

LocalTapiola Group's financial performance 2017: Our customer base grew and customer satisfaction increased

LocalTapiola's business revolves around lifelong security, which means that our customers are provided with comprehensive, proactive service in the areas of health, security and finance. Key events in 2017 include:

Health – More healthy years of life

- Towards the end of the year, we opened the first virtual hospital in Finland. The virtual hospital is an advanced service of Terveystalvi. The hospital's cutting-edge doctors can solve remotely up to 70 per cent of patient queries that need attention by a physician. At the virtual hospital, patients receive insurance and claims services as well as the health services provided by our partners easily and in one place.
- In order to provide even better service to our customers across Finland, we signed a strategic partnership with Mehiläinen. We renew Finnish healthcare by developing innovative insurance and health services.
- We launched a new kind of insurance, which ensures a quick diagnosis and the examinations needed for all Finns, regardless of their age or health situation – with no deductible.

Security – We prevent loss and damage and safeguard continuity

- Our leadership in the motor liability insurance market grew stronger. LocalTapiola's insured vehicle portfolio increased by 56,300 insurances in 2017. We transferred our customers' motor liability insurances to the regional companies on 30 June 2017 to strengthen the customer experience and the regional competitiveness. The investment assets transferred amount to a total of EUR 1.6 billion.
- We provided resuscitation training to 38,500 school children and emergency first-aid training to 11,500 customers.
- In September, we introduced the first Smart Home insurance in the Nordic countries. Combining extended home insurance with smart technology and services, the Smart Home insurance prevents losses and increases safety.

Finances – We help you reach economic independence

- Our customers can now enjoy the benefits of a large investor. We created a unique insurance-based asset management model where our customers' assets are invested in the same instruments as the investments made by LocalTapiola Life.
- We help our customers adopt a healthier lifestyle. We added well-being services to our highly popular Smart Life Insurance. The Smart Life Insurance has already inspired 15,000 Finns to improve their lifestyle.

LocalTapiola Group's key figures 2017

LocalTapiola Group	2017	2016
Operating profit, EUR million	343,0	327,4
Total earnings, EUR million	408,3	363,8
Solvency II capital adequacy ratio at the end of the period under review, %	175,4	189,6
Non-life insurance		
Combined ratio excl. unwinding of discount expense, %	88,9	91,8
Risk ratio, %	57,9	60,8
Cost ratio, %	31,1	31,0
Direct business premium income (non-life insurance), EUR million	1095,2	1 118,8
Growth of direct business premium income (non-life insurance), %	-2,1	1,3

LocalTapiola General	2017 *	2016
Operating profit, EUR million	174,4	182,9
Total earnings, EUR million	129,9	174,4
Combined ratio excl. unwinding of discount expense, %	96,1	92,6
Risk ratio, %	67,6	63,6
Cost ratio, %	28,5	28,9
Net investment income at fair value, %	4,0	4,4
Premium income, EUR million	410,7	509,4
Growth of direct business premium income, % **	-19,4	-7,0
Solvency II capital adequacy ratio at the end of the period under review, %	302,3	270,6

* Business transfer from LocalTapiola General to regional companies on 30 June 2017.

** Business transfer from LocalTapiola General to LocalTapiola Pääkaupunkiseutu on 30 June 2015.

LocalTapiola Life	2017	2016
Operating profit, EUR million	48,4	63,4
Total earnings, EUR million	64,0	72,7
The Supplements to the Technical provisions, EUR million	78,3	60,3
Net investment income at fair value, %	5,3	5,0
Premium income, EUR million	516,0	421,7
Growth of premium income, %	22,4	-0,3
Solvency II capital adequacy ratio at the end of the period under review, %	191,5	190,0

LocalTapiola Asset Management	2017	2016
Business result, EUR million	5,9	5,4
Turnover, EUR million	22,2	20,1
Managed customer assets at the end of the period under review, EUR billion	10,8	9,7

LocalTapiola Real Estate Asset Management Group	2017	2016
Operating profit, EUR million	2,3	3,2
Turnover, EUR million	15,2	15,5
Managed real estate assets at the end of the period under review, EUR billion	2,5	2,6

Comments by Erkki Moisander, CEO of LocalTapiola Group:

We can be satisfied with the financial result of 2017 and with the development work that has benefited our customers over the past year. The results of our work can be seen in our increased number of customers (net increase 32 000) and in the increased satisfaction of our customers (Epsi rating).

In 2017, LocalTapiola Group's premiums written in non-life direct insurance was EUR 1,095.2 million, with a change of -2.1 per cent from last year. Our decision to lower the prices of home and traffic insurance decreased the premium income.

For the first time, premiums written in life insurance increased to over half a billion euros. Premium income increased by 22.4 per cent to EUR 516.0 million. Despite the challenging market situation, Asset Management and Real Estate Asset Management achieved excellent investment returns, which enabled investments in service development and the increase of our solvency.

Customers were paid EUR 66.8 million in loyalty bonuses under non-life insurance and EUR 653.0 million in compensation. In addition, a total of EUR 27.4 million was paid to customers as S Group bonuses for their insurance premiums. Under life insurance, customers were paid a total of EUR 323.4 million in compensation and EUR 64.9 million was returned to customers in the form of technical interest and bonuses.

We opened the first virtual hospital in Finland where we join forces with our partner Mehiläinen to offer a remote doctor's appointment from morning to late evening every day. We have been able to address remotely more than 70 per cent of customer cases requiring medical attention.

We strengthened our position in health and well-being services in accordance with our goals. In June, we purchased 10 per cent of Mehiläinen and formed a strategic partnership. The strategic partnership of LocalTapiola and Pihlajalinna still continues.

In June, we launched our new TERVE! insurance, which enables the prompt evaluation of the need for treatment. This insurance enables the customer to combine private and public health care for their own benefit in a new way. The insurance helps to reduce the congestion of public health services.

A secured economy is also key in the lifelong security of our customers. In the spring of 2017, we launched an entirely new type of asset management concept. The investment instruments and benefits of a large investor are now available to all of our customers. The solution involves investing our customers' assets in the same instruments as the investments made by LocalTapiola Life. Customers have welcomed the revamp, as demonstrated by strong demand.

We continued to strengthen our leadership in the motor liability insurance market. LocalTapiola's insured vehicle portfolio increased by 56,300 insurances of which 40,300 were passenger cars. In June, we made a major strategic shift by transferring our customers' motor liability insurance policies to our 20 regional companies. Transferring investment assets worth a total of EUR 1.6 billion to our regional companies makes for a significant investment in regional economies. The regional companies can utilise the capital to accelerate local development by means such as financing growth companies. The balance sheets formed by the transfer also enable significant local real estate investments.

In addition to the number of private customers, also the number of corporate customers increased in 2017. The increase in customers was good especially in small and medium-sized companies. Our solutions for promoting personnel well-being in our corporate customers have grown significantly, and our working capacity services are meeting the customers' needs.

We continue to be the market leader in non-life insurances in the farm segment. We are proud of that our customers have given our operations the best grade (TNS Kantar 12/2017).

We have placed strong focus on improving the customer experience, innovation, and technological and digital development to ensure that our customers will continue receiving the best service from LocalTapiola.

Everyday life is changing more rapidly than ever before. At LocalTapiola, we want to do our part to make the everyday lives of Finnish people safer, healthier and more financially prosperous. In line with our lifelong security strategy, we will offer an increasingly wide range of solutions for forecasting, security and well-being – we do not just contact our customers about insurance sales, billing and claims.

The figures are unaudited.

For more information

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www.lahitapiola.fi Press releases by LocalTapiola available at: www.lahitapiola.fi/uutishuone