Company Participants

- Annelis Luscher Hammerli, Chief Financial Officer
- Philipp Gmur, Chief Executive Officer

Other Participants

- Jimmy Fan
- Rene Locher
- Thomas Bateman

Presentation

Operator

Ladies and gentlemen, welcome to the Helvetia Results 2021 Conference Call and Live Webcast. I am Sandra, the Chorus Call operator. I would like to remind you that all participants will be in listen-only mode, and the conference is being recorded. The presentation will be followed by a Q&A session. (Operator Instructions) The conference must not be recorded for publication or broadcast.

At this time, it's my pleasure to hand over to Mr.Philipp Gmur, Group CEO. Please go ahead, sir.

Philipp Gmur

Thank you, madam. Ladies and gentlemen, welcome to our half year conference of Helvetia Group. I would like to welcome you all on the phone, if I say, I, then I mean of course, we. I'm joined by Annelis Luscher, our Group Financial Officer; and Susanne Tengler, our Head of Investor Relations; and of course by Jonas Grossniklaus, our Head of Media Relations for Switzerland.

I would like to start with the highlights on Slide number 3. As you see on this slide, we were successful in profitably growing our business. We have a business volume which grew by 21% driven of course by the Caser acquisition. However, there is more than 5% in original currency of organic growth, which means that we were successfully growing all our business segments Switzerland, Europe and Specialty Markets. Annelis will come back to that later on.

We could also grow our fee and commission income by more than 125% in original currency, driven of course by the fee income of Caser in Spain, but also due to a favorable development in Switzerland. The net income after tax is at CHF262 million, which we think is a very good number for the first six months of this year. The Caser acquisition is paying off pretty well. We have a business volume, which we can report out of concept of CHF920 million.

Caser is for the first time, of course, consolidated in our half year statement of 2021. Caser's IFRS net income contribution lies at CHF32 million, that means Caser is delivering according to plan and its development is and remains very pleasing. We successfully started into our new strategy period helvetia 20.25, which means that we have, for instance, an ongoing strong growth of more than 12% in our online insurer Smile in Switzerland, which means that we could successfully expand our online bank distribution in Italy, and which means, for instance, that we could expand our Health & Care ecosystem in Spain by integrating a new small hospital.

Fulfilling our purpose is one of the main issues and topics we are talking about with our employees, and of course our clients. When we were setting forth this purpose last year, we did not think about all those NatCats, we would have to cope with within the last few months. Life is full of risks and opportunities and we are there when it matters, and we are happy to say that a record amount of around 50,000 claims notifications could be handled within the last few months. It means fulfilling our purpose is at stake and we are happy to report that Helvetia is able to really fulfill this purpose to be there when it really matters to help our clients also in different times.

With that, I would like to hand over to on Annelis, Our CFO, which is explaining the financial figures. I will then come back for a couple of comments regarding our strategy 2025, and we are rounding up this conference with a Q&A session. Annelis, please go ahead.

Annelis Luscher Hammerli {BIO 21606790 <GO>}

Ladies and gentlemen, a warm welcome also from my side. Within the next 15 minute, I will give you more detailed information on our financial performance in the first half of 2021. We will use a simplified presentation for this conference. The full slide deck with additional information is available for download on our website.

I would like to start with Slide 5, where we have summarized the key figures of Helvetia's performance in the first half year of 2021. Helvetia can look back on a successful business development in the first half of 2021. A quick look on the key performance indicator shows that Helvetia's core business is in a good shape and that Helvetia was able to generate profitable growth.

The group's business volume increased by 21% in original currency to around CHF7 billion around three quarters of the growth was due to the acquisition of the Spanish insurance company Caser in the previous year. This transaction, as you may remember, was completed at the end of June 2020. The business of Caser is therefore now included in the income statement of Helvetia Group and was not included in half year 2020. Also organically, Helvetia reported the growth of 5.2% in original currency.

Overall, the group's non-life business was a pleasingly strong growth driver with an increase of 31.5% in original currency. In addition to the positive impact of the acquisition of Caser, which accounted for around two-third of the growth in non-life, Helvetia also recorded a successful organic increase of 9.9% in original currency, in line with its strategy Helvetia expanded the non-life business in all the county markets and in the area of Specialty Markets.

In the life business, Helvetia increased its business volume by 8.7% in original currency. In addition to Caser, which made a significant contribution to this growth. The main drivers were investment-linked solutions that increased significantly in both Switzerland and Europe. Helvetia generated the IFRS net profit after tax of CHF262 million in the first half of 2021, a good business development with solid technical results in the non-life and life business was supported by substantially higher investment results, following the favorable development of capital market.

Caser also made substantial profit contribution in the amount of CHF32 million. With 94.5% the net combined ratio improved compared to the prior year, despite higher claims from natural catastrophes, mainly because of non-recurring COVID-19 claims in the prior year and the positive one-off effect in Switzerland. I will give you more details in a moment. Worth mentioning is also very solid capitalization, as of 30 of June 2021, Helvetia estimates its SST ratio to be above 220%. On the next slide, I would like to provide you with additional information on the net income after tax.

Slide 6, gives you an overview of the IFRS result after tax of the individual segments and business areas. The IFRS result after tax increased to CHF262 million in the first half of 2021. The Switzerland, Europe and Specialty Market segments and both the life and non-life business divisions were able to increase their results. In Switzerland, a significantly better results of CHF177 million was recorded compared to the previous year. After the first half of 2020 had been affected by the effects of the pandemic.

In both the life and non-life business areas, the investment results were stronger, thanks to the participation in the group performance of the equity markets. In non-life the technical result increased mainly due to non-recurring COVID-19 losses in the prior year and the positive one-off effect attributable to an adjustment of reserve. These two effects compensated for an increasing claims from natural catastrophes and higher cost, primarily related to the growing B2B2C business and projects.

In the life business, the higher gains on investments were only partially offset by higher expenses for reserve strengthening and policyholder participation. The absence of positive special effects in the previous year in connection with the introduction of a new tariff in group life was also compensated for by the investment gains. In Europe segment, the IFRS result after taxes increased to CHF100 million in the first half of 2021. The development was positively influenced in both the life and non-life business areas by Caser. Caser contributed a profit of CHF32 million to the segment result. In addition, the non-life and life business is also benefited from stronger investment results in the first half of 2021 both businesses also reported solid technical results.

Overall, all country markets increased their results with Italy's results staying close to the previous year's level. The IFRS result after taxes for the Specialty Market segment amounted to CHF37 million, a significant increase compared to the first half of 2020. The growth was driven in particular by strong capital market development, which led to the pleasing investment results. The segment's technical result also increase compared to the same period of the previous year. Thanks to a better technical performance within usual fluctuations.

In the corporate segment, the IFRS result after tax of minus CHF51 million was slightly below the IFRS result after tax of minus CHF40 million in the first half of 2020. The decrease was primarily due to higher financing costs, resulting from the issuance of a hybrid bond in June 2020 to partly finance the Caser acquisition. Partially compensating effects resulted from an improvement in the technical result of group reinsurance, which was impacted by COVID-19 claims in the previous year and non-recurring costs related to the Caser acquisition of last year.

Let's turn to Slide 7 with the growth in business volume. In the first half of 2021, Helvetia's -- Helvetia group achieved a business volume of roughly CHF7 billion. This equates to a currency adjusted increase of 21% over the previous year. Around three quarters of the growth came from Caser, most of it in the non-life business. Regardless of Caser, Helvetia was also able to grow organically by 5.2% in original currency. Overall, the group's non-life business was a pleasingly strong growth driver. In addition to the positive influence of the acquisition, which accounted for around two-thirds of the growth in non-life, Helvetia also recorded a successful organic development here.

In Switzerland, Helvetia grew its business volume by 0.6% in original currency. The non-life business volume increased by 13.5% in original currency. This was driven in particular by significant growth in the both B2B2C business and at online insurer Smile, and supported by pleasing growth rates also in the traditional non-life business.

The life business grew by 9.2% into -- individual life business driven by a strong performance of investment-linked solutions. In the group life business, the business volume declined as expected, following the strategic decision at the beginning of 2020 to strengthen future profitability. However, the business volume declined to a significantly lesser extent than in the same period of the previous year.

Business volume of the Europe segment grew by 65.1% in original currency, driven by Caser. In the non-life business of the Europe segment Helvetia was able to grow not only thanks to the acquisition of Caser, but also organically in all country markets, growth was above market level in most countries. In life insurance, a significant part of the growth also came from Caser, but organic growth with the insurance-linked solution should also be emphasized.

The business volume of the Specialty Markets segment also develop positively, which is primarily due to the development of new business lines in line with the strategy and to a lesser extent due to favorable price effects. The fee business also developed positively. Group fee and commissioning income grows by 127.1% in original currency to CHF166 million. The strong growth is because Caser contributed the fee volume of CHF100 million in the first half of 2021.

Let's move on Slide 8 to the net combined ratio. With 94.5% the net combined ratio improved by 1.4 percentage points compared to the previous year. In comparison with the first half of 2020, the claims ratio improved by 2.1 percentage points, primarily as a result of non-recurring COVID-19 losses in the previous year and the positive one-off effect in Switzerland related to a periodic review of the level of research. These positive effects were partly offset by a substantial increase in the NatCat ratio, because of an exceptional amount of claims from storms in June 2021, of which about two-third affected Switzerland.

Furthermore, Helvetia recognized a normalization of claims frequency in individual lines of business after a reduction in the prior year during the lockdown period. The cost ratio increased by 0.7 percentage point, the main reasons are firstly higher cost in Switzerland mainly due to the growing B2B2C business, which by its nature has a higher acquisition cost ratio and technically an increase in the acquisition cost ratio related to Caser, due to its strong bank distribution channel.

On Slide 9, we will now have a closer look at the life business. The IFRS result of the life business division increased significantly to CHF122 million compared to the same period of last year. After the capital market fluctuation in the wake of the COVID-19 pandemic affected the gains and losses on investment in the first half of 2020, the life business benefited from a group performance of the capital markets in the reporting period. The acquisition of Caser also contributed to the increase in result. The acquisition had a particularly positive effect on the technical development. Thus, the margin after cost remains stable, despite the absence of positive special effects in the risk result in the previous year.

The significant increase in gains and losses from investments due to the good stock market development was partially offset by higher expenses for reserve strengthening and for policyholder participation. New business also developed favorably. The new business margin, excluding Caser rose to 3%.

Let's now have a look on Slide 10 and the development of the interest margin. On group level, the interest margin excluding cost to increase compared to the first half of 2020. Thanks to a higher margin in Switzerland. The increase of the interest margin in Switzerland was attributable the following reason. First, the yield slightly increase compared to the prior year period because of an extraordinary impact resulting from the decrease of the group life portfolio, following the introduction of a new tariff in the prior year. And second, at the same time, the average technical rate further declined due to additional resource strengthening and the continuous replacement of maturing insurance contracts with high guaranteed rates by modern, capital-light products.

In Europe, excluding cost, the interest margin slightly decreased. This was due to a stronger decline of the yield compared to the average technical rate. The reduction of the yield is related to the low interest rate environment. Simultaneously, Helvetia was able to further decrease the average technical rate in Europe by strengthening resource and replacing old contracts with higher guaranteed by new contrast with lower currencies. Overall, our ongoing focus on modern capital-light products supported by reserve strengthening is benefiting the group's interest margin.

On the next slide, I will share some details on our investment result. At CHF461 million, the current income was pretty much stable at prior year's level. Thanks to the additional income from the portfolio of the acquired company Caser. The direct yield, however, slightly decreased to a not annualized 0.8% as the acquired portfolio of Caser has a lower yield due to acquisition accounting effects.

Realized and book gains and losses amounted to CHF411 million, a substantial increase compared to the first half of 2020, predominantly due to the participation of the strong performance of equity markets in the first half of 2021, whereas the prior year has been impacted by the equity market crash following the pandemic. Unrealized gains and losses recorded in equity decreased by CHF725 million due to a decline in the value of bonds, following increase interest rates.

Group investment performance was at 0.3%. With regard to new and reinvestment of maturing funds, the direct yield slightly decreased. The reason for this was a higher share of bonds on new and reinvestments compared to the prior year period. Relative to other asset classes yields on bonds are lower. Nevertheless, they account for the largest share of investments.

On that note, I will now hand over to Philipp Gmur, again.

Philipp Gmur

Thank you, Annelis. Now let me give some comments on our strategy helvetia 20.25. You might remember that back in March we announced a couple of key figures, we want to pursue within the next five years.

In June, we were giving you some more insights, when we had our Capital Markets Day in Zurich. I would like to give some comments now on where we stand with our strategy helvetia 20.25. We were thinking, please I'm referring to Slide number 13. We were thinking a lot about our reason why, about our purpose in our management team last year. Life is full of risks and opportunities and we are there when it matters. And we then -- we're setting forth a new vision for our company.

We want to be the best partner for financial security and standards in customer convenience and accessibility. And in order to do so, we were setting forth four different strategic priorities, such as customer convenience, which means we want to be present whenever business i.e., insurance needs might arise. We want to have the right offering for our clients, which means that we have to think from the client side more outside in than inside out. We want, of course, to keep our backbone, our insurance business in profitable shape by profitably growing our core business. And we want to make use of new opportunities.

Now, where are we standing as of the end of June 2021? Referring to Slide number 14, I would like to make a couple of comments. First, talking about customer convenience. Smile, our leading online insurance platform in Switzerland is still growing very strongly. We have a growth rate of around 12%. And in the meantime, we have more than 160,000 customers. A second point, I would like to mention is our recent acquisition of Faircheck in Austria, which is a very small, but fine company, which helps us in processing our claims, and which helps to have more convenience in our claims processing.

Faircheck is not only offering its services for Helvetia, the new owner now, but also for other competitors. We want really to make sure that we are investing a reasonable amount of our new projects -- and project costs in customer convenience. That's key in order to keep our not only purpose, and what we are promising to our clients, but also to make sure that we are keeping our backbone, our non-life and life insurance business in best shape.

Second the right offering, we came to the conclusion that it's not enough going forward only to offer, let's say the core product premiums against claim settings, so to say, but we have to offer a whole variety of additional services around our core products. That's why we were launching a new ecosystem Atlanto back in June 2021, providing new comprehensive services for our SME clients. Helping them to lower their work with the whole administration, for instance, they have to cope with.

We have a cooperation with new institute for young entrepreneurs. And together with them we want to launch this Atlanto ecosystem within the next one or two years. In Germany, we were launching a new motor product around electro mobile -- electro mobiles, in the meantime, we have some 300 contract and we really successfully launched this new kind of motor insurance policy.

The third point, the profitable growth. We were successful in the expanding our banking corporations in Italy with new means, which means digital channels. Together with CiviBank and the platform YOLO, we now can serve our clients not only on a personal basis, but more and more also on a digital basis. And of course, our growth initiatives in the active free insurance portfolio are well underway. We launched five different growth initiatives some three years ago and all of them are coming forwards at a very pleasing level.

We also want to make use of new opportunities. Let me give you two or three examples. We were successfully expanding our Health & Care ecosystem in Spain, with the acquisition of a new clinic by our Grupo Hospitales Parque. We -- second, successfully grown our B2B2C business in Switzerland. We have recently announced a corporation with Polestar. If you are on the Polestar website and -- and if you want to make the configuration of your new car with Polestar, then by default, you come to the Helvetia insurance coverage i.e., we make really use of new means also in the motor business and of new opportunities.

And then, of course, our Helvetia Venture Fund. Maybe you remember that we were reserving like EUR50 million for our Helvetia Venture Fund. In the meantime, we were investing between EUR35 million to EUR40 million into this fund, and recent acquisitions the fund made is, for instance, FAAREN, which is like the car evolution solution so to say in Switzerland, a motor -- a system, which helps you rent your cars. And Coinscrap Finance, which is a microfinance tool in Spain.

Let me summarize, ladies and gentlemen, Helvetia was really successful within the first six months of this year in successfully growing the core business, in expanding the fee business, in a good investment performance, and we are very happy to report that we have a very successful and dynamic start into our new strategy period 2025.

And with that, I would now like to hand over to Susan for the questions. Annelis and I, we are ready to answer your questions. Please go ahead.

Questions And Answers

Operator

(Question And Answer)

We will now begin the question-and-answer session. (Operator Instruction) The first question comes from Thomas Bateman from Berenberg. Please go ahead.

Q - Thomas Bateman {BIO 21707516 <GO>}

Good morning. Thanks for taking questions and congratulations on the good results. Three questions from me, if possible. Can you give any more details or indication of the level of claims you expect to encounter for the floods in July? Question number two, is just on the guidance the non-life division of the combined ratio declines 2.4% this year, we'll see running a little bit higher than that the first half. Can you just give me some color on what your thoughts would be where we would like the end the year? And finally, really lovely growth across all your -- begins, but difficult specifically, its (inaudible) life how sustainable is that 13%, and what should we expect going forward? And having hello, well, that's really becoming from your view? Very helpful. Thank you.

A - Philipp Gmur

Thank you, Thomas. Frankly it was pretty tough to understand your, I don't know whether the line, the telephone line is in good shape. And as I understand it -

Q - Thomas Bateman {BIO 21707516 <GO>}

-- one more time?

A - Philipp Gmur

The first question deals with July slots, July -- will then ask on Annelis to answer this question. The second question deals with the combined ratio guidance for the year. I will ask Annelis to answer this question as well. And the third question, could you please remember it we couldn't understand you sorry.

Q - Thomas Bateman {BIO 21707516 <GO>}

That's what it is. I hope this is a little bit better. Basically, I'm just asking you about the sustainability of the growth in Switzerland? And how much you expect to go and search them going forward to in the --

A - Philipp Gmur

Okay, so Annelis please go forward with answering the two first questions, and I'll then take the third.

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

Yes, of course. So, the first question about the July slots, maybe to put that in context, the June NatCat events did cost us around CHF70 million on a net basis, and the two life loss, we expect them in the middle two digit million era on a net basis. So, I hope you could understand me. And on the combined ratio, so we have communicated in the strategy a combined ratio range of 92% to 94% on group level, of course this is still our goal, we have to be let's say, a bit careful in this year '21, as we have seen NatCat events that are very exceptional and exception in the last 10 years to 15 years, depending a bit on the country. But we still hold our goal to reach 92% to 94%.

A - Philipp Gmur

Thank you, Annelis. Then I would like to answer the third question regarding our growth in non-life in Switzerland, of course, we are very happy with the development within the first six months, which stands at the growth rate of more than 13%. Now, it is widely spread its property, its motor, its liability, its accident health, its transport and ours. And we do not give any guidance with respect to the growth rate we really are looking for. But of course, we want a dynamic growth. What is hard to predict is whether the online channels are growing as dynamically as they used to within the last few years, we hope so of course, there are -- but there is a certain development into the direction of the online growth rates. However, the market in Switzerland is pretty much consolidated, so there are -- there is not so much fantasy in the growth rates. But of course, our ambition is to grow at least above the market and we want to pursue a dynamic growth also in the future. And we think that given our different sales channels we have the agents, the brokers the B2B2C and many access points. We are well, prepared to realize pleasing growth rates also in the future. More questions?

Q - Thomas Bateman {BIO 21707516 <GO>}

Thank you very much. Thank you.

Operator

(Operator Instructions) So far, there are no more questions. We have now our last minute registration from Mr.Rene Locher from Stifel. Please go ahead.

Q - Rene Locher {BIO 1921075 <GO>}

Yes. Thank you very much. Good morning, all. I have a couple of questions from me. First one, again on this non-life market, I mean, it's the when we are looking at the motor business, like even switch on, we have seen last year new registration minus 18% and then Philipp you've just mentioned one of you start up therefore and or convolution here in Switzerland. So, I'm really struggling to understand, how you can still grow your motor business for the least competitive lower extraction. It's much more about sharing and nevertheless insurance companies are still able to grow to the business volume here?

And then, let me see -- yes on the investment in common Slide 11. I mean, just for my understanding. I would have thought that the current income yield of 0.8%. I was expect a little bit higher yield here, because I felt myself you are adding now with (Technical Difficulty) quite a decent portfolio of BBB rated bond, which should have higher yield, it's not reflected in the current income sale, well, I guess it's my fault -- but just -- if you can shed some more light on this development? Then, the net income CHF262, I guess you have quite a few one-offs in there, right, the strong investment result. Then you have this one off in non-life business Switzerland, so, I was just wondering a little bit, what if sustainable run rate going forward And then in addition to that, if I split the 262 in (inaudible) and the old till fades here, I mean (inaudible) is performing very well, but the 230 million of the (inaudible) is a little bit below my expectations. So, I stop here and perhaps a few follow-up questions afterwards. Thank you.

A - Philipp Gmur

Thank you, Rene. So to summarize your questions, I hope we be properly understood them. The first one deals with the motor business, in Switzerland and where the growth comes from. The second is dealing with the comments, you would like to have on our current income. And the third one is the question about the sustainability of our net profit, right?

Q - Rene Locher {BIO 1921075 <GO>}

Yes.

A - Philipp Gmur

So, I would -- I just started answering the first question and then hand over to Annelis. And now where does the growth come from, we have like one-third of the growth related to new cars being newly registered in Switzerland, and two-third is just due to the fact that you have another insurance policy with a competitor, and now they came over to Helvetia. So it's like one-third to two-thirds. Now, talking about the future and about car sharing and other platforms. It's hard to predict, what the impact is on our motor business of course.

For Helvetica, it's important to be present where this business might happen in the future. That's why for instance we are investing in far and that's why we are cooperating with Polestar. That's why we are investing in a B2B2C platforms. That's why we are making sure, that our agents are close to the clients and so on. So, it's hard to predict how the future looks like. We want to make sure that we are being part of the future notwithstanding what it looks like. The second question and the third one now, please Annelis.

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

Yes, so the second one on the -- our investment income of 0.8%, just one remark here, this is not annualized. This is on the half yield basis, what is important to notice here is the acquisition effect. We are now being affected by because cost is included in these numbers and when acquiring a company assets as well as liabilities are accounted for at market rates at the time of acquisition. What does this mean, this means that the June 2020 rates of let's say Spanish Government bonds which are dominating the cost portfolio were of great importance to the effect we then have on the investment income. And as you probably know the Spanish Government Bond rates were around 0.4% in June 2020. So this is -- yes, the height of the investment income is strongly influenced by acquisition accounting effects. Now on, your --

Q - Rene Locher {BIO 1921075 <GO>}

On this cat, can I quickly know, because I remember, when you did have faced the acquisition, it took about two to three years until these acquisition effect vanish, which is also be the case with the Caser acquisition. This is just one year and then you are down --

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

No, it's as you would buy, it is as we have thought a complete portfolio of assets to the rates, which were market rates in June 2020. So then you have the normal run-off this portfolio until the bonds are at maturity, and then reinvest it, and so on. So it's really as if the whole portfolio was valued at mark-to-market, the whole portfolio, of Caser was valued at mark-to-market into June 2020.

Q - Rene Locher {BIO 1921075 <GO>}

Okay. Thank you.

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

And regarding your third question, on the sustainability of the result. So yes, 32 million, the effect from the cost of contribution, and the focus of course on the whole portfolio of Helvetia is on profitability. Now and also in the future of course, and as you know also on cost efficiency regarding the cost base mainly in Switzerland, but also in our European countries. Regarding the results we will be making an offer to guidance than that.

Q - Rene Locher {BIO 1921075 <GO>}

That's fine. That's fine. And just follow up question, if I may quickly. In previous years, you have always provided the slide with the order activities, which amounted to minus 55 million to see is this kind of a normal run rate or is it too high too low, so that would be one? Obviously this interested in the dividend. And if you go to Slide 36, I was surprised to see that the remittance ratio in 2020 is at 113%. Let me just remind and I'm struggling a little bit to understand how can the remittance ratio be at the 113%? Thank you.

A - Philipp Gmur

Okay, Rene, I'm not sure whether I properly understood your questions, because you are referring to slides and numbers I which -- might not be the same as I have in front of me. So one is dealing with our net dividend capacity, right?

Q - Rene Locher {BIO 1921075 <GO>}

Yes, one Slide 36, so that's in the large desk you have provided there you can see the remittance ratio is at 113% in 2020, where I'm struggling a bit to understand how can it be above 100% so that's the first one, and the second one is a rounded for other activities, what I mean, more than happy to discuss that afterwards with the IR department?

A - Philipp Gmur

Okay.

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

Let me start with some words to the corporate result of the minus 51.0 million -- 51 million there a lot of different effects are in there so these are financing cost of our hybrid instruments, so they are pretty stable, let's say, they were not stable compared to last year, because we issued a new hybrid bond, which party finance the acquisition of Caser. Then we have also in their non-recurring costs related to the acquisition of Caser. They were in there in the prior year note in there. Now group reinsurance flows in there, and also quite a lot of volatility out of FX effects, which we have on group level, but which are partly offset then in the segment results. So, it's difficult to say, how it will develop positive collection of different effects, but it depends strongly on the assets developments. And of course on the claims we have on group reinsurance other aspects of this composition, are more stable.

A - Philipp Gmur

Okay, the second question Annelis is on Slide number 36 i.e., 42. Rene would have we would like to have some comments on our cash production and the remittance ratio i.e., if I understand you correctly, the impact on our dividends capacity.

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

Yes, so let's if we imagine what full year 2020 has been, it has been an exceptional year also for Helvetia in the sense that the first half of 2020 was negative in net profit slightly negative. And then for the rest of 2020, we could catch up. Nevertheless, we left the dividend payment stable according to our strategy, which of course then can lead to remittance ratios higher than 100% for this exceptional year.

Q - Rene Locher {BIO 1921075 <GO>}

Okay, it's fine. Thank you very much.

A - Philipp Gmur

Now, to put sum this up Rene, as you well know we have a strong balance sheet, and we have a very strong core business which, of course, as you commented had to cope with the NatCat, during the first half of the year, which we could pretty well cope with. And our dividend capacity is still intact. We want, we promised a increase of the dividend payouts within the last -- for the next strategy period, and we still speak of course to this promise.

Q - Rene Locher {BIO 1921075 <GO>}

Yes, now that's very helpful. Thank you.

Operator

The next question comes from Jimmy Fan from UBS. Please go ahead.

Q - Jimmy Fan {BIO 18288294 <GO>}

Hi, it's Jimmy Fan from UBS. Thank you for taking my questions. I have two, please. My first question is about our reserves movements in non-life you mentioned that by 8.1, there is a positive one-off reserves impact in Switzerland. Could you give a bit more color on that, please? My second question is about kind of strophic reinsurance given that your reinsurance from have kicked in all ready for the June and also the dry August events, because it give a bit more details on your position in terms of your aggregate cover, and also you have to pay more -- to pay more reinstatement later on if other events happen? Thank you.

A - Philipp Gmur

Okay. Thanks. If I understood it properly. The first question deals with the reserves and reserve releases in Switzerland, during the first half of the year, Annelis, if you might comment on that, please.

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

Yes. Sure. So, in Switzerland, we had positive one-off effect from the reserve releases. They stem from a periodic review, we do want the level of resource and let to this positive one-off the effect.

A - Philipp Gmur

The second question is about the recoveries and the effect of the NatCat in the first half of the year. I mean, we are monitoring the categories on the group level. And if you ask how we do model them, we for NatCats, we have used for quite some time. Cat vendor models to access the exposure on a growth basis and to buy then the required insurance and reinsurance capacity. And in addition, larger risk exposures are partly reinsure via facultative reinsurance contracts, and we are targeting a net retention for -- of roughly 35 million per event. You see this information in the financial reports, I think which we are publishing by the end of the year.

Q - Jimmy Fan {BIO 18288294 <GO>}

And just a follow-up on my first question about reserves release, clicking bit more details in terms of, which lines of business, is it coming from?

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

I'm sorry, we do not give additional information on the exact lines of business which are affected.

A - Philipp Gmur

Last year we reported the reserve strengthening in the country market Switzerland related to health and accident, because of the interest rate development. And of course, the release we now are reporting is not related to this reserve strengthening, which is did last year. It shows -- it's in due course of a regular review of our reserving levels, we are releasing or strengthening in one of the other business line, according to our estimates.

Q - Jimmy Fan {BIO 18288294 <GO>}

Thank you.

Operator

We have a follow-up question for Mr.Thomas Bateman from Berenberg. Please go ahead.

Q - Thomas Bateman {BIO 21707516 <GO>}

Hello. Thank you for taking my follow up, -- hear me this time. I just wanted to give any more color on the contribution of Caser (inaudible) but I think you mentioned in the past and then your run rate around CHF70 million or so. So, maybe we're a little bit behind that. Is that in line with your expectations the CHF32 million or should we expect them to have a pick up in the second half for the 2021? And just a second question is on the new 2025 that in your plan. What can we expect to get disclosure on the percentage of fee income in relation to our fresh profits and on the expense savings measures? Thank you.

A - Philipp Gmur

The line is -- I don't know is it's -- that's not really allow us to properly understand your questions. We think that we could understand the first question, Annelis I ask you to answer it. And then please after Annelis's comments please come up again, with the second question. Annelis?

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

Yes. So I understood the first question regarding the profit contribution from Caser, where we estimated in the full year disclosure a profit contribution of around 70 million. And now what we show is 32 million. We expect that to be completely in line with the 70 million. Why is that there are some seasonality effects of course in the half-year results on the firstly. And secondly, also if you imagine the life in the first half year in Spain, then the first two to three months were still much affected by lockdown effects. This also means or by restrictions, of course, due to the corona restrictions, and this affected the non-insurance business of Caser, which now, from month to month is taking up a speed like it would in non-restricted world. So, we still think that the Caser contribution is very strong and stable and according to our expectations.

Q - Thomas Bateman {BIO 21707516 <GO>}

Thank you.

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

Now the second question as we said, I think we did not understand it. At least I didn't. I'm sorry. Could you repeat.

Q - Thomas Bateman {BIO 21707516 <GO>}

Can I try, your new strategic plan (inaudible) 2024, you have targets for percentage of the profits and we've been seeing some and the expense saving measures, and I'm just wondering when we can expect to see disclosure on those particular financial targets?

A - Annelis Luscher Hammerli {BIO 21606790 <GO>}

So our cost target of reducing our costs by 100 million. We will -- for the first time show a tracking on that in the full-year '21 figures, and we will also then show the second aspect of the fee. So the second aspect of the vehicles are not only the fee volume, but the profit out of fees we will show full year '21.

Q - Thomas Bateman {BIO 21707516 <GO>}

Okay. Thank you very much.

Operator

(Operator Instructions) There are no more questions from the phone.

A - Philipp Gmur

Okay, if there are no more questions, I would like to thank you very much for your attention in Helvetica. And once again, we are very pleased about our results on the first half of the year. We could successfully expand our business be at the core business fee -- the fee business. We have a very good investment performance within the first half of the year, and we are sure that we are well on track in order to fulfill our financial targets. We were setting forth for the strategy period 2025, and thus we are positive as of today with regard to the second half of the year.

If you have any questions, please do not hesitate to contact us by either telephone or mail whatsoever. I wish you a good week, and stay healthy. Bye-bye.

Operator

Ladies and gentlemen, the conference is now over. Thank you for choosing Chorus Call and thank you for participating the conference. You may now disconnect your lines. Goodbye.