



TELIA FÖRSÄKRING AB

FINANCIAL STATEMENTS
September 30, 2018

TELIA FÖRSÄKRING AB**FINANCIAL STATEMENTS
September 30, 2018
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COMMENTARY
September 30, 2018
 (EXPRESSED IN SEK)

<u>FINANCIAL RESULTS</u>		<u>2018-09-30</u>	<u>2017-09-30</u>
Gross Premiums Written	SEK	394,041,172	150,576,031
Net Premiums Earned	SEK	377,677,113	129,714,194
Losses Incurred	SEK	-126,251,110	-58,837,412
Net Income before Taxes	SEK	43,113,235	14,292,971
Assets	SEK	430,169,715	337,787,590
Shareholder's Equity	SEK	247,609,974	218,836,632

Commentary

The September net technical result is positive by 40.6 MSEK. Losses incurred is no longer comparable with last year and business plan due to the new affinity business in July 2017. There has been low movement in the claims reserve in September.

The OPEX is 190 KSEK lower than estimated in business plan and 0.9 MSEK higher than last year, mostly due to timing of the invoices.

Affinity Sweden (from WTW)

The iPhone XS was launched during September with new high prices. It was therefore high time to adjust price intervals, price bands and premiums. We previously had a band for all telephones > 6,500 SEK; we now cap this at 10,000 SEK, as well as adding two bands of 10-15k and 15k+. The new bands will cost 149 and 169 SEK per month respectively. The insurance company's net premiums have not yet been adjusted for the new price bands, and in terms of results we do not see any urgent reason to do so. It is planned to launch the new price bands the day after tomorrow (10/10) and until then insurance is sold on all phones > 6,500 SEK for 129 SEK per month. Those who need a detailed list of old, existing and new price bands can contact the undersigned..

September is usually relatively weak in terms of sales, but seems to have received a small boost from the iPhone launch. In spite of this, we had a net loss of around 500 insurances. As usual, we have high hopes for Q4, however we must remember that Q4 2016 was extremely strong in terms of sales and we are now entering a period of high 24-month churn.

SME continues to grow a little every month but HaleBop and Consumer seem to have reached portfolio saturation. In Consumer, this is mostly due to weaker sales than 1-2 years ago, while HaleBop has difficulties with churn and converting customers to payment. In terms of sales, HaleBop is at about the same level as SME.

The average claim continues to trend upwards according to forecast and over the summer months it has been over 3,500 SEK in Consumer, which is about 10% higher than last year. The iPhone 7 and later models now account for about a third of the portfolio.

The claims frequency is still at fantastic levels. In spite of reducing insurance premiums per 1 July, higher average claims and fantastic weather in Jul-Aug, the forecast result for Telia Försäkring is 75-80% Loss Ratio. As we mentioned previously, it is difficult to say exactly what this improvement is due to, but we have some theories about parts of the explanation.

1. With lower sales and portfolio saturation being reached in the last year(s), the stock is older on average. Older stocks tend to be better differentiated in terms of customer types, with a lower proportion of aware, impulsive and risk susceptible customers.
2. Over the years we have made it harder for customers to earn anything on an insurance claim and we have become better at following up suspicious cases. If the market learns that causing a claim does not pay off, the frequency goes down.
3. Both iPhone 8 and Samsung S9 have shown significantly better frequencies than previous models.

TELIA FÖRSÄKRING AB

STATEMENT OF INCOME AND RETAINED EARNINGS

September 30, 2018

(EXPRESSED IN KSEK)

	<u>2018</u>	<u>Business</u>	<u>2017</u>	<u>Business</u>
	Year-to-Date	Plan 2018	Year-to-Date	plan 2017
		Year-to-Date		Full year
Earned premiums net of reinsurance				
Earned Premiums	386,912	354,000	138,312	472,000
R/I Premium Cost	9,235	-9,000	-10,598	-12,000
	<u>377,677</u>	<u>345,000</u>	<u>129,714</u>	<u>460,000</u>
Other Technical Income				
	465	0	739	0
	<u>465</u>	<u>0</u>	<u>739</u>	<u>0</u>
Claims net of reinsurance				
Claims paid & payable	-125,438	-72,750	-44,773	-97,000
R/I share of claims paid	0	0	0	0
Change in IBNR claims reserve	-3,707	0	-5,763	0
Change in claims reserve	2,748	-72,750	-5,587	-97,000
Change in r/i share of claims reserve	146	0	-714	0
	<u>-126,251</u>	<u>-145,500</u>	<u>-58,837</u>	<u>-194,000</u>
Operating expenses				
Commission expenses	-206,064	-172,500	-52,075	-230,000
Operating expenses	-5,210	-5,400	-4,254	-7,200
Depreciation	0	0	0	0
Bonus	0	0	0	0
	<u>-211,274</u>	<u>-177,900</u>	<u>-56,329</u>	<u>-237,200</u>
Net technical result	40,617	21,600	15,287	28,800
Investment result				
Investment Income	10	0	-247	0
Pension related costs	-95	0	-94	0
Unrealized Gain/Loss - Investments	0	0	244	0
Gain/Loss on Foreign Exchange	2,581	0	-897	0
	<u>2,496</u>	<u>0</u>	<u>-994</u>	<u>0</u>
Appropriations	0	0	0	0
Result before taxes	43,113	21,600	14,293	28,800
Taxes	0	0	0	0
NET INCOME	<u>43,113</u>	<u>21,600</u>	<u>14,293</u>	<u>28,800</u>

TELIA FÖRSÄKRING AB
**BALANCE SHEET
September 30, 2018
(EXPRESSED IN KSEK)**

	<u>2018</u>	<u>2017</u>
	Year-to-Date	Year-to-Date
<u>ASSETS</u>		
Financial Assets		
Cash at bank	328,138	292,414
Bonds and Other Securities	0	0
Deposits with Willis	1,655	0
	<u>329,793</u>	<u>292,414</u>
R/I share of technical provision		
R/I share of premium reserve	8,155	8,272
R/I share of claims reserve	4,066	0
	<u>12,221</u>	<u>12,166</u>
Receivables, prepayment and accrued income		
Insurance Receivables	85,847	30,964
Accounts Receivables Group	1	1
Prepayments	2,308	2,244
Accrued Income	0	0
	<u>88,156</u>	<u>33,208</u>
TOTAL ASSETS	<u>430,170</u>	<u>337,788</u>
<u>LIABILITIES</u>		
Shareholders Equity		
Subscribed capital 2 000 000 á nom 100 SEK	200,000	200,000
Profit brought forward	4,497	4,544
Profit for the period	43,113	14,293
	<u>247,610</u>	<u>218,837</u>
Untaxed reserve	<u>70,428</u>	<u>45,000</u>
	70,428	45,000
Technical provisions		
Premium Reserve	25,410	27,591
Claims and Claims Handling Reserve	53,819	36,315
	<u>79,229</u>	<u>63,906</u>
Payables, accruals and deferred income		
Payables Group Contribution	0	0
Insurance Payables	28,856	6,885
Other Creditors	1,991	2,763
Accruals	667	283
Taxes Payable	1,389	113
	<u>32,903</u>	<u>10,045</u>
TOTAL LIABILITIES	<u>430,170</u>	<u>337,788</u>

TELIA FÖRSÄKRING AB
UNDERWRITING ANALYSIS
September 30, 2018
 (EXPRESSED IN KSEK)

	Direct insurance				Received reinsurance		Total
	Affinity*	Leasing	Property damage	Liability	Property damage	Liability	
Earned premiums net of reinsurance							
Gross premiums written	349,043	10,497	19,918	7,712	6,357	513	394,041
Outward reinsurance premium cost	0	-140	-7,095	-2,578	-2,265	-172	-12,250
Change in premium reserve	0	0	-5,599	-1,987	494	-37	-7,129
Change in r/i share of premium reserve	0	36	1,780	592	568	39	3,015
	349,043	10,393	9,004	3,738	5,155	344	377,677
Other technical income	0	0	250	89	119	7	465
Incurred claims net of reinsurance							
Claims paid & Payable	-113,477	-7,297	-1,319	-2,062	-49	-1,234	-125,438
R/I share of claims paid	0	0	0	0	0	0	0
Change in IBNR claims Reserve	-2,373	-1,334	0	0	0	0	-3,707
Change in claims reserve	-4,052	270	2,713	4,643	-2,193	1,366	2,748
Change in r/i share of claims reserve	0	0	146	0	0	0	146
	-119,902	-8,361	1,540	2,581	-2,242	133	-126,251
Net operating expenses							
Commission expenses	-204,941	0	-826	-68	-224	-5	-206,064
Other operating expenses	-1,745	-1,258	-1,089	-452	-624	-42	-5,210
Depreciation	0	0	0	0	0	0	0
Bonus	0	0	0	0	0	0	0
Other technical expenses	0	0	0	0	0	0	0
NET TECHNICAL RESULT	22,455	774	8,879	5,887	2,184	437	40,617

TELIA FÖRSÄKRING AB

UNDERWRITING REPORT

September 30, 2018

(EXPRESSED IN ORIGINAL CURRENCY)

Currency	Premium Reserve	Claims Reserve	Comm. Reserve	Other Reserves	Total to be matched	Financial Investm	R/I Premium Reserve	R/I Claims Reserve	Comm. Reserve	Premium Receiv.	Total Assets	Deviation in Curr	Deviation in SEK	Currency Risk
KSEK	-12,124	-43,040	-401	0	-55,565	263,304	8,155	374	0	83,993	355,826	300,261		
KDKK	-1,420	-528		0	-1,948	4,625		27		3	4,654	2,707	3,736	374
KEUR	-454	-394		0	-847	1,972		3	0	114	2,088	1,241	12,776	1,278
KGBP	-8	-2		0	-10	52		0	0	12	65	55	635	63
KNOK	-1,818	-1,352		0	-3,170	7,010		109		109	7,228	4,058	4,407	441
KPLN	-10	-2		0	-12			0		0	0	-12	-29	3
KUSD	-515	-508		0	-1,024	3,567		395	79	47	4,089	3,065	27,148	2,715
														4,873

EUR currency in January. However, there was a gain of 400 TSEK on the revaluation of our Premium reserves, of the last 30 days exchange rate gap

Technical Provision	
Technical Provisions	KSEK 79,229
R/I share of Technical Provisions	-12,221
Technical Provisions net	67,008
Assets used for balancing Technical provisions	73,393
Debt coverage	110%

Closing rates	
SEK	1.0000
DKK	1.3804
EUR	10.2945
GBP	11.5746
NOK	1.0858
PLN	2.4110
USD	8.8573

TELIA FÖRSÄKRING AB

Details on Affinity Business
September 30, 2018
 (EXPRESSED IN ORIGINAL CURRENCY)

Company	Gross Premiums Written	Commission Telia	Commission Willis	Net Written Premium	Claims Paid	Change in Outstanding loss reserve	Change in IBNR	Total	Outstanding Loss Reserve	IBNR	Loss Ratio
HaleBop 2017-07	3,399,361	1,298,988	87,945	2,012,427	2,174,641	70,964	0	-233,177	70,964	0	112%
HaleBop 2017-08	3,440,134	1,283,256	104,850	2,052,028	2,106,673	88,691	0	-143,335	88,691	0	107%
HaleBop 2017-09	3,510,555	1,316,931	106,207	2,087,417	1,775,316	79,000	851	232,250	79,000	851	89%
HaleBop 2017-10	3,565,098	1,346,129	107,852	2,111,117	1,738,300	18,911	1,673	352,233	18,911	1,673	83%
HaleBop 2017-11	3,627,601	1,362,119	109,725	2,155,757	1,619,431	111,151	4,220	420,955	111,151	4,220	80%
HaleBop 2017-12	3,590,901	1,348,888	108,606	2,133,407	1,528,699	131,865	5,701	467,142	131,865	5,701	78%
Total HaleBop 2017	21,133,649	7,956,311	625,184	12,552,154	10,943,060	500,582	12,445	1,096,067	500,582	12,445	92%
HaleBop 2018-01	3,578,430	1,451,943		2,126,486	1,254,956	186,834	8,607	676,089	186,834	8,607	68%
HaleBop 2018-02	3,571,996	1,448,821		2,123,175	1,073,996	105,525	8,135	935,519	105,525	8,135	56%
HaleBop 2018-03	3,613,160	1,355,541	109,102	2,148,518	1,178,789	78,891	11,834	879,003	78,891	11,834	59%
HaleBop 2018-04	3,673,072	1,377,515	110,874	2,184,683	1,276,346	106,580	16,015	785,742	106,580	16,015	64%
HaleBop 2018-05	3,676,633	1,378,805	110,965	2,186,863	1,685,680	233,652	33,171	234,360	233,652	33,171	89%
HaleBop 2018-06	3,678,431	1,379,379	110,987	2,188,064	1,575,563	272,627	54,671	285,203	272,627	54,671	87%
HaleBop 2018-07	3,703,641	1,388,383	111,668	2,203,589	1,454,424	649,743	84,696	14,726	649,743	84,696	99%
HaleBop 2018-08	3,702,089	1,606,461	111,539	1,984,089	405,507	1,335,912	155,347	87,323	1,335,912	155,347	96%
HaleBop 2018-09	3,720,022	1,613,975	111,992	1,994,055	91,913	1,170,425	525,671	206,046	1,170,425	525,671	90%
Total 2018	32,917,472	13,000,823	777,127	19,139,522	9,997,174	4,140,188	898,148	4,104,012	4,140,188	898,148	79%
Telia Consumer 2017-07	26,373,151	12,354,972	957,076	13,061,103	14,870,322	84,991	0	-1,894,211	84,991	0	115%
Telia Consumer 2017-08	26,493,477	12,280,469	1,121,835	13,091,173	14,366,599	160,846	11,626	-1,447,898	160,846	11,626	111%
Telia Consumer 2017-09	25,861,135	12,022,575	1,093,960	12,744,600	11,973,504	250,099	11,816	509,181	250,099	11,816	96%
Telia Consumer 2017-10	29,896,747	15,951,710	1,102,507	12,842,530	10,997,122	270,630	20,494	1,554,283	270,630	20,494	88%
Telia Consumer 2017-11	30,246,342	17,301,207		12,945,135	10,271,032	207,452	29,693	2,436,959	207,452	29,693	81%
Telia Consumer 2017-12	30,275,266	16,261,511	1,107,586	12,906,169	9,592,106	362,164	32,180	2,919,718	362,164	32,180	77%
Total Consumer 2017	169,146,118	86,172,443	5,382,965	77,590,710	72,070,685	1,336,182	105,810	4,078,033	1,336,182	105,810	95%
Telia Consumer 2018-01	30,259,456	17,400,882		12,858,575	8,964,972	505,141	42,212	3,346,249	505,141	42,212	74%
Telia Consumer 2018-02	30,271,303	17,439,674		12,831,629	7,480,345	482,077	46,736	4,822,471	482,077	46,736	62%
Telia Consumer 2018-03	30,506,923	16,524,188	1,104,423	12,878,312	8,346,353	332,603	68,575	4,130,781	332,603	68,575	68%

Telia Consumer 2018-04	30,639,298	16,649,732	1,104,505	12,885,062	8,123,691	391,549	95,924	4,273,898	391,549	95,924	67%
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Telia Consumer 2018-05	30,542,367	16,637,640	1,098,204	12,806,523	9,698,354	1,085,581	195,214	1,827,375	1,085,581	195,214	86%
Telia Consumer 2018-06	30,435,652	16,627,389	1,090,656	12,717,607	10,350,393	1,151,344	322,856	893,014	1,151,344	322,856	93%
Telia Consumer 2018-07	30,453,491	16,689,755	1,086,977	12,676,759	9,634,272	2,405,198	529,887	107,402	2,405,198	529,887	99%
Telia Consumer 2018-08	30,317,177	17,537,887	1,077,772	11,701,518	3,284,498	7,241,326	924,068	251,626	7,241,326	924,068	98%
Telia Consumer 2018-09	30,302,663	17,570,761	1,072,851	11,659,051	586,647	6,464,460	3,004,938	1,603,007	6,464,460	3,004,938	86%
Total 2018	273,728,331	153,077,906	7,635,388	113,015,037	66,469,525	20,059,278	5,230,410	21,255,823	20,059,278	5,230,410	81%
Small and Medium Enterprises 2017-07	3,169,198.52	2,101,926	106,611	960,662	733,964	181,918	0	44,780	181,918	0	95%
Small and Medium Enterprises 2017-08	3,298,343.94	2,168,729	129,810	999,806	882,891	186,029	0	-69,114	186,029	0	107%
Small and Medium Enterprises 2017-09	3,405,421.73	2,239,813	133,954	1,031,655	666,893	190,034	829	173,899	190,034	829	83%
Small and Medium Enterprises 2017-10	3,489,823.00	2,296,343	137,128	1,056,352	612,048	166,840	1,594	275,870	166,840	1,594	74%
Small and Medium Enterprises 2017-11	3,556,801.80	2,342,619	139,427	1,074,755	585,037	202,417	1,611	285,690	202,417	1,611	73%
Small and Medium Enterprises 2017-12	3,660,363.23	2,416,725	142,861	1,100,778	600,573	198,229	1,634	300,342	198,229	1,634	73%
Total SME 2017	20,579,952	13,566,154	789,792	6,224,007	4,081,406	1,125,467	5,668	1,011,465	1,125,467	5,668	84%
Small and Medium Enterprises 2018-01	3,786,251	2,658,697		1,127,555	618,487	165,781	2,522	340,765	165,781	2,522	70%
Small and Medium Enterprises 2018-02	3,934,178	2,776,389		1,157,789	543,805	93,600	2,740	517,644	93,600	2,740	55%
Small and Medium Enterprises 2018-03	4,166,957	2,802,948	156,827	1,207,182	611,781	112,576	4,672	478,153	112,576	4,672	60%
Small and Medium Enterprises 2018-04	4,326,221	2,926,479	160,939	1,238,804	656,859	92,310	6,449	483,185	92,310	6,449	61%
Small and Medium Enterprises 2018-05	4,443,296	3,018,887	163,775	1,260,633	745,627	178,677	17,175	319,154	178,677	17,175	75%
Small and Medium Enterprises 2018-06	4,566,153	3,114,785	166,829	1,284,539	753,495	222,916	27,736	280,391	222,916	27,736	78%
Small and Medium Enterprises 2018-07	4,717,027	3,230,574	170,857	1,315,596	657,133	328,501	50,464	279,497	328,501	50,464	79%
Small and Medium Enterprises 2018-08	4,836,739	3,590,812	174,036	1,071,891	329,802	711,337	119,935	-89,183	711,337	119,935	108%
Small and Medium Enterprises 2018-09	4,938,182	3,675,160	176,440	1,086,582	84,625	590,431	373,419	38,107	590,431	373,419	96%
Total 2018	39,715,003	27,794,731	1,169,703	10,750,569	5,001,614	2,496,129	605,113	2,609,606	1,905,698	231,695	76%
Telia Eesti 2017-12	23,048	11,965	1,037	10,045	40,710	0	264	-30,929	0	264	408%
Total SME 2017	23,048	11,965	1,037	10,045	40,710	0	264	-30,929	0	264	408%
Telia Eesti 2018-01	53,214	27,652	2,395	23,167	53,490	4,295	375	-34,993	4,295	375	251%
Telia Eesti 2018-02	71,715	36,616	3,227	31,871	103,020	1,236	760	-73,145	1,236	760	329%
Telia Eesti 2018-03	158,954	81,186	7,153	70,615	166,997	8,860	1,479	-106,721	8,860	1,479	251%
Telia Eesti 2018-04	287,667	147,572	12,945	127,150	193,522	19,534	2,451	-88,358	19,534	2,451	169%
Telia Eesti 2018-05	388,528	197,039	17,484	174,005	353,909	36,441	5,962	-222,308	36,441	5,962	228%
Telia Eesti 2018-06	500,744	250,799	22,533	227,411	339,165	32,839	7,250	-151,844	32,839	7,250	167%
Telia Eesti 2018-07	630,849	313,620	28,388	288,841	475,694	50,835	12,242	-249,929	50,835	12,242	187%
Telia Eesti 2018-08	711,116	351,431	32,000	327,685	509,104	80,176	35,414	-297,009	80,176	35,414	191%
Telia Eesti 2018-09	866,934	432,156	39,012	395,766	319,850	270,482	143,136	-337,701	270,482	143,136	185%
Total 2018	3,669,721	1,838,072	165,137	1,666,512	2,514,750	504,699	209,070	-1,224,306	234,217	65,934	218%
Total all companies 2017	210,882,767	107,706,873	6,798,979	96,376,915	87,135,861	2,962,232	124,187	6,154,636	2,962,232	124,187	94%
Total all companies 2018	350,030,527	195,711,532	9,747,355	144,571,640	83,983,063	27,200,294	6,942,741	26,745,136	26,339,381	6,426,186	82%
Total UWY	560,913,294	303,418,405	16,546,334	240,948,555	171,118,924	30,162,525	7,066,928	32,899,772	29,301,612	6,550,373	86%