

Cantonal building insurance

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The protection of buildings against fire and natural hazards in Switzerland is organised in two different systems. In nineteen cantons, a cantonal building insurance institution holds a monopoly for the insurance of buildings against fire and natural hazards, with compulsory insurance for every building. In the remaining cantons, the insurance of buildings is left to private insurers, although in most of them it is also compulsory.¹ The cantonal institutions are public law entities that combine insurance with prevention, building regulations for fire protection and in some cases firefighting.

Both Basel cantons belong to the monopoly system. The Gebäudeversicherung des Kantons Basel-Stadt and the Basellandschaftliche Gebäudeversicherung insure the buildings in their cantons against fire and natural hazards such as storm, hail, flood and landslides.² The cantonal monopolies have survived several attempts at liberalisation, because studies have consistently shown that they offer lower premiums than private insurers in the other cantons, owing to lower administrative costs, the absence of distribution costs and the integration of prevention.

The monopoly of the cantonal building insurers has been tested against European law in the context of the bilateral agreements between Switzerland and the European Union. The Agreement on direct insurance other than life insurance of 1989 excludes the cantonal monopolies from its scope, which allowed Switzerland to retain them while granting reciprocal freedom of establishment to non-life insurers.³ The European Court of Justice, for its part, accepted in a case concerning German regional monopolies that monopolies of this kind could be compatible with the freedom to provide services under certain conditions.

The cantonal building insurers cooperate through an intercantonal reinsurance institution, the Interkantonaler Rückversicherungsverband,

which spreads large losses among the participating cantons.⁴ This mutual reinsurance among public institutions is one of the less visible but more important features of Swiss risk management. It allows a canton such as Basel-Stadt, whose small territory is exposed to concentrated risks, to protect itself against losses that would exceed its own capacity.

1 Notes

1. On the system of cantonal building insurers (Kantonale Gebäudeversicherungen, KGV) with a monopoly in 19 cantons and the private system in the remaining cantons (often referred to by the acronym GUSTAVO: Geneva, Uri, Schwyz, Ticino, Appenzell Innerrhoden, Valais and Obwalden), see the publications of the Vereinigung Kantonaler Feuerversicherungen (VKF/AEAI). To be verified. ↩
2. On the Gebäudeversicherung des Kantons Basel-Stadt (GVBS) and the Basellandschaftliche Gebäudeversicherung (BGV), their legal bases in cantonal law and the risks covered, see the relevant cantonal statutes and the annual reports of the two institutions. To be verified. ↩
3. See the Agreement between the Swiss Confederation and the European Economic Community on direct insurance other than life assurance of 10 October 1989, SR 0.961.1, and its provisions on the exclusion of the cantonal monopolies. To be verified. ↩
4. On the Interkantonaler Rückversicherungsverband (IRV), which reinsures the cantonal building insurers, see its annual reports. To be verified. ↩

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