

16 November 2010

Report on the insurance market in 2009

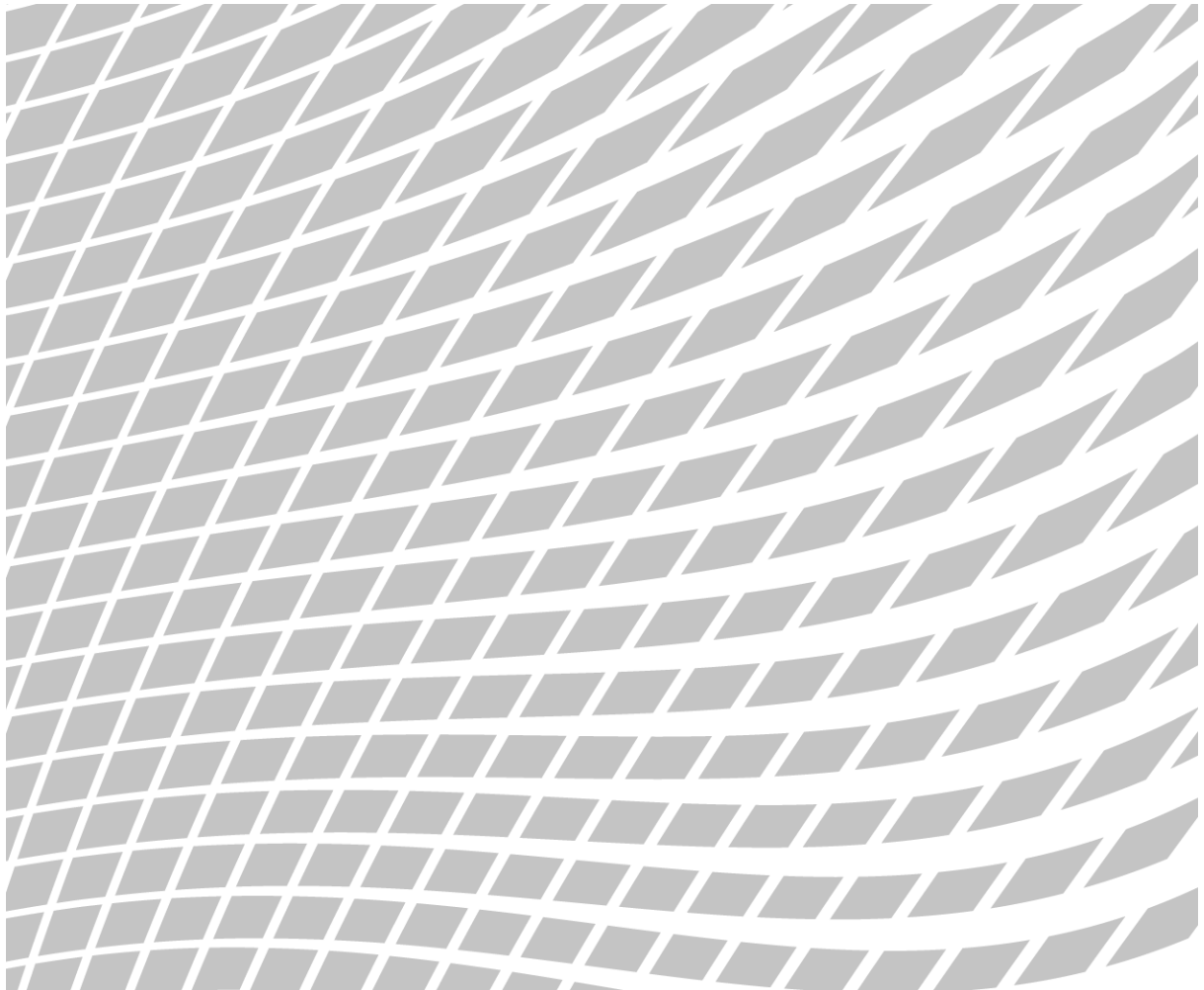


Table of contents

1	Market overview	3
1.1	Number of institutions by sector	3
1.2	Overview of balance sheets and income statements for the market as a whole	5
1.3	Investments	8
1.3.1	Total assets invested	8
1.3.2	Investments in tied assets	9
2	Life insurance companies	10
2.1	Premium trends	12
2.2	Market shares in direct Swiss business	13
2.3	Mathematical provisions	13
2.4	Underwriting result	15
3	Non-life insurance companies	17
3.1	Premium trends in Swiss business	19
3.2	Market shares in direct Swiss business	19
3.3	Annual result	20
4	Reinsurance companies	22
4.1	Premium trends	24
4.2	Annual result	25

This report provides readers with an overview of the Swiss insurance market in 2009. The report is divided into four sections. The first section contains information about the market as a whole. Sections 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 2009 (at the end of 2008)			
Life insurance companies	21 (22)	4 (4)	25 (26)
Non-life insurance companies	79 (79)	46 (43)	125 (122)
Reinsurance companies	26 (28)	- (-)	26 (28)
Reinsurance captives	42 (42)	- (-)	42 (42)
Total number of insurance companies under supervision	168 (171)	50 (47)	218 (218)

Not included in the above table are health insurers (of which there were 40 on 31 December 2009), 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, nine insurance groups are subject to group supervision by FINMA.

Overview of the changes in the number of insurance companies supervised for the year 2009:

Type of insurance company	No. of insurers on 01.01.09	Newly approved (+) Removed (-)	No. of insurers on 31.12.09
Switzerland			
Life	22	- Genevoise Vie	21
Non-life	79	+ First Caution + Hotela Assurances - Sankt Christophorus - Elsevier Risks	79
Re	28	- Eurco Rück - Alea Europe	26
Captives	42	+ Nycomed Re + Stemcor + Elsevier Risks - Copthorne - Swedish Meats Re - Sansafe	42
Life branches			
European Union (EU)			
UK	1		1
France	2		2
Luxembourg	1		1
Non-life branches			
European Union (EU)			
Belgium	2		2
UK	13	+ Berkshire Hathaway + Hartford + FM Global	16
Germany	7		7
France	5	+ Mondial Assistance	6
Ireland	4	- XL Europe	3
Luxembourg	1		1
Netherlands	1		1
Austria	1		1
Sweden	2		2
Spain	2		2
Outside CH and the EU			
Norway	1		1
Guernsey	2		2
Bermuda	1		1
USA	1		1
Total number of insurance companies	218		218

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

The figures given below are for all insurance companies engaged in life insurance, non-life insurance and reinsurance that are not part of a group. 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 supervised by FINMA and the supplementary health insurance activities of health insurers, which are also supervised by FINMA.

Figures in CHF 1000's

Market as a whole	31.12.08	31.12.09
Balance sheet total	577'749'405	576'210'970
Assets		
Investments		
Real estate, buildings under construction and building land	8%	8%
Participations	13%	12%
Fixed-income securities	49%	52%
Loans and debt register claims	4%	4%
Mortgages	6%	6%
Equities and similar investments	2%	2%
Collective investments	4%	5%
Alternative investments	3%	2%
Net derivatives position	0%	0%
Time deposits and other money markets investments	3%	2%
Policy loans	0%	0%
Other investments	2%	2%
Liquid assets	6%	5%
Total investments for own account	459'795'554	458'295'850
Investments from unit-linked life insurance	14'955'273	16'051'937
Total investments	470'895'577	474'347'787
Receivables from insurance activities	53'791'739	48'011'346
Receivables from investment activities	405'692	895'177
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	32'899'424	36'358'792
Accruals	10'793'553	9'864'025
Liabilities and equity		
Equity (before profit allocation)	57'564'232	66'094'858
Hybrid capital	20'655'611	23'554'834
Financial debt	25'769'669	18'639'777
Insurance technical liabilities	417'552'093	411'936'840
Liabilities from insurance activities	20'265'890	19'311'757
Liabilities from investment activities	1'093'595	1'013'902
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	16'125'615	21'091'598
Accruals	9'759'281	7'833'560

¹ Percentages are based on total investments for own account

² Contains credits and liabilities from derivative financial instruments

³ Liabilities from derivative financial instruments excluded

Figures in CHF 1000's

	31.12.08	31.12.09
Market as a whole		
Annual profit	2'435'273	7'809'982
Premiums		
Booked gross premiums	121'932'592	114'359'460
Reinsurers' part	10'651'401	11'094'117
Net return from investments		
Direct earnings from investments	21'556'769	17'285'919
Realised gains/losses	5'796'936	691'443
Write-ups/write-downs on investments	-20'372'539	-2'811'955
Expenses for the administration of investments	1'209'444	1'042'038
Total gains/losses from investments	5'771'722	14'123'370
Return on investments	1.23%	3.08%
SST		
Target capital	83'757'400	78'469'500
Risk-bearing capital	120'290'700	166'018'700
Solvency ratio	144%	212%
Solvency I		
Total required solvency margin	25'255'036	25'012'649
Total available solvency margin	73'054'190	81'342'385
Solvency ratio	289%	325%
Tied assets		
Total required value	268'365'391	274'135'467
Total cover values	287'794'416	298'903'708
Coverage ratio	107%	109%

⁴ Information provided by insurance companies. Corrections made by FINMA not included.

⁵ Including foreign branches in Switzerland and health insurers

⁶ Based on average capital held for own account

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 insurers for supplementary health insurance are not included.

	31.12.2008	31.12.2009
Return on investments for the whole market	1.23%	3.08%
Return on investments for life	1.28%	3.22%
Return on investments for non-life	1.97%	3.90%
Return on investments for reinsurance	-0.15%	1.18%

The capital allocation remained almost unchanged since the previous year in both life insurance and non-life. The weighting in fixed-income investments remained high in both sectors. The life insurers held 59% of their investments in fixed-income securities (up two percentage points since the previous year), while the non-life insurers held 42% (down one percentage point since the previous year). The life insurers also continued to hold large positions in real estate and mortgages, which accounted for a total of 20% of their investments. Reinsurers increased the weighting of their investments held in fixed-income securities by 10 percentage points from the previous year to 42%. Despite the upturn in the stock markets in 2009, 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 and time deposits compared to the previous year (from 6% to 5% for the life insurers, 11% to 7% for the non-life insurers and 16% to 13% for the reinsurers).

In 2009, life insurers achieved a return on investment of 3.22% on average capital held for their own account, compared to a return of 1.28% the previous year. The non-life insurers achieved a return on investment of 3.90% compared to 1.97% the previous year. The reinsurers achieved a return on investment of 1.18% compared to a negative return of -0.15% the previous year. The increase in returns can be primarily attributed to the clear reduction in accounting losses on investments. However, because of their low equity exposure, the extent to which the insurers were able to profit from the recovery in the stock markets was limited. The instability of the financial markets, the associated difficulty of achieving stable returns and low interest rates represent a considerable challenge for the life insurers in particular, in both the short and long term.

1.3.2 Investments in tied assets

The capital allocation in tied assets on 31 December 2008 and 31 December 2009 was as follows:

	Life 31.12.2008	Life 31.12.2009	Non-life 31.12.2008	Non-life 31.12.2009
Real estate, buildings under construction and building land	14%	14%	12%	12%
Participations	1%	1%	1%	0%
Fixed-income securities	59%	61%	56%	59%
Loans and debt register claims	4%	4%	2%	2%
Mortgages	9%	9%	7%	6%
Equities and similar investments	1%	2%	4%	4%
Collective investments	2%	1%	5%	5%
Alternative investments	4%	3%	2%	2%
Net derivatives position	1%	1%	0%	0%
Time deposits and other money market investments	1%	1%	2%	2%
Receivables from reinsurance companies	0%	0%	3%	3%
Other investments	1%	0%	1%	1%
Liquid assets	3%	3%	5%	4%
Total investments for own account	217'406'303	223'351'458	56'509'325	60'191'470

The total tied assets of Swiss insurance companies amounted to CHF 299 billion at the end of 2009 (CHF 15.4 billion of which was accounted for by unit-linked life insurance investments). At the end of 2009, 88% (2008: 86%) of the investments of the life insurers aggregated across all insurance companies (84% of total assets; 2008: 82%) were in tied assets, whereas for the non-life insurers they accounted for 46% (2008: 41%) of investments (40% of total assets; 2008: 36%).

The differences in the aggregated capital allocation compared with the previous year are only small. The percentage of tied assets invested in fixed-income securities, which was clearly the most favoured asset class, increased by two percentage points to 61% for the life insurers and by three percentage points to 59% for the non-life insurers. The share of tied assets invested in the three most favoured asset classes of bonds, real estate and mortgages on 31 December 2009 was 84% for the life insurers and 77% for the non-life insurers.

2 Life insurance companies

Figures in CHF 1000's

Life insurers	31.12.08	31.12.09
Balance sheet total	280'611'284	281'706'115
Assets		
Investments ¹		
Real estate, buildings under construction and building land	11%	11%
Participations	3%	2%
Fixed-income securities	57%	59%
Loans and debt register claims	4%	4%
Mortgages	9%	9%
Equities and similar investments	1%	2%
Collective investments	4%	4%
Alternative investments	3%	2%
Net derivatives position	1%	1%
Time deposits and other money markets investments	1%	1%
Policy loans	0%	0%
Other investments	1%	1%
Liquid assets	5%	4%
Total investments for own account	254'059'392	254'706'622
Investments from unit-linked life insurance	14'271'059	16'051'937
Total investments	268'330'451	270'758'559
Receivables from insurance activities	1'910'016	1'584'466
Receivables from investment activities	268'540	268'708
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	3'043'369	2'238'029
Accruals	6'214'007	6'326'922
Liabilities and equity		
Equity (before profit allocation)	7'767'154	8'906'890
Hybrid capital	4'415'753	4'033'849
Financial debt	3'810'237	504'098
Insurance technical liabilities	249'440'610	253'640'806
Liabilities from insurance activities	5'298'209	6'460'436
Liabilities from investment activities	1'017'838	573'234
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	4'921'639	4'396'144
Accruals	3'094'943	2'661'226

¹ Percentages are based on total investments for own account

² Contains credits and liabilities from derivative financial instruments

³ Liabilities from derivative financial instruments excluded

Figures in CHF 1000's

Life insurers	31.12.08	31.12.09
Annual profit	413'332	1'227'313
Premiums		
Booked gross premiums	32'371'665	32'179'753
Reinsurers' part	308'884	267'184
Net return from investments		
Direct income from investments	9'774'922	9'515'266
Realised gains/losses	3'681'247	1'465'198
Write-ups/write-downs on investments	-9'438'180	-2'221'861
Expenses for the administration of investments	600'948	575'293
Total gains/losses from investments	3'417'042	8'183'311
Return on investments	1.28%	3.22%
SST		
Target capital	32'709'800	25'575'200
Risk-bearing capital	28'510'500	30'032'800
Solvency ratio	87%	117%
Solvency I		
Total required solvency margin	10'314'908	10'363'547
Total available solvency margin	20'834'807	23'023'796
Solvency ratio	202%	222%
Tied assets		
Total required value	222'779'720	226'101'978
Total cover values	231'285'091	238'712'239
Coverage ratio	104%	106%

⁴ Information provided by insurance companies. Corrections made by FINMA not included.

⁵ Available solvency margin includes eligible hidden reserves of 11'141'034 (2008) and 6'868'803 (2009) and hybrid capital of 2'034'582 (2008) and 2'060'234 (2009)

⁶ Including foreign branches in Switzerland and health insurers

⁷ Based on average capital held for own account

2.1 Premium trends

Gross premiums booked Values in CHF 1'000's	2008	2009	Percentage share 2009	Change in % since previous year	Share 3a pillar in %
Group life occupational pension schemes	20'536'322	19'747'845	61.4%	-4%	-
Classical individual capital insurance	4'668'140	4'911'016	15.3%	+5%	52.0%
Classical individual annuity insurance	1'191'489	1'253'764	3.9%	+5%	4.7%
Unit-linked life insurance	2'501'151	2'729'504	8.5%	+9%	42.1%
Life insurance linked to internal investment positions	163'978	67'425	0.2%	-59%	2.3%
Capitalisation and tontines	9'100	277'982	0.9%	↑	-
Other life insurance segments	472'368	432'588	1.3%	-9%	46.8%
Individual life insurance not proratable on the branches	64'421	-	-	-	-
Health and casualty insurance	9'515	8'912	-	-8%	-
Foreign branches	2'408'103	2'484'966	7.7%	+3%	-
Reinsurance accepted	347'079	265'753	0.8%	-23%	-
Total	32'371'666	32'179'753	100.0%	-1%	-

Overall, the life insurers were able to almost maintain their premium volume. The fall in premiums for group occupational pensions was counteracted by growth in 3a and 3b retirement savings. The 61.4% share of the total premium volume 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.

2.2 Market shares in direct Swiss business

Insurer	2008		2009	
	Market share	Cumulative market share	Market share	Cumulative market share
AXA Leben	27.2%	27.2%	26.2%	26.2%
Swiss Life	28.0%	55.1%	25.8%	52.0%
Helvetia Leben	8.2%	63.3%	9.2%	61.2%
Basler Leben	8.7%	72.0%	9.0%	70.2%
Allianz Suisse Leben	6.3%	78.3%	6.8%	77.0%
Zürich Leben	6.9%	85.2%	6.4%	83.4%
Generali Personenversicherungen	3.7%	88.9%	3.8%	87.3%

In direct Swiss business, the seven market leaders grew slightly less than proportionally compared with the market as a whole, with their cumulative market share reducing marginally from 88.9% in 2008 to 87.3%. According to the Herfindahl Index, this reflects a decrease in market concentration from 17.8% to 16.5%. Helvetia Leben and Allianz Suisse Leben were the most successful market players, while Swiss Life, Axa Leben and Zurich Leben showed market share losses.

2.3 Mathematical provisions

Gross mathematical provisions Values in CHF 1'000	2008	2009	Share in 2009	Change in % since pre- vious year
Group life occupational pension schemes	111'572'616	114'513'210	49.7%	+3%
Classical individual capital insurance	54'757'864	53'055'508	23.0%	-3%
Classical individual annuity insurance	20'262'300	20'451'879	8.9%	+1%
Unit-linked life insurance	13'077'240	14'233'796	6.2%	+9%
Life insurance linked to internal investment positions	986'996	2'700'793	1.2%	+174%
Capitalisation and tontines	12'271	294'343	0.1%	
Other insurance segments	3'350'920	4'076'635	1.8%	+22%
Foreign branches	19'773'061	20'337'443	8.8%	+3%
Reinsurance accepted	881'742	757'211	0.3%	-14%
Total	224'675'010	230'420'818	100.0%	+3%

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 (2009: CHF 255.3 billion). The total mathematical provisions of all insurance segments covered show moderate growth of 3% for 2009. The strong growth in unit-linked life insurance can be attributed largely to the recovery in equity prices after the financial crisis in 2008. The significant increase in the other insurance segments can be explained by the fact that the mathematical provisions for individual disability insurance now appear correctly under the other cover items instead of under traditional individual insurance. The remaining fall of around CHF 1 billion in traditional individual insurance can be attributed largely to the run-off of older business. Almost 90% of the mathematical provisions of branches abroad is accounted for by the Swiss Life branch in Germany. Ten years ago, Swiss life insurers still handled a significant volume of foreign business through branches, but now, with a few exceptions, this business has been transferred to legally independent subsidiaries.

2.4 Underwriting result

Life insurance, income statement for 2009	All busi- ness	Swiss busi- ness					Foreign business
		Occupational pen- sions	Other Swiss business	Classical individual life insurance			
				Unit- linked life insurance			
Value in CHF 1'000 (previous year)							
Underwriting income	31'977'190	29'455'164	19'614'492	9'840'672	7'041'266	2'799'406	2'522'026
Payments for insurance claims	-30'204,588	-28'347,837	-18'852,794	-9'495'043	-8'215'258	-1'279'785	-1'856'751
Change in technical provisions (- = increase)	-5'861'931	-4'903'776	-2'424'562	-2'479'214	372'699	-2'851'913	-958'155
Gains/losses from in- vestments	10'228'825	9'104'383	4'240'299	4'864'084	3'024'510	1'839'574	1'124'442
Other income and ex- penses from insurance activities	-206'239	-165'138	-63'314	-101'824			-41'101
Expenses for surplus participation	-1'558'404	-1'315'731	-952'628	-363'103			-242'673
Expenses for underwrit- ing and taxes	-2'982'130	-2'511'615	-829'006	-1'682'609			-470'515
Expenses from financing activities	-154'605	-146'532	-34'059	-112'473			-8'073
Other income and ex- penses	-11'204	-29'141	-71'932	42'791			17'937
Annual result	1'226,913	1'139,777	626'497	513'280			87'137
In %	100.0%	92.9%	5.1%	41.8%			7.1%

After poor results in 2008, the life insurers reported positive figures on a statutory basis again for 2009. All insurance segments contributed to this equally. Technical provisions, surplus funds and hidden reserves on investments increased significantly.

Payments for insurance claims (CHF 30.2 billion; -8.6%) fell more sharply than underwriting income, which essentially comes from premium income (CHF 32.0 billion; -0.4%).

A particularly striking difference compared to 2008 is the very different change in technical provisions. Technical provisions decreased by CHF 4.2 billion in 2008 and increased by CHF 5.9 billion in 2009. This is largely because of the performance of life insurance products linked to fund units and internal investment portfolios. As a result of the change in the market values of these products in 2008, their

mathematical provisions decreased by CHF 3.1 billion in 2008. These investments recovered considerably in 2009, and consequently mathematical provisions increased by CHF 2.8 billion.

As expected, the investment result was much better in 2009 (CHF 10.2 billion compared to CHF 0.1 billion in 2008). The good investment result allowed a correspondingly higher allocation to be made to surplus funds (CHF 1.6 billion compared to CHF 0.3 billion in 2008).

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

At the beginning of 2008	CHF	5.0	billion
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
At the end of 2008	CHF	3.8	billion
Surplus participation to insured parties	CHF	-1.1	billion
Allocation to surplus fund from the income statement	CHF	+1.4	billion
Equalisation of currency differences	CHF	0	billion
At the end of 2009	CHF	4.1	billion

This illustrates very clearly the smoothing function of the surplus fund as a technical balance sheet item. The withdrawal from the surplus fund in 2008 to cover operating deficits shows that it can be used as solvency capital.

The distribution expenses (CHF 3.0 billion; -1.4%) were reduced slightly.

3 Non-life insurance companies

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

Figures in CHF 1000's

Non-life insurers	31.12.08	31.12.09
Balance sheet total	153'648'320	147'890'675
Assets		
Investments		
Real estate, buildings under construction and building land	5%	5%
Participations	25%	25%
Fixed-income securities	43%	42%
Loans and debt register claims	5%	6%
Mortgages	3%	3%
Equities and similar investments	3%	3%
Collective investments	3%	3%
Alternative investments	1%	2%
Net derivatives position ¹	0%	0%
Time deposits and other money markets investments	3%	2%
Policy loans	0%	0%
Other investments	1%	4%
Liquid assets	8%	5%
Total investments	134'525'340	125'856'152
Receivables from insurance activities	10'665'840	8'378'905
Receivables from investment activities	90'632	490'183
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	5'033'696	10'360'414
Accruals	1'742'515	1'483'696
Liabilities and equity		
Equity (before profit allocation)	23'716'883	27'973'365
Hybrid capital	10'215'133	11'044'379
Financial debt	17'007'234	11'996'586
Insurance technical liabilities	85'413'718	80'126'323
Liabilities from insurance activities	4'580'576	3'724'476
Liabilities from investment activities ²	11'427	278'389
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	5'135'452	6'897'528
Accruals	5'977'602	4'528'303

¹ Contains credits and liabilities from derivative financial instruments

² Liabilities from derivative financial instruments excluded

Figures in CHF 1000's

Non-life insurers		31.12.08	31.12.09
Annual profit		2'064'768	4'345'992
Premiums			
Booked gross premiums		52'536'270	51'716'534
<i>Reinsurers' part</i>		<i>4'682'992</i>	<i>5'095'393</i>
Net return from investments			
Direct earnings from investments		6'702'321	5'414'566
Realised gains/losses		227'967	102'702
Write-ups/write-downs on investments		-4'226'913	-230'058
Expenses for the administration of investments		235'817	208'230
Total gains/losses from investments		2'467'557	5'078'979
Return on investments		1.97%	3.90%
Loss ratio		68.2%	65.8%
Expense ratio		25.6%	26.3%
Combined ratio		93.8%	92.1%
SST			
Target capital		33'162'400	32'750'600
Risk-bearing capital		50'398'700	77'143'000
Solvency ratio		152%	236%
Solvency I			
Total required solvency margin		8'469'408	8'181'270
Total available solvency margin		27'413'252	30'871'557
Solvency ratio		324%	377%
Tied assets			
Total required value		45'585'671	48'033'489
Total cover values		56'509'325	60'191'470
Coverage ratio		124%	125%

³ Information provided by insurance companies. Corrections made by FINMA not included.

⁴ Including foreign branches in Switzerland and health insurers

⁵ Based on average capital held

⁶ Without health insurers

3.1 Premium trends in Swiss business

Gross booked premiums in Swiss non-life business (direct Swiss business) are made up as follows:

Gross premiums booked Values in CHF 1'000's	2008	2009	Percentage share 2009	Change in % since previous year
Health	8'579'930	8'584'762	35.5	0.1
Fire/property	3'552'499	3'802'934	15.7	7.0
Accident	2'810'537	2'941'646	12.2	4.7
Motor vehicle (comprehensive)	2'751'292	2'733'219	11.3	-0.7
Motor vehicle (liability)	2'641'398	2'631'374	10.9	-0.4
Liability	1'859'937	1'926'395	8.0	3.6
Marine, aviation, transport	468'295	456'701	1.9	-2.5
Legal expenses	361'349	385'674	1.6	6.7
Financial losses	252'017	295'647	1.2	17.3
Credit, surety	276'958	241'202	1.0	-12.9
Tourist assistance	186'673	197'248	0.8	5.7
Total direct insurance	23'740'886	24'196'803	100.0	1.9
Indirect business booked in Switzerland	7'648'501	8'356'520		9.3

3.2 Market shares in direct Swiss business

In direct Swiss business, the nine market leaders grew slightly less than proportionately compared with the market as a whole. Their combined market share dropped marginally from 85.1% in 2008 to 84%. Generali was the most successful and was able to increase its market share from 4.5% to 5%. Zürich suffered the biggest loss of market share (down from 17.3% to 16.5%).

Insurer	2008		2009	
	Market share	Cumulative market share	Market share	Cumulative market share
AXA Versicherungen	19.9	19.9	19.7	19.7
Zürich Versicherung	17.3	37.1	16.5	36.3
Schweizerische Mobiliar	12.7	49.8	12.8	49.0
Allianz Suisse	10.8	60.6	10.6	59.6
Basler	7.9	68.6	7.7	67.3
Generali Assurances	4.5	73.1	5.0	72.3
Vaudoise	4.2	77.3	4.1	76.3
Helvetia	3.9	81.2	3.8	80.2
Schweizerische National	4.0	85.1	3.8	84.0

3.3 Annual result

The annual results of non-life insurance companies domiciled in Switzerland improved from CHF 2.0 billion in 2008 to CHF 4.3 billion in 2009. An analysis of the loss ratios reveals a mixed picture:

Loss ratios for Swiss business (not including foreign branches)

Segment	2008	2009
Accident	74,2	68,7
Health	73,6	76,9
Marine, aviation, transport	54,0	44,5
Motor vehicle (liability)	69,5	73,7
Motor vehicle (comprehensive)	52,9	72,4
Liability	58,5	63,9
Fire/property	43,1	47,6
Credit, surety	42,7	85,2
Tourist assistance	70,2	74,2
Financial losses	16,5	46,2
Legal expenses	57,7	63,4
Total	63,4	68,3

In motor vehicle insurance (16.5% of gross premiums earned), higher loss ratios were seen in Swiss business in 2009. This increase points to renewed strong competition. The increase of 19.5% in the loss ratio in comprehensive motor vehicle insurance can be attributed to the claims as a result of the

hailstorms of July and August 2009. There was also a marked increase in the loss ratio in the credit and surety segment.

4 Reinsurance companies

Figures in CHF 1000's

Reinsurers	31.12.08	31.12.09
Balance sheet total	143'489'802	146'614'180
Assets		
Investments		
Real estate, buildings under construction and building land	2%	1%
Participations	28%	25%
Fixed-income securities	32%	42%
Loans and debt register claims	2%	1%
Mortgages	1%	1%
Equities and similar investments	1%	1%
Collective investments	10%	11%
Alternative investments	6%	4%
Net derivatives position	-5%	-1%
Time deposits and other money markets investments	9%	5%
Policy loans	0%	0%
Other investments	7%	3%
Liquid assets	7%	7%
Total investments	68'039'786	77'733'076
Receivables from insurance activities	41'215'883	38'047'975
Receivables from investment activities	46'520	136'287
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	24'822'359	23'760'349
Accruals	2'837'031	2'053'407
Liabilities and equity		
Equity (before profit allocation)	26'080'195	29'214'603
Hybrid capital	6'024'726	8'476'606
Financial debt	4'952'198	6'139'093
Insurance technical liabilities	82'697'765	78'169'712
Liabilities from insurance activities	10'387'105	9'126'845
Liabilities from investment activities	64'331	162'279
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	6'068'524	9'797'926
Accruals	686'735	644'031

¹ Contains credits and liabilities from derivative financial instruments

² Liabilities from derivative financial instruments excluded

Figures in CHF 1000's

Reinsurers	31.12.08	31.12.09
Annual profit	-42'827	2'236'677
Premiums		
Booked gross premiums	37'024'656	30'463'173
Retroceded portion	5'659'526	5'731'541
Net return from investments		
Direct earnings from investments	5'079'525	2'356'087
Realised gains/losses	1'887'723	-876'457
Write-ups/write-downs on investments	-6'707'446	-360'036
Expenses for the administration of investments	372'679	258'515
Total gains/losses from investments	-112'877	861'079
Return on investments	-0.15%	1.18%
Net combined ratio, non-life	82.6%	88.1%
Benefit ratio, life	98.3%	77.9%
SST		
Target capital	17'885'200	20'143'700
Risk-bearing capital	41'381'500	58'842'900
Solvency ratio	231%	292%
Solvency I		
Total required solvency margin	6'470'719	6'467'833
Total available solvency margin	24'806'132	27'447'032
Solvency ratio	383%	424%

³ Information provided by insurance companies. Corrections made by FINMA not included.

⁴ Based on average capital held

4.1 Premium trends

The total for gross premiums includes certain double payments on account of the business between reinsurance companies. The net premium volume is therefore a more useful figure. It fell in 2009 from CHF 31.8 billion to CHF 25.3 billion. This fall can be attributed largely to one-off effects (takeover of portfolios) in life reinsurance in the previous year. This is also reflected in the reduced share of life reinsurance.

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

Premiums earned Values in CHF 1'000	2008	2009	Percentage share 2009	Change in % since pre- vious year
Short-tail	11'205'498	10'851'466	43.0	-3.1
Long-tail	4'945'966	4'588'535	18.2	-7.2
Catastrophes	1'767'823	1'851'758	7.3	4.7
Total Non-life	17'919'287	17'291'759	68.5	-3.5
Life	13'911'813	7'965'778	31.5	-42.7
Total Net premiums	31'831'100	25'257'537	100.0	-20.6
Asia/Pacific	4'359'341	5'064'208	20.0	16.2
Europe	12'078'434	11'909'144	47.2	-1.4
North America	14'476'483	7'334'340	29.0	-49.3
Rest of the world	916'841	949'844	3.8	3.6
Total Net premiums	31'831'100	25'257'537	100.0	-20.6

Long-Tail: Liability lines and accident, Short-Tail: Other non-life lines of business excluding catastrophes

The premium volume was very stable except in the life insurance business. The fall in the life business is largely attributable to the one-off effects in the previous year mentioned above. The premium volume by region was stable in Europe. In North America there was a sharp fall, much of which can again be attributed to one-off effects in the previous year. Not unexpectedly, the importance of the Asia-Pacific region continued to grow. This is also a consequence of the business policy whereby business in these markets is largely written directly or through local branches, whereas in other markets the same business is written by subsidiaries and only some of it is retroceded to Switzerland.

4.2 Annual result

The result for the 2009 financial year improved from CHF -43 million to CHF 2'737 million. The statutory figures are based on the precautionary and lower of cost or market principles. Positive changes in value including changes in foreign currencies are not shown.

Loss ratios non-life (in percentage)

Combined line of business	2008	2009
Short-tail	65.6	62.5
Long-tail	72.6	80.5
Catastrophes	34.1	24.3
Total	64.4	63.2

In 2009 there was a slight shift from short-tail to long-tail lines of business. The loss ratios in long-tail business significantly worsened, particularly in general liability insurance and motor vehicle liability insurance. In short-tail business, the loss ratio improved thanks to property lines, which account for more than half of the total volume. There was a deterioration in credit and surety insurance, which tends to be cyclical. The loss ratio in natural catastrophe business was even lower than in the previous year because losses were considerably lower than expected.