Analysts' Media Conference – Helvetia Group

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Switzerland country market

(The spoken word takes precedence)

Philipp Gmür, CEO of Helvetia Switzerland

Slide (21) Swiss business

Ladies and Gentlemen, I am pleased to report another very successful financial year. As you have seen from the previous presentations, the Swiss business has once again proven to be a solid pillar of Helvetia Group. We again succeeded in increasing the premium volume, improving technical results and, thanks to higher investment income, increasing profits.

Slide (22) Swiss market

Allow me to commence with a brief summary of the most important figures for the Swiss business on slide 22: We were able to increase our business volume by 9.9% to CHF 4,371 million. The development in life insurance made the largest contribution to this positive growth. The business volume in life increased by 12.3% to CHF 3,574 million, due to the solid performance in private pensions and the group life business line. The demand for so-called full insurance in the occupational pension business remains strong. The individual life business now includes all the premiums from the SEV portfolio acquired last year.

The non-life business also recorded slight growth with a premium volume of CHF 797 million. This was mainly driven by the strong motor vehicle business. The combined ratio (net) improved again to an outstanding 84.7%.

Profit rose by 9.8% to more than CHF 250 million. Low interest rates required further strengthening of our reserves in the life business – albeit no longer to the same extend as the previous year.

Slide (23) Life business Switzerland

The life insurance business shown on slide 23 saw further gains in market share.

Growth of 3.5% in regular premiums in individual life was counter to the market trend. This includes the premiums of SEV-Versicherung, which are now fully consolidated. The index-linked and unit-linked premiums have risen by almost 50% year on year. Their proportion of the total premium volume in individual life has now increased to nearly 35% from 23% in the previous year. In the single premium business we continued to achieve our targeted growth thanks to the index-linked "Helvetia Value Trend". This is all the more impressive since demand for traditional single premium products has stagnated. "Helvetia Value Trend" was placed in two tranches and had an extraordinarily high total volume of CHF 217.8 million. Helvetia Switzerland successfully launched another modern insurance product without biometric risk with the "payment plan". The premiums received are therefore booked as deposits rather than insurance premiums. These have also contributed to the growth in business volume. By contrast, premiums for traditional mixed life insurance declined in line with our strategy.

In the group life business we continue to grow rapidly and gain market share. While the increase of 5.1% in regular premiums underscores our goal of continuous growth in the existing portfolio, the increase in volume in single premium products shows the success of acquisitions in the market. We were again successful in attracting a large number of new occupational pension customers. However, the development in single premium products remains very volatile by nature. This growth is being driven mainly by medium-sized and large companies that are covered under our full insurance solution.

The fact that this growth did not occur at the expense of profitability is demonstrated by the continued strong technical results in both individual and group life insurance. This benefits not only the shareholders, but our customers as well. It allowed us to enhance reserves once again and to provide generous support to the bonus reserve.

Our mix of distribution channels, which is unique in the market, and innovative new products will continue to help us expand our business portfolio and to grow profitably.

Slide (24) Verification of compliance with legal quota (OR)

Allow me to use slide 24 to briefly illustrate that in occupational pension schemes, which are subject to a statutory minimum ratio, we paid out 92.5% of the gross income directly as benefits to policyholders in 2013, considerably above than the minimum requirement of 90%. We will, as usual, report separately on the statutory result and the details of the occupational pension plans business.

Slide (25) Non-life business Switzerland

I would now like to take a look at the non-life business. The non-life business once again recorded an impressive technical result and sustainable profitability. This is particularly encouraging as we are seeing extremely tough competition in all sectors and distribution channels (especially among brokers). The competition is being further intensified by the entry of new providers (e.g. cantonal building insurance and health insurers). The decline in our combined ratio (net) by 0.6 percentage points is due to an improvement in the claims ratio. Despite a major hail event, storm claims were lower overall than in the previous year. Overall, however, the positive trend in claims is evidence of solid portfolio quality, risk-adjusted pricing and professional claims management. The cost ratio remained unchanged at 28.6%.

Gross premiums in the non-life business increased by 0.2% to CHF 797.0 million. As mentioned previously, the growth is mainly attributable to the motor vehicle business. In this area, we saw an increase in premiums of 2.2%. The liability sector also contributed to the growth, while premium income in the property and transport sector declined. As you know, the accident/health business from Alba/Penix was sold in 2011. Organic growth in ongoing business was 0.6%.

So, we can look back on a very successful year in the Swiss country market and are in the best position for continued success.

With that, I will pass you back to Stefan Loacker.