

# Annual Report 2008 | 09



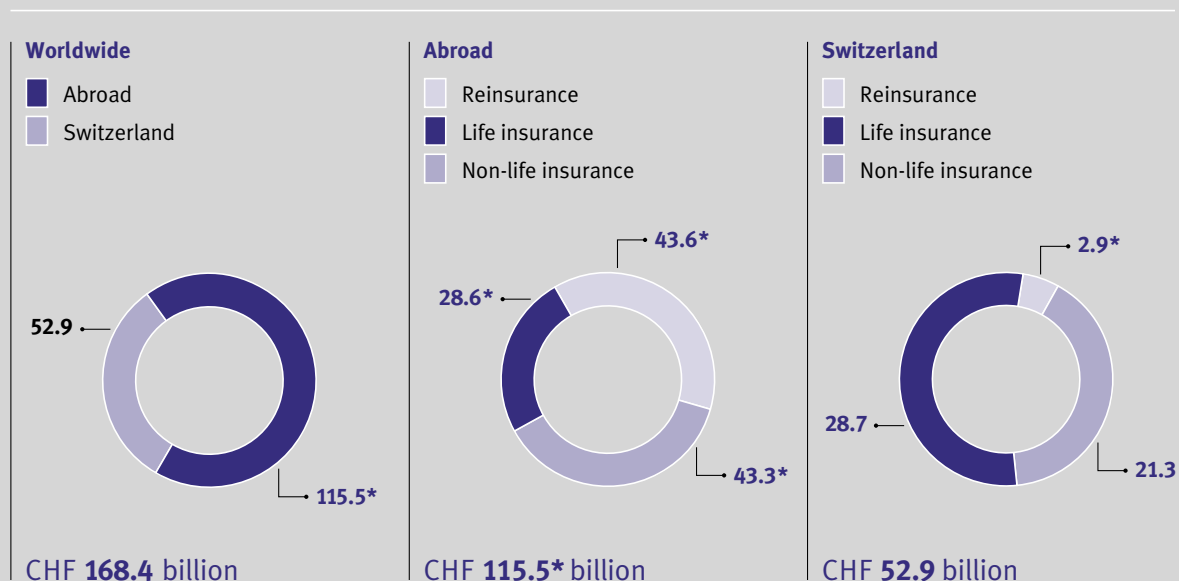
ASA | SVV

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

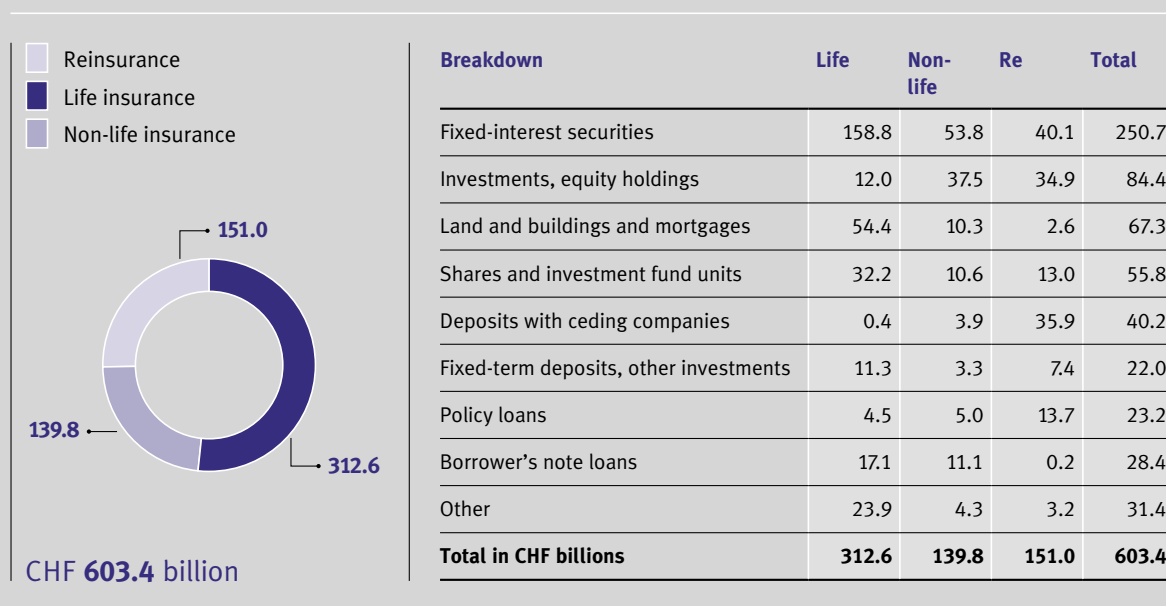
# Nothing works without insurance

The insurance industry is of enormous economic importance. The services provided by insurers when loss events happen not only save individuals from social distress and companies from bankruptcy, but also help to create added value. In addition, the insurance industry is an important tax-payer, builds homes and grants mortgage loans. It offers attractive jobs and innovative education and training.

## Premium volume of Swiss private insurance companies 2007



## Investments of Swiss private insurance companies in 2007



Sources: Federal Office of Private Insurance (\*SIA estimates)

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# 1773

young people are carrying out apprenticeships.

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# 210

billion Swiss francs in assets are under management by life insurance companies in the area of private and occupational pension provision.

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# 156 000

Swiss companies place their trust in the occupational pension provision provided by life insurers.

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Life insurers are an essential pillar in the secure accumulation of retirement assets and in coverage against the risks of death and disability in the occupational pensions area.

# 1.5

million insureds rely on them for their pensions.

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# 70

per cent of all companies are insured with a private accident insurer.

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# 129 227

employees worldwide are employed by Swiss private insurance companies.

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# 1.5

million full-time employed individuals are insured against accident with Switzerland's 24 private accident insurers and ten accredited health insurers.



You can find a wealth of constantly updated data under "Facts and Figures" at [www.svv.ch](http://www.svv.ch).

# Members of the Swiss Insurance Association

As of 1 January 2009

Contact and Internet addresses at [www.svv.ch](http://www.svv.ch)

(“About us”/SVV member companies)

- A** ACE Limited  
ACE Versicherungen (Schweiz) AG  
AIG Europe Versicherung  
Alba Versicherung  
Allianz Suisse Lebensversicherungsgesellschaft  
Allianz Suisse Versicherungsgesellschaft  
animalia sa  
appenzeller Versicherungen  
Aspecta Assurance International AG  
Assista TCS SA  
AXA Versicherungen AG  
AXA Leben AG
- B** Basler Lebensversicherungsgesellschaft  
Basler Versicherungsgesellschaft
- C** CAP Rechtsschutz Versicherungsgesellschaft  
Cardif Versicherungen  
CCAP Caisse cantonale d’assurance populaire  
Chubb Insurance Company of Europe SA  
Coop Rechtsschutzversicherung  
CSS Versicherung AG
- D** DAS Protection Juridique SA  
Die Mobiliar Versicherungen  
Die Mobiliar Vorsorge
- E** emmental Versicherung  
Epona Société mutuelle d’assurance générale des animaux  
Europäische Reiseversicherungs AG
- F** Fortuna Rechtsschutzversicherung
- G** GAN Compagnie française d’Assurances  
Generali Assurances Générales  
Generali Personenversicherungen  
Genworth Versicherung  
Glacier Re  
Groupe Mutuel Vie GMV SA  
Groupe Mutuel Assurances
- H** HDI-Gerling Industrie Versicherung AG  
Helsana Unfall AG  
Helsana Zusatzversicherungen AG  
Helvetia Leben  
Helvetia Versicherungen
- I** Império SA  
Infrassure Ltd  
Innova Versicherungen AG  
Inter Partner Assistance
- N** Nationale Suisse Leben  
Nationale Suisse Versicherungen  
Nouvelle Ré, Compagnie de Réassurances
- O** Orion Rechtsschutz Versicherungsgesellschaft
- P** PartnerRe Zurich Branch  
PAX, Schweizerische Lebensversicherungsgesellschaft  
Phenix, Compagnie d’assurances  
Phenix, Compagnie d’assurances sur la vie  
Protekta Rechtsschutz-Versicherung AG
- R** Rentes Genevoises  
Retraites Populaires Vie
- S** Sanitas Krankenversicherung  
Schweizer Hagel  
SCOR Global Life Rückversicherung Schweiz AG  
SCOR Switzerland AG  
Skandia Leben  
smile.direct  
Swiss Life  
Swiss Re  
Sympany Versicherungen AG
- T** TSM Transportversicherung
- U** UBS Life AG  
UNIQA Assurances SA
- V** Vaudoise Générale, Compagnie d’Assurances  
Vaudoise Vie, Compagnie d’Assurances  
Versicherung der Schweizer Ärzte
- W** Winterthur ARAG Rechtsschutzversicherung
- X** XL Insurance, Switzerland
- Z** Zenith Vie, Compagnie d’assurances sur la vie  
Zürich Versicherungs-Gesellschaft  
Zürich Lebensversicherungs-Gesellschaft

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# The SIA

The Swiss Insurance Association (SIA) is the umbrella organisation representing the private insurance industry. 74 small and large, national and international primary insurers and reinsurers are affiliated with the SIA. The SIA member companies generate 95% of life and non-life premium volume in Switzerland.

## **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

## **Our 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.

## Foreword



Ladies and gentlemen

2008 was a difficult and critical year for the financial sector. What the global economy had to contend with last year was unprecedented, and the negative effects will still be felt for years to come. The insurance industry did not escape the crisis unscathed, although some companies were more hard hit than others. The very solid core business of the Swiss private insurers enabled them to generate good technical results in 2008, whereas their balance sheets were impacted by the turmoil on the capital markets. However, on balance, the insurance business model with its focus on long-term security proved its worth in the year under review.

The association's efforts in the reporting year were focussed on bringing about a sustained improvement in the conditions under which our member companies operate. Without such conditions, the Swiss insurance industry cannot fulfil its tremendously important task of serving the interests of the entire Swiss economy. In the year just ended we kept close track of European and international developments.

This work would not have been possible without the full commitment of the numerous experts from our member companies who play an active role in our various committees and bodies. We have portrayed some of them in this annual report. This is one way of offering our sincere thanks to all those women and men who have contributed their efforts as members of our committees and working bodies and placed their expertise and time at the disposal of our Association.

Swiss Insurance Association

A handwritten signature in black ink, appearing to read 'Walser'.

Erich Walser, Chairman

A handwritten signature in black ink, appearing to read 'Dürr'.

Lucius Dürr, CEO

## Key events impacting the Swiss private insurance industry

### January 2008

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

**28.1.2008** | “Ready for the Insurance Supervision Act”: Some 40 people from our member companies attended the first event organised by the “Ready for the Insurance Supervision Act” working group. The working group provides a platform for the exchange of experience and know-how on issues of integrated insurance oversight.

### February 2008

**1.2.2008** | With the partial enactment of the Financial Market Supervision Act (Finmasa) the integrated financial market supervisory authority Finma became a legal entity in its own right and the new authority could be set up ready to commence operations on 1 January 2009.

### March 2008

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

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

### April 2008

**9.4.2008** | Following the major pile-up on the A9 motorway near Lutry, Canton of Vaud, motor insurers assembled a task force to ensure the rapid and seamless handling of injured parties' claims. The accident involved one fatality and 55 injured and gave rise to insurance claims of CHF 4 million.

**10–15.4.2008** | The SIA represented Swiss private insurers at three events on Solvency II held in Budapest, Warsaw and Prague.

### May 2008

**9.5.2008** | At an SIA conference and at a Disability Insurance Office conference in Zug, specialists showed some 200 individuals ways of successfully implementing the 5th IV revision.

**30.5.2008** | The Federal Council approved its report to parliament on the revision of the Accident Insurance Act (UVG). The SIA advocates the liberalisation of accident insurance.

**30.5.2008** | FORUM@insurance: Eight days prior to the beginning of Euro 08, the SIA staged a national conference in Zurich's Hallenstadion on the subject of safety at major events.

### June 2008

**1.6.2008** | The Swiss populace rejected the constitutional article “For quality and economy in health insurance”. The SIA expressed its regret at this decision. Anchoring quality, competition and transparency in the constitution would have created a realistic constitutional framework within which health insurers could operate.

**6.6.2008** | The last of nine educational forest trails was opened in Arosa/Langwies. The trails in Switzerland's mountain regions are a fun way of showing a wide section of the public how the forest protects man and his infrastructure against natural perils.

**13.6.2008** | The National Council and the Council of States approved the supplementary financing of the IV. This envisages the creation of an IV compensation fund and a graduated increase in VAT between 2010 and 2016.

**25.6.2008** | Annual General Meeting: Delegates elected Bruno Pfister (Group CEO Swiss Life) to the SIA Board. Rolf Dörig stood down from the Board.

### July 2008

**4.7.2008** | Swiss Insurance Medicine (SIM) presented 102 doctors with the first certificate for medical experts “Medizinischer Gutachter SIM”. Since its foundation in 2003 SIM has pursued the overall aim of



advocating quality assurance in insurance medicine and improving training in this specialist area.

**11–14.7.2008** | The Canton of Ticino was hit by severe storms, generating insured losses amounting to some CHF 18 million.

#### September 2008

**1.9.2008** | The Federal Office of Private Insurance approved the revised regulations of the SRO-SIA self-regulatory organisation on money laundering.

**9.9.2008** | In its Global Competitiveness Report, the World Economic Forum (WEF) ranked Swiss private insurers fourth.

**16.9.2008** | The SIA received funding from the Council for Accident Prevention (bfu) for an anti-speeding campaign to run for several years starting in 2009

**17.9.2008** | The US nationalised the world's biggest insurer AIG after the company was sent reeling by the financial market crisis.

#### October 2008

**7.10.2008** | The European Parliament's Economic and Monetary Affairs Committee voted for the first time on Solvency II.

**22.10.2008** | The Federal Council set the minimum interest rate for obligatory occupational pension provision at 2% for 2009.

#### November 2008

**5.11.2008** | The SIA held a Swiss Insurance Day in the Swiss Mission in Brussels. The event focused on climate protection and on the contribution that can be made by the insurance industry to meeting future challenges induced by climate change.

**5.11.2008** | The Federal Council opened the consultation process for the "Via sicura" programme, which aims to reduce the number of fatalities and seriously injured on Swiss roads.

**13–15.11.2008** | The SIA was present with its own stand at "Geoprotecta" – the premier trade fair for the integrated risk management of natural perils and consequences of climate change

**30.11.2008** | AHV Initiative: 58.6% of voters and the majority of the cantons rejected the initiative advocating "a flexible AHV retirement age" launched by the Swiss Federation of Trade Unions; this was also the standpoint of the SIA.

#### December 2008

**2.12.2008** | Prior to the beginning of the winter sports' season, the SIA and bfu advertised for more safety on the slopes with their slogan "Ski with respect and a helmet".

**2.12.2008** | The 27 EU ministers of finance reached a consensus on Solvency II, the most important regulatory measure for the European insurance industry. The European Parliament postponed its plenary vote.

**19.12.2008** | The Swiss parliament decided in its final winter session to reduce the minimum conversion rate for obligatory occupational pension provision to 6.4% within five years following the enactment of the relevant legal amendment.

**31.12.2008** | A disastrous stock market year drew to a close: The Swiss Market Index of the 20 most frequently traded Swiss stocks lost 35%, while the insurance index was likewise down by 35%.

#### January 2009

**20.1.2009** | SIA media conference. The insurance industry has one of the blackest years in its history behind it. The financial crisis also dented insurers' balance sheets, but underwriting results were solid.

**21.1.2009** | Total revision of the Insurance Contracts Act (VVG). The Federal Council opens the consultation process for the total revision of the VVG.

## A difficult financial year with solid core business

The insurance industry has one of the blackest years in its history behind it, with the negative effects of last year's stock market turmoil spreading to the entire financial services sector. The global economy today is facing the biggest ever challenge in the recent history of finance. Insurers, as part of this system and as a central pillar of the economy, are likewise affected by the events; but not only in negative terms. Insurers manage large portfolios. The plunging prices on securities markets have therefore left a marked dent in insurers' balance sheets. On the other hand, however, the results generated in underwriting were solid.

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**“Insurers benefited from the rigorous reduction in investment risk.”**

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### **Business model proves its worth**

Developments in the financial market crisis thus far have shown that the insurance sector in Switzerland is well positioned and functions extremely well. This is because insurance companies are not banks. They differ in terms of their business model, reserving practices, asset management, supervision and many other factors. Their financing differs, too. Insurance companies finance themselves mainly via premiums that are paid in advance. They pay a benefit when a claim is made, for which they set aside commensurate reserves.

Whenever a primary insurer in Switzerland issues a policy, it must ensure that it has sufficient money set aside to cover any claims that the policy may give rise to. According to actuarial principles it must set aside sufficient provisions for this. These provisions are called tied assets and cover in full the claims that may be filed by policyholders.

### **Proven risk-bearing capacity**

Stringent regulations with regard to risk diversification, permissible asset classes and capital management apply to the investment of tied assets. The new risk-based supervision using the Swiss Solvency Test SST today requires the management of all material risks. The new supervisory philosophy is based on a three-pillar system and on the central tenets of policy-

holder protection and insurers' risk-bearing capacity. This philosophy obliges the insurer to adopt a prudent investment policy that is subjected to regular review by the supervisory authority. The insurance industry learned its lessons from the stock market turmoil six years ago and has since scaled back its risks.

### **Crisis-resistant insurance sector**

The very solid core business of the Swiss private insurance sector generated good technical results for our member companies in 2008. Slight growth was registered in both life and non-life business. What is more, Switzerland remained largely untouched by the severe storms, and this positively affected insurers' profit and loss statements. Insurers benefited from the rigorous reduction in investment risk. This prudent investment policy in combination with a business model geared towards long-term security paid off.

### **Heightened need for security and insurance**

There is a heightened need for security during times of uncertainty. We have already registered an increase in demand for life insurance and full occupational pension provision. Many people have realised after sustaining losses in their own portfolios that high returns also equal high risk. Security is once again being accorded greater importance than return. And experience tells us that in times of crisis people's risk tolerance and risk capacity fall across the board – reasons that clearly speak in favour of life insurance.

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**“The insurance business model has proven its worth. People are justified in placing their trust in it.”**

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### **Further implications**

The current economic situation naturally has additional implications for the insurance industry and its clients. When an economy cools, so too does demand for insurance. For example, companies that are experiencing financial difficulties take out less insurance for their business assets and employees. Or, to take another example: if the trend towards fewer and smaller cars continues, this will affect motor insur-

ance premium volumes. But the experience of past years and decades has proved that recessive trends have a weaker and delayed impact on the insurance industry than on other sectors.

#### **No need for more regulation**

Crises such as the current one generally trigger immediate calls for more regulation. The insurance sector is already strictly regulated, with insurers and the supervisory authority already having taken enormous strides in recent years towards the achievement of regulatory standards that are first class. The new Swiss supervisory system is one of the strictest in Europe. There is therefore no need for additional regulation, either on the part of the legislator or the authorities. It goes without saying that the quality of existing laws and ordinances should be critically examined and reviewed on an ongoing basis to identify areas of potential enhancement.

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“The insurance industry in Switzerland functions well – without government aid, government intervention or additional regulation.”

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#### **The Swiss insurance market functions well**

Financial services providers and the supervisory authority are now facing a major challenge, which will have implications for the insurance industry, insurers and clients alike. However, the course of the financial market crisis thus far gives me cause to be optimistic for the insurance industry. The insurance industry in Switzerland functions well – without government aid, government intervention or additional regulation. Anybody looking for insurance coverage will find a solution on the market that meets their needs. Claims are paid without any liquidity problems. Insurance products are secure – the guaranteed benefits are provided without any ifs and buts. And the Swiss insurance industry has good prospects of experiencing a positive business development in the coming year.

*Erich Walser, Chairman*



**The Board** manages the Association. It decides on strategic issues which affect the whole insurance industry. Similar to a board of directors, it sets the Association's goals, approves its vision, mission and strategies and supervises the work of the committees and head office. As the most senior body, its Chairman and Members are elected by the AGM.



“ Nothing functions in our modern world without insurance. This means that the Board is obliged to set strategic goals in such a way that insurers are able to fulfil their key economic role in the future as well. My efforts aim to ensure that small and medium-sized companies also have the best possible conditions in which to operate. ”

**HANS KÜNZLE**

**Hans Künzle** is a Member of the Board of the Swiss Insurance Association and CEO of Nationale Suisse.



## Hard-fought political success and an enhanced image

Political lobbying needs a lot of patience and persistence; but meticulous planning, a wide network and good arguments are the factors that produce success. The insurance industry met with just as much success in this respect as it did in shaping its image. Today, insurance stands in a much better light than it did only five years ago, since which date the industry has done its “homework” (greater transparency, change in investment policy, better communication, etc). Up-to-date training and education at all levels and a broad-based accident prevention campaign have helped to promote this positive image. With its masterplan sub-strategy for the insurance industry, the sector is duly responding to the national and international developments that are appearing on the horizon. The improved internal information offering and SME member working groups are strengthening the cohesion of the SIA members.

### **A masterplan sub-strategy for the insurance industry as a basis for the future**

Despite having ground to a halt due to the effects of the financial market crisis, the Swiss Financial Centre Masterplan remains intact. All important measures with regard to strengthening the financial centre have been identified and are awaiting implementation. This is particularly the case for the insurance industry, which has defined a masterplan sub-strategy for all lines and inter-related issues as well as the conditions that would have to prevail in future if growth and stability are to be guaranteed. In this respect reforms in the tax area (eg the discontinuation of stamp tax on life insurance policies) play a key role. It is now up to the politicians and the authorities to take action – notwithstanding the financial market crisis – to safeguard the economic advantages of Switzerland as a financial centre.

### **BVG conversion rate: parliament protects young contributors from cross-subsidising**

Hardly any social insurance project of the past few years has been subject to such swings in opinion and sentiment as the lowering of the BVG conversion rate in the 2007 election year. That parliament decided to follow the lead of the Federal Councillor one year later despite this situation was largely the result of the

SIA's unrelenting lobbying work. The key argument against young, active social insurance contributors subsidising pensioners with billions of francs and by doing so eroding their own pensions obviously hit home with the legislator. The same arguments must be used to convince the state, which has to decide on the lowering of the conversion rate following a referendum in 2009.

### **Expansion plans: Federal Council informs Suva it has overstepped the mark**

The SIA carried out some sound political groundwork in the run-up to the revision of the accident law UVG. The Federal Council's recommendation to parliament on the draft bill was unequivocal. As recommended by the SIA the government opted for increased liberalisation of the law (with regard to premium rates, for instance) while denying by a majority Suva's wish to move into new business fields and rejecting unanimously its plans with regard to the expansion of its mandate.

### **Major significance of the EU for Swiss insurers**

Around 70% of Swiss insurers' premium volume is generated outside Switzerland, 40% of which in the EU. Consequently, Swiss private insurers with international operations are not indifferent to the EU's legislative projects. Companies operating in Switzerland are affected indirectly as Switzerland moves towards the autonomous assimilation of numerous EU guidelines. This is most obvious in the area of solvency, where Switzerland has already undertaken to firmly entrench the EU's future Solvency II regulations in the Swiss Solvency Test and is awaiting the definitive shape of Solvency II with great interest; Solvency II attributes major importance to recognising the equal status of the supervisory bodies of third countries as well as the supervision of Groups and Group support. The SIA has invested a great deal of time and effort in bringing a direct or indirect influence to bear on the final outcome of this project. Especially worthy of mention was the debate with EU commissioner Charlie McCreevy in March 2008. To strengthen Switzerland as an insurance centre, the SIA decided to conduct an extensive study to explore the possibility of extending the existing insurance agreement with regard to the free move-

ment of services and the establishment of business operations in all areas of insurance. This decision was supported by the corresponding statements of interest made by the Federal Council and individual parties. A definitive decision will be taken in 2009.

#### **More self responsibility instead of obligatory personal liability insurance**

Calls for obligatory personal liability insurance became increasingly louder following a number of spectacular cases involving extreme sports and tragic deaths following attacks by dogs. Some circles even called for state liability in connection with a number of major art robberies. Critics also targeted the professional indemnity insurance taken out by public hospitals, and the full revision of liability law returned to the agenda. By means of well-informed intervention and positional statements, the SIA managed to prevent the adoption of extreme solutions with regard to cantonal dog laws or individual professions. In this way it was able to prevent the introduction of obligatory insurance as a prerequisite for receiving a license to pursue a number of professions. Similar action was demanded by the SIA with regard to the government's plans to pass legislation on high-risk sports activities. The government decided against a complete revision of liability law during the current legislative period, declaring itself willing at most to revise the limitation periods applicable under liability law.

#### **Parliament defends nationality criterion for motor liability**

The rejection of a parliamentary initiative in the federal parliament seeking to prohibit discrimination in motor liability risk calculations on the grounds of nationality brought many years of debate to an end for the time being. The Conservative majority was – not least due to the SIA's arguments – of the opinion that the nationality of an insured was a permissible criterion for allocating people to risk groups and was not discriminatory. The decision stipulated that the differentiation be made according to recognised actuarial principles and objective risk characteristics.

#### **Flood of guidelines stemmed**

Virtually at five to midnight on the eve of the launch of the new financial supervisory body, the Association was called on to give an opinion on the implementing ordinances for Finmasa and to critically appraise the numerous directives planned based on the Insurance Supervision Act. The levying of fees in the planned implementing ordinances came under criticism as there were fears of too large a catalogue of fee-paying activities. This intervention resulted in the partial amendment of the ordinances in question. Criticism by the SIA with regard to the speed of introduction and content structure of the investment, life insurance and SST directives was also heeded in part, the latter of which no longer accorded with a principle-based philosophy. The salient points of the directives in question were reduced to the most essential.

#### **On track to issue leadership : retirement provision 2040 and climate position paper**

One way of creating a good image is when an industry assumes the lead in the discussion of key societal issues. With this principle in mind the SIA initiated a study by the Institute of Insurance Economics at the University of St Gallen entitled "Retirement provision 2040", which highlighted the implications for retirement provision and thus for life insurers of expected trends in the areas of lifestyle, family and work. Although it did not agree with all the conclusions drawn by the study, the SIA recognised in principle the need for future action in the area of retirement provision.

Climate protection also proved to be an area where substantial action was called for. The growing number of natural catastrophes can be attributed in part to the global warming and urgently requires a change in people's behaviour at all levels of society. The SIA summarised these conclusions in a climate position paper, which aims to bring some influence to bear on politicians as well as to serve as a basis for joint action with partner organisations.

#### **Earthquake insurance: at an advanced stage and marketable**

As far back as February 2008 the SIA, working in collaboration with other project partners, presented an advanced and marketable model of nationwide earthquake cover for Switzerland, which also met with supervisory approval. The only problem, and the biggest, was political acceptance. The Federal Council

waited until the end of 2008 to make its decision to send it into the consultation phase; the Swiss Home Owners Organisation for their part underlined their scepticism by conducting a survey of their members. It is to be feared that this project will be literally shelved, which will make it necessary for the SIA to inform the public about any consequences this may have.

#### **Increased involvement in the promotion of affordable health**

More competition and the greatest possible freedom of organisation are the best guarantees for an affordable health system. After health insurers joined the SIA for supplementary and daily benefits and accident insurance, the Association naturally stepped up its efforts on the health insurance front. Initial proof of this was provided with the SIA's efforts to have a health article embedded in the Constitution, which unfortunately failed. As part of an internal reorganisation, more personnel were assigned to the association's health insurance segment, processes were improved and lobbying activities stepped up. Various projects launched by our Medical Service can also be designated as forward-looking in the area of health policy, such as those related to whiplash.

#### **Crisis resistance gives rise to positive reputation**

In the first half of 2008 the insurance industry was able to improve its reputation vis-à-vis the banks in the face of the financial market turmoil. The crisis resistance of insurers has had an extremely positive impact on the social reputation of the insurance industry. One of the reasons was the fact that the industry had done its "homework" since the crisis of 2002. This positive development was confirmed in the second half of 2008. In a sector comparison the insurance industry ranks before telecoms, pharma, public transport and the big banks.

#### **Last gap in the insurance education and training landscape closed**

The SIA is supporting the ZHAW Zurich University of Applied Sciences in Winterthur with the establishment of a new course of study for a Bachelor of Business Administration specialising in risk and insurance. This rounds off the coverage of the insurance training and education landscape from apprenticeship to university graduation. The flexibility of this education and training landscape is unique and forward-looking.

#### **Insurance SMEs now closer to the SIA thanks to working groups**

The SIA has been running the "Ready for the Insurance Supervision Act" working group project since the beginning of 2008. The group's remit is to provide small and medium-sized insurance enterprises with a platform for the exchange and discussion of supervisory and regulatory issues. Participation in the German and French-speaking working groups is high and intensive in nature. 20 member companies took part in autumn 2008 in a benchmark study on the subjects of internal control systems and corporate governance and as many as 55 insurance companies of various sizes took part in the web-based self-assessment. This showed that this type of involvement substantially promotes cohesion within the Association.

#### **Demonstration of the economic added value of insurance as part of a detailed Association report**

Since 2003 the SIA has continuously expanded its internal and external communication media, closing an important gap in 2008 with the publication of a brochure about the economic added value of insurance. This is because proof of the sector's importance is essential to winning support for its political initiatives and wishes. The same applies to our activities at the European level.

*Lucius Dürri, CEO*



## Important directives under the new Financial Supervision Act

The 2008 financial year was heavily dominated by new directives issued by the Federal Office of Private Insurance (FOPI). The Swiss Financial Market Supervisory Authority (Finma) announced it would implement some of the directives over a period of several years, which accommodated the interests of insurers.

### Directive on technical provisions for non-life insurance

Work on the directive on technical provisions for non-life insurance, which still came under the remit of the FOPI in November 2008, was completed and entered into effect with the transfer of the FOPI to Finma as of 1 January 2009 (Finma circular 2008/42). The SIA monitored the compilation of the directive with an interdisciplinary working group. The new directive aims at regulating the creation and release of technical provisions for the statutory balance sheet as provided for by Art 16 VAG, Art 54 Para 4 and 69 of the Insurance Supervisory Ordinance (AVO). In this way it also sets the requirements with regard to the type and amount of technical provisions as well as the principles for their calculation. The directive lays down for the first time (to the extent permitted by actuarial practice) the types of the provisions as well as the processes and controls leading to the data. This directive is also of significance with regard to taxation aspects. Finma's transitional regulation (to be adopted in stages over several years) addressed an important issue for insurers.

### Directive on technical provisions for life insurance

With its FOPI News no 20 of 28 November 2008, the Federal Office of Private Insurance published the directive on technical provisions for life insurance (otherwise known as "Life Provisions Directive"). After the supervisory authority put the draft directive out for consultation for a period of one month through its FOPI News no 17 of 1 October 2008, the Technical Commission of the SIA Life Committee submitted its response within this deadline, which included a number of specific recommendations. The directive, which was put into effect by the FOPI on 28 November 2008, regulates the creation and release of technical provisions for life insurance. It defines and clarifies more

precisely the regulations contained in the Insurance Supervision Act and the Supervision Ordinance that have been in force since 1 January 2006, and centres on insurers' ability to meet the long-term obligations that are typical for life insurance business. The technical provisions are to be monitored systematically on an annual basis and adjusted if necessary. This directive has been available since the beginning of this year as Finma Circular 08/43.

### Life Insurance Directive

After carrying out various preliminary work and holding a public hearing for those taking part in the consultation process on 15 January 2008, the FOPI held a second consultation round on the draft Life Insurance Directive. After intensive preliminary work, the SIA submitted its detailed response by the deadline. The FOPI put the Life Insurance Directive into effect on 1 November 2008 and by doing so set down in a single body of rules and regulations the practice for pricing life insurance contracts and calculating the amount payable on surrender (when converting and redeeming life insurance contracts) outside the occupational pensions sector as well as the participation in the distribution of profits in life insurance. The above directive will apply to new products launched on the market as of 1 July 2009. The remaining regulations will not take effect until 1 January 2010 or 1 January 2011.

### Directive on Investments in Tied Assets

The existing investment directive was subjected to a partial revision under considerable pressure in 2008. Essentially this directive regulates investments in tied assets and the use of derivative financial instruments. Members of the Investment Issues Commission critically appraised these provisions and worked intensively on the sections dealing with real estate and credit derivatives/ABS. Following several working group meetings, the SIA was able to submit its position to the FOPI within the deadline. On 20 November 2008 the revised directive went into effect. The overall result can be considered as highly satisfactory. One important aspect worthy of note is that alternative investments, derivative financial instruments, collective investment instruments and single investor funds can

now be classified as tied assets, which was previously not possible.

### SST Directive

A first draft of the SST Directive was published at the end of January 2008, on which the SIA issued its opinion within four weeks. The FOPI presented a revised version for consultation at the beginning of May. However, the expected annexes to the Directive were absent. These were published for the first time in mid-August after the FOPI had subjected the Directive to a second revision. The SIA also submitted a consolidated position on the last version, published at the beginning of November 2008. This was after several meetings of the Quantitative Committee and a debate in the Economics and Finance Committee. The Directive finally entered into force on 28 November 2008.

The SIA formally criticised the very short consultation rounds. The fact that the annexes to the Directive were submitted into the consultation process at a relatively late stage was also found to be objectionable. An originally planned annex dealing with the characteristics of life insurance was completely absent. Finma plans to regulate life insurance in future only via the Insurance Supervisory Ordinance (AVO).

The SIA's suggested definition of market-consistent valuation met with little interest on the part of the FOPI. This means that the FOPI continues to assume liquid markets for its market-consistent valuations. It does, however, permit flexibility in extreme situations, such as those currently prevailing on the financial markets.

### Implementing ordinances for the Financial Supervision Act

The establishment of the new financial market supervisory authority Finma on 1 January 2009 made it necessary to draft some new regulations. For example, the SIA was requested by the Federal Finance Administration to express an opinion on the implementing ordinances of the Financial Market Supervision Act. Specifically, the Ordinance Governing the Levying of Fees and Duties by the Financial Market Supervisory Authority (Finma-GebV) and the Financial Market Audit Ordinance (Finma-PV). The SIA took the opportunity to represent the interests of the insurance industry by submitting its opinion within the deadline on 6 May 2008.

At the focus of the consultation was the Ordinance Governing the Levying of Duties and Fees by Finma (Finma-GebV), the aim of which is to regulate the financing of Finma, rendering it transparent and easy to follow and in keeping with the provisions of the Financial Market Supervision Act. The consultation report made explicit mention of costs being levied on a user-pays principle without any cross-subsidising. Working with various commissions the SIA drew its own conclusions about the ordinance and took a position thereon.

The SIA welcomed in principle the general thrust of the ordinance of adopting a user-pays principle and of dividing the costs fairly between the individual areas supervised. However, it has some concerns with regard to the specific implementation of the ordinance as there is as yet no concrete budget for the Finma. The SIA thus suggested introducing appropriate cost controls and in the course of subsequent work taking into consideration the Guidelines for Financial Market Regulation published by the Federal Department of Finance (FDF).

#### More information

You can find the SIA's positional response to the consultation and the Finma Directive at:  
<http://www.svv.ch>  
<http://www.Finma.ch/d/regulierung/Documents/Finma-rs-2008-44.pdf>

The approach to Group supervision, which is based on the individual legal entities of an insurance group, was criticised. The SST Group Model regards a Swiss insurance group as solvent under the SST if all of its legal entities can report an SST ratio of at least 100%. There were originally no plans for a consolidated approach. During the consultation phase the FOPI confirmed that an SST solvency ratio of 100% for all group entities was only a sufficient but not a necessary condition for the SST solvency of an insurance group. Groups were likewise permitted to submit a group solvency ratio on a consolidated basis. For FOPI informational purposes, however, SST group solvency is also always to be calculated using its own methods.

Criticism was voiced about the fact that in future an extra charge was to be levied for all activities without defining further the terms “Services and information”. The SIA was concerned that the range of activities for which a fee was to be charged would be made too broad and enquired which other areas would be subject to the charge. One positive result of the SIA’s position was in the basic fee paid by insurance conglomerates. Under the ordinance scheduled to enter into effect, the basic fee has been reduced to between CHF 30 000 and CHF 70 000 (previously CHF 100 000). Furthermore, only premium income was used as the basis for the calculation of additional charges. Our request that ceded business also be deductible was incorporated in the definitive version. In addition reinsurers can now deduct intragroup reinsurance business. No other far-reaching amendments were made. It is now a matter of time to see how the fees develop in future.

The Financial Market Audit Ordinance (Finma-PV) affects the insurance industry only peripherally as per Art 29 Para 1 VAG, the Federal Council is not authorised to define the subject of audits for insurance companies. Monitoring compliance with the VAG and the implementing ordinance rests with Finma.

## Financial market supervision

Finma commenced operations on 1 January 2009, only to be faced with enormous challenges. The financial market crisis left the newly established Finma no time to acclimatise itself gradually to its new role.

Finma takes the form of an institution under public law and is an operationally, institutionally and financially autonomous entity. Finma has a modern management structure comprising a board of directors, executive board and external auditors in the form of the Swiss Federal Audit Office. As a counterbalance to Finma’s independence, it has been made accountable to and is subject to the overall political supervision of the government.

In addition to organisational issues relating to Finma as an institution, Finmasa also sets out numerous principles governing financial market regulation, liability rules and the harmonisation of supervisory instruments and sanctions. Finmasa therefore functions as an umbrella law for the other laws governing financial market supervision. Banks, securities dealers,

stock exchanges, insurers and collective investment schemes must thus continue to satisfy the respective legal criteria. The system of self-regulation established under the Anti-Money Laundering Act and the Stock Exchange Act will likewise be maintained.

Two implementing ordinances took effect on 1 January 2009 in parallel with Finmasa: the Ordinance Governing the Levying of Fees and Duties (Finma-GebV) and the Financial Market Audit Ordinance (Finma-PV).

## Ready for the Insurance Supervision Act

The provisions of the Insurance Supervision Act (VAG) combined with the requirements of the new supervisory instruments Swiss Quality Assessment (SQA) and Swiss Solvency Test (SST) oblige insurers to have in place sound policy corporate governance policies, internal control systems as well as reliable methodology for the calculation of target and risk-bearing capital. To assist them in this task, the SIA has since March 2008 offered a new platform via which insurers can form opinions and exchange experience. The “Ready for the Insurance Act” working group was called into being with two kick-off meetings in Zurich and Lausanne and was highly active throughout 2008. The three groups that it comprises, each with a different focus, target primarily our SME members who are otherwise not represented in any of our committees and commissions. Participation in these events was generally free of charge to all member companies.

### Remit of the working groups

The “Swiss Quality Assessment” working group light devotes itself to our small members. Their focus is on the introduction of an internal control and risk management system as well as on corporate governance commensurate with their size.

The “OpRisk” working group started with the categorisation of operational risks and expanded the spectrum of issues covered to include the embodiment of operational risks in a comprehensive internal control system. A discussion with representatives from the qualitative supervisory authority took place in May 2009, and a meeting is being sought with the Swiss Institute of Certified Accountants and Tax Consultants with the aim of adapting audits better to the structures of SMEs.

The third working group “SST for SMEs” targets primarily internal and external actuaries and covers internal SST scenarios, SST IT solutions, the treatment of non-rated credit risks and technical problems.

In addition, a benchmark study was carried out on internal control systems and corporate governance. The SIA has developed a web-based application with which companies can assess their corporate governance and control system in under two hours. In less than no time they can assess where they stand in relation to the benchmark. 20 member companies took part in the study who had their corporate governance and control systems assessed by their own managers, risk managers, internal auditors, compliance officers or general and executive secretaries.

### Some figures

In 2008 16 events were held under the “Fit for the Insurance Supervision Act” working group platform (3 in Lausanne, 2 in Berne and 11 in Zurich), each with 6 to 30 participants. 150 people took part from all lines of insurance (10 life, 3 reinsurance, 26 property insurance and 6 health insurance). The steering committee comprises four persons and meets once per year.

On the online “Fit for the Insurance Supervision Act” working group platform, all registered participants are provided with documentation and questionnaires on their chosen subjects, preferences and concerns. Members can access this platform upon request at any time.

## Total revision of the Insurance Contracts Act (VVG)

The Insurance Contracts Act will be one hundred years old on 1 January 2010. The insurance industry has since undergone major change and has been shaped by new economic, societal and legislative developments. These include the internationalisation of insurance business, modern forms of distribution and the change in people’s perception of consumer protection. It is therefore obvious that the VVG needs to be amended to take account of the change in the insurance environment.

### Consultation started

Some central areas in need of revision were addressed with the partial revision of the Insurance Contracts Act that went into effect on 1 January 2006. Parallel to the partial revision was the appointment in February 2003 of an expert commission headed by Professor Anton K. Schnyder, which was given the mandate to completely amend the VVG. At the beginning of August 2006 the expert commission submitted its report with a draft version of the new VVG (VE-VVG) to the Federal Department of Finance (FDF) and former Federal Office of Private Insurance (FOPI). In September 2006 the FDF published the VE-VVG on its website and commissioned the FOPI to draw up a bill for consultation on the basis of the draft submitted by the experts. On 22 January 2009 this was published on the FDF website and sent for consultation to some 100 respondents. The deadline for consultation is 31 July 2009.

From the point of view of content, the consultation draft incorporates the basic tenets of the Schnyder Expert Commission and thus differs fundamentally from the current law. This is already apparent in a comparison of the table of contents of the two drafts with the current VVG. Below are some of the central items recommended for revision.

### Expanded scope

One important field of the revision was the scope of the new VVG: according to the two VVG drafts, its application should be voluntary for major risks, transport, credit and surety insurance. This means that the scope of the current VVG needs to be restricted accordingly. Barring the existing exception for transport insurance, the application of the current VVG is obli-

gatory for all primary insurance contracts (from travel insurance and household contents in the retail area to insurance solutions for global companies). This restriction in scope in the client area stands in contrast to an extension in distribution: according to the draft VVG the new VVG should also regulate important aspects of the “insurance broker – insurance client” contractual relationship (mandate, indemnification, representation and liability). Contractual relationships have so far been subject to the Code of Obligations.

#### **Pre-contractual obligations to be extended**

One important field of the revision are the insurer’s pre-contractual obligations. These are to be extended under the revision: insurers are to be obliged to inform the insured prior to conclusion of the contract of the differences in premium according to gender, type and method of premium payment.

#### **Other recommendations**

These include new rules on the termination of the insurance contract: both VVG drafts propose a standard right of cancellation by the insured after conclusion of the contract and a standard and extraordinary right of cancellation for both parties to the contract. Furthermore, the future VVG is to introduce new binding standards for individual insurance lines such as liability or supplementary health insurance.

#### **Further information**

Consultation draft on the total revision of the VVG :  
[www.efd.admin.ch/dokumentation/gesetzgebung](http://www.efd.admin.ch/dokumentation/gesetzgebung)  
SIA dossier on the VVG: [www.svv.ch](http://www.svv.ch)

#### **The SIA’s position**

The SIA will submit a well-founded, extensive and coordinated position on this and other recommendations of the draft VVG within the consultation period. At the centre of the project organisation are the Life, Health/Accident and Non-Life Insurance committees, the Legal & Compliance and Employer Issues commissions (distribution working group) and the Board of Directors, who have the task of approving the SIA’s positional stance.



**The Life Insurance Committee** is responsible for monitoring developments in the Swiss pension system. In its work it seeks to promote the common interests of private insurers in the area of life insurance (individual and group insurance) and compiles detailed background information as a basis for decisions of the Board. The Life Insurance Committee is responsible for the Commissions for Social Issues, Actuarial Life, Taxation Life, Legal Affairs Life, Medical Risk Assessment and the Money Laundering Commission.



“ I have been a Member of various SIA committees for more than 20 years. I believe this committee work plays an important role, since information exchange between insurers is of great significance, especially in our industry. Together, we can build a future vision and better protect the assets of our clients. ”

**DANIEL LOUP**

**Daniel Loup** is a Member of the Life Insurance Committee and Head of Pensions at Die Mobiliar.

## Intensive efforts for sustainable pension provision

### Occupational pension provision

#### BVG minimum conversion rate

Under the first BVG revision, the BVG minimum conversion rate will be reduced from 7.2% to 6.8% in a series of steps between 2005 and 2014. In the knowledge that a more far-reaching adjustment of this rate is absolutely necessary, the Federal Council put forward in its report of 22 November 2006 on the amendment to the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (adjustment of the minimum conversion rate, 06.092) the proposal to lower the BVG minimum conversion rate in four steps, starting 1 January 2008 to 6.4% as of 1 January 2011. In a first round the Council of States rejected the proposal in the overall vote of 12 June 2001 by 22 to 11 votes with 4 abstentions. An alliance of Social Democrats, who were against any lowering of the minimum conversion rate, and the majority of the SVP and the FDP fraction, who called for a more rapid reduction, resulted in the draft's failing to be passed.

With 115 to 57 votes, the National Council argued on 24 September 2008 in favour of reducing the BVG minimum conversion rate within five years – instead of the three years proposed by the Federal Council – and of reducing it to 6.4% after the amendment to the law enters into effect. The Council of States decided on 11 December 2008 with 26 votes to 0 votes to concur with the decisions of the National Council. In the final votes of 19 December 2008 the motion was approved with 126 votes to 62 with 6 abstentions (National Council) and by 35 to 1 with 6 abstentions in the Council of States.

#### Referendum called

The Swiss Party of Labour (2 November 2008) and union Unia (11 November 2008) decided to call a referendum. This will be supported by the SP Switzerland and the Swiss Federation of Trade Unions. The earliest a referendum can be held is 29 November 2009.

#### 156 000 SMEs place their trust in life insurers

The referendum advocates portray life insurers as the masterminds and beneficiaries of a lowering of the BVG minimum conversion rate beyond that laid down in the first BVG revision. Once again accusations are being made of a pension swindle, with the aim of driving life insurers out of the occupational pensions business. The accusations fully disregard the facts (156 000 SMEs with around 1 000 000 insureds pass on their occupational pension provision to private life insurers) and the advantages of a full insurance model (no underfunding – no restructuring – no disadvantages for those leaving pension funds – no top ups for the employer, etc), which are assuming particular importance in the financial crisis.

#### Legal quota

At its meeting of 3/4 April 2008, the Committee for Security and Health of the National Council (SGK-N) opted by a majority of 14 to 9, in the face of left-wing opposition, in favour of the Federal Council's recommendation of 22 November 2006 regarding the adjustment of the BVG minimum conversion rate. It argued in favour of reducing the BVG minimum conversion rate to 6.4% within five years of the enactment of the relative amendment to the law. At the same time, it approved by 13 votes to 11 a motion to postpone work on the BVG minimum conversion rate for as long as it takes the BVG Sub-Committee to produce a new regulation with regard to the legal quota for insureds' participation in the distribution of profit.

The BVG Sub-Committee of the SGK-N subsequently debated the legal quota in several of its meetings. On 29 August 2008 it decided to submit a motion to the SGK-N to discontinue coupling the BVG minimum conversion rate with the legal quota. In compliance with the motion of its sub-committee, the SGK-N decided on 8 September 2008 that the lowering of the BVG minimum conversion rate should not be coupled with the legal quota. Both committees voted 15-8 in favour of the bill, with one abstention.

In connection with this decision the SGK-N passed on a number of subsequent mandates to its BVG Sub-Committee, the latter commencing its work on them at its meeting of 26 November 2008 and continuing into the beginning of 2009.



### **BVG minimum interest rate**

Developments in the financial markets made it necessary to markedly reduce the BVG minimum interest rate as of 1 January 2009 to 2% (after it had been raised from 2.5% to 2.75% on 1 January 2008). The SIA suggested, as it had on an earlier occasion, to set the BVG minimum interest rate at 70% of the rolling seven-year average of the seven-year government bond rate (70-7-7). The creation of the rolling average over seven years takes into account the risk inherent in bonds, and the 30% discount takes into account the risks inherent in equities and real estate. On this basis this would have resulted in a BVG minimum interest rate of 1.75% for 2009.

### **Lowering of the minimum interest rate**

In October 2008 the Federal Council set the BVG minimum interest rate at 2% for 2009. In doing so it followed the recommendation of the Federal Committee for Occupational Pension Provision (BVG Commission) dated 19 September 2008. In the run-up to the decision by the BVG Commission the unions had advocated a BVG minimum interest rate of not below 2.25% and the Swiss Employers' Association, the SIA and the Swiss Pension Fund Association ALSIP a rate of 1.75%.

### **Formula to be explored**

At the same time as its recommendation of 19 September 2008 relating to the BVG minimum interest rate for 2009, the BVG Commission decided to address the BVG minimum interest rate for 2010 in autumn 2009 (in the past it had dealt with the BVG minimum interest rate for the following year in mid-year) and to appoint a working group tasked with exploring the application of a formula for fixing the BVG minimum interest rate. The SIA welcomes this decision by the Commission after, as already mentioned, having long advocated setting the minimum interest rate based on the 70-7-7 formula.

### **Structural reform of occupational pensions**

According to the report of the Federal Council of 15 June 2007 various measures are earmarked for introduction in the interests of strengthening supervision. These include the decentralisation of the supervision remit hitherto directly performed by the FOPI, the regionalisation of cantonal supervision, the increase in the standards applied to supervision and the creation

of an administratively independent federal oversight commission tasked with the coordination and harmonisation of supervision principles through the creation of standards and directives. In a second bill, the Federal Council put forward various measures aimed at encouraging older members of the workforce to participate in the employment market. Pension fund regulations in particular should be able to allow for salary cuts prior to pensionable age being balanced out via increased contributions and thereby make it possible for people to maintain the level of their retirement benefits. In addition, employees who work past regular retirement age should continue to be insured up to the age of 70 and by making additional contributions be able to improve the benefits they will later receive.

### **Council of States approves structural reform**

The Committee for Social Security and Health of the Council of States (SGK-S) started its deliberations on structural reform in detail on 14 April 2008, which it completed on 26 August 2008. It voted 12-0 in favour of the first draft revision, albeit with a number of amendments, and argued against the proposed expansion of the tasks of auditors to include material audits of investment activity. The Committee voted 10-0 in favour, without abstentions, to the second draft revision. The Council of States voted unanimously in favour of structural reform on 16 September 2008 with the incorporation of the changes put forward by the SGK-S.

### **Investigation of the implications of the financial crisis**

As the pre-consultative body of the second chamber, the Committee for Social Security and Health of the National Council (SGK-N) discussed for the first time structural reform at its meeting of 7 November 2008. After the previous hearings, the Committee was unanimous that the financial crisis had changed the situation and that a reassessment was necessary. The Committee opted to at first investigate the implications of the financial crisis before deliberating on structural reform. For this purpose it requested in November 2008 that the Federal Council prepare a report on the matter.

### **SIA prefers federal supervision**

The SIA supports the underlying wish for structural reform in the interests of reinforcing occupational pensions supervision, but prefers oversight of a federal nature to a cantonal or regional model. The SIA regrets that the corrections in the parameters (BVG minimum interest rate, BVG minimum conversion rate, interest rate in compliance with Art 6 Para 2 of the FZV, technical interest rate) were not included in the consultation draft after the widely supported occupational pension expert commission had recommended in their report an integrated approach in the interests of stabilising the occupational pension system for the long term.

### **Funding the pension fund facilities of public bodies**

On 27 February 2008 the Federal Department of Home Affairs (FDHA) published the results of the consultation process launched at the end of June 2007. The funding model put forward by the Federal Council of a “differentiated target funding ratio” for the pension fund facilities of public bodies – hereinafter referred to as public pension funds – and their independence met with a good level of acceptance overall. Consequently, the Federal Council adhered to its goal of making public pension funds fully funded over the medium term. In view of the concerns raised about the costs of fully funding, the Federal Council proposed extending the transition period from 30 to 40 years.

### **Full capitalisation envisaged**

19 September 2008 saw the drafting by the Federal Council of its report on the bill for the financing of public pension funds for presentation to the Council of States and National Council. According to the terms of the bill, public pension funds must be fully capitalised within the next 40 years. Until this time they may operate a “differentiated target funding ratio” model if they are in the possession of a guarantee from public authorities and if their funding plan has been approved by the relevant supervisory authority. The Federal Council is to report regularly to parliament (every 10 years) on the financial situation of the pension funds to enable it to keep track of the development of the financial situation of the partially capitalised pension funds and to take any measures necessary.

### **New legal form and supervision**

Furthermore, the public pension funds and their supervision are to be made legally, organisationally and financially independent, limiting the public authorities' influence on the funds and strengthening the position of the funds' highest governing body. Following the enactment of the law the new pension funds established under private law must take the legal form of a foundation; the legal form of a cooperative is no longer permitted. Existing pension funds which have the legal form of a cooperative can continue to operate as cooperatives until they are discontinued or restructured to take another legal form.

### **Further deliberations in the Council of States**

The financial crisis has changed the backdrop surrounding parliamentary deliberations on the bill: after a majority of cantons had supported the principle during the consultation procedure, the Conference of Cantonal Governments came out clearly against (ie with a majority which exceeded the necessary quorum of 18 cantons) full capitalisation at its meeting of 12 December 2008.

As the first chamber, the Council of States will deal with the issue; its Committee for Social Security and Health will tackle the pre-deliberative phase after the spring 2009 session.

## **AHV**

### **11th AHV revision**

Following the failed passage of the first version of the 11th AHV revision in May 2004, the Federal Council decided to set the ball rolling to secure financing of the AHV up to 2020, opting for a gradual approach which would permit the proposal of measures on which consensus might be reached. On 21 December 2005, it passed two new reports to parliament on the 11th AHV revision (“new bill”): the first of which (05.093 “11th AHV revision, benefit-related measures”) seeks a number of amendments in the benefits area and a number of improvements in its technical implementation. The proposal also seeks to raise the retirement age of women to 65.

### **Changes in benefits**

The current regulations on early or deferred payment of the AHV pension with an actuarial reduction or increase in pension are to be expanded. The level of the AHV compensation fund would be set at 70% of the amount disbursed per year (today it must be 100%). At the same time a mechanism would be introduced which, depending on the level of the fund, would slow down or even halt the adjustment of pensions in line with the development of the economy. The personal allowance for pensioners who are still in gainful employment would be increased, which should make possible the generation of a higher pension via the contributions paid on employment income earned at retirement age. The second proposal (05.094 "11th AHV revision. Introduction of an early retirement benefit") puts forward a new early retirement model for women and men over 62 who for financial reasons cannot take early retirement.

### **The Council of States' summer session**

On 17/18 March 2008 the National Council voted in its 2008 spring session in favour of the first bill (05.093) with 97 to 89 votes. The National Council did not approve the second bill (05.094).

The Committee for Security and Health of the Council of States consulted on the 11th AHV revision at the end of January 2009 and will conclude its report by April 2009. In this way the bill will be ready for deliberation by the Council of States in its 2009 summer session.

### **Popular initiative "For a flexible AHV retirement age"**

The popular initiative "For a flexible AHV retirement age" launched by the Swiss Federation of Trade Unions calls for people earning less than CHF 119 340 to be entitled to the full AHV pension upon retiring at the age of 62. The Federal Council and parliament rejected the initiative; the National Council by 127 to 61 votes with two abstentions and the Council of States by 32 to 7 votes with three abstentions.

The acceptance of the initiative would have incurred the AHV additional costs of some CHF 1.5 billion (ie of at least 0.4 salary or VAT percentage points). Those launching the initiative did not provide details of how it would be financed. The initiative would have made it possible for some 90% of all those gainfully employed to receive a full pension upon early retire-

ment and would to all intents and purposes have resulted in a general reduction in the retirement age. A great many of the individuals in question can afford early retirement even with a reduction in their pensions because they can expect a sufficiently high occupational pension. Subsidising the early retirement of these individuals would thus not be justified.

In contrast, individuals with smaller incomes could not afford early retirement despite the initiative because the somewhat higher AHV pension would not be able to make up for the shortfall of the absence of or reduction in an occupational pension. The initiative would therefore have provided little relief to those who it promised to help. In the referendum of 30 November 2008, 58.6% of voters and a clear majority of the Council of States voted against the initiative "For a flexible AHV retirement age".

## **IV**

### **5th IV revision**

The 5th IV revision entered into force on 1 January 2008. The main objectives of the revision approved in the federal referendum of 17 June 2007 were the reduction in the number of new pensions by the strict application of the "integration over pension" principle and contributions to ensure the sound financial health of the IV by way of a number of cost savings measures. The integration and with it the avoidance of the obligation to pay a pension is basically what is being encouraged by the new instruments (early recognition, early intervention, integration measures). In addition employer incentives (financial contribution towards learning the skills required for a new job, financial contribution for health-related increases in daily sickness benefits contributions, compensation for continuing to employ health-impaired individuals who take part in integration measures) contribute towards improving integration.

### **Cost savings suggestions**

Savings measures put forward by the 5th IV revision comprise the discontinuation of current additional pensions, the elimination of the career supplement, the discontinuation of daily benefits insurance for the non-employed, the reduction in the child's allowance, the reduction of IV benefits in the case of overinsurance, the increase in the minimum contributory period

before becoming eligible for a normal IV pension and the elimination of medical measures for the reintegration of the over 20s into the workforce. These savings measures are expected over a time horizon of 2008 – 2026 to result in savings of an estimated CHF 250 million per year. However, the IV needs additional funding for its restructuring in order to meet this goal (see IV supplementary financing).

### **IV supplementary financing**

As already mentioned, the financial situation of the IV makes action necessary on the income side, which is why parliament approved supplementary financing for the IV on 13 June 2008. This comprises a proportional 0.4 percentage point increase in VAT between 1 January 2010 and 31 December 2016 (7.6% → 8%; 2.4% → 2.5% and 3.6 → 3.8%), which is expected to generate additional income of CHF 1.2 billion per year, which will be able to cover the IV's annual deficit.

As the VAT increase requires a constitutional amendment, Swiss voters and the Council of States will decide on the fate of the financing of the IV. An own compensation fund is also to be created for the IV as of 1 January 2010, thus rendering unnecessary its subsidising by the AHV. To ensure the necessary liquidity for the use to which it will be put, the AHV will transfer CHF 5 billion to the new fund. If the funds exceed the initial CHF 5 billion at the end of the financial year, the surplus will be transferred back to the AHV compensation fund for the purposes of reducing its debt.

The interest incurred on the IV debt (approx CHF 360 million per year) will be paid in full by the government during the period of the VAT increase. To find a long-term solution, the Federal Council must submit a report to parliament on the bill for the 6th IV revision by 31 December 2010, which should focus primarily on restructuring via a reduction in expenses.

29	Corporate Tax Reform III
29	Revision of Value Added Tax Act
29	Antitrust law
29	Liability law
29	Revision of rental law
32	Revision of company and accounting law
32	Swiss GAAP ARR 14
33	New Supervisory Reporting FIRST
33	Group reporting

## Active collaboration on numerous legislative provisions

### Corporate Tax Reform III

The Federal Council plans to strengthen Switzerland's tax appeal via a new round of corporate tax reforms aimed at introducing improvements in the following areas: elimination of issuing tax on equity capital and debt issues; elimination of tax obstacles to Group financing; measures to facilitate a capital taxation waiver by the cantons.

Additional measures are to be investigated to enhance Switzerland's competitiveness as a financial centre, such as adjustments to the system whereby legal entities may deduct income from equity holdings from profit tax. The SIA welcomes the thrust of the reform. Measures to reinforce Switzerland as a business location are necessary if Switzerland is to remain attractive in an international comparison.

standpoint, for action on the antitrust and administrative procedural law fronts and disclosed its standpoint on compliance with antitrust law. The SIA collaborated on economiesuisse's parallel evaluation of the Antitrust Act with the aim of having business make a constructive contribution to the ongoing debate on the further development of Swiss legislation.

#### More information

The synthesis report drawn up by the Cartel Act Task Force can be downloaded from [www.weko.admin.ch](http://www.weko.admin.ch).

### Revision of Value Added Tax Act

The Committee for the Economy and Levies of the National Council has started its deliberations on the revision of the Value Added Tax Act. The SIA supports the steps taken to achieve the planned improvements in the tax collection method, legal certainty and reduction of the tax occulté.

On a practical level the Federal Tax Administration brought into effect the VAT insurance sector manual "Versicherungswesen" on 1 January 2008, which included a series of factually justifiable specifications that are to be adopted in practice. The SIA views positively the simplifications these give rise to in daily practice.

### Liability law

As part of the discussion about a full revision of liability law the SIA presented the position of the insurance industry and the main problems that exist in liability law. The SIA had already submitted a detailed position in its consultation response to the "revision and standardisation of liability law" draft drawn up by experts.

The Federal Council decided to waive a full revision and standardisation of liability law, especially since the responses in the consultation phase showed that consensus could not be reached on most of the new features of the law. To ensure that injured parties retain the right to claim compensation in the case of long tail claims, the Federal Department of Justice and Police was commissioned to revise the periods of limitation in liability law.

### Antitrust law

The Cartel Act Task Force appointed by the Federal Council concluded its investigation into the efficiency and functioning of the Antitrust Act. In its synthesis report the task force highlights the need for action and concludes with a series of recommendations for parliament and the executive authorities.

The SIA was asked twice to submit its opinion in the evaluation process. In its position paper it argued in favour of the need, from the insurance industry's

### Revision of rental law

The Federal Department of Finance reopened the consultation on the revision of the rental law in 2008. At the centre of the bill is the decoupling of rents from mortgage rates, with rents to be kept in line with the national consumer price index. Under the terms of the bill, this would only result in a once yearly maximum 100% adjustment in line with the index.



**The Legal and Compliance Commission** deals with insurance-related legal developments, particularly in relation to issues of insurance regulation, financial market supervision, insurance contract law and data protection. It develops positions on a wide range of legislative drafts which are of importance for the insurance sector. In addition, it is responsible for compliance issues with the aim of ensuring that the activities of all head office employees and bodies and members of SIA committees are legally compliant.



“ A modern legislative environment is a decisive factor in the efficiency and calculability of insurance business. The three topics currently of interest are regulation, insurance contract law and data protection. In the Legal and Compliance Commission, we are investing considerable effort and expertise in these areas. In doing so, we can make an important contribution to building confidence between insurers and their customers. ”

**THOMAS LÖRTSCHER**

**Thomas Lörtscher** is Chairman of the Legal and Compliance Commission and Managing Director of Claims and Liability Management at Swiss Re.

As demonstrated by the reaction to the last consultation that took place at the beginning of 2006, insurance companies were directly and substantially impacted by this revision due to their real estate portfolios. The SIA used the opportunity to express an opinion and approved the main elements of the bill.

Following the consultation, the Federal Council decided to link rents to inflation (index-based rent) instead of to costs (mortgage rates, maintenance, operation). In doing so the Federal Council addressed concerns raised by tenants, while abandoning the 100% link to the consumer price index. The SIA regrets this outcome.

In March 2009 the Committee for Legal Affairs of the Federal Council rejected the bill by 22 votes to one, thereby opting to continue to link rents to the mortgage rate instead of to the consumer price index.

## Revision of company and accounting law

As mentioned in last year's annual report, the revision essentially aimed at improving corporate governance, providing companies with more freedom in their capital structures and allowing general meetings to be conducted via electronic means. Parts of the outdated accounting law were also replaced.

### Initiative with new regulations

21 December 2007 saw the approval by the Federal Council of its report to parliament on the revision of the company and accounting law. Due to the financial market crisis and ensuing public debate, there were renewed protests from some quarters claiming that some provisions were untenable and hence could not be accepted. On 26 February 2008 the Minder Initiative was submitted demanding that all Swiss listed companies comply with more than 20 new prohibitions and regulations: these include the obligation to have shareholders vote annually on the aggregate amount to be paid to the board of directors and executive board; a prohibition on certain types of compensation; a ban on shareholders being represented by a corporate or custodian proxy and a mandatory one-year term of office for the chairman of the board.

### Counter proposal by the Federal Council

In response, the Federal Council issued a positional statement on the above initiative, recommending its rejection by voters. Together with this recommendation the Federal Council submitted a counter proposal which contained more stringent guidelines on board and executive board compensation. On some other points, the statement went beyond the initiative, for example, in its proposals concerning suing for the return of benefits and the granting of new powers to shareholders.

### Support for the counter proposal

Economiesuisse and the SIA basically favour the content of the counter proposal but consider that each item needs to be checked again with regard to its practicability, legal certainty and non-contradictory content. Efforts should be made at least to avoid executive management's salary being voted on by the Annual General Meeting (AGM). This is an important task of the Board and falls under its area of responsibility. However, the remuneration of the Board warrants the direct involvement of the AGM. More precise regulations are needed to determine the consequences of a rejection by the AGM on remuneration. This is an area that still needs to be discussed. The upcoming parliamentary debate will thus prove interesting.

## Swiss GAAP ARR 14

In autumn 2008 the SIA was requested by the Swiss Foundation for Accounting and Reporting Recommendations to give its position on the revised Swiss GAAP ARR 14. This standard regulates the accounting for insurance companies and focuses on small and medium-sized organisations and corporate groups operating in the national market. Swiss GAAP ARR 14 is therefore only applicable to a limited number of our insurance companies.

### Revision of standards

Unfortunately, the revision of the standard was taken as an opportunity to amend basic valuation methods. Specifically, criticism was levied at the valuation of investments, the related fluctuation reserves that need to be set aside for the risks arising from investments and the capitalisation of deferred acquisition costs. The Swiss Foundation for Accounting and Reporting



Recommendations ARR had explicitly stated in its comments in January 2007 that no amendments would be made until there was clarity in the international accounting community as to the concepts to be adopted in future. These considerations proved absent in some parts of the standard. The SIA thus made clear that the valuation of assets and liabilities should continue to be carried out according to the current method and that the revision should serve only to amend the presentation and structure of the accounts. It is now a matter of time to see how the foundation decides to proceed.

The aim of the further work of the SIA will be to reopen the discussion on material aspects and where possible work towards a solution that is acceptable to all concerned.

## **New Supervisory Reporting FIRST**

Highly intensive work continued in 2008 on the further development of the new supervisory reporting system. In numerous meetings, the FOPI presented and discussed the interests and concerns of the insurance community, thus contributing to the success of the new tool. The FIRST (Finma Insurance Reporting & Supervising Tool) application was delivered in September 2008. This modern, web-based tool has 25 custom-tailored reporting templates, which were already tested and optimised by 19 insurance companies during the pilot phase.

Pension fund reports for the 2008 financial year were submitted in their usual form (in addition to the new degree of detail in FIRST). The deadline for first-time reporting with FIRST is 30 April 2009 (reinsurance 30 June 2009).

## **Group reporting**

The FOPI provided the companies in question with a new template in autumn 2008 with which to record group figures. The companies in question were initially unhappy with the data to be collected. The supervisory authorities were, however, willing to address the SIA's concerns and to discuss all the valuable figures that needed to be collected. Together, a template was created which all users found acceptable and useful.

## Solvency II on course and preliminary work on European contract law

The Solvency II draft Framework Directive, ie the level 1 measures, could not be brought to a conclusion within the EU in 2008. This was due largely to the extremely diverging interests within the European Parliament. A group of 12 member countries opposed the suggestion put forward by the European Commission and the draft report of the European Parliament, both of which included details on group-level supervision and group support. As this is a legal procedure subject to co-decision, agreement must be reached on these two issues between the three European institutions. This was achieved in spring 2009 thanks to the intense efforts of the Czech EU presidency.

Agreement was necessary in the first reading to enable Solvency II to be transposed into law at the beginning of 2013. A second reading would have postponed by at least two years its enactment in the national laws of the member states and have lengthened the time span within which Swiss groups would have had to comply with both the SST and Solvency I.

### More information

<http://www.europarl.europa.eu>  
<http://www.ceiops.eu>  
<http://www.iasb.org/Home.htm>  
<http://www.croforum.org>  
<http://www.cfoforum.nl>

### Talks in Brussels

Thanks to the lobbying activities of the SIA and its members, the first draft report of the European Parliament also comments on the effects of a positive equivalence assessment for third country insurers. This was the declared aim of the SIA position paper of autumn 2007. Further efforts are being undertaken to submit a better legal wording during the inter-institutional discussions in Brussels. The SIA is urging Finma to make efforts to submit factual proof of the equivalence of the Swiss supervisory systems. This is one of the milestones in the recognition process identified by the European Commission.

### Preliminary work on European contract law

European harmonisation in insurance and general contract law has so far only addressed specific individual issues. Companies operating in the single European market are thus confronted in their cross-border contracts with the laws of 27 different member states. The European Commission has thus set itself the goal of developing an instrument to resolve this complicated legal situation. It is known as a “common frame of reference for EU contract law”. The Commission described its goal in more detail in its action plan of 12 February 2003 and its notification of 11 October 2004.

### Contributions from Swiss professors

In the wake of this initiative the following draft versions of a European (insurance) contract law were sent to the Commission by the private law experts as a contribution to a common frame of reference:

in December 2007 the Principles of European Insurance Contract Law (PEICL); in December 2008 the Principles, Definitions and Model Rules of European Private Law and a Draft Common Frame of Reference (DCFR). Switzerland was represented in the creation of the PEICL by professors Helmut Heiss and Anton K. Schnyder (both from the University of Zurich).

It is now a question of waiting to see how and in what form the above academic drafts will be factored into the creation of a common frame of reference. The Commission plans to present a document, possibly in the form of a White Paper, on the future course of action with regard to this matter by the end of 2009.

### More information

PEICL: <http://restatement.info/cfr/Draft-CFR-Insurance-Contract-17122007-FINAL.pdf>  
 DCFR: <http://webh01.ua.ac.be/storme/DCFRInterim.pdf>.

## Insurance guarantee schemes

In 2008 the European Commission proceeded with its target of improving legislation and to this end held a public hearing on the introduction of insurance guarantee schemes (IGS) on 2 June 2008 in Brussels and launched a written public consultation procedure. The SIA participated passively in the hearing and actively in the consultation procedure. The SIA is also heavily involved in the debate on the subject via its participation in the CEA Task Force.

### More information

[http://ec.europa.eu/internal\\_market/insurance/guarantee\\_de.htm](http://ec.europa.eu/internal_market/insurance/guarantee_de.htm)

### Implications for Switzerland

Switzerland has no general schemes to protect against insurance insolvencies, which are the subject of the EU discussion. If supervisory systems are recognised (see section on Solvency II), this could likewise become a subject of the negotiations. Within the EU it is regarded as certain that the European Commission will seek a harmonisation of insurance guarantee schemes and publish a draft bill on the subject at the end of 2009 or beginning of 2010.

The SIA argues that the Swiss market is highly concentrated and that the IGS would possibly not provide sufficient consumer protection. IGS should at all events only be used in the life area and for policies with private persons. A risk-based pooling system introduced by companies is designed to prevent a situation where insolvencies are tacitly accepted.

## EU competition law

The EU Commission has published a White Paper on actions for damages resulting from breaches of EU competition law. Its primary objective is to find a solution that ensures all injured parties will be fully compensated for damages caused by breaches of EU competition law. To reach this aim there are plans to permit collective redress and group actions, easier access to evidence and other measures.



**The Economics & Finance Committee** monitors national and international developments in the areas which are of importance to the Swiss insurance industry, such as financial market supervision, accounting, solvency, investments and tax. It ensures that the relevant association bodies are appropriately informed. The Committee is responsible for the Commissions on Accounting and Reporting, Investment Issues and General Taxation.



“ The Swiss insurance industry has a global reach. And for that reason, it is essential that Switzerland has a strong financial centre. I champion this cause. The financial crisis means that in the near future, there will be interesting legislative developments. We will be following these developments with great interest in the Committee to secure the best possible conditions – in the ultimate interest of all insureds. ”

**STEFAN MÄDER**

**Stefan Mäder** is Chairman of the Economics & Finance Committee and Chief Financial Officer Europe at Zurich Insurance Company.

## Upward trend in life insurance

The upward trend in premium volume in Swiss life insurance business (individual and group) continued unabated in 2008 despite the collapse of the financial markets. In 2007 premium volumes had risen again after several years of flat growth, a trend which was pleasingly confirmed in the 2008 financial year. Premium volumes were up in both group and individual life insurance business, with group life business reporting considerably stronger growth. Overall, premium volumes were 2.3% higher than in the previous year.

### Individual insurance

However, premiums in the individual endowment insurance segment overall were down 2.4%. Recurring premiums declined by 3.5%, while single premiums increased by 4.2%. Annuity insurance developed positively in both recurring and single premium business. Unit-linked life insurance continues to drive the individual insurance segment, registering an overall increase of 8.2% – more than any other individual life segment – to a premium volume of CHF 28 billion. This was the result of an increase in both recurring premiums (+8.8%) and single premiums (+6.8%).

#### Tax regime

In the year just closed the SIA spoke out for the fair tax treatment of individual life insurance policies and to this end debated a number of issues with the tax authorities.

### Group insurance

The development of the group life insurance segment not only confirmed the trend of the previous year but actually reinforced it. The 2.8% growth reported in premium volume was testimony to the fact that clients seek guaranteed benefits in adverse times. Swiss SMEs that have opted for a full insurance model with a private insurer can enjoy the reassuring feeling that even during prolonged difficulties on the financial markets, they do not need to help redress any underfunding of their pension plan.

## Money laundering and self-regulating organisation

### Developments in the EU

With the exception of Belgium, Ireland, Spain and Sweden, by the end of 2008 all EU member states had implemented the Third EU Money Laundering Directive of 25 November 2005. Finland, France and Poland are applying it only in part. 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.

#### Federal level

The 2008 autumn session saw the National Council and Council of States approve the Federal Act on the Implementation of the Revised Recommendations of the Financial Action Task Force (FATF). The act, which went into effect as of 1 February 2009, is the basis for the revision of various other laws, such as the Anti-Money Laundering Act (AMLA), and requires adjustments to the ordinances governing financial intermediaries issued by the supervisory authorities set up according to special law. The report extends the scope of the Anti-Money Laundering Act (AMLA) to apply to the financing of terrorism and contains a number of measures with which to increase the effectiveness of Swiss defensive action and the general protection of Switzerland as a financial centre.

#### Revision of the SRO-SIA regulations

With its decree of 29 August 2008 the FOPI approved and enacted the revised SRO-SIA regulations as of 1 January 2008. They replace the regulations of November 2000 and later amendments and are binding on all members of the SRO-SIA and take precedence over the FOPI Money Laundering Ordinance.

The most important changes relate to the subjection to the regulations of tied pension provision (pillar 3a), the identification of the contractual party upon suspicions of money laundering, business relationships with increased risk of money laundering, responsibility of the highest company management bodies, the delegation of the duty of due diligence and the monitoring of business relationships.

Tied pension provision (pillar 3a) contracts will now fall under these regulations. Contracts taken out prior to 1 January 2008 do not need to be reviewed with a view to money laundering regulations.

The decision to initiate and change business relationships with politically exposed persons (PEP) rests exclusively with the highest corporate management bodies, or at least with one of its members, given the increased risk involved.

By means of delegation the insurance company transfers certain due diligence obligations to a third party. To this end the parties conclude a delegation agreement. Life insurers adopt a risk-based approach to combating money laundering. The regulations thus oblige the insurance company to ensure by means of systematic and appropriate risk supervision measures that the contractual parties are identified where designated amounts are reached and that those risks are identified that require special investigation

#### **Comment on the regulations**

The comment on the regulations was also published in the third edition of the revised SRO-SIA regulations. It does not claim to be scientifically complete and is designed as a practical interpretation aid for member companies in the application of the regulations.

#### **Money Laundering Commission**

The Money Laundering Commission worked intensively on drafting the regulations and commentary. It was only thanks to the major contribution of all members of the Commission that the commentary was published virtually at the same time as the regulations were approved by the FOPI.

Several meetings were held between delegations from the FOPI and SRO-SIA for the purposes of discussing the revision of the regulations. The Chairman of the Money Laundering Commission attended the meetings with the FOPI and thus had the opportunity to represent the Commission's standpoint on the regulations' revision.

The issues debated were the subjection of the restricted pension provision contracts to due diligence obligations, the monitoring of business relationships and transitional provisions. In particular the SRO-SIA delegation raised concerns about the practical implementation of procedures prescribed by the authorities.

#### **Active life insurers**

In line with the Federal Council, life insurers are committed to defending the integrity and impeccable reputation of the Swiss financial centre. They are watching in particular the development of international white collar crime and will take the requisite, timely measures. A high degree of awareness and the ongoing training of staff at all levels makes it possible to take preventive measures and issue effective regulations. Insurers in this way make an important contribution to preserving the reputation of Switzerland as a financial centre and the confidence placed in it and in the Swiss insurance industry.

#### **SRO-SIA on the Internet**

The annual report, articles of association, regulations and commentary on the regulations of the SRO-SIA can be downloaded from [www.svv.ch](http://www.svv.ch).



## A call for more competition in the accident insurance field

The SIA continued to be extensively involved in the revision of the Accident Insurance Act (UVG) in 2008, steadfastly adhering to its support of liberalising mandatory accident insurance in the interest of increased competition. This is a major line of business for private insurers. For this reason the SIA is closely following the revision of the UVG and doing all in its power to ensure that Suva is not permitted to further expand its partial monopoly, because a monopoly is inconsistent with the concept of competition.

### Accident insurance

On 30 May 2008 the Federal Council issued its report to parliament on the revision of the UVG. The report addressed many of the SIA's concerns: for example, the motions with regard to conditions for the deregulation of premium rates and the entrenchment in law of the compensation fund designed to guarantee the future financing of disability pensions. Most of the new fields of business (asset management and asset/liability management for public and private-sector pension funds, UVG supplementary insurance, and services for the healthcare system) where the Suva wishes to operate were not addressed in the report. The SIA rigorously opposes the remaining new fields of business included in the report such as the management of rehabilitation clinics, third-party claims processing, the development and sale of safety products as well as advice and training related to the promotion of health and safety at the workplace.

The SIA is against permitting Suva to operate in new business fields, given that there is no constitutional basis for doing so. Granting Suva permission would be a breach of the principle of mutuality.

### Committee for Security and Health of the National Council (SGK-N) debates the UVG revision

On 9 September 2008 the Committee for Security and Health of the National Council (SGK-N) approved the proposal put forward by the Federal Council. In its first deliberations of 16/17 October 2008 the Committee rejected the idea of making Suva a full monopoly as well as its privatisation. Two further decisions of the SGK-N recommended permitting Suva to offer supplementary

insurance in the non-obligatory field to the entities falling within its remit and having all health-care entities report to the Suva. The SIA wholeheartedly rejects the expansion of Suva's mandate and activities.

### Supplementary insurance cross-subsidised

Permitting Suva to operate in the supplementary insurance area only makes sense from the economic point of view for Suva and its clients if it can make use of cross-subsidies. These comprise direct payments, the cheap use of the available infrastructure, the use of client information, assistance with the recruitment and training of personnel and access to available capital at a reduced rate. Cross-subsidies impede fair competition and the economic freedoms laid down in the constitution.

Suva often uses as the basis for its argument for permission to provide supplementary insurance that it would be streamlining the administrative processes of the entities involved. But this argument holds no water because supplementary insurance is usually only needed for hospital stays or for those with excess salaries and thus applies to a relatively small percentage of accidents. What is more, the companies who have individual insurance with Suva also have contractual relationships with private insurers anyway.

### Further steps

On 27 March 2009 the SGK-N rejected the first part of the draft revision with regard to the services and operation of accident insurance. The Committee approved the second part, relating to the organisation and ancillary activities of Suva. According to the timetable, the National Council will decide in its summer session about the further steps to be taken.

### Increase in the cost-of-living adjustment for pensions

The law prescribes that UVG insurance schemes must add a cost-of-living supplement to disability, widow's and orphan's pensions. These supplements are to be funded by net interest income in accordance with the Accident Insurance Act (UVG) of 20 March 1981. In the event that net interest income does not suffice, Article 92 of the UVG prescribes imposing a supple-



ment on the net premiums (known as apportionment contributions).


As of 1 January 2010 the private insurers and all health insurers insuring long-term benefits in collaboration with a private insurer will pass on the apportionment contribution to finance the cost-of-living adjustment in the form of a 9% supplement on the net premiums of occupational and non-occupational accident insurance.

#### **More information**

You can get more information on this subject at:  
[info@svv.ch](mailto:info@svv.ch).

## **Health insurance**

On 1 June 2008 the Swiss populace rejected anchoring in the constitution the initiative “For quality and economy in health insurance”. The SIA regrets this outcome. Anchoring quality, competition and transparency in the constitution would have established a sensible framework within which to lay the groundwork for the future reform of the health system. The SIA will continue to advocate this in future as it is of the opinion that increased competition in healthcare will lead to a reduction in costs, raise quality and improve transparency. Anchoring the free choice of doctor, hospital and therapy in the constitution would eliminate the disenfranchisement of patients and promote competition among health insurers and providers of health services.



“ More than 1.5 million full-time employees are insured against accidents with Switzerland’s 24 private accident insurers, which together process some 300 000 insurance claims each year. For this reason, a sound business environment is very important.

I am committed to ensuring that injured persons are optimally protected against the financial consequences of an accident. ”

**ROLAND FIERZ**

**The Health/Accident Committee** safeguards the common interests of health and accident insurers and keeps abreast of developments on the legislative front. The Health/Accident Committee is responsible for the Commissions for Public Health System, Legal Affairs and Social Policy, Actuarial, Health/Accident and Compulsory Accident Insurance, FL.



**Roland Fierz** is Chairman of the Commission on Legal Affairs and Social Policy and Head of Underwriting at Helsana.

## Focus on insurance medicine and awareness

In 2008 the SIA's Medical Service was once again intensively involved with the issue of cranio-cervical acceleration/deceleration trauma (CADT). It also assumed a key role in the work of the Personal Injury Reintegration working group, tasked with holding institutionalised conferences for claims managers in the UVG field and for consulting physicians working for private insurers, thereby promoting the interests of insurance medicine.

### Cranio-cervical acceleration/ deceleration trauma (CADT)

The preliminary medical documentation form was revised to include cranio-cervical acceleration/deceleration trauma in line with Swiss Federal Supreme Court Ruling BGE 134 V 109 of 19 February 2008. This gave rise to a broadly based consultation involving medical societies, the Swiss Medical Association, *santésuisse*, private insurers and Suva. The fully revised preliminary medical documentation form is to be sent out during the first quarter of 2009.

### Personal injury and reintegration

The SIA Medical Service manages the "Personal Injury and Reintegration" working group within which several institutions were once again given the opportunity to give an account of their activities. The household damage assessment was completed this year and applied in a pilot project. The assessment is comprehensive in its coverage and the statements made are difficult to disprove as they are based on the most varied of evidence-based tests and thus comply fully with the requirements of the Federal Supreme Court for an objective and comprehensive test. The household accident assessments performed to date have revealed that the restrictions are far from being as high as the injured parties and/or their lawyers claim. The working group's newsletter is widely accepted as an information tool for the insurance companies.

### UVG Conference in 2008

The traditional UVG Conference held by the SIA every two years for claims managers took place on 19 and 20 May 2008 in Zurich Financial Services' Development Center in Zurich. More than 100 people attended the speeches held by high-ranking experts and took part in some spirited discussions. Feedback on the conference gives us cause to conclude that it was a full success not only in terms of expertise and content but also from a social networking point of view.

### Medical Congress

This year's Medical Congress took place on 6 November 2008 in Bern. Under discussion were the amendment to the preliminary medical documentation for cranio-cervical acceleration/deceleration trauma (CADT) in line with the Swiss Federal Supreme Court Ruling BGE 134 V 109, the latest literature on CADT, the clarification of what constitutes household injuries, the problem of artificial limbs and their effect on the ability to work, the revised incapacity-to-work certificates and the assessment of fraudsters from the psychiatric point of view.

### Insurance medicine

The SIA Medical Service held a number of lectures and talks on insurance medicine at the Universities of Zurich, Basel and St Gallen as well as at various conferences and congresses. For the first time this year, the "Medical Expert SIM" certificate was conferred on 200 doctors and the SIM was admitted to the Swiss Medical Association, which is evidence that insurance medicine can be anchored more firmly in the medical community. The beginning of December saw a public symposium held with applicants for the Professorship of Insurance Medicine at the Academy of Swiss Insurance Medicine *asim*.

## Prevention and health promotion projects geared to sustainability

The SIA is traditionally engaged in health promotion and prevention activities related to leisure time and road safety. Since 2008 the private insurers affiliated with the SIA have been increasingly involved in the area of health and safety at work. The restructuring and focussing process launched in summer 2007 was continued in the reporting year and the Prevention Commission, which reports directly to the Board of Directors of the SIA, was able to safeguard the continuity of the multiyear campaigns. Internally, too, the SIA's cross-disciplinary “prevention and health promotion” department took on clear contours and the consolidation process will be concluded as planned at the end of 2009. All of the association's health promotion and prevention measures will be coordinated and managed centrally. In this way the SIA guarantees all of its member companies optimal support for national and industry-wide health promotion and prevention activities. All campaigns and projects stretch over several years and are designed to be of a sustainable nature.

### Multi-faceted focus issues

The SIA's main campaign in the area of road accident injury prevention focuses on the correct adjustment of headrests. Other focus issues with regard to prevention relate to accidents involving wild animals, safety on the slopes and the prevention and reduction of stress-induced work practices, the latter being one of the major cost drivers in the working world. For this reason, the SIA, working in collaboration with Health Promotion Switzerland, launched a major pilot project aimed at avoiding and reducing stress at the workplace. In Autumn 2009 a campaign is to be launched which will run for several years and focus on raising people's awareness of driving at a safe speed. The campaign will involve the Council for Accident Prevention (bfu), the Swiss Road Safety Fund (FVS) and other partner organisations.

### “Support your head – protect your neck” campaign

According to the motto “Drive safely – avoid accidents – prevent accidents happening” the “Support your head – protect your neck” campaign was continued and intensified in 2008/2009. The campaign focuses on the correct positioning of headrests. Drivers are encouraged to check quickly with their hand before setting off that their head rests are adjusted correctly to provide optimal protection in the case of an accident.

The campaign has been running since 2007 in close cooperation with the SIA and Council for Accident Prevention (bfu). The accident prevention message has been reinforced by a group of partners consisting of ACS, TCS, VCS, the Swiss Automotive Industry Association (AGVS) and Swiss Association of Driving Instructors (SFV).

In spring 2008 and 2009 a nationwide billboard campaign was launched accompanied by three weeks of nationwide TV spots. This concentration of advertising via these channels succeeded in making an advertising impact with very high visibility. The campaign's focus in 2009 will be on the Geneva Motor Show.

### 2009 Geneva Motor Show

The campaign strategy was slightly adjusted to focus on the Motor Show. Rally driver and moderator Christina Surer will be the new star of the accident prevention campaign. The SIA stand at the Motor Show was one of the highlights of this year's campaign. In spring and autumn 2009 Christina Surer will also be seen on billboards and in the print media encouraging people to adjust their headrests properly. “For me adjusting my headrest to the right height and distance to my head is just as important as adjusting the rear view mirror and putting on my seatbelt. I know from experience how important having your headrest adjusted correctly is if you are in a collision”, says Christian Surer when asked about her involvement in the campaign.

### **Campaign having an effect**

An evaluation of the first two phases shows that the Swiss population are highly aware of the need to set their headrests properly and are willing to do so. This is underlined by the campaign's success in the first year and its virtual attainment of its targeted 10% increase in the number of correctly adjusted headrests (height and distance from a driver's head) in 2008.

[www.kopfstuetzen.ch](http://www.kopfstuetzen.ch)

### **SWiNG – pilot stress management project**

The widespread promotion of health at the workplace, reduction in the negative consequences of stress and the promotion of health, motivation, willingness and ability to perform of the Swiss workforce are important strategic aims of Health Promotion Switzerland and the SIA. SWiNG is currently running as a pilot project in nine companies across Switzerland.

The two project partners will initially introduce the SWiNG project (stress management, effect and value of promotion of health at the workplace) in a pilot phase by making specific guides available to help people find out what causes them stress at the workplace and how to deal with it. The project is based on quality criteria accepted across Europe and examines by means of a comprehensive evaluation the effects and economic value of the measures implemented.

### **Workshop with executive management**

The basis for collaboration is a workshop with executive management of the companies taking part in the project in which they will be made aware of the aims of health at the workplace. This introductory phase will be followed by a survey of the company's individual situation as regards health at the workplace and plans will be made as to the possible steps that can be taken. Basic modules are available for the actual "intervention" phase which must be implemented by each company taking part in the project and optional modules can be implemented according to the specific problems and needs of the individual companies.

The project organisers will finance the analysis and costs of drawing up evaluations of each company while the companies themselves will finance the direct costs of the intervention.

### **"Ski with respect and a helmet" campaign for snow sports**

Skiing and snowboarding number among the most popular sports in Switzerland, attracting more than two million enthusiasts. 115 000 people injure themselves so seriously each year while doing snow sports in Switzerland that they have to consult a doctor. The fun of free riding and sledging also harbours risks: 1000 accidents per day during the winter season. The Council for Accident Prevention (bfu), SIA and Swiss Air Rescue (Rega) found this too high a number and to this end launched a widespread three-year campaign aimed at encouraging snow sport enthusiasts to voluntarily take steps to protect themselves better when on the slopes. The campaign appeals to them to wear helmets and wrist protection and to regularly check their ski bindings.

### **60% wear a helmet on the slopes**

Via television spots, billboards and events, the co-production of the Council for Accident Prevention (bfu), SIA and Rega aims to target specifically young snow sport enthusiasts. Since the campaign's launch the percentage of people wearing a helmet on the slopes has developed positively and is currently at almost 60%.

[www.schuetzdich.ch](http://www.schuetzdich.ch)



## Slight growth in non-life insurance

Swiss non-life insurance business saw slight growth of 0.5% during the 2008 financial year. This compares with the previous year's 1.2%. The continued slow-down in premium growth in the non-life segment is mainly due to increasingly fierce competition among insurance companies in what is a largely saturated market. Premium volume in motor insurance remained at last year's level, while fire, natural perils and other property insurance lines, in contrast, reported growth of 1.9%.

### Property insurance

Business continues to be marked by declining premium rates, in particular in the SME and industry segment, which is clear evidence that competition continues to be fierce in this area (soft market). The claims in this market fortunately reveal a downward trend. Theft-related claims are slightly down on the previous year, which is likely due to the stepping up of prevention measures.

### Natural perils insurance and prevention

In contrast to the previous year, the year under review reported a considerably lower number of claims for damages. Switzerland was not hit by any major natural peril in 2008. Nevertheless, the subject of natural perils prevention must continue to be assigned priority. To this end, a number of activities are under way at governmental, cantonal and community level aimed at reducing the loss potential in particularly exposed zones. Policyholders are also obliged to do all in their power to reduce the effects of natural perils damage. This means that every citizen is called upon to act with a sense of responsibility in this matter.

### Earthquake insurance

Switzerland has the best natural perils insurance system in the world. However, the most devastating natural peril is poorly insured: earthquake. Today, a very large number of buildings in Switzerland are not insured against earthquakes.

However, this is not what most people believe: a representative survey of people's perception of earthquake risk revealed that 39% of homeowners are erroneously convinced that their property is insured against earthquakes. 43% simply could not say if their properties were covered. More than two thirds of all those surveyed would have nothing against paying a maximum premium of CHF 100 per year to insure their property against earthquakes.


#### Sound solution to the problem

To be able to better cushion the effects of the natural peril earthquake in a way that is also in the interests of homeowners, the SIA and cantonal building insurers have launched a Swiss-wide earthquake insurance project. Earthquake insurance is the tenth natural peril to be included in existing natural perils coverage. Work on this project has clearly revealed that compulsory nationwide earthquake cover is far cheaper than taking out individual earthquake insurance on a voluntary basis. Nationwide earthquake insurance as additional cover under an existing natural perils policy is practicable and a suitable way of closing this serious gap in natural perils coverage.

#### Committed private insurers

Today private insurers already figure prominently in preparations for the event of a catastrophe such as an earthquake: the Federal Council has launched a multi-stage project aimed at ensuring that Switzerland has suitable prevention, intervention and financial recovery measures in place for the occurrence of an earthquake. As part of this project the Federal Department of the Environment, Transport, Energy and Communications (DETEK) has introduced preventive measures and the Federal Department of Defence, Civil Protection and Sport (DDPS) has drawn up an action plan. In view of the plans to introduce nationwide earthquake insurance, insurers are also involved in





“ Natural disasters regularly cause vast devastation in Switzerland. In 2005 the private insurers repaired damages, replaced wrecked household effects and restored buildings at a cost of CHF 1.3 billion. This saved individuals from social distress and companies from bankruptcy. I am committed to ensuring that when the next time comes the victims will also be able to count on the insurers. ”

**DIETER GOSTELI**

**The Non-Life Insurance Committee** safeguards the general interests of the insurance industry in the non-life insurance area and deals with key issues of an actuarial or legal nature. It is responsible for the Expert Commissions on Liability Insurance, Motor Insurance, Property Insurance, Technical Insurance, Transport Insurance, Statistics, Legal Protection Insurance, Insurance Fraud and the Claims Management Commission. The Swiss Natural Perils Pool, the Earthquake Syndicate Claims Commission, Building Appraisals and SVV Solution AG, a subsidiary of the SIA for information services, are affiliated to the Commission.



**Dieter Gosteli** is a Member of the Non-Life Insurance Committee and Head of Private Client Business at AXA Winterthur

the Federal Council's project and are collaborating actively on a number of subprojects.

### Motor insurance

The global economic crisis also left its mark on the Swiss car industry. The crisis notwithstanding, new vehicle registrations were up by 1.4% over the previous year, in contrast to the minus 8% registered in the rest of western Europe. For 2009 car importers expect registrations to fall by some 6%, however. This disquietening development had a direct influence on the motor business of Swiss insurers, which led to the commensurate reduction in the number of policies concluded and adjusted. Combined with heightened competition among insurance companies in what is a largely saturated market, this development resulted in premium volume remaining flat versus the previous year.

#### Premium discounts

Neither motor liability nor motor own damage insurance was able to keep pace with the general growth in premiums in the entire non-life insurance segment. In both lines motor insurers took advantage of the previous year's good results to grant premium discounts, notwithstanding the deterioration of their results. Many quarters were already sounding the alarm that the fierce competition over premiums could not be continued indefinitely without cross-subsidies. As a result of the reduction in premiums, underwriting business is likely to be negative again.

#### Prevention a top priority

The results recorded by motor lines are of course not only influenced by premiums but also by claims. For this reason motor insurers are interested in taking direct steps aimed at accident prevention. Every accident that can be avoided and everything that mitigates the consequences of an accident translates into a reduction in costs. In cooperation with external insurers and organisations specialising in the prevention of accidents insurers are carrying out nationwide accident prevention campaigns. These include, for example, the "Headrests protect" campaign, which propagates the correct adjustment of headrests, and the pilot tests aimed at preventing collisions with wild animals. Insurers also support the implementation of

measures from the "Via Sicura" prevention programme, which directly encourage prevention.

#### E-insurance card

The "E-insurance card" project was concluded in the reporting year and went into operation. The motor insurers and cantonal road traffic authorities have since exchanged data in electronic form. The vehicle registration authority is notified electronically of the conclusion of an insurance policy and of the discontinuation of insurance cover. Notification of a vehicle's first registration and of it being taken off the road is also transmitted electronically. This project launched by the Motor Insurance Expert Commission simplifies administrative processes considerably.

#### Adjustment to EU directives in Liechtenstein

Although not a member of the EU, Switzerland is compelled to keep pace with certain European developments. It is a well-known fact that Swiss insurers are active in the Liechtenstein market, which is part of the EEA. This means that it must adjust its products in line with EU motor liability directives. The Motor Insurance Expert Commission keeps track of the pertinent changes such as minimum sums insured and submission of insureds' accident records. The corresponding amendments are likely to be implemented in Switzerland at some point in time.

### Liability insurance

In the reporting year the General Liability Expert Commission submitted its stance on the revision of the Unfair Competition Act, the Public Tender Act, the Lugano Agreement and cantonal motions pertaining to the professional indemnity insurance taken out by public hospitals. Furthermore, the position of liability insurers was presented at a hearing on the Federal Alpine Guide and Risk Activity Act.

## Transport insurance

Premium growth in this comparatively small line of business improved slightly in the year under review. However, the nature of this line of business makes it particularly vulnerable to the effects of increased competition. Claims are generally on the decline.

## Technical insurance

Premium growth is minimal in this line of business due to extraordinarily fierce competition. The level of claims has generally remained stable. Technical insurers are now aiming at developing further risk-specific prevention.

## Legal protection insurance

This year once again demonstrated how legal protection insurance is increasing in importance. Gross premiums earned reached CHF 340 million in 2008, and are thus 6.1% higher than in the previous year. However, this has been accompanied by a rise in claims costs of 3.6%.

### **SVV Solution AG**

A SIA services company was established with the name of SVV Solution AG on 11 April 2008. Its purpose is to plan, implement and operate industry-wide solutions in the field of electronic data transmission and processing for SIA members and third parties. The new company will focus for the time being on non-life insurance.

“ Communication in the insurance industry is exciting because it goes beyond the realm of product and company information to involve community, political and social issues. Communicating coherently in such cases is a real challenge. What I find fascinating, is that the issues we deal with – such as occupational pensions or storm damage – have far-reaching consequences for many people. ”

IRENE FISCHBACH

**The Communications Commission** develops the Association's communications strategy and policy, for submission to the Board. It proposes to the Board the positioning which the Association should seek to achieve. Together with the head office, it advises the committees on communications issues, evaluates communications topics and assists the appropriate measures.



**Irene Fischbach** is Vice Chairman of the Communications Commission and Head of Public Relations at Swiss Life.

## Communication which is geared to the long term

### Media work

The financial market crisis is not a crisis in the insurance industry. This key message was conveyed by SIA Chairman Erich Walser to the more than 30 media representatives at the annual media conference of 20 January 2009. Insurance reporting results revealed that the insurance industry is holding its own in an adverse environment. Professor Walter Ackermann from the University of St Gallen presented a new study on a forward-looking fully-funded pension system in Switzerland.

On the occasion of a media briefing, the educational forest trail in Arosa/Langwies was opened on 6 June 2008. The opening of the ninth forest trail closes the “schutz.wald.mensch.ch” project ([www.schutz.wald.mensch.ch](http://www.schutz.wald.mensch.ch)). The trails in Switzerland’s mountain regions are a fun way of showing a wide sector of the public how the forest protects man and his infrastructure against natural perils.

### Media enquiries

The media have less and less time available for research. This is a growing trend that is being accelerated by the economic downswing. For this reason the media office responds rapidly and competently to enquiries from journalists and provides them with assistance in their research. This service is greatly appreciated. The main focuses of interest in 2008 were occupational pensions and the financial market crisis. The topic of liability continues to be an evergreen. The media demonstrated particular interest in art insurance following the Bührle Collection robbery of 10 February 2008.

### Specialist articles

The Communication Unit writes regular specialist articles for a variety of publications. This is at the request of the media and is part of the SIA’s endeavours to actively place articles on focus issues in the relevant media. The issues covered range from the permafrost problem and the BVG minimum conversion rate to questions related to the implications of the financial market crisis for the insurance industry.

### Media content analysis

The “Öffentlichkeit und Gesellschaft” (fög) research area at the University of Zurich conducts a regular media content analysis on behalf of the SIA. Results have so far shown that the financial market crisis has not affected the reputation of the insurance industry. In a sector comparison, the insurance industry has come out ahead of the banks and journalists have realised that the vast majority of insurers are far less affected by the crisis than the banks thanks to more prudent and long-term investment strategies and the safe nature of the insurance products they deliver.

### French-speaking Switzerland

With the ongoing expansion of its communication activities in French-speaking Switzerland the SIA seeks to actively position private insurers in Western Switzerland. One key role in this respect is the management of the SIA network and coordination of communication work with the working group of French-speaking BVG experts it formed last year.

### Accident prevention

The SIA is engaged in accident prevention in the form of various projects, with the Communication Unit responsible for the related public relations work. Insurers are highly visible in the public domain via the two national prevention campaigns “Headrests protect” and “Safety on the slopes”.



## Issue Management and press review

### Issue Management

Issue Management offers member companies the possibility of systematically observing and monitoring 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 100 PR-related articles, SIA position papers, political initiatives being debated by the Council of States and National Council as well as information on hearings and consultation procedures.

### Press review

Since January 2009 a daily press digest has been sent out to all users of the Extranet. Alongside current excerpts from the press of relevance to the insurance industry, the SIA compiles a summary of selected articles. The Extranet home page contains the latest summaries of press articles as well as current contributions from numerous national and international online media. An update mail is sent out twice a week containing links to media articles and position papers by topic, along with parliamentary activities and ongoing consultation processes.

## Electronic media

The internet pages, Extranet and weekly newsletter were actively used as a source of information in 2008. The SIA website ([www.svv.ch](http://www.svv.ch)) registered an increase in the number of visitors in 2008, from 215 000 to 270 000. During the year under review the content and services of the website were continually expanded: more detailed figures and illustrations were added to the frequently-used Facts and Figures section, and the home page was made more attractive. The RSS Feed, which works similarly to a news ticker, kept users of the website up to date with new content added to the website. Furthermore, third party websites were given the opportunity to integrate the weekly Q&A advice on various subjects in their own websites via a simple procedure using RSS technology.

### New look for the newsletter

The number of subscribers to the newsletter increased in 2008 from 7000 to 7500 (6000 German speakers, 1500 French speakers). After the summer break the first newsletter was sent out in its new design on 14 August 2008. The new structure gives readers a better overview of topics of current interest. Interrupted by a short summer and Christmas break, the SIA sent out 47 editions of the newsletter in 2008.

### Increase in the use of the Extranet

The Extranet registered 69 500 visitors in 2008. This was 20% more than the previous year's 57 000. The number of registered users has settled at around the 3000 mark.

### SIA Internet

Media, opinion leaders and the general public can find a wealth of information, along with the SIA's position on specific issues, on its website [www.svv.ch](http://www.svv.ch), where its publications and newsletter can also be ordered and downloaded.

### SIA Extranet

All employees of our member companies can access the SIA Extranet at <https://extranet.svv.ch>. Subscribers are sent a daily press digest and an update mail containing new issues twice per week. Members of our association's specialist bodies also have access to a separate dedicated electronic office.

### 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](http://www.svv.ch/newsletter).

## FORUM@insurance

Some 90 people attended the conference on 30 May 2008 on the issue “Safety and risks at major public events”, which took place in the foyer of the Hallenstadion in Zurich. The SIA used the opportunity of the run-up to the football championship Euro 2008 to debate the various security and safety aspects of major public events and to provide some examples from practice.

## TALK@insurance

How can insurers continue to make a contribution towards coping with the financial implications of natural catastrophes in Switzerland given the accumulation of extreme events and rocketing claims figures? What conditions are needed to permit them to do so? To discuss this and other issues the SIA organised against the backdrop of the Geoprotecta exhibition a TALK@insurance on the “Insurability of natural perils”.

Under the moderation of Felix Blumer, a weather forecaster and moderator, Bruno Spicher, Chairman of the SIA Property Insurance Commission, and Gian Reto Bezzola, Head of Risk Management at the Federal Office for the Environment, Forests and Countryside (BUWAL), debated in a panel discussion the subject of risk maps. The some 60 participants were treated to an interesting debate about the progress made by the cantons in using such maps, the difficulties they face and how important it is that findings from risk maps are used in town and country planning.

## Geoprotecta

From 13 to 15 November 2008, Geoprotecta – the trade fair for integrated risk management of natural perils and the consequences of climate change – was held for the first time in the exhibition halls of the St Gallen Olma Messen. Some 3200 visitors spent three days gathering information from 77 exhibitors on current topics, products and services of relevance to natural perils.

The SIA was represented with a stand at the fair which it shared with the Swiss Safety Institute. By means of a realistic presentation, the visitors “experienced” a flood and were shown that despite all the

precautions taken to mitigate the impact of natural perils, in a moment such as this, insurance is there where you need it.

## Publications

The SIA once again published or revised a series of publications, with print runs for some products having to be massively increased to cope with the strong demand. The publications are all listed on the SIA website [www.svv.ch](http://www.svv.ch), where they can be ordered or downloaded, and a catalogue of all SIA publications printed out.

### “Nothing works without insurance”

The latest SIA brochure describes the enormous importance of insurance for the economy. It shows how crucial a pillar the insurance industry represents in our economy and provides a wealth of figures, diagrams and testimonials that highlight the unique role played by insurers in our society. It is available in English, German and French.

### “Positions of the Swiss Insurance Industry “

This publication expressing the views of the insurance industry appeared three times in German and French in 2008. It provided extensive information on issues from the world of occupational pensions such as the conversion rate and legal quota and laid out the SIA’s standpoint on the revision of the Accident Insurance Act.

### “About us”

This brochure is a portrait of the SIA and 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.

### “Private Insurance Industry Facts and Figures for 2009”

“Private Insurance Industry Facts and Figures” is traditionally published on the date of the SIA’s annual media conference, which took place this year on 20 January 2009. The latest edition comprises a compact and well-laid out 36 pages of information on premium in-

come 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.

#### **“ABCs of private insurance”**

We revised the “ABCs of private insurance” in January after the entire print run of 4500 copies had been immediately exhausted. The ABCs is ordered by consumers with an interest in insurance 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. It appears in German and French.

#### **SIA publications in 2009**

All the publications and an overview can be downloaded or ordered at [www.svv.ch](http://www.svv.ch) (publications).

#### **“70 questions about insurance”**

This practical insurance guide has been updated and is available in German and French. It summarises the most frequent questions asked on key insurance subjects.

#### **“Medinfo”**

This information bulletin for doctors appeared twice again in 2008 as an enclosure with the June and December 2008 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 2007 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 2007.

## **Other information activities**

In 2008, some 40 information topics on insurance-related subjects were prepared and sent to approximately 150 media editorial teams. All the topics covered (consumer queries, questions about insurance) can be called up on [www.svv.ch](http://www.svv.ch).

The association's head office submits a report 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.

#### **Popular figures**

There is considerable interest in statistics and facts about the Swiss private insurance industry. A wealth of constantly updated data can be found under “Facts and Figures” on the internet at [www.svv.ch](http://www.svv.ch).

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## The expansion of professional education and training across all training programmes

The new advanced professional and training model for staff working in the private insurance industry was expanded further during the year under review. Attractive, insurance-specific training solutions are soon to be offered by all high-level training programmes in Switzerland.

### Insurance Industry Vocational Training Association (VBV)

Although motivated insurance employees are already entering into their second year of the two new professional education and training courses, work on the syllabus is still under way. The course materials will be provided just in time for the commencement of the individual training blocks. Advanced vocational insurance training is nevertheless being expanded in new training programmes. With the aim of being more competitive in the recruitment of well-qualified school leavers, the Insurance Industry Vocational Training Association (VBV) has launched a project for secondary school leavers culminating in a certificate. Under the project well-qualified secondary school leavers in possession of the Matura certificate gain an occupational qualification upon completion of an 18-month course. In addition, from 2009 the ZHAW Zurich University of Applied Sciences in Winterthur will be offering a bachelor of business administration majoring in risk and insurance.

The educational work of the VBV is only possible thanks to a comprehensive system of part-time volunteers from insurance companies who place their know-how at the disposal of the entire insurance industry for specific periods. In times such as these where it is not a matter of course for staff to receive permission to take time off for such activities, such a commitment is a considerable additional burden. In the reporting year the requirements made with regard to the new professional education and training model were exceptionally high. For this reason, we would like to take this opportunity to extend our special thanks to those individuals who offered up their time for training purposes with much idealism.

### Bachelors degree majoring in risk and insurance

The SIA has concluded a contract with the ZHAW Zurich University of Applied Sciences in Winterthur with the aim of offering a bachelors degree course majoring in risk and insurance. At the same time, this university will found a Centre for Risk & Insurance so as to provide the new discipline with scientific support. The VBV will assume the task of guaranteeing that the new qualification is optimally embedded in the insurance industry's training architecture. The first course will start in autumn 2009. In future insurance-specific professional qualifications will provide full access to university level in keeping with the motto: qualification is the path to graduation.

### education@insurance

The number of people signing up for courses on the VBV training platform increased substantially in the year under review with 7300 individuals currently enrolled. This made necessary the reorganisation of IT systems to make a major extension in server capacities possible. At the same time, the VBV updated its learning management system and rolled out the first release, which featured numerous improvements and fulfilled a number of wishes. The education@insurance platform generated revenues of some CHF 3 million in 2008. The broad range of training courses offered by the VBV for the current year was presented in a brochure.

### BVF

The Swiss Board of Vocational and Advanced Specialist Examinations in Banking, Insurance and Financial Planning (BVF) will be discontinued at the end of 2009. To guarantee that students who have started their courses can complete them, examinations must be organised until the courses end. 2008 still saw 998 candidates undergo examinations in 3986 modules. This was the last opportunity for those undergoing banking courses to sit BVF examinations. The last examinations for those studying insurance and financial planning will be held in spring 2009. 271 candidates have already signed up for 860 modules. 115 candidates took part in the last BVF insurance examinations.

## Professional education and training

### Insurance Management School (HFV)

The Insurance Management School (HFV) entered its second year in autumn 2008. Once again 72 participants signed up for two classes in Zurich and one in Bern. The course held at the Ecole Supérieure d'Assurance in French-speaking Switzerland could unfortunately not be held again due to the as yet small number of people who have signed up.

The recognition process is currently under way at the Federal Office for Professional Education and Technology (OPET) and is scheduled to be completed in 2011. This process involves monitoring a whole three-year course.

### Education and examinations for the revised federal insurance diploma

The revised federal diploma got off to an extremely successful start in 2008. Never before had so many employees from the insurance industry been engaged in further education. Each of the four obligatory modules were attended by around 400 participants at nine locations in all three parts of the country. Students were split into 66 classes between September 2007 and August 2008. The syllabus, which is identical across Switzerland, operates according to the principle of blended learning. Partner schools, teachers and participants had access to the VBV's education@insurance learning management system.

The second part of the course comprising elective modules started in March 2008. All eleven elective modules were offered to 51 classes at five locations in German-speaking Switzerland. Participants could choose from ten elective modules in 14 classes in French-speaking Switzerland. Five modules were offered in Ticino in just as many classes.

The third part of the course involving process modules starts in April 2009. The second year of study for the federal diploma will likewise start in spring. 230 people have already signed up across Switzerland.

Parallel to organising and implementing the courses, work was carried out intensively on the compilation of teaching materials. Under major time pressure, the VBV were able to provide the necessary course materials in all three languages, even if the term "just in time" had to be taken rather literally.

### Module examinations – revised federal insurance diploma

The first module examinations organised by the VBV for admission to the revised federal insurance diploma recognised by the Federal Office for Professional Education and Technology (OPET) took place on 4 and 5 September 2008. The pleasingly high number of participants taking part in the module courses were also reflected in the number of people sitting the examinations. Never before had so many people signed up under the BVF in any one year for so many module examinations for the federal insurance diploma. The just under 400 candidates passed examinations for the insurance, insurance law and insurance marketing modules in seven examination locations (Basel, Bern, Lausanne, Lugano, Lucerne, St Gallen and Zurich). For the first time candidates sat these examinations online via the VBV examination platform expert@insurance. The results were pleasing, with the pass rate ranging between 78 and 81%, depending on the module.

## Dual basic commercial training and certificate course for secondary school leavers

### Education and training ordinance project for basic commercial training

Under the Federal Vocational and Professional Education and Training Act the existing regulations governing basic commercial training dating back to 2003 must be converted into an education and training ordinance. As the past few years have seen the adoption of a number of different approaches aimed at optimising this area, a national and cross-sectoral project was launched on whose relevant committees the VBV is represented.

The basic commercial training needs to be developed further to increase the willingness of companies to take on apprentices and to preserve and promote the attractiveness and competitiveness of dual basic training. In doing so the achievements should be developed further in a forward-looking, flexible and adjustable form, taking into account economic needs and the interaction of the learning locations.

While broad agreement could be found for the individual elements of the reform process, reaching a consensus proved extremely difficult given the heterogenic nature of the industry and the consequently

diverging requirements. Alongside the current 23 training and examination subjects and six scheduled curricula, VBV partners are the BBT, the cantons and 100 cantonal and private vocational schools. Although key indicators were defined with the agreement of all VBV partners, there are various ideas as to the shape of the future strategy on issues of principle. Discussions centre around the continuity of the system, the question of the overall focus (sector interests versus generalist training) and the possibility of gaining access to further education in the tertiary area from the basic training level. Given the revised milestone planning, implementation in 2011 can no longer be guaranteed.

The current collaboration in the group tasked with devising the private insurance syllabus in collaboration with *santésuisse* is bearing fruit and confirms the synergy potential described in advance.

#### **Federal Vocational Education and Training (VET) certificate course for secondary school leavers**

Demographic developments and the rising demands in the financial services sector are stepping up competition in the recruitment of well-qualified school leavers. The private insurance industry aims to recruit an increasing number of school leavers in possession of a Matura given the growing number of young people leaving school with this qualification. As an alternative to the classic dual basic education a concept is being drawn up for a certificate course and an external project manager has been appointed. This new education and training programme aims to make it easier for holders of the Matura to start a career in the insurance industry. In addition to work experience combined with a qualification as part of the dual basic commercial training, a cross-company specialist training course is to be offered. Its aim will be to prepare those completing their apprenticeships for challenging specialist functions in the private insurance industry and for further education at tertiary level. Formal approval of the project and of the budget is expected in the first quarter of 2009. The detailed concept will then be able to be drawn up with the assistance of an internal industry project group. The pilot certificate course is planned for launch in August 2010.

#### **VBV insurance intermediary**

2008 saw the VBV carry out four examination sessions in March, June, September and October/November with the decentralised examination centres. Additional September examinations were organised for this year only.

668 candidates were tested in all four sessions of whom 490 (73%) worked for insurers and 178 (27%) for brokers or were otherwise self-employed. 382 people gained the right to use the legally protected title of "Insurance Intermediary VBV". 1021 certificates have been issued for the insurance intermediary qualification since the examinations started.

In preparation for the examination, nine VBV insurance intermediary courses were held in German with 135 modules, three in French with 45 modules and one in Italian with 15 modules. These courses are aimed primarily at independent intermediaries or those working for small companies.

#### **Further information can be found at [www.vbv.ch](http://www.vbv.ch)**

Registration for the insurance intermediary training course:  
[www.education-at-insurance.ch](http://www.education-at-insurance.ch)

Registration for the VBV insurance intermediary examination:  
[www.intermediary-at-insurance.ch](http://www.intermediary-at-insurance.ch)

Registration for the training course culminating in the federal insurance diploma:  
[www.education-at-insurance.ch](http://www.education-at-insurance.ch)

Registration for the federal insurance diploma examination:  
[www.expert-at-insurance.ch](http://www.expert-at-insurance.ch)

Registration for the HFV Diploma course:  
[www.akad.ch](http://www.akad.ch)



## **CIM-HSG Competence in Insurance Management**

In response to the challenges currently facing management development, the Institute for Insurance Economics at the University of St Gallen, in collaboration with an SIA project group, created a further education platform under the brand “CIM-HSG Competence in Insurance Management”. The platform aims at providing managers with continuous support and offering them an appropriate programme for each step in their career. The individual building blocks of the CIM-HSG range from a fit-for-insurance course for those coming from other disciplines, to management seminars for various target groups and an International Executive MBA in Financial Services. We are pleased to report that there has been a great deal of interest in the public programmes and tailored in-house projects in the combination of St Gallen management concepts with current developments in the industry.

### **HSG Diploma Course in Insurance Management**

The CIM-HSG launched its flagship HSG Diploma Course in Insurance Management in February 2006. The course targets middle and senior managers who have the potential to take on responsible management functions. A total of 45 participants in two course generations have already received their diplomas; the third generation will graduate in June 2009. The fourth course started in February 2009 and featured 27 managers from 18 companies in 5 countries. During a period of 16 months, participants attend seven weeks of courses broken down into five modules, including an excursion to a foreign insurance market. Furthermore, those taking part in the course are required to write a dissertation on a problem faced by their own company.

### **Executive MBA in Financial Services (EMBA-FSI)**

The Executive MBA-FSI is aimed at decision makers from companies across the entire financial services industry (banks, insurance companies, risk management companies, brokers), and with participants from numerous countries and course locations on various continents has an international focus. This international focus is also demonstrated by the collaboration of the Institute for Insurance Economics at the University of St Gallen with Vlerick Leuven Gent Management School in Belgium, HEC Montréal and the fact that the seminars are held in English. The sixth course is currently running with 30 participants from 9 countries.

### **CIM-HSG Competence in Insurance Management**

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



## Members of the Board

As of 31 December 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 Client Markets Europe, *Swiss Re*

### **Urs Berger**

CEO, *Die Mobiliar*

### **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 Gruppe*

### **Manfred Manser**

CEO, *Helsana*

### **Rolf Mehr**

Delegate to the Board of Directors and CEO, *Vaudoise*

### **Bruno Pfister**

Group CEO, *Swiss Life*

### **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

as of 31 December 2008

**Board of Directors I** Chairman **Erich Walser**

Central Bodies	Committees			
	<b>Economics &amp; Finance</b> Chairman: Stefan Mäder <i>Zurich</i>	<b>Life Insurance</b> Chairman: Paul Müller <i>Swiss Life</i> (until 31 December 2008)	<b>Health/Accident</b> Chairman: Rainer Schellenberg <i>AXA Winterthur</i>	<b>Non-Life Insurance</b> Chairman: Bruno Kuhn <i>Die Mobiliar</i>
<b>Commissions</b> <b>Employer Issues</b> Urs Berger <i>Die Mobiliar</i> <b>Communications</b> Hansjörg Leibundgut <i>Allianz Suisse</i> <b>Prevention</b> Richard Lüthert <i>AXA Winterthur</i> <b>Public Affairs</b> Lucius Dürr <i>SIA</i> <b>Legal &amp; Compliance</b> Thomas Lörtscher <i>Swiss Re</i>  <b>Project Group</b> <b>Antitrust Task Force</b> Odilo Bürgy <i>Die Mobiliar</i>	<b>Accounting and Reporting</b> Peter Hegetschweiler <i>Zurich</i> <b>Investment Issues</b> Martin Wenk <i>Bâloise</i> <b>Taxation, General</b> Carl Emanuel Schillig <i>Zurich</i>	<b>Social Affairs</b> Andreas Zingg <i>Swiss Life</i> <b>Actuarial, Life</b> Andri Gross <i>Zurich</i> <b>Taxation, Life</b> Hans-Peter Conrad <i>Swiss Life</i> <b>Legal Affairs, Life</b> Stephan Fuhrer <i>Bâloise</i> <b>Medical Risk Assessment</b> Peter A. Suter <i>AXA Winterthur</i>	<b>Public Health System</b> Beat Schläfli <i>Sanitas</i> <b>Legal and Social Policy</b> Roland Fierz <i>Helsana</i> <b>Actuarial, Health / Accident</b> Stefan Anderhalden <i>Zurich</i> <b>Compulsory Accident Insurance, FL</b> Kurt Keller <i>Zurich</i>	<b>Liability Insurance</b> René Beck <i>Bâloise</i> <b>Motor Insurance</b> Marcel Siegrist <i>AXA Winterthur</i> <b>Legal Protection Insurance</b> Alain Freiburghaus, <i>DAS</i> <b>Property Insurance</b> Bruno Spicher, <i>Die Mobiliar</i> <b>Technical Insurance</b> Hans Emmenegger, <i>Zurich</i> <b>Transport Insurance</b> Co-Chair Walter Pfeiffer <i>HDI-Gerling Industrie Versicherung</i> Reto Frei, <i>Bâloise</i> <b>Claims Management</b> Felix Lanz, <i>AXA Winterthur</i> (until 31 December 2008) Werner Hagmann <i>Helvetia Versicherungen</i> (from 1 January 2009) <b>Statistics</b> Walter L. Thöni, <i>Zurich</i> <b>Insurance Fraud</b> Werner Kaderli, <i>Zurich</i>
		<b>Self-Regulatory Organisation SRO</b> Paul Müller <i>Swiss Life</i> (until 31 December 2008) <b>Money Laundering Commission</b> Eugen Müller <i>Swiss Life</i>		<b>The Swiss Natural Perils Pool</b> – Head Bruno Kuhn, <i>Die Mobiliar</i> <b>The Swiss Natural Perils Pool Commission</b> Gaspard Nadig <i>Die Mobiliar</i> (until 31 January 2009) Margrit Elbert <i>Die Mobiliar</i> (from 1 February 2009) <b>Earthquake Syndicate</b> – Head Bruno Kuhn, <i>Die Mobiliar</i> <b>Earthquake Syndicate – Claims Commission</b> Gaspard Nadig <i>Die Mobiliar</i> (until 31 January 2009) Margrit Elbert <i>Die Mobiliar</i> (from 1 February 2009)

# Head Office

as of 31 December 2008

CEO | Lucius Dürr<sup>1</sup>

Units				
<b>Public Affairs</b> Norbert Hochreutener*  <b>Internal Services</b> Tamara Garny	<b>Economics &amp; Legal Affairs</b> Bruno Zeltner <sup>2</sup> (until 31 December 2008) Marc Chuard* (from 1 January 2009)	<b>Communications</b> Michael Wiesner*	<b>Life Insurance</b> Adrian Gröbli*	<b>Non-Life Insurance</b> Martin Wüthrich*
	Employer Issues Legal Affairs/Financial Market Supervision Ready for the Insurance Supervision Act Working Group Solvency/ Risk Measurement Investment Issues Accounting and Auditing Fiscal Policy and Tax Issues General Legal Issues Legal Protection Insurance Antitrust/Compliance Liability Law/Liability Insurance Economic Issues/ OECD, WTO, GATS Public Affairs International	External/Internal Communications Issue Management Electronic Media Publications Events/Fairs	Retirement, Survivors' and Disability Pensions Life Insurance Health/Accident Insurance Health and Safety Promotion Insurance Medicine Medical Fees   Self-Regulatory Organisation/ Money Laundering	Motor Insurance Property Insurance Technical Insurance Transport Insurance Claims Management Statistics Insurance Fraud SVV Solution AG Building Appraisals   Swiss National Perils Pool Earthquake Syndicate

<sup>1</sup> Management Board Chairman

<sup>2</sup> Deputy CEO of the Management Board

\* Management Board Member

You can find the names, functions, biographies and e-mail addresses of all SIA staff at [www.svv.ch](http://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 74 (as at 1 January 2009, see Page 4).

## Annual General Meeting

The 78th Annual General Meeting took place on 25 June 2008 in the Hotel Marriot in Zurich and was attended by the delegates of 42 member companies. Chairman Erich Walser welcomed Federal Councillor Doris Leuthard, Head of the Federal Department of Economic Affairs, and Professor Oswald Oelz, mountaineer and high altitude doctor. Numerous guests from the worlds of politics and finance were also in attendance.

The Chairman spoke on “The insurance industry in the cross-currents of solidarity and accountability” The insurance industry can look back on a successful 2008. Thanks to an adjustment in its investment strategies and the new philosophy of oversight it was less impacted by the credit market crisis than other financial services providers. The industry reported slight growth in life and non-life business.

Federal Councillor Doris Leuthard gave the general meeting of member companies a welcome speech on behalf of the federal government and talked on the subject of “A Swiss economic policy for prosperity and quality of life.” Professor Oswald Oelz held a riveting speech entitled “No risk, no fun” in which he gave an account of his experience as a high altitude and expedition doctor.

The General Meeting approved the Annual Report and the Annual Financial Statements. Instead of Rolf Dörig, CEO Swiss Life, Bruno Pfister, Group CEO Swiss Life, was elected as the new representative to the SIA Board. The Chairman thanked Rolf Dörig for his many years of service on the Board and praised the services he had rendered in this function.

## 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 worked with enormous dedication 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 40 staff is the operational core of 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 committees and commissions.

## Auditors

PricewaterhouseCoopers, Zurich

### CEA

The General Assembly of the European Insurance and Reinsurance Federation CEA was held on 13 June 2008 in Berlin. The CEA's membership comprises 33 national European insurance associations, including the SIA. Tommy Persson, the former Chairman of the Swedish Insurance Association, was elected as new CEA President. The SIA is represented on the CEA Strategic Board by its Chairman Erich Walser. In addition Lucius Dür, CEO of the SIA, was elected CEA Treasurer until 2010.

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 5000 insurance and reinsurance companies who generate EUR 1110 billion in premiums, invest EUR 7200 billion in the economy and employ a total workforce in excess of one million.

[www.cea.eu](http://www.cea.eu)

### OECD

The OECD Insurance Committee met twice again this year in Paris, where the focus of their discussions was on the financial crisis. A survey of the countries and supervisory bodies revealed, however, that the insurance industry has not been affected to the same extent as the banks thanks to their sound capitalisation. No specific measures have been taken in most countries; however, monitoring systems have been improved so as to enable as rapid a response as possible to any further negative events.

A project was also discussed that would focus on the rules of efficient financial regulation of the industry. In view of the current situation in the financial markets, it became clear that a sound functioning supervisory organisation would contribute towards protecting the industry and is thus to be regarded as a central element of a functioning market. The goal is to gain wide acceptance for the regulations in question.

Switzerland stressed that the crisis ought not to result in an imbalance between the market players. If the state intervenes with financial aid, it should be careful to ensure a fair and appropriate distribution that also takes competitive considerations into account.

[www.oecd.org](http://www.oecd.org)

### WTO/GATS

The informal conference of ministers held in July 2008 made some major advances in negotiations, but these were not enough to result in a breakthrough. There continue to be differences with regard to the texts on manufactured goods and agriculture. It is now a question of awaiting the results of further negotiation.

[www.wto.org](http://www.wto.org)

### IAIS

The SIA holds the status of observer member at the International Association of Insurance Supervisors IAIS and follows their activities with interest. The IAIS organises an annual conference and general meeting to promote dialogue between insurance supervisory bodies and industry experts. This year's conference took place in Budapest (Hungary) from 14 to 17 October 2008 and was given over to the theme of "Insurance and the Globalisation of Financial Services: Challenges for Worldwide Regulation and Supervision". The conference endorsed six guidance papers on solvency measurement, which examined the structure of capital adequacy, enterprise risk management and the use of internal models.

Monica Mächler, Director of the FOPI in Switzerland until the end of 2008, and Vice Chairman of Finma from 2009, was elected to the IAIS Executive Committee. From January 2009 she will also take up the office of Vice Chairman of the IAIS Technical Committee.

[www.iaisweb.org](http://www.iaisweb.org)

## Links

### Private Insurance and Suva Ombudsman

The ombudsman handled 3913 cases in 2008, compared to 3732 in the previous year. 2950 of them related to private insurance, 712 to accident insurance (UVG) and 251 to the second pillar collective foundations of a Swiss life insurer.

The UVG area registered the largest increase in cases with enquiries having increased by 50% from 472 to 712 within the space of a year. In years past the key issues were problems relating to property business. In 2008 enquiries from the personal insurance area, with 2102 questions and complaints, accounted for the first time for more than half of all cases processed. 3551 cases were resolved directly with policyholders with 362 giving rise to intervention with the insurance companies themselves. You can order a detailed annual report from:

[www.versicherungsbombudsman.ch](http://www.versicherungsbombudsman.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 in the interests of loss prevention. Its objective is to promote workplace safety and security in the industrial, commercial and service sectors.

[www.swissi.ch](http://www.swissi.ch)

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## Abbreviations

AGVS	Swiss Automobile Industry Association
AHV	Old Age and Surviving Dependents' Insurance
AMLA	Anti-Money-Laundering Act
AMLCA	Anti-Money-Laundering Control Authority
AVO	Ordinance on the Supervision of Private Insurance Companies (Insurance Supervisory Ordinance)
bfu	Swiss Council for Accident Prevention
BUWAL	Federal Office for the Environment, Forests and Countryside
BVG	Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans
BWO	Federal Office for Housing
CEA	European Insurance and Reinsurance Federation
Comco	Competition Commission
DETEK	Department of the Environment, Transport, Energy and Communications
DSG	Federal Data Protection Act
FATF	Financial Action Task Force
FBC	Federal Banking Commission
FDEA	Federal Department of Economic Affairs
FDF	Federal Department of Finance
FDHA	Federal Department of Home Affairs
FDJP	Federal Department of Justice and Police
Finma	Federal Financial Market Supervisory Authority
Finma-GebV	Federal Ordinance Governing the Levying of Duties and Fees
Finma-PV	Federal Financial Market Audit Ordinance
Finmasa	Federal Act on Financial Market Supervision (Financial Market Supervision Act)
FMH	Federal Ministry of Health
FOPI	Federal Office of Private Insurance (until 31 December 2008)
FSIO	Federal Office for Social Security
FTA	Federal Tax Administration
FVS	Swiss Road Safety Fund
GDK	Swiss Conference of the Cantonal Ministers of Public Health
IV	Federal Disability Insurance Scheme
KVG	Federal Health Insurance Act
NP	Natural perils
OPET	Federal Office for Professional Education and Technology
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)
SIA	Swiss Insurance Association
SQA	Swiss Quality Assessment
SRO-SIA	Self-Regulatory Organisation of the Swiss Insurance Association for Combating Money Laundering
SST	Swiss Solvency Test
SUVA	Swiss Accident Insurance
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)



Mix

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