

# Baloise Safety World – Strategy for profitable growth

German Egloff, Group CFO

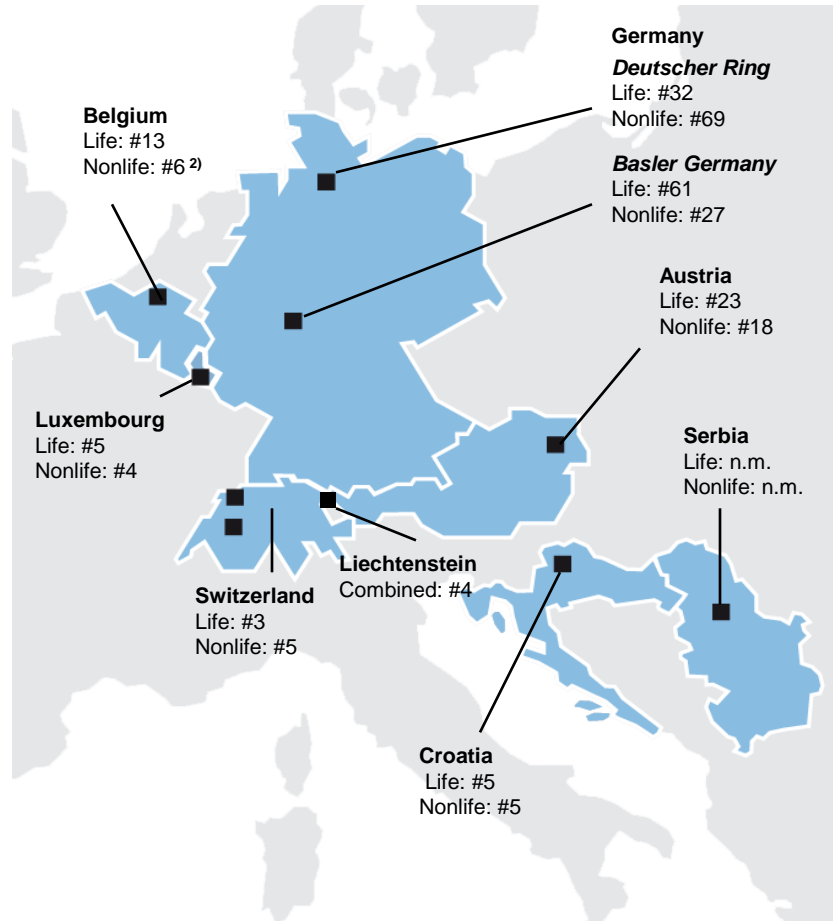
Credit Suisse - Swiss Equity Mid Cap Conference  
Zurich, 3 November 2010



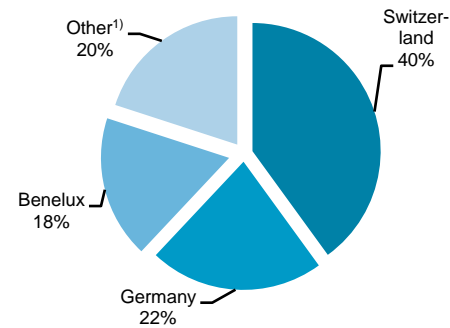
Making you safer.

# The Baloise Group

## Strong Diversification of Business Volume and EBIT



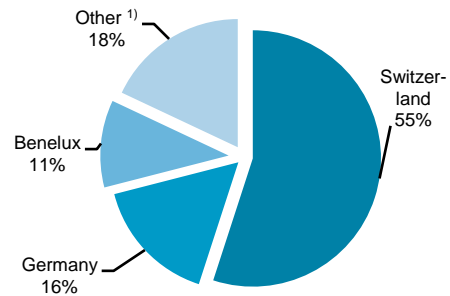
### Business Volume



**Total Business Volume 2009:**

CHF 9,765 mn

### EBIT



**Total EBIT 2009:**

CHF 562 mn

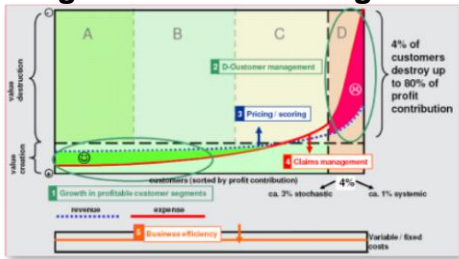
<sup>1)</sup> Other countries (incl. Austria, Baloise Life (Liechtenstein), Croatia and Serbia)

<sup>2)</sup> incl. Avéro

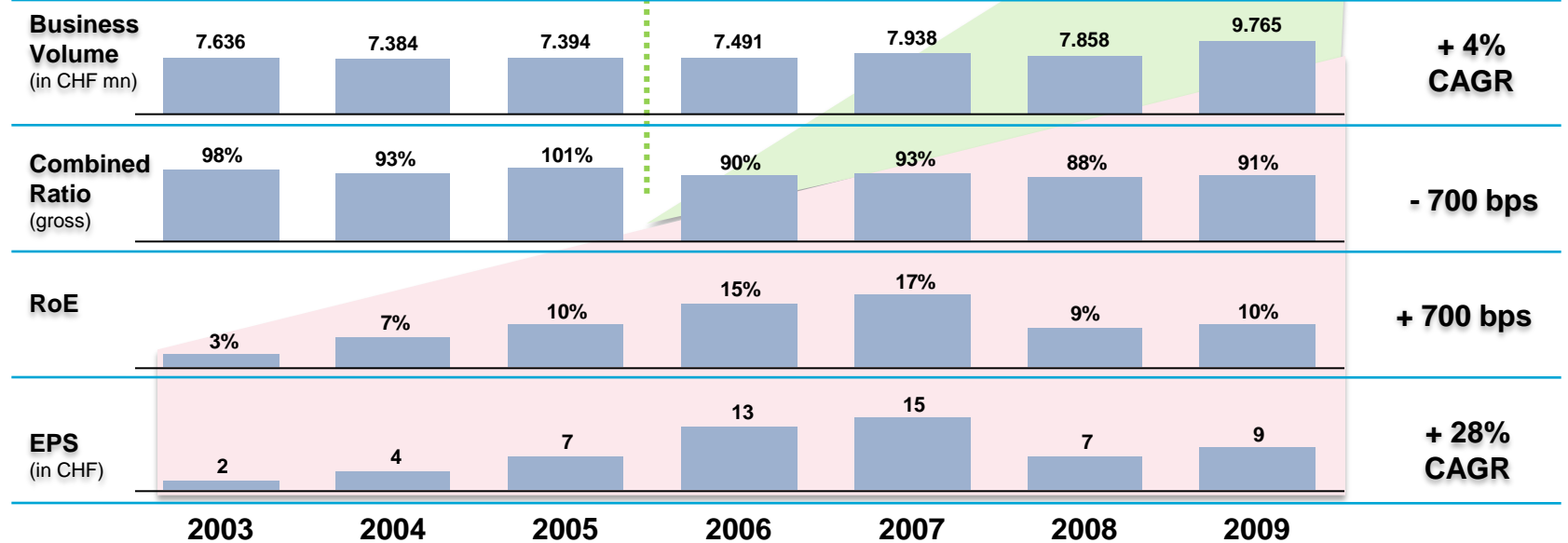
# The Journey so far

## Measurable success delivered

### Target Customer Management



### «Safety World»



# Our Strategy (1)

## Positioning and strategic directions



# Making you safer.

# Our Strategy (2)

## The crystal in detail

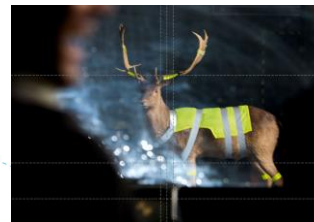


### Organic Growth

- Apply our latest best practice expertise
  - counselling, after-sales service, claims handling
  - cross-selling, retention
  - sales strength, pricing
- Beat market growth

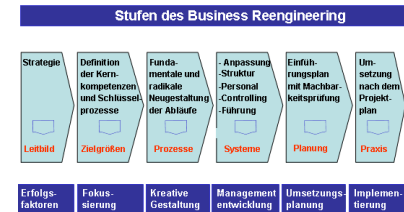
### Safety World

- Win the heart of our customers!
- And grow with them!



### New Growth Areas

- Invest in growth
- Conquer new markets for Baloise



### Optimise

- Invest in the best processes and structures in the industry
- Customer-oriented, lean and fast!



# Safety World – The Effect

## Sustainable positive business effects

### Basler Sicherheitswelt®

Insurance



Prevention



Added value service

Insurance policy documents and a photo of a ski lift cabin.

Safety box for private and SME clients  
 Fire blanket  
 Smoke detector  
 Overvoltage protector

Client magazine

Replacement in case of claims

Special offers

Safety events

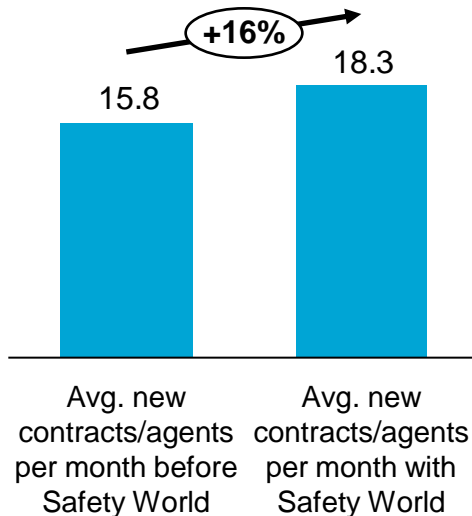


# Safety World – The Concept

Beyond insurance - we deliver added value to the customer

## Productivity

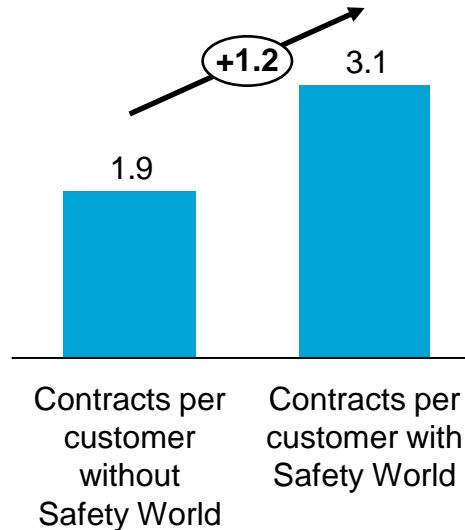
Example Basler Austria



→ Baloise Safety World increases productivity and reduces lapse rate significantly

## Cross-selling

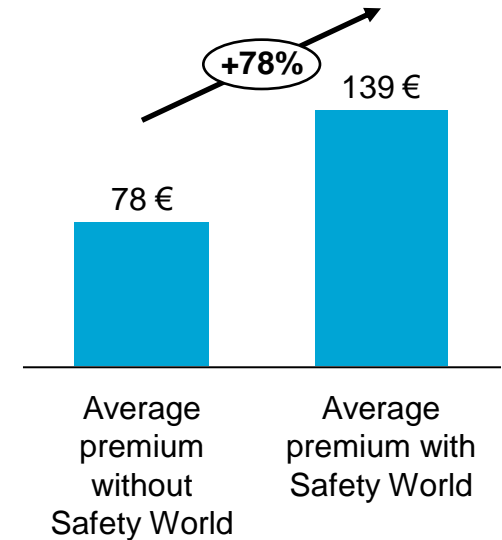
Example Basler Germany



→ Baloise Safety World produces significantly more contracts in target segments

## Pricing

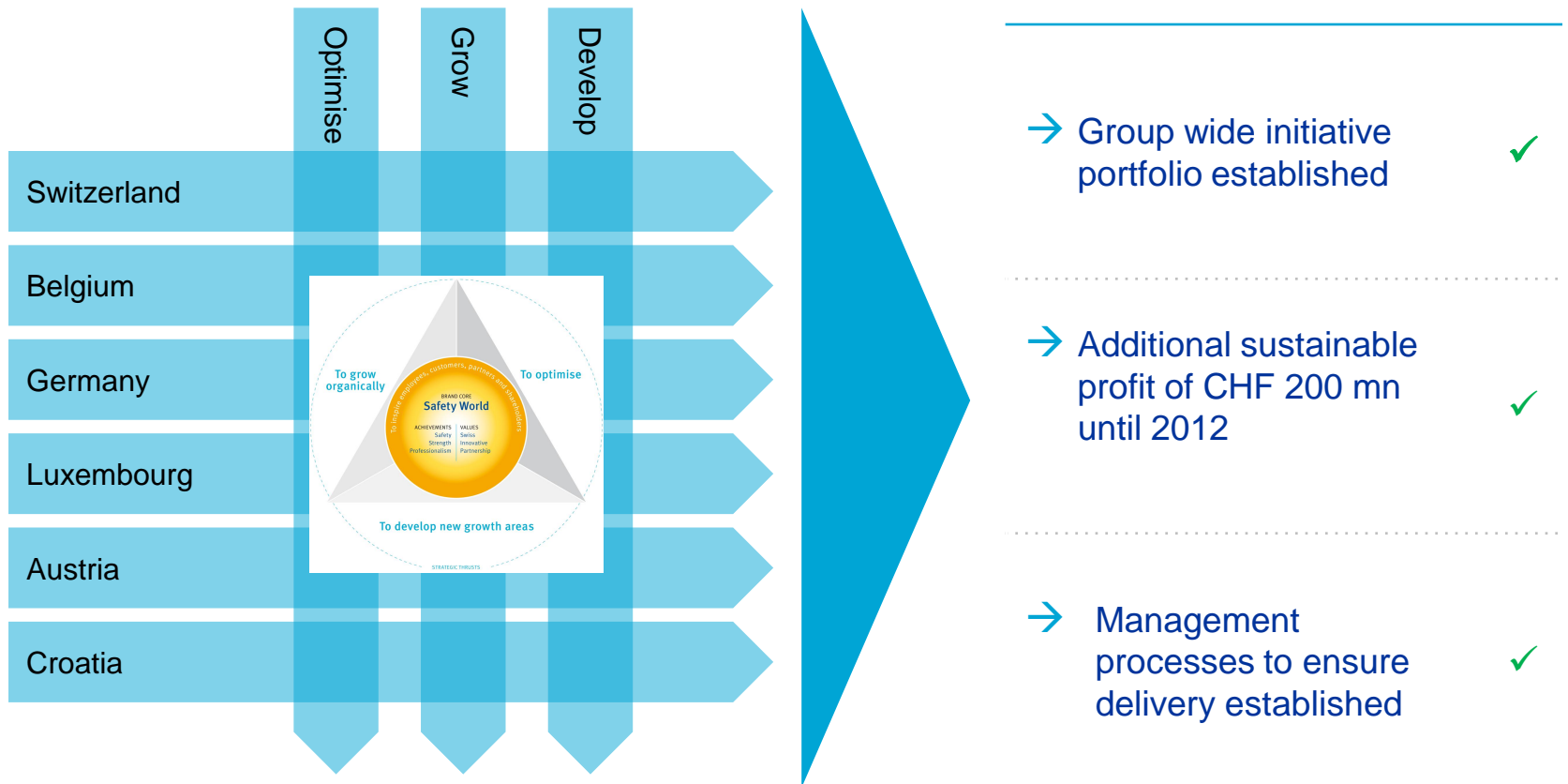
Example household insurance Croatia



→ Baloise Safety World increases average premiums significantly

# «Baloise 2012»

## Initiatives with additional sustainable profit potential identified





# Baloise 2012

## Major contributors in the first half of the year 2010



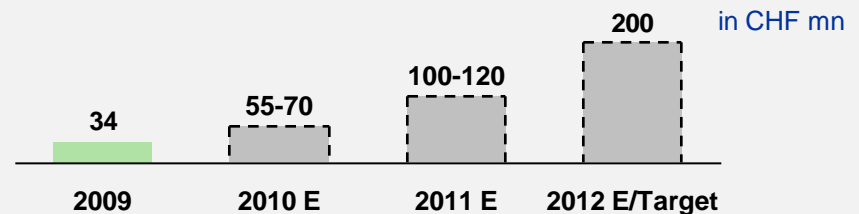
- Optimise:**
- Successful claims management and cost initiatives in Switzerland
  - Cost optimisation initiatives in Belgium
  - Reorganisation of Croatian business unit

- Grow:**
- Sales force development in Austria and Croatia
  - Retention and growth in Belgian nonlife business
  - Sales cooperation with Croatian Motor Club

- Develop:**
- Continuous success of investment type life insurance business
  - Successful launch of new variable annuity product RentaSafe Time into the Swiss market

### → Baloise 2012 fully on track:

Additional sustainable profit of CHF 200 mn until 2012



# Financial Ambition

## Remains unchanged

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### Financial ambition over the cycle

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→ 15% Return on Equity

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→ Continuous increase of EPS

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→ Combined ratio well below 100%

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# Key Take-aways

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→ Baloise continues its well approved strategy

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→ Baloise generates high operating cash flows

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→ Baloise has a conservative asset allocation with high recurring investment income

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→ Baloise has a strong and flexible balance sheet

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→ The strategic programme «Baloise 2012» identified initiatives with additional sustainable profit potential of CHF 200 mn until 2012

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# Reporting Agenda

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→ MCEV FY 2009 initial publication

Wednesday, 15 December 2010

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→ Full Year Results 2010

Tuesday, 22 March 2011

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→ Annual General Meeting

Friday, 29 April 2011

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You will find all published documentation at [www.baloise.com](http://www.baloise.com)

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# Q&A

# Appendix

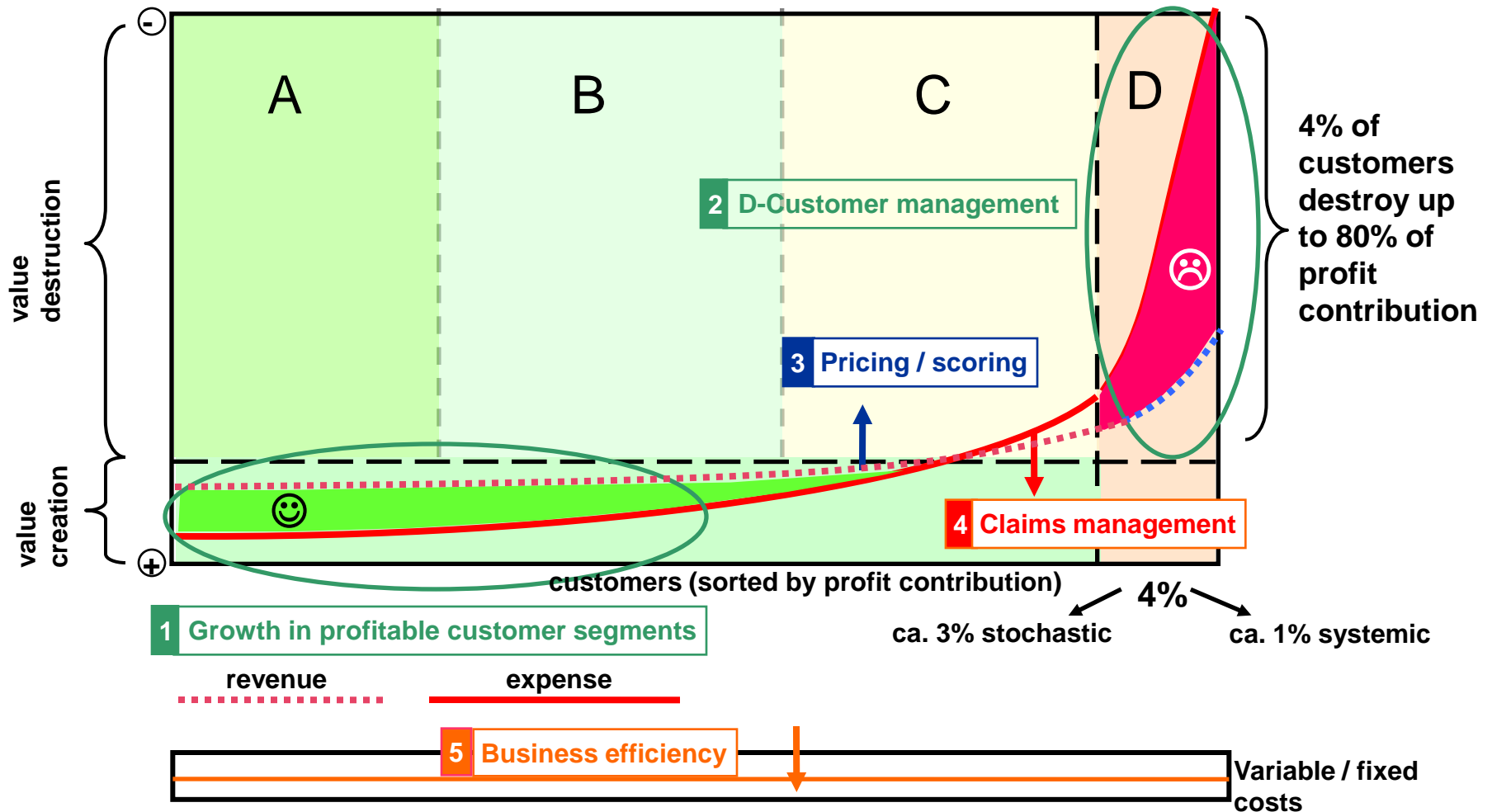
# Highlights HY 2010

## Strong earnings and convincing growth

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- Profit stable despite large claims, low interest rates and all time low euro
  - Ongoing strong growth in business volume of 24.5%<sup>1)</sup>, driven by investment type business and Swiss group life business and above market growth in nonlife
  - Excellent net combined ratio of 90.2% supported by lower costs
  - Improved investment income despite difficult environment
  - Solvency I of 234%, among the best in Europe
  - Strategic programme "Baloise 2012" fully on track
  - Bolt-on acquisitions: Fortis Luxembourg first time consolidated and recent acquisition of Avéro significantly improves market position in Belgium
  - Baloise Safety World: Positive effects on growth and brand perception
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<sup>1)</sup> Local Currency (LC)

# Target Customer Management Push-Strategy





# Key Figures Nonlife

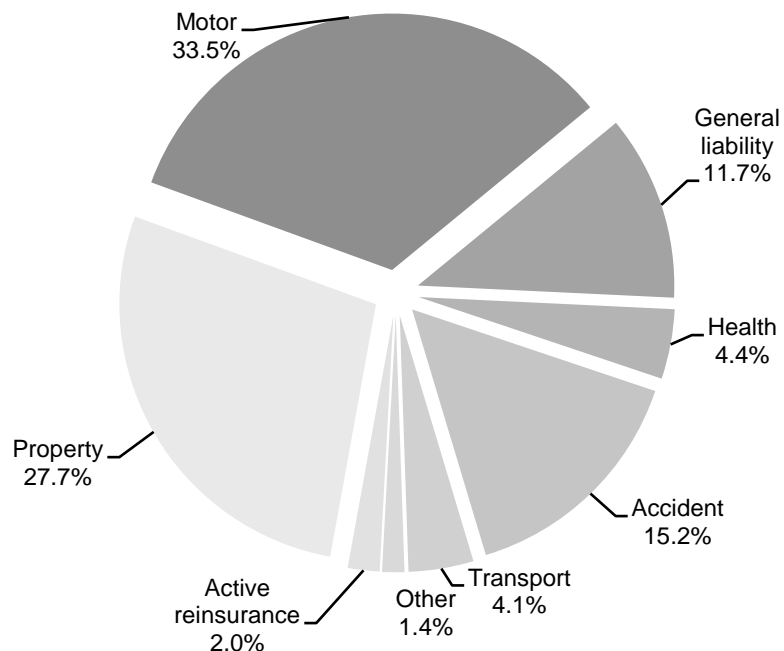
## Improved results and resilient cash flow generation

in CHF mn	HY 2009	HY 2010	+/-
Gross premiums written	2,069	<b>2,085</b>	0.8%
Investment income	139	<b>160</b>	15.5%
Claims incurred	-833	<b>-857</b>	2.9%
Technical expenses	-496	<b>-469</b>	-5.6%
EBIT	229	<b>275</b>	19.8%
Combined ratio, gross	88.1%	<b>88.3%</b>	0.2 pts
Loss ratio, gross	55.2%	<b>57.4%</b>	2.2 pts
Expense ratio, gross	32.3%	<b>30.3%</b>	-2.0 pts
Surplus sharing ratio, gross	0.6%	<b>0.6%</b>	0.0 pts

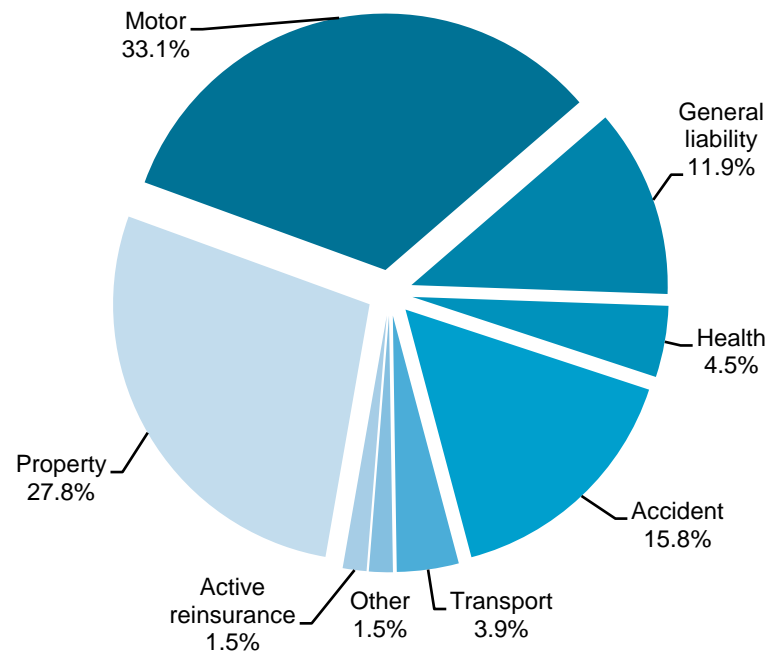
# Business Mix Nonlife

in % of gross premiums written

## HY 2009



## HY 2010



In CHF mn	HY 2009	HY 2010
Gross premiums written nonlife	2,069	2,085

# Key Figures Life

## Strong growth in business volume

in CHF mn	HY 2009	HY 2010	+/-
Business volume	2,923	<b>4,019</b>	37.5%
Gross premiums written	2,423	<b>2,493</b>	2.9%
Investment-type premiums	499	<b>1,526</b>	205.6%
Investment income <sup>1)</sup>	535	<b>766</b>	43.2%
Benefits to policyholders <sup>2)</sup>	-2,610	<b>-2,916</b>	11.7%
Technical expenses	-226	<b>-230</b>	1.5%
EBIT	54	<b>10</b>	-81.1%
Embedded value	2,827 <sup>3)</sup>	<b>2,631</b>	-6.9%
Return on embedded value (RoEV)	13.1% <sup>3)</sup>	<b>-6.9%</b>	n.m.
Value of new business	24	<b>11</b>	-51.5%
Annual premium equivalent (APE) <sup>4)</sup>	155	<b>156</b>	0.6%
New business margin	15.3%	<b>7.4%</b>	-7.9 pts

<sup>1)</sup> excl. investment-type assets

<sup>2)</sup> incl. change in technical reserves and excl. investment-type assets

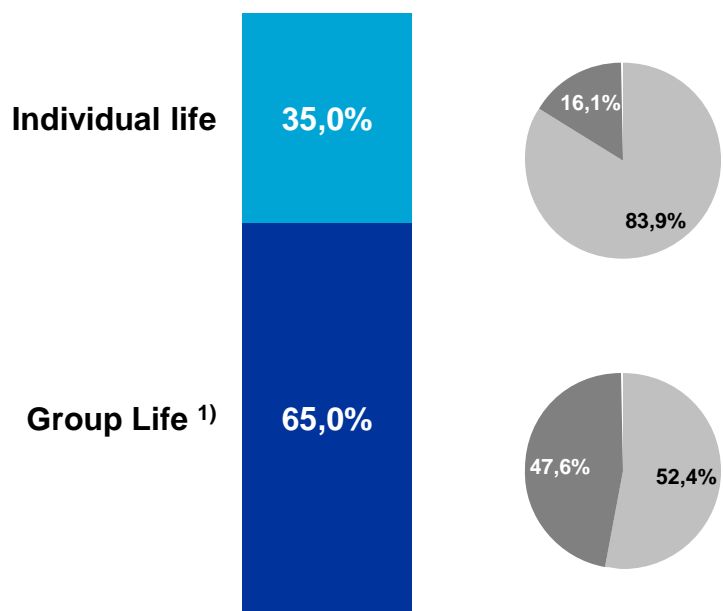
<sup>3)</sup> as per 31.12.2009

<sup>4)</sup> excl. APE from Austria, Luxembourg, Liechtenstein, Croatia and Serbia

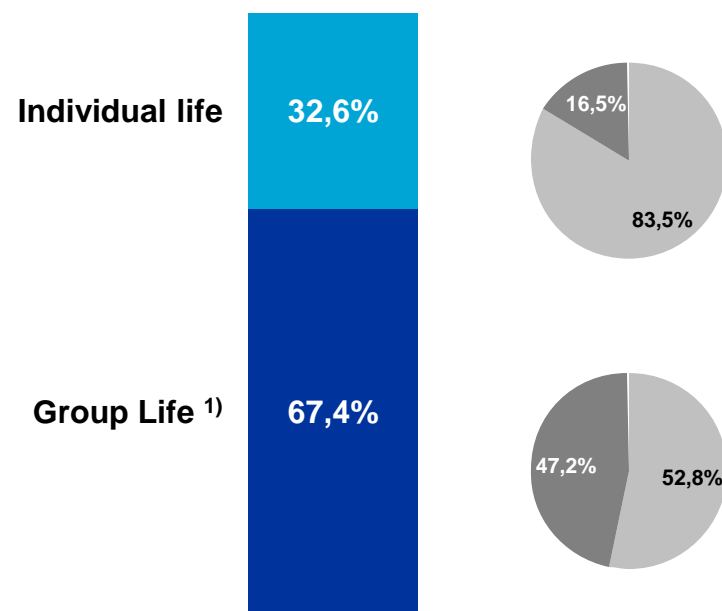
# Business Mix Life

in % of gross premiums written, excl. investment-type premiums

## HY 2009



## HY 2010



<sup>1)</sup> Swiss Group life business only

■ Periodic premiums ■ Single Premiums

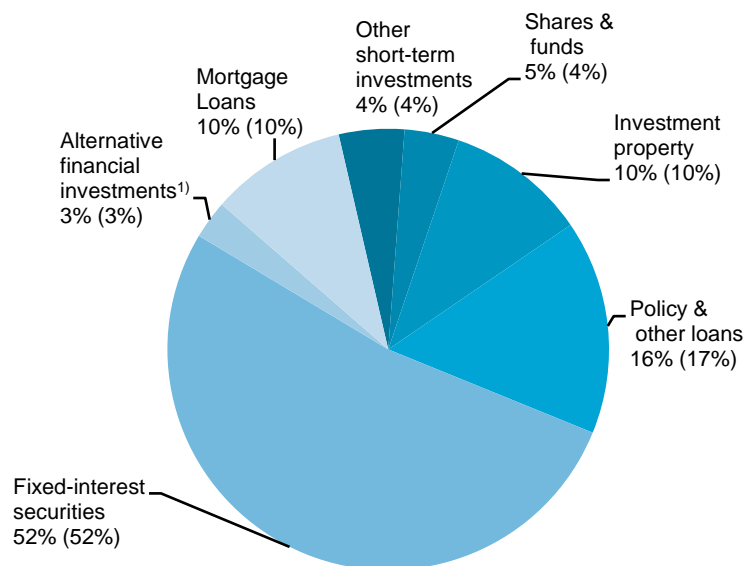
In CHF mn	HY 2009	HY 2010
Gross premiums written life	2,423	2,493

# Asset Allocation Insurance

## Reduction of equity related hedge funds decreases total equity exposure

excluding banking assets and assets from investment-type premiums

### HY 2010 (FY 2009)



<sup>1)</sup> private equity & hedge funds

### Equity & equity related investments In % total insurance assets

HY 2010

Equities	2.7%
Hedging instruments	-0.0%
Equities after hedging	<b>2.7%</b>
Private Equity	0.9%
Hedge Funds (equity related)	0.2%
Other <sup>2)</sup>	1.2%
Equity & equity related investments	<b>5.0%</b>

<sup>2)</sup> e.g. bond & property funds treated as equity under IFRS

In CHF mn, %

Equity & equity related investments (net)

Total insurance assets

FY 2009 HY 2010

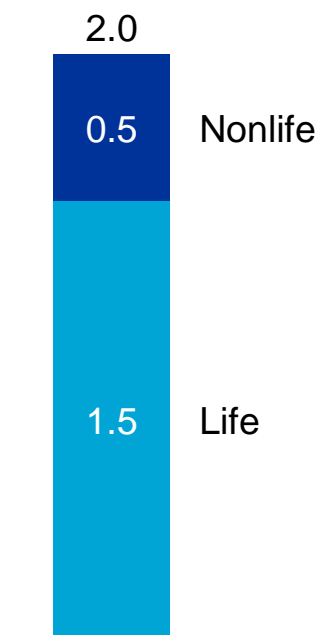
5.9% 5.0%

48,572 47,310

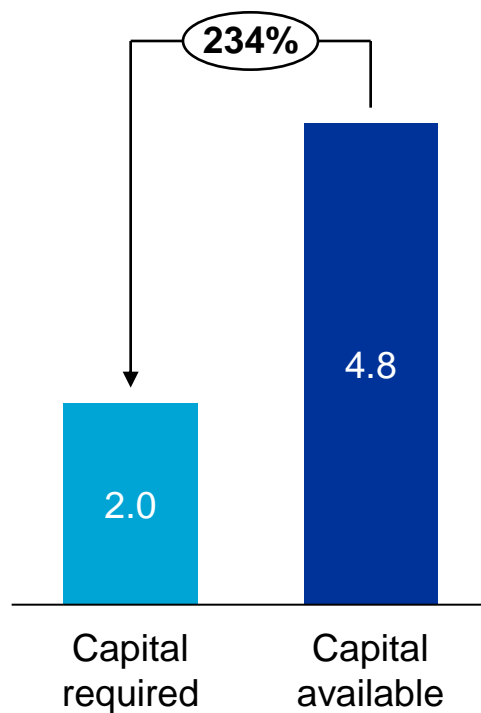
# Consolidated Solvency I

in CHF bn, excl. banking assets

## Capital required



## Required vs. available capital



## Available funds

	HY 2010
Total equity	4.2
Goodwill / intangibles	-0.3
DAC nonlife	-0.2
Unallocated surplus	1.4
Other	-0.0
Banking assets	-0.3
<b>Total</b>	<b>4.8</b>

# Contacts

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## Investor Relations

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[www.baloise.com/investors](http://www.baloise.com/investors)

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**Making you safer.**