
| Pension liabilities                            | 1 683          | 1 683          |
| Period tax liabilities                         | 20 799         | 19 549         |
| Deferred tax                                   | 44 013         | 22 044         |
| <b>Total reserves for liabilities</b>          | <b>66 495</b>  | <b>43 276</b>  |
| DEBT   |                |                |
| Due in respect of direct insurance             | 9 778          | 11 812         |
| Allocation to dividends                        |                | 72 379         |
| Other debt                                     | 14 008         | 5 122          |
| Debt to connected parties                      |                | 356            |
| <b>Total debt</b>                              | <b>24 079</b>  | <b>89 669</b>  |
| Accrued costs and deferred income              | 28 697         | 10 184         |
| <b>Total accrued costs and deferred income</b> | <b>28 697</b>  | <b>10 184</b>  |
| <b>Total equity capital and liabilities</b>    | <b>759 707</b> | <b>685 307</b> |

# Storebrand Helseforsikring AS

## Statement of change in equity

| NOK thousand                             | Share capital | Share premi-<br>um reserve | Total paid in<br>capital | Guarantee<br>scheme | Other equity   | Total retained<br>earnings | Total equity   |
|--|---------------|----------------------------|--------------------------|---------------------|----------------|----------------------------|----------------|
| <b>Equity 01.01.16</b>                   | <b>33 000</b> | <b>122 000</b>             | <b>155 000</b>           | <b>11 044</b>       | <b>75 870</b>  | <b>86 915</b>              | <b>241 915</b> |
| Profit                                   |               |                            |                          |                     | 72 380         | 72 380                     | 72 380         |
| Change in guarantee reserve              |               |                            |                          | 1 193               | -1 193         | 0                          | 0              |
| Change in pension experience adjustments |               |                            |                          |                     | 741            | 741                        | 741            |
| Tax on other comprehensive income        |               |                            |                          |                     | -185           | -185                       | -185           |
| Share dividend                           |               |                            |                          |                     | -72 379        | -72 379                    | -72 379        |
| <b>Equity 31.12.16</b>                   | <b>33 000</b> | <b>122 000</b>             | <b>155 000</b>           | <b>12 237</b>       | <b>75 234</b>  | <b>87 471</b>              | <b>242 471</b> |
| Profit                                   |               |                            |                          |                     | 68 760         | 68 760                     | 68 760         |
| Change in guarantee reserve              |               |                            |                          | 619                 | -619           | 0                          | 0              |
| <b>Equity 30.09.17</b>                   | <b>33 000</b> | <b>122 000</b>             | <b>155 000</b>           | <b>12 856</b>       | <b>143 375</b> | <b>156 231</b>             | <b>311 231</b> |

# Storebrand Helseforsikring AS

## Statement of cash flow 1. January – 30. September

| NOK thousand  | 2017           | 2016           |
|---|----------------|----------------|
| <b>Cash flows from operations</b>                             |                |                |
| Net receipts - insurance                                      | 513 420        | 470 449        |
| Net payments/claims insurance                                 | -315 460       | -323 946       |
| Payment of incom tax  | 1 250          | -11 221        |
| Payments relating to operations                               | -101 101       | -75 744        |
| <b>Net cash flow from operations before financial assets</b>  | <b>98 108</b>  | <b>59 539</b>  |
| Net receipts/payments - mutual funds                          | -4 825         | -37 305        |
| <b>Net cash flow from financial assets</b>                    | <b>-4 825</b>  | <b>-37 305</b> |
| <b>Net cash flow from operations</b>                          | <b>93 283</b>  | <b>22 234</b>  |
| <b>Cash flows from investment activities</b>                  |                |                |
| Net receipts/payment - sale/purchase of fixed assets          | -4 862         | -4 874         |
| <b>Net cash flow from investment activities</b>               | <b>-4 862</b>  | <b>-4 874</b>  |
| <b>Cash flows from financing activities</b>                   |                |                |
| Payment of dividends  | -72 379        | -23 097        |
| <b>Net cash flow from financing activities</b>                | <b>-72 379</b> | <b>-23 097</b> |
| <b>Net cash flow for the period</b>                           | <b>16 042</b>  | <b>-5 737</b>  |
| -of which net cash flow inn the period before financial asset | 20 867         | 31 568         |
| Net movement in cash and cash equivalents                     | 16 042         | -5 737         |
| Cash and cash equivalents at start of the period              | 21 439         | 33 352         |
| <b>Cash equivalents at the end of the period</b>              | <b>37 480</b>  | <b>27 615</b>  |

# Notes

## Storebrand Helseforsikring AS

### Note 01 | Accounting principles

The accounts have been prepared in accordance with accounting policies that were used in the annual accounts for 2016. A description of the accounting policies is shown in the annual report for 2016.

### Note 02 | Financial risks

There is no change in the risk picture compared to that described in the 2016 Annual Report.

### Note 03 | Solvency II

Storebrand Helseforsikring AS is subject to the European solvency regime Solvency II. The company is funded with group 1 capital and therefore utilizes the total solvency capital in calculating the solvency capital coverage (solvency margin). With a total solvency capital of NOK 233 million, the company's solvency capital coverage is 208 per cent while the minimum capital requirement is covered by 601 per cent

#### SOLVENCY CAPITAL

| NOK thousand   | Total          | 30.09.17          |                 |          |          |
|--|----------------|-------------------|-----------------|----------|----------|
|  |                | Group 1 unlimited | Group 1 limited | Group 2  | Group 3  |
| Share capital  | 33 000         | 33 000            |                 | 0        |          |
| Share premium  | 122 000        | 122 000           |                 | 0        |          |
| Reconciliation reserve   | 78 364         | 78 364            |                 |          |          |
| <b>Total solvency capital</b>  | <b>233 364</b> | <b>233 364</b>    | <b>0</b>        | <b>0</b> | <b>0</b> |
| <b>Total solvency capital available to cover minimum capital requirement</b> | <b>233 364</b> | 233 364           | 0               | 0        |          |

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.

#### SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

| NOK thousand                              | 30.09.17       |
|---|----------------|
| Market                                    | 37 034         |
| Counterparty                              | 1 291          |
| Life                                      | 0              |
| Health                                    | 115 207        |
| P&C                                       | 0              |
| Operational                               | 19 387         |
| Diversification                           | -23 619        |
| Loss-absorbing capacity of deferred taxes | -37 325        |
| <b>Total solvency requirement</b>         | <b>111 975</b> |
| <b>Solvencymargin</b>                     | <b>208,4 %</b> |
| <b>Minimum capital requirement</b>        | <b>38 812</b>  |
| <b>Minimum margin</b>                     | <b>601,3 %</b> |



Note  
04

Tax

**RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE**

| NOK thousand                           | 30.09.2017     |
|--|----------------|
| Ordinary pre-tax profit                | 90 729         |
| Expected tax on income at nominal rate | -22 682        |
| Tax effect of:                         |                |
| permanent differences                  | 713            |
| <b>Tax charge</b>                      | <b>-21 970</b> |
| Effective tax rate                     | 24,2 %         |

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