Agile.
Innovative.
Customer-centric.
## Key figures

### 2017 | 2016 | Change
--- | --- | ---
**Key share data Helvetia Holding AG**
Group underlying earnings per share in CHF | 49.2 | 47.7 | 3.0%
Group profit for the period per share according to IFRS in CHF | 39.1 | 36.1 | 8.4%
Consolidated equity per share in CHF | 528.5 | 486.3 | 8.7%
Price of Helvetia registered shares at the reporting date in CHF | 548.5 | 548.5 | 0.0%
Market capitalisation at the reporting date in CHF million | 5454.9 | 5454.9 | 0.0%
Number of shares issued | 9945137 | 9945137 | 0.0%

### in CHF million

<table>
<thead>
<tr>
<th>Business volume</th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premiums life</td>
<td>4384.3</td>
<td>4525.0</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Deposits received life</td>
<td>163.2</td>
<td>110.0</td>
<td>48.4%</td>
</tr>
<tr>
<td>Gross premiums non-life</td>
<td>3678.5</td>
<td>3536.6</td>
<td>4.0%</td>
</tr>
<tr>
<td>Active Reinsurance</td>
<td>415.3</td>
<td>341.1</td>
<td>21.8%</td>
</tr>
<tr>
<td>Business volume</td>
<td>8641.3</td>
<td>8512.7</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

| Key performance figures |
|-------------------------|------|------|--------|
| Underlying earnings life business | 193.1 | 173.5 | 11.3% |
| Underlying earnings non-life business | 363.5 | 340.5 | 6.7% |
| Underlying earnings Other activities | -54.2 | -22.2 | n.a. |
| Underlying earnings of the Group after tax | 502.4 | 491.8 | 2.2% |
| IFRS earnings of the Group after tax | 402.9 | 376.6 | 7.0% |
| Investment result | 1513.4 | 1212.8 | 24.8% |
| of which investment result from Group financial assets and investment property | 1348.7 | 1144.4 | 17.9% |

| Key balance sheet figures |
|---------------------------|------|------|--------|
| Consolidated equity (without preferred securities) | 5229.4 | 4812.6 | 8.7% |
| Provisions for insurance and investment contracts (net) | 44385.5 | 42315.3 | 4.9% |
| Investments | 52306.1 | 49578.9 | 5.5% |
| of which Group financial assets and investment property | 48629.2 | 46471.3 | 4.6% |

| Ratios |
|--------|------|------|--------|
| Return on equity¹ | 9.8% | 9.7% |
| Reserve to premium ratio non-life | 156.3% | 152.2% |
| Combined ratio (gross) | 88.8% | 88.5% |
| Combined ratio (net) | 91.8% | 91.6% |
| Direct yield | 2.1% | 2.2% |
| Investment performance | 2.8% | 2.5% |

| Employees |
|-----------|------|------|--------|
| Helvetia Group | 6592 | 6481 | 1.7% |
| of which segments Switzerland and Corporate | 3499 | 3337 | 3.6% |

¹ Based on the underlying earnings per share (including interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before preferred securities).
Market capitalisation of CHF 5 billion

Equity CHF 5 billion

Profit of CHF 502 million

Return on equity of 9.8%

6 country markets: Switzerland, Germany, Italy, Austria, Spain, France

Business volume of CHF 8.6 billion

3 segments: Switzerland, Europe, Specialty Markets

Total assets of CHF 58 billion

CHF 23 dividend

160 years of insurance expertise

1 strong brand

> 5,000,000 customers

1.8% new business margin

9,945,137 shares

2 business areas: Non-life, Life

6,592 employees

16,300 shareholders

Non-life net combined ratio of 91.8%
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Life business 24

Our segments 28

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Our commitment to art 38

Our employees 40

Our finances 42

Our share 44
Helvetia Versicherungen, with headquarters in St Gall, has grown over the past 160 years to become a successful international insurance group. Today we are Switzerland’s leading Swiss all-lines insurer. In Europe, Helvetia has profitable market positions with above-average growth in Germany, Austria, Italy and Spain. In the Specialty Markets segment, Helvetia offers tailored specialty lines coverage and reinsurance solutions in selected niches available worldwide.

Our success is based on proven diversification between life and non-life business and between a strong domestic market and a profitable footprint in European countries. Our focus is on private customers and SME business. Moreover, our expertise in transport, engineering and art insurance and Active Reinsurance opens up promising opportunities beyond our core markets.

Over 6,500 employees serve over five million customers daily. Besides owned sales organisations and direct sales, numerous networks and partners, including brokers and banks, provide us with customer access across the entire life and demand cycle. Solid technical results – coupled with a proven asset-liability approach to steer our CHF 58 billion balance sheet – guarantee sustainable profit development. Our brand promise applies for customers, shareholders and employees: simple. clear. Helvetia.

The registered shares of Helvetia Holding AG are traded on the SIX Swiss Exchange.
We are getting fit for the future.
We are getting fit for the future.

Dr Philipp Gmür
Chief Executive Officer
The 2017 reporting year was highly successful for the Helvetia Group. The *helvetia 20.20* strategy is bearing fruit. The centrepiece here is a new brand promise: simple – clear. CEO Philipp Gmür explains in an interview what it is all about.

“*simple. clear. helvetia.*” Are you living up to this promise?
Our promise to those on the outside is, above all, a challenge for us working on the inside: to do everything in our power to ensure our customers can access our services in as simple a manner as possible. For example, they can report claims directly via our website or conclude insurance policies directly online. We provide our customers with individual and personal support – via all channels, making life as simple as possible for the customer in question.

Younger target groups too?
Yes. We are continuously looking at new dialogue channels for Generations Y and Z. For example, the option to extend your contract or report bicycle thefts via text message.

What does your strategy mean specifically?
Our customers are mobile and want to have access to quick service at all times. We want to be present when and where our customers have insurance-related needs: at the point of sale of goods and services and when important events occur during their lives. Simplicity means that we are on hand to offer support at these decisive moments and can meet customer needs in an uncomplicated manner.

Nevertheless, customers are still being provided with complicated general terms and conditions of insurance and product brochures. Why is this?
Even we would not yet be able to introduce contracts without accompanying general terms and conditions of insurance. However, we translate the insurance world into the language of our customers and make it tangible and understandable. For example, customers should decide for themselves how they wish to be advised, conclude an insurance policy, change their cover or renew their contracts.

Why has Helvetia been successful for 160 years?
Helvetia combines tradition and innovation. We have succeeded time and again in grasping new opportunities without getting carried away in the process. Periods of expansion around the world have been followed by decades of focus on European markets. Today, we are one of the leading insurance companies in our home markets with promising positions in western Europe and in specialty business lines such as Active Reinsurance as well as transport, engineering and art insurance. The healthy diversification between the life and non-life businesses, between the retail and corporate customer businesses and between Switzerland and abroad makes us robust and provides impetus for further development.

“*Simplicity means meeting customer needs in an uncomplicated manner.*”
So, you want to be one of the market champions? How do you plan to achieve this?
By always looking at things from the perspective of our customers. We are also specifically on the lookout for innovation opportunities, for example relating to the manner of customer access or the structure of our services. To do so, we need to become more agile. It represents a major challenge to remain flexible in a long-term business and be able to adjust to short-term developments. The process of digitisation, in particular, is forcing us to scrutinise our business model on an ongoing basis and, where necessary, make changes.

Speaking of digital technologies: what role do they play in your business model?
Digitisation provides multi-layered opportunities: Firstly, thanks to digital technology, we are even closer to our customers and can reach them more quickly. In this respect, in particular, we can learn from insurtech companies and start-ups. They deviate from familiar patterns and transform fresh ideas into innovative business models. We are therefore participating in start-ups and are working to merge the “old” world with the “new” world.

Secondly, digitisation is helping us to automate many processes even more quickly. And thirdly, it will ultimately enable us to link available data even more intelligently and thus allow us to gain important knowledge, for example relating to risk selection and pricing.

Where will Helvetia be in ten years?
From today’s perspective, we will still be one of Switzerland’s leading all-lines insurers in 10 years’ time. In the retail business, we have expanded our positions in our home market and in Europe thanks to multiple new customers. In the corporate customer business, we are benefiting from globalisation and our expertise in selected sectors, meaning that the Group remains robust and is well diversified.

“A high level of customer focus is our main priority.”
Helvetia presented its new brand image at the beginning of November 2017. This places an emphasis on the following promise: “simple – clear”. No easy undertaking for an insurance company operating in what is generally deemed to be a complicated sector.

Since the beginning of November 2017, Helvetia has been operating under a new brand image – initially only in Switzerland, but now also in all country markets since the start of this year. The new branding is simple and striking – and so it should be: clear keywords in black and white evoke images among their audience. The campaign is integrated within the helvetia 20.20 corporate strategy and translates its core elements into a new brand experience: Helvetia wants to act in an agile, innovative and customer-focussed manner – in other words, it wants to offer simple and clear solutions. Or as Helvetia now puts it: “simple. clear. helvetia.”

The new brand image places a focus on one of the key services of an insurance company: offering simple solutions for complex protection needs and being able to explain them to customers. Helvetia stands for comprehensive expertise and is Switzerland’s leading all-lines provider. From private and occupational pension plans to liability, vehicle and transport insurance and property insurance, we cover the entire spectrum for retail and corporate customers. Our customers can obtain comprehensive protection with us and feel secure. Accessing Helvetia is easy for customers: thanks to Helvetia’s extensive expertise, customers have access to contacts for all insurance matters under a single roof. They also have the option to reach Helvetia simply and easily via various channels. Our employees work to ensure that customers are handled in a transparent and fair manner. Every time we come into contact with customers, our objective is to demonstrate simplicity and clarity: from our advisory services, which offer customers relevant information in a transparent fashion, to an uncomplicated claims settlement process.
As a modern Swiss insurance company, in addition to traditional Swiss values such as expertise and reliability, we also put our faith in attributes of the new generation and thus act innovatively, dynamically and progressively.

The new brand image also embodies an attitude. This reflects the requirement to make things simpler every day or to explain them. We are also pursuing this objective with the helvetia 20.20 strategy.

The branding is being implemented by means of a written three-pronge approach that impresses thanks to its simplicity. The form the message takes is also part of the message. At the same time, the three-pronged approach places an emphasis on our services. Those who are not yet customers of Helvetia should get to know its protection and pension solutions and its above-average level of service – and do so in a simple manner.
Board of Directors and Executive Management
The CVs of the members of the Executive Committee can be found here: https://www.helvetia.com/corporate/web/en/home/about-us/corporate-management/executive-management.html

Corporate Secretary¹
Christophe Niquille

Board of Directors
Doris Russi Schurter *

Internal Audit¹
Simon Schneider

CEO
Philipp Gmür

Support functions

Corporate Development
Martin Tschopp

Corporate Centre
Kaspar Hartmann

Human Resources
Roland Bentele

Investments
Ralph-Thomas Honegger

Finance
Paul Norton

Actuary
Beat Müller

IT
Achim Baumstark

Market areas and segments

Switzerland
Philipp Gmür

Europe
Markus Gemperle

Specialty Markets
David Ribeaud

Non-life Switzerland
Adrian Kollegger

Individual Life Switzerland
Reto Keller

Group Life Switzerland
Donald Desax

Sales Switzerland
Ralph Jeitziner

¹ Members of the Executive Management

* Reports to the Chairman of the Board of Directors

* Until 2018 Shareholders’ Meeting (proposed as Chairwoman of the Board of Directors)

The following persons will be proposed for election to the Board of Directors at the Shareholders’ Meeting of 20 April 2018:

- Dr Thomas Schmuckli
- Beat Fellmann
- Regula Wallimann

Dr Patrik Gisel will step down from the Board of Directors at the Shareholders’ Meeting.

As at: 31 December 2017
**helvetia 20.20**

1. **helvetia 20.20 creates value...**
   - **Value for customers**
     - Simple, customised and personalised insurance solutions and secure pension solutions with a high level of convenience
   - **Value for employees**
     - Attractive and future-oriented employer
   - **Value for shareholders**
     - Continuous increase in profit and dividend potential

2. **...through transformation and innovation**
   - **Transformation**
     - **Strengthening of core business**
       - Growth
       - Digital customer and partner interaction
       - Greater automation
     - **New business models**
       - Home ecosystem, skill-based M&A
   - **Targeted innovations / prototyping**
     - Corporate venturing
     - Corporate incubation
     - Partnering

3. **...and gets us fit for the future**
   - **Fit for the future**
     - Agile and efficient
     - Innovative and digital
     - Customer-centric through combination of traditional strengths and utilisation of new opportunities
   - **Still personal and reliable**
     - Sustainable customer promises
     - Healthy capital base

4. **Our financial objectives**
   - **Volume**: CHF 10 billion (ambition)
   - **Non-life**: Net CR < 93%
   - **Life**: NBM > 1%
   - **Synergies (pre-tax)**: > CHF 130 million
   - **Return on equity**: 8–11%
   - **Dividend (5 years)**: > CHF 1 billion
   - **SST ratio**: 140–180%
   - **S&P rating**: A

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**Helvetia company brochure 2017**
The helvetia 20.20 strategy aims to make Helvetia fit for the future.

What does this mean exactly?
We systematically place our customers at the heart of our actions and thoughts. In doing so, we are building on existing strengths and making targeted use of innovation. In terms of how it is perceived externally, fit means that our products and services are made accessible to our customers via modern interaction points. Internally, it means that our processes will become simpler and more efficient. This will enable us to create value for customers, employees and shareholders.

How do you want to implement this?
We are combining transformation with innovation: we are systematically strengthening our core business and supplementing it in a targeted manner with innovative business models such as the “home” ecosystem or fully digitised insurance processing via INZMO, in which we have recently acquired a holding.

We have been insuring risks for 160 years and this will remain our focus in future. However, technological change is opening up additional opportunities for us that we want to systematically explore and consistently exploit. For instance, we are providing our customers with new means of accessing our services. One example here are digital insurance solutions, which we offer in Switzerland (smile.direct) and also, for example, in Germany and Spain. Since 2017, we have also been offering advice in Switzerland via video chats. We are also one of the first insurers in Europe to allow customers to extend their contracts and report claims through a so-called chatbot using text messages or facebook messenger.

Furthermore, we possess large volumes of data, which we structure and utilise in a targeted manner in order to allow us to address customers individually and offer tailored solutions (“smart data”). We are also piloting text and speech recognition solutions in order to improve the efficiency and availability of services processes, for example in the area of contract management or complaints management.

You talk about additions to the business, such as the development of the “home” ecosystem and targeted innovations: What exactly is it all about?
By investing in new additions to our business, we want to expand our core business on a selective basis and innovate. We are the majority shareholder of MoneyPark, the leading mortgage broker in Switzerland. With the “home”
ecosystem, which is based on MoneyPark, we are positioning ourselves as an expert advisor for all issues relating to real estate and housing. We want to provide our customers with comprehensive advice, from the point at which they set out in search of a flat or a house right through to the mortgage financing stage and questions relating to their pension cover. Here, customers should be supported throughout their whole customer journey and be provided with all necessary services from a single source. We therefore also work with external service providers in which we, in some cases, also hold a share ourselves, such as PriceHubble for real estate valuations.

Every year, our Venture Fund team evaluates around 400 start-ups in the insuretech and proptech sectors. From this large number of new companies and ideas, we invested in initial companies in 2017, including the aforementioned PriceHubble and INZMO. In May 2017, the latter was recognised by the European Commission as Europe’s best fintech company. It operates on a fully digitised platform, which covers the offer and contract conclusion stages right through to collections, portfolio management and claims handling. We use this capability in a targeted manner in cooperation with partners and in the area of direct insurance. Taking out insurance cover in the standard business is as simple as downloading an app via your iPhone.

And finally, with our own incubator, which develops start-ups internally, we offer an interesting environment for young, clever minds who want to courageously try out something and free themselves from existing processes and structures.

---

“Our vision

- Emphasis placed on customers and their core needs regarding their home
- Offers from various partners are networked across sectors (from a procedural and IT technical perspective)
- Customers can fully satisfy their needs in a simple and convenient manner
- Customers get “everything from a single source”

Current implementation status
MoneyPark – an anchor in the home ecosystem

- Largest independent mortgage broker
- Combines personal advice with the most technologically advanced platform for mortgages and pension products
- Offers a maximum selection thanks to a partner network comprising more than 90 banks, insurance companies and pension funds
- 25 branches across the entire country
- 130 employees
- Merger with French-speaking Switzerland’s industry leader Defferrard & Lanz (DL) in July 2017
- Annually brokered mortgage volume of more than CHF 2 billion
- Management of a mortgage portfolio worth more than CHF 8 billion
- Develop B2B business through acquisition of finovo AG in February 2018
“Pension planning works on trust. That makes it important to have a partner we know personally and trust.”

Jürg Rietmann, Adligenswil

“We have always greatly appreciated having a direct contact partner.”

Dr med. Nathalie Berzins, General Practitioner in Rheinfelden

“Helvetia has always been fair when something has happened. We would recommend Helvetia to anyone.”

Urs Klaus
Urs Klaus GmbH

“Despite the large size of the company, we also receive personal advice at Helvetia from ‘our’ customer advisor: he knows us and our history. We also benefit from insurance cover that is specially adjusted to our products.”

Andrea Hand
Hand Baumaschinen AG
Helvetia is a successful, internationally active Swiss insurance group. With 6,592 full-time equivalent employees, Helvetia provides services for more than five million customers. Helvetia is active in the life, non-life and reinsurance sectors. Helvetia divides its business activities into the three market areas of Switzerland, Europe and Specialty Markets. Its business activities in its home Swiss market are bundled in the Switzerland market area. The Europe market area covers the country markets of Germany, Austria, Spain and Italy.

In the Specialty Markets area, Helvetia offers tailor-made cover in the specialty lines marine / transport, art and engineering insurance. With its Specialty Markets segment, Helvetia not only has a local presence in Switzerland, France and the Principality of Liechtenstein, but also in Turkey and Miami for Latin America as well as in Singapore and Malaysia. Its Active Reinsurance business is also assigned to this market area. The reinsurance business focuses on the well-diversified non-life business. In this niche area, Helvetia stands out thanks to its sustainable and long-standing business relationships and strict underwriting policy.
In addition to traditional non-life (motor vehicle, property, liability) and personal (accident and health) insurance cover, Helvetia’s Swiss and European non-life product portfolio also includes special insurance policies such as transport, engineering and art insurance. These are consolidated together with the Active Reinsurance business in the Specialty Lines segment.

The Helvetia Group pursues a disciplined underwriting strategy in order to ensure portfolio quality, and only underwrites larger business risks selectively. We work together with renowned reinsurers to hedge against major loss events. Profitability also depends on portfolio composition, premium and cost performance as well as claims. Profitability can be measured with the net combined ratio, which has on average been below 95% at Helvetia in recent years. Also in financial year 2017, the net combined ratio was 91.8%, which reflects the portfolio quality.

In the non-life business, digitisation is opening up new opportunities. Helvetia is placing an emphasis on organic growth with retail customers, small and medium-sized companies and larger businesses. Here, we are making use of the opportunities arising from digitisation to make our offers and business processes simpler, more customer friendly, more digital and more efficient – by combining our traditional strengths with new possibilities. For example, customers can report claims in a very simple manner directly via our website or select and take out insurance policies directly online with our online calculator. Find out more in this regard on the following pages.

Non-life product portfolio

<table>
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<tr>
<th>CH</th>
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<tbody>
<tr>
<td>Property</td>
<td>•</td>
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<tr>
<td>Motor vehicle</td>
<td>•</td>
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<tr>
<td>Liability</td>
<td>•</td>
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<tr>
<td>Accident / health</td>
<td>•</td>
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<tr>
<td>Travel</td>
<td>•</td>
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<tr>
<td>Transport</td>
<td>•</td>
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<tr>
<td>Engineering</td>
<td>•</td>
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<tr>
<td>Art</td>
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Active Reinsurance 8 %

Premiums by business line

<table>
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<tr>
<th>•</th>
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</thead>
<tbody>
<tr>
<td>Property (including engineering and travel insurance)</td>
<td>34</td>
</tr>
<tr>
<td>Motor vehicle</td>
<td>31</td>
</tr>
<tr>
<td>Active Reinsurance</td>
<td>10</td>
</tr>
<tr>
<td>Accident / health</td>
<td>9</td>
</tr>
<tr>
<td>Transport (incl. art)</td>
<td>8</td>
</tr>
<tr>
<td>Liability</td>
<td>8</td>
</tr>
</tbody>
</table>

Helvetia company brochure 2017
How does non-life insurance work?

Premiums by segment

- 42% Europe
- 36% Switzerland
- 22% Specialty Markets

4,094 CHF million

Net combined ratio 91.8%

Total gross earnings non-life

Claims and costs

Premium

Combined ratio

Total net earnings non-life

Investments

Return

Customer → Helvetia

Policy

Premium

Insurance process

Current claims payments

Provisions and future claims

Acquisition costs / administration costs

Insurance benefit

Technical result

Result from investments

Helvetia company brochure 2017
Simply insured

Ensure efficient claims settlements or take out insurance products online with just a few clicks of the mouse. We make it as simple as possible for our customers.

An experience report from Switzerland: a claim with a surprising outcome

When her car suffered damage, Helvetia customer Karin Anderegg tried out the network of bodywork and paintwork businesses that we have developed in cooperation with the repair network Repanet Suisse. She arranged for her car to be repaired by a Helvetia service partner of her choice – and was positively surprised.

For some repair work, I was recommended the Helvetia partner and bodywork specialist Kriesbach GmbH in Dübendorf. Although I have a main garage with my car’s dealership, I opted to follow up on this recommendation. The lifetime guarantee for the work performed appealed to me a lot. Previously, I had assumed that only my main garage would grant me such a guarantee. Shortly after confirming that I would be taking up the recommendation, I got a call from Marc Zimmermann, the manager of Kriesbach GmbH, and agreed a suitable appointment. Mr Zimmermann picked up my damaged vehicle and provided me with an appropriate replacement car. Three days
At the end of July 2017, Helvetia Germany added the “VIVA motor vehicle insurance” policy to its online offering. With just a few clicks of the mouse, visitors can find out more about its benefits and take out motor vehicle insurance directly. Helvetia VIVA stands out thanks to its simple menu navigation, clear product structure and quick, individual premium calculations. Upon request, our customer service experts are on hand to support visitors with digital advisory functions, live chats or telephone consultations. They answer questions relating to the product and help with the calculation of premiums. The tariff calculator of the new motor vehicle insurance can be found on helvetia.de and on comparison portals such as check24.de. All processes run in the background on an automated basis. This means that customers receive quick and competent support.

To enable us to further optimise this service, we regularly assess the dialogues with our online customers. This allows us to improve our website’s information content and simplify its use. This strengthens the trust in our work, which is reflected by the extremely positive response from our customers. Following the introduction of “Helvetia VIVA motor vehicle insurance”, we were able to conclude more than 10,000 new online policies by the end of the year.

Back in 2016, Helvetia Germany launched the first online premium calculator for private liability, pet health, household, Smart & Easy and photovoltaic insurance. Helvetia thus has a broad digital range of insurance products that is well received by our target group. This has now been supplemented by an additional component.

Germany: take out motor vehicle insurance simply online

simple. clear. – we keep our word in non-life business

If Helvetia customers in Switzerland arrange for repair work to be carried out by a Helvetia partner business, they benefit from various advantages: the collection and return of the vehicle is free of charge and they can remain mobile with a replacement car. Furthermore, there is no bonus loss and the contractually agreed deductible is reduced.

In autumn 2017, Helvetia Switzerland introduced the new “Repair Plus” product component in individual motor insurance. Should customers opt for this solution, they undertake to have all damage suffered by their own vehicle repaired by a Helvetia partner business. In return, they enjoy additional benefits, for example a reduction in their deductible or the waiving of the deductible completely.

Invoice processing for bodywork damage is now performed fully automatically. This allows customers and Helvetia to benefit from efficient claims handling, while the bodywork businesses enjoy quick and simple communication.

later, my car was back in front of my home almost “as good as new”: flawlessly repaired and freshly cleaned. I was so impressed by the exemplary service of Kriesbach GmbH that I am now letting them take care of my car service and tyre change.
Life business

Helvetia offers life insurance in Switzerland, Italy, Germany, Spain and Austria. The home market of Switzerland is the most important market with 77.2% of the business. The product range includes individual products and group life insurance policies. At around 59% of the Group's total life volume, occupational pension plans for SMEs represent one of the most important insurance business lines. At 97%, this business is generated almost exclusively in Switzerland, where Helvetia has established itself as one of the top 3 providers of BVG (Swiss occupational pension system) insurance solutions.

In addition to the development of technical risk, the profitability of the life business is especially influenced by the investment and savings result and thus by the performance of the financial markets. The investment result plays an important role in generating the income required to ensure that the long-term insurance obligations can be met. In the past, Helvetia has always succeeded in achieving attractive returns with the capital employed. In 2017, despite the low interest rate environment, we again managed to generate stable interest margins between current income and the guarantees given, from which customers and shareholders benefit.

Individual life product portfolio

Traditional
Risk insurance and savings, financial and pension solutions with interest rate guarantees from Helvetia

Investment-linked
Insurance policies with investment risk either with the policyholder, with Helvetia with appropriate risk hedging or with an external partner

Deposits
Investment contracts (contracts without a significant insurance technical risk)

Group life product portfolio

Occupational pension plans (BVG) (Switzerland only)

Full insurance solutions via Helvetia Collective Foundation
All risks and benefits in occupational pension plans are insured and guaranteed by Helvetia Insurance. Assumption of complete administration. Package for companies and independent charitable organisations.

Management pension plans
Additional and separate pension solutions, which go beyond the mandatory requirements.

Helvetia BVG Invest
Needs-oriented occupational pension plans with earnings prospects. Covers the risks of death and disability by means of insurance contracts with Helvetia. Assumes the complete administration. Investments are managed by Helvetia Investment Foundation.

Risk insurance
Risk insurance and blanket risk contracts for semi-autonomous occupational pension foundations. Assumption of complete administration.

Swisscanto foundations
As a joint venture of Helvetia Insurance and the Association of Swiss Cantonal Banks, the Swisscanto Collective Foundations offer products and services for occupational pension plans and supplementary provision. Savings investment via the cantonal banks, insuring against the risks of death and disability with Helvetia. Sales via cantonal banks and brokers. The Swisscanto Vested Benefits Foundation manages vested benefits accounts for customers of the cantonal banks who do not operate their own vested benefits foundation. Helvetia manages the branch offices of all three foundations.

Helvetia Investment Foundation
Joint investment and administration of the pension funds investment. Specialising in indexed and core satellite investment products as well as real estate investments.

Helvetia Consulta AG
Draws up analyses and expert opinions, IAS 19 calculations. Assumes the technical administration of pension funds. Comprehensive consultation and services for occupational pension fund foundations.
How does life insurance work?

Insurance process

Risk process

Savings process

Cost process

Customer

Policy

Premium

How does life insurance work?

2017 business volume by business line

Group life

59%

4,548 CHF million

Modern (investment-linked and deposits)

43%

Individual life

41%

Traditional

57%

Premiums by segment

Switzerland

77%

4,548 CHF million

Europe

23%

Premiums by segment

Group life

59%

4,548 CHF million

Modern (investment-linked and deposits)

43%

Individual life

41%

Traditional

57%

Switzerland

77%

4,548 CHF million

Europe

23%
Security at every stage of life

Security is key for people – at every stage of life. For this reason, we support our customers in protecting themselves against the unforeseeable and help them to define their financial objectives.
People are living ever longer and can afford a more fulfilled life. At the same time, state pension systems are no longer consistently able to satisfy the desire for a secure income. Private pension cover is thus becoming more important. Nevertheless, low interest rates and a growing level of regulation are making it difficult to offer guaranteed benefits with attractive returns. The modern life insurance business finds itself operating in this area of conflict.

**Increasing flexibility**

“There is great demand for private pension products”, explains Reto Keller, Head of Private Pensions Helvetia Switzerland. The need for security is high. To ensure that customers and their relatives are able to maintain their standard of living, Helvetia offers well-conceived solutions for incapacity to work, disability and death and combines these with a long-term savings process. Only insurers do this in the area of pension provision, setting apart their products from those of the banks. Here, Helvetia is increasingly focussing on new life insurance models that can be adjusted flexibly to personal requirements and at the same time follow modern guarantee concepts. With a market-dynamic life insurance policy, customers can benefit from the development of the financial markets – in contrast to traditional products. Helvetia offers modern products such as these in all countries. To this end, we work in Switzerland, for example, with third-party providers as guarantors or allow our customers to participate directly in the capital market via individual product components.

**Remaining a complete provider**

Traditional life insurance products continue to round off the offering. Nevertheless, we are also adjusting the guarantee concepts to the market environment here. “Helvetia will continue to position itself as a complete provider in the life business, but our focus here will be firmly directed towards modern products”, clarified Keller. He also indicated that Helvetia offers modern products for companies and their employees in area of occupational pension plans. Life insurance remains strategically important for Helvetia. After all, we see it as our task to enable our customers to enjoy a self-determined, independent and worry-free life into their old age with tailored products.

Read why pension products need to become more flexible. An interview with Kai-Peer Diener, Head of Product Development and Marketing for Helvetia’s private pension products.

---

**Modern life insurance products across Europe**

In Switzerland, we offer a modular investment concept with a transparent separation between guarantee and opportunity with the Helvetia guarantee plan. Here, customers decide themselves how they balance security and the opportunity to generate additional returns. For the guarantee part of this product, Helvetia works together with Raiffeisen Schweiz Genossenschaft and Leonteq Securities AG.

**Awards**

“Switzerland’s best life insurer” (London-based magazine Global Banking & Finance Review, autumn 2017). The analysts, editorial team and the magazine’s publishers assessed Helvetia and the other candidates using a variety of criteria such as business performance, strategic positioning and innovation potential.

In Germany and Austria, Helvetia distributes unit-linked products with individual scope in terms of structure in the form of the CleVesto product line. These solutions adjust to the customer’s personal circumstances and offer a variety of investment opportunities.

**Helvetia Austria: AssCompact Awards 2017, first prize for CleVesto in the category “unit-linked life insurance”. The sector and customers especially value our large fund selection and the capital-managing additional functions.**

**Helvetia Germany: The rating agency Franke & Bornberg awarded its highest rating “FFF” – i.e. “outstanding” – for the quality of the unit-linked annuity insurance CleVesto Allcase.**

In Italy, our customers also benefit from flexible hybrid products with corresponding participation options. Helvetia Vita was recently recognised as the “best asset manager” for index-linked products.
Helvetia is Switzerland’s leading Swiss all-lines insurer. The stable and profitable home market provides a sound basis for the further development of the Group. Here, we will exploit the synergies from completed acquisitions and thus increase the area’s contribution to Group profit on a sustainable basis. We also put our faith in our strong partners. With smile.direct, we have a well-established online insurer. MoneyPark, Switzerland’s biggest independent mortgage broker, is another subsidiary. Helvetia is a key partner for companies in Switzerland; for example we cooperate with Swisscanto, a major occupational pension plan (BVG) provider, in group life business. Thanks to our good market position in life business and in the area of property insurance, we are a strong partner for both retail customers and corporate customers. With our broad offering, we want to place a new emphasis, in particular, on the business with SMEs.

**Net combined ratio**

83.1%

**New business margin**

1.8%

* includes loss in Corporate of CHF 43.4 million
As a provider of heavy construction machinery and equipment, HAND Baumaschinen AG was on the lookout for a strong insurance partner. Many years ago, the family company found exactly this in the form of the insurance company Alba. HAND Baumaschinen AG insured various pieces of machinery for earth moving, structural engineering, civil engineering, garden maintenance and demolition with Alba. Andrea Hand, owner of the 40-year-old company, enjoyed the personal and individual advisory services provided by the small insurance company.

Helvetia acquired Alba in 2010. Andrea Hand was positively surprised by the number three on the Swiss insurance market. “Despite the large size of the company, we are also provided with personal advice at Helvetia by ‘our’ customer advisor: he knows us and our history. We also benefit from insurance solutions that are specially adjusted to our products.”

Andrea Hand not only feels that comprehensive insurance for SMEs is strong in terms of the personal service and individual structure it provides, but also that it is simple in terms of contact: For example, she can report claims to Helvetia online and is then contacted by “her” claims expert for the next steps. This brings our brand promise “simple. clear. helvetia.” to life.

www.hand.ch

“Strong insurance for heavy machinery

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www.hand.ch

An insurer for all eventualities

Floor layer Urs Klaus knows what the people want: “Oak parquet is currently the most popular product.” This hasn’t always been the case. When Urs Klaus took the decision to go self-employed in 1981, it was carpets that were particularly in demand. Since this time, it is not only the taste of his customers that has changed, but also his insurer.

Thanks to the good advice provided by Mario Kümin, Urs Klaus decided to switch to Helvetia. He values the broad offering of the all-lines insurer Helvetia. In addition to his SME business insurance, comprising public liability, property and car insurance, he is also privately insured with Helvetia and places part of his pension cover with the company. “For SMEs, the transition between business and private considerations is fluid. It is therefore helpful for me if my advisor knows our overall situation”, says a convinced Urs Klaus.

Together with their advisor, Urs and Susanna Klaus regularly assess their risk situation. They value the quick and uncomplicated handling of claims and the provision of advice by phone. “Helvetia has always been fair when something has happened. We would recommend Helvetia to anyone”, says Urs Klaus.
Helvetia also has a consistent positioning in the Europe segment. Helvetia has a cross-border brand presence. As is the case in Switzerland, focus is placed on the business with retail customers as well as small and medium-sized companies. In the Europe segment, Helvetia also offers the full range of non-life products, while in the life business Helvetia is placing an emphasis on the marketing of capital-efficient products in light of the low interest rate environment. The business in the European countries is profitable. The Europe segment contributes to regional diversification by reducing the level of dependency on the Swiss home market.

<table>
<thead>
<tr>
<th>Business volume (CHF million)</th>
<th>Underlying earnings (CHF million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>68% Switzerland, Specialty Markets and Corporate</td>
<td>63% Non-life</td>
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<tr>
<td>8,641 Total</td>
<td>2,764 EU</td>
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<tr>
<td>32% Europe</td>
<td>37% Life</td>
</tr>
<tr>
<td>24% Europe</td>
<td>76% Switzerland, Specialty Markets and Corporate</td>
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<tr>
<td>502* Total</td>
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* includes loss in Corporate of CHF 43.4 million

Sales channels

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<tr>
<th>Own field sales force</th>
<th>Agents</th>
<th>Brokers</th>
<th>Partners</th>
<th>Direct sales/new media</th>
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</thead>
<tbody>
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<td>✔</td>
<td>✔</td>
<td>3 banking partners</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>ARAG</td>
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<tr>
<td>IT</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>25 worksite marketing partners 22 banking partners with 1,500 branches 5,000 financial advisors</td>
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<tr>
<td>ES</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>10 banking partners</td>
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</tbody>
</table>

Helvetia company brochure 2017
Europe – a strong second pillar

What role does Europe play for the Helvetia Group?
The Europe segment represents a key second pillar of Helvetia and contributes significantly to the diversification of the portfolio. Europe already accounts for 42% of total premiums in the non-life business area. The markets are profitable in a challenging environment and make a significant earnings contribution of almost a quarter. Europe is also an important source for the Group dividend: in the 2017 financial year, we distributed 56% of IFRS earnings from Europe as a dividend to the holding company. Within the country markets, we maintain similar structures to those in Switzerland. This facilitates the transfer of knowledge and the exploitation of synergies between Europe and the Group.

Can you provide examples of this?
In all markets, we pursue the same strategic principles and put our faith in business models with similar objectives. There are various approaches for sharing knowledge within Europe and the Group and exploiting synergies. Here, we focus on issues close to the market such as omni-channel management, market development, product development, handling processes and their IT-side support. As a Group, we promote innovations relating to digitisation, data and its analysis. We ensure methodological expertise in, for example, the area of risk management or pricing and utilise economies of scale for investments and IT. We also structure the reinsurance programmes for the entire Group. Here, we work closely with the market units in order to meet the local level of risk appetite with an ideal structure.

The product portfolios in the individual countries are considerably smaller than those in Switzerland. Where and how does Helvetia want to grow in Europe?
In our European country markets, we offer our customers a broad sales network with wide-ranging access to our products for private individuals and SMEs. This provides a solid base for profitable growth. Here, we focus on so-called hybrid customers, i.e. customers who are both active online and also desire personal advice. The European markets also offer us potential for acquisition-related growth. Following the purchases in Italy and Austria, we have placed our focus on the Germany and Spain country markets in order to further strengthen our position here.

There are various approaches for sharing knowledge within Europe and the Group

Product development
The development of new products is expensive and necessitates experience, expertise and time. To enable Austria to act quicker and in a more cost-efficient manner, the unit-linked CleVesto life product, which was developed in Germany, was transferred to Austria and adapted in line with local requirements. The product was recognised with an award in both countries and is being sold successfully. We offer the PetCare non-life product online via pet communities and traditional sales partners with equal success.

Pricing
An outstanding pricing structure is key for profitable growth in hotly contested markets. In order to guarantee a certain level of quality across the Group, we have strengthened this technical expertise in all country markets. To this end, we have introduced a joint method, made available a uniform pricing tool and provided our employees with training as part of intensive further training courses.

Markus Gemperle
CEO of Helvetia Europe

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Net combined ratio
95.4%

New business margin
2.1%
The Specialty Markets segment pursues a selective niche strategy, thus achieving a strong market position and making a corresponding profit contribution. It also contributes to the Group’s diversification. Specialty Markets comprises three important parts: The “Specialty Lines Switzerland / International” market unit bundles the engineering (technical insurance), marine (transport) and art business lines in Switzerland as well as in the international markets such as Asia or Latin America. The France market unit acts as a focussed transport insurance specialist and holds a strong position as the number two on the market. Active Reinsurance, which is also assigned to the Specialty Markets segment, stands out as a niche provider due to its mostly long-term and outstanding business relationships, a strict underwriting policy and a high level of sector diversification.

**Net combined ratio**

100.1%
Active Reinsurance

- around 300 customers
- comprehensive relationships, overall excellence of reinsured business decisive

Business mix by business line (2017)

- 30% Property
- 33% Liability
- 7% Engineering
- 7% Agriculture
- 12% Motor
- 5% Aviation
- 4% Energy
- 1% Marine
- 1% Other

Business mix by region (2017)

- 39% Europe
- 47% America
- 7% Middle East
- 6% Asia
- 1% Other

Business mix by business line (2017)

- 58% Engineering Large & Special Risks
- 18% Engineering Switzerland
- 11% Marine Switzerland
- 8% Marine International
- 5% Art

Switzerland and international

- around 43,000 customers
- leading position in Switzerland, support of global expansion of our Swiss customers, international footprint, several overseas offices

Business mix by business line (2017)

- 27% Carriers
- 27% Ship hull insurance
- 28% Cargo
- 18% Motor hull insurance

France

- around 23,000 customers: private individuals, professionals, SME & industry
- highly effective sales network with 11 regional and local commercial offices
Active Reinsurance is an attractive niche for diversification

Which strategy are you pursuing in the area of Active Reinsurance?
As a niche provider for Active Reinsurance, we want to remain profitable and generate sustainable growth in individual selected markets and business lines. This includes expert underwriting, professional actuarial services and efficient technical accounting. Our customers include locally and regionally active as well as selected global primary insurers. They should perceive us as a strong partner and a specialty reinsurer.

We have identified three focus areas for the implementation of our strategy. Firstly, we are moderately expanding existing business relationships. Secondly, we are diversifying the business line mix and the geographic origin of our business. And finally, we are professionalising specialist business lines such as aviation and agricultural reinsurance.

At the end of 2017, Helvetia had a premium volume of CHF 415 million. Is this enough to play a key role in the reinsurance market?
We stand out from the big companies in that we offer our capacity as a niche provider and focus on long-term partnerships. Based on our pure investment strategy, we do not have to finance any cost-intensive management tasks such as contractual negotiations or the quoting of alternatives. We also do not require any in-house, highly-qualified claims handling or legal experts. It is also easier to grow in the global treaty reinsurance market with an approximate share of 0.4%. And finally, we apply selective, disciplined and profit-oriented underwriting.

How intensively do you want to grow in future?
This depends on the attractiveness of the markets. We definitely want to roll out our European business model in other global regions and increasingly position ourselves as a global specialty reinsurer. We are also continuing to keep a close eye on costs. We will invest in customers for whom we represent a solid, reliable and long-term partner.

Gérald Kanis
Chief Reinsurance Executive
Switzerland has a high density of museums and invaluable art collections are concealed behind many a wrought-iron garden gate. Any significant art collection starts with the great passion of the collector him- or herself. On an increasingly frequent basis, collectors are wanting to share these collections with museums in the form of loans or donations. In such cases, the art collection must be adequately protected. Our 12-person art insurance department takes on this task with a high degree of professionalism and commitment. Our customers can rest assured that their art collections are comprehensively protected – including their personal data.

Damage – whether caused with malicious intent, due to insufficient care or a lack of caution or owing to the actions of the owner him- or herself – can be insured with us via all-risk cover. And because a piece of art also always represents an asset, we also provide for compensation in the event of any loss in value following a restoration.

In the event of a claim, our internal art experts from the claims department can provide assistance with the recovery of an artwork. Working in close cooperation with the Art Loss Register, the world’s biggest private database for stolen art, Helvetia last year succeeded in recovering a bronze sculpture that had been stolen from a Swiss museum 30 years ago and offered it to the original customer for repurchase.

Helvetia not only insures art, but has also devoted itself to art by other means: for more than 70 years, Helvetia has been collecting contemporary Swiss art. With the Helvetia Art Prize, we also want to support young artists at the beginning of their career. Helvetia is also supporting four Swiss museums with the digitisation of parts of their collections.

The noble art of assurance

Helvetia is not only renowned as an art insurer, but also possesses its own remarkable art collection and is a committed art patron. Our art insurance customers benefit from our extensive experience.
Summary after five years of sustainability management

Corporate responsibility is a key issue for Helvetia. We can look back on fantastic achievements here thanks to the corporate responsibility we have taken over many years. Our business model is closely linked to social and environmental developments.

Helvetia must still be in a position to keep its promises to customers in 20 years' time. For this reason, our corporate governance is characterised by far-sighted risk management and the creation of long-term value. To this end, we have developed corresponding systems and processes over the past five years. These place environmental protection, social responsibility and exemplary management at the heart of our activities.

Our corporate responsibility strategy substantiates out the Group strategy relating to sustainability issues and combines economic and social progress. The strategy has emerged from the expectations of our stakeholder groups and is based on expert knowledge. In dialogue with our stakeholders and corporate responsibility network, we have identified three key action areas: reducing the impact of climate change, integrating sustainability in our core business and creating maximum transparency in this regard.

The effects of climate change impact Helvetia directly as an insurer. Changes in climate patterns and extreme weather events cause damage to buildings and infrastructures. Just how great the costs of climate change will ultimately prove to be will depend on the prevention and adaptation measures taken. We are therefore looking at the consequences of climate change in detail: Helvetia offers product solutions for environmentally-friendly technologies, supports intact mountain forests and is reducing its own CO₂ emissions. The switch to fully renewable electricity plays a key role in this regard. In 2018, Helvetia will offset its ecological footprint for the first time with investments in climate protection projects.

In our core business, we fulfil our corporate responsibility through the provision of advice that is in our customers’ best interests, the integration of sustainability aspects in our underwriting activities and when investing policyholder funds as well as through fair and transparent claims handling. Helvetia also tracks risks and opportunities that are not reflected in current market prices through its corporate responsibility management. This strengthens our core business and has a positive impact for customers, employees, shareholders, suppliers and the company in general. For example, in 2017 we introduced monitoring activities to observe the sustainability of our financial investments, created a low-barrier website and revised our principles for environmentally and socially sustainable procurement. Responsible sales practices, transparency and the guaranteeing of data protection and privacy are further cornerstones of our sustainability considerations in our core business.

Politicians and society are demanding ever more transparency from companies such as Helvetia as regards how our activities impact people and the environment. This can be seen, for example, in the new EU reporting guidelines on corporate responsibility. Helvetia is responding to this development with transparent and honest communication. At the end of April 2018, we will publish our first Group-wide sustainability report with important key figures on environmental and social aspects. Helvetia views the expectations of its diverse stakeholder groups as an opportunity to enter into active dialogue with them and address future challenges in a forward-looking manner.
2012

September
Establishment of a specialist Corporate Responsibility Management (CR Management) unit for sustainability and responsible corporate governance

2013

January
Development of the first multi-year sustainability strategy with measures for the core business, environment and society

October
Convocation of the CR Advisory Board from the country Executive Management teams as an advisory body for the further development of the CR programme and CR strategy

November
Launch of the international forest protection initiative with the provision of support for reforestation in Germany and Austria

Recognition as the “Best Improver” in the DACH region (Germany, Austria and Switzerland) from the Carbon Disclosure Project (CDP), the world’s biggest investor initiative for climate change

December
Publication of a sustainability report in accordance with the new G4 guidelines of the Global Reporting Initiative – the first Swiss company to do so

2014

November
Addition to the Carbon Disclosure Leadership Index of CDP

Co-foundation of Swiss Sustainable Finance, the new platform for the promotion of sustainable financial investments in Switzerland

2015

February
Partner of the Alpine Protection Forest Award presented by the Consortium of Alpine Forestry Associations

April
Member of the new working group for institutional asset owners of Swiss Sustainable Finance

September
Switch of energy procurement for the entire Group to 100% electricity from renewable energies

2016

January
Helvetia becomes a member of the newly founded Climate and Energy working group of the Swiss Insurance Association.

November
Helvetia joins the RE100 initiative at the climate change conference in Marrakesh. The members want to cover their energy consumption with 100% “green” electricity at a time of their choosing.

Initial “B” ranking in the CDP Climate Report for climate change management and CO₂ reduction in own business operations

December
Start of regular monitoring of financial investments as regards the sustainability of the held securities and the CO₂ emissions associated with the investments

2017

January
Implementation of the restructuring of the “Helvetia Patria Jeunesse Foundation” for the benefit of children and young people at Helvetia Italy

April
Voluntary participation in the climate compatibility test for insurance companies and pension funds of the Swiss Federal Office for the Environment

August
Board membership of öbu, the Swiss association for sustainable companies

September
Publication of sustainability rating for the financial investment portfolio as part of the interim report

Start of a multi-year cooperation between the “Helvetia Patria Jeunesse” foundation and the CompStellis association as part of the digitisation funding priority

December
Publication of the fifth and final Swiss Corporate Responsibility Report. This will in future be replaced by a Group report on the sustainability performance of all countries of the Helvetia Group.
STELLA wins the 2016 Helvetia Art Prize

STELLA seen by Jack Pryce

Our commitment to art

Helvetia company brochure 2017
Helvetia Art Prize

The Helvetia Art Prize is an important badge of distinction and leg-up for the up-and-coming generation of artists.

The award, which was launched in 2004 in order to promote young artists, is aimed at graduates who have studied the visual arts and media art at a Swiss art school and underlines Helvetia’s long-standing commitment to Swiss art. While the focus of the company’s own collection of Swiss contemporary art, which is deemed to be one of the most important of its kind, is primarily placed on painting, drawing and photography, the prize to promote young artists is deliberately made more open. By doing so, we want to promote new ideas and art forms among the next generation of artists. The Art Prize includes prize money of CHF 15,000 and a solo presentation at the international LISTE Art Fair Basel exhibition.

In 2016, the young artist STELLA won the Helvetia Art prize with her work “American Dream”. In her award-winning installation, she presented the dream factories of Hollywood and Las Vegas as large-scale silk paintings and as surfaces onto which to project her dreams and aspirations. The expert jury of the Helvetia Art Prize was surprised and fascinated by STELLA’s work, which together with her other pieces – installations, clothes, accessories, painting and photographs – forms a large universe. “STELLA reinterprets pop art and blurs the boundaries between life and art”, explains Andreas Karcher, Head of the Helvetia Specialist Art Unit. STELLA’s degree of recognition has increased significantly since being awarded the Helvetia Art Prize.

In 2017, the Helvetia Art Prize was awarded to Andriu Deplazes. He paints plants, people and animals with brilliant oil paints on home-made canvases. The faces of the bald-headed people seem bloodless, their bodies’ skin colour is pale. All the more striking are the colours of their surroundings, representing heavenly or apocalyptic landscapes. “Today we have to compete with the strong colours on mobile phones and computers, which come at us like a bolt of lightning”, says Andriu Deplazes in explaining his surprising contrasts.

Andriu Deplazes, no title, 2016
The ambition of the helvetia 20.20 strategy is to become more agile, innovative and customer-centric. This ambition is also setting the tone within the recruitment process and with respect to the handling of employees. At Helvetia, there is a clear focus on employees and their development. The new tool implemented in 2017 aimed at ensuring transparent talent and succession management provides us with significant support in promoting the development of individual employees in a targeted manner – not only in Switzerland, but across the entire Helvetia Group. Helvetia is very much on course to achieve its employee-related objectives, as highlighted by two recently received rewards.

Helvetia is an attractive employer that supports its employees in their development thanks to a Group-wide talent and succession management programme. In future, we also want to stand out with employer benefits aligned to specific life stages.

On the one hand, our efforts to ensure a pleasant working environment have been recognised with the “Friendly Workspace” label. On the other, we received the HR Excellence Award for the Innovation of the Year at the end of 2017 (see box on page 41).

In 2018, Helvetia wants to provide its employees with even greater support in their transformation process. In particular, our managers should be enabled to set an example with their agility, innovation and customer focus within their own organisational units and also have the opportunity to anchor these qualities there. Here, we are aware that a change of culture takes time and energy and does not happen from one day to the next.
With “Helvetia Live Jobs”, we developed a completely new form of recruitment in 2017 which sees us link job advertisements with live streams. In these live streams, the manager and team of the advertised positions introduce themselves and answer the questions of potential applicants live. In recognition of the new format, Helvetia won the HR Excellence Award for the HR Innovation of the Year.

A further focus area in 2018 will be the topic of “employer benefits aligned to specific life stages”. In future, we want to provide employees with the opportunity to put together their individual benefits package – based on their current stage of life. To this end, we are scrutinising all of our existing benefits models and comparing them to the needs of current and future employees.

### Number of full-time equivalents according to GRI\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>CH (incl. Corporate)</th>
<th>Europe</th>
<th>Specialty Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>CH</td>
<td>3,499</td>
<td>3,376</td>
<td>528</td>
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<td>Europe</td>
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<tr>
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</table>

\(^1\) The definition of key figures complies with the Global Reporting Initiative (GRI) and includes all employees (permanent and temporary contracts). The employees in training were not included but are disclosed in a separate figure.

### Office staff

<p>| | |</p>
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### Sales force

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### Average age

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<tr>
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<td>30–39</td>
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<td>50–59</td>
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<td>from 60</td>
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<td>420</td>
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### Trainees

<table>
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<tr>
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<th>2017</th>
<th>2016</th>
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<tr>
<td>2017</td>
<td>284</td>
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<tr>
<td>2016</td>
<td>285</td>
<td></td>
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### CH (incl. Corporate)

<table>
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<tr>
<th></th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Europe</td>
<td>3,499</td>
<td>3,376</td>
</tr>
<tr>
<td>Specialty Markets</td>
<td>528</td>
<td>496</td>
</tr>
</tbody>
</table>
Risk and capital management at Helvetia

The handling of risks is a classic component of an insurance company’s business model. As an all-lines insurer, Helvetia not only takes on various risks for its customers, but is also exposed to risks itself that it has to keep an eye on and monitor. In the following interview, Paul Norton, member of the Executive Management and CFO of the Helvetia Group, provides information on risk management, the handling of volatile capital markets and capital management.

**What significance does risk management have for Helvetia and how do you analyse and manage risks?**

In the current challenging economic environment, comprehensive risk management is a top priority and integral to the way that we manage our business. Our risk management aims to ensure that the capital base as well as the reputation of the Helvetia Group and its Group companies are protected in a sustainable and proactive manner. The diverse risk environment requires the use of differing methods of risk analysis. For example, we therefore use risk models as an instrument for the analysis and quantification of market risks, counterparty risks and technical risks. These risks belong to the traditional risks of an insurance company and are consciously entered into as part of the chosen business strategy. We are able to influence them by means of hedging instruments, product design, reinsurance cover or other risk reduction measures. Overall, however, we must ensure that these risks are constantly covered by sufficient capital.

**In addition to the traditional technical risks, interest rate fluctuations, share price fluctuations and exchange rate fluctuations are the biggest challenges for insurance companies. How do you tackle these challenges?**

We pursue a sustainable investment policy tailored to the liabilities arising from the insurance business (asset-liability matching or ALM). The objective is to generate attractive medium- to long-term returns for our customers and shareholders. Our successful ALM is reflected in the fact that assets and liabilities are largely matched.

In the life business, we also manage the interest rate risk via the product side. Here, we in some cases work together with third-party providers, who take on the interest rate risk for us. Or our
customers assume the risk themselves, but in return also have a corresponding participation option. We keep equity price fluctuations and the risk of loss on shares under control by hedging. Most of the Helvetia Group’s assets and liabilities are denominated in CHF and EUR. The liabilities are largely hedged through investments in matching currencies. For return and liquidity reasons, we also hold investments in the Swiss business denominated in foreign currencies such as USD in order to cover the liabilities. The resulting exchange rate risk is generally largely hedged within the internally defined limits. This is carried out via foreign exchange forward contracts for EUR, USD, GBP and CAD against the Swiss franc.

“Efficient and well-implemented risk and capital management helps us to remain on course when faced with challenging framework conditions.”

One further question about capital management: how do you ensure that you are always sufficiently capitalised?

Our capital management is an essential pillar for achieving our long-term growth targets aimed at profitability. We optimise the capital allocation on an ongoing basis in order to meet the following objectives:

- to ensure compliance with supervisory capital requirements at all times;
- to secure the capital required to underwrite new business;
- to optimise the earning power of its equity and the associated dividend potential;
- to support strategic growth;
- to optimise financial flexibility.

Furthermore, as part of our capital management, we pursue the goal of an interactive rating of financial strength of at least “A–” at Group level.

In doing so, the capital requirements relevant for capital management are measured against the capital models that are relevant to the Helvetia Group: Swiss Solvency Test (SST) and Standard & Poor’s. When measuring the capitalisation of the legal entities, the applicable solvency rules are applied – Swiss Solvency Test in Switzerland and Solvency II in the EU. Capital management is ultimately performed taking account of strategic and operational considerations. At a strategic level, we manage the capital for our business units integraly in accordance with a defined capitalisation target under the relevant capital models, and it is aligned with the corporate strategy using multi-year capital planning. At an operational level, the capital management process incorporates the financing of the Group as a whole as well as the safeguarding of the adequate and efficient capitalisation of the individual legal entities. In this process, capitalisation is closely monitored and optimised according to internally defined thresholds. This management also takes account of liquidity requirements.

---

**Return on equity**

9.8%

**SST ratio**

140%–180%

**Rating class**

A
Shareholder base

Helvetia is aware of the responsibility that it has towards its investors and focuses its shareholder policy on long-term investor relationships. We act reliably, sustainably and seriously and always communicate in an open, understandable and timely manner. To guarantee the liquidity of the shares on the capital market, we target a free float of in excess of 60%. As core shareholder, Patria Genossenschaft (34.1%) provides stability and ensures that Helvetia has strategic room for manoeuvre. The free float stands at 65.9%. As at 31 December 2017, Helvetia had 16,297 shareholders. At the end of the year, the employees held 1.34% of the registered share capital, around 0.15% of which was held by members of the Board of Directors and Executive Management of Helvetia.

Dividend policy

Helvetia is sustainably continuing its shareholder-friendly distribution policy with attractive and stable dividends. We optimise risks for investors and customers through our long-term focus and using efficient risk management, while growing consistently, maintaining sustainable profitability and minimising earnings volatility. It is the primary aim to pay out sustainable dividends to the shareholders, which increase in absolute terms each year, whereby the payout ratio should move within a range of 40% to 50%. Over the current strategy period, a cumulative total of more than CHF 1 billion should be distributed to shareholders.

Shareholder structure
(excluding shares pending registration of transfer)

- Patria Genossenschaft: 34.1%
- Free float: 65.9%
- Foreign investors: 62.5%
- Private individuals: 29.5%
- Other institutional investors: 45.6%
- Banks and insurers: 24.9%

Free float by origin

- 65.9% Free float
- 37.5% Foreign investors

Free float by investor group

- 62.5% Swiss investors
- 29.5% Private individuals
- 45.6% Other institutional investors
- 24.9% Banks and insurers

Market capitalisation in CHF million

5,454.9

Dividend history

Distribution ratio/dividend yield

- 2017¹: 47%/59%²: 4.2%
- 2016: 44%/58%²: 3.8%
- 2015: 45%/66%²: 3.4%
- 2014: 44%/47%²: 3.8%
- 2013: 43%²: 3.9%

¹ Proposal to the Shareholders’ Meeting
² Based on underlying earnings
³ Based on the IFRS result

Helvetia share

- Ticker symbol: HEIN
- Nominal value: CHF 0.10
- Security number: 1 227 168
- Listed on: SIX

Bonds in circulation

<table>
<thead>
<tr>
<th>Issue volume</th>
<th>Interest</th>
<th>Term</th>
<th>Year of issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinate bond</td>
<td>CHF 300 million</td>
<td>3.00% p.a.</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Bond</td>
<td>CHF 225 million</td>
<td>0.75% p.a.</td>
<td>6 years</td>
</tr>
<tr>
<td>Bond</td>
<td>CHF 150 million</td>
<td>1.50% p.a.</td>
<td>10.5 years</td>
</tr>
<tr>
<td>Subordinate bond</td>
<td>CHF 400 million</td>
<td>3.50% p.a.</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Subordinate bond</td>
<td>CHF 225 million</td>
<td>4.00% p.a.</td>
<td>30 years</td>
</tr>
<tr>
<td>Bond</td>
<td>CHF 150 million</td>
<td>1.125% p.a.</td>
<td>6 years</td>
</tr>
<tr>
<td>Subordinate bond</td>
<td>EUR 500 million</td>
<td>3.375% until 2027, subsequently variable</td>
<td>29.9.2047</td>
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Cautionary note regarding forward-looking information
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Imprint
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Collage and acrylic spray on cardboard, 70 x 54.2 cm (cutout)
The Zurich artist duo huber.huber, a number of whose works feature in Helvetia’s art collection, held a solo exhibition in the Helvetia Art Foyer entitled “Save Our Souls” in 2017/2018.

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Daniel Ammann, Herisau

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