

## **LocalTapiola Group's financial performance, 1–6/2018: Improvements to our customers' lifelong security saw progress in several areas**

We aim to build customer relationships based on trust and interaction to enable our customers to enjoy more success in reaching their life goals. Lifelong security is at the core of our operations. It means that our customers have access to comprehensive, preventative services in the areas of health, security and finance. The key events from January to June 2018 included:

### **Health — More years of healthier life**

- Our customers increasingly want to handle their health matters via remote connections. The virtual hospital that is a part of the TerveysHelppi service makes it easy for our insurance customers to receive insurance and claims services as well as the health services provided by our partners in one place.
- As a lifelong security company, we are making increasing investments in comprehensively maintaining our customers' health and preventing diseases. In May, we announced our intention to increase our holding in Mehiläinen, a health care service provider. We have increased our ownership in both Mehiläinen and Pihlajalinna.

### **Security — We prevent loss and damage and safeguard continuity**

- LocalTapiola's portfolio of motor liability insurance policies continued to grow.
- We aim to play our part in increasing traffic safety, and we initiated a campaign aiming to prevent accidents by focusing on reducing the use of phones while driving.
- We aim to offer our customers increasingly comprehensive services for motoring. LocalTapiola Finance Ltd offers our customers financing services in conjunction with the purchase of a vehicle. Sales of vehicle financing have shown strong growth.

### **Finances — We help customers to achieve financial self-sufficiency**

- Our customers want to be better prepared for the future, and they are increasingly interested in insuring themselves. In order to make it easy for our customers to use our services, we have introduced a digital application service for term life insurance, making us the first company in Finland to offer this service. The service automates risk selection, enabling an entirely new, convenient and digital customer experience. The service also significantly boosts the efficiency of the sales process and risk selection work. Our market share in term life insurance continued to increase.
- Financial self-sufficiency is important for our customers. Around 15 700 customers have already taken to last year's revamp of our investor services, which make the benefits of a major insurance company's investment activities available to all of our customers.

## LocalTapiola Group's key figures, 1–6/2018

LocalTapiola Group	1-6/2018	1-6/2017
Business result, EUR million	129,5	218,3
Overall result, EUR million	39,6	277,0
Solvency II capital adequacy ratio at the end of the period under review, % *	175,8	182,6
<b>Non-life insurance</b>		
Combined ratio excl. unwinding of discount expense, %	103,1	93,1
Risk ratio, %	71,3	60,7
Cost ratio, %	31,7	32,4
Direct business premium income (non-life insurance), EUR million	720,2	704,8
Growth of direct business premium income (non-life insurance), %	2,2	0,4

\* Solvency ratio 30.6.2017 before business transfer.

LocalTapiola General	1-6/2018	1-6/2017 *
Business result, EUR million	29,0	142,9
Overall result, EUR million	18,0	97,5
Net investment income at fair value, %	1,3	2,3
Solvency II capital adequacy ratio at the end of the period under review, % **	300,1	243,8
Combined ratio excl. unwinding of discount expense, %	108,8	92,9
Risk ratio, %	83,2	63,7
Cost ratio, %	25,6	29,2
Premium income, EUR million	299,2	393,6
Growth of premium income, %	-24,0	-1,4

\* Business transfer from LocalTapiola General to regional companies on 30 June 2017.

\*\* Solvency ratio 30.6.2017 before business transfer.

LocalTapiola Life	1-6/2018	1-6/2017
Business result, EUR million	68,2	80,2
Overall result, EUR million	34,9	89,7
Net investment income at fair value, %	1,2	3,6
Solvency II capital adequacy ratio at the end of the period under review, %	220,5	199,5
Premium income, EUR million	237,3	279,2
Growth of premium income, %	-15,0	35,9

LocalTapiola Asset Management	1-6/2018	1-6/2017
Business result, EUR million	1,4	2,8
Turnover, EUR million	10,6	10,8
Managed customer assets at the end of the period under review, EUR billion	10,9	10,4

LocalTapiola Real Estate Asset Management Group	1-6/2018	1-6/2017
Business result, EUR million	0,8	0,5
Turnover, EUR million	7,9	7,0
Managed real estate assets at the end of the period under review, EUR billion	2,6	2,6

## **Comments by Erkki Moisander, CEO of LocalTapiola Group:**

The first half of 2018 went well, considering the circumstances. Customer satisfaction has remained good and premiums written developed favourably. Claim expenditure has been on the increase for reasons including a growth in the number of major claims and the difficult weather conditions in the beginning of the year. The investment climate has been challenging, which is also reflected in our investment income.

In line with our lifelong security strategy, we are making increasing investments in comprehensively maintaining our customers' health and preventing diseases. In May, we announced our intention to increase our holding in Mehiläinen, a health care service provider. We have increased our ownership in both Mehiläinen and Pihlajalinna.

Our customers increasingly want to handle their health matters via remote connections. Customers have welcomed the virtual hospital service that is a part of the Terveysterveys service realised in collaboration with Mehiläinen. The hospital's front-line doctors can handle 60–80 per cent of doctors' consultations remotely for issues pertaining to basic health care. In May, artificial intelligence was added to the service to enable customers to be offered personal preventive advice on preventing diseases and maintaining overall well-being based on the customer's own health and well-being data.

Finnish motorists continue to show strong levels of trust in LocalTapiola. Our portfolio of motor liability insurance policies continued its growth, although the record growth figures of the preceding year could not be matched. We transferred our customers' motor liability insurance policies from LocalTapiola General to the regional companies in 2017, and this has contributed to an improved customer experience and regional competitiveness.

In the spring, we also established LocalTapiola Finance because we aim to offer our customers increasingly comprehensive services for motoring. LocalTapiola Finance rapidly increased its sales in the first half of the year.

We also aim to contribute to traffic safety, and we initiated a traffic safety campaign in the summer aiming to reduce the use of phones while driving.

Making preparations for the future is increasingly important for our customers. For this reason, LocalTapiola Life introduced a digital application service for term life insurance, making it the first company in Finland to offer this service. Alongside improving the customer experience, the service significantly boosts the efficiency of the sales process and risk selection work.

Our customers have welcomed last year's revamp of our investor services, which make the benefits of a major insurance company's investment activities available to all of our customers. There are now 15 700 customers covered by the new insurance asset management services.

LocalTapiola Real Estate Asset Management launched a new online service and new real estate funds. At our customers' request, we launched the LocalTapiola Investment Properties fund, which is intended directly for consumers.

For our investor customers, the success of the service provide is one of the key selection criteria. LocalTapiola Asset Management has been highly successful in independent fund comparisons. Thomson Reuters Lipper named LocalTapiola Asset Management the best Nordic asset manager in its class. Several LocalTapiola funds were awarded prizes in the same comparison.

We have arranged markedly more financing than before in support of our corporate customers' businesses. We have granted direct corporate financing of several tens of millions of euros to our existing insurance customers. In addition, more local financing was granted than in the whole of last year.

We are developing our services in cooperation with our customers. The unusually heavy rainfall last autumn caused significant rain damage. For this reason, we revamped our rain insurance at our farm customers' request.

From January to June, LocalTapiola Group's premiums written in direct non-life insurance amounted to EUR 720.2 million. This was 2.2 per cent more than in the same period last year. Premiums written in life insurance amounted to EUR 237.3 million from January to June. The investment income generated by LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management showed good improvement.

Customers were paid EUR 35.0 million in loyalty bonuses under non-life insurance and EUR 353.6 million in compensation. In addition, a total of EUR 14.8 million was paid to customers as S Group bonuses for their insurance premiums. A total of EUR 174.7 million was paid to customers in compensation under life insurance.

In line with our lifelong security strategy, we are offering an increasingly wide range of solutions for forecasting, security and well-being to help make the everyday lives of Finnish people safer, healthier and more financially prosperous. Improving the customer experience, innovating, and technological and digital development are key aspects of the implementation of our strategy. We want our customers to continue feeling that they have received the best service from LocalTapiola.

The figures are unaudited.

#### **Additional information**

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www.lahitapiola.fi Press releases by LocalTapiola available at: [www.lahitapiola.fi/uutishuone](http://www.lahitapiola.fi/uutishuone)