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Media release

Basel, 30 May 2023

Helvetia presents a solid result for occupational benefits

Helvetia Insurance's collective life business remains on a firm footing. Although 2022 will go down as one of the weakest years ever for financial markets, operating profit was once again positive thanks to positive developments in the risk and cost processes. There was a further reduction in the degree of cross-subsidization between active insured persons and pensioners. Implementation of the pension reform approved by parliament is urgently needed if the successful occupational pension model is to remain viable in the future.

Helvetia Insurance is presenting a solid result for occupational benefits. Operating profit for 2022 came to CHF 56.7 million (2021: CHF 81.1 million). Amid a very demanding investment environment in 2022, the savings process delivered a negative result. However, this was more than offset by a positive trend in the risk and cost processes.

Premium volume slightly lower year on year

Helvetia's premium volume for its occupational benefits business amounted to CHF 1,861.6 million, around 4% lower than in the previous year (2021: CHF 1,943.6 million). This was due primarily to the continued shift from full insurance to semi-autonomous solutions and the related decline in savings premiums. In 2022, the number of active insured persons rose by 3% to 199,708 (2021: 193,172), whereas the number of persons with full-insurance coverage declined by 9% to 78,947 (2022: 87,087).

According to Hedwig Ulmer, Head Pension Provision and Member of Executive Management Switzerland at Helvetia, offering both insurance models allow customers to choose the product that best fits their needs: "Particularly in times of economic uncertainty, customers appreciate the freedom to choose between two different options: on the one hand, the full-insurance model with its extensive guarantees and, on the other, the semi-autonomous model with its attractive return opportunities."

Participation in surpluses remains robust

In its business subject to the minimum distribution ratio, Helvetia used a total of CHF 345.6 million to the benefit of insured persons in 2022, which equates to a payout ratio of 90.7% and diverges only marginally from the previous year's figure (2021: 90.5%).

Helvetia's surplus policy of recent years has focused on continuity and stability. By adhering resolutely to a consistent policy, the sharing of surpluses was maintained at an appropriate level on a par with the previous year.

For business subject to the minimum distribution ratio, compulsory retirement savings under LOB earned the minimum rate of interest of 1%. Supplementary retirement savings attracted 0.75%. In accordance with the regulations for the minimum distribution ratio relating to the distribution of surpluses, a risk surplus was paid out for 2022 in addition to the interest surplus.

Net performance based on market values was -9.98% in 2022. More restrictive monetary policy, geopolitical crises and economic uncertainties weighed on equity markets. At the same time, escalating inflation and rapid-fire interest-rate hikes pushed up yields on government bonds, which in turn had a markedly negative impact on bond prices.

Further reduction in redistribution between active insured persons and pensioners
Helvetia believes implementation of the pension reform approved by parliament on 17 March 2023 and the reduction of the statutory minimum conversion rate are still urgently required. Non-systemic redistribution from active insured persons to pension recipients is also evident in the current operating statement, and this despite measures already taken by Helvetia to mitigate the effects. Anja Göing-Jaeschke, Head Actuarial Services Life Switzerland at Helvetia: "Helvetia already began countering non-systemic redistribution with the reduction in conversion rates when the new collective life tariff was introduced in January 2020. We thus achieved another substantial reduction in cross-subsidization and will be able to keep it in check for the next few years."

Ultimately, however, the life insurers' successful LOB model for the future can only be ensured if the legal framework is adapted to the current demographic and economic trends.

The 2022 operating statement for Helvetia Switzerland's occupational benefits business can be found at www.helvetia.ch/facts-figures-lob.

This media release is also available on the website: www.helvetia.ch/media.

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About Helvetia Group
Helvetia Group, with its headquarters in St. Gallen, has grown since 1858 to become a successful insurance group with over 12,000 employees and more than 7 million customers. It has been enabling its customers to seize opportunities and minimise risks for all that time – Helvetia is there for them when it matters. Helvetia is the best partner and is present everywhere that protection needs arise, with insurance, pension and investment solutions from a single source as well as simple products and processes. The insurance group knows the business, from mobile phone insurance and insurance cover for the Gotthard Base Tunnel to the long-term investment of customer assets. Helvetia develops and opens up new business models with enthusiasm and drives forward its own business in a powerful and future-oriented manner. It acts with foresight and responsibility in everything it does: for the benefit of its shareholders, customers and employees as well as its partners, society and the environment.
Helvetia is the leading all-lines insurer in Switzerland. In the Europe segment comprising Germany, Italy, Austria and Spain, the company has firmly rooted market positions for generating above-average growth. In the Specialty Markets segment, Helvetia offers tailored special insurance and reinsurance cover worldwide. With a business volume of CHF 11.1 billion, Helvetia generated IFRS net income after tax of CHF 614.4 million in the 2022 financial year. The shares of Helvetia Holding AG are traded on SIX Swiss Exchange.

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