

LocalTapiola Group's half-yearly report for 1 January–30 June 2025: Finns are not skimping on insurance cover, but the tools for increasing wealth are being underused

For LocalTapiola Group, the early part of the year was marked by Finland's stagnant economic situation and an investment market thrown into disarray by the risk of a trade war. In a challenging operating landscape, the group performed well. Premiums written for both non-life and life insurance continued to grow. During the early part of 2025, we paid our customers EUR 514 million (+0.6%) in claims under non-life policies. Finns did not skimp on their insurance cover, but when it comes to increasing our wealth, we are still learning. The tools for increasing wealth should not be reduced, they need to be expanded – and Finns should be encouraged to use them.

Key figures, LocalTapiola Group	1–6/2025	1–6/2024
Operating result, EUR million	190	142
Total result, EUR million	162	252
Number of customers, thousand	1,829	1,803
Customer bonuses, EUR million	88	79
Non-life insurance		
Premiums written, direct non-life insurance, EUR million	1,019	961
Change, %	6.1	8.6
Combined ratio, %	95.2	102.6
Risk ratio, %	65.3	71.8
Cost ratio, %	29.9	30.8
Life insurance, saving, motor vehicle finance		
Premiums written, term life insurance, EUR million	85	81
Change, %	4.9	7.5
Net sales, savings life insurance, EUR million	143	83
Assets under management (gross), EUR billion	33.6	30.5
Finance portfolio, EUR billion	2.5	2.4

Comment by President Sari Heinonen:

"Finns' purchasing power continues to recover, but a real turn in the economy is eluding us, and the situation on the job market has not eased up yet. In May, the rolling annual sum of bankruptcies reached its highest level since 1997, while the unemployment rate climbed above ten per cent. Businesses are standing on tiptoes, and, under cost pressure, they are also more eager to shop around for their insurances. Increased unemployment, and redundancies, are decreasing the number of insurable staff at companies and are thus directly reflected at insurance firms.

As a lifelong security company, our business operations provide a cross-section of the daily life of Finnish consumers, businesses and investors. To a large extent, LocalTapiola Group's success mirrors how Finnish society and our 1.8 million customers are faring. Fortunately, throughout the spring, there were also good news about their situation: consumers' confidence in their own finances is recovering, and economic growth is picking up pace gradually. If, on top of this, the global economic uncertainty will unwind, growth may well surpass projections.

Model pupils of preparedness, Finns have not skimped on their insurance cover even in difficult economic times. In the first half of the year, direct non-life insurance premiums written generated by LocalTapiola Group increased 6.1 per cent, and a growth of over six per cent was also recorded in life insurance. Unprecedented trade policy uncertainty shook the investment market, but the early part of 2025 ended on a positive note. The own investments of LocalTapiola Group's insurance companies generated a profit of EUR 141 million. As a customer-owned corporate group, it is of particular importance for us that our owner-customers will benefit from the success achieved by LocalTapiola, and, for example, LocalTapiola Life will pay more customer bonuses this year than ever before.

During the early part of the year, we paid our customers EUR 514 million in non-life insurance claims, up 0.6 per cent from the corresponding period in 2024. Claim numbers decreased in several insurance lines but continued to grow in voluntary personal insurance and in casco insurance. No particularly large claims were recorded. Last year, after a seven-year growth, we became the biggest workers' compensation insurer in Finland, and in April LocalTapiola and Seligson funds reaped success in a comparison conducted by Lipper, an esteemed and independent fund analysis company. Gross sales for our saving and investment services exceeded EUR 650 million, and net sales also increased to EUR 143 million.

We Finns are exemplary in terms of preparing for surprising risks through insurance, but when it comes to increasing our wealth, we are still learning. In March, Statistics Finland produced new data on households' assets, revealing that the majority of Finns became more impoverished between 2019 and 2023. In 2023, the net assets owned by the least well-off 40 per cent of Finns had dropped to just €6,000 per household. Against this background, the Government's decision to abolish tax aid for voluntary retirement saving, which also encouraged those on low and middle incomes to save and which at best benefited more than 700,000 Finns, was short-sighted. The tools available to Finns for increasing their wealth should not be reduced; rather, they should be encouraged to use them. This is because it is easier to prepare for smaller risks and many life changes through saving and investment than through insurance.

The impoverishment of households is explained particularly by house price developments, for homes and properties make up 60 per cent of Finns' assets. The walls are located in Finland, in addition to which the majority of stocks we own are stocks in Finnish companies. Thus, the revenue from the assets of households is largely tied to how the Finnish economy develops, within the framework of which our pension system also operates. There are many eggs in the same basket.

In investment, risk diversification is everything, and a clear area for improvement would therefore be to expand the current equity savings accounts into investment accounts and to enable, through them, investing in funds, which allow assets to be diversified easily, thereby evening out risk in the short and the long term. The

increasing of wealth can also be promoted at workplaces, where personnel funds are gaining in popularity. At businesses that have introduced a personnel fund, they offer an easy way for ordinary working Finns to invest a portion of their bonuses with a long-term focus – while providing employers with an excellent means to commit their personnel. After its first year of operation, LocalTapiola Remuneration Services, which delivers remuneration solutions to businesses, manages a total of 31 personnel funds with some 30,000 members, and demand is growing rapidly. The investments of nearly all the managed funds are being administered by LocalTapiola Asset Management.

The tools for increasing wealth are being underused, but rising wealth requires more than just tools. What we also need is economic growth. In labour productivity, the gap between Finland and our benchmark countries has swelled after the financial crisis, for which reason our purchasing power adjusted gross domestic product per capita has still not attained the peak level seen at the end of 2007. Fortunately, there are also positive signs bubbling under the surface. During and after the 2010s, a large number of innovative companies have been born in Finland which are now scaling their activities and recruiting more talents. Equally, the green transition, which relies on affordable and environmentally friendly electricity generation, provides impetus for growth in many parts of Finland.

In politics, the wind is now blowing against sustainability commitments, but we do not recognise this trend in our customer base. On the contrary, Finnish companies have constantly increasing demands for us. At insurance companies, climate change is also not a political issue, but a stark reality. For us and, consequently, for Finnish businesses and households, heavy rain, flooding and storm damage have unfortunately already become everyday events. This development is continuing, while demand is increasing for solutions that mitigate climate change – whatever the direction in which the winds of politics are blowing, here or across the Atlantic.

Furthermore, opportunities for growth are created by artificial intelligence (AI), and the strongly increased harnessing of AI is bringing into Finland not only data centres but also new types of and more efficient business activity. Companies and their staff need to keep pace with these developments, although the productivity gains arising from AI have not fully realised yet. AI is mainstreamed in all aspects of system development at LocalTapiola, and we have already trained a thousand of our employees in the use of AI. This allows us to expedite the processing of compensation applications, for example, in workers' compensation claims, which by law must be processed and closed within a set timeframe. During the early part of the year, our insurance core system reforms, which we will be pursuing throughout the decade, progressed as planned, and in April we launched sales for our new motor insurance product in a new system."

LocalTapiola Group's key outturn factors in January–June 2025

LocalTapiola Group's total result including the change in the valuation differences of investments was EUR 162 million. The group's operating result increased year-on-year to EUR 190 million. Premiums written increased in both non-life and life insurance and LocalTapiola Group's number of customers likewise continued to grow in the first half of the year. In spite of uncertainty, the first half of 2025 also proved rather good in investment terms. LocalTapiola Group's investment income at fair value was 1.3 per cent, with a positive January–June revenue from all asset classes. LocalTapiola Group's solvency ratio at the end of June was strong at 193 per cent.

As a mutual corporate group, we use our profit 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 was EUR 25 million, improving over the comparison period in particular due to a growth in premiums earned and a decrease in claims incurred. Balance before the change in the equalisation provision is composed of premiums earned less the claims incurred and operating expenses.

LocalTapiola Group's premiums written in direct non-life insurance totalled EUR 1,019 million, representing a year-on-year growth of 6.1 per cent. The growth in premiums written was supported particularly by the consistently high customer retention rate. For their part, the price adjustments made for 2025 also supported this growth. 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 10.7 per cent, and in casco insurance, for which premiums written increased 9.4 per cent.

We paid customers EUR 514 million in non-life insurance claims, up 0.6 per cent from the previous year. Claims development varied across the different insurance lines. Claims paid continued to increase in voluntary personal insurance and in casco insurance, but in several other insurance lines they decreased over the comparison period. For property and business policies, we saw a rather usual number of catastrophe claims, as compared to long-term averages, but no particularly large claims were recorded. The risk ratio, which describes the profitability of the core insurance business, was 65.3 per cent.

Non-life insurance operating expenses were EUR 225 million, representing a year-on-year growth of 1.9 per cent. Operating expenses were increased by an increased 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 was strong. Operating result was EUR 60 million, and total result was EUR 57 million. Solvency also remained strong, with the solvency ratio at the end of the first half of the year at 255 per cent.

Premiums written for term life insurance continued to grow, strengthening LocalTapiola Life's position as the term life insurance market leader. Premiums written for term insurance increased 4.9 per cent. This growth was underpinned by the inflation-fuelled higher volume of policies and by sales increasing over the previous year. In savings life insurance, we achieved a growth of 13.9 per cent in premiums written.

Asset management

LocalTapiola Asset Management Group's turnover was EUR 30.9 million and operating result was EUR –1.7 million. Operating result excluding amortisation of goodwill on consolidation was EUR 1.8 million. Despite the investment market uncertainty during spring 2025, net commissions increased by 6.1 per cent over the comparison period thanks to strong net sales.

The assets managed by the LocalTapiola Asset Management Group companies increased 4.0 per cent over the year-end, totalling EUR 33.6 billion (gross) at the end of the review period. Of these, EUR 15.9 billion was in assets in portfolio management, and EUR 13.3 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

In spite of the ever continuing challenges in the operating landscape, the early part of 2025 strengthened LocalTapiola Finance's position as the second biggest motor vehicle finance company in Finland. The market share of new sales and of the portfolio increased, the result improved and the balance sheet strengthened. Year on year, result before taxes for the first half of the year increased 39.3 per cent to EUR 6.6 million. The finance portfolio grew slightly, being EUR 2.5 billion at the end of June. All in all, the early part of 2025 was good. There are positive signs in terms of profitability, the market share, the strong diversified refinancing position and the slightly improved customer payment patterns.

Claims and customer benefits

LocalTapiola Group paid its customers a total of EUR 514 million in non-life insurance claims. In addition, we credited our customers EUR 56 million in non-life insurance loyalty bonuses and EUR 22 million as S Group bonuses on insurance premiums.

Under life policies, we paid our owner-customers a total of EUR 196 million in claims, and LocalTapiola Life's customer bonuses were EUR 9 million.

Appointments

Sari Heinonen started as LocalTapiola Group's President on 2 May 2025.

Pekka Antikainen started as Chair of the Group's Management Group of LocalTapiola Group on 13 May 2025. In addition to this, Mr Antikainen continues in his post as Managing Director of LocalTapiola Services Ltd.

Antti Pulkkanen started as Managing Director of LocalTapiola General on 1 August 2025.

Soile Pusa will start as Managing Director of LocalTapiola Savo in September 2025.

Key figures for 1 January–30 June 2025

The figures are unaudited.

LocalTapiola Group

Group's result and solvency

	1–6/2025	1–6/2024	1–12/2024
Operating result, EUR million	190	142	631
Total result, EUR million	162	252	836
Solvency ratio at end of review period, %	193	199	202

Non-life insurance

Premiums written, EUR million	1,035	981	1,533
Change, %	5.5	7.9	6.9
Direct premiums written, EUR million	1,019	961	1,511
Change, %	6.1	8.6	7.3
Combined ratio excl. unwinding of discount expense, %	95.2	102.6	96.2
Risk ratio, %	65.3	71.8	66.3
Cost ratio, %	29.9	30.8	29.9

LocalTapiola General

	1–6/2025	1–6/2024	1–12/2024
Premiums written, EUR million	326	317	330
Change, %	2.9	2.6	2.5
Direct premiums written, EUR million	269	253	263
Change, %	6.4	5.6	3.4
Combined ratio excl. unwinding of discount expense, %	97.6	105.5	92.1
Risk ratio, %	72.9	79.7	64.9
Cost ratio, %	24.7	25.8	27.2
Net investment income at fair value, %	1.9	2.7	9.4
Operating result, EUR million	74	68	280
Total result, EUR million	69	78	325
Solvency ratio at end of review period, %	327	363	353

LocalTapiola Life

	1–6/2025	1–6/2024	1–12/2024
Premiums written, EUR million	219	206	416
Change, %	6.2	15.6	24.8
Net investment income at fair value, %	0.9	0.7	6.1
Operating result, EUR million	60	70	218
Total result, EUR million	57	53	233
Solvency ratio at end of review period, %	255	254	273

LocalTapiola Asset Management Group

	1–6/2025	1–6/2024	1–12/2024
Turnover, EUR million	30.9	29.2	60.0
Operating result, EUR million	-1.7	-2.3	-2.7
Cost/income ratio, %	94.2	95.9	92.9
Assets managed at group companies at end of review period (gross), EUR billion	33.6	30.5	32.3

LocalTapiola Finance

	1–6/2025	1–6/2024	1–12/2024
Operating result, EUR million	6.6	4.8	13.3
Finance portfolio at end of review period, EUR billion	2.5	2.4	2.5