



# Interim Report 1st quarter 2020

Storebrand Helseforsikring AS (unaudited)

# Interim Report Storebrand Helseforsikring AS

## As at 31 March 2020

Pre tax profit is NOK minus 8.6 million (NOK 1.2 million) in 1st quarter.

Premiums earned totalled NOK 199.3 million (NOK 174.2 million). An increase of 14 percent from the same period in 2019. 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 173.9 million (NOK 150.0 million) in 1st quarter. The claims ratio for own account stood at 87 per cent (86 per cent). An increase in the claims ratio has been expected this year.

Insurance-related operating costs came to NOK 29.7 million (NOK 27.5 million) in 1st quarter. The net cost ratio for own account ended up at 15 per cent (16 per cent) in 1st quarter.

The net non-technical result amounted to NOK minus 4.4 million (NOK 4.5 million) in 1st quarter. The company has maintained a conservative investment profile, with all of the investment portfolio invested in one of Storebrand's bond funds. The financial return in 1st quarter was minus 0.30 per cent. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK minus 3.1 million (NOK 1.4 million).

Solvency margin should be above 100 per cent and was 144 per cent year to date 2020. At year-end 2019 the solvency margin was 161 per cent.

Lysaker, 15 th May 2020

Board of directors Storebrand Helseforsikring AS

# Storebrand Helseforsikring AS

## Statement of comprehensive income

NOK thousand	01.01.-31.03		Full year
	2020	2019	2019
<b>TECHNICAL ACCOUNTS</b>			
PREMIUMS			
Gross premiums earned	199,843	174,616	727,155
- Reinsurers' share	-533	-445	-1,889
<b>Premium income for own account</b>	<b>199,310</b>	<b>174,171</b>	<b>725,267</b>
Other insurance related income	14	16	55
CLAIMS EXPENSES			
Incurred Claims Gross	-174,389	-150,079	-558,564
- Reinsurers' share	520	60	1,615
<b>Claims expenses for own account</b>	<b>-173,869</b>	<b>-150,019</b>	<b>-556,949</b>
INSURANCE RELATED OPERATING EXPENSES			
Sales expenses	-13,350	-11,462	-49,064
Insurance related administration expenses (incl. commissions for reinsurance received)	-16,333	-16,041	-65,579
<b>Insurance related operating expenses</b>	<b>-29,683</b>	<b>-27,503</b>	<b>-114,643</b>
<b>Other insurance related operating costs</b>			<b>-265</b>
<b>Technical profit</b>	<b>-4,229</b>	<b>-3,335</b>	<b>53,465</b>
<b>NON-TECHNICAL ACCOUNTS</b>			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets	-9	2,762	8,272
Change in value on investments	7,657	-7,317	-3,287
Realised gain and loss on investments	387	3,387	-869
Expenses associated with administration of investments, including interest expense		-121	-156
<b>Net income from investments</b>	<b>8,035</b>	<b>-1,289</b>	<b>3,960</b>
Other income	2,274	5,803	5,082
Other expenses	-14,668		-42
<b>Non-technical profit</b>	<b>-4,359</b>	<b>4,514</b>	<b>9,001</b>
<b>Pre tax profit</b>	<b>-8,588</b>	<b>1,179</b>	<b>62,466</b>
Tax	2,125	120	-15,421
<b>Profit/loss for the year</b>	<b>-6,463</b>	<b>1,299</b>	<b>47,045</b>
<b>OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS</b>			
Change in actuarial assumptions			-17
Tax on other comprehensive income and expenses not to be classified to profit/loss			4
<b>Comprehensive income</b>	<b>-6,463</b>	<b>1,299</b>	<b>47,032</b>

# Storebrand Helseforsikring AS

## Statement of financial position

NOK thousand	31.03 2020	31.12 2019
<b>ASSETS</b>		
Intangible assets	80,633	66,187
<b>Total intangible assets</b>	<b>80,633</b>	<b>66,187</b>
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	407,545	363,976
Financial derivatives	9,745	657
<b>Total fair value financial instruments</b>	<b>417,290</b>	<b>364,633</b>
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	249,105	174,287
Receivables to connected parties	189	168
Other receivables	37,765	16,981
<b>Total receivables</b>	<b>287,058</b>	<b>191,436</b>
OTHER ASSETS		
Fixed assets		
Cash and bank equivalents	34,337	27,597
Pension assets	56	56
<b>Total other assets</b>	<b>34,393</b>	<b>27,653</b>
Prepaid costs and income earned not received	1,186	420
<b>Total prepaid costs and income earned not received</b>	<b>1,186</b>	<b>420</b>
<b>Total assets</b>	<b>820,561</b>	<b>650,329</b>

# Storebrand Helseforsikring AS

## Statement of financial position cont.

NOK thousand	31.03 2020	31.12 2019
<b>EQUITY AND LIABILITIES</b>		
PAID IN CAPITAL		
Share capital	33,000	33,000
Share premium reserve	122,000	122,000
<b>Total paid in capital</b>	<b>155,000</b>	<b>155,000</b>
EARNED EQUITY		
Allocation to guarantee scheme	14,617	14,378
Other earned equity	50,663	57,365
<b>Total earned equity</b>	<b>65,280</b>	<b>71,743</b>
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	404,041	278,802
Claims reserve gross	113,951	81,855
<b>Total insurance liabilities gross</b>	<b>517,993</b>	<b>360,657</b>
RESERVES FOR LIABILITIES		
Period tax liabilities	9,373	5,683
Deferred tax	10,526	12,651
<b>Total reserves for liabilities</b>	<b>19,899</b>	<b>18,334</b>
LIABILITIES		
Liabilities in connection with direct insurance	26,132	24,213
Liabilities to related parties	619	
Other liabilities	25,158	8,587
<b>Total liabilities</b>	<b>51,909</b>	<b>32,799</b>
Accrued expenses and received, unearned income	10,480	11,796
<b>Total accrued expenses and received, unearned income</b>	<b>10,480</b>	<b>11,796</b>
<b>Total equity and liabilities</b>	<b>820,561</b>	<b>650,329</b>

# 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
<b>Equity 01.01.19</b>	<b>33,000</b>	<b>122,000</b>	<b>155,000</b>	<b>13,647</b>	<b>11,064</b>	<b>24,711</b>	<b>179,711</b>
Profit					47,045	47,045	47,045
Change in guarantee scheme				731	-731	0	0
Change in actuarial assumptions					-17	-17	-17
Tax on other comprehensive income and expenses					4	4	4
<b>Equity 31.12.19</b>	<b>33,000</b>	<b>122,000</b>	<b>155,000</b>	<b>14,378</b>	<b>57,365</b>	<b>71,743</b>	<b>226,743</b>
Profit					-6,463	-6,463	-6,463
Change in guarantee scheme				239	-239	0	0
<b>Equity 31.03.20</b>	<b>33,000</b>	<b>122,000</b>	<b>155,000</b>	<b>14,617</b>	<b>50,663</b>	<b>65,280</b>	<b>220,280</b>

# Storebrand Helseforsikring AS

## Statement of cash flow 1. January - 31. March

NOK thousand	2020	2019
<b>Cash flows from operations</b>		
Net receipts - insurance	251,650	210,512
Net payments/claims insurance	-141,773	-127,806
Payment of income tax	3,690	-22,279
Payments relating to operations	-47,754	-14,661
<b>Net cash flow from operations before financial assets</b>	<b>65,813</b>	<b>45,765</b>
Net receipts/payments - financial assets	-42,348	3,110
<b>Net cash flow from financial assets</b>	<b>-42,348</b>	<b>3,110</b>
<b>Net cash flow from operations</b>	<b>23,465</b>	<b>48,876</b>
<b>Cash flows from investment activities</b>		
Net receipts/payment - sale/purchase of fixed assets	-16,724	-7,834
<b>Net cash flow from investment activities</b>	<b>-16,724</b>	<b>-7,834</b>
<b>Cash flows from financing activities</b>		
Payment of dividends		
<b>Net cash flow from financing activities</b>		
<b>Net cash flow for the period</b>	<b>6,740</b>	<b>41,042</b>
-of which net cash flow in the period before financial asset	49,089	37,932
Net movement in cash and cash equivalents	6,740	41,042
Cash and cash equivalents at start of the period	27,597	28,567
<b>Cash equivalents at the end of the period</b>	<b>34,337</b>	<b>69,609</b>

# 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 2019 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 2020 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 company's critical estimates and judgments that could result in material adjustment of recognised amounts are the claim reserve to cover expected payments of claims incurred but not yet settled.

### Note 03 | Financial risks

The first quarter has been strongly affected by the development linked to the Covid-19 pandemic. From the last part of February, the contagion, and the consequences of containment both in Norway and globally, has led to financial turmoil with falling equity prices, increased credit spreads, falling interest rates and lower tradability for part of the investments. In combination with falling oil price, the conditions have also led to a significant weakening of the Norwegian Krone. Storebrand Helseforsikring has principles for risk management that handles and dampens the effects, but the effects were still visible. Especially the increased credit spreads have led to weak performance over the quarter in bond portfolios with, over time, low risk.

### Note 04 | Solvency II

Storebrand Helseforsikring AS is subject to the European solvency regime Solvency II. The company is largely funded with group 1 capital. In addition, deferred tax assets of NOK 2 million counts as group 3 capital and therefore not calculated in the minimum capital requirement. With a total solvency capital of NOK 168 million, the company's solvency capital coverage is 144 per cent while the minimum capital requirement is covered by 339 per cent.

#### SOLVENCY CAPITAL

NOK thousand	Total	31.03.20				31.12.19
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	33,000	33,000		0		33,000
Share premium	122,000	122,000		0		122,000
Reconciliation reserve	10,543	10,543				21,736
Deferred tax assets	2,135				2,135	
<b>Total solvency capital</b>	<b>167,679</b>	<b>165,543</b>	<b>0</b>	<b>0</b>	<b>2,135</b>	<b>176,736</b>
<b>Total solvency capital available to cover minimum capital requirement</b>	<b>165,543</b>	165,543	0	0		<b>176,736</b>

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	31.03.20	31.12.19
Market	11,901	10,865
Counterparty	15,494	12,072
Health	126,053	117,610
Operational	22,571	21,815
Diversification	-18,949	-16,007
Loss-absorbing capacity of deferred taxes	-39,268	-36,589
<b>Total solvency requirement</b>	<b>117,803</b>	<b>109,766</b>
<b>Solvencymargin</b>	<b>142.3 %</b>	<b>161.0 %</b>
<b>Minimum capital requirement</b>	<b>48,892</b>	<b>42,778</b>
<b>Minimum margin</b>	<b>338.6 %</b>	<b>413.1 %</b>

Note  
05

## Tax

### RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	31.03.20
Ordinary pre-tax profit	-8,588
Expected tax on income at nominal rate	2,125
Change in earlier years	
<b>Tax charge</b>	<b>2,125</b>
<b>Effective tax rate</b>	<b>24.7 %</b>

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