



Interim Report 2nd quarter 2020

Storebrand Helseforsikring AS (unaudited)

Interim Report Storebrand Helseforsikring AS

As at 30 June 2020

Pre tax profit is NOK 39.0 million (NOK 26.6 million) in 2nd quarter and NOK 30.4 million (NOK 27.8 million) as at 30.06.2020. Premiums earned totalled NOK 205.5 million (NOK 179.7 million) in 2nd quarter, an increase of 14 percent from the same period in 2019. So far this year, the earned premiums for own account totalled NOK 404.8 million (NOK 353.8 million) an increase of 14 per cent compared to 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 144.7 million (NOK 127.8 million) in 2nd quarter and NOK 318.6 million (NOK 277.8 million) so far this year. The claims ratio for own account stood at 70 per cent (71 per cent) in 2nd quarter and 79 per cent (79 per cent) year to date. An increase in claims ratio has been expected this year.

Insurance-related operating costs came to NOK 28.9 million (NOK 27.2 million) in 2nd quarter and NOK 58.6 million (NOK 54.7 million) so far this year. The net cost ratio for own account ended up at 14 per cent (15 per cent) in 2nd quarter. Year to date the net cost ratio ended up at 15 per cent (16 percent).

The net non-technical result amounted to NOK 7.1 million (NOK 2.0 million) in 2nd quarter and NOK 2.7 (NOK 6.5 million) year to date.

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 2nd quarter was 1.6 per cent (0.42 per cent) and 1.29 per cent (1.03 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 0.2 million) in 2nd quarter and NOK minus 2.6 million (NOK 1.2 million) so far this year.

Solvency margin should be above 100 per cent and was 156 per cent year to date 2020. At year-end 2019 the solvency margin was 161 per cent.

Lysaker, 3rd September 2020

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	Q2		01.01. - 30.06		Full year
	2020	2019	2020	2019	2019
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums earned	205,995	180,168	405,838	354,784	727,155
- Reinsurers' share	-509	-494	-1,042	-939	-1,889
Premium income for own account	205,487	179,674	404,796	353,845	725,267
Other insurance related income	13	13	27	29	55
CLAIMS EXPENSES					
Incurred claims gross	-144,975	-128,205	-319,364	-278,284	-558,564
- Reinsurers' share	285	373	804	433	1,615
Claims expenses for own account	-144,691	-127,832	-318,560	-277,851	-556,949
INSURANCE RELATED OPERATING EXPENSES					
Sales expenses	-13,745	-12,498	-27,095	-23,960	-49,064
Insurance related administration expenses (incl. commissions for reinsurance received)	-15,162	-14,741	-31,495	-30,783	-65,579
Insurance related operating expenses	-28,907	-27,239	-58,590	-54,743	-114,643
Other insurance related operating costs					-265
Technical profit	31,902	24,616	27,673	21,281	53,465
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	-3	769	-12	3,532	8,272
Change in value on investments	-3,699	4,319	3,958	-2,999	-3,287
Realised gain and loss on investments	9,726	-4,339	10,113	-952	-869
Expenses associated with administration of investments, including interest expense		-35		-156	-156
Net income from investments	6,024	714	14,058	-575	3,960
Other income	1,069	1,267	3,342	7,070	5,082
Other expenses			-14,668		-42
Non-technical profit	7,092	1,981	2,733	6,495	9,001
Pre tax profit	38,994	26,597	30,406	27,776	62,466
Tax	-9,727	-6,649	-7,602	-6,529	-15,421
Profit/loss for the year	29,268	19,948	22,805	21,247	47,045
OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS					
Change in actuarial assumptions					-17
Tax on other comprehensive income and expenses not to be classified to profit/loss					4
Comprehensive income	29,268	19,948	22,805	21,247	47,032

Storebrand Helseforsikring AS

Statement of financial position

NOK thousand	30.06 2020	31.12 2019
ASSETS		
Intangible assets	98,267	66,187
Total intangible assets	98,267	66,187
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	397,236	363,976
Financial derivatives		657
Total fair value financial instruments	397,236	364,633
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	240,048	174,287
Receivables to connected parties	1,498	168
Other receivables	34,881	16,981
Total receivables	276,427	191,436
OTHER ASSETS		
Cash and bank equivalents	41,791	27,597
Pension assets	56	56
Total other assets	41,846	27,653
Prepaid costs and income earned not received	1,065	420
Total prepaid costs and income earned not received	1,065	420
Total assets	814,842	650,329

Storebrand Helseforsikring AS

Statement of financial position cont.

NOK thousand	30.06 2020	31.12 2019
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	14,617	14,378
Other earned equity	79,931	57,365
Total earned equity	94,548	71,743
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	397,410	278,802
Claims reserve gross	95,819	81,855
Total insurance liabilities gross	493,229	360,657
RESERVES FOR LIABILITIES		
Period tax liabilities	9,373	5,683
Deferred tax	20,253	12,651
Total reserves for liabilities	29,626	18,334
LIABILITIES		
Liabilities in connection with direct insurance	20,288	24,213
Financial derivatives	322	
Other liabilities	8,971	8,587
Total liabilities	29,581	32,799
Accrued expenses and received, unearned income	12,859	11,796
Total accrued expenses and received, unearned income	12,859	11,796
Total equity and liabilities	814,842	650,329

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 01.01.19	33,000	122,000	155,000	13,647	11,064	24,711	179,711
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
Equity 31.12.19	33,000	122,000	155,000	14,378	57,365	71,743	226,743
Profit					22,805	22,805	22,805
Change in guarantee scheme				239	-239	0	0
Equity 30.06.20	33,000	122,000	155,000	14,617	79,931	94,548	249,548

Storebrand Helseforsikring AS

Statement of cash flow 1. January – 30. June

NOK thousand	2020	2019
Cash flows from operations		
Net receipts - insurance	453,718	393,709
Net payments/claims insurance	-304,596	-272,294
Payment of income tax	3,690	-22,279
Payments relating to operations	-87,201	-48,674
Net cash flow from operations before financial assets	65,611	50,461
Net receipts/payments - financial assets	-14,880	93,582
Net cash flow from financial assets	-14,880	93,582
Net cash flow from operations	50,731	144,042
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-36,538	-22,006
Net cash flow from investment activities	-36,538	-22,006
Cash flows from financing activities		
Payment of dividends		-130,000
Net cash flow from financing activities	0	-130,000
Net cash flow for the period	14,194	-7,963
-of which net cash flow inn the period before financial asset	29,074	-101,545
Net movement in cash and cash equivalents	14,194	-7,963
Cash and cash equivalents at start of the period	27,597	28,567
Cash equivalents at the end of the period	41,791	20,604

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

In the 2nd quarter, the situation in the Norwegian and Swedish society following the Covid-19 pandemic has started to normalise after a turbulent 1st quarter. The immediate impact on Storebrand Helseforsikring AS has been limited and the company has been close to fully operational throughout the pandemic and continued its strong growth in the underlying business. Financial losses were reported in the 1st quarter, but these have partly been reversed in the 2nd quarter. The uncertainty regarding the financial markets and the effects from Covid-19 going forward is still higher than normal market risk.

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 189 million, the company's solvency capital coverage is 156 per cent while the minimum capital requirement is covered by 384 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	30.06.20				31.12.19
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	33,000	33,000				33,000
Share premium	122,000	122,000				122,000
Reconciliation reserve	34,319	34,319				21,736
Deferred tax assets						
Total solvency capital	189,319	189,319				176,736
Total solvency capital available to cover minimum capital requirement	189,319	189,319				176,736

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	30.06.20	31.12.19
Market	12,943	10,865
Counterparty	14,681	12,072
Health	129,752	117,610
Operational	23,346	21,815
Diversification	-19,153	-16,007
Loss-absorbing capacity of deferred taxes	-40,393	-36,589
Total solvency requirement	121,178	109,766
Solvencymargin	156.2 %	161.0 %
Minimum capital requirement	49,319	42,778
Minimum margin	383.9 %	413.1 %

Note
05

Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	30.06.20
Ordinary pre-tax profit	30,406
Expected tax on income at nominal rate	-7,602
Tax charge	-7,602
Effective tax rate	25.0 %

Storebrand Helseforsikring AS
Professor Kohts vei 9
P.O. Box 464, N-1366 Lysaker
Telephone 915 08 880

[storebrand.no](https://www.storebrand.no)

