

Annual Report 2013 Abridged Version

suva
insurance plus



Ready for the future

Ladies and Gentlemen

2013 was a good year for Suva. With a financial coverage ratio of 128 per cent, Suva is in excellent condition. For almost a hundred years, the Suva model has proven to be crisis-resistant and promising.

Self-administration is the secret of success

Suva is not owned by the federal government, but is supported by the insurees themselves. Direct supervision by the Board of Directors with representatives of the social partners and representatives of the insurees ensures a balance of interests between the social partners. Employers as well as employees want low premiums matched simultaneously by good performance. This leads to efficiency.

This management structure is the necessary counterweight to compulsory membership. Statutorily regulated organizational autonomy and independence from the state is also a key success factor for the future. In turn, compulsory membership is important to enforce workplace safety rules and to give prevention the necessary weight: a company that can switch insurance companies in response to premiums that are lower in the short term cannot be effectively motivated to reduce insurance premiums in the longer term by means of safety-conscious behaviour. And our customers will ultimately benefit from prevention in the form of lower premiums.

The Suva model

The combination of prevention, insurance and rehabilitation plays a central role in Suva's success. The Suva model has systemic cost-cutting drivers that are reflected directly by the premiums. Because Suva also pays accident benefits, it is keen to participate actively in the treatment process from the beginning and to promote a patient's reintegration into the workforce in consultation with the employer. For the purpose of targeted rehabilitation, Suva has two rehabilitation clinics of its own in Bellikon and Sion. Patients with serious injuries are accompanied, motivated and supported on their laborious way back to work. The key word in this context is called the principle of benefit in kind. Suva does not limit itself to reimbursing doctor bills. It provides therapies and aids and coordinates a patient's reintegration. This efficient system of claims management also includes soft factors and is constantly evolving. It revolves around an ongoing endeavour to use Suva's resources purposefully and economically.

Suva has changed. It has thrown off the odour of an institution, retained the benefits of the model and developed into a modern enterprise. For example, occupational safety specialists focus on partnership consultancy and only in extreme cases on repression. Close cooperation with insured industrial associations and businesses has grown in importance. Controls remain important, however, to enforce prevention efforts. Equal treatment is also important to prevent someone gaining benefits at the expense of a competitor who is behaving correctly.

Suva's entrepreneurial understanding of itself has been renewed and its relations with its customers have become more intensive. Suva also works consistently to keep the bureaucracy required within reasonable limits. To be able to react to new challenges in time, it needs flexibility and a good measure of sound common sense.

With its solid financing, Suva is well equipped for the future. It, too, is feeling the current challenges, be they the recruitment of well-trained personnel or rising medical costs. Nevertheless, I am confident that Suva will also overcome these challenges in the future.

However, lawmakers must be careful not to wantonly endanger a proven system in the upcoming second round of the revision of the Accident Insurance Act. The social partners, Suva and insurers therefore put in a jointly sponsored petition at the end of 2013 petition to the Federal Department of the Interior. If, now – no matter from what side – further adjustments are requested, this carefully achieved compromise is at risk and the revision will be shipwrecked for a second time.

Franz Steinegger
Chairman of the Board



Markus Dürr, Chairman of Suva's Board from 2014

On January 1, 2014, Markus Dürr succeeded Franz Steinegger as Chairman of Suva. In November 2009, he was elected as Federal representative on the Board of Switzerland's largest accident insurer.

From the beginning, Markus Dürr was surprised at how little knowledge the general public has of Suva – a point that he aims to improve in his new position. Dialogue with the public is a strength of the former Health and Social Affairs of the Canton of Lucerne (1999–2009). When Chairman of the Health Directors' Conference (2004–2007), he also succeeded in strengthening the position of the cantons in health policies.

As Chairman of the Board and Federal representative, Markus Dürr primarily sees himself as a mediator who openly contributes his opinions. He views the main priorities of his term of office as being the strengthening of Suva by means of a modern organization and corporate governance as well as in maintaining Suva's proven business model in the imminent revision of the Accident Insurance Act.

«We can prevent suffering and alleviate suffering.»

Ulrich Fricker, Chairman of Suva's business management in discussion with Daniel Ammann

Suva has been doing very well for years. In 2013, it generated surplus revenues of CHF 61.6m. What, in your opinion, are the main reasons for this result?

We have, on the one hand, insurance technology well under control. As a result, we assess the risks fairly realistically and set the premiums in line with the risks involved. On the other hand, equity markets went surprisingly well last year, which had a favourable impact on our investment result. This combination has led to a surplus, which was not as pronounced as in the previous year, however. But, most importantly, our good results would not have been possible without our capable and highly committed employees.

Ulrich Fricker, Chairman of Business Management

«We assess the risks fairly realistically and set the premiums in line with the risks involved.»



In 2013, Suva lowered its premiums for the seventh consecutive year. Have you calculated just what this relief meant to the economy?

It meant relief of approximately CHF 4.3bn. This roughly corresponds to an annual premium that we have not charged for in those seven years. Today, an average company pays 20 to 25 per cent less in premiums than it did seven or eight years ago.

Thanks to this significant reduction in non-wage costs, we can promote Switzerland's attractiveness as a location and, above all, support workplaces. Following the latest reduction, we are now very close to the risk events. This means that the risk profile corresponds almost exactly to the premiums. Suva has now reached a new financial equilibrium and is well balanced. More cuts in premiums are currently not very likely.

Ulrich Fricker, Chairman of Business Management

«Rising medical costs will keep us busy for a long time.»



Thanks to its good earnings, Suva has a financial coverage ratio – the relationship between its assets and its obligations – of 128 per cent. Is such high coverage really necessary?

Our goal and purpose is to ensure that we are there for our customers – and to continue to be there for a long time. For example, we pay out a life annuity to around 100,000 people, where benefits of twenty, thirty years' duration are not uncommon. Our capital assets must be able to meet these obligations at all times, even if, for example, the financial markets were to collapse. The high coverage ratio and our long-term view of things make us as resistant to crises as possible and more tolerant towards risks. As a result, we were able to carefully increase the equity portion of our assets over ten years ago and maintain it even in difficult times, for example during the financial crisis from 2008 on. In financial terms, Suva has benefited greatly from this in recent years.

What were the most important developments for you in 2013?

Our claims payments are spread over three areas: medical expenses, daily allowances and pensions. Pensions used to be the largest expense items for a long time. Due to various factors, we have been able to reduce the number of pensions by about half since 2003, with the result that we now have pension costs amounting to almost CHF 500m. In 2013, however, the number of pensions increased slightly again as we had expected. Today, it is the cost of medical treatment that occupies most of our time. It has risen disproportionately in relation to inflation.

What are the reasons?

In fiscal year 2013, one reason was instrumental: the cantonal subsidies for inpatient treatment were abolished, with the result that accident insurers have to assume 100 per cent of the costs instead of 80 per cent. To these, we must add the utilization costs of the hospitals, which have had to be financed since 2012. Rising medical costs will keep us busy for a long time.

Where do you see more challenges in the coming years?

The general public is not really aware of the continuing danger that asbestos represents. Consider this: although this substance has been banned for more than twenty years, we now have the same number of asbestos deaths per year as deaths from occupational accidents – an average of about 100 cases. The latency period is very long. We really need to prevent people from coming into contact with asbestos fibres in the future. A lot of houses that go back to the time when asbestos was still being used in around 3,500 applications are currently in the course of renovation or conversion in Switzerland.

A personal question: What do you like most about your job?

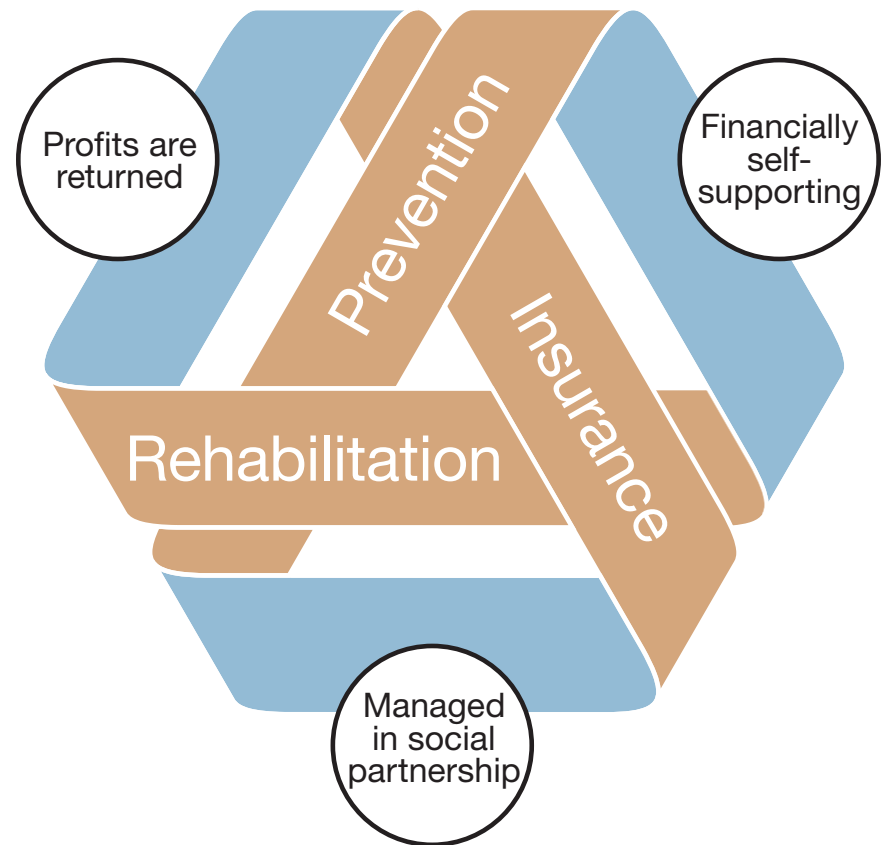
It is meaningful. We not only support Switzerland as a workplace with efficient insurance services. We can also help to prevent suffering and alleviate suffering. This is a rewarding and important task. The bottom line on our balance sheet is not the only thing that counts for us.



Prevention

In 2013 again, Suva's occupational safety is keeping its prevention goal clearly in view: by 2020, it aims to halve the number of fatal occupational accidents, thereby saving 250 lives. The Safety Charter was expanded to all branches of industry in its business year. With its new prevention campaign "Safe apprenticeship", Suva also aims to halve the number of accidents among

apprentices in ten years. With two innovations, it continued its fight in 2013 against the effects of asbestos to consistently prevent new cases in particular. Recreational safety made people aware of speed and of the hazards posed by avalanches alongside the slopes. And Suva presented its prevention services for businesses even more effectively and more experience-oriented.



- 1.8%
case risks

Recognised occupational accidents and diseases (per 1,000 full-time employees).

263,021
leisure-time accidents

The number of newly registered non-occupational accidents continued to rise by 0.78 per cent.

181,500
occupational accidents

The number of newly registered occupational accidents fell slightly by 1.15 per cent in comparison to the previous year.

+ 0.3%
case risks

Recognised non-occupational accidents and diseases (per 1,000 full-time employees).

Rehabilitation

Suva's objective is to give its insurees the best possible care in the event of an accident and provide them with the best possible rehabilitation and rapid reintegration. It keeps costs under control without restricting benefits for its insurees – with the active management of treatment costs and intensive dia-

logue with partners who provide services as well as consistent steps to contain costs. And not without reason: in 2013, the number of new pensions awarded rose again for the first time in ten years. The cost of disability cases (actuarial reserves) as well as medical costs also increased.

Insurance

Suva is lowering its premiums for the seventh consecutive year. The scope for premium reductions therefore appears largely exhausted. Despite volatile markets in the year under review, Suva's investment performance of 4.7 per cent

was once again above the average of the last ten years. In November 2013, the Board of Directors decided to reinforce the aspects of sustainability in Suva's investment strategy to an even greater degree.

50^m
CHF

Was returned to Suva insurees in the shape of lower premiums.

70^m
CHF

Was the amount from which Suva insurees benefited thanks to a further reduction in the equalisation reserve.

4.7%

investment performance

In 2013, Suva's performance was good despite volatile markets.

128%

coverage ratio

Suva's financial obligations have solid cover.

The Suva model

Suva is more than an insurance policy: it brings prevention, insurance and rehabilitation together. It thus offers insured companies and their employees all the services holistically and integrated – from the targeted prevention of accidents via claims management through to rehabilitation and reintegration.

Suva is managed by the social partners as a representative of the insured. The balanced composition of the Board consisting of representatives of employers, employees and the Swiss Federation permits widely supported, sustainable solutions.

Suva is self-supporting without any public money. It returns any profits to its insurees in the form of lower premiums. The Suva model: the focus of its efforts is on the welfare of the people. Efficient for the benefit of all.



+12.1%

new disability pensions

1,154^m

CHF

Treatment costs

1,776

new pensions for disability cases

+12.4%

growth

In 2013, the number of newly awarded disability pensions rose again for the first time.

In treatment costs



Occupational safety

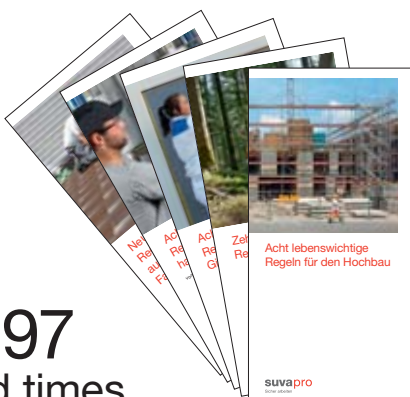
Consistent focus on risk factors

The two programs, “Vision 250 lives” and “Asbestos”, consistently focus their prevention efforts on jobs exposed to high risks. The central instrument in prevention is the “vital rules” as they are known. This simple sets of rules are intentionally developed by Suva with the employers’ associations and trade unions for all industries and activities with high risks; in 2013, for example, timber construction and commerce and industry were added. The prevention panel introduced last year for measuring the impact of the two programs once again provided valuable insights: supervisors exert an above-average influence on safety culture in the workplace. Employees tend to leave responsibility for health and safety to supervisors. Suva has to be careful not to irritate employees with a flood of messages and instruments. And the “vital rules” still need to be better publicised.



Crash-test dummy “Risky” from the current communication campaign wakes people up. This continued in 2013 with TV commercials, print ads and online appearances.

Simple rules against high risks in all branches of business



517,297
Ordered times

Each vital rule focuses on an accident or risk factor. Superiors give instructions and supervise. Employees adhere to them strictly. And one thing applies to everyone: STOP if there is a risk – and wait until it is fixed.
www.suva.ch/regeln

Increasing commitment to safety



The Safety Charter was extended to all branches of business in 2013. By appending their signatures, over 250 employers’ and employees’ organizations as well as companies have now pledged to implement it.

Innovations in the battle against the ever-present danger of asbestos

Although the use of asbestos has been banned in Switzerland since 1990, the problem remains very topical: every year, about 100 people in this country still die because they inhaled asbestos fibres 30 or 40 years ago. And some 80 per cent of Switzerland’s buildings were built before 1990. If they are demolished, converted or renovated, employees can be exposed to hazardous asbestos fibres (new exposures) today. In its battle against asbestos, Suva focuses on these two points. In the year under review, Suva presented two innovations to the public: as part of occupational health care, CT screening (computer tomography) can detect lung cancer at an earlier stage in insureds previously exposed to asbestos and so reduce mortality. The online application “Asbestos inventory” helps property owners and property managers to discover, document and correctly deal with sources of asbestos in their property. www.suva.ch/asbest-inventar



Asbestos was used in around 3,500 applications prior to 1990. There is a lack of popular awareness that the substance is still widespread. This is the point addressed by Suva’s asbestos prevention campaign.
www.suva.ch/asbest

Leisure time safety

An interactive approach to combating speeding on the slopes and the white risk

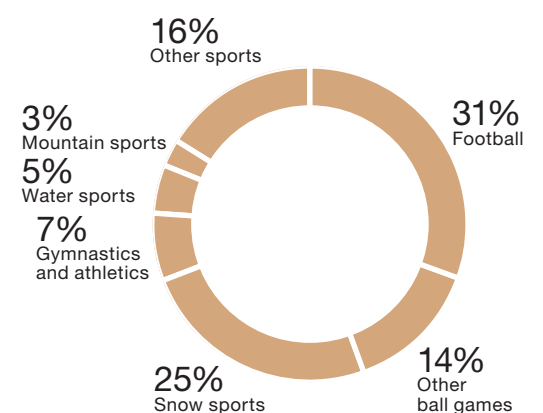
Around 66,000 people have snow sports accidents every year. Of these, half are insured by statutory accident insurance. Their accidents alone result in costs in the amount of CHF 245m. With the campaign “Take it easy on the slopes”, Suva again drew people’s attention to the causes of accidents: underestimated speeds, stopping distances and skiing behaviour, www.suva.ch/schneesport

In the past decade, over 2,000 skiers were caught by avalanches in Switzerland. On a long-term average, 25 people die each year due to avalanches. With its online platform “White Risk” aimed at avalanche prevention, the WSL Institute for Snow and Avalanche Research SLF and Suva made a new tool available to all snow sports enthusiasts in December 2013 to prevent avalanche accidents. They can interactively acquire knowledge about avalanches and plan their tours. www.whiterisk.ch



90 per cent of the cases in which people get caught in avalanches triggered them themselves. “White Risk” promotes an awareness of risks and helps people to plan their tours.

Football and snow sports lead the field



37 per cent of leisuretime accidents happen in sports and games. This costs around CHF 511m every year. Particularly accident-prone and expensive: winter sports and football.

Insurance

Preventing accidents also keeps premiums low

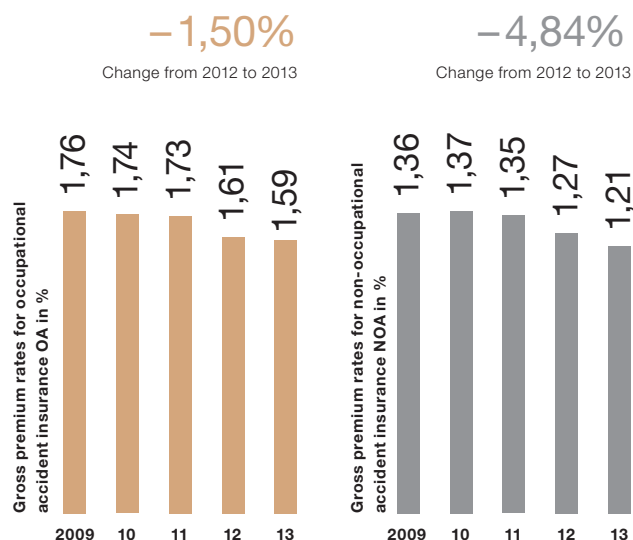


The campaign calls for employees to be taken care of. Fewer accidents and rapid reintegration mean lower costs. The person whose job it is to keep everyone safe in a company contributes towards keeping premiums low.
www.youtube.com/suvasuisse

Premiums fall again

For the seventh consecutive year and effective from 1 January 2014, Suva lowered net premiums – in occupational accident insurance by an average of 1 per cent and in non-occupational accident insurance by an average of 2 per cent. The sum of around CHF 50m was thus returned to policyholders. A positive claims experience, good investment performance and effective prevention and efficient claims management made it possible. Also effective from January 1, 2014, equalization reserves in the amount of CHF 70m can be reduced in the occupational accident insurance again, which permits an additional extraordinary premium reduction. Once again, this frees up non-wage labour costs and thus Switzerland as a workplace.

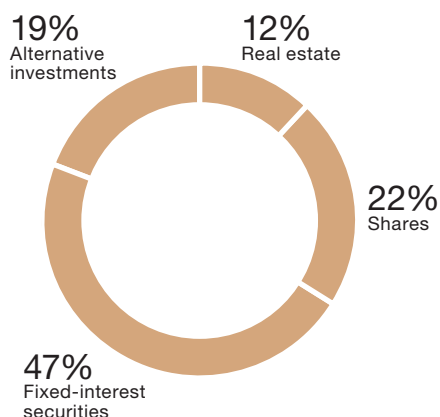
Risk rates rose in some classes, which made a slight increase in net premium rates unavoidable. New accounting principles (mortality assumptions as well as the technical interest rate for old and new pensions) will lead to a need for an increase in net premiums in the years ahead. The scope for widespread premium rate reductions now seems to have been largely exhausted.



Gross premium rates for occupational accident insurance (OA) and non-occupational accident insurance (NOA) as percentages over 2009–2013

Financing

Wide diversification



Suva's investment performance of 4.7 per cent was once again above the average of the last ten years.

Responsible investor

Suva has a statutory mandate to use its asset management to achieve a fair market rate of return and thus guarantee pensions. In November 2013, the Board of Directors decided to further integrate the environmental, ethical and social aspects of sustainability into its asset management in future.

Swiss legislation and the ten basic principles of the UN Global Compact, based on the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization, the principles of the "Rio Declaration" on Environment and Development and the UN Convention against Corruption are its normative basis.

In addition, Suva has signed the "United Nations Principles for Responsible Investment (UN PRI)".

swissdec: Withholding tax by mouse click for the first time



Eliminate excessive paperwork in companies: "swissdec assumes an important pioneering role," says Federal Councillor Johann Schneider-Ammann at the launch of the first digital withholding tax accounting in May 2013 in Berne.
www.swissdec.ch

Rehabilitation and case management

Consistent management of medical costs

The cost of healthcare treatment has been on the increase for years. These are the costs for medical and therapeutic treatment after an accident and claim reduction, for example, through reintegration.

Thanks to the active management of treatment costs, Suva has these increased costs under control without compromising on benefits. Consistent auditing as well as consulting in the tariff application already lead to significant cost savings.

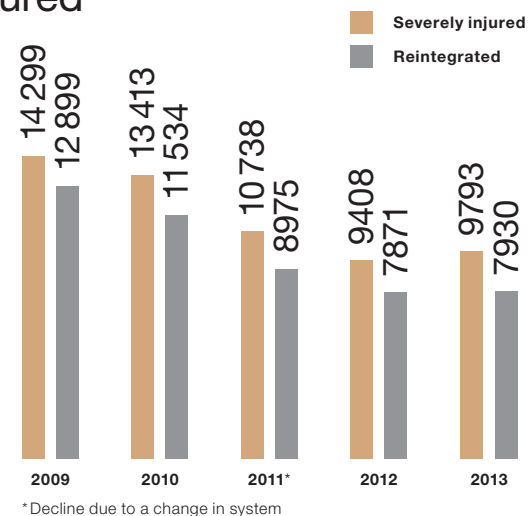
As part of its service provider management (as it is known), Suva also carried out personal discussions with more than 300 hospitals, medical practices and other healthcare providers in 2013. Using key figures, Suva is making its partners aware of the development of costs, among other things, and is discussing with them steps to improve collaboration and, where appropriate, to reduce treatment costs.

"Share if you care" – Wave of solidarity for accident victims



Five injured persons tell people of their fate in online films. People can meet and can generate 25,000 "shares". The message of the campaign "Share if you care" has stuck in people's minds: "It can happen to anyone. Everyone can help."

Reintegration of the severely injured



* Decline due to a change in system

The number of severely injured cases (complex cases, no older than the age of 60) as well as their successful reintegration with their previous or with a new employer.

One in two persons in employment is insured with Suva.

Against the consequences of accidents and occupational diseases.

Around two million people all over Switzerland.

Key figures

121,102	1,954,000	140.2^{bn} CHF	4.2^{bn} CHF	462,776
Companies insured	Insurees* <small>* Full-time employees (excluding unemployed persons and voluntary insurance for entrepreneurs)</small>	Insured payroll (BUV*) <small>* Occupational accident insurance</small>	Gross premium income	Accidents and occupational diseases
3.9^{bn} CHF	548^m CHF	110^m CHF	61.6^m CHF	4,048
Insurance benefits paid	Operating costs	Investment in prevention	Operating income before decrease in compensation reserve	Staff* <small>* 3,281 full-time positions (FTE)</small>

Facts

Premium reduction for the seventh time in succession	The sum of around CHF 50 million goes back to insurees	Good investment performance of 4.7 per cent as well as CHF 44bn assets	Growth in medical costs by 12.4 per cent to CHF 1,154m	For the first time, an increase in newly awarded disability pensions by 12.1 per cent
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Business development

Selected figures from the total operating account

	2013	2012	+/-
	in CHF m	in CHF m	in %
Occupational accident insurance	1 744	1 748	-0,23
Non-occupational accident insurance	2 221	2 214	0,32
Voluntary insurance for entrepreneurs	22	22	-
Insurance for the unemployed	180	161	11,80
Military insurance	18	17	5,88
Military insurance refunds, FCOS	293	292	0,31
Total premium income	4 185	4 162	0,55
Occupational accident insurance	1 837	1 783	3,03
Non-occupational accident insurance	2 305	2 261	1,95
Voluntary insurance for entrepreneurs	26	21	23,81
Insurance for the unemployed	170	148	14,86
Military insurance	196	193	1,55
Total claim outlay	4 534	4 406	2,91
Operating costs of insurance operations	438	445	-1,57
Operating costs of work and leisure time safety	110	110	-
Ordinary allocation to the general reserve	41	42	-2,38
Financial result	47	139	-66,19
Final result before reduction in equalisation reserve	62	247	-74,90
Reduction in equalization reserve	50	-	-
Final result after reduction in equalisation reserve	12	247	-95,14
Cash flow	2 274	2 464	-7,71

Figures from the balance sheet

	2013	2012	+/-
Investments	37 799	36 037	4,89
Provision for long-term benefits	23 506	23 406	0,43
Occupational accident insurance	10 799	10 665	1,26
Non-occupational accident insurance	11 752	11 808	-0,47
Voluntary insurance for entrepreneurs	217	215	0,93
Insurance for the unemployed	738	718	2,79
Provision for short-term benefits	8 073	7 585	6,43
Total assets	39 198	37 748	3,84

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