

Insurance-linked securities managers in Switzerland

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Switzerland has become one of the principal centres for the management of insurance-linked securities. The proximity of Swiss Re, of the reinsurance expertise of Zurich and of the large Swiss pension funds created a natural environment for specialised asset managers. Among those active in the field are LGT ILS Partners in Pfäffikon in the canton of Schwyz, part of the LGT group of the princely house of Liechtenstein, Schroders Capital's insurance-linked securities team in Zurich and Twelve Securis, which brought together an investment manager founded in Zurich with a London-based ILS manager. The former Credit Suisse ILS business, one of the largest in the market, passed into new ownership after the takeover of Credit Suisse by UBS.¹ Together these firms manage tens of billions of francs, much of it for Swiss and European pension funds.

Swiss pension funds have been significant investors in insurance-linked securities since the late 2000s. The investment rules of the occupational pension ordinance classify them as alternative investments, which are permitted within limits and subject to the general duties of diversification and prudence discussed in Chapter IV of this Part.² The appeal lies in the low correlation of catastrophe risk with financial markets. The risk lies in the possibility of large losses in a single year, as investors learned after the hurricanes Harvey, Irma and Maria in 2017 and Ian in 2022. Funds that invest in insurance-linked securities for Swiss investors are subject to the Collective Investment Schemes Act. Since March 2024, the Limited Qualified Investor Fund has offered a structure for qualified investors that does not require authorisation by FINMA, provided it is managed by an authorised institution.³

1 Notes

1. On the insurance-linked securities managers in Switzerland, among them LGT ILS Partners (Pfäffikon SZ), Schroders Capital ILS (Zurich,

formerly Secquaero Advisors) and Twelve Securis (combination of Twelve Capital and Securis Investment Partners), and on the fate of the Credit Suisse Insurance Linked Strategies business after 2023, see the publications of these firms and the trade press. Names, ownership and status to be verified. ↩

2. Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2, SR 831.441.1), Art. 53(1)(e) (alternative investments, including insurance-linked securities) and Art. 55(d) (limit of 15 % for alternative investments). To be verified. ↩
3. Federal Act on Collective Investment Schemes (CISA, SR 951.31), as amended by the Act of 17 December 2021 introducing the Limited Qualified Investor Fund (L-QIF, Arts. 118a ff. CISA), in force since 1 March 2024. To be verified. ↩

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