Eidgenössische Finanzmarktaufsicht FINMA
Autorité fédérale de surveillance des marchés financiers FINMA
Autorità federale di vigilanza sui mercati finanziari FINMA
Swiss Financial Market Supervisory Authority FINMA

SST 2024 Survey

FINMA Report on the Swiss Insurance Market

27. September 2024

Laupenstrasse 27
3003 Bern
Tel. +41 (0)31 327 91 00
www.finma.ch

finma

Contents

1 Introduction

This report provides an overview of the 2024 SST results and is based on data collected from 131 insurers (15 life insurers, 53 general insurers, 16 health insurers, 23 reinsurers and 24 reinsurance captives).

The survey was carried out at peer-group level according to sector: life, general insurance, health, reinsurance and reinsurance captives. The survey shows breakdowns of various key indicators such as total assets or liabilities, or target capital.

Unless otherwise stated, the scenario analysis only considers data of those companies where the specific scenario has an impact on the risk-bearing capital (RBC). This avoids distortion due to companies for which a given scenario has no relevance. Note that when less than five companies are concerned only the mean value is displayed.

Quality and completeness checks were carried out for each key indicator, resolving most of the errors and obvious deficiencies. The Fundamental Data Sheets (FDS) completed by companies are the data source for this survey. The FDS contains detailed quantitative information such as the decomposition of risk-bearing capital and target capital (TC). All supervised insurers are requested to submit it to FINMA, regardless of whether they use a standard model or an internal model.

2 Solvency overview

This report is divided into five sections according to sector: life, general insurance, health, reinsurance and reinsurance captive. Table 1 shows the breakdown of the 131 insurers into sector and category.[1] All supervised insurers are assigned to categories 2 to 5; category 1 is not relevant for insurers.

	Category 2	Category 3	Category 4	Category 5	Total
Life	1	11	3	0	15
General insurance	1	10	22	20	53
Health	0	8	6	2	16
Reinsurance	1	11	8	3	23
Re Captive	0	1	8	15	24
Total	3	41	47	40	131

Table 1: Breakdown of all insurers subject to SST reporting requirements according to sector and supervisory category.

[1] finma.ch>Supervision>Insurers>Categorization

The figures presented below show the aggregated SST results of all the participants, after a formal review by FINMA (SST 2024 in Table 2, SST 2023 in Table 3).

	RBC	TC	SST ratio
Life	57,493	25,838	223%
General insurance	59,576	23,530	253%
Health	23,391	6,467	362%
Reinsurance	48,232	18,482	261%
Re Captive	3,811	1,609	237%
Total	192,503	75,926	254%

Table 2: Risk-bearing capital (RBC, in CHF million), target capital (TC, in CHF million), and SST ratios as of 1 January 2024, broken down by sector.[2]

	RBC	TC	MVM	RBC'	TC'	SST ratio
Life	67,525	31,261	5,884	61,641	25,377	243%
General insurance	76,106	31,843	8,250	67,856	23,593	288%
Health	23,816	8,049	2,100	21716	5,949	365%
Reinsurance	55,377	25,245	6,232	49,145	19,013	258%
Re Captive	3,721	1,643	72	3,649	1,571	232%
Total	226,545	98,041	22,538	204,007	75,503	270%

Table 3: Risk-bearing capital (RBC, in CHF million), target capital (TC, in CHF million), market value margin (MVM, in CHF million) and SST ratios as of 1 January 2023, broken down by sector, as well as restated numbers RBC' and TC' using their new definition.

[2] Values follow the new definitions in force since January 1, 2024.

3 Model overview

Of the 131 companies included in this report, 17 use an internal model for at least one module (excluding NatCat). The other 114 companies are users of the standard models. From these companies 17 use an additional internal model to determine their NatCat risks (cf. Table 4).

	2017	2018	2019	2020	2021	2022	2023	2024
IM	61	29	19	20	19	17	17	17
SM	86	116	120	117	114	112	111	114
... thereof with IM for NatCat	1	13	12	16	16	17	17	17

Table 4: Total number of (partial) internal models (IM), standard models (SM) and standard models with an internal model component to capture NatCat risks exclusively, over the past years and by legal entity.

Accordingly, the remaining (partial) internal models are predominantly needed for the calculation of the insurance risk. If the standard model is not sufficient to capture the company-specific risk situation, it can be adjusted subject to FINMA's approval. This is referred to as a standard model with approved adjustments. In 2024 this was the case for 18 companies for their market risk, 2 for their credit risk module, and in 18 cases for the insurance risk module (cf. Table 5).

	Aggregation and MVM	Market risk	Credit risk	Insurance risk without NatCat risk
IM	7	6	5	13
SM	124	125	126	118
... thereof SM-ara	1	18	2	18

Table 5: Split by module. Total number of partial internal models (IM), standard models (SM) and SM with approved adjustments (SM-ara) in 2024.

4 Goals of the analyses

The analyses presented in this section give a deeper insight into:

- investment structure;
- liability structure;
- market-conform value of liabilities and target capital in relation to the total assets;
- split of target capital into its components, e.g. market, credit and insurance risk;
- split of market risk (including participation risk) into interest rate risk, equity risk, etc.;
- split of interest rate risk into different currencies;
- scenarios and their impact on risk-bearing capital; indication of whether the SST capital requirements after scenario impacts are still met.

Two types of graphs are shown:

- waterfall diagrams;
- box plots providing information on data dispersion.

To avoid conclusions that can be drawn about an insurers individual risk profile, the data are pooled by insurance sector. The graphs illustrate a breakdown of the indicators into their components.

Assets

The total assets in the market-conform balance sheet are shown as the sum of the different asset types (e.g. bonds, real estate, shares, etc.).

Liabilities

The total liabilities in the market-conform balance sheet are split according to liability type.

Market-conform value of liabilities and target capital in relation to the balance sheet total

The risk-bearing capital (RBC) is defined as the sum of the core capital (CC) and the supplementary capital (SC):

$$\text{RBC} := \text{CC} + \text{SC},$$

where CC in turn is defined as the difference between market-conform assets (MCV(A)) and market-conform liabilities (MCV(L)), minus deductions (D), plus those risk absorbing tier 1 capital instruments, which are recognized in core capital (RACI(CC)):

$$\text{CC} := \text{MCV(A)} - \text{MCV(L)} - \text{D} + \text{RACI(CC)},$$

from which follows that

$$\text{RBC} = \text{MCV(A)} - \text{MCV(L)} - \text{D} + \text{RACI(CC)} + \text{SC}.$$

We aim at a split of MCV(A) over several components. To do so, we introduce excess capital (EC) as the difference between the risk-bearing capital and the target capital (TC), which gives

$$\text{RBC} = \text{TC} + \text{EC},$$

from which we derive the desired split as:

$$\text{MCV(A)} = \text{MCV(L)} + \text{TC} + \text{EC} - (\text{RACI(CC)} + \text{SC}) + \text{D}$$

Target capital decomposition

The TC key components are market risk, credit risk, insurance risk and effect of the scenarios as well as diversification.

Market risk analysis

Market risk plays an important role in an economic, risk-based solvency regime. A number of risk factors, such as interest rates, credit spreads, exchange rates, real estate, to name but a few, contribute to market risk. Waterfall and box plot diagrams are used to present the most important market risk factors.

Interest rate risk analysis

Insurers with assets and liabilities denominated in different currencies are exposed to currency risk and generally also to interest rate risk. In such cases, the total interest rate risk comprises the interest rate risk of each currency. We have shown the decomposition of the total interest rate risk into four currencies CHF, EUR, USD and GBP, including the effect of diversification.

Scenarios

For each scenario, we compute and show the impact ratio, which is defined as below:

$$\text{Impact ratio} = \frac{\text{RBC} + c}{\text{RBC}}.$$

Typically, a scenario impact c with a negative value represents a loss. To concentrate only on relevant scenarios, scenarios with no impact (i.e. $c = 0$) are ignored. Furthermore, a reference scenario called excess capital loss was introduced.

This loss is understood as the maximum loss an insurer can endure and still remain solvent. It is quantified by *excess capital* (EC), i.e. $c = -\text{EC}$. To obtain the corresponding impact ratio, we use relation that, i.e. $\text{RBC} = \text{TC} + \text{EC}$:

$$\text{Impact ratio} = \frac{\text{RBC} - \text{EC}}{\text{RBC}} = \frac{\text{TC}}{\text{RBC}}.$$

5 Life

The overall SST ratio calculated over all life insurers decreased by 8% from 243% in 2023 to 223% in 2024. The risk bearing capital decreased[3] by 15% to CHF 57.493 million, while the target capital went down[4] by 17% to CHF 25.838 million. The comparison is based on aggregate numbers obtained by summing over all life insurers (15 in total).

With regards to the individual analysis, in order to avoid that companies with larger volume dominate the results, an average over the percentages for each company is shown.

Life	FDS component	
Bonds	Government bonds	48.4%
	Corporate bonds	49.1%
	Investment funds: bonds	2.4%
Real estate	Real estate	59.8%
	Mortgages	25.9%
	Investment funds: real estate	14.3%

Table 6: Breakdown of *Investments* categories *Bonds* and *Real estate* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

Life	FDS component	
Loss reserves	Best estimate of insurance liabilities (life): gross	99.8%
	Best estimate of insurance liabilities (non-life): gross	0%
	Best estimate of insurance liabilities (health): gross	0%
	Active reinsurance (indirect business)	0.2%
Other liabilities	Deposit liabilities from ceded reinsurance	6%
	Liabilities from derivative financial instruments	5.4%
	Non-technical provisions	5.1%
	Liabilities from insurance business	22.9%
	Other liabilities	29.6%
	Reserves for surplus funds	7.4%
	Subordinated liabilities	18.7%
	Interest-bearing liabilities	4.9%

Table 7: Breakdown of *Liabilities* categories *Loss reserves* and *Other liabilities* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

[3] Partially due to the new definition of RBC as of January 1, 2024, which ceteris paribus leads to smaller than last year's RBC.

[4] Partially due to the new definition of TC as of January 1, 2024, which ceteris paribus leads to smaller than last year's TC.

5.1 Comments on results

The asset portfolios of life insurers are mainly concentrated in bonds (36%) followed by real estate (20%), as illustrated in Figure 1. A further breakdown of the investment categories bonds and real estate is shown in Table 6.

As shown in Figure 3, the liabilities of life insurers are mainly concentrated in BE life liabilities (individual) (38%) followed by BE life liabilities (group) (32%). In Table 7, a breakdown of loss reserves and other liabilities into their components is shown.

The target capital is driven (before diversification) by the market risk (68%) followed by the insurance risk (30%) and credit risk (22%) (see Figure 7).

The main drivers of the market risk (before diversification) are the interest rate risk (57%) and spread risk (37%). As shown in Figure 11, interest rate risk is dominated by the CHF interest rate risk (113% before diversification) (see Figure 9).

5.2 Assets

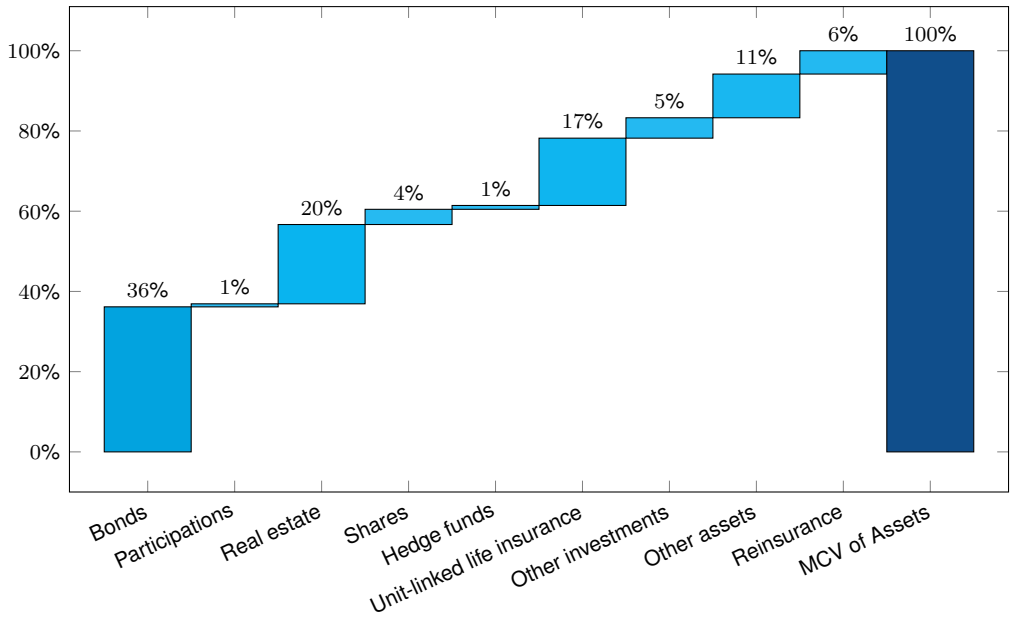

Figure 1: Life (mean values by sector)

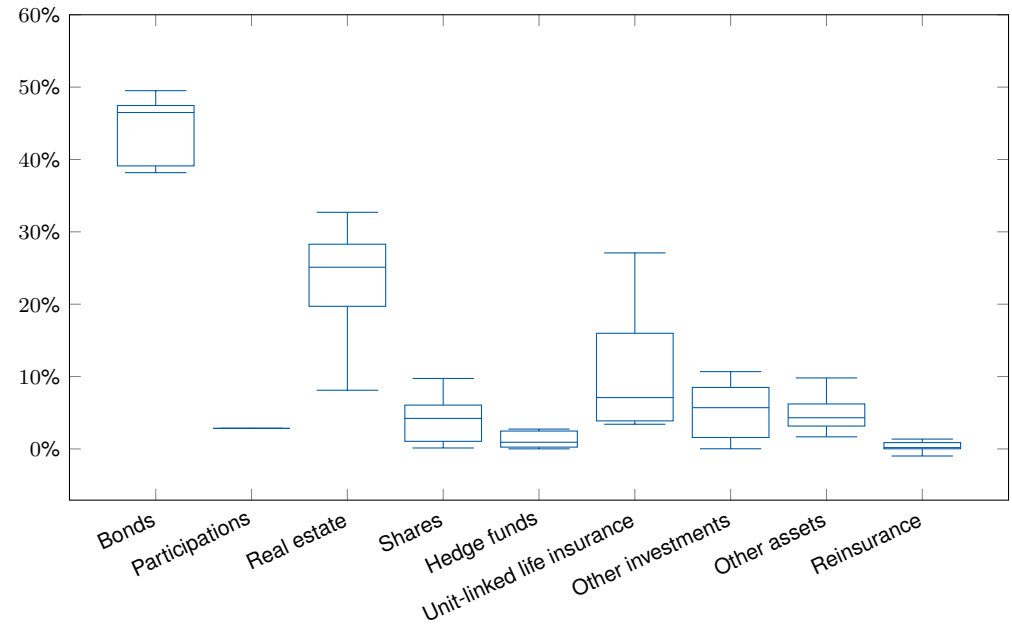

Figure 2: Life (distribution as boxplot)

5.3 Liabilities

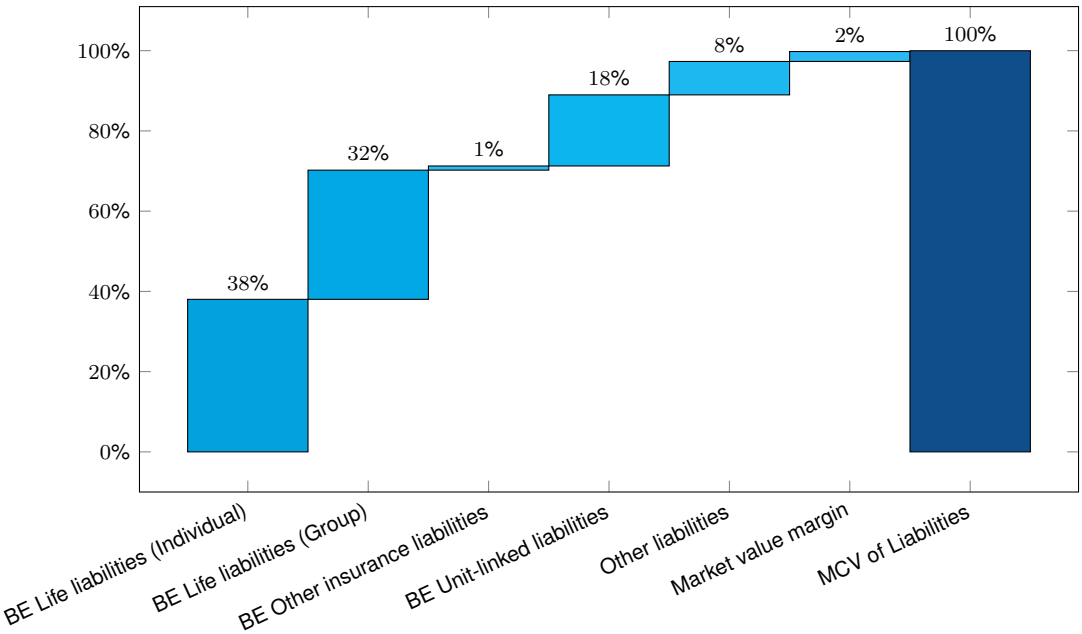

Figure 3: Life (mean values by sector)

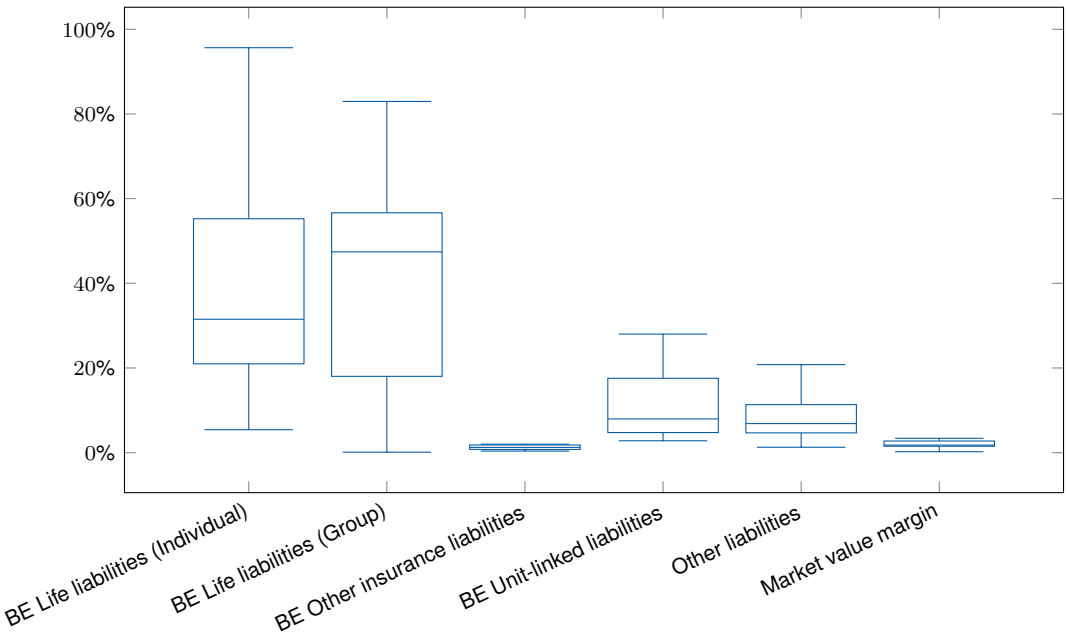

Figure 4: Life (distribution as boxplot)

5.4 Market-conform value of liabilities and target capital in relation to the balance sheet total

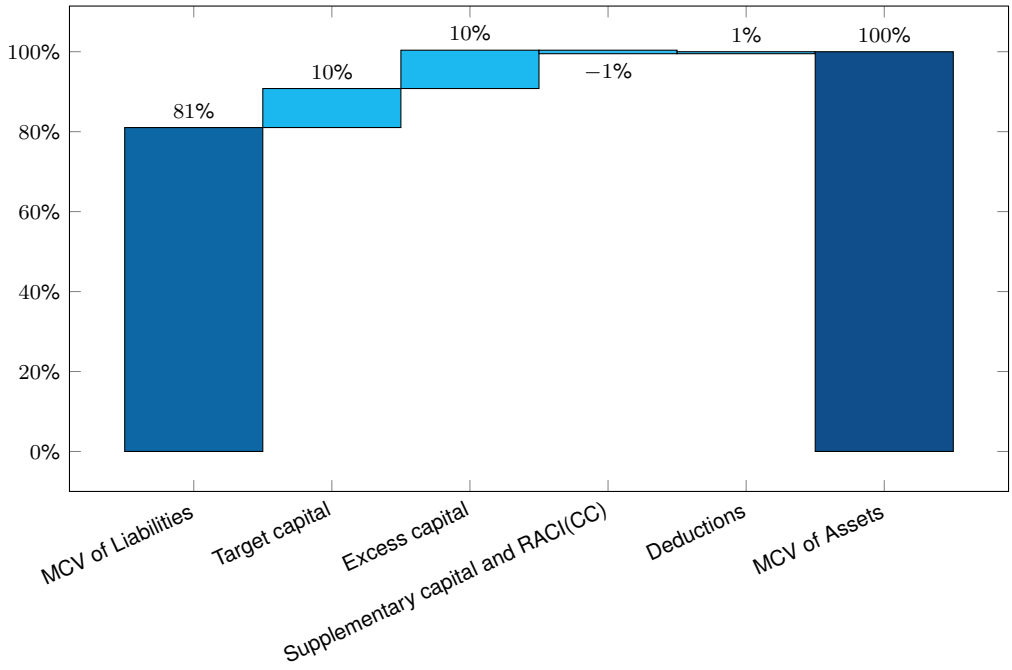

Figure 5: Life (mean values by sector)

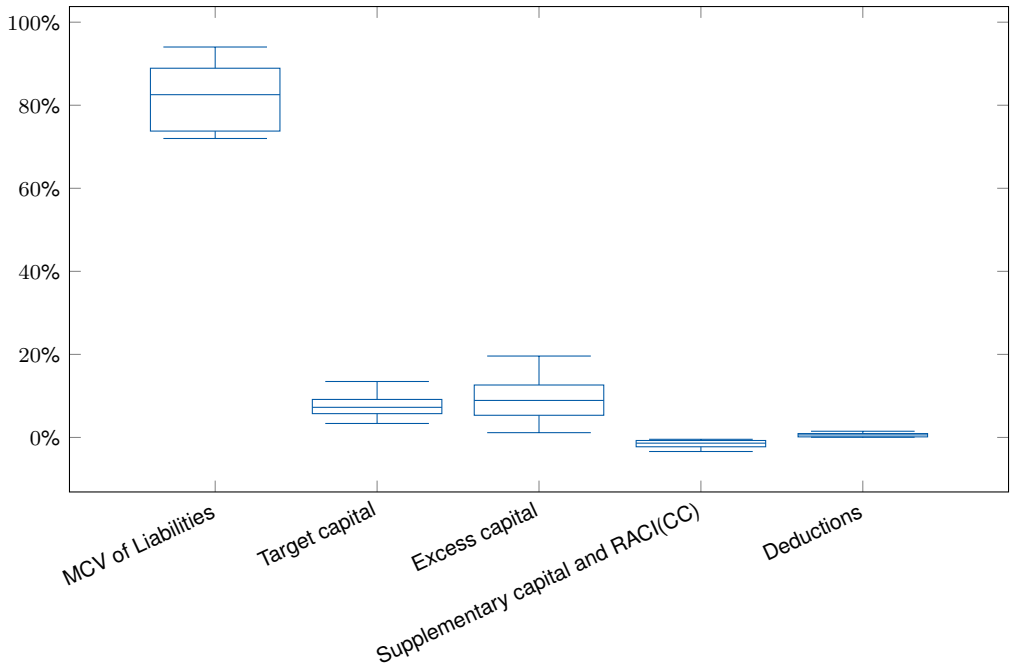

Figure 6: Life (distribution as boxplot)

5.5 Target capital decomposition

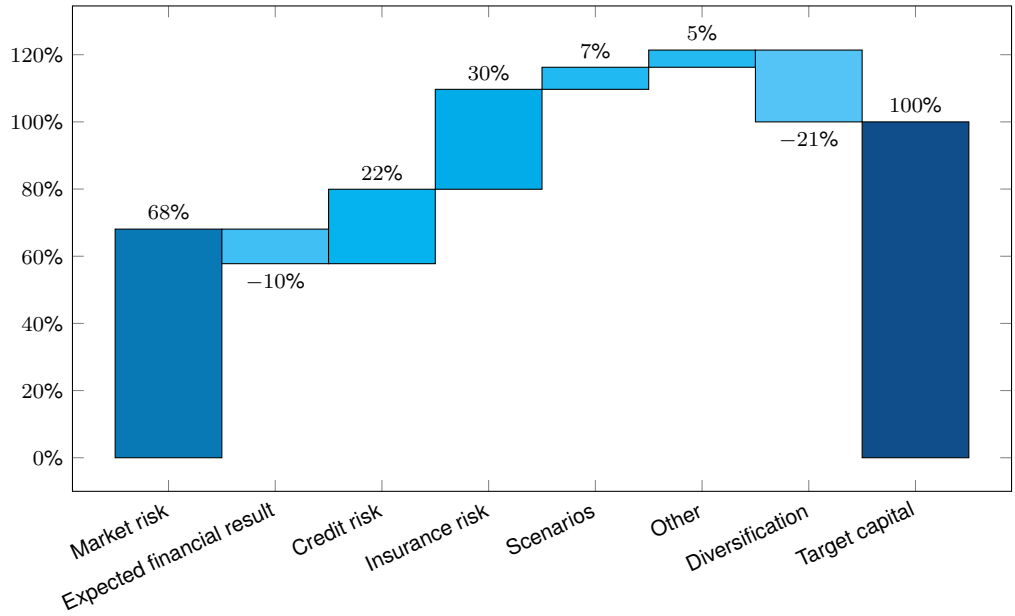

Figure 7: Life (mean values by sector)

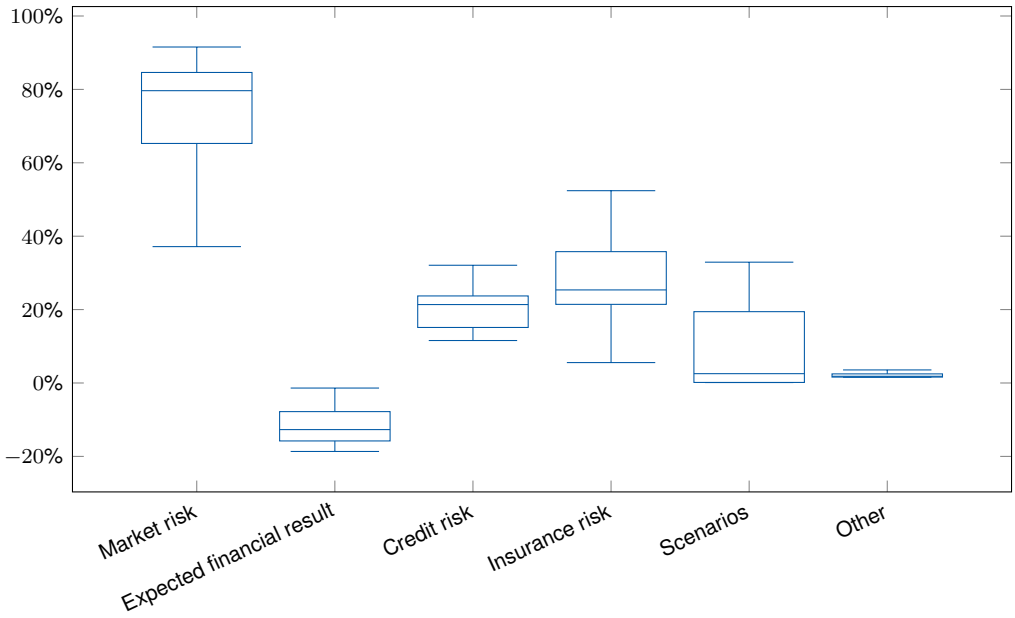

Figure 8: Life (distribution as boxplot)

5.6 Market risk analysis

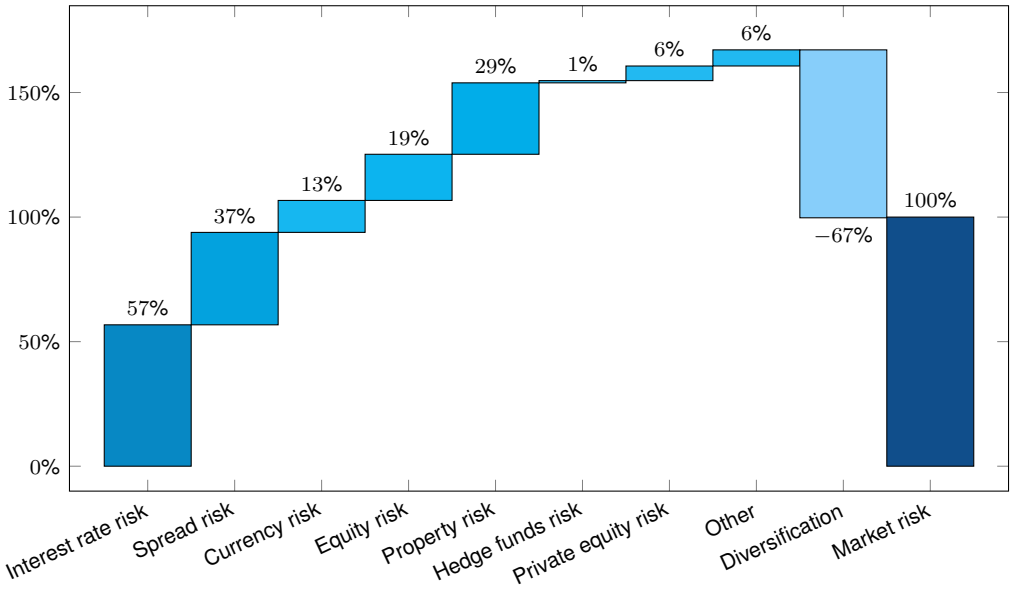

Figure 9: Life (mean values by sector)

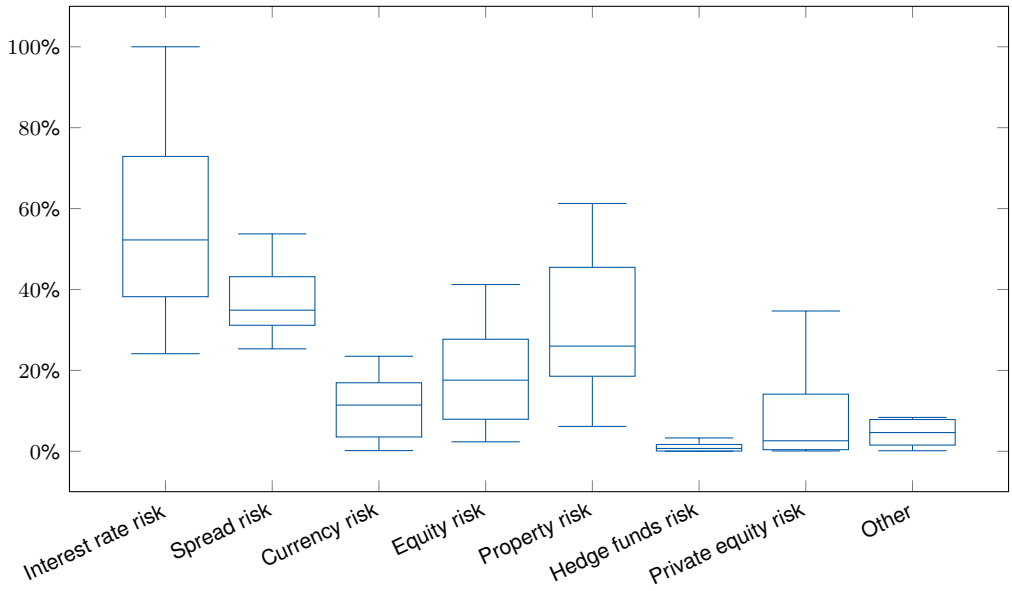

Figure 10: Life (distribution as boxplot)

5.7 Interest rate analysis

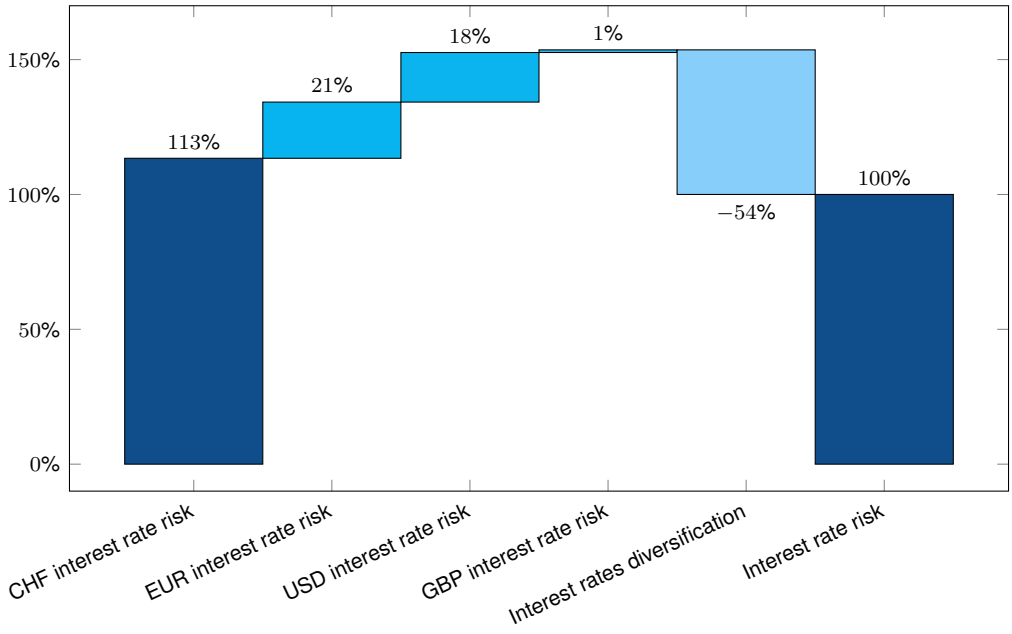

Figure 11: Life (mean values by sector)

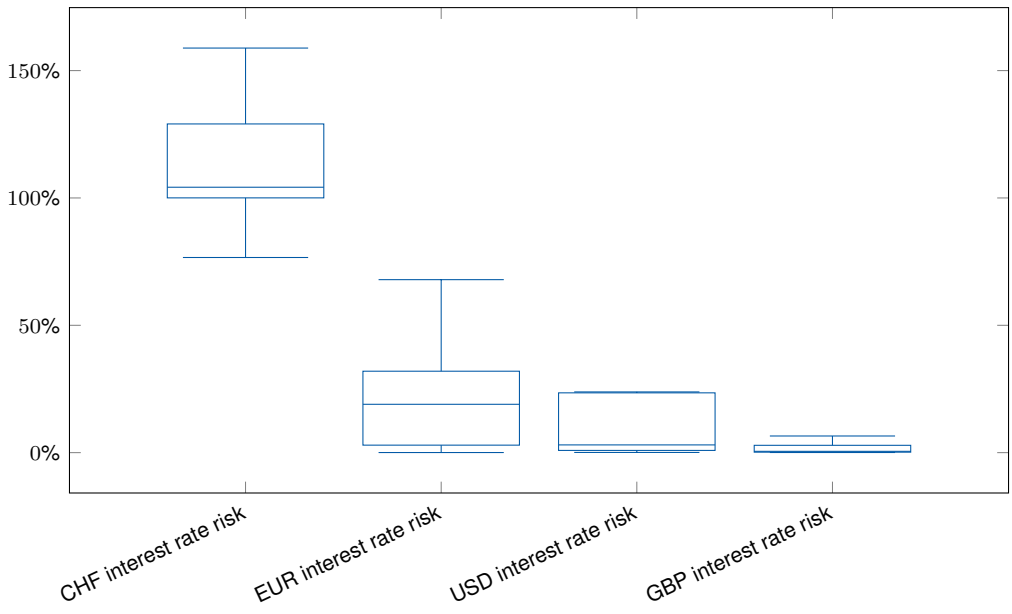

Figure 12: Life (distribution as boxplot)

5.8 Impact ratios for market and credit risk scenarios

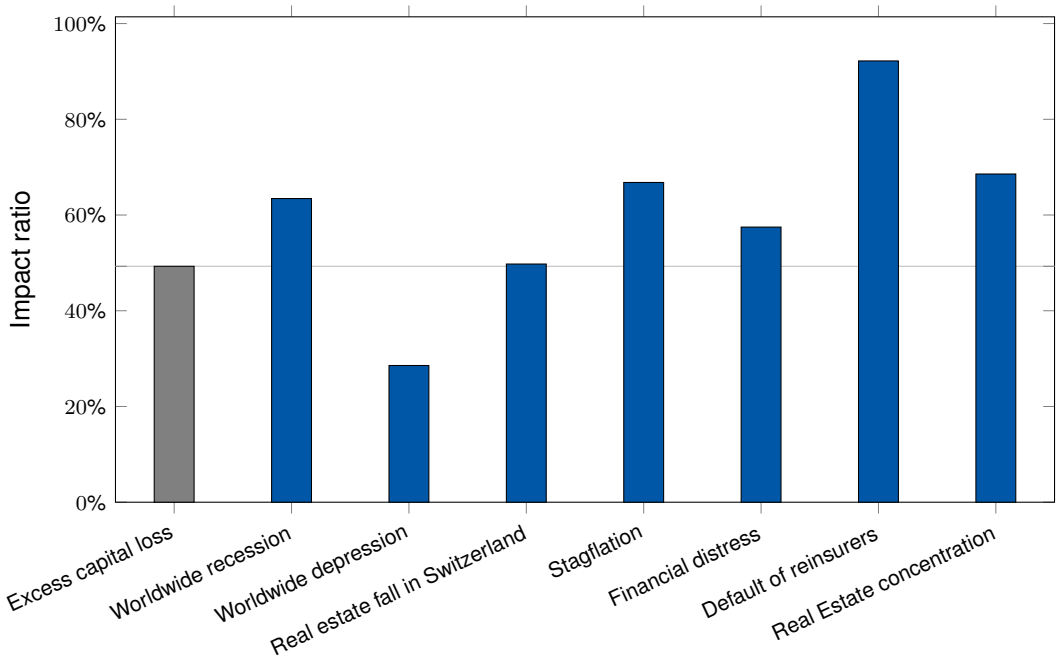

Figure 13: Life (mean values by sector)

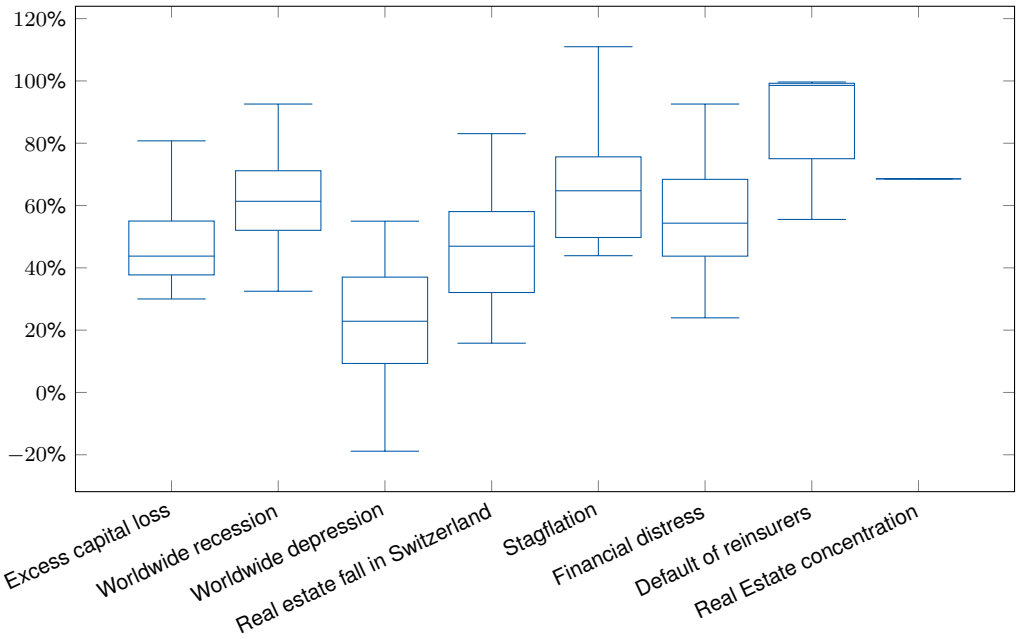

Figure 14: Life (distribution as boxplot)

5.9 Impact ratios for insurance risk and global scenarios

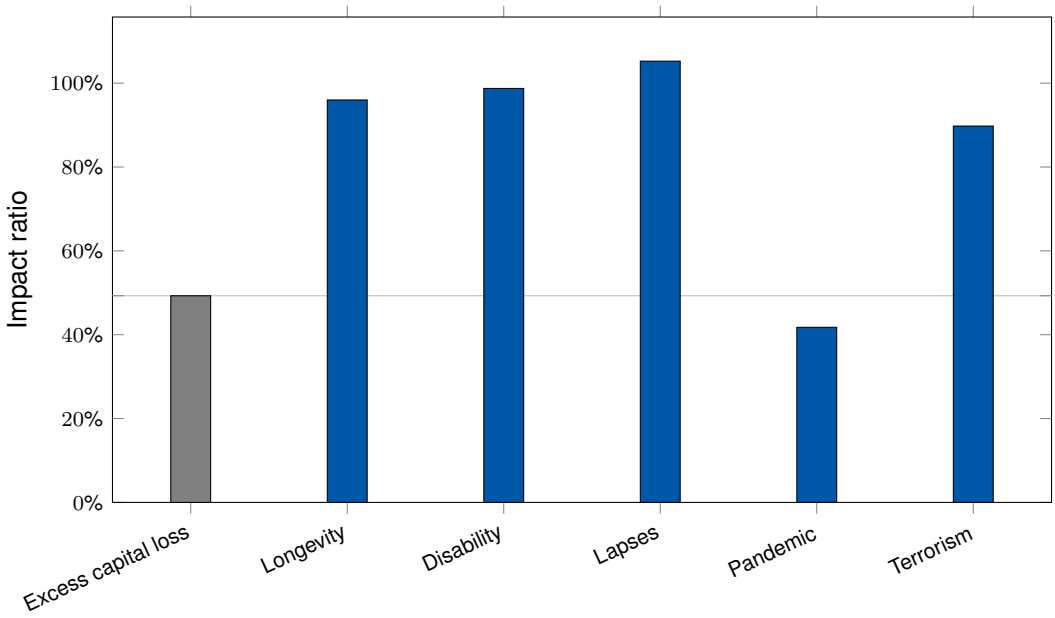

Figure 15: Life (mean values by sector)

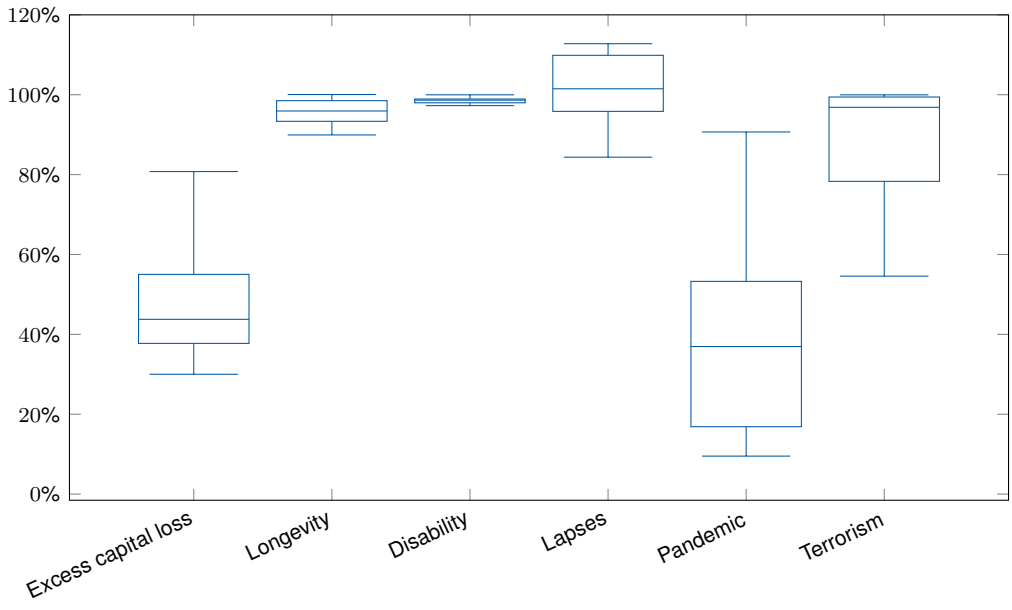

Figure 16: Life (distribution as boxplot)

6 General insurance

The overall SST ratio calculated over all general insurers decreased by 12% from 288% in 2023 to 253% in 2024. The risk bearing capital decreased[5] by 22% to CHF 59.576 million, while the target capital went down[6] by 26% to CHF 23.53 million. The comparison is based on aggregate numbers obtained by summing over all general insurers (53 in total).

With regards to the individual analysis, in order to avoid that companies with larger volume dominate the results, an average over the percentages for each company is shown.

General insurance	FDS component	
Bonds	Government bonds	24.3%
	Corporate bonds	52.2%
	Investment funds: bonds	23.5%
Real estate	Real estate	40.8%
	Mortgages	10.1%
	Investment funds: real estate	49%

Table 8: Breakdown of *Investments* categories *Bonds* and *Real estate* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

General insurance	FDS component	
Loss reserves	Best estimate of insurance liabilities (life): gross	2.5%
	Best estimate of insurance liabilities (non-life): gross	79.6%
	Best estimate of insurance liabilities (health): gross	0.9%
	Active reinsurance (indirect business)	17%
Other liabilities	Deposit liabilities from ceded reinsurance	2.1%
	Liabilities from derivative financial instruments	0.2%
	Non-technical provisions	5.6%
	Liabilities from insurance business	41.1%
	Other liabilities	40.1%
	Reserves for surplus funds	0.7%
	Subordinated liabilities	3.3%
	Interest-bearing liabilities	6.8%

Table 9: Breakdown of *Liabilities* categories *Loss reserves* and *Other liabilities* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

[5] Partially due to the new definition of RBC as of January 1, 2024, which ceteris paribus leads to smaller than last year's RBC.

[6] Partially due to the new definition of TC as of January 1, 2024, which ceteris paribus leads to smaller than last year's TC.

6.1 Comments on results

The asset portfolios of general insurers are mainly concentrated in bonds (35%) followed by other assets (30%), as illustrated in Figure 17. A further breakdown of the investment categories bonds and real estate is shown in Table 8.

As shown in Figure 19, the liabilities of general insurers are mainly concentrated in loss reserves (52%) followed by other liabilities (31%). In Table 9, a breakdown of loss reserves and other liabilities into their components is shown.

The target capital is driven (before diversification) by the insurance risk (69%) followed by the market risk (55%) and credit risk (22%) (see Figure 23).

The main drivers of the market risk (before diversification) are the equity risk (38%) and interest rate risk (36%). As shown in Figure 27, interest rate risk is dominated by the CHF interest rate risk (74% before diversification) (see Figure 25).

6.2 Assets

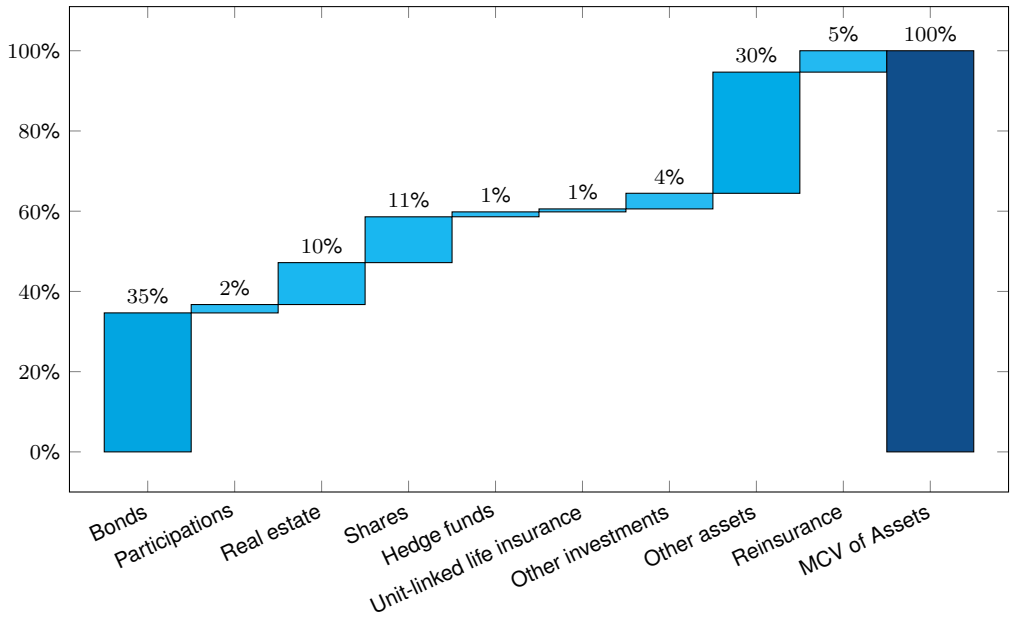

Figure 17: General insurance (mean values by sector)

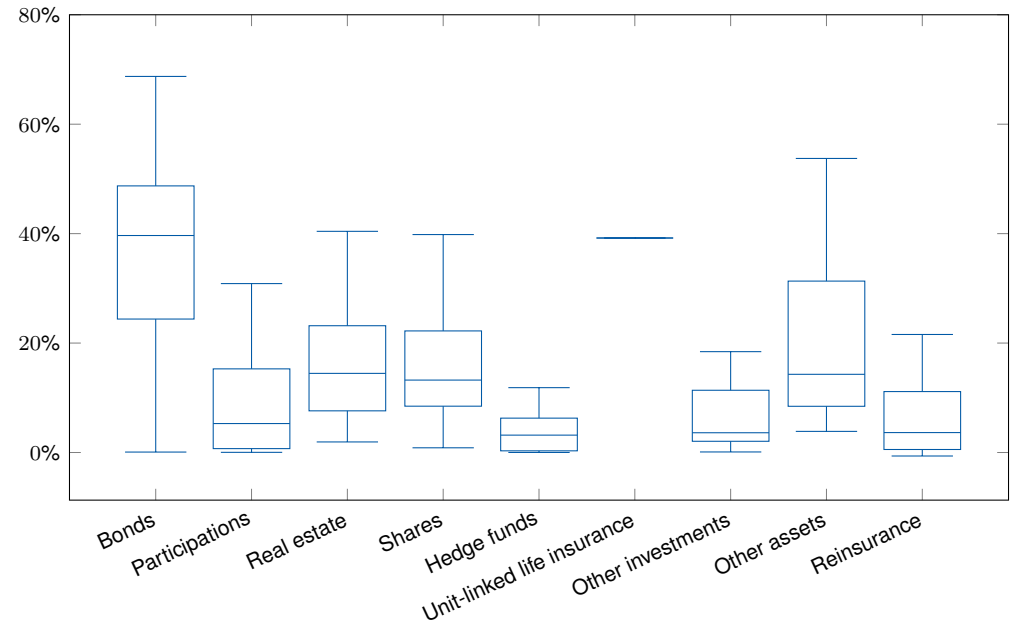

Figure 18: General insurance (distribution as boxplot)

6.3 Liabilities

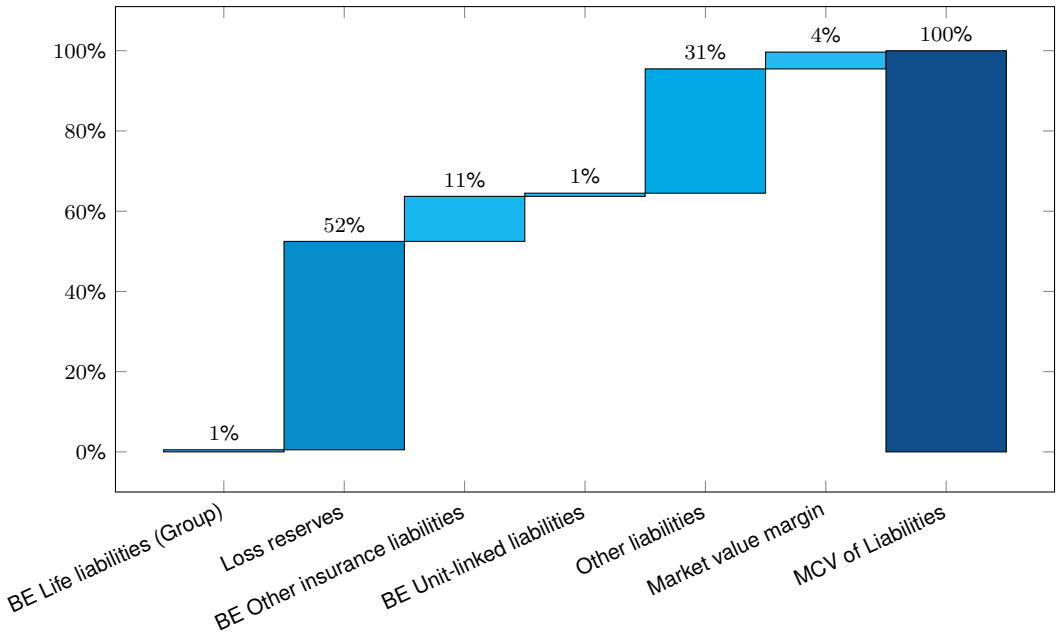

Figure 19: General insurance (mean values by sector)

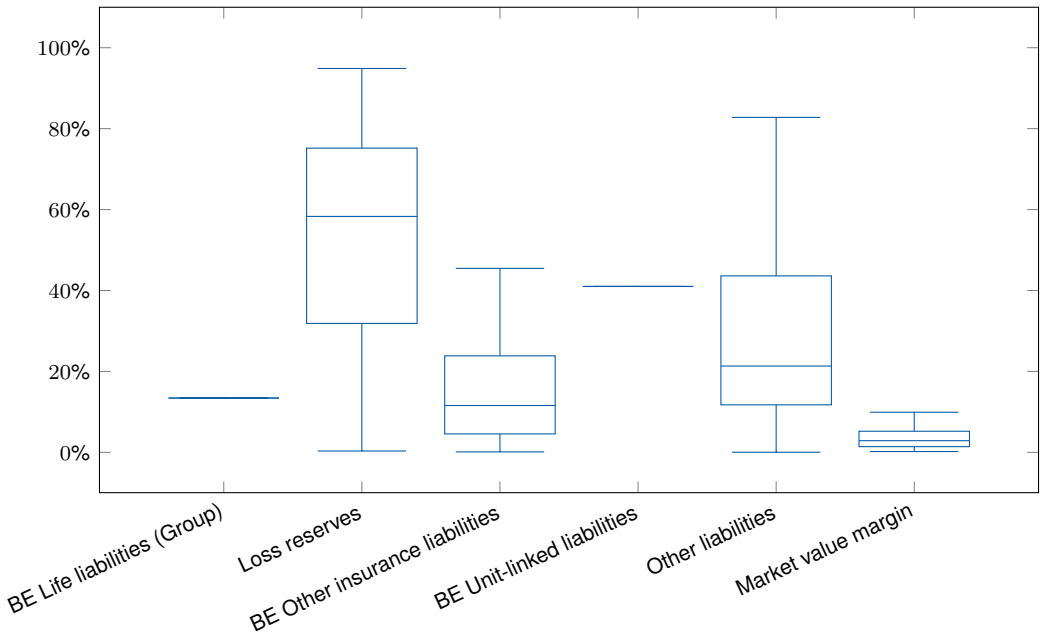

Figure 20: General insurance (distribution as boxplot)

6.4 Market-conform value of liabilities and target capital in relation to the balance sheet total

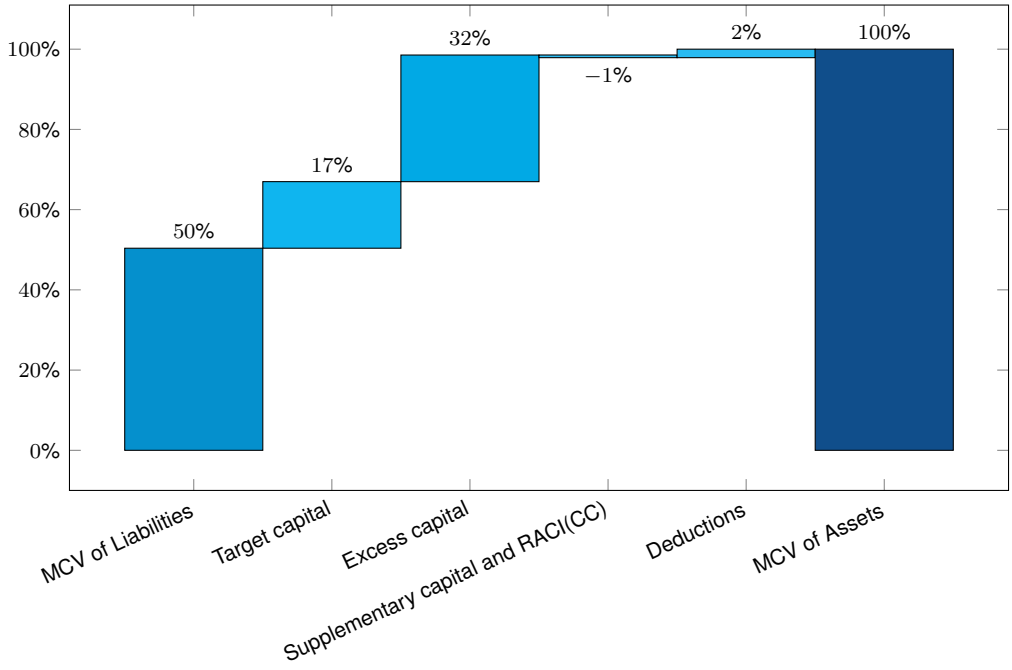

Figure 21: General insurance (mean values by sector)

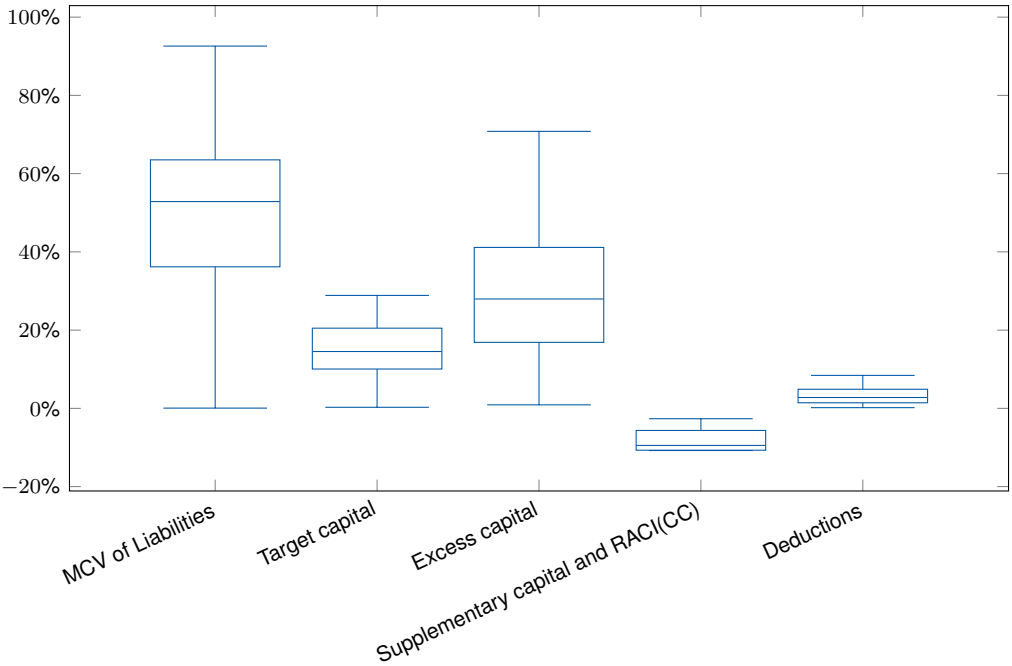

Figure 22: General insurance (distribution as boxplot)

6.5 Target capital decomposition

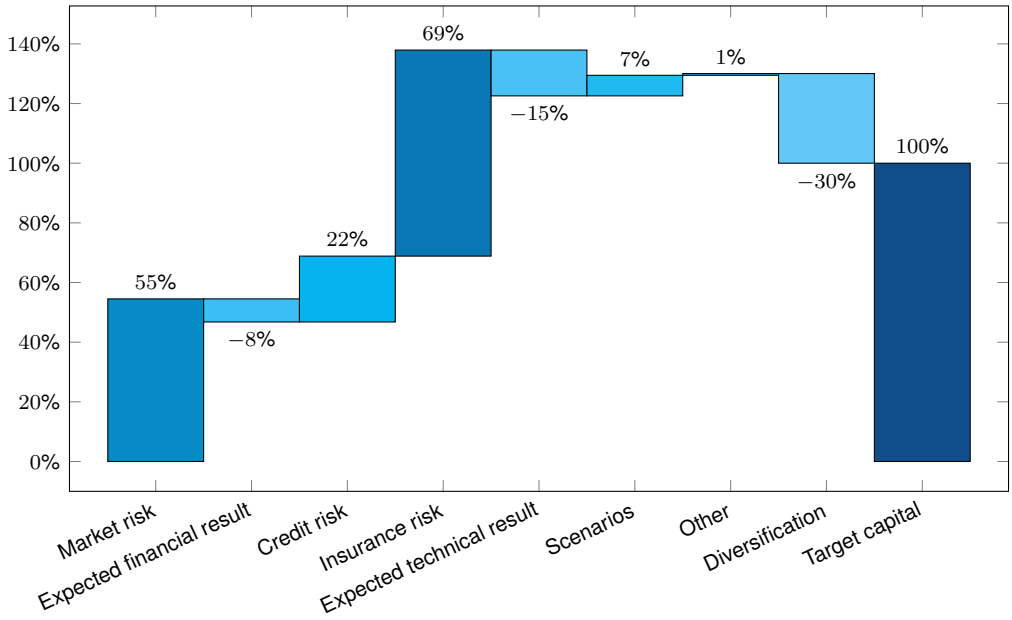

Figure 23: General insurance (mean values by sector)

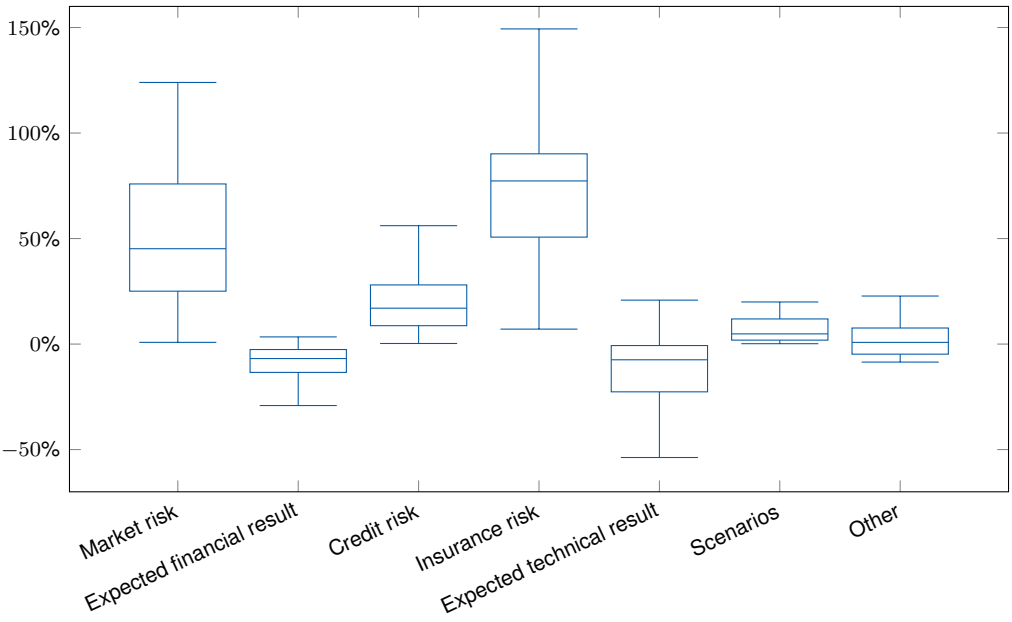

Figure 24: General insurance (distribution as boxplot)

6.6 Market risk analysis

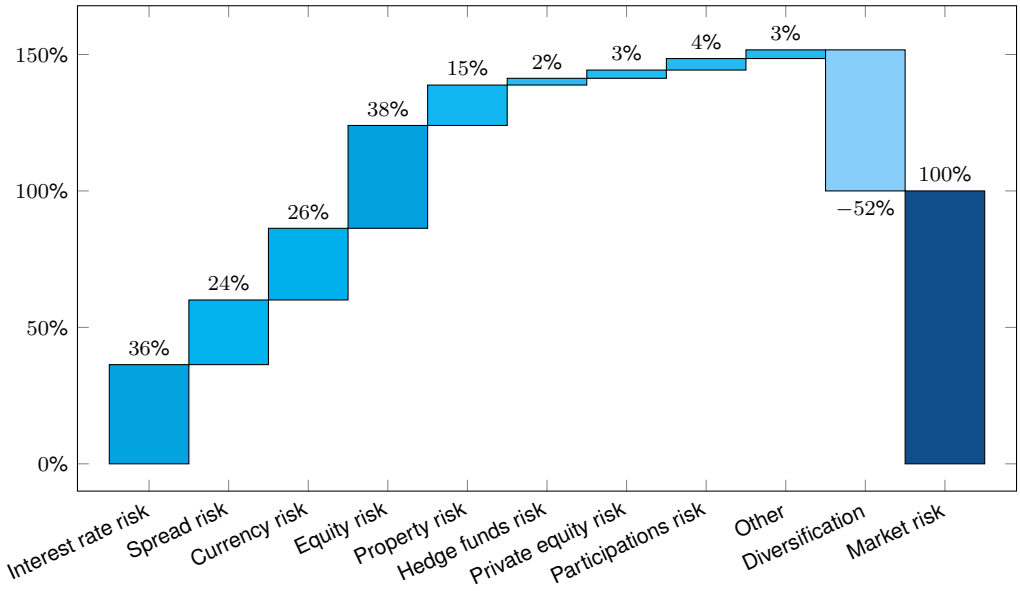

Figure 25: General insurance (mean values by sector)

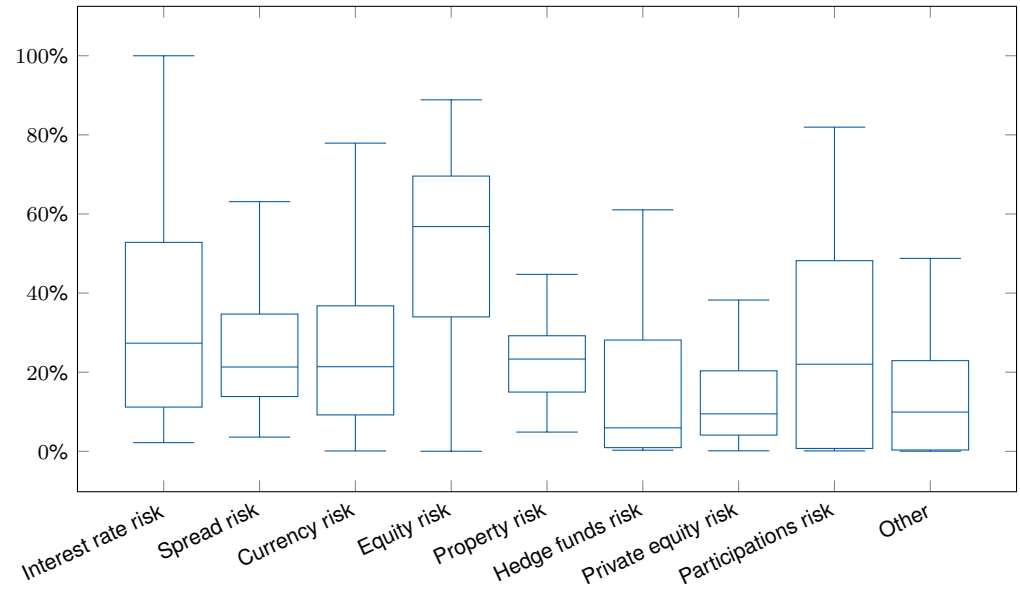

Figure 26: General insurance (distribution as boxplot)

6.7 Interest rate analysis

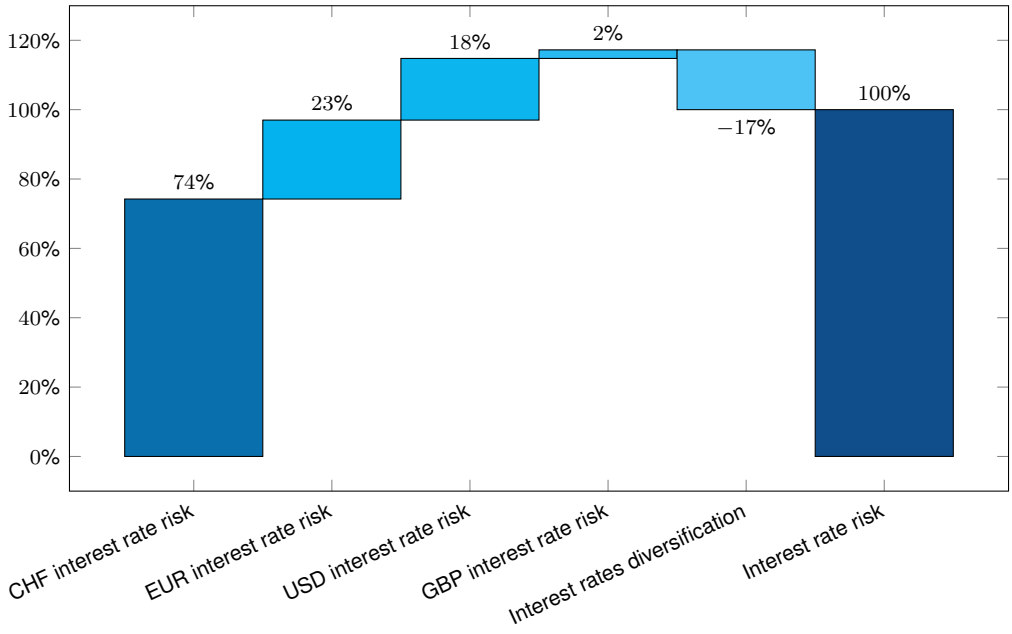

Figure 27: General insurance (mean values by sector)

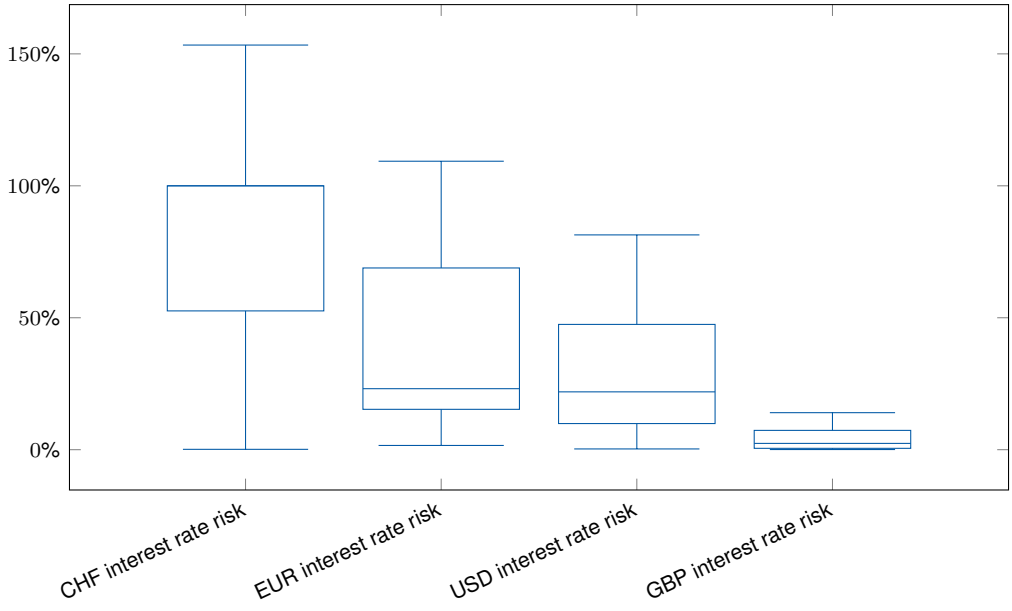

Figure 28: General insurance (distribution as boxplot)

6.8 General insurance risk analysis

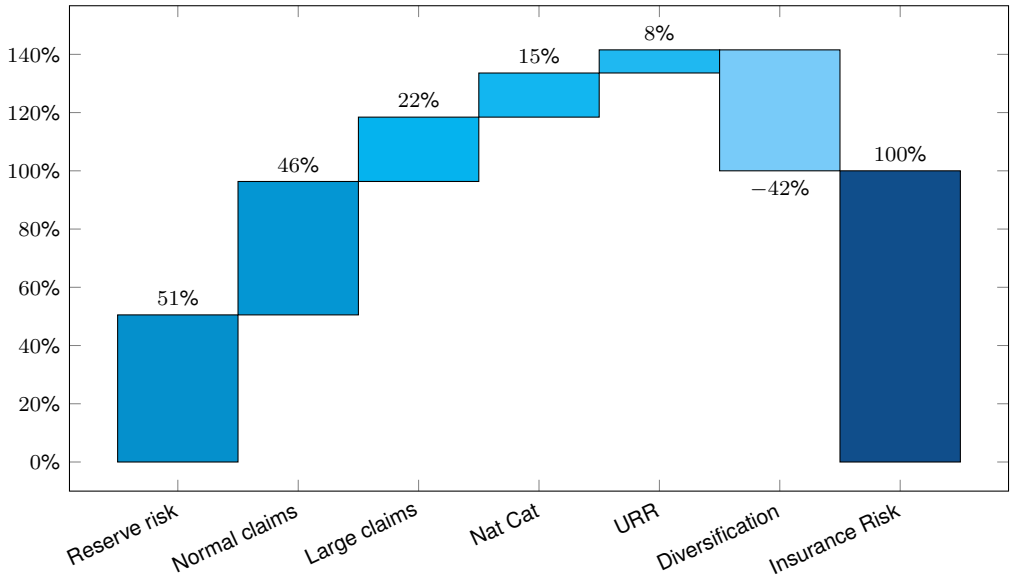

Figure 29: General insurance (mean values by sector)

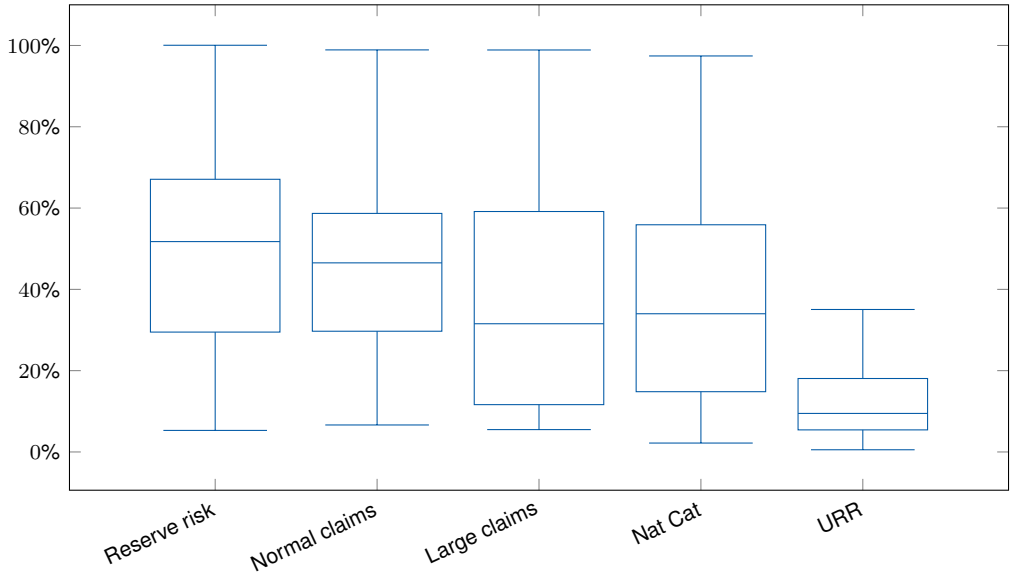

Figure 30: General insurance (distribution as boxplot)

6.9 Impact ratios for market and credit risk scenarios

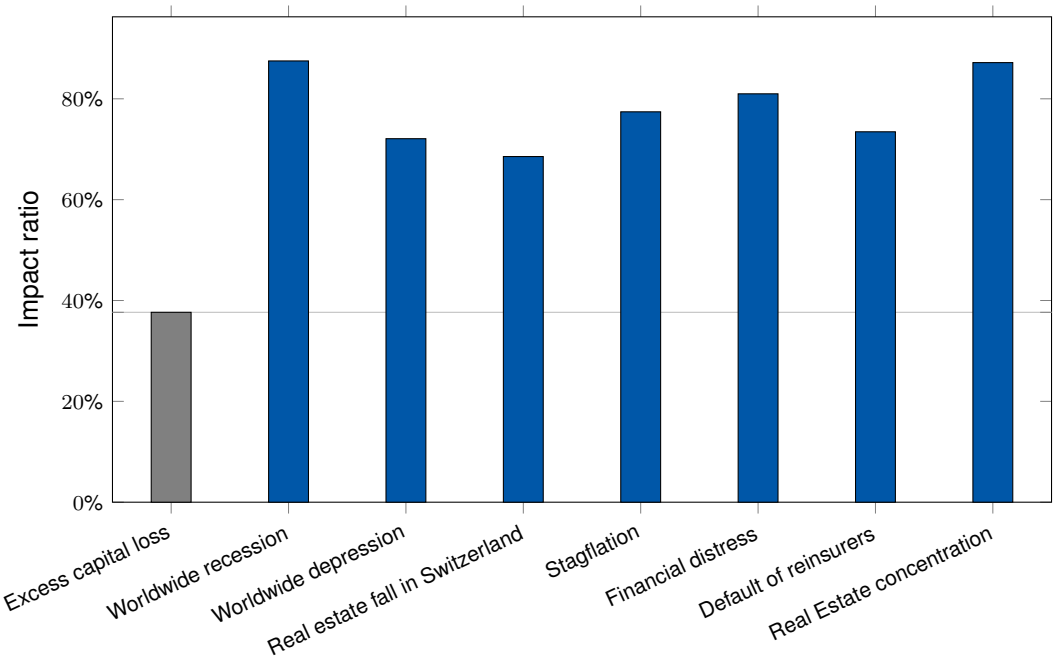

Figure 31: General insurance (mean values by sector)

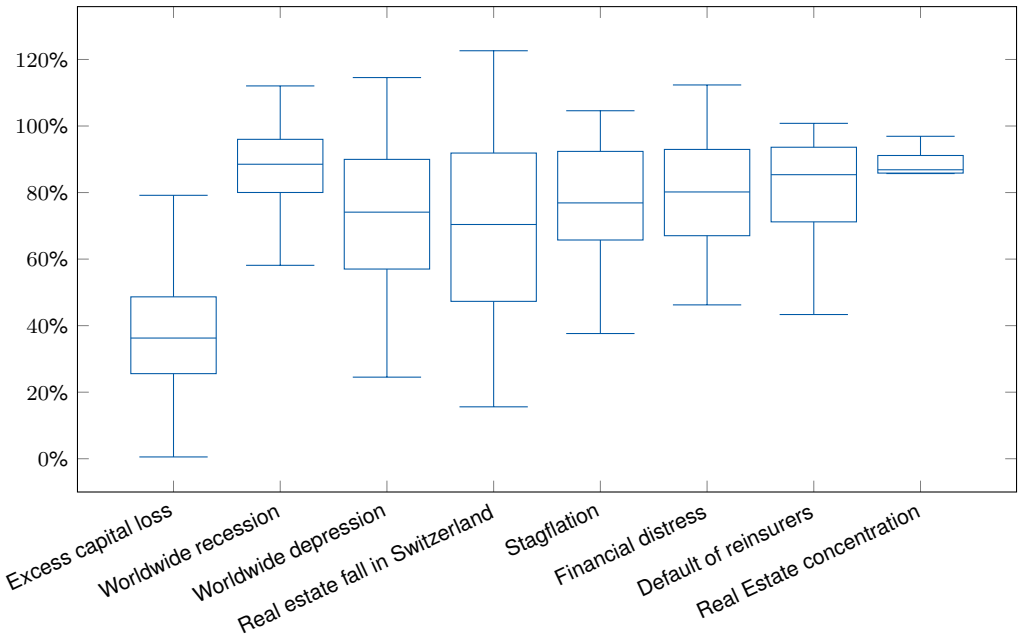

Figure 32: General insurance (distribution as boxplot)

6.10 Impact ratios for insurance risk and global scenarios

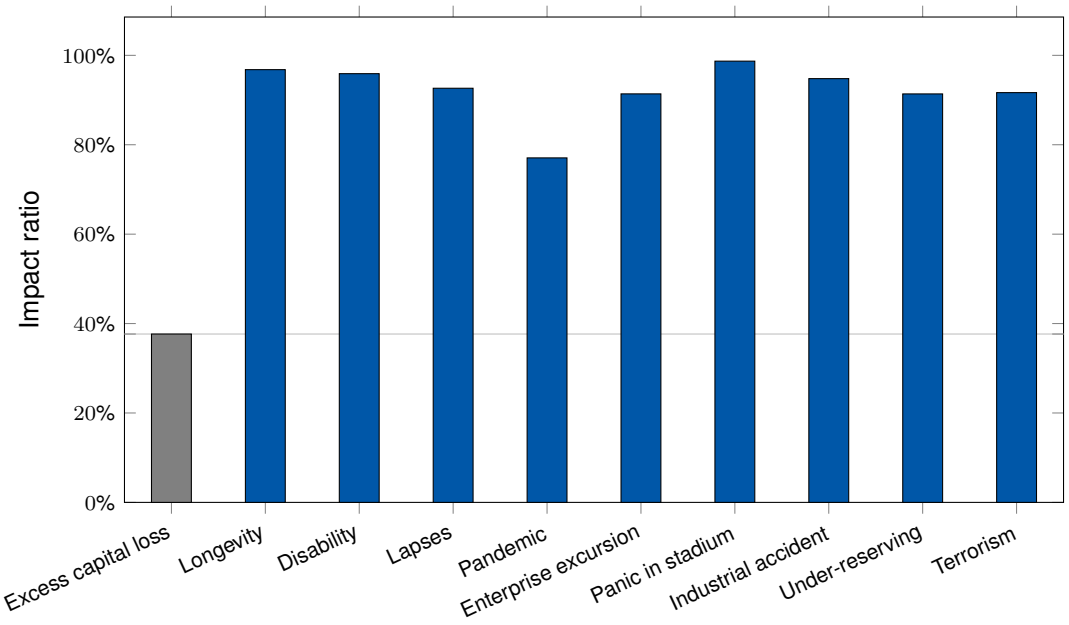

Figure 33: General insurance (mean values by sector)

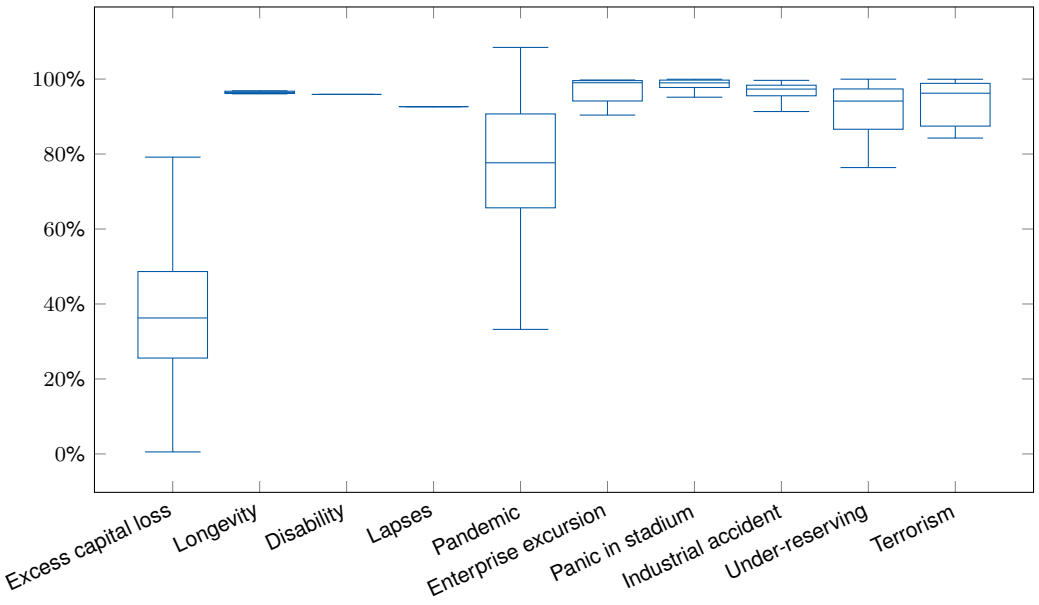

Figure 34: General insurance (distribution as boxplot)

7 Health

The overall SST ratio calculated over all health insurers decreased by 1% from 365% in 2023 to 362% in 2024. The risk bearing capital decreased[7] by 2% to CHF 23.391 million, while the target capital went down[8] by 20% to CHF 6.467 million. The comparison is based on aggregate numbers obtained by summing over all health insurers (16 in total).

With regards to the individual analysis, in order to avoid that companies with larger volume dominate the results, an average over the percentages for each company is shown.

Health	FDS component	
Bonds	Government bonds	15.8%
	Corporate bonds	57.2%
	Investment funds: bonds	26.9%
Real estate	Real estate	44.9%
	Mortgages	0.3%
	Investment funds: real estate	54.8%

Table 10: Breakdown of *Investments* categories *Bonds* and *Real estate* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

Health	FDS component	
Loss reserves	Best estimate of insurance liabilities (life): gross	0%
	Best estimate of insurance liabilities (non-life): gross	23.9%
	Best estimate of insurance liabilities (health): gross	75.8%
	Active reinsurance (indirect business)	0.3%
Other liabilities	Deposit liabilities from ceded reinsurance	0%
	Liabilities from derivative financial instruments	4.1%
	Non-technical provisions	7.6%
	Liabilities from insurance business	56.8%
	Other liabilities	28.7%
	Reserves for surplus funds	0%
	Subordinated liabilities	2.7%
	Interest-bearing liabilities	0.2%

Table 11: Breakdown of *Liabilities* categories *Loss reserves* and *Other liabilities* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

[7] Due to the new definition of RBC as of January 1, 2024, which ceteris paribus leads to smaller than last year's RBC.
[8] Due to the new definition of TC as of January 1, 2024, which ceteris paribus leads to smaller than last year's TC.

7.1 Comments on results

The asset portfolios of health insurers are mainly concentrated in bonds (48%) followed by shares (19%), as illustrated in Figure 35. A further breakdown of the investment categories bonds and real estate is shown in Table 10.

As shown in Figure 37, the liabilities of health insurers are mainly concentrated in BE long-term liabilities (177%) followed by BE life liabilities (individual) (7%). In Table 11, a breakdown of loss reserves and other liabilities into their components is shown.

The target capital is driven (before diversification) by the insurance risk (83%) followed by the market risk (45%) and credit risk (9%) (see Figure 41).

The main drivers of the market risk (before diversification) are the interest rate risk (58%) and equity risk (52%). As shown in Figure 45, interest rate risk is dominated by the CHF interest rate risk (86% before diversification) (see Figure 43).

7.2 Assets

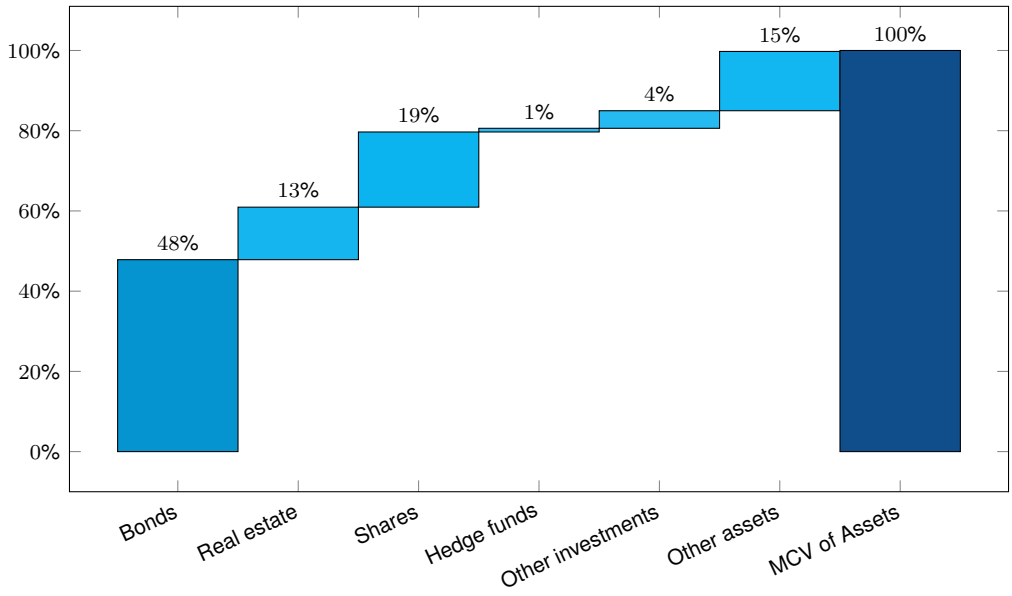

Figure 35: Health (mean values by sector)

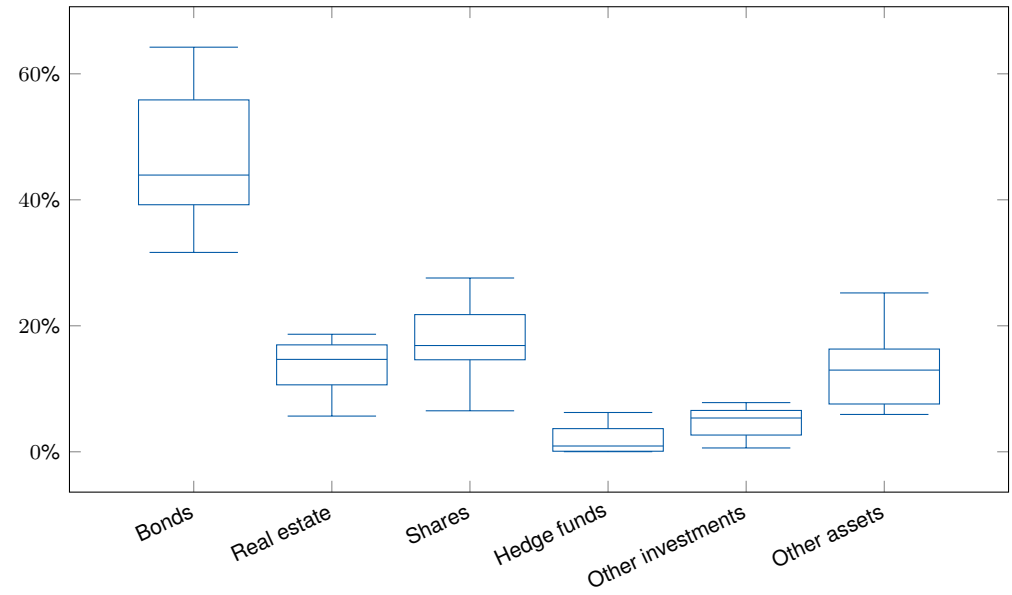

Figure 36: Health (distribution as boxplot)

7.3 Liabilities

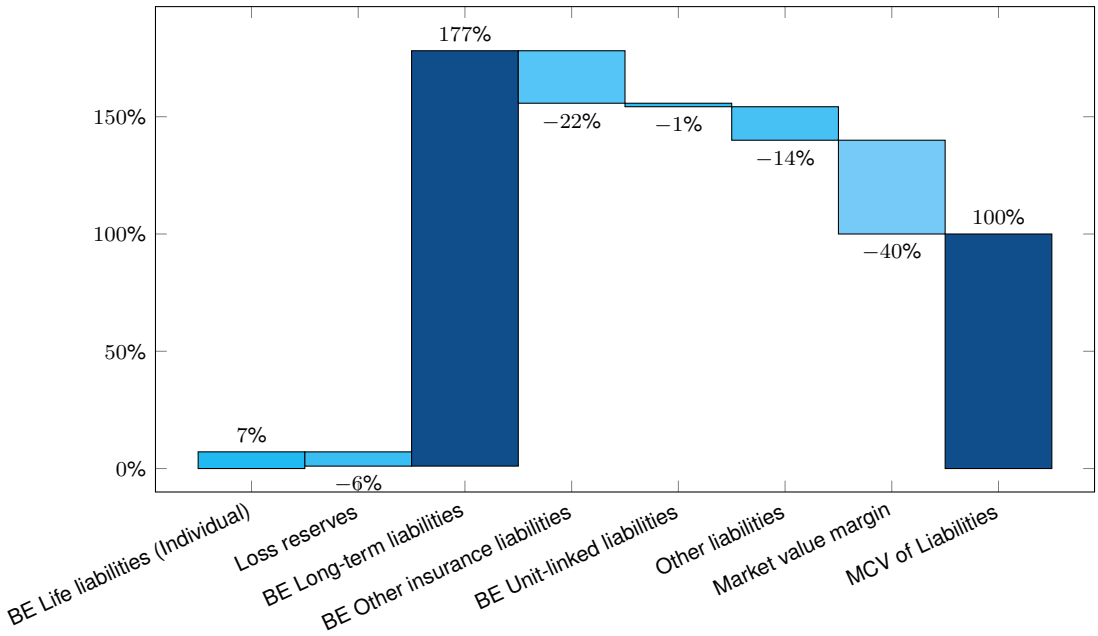

Figure 37: Health (mean values by sector) [9]

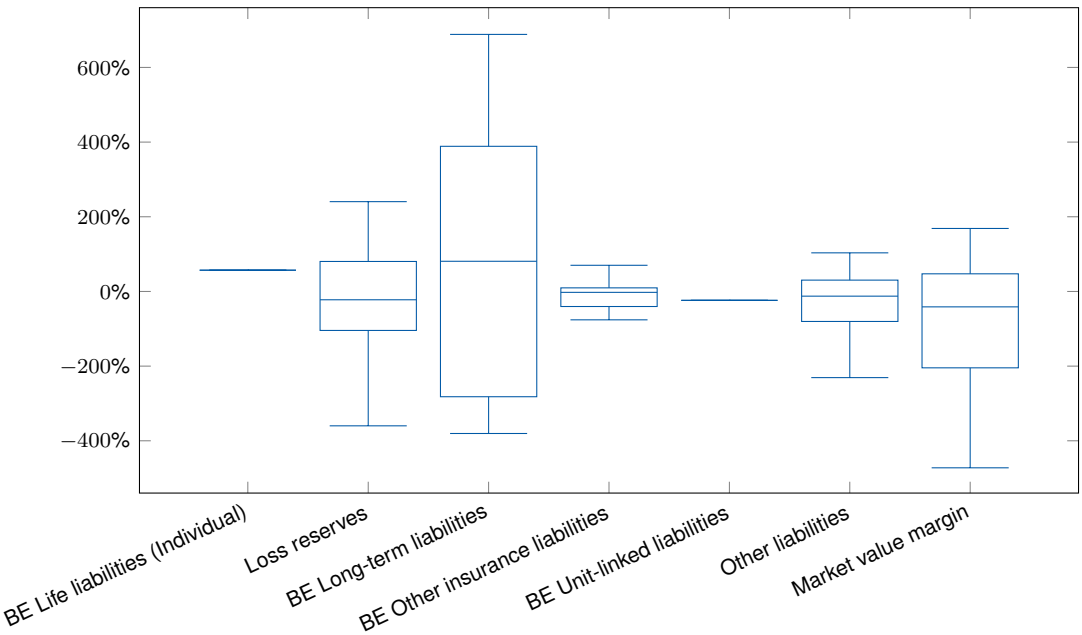

Figure 38: Health (distribution as boxplot) [10]

[9] MCV of liabilities is a negative number due to the huge impact of Long-term liabilities, which generate a positive embedded value. Long-term liabilities generate a positive embedded value, thus their BEL is a negative number.
[10] A MCV(L) close to zero in the denominator can generate huge positive or negative percentages.

7.4 Market-conform value of liabilities and target capital in relation to the balance sheet total

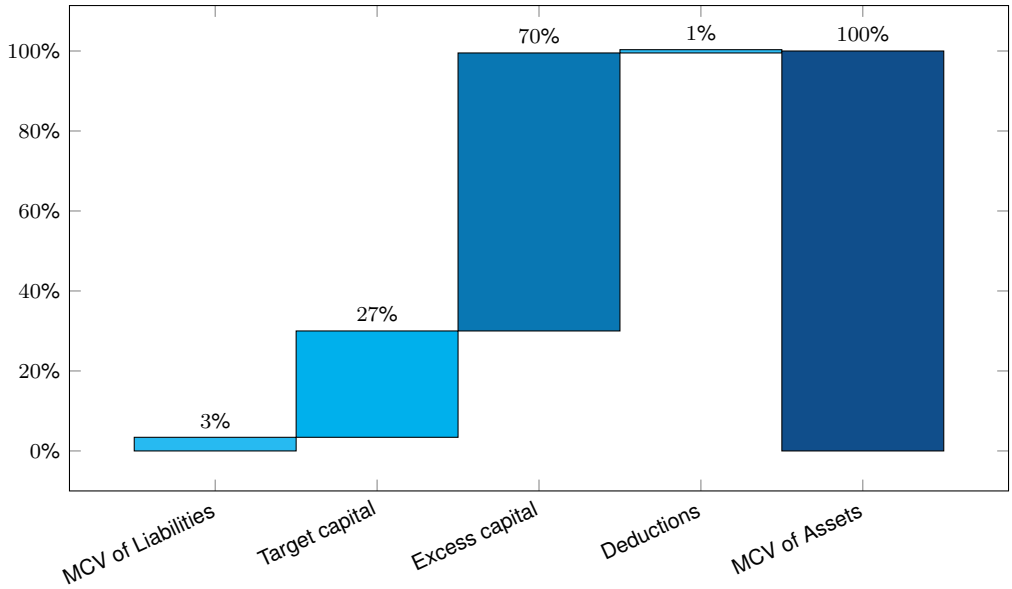

Figure 39: Health (mean values by sector)

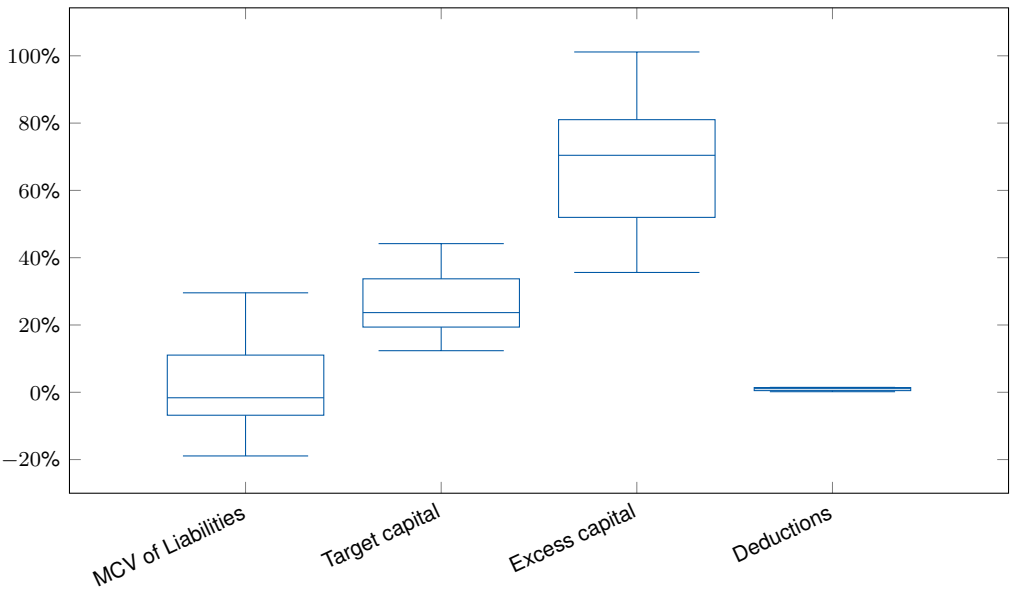

Figure 40: Health (distribution as boxplot)

7.5 Target capital decomposition

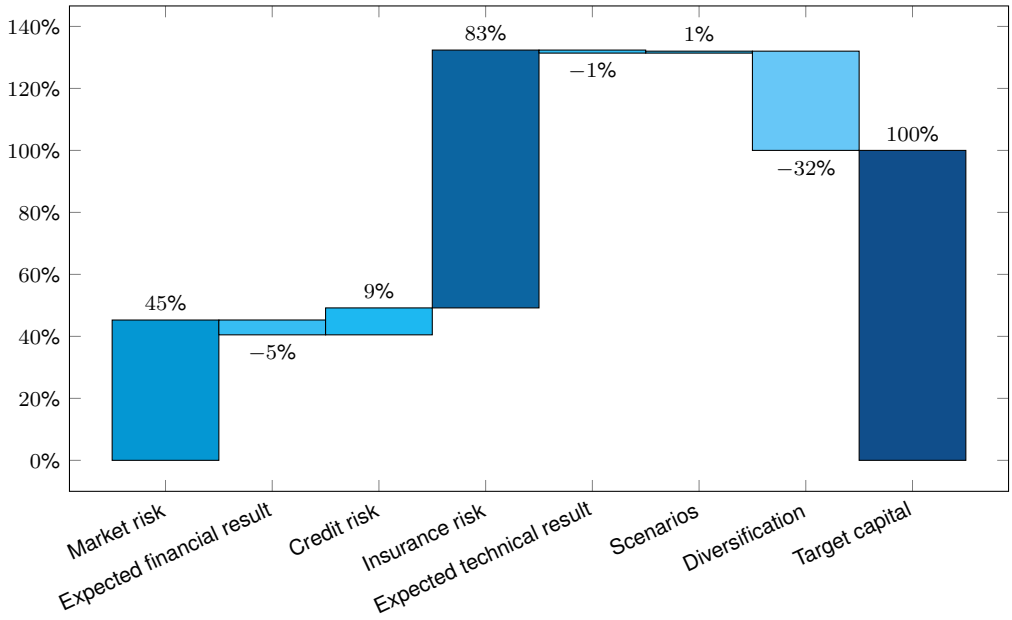

Figure 41: Health (mean values by sector)

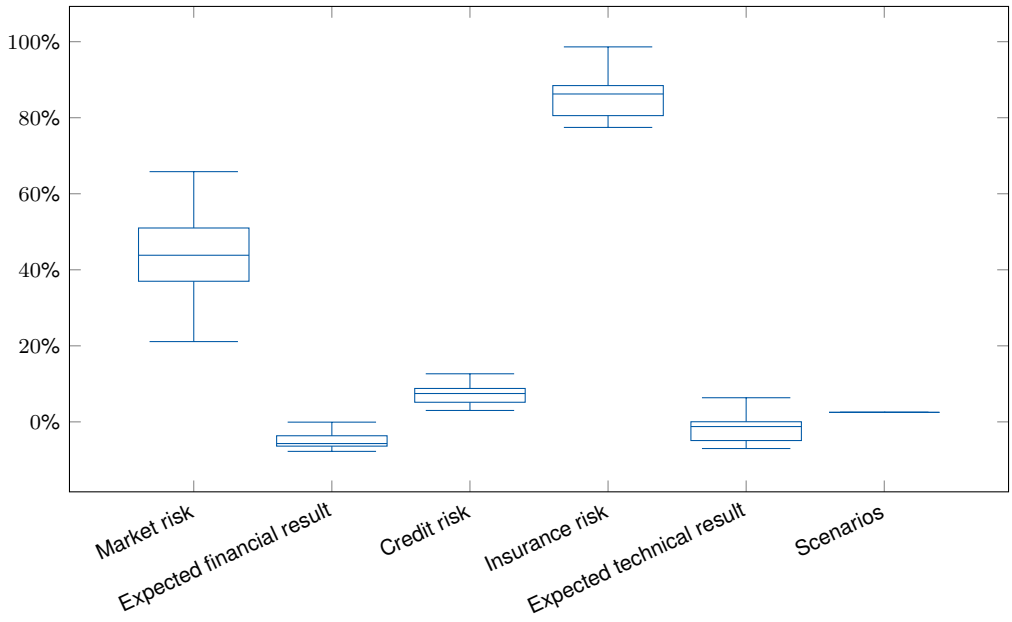

Figure 42: Health (distribution as boxplot)

7.6 Market risk analysis

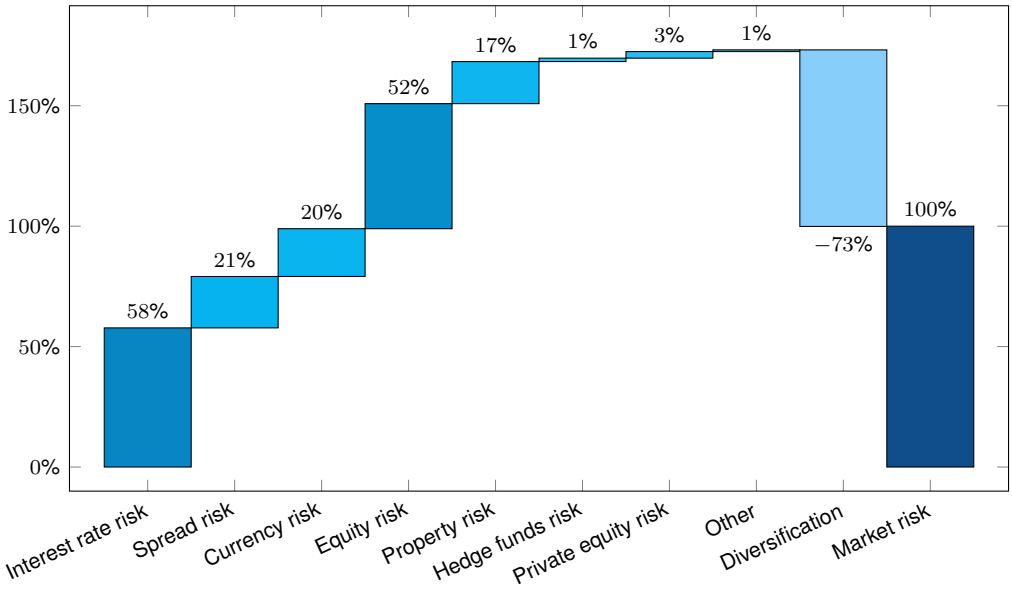

Figure 43: Health (mean values by sector)

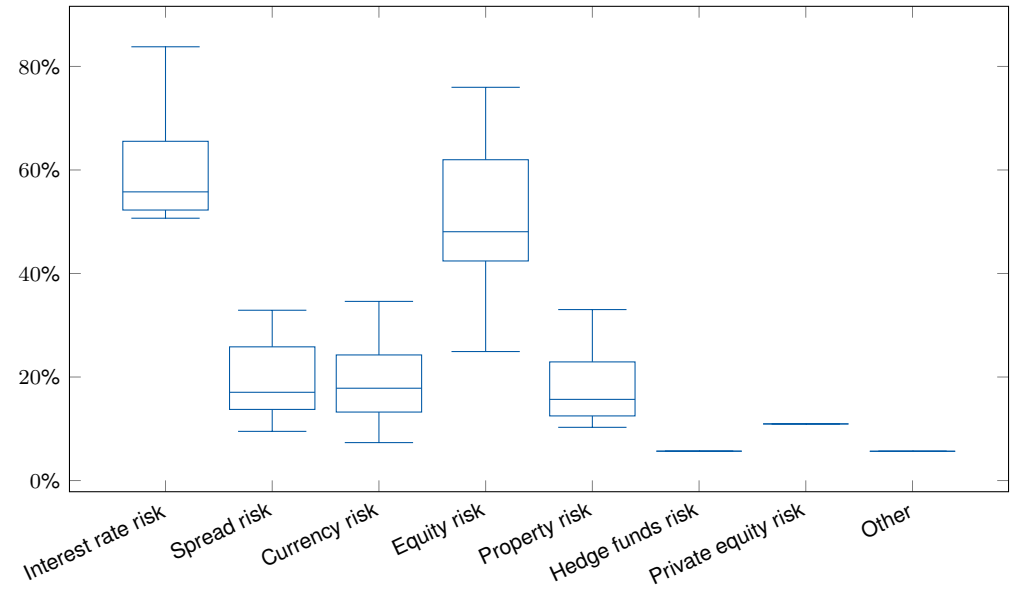

Figure 44: Health (distribution as boxplot)

7.7 Interest rate analysis

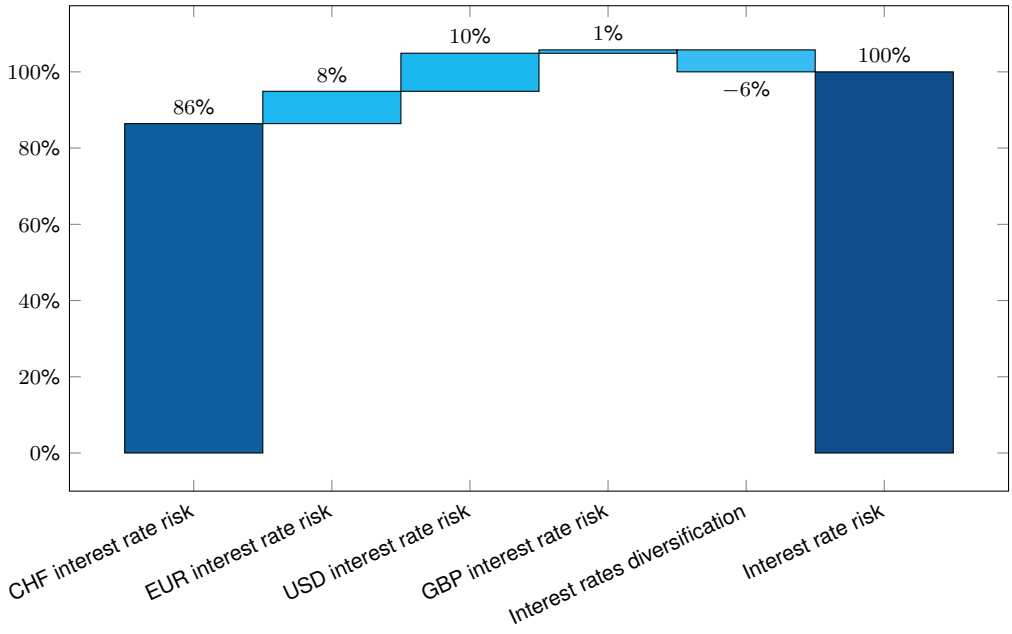

Figure 45: Health (mean values by sector)

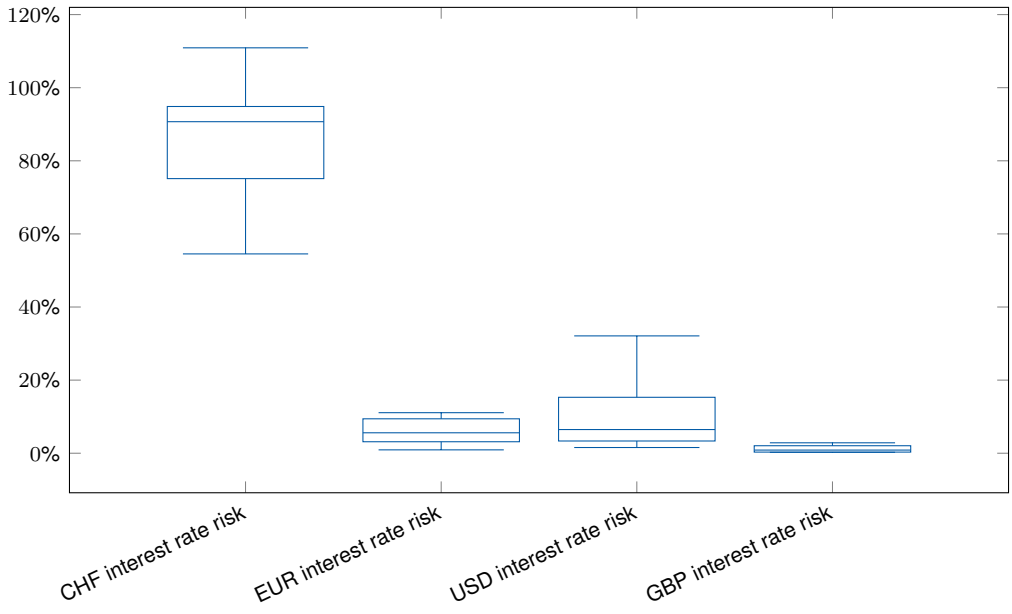

Figure 46: Health (distribution as boxplot)

7.8 Impact ratios for market and credit risk scenarios

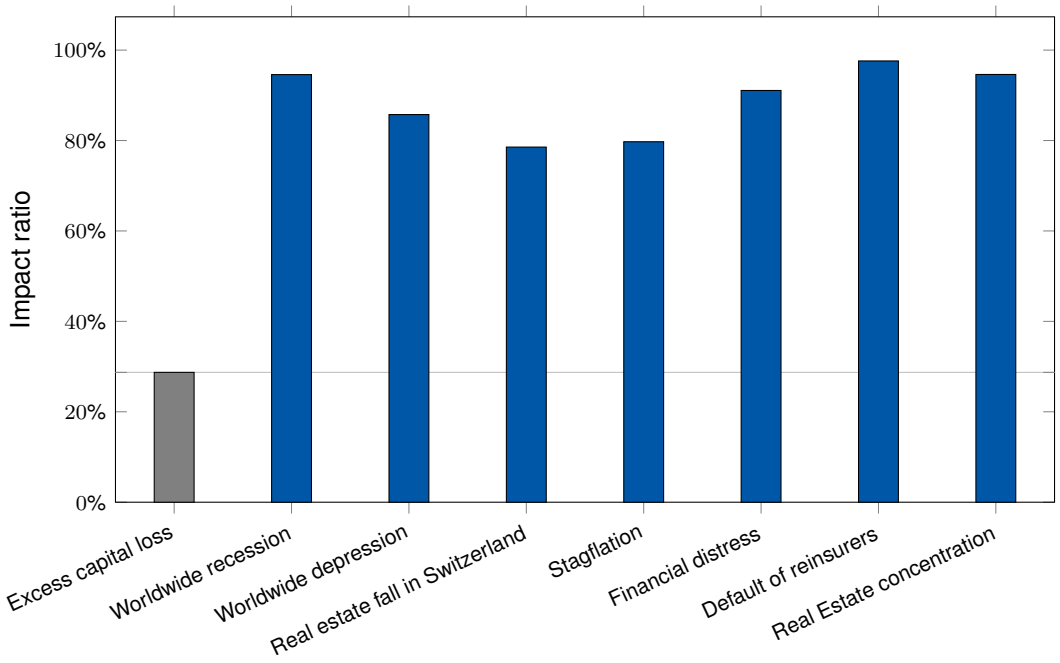

Figure 47: Health (mean values by sector)

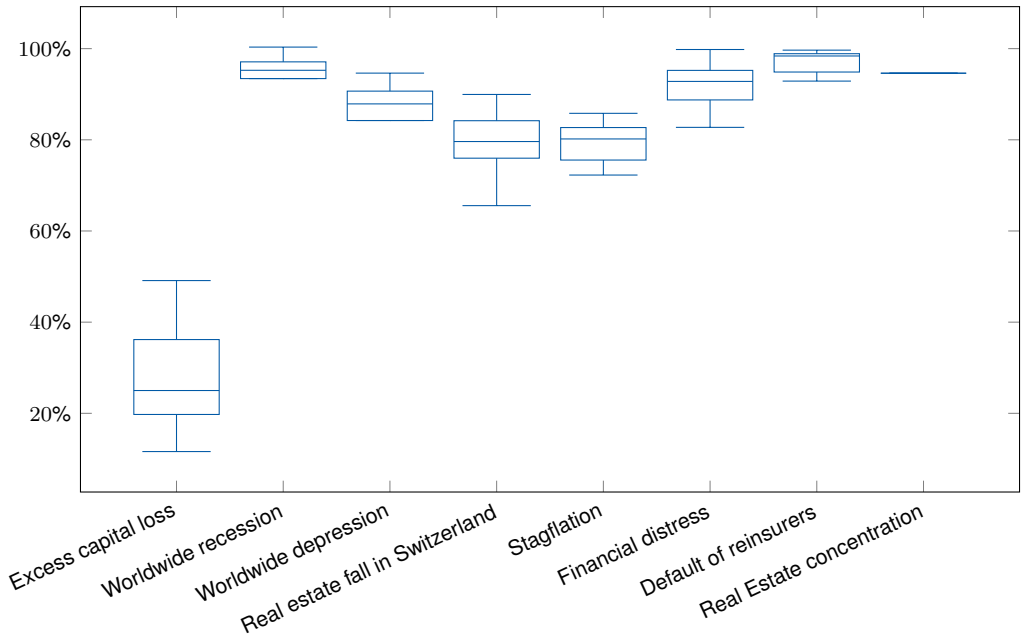

Figure 48: Health (distribution as boxplot)

7.9 Impact ratios for insurance risk and global scenarios

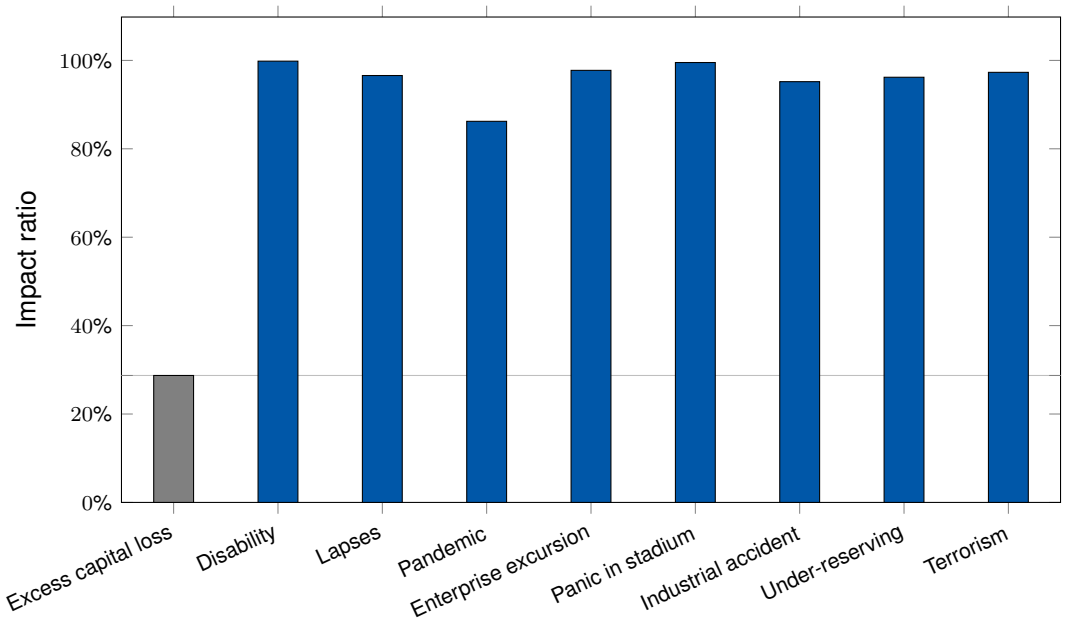

Figure 49: Health (mean values by sector)

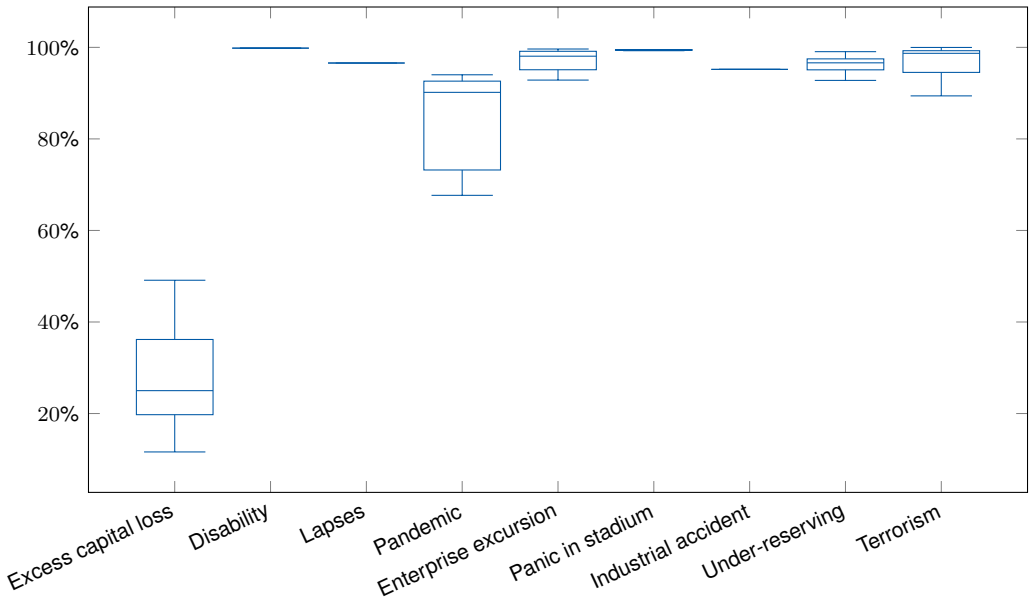

Figure 50: Health (distribution as boxplot)

8 Reinsurance

The overall SST ratio calculated over all reinsurers increased by 1% from 258% in 2023 to 261% in 2024. The risk bearing capital decreased[11] by 13% to CHF 48.232 million, while the target capital went down[12] by 27% to CHF 18.482 million. The comparison is based on aggregate numbers obtained by summing over all reinsurers (23 in total).

With regards to the individual analysis, in order to avoid that companies with larger volume dominate the results, an average over the percentages for each company is shown.

Reinsurance	FDS component	
Bonds	Government bonds	32.3%
	Corporate bonds	42.4%
	Investment funds: bonds	25.4%
Real estate	Real estate	11.6%
	Mortgages	10%
	Investment funds: real estate	78.4%

Table 12: Breakdown of *Investments* categories *Bonds* and *Real estate* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

Reinsurance	FDS component	
Loss reserves	Best estimate of insurance liabilities (life): gross	3.1%
	Best estimate of insurance liabilities (non-life): gross	5.6%
	Best estimate of insurance liabilities (health): gross	0%
	Active reinsurance (indirect business)	91.3%
Other liabilities	Deposit liabilities from ceded reinsurance	7.2%
	Liabilities from derivative financial instruments	2%
	Non-technical provisions	1.4%
	Liabilities from insurance business	59.9%
	Other liabilities	22.4%
	Reserves for surplus funds	0%
	Subordinated liabilities	5.4%
	Interest-bearing liabilities	1.7%

Table 13: Breakdown of *Liabilities* categories *Loss reserves* and *Other liabilities* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

[11] Partially due to the new definition of RBC as of January 1, 2024, which ceteris paribus leads to smaller than last year's RBC.

[12] Partially due to the new definition of TC as of January 1, 2024, which ceteris paribus leads to smaller than last year's TC.

8.1 Comments on results

The asset portfolios of reinsurers are mainly concentrated in bonds (33%) followed by other assets (31%), as illustrated in Figure 51. A further breakdown of the investment categories bonds and real estate is shown in Table 12.

As shown in Figure 53, the liabilities of reinsurers are mainly concentrated in loss reserves (74%) followed by other liabilities (19%). In Table 13, a breakdown of loss reserves and other liabilities into their components is shown.

The target capital is driven (before diversification) by the insurance risk (98%) followed by the market risk (35%) and credit risk (25%) (see Figure 57).

The main drivers of the market risk (before diversification) are the spread risk (54%) and interest rate risk (42%). As shown in Figure 61, interest rate risk is dominated by the USD interest rate risk (58% before diversification) (see Figure 59).

8.2 Assets

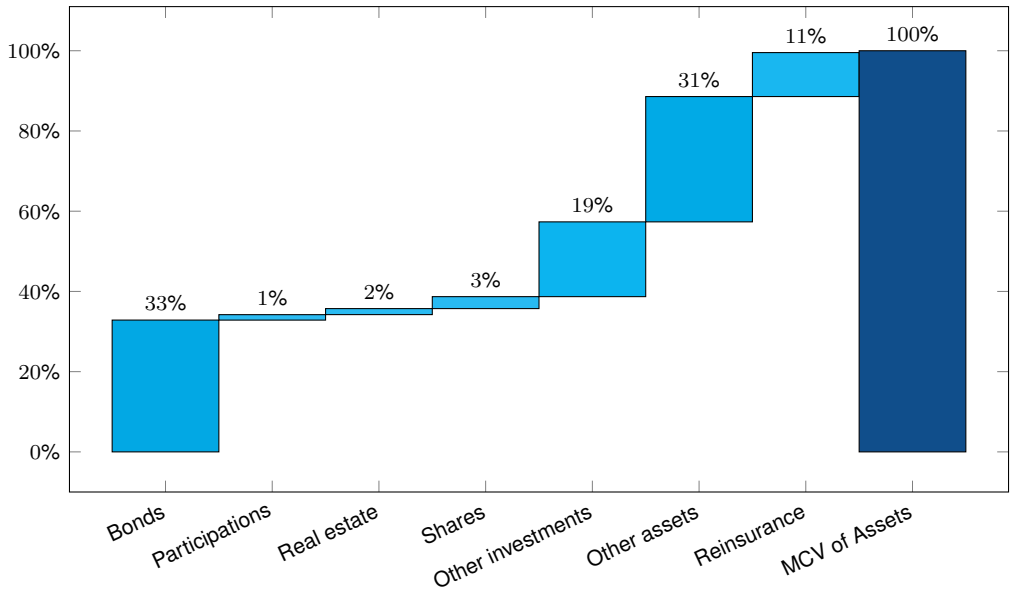

Figure 51: Reinsurance (mean values by sector)

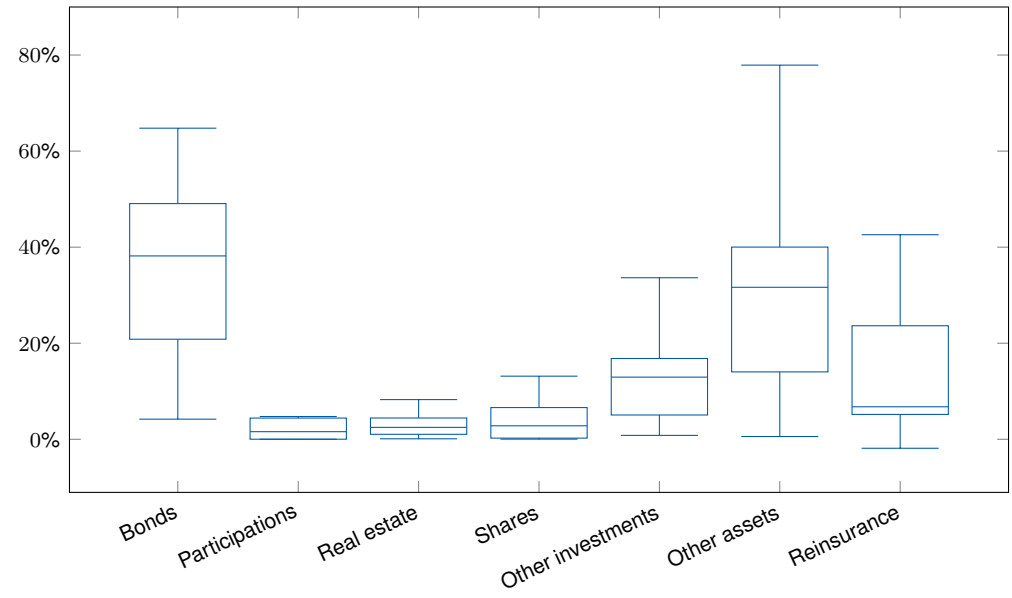

Figure 52: Reinsurance (distribution as boxplot)

8.3 Liabilities

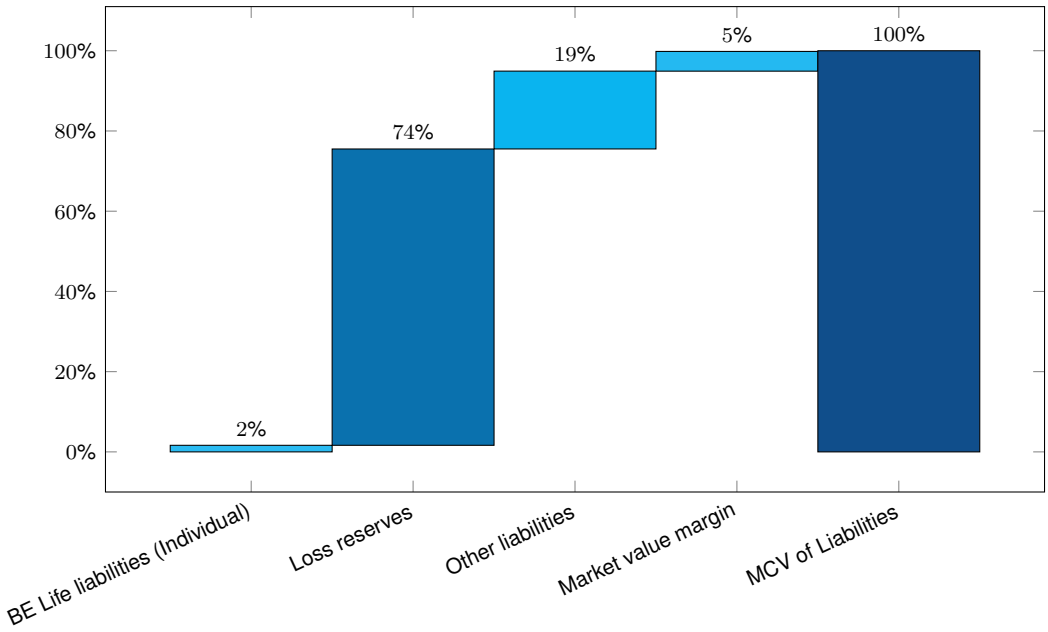

Figure 53: Reinsurance (mean values by sector)

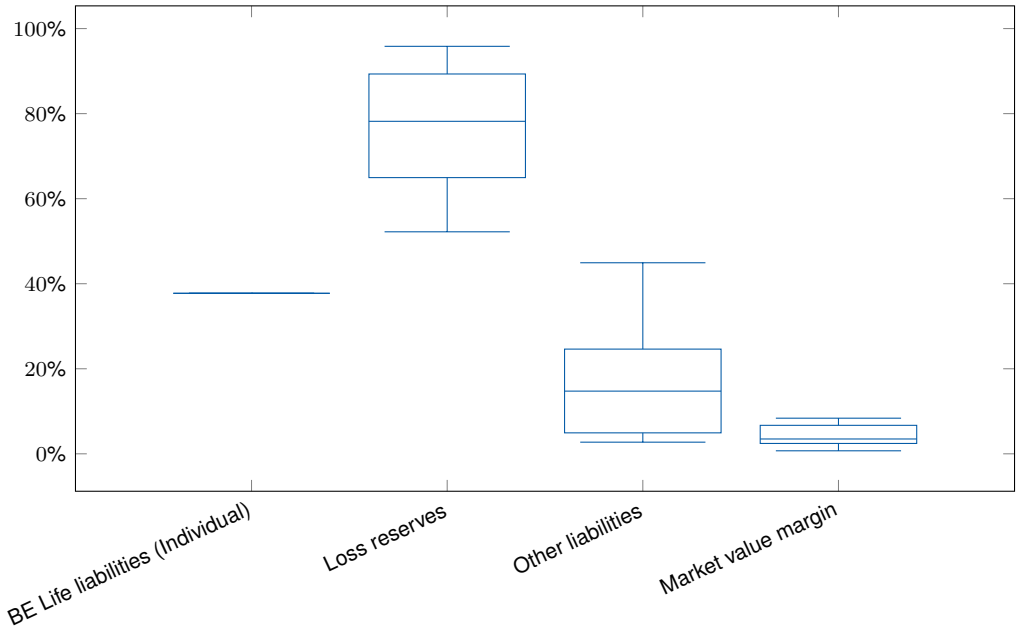

Figure 54: Reinsurance (distribution as boxplot)

8.4 Market-conform value of liabilities and target capital in relation to the balance sheet total

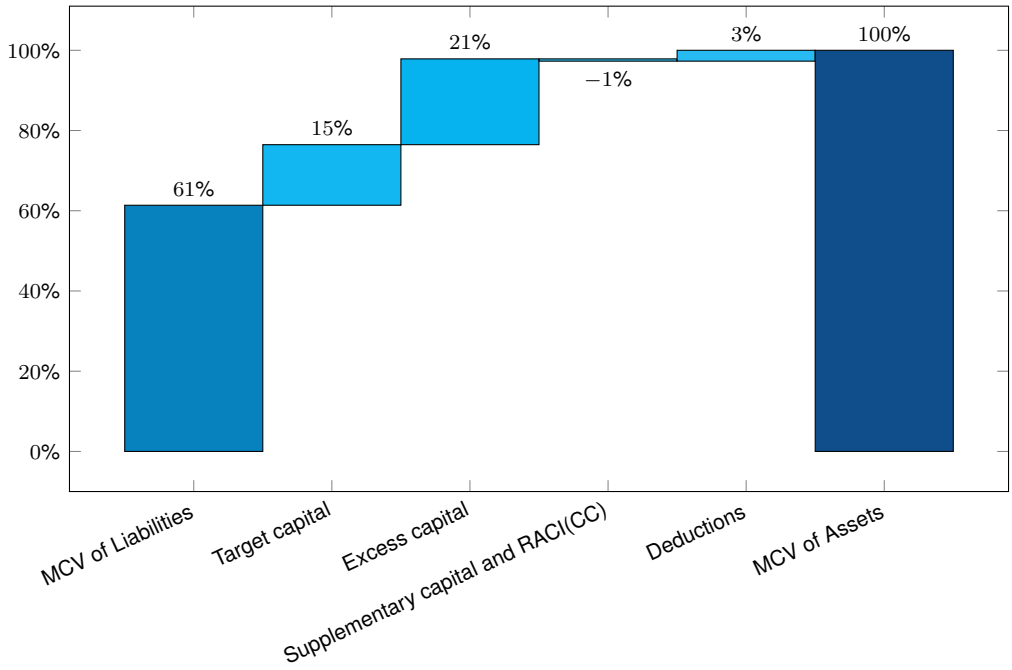

Figure 55: Reinsurance (mean values by sector)

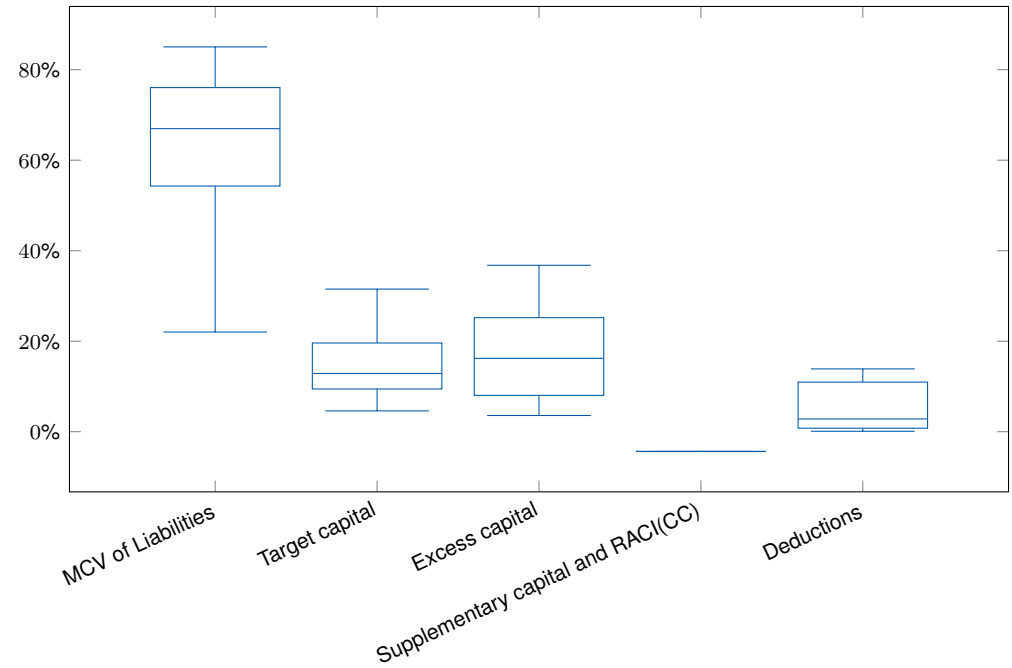

Figure 56: Reinsurance (distribution as boxplot)

8.5 Target capital decomposition

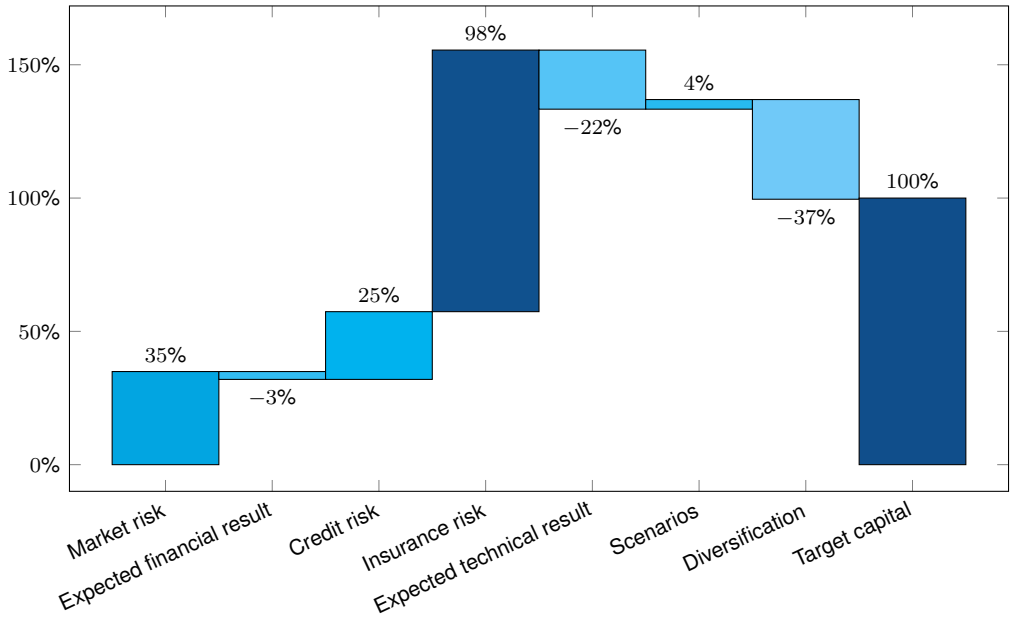

Figure 57: Reinsurance (mean values by sector)

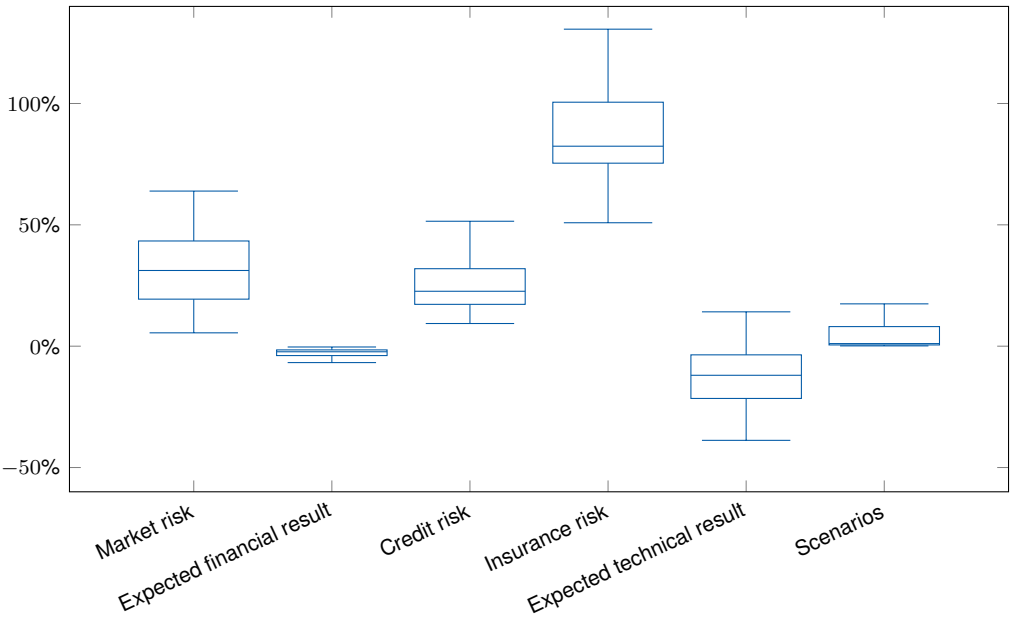

Figure 58: Reinsurance (distribution as boxplot)

8.6 Market risk analysis

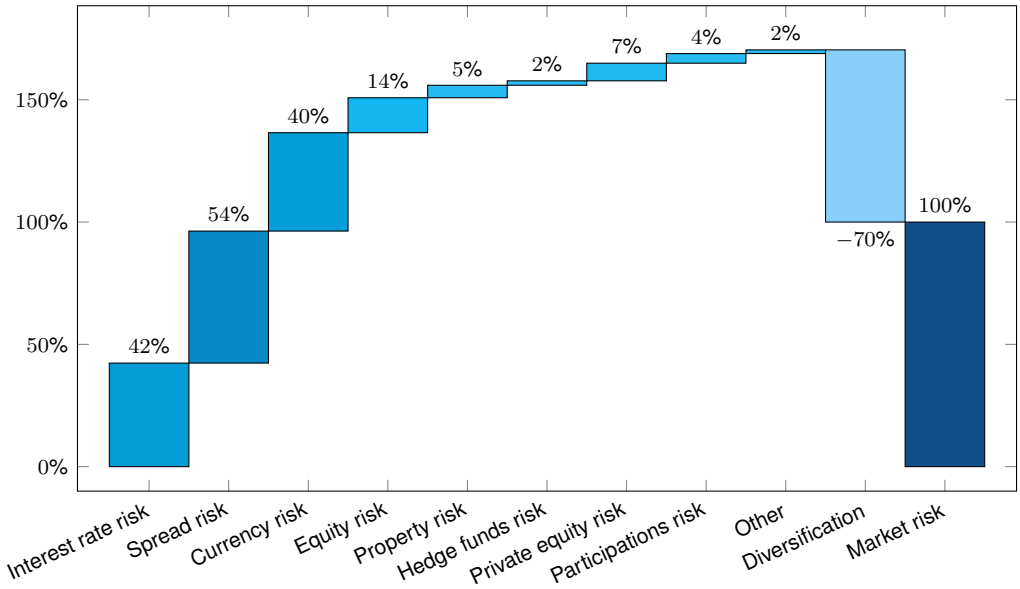

Figure 59: Reinsurance (mean values by sector)

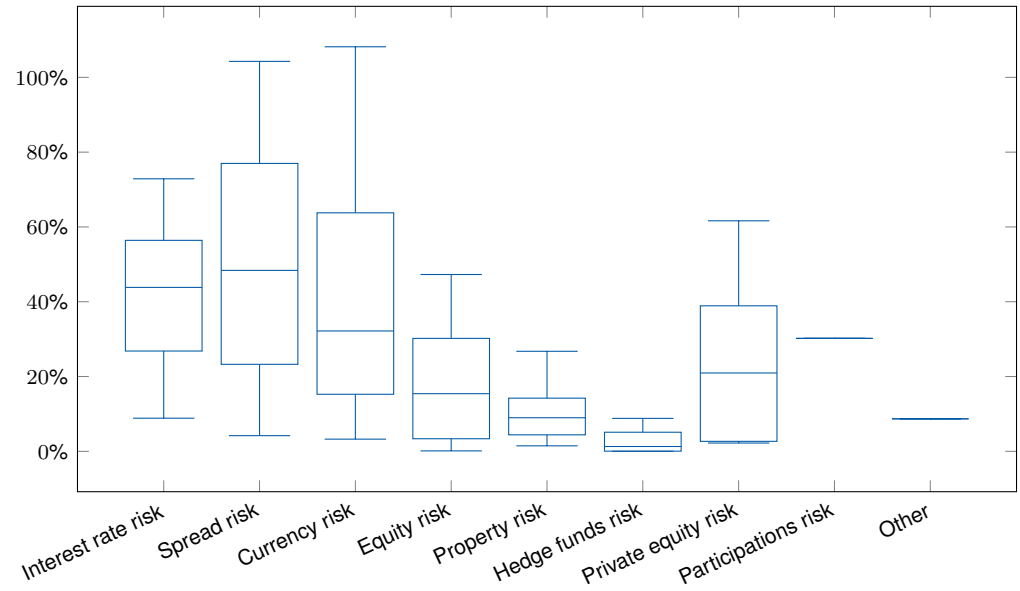

Figure 60: Reinsurance (distribution as boxplot)

8.7 Interest rate analysis

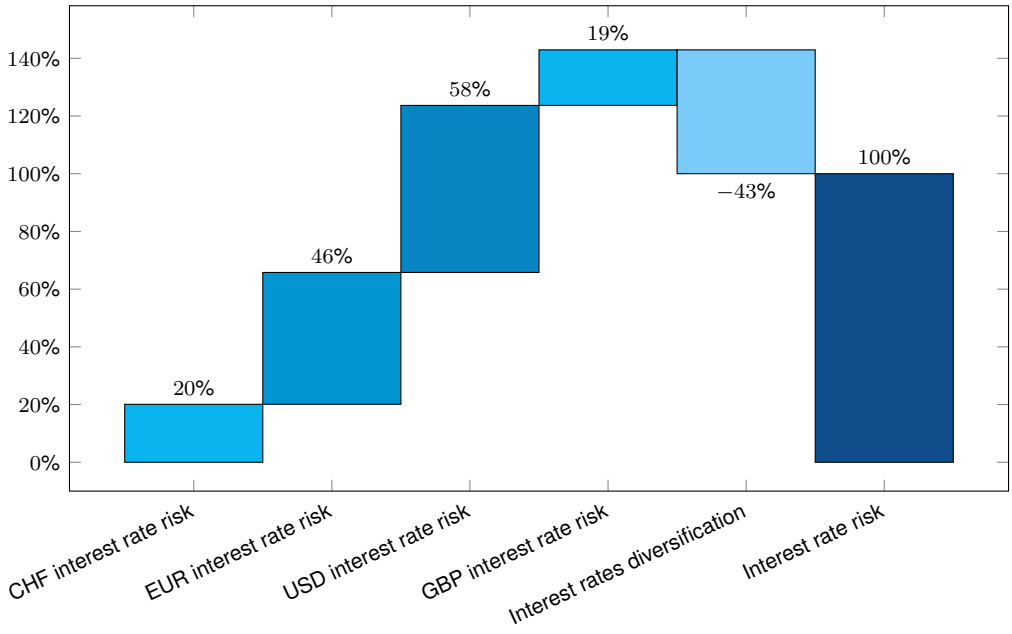

Figure 61: Reinsurance (mean values by sector)

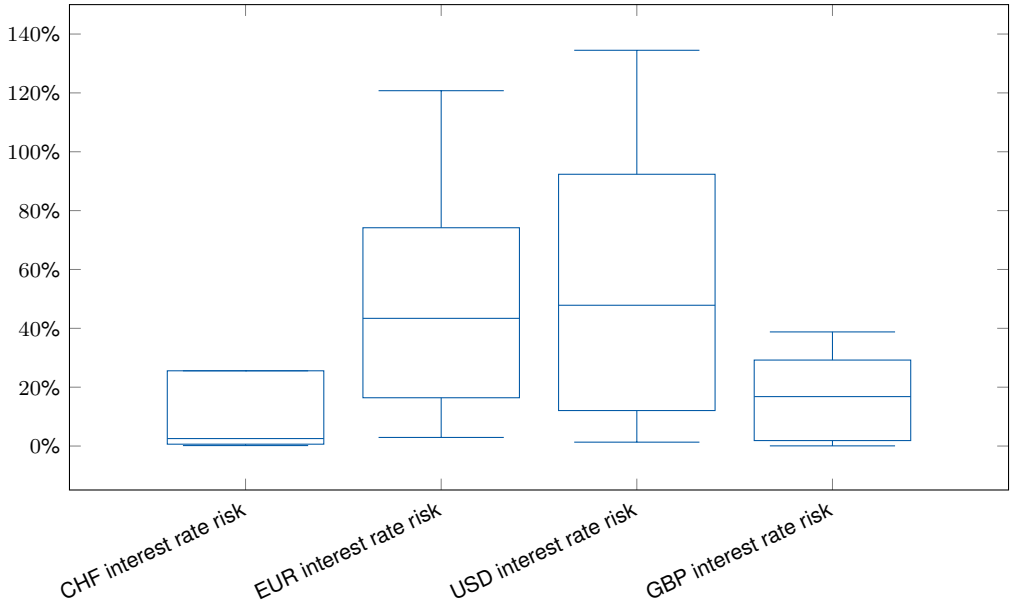

Figure 62: Reinsurance (distribution as boxplot)

8.8 Impact ratios for market and credit risk scenarios

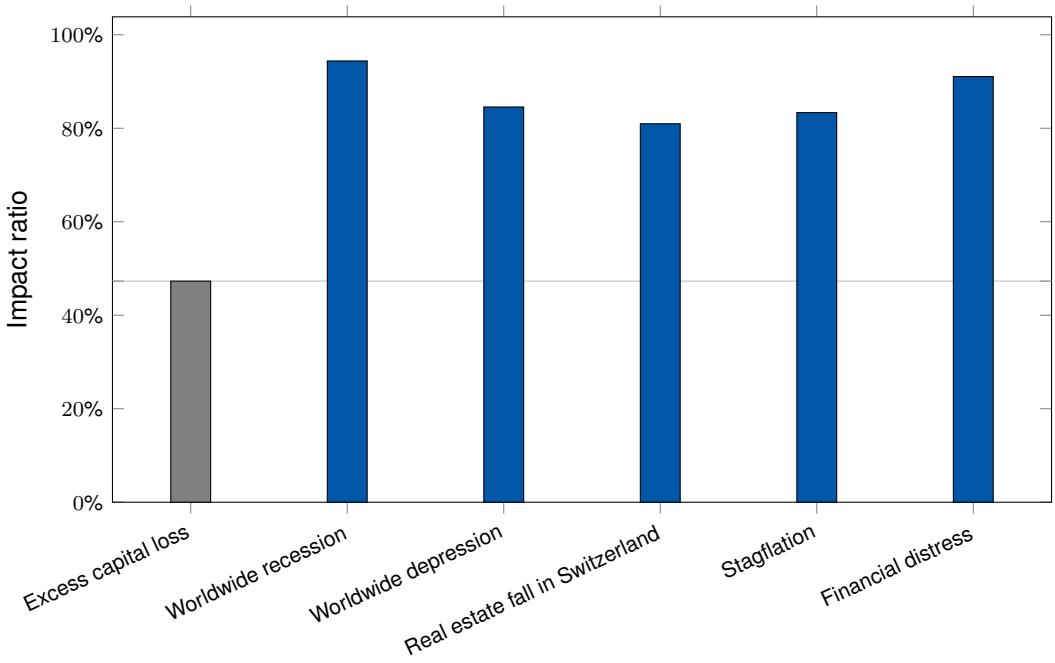

Figure 63: Reinsurance (mean values by sector)

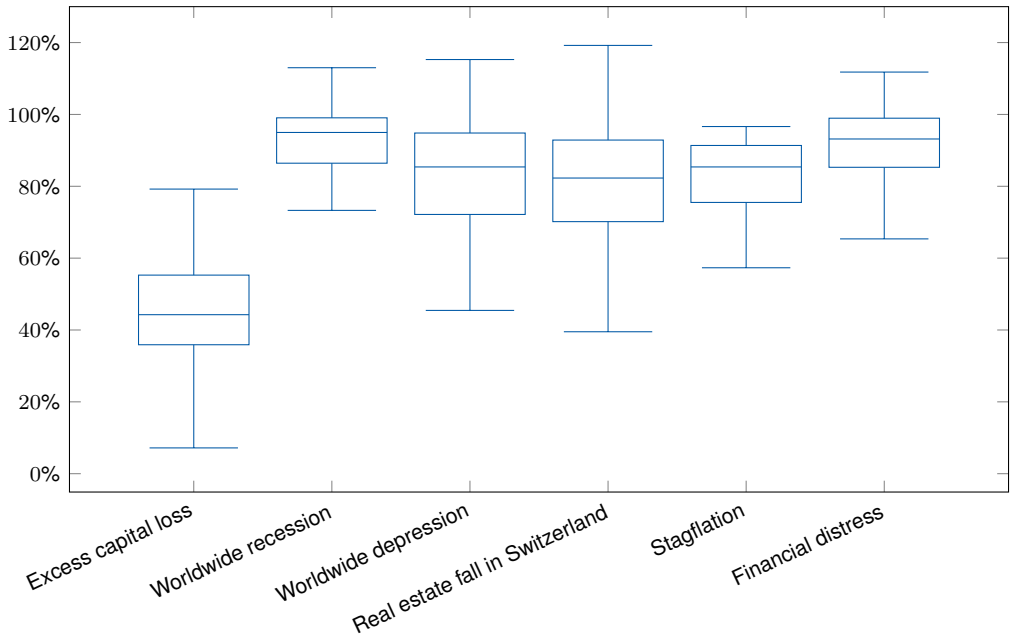

Figure 64: Reinsurance (distribution as boxplot)

8.9 Impact ratios for insurance risk and global scenarios

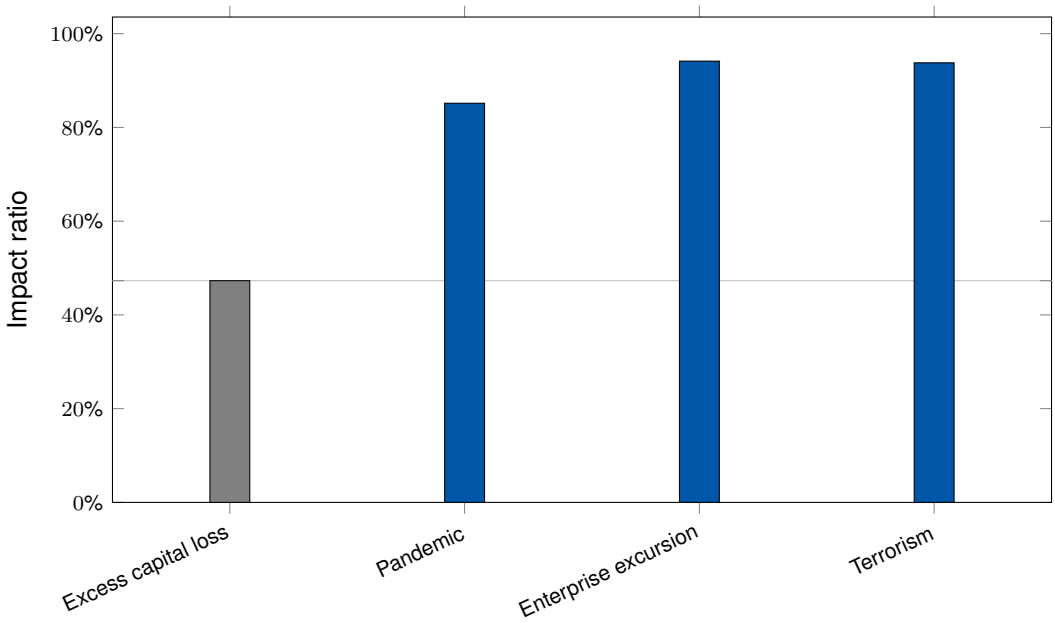

Figure 65: Reinsurance (mean values by sector)

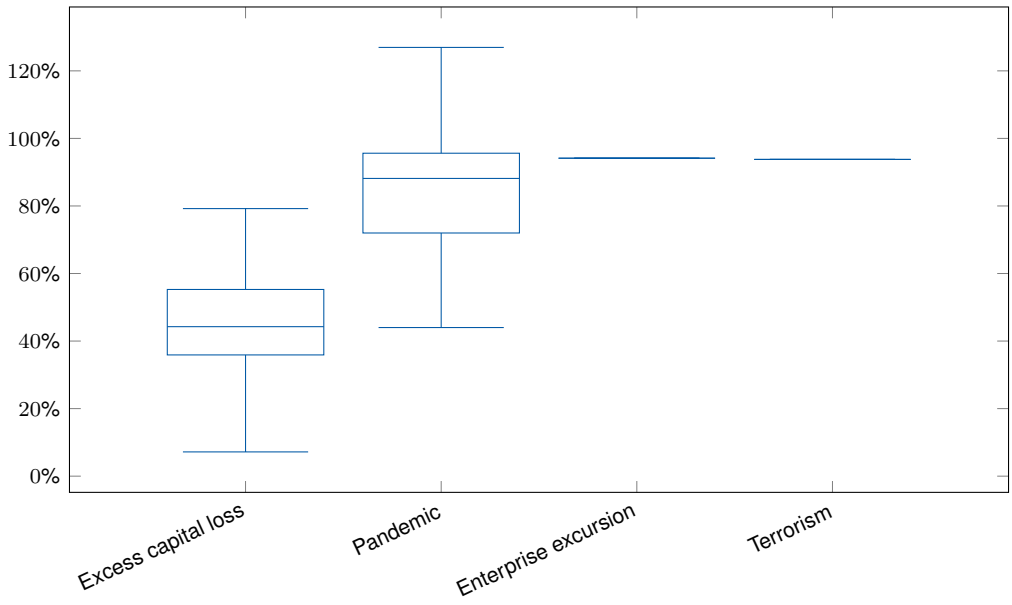

Figure 66: Reinsurance (distribution as boxplot)

9 Re Captive

The overall SST ratio calculated over all reinsurance captives increased by 2% from 232% in 2023 to 237% in 2024. The risk bearing capital increased by 2% to CHF 3.811 million, while the target capital went down[13] by 2% to CHF 1.609 million. The comparison is based on aggregate numbers obtained by summing over all reinsurance captives (24 in total).

With regards to the individual analysis, in order to avoid that companies with larger volume dominate the results, an average over the percentages for each company is shown.

Re Captive	FDS component	
Bonds	Government bonds	61.1%
	Corporate bonds	38.9%
	Investment funds: bonds	0%

Table 14: Breakdown of *Investments* category *Bonds* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

Re Captive	FDS component	
Loss reserves	Best estimate of insurance liabilities (life): gross	0%
	Best estimate of insurance liabilities (non-life): gross	0%
	Best estimate of insurance liabilities (health): gross	0%
	Active reinsurance (indirect business)	100%
Other liabilities	Deposit liabilities from ceded reinsurance	0%
	Liabilities from derivative financial instruments	0.2%
	Non-technical provisions	6.9%
	Liabilities from insurance business	30%
	Other liabilities	62.8%
	Reserves for surplus funds	0%
	Subordinated liabilities	0%
	Interest-bearing liabilities	0%

Table 15: Breakdown of *Liabilities* categories *Loss reserves* and *Other liabilities* as reported in the Fundamental Data Sheets (FDS) as of 1 January 2024.

[13] Due to the new definition of TC as of January 1, 2024, which ceteris paribus leads to smaller than last year's TC.

9.1 Comments on results

The asset portfolios of reinsurance captives are mainly concentrated in other assets (60%) followed by other investments (26%), as illustrated in Figure 67. A further breakdown of the investment category bonds is shown in Table 14.

As shown in Figure 69, the liabilities of reinsurance captives are mainly concentrated in loss reserves (76%) followed by other liabilities (16%). In Table 15, a breakdown of loss reserves and other liabilities into their components is shown.

The target capital is driven (before diversification) by the insurance risk (94%) followed by the credit risk (29%) and market risk (15%) (see Figure 73).

The main drivers of the market risk (before diversification) are the interest rate risk (55%) and currency risk (41%). As shown in Figure 77, interest rate risk is dominated by the EUR interest rate risk (56% before diversification) (see Figure 75).

9.2 Assets

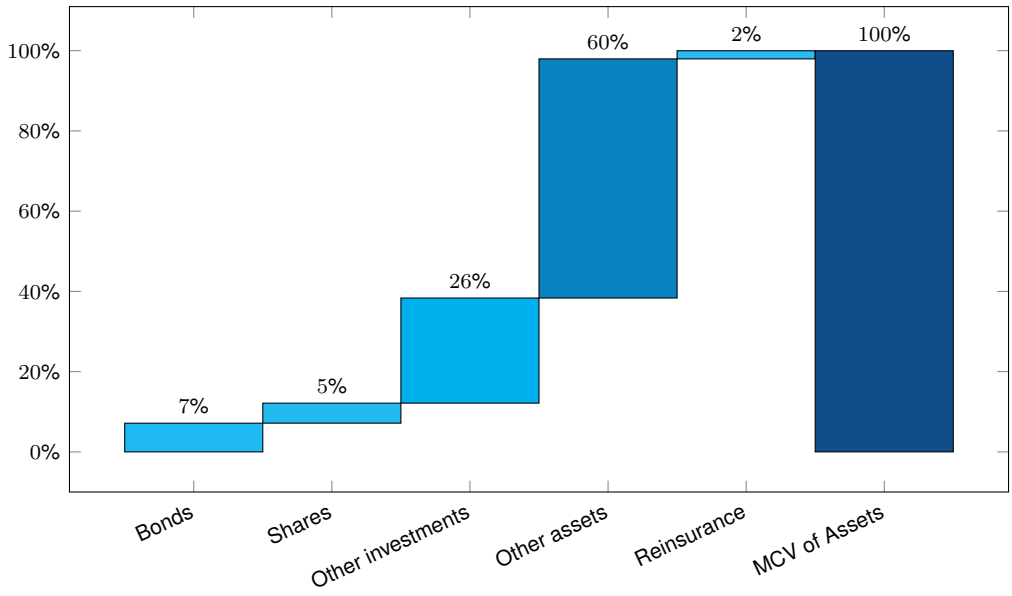

Figure 67: Re Captive (mean values by sector)

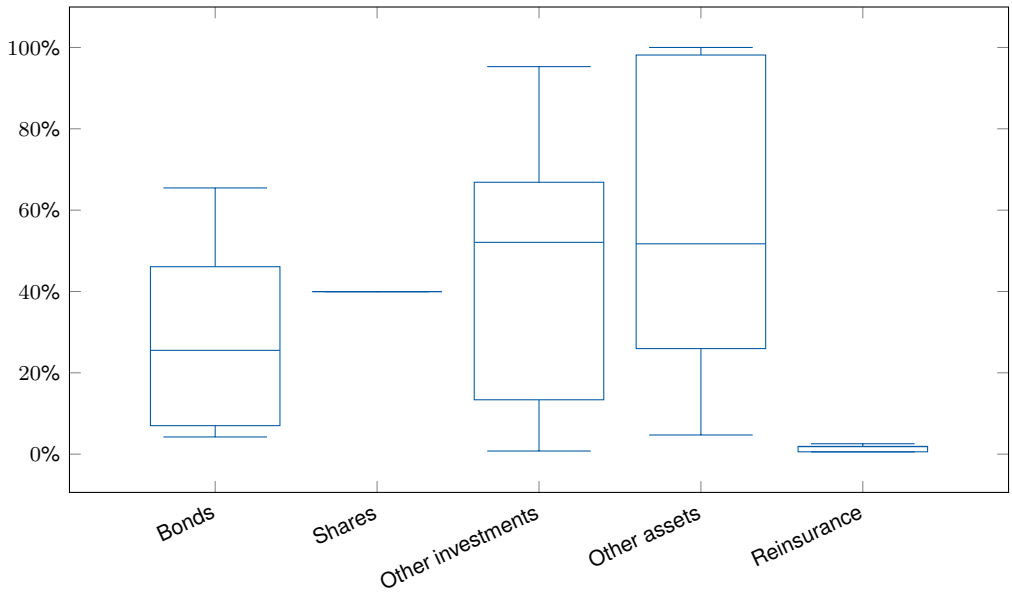

Figure 68: Re Captive (distribution as boxplot)

9.3 Liabilities

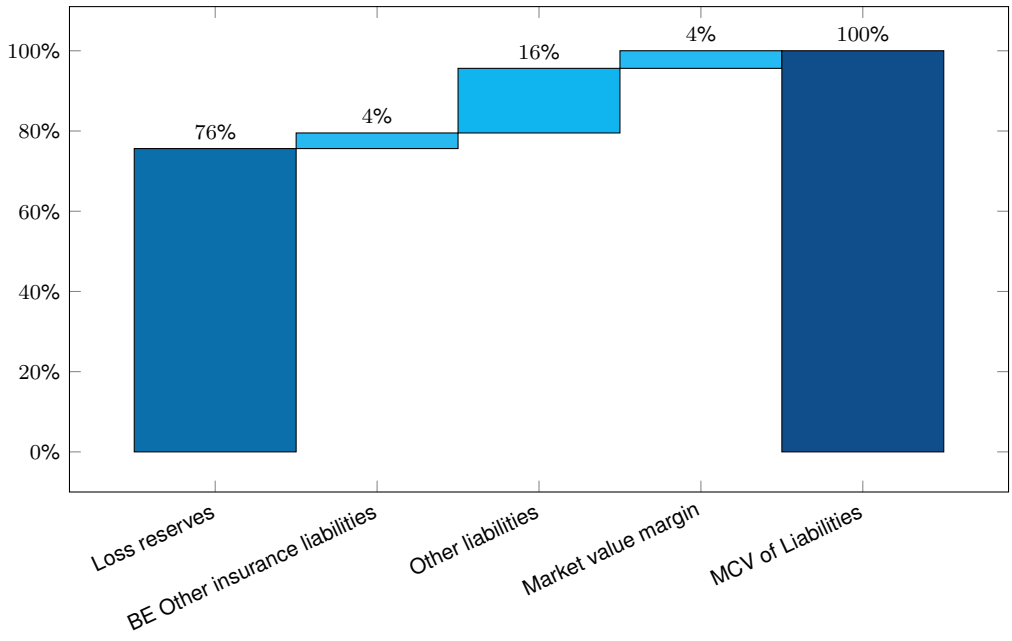

Figure 69: Re Captive (mean values by sector)

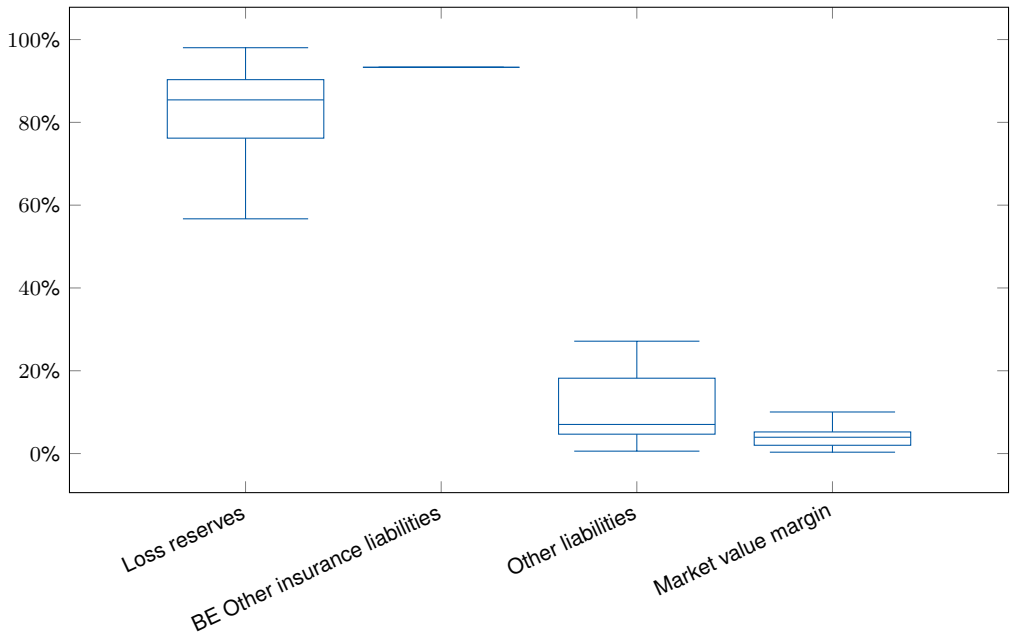

Figure 70: Re Captive (distribution as boxplot)

9.4 Market-conform value of liabilities and target capital in relation to the balance sheet total

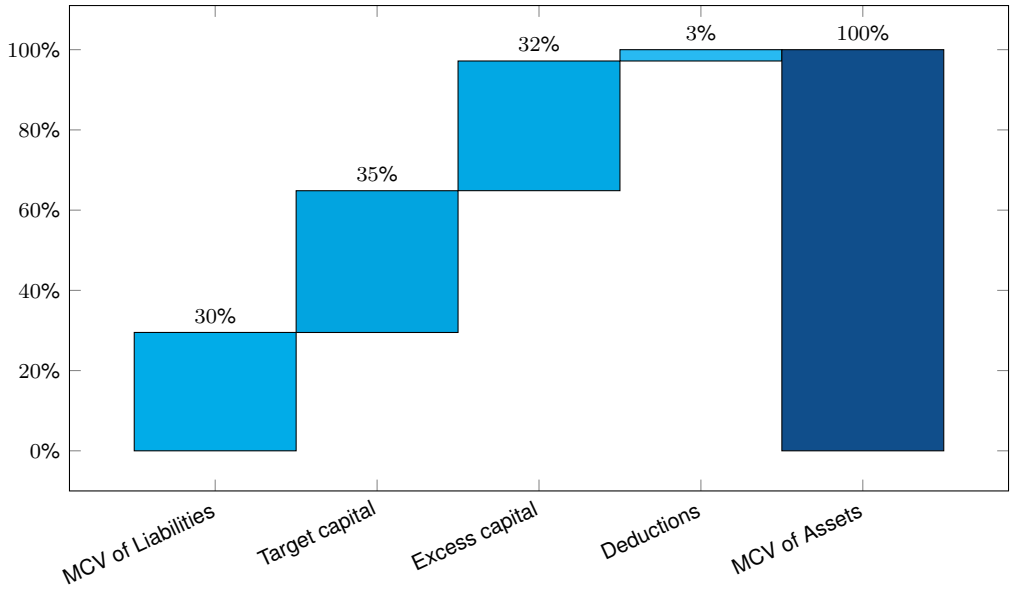

Figure 71: Re Captive (mean values by sector)

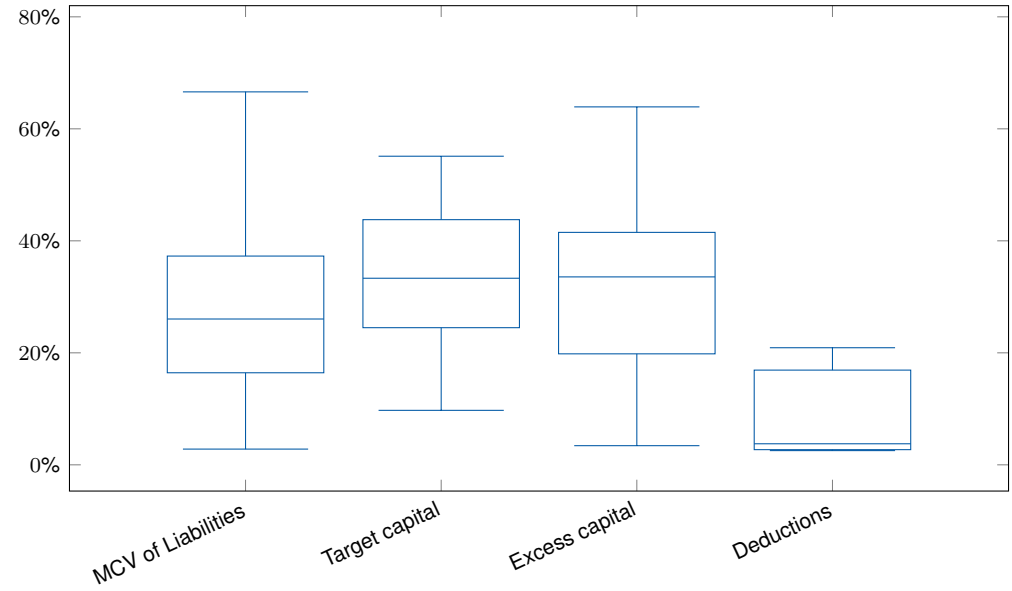

Figure 72: Re Captive (distribution as boxplot)

9.5 Target capital decomposition

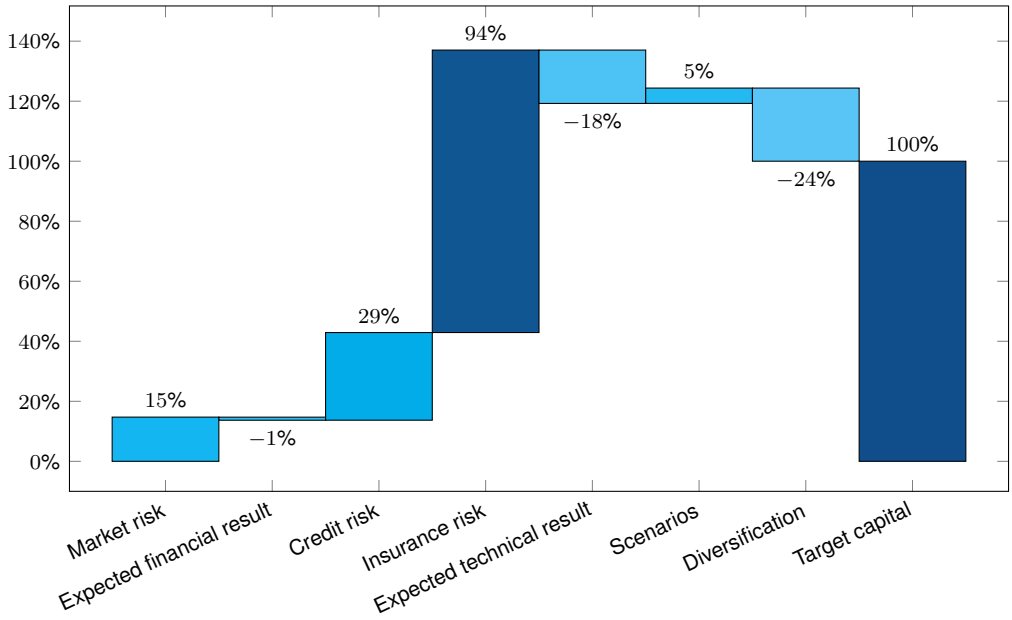

Figure 73: Re Captive (mean values by sector)

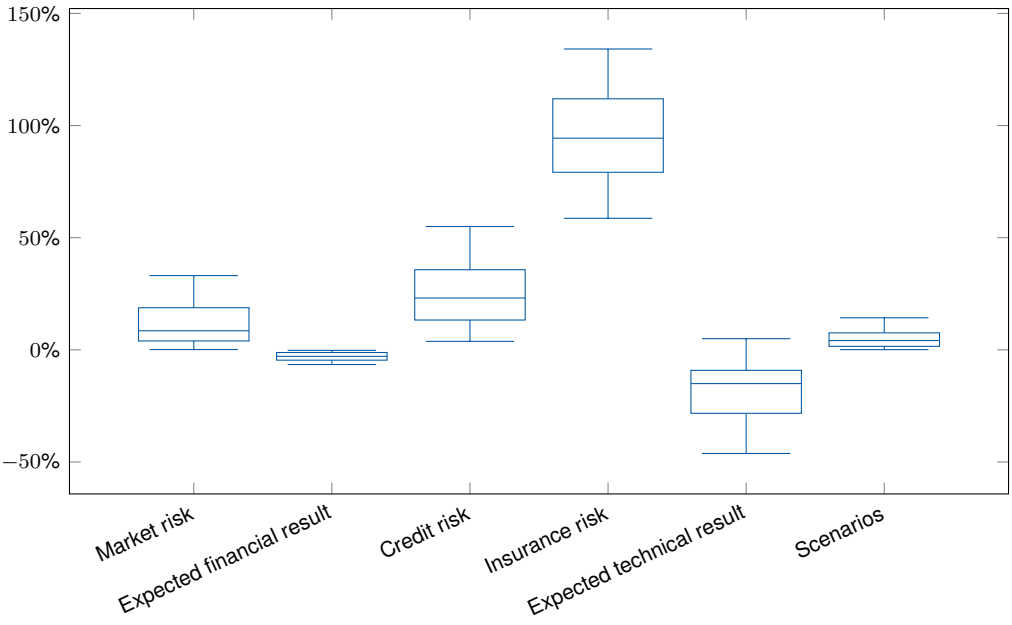

Figure 74: Re Captive (distribution as boxplot)

9.6 Market risk analysis

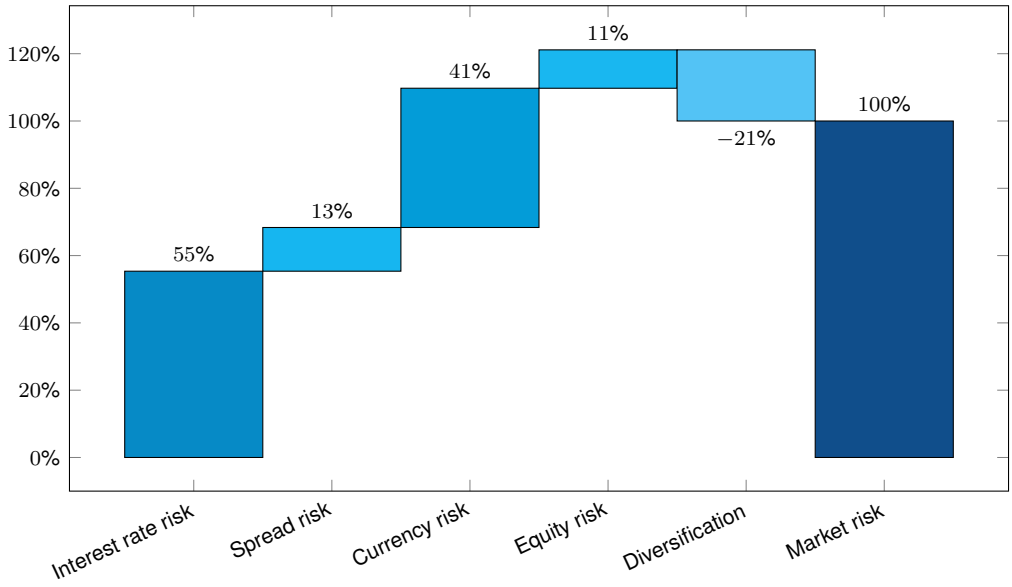

Figure 75: Re Captive (mean values by sector)

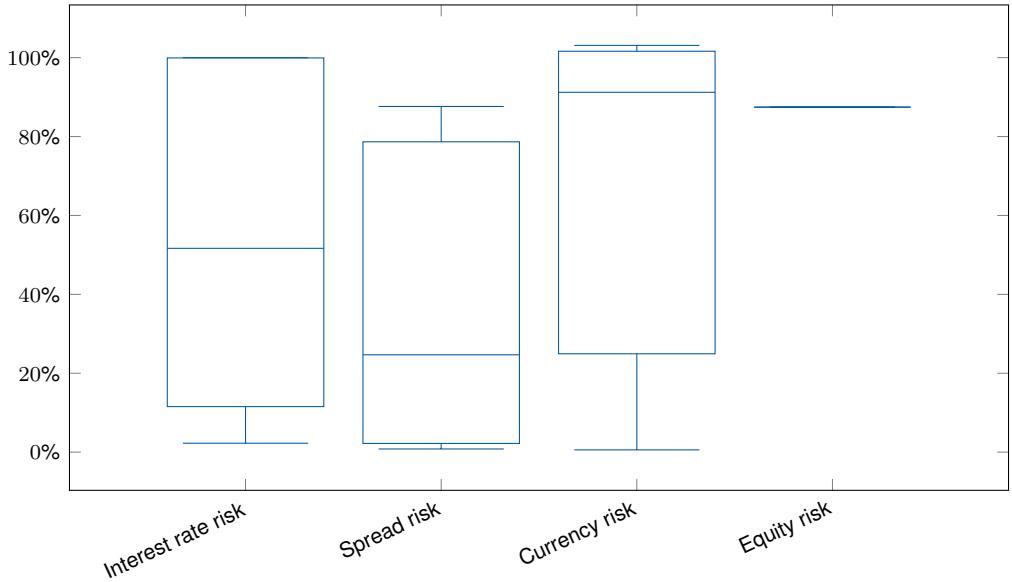

Figure 76: Re Captive (distribution as boxplot)

9.7 Interest rate analysis

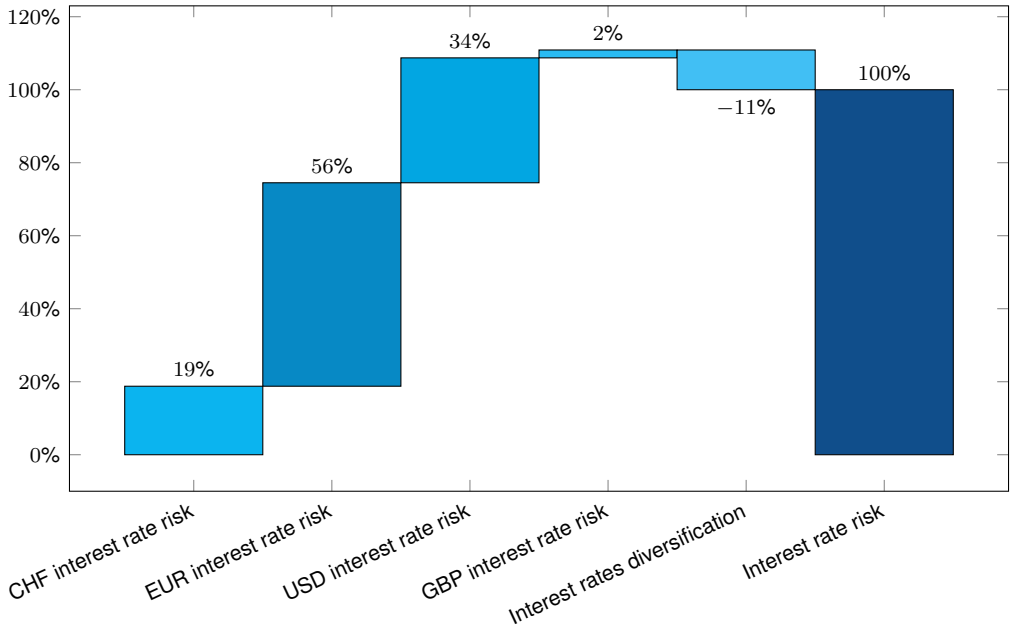

Figure 77: Re Captive (mean values by sector)

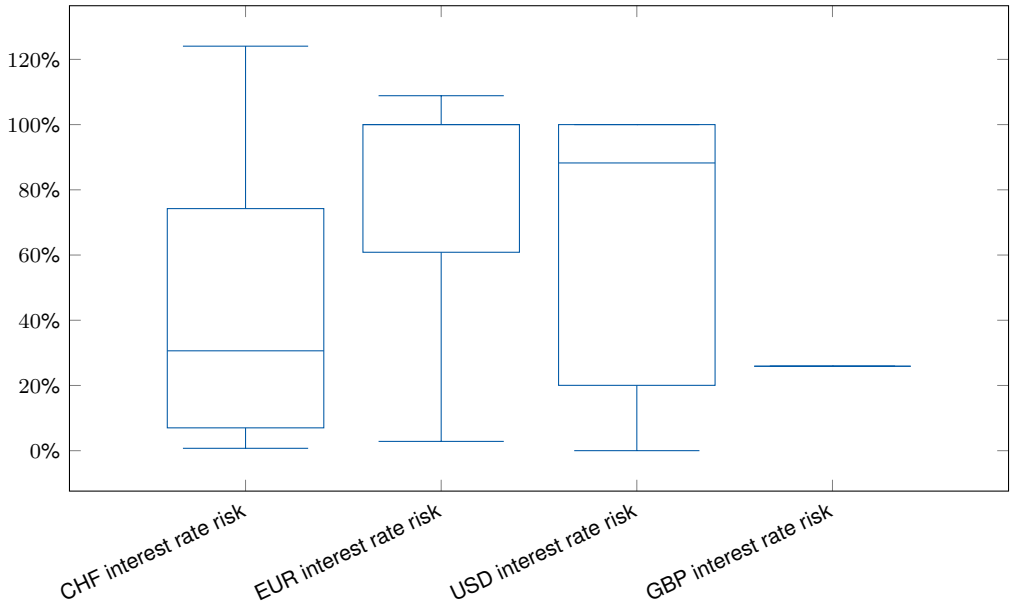

Figure 78: Re Captive (distribution as boxplot)

9.8 Impact ratios for insurance risk and global scenarios

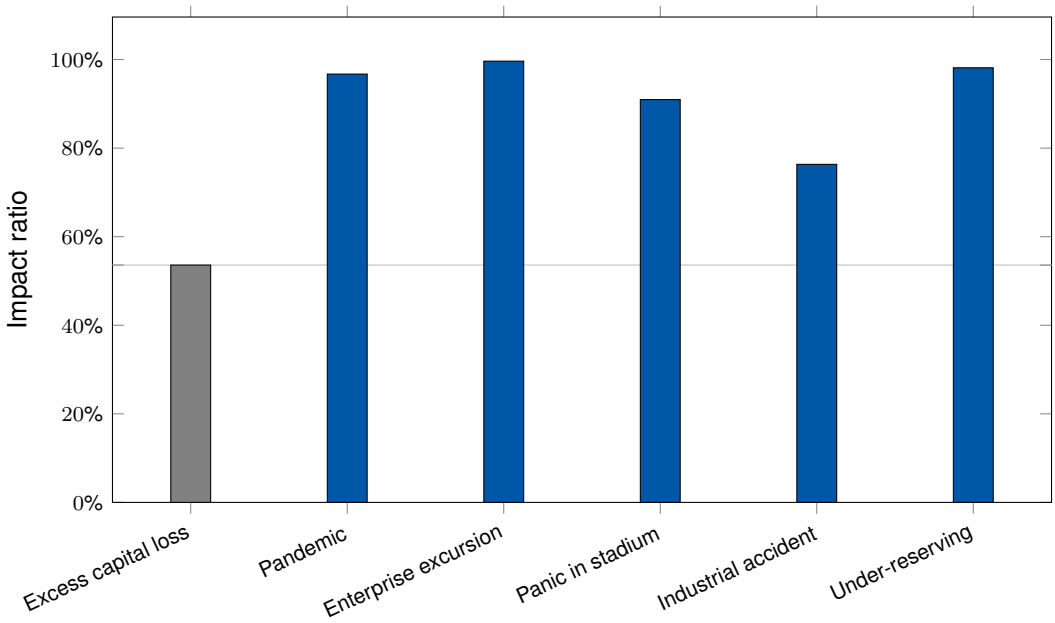

Figure 79: Re Captive (mean values by sector)

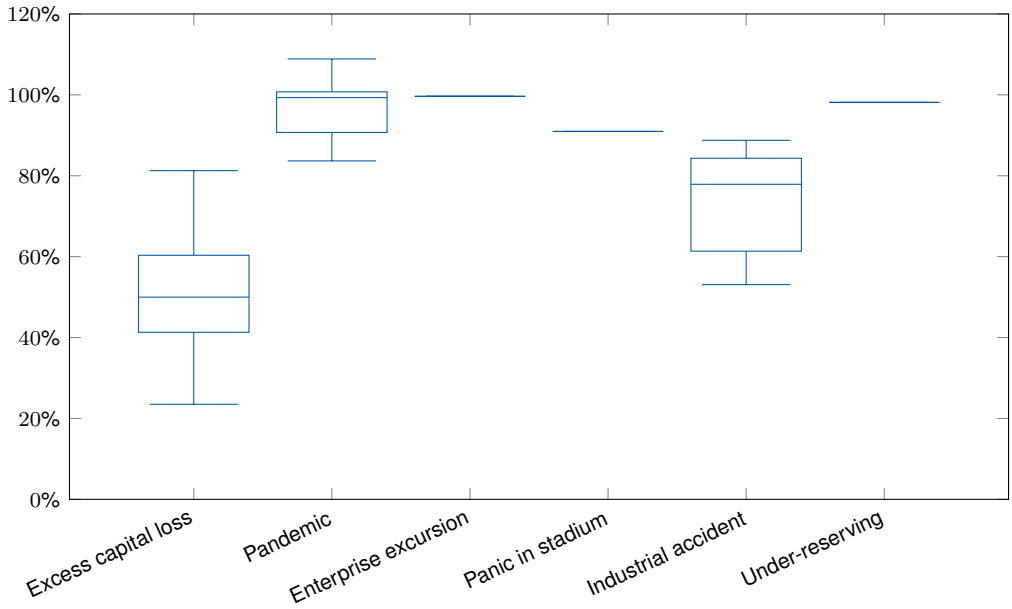

Figure 80: Re Captive (distribution as boxplot)

A Glossary for figures

In the following appendix, risk is measured by the 1% expected shortfall.

A.1 Waterfall chart

Waterfall charts explain the quantitative decomposition of an entity by revealing the cumulative positive and negative effects of its components in the form of bars. The waterfall charts in this report show unweighted mean values.

A.2 Boxplot

Each boxplot graphic consists of a box and two lines extending vertically from the box, called whiskers. The box is defined through the lower quartile, the 0.25-quantile of the input data, and the upper quartile, the 0.75-quartile of the input data. The horizontal line inside the box is the median, i.e. half of the points are less and half of the points are larger than the median.

The whiskers indicate variability outside the upper and lower quartiles. They are limited to a maximum of 1.5 times the length of the box and end at the last data value that is still within this limit. Any data outside of the whisker range is considered to be an outlier and not shown.

The boxplots in this report exclude all data points equal to zero. Moreover, if less than 5 companies submitted data, only the mean value is shown.

A.3 Liabilities

Loss reserves	Best estimate of liabilities, gross of reinsurance, for claims in general insurance or treatments in health insurance which happened prior to the reference date of the balance sheet.
Life liabilities (Individual)	Best estimate of liabilities, gross of reinsurance, for individual life insurance contracts, excluding unit-linked liabilities.
Life liabilities (Group)	Best estimate of liabilities, gross of reinsurance, for group life insurance contracts, excluding unit-linked liabilities.
Long-term liabilities	Best estimate of liabilities, gross of reinsurance, for health insurers owing to the fact that the insurer is obliged to renew the health insurance contract until the death of or surrender by the insured.
Other insurance liabilities	Best estimate of other insurance liabilities, gross of reinsurance.
Unit-linked liabilities	Best estimate of liabilities, net of reinsurance, for unit-linked insurance contracts.
Other liabilities	Remaining liabilities, e.g. surplus funds, bonds/loans, various obligations, etc.
Market value margin	Expected cost of the risk-bearing capital to be held for the settlement of the insurance liabilities over their lifetime.

A.4 Market-conform value of liabilities and target capital in relation to the balance sheet total

Market-conform value of liabilities	Market-conform value of liabilities at the reference date of the SST.
Target capital	Risk arising from the one-year change in risk-bearing capital.
Excess capital	Commonly used to refer to that part of the risk-bearing capital that is held by an insurer in excess of the target capital, i.e. risk-bearing capital minus target capital.
Supplementary capital	Additional capital eligible to cover an insurers target capital such as hybrid capital or subordinated debt.
Risk absorbing capital instruments (CC)	Value of those capital instruments in tier 1, which are recognized in core capital.
Deductions	Regulatory adjustments for determining an insurers core capital. Deductions include, among others, own shares, goodwill and other intangibles, planned dividend payments or repayments of debt.

A.5 Target capital decomposition

Market risk	Standalone risk from financial market risk factors.
Expected financial result	Negative of the expected financial result on the assets in excess of the risk-free rate.
Credit risk	Standalone credit risk (default and migration).
Insurance risk	Standalone insurance risk.
Expected technical result	Negative of the expected result on the new insurance business, excluding the financial result.
Scenarios	Impact of the scenarios (prescribed and company-specific) on the target capital.
Other	Impact on the target capital of risks not included elsewhere (e.g. guarantee).
Target capital	Risk arising from the one-year change in risk-bearing capital.

A.6 Market risk analysis

Spread risk	Risk arising from corporate and governmental spreads over the risk-free rate.
Currency risk	Risk arising from the foreign exchange market.
Equity risk	Risk arising from quoted shares and share funds.
Property risk	Risk arising from real estate investments and real estate funds.
Hedge funds risk	Risk arising from hedge funds.
Private equity risk	Risk arising from private equity investments.
Participations risk	Risk arising from participations in enterprises not recognised for official quotation that is not private equity.
Other	Risk arising from market risk but not covered by above categories.

A.7 Interest rates analysis

CHF interest rate risk	Risk arising from Swiss risk-free interest rates.
EUR interest rate risk	Risk arising from Euro risk-free interest rates.
USD interest rate risk	Risk arising from US risk-free interest rates.
GBP interest rate risk	Risk arising from British risk-free interest rates.

A.8 General insurance risk analysis

Reserve risk	Risk that ultimate costs relating to incurred claims (existing claims) vary from those assumed when the liabilities were estimated. Reserve risk arises from claim sizes being greater than expected or differences in timing of claims payments from expected.
Normal claims	Risk from claims with loss amounts below a certain threshold value, typically characterized by high frequencies and low severities. Related terms: frequency claims, small claims, attritional claims

Large claims	Risk from claims with loss amounts above a certain threshold value, typically characterized by low frequencies and high severities.
Nat Cat	Risk from claims triggered by a single event, or a series of events (natural hazards such as earthquake, flood, hail, storm, etc.), of major magnitude, usually over a short period (often 72 hours) that lead to a significant deviation in actual claims from the total expected claims.

B Global glossary

Core capital	Core measure of an insurer's strength from a regulatory perspective. Core capital equals the market-conform value of assets minus the market-conform value of liabilities minus deductions plus those risk absorbing tier 1 capital instruments, which are recognized in core capital. Related terms: market-conform valuation, market value margin, deductions
Cost of capital	Cost rate used to determine the costs expected for all future one-year capital requirements until run-off.
Economic balance sheet	Balance sheet statement based on market-conform values for all assets and liabilities relating to in-force business, including off-balance sheet items. Related terms: market-conform valuation, total balance sheet approach
Expected shortfall	A coherent risk measure. For a given confidence level of α, it measures the average losses over the defined threshold (typically set as the value-at-risk for a chosen percentile), given that the loss (which has negative sign) is worse than the α percentile. In case of a continuous loss distribution, the expected shortfall corresponds to the conditional mean value. Related term: value-at-risk
Fundamental data sheet	Form to report figures for the annual SST reporting process. It needs to be submitted to FINMA by all insurers, regardless of whether they use an internal model or the SST standard model.
Market-conform valuation	The practice of valuing assets and liabilities on market values, where observable, with a given quality (mark-to-market); where not, on market-conform valuation techniques (mark-to-model).

Premium risk	Risk that ultimate costs relating to *future* claims vary from those assumed when the obligations were estimated. Premium risk arises from claim sizes being greater than expected or differences in claims frequency from those expected. Premium risk is composed of frequency claims, large claims and catastrophe claims. Synonyms: current year risks, underwriting risks, pricing risk Related terms: reserve risk
Risk-bearing capital	Capital which may be taken into account when determining the insurers available capital for SST purposes. Risk-bearing capital is defined as the sum of the core capital and the supplementary capital. Related terms: core capital, supplementary capital
Risk-free interest rate	Risk-free interest rate is the theoretical rate of return of an investment with no credit risk. Related term: risk-free yield curve
Risk-free yield curve	Curve that shows the relation between the risk-free interest rate and the time to maturity (the term) in a given currency. The yield curves corresponding to the bonds issued by governments in their own currency are called the government bond yield curves and considered as risk-free in the context of the SST. Related terms: risk-free interest rate
Supervisory category	System of risk categories to which supervised institutions are assigned by FINMA. The categories range from 1 (extremely large, major and complex companies with very high risks) to 5 (small companies with rather low risks). Currently, there are insurance companies in risk categories 2 to 5.
Supplementary capital	Additional capital eligible to cover an insurer's target capital. The supplementary capital corresponds to the eligible amount of the risk-absorbing capital instruments, which are counted towards the risk-bearing capital but not towards the core capital. Related terms: risk-bearing capital, core capital, target capital
Target capital	The amount of capital to be held by an insurer to meet the quantitative requirements under the SST. Related terms: risk-bearing capital

Total balance sheet approach	Principle which states that the determination of the amount of capital an insurer has available and needs for solvency purposes should be based upon all assets and liabilities, as measured in the insurers regulatory balance sheet (e.g. market-conformly), and how they interact. Related terms: economic balance sheet, market-conform valuation
Value-at-risk	Value-at-risk is a percentile of a distribution and is used as a (non-coherent) risk measure. Related term: expected shortfall