Helvetia Group conference call on the half-year results

Tuesday, 1 September 2015

Half-year results 2015

(the spoken word takes precedence)

Philipp Gmür, CEO Switzerland

(Slide 25) Swiss business

Ladies and Gentlemen, I am delighted that I can once again report a successful business performance in Switzerland. With the acquisition of Nationale Suisse, Helvetia has further strengthened its strong top-3 position in Switzerland as a leading all-lines insurance company. With the consolidation of Nationale Suisse, we were able to increase our business volume, particularly in non-life, and to generate satisfying growth in profits.

(Slide 26) Highlights: Swiss business

As an introduction, please allow me to provide you with a brief summary of the key figures for the Swiss business: premium volume increased by a total of 15%, with the non-life business acting as the main driver of growth following the consolidation of Nationale Suisse. The life business remained stable in a continued difficult interest rate environment. Regular premium business continues to grow and could therefore offset the decline in single premium business.

Underlying earnings stood at CHF 169 million and were thus 46% above the comparable figure for the previous year. Both life and, especially, non-life contributed to this satisfying result. In non-life, the earnings improvement was mainly due to the higher volume as a result of the acquisitions. Although the combined ratio (net) increased by 2.5 percentage points, it is still at the very good level of 86.7%.

(Slide 27) Highlights: Life business Switzerland

Life business volume remained at around the previous year's level in a still challenging low interest environment. In individual life business, premium volume increased by 15% to CHF 438 million. Growth was mainly driven by the first-time consolidation of the former Nationale Suisse portfolio. Due to the difficult capital market environment single premium business remained below that of the previous year. In the first half of 2015 we succeeded in marketing the single premium tranche product “Helvetia Market Trend” despite a challenging environment. However, it turned out to be more difficult to place the desired volumes than in

previous years. The decline in demand for the “Payment Plan” product also contributed to the reduction in volume. However, regular premiums– which are key to assessing business performance grew by 1% on a comparative basis. The unit-linked life product “Garantieplan” and pension products performed satisfactorily.
In group life business there is ongoing demand for full insurance solutions. Regular premium business is important for long-term performance and here Helvetia achieved growth of around 3%. The broker channel made a particular contribution to the expansion of business in this area. However, the growth in regular premium business failed to offset the decline in single premium business in the first half of 2015, which resulted in an overall decrease of minus 3% for group life business. In the current low interest rate environment, a reduction in single premium business has been consciously accepted through a selective approach to underwriting new business.
In the life business in Switzerland we also achieved continuing strong results. The risk results in the death and disability business lines, together with lower policyholder participations, partly offset the lower interest rate results. Furthermore, expenses for additional reserves were lower which resulted in a higher overall life result year-on-year.

(Slide 28) Highlights: Non-life business Switzerland

Our next slide focuses on the very profitable non-life business: in non-life we increased premium volume by 88% to over CHF 1 billion. As already mentioned, this increase is mainly due to the acquisition of Nationale Suisse. Growth was mainly driven by the motor and property business lines, and by the newly acquired accident/health portfolio. However, there was also a slight increase in non-life business on a comparable basis. I would particularly like to highlight the motor business line where we generated strong growth. The key sales channel in Switzerland is still our own field sales force. However, Helvetia also achieved pleasing growth in the online sales channel via smile.direct.
The net combined ratio increased by 2.5 percentage points in the reporting period, with both a higher claims and cost ratio. The rise is largely due to changes in the portfolio structure as a result of the acquisition of Nationale Suisse. At 86.7%, the combined ratio is still at a very good level. Within the integration we see further possible efficiency measures with the corresponding potential to reduce costs.
The claims from the severe weather events from July to August are, of course, not yet included in the figures presented. However, on the basis of the claims reports we have received so far, we only expect claims in the single-digit million range, which will not have any significant effects on the result for the second half of the year.

In summary, we can look back on a successful first half of the year, and we are confident that we will remain on course for success. For the second six months, we expect continued satisfying growth in non-life. Premium performance in individual life will largely depend on whether the capital market environment permits us to launch a further tranche product.
Finally, I would just like to mention that the work to integrate Nationale Suisse continues to proceed as planned and we have made good progress.

I would now like to pass you back to Stefan Loacker. >>>>