



# Interim Report 3rd quarter 2018

Storebrand Helseforsikring AS (unaudited)

# Interim Report Storebrand Helseforsikring AS

## As at 30 September 2018

Pre tax profit is NOK 40.6 million (NOK 48.7 million) in 3rd quarter and a profit of NOK 64.9 million (NOK 90.7 million) so far this year. Premiums earned totalled NOK 175.8 million (NOK 170.5 million) in 3rd quarter. An increase of 3 percent from the same period in 2017. So far this year, the earned premiums for own account totalled NOK 508.2 million (NOK 483.7 million) an increase of 5 per cent compared to the equivalent period in 2017. 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 103.3 million (NOK 95.3 million) in 3rd quarter and NOK 356.0 million (NOK 315.9 million) so far this year. The claims ratio for own account stood at 59 per cent (56 per cent) in 3rd quarter and 70 per cent (65 per cent) year to date. An increase in the claims ratio has been expected this year.

Insurance-related operating costs came to NOK 33.1 million (NOK 28.9 million) in 3rd quarter and NOK 93.4 million (NOK 84.7 million) so far this year. The net cost ratio for own account ended up at 19 per cent (17 per cent) in 3rd quarter. Year to date the net cost ratio is 18 per cent (18 per cent).

The net non-technical result amounted to NOK 1.1 million (NOK 2.4 million) in 3rd quarter and NOK 6.1 million (NOK 7.5 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 3rd quarter was 0.39 per cent and 1.23 per cent year to date. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK 1.0 million (NOK 0.0 million) in 3rd quarter and NOK minus 0.7 million (NOK minus 1.7 million) so far this year.

Solvency margin should be above 100 per cent and was 196 per cent year to date 2018. At year-end 2017 the solvency margin was 225 per cent.

Lysaker, 30<sup>th</sup> November 2018

Board of directors Storebrand Helseforsikring AS

# Storebrand Helseforsikring AS

## Statement of comprehensive income

NOK thousand	Q3		01.01.-30.09		Full year
	2018	2017	2018	2017	2017
<b>TECHNICAL ACCOUNTS</b>					
PREMIUMS					
Gross premiums earned	176,258	170,930	509,519	485,030	651,560
- Reinsurers' share	-432	-420	-1,321	-1,286	-1,708
<b>Premium income for own account</b>	<b>175,826</b>	<b>170,511</b>	<b>508,198</b>	<b>483,744</b>	<b>649,852</b>
Other insurance related income	17	18	49	28	44
CLAIMS EXPENSES					
Gross claims incurred	-103,444	-95,313	-356,262	-315,921	-439,684
- Reinsurers' share	148		289	54	55
<b>Claims expenses for own account</b>	<b>-103,296</b>	<b>-95,313</b>	<b>-355,974</b>	<b>-315,867</b>	<b>-439,629</b>
INSURANCE RELATED OPERATING COSTS					
Sales costs	-13,823	-10,357	-38,767	-32,203	-46,293
Insurance related administration costs (incl. commissions for reinsurance received)	-19,241	-18,545	-54,681	-52,471	-66,253
<b>Insurance related operating costs for own account</b>	<b>-33,065</b>	<b>-28,903</b>	<b>-93,448</b>	<b>-84,674</b>	<b>-112,547</b>
<b>Technical profit</b>	<b>39,483</b>	<b>46,313</b>	<b>58,826</b>	<b>83,232</b>	<b>97,720</b>
<b>NON-TECHNICAL ACCOUNTS</b>					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	2,843	2,945	8,365	8,476	11,396
Change in value on investments	55	-2,644	-2,682	-2,701	-2,325
Realised gain and loss on investments	-1,011	494	-6,711	3,582	3,347
Management expenses linked to investment, included interest cost	-124	-129	-377	-385	-502
<b>Net income from investments</b>	<b>1,763</b>	<b>666</b>	<b>-1,404</b>	<b>8,972</b>	<b>11,917</b>
Other income	-676	-3,121	7,692	5,555	10,202
Other cost		4,842	-164	-7,030	-14,132
<b>Non-technical profit</b>	<b>1,087</b>	<b>2,387</b>	<b>6,124</b>	<b>7,497</b>	<b>7,987</b>
<b>Pre tax profit</b>	<b>40,570</b>	<b>48,700</b>	<b>64,950</b>	<b>90,729</b>	<b>105,707</b>
Tax	-9,897	-11,944	-14,114	-21,970	-27,033
<b>Profit before other comprehensive income</b>	<b>30,673</b>	<b>36,756</b>	<b>50,835</b>	<b>68,760</b>	<b>78,674</b>
Other result elements:					
Translation differences					
Change in pension experience adjustments					1,765
Tax on other comprehensive income					-441
<b>Comprehensive income</b>	<b>30,673</b>	<b>36,756</b>	<b>50,835</b>	<b>68,760</b>	<b>79,998</b>

# Storebrand Helseforsikring AS

## Statement of financial position

NOK thousand	30.09 2018	31.12 2017
<b>ASSETS</b>		
Intangible assets	33,271	15,122
<b>Total intangible assets</b>	<b>33,271</b>	<b>15,122</b>
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	488,423	505,117
Financial derivatives		1,474
<b>Total financial assets</b>	<b>488,423</b>	<b>506,591</b>
RECEIVABLES		
Receivables due from insurance customers	128,997	149,606
Receivables to connected parties	314	
Other receivables	6,588	19,393
<b>Total receivables</b>	<b>135,898</b>	<b>168,999</b>
OTHER ASSETS		
Fixed assets		84
Cash and bank	37,132	42,313
Deferred tax assets		
Pension asset	43	43
<b>Total other assets</b>	<b>37,175</b>	<b>42,440</b>
Prepaid costs and accrued income	10,043	174
<b>Total prepaid costs and accrued income</b>	<b>10,043</b>	<b>174</b>
<b>Total assets</b>	<b>704,810</b>	<b>733,327</b>

# Storebrand Helseforsikring AS

## Statement of financial position cont.

NOK thousand	30.09 2018	31.12 2017
<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	13,575	13,041
Other retained earnings	126,054	75,753
<b>Total retained earnings</b>	<b>139,630</b>	<b>88,795</b>
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	267,316	252,371
Claims reserve gross	73,801	72,398
<b>Total insurance liabilities gross</b>	<b>341,117</b>	<b>324,769</b>
RESERVES FOR LIABILITIES		
Period tax liabilities		30,814
Deferred tax	37,673	21,980
<b>Total reserves for liabilities</b>	<b>37,673</b>	<b>52,794</b>
DEBT		
Due in respect of direct insurance	9,182	10,802
Allocation to dividends		78,674
Other debt	8,722	10,543
Financial derivatives	325	
Debt to connected parties		219
<b>Total debt</b>	<b>18,229</b>	<b>100,238</b>
Accrued costs and deferred income	13,160	11,730
<b>Total accrued costs and deferred income</b>	<b>13,160</b>	<b>11,730</b>
<b>Total equity and liabilities</b>	<b>704,810</b>	<b>733,327</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 01.01.17</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					78,674	78,674	78,674
Change in guarantee reserve				804	-804	0	0
Change in pension experience adjustments					1,765	1,765	1,765
Tax on other comprehensive income					-441	-441	-441
Share dividend					-78,674	-78,674	-78,674
<b>Equity 31.12.17</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					50,835	50,835	50,835
Change in guarantee reserve				534	-534	0	0
<b>Equity 30.09.18</b>	<b>33,000</b>	<b>122,000</b>	<b>155,000</b>	<b>13,575</b>	<b>126,054</b>	<b>139,630</b>	<b>294,630</b>

# Storebrand Helseforsikring AS

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

NOK thousand	2018	2017
<b>Cash flows from operations</b>		
Net receipts - insurance	542,132	513,420
Net payments/claims insurance	-354,571	-315,460
Payment of incom tax	-29,235	1,250
Payments relating to operations	-87,778	-101,395
<b>Net cash flow from operations before financial assets</b>	<b>70,549</b>	<b>97,814</b>
Net receipts/payments - mutual funds	25,158	-4,531
<b>Net cash flow from financial assets</b>	<b>25,158</b>	<b>-4,531</b>
<b>Net cash flow from operations</b>	<b>95,707</b>	<b>93,283</b>
<b>Cash flows from investment activities</b>		
Net receipts/payment - sale/purchase of fixed assets	-22,213	-4,862
<b>Net cash flow from investment activities</b>	<b>-22,213</b>	<b>-4,862</b>
<b>Cash flows from financing activities</b>		
Payment of dividends	-78,674	-72,379
<b>Net cash flow from financing activities</b>	<b>-78,674</b>	<b>-72,379</b>
<b>Net cash flow for the period</b>	<b>-5,181</b>	<b>16,042</b>
-of which net cash flow inn the period before financial asset	-30,338	20,573
Net movement in cash and cash equivalents	-5,181	16,042
Cash and cash equivalents at start of the period	42,313	21,439
<b>Cash equivalents at the end of the period</b>	<b>37,132</b>	<b>37,480</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 2017 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 2018 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 2017 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 225 million the company's solvency capital coverage is 196 per cent while the minimum capital requirement is covered by 546 per cent.

#### SOLVENCY CAPITAL

NOK thousand	Total	30.09.18				31.12.17
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	33,000	33,000		0		33,000
Share premium	122,000	122,000		0		122,000
Reconciliation reserve	69,816	69,816				85,378
<b>Total solvency capital</b>	<b>224,816</b>	<b>224,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>240,378</b>
<b>Total solvency capital available to cover minimum capital requirement</b>	<b>224,816</b>	224,816	0	0		<b>240,378</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	30.09.18	31.12.17
Market	30,311	34,055
Counterparty	12,793	10,964
Health	117,626	105,855
Operational	20,281	19,547
Diversification	-27,887	-28,177
Loss-absorbing capacity of deferred taxes	-38,281	-35,561
<b>Total solvency requirement</b>	<b>114,844</b>	<b>106,683</b>
<b>Solvencymargin</b>	<b>195.8 %</b>	<b>225.3 %</b>
<b>Minimum capital requirement</b>	<b>41,201</b>	<b>38,007</b>
<b>Minimum margin</b>	<b>545.7 %</b>	<b>632.5 %</b>

Note  
05

#### Tax

##### RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	30.09.18
Ordinary pre-tax profit	64,950
Expected tax on income at nominal rate	-16,237
Tax effect of:	
permanent differences	544
Change in earlier years	1,579
Tax charge	-14,114
<b>Effective tax rate</b>	<b>21.7 %</b>

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