

Life insurance as popular saving

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In the late nineteenth and early twentieth centuries, life insurance became a form of saving for the broader population. The popular life insurance, *Volksversicherung*, offered small policies with low premiums, collected weekly or monthly, which paid a modest capital on the death of the insured or at a fixed age. Workers, clerks and small shopkeepers bought such policies to cover the costs of their funerals, to provide for their widows and children, and to save for old age in the absence of a public pension.¹

The Basel life insurers participated in this business, in which the life insurance policy became one of the principal forms of saving of the Swiss population before the introduction of the old-age and survivors' insurance in 1948. The reserves of the life insurers, accumulated from the premiums of millions of small policies, became one of the largest pools of capital in the country, invested in bonds, mortgages and real estate.

The popular life insurance was criticised for its high costs, since the collection of small premiums by agents who visited policyholders at home was expensive, and for the losses that policyholders suffered when they could not continue paying premiums and surrendered their policies early. These criticisms led to regulation of surrender values and costs and anticipated the modern debates on the costs and transparency of life insurance products. The protection of policyholders against excessive costs and against the loss of their savings through early surrender remains a central concern of insurance regulation. The revised Insurance Contract Act of 2020 strengthened the information rights of policyholders in this respect.

1 Notes

1. On popular life insurance (Volksversicherung) in Switzerland in the late nineteenth and early twentieth centuries, see the literature on the history of Swiss insurance. To be verified. ↩

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