

Expansion into Germany, Belgium and Luxembourg

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Germany had been the most important foreign market of the Basel insurers since the nineteenth century. The German business, which Part D described for the period up to the Second World War, was rebuilt after 1945 and expanded through acquisitions in the following decades. The most significant step was the acquisition of the Hamburg-based Deutscher Ring group at the beginning of the 2000s, which brought the group a substantial life and non-life portfolio in northern Germany.¹ The German operations were later combined under the Basler brand, with management located in Hamburg and Bad Homburg.

Germany proved a difficult market. It was large, but competition was intense, margins were thin and a large share of the life business consisted of contracts with guaranteed interest rates that became a burden when market rates fell. Baloise restructured its German business several times, reduced the number of locations and sold or closed portfolios that did not meet its profitability targets.² The guaranteed life business illustrates the vulnerability of long-term promises in a changing interest rate environment, a theme to which Chapters II and IV return.

Belgium became the second pillar of the foreign business. Baloise acquired the Antwerp insurer Mercator in the late 1990s and later added other Belgian companies, among them Avéro Belgium and, after an agreement concluded in 2019, the insurer Fidea.³ The Belgian companies were merged into Baloise Belgium, which became one of the larger insurers of the Belgian market. The Belgian business showed that a medium-sized Swiss group could achieve scale in a foreign market through a sequence of acquisitions and a patient integration of the acquired companies.

Luxembourg occupied a special position in the group. Baloise operated there a non-life company and a life company, the latter specialising in unit-linked life insurance for wealthy clients from several European countries.⁴ The Luxembourg life business is a product of the European single market

for insurance, which allows a life insurer authorised in one member state to sell its policies throughout the European Economic Area under the freedom to provide services. Chapter III examines these Luxembourg wrappers as instruments of wealth planning and explains why Swiss private banks, including those in Basel, have used them for their European clients.

The group also operated for a time in central and eastern Europe, with subsidiaries in Croatia, Serbia and Austria among other markets. These activities were sold in the 2010s, when the group decided to concentrate on its core markets of Switzerland, Germany, Belgium and Luxembourg.⁵ By the early 2020s, Baloise was a group of four core markets, with Switzerland contributing the largest share of profits and Belgium the second largest. Its structure was clear, but it lacked the scale that the largest European insurers had achieved, which later became an argument for the merger.

1 Notes

1. On the acquisition of a controlling interest in the Deutscher Ring insurance companies (Hamburg) by the Baloise group around 2002/2003 and the later restructuring of the German business, see the annual reports of Baloise Holding for these years. Dates and structure to be verified. ↩
2. On the restructuring of the German business of Baloise, including the reduction of locations and the treatment of closed life portfolios, see the annual reports of Baloise Holding AG in the 2010s and early 2020s. To be verified. ↩
3. On the acquisitions of Mercator Verzekeringen (late 1990s), Avéro Belgium Insurance (around 2008) and Fidea (agreement 2019) by Baloise, see the annual reports and media releases of Baloise Holding. Dates to be verified. ↩
4. On the Luxembourg companies of Baloise (Baloise Assurances Luxembourg S.A. and Baloise Vie Luxembourg S.A.), see their annual reports and the publications of the Commissariat aux Assurances. Names to be verified. ↩

5. On the sale of the Baloise subsidiaries in Croatia, Serbia, Russia and Austria in the 2010s, see the annual reports of Baloise Holding. Markets and dates to be verified. ↩

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