

The Swiss insurance market around 2000

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The consolidation of Swiss insurance in the first quarter of the twenty-first century cannot be understood without the crisis that struck the industry around 2001 and 2002. The fall of share prices after the bursting of the technology bubble, the terrorist attacks of 11 September 2001 and a series of strategic errors exposed the weaknesses of several of the largest Swiss insurers at the same time. Zurich Financial Services, which had grown rapidly through acquisitions in the 1990s, reported large losses in 2002, replaced its chief executive and raised new capital from its shareholders.¹ The group survived and later recovered its position among the leading insurers of the world.

The life insurer Rentenanstalt, which later adopted the name Swiss Life for the whole group, suffered an even deeper crisis. As the largest life insurer of Switzerland and a pioneer of occupational pensions, it had invested heavily in equities and expanded into banking. When share prices fell, its capital was exhausted, forcing it to raise new funds and to change its management.² The crisis of Rentenanstalt also led to a political debate about the role of life insurers in occupational pensions, because the surpluses earned on pension contracts and their distribution between policyholders and shareholders had become a matter of public concern.

The legislature responded to these debates by introducing the so-called legal quota for occupational pension business, which requires life insurers to distribute at least ninety per cent of the earnings from this business to policyholders.³ The same reform period produced the Insurance Supervision Act of 2004 and the Swiss Solvency Test, which Chapter II treats in detail. The crisis of 2002 thus marked the end of an era in which Swiss insurance supervision had relied mainly on the conservative valuation of assets and on the discretion of the supervisor.

Baloise came through the crisis in a better position than some of its larger competitors, partly because its expansion in the 1990s had been more

cautious. It nevertheless had to strengthen its capital and reduce its equity exposure. The experience shaped the risk culture of the group for the following two decades and contributed to its reputation as a conservative and solid insurer.⁴ This reputation became an asset in the merger negotiations of 2025, when both partners emphasised their financial strength and their prudent investment policies.

1 Notes

1. On the crisis of Zurich Financial Services in 2002, the departure of its chief executive and its recapitalisation, see the annual reports of Zurich Financial Services for 2002 and contemporary financial press reports. To be verified. ↩
2. On the crisis of Rentenanstalt/Swiss Life in 2002, including its capital increase, the controversy over its investment fund for senior managers and the change of name to Swiss Life, see the annual reports of Swiss Life Holding and contemporary press reports. Details to be verified. ↩
3. See Article 37 ISA and Articles 139 et seq. ISO on the minimum distribution ratio (Legal Quote) for occupational pension business of life insurers. To be verified. ↩
4. On the effects of the 2001–2003 capital market crisis on Baloise Holding and the measures taken, see its annual reports for 2001–2003. To be verified. ↩

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