



Interim Report 2nd quarter 2012  
**Storebrand**  
**Helseforsikring AS**



# Interim Report Storebrand Helseforsikring AS

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## As at 30 June 2012

Storebrand Helseforsikring made a profit before tax of NOK 13.5 million (9.5 million) in 2nd quarter 2012, and a profit of NOK 26.4 million (13.1 million) so far this year.

Premiums earned totalled NOK 89.3 million (78.2 million) in 2nd quarter and NOK 174,9 million (155,6 million) so far this year. This is an accumulated increase of 12 per cent compared to the equivalent period in 2011. Storebrand Helseforsikring is one of the leading market players when measuring written premiums in Norway, and has experienced a satisfying growth in sales and it is still high demand for medical insurance in the market.

Cost of claims amounted to NOK 54.0 million (46.7 million) in 2nd quarter, and NOK 107.0 million (99.8 million) so far this year. The claims ratio stood at 61 per cent (59 per cent) at the end of 2nd quart and 61 per cent (64 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 22.7 million (23.4 million) in 2nd quarter and NOK 45.4 million (46.7 million) so far this year. The net costs ratio ended up at 25 per cent (30 per cent) in 2nd quarter and 26 per cent (30 per cent) on an accumulated basis. The relative reduction in costs is due to increased efficiency in the operations.

The net financial items amounted to NOK 2.8 million (1.6 million) in 2nd quarter and NOK 5.0 million (4.7 million) so far this year. The company continues to pursue a cautious investment strategy with most of the funds being placed in certificates of deposit, bonds and fixed income funds.

The capital adequacy requirement is 8 per cent of risk-weighted balance sheet and the company's capital adequacy ratio was 86.6 per cent as at 30 June 2012, down from 102.2 per cent at the beginning of the year, due to increased calculation basis after allocating funds to assets under management and profits made so far this year does not count as primary capital as long as it has not been revised.

The solvency margin requirement is 100 per cent and the solvency margin is estimated to be 258.4 per cent as at 30 June 2012, down from 284 per cent at the beginning of the year due to increased earned premiums without counting profits made so far this year as primary capital.

Munich, 30 August 2012

The Board of Storebrand Helseforsikring AS

# Income statement Storebrand Helseforsikring AS

NOK thousand	Q2		01.01.-30.06.		Full year 2011
	2012	2011	2012	2011	
<b>TECHNICAL ACCOUNTS</b>					
PREMIUMS					
Gross premiums written	95,649	81,798	222,321	190,984	331,973
- Reinsurers' share	-500	-440	-976	-869	-1,762
Gross change in reserve for unearned premiums	-5,891	-3,163	-46,444	-34,523	-11,229
<b>Premium income for own account</b>	<b>89,259</b>	<b>78,195</b>	<b>174,902</b>	<b>155,592</b>	<b>318,983</b>
Allocation of investment return transferred from the non-technical accounts	174	200	3,624	6,028	4,975
CLAIMS EXPENSES					
Gross claims paid	-52,523	-49,518	-106,249	-102,662	-202,945
Gross change in claims reserve	-1,483	2,855	-791	2,844	2,987
<b>Claims expenses for own account</b>	<b>-54,006</b>	<b>-46,663</b>	<b>-107,041</b>	<b>-99,818</b>	<b>-199,957</b>
INSURANCE RELATED OPERATING COSTS					
Sales costs	-9,962	-8,866	-18,755	-17,810	-34,498
Insurance related administration costs	-12,740	-14,547	-26,683	-28,861	-50,938
<b>Insurance related operating costs for own account</b>	<b>-22,703</b>	<b>-23,414</b>	<b>-45,438</b>	<b>-46,671</b>	<b>-85,437</b>
Other insurance related operating cost		1		-166	-164
<b>Balance on the technical account before allocations to security reserve</b>	<b>12,724</b>	<b>8,320</b>	<b>26,047</b>	<b>14,965</b>	<b>38,399</b>
Change in fluctuation reserve	-1,874	-195	-1,157	-569	-3,621
<b>Technical profit</b>	<b>10,850</b>	<b>8,125</b>	<b>24,890</b>	<b>14,397</b>	<b>34,778</b>
<b>NON-TECHNICAL ACCOUNTS</b>					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	3,044	2,572	5,947	4,842	11,452
Change in value on investments	913	721	-235	-1,035	2,580
Realised gain and loss on investments	-991	-1,668	-381	941	-1,154
Management expenses linked to investment, included interest cost	-203		-307		
<b>Net income from investments</b>	<b>2,763</b>	<b>1,624</b>	<b>5,024</b>	<b>4,748</b>	<b>12,878</b>
Allocation of investment return transferred to the technical accounts	-174	-200	-3,624	-6,028	-4,975
Other income / other cost	24		138		
<b>Non-technical profit</b>	<b>2,613</b>	<b>9,549</b>	<b>1,538</b>	<b>13,116</b>	<b>7,904</b>
<b>Profit from ordinary activities</b>	<b>13,463</b>	<b>9,549</b>	<b>26,428</b>	<b>13,116</b>	<b>42,682</b>
Tax	-3,741		-7,083		-5,327
<b>Profit/loss for the year</b>	<b>9,722</b>	<b>9,549</b>	<b>19,344</b>	<b>13,116</b>	<b>37,355</b>
Other result elements:					
Translation differences	-103	1,665	633	1,417	-89
<b>Total comprehensive for the period</b>	<b>9,620</b>	<b>11,214</b>	<b>19,978</b>	<b>14,533</b>	<b>37,266</b>

# Statement of financial position Storebrand Helseforsikring AS

	30.06	31.12
NOK thousand	2012	2011
<b>ASSETS</b>		
Deferred tax assets	4,460	4,460
Intangible assets	11,579	12,515
<b>Total intangible assets</b>	<b>16,039</b>	<b>16,976</b>
<b>FAIR VALUE FINANCIAL ASSETS</b>		
Bonds and other securities - fixed yield	351,320	300,225
Financial derivatives	1,073	1,063
<b>Total financial assets</b>	<b>352,393</b>	<b>301,288</b>
<b>RECEIVABLES</b>		
Receivables due from insurance customers	96,363	81,127
Receivables to connected parties	521	
Other receivables	611	786
<b>Total receivables</b>	<b>97,496</b>	<b>81,913</b>
<b>OTHER ASSETS</b>		
Fixed assets	1,612	1,831
Cash and bank	33,369	36,849
<b>Total other assets</b>	<b>34,981</b>	<b>38,681</b>
Prepaid costs and accrued income	788	80
<b>Total prepaid costs and accrued income</b>	<b>788</b>	<b>80</b>
<b>Total assets</b>	<b>501,696</b>	<b>438,937</b>

# Statement of financial positions

## Storebrand Helseforsikring AS (cont.)

	30.06	31.12
NOK thousand	2012	2011
<b>EQUITY CAPITAL AND LIABILITIES</b>		
<b>PAID IN CAPITAL</b>		
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>
<b>RETAINED EARNINGS</b>		
Allocation to guarantee reserve	14,603	13,535
Other retained earnings	28,635	9,726
<b>Total retained earnings</b>	<b>43,239</b>	<b>23,261</b>
<b>GROSS INSURANCE LIABILITIES</b>		
Reserve for unearned premiums gross	178,575	132,968
Claims reserve gross	35,317	34,737
Fluctuation reserve	47,474	46,601
<b>Total insurance liabilities gross</b>	<b>261,366</b>	<b>214,306</b>
<b>RESERVES FOR LIABILITIES</b>		
Pension liabilities	17,210	17,210
Deferred tax	7,083	9,787
<b>Total reserves for liabilities</b>	<b>24,293</b>	<b>26,997</b>
<b>DEBT</b>		
Due in respect of direct insurance	2,469	1,175
Other debt	2,430	3,905
Debt to connected parties		250
<b>Total debt</b>	<b>4,899</b>	<b>5,330</b>
Accrued costs and deferred income	12,899	14,043
<b>Total accrued costs and deferred income</b>	<b>12,899</b>	<b>14,043</b>
<b>Total equity capital and liabilities</b>	<b>501,696</b>	<b>438,937</b>

## Cash flow analysis Storebrand Helseforsikring AS

NOK thousand	Q2	
	2012	2011
<b>Cash flows from operations</b>		
Net receipts - insurance	207,365	175,211
Net payments compensation and insurance benefits	-106,249	-90,263
Payment of income tax	-9,787	
Payments relating to operations	-48,357	-58,518
Net payments received relating to securities	-33	226
<b>Net cash flow from operations before financial assets</b>	<b>42,939</b>	<b>26,656</b>
Net receipts/payments - mutual funds	-45,744	-34,573
<b>Net cash flow from financial assets</b>	<b>-45,744</b>	<b>-34,573</b>
<b>Net cash flow from operations</b>	<b>-2,805</b>	<b>-7,917</b>
<b>Cash flows from investment activities</b>		
Net receipts/payment - sale/purchase of fixed assets	-675	45
<b>Net cash flow from investment activities</b>	<b>-675</b>	<b>45</b>
<b>Net cash flow for the period</b>	<b>-3,480</b>	<b>-7,871</b>
-of which net cash flow in the period before financial asset	42,263	26,701
<b>Net movement in cash and cash equivalents</b>	<b>-3,480</b>	<b>-7,871</b>
Cash and cash equivalents at start of the period	36,849	38,522
<b>Cash equivalents at the end of the period</b>	<b>33,369</b>	<b>30,651</b>

## Changes to equity Storebrand Helseforsikring AS

NOK thousand	Share capital	Share premium account	Restatement differences	Admin and guarantee scheme	Other equity	Total equity
<b>Equity 31 decemer 2010</b>	<b>33,000</b>	<b>122,000</b>	<b>-1,029</b>	<b>22,263</b>	<b>-30,753</b>	<b>145,481</b>
change to the accounting pollicies:						
Release of administration reserve to free equity				-9,788	9,788	
Allocation to ULAE					-5,723	-5,723
Change in claims settlement cost 2010, booked in profit and loss account					1,237	1,237
<b>Equity at 01.01.11</b>	<b>33,000</b>	<b>122,000</b>	<b>-1,029</b>	<b>12,475</b>	<b>-25,451</b>	<b>140,995</b>
Profit/loss for the year					37,355	37,355
Gain/loss on exchange when converting branch office			-89			-89
Change in administration- and guarantee reserve				1,060	-1,060	
Share issue						
<b>Equity at 31.12.2011</b>	<b>33,000</b>	<b>122,000</b>	<b>-1,118</b>	<b>13,535</b>	<b>10,844</b>	<b>178,261</b>
Profit/loss for the year					19,344	19,344
Gain/loss on exchange when converting branch office			633			633
Change in administration- and guarantee reserve				1,068	-1,068	
Share issue						
<b>Equity at 30.06.2012</b>	<b>33,000</b>	<b>122,000</b>	<b>-485</b>	<b>14,603</b>	<b>29,120</b>	<b>198,239</b>

# Notes Storebrand Helseforsikring AS

## NOTE 1 - ACCOUNTING PRINCIPLES

The accounts have been presented in accordance with the accounting principles applied in the 2011 Annual Accounts. A description of the accounting principles is given in the 2011 Annual Report.

## NOTE 2 - FINANCIAL RISKS

There is no change in the risk picture compared to that described in the 2011 Annual Report.

## NOTE 3 - 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.

### Spesifikasjon av kapitaldekningen:

NOK thousand	30.06.2012	31.12.2011
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other equity	8,657	9,726
<b>Total equity</b>	<b>163,657</b>	<b>164,726</b>
Intangible assets	-16,039	-16,976
<b>Net primery capital</b>	<b>147,618</b>	<b>147,750</b>
<b>Calculation base by class of risk weighting</b>		
Risk weight 0%	32,069	64,758
Risk weight 10%		
Risk weight 20%	352,620	265,417
Risk weight 50%	788	80
Risk weight 100%	99,108	91,099
Weighted assets in the balance sheet	170,026	144,222
Weighted interest rate and FX contracts	364	317
Risk weighted calculation base	170,390	144,539
<b>Capital adequacy ratio</b>	<b>86.6%</b>	<b>102.2%</b>

### Solvensmarginkapital:

NOK thousand	30.06.2012	31.12.2011
Solvency margin demand	65,396	59,636
Solvency margin capital	168,981	169,293
<b>Solvency margin</b>	<b>258.4%</b>	<b>283.9%</b>

### Spesifikasjon ov solvenskapital:

NOK thousand	30.06.2012	31.12.2011
Net primary capital	147,618	147,750
Counting security reserve	21,363	21,542
<b>Solvency capital</b>	<b>168,981</b>	<b>169,292</b>

The minimum solvency margin is calculates 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.

## NOTE 4 - TAX

### Avstemming av forventet skattekostnad mot faktisk skattekostnad

NOK thousand	30.06.2012
Ordinary pre-tax profit	26,428
Expected tax on income at nominal rate	-7,400
Tax effect of:	
permanent differences	316
write-down of deferred tax assets	
Change in previous years	
<b>Tax charge</b>	<b>-7,083</b>
Effective tax rate	<b>26.8 %</b>





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