

LocalTapiola Life 2019

LocalTapiola Life managed to increase the lifelong security of its customers

The year 2019 was a good one for LocalTapiola Life, as premium income increased in all focus areas. We contributed to our customers' financial self-sufficiency by introducing a service entitled "Korkoetu" in the life security application. It is a new and easy way to begin saving money and building a financial buffer.

In group pension insurance, LocalTapiola Life's premiums written have increased by 50 per cent over three years. Due to a revamp carried out last autumn, also our group pension customers can take advantage of LocalTapiola's investment expertise and the benefits of a large investor. The revamp has been well received by customers, and we continued to get more and more new customers in 2019.

LocalTapiola Life continues to be Finland's largest term life insurer, with a 30 per cent market share.

LocalTapiola Life's customers were paid EUR 521.2 million (353.4 million) in compensation and EUR 61.1 million (61.8 million) in returns on insurance savings, of which customer bonuses accounted for EUR 9.4 million.

LocalTapiola Life's operating profit was EUR 32.3 million (63.3 million) and its total result was EUR 96.6 million (33.0 million). Operating profit fell short of the previous year, owing to a deterioration in interest rate movement. Contributing to this deterioration was the interest rate supplement of EUR 139 million made due to decreasing interest rate levels. Total expense loadings and bonus payments increased by 6 per cent. The result for risk premiums collected was EUR 38.2 million (36.2 million).

LocalTapiola Life's solvency and financial position are strong. LocalTapiola Life's own funds are 1.9-fold in relation to the solvency capital requirement.

Comments by Minna Kohmo, LocalTapiola Life's CEO:

By international comparison, the number of term life insurance policies is low in Finland. According to the financial sector, only just over a third of the people have taken out insurance for death. The need for life insurance is high in Finland, but premiums written in the field for term life insurance have not increased significantly in recent years. LocalTapiola Life has made term life insurance a focus area, and consequently we have emerged as the market leader with a market share of 30 per cent. Also in group life insurance, our market share has increased by eight percentage points during the past four years.

We are very happy to see that our customers' confidence in our products has continued to grow.

We are focusing on a multi-channel customer experience. In 2019, we brought the "Korkoetu" purchasing application as part of the life security application and made the Smart Life Insurance well-being services part of the Terveystieteen application. In January 2020, a completely revamped digital service for purchasing life insurance became available to our customers.

In 2020, we will continue to develop our digital services to improve our customer experience. Our goal is to be a forerunner in customer experience in personal insurance.

LocalTapiola Life

	2019	2018
Premiums written (EUR m)	616.3	449.8
Increase in premiums written (%)	37.0	-12.8
Net investment income at current value, %	6.3	2.1
Additions to technical provisions during the financial year	139.4	47.4
Operating profit, EUR m	32.3	63.3
Total result, EUR m	96.6	33.0
Solvency ratio at the end of the year, %	190.3	214.8

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Financial statement 2019
PROFIT AND LOSS ACCOUNT
1 000 €

			Change	Change %
	1-12/2019	1-12/2018		
Technical Account - Life Insurance:				
Premiums written	616 312	449 839	166 473	37,0
Reinsurers' share	-3 807	-3 820	13	-0,3
Total premiums written	612 505	446 020	166 486	37,3
Investment income	314 110	259 358	54 752	21,1
Revaluations of investments	265 557	11 243	254 314	2 262,1
Claims incurred				
Claims paid	-525 402	-357 668	-167 734	46,9
Reinsurers' share	833	1 267	-434	-34,3
Total claims paid	-524 569	-356 400	-168 168	47,2
Change in provision for outstanding claims	-24 077	4 955	-29 032	-585,9
Reinsurers' share	0	0	0	
Total change in provision for outstanding claims	-24 077	4 955	-29 032	-585,9
Total claims incurred	-548 646	-351 445	-197 201	56,1
Change in provision for unearned premiums				
Change in provision for unearned premiums	-392 369	27 799	-420 167	-1 511,5
Reinsurers' share	0	0	0	
Total change in provision for unearned premiums	-392 369	27 799	-420 167	-1 511,5
Operating expenses	-57 220	-51 527	-5 693	11,0
Investment charges	-124 245	-122 160	-2 085	1,7
Revaluation adjustments on investments	-28 185	-148 542	120 358	-81,0
Balance on technical account	41 508	70 745	-29 237	-41,3
Non-technical account				
Other income	2 159	2 435	-276	-11,3
Other expenses	-2 182	-2 937	755	-25,7
Total other income and charges	-23	-502	479	-95,4
Share of profit/loss of associated undertakings after taxes	88	90	-2	-2,6
Profit on ordinary activities	41 573	70 333	-28 760	-40,9
Direct taxes on ordinary activities	-7 023	-23 659	16 636	-70,3
Minority interest in profit/loss	165	61	104	169,6
Profit for the accounting period	34 714	46 735	-12 021	-25,7

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP

Financial statement 2019

BALANCE SHEET

1 000 €

			Change	Change %
	31.12.2019	31.12.2018		
ASSETS				
Intangible assets	13 828	14 924	-1 096	-7,3
Investments	2 867 817	2 727 125	140 692	5,2
Assets covering unit linked policies	2 416 334	2 107 976	308 358	14,6
Receivables	10 474	5 630	4 844	86,1
Other assets	58 276	91 421	-33 144	-36,3
Prepayments	32 036	20 755	11 281	54,4
Total assets	5 398 765	4 967 831	430 934	8,7

	Toteuma	Toteuma	Muutos	Muutos %
	31.12.2019	31.12.2018		
LIABILITIES				
Capital and reserves				
Initial reserve	4 482	4 482	0	0,0
Guarantee capital	37 586	37 586	0	0,0
Revaluation reserve	9 088	9 088	0	0,0
Other reserves	384 875	339 926	44 949	13,2
Profit for the accounting period	34 714	46 735	-12 021	-25,7
Total capital and reserves	470 744	437 816	32 928	7,5
Subordinated loans	99 721	106 650	-6 929	-6,5
Minority interest	10 242	5 450	4 792	87,9
Technical provisions	2 422 941	2 289 099	133 842	5,8
Technical provisions for Unit-linked policies	2 349 491	2 066 887	282 604	13,7
Obligatory provisions	10	0	10	.
Deposits received from reinsurers	1 129	1 051	77	7,4
Other creditors	35 293	52 210	-16 917	-32,4
Accruals and deferred income	9 194	8 667	527	6,1
Total liabilities	5 398 765	4 967 831	430 934	8,7

LocalTapiola Life | Additional information 2019

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Interim report 1-6/2016

KEY FIGURES

Milj. €

			Change % or %-point
	1-12/2019	1-12/2018	
Key figures describing financial development of life insurance			
Premium income	616,3	449,8	37,0
Expenditure ratio % of total expense loadings	124,5	116,9	7,6
Expenditure ratio % of balance sheet total	1,3	1,3	0,0
Operating profit	29,6	63,2	-53,1

The figures are unaudited.