

LocalTapiola Life's half-yearly report 1 January–30 June 2021: LocalTapiola Life's result and solvency strengthened

Comments by LocalTapiola Life Managing Director Minna Kohmo:

“The favourable development in the investment market in 2021 together with profitable insurance operations boosted LocalTapiola Life's total result to a strong level. Buoyed by the good result, our solvency position has been reinforced in 2021 above the pre-Covid-19 pandemic level.

Our customers' trust in LocalTapiola Life has continued to become stronger. In 2021 the long-standing good development of premiums written continued in term life insurance and group pension insurance, and premiums written in savings started increasing again.

LocalTapiola Life strives to make preparing for the future easy across all our service channels. In support of this goal, we have launched preparations for the system reform project, which aims at a major reform of customer experience.”

LocalTapiola Life's result increased year on year. Operating result stood at EUR 89.9 million and total result was EUR 128.1 million. Buoyed by the good result, solvency has been reinforced in 2021, with the solvency ratio at 201 per cent. Without the transitional provisions of solvency calculation, the solvency ratio stood at 172 per cent.

Premiums written increased in all focus areas. In term life insurance, premiums written grew by 3.5 per cent and in group pension by 15.3 per cent. In savings, premiums written increased by 11.4 per cent. Gross premiums written increased by 8.6 per cent to EUR 244.1 million.

In spring LocalTapiola Life renewed the investment service offered. Now even better than ever, customers may accumulate savings and invest in the same investments as we use when investing LocalTapiola's assets. In this way we offer our customers responsible co-investment and the benefits available to a large investor. In term life insurance we expanded our product range with the Maksuturva life insurance solution to guarantee the repayment of LocalTapiola motor vehicle financing. Life's customer satisfaction has remained at a good level.

LocalTapiola Life	1-6/2021	1-6/2020
Premiums written, EUR million	244.1	224.8
Growth of premiums written, %	8.6	-7.6
Net investment income at fair value, %	3.2	-2.0
Operating result, EUR million	89.9	-14.4
Total result, EUR million	128.1	-73.7
Solvency II capital adequacy ratio at end of financial period, %	201	172

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP

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PROFIT AND LOSS ACCOUNT

1 000 €

	1-6/2021	1-6/2020	Change	Change-%	1-12/2020
Technical Account - Life Insurance:					
Premiums written	244 135	224 849	19 286	8,6	433 952
Reinsurers' share	-346	-128	-217	169,2	-2 557
Total premiums written	243 789	224 721	19 068	8,5	431 395
Investment income	133 360	115 936	17 424	15,0	233 177
Revaluations of investments	197 772	9 305	188 467	2 025,4	83 244
Claims incurred					
Claims paid	-191 754	-236 875	45 122	-19,0	-396 542
Reinsurers' share	313	56	258	463,7	290
Total claims paid	-191 440	-236 820	45 379	-19,2	-396 252
Change in provision for outstanding claims	6 827	8 538	-1 711	-20,0	20 987
Reinsurers' share	0	0	0		0
Total change in provision for outstanding claims	6 827	8 538	-1 711	-20,0	20 987
Total claims incurred	-184 613	-228 281	43 668	-19,1	-375 264
Change in provision for unearned premiums					
Change in provision for unearned premiums	-217 687	161 228	-378 915	-235,0	-56 681
Reinsurers' share	0	0	0		0
Total change in provision for unearned premiums	-217 687	161 228	-378 915	-235,0	-56 681
Operating expenses	-28 790	-31 691	2 901	-9,2	-56 119
Investment charges	-28 875	-98 147	69 272	-70,6	-112 061
Revaluation adjustments on investments	-21 864	-164 365	142 501	-86,7	-64 198
Balance on technical account	93 092	-11 294	104 386	-924,3	83 492
Non-technical account					
Other income	1 001	1 126	-125	-11,1	2 143
Other expenses	-932	-1 072	140	-13,0	-1 678
Total other income and charges	69	54	14	26,6	465
Share of profit/loss of associated undertakings after taxes	258	177	81	46,0	-911
Profit on ordinary activities	93 419	-11 063	104 482	-944,5	83 046
Direct taxes on ordinary activities	-17 462	20	-17 483	-85 982,5	-15 128
Minority interest in profit/loss	-439	-48	-391	820,4	51
Profit for the accounting period	75 518	-11 090	86 608	-781,0	67 968

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BALANCE SHEET

1 000 €

	30.6.2021	30.6.2020	Change	Change-%	31.12.2020
ASSETS					
Intangible assets	9 778	13 081	-3 302	-25,2	11 909
Investments	2 897 237	2 768 786	128 451	4,6	2 899 866
Assets covering unit linked policies	2 728 473	2 223 013	505 460	22,7	2 420 991
Receivables	6 323	24 979	-18 656	-74,7	12 460
Other assets	158 150	199 409	-41 259	-20,7	163 827
Prepayments	13 728	29 762	-16 035	-53,9	19 361
Total assets	5 813 690	5 259 031	554 659	10,5	5 528 414

	30.6.2021	30.6.2020	Change	Change%	31.12.2020
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	1 810	1 811	-1	0,0	1 811
Other reserves	483 822	417 622	66 200	15,9	417 515
Profit for the accounting period	75 518	-11 090	86 608	-781,0	67 968
Total capital and reserves	603 218	450 411	152 807	33,9	529 361
Subordinated loans	99 792	99 721	71	0,1	99 792
Minority interest	21 105	10 545	10 561	100,1	18 313
Technical provisions	2 306 586	2 403 153	-96 567	-4,0	2 389 951
Technical provisions for Unit-linked policies	2 712 399	2 199 512	512 887	23,3	2 418 175
Obligatory provisions	17	10	7	.	17
Deposits received from reinsurers	1 218	1 170	48	4,1	1 170
Other creditors	54 431	83 734	-29 303	-35,0	60 094
Accruals and deferred income	14 923	10 775	4 148	38,5	11 540
Total liabilities	5 813 690	5 259 031	554 659	10,5	5 528 414

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PERFORMANCE ANALYSIS

€1 000

	1-6/2021	1-6/2020	Change	Change-%	1-12/2020
Premium income	243 789	224 721	19 068	8,5	431 395
Investment income and expenses as well as revaluations and adjustments thereof	280 393	-137 270	417 663	-304,3	140 161
Claims paid	-191 440	-236 820	45 379	-19,2	-396 252
Changes in technical provisions before change in bonuses and equalization provision	-212 607	167 257	-379 864	-227,1	-62 277
Operating expenses	-28 790	-31 691	2 901	-9,2	-56 119
Technical result before change in bonuses and equalization provision	91 344	-13 803	105 148	-761,7	56 909
Other income and expenses	69	54	14	26,6	465
Share of profit/loss from group associated undertakings	258	177	81	46,0	-911
Operating profit	91 671	-13 572	105 243	-775,4	56 462
Change in equalization provision	5 137	5 137	0	0,0	10 274
Bonuses	-3 389	-2 627	-761	29,0	16 309
Profit before appropriations and taxes	93 419	-11 063	104 482	-944,5	83 046
Direct taxes	-17 462	20	-17 483	-85 982,5	-15 128
Minority interest	-439	-48	-391	820,4	51
Profit for the accounting period	75 518	-11 090	86 608	-781,0	67 968
Operating profit	91 671	-13 572	105 243	-775,4	56 462
Change in the difference between current and book values	42 689	-55 784	98 473	-176,5	2 592
Total result	134 361	-69 356	203 716	-293,7	59 054