

Coordination of relations between public and private structures in the system of accident insurance in Switzerland

Contents

1. Accident insurance as part of the social insurance system.....	2
2. Overview of accident insurance.....	2
2.1 Legislative basis	2
2.2 Insurees	3
2.3 Risks insured.....	3
2.4 Insurance benefits.....	4
2.5 Financing.....	4
3. Insurance carriers	5
4. Suva	8
5. Assessment/Prospects	13

Compulsory accident insurance was reorganized in Switzerland in 1984. One of the most important changes was the extension of insurance to cover all employees. This extension was accompanied by the division of insurance carriers: the largest of these is the Swiss National Accident Insurance Fund (Suva), an organization under public law. Besides Suva, a further 38 insurance companies - private insurance organizations, recognized health insurance funds as well as accident insurance funds - provide social accident insurance. These multiple insurance carriers as they are known are now operating smoothly. The competitive situation between Suva and the other accident insurers is an inducement to focus on customer requirements and to work efficiently and economically - a situation from which both employers and employees benefit. However, there still remains the question of whether the present-day arrangement is the correct solution. Deregulation of this partial monopoly and the privatization of Suva are currently being discussed at political level.

1. Accident insurance as part of the social insurance system

Statutory accident insurance is a branch of Switzerland's social insurance system. Together with the other forms of social insurance coverage, it forms the social security network.

This social insurance system has developed historically. With its ten insurance branches, it has reached a considerable standard. Since it has developed over a period of decades, however, it is highly complex and lacks a certain amount of cohesion. A joint legal basis was created to convey and create common terms such as "accident", "invalidity", etc. in a uniform way in order to better unify the process and coordinate benefits. This federal legislation covering a general part of social insurance will come into force in January next year.

After an accident has occurred, there might be claims, under certain circumstances, that are not just made against the accident insurance company but also against other insurance branches such as survivors' insurance, invalidity insurance or company pension fund. The task, the structure and the demarcations of accident insurance must be seen in this context.

2. Overview of accident insurance

2.1 Legislative basis

Compulsory accident insurance is regulated by the Federal law governing accident insurance of 20 March 1981, which came into force on 1 January 1984.

The law on accident insurance covers two mandates:

- the prevention of accidents and occupational diseases (prophylaxis/occupational safety) and
- accident compensation (insurance).

The legislators clearly stipulated and conveyed the outline conditions for the implementation of accident insurance:

- who is insured (insurees),
- what the insurance protects against (risks insured) and
- how the person is insured (insurance benefits).

In addition, the law contains stipulations relating to medical law and tariffs, insurance organization, accident prevention, insurance financing and procedural provisions.

2.2 Insurees

Compulsory insurance cover applies to:

- Employees working in Switzerland. As interpreted by the law governing accident insurance, this means any employees carrying out work permanently or temporarily either for income or for training purposes in a subordinate position without any economic risk to themselves. Teleworkers, apprentices, trainees and voluntary workers are also considered to be employees.
- The unemployed. They are entitled to the same accident insurance protection as employees if, and for as long as, they are claiming unemployment benefits.

Voluntary insurance cover can be given to:

- Self-employed people living in Switzerland and any family members who work with them.

In contrast, housewives, children, schoolchildren, students and retirees are not subject to compulsory accident insurance.

2.3 Risks insured

Compulsory accident insurance provides cover against accidents, near-accident bodily harm and occupational diseases.

- **Accidents**

An accident is considered to be the sudden, unintentional, harmful effect of an unusual, external factor on the human body.

Compulsory accident insurance in Switzerland covers both occupational accidents and non-occupational accidents. Employees who work at least eight hours a week for the same employer are insured for occupational and non-occupational accidents, in other words round-the-clock, both at home and abroad.

- **Near-accident bodily harm**

Specific types of bodily harm are set on an equal footing with accidents even without any exceptional external effect if they are not clearly attributable to any illness or degeneration. This bodily harm is conclusively listed in the regulation: broken bones, dislocations of joints, torn knee cartilage, torn muscles, strained muscles, torn tendons, ligament lesions and eardrum injuries. The basis for this ruling lies in the fact that these types of damage are, by their nature - even if all the features of the term "accident" are not met - closer to an accident than to a disease.

- **Occupational diseases**

The law on accident insurance differentiates between two groups of occupational diseases (mixed system):

- Diseases caused by specific materials or specific types of work that are set forth in a list (list system or method of enumeration).

The condition for acknowledging an occupational disease is that this disease has been caused exclusively or mainly, i.e. more than 50%, by these materials or jobs.

- Compensation for other diseases can be awarded if it can be proved that they have been exclusively or largely caused by a professional occupation (general clause).

Any system that is based on an enumeration system carries the risk of loopholes. The general clause is nothing more than a safety net for new findings in the field of jobs or materials that cause diseases. For non-listed diseases, a qualified causal connection (exclusively or largely) is required for a benefit. Qualification is given if at least 75% of the occupational disease is caused by a job.

2.4 Insurance benefits

Insurance benefits can be sub-divided into care benefits and the reimbursement of expenses as well as monetary benefits.

- Care benefits cover outpatient care (doctor, dentist, medical staff), medication, hospital treatment in a general ward as well as spa treatment. The reimbursement of expenses includes auxiliary equipment, travel, transportation and rescue costs.
- Monetary benefits include daily benefits. Daily benefits replace the loss of earnings in the case of accident-related inability to work and amount to 80% of the wage prior to the accident. Permanent inability to work is covered by invalidity pensions. With fatalities, the widow or widower and orphans receive a survivor's pension. Both types of pension are based on the insured wage in the year before the accident occurred.

2.5 Financing

Accident insurance is funded by premiums, income from investments and recourse claim revenue. The insurers do not receive any state subsidies. In the case of care benefits and daily benefits, the current disbursement of expenditure is stipulated, which means that the benefits to be paid out annually must be covered by income earned in the same year and provisions must be made for cases that are still ongoing. For long-term benefits (pensions), the current disbursement of pension values applies; this means that when a pension sum is determined, provisions must be made with which future annuity payments can be financed.

Premiums are calculated in thousandths of the insured wage. Separate accounts are kept for occupational and non-occupational accidents. Premiums for occupational accident insurance are paid by employers, while those for non-occupational accident insurance are paid by employees. We reserve the right to make arrangements in favour of the employees that deviate from this.

3. Insurance carriers

3.1 Multiple insurance carriers

The implementation of compulsory accident insurance is divided up among several carriers (accident insurance companies) listed by the law:

- the Swiss National Accident Insurance Fund (Suva)
- other insurance companies including
 - private insurance organizations
 - public accident insurance funds
 - recognized health funds
- substitute public health insurers.

First of all, Suva, an organization under public law, and secondly private insurance organizations that are subject to the insurance law, public accident insurance funds and recognized health insurance funds are authorized to provide accident insurance cover. Any insurance organization that wishes to get involved in accident insurance must be registered with the Federal Office for Social Insurance. At present, 39 insurance companies are registered (of which 26 are private accident insurers, 9 are health insurance funds and 2 are public accident insurance funds/status 1 January 2002).

This multiple system of insurance has grown historically. In 1912, Switzerland introduced compulsory insurance against accidents and occupational diseases. However, insurance cover only extended to certain sections of the population, a limitation that was due to liability considerations. On the basis of factory liability at the time, factories and companies with increased risks such as the construction industry, forestry operations, public transportation and haulage companies were subject to the insurance obligation. In order to achieve as high a level of autonomy as possible, the legislators decided to separate the implementation of compulsory accident insurance from the federal administration and formed an independent organization under public law - the Swiss National Accident Insurance Fund (Suva) with the mandate to provide insurance based on the principle of reciprocity.

In 1984, compulsory accident insurance legislation was revised. One of the most important changes was the extension of insurance to cover all employees. It was undisputed that Suva should be designated to continue in the former compulsory sector since it had satisfactorily mastered the wide variety of tasks in the accident insurance and accident prevention sector since its inception. The implementation of this extended insurance coverage was mandated to other insurance companies. This took into account the fact

that they had formerly been entrusted with agricultural and maritime insurance as required by law and, on a private basis, with those companies not insured under Suva's remit. There was no urgent reason to extend Suva's area of activity and to deprive private insurance companies of business that they had satisfactorily carried out so far.

The insurance relationship between Suva and the enterprises for which it is responsible is based on legislation. Employers whose companies are not within Suva's field of responsibility must ensure that their employees are insured with another insurance company. The insurance relationship is based on a contract. The employees have a say in which insurance company is to be chosen.

In order to guarantee insurance coverage for every employee in companies where Suva is not responsible and where the employer has failed to take out insurance as stipulated by the accident insurance law, a substitute public health insurance fund has been created as a safety net. This takes the form of a foundation that is carried by the insurance companies. It is financed by substitute premiums as they are known that are levied from negligent employers for the period of their negligence. If these prove insufficient to cover claims payments, the insurance fund collects further contributions from its carriers.

3.2 Responsibility/Market shares

The areas of activity divided between Suva and the other insurance companies are laid down by the accident insurance law.

Article 66 of the law lists the companies and administrations whose employees are compulsorily insured with Suva. The mandatory and conclusive list covers companies in industry, trade and specific categories of business establishments by business branch. These are largely enterprises with a high level of risk that were already assigned to Suva under the old law. To these are added the entire Federal administration, Federal agencies and Federal organizations.

Suva sector:

- Important branches of industry, trade, transport and supply, etc.
- Consortiums
- Federal administration and agencies
- Workshops for trainees and the handicapped
- Public administrations
- Personnel leasing
- Wholesale and retail establishments

The market area of the other insurance companies is stipulated negatively with a general clause: people who Suva is not responsible for insuring are insured by other insurance carriers. This avoids a no-man's-land. This sector mainly covers those industries that only provide services (banks, insurance companies, catering establishments), numerous craft industries and agricultural establishments.

Non-Suva sectors:

- Farming/market gardens
- Hotels, restaurants
- Insurance companies
- Small-scale businesses such as hairdressing salons, baker's and butcher's shops
- Banks

Suva is by far the largest insurance company. 52 percent of all full-time employees are insured by Suva. The remaining 48 percent are spread over 38 different insurance companies.

While the law regulates that the demarcation between Suva's area of activity and those of the other insurance companies can be redrawn in the course of time, a change would only be possible for entire business or professional categories and would be linked with large-scale demands and major complications; for this reason, it has so far never been a matter for discussion.

3.3 Coordination/Cooperation

Besides the demarcation of responsibilities, the accident insurance law prescribes cooperation between insurance companies in various sectors and regulates liabilities when several insurance companies are involved.

- Under the heading of "Cooperation between insurance companies", the insurance companies are obliged to provide each other with information at no charge insofar as the implementation of accident insurance requires it.
- According to Article 79 of the Accident Insurance Law, the Federal Council (Executive) must provide uniform statistics. In particular, these are intended for the provision of technical insurance basics, the assessment of premiums and the prevention of accidents and occupational diseases. The Federal Council has mandated this task to the Committee for Statistics in Accident Insurance (KSUV). This committee determines the type, periodicity, time, scope and publication of statistical evaluations. It is composed of four Suva representatives and four representatives from other insurance companies.
- In the field of medical law and medical tariffs, cooperation between the insurance carriers is vital in order to present a united front to the outside world and represent their interests jointly. On the basis of Article 59 of the accident insurance law, Suva and the other insurance companies have therefore signed an outline agreement on cooperation in the field of medical law and medical tariffs and appointed a medical tariff committee (MTK) to conduct its business. This committee deals with basic principles of medical law, decides on the conclusion and termination of contracts with medical personnel, curative and spa institutions and monitors the application of tariff agreements in conformity with the law. It is composed of eight members, with four representing Suva and four the other insurance companies. Its central office is run by Suva to act as a base for operations.

- Since different insurance carriers are involved with accident insurance, it can be doubtful in some specific instances as to who is liable. Questions of responsibility occur, in particular, when an insuree works for several employers at the same time, when he has had several accidents or if he changes jobs after his accident. These questions are comprehensively regulated in the legislation and in the ordinances (implementation regulations regarding the law).

Beyond these legal stipulations, gratifying cooperation between the insurance companies has developed in various sectors.

- Representatives of the insurance companies meet at regular intervals and work out uniform guidelines for case management, which are given a certain amount of importance from the aspect of equality before the law - even if they are not binding.
- An attempt is made to find a uniform solution in disputes concerning areas of activity among the insurance companies. For this purpose, a joint committee has been formed, comprised of various representatives and to which differences of opinion can be submitted.

4. Suva

4.1 Organization

The most important insurance carrier in accident insurance in Switzerland is the Swiss National Accident Insurance Fund (Suva). More than 50 percent of employees in Switzerland in more than 100,000 enterprises are insured with Suva. It is an independent, nonprofit company governed by public law. Its executive bodies are:

- The Board of Directors with its committees as the most senior body, elected by the Federal Council and represented equally (16 employer and employee representatives in each case and 8 Federal representatives).
- Its business management to conduct business. This is sub-divided into four departments - presidential, insurance benefits and rehabilitation, health protection and finance.

Suva is headquartered in Lucerne. It has 19 agencies (offices) in different parts of the country.

4.2 Key figures (2003)

The following key figures illustrate the size and importance of Suva.

Insured firms	109,151
Insured employees	1,800,000
Accidents and occupational diseases	454,009
Number of Suva employees	2,507
Total insured salaries	CHF 107.3 bn
Income	CHF 3.5 bn
Income from regress claims	CHF 215 m
Return on capital	CHF 1.499 bn
Insurance costs	CHF 4.1 bn
Investment	CHF 26.0 bn
Administrative costs	CHF 327 m
Costs: occupational safety and leisure time safety	CHF 102 m

4.3 Range of benefits

Suva is more than just an insurance company. "More" means prevention, occupational safety and leisure time safety and also includes our advanced rehabilitation system. With its range of services, it offers its customers as much security as possible and makes an effective contribution toward avoiding accidents and occupational diseases.

suva

insurance plus

suvaPro
working safely

suvaliv!
leisure time safety

suvaRisk
safely insured

suvaCare
safe care

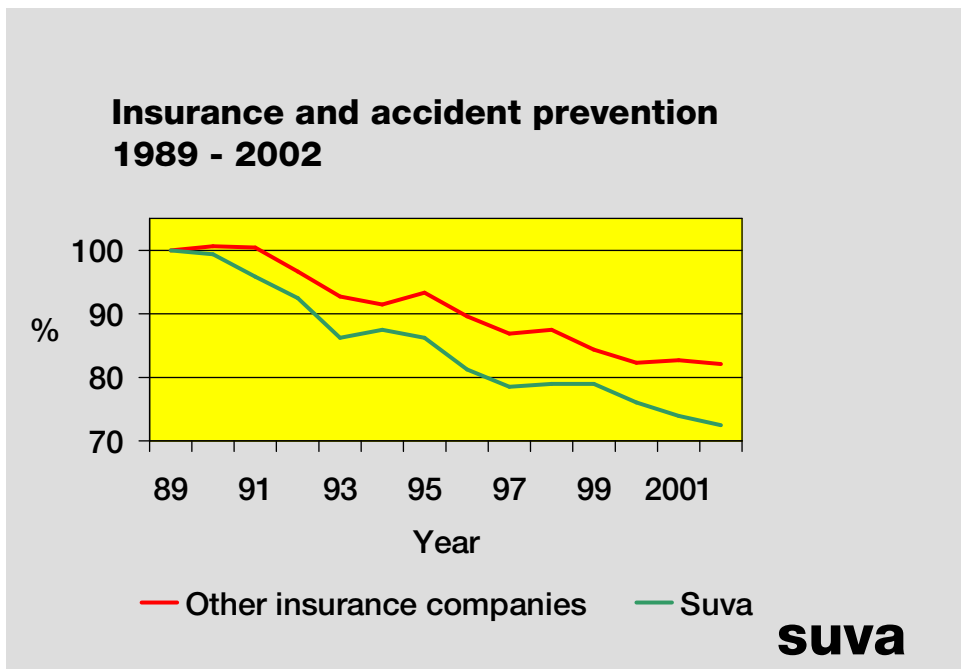
- **Prophylaxis**

Preventive measures include the promotion of safety in the workplace, the promotion of health in the workplace and the promotion of safety during leisure time.

The focus of Suva's prevention activities is on occupational safety. Suva carries out this work with the cantons and specialist organizations. The Swiss Coordinating Committee for Occupational Safety (EKAS), which is chaired by Suva, coordinates the activities of those involved. A surcharge made on premiums is earmarked for financing the prevention of occupational accidents and occupational diseases.

Suva is thus the sole insurance company with responsibility for prevention. The following statistical comparison demonstrates how meaningful and efficient the combination of prevention and insurance is when it comes from one source:

Development of occupational accidents 1989 – 2002



The development of accident frequency in those areas where accident prevention and insurance go hand-in-hand (e.g. construction industry, chemicals industry) show a clear decline in contrast to branches of industry where accident prevention and compensation are entrusted to different carriers.

In recent years, non-occupational accidents have heavily increased; the figures exceed those for occupational accidents. For this reason, Suva is also active in safety during leisure time (e.g. bike helmets, shin protectors for footballers, safety campaigns, etc.).

- **Accident insurance**

Insurance benefits are of a high standard. They provide employees with good protection in the case of occupational accidents and occupational diseases as well as non-occupational accidents (cf. §2.4).

Suva's insurance activities are limited to accident insurance and the legally prescribed benefits. It is thus prevented from covering individual requirements with supplementary insurance or even from offering different types of insurance (e.g. health insurance). In contrast, the other accident insurers are allowed to insure against risks that go beyond compulsory coverage, such as private rooms in hospitals, supplementary daily benefits, unlimited coverage abroad.

Suva sets great store by case management. Previously, it concentrated on providing accident victims with the best-possible medical treatment and care and dealt with legal matters. A satisfaction survey carried out among insurees revealed that the majority of accident victims were satisfied to very satisfied with case management. However, it also revealed a few weak points; in particular, this criticism centred on the handling of severe and complex cases. An in-depth analysis into cases involving a chronic procedure confirmed these weak points. It turned out that severely injured insurees put existential problems in first place. Their insecurity concerning their jobs and/or their insecurity concerning their further occupational and economic future plays an important and stressful role. Both their occupational as well as their social environments, this means factors external to the accident, have a decisive influence on the course of their recuperation and the medical outcome. Suva is therefore realigning its case management system. With "New Case Management" – as the comprehensive project is called – several targets are being addressed:

- An alignment of the case management process with the early, comprehensive and effective care of complex claims
- Making timely and appropriate communication possible when a claim arises
- The provision of electronic platforms for the automated treatment of simple claims
- The creation of capacities by streamlining routine work

The core element of the new concept is the early and comprehensive care of accident victims in complex cases. In the case of specific handicaps and special, subjective prerequisites, Suva initiates the proactive care of accident victims immediately after the event. Alongside medical matters, the aim of this intensive accompaniment is also to include the securing of the insuree's job and to extend to the coordination of claims against other insurance companies. The aim of a holistic approach is to find better solutions for insurees.

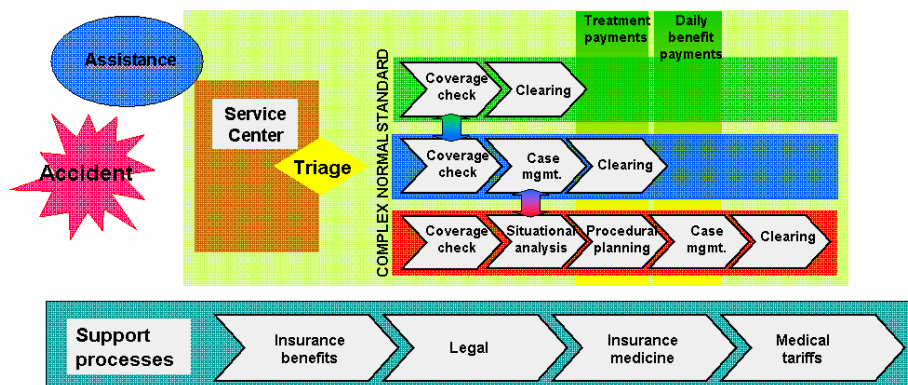
New Case Management (NCM)

Based on the requirements of all those involved (accident victim, insuree, service provider), the claim-handling process will now be structured into three part-processes for simple, normal and complex cases.

In by far the largest number of cases, reimbursement (meeting the claim) is the most important aspect. Advising and caring for claimants is unnecessary and is also not expected by customers. These minor accidents account for approximately 75% to 80% of all accident claims; however, they only cause a total of 5% to 7% of all insurance costs. It is therefore justified to deal with claims with the minimum amount of administrative outlay and the maximum amount of automation.

The “normal” part-process covers those 20% of cases that can neither be automatically dealt with nor assigned to the third, “complex” category. In these cases, too, electronic tools are also being fully exploited and cooperation sought with employers and/or service providers in order to simplify the clearing of medical treatment costs and daily benefits. In contrast to the first category, these cases are permanently monitored by a desk clerk and accident victims are supported according to their requirements.

New Case Management Process-oriented claims management



In accordance with the new concept, case management will focus on cases in which advice and care of the accident victims is needed. Allocation to this part-process takes place, for example, according to the following criteria: severe injuries, cervical spinal column injuries with a working incapacity in excess of 4 weeks, mental complaints, long-term back injuries, cases with anticipated permanent damage to the health, loss or risk of losing employment, difficult social environment.

With its New Case Management, Suva wishes to give a clear signal of advanced and appropriate insurance practice.

- **Rehabilitation**

Suva is comprehensively committed on behalf of its insurees. Alongside prophylaxis and insurance benefits, its range of services also encompasses rehabilitation. Suva's approach is holistic - in harmony with the World Health Organization's definition: rehabilitation is the coordinated use of medical, social, occupational, technical and pedagogical measures to achieve the best-possible functionality and an appropriate place in society. With this aim in mind, Suva operates its own two rehabilitation clinics with a total of 318 beds. The clinics specialize in orthopaedic-traumatological, physical and neurorehabilitation.

Rehabilitation is an ethical task; it is a deeply humanitarian issue for the injured persons themselves, for their family and professional environment and finally for a modern social society. Even if human motives are at the forefront in rehabilitation, the financial aspects cannot be ignored. With the reintegration into the workforce - which is among the most important successes of rehabilitation - expensive insurance benefits, particularly pensions, can be avoided or considerably reduced. Estimates show that one Swiss franc invested in rehabilitation can save approximately three francs in social insurance.

5. Assessment/Prospects

The multiple insurance carrier scheme introduced for accident insurance in 1984 has developed well. Good cooperation has come about between the insurance carriers in various sectors - either due to legislation, out of necessity or voluntarily. Solutions are sought together for matters of basic principles and in individual cases in the claim sector. One issue that will always remain topical is the demarcation of the market segments; economic development will always create new problems. The fact that the coexistence of different insurance carriers was not and is not a problem for most of the insurees and enterprises would appear to be an important aspect. The competitive situation between Suva and the other accident insurers is an inducement to focus strongly on customer requirements and to work efficiently and economically. Both employers and employees benefit from this. Not least because of this, Suva has developed into a modern, customer-oriented service company.

In spite of this functional cooperation, the question remains as to whether multiple insurance carriers are the correct solution in the current form. One example, as already mentioned, is the limitation of Suva's sphere of activity to accident insurance and then only as basic insurance, while private insurance companies can offer both unlimited accident and health insurance both as basic social insurance and supplementary insurance cover (cf. §4.3, Accident insurance). This contradicts the idea of fair competition and customers' needs for a unified insurance approach.

Suva's future is currently a matter for political debate. The main topics focus on the deregulation of the partial monopoly and the privatization of Suva.

Kommentar: UVG-Revision
aktueller Stand

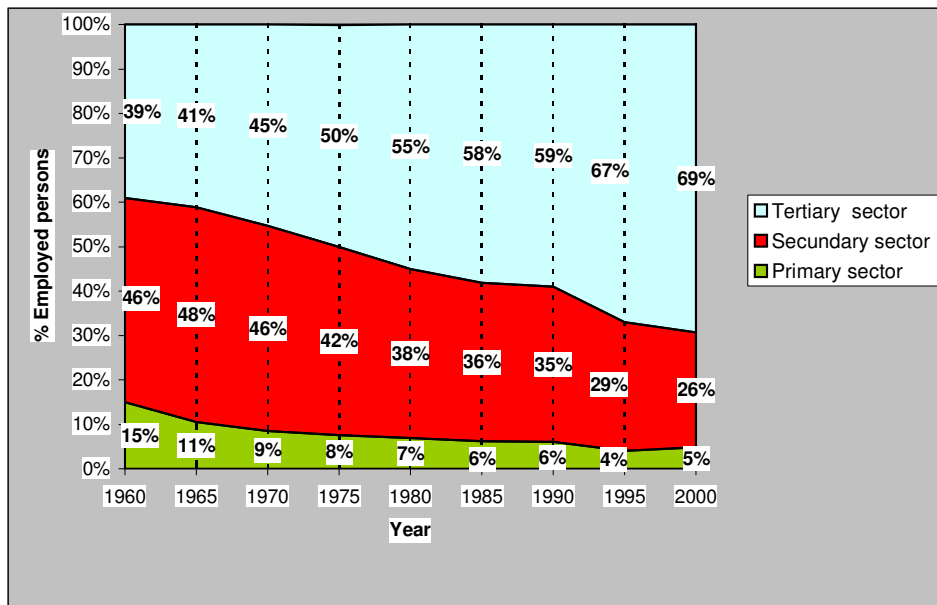
Suva's market segment is stipulated by law (cf. §3.2). This segment mainly includes enterprises in the industrial sector. Suva thus mainly insures employees with a high level of accident risk. The relevant stipulations were largely taken over from the old law. What was

not taken into account is the fact that the secondary economic sector is declining sharply while the service sector is gaining in importance.

Change in economic structures in Switzerland

This economic development as well as the changes in the organization of insured enterprises is leading to a constant decline in Suva's volume of insurees and will increasingly have a negative effect on the company both in financial and operational terms. The importance and the justification for Suva as an institution will decrease with the reduction in market volume. Suva's vested rights that the legislators wished to protect with their definition of the area of activity can no longer be guaranteed.

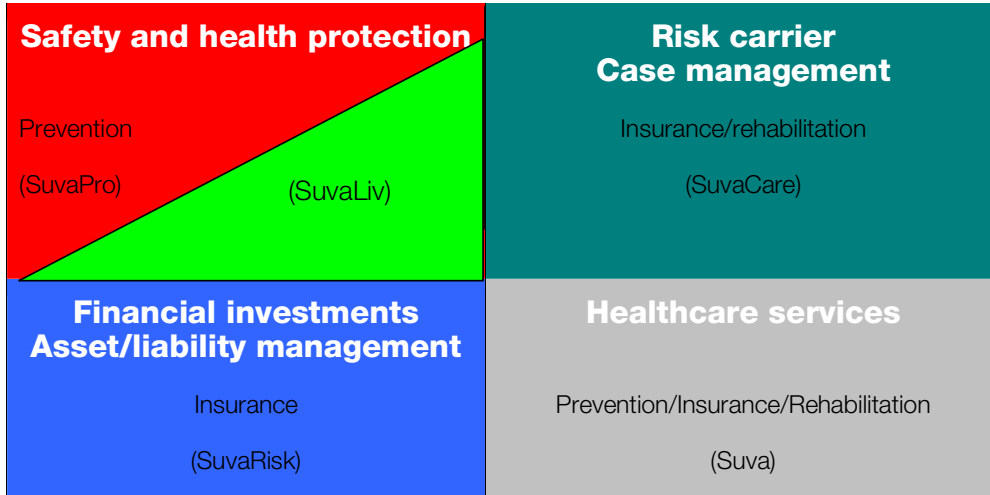
Deregulation of Suva's partial monopoly would solve the problem of the declining number of persons insured. Suva would no longer be tied to the shrinking secondary sector and would have the opportunity to maintain or even expand its insurance portfolio. In addition,



market mechanisms would be strengthened. However, the downside to this sort of liberalization would be a loss of solidarity within the individual risk groups. As a consequence, companies insured with Suva would have to pay higher premiums than is the case today. Also, it would by no means be a foregone conclusion that Suva could continue to exist in a free market; restructuring would be necessary.

As in the case of a partial monopoly, Suva is faced with advantages and disadvantages in the question of privatization. A Suva with private law support could act more flexibly and meet its customers' requirements better. It would be free in the choice of products it offers and it could also become involved in private enterprise - something that has so far been denied. On the other hand, it would entail a loss of Suva's sovereignty in occupational safety. It would lose its legitimacy as the implementing body in occupational safety and thus one of its strengths, namely the combination of prevention, insurance and rehabilitation (product mix).

Suva's business management has taken an in-depth look at the different alternatives. It is of the opinion that the current solution for enterprises and employees offers considerable advantages. Efforts are now directed at maintaining Suva as a financially independent, nonprofit organization under public law. It sees the future of Suva in a top-quality range of prevention, insurance and rehabilitation services with the following core skills:



Prevention, insurance and rehabilitation will thus continue to be the pillars on which the company is based; they form the three pillars of a modern and contemporary health policy and correspond to a customer requirement. However, individual service areas are to be carefully reevaluated and developed. Based on our core skills, business areas are to be expanded and new services offered in the public interest. Case management for other insurance companies, electronic advisory and coordination services via the Internet, services for the healthcare sector (e.g. medical tariffs, statistics) and services relating to capital investment by institutions under public law will be given prominence. In this way, the decline in the number of insurees can be compensated for and the future of Suva assured in its current role in the healthcare sector.