

The foundation of the Schweizerische Rückversicherungs-Gesellschaft (1863)

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The central figure in the foundation was Moritz Grossmann. Born in Galicia in 1830 as the son of a physician, educated in commerce, mathematics and languages, he had worked in the insurance business in Vienna from 1852 before moving to Switzerland. In 1858 he became director of the newly founded Allgemeine Versicherungs-Gesellschaft Helvetia in St. Gallen, a transport insurer created by entrepreneurs from eastern Switzerland. From 1861 he also directed its sister company for fire insurance, which had been founded in 1861, the year of the Glarus fire. A fire insurer in St. Gallen that wished to grow needed a place to cede its larger risks, for which the obvious candidates in 1863 were the German reinsurers. Grossmann's idea was to create a Swiss company that would take this business and keep the premiums in the country.¹

In a memorandum of July 1863 Grossmann proposed the establishment of a reinsurance company. According to the HLS he described the project as “die erste reine Rückversicherung in der Schweiz”, the first pure reinsurance company in Switzerland. The partners he found were two banks and his own company: the Helvetia in St. Gallen, the Schweizerische Kreditanstalt in Zurich and the Basler Handelsbank in Basel. The three founders are confirmed by Swiss Re's own historical pages, which name Helvetia General Insurance Company of St. Gallen, the Schweizerische Kreditanstalt and the Basler Handelsbank. A timeline on the company's main history page adds a fourth name, the Schweizerischer Lloyd. Since neither the HLS nor the detailed page on the foundation mentions it, the Lloyd may have participated as a subscriber of shares without belonging to the founding group in the strict sense.²

The participation of the Kreditanstalt connects Swiss Re directly to the world of Alfred Escher described in Part D. The bank had been created in 1856 to finance railways and industry. Within seven years it had helped to

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found the Schweizerische Lebensversicherungs- und Rentenanstalt in 1857 and now the reinsurance company. For a universal bank of the *Crédit Mobilier* type, which financed enterprises by taking equity stakes and placing their shares, an insurance company was an attractive client. It collected premiums in advance, held long-term reserves and needed to invest them. The same pattern would be repeated in 1872 when Zurich Insurance was established, a story told in Chapter III of this Part. The concentration of insurance companies in Zurich owed much to the fact that the city had, from the 1850s, a bank willing to underwrite their foundation.

The articles of association were approved on 19 December 1863. The foundation capital amounted to six million francs, divided into 3,000 shares of 2,000 francs each, of which only 15 per cent was paid up.³ The uncalled portion served as a guarantee to clients, a structure common among insurers of the time. It allowed a company to present a large nominal capital to cedants while tying up only a small amount of the shareholders' money. For the creditworthiness of a reinsurer, this was the decisive number: a cedant who passed a large fire risk to Zurich needed to be confident that the company could pay even after a catastrophe, which made the callable capital the backing it could see.

The document approving the statutes bears an unusual signature. As first secretary of the Canton of Zurich, the poet Gottfried Keller signed the founding document on behalf of the cantonal government.⁴ Keller served as *Staatsschreiber* from 1861 to 1876, years in which his literary output slowed while his signature appeared on a great deal of administrative paper.⁵ His name under the Swiss Re statutes is a reminder that joint-stock companies in Zurich still required approval of their articles by the cantonal government in the years before the federal Code of Obligations of 1881.

In 1864 the company moved into a two-room apartment at Schoffelgasse 1 in Zurich's old town. At first it had a single employee. By 1865 the staff had grown to nine, who earned between 60 and 100 francs a month. The first treaties were concluded with the founders' circle. A marine reinsurance treaty with the Helvetia General came into force on 1 January 1864, a fire treaty with the Helvetia Fire on 1 May 1864, and a life reinsurance treaty with the Basler Lebensversicherungs-Gesellschaft on 1 June 1865. Within three months of the start of business the young company had contacted insurers in several European countries. It soon wrote business in Germany, Italy, France, Austria, England, Belgium and Russia.⁶

The early years were anything but easy. The first managing director, Georg Schmidt, took office on 1 May 1864 and took his own life in December of the same year after he had realised that a contract he had concluded would

lead to a heavy loss. His successor was Josef (Giuseppe) Besso, whom Swiss Re's own chronology lists as manager until 1879. Besso came from a prominent Italian insurance family whose ties reached to Assicurazioni Generali in Trieste, a background that points to the close links between the Swiss company and the insurers of Trieste and northern Italy.⁷ Losses from fire business in the late 1860s were so heavy that the general meeting of 14 May 1869 decided to reduce the share capital from six million to 4.5 million francs. In the language of modern supervision, the company had suffered a capital event that forced a restructuring within six years of its foundation.⁸

This early crisis taught lessons that shaped Swiss Re's culture for the following century. A reinsurer that accepts risks it does not fully understand, from cedants whose underwriting it cannot observe, is exposed to what economists today call adverse selection. The companies that pass on their worst risks are precisely those most eager to reinsure. The response of the Zurich company was to develop technical expertise of its own, to insist on long-term relationships with cedants and to build reserves that exceeded the minimum. Gradually it broadened its business. It signed its first accident reinsurance treaty in 1881, added casualty lines during the 1880s and in 1901 entered the reinsurance of motor third-party liability, a class that barely existed when the first cars appeared on Swiss roads. By the turn of the century, the HLS notes, the company was active in all the main branches of reinsurance: fire, transport, life and accident.⁹

The company also looked after its employees early. A welfare fund for staff was established in 1885. By 1917 an in-house kitchen provided meals for employees, followed in 1919 by an employee association.¹⁰ These details matter for the history of a financial centre because they show how Zurich's financial firms competed for a small pool of trained staff. A company that needed actuaries, linguists and experienced underwriters had to offer security and status, since the Polytechnikum and the university produced only a limited number of mathematically trained graduates each year.

1 Notes

1. "Grossmann, Moritz", *Historisches Lexikon der Schweiz* (HLS), <https://hls-dhs-dss.ch/de/articles/031067/>. "Helvetia Versicherungen", *Historisches Lexikon der Schweiz* (HLS), version of 23 September 2025, <https://hls-dhs-dss.ch/articles/042047/2025-09-23/>. The HLS notes that both Helvetia companies were administered jointly until 1887. "Glarus Fire and Swiss Re", *The Tontine Coffee-House* (blog on insurance history), 25 March 2024, <https://tontinecoffeehouse.com/2024/03/25/glarus-fire-and-swiss->

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re/. The blog summarises Grossmann's motives on the basis of the published company histories. ↩

2. "Swiss Reinsurance Company (Schweizerische Rückversicherungs-Gesellschaft)", Reference for Business, Company History Index, <https://www.referenceforbusiness.com/history2/0/Swiss-Reinsurance-Company-Schweizerische-R-ckversicherungs-Gesellschaft.html>. The entry is derived from the International Directory of Company Histories. Feldmann, "Schweizerische Rückversicherungs-Gesellschaft", HLS, <https://hls-dhs-dss.ch/articles/041818/2025-09-23/>. Swiss Re, "Established 1863", <https://www.swissre.com/about-us/history/established-1863.html>. Swiss Re, "The Swiss Re Journey", <https://www.swissre.com/about-us/history.html>. The timeline names "Helvetia Insurance, Credit Suisse, Basler Handelsbank, and Schweizerischer Lloyd". ↩
3. Swiss Re, "Established 1863", <https://www.swissre.com/about-us/history/established-1863.html>. The division into 3,000 shares of 2,000 francs is given by The Tontine Coffee-House. ↩
4. Swiss Re, "Established 1863", <https://www.swissre.com/about-us/history/established-1863.html>. The HLS equally notes that the charter was sealed by the Staatsschreiber Gottfried Keller: Feldmann, "Schweizerische Rückversicherungs-Gesellschaft", HLS, <https://hls-dhs-dss.ch/articles/041818/2025-09-23/>. ↩
5. Zürich Tourismus, "Gottfried Keller (1819 – 1890) – Weltbekannt und in Zürich zuhause", <https://www.zuerich.com/de/gottfried-keller:Gottfried Keller war 1861 bis 1876 als Staatsschreiber im Rathaus Zürich tätig.> ↩
6. Swiss Re, "Established 1863", <https://www.swissre.com/about-us/history/established-1863.html>. Swiss Re, "The Swiss Re Journey", <https://www.swissre.com/about-us/history.html>; Swiss Re, "Established 1863", <https://www.swissre.com/about-us/history/established-1863.html>. ↩
7. Swiss Re, "Established 1863" (cited above), <https://www.swissre.com/about-us/history/established-1863.html>: "Georg Schmidt is appointed as first Manager of Swiss Re, followed by Josef Besso, Manager of Swiss Re from 1864 - 1879." The Tontine Coffee-House, "Glarus Fire and Swiss Re", 25 March 2024,

<https://tontinecoffeehouse.com/2024/03/25/glarus-fire-and-swiss-re/>, gives the name as Giuseppe Besso, general manager from 1865 until 1879, and describes him as a member of a prominent Italian insurance family whose brother was a director of Assicurazioni Generali. ↩

8. Reference for Business, “Swiss Reinsurance Company (Schweizerische Rückversicherungs-Gesellschaft)”, <https://www.referenceforbusiness.com/history2/0/Swiss-Reinsurance-Company-Schweizerische-R-ckversicherungs-Gesellschaft.html>. Swiss Re, “Established 1863”, <https://www.swissre.com/about-us/history/established-1863.html>. Reference for Business gives the same reduction. ↩
9. Reference for Business, “Swiss Reinsurance Company”, <https://www.referenceforbusiness.com/history2/0/Swiss-Reinsurance-Company-Schweizerische-R-ckversicherungs-Gesellschaft.html>; Swiss Re, “The Swiss Re Journey”, <https://www.swissre.com/about-us/history.html>, which dates the extension to casualty reinsurance to 1880. Feldmann, “Schweizerische Rückversicherungs-Gesellschaft”, HLS, <https://hls-dhs-dss.ch/articles/041818/2025-09-23/>. ↩
10. Swiss Re, “The Swiss Re Journey”, <https://www.swissre.com/about-us/history.html>. ↩

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