



## Switzerland

# Traditionally forward-thinking

Switzerland has long enjoyed a reputation as a leading international finance centre. With its own currency, political stability and independence from the European Union, it is a country not only at the heart of Europe geographically but also at the centre of the world financial stage.

With 16% of the national GDP generated by the financial services industry, over half of which originates from non-Swiss sources, finance is the largest single sector in the Swiss economy. It is a sector which the Swiss Government is keen to protect.

High regulatory standards, meeting international requirements linked to top-quality financial market infrastructure, are seen by the Swiss Government as prerequisites for financial market stability. Within this environment, Switzerland offers a broad array of cross-border financial services and does not differentiate between resident and non-resident clients.

### Stability

Switzerland benefits from political and economic stability, which has generated a favourable financial climate.

- Established in 1848, Switzerland's unique political system encourages consensus between political factions, leading to greater political harmony.
- Proportional representation ensures that a variety of opinions are heard in Parliament and no one political party has overall control over government.
- Direct democracy allows Swiss citizens the right to question government directly, creating an inclusive social environment.
- Switzerland has been awarded AAA ratings from both Standard & Poor's and Moody's, with a stable outlook for the future.
- The IMF concludes in its most recent five-yearly report on member states that Switzerland's financial stability is positive, with 'risk management, supervision and surveillance well placed and functioning'.
- Real interest rates have been lower in Switzerland than in neighbouring countries for decades.
- In 2001, the Swiss franc was the fifth most traded currency after the US dollar, the euro, the Japanese yen and sterling.
- Switzerland traditionally enjoys low taxation levels relative to other OECD countries and the Government is actively pursuing Double Taxation Agreements with EU member states to eliminate competitive disadvantage. Switzerland established a Double Taxation Agreement with the USA in 1996.
- Swiss life assurance companies follow internationally recognised accounting principles.

## Security

With early insurance regulation enshrined in the Federal Law of 1908 on insurance contracts and current banking regulation still governed by the 1934 Swiss Banking Act, the Swiss Government established a pro-active stance early to maintain Switzerland's reputation as a safe-haven for international finance.

The principles of confidentiality within the Swiss financial community are renowned. However, the prevention of fraud is paramount and confidentiality is governed by rules to prevent abuse.

Switzerland was ahead of many leading financial centres when its Money Laundering Act came into force in 1998. The standards adopted internationally to combat the threat of money laundering are largely based on the Swiss regulations.

Switzerland is a founding member of the Financial Action Task Force on money laundering (FATF) created by the G7 in July 1989. Switzerland took an active part in the formulation of the 40 FATF recommendations, which form the heart of international measures to counter money laundering.

Swiss international financial policy includes participation in the following committees:

- International Monetary Fund and the World Bank (Bretton Woods organisations)
- G-10
- Bank for International Settlements (BIS)

- International organisations for monitoring financial markets:
  - Basel Committee on Banking Supervision
  - International Association of Insurance Supervisors
  - International Organisation of Securities Commissions
  - Joint Forum on Financial Conglomerates
- Various committees of the Organisation for Economic Co-operation and Development
- Financial Action Task Force on Money Laundering
- World Trade Organisation/General Agreement of Trade in Services
- United Nations Organisation conventions and resolutions concerning the fight against terrorism and its funding
- United Nations Organisation conventions against corruption

It is in this secure and stable environment that Zurich International Life established its group risk business in the late 60's and has continued to benefit from Switzerland's forward thinking financial attitude ever since.

Zurich International Life is a business name of Zurich Life Insurance Company Limited which provides life insurance.

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