

## COMPANY PROFILE

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### Analyst Contacts:

LONDON	+44.20.7772.5454
Dominic Simpson	+44.20.7772.1647
Vice President – Senior Credit Officer	
dominic.simpson@moodys.com	
Nicolò Squercina	+44.20.7772.1541
Associate Analyst	
nicolo.squercina@moodys.com	
Antonello Aquino	+44.20.7772.1582
Associate Managing Director	
antonello.aquino@moodys.com	

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## OP Insurance Ltd

Helsinki, Finland

### Company Overview

Headquartered in Helsinki, OP Insurance Ltd (OPIL, previously known as Pohjola Insurance Ltd. [PIL]) is a Finnish insurance company. Along with its subsidiaries and its sister company, A-Insurance Ltd., OPIL comprises the OP Non-Life Insurance (OPNLI) segment of OP Corporate Bank Plc (previously known as Pohjola Bank plc), currently the parent company of OPIL and a subsidiary of OP Cooperative (previously known as OP-Pohjola Group Central Cooperative), the central management body of OP Financial Group (previously known as OP-Pohjola Group). OPNLI is the largest non-life insurer in Finland, with a market share of 32% in the fiscal year ended 31 December 2015.

Through its operating subsidiaries, OPIL provides comprehensive insurance solutions to private and corporate customers in Finland and the Baltic states. The principal subsidiaries of OPIL are Eurooppalainen Insurance Company Ltd., a Finnish travel insurance provider; Seesam Insurance AS, an insurance provider in Baltic countries; Pohjola Health Ltd. (previously known as Omasairaala Oy), which manages two hospitals in Helsinki and Tampere, and 17 housing and property companies.

PIL's sister company, A-Insurance Ltd., provides insurance for Finnish commercial transport (mainly trucks and taxis), earthwork and machinery contractors.

Since it acquired the minority shares in OP Corporate Bank, which currently owns OPIL, OP Cooperative intends to transfer ownership of the Non-life Insurance directly to itself in the future, while it has already transferred the Wealth Management segment at the end of 2015. On 10 June 2016, OP Financial Group announced an updated long-term strategy aimed at transforming the group from a plain financial services provider to a diversified services company with strong financial services expertise. The business diversification will involve expanding the Health and Wellbeing segment, which is intended to become the Group's fourth business line alongside Banking, Non-Life Insurance and Wealth Management.

In 2015, OPIL reported gross premiums written of €1.4 billion and net profit of €199.1 million.<sup>1</sup> As of 31 December 2015, it reported total assets of €3.8 billion and shareholders' equity, excluding minority interests, of €601.6 million.

Source: Company Reports (OPIL annual report Dec 2015, OP Financial Group annual report Dec 2015, OP Corporate Bank Plc annual report Dec 2015)

<sup>1</sup> Throughout this report, if not otherwise stated, financial figures refer to OPIL's consolidated financial data.

## Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on OP Insurance Ltd, please see < [OP Insurance Ltd page on moodys.com](#) >.

### EXHIBIT 1

#### Latest Full-Year Results

OP Insurance Ltd

(in € Million)	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Gross Premiums Written	1,371	1,370	1,255	1,128	1,040
Net Premiums Written	1,323	1,316	1,199	1,079	985
Net Income	199	240	160	218	21
Loss Ratio (%)	72.5	75.7	74.3	78.0	78.4
Expense Ratio (%)	16.9	16.6	18.1	21.0	21.3
Combined Ratio (%)	89.4	92.3	92.4	99.0	99.7
Total Assets	3,848	3,587	3,317	3,155	2,934
Total Debt	125	50	50	50	50
Shareholders' Equity	603	479	419	390	272
Total Liabilities	3,138	3,058	2,847	2,715	2,612

Notes: 1) Consolidated financials are considered

2) "Total Debt" refers to "Subordinated Loan"

3) "Shareholders' Equity" includes "Minority Interests".

Source: Company Reports (OPIL annual report Dec 2015, Dec 2014, Dec 2013 and Dec 2012)

## Business Activities

OPIL provides private and corporate customers in Finland and the Baltic states with a comprehensive range of insurance solutions. Those insurance products provided to private customers include medical treatment expense insurance, personal accident insurance, travel, household and motor insurance. Those insurance products provided to corporate and institutional customers include statutory workers compensation insurance, liability insurance, business interruption insurance, legal expense insurance, cargo insurance, property insurance, motor insurance and risk management services.

Through its subsidiary Seesam Insurance AS, the company provides insurance products and services in Baltic countries. OPIL's wholly owned subsidiary Eurooppalainen Insurance Company Ltd. is involved in travel-related insurance products. OPIL's sister company, A-Insurance Ltd., provides insurance for commercial transport (truckers and taxi service branches), and earthwork and machinery contractors in the Finnish market.

In the health services segment, the company owns Pohjola Health Ltd., which manages two hospitals in Helsinki and Tampere with a focus on innovative services in the field of specialised medicine and occupational health in addition to orthopaedics and rehabilitation. Pohjola Health Ltd. began operations in early 2013 as Omasairaala Oy. As of September 2016, three new Pohjola Hospitals are under construction in Oulu, Kuopio and Turku.

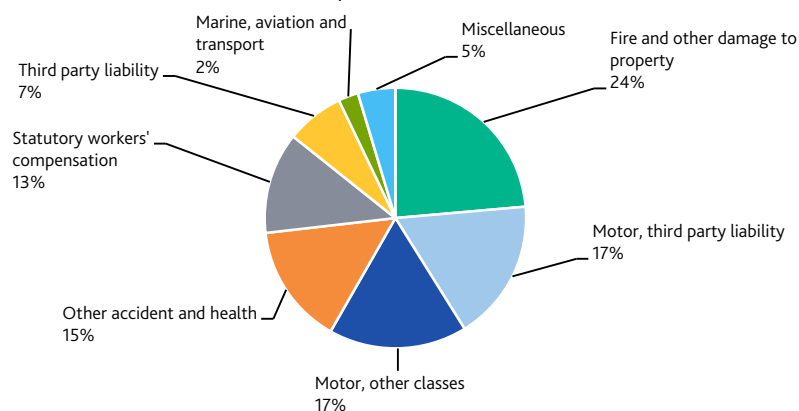
Source: Company Reports (OPIL annual report Dec 2015 and Dec 2013, OP Corporate Bank Plc annual report Dec 2015)

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## EXHIBIT 2

**Business Line**

(% of Insurance Premium Revenue,\* consolidated, for 2015)



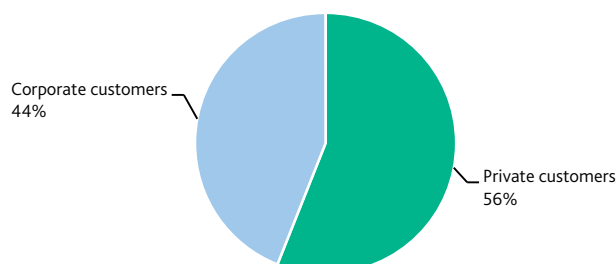
\* Direct insurance before reinsurers' share

Source: Company Report (OPIL annual report Dec 2015, Pg: 21)

## EXHIBIT 3

**Type of Customers**

(% of Insurance Premium Revenue, consolidated, for 2015)



Source: Company Report (OPIL annual report Dec 2015, Pg: 3)

## EXHIBIT 4

**OP Insurance Ltd\* – Insurance Class Details**

Net Earned Premiums (€ Million) <sup>1</sup>	2015	2014	2013
Statutory lines	480	455	458
Other accident and health	198	180	158
Hull and cargo	295	285	261
Property and business interruption	338	312	296
Liability and legal expenses	77	76	73
Long-term	8	4	4
<b>Total Non-Life Insurance Operations</b>	<b>1,396</b>	<b>1,310</b>	<b>1,249</b>

EXHIBIT 4

**OP Insurance Ltd\* – Insurance Class Details**

Net Earned Premiums (€ Million) <sup>1</sup>	2015	2014	2013
Combined Ratio (%) <sup>2</sup>			
Statutory lines	100	96	93
Other accident and health	83	86	88
Hull and cargo	80	81	90
Property and business interruption	82	89	89
Liability and legal expenses	76	97	82
Long-term	2	1	15
<b>Total Non-Life Insurance Operations</b>	<b>87</b>	<b>89</b>	<b>90</b>

\* OPNLI data

1) Net Insurance premium revenue as reported by the company

2) Net combined ratio as reported by the company

Source: Company Reports (OP Financial Group annual report Dec 2015, Pg: 306 and Dec 2014, Pg: 327)

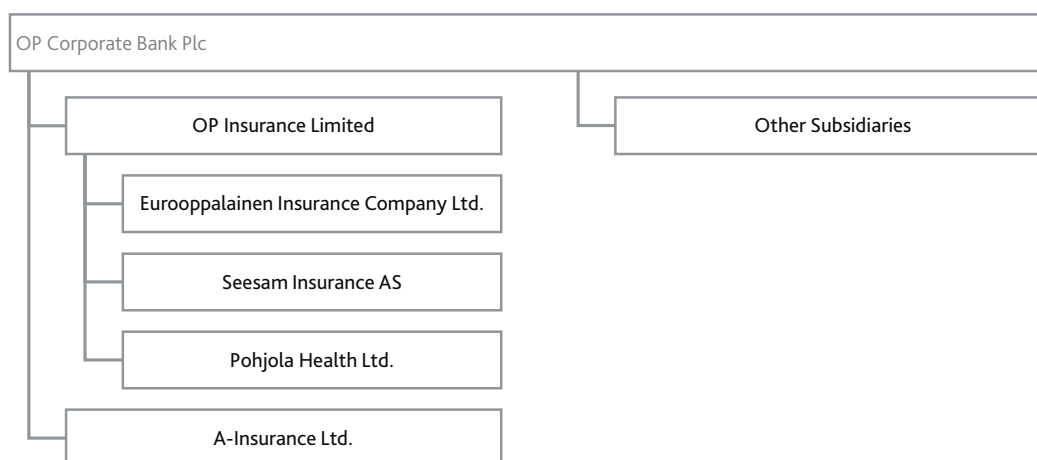
**Distribution Channels**

As of 31 December 2015, OPNLI's products were offered to private customers, mainly through approximately 350 bank branches of the OP Financial Group, 130 contracting banks, 500 own insurance sellers and 300 tied agents. Its corporate customers were served mainly through approximately 310 own insurance sellers and 250 tied agents.

Source: Company Data and Report (OP Financial Group debt investor presentation 2015)

**Organisational Structure and Ownership**

EXHIBIT 5

**Organisational Chart as of 2 September 2016**

Source: Company website

As of 31 December 2015, OPIL reported 10,000,000 shares outstanding. As of that date, OPIL was wholly owned by OP Corporate Bank Plc. even though OP Cooperative intends transferring ownership of the Non-life Insurance directly to itself in the future.

As of 31 December 2015, OP Corporate Bank had 319.6 million shares outstanding, solely owned by OP Cooperative.

Source: Company Reports (OP Corporate Bank Plc annual report Dec 2015, OPIL annual report Dec 2015)

## Company Management

Company Management	Current Title
Reijo Karhinen	Chairman
Tony Vepsäläinen	Board Member
Harri Luhtala	Board Member
Erik Palmén	Board Member

As of 31 Dec 2015

Source: Company Report (OPIL annual report Dec 2015)

## Company History

Established in 1891 as the fire insurance company Palovakuutus-Osakeyhtiö Pohjola, PIL is the oldest non-life insurance company in Finland. In 1912, PIL was listed on the Helsinki Stock Exchange. In 1961, PIL, Suomi Mutual Life Assurance Company (Suomi Mutual), Salama Mutual Life Assurance Company (Salama) and Sampo established Ilmarinen Mutual Pension Insurance Company (Ilmarinen), and subsequently acted as its service network. In 1970, Suomi Mutual and Salama merged to form Suomi-Salama Mutual Life Assurance Company (Suomi-Salama). In 1975, PIL and Suomi-Salama began to operate as a group (Pohjola Group Plc), thereby offering customers a wider range of insurance services.

In September 2005, OKO acquired a 59% stake in Pohjola Group Plc, a stake which was subsequently increased to 100%. With the sale of its asset management business to OKO and its fund management/life insurance businesses to OP Bank Group, the Pohjola Group Plc became a non-life organisation dominated by PIL, which accounted for approximately 94% of OPNLI's gross written premiums in 2015.

In 2006, after delisting from the Helsinki Stock Exchange, Pohjola Group Plc became a private company, Pohjola Group Ltd., which merged with its parent company OKO on 31 December 2006. Subsequently, the non-life insurance companies have continued their non-life insurance business operations as subsidiaries of OKO. Effective 1 March 2008, OKO was renamed Pohjola Bank plc, while the OP Bank Group became OP-Pohjola Group.

In 2013, the OP-Pohjola Group opened Omasairaala Oy, a hospital for outpatient surgery specialising in orthopaedic diseases and injuries. The hospital is a wholly owned subsidiary of PIL. OP-Pohjola Group Central Cooperative launched a public voluntary bid to purchase all the outstanding shares in Pohjola Bank Plc on 24 February 2014. On 30 September 2014, OP-Pohjola Group Central Cooperative obtained ownership of all Pohjola Bank plc shares.

Following the completion of OP-Pohjola Group Central Cooperative's public voluntary bid in October 2014, the ownership of Pohjola Bank Plc was transferred to OP-Pohjola Group Central Cooperative, which became the bank's sole shareholder. As part of the reorganisation process, starting from 1 January 2015, the names of OP-Pohjola Group, PIL, Pohjola Bank plc and OP-Pohjola Group Central Cooperative were changed to OP Financial Group, OPIL, OP Corporate Bank Plc, and OP Cooperative, respectively. On 10 November 2014, OP Financial Group announced its plan to open four new private hospitals in Finland. As of August 2016, Omasairaala Oy was renamed Pohjola Health Ltd. and it manages two hospitals in Helsinki and Tampere. Three more Pohjola Hospitals are currently under construction. In June 2016, the Group announced that it would establish Pohjola Medical Centres across Finland. The Medical Centres will supplement the Pohjola Hospitals based in university hospital cities and form a network of health and wellbeing services nationwide. Pohjola Medical Centres provide general practitioner and specialist services, as well as diagnostics services.

*Source: Company Reports (OP Financial Group annual report Dec 2015 and Dec 2014, Financial statement Dec 2013, OP Corporate Bank Plc annual report Dec 2013, OP Financial Group Q3 interim report June 2015, OP Corporate Bank Q3 interim report June 2014)*

## Peer Group

- » If P&C Insurance Ltd.
- » Tryg A/S
- » Lansforsakringar Alliance
- » Codan Forsikring A/S

## Website

For additional information, please see:

- » The company's website: [www.pohjola.fi](http://www.pohjola.fi)

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## Moody's Related Research

### Rating Methodology:

- » [Global Property and Casualty Insurers, June 2016 \(190302\)](#)

### Credit Opinions:

- » [OP Insurance Ltd: Semi-Annual Update](#)
- » [OP Corporate Bank Plc](#)
- » [OP Financial Group](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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**Author**  
Nicolò Squercina

**Editor**  
Kamin Au

**Production Associate**  
Gita Rajani

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