

LocalTapiola Life's half-yearly report 1 January–30 June 2022: LocalTapiola Life increasing benefits to owner-customers

LocalTapiola Life's January–June operating profit was EUR 46 million and solvency strengthened further. Poor performance of the investment market negatively affected our total result. We enhanced the benefits provided to customers in term life insurance.

Comments by LocalTapiola Life Managing Director Pasi Haarala:

"The uncertainty brought about by the COVID-19 pandemic and the war in Ukraine has sensitised customers to think about their own security and that of their loved ones. We want to help our owner-customers prepare for the future.

In line with our strategy, we focus on increasing lifelong security and customer benefit. We increased our customer benefits in term life insurance, in alignment with our ownership strategy confirmed in June. In new sales, we brought down the term life insurance premiums by 20 per cent, while raising our existing customers' level of insurance cover by 25 per cent free of charge. By raising the sums insured, we wish not only to enhance our customers' economic protection but also to make them more sensitive to thinking about their need for personal economic protection and about whether the protection they already have is adequate.

Additionally, we want to help our customers prepare for the future through saving. LocalTapiola's widely diversified portfolios provide an excellent way to save up for the future, also in an uncertain market situation. The assets in these portfolios are well diversified within and across a variety of asset classes while enabling access to investments usually available only to large investors.

We would like to express our sincere gratitude to our customers for their trust and to our personnel for their excellent work and commitment in an uncertain situation."

LocalTapiola Life's operating result was EUR 46 million. Total result stood at EUR –119 million owing to the demanding market conditions affecting the investment business. Solvency has reinforced in 2022, with the solvency ratio at 307 per cent. Without the transitional provisions of solvency calculation, the solvency ratio stood at 274 per cent.

The growth in premiums written continued in term life insurance and in group pension insurance. Gross premiums written went down 5 per cent to EUR 233 million as a result of the negative development of premiums written in savings. In term life insurance, premiums written grew 5 per cent and in group pension 9 per cent. Premiums written in savings decreased 13 per cent amidst a challenging market environment.

LocalTapiola Life is the market leader in term life insurance and in group pension emerged as the second biggest insurer in the sector. Group pension products are an effective way to commit and reward employees. Our group pension customers get access to diversification across a wide range of asset classes as well as to the benefits available to a large investor.

As set out in her employment contract, LocalTapiola Life's Managing Director Minna Kohmo will retire on 1 October 2022. Life's Board of Directors appointed M.Sc (Econ.) Pasi Haarala the company's new Managing Director as of 1 August 2022.

LocalTapiola Life	1-6/2022	1-6/2021
Premiums written, EUR million	232.5	244.1
Growth of premiums written, %	-4.8	8.6
Net investment income at fair value, %	-4.0	3.2
Operating result, EUR million	46.5	89.9
Total result, EUR million	-118.9	128.1
Solvency II capital adequacy ratio at end of financial period, %	307	201

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Interim report 1-6/2022
PROFIT AND LOSS ACCOUNT

1 000 €

	1-6/2022	1-6/2021	Change	Change-%	1-12/2021
Technical Account - Life Insurance:					
Premiums written	232,502	244,135	-11,633	-4.8	480,445
Reinsurers' share	-437	-346	-91	26.3	-2,890
Total premiums written	232,065	243,789	-11,724	-4.8	477,556
Investment income	130,370	133,360	-2,990	-2.2	255,514
Revaluations of investments	15,455	197,772	-182,318	-92.2	297,060
Claims incurred					
Claims paid	-195,143	-191,754	-3,390	1.8	-352,775
Reinsurers' share	67	313	-247	-78.7	577
Total claims paid	-195,077	-191,440	-3,636	1.9	-352,198
Change in provision for outstanding claims	-6,545	6,827	-13,372	-195.9	-11,237
Total change in provision for outstanding claims	-6,545	6,827	-13,372	-195.9	-11,237
Total claims incurred	-201,621	-184,613	-17,008	9.2	-363,435
Change in provision for unearned premiums					
Change in provision for unearned premiums	318,225	-217,687	535,911	-246.2	-424,256
Total change in provision for unearned premiums	318,225	-217,687	535,911	-246.2	-424,256
Operating expenses	-29,677	-28,790	-886	3.1	-54,200
Investment charges	-88,262	-28,875	-59,387	205.7	-64,519
Revaluation adjustments on investments	-327,398	-21,864	-305,533	1,397.4	-33,770
Balance on technical account	49,157	93,092	-43,935	-47.2	89,948
Non-technical account					
Other income	273	1,001	-728	-72.7	1,942
Other expenses	-761	-932	172	-18.4	-2,007
Total other income and charges	-488	69	-556	-808.7	-65
Share of profit/loss of associated undertakings after taxes	2	258	-256	-99.2	-11
Profit on ordinary activities	48,671	93,419	-44,748	-47.9	89,873
Direct taxes on ordinary activities	-8,730	-17,462	8,733	-50.0	-17,892
Minority interest in profit/loss	-627	-439	-188	43.0	-994
Profit for the accounting period	39,314	75,518	-36,204	-47.9	70,987

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP

Interim report 6/2022

BALANCE SHEET

1 000 €

	30.6.2022	30.6.2021	Change	Change-%	31.12.2021
ASSETS					
Intangible assets	11,237	9,778	1,459	14.9	10,282
Investments	2,902,495	2,897,237	5,258	0.2	2,918,981
Assets covering unit linked policies	2,651,411	2,728,473	-77,062	-2.8	2,906,775
Receivables	7,135	6,323	812	12.8	5,298
Other assets	147,346	158,150	-10,804	-6.8	170,461
Prepayments	11,526	13,728	-2,202	-16.0	13,282
Total assets	5,731,149	5,813,690	-82,540	-1.4	6,025,078

	30.6.2022	30.6.2021	Change	Change%	31.12.2021
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	1,810	0	0.0	1,810
Other reserves	552,644	483,822	68,823	14.2	483,422
Profit for the accounting period	39,314	75,518	-36,204	-47.9	70,987
Total capital and reserves	635,837	603,218	32,619	5.4	598,286
Subordinated loans	99,864	99,792	71	0.1	99,864
Minority interest	27,849	21,105	6,743	31.9	27,887
Technical provisions	2,286,515	2,306,586	-20,071	-0.9	2,337,978
Technical provisions for Unit-linked policies	2,645,424	2,712,399	-66,975	-2.5	2,905,641
Obligatory provisions	47	17	30	.	49
Deposits received from reinsurers	1,269	1,218	51	4.1	1,218
Other creditors	20,719	54,431	-33,712	-61.9	41,330
Accruals and deferred income	13,627	14,923	-1,296	-8.7	12,826
Total liabilities	5,731,149	5,813,690	-82,540	-1.4	6,025,078

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP

Interim report 1-6/2022

PERFORMANCE ANALYSIS

1 000 €

	1-6/2022	1-6/2021	Change	Change-%	1-12/2021
Premium income	232,065	243,789	-11,724	-4.8	477,556
Investment income and expenses as well as revaluations and adjustments thereof	-269,835	280,393	-550,228	-196.2	454,284
Claims paid	-195,077	-191,440	-3,636	1.9	-352,198
Changes in technical provisions before change in bonuses and equalization provision	309,218	-212,607	521,826	-245.4	-428,341
Operating expenses	-29,677	-28,790	-886	3.1	-54,200
Technical result before change in bonuses and equalization provision	46,695	91,344	-44,649	-48.9	97,101
Other income and expenses	-488	69	-556	-808.7	-65
Share of profit/loss from group associated unde	2	258	-256	-99.2	-11
Operating profit	46,210	91,671	-45,462	-49.6	97,025
Change in equalization provision	5,137	5,137	0	0.0	10,274
Bonuses	-2,675	-3,389	714	-21.1	-17,426
Profit before appropriations and taxes	48,671	93,419	-44,748	-47.9	89,873
Direct taxes	-8,730	-17,462	8,733	-50.0	-17,892
Minority interest	-627	-439	-188	43.0	-994
Profit for the accounting period	39,314	75,518	-36,204	-47.9	70,987
Operating profit	46,210	91,671	-45,462	-49.6	97,025
Change in the difference between current and t	-163,161	42,689	-205,850	-482.2	84,264
Total result	-116,951	134,361	-251,312	-187.0	181,288