

LocalTapiola Life's financial statement release 1 January–31 December 2020: LocalTapiola Life's result was good despite the coronavirus pandemic

Comments by LocalTapiola Life Managing Director Minna Kohmo:

The global coronavirus (COVID-19) pandemic, resulting in a decrease in interest rate levels and investment market volatility, had an accentuated impact on life insurance companies and pension insurance companies. The coronavirus pandemic also dominated the development of LocalTapiola Life's business in 2020.

The coronavirus pandemic sensitised our customers to think about their own security and that of their loved ones, which was evident in increased online sales and a reduced number of leaving customers. The demand for savings products weakened in early 2020, but the level of surrenders remained moderate. We are extremely pleased that our customers' trust in Life has stayed strong over the exceptional year.

The risk life insurance claims and pensions paid out and payouts on savings have supported our customers in a difficult financial environment. LocalTapiola Life paid out EUR 392 million in claims and EUR 57 million in returns on insurance savings to its customers. Of these, EUR 8 million were customer bonuses.

The company's operating profit developed well despite the coronavirus pandemic. Operating profit stood at EUR 52 million and total result was EUR 46 million. The decline in total result was due to investment income being poorer than the previous year. Investment income at fair value was 2.2 per cent, or EUR 72 million. The result for risk premiums collected was good at EUR 33 million and total expense loadings increased by 2.3 per cent to EUR 56 million. With a decrease in interest rate levels, a new interest rate supplement of EUR 36 million was made.

The good development of premiums written continued in risk life insurance and in group pension insurance. In risk life insurance, premiums written grew by 4.4 per cent, and in group pension it grew by 6.0 per cent. In savings, premiums written decreased by 29.6 per cent in comparable terms. Total premiums written decreased with the development of premiums written in savings by 16.8 per cent in comparable terms and ended up at EUR 434 million.

The company's good solvency position has played an important role during the coronavirus pandemic. In recent years, preparations have been made for investment market volatility by strengthening the company's solvency, which has indeed remained at a good level during the pandemic. Life's own funds total 1.84 times the Solvency Capital Requirement. Without the transitional provisions of solvency calculation, Life's own funds total 1.49 times the Solvency Capital Requirement.

LocalTapiola Life's goal is to be a pioneer in customer experience in personal insurance – in all channels. In 2020, we expanded the range of products sold online and streamlined and expedited purchasing processes. The development work of our digital services continues in 2021. To support this goal, we have started preparations for a core system reform.

LocalTapiola Life

	1-12/2020	1-12/2019
Premium income, EUR million	434.0	616.3
Growth of premium income, %	-29.6	37.0
Net investment income at current value, %	2.2	6.3
Operating profit, EUR million	51.7	32.3
Total result, EUR million	45.9	96.6
Solvency II capital adequacy ratio at end of financial year, %	184	190
Supplements to technical provisions during financial year, MEUR	35.8	139.4

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Interim report 1-12/2020
PROFIT AND LOSS ACCOUNT
1 000 €

	Toteuma	Toteuma	Muutos	Muutos %
	1-12/2020	1-12/2019		
Technical Account - Life Insurance:				
Premiums written	433 952	616 312	-182 360	-29,6
Reinsurers' share	-2 557	-3 807	1 250	-32,8
Total premiums written	431 395	612 505	-181 110	-29,6
Investment income	233 177	314 110	-80 933	-25,8
Revaluations of investments	83 244	265 557	-182 313	-68,7
Claims incurred				
Claims paid	-396 542	-525 402	128 860	-24,5
Reinsurers' share	290	833	-543	-65,1
Total claims paid	-396 252	-524 569	128 317	-24,5
Change in provision for outstanding claims	20 987	-24 077	45 065	-187,2
Reinsurers' share	0	0	0	
Total change in provision for outstanding claims	20 987	-24 077	45 065	-187,2
Total claims incurred	-375 264	-548 646	173 382	-31,6
Change in provision for unearned premiums				
Change in provision for unearned premiums	-56 681	-392 369	335 687	-85,6
Reinsurers' share	0	0	0	
Total change in provision for unearned premiums	-56 681	-392 369	335 687	-85,6
Operating expenses	-56 119	-57 220	1 101	-1,9
Investment charges	-112 061	-124 245	12 184	-9,8
Revaluation adjustments on investments	-64 198	-28 185	-36 014	127,8
Balance on technical account	83 492	41 508	41 984	101,1
Non-technical account				
Other income	2 143	2 159	-16	-0,7
Other expenses	-1 678	-2 182	504	-23,1
Total other income and charges	465	-23	488	-2 107,1
Share of profit/loss of associated undertakings after taxes	-911	88	-999	-1 138,3
Profit on ordinary activities	83 046	41 573	41 473	99,8
Direct taxes on ordinary activities	-15 128	-7 023	-8 105	115,4
Minority interest in profit/loss	51	165	-114	-69,0
Profit for the accounting period	67 968	34 714	33 254	95,8

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BALANCE SHEET
1 000 €

	Toteuma	Toteuma	Muutos	Muutos %
	31.12.2020	31.12.2019		
ASSETS				
Intangible assets	11 909	13 828	-1 919	-13,9
Investments	2 899 866	2 867 817	32 049	1,1
Assets covering unit linked policies	2 420 991	2 416 334	4 657	0,2
Receivables	12 460	10 474	1 986	19,0
Other assets	163 827	58 276	105 551	181,1
Prepayments	19 361	32 036	-12 675	-39,6
Total assets	5 528 414	5 398 765	129 649	2,4

	Toteuma	Toteuma	Muutos	Muutos %
	31.12.2020	31.12.2019		
LIABILITIES				
Capital and reserves				
Initial reserve	4 482	4 482	0	0,0
Guarantee capital	37 586	37 586	0	0,0
Revaluation reserve	1 811	9 088	-7 277	-80,1
Other reserves	417 515	384 875	32 640	8,5
Profit for the accounting period	67 968	34 714	33 254	95,8
Total capital and reserves	529 361	470 744	58 617	12,5
Subordinated loans	99 792	99 721	71	0,1
Minority interest	18 313	10 242	8 071	78,8
Technical provisions	2 389 951	2 422 941	-32 990	-1,4
Technical provisions for Unit-linked policies	2 418 175	2 349 491	68 684	2,9
Obligatory provisions	17	10	7	.
Deposits received from reinsurers	1 170	1 129	41	3,7
Other creditors	60 094	35 293	24 801	70,3
Accruals and deferred income	11 540	9 194	2 346	25,5
Total liabilities	5 528 414	5 398 765	129 649	2,4