

The Glarus fire of 1861 and the insurance gap

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

On the evening of 10 May 1861 a fire broke out in Glarus, the capital of the small canton of the same name, at around half past nine. A föhn storm was blowing down the Linth valley that night. Its gusts carried the flames across the densely built town centre within a few hours. By the following morning 593 buildings had been destroyed, among them the parish church, the town hall and the seat of the cantonal government. Only the western quarters, some older neighbourhoods on the edge of the town and the textile printing works survived. According to a local account prepared for the 150th anniversary, some 3,000 people lost everything they owned within a few hours and five people died.¹

The material damage was enormous for a town of this size. The ETH report puts the loss of property at around ten million francs and counts 257 residential buildings and 332 other structures among the ruins, while 2,257 people were left without any possessions.² To put this figure in perspective, the entire share capital with which the Schweizerische Kreditanstalt had been founded in Zurich five years earlier amounted to fifteen million francs, so that a single night in a mountain town had destroyed assets worth two thirds of the capital of the country's most ambitious bank.³

Insurance covered only a fraction of this loss. The cantonal building insurance of Glarus, like the other public fire insurers created in the Swiss cantons since the early nineteenth century, pooled risks within a small territory and held modest reserves. When a large part of the insured buildings burned at once, the fund could not meet its obligations and the canton had to step in. Private fire insurance for movable property and commercial goods was still thinly spread in Switzerland. What closed much of the gap was charity. Donations from all over Switzerland and from abroad reached 2,754,000 francs, a remarkable sum that illustrates both the solidarity of the young federal state and the absence of a financial mechanism capable of absorbing a disaster of this kind.⁴

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The reconstruction of Glarus became one of the most admired urban planning achievements of nineteenth-century Switzerland. The Zurich architect Johann Caspar Wolff and the Glarus architect Bernhard Simon designed a new town on a grid of broad, rectangular streets, lined with classical and neo-Renaissance masonry buildings, while the Tschudirain hill was removed to connect the new district with the surviving quarters. Within two years, according to the ETH survey, 288 new houses with 518 apartments had been completed together with public buildings and shops, on some 600 parcels newly surveyed by the engineer Johann Jakob Fierz. The disaster thus left two legacies. One was the modern town of Glarus, built of stone and laid out for fire safety. The other was a lesson about the limits of local risk pooling, which the insurers of the day drew in very different ways.⁵

The canton-based building insurers responded by cooperating with each other. Their answer, formalised half a century later, was the Rückversicherungsverband kantonalschweizerischer Feuerversicherungsanstalten founded in 1910, today the Interkantonaler Rückversicherungsverband, through which the public building insurers still reinsure one another.⁶ Private enterprise drew a different conclusion, one that concerned the geographic spread of risk. A fire insurer whose policies were concentrated in one region could be ruined by a single conflagration. If it passed part of every risk to a specialised company that accepted business from many insurers in many countries, the losses of any one night would be spread across a portfolio large enough to absorb them. This principle of professional reinsurance had already been put into practice in Germany.

The first independent professional reinsurer, the Kölnische Rückversicherungs-Gesellschaft, had been established in Cologne in the years after the great fire of Hamburg in May 1842, which had been the first large loss to shake the already international insurance industry. Reinsurance as a practice was much older. The earliest documented reinsurance arrangement dates from fourteenth-century Genoa, where marine underwriters passed on part of a risk they had accepted. What was new in the nineteenth century was the independent company whose sole business was to accept risks from other insurers, without writing any direct business of its own and therefore without competing with its clients.⁷

It is often said that the Glarus fire caused the foundation of Swiss Re. The company's own historian has been more careful. In Haueter's history, published by Swiss Re, the caption to a photograph of Glarus after the fire reads: "The fire is said to have led to the foundation of Swiss Re. While

certainly it highlighted the need for reinsurance there is no direct evidence in the records indicating that Swiss Re was founded because of the fire.” The Historisches Lexikon der Schweiz, for its part, traces the origins of the company to the Glarus disaster, which had revealed that insurance cover was insufficient. Both statements can be reconciled. By demonstrating to the Swiss public and to Swiss insurers what a concentrated fire loss could do, Glarus made a domestic reinsurance company plausible. The decision to found one, however, was taken two years later by a small group of insurance managers and bankers for reasons that were as much commercial as prudential.⁸

1 Notes

1. André Vanoncini, Andreas Schiesser and Kathy Müller, “Glarus vor und nach dem Brand 1861”, project report, Institut für Kartografie, ETH Zürich, 27 May 2011, http://www.ika.ethz.ch/studium/projektarbeit/2011_glarus_bericht.pdf. The report gives the outbreak of the fire at about 21.30 on 10 May 1861. Karin Marti-Weissenbach and Hans Lauppper, “Glarus (Gemeinde)”, Historisches Lexikon der Schweiz (HLS), section “Vom Flecken zur Kleinstadt”, <https://hls-dhs-dss.ch/de/articles/000766/>. geo-life Glarus, “Glarus brennt”, information sheet, <https://geo-life.ch/wp-content/uploads/2015/10/glarusbrennt.pdf>. ↩
2. Vanoncini, Schiesser and Müller, “Glarus vor und nach dem Brand 1861”, http://www.ika.ethz.ch/studium/projektarbeit/2011_glarus_bericht.pdf. The figures differ slightly between sources because some count buildings and others count houses or households. ↩
3. UBS, “vor 1862”, UBS history pages, <https://www.ubs.com/global/de/our-firm/our-history/ubs-in-the-world/before-1862.html>: “1856 wird in Zürich die Schweizerische Kreditanstalt (Swiss Credit Bank / Crédit Suisse) mit einem Aktienkapital von 15 Millionen CHF gegründet.” Only part of this capital was offered to the public at first: the Swiss Finance Museum, “Bye bye Credit Suisse”, <https://www.finanzmuseum.ch/en/home/blog/credit-suisse.html>, records that shares worth CHF 3 million were issued and that subscriptions of CHF 218 million came in within three days. See also Part D of this book. ↩
4. Vanoncini, Schiesser and Müller, “Glarus vor und nach dem Brand 1861”,

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http://www.ika.ethz.ch/studium/projektarbeit/2011_glarus_bericht.pdf. The authors state that most owners were uninsured or underinsured and that the building insurers were unable to pay the claims. ↩

5. Marti-Weissenbach and Laupper, “Glarus (Gemeinde)”, HLS, <https://hls-dhs-dss.ch/de/articles/000766/>. The HLS calls the reconstruction “eine der bedeutendsten städtebaulichen Leistungen des 19. Jahrhunderts in der Schweiz”. Vanoncini, Schiesser and Müller, “Glarus vor und nach dem Brand 1861”, http://www.ika.ethz.ch/studium/projektarbeit/2011_glarus_bericht.pdf. ↩
6. Johannes Reich, “Gebäudeversicherung und «negativ nachgeführte» Bundesverfassung”, AJP/PJA 9/2013, pp. 1399 ff., https://www.ius.uzh.ch/dam/jcr:000000000-5fa1-333b-ffff-ffffe67b56f6/Johannes_Reich_Gebaeudeversicherung_AJP_2013_1399ff.pdf. Reich connects the development of actuarial practice and reserve funds in the cantonal insurers with the experience of the Glarus fire. ↩
7. Niels Viggo Haueter, A History of Insurance, Swiss Re, 2013/2017, https://www.swissre.com/dam/jcr:33dbf3af-5be9-468d-a624-ed86ceda7ef8/150_history_of_insurance.2025-06-26-15-17-35.pdf. Haueter describes Cologne Re as “the world’s first dedicated and independent reinsurer” and states that Swiss Re “was to be the first such company outside of Germany”. Swiss Re, The essential guide to reinsurance, Zurich, <https://www.swissre.com/dam/jcr:d06472ab-2625-48cf-8b4e-7c7ac8aa63f0/The-essential-guide-to-reinsurance.pdf>. ↩
8. Haueter, A History of Insurance, https://www.swissre.com/dam/jcr:33dbf3af-5be9-468d-a624-ed86ceda7ef8/150_history_of_insurance.2025-06-26-15-17-35.pdf. Feldmann, “Schweizerische Rückversicherungs-Gesellschaft”, HLS, <https://hls-dhs-dss.ch/articles/041818/2025-09-23/>. ↩

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