



Interim report 2016

Storebrand Helseforsikring AS

Interim Report Storebrand Helseforsikring AS

As at 30 September 2016

Profit before tax is NOK 39.6 million (NOK 33.6 million) in 3rd quarter and a profit of NOK 66.9 million (NOK 37.8 million) so far this year.

Premiums earned totalled NOK 153.0 million (NOK 137.6 million) in 3rd quarter. This is an increase of 11 per cent compared to the equivalent period in 2015. So far this year, the earned premiums for own account totalled NOK 454.3 million (NOK 403.0 million). Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. Health-related insurance is growing, and the company succeed on the market. This is driven by companies' desire to reduce sick leave, increased work satisfaction and reduction in total insurance costs and increased popularity among the employees for this type of employee benefits.

Cost of claims amounted to NOK 93.1 million (NOK 85.0 million) in 3rd quarter, and NOK 318.4 million (NOK 303.8 million) so far this year. The claims ratio for own account stood at 61 per cent (62 per cent) in 3rd quarter, and 70 per cent (75 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 20.7 million (NOK 21.6 million) in 3rd quarter, and NOK 74.2 million (NOK 66.7 million) so far this year. The net cost ratio for own account ended up at 14 per cent (16 per cent) in 3rd quarter. On accumulated basis the net cost ratio is 16 per cent (17 per cent).

The net non-technical result amounted to NOK 0.5 million (NOK 2.5 million) in 3rd quarter and NOK 5.1 million (NOK 5.3 million) so far this year. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit. Financial income in 3rd quarter were positively impacted by reduced credit spreads in the Norwegian bond market, while currency fluctuations resulted in a total currency gains / losses including the effects of currency derivatives, was NOK -3.0 million in 3rd quarter and NOK -4.2 million so far this year.

New solvency rules (Solvency II) was introduced from January 1 through Financial corporations Act and Regulations. The security provisions in the old rules have been dissolved in connection with this. The change is treated as a change in accounting policy and security provisions are now included in the company's equity. Provision has been made for corresponding tax. Solvency margin of the new solvency regime should be above 100 per cent and was 201 percent for 3rd quarter 2016.

Lysaker, October 14th 2016
The Board of Storebrand Helseforsikring AS

Statement of Comprehensive income

Storebrand Helseforsikring AS

| (NOK thousand) | Q3 | | 1.1.-30.9. | | Full year |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2015 |
| TECHNICAL ACCOUNTS | | | | | |
| PREMIUMS | | | | | |
| Gross premiums earned | 153 362 | 138 031 | 455 492 | 404 219 | 554 333 |
| - Reinsurers' share | -409 | -412 | -1 230 | -1 246 | -1 660 |
| Premium income for own account | 152 953 | 137 619 | 454 262 | 402 973 | 552 673 |
| Other insurance related income | 19 | | 60 | | 82 |
| CLAIMS EXPENSES | | | | | |
| Gross claims incurred | -93 294 | -85 300 | -318 640 | -304 314 | -419 749 |
| - Reinsurers' share | 160 | 326 | 280 | 519 | 706 |
| Claims expenses for own account | -93 134 | -84 975 | -318 360 | -303 795 | -419 043 |
| INSURANCE RELATED OPERATING COSTS | | | | | |
| Sales costs | -9 653 | -9 657 | -32 043 | -29 954 | -39 909 |
| Insurance related administration costs | -11 096 | -11 902 | -42 182 | -36 706 | -50 341 |
| Insurance related operating costs for own account | -20 749 | -21 559 | -74 225 | -66 660 | -90 249 |
| Technical profit | 39 089 | 31 085 | 61 737 | 32 519 | 43 463 |
| NON-TECHNICAL ACCOUNTS | | | | | |
| NET INCOME FROM FINANCIAL ASSETS | | | | | |
| Interest and dividend etc from financial assets | 1 897 | 2 502 | 6 112 | 7 641 | 9 842 |
| Change in value on investments | -2 661 | -1 524 | -6 037 | -2 245 | 581 |
| Realised gain and loss on investments | -2 907 | 1 655 | -3 086 | -206 | 896 |
| Management expenses linked to investment, included interest cost | -125 | -117 | -323 | -327 | -452 |
| Net income from investments | -3 797 | 2 517 | -3 335 | 4 863 | 10 867 |
| Other income | -2 939 | 247 | 8 468 | 814 | 2 129 |
| Other cost | 7 282 | -298 | -0 | -388 | -14 008 |
| Non-technical profit | 546 | 2 467 | 5 133 | 5 289 | -1 012 |
| Pre tax profit | 39 635 | 33 552 | 66 871 | 37 808 | 42 451 |
| Tax | -9 687 | -8 521 | -15 019 | -9 588 | -9 090 |
| Profit before other comprehensive income | 29 948 | 25 031 | 51 851 | 28 220 | 33 361 |
| Other result elements: | | | | | |
| Translation differences | | | -7 268 | -7 332 | |
| Change in pension experience adjustments | | | | | -3 498 |
| Tax on other comprehensive income | | | | | 846 |
| Comprehensive income | 29 948 | 17 763 | 51 851 | 20 889 | 30 709 |

Statement of financial position

Storebrand Helseforsikring AS

| (NOK thousand) | 30.09 2016 | 31.12 2015 |
|---|----------------|----------------|
| ASSETS | | |
| Intangible assets | 16 929 | 15 329 |
| Total intangible assets | 16 929 | 15 329 |
| FAIR VALUE FINANCIAL ASSETS | | |
| Bonds and other securities - fixed yield | 483 131 | 430 153 |
| Financial derivatives | | 5 878 |
| Other financial assets | | 4 385 |
| Total financial assets | 483 131 | 440 416 |
| RECEIVABLES | | |
| Receivables due from insurance customers | 135 415 | 146 875 |
| Receivables to connected parties | 85 | 425 |
| Other receivables | 6 333 | 4 439 |
| Total receivables | 141 833 | 151 739 |
| OTHER ASSETS | | |
| Fixed assets | 339 | 495 |
| Cash and bank | 27 615 | 28 967 |
| Total other assets | 27 954 | 29 462 |
| Prepaid costs and accrued income | 1 138 | 574 |
| Total prepaid costs and accrued income | 1 138 | 574 |
| Total assets | 670 985 | 637 520 |

Statement of financial position

Storebrand Helseforsikring AS (continue)

| (NOK thousand) | 30.09 2016 | 31.12 2015 |
|--|----------------|----------------|
| 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 | 12 108 | 11 044 |
| Other retained earnings | 126 658 | 75 870 |
| Total retained earnings | 138 766 | 86 915 |
| GROSS INSURANCE LIABILITIES | | |
| Reserve for unearned premiums gross | 234 237 | 229 113 |
| Claims reserve gross | 73 932 | 79 517 |
| Total insurance liabilities gross | 308 168 | 308 630 |
| RESERVES FOR LIABILITIES | | |
| Pension liabilities | 3 920 | 3 920 |
| Period tax liabilities | -3 647 | 8 169 |
| Deferred tax | 37 006 | 21 392 |
| Total reserves for liabilities | 37 280 | 33 481 |
| DEBT | | |
| Due in respect of direct insurance | 9 652 | 10 048 |
| Allocation to dividends | | 23 097 |
| Other debt | 3 654 | 3 980 |
| Financial derivatives | 4 339 | - |
| Debt to connected parties | | 324 |
| Total debt | 17 645 | 37 448 |
| Accrued costs and deferred income | 14 126 | 16 046 |
| Total accrued costs and deferred income | 14 126 | 16 046 |
| Total equity capital and liabilities | 670 985 | 637 520 |

Cash flow statement Storebrand Helseforsikring AS

| (NOK thousand) | Q3 | |
|---|----------------|----------------|
| | 2016 | 2015 |
| Cash flows from operations | | |
| Net receipts - insurance | 470 449 | 429 076 |
| Net payments/claims insurance | -323 946 | -291 232 |
| Payment of income tax | -11 221 | -2 547 |
| Payments relating to operations | -75 744 | -65 234 |
| Net cash flow from operations before financial assets | 59 539 | 70 063 |
| Net receipts/payments - mutual funds | -37 305 | -54 752 |
| Net cash flow from financial assets | -37 305 | -54 752 |
| Net cash flow from operations | 22 234 | 15 311 |
| Cash flows from investment activities | | |
| Net receipts/payment - sale/purchase of fixed assets | -4 874 | -6 580 |
| Net cash flow from investment activities | -4 874 | -6 580 |
| Payment of dividends | -23 097 | -41 161 |
| Net cash flow from financing activities | -23 097 | -41 161 |
| Net cash flow for the period | -5 737 | -32 430 |
| -of which net cash flow inn the period before financial asset | 54 664 | 63 483 |
| Net movement in cash and cash equivalents | -5 737 | -32 430 |
| Cash and cash equivalents at start of the period | 33 352 | 48 296 |
| Cash equivalents at the end of the period | 27 615 | 15 865 |

Statement of change in equity

| (NOK thousand) | Share capital | Share premium reserve | Total paid in capital | Guarantee scheme | Other equity | Total retained earnings | Total equity |
|--|---------------|-----------------------|-----------------------|------------------|----------------|-------------------------|----------------|
| | | | | | | | |
| Equity 01.01.15 | 33 000 | 122 000 | 155 000 | 19 507 | 59 796 | 79 302 | 234 302 |
| Profit | | | | | 33 361 | 33 361 | 33 361 |
| Change in guarantee reserve | | | | -8 463 | 8 463 | | |
| Change in pension experience adjustments | | | | | -3 498 | -3 498 | -3 498 |
| Tax on other comprehensive income | | | | | 846 | 846 | 846 |
| Share dividend | | | | | -23 097 | -23 097 | -23 097 |
| Equity 31.12.15 | 33 000 | 122 000 | 155 000 | 11 044 | 75 870 | 86 915 | 241 915 |
| Profit | | | | | 51 851 | 51 851 | 51 851 |
| Change in guarantee reserve | | | | 1 064 | -1 064 | | |
| Equity 30.09.16 | 33 000 | 122 000 | 155 000 | 12 108 | 126 658 | 138 766 | 293 766 |

Notes

Storebrand Helseforsikring AS

Note 01

Accounting principles

Except for the treatment of security provisions, the accounts prepared in accordance with accounting principles applied in the financial statements for 2015. A description of the accounting policies presented in the annual report for 2015. New accounting regulations which came into force 01.01.2016 represents a change compared with earlier so it does not longer be allocated for security provision. The change is treated as a change in accounting policy and security provisions are now included in the company's equity. Provision has been made for corresponding tax. Comparative figures have been restated.

STATEMENT OF COMPREHENSIVE INCOME

| NOK thousand | 3rd quarter 2015 | | | 30.09.2015 | | | Full year 2015 | | |
|---|------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|-----------------|
| | Reported figures | Security reserve | Revised figures | Reported figures | Security reserve | Revised figures | Reported figures | Security reserve | Revised figures |
| Change in security reserve | -3 086 | 3 086 | | -6 059 | 6 059 | | -9 778 | 9 778 | |
| Exchange effects on the security provisions in Sweden | | | | | | | | 3 907 | 3 907 |
| Pre tax profit | 30 466 | 3 086 | 33 552 | 31 749 | 6 059 | 37 808 | 28 766 | 13 685 | 42 451 |
| Tax | -7 749 | -771 | -8 521 | -8 073 | -1 515 | -9 588 | -5 668 | -3 421 | -9 090 |
| Profit before other comprehensive income | 22 717 | 2 314 | 25 031 | 23 676 | 4 544 | 28 220 | 23 097 | 10 264 | 33 361 |

STATEMENT OF FINANCIAL POSITION

| NOK thousand | 01.01.2015 | | | 31.12.2015 | | |
|---|------------------|------------------|-----------------|------------------|------------------|-----------------|
| | Reported figures | Security reserve | Revised figures | Reported figures | Security reserve | Revised figures |
| Assets | | | | | | |
| Deferred tax assets | | | | 389 | -389 | |
| Total assets | 597 988 | | 597 988 | 637 909 | -389 | 637 520 |
| Equity capital and liabilities | | | | | | |
| Other retained earnings | 4 717 | 55 079 | 59 796 | 10 528 | 65 343 | 75 870 |
| Total retained earnings | 24 224 | 55 079 | 79 302 | 21 572 | 65 343 | 86 915 |
| Security reserve | 73 438 | -73 438 | | 87 123 | -87 123 | |
| Total insurance liabilities gross | 335 620 | -73 438 | 262 181 | 395 754 | -87 123 | 308 630 |
| Deferred tax | 1 573 | 18 360 | 19 932 | | 21 392 | 21 392 |
| Total equity capital and liabilities | 597 988 | | 597 988 | 637 909 | -389 | 637 520 |

Note 02

Financial risks:

There is no change in the risk picture compared to that described in the 2015 Annual Report.

Note 03 | Capital requirements

Storebrand Helseforsikring AS is subject to the European solvency regime Solvency II, which was implemented in Norwegian law through Financial corporations Act and Regulations with effect from 1.1.16.

The solvency margin and the coverage of the minimum capital requirement is the key ratios in Solvency II. Companies that fall below 100% solvency margin will be put under stricter supervision, and it is forbidden to have less capital than the minimum capital requirement. Storebrand Health Insurance had a yield of respectively 201% and 786% in terms of solvency and coverage of minimum capital requirement pr. 09.30.16.

The solvency margin over is the quotient between the company's solvency margin capital at the company's solvency capital requirements. The solvency margin capital that the company arrived at by first allocating regulatory capital between four groups basis capital and a residual category of supplementary capital in line with solvency II Regulation, then applying rules for how much of each category of capital that can be used. Because Storebrand Helseforsikring AS is only financed with capital belonging to Group 1 without limitations, the company has opportunity to use all his capital in solvency margin calculations. An overview of the company's basis capital is given below.

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. Storebrand Helseforsikring AS do not yet take into account loss absorbing effects of provisions and tax.

Minimum capital requirement must be reported before and after application of a lower and upper limit, respectively 25% and 45% of the solvency capital requirement, and that the nominal level of the minimum capital requirement shall also be stated.

SOLVENCY CAPITAL

| (NOK tusen) | Total | Group 1 unlimited | Group 1 limited | Group 2 | Group 3 |
|--|----------------|----------------------|--------------------|---------|---------|
| Share capital | 33 000 | 33 000 | | | |
| Share premium | 122 000 | 122 000 | | | |
| Reconciliation reserve | 128 825 | 128 825 | | | |
| Total solvency capital | 283 825 | 283 825 | | | |
| Total solvenskapital tilgjengelig til å dekke minstekapitalkravet | 283 825 | 283 825 | | | |

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

| (NOK thousand) | 30.9.16 |
|------------------------------------|----------------|
| Market | 36 734 |
| Counterparty | 2 711 |
| Life | |
| Health | 106 133 |
| P&C | |
| Operational | 19 614 |
| Diversification | -24 071 |
| Total solvency requirement | 141 121 |
| Solvencymargin | 201,1 % |
| Minimum capital requirement | 36 134 |
| Minimum margin | 785,5 % |

Note
04

Tax Charge

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

| (NOK thousand) | 30.9.2016 |
|--|----------------|
| Ordinary pre-tax profit | 66 871 |
| Expected tax on income at nominal rate | -16 718 |
| Tax effect of: | |
| permanent differences | 1 104 |
| Change in previous years | 595 |
| Tax charge | -15 019 |
| Effective tax rate | 22,5 % |

Storebrand Helseforsikring AS
Professor Kohts vei 9
Postboks 474, 1327 Lysaker
Telefon 08880

storebrand.no

