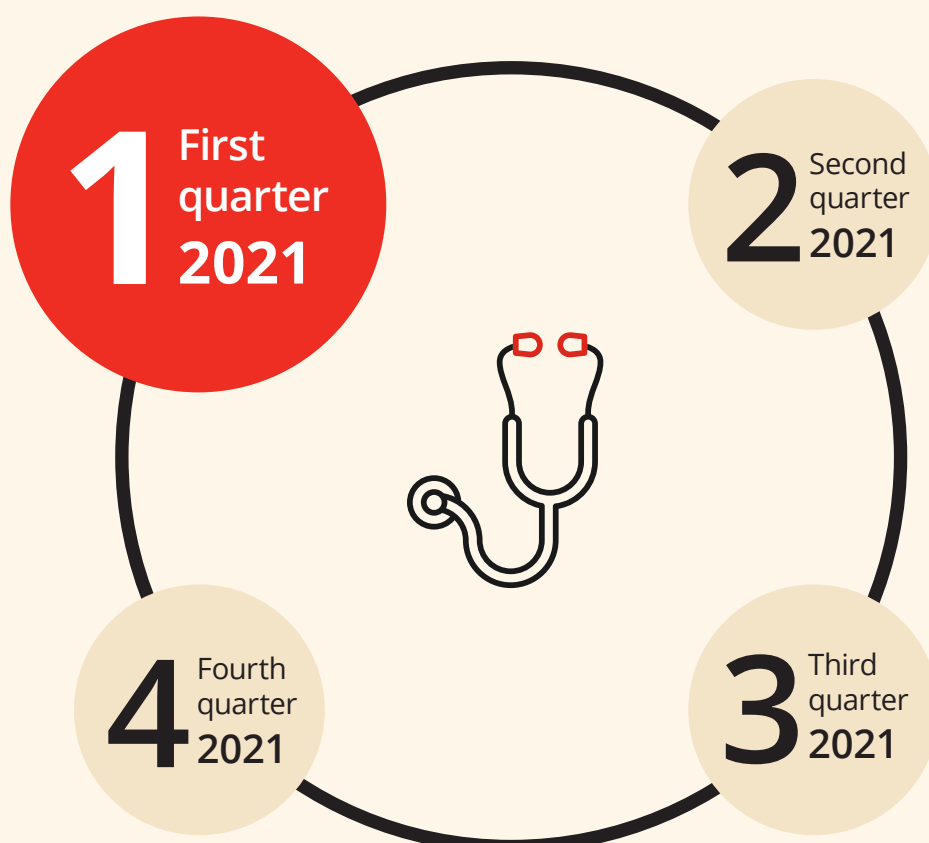


Interim report

Storebrand Helseforsikring AS



Interim Report Storebrand Helseforsikring AS

As at 31 March 2021

Pre tax profit is NOK 7.5 million (NOK minus 8.6 million) in 1st quarter.

Premiums earned totaled NOK 223.5 million (NOK 199.3 million), an increase of 12 percent from the same period in 2020. The demand for medical expense insurance in the market remains high and Storebrand Health has a leading market position in Norway in terms of written premiums. This type of employee benefits is increasing in popularity among the employees.

Cost of claims amounted to NOK 185.9 million (NOK 173.9 million) in 1st quarter. The claims ratio for own account stood at 83 per cent (87 per cent). The Covid-19 pandemic has to some extent impacted the level of the claims and how fast claims are reported. This makes earlier experience less useful, and therefore increases the uncertainty in the claims reserves.

Insurance-related operating costs came to NOK 34.9 million (NOK 29.7 million) in 1st quarter. The net cost ratio for own account ended up at 16 per cent (15 per cent) in 1st quarter.

The company has a conservative investment strategy and the investment portfolio has low credit risk and short interest duration, with all the investment portfolio invested in one of Storebrand's bond funds. The financial return in 1st quarter was 0.29 per cent.

The net non-technical result amounted to NOK 4.8 million (NOK minus 4.4 million) in 1st quarter. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK 3.0 million (minus NOK 3.1 million).

Solvency margin should be above 100 per cent and was 150 per cent year to date 2021. At year-end 2020 the solvency margin was 155 per cent.

Lysaker, 18th May 2021

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	01.01.-31.03		Full year
	2021	2020	2020
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums earned	224,144	199,843	845,226
- Reinsurers' share	-629	-533	-2,274
Premium income for own account	223,515	199,310	842,952
Other insurance related income	14	14	54
CLAIMS EXPENSES			
Incurred claims gross	-185,917	-174,389	-635,290
- Reinsurers' share	28	520	1,942
Claims expenses for own account	-185,889	-173,869	-633,347
INSURANCE RELATED OPERATING EXPENSES			
Sales expenses	-15,140	-13,350	-57,332
Insurance related administration expenses (incl. commissions for reinsurance received)	-19,763	-16,333	-67,188
Insurance related operating expenses	-34,903	-29,683	-124,519
Other insurance related operating costs			
Technical profit	2,737	-4,229	85,139
NON-TECHNICAL ACCOUNTS			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets	-4	-9	6,292
Change in value on investments	-2,718	7,657	-351
Realised gain and loss on investments	-1,533	387	10,678
Net income from investments	-4,255	8,035	16,619
Other income	9,011	2,274	2,256
Other expenses	0	-14,668	-14,654
Non-technical profit	4,756	-4,359	4,221
Pre tax profit	7,493	-8,588	89,361
Tax	-1,874	2,125	-21,915
Profit/loss for the year	5,619	-6,463	67,445
OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS			
Change in actuarial assumptions			-27
Tax on other comprehensive income and expenses not to be classified to profit/loss			7
Comprehensive income	5,619	-6,463	67,425

Storebrand Helseforsikring AS

Statement of financial position

NOK thousand	31.03 2021	31.12 2020
ASSETS		
Intangible assets	129,756	120,868
Total intangible assets	129,756	120,868
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	500,584	429,581
Financial derivatives		
Total fair value financial instruments	500,584	429,581
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	263,068	206,408
Receivables to connected parties		592
Other receivables	13,007	12,778
Total receivables	276,074	219,777
OTHER ASSETS		
Cash and bank equivalents	29,841	34,018
Pension assets	31	31
Total other assets	29,872	34,049
Prepaid costs and income earned not received	1,099	554
Total prepaid costs and income earned not received	1,099	554
Total assets	937,385	804,828

Storebrand Helseforsikring AS

Statement of financial position cont.

NOK thousand	31.03 2021	31.12 2020
EQUITY AND LIABILITIES		
PAID IN CAPITAL		
Share capital	33,000	33,000
Share premium reserve	122,000	122,000
Total paid in capital	155,000	155,000
EARNED EQUITY		
Allocation to guarantee scheme	15,926	15,572
Other earned equity	128,862	123,596
Total earned equity	144,788	139,169
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	431,173	329,779
Claims reserve gross	125,825	105,221
Total insurance liabilities gross	556,998	435,000
RESERVES FOR LIABILITIES		
Period tax liabilities	4,406	15,546
Deferred tax	12,687	10,814
Total reserves for liabilities	17,093	26,360
LIABILITIES		
Liabilities in connection with direct insurance	20,717	23,980
Financial derivatives	4,722	672
Liabilities to related parties	1,104	
Other liabilities	18,989	8,726
Total liabilities	45,532	33,377
Accrued expenses and received, unearned income	17,975	15,923
Total accrued expenses and received, unearned income	17,975	15,923
Total equity and liabilities	937,385	804,828

Storebrand Helseforsikring AS

Statement of change in equity

NOK thousand	Share capital	Share premi- um reserve	Total paid in capital	Guarantee scheme	Other equity	Total earned equity	Total equity
Equity 01.01.20	33,000	122,000	155,000	14,378	57,365	71,743	226,743
Profit					67,445	67,445	67,445
Change in guarantee scheme				1,194	-1,194	0	0
Change in actuarial assumptions					-27	-27	-27
Tax on other comprehensive income and expenses					7	7	7
Equity 31.12.20	33,000	122,000	155,000	15,572	123,596	139,169	294,169
Profit					5,619	5,619	5,619
Change in guarantee scheme				353	-353	0	0
Equity 31.03.21	33,000	122,000	155,000	15,926	128,862	144,788	299,788

Storebrand Helseforsikring AS

Statement of cash flow 1. January - 31. March

NOK thousand	2021	2020
Cash flows from operations		
Net receipts - insurance	264,986	251,650
Net payments/claims insurance	-165,285	-141,773
Payment of income tax	-11,140	3,690
Payments relating to operations	-18,901	-47,754
Net cash flow from operations before financial assets	69,660	65,813
Net receipts/payments - financial assets	-62,197	-42,348
Net cash flow from financial assets	-62,197	-42,348
Net cash flow from operations	7,462	23,465
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-11,639	-16,724
Net cash flow from investment activities	-11,639	-16,724
Cash flows from financing activities		
Payment of dividends		
Net cash flow from financing activities	0	0
Net cash flow for the period	-4,177	6,740
-of which net cash flow inn the period before financial asset	58,021	49,089
Net movement in cash and cash equivalents	-4,177	6,740
Cash and cash equivalents at start of the period	34,018	27,597
Cash equivalents at the end of the period	29,841	34,337

Notes

Storebrand Helseforsikring AS

Note 01 | Accounting principles

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2020 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

There is none new or amended accounting standards that entered into effect as at 1 January 2021 that have caused significant effects on the company's interim financial statements.

Note 02 | Estimates

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

The most important estimates, in the sense that their ultimate realization could lead to material adjustments of recognized amounts, are the claims reserves. Estimates are made for expected payments for the period up to the renewal date for contracts in force and expected remaining payments for incurred but not finally settled claims for contracts that has been in force. There is uncertainty connected to the frequency, size and late reporting of claims, and estimates changes may cause increases or reductions in reserves and corresponding changes in claims costs reported in the accounts.

Covid-19

The Covid -19 pandemic causes greater uncertainty regarding several estimates. It is still considerable uncertainty regarding the further development of Covid-19 and the consequences for the society.

Storebrand Helseforsikring experiences so far that Covid-19 has affected both the level of the claims and how fast the customers report the claims to the company. This makes earlier experience less useful for calculating the claims reserves and causes greater uncertainty than usual in the claims reserves.

Note 03 | Financial risks

2020 was strongly affected by the Covid-19 virus and economic uncertainty. The effects from the pandemic are still uncertain one quarter into 2021. Numerous measures have been put in place across the globe, but the effects for the economies are still unresolved. The Norwegian government continuous to stimulate the economy in general and industries that are affected hard. The central bank of Norway reduced the government interest rate to zero in 2020 but has indicated that they expect a starting gradual raising in late 2021. However, this is linked to a normalization of unemployment and reduction in the pandemic spread. The financial markets have been robust and operated as expected despite some early operational troubles in March 2020. The liquidity and pricing processes are operating as expected. But there are both a prolonged uncertainty regarding the future development of the pandemic, uncertain effects for unemployment and the economic consequences from the pandemic in general. This affects the pricing processes of financial instruments and the level of uncertainty seems to be higher than normal.

Note 04 | 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 200 million, the company's solvency capital coverage is 150 per cent while the minimum capital requirement is covered by 326 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	31.03.21				31.12.20
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Totalt
Share capital	33,000	33,000				33,000
Share premium	122,000	122,000				122,000
Reconciliation reserve	29,471	29,471				24,824
Deferred tax assets	15,332				15,332	16,583
Total solvency capital	199,803	184,471			15,332	196,407
Total solvency capital available to cover minimum capital requirement	184,471	184,471				179,824

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	31.03.21	31.12.20
Market	12,353	10,092
Counterparty	15,810	11,557
Health	143,390	137,764
Operational	26,086	25,357
Diversification	-19,632	-15,316
Loss-absorbing capacity of deferred taxes	-44,502	-42,363
Total solvency requirement	133,505	127,090
Solvencymargin	149.7 %	154.5 %
Minimum capital requirement	56,641	50,943
Minimum margin	325.7 %	353.0 %

Note 05 | Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	31.03.21
Ordinary pre-tax profit	7,493
Expected tax on income at nominal rate	-1,874
Tax charge	-1,874
Effective tax rate	25.0 %

