



Interim Report 3rd quarter 2020

Storebrand Helseforsikring AS (unaudited)

Interim Report Storebrand Helseforsikring AS

As at 30 September 2020

Pre tax profit is NOK 47.0 million (NOK 31.5 million) in 3rd quarter and NOK 77.5 million (NOK 59.2 million) so far this year.

Premiums earned totalled NOK 217.5 million (NOK 182.3 million) in 3rd quarter, an increase of 19 percent from the same period in 2019. So far this year, the earned premiums for own account totalled NOK 622.3 million (NOK 536.2 million) an increase of 16 per cent compared to the same period in 2019. 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 141.6 million (NOK 127.3 million) in 3rd quarter and NOK 460.1 million (NOK 405.1 million) so far this year. The claims ratio for own account stood at 65 per cent (70 per cent) in 3rd quarter and 74 per cent (76 per cent) year to date. An increase in claims was expected this year but a good development in 3rd quarter has reduced the claims ratio so far this year.

Insurance-related operating costs came to NOK 29.6 million (NOK 24.7 million) in 3rd quarter and NOK 88.2 million (NOK 79.4 million) so far this year. The net cost ratio for own account ended up at 14 per cent (14 per cent) in 3rd quarter. Year to date the net cost ratio ended up at 14 per cent (15 percent).

The net non-technical result amounted to NOK 0.7 million (NOK 1.4 million) in 3rd quarter and NOK 3.4 (NOK 7.9 million) year to date.

The company has maintained a conservative investment profile, with all of the investment portfolio invested in one of Storebrand's bond funds. The financial return in 3rd quarter was 0.36 per cent (0.45 per cent) and 1.66 per cent (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 0.9 million (NOK 0.4 million) in 3rd quarter and NOK minus 3.4 million (NOK 0.8 million) so far this year.

Solvency margin should be above 100 per cent and was 157 per cent year to date 2020. At year-end 2019 the solvency margin was 161 per cent.

Lysaker, 30 November 2020

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	Q3		01.01.-30.09		Full year
	2020	2019	2020	2019	2019
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums earned	218,040	182,796	623,878	537,580	727,155
- Reinsurers' share	-515	-470	-1,557	-1,409	-1,889
Premium income for own account	217,525	182,326	622,321	536,171	725,267
Other insurance related income	13	12	40	41	55
CLAIMS EXPENSES					
Incurred claims gross	-142,060	-127,814	-461,424	-406,098	-558,564
- Reinsurers' share	477	549	1,282	981	1,615
Claims expenses for own account	-141,582	-127,265	-460,142	-405,117	-556,949
INSURANCE RELATED OPERATING EXPENSES					
Sales expenses	-13,798	-11,322	-40,894	-35,282	-49,064
Insurance related administration expenses (incl. commissions for reinsurance received)	-15,816	-13,385	-47,311	-44,167	-65,579
Insurance related operating expenses	-29,614	-24,707	-88,205	-79,449	-114,643
Other insurance related operating costs		-265		-265	-265
Technical profit	46,341	30,100	74,014	51,381	53,465
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets			-12	3,532	8,272
Change in value on investments	1,456	2,945	5,414	-54	-3,287
Realised gain and loss on investments	565	-870	10,678	-1,821	-869
Expenses associated with administration of investments, including interest expense				-156	-156
Net income from investments	2,021	2,075	16,080	1,500	3,960
Other income	-1,318	-703	2,024	6,367	5,082
Other expenses			-14,668		-42
Non-technical profit	703	1,372	3,436	7,868	9,001
Pre tax profit	47,044	31,473	77,450	59,249	62,466
Tax	-11,761	-7,868	-19,363	-14,397	-15,421
Profit/loss for the year	35,283	23,604	58,088	44,851	47,045
OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS					
Change in actuarial assumptions					-17
Tax on other comprehensive income and expenses not to be classified to profit/loss					4
Comprehensive income	35,283	23,604	58,088	44,851	47,032

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Statement of financial position

NOK thousand	30.09 2020	31.12 2019
ASSETS		
Intangible assets	113,180	66,187
Total intangible assets	113,180	66,187
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	428,732	363,976
Financial derivatives	362	657
Total fair value financial instruments	429,094	364,633
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	209,747	174,287
Receivables to connected parties	1,504	168
Other receivables	36,489	16,981
Total receivables	247,740	191,436
OTHER ASSETS		
Cash and bank equivalents	40,131	27,597
Pension assets	56	56
Total other assets	40,187	27,653
Prepaid costs and income earned not received	960	420
Total prepaid costs and income earned not received	960	420
Total assets	831,162	650,329

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Statement of financial position cont.

NOK thousand	30.09 2020	31.12 2019
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	14,736	14,378
Other earned equity	115,095	57,365
Total earned equity	129,831	71,743
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	337,063	278,802
Claims reserve gross	108,779	81,855
Total insurance liabilities gross	445,843	360,657
RESERVES FOR LIABILITIES		
Period tax liabilities	9,373	5,683
Deferred tax	32,014	12,651
Total reserves for liabilities	41,387	18,334
LIABILITIES		
Liabilities in connection with direct insurance	30,515	24,213
Financial derivatives	725	
Liabilities to related parties	858	
Other liabilities	16,506	8,587
Total liabilities	48,604	32,799
Accrued expenses and received, unearned income	10,497	11,796
Total accrued expenses and received, unearned income	10,497	11,796
Total equity and liabilities	831,162	650,329

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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 01.01.19	33,000	122,000	155,000	13,647	11,064	24,711	179,711
Profit					47,045	47,045	47,045
Change in guarantee scheme				731	-731	0	0
Change in actuarial assumptions					-17	-17	-17
Tax on other comprehensive income and expenses					4	4	4
Equity 31.12.19	33,000	122,000	155,000	14,378	57,365	71,743	226,743
Profit					58,088	58,088	58,088
Change in guarantee scheme				358	-358		
Equity 30.09.20	33,000	122,000	155,000	14,736	115,095	129,831	284,831

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Statement of cash flow 1. January - 30. September

NOK thousand	2020	2019
Cash flows from operations		
Net receipts - insurance	651,426	559,897
Net payments/claims insurance	-433,218	-402,465
Payment of income tax	3,690	-22,279
Payments relating to operations	-109,813	-83,404
Net cash flow from operations before financial assets	112,084	51,748
Net receipts/payments - financial assets	-45,633	92,956
Net cash flow from financial assets	-45,633	92,956
Net cash flow from operations	66,451	144,704
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-53,917	-30,874
Net cash flow from investment activities	-53,917	-30,874
Cash flows from financing activities		
Payment of dividends		-130,000
Net cash flow from financing activities	0	-130,000
Net cash flow for the period	12,534	-16,170
-of which net cash flow inn the period before financial asset	58,168	-109,126
Net movement in cash and cash equivalents	12,534	-16,170
Cash and cash equivalents at start of the period	27,597	28,567
Cash equivalents at the end of the period	40,131	12,397

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 2019 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 2020 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

In the 3rd quarter, the situation in the Norwegian and Swedish society following the Covid-19 pandemic continued to normalise, although both countries have seen a recent increase in Covid-19 cases. As an immediate impact of Covid-19 and the economic downturn, Storebrand's financial results were negatively affected by the financial market turmoil, but the losses have to a large extent been reversed since. The uncertainty regarding the financial markets and the effects from Covid-19 going forward is still higher than normal market risk. The company has remained fully operational with close to normal productivity and has experienced strong underlying growth through the first three quarters in 2020, despite the Covid-19 pandemic.

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 197 million, the company's solvency capital coverage is 157 per cent while the minimum capital requirement is covered by 389 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	30.09.20				Total	31.12.19
		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	42,480	42,480				21,736	
Deferred tax assets							
Total solvency capital	197,480	197,480				176,736	
Total solvency capital available to cover minimum capital requirement	197,480	197,480				176,736	

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	30.09.20	31.12.19
Market	10,771	10,865
Counterparty	14,415	12,072
Health	135,371	117,610
Operational	24,404	21,815
Diversification	-17,618	-16,007
Loss-absorbing capacity of deferred taxes	-41,835	-36,589
Total solvency requirement	125,506	109,766
Solvencymargin	157.3 %	161.0 %
Minimum capital requirement	50,710	42,778
Minimum margin	389.4 %	413.1 %

Note
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Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	30.09.20
Ordinary pre-tax profit	77,450
Expected tax on income at nominal rate	-19,363
Tax charge	-19,363
Effective tax rate	25.0 %

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