



Description of Sympany's model for surpluses in basic insurance

Health insurance premiums are calculated a long time in advance and are submitted to the Federal Office of Public Health (FOPI) at the end of July for its approval. The FOPI is required to check that premiums cover costs in every case, and that all estimates and projections have been arrived at with the required actuarial prudence. However much care has been taken with the calculations and estimates, it invariably happens that some of the costs of medical benefits turn out to be less in any given year than originally predicted, and so surpluses are generated.

It is for this reason that Sympany has started returning surpluses in basic KVG insurance to the insureds themselves. These are distributed to the insureds in question in the spring of the year following that in which they were generated.

How does the surplus participation scheme work?

In the premium regions and cantons in which the profit and loss account shows a surplus, all insureds share in it unless there are well-founded grounds for them not doing so. Over the coming years, surpluses will be distributed provided that the company's economic position – that is to say, its profits and reserves – permit it.

Sympany was able to pay out surpluses that had arisen in basic insurance for the 2013 financial year in the premium regions of Berne 1 (the districts of Berne and Biel), Zurich 1 (the city of Zurich) and in the canton of Solothurn. The amounts ranged from CHF 50 in the premium region Zurich 1 to CHF 150 in the premium region Berne 1 and the canton of Solothurn. The insureds entitled to these payments are currently being informed.

What are the Sympany model's advantages?

What makes Sympany's system of surplus sharing special is that surpluses are distributed generally, rather than individually, within the premium regions in which they are generated. By so doing, Sympany complies with the core principles of the Swiss Health Insurance Act, in particular with the principles of mutuality and equal treatment.

The decision on a participation in surpluses is taken during the annual closing process for the financial year in which the surplus was generated. A provision (the surplus fund) is created for this purpose, and distribution takes place around the same time as our results for the year are announced. By recording this in the profit and loss account on an accrual basis, the financial year can be closed with no need for any retrospective adjustment of premiums and hence an out-of-period debit to a subsequent year. There is therefore no risk of legal uncertainty, the disadvantage of the "premium reimbursement" under the Health Insurance Supervisory Act (KVAG), which is currently the subject of political debate.

KVG summary

By way of summary, Sympany's sharing of surpluses can be seen to be based on current legislation and to meet all the requirements of the KVG. The Sympany model guarantees the health insurer's solvency, facilitates payment and booking on an accrual basis, prevents the inappropriate accumulation of cantonal reserves, and its operation presents no practical difficulties.

Sympany surplus model for supplementary insurance too

Sympany also has a surplus model for supplementary insurance under the VVG (Media release of 1 October 2013). This spring will see the first distribution of surpluses from model, based on the same principles.