



Interim Report 1st quarter 2018

Storebrand Helseforsikring AS (unaudited)

Interim Report Storebrand Helseforsikring AS

As at 31 March 2018

Pre tax profit is NOK 7.0 million (NOK 7.0 million) in 1st quarter.

Premiums earned totalled NOK 167.3 million (NOK 151.1 million) in 1st quarter. An increase of 11 percent from the same period in 2017. Measured by annual premiums, Storebrand Helseforsikring is one of the market leaders in Norway. Health-related insurance is growing. This is driven by companies' desire to reduce sickness absence, increase work satisfaction and reduction in total insurance costs. This type of employee benefits is increasing in popularity among the employees.

Cost of claims amounted to NOK 134.5 million (NOK 118.1 million) in 1st quarter. The claims ratio for own account stood at 80 per cent (78 per cent). The underlying risk development is satisfactory.

Insurance-related operating costs came to NOK 28.8 million (NOK 26.7 million) in 1st quarter. The net cost ratio for own account ended up at 17 per cent (18 per cent).

The net non-technical result amounted to NOK 3.0 million (NOK 2.6 million) in 1st quarter. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit papers. The financial return in 1st quarter was 0.38 per cent. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK 1.2 million (NOK minus 0.9 million).

Solvency margin should be above 100 per cent and was 226 per cent 1st quarter 2018. At year- end 2017 the solvency margin was 237 per cent.

Oslo, 30 th May 2018

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of Comprehensive income

NOK thousand	01.01.-31.03.		Full year
	2018	2017	2017
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums earned	167,703	151,493	651,560
- Reinsurers' share	-424	-414	-1,708
Premium income for own account	167,279	151,079	649,852
Other insurance related income	17	6	44
CLAIMS EXPENSES			
Gross claims incurred	-134,664	-118,097	-439,684
- Reinsurers' share	130	41	55
Claims expenses for own account	-134,534	-118,056	-439,629
INSURANCE RELATED OPERATING COSTS			
Sales costs	-12,029	-12,116	-46,293
Insurance related administration costs (incl. commissions for reinsurance received)	-16,728	-14,607	-66,253
Insurance related operating costs for own account	-28,756	-26,724	-112,547
Technical profit	4,005	6,305	97,720
NON-TECHNICAL ACCOUNTS			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets	2,685	2,605	11,396
Change in value on investments	-4,227	-186	-2,325
Realised gain and loss on investments	-1,489	1,810	3,347
Management expenses linked to investment, included interest cost	-128	-480	-502
Net income from investments	-3,159	3,748	11,917
Other income	6,032	2,566	10,202
Other cost	94	-3,672	-14,132
Non-technical profit	2,967	2,643	7,987
Pre tax profit	6,972	8,948	105,707
Tax	-60	-2,132	-27,033
Profit before other comprehensive income	6,912	6,816	78,674
Other result elements:			
Translation differences			
Change in pension experience adjustments			1,765
Tax on other comprehensive income			-441
Comprehensive income	6,912	6,816	79,998

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Statement of financial position

NOK thousand	31.03.18	31.12.17
ASSETS		
Intangible assets	14,664	15,122
Total intangible assets	14,664	15,122
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	491,010	505,117
Financial derivatives		1,474
Other financial assets		
Total financial assets	491,010	506,591
RECEIVABLES		
Receivables due from insurance customers	191,696	149,606
Receivables arising from reinsurance business		
Receivables to connected parties		
Other receivables	5,773	19,393
Total receivables	197,469	168,999
OTHER ASSETS		
Fixed assets	34	84
Cash and bank	20,552	42,313
Pension assets	43	43
Deferred tax assets		
Total other assets	20,629	42,440
Prepaid costs and accrued income	10,197	174
Total prepaid costs and accrued income	10,197	174
Total assets	733,970	733,327

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Statement of financial position

NOK thousand	31.03.18	31.12.17
EQUITY CAPITAL AND LIABILITIES		
PAID IN CAPITAL		
Share capital	33,000	33,000
Share premium	122,000	122,000
Total paid in capital	155,000	155,000
RETAINED EARNINGS		
Allocation to guarantee reserve	13,379	13,041
Other retained earnings	82,327	75,753
Total retained earnings	95,707	88,795
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	327,426	252,371
Claims reserve gross	79,344	72,398
Total insurance liabilities gross	406,770	324,769
RESERVES FOR LIABILITIES		
Pension liabilities		
Period tax liabilities	5,404	30,814
Deferred tax	23,619	21,980
Total reserves for liabilities	29,023	52,794
DEBT		
Due in respect of direct insurance	13,108	10,802
Allocation to dividends		78,674
Other debt	18,505	10,543
Financial derivatives	2,831	
Debt to connected parties	474	219
Total debt	34,918	100,238
Accrued costs and deferred income	12,552	11,730
Total accrued costs and deferred income	12,552	11,730
Total equity capital and liabilities	733,970	733,327

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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 retained earnings	Total equity
Equity 01.01.17	33,000	122,000	155,000	12,237	75,234	87,471	242,471
Profit					78,674	78,674	78,674
Change in guarantee reserve				804	-804		
Change in pension experience adjustments					1,765	1,765	1,765
Tax on other comprehensive income					-441	-441	-441
Share dividend					-78,674	-78,674	-78,674
Equity 31.12.17	33,000	122,000	155,000	13,041	75,753	88,795	243,795
Profit					6,912	6,912	6,912
Change in guarantee reserve				338	-338		
Equity 31.03.18	33,000	122,000	155,000	13,379	82,327	95,707	250,707

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Statement of cash flow 1. January - 31. March

NOK thousand	2018	2017
Cash flows from operations		
Net receipts - insurance	202,550	192,123
Net payments/claims insurance	-127,589	-113,107
Payment of income tax	-32,873	-8,282
Payments relating to operations	-5,606	-22,721
Net cash flow from operations before financial assets	36,482	48,014
Net receipts/payments - mutual funds	21,413	18,212
Net cash flow from financial assets	21,413	18,212
Net cash flow from operations	57,895	66,226
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-981	-1,856
Net cash flow from investment activities	-981	-1,856
Cash flows from financing activities		
Payment of dividends	-78,674	-72,379
Net cash flow from financing activities	-78,674	-72,379
Net cash flow for the period	-21,761	-8,009
-of which net cash flow in the period before financial asset	-43,174	-26,221
Net movement in cash and cash equivalents	-21,761	-8,009
Cash and cash equivalents at start of the period	42,313	21,439
Cash equivalents at the end of the period	20,552	13,429

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 2017 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 2018 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

There is no change in the risk picture compared to that described in the 2017 Annual Report.

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 246 million the company's solvency capital coverage is 226 per cent while the minimum capital requirement is covered by 609 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	31.03.18				Total	31.12.17
		Group 1 unlimited	Group 1 limited	Group 2	Group 3		
Share capital	33,000	33,000		0		33 000	
Share premium	122,000	122,000		0		122 000	
Reconciliation reserve	91,331	91,331				85 378	
Total solvency capital	246,331	246,331	0	0	0	240 378	
Total solvency capital available to cover minimum capital requirement	246,331	246,331	0	0		240 378	

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	31.03.18	31.12.17
Market	31,593	34,055
Counterparty	12,991	10,964
Health	109,388	105,855
Operational	20,033	19,547
Diversification	-28,368	-28,177
Loss-absorbing capacity of deferred taxes	-36,409	-35,561
Total solvency requirement	109,228	106,683
Solvencymargin	225.5 %	225.3 %
Minimum capital requirement	40,472	38,007
Minimum margin	608.7 %	632.5 %

Note 05 | Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	31.03.18
Ordinary pre-tax profit	6,972
Expected tax on income at nominal rate	-1,743
Tax effect of:	
permanent differences	104
Change in earlier years	1,579
Tax charge	-60
Effective tax rate	0.9 %

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