

Media release

2018 annual result – Swiss Mobiliar's growth course continues

- With a consolidated profit of CHF 443.5 million (2017: CHF 440.5 million), Swiss Mobiliar again posted an outstanding result. Non-life business contributed CHF 406.9 million (2017: CHF 406.2 million) to the overall profit, while life business added CHF 36.6 million (2017: CHF 34.3 million).
- The ongoing growth course of many years continued in 2018, with the total premium volume rising by 1.5% to CHF 3.831 billion.
- In terms of premium income in the non-life sector, Swiss Mobiliar surpassed the three-billion mark for the first time. The premium volume advanced by 3.7% to CHF 3.070 billion. According to the Swiss Insurance Association (SIA) premium reporting, the growth in the Swiss direct insurance market came to 1.8% in 2018. Swiss Mobiliar achieved 40% of this growth. The underwriting result increased by 22.1% to CHF 314.8 million. Claims incurred were down from 63.2% to 60.7%, while the combined ratio improved to 89.1% (2017: 90.8%).
- In the life sector, premium income contracted from CHF 813.8 million to CHF 760.8 million. While business with recurring premiums in individual insurance grew by 5.1%, again well above the market average of -0.2%, recurring premiums in group insurance receded by 12.4%. The underwriting result improved by 47.2% to CHF -59.5 million. This total includes CHF 30.4 million in surplus participation in favour of policyholders.
- The financial result in accordance with Swiss GAAP FER recorded a decline from CHF 336.6 million in 2017 to CHF 240.8 million in 2018. On an average investment total of CHF 17.164 billion at book value, the Group achieved a return on investment of 1.4% (2017: 2.0%). The investment performance on the financial investments at market value came to -0.5% (2017: 3.6%).
- In 2018, Swiss Mobiliar acquired the business software company bexio AG, an acquisition that opens up opportunities for Swiss Mobiliar to further expand its strong position in the SME market.
- Consolidated capital and reserves remained virtually unchanged at CHF 4.780 billion (2017: CHF 4.835 billion).
- Swiss Mobiliar has a very strong capital base, exceeding the statutory requirements many times over. The risk bearing capacity determined by the Swiss Solvency Test (SST) shows that Swiss Mobiliar Group and its individual companies all have considerable excess capacity in terms of capital. Calculated using the internal model according to SST principles approved by FINMA, the Group's solvency ratio comes to 594%.
- This year, too, Swiss Mobiliar is sharing its success with customers. From mid-2019, for one year, a total of CHF 160 million will be used to reduce premiums for policyholders of household contents and buildings insurance by 20%.

Statement by CEO Markus Hongler on Swiss Mobiliar's 2018 result:

"Swiss Mobiliar again looks back on a successful business year. We are growing above the market average, with the number of customers again up by around 30,000 in 2018. The trust that this reflects is an excellent basis for the future of our company. A convincing profit has also been achieved, without which our investments in the future would not be possible. Each year, we invest about CHF 180 million in the technological fitness of Swiss Mobiliar.

Live your life. We are here. Claim or no claim, Whether you are a customer or not. These are our promises and therefore our obligation for today and for the future. To fulfil them, we invest in the further development of our company on an ongoing basis, both in terms of business and of our social responsibility. Whoever takes the future in their own hands has the possibility of transforming visions into reality. This applies to our insurance operations as well as to our social projects.

In line with our cooperative tradition, we are again sharing our business success with our clients. Between July 2019 and June 2020, all customers with a Swiss Mobiliar household contents and buildings insurance will benefit from a 20% reduction on their premiums."

Swiss Mobiliar continues on its growth course

With a consolidated profit of CHF 443.5 million for the financial year 2018, Swiss Mobiliar once again maintained earnings at a high level. The Group remained on growth course and again boosted its strong market position.

Swiss Mobiliar successfully sustained its growth strategy in 2018 and further consolidated its market position. The main pillars of this ongoing success are our good positioning in the market and our strong distribution structure with a nationwide network of 79 general agencies at around 160 locations, ensuring proximity to clients and personal services.

Overall result

Swiss Mobiliar's consolidated profit of CHF 443.5 million (2017: CHF 440.5 million) was once again outstanding. The profit posted is primarily due to the underwriting result, which advanced from CHF 145.2 million to CHF 255.3 million. By contrast, the financial result was markedly lower than in the previous year owing to the substantial price losses on the stock markets.

Capital and reserves and balance sheet total

Consolidated capital and reserves decreased by CHF 55.3 million to CHF 4.780 billion. The slight reduction is due to three factors: the appropriation of the profit (allocation of CHF 190.0 million to the surplus fund for policyholders and the dividend payment of CHF 25.0 million to the cooperative), the lower revaluation reserves year on year owing to stock market developments, and the offsetting of goodwill in connection with the acquisitions made. The return on equity came to 9.2% (2017: 9.6%). At all the Group companies, the applicable capital was well above the legally required level. The risk bearing capacity determined by the Swiss Solvency Test (SST) also shows that Swiss Mobiliar Group and its individual companies all have considerable excess capacity in terms of capital. Calculated using the internal model according to SST principles approved by FINMA, the Group's solvency ratio comes to 594%.

The balance sheet total advanced to CHF 18.935 billion (2017: CHF 18.896 billion). Almost 40% of all capital investments, i.e. CHF 7.168 billion (2017: CHF 7.293 billion), are in fixed-interest securities. These are valued at amortised cost. Investments in equities and investment fund units receded by 6.0% to CHF 3.541 billion (2017: CHF 3.768 billion). In line with Swiss Mobiliar's customary approach, due caution was applied in the calculation of allocations to technical reserves.

Non-life business

Swiss Mobiliar once again enhanced its strong position in Swiss non-life insurance with a 0.4 percentage point gain in market share, which now comes to 19.5%. In the property insurance domain, Swiss Mobiliar remains the market leader with a share of 29.6%, as in the previous year. Further market share was gained in liability and in motor vehicle insurance. The former now stands at 19.7%, the latter at 16.7%.

The total premium volume advanced by 3.7% to CHF 3.070 billion (2017: CHF 2.961 billion), thus surpassing the three billion mark for the first time. New business was the main contributor to this result, again recording a significant rise year on year. With this premium increase, Swiss Mobiliar once again clearly exceeded the overall market growth, which, according to the SIA, amounted to 1.8%. The growth of 4.8% posted in 2017 was also due to the fact that the premiums generated over a whole year by SC, SwissCaution SA – acquired in autumn 2016 – were included in the accounts for the first time. If only organic growth is taken into consideration, the growth rate for 2017 comes to 3.3%. At 60.7%, claims incurred were 2.5 percentage points lower than in the previous year. The ratio of claims to premiums was likewise lower than in 2017 and also below the average of the last ten years. At CHF 314.8 million, the underwriting result registered a clear improvement over the previous year (2017: CHF 257.9 million). Owing to our investment policy, the cost ratio rose to 27.0% (2017: 26.3%). The combined ratio improved by 1.7 percentage points to 89.1%.

Around 57% of the growth is attributable to the business customer segment, including pension insurance. The largest contribution to the premium increase in the private customer segment came from mobility insurance and household contents insurance.

Life business

Swiss Mobiliar again maintained its strong position in the fiercely contested pension fund reinsurance business in the year under review. In the individual life segment, it consolidated its leadership position in pure risk life insurance with a market share of around 25%. Swiss Mobiliar's focus in this segment remains on risk insurance on the one hand and savings insurance with recurring premiums on the other. In the occupational pensions sector (group insurance), both annual and single premium volumes decreased year on year.

As a result of the developments in group insurance, gross premiums in life business receded by 6.5% to CHF 760.8 million (2017: 813.3 million). The premium volume in individual life and pensions insurance rose by 10.6% overall. The 5.1% increase in recurring premiums was again well above the average market growth, which, according to SIA figures, amounted to -0.2%. In the single premium segment, growth was mainly due to the "payout plan", a capitalisation product launched in autumn 2017. As expected, the volume in annual premiums from occupational pension insurance registered a further decline, with the single premium volume also receding year on year. In line with our strategy, significantly fewer acquisitions of disability pensions and retirement pension buy-ins were effected.

The underwriting result improved from CHF -112.7 million to CHF -59.5 million. This result includes the surplus participation for policyholders amounting to CHF 30.4 million (2017: CHF 35.4 million). The net cost ratio advanced to 16.8% (2017: 15.7%).

Financial business

Financial business contributed CHF 240.8 million (2017: CHF 336.6 million) to the overall result. The financial result was strongly influenced by developments on the financial markets, in particular the hefty fluctuations witnessed towards the end of the year under review.

Investment income totalled CHF 495.0 million (2017: CHF 479.4 million). The key components of the investment result were income from securities amounting to CHF 162.6 million (2017: CHF 149.0 million), income from real estate totalling CHF 82.7 million (2017: CHF 83.4 million) and earnings from sales (mostly of equities, equity funds and, to a lesser extent, bonds) yielding CHF 193.0 million (2017: CHF 164.6 million). Income from appreciation (including appreciation on associated organisations) amounted to CHF 21.1 million (2017: CHF 49.6 million). Financial investment costs came to CHF 215.7 million, significantly more than in the year before (CHF 103.6 million). The increase resulted in particular from higher depreciation on financial investments that in the reporting year amounted to CHF 113.3 million (2017: CHF 25.0 million). Moreover, sales losses mounted from CHF 22.9 million to CHF 46.1 million. Overall, the financial investment contribution to the annual result came to CHF 279.3 million (2017: CHF 375.8 million). On an average investment total of CHF 17.164 billion at book value, financial operations achieved a return on investment of 1.4% (2017: 2.0%). The investment performance of the financial investments at market value came to -0.5% (2017: 3.6%).

Key investments

Swiss Mobiliar continues to invest considerable amounts in projects. In 2018, the investment volume reached CHF 126 million. The main focus was on a step-by-step renewal of the IT systems. The Group is modernising its products, core processes and the digital contact points in its non-life and life business. After having successfully completed and launched the new claims processing system in 2017, Swiss Mobiliar initiated a further major project in 2018 geared at renewing the systems in legal protection insurance.

In addition to the regular project portfolio, Swiss Mobiliar is investing around CHF 250 million in new technologies over the coming years in order to accelerate the digital transformation of our core business, which will, among other things, result in a swifter development of new and competitive products, services and processes. For this purpose, around 150 new full-time positions in the areas of software development as well as business and data analysis will be created by the end of 2019.

Acquisitions, participations and partnerships

In July 2018, Swiss Mobiliar acquired the Swiss business software company bexio AG. bexio, with a staff of around 80 people, has over 20,000 customers and offers cloud-based business software in the fields of accounting and billing to Swiss SMEs, startups and self-employed entrepreneurs. The acquisition expands the expertise in digitalisation available at Swiss Mobiliar and gives rise to potential synergies in areas close to insurance. Furthermore, it enables Swiss Mobiliar to make its products accessible to new clients and offer additional services to existing ones. bexio is planning to intensify efforts to take its product range to the French-speaking part of Switzerland as well.

In the year under review, Swiss Mobiliar set up the platform "Credit Exchange" together with Swisscom, the Vaudoise insurance group and the regional, Zurich-based bank Clientis. Each partner holds a stake of 25%. Credit Exchange is a business-to-business exchange for mortgage loans, which can match up customer requests with offers by Swiss loan providers within a matter of seconds. This enables Swiss Mobiliar to submit the best financing offer to its customers in real time, and thereby retain its most valuable non-monetary asset: direct customer contact. In early October 2018, three general agencies started to sell mortgages via this new platform. The rollout is now being effected step-by-step throughout Switzerland. Owing to the founding of Credit Exchange, the «family-net» cooperation agreement with the Bernese cantonal bank BEKB was terminated as at the end of 2018.

Our distribution cooperation with Swiss Post, launched in 2017 and involving the referral and direct conclusion of non-life policies, is proving highly successful. Over 10,000 policies have been concluded to date. The cooperation was expanded in early 2019 to include distribution to SME customers as well.

In November 2018, Swiss Mobiliar entered into a new partnership – in the area of international property and liability insurance solutions for medium-sized and large companies that are domiciled in Switzerland and have branches abroad – with Chubb, a globally leading, stock-exchange-listed industrial insurer.

Customers again share in Swiss Mobiliar's success

Between July 2018 and June 2019, all Swiss Mobiliar customers with a vehicle or business insurance are benefiting from a 10% discount on their premiums. From mid-2019, for one year, another CHF 160 million will be used to reduce the premiums of household and building insurance policyholders by 20%. Over the past ten years, Swiss Mobiliar has disbursed more than CHF 1.4 million from its surplus fund to policyholders as a form of participation in its business success.

Protection against natural hazards

Since 2006, Swiss Mobiliar has supported research projects and fostered preventive measures against natural hazards throughout Switzerland. To date, the company has co-funded 130 natural hazard prevention projects to the tune of over CHF 35 million. The projects offer protection to roughly 8,000 people in nearly 4,000 households, as well as to 5,000 buildings and around 1,300 companies.

Social commitment

Swiss Mobiliar's tradition as a cooperative has obliged it to act in a responsible and sustainable way ever since its foundation in 1826. As an independent and financially solid company, Swiss Mobiliar can choose its own course – within the bounds of its entrepreneurial and social responsibilities – and commit itself to various projects for the common good in line with its basic mutual philosophy. How this is put into practice is outlined in detail in the Sustainability Report for the financial year 2018, which forms an integral part of the Annual Report and was drawn up in accordance with the Global Reporting Initiative's G4 "core option" guidelines.

Further information is available at mobiliar.ch/geschaeftsbericht

Key figures

	2018 in CHF millions	2017 in CHF millions	Change in %
Gross premiums non-life and life	3,831.1	3,774.7	+1.5
Gross premiums non-life	3,070.3	2,961.4	+3.7
Gross premiums life	760.8	813.3	-6.5
Underwriting result	255.3	145.2	+75.8
Financial investments	17,177.6	17,150.1	+0.2
Financial result	240.8	336.6	-28.5
Consolidated annual profit	443.5	440.5	+0.7
Capital and reserves	4,779.6	4,834.9	-1.1
Return on equity	9.2%	9.6%	
Surplus participation for non-life insurance customers (incl. accompanying measures; payments made from the middle of the following year)	160.0	160.0	
Net combined ratio non-life	89.1%	90.8%	
Number of employees excl. trainees (full time equivalents as at 31 December)	4,849	4,618	
Number of trainees and designated young talents	345	342	

Swiss Mobiliar Group

Every third household in Switzerland is insured by Swiss Mobiliar. Active in all lines of insurance, Swiss Mobiliar had a premium volume of CHF 3.831 billion as at 31 December 2018. 79 entrepreneurially run general agencies with their own claims service guarantee proximity to more than 2 million customers at around 160 locations. Swiss Mobiliar Insurance Company Ltd. is domiciled in Berne, Swiss Mobiliar Life Insurance Company Ltd. in Nyon. Swiss Mobiliar Group also includes Swiss Mobiliar Asset Management Ltd., Swiss Mobiliar Services Ltd., Protekta Legal Protection Insurance Ltd., Protekta Risk-Consulting Ltd., Mobi24 Call-Service-Center Ltd. and XpertCenter Ltd., all domiciled in Berne, as well as Trianon Ltd., domiciled in Renens, SC, SwissCaution SA, domiciled in Bussigny, and bexio AG domiciled in Rapperswil.

Swiss Mobiliar has some 5,400 employees in its home markets of Switzerland and the Principality of Liechtenstein as well as 345 trainees. It is Switzerland's oldest private insurance company and has operated on a cooperative basis since its founding in 1826.