

<b>Title</b>	Switzerland: Licence to write UVG insurance
<b>Purpose</b>	To inform the market that Lloyd's licence to write UVG insurance risks located in Switzerland will be discontinued
<b>Type</b>	Event
<b>From</b>	Giles Taylor, Senior Manager, International Regulatory Affairs
<b>Date</b>	12 October 2016
<b>Deadline</b>	Wednesday, 26 October 2016
<b>Related links</b>	<a href="#">Crystal report for Swiss UVG insurance</a>

## Summary

In Switzerland it is compulsory for all employers to purchase insurance for their employees that covers occupational accidents, illnesses and diseases and non-occupational accidents and illnesses. This type of insurance is known as "UVG insurance", which is short for "Unfallversicherungsgesetz" in German, which means "Accident Insurance Law".

Lloyd's underwriters have been licenced to underwrite UVG insurance since 1984. Lloyd's has become aware that, currently, no syndicate is actively underwriting this type of business. Maintaining the licence from the Federal Office for Public Health (FOPH) to write UVG business would subject Lloyd's underwriters to continued participation in a pool for UVG risks that are difficult to place, which is not feasible when no syndicate is writing new business. As a result, Lloyd's intends to surrender its UVG licence unless a syndicate expresses an interest in underwriting this business. A syndicate will need to provide evidence that it has an appropriate business plan and demonstrate to Lloyd's its ability to handle the business in compliance with specific local regulatory requirements.

## UVG insurance

UVG insurance is regulated by the FOPH. It is a highly regulated type of business because it is a compulsory class and has exposure to individual insured persons. It also has a very long tail that could be up to 60-80 years long. Coverage includes compensation for medical costs, daily cash benefits, temporary/permanent loss of income, temporary/permanent disability, disability pension for the employee until death, pensions for dependants on death of the employee and funeral expenses. All compensation is linked to pre-loss earnings of the employee.

Due to the nature of UVG risks, insurers writing this business are required to fulfil a number of specific and onerous regulatory requirements in addition to the requirements that apply to all risks located in Switzerland. For example, the use of the insurer's own tariff rates that have been approved by the FOPH, use of prescribed claims and medical forms, submission of statistical data to Lloyd's Swiss office and compliance with strict data protection rules.

Managing agents are advised that a syndicate will not be permitted by Lloyd's to write UVG insurance unless it demonstrates that it meets the following criteria in advance of writing the business:

- It has a specific business plan for Swiss UVG insurance that has been approved by the Syndicate Underwriting Performance team.
- A "tariff" (premium rating structure) that is specific to the syndicate's proposed UVG portfolio has been calculated by a qualified actuary who is an expert in UVG business.
- The premium rating structure has been submitted by Lloyd's to the FOPH and has been approved by the latter.
- The policy wording and other documentation meets all the requirements of the FOPH.
- It has dedicated and appropriately experienced UVG claims staff.
- It has signed an agreement with Lloyd's and Lloyd's UVG Claims Office for the management by the latter of long-term claims.
- It will undertake periodic analysis and calculation of technical reserves for the syndicate's UVG business by a qualified actuary who is an expert in UVG business. Such estimates will be subject to the review and approval of Lloyd's own external actuarial consultant.
- It has appropriate IT systems and IT support staff to ensure the timely and accurate production of all UVG data e.g. annual report and accounts, risk statistics, accident prevention contributions.
- It will adhere to Lloyd's Switzerland's data requirements and instructions, in the same manner as for all classes of Swiss business.
- It intends to write the business through a coverholder or service company in Switzerland.

Note that a syndicate may be required to reimburse Lloyd's for the full costs of Lloyd's Switzerland's staff time in relation to the regulatory compliance of UVG business, as necessary.

**Action required**

If a syndicate has expressed an interest in writing Swiss UVG business in its 2017 business plan, it should notify its usual contact person in the Syndicate Underwriting Performance team in the Performance Management Directorate by **Wednesday, 26 October 2016**.

If no expressions of interest are identified by this date, Lloyd's will proceed with surrendering its licence to write UVG insurance and a further market bulletin will be issued. In this circumstance, Lloyd's underwriters will still be authorised to underwrite Class B1 Accident business that is not UVG insurance.

### **Further information**

If you have any queries about this market bulletin please contact:

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