



Interim Report 3th quarter 2012
Storebrand
Helseforsikring AS



Interim Report Storebrand Helseforsikring AS

As at 30 September 2012

Storebrand Helseforsikring made a profit before tax of NOK 21.2 million (21.8 million) in 3 quarter 2012, and a profit of NOK 47.6 million (34.9 million) so far this year.

Premiums earned totalled NOK 93.3 million (79.6 million) in 3 quarter and NOK 268.2 million (235.2 million) so far this year. This is an accumulated increase of 14 per cent compared to the equivalent period in 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 52.0 million (41.5 million) in 3 quarter, and NOK 159.5 million (141.3 million) so far this year. The claims ratio stood at 56 per cent (52 per cent) at the end of 3 quarter and 59 per cent (60 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 22.1 million (17.8 million) in 3 quarter and NOK 67.5 million (64.5 million) so far this year. The net costs ratio ended up at 24 per cent (25 per cent) in 3 quarter and 25 per cent (28 per cent) on an accumulated basis. The relative reduction in costs is due to increased efficiency in the operations.

The net financial items amounted to NOK 4.7 million (4.5 million) in 3 quarter and NOK 9.8 million (9.3 million) so far this year. 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 77.1 per cent as at 30 September 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 252.5 per cent as at 30 September 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, 29 November 2012

The Board of Storebrand Helseforsikring AS

Income statement Storebrand Helseforsikring AS

NOK thousand	Q3		01.01.-30.09.		Full year 2011
	2012	2011	2012	2011	
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums written	66,324	56,073	288,645	247,057	331,973
- Reinsurers' share	-516	-433	-1,492	-1,301	-1,762
Gross change in reserve for unearned premiums	27,539	23,988	-18,905	-10,535	-11,229
Premium income for own account	93,347	79,628	268,249	235,221	318,983
Allocation of investment return transferred from the non-technical accounts	-97	-512	3,527	5,516	4,975
CLAIMS EXPENSES					
Gross claims paid	-51,170	-41,869	-157,420	-144,531	-202,945
Gross change in claims reserve	-1,330	404	-2,121	3,248	2,987
Claims expenses for own account	-52,500	-41,481	-159,541	-141,299	-199,957
INSURANCE RELATED OPERATING COSTS					
Sales costs	-8,547	-8,141	-27,302	-25,951	-34,498
Insurance related administration costs	-13,507	-9,703	-40,190	-38,564	-50,938
Insurance related operating costs for own account	-22,054	-17,844	-67,492	-64,515	-85,437
Other insurance related operating cost		-2,056		-2,222	-164
Balance on the technical account before allocations to security reserve	18,696	17,735	44,743	32,700	38,399
Change in security reserve	-2,295	-977	-3,452	-1,546	-3,621
Technical profit	16,402	16,758	41,292	31,154	34,778
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	3,032	-4,842	8,979		11,452
Change in value on investments	-1,953	8,777	-2,188	7,742	2,580
Realised gain and loss on investments	3,658	2,178	3,277	3,119	-1,154
Management expenses linked to investment, included interest cost	-11		-318		
Net income from investments	4,726	4,517	9,750	9,265	12,878
Allocation of investment return transferred to the technical accounts	97	512	-3,527	-5,516	-4,975
Other income / other cost	-31		107		
Non-technical profit	4,792	5,029	6,330	3,749	7,904
Profit from ordinary activities	21,194	21,787	47,622	34,903	42,682
Tax	-7,516		-14,600		-5,327
Profit/loss for the year	13,678	21,787	33,022	34,903	37,355
Other result elements:					
Re-Statement differences	-962	-2,377	-329	-960	-89
Total comprehensive for the period	12,715	19,410	32,693	33,943	37,266

Statement of financial position Storebrand Helseforsikring AS

	30.09	31.12
NOK thousand	2012	2011
ASSETS		
Deferred tax assets	4,460	4,460
Intangible assets	11,646	12,515
Total intangible assets	16,106	16,976
FAIR VALUE FINANCIAL ASSETS		
Bonds and other securities - fixed yield	369,084	300,225
Financial derivatives		1,063
Total financial assets	369,084	301,288
RECEIVABLES		
Receivables due from insurance customers	85,374	81,127
Receivables to connected parties	1	
Other receivables	561	786
Total receivables	85,935	81,913
OTHER ASSETS		
Fixed assets	1,529	1,831
Cash and bank	38,487	36,849
Total other assets	40,016	38,681
Prepaid costs and accrued income	105	80
Total prepaid costs and accrued income	105	80
Total assets	511,246	438,937

Statement of financial positions

Storebrand Helseforsikring AS (cont.)

	30.09	31.12
NOK thousand	2012	2011
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	14,936	13,535
Other retained earnings	41,019	9,726
Total retained earnings	55,954	23,261
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	152,025	132,968
Claims reserve gross	36,914	34,737
Security reserve	50,128	46,601
Total insurance liabilities gross	239,067	214,306
RESERVES FOR LIABILITIES		
Pension liabilities	17,210	17,210
Deferred tax	14,600	9,787
Total reserves for liabilities	31,809	26,997
DEBT		
Due in respect of direct insurance	2,385	1,175
Other debt	12,532	3,905
Debt to connected parties		250
Financial derivatives	958	
Total debt	15,875	5,330
Accrued costs and deferred income	13,541	14,043
Total accrued costs and deferred income	13,541	14,043
Total equity capital and liabilities	511,246	438,937

Cash flow analysis Storebrand Helseforsikring AS

NOK thousand	Q3	
	2012	2011
Cash flows from operations		
Net receipts - insurance	284,117	245,840
Net payments compensation and insurance benefits	-157,420	-126,910
Payment of income tax	-9,787	
Payments relating to operations	-52,913	-85,158
Net payments received relating to securities	107	333
Net cash flow from operations before financial assets	64,103	34,105
Net receipts/payments - mutual funds	-60,811	-40,550
Net cash flow from financial assets	-60,811	-40,550
Net cash flow from operations	3,292	-6,445
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-1,654	-348
Net cash flow from investment activities	-1,654	-348
Net cash flow for the period	1,638	-6,793
-of which net cash flow in the period before financial asset	62,449	33,757
Net movement in cash and cash equivalents	1,638	-6,793
Cash and cash equivalents at start of the period	36,849	38,522
Cash equivalents at the end of the period	38,487	31,729

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 equity				-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 guarantee reserve				1,060	-1,060	
Share issue						
Equity at 31.12.2011	33,000	122,000	-1,118	13,535	10,844	178,261
Profit/loss for the year					33,022	33,022
Gain/loss on exchange when converting branch office			-329			-329
Change in administration- and guarantee reserve				1,400	-1,400	
Share issue						
Equity at 30.09.2012	33,000	122,000	-1,447	14,936	42,466	210,954

Notes 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 is no change in the risk picture compared to that 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 of capital adequacy:

NOK thousand	30.09.2012	31.12.2011
Share capital	33,000	33,000
Share premium account	122,000	122,000
Other equity	8,325	9,726
Total equity	163,325	164,726
Intangible assets	-16,106	-16,976
Net primary capital	147,219	147,750
Calculation base by class of risk weighting	707,448	421,354
Risk weight 0%	201,228	64,758
Risk weight 10%		
Risk weight 20%	377,202	265,417
Risk weight 50%	561	80
Risk weight 100%	115,146	91,099
Weighted assets in the balance sheet	190,867	144,222
Weighted interest rate and FX contracts	68	317
Risk weighted calculation base	190,935	144,539
Capital adequacy ratio	77.1%	102.2%

Solvency margin capital:

NOK thousand	30.09.2012	31.12.2011
Solvency margin demand	67,241	59,636
Solvency margin capital	169,777	169,293
Solvency margin	252.5%	283.9%

Specification of solvency capital :

NOK thousand	30.09.2012	31.12.2011
Net primary capital	147,219	147,750
Counting security reserve	22,558	21,542
Solvency capital	169,777	169,292

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	30.09.2012
Ordinary pre-tax profit	47,622
Expected tax on income at nominal rate	-13,334
Tax effect of:	
permanent differences	-1,266
write-down of deferred tax assets	
Change in previous years	
Tax charge	-14,600
Effective tax rate	30.7 %



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