



Interim Report 2nd quarter 2019

Storebrand Helseforsikring AS (unaudited)

Interim Report Storebrand Helseforsikring AS

As at 30 June 2019

Pre tax profit is NOK 26.6 million (NOK 17.4 million) in 2nd quarter and a profit of NOK 27.8 million (NOK 24.4 million) so far this year. Premiums earned totalled NOK 180.2 million (NOK 165.1 million) in 2nd quarter. An increase of 9 percent from the same period in 2018. So far this year, the earned premiums for own account totalled NOK 353.8 million (NOK 332.4 million) an increase of 6 per cent compared to the equivalent period in 2018. 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 127.8 million (NOK 118.1 million) in 2nd quarter and NOK 277.8 million (NOK 252.7 million) so far this year. The claims ratio for own account stood at 71 per cent (72 per cent) in 2nd quarter and 79 per cent (76 per cent) year to date. An increase in the claims ratio has been expected this year.

Insurance-related operating costs came to NOK 27.2 million (NOK 31.6 million) in 2nd quarter and NOK 54.7 million (NOK 60.4 million) so far this year. The net cost ratio for own account ended up at 15 per cent (19 per cent) in 2nd quarter. Year to date the net cost ratio is 16 per cent (18 per cent).

The net non-technical result amounted to NOK 2.0 million (NOK 2.1 million) in 2nd quarter and NOK 6.5 million (NOK 5.0 million) so far this year. The company has maintained a conservative investment profile, with all the funds placed in a Norwegian money market fund. The financial return in 2nd quarter was 0.42 per cent and 1.03 per cent year to date. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of minus NOK 0.2 million (NOK 0.5 million) in 2nd quarter and NOK 1.2 million (NOK 1.7 million) so far this year.

Solvency margin should be above 100 per cent and was 157 per cent at 30 June 2019. At year-end 2018 the solvency margin was 143 per cent.

Lysaker, 30th August 2019

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

| NOK thousand | Q2 | | 01.01. - 30.06 | | Full year |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| TECHNICAL ACCOUNTS | | | | | |
| PREMIUMS | | | | | |
| Gross premiums earned | 180 168 | 165 559 | 354 784 | 333 262 | 685 576 |
| - Reinsurers' share | -494 | -465 | -939 | -889 | -1 756 |
| Premium income for own account | 179 674 | 165 094 | 353 845 | 332 372 | 683 820 |
| Other insurance related income | 13 | 15 | 29 | 32 | 124 |
| CLAIMS EXPENSES | | | | | |
| Incurred Claims Gross | -128 205 | -118 154 | -278 284 | -252 819 | -481 468 |
| - Reinsurers' share | 373 | 11 | 433 | 141 | 300 |
| Claims expenses for own account | -127 832 | -118 144 | -277 851 | -252 678 | -481 169 |
| INSURANCE RELATED OPERATING EXPENSES | | | | | |
| Sales expenses | -12 498 | -12 915 | -23 960 | -24 944 | -51 201 |
| Insurance related administration expenses (incl. commissions for reinsurance received) | -14 741 | -18 712 | -30 783 | -35 440 | -70 650 |
| Insurance related operating expenses | -27 239 | -31 627 | -54 743 | -60 383 | -121 851 |
| Technical profit | 24 616 | 15 338 | 21 281 | 19 343 | 80 924 |
| NON-TECHNICAL ACCOUNTS | | | | | |
| NET INCOME FROM FINANCIAL ASSETS | | | | | |
| Interest and dividend etc from financial assets | 769 | 2 837 | 3 532 | 5 522 | 11 167 |
| Change in value on investments | 4 319 | 1 490 | -2 999 | -2 737 | 2 485 |
| Realised gain and loss on investments | -4 339 | -4 211 | -952 | -5 700 | -8 788 |
| Expenses associated with administration of investments, including interest expense | -35 | -125 | -156 | -253 | -498 |
| Net income from investments | 714 | -9 | -575 | -3 168 | 4 366 |
| Other income | 1 267 | 2 336 | 7 070 | 8 368 | 461 |
| Other expenses | | -258 | | -164 | -180 |
| Non-technical profit | 1 981 | 2 070 | 6 495 | 5 036 | 4 647 |
| Pre tax profit | 26 597 | 17 407 | 27 776 | 24 379 | 85 571 |
| Tax | -6 649 | -4 157 | -6 529 | -4 217 | -19 674 |
| Profit/loss for the year | 19 948 | 13 250 | 21 247 | 20 162 | 65 897 |
| OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS | | | | | |
| Change in actuarial assumptions | | | | | 26 |
| Tax on other comprehensive income and expenses not to be classified to profit/loss | | | | | -6 |
| Comprehensive income | 19 948 | 13 250 | 21 247 | 20 162 | 65 916 |

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Statement of financial position

| NOK thousand | 30.06 2019 | 31.12 2018 |
|---|----------------|----------------|
| ASSETS | | |
| Intangible assets | 56 405 | 37 868 |
| Total intangible assets | 56 405 | 37 868 |
| FAIR VALUE FINANCIAL INVESTMENTS | | |
| Bonds and other securities - fixed yield | 405 934 | 487 850 |
| Financial derivatives | | 4 255 |
| Total fair value financial instruments | 405 934 | 492 104 |
| RECEIVABLES | | |
| Receivables in connection with direct business transactions | | |
| - Due from policyholders | 194 210 | 161 172 |
| Receivables to connected parties | 930 | |
| Other receivables | 9 466 | 17 477 |
| Total receivables | 204 606 | 178 648 |
| OTHER ASSETS | | |
| Cash and bank equivalents | 20 604 | 28 567 |
| Pension assets | 70 | 70 |
| Total other assets | 20 674 | 28 637 |
| Prepaid costs and income earned not received | 1 147 | 992 |
| Total prepaid costs and income earned not received | 1 147 | 992 |
| Total assets | 688 765 | 738 251 |

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Statement of financial position cont.

| NOK thousand | 30.06 2019 | 31.12 2018 |
|---|----------------|----------------|
| 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 | 13 874 | 13 647 |
| Other earned equity | 32 084 | 11 064 |
| Total earned equity | 45 958 | 24 711 |
| GROSS INSURANCE LIABILITIES | | |
| Reserve for unearned premiums gross | 334 722 | 266 982 |
| Claims reserve gross | 86 337 | 80 780 |
| Total insurance liabilities gross | 421 059 | 347 762 |
| RESERVES FOR LIABILITIES | | |
| Period tax liabilities | 1 398 | 24 092 |
| Deferred tax | 21 999 | 15 055 |
| Total reserves for liabilities | 23 397 | 39 147 |
| LIABILITIES | | |
| Liabilities in connection with direct insurance | 18 653 | 13 492 |
| Financial derivatives | 760 | |
| Allocation to dividends | | 130 000 |
| Liabilities to related parties | | 268 |
| Other liabilities | 13 425 | 16 011 |
| Total liabilities | 32 839 | 159 771 |
| Accrued expenses and received, unearned income | 10 513 | 11 860 |
| Total accrued expenses and received, unearned income | 10 513 | 11 860 |
| Total equity and liabilities | 688 765 | 738 251 |

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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 01.01.18 | 33 000 | 122 000 | 155 000 | 13 041 | 75 753 | 88 795 | 243 795 |
| Profit | | | | | 65 897 | 65 897 | 65 897 |
| Change in guarantee scheme | | | | 606 | -606 | 0 | 0 |
| Change in actuarial assumptions | | | | | 26 | 26 | 26 |
| Tax on other comprehensive income and expenses | | | | | -6 | -6 | -6 |
| Share dividend | | | | | -130 000 | -130 000 | -130 000 |
| Equity 31.12.18 | 33 000 | 122 000 | 155 000 | 13 647 | 11 064 | 24 711 | 179 711 |
| Profit | | | | | 21 247 | 21 247 | 21 247 |
| Change in guarantee scheme | | | | 227 | -227 | 0 | 0 |
| Equity 30.06.19 | 33 000 | 122 000 | 155 000 | 13 874 | 32 084 | 45 958 | 200 958 |

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Statement of cash flow 1. January – 30. June

| NOK thousand | 2019 | 2018 |
|---|-----------------|----------------|
| Cash flows from operations | | |
| Net receipts - insurance | 393 709 | 402 707 |
| Net payments/claims insurance | -272 294 | -252 691 |
| Payment of income tax | -22 279 | -27 238 |
| Payments relating to operations | -48 674 | -59 325 |
| Net cash flow from operations before financial assets | 50 461 | 63 453 |
| Net receipts/payments - financial assets | 93 582 | 24 439 |
| Net cash flow from financial assets | 93 582 | 24 439 |
| Net cash flow from operations | 144 042 | 87 892 |
| Cash flows from investment activities | | |
| Net receipts/payment - sale/purchase of fixed assets | -22 006 | -1 941 |
| Net cash flow from investment activities | -22 006 | -1 941 |
| Cash flows from financing activities | | |
| Payment of dividends | -130 000 | -78 674 |
| Net cash flow from financing activities | -130 000 | -78 674 |
| Net cash flow for the period | -7 963 | 7 277 |
| -of which net cash flow inn the period before financial asset | -101 545 | -17 162 |
| Net movement in cash and cash equivalents | -7 963 | 7 277 |
| Cash and cash equivalents at start of the period | 28 567 | 42 313 |
| Cash equivalents at the end of the period | 20 604 | 49 590 |

Notes

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Note 01 | Accounting principles

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2018 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 2019 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 2018 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 169 million the company's solvency capital coverage is 157 per cent while the minimum capital requirement is covered by 394 per cent.

| NOK thousand | Total | 30.06.19 | | | | Total | 31.12.18 |
|--|----------------|-------------------|-----------------|---------|---------|----------------|----------|
| | | Group 1 unlimited | Group 1 limited | Group 2 | Group 3 | | |
| Share capital | 33 000 | 33 000 | | | | 33 000 | |
| Share premium | 122 000 | 122 000 | | | | 122 000 | |
| Reconciliation reserve | 13 598 | 13 598 | | | | 2 062 | |
| Total solvency capital | 168 598 | 168 598 | | | | 157 062 | |
| Total solvency capital available to cover minimum capital requirement | 168 598 | 168 598 | | | | 157 062 | |

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 | 30.06.19 | 31.12.18 |
| Market | 10 809 | 28 806 |
| Counterparty | 11 895 | 12 179 |
| Health | 115 465 | 111 466 |
| Operational | 21 213 | 20 567 |
| Diversification | -15 835 | -26 505 |
| Loss-absorbing capacity of deferred taxes | -35 887 | -36 628 |
| Total solvency requirement | 107 660 | 109 885 |
| Solvencymargin | 156,6 % | 142,9 % |
| Minimum capital requirement | 42 824 | 40 393 |
| Minimum margin | 393,7 % | 388,8 % |

Note
05

Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

| | |
|--|---------------|
| NOK thousand | 30.06.19 |
| Ordinary pre-tax profit | 27 776 |
| Expected tax on income at nominal rate | -6 944 |
| Change in earlier years | 415 |
| Tax charge | -6 529 |
| Effective tax rate | 23,5 % |

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