

LocalTapiola Life January–June 2020

Our customers' confidence in LocalTapiola Life's products has continued to grow even during the coronavirus epidemic.

The coronavirus epidemic characterised the development of LocalTapiola Life's business operations in the first half of 2020. The pandemic prompted our customers to consider their own safety and that of their families, which was seen as increased online sales and changes in beneficiaries. Furthermore, the uncertainty in the investment markets caused concern for our savings customers, and contacts increased.

Despite the concerns, LocalTapiola Life has remained a strong partner in lifelong security.

We continue to be the market leader in risk life insurance in Finland with a market share of over 30 per cent, and premiums written in risk life insurance continued to increase by 8% in the first half of the year. Premiums written in group pension insurance policies has also continued to grow despite the difficult market situation.

The result of LocalTapiola Life decreased in the period from January to June due to the coronavirus epidemic. The operating profit and total result have decreased compared to the previous year as a result of the decrease in investment income. Operating profit EUR -14 million (EUR 107 million) and the total result EUR -74 million (EUR 144 million).

Investment income at current value was -2.0% at the end of the second quarter, or EUR -65 million (4.3%, EUR 130 million). The result for risk premiums was good, EUR 14 million (EUR 16 million). Total expense loadings and bonus payments increased by 4%.

Total premiums written decreased by 8 per cent to EUR 225 million (EUR 243 million) as a result of a decrease in savings premiums written.

LocalTapiola Life's solvency and financial position have remained strong throughout the spring. LocalTapiola Life's own funds are 1.77-fold in relation to the solvency capital requirement. Without the transitional provisions used in solvency calculation, LocalTapiola Life's own funds are 1.40-fold in relation to the solvency capital requirement. Balance sheet at current value is EUR 5.5 billion.

LocalTapiola Life	1-6/2020	1-6/2019
Premiums written (EUR m)	224.8	243.3
Increase in premiums written (%)	-7.6	2.5
Net investment income at current value, %	-2.0	4.3
Operating profit, EUR m	-14.4	106.9
Total result, EUR m	-73.7	144.3
Solvency ratio at the end of the review period, %	177.0	181.6
Solvency capital	906.5	1,057.2
Solvency capital requirement (SCR)	512.2	582.0
Solvency in relation to minimum capital requirement	649.9	673.0

Further information on the Group's solvency is provided in reports on LocalTapiola Group's solvency and financial position [from 2019](#).

Comments by Minna Kohmo, LocalTapiola Life's CEO:

The exceptional actions caused by the coronavirus epidemic characterised spring 2020. The epidemic prompted customers to consider their own safety and that of their families, which was evident in the first half of the year as risk life insurance online sales nearly doubling. We will continue to develop our online services so that accessing services will in future be possible even more extensively and easily also from home.

The confidence of our savings customers also remained good throughout the corona crisis, which was evident as low surrender volumes, considering the situation. The confidence has been supported by our active care and communication, the significance of which increases when the situation in the investment market is uncertain.

According to a customer satisfaction survey conducted by Taloustutkimus, corporate customers consider LocalTapiola Life the best life insurance company. We are glad about the recognition and will continue our work to enhance the customer experience of our corporate customers.

The company's good solvency position has been in an important role during the coronavirus epidemic. Preparations have been made in the past few years for volatility in the investment market by strengthening the company's solvency, which has remained at a good level during the crisis.

The corona spring demonstrated that we are a trusted partner in the daily life, also in the more challenging moments of life. Customers wanted to safeguard their own lifelong security, and we were able to help and support them over the worst crisis. We are developing our operations further so that we can act as the best providers of lifelong security for our customers also in the future.

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP

Interim report 1-6/2020

PROFIT AND LOSS ACCOUNT

1 000 €

	1-6/2020	1-6/2019	Change	Change-%	1-12/2019
Technical Account - Life Insurance:					
Premiums written	224 849	243 290	-18 440	-7,6	616 312
Reinsurers' share	-128	-608	479	-78,9	-3 807
Total premiums written	224 721	242 682	-17 961	-7,4	612 505
Investment income	115 936	177 770	-61 834	-34,8	314 110
Revaluations of investments	9 305	163 769	-154 464	-94,3	265 557
Claims incurred					
Claims paid	-236 875	-182 285	-54 590	29,9	-525 402
Reinsurers' share	56	174	-118	-68,1	833
Total claims paid	-236 820	-182 111	-54 708	30,0	-524 569
Change in provision for outstanding claims	8 538	6 675	1 864	27,9	-24 077
Reinsurers' share	0	0	0		0
Total change in provision for outstanding claims	8 538	6 675	1 864	27,9	-24 077
Total claims incurred	-228 281	-175 436	-52 845	30,1	-548 646
Change in provision for unearned premiums					
Change in provision for unearned premiums	161 228	-204 786	366 013	-178,7	-392 369
Reinsurers' share	0	0	0		0
Total change in provision for unearned premiums	161 228	-204 786	366 013	-178,7	-392 369
Operating expenses	-31 691	-30 094	-1 597	5,3	-57 220
Investment charges	-98 147	-44 960	-53 187	118,3	-124 245
Revaluation adjustments on investments	-164 365	-20 410	-143 955	705,3	-28 185
Balance on technical account	-11 294	108 535	-119 829	-110,4	41 508
Non-technical account					
Other income	1 126	1 169	-43	-3,6	2 159
Other expenses	-1 072	-894	-178	19,9	-2 182
Total other income and charges	54	275	-221	-80,2	-23
Share of profit/loss of associated undertakings after taxes	177	669	-492	-73,6	88
Profit on ordinary activities	-11 063	109 480	-120 542	-110,1	41 573
Direct taxes on ordinary activities	20	-20 175	20 195	-100,1	-7 023
Minority interest in profit/loss	-48	91	-139	-152,3	165
Profit for the accounting period	-11 090	89 396	-100 486	-112,4	34 714

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Interim report 1-6/2020
BALANCE SHEET
1 000 €

	30.6.2020	30.6.2019	Change	Change-%	31.12.2019
ASSETS					
Intangible assets	13 081	14 235	-1 154	-8,1	13 828
Investments	2 768 786	2 837 866	-69 080	-2,4	2 867 817
Assets covering unit linked policies	2 223 013	2 310 611	-87 598	-3,8	2 416 334
Receivables	24 979	6 705	18 274	272,6	10 474
Other assets	199 409	68 601	130 808	190,7	58 276
Prepayments	29 762	22 142	7 620	34,4	32 036
Total assets	5 259 031	5 260 160	-1 129	0,0	5 398 765

	30.6.2020	30.6.2019	Change	Change%	31.12.2019
LIABILITIES					
Capital and reserves					
Initial reserve	4 482	4 482	0	0,0	4 482
Guarantee capital	37 586	37 586	0	0,0	37 586
Revaluation reserve	1 811	9 088	-7 277	-80,1	9 088
Other reserves	417 622	384 935	32 687	8,5	384 875
Profit for the accounting period	-11 090	89 396	-100 486	-112,4	34 714
Total capital and reserves	450 411	525 486	-75 076	-14,3	470 744
Subordinated loans	99 721	106 650	-6 929	-6,5	99 721
Minority interest	10 545	8 439	2 106	25,0	10 242
Technical provisions	2 403 153	2 306 275	96 878	4,2	2 422 941
Technical provisions for Unit-linked policies	2 199 512	2 247 821	-48 309	-2,1	2 349 491
Obligatory provisions	10	0	10	.	10
Deposits received from reinsurers	1 170	1 129	41	3,7	1 129
Other creditors	83 734	54 476	29 258	53,7	35 293
Accruals and deferred income	10 775	9 884	891	9,0	9 194
Total liabilities	5 259 031	5 260 160	-1 129	0,0	5 398 765

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Interim report 1-6/2020
PERFORMANCE ANALYSIS

€1 000

	1-6/2020	1-6/2019	Change	Change-%	1-12/2019
Premium income	224 721	242 682	-17 961	-7,4	612 505
Investment income and expenses as well as revaluations and adjustments thereof	-137 270	276 170	-413 440	-149,7	427 237
Claims paid	-236 820	-182 111	-54 708	30,0	-524 569
Changes in technical provisions before change in bonuses and equalization provision	167 257	-199 286	366 542	-183,9	-428 376
Operating expenses	-31 691	-30 094	-1 597	5,3	-57 220
Technical result before change in bonuses and equalization provision	-13 803	107 361	-121 164	-112,9	29 578
Other income and expenses	54	275	-221	-80,2	-23
Share of profit/loss from group associated undertaking	177	669	-492	-73,6	88
Operating profit	-13 572	108 305	-121 877	-112,5	29 642
Change in equalization provision	5 137	5 137	0	0,0	10 274
Bonuses	-2 627	-3 962	1 335	-33,7	1 656
Profit before appropriations and taxes	-11 063	109 480	-120 542	-110,1	41 573
Direct taxes	20	-20 175	20 195	-100,1	-7 023
Minority interest	-48	91	-139	-152,3	165
Profit for the accounting period	-11 090	89 396	-100 486	-112,4	34 714
Operating profit	-13 572	108 305	-121 877	-112,5	29 642
Change in the difference between current and book val	-55 784	38 066	-93 850	-246,5	74 692
Total result	-69 356	146 371	-215 727	-147,4	104 334

The figures are unaudited.