

## Media release

### Sympany ends 2013 in the black and rolls out innovations

**Sympany can report credible net profit of CHF 17.5 million and thus follow up on the previous year's positive result of CHF 21.6 million. Sympany found its way back onto the growth track in 2013 and gained more than 11,000 customers. Sympany's healthy financial situation, the success of the IT changeover in the spring of 2013, and the company's resumed growth offer it scope for innovations.**

Basel, 9 April 2014 – Sympany is striking out in a new direction by rolling out a surplus participation scheme from which its insureds benefit. Having already rolled out a supplementary insurance model in October 2013, Sympany is now presenting its new basic insurance model. Sympany is allocating CHF 5.8 million of its CHF 17.5 million net profit to a surplus fund.

#### **Innovative surplus model in basic insurance**

CEO Dr Ruedi Bodenmann: "Surpluses can result if the amount of medical benefits claimed falls short of what was estimated. That's why the surplus fund we have just set up will siphon CHF 5.8 million in surpluses for the 2013 financial year back to the insureds who are entitled to it. Our surplus model in basic insurance is innovative and offers a solution consistent with the current Swiss Health Insurance Act (KVG)." Following the reallocation to the surplus fund, the profit for the year therefore stands at CHF 11.8 million (NB: Sympany's new surplus participation model is described in the appendix to the media release).

#### **Sympany App: an innovation that makes life simpler**

Another innovation comes in the form of Sympany's mobile app, which makes it easy for users to have an overview of their benefit statements wherever they happen to be. Together with details of the medical benefits received, the app gives the user an overview of their own insurance situation. More functions are to be added in due course.

#### **Successful rollout of new IT system**

It is not only the innovations that are focused on meeting customers' needs; the IT changeover – which was completed successfully – was also aimed at benefiting the insureds by improving processes and enhancing efficiency. After a great deal of preparatory work, Sympany has overhauled its customer service IT systems. As a result of the IT changeover, Sympany expects not only improvements in service quality but also more cost savings thanks to automation and simplified processes.

#### **Premium income and costs for medical benefits**

The processing of benefits in particular has been simplified. During the year under review, Sympany witnessed an increase in the medical benefits being drawn, from CHF 784 million in 2012 to CHF 803 million, and for hospital treatment in particular. It is regrettable that the new hospital financing plans have not yet brought about the expected reduction in treatment costs. At the same time, premium volume fell from CHF 919 million in 2012 to CHF 891 million, which was in line with the decline in the number of customers.

## **Consistent cost management**

While Sympany has no direct control over the drawing of medical benefits, it can directly influence administrative costs, which were reduced again during the year under review thanks to consistent cost management. This was made possible not only by greater efficiency resulting from the IT changeover but also by a variety of cost-cutting measures. Furthermore, Sympany has further reduced its headcount by improving processes and restricting appointments to vacant positions. Overall, the company's operating expense has been reduced by CHF 9 million since the preceding year and now stands at CHF 104 million.

That Sympany achieved an overall profit for the year despite falling premium income and rising benefit payments is attributable not least to its own efforts towards reducing operating expense.

## **A return to growth**

Sympany's well-thought-out customer focus enabled it to bring about a renewed upturn in their number, and to keep the number of private customers leaving very low by comparison with the market norm. It also acquired a gratifyingly large number of new customers, providing basic insurance cover to 175,681 insureds, which amounts to a net increase of 11,000 over the previous year's figure. Sympany is consolidating its own sales and marketing operations and sets great store by its existing customers' loyalty. In corporate customer business, Sympany's focus on profitability resulted in some contracts not being renewed, with a resulting slight decline in the number of corporate customers to 11,641.

Ruedi Bodenmann in conclusion: "I'm proud of our employees, who in recent years have made possible the innovations from which our insureds benefit. The current soundness of Sympany's finances, the fact that its reserves go beyond what the regulations require, and its ability to become profitable again – all these things are down to the hard work they have all put in."

Dr Siegfried Walser, Chairman of the Foundation Board: "Sympany will be a hundred years old in the autumn of 2014. It may be a young company, but it was established upon a long-standing tradition. Both Sympany itself and its predecessor ÖKK Basel, which was founded in 1914, repeatedly set off down unexpected paths and pioneered new approaches in the healthcare field. So my hope is that Sympany will keep on working for the benefit of its insureds and of healthcare provision in Switzerland for another hundred years."

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## **About Sympany**

Sympany is the "refreshingly different" insurance company that provides made-to-measure protection and assistance, with no red tape. Sympany offers health and accident insurance for individuals and companies as well as property and liability insurance.

Sympany grew out of ÖKK Basel and other health insurance companies. Sympany's head office is in Basel. The company will be celebrating its centenary in 2014. It generated CHF 17.5 million in net profit in 2013, which it used to set up a new surplus participation fund for customers, via which they received reimbursements of some CHF 6 million. Its total premium volume for 2013 was CHF 891 million, and the company has around 213,000 private customers, 176,000 of whom have basic insurance cover, all of them served by some 500 Sympany employees. Sympany has around 11,600 companies in its corporate customer portfolio.

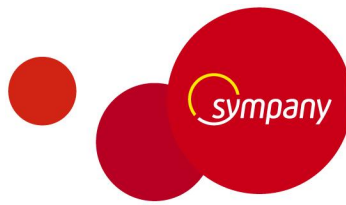
## Key figures Sympany 2013

	2013	2012
<b>Premiums and benefits</b>		
Total premium volume	CHF 891 million	CHF 919 million
of which compulsory health insurance (OKP)	CHF 579 million	CHF 590 million
Net benefits paid	CHF 803 million	CHF 784 million
<b>Result</b>		
Actuarial provisions	CHF 335 million	CHF 330 million
Provision ratio	41.7%	42.1%
Reserves as per OKP	CHF 95.5 million	CHF 93.5 million
Reserve ratio as per OKP	16.5%	15.8%
KVG Solvency Test (Vivao Sympany AG)	184%	175%
SST (Sympany Versicherungen AG)	280%	268%
Shareholders' equity	CHF 261 million	CHF 250 million
Equity as a percentage of premium volume	29.3%	27.2%
Net profit before allocation to surplus fund	CHF 17.5 million	CHF 21.6 million
Allocated to surplus fund	CHF 5.8 million	---
Net profit after allocation to surplus fund	CHF 11.8 million	---
<b>Employees</b>		
Persons	498	538
Full-time equivalents	442	471
<b>Customers</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
Private customers	212 592	203 097
of which with basic insurance cover	175 681	164 485
Corporate customers	11 641	12 250
Customer service centres	6	6

Detailed figures can be obtained from the full Annual Report:

[www.sympany.ch/ueberuns/geschaeftsbericht](http://www.sympany.ch/ueberuns/geschaeftsbericht)

The results for the KVG companies Vivao Sympany AG and Moove Sympany AG may also be found via this weblink.



## **Description of Sympany's model for surpluses in basic insurance**

Health insurance premiums are calculated a long time in advance and are submitted to the Federal Office of Public Health (FOPI) at the end of July for its approval. The FOPI is required to check that premiums cover costs in every case, and that all estimates and projections have been arrived at with the required actuarial prudence. However much care has been taken with the calculations and estimates, it invariably happens that some of the costs of medical benefits turn out to be less in any given year than originally predicted, and so surpluses are generated.

It is for this reason that Sympany has started returning surpluses in basic KVG insurance to the insureds themselves. These are distributed to the insureds in question in the spring of the year following that in which they were generated.

### **How does the surplus participation scheme work?**

In the premium regions and cantons in which the profit and loss account shows a surplus, all insureds share in it unless there are well-founded grounds for them not doing so. Over the coming years, surpluses will be distributed provided that the company's economic position – that is to say, its profits and reserves – permit it.

Sympany was able to pay out surpluses that had arisen in basic insurance for the 2013 financial year in the premium regions of Berne 1 (the districts of Berne and Biel), Zurich 1 (the city of Zurich) and in the canton of Solothurn. The amounts ranged from CHF 50 in the premium region Zurich 1 to CHF 150 in the premium region Berne 1 and the canton of Solothurn. The insureds entitled to these payments are currently being informed.

### **What are the Sympany model's advantages?**

What makes Sympany's system of surplus sharing special is that surpluses are distributed generally, rather than individually, within the premium regions in which they are generated. By so doing, Sympany complies with the core principles of the Swiss Health Insurance Act, in particular with the principles of mutuality and equal treatment.

The decision on a participation in surpluses is taken during the annual closing process for the financial year in which the surplus was generated. A provision (the surplus fund) is created for this purpose, and distribution takes place around the same time as our results for the year are announced. By recording this in the profit and loss account on an accrual basis, the financial year can be closed with no need for any retrospective adjustment of premiums and hence an out-of-period debit to a subsequent year. There is therefore no risk of legal uncertainty, the disadvantage of the "premium reimbursement" under the Health Insurance Supervisory Act (KVAG), which is currently the subject of political debate.

### **KVG summary**

By way of summary, Sympany's sharing of surpluses can be seen to be based on current legislation and to meet all the requirements of the KVG. The Sympany model guarantees the health insurer's solvency, facilitates payment and booking on an accrual basis, prevents the inappropriate accumulation of cantonal reserves, and its operation presents no practical difficulties.

### **Sympany surplus model for supplementary insurance too**

Sympany also has a surplus model for supplementary insurance under the VVG (Media release of 1 October 2013). This spring will see the first distribution of surpluses from model, based on the same principles.