

Analysts' Conference – the Helvetia Group

Monday, 16. March 2015

Full-year results 2014

(The spoken word takes precedence)

Philipp Gmür, CEO of Helvetia Switzerland

(Slide 24) 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 the Helvetia Group. With the acquisition of Nationale Suisse, Helvetia has now strengthened its top 3 position as a leading all-line insurance in the home market Switzerland.

(Slide 25) Highlights: Swiss business

As an introduction, I will briefly outline the most important key figures for the Swiss business on slide 25. Over the past year we were able to increase our premium volume by 1.8 percent to CHF 4,451 million. Both Helvetia and Nationale Suisse were able to grow organically and gain market share in the non-life business and stabilize their positions in the life business.

Primarily, the growth driver was the non-life business, which expanded by almost 15 percent. This increase was due to both organic growth and the acquisition of Nationale Suisse's non-life business. The premium volume in the non-life business was a strong CHF 912 million in the reporting year and could thus more than compensate for the decline in premiums in the life business. The combined ratio (net) was an excellent 85.4 percent. The strong technical results in both the life and the non-life business as well as the solid investment income allowed the reserves to be substantially strengthened again. Bottom line profit was 17 percent higher, at almost CHF 300 million.

(Slide 26) Highlights: Life business Switzerland

Premiums from the life business fell by 1.0 percent compared to the previous year. This slight decline is due to the development of the individual life business and a one-off effect in the group life business.

The premium volume in the life business totalled CHF 3,539 million. The majority came from the group life business, which recorded a slight gain of 0.8 percent. The regular premiums even recorded growth of 6.1 percent, which testifies the continued demand for full insurance solutions, and further reinforces our market position as number 3 in the group life business. In addition to our own sales force, selected brokers and direct sales contributed to the business expansion.

In contrast, single premiums in group life business recorded a decline. As already mentioned in the half-year presentation, the decline in is primarily attributable to the outsourcing of the Swisscanto pension business. Since 1 January 2014 Swisscanto has taken over the liabilities for these pensions from Helvetia. Without this one-off effect, that was deliberately planned, single premiums in the group life business would have generated positive growth.

As expected, we were not able to continue the enormous success of the previous years for the **single premiums** in the individual life business. The index-linked tranche product "Value Trend" was once again highly popular amongst our customers. The tranches sold well within a very short period of time. However, due to the situation on the capital markets, it was much more difficult to satisfy demand in the reporting period with appropriately structured products and volumes - the interest rate environment severely limited our capacity. By contrast, the **regular premiums**, which are important for assessing business performance, grew by another 1.3 percent. When including the proportional contributions of Nationale Suisse, growth was 11.7 percent. Deposits also grew year-on-year thanks to the sustained strong demand for our "Payment plan" product. The sales of the unit-linked pension product "Guarantee plan" were also strong.

The increase in regular premiums and deposits was not able to counter the decline in single premium products. The modern capital-efficient pension products made up 37.2 percent of the overall business volume in individual life. In accordance with its strategy, Helvetia is focused specifically on growth in these product categories.

The solid technical results in the death and disability business lines and the investment results allowed for yet another topping up of the bonus reserves this year. Against the backdrop of sustained low interest rates and the demographic trends, we have also decided to further strengthen our reserves.

(Slide 27) Highlights: Non-life business Switzerland

With this slide, we will now focus on the non-life business. As mentioned earlier, the largest share of growth in the Swiss market was in this area. Due to the pro-rata consolidation of Nationale Suisse, the premium volume is now CHF 912 million, which represents a growth of almost 15 percent.

Gross premiums in all non-life segments grew through both acquisitions and organic growth. Our independent growth across all business lines was particularly good at 2.5 percent. Hence, we were able to increase market shares. All sales channels contributed to growth. Our own sales force and brokers remained the most important sales channels for the non-life business. The positive development reflects the successful investments in trainings for our specialists and client consultants as well as in expansive customer relationship programmes. Another reason for the positive growth was the high level of stability and targeted marketing in our sales channels. The excellent portfolio quality allowed us to provide attractive pricing in select segments, which also drove growth. The new earthquake insurance created in cooperation with the Basellandschaftlichen Kantonalbank is also worth mentioning. Last but not least, economic growth also provided extra impetus.

The non-life business was once again impressive in generating excellent technical results, reflecting the high quality of our portfolio. This is a direct result of our consistent risk selection and management policy. We also benefited from relatively few natural catastrophes in 2014. The net combined ratio is a very good 85.4 percent. This ratio increased over the previous year due to a pro-rata consolidation of Nationale Suisse. Over the medium term, integration will provide additional opportunities for improved efficiency with corresponding potential for cutting costs. We intend to utilise this potential swiftly.

To conclude, may I briefly note that the integration of Nationale Suisse is on track, as we are keeping to schedule and have already made good progress. Stefan Loacker will provide you with more details on this in his outlook.

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