

# Operating Statement Occupational Pension Provision

2019



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## Operating statement at a glance

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Operating profit  
CHF **40,1** million

Investments  
CHF **21,5** billion

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**153 541**  
active insured persons

Return on book value (net) of  
**1,55 %**

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CHF **30** million  
total allocation to the surplus fund

Distribution ratio of  
**93,1 %**

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More than  
**15 000**  
companies

CHF **3** billion  
in premium income

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## Occupational pension provision at Baloise

All in all, 2019 was a successful year for occupational pension provision at Baloise. Although a political solution to the problems associated with Pillar 2 remains elusive, our customers continued to benefit from our strong occupational pension provision in 2019. The retirement assets transferred, mainly as a result of new affiliations, showed an eight-fold increase in a year-on-year comparison. This development can be traced back primarily to a competitor's withdrawal from the comprehensive insurance solutions business. This move was implemented at the turn of 2019, meaning that a large number of the companies insured with this competitor had a right to termination with effect from the end of 2018 and switched to a number of companies, including Baloise.

### **Patric-Olivier Zbinden, are you satisfied with 2019?**

The high volume of new business in 2019 certainly comes as encouraging news. At the same time, we were able to achieve a fantastic result of CHF 40 million, despite overall conditions that remained challenging. The payout ratio is also 93.1%. This means that we return 93.1 per cent of our income to our customers in the form of benefits, provisions or surpluses. At the same time, we were able to pay 1 per cent interest on the retirement assets of our comprehensive insurance customers as a whole, also allocating CHF 30 million to the surplus fund.

### **What sort of impact are the challenging overall conditions that you mentioned earlier having?**

Due to the sustained low interest rates, net investment income is down by 20 per cent as against the previous year to CHF 294 million. What is more, the conversion rate under the compulsory scheme is too high. We are making an annual loss in excess of CHF 50 million, putting considerable pressure on our result. This is forcing us to react and see what we can do to minimise these losses. But this isn't something we can achieve single-handedly. Rather, we also rely on legislative adjustments.

Looking at the current debate, however, we can see that policy-makers have yet to reach an agreement on the necessary statutory changes. This could well drag the process out even more, further exacerbating the situation.

### **What does that mean for Baloise?**

We will find solutions and approaches for our customers to minimise the annual losses while nevertheless allowing us to offer the entire range of occupational pension products at Baloise in the long run. One measure for example is the savings quota, which is already 1 per cent higher at Baloise. But this move alone is not enough and we will have to make further efforts. Although the overall statutory conditions remain the same, the overall environment is still changing considerably. It is essential for us to take this into account.

### **Dominik Glaser, your new role will see you head up the occupational pensions segment. What lies ahead at Baloise?**

We are well equipped with our two product branches: comprehensive insurance and the semi-autonomous *Perspectiva* solutions. But the two solutions are affected to varying degrees by the current challenges.

We have more options available to us with Perspectiva and can do more to react to the environment. Even in difficult times, like those we are seeing this spring in connection with the coronavirus, Perspectiva is proving to be stable and capable of weathering the sort of stock market slumps that we have witnessed to date. That sends out a great signal to our customers.

and means that we will be focusing on expanding Perspectiva further. We are convinced that our semi-autonomous offering provides our customers with the ideal solution when it comes to occupational pensions for their employees.

On the other hand, this does not, however, mean that we no longer want to offer comprehensive insurance. We remain certain that there are customers for which comprehensive insurance is the best possible solution. Particularly this year, when the stock markets are proving extremely volatile, comprehensive insurance protects SME customers from underfunding. This is exactly the sort of protection we want to offer these customers in the future, too.

#### **How will customers notice these changes?**

We are working at full tilt on continuing to ensure a good market position for Perspectiva so that we can offer our customers the solution that suits them best. When consulting with our customers, we need to emphasise that the bottom-line amount shown in the offer is not the only aspect worthy of consideration. The other parameters, such as the coverage ratio, interest and performance, are equally important factors in the decision-making process and should be included in the overall assessment.

We want to show our customers which solution is best suited to them in a manner that is straightforward and easy to understand. We can only ensure long-term customer loyalty and build trust if we create the best possible level of transparency with regard to occupational pensions.

#### **And what changes will comprehensive insurance customers notice?**

Just like semi-autonomous solutions, comprehensive insurance also has its pros and cons and many of our customers will need to decide whether they want to stick with the comprehensive insurance model. The full guarantee on the entire capital invested means that premiums will be higher than the premiums for semi-autonomous solutions. What is more, there will be no getting around adjustments to comprehensive insurance benefits to reflect the changes in the overall environment. We will only be able to keep offering the comprehensive insurance model in the long run based on realistic parameters for retirement pensions.



**Patric Olivier Zbinden**  
Head of Product Management Corporate Clients  
Member of the Executive Committee



**Dominik Glaser**  
Head of Product Management Group Life  
Member of Senior Management

## Income statement

All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
<b>Income</b>	<b>3 303 855</b>	<b>2 699 742</b>	<b>+604 113</b>	<b>+22%</b>
Gross written premiums	3 018 953	2 331 736	+687 217	+29%
Savings premiums	2 733 767	2 045 559	+688 209	+34%
Retirement credits	905 519	877 099	+28 419	+3%
Individual deposits due to commencement of employment, purchase, promotion of home ownership or divorce	1 127 703	1 016 831	+110 872	+11%
Retirement assets transferred due to contract acquisitions	595 034	67 337	+527 697	+784%
Deposits for retirement and survivors' pensions	50 881	28 345	+22 536	+80%
Deposits for disabled person's pensions and disabled person's children's pensions	12 682	8 532	+4 150	+49%
Deposits for portable benefit policies	41 948	47 414	-5 466	-12%
Risk premiums	221 370	222 399	-1 029	-0%
Cost premiums	63 815	63 778	+38	+0%
Net investment income	293 710	366 448	-72 738	-20%
Gross investment income	356 046	437 672	-81 627	-19%
Direct investment income	428 029	469 626	-41 597	-9%
Liquid funds	-1 153	-1 262	+108	-9%
Bonds	171 657	184 454	-12 796	-7%
Properties	129 954	125 247	+4 707	+4%
Mortgages	40 047	41 630	-1 583	-4%
Other investments	87 524	119 557	-32 033	-27%
Gains or losses on disposals	36 620	124 895	-88 274	-71%
Balance of write-downs and write-ups	-45 020	-88 857	+43 837	-49%
Gains or losses on currency exchange	-61 051	-68 013	+6 962	-10%
Interest expenses	-2 532	21	-2 553	-12 113%
Asset management costs	-62 336	-71 224	+8 888	-12%
Miscellaneous income	2 011	2 505	-494	-20%
Gains or losses from reinsurance	-10 819	-947	-9 873	+1043%



All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
<b>Expenses</b>	<b>3 303 855</b>	<b>2 699 742</b>	<b>+604 113</b>	<b>+22%</b>
Insurance benefits	2 614 602	2 360 268	+254 334	+11%
Retirement benefits	440 561	441 154	-593	-0%
Pension benefits	220 899	207 476	+13 423	+6%
Lump-sum benefits	219 662	233 678	-14 016	-6%
Benefit payments for death and disability	165 896	172 952	-7 056	-4%
Pension benefits	130 149	127 035	+3 114	+2%
Lump-sum benefits	35 748	45 918	-10 170	-22%
Individual lump-sum benefits (portable benefit, promotion of home ownership, divorce, portable benefits policy)	1 233 078	1 159 807	+73 271	+6%
Surrender values as a result of contract cancellations	759 480	571 274	+188 205	+33%
Costs of processing benefit claims	15 586	15 080	+506	+3%
Change in technical provisions	542 984	143 048	+399 936	+280%
Retirement assets	294 049	-137 761	+431 810	-313%
Provision for future conversion rate losses	19 200	33 700	-14 500	-43%
Actuarial reserves for current retirement and survivors' pensions	194 104	168 932	+25 172	+15%
Actuarial reserves for current disabled person's pensions and disabled person's children's pensions	3 059	7 386	-4 328	-59%
Actuarial reserves for portable benefits policies	-3 391	602	-3 993	-663%
Actuarial reserves for other forms of cover	17 430	12 860	+4 570	+36%
Strengthening of actuarial reserves for pension actuarial reserves and portable benefits policies	-6 810	99 500	-106 310	-107%
Provisions for reported but not settled claims and incurred but not reported claims (RBNS and IBNR)	-1 000	-47 700	+46 700	-98%
Provisions for fluctuations in value and interest rate guarantees	43 000	68 800	-25 800	-38%
Inflation provisions	12	-99 250	+99 262	-100%
Other technical provisions	-16 669	35 979	-52 648	-146%
Allocation to the surplus fund	30 000	70 000	-40 000	-57%
Change in provision for unearned premiums	0	0	+0	
Acquisition and administration costs	72 680	73 212	-533	-1%
Miscellaneous expenses	3 482	3 355	+127	+4%
Operating profit	40 108	49 858	-9 750	-20%

## Balance sheet

The assets side of the balance sheet shows the origin, while the liabilities side shows the use of capital.

All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
<b>Assets</b>	<b>19 516 316</b>	<b>18 826 140</b>	<b>+690 176</b>	<b>+4 %</b>
Investments	19 274 311	18 604 081	+670 230	+4 %
Liquid funds	427 017	468 925	-41 909	-9 %
Bonds	11 079 098	10 437 660	+641 437	+6 %
CHF	7 246 795	6 955 085	+291 710	+4 %
Foreign currencies	3 832 303	3 482 575	+349 727	+10 %
Properties	2 850 951	2 820 138	+30 812	+1 %
Mortgages	2 637 916	2 599 035	+38 882	+1 %
Equities and shareholding	469 207	453 310	+15 897	+4 %
Alternative investments	242 962	237 200	+5 762	+2 %
Units in investment funds	98 756	101 019	-2 263	-2 %
Net assets held as derivative financial instruments	68 775	72 814	-4 039	-6 %
Other investments	1 399 630	1 413 980	-14 350	-1 %
Obligations from derivative financial instruments	1 258	1 171	+88	+7 %
Other assets	232 190	209 946	+22 244	+11 %
Outward reinsurance	8 557	10 942	-2 385	-22 %



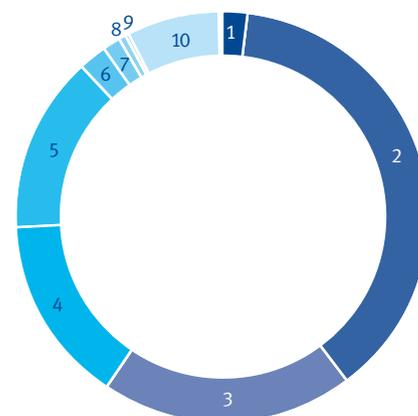
All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
<b>Liabilities</b>	<b>19 516 316</b>	<b>18 826 140</b>	<b>+690 176</b>	<b>+4%</b>
Technical provisions	18 286 763	17 756 072	+530 691	+3%
Retirement assets	11 497 840	11 203 792	+294 049	+3%
Compulsory scheme	5 878 341	5 939 143	-60 803	-1%
Non-compulsory scheme	5 619 500	5 264 648	+354 851	+7%
Provision for future pension conversion rate losses	378 200	359 000	+19 200	+5%
Compulsory scheme	333 907	317 500	+16 407	+5%
Non-compulsory scheme	44 293	41 500	+2 793	+7%
Actuarial reserves for current retirement and survivors' pensions	3 019 859	2 830 945	+188 914	+7%
Compulsory scheme	1 477 038	1 375 661	+101 378	+7%
Non-compulsory scheme	1 542 820	1 455 285	+87 536	+6%
Actuarial reserves for current disabled person's pensions and disabled person's children's pensions	731 472	730 010	+1 462	+0%
Compulsory scheme	422 776	427 072	-4 296	-1%
Non-compulsory scheme	308 696	302 938	+5 757	+2%
Actuarial reserves for portable benefits policies	370 229	373 619	-3 391	-1%
Actuarial reserves for other forms of cover	405 774	389 129	+16 645	+4%
Strengthening of pension actuarial reserves	834 370	842 700	-8 330	-1%
Provisions for reported but not settled claims and incurred but not reported claims (RBNS and IBNR)	444 000	447 700	-3 700	-1%
Provisions for interest rate guarantees, claims fluctuations and fluctuations in value	50 000	60 000	-10 000	-17%
Other technical provisions	400 433	364 602	+35 831	+10%
Inflation provisions	154 586	154 574	+12	+0%
As at beginning of the year	154 574	253 825	-99 250	-39%
Gross inflation premiums	1 637	1 617	+20	+1%
Expenses	-1 091	-1 078	-13	+1%
Expenses for inflation-related increases of risk pensions	-534	-189	-344	+182%
Reversal for strengthening measures pursuant to Article 149(f)(a)	0	-49 600	+49 600	-100%
Reversal in favour of surplus fund	0	-50 000	+50 000	-100%
Setting up of additional inflation provisions	0	0	+0	
Surplus fund	133 255	153 967	-20 712	-13%
As at beginning of the year	153 967	122 041	+31 926	+26%
Distribution to pension funds (surplus allocation)	-50 712	-38 074	-12 638	+33%
Participation in surplus for current year (surplus allocation)	30 000	70 000	-40 000	-57%
Withdrawal to cover operating loss	0	0	+0	
Valuation correction	0	0	+0	
Provision for unearned premiums	0	0	+0	
Credited surplus dividends	15 768	18 746	-2 978	-16%
Other liabilities	1 080 530	897 355	+183 175	+20%

## The occupational pension investment portfolio in detail

All figures are stated in CHF 000s

	2019	2018	2019	2018
Investments	19 274 311	18 604 081	100.0%	100.0%
1. Liquid funds	427 017	468 925	2.2%	2.5%
2. CHF bonds	7 246 795	6 955 085	37.6%	37.4%
3. Bonds in foreign currencies	3 832 303	3 482 575	19.9%	18.7%
4. Properties	2 850 951	2 820 138	14.8%	15.2%
5. Mortgages	2 637 916	2 599 035	13.7%	14.0%
6. Equities and shareholding	469 207	453 310	2.4%	2.4%
7. Alternative investments	242 962	237 200	1.3%	1.3%
8. Units in investment funds	98 756	101 019	0.5%	0.5%
9. Net assets held as derivative financial instruments	68 775	72 814	0.4%	0.4%
10. Other investments	1 399 630	1 413 980	7.3%	7.6%



## Investments: Solid result in a good market environment

Compared with a turbulent trading year in 2018, 2019 was an excellent year for investments. The Swiss Market Index gained 26 per cent in 2019. These positive trends on the stock markets were due primarily to the change of course at central banks. After it had been predicted in advance that 2019 would see monetary policy normalisation, concerns over a slowdown in growth once again resulted in more expansive monetary policy and, as a result, a positive environment for the stock markets. The only factors fuelling temporary levels of higher volatility were the geopolitical risks relating to Brexit and the international trade conflict between China and the US.

In a sustained environment of very low interest rates, reinvesting maturing bonds in Swiss francs is generally an unattractive option. As a result, reinvestments were largely made not in Swiss francs, but in euro-denominated bonds, which offer more attractive yields in relative terms, even allowing for currency hedging. The senior secured loans exposure was also increased to stabilise income.

Direct investment income fell due to the bond reinvestment effect in the current interest rate environment, and also due to the payment of a special dividend by one company in 2018. The gains realised were down considerably in comparison to the previous year. They also include the disposal of some properties in 2018, which generated realised gains of approximately CHF 46 million. The effect of disposals on the property portfolio in 2019 was much lower. The depreciation amount was CHF 43 million lower year-on-year due to the positive market development. An attractive return on book value of 1.55 per cent was achieved in 2019.

## Explanations of the business processes and proof of compliance with the minimum quota

The occupational pension business can be split into three processes.

The **savings process** comprises the accumulation of retirement assets, the conversion of retirement assets into retirement pensions and the settlement of the related retirement pensions. Here, the (net) investment income is offset against the expenses relating to the technical interest accrual (guaranteed interest rates) and the costs of settling current retirement and pensioner's children's pensions. The costs for investment management are shown with the investments.

The **risk process** comprises the payment and settlement of death and disability benefits (in the form of lump-sum and pension payments) and of anticipated entitlements associated with current retirement pensions giving rise to survivors' pensions. Here, the risk premiums paid are offset against the costs for insurance benefits, in particular for the formation of the actuarial reserves for new disability and survivors' pensions. The costs for the processing of benefits are mainly assigned to the risk process.

The **cost process** comprises the costs for administration and sales relating to the provision of insurance in the form of occupational pensions. Here, the collected cost premiums are offset against the administrative costs incurred.

All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
Total income components	578 896	652 625	-73 730	-11 %
Savings process (investment income)	293 710	366 448	-72 738	-20 %
Risk process (risk premiums)	221 370	222 399	-1 029	-0 %
Cost process (cost premiums)	63 815	63 778	+38	+0 %
Total expenses	-455 698	-429 767	-25 931	+6 %
Savings process (primarily technical interest accrual)	-244 598	-254 475	+9 876	-4 %
Risk process (primarily death and disability benefits)	-137 900	-105 893	-32 006	+30 %
Cost process (primarily administrative costs)	-73 200	-69 399	-3 801	+5 %
<b>Gross operating profit</b>	<b>123 198</b>	<b>222 858</b>	<b>-99 660</b>	<b>-45 %</b>
Setting up (-) and (+) reversal of technical provisions	-53 090	-103 000	+49 910	-48 %
In the savings process	-62 390	-155 400	+93 010	-60 %
Longevity risk	-190	-102 500	+102 310	-100 %
Shortfall arising from pension conversions	-19 200	-33 700	+14 500	-43 %
Interest rate guarantees	-43 000	-68 800	+25 800	-38 %
Reversal of inflation provisions for strengthening measures	0	49 600	-49 600	-100 %
Fluctuations in investments	0	0	+0	
In the risk process	9 300	2 400	+6 900	+288 %
Reported but not settled claims	0	0	+0	
Incurred but not reported claims	9 300	2 400	+6 900	+288 %
Claims fluctuations	0	0	+0	
Tariff changes and tariff restructuring	0	0	+0	
Reversal of inflation provisions for strengthening measures	0	0	+0	
Setting up of additional inflation provisions	0	0	+0	
Reversal of inflation provisions in favour of the surplus fund	0	50 000	-50 000	-100 %
Costs of additional risk capital acquired	0	0	+0	
Allocation to the surplus fund	-30 000	-70 000	+40 000	-57 %
<b>Operating profit</b>	<b>40 108</b>	<b>49 858</b>	<b>-9 750</b>	<b>-20 %</b>
<b>Distribution ratio</b>	<b>93.1 %</b>	<b>92.4 %</b>		

## Business subject to the minimum quota

The legal requirements of the minimum quota stipulate that at least 90 % of the income from the three business processes (the savings, risk and cost process) must benefit the insured persons in order to ensure that they participate adequately in the profits of the insurer. This income is accrued by the in-

sured persons in the form of insurance benefits, strengthening of reserves and allocations to the surplus fund. What is known as the distribution ratio must therefore amount to no less than 90 % in the business subject to the minimum quota.

All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
Total income components	467 186	525 188	-58 002	-11 %
Savings process (investment income)	244 970	306 849	-61 879	-20 %
Risk process (risk premiums)	165 840	162 561	+3 280	+2 %
Cost process (cost premiums)	56 375	55 779	+597	+1 %
Total expenses	-374 263	-332 179	-42 083	+13 %
Savings process (primarily technical interest accrual)	-215 014	-208 811	-6 204	+3 %
Risk process (primarily death and disability benefits)	-100 595	-66 120	-34 475	+52 %
Cost process (primarily administrative costs)	-58 653	-57 248	-1 405	+2 %
<b>Gross operating profit</b>	<b>92 923</b>	<b>193 009</b>	<b>-100 086</b>	<b>-52 %</b>
Setting up (-) and (+) reversal of technical provisions	-43 400	-116 300	+72 900	-63 %
In the savings process	-53 900	-141 100	+87 200	-62 %
Longevity risk	400	-91 100	+91 500	-100 %
Shortfall arising from pension conversions	-16 300	-28 800	+12 500	-43 %
Interest rate guarantees	-38 000	-44 700	+6 700	-15 %
Reversal of inflation provisions for strengthening measures	0	23 500	-23 500	-100 %
Fluctuations in investments	0	0	+0	
In the risk process	10 500	4 800	+5 700	+119 %
Reported but not settled claims	0	0	+0	
Incurred but not reported claims	10 500	4 800	+5 700	+119 %
Claims fluctuations	0	0	+0	
Tariff changes and tariff restructuring	0	0	+0	
Reversal of inflation provisions for strengthening measures	0	0	+0	
Setting up of additional inflation provisions	0	0	+0	
Reversal of inflation provisions in favour of the surplus fund	0	20 000	-20 000	-100 %
Costs of additional risk capital acquired	0	0	+0	
Allocation to the surplus fund	-25 000	-40 000	+15 000	-38 %
<b>Operating profit</b>	<b>24 523</b>	<b>36 709</b>	<b>-12 186</b>	<b>-33 %</b>
<b>Distribution ratio</b>	<b>94.8%</b>	<b>93.0%</b>		
<b>Minimum quota</b>	<b>90%</b>	<b>90%</b>		

## Business not subject to the minimum quota

Insurance contracts whose terms and conditions provide for a separate surplus calculation are excluded from the minimum quota. Participation in profits in the form of surpluses is based on the claims experience of each individual contract.

Typically, this relates to insurance solutions for semi-autonomous pension funds and contracts that form part of international insurance programmes.

All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
<b>Total income components</b>	111 710	127 437	-15 727	-12%
Savings process (investment income)	48 740	59 600	-10 860	-18%
Risk process (risk premiums)	55 530	59 839	-4 309	-7%
Cost process (cost premiums)	7 440	7 999	-559	-7%
<b>Total expenses</b>	-81 436	-97 588	+16 153	-17%
Savings process (primarily technical interest accrual)	-29 584	-45 664	+16 080	-35%
Risk process (primarily death and disability benefits)	-37 305	-39 773	+2 469	-6%
Cost process (primarily administrative costs)	-14 547	-12 151	-2 396	+20%
<b>Gross operating profit</b>	<b>30 274</b>	<b>29 849</b>	<b>+425</b>	<b>+1%</b>
<b>Setting up (-) and (+) reversal of technical provisions</b>	-9 690	13 300	-22 990	-173%
In the savings process	-8 490	-14 300	+5 810	-41%
Longevity risk	-590	-11 400	+10 810	-95%
Shortfall arising from pension conversions	-2 900	-4 900	+2 000	-41%
Interest rate guarantees	-5 000	-24 100	+19 100	-79%
Reversal of inflation provisions for strengthening measures	0	26 100	-26 100	-100%
Fluctuations in investments	0	0	+0	
In the risk process	-1 200	-2 400	+1 200	-50%
Reported but not settled claims	0	0	+0	
Incurred but not reported claims	-1 200	-2 400	+1 200	-50%
Claims fluctuations	0	0	+0	
Tariff changes and tariff restructuring	0	0	+0	
Reversal of inflation provisions for strengthening measures	0	0	+0	
Setting up of additional inflation provisions	0	0	+0	
Reversal of inflation provisions in favour of the surplus fund	0	30 000	-30 000	-100%
Costs of additional risk capital acquired			+0	
Allocation to the surplus fund	-5 000	-30 000	+25 000	-83%
<b>Operating profit</b>	<b>15 584</b>	<b>13 149</b>	<b>+2 435</b>	<b>+19%</b>
<b>Distribution ratio</b>	<b>86.0%</b>	<b>89.7%</b>		

## Actuarial balance sheet items and other key figures

### Surplus fund

The surplus fund is an actuarial balance sheet item that shows the surplus dividends to which the policyholders are entitled. If the operating statement result permits, funds can be allocated to the surplus fund. The surplus dividends are

withdrawn from this every year and distributed to the policyholders.

All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
<b>Surplus fund</b>	<b>133 255</b>	<b>153 967</b>	<b>-20 712</b>	<b>-13 %</b>
Tied part	52 500	49 500	+3 000	+6 %
Unallocated part	80 755	104 467	-23 712	-23 %
	2019	2018	Δ absolute	Δ in %
Surplus fund subject to the minimum quota	58 536	61 811	-3 275	-5 %
Surplus fund not subject to the minimum quota	74 719	92 156	-17 438	-19 %

### Net investment income

	2019	2018	Δ absolute	Δ in %
<b>Net investment income</b>	<b>293 710</b>	<b>366 448</b>	<b>-72 738</b>	<b>-20 %</b>
Gross investment income	356 046	437 672	-81 627	-19 %
Asset management costs	-62 336	-71 224	+8 888	-12 %

### Investments and hidden reserves

	2019	2018	Δ absolute	Δ in %
Book value of investments	19 274 311	18 604 081	+670 230	+4 %
Market value of investments	21 460 851	20 250 503	+1 210 348	+6 %
Hidden reserves	2 186 540	1 646 422	+540 119	+33 %

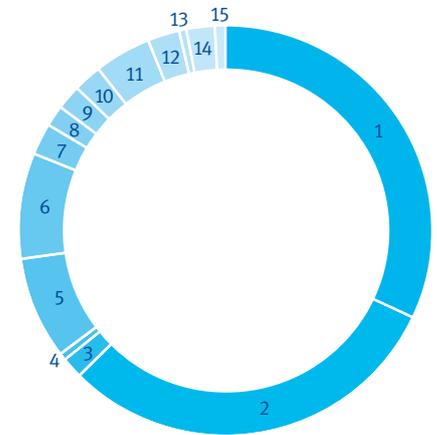
### Market value of investments

	2019	2018	Δ absolute	Δ in %
<b>Market value of investments</b>	<b>21 460 851</b>	<b>20 250 503</b>	<b>+1 210 348</b>	<b>+6 %</b>
Direct investments	20 304 769	19 322 209	+982 560	+5 %
Single-tier and multi-tier collective investment schemes	1 156 082	928 294	+227 788	+25 %
Non-cost-transparent investments	0	0	+0	

	2019	2018	Δ absolute	Δ in %
<b>Market value of investments (percentage)</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>0.0 %</b>	<b>+0 %</b>
Direct investments	94.6 %	95.4 %	-0.8 %	-1 %
Single-tier and multi-tier collective investment schemes	5.4 %	4.6 %	0.8 %	+18 %
Non-cost-transparent investments	0.0 %	0.0 %	0.0 %	

All figures are stated in CHF 000s

	2019	2018	2019	2018
Technical provision	18 286 763	17 756 072	100.0%	100.0%
1. Retirement assets, compulsory scheme	5 878 341	5 939 143	32.1%	33.4%
2. Retirement assets, non-compulsory scheme	5 619 500	5 264 648	30.7%	29.6%
3. Provision for future pension conversion rate losses, compulsory scheme	333 907	317 500	1.8%	1.8%
4. Provision for future pension conversion rate losses, non-compulsory scheme	44 293	41 500	0.2%	0.2%
5. Actuarial reserves for current retirement and survivors' pensions, compulsory scheme	1 477 038	1 375 661	8.1%	7.7%
6. Actuarial reserves for current retirement and survivors' pensions, non-compulsory scheme	1 542 820	1 455 285	8.4%	8.2%
7. Actuarial reserves for current disabled person's pensions and disabled person's children's pensions, compulsory scheme	422 776	427 072	2.3%	2.4%
8. Actuarial reserves for current disabled person's pensions and disabled person's children's pensions, non-compulsory scheme	308 696	302 938	1.7%	1.7%
9. Actuarial reserves for portable benefits policies	370 229	373 619	2.0%	2.1%
10. Actuarial reserves for other forms of cover	405 774	389 129	2.2%	2.2%
11. Strengthening of pension actuarial reserves	834 370	842 700	4.6%	4.7%
12. Provisions for reported but not settled claims and incurred but not reported claims (RBNS and IBNR)	444 000	447 700	2.4%	2.5%
13. Provisions for interest rate guarantees, claims fluctuations and fluctuations in value	50 000	60 000	0.3%	0.3%
14. Other technical provisions	400 433	364 602	2.2%	2.1%
15. Inflation provisions	154 586	154 574	0.8%	0.9%



All figures are stated in CHF 000s

	2019	2018	2019	2018
<b>Retirement benefits</b>	<b>440 561</b>	<b>441 154</b>	<b>100%</b>	<b>100%</b>
Pension benefits	220 899	207 476	50%	47%
Lump-sum benefits	219 662	233 678	50%	53%

## Operating expenses

All figures are stated in CHF 000s

Operating expenses by cost units	2019	2018	Δ absolute	Δ in %
Total operating expenses	87 316	83 629	+3 687	+4 %
Operating expenses for active insured persons	74 164	71 479	+2 685	+4 %
Operating expenses for pension recipients	10 962	10 000	+962	+10 %
Operating expenses for other cost units	0	0	+0	
Operating expenses for portable benefits policies	2 190	2 150	+40	+2 %

Operating expenses by cost units (per capita)	2019	2018	Δ absolute	Δ in %
Total operating expenses	440	414	+26	+6 %
Operating expenses for active insured persons	483	456	+27	+6 %
Operating expenses for pension recipients	455	427	+28	+7 %
Operating expenses for portable benefits policies	105	98	+7	+7 %

Operating expenses by cost centres	2019	2018	Δ absolute	Δ in %
Total operating expenses	87 316	83 629	+3 687	+4 %
Acquisition and administration costs	72 680	73 212	-533	-1 %
Acquisition costs	14 189	12 884	+1 305	+10 %
to brokers and agents	12 642	12 592	+49	+0 %
to own field sales staff	1 516	269	+1 247	+463 %
others	31	22	+9	+40 %
Costs for marketing and advertising	3 623	3 672	-49	-1 %
Expenses for general administration	54 867	56 656	-1 789	-3 %
Costs of processing benefit claims	15 586	15 080	+506	+3 %
Reinsurers' share of operating expenses	-950	-4 664	+3 713	-80 %

## Asset management costs

	2019	2018	Δ absolute	Δ in %
Asset management costs (net pursuant to Baloise Insurance operating statement BV)	62 336	71 224	-8 888	-12 %
Asset management costs (net pursuant to OAK scheme)	89 893	104 517	-14 623	-14 %
TER costs	82 495	91 381	-8 886	-10 %
Direct investments	63 850	68 876	-5 026	-7 %
Single-tier and multi-tier investments (cost indicator)	18 645	22 505	-3 860	-17 %
TTC costs	6 606	12 494	-5 887	-47 %
Suppl. costs	792	642	+150	+23 %
Capitalised costs	-518	-774	+256	-33 %
Costs of property maintenance and upkeep	-27 040	-32 519	+5 479	-17 %

TER costs: Costs of administration and management

TTC costs: Transaction costs

Suppl. costs: Supplementary costs not attributable to individual investments

## Return on book value and performance as at market value

All figures are stated in CHF 000s

	2019	2018	Δ absolute	Δ in %
Net return on book value	1.55 %	1.96 %	-0.41 %	-21 %
Net performance as at market value	4.00 %	0.54 %	+3.45 %	+635 %
Gross return on book value	1.88 %	2.35 %	-0.47 %	-20 %
Gross performance as at market value	4.30 %	0.89 %	+3.40 %	+382 %

## Interest and conversion rates

	2019	2018	Δ absolute	Δ in %
Technical interest rate for the valuation of the pension obligations	0.84 %	0.86 %	-0.02 %	-2 %
Interest rate for the interest on compulsory retirement assets	1.00 %	1.00 %	+0.00 %	+0 %
Interest rate for the interest on non-compulsory retirement assets	0.25 %	0.25 %	+0.00 %	+0 %
Compulsory BVG minimum interest rate (shadow account)	1.00 %	1.00 %	+0.00 %	+0 %
Pension conversion rate in the compulsory scheme for men at retirement age of 65 in a comprehensive insurance scheme	6.80 %	6.80 %	+0.00 %	+0 %
Pension conversion rate in the non-compulsory scheme for men at retirement age of 65 in a comprehensive insurance scheme	4.90 %	5.12 %	-0.22 %	-4 %
Pension conversion rate in the compulsory scheme for women at retirement age of 64 in a comprehensive insurance scheme	6.80 %	6.80 %	+0.00 %	+0 %
Pension conversion rate in the non-compulsory scheme for women at retirement age of 64 in a comprehensive insurance scheme	4.80 %	4.98 %	-0.18 %	-4 %
Compulsory minimum pension conversion rate for women at retirement age of 64 and men at retirement age of 65 in a comprehensive insurance scheme (shadow account)	6.80 %	6.80 %	+0.00 %	+0 %

## Number of insured persons

	2019	2018	Δ absolute	Δ in %
Number of insured persons as at 31.12.	198 474	202 047	-3 573	-2 %
Number of active insured persons	153 541	156 682	-3 141	-2 %
Number of persons with comprehensive insurance	116 307	120 440	-4 133	-3 %
Number of other active insured persons	37 234	36 242	+992	+3 %
Number of pension recipients	24 105	23 435	+670	+3 %
Number of portable benefits policies	20 828	21 930	-1 102	-5 %

## Cost premiums

Cost premiums by cost units	2019	2018	Δ absolute	Δ in %
Total cost premiums	63 815	63 778	+38	+0 %
Cost premiums of active insured persons	62 760	62 675	+85	+0 %
Cost premiums of portable benefits policies	1 055	1 102	-47	-4 %
Other cost premiums	0	0	+0	

Cost premiums by cost units (per capita)	2019	2018	Δ absolute	Δ in %
Total cost premiums	322	316	+6	+2 %
Cost premiums of active insured persons	409	400	+9	+2 %
Cost premiums of portable benefits policies	51	50	+0	+1 %

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