

Interim Report 1st quarter 2012

Storebrand Helseforsikring AS

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Interim Report Storebrand Helseforsikring AS

As at 31 March 2012

Storebrand Helseforsikring made a profit before tax of NOK 13.0 million (3.6 million) in 1st quarter 2012.

Premiums earned totalled NOK 85.6 million (77.4 million) in 1st quarter, an increase of 11 per cent compared to 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 53.0 million (53.2 million) in 1st quarter. The claims ratio stood at 62 per cent (69 per cent) at the end of 1st quart and the underlying risk development is satisfying.

Insurance-related operating costs for the quarter were NOK 22.7 million (23.4 million). The cost ratio ended at 27 per cent (30 per cent), reflecting increased efficiency in the company.

Net investment income for the quarter was NOK 2.4 million (3.1 million). 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 90.9 per cent as at 31 March 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 274 per cent as at 31 March 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.

Lysaker, 25 May 2012

The Board of Storebrand Helseforsikring AS

Income statement Storebrand Helseforsikring AS

NOK thousand	01.01.-31.03.		
	2012	2011	Full year 2011
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums written	126,672	109,186	331,973
- Reinsurers' share	-476	-429	-1,762
Gross change in reserve for unearned premiums	-40,553	-31,360	-11,229
Premium income for own account	85,643	77,397	318,983
Allocation of investment return transferred from the non-technical accounts	3,450	5,828	4,975
CLAIMS EXPENSES			
Gross claims paid	-53,726	-53,144	-202,945
Gross change in claims reserve	691	-11	2,987
Claims expenses for own account	-53,034	-53,155	-199,957
INSURANCE RELATED OPERATING COSTS			
Sales costs	-8,793	-8,944	-34,498
Insurance related administration costs	-13,141	-12,674	-48,109
Insurance related operating costs for own account	-21,934	-21,618	-82,608
Other insurance related operating cost	-802	-1,807	-2,993
Balance on the technical account before allocations to security reserve	13,323	6,645	38,399
Change in fluctuation reserve	717	-374	-3,621
Technical profit	14,040	6,271	34,778
NON-TECHNICAL ACCOUNTS			
Interest and dividend etc from financial assets	3,023	2,270	11,452
Change in value on investments	-1,148	-1,756	2,580
Realised gain and loss on investments	500	2,609	-1,154
Net income from investments	2,375	3,124	12,878
Allocation of investment return transferred to the technical accounts	-3,450	-5,828	-4,975
Non-technical profit	-1,075	3,567	7,904
Profit from ordinary activities	12,965	3,567	42,682
Tax	-3,343		-5,327
Profit/loss for the year	9,622	3,567	37,355
Other result elements:			
Translation differences	736	-248	-89
Total comprehensive for the period	10,358	3,319	37,266

Statement of financial position Storebrand Helseforsikring AS

	31.03 2012	31.12 2011
NOK thousand		
ASSETS		
Deferred tax assets	1,118	
Intangible assets	12,130	12,515
Total intangible assets	13,247	16,976
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	344,052	300,225
Financial derivatives		
Total financial assets	344,052	301,288
RECEIVABLES		
Receivables due from insurance customers	93,489	81,127
Other receivables	546	786
Total receivables	94,035	81,913
OTHER ASSETS		
Fixed assets	1,715	1,831
Cash and bank	34,698	36,849
Total other assets	36,413	38,681
Prepaid costs and accrued income	954	80
Total prepaid costs and accrued income	954	80
Total assets	488,701	438,937

Statement of financial position Storebrand Helseforsikring AS (cont.)

	31.03 2012	31.12 2011
NOK thousand		
EQUITY CAPITAL 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
RETAINED EARNINGS		
Allocation to guarantee reserve	14,473	13,535
Other retained earnings	19,146	9,726
Total retained earnings	33,619	23,261
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	172,496	132,968
Claims reserve gross	33,806	34,737
Fluctuation reserve	45,566	46,601
Total insurance liabilities gross	251,869	214,306
RESERVES FOR LIABILITIES		
Pension liabilities	17,210	17,210
Deferred tax	9,787	
Total reserves for liabilities	26,997	26,997
DEBT		
Due in respect of direct insurance	1,362	1,175
Other debt	8,092	3,905
Financial derivatives	227	
Debt to connected parties	476	250
Total debt	10,157	5,330
Accrued costs and deferred income	11,060	14,043
Total accrued costs and deferred income	11,060	14,043
Total equity capital and liabilities	488,701	438,937

Cash Flow analysis Storebrand Helseforsikring AS

NOK thousand	31.03.12	31.03.11
Cash flows from operations		
Paid-in premiums gross insurance	114,022	97,729
Paid-out claims gross insurance	-53,726	-46,746
Paid-in reinsurance settlements for claims		
Payments to other suppliers for goods and services	-14,540	-14,064
Payments to employees, pensions, employers' Nat. Ins. contributions, etc	-4,606	-10,033
Interest received	225	130
Net payments received relating to securities	-43,112	-25,108
Net cash flow from operations	-1,737	1,908
Cash flows from investment activities		
Net payments received/made for the purchase/sale of interest-bearing securities		
Net payments received/made for the sale/purchase of operating equipment	-414	456
Net cash flow from investment activities	-414	456
Cash flows from financing activities		
Payments received for the issuance of share capital		
Net cash flows from financing activities		
Net cash flow during the period	-2,151	2,364
Net change in cash equivalents	-2,151	2,364
Cash equivalents at the start of the period	36,849	38,522
Cash equivalents at the end of the period	34 698	40 886

Changes to equity Storebrand Helseforsikring AS

NOK thousand	Share capital	Share premium account	Restatement differences	Admin and guarantee scheme	Other equity	Total equity
Equity 31 decemer 2010	33,000	122,000	-1,029	22,263	-30,753	145,481
change to the accounting pollicies:						
Release of administration reserve to free eyuity				-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
Equity at 01.01.11	33,000	122,000	-1,029	12,475	-25,451	140,995
Profit/loss for the year					37,355	37,355
Gain/loss on exchange when converting branch office			-89			-89
Change in administration- and quarantee reserve				1,060	-1,060	
Equity at 31.12.2011	33,000	122,000	-1,118	13,535	10,844	178,261
Profit/loss for the year					9,622	9,622
Gain/loss on exchange when converting branch office			736			736
Change in administration- and quarantee reserve				938	-938	
Equity at 31.03.2012	33,000	122,000	-382	14,473	19,528	188,619

Notes to the accounts for 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 are no substantial changes in the risks that are 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.

Specification capital adequacy

NOK thousand	31.03.2012	31.12.2011
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other equity	8,788	9,726
Total equity	163,788	164,726
Intangible assets	-13,247	-16,976
Net equity and subordinated capital	150,541	147,750
Risk adjusted calculation basis	165,528	144,539
Capital adequacy ratio, pct	90.9%	102.2%

Solvency margin

NOK thousand	31.03.2012	31.12.2011
Solvency margin capital	171,046	169,293
Minimum required solvency margin	62,453	59,636
Funds in excess of requirement	108,593	109,657

Specification of solvency margin capital

NOK thousand	31.03.2012	31.12.2011
Net equity and subordinated capital	150,541	147,750
Eligible share of security reserves	20,505	21,543
Solvency margin capital	171,046	169,293

Storebrand Helseforsikring AS

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