Financial Media Conference – the Helvetia Group

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Country market Switzerland

(The spoken word takes precedence)

Philipp Gmür, CEO of Helvetia Switzerland

(Slide 23) Swiss business

Ladies and Gentlemen, as you have already heard from the previous explanations, the Swiss business in 2012 once again proved itself to be more than just a solid pillar of the Helvetia Group. In the past year, our home market saw growth in all areas in which we had strived for growth, and both organic as well as acquisition-based – namely through the acquisition of the "SEV Versicherungen Genossenschaft" portfolio. The integration of the two businesses, Alba and Phenix, already acquired in 2010, came to a successful conclusion last year. Robust technical results and god investment performance again led to a very good result and enabled us to proceed with further strengthened reserves in the life business.

(Slide 24) Swiss market – consolidation at a high level

Allow me to commence with a brief summary of the most important benchmark figures for the Swiss business on slide 24: The profits achieved by the home market amount to CHF 237 million, only 9% below the exceptionally high result of the previous year. This is thanks to the continued encouraging technical results in the life and non-life business and similarly pleasing developments in investments. This good result emphasises the sound condition of Helvetia Switzerland.

In 2012, Helvetia Switzerland recorded total premium income of just under 4 billion. This is therefore slightly below the level of the previous year. The premiums in the life business declined by 3.8%. This decline can be attributed to the group life business where we reduced the underwriting of new business in view of the low prevailing interest rates. We were able to compensate for this planned decline very successfully, even if not completely, by the growth in the individual life business.

The performance of the non-life business is also pleasing. Despite the resale of the health and accident portfolio inherited through the acquisition of Alba and Phenix, we were able to almost maintain premium volumes. Growth in the ongoing non-life business amounted to an encouraging 2.9%. The combined ratio improved by one percentage point and is an outstanding 85.0% (net).

(Slide 25) Life business Switzerland

The life insurance business shown on slide 25 saw further gains in market share. In the individual life business, Helvetia Switzerland recorded strong growth of 11.6%. The key driver behind the increase of 2.5% in regular individual life premiums is the acquisition of the "SEV Versicherung Genossenschaft" (SEVV) portfolio. In terms of single premium business, the extremely successful tranche product, Helvetia Value Trend II, with a total of around CHF 140 million in underwriting volume, made a considerable contribution towards this pleasing growth of 22%. Alongside our own sales force, the broker distribution channel and Raiffeisen – with 24% of new individual single premium life business- particularly contributed towards the business expansion.

We were also able to increase regular premium business as planned in the group life business. From the growth of 3.7%, we again saw a business volume in excess of one billion. As previously mentioned, we consciously restricted the underwriting of new business to some extent as of 1 January 2012. This led to a decline in single premiums of 18.0% and to the decrease in total premiums in the group life business of just under 9%.

The very good technical results enabled us to proceed with further strengthened reserves, so we can remain as ready as possible for the sustained low interest rate phase.

(Slide 26) Verification of compliance with legal quota (OR)

Allow me to use slide 26 to briefly illustrate that in company pension schemes, which are subject to compliance with the legal quota, we paid out again in 2012 considerably more than the minimum requirement of 90% to those insured. So, we paid 93.2% of the gross income directly as benefits to those insured. Details will follow in the statutory conclusion to the Swiss BVG business which, as is customary, we will focus on separately.

(Slide 27) Non-life business Switzerland

Let us now turn to the non-life business which, compared with the strong growth of the previous year resulting from the resale of the health and accident portfolio, did see a marginal premium decrease of 0.8%. However it achieved a growth of nearly 3% in the ongoing business. It should be mentioned in relation to this that growth in all ongoing non-life business lines is positive. The expected drop-off in premiums from the Alba and Phenix portfolios therefore did not occur, which emphasizes the high degree of satisfaction with Helvetia on the part of the recently joined customers. Moreover, recent investment in training our sales force and in additional sales channels – keyword: multi-channelling – is showing increasing effectiveness. The Helvetia youth insurance scheme, launched in April 2011, was in particularly high demand in 2012 and contributed to an intentional rejuvenation of our customer base.

Allow me to say a few words about our claims situation in 2012: Helvetia certainly did not escape the effects of storm Andrea, the frost damage as a result of the cold periods in the first half of February, or the hail damage last summer. Nevertheless, the claims ratio improved by 1.9%. As a result, despite a slight increase in the cost ratio, the combined ratio for 2012 was an outstanding 85.0%. This once again testifies to the high quality of our insurance portfolio.

(Slide 28) Switzerland on track with Ambition Helvetia

In closing, I would like to briefly look at the status of our Ambition Helvetia 2015+ "To excel in growth, profitability and customer loyalty". By acquiring the SEVV portfolio, we not only achieved a surge in growth in individual life business but, at the same time, gained access to around 45,000 members of the Transport Workers´ Union (Gewerkschaft des Verkehrspersonals), an interesting affinity group. We continue to work on our product range both in the life and in the non-life business, with products such as the youth insurance scheme I already mentioned, the tranche product Value Trend and the Helvetia guarantee plan. In doing so, we always keep an eye on profitability, which is pleasing in the long term due to our risk-adjusted pricing, well-balanced portfolio mix and consistent cost management. Last, but not least, we are making good use of recently chosen actions to further improve customer loyalty. So, we can look back on a successful year in the Swiss country market and we know that we have created the best conditions for continued success.

With that, I´ll pass you back to Stefan Loacker. >>>