

# Insurance

## New international competence center in Zurich

**Within a short period of time, Ernst & Young, formerly a minor player in advising insurance companies in Switzerland, has evolved as a market leader. One reflection of this strength is in the establishment of Ernst & Young's second international Insurance Competence Center in Zurich, the other being in New York.**

Ernst & Young's focus on sectors has given it a competitive advantage. It is generally the team's specialization that decides the contest, particularly in the insurance sector, where Ernst & Young has created specialized departments to service the various market segments: life, non-life, reinsurance, health insurance, pensions and AHV/AVS funds. This organizational structure reflects the increasing complexity of the insurance industry where every segment has its own trends and a different set of ground rules.

For many years, Ernst & Young was only a minor player in the Swiss insurance sector, but, in 2004, the senior management boldly decided that they wanted to prepare the company to operate in the top league in this industry, as was already the case in the banking sector. A precondition to achieve this goal would call for multidisciplinary services of the highest possible standard in actuarial mathematics, risk management, accounting, IT and taxation and extraordinary dedication to recruitment, acquisition and product development. Ernst & Young succeeded in recruiting highly-skilled experts from the sector - risk managers as well as actuaries who belong to the top advisors in this sector. "It was our expertise, the quality of our solutions, and our commitment that appealed to the insurers; the insurance business is about people rather than brands," explains Marcel Stalder, Head of Insurance Practice at Ernst & Young Switzerland and the International Insurance Center in Zurich. Ernst & Young Switzerland is now among the market leaders in advising insurance companies. The plan is to take the same ambitious approach to building up the auditing of insurance companies over the coming years.

Ernst & Young's success is due not least to the innovative products that it developed for its insurance clients, one example being the integrated risk management concept (risk convergence). Companies often face the issue that various departments are separately responsible for addressing governance, risk management and risk control. With limited interfaces between these departments, they often lack standard terminologies, rating scales or risk lists, and as a result end up defining, evaluating, categorizing, and reporting risks and scenarios in different ways. The outcome is that decision-makers are no longer able to gain an overview of the risk profile as a whole. The integrated risk management and control system developed by Ernst & Young

Insurance effectively addresses this problem by enabling them to harmonize the governance elements and cross validate the organization, processes, systems, and data structure. As Marcel Stalder puts it, "Our undisputed position as market leader in risk convergence is down to this product."

### **INSURANCE: NUMBER OF FULL-TIME EMPLOYEES**



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Number of full-time employees 2005:	12
<b>Number of full-time employees 2008:</b>	<b>125</b>

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However, the next important trend in the insurance sector is already emerging: "Efficient Capital and Risk Management," which brings together capital management, risk management, and financial statement management. In practical terms, it has to do with the development of a system to help managers determine the best possible way of making the most efficient use of capital, while at the same time minimizing risk and optimizing financial results. Here too, Ernst & Young Insurance is pointing the way ahead by bringing the first practical solutions and products onto the market.

In the summer of 2008, Ernst & Young decided to set up the organization's second (after New York) International Insurance Center in Zurich: Most of the development of new products will be done in Zurich in the future. This competence center is tasked with acting as the sector hub for research, product development, go-to-market initiatives and account management, and it is here that sector-specific innovations will be put into practice in the shape of real strategies and products.

The Zurich center is going to be one of two international centers maintained by Ernst & Young in Switzerland, the other being the Global Pharmaceutical Center in Basel.