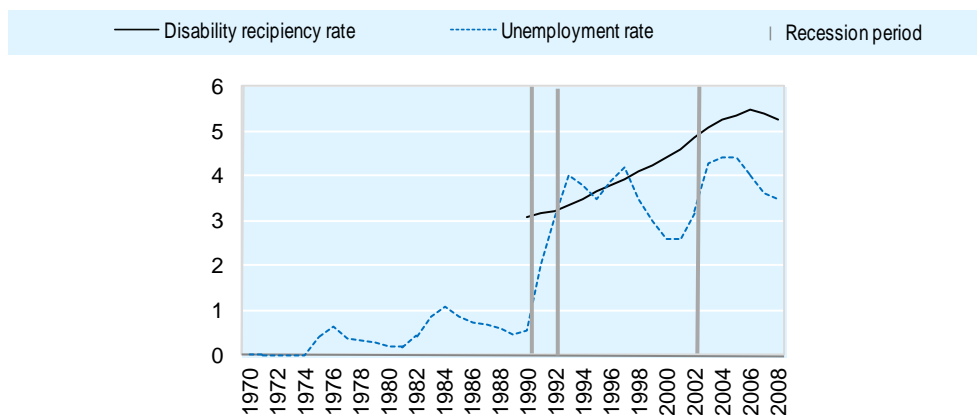


SWITZERLAND

KEY FINDINGS

- In Switzerland, the number of people receiving either unemployment or disability benefits was low up until 1990. After the crisis in the early 1990s, the sudden increase in unemployment translated very quickly into a fast increase in the number on disability benefits, which during the past decade has always exceeded the number of unemployed by far (Figure 1).

Figure 1. Long-run trends in unemployment and disability recipiency rates in Switzerland, 1970-2008 (percentages)



- Following the increase since 1990, the number of working-age people in Switzerland who receive disability benefit has reached the OECD average; in 2008, 5.3 % compared to 5.7% (Figure 2).
- Beneficiary numbers increased at all ages. However, disability benefits are used less among older people aged 50-64 than in other countries despite the lack of other early retirement instruments.
- Public spending on sickness and disability makes up 2.9% of Switzerland’s total GDP, compared to an OECD average of 1.9%.
- The employment rate for people with chronic health problems or disability at the end of 2007 was higher in Switzerland than for the OECD average, at 55% compared to 44%, and poverty rates accordingly much lower, at 14% compared to 22% (Figure 3).
- The unemployment rate for people with chronic health problems or disability was lower than that of the OECD average, at 8.4% compared to 13.7%. But it was three times the Swiss unemployment rate for people without health problems.

POLICY CHALLENGES

1. **Strengthen the involvement of employers.** Recently introduced experienced-rated premiums to sickness benefit insurance as well as occupational disability benefits should be matched by stronger obligations and better support for employers.
 - Employers should be required to play a part in the preparation of a reintegration strategy for their workers with longer-term absences.
 - For this, employers should have access to better support from medical and vocational specialists.

2. **Widen focus on and accessibility of vocational measures.** The aim should be to move the system from a “rehabilitation before benefits” approach to one of “rehabilitation instead of benefits”.
 - Broaden eligibility criteria for vocational measures by moving to a needs-based system, rather than assessing the legal basis of entitlement.
 - Make more use of vocational measures as a way of raising the outflow from disability benefits.
3. **Further improve inter-institutional cooperation between all relevant institutions and systems.** Such cooperation is important to avoid people being pushed around across systems so to prevent longer-term labour market exit. Cooperation needs to involve private sickness benefit insurers to ensure early intervention and a fast flow of information to public agencies early on. Strengthening the legal underpinning of ongoing and largely voluntary cooperation efforts might also be required.

Figure 2. **Disability benefit reciprocity rates in 2008, Switzerland in comparison with 30 other OECD countries, plus OECD average (percentages)**

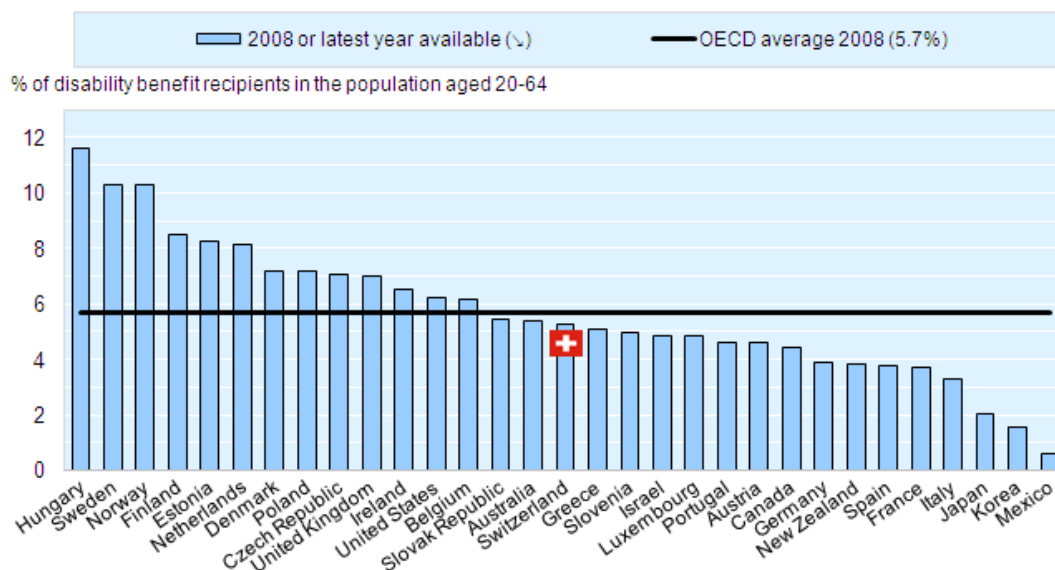


Figure 3. **Selected key labour market indicators by disability status, around 2007 i.e. before the recent economic downturn, Switzerland and OECD averages (percentages)**

