

ERGO

A Munich Re company

Interim report 3rd quarter 2024

ERGO Forsikring AS (unaudited)



Interim Report ERGO Forsikring AS

As at 30 September 2024

ERGO International AG (ERGO) is the sole owner of the company from 2. April 2024. The company changed its name from Storebrand Helseforsikring AS to ERGO Forsikring AS on 24. September 2024.

Storebrand and ERGO had successfully developed the Company together for many years. After a strategic review it was concluded that it is in the Company's best interest to have one owner going forward. Storebrand will continue distributing the Company's products in the Norwegian and Swedish market.

Because of the change in ownership, the Company will be required to start accounting for its insurance liabilities using the international financial reporting standard for insurance liabilities, IFRS 17. The new accounting standard will be implemented from the interim report as of 30 September 2025 at the latest.

Pretax profit is NOK 82.8 million (NOK 91.3 million) in the 3rd quarter and NOK 147.4 million (minus NOK 99.2 million) as at 30.9.2024. The quarterly result is affected by increased operating costs due to ERGO integration activities. The improved result so far this year is due to increased premiums, lower claims and high financial income.

A Premium Deficiency Reserve (PDR) totaling NOK 105.8 million was booked as at 30.6.2023. This reserve was released against claims over the remaining time of policies in force. The Premium Deficiency Reserve (PDR) was fully released in the 3rd quarter and the total release in 2024 is NOK 28.9 million.

Premiums earned totaled to NOK 353.6 million (NOK 302.5 million) in 3rd quarter, an increase of 17 per cent from the same period in 2023. Year to date at 30.9.2024 premiums earned amounted to NOK 1,025.9 million (NOK 891.8 million), an increase of 15 per cent from the same period in 2023.

Cost of claims amounted to NOK 215.0 million (NOK 207.7 million) in the third quarter and NOK 757.1 million (NOK 788.0 million) so far this year. The claims ratio (excluding PDR) in 3rd quarter 2024 is down from 69 per cent in 2023 to 61 per cent and down from 88 per cent to 74 per cent as at 30.9.2024. The claims ratio as at year end 2023 was 88 per cent.

Insurance-related operating costs was NOK 68.2 million (NOK 53.4 million) in 3rd quarter. At 30.9.2024 the insurance-related operating costs was NOK 187.8 million (NOK 154.2 million). The cost increase is mainly caused by increased business volume, but also from ERGO integration activities. The net cost ratio for own account ended up at 19 per cent (18 per cent) in 3rd quarter and 18 per cent (17 per cent) as at 30.9.2024.

The company has a conservative investment strategy, and the investment portfolio is invested in one of Storebrand's bond funds with low credit risk and short interest duration. The financial return in 3rd quarter 2024 was 1.60 per cent (1.51 per cent) and 4.38 per cent (3.24 per cent) as at 30.9.2024.

Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of minus NOK 3.4 million (minus NOK 0.3 million) in the 3rd quarter and minus NOK 3.7 million (minus NOK 3.4 million) so far this year.

The net non-technical result amounted to NOK 12.2 million (NOK 12.4 million) in 3rd quarter and NOK 37.3 million (NOK 19.3 million) as at 30.9.2024.

The solvency margin should be above 100 per cent and was 254 per cent at 30.9.2024. At year-end 2023 the solvency margin was 251 per cent.

Lysaker, 29 November 2024

Board of directors ERGO Forsikring AS

ERGO Forsikring AS

Statement of comprehensive income

NOK thousand	3Q		01.01.-30.09		Full year
	2024	2023	2024	2023	2023
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums earned	354 384	303 219	1 028 333	894 035	1 220 692
- Reinsurers' share	-777	-752	-2 404	-2 266	-3 009
Premium income for own account	353 606	302 466	1 025 929	891 769	1 217 683
Other insurance related income	54	77	212	218	278
CLAIMS EXPENSES					
Incurred claims gross	-216 968	-209 058	-760 131	-790 177	-1 087 517
- Reinsurers' share	1 276	1 361	3 074	2 168	3 730
Claims expenses for own account	-215 692	-207 696	-757 057	-788 009	-1 083 787
INSURANCE RELATED OPERATING EXPENSES					
Sales expenses	-22 420	-21 033	-71 242	-58 946	-81 006
Insurance related administration expenses (incl. commissions for reinsurance received)	-45 806	-32 391	-116 567	-95 207	-128 022
Insurance related operating expenses	-68 226	-53 424	-187 809	-154 153	-209 028
Change in premium deficiency reserve	925	37 404	28 903	-68 396	-28 801
Technical profit	70 667	78 828	110 179	-118 572	-103 654
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	121	116	367	138	29 130
Change in value on investments	14 923	10 653	38 305	16 718	5 845
Realised gain and loss on investments	2 607	447	2 223	7 483	6 674
Net income from investments	17 650	11 216	40 896	24 339	41 649
Other income	46	1 226	1 893	4 819	1 941
Other expenses	-5 535	-11	-5 535	-9 822	-11 329
Non-technical profit	12 161	12 431	37 253	19 336	32 261
Pre tax profit	82 828	91 259	147 431	-99 236	-71 394
Tax	-20 590	-22 815	-36 517	24 809	18 245
Profit/loss for the year	62 238	68 444	110 915	-74 427	-53 149
OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS					
Change in actuarial assumptions					-8
Tax on other comprehensive income and expenses not to be classified to profit/loss					2
Comprehensive income	62 238	68 444	110 915	-74 427	-53 155

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Statement of financial position

NOK thousand	30.09 2024	31.12. 2023
ASSETS		
Intangible assets	69 357	82 167
Total intangible assets	69 357	82 167
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	951 976	783 277
Financial derivatives	35	428
Total fair value financial instruments	952 010	783 705
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	373 940	301 581
Receivables arising from reinsurance business	1 887	1 331
Other receivables	12 450	15 048
Total receivables	388 278	317 960
OTHER ASSETS		
Cash and bank equivalents	19 244	44 341
Deferred tax assets		11 430
Pension assets	36	36
Total other assets	19 280	55 807
Prepaid costs and income earned not received	6 413	4 420
Total prepaid costs and income earned not received	6 413	4 420
Total assets	1 435 338	1 244 060

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Statement of financial position, continue

NOK thousand	30.09 2024	31.12. 2023
EQUITY AND LIABILITIES		
PAID IN CAPITAL		
Share capital	35 000	35 000
Share premium reserve	395 000	395 000
Total paid in capital	430 000	430 000
EARNED EQUITY		
Allocation to guarantee scheme	25 723	22 766
Other earned equity	186 152	78 195
Total earned equity	211 875	100 961
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	586 324	505 550
Claims reserve gross	127 163	161 956
Total insurance liabilities gross	713 487	667 506
RESERVES FOR LIABILITIES		
Pension liabilities		
Period tax liabilities	7 401	
Deferred tax	15 389	
Total reserves for liabilities	22 790	0
LIABILITIES		
Liabilities in connection with direct insurance	29 431	25 768
Other liabilities	13 804	6 441
Total liabilities	43 236	32 209
Accrued expenses and received, unearned income	13 950	13 385
Total accrued expenses and received, unearned income	13 950	13 385
Total equity and liabilities	1 435 338	1 244 060

Lysaker, 29 November 2024

Board of directors ERGO Forsikring AS

ERGO Forsikring AS

Statement of cash flow 1. January – 30. September

NOK thousand	2024	2023
Cash flow from operations		
Net receipts - insurance	1 038 008	1 011 918
Net payments/claims insurance	-791 849	-818 786
Payment of income tax	-2 297	-780
Payments relating to operations	-165 528	-153 970
Net receipts/payments other operational activities	28 903	0
Net cash flow from operations before financial assets	107 236	38 381
Net receipts/payments - financial assets	-127 409	-312 826
Net cash flow from financial assets	-127 409	-312 826
Net cash flow from operations	-20 173	-274 445
Cash flow from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-4 924	-3 984
Net cash flow from investment activities	-4 924	-3 984
Cash flow from financing activities		
Issuance of share capital/surplus fund		275 000
Payment of dividends		
Net cash flow from financing activities	0	275 000
Net cash flow for the period	-25 097	-3 429
-of which net cash flow inn the period before financial asset	102 312	309 397
Net movement in cash and cash equivalents	-25 097	-3 429
Cash and cash equivalents at start of the period	44 341	28 109
Cash equivalents at the end of the period	19 244	24 680

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Statement of change in equity

NOK thousand	Share capital	Share premium reserve	Total paid in capital	Guarantee scheme	Other equity	Total earned equity	Total equity
Equity 01.01.23	33 000	122 000	155 000	19 770	134 345	154 115	309 115
Paid-in capital	2 000	273 000	275 000				275 000
Profit					-53 149	-53 149	-53 149
Change in guarantee scheme				2 996	-2 996	0	0
Change in actuarial assumptions					-8	-8	-8
Tax on other comprehensive income and expenses					2	2	2
Equity 31.12.23	35 000	395 000	430 000	22 766	78 195	100 961	530 961
Profit					110 915	110 915	110 915
Change in guarantee scheme				2 958	-2 958	0	0
Equity 30.09.24	35 000	395 000	430 000	25 723	186 152	211 875	641 875

Notes ERGO Forsikring AS

Note 1 Accounting principles

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2023 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

ERGO Forsikring AS is classified as a medium-sized P&C insurance company in Norwegian regulation and can therefore choose to use IFRS 17 in the company accounts from 2023, or still use the calculation and measurements in accordance with the Norwegian Regulations on Financial Statements for General Insurance Companies as today. The Board of the company has chosen not to shift to IFRS 17 for 2024. Because of the change in ownership, the Company will be required to start accounting for its insurance liabilities using the international financial reporting standard for insurance liabilities, IFRS 17. The new accounting standard will be implemented from the interim report as of 30 September 2025 at the latest.

There are no new or amended accounting standards that entered into effect as at 1 January 2024 that have caused significant effects on the company's interim financial statements.

Note 2 Financial risk

There is no change in the financial risk from the description in the annual report for 2023.

Note 3 Solvency II

ERGO Forsikring AS is subject to the EU's solvency regime Solvency II. The company is largely funded with group 1 capital. With a total solvency capital of NOK 481.1 million, the company's solvency capital coverage is 254 per cent while the minimum capital requirement is covered by 608 per cent.

NOK thousand	30.09.24					31.12.23
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	35 000	35 000		0		35 000
Share premium	395 000	395 000		0		395 000
Reconciliation reserve	88 650	88 650				-1 706
Deferred tax assets	0				0	28 548
Not counting tier 3 capital	0				0	-1 299
Total solvency capital	518 650	518 650	0	0	0	455 543
Total solvency capital available to cover minimum capital requirement	518 650	518 650	0	0		428 294

Solvency is calculated with the standard model under Solvency II, and the distribution of the capital requirement of the different risk modules included is shown below.

Solvency capital requirement and -margin

NOK thousand	30.09.24	31.12.23
Market	33 729	18 325
Counterparty	9 659	1 240
Life	0	0
Health	218 056	199 682
P&C	0	0
Operational	41 163	36 846
Diversification	-29 770	-13 882
Loss-absorbing capacity of deferred taxes	-68 209	-60 553
Total solvency requirement	204 628	181 658
Solvencymargin	253,5 %	250,8 %
Minimum capital requirement	85 344	45 415
Minimum margin	607,7 %	943,1 %

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