



Annual Report 2015

Abridged version

suva
insurance plus

“We are looking to the future with optimism.”

Ladies and Gentlemen

2015 was a pleasing year for Suva that also paved the way for the company's future. In a challenging economic environment, it achieved a positive investment performance of 1.2 per cent. Its long-term obligations, including some 91,000 pensions, are secured with a financial coverage ratio of 133 per cent as of year end. A milestone in the reporting year was the completion of the revised Federal Act on Accident Insurance (AIA), which took several years. The Federal Parliament has consolidated and deepened Suva's legal foundation, declaring itself clearly in favour of the company's successful business model, which provides prevention, insurance and rehabilitation all under one roof.

The new AIA increases legal certainty on important issues. In particular, it determines Suva's options for carrying out ancillary activities. Suva is entitled to operate rehabilitation clinics and develop and sell safety products, as well as handle claims for third parties. The AIA therefore gives Suva a clear framework for its future operations, enabling it to fruitfully offer its core competencies on the Swiss healthcare market. In general, Suva is widely recognised at a political level for its work. It is particularly pleasing that the legislator supports its autonomy: Suva is to remain free to manage its own premiums and reserves.



Between 2007 and 2014, Suva reduced premiums seven times in a row, saving the Swiss economy CHF 4.3bn, while in 2015, Suva reached financial equilibrium, meaning that the majority of premiums remained the same. Most of our customers can also expect stable premiums in 2016. The positive financial situation even allows Suva to suspend the cost-of-living surcharge from 2016, which was around 7 per cent of the net premium.

At the end of 2015, our Chairman of the Board of Management Ulrich Fricker stepped down to begin his well-deserved retirement after 16 years in the top position at Suva. I would like to offer him my sincere thanks for his tireless commitment to Suva and to our customers. He has handed Suva over to his successor Felix Weber in excellent shape. Mr Weber previously headed up the Insurance Benefits and Rehabilitation Department for seven years. Daniel Roscher has taken over the reins from him. Having held the positions of Agency Head of Suva Zurich and Process Controller for Care for many years, he has exactly what it takes to fill this role.

Digitisation, rising treatment costs, a demanding economic environment and many other challenges will continue to put Suva to the test. It is in a strong position and can count on reliable staff in a wide variety of sectors. I firmly believe that, in this condition, Suva can look to the future with optimism.

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

Markus Dürr,
Chairman of the Board of Directors

“Suva has a clear meaning and purpose.”



Ulrich Fricker,
Chairman of the Board of Management,
talking to Daniel Ammann

Mr Fricker, 2015 was your final year as Chairman of the Board of Management. You have held the top position at Suva since 1999. What has been the most important development in these 16 years?

It has to be digitisation. It has fundamentally changed our processes and our contact with customers. We now process well over 90 per cent of claims electronically. I was around when there were still mountains of paper piled on the desks.

Did Suva identify the opportunities offered by digitisation early enough?

Yes, very early in fact: Suva began developing a digital healthcare network back in the early 1990s. This produced MediData, which currently processes around 40m invoices for service providers, insurance carriers and patients each year. We also started receiving wage declarations electronically at an early stage and rigorously checking the plausibility of invoices from service providers. Thanks to big data technology, we can check 2.4m invoices automatically each year and save around CHF 200m.

How do you do that?

Of course, we are not trying to refuse justified benefits. We mainly want to find and iron out errors. For example, an unsuitable medicine may have been prescribed for a broken leg. Mistakes can happen at any time.

What was the best moment of your time in your role?

In 2009, Suva won the ESPRIX award, the highest honour for business excellence in Switzerland. It proved to us that we work highly efficiently and with a strong focus on our customers. That's like becoming Swiss football champions. We were the first insurer and, most importantly, the first company under public law to achieve this as a whole.

And what was the most difficult moment?

That was when a senior staff member severely abused our trust in 2005. He tried to sell real estate for less than what it was worth and share the difference in relation to the market price with the buyer. This dragged Suva into the media spotlight for months on end and calls for my resignation were strident. At that time, it was very important that our then Chairman of the Board of Directors Franz Steinegger backed up the management team. Otherwise, my 16 years at Suva would probably have come to an earlier end.

Let's move on to the current situation. Interest rates have dropped once again. How does this affect Suva?

For us, the most noticeable impact of the negative interest rate is the increased cost of currency hedging, which can be over CHF 200m per year. That is roughly half a per cent of our performance. From an economic perspective, the Swiss public pays for the weakening of the franc exchange rate through contributions to social security and pension funds. The public receives less interest on their second and third pillars, which also means less interest on their savings or, in the longer term, on their old-age pensions.

Does the low interest rate also have an impact on insurance business itself?

Proper underwriting is always crucial, whether interest rates are currently high or low. The ratio of premium income to claims payments must be correct over time. Suva's need for investment income to finance our obligations is relatively moderate and our ability to assume risk is good. We are therefore highly likely to be able to finance our payments,

even in a persistently long period of low interest rates.

At 1.2 per cent, Suva's investment performance in 2015 was below the average of the past decade.

That's still more than the comparable indices of the pension funds. Our advantage is that we can invest with a long-term focus, we're able to assume risk and our portfolio is broadly diversified. Suva remains very solidly financed. Our financial coverage ratio was 133 per cent as of the end of 2015. The pensions paid out by Suva should therefore also be covered in the event of another financial crisis.

What was the main lesson you learned in your role as CEO?

In day-to-day work, the CEO is only directly responsible for a few key elements, but in the end, the CEO is responsible for everything. It is also a relief to be placing this responsibility in new hands after 16 years.

You are able to hand over a rock-solid company with a good image to your successor. What is the secret of your success?

Suva has a clear meaning and purpose: we work for Swiss industry. Our job is to keep non-wage labour costs – the premiums – as low as possible. We do not focus on the highest possible premiums, sales and income. Our main goal is to help benefit the quality of Switzerland as a business location. Our tool is our product mix, which is now well-known: prevention, insurance and rehabilitation. This means that our staff members also have a meaningful approach to their own work.

And a personal question to finish: when do you take the most risks in your own life?

I enjoy riding my motorbike in the summer; I cover two to three thousand kilometres. And, until recently, I regularly went horse riding. That's one of the sports which has a high accident rate per unit of time.

Daniel Ammann has been a journalist and author for many years. He also used to head the economics department at "Die Weltwoche". He has received numerous awards for his work. He is now a partner of the communications agency Ammann, Brunner & Krobath AG in Zurich.

“We are continuing to develop Suva for our customers.”



Felix Weber,
Chairman of the Board of Management
since 1 January 2016

And to finish with, a pleasing result for 2015: in his 16 years in the top position, Ulrich Fricker made a substantial impression on Suva. Premium reductions and a high coverage ratio are characteristic of these years and, above all, of the strength of the Suva brand. With the strategic reorientation "Serto" ("total service"), he moulded the accident insurance carrier into a modern, service-oriented company. The customer is the focus of this strategy. As his successor, I am grateful to Mr Fricker for this excellent starting point.

Now we need to continue to develop Suva for our customers. The revised Federal Act on Accident Insurance specifies our framework. The environment remains demanding. Digitisation will change our company even more radically. This trend requires new solutions from us, while the economic situation also challenges us, and especially our customers. We need to remain focused on them.



Anyone who works in laboratories with hazardous substances must protect themselves reliably. Standard equipment includes protective goggles and suitable workwear.

Prevention

In terms of prevention, Suva focused in 2015 on industries and activities with high risk levels, as it has done in previous years. Its goal is to prevent fatal accidents and occupational diseases, as well as severe disability cases.

This involves the “Vision 250 lives”. By following the vital rules, over half of fatal occupational accidents could be

prevented. The Safety Charter, with the message “Stop in case of danger”, has also already been signed by 1,500 companies and associations.

In 2015, Suva also raised awareness by running campaigns on the risks of snow sports and football.

178,540
occupational accidents

The number of newly reported occupational accidents fell slightly by 0.8 per cent.

87.3

case risk for occupational accident

The case risks (number of accidents and occupational diseases per 1,000 full-time employees) fell by 1 per cent.

82,000
examinations

were performed as part of Suva’s occupational medical benefits in 2015.

265,300
leisure-time accidents

The number of newly reported non-occupational accidents rose by 1.5 per cent.

130.5

case risk for non-occupational accidents

The case risks (number of accidents per 1,000 full-time employees) for non-occupational accidents rose by 1.6 per cent.

13,100
checks

were conducted on building sites by Suva specialists. 11.7 per cent of these encountered significant shortcomings.



Safety nets are a collective protective measure. They protect people who work high above the ground against serious falls. If no collective or technical protective measures can be taken, professionals use personal protective equipment against falls from a height.

Insurance

Suva is conscious of its responsibility towards the insured companies and was able to keep premiums for 2016 at the same level as the previous year. The cost-of-living allowance was suspended, saving Swiss industry CHF 200m.

Despite difficult conditions, Suva achieved a good investment performance of 1.2 per cent. The coverage ratio fell slightly from 134.2 to 133.6 per cent. Suva is solidly financed.

The challenges posed by the negative interest rate environment are considerable, but manageable.

0.97 %

The average net premium rate for occupational accident insurance remained almost unchanged in 2015.

4.7

bn CHF

The investment value of the real estate portfolio as of the end of 2015.

133.6 %

coverage ratio

Suva's financial obligations have solid cover.

1.3 %

The average net premium rate for non-occupational accident insurance remained almost unchanged in 2015.

46.4

bn CHF

The value of Suva's fixed assets (market value).

90,000

people

receive a pension from Suva.



Rehabilitation

In 2015, Suva again fully committed itself to giving people the best possible care after accidents and accompanying them on their journey back to daily life and work, all without overlooking cost factors. Although treatment costs and the cost of daily benefits increased slightly, the number of new

disability pensions awarded decreased once again. Furthermore, cost-cutting opportunities were fully exploited, including systematic electronic invoice checks and optimising medical treatment cost management and case handling with the new Suva Care Management system.

1,605

new pensions for disability cases

80 %

reintegration

Over 80 per cent of the 11,107 people who were severely injured in 2015 were able to resume work.

1,186

m CHF

Treatment costs

117

m CHF

has been saved by Suva since 2007 by systematically combating insurance abuse.

1,304

m CHF

The cost of daily benefits increased by 0.8 per cent compared with 2014.

202

m CHF

was refused by Suva thanks to systematic invoice checks.

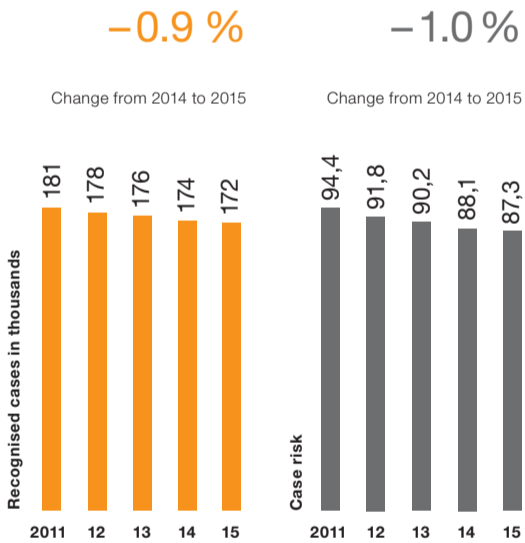
Occupational safety

Key areas of focus in occupational safety

In 2015, 178,539 people insured by Suva had an occupational accident or suffered from an occupational disease. That is 1,508 fewer than in the previous year. However, around 100 employees still have an accident every working hour throughout Switzerland – accidents that are painful for those involved, cause long periods of absence from work and incur high costs.

In 2015, Suva made consistent progress with its long-term prevention programmes “Vision 250 lives” and “Asbestos”. The programmes target industries and activities with high risk levels.

An important tool for implementing the programmes is the “vital rules”, which Suva developed together with the affected industries. With the completion of the rules for using forklifts, the final planned set of rules was ready for the businesses in 2015.



Number of recognised occupational accidents and diseases 2011–2015 in thousands and case risk (number of occupational accidents and diseases per 1,000 full-time employees).



On-site checks – effective and necessary

During the year under review, Suva’s specialists conducted 13,100 checks on construction sites. 11.7 per cent of these encountered significant shortcomings. 9,300 checks were carried out in the other industry and commerce sectors (with significant shortcomings being discovered in 1.1 per cent of cases).

Targeting serious risks

The campaign “Identifying asbestos – taking the right steps” was once again at the forefront of Suva’s activities in 2015.

Despite the fact that it is difficult to precisely quantify the risk of occupational diseases, as we have mentioned, Suva has analysed the available data using an interdisciplinary approach and determined key areas of focus for preventing occupational diseases in future. Apart from asbestos, these include skin protection, noise exposure and, for those who work outdoors, UV radiation. A risk with increasing economic importance is musculoskeletal disorders such as back complaints. These disorders force well-trained specialists to give up work prematurely and leave the job market, often after many years of hard work performed without adequate aids.

“Vision 250 lives” – half-time results

The goal of “Vision 250 lives” is to halve the number of fatal occupational accidents between 2010 and 2020. The results at half-time show that, although the accident rate has dropped continuously, the number of fatal accidents has not yet fallen significantly. Why is that so?



A detailed analysis shows that 72 per cent of fatal occupational accidents (excluding transport accidents) could be avoided if the vital rules were followed in workplaces. This means that the vital rules are targeting the right causes of accidents. The area that is lacking is, in fact, the implementation of the rules.

In many companies, the vital rules are not covered in training sessions or systematically enforced. Suva provides training aids, learning programmes, examples of accidents (pictured) and other resources. However, occupational safety is not at the top of the list for many sites.

If the “Vision 250 lives” is to become a reality, everyone involved now needs to double their efforts. Suva relies on support from businesses to achieve this vision – and especially from managers who have to train their staff in the vital rules. Without training, the vital rules cannot be expected to have any effect.

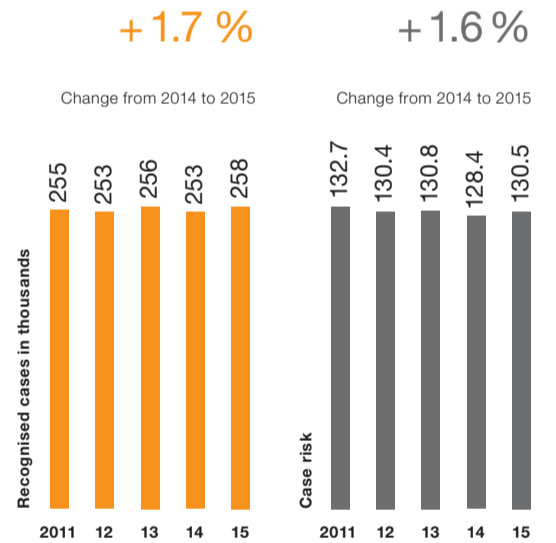
Leisure-time safety

Key areas of focus in leisure-time safety

In 2015, some 265,300 people insured by Suva had a non-occupational accident. These accidents are not only painful for those involved: they also often lead to long periods of absence from work and high treatment, therapy and daily benefit costs for employers and insurance carriers.

Suva is therefore campaigning to improve leisure-time safety. It deliberately focuses on activities with a high accident risk, a great deal of accident prevention potential and high insurance benefits.

As in previous years, the areas of focus for prevention were the long-term campaigns to improve safety in winter sports and football and supporting companies insured by Suva that wish to become actively involved in preventing leisure-time accidents among their employees.



Number of recognised non-occupational accidents 2011–2015 in thousands and case risk (number of recognised non-occupational accidents per 1,000 full-time employees).

Football and winter sports cause the most accidents



38 per cent of leisure-time accidents happen in sports and games. This costs around CHF 575m every year. Winter sports and football have the highest accident rates and costs.

Insurance

Premiums remain at the previous year's level

Premiums for 2015 remained the same for most insured companies. Only a quarter of all risk groups saw their premiums revised upwards or downwards. The average net premium rates were 0.97 per cent for occupational accident insurance and 1.3 per cent for non-occupational accident insurance.

As premium income and claims expenditure are balanced, the average premium rates for 2016 will remain practically the same as in 2015.

Based on Suva's solid financial situation, the Board of Directors decided to suspend the premium surcharge of 7% for financing the cost-of-living allowances for current pensions as of 1 January 2016.



The new campaign "Accidents are costly"

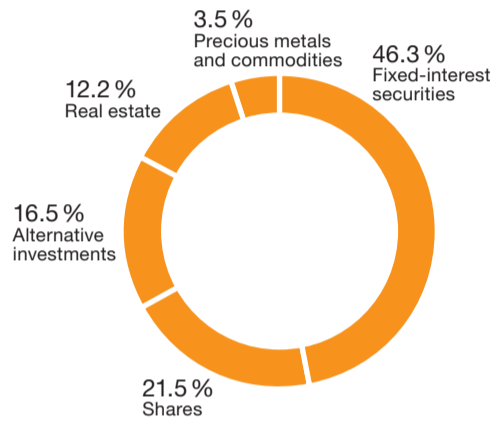
In the event of an accident, each individual service from transportation to diagnosis and treatment to rehabilitation must be paid for. Apart from treatment costs, accidents may also result in daily benefit payments or pension benefits. All these are taken care of with insurance cover from Suva. The "Accidents are costly" campaign aims to make Suva customers aware of this.

The campaign's key message is that accidents may incur high costs, but those who are involved are covered financially thanks to Suva. Striking subjects depicted with a coin-operated machine are being used to illustrate this.

The cost of accidents can be reduced by following the vital rules and Suva's prevention tips. This means that anyone who effectively prevents accidents in their own company is helping to keep premiums low.

Financing

Investment portfolio



In a challenging environment, Suva achieved a performance of 1.2 per cent for the whole investment portfolio.

Challenging environment shapes performance

Suva achieved an overall performance of 1.2 per cent in financial year 2015. Real estate, bonds, shares, hedge funds and private equity made particularly positive contributions to the result. The investment situation in emerging markets, gold and commodities proved more difficult. Despite the removal of the exchange rate cap, the effects of the euro and US dollar exchange rates remained minimal thanks to a high hedge ratio. However, the negative interest rate increased the cost of currency hedging. Overall, the result was therefore below the average of the past decade.

Fixed assets rose marginally from CHF 46.3bn to CHF 46.4bn, while the financial coverage ratio fell slightly from 134.2 per cent in the previous year to 133.6 per cent as of the end of 2015.

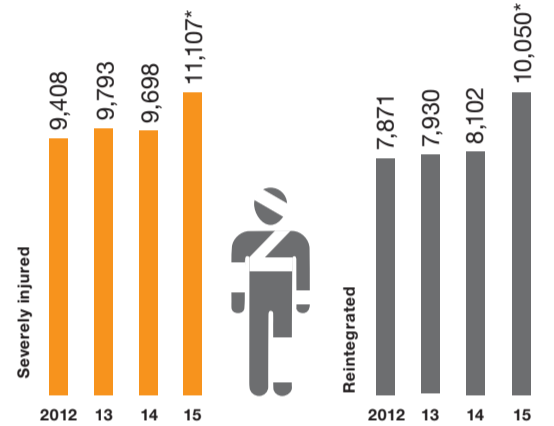


An attractive lender for municipalities

Suva counts over 500 municipalities all over Switzerland among its loan customers. As of the end of 2015, the loan volume was CHF 2.15bn with an average term of 8.9 years. The customer segment is to be expanded further.

Rehabilitation and claims management

Reintegrating people with severe injuries



The number of cases of severe injury (complex cases, patients aged 60 or below) and the cases of successful reintegration with a previous or new employer.

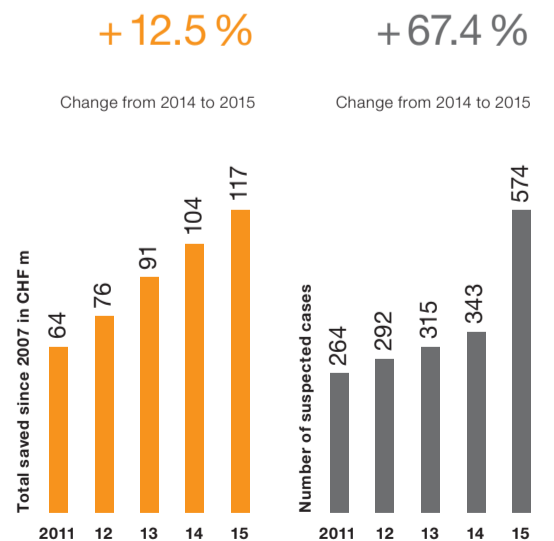
* Software change, no direct comparison with previous years possible.

Anti-fraud measures

Suva combats insurance abuse vehemently and systematically. The anti-fraud unit was expanded in 2015 to a total of 13 staff members. This enlarged team is able to combat abuse even more extensively. The specialists investigate specific suspicious incidents and clarify the facts fully.

Thanks to the increase in the number of personnel, Suva has a stronger presence in French-speaking Switzerland and Ticino. 574 suspected cases were recorded in the past financial year, another significant increase as against 2014. Furthermore, since the introduction of the anti-fraud measures, over CHF 117m has been saved.

The vast majority of insureds behave exemplarily. However, Suva takes vehement action against fraudsters.



The number of suspected cases is continuing to rise. Suva is therefore further developing its anti-fraud measures, with worthwhile results: successfully closed cases have saved more than CHF 117m since 2007.

Suva has a clear meaning and purpose.

Every day, occupational safety prevention programmes prevent accidents and occupational diseases during day-to-day work.

Around two million insurees are protected by Suva from the consequences of accidents and occupational diseases. Through holistic claims management, Suva accompanies accident victims after their life-changing event until they return to daily life and the world of work.

The leisure-time safety prevention campaigns raise awareness of the risks of sports and games, the household or hiking.

With premiums set according to risk and its long-term investment policy, it supports Swiss industry.

Key figures

127,000	1,975,000
companies insured	insurees (full-time employees, excluding unemployed persons and voluntary insurance for entrepreneurs)
143.5 bn CHF	4.2 bn CHF
insured payroll BUV (occupational accidents)	gross premium income
463,200	4.2 bn CHF
accidents and occupational diseases	insurance benefits paid
557.3 m CHF	109.7 m CHF
operating costs	investment in prevention of occupational accidents and diseases and non-occupational accidents
27.0 m CHF	4,191
operating income before reduction in equalisation reserve	staff (3,373 full-time positions)

Facts

- Premiums virtually unchanged
- Cost-of-living surcharge suspended for premiums from 2016
- Investment performance of 1.2 per cent
- Further decrease in new disability pensions of 6.4 per cent
- CHF 46.4bn of fixed assets (market value)
- Slight increase in treatment costs to CHF 1,186m

The Suva model

Suva is more than just insurance: it brings prevention, insurance and rehabilitation together under one roof. Suva offers these services to insured companies and their workers in a holistic, integrated form, from preventing accidents and occupational diseases via professional claims management through to rehabilitation and reintegration.

Suva is an important provider of compulsory accident insurance. It is managed by the social partners as representatives of the insured. The balanced composition of the Board of Directors, which consists of representatives of employers, employees and the Swiss Confederation, permits widely supported, sustainable solutions.

Suva is self-supporting and does not take public money. It returns any profits to its insurees in the form of lower premiums.

Suva's head office is in Lucerne. 18 agencies advise and support their customers in all parts of the country. Suva runs two of its own rehabilitation clinics in Bellikon and Sion and employs over 4,000 staff members in total.

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The fiscal year 2015 as a film:
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Business development

Selected figures from the total operating account

	2015	2014	+/-
	in CHF m	in CHF m	in %
Occupational accident insurance	1 757	1 758	-0.06
Non-occupational accident insurance	2 250	2 226	1.08
Voluntary insurance for entrepreneurs	22	21	4.76
Insurance for the unemployed	194	184	5.43
Military insurance	17	18	-5.56
Military insurance refunds, FCOS	291	285	2.11
Total premium income	4 240	4 207	0.78
Occupational accident insurance	1 749	1 799	-2.78
Non-occupational accident insurance	2 352	2 330	0.94
Voluntary insurance for entrepreneurs	15	22	-31.82
Insurance for the unemployed	167	183	-8.74
Military insurance	193	189	2.12
Total claim outlay	4 476	4 523	-1.04
Operating costs of insurance operations	448	442	1.36
Operating costs of work and leisure-time safety	110	109	0.92
Ordinary allocation to the general reserve	42	41	2.44
Financial result	15	242	-93.80
Final result before reduction in equalisation reserve	27	176	-84.66
Reduction in equalisation reserve	48	70	-31.43
Final result after reduction in equalisation reserve	-21	106	-119.81
Cash flow	2 422	1 125	115.29

Figures from the balance sheet

	2015	2014	+/-
Investments	40 261	39 067	3.06
Provision for long-term benefits	23 896	23 769	0.53
Occupational accident insurance	10 913	10 879	0.31
Non-occupational accident insurance	12 012	11 912	0.84
Voluntary insurance for entrepreneurs	212	221	-4.07
Insurance for the unemployed	759	757	0.26
Provision for short-term benefits	8 372	8 215	1.91
Total assets	44 461	40 681	9.29