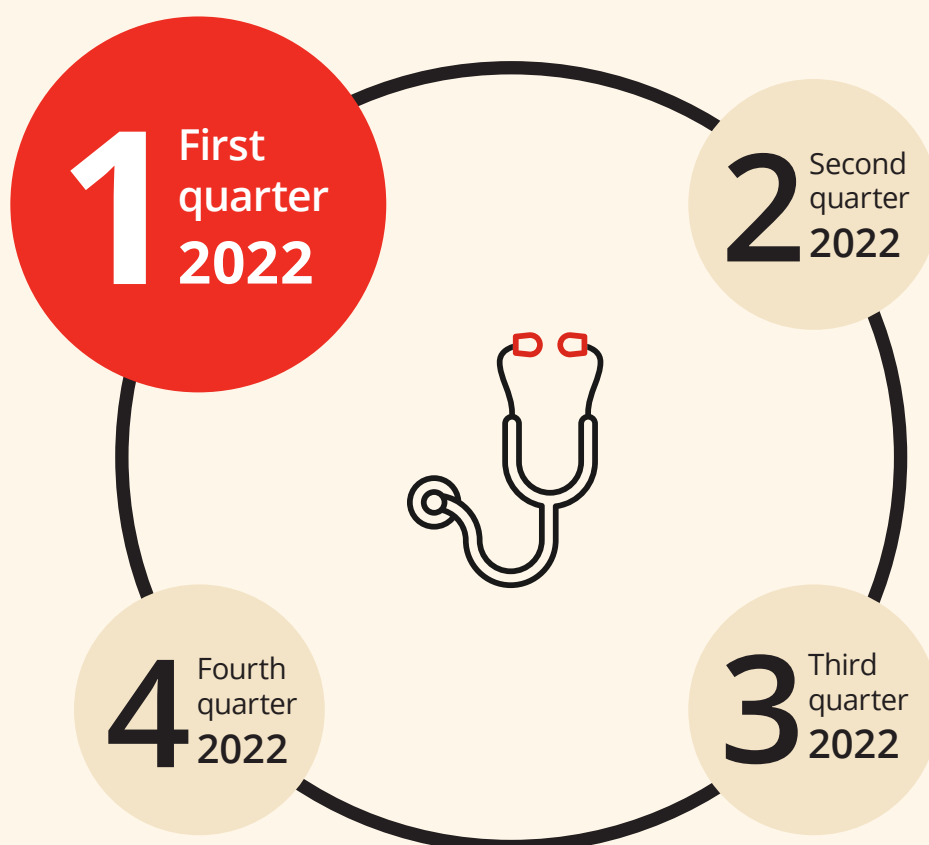


Interim report

Storebrand Helseforsikring AS



Interim Report Storebrand Helseforsikring AS

As at 31 March 2022

Pre tax profit is minus NOK 19.2 million (NOK 7.5 million) in the 1st quarter. The weak result is due to high claims costs and a low return on investments.

Premiums earned totaled NOK 247.3 million (NOK 223.4 million) in 1st quarter, an increase of 11 percent from the same period in 2021. The demand for medical expense insurance in the market remains high and Storebrand Health has a leading market position in Norway in terms of written premiums. This type of employee benefits is increasing in popularity among the employees.

Cost of claims amounted to NOK 223.8 million (NOK 185.9 million) in the 1st quarter. High claims costs in the quarter are due to the development in the Norwegian Group Business. The claims ratio for own account was 91 per cent (83 per cent). The Covid-19 pandemic has to some extent impacted the level of the claims and how fast claims are reported. This makes earlier experience less useful, and therefore increases the uncertainty in the claims reserve.

Insurance-related operating costs was NOK 42.9 million (NOK 34.9 million). The cost increase is caused by increased business volume and the introduction of a new core insurance system. The net cost ratio for own account ended up at 17 per cent (16 per cent).

The company has a conservative investment strategy and the investment portfolio has low credit risk and short interest duration, with all of the investment portfolio invested in one of Storebrand's bond funds. The financial return in 1st quarter was minus 0.18 per cent (0.29 per cent). The negative return is caused by an increase in credit spreads and interest rates.

The net non-technical result amounted to NOK 0.1 million (NOK 4.8 million) in 1st quarter. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK 0.8 million (NOK 3.0 million) in the 1st quarter.

Solvency margin should be above 100 per cent and was 158 per cent at 31.03.2022. At year-end 2021 the solvency margin was 160 per cent.

Lysaker, 18th May 2022

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	01.01.-31.03		Full year
	2022	2021	2021
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums earned	247,980	224,144	932,399
- Reinsurers' share	-716	-629	-2,439
Premium income for own account	247,264	223,515	929,961
Other insurance related income	110	14	189
CLAIMS EXPENSES			
Incurred claims gross	-224,179	-185,917	-707,231
- Reinsurers' share	393	28	806
Claims expenses for own account	-223,786	-185,889	-706,426
INSURANCE RELATED OPERATING EXPENSES			
Sales expenses	-17,361	-15,140	-63,998
Insurance related administration expenses (incl. commissions for reinsurance received)	-25,519	-19,763	-121,561
Insurance related operating expenses	-42,880	-34,903	-185,559
Other insurance related operating costs			
Technical profit	-19,291	2,737	38,165
NON-TECHNICAL ACCOUNTS			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets	-29	-4	4,848
Change in value on investments	-1,353	-2,718	-2,184
Realised gain and loss on investments	-2,493	-1,533	-5,262
Net income from investments	-3,875	-4,255	-2,598
Other income	3,959	9,011	9,773
Other expenses			316
Non-technical profit	84	4,756	7,491
Pre tax profit	-19,207	7,493	45,655
Tax	4,802	-1,874	-11,110
Profit/loss for the year	-14,405	5,619	34,545
OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS			
Change in actuarial assumptions			41
Tax on other comprehensive income and expenses not to be classified to profit/loss			-10
Comprehensive income	-14,405	5,619	34,576

Storebrand Helseforsikring AS

Statement of financial position

NOK thousand	31.03 2022	31.12 2021
ASSETS		
Intangible assets	114,960	120,033
Total intangible assets	114,960	120,033
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	453,162	456,078
Total fair value financial instruments	453,162	456,078
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	372,195	251,218
Other receivables	4,808	10,706
Total receivables	377,003	261,924
OTHER ASSETS		
Cash and bank equivalents	49,851	26,153
Pension assets	72	72
Total other assets	49,923	26,225
Prepaid costs and income earned not received	1,152	4,250
Total prepaid costs and income earned not received	1,152	4,250
Total assets	996,200	868,511

Storebrand Helseforsikring AS

Statement of financial position cont.

NOK thousand	31.03 2022	31.12 2021
EQUITY AND LIABILITIES		
PAID IN CAPITAL		
Share capital	33,000	33,000
Share premium reserve	122,000	122,000
Total paid in capital	155,000	155,000
EARNED EQUITY		
Allocation to guarantee scheme	17,617	17,191
Other earned equity	123,723	138,554
Total earned equity	141,340	155,745
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	502,659	354,860
Claims reserve gross	123,583	87,346
Total insurance liabilities gross	626,242	442,207
RESERVES FOR LIABILITIES		
Period tax liabilities	1,825	6,836
Deferred tax	3,875	8,677
Total reserves for liabilities	5,699	15,513
LIABILITIES		
Liabilities in connection with direct insurance	36,588	37,210
Financial derivatives	1,471	932
Allocation to dividends		18,000
Liabilities to related parties	704	423
Other liabilities	9,781	10,495
Total liabilities	48,544	67,059
Accrued expenses and received, unearned income	19,375	32,988
Total accrued expenses and received, unearned income	19,375	32,988
Total equity and liabilities	996,200	868,511

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
Equity 01.01.21	33,000	122,000	155,000	15,572	123,596	139,169	294,169
Profit					34,545	34,545	34,545
Change in guarantee scheme				1,619	-1,619	0	0
Change in actuarial assumptions					41	41	41
Tax on other comprehensive income and expenses					-10	-10	-10
Share dividend					-18,000	-18,000	-18,000
Equity 31.12.21	33,000	122,000	155,000	17,191	138,554	155,745	310,745
Profit					-14,405	-14,405	-14,405
Change in guarantee scheme				426	-426	0	0
Equity 31.03.22	33,000	122,000	155,000	17,617	123,723	141,340	296,340

Storebrand Helseforsikring AS

Statement of cash flow 1. January - 31. March

NOK thousand	2022	2021
Cash flows from operations		
Net receipts - insurance	273,465	264,986
Net payments/claims insurance	-187,550	-165,285
Payment of income tax	-5,011	-11,140
Payments relating to operations	-22,015	-18,901
Net cash flow from operations before financial assets	58,889	69,660
Net receipts/payments - financial assets	3,539	-62,197
Net cash flow from financial assets	3,539	-62,197
Net cash flow from operations	62,428	7,462
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-20,730	-11,639
Net cash flow from investment activities	-20,730	-11,639
Cash flows from financing activities		
Payment of dividends	-18,000	0
Net cash flow from financing activities	-18,000	0
Net cash flow for the period	23,698	-4,177
-of which net cash flow inn the period before financial asset	20,159	58,021
Net movement in cash and cash equivalents	23,698	-4,177
Cash and cash equivalents at start of the period	26,153	34,018
Cash equivalents at the end of the period	49,851	29,841

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 2021 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 2022 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 most important estimates, in the sense that their ultimate realization could lead to material adjustments of recognized amounts, are the claims reserves. Estimates are made for expected payments for the period up to the renewal date for contracts in force and expected remaining payments for incurred but not finally settled claims for contracts that has been in force. There is uncertainty connected to the frequency, size and late reporting of claims, and estimates changes may cause increases or reductions in reserves and corresponding changes in claims costs reported in the accounts.

Covid-19

The Covid -19 pandemic causes greater uncertainty regarding several estimates. It is still uncertainty regarding the further development of Covid-19 and the consequences for the society.

Storebrand Helseforsikring experiences so far that Covid-19 has affected both the level of the claims and how fast the customers report the claims to the company. This makes earlier experience less useful for calculating the claims reserves and causes greater uncertainty than usual in the claims reserves.

Note 03 | Financial risks

The first quarter has been volatile for financial markets. At the turn of the year, renewed restrictions due to widespread outbreaks of the Omicron-variant of the Covid-19 virus affected the market.

Towards the end of February, the Russian invasion of Ukraine unsettled the markets. The Russian equity-marked was closed for business after the invasion and are still closed for non-Russian parties. The international society has put in place widespread bans on doing business with Russians parties. This has introduced significant risk for pricing and tradability of Russian assets. Storebrand has decided to exit all investment in Russia, but the execution requires markets to reopen with sufficient transparency to ensure that bans are not violated. The direct effect for investment return and results are small, as Storebrand Helseforsikring AS has limited exposure to Russia. The main financial risk is from effects the war may have on the financial market in general.

Going into 2022, inflation was increasing due to supply-shortages. The trend has been reinforced during the first quarter as the Ukraine war has led to a surge in energy and raw-material prices. There is growing risk for the pick-up in inflation to be more than transitory. Higher inflation and expectations for central banks to gradually increase rates and reduce the monetary stimulus, has led to increased interest rates. In March, Bank of Norway increased the policy rate by 0.25 pp to 0.75 percent.

The effects from Covid-19, the increase in inflation and the effects from the war in Ukraine going forward, implies that the risk may still be higher than normal market risk. Storebrand has risk management which through policies and principles handles and dampens the effects of volatile financial markets.

Note 04 | Solvency II

Storebrand Helseforsikring AS is subject to the European solvency regime Solvency II. The company is largely funded with group 1 capital. In addition, deferred tax assets of NOK 14.4 million counts as group 3 capital and therefore not calculated in the minimum capital requirement. With a total solvency capital of NOK 223 million, the company's solvency capital coverage is 158 per cent while the minimum capital requirement is covered by 337 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	31.03.22				31.12.21
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	33,000	33,000				33,000
Share premium	122,000	122,000				122,000
Reconciliation reserve	54,457	54,457				42,337
Deferred tax assets	14,410				14,410	17,547
Total solvency capital	223,867	209,457			14,410	214,884
Total solvency capital available to cover minimum capital requirement	209,457	209,457				197,337

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	31.03.22	31.12.21
Market	11,526	11,370
Counterparty	16,452	4,728
Health	153,203	146,816
Operational	27,950	27,548
Diversification	-19,587	-11,537
Loss-absorbing capacity of deferred taxes	-47,386	-44,731
Total solvency requirement	142,158	134,194
Solvencymargin	157.5 %	160.1 %
Minimum capital requirement	62,108	54,201
Minimum margin	337.2 %	364.1 %

Note 05 | Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	31.03.22
Ordinary pre-tax profit	-19,207
Expected tax on income at nominal rate	4,802
Tax charge	4,802
Effective tax rate	25.0 %

