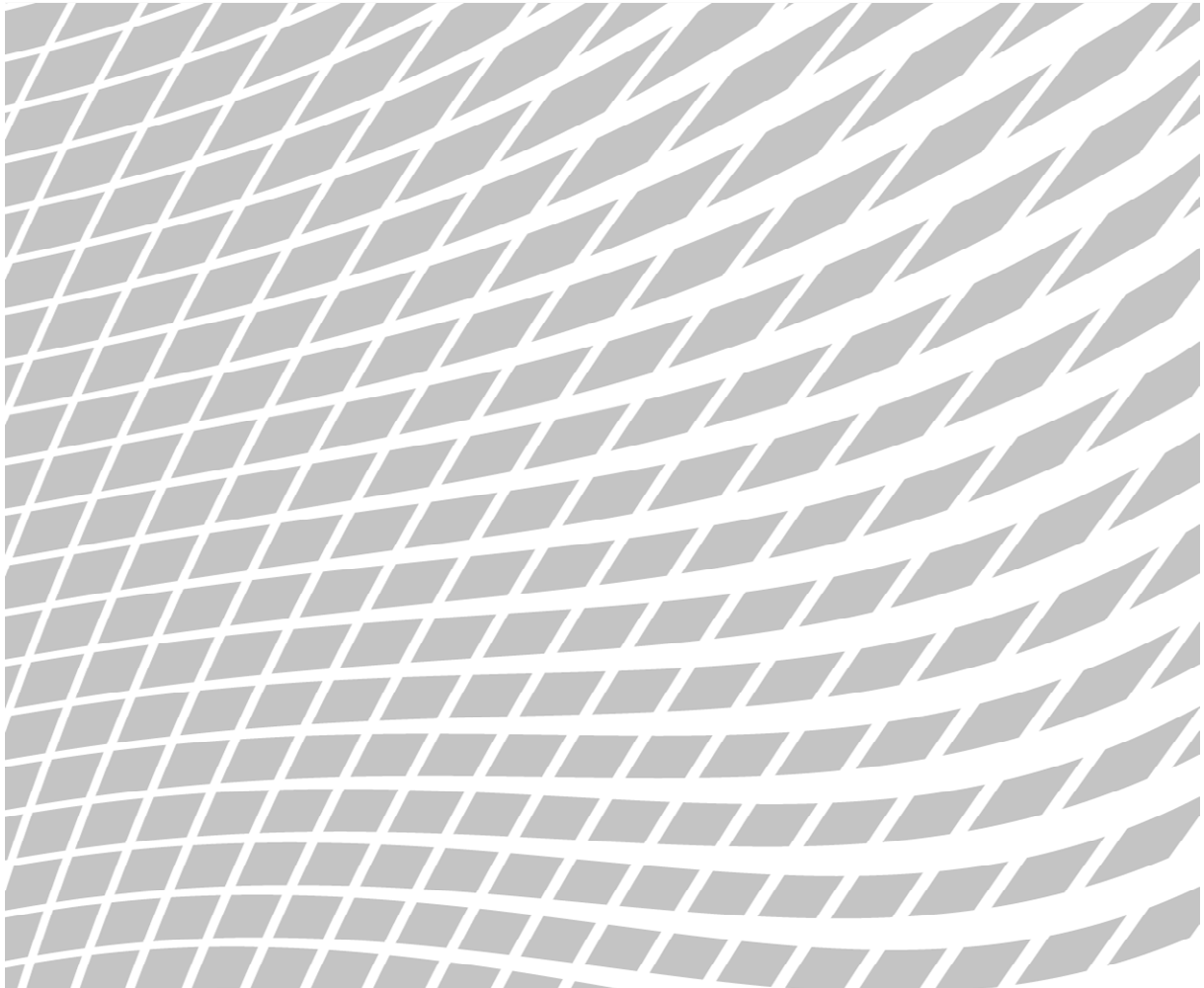


31 August 2012

Insurance market report 2011



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This report provides readers with an overview of the Swiss insurance market in 2011. 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 2011 (at the end of 2010)			
Life insurance companies	20 (21)	4 (4)	24 (25)
Non-life insurance companies	79 (79)	45 (47)	124 (126)
Reinsurance companies	27 (27)	– (–)	27 (27)
Reinsurance captives	35 (35)	– (–)	35 (35)
Total number of insurance companies under supervision	161 (162)	49 (51)	210 (213)

Not included in the above table are general health insurance companies, of which there were 18 on 31 December 2011. They 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). Moreover, nine insurance groups (also not included in the above table) are subject to group supervision by FINMA.

Overview of the changes in the number of insurance companies supervised in 2011:

Type of insurance company	No. of insurers on 01.01.2011	Δ	Newly authorised	Released from supervision	No. of insurers on 31.12.2011
<i>Switzerland</i>					
Life	21	-1		Phenix Vie a)	20
Health insurers	20	+1	Agrisano Versicherungen 17.10.2011		21
Non-life	59	-1	Allied World 30.3.2011	Phenix Assurances b) Alba b)	58
Re	27		Swiss Re Corporate Solutions 29.11.2011 RVK Rück 20.12.2011	Paris Re 6.6.2011 SCOR Global Life Rück 30.6.2011	27
Captives	35		Pirelli Group Re 24.3.2011	LRF Re 22.12.2011	35
<i>Life - subsidiaries</i>					
<i>European Union</i>					
UK	1				1
French	2				2
Luxembourg	1				1
<i>Health Insurers - subsidiaries</i>					
<i>European Union</i>					
Belgium	1				1
UK	1				1
<i>European Economic Area</i>					
Norway	1				1
<i>Commonwealth and overseas</i>					
Bermudas	1				1
<i>Non-life - subsidiaries</i>					
<i>European Union</i>					
Belgium	1				1
UK	16	-1		SR International c)	15
Germany	7				7
France	6				6
Irish	3				3
Luxembourg	1		SR International c)	Arisa 1.7.2011	1
The Netherlands	1				1
Austria	1				1
Sweden	2				2
Spain	1	-1		Inter Partner Barcelona 28.6.2011 d)	-
<i>Commonwealth and overseas</i>					
Guernsey	2				2
Gibraltar	1				1
USA	1				1
Total no. of insurance companies	213	-3			210

a) In a decision of 22.09.2011 with entry into force starting 30.06.2011, Phenix Vie was absorbed in a merger with Helvetia Leben.

b) In a decision of 22.09.2011 with entry into force starting 30.06.2011, Phenix Assurances and Alba were absorbed in a merger with Helvetia Leben.

c) SR International: the head office moved from England to Luxembourg on 18.02.2008 which is subsequently shown in this table.

d) Inter Partner Barcelona: following the merger of the parent companies, the Spanish subsidiary of Inter Partner in Switzerland (Inter Partner Barcelona) was automatically taken over by the Belgian subsidiary in Switzerland (Inter Partner Bruxelles).

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

The figures in the following tables are for all insurance companies which are not part of a group operating in life insurance, non-life insurance and reinsurance. As they have been prepared on a statutory basis, changes in the values of assets and liabilities generally do not correspond to market value adjustments. Most asset classes are shown at historic cost, e.g. 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, technical provisions for life insurance companies are discounted with technical interest rates and not with the prevailing market yield curve. Technical provisions for non-life insurance companies are as a rule undiscounted; specific exclusion is made here of accident insurance (UVG).

The aggregated information on the balance sheets and income statements, the Swiss Solvency Test (SST) and Solvency I only contains the values for insurance companies which are not part of a group and are subject to FINMA supervision as institutions. The data on tied assets and premiums also include the figures for the Swiss branches of foreign insurance companies and general health insurance companies (supplementary health insurance). Both of these categories are subject to FINMA supervision.

Market as a whole	2010	2011
<i>Figures in CHF 1000's</i>		
Balance sheet total	578,949,873	579,759,695
Assets		
Investments¹		
Real estate, buildings under construction and building land	8%	8%
Participations	13%	13%
Fixed-income securities	50%	51%
Loans and debt register claims	4%	4%
Mortgages	6%	6%
Equities and similar investments	2%	2%
Collective investments	6%	6%
Alternative investments	2%	2%
Net derivatives position ²	1%	-1%
Time deposits and other money markets investments	3%	2%
Policy loans	0%	0%
Other investments	2%	2%
Liquid assets	3%	5%
Total investments for own account	469,268,463	477,177,910
Investments from unit-linked life insurance	16,014,247	15,317,074
Total investments	485,282,709	492,494,984
Receivables from insurance activities	43,733,767	39,515,364
Receivables from investment activities	1,845,408	1,257,676
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	33,270,161	28,479,410
Accruals	9,465,270	10,288,477
Liabilities and equity		
Equity (before profit allocation)	71,504,599	74,051,638
Hybrid capital	21,918,377	17,096,565
Financial debt	15,878,557	15,780,943
Insurance technical liabilities	405,094,223	408,471,127
Liabilities from insurance activities	19,589,091	19,226,398
Liabilities from investment activities ³	1,360,494	1,826,869
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	30,539,845	27,536,034
Accruals	7,712,131	8,046,337

¹ Percentages are based on total investments for own account.

² Contains credits and liabilities from derivative financial instruments.

³ Excluding liabilities from derivative financial instruments.

Market as a whole	2010	2011
<i>Figures in CHF 1000's</i>		
Annual profit	9,269,355	7,504,604
Premiums ⁴		
Gross premiums booked	111,587,629	107,633,905
<i>Reinsurers' portion</i>	<i>10,864,529</i>	<i>12,156,778</i>
Net return from investments		
Direct earnings from investments	18,472,533	19,747,455
Realised gains/losses	4,747,596	8,357,969
Write-ups/write-downs on investments	-5,730,059	-12,009,922
Expenses for the administration of investments	1,129,922	1,127,462
Total gains/losses from investments	16,360,148	14,968,040
Return on investments ⁵	3.53%	3.16%
SST ⁶		
Target capital	78,947,012	81,119,147
Risk-bearing capital	162,138,475	137,904,770
Solvency ratio	205%	170%
Solvency I		
Total required solvency margin	24,915,793	25,138,419
Total available solvency margin	89,569,462	85,385,260
Solvency ratio	359%	340%
Tied assets ⁴		
Total required value	287,308,944	292,895,761
Total cover values	308,360,803	318,030,033
Coverage ratio	107%	109%

⁴ Including foreign branches in Switzerland and general health insurance companies.

⁵ Based on average investments held for own account.

⁶ Information provided by insurance companies. Any corrections made by FINMA are 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 FINMA supervision as institutions. Holdings in foreign subsidiaries are included in the parent company's structures. The investments of Swiss branches of foreign insurance companies and of general health insurance companies (supplementary health insurance) are not included.

Capital allocation in 2011 changed only slightly against the previous year in both life and non-life insurance as well as in reinsurance. Life and non-life insurers further increased their already substantial amount of fixed-income securities (life insurance: up two percentage points to 61% of the total capital investments for own account; non-life insurance: up one percentage point to 41%). Exposure to equities and alternative investments remained stable against the previous year and continues to remain at a low level. Real estate and mortgages portfolios also stayed unchanged (life insurance: 21% of total assets for own account; non-life insurance: 8%; reinsurance: 3%).

	31.12.2010	31.12.2011
Return on investments for the whole market	3.53%	3.16%
Return on investments for life	3.02%	3.46%
Return on investments for non-life	5.48%	4.81%
Return on investments for reinsurance	2.05%	-0.59%

In 2011, life insurers made a return on investment of 3.46% on average capital held for own account against a return of 3.02% in the previous year. The non-life insurers reported a reduction in their return in investments of 67 basis points to 4.81%. The increase in return on capital investments for life insurers is primarily due to increased income from realised gains/losses (in particular from fixed-income securities). The decrease in the return on investments for non-life insurers is mainly the result of lower direct earnings (especially from participations). Reinsurers reported a negative investment return of minus 0.59% against a positive return of 2.05% the previous year. The negative investment return experienced by reinsurers is mainly attributed to unrealised losses in participations.

1.3.2 Investments in tied assets

Capital allocation in tied assets on 31 December 2010 and 31 December 2011 was as follows:

	Life 31.12.2010	Life 31.12.2011	Non-life 31.12.2010	Non-life 31.12.2011
Real estate, buildings under construction and building land	14%	14%	11%	11%
Participations	1%	1%	0%	0%
Fixed-income securities	60%	62%	58%	59%
Loans and debt register claims	3%	3%	2%	2%
Mortgages	9%	9%	6%	6%
Equities and similar investments	2%	1%	5%	5%
Collective investments	2%	1%	6%	6%
Alternative investments	2%	3%	2%	2%
Net derivatives position	3%	0%	1%	0%
Time deposits and other money market investments	2%	1%	2%	1%
Receivables from reinsurance companies	0%	0%	2%	2%
Other investments	1%	1%	0%	1%
Liquid assets	0%	4%	4%	5%
Total investments for own account	230,983,055	240,444,780	62,109,914	62,975,288

The total tied assets of Swiss insurance companies amounted to CHF303 billion at the end of 2011 (CHF14.6 billion was accounted for by unit-linked life insurance investments). At the end of 2011, 89% (2010: 88%) of life insurers' investments aggregated across all insurance companies (84% of total assets; unchanged against the previous year) were in tied assets, whereas they accounted for 48% (2010: 49%) of investments (41% of total assets; unchanged against the previous year) for non-life insurers.

Similar to the increase in the amount of fixed-income investments of the total assets, the share in this asset class for tied assets (life insurers: up 2%; non-life insurers: up 1%) also rose. The amount of tied assets invested in the three most favoured asset classes, i.e. bonds, real estate and mortgages, on 31 December 2011 was 85% for life insurers and 76% for non-life insurers.

2 Life insurance companies

Life insurers	2010	2011
<i>Figures in CHF 1000's</i>		
Balance sheet total	291,264,654	299,151,321
Assets		
Investments¹		
Real estate, buildings under construction and building land	12%	12%
Participations	2%	2%
Fixed-income securities	59%	61%
Loans and debt register claims	4%	4%
Mortgages	9%	9%
Equities and similar investments	2%	1%
Collective investments	4%	4%
Alternative investments	2%	2%
Net derivatives position ²	2%	0%
Time deposits and other money markets investments	2%	1%
Policy loans	0%	0%
Other investments	0%	0%
Liquid assets	2%	4%
Total investments for own account	263,667,878	270,465,055
Investments from unit-linked life insurance	16,014,247	15,317,074
Total investments	279,682,124	285,782,129
Receivables from insurance activities	1,575,335	1,516,851
Receivables from investment activities	353,003	331,619
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	2,361,557	2,416,896
Accruals	6,312,970	6,468,821
Liabilities and equity		
Equity (before profit allocation)	10,128,134	13,052,423
Hybrid capital	3,753,721	5,073,005
Financial debt	517,966	593,324
Insurance technical liabilities	256,033,706	259,927,509
Liabilities from insurance activities	6,237,909	6,376,589
Liabilities from investment activities ³	710,988	844,035
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	10,079,473	8,055,796
Accruals	2,823,092	2,593,634

¹ Percentages are based on total investments for own account.

² Contains credits and liabilities from derivative financial instruments.

³ Excluding liabilities from derivative financial instruments.

Life insurers	2010	2011
<i>Figures in CHF 1000's</i>		
Annual profit	1,238,391	2,396,437
Premiums ⁴		
Booked gross premiums	32,650,848	32,759,684
<i>Reinsurers' part</i>	<i>278,549</i>	<i>253,279</i>
Net return from investments		
Direct earnings from investments	9,286,068	9,319,446
Realised gains/losses	2,617,584	4,876,206
Write-ups/write-downs on investments	-3,466,182	-4,345,173
Expenses for the administration of investments	601,426	619,663
Total gains/losses from investments	7,836,044	9,230,817
Return on investments ⁵	3.02%	3.46%
SST ⁶		
Target capital	24,558,340	25,866,016
Risk-bearing capital	35,523,842	27,032,117
Solvency ratio	145%	105%
Solvency I		
Total required solvency margin	10,522,068	10,774,548
Total available solvency margin	25,815,425	30,053,484
Solvency ratio	245%	279%
Tied assets ⁴		
Total required value	238,421,813	243,241,372
Total cover values	246,250,889	255,054,745
Coverage ratio	103%	105%

⁴ Including foreign branches in Switzerland.

⁵ Based on average investments held for own account.

⁶ Information provided by insurance companies. Any corrections made by FINMA are not included.

⁷ Available solvency margin includes eligible hidden reserves of CHF 7,956,097 (2010) and CHF 7,761,340 (2011) and hybrid capital of CHF 2,363,994 (2010) and CHF 2,866,563 (2011).

The current economic situation poses enormous challenges for life insurers. As a rule, products offered by life insurance companies are characterised by very long terms and guarantees. Particular mention is made here of the long-term interest rate guarantees. Safe investment opportunities were rare in 2011. The return on ten-year government bonds, for instance, went down from 1.67% to 0.74% during the year. This was reflected in the SST ratio: the average SST ratio for life insurers as of 1 January 2012 was 105%. Although this value had indeed fallen by 40 percentage points within one year, it is, nevertheless, a positive figure against the backdrop of the aforementioned challenges. This

good result is linked with the entry into force of the SST guidelines when companies took steps to increase capital and minimise risks, thereby preventing any serious repercussions.

Life insurers' assets used to cover the liabilities arising out of life insurance contracts are to be secured with tied assets. This means that the required value, which comprises obligations from insurance contracts as well as a safety margin of 1%, must be covered in full at any time. Fulfilling such obligations takes priority over third party claims. Moreover, there are strict rules for investing tied assets with respect to the asset classes permitted, risk diversification and risk management. The coverage ratio means that coverage of the required value at the end of 2011 was at an average of 5% above the statutory target amount set down. It improved by two percentage points against 2010.

2.1 Premium trends

Gross premiums booked <i>Figures in CHF 1000's</i>	2010	2011	Percentage share 2011	Change in % since previous year
Group life occupational pension schemes	20,745,267	22,031,937	67.3%	6.2%
Classical individual capital insurance	4,576,666	4,465,324	13.6%	-2.4%
Classical individual annuity insurance	870,861	734,164	2.2%	-15.7%
Unit-linked life insurance	1,754,220	1,718,223	5.2%	-2.1%
Life insurance linked to internal investment	1,296,444	703,513	2.1%	-45.7%
Capitalisation and tontines	389,102	463,529	1.4%	19.1%
Other life insurance segments	496,370	445,150	1.4%	-10.3%
Individual life insurance not prorable on the branches	0	0	0.0%	-
Health and casualty insurance	8,059	7,254	0.0%	-10.0%
Foreign branches	2,214,738	2,031,158	6.2%	-8.3%
Reinsurance accepted	299,121	159,430	0.5%	-46.7%
Total	32,650,848	32,759,684	100.0%	0.3%

Overall, life insurers recorded an increase of CHF109 million (up 0.3%) in their premium income. The mainstay of growth was the group life occupational pension schemes with premium volume increasing by CHF1,287 million (up 6.2%), while that of 3a and 3b retirement savings fell by CHF854 million (down by 9.1%). This development accentuates the opposing trend of the previous year.

The continued increase in the amount of total premium volume at 67.3% (2010: 63.5%, 2009: 61.4%) accounted for by group occupational pension premiums emphasises the importance of this second pillar of the social insurance system to Swiss life insurers as well as to small and medium-sized enterprises (SMEs) that need risk-resistant full insurance models for occupational pension schemes. Life insurers therefore operate in a highly regulated and politically sensitive area of social insurance.

As a result of the 100-basis point drop in interest rates in 2011, the distribution of life insurance (3a and 3b retirement savings) in all product categories has been severely curtailed. Life insurers are trying to counteract this development by offering innovative savings products, but they cannot evade the general trend, however.

The decline in the distribution of life insurance products in branches abroad is in line with the long-term trend. The Swiss private insurance sector 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	2010		2011	
	Market share	Cumulative market share	Market share	Cumulative market share
AXA Leben	26.7%	26.7%	28.4%	28.4%
Swiss Life	24.7%	51.4%	25.3%	53.7%
Helvetia Leben	9.3%	60.7%	10.8%	64.5%
Basler Leben	9.3%	70.0%	9.1%	73.6%
Allianz Suisse Leben	6.8%	76.8%	7.0%	80.6%
Zürich Leben	5.6%	82.5%	6.1%	86.7%

In direct Swiss business, the six market leaders grew at different rates: the three major companies extended their share of the market by almost 5 percentage points while the remaining three were able to hold their own in the marketplace. The other 18 smaller life insurers shared the reduced remainder of 13% (previous year: 17%). According to the Herfindahl Index, the market concentration went up to 17.7%. In 1996, it was 11.8%.

2.3 Mathematical provisions

Gross mathematical provisions <i>Figures in CHF 1000's</i>	2010	2011	Share in 2011	Change in % since previous year
Group life occupational pension schemes	119,753,782	125,136,778	52.9%	4.5%
Classical individual capital insurance	52,213,590	51,244,124	21.7%	-1.9%
Classical individual annuity insurance	20,049,256	19,603,482	8.3%	-2.2%
Unit-linked life insurance	14,052,130	13,498,099	5.7%	-3.9%
Life insurance linked to internal investment positions	3,780,841	3,853,873	1.6%	1.9%
Capitalisation and tontines	650,558	1,063,039	0.4%	63.4%
Other insurance segments	3,955,779	4,055,940	1.7%	2.5%
Foreign branches	17,768,028	17,560,220	7.4%	-1.2%
Reinsurance accepted	784,869	314,877	0.1%	-59.9%
Total	233,008,834	236,330,431	100.0%	1.4%

Mathematical provisions are an evaluation of the insurance obligation calculated per insured person. It has to be shown in the balance sheet and for the purpose of setting tied assets as the principle component of technical liabilities (2011: CHF262.8 billion; 2010: CHF258.8 billion).

Growth of the total mathematical provisions of all insurance segments covered is shown at 1.4% (previous year: 1.1%) for 2011.

The drop in mathematical provisions of another CHF1.4 billion in traditional individual insurance (mainly asset, pension and disability insurance) can be attributed largely to the run-off of older business. Due to low interest rates, new asset allocation and ensuing growth in mathematical provisions remain very modest for traditional individual insurance. Weak demand also prevented the unit-linked life insurance business from expanding. Insurers were only able to gain on capital redemption.

Mathematical provisions of foreign branches is placed at almost 90% by the Swiss Life branch in Germany. Important foreign business of Swiss life insurers that was still conducted via their branches ten years ago has, with only a few exceptions, been shifted to legally independent subsidiaries.

2.4 Underwriting result

Life insurance, income statement for 2011 <i>(including Swiss branches of foreign insurance companies)</i>	All business	Swiss business				Foreign business	
			Occupa- tional pensions	Other Swiss business	Classical individual life insur- ance	Unit- linked life insurance	
	A	B	C	D	E	F	G
<i>Figures in CHF 1000's</i>	A = B + G	B = C + D		D = E + F			
Underwriting income	32,523,180	30,523,880	21,913,046	8,610,834	6,187,247	2,423,587	1,999,300
Payments for insurance claims	-29,225,643	-27,410,190	-16,180,045	-11,230,145	-9,614,937	-1,615,208	-1,815,452
Change in technical provisions (- = increase)	-4,869,781	-4,666,423	-8,510,630	3,844,208	3,424,106	420,101	-203,358
Gains/losses from investments	8,519,301	7,696,297	4,122,534	3,573,763	4,193,037	-619,274	823,003
Other income and expenses from insurance activities	113,963	63,440	60,592	2,849			50,523
Expenses for surplus participation	-1,625,788	-1,298,510	-804,853	-493,657			-327,278
Expenses for under- writing and taxes	-2,833,900	-2,455,071	-796,634	-1,658,437			-378,829
Expenses from financing activities	-273,285	-268,060	-35,906	-232,155			-5,225
Other income and expenses	67,693	57,481	70,402	-12,920			10,211
Annual result	2,935,740	2,242,845	643,359	1,599,486			152,896
in %	100%	93.6%	26.9%	66.8%			6.4%

On a statutory basis, life insurers more than doubled their result in the financial year 2011 against the previous year. Over CHF1 billion of this improvement is attributed to the profit from the sale of a shareholding made by one life insurer. The amount from group life occupational pension schemes remained similar to last year.

While for two consecutive years payments for insurance claims (CHF29.2 billion) had declined considerably, they rose again in 2011 (up 7%). Underwriting income (CHF32.5 billion), which is largely from premium income, also stagnated. This decline is mainly attributable to a reduction in the rates for occupational pension schemes.

Technical provisions increased slightly against 2010 (up CHF4.9 billion). The unchanged high increase in group life occupational pension schemes is again striking (up CHF8.5 billion) which can be traced back to the strong growth in this insurance segment in 2011. On the other hand, the decreasing premium volume (down 9.1%) is in correlation with the reduction in volume of technical provisions in individual insurance (down CHF3.8 billion). This occurs where contractual obligations and surrender values exceed the premium volume following the termination of contracts.

Net investment income was better than in 2010, amounting to CHF8.5 billion which corresponds to a book return on investments (including unit-linked life insurance) of 2.98%. The book return is a determining factor for surplus participation, which only concerns those policies for which guaranteed technical interest is below the book return.

The market return was 5.43%. Essentially, the difference between market return and book return results from changing hidden reserves to assets which are largely classed as 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 asset classes.

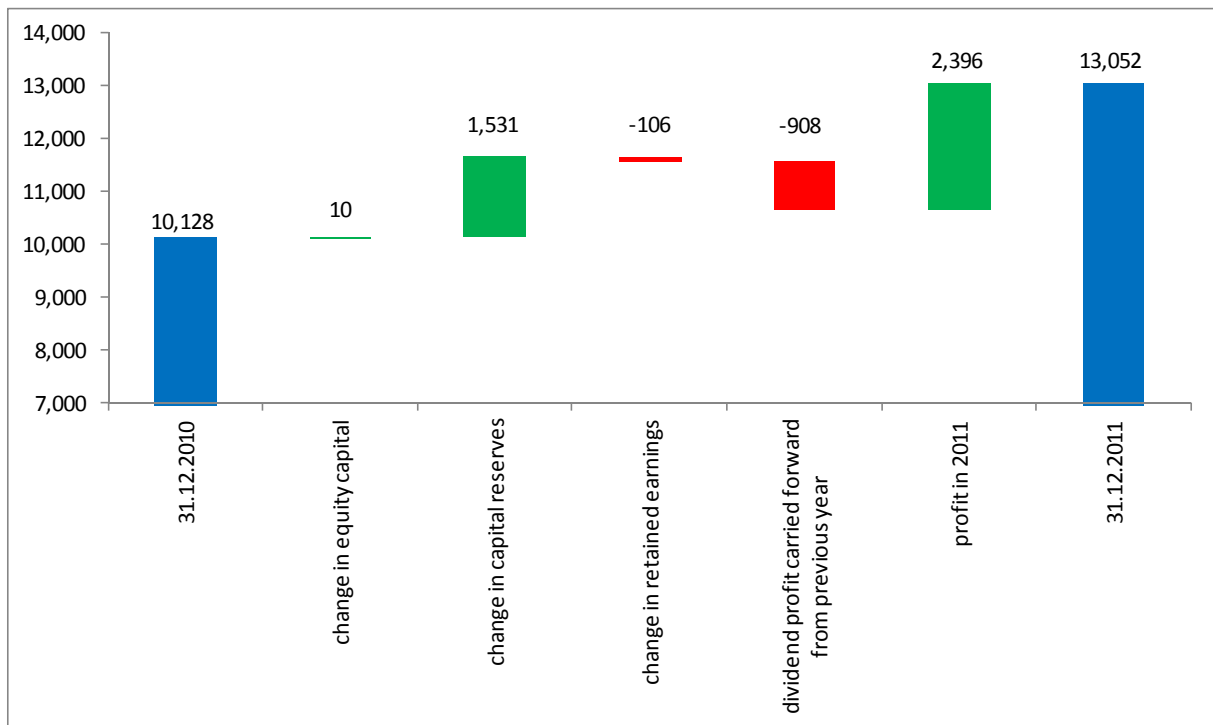
Flow statistics for accumulated surplus funds of life insurers are as follows (in CHF billions):

At the beginning of 2008	CHF	5.00
Surplus participation to insured parties	CHF	-1.50
Allocation to surplus fund from the income statement	CHF	+0.60
Cover for operating deficit	CHF	-0.10
Equalisation of currency differences	CHF	-0.20
At the end of 2008	CHF	3.80
Surplus participation to insured parties	CHF	-1.06
Allocation to surplus fund from the income statement	CHF	+1.39
Equalisation of currency differences	CHF	-0.02
At the end of 2009	CHF	4.11
Surplus participation to insured parties	CHF	-1.39
Allocation to surplus fund from the income statement	CHF	+1.35
Equalisation of currency differences	CHF	-0.19
At the end of 2010	CHF	3.88
Surplus participation to insured parties	CHF	-1.39
Allocation to surplus fund from the income statement	CHF	+1.50
Equalisation of currency differences	CHF	-0.03
At the end of 2011	CHF	3.96

The development of the accumulated surplus fund since 2008 has clearly illustrated its compensatory effect as a technical balance sheet item. During the crisis in 2008, allocation to insureds exceeded allocation from the financial statements. The reverse was the case in 2009 when the financial markets had somewhat recovered. The situation in the following years was relatively balanced.

2.5 Development of equity capital

Changes in equity capital in 2011 in CHF millions



Thanks to a good annual result in 2011 (cumulative: CHF2.4 billion, up 94%), life insurers were able to further strengthen their capital base (cumulative: CHF2.9 billion from CHF10.1 billion to CHF13.1 billion) and therefore limit the negative effects of the drop in the level of interest rates. Well over CHF1 billion of the annual result is nonetheless attributable to the profit from the sale of a shareholding made by one single life insurer as mentioned under point 2.4 above.

3 Non-life insurance companies

The section on non-life insurance companies including the figures set out below comprise both non-life insurers and supplementary health insurance providers under the Insurance Contract Act (ICA).

Non-life insurers	2010	2011
<i>Figures in CHF 1000's</i>		
Balance sheet total	147,156,570	148,198,334
Assets		
Investments		
Real estate, buildings under construction and building land	5%	5%
Participations	26%	25%
Fixed-income securities	40%	41%
Loans and debt register claims	5%	4%
Mortgages	3%	3%
Equities and similar investments	3%	3%
Collective investments	4%	4%
Alternative investments	2%	2%
Net derivatives position ¹	0%	0%
Time deposits and other money markets investments	3%	3%
Policy loans	0%	0%
Other investments	6%	6%
Liquid assets	4%	4%
Total investments	126,988,964	130,363,429
Receivables from insurance activities	5,939,567	5,788,099
Receivables from investment activities	907,299	769,190
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	10,325,431	8,387,911
Accruals	1,558,595	1,704,588
Liabilities and equity		
Equity (before profit allocation)	32,295,015	32,925,262
Hybrid capital	9,619,656	7,138,066
Financial debt	11,626,103	11,510,105
Insurance technical liabilities	75,912,276	78,210,811
Liabilities from insurance activities	3,582,821	3,710,125
Liabilities from investment activities ²	110,283	553,607
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	8,231,848	8,005,617
Accruals	4,341,854	4,959,625

¹ Contains credits and liabilities from derivative financial instruments.

² Excluding liabilities from derivative financial instruments.

Non-life insurers	2010	2011
<i>Figures in CHF 1000's</i>		
Annual profit	7,063,151	5,319,523
Premiums ³		
Booked gross premiums	51,005,849	46,709,943
<i>Reinsurers' portion</i>	<i>5,317,881</i>	<i>5,429,227</i>
Net return from investments		
Direct earnings from investments	6,863,184	6,258,915
Realised gains/losses	935,903	2,060,757
Write-ups/write-downs on investments	-688,604	-1,932,896
Expenses for the administration of investments	186,693	194,858
Total gains/losses from investments	6,923,789	6,191,919
Return on investments ⁴	5.48%	4.8%
Loss ratio ⁵	65.2%	63.9%
Expense ratio ⁵	26.0%	25.8%
Combined ratio ⁵	91.2%	89.7%
SST ⁶		
Target capital	34,572,456	34,180,690
Risk-bearing capital	77,826,204	64,426,903
Solvency ratio	225%	188%
Solvency I		
Total required solvency margin	8,004,152	8,147,132
Total available solvency margin	35,714,400	33,178,945
Solvency ratio	446%	407%
Tied assets ³		
Total required value	48,887,132	49,654,389
Total cover values	62,109,914	62,975,288
Coverage ratio	127%	127%

³ Including foreign branches in Switzerland and general health insurance companies.

⁴ Based on average investments held for own account.

⁵ Excluding supplementary health insurance providers.

⁶ Information provided by insurance companies. Any corrections made by FINMA are not included.

Non-life insurers' annual profit fell by a total of 24.7%. The combined ratio, which had improved by 1.6 percentage points, is offset by a decrease in net gains on capital investments of CHF731 million or 10.6%. The decline from CHF51 billion to CHF46.7 billion in gross premiums booked is attributable to currency effects and changes in group reinsurance of a non-life insurer.

3.1 Premium trends in Swiss business

Gross premiums booked in Swiss direct business (in CHF1,000's), excluding reinsurance accepted:

Direct business <i>Figures in CHF 1000's</i>	Gross premiums booked		Percentage share 2011	Change in % since previous year
	2010	2011		
Health	8,861,211	9,239,019	36.5%	4.3%
Fire/property	4,048,082	3,990,045	15.8%	-1.4%
Accident	3,005,998	2,964,433	11.7%	-1.4%
Motor vehicle (comprehensive)	2,767,919	2,824,663	11.2%	2.1%
Motor vehicle (liability)	2,645,823	2,686,462	10.6%	1.5%
Liability	1,961,706	1,903,820	7.5%	-3.0%
Marine, aviation, transport	474,502	427,434	1.7%	-9.9%
Legal expenses	406,858	438,664	1.7%	7.8%
Financial losses	324,267	330,307	1.3%	1.9%
Credit, surety	252,230	283,920	1.1%	12.6%
Tourist assistance	192,174	193,906	0.8%	0.9%
Total direct insurance	24,940,769	25,282,674	100.0%	1.4%

While the sum of premium income (direct Swiss business, business from accepted reinsurance and from Swiss branches of foreign insurance companies) reduced by 8.4%, direct Swiss business recorded an increase of 1.4% in gross premiums booked. The rise in health insurance gross premiums results from various factors: on the one hand, from the greater need for reserve strengthening of some supplementary health insurance providers while, on the other hand, from an increase in costs shown for certain supplementary health insurance products and daily benefits insurance schemes which resulted in a rise in premiums. The increase in premium volume reflects effects which arise from ageing and/or changes in the insured population.

Following an increase in 2010 in premium income in the fire/property and accident sectors, a decline of 1.4% per sector became evident in 2011 in this highly competitive market environment. The drop in accident insurance must also be considered in the light of rate liberalisation and the ensuing price pressure on insurers.

The rise in the motor vehicle (comprehensive) and motor vehicle (liability) sectors is the result of a record year for new motor cycle registrations and numerous new car sales, often linked to the leasing business. Similar to last year, a growth trend can also be observed in the smaller (in terms of volume) sectors: "credit, surety" and "legal expenses".

3.2 Market shares in direct Swiss business

Non-life insurers' market shares (excluding the health insurance business):

Insurer	Market share in %	Cumulative market share in %	Market share in %	Cumulative market share in %
	2010	2010	2011	2011
AXA Versicherungen	18.8%	18.8%	19.0%	19.0%
Zürich Versicherungen	15.9%	34.7%	15.6%	34.6%
Schweizerische Mobiliar	12.9%	47.6%	13.5%	48.1%
Allianz Suisse	10.4%	57.9%	10.4%	58.5%
Basler	7.6%	65.5%	7.7%	66.2%
Generali Assurances	4.6%	70.1%	4.7%	70.9%
Vaudoise	4.0%	74.1%	4.1%	75.0%
Schweizerische National	3.8%	78.0%	4.1%	79.1%
Helvetia	3.8%	81.7%	3.9%	83.0%

Market share ranking in direct Swiss business did not change against the previous year with the exception of Helvetia, which as a result of its completed merger with Alba and Phenix in the fourth quarter of 2011, moved up to eighth place. The cumulative market share of the nine largest non-life insurance companies went up by 1.3 percentage points.

3.3 Annual result

Loss ratios for Swiss business:

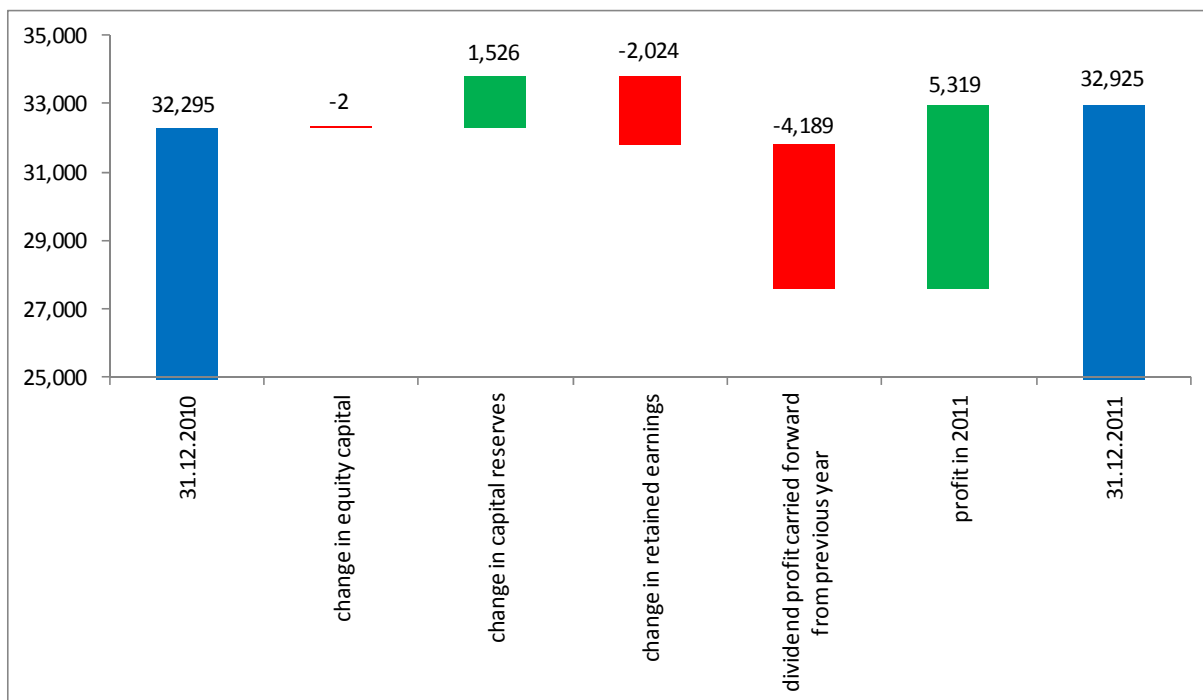
Direct business	Loss ratio	
	2010	2011
Health	76.9%	76.4%
Fire/property	49.0%	53.2%
Accident	69.6%	65.2%
Motor vehicle (liability)	65.3%	72.3%
Motor vehicle (comprehensive)	59.8%	47.1%
Liability	50.2%	34.7%
Marine, aviation, transport	30.9%	34.0%
Legal expenses	53.3%	51.8%
Financial losses	41.6%	60.7%
Credit, surety	21.7%	6.8%
Tourist assistance	79.4%	73.3%
Total	64.2%	62.6%

Overall, the loss ratio in Swiss business dropped further in 2011, a trend which was also observed in 2010. The increase in loss ratio in the "fire and property damage" sector is also a result of hailstorms and flooding. A decline of 13 percentage points is evident in the "motor vehicle (liability)" sector. One reason for this may be the positive run-off results from provisions from outstanding claims in connection with the reassessment of cervical spine injuries (decision of the Swiss Federal Supreme Court of 30 August 2010, Second Court of Social Matters, 9C_510/2009). This tightening in jurisdiction and progress in more rapid reintegration following accidents have led to a decrease in loss ratio in the "accidents" sector against the previous year.

In the "credit, surety" sector, the loss ratio dropped for the third consecutive time as a result of the positive business environment and careful underwriting in this cyclical insurance class.

3.4 Development of equity capital

Changes in equity capital in CHF millions in 2011



3.5 Supplementary health insurance providers

The data on supplementary health insurance providers in the tables below are also provided for non-life insurers in the respective tables. Aggregate data of all companies supervised by FINMA as an institution that conduct ICA business and focus mainly on the health sector are included in the tables. The number of companies on 31 December 2011 totalled 21. To understand the market better, the values shown under premiums and tied assets also include include general health insurance companies in the supplementary health insurance sector. If the daily benefits insurance business of the other life and non-life insurers, which is not the core business of health insurance, is included in the gross premiums, the total for gross premiums for the health insurance business under FINMA supervision amounts to CHF9.2 billion (previous year: CHF8.9 billion).

Supplementary health insurance providers	2010	2011
<i>Figures in CHF 1000's</i>		
Balance sheet total	11,424,114	12,930,571
Assets		
Investments		
Real estate, buildings under construction and building land	5%	5%
Participations	1%	1%
Fixed-income securities	47%	44%
Loans and debt register claims	0%	0%
Mortgages	0%	0%
Equities and similar investments	15%	14%
Collective investments	17%	19%
Alternative investments	3%	3%
Net derivatives position ¹	0%	0%
Time deposits and other money markets investments	1%	1%
Policy loans	0%	0%
Other investments	2%	3%
Liquid assets	9%	10%
Total investments	9,636,652	11,128,592
Receivables from insurance activities	916,333	962,658
Receivables from investment activities	5,328	8,673
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	594,046	500,509
Accruals	133,179	165,249
Liabilities and equity		
Equity (before profit allocation)	1,765,961	2,109,287
Hybrid capital	13,000	49,906
Financial debt	35,947	51,695
Insurance technical liabilities	7,096,322	7,754,692
Liabilities from insurance activities	896,500	878,509
Liabilities from investment activities ²	83	14
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	1,031,261	1,358,937
Accruals	446,465	562,642

¹ Contains credits and liabilities from derivative financial instruments.

² Excluding liabilities from derivative financial instruments.

Supplementary health insurance providers	2010	2011
<i>Figures in CHF 1000's</i>		
Annual profit	237,641	244,450
Premiums ³		
Gross premiums booked	6,015,674	6,643,720
<i>Reinsurers' portion</i>	<i>91,080</i>	<i>51,462</i>
Premiums including VAG part of health funds ³		
Gross premiums booked	8,168,601	8,532,777
<i>Reinsurers' portion</i>	<i>107,975</i>	<i>53,857</i>
Net return from investments		
Direct earnings from investments	251,615	268,636
Realised gains/losses	96,082	-1,812
Write-ups/write-downs on investments	-50,781	-151,129
Expenses for the administration of investments	26,734	32,030
Total gains/losses from investments	270,182	83,665
Return on investments ⁴	2.91%	0.81%
SST ⁵		
Target capital	2,165,566	2,295,906
Risk-bearing capital	5,984,491	6,583,188
Solvency ratio	276%	287%
Solvency I		
Total required solvency margin	1,002,647	1,126,885
Total available solvency margin	2,632,644	2,977,608
Solvency ratio	263%	264%
Tied assets ³		
Total required value	6,536,172	7,303,532
Total cover values	7,883,730	8,986,191
Coverage ratio	121%	123%
Tied assets including VAG part of health funds ³		
Total required value	8,108,286	8,445,328
Total cover values	9,881,031	10,433,913
Coverage ratio	122%	124%

³ Including foreign branches in Switzerland.

⁴ Based on average investments held for own account.

⁵ Information provided by insurance companies (including the general health insurance companies SWICA and Concordia). Any corrections made by FINMA are not included.

Market shares in the health insurance business:

Insurer	Market share	Cumulative	Market share	Cumulative
	in %	market share in	in %	market share in
	2010	%	2011	%
		2010		2011
Helsana Zusatzversicherungen	18.2%	18.2%	17.8%	17.8%
Swica Krankenversicherung	12.4%	30.6%	12.9%	30.7%
CSS	12.8%	43.4%	12.4%	43.1%
Visana	11.5%	54.9%	11.3%	54.4%
Concordia	5.9%	60.8%	6.3%	60.7%
Sanitas	5.5%	66.3%	5.6%	66.3%
Mutuel Assurances SA ¹			4.7%	71.0%
Groupe Mutuel Assurances	4.0%	70.3%	4.3%	75.3%
Sympany	3.2%	73.5%	3.7%	79.0%

¹ In operation since financial year 2011

4 Reinsurance companies

Reinsurers	2010	2011
<i>Figures in CHF 1000's</i>		
Balance sheet total	140,528,649	132,410,040
Assets		
Investments		
Real estate, buildings under construction and building land	2%	2%
Participations	31%	32%
Fixed-income securities	36%	37%
Loans and debt register claims	1%	1%
Mortgages	1%	1%
Equities and similar investments	1%	2%
Collective investments	15%	14%
Alternative investments	3%	3%
Net derivatives position ¹	-3%	-4%
Time deposits and other money markets investments	6%	3%
Policy loans	0%	0%
Other investments	3%	3%
Liquid assets	6%	6%
Total investments	78,611,621	76,349,425
Receivables from insurance activities	36,218,866	32,210,414
Receivables from investment activities	585,106	156,867
Receivables vis-à-vis participations and shareholders, other receivables, property and equipment, and other assets	20,583,173	17,674,602
Accruals	1,593,706	2,115,067
Liabilities and equity		
Equity (before profit allocation)	29,081,450	28,073,952
Hybrid capital	8,545,001	4,885,494
Financial debt	3,734,488	3,677,514
Insurance technical liabilities	73,148,241	70,332,807
Liabilities from insurance activities	9,768,360	9,139,684
Liabilities from investment activities ²	539,223	429,227
Non-insurance provisions, other liabilities vis-à-vis participations and shareholders, and other liabilities	12,228,524	11,474,620
Accruals	547,185	493,078

¹ Contains credits and liabilities from derivative financial instruments.

² Excluding liabilities from derivative financial instruments.

Reinsurers	2010	2011
<i>Figures in CHF 1000's</i>		
Annual profit	967,813	-211,356
Premiums		
Booked gross premiums	27,930,932	28,164,279
<i>Retroceded portion</i>	<i>5,268,427</i>	<i>6,474,272</i>
Net return from investments		
Direct earnings from investments	2,323,281	4,169,093
Realised gains/losses	1,194,109	1,421,006
Write-ups/write-downs on investments	-1,575,273	-5,731,853
Expenses for the administration of investments	341,802	312,942
Total gains/losses from investments	1,600,314	-454,696
Return on investments ³	2.05%	-0.59%
Net-combined ratio, non-life	92.7%	100.6%
Benefit Ratio, life	93.5%	71.3%
SST ⁴		
Target capital	19,816,216	21,072,442
Risk-bearing capital	48,788,430	46,445,750
Solvency ratio	246%	220%
Solvency I		
Total required solvency margin	6,389,574	6,216,739
Total available solvency margin	28,039,637	22,152,831
Solvency ratio	439%	356%

³ Based on average capital held for own account.

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

4.1 Premium trends

Premiums earned by combined lines of business according to region (in CHF1,000's):

Premiums earned values in CHF1,000's	2010	2011	Percentage share 2011	Change in % since previous year
Short-tail	8,799,749	8,162,414	41.2	-7.2
Long-tail	4,151,206	4,223,811	21.3	1.7
Catastrophes	1,918,506	2,524,379	12.7	31.6
Total non-life	14,869,461	14,910,603	75.3	0.3
Life	7,957,762	4,890,762	24.7	-38.5
Total net premiums	22,827,223	19,801,366	100.0	-13.3
Asia / Pacific	5,199,527	6,452,484	32.6	24.1
Europe	7,158,863	6,746,233	34.1	-5.8
North America	8,977,092	5,642,535	28.5	-37.1
Rest of the world	1,491,741	960,113	4.8	-35.6
Total net premiums	22,827,223	19,801,366	100.0	-13.3

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

Premiums earned for own account decreased by 13.3% compared to the previous year, amounting to CHF19.8 billion at the end of 2011. The strengthening of the Swiss franc against the US dollar and the euro contributed substantially to this change. Moreover, structural changes in the previous year (take-over of portfolios) also marked the decline in life insurance premiums.

In the non-life insurance business, gross premiums booked went up by 17%. Although more business was retroceded and a considerable amount of new business was conducted resulting in a substantial increase in unearned premium reserves, premiums earned for own account rose only slightly. There was a notable increase in premiums in the catastrophe business. As a result of natural disasters, both the cost and demand for peak risk coverage went up. In geographical terms, premium volume in Asia has risen which is not just a consequence of increased demand for catastrophe coverage but stems from the favourable economic climate and the unsaturated markets.

4.2 Annual result

Loss ratios non-life (in percentage):

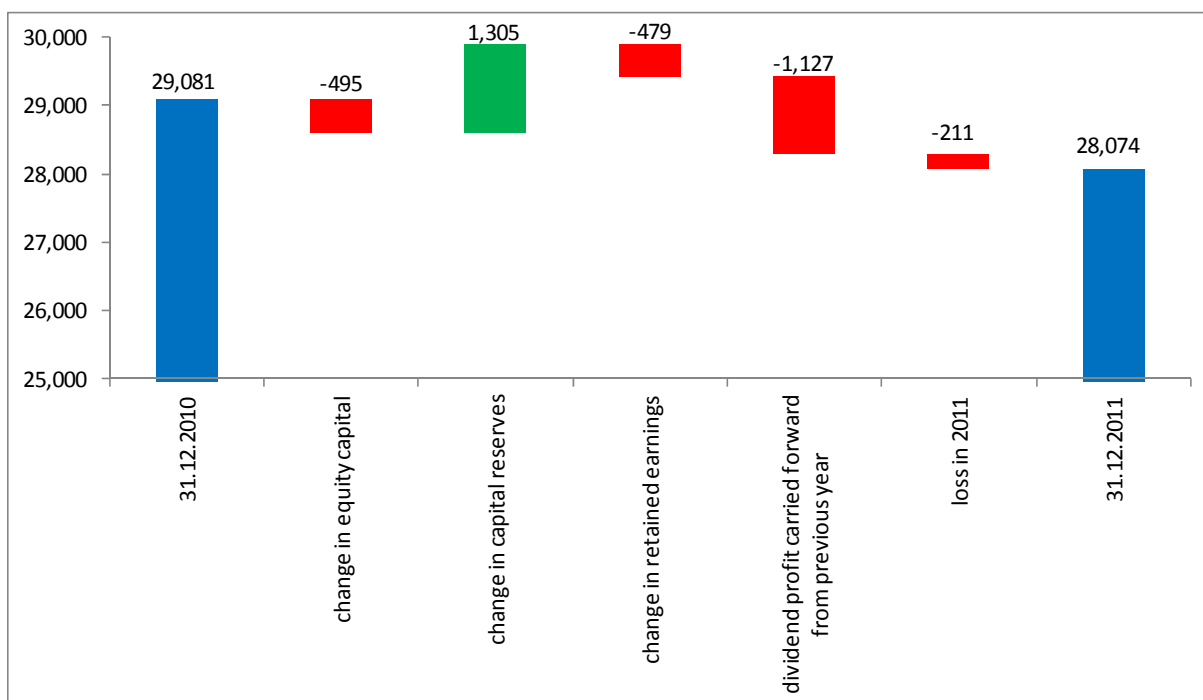
Combined line of business	2010	2011
Short-tail	72.5	72.8
Long-tail	71.0	59.9
Catastrophes	55.4	125.7
Total	69.8	78.1

The loss ratio for all business went up by 8.3 percentage points against the previous year accounting for 78.1% in 2011. Flooding and cyclones in Australia, the earthquakes in New Zealand, the earthquake and tsunami in Japan, tornadoes and Hurricane Irene in the US, and flooding in Thailand caused the claims ratio for the catastrophe business to rise to 125.7%. The relatively low loss ratio in long-term business is attributable to the release of provisions.

While reinsurers made an annual profit of CHF0.9bn in the previous year, they suffered a loss of CHF 0.2bn in the financial year 2011 which can be traced back to the huge losses made by certain companies active in the catastrophe business.

4.3 Development of equity capital

Changes in equity capital in 2011 in CHF million



In 2011, reinsurers' equity went down by CHF1bn amounting to CHF28bn at the end of 2011. The increase of CHF1.3bn in capital reserves (mainly due to the authorisation of new companies) is linked to a reduction in share capital (due to releasing companies from supervision) of CHF495m and a decrease in profit reserves of CHF479m. The dividend payouts of the previous year contributed significantly to the reduction in equity capital. Moreover, the exceptionally high amount of catastrophe losses experienced by some reinsurers resulted in significant losses in the annual result.