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PRESS RELEASE

## Annual results: Generali Switzerland holds its ground in a challenging environment

**Generali Switzerland closes the year 2021 with a stable volume of premiums and an improved operating result. The year was dominated by the pandemic, a strong storm season and the development of the new Avanti 2027 strategy. As in previous years, Generali Switzerland increased its guarantee reserves. This strengthening of its financial foundation as a basis for long-term profitable growth led to a negative overall result.**

The past financial year was once again dominated by the COVID-19 pandemic. Unlike the previous year, Generali Switzerland, like the entire Swiss insurance industry, was able to draw on the experience of the first year of the pandemic. Under the challenging conditions, Generali Switzerland performed very well in the past financial year. Alessio Sarti, Deputy CEO and CFO of Generali Switzerland: "Our employees adapted to the new working environment without any problems and performed exceptionally well. Thanks to their hard work, we were able to achieve real improvements to our result even in the second year of COVID-19, despite an exceptionally strong storm season with a huge claims burden."

Generali (Switzerland) Holding Ltd.  
Media Relations  
T +41 58 472 41 60

media.ch@generali.com  
generali.ch

### Capital base continues to be strengthened

The solid technical results cushion the extraordinary burdens caused by the pandemic and natural disasters in the summer months. As in previous years, the persistently low interest rate situation has put a strain on Generali Switzerland, even though there has been some movement in the interest rate curve compared to the previous year. As a life insurance provider, Generali Switzerland has been struggling against record-low interest rates for years. These rates make it impossible for us to generate the necessary revenue with the most risk-free possible investments to cover policy benefits for customers. As in previous years, Generali Switzerland has therefore transferred its operating profit to the guarantee reserves. "We have boosted this with an additional CHF 330 million (CHF 615 million in the previous year). As a reliable partner, we safeguard our obligations to our customers," says CFO Alessio Sarti. The allocation to the guarantee reserve once again had a negative impact on the financial year and distorted the actually positive annual result. With gross written premiums of CHF 1,895.4 million (-1.5 per cent), Generali Switzerland posted a negative overall result of CHF 29.3 million for the reporting year, following a loss of more than CHF 300 million in the previous year.

### Strategy development

The past financial year was also dominated by the development of the new Avanti 2027 strategy, which was announced in January 2022. Alessio Sarti: "As part of our strategy, Generali Switzerland is placing our customers even more consistently at the centre of all our considerations and activities. To do this, we are replacing our core IT systems and aligning our product range to meet the new requirements. Generali is seeking to become a leading insurance company in the property insurance and private pension segments in Switzerland for private customers and small and medium-sized enterprises by 2027."

### Life business

Life insurance business (GPV) remained stable in the year under review. Premiums written fell marginally by 0.7 per cent to CHF 1,110.2 million. With earned premiums of CHF 746.8 million, unit-linked life insurance constituted Generali Personal Insurance's core segment and accounted for the majority of its premium income. The premium level in this segment increased by 1.4 per cent on the previous year thanks to an increase in income from new business.

As in the previous year, new business developed positively in the reporting year with an increase of 6.9 per cent. In the reporting year, Generali Switzerland also launched the sustainable investment solution "Tomorrow Invest." This solution enables investors to invest only in companies and industries proven to be working toward a sustainable future.

Generali Switzerland once again significantly strengthened the capitalisation of GPV. The SST ratio increased to 202.8 per cent at the end of 2021, which strengthens the position in collaboration with distribution partners and confidence in Generali Switzerland. At the end of 2020, the SST ratio stood at 155.5 per cent.

### **Non-life business**

The non-life business was faced with numerous natural disasters. Many customers were affected by a loss event. Despite the many storms during the summer months, the non-life business was able to hold its own. Premium volume fell slightly by 2.5 per cent to CHF 785.2 million. Thanks to the good results from capital investments and despite the additional burden caused by natural disasters and the pandemic, the operating result increased by 22 per cent to CHF 75.3 million compared to the previous year. The claims cost ratio increased slightly by 0.9 percentage points to 92.4 per cent.

The capital base was improved at both Generali General Insurance (GAV) and Fortuna Legal Protection Insurance (RVG). GAV recorded an SST ratio of 249.7 per cent (+16 percentage points) as of the end of the reporting year, therefore demonstrating a very solid capital base. The RVG SST ratio improved by 2 percentage points to 176.2 per cent.

### **Capital investments**

Investments held decreased by a moderate 0.5 per cent to CHF 20,474.3 million in the period under review. The slight decline is due to the rise in interest rates. This led to a decline in the market value of fixed-interest investments. In addition, the depreciation of the euro against the Swiss franc led to a decline in investments held in euros.

### **Outlook**

As communicated in the previous year, Generali Switzerland will continue to strengthen the guarantee reserves in the coming years. Roughly CHF 330 million are earmarked for 2022, which will also impact the annual result<sup>1</sup>.

In the current financial year, Generali Switzerland is focusing on the launch of the new Avanti 2027 strategy, with the aim of becoming one of the leading insurers for private customers and small and medium-sized enterprises in property and private pensions by 2027. CFO Alessio Sarti: "Now it's a matter of moving quickly to the implementation phase, joining forces and gaining momentum. Christoph Schmallenbach, who started as the new CEO of Generali Switzerland in February 2022 and has many years of experience working on transformation projects within the Generali Group, will lead this process."

The past two years have also taught Generali Switzerland how quickly the world can change. The COVID pandemic may be abating, but the war in Ukraine has opened a new tragic crisis, with untold suffering. That doesn't leave us indifferent, either as individuals or as a company. The Generali Group has therefore donated EUR 3 million to refugee programs. In addition, the Generali Foundation, The Human Safety Net, has launched a global fundraising campaign to support the children's charity UNICEF.

The impact of the conflict on Generali Switzerland's core business is difficult to assess, but can be multifaceted. Higher energy prices could potentially shift budget positions to the detriment of pension provision or trigger inflation. CFO Alessio Sarti: "Nevertheless, we remain optimistic and determined to continue to keep our customers and sales at the centre of everything we do in the financial year 2022 in order to achieve our business goals."

### **Further information**

Along with the public disclosure requirements for insurers, Generali Switzerland submits separate reports for the companies Generali Personal Insurance Ltd., Generali General Insurance Ltd. and Fortuna Legal Protection Insurance Company Ltd. You can find the 2021 financial condition reports for the various companies with commented key figures and annual financial statements on the Generali Switzerland website.

### **ABOUT GENERALI**

**The Generali Group is an independent Italian group with a strong international presence. Founded in 1831, the company is one of the world's leading insurers. Generali has around 75,000 employees serving 67 million customers in 50 countries. The Group's total premium income amounted to more than EUR 75.8 billion in 2021, making Generali the market leader in Western Europe. The company is also an**

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<sup>1</sup> In accordance with the statutory annual financial statements

increasingly important presence in Central and Eastern Europe as well as Asia.

Generali's roots in Switzerland date back to 1887. Today, Generali (Switzerland) Holding Ltd. operates throughout Switzerland, with two head offices – one in Adliswil and one in Nyon – and a wide network of agencies. The insurer has more than one million customers and offers products for every situation in life. These include property, legal protection, life insurance and pension solutions. Generali partners with start-ups to develop innovative products. The company is the first Swiss insurer to launch a fully digital pillar 3a.

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**Generali (Switzerland) Holding Ltd.**

A member of the Gruppo Assicurativo Generali, entered in the Italian Register of Insurance Companies under number 026.