



# Interim report 2016

Storebrand Helseforsikring AS

# Interim Report Storebrand Helseforsikring AS

## As at 30 June 2016

Profit before tax is NOK 20.3 million (NOK 15.4 million) in 2nd quarter and a profit of NOK 27.2 million (NOK 4.3 million) so far this year.

Premiums earned totalled NOK 152.6 million (NOK 136.9 million) in 2nd quarter. This is an increase of 11 per cent compared to the equivalent period in 2015. So far this year, the earned premiums for own account totalled NOK 301.3 million (NOK 265.4 million). Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. Health-related insurance is growing, and the company succeed on the market. This is driven by companies' desire to reduce sick leave, increased work satisfaction and reduction in total insurance costs and increased popularity among the employees for this type of employee benefits.

Cost of claims amounted to NOK 103.9 million (NOK 102.4 million) in 2nd quarter, and NOK 225.2 million (NOK 218.8 million) so far this year. The claims ratio for own account stood at 68 per cent (75 per cent) in 2nd quarter, and 75 per cent (82 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 30.5 million (NOK 21.8 million) in 2nd quarter, and NOK 53.5 million (NOK 45.1 million) so far this year. The net cost ratio for own account ended up at 20 per cent (16 per cent) in 2nd quarter. On accumulated basis the net cost ratio is 18 per cent (17 per cent). Efforts are being made with cost initiatives which are expected to reduce the cost ratio going forward.

The net non-technical result amounted to NOK 2.1 million (NOK 2.6 million) in 2nd quarter and NOK 4.6 million (NOK 2.8 million) so far this year. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit. Financial income in 2nd quarter were positively impacted by reduced credit spreads in the Norwegian bond market, while currency fluctuations resulted in a total currency gains / losses including the effects of currency derivatives, was NOK 0.1 million in 2nd quarter and NOK -1.2 million so far this year.

New solvency rules (Solvency II) was introduced from January 1 through Financial corporations Act and Regulations. The security provisions in the old rules have been dissolved in connection with this. The change is treated as a change in accounting policy and security provisions are now included in the company's equity. Provision has been made for corresponding tax. Solvency margin of the new solvency regime should be above 100 percent and was 173 percent for 2nd quarter 2016.

Lysaker, 24th August 2016  
The Board of Storebrand Helseforsikring AS

# Statement of Comprehensive income

## Storebrand Helseforsikring AS

(NOK thousand)	Q2		1.1.-30.6.		Full year
	2016	2015	2016	2015	2015
<b>TECHNICAL ACCOUNTS</b>					
<b>PREMIUMS</b>					
Gross premiums earned	152 965	137 352	302 130	266 188	554 333
- Reinsurers' share	-410	-433	-821	-834	-1 660
<b>Premium income for own account</b>	<b>152 555</b>	<b>136 919</b>	<b>301 309</b>	<b>265 354</b>	<b>552 673</b>
Other insured related income	18		42		82
<b>CLAIMS EXPENSES</b>					
Gross claims incurred	-104 057	-102 481	-225 346	-219 013	-419 749
- Reinsurers' share	130	132	120	193	706
<b>Claims expenses for own account</b>	<b>-103 927</b>	<b>-102 350</b>	<b>-225 226</b>	<b>-218 820</b>	<b>-419 043</b>
<b>INSURANCE RELATED OPERATING COSTS</b>					
Sales costs	-12 423	-9 159	-22 390	-20 296	-39 909
Insurance related administration costs	-18 057	-12 616	-31 086	-24 804	-50 341
<b>Insurance related operating costs for own account</b>	<b>-30 480</b>	<b>-21 775</b>	<b>-53 476</b>	<b>-45 100</b>	<b>-90 249</b>
<b>Technical profit</b>	<b>18 166</b>	<b>12 794</b>	<b>22 649</b>	<b>1 433</b>	<b>43 463</b>
<b>NON-TECHNICAL ACCOUNTS</b>					
<b>NET INCOME FROM FINANCIAL ASSETS</b>					
Interest and dividend etc from financial assets	2 050	2 460	4 215	5 138	9 842
Change in value on investments	60	909	-3 376	-721	581
Realised gain and loss on investments	-1 906	-927	-179	-1 861	896
Management expenses linked to investment, included interest cost	-125	-108	-198	-211	-452
<b>Net income from investments</b>	<b>79</b>	<b>2 334</b>	<b>462</b>	<b>2 346</b>	<b>10 867</b>
Other income	5 732	284	11 407	567	2 129
Other cost	-3 678	-41	-7 282	-90	-14 008
<b>Non-technical profit</b>	<b>2 133</b>	<b>2 578</b>	<b>4 587</b>	<b>2 823</b>	<b>-1 012</b>
<b>Pre tax profit</b>	<b>20 299</b>	<b>15 372</b>	<b>27 236</b>	<b>4 256</b>	<b>42 451</b>
Tax	-3 716	-3 942	-5 333	-1 067	-9 090
<b>Profit before other comprehensive income</b>	<b>16 583</b>	<b>11 430</b>	<b>21 903</b>	<b>3 189</b>	<b>33 361</b>
Other result elements:					
Translation differences		-1 824		-63	
Change in pension experience adjustments					-3 498
Tax on other comprehensive income					846
<b>Comprehensive income</b>	<b>16 583</b>	<b>9 606</b>	<b>21 903</b>	<b>3 126</b>	<b>30 709</b>

# Statement of financial position

## Storebrand Helseforsikring AS

(NOK thousand)	30.06 2016	31.12 2015
<b>ASSETS</b>		
Intangible assets	16 341	15 329
<b>Total intangible assets</b>	<b>16 341</b>	<b>15 329</b>
<b>FAIR VALUE FINANCIAL ASSETS</b>		
Bonds and other securities - fixed yield	482 766	430 153
Financial derivatives		5 878
Other financial assets	1 152	4 385
<b>Total financial assets</b>	<b>483 918</b>	<b>440 416</b>
<b>RECEIVABLES</b>		
Receivables due from insurance customers	175 608	146 875
Receivables to connected parties	479	425
Other receivables	3 210	4 439
<b>Total receivables</b>	<b>179 297</b>	<b>151 739</b>
<b>OTHER ASSETS</b>		
Fixed assets	391	495
Cash and bank	7 776	28 967
<b>Total other assets</b>	<b>8 167</b>	<b>29 462</b>
Prepaid costs and accrued income	1 881	574
<b>Total prepaid costs and accrued income</b>	<b>1 881</b>	<b>574</b>
<b>Total assets</b>	<b>689 604</b>	<b>637 520</b>

# Statement of financial position

## Storebrand Helseforsikring AS (continue)

(NOK thousand)	30.06 2016	31.12 2015
<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	11 812	11 044
Other retained earnings	97 006	75 870
<b>Total retained earnings</b>	<b>108 818</b>	<b>86 915</b>
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	291 823	229 113
Claims reserve gross	75 868	79 517
<b>Total insurance liabilities gross</b>	<b>367 691</b>	<b>308 630</b>
RESERVES FOR LIABILITIES		
Pension liabilities	3 920	3 920
Period tax liabilities	-2 678	8 169
Deferred tax	27 327	21 392
<b>Total reserves for liabilities</b>	<b>28 568</b>	<b>33 481</b>
DEBT		
Due in respect of direct insurance	11 395	10 048
Allocation to dividends		23 097
Other debt	3 565	3 980
Financial derivatives	896	
Debt to connected parties		324
<b>Total debt</b>	<b>15 855</b>	<b>37 448</b>
Accrued costs and deferred income	13 671	16 046
<b>Total accrued costs and deferred income</b>	<b>13 671</b>	<b>16 046</b>
<b>Total equity capital and liabilities</b>	<b>689 604</b>	<b>637 520</b>

# Cash flow statement Storebrand Helseforsikring AS

(NOK thousand)	Q1	
	2016	2015
<b>Cash flows from operations</b>		
Net receipts - insurance	336 633	303 543
Net payments/claims insurance	-228 875	-196 305
Payment of income tax	-10 245	-1 111
Payments relating to operations	-62 026	-53 135
<b>Net cash flow from operations before financial assets</b>	<b>35 487</b>	<b>52 993</b>
Net receipts/payments - mutual funds	-33 772	-25 632
<b>Net cash flow from financial assets</b>	<b>-33 772</b>	<b>-25 632</b>
<b>Net cash flow from operations</b>	<b>1 714</b>	<b>27 361</b>
<b>Cash flows from investment activities</b>		
Net receipts/payment - sale/purchase of fixed assets	-3 042	-3 550
<b>Net cash flow from investment activities</b>	<b>-3 042</b>	<b>-3 550</b>
Payment of dividends	-23 097	-41 161
<b>Net cash flow from financing activities</b>	<b>-23 097</b>	<b>-41 161</b>
<b>Net cash flow for the period</b>	<b>-24 424</b>	<b>-17 351</b>
-of which net cash flow inn the period before financial asset	32 445	49 442
<b>Net movement in cash and cash equivalents</b>	<b>-24 424</b>	<b>-17 351</b>
Cash and cash equivalents at start of the period	33 352	48 296
<b>Cash equivalents at the end of the period</b>	<b>8 928</b>	<b>30 945</b>

## Statement of change in equity

(NOK thousand)	Share capital	Share premium reserve	Total paid in capital	Guarantee scheme	Other equity	Total retained earnings	Total equity
Profit					33 361	33 361	33 361
Change in guarantee reserve				-8 463	8 463		
Change in pension experience adjustments					-3 498	-3 498	-3 498
Tax on other comprehensive income					846	846	846
Share dividend					-23 097	-23 097	-23 097
<b>Equity 31.12.15</b>	<b>33 000</b>	<b>122 000</b>	<b>155 000</b>	<b>11 044</b>	<b>75 870</b>	<b>86 915</b>	<b>241 915</b>
Profit					21 903	21 903	21 903
Change in guarantee reserve				768	-768		
<b>Equity 30.06.16</b>	<b>33 000</b>	<b>122 000</b>	<b>155 000</b>	<b>11 812</b>	<b>97 006</b>	<b>108 818</b>	<b>263 818</b>

# Notes

## Storebrand Helseforsikring AS

### Note 01

#### Accounting principles

Except for the treatment of security provisions, the accounts prepared in accordance with accounting principles applied in the financial statements for 2015. A description of the accounting policies presented in the annual report for 2015. New accounting regulations which came into force 01.01.2016 represents a change compared with earlier so it does not longer be allocated for security provision. The change is treated as a change in accounting policy and security provisions are now included in the company's equity.

#### STATEMENT OF COMPREHENSIVE INCOME

NOK thousand	2nd quarter 2015			30.06.2015			Full year 2015		
	Reported figures	Security reserve	Revised figures	Reported figures	Security reserve	Revised figures	Reported figures	Security reserve	Revised figures
Change in security reserve	-2 089	2 089		-2 974	2 974		-9 778	9 778	
Exchange effects on the security provisions in Sweden								3 907	3 907
<b>Pre tax profit</b>	<b>13 282</b>	<b>2 089</b>	<b>15 372</b>	<b>1 282</b>	<b>2 974</b>	<b>4 256</b>	<b>28 766</b>	<b>13 685</b>	<b>42 451</b>
Tax	-3 420	-522	-3 942	-323	-743	-1 067	-5 668	-3 421	-9 090
<b>Profit before other comprehensive income</b>	<b>9 863</b>	<b>1 567</b>	<b>11 430</b>	<b>959</b>	<b>2 230</b>	<b>3 189</b>	<b>23 097</b>	<b>10 264</b>	<b>33 361</b>

#### STATEMENT OF FINANCIAL POSITION

NOK thousand	01.01.2015			31.12.2015		
	Reported figures	Security reserve	Revised figures	Reported figures	Security reserve	Revised figures
<b>Assets</b>						
Deferred tax assets				389	-389	
<b>Total assets</b>	<b>597 988</b>		<b>597 988</b>	<b>637 909</b>	<b>-389</b>	<b>637 520</b>
<b>Equity capital and liabilities</b>						
Other retained earnings	4 717	55 079	59 796	10 528	65 343	75 870
<b>Total retained earnings</b>	<b>24 224</b>	<b>55 079</b>	<b>79 302</b>	<b>21 572</b>	<b>65 343</b>	<b>86 915</b>
Security reserve	73 438	-73 438		87 123	-87 123	
<b>Total insurance liabilities gross</b>	<b>335 620</b>	<b>-73 438</b>	<b>262 181</b>	<b>395 754</b>	<b>-87 123</b>	<b>308 630</b>
Deferred tax	1 573	18 360	19 932		21 392	21 392
<b>Total equity capital and liabilities</b>	<b>597 988</b>		<b>597 988</b>	<b>637 909</b>	<b>-389</b>	<b>637 520</b>

### Note 02

#### Financial risks:

There is no change in the risk picture compared to that described in the 2015 Annual Report.

## Note 03 | Capital requirements

Storebrand Helseforsikring AS is subject to the European solvency regime Solvency II, which was implemented in Norwegian law through Financial corporations Act and Regulations with effect from 1.1.16.

The solvency margin and the coverage of the minimum capital requirement is the key ratios in Solvency II. Companies that fall below 100% solvency margin will be put under stricter supervision, and it is forbidden to have less capital than the minimum capital requirement. Storebrand Health Insurance had a yield of respectively 173% and 629% in terms of solvency and coverage of minimum capital requirement pr. 06.30.16.

The solvency margin over is the quotient between the company's solvency margin capital at the company's solvency capital requirements. The solvency margin capital that the company arrived at by first allocating regulatory capital between four groups basis capital and a residual category of supplementary capital in line with solvency II Regulation, then applying rules for how much of each category of capital that can be used. Because Storebrand Helseforsikring AS is only financed with capital belonging to Group 1 without limitations, the company has opportunity to use all his capital in solvency margin calculations. An overview of the company's basis capital is given below.

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. Storebrand Helseforsikring AS do not yet take into account loss absorbing effects of provisions and tax.

Minimum capital requirement must be reported before and after application of a lower and upper limit, respectively 25 % and 45 % of the solvency capital requirement, and that the nominal level of the minimum capital requirement shall also be stated.

### SOLVENCY CAPITAL

(NOK tusen)	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3
Share capital	33 000	33 000			
Share premium	122 000	122 000			
Reconciliation reserve	83 070	83 070			
<b>Total solvency capital</b>	<b>238 070</b>	<b>238 070</b>			
<b>Total solvenskapital tilgjengelig til å dekke minstekapitalkravet</b>	<b>238 070</b>	<b>238 070</b>			

### SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

(NOK thousand)	
Market	30.616
Counterparty	29 470
Life	2 714
Health	0
P&C	107 926
Operational	0
Diversification	17 706
<b>Total solvency requirement</b>	<b>-20 525</b>
<b>Solvencymargin</b>	<b>173,4 %</b>
<b>Minimum capital requirement</b>	<b>37 882</b>
<b>Minimum margin</b>	<b>628,5 %</b>



Note  
04

Tax Charge

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK thousand)	30.6.2016
Ordinary pre-tax profit	27 236
Expected tax on income at nominal rate	-6 809
Tax effect of:	
permanent differences	874
Change in previous years	602
<b>Tax charge</b>	<b>-5 333</b>
<b>Effective tax rate</b>	<b>19,6 %</b>

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