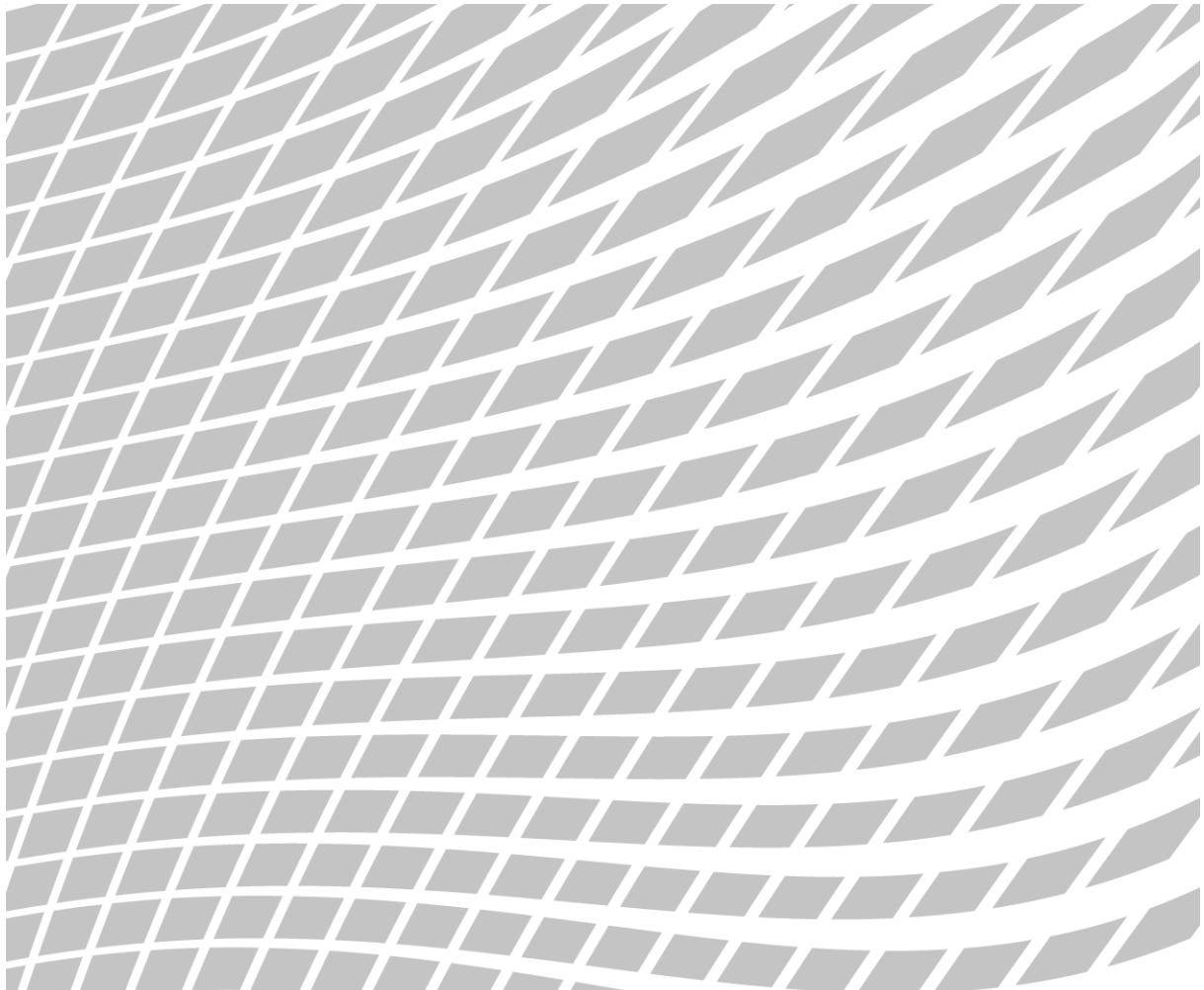


29 July 2011

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## Insurance market report 2010

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This report provides readers with an overview of the Swiss insurance market in 2010. The report is divided into four parts. The first part contains information about the market as a whole. Parts 2, 3 and 4 provide detailed information on the life, non-life and reinsurance sectors.

## 1 Market overview

### 1.1 Number of institutions by sector

	Insurance companies domiciled in Switzerland	Branches of foreign insurance companies	Total
At the end of 2010 (at the end of 2009)			
Life insurance companies	21 (21)	4 (4)	25 (25)
Non-life insurance companies	79 (79)	47 (46)	126 (125)
Reinsurance companies	27 (26)	– (–)	27 (26)
Reinsurance captives	35 (42)	– (–)	35 (42)
<b>Total number of insurance companies under supervision</b>	<b>162 (168)</b>	<b>51 (50)</b>	<b>213 (218)</b>

Not included in the above table are health insurance funds (of which there were 35 on 31 December 2010), which are supervised primarily by the Swiss Federal Office of Public Health (FOPH), but are also subject to FINMA supervision for their ICA (Insurance Contract Act) business (supplementary health insurance). In addition, eight insurance groups (not included in the above table) are subject to group supervision by FINMA.

Overview of the changes in the number of insurance companies supervised for the year 2010:

Type of insurance company	No. of insurers on 01.01.10	Newly approved (+)	Removed (-)	No. of insurers on 31.12.10
<i>Switzerland</i>				
Life	21			21
Non-life	79	+ Jardin Suisse 26.3.2010 + Mutuel Assurances 29.9.2010 – Mondial Assistance 9.2.2010 a) – Unifun 11.10.2010		79
Re	26	+ Amlin 6.10.2010 + Catlin 7.12.2010 – Konfiansa Re 31.5.2010		27
Captives	42	+ SRV 23.6.2010 – Club Tourism 15.2.2010 – Het Platteland 31.5.2010 – NCC Re 7.7.2010 – Leon Re 16.7.2010 – Aggregate Re 2.8.2010 – Assa Abloy 25.10.2010 8.11.2010 23.12.2010 – World Color Re – Gulliver		35
<i>Life branches</i>				
<i>European Union</i>				
UK	1			1
France	2			2
Luxembourg	1			1
<i>Non-life branches</i>				
<i>European Union</i>				
Belgium	2			2
UK	16	+ Aspen UK 28.10.2010		17
Germany	7	+ Wertgarantie 25.6.2010 – Delvag 12.5.2010		7
France	6			6
Ireland	3			3
Luxembourg	1			1
Netherlands	1			1
Austria	1			1
Sweden	2			2
Spain	2			1
<i>European Economic Area</i>				
Norway	1			1
<i>Commonwealth and Overseas</i>				
Guernsey	2			2
Gibraltar	-	+ Lighthouse 26.11.2010		1
Bermudas	1			1
USA	1			1
<i>Total number of insurance companies</i>	<i>218</i>			<i>213</i>

a) Mondial Assistance entered the market on 18 December 2009 as a branch of a French parent company

## 1.2 Overview of balance sheets and income statements for the market as a whole

The figures given below are for all individual insurance companies engaged in life insurance, non-life insurance and reinsurance. The figures were prepared on a statutory basis. Consequently, changes in the values of assets and liabilities generally do not correspond to market value adjustments. Most asset classes are shown at historic cost. For example, equities are shown at their lowest historical values, based on the lower of cost or market principle. Bonds are shown at amortised cost, which means the carrying values are not sensitive to interest rates. On the liabilities side, instead of being discounted based on using the prevailing market yield curve, the provisions of life insurance companies are calculated using the technical interest rate, and those of non-life insurance companies are undiscounted.

The aggregated information on balance sheets and income statements, the Swiss Solvency Test (SST) and Solvency I contain only figures for insurance companies that are subject to supervision by FINMA as institutions and are not part of a group. The information on tied assets and premiums also includes the figures of Swiss branches of foreign insurance companies and of the supplementary health insurance activities of health insurance funds. Both categories are supervised by FINMA.

<b>Market as a whole</b>	<b>2009</b>	<b>2010</b>
<i>Figures in CHF 1000's</i>		
<b>Balance sheet total</b>	<b>576'210'970</b>	<b>578'949'873</b>
<b>Assets</b>		
<b>Investments <sup>1</sup></b>		
Real estate, buildings under construction and building land	8%	8%
Participations	12%	13%
Fixed-income securities	52%	50%
Loans and debt register claims	4%	4%
Mortgages	6%	6%
Equities and similar investments	2%	2%
Collective investments	5%	6%
Alternative investments	2%	2%
Net derivatives position <sup>2</sup>	0%	1%
Time deposits and other money markets investments	2%	3%
Policy loans	0%	0%
Other investments	2%	2%
Liquid assets	5%	3%
<b>Total investments for own account</b>	<b>458'295'850</b>	<b>469'268'463</b>
Investments from unit-linked life insurance	16'051'937	16'014'247
<b>Total investments</b>	<b>474'347'787</b>	<b>485'282'709</b>
Receivables from insurance activities	48'011'346	43'733'767
Receivables from investment activities	895'177	1'845'408
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	36'358'792	33'270'161
Accruals	9'864'025	9'465'270
<b>Liabilities and equity</b>		
<b>Equity (before profit allocation)</b>	<b>66'094'859</b>	<b>71'504'599</b>
<b>Hybrid capital</b>	<b>23'554'834</b>	<b>21'918'377</b>
<b>Financial debt</b>	<b>18'639'777</b>	<b>15'878'557</b>
<b>Insurance technical liabilities</b>	<b>411'936'841</b>	<b>405'094'223</b>
Liabilities from insurance activities	19'311'756	19'589'091
Liabilities from investment activities <sup>3</sup>	1'013'902	1'360'494
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	21'091'598	30'539'845
Accruals	7'833'561	7'712'131

<sup>1</sup> Percentages are based on total investments for own account

<sup>2</sup> Contains credits and liabilities from derivative financial instruments

<sup>3</sup> Liabilities from derivative financial instruments excluded

<b>Market as a whole</b>	<b>2009</b>	<b>2010</b>
<i>Figures in CHF 1000's</i>		
<b>Annual profit</b>	<b>7'809'982</b>	<b>9'269'355</b>
<b>Premiums <sup>4</sup></b>		
<b>Booked gross premiums</b>	<b>114'359'460</b>	<b>111'587'629</b>
<i>Reinsurers' part</i>	<i>11'202'717</i>	<i>10'864'529</i>
<b>Net return from investments</b>		
Direct earnings from investments	17'285'919	18'472'533
Realised gains/losses	691'443	4'747'596
Write-ups/write-downs on investments	-2'811'955	-5'730'059
Expenses for the administration of investments	1'042'038	1'129'922
<b>Total gains/losses from investments</b>	<b>14'123'369</b>	<b>16'360'148</b>
<b>Return on investments <sup>5</sup></b>	<b>3.08%</b>	<b>3.53%</b>
<b>SST <sup>6</sup></b>		
Target capital	78'469'500	78'947'012
Risk-bearing capital	166'018'700	162'138'475
<b>Solvency ratio</b>	<b>212%</b>	<b>205%</b>
<b>Solvency I</b>		
Total required solvency margin	25'012'649	24'915'793
Total available solvency margin	81'342'385	89'569'462
<b>Solvency ratio</b>	<b>325%</b>	<b>359%</b>
<b>Tied assets <sup>4</sup></b>		
Total required value	274'135'467	287'308'944
Total cover values	298'903'708	308'360'803
<b>Coverage ratio</b>	<b>109%</b>	<b>107%</b>

<sup>4</sup> Including foreign branches in Switzerland and health insurance funds

<sup>5</sup> Based on average investments held for own account

<sup>6</sup> Information provided by insurance companies. Corrections made by FINMA not included.

## 1.3 Investments

### 1.3.1 Total assets invested

The capital allocation shown in the tables represents the total investments of insurance companies subject to supervision by FINMA as institutions. Any holdings in foreign subsidiaries are included in the parent company's structures. The investments of Swiss branches of foreign insurance companies and of health insurance funds for supplementary health insurance are not included.

	31.12.2009	31.12.2010
Return on investments for the whole market	3.08%	3.53%
Return on investments for life	3.22%	3.02%
Return on investments for non-life	3.90%	5.48%
Return on investments for reinsurance	1.18%	2.05%

The capital allocation remained almost unchanged since the previous year in both life and non-life insurance. The weighting in fixed-income investments remained high in both sectors. The life insurers held 59% of their investments in fixed-income securities (unchanged from the previous year), while the non-life insurers held 40% (down two percentage points since the previous year). The life insurers also continued to hold large positions in real estate and mortgages, which accounted for a total of 21% of their investments. Reinsurers decreased the weighting of their investments held in fixed-income securities by 6 percentage points from the previous year to 36%. The percentage of insurers' investments held in equities remained low: 2% for the life insurers, 3% for the non-life insurers and 1% for the reinsurers. They reduced their positions in cash slightly compared to the previous year.

In 2010, life insurers achieved a return on investment of 3.02% on average capital held for their own account, compared to a slightly higher return of 3.22% the previous year. The non-life insurers achieved a considerably higher return on investment of 5.48% compared to 3.90% the previous year. The reduction in returns on investments (life insurers) is mainly due to the strong Swiss franc and the associated high accounting net losses on foreign currency investments. The increase in investment returns (non-life insurers) can be attributed in particular to direct income which increased significantly and realised gains (especially from participations). The reinsurers achieved a return on investment of 2.05% compared to a return of 1.18% in the previous year.



### 1.3.2 Investments in tied assets

The capital allocation in tied assets on 31 December 2009 and 31 December 2010 was as follows:

	Life 31.12.2009	Life 31.12.2010	Non-life 31.12.2009	Non-life 31.12.2010
Real estate, buildings under construction and building land	14%	14%	12%	11%
Participations	1%	1%	0%	0%
Fixed-income securities	61%	60%	59%	58%
Loans and debt register claims	4%	3%	2%	2%
Mortgages	9%	9%	6%	6%
Equities and similar invest-ments	2%	2%	4%	5%
Collective investments	1%	2%	5%	6%
Alternative investments	3%	2%	3%	2%
Net derivatives position	1%	3%	0%	1%
Time deposits and other money market investments	1%	2%	2%	2%
Receivables from reinsurance companies	0%	0%	3%	2%
Other investments	0%	1%	1%	0%
Liquid assets	3%	0%	4%	4%
<b>Total investments for own account</b>	<b>223'351'458</b>	<b>230'983'055</b>	<b>60'191'469'709</b>	<b>62'109'914</b>

The total tied assets of Swiss insurance companies amounted to CHF 293 billion at the end of 2010 (CHF 15.3 billion was accounted for by unit-linked life insurance investments). At the end of 2010, 88% (2009: 88%) of the investments of the life insurers aggregated across all insurance companies (84% of total assets; 2009: 84%) were in tied assets, whereas for the non-life insurers they accounted for 49% (2009: 46%) of investments (41% of total assets; 2009: 40%).

There are hardly any differences in the aggregated capital allocation compared with the previous year. The share of tied assets invested in the three most favoured asset classes of bonds, real estate and mortgages on 31 December 2010 was 83% for the life insurers and 75% for the non-life insurers.

## 2 Life insurance companies

Life insurers	2009	2010
<i>Figures in CHF 1000's</i>		
<b>Balance sheet total</b>	<b>281'706'115</b>	<b>291'264'654</b>
<b>Assets</b>		
<b>Investments<sup>1</sup></b>		
Real estate, buildings under construction and building land	11%	12%
Participations	2%	2%
Fixed-income securities	59%	59%
Loans and debt register claims	4%	4%
Mortgages	9%	9%
Equities and similar investments	2%	2%
Collective investments	4%	4%
Alternative investments	2%	2%
Net derivatives position <sup>2</sup>	0%	2%
Time deposits and other money markets investments	1%	2%
Policy loans	0%	0%
Other investments	0%	0%
Liquid assets	4%	2%
<b>Total investments for own account</b>	<b>254'706'622</b>	<b>263'667'878</b>
Investments from unit-linked life insurance	16'051'937	16'014'247
<b>Total investments</b>	<b>270'758'559</b>	<b>279'682'124</b>
Receivables from insurance activities	1'584'466	1'575'335
Receivables from investment activities	268'708	353'003
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	2'238'029	2'361'557
Accruals	6'326'922	6'312'970
<b>Liabilities and equity</b>		
<b>Equity (before profit allocation)</b>	<b>8'906'890</b>	<b>10'128'134</b>
<b>Hybrid capital</b>	<b>4'033'849</b>	<b>3'753'721</b>
<b>Financial debt</b>	<b>504'098</b>	<b>517'966</b>
<b>Insurance technical liabilities</b>	<b>253'640'806</b>	<b>256'033'706</b>
Liabilities from insurance activities	6'460'436	6'237'909
Liabilities from investment activities <sup>3</sup>	573'234	710'988
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	4'396'144	10'079'473
Accruals	2'661'226	2'823'092

<sup>1</sup> Percentages are based on total investments for own account

<sup>2</sup> Contains credits and liabilities from derivative financial instruments

<sup>3</sup> Liabilities from derivative financial instruments excluded

Life insurers	2009	2010
<i>Figures in CHF 1000's</i>		
<b>Annual profit</b>	<b>1'227'313</b>	<b>1'238'391</b>
<b>Premiums <sup>4</sup></b>		
<b>Booked gross premiums</b>	<b>32'179'753</b>	<b>32'650'848</b>
<i>Reinsurers' part</i>	267'184	278'221
<b>Net return from investments</b>		
Direct earnings from investments	9'515'266	9'286'068
Realised gains/losses	1'465'198	2'617'584
Write-ups/write-downs on investments	-2'221'861	-3'466'182
Expenses for the administration of investments	575'293	601'426
<b>Total gains/losses from investments</b>	<b>8'183'311</b>	<b>7'836'044</b>
<b>Return on investments <sup>5</sup></b>	<b>3.22%</b>	<b>3.02%</b>
<b>SST <sup>6</sup></b>		
Target capital	25'575'200	24'558'340
Risk-bearing capital	30'032'800	35'523'842
<b>Solvency ratio</b>	<b>117%</b>	<b>145%</b>
<b>Solvency I</b>		
Total required solvency margin	10'363'547	10'522'068
Total available solvency margin	23'023'796	25'815'425
<b>Solvency ratio</b>	<b>222%</b>	<b>245%</b>
<b>Tied assets <sup>4</sup></b>		
Total required value	226'101'978	238'421'813
Total cover values	238'712'239	246'250'889
<b>Coverage ratio</b>	<b>106%</b>	<b>103%</b>

<sup>4</sup> Including foreign branches in Switzerland

<sup>5</sup> Based on average investments held for own account

<sup>6</sup> Information provided by insurance companies. Corrections made by FINMA not included.

<sup>7</sup> Available solvency margin includes eligible hidden reserves of CHF 6'868'803 (2009) and 7'956'097 (2010) and hybrid capital of 2'060'234 (2009) and 2'363'994 (2010)

## 2.1 Premium trends

<b>Gross premiums booked</b> Values in CHF 1'000's	<b>2009</b>	<b>2010</b>	<b>Percentage share 2010</b>	<b>Change in % since previous year</b>
Group life occupational pension schemes	19'747'845	20'745'267	63.5%	5.1%
Classical individual capital insurance	4'911'263	4'576'666	14.0%	-6.8%
Classical individual annuity insurance	1'253'764	870'861	2.7%	-30.5%
Unit-linked life insurance	2'729'504	1'754'220	5.4%	-35.7%
Life insurance linked to internal investment	67'179	1'296'444	4.0%	-
Capitalisation and tontines	277'982	389'102	1.2%	40.0%
Other life insurance segments	432'588	496'370	1.5%	14.7%
Individual life insurance not proratable on the branches	0	0	0.0%	-
Health and casualty insurance	8'912	8'059	0.0%	-9.6%
Foreign branches	2'484'966	2'214'738	6.8%	-10.9%
Reinsurance accepted	265'753	299'121	0.9%	12.6%
<b>Total</b>	<b>32'179'753</b>	<b>32'650'848</b>	<b>100.0%</b>	<b>1.5%</b>

Overall, the life insurers recorded a substantial growth of 471 million francs (up 1.5 per cent) in their premium income. The mainstay of growth was the group life occupational pension schemes with premium volume increasing by 997 million francs (up 5.1 per cent) while that of 3a and 3b retirement savings fell by 289 million francs (down by 3.0 per cent).

The 63.5% share of the total premium volume (previous year 61.4%) accounted for by group occupational pension premiums underscores the importance of this second pillar of the social insurance system to Swiss life insurers. They are thus operating in a highly regulated and politically sensitive area of social insurance.

The distribution of classical life insurance (3a and 3b retirement savings) with guaranteed payment on maturity and surrender values has been considerably restricted by the further reduction in interest rates. Life insurers seek to counteract this development by offering innovative savings products. This trend is visible by the marked increase in the sale of life insurance linked to internal investment positions. This segment includes savings products which provide a flexible mix of guaranteed benefits and options and are tailored individually to the policy holders' needs.

The decline in the distribution of life insurance products in branches abroad is in line with the long-term trend. Swiss private insurance continues to transfer its foreign business to subsidiaries that have more flexibility and can react independently to the local market conditions.

## 2.2 Market shares in direct Swiss business

Insurer	2009		2010	
	Market share	Cumulative Market share	Market share	Cumulative Market share
AXA Leben	26.2%	26.2%	26.7%	26.7%
Swiss Life	25.8%	52.0%	24.9%	51.7%
Helvetia Leben	9.2%	61.2%	9.4%	61.1%
Basler Leben	9.0%	70.2%	9.4%	70.4%
Allianz Suisse Leben	6.8%	77.0%	6.9%	77.3%
Zürich Leben	6.4%	83.4%	5.7%	83.0%

In direct Swiss business, the seven market leaders grew proportionally compared with the market as a whole. The other 19 smaller life insurers shared the remaining value of 17%. According to the Herfindahl Index, the market concentration has remained constant at 16.4%.

## 2.3 Mathematical provisions

Gross mathematical provisions Values in CHF 1'000's	2009	2010	Share in 2010	Change in % since previous year
Group life occupational pension schemes	114'513'210	119'753'782	51.4%	4.6%
Classical individual capital insurance	53'055'508	52'213'590	22.4%	-1.6%
Classical individual annuity insurance	20'451'879	20'049'256	8.6%	-2.0%
Unit-linked life insurance	14'233'796	14'052'130	6.0%	-1.3%
Life insurance linked to internal investment positions	2'700'793	3'780'841	1.6%	40.0%
Capitalisation and tontines	294'343	650'558	0.3%	121.0%
Other insurance segments	4'076'635	3'955'779	1.7%	-3.0%
Foreign branches	20'337'443	17'768'028	7.6%	-12.6%
Reinsurance accepted	757'211	784'869	0.3%	3.7%
<b>Total</b>	<b>230'420'819</b>	<b>233'008'834</b>	<b>100.0%</b>	<b>1.1%</b>

Mathematical provisions are an evaluation of the insurance obligation calculated per insured person based on prudential accounting principles. It has to be shown in the balance sheet and for the purpose of setting tied assets as the principle component of technical liabilities (2010: CHF 258.8 billion).

The total mathematical provisions of all insurance segments covered show moderate growth of 1.1% for 2010.

The fall in mathematical provisions of around CHF 1.4 billion in traditional individual insurance (mainly asset, pension and disability insurance) can be attributed largely to the run-off of older business. As long as the interest rate continues to remain at a low level, the allocation of new assets and the ensuing growth in mathematical provisions remain modest for traditional individual insurance.

Although the mathematical provisions of unit-linked life insurance went down by almost 200 million in 2010, the stock for the individual life insurers has developed quite differently.

## 2.4 Underwriting result

Life insurance, income statement for 2010 <i>(including Swiss branches of foreign insurance compa- nies)</i>	All busi- ness	Swiss busi- ness				Foreign business	
	A	B	Occupa- tional pen- sions	Other Swiss business	Classical individual life insur- ance	Unit- linked life insurance	G
			C	D			
Value in CHF 1'000	A = B + G	B = C + D	D = E + F				G
Underwriting income	32'424'540	30'237'841	20'629'818	9'608'023	6'555'841	3'052'182	2'186'699
Payments for insurance claims	-27'318'313	-25'555'617	-16'180'045	-9'375'573	-7'884'774	-1'490'799	-1'762'695
Change in technical provisions (- = increase)	-7'741'751	-7'122'900	-7'171'897	48'997	1'228'983	-1'179'986	-618'851
Gains/losses from in- vestments	8'022'061	7'459'371	4'238'883	3'220'488	3'071'015	149'473	562'691
Other income and ex- penses from insurance activities	655'043	252'013	-10'906	262'919			403'030
Expenses for surplus participation	-1'511'557	-1'199'917		-1'199'917			-311'641
Expenses for underwrit- ing and taxes	-2'800'930	-2'393'751	-825'198	-1'568'553			-407'179
Expenses from financing activities	-204'744	-199'656	-31'871	-167'785			-5'088
Other income and ex- penses	-286'625	-277'293	-39'932	-237'361			-9'331
<b>Annual result</b>	<b>1'237'726</b>	<b>1'200'092</b>	<b>608'853</b>	<b>591'239</b>			<b>37'634</b>
In %	100.0%	97.0%	49.2%	47.8%			3.0%

For the second year running, the life insurers reported positive figures on a statutory basis for 2010. All insurance segments contributed to this equally. Technical provisions increased moderately, while surplus funds and hidden reserves were on par with the previous year.

Payments for insurance claims (CHF 27.3 billion; down 9.6%) fell sharply for the second year running in contrast to the positive growth in underwriting income (CHF 32.4 billion; up 1.4%), which essentially comes from premium income.

Compared to 2009, technical provisions increased further (up CHF 7.7 billion; up 3.1%). Particularly striking is the high increase in group occupational pension, which is almost three times higher than the previous year, and which can be attributed to the strong growth in this insurance segment in 2010. In contrast – in correlation with the decreasing premium volume – the increase in technical provisions in unit-linked life insurance for 2010 was less than half the amount for 2009. The technical provisions for traditional individual insurance have in fact declined (down CHF 1.2 billion; down 1.6%). This occurs where the contractual obligation and surrender values exceed the premium volume following the termination of contracts.

Due to a decreased income for unit-linked life insurance, the investment result shrank compared to 2009, amounting to CHF 8 billion which corresponds to a book return on investments of 2.9%. The market return was 4.1%. Essentially, the difference between market return and book return is changing hidden reserves to the value of tied assets. Hidden reserves serve to ensure fulfilling life insurance contracts on the long-term and the interest guarantees linked to them. Hidden reserves accumulate mainly from fixed-income investments and real estate.



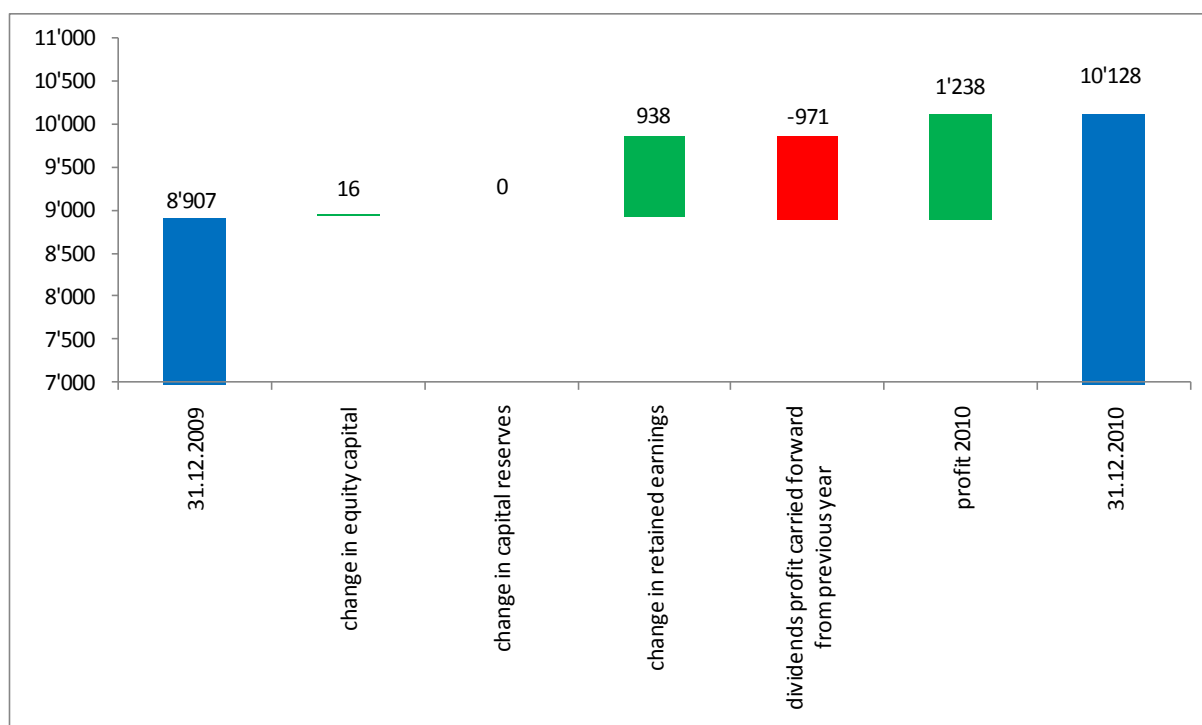
The changes to the accumulated surplus funds of life insurers are as follows:

<b>At the beginning of 2008</b>	<b>CHF</b>	<b>5.0</b>	<b>billion</b>
Surplus participation to insured parties	CHF	-1.5	billion
Allocation to surplus fund from the income statement	CHF	+0.6	billion
Cover for operating deficit	CHF	-0.1	billion
Equalisation of currency differences	CHF	-0.2	billion
<b>At the end of 2008</b>	<b>CHF</b>	<b>3.80</b>	<b>billion</b>
Surplus participation to insured parties	CHF	-1.06	billion
Allocation to surplus fund from the income statement	CHF	+1.39	billion
Equalisation of currency differences	CHF	-0.02	billion
<b>At the end of 2009</b>	<b>CHF</b>	<b>4.11</b>	<b>billion</b>
Surplus participation to insured parties	CHF	-1.39	Mrd.
Allocation to surplus fund from the income statement	CHF	+1.35	Mrd.
Equalisation of currency differences	CHF	-0.19	Mrd.
<b>At the end of 2010</b>	<b>CHF</b>	<b>3.88</b>	<b>billion</b>

The development of the surplus fund since 2008 has illustrated very clearly its smoothing function as a technical balance sheet item. During the crisis in 2008, allocation to policy holders exceeded allocation from the income statement. The reverse was the case in 2009 when the financial markets had somewhat recovered. The situation in 2010 has been relatively balanced.

## 2.5 Development of equity capital

Changes in equity capital in 2010 in CHF million



## 3 Non-life insurance companies

The section on non-life insurance companies and thus the figures set out below cover both non-life insurance companies and health insurers under the Insurance Contracts Act (ICA).

<b>Non-life insurers</b>	<b>2009</b>	<b>2010</b>
<i>Figures in CHF 1000's</i>		
<b>Balance sheet total</b>	<b>147'890'675</b>	<b>147'156'570</b>
<b>Assets</b>		
<b>Investments</b>		
Real estate, buildings under construction and building land	5%	5%
Participations	25%	26%
Fixed-income securities	42%	40%
Loans and debt register claims	6%	5%
Mortgages	3%	3%
Equities and similar investments	3%	3%
Collective investments	3%	4%
Alternative investments	2%	2%
Net derivatives position <sup>1</sup>	0%	0%
Time deposits and other money markets investments	2%	3%
Policy loans	0%	0%
Other investments	4%	6%
Liquid assets	5%	4%
<b>Total investments</b>	<b>125'856'152</b>	<b>126'988'964</b>
Receivables from insurance activities	8'378'905	5'939'567
Receivables from investment activities	490'183	907'299
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	10'360'414	10'325'431
Accruals	1'483'696	1'558'595
<b>Liabilities and equity</b>		
<b>Equity (before profit allocation)</b>	<b>27'973'365</b>	<b>32'295'015</b>
<b>Hybrid capital</b>	<b>11'044'379</b>	<b>9'619'656</b>
<b>Financial debt</b>	<b>11'996'586</b>	<b>11'626'103</b>
<b>Insurance technical liabilities</b>	<b>80'126'323</b>	<b>75'912'276</b>
Liabilities from insurance activities	3'724'476	3'582'821
Liabilities from investment activities <sup>2</sup>	278'389	110'283
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	6'897'528	8'231'848
Accruals	4'528'303	4'341'854

<sup>1</sup> Contains credits and liabilities from derivative financial instruments

<sup>2</sup> Liabilities from derivative financial instruments excluded

<b>Non-life insurers</b>	<b>2009</b>	<b>2010</b>
<i>Figures in CHF 1000's</i>		
<b>Annual profit</b>	<b>4'345'992</b>	<b>7'063'151</b>
<b>Premiums <sup>3</sup></b>		
<b>Booked gross premiums</b>	<b>51'716'534</b>	<b>51'005'849</b>
<i>Reinsurers' part</i>	<i>5'203'992</i>	<i>5'317'881</i>
<b>Net return from investments</b>		
Direct earnings from investments	5'414'566	6'863'184
Realised gains/losses	102'702	935'903
Write-ups/write-downs on investments	-230'058	-688'604
Expenses for the administration of investments	208'230	186'693
<b>Total gains/losses from investments</b>	<b>5'078'979</b>	<b>6'923'789</b>
<b>Return on investments <sup>4</sup></b>	<b>3.90%</b>	<b>5.5%</b>
Loss ratio <sup>5</sup>	65.8%	65.2%
Expense ratio <sup>5</sup>	26.3%	26.0%
Combined ratio <sup>5</sup>	92.1%	91.2%
<b>SST <sup>6</sup></b>		
Target capital	32'750'600	34'572'456
Risk-bearing capital	77'143'000	77'826'204
<b>Solvency ratio</b>	<b>236%</b>	<b>225%</b>
<b>Solvency I</b>		
Total required solvency margin	8'181'270	8'004'152
Total available solvency margin	30'871'557	35'714'400
<b>Solvency ratio</b>	<b>377%</b>	<b>446%</b>
<b>Tied assets <sup>3</sup></b>		
Total required value	48'033'489	48'887'132
Total cover values	60'191'470	62'109'914
<b>Coverage ratio</b>	<b>125%</b>	<b>127%</b>

<sup>3</sup> Including foreign branches in Switzerland and health insurance funds

<sup>4</sup> Based on average investments held for own account

<sup>5</sup> Without health insurers

<sup>6</sup> Information provided by insurance companies. Corrections made by FINMA not included.

Non-life insurance companies were able to increase their annual profit by 62% in 2010. This increase is largely attributed to investment income. At the same time, underwriting also yielded a higher profit.

The marked improvement in investment income is mainly reflected in higher direct yields from participations and higher realised gains. As well as a lower loss ratio, the supervised companies were also able to reduce their cost ratio. It is to be noted that the gross booked premiums in the period under review declined by 1.4% when compared to 2009 (particularly with respect to the indirect business).

### 3.1 Premium trends in Swiss business

Gross booked premiums in Swiss direct business (in CHF 1,000's), excluding reinsurance accepted:

Direct business Values in CHF 1'000's	Gross premiums booked		Percentage share 2010	Change in % since previous year
	2009	2010		
Health	8'584'762	8'861'211	35.5%	3.2%
Fire/property	3'802'934	4'048'082	16.2%	6.4%
Accident	2'941'646	3'005'998	12.1%	2.2%
Motor vehicle (comprehensive)	2'733'219	2'767'919	11.1%	1.3%
Motor vehicle (liability)	2'631'374	2'645'823	10.6%	0.5%
Liability	1'926'395	1'961'706	7.9%	1.8%
Marine, aviation, transport	456'701	474'502	1.9%	3.9%
Legal expenses	385'674	406'858	1.6%	5.5%
Financial losses	295'647	324'267	1.3%	9.7%
Credit, surety	241'202	252'230	1.0%	4.6%
Tourist assistance	197'248	192'174	0.8%	-2.6%
<b>Total direct insurance</b>	<b>24'196'803</b>	<b>24'940'769</b>	<b>100.0%</b>	<b>3.1%</b>

While the sum of premium income (direct Swiss business, business from accepted reinsurance and from Swiss branches of foreign insurance companies) reduced by 1.4%, premium income for direct Swiss business increased by 3%. After a period of stagnation in premium volume in 2009, supplementary health insurance grew by 3%. Compared to the previous year, growth eased slightly in the fire/property and accident sectors. Following a reduction in premium volume in the motor vehicle sector in 2009, a moderate increase was achieved in 2010. A lasting growth trend can be observed in the smaller (in terms of volume) sectors: legal expenses and financial losses.

### 3.2 Market shares in direct Swiss business

Insurer	Market share	Cumulative	Market share	Cumulative
	in %	market share in %	in %	market share in %
	2009	2009	2010	2010
AXA Versicherungen	19.7%	19.7%	19.1%	19.1%
Zürich Versicherungen	16.5%	36.2%	16.0%	35.1%
Schweizerische Mobiliar	12.8%	49.0%	13.0%	48.1%
Allianz Suisse	10.6%	59.5%	10.5%	58.6%
Basler	7.7%	67.2%	7.7%	66.3%
Generali Assurances	5.0%	72.2%	4.7%	70.9%
Vaudoise	4.1%	76.3%	4.1%	75.1%
Schweizerische National	3.9%	80.2%	3.9%	78.9%
Helvetia	3.8%	84.0%	3.8%	82.7%

With new providers establishing their businesses (in niche segments, in particular) and markets being saturated, the combined market share of the nine largest non-life insurance companies in Swiss business dropped again (2008: 85.1%).

### 3.3 Annual result

#### Loss ratios for Swiss business

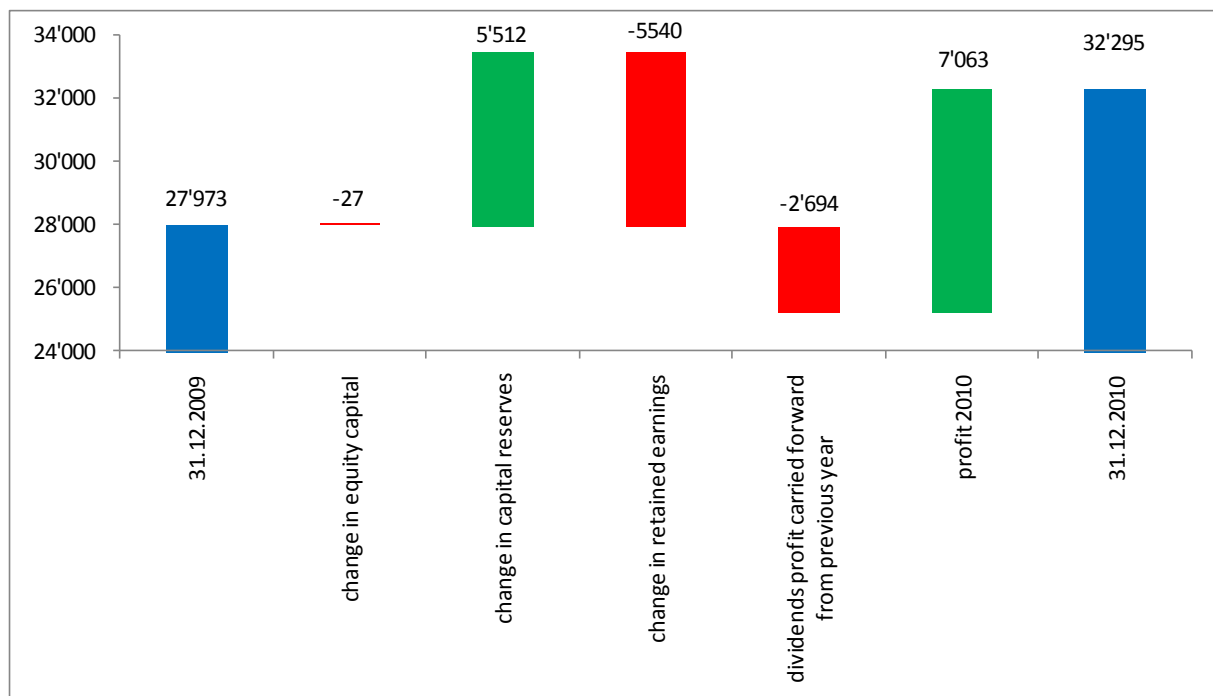
Direct business	Loss ratio	Loss ratio
	2009	2010
Health	76.9%	76.9%
Fire/property	47.6%	49.0%
Accident	68.7%	69.6%
Motor vehicle (liability)	72.4%	65.3%
Motor vehicle (comprehensive)	73.7%	59.8%
Liability	63.9%	50.2%
Marine, aviation, transport	44.5%	30.9%
Legal expenses	63.4%	53.3%
Financial losses	46.2%	41.6%
Credit, surety	85.2%	21.7%
Tourist assistance	74.2%	79.4%
<b>Total</b>	<b>68.3%</b>	<b>64.2%</b>

Overall, the gross loss ratio for Swiss business in 2010 reduced considerably. Although the loss ratio for the sectors strong in volume increased (fire/property and accident sectors), a noticeable decrease in loss ratio was achieved in numerous other segments. In 2009, claims expenditure for car insurance was attributed to hailstorms. In this respect, 2010 saw fewer claims due to natural hazards. Several

effects resulting in a lower impact on loss ratio were noticeable in the motor vehicle liability sector. For instance, in 2010 the number of new registrations rose by more than 10%. In August 2010, the Swiss Federal Court revised compensation for cervical spine trauma (whiplash injuries) which should lead to a reduction in claims for motor vehicle liability insurers. While the obvious decline in the credit / surety segments is partly due to the financial market crisis easing off, it is also partly due to adopting a conservative underwriting approach and to successfully implementing restructuring measures.

### 3.4 Development of equity capital

Changes in equity capital in 2010 in CHF million



The change in share capital was mainly brought about by a joint stock company being converted into a branch. The reclassification of a single company resulted in the change in capital and profit reserves (balance of minus CHF 28 million). Increased profits in 2010 led to an overcompensation of dividend payouts. In general, shareholders' equity went up by 15% in the period under review.

### 3.5 Health insurers

The data on health insurers in the tables below are also shown in the tables on non-life insurers. The tables include the aggregate data of all companies supervised by FINMA as an institution that conduct ICA business and mostly focus on the illness sector. The number of companies on 31 December 2010 totalled twenty-one. To understand the market better, the values shown under premiums and tied assets also include health insurance funds in the supplementary health insurance sector. If the daily allowance business of other life and non-life insurers, which is not the core business of health insurance, are included in the gross premiums, the total for gross premiums for the health insurance business under FINMA supervision amounts to CHF 8.9 billion (previous year: CHF 8.6 billion).



<b>Health insurers</b>	<b>2009</b>	<b>2010</b>
<i>Figures in CHF 1000's</i>		
<b>Balance sheet total</b>	<b>10'582'163</b>	<b>11'424'114</b>
<b>Assets</b>		
<b>Investments</b>		
Real estate, buildings under construction and building land	4%	5%
Participations	2%	1%
Fixed-income securities	51%	47%
Loans and debt register claims	0%	0%
Mortgages	0%	0%
Equities and similar investments	13%	15%
Collective investments	15%	17%
Alternative investments	4%	3%
Net derivatives position <sup>1</sup>	0%	0%
Time deposits and other money markets investments	0%	1%
Policy loans	0%	0%
Other investments	3%	2%
Liquid assets	8%	9%
<b>Total investments</b>	<b>8'950'007</b>	<b>9'636'652</b>
Receivables from insurance activities	721'694	916'333
Receivables from investment activities	5'529	5'328
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	658'889	594'046
Accruals	116'033	133'179
<b>Liabilities and equity</b>		
<b>Equity (before profit allocation)</b>	<b>1'715'482</b>	<b>1'765'961</b>
<b>Hybrid capital</b>	<b>13'000</b>	<b>13'000</b>
<b>Financial debt</b>	<b>460</b>	<b>35'947</b>
<b>Insurance technical liabilities</b>	<b>6'833'533</b>	<b>7'096'322</b>
Liabilities from insurance activities	768'967	896'500
Liabilities from investment activities <sup>2</sup>	252	83
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	698'070	1'031'261
Accruals	422'388	446'465

<sup>1</sup> Contains credits and liabilities from derivative financial instruments

<sup>2</sup> Liabilities from derivative financial instruments excluded

<b>Health insurers</b>	<b>2009</b>	<b>2010</b>
<i>Figures in CHF 1000's</i>		
<b>Annual profit</b>	<b>237'932</b>	<b>237'641</b>
<b>Premiums <sup>3</sup></b>		
<b>Booked gross premiums</b>	<b>5'706'864</b>	<b>6'015'674</b>
<i>Reinsurers' part</i>	<i>-90'341</i>	<i>-91'080</i>
<b>Premiums including VAG part of health funds <sup>3</sup></b>		
<b>Booked gross premiums</b>	<b>7'793'498</b>	<b>8'168'601</b>
<i>Reinsurers' part</i>	<i>-108'599</i>	<i>-107'975</i>
<b>Net return from investments</b>		
Direct earnings from investments	251'648	251'615
Realised gains/losses	-124'203	96'082
Write-ups/write-downs on investments	235'419	-50'781
Expenses for the administration of investments	34'073	26'734
<b>Total gains/losses from investments</b>	<b>328'791</b>	<b>270'182</b>
<b>Return on investments <sup>4</sup></b>	<b>3.78%</b>	<b>2.91%</b>
<b>SST <sup>5</sup></b>		
Target capital	2'029'900	2'165'566
Risk-bearing capital	5'437'700	5'984'491
<b>Solvency ratio</b>	<b>268%</b>	<b>276%</b>
<b>Solvency I</b>		
Total required solvency margin	947'147	1'002'647
Total available solvency margin	2'429'181	2'632'644
<b>Solvency ratio</b>	<b>256%</b>	<b>263%</b>
<b>Tied assets <sup>3</sup></b>		
Total required value	6'236'233	6'536'172
Total cover values	7'282'575	7'883'730
<b>Coverage ratio</b>	<b>117%</b>	<b>121%</b>
<b>Tied assets including VAG part of health funds <sup>3</sup></b>		
Total required value	7'792'711	8'108'286
Total cover values	9'258'948	9'881'031
<b>Coverage ratio</b>	<b>119%</b>	<b>122%</b>

<sup>3</sup> Including foreign branches in Switzerland

<sup>4</sup> Based on average investments held for own account

<sup>5</sup> Information provided by insurance companies. Corrections made by FINMA not included. The health funds SWICA and Concordia are also included.

## 4 Reinsurance companies

Reinsurers	2009	2010
<i>Figures in CHF 1000's</i>		
<b>Balance sheet total</b>	<b>146'614'180</b>	<b>140'528'649</b>
<b>Assets</b>		
<b>Investments</b>		
Real estate, buildings under construction and building land	1%	2%
Participations	25%	31%
Fixed-income securities	42%	36%
Loans and debt register claims	1%	1%
Mortgages	1%	1%
Equities and similar investments	1%	1%
Collective investments	11%	15%
Alternative investments	4%	3%
Net derivatives position <sup>1</sup>	-1%	-3%
Time deposits and other money markets investments	5%	6%
Policy loans	0%	0%
Other investments	3%	3%
Liquid assets	7%	6%
<b>Total investments</b>	<b>77'733'076</b>	<b>78'611'621</b>
Receivables from insurance activities	38'047'975	36'218'866
Receivables from investment activities	136'287	585'106
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	23'760'349	20'583'173
Accruals	2'053'407	1'593'706
<b>Liabilities and equity</b>		
<b>Equity (before profit allocation)</b>	<b>29'214'603</b>	<b>29'081'450</b>
<b>Hybrid capital</b>	<b>8'476'606</b>	<b>8'545'001</b>
<b>Financial debt</b>	<b>6'139'093</b>	<b>3'734'488</b>
<b>Insurance technical liabilities</b>	<b>78'169'712</b>	<b>73'148'241</b>
Liabilities from insurance activities	9'126'845	9'768'360
Liabilities from investment activities <sup>2</sup>	162'279	539'223
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	9'797'926	12'228'524
Accruals	644'031	547'185

<sup>1</sup> Contains credits and liabilities from derivative financial instruments

<sup>2</sup> Liabilities from derivative financial instruments excluded

Reinsurers	2009	2010
<i>Figures in CHF 1000's</i>		
<b>Annual profit</b>	<b>2'236'677</b>	<b>967'813</b>
<b>Premiums</b>		
<b>Booked gross premiums</b>	<b>30'463'173</b>	<b>27'930'932</b>
<i>Retroceded portion</i>	<i>5'731'541</i>	<i>5'268'427</i>
<b>Net return from investments</b>		
Direct earnings from investments	2'356'087	2'323'281
Realised gains/losses	-876'457	1'194'109
Write-ups/write-downs on investments	-360'036	-1'575'273
Expenses for the administration of investments	258'515	341'802
<b>Total gains/losses from investments</b>	<b>861'079</b>	<b>1'600'314</b>
<b>Return on investments <sup>3</sup></b>	<b>1.18%</b>	<b>2.05%</b>
Netto-Combined Ratio, Nichtleben	88.1%	92.7%
Benefit Ratio, Leben	77.9%	93.5%
<b>SST <sup>4</sup></b>		
Target capital	20'143'700	19'816'216
Risk-bearing capital	58'842'900	48'788'430
<b>Solvency ratio</b>	<b>292%</b>	<b>246%</b>
<b>Solvency I</b>		
Total required solvency margin	6'467'833	6'389'574
Total available solvency margin	27'447'032	28'039'637
<b>Solvency ratio</b>	<b>424%</b>	<b>439%</b>

<sup>3</sup> Based on average capital held for own account

<sup>4</sup> Information provided by insurance companies. Corrections made by FINMA not included.

## 4.1 Premium trends

Premiums earned by combined lines of business and according to region (in CHF 1,000's)

Premiums earned values in CHF 1,000	2009	2010	Percentage share 2010	Change in % since previ- ous year
Short-tail	10'851'466	8'799'749	38.5	-18.9
Long-tail	4'588'535	4'151'206	18.2	-9.5
Catastrophes	1'851'758	1'918'506	8.4	3.6
Total non-life	17'291'759	14'869'461	65.1	-14.0
Life	7'965'778	7'957'762	34.9	-0.1
<b>Total net premiums</b>	<b>25'257'537</b>	<b>22'827'223</b>	<b>100.0</b>	<b>-9.6</b>
Asia / Pacific	5'064'208	5'199'527	22.8	2.7
Europe	11'909'144	7'158'863	31.4	-39.9
North America	7'334'340	8'977'092	39.3	22.4
Rest of the world	949'844	1'491'741	6.5	57.1
<b>Total net premiums</b>	<b>25'257'537</b>	<b>22'827'223</b>	<b>100.0</b>	<b>-9.6</b>

Long-tail: liability lines and accident; short-tail: other non-life lines of business excluding catastrophes

The development in premium volume indicated a decline on a gross and net basis. The net premiums earned fell by 9.6%. This drop, alongside higher deductibles for primary insurers, was due to continuing pressure on premium rates in non-life insurance during the soft phase of the cycle that had been marked by overcapacity and low prices.

The decrease in premium income was mostly recorded in the short-term market segments and was, geographically seen, only confined to European business. Moreover, as a result of the low euro-franc exchange rate, net premiums dropped by 40% when they were converted into Swiss francs. The volume in life reinsurance remained unchanged.

## 4.2 Annual result

Loss ratios non-life (in percentage)

<b>Combined line of business</b>	<b>2009</b>	<b>2010</b>
Short-tail	62.5	72.5
Long-tail	80.5	71.0
Catastrophes	24.3	55.4
<b>Total</b>	<b>63.2</b>	<b>69.8</b>

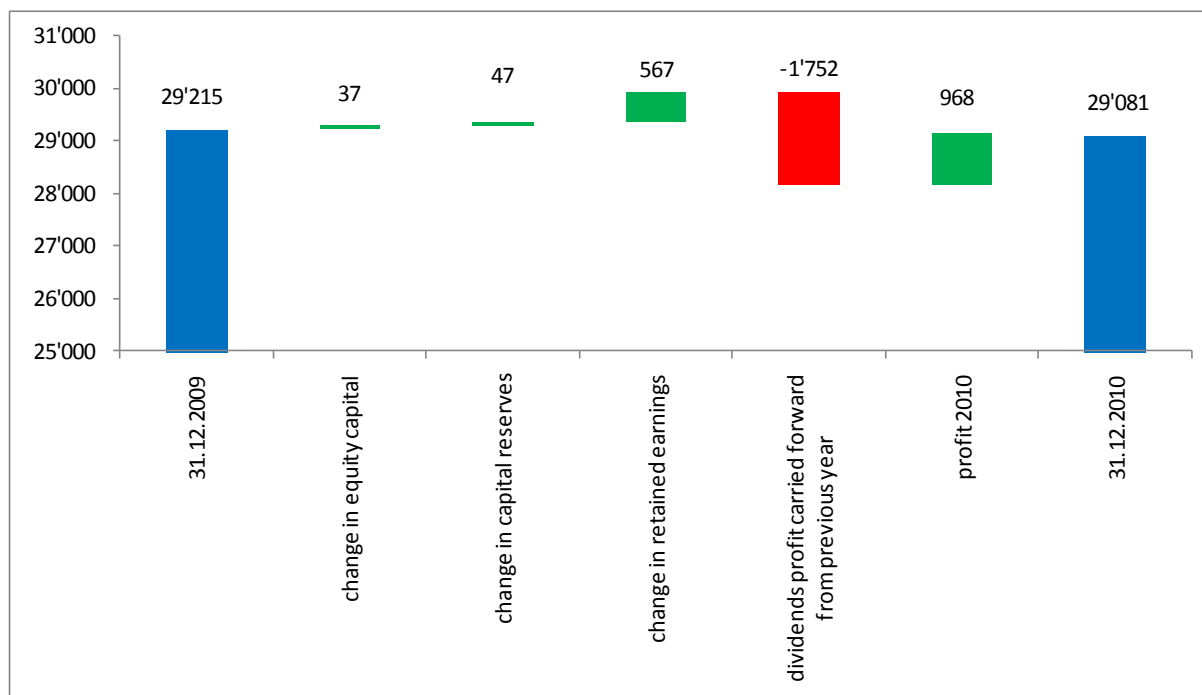
The loss ratio deteriorated to 69.8% from 63.2% in the previous year. A reverse trend is the case for the short-tail and long-tail business: long-tail went down to 71% while short-tail worsened to 72.5%. Due to longer settlement periods, it is easier to classify the profitability of these segments as opposed to segments with shorter settlement periods than the difference of only 1.5 percentage points suggests. Loss ratios also improved as a result of the profit and loss reserves of previous insurance years.

There was a sharp increase in damages resulting from natural catastrophes in the reporting year. Besides the largest individual loss, the earthquake in Chile, other major loss occurrences, such as the first earthquake in New Zealand, the winter storm “Xynthia” in Europe, and tornadoes and flood damages in the US, resulted in a marked deterioration in the loss ratio. The damages were, however, still covered comfortably by the premiums. From today’s perspective, however, this will not be the case in 2011.

The net profit of all reinsurance companies decreased significantly amounting to CHF 968 million compared to CHF 2,237 million in 2009. While the higher loss ratios mentioned compared to the better results in investments, other factors such as losses on foreign currency positions and goodwill amortisation led to this decline.

### 4.3 Development of equity capital

Changes in equity capital in 2010 in CHF million



Overall there was only a very slight change in equity capital in the reporting year, which amounted to CHF 29.1 billion as of 31 December 2010 compared to CHF 29.2 billion the previous year. The said net profit of CHF 968 million and the increase in profit reserves compared to the dividends paid from the previous year's profit of CHF 1.752 million. Share capital and capital reserves rose marginally.

The increase in profit reserves also includes the corresponding number of companies that were newly authorised in the year under review, which, if excluded, would result in a loss. In 2010 a significant amount of special dividends were paid out which affected both the retained earnings and the profit reserves.