

# LocalTapiola Life January–June 2018

## Customers have welcomed the revamp of our investor services

LocalTapiola Life's 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.

In order to improve the customer experience, 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.

LocalTapiola Life generated a good profit in the period from January to June. Operating profit amounted to EUR 68 million (EUR 80 million) and the overall result was EUR 35 million (EUR 90 million). The decline in profit was due to lower investment returns than in the previous year. Total expense loadings and bonus payments increased by 11 per cent. The result for risk premiums collected was EUR 16 million (EUR 9 million).

The company's solvency ratio in accordance with the Solvency II framework was 220.5 per cent.

## Comments by Minna Kohmo, LocalTapiola Life's Managing Director:

Finnish people have shown strong levels of trust in LocalTapiola Life. In 2016, LocalTapiola became Finland's largest term life insurer, and its market share continued to grow in 2017.

In 2018, we will focus on group pension solutions. We aim to differentiate ourselves in this market with a good, clear service.

Due to the most recent pension reform, people are thinking — or worrying — about coping with their work throughout a long career, making it to retirement and getting by on their pension.

We aim to help our customers to prepare themselves for retirement by saving and looking after their own well-being. Group pension insurance enables employers to support their employees' retirement plans, thereby promoting employees' capacity to cope and improving their financial well-being.

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

## PROFIT AND LOSS ACCOUNT

1 000 €

	1-6/2018	1-6/2017	Change	Change-%	1-12/2017
<b>Technical Account - Life Insurance:</b>					
Premiums written	237 326	279 247	-41 921	-15,0	516 017
Reinsurers' share	-1 521	-1 498	-23	1,5	-2 838
Total premiums written	235 805	277 750	-41 944	-15,1	513 180
Investment income	152 768	150 589	2 179	1,4	232 257
Revaluations of investments	27 719	59 322	-31 603	-53,3	109 299
Claims incurred					
Claims paid	-177 090	-173 675	-3 416	2,0	-327 202
Reinsurers' share	344	522	-177	-34,0	1 474
Total claims paid	-176 746	-173 153	-3 593	2,1	-325 728
Change in provision for outstanding claims	5 203	-2 156	7 359	-341,3	-24 144
Reinsurers' share	0	0	0		0
Total change in provision for outstanding claims	5 203	-2 156	7 359	-341,3	-24 144
Total claims incurred	-171 543	-175 309	3 766	-2,1	-349 871
Change in provision for unearned premiums					
Change in provision for unearned premiums	-44 362	-153 769	109 407	-71,2	-303 384
Reinsurers' share	0	0	0		0
Total change in provision for unearned premiums	-44 362	-153 769	109 407	-71,2	-303 384
Operating expenses	-30 586	-29 808	-777	2,6	-55 354
Investment charges	-55 227	-36 236	-18 990	52,4	-71 083
Revaluation adjustments on investments	-47 741	-11 521	-36 221	314,4	-21 989
<b>Balance on technical account</b>	<b>66 834</b>	<b>81 018</b>	<b>-14 183</b>	<b>-17,5</b>	<b>53 056</b>
<b>Non-technical account</b>					
Other income	1 235	1 377	-142	-10,3	2 697
Other expenses	-1 833	-2 869	1 036	-36,1	-4 878
<b>Total other income and charges</b>	<b>-598</b>	<b>-1 492</b>	<b>895</b>	<b>-60,0</b>	<b>-2 181</b>
Share of profit/loss of associated undertakings after taxes	706	-4 171	4 877	-116,9	544
<b>Profit on ordinary activities</b>	<b>66 943</b>	<b>75 354</b>	<b>-8 412</b>	<b>-11,2</b>	<b>51 419</b>
Direct taxes on ordinary activities	-13 310	-15 941	2 631	-16,5	-9 305
Minority interest in profit/loss	20	1	19	1 591,6	-121
<b>Profit for the accounting period</b>	<b>53 652</b>	<b>59 415</b>	<b>-5 762</b>	<b>-9,7</b>	<b>41 993</b>

## BALANCE SHEET

1 000 €

	30.6.2018	30.6.2017	Change	Change-%	31.12.2017
<b>ASSETS</b>					
Intangible assets	17 217	16 556	662	4,0	16 145
Investments	2 724 507	2 664 197	60 310	2,3	2 676 773
Assets covering unit linked policies	2 191 705	2 009 360	182 345	9,1	2 135 774
Receivables	6 612	16 860	-10 248	-60,8	5 755
Other assets	60 593	46 165	14 429	31,3	61 640
Prepayments	31 273	20 812	10 460	50,3	31 219
<b>Total assets</b>	<b>5 031 908</b>	<b>4 773 950</b>	<b>257 957</b>	<b>5,4</b>	<b>4 927 305</b>

	30.6.2018	30.6.2017	Change	Change%	31.12.2017
<b>LIABILITIES</b>					
<b>Capital and reserves</b>					
Initial reserve	4 482	4 482	0	0,0	4 482
Guarantee capital	37 586	37 586	0	0,0	37 586
Revaluation reserve	9 162	9 162	0	0,0	9 162
Other reserves	339 936	300 123	39 813	13,3	299 857
Profit for the accounting period	53 652	59 415	-5 762	-9,7	41 993
<b>Total capital and reserves</b>	<b>444 818</b>	<b>410 768</b>	<b>34 050</b>	<b>8,3</b>	<b>393 081</b>
Subordinated loans	99 857	99 782	75	0,1	99 857
Minority interest	3 483	3 376	108	3,2	3 475
Technical provisions	2 259 761	2 245 014	14 746	0,7	2 276 363
Technical provisions for Unit-linked policies	2 168 137	1 972 123	196 014	9,9	2 112 377
Obligatory provisions	89	184	-96	-51,9	89
Deposits received from reinsurers	1 051	523	529	.	523
Other creditors	44 800	29 333	15 467	52,7	31 221
Accruals and deferred income	9 911	12 846	-2 936	-22,9	10 320
<b>Total liabilities</b>	<b>5 031 908</b>	<b>4 773 950</b>	<b>257 957</b>	<b>5,4</b>	<b>4 927 305</b>

The figures are unaudited.