

Aon Consulting launches first BVG iPhone App

To celebrate the 25th anniversary of the BVG, the Swiss HR and personal pensions community is getting a present from Aon Consulting – a BVG iPhone app.

The first BVG iPhone app is a real bonus for all professionals and interested parties who need quick and precise access to social insurance and occupational pensions statistics.

The Aon app – free of charge – contains over 20 statistics for each year. All figures from 1985 to 2010 are accessible with just a couple of keystrokes. The app is available in four languages. Annual updates ensure that the data remains current – right through the next 25 years.

The BVG app is available right now from

www.aon.ch

or in the App Store:

<http://itunes.apple.com/ch/app/masszahlen/id373564089?mt=8>



Dear customers
and business partners

This issue is mainly devoted to innovation and growth.

Aon Consulting is launching the first BVG iPhone App

To celebrate the 25th anniversary of the BVG, Aon Consulting is offering the HR and pensions community a free iPhone app with occupational pensions statistics.

New additional personal insurance services – modular and designed to meet every need

What your business and your employees need usually goes well beyond what most personal insurance can provide. Aon Risk Services has devised a system of modules to meet these needs. Page 2.

Aon strengthens its position on the Swiss market

Having restructured our Geneva branch, we are continuing to pursue our growth strategy, as seen in the opening of a branch in Lugano and the acquisition of the noted industrial insurance brokers Seidemann & Zantedeschi. Page 3.

What we're aiming for is constant further development – from which your business will benefit. Go on – challenge us!

Yours

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Basic seminar for trustees of pension funds, Berne, 2 November 2010

Complex issues and difficult conditions call for well-trained trustees. In a one-day seminar, Aon Consulting provides you with the information you need.

Contact: tristan.imhof@aon.ch

Aon BVG-Info 2010 Berne, Stade de Suisse, 31 August 2010

Experts describe and explain current occupational pensions issues from every angle.

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At your service

Supplementary insurance makes immediate help possible

Sitting at home with both arms in casts after a spell in hospital? Unable to cope with day-to-day tasks without help from someone else? That's where we can help, thanks to our modular-design supplementary insurance on top of the personal insurance that you, the employer provide. With it, we offer fast and effective solutions. In a case like this, we promptly organise domestic help to sort out the washing and see to the garden. If an employee faces the prospect of not being able to attend an important business meeting one afternoon because of a child suddenly being taken ill that morning, care for the child will be organised within two hours. We offer expert advice if your doctor prescribes the wrong treatment. If you are involved in an accident and liability has yet to be determined, we can organise your representation in court. When major interpersonal issues interfere with your concentration, an expert will get on the phone and seek out the best way to resolve the conflict at any hour of day or night. Your employees can also get immediate help if they fall victim to theft; as well as compensating financially for the loss of baggage and its contents, we sort out the documentation

they need and get it straight to them. These are just a few examples of "life-saving" assistance that can be covered by supplementary insurance.

Modular design

You, the company, choose the module you prefer for your workforce. All those covered by it are then issued with a card with the number of an Aon hotline. Your employees can then contact us at any time and receive fast, anonymous and professional help. Our strong position in the market enables us to make these services available to you at special premium rates. Even if you change insurer, these services will safeguard your company's independence.

Qualities that offer added value

Your staff benefit from increased appreciation and professional services. For detailed information, with no obligation, please contact:

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Survey to check claims quality

We are now beginning a systematic quality review of the services we provide for you in connection with accident and sickness daily allowance insurance. For us, perfect service and your complete satisfaction come first.



How good was the help you got from insurers when making a claim?

Your feedback enables us to identify our shortcomings and build on our strengths. There's a questionnaire for you to complete on www.aon.ch (click on "Customer Feedback for Claims Quality Assessment" in Publications). Completing it will take no more than five minutes of your valuable time.

Of course, it's simpler and more efficient to report a complaint straight away, at a time when all the details required are still accessible. That way, we can promptly discuss your case with the insurer, work out solutions to your

problem, and then discuss these with you.

We value every contribution to enhanced claims management quality and thank you warmly in anticipation.

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Interesting place for equalisation reserves – Liechtenstein, an attractive domicile for captives

When choosing their captive base, businesses consider a number of factors. The opportunity to build up equalisation reserves against fluctuations is one of the most important.

Equalisation reserves

Liechtenstein's Insurance Supervision Ordinance (VersAV) describes them as "compensating for an underwriting loss or above-average loss ratio occurring in a given financial year". They exist to make it possible to build up reserves against potential major claims in the future, and a captive can compensate for wide fluctuations in its financial results.

The newly enacted Insurance Supervision Law (VersAG) in Liechtenstein and the associated Insurance Supervision Ordinance (VersAV) require, with effect from 1 January 2010, a captive (direct insurance and reinsurance) to build up at least a minimum equalisation reserve. There is also a high upper limit – calculated on the basis of a formula – that must not be exceeded.

This – in simplified form – is how the calculation is performed:

1. Minimum equalisation reserve = 30% of the maximum equalisation reserve.
2. Maximum equalisation reserve = average over 5 years of net premiums for own account x multiplier.
3. Multiplier = between 2.5 and 17.5, calculated actuarially; may be recalculated each year.

The whole of the year's result is allocated to the equalisation reserve until such time as the minimum is reached. Once the minimum for the equalisation reserve is exceeded, only part of the year's results may be allocated to the reserve. The surplus is thus taxed in the ordinary way (from 2011 onwards: income tax at 12.5% rather than 0% – capital tax abolished; 3% of equity capital can be deducted from the taxable income).

Liechtenstein – an attractive domicile for captives

The implementation of the new insurance supervision law and ordinance from 1 January 2010 onwards makes Liechtenstein a very attractive domicile for captives. Not only can for all insurance LOBs equalisation reserves be built, but by means of the freedom of services insurance risks can be underwritten anywhere in the European Economic Area (EEA) and in Switzerland with a single (Liechtenstein-issued) insurance licence.

The legislation in other sought-after captive bases varies widely. At one end of the continuum, the formation of such reserves is prohibited by the respective local accounting standards except for certain insurance sectors such as, for example, credit insurance or mortgage indemnity guarantee, while at the other end, there is no limit to the creation of equalisation reserves, as is the practice in Switzerland.

A model calculation and the precise calculation formulas for equalisation reserves can be supplied by Aon Insurance Managers (Liechtenstein) AG on request. Our office in Vaduz will be happy to provide further information about the formation and management of captives.

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Aon strengthens its position on the Swiss market

The Aon Group takes Seidemann & Zantedeschi Versicherungen AG under its roof

Aon Group has become the successor to Seidemann & Zantedeschi Versicherungen AG in Wettingen, acquiring the company with retrospective effect from 1 January 2010. The industrial insurance brokers have made a name for themselves with a distinguished client base composed exclusively of companies that lead the world in their field and are, strategically speaking, the perfect addition to Aon's client portfolio.

The Seidemann & Zantedeschi brand is being maintained and the business is moving to Zurich, where Aon is based.

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On 1 April 2010, Aon (Svizzera) SA opened its offices in Lugano at Via S. Balestra 33

The commitment of Aon (Schweiz) AG to Ticino as a major Swiss economic location has been demonstrated by the fact that its subsidiary Aon (Svizzera) SA was founded on 1 April 2010 – strategically speaking, at just the right place and just the right time.

Managed by Luca Sassella and Franco Moncagatta, five Aon staff offer a comprehensive range of services associated with risk management and life and non-life insurance broking.

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Kidnapping – a crime with a long history takes on a new threatening form

The risk of abduction and ransom demands is on the rise. The list of “high-risk” countries is constantly changing. Today’s kidnapers are terrorist organisations or criminal gangs, motivated by political grievances or the desire for financial gain. In many countries, the public profile and financial clout of workers for international organisations put them in the kidnapers’ sights. The Kidnap & Ransom insurance market is a growing one. What was once a speciality of the London market is now increasingly on offer from insurers on the European continent.



Kidnappings and ransom demands feature in news reports almost every day. The most recent acts of piracy in the Gulf of Aden – where there has been a significant increase in the number of crew members kidnapped and in ransoms demanded – and the adroitly publicised abductions around the world lead to the inevitable conclusion that we are dealing here with what can only be described as a growth industry. It is one that presents a risk that businesses cannot afford to ignore.

Problem areas around the world

According to Control Risks’ business risk specialists, Venezuela, in 2009, topped the list of countries with the highest risk of abduction, followed by Nigeria, Mexico and Pakistan. As in previous years, the most abductions occurred in Latin America (with almost 37% of all cases) although the figure had fallen slightly since 2008. Abductions are on the rise in Africa (which currently accounts for 20% of the world’s total) with the steepest rise in 2009 (to 36% of all instances) occurring in Asia.

There is a markedly lower risk of abduction in the US and in Europe. According to Control Risks, only 1% of all 2009

cases occurred in Europe. Even so, companies must not take it for granted that the risk does not exist, simply because their staff do not travel to areas known to be problematic. Last year, for example, the case of a Greek shipowner who was abducted in Athens hit the headlines. Having been seized in January 2009, he regained his freedom only after an estimated EUR 15–20 million was handed over.

However, similar offences such as extortion are frequent occurrences in Europe, with financial institutions, food and drink manufacturers, pharmaceuticals companies and retail businesses being particularly hit¹. A brand suffers serious damage if it becomes a target for extortion and the media get to hear about it.

A sitting target

What drives the rapid spread of kidnappings? Increasing globalisation puts multinational companies at greater risk as their employees are ever more frequently required to travel to regions where it is a problem, such as Latin

America or Africa. Foreign business people are quickly spotted by kidnapers in search of a victim for whom a high ransom can be demanded. The economic downturn has also been cited as a cause on the grounds that it makes desperate people more likely to turn to crime in order to get their hands on money.

What steps can businesses take, then, to protect their employees?

Security begins at home

The first step in any good risk management strategy is to prevent anyone from being abducted in the first place. Every company has to take certain precautions to reduce the risk, irrespective of whether it operates in potentially dangerous places or sends staff to work in them, and even if it mainly does business in the world’s less trouble-torn countries.

These include:

- Taking appropriate security precautions
- Varying the routes of journeys
- Advising employees to take responsibility for their own security outside usual working hours.

Take out insurance

Even if every precaution is taken, abduction can never be ruled out as a possibility, and that is precisely the point of taking out insurance against abduction and the demanding of a ransom. This type of insurance, which has been available for quite some time, offers comprehensive policies covering not only financial help to compensate for the payment of ransoms but also the services of crisis management advisors.

¹ According to Control Risks’ figures and Hiscox’s own experience of claims.



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What risks are covered by a Kidnap & Ransom policy?

- Abduction of persons
- Extortion, including threats to kill or abduct persons or damage property
- Illegal seizure of property
- The taking of vehicles (hijacking).

The best policies provide not only cover in the event of kidnap, but also protection in cases of, for example, extortion, illegal seizure of property, or the hijacking of aircraft, buses or ships. Last year, in France, managers were held hostage by their enraged workforce. A comprehensive policy makes it possible to resolve such an event efficiently and to the policyholder's benefit by making payments. Even if no ransom is demanded, specialist advice is needed if such a situation is to be successfully resolved, and this is something that a good policy will cover.

Abduction cover

One of the benefits offered by Hiscox with particular regard to the risk of kidnap is participation in the costs and exclusive access to the services of specialist advisors from Control Risks. Once an abduction is reported, they and their highly skilled teams – which stand ready for immediate deployment around the world – take over the handling of the situation. Needless to say, their top priority is the safe return of an abducted

employee and his or her family. However, the client also has access to other services, among them care for the victim's family and the management of contact with the media, government offices and the criminal justice authorities. While the payment of a ransom is an important part of a kidnap situation, it is but one single element in all-round cover.

Look for a good track record

Kidnap & Ransom cover is offered for short-term travel and on an annual or multiannual basis. What you have to look out for in particular is that the underwriting team concerned has a consistent track record in kidnap cases. They also need to have in-depth knowledge of the relevant claim and risk trends. The rapid settlement of claims is, of course, important whatever the policy, but nowhere is it as crucial to the insurer's credibility as in the case of kidnap insurance. It is for that reason that sufficient weight can never be placed on this aspect when selecting an insurance provider.

Aon can give you practical help with concluding insurance of this kind and with putting risk management measures in place.

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We work with Hiscox, one of the specialist providers of Kidnap & Ransom insurance.

Guillaume Bonnissent, Special Risk Underwriter at Hiscox, explains why insurance against kidnapping and the demanding of ransoms should be a core component in every multinational company's risk strategy.