

Annual Report 2019

Helsana Group



Helsana
Committed to life.

Key figures

2.1

million
policyholders

6.3

billion CHF
in benefits

6.7

billion CHF
in premium income

3,361

employees

98.6

%
combined
ratio

436

million CHF
profit for
the period

	2019	2018
Income statement		
Premiums earned	6,743,233	6,500,592
Insurance benefits	-6,340,004	-6,194,830
Operating expenses	-696,692	-655,482
Profit/loss for the period	435,977	54,065
In % of premiums earned		
Equity	40.9%	35.7%
Insurance cost (loss ratio)	88.2%	87.2%
Operating cost (cost ratio)	10.3%	10.1%
Combined ratio (sum of loss and expense ratios)	98.6%	97.3%





“As for the future, your task is not to foresee it, but to enable it.”

Antoine de Saint-Exupéry

Dear Readers,

2019 saw us build a great deal of momentum. We achieved an excellent result of CHF 436 million thanks to an outstanding investment performance and a solid underwriting result. Our premium situation has also never been more rewarding. For the first time, the vast majority of our customers will benefit from reductions in basic insurance premiums. Together with our outstanding service and valuable products, this meant that most existing customers remained loyal to us, and a large number of new customers have put their trust in us for the future. This produced customer growth of 9.7 per cent in the basic insurance business as at 1 January 2020.

We will use this momentum to continue our tireless commitment to our customers – and tread new paths in doing so. With our new Corporate Strategy 2020+, we will consolidate our position as a competent partner in the Swiss healthcare system and

play an even more active role in shaping its future. We will consistently act to ensure stable and affordable premiums for our customers, as well as a sustainable and high-quality healthcare system.

People reward our commitment by placing their faith in us. Last year's customer feedback reflects this. We are extremely close to achieving our strategic objective of being in the industry Top 3. And we will justify this trust by offering our customers a higher quality of care and support in any situation as an advisor and coordinator.



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



Daniel H. Schmutz
CEO

Into the future with great momentum

The Helsana Group achieved an excellent result of CHF 436 million in 2019, thanks to an outstanding investment performance and a solid underwriting result. The premium situation in basic insurance has also never been so rewarding, and the new Corporate Strategy 2020+ has been launched. As we move into the future, all of these factors have helped us build momentum.

The Helsana Group built significant momentum in 2019. We concluded the reporting year with an excellent result of CHF 436 million (2018: CHF 54 million). This is the product of outstanding investment performance and a solid underwriting result. The premium situation in the basic insurance business has also never been more rewarding, with the vast majority of our customers benefiting from premium reductions. Together with our outstanding service and valuable products, this meant that most of our existing customers remained loyal to us, and a large number of new customers have put their trust in us going forward. This yielded customer growth of 9.7 per cent in the basic insurance business as at 1 January 2020.

Historic premium situation

Our premium income saw another year-on-year boost, reaching CHF 6.7 billion in 2019 (2018: CHF 6.5 billion).

For the first time since the Swiss Federal Law on Health Insurance was introduced, a significant majority of Helsana customers will benefit from lower premiums in the basic insurance business in 2020. This is because costs in the Swiss healthcare

system have seen only a slight increase recently, and inflation in net benefit per capita has been well below the long-term average. In 2019, overall inflation on our benefit costs amounted to –1.1 per cent.

The new hospital financing regime and the Federal Council's second TARMED intervention also played a role. This is only part of the story, however. Improved risk compensation, robust customer growth and our strong commitment to the healthcare system – such as through effective benefit cost management, and our unrelenting efforts to combat fraud – all drove our success and helped the Helsana Group to outperform the market.

6.3

**billion CHF
in benefits**

“It fills me with pleasure and pride that our new Corporate Strategy 2020+ was developed with the enthusiasm and passion of our employees.”

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

6.7

**billion CHF
in premium income**

436

**million CHF
in profit**

Solid underwriting result

The Helsana Group posted a solid underwriting result of CHF 97 million in 2019 (2018: CHF 175 million). The combined ratio stood at 98.6 per cent (2018: 97.3 per cent).

The combined ratio in the basic insurance business rose slightly from 97.1 per cent to 98.1 per cent year on year. In the supplementary insurance business, we closed the year by covering costs – the combined ratio for the year was 99.8 per cent (2018: 98.3 per cent).

In the accident insurance business, the combined ratio rose to 98.2 per cent (2018: 92.3 per cent). Half of this increase can be assigned to the refinement of the management costs allocation.

“People reward our commitment by placing their faith in us. We will justify this trust and use our momentum to move into the Top 3 of our industry for customer recommendations”.

98.6%
combined ratio

CEO, Daniel H. Schmutz

Outstanding investment result

International capital markets put in a remarkable performance in 2019 on the whole, benefiting the Helsana Group. Following a slight fall of –2.64 per cent in the previous year, the overall performance of our investment portfolio in 2019 was +9.04 per cent. Our investment specialists once again demonstrated their expertise – their impressive performance beat the 2019 benchmark by 0.84 percentage points. Our success on the capital markets therefore contributed substantially to an excellent overall result.

Acting as advisor and coordinator, and influencing the Swiss health care system

As usual, the Helsana Group clearly exceeds the legal requirements in respect of its companies' solvency. Our equity again increased substantially, to CHF 2.755 billion at the end of 2019 (2018: CHF 2.321 billion).

As at 2019, we had already recorded net growth of around 66,000 insured persons. This was a success that we once again succeeded in significantly exceeding as at 2020 with over 120,000 people who will in future now place their trust in us. This is thanks to our impressive benefits, impeccable customer service, enhanced cost management and, in particular, the significantly improved premium situation.

Having brought our new Corporate Strategy 2020+ to life, we will use it to pursue various areas of focus. These include assuming even greater responsibility for, and actively influencing, the Swiss healthcare system. And we will provide even stronger support to our customers as an advisor and coordinator no matter what their situation.

Our commitment is receiving a warm welcome and bearing ever greater fruit. In 2019, we came within touching distance of achieving our strategic objective of entering the industry top 3 in terms of customer recommendations (according to the Net Promoter Score, NPS). We are only a few points away. Key to our most recent progress is that people are aware of our commitment, and reward it by trusting in our strength and reliability. Our innovations were also central to success last year, adding value to our customers' day-to-day lives. Almost 200,000 users had registered for three apps – “Helsana+”, “Helsana Coach” and “Helsana Trail” – by the end of the year.

Improving health care transparency

We are committed to a healthcare system that is sustainable, of a high quality, competitive, and therefore efficient and customer-friendly. On the basis of this conviction, we will make every effort to help enhance transparency in terms of both cost-effectiveness and treatment quality and that, in turn, will lead to stable premiums. Our timely and proactive contributions to the legal and regulatory framework help to prevent over-regulation and mis-regulation, thus reinforcing our position as a competent actor and partner.

We continued to use various measures to share valuable knowledge in 2019, and to engage with health policy. For example, we released three editions of our “Point of View” magazine covering health policy. We also published the “Helsana Volume Report” in September and our annual “Drug Report” in November. Together with other communications, they were very well received in the media and politics, and our content reached an extremely wide audience.

2.8
billion CHF
in equity

+120,000
additional customers

Source of trust

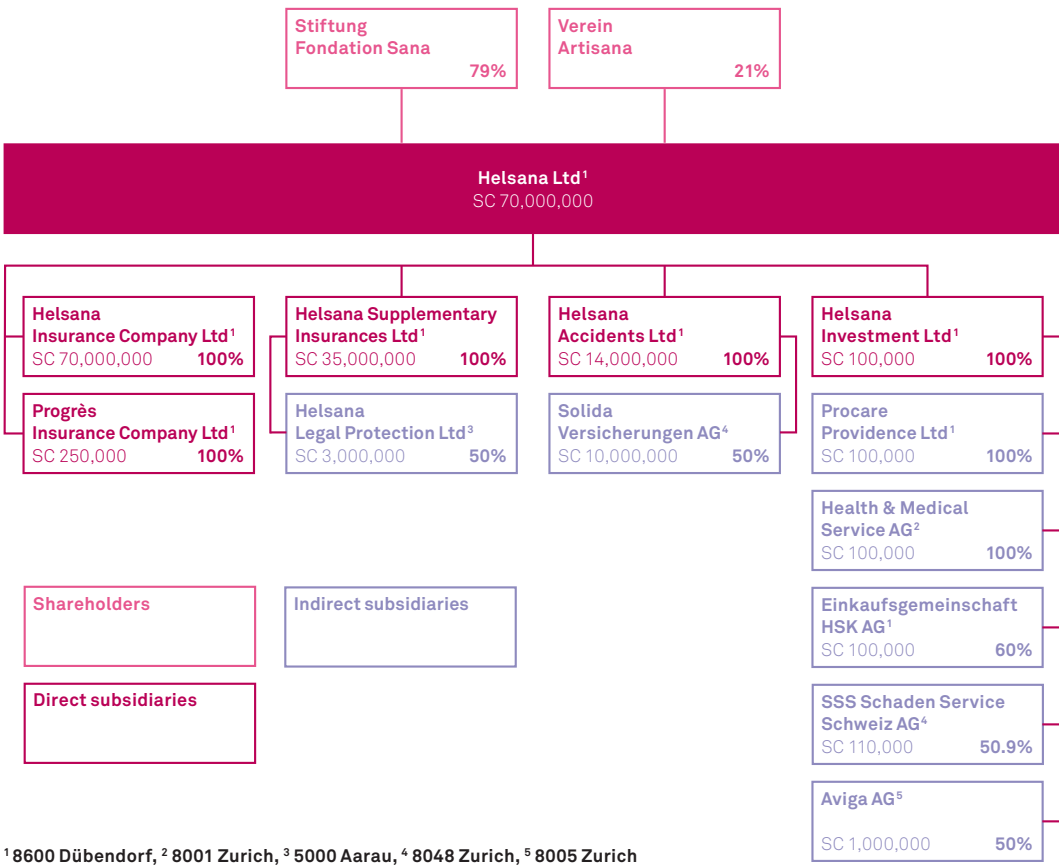
As the Helsana Group, we act strictly in accordance with our corporate governance principles. This establishes clear relationships and a solid foundation for our value-oriented, responsible and transparent management. It is also the source of the trust that customers, employees and the public place in us each and every day.

Corporate governance encompasses the entire Helsana Group organisation as well as the management and control tools with which we meet our legal obligations. In terms of transparency and responsibilities, the Group follows the recommendations set out by the Swiss Code of Best Practice for Corporate Governance.

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

1. Group structure and shareholder base

The shareholders of Helsana Ltd are Stiftung Fondation Sana and Verein Artisana. Stiftung Fondation Sana holds 79 per cent of the CHF 70 million in share capital. Its board comprises 30 members and a committee of seven members. Verein Artisana owns 21 per cent of the share capital and is governed by a board of seven members.



There are no listed companies in Helsana’s scope of consolidation and no cross-shareholdings in which the capital or voting rights of each party exceeds a threshold of five per cent.

2. Capital structure

Helsana Ltd’s share capital 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 has not changed in the past four reporting years. There are no rules restricting nominee entries.

There are no preferred or voting shares and there are no outstanding participation certificates. There is also no conditional or authorised capital, and no profit participation certificates exist. Helsana has not issued any convertible bonds or options and no such instruments are 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 18). Further information on the Chair and the members of the Board of Directors can be found at: helsana.ch/bod

None of the members sat on the Executive Board of any Helsana Group company in the past four financial years, nor do Board members 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 each elected individually by the General Meeting for a term of office of one year. 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. These set out the responsibilities and reporting tasks of the Board of Directors, its committees, the internal auditors and management.

The Board of Directors is the Helsana Group's highest management authority. 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 at least five times per year – or more frequently depending on business developments (2019: eight meetings).

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. Thomas D. Szucs (Chair), Michela Ferrari-Testa and Reto Stump	Dr Christiane Roth-Godat (Chair), Yves Cuendet, Severin Moser and Dr Benedikt Koch	Prof. Thomas D. Szucs (Chair), Daniel Loup and Dr Jürg Dommer	Reto Stump (Chair), Prof. Thomas D. Szucs, Severin Moser
Duties and powers	Coordinating and preparing business matters to be submitted to the Board of Directors; preparing proposals for the Board of Directors on the remuneration of Board members; and determining the remuneration to be paid to the Executive Board in accordance with the Board of Directors' guidelines.	Preliminary evaluation and opinion to the Board of Directors on all matters regarding accounting and auditing; 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; approving, and reporting to, the Board of Directors on the reports of the internal auditors, the responsible actuary, 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 of non-current assets in the quarterly and annual reports, on the value at risk, the investment strategy and investment transactions that fall within the remit of the Board of Directors; and on the annual review of investment regulations.	Demanding and promoting 'digital maturity' and ensuring the sustainable development of the Helsana Group with regard to digitalisation. The Digitalisation Committee is involved in the formulation and further development of the digitalisation strategy for the Board of Directors.
Meetings	The meetings of the four standing committees are based on business needs (number of meetings in 2019: Executive & Remuneration Committee: 8, Audit & Risk Management Committee: 6, Investment Committee: 5, Digitalisation Committee: 4).			

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 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 Chair 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 of the Helsana Group is responsible for operational management. It consists of five members. The CEO has executive operating responsibility (see page 19). Further information on the CEO and the members of the Executive Board can be found at: [helsana.ch/eb](https://www.helsana.ch/eb)

5. Remuneration, shareholdings and loans

The Board of Directors determines the remuneration of 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 Board of Directors and the Executive Board. The following remuneration was paid in 2019 to acting members of the Board of Directors and the Executive Board.

The total remuneration of the Board of Directors amounted to CHF 1,121,600. This figure 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 286,200. This included the fee for his work as Chair as well as the expenses for chairing Board committees and his participation in other committees and associations.

The total remuneration of the five-person Executive Board consisted of cash payments of CHF 2,636,100, pension contributions of CHF 453,600 and other compensation of CHF 131,000. The CEO received the highest remuneration in the form of a cash payment of CHF 671,900, pension contributions of CHF 115,700

and other compensation of CHF 33,300. The cash payments include the basic salary and all variable components.

Executive Board members 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 Ltd keeps a share register of the registered shares in which the owners and usufructuaries are entered with their names and addresses.

7. Change in control and defence measures

As Helsana Ltd 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 substantial majority of companies held directly or indirectly 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 12 April 2019. Rolf Bächler has been the auditor in charge since 2017. The audit fees amounted to CHF 705'843 in 2019. Additional fees for consulting totalled CHF 110,502 in 2019.

9. Strong risk and control management

Effective risk management is essential for the Helsana Group. A group-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) have been established in recent years. Risk and control management are key management tools and help to achieve corporate goals and maintain 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 ICS records risks in Helsana's operating businesses.

10. Information policy

The Helsana Group pursues a policy of providing shareholders, employees and customers with transparent and comprehensive information on a regular basis. Information on topics such as the Group's corporate strategy, legal structure, corporate governance, media releases, annual reports and other information addressed to specific target groups can be found under "Helsana Group" at: www.helsana.ch.

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

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. Further, an information event for shareholders is generally held each September at Helsana's headquarters.

Media Relations: media.relations@helsana.ch

Members of the Board of Directors



Prof. 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

More at: helsana.ch/bod

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	2019	2018
Net premiums earned	4	6,743,233	6,500,592
Net cost of claims and benefits	4	-6,340,004	-6,194,830
Allocated interest		9,895	10,082
Risk adjustment between insurers		445,820	575,911
Policyholder participation		-65,290	-61,022
Net operating expenses	4	-696,692	-655,482
Underwriting result		96,961	175,252
Investment income		914,043	493,524
Investment expenses		-347,307	-625,232
Change in provision for investment risk		-175,000	-4,000
Earnings from investments	5	391,736	-135,708
Allocated interest expenses		-9,895	-10,082
Other operating income	4	39,694	40,711
Other operating expenses	4	-31,130	-23,883
Operating earnings		487,367	46,290
Non-operating earnings	4	9,090	-1,047
Consolidated earnings before taxes		496,458	45,243
Deferred income taxes		-39,270	19,245
Income taxes		-20,584	-9,721
Non-controlling interest		-627	-702
Consolidated earnings		435,977	54,065

Consolidated balance sheet

Figures in CHF thousand	Notes	31.12.2019	31.12.2018
Assets			
Investments	6, 7	7,064,032	6,237,458
Intangible assets	8	37,021	28,825
Property, plant and equipment	8	9,968	12,755
Deferred charges	9	417,729	591,728
Deferred income tax assets ¹		78,321	117,546
Receivables	10	509,295	405,670
Cash and cash equivalents		658,865	512,569
Total assets		8,775,231	7,906,551
Liabilities and equity			
Organisation capital		70,000	70,000
Capital reserves		405,601	405,601
Retained earnings		1,841,287	1,789,322
Consolidated earnings		435,977	54,065
Non-controlling interest		2,214	2,275
Equity		2,755,079	2,321,263
Net technical provisions	11	3,879,021	3,904,586
Non-technical provisions	12	112,597	122,627
Provision for investment risk	13	1,021,632	846,632
Deferred credits	9	106,152	54,220
Deferred income tax liabilities ¹		84	39
Liabilities	10	900,666	657,184
Liabilities		6,020,152	5,585,288
Total liabilities and equity		8,775,231	7,906,551

¹ The deferred income tax rate of 18.4% (2019: 21.5%) (or 18.8% for companies that can claim a participation deduction, 2019: 0.31%) equals the tax rate which is expected to apply to the pre-tax profit.

Consolidated cash flow statement

Figures in CHF thousand	Notes	2019	2018
Consolidated earnings		435,977	54,065
Write-downs/write-ups on investments	6	-402,438	228,003
<i>Of which write-downs/write-ups on equity-accounted participations</i>	6	9,172	16,576
Write-downs/write-ups on intangible assets	8	23,007	34,111
Write-downs/write-ups on property, plant and equipment	8	9,594	9,822
Write-downs/write-ups on receivables		24,188	41,057
Change in net technical provisions	11	-25,565	266,488
Change in non-technical provisions	12	-10,030	-2,240
Change in provision for investment risk	13	175,000	4,000
Loss/gain on disposal of property, plant and equipment	8	3	9
Change in deferred charges	9	173,999	20,329
Change in deferred income taxes		39,270	-19,245
Change in receivables	10	-127,814	-67,824
Change in deferred credits	9	51,932	-2,392
Change in liabilities	10	243,483	-2,590
Cash flow from operating activities		610,606	563,593
Investment/divestment of investments	6	-424,138	-193,386
Investment/divestment of intangible assets	8	-31,203	-33,429
Investment/divestment of property, plant and equipment	8	-6,809	-9,177
Cash flow from investment activities		-462,150	-235,992
Dividends to shareholders		-2,100	-3,500
Dividends to non-controlling interests		-687	-736
Change in non-controlling interest/third parties		627	702
Cash flow from financing activities		-2,160	-3,534
Total cash flow = change in cash and cash equivalents		146,296	324,067
Cash and cash equivalents opening amount at 1.1		512,569	188,502
Cash and cash equivalents closing amount at 31.12		658,865	512,569
Change in cash and cash equivalents¹		146,296	324,067

¹ **Cash and cash equivalents** This comprises liquidity, liquidity with custodian bank and 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 31.12.2017	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

Figures in CHF thousand	Organisation capital	Capital reserves	Retained earnings	Consolidated earnings	Non-controlling interest	Total
Equity as at 31.12.2018	70,000	405,601	1,789,322	54,065	2,275	2,321,263
Appropriation of net income			54,065	-54,065		0
Dividend payment			-2,100			-2,100
Profit/loss for the period				435,977	-61	455,796
Equity as at 31.12.2019	70,000	405,601	1,841,287	435,977	2,214	2,755,079

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.

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	
	2019	2018	2019	2018
Net premiums earned	4,888,190	4,646,110	1,713,328	1,718,703
Net cost of claims and benefits	-4,944,050	-4,778,210	-1,276,258	-1,307,225
Allocated interest	0	0	0	0
Risk adjustment between insurers	445,820	575,911	0	0
Policyholder participation	-7,377	-8,871	-56,592	-50,733
Net operating expenses	-291,860	-299,266	-376,854	-331,677
Underwriting result	90,723	135,674	3,624	29,068
Investment income	276,209	167,322	405,714	190,392
Investment expenses	-115,434	-212,447	-143,337	-266,057
Change in provision for investment risk	-120,000	15,000	-25,000	11,000
Earnings from investments	40,774	-30,125	237,377	-64,665
Allocated interest expenses	0	0	0	0
Other operating income	9,384	8,758	30,173	31,010
Other operating expenses	-4,458	-2,838	-25,736	-20,875
Operating earnings	136,423	111,469	245,437	-25,463
Non-operating earnings	227	121	2,285	100
Consolidated earnings before taxes	136,650	111,590	247,722	-25,363
Deferred income taxes	0	0	-40,047	15,809
Income taxes	0	0	-19,304	-8,430
Non-controlling interest	0	0	0	0
Consolidated earnings	136,650	111,590	188,371	-17,984

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	
2019	2018	2019	2018	2019	2018	2019	2018
141,715	135,931	0	0	0	-152	6,743,233	6,500,592
-119,697	-109,547	0	0	0	152	-6,340,004	-6,194,830
9,895	10,082	0	0	0	0	9,895	10,082
0	0	0	0	0	0	445,820	575,911
-1,320	-1,418	0	0	0	0	-65,290	-61,022
-27,978	-24,539	0	0	0	0	-696,692	-655,482
2,615	10,510	0	0	0	0	96,961	175,252
116,004	70,810	121,116	69,000	-5,000	-4,000	914,043	493,524
-39,185	-72,010	-49,350	-74,718	0	0	-347,307	-625,232
-5,000	0	-25,000	-30,000	0	0	-175,000	-4,000
71,819	-1,201	46,767	-35,717	-5,000	-4,000	391,736	-135,708
-9,895	-10,082	0	0	0	0	-9,895	-10,082
460	584	374	1,271	-697	-912	39,694	40,711
-546	-483	-1,087	-599	697	912	-31,130	-23,883
64,453	-672	46,054	-35,045	-5,000	-4,000	487,367	46,290
-19	-17	6,598	-1,251	0	0	9,090	-1,047
64,434	-689	52,652	-36,296	-5,000	-4,000	496,458	45,243
-9,683	3,329	10,460	107	0	0	-39,270	19,245
-1,074	-530	-206	-761	0	0	-20,584	-9,721
0	0	-627	-702	0	0	-627	-702
53,677	2,110	62,280	-37,652	-5,000	-4,000	435,977	54,065

2. Consolidation and accounting principles

General

The consolidated financial statements 2019 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

There was no change in the scope of consolidation in the year under review.

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 (4 February 2020).

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:

	31.12.2019	31.12.2018
Unit/currency	Price	Price
1 EUR	1.08550	1.12651
1 GBP	1.27613	1.25356
1 USD	0.96765	0.98421
100 JPY	0.89072	0.89442
1 CAD	0.74344	0.72209
1 AUD	0.67873	0.69438

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 share-holdings, 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 or 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 policy-holders, 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 in accordance with the technical result. The maximum amount results from the difference between the expected shortfall and the level α and the expected value. α is 95 per cent for long-term care insurance. For the other product groups, α is set at 90 per cent. 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 and the range for investment risk are calculated according to an analytical model (normal distribution) on the basis of sensitivities in the investments.

- the lower range with a security level of 99.0 per cent
- the target provision with the security level defined internally by Helsana of 99.5 per cent (KVG companies) and 99.75 per cent (other companies) in line with the risk appetite approved by the Board of Directors
- the upper range with a security level of 99.9 per cent

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 2019

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
- Procure Vorsorge AG, Dübendorf	Services	Fully consolidated	100	0.1
- Health & Medical Service AG, Zurich	Healthcare sector	Fully consolidated	100	0.1
- Purchasing Cooperative HSK Ltd, Dübendorf	Services	Fully consolidated	60	0.1
- SSS Schaden Service Switzerland Ltd, Zurich	Recourse settlement	Fully consolidated	50.9	0.1
- Aviga AG, Zurich	Case management	Equity method	50	1.0

4. Notes to the consolidated income statement

Figures in CHF thousand	2019	2018
Premium income	6,743,913	6,501,313
Reinsurers' share	-681	-721
Total net premiums earned	6,743,233	6,500,592
Cost of claims and benefits	-7,012,889	-6,525,916
Co-payments	701,254	646,677
Change in technical provisions	25,565	-266,488
Loss mitigation costs	-53,933	-49,103
Total net cost of claims and benefits	-6,340,003	-6,194,830
Personnel expenses	-391,727	-382,935
Administrative offices and operating equipment	-25,593	-25,309
IT costs	-97,929	-82,780
Marketing, advertising and commission	-141,421	-95,238
Other administrative expenses	-8,458	-25,876
Write-downs	-31,564	-43,344
Total operating expenses, net	-696,692	-655,482
Liquid funds (interest)	2,441	2,891
Receivables (interest risk adjustment, default interest, etc.)	7,246	7,037
Other income	30,007	30,783
Total other operating income	39,694	40,711
Liquid funds (interest)	-5,038	-3,963
Liabilities (interest risk adjustment, etc.)	-145	-19
Other expenses	-25,948	-19,901
Total other operating expenses	-31,131	-23,883
Non-operating income, third party	30,131	24,495
Non-operating expenses, third party	-21,041	-25,542
Total non-operating income	9,090	-1,047

5. Notes to the consolidated income statement – investments

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
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

Figures in CHF thousand	Ordinary earnings	Realised gains	Unrealised gains	Total 2019
Investment income				
Real estate	18,401	0	4,423	22,825
Bonds	65,131	75,579	116,230	256,941
Bond funds	0	137	7,900	8,037
Equities	34,509	82,361	282,929	399,800
Alternative investments	0	0	25,930	25,930
Real estate funds	0	20,885	125,850	146,735
Currency futures	0	24,200	14,604	38,804
Investments in other companies	332	2,750	9,172	12,255
Employer contribution reserve	0	39	0	39
Other investment income ¹	2,677	0	0	2,677
Total investment income	121,050	205,951	587,038	914,043

Figures in CHF thousand	Administrative costs	Realised losses	Unrealised losses	Total 2019
Investment expenses				
Real estate	0	0	-6,111	-6,111
Bonds	0	-66,208	-110,883	-177,091
Bond funds	0	0	-2,792	-2,792
Equities	0	-45,929	-49,619	-95,548
Alternative investments	0	0	-3,436	-3,436
Real estate funds	0	-30	-7,164	-7,193
Currency futures	0	-33,965	-4,598	-38,563
Investments in other companies	0	0	0	0
Employer contribution reserve	0	-450	0	-450
Other investment expenses	-2,255	0	0	-2,255
Asset management costs	-13,868	0	0	-13,868
Total investment expenses	-16,123	-146,582	-184,603	-347,307
Change in provision for investment risk	0	0	-175,000	-175,000
Total investment income 2017	104,927	59,369	227,435	391,736

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 31.12.2017	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

Figures in CHF thousand	As at 31.12.2018	Additions/ disposals	Change in valuation adjustment	As at 31.12.2019
Real estate	361,528	16,202	-1,688	376,043
Bonds ¹	3,876,403	209,525	5,347	4,091,274
Bond funds	25,298	2,086	5,108	32,492
Equities	1,116,892	93,300	233,311	1,443,503
Alternative investments	247,005	7,800	22,495	277,299
Real estate funds	548,601	99,095	118,686	766,381
Currency futures	3,962	0	10,006	13,970
Investments in other companies	53,817	0	5,695	59,512
Loans and mortgages	14	17	0	30
Employer contribution reserve	3,938	-411	0	3,528
Investments	6,237,458	427,614	398,960	7,064,032

¹ The market value of the bonds (excluding accrued interest) is CHF 4,336,590 (CHF 4,030,708 as at 31 December 2018).

7. Currency futures

Figures in CHF thousand		Currency	Market value as at 31.12.2019		Market value as at 31.12.2018	
			Positive	Negative	Positive	Negative
Futures	Hedges	CHF	2,486	0	0	0
Futures	Hedges	USD	0	8	1,601	0
Futures	Hedges	EUR	140	0	980	0
Total in bonds¹			2,626	8	2,581	0
Futures	Hedges	USD	10,849	0	4,164	-109
Futures	Hedges	EUR	1,781	0	434	0
Futures	Hedges	GBP	1,339	0	0	-526
Total currency futures			13,969	0	4,598	-635

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 31.12.2017	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

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 31.12.2018	4,586	8,024	145	12,755	15,824	13,000	28,824
Historical cost							
Carrying amount as at 31.12.2018	136,017	44,437	897	181,351	132,664	36,435	169,099
Asset additions	1,829	4,848	132	6,809	26,108	5,095	31,203
Asset disposals	-91,487	-3,618	0	-95,105	0	0	0
Carrying amount as at 31.12.2019	46,359	45,668	1,029	93,056	158,772	41,531	200,303
Accumulated valuation adjustments							
Value adjustments as at 31.12.2018	-131,431	-36,413	-752	-168,596	-116,840	-23,435	-140,275
Depreciation and amortisation	-2,167	-7,276	-151	-9,594	-16,356	-6,651	-23,007
Asset disposals	91,486	3,617	0	95,102	0	0	0
Value adjustments as at 31.12.2019	-42,112	-40,073	-903	-83,088	-133,196	-30,086	-163,282
Net carrying amount as at 31.12.2019	4,247	5,594	127	9,968	25,576	11,445	37,021

9. Deferred charges and credits

Figures in CHF thousand	31.12.2019	31.12.2018
Accrued interest on investments	29,127	31,090
Risk compensation	226,688	386,107
Other accrued income and prepaid expenses	161,914	174,531
Total deferred charges	417,729	591,728
Risk compensation	59,873	17,706
Other deferred income and accrued expenses	46,279	36,514
Total deferred credits	106,152	54,220

10. Receivables and liabilities

Figures in CHF thousand	31.12.2019	31.12.2018
Policyholders	442,309	329,694
Insurance organisations	6,349	4,642
Related parties	1,265	886
Government offices	23,861	20,837
Other receivables	35,509	49,611
Total receivables	509,295	405,670
Policyholders	626,978	345,505
Insurance organisations	2,474	2,241
Service providers	121,289	75,222
Agents and brokers	1,796	1,665
Related parties	3,260	2,575
Government offices	17,072	5,136
Other liabilities	127,797	224,840
Total liabilities	900,666	657,184

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 31.12.2017	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

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 31.12.2018	1,741,687	408,488	87,302	1,001,294	665,816	3,904,586
Creation	1,749,742	95,343	63,718	216,304	39,343	2,164,450
Release	-1,830,775	-40,004	-62,652	-179,704	-76,880	-2,190,015
As at 31.12.2019	1,660,654	463,827	88,368	1,037,894	628,279	3,879,021

¹ The amount of reinsurance in the provisions for claims and benefits was CHF 0 as at 31 December 2019 (CHF 0 as at 31.12.2018).

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, 2018 and 2019 (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 31.12.2017	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

Figures in CHF thousand	Restructuring ¹	Personnel/ brokers ²	Taxes	IT investments	Process risks ³	Other ⁴	Total
As at 31.12.2018	0	39,470	104	1,037	0	82,015	122,627
Creation	0	71,539	4,503	773	0	5,468	82,283
Use	0	-71,412	-54	-1,810	0	-19,037	-92,313
As at 31.12.2019	0	39,597	4,553	0	0	68,446	112,597

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 31.12.2017	842,632	842,632
Creation	30,000	30,000
Release	-26,000	-26,000
As at 31.12.2018	846,632	846,632

Figures in CHF thousand	Provision for investment risk	Total
As at 31.12.2016	846,632	846,632
Creation	175,000	175,000
As at 31.12.2017	1,021,632	1,021,632

14. Liabilities to pension funds

Employer contribution reserve in CHF thousand	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 incl. 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

Employer contribution reserve in CHF thousand	Par value	Waiver of usage	Balance sheet	Release	Balance sheet	Earnings from employer contribution reserve	
	31.12.2019	2019	31.12.2019	2019	31.12.2018	2019	Prior year
Pension schemes	3,528	0	3,528	-450	3,939	-39	0
Total	3,528	0	3,528	-450	3,939	-39	0

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 incl. in personnel costs	
	31.12.2019	31.12.2019	31.12.2018			2019	Prior year
Pension plans with funding surplus	164,804	0	0	0	31,890	31,890	31,912
Total	164,804	0	0	0	31,890	31,890	31,912

¹ The information is based on the audited 2017 and 2018 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)

On 31 December 2019, 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	
	2019	2018	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Name						
Solida Insurance Ltd, 8048 Zurich	10,243	10,110	647,485	621,418	564,174	553,872
Helsana Legal Protection Ltd, 5000 Aarau	18,123	17,360	53,671	49,039	43,592	41,373

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 annual reports for 2018 and 2017.

Report of the statutory auditor



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To the General Meeting of Helsana Ltd, Dübendorf

Zurich, 4 February 2020

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 2019.

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 consolidated

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 2019 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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