

LocalTapiola Group's financial statement presentation for 1 January–31 December 2024: A billion euros of lifelong security – Finns were paid more claims than ever before

During the high-claims year, LocalTapiola was strongly focused on its core mission: helping our owner-customers in their daily life when something happens. The group's operating result was EUR 631 million and total result was EUR 836 million. The own investment assets of the group's insurance companies generated a profit of EUR 730 million. The strong investment result guarantees that we are standing on a solid foundation in protecting the health, finances and property of our customers.

Key figures, LocalTapiola Group	1–12/2024	1–12/2023
Premiums written, direct non-life insurance, EUR million	1,511	1,408
Change, %	7.3	7.7
Premiums written, term life insurance, EUR million	147	137
Change, %	7.5	8.3
Net sales, savings life insurance, EUR million	66	302
Assets under management (gross), EUR billion	32.3	28.6
Customer bonuses, EUR million	165	149
Number of customers, thousand	1,819	1,792
Non-life insurance combined ratio, %	96.2	85.7
Non-life insurance cost ratio, %	29.9	30.8
Operating result, EUR million	631	494
Total result, EUR million	836	628

Comment by Chair of the Board of Directors Jari Eklund:

"The wheezing economic growth and measures to balance the fiscal position weakened Finns' trust in the safety nets of the welfare state. The need for lifelong security was greater than ever, and LocalTapiola Group recorded a strong result.

According to a study we conducted polling various issues related to people's daily life, 43 per cent of Finns do not think that the community primary healthcare services provided are adequate. In 2021, this figure was at 30 per cent. The challenges faced by the public healthcare system are reflected to insurers not only as a growing demand for insurance, but also in the fact that Finns are using their health insurance cover more than previously. At the same time, prices for health services have gone up, and the entire sector has been grappling with the profitability of health insurance. Polarisation is often fomented between the public healthcare system and private service providers, even though both are part of the same healthcare package. Solutions to problems need to be found together so that we can protect the health of Finns now and in future. Insurers are keeping a close eye on for example the debate around the family-doctor model, hoping for courage to reform our healthcare system as a whole, with the core objective of improving timely access to care.

On the investment market, the year was excellent, though unfortunately outside Finland. The performance of the Helsinki Stock Exchange remained near zero while stock markets in the United States made profits in the region of 25 per cent. Once again, our saving and investment sales achieved an excellent result, EUR 1.0 billion, but the weak pull of the economy was also reflected in redemptions, the number of which increased. Buffers have depleted, and Finns needed their invested assets.

The own investment assets of the LocalTapiola Group insurance companies generated a profit of EUR 730 million (in 2023, EUR 400 million). The strong investment result guarantees that we are standing on a solid foundation in protecting the health, finances and property of our customers. At the start of the year, we increased our stake in Pihlajalinna to 26.99 per cent. In August, we sold our holding in Mehiläinen after achieving the targets we had set for this investment.

As a result of declining interest rates, the wheels of the economy are starting to turn again. We have already witnessed the first signs of recovery: order books are increasing slightly, and businesses feel confident about the future. Economic recovery would be welcome news not only for households in general, but also for Finnish investors, who still have more than 80 per cent of the listed stocks they own tied up in Finland. Growth on the Helsinki Stock Exchange would bolster diminished savings buffers, encouraging more people to invest, grow their wealth and diversify their assets.

On the real estate market, the year was difficult. In spite of this, the situation with our top real estate investment product, the LocalTapiola Investment Real Estate fund, which is also offered to households, remained stable. Should interest rates decline as expected, financing costs will decrease and return requirements on the real estate market will not increase further. Indeed, the decrease in real estate values seems now to have been arrested, and we are likely to be witnessing the bottoming out of markets.

Over the year, there was bad news on employment, and no immediate relief seems to be in sight. In the long term, however, the shortage of talents will not be easing up, and businesses will strive to retain them. Last autumn, we conducted a comprehensive survey to gauge how Finns feel about the remuneration of staff, revealing that benefits including extra insurances and personnel funds have a major impact on staff commitment. With the safety nets of society thinning, employer-provided benefits ranging from comprehensive occupational healthcare to personnel funds and to supplementary pensions which support pension accrual are becoming competitive advantages.

The strong result achieved by LocalTapiola Group means that we can strengthen our services and customer benefits and reform our activities in line with customer wishes and needs. Our historically large investment programme to reform the group's core systems is progressing as planned.

Starting from May 2025, **Sari Heinonen**, who in January was elected to become President of LocalTapiola Group, will be guiding our strong and solvent corporate group towards the new strategy period and increasingly better lifelong security for our more than 1.8 million customers."

Comment by Group Business Director Pekka Antikainen:

"The early part of the year witnessed so many frozen pipes, crashing cars and sprained ankles that, over the course of the entire year, we paid a total of EUR 1,035 million (in 2023, EUR 928 million) in non-life insurance claims. The amount of non-life insurance claims that we paid thus exceeded the one billion mark for the first time ever. We paid the most claims for property and business (EUR 335 million) and casco motor incidents (EUR 265 million) as well as under voluntary personal insurance policies (EUR 164 million). The biggest growth, 18 per cent, was experienced in the amount paid for casco motor claims. For property and business claims, we paid out 14 per cent more than in 2023. From non-life insurance, we obtained a total of EUR 1,511 million in premiums written (in 2023, EUR 1,408 million), and our operating result was EUR 631 million (in 2023, EUR 494 million). Our solvency ratio remained strong, being 202 per cent at year-end.

In addition to the exceptionally harsh and unpredictable winter weather, claims expenditures were increased by major fire claims, which affected businesses in higher numbers than normally. This development was also underpinned by a pervasive increase in prices, which had delayed implications for claims expenditures, by a single catastrophe claim that occurred early in the year, and by the increase of the standard rate of VAT in the autumn. What all this highlights is that, last year, we were strongly focused on our core mission, that is, helping our customers in their daily life when something happens. Thanks to the persistent efforts of our Claims Advisors, the record-high numbers of claims were processed on time. The group's strong investment in digital service was evident in customer behaviour: some 70 per cent of claims were filed either online or

through a partner (in 2023, 64%). The brisk processing of claims and service in channels which customers welcome reflected as increased customer satisfaction. The proportion of customers recommending LocalTapiola has been growing uninterruptedly for the past five years.

Last year challenged the entire sector, but our good reputation and high customer retention rate safeguarded our position on the market. Our premiums written from non-life insurance increased EUR 103 million. LocalTapiola Life recorded the best result in its history, and LocalTapiola's investment clients fetched on their assets a total return of EUR 508 million. Our position is strong, but we should not be complacent about this. As outlined in our lifelong security strategy, in future as well as today, we will be investing in the best service in the sector personally, locally and by digital means, developing our customer benefits and honing our activities to make them increasingly efficient, so that our owner-customers can get as much value for their money as possible.

Motor liability insurance is the cornerstone of LocalTapiola's operations, in which we increased our market leader position to 37 per cent. At the same time, LocalTapiola Finance emerged as the second largest motor vehicle finance company in Finland with a market share of 17 per cent (in 2023, 16%). The electrification of transport continued, although new car sales were sluggish. Last year, already nearly one half of the cars registered were plug-in models. However, the volume of claims for electric cars, and their reparability, susceptibility to being damaged and how their batteries should be finally disposed of, continue to be surrounded by a high degree of uncertainty. According to a study we conducted polling various issues related to people's daily life, one half of Finns consider the high costs of repairing battery damage a key reason why electric vehicles are not gaining popularity more quickly in Finland. For our part, we strive to curb the rise in costs by investing in the circular economy within our claims handling. Together with our claim partners, we launched a trial to carry out repairs using reused spare parts taken from damaged vehicles. The aim is to lower the price tag for repairs and decrease environmental load particularly in electric car claims.

With the climate changing, the unpredictable weather conditions experienced early in the year are likely to be repeated. As outlined in our recently published climate policy, LocalTapiola is committed to climate change mitigation and adaptation. As part of LocalTapiola General's Report of the Board of Directors, LocalTapiola Group will publish its first CSRD sustainability report as required under the Accounting Act. Sustainability risk management is an element in normal business risk management but, with the economy spluttering, businesses are stretched for resources to cut emissions and adapt to climate risks. Last year, the donation made from our contingency reserve enabled 218 businesses to participate in the Finland Chamber of Commerce's Climate Programme free of charge. 88 per cent of the businesses responding to the feedback survey said that, after the Programme, they had taken concrete actions to reduce emissions, while 65 per cent of respondents described having drawn up a dedicated emissions reduction roadmap for their company. The Climate Programme was followed up in January, and this year the donation by LocalTapiola will help as many as 306 small and medium-sized enterprises to take part. All in all, last year, our group companies provided a total of EUR 5.4 million in support to various entities enabling, inter alia, the installation of more than 100 Välkky alarms to protect pedestrian crossings across Finland, as well as the donation to Ukraine of eight security containers designed for rescue personnel."

In May 2024, **Juha Koponen** announced that he would be leaving his position as President of LocalTapiola Group. The functions of President have been discharged on a temporary basis by Group Director Jari Eklund as Chair of the Boards of Directors of LocalTapiola General and LocalTapiola Life, and by Group Business Director Pekka Antikainen in operational functions. On 15 January 2025, Sari Heinonen (PhD (Economics and Business Administration)) was appointed as the new President of LocalTapiola Group starting at the beginning of May. Ms Heinonen's start is subject to approval by the Financial Supervisory Authority.

LocalTapiola Group's key outturn factors in 2024

LocalTapiola Group's total result including the change in the valuation differences of investments was EUR 836 million. The group's operating result increased year-on-year to EUR 631 million. Premiums written increased both in non-life and life insurance, and an increasing number of Finns are LocalTapiola Group owner-customers. LocalTapiola Group's investment income at fair value was 7.2 per cent, and the strong momentum on the investment market supported the positive performance trend of the group companies. LocalTapiola Group's solvency ratio at the end of 2024 was strong at 202 per cent. As a mutual group of companies, we use our profits to strengthen solvency, to develop the products and services provided to our owner-customers, and to increase customer benefits.

Non-life insurance

The non-life insurance balance for 2024 was EUR 36 million. Balance before the change in the equalisation provision is composed of premiums earned less the claims incurred and operating expenses. In 2024, the balance on the technical account was affected by non-recurring actuarial changes, the combined effect of which improved the balance.

LocalTapiola Group's premiums written in direct non-life insurance totalled EUR 1,511 million, representing a year-on-year growth of 7.3 per cent. The growth in premiums written is supported by the consistently high customer retention rate, active sales and the indexation and price increases effected for 2024. The growth in premiums written was strongest for the private customers segment and, with regard to the insurance lines, growth was highest in voluntary personal insurance, for which premiums written increased 11.7 per cent, and in comprehensive motor vehicle (casco) insurance, for which premiums written increased 10.5 per cent.

We paid customers EUR 1,035 million in non-life insurance claims, up 11.5 per cent from the previous year. The challenging weather conditions in the winter season increased the number of claims particularly in car and personal insurance. Furthermore, in property and business insurance lines, more claims for catastrophes were recorded than over the comparison period. The risk ratio, which describes the profitability of the core insurance business, was 66.3 per cent.

Non-life insurance operating expenses were EUR 435 million, representing year-on-year growth of 4.5 per cent. Operating expenses were increased by growth in the volume of non-life insurance and by the investments made in operational development. The growth in operating expenses was more moderate than the growth of premiums earned, and as a result the cost ratio improved over the comparison period to 29.9 per cent.

Life insurance

LocalTapiola Life's result increased on the back of a strong underwriting result and a successful investment result. Life's operating result was EUR 218 million and total result was EUR 233 million. Solvency also remained strong, with the year-end solvency ratio at 273 per cent.

The growth in premiums written for term life insurance has continued further in 2024, consolidating LocalTapiola Life's market leader position in term life insurance. A total of EUR 147 million of premiums written was generated, representing year-on-year growth of 7.5 per cent. This growth is underpinned by the inflation-fuelled higher volume of policies and by sales increasing over the previous year.

In 2024, the premiums written for savings life insurance were EUR 165 million, reflecting a growth of 81 per cent.

Asset management

LocalTapiola Asset Management Group's turnover was EUR 60.0 million and operating result was EUR -2.7 million. Operating result excluding amortisation of goodwill on consolidation was EUR 4.3 million. Following positive market developments, net commissions increased 6.5 per cent year on year.

The assets managed by the LocalTapiola Asset Management Group companies increased 13.2 per cent year on year, totalling EUR 32.3 billion (gross) at the end of the review period. Of these, EUR 15.2 billion was in assets in portfolio management, and EUR 12.7 billion was in fund capitals, EUR 2.8 billion in real estate and EUR 1.6 billion in other contractually managed assets.

Motor vehicle finance

The market position of LocalTapiola Finance Ltd improved further in 2024. We are now Finland's second largest motor vehicle finance company, as measured by both our portfolio and new sales. The company's operating result was EUR 13.3 million, with the year-end finance portfolio at EUR 2.5 billion. In 2024, as was expected, new car sales remained at an almost record-low level, but used car sales developed positively. The general economic situation has been challenging the solvency of our customers, but during the year we were well prepared for this and, despite the difficult business landscape, our result increased significantly.

Claims and customer benefits

LocalTapiola Group paid its owner-customers a total of EUR 1,035 million in non-life insurance claims. In addition, we credited our customers EUR 105 million in non-life insurance loyalty bonuses and EUR 42 million as S Group bonuses on insurance premiums.

Under life policies, we paid our owner-customers a total of EUR 409 million in claims, and LocalTapiola Life's customer bonuses were EUR 19 million.

Appointments

Lasse Mäkinen started as Managing Director at LocalTapiola Remuneration Services Ltd on 18 March 2024.

Aleksi Härmä started as Managing Director at Seligson & Co Fund Management Company Ltd on 25 March 2024.

Vesa Eskoli started as Managing Director at LocalTapiola Real Estate Asset Management Ltd on 1 May 2024.

As of 22 May, Deputy Managing Director Mika Makkonen has been discharging the duties of Managing Director of LocalTapiola General, after Managing Director Hanna Hartikainen resigned from her post.

Kari Niemelä started as Managing Director at LocalTapiola Etelä-Pohjanmaa on 1 July 2024.

Timo Harju started as Managing Director at LocalTapiola Loimi-Häme on 1 October 2024.

Key figures for 1 January–31 December 2024

The figures are unaudited.

	1–12/2024	1–12/2023
LocalTapiola Group		
Non-life insurance		
Premiums written, EUR million	1,533	1,435
Change, %	6.9	7.6
Direct premiums written, EUR million	1,511	1,408
Change, %	7.3	7.7
Combined ratio excl. unwinding of discount expense, %	96.2	85.7
Risk ratio, %	66.3	54.9
Cost ratio, %	29.9	30.8
Life insurance		
Premiums written, EUR million	416	333
Change, %	24.8	-22.2
Group's result and solvency		
Operating result, EUR million	631	494
Total result, EUR million	836	628
Solvency ratio at end of review period, %	202	204
LocalTapiola General	1–12/2024	1–12/2023
Premiums written, EUR million	330	322
Change, %	2.5	3.8
Direct premiums written, EUR million	263	255
Change, %	3.4	4.3
Combined ratio excl. unwinding of discount expense, %	92.1	67.9
Risk ratio, %	64.9	42.1
Cost ratio, %	27.2	25.8
Net investment income at fair value, %	9.4	3.8
Operating result, EUR million	280	176
Total result, EUR million	325	206
Solvency ratio at end of review period, %	353	375
LocalTapiola Life	1–12/2024	1–12/2023
Premiums written, EUR million	416	333
Change, %	24.8	-22.2
Net investment income at fair value, %	6.1	3.3
Operating result, EUR million	218	124
Total result, EUR million	233	150
Solvency ratio at end of review period, %	273	264
LocalTapiola Asset Management Group	1–12/2024	1–12/2023
Turnover, EUR million	60.0	56.9
Operating result, EUR million	-2.7	-4.2
Cost/income ratio, %	92.9	95.6
Assets managed at group companies at end of review period (gross), EUR billion	32.3	28.6
LocalTapiola Finance	1–12/2024	1–12/2023
Operating result, EUR million	13.3	2.4
Finance portfolio at end of review period, EUR billion	2.5	2.4