

Helsana

Committed to life.



Helsana Group Annual Report

Key figures

1.9

million
policyholders

6.2

billion CHF
in benefits

6.5

billion CHF
in premium income

3,245

employees

97.3

%
combined
ratio

54

million CHF
profit for
the period

	2018	2017
Income statement		
Premiums earned	6,500,592	6,390,452
Insurance benefits	-6,194,830	-6,315,342
Operating expenses	-655,482	-679,835
Profit/loss for the period	54,065	217,882
In % of premiums earned		
Equity	35,7 %	35,5 %
Insurance cost (loss ratio)	87,2 %	89,5 %
Operating cost (cost ratio)	10,1 %	10,6 %
Combined ratio (sum of loss and expense ratios)	97,3 %	100,2 %

Dear Readers

Helsana can present a strong 2018 financial year. The underwriting result improved significantly, while the market and premium position remained consistently good. Our service has contributed to further strengthening levels of customer retention and satisfaction. Overall, the portfolio in the basic insurance business grew by 66,000 customers for 2019 (+5.6 per cent); in the supplementary insurance business, the customer base grew despite persistent cost pressure (+3.0 per cent). Our strategic objective remains to advance to the industry top 3 in terms of customer perception (according to the Net Promoter Score, NPS). The most recent measurement from December 2018 reveals that significant progress has been made: the deficit to the targeted third place has been more than halved. We remain confident that we can build further on our progress to date.



Thomas D. Szucs
Chairman of the Board of
Directors



Daniel H. Schmutz
CEO

Helsana presents strong 2018 annual result

The Helsana Group generated a profit of CHF 54 million in 2018. An outstanding underwriting result was accompanied by an investment loss.

Helsana impresses with a strong 2018 financial year. The underwriting result has improved in all business lines. At CHF 54 million, however, the Helsana Group's corporate profit is significantly down on the previous year (2017: CHF 218 million). This can be explained by the considerably worse investment performance as a consequence of the much less friendly and more volatile stock market environment compared to 2017. The premium position remained strong.

The Group's combined ratio developed pleasingly and is thus clearly in positive territory. In the basic insurance business, the underwriting result significantly improved once more following the increase recorded in the previous year. This is a key reason for the low average increase in premiums for 2019. The accident insurance business was once again clearly in positive territory, while the supplementary insurance business was also just in the technical profit zone.

Benefit costs fall

The underwriting result developed very pleasingly at the Helsana Group. Benefit costs fell for the first time between 2017 and 2018 and totalled CHF 6.195 billion in 2018 (2017: CHF 6.315 billion). This development can primarily be attributed to the fact that there was virtually no increase in acute inpatient costs, the Federal Council's

second Tarmed intervention for outpatient medical services as well as the stepping up of benefit costs management with new procedures for cost-effectiveness checks. The resumption of the price review for drugs also had a dampening effect on cost developments. However, it should not be assumed that medication costs will continue to develop in such a moderate fashion. In light of the prices of newly launched medications and the ongoing increase in consumption, a considerably sharper increase in costs is to be expected in this area over the coming years.

Premium income increased relative to 2017, totalling CHF 6.501 billion (2017: CHF 6.390 billion).

6.2

billion CHF
in benefits

“We are working continuously to create innovations that allow our customers to access the ideal treatment methods for them.”

Prof. Dr. Thomas D. Szucs, Chairman of the Board of Directors

6.5

billion CHF
in premium income

54

million CHF
in profit

Pleasing underwriting result

The underwriting profit in 2018 stood at CHF 175 million and was thus considerably higher than in the previous year (2017: CHF –10 million). Following the balanced result of the prior year (2017: 100.2 per cent), the combined ratio was clearly in positive territory once more at 97.3 per cent.

In the basic insurance business, there was a clear surplus. The combined ratio for 2018 stood at 97.1 per cent (2017: 99.6 per cent).

The supplementary insurance business also performed positively. The combined ratio stood at 98.3 per cent (2017: 99.0 per cent) and

thus improved relative to the prior year: benefit costs are well covered by premium income. This is despite continuously increasing benefit costs and one-time effects as part of the launch of the new generation of hospital products.

The figures in the accident business developed very positively: the combined ratio for 2018 stood at 92.3 per cent (2017: 131.3 per cent) and was thus clearly in positive territory. The high combined ratio of the previous year could chiefly be attributed to a one-time effect: the expected reduction in the technical interest rate had already been taken into account at that time.

“Our customers are at the heart of our activities. We invest in our processes on an ongoing basis in order to provide our customers with the best possible service at optimal costs”.

Daniel H. Schmutz, CEO

97.3%

combined ratio

Volatile capital markets

The global capital markets were characterised in 2018 by a high level of volatility and hit their temporary low point during a December that saw prices deep in the red. At the end of the year, the major equity markets were well down compared to the start of 2018. Helsana was also unable to escape this trend. In 2018, the investment performance for Helsana was negative. Following an overall performance of 6.02 per cent in the previous year, in 2018 this figure stood at -2.64 per cent on investments of CHF 6.2 billion. After many good to very good years, investments were for once unable to contribute to an improvement in the overall result.

In 2018, the performance fell short of the benchmark by 0.34 percentage points. An investment result of CHF -136 million was thus achieved. The broadly diversified investment portfolio and the expertise of the investment specialists contributed once again this year to limiting the loss in a challenging investment environment.

Strong finances and well positioned for the future

All companies in the Helsana Group continue to significantly exceed the legal requirements concerning solvency. The equity base has grown further and stood at CHF 2.321 billion for the Group as a whole at the end of 2018 (2017: CHF 2.271 billion).

2.321

billion CHF
in equity

In addition to the equity capital, the premium position in the basic insurance business has also improved once more. This is evidenced by the increase in the customer base of 66,000 in the basic insurance business for 2019. Helsana thus has an outstanding starting point for the coming premium round. In the supplementary insurance business, the customer base grew (+3.0 per cent) despite persistent cost pressure. Growth was generated in the corporate business, with profitability improving considerably.

+66,000

increase in customer
base for 2019

A further major challenge is the achievement of the strategic objective of advancing to the industry top 3 in terms of customer perception (according to the Net Promoter Score, NPS). The most recent measurement from December 2018 reveals that significant progress has been made. The deficit to the strategy's targeted third place has thus more than halved. Further improvements in the area of customer service and in the premium situation made a key contribution here. Our Helsana+ ("Helsana Plus") bonus programme, which already has more than 80,000 registered customers, provided further support.

Good management is based on rules

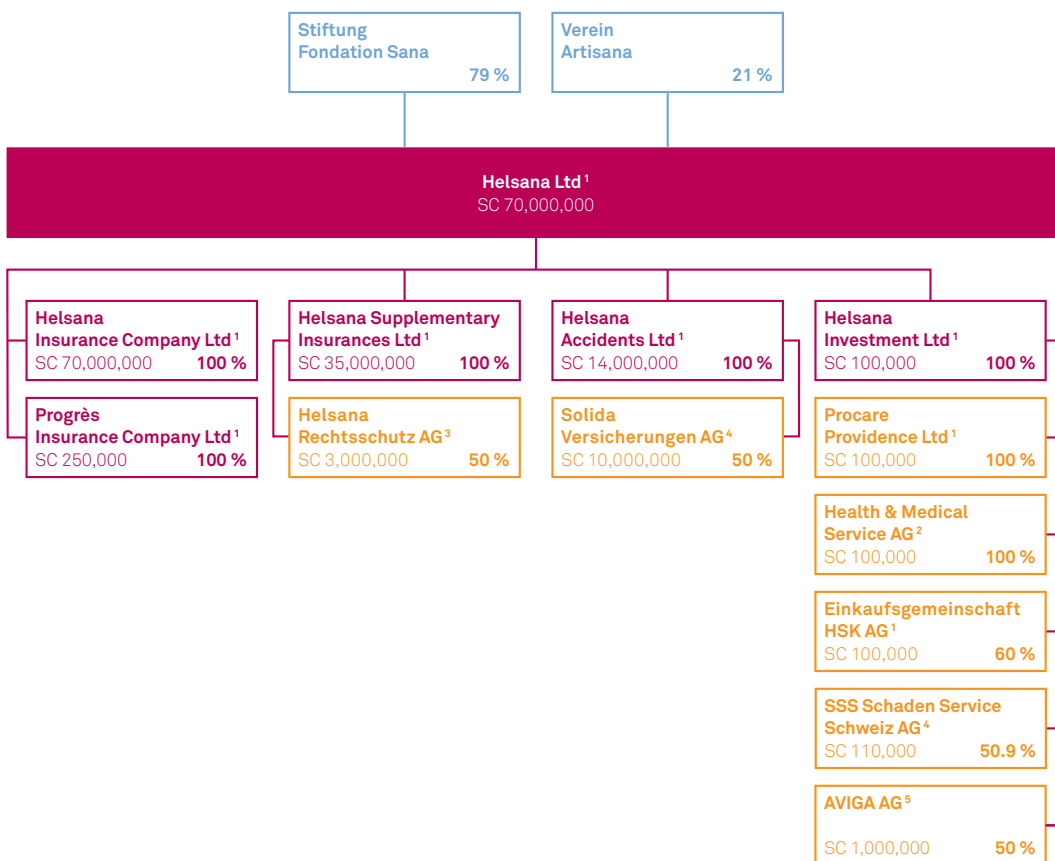
The Helsana Group operates in accordance with the principles of corporate governance – for value-centric, responsible and transparent management. This creates clarity for our policyholders, employees, shareholders and the public.

At the Helsana Group, corporate governance encompasses the entire organisation of the company as well as the management and control instruments with which it meets legal requirements. In terms of transparency and responsibilities, it follows the recommendations of the Swiss Code of Best Practice for Corporate Governance.

The Code of Conduct contains the ethical principles of business as stipulated by the Board of Directors, to which all Helsana employees are committed. The Code of Conduct contains the shared fundamental values and principles for daily work that all employees of the Helsana Group must follow to ensure the achievement of our long-term objectives. It also fosters a common understanding of what is honest and ethical business practice.

1. Group structure and shareholder base

The shareholders of Helsana Ltd are Stiftung Fondation Sana owning 79 per cent and Verein Artisana owning 21 per cent of the share capital of CHF 70 million. Stiftung Fondation Sana consists of a Foundation Board with currently 27 members and a committee of seven members. Verein Artisana is governed by a board of seven members. Helsana does not have any holdings in listed companies where either party owns more than five per cent of the capital or votes.



¹ 8600 Dübendorf, ² 8045 Zurich, ³ 5000 Aarau, ⁴ 8048 Zurich, ⁵ 8005 Zurich, ⁶ 8400 Winterthur

2. Capital structure

The share capital of Helsana Ltd amounts to CHF 70 million, divided into 70,000 fully paid up registered shares with a nominal value of CHF 1,000 each. Each share entitles the holder to one vote at the Annual General Meeting. Registered shares may only be transferred with the approval of the Board of Directors. The share capital did not change in the past three reporting years. There are no rules restricting nominee entries.

There are no preferred or voting shares, and the company does not have any participation certificates outstanding. The company has neither conditional nor authorised capital nor has it issued any

dividend-right certificates. Helsana has not issued any convertible bonds or options nor does it have any outstanding.

3. Board of Directors

The Board of Directors is responsible for the strategic management of the Helsana Group. The Board consists of the Chair and eight members. The Board of Directors comprises only non-executive members (see page 16).

- More information on the members of the Board of Directors can be found at: [helsana.ch/bod](https://www.helsana.ch/bod)

None of the members sat on the Executive Board of any Helsana Group company in the past three financial years. The Board members also do not have any business relationships with the Helsana Group and its companies that could influence their decisions and activities as members of the Board of Directors.

The members of the Board of Directors are elected individually for a one-year term of office by the General Meeting. Re-election is possible. The total term of office is limited to 16 years.

3.1. Internal organisation

The organisational structure of the Board of Directors and the Executive Board is governed by the organisational regulations, which set out the responsibilities of the Board of Directors, its committees, the internal auditors and management as well as their reporting tasks.

The Board of Directors is the highest management authority of the Helsana Group. Four standing Board committees support the work of the Board of Directors in coordinating its tasks, issuing policy documents and preparing resolutions. They may be supplemented by additional specialised committees for specific tasks. The Board of Directors meets as often as business requires, but at least five times a year (2018: eight sessions).

Four standing committees support the work of the Board of Directors

Committees	Executive & Remuneration Committee	Audit & Risk Management Committee	Investment Committee	Digitalisation Committee
Composition	Prof. Dr. Thomas D. Szucs (Chair), Michela Ferrari-Testa and Reto Stump	Dr. Christiane Roth-Godat (Chair), Yves Cuendet, Severin Moser and Dr. Benedikt Koch	Prof. Dr. Thomas D. Szucs (Chair), Daniel Loup and Dr. Jürg Dommer	Reto Stump (Chair), Prof. Dr. Thomas D. Szucs, Severin Moser
Duties and powers	Coordinating and preparing business matters that have to be submitted to the Board of Directors, preparing proposals on the remuneration of the Board members for the Board of Directors and determining the remuneration to be paid to the Executive Board in accordance with the guidelines of the Board of Directors.	Preliminary evaluation and opinion to the Board on all matters regarding accounting, auditing and reporting to the Board on the mandate, reporting (including the management letter) and determining the fees of the external auditors, election of the Head of Internal Audit, coordinating the audit plans of internal and external auditors, approval of and reporting to the Board on the reports of the internal auditors, the responsible actuary, the external group companies and the situation in risk management and the internal control system (ICS).	Preliminary assessments and preparing position statements for the Board of Directors on the reporting on non-current assets in the quarterly and annual reports, preliminary assessments and position statements for the Board of Directors on the value at risk, the investment strategy and investment transactions that fall within the remit of the Board of Directors, preliminary assessments and position statements for the Board of Directors on the annual review of the investment regulations.	Demanding and promoting "digital maturity" and ensuring the sustainable development of the Helsana Group with respect to digitalisation. The Digitalisation Committee is involved in the formulation and further development of the digitalisation strategy for the Board of Directors.
Meetings	The four standing committees meet as often as business requires (number of meetings in 2018: Executive & Remuneration Committee 7, Audit & Risk Management Committee: 6, Investment Committee: 7, Digitalisation Committee: 5).			

3.2. Internal audit

Internal audit supports the Board of Directors in performing its work and provides independent audit services aimed at improving risk management, the internal control system and the business processes. It coordinates its work with the external auditors as well as the internal assurance functions. It adopts a risk-based approach in conducting its work.

Internal audit reports to the Chairman of the Audit and Risk Management Committee and submits a report to the Board of Directors on a quarterly basis.

4. Executive Board

The Executive Board manages the operations of the Helsana Group. It consists of five members. The CEO has executive operating responsibility (see page 17).

- More information on the members of the Executive Management can be found at: helsana.ch/eb

5. Remuneration, shareholdings and loans

The Board of Directors determines the remuneration for its members at the request of the Executive & Remuneration Committee. This committee determines the remuneration for members of the Executive Board in accordance with the guidelines of the Board of Directors. The total remuneration of the Executive Board is composed of a fixed annual salary, a variable component and employer contributions to social insurance and the pension fund. The variable component is dependent on objective attainment.

Remuneration of serving members of Group bodies

The Helsana Group reports the highest remuneration paid to an individual member separately for each of the two bodies. In 2018, the following remuneration was paid to acting members of the Board of Directors and the Executive Board: the total remuneration of the Board of Directors amounted to CHF 1,104,434. This amount includes all remuneration for their work on the Board of Directors and in the four standing Board Committees. The Chair of the Board of Directors received remuneration of CHF 277,768. This includes remuneration received for his work as Chair and the expenses for his other Board Committee chairmanships as well as remuneration for his cooperation within other committees and associations.

The total remuneration of the five-member Executive Board consisted of cash payments of CHF 2,692,600, pension contributions of CHF 496,000 and other compensation of CHF 126,900. The Chief Executive Officer received the highest remuneration in the form of a cash payment of CHF 642,200, pension contributions of CHF 136,400 and other compensation of CHF 31,500. The cash payments include the basic salary and all variable components.

Total compensation increased slightly in 2018 compared to 2017, as the degree of objective achievement used for calculating the variable component was higher than in the previous year.

The members of the Executive Board must pay to the company all royalties, fees and other remuneration accruing to them from mandates performed on behalf of the Helsana Group. No additional fees or remuneration requiring disclosure were paid to members of the Board of Directors or the Executive Board.

6. Shareholders' rights of participation

Each share entitles the holder to one vote at the Annual General Meeting. There are no preferred or voting shares. Shareholders may be represented at the Annual General Meeting by a written proxy. The proxy does not have to be a shareholder.

There are no statutory rules on the restriction of voting rights and participation in the Annual General Meeting.

Resolutions are passed by the absolute majority of votes represented, unless required otherwise by an imperative provision of the law. There is no statutory quorum.

The Annual General Meeting is held every year within six months of the end of the financial year. It is convened by the Board of Directors, the liquidators or the auditors. The Board of Directors also convenes a General Meeting if this is requested by shareholders representing at least ten per cent of the share capital and indicating the agenda items and motions in writing.

The Annual General Meeting is called at least 20 days before the date of the meeting. The invitation must contain the items on the agenda and the motions of the Board of Directors and, if applicable, of the shareholders.

Helsana keeps a share register of all registered shares in which the names and addresses of all owners and beneficiaries are recorded.

7. Change in control and defence measures

As Helsana is not listed on the stock exchange, the company is not obliged to make any public purchase offers.

There are no change of control clauses in any agreements and plans favouring the members of the Board of Directors and/or the Executive Board or any other managerial employees of Helsana.

8. External auditors

The external auditor is appointed for one year according to the articles of association. The maximum term of office of the lead auditor is seven years. The mandate covers the vast majority of companies directly or indirectly held by Helsana within the scope of consolidation.

Ernst & Young AG, Zurich, has been the external auditor of the Helsana Group since 2006. The mandate was extended at the Annual General Meeting on 6 April 2018. Rolf Bächler has been the lead auditor since 2017. The audit fees amounted to CHF 615,556 in 2018. Additional fees for consulting totalled CHF 330,433 in 2018.

9. Strong risk and control management

Helsana attaches great importance to risk management and has established a company-wide internal control system (ICS) and risk management in accordance with the provisions of the Swiss Code of Obligations and the Insurance Supervision Law (VAC). Risk and control management are key management tools and help in achieving corporate goals and maintaining the existence and success of the Helsana Group over the long term.

The Board of Directors regularly receives reports on material risks and their development, as well as on the measures taken to control and limit these risks. The internal control system records risks in operating business.

10. Information policy

The Helsana Group pursues a policy of providing its shareholders, employees and customers with open and comprehensive information on a regular basis.

Under “Helsana Group” on the website www.helsana.ch, the company publishes information on topics such as its corporate strategy, legal structure, corporate governance, media releases, annual reports and other information addressed to specific target groups.

The Group's business results are published once a year. The press releases and presentations can be accessed on the company's website. The annual report is available in German, French, Italian and English. It can be downloaded from the website from the date of publication of the annual results.

A Chairman's Conference is held for the shareholders of Helsana Ltd in October every year. The Annual General Meeting is held every year within six months of the end of the financial year. Extraordinary General Meetings are convened as necessary.

- Media Office: media.relations@helsana.ch

Members of the Board of Directors



Prof. Dr. Thomas D. Szucs
Chair, since 2010



Michela Ferrari-Testa
Vice Chair, since 2007



Reto Stump
Vice Chair, since 2012



Yves Cuendet
Member, since 2014



Dr. Jürg Dommer
Member, since 2013



Dr. Benedikt Koch
Member, since 2016



Daniel Loup
Member, since 2011



Severin Moser
Member, since 2008



Dr. Christiane Roth-Godat
Member, since 2008

Members of the Executive Management



Daniel H. Schmutz
CEO



Rudolf Bruder
Client Services &
Benefits



Jürg Stupp
Sales & Marketing



Roman Sonderegger
Finance &
Insurance



Hans-Peter Keller
Information Technology

Consolidated financial statements of the Helsana Group

Consolidated income statement

Figures in CHF thousand	Notes	2018	2017
Net premiums earned	4	6,500,592	6,390,452
Net cost of claims and benefits	4	-6,194,830	-6,315,342
Allocated interest		10,082	10,132
Risk adjustment between insurers		575,911	624,599
Policyholder participation		-61,022	-39,837
Net operating expenses	4	-655,482	-679,835
Underwriting result		175,252	-9,831
Investment income		493,524	757,624
Investment expenses		-625,232	-403,244
Change in provision for investment risk		-4,000	-51,000
Earnings from investments	5	-135,708	303,380
Allocated interest expenses		-10,082	-10,132
Other operating income	4	40,711	9,384
Other operating expenses	4	-23,883	-67,820
Operating earnings		46,290	224,981
Non-operating earnings	4	-1,047	5,317
Extraordinary earnings	4	0	-12
Consolidated earnings before taxes		45,243	230,286
Deferred income taxes		19,245	1,748
Income taxes		-9,721	-13,424
Non-controlling interest		-702	-728
Consolidated earnings		54,065	217,882

Consolidated balance sheet

Figures in CHF thousand	Notes	31.12.2018	31.12.2017
Assets			
Investments	6, 7	6,237,458	6,272,074
Intangible assets	8	28,825	29,506
Property, plant and equipment	8	12,755	13,410
Deferred charges	9	591,728	612,058
Deferred income tax assets ¹		117,546	98,300
Receivables	10	405,670	378,903
Cash and cash equivalents		512,569	188,502
Total assets		7,906,551	7,592,753
Liabilities and equity			
Organisation capital		70,000	70,000
Capital reserves		405,601	405,601
Retained earnings		1,789,322	1,574,940
Consolidated earnings		54,065	217,882
Non-controlling interest		2,275	2,309
Equity		2,321,263	2,270,732
Technical provisions, net	11	3,904,586	3,638,098
Non-technical provisions	12	122,627	124,867
Provision for investment risk	13	846,632	842,632
Deferred credits	9	54,220	56,612
Deferred income tax liabilities ¹		39	38
Liabilities	10	657,184	659,774
Liabilities		5,585,288	5,322,021
Total liabilities and equity		7,906,551	7,592,753

¹ The deferred income tax rate of 21,5 per cent (or 0,31 per cent for companies that can claim a participation deduction) equals the tax rate which is expected to apply to the pre-tax profit.

Consolidated cash flow statement

Figures in CHF thousand	Notes	2018	2017
Consolidated earnings		54,065	217,882
Write-downs/write-ups on investments	6	228,003	-127,509
<i>Of which write-downs/write-ups on equity-accounted participations</i>	6	16,576	-25,975
Write-downs/write-ups on intangible assets	8	34,111	38,589
Write-downs/write-ups on property, plant and equipment	8	9,822	9,621
Write-downs/write-ups on receivables		41,057	28,335
Change in net technical provisions	11	266,488	221,579
Change in non-technical provisions	12	-2,240	6,590
Change in provision for investment risk	13	4,000	51,000
Loss/gain on disposal of property, plant and equipment	8	9	188
Change in deferred charges	9	20,329	-197,540
Change in deferred income taxes		-19,245	-1,748
Change in receivables	10	-67,824	-63,886
Change in deferred credits	9	-2,392	-39,481
Change in liabilities	10	-2,590	-31,948
Cash flow from operating activities		563,593	111,672
Investment/divestment of investments	6	-193,386	-109,386
Investment/divestment of intangible assets	8	-33,429	0
Investment/divestment of property, plant and equipment	8	-9,177	-13,165
Cash flow from investment activities		-235,992	-122,551
Assumption of current financial liabilities	10	0	110,000
Dividends to shareholders		-3,500	-2,100
Dividends to non-controlling interests		-736	-491
Change in non-controlling interest/third parties		702	728
Cash flow from financing activities		-3,534	108,137
Total cash flow = change in cash and cash equivalents		324,067	97,258
Cash and cash equivalents opening amount at 1.1		188,502	91,244
Cash and cash equivalents closing amount at 31.12		512,569	188,502
Change in cash and cash equivalents¹		324,067	97,258

¹ **Cash and cash equivalents** operating liquidity, liquidity with custodian bank, time deposits

Consolidated statement of changes in equity

Figures in CHF thousand	Organisation capital	Capital reserves	Retained earnings	Consolidated earnings	Non-controlling interest	Total
Equity as at 31.12.2016	70,000	405,601	1,479,071	97,969	2,072	2,054,714
Appropriation of net income			97,969	-97,969		0
Dividend payment			-2,100			-2,100
Profit/loss for the period				217,882	237	218,119
Equity as at 31.12.2017	70,000	405,601	1,574,940	217,882	2,309	2,270,732

Figures in CHF thousand	Organisation capital	Capital reserves	Retained earnings	Consolidated earnings	Non-controlling interest	Total
Equity as at 31.12.2017	70,000	405,601	1,574,940	217,882	2,309	2,270,732
Appropriation of net income			217,882	-217,882		0
Dividend payment			-3,500			-3,500
Profit/loss for the period				54,065	-34	54,031
Equity as at 31.12.2018	70,000	405,601	1,789,322	54,065	2,275	2,321,263

Equity is composed of the following positions:

Organisation capital

This is the nominal amount of share capital. The share capital is divided into 70,000 ordinary registered shares with a par value of CHF 1,000 each.

Capital reserves

Capital reserves are payments in excess of the nominal amount (surplus).

Retained earnings

Retained earnings refers to accumulated equity capital in the form of earnings that are kept and not distributed from previous years. The income obtained from the first application of Swiss GAAP FER is recognised as retained earnings.

Notes to the consolidated financial statements of the Helsana Group

1. Income statement – Supplementary information on the business areas (divisions)

	Insurance under KVG ¹		Insurance under VVG ²	
	2018	2017	2018	2017
Net premiums earned	4,646,110	4,497,206	1,718,703	1,751,153
Net cost of claims and benefits	-4,778,210	-4,791,719	-1,307,225	-1,352,970
Allocated interest	0	0	0	0
Risk adjustment between insurers	575,911	624,599	0	0
Policyholder participation	-8,871	-7,494	-50,733	-30,010
Net operating expenses	-299,266	-306,253	-331,677	-349,849
Underwriting result	135,674	16,339	29,068	18,324
Investment income	167,322	292,530	190,392	302,906
Investment expenses	-212,447	-170,705	-266,057	-127,204
Change in provision for investment risk	15,000	26,000	11,000	-85,000
Earnings from investments	-30,125	147,825	-64,665	90,702
Allocated interest expenses	0	0	0	0
Other operating income	8,758	8,017	31,010	1,032
Other operating expenses	-2,838	-2,471	-20,875	-65,852
Operating earnings	111,469	169,710	-25,463	44,206
Non-operating earnings	121	216	100	-117
Exceptional earnings	0	-12	0	0
Consolidated earnings before taxes	111,590	169,914	-25,363	44,089
Deferred income taxes	0	0	15,809	4,379
Income taxes	0	0	-8,430	-12,238
Non-controlling interest	0	0	0	0
Consolidated earnings	111,590	169,914	-17,984	36,230

¹ **Insurance under KVG** This segment comprises the companies that offer mandatory health care insurance and voluntary daily benefits insurance under the KVG.

² **Insurance under VVG** This segment comprises the companies that offer insurance products under the VVG.

³ **Insurance under UVG** This segment comprises the companies that offer insurance products under the UVG.

⁴ **Other** This segment comprises all other companies.

Insurance under UVG ³		Other ⁴		Elimination		Total	
2018	2017	2018	2017	2018	2017	2018	2017
135,931	142,247	0	0	-152	-154	6,500,592	6,390,452
-109,547	-170,807	0	0	152	154	-6,194,830	-6,315,342
10,082	10,132	0	0	0	0	10,082	10,132
0	0	0	0	0	0	575,911	624,599
-1,418	-2,333	0	0	0	0	-61,022	-39,837
-24,539	-23,733	0	0	0	0	-655,482	-679,835
10,510	-44,494	0	0	0	0	175,252	-9,831
70,810	89,156	69,000	99,232	-4,000	-26,200	493,524	757,624
-72,010	-68,157	-74,718	-38,378	0	1,200	-625,232	-403,244
0	-2,000	-30,000	10,000	0	0	-4,000	-51,000
-1,201	18,999	-35,717	70,854	-4,000	-25,000	-135,708	303,380
-10,082	-10,132	0	0	0	0	-10,082	-10,132
584	448	1,271	959	-912	-1,072	40,711	9,384
-483	-177	-599	-392	912	1,072	-23,883	-67,820
-672	-35,356	-35,045	71,421	-4,000	-25,000	46,290	224,981
-17	-26	-1,251	5,244	0	0	-1,047	5,317
0	0	0	0	0	0	0	-12
-689	-35,382	-36,296	76,665	-4,000	-25,000	45,243	230,286
3,329	-2,603	107	-28	0	0	19,245	1,748
-530	-82	-761	-1,104	0	0	-9,721	-13,424
0	0	-702	-728	0	0	-702	-728
2,110	-38,067	-37,652	74,805	-4,000	-25,000	54,065	217,882

2. Consolidation and accounting principles

General

The consolidated financial statements 2018 are presented in accordance with the Swiss GAAP accounting and reporting recommendations (Swiss GAAP FER) and provide a true and fair view of the Group's assets, finances and earnings. Swiss GAAP FER represents a complete body of rules. All recommendations must be applied.

Swiss GAAP FER 41 entered into force for the individual financial statements of KVG health insurers on 1 January 2012. The Helsana Group has applied Swiss GAAP FER 30 (Consolidation) in conjunction with Swiss GAAP FER 41 since financial year 2015. The application of Swiss GAAP FER is voluntary.

Consolidated companies

The consolidated financial statements include all companies that are directly or indirectly controlled by Helsana. Control means the decisive influence on the operational and financial activities in order to derive the corresponding benefit therefrom. This is usually the case if Helsana directly or indirectly holds more than 50 per cent of the voting rights in a company. Companies acquired during the financial year are included from the date on which control over the business activities was transferred to Helsana, and all companies disposed of during the year are excluded from the Group statements from the date of sale.

Change in consolidated companies

On 1 January 2018, Progrès Insurance Ltd absorbed Indivo Insurance Ltd by way of a merger in accordance with Art. 3 para. 1 A of the Swiss Merger Act (FusG). The assets and liabilities of these companies were assumed through universal succession.

Rounding differences

All amounts in the annual financial statements are rounded to thousand Swiss francs. This means that the sum of several rounded amounts added together can differ from the rounded total that is reported.

2.1 Consolidation method

Full consolidation

Companies are included in the Group statements based on the full consolidation method. Capital consolidation is carried out using the Anglo-Saxon method (purchase method). Assets and borrowed capital of companies acquired are revalued at the time of control changes in accordance with the Helsana Group's principles; unrealised gains and losses are carried under the relevant balance sheet items and the remaining difference between the purchase price and equity, i.e. goodwill, calculated according to the accounting policies of the Group is fully amortised over five years or in the year of consolidation. Any third-party participations in fully consolidated companies are shown separately as non-controlling interests in equity and income.

Equity method

Companies in which Helsana holds between a 20 and 50 per cent stake are stated in the balance sheet at the value corresponding to the pro rata equity capital in line with the equity method.

Consolidation reporting date

The reporting date for all companies included is 31 December.

Events after the reporting date

There were no significant events after the reporting date until the date of signature by the responsible body (5 February 2019).

Intragroup transactions

All intragroup transactions, relationships and earnings are eliminated as part of the consolidation process.

2.2 Valuation principles

Valuation is carried out in line with standardised criteria. In general, the principle of the individual valuation of assets and liabilities applies.

Foreign currencies

Foreign currency positions are converted at current exchange rates at year-end.

The following exchange rates were used:

Unit/currency	31.12.2018 Price	31.12.2017 Price
1 EUR	1.12651	1.16963
1 GBP	1.25356	1.31744
1 USD	0.98421	0.97634
100 JPY	0.89442	0.86662
1 CAD	0.72209	0.77792
1 AUD	0.69438	0.76221

Investments

Real estate

Real estate includes both investment properties and owner-occupied properties, and is recognised in the balance sheet at current market value. Market values are estimated at least once every three years by an independent consulting firm. The values are determined using the discounted cash flow method or another recognised method during the intervening years.

Bonds and bond funds

Fixed-income securities are recognised in the balance sheet using the amortised cost method if the debtor is able to pay the interest and amortisation payments. Periodic changes in the carrying amount are recognised in the income statement. If there are justified doubts about the debtor's ability to pay interest and amortisation payments, fixed-income securities are recognised in the balance sheet at their current value. Investments in similar securities without a fixed term (e.g. bond funds) or without a defined redemption price are reported at their market value.

Equities

Equities include equity securities such as stocks and similar securities. Such assets are marketable and are valued at market price. Periodic changes in the carrying amount are recognised in the income statement. Any impairments are booked accordingly.

Collective investment schemes

Collective investment schemes (equity funds, alternative investments, real estate funds, etc.) are reported as a separate item. They are measured at current value. Periodic changes in the carrying amount are recognised in the income statement.

Currency futures

Derivatives include foreign exchange and option contracts, certificates on equity indices and futures. Forward exchange transactions are used to hedge exchange rate and market price fluctuations and are measured at market value.

Investments in other companies

These include investments in companies that are held for strategic purposes. These investments are measured using the last known pro rata equity (equity method) or are valued at cost.

Loans and mortgages

Loans and mortgages are stated in the balance sheet at nominal value less any necessary write-downs.

Assets from employer contribution reserve

Assets from the employer contribution reserve are, provided they are not subject to a waiver of usage, recognised in the balance sheet at their nominal value and deducted from staff costs accordingly if they are used. The value is reviewed annually and, if necessary, the item is written down.

Collateral for own liabilities as well as assets under reservation of ownership

All investments and cash holdings of the KVG, VVG and UVG segments with the exception of shareholdings, loans and mortgages as well as assets from the employer contribution reserves are reported as tied assets.

Intangible assets

With intangible assets, a distinction is drawn between purchased software and projects. The latter are amortised on a straight-line basis over the course of their useful life. With purchased software, amounts below CHF 5,000 are expensed.

Projects are generally amortised over a period of five years from launch, up to a maximum of ten years in justified cases. They must provide a benefit over several years. At maximum, they are measured at cost of acquisition or production. These costs must be measurable and allocable to the project. Projects may only be capitalised if they are strategic in nature and involve an investment in excess of CHF 3 million.

Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the course of their useful life. Any acquisitions or collective acquisitions for amounts of more than CHF 5,000 are capitalised under fixtures and fittings. Amounts below this limit are expensed.

Useful life for each asset category:

- Five years for fixtures and fittings
- Three years for IT hardware
- Three years for vehicles

The value is reviewed annually and the item is written down accordingly.

Deferred charges

This item includes expenses during the reporting year that are deducted as an expense in the following financial year, and income that only leads to revenue in the following financial year.

Receivables

Receivables due from third parties, such as policyholders, insurance organisations, agents and brokers, cantons and other parties, are measured at nominal value. The security is determined on the basis of the maturity structure and recognisable credit risks. In addition to individual write-downs for specific known receivable risks, impairments are formed using statistical information about the risk of default. The calculation of the necessary value adjustments also includes the type of receivable (private customer, corporate customer, co-payment) in addition to the maturity structure. The assumptions are based on historical figures from previous years. Assuming the losses on accounts remain constant as in previous years, an allowance for doubtful receivables is made for the unpaid receivables of up to 180 days with a rate of 0.25 per cent. For older receivables, the effects of Art. 64a KVG (depending on the canton) are included in the calculation of the allowance for doubtful receivables of the KVG companies. The totals of the receivables are included in the ratio of the debt collection proceedings initiated to the resulting certificates of debt.

The receivables due from affiliates are measured at nominal value, taking account of operationally necessary impairments.

Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as postal and bank account balances. Cash and cash equivalents are measured at nominal value. Any impairments are booked accordingly.

Net technical provisions

The item for net technical provisions includes provisions for claims and benefits, actuarial reserves, provisions for profit sharing, technical equalisation reserves and provisions for guarantees as well as other technical provisions. Provisions for claims and benefits are calculated according to actuarial methods recognised by the supervisory authorities (e.g. chain ladder). In doing so, the following parameters are taken into account for the year of occurrence and the year of processing:

- First year of treatment versus payment year for care benefits
- First year of event versus payment year for daily benefits

The reserves for annuities are calculated according to the accounting principles pursuant to Art. 108 UVV. The calculation is based on the annuity without cost of living bonuses. For ceded co-insurance, we assume our portion of the individual actuarial reserve as reported by the company that carries it.

For group sickness benefits, provisions for profit sharing are formed for contracts that include agreements on profit sharing. They are calculated as the expected value of the profit share paid out after the reporting date for contracts for profit sharing that are in effect through the reporting date. The estimate of provisions for profit sharing takes account of the active portfolio and the empirical claims experience as at the reporting date.

The equalisation reserves and provisions for guarantees protect the capital base against the effects of unusual fluctuations in the technical result. They are endowed up to a maximum limit of 15 per cent of the insurance benefits in line with the technical result. The lower limit is zero.

The other technical provisions include additional actuarial provisions that are measured according to the applicable and approved business plan.

Non-technical provisions

If an outflow of funds is probable, a corresponding provision is raised for legal and actual obligations on an event in the past. The amount is determined by analysing the relevant past result and the economic risk. If time has a significant impact, the provision requirement must be discounted. The provisions are revalued annually.

Provision for investment risk

The provisions for investment risk map the long-term volatilities of the capital market. The provisions are based on the total portfolio and are reviewed annually. The target provisions for investment risk are calculated on the basis of

- ten per cent of Swiss bonds
- three per cent of properties and buildings as well as
- twenty per cent of other investments.

If the investments during the reporting period experience above-average losses in value, the provisions for investment risk can also be liquidated in the income statement, either in full or in part. If the values of the investments increase by more than the average during the reporting period, the provisions for investment risk can also be increased in full or in part to the target value in the income statement.

Deferred credits

This item includes deferred income during the reporting year that is credited as income in the following financial year, and expenses for the reporting year that are only paid the following financial year.

Liabilities

This item mainly includes obligations to policyholders or service providers as well as premiums billed in advance. Loans due are also recognised in this item. The liabilities are recognised in the balance sheet at their nominal amount.

3. Consolidated companies 2018

Name	Sector	Consolidation	Sharehold- ing in %	Capital in CHF m
Helsana Ltd, Dübendorf	Holding	Fully consolidated	100	70.0
– Helsana Insurance Company Ltd, Dübendorf	Health insurance	Fully consolidated	100	70.0
– Progrès Insurance Ltd, Dübendorf	Health insurance	Fully consolidated	100	0.3
– Helsana Supplementary Insurances Ltd, Dübendorf	Health insurance	Fully consolidated	100	35.0
– Helsana Legal Protection Ltd, Aarau	Legal expenses insurance	Equity method	50	3.0
– Helsana Accidents Ltd, Dübendorf	Accident insurance	Fully consolidated	100	14.0
– Solida Insurance Ltd, Zurich	Accident insurance	Equity method	50	10.0
– Helsana Investment Ltd, Dübendorf	Holding	Fully consolidated	100	0.1
– SSS Schaden Service Switzerland Ltd, Zurich	Recourse settlement	Fully consolidated	50.9	0.1
– Health & Medical Service AG, Zurich	Healthcare sector	Fully consolidated	100	0.1
– Procure Vorsorge AG, Dübendorf	Services	Fully consolidated	100	0.1
– Purchasing Cooperative HSK Ltd, Dübendorf	Services	Fully consolidated	60	0.1
– Aviga AG, Zurich	Case management	Equity method	50	1.0

4. Notes to the consolidated income statement

Figures in CHF thousand	2018	2017
Premium income	6,501,313	6,391,250
Reinsurers' share	-721	-798
Total net premiums earned	6,500,592	6,390,452
Cost of claims and benefits	-6,525,916	-6,663,482
Co-payments	646,677	633,539
Change in technical provisions	-266,488	-221,578
Loss mitigation costs	-49,103	-63,821
Total net cost of claims and benefits	-6,194,830	-6,315,342
Personnel expenses	-382,935	-378,849
Administrative offices and operating equipment	-25,309	-25,696
IT costs	-82,780	-97,016
Marketing, advertising and commission	-95,238	-70,438
Other administrative expenses	-25,876	-93,894
Write-downs	-43,344	-13,942
Total operating expenses, net	-655,482	-679,835
Liquid funds (interest)	2,891	2,763
Receivables (interest risk adjustment, default interest, etc.)	7,037	5,244
Other income	30,783	1,377
Total other operating income	40,711	9,384
Liquid funds (interest)	-3,963	-2,707
Liabilities (interest risk adjustment, etc.)	-19	-77
Other expenses	-19,901	-65,036
Total other operating expenses	-23,883	-67,820
Non-operating income, third party	24,495	18,774
Non-operating expenses, third party	-25,542	-13,457
Total non-operating income	-1,047	5,317
Extraordinary expenses	0	-12
Total extraordinary income	0	-12

5. Notes to the consolidated income statement – investments

Figures in CHF thousand	Ordinary earnings	Realised gains	Unrealised gains	Total 2017
Investment income				
Real estate	19,123	608	10,321	30,052
Bonds	70,119	168,807	15,708	254,634
Bond funds	0	0	2,009	2,009
Equities	25,037	157,227	145,170	327,434
Alternative investments	0	0	14,235	14,235
Real estate funds	0	19,896	62,168	82,064
Currency futures	0	29,029	8,802	37,831
Investments in other companies	350	3,300	907	4,557
Employer contribution reserve	0	0	220	220
Other investment income ¹	4,588	0	0	4,588
Total investment income	119,217	378,867	259,540	757,624
Investment expenses				
Real estate	0	-2,218	-5,185	-7,403
Bonds	0	-136,390	-18,403	-154,793
Bond funds	0	0	-171	-171
Equities	0	-48,029	-63,043	-111,072
Alternative investments	0	-30	-8,250	-8,280
Real estate funds	0	-3,326	-3,125	-6,451
Currency futures	0	-64,863	-5,972	-70,835
Investments in other companies	0	0	-26,882	-26,882
Employer contribution reserve	0	0	-1,001	-1,001
Other investment expenses	-3,859	0	0	-3,859
Asset management costs	-12,497	0	0	-12,497
Total investment expenses	-16,356	-254,856	-132,032	-403,244
Change in provision for investment risk	0	0	-51,000	-51,000
Total investment income 2017	102,861	124,011	76,508	303,380

Figures in CHF thousand	Ordinary earnings	Realised gains	Unrealised gains	Total 2018
Investment income				
Real estate	18,895	0	12,629	31,524
Bonds	67,675	129,399	21,579	218,653
Bond funds	0	49	0	49
Equities	25,519	86,147	17,744	129,410
Alternative investments	0	0	2,359	2,359
Real estate funds	0	22,481	2,376	24,857
Currency futures	0	57,569	7,210	64,779
Investments in other companies	409	2,450	16,576	19,435
Other investment income ¹	2,458	0	0	2,458
Total investment income	114,956	298,095	80,473	493,524

Figures in CHF thousand	Administrative costs	Realised losses	Non-realised losses	Total 2018
Investment expenses				
Real estate	0	-3,415	-5,165	-8,580
Bonds	0	-152,754	-30,500	-183,254
Bond funds	0	0	-5,185	-5,185
Equities	0	-76,346	-180,941	-257,287
Alternative investments	0	-159	-14,912	-15,071
Real estate funds	0	-598	-63,253	-63,851
Currency futures	0	-66,213	-8,520	-74,733
Employer contribution reserve	0	-756	0	-756
Other investment expenses	-2,526	0	0	-2,526
Asset management costs	-13,989	0	0	-13,989
Total investment expenses	-16,515	-300,241	-308,476	-625,232
Change in provision for investment risk	0	0	-4,000	-4,000
Total investment income 2018	98,441	-2,146	-232,003	-135,708

¹ Other investment income comprises retrocession repayments by the custodian financial institution.

6. Notes to the consolidated balance sheet – investments

Figures in CHF thousand	As at 31.12.2016	Additions/ disposals	Change in valuation adjustment	As at 31.12.2017
Real estate	326,850	2,963	5,136	334,949
Bonds ¹	3,710,558	31,827	-2,695	3,739,690
Bond funds	0	22,573	1,839	24,412
Equities	1,169,581	-15,431	82,128	1,236,278
Alternative investments	217,139	31,943	5,985	255,067
Real estate funds	519,437	35,610	59,043	614,090
Currency futures	2,442	0	2,830	5,272
Investments in other companies	83,683	-95	-25,975	57,613
Loans and mortgages	13	-4	0	9
Employer contribution reserve	5,476	0	-782	4,694
Investments	6,035,179	109,386	127,509	6,272,074

Figures in CHF thousand	As at 31.12.2017	Additions/ disposals	Change in valuation adjustment	As at 31.12.2018
Real estate	334,949	19,115	7,464	361,528
Bonds ¹	3,739,690	145,634	-8,921	3,876,403
Bond funds	24,412	6,071	-5,185	25,298
Equities	1,236,278	43,811	-163,197	1,116,892
Alternative investments	255,067	4,491	-12,553	247,005
Real estate funds	614,090	-4,613	-60,876	548,601
Currency futures	5,272	0	-1,310	3,962
Investments in other companies	57,613	-20,371	16,575	53,817
Loans and mortgages	9	5	0	14
Employer contribution reserve	4,694	-756	0	3,938
Investments	6,272,074	193,387	-228,003	6,237,458

¹ The market value of the bonds (excluding accrued interest) is CHF 4 030 708 (CHF 3,926,178,000 as at 31 December 2017).

7. Currency futures

Figures in CHF thousand		Currency	Market value as at 31.12.2018		Market value as at 31.12.2017	
			Positive	Negative	Positive	Negative
Futures	Hedges	CHF	0	0	4,486	0
Futures	Hedges	USD	1,601	0	0	-325
Futures	Hedges	EUR	980	0	0	-500
Total in bonds¹			2,581	0	4,486	-825
Futures	Hedges	USD	4,164	-109	7,671	0
Futures	Hedges	EUR	434	0	0	-2,612
Futures	Hedges	GBP	0	-526	214	0
Total currency futures			4,598	-635	7,885	-2,612

¹ The bond hedges are included in the bond asset class.

8. Statement of asset additions and disposals Fixed and intangible assets

Figures in CHF thousand	Office fixtures, fittings and equipment	IT hardware	Vehicles	Total property, plant and equipment	Projects	Software	Total intangible assets
Net carrying amount as at 31.12.2016	5,800	4,186	67	10,053	52,153	15,943	68,096
Historical cost							
Carrying amount as at 31.12.2016	147,222	51,653	685	199,560	108,927	26,742	135,669
Asset additions	3,078	9,883	204	13,165	0	0	0
Asset disposals	-16	-10,538	-34	-10,588	0	0	0
Carrying amount as at 31.12.2017	150,284	50,997	856	202,137	108,928	26,742	135,670
Accumulated valuation adjustments							
Value adjustments as at 31.12.2016	-141,422	-47,466	-619	-189,507	-56,775	-10,799	-67,574
Depreciation and amortisation	-2,962	-6,531	-128	-9,621	-33,241	-5,348	-38,590
Asset disposals	3	10,363	34	10,400	0	0	0
Value adjustments as at 31.12.2017	-144,381	-43,633	-713	-188,727	-90,016	-16,148	-106,164
Net carrying amount as at 31.12.2017	5,903	7,364	143	13,410	18,912	10,595	29,506

Figures in CHF thousand	Office fixtures, fittings and equipment	IT hardware	Vehicles	Total property, plant and equipment	Projects	Software	Total intangible assets
Net carrying amount as at 31.12.2017	5,903	7,364	143	13,410	18,912	10,595	29,506
Historical cost							
Carrying amount as at 31.12.2017	150,284	50,997	856	202,137	108,928	26,742	135,670
Asset additions	1,953	7,109	115	9,177	23,736	9,693	33,429
Asset disposals	-16,220	-13,669	-74	-29,963	0	0	0
Carrying amount as at 31.12.2018	136,017	44,437	897	181,351	132,664	36,435	169,099
Accumulated valuation adjustments							
Value adjustments as at 31.12.2017	-144,381	-43,633	-713	-188,727	-90,016	-16,148	-106,164
Depreciation and amortisation	-3,269	-6,440	-113	-9,822	-26,824	-7,287	-34,111
Asset disposals	16,219	13,660	74	29,953	0	0	0
Value adjustments as at 31.12.2018	-131,431	-36,413	-752	-168,596	-116,840	-23,435	-140,275
Net carrying amount as at 31.12.2018	4,586	8,024	145	12,755	15,824	13,000	28,824

9. Deferred charges and credits

Figures in CHF thousand	31.12.2018	31.12.2017
Accrued interest on investments	31,090	34,079
Risk compensation	386,107	434,289
Other accrued income and prepaid expenses	174,531	143,690
Total deferred charges	591,728	612,058
Risk compensation	17,706	13,185
Other deferred income and accrued expenses	36,514	43,427
Total deferred credits	54,220	56,612

10. Receivables and liabilities

Figures in CHF thousand	31.12.2018	31.12.2017
Policyholders	329,694	315,503
Insurance organisations	4,642	5,199
Related parties	886	561
Government offices	20,837	20,306
Other receivables	49,611	37,334
Total receivables	405,670	378,903
Policyholders	345,505	281,069
Insurance organisations	2,241	821
Service providers	75,222	80,224
Agents and brokers	1,665	1,712
Related parties	2,575	2,232
Government offices	5,136	18,411
Current financial liabilities	0	110,000
Other liabilities	224,840	165,305
Total liabilities	657,184	659,774

11. Technical provisions

Figures in CHF thousand	Provision for claims and benefits ¹	Actuarial reserve ²	Provision for policyholder participation	Claims equalisation reserve	Other technical provisions ³	Total
As at 31.12.2016	1,604,181	427,339	63,412	733,869	587,719	3,416,519
Creation	1,195,210	21,126	827,164	287,804	56,617	2,387,921
Release	-1,243,922	-30,122	-800,802	-57,659	-33,837	-2,166,342
As at 31.12.2017	1,555,469	418,343	89,774	964,014	610,499	3,638,098

Figures in CHF thousand	Provision for claims and benefits ¹	Actuarial reserve ²	Provision for policyholder participation	Claims equalisation reserve	Other technical provisions ³	Total
As at 31.12.2017	1,555,469	418,343	89,774	964,014	610,499	3,638,098
Creation	1,405,713	15,426	1,217,916	124,456	180,507	2,944,018
Release	-1,219,495	-25,281	-1,220,388	-87,176	-125,190	-2,677,530
As at 31.12.2018	1,741,687	408,488	87,302	1,001,294	665,816	3,904,586

¹ The amount of reinsurance in the provisions for claims and benefits was CHF 0 as at 31 December 2018 (CHF 0 as at 31.12.2017).

² The actuarial reserves were discounted with a technical interest rate of 2.75 per cent for the accident years up to 2013 and 2.0 per cent for 2014, 2015, 2016, 2017 and 2018 (Average term: 15 years).

³ The other technical provisions comprise provisions for other compulsory health insurance products (OKP) (models such as HAV/HMO).

Ageing reserves were discounted with a technical interest rate of 1.0 per cent.

12. Non-technical provisions

Figures in CHF thousand	Restructuring ¹	Personnel/ brokers ²	Taxes	IT investments	Process risks ³	Other ⁴	Total
As at 31.12.2016	1,655	23,377	67,869	0	0	25,375	118,277
Creation	0	41,073	7,025	0	2,190	66,793	117,081
Use	-1,252	-25,067	-73,915	0	0	-10,257	-110,491
As at 31.12.2017	403	39,383	979	0	2,190	81,911	124,867

Figures in CHF thousand	Restructuring ¹	Personnel/ brokers ²	Taxes	IT investments	Process risks ³	Other ⁴	Total
As at 31.12.2017	403	39,383	979	0	2,190	81,911	124,867
Creation	0	40,904	25	1,037	0	5,144	47,110
Use	-403	-40,817	-900	0	-2,190	-5,040	-49,350
As at 31.12.2018	0	39,470	104	1,037	0	82,015	122,627

¹ The restructuring provisions include the costs of the organisational changes that were made as part of the cost reduction programme.

² The provisions for holiday and overtime claims as well as staff bonuses and broker fees are included under "Personnel/brokers".

³ The process risks include subsequent licensing requirements. Any payments were deferred accordingly.

⁴ The Swiss Financial Market Supervisory Authority (FINMA) has ordered a restriction for the awarding of discounts. The potential compensation payment to individual policyholders was set aside conservatively in 2017 at CHF 65 million.

13. Provision for investment risk

Figures in CHF thousand	Provision for investment risk	Total
As at 31.12.2016	791,632	791,632
Creation	102,000	102,000
Release	-51,000	-51,000
As at 31.12.2017	842,632	842,632

Figures in CHF thousand	Provision for investment risk	Total
As at 31.12.2017	842,632	842,632
Creation	30,000	30,000
Release	-26,000	-26,000
As at 31.12.2018	846,632	846,632

14. Liabilities to pension funds

Employer contribution reserve in TCHF	Par value	Waiver of usage	Balance sheet	Release	Balance sheet	Earnings from employer contribution reserve	
	31.12.2017	2017	31.12.2017	2017	31.12.2016	2017	Prior year
Pension schemes	4,695	0	4,695	-1,001	3,913	219	-167
Total	4,695	0	4,695	-1,001	3,913	219	-167

Economic benefit/obligation and pension cost	Funding surplus/deficiency ¹	Economic interest of organisation	Change from prior year/recognised in income statement in reporting year	Contributions recognised in reporting period	Pension cost in personnel costs		
	31.12.2017	31.12.2017			31.12.2016	2017	Prior year
Pension plans with funding surplus	158,698	0	0	0	31,709	31,709	30,096
Total	158,698	0	0	0	31,709	31,709	30,096

¹ The information is based on the audited 2015 and 2016 annual financial statements of the staff pension fund foundation of Helsana Insurance Company Ltd.

Employer contribution reserve in TCHF	Par value	Waiver of usage	Balance sheet	Release	Balance sheet	Earnings from employer contribution reserve	
	31.12.2018	2018	31.12.2018	2018	31.12.2017	2018	Prior year
Pension schemes	3,939	0	3,939	-756	4,695	0	219
Total	3,939	0	3,939	-756	4,695	0	219

Economic benefit/obligation and pension cost	Funding surplus/deficiency ¹	Economic interest of organisation	Change from prior year/recognised in income statement in reporting year	Contributions recognised in reporting period	Pension cost in personnel costs		
	31.12.2018	31.12.2018			31.12.2017	2018	Prior year
Pension plans with funding surplus	212,759	0	0	0	31,912	31,912	31,709
Total	212,759	0	0	0	31,912	31,912	31,709

¹ The information is based on the audited 2016 and 2017 annual financial statements of the staff pension fund foundation of Helsana Insurance Company Ltd.

15. Other information

Collateral for own liabilities, reservation of ownership (excluding tied assets)

The total amount of the assets used as collateral stood at CHF 166,055,000 as at 31 December 2017 (bonds incl. accrued interest).

On 31 December 2018, there was no collateral for own liabilities.

Contingent receivables/liabilities

Within the scope of Group VAT taxation, the Helsana Group is jointly and severally liable to the Swiss Federal Tax Administration. Stiftung Fondation Sana is also included in the VAT group together with the fully consolidated companies.

Significant related companies

Figures in CHF thousand	Transactions with the Helsana Group (net) ¹		Investments ²		Technical provisions ²	
	2018	2017	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Name						
Solida Insurance Ltd, 8048 Zurich	10,110	11,957	621,418	612,996	553,872	540,751
Helsana Legal Protection Ltd, 5000 Aarau	17,360	17,238	49,039	44,724	41,373	38,963

¹The transactions with associated companies include the sum of the statements of these companies, which include the transferred net premiums less any profit sharing and compensation for administration.

²The figures have been taken from the 2017 Annual Report.

Report of the statutory auditor



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To the General Meeting of Helsana Ltd, Dübendorf

Zurich, 5 February 2019

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Helsana Ltd, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes, for the year ended 31 December 2018.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consoli-

dated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2018 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Rolf Bächler
Licensed audit expert
(Auditor in charge)

Monika Löber
Licensed audit expert

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