



# Interim Report 2nd quarter 2017

Storebrand Helseforsikring AS (unaudited)

# Interim Report Storebrand Helseforsikring AS

## As at 30 June 2017

Profit before tax is NOK 33.1 million (NOK 25.0 million) in 2nd quarter and a profit of NOK 42.0 million (NOK 27.2 million) so far this year. Due to a positive damage development (especially in Sweden) and run-off gains on earlier periods, the profit in 2nd quarter was good.

Premiums earned totalled NOK 162.2 million (NOK 152.6 million) in 2nd quarter. This is an increase of 6 per cent compared to the equivalent period in 2016. So far this year, the earned premiums for own account totalled NOK 313.2 million (NOK 301.3 million) an increase of 4 per cent compared to the equivalent period in 2016. Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position 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 102.5 million (NOK 103.9 million) in 2nd quarter and NOK 220.6 million (NOK 225.2 million) so far this year. The claims ratio for own account stood at 63 per cent (68 per cent) in 2nd quarter and 70 per cent (75 per cent) year to date. Good risk result in both 2nd quarter and year to date due to positive claims development (especially in Sweden). The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 28.7 million (NOK 30.5 million) in 2nd quarter and NOK 55.8 million (NOK 53.5 million) so far this year. The net cost ratio for own account ended up at 18 per cent (20 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 2.2 million (NOK 6.8 million) in 2nd quarter and NOK 5.1 million (NOK 4.6 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 0.52 per cent and so far this year 1.28 per cent. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK -0.8 million in 2nd quarter (NOK 0.1 million) and NOK - 1.7 million (NOK - 1.2 million) so far this year.

Solvency margin of the new solvency regime should be above 100 percent and was 223 per cent for 2nd quarter 2017.

Lysaker, 25th August 2017

The Board of Storebrand Helseforsikring AS

# Storebrand Helseforsikring AS

## Statement of comprehensive income

NOK thousand	Q2		01.01.-30.06		Full year
	2017	2016	2017	2016	2016
<b>TECHNICAL ACCOUNTS</b>					
PREMIUMS					
Gross premiums earned	162 607	152 965	314 099	302 130	616 687
- Reinsurers' share	-452	-410	-866	-821	-1 664
<b>Premium income for own account</b>	<b>162 154</b>	<b>152 555</b>	<b>313 233</b>	<b>301 309</b>	<b>615 023</b>
Other insurance related income	4	18	10	42	77
CLAIMS EXPENSES					
Gross claims incurred	-102 510	-104 057	-220 608	-225 346	-424 985
- Reinsurers' share	13	130	54	120	335
<b>Claims expenses for own account</b>	<b>-102 498</b>	<b>-103 927</b>	<b>-220 554</b>	<b>-225 226</b>	<b>-424 650</b>
INSURANCE RELATED OPERATING COSTS					
Sales costs	-9 729	-12 423	-21 845	-22 390	-43 622
Insurance related administration cost (incl. commissions for reinsurance received)	-19 008	-18 057	-33 926	-31 086	-56 202
<b>Insurance related operating costs</b>	<b>-28 736</b>	<b>-30 480</b>	<b>-55 771</b>	<b>-53 476</b>	<b>-99 824</b>
<b>Technical profit</b>	<b>30 924</b>	<b>18 166</b>	<b>36 919</b>	<b>22 649</b>	<b>90 625</b>
<b>NON-TECHNICAL ACCOUNTS</b>					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	2 925	2 050	5 531	4 215	8 216
Change in value on investments	129	60	-57	-3 376	103
Realised gain and loss on investments	1 279	-1 906	3 088	-179	-8 944
Management expenses linked to investment, included interest cost	-86	-125	-255	-198	-495
<b>Net income from investments</b>	<b>4 247</b>	<b>79</b>	<b>8 306</b>	<b>462</b>	<b>-1 120</b>
Other income	6 110	5 732	8 676	11 407	7 775
Other cost	-8 200	1 009	-11 872	-7 282	-9
<b>Non-technical profit</b>	<b>2 157</b>	<b>6 820</b>	<b>5 111</b>	<b>4 587</b>	<b>6 646</b>
<b>Pre tax profit</b>	<b>33 082</b>	<b>24 987</b>	<b>42 029</b>	<b>27 236</b>	<b>97 271</b>
Tax	-7 894	-3 716	-10 026	-5 333	-24 892
<b>Profit before other comprehensive income</b>	<b>25 187</b>	<b>21 271</b>	<b>32 004</b>	<b>21 903</b>	<b>72 380</b>
Other result elements:					
Change in pension experience adjustments					741
Tax on other comprehensive income					-185
<b>Comprehensive income</b>	<b>25 187</b>	<b>21 271</b>	<b>32 004</b>	<b>21 903</b>	<b>72 935</b>

# Storebrand Helseforsikring AS

## Statement of financial position

NOK thousand	30.06	31.12
<b>ASSETS</b>		
Intangible assets	13 535	11 824
<b>Total intangible assets</b>	<b>13 535</b>	<b>11 824</b>
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	505 289	497 037
Financial derivatives	2 140	2 283
<b>Total financial assets</b>	<b>507 429</b>	<b>499 319</b>
RECEIVABLES		
Receivables due from insurance customers	183 227	146 079
Receivables to connected parties	634	
Other receivables	16 239	5 939
<b>Total receivables</b>	<b>200 100</b>	<b>152 018</b>
OTHER ASSETS		
Fixed assets	186	288
Cash and bank	19 222	21 439
<b>Total other assets</b>	<b>19 408</b>	<b>21 726</b>
Prepaid costs and accrued income	1 101	420
<b>Total prepaid costs and accrued income</b>	<b>1 101</b>	<b>420</b>
<b>Total assets</b>	<b>741 573</b>	<b>685 307</b>

# Storebrand Helseforsikring AS

## Statement of financial position cont.

NOK thousand	30.06	31.12
<b>EQUITY CAPITAL AND LIABILITIES</b>		
PAID IN CAPITAL		
Share capital	33 000	33 000
Share premium	122 000	122 000
<b>Total paid in capital</b>	<b>155 000</b>	<b>155 000</b>
RETAINED EARNINGS		
Allocation to guarantee reserve	12 650	12 237
Other retained earnings	106 825	75 234
<b>Total retained earnings</b>	<b>119 474</b>	<b>87 471</b>
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	315 366	226 364
Claims reserve gross	76 123	73 344
<b>Total insurance liabilities gross</b>	<b>391 489</b>	<b>299 707</b>
RESERVES FOR LIABILITIES		
Pension liabilities	1 683	1 683
Period tax liabilities	8 512	19 549
Deferred tax	32 070	22 044
<b>Total reserves for liabilities</b>	<b>42 265</b>	<b>43 276</b>
DEBT		
Due in respect of direct insurance	10 678	11 812
Allocation to dividends		72 379
Other debt	4 411	5 122
Debt to connected parties		356
<b>Total debt</b>	<b>15 088</b>	<b>89 669</b>
Accrued costs and deferred income	18 256	10 184
<b>Total accrued costs and deferred income</b>	<b>18 256</b>	<b>10 184</b>
<b>Total equity capital and liabilities</b>	<b>741 573</b>	<b>685 307</b>

# 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
<b>Equity 01.01.16</b>	<b>33 000</b>	<b>122 000</b>	<b>155 000</b>	<b>11 044</b>	<b>75 870</b>	<b>86 915</b>	<b>241 915</b>
Profit					72 380	72 380	72 380
Change in guarantee reserve				1 193	-1 193		
Change in pension experience adjustments					741	741	741
Tax on other comprehensive income					-185	-185	-185
Share dividend					-72 379	-72 379	-72 379
<b>Equity 31.12.16</b>	<b>33 000</b>	<b>122 000</b>	<b>155 000</b>	<b>12 237</b>	<b>75 234</b>	<b>87 471</b>	<b>242 471</b>
Profit					32 004	32 004	32 004
Change in guarantee reserve				412	-412		
<b>Equity 30.06.17</b>	<b>33 000</b>	<b>122 000</b>	<b>155 000</b>	<b>12 650</b>	<b>106 825</b>	<b>119 474</b>	<b>274 474</b>

# Storebrand Helseforsikring AS

## Statement of cash flow 1. January – 30. June

NOK thousand	2017	2016
<b>Cash flows from operations</b>		
Net receipts - insurance	363 953	336 633
Net payments/claims insurance	-217 775	-228 875
Payment of incom tax	-11 036	-10 245
Payments relating to operations	-69 979	-62 026
<b>Net cash flow from operations before financial assets</b>	<b>65 163</b>	<b>35 487</b>
Net receipts/payments - financial assets	9 128	-33 772
<b>Net cash flow from financial assets</b>	<b>9 128</b>	<b>-33 772</b>
<b>Net cash flow from operations</b>	<b>74 291</b>	<b>1 714</b>
<b>Cash flows from investment activities</b>		
Net receipts/payment - sale/purchase of fixed assets	-4 129	-3 042
<b>Net cash flow from investment activities</b>	<b>-4 129</b>	<b>-3 042</b>
<b>Cash flows from financing activities</b>		
Payment of dividends	-72 379	-23 097
<b>Net cash flow from financing activities</b>	<b>-72 379</b>	<b>-23 097</b>
<b>Net cash flow for the period</b>	<b>-2 216</b>	<b>-24 424</b>
-of which net cash flow inn the period before financial asset	-11 344	9 348
Net movement in cash and cash equivalents	-2 216	-24 424
Cash and cash equivalents at start of the period	21 439	33 352
<b>Cash equivalents at the end of the period</b>	<b>19 222</b>	<b>8 928</b>

# Notes

## Storebrand Helseforsikring AS

### Note 01 | Accounting principles

The accounts have been prepared in accordance with accounting policies that were used in the annual accounts for 2016. A description of the accounting policies is shown in the annual report for 2016.

### Note 02 | Financial risks

There is no change in the risk picture compared to that described in the 2016 Annual Report.

### Note 03 | 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 237 million, the company's solvency capital coverage is 223 per cent while the minimum capital requirement is covered by 606 per cent.

#### SOLVENCY CAPITAL

NOK thousand	Total	30.06.17			
		Group 1 unlimited	Group 1 limited	Group 2	Group 3
Share capital	33 000	33 000			
Share premium	122 000	122 000			
Reconciliation reserve	82 324	82 324			
<b>Total solvency capital</b>	<b>237 324</b>	<b>237 324</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total solvency capital available to cover minimum capital requirement</b>	<b>237 324</b>	237 324	0	0	

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	30.06.17
Market	35 269
Counterparty	1 082
Health	108 922
Operational	18 840
Diversification	-22 359
Loss-absorbing capacity of deferred taxes	-35 439
<b>Total solvency requirement</b>	<b>106 316</b>
<b>Solvencymargin</b>	<b>223,2 %</b>
<b>Minimum capital requirement</b>	<b>39 177</b>
<b>Minimum margin</b>	<b>605,8 %</b>



Note  
04

Tax

**RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE**

NOK thousand	30.06.2017
Ordinary pre-tax profit	42 029
Expected tax on income at nominal rate	-10 507
Tax effect of:	
permanent differences	482
<b>Tax charge</b>	<b>-10 026</b>
Effective tax rate	23,9 %

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