



Interim report 2015

Storebrand Helseforsikring AS

Interim Report Storebrand Helseforsikring AS

As at 30 September 2015

Profit before tax is NOK 30.5 million (NOK 18.4 million) in 3rd quarter and a profit of NOK 31.7 million (NOK 23.3 million) so far this year.

Premiums earned totalled NOK 137.6 million (NOK 122.1 million) in 3rd quarter. This is an increase of 13 per cent compared to the equivalent period in 2014. So far this year, the earned premiums for own account totalled NOK 403.0 million (NOK 357.4 million). Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. Health-related insurance are growing, and the company has success in the market. This is driven by companies' desire to reduce sick leave, increased work satisfaction, reduction in total insurance costs and increased popularity among the employees for this type of employee benefits.

Cost of claims amounted to NOK 85.0 million (NOK 78.7 million) in 3rd quarter, and NOK 303.8 million (NOK 264.6 million) so far this year. The claims ratio for own account stood at 62 per cent (64 per cent) in 3rd quarter, and 75 per cent (74 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 21.6 million (NOK 21.8 million) in 3rd quarter, and NOK 66.7 million (NOK 67.3 million) so far this year. The net cost ratio for own account ended up at 16 per cent (18 per cent) in 3rd quarter, reflecting improved efficiency in the operations of the company. On accumulated basis the net cost ratio is 17 per cent (19 per cent).

The net financial items amounted to NOK 2.5 million (NOK 0.4 million) in 3rd quarter, and NOK 4.9 million (NOK 4.4 million) so far this year. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit.

The capital adequacy requirement is 8 per cent of risk-weighted balance sheet and the company's capital adequacy ratio was 61.1 per cent as at 30 September 2015 down from 68.0 per cent at the beginning of the year. The decrease was mainly due to a higher proportion of high risk weighting of assets from year-end.

The solvency margin requirement is 100 per cent and the solvency margin is estimated to be 183.6 per cent as at 30 September 2015, down from 197.3 per cent at the beginning of the year due to increased earned premiums without counting profits made so far this year as primary capital.

Lysaker, 3rd November 2015
The Board of Storebrand Helseforsikring AS

Statement of Comprehensive income

Storebrand Helseforsikring AS

(NOK thousand)	Q3		2015	1.1. - 30.9.		Full year 2014
	2015	2014		2014	2014	
TECHNICAL ACCOUNTS						
PREMIUMS						
Gross premiums written	93,491	82,254	433,227	385,195	507,342	
- Reinsurers' share	-412	-437	-1,246	-1,379	-1,773	
Gross change in reserve for unearned premiums	44,540	40,294	-29,007	-26,463	-18,780	
Premium income for own account	137,619	122,111	402,973	357,352	486,788	
Allocation of investment return transferred from the non-technical accounts	758	1,247	2,395	4,053	5,170	
CLAIMS EXPENSES						
Gross claims paid	-95,253	-78,979	-291,750	-254,976	-338,023	
- Reinsurers' share	326	514	519	656	885	
Gross change in claims reserve	9,952	-209	-12,563	-10,231	-20,417	
Claims expenses for own account	-84,975	-78,675	-303,795	-264,550	-357,554	
INSURANCE RELATED OPERATING COSTS						
Sales costs	-9,657	-10,325	-29,954	-28,968	-36,801	
Insurance related administration costs	-11,902	-11,437	-36,706	-38,333	-36,634	
Insurance related operating costs for own account	-21,559	-21,763	-66,660	-67,301	-73,435	
Balance on the technical account before allocations to security reserve	31,843	22,920	34,913	29,554	60,969	
Change in security reserve	-3,086	-4,004	-6,059	-6,758	-9,296	
Technical profit	28,758	18,916	28,854	22,796	51,672	
NON-TECHNICAL ACCOUNTS						
NET INCOME FROM FINANCIAL ASSETS						
Interest and dividend etc from financial assets	2,502	2,918	7,641	8,463	11,312	
Change in value on investments	-1,524	-2,336	-2,245	-2,923	321	
Realised gain and loss on investments	1,655	-105	-206	-857	-437	
Management expenses linked to investment, included interest cost	-117	-103	-327	-299	-411	
Net income from investments	2,517	374	4,863	4,384	10,785	
Allocation of investment return transferred to the technical accounts	-758	-1,247	-2,395	-4,053	-5,170	
Other income / other cost	-51	350	426	133	-89	
Non-technical profit	1,709	-522	2,895	463	5,526	
Pre tax profit	30,466	18,394	31,749	23,259	57,198	
Tax	-7,749	-4,891	-8,073	-6,181	-16,037	
Profit before other comprehensive income	22,717	13,503	23,676	17,079	41,161	
Other result elements:						
Translation differences	-7,268	2,155	-7,332	4,641	-985	
Change in pension experience adjustments					-6,471	
Tax on other comprehensive income					2,013	
Comprehensive income	15,449	15,658	16,344	21,720	35,718	

Statement of financial position

Storebrand Helseforsikring AS

(NOK thousand)	30.9 2015	31.12 2014
ASSETS		
Intangible assets	14,669	12,868
Total intangible assets	14,669	12,868
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	466,631	408,335
Financial derivatives	4,942	2,870
Other financial assets	3,271	2,287
Total financial assets	474,844	413,492
RECEIVABLES		
Receivables due from insurance customers	123,691	118,517
Receivables to connected parties	304	
Other receivables	15,180	5,865
Total receivables	139,176	124,382
OTHER ASSETS		
Fixed assets	547	705
Cash and bank	12,595	46,008
Total other assets	13,142	46,713
Prepaid costs and accrued income	1,144	533
Total prepaid costs and accrued income	1,144	533
Total assets	642,975	597,988

Statement of financial position

Storebrand Helseforsikring AS (continue)

(NOK thousand)	30.9 2015	31.12 2014
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	21,502	19,507
Other retained earnings	19,066	4,717
Total retained earnings	40,568	24,224
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	231,314	195,253
Claims reserve gross	81,684	66,928
Security reserve	81,951	73,438
Total insurance liabilities gross	394,949	335,620
RESERVES FOR LIABILITIES		
Pension liabilities	3,454	3,454
Period tax liabilities	10,488	9,823
Deferred tax	9,646	1,573
Total reserves for liabilities	23,588	14,850
DEBT		
Due in respect of direct insurance	6,100	3,831
Allocation to dividends		41,161
Other debt	5,080	11,789
Debt to connected parties		100
Total debt	11,180	56,881
Accrued costs and deferred income	17,691	11,414
Total accrued costs and deferred income	17,691	11,414
Total equity capital and liabilities	642,975	597,988

Cash flow statement Storebrand Helseforsikring AS

(NOK thousand)	Q3	
	2015	2014
Cash flows from operations		
Net receipts - insurance	429,076	385,294
Net payments/claims insurance	-291,232	-254,319
Payment of income tax	-2,547	-3,463
Payments relating to operations	-65,234	-72,436
Net cash flow from operations before financial assets	70,063	55,076
Net receipts/payments - mutual funds	-54,752	-16,292
Net cash flow from financial assets	-54,752	-16,292
Net cash flow from operations	15,311	38,783
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-6,580	-2,571
Net cash flow from investment activities	-6,580	-2,571
Cash flows from financing activities		
Payment of dividends	-41,161	-25,000
Net cash flow from financing activities	-41,161	-25,000
Net cash flow for the period	-32,430	11,212
-of which net cash flow in the period before financial asset	63,483	52,505
Net movement in cash and cash equivalents	-32,430	11,212
Cash and cash equivalents at start of the period	48,296	19,563
Cash equivalents at the end of the period	15,865	30,775

Statement of change in equity

(NOK thousand)	Share capital	Share premium reserve	Total paid in capital	Translation differences	Guarantee scheme	Other equity	Total retained earnings	Total equity	
Equity 01.01.14	33,000	122,000	155,000	-6,930	17,397	19,199	29,667	184,667	
Profit						41,161	41,161	41,161	
Translation differences				-985			-985	-985	
Change in guarantee reserve					2,110	-2,110			
Change in pension experience adjustments						-4,458	-4,458	-4,458	
Share dividend						-41,161	-41,161	-41,161	
Equity 31.12.14	33,000	122,000	155,000	-7,915	19,507	12,632	24,224	179,224	
Profit						23,676	23,676	23,676	
Translation differences				-7,332			-7,332	-7,332	
Change in guarantee reserve					1,996	-1,996			
Equity 30.09.15	33,000	122,000	155,000	-15,247	21,502	34,312	40,568	195,568	

Notes

Storebrand Helseforsikring AS

Note 01 | Accounting principles

The accounts have been presented in accordance with the accounting principles applied in the 2014 Annual Accounts. A description of the accounting principles is given in the 2014 Annual Report.

Note 02 | Financial risks

There is no change in the risk picture compared to that described in the 2014 Annual Report.

Note 03 | Capital requirements

Non-life insurance companies comply with the same capital adequacy rules as life insurance companies, banks and other financial institutions. The requirement is equity and subordinated loan capital (primary capital) equal to 8 per cent of the risk-weighted balance sheet.

SPECIFICATION OF THE CAPITAL ADEQUACY:

(NOK thousand)	30.9.2015	31.12.2014
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other equity	28,393	4,717
Total equity	183,393	159,717
Not counting interim result	-23,676	
Intangible assets	-14,669	-12,868
Net primary capital	145,048	146,849
Calculation base by class of risk weighting	623,364	582,250
Risk weight 10%	90,492	98,166
Risk weight 20%	382,019	348,365
Risk weight 100%	150,852	135,719
FX contracts	73,227	68,959
Risk weighted calculation base	237,440	215,920
Capital adequacy ratio	61.1%	68.0%

The minimum solvency margin is calculated as the greater of two measurements, based either on last year's premiums or the average of the last three year's claims received. The minimum requirement is calculated from the previous year's account, and applies for the whole of the next year.

SOLVENCY MARGIN

(NOK thousand)	30.9.2015	31.12.2014
Solvency margin demand	99,088	91,163
Solvency margin capital	181,926	179,896
Solvency margin	183.6%	197.3%

SPECIFICATION OF SOLVENCY MARGIN CAPITAL

(NOK thousand)	30.9.2015	31.12.2014
Net primary capital	145,048	146,849
Counting security reserve	36,878	33,047
Solvency margin capital	181,926	179,896

Note
04

Tax Charge

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK thousand)	30.9.2015
Ordinary pre-tax profit	31,749
Expected tax on income at nominal rate	-8,572
Tax effect of:	
permanent differences	499
Tax charge	-8,073
Effective tax rate	25.4%

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