

Swiss Re (1863) and the global reinsurance market — overview and summary

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Of all the institutions that give Zurich its standing as a financial centre, the one least visible to the general public may well be the most international. A household in Zurich buys its car insurance from a direct insurer, deposits its savings with a bank and perhaps holds shares listed on SIX Swiss Exchange. It almost never deals with a reinsurer. Yet the large office buildings on the Mythenquai, on the western shore of the lake, house the headquarters of a company whose balance sheet stands behind insurers in dozens of countries, whose researchers publish the most widely quoted statistics on natural catastrophes and whose losses rise and fall with hurricanes in Florida, earthquakes in Japan and wildfires in California. The Schweizerische Rückversicherungs-Gesellschaft, founded in Zurich in December 1863 and known today as Swiss Re, is one of the two or three largest reinsurers in the world.¹ Its presence has made Zurich one of the world's leading reinsurance centres, a position that rests on more than a single company and that the following pages try to explain.

This chapter follows the history of Swiss Re from the fire that destroyed the town of Glarus in May 1861 to the annual report for 2025, which records the highest net income in the company's history. It then leaves the narrative of the firm for a more systematic treatment of the subject itself. Reinsurance is a business whose economics are poorly understood outside the industry, whose legal forms have developed largely through custom and whose contracts are, in Switzerland, deliberately excluded from the statute that governs ordinary insurance contracts. Readers who advise insurers, captives, asset managers or wealthy families with large property exposures will meet reinsurance more often than they might expect, sometimes in the form of an arbitration clause and sometimes in the capital calculation of a regulated client.

The chapter therefore combines three perspectives. The historian sees how a small company founded with a paid-up capital of less than one million francs grew into a global enterprise by surviving catastrophes that ruined weaker competitors. The lawyer asks which rules govern a reinsurance treaty, how FINMA supervises a reinsurer under the revised Insurance Supervision Act in force since 1 January 2024 and why disputes in this sector end up before arbitral tribunals. The practitioner, finally, is interested in what the presence of Swiss Re and other reinsurers means for Zurich today: its labour market for actuaries and modellers, its research institutions and its reputation as the place where the world's largest risks are priced. Life insurance, industrial insurance, the general history of supervision and insurance-linked securities are treated in the neighbouring chapters of this Part and appear here only where the story of reinsurance requires them.

1 Notes

1. Lars Feldmann, “Schweizerische Rückversicherungs-Gesellschaft”, *Historisches Lexikon der Schweiz (HLS)*, version of 23 September 2025, <https://hls-dhs-dss.ch/articles/041818/2025-09-23/>. The article states that in 2024 Swiss Re overtook Munich Re as the largest reinsurer in the world by gross premium income. ↩

2 Conclusion

Swiss Re was founded in December 1863 by the Helvetia of St. Gallen, the Schweizerische Kreditanstalt and the Basler Handelsbank, in a period when the fire of Glarus had shown the limits of local risk pooling. Whether the fire caused the foundation or merely made it plausible, the new company rested on an idea that has not changed since: a professional reinsurer spreads the risks of many insurers across many countries and lines of business, so that no single catastrophe can ruin it. The company survived an early capital reduction, established its reputation by paying its share of the San Francisco loss in 1906, became the world's largest reinsurer in the 1920s and remained, through two world wars and the financial crisis of 2008, one of the two leading companies in its industry.

The economics of reinsurance explain this durability. Capacity, capital relief, stabilisation and knowledge transfer are services that primary insurers need in every market cycle, and diversification gives large reinsurers a structural advantage. The law has adapted to these economics. Swiss contract law leaves reinsurance to the Code of Obligations, to the customs of the trade and, where the parties so choose, to the PRICL, while

supervision under the VAG and the AVO focuses on solvency and governance and grants relief where the counterparties are professionals. The Swiss Solvency Test, recognised as equivalent to Solvency II since 2015, gives reinsurers based in Zurich access to European clients on equal terms.

With a record net income of 4.8 billion dollars in 2025 and an SST ratio of 250 per cent, Swiss Re enters the second half of the 2020s from a position of strength. Its challenges lie in climate change, in the growth of secondary perils and in the protection gap measured by its own research. Zurich's position as a reinsurance centre depends on Swiss Re, but it also depends on the other reinsurers and brokers in the region, on the universities that train its specialists, on a regulator that understands the business and on a legal framework that allows international parties to conclude and enforce their contracts with confidence.

3 In five sentences

1. Swiss Re was founded in Zurich on 19 December 1863 by the Helvetia of St. Gallen, the Schweizerische Kreditanstalt and the Basler Handelsbank, two years after the Glarus fire had exposed the limits of local insurance, and it became the first professional reinsurer outside Germany.
2. Its decision to pay its share of the San Francisco earthquake loss of 1906 established a reputation for reliability that opened the American market, so that by the mid-1920s it was the largest reinsurer in the world.
3. Reinsurance provides capacity, capital relief, stabilisation of results and knowledge transfer through contracts organised in facultative and treaty forms, proportional and non-proportional structures and chains of retrocession that rest on global diversification.
4. Under Swiss law the reinsurance contract is excluded from the VVG by Article 101 and governed by the Code of Obligations and trade custom, supplemented by the Zurich-led Principles of Reinsurance Contract Law, while reinsurers are supervised under the VAG, the AVO and the Swiss Solvency Test.

5. With a record net income of 4.8 billion dollars in 2025, its research brand *sigma* and a cluster of reinsurers, brokers and captives in the region, Swiss Re anchors Zurich's position as one of the world's leading reinsurance centres alongside Munich, London and Bermuda.

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