

Solid development and good growth of the Swiss insurance industry

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Once more, Swiss private insurers show efficient performance and stability in 2018. Despite a continuously difficult environment, life insurance regained strength after two disappointing years. Premiums in property and casualty insurance continued to grow in the year under review.

Thomas Helbling, SIA director; Michael Müller, SIA vice-president; Rolf Dörig, SIA Chairman; Patrick Raaflaub, member of the Managing Board

The private insurance industry in Switzerland is looking back at a successful business year 2018. Premiums rose both in life and in property and casualty insurance as compared to the previous year. Measured by gross value added, the insurance industry is among the top ten Swiss industries; it is also one of the fastest growing sectors: In the last 20 years, the value added by insurance companies has grown by 4.2 percent p. a. on average. «The insurance industry is one of the pillars of the Swiss economy and, as such, we are obliged to shoulder our responsibilities,» says SIA chairman Rolf Dörig. «To do so, the SIA works to ensure a framework that offers our industry a wide range of possibilities while strengthening its innovative capacities and its competitive position. In doing so, we are conscious of the fact that stability and economic success depend on a cohesive and solidary society based on mutual trust.»

Uptrend in life insurance premiums

The Swiss Insurance Association SIA expects the life insurance volume to have risen by 0.6 percent in 2018 compared to the previous year. The downtrend of the last two years seems to have ended, despite historically low interest rates and challenging regulatory conditions for life insurers in 2018.

+0.7 percent increase in Group life insurance, i.e. occupational pension provision for SMEs and their employees. The safety offered by life insurers continues to be in demand.

+0.4 percent in individual life insurance. Risk insurance and unit-linked products were particularly in demand. Offering attractive or even guaranteed yields poses a continuous challenge to the life insurance industry given the persistently low interest rates.

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Steady growth in property and casualty insurance

According to the SIA's projections, premium volume in property and casualty insurance rose by 2.2 percent in the year under review:

+ 1.2 percent in fire, natural disaster and property damage insurance. As in previous years, the broad-based economic growth, investments in construction and an increase in purchasing power all contributed to the uptrend in premium volume.

+ 3.4 percent in personal insurance. Growth in this segment is partly due to steady demand for supplementary health and accident insurance, and partly to higher insurance rates caused by cost increases in the healthcare sector.

- 0.3 percent in motor vehicle insurance. The decrease in premium volume is due to pronounced pressure on motor liability insurance in a highly saturated market.

In 2018, storm damage in Switzerland was less acute than in 2017; therefore, claims should develop slightly more favourably compared to the previous year. The claims volume is expected to correspond to the long-term average.

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Slightly higher headcount

In the private insurance sector, the SIA projects an increase in headcount by 1.1 percent to some 46,580 employees.

Central issues

Consumer protection: The insurance industry is one of the most strictly regulated Swiss industries due to the Federal Act on Insurance Contracts (VVG/LCA) and the Insurance Supervision Act (VAG/LSA). Currently, both laws are being revised and the SIA is endorsing key concerns in consumer protection. However, measures for consumer protection are not cost-free. A careful analysis of their costs and benefits is therefore appropriate for the industry to continue offering affordable and attractive insurance solutions.

Sustainable investments: Climate change means that sustainable investments gain in importance. The Swiss insurance companies endorse integrating the so-called ESG criteria into the investment process, not least for economic reasons: ESG-conform investments tend to be less volatile and therefore generate a superior risk-adjusted return (i.e. using ESG-conform financial instruments rather than traditional financial instruments helps achieve a comparable yield in a less risky manner).

Note to the editors:

The Swiss Insurance Association SIA is the umbrella organisation representing the private insurance industry. The SIA's membership consists of over 80 small and large, national and international primary insurers and reinsurers with some 46,600 employees in Switzerland. SIA member companies account for over 90% of private insurance premiums generated in the Swiss market.

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Facts and figures for 2019 – insurance premiums and benefits

The latest booklet on Facts and figures from the private insurance industry can be downloaded or ordered here.

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The SIA – sustainable solutions for individuals and corporations

The SIA is the umbrella organisation of the private insurance industry with 80 members that generate 90 per cent of the Swiss premium volume.

Context 24.09.2018

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Members

The Swiss Insurance Association SIA is the umbrella organisation representing the private insurance industry. Around 80 small and large, national and international primary insurers and reinsurers are

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