



## MEDIA RELEASE

Zurich, February 5, 2025

### **More than 90 per cent of the population underestimate Switzerland's earthquake risk**

**The Swiss Insurance Association (SIA) presents a solid premium volume for 2024 at its annual media conference and, marking its 125-year anniversary, sets out its priorities for the years to come: as well as market economy framework conditions, these include better hedging of major risks like earthquakes. A new study by Sotomo points towards a severe underestimation of Switzerland's earthquake risk. The SIA stresses that earthquakes are highly insurable and expresses its clear opposition to contingent liability.**

Kicking off their professional association's 125th anniversary year at their annual media conference in Zurich, once again Switzerland's private insurers looked back on a solid premium volume development in 2024. 'Not a surprise, but a sign of the stability of the sector,' explains SIA's CEO Urs Arbter. A stability the sector takes pride in – and one that is to continue in the coming years. The SIA has outlined how this might be achieved in its updated priorities, the key features of which were presented by SIA Chairman Stefan Mäder.

### **Market economic framework conditions highly significant**

For instance, he stressed, the SIA will continue its emphatic efforts to promote market economic framework conditions in the coming years. 'The insurance industry must be given free rein to develop to enable it to continue to optimally perform its role as a stabilising and innovation-driving sector going forward,' says Mäder. Mäder stresses that special attention should be given to the insurability of major risks and the transformation of retirement provision, which requires fresh impetus following the rejection of the OPA reform and, lastly, that greater emphasis should be placed on supplementary health insurance. Mäder is particularly pleased to see the entire sector pull together again, with Axa Switzerland joining the SIA as a returning member as of 1 January too.

### **Earthquake risk underestimated in Switzerland**

One of these major risks which has been afforded too little attention thus far is the risk of earthquake, as Clemens Markstein, CEO of Baloise Switzerland and member of SIA's Board of Directors, explains: 'More than 90 per cent of Swiss people underestimate the risk of a moderate earthquake in Switzerland.' This is in reference to a Sotomo study commissioned by the SIA: despite the 80 per cent probability of an earthquake on a magnitude of 5 to 6 on the Richter scale occurring in Switzerland in the next 50 years, according to the survey, earthquakes are perceived as the lowest threat among the Swiss population – featuring significantly less prominently than landslides and floods.

And this is something that is reflected in insurance cover choices, because although according to the Sotomo survey roughly three-quarters of the population regard financial cover for residential buildings against earthquake damage as somewhat or very important, an internal SIA survey reveals that only 23 per cent of insurable building assets in Switzerland are actually covered against earthquakes. This leads Clemens Markstein to conclude that not enough is being done in Switzerland to raise awareness of this. The potential of this would be immense: 'There is a willingness to protect ourselves, on our own initiative, against the risk of earthquake and this should be utilised.'

### **SIA rejects misguided contingent liability**

This is in contrast to the current hot topic, the misguided approach of contingent liability, on the subject of which the Federal Council issued a message to Parliament during its session of 13 December 2024. Unable to be deemed pension provision or even insurance, 'This is more of a quick-fix solution without any guarantee of enforceability in the event of a claim,' says Markstein. Not to mention the fact that this would be associated with an immense administrative outlay – an additional levy is unlikely to be enforceable in a tense situation like this. It would also further exacerbate what is already a difficult economic situation if Switzerland had to manage the rebuilding with its own funds, without the option of resorting to the global reinsurance markets.

But there are alternatives, stresses Markstein: 'Earthquake risk is a highly insurable risk and an established line of insurance globally.' So before introducing an additional tax and a sham solution, the first step should be to invest in increased efforts to raise awareness among the population and, potentially, to review a mandatory combining of earthquake with fire insurance. 'The Swiss insurance industry already has very good experience with globally recognised natural hazard insurance, which it would be happy to make available,' concludes Markstein.

### **Stable premium volume development**

The private insurance sector looks back on a 2024 that primarily saw a continuation of the trends of previous years. 'The development of the premium volume reflects growing costs, economic development, but in part also society's changing understanding of risk,' says the Association's CEO Urs Arbter, commenting on the development. All in all, this development can be seen as a sign that the insurance industry is living up to its reputation as an anchor of stability for the Swiss economy.

While non-life saw slightly above-average, largely cost-related growth of +3.6 per cent, growth in health and accident insurance was slightly below average at +1.5 per cent. This is primarily attributable to a close correlation with wage growth that was down slightly on previous years. At -1.3 per cent, life insurance saw a slight drop in its overall premium volume, driven by a trend towards partial autonomy in group life insurance. By contrast, individual life insurance policies rose again slightly. It not yet possible to make any accurate predications with regard to reinsurance business. However, the SIA expects the growth trend to continue with a

slight increase in premium volume. Without taking reinsurance into account, the premium volume for the insurance industry grew by 0.9 per cent as a whole.

#### Details of changes to premium volume

- **+3.7 per cent in motor vehicle insurance.** Rising costs for repairs and spare parts have led to the premium volume rising again in motor vehicle insurance for the first time in a while.
- **+5.9 per cent in fire, natural hazard and property damage insurance.** This increase was driven primarily by an increase in sums insured, despite the construction cost index falling again initially. Premium volumes responded to these changes after a certain delay.
- **+2.3 per cent in professional and general liability insurance.** Stricter insurance terms and conditions prompted an increase in premium volume despite the slowing economy.
- **+1.5 per cent in accident insurance.** Less pronounced wage growth in comparison with previous years prompted a slightly below-average increase in premium volume.
- **+1.7 per cent in daily sickness benefit insurance.** Again, lower wage growth explains the slightly below-average increase in premium volume here.
- **+1.3 per cent in individual health insurance.** The trend towards a shift from in-patient to out-patient care is continuing. The increase is primarily due to portfolio expansion, as premiums only underwent a very slight adjustment.
- **-2.4 per cent in group life insurance.** Falling periodic premiums are an indication of a continuation of the trend towards partial autonomy.
- **+0.7 per cent in individual life insurance.** The positive trend of the last few years continued with renewed growth.

## **Note to editors**

The Swiss Insurance Association (SIA) is the industry association for Swiss private insurers. With approximately 70 members – including global primary insurers and reinsurers as well as nationally oriented specialist property, life and supplementary health insurers – the association represents over 95 per cent of the insurance premiums generated in Switzerland. The SIA is committed to the insurance industry's sustainable development and promotes solutions that contribute to the stability and security of the Swiss economy and society. As such, the private insurance industry makes a significant contribution to prosperity within Switzerland. The sector is one of the most productive and highest value-creating economic sectors in the country and employs roughly 50,000 employees. 2025 sees the SIA celebrate its 125th anniversary.

## **Media contact**

Swiss Insurance Association (SIA)

Phone: +41 44 208 28 14

Email: [media@svv.ch](mailto:media@svv.ch)

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