



Interim Report 2nd quarter 2018

Storebrand Helseforsikring AS (unaudited)

Interim Report Storebrand Helseforsikring AS

As at 30 June 2018

Pre tax profit is NOK 17.4 million (NOK 33.1 million) in 2nd quarter and a profit of NOK 24.4 million (NOK 42.0 million) so far this year. Premiums earned totalled NOK 165.6 million (NOK 162.6 million) in 2nd quarter. A slight increase of 2 per cent from the same period in 2017. So far this year, the earned premiums for own account totalled NOK 333.3 million (NOK 314.1 million) an increase of 6 per cent compared to the equivalent period in 2017. Measured by annual premiums, Storebrand Helseforsikring is one of the market leaders 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 118.1 million (NOK 102.5 million) in 2nd quarter and NOK 252.7 million (NOK 220.6 million) so far this year. The claims ratio for own account stood at 72 per cent (63 per cent) in 2nd quarter and 76 per cent (70 per cent) year to date. An increase in the claims ratio has been expected this year.

Insurance-related operating costs came to NOK 31.6 million (NOK 29.0 million) in 2nd quarter and NOK 60.4 million (NOK 55.8 million) so far this year. The net cost ratio for own account ended up at 19 per cent (18 per cent) in 2nd quarter. Year to date the net cost ratio is 18 per cent (18 per cent).

The net non-technical result amounted to NOK 2.1 million (NOK 2.5 million) in 2nd quarter and NOK 5.0 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 2nd quarter was 0.46 per cent in 2nd quarter and 0.84 per cent year to date. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK 0.5 million (NOK minus 0.6 million) in 2nd quarter and NOK 1.7 million (NOK minus 1.7 million) so far this year.

Solvency margin should be above 100 per cent and was 225 per cent year to date 2018. At year-end 2017 the solvency margin was 225 per cent.

Oslo, 30th August 2018

The Board of Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	Q2		01.01.-30.06		Full year
	2018	2017	2018	2017	2017
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums earned	165,559	162,607	333,262	314,099	651,560
- Reinsurers' share	-465	-452	-889	-866	-1,708
Premium income for own account	165,094	162,154	332,372	313,233	649,852
Other insurance related income	15	4	32	10	44
CLAIMS EXPENSES					
Gross claims incurred	-118,154	-102,510	-252,819	-220,608	-439,684
- Reinsurers' share	11	13	141	54	55
Claims expenses for own account	-118,144	-102,498	-252,678	-220,554	-439,629
INSURANCE RELATED OPERATING COSTS					
Sales costs	-12,915	-9,729	-24,944	-21,845	-46,293
Insurance related administration costs (incl. commissions for reinsurance received)	-18,712	-19,319	-35,440	-33,926	-66,253
Insurance related operating costs for own account	-31,627	-29,047	-60,383	-55,771	-112,547
Technical profit	15,338	30,614	19,343	36,919	97,720
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	2,837	2,925	5,522	5,531	11,396
Change in value on investments	1,490	129	-2,737	-57	-2,325
Realised gain and loss on investments	-4,211	1,279	-5,700	3,088	3,347
Management expenses linked to investment, included interest cost	-125	225	-253	-255	-502
Net income from investments	-9	4,558	-3,168	8,306	11,917
Other income	2,336	6,110	8,368	8,676	10,202
Other cost	-258	-8,200	-164	-11,872	-14,132
Non-technical profit	2,070	2,468	5,036	5,111	7,987
Pre tax profit	17,407	33,082	24,379	42,029	105,707
Tax	-4,157	-7,894	-4,217	-10,026	-27,033
Profit before other comprehensive income	13,250	25,187	20,162	32,004	78,674
Other result elements:					
Translation differences					-
Change in pension experience adjustments					1,765
Tax on other comprehensive income					-441
Comprehensive income	13,250	25,187	20,162	32,004	79,998

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Statement of financial position

NOK thousand	30.06 2018	31.12 2017
ASSETS		
Intangible assets	14,259	15,122
Total intangible assets	14,259	15,122
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	488,765	505,117
Financial derivatives		1474
Other financial assets		
Total financial assets	488,765	506,591
RECEIVABLES		
Receivables due from insurance customers	153,650	149,606
Receivables to connected parties	828	
Other receivables	5,134	19,393
Total receivables	159,612	168,999
OTHER ASSETS		
Fixed assets		84
Cash and bank	49,590	42,313
Pension asset	43	43
Total other assets	49,634	42,440
Prepaid costs and accrued income	9,212	174
Total prepaid costs and accrued income	9,212	174
Total assets	721,481	733,327

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Statement of financial position cont.

NOK thousand	30.06 2018	31.12 2017
EQUITY CAPITAL AND LIABILITIES		
PAID IN CAPITAL		
Share capital	33,000	33,000
Share premium	122,000	122,000
Total paid in capital	155,000	155,000
RETAINED EARNINGS		
Allocation to guarantee reserve	13,562	13,041
Other retained earnings	95,395	75,753
Total retained earnings	108,957	88,795
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	321,816	252,371
Claims reserve gross	72,386	72,398
Total insurance liabilities gross	394,202	324,769
RESERVES FOR LIABILITIES		
Pension liabilities		
Period tax liabilities	1,996	30,814
Deferred tax	27,776	21,980
Total reserves for liabilities	29,773	52,794
DEBT		
Due in respect of direct insurance	15,736	10,802
Allocation to dividends		78,674
Other debt	5,982	10,543
Financial derivatives	1,160	
Debt to connected parties	143	219
Total debt	23,020	100,238
Accrued costs and deferred income	10,530	11,730
Total accrued costs and deferred income	10,530	11,730
Total equity capital and liabilities	721,481	733,327

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 retained earnings	Total equity
Equity 01.01.17	33,000	122,000	155,000	12,237	75,234	87,471	242,471
Profit					78,674	78,674	78,674
Change in guarantee reserve				804	-804		
Change in pension experience adjustments					1,765	1,765	1,765
Tax on other comprehensive income					-441	-441	-441
Share dividend					-78,674	-78,674	-78,674
Equity 31.12.17	33,000	122,000	155,000	13,041	75,753	88,795	243,795
Profit					20,162	20,162	20,162
Change in guarantee reserve				521	-521		
Equity 30.06.18	33,000	122,000	155,000	13,562	95,395	108,957	263,957

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Statement of cash flow 1. January – 30. June

NOK thousand	2018	2017
Cash flows from operations		
Net receipts - insurance	402,707	363,953
Net payments/claims insurance	-252,691	-217,775
Payment of income tax	-27,238	-11,036
Payments relating to operations	-59,325	-69,979
Net cash flow from operations before financial assets	63,453	65,163
Net receipts/payments - mutual funds	24,439	9,128
Net cash flow from financial assets	24,439	9,128
Net cash flow from operations	87,892	74,291
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-1,941	-4,129
Net cash flow from investment activities	-1,941	-4,129
Cash flows from financing activities		
Payment of dividends	-78,674	-72,379
Net cash flow from financing activities	-78,674	-72,379
Net cash flow for the period	7,277	-2,216
-of which net cash flow in the period before financial asset	-17,162	-11,344
Net movement in cash and cash equivalents	7,277	-2,216
Cash and cash equivalents at start of the period	42,313	21,439
Cash equivalents at the end of the period	49,590	19,222

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 2017 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 2018 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

There is no change in the risk picture compared to that described in the 2017 Annual Report.

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 244 million the company's solvency capital coverage is 225 per cent while the minimum capital requirement is covered by 588 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	30.06.18				31.12.17
		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	89,336	89,336				85,378
Total solvency capital	244,336	244,336	0	0	0	240,378
Total solvency capital available to cover minimum capital requirement	244,336	244,336	0	0		240,378

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	30.06.18	31.12.17
Market	30,642	34,055
Counterparty	12,809	10,964
Health	109,056	105,855
Operational	20,122	19,547
Diversification	-27,760	-28,177
Loss-absorbing capacity of deferred taxes	-36,217	-35,561
Total solvency requirement	108,652	106,683
Solvencymargin	224.9 %	225.3 %
Minimum capital requirement	41,542	38,007
Minimum margin	588.2 %	632.5 %

Note
05

Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	30.06.18
Ordinary pre-tax profit	24,379
Expected tax on income at nominal rate	-6,095
Tax effect of:	
permanent differences	299
write-down of deferred tax assets	0
Change in earlier years	1,579
Tax charge	-4,217
Effective tax rate	17.3 %

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