



Interim Report 2nd quarter 2012
Storebrand
Helseforsikring AS



Interim Report Storebrand Helseforsikring AS

As at 30 June 2012

Storebrand Helseforsikring made a profit before tax of NOK 13.5 million (9.5 million) in 2nd quarter 2012, and a profit of NOK 26.4 million (13.1 million) so far this year.

Premiums earned totalled NOK 89.3 million (78.2 million) in 2nd quarter and NOK 174,9 million (155,6 million) so far this year. This is an accumulated increase of 12 per cent compared to the equivalent period in 2011. Storebrand Helseforsikring is one of the leading market players when measuring written premiums in Norway, and has experienced a satisfying growth in sales and it is still high demand for medical insurance in the market.

Cost of claims amounted to NOK 54.0 million (46.7 million) in 2nd quarter, and NOK 107.0 million (99.8 million) so far this year. The claims ratio stood at 61 per cent (59 per cent) at the end of 2nd quart and 61 per cent (64 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 22.7 million (23.4 million) in 2nd quarter and NOK 45.4 million (46.7 million) so far this year. The net costs ratio ended up at 25 per cent (30 per cent) in 2nd quarter and 26 per cent (30 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 2.8 million (1.6 million) in 2nd quarter and NOK 5.0 million (4.7 million) so far this year. The company continues to pursue a cautious investment strategy with most of the funds being placed in certificates of deposit, bonds and fixed income funds.

The capital adequacy requirement is 8 per cent of risk-weighted balance sheet and the company's capital adequacy ratio was 86.6 per cent as at 30 June 2012, down from 102.2 per cent at the beginning of the year, due to increased calculation basis after allocating funds to assets under management and profits made so far this year does not count as primary capital as long as it has not been revised.

The solvency margin requirement is 100 per cent and the solvency margin is estimated to be 258.4 per cent as at 30 June 2012, down from 284 per cent at the beginning of the year due to increased earned premiums without counting profits made so far this year as primary capital.

Munich, 30 August 2012

The Board of Storebrand Helseforsikring AS

Income statement Storebrand Helseforsikring AS

NOK thousand	Q2		01.01.-30.06.		Full year 2011
	2012	2011	2012	2011	
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums written	95,649	81,798	222,321	190,984	331,973
- Reinsurers' share	-500	-440	-976	-869	-1,762
Gross change in reserve for unearned premiums	-5,891	-3,163	-46,444	-34,523	-11,229
Premium income for own account	89,259	78,195	174,902	155,592	318,983
Allocation of investment return transferred from the non-technical accounts	174	200	3,624	6,028	4,975
CLAIMS EXPENSES					
Gross claims paid	-52,523	-49,518	-106,249	-102,662	-202,945
Gross change in claims reserve	-1,483	2,855	-791	2,844	2,987
Claims expenses for own account	-54,006	-46,663	-107,041	-99,818	-199,957
INSURANCE RELATED OPERATING COSTS					
Sales costs	-9,962	-8,866	-18,755	-17,810	-34,498
Insurance related administration costs	-12,740	-14,547	-26,683	-28,861	-50,938
Insurance related operating costs for own account	-22,703	-23,414	-45,438	-46,671	-85,437
Other insurance related operating cost		1		-166	-164
Balance on the technical account before allocations to security reserve	12,724	8,320	26,047	14,965	38,399
Change in fluctuation reserve	-1,874	-195	-1,157	-569	-3,621
Technical profit	10,850	8,125	24,890	14,397	34,778
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	3,044	2,572	5,947	4,842	11,452
Change in value on investments	913	721	-235	-1,035	2,580
Realised gain and loss on investments	-991	-1,668	-381	941	-1,154
Management expenses linked to investment, included interest cost	-203		-307		
Net income from investments	2,763	1,624	5,024	4,748	12,878
Allocation of investment return transferred to the technical accounts	-174	-200	-3,624	-6,028	-4,975
Other income / other cost	24		138		
Non-technical profit	2,613	9,549	1,538	13,116	7,904
Profit from ordinary activities	13,463	9,549	26,428	13,116	42,682
Tax	-3,741		-7,083		-5,327
Profit/loss for the year	9,722	9,549	19,344	13,116	37,355
Other result elements:					
Translation differences	-103	1,665	633	1,417	-89
Total comprehensive for the period	9,620	11,214	19,978	14,533	37,266

Statement of financial position Storebrand Helseforsikring AS

	30.06	31.12
NOK thousand	2012	2011
ASSETS		
Deferred tax assets	4,460	4,460
Intangible assets	11,579	12,515
Total intangible assets	16,039	16,976
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	351,320	300,225
Financial derivatives	1,073	1,063
Total financial assets	352,393	301,288
RECEIVABLES		
Receivables due from insurance customers	96,363	81,127
Receivables to connected parties	521	
Other receivables	611	786
Total receivables	97,496	81,913
OTHER ASSETS		
Fixed assets	1,612	1,831
Cash and bank	33,369	36,849
Total other assets	34,981	38,681
Prepaid costs and accrued income	788	80
Total prepaid costs and accrued income	788	80
Total assets	501,696	438,937

Statement of financial positions

Storebrand Helseforsikring AS (cont.)

	30.06	31.12
NOK thousand	2012	2011
EQUITY CAPITAL 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
RETAINED EARNINGS		
Allocation to guarantee reserve	14,603	13,535
Other retained earnings	28,635	9,726
Total retained earnings	43,239	23,261
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	178,575	132,968
Claims reserve gross	35,317	34,737
Fluctuation reserve	47,474	46,601
Total insurance liabilities gross	261,366	214,306
RESERVES FOR LIABILITIES		
Pension liabilities	17,210	17,210
Deferred tax	7,083	9,787
Total reserves for liabilities	24,293	26,997
DEBT		
Due in respect of direct insurance	2,469	1,175
Other debt	2,430	3,905
Debt to connected parties		250
Total debt	4,899	5,330
Accrued costs and deferred income	12,899	14,043
Total accrued costs and deferred income	12,899	14,043
Total equity capital and liabilities	501,696	438,937

Cash flow analysis Storebrand Helseforsikring AS

NOK thousand	Q2	
	2012	2011
Cash flows from operations		
Net receipts - insurance	207,365	175,211
Net payments compensation and insurance benefits	-106,249	-90,263
Payment of income tax	-9,787	
Payments relating to operations	-48,357	-58,518
Net payments received relating to securities	-33	226
Net cash flow from operations before financial assets	42,939	26,656
Net receipts/payments - mutual funds	-45,744	-34,573
Net cash flow from financial assets	-45,744	-34,573
Net cash flow from operations	-2,805	-7,917
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-675	45
Net cash flow from investment activities	-675	45
Net cash flow for the period	-3,480	-7,871
-of which net cash flow in the period before financial asset	42,263	26,701
Net movement in cash and cash equivalents	-3,480	-7,871
Cash and cash equivalents at start of the period	36,849	38,522
Cash equivalents at the end of the period	33,369	30,651

Changes to equity Storebrand Helseforsikring AS

NOK thousand	Share capital	Share premium account	Restatement differences	Admin and guarantee scheme	Other equity	Total equity
Equity 31 decemer 2010	33,000	122,000	-1,029	22,263	-30,753	145,481
change to the accounting pollicies:						
Release of administration reserve to free equity				-9,788	9,788	
Allocation to ULAE					-5,723	-5,723
Change in claims settlement cost 2010, booked in profit and loss account					1,237	1,237
Equity at 01.01.11	33,000	122,000	-1,029	12,475	-25,451	140,995
Profit/loss for the year					37,355	37,355
Gain/loss on exchange when converting branch office			-89			-89
Change in administration- and guarantee reserve				1,060	-1,060	
Share issue						
Equity at 31.12.2011	33,000	122,000	-1,118	13,535	10,844	178,261
Profit/loss for the year					19,344	19,344
Gain/loss on exchange when converting branch office			633			633
Change in administration- and guarantee reserve				1,068	-1,068	
Share issue						
Equity at 30.06.2012	33,000	122,000	-485	14,603	29,120	198,239

Notes Storebrand Helseforsikring AS

NOTE 1 - ACCOUNTING PRINCIPLES

The accounts have been presented in accordance with the accounting principles applied in the 2011 Annual Accounts. A description of the accounting principles is given in the 2011 Annual Report.

NOTE 2 - FINANCIAL RISKS

There is no change in the risk picture compared to that described in the 2011 Annual Report.

NOTE 3 - CAPITAL REQUIREMENTS

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.

Spesifikasjon av kapitaldekningen:

NOK thousand	30.06.2012	31.12.2011
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other equity	8,657	9,726
Total equity	163,657	164,726
Intangible assets	-16,039	-16,976
Net primery capital	147,618	147,750
Calculation base by class of risk weighting	476,576	421,354
Risk weight 0%	32,069	64,758
Risk weight 10%		
Risk weight 20%	352,620	265,417
Risk weight 50%	788	80
Risk weight 100%	99,108	91,099
Weighted assets in the balance sheet	170,026	144,222
Weighted interest rate and FX contracts	364	317
Risk weighted calculation base	170,390	144,539
Capital adequacy ratio	86.6%	102.2%

Solvensmarginkapital:

NOK thousand	30.06.2012	31.12.2011
Solvency margin demand	65,396	59,636
Solvency margin capital	168,981	169,293
Solvency margin	258.4%	283.9%

Spesifikasjon ov solvenskapital:

NOK thousand	30.06.2012	31.12.2011
Net primary capital	147,618	147,750
Counting security reserve	21,363	21,542
Solvency capital	168,981	169,292

The minimum solvency margin is calculates as the greater of two measurements, based either on last year's premiums or the average of the last three year's claims received. The minimum requirement is calculated from the previous year's account, and applies for the whole of the next year.

NOTE 4 - TAX

Avstemming av forventet skattekostnad mot faktisk skattekostnad

NOK thousand	30.06.2012
Ordinary pre-tax profit	26,428
Expected tax on income at nominal rate	-7,400
Tax effect of:	
permanent differences	316
write-down of deferred tax assets	
Change in previous years	
Tax charge	-7,083
Effective tax rate	26.8 %



47268 Grafisk sentrer 09/2012



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