



Annual Report 2007 | 08

ASA | SVV

Schweizerischer Versicherungsverband
Association Suisse d'Assurances
Associazione Svizzera d'Assicurazioni
Swiss Insurance Association

The Swiss Insurance Association (SIA) is the umbrella organisation representing the private insurance industry. Our members are small and large, national and international primary insurers and reinsurers. Our member companies follow the guiding principles of the association:

- **To support free market entry and competition**
- **To provide quality, reliability, transparency and fair play in insurance**
- **To afford security based on professional underwriting and risk management**
- **To observe the Swiss Code of Best Practice and the Swiss Exchange's disclosure requirements**
- **To promote progressive employer practices**

Aims

We undertake efforts to maintain and promote a liberal and socially acceptable market and competitive system.

We are committed to an economically viable framework, in particular with regard to private pension provision, insurance supervision, insurance operations and accounting standards.

We promote trust and confidence in the insurance industry by pursuing an active, integrated approach to public relations.

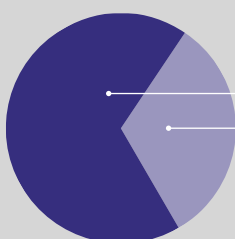
We create value for our members by means of know-how transfer, joint events and information activities.

We provide comprehensive, specially designed training modules.

We strive for loss prevention by adopting various measures.

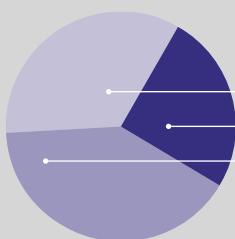
Premium volume of Swiss private insurance companies

in CHF billions



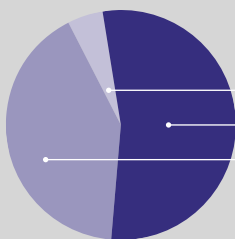
Global 2006

Abroad		109.8 *
Switzerland		52.0
Total		161.8



Abroad 2006

Reinsurance		37.5 *
Life insurance		27.9 *
Non-life insurance		44.4 *
Total		109.8 *

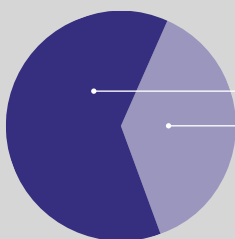


Switzerland 2006

Reinsurance		2.6 *
Life insurance		28.1
Non-life insurance		21.3
Total		52.0

Sources: Federal Office of Private Insurance

* SIA estimates



Employee statistics Swiss private insurance companies

Abroad		78 500
Switzerland		47 505
Total		126 005

Source: SIA personnel statistics as of 1 January 2008

Members of the Swiss Insurance Association

As of 1 January 2008

Contact and Internet address at www.svv.ch

("About us"/SVV Member companies)

ACE European Group Limited

AIG Europe Versicherung

Alba Versicherung

Allianz Suisse Lebensversicherungsgesellschaft

Allianz Suisse Versicherungsgesellschaft

animalia sa

appenzeller Versicherungen

Aspecta Assurance International AG

Assista TCS SA

Aurora Versicherungs AG

AXA Winterthur

Basler Lebensversicherungsgesellschaft

Basler Versicherungsgesellschaft

CAP Rechtsschutz Versicherungsgesellschaft

Cardif Versicherungen

CCAP Caisse cantonale d'assurance populaire

Chubb Insurance Company of Europe SA

Coop Rechtsschutzversicherung

CSS Versicherung AG

DAS Protection Juridique SA

Die Mobiliar Versicherungen

Die Mobiliar Vorsorge

emmental Versicherung

Epona Société mutuelle d'assurance générale des animaux

Europäische Reiseversicherungs AG

Fortuna Rechtsschutzversicherung

GAN Compagnie française d'Assurances

Generali Assurances Générales

Generali Personenversicherungen

Genworth Versicherung

Glacier Re

Groupe Mutuel Vie GMV SA

Groupe Mutuel Assurances

HDI-Gerling Industrie Versicherung AG

Helsana Unfall AG

Helsana Versicherungen AG

Helvetia Leben

Helvetia Versicherungen

Império SA

Infrassure Ltd

Innova Versicherungen AG

Inter Partner Assistance

Nationale Suisse Leben

Nationale Suisse Versicherungen

Nouvelle Ré, Compagnie de Réassurances

Orion Rechtsschutz Versicherungsgesellschaft

PartnerRe Zurich Branch

PAX, Schweizerische Lebensversicherungsgesellschaft

Phenix, Compagnie d'assurances

Phenix, Compagnie d'assurances sur la vie

Protekta Rechtsschutz-Versicherung AG

Rentes Genevoises

Retraites Populaires Vie

Sanitas Krankenversicherung

Schweizer Hagel

SCOR Global Life Rückversicherung Schweiz AG

Skandia Leben

smile.direct

Swiss Life

Swiss Re

TSM Transportversicherung

UBS Life AG

UNIQA Assurances SA

Vaudoise Générale, Compagnie d'Assurances

Vaudoise Vie, Compagnie d'Assurances

Versicherung der Schweizer Ärzte

Visana Versicherungen AG

XL Insurance, Switzerland

Zenith Vie, Compagnie d'assurances sur la vie

Zürich Versicherungs-Gesellschaft

Zürich Lebensversicherungs-Gesellschaft

Foreword	5	Health and accident insurance	33
Brief review of the year	6	General	33
Introduction by Chairman Erich Walser	8	Accident Insurance Act UVG	33
Security at the focus of the new supervisory philosophy		Health Insurance Act KVG	34
The CEO's report	10	Medical Service	35
The insurance industry is assuming increasing importance and is on an upward trajectory		Insurance medicine	35
Switzerland as a centre of finance	13	Whiplash issue	35
		Crash database	35
		Reha Guide	35
		Personal injury and reintegration	35
		Prevention	35
Legal developments		<i>Educational trail in Wägital, Canton Schwyz</i>	36
Developments in private insurance law	14	Health promotion and disease prevention	46
The new integrated supervisory system in Switzerland	14	Campaign to support your head – protect your neck ...	46
Insurance Supervision Act (VAG)/		Vehicle accidents with animals	46
Insurance Supervision Ordinance (AVO)	15	Safety on the slopes	47
Insurance Contracts Act (VVG)	17	Stress management – promoting health in companies	47
Financial market supervision	18	Via sicura – new safety on the roads	47
Retirement, survivors' and disability pensions	19	Educational trails to protect the forest	47
Occupational pension provision	19	Property and liability insurance	48
Tax treatment of occupational pension plans	21	Property insurance	48
AHV	21	Natural perils insurance	48
IV	21	Earthquake insurance	48
Other legal developments in the insurance area	22	Motor insurance	48
Corporate Tax Reform II	22	Liability insurance	49
Revision of Value-Added Tax Act	22	Transport insurance	49
Antitrust law	22	Technical insurance	49
Liability law	23	Legal protection insurance	49
Company and accounting law	23	Public relations work	50
Tenancy law in the Swiss Code of Obligations	24	Media work and information service	50
New Supervisory Reporting FIRST	24	Issue Management	51
Revision of the Commercial Register	25	Electronic media	51
Swiss Code of Best Practice	25	FORUM@insurance and TALK@insurance	52
Agreement with the Principality of Liechtenstein	25	Publications	52
Audit Supervision Act (RAG)	26	Health and safety promotion projects	53
Code of civil procedure	26	Other information activities	53
Legal developments in the European Union	27	Basic and advanced education and training	54
Solvency II	27	Insurance Industry Vocational Training Association (VBV)	54
International Financial Reporting Standards (IFRS)	28	Advanced occupational qualification	54
Harmonisation of European contract law	28	Basic commercial training	55
Safety nets for insurance company insolvencies	28	VBV insurance intermediary	55
Rome I and II	29	Centre of Competence for Insurance Management	56
EU Competition Commission	29	International organisations	57
Current insurance issues		CEA, OECD, WTO/GATS, IAIS	57
Life insurance	30	Association bodies	58
General	30	Association news	61
Individual insurance	30	Links and abbreviations	62
Group insurance	30	<i>Swiss sectorial trends</i>	63
Money laundering and self-regulatory organisation	30		
Commitment to a Swiss financial centre of the first order	31		
<i>Investments made by Swiss life and property and casualty insurers, and reinsurers</i>	32		

Published by:
SIA Swiss Insurance Association
Head of Communications Unit
C.F. Meyer-Strasse 14
P.O. Box 4288
CH-8022 Zurich
Phone +41 44 208 28 28
Fax +41 44 208 28 00
info@svv.ch
www.svv.ch

Concept and editing: Margrit Thüler
Photographs: Daniel Boschung, Wallisellen
Photographic subjects : "schutz.wald.mensch" educational trail, Wägital, Schwyz
Design: Obrist und Partner, Richterswil
Printed by: Säntisprint, Urnäsch
Distribution: Vereinigte Blindenwerkstätten, Bern
Editorial deadline: 31 March 2008

© 2008 Swiss Insurance Association, Zurich



Ladies and gentlemen

The Swiss insurance industry can look back on a successful year. Most insurers reported good technical results once again despite the storm-related losses of June and August. The private insurance industry is in sound operational health. As a result, our member companies reported extremely gratifying annual results.

The year under review was also a good one for our Association. We continued to focus our activities on taking the needs of our member companies into full account as far as this was possible. We observed that the economic significance of the insurance industry is becoming increasingly apparent to politicians, the media and the public. Financial safeguards are indispensable for the progress of our modern society and rely

on the existence of optimal conditions for insurance companies. With this in mind we brought our influence to bear – while exercising great care while doing so – on legal provisions of relevance to the insurance industry and involved ourselves in the material and organisational aspects of insurance supervision.

This annual report provides you with information about the activities of the SIA and its work on numerous committees, where we once again worked intensively and effectively at all levels.

We would like to thank all those who worked on our committees and placed their expertise and time at the disposal of our Association.

Swiss Insurance Association

Erich Walser, Chairman

Lucius Dürr, CEO

Key events impacting the Swiss private insurance industry in 2007 and 2008

The insurance industry can look back on a successful 2007. Despite the above-average losses arising from the summer storms and equity market turmoil, the insurance sector continues to steer a growth course.

January 2007

1.1.2007 | *AVO*: The amendment to the ordinance according to which coverage limits for natural catastrophes can be raised from CHF 500 million to CHF 2 billion enters into effect.

24.1.2007 | *SIA media conference*: The private insurance industry can look back on an outstanding year and is in good shape. Insurers are benefiting from the strong performance of the financial markets and favourable claims experience.

March 2007

6.3.2007 | *International events*: On Swiss Insurance Day held in the Swiss Embassy in Berlin, the SIA presents the subject of “The Swiss insurance industry in an international environment.” The industry plans to campaign for the creation and further development of internationally recognised standards. Of central importance is the mutual recognition of supervisory systems.

11.3.2007 | *Sunday referendum*: 71.2% of Swiss reject the popular initiative “for a single social health insurance fund”.

15.3.2007 | *Accident insurance (UVG)*: The Federal Office of Public Health closes the consulting process on the revision of the UVG. The SIA will actively monitor further developments.

21.3.2007 | *Personnel statistics 2007*: The SIA presents the industry’s new personnel statistics, which reveal a 3.5% rise in the workforce, thereby underlining how vital private insurance is to the economy.

April 2007

17.4.2007 | *Media seminar*: At the media seminar on “New challenges in the insurance industry”, the SIA provides an update on FINMAG, the Swiss Solvency Test and Solvency II.

May 2007

24.5.2007 | *FORUM@insurance*: Around one hundred interested guests attend the national conference on the issue of “Pandemia – is Switzerland ready for a pandemic?”

June 2007

6.6.2007 | *General meeting*: The delegates elect Erich Walser, Chairman of the Board of Helvetia Group, the new Chairman of the SIA and successor to Albert Lauper. Stefan Loacker, CEO of the Helvetia Group, is elected as a new member of the Board.

17.6.2007 | *Sunday referendum*: The Swiss accept the 5th IV revision by a majority of 59.1%.

27.6.2007 | *Storm damage*: According to a survey conducted by the SIA the private insurance industry expects claims of some CHF 190 million from June’s storms. The region of Einsiedeln in Canton Schwyz is particularly badly hit. The Huttwil region in Canton Bern is hit twice by severe storms, which cause major devastation.

August 2007

7.8.2007 | *Prevention*: In collaboration with the building department of Canton Zurich, hunters' association Revierjagd Schweiz and Swiss Animal Protection, the SIA launches the "Fewer accidents involving animals!" project. Each year well over 20,000 motor vehicles collide with animals on Swiss roads. The project aims to drastically reduce the number of accidents by using acoustic animal warning devices and by launching a major information campaign.

10.8.2007 | *Storm damage*: The SIA estimates the storm damage caused by the persistent rainfall in August 2007 to be CHF 125-155 million; 7000 claims are received.

September 2007

5.9.2007 | *Minimum interest rate*: The Federal Council increases to 2.75% the minimum interest rate for 2008 in the area of mandatory occupational pensions. The SIA had only recently spoke out against an increase.

13.9.2007 | *Vision 2015*: The Swiss Financial Sector Masterplan drawn up by the Swiss Bankers Association, Swiss Funds Association, Swiss Financial Market Service (SWX Group, SIS Group and Telekurs Group) and the SIA aims at placing Switzerland in the top three countries for global international business by 2015.

20.9.2007 | *Prevention*: The SIA, in collaboration with the Council for Accident Prevention and Road Safety Fund, launches the "Headrests protect" campaign to promote the use of headrests.

28.9.2007 | *Further education*: In Zurich and Bern 74 participants commence their studies at the Insurance Management School.

November 2007

9.11.2007 | *Earthquake insurance*: The SIA works with the Federal Office of Private Insurance and the Association of Cantonal Fire Insurers on the launch of Swiss-wide earthquake coverage as of 1 January 2010.

22.11.2007 | *Prevention*: A widespread campaign by the Council for Accident Insurance, SIA and Rega aims at reducing the number of accidents on Swiss ski slopes.

December 2007

3.12.2007 | *FORUM@insurance*: The conference on "The Solvency II Directive and the Swiss supervisory concept" with Professor Karel van Hulle meets with great interest.

3.12.2007 | *Meeting with parliamentary members*: At the beginning of the parliamentary winter session, the SIA meets with interested parliamentary members in Bern to bring them up to speed on current issues in the insurance industry.

6.12.2007 | *Swiss Insurance Day*: The SIA holds a Swiss Insurance Day in Brussels on the subject of "Europe and Switzerland in the light of new supervisory regulations".

January 2008

22.1.2008 | *SIA media conference*: The insurance industry can look back on a successful 2007. Despite more storm damage than usual in the summer, insurers are in good shape.

28.1.2008 | *"Ready for the Insurance Supervision Act"*: Some 40 people from our member companies attend the first event organised by the "Ready for the Insurance Supervision Act" working group.

March 2008

3.3.2008 | The SIA holds a *seminar* at the beginning of the spring session in Bern for newly elected parliamentarians on issues of insurance relevance.

12.3.2008 | *"Ready for the Insurance Supervision Act"*: The working group holds an event in Lausanne to launch its campaign in French-speaking Switzerland, which meets with widespread interest.

Security at the focus of the new supervisory philosophy

What is the likelihood of an insurance company being unable to fulfil its obligations? This is the question raised whenever turmoil reigns on the financial markets. The new Insurance Supervision Act lays new groundwork in this respect, focusing on policyholder protection and insurers' risk-bearing capacity.

The risk issue has resumed centre stage with financial executives in recent months. A reform of the Insurance Supervision Act is long overdue. Swiss insurance supervision entered into a new era in January 2006 with the enactment of the revised Insurance Supervision Act (VAG), which superseded the act dating back to 1885 and five others.

New legislative impetus

The collapse in share prices at the beginning of the millennium triggered a sea change. The massive losses in equity capital resulting from plummeting share prices provided a new legislative impetus. As in other European countries, a deep-seated change was under way which affected insurance oversight and control. A new supervisory philosophy is now in the process of being implemented. Alongside actuarial and investment aspects, other equally important factors such as corporate governance and staff quality are also playing a role.

The new supervision is based on a three-pillar system

Modern supervisory systems are characterised by a carefully balanced three-pillar system such as the one used in the Basel II regulations for banks and in the Solvency II regulations for the insurance industry scheduled for introduction in the European Union. The new Swiss supervisory model is also a three-pillar system.

Risk-based supervision

The first pillar is the Swiss Solvency Test (SST), which focuses on technical reserves and capital adequacy requirements. Today, the law requires institutionalised risk management which encompasses, sets limits on and monitors all major risks. Monitoring adherence to this principle requires risk-based oversight, the backbone of which is the SST. It is a method of measuring insurers' risk-bearing capacity and of calculating how

much capital they need to meet their obligations to policyholders with sufficient certainty.

"The new Swiss supervisory system aims to deliver security to clients and insurers. It is one of the strictest in Europe."

Much self-accountability needed

The second pillar is the Swiss Quality Assessment (SQA), which focuses on the organisational aspects of risk management and the internal control system. While the first pillar regulates elements of a quantitative nature, the second pillar is mainly given over to qualitative matters. These mainly comprise organisation, corporate governance and staff quality. The SQA specifies the qualitative supervision, which tests the functioning of the framework. A company's self-accountability plays a cardinal role in this respect.

Increased security through transparency

The third pillar establishes specific reporting obligations and ensures more transparency. The insurance industry promises benefits of a long-term nature, which makes an individual's financial risks planable. The new legislation makes the quality of this service pledge all the more evident to the sector and the client. This translates into more security for both sides.

The characteristics of each of the three pillars must be finely harmonised so as to guarantee a supervisory regime that is as efficient as possible and protects insurers from insolvency.

Service pledge must be evident in the balance sheet

The word "security" is the common thread running through the Insurance Supervision Act and Ordinance.

Insurance companies must assume clear responsibility for the service promise they pledge, which is something they cannot simply outsource. They must enter it in their balance sheet and create enough actuarial reserves to cover it, i.e. reserve enough capital for life insurance with guaranteed benefits, for example. The new supervisory regime increases insurers' responsibility for the risks they have assumed.

Guidelines only where necessary and feasible

The insurance industry and its supervisory regime must tackle this task together. The new supervisory system is a challenge for both sides. It is a balancing act between achieving the right degree of necessary supervisory instruments and avoiding the risk of overregulation. Guidelines are an important tool with which to strike this balance and must be enacted with great care and only in those areas where they are deemed necessary and feasible. The SIA is following this development closely and making an active contribution to the structuring process.

Supervision must be compatible with foreign standards

Insurance business is becoming increasingly international in nature, with Swiss insurers having to hold their own in an innovative and dynamic competitive environment. And they do so very successfully: two primary insurers from Switzerland count among the 15 biggest insurance groups in Europe. Furthermore, two of the world's biggest reinsurance groups have entered the Swiss market in recent years, which additionally underscores our significance as an insurance centre. Finally, the world's biggest reinsurer is also a Swiss company. This means that the Swiss insurance industry is becoming increasingly interlinked with its counterparts outside Switzerland. This also means that internationally recognised standards need to be created and improved. And for insurance supervision especially. Now it is a question of ensuring that the future work carried out on the new Insurance Supervision Act does not uncouple itself from European and international developments such as Solvency II and the International Association of Insurance Supervisors IAIS.

“Insurance companies operate on the basis of trust, which is a form of capital that has no substitute.”

Trust is the key

A study conducted by the Institute of Insurance Economics at the University of St. Gallen reveals that the introduction of the SST represents a major opportunity for the insurance industry in Switzerland. Let's capitalise on this. Having a recognised supervisory system in place makes a major contribution towards creating trust. Insurance companies operated on the basis of trust, which is a form of capital that has no substitute.

Risk management is the insurer's core competency

How secure are Swiss insurers in their core business? I firmly believe they are very secure. Risk management is at the crux of insurance; it is an insurer's core competency. Many Swiss insurers number among the oldest in the world. They possess a wide spectrum of know-how that has been accumulated over centuries, which guarantees professionalism. It serves as a guarantee that Swiss insurers will deliver on their service pledge.

Erich Walser, Chairman

The insurance industry is assuming increasing importance and is on an upward trajectory

In the year under review, the Swiss Insurance Association SIA continued to focus its activities on bringing lasting improvement to existing conditions and on optimally addressing the needs of its member companies. The Swiss Financial Sector Masterplan has laid the groundwork to ensure the substantial enhancement of the industry's standing.

The aim of this report is to render to member companies and interested third parties an account of the performance of the Association in the year just ended. In 2007 the SIA was once again in the vanguard in drafting numerous legal provisions of importance to the insurance industry and made contributions of a material and organisational nature to the shaping of the financial market supervisory body. While doing so the SIA had to keep its focus on European and international developments.

The year under review saw the launch of four important strategic projects:

- In collaboration with the Swiss Bankers Association (SBA), Swiss Funds Association (SFA) and Swiss Financial Market Services (SWX Group, SIS Group and Telekurs Group), as the most important representatives of Switzerland as a financial centre, the SIA for the first time drew up a common strategy for the future entitled the Swiss Financial Centre Masterplan.
- This masterplan gave rise to a second strategic project: a component masterplan for the insurance industry.
- To assume leadership in the dialogue on retirement provision, guidelines for forward-looking pension solutions were formulated under the title "Pensions 2040".
- By establishing the SIA's own lobby in Brussels, staging special Swiss Insurance Days in key European countries and being actively involved in European legislative projects – such as the Solvency II Directive – the SIA promoted the international focus of the Swiss insurance industry

A masterplan for Switzerland as a financial centre

The masterplan was introduced to the public in mid-September 2007. The Swiss Financial Sector Masterplan has as its goal the establishment of Switzerland among the

top three centres of international finance worldwide and of regaining ground in this area. This will involve doubling the contribution made by the sector to GDP from CHF 70 billion to CHF 130-150 billion, increasing the number of jobs in the financial sector by 40,000 to 80,000 and doubling the net tax income generated by the sector from CHF 17 billion to CHF 28-34 billion. Eight major measures designed to make it possible to reach these objectives are in the pipeline, three of which are especially focussed on the insurance industry.

A masterplan component for the insurance industry

Under the masterplan, the industry-wide measures were implemented first. Each partner organisation was tasked with developing a sector-specific masterplan component, which was presented in draft form in 2007 and is due to be finalised in the first half of 2008. The focus is on establishing Switzerland as an international life insurance market, which is a realistic endeavour given the ever-greater mobility of pension fund money and the concomitant liberal regime in the EU. The idea has encountered considerable interest outside Switzerland. One additional key goal is to raise the attraction of Switzerland for reinsurance. However, such goals need vastly improved conditions in the areas of taxes, regulations and other location advantages and in the creation and expansion of the future financial market supervisory authority into an institution of international standing.

Guidelines for future-looking pension solutions

The economic and societal shift of future years is fundamentally changing the demands made on pensions. For Switzerland, it is therefore becoming increasingly important to observe new guidelines when reforming the funded pension system. In order to master the changes, Switzerland does not need a brand new model, but rather a sustainable pay-as-you-go system of social

insurance alongside optimum conditions for development of a modern funded pension system. A baseline requirement document containing key statements assessed the existing multi-pillar model, describing the societal shift and modelling the Pensions 2040 concept with related guidelines and a specific plan of action.

Guidelines – a central issue in 2007

The process of implementing integrated insurance supervision, i.e. the move from rule-based to risk-based supervision, remained a key topic for the Association. In the opinion of the SIA “risk based” or “principle based” means more personal accountability by the insurance company. Based on this motto, the SIA brought its influence to bear on a package of guidelines that had been drawn up by the FOPI to flesh out the supervision ordinance and which triggered at the SIA in the year under review an enormous flurry of action. The SIA was able in a vast number of other parts of the guidelines to prevent unnecessary overregulation and to instead lend its support to the principle of self-accountability. The guideline process will continue in 2008, however.

New financial market supervision boosts trust

The SIA always advocates the promotion of Switzerland as a sound-performing financial centre. This requires strong market supervision. The new financial market supervisory body (FINMA) will make an important contribution towards promoting trust in the insurance industry. It makes sense to have a joint regulatory authority, as banking and insurance are faced by identical or similar issues of a financial nature. When developing the structure of the new supervisory body, it is vital that due consideration be given to those areas where there are differences between the banking and insurance business models. This aim was achieved in 2007 with the creation of the organisational structure and the composition of the Board of Directors. The insurance industry is suitably and competently represented in this respect. This balance must also be safeguarded in the executive management of FINMA.

Occupational pension provision – an “eternal” work in progress

Occupational pension provision has become one of the Association’s main ongoing issues. Although an evident sense of reality has returned to political debate in the wake of the parliamentary elections of 2007, the insurance industry is still waiting for the advent of realistic conditions within which to operate. Politicians must now act on the BVG conversion rate. The SIA is lobbying for the reduction to a maximum 6.4% by 2014 at the latest. The BVG minimum interest rate was increased to 2.75% by the Federal Council. The SIA considers this an inappropriate step and continues to lobby for the introduction of a transparent formula. As regards the legal quota, the SIA categorically rejects tighter provisions on participation in the surplus in occupational pensions. It will put all of its efforts into maintaining this full insurance model – which is very much appreciated, especially by SMEs. You can find more details in the chapter “Retirement, survivors’ and disability pensions”.

Earthquake insurance on the right path

Nationwide earthquake cover is a joint project of the SIA, the Association of Cantonal Fire Insurers and the FOPI. The aim is to add it to current natural perils insurance. In 2007 stakeholders, especially house owners and the public at large, were informed about this additional natural perils insurance. There was also intensive cooperation with the FOPI and the Minister of Finance. Given the time-consuming nature of this work, the insurance cover cannot be introduced before 1 January 2010.

No expansion of the remit of the Suva

At the end of November 2006 the Federal Council commissioned a consultation to be carried out on the partial revision of the UVG. In 2007 the SIA submitted a detailed response as part of the consultation procedure. Many other stakeholders followed the arguments put forward by the SIA and included their own opinion in the consultation procedure. Various amendments put forward in the draft proposal are not in the interests of the private insurance industry. For example, the SIA categorically rejected the expansion of Suva’s remit and areas of activity as this would be unconstitutional and in breach of the principle of mutuality. The SIA thus spent time in the past year lobbying parliament in an attempt to obtain support in view of the Federal Council’s report due to appear in spring 2008.

Prevention has the highest priority

Last year the SIA continued its efforts with regard to prevention and is currently in the process of implementing a new prevention strategy. This involves the two elements of codetermination and collaboration. Most health and safety promotion institutions are financed by insurers. What is more, the SIA plans to carry out an increasing number of its own projects. The SIA's prevention efforts aimed at the avoidance of road accidents with animals and the promotion of the use of helmets while skiing met with enormous interest and can be labelled as successful. The SIA is gaining markedly more recognition in the prevention area than in previous years.

The SIA enhances its range of training courses

Given the demographic development, there is no doubt that the competitive situation in the labour market will intensify considerably – for financial services companies included. The situation is becoming more serious for the insurance industry because some studies and surveys place insurers in a bad light on the labour market. In the knowledge of this situation and of the emerging development, the SIA acted promptly and proactively to adapt education and training in the industry – incorporating related perspectives offered by companies – to the latest needs and findings given how important a role it plays in the public's perception of a sector. The SIA has taken an important step in the direction of the future with the creation of the modern Insurance Management School and its revision of the Federal Certificate in Insurance. In 2008, insurance training will be offered by the universities of applied science, and thus gain entrance to the academic realm. At the top of the league in this respect are training courses at the University of St. Gallen and its Institute of Insurance Economics, which in 2008 is increasing its international focus, aiming to become one of the most important insurance training centres.

The SIA and insurance industry have gained recognition in the public domain

The expansion of communication activities continued unabated in 2007. A broad reputational analysis conducted in collaboration with the University of Zurich's body conducting research into public and society (Öffentlichkeit und Gesellschaft) (fög) shed some light on the development of the reputation of the insurance industry and led to the introduction of some measures to correct the industry's image. The insurance industry has a good reputation when it comes to property insurance, which the analysis revealed is considered to be of a high standard. Many prejudices and charges were dispelled in the life insurance area, specifically with regard to group insurance. Contact with journalists was stepped up further by means of background talks, media seminars and media conferences. The FORUM@insurance series of events was extended and the new TALK@insurance source of information immediately met with an extremely positive response.

Swiss insurance industry firmly entrenched in Europe

In parallel to the political activities at national level, the SIA continued its efforts at European and international level. A case in point is the work on the Solvency II Directive, which is of major importance to Swiss insurers and has a direct impact on the global competitiveness of our member companies. 2007 saw considerable effort being made to influence the formulation of this important body of regulations. Legitimacy was created with the Swiss Solvency Test, which is considered a pioneering work and will warrant being considered as absolutely equal to the future European solution. This should assist in gaining equal recognition for the Swiss supervisory authority and in placing it on an equal footing with its European counterparts; this is the only way to ensure that the Swiss supervisory authority assumes the lead for the oversight of group companies, which is absolutely essential for Swiss parent companies. It was therefore only logical that the SIA step up its lobbying in Europe in 2007, partly by way of recruiting an EU public affairs specialist, holding an additional Swiss Insurance Day in Brussels and one in Berlin and conducting numerous talks with top representatives of the European Union.

Lucius Dürri, CEO

Centre of finance plays a key role with regards to growth

Measured in terms of indicators such as value creation, tax base or employment, Switzerland is assuming a key role as a centre of finance with regards to growth and the stability of the economic system. The income tax and corporate tax generated by the financial sector – banks and insurers – amount to some 10% of total tax receipts in Switzerland.

High value creation of the insurance sector | One important mainstay in the current financial centre and entire Swiss economy is the superbly positioned insurance industry. In terms of the value added per employee, the insurance sector is one of the top sectors in Switzerland. The vast significance of the Swiss insurance industry is becoming increasingly apparent to politicians, the media and the public.

Expansion of presence outside Switzerland | The Swiss insurance industry has consistently expanded its presence outside Switzerland in recent years, today contributing a substantial amount to Switzerland's trade surplus: whereas imports of insurance services remained stable during the past few years at some CHF 125-138 million, exports increased continuously to the CHF 5 billion mark. Swiss insurers have to hold their own in an innovative, dynamic and international competitive environment. Strategic competition has since developed between the world's various financial centres, while important business and economic changes are presenting Switzerland as a financial centre with new risks but also opportunities.

Four associations – one masterplan | For this reason the Swiss Bankers Association (SBA), the SIA, Swiss Financial Market Services and the Swiss Funds Association (SFA) drew up a financial centre strategy entitled the Swiss Financial Centre Masterplan. Its aim was to develop a vision for 2015 and to set parameters for the development of the competitiveness of Switzerland as a financial centre. Specifically, the masterplan envisages establishing Switzerland as one of the global top three financial centres for international business and in doing so increase gross domestic product and tax receipts. The masterplan aims at equipping the financial centre and with it the entire business location of Switzerland for future chal-

lenges and sustainable growth, building on its current strong position.

As the Swiss Financial Centre Masterplan is an integrated strategy spanning all sectors promoting Switzerland as a financial centre, the representatives of the insurance industry agreed to conduct an in-depth analysis focusing on insurance aspects of the market. The analysis was performed by the Institute for Insurance Economics of the University of St. Gallen.

Masterplan component for the insurance industry | The present masterplan component for the insurance industry analyses the needs of the individual insurance areas that are specific to the industry. In order to respond to the individual needs as realistically as possible, a number of discussions were held with representatives of the insurance industry and a note made of their central and key concerns. The findings that emerge should serve to shape and implement the measure. This is planned to include the staging of a financial centre summit, a number of round table discussions and bilateral contacts with individual stakeholders. In the current year the onus is on fleshing out the masterplan component for the insurance industry with detailed measures and starting with the implementation of those that are most important.

Dynamic work under way on the new supervisory system in Switzerland

The new Insurance Supervision Act enters into effect. | This is a demanding project. | All guidelines relating to the Insurance Supervision Ordinance are being subjected to extensive revision. | The SIA assumes a stance on the draft bill of the fully revised Insurance Contracts Act. | The new financial market supervisory body gets organised.

The new integrated supervisory system in Switzerland

The development and implementation of the new supervisory system based on the fully revised Insurance Supervision Act (VAG) and Insurance Supervision Ordinance (AVO) have so far been heavily influenced by the Swiss Solvency Test (SST). The SIA became involved in the development work at an early stage. A number of companies have taken part in numerous voluntary field tests. Theory is now being put into supervisory practice.

SST report now mandatory | All insurance companies falling under the remit of the FOPI must submit an annual SST report. The SST will be accompanied by both traditional and new qualitative supervisory elements, which will be added to the supervisory landscape and all components integrated into a common supervisory concept. The SIA is also actively bringing its influence to bear on shaping this phase. In addition to traditional supervisory elements the new body will review, for example, the conditions for granting a licence to start up and operate an insurance undertaking, the business plan, the procedure to be adopted in the case of liquidation, filing for and carrying out bankruptcy proceedings and provisions on the termination of insurance activities.

Qualitative supervision | Qualitative supervision encompasses primarily the review of compliance with the provisions applicable to corporate governance, risk management and the internal control system. The integrated concept aims at ensuring that the above elements mesh seamlessly in supervisory practice. The integration should prevent the application of different supervisory philosophies and the undermining of the spirit of a common methodology. Any lack of or incomplete integration would finally only serve to increase expenses for insurance companies.

Challenging project | The implementation of the recently integrated supervision is an enormous and challenging project. The SIA is involved in developments by virtue of its seat on the sounding board, a committee headed up by the FOPI. Experts on both sides are working on permanent committees, representing the quantitative supervisory elements (SST), qualitative supervisory elements (SQA) and reporting to the FOPI (FIRST). In this way the organisation reflects the three-pillar principle on which modern supervisory systems are based. It was a major wish of the SIA to work towards the emerging global and industry-wide structures in the financial system (banks and insurance companies).

The integration with traditional supervision is an internal FOPI project. Two additional dimensions have yet to be addressed: first, the integration of insurance-specific supervisory principles in FINMA; second, international developments (mainly Solvency II in the EU), which must also be followed closely in parallel.

Prevent overregulation | The philosophy of integrated supervision is designed on a principle basis. This increases the admission in practice of principles of a widespread nature, thereby promoting flexibility of product design and, finally, competition. On the other hand, such a system harbours the risk of generating considerable sources of insecurity given the ongoing assessment of insurance companies by the supervisory body. This must be actively prevented equally by both parties – the supervisory body and the insurer. The supervisory body must concentrate on structuring and testing the framework conditions and be consistent in its demand for their adherence without the wish to regulate internal structures. Insurers for their part must convey credibility that they are complying with the requirements. This involves a balancing act, and both partners must be able to rely on each other.

One important instrument in this respect are guidelines. These must be issued with great care and only in those areas where they are necessary and make sense. Unfortunately, this is not always the case in practice, and the SIA is not rarely confronted with insurers' tendency to overregulate. However, insurers themselves prefer clear regulations to principles.

Ready for the Insurance Supervision Act | In an active effort to counter the tendency towards overregulation, the SIA founded the "Ready for the Insurance Supervision Act" working group. Its aim is to assist with the implementation of the new supervisory regime and to target primarily those SIA membership companies that are not represented in the respective SIA committees and working groups or that do not have the capacity to play an active role in them. The main aim in this regard is to involve SMEs in the development process, so that they can identify at an early stage where action is needed and can introduce the requisite measures. The platform also serves to recognise any problems in implementation on the part of the SIA and to make the FOPI aware of this via the sounding board and have the desired influence. In this way the SIA makes an active contribution and relieves the FOPI of some of the burden of implementing the new supervisory regime.

Insurance Supervision Act (VAG)/ Insurance Supervision Ordinance (AVO)

The subject of insurance supervision was heavily dominated by the FOPI guidelines in the 2007 financial year. As already mentioned in last year's report, the complete realignment of the insurance supervision regime made a comprehensive revision of all guidelines necessary. This kept the both FOPI and the SIA busy. Below we list the guidelines on which the SIA assumed a stance.

Remit of the external auditors at insurance companies | The directive of the FOPI which went into effect on 21 November 2007 "Framework Directive on the Activities of Independent Auditors with Respect to Insurance Companies" gave rise to much debate. This framework directive should essentially provide a description of the activities of auditors. The draft initially put forward by the FOPI gave rise to fears that costs would soar as a result. These fears were mainly due to the provisions laid down in Figure 2 of Annexes 1 and 2 (Subject of the Audit). As the FOPI only shared some of these concerns, reiterating that the framework directive should not give rise to any major additional costs for auditors, a dialogue with the Swiss Institute of Certified Accountants was sought with the aim of arriving at a common understanding of the provisions in question. The discussion made clear that there was indeed leeway for various interpretations of certain terms. After the issue of three different versions on each of which the SIA assumed a detailed written stance, an interpretation was agreed upon which was also in the interests of insurance companies.

Proposals for the new Life Insurance Directive | The SIA was also invited to submit its stance – which it did in December 2007 – on the composition of the Life Insurance Directive. The SIA did not restrict itself to the formulation of principles but submitted specific suggestions on each subject area. It also suggested integrating the few articles applicable to occupational pensions into the Directive on Annual Accounts. It also indicated that it could not submit a stance on the entire directive as long as the planned directive on actuarial reserves to which a number of articles in the draft referred was not available and as long as there was an absence of information.

Promotion of competition | The SIA advocates the enactment of a life insurance directive which promotes free competition and the further liberalisation of the insurance market. At this juncture the SIA pointed to the as yet in part unclear or even non-existent legal basis for this. Directives that serve to explain superordinated norms are expressly welcomed. However, directives which depart from this framework and begin to become a law unto themselves are to be avoided – notwithstanding the fact that the supervisory authority is not empowered to do so and would be breaching the principle of legality if it did.

New approach following hearing | On 15 January 2008 the FOPI held a hearing on the Life Insurance Directive to which life insurers, the SIA, consumer organisations and the Federal Tax Administration were invited. At the hearing, the FOPI confirmed that it would take into account various elements from the position submitted by the SIA in its revision of its draft directive as it would in its formulation of new approaches on a number of subjects. The participants in the consultation procedure will be given the opportunity to submit feedback on the revised draft directive. According to the timetable laid down by the FOPI the directive is scheduled to enter into effect as of the end of April 2008.

Consultation on Swiss Quality Assessment (SQA) | Summer 2007 saw the FOPI submit for consultation the SQA tools on corporate governance, risk management and the internal control system. The new risk-based supervisory system is heavily influenced by principle-based regulations. The SST and SQA form a central element. These modern instruments complement the traditional methods of supervision and unite them in an integrated overall concept geared towards the requirements of the insurance industry while safeguarding the interests of policyholders.

Personal accountability required | It is often impossible to prove or verify mathematically if requirements have been fulfilled. Insurance companies themselves are accountable for focusing on important forms of organisation or processes. For this reason the supervisory authorities have to rely on companies' cooperation and thus opt for the self-assessment method. However, the company's self assessment has to be validated by the FOPI, which determines how far an insurer has steered

its business in line with the required safeguards and checks and balances and established risk management that is commensurate with its risk profile. The SQA is broken down into two parts: the practical part where responses are required to open questions and a self-assessment part with closed questions.

Tools for the review process | Insurance companies found it a good idea to use the SQA tools as part of the supervisory review process. In this case it was important for the company to restrict itself to questions on the essential drivers of risk, thereby ensuring that more information could not be requested than was stipulated by law. As regards documentation, the SIA demands that any duplication of effort between the two tools be avoided. Furthermore, it was pointed out that the closed questions in the self-assessment section were not accompanied by a benchmark so as to make it difficult to compare the answers of the different companies. A structured risk dialogue would have therefore been a more suitable way of recording the various corporate governance cultures. Lastly, emphasis was laid on the importance of factoring in the proportional principle, which is designed to make things easier for SMEs.

Tools to be used from 2008 | A constructive discussion of the SIA's position took place in the qualitative working committee of the sounding board. The tools were subsequently finalised by the FOPI and went live on their website on 21 December 2007. They will be applied for the first time in 2008.

Actuarial reserves in non-life insurance | At the end of 2007 the SIA also submitted its detailed stance on the draft directive issued by the FOPI on actuarial reserves in non-life insurance. In this position the SIA criticises the non-uniform use of some expressions. It also fails to see in all provisions of the directive sufficient legal basis for the delegation of the power to make laws. The FOPI had not yet completed its work on the issue of this new directive when this annual report went to press. An interdisciplinary working group will lay the groundwork in the first half of 2008 to issue a definitive directive on this important issue soon.

Principles and guidelines must be drawn up | The reserves for claims that have been incurred but not yet reported are of major importance and essentially more

complex than previously assumed. Reserves are calculated by the individual insurance companies according to sometimes vastly different criteria, and the calculations are performed with the involvement of the company's claims, actuarial and finance departments. In view of the differences in reserving practice, it is absolutely crucial to establish the basis for a correct regulatory approach that ensures that practice remains at a standard security level instead of demanding that a company with few reserves build up its equity capital. One important step in this respect is the compilation of principles and guidelines for healthy claims management and reserving practice as well as the creation of a common instrument for monitoring by the supervisory body.

Swiss Association of Actuaries lays down actuarial standards | The regulator has to date issued no guidelines on this subject. The Swiss Association of Actuaries (SAA) published as far back as 2006 its own (non-official) "Guidelines for loss reserves in non-life insurance", which establish universally valid actuarial standards. Efforts are also being made in the EU with Solvency II to standardise reserving practice under a comprehensive and standard risk management system and qualitative supervision. The key aspects in this regard are:

- appropriate methods to estimate reserves
- adjustments to the values to reflect changes in information
- appropriate statistical preparation of loss data
- process quality (including documentation and control of procedures)

The same is likely to apply to the Swiss supervision system. Time will tell how useful the definitive guideline will prove to be.

Insurance Contracts Act (VVG)

The Insurance Contracts Act has been in effect since 1 January 1910, i.e. for nearly one hundred years, during which the insurance industry has undergone considerable change. Developments on the economic, corporate and legal fronts are having their effect: the globalisation of the insurance industry, new forms of distribution and the change in perception of what constitutes consumer protection are cases in point. It goes without saying that the VVG must be adapted to this changing landscape.

Complete revision of the Insurance Contracts Act | The partial revision of the VVG of 1 January 2006 already addressed several key consumer concerns. Parallel to the partial revision in February 2003 the Swiss Federal Administration commissioned an expert committee to draw up a draft report of the fully revised Insurance Contracts Act. The expert committee submitted their draft and a report to the Federal Department of Finance (FDF) and the FOPI in early August 2006. In September 2006 the FDF published the draft (VE-VVG) on its website and commissioned the FOPI to draw up a draft bill for consultation on the basis of the draft submitted by the experts.

In its position paper of Autumn 2007 the SIA adopted its stance on the VE-VVG. It supported the VE-VVG in principle as it was easy to read, written in standard language, described the paradigm shift from the protection of the insured to the protection of the consumer and basically retained the current regulations in individual insurance lines. In addition it contained the SIA's position on specific individual issues and particularly highlighted the following issues of a basic nature:

The future VVG must concentrate on the regulation of issues related specifically to insurance. | The point at which the legislator can intervene in a sector-specific matter should be when specifically the product of "insurance" is at issue. This principle does not apply, for example, to revisions put forward by the expert commission on the right of revocation, representation of knowledge and attribution of knowledge of legal persons. As far as possible these and other questions that are not of a specific insurance nature are to be regulated across lines and be generally valid.

The economic effects of the proposed revision are to be reviewed by the FOPI and presented in an explanatory report on the consultation draft. | The revised provisions of the future VVG must not be allowed to lead to an unreasonable administration burden and thus to inflated costs which, at the end of the day, have to be passed on in the form of higher premiums.

The VE-VVG now provides freedom of contract for major risks. The SIA welcomes this liberalisation. | It represents a first step in the direction of the paradigm shift from consumer protection to policyholder protection that is forever being demanded of insurance companies. The exact definition of what constitutes the circle of legitimate policyholders must still be reviewed in the consultation procedure. This review very much depends on how rigid the mandatory norms should be in favour of the policyholder in the future VVG. Given the legal complexity of the “insurance” product the protection of the policyholder is incontestably ascribed particular importance. However, not every policyholder needs complete protection. The mandatory protection norms should only apply to those policyholders who effectively need this protection. The consultation procedure is now to be awaited. It has not yet been confirmed when it will commence.

Financial market supervision

In mid-January the Federal Council enacted part of the new Financial Market Supervision Act (FINMAG) and elected seven members to the Board of the Financial Market Supervision body (FINMA). The partial enactment of the law effective from 1 February 2008 has provided the FINMA with a legal personality and allows it to go ahead with the additional work necessary for the creation of the new authority.

The financial market supervisory authority is getting organised | The Board of Directors is in charge of the authority’s strategic objectives on behalf of the Federal Council and decides on transactions with far-reaching consequences. The issue of ordinances and circulars, monitoring of executive management and internal audit are part of the remit of the Board of Directors. In Autumn 2008 the Board of Directors is to be complemented by two additional representatives.

Still a lot of open issues in occupational pensions

The minimum conversion rate in the occupational pensions area must be lowered at a more rapid pace. | The SIA calls for a transparent formula for the calculation of the minimum interest rate. | It categorically rejects any tightening in the provisions on the distribution of surpluses (legal quota). | As regards structural reform the SIA is of the opinion that supervision must be regulated across Switzerland in the interests of fostering a strong financial centre.

BVG minimum conversion rate

According to the first revision of the Occupational Pensions Act (BVG) the BVG minimum conversion rate is to be reduced in a number of stages to 6.8% between 2005 and 2014. Nonetheless – and this was evident at the time of the revision – this reduction does not go far enough. According to the technical basis for group life insurance, a conversion rate of 5.835% (men, aged 65) and 5.574% (women, aged 64) is correct. The BVG minimum conversion rate should therefore be set at a maximum 6.0% in the view of the SIA.

Redistribution must be stopped | In its report of 22 November 2006, the Federal Council put forward a suggestion to decrease the BVG minimum conversion rate to 6.4 percent in four steps, ending 1 January 2011. The Council of States rejected this suggestion in its 2007 summer session. Although the majority of the small chamber shared the view of the Federal Council that the minimum conversion rate should be reduced faster and by a greater degree than provided for in the 1st BVG revision, there is still a lack of consensus on how fast and how far this reduction should be brought about. As the rate of 6.0% is not the subject of current political debate, the SIA advocates a reduction to a maximum 6.4% by 2014 at the latest.

The redistribution from active insureds to retirees must be stopped.

BVG minimum conversion rate

The BVG minimum conversion rate is set by the Federal Council and by law must be reviewed at least every two years. Effective from 1 January 2008 the Federal Council raised the rate by 0.25% percentage points to 2.75%. This decision was published on 5 September 2007 with

one of the arguments for the rise being the positive development of the financial markets despite their major fluctuations. Shortly thereafter the subprime crisis in the US sent the financial markets into a tailspin. Looking back, pension fund facilities were generally unable to generate the BVG minimum interest rate of 2.5% for 2007.

The minimum interest rate must be a variable rate | The SIA had already called on the Federal Council back in June 2007 to waive an increase in the BVG minimum interest rate for 2008. The minimum interest rate represents an actuarial guarantee. Guarantees can only be made on the basis of so-called low risk investments, i.e. Swiss government bonds. Higher returns and thus surpluses in favour of the BVG insureds can only be generated if the minimum interest rate is lower than the rolling average of long-term government bonds.

Transparent formula put forward | The SIA calls for the setting of a variable and market-consistent minimum interest rate according to a transparent formula. It put forward the rolling average of government bonds as the basis for a formula to calculate the minimum interest rate, for example, 70% of the rolling average of seven-year government bonds. The BVG must be changed in this respect and the fixing of the BVG minimum interest rate removed from the political decision-making process.

Legal quota

According to the legal quota, normally at least 90% of gross income (gross method) reported on the income statement of the group life accounts or in exceptional cases at least 90% of net income (net method) must be used for the benefit of policyholders. The annual accounts published by the FOPI demonstrate that CHF

600 million was the share of the surplus of 14 insurance companies operating in the occupational pensions area allocated to policyholders for 2006 under the gross method. These funds correspond to approximately 0.5% of the some CHF 120 billion in pension money retained as cover from policyholders, which serves the purpose of building up and paying interest on the legally stipulated solvency capital.

Policy of legislation not breached | Against this backdrop accusations of a pension swindle resumed in 2007, an election year. Quoting the results reported in the 2005 and 2006 annual accounts, critics maintained that life insurers in the occupational pensions area had generated a return on equity of 13-18% and withheld an annual amount of CHF 500-700 million from policyholders. This resulted in calls for the systematic application of the net method for the legal quota. The Federal Council was accused of having breached the policy of legislation by making a distinction between the gross and net methods. This accusation was investigated by the Audit Commission of the National Council GPK-N and its "BVG Surplus Distribution" working group", which on 23 November 2007 published their report on the "investigation into the calculation basis for the legal quota". Under the heading "Minimum quota in occupational pensions: no breach of the policy of legislation" the Audit Commission of the National Council drew a clear conclusion in its media release of 23 November 2007. Unfortunately, this clear statement was relativised in the media release itself and in the report in question by various comments that failed to be based on fact.

Consequential action by the Federal Council | The provisions of the Federal Council are in keeping with the law. Parliament leaves the calculation of the legal quota to the Federal Council. The Federal Council has laid this down in such a way as to ensure that commensurate interest is earned on the risk capital made available under the regime of the Swiss Solvency Test and thus that the full insurance model is at all possible. For this reason the earnings-based method is applied precisely when conditions in the capital market make it possible to generate capital that can be averaged out over bad years and to create the necessary solvency capital laid down by law. The Federal Council's handling of this matter is logical in view of the guaranteed obligations in group insurance.

Structural reform

15 June 2007 saw the passing by the Federal Council of the report on structural reform drawn up on behalf of parliament. In terms of the organisation of the supervisory regime – given the strongly diverging responses provided in the consultation process – the basic tenet of the consultation draft of July 2006 was taken up in the revision bill. The bill correspondingly provides for various measures to strengthen the supervisory regime. This includes the decentralisation of the supervision remit hitherto observed by the Federation directly, the regionalisation of cantonal supervision, the increase in the demands made of supervision and the creation of an administratively independent federal oversight commission tasked with the coordination and standardisation of principles of supervision by means of the compilation of standards and directives.

BVG parameters absent | Contrary to the recommendations of the expert commission, the Federal Council opted to refrain from including the parameters of occupational pensions (BVG minimum interest rate, BVG minimum conversion rate, interest rate as per Art. 6. Para. 2 FZV, technical interest rate) in the consultation draft. On the other hand, it took account of the various measures taken to promote participation in the labour market by older staff, and additional provisions on the rules of conduct with regard to the administration of pension funds (governance).

Supervision to be regulated nationwide | The SIA supports the underlying aim of structural reform to strengthen the supervision of occupational pensions. It regretted that the corrections made to the parameters had not been included in the bill and that the latter was restricted to purely formal aspects of supervision. The SIA views the regionalisation of supervision as an interim step and continues to be of the opinion that supervision should be regulated across Switzerland.

Tax treatment of occupational pensions

In the year just closed the Swiss Insurance Association once again spoke out in favour of tax conditions that were in keeping with practice in the occupational pensions area. For example, it spoke out against the change in the withholding tax regime which aimed at achieving a differentiated distribution of tax receipts between the cantons. This bill would have only resulted in an increase in costs for pension funds which would have been at the expense of policyholders. The SIA expressly welcomes the appropriate further development of the tax system such as the measures implemented by the Federal Council in the area of restricted personal pension plans aimed at encouraging more senior employees to participate in the labour market.

The 11th AHV revision

In May 2004 the 11th AHV revision was categorically rejected by Swiss voters, which triggered a general rethink of the bill. Following controversial positions assumed by interest groups, the Federal Council decided to split the bill so as to permit it to be subjected to differential treatment. Two parts resulted: the standardisation of the AHV retirement age for men and women with technical improvements in its implementation; while the bill on pre-retirement pensions was removed and added to the Federal Act on Supplementary Pensions to the AHV/IV.

With regard to the standard AHV retirement age of 65 for men and women, considerable pressure has now built up because the Federal Council in its report at the end of December 2006 rejected the popular initiative “for a flexible AHV retirement age.” One of the chambers is scheduled to vote on a counterproposal by autumn 2008 so that the deadline for the referendum can be extended by one year.

More flexible retirement age | In its meetings at the beginning of 2008 the predeliberative parliamentary commission (Committee for Social Security and Health in the National Council) suggested the introduction of a more flexible retirement age where pensions or their reduction in the case of early retirement could be graduated according to income. The matter is on the agenda of the National Council (first parliamentary instance).

Although both parts of the 11th AHV Revision aim to relieve the AHV of some of its burden, the private insurance industry is of the opinion that urgent measures are necessary to secure the long-term financing of the AHV. These should be at the focus of the 12th AHV revision.

The IV revision and IV supplementary financing

In the referendum of 17 June 2007 the bill on the 5th IV revision was accepted by voters and entered into effect on 1 January 2008. Thanks to early registration and intervention those unable to work due to illness should be able to avoid losing their jobs. The revision also introduces enhanced ways of integrating the disabled into the labour market (integration before pension).

The rise in value-added tax over a seven-year period and the creation of an independent IV compensation fund (separate from the AHV fund) aims at attempting to make both social insurance institutions independent. The Council of States as the first parliamentary instance sketched out a solution to the financing problems of the IV, and it is now to be hoped that the National Council will follow suit.

A host of revised legislation and new software

Improved tax conditions for SMEs. | Value-Added-Tax Act under revision. | Revised company and accounting law brings improved corporate governance. | Supervisory Reporting FIRST tested. | Addition made to the Swiss Code of Best Practice.

Corporate Tax Reform II

Parliament passed the Act on the Improvement of the Tax Regime for Corporate Activities and Investments in its 2007 spring session. The referendum called by Switzerland's Social Democratic Party was rejected by voters in February 2008, meaning that the Federal Council will probably put the Act into effect as per 1 January 2009. The Act will vastly improve the tax regime, especially for those succeeding the current owners of small and medium-sized enterprises. Furthermore, the double taxation of corporate profits will also be mitigated at federal level.

Revision of Value-Added Tax Act

The SIA welcomes the efforts made by the Federal Council to reform Swiss value-added tax law. The SIA took part in the consultation procedure to streamline the Value-Added-Tax Act and advocated the adoption of the "tax act module" designed to remove known deficiencies. The SIA adopts a differentiated stance on the elimination of unfair freedom from taxation advocated by the Federal Council as far as this is possible.

The SIA is of the opinion that the issue of *taxe occulte* merits particular attention as a considerable amount of it is borne by the insurance industry. Furthermore, insurance premiums are generally burdened by stamp duty, meaning that the insurance industry contributes a not inconsiderable amount to the federation's tax revenues. The accumulation of *taxe occulte* and stamp duty makes insurance coverage of risks expensive, which leads to economic distortions. Against this background, the Swiss Insurance Association rejects all steps that would lead to the further increase in *taxe occulte* in the insurance industry in the medium to long term. What is needed are legislative measures to reduce or stabilise

the existing *taxe occulte*. In this connection we would point to the various legislative possibilities such as a genuine zero tax rate for exports, the extension of the scope of exclusions to include certain purchases of goods and services or the right to opt at single contract level for certain insurance contracts.

Antitrust law

Within the framework of the negotiations with the Competition Commission (CoCo) regarding an issues statement for the insurance industry, the SIA indicated the need for more legal clarity and certainty. The Competition Commission complied with this request and published its code of practice for insurance in its series of publications (Law and Policy on Competition (RPW) 2007/1, page 137).

The Antitrust Task Force revised the guide on competition law and association work that dated back to 2004 and addressed in the new edition of the guide the findings since made in antitrust law.

The SIA supports the motion by parliament which takes into account corporate compliance programmes when deciding on sanctions. Compliance programmes are important tools in the implementation of the goals of the Antitrust Act.

Liability law

In the year under review the SIA submitted its response as part of the consultation procedure to the partial revision of the Code of Obligations (more stringent liability for animal owners) and a position on the experts' draft bill on the total revision of the Insurance Contracts Act. The SIA advocated solutions that do not lead to unnecessary premium increases and that guarantee insurability.

Company and accounting law

Swiss company and accounting law has long been in need of revision as the applicable norms no longer reflect developments in and the needs of the economy. The bill aims to modernise corporate law and bring it into line with economic needs. The SIA was involved in the preliminary draft which the Federal Council submitted for consultation in December 2005.

Improved corporate governance | In December 2007 the Federal Council approved and published the report and draft bill. In summary it was confirmed that the draft bill improved corporate governance, provided companies with more freedom as regards capital structures and allowed for general meetings to be conducted via electronic means. Parts of the outdated accounting law were also replaced in full.

Board of directors elected each year | The revision focuses on improving corporate governance and on lending greater weight to the rights of shareholders as the owners of the company. The rights to information are regulated more clearly and shareholders in privately held companies now have the right to written information. The bill considerably lowers the thresholds for exercising a variety of shareholders' rights, such as calling a general meeting and filing actions to reclaim unjustified payments. According to the bill the members of the boards of directors should be elected for a one-year term. The SIA advocates keeping the current rule. Banks' voting rights originating from the securities they hold in safekeeping and the possibility of shareholder representation by an officer of the company have been abolished. The Federal Council wishes proxies to be independent persons in future.

More flexible capital structures | An additional important subject of the revision is the area of capital structures, which are to be more flexible and provide companies with greater scope. By adopting a so-called "capital band" the annual general meeting will be able to authorise the board of directors to increase or reduce equity capital as it wishes within a specific range. The statutory minimum par value for shares will be abolished. In contrast, the Federal Council decided not to abolish bearer shares in light of fierce opposition during the consultation procedure.

The legal basis was created to permit the use of electronic media in preparing and holding general meetings. This modernisation can substantially reduce costs for companies.

Accounting legislation replaced | The revision finally provided the opportunity to replace the extremely outdated accounting legislation. The very split of the articles in question was evidence that new standard rules apply to all company forms. The current status quo in the accounting area was integrated into the draft bill and numerous provisions included for large companies and groups.

New legislation has no impact on taxes | According to the draft bill, the new accounting legislation will not have an impact on taxes. This comes as good news as the first draft envisaged a reversal of the authoritative principle. Accounting entries that are not recognised for tax purposes are to be disclosed in the notes to the financial statements if they are not stated in the balance sheet. The SIA submitted the draft bill to the relevant working group for revision and will prepare and carry out its lobbying work in keeping with the requirements of the insurance industry.

Tenancy law in the Swiss Code of Obligations

Due to major opposition, the revision work under way on the law could not be pursued as far as legislative level in September 2006. The Federal Housing Office (BWO) decided, in collaboration with experts from the associations involved, specific proposals for revision at ordinance level. In September 2007 these suggestions were presented to the BWO. At this point in time, although opinions as regards indexation and comparative rents had changed, important differences remained with regard to the specific form these would take. The subsequent work was successful, however, so that the Federal Council was able to approve the amendment to the Ordinance on Tenancy Law in November 2007 and enact it on 1 January 2008.

Mortgage rate redefined | According to the new ordinance the mortgage rate of the individual cantonal banks will no longer be used as a reference rate but be replaced by a single rate applicable for the whole of Switzerland. This will apply from 1 September 2008, until which time the current rate will continue to apply. In addition ecological considerations were factored into the revision because the renovation of residential and commercial premises for energy-saving purposes will be treated as investments that add value and provide grounds for rental increases. This should act as an incentive for landlords to carry out such work.

New Supervisory Reporting FIRST

At the end of 2006 the FOPI started to make preparations to replace the former reporting software TEDAP. To this end a working group was formed made up of representatives from life and non-life insurance, reinsurance and health insurance and the SIA with the aim of assisting with this process from the outset. The FOPI initially planned to request the implementation of FIRST (FOPI Integrated Reporting & Supervising Tool) for the year 2007. The work of the above groups showed, however, that the complexity of the system made this too ambitious a goal. The introduction was postponed to the 2008 business year and will take place by 30 April 2009.

FIRST has been up and running since February 2008 |

Companies have been able to access the FOPI's FIRST tool since February 2008. The tool offers ten accounting codes (legal entities) each with eight business areas (life BVG, remaining life business Switzerland, non-life branches outside Switzerland, reinsurance, health insurance and health insurers). Access during this test phase only serves the purpose of obtaining a picture of future data volumes. The SIA drew the attention of its member companies to the possibility of using this option, although the mandatory reporting obligation of the 2007 business year must be complied with via FIRST as of 30 September 2008.

Further test runs planned |

On 12 May 2008 an additional ten accounting codes were released for final testing purposes with insurance companies. Two accounting codes are planned in each case for life insurers, non-life insurers, health insurers, health insurance companies and reinsurers. As this is a closed system, the insurance companies are able to test it directly using their own business figures for 2007. The existing accounting codes can still be accessed. The foreign language versions should also be available by May 2008. On 30 June 2008 the tests will be completed. According to the timetable, the last clean-ups are scheduled to be carried out by 31 August 2008, after which point the application will be signed off. From September to the end of October, the applications will be rolled out and the various user groups will receive training in its use.

New FIRST software

- No software needs to be installed for FIRST. The application runs on central servers and access is via the Internet. The only prerequisites are fast Internet access and the installation of Internet Explorer 7 (IE7).
- FIRST is based on an accounts structure. Alongside the accounts information (balances and in a few cases sets of transaction types), the system requests additional information on statistical accounts.
- In the interests of integrating the various instruments needed for supervisory purposes, the FOPI aims to collect all the essential data necessary for regular reporting requirements via one single application.

Revision of the Commercial Register

At the end of March 2007 the Federal Council started work on the revision of the Ordinance on the Commercial Register. Following the consultation procedure in which the SIA took part, in September 2007 the new ordinance was approved for enactment on 1 January 2008. The Ordinance on the Commercial Register now contains the necessary regulations on the implementation of the new regulations on audit obligations. Only auditors are entered in the commercial register who conduct a proper or limited audit and who are in possession of the necessary permission from the new supervisory authority.

Electronic commercial register | In the interests of improving transparency and facilitating access to commercial register information, it is now possible to gain access free of charge to commercial register data via the Internet throughout the whole of Switzerland. Previously, one third of cantons permitted free online access to such data. In addition, there are plans to switch to a purely electronic commercial register. Clients of the commercial register will in future be able to submit registrations and receipts via electronic means. The cantons are being given five years to make this switch.

An additional key aspect is that the Ordinance on the Commercial Register will streamline the complaints procedure by shortening the length of the legal process: complaints about decrees issued by the commercial register offices will in future be decided on in the canton by one single (legal) instance.

The rules on suspension of entry in the commercial register are to be subjected to review. An appeal against an entry in the commercial register that has not yet been completed results in an immediate ten-day provisional suspension of entry. The suspension is removed if the objecting party cannot prove to the court within ten days that he or she has filed a precautionary injunction.

Swiss Code of Best Practice for Corporate Governance

Due to the international debate and at the initiative of interested parties, at the beginning of 2001 a Corporate Governance Expert Group was created at *economiesuisse* with the remit of establishing a common under-

standing of the various efforts being made to improve corporate governance in Switzerland. The Swiss Code of Best Practice which this gave rise to was geared towards the needs of Switzerland's diversity of large, medium-sized and small public limited companies. It aimed at depicting in an easily understandable fashion Switzerland's extremely high standard of corporate governance that is already adopted by many companies of high standing in Switzerland.

Additions to the Code of Best Practice | In the wake of the debate about the remuneration of executive management, there has emerged a need for a commensurate addition to be made to the Swiss Code of Best Practice for Corporate Governance. To this end, a working group drew up an annex with recommendations on remuneration to which the SIA was invited to adopt its stance in the consultation procedure. The SIA used the opportunity to demonstrate its position and submitted its objections in writing. The Board of Directors of *economiesuisse* approved the Swiss Code of Best Practice in its meeting of September 2007.

Annex to the Swiss Code of Best Practice for Corporate Governance

- The Compensation Committee shall comprise only non-executive and independent members.
- The compensation system shall correspond to performance and include no false incentives.
- Severance payments or golden parachutes are to be avoided in principle.
- Shareholders shall be presented with a performance report each year explaining the company's remuneration policy.
- The general meeting shall either in the form of the annual accounts and discharge of the company's executive bodies or in a consultative vote be able to expressly voice their opinion of the compensation report.

Agreement with the Principality of Liechtenstein

1 July 2006 saw the Principality of Liechtenstein's enactment of the new Insurance Intermediaries Act (*VersVermG*). Under the new act insurance intermediaries are

given twelve months to enter themselves in the public register in order to fulfil all of the requisite conditions for approval. On the basis of the new act and membership in the EEA, it was necessary to adapt the existing agreement between Switzerland and the Principality of Liechtenstein. Otherwise insurance intermediaries not registered in the other country would not have been able to operate across the border as of 1 July 2007.

Registration with supervisory authority crucial | The aim for the supplement to the existing agreement was thus to avoid the necessity of a double registration obligation. This incidentally was also in keeping with the European principle. The SIA was involved in drawing up this agreement on behalf of the FOPI. Just before the end of the deadline the agreement was adapted and entered into effect. Registration with the supervisory authority is crucial under the amended agreement for the recognition of cross-border business. Intermediaries involved in cross-border operations must also fulfil the information obligations of the Principality of Liechtenstein as the latter, as a member of the EEA, is not permitted to offer better conditions to third-party states than those offered by other EEA states. Lastly, insurance intermediaries must submit as financial security an occupational liability insurance applicable in Liechtenstein and Switzerland.

Audit Supervision Act (RAG)

On 16 December 2006 the National Council and the Council of States passed the Audit Supervision Act (RAG). The act was introduced in response to more stringent conditions under US legislation and the facilitation of international cooperation in this area. The RAG provides for the introduction of an admissions procedure according to which a supervisory authority reviews whether the auditing services rendered by auditors and auditing companies fulfil the requisite legal requirements. Auditors of public companies will be subject to state oversight and their activities subject to review by the supervisory authority at least every three years. They must also meet certain independence requirements.

The commensurate implementing provisions also had to be passed in order to implement this new federal act. The SIA was invited in May 2007 to state its position. Although the implementation of the RAG affects

mainly external auditors, the SIA took this as an opportunity to express its opinion on a number of points that related mainly to the circular. Essentially, these related to a number of specifications in the provisions which were giving rise to uncertainty.

Rules of conduct for insurance companies when managing investments

The SIA has drawn up some rules of conduct for insurance companies when managing investments. These can be called up and downloaded in German and French on the SIA Extranet.

Code of civil procedure

Each canton currently has its own laws on civil procedure. The enactment of a Swiss-wide code of civil procedure aims to deal with this legal fragmentation and replace the current 26 cantonal codes with one standard national code. The Federal Council issued its report and positional statement on a Federal Code of Civil Procedure in June 2006. The draft bill was considered by the Council of States as the first instance in the 2007 summer session. The Committee for Legal Affairs of the Council of States is currently debating the draft. The committee continued its debate into January 2008 and will report its findings following close deliberation.

The SIA welcomes the standardisation of laws on civil procedure. However, it criticises the introduction of indiscriminate collective class actions in the private sector, arguing that current procedural law and the future Federal Code of Civil Procedure already envisaged numerous ways for consumers to pursue their rights in civil suits; in particular by providing legal venues, no-cost litigation in some cases and obliging judges to investigate and cross-examine claims. The SIA thus welcomes the opinion of the Federal Council according to which class actions under future procedural law can only be pursued in cases of invasion of personal privacy. The Council of States as the first court of instance approved this version.

The legislative process for Solvency II is under way

Level 2 measures on course. | Successful Insurance Day in Brussels. | Two initiatives aimed at harmonising European contract law. | Rome I and II – standard regulations in private insurance law.

Solvency II

Swiss interests in the legislative process for Solvency II focus on regulating the collaboration with third-party states, in particular the regulations applicable to group companies. Although it provides for testing between the European system of solvency and that of a non-EU (i.e. third country) solvency regime (“equivalence” concept), the draft directive continues to detail only the consequences of what will happen if the systems are not judged as equivalent. In Switzerland the Swiss Solvency Test applies a risk-based supervisory system similar to that of the EU. The principles of both systems are subject to the same rules in terms of risk management and capital adequacy and similar conditions as in industry. Both can thus be assumed to operate according to very similar structures subject to a detailed verification of equivalence test.

Switzerland as the lead regulator | The Swiss insurance industry would welcome having group supervision of all Swiss insurers and their branches in the EU to fall under the auspices of the Swiss financial market supervisory authority (FINMA) in collaboration with its European counterparts. In reciprocal fashion the Swiss branches of European companies would be subject to Group supervision by the regulator in their European home country in collaboration with FINMA. This new system of cooperation between the various national supervisory authorities under Solvency II has the advantage of precisely regulating the rights and obligations between the parent and guest countries, i.e. between the supervisory authorities. These regulations would be applied to the third (non-EU) country in the case of equivalence.

Swiss Insurance Day in Brussels | The SIA drew up a position paper in autumn 2007 for the occasion according to which it advocated that article 272 of the draft directive be expanded to include the above aspect. The SIA has since been endeavouring to embed this interest in the legislative process via parliament, i.e. via the report of the European Parliament. The European Commission is expected to provide its support. On 6 December 2007 the SIA held for this purpose its Swiss Insurance Day in Brussels, which met with the widespread interest of stakeholders.

Level 2 measures on course | The actual equivalence test will be carried out as part of level 2 measures. The aim is for the European Commission to conduct this test in cooperation with CEIOPS and make it binding on all EU member states. Alternatively, FINMA can enter into negotiations with each individual member state for the purposes of carrying out a test whose result will apply only to the country in question, however. The final establishment and conduct of level 2 measures will take place during the course of 2009.

Websites for further information

CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors): www.ceiops.org

IASB (International Accounting Standards Board): www.iasb.org

CFO Forum of the European Insurance Industry: www.cfoforum.nl

International Financial Reporting Standards (IFRS)

2007 was dominated by the publication of the Discussion Paper (DP) of the International Accounting Standards Board (IASB) entitled “Preliminary views on insurance contracts”, which has been responded to by numerous stakeholders across the globe. The DP is of a highly comprehensive and technical nature and despite its reach does not regulate all areas yet. The main component of the DP is the so-called building blocks on which IFRS measurements are based. These include cashflows, risk and cost margins and discounts. Problem zones in the individual areas are mentioned here only in passing: which cashflows should be taken into consideration and should they be factored into the calculation weighted by probability? How do the principles for the calculation of the risk margin and cost margin look when used in specific cases? Should the discount be made on the basis of risk-free interest rates or the investment returns underlying the insurance portfolio? The most varied of answers to the DP only go to show that a wealth of open questions remain. The Europeans are increasingly advocating the conduct of field tests, similar to the quantitative impact studies (QIS) in the Solvency II Project. At the time this report went to press the IASB had still not adopted a clear stance on the matter.

Efforts made to harmonise European contract law

Harmonisation in European insurance and general contract law has so far only addressed specific issues, generally those relating to consumer protection. Two initiatives aim at introducing more extensive harmonisation to these areas of law.

Since 1999 a private group of experts comprising professors from a number of European universities have been working on a “Restatement of European Insurance Contract Law”. The European Commission has been working on harmonisation of a more extensive nature and on plans to draw up a common frame of reference for the EU member states by the end of 2009. The framework will encompass provisions common to all contracts and regulations on two types of contract: the purchase contract and the insurance contract. Since May 2005 a European research network has been commissioned to draw up a draft for this reference framework. The Restatement of European Insurance Contract Law group of experts submitted in December 2007 to the European Commission a draft for a common frame of reference for insurance contract law.

Further information

The draft submitted by the group of experts for the Restatement of European Insurance Contract Law can be called up under www.restatement.info

Safety nets for insurance company insolvencies

Not all EU member states have systems that safeguard policyholders against the insolvency of their insurers. The European Commission has been seeking for some years to harmonise safeguards in this area. In November 2007 the UK consultancy company Oxera published its study “Insurance Guarantee Systems in the EU: Comparative Analysis of Existing Schemes, Analysis of Problems and Evaluation of Options”. The Oxera study serves the Commission as the basis for further action in

this area. In spring 2008 the Commission will send the study's key findings into the consultation phase. Part of the consultation will be an open hearing which will take place in June 2008

Rome I and II

The Regulation on the Law Applicable to Contractual Obligations (Rome I Regulation) was adopted by the European Parliament on 29 November 2007. The still outstanding official adoption by the European Council is purely a matter of form following the agreement with the European Parliament. The Rome I Regulation replaces the Rome Convention on the Law Applicable to Contractual Obligations of 1980. The new regulation (as the convention) provides clarity over which law applies if a dispute arises over a contract made within the EU which falls under several jurisdictions.

Rome I is the second regulation aimed at introducing standard regulations on international private law on contractual obligations at community level. Under Germany's presidency Rome II (Regulation on the Law Applicable to Non-Contractual Obligations) was passed with effect from 11 January 2009 in the EU member states.

EU Competition Commission

At the end of September 2007 the EU Competition Commission published its Final Report on Business Insurance Sector Inquiry in which it identified three major concerns which the Commission and/or national authorities will follow closely. These concerns include the application and implications of best terms and conditions clauses, any cumulative market foreclosure as a result of long-term contracts and failure of the market with regard to insurance intermediaries.

The new SRO-SIA regulations have entered into effect

Renewed growth in premium volume in individual life insurance. | Pleasing increase in group insurance. | Sound and comprehensive plans to combat money laundering.

General

Following three years of ever-declining premiums in Swiss life insurance business (individual and group), we are pleased to report a trend reversal in growth in 2007. Premium volume rose over the previous year by 2.5% overall.

Individual insurance

The actual motor driving the growth turnaround was the development of unit-linked life insurance. Both recurring premiums (+9%) and financing via a single premium (+18%) were proof positive of this trend. Conventional individual insurance, however, proved to develop in a diverse manner according to line. Whereas endowment insurance financed by a single premium continued to report an increase of 3.5%, business with recurring premiums registered a decline of 1.5%. Both financing forms of annuity insurance lost ground.

The stamp duty in effect since 1998 has a particularly dampening effect on the conclusion of life insurance policies during phases of low interest rates. It erodes returns and makes business in traditional individual insurance difficult. In contrast, the extremely wide range of unit-linked life insurance products now on offer have been able to meet the needs of the varying risk appetites of insurance clients. This will certainly continue to have a positive effect in future.

Tax treatment of individual insurance | The supervisory framework and product design of individual life insurance changed substantially with the enactment of the supervision ordinance. This made it necessary to review the administrative practice of the tax authorities as regards the recognition of life insurance products for tax purposes. In the first half of the year the relevant

groundwork went into effect which was accompanied by an adjustment of tax authority guidelines to the economic situation.

Group insurance

A slowing of the decline in premiums in group life insurance was already observed in the previous year. This area also witnessed a trend reversal in 2007. Group insurance, which makes up some 70% of life insurers' premium volume, increased a pleasing 3%. This development can be attributed to the further increase in the number of the gainfully employed and general wage developments in Switzerland.

Money laundering and self-regulatory organisation

EU | By the end of 2007 Bulgaria, the Czech Republic and Lithuania had implemented the Third EU Money Laundering Directive of 25 November 2005. The directive regulates specifically which politically exposed persons (PEPs) are classified as such and the fact that only foreigners and their dependents can fall under this category.

The Regulation of the EU Council of Ministers on the EU-wide Control of Cash Movements Into and Out of the EU has been applicable in all member states since June 2007. In cases where the cash is obviously being conveyed for money laundering purposes or to finance terrorist activities, the member states can exchange information with each other.

Federal level | June 2007 saw the Federal Council issue a report on the implementation of the revised FATF recommendations on behalf of parliament. The report ex-

tends the scope of the Money Laundering Act (GwG) to apply to the financing of terrorism and contains measures with which to increase the effectiveness of the Swiss defence mechanism to combat money laundering and to strengthen the general protection of Switzerland as a financial centre against fraud. The revised Money Laundering Act is scheduled to enter into effect in 2009.

The FOPI issued the new Ordinance on the Combating of Money Laundering (GwG FOPI) effective from 1 January 2007, which superseded the old ordinance that had been hitherto valid. The new ordinance takes account of the recommendations made by the FATF in the 2005 Mutual Evaluation Report of Switzerland. It not take into account the effects of an integrated financial market authority for the money laundering area and terrorism financing at the time of the enactment of the GwG FOPI.

Self-Regulatory Organisation (SRO-SIA) | The year under review was dominated by the revision of the Regulations of the SRO-SIA to conform with the FOPI's new money laundering ordinance. The Association's Board devoted three meetings to the subject.

In November 2007 the SRO-SIA submitted the revised draft regulations to the supervisory authority. The desired amendments and additions were made following talks with the FOPI. The revised regulations were approved by the FOPI in a decree of 11 January 2007, which went into retroactive effect as of 1 January 2008.

In the ballot vote of 25 January 2008 the amendments to the regulations failed to obtain the requisite two thirds majority of votes of SRO-SIA members. The inclusion of restricted personal pension plans (pillar 3a) gave cause for discussion from the point of view of regulatory due diligence obligations and transitional provisions. The Board waived its right to seek legal recourse, with the result that the regulations entered into effect on 1 January 2008. The Board is involved in talks with the FOPI as regards restricted personal pension plans and the transitional provisions. The member companies have until 1 July 2008 to adjust their internal provisions on combating money laundering to the SRO-SIA regulations. The stance on the regulations is scheduled to be electronically available by mid-2008.

Commitment to a Swiss financial centre of the first order

A sound functioning financial system and active combating of international financial crime are prerequisites to make Switzerland attractive as a financial centre. The deficiencies uncovered in the FATF 2005 Mutual Evaluation Report of Switzerland notwithstanding, the FATF attests that Switzerland has sound and comprehensive measures in place to combat money laundering and the financing of terrorism. The responsible and highly-trained staff of the SRO-SIA and its members make an important contribution towards ensuring Switzerland's status as a sound financial centre.

SRO-SIA on the Internet

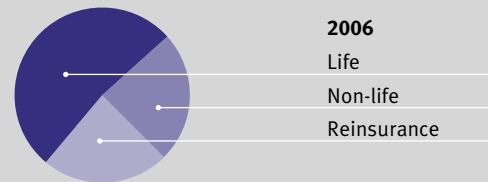
The annual report, articles of association, regulations and remarks on the regulations of the SRO-SIA can be downloaded from www.svv.ch.

Popular figures

A wealth of constantly updated data can be found under “Zahlen und Fakten” on the Internet in German and French at www.svv.ch.

Investments made by Swiss life and property and casualty insurers, and reinsurers

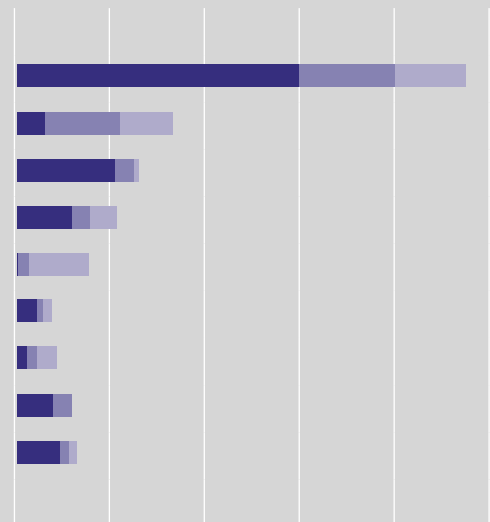
Total	2003	2004	2005	2006
■ Life	297 676	291 710	293 505	299 429
■ Non-life	112 132	116 334	128 162	138 534
■ Reinsurance	91 569	102 571	124 000	133 439
Total in CHF millions	501 377	510 615	545 667	571 402



Income

Total in CHF millions	20 707	18 800	19 213	22 720
-----------------------	--------	--------	--------	--------

Breakdown 2006	Life	Non-life	Re	Total
Fixed-interest securities	148.6	50.4	37.1	236.1
Investments, equity holdings	14.5	39.4	28.0	81.9
Land and buildings and mortgages	51.3	10.1	2.6	64.0
Shares and investment fund units	28.5	9.9	14.2	52.6
Deposits with ceding companies	0.4	5.5	32.1	38.0
Fixed-term deposits, other investments	10.3	3.0	4.9	18.2
Policy loans	5.0	5.2	10.8	21.0
Borrower's note loans	18.5	10.1	–	28.6
Other	22.3	4.9	3.8	31.0
Total in CHF billions	299.4	138.5	133.4	571.4



Sources: Federal Office of Private Insurance

Liberalisation of compulsory accident insurance and no single health insurer

The SIA scrutinised the revised Accident Insurance Act and provided a detailed response as part of the consultation procedure. | The popular initiative in favour of a single health insurer was rejected. | The Federal Council adopted the national “eHealth” strategy for Switzerland.

General

The SIA continues to be in favour of the future liberalisation of compulsory accident insurance as increased competition fuels innovation, efficiency and competitiveness. The liberalisation introduced as of 1 January 2007 (abolition of joint pricing arrangements) required the creation of suitable terms of reference (for example, legislative anchoring of an event limit for war and catastrophe risks and of a fund to guarantee future annuities) and further measures (for example, discontinuation of the hearing procedure).

Accident and health insurers have pledged to join forces on the CH Salary Standard Project (ELM) (2008: 12 companies). The project aims at making it possible for companies to send their salary data to all recipients electronically. The Swissdec Association was especially founded to support this project, more information about which can be found at www.swissdec.ch.

Accident Insurance Act UVG

Revision | 2007 was overshadowed by the revision of the act. The SIA had until 15 March 2007 to submit its position as part of the consultation procedure. The SIA's main concerns were already contained in the consultation documentation. This meant that the SIA was well positioned for further work related to the legislation. The critical points addressed in the consultation documentation related in particular to the proposed new demarcation between the Suva and private insurers and to the new remit of the Suva (ancillary activities). The Suva should not be given any legal authority to receive new areas of business because by doing so it would be detrimental to fair competition. Moreover, there are no constitutional grounds for such a move, which would also constitute a breach of the principle of mutuality.

The SIA sees the revision as an opportunity to make corrections in the benefits area, in particular in the interests of reducing overinsurance.

Further information on UVG revision

The following documentation can be found under www.svv.ch (under Politik und Recht): the response of the SIA as part of the consultation procedure, the SIA's position, documentation of the Confederation, media releases of the Federal Ministry of Health and various speeches by SIA experts on the subject.

Report expected in spring 2008 | The Federal Council commissioned the Federal Department of Home Affairs to draw up its report by spring 2008. The SIA is, however, not passively awaiting the report: a working group is drawing up applications and positions on various issues and is in discussion with various stakeholders. In addition, regular meetings are being held with representatives of the Federal Ministry of Health and parliamentarians.

Health Insurance Act KVG

Single health insurer | The popular initiative for a single health insurer was forcefully challenged by the SIA. On 31 January 2007 the SIA communicated in a media release its hostile stance on the single health insurer. 71.2% of the population emphatically rejected the initiative on 11 March 2007. This is a clear signal that insureds are against nationalisation of the health system and health insurance.

Lower health insurance premiums | In July 2004 the Swiss People's Party (SVP) launched a popular initiative "for lower compulsory health insurance premiums" which called for more transparency and competition in healthcare. The initiative was rejected by both the Council of States and National Council. The winter session of 2007 saw both councils agree on a direct counter proposal, the consequence of which was the SVP's withdrawal of its popular initiative.

The counterproposal (which the population will be called to vote on on 1 June 2008) goes in the same direction as the initiative: calls for greater competition and transparency and a higher level of policyholder accountability. Furthermore, it forms the basis for the introduction of the single-payer system (replaces hospital subsidies). The SIA is in favour of more competition and the move towards the single-payer system, which is why it supports the counterproposal.

National "eHealth" strategy | The Federation and the cantons wish to join forces in the interests of facilitating the development of electronic healthcare services in Switzerland. The Federal Council adopted the national "eHealth" strategy for Switzerland on 27 June 2007. The Federal Department of Home Affairs (FDHA) and the Swiss Conference of the Cantonal Ministers of Public Health signed a framework agreement to implement the national "eHealth Strategy Switzerland" and established an eHealth coordinating body as of the beginning of 2008. The decisions of this body are to be understood as recommendations for all players in the healthcare system. For their part, the Confederation and the cantons will create a new legal basis for the body according to need and area of jurisdiction.

In the interests of education

With its lectures and talks, the SIA Medical Service makes an important contribution to improving people's understanding of the most varied of insurance-related subjects | The crash database can be called up on the Internet. | The Rehabilitation Clinic Guide (Reha Guide) has been completely revised.

Insurance medicine

By contributing personnel and expertise, the SIA Medical Service supported throughout the year the efforts of Swiss Insurance Medicine (SIM) and the Academy of Swiss Insurance Medicine (asim) to improve and anchor insurance medicine more firmly in the medical community. In addition the Medical Service held lectures and talks at the Universities of Zurich and St. Gallen as well as at various training courses and conventions and events on the subjects of social insurance, private insurance, medical assessor training and work, insurance fraud, the whiplash issue, disability assessments and general issues of relevance to insurance medicine. This was accompanied by a series of seminars held by the Medical Tribune for Primary Healthcare Providers entitled "Sentenced to disability? Setting the right course."

Whiplash issue

A number of interdisciplinary conventions on the subject of whiplash-associated disorder (WAD), otherwise known as "whiplash", provided information on the efforts of the private insurance industry (preliminary documentation form, case management, headrest as a prevention measure, accident analyses and biomechanics). All the conferences showed how many earlier medical disputes had been rendered obsolete and that interdisciplinarity – particularly between lawyers, doctors and biomechanics – is of monumental importance.

Crash database

In spring 2007 the SIA commissioned a second series of crashes at low speeds. The reference database, which is accessible to accident analysts and any other inter-

ested parties free of charge, today comprises 112 high-quality crash tests with accident analyses calculated with the highest of precision. The database can be accessed under www.agu.ch.

Reha Guide

The Rehabilitation Clinic Guide (Reha Guide) was completely revised and updated in spring 2007 for the first time since its publication. It currently contains details on 147 institutions. All the forms required for registering for rehabilitation or for a spa stay (for relaxation or curative purposes) can be called up under www.svv.ch/medizin.

Personal injury and reintegration

The SIA Medical Service manages the Personal Injury and Reintegration Working Group, members of whom in the year under review once more visited a number of rehabilitation clinics, held discussions with institutions and kept the insurance industry up to date on various findings via its newsletters.

Prevention

The Medical Service highlighted crucial aspects of safety in its campaign to encourage the correct positioning of car headrests ("Headrests protect – drive safely by adjusting them properly").

Further information

You can find a wide range of information and download all the requisite forms at www.svv.ch/medizin.

Increased prevention efforts

Preventing loss is more economic than dealing with it. Prevention is an urgent task of our society; insurers have been playing their part for years.

The SIA Board of Directors decided in April 2007 to step up the Association's prevention activities and to make the Prevention Commission report directly to the Board. By the end of 2008 all prevention measures will be centrally coordinated and managed. One member of each of the Non-life, Health/Accident and Life committees was appointed to the Prevention Commission. This structure aims to safeguard the link to the committees and to guarantee that prevention activities are in line with the needs of the member companies. The Communications Unit provides the projects with support on the communication front. All projects are designed to be of a sustainable nature.

The following are pictures of the **educational trail in Wägital** in Canton Schwyz. It is one of eight educational forest trails created by the SIA as part of its "schutz.wald.mensch" prevention project following the devastation wreaked by Storm Lothar. Visitors can experience the effect of a protection forest and how it safeguards mankind against natural forces.

www.schutz.wald.mensch.ch

Other ongoing projects

Prevent accidents involving animals

www.svv.ch (*praevention*)





Campaign to use headrests – protect your neck
www.kopfstuetzen.ch

Safety on the slopes
www.schuetzdich.ch









Wald Mensch

Ein Mensch hält stabil

Bei Hochwasser...

Bei Lawinen...

Umgebung oder entlang des Pfades begegnet?

ASA SVV

GOWN











New focus of prevention

The SIA has adopted a new focus for its prevention activities. | The Prevention Commission reports directly to the Board of Directors. | The new campaigns will run for several years and focus on sustainability.

The SIA Board of Directors decided in April 2007 to realign the Association's prevention activities and have the Prevention Commission report directly to the Board of Directors. By the end of 2008 all prevention measures will be centrally coordinated and managed by the Prevention Commission. To this end one member each from the Claims, Medical/Accident and Life committees was appointed to the Prevention Commission. This structure aims to guarantee the link to the committees and safeguard that the prevention activities are in line with the needs of the member companies. The Communications Unit is involved in the projects and ensures they have the desired media affect. All projects are conducted along sustainability lines and are subject to evaluation.

Careful planning | On the basis of the "2007 – 2010 Multiyear Plan" approved by the Board of Directors in 2006, the main targets for 2008 were realised in the projects to "support your head and protect your neck", prevention of accidents involving animals, safety on the slopes and stress management. The campaigns of several years' duration and aimed at sustainability were launched successfully in summer and autumn 2007 and met with the widespread interest of our member companies and media.

Campaign to support your head – protect your neck

Drive safely – avoid accidents – prevent the consequences of accidents. Correctly adjusting your seat and headrest can mitigate the consequences of road accidents. Your head and neck are well protected if your headrest is adjusted properly. Drivers should be sensitised to the fact that having their headrests set correctly means setting them at the right height and that the distance between their head and the headrest is important.

The campaign uses posters, TV commercials and flyers to encourage drivers to keep their distance from the car in front, adjust their headrests and to always wear their seatbelt. The campaign is being conducted in collaboration with the Council for Accident Prevention, the Road Safety Fund and other partners.

Many headrests are set incorrectly | The Council for Accident Prevention, which was commissioned to conduct the survey, revealed that 37% of respondents set their headrests too low and that 39% had too wide a gap between their head and the headrest. Women tend to have their headrests set correctly more of the time, with no differences reputed between the various age groups. 50% of headrests in French-speaking Switzerland and Ticino are set too low; some 40% in German-speaking Switzerland. On the basis of the data evaluated, raising the number of correctly positioned headrests to 55% was made the objective of the campaign, which ends in 2010.

Reduce the number of vehicle accidents involving animals

Each year well over 20,000 motor vehicles collide with animals on Swiss roads. The project aims to substantially reduce the number of accidents by using acoustic game-warning devices and by launching a major information campaign. The project was launched in Canton Zurich in 2007 and will be extended to Cantons Lucerne and Schaffhausen in 2008. The number of accidents involving animals can be massively reduced by observing just a few simple rules.

The SIA, hunters' association Revierjagd Schweiz and Swiss Animal Protection want to work together to reduce the number of collisions with animals on Swiss roads. The "Prevent accidents with animals" project

aims at avoiding personal injury and the unnecessary suffering of animals. The pilot phase will be evaluated and monitored by the research and consultation.

Safety on the slopes

115,000 people injure themselves so seriously each year while doing snow sports in Switzerland that they have to consult a doctor. This translates into 1,000 accidents per day during the winter season. The Council for Accident Prevention, working with the SIA, launched its "Safety on the slopes" campaign on 22 November 2007. The aim of the three-year campaign is to encourage as many people as possible to take more care while doing snow sports. The campaign appeals to them to wear helmets and wrist protection and to regularly check their ski bindings. "Safety on the slopes" is the follow-up campaign to "Enjoy sport – protect yourself", which likewise ran for three years. Between 2003 and 2007 the percentage of people wearing a helmet rose from 16% to 52%.

Stress management – promoting health in companies

Stress and burnout phenomena are among the biggest causes of illness in Swiss companies. The State Secretariat for Economic Affairs (SECO) estimates that the economic damage caused by the costs incurred by absences, sickness and disability amount to CHF 4.2 billion per year. Health Promotion Switzerland and the Swiss Insurance Association are financing and developing joint measures aimed at reducing stress in a number of companies taking part in pilot tests. This includes examining the effects of intervention by reducing the negative effects of stress, collecting economic statistics and providing general recommendations for implementation. Twelve companies are initially testing the new instruments developed to reduce stress factors. The project is being conducted by the University of Bern and the Institute of Social and Preventive Medicine of the University of Zurich.

Via sicura – for greater road safety

More than 500 people continue to be killed on Swiss roads each year, while almost 6,000 are seriously injured. A quarter of the fatalities and seriously injured are young people aged between 16 and 26. Road accidents cause a lot of suffering for all concerned and their families, but also burden the economy with work absences, medical treatment and benefits in the event of a disability. In 2002 the Federal Council gave the Department of the Environment, Transport, Energy and Communications (DETEC) the mandate to formulate a new road safety policy, prepare the necessary measures and make the necessary legislative amendments with the aim of halving the number of fatalities and seriously injured in road accidents within the next ten years.

Mixed working group working on the project | The Federal Council in November 2005 debated the "Via sicura" programme and confirmed its aim to further increase road safety in Switzerland. In 2008 DETEC plans to present the Federal Council with various ways of accomplishing this aim complete with priorities, cost estimates and alternatives. The project addresses financial issues arising from the proposal put forward for motor liability insurance and contains specific measures on how to prevent road accidents. The SIA is in contact with the Federal Roads Office (FEDRO) and is involved in a mixed working group on this project of importance to the private insurance industry.

Educational trails to protect the forest

In Switzerland's mountainous areas eight educational forest trails have been opened since Storm Lothar in 1999. They offer families, associations and schools the chance of experiencing in a fun way the issue of natural perils and the protective forest. We provide information about these forest trails in the picture section of this annual report.

Everything you need to know about prevention

Under www.svv.ch/praevention you can find more information on our prevention projects.

Substantial storm damage again in summer

2007 also witnessed an increased number of natural perils claims. | Efforts to introduce earthquake insurance are making progress. | Motor vehicle accidents are taking a disquieting turn. | The SIA supports measures aimed at accident prevention. | The E-insurance card is saving costs.

Property insurance

Business is marked by declining premium rates, in particular in the SME and industry segment. Competition continues to be fierce in this area (soft market). The claims burden was particularly influenced by more large claims than usual in the corporate sector. Vehicle thefts, in contrast, have fortunately declined, which is likely to be attributable to the stepping up of prevention measures.

Natural perils insurance

Whereas 2006 witnessed a pleasing fall in the number of claims, 2007 registered a marked renewed increase. On the whole, however, it can be assumed that the rise in deductibles in natural perils insurance effective from 1 January 2007 was already responsible for part of the reduction in the overall claims volume.

Natural perils prevention | It continues to be of crucial importance that in the interests of all parties involved at confederation, canton and local authority level the necessary initiatives are introduced to reduce the number of losses in particularly exposed zones. At the end of the day, this is also the obligation of policyholders to do all in their power to protect themselves in future from natural perils losses and to mitigate the consequences of them. In view of the global increase in scope of dangerous natural perils of all types, such efforts must also be markedly ramped up in Switzerland as well.

Swiss-wide earthquake insurance

Of all natural perils, earthquakes are the ones with the greatest potential for damage. Earthquake cover should be included in a compulsory fire insurance policy in the same way as natural perils insurance. Earthquake damage was long considered uninsurable. Earthquakes represent a particular risk given their very low claims frequency and extremely high damage potential. The SIA and the cantonal building insurers are striving to introduce earthquake insurance as a Swiss-wide instrument of solidarity. This is the only way to guarantee that each individual home owner can protect his or her possessions at a moderately priced premium.

Motor insurance

The booming motor industry in the year under review with its commensurate effect on motor insurers contributed to pleasing results. The number of cars sold and new registrations rose by no less than 5.7% over the previous year. This pushed the number of registered personal vehicles above the four million mark for the first time ever.

Rise in premium volume | Both motor liability insurance and motor physical damage insurance benefited from this growth as premium volume in both lines is estimated to have increased by 1.5%. However, this increase is substantially below that of the previous year (a respective 2.8% and 2.1%), which can be attributed to an extremely lively market in premium levels. To reach their ambitious growth targets, several car insurers offered extremely generous premium rebates. That this nevertheless resulted in pleasing premium growth can be traced back to the trend towards bigger and more powerful cars and to the above-mentioned increase in new vehicle registrations.

Unwelcome accident statistics | Preliminary accident statistics for 2007 are leading to fears of a substantial rise in the number of fatalities over the previous year. Such unwelcome developments result in higher claims for compensation and weigh on the results of motor insurance lines. Insurers are thus supporting the implementation of accident prevention measures such as those envisaged in the “Via sicura” project being run by the Federal Roads Office. They particularly favour suitable measures in the area of education and training, research and statistics, vehicle safety and the reduction in the consequences of cervical spine injuries. In collaboration with the Swiss Road Safety Fund and Council for Accident Prevention, the SIA launched its “Headrests protect” campaign (see report under Prevention).

Cost savings from the E-insurance card | The E-insurance card project managed by the Motor Vehicles Commission (FKM) has reached an important milestone: all SIA member companies selling motor vehicle liability insurance have switched to this cutting-edge system. Insurance cards are thus no longer produced in paper form by the cantonal vehicle registration authorities but sent out electronically via a clearinghouse. The prerequisite for the seamless functioning of this system is the affiliation of all units involved in the registration and deregistration of motor vehicles. An official ordinance stipulates that all motor vehicle insurers and cantonal departments of motor vehicles must be hooked up to the E-insurance card system by the end of 2008. The FKM is convinced that this cost-efficient electronic exchange of data can be applied effectively in other areas as well. Several projects to this end are thus being considered by the units in question.

Liability insurance

The General Liability Expert Commission, in collaboration with Swissmedic and the ethics commissions, has revised the standard terms and conditions for clinical trials. Furthermore, a claims reporting tool for the healthcare area and a risk questionnaire on hospital liability insurance were drawn up and presented to companies.

Transport insurance

Premium development has improved somewhat in this comparatively small line of business but is continuing to suffer from the fierce competition. The claims burden has generally remained stable. The relevant expert commission is focussing on transferring specialist know-how to all market participants.

Technical insurance

Premium growth in this likewise small line of business was pleasing in the year under review. Claims declined somewhat. With the modernisation of existing cover it will be possible to enhance further the market penetration in this sector. The responsible commission has also set itself the target of lending even more weight to specific prevention efforts in the interests of all those involved.

Legal protection insurance

This year once again demonstrated the constant rise in significance of legal protection insurance. Earned premium volume reached CHF 321 million in 2007, which is 6.75% higher than in the previous year. A recent survey confirmed that the legal protection insurance market is far from being saturated as yet. It also showed that as society evolves, more and more people are seeking the services of a lawyer to settle disputes, which is partly attributable to the growing complexities of the law.

Information services sought more than ever

Three media conferences were held on prevention projects. | Systematic observation of issues of relevance to insurance as part of Issue Management. | Electronic media gaining in importance. | An information service centre in the making. | Conference on the subject of pandemic was very successful. | The SIA's popular ABC publication was revised.

Media work and information service

Media conferences | The annual media conference of 22 January 2008 in Zurich coincided with plummeting share prices in the wake of the subprime crisis. SIA Chairman Erich Walser explained to media representatives that the insurance industry had anticipated and could weather such equity market turmoil. Looking back at 2007 he drew some positive conclusions: the insurance industry is in very sound health. A turnaround is evident in life insurance for the first time since 2003 with rising premiums.

On 13 September the SIA and partners joined forces to introduced the Swiss Financial Sector Masterplan. Three media conferences were held on prevention projects: on 14 June on the opening of the educational nature trail through the protective forest in Wägital in Canton Schwyz; on 7 August in Lindau/Eschikon in Canton Zurich at the launch of the project against accidents with animals on the roads; and on 20 September on the launch of the "headrests protect" campaign in Bern.

Media queries | The SIA's media office is often the first port of call for the media on insurance issues of all kinds. The office strives to serve the needs of the media rapidly and competently and to support them with their research. And this also applies to issues that do not affect the Association's work directly. Media representatives who are often under pressure very much appreciate this added service. The media office can fall back on a wealth of knowledge and information databases in their search for information and maintains a network of personal contacts at member companies.

The top issues in the period under review were the serious storms in the summer, occupational pensions, lower premiums in motor insurance, the subprime cri-

sis, the Zurich art robbery, the warning systems used to prevent road accidents with animals, liability insurance and earthquake insurance.

Management of contacts | Alongside the management of personal contacts with national journalists, the SIA is expanding its network of contacts with the international media and EU correspondents. This is in view of the strong international component of the Association's work. On 6 December the SIA conducted a Swiss Insurance Day in Brussels, which examined regulatory changes such as Solvency II and issues of insurance oversight. The target public of the media work were journalists specialised in insurance from the major EU countries.

Analysis of media content | The "Öffentlichkeit und Gesellschaft" (fög) research area at the University of Zurich is conducting a media content analysis. The fög presents the new results four times each year in the form of a reputational analysis, which provides information on ways of optimising public relations work for the SIA and its members.

Media seminar | On 17 April the SIA held a media seminar on regulatory subjects such as FINMAG, the Swiss Solvency Test and Solvency II. The SIA conducted seminars on a number of selected topics with the aim of providing the media with fundamental information on the industry.

Issue Management

The SIA's Issue Management offers member companies the option of systematically observing developments in the worlds of politics, law and business that are of relevance to the insurance industry. Member companies can call up via the Extranet some 80 PR-related reports from the media, along with the SIA's position papers, political motions being debated by the Council of States and National Council as well as hearings and consultation procedures. Users are informed about the latest news and documents on selected issues via two weekly updates.

Electronic media

The SIA's electronic media in 2007 also gained in considerable importance given their heavy use. For example, the number of visitors to our website rose by 10% from 194,000 to 215,000 in the year under review. Particularly intensive use was made of the membership directory and publications, which were downloaded as PDF files and most of which can be ordered in printed form.

SIA Internet

Media, opinion leaders and the general public can find a wealth of information along with the SIA's stance on specific issues on its website www.svv.ch, where its publications and newsletter can also be ordered.

New subscribers to our newsletter | We also registered a sharp increase in the number of subscribers to our newsletter: from just under 4,000 at the end of 2006 to approximately 7,000 at the end of December 2007 (5,600 in German, 1,400 in French). Barring a short summer and Christmas break, we sent out 48 regular editions of our newsletter in 2007.

SIA Newsletter

The weekly electronic newsletter provides information on issues of relevance to the private insurance industry. The newsletter is available in German and French and can be subscribed to under www.svv.ch/newsletter.

Mondays and Wednesdays are Extranet days | The Extranet registered more than 57,000 users in 2007. This corresponds to more than 150 hits per day (including the weekend). The Extranet registers a particularly high number of hits – some 380 per day – on Mondays and Wednesdays. This is attributable to the twice-weekly update mail sent out containing links by issue to the latest media articles and position papers. The number of subscribers rose from just under 2,500 in 2006 to more than 3,000 as of the end of 2007.

SIA Extranet

All employees of our member companies can access the SIA Extranet (<https://extranet.svv.ch>). An update mail containing new issues is sent out twice per week. Members of our Association's specialist bodies also have access to a separate dedicated electronic office.

New SIA intranet creates information of high quality | To represent the interests of the Swiss private insurance industry in an even more effective manner, a decision was made to create an information services centre at the SIA head office: the aim is to make the "right information" available at the "right time" in the "right form" in the "right place".

It was on this basis that we designed and implemented a central Internet-driven information portal during the course of 2007. The SIA intranet has been online since the end of December 2007 and thus creates the technical basis for the information services centre. Documents that have been hitherto managed on local drives can now be processed via the Internet. All staff working at the SIA head office have access any time and from anywhere to the office's documents. This ensures the highly current nature and availability of information. The intranet also enables the SIA to incorporate external information.

An information database at head office has also been established in parallel with the intranet. This database with around 500 books and other high quality written documents is integrated in the intranet and subject to constant expansion. There are plans to make the information database accessible to all staff of the SIA member companies via the Extranet during the course of 2008.

FORUM@insurance

Some 100 people attended the conference on 24 May 2007 on the issue “Pandemia – is Switzerland ready for a pandemic?”, which took place in the Stade de Suisse in Bern. High-standing speakers from academia, the federal administration, the medical profession and the corporate world discussed the effects and challenges presented by pandemics and fielded critical questions from the public. The third event held within the framework of FORUM@insurance also offered an interdisciplinary platform and thus enabled the issue to be considered in a holistic manner.

TALK@insurance

The new SIA series of events entitled TALK@insurance was launched on 15 May 2007 at the Hotel Bellevue in Bern with a multifaceted podium discussion on the subject of “climate change as a challenge for the insurance industry”. Under the moderation of radio journalist Roland Jeanneret, the issue was debated by Head of the Physics Institute of the University of Bern Thomas Stocker and SIA Chairman Albert Lauper. Following the discussion the approximate 50 participants from the worlds of politics, business and science had the opportunity to express their own opinions and exchange experiences.

New publications

The SIA once again published or revised a series of publications, with print runs for some products having to be repeated to meet the enormous increase in demand. They are all listed on the SIA website www.svv.ch, where they can be ordered or downloaded along with a catalogue of all SIA publications.

“Positions of the Swiss Insurance Industry” appeared three times before the parliamentary sessions began and expressed the standpoint of the insurance industry. The publication examined the very latest issues in occupational pensions such as the conversion rate or safety and guarantees of the full insurance model. Supervisory issues such as FINMA, the SST and the European Union’s answer to the SST, Solvency II, were also examined.

“About Us” is a brochure about the SIA, which is updated every year for the Annual General Meeting. It provides an overview of the SIA’s mandate, aims and organisation, along with a list of all member companies. The brochure also contains key ratios and a brief history of the Swiss private insurance industry. The publication is available in English, German and French and is aimed at visitors both from home and abroad, new members of the Association’s expert committees, media, politicians and partners across associations and authorities who are not yet familiar with the work of the SIA.

“Private Insurance Industry Facts and Figures for 2008” is traditionally published on the date of the SIA’s annual media conference, which took place this year on 22 January 2008. The latest edition comprises a compact and well-laid out 36 pages of information on premium income and the services of life and non-life insurance and reinsurance alongside other interesting figures from the world of insurance. This handy brochure is available in English, German and French.

“ABC of private insurance” | We revised the “ABC’s of private insurance” in December and had already distributed almost 4,500 copies by January. The ABC’s is ordered by consumers and actively used for training purposes. It explains the complex subject of insurance in an easily comprehensible fashion and is aimed at being a practical insurance aid for the average person on the street. It contains many insurance tips, the most important types of insurance and an alphabetical index, which makes it easy to find what you are looking for.

“70 questions about insurance” | This practical insurance guide has been updated and is available again in German and French. This brochure summarises the most frequent questions on the key insurance subjects.

“Medinfo” appeared twice again in 2007. “Medinfo” was enclosed with the June and December 2007 editions of the *Schweizerische Ärztezeitschrift* (Swiss medical bulletin). Medinfo examines issues relating to the many faceted aspects of life insurance that are of relevance to the medical community.

“SRO/SIA 2006 Annual Report” | The annual report of the self-regulatory organisation association of the Swiss Insurance Association SRO-SIA provides information on its activities and events in 2006.

SIA publications in 2008

All the publications and an overview can be downloaded or ordered at www.svv.ch/publications.

Support of prevention projects

The SIA is actively involved in the prevention of personal-injury and property-damage claims, while supporting third-party projects and conducting loss prevention campaigns of its own (www.svv.ch/praevention).

Educational nature trail opened in Wägital | On 14 June the eighth educational nature trail was open in Wägital in Canton Schwyz as part of the “schutz.wald.mensch” project. The local and regional media attended the opening of the forest trail organised by the SIA. The educational forest trail is a welcome tourist attraction for this structurally weak region. It offers families, associations and schools the chance of experiencing in a fun way the issue of natural perils and the protective forest.

Fewer accidents involving animals! | On 7 August the SIA introduced the “Fewer accidents involving animals!” project to a very large media presence in Lindau/Eschikon in Canton Zurich. Four television stations, including the *Tagesschau* daily news, reported how the number of road accidents involving animals were to be halved by the use of acoustic warning devices for animals. The SIA joined forces with Swiss Animal Protection SAP, hunters’ association Revierjagd Schweiz and Canton Zurich.

Headrests protect... | On 20 September the SIA launched its national prevention campaign “Headrests protect” at a media briefing in Bern. More than half of drivers have incorrectly adjusted headrests, which makes them susceptible to an unnecessary health risk in the event of collisions. Drivers are to be encouraged to correctly position their headrests by means of flyers, TV commercials and posters during the course of the next three years.

...and helmets too | At the onset of winter the Council for Accident Protection and the SIA launched their “safety on the slopes” campaign. It follows its successful predecessor “Enjoy sport – protect yourself” campaign. Between 2003 and 2007 the percentage of people wearing a helmet rose from 16% to 52%.

Other information activities

During 2007, the Association ran an informational advertising campaign with 45 articles appearing in the editorial of the *Sonntagsblick* and *Le Matin dimanche* in Western Switzerland. The topics presented came from all lines of insurance. All the topics covered (consumer queries, questions about insurance) can be called up on www.svv.ch.

The Association’s head office submits reports to the Board every two weeks. The SIA also sends out a bi-weekly electronic bulletin to all members of the SIA specialist bodies commenting on the latest developments in the Associations’ work and on insurance-related topics from the worlds of politics and business.

Innovative realignment of vocational training

The blended learning approach as part of the industry's new advanced vocational training has now been successfully adapted for all of the insurance industry's training programmes. The programmes, which are attractive as well as dynamic and motivational, have become a showpiece of the private insurance sector.

Insurance Industry Vocational Training Association (VBV)

Establishing the new advanced training qualifications continued to be at the focus of the work of the Insurance Industry Vocational Training Association in the year under review. The first training courses in preparation for the new Federal Certificate of Insurance and the first three classes of the Insurance Management School (HFV) got off to a successful start. Even though the first courses are already in progress, work continues on developing content and learning media.

education@insurance | With the education@insurance platform the Insurance Industry Vocational Training Association has at its disposal excellent infrastructure for the implementation of its range of courses. The blended learning approach it embeds offers cutting-edge didactic and methodological possibilities. Alongside the selection of courses offered by the Insurance Management School as well as the new Federal Certificate in the area of advanced vocational training, the insurance intermediary courses – conducted in Arlesheim, Jongny, Vezia and Zurich – proved particularly popular in the year under review.

The platform already generated revenues of some CHF 2 million in 2007. The broad range of training courses offered by the Insurance Industry Vocational Training Association was summarised in a brochure and widely communicated for the 2008 study year.

BVF | The Swiss Board of Vocational and Advanced Specialist Examinations in Banking, Insurance and Financial Planning (BVF) will continue to stage examinations into 2009. Although the number of candidates in the BVF's closing phase is on the decline, there still remains an astonishingly high number of students from the financial sector in the system. 2007 saw 1,856 can-

didates undergo examinations in 7,200 modules. 970 candidates have enrolled for the 2008 spring examinations, 360 of whom work for insurance companies. Along with those enrolled in the new advanced vocational training courses, 760 insurance staff are currently engaged in insurance-related further education.

Advanced vocational training: attractive further education courses on offer

The project organisation appointed by the SIA at the beginning of 2006 developed the new Insurance Management School (HFV) and Federal Certificate in Insurance courses. These were transferred to the operational structures of the Insurance Industry Vocational Training Association at the end of 2007. Both interesting training courses (combination model) have been launched extremely successfully at HFV and FA level. The HFV currently has 73 students taking courses at its locations in Bern and Zurich. 320 motivated employees have even signed up for the Federal Certificate of Insurance at nine locations. The VBV is once again setting a clear course in the vocational training area, which it is implementing professionally. This success is based on the learning media and examination process developed by insurance professionals, and the VBV is focussing its efforts on the blended learning approach, which represents an innovative paradigm shift in learning methods. The students are those who stand to win the most as they can benefit from the dynamism and pioneering role of the VBV in the educational area.

Reliable partners found | The HFV has found a reliable partner with which to hold its training courses in the form of AKAD Business. The school organisation fits the combination model and is already eliciting positive feedback. A number of partner schools were recruited

for the Federal Certificate of Insurance that have assumed the general school organisation, while the VBV is responsible for coordination and direction. The VBV and VBV regions recruited lecturers and created appropriate, cutting-edge educational materials for the first four blocks (compulsory modules). Furthermore, the virtual classroom education@insurance was rolled out successfully.

Since the project's launch, health and social insurers have been collaborating on the compilation of the new training courses and discussing the structure of areas of collaboration (recognition of equivalent qualifications, exchange of speakers) in the foreseeable future.

The flexibility of the training courses is clearly defined in the mandate and is one of the central elements of the combination model. Those in possession of the Federal Certificate of Insurance can shorten their study at the HFV to two years. The facilitated transfer to the advanced training courses at tertiary level, Bachelor studies etc. is also in the pipeline. What is more, preparations are being made to embed both training qualifications in the European educational systems.

Basic commercial training: work has started on the reform process of the Education Ordinance Project

The new basic commercial training that was introduced throughout Switzerland in 2003 with expanded qualification elements and fields of competence established itself on a broad basis. The developments in the commercial employment area that have since set in and the economic and legal conditions make further reform necessary, however. The accomplishments of basic commercial training are to be developed further by evaluating alternatives to the existing training model and transforming the 2003 regulations into an education ordinance (BiVo) in compliance with the new Vocational Training Act.

Scenario analysis | In the year under review an analysis was carried out of the spectrum of duties and work processes of the individual training and examination areas. Furthermore, the potential future market environment of the various sectors was examined in a scenario analysis from the standpoint of the relevant policymakers.

Both these analyses form the basis for further reform. Towards the end of 2007 the sectors of business, the BBT and the cantons defined some key indicators and a reform commission was created, which met for the first time in January 2008. The educational system is to be made more flexible in response to the characteristics of the sectors and to the resulting demands made on school, company internal and external cross-hierarchical education. One of the preconditions for this is the option of creating curricula for several sectors and/or sector groups on the basis of one common education ordinance. These curricula are to be built on common qualifications and the flexibility of moving between the sectors is to continue to be guaranteed. The education ordinance (BiVo) for basic commercial training is scheduled for introduction in 2011.

The insurance sector plans to develop its own curriculum, and to this end an "Insurance curriculum" project group was created with representatives from *santésuisse* and contact established with other state insurers and social insurers.

VBV insurance intermediary

2007 saw the VBV carry out three examination sessions in March, June and October/November in cooperation with the decentralised examination centres. 638 candidates were tested in all three sessions, of whom 426 worked for insurers, with the remaining 214 working for brokers or self-employed. 498 people gained the right to use the legally protected title of "Insurance Intermediary VBV".

In preparation for the examination, the candidates took part in 15 VBV insurance intermediary courses in German with 155 modules, five in French with 55 modules and one in Italian with 15 modules. The first two modules of the teaching documentation were revised and the rest will follow in 2008. The documentation for the intermediary@insurance – a product which is proving to be highly successful in the market – was also updated.

VBV-Regio | VBV-Regio wishes to relieve the various regions of their administrative and personnel burden. Clearly defined regional structures are important in order to guarantee their collaborative connection with the VBV. In the year under review three quarters of the

regional vocational training groups were integrated or transferred to the VBV-Regio. In November 2007 the project was converted into an actual VBV Regio Unit, which will meet on a quarterly basis from 2008.

Further information

Insurance Industry Vocational Training Association: www.vbv.ch

Registration for the insurance intermediary course:
www.education-at-insurance.ch

Registration for the VBV insurance intermediary examination:
www.intermediary-at-insurance.ch

Registration for the advanced vocational training course
culminating in the Federal Certificate of Insurance:
www.education-at-insurance.ch

Registration for the HFV diploma: www.akad.ch

CIM-HSG Competence in Insurance Management

Under the CIM-HSG Competence in Insurance Management brand, the Institute for Insurance Economics at the University of St. Gallen, working in close cooperation with a SIA project group, has created a further education platform with an international focus. The platform rigorously combines the modern management know-how of the University of St. Gallen and international insurance practice and market experience with a comprehensive range of services for managers at all levels. The individual building blocks of the CIM-HSG range from an introductory insurance course for those coming from other disciplines, to management seminars for various target groups to an International Executive MBA in Financial Services. Alongside the open programmes, the CIM-HSG is being increasingly requested to develop customised in-house programmes as part of the management development of individual companies.

HSG Diploma Course in Insurance Management | The CIM-HSG launched as its flagship in February 2006 (following on from the IMEA seminars) the HSG Diploma Course in Insurance Management. In preparation for their further career progression, twenty potential senior managers completed the pilot event and received a

University of St. Gallen Management Diploma on 1 June 2007. The third such course started in February 2008 featuring 27 managers from 16 companies. The University of St. Gallen Insurance Management Diploma course obtained its current form following the establishment of the guidelines laid down by the Rectors' Conference of the Swiss Universities for diploma courses offered by the University of St. Gallen. Over a period of 16 months the seven-week course is broken down into five modules and includes an excursion to a foreign insurance market. Furthermore, those taking part in the course are required to write a dissertation dealing with a problem faced by their own company.

Executive MBA in Financial Services (EMBA-FSI) | The fifth EMBA-FSI course was held, which is customised to the needs of the financial services industry. 26 participants from 21 financial services companies from nine countries were impressive evidence of the programme's international perspectives. The EMBA-FSI, which is conducted in English, is also offered by the Vlerick Leuven Gent Management School in Belgium and the HEC Montréal in Canada and held in six countries on three continents. The sixth edition of the EMBA-FSI starts in November 2008.

CIM-HSG Competence in Insurance Management

You can find more information about the advanced education and training platform of the CIM-HSG of the Institute of Insurance Economics at the University of St. Gallen under www.cim-hsg.ch.

CEA

The general assembly of the CEA was held on 14 and 15 June 2007 in Stockholm. The CEA's membership comprises 33 national European insurance associations, including the SIA. The CEA headquarters was moved from Paris to Brussels on 1 January 2008. SIA Chairman Erich Walser was elected to the CEO Presidential Council. Former SIA Chairman Albert Lauper's reappointment as Treasurer of the CEA for an additional term of office was confirmed. Bulgaria, Romania and Croatia joined the CEA as full members.

The members of the insurance associations attached to the CEA cover more than 94% of their domestic insurance markets. The CEA represents the interests of more than 5,000 insurance and reinsurance companies that generate EUR 1,065 billion in premiums, invest EUR 6,900 billion in the economy and employ a total workforce in excess of one million.

www.cea.assur.org

OECD

The OECD brings together the governments of 30 countries committed to democracy and the market economy. It offers its member states the possibility of discussing, reviewing and improving their policies in the area of economics, finance, education, science, welfare, the environment and development. The OECD, which has influence on macroeconomic debate at both national and international levels, is an interesting committee for Switzerland. In addition, almost 95% of the world's insurance business is done in OECD member countries.

The office of Chairman of the OECD Insurance and Private Pensions Committee, hitherto held by Kurt Scheiter (FOPI), passed to Manuel Aguilera-Verduzco (Mexico) following the former's retirement. The Insurance and Private Pensions Committee held two four-day meetings, which Switzerland took part in by way of a delegation comprised of representatives of the FOPI, FDFA and the SIA. The meetings focussed mainly on private and non-state pension provision in the OECD and emerging economies given their ever-increasing importance. The OECD examined the pension insurance systems of its member countries, along with their pensions policy and formulated policy recommendations. The Committee focussed primarily on the liberalisation of insurance

markets, private pensions and health insurance, corporate governance and training in how to handle money. It also closely monitors the insurance markets and legal conditions.

www.oecd.org

WTO/GATS

Talks conducted as part of the Doha Round resumed in 2007 and revised versions of the texts on agriculture and manufactured goods were submitted as a working basis for further negotiations. The issue of the liberalisation of the services sector was debated the least. Whether the new draft agreements achieve the vital breakthrough and are brought to a conclusion this year is as yet open.

www.wto.org

IAIS

This year's annual conference and general meeting of the International Association of Insurance Supervisors (IAIS) took place in Fort Lauderdale, Florida, in the US from 17 to 19 October 2007. The meeting dealt with the theme of "A Global Climate for Change – the Future of Insurance Supervision." Three guidance papers were endorsed which represent key milestones in the IAIS objective to develop a comprehensive and cohesive set of documentation on solvency assessment establishing a globally-accepted risk-based solvency assessment regime for insurers.

www.iaisweb.org

Members of the Board

As of 1 January 2008

Erich Walser

SIA Chairman

Chairman of the Board of Directors, *Helvetia Group*

Markus Hongler

SIA Vice-Chairman

CEO, *Zurich Switzerland*

Martin Albers

Member of the Executive Board, Head of Europe Division, *Swiss Re*

Urs Berger

CEO, *Die Mobiliar*

Rolf Dörig

CEO, *Swiss Life*

Philippe Egger

CEO, *AXA Winterthur*

Manfred Knof

CEO, *Allianz Suisse*

Hans Künzle

CEO, *Nationale Suisse*

Alfred Leu

Delegate to the Board of Directors and CEO, *Generali (Switzerland) Holding*

Stefan Loacker

CEO, *Helvetia Group*

Manfred Manser

CEO, *Helsana*

Rolf Mehr

Delegate to the Board of Directors and Chairman of the Management Board, *Vaudoise*

Georg Portmann

CEO, *CSS Insurance*

Pierre-Marcel Revaz

Chairman of the Board, *Groupe Mutuel*

Martin Strobel

Member of the Corporate Executive Committee and Head of the Switzerland Division, *Bâloise*

Bodies

Board | Chairman **Erich Walser**

As of 1 January 2008

Central Bodies

Committees

	Economics & Finance	Life Insurance	Health/Accident	Non-Life Insurance
	Chairman: Stefan Mäder <i>Zurich</i>	Chairman: Paul Müller <i>Swiss Life</i>	Chairman: Rainer Schellenberg <i>AXA Winterthur</i>	Chairman: Bruno Kuhn <i>Die Mobiliar</i>
Commissions	Accounting Peter Hegetschweiler <i>Zurich</i>	Social Affairs Andreas Zingg <i>Swiss Life</i>	Public Health System Beat Schläfli <i>Sanitas</i>	Liability Insurance Peter Galliker <i>Die Mobiliar</i>
Employer Issues Urs Berger <i>Die Mobiliar</i>	Investment Issues Martin Wenk <i>Bâloise</i>	Actuarial, Life Andri Gross <i>Zurich</i>	Legal and Social Policy Roland Fierz <i>Helsana</i>	Motor Insurance Manuel Kunz <i>Allianz Suisse</i>
Communications Hansjörg Leibundgut <i>Allianz Suisse</i>	Taxation, General Carl Emanuel Schillig <i>Zurich</i>	Taxation, Life Hans-Peter Conrad <i>Swiss Life</i>	Actuarial, Health/Accident Stefan Anderhalden <i>Zurich</i>	Legal Protection Insurance Alain Freiburghaus <i>DAS</i>
Prevention Richard Lüthert <i>AXA Winterthur</i>		Legal Affairs, Life Stephan Fuhrer <i>Bâloise</i>	Compulsory Accident Insurance, FL Kurt Keller <i>Zurich</i>	Property Insurance Bruno Spicher <i>Die Mobiliar</i>
Public Affairs Lucius Dürr <i>SIA</i>		Medical Risk Assessment Peter A. Suter <i>AXA Winterthur</i>		Technical Insurance Hans Emmenegger <i>Zurich</i>
Legal & Compliance Thomas Lörtscher <i>Swiss Re</i>				Transport Insurance Christian Labhart <i>AXA Winterthur</i>
Project Group				Pascal Barbato <i>Helvetia</i>
Antitrust Task Force Odilo Bürgy <i>Die Mobiliar</i>				Claim Management Felix Lanz <i>AXA Winterthur</i>
				Statistics Walter L. Thöni <i>Zurich</i>
				Insurance Fraud Werner Kaderli <i>Zurich</i>
		Self-Regulatory Organisation SRO Paul Müller <i>Swiss Life</i>		The Swiss Natural Perils Pool Bruno Kuhn <i>Die Mobiliar</i>
		Money Laundering Commission Eugen Müller <i>Swiss Life</i>		The Swiss Natural Perils Pool – Commission Gaspare Nadig <i>Die Mobiliar</i>
				Earthquake Syndicate Bruno Kuhn <i>Die Mobiliar</i>
				Earthquake Syndicate – Claims Commission Gaspare Nadig <i>Die Mobiliar</i>

Head Office

CEO | **Lucius Dürr**¹

As of 1 January 2008

	Units			
Public Affairs Norbert Hochreutener [*]	Economics & Legal Affairs Bruno Zeltner ²	Communications Michael Wiesner [*]	Life Insurance Roland A. Müller [*] <i>until 31 July 2007</i> Adrian Gröbli [*] <i>since 1 October 2007</i>	Non-Life Insurance Max Gretener [*] <i>until 31 December 2007</i> Martin Wüthrich [*] <i>since 1 January 2008</i>
Management and Board Committee Office Tamara Garny				
	Employer issues	External/Internal Communications	Social Security	Motor Insurance
	Legal Affairs/Financial Market Supervision	Consumer Issues	Life Insurance	Property Insurance
	Solvency/Risk Measure- ment/Investment Issues/ Accounting and Auditing	Information Service	Public Health	Technical Insurance
	Fiscal Policy and Tax Issues	Extranet/Internet	Health/Accident Insurance	Transport Insurance
	General Legal Issues	Publications	Health and Safety Promotion	Claims Management
	Legal Protection Insurance	Events	Insurance Medicine	Statistics
	Antitrust /Compliance	Seminars	Medical Fees	Insurance Fraud
	Liability Law/Liability Insurance			
	Economic Issues/OECD, WTO, GATS			
	Logistics/Accounting			
			Self-Regulatory Organi- sation/Money Laundering	Swiss National Perils Pool Earthquake Syndicate

¹ Management Board Chairman² Deputy CEO of the
Management Board^{*} Management Board Member

You can find the names, functions, portraits and e-mail addresses of all SIA staff at www.svv.ch (SIA/SIA-Head Office). You are welcome to contact us any time for information or assistance.

Membership

Our members are small and large, national and international primary insurers and reinsurers and currently number 71 (as of 1 January 2008, see Page 2).

Annual General Meeting

The 77th Annual General Meeting took place on 6 June 2007 in the Hotel Beau-Rivage in Geneva. The delegates of 46 members were in attendance. Chairman Albert Lauper welcomed as guests Federal Councillor Pascal Couchepin and both speakers, Monika Mächler, Head of the Federal Office for Private Insurance (FOPI), and Michaela Koller, Director General of the European Federation of Insurance (CEA). Numerous guests from the worlds of politics and finance were also in attendance. The Chairman held a speech on how the industry was able to face the future with confidence. In terms of market attractiveness and competitiveness the Swiss private insurance industry is one of the best positioned industries in our country. Federal Councillor Couchepin gave the general meeting of member companies a welcome speech on behalf of the federal government. Guest speakers spoke on the subjects of integration as a response to the challenges of the insurance oversight authority and on the future challenges for the insurance industry at European level. The texts of the speeches can be called up in German and French on www.svv.ch. The General Meeting approved the Annual Report, Annual Financial Statements and an amendment to the Articles of Association. Albert Lauper stepped down as Chairman of the Association after four years in office. The member companies voted on the office of new Chairman, the representative of Helvetia on the Board and the Chairs of the Life and Economics & Finance committees. Erich Walser, former Vice-Chairman of the SIA and Chairman of the Board of Helvetia Group, was elected the new Chairman. Stefan Loacker was elected as representative of Helvetia Versicherungen on the Board of Directors and Paul Müller and Stefan Mäder as Chairs of the Life and Economics & Finance committees, respectively.

Board and Board Committee

The Board convened four times during the year under review to discuss its business, The Board Committee met three times.

Committees and Commissions

Our committees, commissions, working and project groups, delegations and task forces again put an enormous effort into working on current issues affecting the industry. Our member companies sent 400 experts to work in the SIA's expert bodies, which number almost 60. It is only thanks to the willingness of our member companies to lend their specialists to carry out the important work of the SIA's various bodies that it is at all possible for our Association to manage its diverse work.

Head Office

The head office in Zurich with a team of 30 staff is the operative element in the SIA's structure. The Management Board is responsible for implementing the Association's resolutions on management and administration issues (articles of association, mission statement, action plan, bylaws). The head office units also provide technical and administrative support to the SIA bodies.

Auditors

PricewaterhouseCoopers, Zurich

Private Insurance and SUVA Ombudsman

The ombudsman handled 3,732 cases in 2007, which is a slight decline over the previous year (3,846 cases). Virtually half of all the cases (1,778) applied to life (654), health (358), private accident insurance (41), UVG (472) and the BVG (253). Life insurance in particular registered an increase in cases, with problems relating primarily to policies, scope of coverage, surrender value, participation in the surplus, insurance benefits and advice.

Benefits were clearly the main area at issue with regard to property insurance. But the subject of extraordinary policy termination harboured an increased amount of conflict, where complaints rose by almost a third in connection with the rise in the natural perils premium rate as of 1 January 2007, the compensation limit and higher deductibles. The extremely varied practices adopted by companies and diverging legal opinions as regards the basic principle of whether a premium rate issued by the state at all has the right of an extraordinary termination of a policy triggered much public confusion.

3,295 of all enquiries were resolved directly with policyholders, with 437 giving rise to intervention with the insurance companies themselves. You can order a detailed annual report from

www.versicherungsbund.ch

Swiss Institute of Safety and Security

The Institute offers services in risk management and workplace safety and security, seeing its role as a partner to companies, the insurers and the authorities for the purposes of loss prevention. Its objective is to promote workplace safety and security in the industrial, commercial and service sectors.

www.swissi.ch

AHV	Old Age and Surviving Dependants' Insurance
AVO	Ordinance on the Supervision of Private Insurance Companies (Insurance Supervisory Ordinance)
FMH	Federal Ministry of Health
FOPI	Bundesamt für Privatversicherungen – Federal Office of Private Insurance
FSIO	Federal Office for Social Security
BVG	Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans
BWO	Federal Housing Office
CEA	European Insurance and Reinsurance Federation
DSG	Federal Data Protection Act
FBC	Federal Banking Commission
FDF	Federal Department of Finance
FDHA	Federal Department of Home Affairs
FDJP	Federal Department of Justice and Police
FDEA	Federal Department of Economic Affairs
NP	Natural perils
FTA	Federal Tax Administration
FINMA	Federal Financial Market Supervisory Authority
FINMAG	Federal Act on Financial Market Supervision (Financial Market Supervision Act)
GDK	Swiss Conference of the Cantonal Ministers of Public Health
AMLA	Anti-Money-Laundering Control Authority
IV	Federal Disability Insurance Scheme
KVG	Federal Health Insurance Act
SERVG	Federal Act on Export Risk Insurance (Export Risk Insurance Act)
SGK	Committee for Social Security and Health (of the National Council and of the Council of States)
SRO-SIA	Self-Regulatory Organisation of the Swiss Insurance Association for Combating Money Laundering
SST	Swiss Solvency Test
SUVA	Swiss Accident Insurance
SIA	Swiss Insurance Association
DETEK	Department of the Environment, Transport, Energy and Communications
UVG	Federal Accident Insurance Act
VAG	Federal Act on the Supervision of Insurance Companies (Insurance Supervision Act)
VBV	Insurance Industry Vocational Training Association
VVG	Federal Act on Insurance Contracts (Insurance Contracts Act)
Comco	Competition Commission

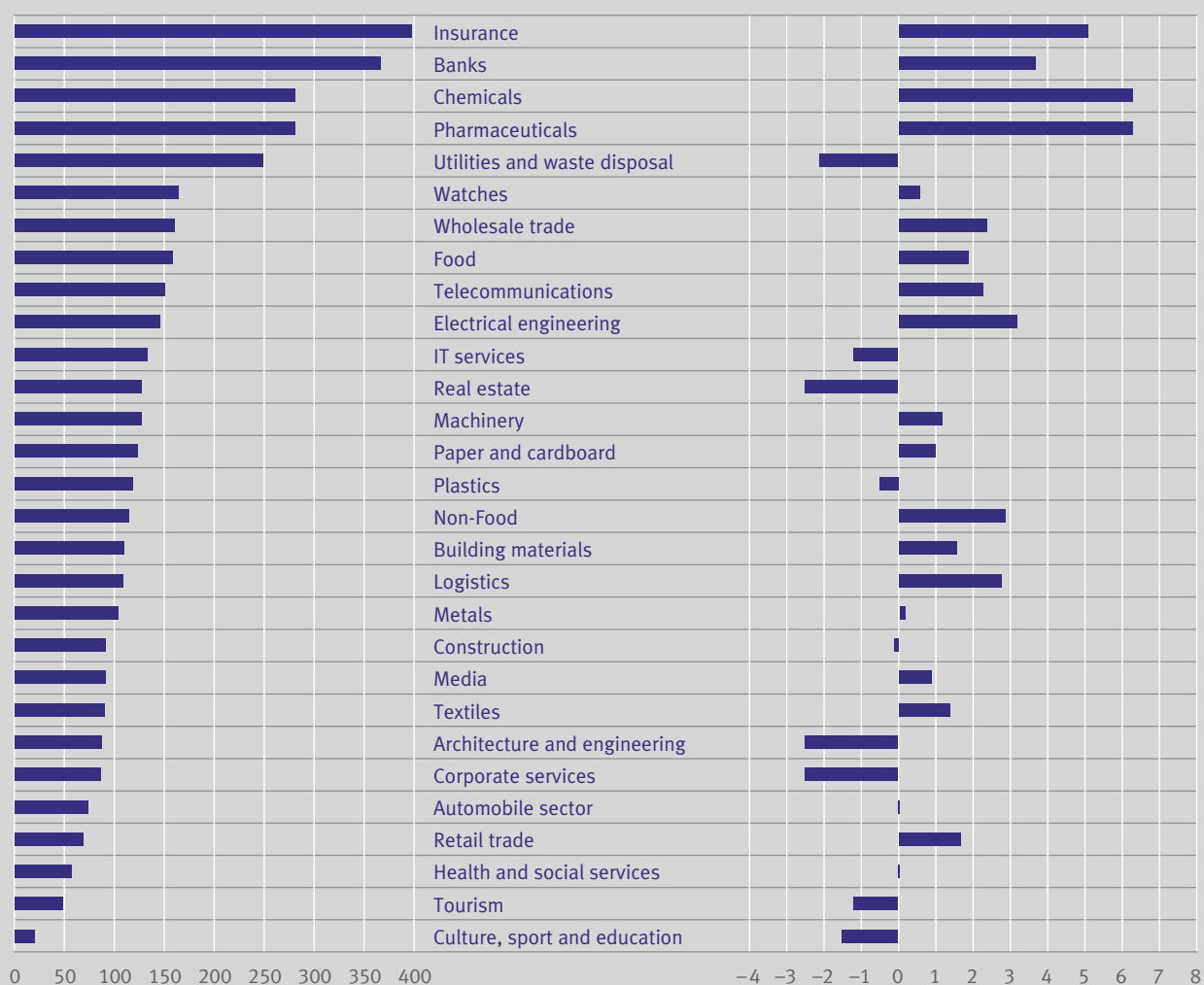
Swiss sectorial trends

Productivity

(Value added per employee)

2007 levels (nominal)
in CHF billions

Annual average rate of change 1997–2007
in percent



These charts are based on data from BAK Basel Economics (as of November 2007).

Source: UBS outlook 1/2008

ASA | SVV

Schweizerischer Versicherungsverband
Association Suisse d'Assurances
Associazione Svizzera d'Assicurazioni
Swiss Insurance Association

Swiss Insurance Association (SIA)
C. F. Meyer-Strasse 14
P.O. Box 4288
CH-8022 Zurich
Tel. +41 44 208 28 28
Fax +41 44 208 28 00
info@svv.ch
www.svv.ch