



Eidgenössische Finanzmarktaufsicht FINMA  
Autorité fédérale de surveillance des marchés financiers FINMA  
Autorità federale di vigilanza sui mercati finanziari FINMA  
Swiss Financial Market Supervisory Authority FINMA

# Insurance market report 2022

# Foreword

This report provides an overview of the Swiss insurance market in 2022. 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.

This report also includes information on the group life reporting for occupational pension schemes of life insurance companies. The information can be found in the “Life insurance companies” section under “Group life reporting for occupational pension schemes”.

The figures presented in the report have been prepared on a statutory basis; any changes in the values of assets and liabilities generally do not correspond to market value adjustments. For example, bonds are shown at amortised cost, which means the carrying values are not sensitive to interest rates. On the liabilities side, technical provisions for life insurers are discounted with technical interest rates and not with the prevailing market yield curve. Technical provisions for non-life insurers are generally undiscounted, while accident insurance benefits (UVG) have been specifically excluded.

Aggregated data on balance sheets, income statements and on the Swiss Solvency Test (SST) contain only the values for solo insurance companies subject to the SST. The data on tied assets and premiums also include figures for FINMA-supervised Swiss branches of foreign insurance companies and general health insurance companies in the supplementary health insurance sector.

The data reported to FINMA by the insurance companies have been included in this report and on the insurers’ reporting portal. FINMA does not, however, guarantee the accuracy of these figures.

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# Total market

## Supervised insurance companies and sectors

### Overview of supervised insurance companies and sectors 2021–2022

	2022	2021
Life insurers, including	18	17
– insurance companies domiciled in Switzerland	15	14
– branches of foreign insurance companies	3	3
Non-life insurers, including	115	118
– insurance companies domiciled in Switzerland (of which 18 supplementary health insurance providers [2021: 18])	68	70
– branches of foreign insurance companies (of which 2 supplementary health insurance providers [2021: 2])	47	48
Reinsurers, including	46	48
– Reinsurers	22	24
– Reinsurance captives	24	24
General health insurance companies offering supplementary health cover	10	10
Total number of supervised insurance companies and general health insurance companies	189	193
Insurance groups and conglomerates	6	6

## Key figures

Despite the difficult financial markets, Swiss insurance companies achieved aggregate annual profits of CHF 7.6 billion in 2022, which represents an overall increase of 1.5% over the previous year. The annual profits of life insurers fell by 9% to CHF 1.3 billion. Non-life insurers' aggregate annual profits fell by 3% to CHF 5.8 billion. The lower annual results

achieved by life and non-life insurers are principally due to a deteriorated financial result. In contrast, reinsurers reported an increase in their annual profits in 2022. The annual results of reinsurers increased from a modest CHF 0.1 billion in the previous year to CHF 0.5 billion in the year under review.

### Key figures of total market 2021–2022

(in CHF thousands)

	2022	2021	+/ - in %
<b>Gross premiums written</b>	<b>128,865,079</b>	<b>119,386,773</b>	7.9
Claims paid out	79,761,534	74,508,878	7.1
Costs for the change in technical liabilities	-4,055,821	3,446,460	n/a
Costs for the change in other actuarial liabilities	-1,281,044	2,571,293	n/a
Costs for underwriting	23,122,281	22,062,242	4.8
Taxes	908,059	1,037,246	-12.5
Gains/losses from investments	7,305,047	14,926,235	-51.1
<b>Annual profits</b>	<b>7,630,847</b>	<b>7,520,441</b>	1.5
<b>Balance sheet total</b>	<b>711,196,756</b>	<b>717,594,704</b>	-0.9
Investments	539,803,856	548,908,503	-1.7
Technical liabilities	498,531,773	505,926,599	-1.5
<b>Equity (before profit allocation)</b>	<b>83,541,046</b>	<b>86,145,202</b>	-3.0
	<b>2022 in %</b>	<b>2021 in %</b>	+/ - percentage points
Return on investments	<b>1.40</b>	<b>2.85</b>	-1.45
Return on equity	<b>9.13</b>	<b>8.73</b>	+0.40
SST solvency ratio	<b>270</b>	<b>238</b>	+32
Tied-assets coverage ratio	<b>113</b>	<b>114</b>	-1

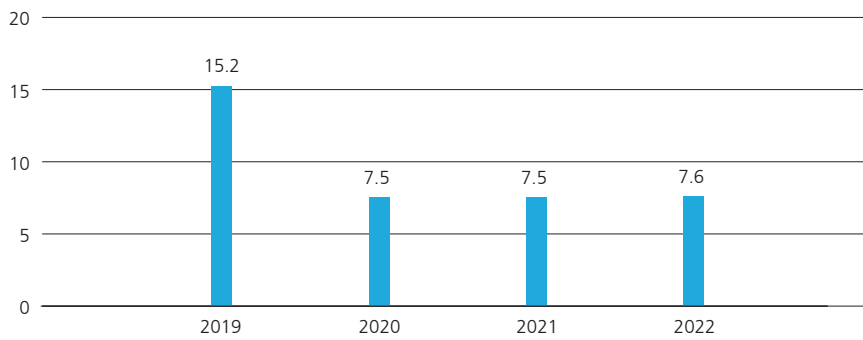
Swiss insurance companies' aggregate equity amounted to CHF 83.5 billion at the end of 2022, which is CHF 2.6 billion or 3% less than in the previous year.

Aggregate gross premium volume increased by CHF 9.5 billion or 7.9% in the year under review to CHF 128.9 billion. All lines of business report significant increases in their premium volumes compared with the previous year (life +4.6%, non-life +5.4%, reinsurance +12.5%). The significant increase in premiums compared with the previous year reflects, on the one hand, inflation and, on the other hand, the fundamentally higher tariffs, especially in the reinsurance sector.

The cover ratio of tied assets fell by 1 percentage point during the year under review and was 113% at year end. The solvency ratio according to the Swiss Solvency Test (SST) was 270%, an improvement of 32 percentage points compared with the previous year.

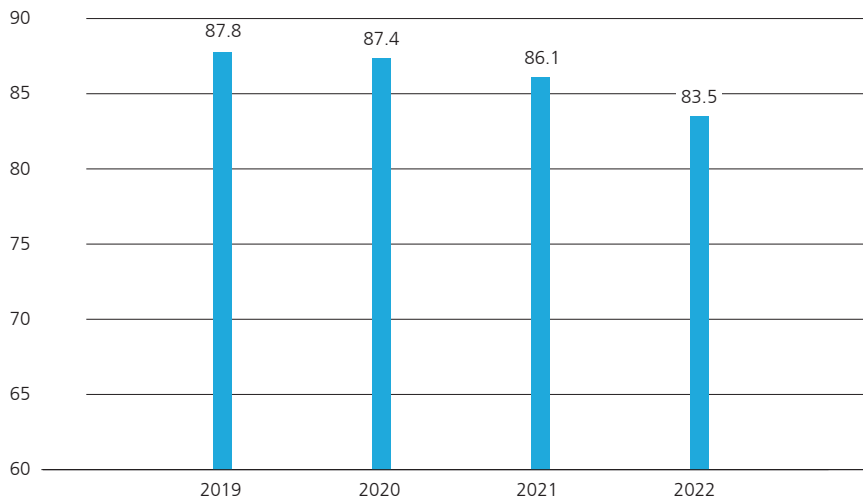
### Annual profits total market

(in CHF billions)



### Equity capital total market

(in CHF billions)



## Investments

The following section provides information about total assets and the return on investments of total assets as reported by Swiss insurance companies in 2022.

### Total assets invested

Total investments by Swiss insurance companies decreased by 1.7% in 2022 and amounted to CHF 540 billion at the end of the year. Investments by life insurance companies fell in the 2022 reporting year by 4.3% to CHF 292 billion, while those of non-life insurance companies increased by 1.2% to CHF 149 billion. Investments by reinsurers increased by 2.4% and amounted to CHF 99 billion at the end of 2022.

### Distribution of total assets

Fixed income securities remained the dominant asset class in the portfolio of Swiss insurance companies, making up 44% of total investments (1 percentage point more than in the previous year). Life insurers held 49% (unchanged), while non-life insurers held

35% (1 percentage point more than in the previous year) and reinsurers held 41% (+3 percentage points) of their total assets in fixed income securities. The value of reported participations and alternative investments increased in the year under review, while the value of equities, investment funds and mortgages as well as investments from unit-linked life insurance decreased.

### Asset allocation in total market

(in CHF thousands)

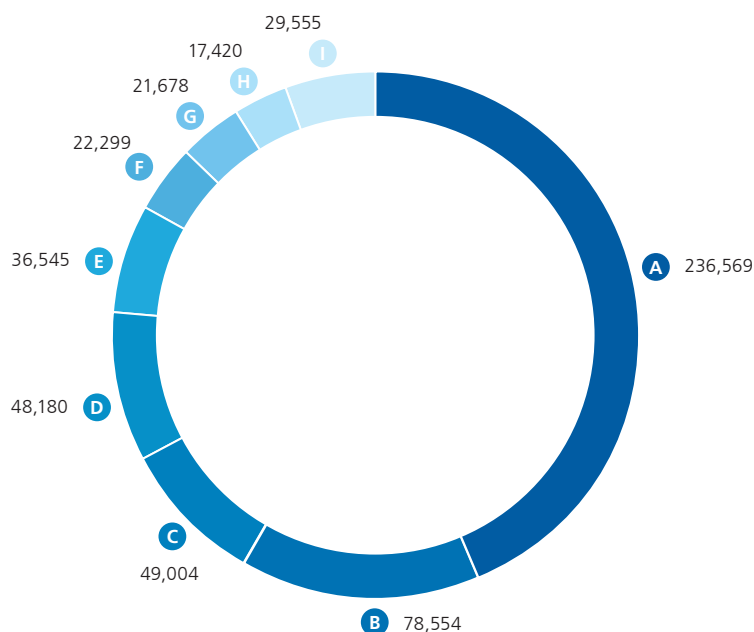
	2022	2022 in %	2021	2021 in %
Real estate, buildings under construction and building land	49,003,708	9	49,015,123	9
Participations	78,553,991	14	76,464,932	14
Fixed income securities	236,569,022	44	237,195,070	43
Loans	22,299,008	4	22,376,503	4
Mortgages	36,545,336	7	38,253,995	7
Equities	15,955,597	3	20,014,988	4
Collective investments	48,179,761	9	51,369,370	9
Alternative investments	17,419,964	3	16,711,540	3
Other investments	13,599,829	3	13,349,806	2
Investments from unit-linked life insurance	21,677,640	4	24,157,176	5
<b>Total investments</b>	<b>539,803,856</b>	<b>100</b>	<b>548,908,503</b>	<b>100</b>



## Asset allocation in total market 2022

(in CHF millions)

- A** Fixed income securities
- B** Participations
- C** Real estate, buildings under construction and building land
- D** Collective investments
- E** Mortgages
- F** Loans
- G** Investments from unit-linked life insurance
- H** Alternative investments
- I** All other investments



## Return on investments of total assets

The return on investments is reported in accordance with statutory provisions.

The return on investments by life insurers was 2.06% in 2022, a decrease of 57 basis points compared with the previous year. The return on investments for non-life insurance companies fell by 173 basis points to 2.48% in the year under review. The unfavourable market conditions with falling prices on stock and bond markets in 2022 resulted in higher book losses on fixed income securities and equity securities for both life and non-life insurers. The lower decrease in the return on investment of life insurers compared with non-life insurers can be explained, among other things, by the fact that life insurers hold a significant proportion of their capital portfolio in tied assets. This tends to entail a lower-risk investment policy. While life insurance companies held 94% of their investments, liquid assets and derivative financial instruments in tied assets, this share amounted to just 51%

for non-life insurance companies. The return on investments for reinsurers fell by 356 basis points to -2.08% in 2022. The negative return on investments is primarily due to value adjustments on investment fund units as a result of the increased interest rates. In addition, higher realised losses on fixed income securities compared with the previous year also resulted in the same context.

in %

	2022	2021
<b>Total market</b>	1.40	2.85
Life insurers	2.06	2.63
Non-life insurers	2.48	4.21
Reinsurers	-2.08	1.48

# Life insurance companies

The low market interest rates that have persisted for years recovered in 2022, with the result that the spot rates for federal bonds entered positive territory again after seven years of negative interest rates. In 2022, the ten-year spot rate for federal bonds averaged 0.78% (–0.26% in the previous year) and ended the year at 1.57% (–0.13% in the previous year), altogether higher than in the previous year. Offering and managing life insurance contracts with savings components was therefore a major challenge once again in 2022, because it meant offsetting obligations arising from liabilities with long-term interest rate guarantees against invested assets that had to be renewed continuously at lower returns. One way in which life insurance companies responded to this situation was by reducing their long-term guarantees. Products with guaranteed interest rates were rarely offered any more and if they were, the guaranteed interest rate was often 0%.

## Key figures

Written gross premiums increased overall in 2022 by 4.6% (2021: –6.6%). However, they declined by 1.1% if reinsurance accepted is excluded. This can be attributed once again to the group life occupational benefits sector. Claims payments also increased. Costs for underwriting increased again slightly, by 3.5% (2021: 4.7%).

Investment income was significantly worse in 2022 than in the previous year (–23.8%). This largely explains the decline in the annual profits (–8.6%). Total assets of life insurers fell by 3.1%. Investments, technical provisions and equity capital all decreased. The return on equity was 10.25% (2021: 10.46%; 2020: 7.49%).

The assets that life insurers need in order to meet their insurance obligations must be secured with tied assets. The target amount is defined as 101% of the technical provisions and must always be covered with corresponding investments, which are subject to stringent guidelines. The cover ratio of tied assets indicates the amount available in that category as a percentage of the target amount. The tied assets and the risk-based solvency regime under the Swiss Solvency Test (SST) are meant to ensure a high level of security for policyholders of Swiss insurance companies.

## Key figures of life insurers

(in CHF thousands)

	2022	2021	+/- in %
<b>Gross premiums written</b>	26,149,066	24,989,065	4.6
Claims paid out	29,930,874	27,872,196	7.4
Costs for the change in technical liabilities	-6,586,015	-1,220,828	439.5
Costs for the change in other actuarial liabilities	-803,759	1,413,785	n/a
Costs for underwriting	2,449,142	2,366,973	3.5
Taxes	300,739	241,696	24.4
Gains/losses from investments	5,663,888	7,432,608	-23.8
<b>Annual profits</b>	<b>1,250,798</b>	<b>1,368,269</b>	-8.6
<b>Balance sheet total</b>	<b>315,652,897</b>	<b>325,826,706</b>	-3.1
Investments	291,868,293	305,040,151	-4.3
Technical liabilities	275,260,707	284,061,431	-3.1
<b>Equity (before profit allocation)</b>	<b>12,201,954</b>	<b>13,078,415</b>	-6.7
	<b>2022 in %</b>	2021 in %	+/- percentage points
Return on investments	2.06	2.63	-0.57
Return on equity	10.25	10.46	-0.21
SST solvency ratio	243	236	+7
Tied-assets coverage ratio	109	110	-1

## Asset allocation

The total value of investments fell by just over 4% compared with the previous year. Overall, slight increases in real estate, participations, alternative investments, collective investments and other investments are balanced out by a decrease in the other investment categories. Fixed income securities, mortgages and equities in particular saw a decrease in view of the development of the interest rate markets, although changes in asset allocation may also have played a role here.

### Asset allocation of life insurers

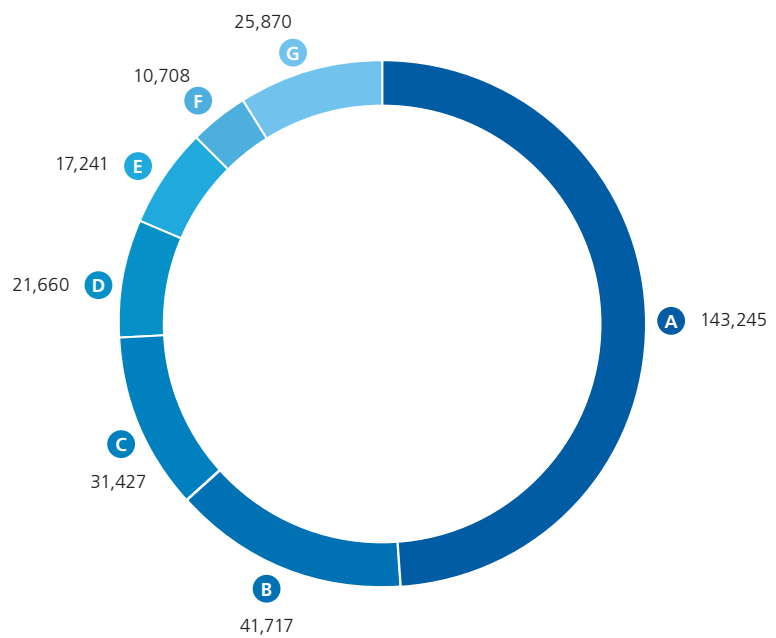
(in CHF thousands)

	2022	2022 in %	2021	2021 in %
Real estate, buildings under construction and building land	41,716,879	14	41,541,733	14
Participations	6,441,786	2	6,170,344	2
Fixed income securities	143,245,235	49	149,599,891	49
Loans	7,980,199	3	8,929,087	3
Mortgages	31,427,094	11	33,026,979	11
Equities	9,102,110	3	12,090,169	4
Collective investments	17,240,640	6	17,116,816	5
Alternative investments	10,708,138	4	10,142,372	3
Other investments	2,346,610	1	2,282,250	1
Investments from unit-linked life insurance	21,659,601	7	24,140,510	8
<b>Total investments</b>	<b>291,868,293</b>	<b>100</b>	<b>305,040,151</b>	<b>100</b>

## Asset allocation of life insurers 2022

(in CHF millions)

- A** Fixed income securities
- B** Real estate, buildings under construction and building land
- C** Mortgages
- D** Investments from unit-linked life insurance
- E** Collective investments
- F** Alternative investments
- G** All other investments



## Premium trends

Total premium income, consisting of periodic premiums and one-off contributions, fell again by 1.1% if reinsurance accepted is excluded. This reduction can be attributed to group life insurance (and to a lesser extent to the business of foreign branches). Nevertheless, with a share of 58.5% (2021: 62.4%), occupational pensions still dominated the Swiss market. However, these premiums also include vested benefits that are transferred when contracts are taken

over as well as new enrolments under existing contracts. In individual life insurance, on the other hand, premiums rose by just under 2% due to strong growth for unit-linked life insurance and for life insurance linked to internal investment holdings.

## Gross premiums written

(in CHF thousands)

	2022	2022 in %	2021	+/- in %
Group life occupational pension schemes	15,296,159	58.5	15,584,441	-1.8
Traditional individual endowment insurance	4,086,749	15.6	4,109,985	-0.6
Traditional individual annuity insurance	182,286	0.7	223,000	-18.3
Unit-linked life insurance	1,980,159	7.6	1,908,997	3.7
Life insurance linked to internal investment portfolios	688,319	2.6	609,085	13.0
Capitalisation and tontines	144,926	0.6	92,263	-57.1
Other life insurance segments	562,621	2.2	556,439	1.1
Health and casualty insurance	4,056	0.0	4,130	-1.8
Foreign branches	1,328,430	5.1	1,464,517	-9.3
Reinsurance accepted	1,875,361	7.2	436,207	329.9
<b>Total</b>	<b>26,149,066</b>	<b>100.0</b>	<b>24,989,065</b>	<b>4.6</b>

## Market shares in the direct Swiss business

In line with the development of the market, the total direct underwriting volume in Switzerland of the six largest life insurers fell by around 7%. The overall market share of the six largest insurers fell slightly, by 0.7% to 85.7%.

Only Swiss Life and AXA Leben gained market share.

### Market shares of life insurers

(in CHF thousands)

	Premiums written 2022	Market shares in % 2022	Premiums written 2021	Market shares in % 2021
Swiss Life	9,403,554	41.0	9,416,703	40.8
Helvetia Leben	2,874,513	12.4	2,884,582	12.5
Baloise Leben	2,637,252	11.5	2,846,311	12.3
AXA Leben	1,787,414	7.8	1,745,491	7.6
Allianz Suisse Leben	1,660,322	7.2	1,700,322	7.4
Zürich Leben	1,321,884	5.8	1,336,441	5.8
<b>The six largest insurers</b>	<b>19,657,937</b>	<b>85.7</b>	<b>19,929,850</b>	<b>86.4</b>

## Actuarial reserves

Actuarial reserves are insurance obligations that are calculated individually per policyholder on the basis of the financial statements. They are carried in the balance sheet as the main component of technical liabilities and used for establishing the tied assets (2022: CHF 275 billion; 2021: CHF 284 billion). Other components of underwriting liabilities include increases for longevity and supplementary provisions, e.g. for losses from conversion rates or IBNR<sup>1</sup>, as well as premium deposits and surplus funds.

The actuarial reserves among the life insurers amounted to a total of around CHF 237 billion in 2022, or 86% of underwriting liabilities. Actuarial reserves fell by 3.1% or by CHF 7.6 billion in absolute terms compared with the previous year.

The principles applied when calculating the technical provisions (actuarial reserves plus other provisions) must be determined prudently. Furthermore, the bi-

ometric fundamentals must be based on accepted statistical procedures, entered in the business plan and reviewed annually against current and individual benchmarks.

Occupational pensions made up the main part of the actuarial reserves with 55.9%, followed by traditional individual endowment insurance (maturity or death) with around 21.4%. The shares of the other sectors were in the single-digit percentage range.

In 2022, the actuarial reserves for group life occupational benefits decreased by CHF 4.6 billion or 3.3%. In percentage terms, the actuarial reserves of life insurance linked to funds (–11.1%) and internal investment holdings (–9.9%) decreased most significantly compared with the previous year. The only increases in 2022 were in the actuarial reserves of reinsurance accepted and capitalisation insurance.

### Gross actuarial reserves

(in CHF thousands)	2022	2022 in %	2021	+/- in %
Group life occupational pension schemes	132,823,326	55.9	137,375,474	–3.3
Traditional individual endowment insurance	50,927,145	21.4	51,310,868	–0.7
Traditional individual annuity insurance	12,152,754	5.1	12,994,689	–6.1
Unit-linked life insurance	16,547,902	7.0	18,611,829	–11.1
Life insurance linked to internal investment portfolios	2,962,404	1.2	3,287,396	–9.9
Capitalisation and tontines	1,016,442	0.4	1,000,979	1.5
Other insurance segments	2,091,532	0.9	2,142,336	–2.4
Foreign branches	17,170,552	7.2	17,963,054	–4.4
Reinsurance accepted	1,774,417	0.7	468,780	278.5
<b>Total</b>	<b>237,466,473</b>	<b>100.0</b>	<b>245,107,608</b>	<b>–3.1</b>

<sup>1</sup> Incurred but not reported: provisions for damage that already occurred but has not been reported to the insurer.



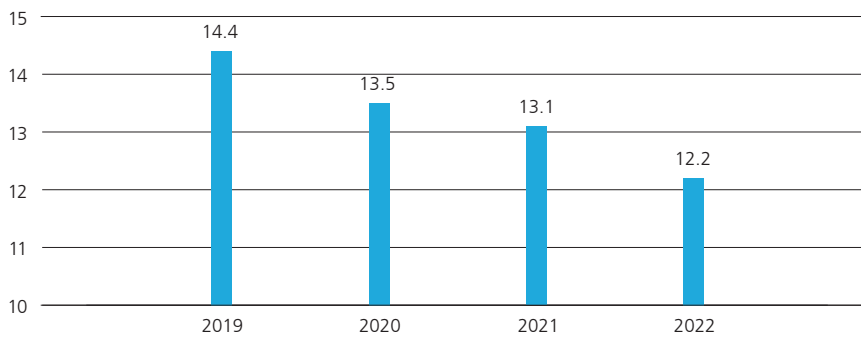
## Changes in equity capital

At the end of 2022, the equity capital base came to CHF 12.2 billion, or 4.4% of the underwriting liabilities. In contrast to the previous year, the equity base fell by CHF 0.8 billion during the year under review.

Equity capital thus decreased more than underwriting liabilities in the same period.

### Equity capital of life insurers

(in CHF billions)



## Group life reporting for occupational pension schemes

### Summary

2022 is the eighteenth consecutive year in which ten of the private life insurers operating in occupational pensions have accounted for their occupational pension scheme activities in their group life reporting. Youplus Assurance Schweiz AG was also included in

the statistics for the first time. However, its volume is very small.

The following table shows the results of the savings process, risk process and cost process. They give an aggregate gross result of CHF 1,371 million, repre-

### Gross, net and operating results 2018–2022

(in CHF millions)	2022	2021	2020	2019	2018
<b>Savings process</b>					
Income	2,747	2,780	2,975	3,627	3,954
Expenses	2,035	2,769	2,659	3,459	3,146
Result	712	672	207	969	495
<b>Risk process</b>					
Income	2,370	2,324	2,302	2,305	2,479
Expenses	1,691	1,754	1,666	1,580	1,635
Result	679	571	635	725	844
<b>Cost process</b>					
Income	710	708	711	732	747
Expenses	729	680	747	765	786
Result	-19	28	-35	-33	-39
<b>Summary of the three results</b>					
Savings process result	712	672	207	969	495
Risk process result	679	571	635	725	844
Cost process result	-19	28	-35	-33	-39
Gross result (group life reporting)	1,371	1,271	806	1,661	1,300
Strengthening technical reserves <sup>a)</sup>	-68	-337	55	-746	776
Net result	1,303	934	861	914	2,076
<b>Breakdown of the net result</b>					
Assignment to surplus fund	924	489	450	464	1,542
Operating result <sup>b)</sup>	379	445	411	451	534
Net result	1,303	934	861	914	2,076

<sup>a)</sup> Release from strengthening (+) minus strengthening (-) of technical reserves.

<sup>b)</sup> The operating result corresponds to the life insurer's share of the net result.

senting a year-on-year increase of CHF 101 million. While the result of the savings process and the risk process increased, the balance of the cost process decreased.

Life insurers strengthened their technical reserves by CHF 68 million (CHF 337 million in the previous year). This gives a net result of CHF 1,303 million, of which CHF 924 million goes to the surplus fund, leaving an operating result of CHF 379 million. This corresponds to a decrease of CHF 66 million compared with the previous year.

The reported operating result gives a total payout ratio of 93.5% and 93.3% for business subject to the minimum ratio. The statutory minimum ratio in the latter area is 90%.

Expenses and income were down in the savings process. However, expenses fell more sharply, resulting in a higher balance. Risk and cost premiums increased slightly. While expenses decreased in the risk process, they increased in the cost process. The balance of the risk process therefore increased, while the cost process result decreased and had a negative balance.

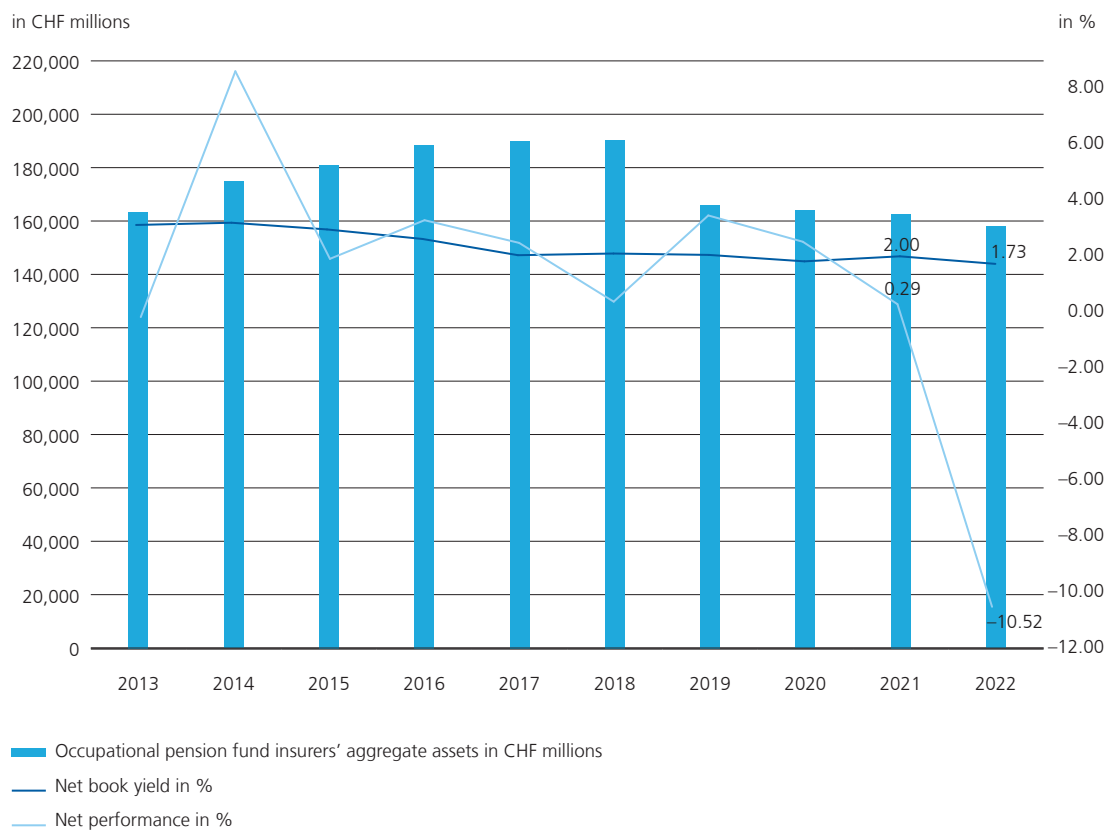
### **Savings process sees year-on-year improvement**

Life insurers produced positive results in the savings process, with revenues minus expenses yielding CHF 712 million (2021: CHF 672 million).

At 1.73%, the net return on investments (book yield) was lower than in the previous year (2.00%). Between 2013 and 2022, the average return was 2.36% (average from 2012 until 2021: 2.54%). Taking account of the changes in the value of the investments, performance stood at -10.52% in 2022 (2021: 0.29%).

Asset management costs (as a percentage of the market value of investments) amounted to 28 basis points (2021: 23).

### Aggregate assets, net book yield and net performance of occupational pension fund<sup>2</sup> insurers, 2013–2022



<sup>2</sup>Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (SR 831.40).

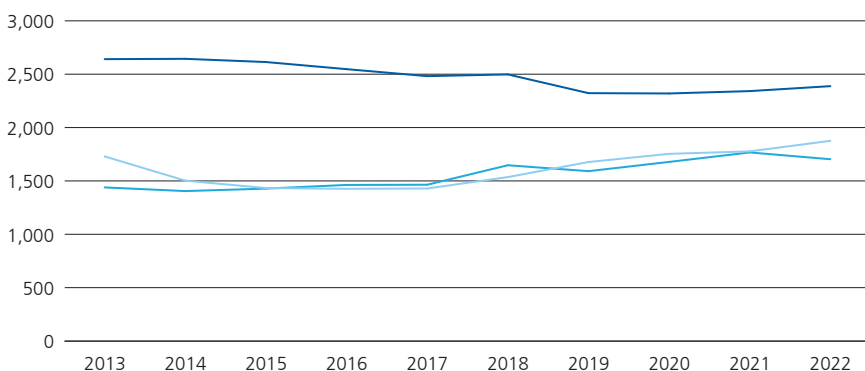
**Risk process: lower results for death and disability risks**

Claims expenses in the risk process fell by 4% in the year under review compared with the previous year from CHF 1,754 million to CHF 1,691 million. Risk premiums rose slightly from CHF 2,324 million to

CHF 2,370 million. The result (gross) in the risk process increased by CHF 108 million to CHF 679 million. However, as the supplementary provisions in the risk process grew from CHF 10 million to CHF 170 million, the net balance decreased.

**Premiums and total expenses<sup>3</sup> in the risk process 2013–2022**

(in CHF millions)



- Risk premiums
- Total expenses for death and disability risks
- Linear trend

<sup>3</sup> Including creation or release of technical provisions.

### Cost process negative in year under review

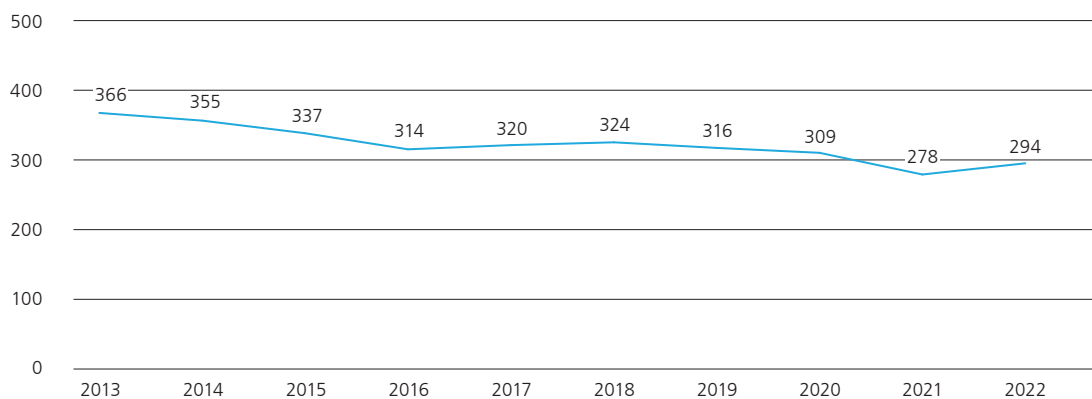
With a deficit of CHF 19 million, the results in the cost process were slightly negative when aggregated across occupational pension fund insurers. Income of CHF 710 million was offset by expenses of CHF 729 million, which include distribution and acquisition costs of CHF 267 million. The reported per capita operating costs rose to CHF 294 (2021: CHF 278).

The total distribution and acquisition costs of CHF 267 million break down as follows: commissions for brokers and agents (CHF 100 million), in-house sales force commission (CHF 104 million) and other acquisition costs (CHF 63 million).

The difference between the CHF 357 resulting from the income statement and the CHF 294 resulting from the cost process is explained mainly by how claims management costs are recorded; they are included in costs in the income statement, but they are recorded in the risk process for the technical breakdown.

### Changes in per capita costs 2013–2022

in CHF



### Technical reserves: further decline in retirement savings

Retirement savings fell by CHF 3 billion (2021: – CHF 2.4 billion), reaching a year-end total of around CHF 69 billion. The decline was slightly stronger for the supplementary savings than for the statutory part. The share amounts to about half of the savings in each case.

The provisions for current old-age and survivors' pensions also decreased in the year under review. One reason for the decline is the increase in the capital option at retirement age. The actuarial reserves for disability pensions are virtually unchanged.

Overall, the technical provisions decreased by more than CHF 5 billion. Only the surplus fund exhibited a larger increase, which is the result of a high amount being allocated in the year under review.

### Key components of the technical provisions 2020–2022

(in CHF millions)	2022	2021	2020	2022/21	+/- in % 2021/20
Mandatory retirement savings	34,930	36,243	38,080	–3.6	–4.8
Supplementary retirement savings	34,399	36,133	36,665	–4.8	–1.4
Additional reserves for future pension conversions	3,174	3,218	3,238	–1.3	–0.6
Actuarial reserves for current old-age and survivors' pensions	42,761	43,852	43,098	–2.5	2.7
Actuarial reserves for current disability pensions	8,453	8,450	8,413	0.0	0.4
Actuarial reserves for vested benefits policies	5,737	6,023	6,312	–4.8	–4.6
Actuarial reserves for other cover	4,027	3,976	3,343	1.3	–8.4
Strengthening the actuarial reserves of current pensions	9,258	9,931	9,658	–6.8	2.8
Technical reserve for incurred but not yet settled insurance claims	2,396	2,494	2,600	–3.9	–4.1
Reserve for interest guarantee, loss and value fluctuations	1,653	1,633	1,570	1.2	4.0
Other insurance reserves	1,047	981	939	6.8	4.5
Provisions for inflation	1,929	1,926	1,940	0.1	–0.7
<b>Total technical reserves</b>	<b>149,766</b>	<b>154,860</b>	<b>156,445</b>	<b>–3.3</b>	<b>–1.0</b>
The surplus fund	1,467	1,081	1,061	35.7	1.9
Premium deposits	1,441	1,656	1,445	–13.0	14.7
Credited allocations to the surplus fund	144	132	128	9.6	2.8
Other liabilities	8,065	8,176	8,157	–1.4	0.2
<b>Total assets: operating statement of occupational pensions</b>	<b>160,883</b>	<b>165,905</b>	<b>167,236</b>	<b>–3.0</b>	<b>–0.8</b>

### The surplus fund

The surplus fund is an actuarial balance sheet item to free up surplus dividends for occupational pension institutions and their insured persons. A total of CHF 538 million (2021: CHF 469 million) was allocated to these occupational pension institutions and their insured persons. The table below shows that the surpluses generated in one year were passed on rapidly to the insured persons. Of the net result, CHF 924 million were allocated to the surplus fund in the year under review (2021: 489 million), which means that an increase in the allocation can be expected for the next year.

### Changes in the surplus fund 2018–2022

(in CHF millions)	2022	2021	2020	2019	2018
At the beginning of the year	1,081	1,061	1,102	1,985	1,018
Withdrawals	-538	-469	-491	-1,346	-573
In %	-50	-44	-45	-68	-56
Allocations	924	489	450	464	1,542
At year end	1,467	1,081	1,061	1,102	1,987
Assigned from allocation in year +1	0	136	49	44	1,095
Assigned from allocation in year +2	0	0	402	420	448
Assigned from allocation in year +3	0	0	0	0	0
Assigned from allocation in year +4	0	0	0	0	0
Assigned from allocation in year +5	0	0	0	0	0
Total assignments	0	136	450	464	1,542
Outstanding assignments	924	352	450	0	0



### Changes in key figures

The changes in the key figures for occupational pension funds are shown in the following table. Further information about the operating statement of occu-

pational pensions and in particular the transparency schemes of the occupational pension fund insurers can be found on the [FINMA website](#).

### Key figures for occupational pension funds 2018–2022

	2022	2021	2020	2019	2018
<b>Premiums and investments</b>					
Total gross written premiums, in CHF millions	15,292	15,578	17,401	22,049	22,552
Total investments (market values), in CHF millions	156,517	182,376	186,228	186,139	207,537
Total investments (book values), in CHF millions	156,272	161,562	162,703	164,329	188,911
Net return on investments (book yield), in %	1.73	2.00	1.82	2.05	2.10
<b>Per capita operating costs, in CHF</b>					
Averaged over insured persons	357	344	351	370	377
Active insured persons	372	363	376	399	415
Pensioners	528	490	467	480	440
Holders of vested benefits policies	64	64	68	75	73
<b>Net result,<sup>a)</sup> in CHF millions</b>					
Savings process	807	338	328	304	911
Risk process	508	560	560	640	954
Cost process	-19	28	-35	-33	-39
Outside the processes	7	7	8	3	251
<b>Total (net result)</b>	<b>1,303</b>	<b>934</b>	<b>861</b>	<b>914</b>	<b>2,076</b>
<b>Breakdown of the net result</b>					
Life insurers' portion (operating result), in CHF millions	379	445	411	451	534
Life insurers' portion, in %	29.1	47.7	47.7	49.3	25.7
Insured persons' portion (assignment to surplus fund), in CHF millions	924	489	450	464	1,542
Insured persons' portion, in %	70.9	52.3	52.3	50.7	74.3
<b>Revenue in the savings, risk and cost process, in CHF millions</b>					
Life insurers' portion, in %	6.5	7.1	6.9	6.8	7.4
Insured persons' portion, in % (payout ratio)	93.5	92.9	93.1	93.2	92.6
Payout ratio only for business subject to the minimum ratio, in %	93.3	93.1	92.9	93.5	92.5

<sup>a)</sup> After creation/release of reserves, but before allocation to the surplus fund.

# Non-life insurance companies

The following information pertains to non-life insurers as well as to supplementary health insurers under the Insurance Contract Act (ICA).

## Key figures

Premiums increased by 5.4% (gross) compared with the previous year. Both the direct and indirect business experienced growth.

The claims expenditure (net) decreased by 1.8%. Overall, payments for insurance claims increased by 2.1%, but technical provisions decreased very slightly overall (release of CHF 8 million). In the previous year, they had increased by around CHF 1.3 billion.

The loss ratio (gross) deteriorated by 2.9 percentage points to 60.6% in 2022. This is due to a significantly better claims experience in indirect business compared with the previous year. On the other hand, the expense ratio rose slightly, by 0.4 percentage points to 28.1%.

Investment income slumped by around 39% in 2022 compared with the previous year. Accordingly, the return on investment declined from 4.2% in the previous year to 2.5% in 2022.

Although the decline in the investment results in 2022 was partially compensated by a higher technical result and other effects, the annual profits of non-life insurance companies declined by 3.3% overall. The return on equity fell slightly, by 0.4 percentage points.

The solvency of non-life insurance companies improved further in 2022 and was 32 percentage points higher than in the previous year. In contrast, the coverage of tied assets decreased by 4 percentage points. Both key figures remain in a comfortable range.

## Key figures for non-life insurance companies

(in CHF thousands)

	2022	2021	+/- in %
<b>Gross premiums written</b>	51,455,308	48,838,241	5.4
Claims paid out	25,243,244	24,720,213	2.1
Costs for the change in technical liabilities	345,175	223,184	58.7
Costs for the change in other actuarial liabilities	-353,233	1,119,100	n/a
Costs for underwriting	9,910,393	9,650,603	2.7
Taxes	420,672	574,433	-26.8
Gains/losses from investments	3,676,328	6,059,005	-39.3
<b>Annual profits</b>	<b>5,833,081</b>	<b>6,031,132</b>	<b>-3.3</b>
<b>Balance sheet total</b>	<b>188,247,758</b>	<b>186,882,108</b>	0.7
Investments	148,966,244	147,199,827	1.2
Technical liabilities	90,364,999	91,352,734	-1.1
<b>Equity (before profit allocation)</b>	<b>45,710,539</b>	<b>45,903,023</b>	0.4
	<b>2022 in %</b>	2021 in %	+/- percentage points
Return on investments	2.48	4.21	-1.73
Return on equity	12.76	13.14	-0.38
Loss ratio	60.6	63.5	-2.90
Expense ratio	28.1	27.7	+0.4
Combined ratio	88.7	91.2	-2.50
SST solvency ratio	303	264	+39
Tied-assets coverage ratio	128	132	-4

## Asset allocation

Asset allocation remained stable, as in previous years.

### Fixed income securities

Investments in fixed income securities were by far the largest investment category. They were divided between around 66% corporate bonds and 34% government bonds.

### Investments in shareholdings

Investments in shareholdings affected only a few insurance companies, with Zürich Versicherungs-Gesellschaft AG's shareholdings making up the lion's share of CHF 36.2 billion (2021: CHF 34.9 billion).

### Other positions

Non-life insurance companies continue to invest significantly less in real estate and mortgages than life insurance companies.

## Asset allocation of non-life insurers

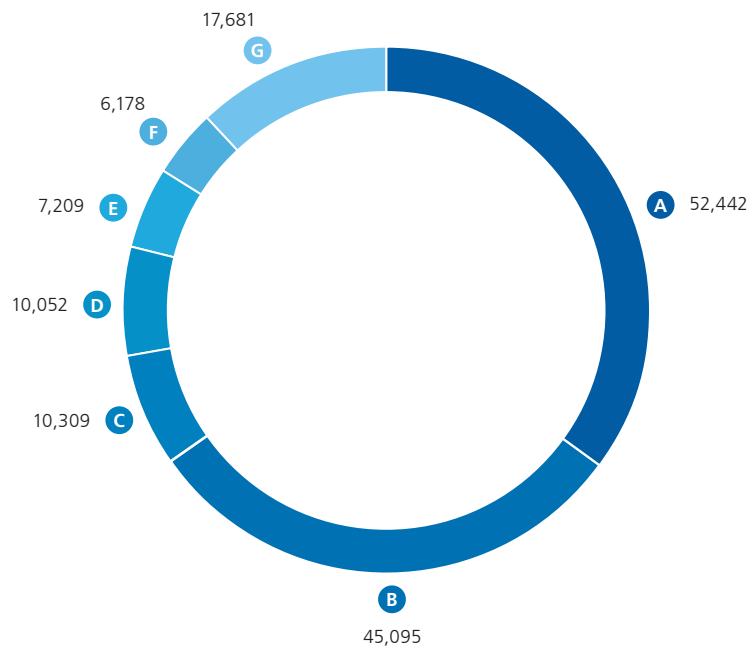
(in CHF thousands)

	2022	2022 in %	2021	2021 in %
Real estate, buildings under construction and building land	7,208,779	5	7,389,229	5
Participations	45,094,593	30	43,293,092	29
Fixed income securities	52,442,490	35	50,764,235	34
Loans	10,051,937	7	9,609,774	7
Mortgages	5,118,242	3	5,227,016	4
Equities	6,177,769	4	7,153,503	5
Collective investments	10,309,310	7	11,167,168	7
Alternative investments	5,575,912	4	5,555,112	4
Other investments	6,987,210	5	7,031,697	5
<b>Total investments</b>	<b>148,966,244</b>	<b>100</b>	<b>147,199,827</b>	<b>100</b>

## Asset allocation of non-life insurers 2022

(in CHF millions)

- A** Fixed income securities
- B** Participations
- C** Collective investments
- D** Loans
- E** Real estate, buildings under construction and building land
- F** Equities
- G** All other investments



## Premium trends in the direct Swiss business (including supplementary health insurers)

In 2022, the premium volume increased in all non-life insurance lines except motor vehicle liability insurance. On the one hand, this reflects the resumption of economic activities after the COVID-19 pandemic. On the other hand, it is a consequence of higher premium rates in certain cases due to the increased claims expenditure in 2021 and the higher reinsurance premium rates. Written gross premiums in the direct Swiss non-life insurance sector (including supplementary health insurers) even increased as a whole by 4.1%. Certain lines of business, such as marine, aviation and transport, credit and surety, and financial losses even saw double-digit percentage growth.

As in previous years, premiums in by far the largest sector, illness, increased sharply, this time by 3.5%. The fire and property damage and liability lines of

business recorded premium increases of over 5%. The premium volume in the legal protection, accident and tourist assistance lines also grew strongly.

The situation is quite different in the motor vehicle insurance sector. The total premium remained stable (+0.4%), despite the ongoing strong price competition and the lowest number of newly registered motor vehicles since 1996. The comprehensive premium increased by 1.2%, primarily due to the increase in the average values of vehicles and the associated average repair prices. In contrast, the liability premium decreased by 0.8%.

### Gross premiums written in the direct Swiss business (including supplementary health insurers)

(in CHF thousands)	2022	2022 in %	2021	+/- in %
Illness	12,212,176	39.3	11,798,165	3.5
Fire and property damage	4,603,399	14.8	4,348,951	5.9
Accident	3,404,803	11.0	3,308,608	2.9
Land vehicle (comprehensive)	3,552,849	11.4	3,509,082	1.2
Land vehicle (liability)	2,536,204	8.2	2,555,686	-0.8
Liability	2,316,966	7.5	2,171,206	6.7
Marine, aviation and transport	443,000	1.4	337,229	31.4
Legal protection	733,553	2.4	709,844	3.3
Financial losses	585,529	1.9	513,282	14.1
Credit and surety	430,826	1.4	359,512	19.8
Tourist assistance	239,380	0.8	232,767	2.8
<b>Total</b>	<b>31,058,686</b>	<b>100.0</b>	<b>29,844,332</b>	<b>4.1</b>

## Market shares in the direct Swiss business

Market shares among the eight main direct non-life insurance companies (excluding health insurers) fell further in 2022 to 81.8% (–1.7 percentage points). The remaining 18.2% of the market was shared by 87 further non-life insurance companies with their registered office in Switzerland as well as Swiss branches of insurance companies registered outside Switzerland.

Market shares of no more than 0.5 percentage points shifted only slightly among the eight largest Swiss non-life insurance companies. The respective positions of these eight remained unchanged.

### Market shares of non-life insurers (excluding supplementary health insurers)

(in CHF thousands)

	Premiums written 2022	Market shares in % 2022	Premiums written 2021	Market shares in % 2021
AXA Versicherungen	3,626,492	17.7	3,530,203	18.1
Schweizerische Mobiliar	3,314,898	16.2	3,194,705	16.3
Zürich Versicherung	3,104,611	15.1	2,944,702	15.1
Allianz Suisse	1,911,267	9.3	1,909,314	9.8
Helvetia	1,684,593	8.2	1,639,586	8.4
Baloise Versicherung AG	1,392,118	6.8	1,361,975	7.0
Vaudoise	1,030,301	5.0	982,877	5.0
Generali Assurances	707,954	3.5	739,333	3.8
<b>The eight largest insurers</b>	<b>16,772,325</b>	<b>81.8</b>	<b>16,302,696</b>	<b>83.5</b>

## Claims ratios in the direct Swiss business

The claims ratio in the direct Swiss non-life business increased by 0.9 percentage points compared with the previous year to 66.4% (2021: –1.1). However, it is interesting to note that the claims ratio developed differently in the individual insurance sectors, sometimes even with substantial changes.

Inflation also had an impact in 2022. If prices continue to rise in 2023, claims expenditure will increase. 2022 also marked the return to normality after the COVID-19 pandemic, and insurers saw an increase in the claims ratio in the credit, tourist assistance, transport and accident sectors.

In the land vehicle (liability) sector, the claims ratio rose by 38.9 percentage points. In 2021, the claims ratio had recorded an exceptional decrease of

24.9 percentage points. The decrease was mainly due to a reallocation of the technical reserves to the different types of provisions at one insurance company.

The claims ratio in the fire and property damage sectors fell by 16.0 percentage points in 2022 compared with the previous year. In 2021, exceptionally high loss amounts were incurred as a result of hail, storm and flood events.

### Claims ratios of the sectors in the direct Swiss business (including supplementary health insurers)

in %	2022	2021	+/- percentage points
Illness	75.1	73.1	+2.0
Fire and property damage	47.1	63.1	-16.0
Accident	70.9	64.6	+6.3
Land vehicle (comprehensive)	86.0	90.8	-4.8
Land vehicle (liability)	56.0	17.1	+38.9
Liability	49.7	60.2	-10.5
Marine, aviation and transport	56.7	39.9	+16.8
Legal protection	53.9	56.2	-2.3
Financial losses	36.1	68.0	-31.9
Credit and surety	36.6	28.8	+7.8
Tourist assistance	82.5	56.8	+25.7
<b>Total</b>	<b>66.4</b>	<b>65.5</b>	<b>+0.9</b>

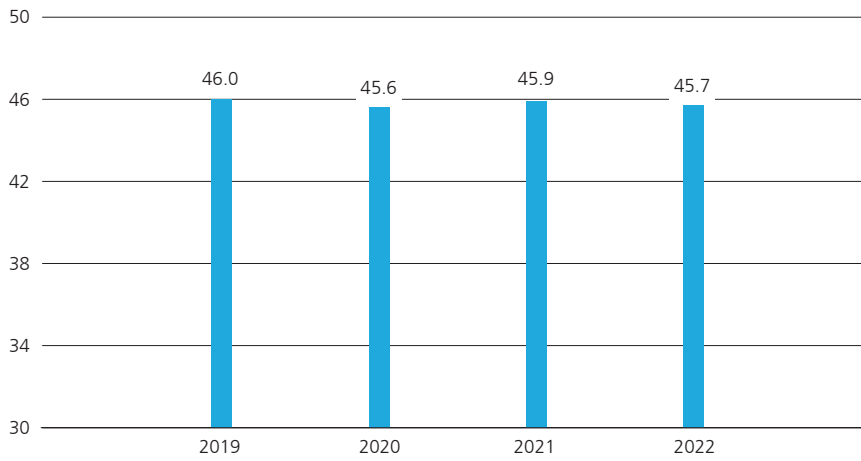


## Changes in equity capital

Since 2019, the equity capital of non-life insurance companies has remained stable at around CHF 46 billion.

### Equity capital of non-life insurers

(in CHF billions)



## Supplementary health insurance providers

### Key figures

Premium volume in the private supplementary health insurance business (supplementary health insurers and ICA business of general insurers also offering supplementary health insurance products) increased moderately in 2022. After the significant pandemic-related reduction in claims payments in 2020 and 2021, claims payments in 2022 already exceeded the 2019 level again by 2%. Costs for underwriting increased significantly more than premiums in 2022. The small increase in underwriting liabilities compared to the long-term trend was driven by allocations to the security and equalisation reserves. The

development of the stock markets as well as the interest rate increases led to a negative investment result in 2022. The reduced market values (for both bonds and shares) resulted in a slight reduction in the excess of tied assets. The reduction in the solvency ratios was mainly due to the increased discounting of positive long-term obligations caused by the increase in interest rates.

### Key figures of health insurance companies

(in CHF thousands)

	2022	2021	+/- in %
<b>Gross premiums written</b>	8,558,371	8,447,147	1.3
<b>Gross premiums written including ISA portion of health insurance companies</b>	10,581,200	10,339,133	2.3
Claims paid out	5,840,012	5,631,426	3.7
Costs for underwriting	1,786,676	1,702,520	4.9
Taxes	40,326	139,694	-71.1
Gains/losses from investments	-502,312	682,197	n/a
<b>Annual profits</b>	<b>313,188</b>	<b>677,648</b>	-53.8
<b>Balance sheet total</b>	<b>20,457,883</b>	<b>20,649,140</b>	-0.9
<b>Investments</b>	<b>17,920,758</b>	<b>18,189,164</b>	-1.5
Technical liabilities	11,895,826	11,720,359	1.5
<b>Equity (before profit allocation)</b>	4,880,612	4,869,253	0.2
	<b>2022 in %</b>	2021 in %	+/- percentage points
Return on investments	-2.78	3.86	-6.64
Return on equity	6.42	13.92	-7.50
SST solvency ratio	365	394	-29
Tied-assets coverage ratio	129	138	-9

### Market share in the supplementary health insurance sector

The breakdown of market share<sup>4</sup> shows that the concentration – irrespective of intra-group structural changes – increased slightly again in 2022. However, it should be noted that as a result of the facts stated in the footnote, business policy decisions have an impact on the operation of additional sectors and can reduce or increase the overall volume.

### Market share in the supplementary health insurance sector

(in CHF thousands)

	Premiums written 2022	Market shares in % 2022	Premiums written 2021	Market shares in % 2021
Helsana Zusatzversicherungen	1,881,857	17.8	1,881,992	18.3
SWICA Krankenversicherung	1,847,278	17.5	1,713,512	16.6
CSS	1,240,245	11.7	1,204,479	11.7
Visana	1,319,789	12.5	1,156,209	11.2
Groupe Mutuel Assurances	1,199,337	11.3	1,132,234	11.0
Sanitas	761,317	7.2	763,627	7.4
Concordia	575,795	5.4	571,949	5.5
Assura	351,728	3.3	357,491	3.5
<b>The eight largest insurers</b>	<b>9,177,347</b>	<b>86.7</b>	<b>8,781,493</b>	<b>85.2</b>

<sup>4</sup>The figures include all premium income generated by the categories shown (including premiums for lines offered additionally to health insurance).

# Reinsurance companies

## Key figures

Gross premiums generated by reinsurance companies under supervision in Switzerland rose substantially in 2022, by 12.5% to CHF 51.3 billion. The loss ratio deteriorated slightly, by one percentage point to 66.6%. The investment result changed drastically; instead of the previous year's positive result of CHF 1.4 billion, a loss of CHF 2 billion resulted. Nevertheless, the annual result improved from CHF 121 million to CHF 547 million, but still repre-

sented a modest return on equity (RoE) of 2.1%. The SST solvency ratio for reinsurers improved significantly, by over 50 percentage points to 256%.

An increase in gross premiums was recorded by Swiss Re companies and other professional reinsurance companies as well as by reinsurance captives. The highest absolute and relative contribution to growth came from the other professional reinsurance com-

## Key figures of reinsurance companies

(in CHF thousands)

	2022	2021	+/- in %
<b>Gross premiums written</b>	51,260,705	45,559,467	12.5
Claims paid out	24,587,415	21,910,469	12.2
Costs for the change in technical liabilities	2,176,018	4,444,104	-51.0
Costs for the change in other actuarial liabilities	-124,052	38,408	n/a
Costs for underwriting	10,762,201	10,044,665	7.1
Taxes	186,649	221,117	-15.6
Gains/losses from investments	-2,035,169	1,434,623	n/a
<b>Annual profits</b>	<b>546,968</b>	<b>121,041</b>	351.9
<b>Balance sheet total</b>	<b>207,296,101</b>	<b>204,885,890</b>	1.2
<b>Investments</b>	98,969,319	96,668,525	2.4
Technical liabilities	132,906,067	130,512,435	1.8
<b>Equity (before profit allocation)</b>	<b>25,628,554</b>	<b>27,163,764</b>	-5.7
			+/- percentage points
Return on investments	-2.08	1.48	-3.56
Return on equity	2.13	0.45	+1.67
Loss ratio, non-life	66.6	65.6	+1.0
Benefit ratio, life	61.5	98.3	-36.8
SST solvency ratio	256	203	+53

panies, where gross premiums increased by 21%. New Re's growth accounted for more than half of the total, most of which came from life reinsurance.

Total assets increased slightly, by 1.2% to CHF 207 billion. On the liabilities side, underwriting liabilities increased by 1.8% to CHF 132.9 billion, while equity capital declined by 5.7% to CHF 25.6 billion.

The development of the non-life loss ratio (net) was mixed; overall, there was a deterioration of 1 percentage point compared with the previous year to 66.6%. The Swiss Re Group companies recorded a deterioration of 7.2 percentage points to 70.5%, driven by increased claims expenses from natural catastrophes, especially Hurricane Ian. The other professional reinsurance companies and reinsurance captives achieved improvements.

The result from investments changed fundamentally: from a positive result of CHF 1.4 billion in the previous year to a loss of CHF 2 billion in 2022. This is due in particular to value adjustments on collective investment schemes resulting from increased interest rates. Realised capital losses on fixed income securities also increased. Due to these developments, a negative return on investment of -2.1% resulted. An overall result of CHF 547 million was achieved with an increased but still modest return on equity (RoE) of 2.1%. The SST solvency ratio improved by more than 50 percentage points overall. However, this positive development was only recorded by the Swiss Re companies. The other professional reinsurance companies and the reinsurance captives as a whole saw slight deteriorations in the solvency ratio.

## Asset allocation

Asset allocation was relatively stable year on year. However, there has been one significant development: Collective investment schemes declined by 3 percentage points to 21%, fixed income securities increased by 3 percentage points to 41%, meaning that this segment is now almost twice as high as that of collective investment schemes. In the previous

year, it was almost 50% more. The participations segment fell by 1 percentage point to 27%. Shareholdings involved almost exclusively Swiss Re Group companies, which function as holding companies in addition to their operational activities.

### Asset allocation of reinsurance companies

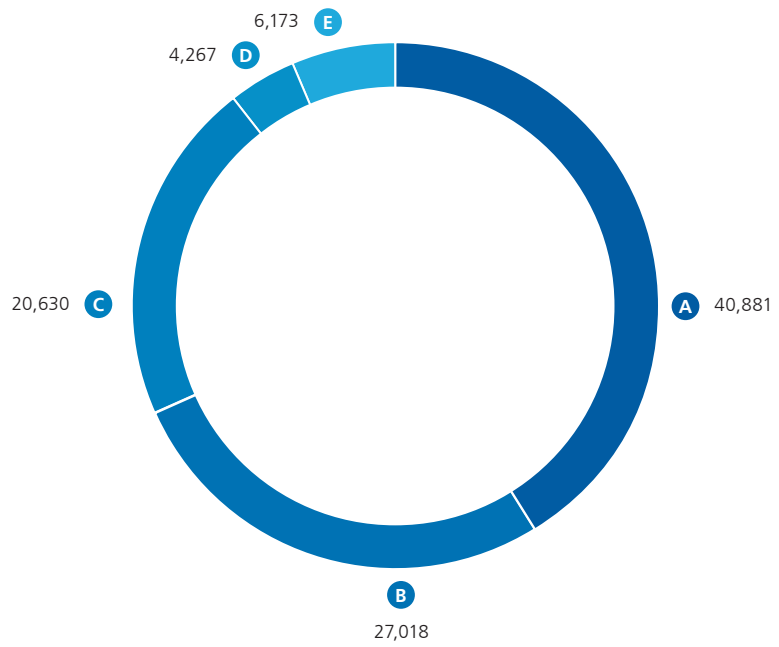
(in CHF thousands)

	2022	2022 in %	2021	2021 in %
Real estate, buildings under construction and building land	78,050	0	75,161	0
Participations	27,017,611	27	27,001,495	28
Fixed income securities	40,881,297	41	36,830,944	38
Loans	4,266,871	4	3,837,643	4
Mortgages	0	0	0	0
Equities	675,718	1	771,316	1
Collective investments	20,629,811	21	23,085,385	24
Alternative investments	1,135,913	1	1,014,056	1
Other investments	4,284,047	5	4,052,525	4
<b>Total investments</b>	<b>98,969,319</b>	<b>100</b>	<b>96,668,525</b>	<b>100</b>

## Asset allocation of reinsurance companies 2022

(in CHF millions)

- A** Fixed income securities
- B** Participations
- C** Collective investments
- D** Loans
- E** All other investments



## Premium trends

Earned gross premiums developed in step with written premiums. In the non-life reinsurance sector, overall growth of 10.1% was recorded, while in the life reinsurance sector growth was even higher at 18.7%. This essentially stems from New Re and Swiss

Re. In geographical terms, the relative increase was greatest in business with Asian cedants. Overall, however, Europe and North America remain dominant and together account for almost 80%.

### Premiums earned by reinsurers

(in CHF thousands)	2022	2022 in %	2021	+/- in %
Short-tail	18,599,161	37.4	16,597,044	12.1
Long-tail	11,870,069	23.9	11,264,578	5.4
Catastrophes	4,503,794	9.1	3,897,389	15.6
<b>Total non-life</b>	<b>34,973,025</b>	<b>70.4</b>	<b>31,759,010</b>	<b>10.1</b>
Life insurers	14,695,314	29.6	12,382,960	18.7
<b>Total gross premiums</b>	<b>49,668,338</b>	<b>100.0</b>	<b>44,141,971</b>	<b>12.5</b>
Asia/Pacific	8,418,483	16.9	6,934,226	21.4
Europe	19,908,446	40.1	18,548,703	7.3
North America	18,885,810	38.0	16,645,158	13.5
Rest of the world	2,455,599	4.9	2,013,884	21.5
<b>Total gross premiums</b>	<b>49,668,338</b>	<b>100.0</b>	<b>44,141,971</b>	<b>12.5</b>



## Claims ratio

In 2022, the claims ratio in the non-life reinsurance sector deteriorated by 3.8 percentage points to 69.4% (2021: 65.6%). This development was largely shaped by the performance of the catastrophes segment, which deteriorated by 13.6 percentage points to 81.7%. The year 2022 was characterised by high losses due to natural disasters, which were reflected not exclusively but nevertheless significantly in the catastrophes segment. Across the market as a whole, insured catastrophe losses were slightly higher than in the previous year and were significantly above the 10-year moving average.<sup>5</sup>

survey before the end of 2022. The aim was to get a more accurate picture of insured losses due to natural disasters in 2022. The survey was aimed primarily at professional reinsurance companies, with a focus on loss estimates for natural disaster events as at 31 December 2022. The losses of the Swiss companies totalled CHF 4.4 billion. Of this, CHF 3.2 billion was incurred by reinsurance companies. These losses did not lead to a solvency risk for any of the companies. In order to be able to assess the financial impact in good time, this information was already collected at the end of 2022.

Because of the high losses due to natural disasters – particularly Hurricane Ian at the end of September 2022, which will go down in history as one of the most expensive hurricanes – FINMA conducted a

### Claims ratios in non-life reinsurance business

in %	2022	2021	+/- percentage points
Short-tail	63.9	60.9	+3.0
Long-tail	71.9	70.1	+1.8
Catastrophes	81.7	68.1	+13.6
<b>Total</b>	<b>69.4</b>	<b>65.6</b>	<b>+3.8</b>

<sup>5</sup> Source:  
Swiss Re sigma 1/2023.

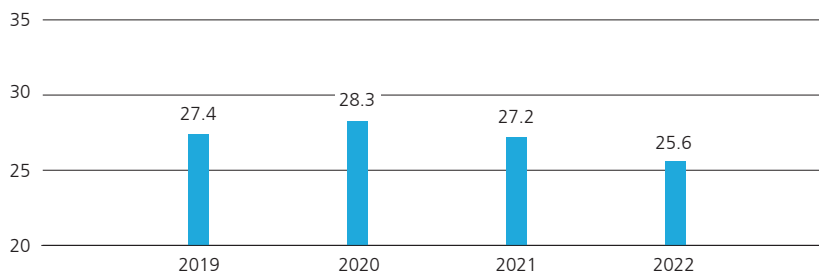
## Changes in equity capital

Statutory equity capital before profit allocation fell by 5.7% to CHF 25.6 billion compared with the previous year. Both the Swiss Re companies and the other professional reinsurance companies recorded a decline; by 5.5% to CHF 14.6 billion and by 10.1%

to CHF 8.1 billion respectively. Only the reinsurance captives increased their equity capital by 8.2% to CHF 2.9 billion. The causes of this decline in equity included modest profits combined with unchanged high or even extraordinary distributions in 2022.

### Equity capital reinsurers

(in CHF billions)



# Definition of terms

## Combined ratio

The combined ratio is a composite key figure that expresses the ratio of gross claims to operating costs. The insurance industry uses this ratio to evaluate the profitability of its portfolios.

## Return on equity

Return on equity is a key figure that measures the profitability of equity capital. It is calculated based on the ratio of annual profits to equity capital. This simple and precise indicator makes it possible to compare the profitability of different companies.

## Expense ratio

The expense ratio is a key figure that non-life insurers use to indicate the amount in earned gross premiums required for managing the insurance operations. The rate itself is less indicative than the actual change over time.

## Tied assets

Insurance companies are legally obliged to guarantee entitlements arising from insurance contracts by establishing tied assets. Thanks to this rule, policyholders have a liability substrate which ensures that their claims under insurance contracts will be satisfied before the claims of all other creditors if an insurance company becomes insolvent. All insurance companies, with the exception of reinsurers, must observe special rules when investing tied assets. The rules for tied assets specify not only the eligible asset classes, but also the requirements to be met by insurance companies in terms of their investment organisation and processes. The rules contain precisely formulated restrictions for riskier asset classes.

## Return on investments

Return on investments calculates as the profit or loss from an investment divided by the average amount of investments. Return on investments reflects the performance of the investment activities of insurance companies. In the calculation, the numerator is the total of direct income, realised income/losses, unrealised gains/losses, and the investment expenditures. The denominator is the average amount of the investments (excluding investments on third-party account).

## Loss ratio

The loss ratio, or gross claims ratio, is a key figure that the non-life insurance sector uses to indicate the extent to which contribution income covers the insurance benefits that are paid. Calculating the loss ratio means dividing the paid-for and reserved claims expenditure by the earned gross premiums. The gross claims ratio reflects the effect of claims on the insurance company, the adequacy of premiums, and the appropriateness of the underwriting policy.

## SST solvency ratio

The Swiss Solvency Test (SST) is a modern supervisory tool that applies risk-based principles and uses a total balance sheet approach. Insurance companies are required to provide a market-consistent assessment of the value of their assets and liabilities. Changes to these balance sheet positions are then modelled over a one-year period in order to arrive at the total required capital. The solvency ratio contrasts the available capital (risk-bearing capital) against the required capital (target capital). The Swiss branch offices of foreign insurance companies and supplementary health insurers (in the supplementary health insurance sector) that are supervised by FINMA are exempt from SST obligations.

# Abbreviations

**CHF** Swiss francs

**IBNR** incurred but not reported

**ICA** Swiss Federal Act of 2 April 1908 on Insurance Contracts  
(Insurance Contract Act; SR 221.229.1)

**ISA** Swiss Federal Act of 17 December 2004 on the Supervision of Insurance Companies (Insurance Supervision Act; SR 961.01)

**SST** Swiss Solvency Test

## **Publication details**

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### **Design and layout**

Stämpfli Kommunikation, Bern

7 September 2023