



If you become ill or injured you would like a quick return to everyday life. With our health insurance, you will get specialist treatment within two weeks.

Ane Pettersen
Storebrand



Annual report 2016 Storebrand Helseforsikring AS

ABOUT THE COMPANY

Storebrand Helseforsikring AS is 50 %-owned by Storebrand ASA and Munich Health Holding AG (MHH), respectively. The company offers treatment insurance in the corporate and retail markets in Norway and Sweden. Its head office is located at Professor Kohts vei 9, Lysaker, Bærum. The company conducts its business through the head office in Norway and the branch in Sweden.

ACCOUNT OF THE FINANCIAL STATEMENT

The annual accounts have been drawn up in accordance with the Norwegian Regulations on Financial Statements for General Insurance Companies which are in accordance with international accounting principles (IFRS), but with some adjustments. The result before tax expense was NOK 97.3 million (NOK 42.5 million).

Gross premium written was NOK 628.6 million (NOK 575.4 million), a 9.2 per cent increase, compared with 2015. Premium income for own account was NOK 615.0 million (NOK 552.7 million). The demand for treatment insurance in the market remains high and Storebrand Health Insurance has a leading market position in Norway in terms of premiums.

Claims incurred for own account were NOK 424.7 million (NOK 419.0 million) for the year. Claims ratio was 69.0 per cent (75.8 per cent). The underlying risk development of the company is satisfactory.

Insurance-related operating costs were NOK 99.8 million (NOK 90.2 million). The cost ratio was 16.2 per cent, a decrease of 0.1 percentage points, compared with the previous year. Operating costs are charged with the loss on impairment and obsolescence of intangible assets of NOK 4.4 million.

Combined ratio was 85.3 per cent (92.2 per cent) in 2016.

Storebrand Helseforsikring achieved a financial return of 2.35 per cent (0.99 per cent) for the investment portfolio. Result of non-technical account totaled 6.6 million (-1.0 million) for the year. Financial income was positively impacted by reduced credit spreads in the Norwegian bond market in 2016, while currency fluctuations resulted in a total currency gains / losses, including the effects of currency derivatives, on -4.2 million. The company has a conservative investment strategy, with most of the funds placed in certificates, bonds and money market funds.

Storebrand Helseforsikring is in a payable tax position. The tax expense for 2016 was NOK 24.9 million (NOK 9.1 million). The result after tax expense is NOK 72.4 million (NOK 33.4 million).

Pursuant to the Norwegian accounting legislation, the board confirms that the company meets the conditions for preparing the financial statements on the basis of a going concern assumption.

In the best judgment of the board, the annual financial statement for 2016 has been prepared in accordance with applicable accounting standards, and the information in the financial statement provides a fair and true picture of the company's assets, liabilities, financial standing and results. The board has no knowledge of events of material importance to the 2016 financial statement having occurred after the reporting date.

RISKS

Storebrand Helseforsikring performs constant follow-up and active management of the company's risk.

BUSINESS RISK

Identification and management of business risk is an integral part of the company's managerial responsibilities. Systematic risk assessments are performed at the organization in relation to operational risks and adopted goals and strategies. The risk analyses result in a general risk report with associated risk-reducing measures, which are presented to and reviewed annually by the company's board.

FINANCIAL RISK

Storebrand Helseforsikring's securities portfolio is mainly invested in Norwegian credit papers with a good credit rating and short interest rate duration. Assessment of price risk, interest rate risk, credit risk, counterparty risk and currency risk is central to management of the securities portfolio. The company conducts regular stress tests to analyse how any unusual market conditions affect the company's securities portfolio. The company checks that the risk level is always appropriate in terms of the company's ability to shoulder risk, and exposure is followed up against the limits set in the company's investment strategy.

INSURANCE RISK

Most of the insurance risk at Storebrand Helseforsikring is linked to the development in the cost of medical treatment. To reduce risk, agreements have been entered into with the largest suppliers of health services with which the company collaborates. To dampen the effect of major claims, the company has also written an 'excess of loss' reinsurance policy. The insurance risk is considered low to moderate, with the agreements that have been entered into.

CAPITAL SITUATION

Storebrand Health Insurance had a total balance of 685.3 million (NOK 637.5 million) at the end of 2016. Storebrand Health Insurance equity amounted 242.5 million (NOK 241.9 million), an increase of 0.6 million.

The solidity Storebrand Health Insurance is good and the company had a solvency margin of 235 per cent.

Solvency II regulations have been introduced from January 2016. In Solvency II, the technical provisions will be an unbiased estimate of the present value of future cash flows. The company will use the standard model for solvency calculations.

RESPONSIBILITY

SUSTAINABILITY

Storebrand Group has worked systematically and purposefully sustainability in nearly 20 years. Sustainability work had its origins in asset management, where sustainability today is part of the mainstay of Storebrand's investment strategy.

During 2016 we established our driving force. Our driving force is about what Storebrand stands for. We create confidence today and a future to look forward to. Our mission describes what we strive for every day: a safe and sustainable future of economic freedom to experience what you want. We will ensure that our customers receive a future to look forward to. We will do this by thinking long term, show that this sustainability is the way to progress and constantly putting the customer's needs first.

Storebrand base their work on sustainability and sustainable investments in global standards for environmental and human rights. We also support UN conventions and guidelines, and has signed the UN Principles for Responsible Investment (UNPRI) and the UN Principles for Sustainable Insurance (PSI).

Sustainability is integral to everything we do and are founded in 10 clear policies for the Group. The Group has published environmental reports since 1995 and sustainability reports since 1999 and is today an integral part of the annual report for Storebrand ASA. The reports follow GRI 4's reporting guidelines.

ETHICS AND TRUST

Trust is the lifeblood of Storebrand. The company requires that its employees must maintain high ethical standards. Storebrand also has ethical rules that are an essential tool of everyday life, and every year they are followed up with training and research. Management teams at every level in the Group discuss ethical dilemmas and go through the regulations at least once a year. Group rules regarding anti-corruption, whistleblowing and combating internal fraud are contained in the Ethical rules and applies to all employees and consultants working for Storebrand.

ENVIRONMENT

The company works purposefully to reduce its impact on the environment, both through its own operations, investments, procurement and property management. The emissions we still have, through travel and energy compensated through the purchase of verified carbon offsets. Storebrand Group sets strict environmental standards for suppliers and the companies it invests in.

PERSONNEL, ORGANIZATION AND GOVERNING BODIES

At the end of the year there were 36 employees, compared with 37 at the beginning of the year. 3 of them are employed at the branch in Sweden. The share of women at the company is 75 per cent (76 per cent). The average age is 40 years and average length of service is 8 years.

Diversity

Storebrand is committed to enhancing the development and have an equal distribution between women and men in all areas and levels of the company. In 2016, 42.9 percent of the company's board consists of women. The share of women in senior management is 50 per cent.

Like the rest of society, the company has evolved towards increased cultural diversity. The company strives equal treatment and equal opportunities in all internal and external recruitment and development processes. The headquarters is a universally designed building.

Competence

High competence is one of Storebrand's most important success factors, and provides the basis for renewed growth. In Storebrand expertise is synonymous with the ability of each individual employee to perform and handle certain tasks and situations. This capability is built up of knowledge and experience, skills, motivation and personality.

In Storebrand, all employees have the opportunity to develop in line with the company's needs. The company has in 2016 focused on that the biggest and most important part of human resource development happens through facilitating development in their daily work. Skills development should take place by the employees are given challenging tasks in his position, and that they get the opportunity to develop new requirements and tasks.

Working environment and sick leave

Storebrand has worked systematically for several years to prevent sick leave, and has placed great emphasis on health and satisfaction. The company had a sick leave rate in 2016 of 5.4 per cent, which are an increase of 0.1 percentage points compared with the previous year. Storebrand has been an including workplace enterprise since 2002, and leaders have over the years established good practices related to monitoring employees during illness. Storebrand has its own health clinic, which made a positive impact on reducing the group's sick leave figures. All managers must take mandatory safety courses where monitoring of disease is part of the learning process. Employees may exercise at a dedicated sports facility during working hours, and the sports club has administrative responsibility for activities at the facility.

No injuries to people, property damage, or accidents of significance were reported at Storebrand in 2016.

BOARD AND MANAGEMENT CHANGES

Jostein Christian Dalland, Anja Berner and Jens Gruss has entered the company board in 2016. There has been no change in management during 2016.

PROSPECTS FOR THE FUTURE

Storebrand Helseforsikring is a major actor in the health insurance market, and has established a market-leading position in high-quality treatment agreements. The market is still growing but is characterized by high competition intensity, increased price pressure and increased frequency of claims payments. Storebrand Helseforsikring has a competitive advantage due to the quality of claims settlement, unlimited liability period, a comprehensive national and international network of high-quality hospitals, and agreements with specialist clinics, and owners with extensive industry experience.

At the end of the year, Storebrand Helseforsikring's total customer base was 163,000 customers (159,000). In 2016, the most important sales channels in Norway were Storebrand's distribution network and brokers. The most important distribution channels in Sweden are SPP, Handelsbanken and brokered channels.

Both the retail and the corporate markets for health insurance are deemed to be profitable. Greater pressure on margins means that one of the main challenges in the future will be to implement solutions that support cost-efficient and profitable operation, and which further strengthen the growth in volume. Storebrand Helseforsikring wants to meet the increased competition in the market with market-adapted products at the right price and level of quality for customers. The market is expected to grow at the present rate for both corporate and privately-paid health insurance.

The board wishes to thank the company's customers for their constant feedback regarding improvements to the company's processes, other business contacts, and the employees for a good collaboration in 2016.

ALLOCATION OF PROFIT FOR THE YEAR

The 2016 result for Storebrand Helseforsikring AS was NOK 72.4 million (NOK 30.7 million).

In the Board's opinion the company's equity is satisfactory and reasonable in view of the company's business activities.

The Board proposes to the General Meeting the following allocation of profit (amounts in NOK million):

(NOK mill.)	2016
Transferred to guarantee reserve	1.2
Allocated to dividend	72.4
Transferred from other equity	-0.7
Total	72.9

Oslo, 28 March 2017

The Board of Storebrand Helseforsikring AS

Andrew Kiely (sign.)
Chairman

Tom Georg Granquist (sign.)

Michaela Bruneheim (sign.)

Therese Barski (sign.)

Jostein Christian Dalland (sign.)

Anja Berner (sign.)

Jens Gruss (sign.)

Bjarke Thorøe (sign.)
CEO

Storebrand Helseforsikring AS

Statement of Comprehensive Income

1 JANUARY - 31 DECEMBER

NOK thousand	Note	2016	2015
TECHNICAL ACCOUNTS			
PREMIUMS			
Gross premiums earned		616 687	554 333
- Reinsurers' share		-1 664	-1 660
Premium income for own account	10,12	552 673	486 788
Other insurance related income		77	82
CLAIMS EXPENSES			
Incurred claims gross		-424 985	-419 749
- Reinsurers' share		335	706
Claims expenses for own account	5,12	-419 043	-357 554
INSURANCE RELATED OPERATING COSTS			
Sales costs		-43 622	-39 909
Insurance related administration costs		-56 202	-50 341
Insurance related operating costs for own account	12, 13, 14, 15, 16, 18, 19	-99 824	-90 249
Technical profit		90 625	43 463
NON-TECHNICAL ACCOUNTS			
NET INCOME FROM FINANCIAL ASSETS			
Interest and dividend etc from financial assets		8 216	9 842
Change in value on investments		103	581
Realised gain and loss on investments		-8 944	896
Costs associated with administration of investments, including interest expense		-495	-452
Net income from investments	11	-1 120	10 867
Other income		7 775	2 129
Other costs		-9	-14 008
Non-technical profit		6 646	-1 012
Pre tax profit		97 271	42 451
Tax	17	-24 892	-9 090

Storebrand Helseforsikring AS

Totalresultatregnskap

NOK thousand	Note	2016	2015
Profit/loss for the year		72 380	33 361
Other result elements:			
Change in pension experience adjustments		741	-3 498
Tax on other comprehensive income	17	-185	846
Comprehensive income		72 935	30 709

Storebrand Helseforsikring AS

Statement of financial position

31 DECEMBER

NOK thousand	Note	2016	2015
ASSETS			
Intangible assets	18	11 824	15 329
Total intangible assets		11 824	15 329
FAIR VALUE FINANCIAL INSTRUMENTS			
Bonds and other securities - fixed yield	22	497 037	430 153
Financial derivatives	23	2 283	5 878
Other financial assets			4 385
Total fair value financial instruments	8,9,20	499 319	440 416
RECEIVABLES			
Receivables due from policyholders	25	146 079	146 875
Receivables from related parties			425
Other receivables		5 939	4 439
Total receivables	20,21	152 018	151 739
OTHER ASSETS			
Fixed assets	19	288	495
Cash and cash equivalents	8,20	21 439	28 967
Total other assets		21 726	29 462
Prepaid costs and accrued income		420	574
Total prepaid costs and accrued income	21	420	574
Total assets		685 307	637 520

Storebrand Helseforsikring AS

Statement of financial position

31 DECEMBER

NOK thousand	Note	2016	2015
EQUITY CAPITAL AND LIABILITIES			
PAID IN CAPITAL			
Share capital		33 000	33 000
Share premium reserve		122 000	122 000
Total paid in capital	27	155 000	155 000
RETAINED EARNINGS			
Allocation to guarantee scheme	25	12 237	11 044
Other retained earnings		75 234	75 870
Total retained earnings	27	87 471	86 915
GROSS INSURANCE LIABILITIES			
Reserve for unearned premiums gross		226 364	229 113
Claims reserve gross	5	73 344	79 517
Total insurance liabilities gross	25	299 707	308 630
RESERVES FOR LIABILITIES			
Pension liabilities	14	1 683	3 920
Period tax liabilities	17	19 549	8 169
Deferred tax	17	22 044	21 392
Total reserves for liabilities		43 276	33 481
DEBT			
Due in respect of direct insurance	25	11 812	10 048
Allocation to dividends	29	72 379	23 097
Other debt	26	5 122	3 980
Debt to related parties	29	356	324
Total debt	20	89 669	37 448
Accrued costs and deferred income		10 184	16 046
Total accrued costs and deferred income	20	10 184	16 046
Total equity capital and liabilities		685 307	637 520

Oslo, 28 March 2017

The Board of Storebrand Helseforsikring AS

Andrew Kiely (sign.)
Chairman

Tom Georg Granquist (sign.)

Michaela Bruneheim (sign.)

Therese Barski (sign.)

Jostein Christian Dalland (sign.)

Anja Berner (sign.)

Jens Gruss (sign.)

Bjarke Thorøe (sign.)
CEO

Storebrand Helseforsikring AS

Cash flow statement

1 JANUARY - 31 DECEMBER

NOK thousand	2016	2015
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Paid-in premiums gross insurance	614 834	545 387
Paid-out claims gross insurance	-425 596	-409 449
Tax payable for the period	-12 360	-6 359
Net receipts/payments operations	-103 103	-72 220
Net cash flow from operational activities before financial assets	73 775	57 359
Net cash flow from financial assets	-56 984	-22 043
Net cash flow from operational activities	16 791	35 316
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net receipts/payments – sale/purchase of fixed assets	-5 608	-9 098
Net cash flow from investment activities	-5 608	-9 098
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-23 097	-41 161
Net cash flow from financing activities	-23 097	-41 161
Net cash flow for the period	-11 914	-14 943
Net movement in cash and cash equivalent assets	-11 914	-14 943
Cash and cash equivalent assets at start of the period	33 352	48 296
Cash and cash equivalent assets at the end of the periode	21 439	33 352

Storebrand Helseforsikring AS

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
Equity 01.01.15	33 000	122 000	155 000	19 507	59 796	79 302	234 302
Profit					33 361	33 361	33 361
Change in guarantee reserve				-8 463	8 463	0	0
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
Equity 31.12.15	33 000	122 000	155 000	11 044	75 870	86 915	241 915
Profit					72 380	72 380	72 380
Change in guarantee reserve				1 193	-1 193	0	0
Change in pension experience adjustments					741	741	741
Tax on other comprehensive income					-185	-185	-185
Share dividend					-72 379	-72 379	-72 379
Equity 31.12.16	33 000	122 000	155 000	12 237	75 234	87 471	242 471

SHAREHOLDERS:

NOK thousand	Number of shares	Nominal value	Share capital
Storebrand ASA	16 500	1	16 500
Munich Health Holding AG	16 500	1	16 500
Total share capital	33 000		33 000

Noter

Storebrand Helseforsikring AS

Note 01 | Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Regulations on Financial Statements for General Insurance Companies which is in accordance with international accounting principles (IFRS), but with some adjustments.

1 - CHANGES IN ACCOUNTING PRINCIPLES

The new Annual Financial Statement Regulations that entered into force on 1 January 2016 entail that provisions for security reserves shall no longer be made in the company's financial statements. The change is handled as a change in accounting principle and security reserves are now included as equity in the company. Provisions are made for related deferred tax. Comparable figures have been restated.

STATEMENT OF COMPREHENSIVE INCOME

NOK thousand	Full year 2015		
	Reported figures	Security reserve	Revised figures
Change in security reserve	-9 778	9 778	0
Exchange effects on the security provisions in Sweden	0	3 907	3 907
Pre tax profit	28 766	13 685	42 451
Tax	-5 668	-3 421	-9 090
Profit before other comprehensive income	23 097	10 264	33 361

STATEMENT OF FINANCIAL POSITION

NOK thousand	1.1.2015			31.12.2015		
	Reported figures	Security reserve	Revised figures	Reported figures	Security reserve	Revised figures
Assets						
Deferred tax assets	0	0	0	389	-389	0
Total assets	597 988	0	597 988	637 909	-389	637 520
Equity capital and liabilities						
Other retained earnings	4 717	55 079	59 796	10 528	65 343	75 870
Total retained earnings	24 224	55 079	79 302	21 572	65 343	86 915
Security reserve	73 438	-73 438	0	87 123	-87 123	0
Total insurance liabilities gross	335 620	-73 438	262 181	395 754	-87 123	308 630
Deferred tax	1 573	18 360	19 932	0	21 392	21 392
Total equity capital and liabilities	597 988	0	597 988	637 909	-389	637 520

2 - USE OF ESTIMATES IN PREPARING THE FINANCIAL STATEMENTS

In preparing the accounts, management must make assumptions and estimates which affect the recognized value of assets, liabilities, revenue and costs and also the notes concerning conditional liabilities. Actual amounts may differ from these estimates. See note 2 for further information about this.

3 - FINANCIAL INSTRUMENTS - GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are recognized in the statement of financial position from such time Storebrand Helseforsikring becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are recorded on the transaction date. When a financial asset or a financial liability is initially recognized in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value through profit or loss.

Financial assets are derecognized when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognized in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortized cost

Subsequent to initial recognition, financial liabilities not at fair value in profit or loss, are measured at amortised cost using the effective interest method. When calculating the effective interest rate, cash flows and all contractual terms of the financial instrument are taken into consideration (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value

For financial assets listed on a stock exchange or other regulated marketplace where regular trading takes place, fair value is the price on the last trading day up to and including the balance sheet date.

If the market for a financial instrument is not active, fair value is determined using recognized valuation methods. Valuation methods include the use of recent arm's length market transactions between knowledgeable and independent parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and this method has proved to provide reliable estimates of prices obtained in actual market transactions, this method will be used.

The company has mainly invested in bonds measured at fair value with changes in value recognized in the income statement.

The company has also invested in derivatives. Derivatives are measured continuously at fair value through profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with payments that are fixed or determinable and which are not quoted in an active market, except those that the entity intends to sell immediately or in the short term that are classified as held for turnover, and those that the company initial recognition designates as at fair value through profit.

Loans and receivables are carried at amortized cost using the effective interest method.

Financial liabilities

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using an effective interest method.

4 - ACCOUNTING FOR THE INSURANCE BUSINESS

Storebrand Helseforsikring's insurance contracts are calculated in accordance with the Act on Insurance Activity and associated regulations and accounted for in accordance with the Norwegian Regulations on Financial Statements for General Insurance Companies. Under the Act on Insurance Activity, insurance-related provisions must be sound.

Insurance premiums are recorded as income according to the insurance period. Costs related to claims are recognised when the claims occur.

4.1 - Unearned premiums (premium reserve)

The reserve for unearned premiums for own account applies to continuing contracts which are in force at the balance-sheet date. Accrued entitlements are calculated on a pro rata basis and without any deduction for costs.

4.2 - Claims reserve

The claims reserve is intended to cover anticipated payment of claims which have been incurred but not settled.

Gross claims provision in Storebrand Helseforsikring is equal to the sum of three terms:

1. Estimated cost for claims incurred but not settled claims (IBNS)
2. estimated cost for claims incurred but not enough reported claims (IBNER)
3. indirect settlement costs (Unallocated loss adjustment expenses, ULAE)

IBNS are calculated for groups of policies with similar risk, based on a modified version of reservation model Bornhuetter Ferguson, which allows seasonal variations in damage costs during the year. IBNER is based on expert assessment, and is an element used to strengthen the claims provisions in lines of business where model estimate for IBNS underestimates the company's commitment. ULAE calculated as a factor of the loss provision in general.

Gross claims provision in the financial statements are not discounted.

4.5 - Guarantee reserve

A required provision for non-life insurance companies. The reserve is intended to help ensure that the insured obtains settlement in relation to policies entered. The reserve is included in retained earnings. The guarantee applies only to Norwegian business and therefore not calculated guarantee reserve of the store in the Swedish branch.

5 - PENSION LIABILITIES FOR OWN EMPLOYEES

The schemes recognized by IAS19. New employees as of 1.1.2011 had defined contribution. Other employees have mainly had defined benefit plan. The pension scheme was from 1 January 2015 changed from defined benefit plan to a defined contribution pension. The effect of this change was recognized in the financial statements at 31.12.2014. Defined contribution pension schemes, the company pays an annual contribution to the employees' collective pension savings. The future pension will depend on the size of the contribution and the annual return on pension savings. The company has no further obligations in respect of labor after the annual contribution is paid. There is no provision for accrued pension commitments in such schemes. Defined contribution plans are expensed directly.

The company participates in the Norwegian AFP scheme (contractual pension). The Norwegian pension scheme is considered to be a defined benefit plan, but there is insufficient quantitative information to estimate reliable accounting obligations and costs. In conjunction with the new rules for disability pensions in occupational law, Storebrand changed disability pension scheme for employees in Norway in 2016.

6 - INTANGIBLE ASSETS

Intangible assets with limited service lives are valued at acquisition cost minus accumulated depreciation and any write-downs. The period and method of depreciation are reviewed annually. New intangible assets are included in the statement of financial position if it can be demonstrated that future economic benefits attributable to the asset are likely to accrue to the group. It must also be possible to estimate the cost price of the asset in a reliable manner. The need for write-downs is assessed when there are indications of a fall in value. Otherwise write-downs of intangible assets and reversals of write-downs are dealt with in the same way as described for tangible fixed assets.

7 - TANGIBLE FIXED ASSETS

The company's tangible fixed assets consist of equipment and fixtures and fittings.

Equipment and fixtures and fittings are valued at acquisition cost minus less depreciation and any write-downs. There are assessed for impairment if there are indications of impairment. At each reporting date are measured for possible reversal of the impairment of non-financial assets.

8 - TAX

The tax cost in the income statement consists of tax payable for the accounting year and changes in deferred tax. Tax is recognized in the income statement, except when it relates to items that are recognized directly against equity. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recognized in the statement of financial position where it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset.

It is not calculated deferred tax on the technical provisions in equity in accordance with the Norwegian Regulations on Financial Statements etc. for Insurance Companies § 3-4 Deferred tax.

Finance Tax

In connection with the state budget for 2017 it was adopted a financial tax with two elements:

- Finance Tax on wages. This is set to 5 percent and will follow the rules for payroll tax
- The tax rate on ordinary income for enterprises covered by the financial tax will remain at the 2016 level (25 percent), while the rest will be reduced to 24 percent

Finance The tax applies from the fiscal year 2017.

Storebrand Helseforsikring is included by the financial tax. Upon recognition of deferred tax assets / liabilities are therefore used corporate tax rate of 25 percent..

9 – FOREIGN CURRENCY

Figures for the Swedish branch are converted to Norwegian kroner by recalculating the income statement using the average exchange rate for the year in question and by converting the balance-sheet using the exchange rate at the end of the financial year. Any difference arising from the conversion is reflected in the ordinary profit.

Note 02

Important accounting estimates and judgments

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

Risk management and internal control

Storebrand Helseforsikring's income and performance are dependent on external factors that are associated with uncertainty. The most important external risk factors are the developments in the financial markets and the occurring of major damages. Certain internal operational factors can also result in losses, e.g. errors linked to the underwriting or payment of claims.

Continuous monitoring and active risk management are therefore core areas of the Group's activities and organization. The basis for risk management is laid down in the Board's annual review of the strategy and planning process, which sets the risk appetite, risk targets and overriding risk limits for the operations. In the company, responsibility for risk management and internal control is an integral part of management responsibility.

ORGANISATION OF RISK MANAGEMENT

The company's organization of the responsibility for risk management follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and Group level.

The boards of directors have the overall responsibility for limiting and following up the risks associated with the activities. The boards set annual limits and guidelines for risk-taking in the company, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation.

Managers at all levels in the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks, documentation of processes and routines, prioritization and implementation of improvement measures, and good communication, information and reporting.

INDEPENDENT CONTROL FUNCTIONS

The board of the company are responsible for ensuring that independent control functions are in place for risk management within the unit (Chief Risk Officer), for compliance with the regulations, that the insurance liabilities are calculated correctly (Actuary). The independent control functions are organised directly under the companies' managing director and report to the company's board. Storebrand Helseforsikring buys these services on an equal basis with the wholly owned subsidiaries of Storebrand ASA.

The internal audit shall provide the boards with confirmation concerning the appropriateness and effectiveness of the company's risk management, including how well the various lines of defence are working.

Note
04

Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial losses or reduced reputation due to inadequate or the failure of internal processes, control routines, systems, human error or external incidents.

Operational risk is minimized by an effective system of internal control with clear procedures, clear descriptions of responsibilities and documented mandates. Risks are monitored through management risk review with documentation of risks, measures and follow-up of events. In addition, we have the independent control with the internal audits projects approved by the board.

Storebrand's IT systems are vital for operations as well as complete, accurate and reliable financial reporting. Errors and disruptions could affect operations and affect both customers and shareholders trust. In worst case incidents lead to sanctions from regulators.

Storebrand's IT platform is characterized by complexity and integration between various business systems and public systems. The operation of the IT systems is largely outsourced to various service providers. There is established a management model with close monitoring of suppliers and internal control activities in order to reduce the risk associated with IT systems' development, management, operation and information security. Insurance platform is based on purchased standard systems operated and monitored through outsourcing agreements.

Note
05

Note 5 Insurance risk

Insurance risk is about protecting oneself against financial loss when events occur. In other words, insurance involves a sharing of risk between many policyholders where the risk reflects probability and impact. For Storebrand Helseforsikring most insurance risk will be associated with developments in the cost of medical treatment which has a direct effect on the company's claims costs. To reduce this risk, agreements have been entered with the largest health services providers with which the company has working relationships. Storebrand Helseforsikring has also entered into a reinsurance agreement with Munich Re, which is the company's reinsurer, to offset the effect of large claims. The company has "excess of loss" protection for 80 per cent of all claims paid above NOK 300,000 per person per year.

DEVELOPMENT IN INSURANCE CLAIM PAYMENT:

NOK thousand	2011	2012	2013	2014	2015	2016	Total
Calculated gross cost of claims							
At end of the policy year	206 811	241 365	309 355	317 007	392 269	394 883	
- one year later	198 818	236 729	308 911	317 198	374 124		
- two years later	198 670	236 617	308 666	316 401			
- three years later	198 642	236 644	308 116				
- four years later	198 666	235 807					
- five years later	198 399						
Calculated amount 31.12							
Total disbursed to present	198 391	235 783	307 994	316 086	372 798	332 061	1 763 113
Claims reserve ¹⁾	8	23	122	315	1 326	62 823	64 617
Claims reserve for claims from prior years (before 2011)							3
Total trend in claims disbursed							64 620

1) Excluding claims handling costs

Note 06 | Financial market risk

Market risk is the risk of incurring losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Therefore, market risk is the risk of price changes in the financial markets, including changes in interest rates, and in the currency, equity, property or commodity markets, affecting the value of the company's financial instruments. Storebrand continuously monitors market risk using a range of evaluation methods. The potential for losses in the investment portfolio on a one-year horizon is calculated and the portfolios are stress tested pursuant to the statutorily defined stress tests as well as internal models.

Storebrand Helseforsikring's portfolio consists of interest-bearing investments, and is therefore mainly exposed to changes to the interest rate markets. The duration of the portfolio is 0.40. The low duration, together with active follow-up of the portfolio's credit risk means that the exposure to market risk is deemed to be low.

Note 07 | Liquidity risk

Liquidity risk is the risk that the company will not have sufficient liquidity to meet its payment obligations when they fall due, or that the company will not be able to sell securities at acceptable prices. Storebrand Helseforsikring's insurance liabilities are usually known long before they fall due, but a solid liquidity buffer is still important for withstanding unforeseen events.

At the same time company-specific liquidity strategies have been drawn up in line with statutory requirements. These strategies specify limits and measures for ensuring good liquidity and a minimum allocation to assets that can be sold at short notice. The strategy defines limits for allocations to various types of asset and means that Storebrand Helseforsikring generally has money market investments which can be sold if necessary.

Note 08 | Credit and counterparty risk

Storebrand has risk of loss associated with a counterparty not meet their debt obligations. The risks include losses related to lack of contractual non-performance by counterparties to derivative financial instruments.

Maximum limits for credit exposure to individual debtors and for overall credit exposure within rating categories are set by the Board. Particular attention is paid to diversification of credit exposure to avoid concentrating credit risk on any particular debtors or sectors. Changes in the credit rating of debtors are monitored and followed up.

CREDIT RISK BY COUNTERPARTY

Kreditrisiko fordelt på motpart

Bonds and other fixed-income securities at fair value

Category of issuer or guarantor

NOK thousand	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Total Fair value
Government and government guaranteed bonds		219 131			219 131
Financial and corporate bonds			147 321	125 578	272 898
Asset backed securities	5 008				5 008
Total interest-bearing securities 2016	5 008	219 131	147 321	125 578	497 037
Total interest-bearing securities 2015	90 116	46 564	139 810	153 662	430 153

COUNTERPARTIES

NOK thousand	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Total Fair value
Derivatives		2 283			2 283
Of which derivatives in bond fund managed by Storebrand					0
Total excluding derivatives in bond fund 2016	0	2 283	0	0	2 283
Total excluding derivatives in bond fund 2015	0	5 878	0	0	5 878
Bank deposit 2016	0	3 105	18 334	0	21 439
Bank deposit 2015	0	6 543	26 810	0	33 352

Rating classes are based on Standard & Poor's ratings.

Note 09

Valuation of financial instruments at fair value

The company buys the asset management services from Storebrand Asset Management ASA, and it conducted a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices obtained from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium is used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

The Investment Manager continuously performs checks to ensure the quality of market data obtained from external sources. Such checks involve comparing multiple sources and checking and assessing the reasonableness of abnormal changes.

The Investment Manager categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES FOR IDENTICAL ASSETS IN ACTIVE MARKETS.

Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. The Company has no such investments.

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1.

This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Bonds and equivalent instruments are generally classified in this level. The company's investments are primarily in this category.

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE IN ACCORDANCE WITH LEVEL 2.

The Company has no such investments.

NOK thousand	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	2016	2015
Bonds and other fixed income securities					
- Government and Government guaranteed bonds		219 131		219 131	46 564
- Credit bonds		272 898		272 898	293 473
- Mortgage and asset backed bonds		5 008		5 008	90 116
Total bonds and other fixed income securities 2016		497 037		497 037	
Total bonds and other fixed income securities 2015		430 153			430 153
Derivatives:					
- Currency derivatives		2 283		2 283	5 878
Total derivatives 2016		2 283		2 283	
Total derivatives 2015		5 878			5 878

Note
10

Premium income by country

BREAKDOWN BETWEEN OPERATIONS IN NORWAY AND SWEDEN:

NOK thousand	Norway		Sweden		Total	
	2016	2015	2016	2015	2016	2015
Gross premiums written	289 631	282 933	338 972	292 472	628 603	575 406
Gross premium earned	290 457	276 346	326 229	277 988	616 687	554 333
Reinsurers' share	-1 175	-1 201	-489	-459	-1 663	-1 660
Earned premium for own account	289 283	275 144	325 740	277 528	615 023	552 673

Note
11

Net income from different classes of financial instruments

NOK thousand	2016	2015
Interest bonds and other fixed-income securities at fair value	8 216	9 842
Total interest income financial assets	8 216	9 842
Revaluation bonds and other fixed-income securities at fair value	3 699	-2 427
Revaluation derivatives	-3 595	3 008
Total revaluation on investments	103	581
Profit on bonds and other fixed-income securities at fair value	-946	-2 796
Profits on derivatives	-7 999	3 692
Total gains and losses on financial assets	-8 944	896
Management expenditure	-495	-452
Net income from financial assets	-1 120	10 867

Note
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Technical result

(NOK tusen)	2016	2015
Gross business		
Written premiums	628 603	575 406
Earned premiums	616 687	554 333
Ceded premiums	-424 985	-419 749
Technical result gross	191 701	134 584
Ceded business		
Earned premiums	-1 664	-1 660
Losses incurred	335	706
Technical result ceded	-1 328	-954
For own account		
Earned premiums	615 023	552 673
Losses incurred	-424 650	-419 043
Technical result for own account	190 373	133 630
Losses incurred gross		
Incurred this year	-445 582	-419 749
Incurred in previous years	20 596	0
Total for the financial year	-424 985	-419 749

Note
13

Insurance-related sales and administration costs

NOK thousand	2016	2015
Personnel costs	1 002	983
Commissions	40 780	38 628
Other sales costs	1 344	298
Total insurance-related sales costs	43 127	39 909
Personell costs	13 647	11 341
Other insurance-related operating costs	43 051	39 000
Total insurance-related operating costs	99 824	90 249

Note
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Pension costs and liabilities

Employees of Storebrand Helseforsikring in Norway have a defined contribution plan for retirement. In a defined contribution plan puts the company of an agreed contribution to a pension account. The future pension depends on the contributions and the return on the pension account. Once contributions have been paid, the company has no further payment obligations related to defined contribution pensions and payments to the pension account are expensed as incurred. It is for regulatory reasons no opportunity to save for salary above 12G in Defined Contribution. Storebrand has for employees with salaries exceeding 12G a pension savings in the savings product Ekstrapensjon.

The defined-contribution scheme has the following components and premiums:

- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 92,576 at 31 December 2016)
- In addition 13 per cent of salary between 7.1 and 12 G is saved
- Savings rate in Ekstrapensjon for salary over 12 G is 20 per cent

In conjunction with the new rules for disability pensions in occupational law, Storebrand changed disability pension scheme for employees in Norway effective from 1 June 2016. From the same date have the coverages linked to pension to surviving relatives ceased. These schemes have been recorded as defined benefit plans in the financial statements. The closure resulted in a reduction in balance sheet liabilities that have resulted in a gain of 1.1 million at derecognition, and reducing pension costs in the income statement.

The company participates in the Joint Scheme for contractual pension AFP. The private pension scheme provides a lifelong supplement to the ordinary pension and is a multi-employer scheme pension scheme, but there is not provided reliable information for recognizing liabilities on the balance sheet. The scheme will be financed through annual premium as a percentage of salary between 1 and 7.1G, and premium rate in 2015 was 2.4 %. The employees who were born before 1 January 1956 may choose to take early retirement or retire at 65 years of age and receive an operating pension entity until age 67. Employees can choose to withdraw from the AFP scheme from the age of 62 and continue to remain in employment.

Employees who were on sick leave and partial disability of the transition to defined contribution, contained still in the benefit plan. There are also pension obligations for defined benefit plan relating to operating pensions for certain former employees.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK thousand	2016	2015
Present value of insured pension benefit liabilities	2 543	3 331
Pension assets as fair value	-860	-628
Net pension liability/surplus for the insured schemes	1 683	2 703
Present value of the uninsured pension liabilities	0	1 218
Net pension liabilities in the statement of financial position	1 683	3 920

Provision for employment taxes are included in the gross obligation.

BOOKED IN THE STATEMENT OF FINANCIAL POSITION

NOK thousand	2016	2015
Pension assets		
Pension liabilities	1 683	3 920

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITY IN THE PERIOD

NOK thousand	2016	2015
Net pension liability at 01.01.	4.513	5.954
Net pension cost recognised in the period	266	679
Interest on pension liabilities	108	148
Experience adjustments	-735	164
Pension paid	0	-2.240
Changes to pension scheme	-1.141	0
Pension liabilities additions/disposals and currency adjustments	-415	0
Payroll tax of employer contribution, assets	-89	-192
Net pension liability at 31.12.	2 508	4 513

CHANGES IN THE FAIR VALUE OF PENSION ASSETS IN THE PERIOD

NOK thousand	2016	2015
Fair value of pension assets at 01.01	593	2 500
Expected return	10	63
Experience adjustments	7	-3 334
Premium paid	719	1 555
Pension liabilities additions/disposals and currency adjustments	-415	0
Payroll tax of employer contribution, assets	-89	-192
Net pension assets at 31.12	825	593

Expected premium payments (contributions) in 2017	1 824
Expected AFP early retirement scheme payments in 2017	443

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12:

	2016	2015
Real estate	15%	12%
Bonds at amortised cost	40%	45%
Mortgage loans and other loans	6%	0%
Equities and units	12%	11%
Bonds	27%	27%
Certificates	0%	4%
Total	100%	100%

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance.

The book (realised) investment return on assets	6,4 %	5,4 %
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NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK thousand	2016	2015
Current service cost	266	679
Net interest cost/expected return	98	85
Changes to pension scheme	-1 141	0
Total defined benefit pension schemes	-778	763
The period's payment to contribution scheme	1 703	1 589
Net pension cost booked to profit and loss account in the period	925	2 353

Net pension cost includes national insurance contributions and is included in operating expenses.

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK thousand	2016	2015
Loss (profit) – change to the discount rate	0.0	0.0
Loss (profit) – change to other financial assumptions	0.0	0.0
Loss (profit) – change to the mortality table	0.0	0.0
Loss (profit) – change to other demographical assumptions	0.0	0.0
Loss (profit) – experienced DBO	-0.7	0.2
Loss (profit) – experienced pension funds	-0.0	3.3
Investment/administration costs	0.0	0.0
Upper limit pension funds	0.0	0.0
Remeasurements loss (gain) in the period	-0.7	3.5

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AT 31.12.:

	2016	2015
Discount rate	2.3 %	2.7 %
Expected earnings growth	2.0 %	2.3 %
Expected annual increase in social security pensions	2.0 %	2.3 %
Expected annual increase in pensions in payment	0.0 %	0.0 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

FINANCIAL ASSUMPTIONS:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

It is in Norway using a discount rate determined by reference to covered bonds (OMF). Based on observed market and volumes must be Norwegian covered bond market by Storebrand perception is defined as a deep market.

In determining the economic assumptions, company-specific factors, including increase in direct wages, also will be considered.

ACTUARIAL ASSUMPTIONS:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2015.

NET PENSION LIABILITY AT 31.12.:

NOK thousand	2016	2015
Discounted current value of defined benefit pension liabilities	2 543	4 548
Fair value of pension assets	860	628
Deficit/surplus	1 683	3 920

Note 15 | Salary and benefits for executives

Bjarke Thorøe is the Managing Director of Storebrand Helseforsikring AS. He has a bonus arrangement linked to the company's financial performance and his individual contribution. The annual bonus level is NOK 600,000 (100%) and may rise to a maximum of NOK 900,000 (150%).

The Managing Director is a member of Storebrand's pension scheme. At the end of the employment relationship the Managing Director has six months' notice. The company is under no obligation to give the Managing Director any special compensation payment at the end of the employment relationship

NOK thousand	Ordinary salary	Bonus earned this year ¹⁾	Other benefits ²⁾	Total remuneration for the year	Pension accrued for the year	No. of shares owed ³⁾	Loan ⁴⁾
Ledende ansatte							
Bjarke Thorøe	1 732	780	162	2 495	281	0	3 500
Total 2016	1 732	780	162	2 495	281	0	3 500
Total 2015	1 583	900	155	2 338	316	0	3 500

1) Earned bonus at 31.12.16. Senior executives are contractually entitled to performance related bonuses. 50% of the earned bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market price. These are registered in a share bank with a lock-in period of three years. At the end of three years, the value of the synthetic share is calculated at a new market price.

2) Comprises company car, telephone, insurance, concessionary interest rate and other taxable benefits.

3) The summary shows the number of shares in Storebrand ASA owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

4) Loans up to 3.5 million follow ordinary employees' conditions while excess loan amount follows the market rate.

The Company has no obligations towards the Chairman upon termination or change of job. Members of the Board receive no other compensation than remuneration. Company pays directors' liability insurance for its directors.

NOK thousand	Remuneration
Board of Directors	50
Total 2016	50
Total 2015	50

Note 16 Auditor's remuneration

NOK thousand	2016			2015
	Total	Norge	Sverige	Total
Statutory audit	333	212	121	329
Tax services	0			49
Total	333	212	121	378

The amounts above is excluding vat.

Note 17 Tax

TAX COSTS

NOK thousand	2016	2015
Payable tax 1)	23 898	11 289
Correction of prior year	528	-6 182
Current tax in Sweden which are not included in the credit deduction		1 678
Change in deferred tax	466	2 306
Total tax costs	24 892	9 090

1) PAYABLE TAX IN THE BALANCE SHEET

NOK thousand	2016	2015
Payable tax in profit and loss account	23 898	11 289
Prepaid taxes	-4 349	-3 120
Payable tax in the balance sheet	19 549	8 169

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK thousand	2016	2015
Tax increasing temporary differences		
Fixed assets	83	203
Operating assets	3 093	2 990
Other	87 123	87 123
Total tax increasing temporary differences	90 300	90 316
Tax reducing temporary differences		
Allocations	-442	-828
Accrued pension liabilities	-1 683	-3 920
Other		
Total tax reducing temporary differences	-2 125	-4 748
Net deferred tax assets/deferred tax before losses carried forward	88 175	85 568
Temporary differences not eligible for deferred tax		
Net basis for deferred tax/tax assets	88 175	85 568
Net deferred tax asset/liability	22 044	21 392

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	2016	2015
Ordinary pre-tax profit	97 271	42 451
Expected tax on income at nominal rate	-24 318	-11 462
Tax effect of:		
permanent differences	-46	-2 474
Correction of prior year	-528	6 182
Current tax in Sweden which are not included in the credit deduction		-1 678
Changes in tax rate		341
Tax charge	-24 892	-9 090
Effective tax rate	26 %	21 %

Note
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Intangible assets

NOK thousand	IT-systemes	
	2016	2015
Acquisition cost 01.01	68 633	59 535
Additions in the period:		
Purchased separately	6 420	9 098
Scrapped	-4 927	
Acquisition cost 31.12	70 127	68 633
Accumulated depreciation & write-downs 01.01	-53 304	-46 668
Writedown	-3 600	0
Amortisation in the period	-5 526	-6 636
Scrapped	4 127	
Accumulated depreciation & write-downs 31.12	-58 303	-53 304
Carrying amount 31.12	11 824	15 329

The intangible assets consist of IT systems. Insurance system F2100 is written down by NOK 3.6 million due to evidence of impairment. Residual values are written down over three years with effect from 01.01.2017 since the system is put into run-off from supplier and contract expiration 31.12.2019. Previously developed sales support systems are discarded per 31.12.2016 and is replaced by new custom systems.

Note 19 | Tangible fixed assets

NOK thousand	Equipment	Fixtures & fittings	Total 2016	2015
Booked value 01.01	7	488	495	705
Additions			0	0
Disposals				0
Depreciation	-5	-202	-207	-210
Other changes			0	0
Booked value 31.12	2	286	288	495
Acquisition cost opening balance	648	1 967	2 615	2 615
Acquisition cost closing balance	648	1 967	2 615	2 615
Accumulated depreciation and write-downs opening balance	641	1 479	2 120	1 910
Accumulated depreciation and write-downs closing balance	647	1 681	2 327	2 120
Depreciation method:	Straight line			
Depreciation plan and financial lifetime:				
Equipment	3 years / 4 years			
Fixtures & fittings	8 years			

Note 20 | Classification of financial assets and liabilities

NOK thousand	Loans and receivables	Fair value	Liabilities at amortised cost	Total
Financial assets				
Bank deposits	21 439			21 439
Bonds and other fixed-income securities		497 037		497 037
Accounts receivable and other short-term receivables	152 018			152 018
Derivatives		2 283		2 283
Total financial assets 2016	173 456	499 319		672 776
Total financial assets 2015	185 091	436 031		621 122
Financial liabilities				
Derivatives				
Other current liabilities			99 854	99 854
Total financial liabilities 2016			99 854	99 854
Total financial liabilities 2015			53 494	53 494

Note
21

Accounts receivable and other short-term receivables

NOK thousand	2016	2015
Accounts receivable	146 079	146 875
Pre-paid commissions	420	574
Related parties - receivables from reinsurers	0	425
Other current receivables	5 939	4 439
Carrying amount 31.12	152 438	152 314

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE, ETC 31.12 (GROSS)

NOK thousand	2016	2015
Receivables not fallen due	139 576	146 875
Past not distributed	6 504	
Past due 1 - 30 days		
Past due 31 - 60 days		
Past due 61 - 90 days		
Past due > 90 days		
Gross accounts receivable/receivables from reinsurance	146 079	146 875
Provisions for losses 31.12		
Net accounts receivable/receivables from reinsurance	146 079	146 875

Note
22

Bonds and other fixed-income securities

NOK thousand	2016 Fair value	2015 Fair value
Government and government guaranteed bonds	219 131	46 564
Corporate bonds	272 898	293 473
Asset backed bonds	5 008	90 116
Total bonds and other fixed-income securities	497 037	430 153
Modified duration	0,40	0,18
Average effective yield	1,67 %	1,91 %

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

Note 23 | Derivatives

NOK thousand	Gross nominal volume	Gross booked value fin. assets	Gross booked value fin. Liabilities	Net booked fin. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet		Net amount
					Fin. assets	Fin. liabilities	
Currency derivatives	94 751	2 283					2 283
Total derivatives 2016	94 751	2 283					2 283
Total derivatives 2015	104 991	5 878					5 878

Financial derivative contracts are related to underlying amounts which are not reported in the statement of financial position. In order to quantify a derivative position, reference is made to such underlying amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative creates.

Gross nominal volume mainly gives an indication of the amount, while net nominal volume gives an impression of risk positions. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions. A long position in an equity derivative produces a gain in value if the share price increases. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Figures for average gross nominal volume are based on daily calculations of gross nominal volume.

Note 24 | Currency exposure

Financial assets and liabilities in foreign currencies NOK thousand	Balance sheet items excl. currency derivatives	Currency derivatives	Net position	
	Net on balance sheet	Net sales	in currency	in NOK
SEK	-82 190	100 000	17 810	16 875
Total nettoposisjon valuta 2016				16 875
Total nettoposisjon valuta 2015				-13 239

Note 25 | Technical insurance reserves

NOK thousand	2016	2015
Gross insurance liabilities		
Booked value 01.01	308 630	262 181
Change in premium and claims reserves	9 050	30 666
Exchange rate changes	-17 973	15 783
Booked value 31.12.	299 707	308 630

ASSETS AND LIABILITIES

NOK thousand	2016	2015
Receivables concerning insurance contracts	146 079	146 875
Total assets	146 079	146 875
Premium reserve	226 364	229 113
Claims reserve	73 344	79 517
- of which IBNS	64 620	70 059
- of which settlement costs	8 724	9 458
Liabilities concerning insurance contracts	11 812	10 048
Total liabilities	311 519	318 678

Note 26 | Other current liabilities

NOK thousand	2016	2015
Accounts payable	691	1 181
Governmental fees and tax withholdings	3 867	2 161
Other current liabilities	565	638
Carrying amount 31.12	5 122	3 980

Note 27 | Capital adequacy and solvency

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.

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.

SOLVENCY CAPITAL

NOK thousand	Total	31.12.16			
		"Group 1 unlimited"	Group 1 limited	Group 2	Group 3
Share capital	33 000	33 000			
Share premium	122 000	122 000			
Reconciliation reserve	79 193	79 193			
deferred tax assets	0				0
Total solvency capital	234 193				
Total solvency capital available to cover the minimum capital requirement	234 193				

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK thousand	31.12.16
Market	30 208
Counterparty	1 003
Life	0
Health	103 123
P&C	0
Operational	18 154
Diversification	-19 563
Loss Absorbing tax effect	-33 231
Total solvency requirement	99 693
Solvencymargin	234,9 %
Minimum capital requirement	35 470
Minimum margin	660,2 %

DIFFERENCE PROVISIONS STATUARY ACCOUNTS AND SOLVENCY II BALANCE

(NOK tusen)	31.12.16
Technical provisions statutory accounts	299 708
Future premium payments	-140 000
Risk margin	6 000
Expected margin in future premiums	-29 000
Discounting	0
Technical provisions solvency II value	136 708

Future premium payments on policies in force reduces reserves for solvency, which is based on cash flows. Accounts receivable on the asset side is reduced by the same amount, so that the net assets are not affected.

Risk margin shall ensure that insurance companies can be refinanced in the case of insolvency, and are included only reserves for solvency purposes.

Expected margin in future premiums reduces premium provisions for solvency purposes, because provisions for solvency shall represent the best estimate of the value of the liability.

Future cash flows relating to technical provisions are not discounted because the duration of the cash flows is short. For claims provision, the average duration ca. 3 months.

Note 28 | Number of employees

	2016	2015
Number of employees at 31.12.	36	37
Average number of employees	37	36
Fulltime equivalent positions at 31.12.	35	36
Average number of fulltime equivalents	37	35

Note 29 | Transactions with related parties

Storebrand Helseforsikring is a joint venture company owned by Storebrand ASA (50%) and Munich Health Holding AG (50%).

Transactions with related parties are included among the products and services offered by the companies to external customers. The transactions are entered into on commercial terms. For the Storebrand companies this includes occupational pensions, medical/personal injury insurance, leasing of premises, investment management, purchase and sale of services. Munich Re is Storebrand Helseforsikring's reinsurer.

For more detail, see information on executives in note 15.

	2016					2015				
	Purcha- se of services	Commis- sion costs	Net rein- surance cost	Re- ceiva- bles	Liabilities	Purcha- se of services	Commis- sion costs	Net rein- surance cost	Receiva- bles	Liabilities
NOK thousand										
Munich Re			1 328	0	356			929	425	324
Munich Health Holding AG					36 190					11 548
Storebrand ASA					36 190					11 548
Storebrand Asset Management ASA	477				41					
Storebrand & SPP Business Services NUF	6 885					5 477				361
Storebrand Livsforsikring AS	7 268	12 152		1 983		10 864	12 963		0	7 743
Storebrand Forsikring AS	1 375			1 420		1 375			3 058	
Storebrand Pensjonstjenester AS	-11					-33				
SPP Pension & Försäkring NUF	4 974				29	1 839				244
Total	20 967	12 152	1 328	3 403	72 806	19 522	12 963	929	3 482	31 770

Translation from the original Norwegian version

To the General Meeting of Storebrand Helseforsikring AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Storebrand Helseforsikring AS showing a comprehensive income of TNOK 72 935. The financial statements comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of The Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the comprehensive income is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 28 March 2017
Deloitte AS

Henrik Woxholt

State Authorised Public Accountant

Translation has been made for information purposes only

WORDS AND EXPRESSIONS

Insurance profit and loss

Premium income less cost of claims and operating costs.

Risk profit and loss

Premium income less cost of claims.

Cost ratio

Operating costs as a percentage of accrued premiums.

Claims ratio

Claims paid as a percentage of accrued premiums.

Combined ratio

Cost ratio plus claims ratio.

Own account

Amounts added/subtracted for re-insurance.

Reinsurance

Transfer of part of the risk to another insurance company.

Insurance-related returns [non-life insurance]

For a more detailed description of insurance-related returns and accrual of of premiums and claims, see note 1 - Accounting principles.

IBNR reserves (Incurred but not reported)

Provision for claims for insured risks which have occurred but have not been reported to the insurance company.

RBNS reserves (Reported but not settled)

Provisions for settlement of claims notified but not yet settled.

Duration

Average remaining period of an income stream from interest-bearing securities. Modified duration is calculated on the basis of the duration and reflects value sensitivity to underlying interest rate changes

Main office:
Professor Kohts vei 9
PO Box 474, N-1327 Lysaker
Telephone 08880
storebrand.no

