

Interim Report 1st quarter 2014

Storebrand Helseforsikring AS



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2014

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As at 31 March 2014

Profit before tax is NOK 7.2 million (NOK 7.5 million) in 1st quarter.

Premiums earned totalled NOK 116.2 million (NOK 98.9 million) in 1st quarter. This is an increase of 17 per cent compared to the equivalent period in 2013. Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. Health-related insurance are increasingly, 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.

Cost of claims amounted to NOK 86.5 million (NOK 71.4 million) in 1st quarter. The claims ratio for own account stood at 74 per cent (72 per cent) in 1st quarter. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 23.8 million (NOK 24.8 million) in 1st quarter. The net cost ratio for own account ended up at 20 per cent (25 per cent) in 1st quarter, and reflects the increased efficiency in the company.

The net financial items amounted to NOK 1.6 million (NOK 5.6 million) in 1st quarter. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit.

The capital adequacy requirement is 8 per cent of risk-weighted balance sheet and the company's capital adequacy ratio was 70.2 per cent as at 31 March 2014 up from 58.8 per cent at the beginning of the year. The increase is due disappearance of risk weighted value of currency derivatives made for reducing the currency risk from the branch.

The solvency margin requirement is 100 per cent and the solvency margin is estimated to be 218.0 per cent, down from 232.0 per cent at the beginning of the year due to increased earned premiums without counting profits made so far this year as primary capital.

Profit and loss account Storebrand Helseforsikring AS

NOK thousand	01.01.-31.03.		Full year
	2014	2013	2013
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums written	180,042	151,094	441,186
- Reinsurers' share	-615	-186	-1,161
Gross change in reserve for unearned premiums	-63,229	-52,013	-15,718
Premium income for own account	116,198	85,643	366,747
Allocation of investment return transferred from the non-technical accounts	1,333	4,230	3,361
CLAIMS EXPENSES			
Gross claims paid	-83,843	-70,411	-298,655
Gross change in claims reserve	-2,802	-951	-5,979
Claims expenses for own account	-86,511	-53,034	-233,391
INSURANCE RELATED OPERATING COSTS			
Sales costs	-12,209	-10,566	-41,471
Insurance related administration costs	-11,593	-14,189	-52,282
Insurance related operating costs for own account	-23,802	-21,934	-90,540
Balance on the technical account before allocations to security reserve	7,218	13,462	46,371
Change in security reserve	-341	-875	-8,678
Technical profit	6,877	14,179	40,525
NON-TECHNICAL ACCOUNTS			
Interest and dividend etc from financial assets	2,734	2,962	11,225
Change in value on investments	-3,729	1,681	1,758
Realised gain and loss on investments	2,712	1,105	3,177
Management expenses linked to investment, included interest cost	-96	-103	-403
Net income from investments	1,620	2,375	10,905
Allocation of investment return transferred to the technical accounts	-1,333	-4,230	-3,361
Other income / other cost	70	-21	-226
Non-technical profit	358	-1,214	7,338
Pre tax profit	7,235	12,965	47,863
Tax	-1,937	-2,000	-7,342
Profit before other comprehensive income	5,298	9,622	34,807
Other result elements:			
Re-statement differences	1,934	-3,229	-7,023
Total comprehensive income for the period	7,231	10,358	36,017

Statement of financial position Storebrand Helseforsikring AS

	31.03 2014	31.12 2013
NOK thousand		
ASSETS		
Intangible assets	11,641	12,542
Total intangible assets	11,641	12,542
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	388,298	382,846
Financial derivatives	0	1,887
Other financial assets	1,093	720
Total financial assets	389,391	385,453
RECEIVABLES		
Receivables due from insurance customers	131,700	105,539
Other receivables	9,459	8,399
Total receivables	141,158	113,938
OTHER ASSETS		
Fixed assets	1,466	1,299
Cash and bank	34,134	18,843
Total other assets	35,600	20,143
Prepaid costs and accrued income	10	0
Total prepaid costs and accrued income	10	0
Total assets	577,801	532,076

Statement of financial position Storebrand Helseforsikring AS (cont.)

	31.03	31.12
NOK thousand	2014	2013
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	17,506	17,398
Other retained earnings	19,391	12,269
Total retained earnings	36,898	29,667
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	235,176	174,505
Claims reserve gross	48,338	45,999
Security reserve	63,197	63,567
Total insurance liabilities gross	346,710	284,070
RESERVES FOR LIABILITIES		
Pension liabilities	9,951	9,951
Deferred tax	1,732	3,463
Reserves for other risks and costs	2,119	182
Total reserves for liabilities	13,802	13,597
DEBT		
Due in respect of direct insurance	6,698	3,537
Allocation to dividends	0	25,000
Other debt	5,640	13,938
Financial derivatives	2,446	0
Debt to connected parties	674	237
Total debt	15,459	42,712
Accrued costs and deferred income	9,931	7,031
Total accrued costs and deferred income	9,931	7,031
Total equity capital and liabilities	577,801	532,076

Cash Flow analysis Storebrand Helseforsikring AS

NOK thousand	Q1	
	2014	2013
Cash flows from operations		
Net receipts - insurance	156 427	127 828
Net payment compensation and insurance benefits	-83 709	-70 411
Payment of income tax	-1 732	-4 894
Payments relating to operations	-30 388	-27 084
Net payments received relating to securities	0	0
Net cash flow from operations before financial assets	40 598	25 440
Net receipts/payments - mutual funds	669	-25 943
Net cash flow from financial assets	669	-25 943
Net cash flow from operations	41 267	-503
Net receipts/payment - sale/purchase of fixed assets	-603	-473
Net cash flow from investment activities	-603	-473
Payment of dividends	-25 000	0
Net cash flow from financing activities	-25 000	0
Net cash flow for the period	15 664	-976
-of which net cash flow in the period before financial asset	39 995	24 967
Net movement in cash and cash equivalents	15 664	-976
Cash and cash equivalents at start of the period	19 563	36 597
Cash equivalents at the end of the period	35 227	35 621

Changes to equity Storebrand Helseforsikring AS

NOK thousand	Share capital	Share premium account	Restatement differences	Pension experience adjustments	Admin and guarantee scheme	Other equity	Total equity
Equity at 01.01.13	33,000	122,000	93	7,763	14,786	17,400	195,042
Profit/loss for the year						25,726	25,726
Re-statement differences			-7,023				-7,023
Change in guarantee reserve					2,611	-2,611	0
Change in pension experience adjustments				-4,078			-4,078
Dividend						-25,000	-25,000
Equity at 31.12.2013	33,000	122,000	-6,930	3,685	17,397	15,514	184,667
Profit/loss for the year						5,298	5,298
Re-statement differences			1,934				1,934
Change in guarantee reserve					109	-109	0
Change in pension experience adjustments							
Dividend							
Equity at 31.03.2014	33,000	122,000	-4,996	3,685	17,506	20,703	191,898

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 2013 Annual Accounts. A description of the accounting principles is given in the 2013 Annual Report.

NOTE 2 – FINANCIAL RISKS:

There is no change in the risk picture compared to that described in the 2013 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	31.3.2014	31.12.2013
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other equity	12,269	12,269
Total equity	167,269	167,269
Intangible assets	-11,641	-12,542
Net primary capital	155,628	154,727
Calculation base by class of risk weighting	566,160	517,646
Risk weight 0%	0	0
Risk weight 10%	95,907	95,701
Risk weight 20%	322,550	295,541
Risk weight 50%	0	0
Risk weight 100%	147,703	126,404
Weighted assets in the balance sheet	221,804	195,082
Weighted interest rate and FX contracts	0	68,012
Risk weighted calculation base	221,804	263,094
Capital adequacy ratio	70.2%	58.8%

Solvency margin

NOK thousand	31.3.2014	31.12.2013
Solvency margin demand	84,433	79,011
Solvency margin capital	184,067	183,332
Solvency margin	218.0%	232.0%

Specification of solvency margin capital

NOK thousand	31.3.2014	31.12.2013
Net primary capital	155,628	154,727
Counting security reserve	28,439	28,605
Solvency margin capital	184,067	183,332

The minimum solvency margin is calculated as the greater of two measurements, based either on last year's premiums or the average of the last three year's claims received. The minimum requirement is calculated from the previous year's account, and applies for the whole of the next year.

NOTE 4 - TAX

Reconciliation of expected and actual tax charge

NOK thousand	31.03.2014
Ordinary pre-tax profit	7,235
Expected tax on income at nominal rate	-1,953
Tax effect of:	
permanent differences	16
Tax charge	-1,937
Effective tax rate	26.8 %