

Reinsurance

Zurich's key location

Zurich is well on its way to establishing itself as a European hub for reinsurers. This trend is evident from both the impressive premium volume of over CHF 30 billion generated by the more or less 70 reinsurers overseen by the Swiss supervisory authorities, and from the influx of reinsurers to Zurich in recent years. Furthermore, one of the globally leading reinsurers has based its headquarters in Zurich since 1863. Zurich is popular among reinsurers as a business centre because they can attract specialists from all over the world to work in the city, thanks to its high quality of life. The proximity of universities of applied sciences is also conducive to application-based research and innovation, and offers reinsurers a pool of highly skilled workers. And Zurich's – indeed Switzerland's – administrative, legal and regulatory framework is regarded globally as being exemplary.

Role and function of reinsurers

Reinsurers play a major role in absorbing the financial burden of big loss events which primary insurers cannot or do not wish to shoulder alone. They support primary insurers by assuming part of their claims burden. This risk transfer also allows primary insurers to free up their own capital for new business, enabling them to take on more risks overall than they would otherwise be able to do. Only by sharing some of their peak risks with reinsurers is it possible for primary insurers to offer cover against the key risks we face today, and to keep prices at affordable levels.

Long-term capital for the economy

Reinsurers are one of the pillars of the modern financial system and drivers of growth, supplying the real economy with capital over the long term. By helping primary insurers to assume more risks and to expand, they contribute both directly and indirectly to their capital market role.

With assets under management totalling over USD 16 billion, primary insurers and reinsurers rank among the biggest investors in the world. Around one fifth of institutional investments are carried out by the insurance sector alone. Overall, pension funds, primary insurers and reinsurers account for more than 50% of the world's institutional assets.

A global business

Reinsurers assume risks in the life and non-life business throughout the world. With total premium income of around USD 200 billion (2009) annually and a comparable amount of cumulative equity, reinsurers have a strong capital base. Thanks to this capital buffer and their global diversification, they are well placed to take on large and complex risks.

Throughout history, reinsurers have proven to be reliable partners, always honouring their payment obligations for insured events: The terrorist attacks on the World Trade Center on 11 September 2001, hurricanes Katrina, Wilma and Rita in 2005 and the earthquakes which struck Chile in 2010 and Japan in 2011 are only a handful of the many examples of this.

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Swiss Re
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