Q1 2011 Earnings Call

Company Participants

- Finn Anonsen, Temporary IR Director
- Helge Leiro Baastad, CEO
- Tor Magne Lonnum, Deputy CEO and CFO

Other Participants

- Blair Stewart, Analyst
- Christoffer Adams, Analyst
- Hakon Fure, Analyst
- Karl Morris, Analyst
- Per Gronborg, Analyst
- Vinit Malhotra, Analyst

Presentation

Finn Anonsen

Good afternoon, ladies and gentlemen. and welcome to this telephone conference where we will be presenting First Quarter result 2011 for the Gjensidige Group. Participating on our side is the CEO, Helge Leiro Baastad, the Deputy CEO, Tor Magne Lonnum, and CFO, and Investor Relations Office, Anette Bolstad, and myself, Temporary Investor Relations responsible, Finn Anonsen. And since you are already into the details or the practicalities for this conference I will leave the word to Helge Leiro Baastad.

Helge Leiro Baastad {BIO 5865247 <GO>}

Thank you very much, Finn. First of all, I want -- sorry for my voice. I have a strong cold but I really hope I can take you through the highlights of the First Quarter. Before I go into the First Quarter highlights I will comment some overall comments from the First Quarter.

We have a quarter behind us which has been characterized, once again, of intensive competition, I would say, once again. Our improvement work has satisfactory progress and we have now, once again, strengthened our Group management team. January 1 Hege Yli Melhus attended the Group as Group Director for Private segment in Norway and after the quarter Cecilie Ditlev-Simonsen started with responsibility of internal and external communications, corporate responsibility and brand management.

First and foremost, I will also comment some changes that has been made in First Quarter compared to previous periods. The restated numbers for these changes can you find in --

on gjensidige.com. We have transferred the responsibility for the Norwegian White-Label business to the Norwegian Private segment. The business has been merged with Gjensidige Forsikring ASA and the separate Swedish entity is in liquidation. In our opinion this change will streamline the business further.

We have done another change. The Agriculture portfolio are transferred from Private to the Norwegian Commercial segment, and it's the same reason, it's to streamline the business. And we can see in the Norwegian market that the agricultural business is more in line with the SME business compared to the Private segment.

We have had a more normal winter this year, but the first part of the quarter was also influenced by a harsh winter. So the quarter -- if you're going to here me characterize overall it will be as follows. We have an okay underwriting result. We have a satisfactory financial result and we have a good and, again, improved contribution from our Norwegian support business areas.

Add together we report a pre-tax profit of NOK815 million in First Quarter. We had a satisfactory premium increase by 10.8% in the quarter, still much driven by the Nordic segments, but it's also a satisfactory contribution from the Private segment in Norway. In a highly-competitive marketplace our Norwegian Private business increases its premium by 6% compared to First Quarter last year and that's satisfactory.

The underwriting result in Norway both for Private and Commercial business was positive and the winter-related claims in the quarter was as expected, while the underwriting result in the Nordic and the Baltic segment was negative with higher frequence of winter-related claims than expected. So the combination of the positive underwriting results from the two segments in Norway and the Nordic and Baltic negative contribution is what I characterize as an okay underwriting result for the quarter. In total, we obtain an okay result of NOK50 million and a combined ratio of 98.8%.

The admin cost development is still satisfactory. Adjusted for non-recurring effects in the First Quarter 2010 we had a nominal cost reduction in all business segments, except for the Nordic segment. Our support business units continues to develop positive. As I said, seen as one, they delivered a positive result of NOK33m, which is the same as the total contribution from the units in 2010 as a whole. It's very satisfying to report the first positive result for our Pension and Saving business this quarter as well.

The financial return was NOK779m, a satisfactory return of 1.5%, and this gives us a pre-tax return on equity of 13.9%.

We have now delivered the dividend -- the dividend to the shareholders for 2010. And for those of you who have the presentation here, on slide six you can see, once again, the unique model with the Foundation. And the Foundation own 63.46% of the shares and they have decided to distribute 100% of the dividend to their members and that's our Non-Life customers in Norway. It's NOK1.5 million -- NOK1.5 billion and it's about 12% of their premium paid.

The Foundation will continue to distribute their dividend to our Norwegian Non-Life customers and this will, of course, support the value creation in Gjensidige Forsikring in the future. The customer dividend gives support of our value creation in several ways. First and foremost, a strong brand will be stronger and supported by marketing activities, and the marketing activities and the message will be in the different -- they have a differencing make message.

Secondly, the customer dividend payout will support our overall targets of being more cost effective and increasing the frequency in our customer dialogue. Last year 740,000 customers received dividends and we more than doubled customer consents to electronic communication. And the graph, for those of you who have the presentation on page -- or slide seven, shows the widen effect in the two periods where dividends have been distributed. And totally, as per March 2011, 350,000 consents to electronic distribution are registered. Thirdly, the yearly customer dividend will, of course, support a low churn rate going forward.

On slide eight you can see some graphs regarding our Pension and Saving business and we are now in the positive territory and the contribution is positive with NOK12.8 million in the First Quarter. Adjusted for non-recurring effects the result is NOK5m. We have followed the original strategy, which has been about support our Norwegian Non-Life business and protect our customer base, secondly, focus on defined contribution private pension and products and simply third-party saving products. And it's also about developing a cost-effective company with distribution through Gjensidige Forsikring.

What we have -- what have we then accomplished? As you can see here, we have assets under management of NOK13b. We have customer relationships to over 200,000 customer or members. We have higher-leverage shared customer with Gjensidige Forsikring, 80% over time; 8% market share for collective defined contribution; 27.8% of the transferred capital commercial market in 2010 is to Gjensidige Pension and Saving; and in private pension fund transferred capital in 2010 our share is 42%. Our ambition of breakeven in 2011 and at least 15% pre-tax return on equity within two to three years is still valid.

Our second Norwegian support business, Gjensidige Bank, continued to deliver positive results. However, we will implement several new measurements to support the target of 15% ROE within two to three years. We will implement an overall program consisting of significant cost-reduction measurements, restructuring of the distribution model, streamlining the distribution and it's also measurements to increase top line. A new Head of Gjensidige Bank, Hans Harens, which came from Citibank Consumer Finance, will take over the responsibility of Gjensidige Bank as from June 1 this year.

All the drafted changes and measurements will be implemented over time in the period starting now and towards the end of 2012. The measurements will include removing double functions in Foerde and Oslo. Foerde is a small western part of Norway. Today there are two business areas. These will be merged and there will be one common management team for the Bank. The number of FTEs will be reduced from 140 to 110 within 2012, of which five to seven managers.

An improved distribution model will take place. Gjensidige Insurance Private segment will take over the operational first-line responsibility. And finally, we will launch new products and product packages with higher margin potential from now and onward. And as I said, all these measurements will support our target of 50% ROE within two to three years.

On slide 10 you can see Non-Life underwriting results for First Quarter compared to last year. It's a waterfall where you compare the Non-Life results for Q1 2011 versus 2010. We have adjusted for extraordinary winter-related claims in 2010, which was NOK371m, and the positive non-recurring effect of NOK43 million related to the recognition of income associated with the retirement liabilities, also in the First Quarter 2010. So when you normalize the result, the underwriting result improvement is NOK91m, from minus NOK41 million in 2010m, to NOK50 million plus in 2011.

And finally, I will just give you a short update on the synergies related to Nykredit. We have implemented measures that will give us a full-year effect of NOK182 million in 2011, remaining measures to secure full synergy effects is only NOK44m. We have further reduced the FTE with 126 and we will finalize the FTE reduction this year.

Then I will give the word to -- better words, hopefully, to Tor, please.

Tor Magne Lonnum {BIO 16534375 <GO>}

Thank you, Helge. First and foremost, just to continue where Helge also started off in terms of the changes made in the numbers this quarter. As was mentioned earlier, you see that we have moved the White-Label business from Nordic to the Norwegian segment and, hopefully, we will be able to take out synergies and streamline the operations. In terms of moving the Agricultural segment from Private to the Commercial segment that should be more in line with the existing SME portfolio.

You will also see that we have changed the way that we structure our Reinsurance program internally, i.e., the way that we are reporting large claims. And what we're doing is really that the large claims up to NOK30 million are booked in the segment, whereas, the large claims above the level is moved to the corporate center, and the reason being really that the Reinsurance program is structured for the risk-bearing capacity in the Group and not related really to the isolated risk-bearing capacity in each segment. And that's why we're making this change.

In addition, we are reporting the run-off gains and losses separately per segment and, hopefully, this will contribute to shed some more light on our numbers. All the changes that we have made are reflected in a spreadsheet that is -- that you can find on gjensidige.com. So we have reclassified the numbers for the previous periods and should make it, hopefully, easier for you to follow the changes made.

If we talk a bit more about the numbers, there is strong growth in the Insurance premiums. The growth is 11%. If we adjust for the Nykredit portfolio flowing into the numbers there is an underlying growth of 4.5%. This is, first and foremost, due to price growth in the Norwegian Private segment and also price increases in the Nordic segment.

There is a significant improvement in the combined ratio from, 109.7% to 98.8%, and the main driver is, of course, the reduced claims ratio from the harsh winter that we had last year.

The expense ratio is slightly higher than Q1 2010, but adjusted for the one-off related to pension income the adjusted expense ratio is down from 17.8% to 17.1%, i.e., an improvement of 0.7percentage points. It's important to note that there is slightly higher expenses and, thus, expense ratio in Q1 than normally what we see in the remaining quarters.

The investment return is reduced somewhat from 1.6% to 1.5%. We've had some write-offs in the hold-to-maturity bond portfolio, but we've also had positive estimate adjustments from the associated companies. I'll comment that a bit more in detail later. Finally, the result before tax is up from NOK344 million to NOK850 million -- NOK815m, sorry.

If we talk a bit more about the segments, Private Norway has a strong premium growth and a good underwriting result and this is, of course, a main contributor to the improvement. If you look at Commercial Norway we have stressed over the last few quarters that it's necessary to increase premiums in the Commercial segment, and we see here the benefits, where profitability is actually improving, in which we're pleased. We still think it's necessary to focus on the risk premium in the segment, but we see progress in terms of profitability.

Moving into profitability related to the Baltics and Nordic they are unsatisfactory, first and foremost, due to weather effects, again, in the Nordic segments and, particularly, in Denmark. We also have winter effects in the Baltics and we had for that segment a large claim, it's about EUR1.2m, so it's below the large-claim reporting in the Group for the segment. So in terms of the Baltic and the Nordic segments, as I say, the underwriting is unsatisfactory and it's, first and foremost, important with implementing necessary price increases in the Nordic segment.

You'll also see that the Group Center has slightly increased in terms of a positive period, but that is related to the large claims that are charged directly against the Corporate Center.

The total contribution from the support activities increased and, despite one-off items in the results, as was mentioned by Helge, it's still an overall satisfactory progress. You'll also have seen that the interest rate margin in the Bank is down from 2.88% to 2.72%, which is related to increased funding cost.

The effect of the discounting for Q1 isolated is 5.2%. There are no material changes in terms of duration on the debt, nor in Norway, neither in Demark or in the Nordic portfolio. That would have moved the combined ratio, i.e., that would have reduced the combined ratio by 5.2percentage points.

Talking a bit more about the premium growth, as I first did mention, there is premium growth in Private and in Nordic and there's premium decreases in the Commercial segment and the Baltic. In terms of the premium growth in Private this is, first and foremost, related to price increases. If you look into the Nordic portfolio there is also price increases, which are the main driver in terms of Premium growth. There is continued decrease in the Baltic segments and we have said for a long period of time that we think the market will stabilize and we'll see some positive signs in terms of operating development in Lithuania.

Talking a bit more about large claims, the impact of large claims is slightly lower than expected in Q1, with 3percentage points' impact against the 3.9% expected. You can see that there is a relatively high impact of large claims in the Commercial segment in Norway and this is also the contributor to the large claim in the Corporate Center. This is, first and foremost, due to one large claim that we have had in the northern part of Norway, which was above NOK100 million on the gross level.

If we talk about run-off gains and losses, there is run-off gains more or less in line with last year, slightly higher. The impact on the combined ratio is 2.9percentage points, with NOK122m. But you can also see below that there are some changes between the run-off gains in the segments from Q -- compared to Q1 last year. The main drivers for the reserve releases are related to the Norwegian personal risk products, which is developing better than expected, in particular related to bodily injury. In addition, there is positive development in large property claims. And it's also worth commenting that we have continued deflation in terms of claims reserves in the Baltics.

Moving on the cost development, you can see that there is a nominal growth of NOK85 million in terms of expenses. However, if we adjust for the one-off related to the pension income in Q1 '10, of NOK43m, and NOK47 million in nominal costs related to Nykredit, there is actually a nominal decrease in expenses of NOK5m. The expense ratio, as previously mentioned, is down to 17.1%, from 17.8% on an adjusted basis.

In terms of the allocation of capital by our internal method -- or internal model, there is relatively small changes in the allocated capital per segment. The main changes are related to portfolio transfer between the segments, as was mentioned initially. In addition, the diversification benefits have been reduced by NOK0.8b, which reflects some updated payment pattern information in the internal model.

If we move on and look at the surplus capital in the business there is some increase in asset risk, which is due to increased risk exposure and also market value increases in the associated companies. The surplus capital is slightly down, to NOK5.8b, and is reduced, first and foremost, because the Q1 result is not accepted as available capital since it is on an un-audited basis.

Finally, talking a bit about the investment returns, the total return in the portfolio is 1.5% against 1.6% last year. There is strong performance on the associated companies that includes estimate adjustments from Q4. The adjusted return is 3%. So we have an okay performance in equities, primarily driven by returns in private equity.

We have money market returns in line with the current market rate. The current bond portfolio is slightly lower due to interest rate increases. And the hold-to-maturity bond portfolio is slightly impacted by a write-down of the exposure to Irish Bank in line with the development of market pricing. It's a write-down of NOK40m.

The property portfolio shows strong performance driven by leases and a comeback in terms of performance in the real estate funds. Hedge funds had a weak performance particularly related to a few funds and we have taken measures to mitigate the future effects. In terms of asset allocation there is no material changes.

Well that sums up our introductions and I leave the floor to you for questioning.

Questions And Answers

Operator

(Operator Instructions) First, Vinit Malhotra, Goldman Sachs, go ahead, please.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Yes, hi, thanks a lot for that. The first thing is that on the -- we've been hearing from some of your competitors -- one of your competitors that the claims inflation under personal lines in Norway could be a matter of concern in the next two to three years. Now, I appreciate this could more be -- more a topic for somebody else and not yourselves, but if you could just comment on what you're seeing in claims inflation and from you actually -- from your run-off in the personal lines we can see that your bodily injury, as you said, is shaping up much better than you thought, but any feedback on that would be much appreciated really. That's my only question. Thank you very much.

A - Helge Leiro Baastad {BIO 5865247 <GO>}

You're talking about the private products in general in Norway, the Private segment. We have had the situation for a couple of years at least, with significant claims inflation and we still have claims inflation, both regarding Home and Contents and also regarding Motor Insurance. We have also had a situation with significant price increases from Gjensidige during 2010 and also First Quarter 2011 catch up with the claims inflation. Looking two years ahead from now we do not have any sign to say that we will see even more increased claims inflation, but we have a situation with claims inflation and we have to increase prices to catch up with the present claims inflation.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Okay. Thanks a lot.

Operator

Next, Christoffer Adams Enskilda. Go ahead, please.

Q - Christoffer Adams {BIO 15217428 <GO>}

Hi. Can you please tell us how the number of policies and the price per policy has developed for the different segments excluding Nykredit?

A - Tor Magne Lonnum {BIO 16534375 <GO>}

Yes. We don't want to be that specific, but what we can give is the overall picture. And when I say that in terms of the Private segment we have -- the premium growth is driven by price increases, that means that the number of policies are flat to a small reduction. In terms of the Commercial segment when we have a premium reduction, obviously, there is -- and there is significant prices in the numbers, that means that the number of policies have been reduced. In terms of the Nordic segment excluding the Nykredit, it's, first and foremost, driven by price increases but there are also a small increase in terms of number of policies.

Q - Christoffer Adams {BIO 15217428 <GO>}

Okay. Thank you.

Operator

Next, Per Gronborg, Danske Markets. Go ahead, please.

Q - Per Gronborg {BIO 15910340 <GO>}

Yes. Good afternoon, Per Gronborg from Danske. I have three questions, the first one being related to Private Norway, where we see the First Quarter you have quite significant prior-year gains, a bit more than nine percentage point, which actually leaves you with quite modest improvement versus last year. Can you talk us a bit through what sort of seasonality should we see in a normal winter in the First Quarter in this part of your business, which seems to be the one that is most impacted by the Nordic winter?

My second question, a small nitty-gritty issue, on your associated companies. Is it fair to assume that you don't have any overhang going into the Second Quarter like you have had from the Fourth Quarter into the First Quarter?

And my final question is whether you could give us some hints about the large losses that you now intend to book in the Corporate segment. How large an amount would that be, seen over a long period of time? Will it be 50, will it 100, or what level should we expect that in a normalized year, whatever that is, should end up on as a claim on the Corporate Center?

A - Tor Magne Lonnum {BIO 16534375 <GO>}

I'm not sure if I really understood the details in your first question. I will try to start with the winter, the question regarding the seasonality in the business in the winter and also regarding overhang from Fourth Quarter. The answer there is, no, there is no overhanging from Fourth Quarter to First Quarter regarding associated companies.

Regarding winter, we are -- as I said initially, we have an okay underwriting result and we have a situation in Norway now with the winter effect as estimated, actually. But we have the situation in Denmark and the Baltics with more claims related to winters as normal. It was a harsh winter in January and we had significant claims in January and it was more normal in February and March and, together, it was a normal Norwegian winter. So I guess you have to -- the estimates going forward should be a winter like this.

Q - Per Gronborg {BIO 15910340 <GO>}

But looking at your figures, sir, you have 81 in prior-year gains. If we add that to your combined ratio of 95, then we end up close to 105. Should we expect there is a 10 to 15percentage point difference between Q1 and your full-year expected outcome, or how should we look at it?

A - Tor Magne Lonnum {BIO 16534375 <GO>}

No. I understand the adjustments that you make, Per. In terms of the numbers that you give I don't know if you have made the same kind of adjustment for the pension income, for instance, for Q1 last year. But I guess our take on the private portfolio is that it's developing nice and steady and, you're right, it is a large run-off gain in this quarter but, still, the underlying is developing nice and steady.

In terms of the associated companies, as Helge said, the estimates for Q1 seems to be more or less in line with the actual outcome.

In terms of the large losses I don't think you should really expect anything related to what is being charged to the Corporate Center, because how a large claim will impact the segment and the Group is difficult to anticipate. You must remember that when we make the expectation values that we're using we are operating from our own statistics and, as such, if you move more into detail, i.e., more into each segment, it becomes less -- the numbers become less valid in terms of various outcomes.

Q - Per Gronborg {BIO 15910340 <GO>}

Could you give us a figure for how many large claims have you had above NOK30 million in the last two years?

A - Tor Magne Lonnum {BIO 16534375 <GO>}

Not a lot.

Q - Per Gronborg {BIO 15910340 <GO>}

But a couple.

A - Tor Magne Lonnum {BIO 16534375 <GO>}

If you go into the spreadsheet at gjensidige.com I think you'll find the adjustments that have been made and it's not many claims.

Q - Per Gronborg {BIO 15910340 <GO>}

Okay. Thank you.

Operator

Next, Blair Stewart, Merrill Lynch. Go ahead, please.

Q - Blair Stewart {BIO 4191309 <GO>}

Thank you. Good afternoon, everyone. I've got quite a few questions, but they're all very quick and very easy. The first question is you've posted a fairly impressive premium growth in Q1 which you seem to be attributing almost purely to price increases. Is that a reasonable run rate for the full year? That's the first question.

The second question is really a similar question with regards to the reserve releases. I think about 2.8 points of the combined ratio in positive reserve releases in Q1. I think in the past you've guided to having more or less zero reserve releases. And is there any change to your thinking there?

The third question is regarding the amortization charge, which was a bit lower than I was expecting. And I just wondered if you can give me the relevant balance sheet number from which to base the P&L amortization charge from. I'm sorry that's a technical one but, hopefully, that's clear.

My next question is on the investment income. Could you just clarify how much of that in the quarter you would regard as exceptional?

And the final one is just a clarification, really, Tor. I didn't hear what you said regarding the expense ratio. Did you say that we should expect some seasonality in that number, or we should not expect much seasonality? Thanks very much.

A - Helge Leiro Baastad {BIO 5865247 <GO>}

Thank you, Blair, it's quick and good questions. It's not that easy to answer, actually, because it's about the future, a couple of them at least, but Tor will try to give you some type of an answer here.

A - Tor Magne Lonnum {BIO 16534375 <GO>}

Yes. Thank you, Blair. I'll just start off with the last question in terms of the expense ratio. Yes, I tried to say that there are some seasonality, i.e., that the expense ratio is slightly higher in Q1.

In terms of the investment income, as I said, there is -- there was an overhang from estimate deviations from Q4 that was booked in Q1, and that is -- that was about a 2percentage -- a 2% return on the associated companies, i.e., approximately NOK100m.

In terms of the amortization, I can only say that what we have tried to say to everyone is that the annual basis should be around NOK160 million in terms of the balance sheet items. That is, perhaps, something that we can take off line.

In terms of reserve releases, there is no change in our communications related to the reserve releases. We just state that we have had a positive development in terms of the bodily injury and personal risk products and that we have also had a few large claims that have come in more favorable than originally anticipated.

In terms of the premium growth, there is, as Helge said, no kind of guiding on what will be the outcome for the full year. So the only comment we have is really related to the kind of price increases that we introduced last year and this year, which were in the area of 5% to 10%.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay, that's extremely clear. I hope your cold gets better soon, Helge.

A - Helge Leiro Baastad {BIO 5865247 <GO>}

Thank you.

Operator

Next, Karl Morris, KBW. Go ahead, please.

Q - Karl Morris {BIO 7154573 <GO>}

Hello. Good afternoon. I just had a couple of questions on -- back to the investment income side of things. Today we've seen Norway raise interest rates by 25 basis points. I think the Central Bank has indicated further rates to come. I'm just trying to get a sense as to how quickly these increases in interest rates make their way into the numbers. So that's the first one.

I was also surprised to hear that you had the write-off of -- or you had some bank debt there. Are there any other assets which you potentially have on your balance sheet which are, I suppose, high risk to be written down? Any other ones there?

And also, given the First Quarter result in underwriting, and assuming the zero run-off gains for the rest of the year, just to confirm that you're still comfortable with your 90% to 93% target?

A - Tor Magne Lonnum {BIO 16534375 <GO>}

Hi, Karl. To the first question, a raise in the interest rate of 25 bps will flow into the numbers over time. You have the money market exposure, of course, that will -- where it will have an impact quicker, however, there is some duration there as well. Then, of course, it goes into the hold-to-maturity bond portfolio, where it means that -- where we have an average duration of above three years and, of course, I think that it will only be the reinvestments which -- where the 25 bps will have an impact.

In terms of the assets I think we've been perfectly clear all along that we have around NOK600 million in so-called PIIGS exposure, of which NOK200 million were in Irish banks. And what we have done is really that we have just taken down one of those papers to what is -- what seems to be current market value. And I guess, as we have said before, this is all senior bank debt and there is no change in that.

And the last question was in terms of the underwriting for Q1. And I guess this is the first leg of the year and our target of 90% to 93% still stands.

Q - Karl Morris {BIO 7154573 <GO>}

Great. Thanks.

Operator

Next, Hakon Fure, DnB NOR Markets. Go ahead, please.

Q - Hakon Fure {BIO 16623060 <GO>}

Hi. Good afternoon, I only have two questions left. Firstly, some of your peers have been reducing their bond durations, positioning themselves for increased rates. What's your thinking on this related to your current bond portfolio?

And secondly, if you could provide us any more information on how Nykredit performed in Q1 that would be interesting. Thank you.

A - Tor Magne Lonnum {BIO 16534375 <GO>}

Hi, Hakon. In terms of the bond duration, as I said earlier today on the press conference as well, the way that we run the portfolio is really that we match the assets and the liabilities both related to the Norwegian and the Danish portfolio. Then there is, to a certain extent, optionality for the investment department to take tactical debt. And you're right in your assumption; the duration has been lowered somewhat during Q1 and contributed to the income.

In terms of the Nykredit portfolio, I guess it's fair to say that in terms of development of the portfolio it's satisfactory. However, when we talk about the risk premium level in Denmark and the impact of weather and winter, the Nykredit portfolio, in the same way as the rest of the Danish business, has -- needs a higher risk premium level.

A - Helge Leiro Baastad {BIO 5865247 <GO>}

It is also fair to say that the sales from the Nykredit organization is as expected and we have a close and good relationship with the Nykredit management, so the sales and premium performance is -- regarding sales is very good.

Q - Hakon Fure {BIO 16623060 <GO>}

Okay. Thank you.

Operator

(Operator Instructions) No further questions.

A - Tor Magne Lonnum {BIO 16534375 <GO>}

Well thank you, then, ladies and gentlemen. for participating. I think it's time for us, then, to wrap this up and have a nice afternoon.