



# Interim Report 3rd quarter 2019

Storebrand Helseforsikring AS (unaudited)

# Interim Report Storebrand Helseforsikring AS

## As at 30 September 2019

Pre tax profit is NOK 31.5 million (NOK 40.6 million) in 3rd quarter and a profit of NOK 59.2 million (NOK 65.0 million) so far this year. Premiums earned totalled NOK 182.3 million (NOK 175.8 million) in 3rd quarter. An increase of 4 percent from the same period in 2018. So far this year, the earned premiums for own account totalled NOK 536.2 million (NOK 508.2 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 127.3 million (NOK 103.3million) in 3rd quarter and NOK 405.1 million (NOK 356.0 million) so far this year. The claims ratio for own account stood at 70 per cent (59 per cent) in 3rd quarter and 76 per cent (70 per cent) year to date. An increase in the claims ratio has been expected this year.

Insurance-related operating costs came to NOK 24.7 million (NOK 33.1 million) in 3rd quarter and NOK 79.4 million (NOK 93.4 million) so far this year. The net cost ratio for own account ended up at 14 per cent (19 per cent) in 3rd quarter. Year to date the net cost ratio is 15 per cent (18 per cent).

The net non-technical result amounted to NOK 1.4 million (NOK 1.1 million) in 3rd quarter and NOK 7.9 million (NOK 6.1 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 3rd quarter was 0.45 per cent and 1.48 per cent year to date. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of minus NOK 0.4 million (minus NOK 1.0 million) in 3rd quarter and NOK 0.8 million (NOK 0.7 million) so far this year.

Solvency margin should be above 100 per cent and was 154 per cent at 30 September 2019. At year-end 2018 the solvency margin was 143 per cent.

München 21st November 2019

Board of directors Storebrand Helseforsikring AS

# Storebrand Helseforsikring AS

## Statement of comprehensive income

NOK thousand	Q3		01.01. - 30.09		Full year
	2019	2018	2019	2018	2018
<b>TECHNICAL ACCOUNTS</b>					
PREMIUMS					
Gross premiums earned	182,796	176,258	537,580	509,519	685,576
- Reinsurers' share	-470	-432	-1,409	-1,321	-1,756
<b>Premium income for own account</b>	<b>182,326</b>	<b>175,826</b>	<b>536,171</b>	<b>508,198</b>	<b>683,820</b>
Other insurance related income	12	17	41	49	124
CLAIMS EXPENSES					
Incurred claims gross	-127,814	-103,444	-406,098	-356,262	-481,468
- Reinsurers' share	549	148	981	289	300
<b>Claims expenses for own account</b>	<b>-127,265</b>	<b>-103,296</b>	<b>-405,117</b>	<b>-355,974</b>	<b>-481,169</b>
INSURANCE RELATED OPERATING EXPENSES					
Sales expenses	-11,322	-13,823	-35,282	-38,767	-51,201
Insurance related administration expenses (incl. commissions for reinsurance received)	-13,385	-19,241	-44,167	-54,681	-70,650
<b>Insurance related operating expenses</b>	<b>-24,707</b>	<b>-33,065</b>	<b>-79,449</b>	<b>-93,448</b>	<b>-121,851</b>
Other insurance related operating costs	-265		-265		
<b>Technical profit</b>	<b>30,100</b>	<b>39,483</b>	<b>51,381</b>	<b>58,826</b>	<b>80,924</b>
<b>NON-TECHNICAL ACCOUNTS</b>					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets		2,843	3,532	8,365	11,167
Change in value on investments	2,945	55	-54	-2,682	2,485
Realised gain and loss on investments	-870	-1,011	-1,821	-6,711	-8,788
Expenses associated with administration of investments, including interest expense		-124	-156	-377	-498
<b>Net income from investments</b>	<b>2,075</b>	<b>1,763</b>	<b>1,500</b>	<b>-1,404</b>	<b>4,366</b>
Other income	-703	-676	6,367	7,692	461
Other expenses				-164	-180
<b>Non-technical profit</b>	<b>1,372</b>	<b>1,087</b>	<b>7,868</b>	<b>6,124</b>	<b>4,647</b>
<b>Pre tax profit</b>	<b>31,473</b>	<b>40,570</b>	<b>59,249</b>	<b>64,950</b>	<b>85,571</b>
Tax	-7,868	-9,897	-14,397	-14,114	-19,674
<b>Profit/loss for the year</b>	<b>23,604</b>	<b>30,673</b>	<b>44,851</b>	<b>50,835</b>	<b>65,897</b>
<b>OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS</b>					
Change in actuarial assumptions					26
Tax on other comprehensive income and expenses not to be classified to profit/loss					-6
<b>Comprehensive income</b>	<b>23,604</b>	<b>30,673</b>	<b>44,851</b>	<b>50,835</b>	<b>65,916</b>

# Storebrand Helseforsikring AS

## Statement of financial position

NOK thousand	30.09 2019	31.12 2018
<b>ASSETS</b>		
Intangible assets	63,282	37,868
<b>Total intangible assets</b>	<b>63,282</b>	<b>37,868</b>
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	406,792	487,850
Financial derivatives	380	4,255
<b>Total fair value financial instruments</b>	<b>407,172</b>	<b>492,104</b>
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	168,332	161,172
Receivables to connected parties	577	
Other receivables	15,055	17,477
<b>Total receivables</b>	<b>183,964</b>	<b>178,648</b>
OTHER ASSETS		
Cash and bank equivalents	12,132	28,567
Pension assets	70	70
<b>Total other assets</b>	<b>12,202</b>	<b>28,637</b>
Prepaid costs and income earned not received	927	992
<b>Total prepaid costs and income earned not received</b>	<b>927</b>	<b>992</b>
<b>Total assets</b>	<b>667,546</b>	<b>738,251</b>

# Storebrand Helseforsikring AS

## Statement of financial position cont.

NOK thousand	30.09 2019	31.12 2018
<b>EQUITY AND LIABILITIES</b>		
PAID IN CAPITAL		
Share capital	33,000	33,000
Share premium reserve	122,000	122,000
<b>Total paid in capital</b>	<b>155,000</b>	<b>155,000</b>
EARNED EQUITY		
Allocation to guarantee scheme	13,987	13,647
Other earned equity	55,575	11,064
<b>Total earned equity</b>	<b>69,562</b>	<b>24,711</b>
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	285,237	266,982
Claims reserve gross	83,431	80,780
<b>Total insurance liabilities gross</b>	<b>368,668</b>	<b>347,762</b>
RESERVES FOR LIABILITIES		
Period tax liabilities	1,398	24,092
Deferred tax	29,867	15,055
<b>Total reserves for liabilities</b>	<b>31,265</b>	<b>39,147</b>
LIABILITIES		
Liabilities in connection with direct insurance	26,123	13,492
Allocation to dividends		130,000
Liabilities to related parties		268
Other liabilities	7,003	16,011
<b>Total liabilities</b>	<b>33,126</b>	<b>159,771</b>
Accrued expenses and received, unearned income	9,925	11,860
<b>Total accrued expenses and received, unearned income</b>	<b>9,925</b>	<b>11,860</b>
<b>Total equity and liabilities</b>	<b>667,546</b>	<b>738,251</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 earned equity	Total equity
<b>Equity 01.01.18</b>	<b>33,000</b>	<b>122,000</b>	<b>155,000</b>	<b>13,041</b>	<b>75,753</b>	<b>88,795</b>	<b>243,795</b>
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
<b>Equity 31.12.18</b>	<b>33,000</b>	<b>122,000</b>	<b>155,000</b>	<b>13,647</b>	<b>11,064</b>	<b>24,711</b>	<b>179,711</b>
Profit					44,851	44,851	44,851
Change in guarantee scheme				340	-340	0	0
<b>Equity 30.09.19</b>	<b>33,000</b>	<b>122,000</b>	<b>155,000</b>	<b>13,987</b>	<b>55,575</b>	<b>69,562</b>	<b>224,562</b>

# Storebrand Helseforsikring AS

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

NOK thousand	2019	2018
<b>Cash flows from operations</b>		
Net receipts - insurance	559,897	542,132
Net payments/claims insurance	-402,465	-354,571
Payment of income tax	-22,279	-29,235
Payments relating to operations	-83,404	-87,778
Net receipts/payments other operational activities	-265	
<b>Net cash flow from operations before financial assets</b>	<b>51,483</b>	<b>70,549</b>
Net receipts/payments - financial assets	92,956	25,158
<b>Net cash flow from financial assets</b>	<b>92,956</b>	<b>25,158</b>
<b>Net cash flow from operations</b>	<b>144,439</b>	<b>95,707</b>
<b>Cash flows from investment activities</b>		
Net receipts/payment - sale/purchase of fixed assets	-30,874	-22,213
<b>Net cash flow from investment activities</b>	<b>-30,874</b>	<b>-22,213</b>
<b>Cash flows from financing activities</b>		
Payment of dividends	-130,000	-78,674
<b>Net cash flow from financing activities</b>	<b>-130,000</b>	<b>-78,674</b>
<b>Net cash flow for the period</b>	<b>-16,435</b>	<b>-5,181</b>
-of which net cash flow inn the period before financial asset	-109,391	-30,338
Net movement in cash and cash equivalents	-16,435	-5,181
Cash and cash equivalents at start of the period	28,567	42,313
<b>Cash equivalents at the end of the period</b>	<b>12,132</b>	<b>37,132</b>

# 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 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 166 million the company's solvency capital coverage is 153 per cent while the minimum capital requirement is covered by 386 per cent.

NOK thousand	Total	30.09.19				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	11,196	11,196				2,062	
<b>Total solvency capital</b>	<b>166,196</b>	<b>166,196</b>				<b>157,062</b>	
<b>Total solvency capital available to cover minimum capital requirement</b>	<b>166,196</b>	<b>166,196</b>				<b>157,062</b>	

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	30.09.19	31.12.18
Market	10,052	28,806
Counterparty	13,108	12,179
Health	115,873	111,466
Operational	21,409	20,567
Diversification	-16,122	-26,505
Loss-absorbing capacity of deferred taxes	-36,080	-36,628
<b>Total solvency requirement</b>	<b>108,240</b>	<b>109,885</b>
<b>Solvencymargin</b>	<b>153.5 %</b>	<b>142.9 %</b>
<b>Minimum capital requirement</b>	<b>43,059</b>	<b>40,393</b>
<b>Minimum margin</b>	<b>386.0 %</b>	<b>388.8 %</b>

Note  
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## Tax

### RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	30.09.19
Ordinary pre-tax profit	59,249
Expected tax on income at nominal rate	-14,812
Change in earlier years	415
<b>Tax charge</b>	<b>-14,397</b>
Effective tax rate	24.3 %

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