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 2020

Foreword

This report provides an overview of the Swiss insurance market in 2020. 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.

As in the previous year, 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.

Contents

Total market

Supervised insurance companies and sectors

Overview of supervised insurance companies and sectors 2019–2020

	2020	2019
Life insurers, including	19	19
– insurance companies domiciled in Switzerland	16	16
– branches of foreign insurance companies	3	3
Non-life insurers, including	116	118
– insurance companies domiciled in Switzerland (of which 18 supplementary health insurance companies [2019: 18])	69	72
– branches of foreign insurance companies (of which 2 supplementary health insurance providers [2019: 2])	47	46
Reinsurers (total)	50	50
– Reinsurers	25	25
– Reinsurance captives	25	25
– General health insurance companies offering supplementary health cover	10	11
– Total number of supervised insurance companies and general health insurance companies	195	198
– Insurance groups and conglomerates	6	6

Key figures

Swiss insurance companies achieved aggregate annual profits of CHF 7.5 billion in 2020, a year marked by the economic impact of the coronavirus pandemic, which represents a 51% decrease from the previous year. The annual profits of life insurers fell by 33% to CHF 1 billion, while those of non-life insurers fell by 38% to CHF 6.3 billion. Besides lower technical results, reduced gains from investment activity were responsible for the fall in annual results compared with the previous year. Reinsurers reported a small aggregate annual profit of CHF 0.2 billion in the year under review (2019: CHF 3.6 billion).

Swiss insurance companies' equity remained almost constant in the 2020 financial year, despite the unfavourable economic conditions (–0.4% to CHF 87.4 billion). Due to the reduced annual profits, however, the return on equity fell by 8.76 percentage points to 8.58%.

Key figures of total market 2019–2020

(in CHF thousands)	2020	2019	+/– in %
Gross premiums written	**119,005,518**	**129,167,737**	–7.9
Claims paid out	79,493,261	100,152,287	–20.6
Cost for the change in technical liabilities	1,960,480	–13,753,834	n/a
Cost for the change in other actuarial liabilities	2,416,972	2,673,598	–9.6
Costs for underwriting	24,032,595	24,592,378	–2.3
Taxes	1,014,945	1,770,293	–42.7
Gains/losses from investments	15,417,239	24,941,028	–38.2
Annual profits	**7,497,393**	**15,219,352**	–50.7
Balance sheet total	**712,635,233**	**712,205,273**	0.1
Investments	545,193,655	541,749,470	0.6
Technical liabilities	502,223,719	505,507,542	–0.6
Equity (before profit allocation)	**87,373,073**	**87,759,710**	–0.4

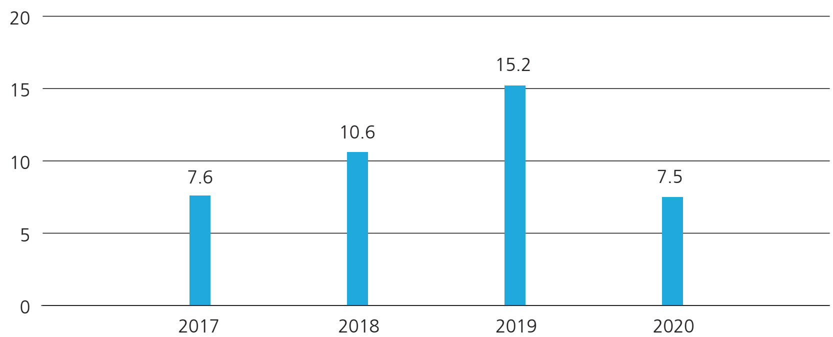
	2020 in %	2019 in %	+/– percentage points
Return on investments	**2.96**	**4.76**	–1.80
Return on equity	**8.58**	**17.34**	–8.76
SST solvency ratio	**216**	**226**	–10
Tied-assets coverage ratio	**112**	**112**	–

Gross premium volume fell by 7.9% in the year under review compared with the previous year. This decline is partly due to the coronavirus pandemic, but is also the result of more restrictive underwriting policies by full-coverage life insurers operating in the occupational pensions business. Gross premiums generated by reinsurance companies fell by 11% compared with the previous year. The decline largely stemmed from Swiss Re companies as a result of the group structure being altered at the end of 2020 and from changes in the intragroup contracts as well as lower exchange rates.

The cover ratio of tied assets remained unchanged during the year under review and was 112% at year end. The solvency ratio according to the Swiss Solvency Test was 216%, a decrease of 10 percentage points compared with the previous year.

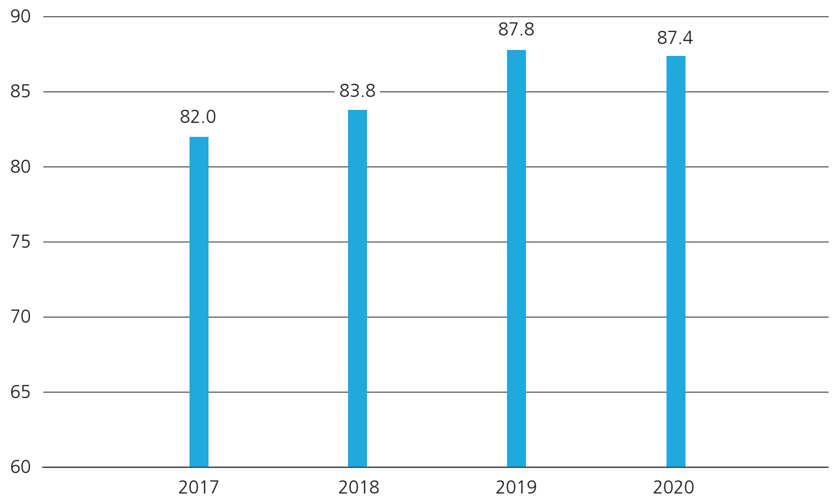
Annual profits total market

(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 2020.

Total assets invested

Total investments by Swiss insurance companies increased by 0.6% in 2020 and amounted to CHF 545.2 billion at the end of the year. Life insurance companies remained stable (CHF 307.7 billion at the end of the year under review), while non-life insurance companies fell slightly and amounted to CHF 140.8 billion at the end of the year. Investments by reinsurers increased by CHF 5 billion or 5.5% to CHF 96.6 billion.

Distribution of total assets

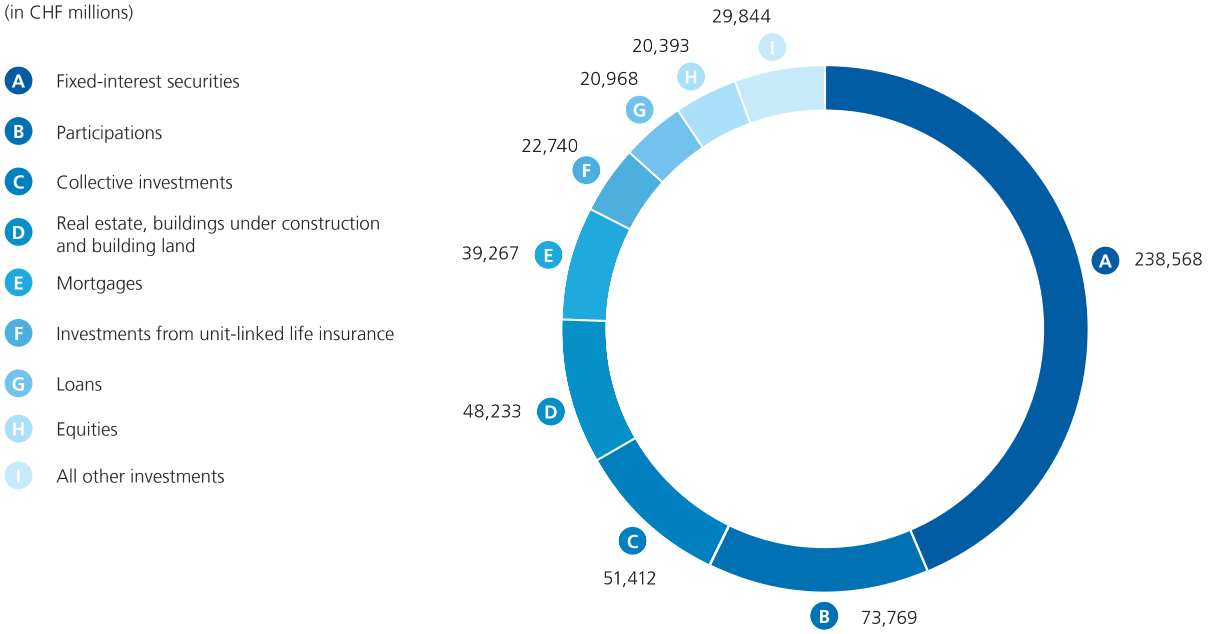
The ongoing low interest rate environment resulted again in a slight decline in fixed-interest investments in the portfolio of Swiss insurance companies. However, they remained the dominant asset class, making up 44% of total investments. Life insurers held 50% (the same as in the previous year) while non-life insurers held 34% (–1 percentage point compared with the previous year) and reinsurers held 40% (–2 percentage points) of their total assets in fixed-interest securities. The value of reported participations and collective investments increased in the year under review, while the proportion of other investments, particularly securitised claims, fell.

Asset allocation in total market

(in CHF thousands)	**2020**	**2020 in %**	2019	2019 in %
Real estate, buildings under construction and building land	48,233,260	9	47,156,143	9
Participations	73,768,827	14	65,336,316	12
Fixed-interest securities	238,568,107	44	244,079,530	45
Loans	20,967,660	4	19,729,486	4
Mortgages	39,266,681	7	38,547,746	7
Equities	20,393,435	4	23,695,200	4
Collective investments	51,411,527	9	47,810,923	9
Alternative investments	16,348,122	3	16,822,734	3
Other investments	13,495,663	2	17,076,771	3
Investments from unit-linked life insurance	22,740,373	4	21,494,621	4
Total investments	**545,193,655**	**100**	**541,749,470**	**100**

Asset allocation in total market 2020

(in CHF millions)



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 2.45% in 2020, a decrease of 49 basis points compared with the previous year, while non-life insurers lost 255 basis points, achieving a return of 4.20% on their investments. Lower book profits on fixed-interest securities compared with the previous year as well as higher depreciation on equities and collective investments were responsible for the life insurers' lower return on investments. Non-life insurance companies reported lower direct income from participations as well as realised losses from equities and collective investments. Among the reasons why non-life insurers achieved a higher return on investments compared to life insurers is the substantial proportion of foreign investments they hold in their capital portfolios. While life insurance companies held 92% of their investments, liquid assets and derivative financial instruments in tied assets, this share amounted to 50% for non-life insurance companies. The return on investments for reinsurers fell by 503 basis points to 2.59% in 2020. The main reason for the significantly lower return on investments compared with the previous year is decreased direct profits from participations.

Return on investments of total assets
in %

	2020	2019
Total market	2.96	4.76
Life insurers	2.45	2.94
Non-life insurers	4.20	6.75
Reinsurers	2.59	7.62

Life insurance companies

The low market interest rates that have persisted for years are continuing. In 2020, the ten-year spot rate for federal bonds averaged –0.52% (–0.49% in the previous year) and ended the year at –0.53% (–0.46% in the previous year), altogether even lower than in the previous year. Offering and managing life insurance contracts with savings components therefore continued to be a major challenge also in 2020, because it meant offsetting obligations arising from liabilities with long-term interest rate guarantees against invested assets that had to be renewed continuously at historically low returns. One way in which life insurance companies are responding to this situation is by reducing their long-term guarantees, which is to say that products with guaranteed interest rates are rarely offered any more and if they are, the guaranteed interest rate is often 0%.

Key figures

Gross premium volume fell by 16.5%. This can be explained by fewer new contracts for full coverage insurance in the occupational pensions sector. Payments for insurance cases fell strongly. This is due to the one-off effect of AXA Leben's withdrawal from full coverage insurance in the previous year. Other types of insurance payments fell slightly. Following two years with a slight reduction, expenditure for insurance operations increased slightly again by 3.3% (2019: 0.9%).

Investment income was significantly worse in 2020 than in the previous year (–18.9%). This largely explains the decline in the annual profits (–33.3%). Total assets of life insurers fell by 0.9%. Both investments and technical provisions were virtually unchanged. The return on equity was 7.49% (2019: 10.53%; 2018: 9.24%).

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 SST are meant to ensure a high level of security for policyholders of Swiss insurance companies.

Key figures of life insurers

(in CHF thousands)	2020	2019	+/– in %
Gross premiums written	26,750,134	32,021,906	–16.5
Claims paid out	29,436,022	53,552,911	–45.0
Cost for the change in technical liabilities	–1,771,588	–18,586,892	–90.5
Cost for the change in other actuarial liabilities	1,372,302	1,661,206	–17.4
Costs for underwriting	2,261,211	2,189,347	3.3
Taxes	160,784	586,285	–72.6
Gains/losses from investments	7,008,483	8,644,577	–18.9
Annual profits	**1,011,430**	**1,515,566**	–33.3
Balance sheet total	**325,803,001**	**328,614,666**	–0.9
Investments	307,726,128	307,833,742	0.0
Technical liabilities	286,054,635	286,417,530	–0.1
Equity (before profit allocation)	**13,505,718**	**14,398,672**	–6.2

	2020 in %	2019 in %	+/– percentage points
Return on investments	2.45	2.94	+0.49
Return on equity	7.49	10.53	–3.04
SST solvency ratio	207	201	6
Tied-assets coverage ratio	108	109	–1

Asset allocation

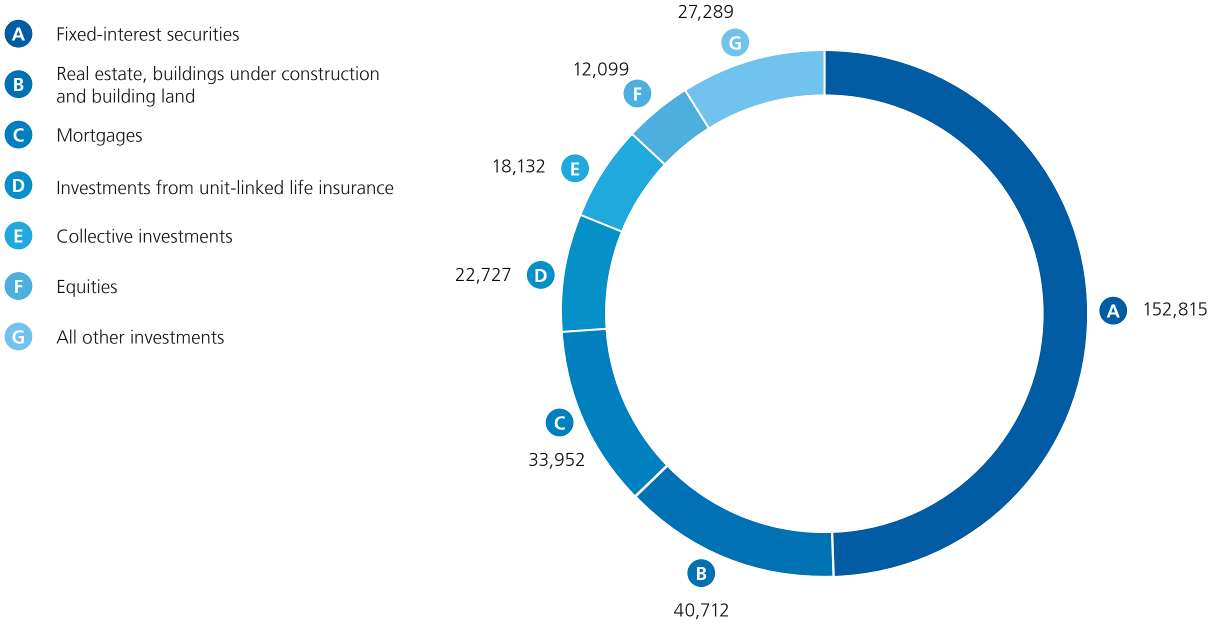
The total value of investments is virtually unchanged compared with the previous year, despite intensive market developments during the year as a result of the coronavirus pandemic. Overall, increases in real estate, mortgages and collective investments are balanced out by a slight decrease in fixed-interest securities and a significant decrease in equities, although changes in asset allocation may also have played a role here.

Asset allocation of life insurers

(in CHF thousands)	**2020**	**2020 in %**	2019	2019 in %
Real estate, buildings under construction and building land	40,711,736	13	39,476,828	13
Participations	5,569,408	2	5,779,301	2
Fixed-interest securities	152,815,240	50	154,888,291	50
Loans	9,250,638	3	9,126,159	3
Mortgages	33,952,147	11	33,159,920	11
Equities	12,099,237	4	14,659,117	5
Collective investments	18,131,876	6	16,096,899	5
Alternative investments	10,065,315	3	10,673,308	3
Other investments	2,403,171	1	2,674,333	1
Investments from unit-linked life insurance	22,727,360	7	21,299,586	7
Total investments	**307,726,128**	**100**	**307,833,742**	**100**

Asset allocation of life insurers 2020

(in CHF millions)



Premium trends

Total premium income, consisting of periodic premiums and single premiums, fell significantly in the year under review. This is partly due to the coronavirus pandemic, which made personal consultations difficult. In group life insurance, one of the reasons is more restrictive underwriting in full coverage insurance and – additionally – a relative increase in semi-autonomous contracts (compared with full coverage insurance). Premium payments for semi-autonomous insurance contracts are lower than for full coverage insurance because they do not contain savings premiums. Nevertheless, with a share of 65% (2019: 69%), occupational pensions still dominate 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. The substantially lower premiums in other life insurance can be explained by unusually high premiums in group life insurance outside occupational pensions for the previous year.

Gross premiums written

(in CHF thousands)	2020	2020 in %	2019	+/– in %
Group life occupational pension schemes	17,402,086	65.1	22,050,003	–21.1
Traditional individual endowment insurance	4,063,158	15.2	4,125,319	–1.5
Traditional individual annuity insurance	239,297	0.9	276,701	–13.5
Unit-linked life insurance	1,745,649	6.5	1,812,371	–3.7
Life insurance linked to internal investment portfolios	444,662	1.7	406,113	9.5
Capitalisation and tontines	119,894	0.4	232,514	–48.4
Other life insurance segments	585,840	2.2	1,018,613	–42.5
Health and casualty insurance	4,350	0.0	4,459	–2.4
Foreign branches	1,790,210	6.7	1,717,302	4.2
Reinsurance accepted	354,988	1.3	378,511	–6.2
Total	**26,750,134**	**100.0**	**32,021,906**	**–16.5**

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 20%. The overall market share fell slightly by 2.3% to 87.5%.

AXA Leben's market share continued to fall as a result of its withdrawal from full coverage insurance in the occupational pensions sector. By contrast, Allianz Leben and Zürich Leben were able to gain market share.

Market shares of life insurers

(in CHF thousands)	**Premiums written 2020**	**Market shares in % 2020**	Premiums written 2019	Market shares in % 2019
Swiss Life	10,666,648	43.4	13,049,060	43.6
Helvetia Leben	3,004,118	12.2	3,639,590	12.2
Basler Leben	2,763,426	11.2	3,575,069	11.9
AXA Leben	2,032,646	8.3	3,182,754	10.6
Allianz Suisse Leben	1,671,221	6.8	1,873,505	6.3
Zürich Leben	1,387,032	5.6	1,544,423	5.2
The six largest insurers	**21,525,091**	**87.5**	**26,864,401**	**89.8**

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 (2020: CHF 286 billion, 2019: CHF 286 billion) and used for establishing the tied assets. Other components of underwriting liabilities include increases for longevity and supplementary provisions, e.g. for losses from conversion rates or IBNR[1], as well as premium deposits and surplus funds.

The actuarial reserves among the life insurers amount to a total of around CHF 248 billion, or 87% of underwriting liabilities. Actuarial reserves fell slightly by 0.5% or CHF 1.5 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 biometric fundamentals must be based on accepted statistical procedures, entered in the business plan and reviewed annually against current and individual benchmarks.

Occupational pensions make up the main part of the actuarial reserves with 56.1%, followed by traditional individual endowment insurance (maturity or death) with around 20.6%. The shares of the other sectors are in the single-digit percentage range.

The year 2020 saw a strong increase in the actuarial reserves of life insurance linked to internal investment portfolios, while those of traditional individual endowment insurance and fund-linked life insurance remained practically the same as in the previous year.

[1] Incurred but not reported: provisions for damage that already occurred but has not been reported to the insurer.

Gross actuarial reserves

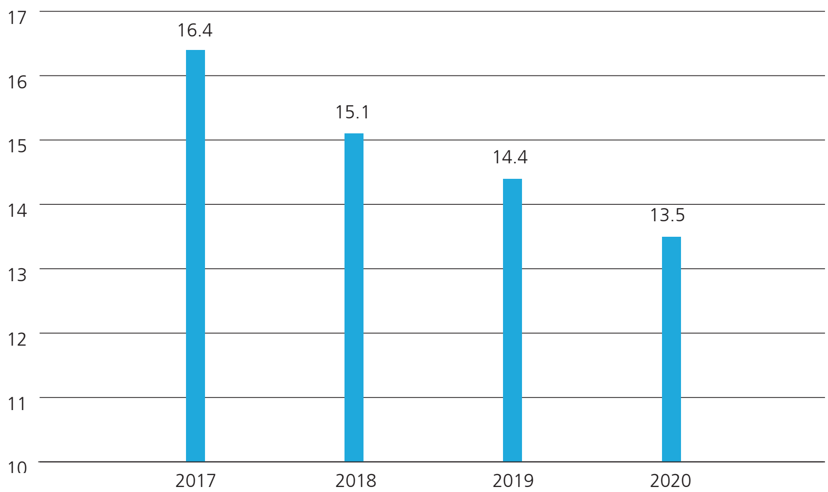
(in CHF thousands)	2020	2020 in %	2019	+/– in %
Group life occupational pension schemes	139,150,922	56.1	140,550,375	–1.0
Traditional individual endowment insurance	51,410,292	20.7	51,456,576	–0.1
Traditional individual annuity insurance	13,757,439	5.6	14,592,451	–5.7
Unit-linked life insurance	17,625,327	7.1	17,544,195	0.5
Life insurance linked to internal investment portfolios	2,972,247	1.2	2,251,628	32.0
Capitalisation and tontines	1,043,315	0.4	1,315,341	–20.7
Other insurance segments	2,177,637	0.9	2,471,815	–11.9
Foreign branches	19,327,865	7.8	18,615,568	3.8
Reinsurance accepted	456,208	0.2	478,940	–4.7
Total	**247,921,252**	**100.0**	**249,276,889**	**–0.5**

Changes in equity capital

At the end of 2020, the equity capital base came to CHF 13.5 billion, or 4.7% of the underwriting liabilities. In contrast to the previous year, the equity base fell by CHF 0.9 billion during the year under review.

Equity capital of life insurers

(in CHF billions)



Group life reporting for occupational pension schemes

Summary

2020 is the sixteenth consecutive year in which nine of the private life insurers operating in occupational pensions have accounted for their occupational pension scheme activities in their group life reporting.

The table below shows the results of the savings process, risk process and cost process. They give an aggregate gross result of CHF 806 million, representing a year-on-year decrease of CHF 855 million. The deterioration can be attributed to the modest result from the savings process and the declining result from the risk process.

Gross, net and operating results 2016–2020

(in CHF millions)	2020	2019	2018	2017	2016
Savings process					
Income	2,975	3,627	3,954	3,816	4,767
Expenses	2,769	2,659	3,459	3,146	3,271
Result	207	969	495	670	1,496
Risk process					
Income	2,302	2,305	2,479	2,463	2,528
Expenses	1,666	1,580	1,635	1,454	1,452
Result	635	725	844	1,009	1,076
Cost process					
Income	711	732	747	754	754
Expenses	747	765	786	773	757
Result	–35	–33	–39	–19	–3
Summary of the three results					
Savings process result	207	969	495	670	1,496
Risk process result	635	725	844	1,009	1,076
Cost process result	–35	–33	–39	–19	–3
Gross result (group life reporting)	806	1,661	1,300	1,659	2,569
Strengthening technical reserves[a)]	55	–746	776	–612	–1,592
Net result	861	914	2,076	1,047	977
Breakdown of the net result					
Assignment to surplus fund	450	464	1,542	493	375
Operating result[b)]	411	451	534	554	602
Net result	861	914	2,076	1,047	977

[a)] Release from strengthening (+) minus strengthening (–) of technical reserves.
[b)] The operating result corresponds to the life insurer's share of the net result.

Life insurers released technical provisions no longer required amounting to CHF 55 million (the previous year saw strengthening by CHF 746 million). This gives a net result of CHF 861 million, of which CHF 450 million goes to the surplus fund, leaving an operating result of CHF 411 million. It is significantly lower than in previous years.

The reported operating result gives a total payout ratio of 93.1% and 92.9% for business subject to the minimum ratio. The statutory minimum ratio in the latter area is 90%.

At CHF 207 million, the modest result from the savings process stands out, resulting from lower investment income, but also from increased interest expense.

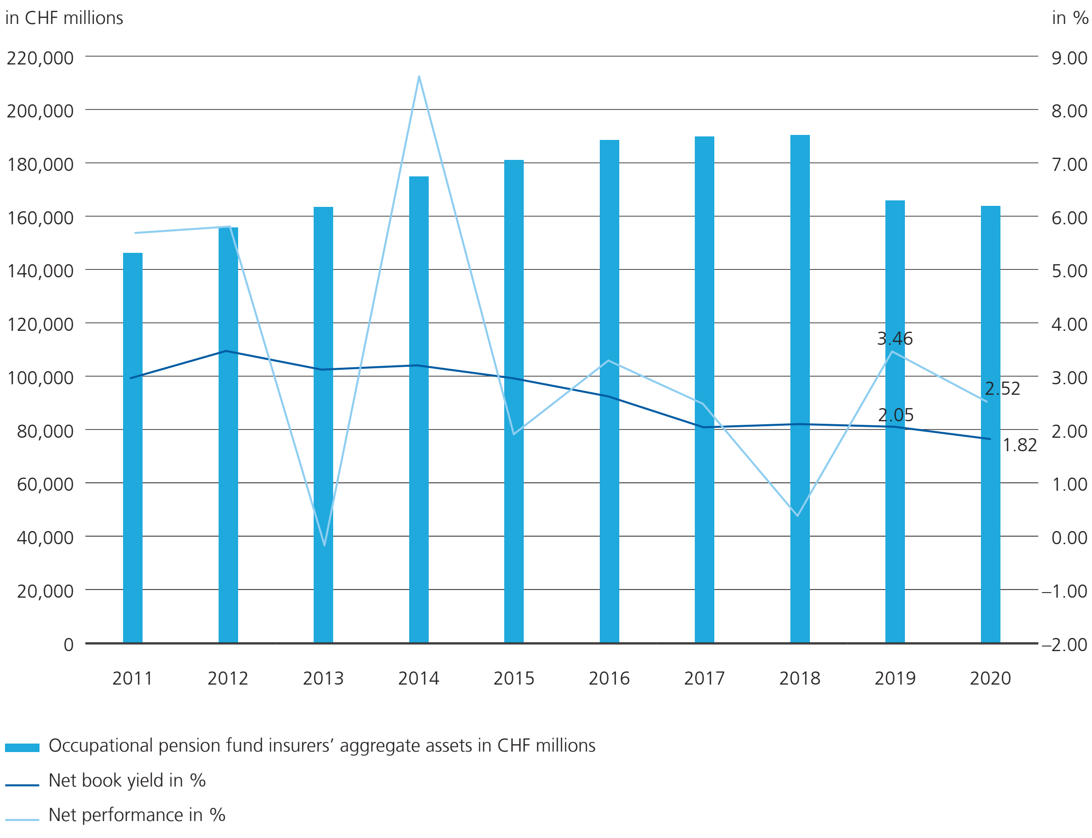
The results from the risk process were also substantially reduced once again in the year under review due to the higher claims burden.

Savings process yields modest result
Life insurers produced positive results in the savings process, with revenues minus expenses yielding CHF 207 million (2019: CHF 969 million).

At 1.82%, the net return on investments (book yield) was lower than in the previous year (2.05%). Between 2011 and 2020, the average return was 2.67% (average from 2010 until 2019: 2.76%). Taking account of the changes in the value of the investments, performance stood at 2.52% (2019: 3.46%).

Asset management costs (as a percentage of the market value of investments) amounted to 22 basis points (2019: 21).

Aggregate assets, net book yield and net performance of occupational pension fund[2] insurers, 2011–2020



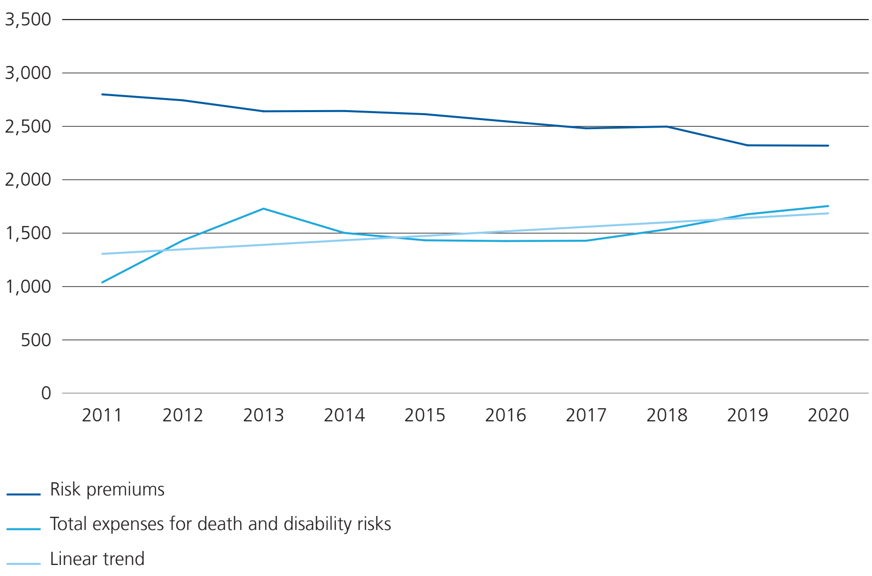
[2] Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (SR 831.40)

Risk process: lower results for death and disability risks

Claims expenses in the risk process increased by 5% in the year under review compared with the previous year from CHF 1,580 million to CHF 1,666 million, while risk premiums fell only slightly from CHF 2,305 million to CHF 2,302 million. The result (gross) in the risk process fell again from CHF 725 million to CHF 635 million.

Premiums and total expenses in the risk process 2011–2020

(in CHF millions)



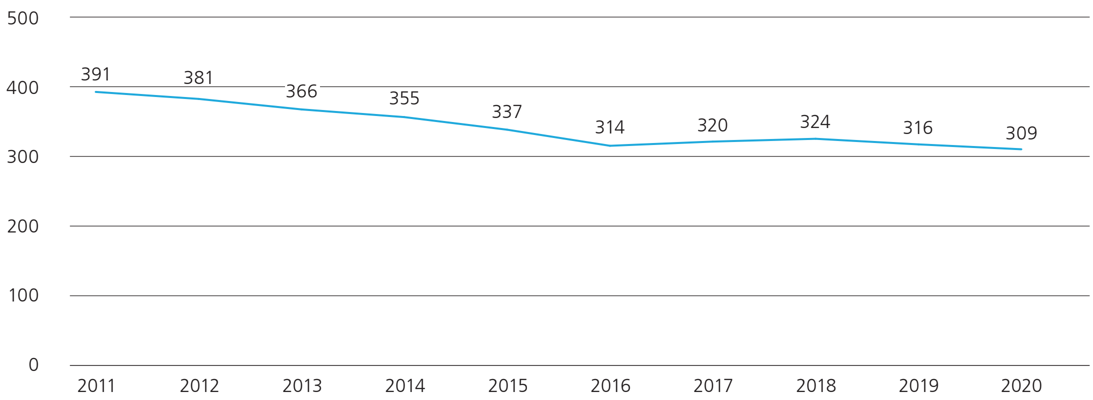
Cost process slightly negative again
With a deficit of CHF 35 million, the results in the cost process were slightly negative when aggregated across occupational pension fund insurers. Income of CHF 711 million is offset by expenses of CHF 747 million, which includes distribution and acquisition costs of CHF 225 million. The reported per capita operating costs fell to CHF 309 (2019: 316), as the number of policyholders fell by a smaller percentage than the costs.

The difference between the CHF 351 resulting from the income statement and the CHF 309 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.

The total distribution and acquisition costs of CHF 225 million break down as follows: commissions for brokers and agents (CHF 93 million), in-house sales force commission (CHF 87 million) and other acquisition costs (CHF 45 million).

Changes in per capita costs 2011–2020

in CHF



Technical reserves: no further strengthening measures

Actuarial reserves for annuities and other technical provisions (except retirement savings) were valued based on current biometric assumptions and valuation interest rates, which averaged 0.80% at the end of 2020 (2019: 0.89%).

Retirement savings fell slightly by CHF 2.2 billion (2019: –CHF 21.7 billion), reaching a year-end total of CHF 75 billion. The reduction in the previous year can be attributed to AXA Leben's withdrawal from the full coverage insurance market. For occupational pension fund insurers, the interest rate on mandatory retirement savings was 1.00%, while the average rate for supplementary retirement savings was 0.16% (2019: 0.25%; only guaranteed interest). Participation in the surplus generated averaging 0.52% must also be included in the supplementary retirement savings.

Actuarial reserves for current old-age and survivors' pensions have risen further (2.7%) and now total CHF 42.7 billion.

Key components of the technical provisions 2018–2020

				+/– in %	
(in CHF millions)	**2020**	2019	2018	**2020/19**	2019/18
Mandatory retirement savings	38,080	39,668	50,770	–4.0	–21.9
Supplementary retirement savings	36,665	37,309	47,939	–1.7	–22.2
Additional reserves for future pension conversions	3,238	3,427	3,721	–5.5	–7.9
Actuarial reserves for current old-age and survivors' pensions	42,688	41,581	40,660	2.7	2.3
Actuarial reserves for current disability pensions	8,413	8,450	8,522	–0.4	–0.8
Actuarial reserves for vested benefits policies	6,312	6,522	6,731	–3.2	–3.1
Actuarial reserves for other cover	4,343	4,200	3,948	3.4	6.4
Strengthening the actuarial reserves of current pensions	9,658	9,774	9,171	–1.2	6.6
Technical reserve for incurred but not yet settled insurance claims	2,600	2,628	2,657	–1.1	–1.1
Reserve for interest guarantee, loss and value fluctuations	1,570	1,378	1,207	13.9	14.2
Other insurance reserves	939	938	924	0.1	1.5
Provisions for inflation	1,940	1,958	1,972	–0.9	–0.7
Total technical reserves	**156,445**	**157,834**	**178,223**	**–0.9**	**–11.4**
The surplus fund	1,061	1,102	1,987	–3.7	–44.6
Premium deposits	1,445	2,197	1,803	–34.2	21.8
Credited allocations to the surplus fund	128	190	186	–32.5	1.9
Other liabilities	8,157	8,894	12,968	–8.3	–31.4
Total assets: operating statement of occupational pensions	**167,236**	**170,217**	**195,169**	**–1.8**	**-12.8**

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 491 million (2019: CHF 1,346 million) was allocated to these occupational pension institutions and their insured persons. The high amount in the previous year is due to AXA Leben's withdrawal from full coverage insurance. This and the following table show that the surpluses generated in one year are passed on rapidly to the insured persons. During the year under review, CHF 450 million of the net result was allocated to the surplus fund (2019: CHF 464million).

Changes in the surplus fund 2016–2020

(in CHF millions)	**2020**	2019	2018	2017	2016
At the beginning of the year	1,102	1,985	1,018	1,064	1,362
Withdrawals	–491	–1,346	–573	–539	–673
In %	–45	–68	–56	–51	–49
Allocations	450	464	1,542	493	375
At year end	1,061	1,102	1,987	1,018	1,064
Assigned from allocation in year +1	0	0	901	47	0
Assigned from allocation in year +2	0	0	491	446	375
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	0	1,392	493	375
Outstanding assignments	450	464	150	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 occupational 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 2016–2020

	2020	2019	2018	2017	2016
Premiums and investments					
Total gross written premiums, in CHF millions	17,401	22,049	22,552	22,395	23,282
Total investments (market values), in CHF millions	186,228	186,139	207,537	209,353	206,138
Total investments (book values), in CHF millions	162,703	164,329	188,911	187,566	185,674
Net return on investments (book yield), in %	1.82	2.05	2.10	2.04	2.62
Per capita operating costs, in CHF					
Averaged over insured persons	351	370	377	365	359
Active insured persons	376	399	415	405	400
Pensioners	467	480	440	430	425
Holders of vested benefits policies	68	75	73	70	70
Net result[a], in CHF millions					
Savings process	328	304	911	22	–133
Risk process	560	640	954	1,044	1,113
Cost process	–35	–33	–39	–19	–3
Outside the processes	8	3	251		
Total (net result)	**861**	**914**	**2,076**	**1,047**	**977**
Breakdown of the net result					
Life insurers' portion (operating result), in CHF millions	411	451	534	554	602
Life insurers' portion, in %	47.7	49.3	25.7	52.9	61.6
Insured persons' portion (assignment to surplus fund), in CHF millions	450	464	1,542	493	375
Insured persons' portion, in %	52.3	50.7	74.3	47.1	38.4
Revenue in the savings, risk and cost process, in CHF millions	**5,988**	**6,664**	**7,180**	**7,033**	**8,049**
Life insurers' portion, in %	6.9	6.8	7.4	7.9	7.5
Insured persons' portion, in % (payout ratio)	93.1	93.2	92.6	92.1	92.5
Payout ratio only for business subject to the minimum ratio, in %	92.9	93.5	92.5	92.5	92.7

[a] After creation/release of reserves, but before allocation to the surplus fund.

Non-life insurance companies

Key figures

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

Premiums increased by 1.8% (gross) compared with the previous year. Both the direct and indirect business experienced growth.

The claims expenditure (net) increased by 10.5% in 2020. Although payments for insurance claims fell by 6.8%, provisions amounting to around CHF 1.6 billion were created, whereas in the previous year an amount of CHF 4.1 billion was able to be released. On the one hand, in contrast to the previous year, technical provisions for the indirect business only decreased slightly, while on the other hand, those for the direct business in various sectors (e.g. health insurance, UVG and financial losses) were strengthened. The loss ratio (gross) therefore deteriorated by 5.3 percentage points to 64.1% in 2020.

Expenditure for insurance operations (costs for underwriting and other expenses from insurance activities) increased only slightly by 0.5%, while earned premiums rose by 2.3%. As a result, the expense ratio fell by 0.5 percentage points to 28.8%.

Investment income fell sharply in 2020 (–37.5%), due in particular to lower income from participations as well as depreciation.

As a result of the higher claims expenditure and the significantly lower financial result, the annual profits of non-life insurance companies fell by 37.9% overall in 2020 and the return on equity fell by 8.19 percentage points.

Non-life insurance companies continue to experience very comfortable solvency levels, although 30 percentage points lower than in the previous year. The coverage of tied assets also decreased slightly by 3 percentage points.

Key figures for non-life insurance companies

(in CHF thousands)	2020	2019	+/– in %
Gross premiums written	46,691,703	45,857,578	1.8
Claims paid out	23,672,189	25,414,158	–6.9
Cost for the change in technical liabilities	428,062	–3,302,673	n/a
Cost for the change in other actuarial liabilities	1,198,783	797,990	50.2
Costs for underwriting	9,375,709	9,127,575	2.7
Taxes	554,762	790,467	–29.8
Gains/losses from investments	5,970,174	9,550,221	–37.5
Annual profits	**6,258,868**	10,080,690	–37.9
Balance sheet total	**179,406,748**	**179,310,950**	0.1
Investments	140,842,700	142,303,728	–1.0
Technical liabilities	88,134,624	87,619,684	0.6
Equity (before profit allocation)	**45,600,403**	**45,984,658**	–0.8

	2020 in %	2019 in %	+/– percentage points
Return on investments	4.20	6.75	–2.55
Return on equity	13.73	21.92	–8.19
Loss ratio	64.1	58.8	5.3
Expense ratio	28.8	29.3	–0.5
Combined ratio	92.9	88.1	+4.8
SST solvency ratio	241	271	–30
Tied-assets coverage ratio	127	130	–3

Asset allocation

Asset allocation remained stable, as in previous years.

Fixed-interest securities
Investments in fixed-interest securities constituted by far the largest asset category, with approximately 69% in corporate bonds and 31% in government bonds.

Investments in shareholdings
Investments in shareholdings affected only a few insurance companies, mainly Zürich Versicherungs-Gesellschaft AG, Helvetia Schweizerische Versicherungsgesellschaft AG and AXA Versicherungen AG, with Zürich Versicherungs-Gesellschaft AG's shareholdings making up the lion's share of CHF 34.7 billion (2019: CHF 34.4 billion).

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

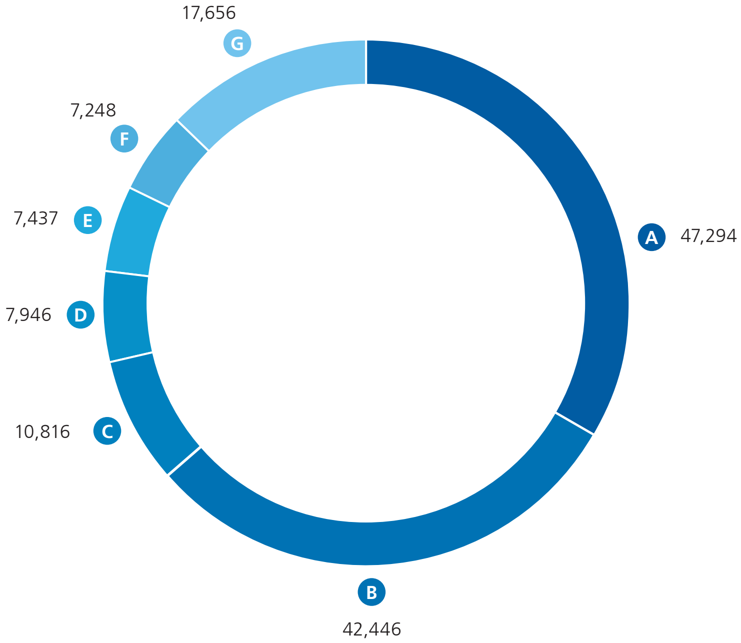
Asset allocation of non-life insurers

(in CHF thousands)	2020	2020 in %	2019	2019 in %
Real estate, buildings under construction and building land	7,436,534	5	7,588,203	5
Participations	42,446,485	30	40,723,614	29
Fixed-interest securities	47,293,961	34	50,654,751	35
Loans	7,945,939	5	7,045,020	5
Mortgages	5,314,326	4	5,386,138	4
Equities	7,247,976	5	7,711,399	5
Collective investments	10,815,714	8	9,808,855	7
Alternative investments	5,459,934	4	5,172,852	4
Other investments	6,881,831	5	8,212,895	6
Total investments	**140,842,700**	**100**	**142,303,728**	**100**

Asset allocation of non-life insurers 2020

(in CHF millions)

- A Fixed-interest 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)

The reduction in premium volume expected as a result of the coronavirus pandemic – due to the slowdown in economic activity, the fall in sales and salary volume as well as the declining number of employees and the economic downturn – has not (yet) occurred. Written gross premiums in the direct Swiss non-life insurance sector (including supplementary health insurers) even increased as a whole by 1.9%.

As in previous years, premiums in by far the largest sector, illness, increased sharply, this time by 2.8%. The fire/property damage and accident sectors also saw significant premium growth.

Despite the ongoing intense price pressure in the motor vehicle insurance segment and the lowest number of newly registered vehicles since 1996, premium volume in the motor vehicle insurance sector (liability and comprehensive together) remained virtually unchanged (+0.2%).

In the financial losses (–5.5%), credit and surety (–7.9%) as well as tourist assistance (–2.5%) sectors, premium volumes fell sharply in some cases. The impact of the pandemic is likely to be behind this.

By contrast, demand for legal protection insurance remains high and led to significant premium growth once again (+6.6%).

Gross premiums written

(in CHF thousands)	**2020**	**2020 in %**	2019	+/– in %
Illness	11,504,237	39.5	11,185,992	2.8
Fire, property damage	4,275,391	14.7	4,149,938	3.0
Accident	3,247,682	11.1	3,175,939	2.3
Land vehicle (comprehensive)	3,418,555	11.7	3,372,303	1.4
Land vehicle (liability)	2,568,008	8.8	2,601,194	–1.3
Liability	2,039,522	7.0	1,995,574	2.2
Marine, aviation, transport	326,215	1.1	323,716	0.8
Legal protection	685,678	2.4	643,123	6.6
Financial losses	484,007	1.7	512,143	–5.5
Credit, surety	349,743	1.2	379,652	–7.9
Tourist assistance	230,754	0.8	236,787	–2.5
Total	**29,129,792**	**100.0**	**28,576,361**	**1.9**

Market shares in the direct Swiss business

Market shares among the eight main direct non-life insurance companies (excluding health insurers) increased in 2020 to 84.4% (+1.1 percentage points). The remaining 15.6% of the market was shared by 90 further non-life insurance companies with their registered office in Switzerland as well as by Swiss branches of insurance companies registered outside Switzerland.

Market shares shifted only slightly among the eight largest Swiss non-life insurance companies. Only Zürich Versicherung was able to significantly increase its market share (+1.2 percentage points), among other things by acquiring a portfolio. The respective positions of the eight largest Swiss non-life insurance companies remained unchanged.

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

(in CHF thousands)	**Premiums written 2020**	**Market shares in % 2020**	Premiums written 2019	Market shares in % 2019
AXA Versicherungen	3,469,958	18.5	3,425,339	18.6
Schweizerische Mobiliar	3,070,332	16.4	2,975,867	16.2
Zürich Versicherung	2,743,276	14.7	2,494,301	13.5
Allianz Suisse	1,903,816	10.2	1,894,386	10.3
Helvetia	1,563,397	8.3	1,561,940	8.5
Basler Versicherung AG	1,340,125	7.2	1,314,454	7.1
Vaudoise	945,244	5.0	928,987	5.0
Generali Assurances	762,128	4.1	760,693	4.1
The eight largest insurers	**15,798,276**	**84.4**	**15,355,967**	**83.3**

Claims ratios in the direct Swiss business

The claims ratio in the direct Swiss non-life business rose by 4.5 percentage points compared with the previous year to 66.6% (2019: –3.1 percentage points). What is striking is the different evolution of the claims ratio – sometimes with significant changes – between the insurance sectors. The changes observed in some sectors can be explained by the coronavirus pandemic. On the one hand, the resulting general decline in economic activity and mobility of people and goods is visible in the claims ratio for the marine, aviation, transport (–18.8 percentage points), liability (–7.9 percentage points), credit, surety (–4 percentage points), land vehicle (comprehensive) (–3.7 percentage points) and accident (–2.9 percentage points) sectors. On the other hand, the epidemic meant that the financial losses sector saw an above-average number of claims from epidemic, hygiene, business interruption and event cancellation insurance, resulting in a corresponding sharp increase in the claims ratio (222.6%).

The claims ratio of the land vehicle (liability) sector recorded an increase by 19.9 percentage points in 2020. A decline was to be expected due to the coronavirus pandemic and the reduced mobility already described. Conversely, the run-off results for some providers were significantly lower compared with the previous year, which meant that the effects of the pandemic outweighed these.

The sharp decline in travel by insured persons had a generally positive effect on the tourist assistance sector. The claims ratio grew by 15.8% because policyholders cancelled or curtailed an unusually high number of trips.

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

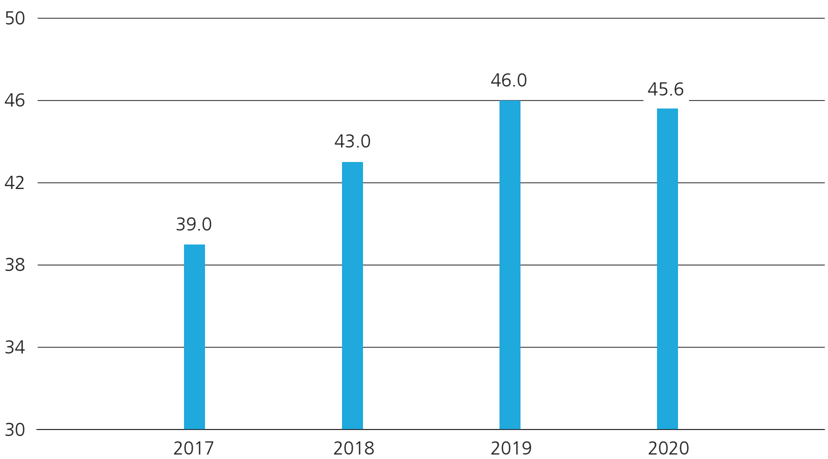
in %	2020	2019	+/– percentage points
Illness	73.5	74.6	–1.1
Fire, property damage	52.5	46.3	6.2
Accident	68.3	71.2	–2.9
Land vehicle (comprehensive)	64.8	68.5	–3.7
Land vehicle (liability)	42.0	22.1	19.9
Liability	+46.9	54.8	–7.9
Marine, aviation, transport	31.9	50.7	–18.8
Legal protection	58.2	57.8	0.4
Financial losses	279.3	56.7	222.6
Credit, surety	51.8	55.8	–4.0
Tourist assistance	91.5	75.7	15.8
Total	**66.6**	**62.1**	**4.5**

Changes in equity capital

Following two years with a significant increase, the equity capital of non-life insurance companies recorded a slight decline by CHF 0.4 billion in 2020 compared with the previous year.

Equity capital of non-life insurers

(in CHF millions)



Supplementary health insurance providers

Key figures

Premium volume in the private supplementary health insurance business remained virtually stable in 2020. By contrast, payments for insurance claims declined significantly. This can be attributed to the suspension of non-urgent treatment and interventions due to the pandemic in the spring. This drop in benefits paid could not be offset between May 2020 and the end of the year. On the other hand, expenditure for insurance operations increased sharply by CHF 93 million, CHF 44 million of which are accounted for by increased acquisition costs. It should be taken into account that for insurance contracts concluded after 31 January 2021, the interbranch agreement for brokers sets out rules on the amount of the acquisition payment. The remaining CHF 49 million are attributable to increased administrative costs. Technical provisions increased by a total of CHF 550 million in 2020, due primarily to the funding of ageing reserves and to a lesser extent due to the provision of fluctuation reserves. Following an unusually high investment result in the previous year, returns of 2.69% were earned in the year under review. That result corresponds to a reduction by around CHF 400 million. The solvency level for the total market was able to be increased by 37 percentage points, while the coverage of tied assets fell slightly.

Key figures of health insurance companies

(in CHF thousands)	2020	2019	+/– in %
Gross premiums written	8,399,263	8,387,832	0.1
Gross premiums written including ISA portion of health insurance companies	10,220,503	10,187,042	0.3
Claims paid out	5,576,135	5,916,650	–5.8
Costs for underwriting	1,708,044	1,615,543	5.7
Taxes	114,163	169,271	–32.6
Gains/losses from investments	253,926	666,886	–61.9
Annual profits	**455,273**	**673,143**	–32.4
Balance sheet total	**19,537,431**	**18,952,585**	3.1
Investments	**17,215,098**	**16,612,743**	3.6
Technical liabilities	11,339,819	10,790,931	5.1
Equity (before profit allocation)	4,498,895	4,294,960	4.7

	2020 in %	2019 in %	+/– percentage points
Return on investments	2.69	4.15	–1.46
Return on equity	10.12	15.67	–5.55
SST solvency ratio	339	302	+37
Tied-assets coverage ratio	134	138	–4

Market share in the supplementary health insurance sector

The breakdown of market share[3] shows that the market conditions barely changed compared with the previous year. Eight health insurers wrote 84% of the total premium volume. A small provider, Galenos (general health insurance company, taken over by Visana), disappeared from the market.

Market share in the supplementary health insurance sector

(in CHF thousands)	Premiums written 2020	Market shares in % 2020	Premiums written 2019	Market shares in % 2019
Helsana Zusatzversicherungen	1,837,354	18.0	1,755,271	17.2
Swica Krankenversicherung	1,638,455	16.0	1,582,982	15.5
CSS	1,238,890	12.1	1,331,369	13.1
Visana	1,169,656	11.4	1,151,250	11.3
Groupe Mutuel (Groupe Mutuel Assurances and Mutuel Assurances SA)	1,091,756	10.7	1,083,013	10.6
Sanitas	767,932	7.5	773,963	7.6
Concordia	549,287	5.4	562,728	5.5
Assura	349,661	3.4	353,339	3.5
The eight largest insurers	**8,642,991**	**84.5**	**8,593,915**	**84.3**

[3] 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 FINMA supervision fell by 11.2% in 2020, following the significant increase (+37%) in the previous year. The loss ratio (claims ratio) deteriorated to 77% and the investment result decreased by over 60% in the current year. The annual result of CHF 3.6 billion was thus eroded to just CHF 227 million. The solvency ratio for reinsurers fell by 10 percentage points to 189%.

Written gross premiums of professional reinsurance companies declined by over 10%, while the premium volume of reinsurance captives increased by 2.8%. The decline largely stemmed from Swiss Re companies as a result of the group structure being altered at the end of 2020 and from changes in the intra-group contracts as well as lower exchange rates.

Key figures of reinsurance companies

(in CHF thousands)	2020	2019	+/– in %
Gross premiums written	45,563,681	51,288,253	–11.2
Claims paid out	26,385,051	21,185,218	24.5
Cost for the change in technical liabilities	3,304,005	8,135,731	–59.4
Cost for the change in other actuarial liabilities	–154,113	214,402	n/a
Costs for underwriting	12,395,674	13,275,456	–6.6
Taxes	299,400	393,541	–23.9
Gains/losses from investments	2,438,582	6,746,230	–63.9
Annual profits	**227,096**	**3,623,096**	–93.7
Balance sheet total	**207,425,484**	**204,279,657**	1.5
Investments	96,624,827	91,612,000	5.5
Technical liabilities	128,034,459	131,470,328	–2.6
Equity (before profit allocation)	**28,266,952**	**27,376,380**	3.3

	2020 in %	2019 in %	+/– percentage points
Return on investments	2.59	7.62	–5.03
Return on equity	0.80	13.23	–12.43
Loss ratio, non-life	77.0	73.4	3.6
Benefit ratio, life	73.7	71.4	+2.3
SST solvency ratio	189	199	–10

Total assets remained very stable and increased slightly to CHF 207 billion (+1.5%). Investments by reinsurers increased by 5.5% to CHF 96.6 billion.

The loss ratio increased from 73% to 77%, due particularly to higher claims expenditure as a result of the coronavirus pandemic. The development of the individual segments was not uniform. In particular, short-tail business such as the property insurance sector had a significant negative impact, although this was largely offset by a much better result from the natural catastrophes segment.

As expected, the unusually high result from investments in the previous year of CHF 6.7 billion was not able to be repeated; it fell to CHF 2.4 billion. This meant that the return on equity fell from 13.2% to a marginal 0.8%. The solvency ratio fell overall from 199% to 189%.

Asset allocation

Asset allocation was relatively stable overall. Only shareholdings underwent a significant change from 21% to 27%. Shareholdings involved almost exclusively Swiss Re Group companies, which function as holding companies in addition to their operational activities. The increase of CHF 7 billion in the year under review can be explained by the group structure being altered at the end of 2020. Shareholdings of other companies decreased slightly.

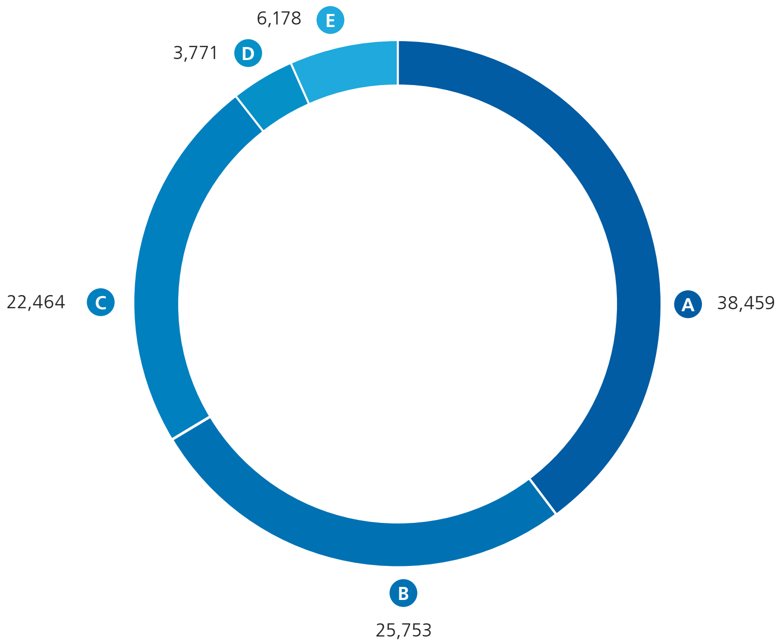
Asset allocation of reinsurance companies

(in CHF thousands)	**2020**	**2020 in %**	2019	2019 in %
Real estate, buildings under construction and building land	84,990	0	91,112	0
Participations	25,752,934	27	18,833,401	21
Fixed-interest securities	38,458,907	40	38,536,488	42
Loans	3,771,084	4	3,558,307	4
Mortgages	208	0	1,688	0
Equities	1,671,221	1	1,324,684	1
Collective investments	22,463,937	23	21,893,569	24
Alternative investments	822,873	1	988,175	1
Other investments	4,223,673	4	6,384,576	7
Total investments	**96,624,827**	**100**	**91,612,000**	**100**

Asset allocation of reinsurance companies

(in CHF millions)

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



Premium trends

Earned gross premiums decreased to a significantly lower extent than gross premiums written, which is not surprising given the growth in the previous year of large proportional reinsurance contracts. The decrease was more pronounced in the long-tail segment (–11%) and in geographical terms in Asia (–14%) than in the other sectors.

Premiums earned by reinsurers

(in CHF thousands)	2020	2020 in %	2019	+/– in %
Short-tail	16,519,541	35.7	16,700,791	–1.1
Long-tail	10,906,553	23.6	12,197,769	–10.6
Catastrophes	3,897,816	8.4	4,033,859	–3.4
Total non-life	**31,323,910**	**67.7**	**32,932,419**	**–4.9**
Life insurers	14,954,897	32.3	15,130,312	–1.2
Total gross premiums	**46,278,807**	**100.0**	**48,062,731**	**–3.7**
Asia/Pacific	8,623,412	18.6	10,072,168	–14.4
Europe	17,184,776	37.1	17,746,432	–3.2
North America	18,452,086	39.9	18,442,345	0.1
Rest of the world	2,018,533	4.4	1,801,786	12.0
Total gross premiums	**46,278,807**	**100.0**	**48,062,731**	**–3.7**

Claims ratio

In 2020, the claims ratio in the non-life reinsurance sector deteriorated to 77% (2019: 73.4%). The trends went in opposite directions; the short-tail segment recorded a marked deterioration to 74.2% (2019: 58.7%). This deterioration can be explained in particular by higher claims expenditure as a result of the coronavirus pandemic; for example, special coverage for large events (that were postponed or cancelled), non-traditional coverage for business interruption and the direct impact on the life business as a result of an expected increase in mortality due to the coronavirus pandemic.

These deteriorations were offset by a very significant improvement in the catastrophes segment, in which the loss ratio improved to 72.3% (2019: 105.9%). Across the market as a whole, total insured catastrophe losses were higher than in the previous year and were also above the 10-year moving average.[4]

Claims ratios in non-life reinsurance business

in %	2020	2019	+/– percentage points
Short-tail	74.2	58.7	15.5
Long-tail	82.0	81.0	1.0
Catastrophes	72.3	105.9	–33.6
Total	**77.0**	**73.4**	**3.6**

[4] Source:
Swiss Re sigma 1/2021

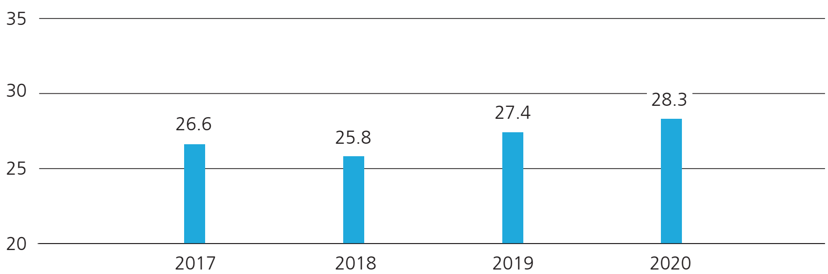
Changes in equity capital

Statutory equity capital increased by 3.3% to CHF 28.3 billion compared with the previous year. Equity capital at Swiss Re companies increased by around CHF 2 billion and amounted to CHF 12.6 billion at the end of 2020. This marked increase was due in particular to the group structure being altered at the end of 2020 and changes in the structure of the intragroup contracts.

Equity capital at the other professional reinsurance companies fell from CHF 11.8 billion to CHF 11 billion as a result of dividends being distributed from the assets. This was only partially offset by the annual result. Finally, total equity capital at reinsurance captives also declined by around CHF 2.9 billion to CHF 2.7 billion. As usual, these figures were prepared before the dividend distributions for 2020.

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.

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.

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.

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.

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).

SST solvency ratio
The Swiss Solvency Test (SST) is a modern supervisory tool which 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, with the exception of SWICA Healthcare.

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. 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.

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