

CHF 600 billion benefiting people, environmental and sustainability issues

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Context | 11 February 2019

Insurers need a good deal of capital to meet their (mostly long-term) contractual obligations and commitments. Insurers' provisions to cover future insurance benefits and claims are reinvested in the business cycle. In 2017, these reinvestments amounted to some CHF 600 billion. In their investments, insurers rarely aim for short-term profits.

Their financial assets have various distinctive features, that differentiate insurers from other investors. A priori, speculative, high-risk investments do not fall within the remit of the insurance industry.

Investments by insurers distinguish themselves as follows:

- **Long-term investments with stable yields:** Given their long-term contractual obligations and commitments, insurers are looking for long-term assets with stable yields.
- **Safety:** Insurers set great store by safe investments. Nearly half of their assets consist of fixed-term securities, i. e. government bonds and corporate bonds. Some 10% each are invested in participations and real estate. With much less than 5% of total assets, equity clearly plays a subordinated role.
- **In the interest of society:** Due to their long-term investment horizon, insurers are important partners in financing infrastructural investments by public institutions and corporations. Insurance companies therefore have a dual purpose and also serve as catalysts: By investing, they put means at the disposal of the public and the private sector. By assuming risks, they enable governments, corporations and individuals to reduce their own provisions for contingencies and free up means to invest for the future. By granting mortgage loans, they help namely younger first-time buyers and young families to make their dreams come true and buy a house.
- **Focusing on people, the environment and sustainability:** Insurers invest in the future of humanity and of the environment. Human rights and environmental responsibility are among the central features insurers look for when investing. Natural disasters and major losses tend to hit insurers very hard. For this reason, investing into environmentally correct, sustainable and ethically viable companies and projects is in their direct interest. Swiss insurers are considered a role model in many aspects of investing.
- **Sponsoring new technologies and developments:** Swiss insurers actively invest in start-ups, thereby sponsoring the development of new processes and technologies, namely as far as digitisation and environmentally friendly corporations are concerned. Again, these assets also are geared towards the longer term and towards sustainability.

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