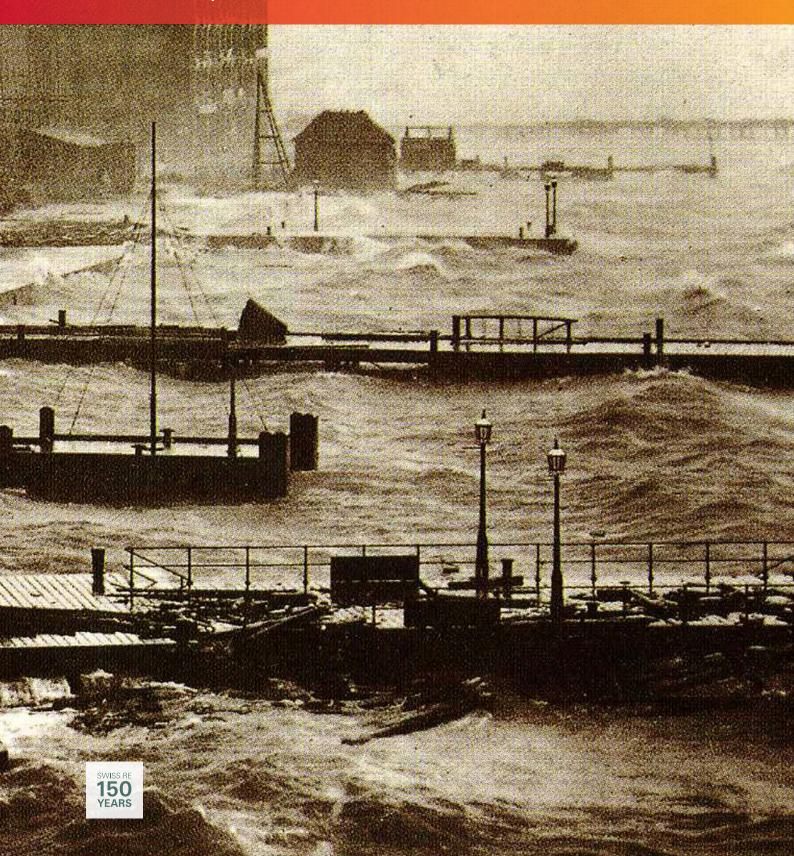
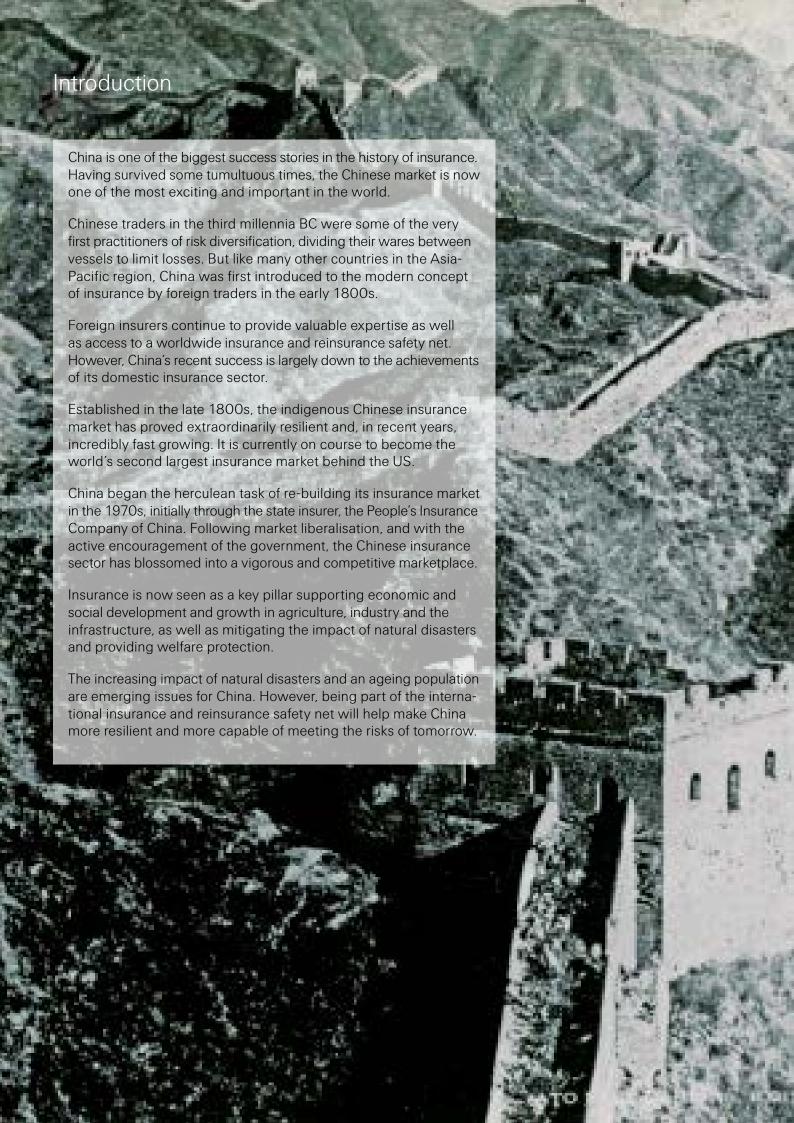


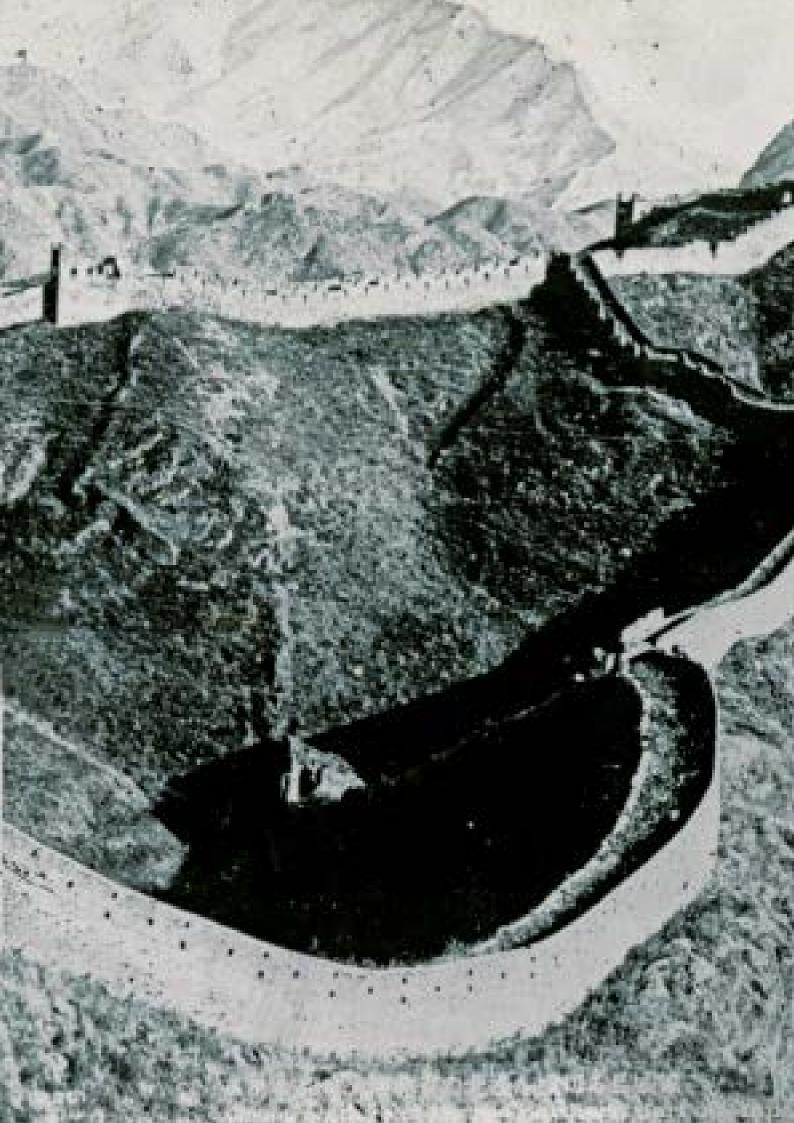
A History of Insurance in China



A History of Insurance in China

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Pre-1949: The Arrival of Insurance and the Rise of a Domestic Market

Insurance was an alien concept to the Chinese for much of the nineteenth century, but by the twentieth century a thriving community of domestic and foreign insurers was well established.

Marine, fire and life insurance were first introduced by foreign traders operating out of southern Chinese port cities. However, over time the Chinese themselves became involved, and eventually the first Chineseowned insurers were formed. Many of these insurers thrived – despite war, civil war and natural disasters – right up until the People's Republic of China was founded in 1949

Insurance travels east

The modern concept of insurance was first developed in Europe in the late 1600s when the first insurance companies were set up to provide cover for fire and marine risks, as well as early life insurance policies. Driven by industrial expansion, international trade and growing wealth, the benefits of insurance were quickly recognised, and the practice spread rapidly to the Americas and then Asia.

Marine, fire and life insurance usually followed in the wake of European traders, as they sought to protect cargo, warehouses and their lives with insurance. European insurers, agents and traders were usually the first to start selling insurance, but the creation of domestic insurance sectors eventually followed.

Due to a number of factors, the development of insurance took a slightly different path in China. An unusual feature of the history of insurance in China is that the foundations of the insurance industry were laid by Europeans and North Americans already living and working there, while in many other parts of the world, it was agencies of the major European insurers that were first off the mark.

The first foreign insurers in China

Unlike in other parts of the world, the ports of southern China, not London, were the spawning ground for the insurance industry in the Asia-Pacific region.

In the early 1800s the British East India Company held a monopoly on Chinese trade, and European merchants involved in trade between India and China struggled to insure their ships and goods in London and were forced to pay extremely high premiums.

The Canton Waterfront. Watercolour. China, ca.1850. ©Victoria and Albert Museum, London Traders based in India eventually began insuring trade with China, but the first insurance entity established in China, and to pay claims in China, was the Canton Insurance Society in 1805. The society, which pooled the shipping risks of its member companies, was formed in Macau by two independent trading houses, Dent & Co. and Jardine Matheson & Co, and grew out of ad hoc and temporary partnerships between traders to insure their ships and cargoes.

Right from the start, Canton Insurance shared in the rapid growth of its shareholders. At a relatively early stage it extended its activities to other countries as its backers expanded their trading networks, and was a pioneer in the expansion of the insurance network as far as Japan.

Below left:

Offices of the Yangtze Insurance Association Ltd., 1908.

Below right:

The Shanghai building of the China Mutual Life Insurance Company Ltd., 1908.

Opposite:

Detailed city maps were among the most important instruments for risk assessment in the early 20th century.

To allow them to insure risks that exceeded the capacity of Canton Insurance, the two Macau-based trading houses had also engaged in coinsurance since the 1820s by acting as agents for other ocean marine and fire insurers. By 1829 they represented eight companies, including the London-based Phoenix.

The success of the Canton Insurance Society prompted some of its shareholders, which had gained substantial financial might through the opium trade, to set up their own insurance companies. Dent & Co. and Jardine Matheson & Co laid the cornerstone for this development.

In 1835 Dent left the partnership to set up the Union Insurance Society of Canton (initially called the China Insurance Company), probably in Macau, but it moved to Hong Kong in 1842 when the island was ceded to Britain. The society was reorganised into an insurance company along modern lines in 1874.

Jardine went on to form the Canton Insurance Company in 1836.

China opens to the outside world

China, like Japan and Korea, had chosen an autonomous policy which meant that it was slower to embrace insurance than

some other countries. However, growing international trade, industrialisation and the Opium Wars eventually forced the country to open up to the outside world after 1842.

Up until 1842, foreign merchants were confined to Guangzhou - known to foreigners as Canton – but the treaties signed following the Opium Wars extended their presence to sixteen cities, including Shanghai, which was to become the most important of them all.

When China opened up in 1842, Jardine Matheson & Co. immediately moved Canton Insurance to Hong Kong to become the very first insurance company in the Chinese free ports. The North American trading company Russell & Co. also founded the Yangtze Insurance Association in 1862 to complement its Shanghai Steam Navigation company. It dominated marine insurance on the Yangtze river and soon expanded to London, New York, Singapore and other important ports.

Until the middle of the 19th century, this safety net for Chinese trade was linked only loosely to the European insurance industry through the British insurance companies engaged on an occasional basis as co-insurers.



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Letterhead of the Tai Ping Insurance Company Ltd., Shanghai, 1939.

Above:

Dutch insurance brokers in Indonesia targeted Chinese businesses as clients. Advertisement around 1900 of a broker representing various Dutch insurance companies.

© Fondazione Mansutti

Opposite:

Chinese calendar of the Yan On Marine & Fire Insurance Company Ltd. in Hong Kong. Year of the Horse, 1906/07.

© Fondazione Mansutti

Early Chinese interest in insurance

It wasn't until after the 1860s that the foreign marine and fire insurers based on the east coast of China began to accept Chinese clients, with Canton Insurance again leading the way.

But the Chinese also maintained their own traditional forms of preventing losses and minimising risks: Chinese long-distance traders divided their goods among several ships and relied on the solidarity derived from a shared place of origin.

At the same time, the agents of the European ocean marine and fire insurers made no effort to draw Asians into the insurance community. They restricted themselves to insuring Europeans and North Americans living in Asia and refused to insure the junks, warehouses and homes of Chinese merchants.

However, the local Chinese soon came to recognise the benefits of insurance. Small-scale merchants, in particular, who were trading quantities of goods that were too small to distribute across several ships, were the first to approach ocean marine insurers, but it took some time for the first contracts to be signed.

Europeans and North Americans also indirectly acted as an advertisement for insurance, in that they put their technical, economic, military advancements on display. European trading companies also showed that they were better able to cope with losses caused by storms or fire, owing to insurance.

Foreign insurers also transferred their expertise through employing local people. For example, the Chinese national Lu Yuequan, one of the founders and the general manager of the China United Assurance Society (founded in 1912), started his career working for the manager of China Mutual in the early 1890s.

The first true domestic Chinese insurers

It was well known that Chinese capital was being invested in Western companies in China, and Chinese merchants were among those investing in the region's burgeoning insurance market: Union Insurance began accepting Chinese investments soon after its foundation in the 1830s. Chinese investors were also serving as directors of the Hong Kongbased Chinese Insurance Company (incorporated 1871), which required two native shareholders to be among its directors.

However, the beginnings of a truly domestic insurance industry date back to the founding of the Renhe Maritime Insurance Company, which was set up as a subsidiary of the China Merchants Steamship Navigation Company in 1875. It was followed in 1878 by the Jehe Maritime and Fire Insurance Company, although the two companies merged in 1886.

These early Chinese insurers were commercial operations funded by private capital, but they operated under the auspices of the imperial regime until it was overthrown by revolution in 1911.

Chinese merchants only ventured into capital-intensive operations under official patronage. For example, the founder of the Renhe Maritime Insurance Company, the China Merchants Steam Navigation Company, set up in 1872, was one of the earliest, and most successful, of such projects.

Under the imperial regime, there was no company law in China. However, the treaties signed with Western governments established a legal footing that greatly enhanced the insurance industry. British law and legislation covered Hong Kong and other treaty ports, including a company law passed in 1865 that made it possible to establish a joint stock company with limited liability.



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China's window to the world: Shanghai

Until the First Opium War (1840–1842), Shanghai had been just a small fishing village. But the wars with Britain forced China to open Shanghai to foreign trade as a treaty port and created the country's gateway to the West.

Foreigners soon flocked to Shanghai, building roads, sewage systems and houses, and trade flourished. By 1871, Shanghai was connected by cable to

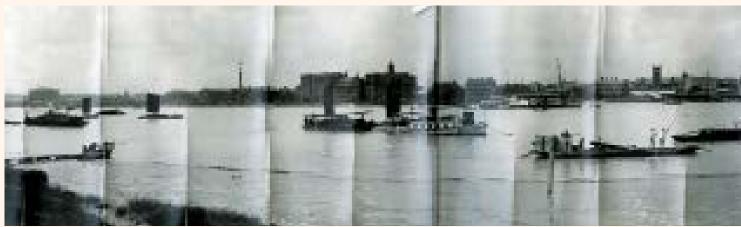
London, reflecting its importance and the high level of Western engagement at that time.

The city also became the home of China's financial sector and a financial hub for the Far East. It had its own stock exchange, and many western banks and insurance companies were located there. In its heyday in the mid-1930s, Shanghai was home to some 182 foreign and Chinese banks.

Prior to the Second World War, the city had been the dominant financial and business centre in China and for much of the Far East. And despite decades of upheaval, there were still over 200 insurers operating in Shanghai in 1949.

The insurance landscape began shifting again in the 1990s when Shanghai began to re-establish its credentials as an international financial centre. The stock





Opposite:

The Yangtze Insurance Building (on the right) on the Bund, Shanghai, ca. 1930s.

Below:

The Bund in Shanghai, ca. 1930.

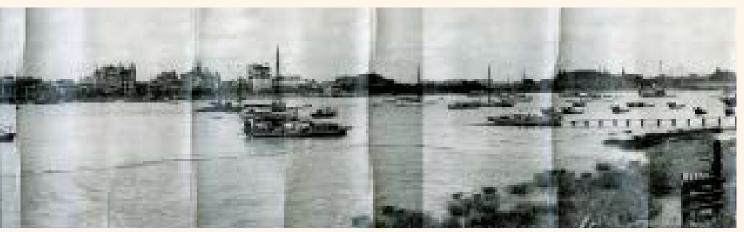
The Bund in Shanghai. The photograph was found in Swiss Re's archives and was made in the 1930s, at the time Swiss Re started business relations with China.

exchange re-opened in 1990, and huge sums were invested in infrastructure including an international airport, a deep water port, bridges, tunnels and a metro system. Multinational companies returned to Shanghai in large numbers, and foreign investors were attracted to its free trade zones.

By the end of 1996, 72 Fortune 500 companies had set up joint ventures in Pudong, the newly developed financial and business area. Today, many foreign and Chinese banks and insurers have chosen the city as their home in China.

Shanghai is also earmarked to become an international insurance centre, initially focusing on marine and cargo insurance. Marine policies issued in Shanghai are exempt from business and municipal taxes.





Linking up with the international network

Insurance on the east coast of China was closely linked to a vast global network from early on in its development. Multinational insurance companies started up in China, just as companies founded in China and registered in Hong Kong operated throughout East and Southeast Asia.

For example, in 1863 the North China Insurance Company listed agencies in Hong Kong, Fuzhou, Xiamen (Amoy), Ningbo, Hankou, Jiujiang, Niuzhuang and Tianjin, as well as Nagasaki, Yokohama, Bombay, Singapore, Manila and London.

The geographic spread applied not only to marine insurance but also to other areas. The China Fire Insurance Company opened an office in Niuzhuang in 1907 and paid out for fire losses in Bangkok.

In addition to the Chinese companies, the newspapers of the day record how a large number of British, American, European and Japanese insurance companies were represented by agents in China.

One of the most well-known and enduring foreign insurance brands in China is that of the US-based American International Group. Its origins can be traced to American Asiatic Underwriters, the insurer founded in Shanghai in 1920 by the American Cornelius Vander Starr, one of the most colourful characters in the Chinese insurance industry.

Although foreign owned, the company had a very Chinese flavour, employing 30 Westerners and 200 Chinese, as well as controlling the business of the Chinese Tai Shan Insurance Company.

Reform and development in the 1900s

Although Chinese people were investing in insurers, the companies operating along the Chinese coast were essentially managed by foreigners. However, the

Sino-Japanese War of 1895 marked a watershed moment that would see China reform and push to develop Chinese businesses, including insurance.

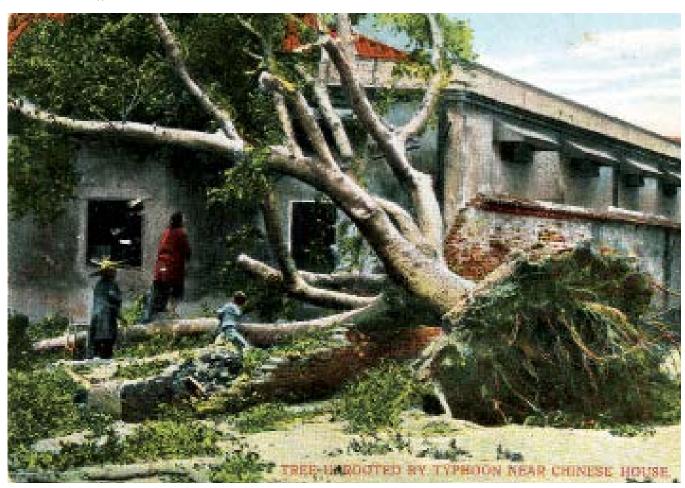
Defeat at the hands of Japan shocked China and pushed the imperial government towards reform. The effects were dramatic. The pace of industrialisation picked up rapidly, and trade boomed, even though the reform efforts drove the country to unprecedented levels of inflation and ultimately revolution.

China's early domestic insurance industry was born in these circumstances.

Growth in the 1900s

The uptake in insurance in the early decades of the 20th century reflected the sweeping changes in business practices within China itself. The gradual adoption of commercial documentation for goods in storage or transit, for example, as well as accounting practices, ushered in the modern era for Chinese business, in which insurance took its place.

Below: The aftermath of a typhoon.





As a sign of the increasingly commercialised nature of the Chinese economy before 1949, insurance began to become a part of modern consumption. In large cities such as Shanghai, prominent department stores like Yong'an (Wing On in Cantonese) allowed customers to purchase life and fire insurance during their shopping trips.

The 1937 Chinese Insurance Yearbook cites 40 800 policies in 1935. The figure for Western companies would have been much higher.

In 1937, the Chinese central bank counted thirty-nine indigenous insurers across all sectors, with Shanghai as the most important location. However, between 1911 and 1947 the insurance industry in China was still dominated by British insurers.

Reinsurance comes to China

It was around this time that Swiss Re began to make its mark on the Chinese insurance industry. Although it had already maintained an interest in China through reinsurance arrangements with foreign insurers active in the region, Swiss Re signed its first reinsurance treaty with a mainland Chinese insurer in 1930. That company was the Shanghai based Tai Ping Insurance Co.



Above:

Fire policy of the Shanghai Fire & Marine Insurance Company Ltd.

Shanghai City Department of American Asiatic Underwriters, ca. 1939.

In the same year an exceptionally devastating flood occurred on the Yangtze river, affecting 28.5 million people and causing 145000 deaths. Also in 1931, war broke out with Japan, in Manchuria initially, but it then spread throughout China from 1937 until 1945.

Despite the war, Swiss Re sent their representative W. Van der Haegen to Shanghai in 1938 to act as a technical adviser and support the management of the Union Insurance Company of China, which was planning to transform itself into a dedicated reinsurer. Swiss Re was the sole reinsurer of the Union Insurance Company, one of the oldest and largest Chinese insurers at the time.

Van der Haegen reported back to Zurich that a small number of Chinese insurers had been established at the beginning of the twentieth century to focus on particular classes of business. However, while some were doomed to failure from the outset, the better managed concerns continued in business, and their numbers grew considerably in the 1930s.

He reported that several of the companies had been sponsored by leading Chinese banks, which had selected Chinese executives with experience in foreign companies. Such companies were well capitalised, organised along recognised lines and had been able to secure reinsurance facilities on a much larger scale than their predecessors.

Moreover, they were able to take advantage of the banks' ready-made organisational structures over a wide area and were therefore able to command a considerable amount of business.



The Canton Steamer San Cheong sunk by typhoon of 18 September 1906, Kowloon, Hong Kong.

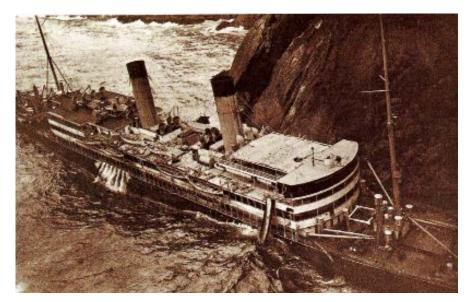
Middle:

The devastating typhoon of 1898 wrecked this merchant ship on the seaboard cliffs.

Right:

The French destroyer Fronde of Kowloon sunk by typhoon of 18 September 1906.







Gaining acceptance: Life insurance

Fire and marine insurance remained the mainstay of the insurance business in its early years, but as insurance became a more acceptable idea, life insurance emerged as a great success story.

Life policies were first sold to foreigners in Shanghai from the 1870s, if not earlier, by foreign insurers working through their China agents.

It is often said that the first policy was sold in China by Sun Life of Canada, which appointed its first full-time manager in Shanghai in 1894. Together with Manufacturers Life of Canada and the Hong Kong-registered China Mutual, established in 1898, Sun Life pioneered the development of a more extensive market.

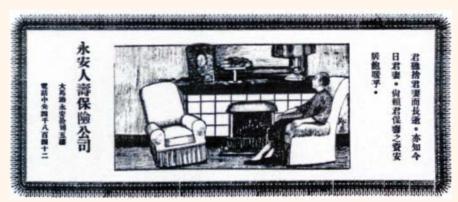
Chinese companies also operated in the field, the most prominent of which were the China United Assurance Society, Ltd. (founded in 1912) and the Venus Life Insurance Company (founded in 1914).

While purely Chinese life insurance companies were established at the beginning of the 20th century, life insurance was initially a very hard sell.

Traditional Chinese views on death and burial posed major challenges, as did the absence of a mechanism to adequately certify claims of death. The Chinese family system also meant that the first life insurers encountered little success, and most disappeared from the market within a short space of time. This began to change only when major Chinese banks, partly

with the support of the government, began to set up their own insurance companies and offer policies to their customers at the end of the 1920s.

Life insurance eventually succeeded because it adapted to the desire for savings products in the Chinese market. Insurance companies advertised the benefits of insurance to provide for an estate and sold predominantly short-term policies which worked not only as insurance but also as savings.



Above:

Chinese life insurance advertisement aiming at overcoming the taboo of mentioning death: "Even if the husband has passed away his heart will keep on beating. The life of his wife goes on with his love and his insurance." Yongan Insurance, 1926.

Strong Swiss-China relations

Swiss people first travelled to China as mercenaries fighting with Dutch armies in the 17th century, and Swiss traders and missionaries were active in the country from the late 18th century. Relations between the two countries have been characterised by growing mutual interests.

China has generally enjoyed a positive image in Switzerland, and there was much sympathy in Switzerland for the suffering of the Chinese during the Sino-Japanese War. Between the two world wars, there were many cultural and scientific exchange projects, and in 1932 Switzerland opened a full diplomatic mission in Shanghai.

The non-profit Swiss-Chinese Association was established in 1945, with many of its founding members coming from the

worlds of politics, academia and business. The aim of the association was to promote cultural and scientific exchange, arranging trips to China.

In 1950 Switzerland was one of the first Western countries to recognise the People's Republic of China. The move was much appreciated in China and was a key factor in the subsequent development of relations.

Today, relations between the two countries continue to strengthen, and the value of trade between them reached USD 26.31 billion in 2012. In 2013 Switzerland signed a free-trade agreement with China in Beijing, the first continental European country to do so.

Below:

Trade between China and Switzerland flourished already in the 19th century. Especially Swiss watches were popular in China. Bovet Fleurier watch, made for the Chinese market, circa 1860.







By 1938, Van der Haegen's reports show that Swiss Re was reinsuring sixteen companies in China. He also reports that treaties had suffered some large claims such as the Chung Yuan department store loss in Beijing, the Yangkadoo Wharf fire and the Tientsin cotton warehouse loss.

Records also show that Swiss Re, through United Insurance, reinsured the Dutch East Indies fire business of Tai Ping Insurance, as well as the Bangkok fire business of Wing On Fire Marine Insurance Co. Tai Ping was also looking for help to expand in the Philippines and Malaysia.

New laws were issued in China in 1949 and private reinsurance companies were prohibited. United Insurance was then transformed back into a primary insurer, and Swiss Re's technical adviser left Shanghai in 1950, although Swiss Re still had Chinese cedents at this time.

Casualty insurance takes root

On a visit to the country in 1939, Swiss Re's W. Van der Haegen painted a rosy picture of life insurance developments and noted progress in motor insurance, surety and fidelity bonds and casualty insurance.

By the 1930s accident insurance was becoming a promising area of development for insurers. For example, the motor car was a common feature in Chinese cities by the 1920s, and Van der Haegen was impressed with "the extension of the road system in practically all provinces."

The 1932 Factory Law of the government of the Republic of China had enforced compensation for work-related injury on factory owners. However, like so much of the republican government's social welfare programme, workers' compensation was introduced more as an idea. The reality was to come in the future.

Changing attitudes to foreign firms

Reinsurance had been common practice from the early days of foreign companies operating in China, while co-insurance was another area where foreign and Chinese companies worked together closely.

The insurance market became highly competitive and fraught with tension. There was a growing overtone of nationalism in Chinese politics from the days of the imperial regime that continued in the republic, often fuelled by war, and this fed into commercial protectionism.

Below:

The Pacific Mail S. S. Alaska together with a Chinese junk blown ashore during the ravaging typhoon of 1874.



Treaties signed by the imperial government and inherited by the republic continued to allow extraterritorial jurisdiction, whereby foreign insurers could resort to foreign law. This provided the rationale for why foreign insurance companies had to be kept out of the inland market.

The Chinese Insurance Law of 1935, therefore, made it a mandatory requirement that all shareholders in companies offering personal insurance must be Chinese nationals, and that two thirds of the capital of companies offering property insurance must be held by Chinese nationals.

Foreign companies were allowed to set up branches or offices, or authorise agents to act on their behalf, in the Chinese interior, but only with the approval of the government. The law met with criticism, but there was barely time to put it into force. By 1937 full-scale war had broken out between China and Japan.

Disruption of war and revolution

The war with Japan (1931–1945) was followed immediately by a civil war that lasted until 1949. This period divided both the country and the insurance industry. Most of coastal China fell under Japanese control by 1938, and along with conquest came very considerable changes in the business environment.

Many Chinese companies, insurance companies included, withdrew to the interior of China along with the retreating Chinese government, while the Western companies that remained proved poor competition to their Japanese counterparts.

The Chinese insurance business during the long years of war was complicated by the emergence of three different regimes at different times: the Nationalist government, which existed between 1927 and 1949; the Japanese regimes in Manchuria and Nanjing; and the Chinese Communist Party, which was allied with the Nationalist government and set up regimes in various parts of China.

Little is known of the realities of the Chinese insurance business during the war years, although a considerable amount of business was conducted in the interior under the Nationalist government.

Surprisingly the number of Chinese insurance companies markedly increased during the war period, although the political divisions, regional growth and speculation might account for the trend.

The 1937 Chinese Insurance Yearbook lists all major provinces in northern, southern, eastern and central China as home to Chinese insurance companies, with Shanghai, Guangzhou and Tianjin leading the way. Chinese insurance companies were even present overseas.

Chinese insurance companies, mostly those registered in Hong Kong, expanded and established branches throughout Southeast Asia. Using the Bank of China as its agency overseas, the China Insurance Company (Zhongguo baoxian gongsi) became the most international Chinese insurance company in the 1930s, operating through the bank's offices in Singapore, New York and London.

Whatever the driving force behind the increase in the number of insurers, the trend continued into the post-war years so that by 1948, including Western companies re-established after their absence during the war, 178 insurance companies were operating in Shanghai.

Opposite:

The aftermath of the typhoon of 18 September 1906 in Hong Kong.



Swiss Re History

The evolution of a global risk expert

Swiss Re's rise to become the global expert in taking and managing risks mirrors the dramatic social, economic and political development of the last 150 years. Swiss Re was established in 1863 to meet demand for an independent reinsurer that would spread risk in a rapidly changing world. The following 150 years, a period of unprecedented change driven by a revolution in science and technology, have seen Swiss Re become a leading international provider of reinsurance capital and risk expertise.

Rising from the ashes

Rapid industrialization and urbanization throughout the 1800s were creating concentrations of risk, requiring insurers to diversify their exposures. A clear role was emerging for independent reinsurers that could shoulder and spread insurers' risks, develop expertise and provide capital when it was critically needed.

The world's first dedicated and independent reinsurer, Cologne Re, was established in the aftermath of the Hamburg fire of 1842. Swiss Re was to be the first such company outside of Germany.

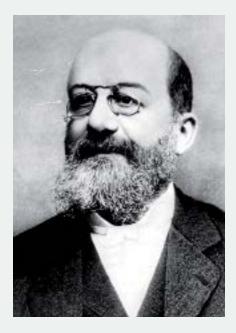
Swiss Re's beginnings are often associated with the devastating fire that destroyed the thriving Swiss town of Glarus in May 1861. The fire, which hit some local insurers with claims five times their reserves, highlighted the threat of major catastrophes to the Swiss insurance industry and demonstrated the need for reinsurance to provide protection for events with a low frequency, but a yet unknown severity. Immediately after the fire, the insurance industry discussed setting up a cantonal reinsurance pool but the plans never materialized.

Instead, the St. Gallen-based insurer Helvetia set up a new fire insurance company and shortly after its director Moritz Ignaz Grossmann proposed that a Swiss Reinsurer should be founded in Zurich. The main reason for doing so, Grossmann wrote, was to keep reinsurance premiums in Switzerland rather than reinsuring with French and English insurers.

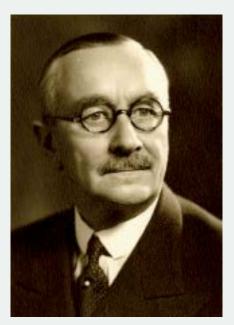
The Swiss Reinsurance Company first opened its doors in Zurich on 19 December, 1863, with CHF 6 million of share capital raised from a diverse group of investors, including two Swiss banks.

Below: Swiss Re's offices in 1983.









Fundamentals of success

Swiss Re's early leaders established the sound principles of reinsurance that have been followed by successive generations of Swiss Re managers ever since. From the very start, Swiss Re was to be an international reinsurance company that spread its risks geographically, built strong client relationships and developed access to a diverse capital base.

The early years were difficult for Swiss Re - reinsurance was a new concept that lacked the sophisticated risk management tools of more recent times. The primary insurance market was far from transparent. As a consequence, client relationships had to be rooted in trust and "utmost good faith" rather than knowledge and facts.

In these first challenging years, Grossmann turned to Giuseppe Besso, a member of the famous Besso family associated with the Italian insurer Assicurazioni Generali. Besso accelerated Swiss Re's international diversification and continued to build the company as a financially robust and independent reinsurer.



Clockwise from top left:

Giuseppe (Josef) Besso (1839–1901), brother of Marco Besso from Trieste, director of Generali insurance. Giuseppe Besso was general manager of Swiss Re from 1865 to 1879.

Charles Simon (1862–1942), general manager of Swiss Re from 1900 to 1919 and later chairman of the board of directors.

Erwin Hürlimann (1880–1968), the first Swiss general manager of Swiss Re from 1919 to 1930. Later chairman of the board and honorary chairman.

Moritz Ignaz Grossmann (1830–1910), director of Helvetia Insurance and founder of Swiss Re.

Diversified from the start

Right from the start, Swiss Re had an international outlook, with only two of its 18 early contracts written with Swiss insurers.

By the turn of the 20th century, Swiss Re was already reinsuring risks in Europe, the US, Latin America, Russia and Asia. It was also beginning to establish a global network, opening an overseas office and looking to underwrite directly in key international markets.

The reinsurer also looked to spread risk across an increasing number of lines of business, writing its first contracts in marine reinsurance in 1864, in life reinsurance in 1865, in accident and health reinsurance in 1881, and in motor reinsurance in 1901.

The form of reinsurance contracts also evolved - in 1890 Swiss Re underwrote its first excess of loss contract, a type of reinsurance that pays claims above an agreed level of losses, rather than a proportion of all an insurer's losses.

This change in approach would enable reinsurers to focus on the less frequent catastrophic risks. In a sense, the modern age of reinsurance had begun.

Catastrophe losses

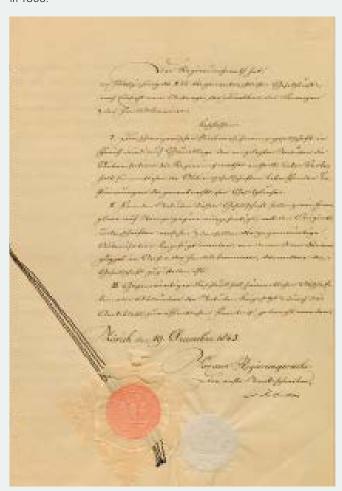
The first few decades of the 20th century were marked by growth in both international exposures and single large risks - demonstrated by the Spanish Flu epidemic in 1918, which led to a CHF 1 million loss for Swiss Re, and by the sinking of the Titanic in 1912, also reinsured by Swiss Re.

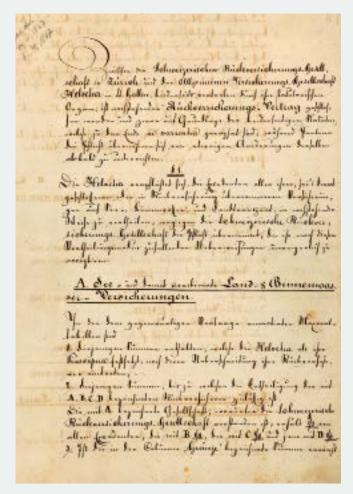
Below left:

The company's articles of association were approved on December 19, 1863, and signed by the famous Swiss author Gottfried Keller as a clerk of the Canton of Zurich government.

Below right:

Swiss Re signed its first reinsurance contract with Helvetia, one of its founding companies, in 1863.





However, it was the catastrophic 1906 San Francisco Earthquake that was to be the insurance and reinsurance industry's wake-up call. The earthquake and subsequent fire that swept through San Francisco was a market-changing event. The extent of the damage made insurers rethink the potential size of losses, as well as the importance of seeking well-capitalized counterparties.

Within three years of the quake, San Francisco had been largely rebuilt thanks to payments made by the insurance and reinsurance industry. The majority of claims were paid by foreign companies, demonstrating just how globalized the industry had already become.

For Swiss Re, the earthquake generated the biggest single loss as a percentage of net premiums in the company's history, but reinforced Swiss Re's reputation as a financially secure and reliable counterparty in the US and the UK, where the reinsurer honoured its contracts to cedants.

Global market access

Above all else, the San Francisco earthquake highlighted the need for further geographical and product diversification, leading Swiss Re to make a number of acquisitions.

Acquisitions were to feature early on in Swiss Re's history, and continue well into modern times. In addition to helping spread risk internationally, acquisitions give access to new business, particularly where strong relationships between local insurers and reinsurers make it difficult to grow.

Early acquisitions saw Swiss Regain footholds in the all-important UK and German markets through stakes in Mercantile and General Insurance Company (M&G) in 1915 and Bayerische Rückversicherung of Munich in 1924.

Financial crisis

The 1929 stock market crash in the US and subsequent Great Depression showed insurers and reinsurers for the first time that they were exposed to significant risks on the asset side of the balance sheet.

The crash led to write-downs of assets at Swiss Re amounting to almost CHF 26 million, although the company was saved by its accumulation of special reserves - some CHF 30 million were taken from these reserves in 1931 to cover record losses. However, Swiss Re learnt valuable lessons, and the crisis marked the birth of a more prudent asset liability management at Swiss Re, an important risk management tool that continues to be used by insurers today.

Redrawing the map

While German and Russian reinsurers were expelled from international business around the time of the two world wars, Swiss Re was able to capture a marketleading position in the US. However, the radically different world that would emerge after the Second World War constrained reinsurers' ability to spread

A number of markets were now off-limits - with those in Central and Eastern Europe slipping behind the Iron Curtain. Others, such as Brazil and India, became state-owned. At the same time, other markets were enjoying a boom in consumer spending, leading to higher concentrations of risk in markets like the US and Europe.

Swiss Re continued to seek geographical and product diversification, developing a leading presence in new markets, including Canada, Australia, South Africa and then Asia.

Post-war boom

The technology boom and growing concentration of risk in mature markets after the Second World War led to growing demand for risk management, and for greater expertise from insurers and their reinsurers. In response, Swiss Re looked to share its risk expertise through training and communication, a key part of the reinsurer's business culture and brand ever since.

It opened the Swiss Insurance Training Centre (SITC) in 1960 to provide technical training, particularly to insurers in emerging markets. Swiss Re's sigma unit began publishing its trademark economic research in 1968, and the unit continues to generate some of the most valued data and analysis available on the insurance

Focus on core business

In response to the growth in risk management and the trend towards greater selfretention in the 1980s, Swiss Re began expanding its range of services, acquiring insurance service companies, as well as increasing its participation in the primary insurance market.

However, although dependent upon each other, Swiss Re discovered that the actual management of a primary and a reinsurance company had little in common.

In 1994, a new management team refocused the company's operations back on reinsurance, reinvesting the proceeds from the sale of its primary insurance businesses in achieving its strategic goal of becoming the world's largest reinsurer. Growing catastrophe exposures and an increasingly complex and globalized risk landscape were beginning to drive demand for large, highly rated managers of capital and risk.

Swiss Re sought to grow its life reinsurance business, headquartered in London, and develop its insurancelinked securities offering. It also developed its direct corporate insurance unit and further globalized its non-life reinsurance operations.

In the 1970s, Swiss Re had been one of the first reinsurers to recognize the importance of emerging markets. Later, it began opening offices in key markets, seeking to build strong relationships and expertise through a local presence -Swiss Re obtained licenses in Korea in 2002, China in 2003 and Japan and Taiwan in 2004.

During the 1990s, Swiss Re took on much of its current corporate form - it adopted a single brand operating from one global capital base, providing the highest levels of financial strength, expertise and tools to clients whilst remaining attractive to a wide range of capital providers.

New risk frontiers

Following Hurricane Andrew in 1992, which was the largest insurance industry loss at that time, Swiss Re began working with Swiss bank Credit Suisse to develop alternative financial and risk transfer solutions.

Developments in actuarial modelling and a growing interest in hedging risk in the 1980s led Swiss Re to explore developments in capital markets and bring new financial products to existing and new clients. The growth in Swiss Re's financial products business helped forge lasting relationships between reinsurers and capital markets that had not really existed before.

A new era was beginning, and capital markets had been opened up as a source of additional and complementary capacity. Innovative products were also being developed, including some of the first insurance-linked securities and publicprivate partnerships.



Above:

Swiss Re's first office on the first floor of Schoffelgasse 1 in Zurich (house in the middle).





Top: Mythenquai 60 in Zurich, Swiss Re's first purpose-built offices, opened in 1913.

Swiss Re's new office building at Mythenquai 50 in Zurich, planned for 2017.

Market consolidation and expansion

With strategy firmly fixed on its core reinsurance operations, Swiss Re strengthened its position by buying competitors in a number of markets during the 1990s and 2000s.

The company made a series of acquisitions in the life reinsurance market between 1995 and 2001, mostly in the US but also reacquiring M&G. These acquisitions formed the basis of Swiss Re Life & Health, the company's global life reinsurance business centred in London, which includes AdminRe®, an operation specialising in the acquisition and administration of run-off business.

Swiss Re's largest acquisition was the USD 7.6 billion deal in 2006 for GE Insurance Solutions, the fifth largest reinsurer at that time. The transaction reinforced the reinsurer's leading position in the US reinsurance market, but also in other markets such as the UK or Germany.

Challenging times

The opening decade of the 21st century was challenging for global insurers and reinsurers, including Swiss Re.

The terrorist attack on the World Trade Center in 2001 not only cost three thousand lives and billions of dollars in property damage, it also changed insurers' thinking about the possible size of losses and the interconnectivity and accumulation of seemingly unrelated risks. Swiss Re in London underwrote half of the USD 3.5 billion coverage for the WTC, and insurance claims from the attack contributed to Swiss Re's first net loss since 1868. It took five years before a New York jury ruled in favour of Swiss Re and other insurers in the largest insurance litigation process ever, confirming the attack was one event and not two, as the owner of the WTC had claimed.

The first decade of the 21st century put into question the insurability of some large risks. Hurricane Katrina, which produced the highest damages of any natural disaster in history, cost Swiss Re USD 1.2 billion. Although it demonstrated the ability of the industry to absorb devastating losses, within six years the toll of the 2005 hurricane season was equalled by a string of natural catastrophe events in the Pacific region. It started with floods in Australia, which were followed by a sequence of earthquakes first in New Zealand and later in Japan, followed by a tsunami, and the year finished with yet another flood in Thailand.

The financial crisis of 2008 was also tough on Swiss Re. The company made a loss of CHF 864 million in 2008, mainly the result of investment losses and the performance of two credit default swaps.

By de-risking its asset portfolio and concentrating on its core reinsurance business, the company emerged from the crisis as a leading participant in the reinsurance market.

Preparing for the future

In 2011, Swiss Re implemented a new legal structure to support its strategic priorities and refine its business model. It created three separate business units, namely Swiss Re's existing reinsurance business, along with two new entities for Corporate Solutions and AdminRe®.

The company also continues to invest in the future. In 2004, Swiss Re opened its award-winning St Mary Axe building, affectionately known as the Gherkin, while work began on a new building at Swiss Re's headquarters in Zurich in 2012.

By staying true to the fundamentals of reinsurance championed by Swiss Re's early leaders - the importance of diversification and long-lasting client relationships - Swiss Re has weathered many storms in its 150-year history, continuing to provide its clients with a secure partner in risk.

The history of the company shows the pivotal role reinsurance has played in the management of risk. And with Swiss Re at the forefront, it remains well-positioned to carry on doing so.



Above: 30 St Mary Axe, London, was opened in 2004.





1949 to 2001: The Rebirth of the Chinese Insurance Market

The foundation of the People's Republic of China changed the insurance landscape of China. The country supported a new state-owned insurer by merging all domestic insurers into one company. Eventually, it decided to rely on alternative forms of security, and the insurance operations were closed down in 1959.

As China intensified its relationships with the outside world after the visit of US President Richard Nixon in 1972, the country began a period of reform and liberalisation under the leadership of Deng Xiaoping. The Chinese government, keen to tap the benefits insurance brings to a developing economy, revived the insurance market through the People's Insurance Co. of China (PICC), before paving the way for full liberalisation.

The beginning of the end

The foundation of the People's Republic of China in 1949 firmly established communism as the guiding national principle, but it was not known at the time how, to what extent or at what pace the economy might be transformed.

The new government was set on replacing the private sector with state-run enter-

In the case of foreign insurance companies, their operations were not outlawed. However, the substantial deposits that insurance companies were required to make reduced their numbers from around 100 before 1949 to 27 by May 1950.

However, the companies that remained were subject to heavy taxation, and the last of the foreign companies closed in 1953.

The operations of private-sector Chinese companies changed between 1949 and 1953, and they became part of the People's Insurance Company of China (PICC).

The demand for liquidity guarantees had already reduced the number of Chinese companies in Shanghai to 28. By 1951 they were amalgamated into two bodies, the Taiping Insurance Co. and the Xinfeng Insurance Co., in which the People's Insurance Company of China held majority shares.

Finally, in 1953, all insurers were consolidated into the Taiping Insurance Co, which was effectively an arm of the PICC.

The streets of Hong Kong after the flood of 1966.

Insurance under state ownership

The launch of the Great Leap Forward, the campaign led by Chinese Communist Party Chairman Mao Zedong, significantly reduced the role of insurance in China. in the 1980s.

The Ministry of Finance ruled that insurance as an independent industry had no place in a communist society, and the PICC was effectively closed.

Despite the closure of the PICC, commercial insurance did manage to survive in a few parts of China. The skeleton staff that formed the Insurance Department of the Shanghai Branch of the People's Bank of China successfully lobbied that commercial insurance might continue in the city. A similar arrangement was adopted in Harbin, where, as in Shanghai, commercial insurance was not abandoned.

Below left:

A passenger bus ticket including an insurance fee of 2%, 1955.

Below right:

Chinese Communist Party Chairman Mao Zedong meets with US President Richard Nixon, 29 February 1972.

00001137 廣東省私營小客車局合組第二分組 售票單位 胩 う株

In 1964, the People's Bank of China reinstated the name of the People's Insurance Company. A few months later, insurance was also revived in Guangzhou. However, the revival was short-lived, because in 1966 the People's Bank of China itself fell victim to the Cultural Revolution.

By 1969, most of the bank's senior staff had been purged and ostracised, and the bank was only able to survive by operating within the Ministry of Finance. Under these circumstances, it had no alternative but to abandon the last vestiges of commercial insurance, including marine insurance. By then, the only agencies that survived were its subsidiaries operating in Hong Kong and Macau.

Insurance in Hong Kong

Hong Kong, which was still under British colonial rule, had become an industrial city by 1969, but was still very far from being the international financial centre it was to become from the 1980s.

The insurance business in the 1960s consisted mainly of fire and marine, conducted by approximately 160 firms, of which a third were British, an eighth were American, and a slightly smaller proportion were locally registered firms, the remainder consisting of insurers from other Asian countries, Australia and continental Europe. Hong Kong's success heralded the path the People's Republic was to tread after the Cultural Revolution. As the economy boomed and personal incomes rose, the insurance industry expanded and life insurance overtook other lines of business.

Milestone for Swiss Re Asia

Swiss Re opened its Hong Kong branch in 1956, its first Asian subsidiary. This pioneering company was established to provide insurance companies with support on technical matters and bring Swiss Re into closer contact with its Asian clients and other insurers.

As early as the nineteenth century, Swiss Re had been covering Asian risks, initially through treaties entered into with British, French and Dutch insurers active in the region. However, from the time of the First World War, Swiss Re made considerable efforts to establish direct business relationships with insurers in Asia.

As Hong Kong developed into the primary commercial hub for countries bordering the South China Sea, Swiss Re expanded its activities in Asia, opening further offices in the 1970s and then again in the 1990s. The Hong Kong office became a full operating branch in 1996, and was followed by the opening of Swiss Re's Hong Kong Economic Research and Consulting unit in 1998, the unit responsible for the reinsurer's acclaimed sigma industry publications.



Insurance business resumes

Although the People's Bank PICC resumed some insurance activities between 1969 and 1970, insurance in mainland China only really picked up after trade was resumed following the visit of the then US President Richard Nixon to China in 1972.

The People's Insurance Company, however, was not revived until the historic 3rd Plenum of the 11th Central Committee, which was held towards the end of 1978. It re-orientated the economy in favour of overseas trade, reintroduced private enterprise to the Chinese economy and permitted limited forms of foreign investment through Special Economic Zones. Insurance was resumed from 1980.

Rapid growth and reform in the 1980s China's insurance industry grew quickly from 1980. The ratio of insurance premiums as a percentage of the gross domestic product rose from 0.1% to 1% between 1980 and 1990. This rose again to 1.8% by 2000 and then almost doubled to

3.3% by 2003.

The sharp increase in insurance volume was also accompanied by some major structural changes in the industry.

Up until the early 1980s, the PICC was the only insurance company operating in China and maintaining reinsurance links with insurance companies abroad. The monopoly enjoyed by the PICC came to an end when Ping An Insurance Company of China, a new domestic insurer, gained regulatory approval and was established in 1988. It was soon followed by other new players, including AIG, which returned to the market in 1992 after becoming the first foreign insurer to be granted a license.

The changes in the insurance sector during the 1980s reflected the government's realisation that the centralised state enterprise approach needed to be complemented with the more flexible business structure of joint-stock ownership.



Above:

Policy of the Luen On Fire & Marine Insurance Company Ltd., Hong Kong, 1960.

Under the Provisional Regulations Governing the Administration of Insurance Enterprises regulations of 1985, three new insurance companies were formed to compete with the PICC. Of the two bigger companies, one grew out of the Insurance Department of the Bank of Communications established in 1987, and the other, the Ping An Insurance Company of China, was established in Shenzhen, the most successful of the Special Economic Zones, in 1988.

By 1991, the Bank of Communications had established the China Pacific Insurance Company, while Ping An was restructured as a joint-stock company in 1992 and allowed to operate throughout the country. By the end of 1996, Ping An had 51 institutional shareholders, among which were two American companies (Morgan Stanley and Goldman Sachs). However, any foreign investor's stake in a domestic insurance company was limited to 5%, with the total foreign investment share not exceeding 25%.

The third company formed under the 1985 regulations was the Xinjiang Corps Insurance Company, set up in 1986 to concentrate on rural insurance.

Market acceleration in the 1990s

In the 1990s the market went on to enjoy a dynamic period of growth and development. For example, the China Insurance Regulatory Commission (CIRC) was established around this time (in 1998) to oversee the industry, replacing the People's Bank as regulator.

By the end of the decade, there were 24 insurance companies operating in the Chinese market, employing an estimated 150000 people, compared with a total of 4000 people in 1980. There were also 106 foreign insurance, reinsurance and broking companies represented in the country. Total premium income had climbed to RMB 124.7 billion (USD 15 billion) in 1999, from just RMB 3 billion (USD 360 million) in 1985.

The insurance law adopted in 1995 restricted insurance companies to offering either life or property insurance, but not both. So in 1996, the PICC split its operations into three subsidiaries. It kept all three under the renamed People's Insurance Company of China Holdings Company.



Livestock policy issued by PICC in 1951.

PICC: A market foundation stone.

The People's Insurance Co. of China (PICC) was founded in 1949 within days of the establishment of the People's Re-

In the early years of the People's Republic of China, what remained of the privatesector insurance industry was consolidated into the state-owned PICC. By 1953, the PICC had substantial operations with 1783 branches all over the country and a staff of 51 000. At the start of the Five Year Plan, its organisation was consolidated to 1057 branches and a staff of 32000.

At a time when the government had imposed strict currency control, the PICC was authorised to deal in foreign exchange and maintained an overseas network through its subsidiary, the Taiping Insurance Company, and companies operating in Hong Kong, Macau and elsewhere.

However, following the Great Leap Forward, the PICC was effectively wound up at short notice. The majority of its staff were reassigned to other work units, and by 1960 its assets had been transferred to the People's Bank of China.

The Cultural Revolution saw the disruption of the Chinese economy across the board. However, according to a story documented in the literature on the China insurance industry, while insurance was being purged as an economic activity in the early half of 1969, a shipment of watches and platinum designated for China, and not covered by insurance, was lost in air transit.

It is said that the event was reported to Premier Zhou Enlai, who seized on the incident as an example of the importance of retaining insurance. That incident was said to have provided a rationale for the People's Bank of China to revive the insurance industry.

The increase in staff numbers was mirrored by an increase in insurance activities: between 1969 and 1970, the PICC was said to have been able to establish co-insurance arrangements with insurance companies in 16 countries.

However, the PICC was not fully revived until the historic 3rd Plenum of the 11th Central Committee, which was held towards the end of 1978. At the time, the PICC was the only insurer operating in China, and it quickly set about expanding: by 1984 the PICC had set up a network of about 300 agents in major cities around the globe. Its monopoly eventually ended when the sector was opened up with the formation of Ping An in 1988.

The insurance law adopted in 1995 required insurers to separate their life and non-life insurance operations. As a result, in 1996 the PICC split its operations into three divisions: PICC Life (since renamed China Life Company), PICC Property (renamed PICC Property and Casualty Co.) and PICC Reinsurance.

Owned by a holding company, the insurers remain under state control and continue to lead the markets in which they operate.



Right:

Postcard showing Hu Jingyun, the first president of PICC, a group photo of the first PICC National Meeting, a document of Bo Yibo who wrote to Nan Hanchen on 2 October 1949 that "the Central Committee agrees to start an insurance company", and an early insurance badge of PICC.

Disaster risk: A growing problem for China

China has high exposure to natural disasters and one of the highest frequencies of earthquakes, floods and typhoons in the world.

Natural disasters are estimated to affect an average of one in six people – or 220 million - and lead to many thousands of deaths every year in China. There are also huge cost implications. In 1998, China's costliest year on record in terms of natural disaster losses, natural disasters cost some RMB 300 billion or 3.8% of China's GDP.

And there may be worse to come. A devastating earthquake in Beijing, a severe typhoon hitting Hong Kong or widespread flooding in Shanghai would have farreaching economic implications that could threaten China's sustainable economic development and social stability. Swiss Re has calculated that a major event could cost in excess of RMB 1 trillion, equivalent to 6% of GDP.

Floods have long been a feature of life in China. The country's population distribution and climate make it particularly susceptible to significant flood damage: almost half the population lives in land threatened by flooding around China's

In 1642 the Yellow River flood killed over 300,000 people, making it the seventh deadliest natural disaster in history. Some 28.5 million were affected by floods along the Yangtze River in 1931, and again in 1954, when some 30,000 people died.

The most recent large-scale flood disaster, the great flood of 1998, led to an estimated 3,000 fatalities and damaged or destroyed 18 million homes. The economic cost of the flood was USD 30 billion, although the People's Insurance Company of China reported claims of just USD 300 million.

Earthquakes can also cause tremendous losses in China and represent the single largest threat in terms of human life and the economy. Based on the earthquake hazard map issued by the Chinese government, more than half of the mainland's large cities are located in an earthquake

In 1556 the country was hit by the world's most deadly earthquake, which is believed to have killed some 830000 people. More recently, the 1976 Tangshan earthquake claimed 240000 lives. During the last century, earthquakes claimed more than half a million lives in China.

An earthquake survivor in Qushan in Beichuan County of Sichuan province, 2008.

Opposite:

The Chinese are experienced in dealing with flood risks.



Typhoons are a major problem for coastal cities in China. The south-eastern coastal provinces are severely affected by an average of seven typhoons a year. The risk is greatest in the south from Hainan to Hong Kong, decreasing toward the north, but still substantial as far as Shanghai.

Typhoons Winnie (1997) and Rananim (2004) were the most significant events in the recent past and caused widespread damage. However, neither could be classified as worst-case scenarios, given that many of China's commercial cities, including Guangzhou, Shenzhen, Hong Kong and Shanghai are in areas of high risk, but have not suffered a direct hit in modern times.

In a bid to improve understanding of natural disasters and develop related insurance and reinsurance techniques, Swiss Re has been sponsoring the Research Centre on NatCat Exposure and Insurance Techniques at Beijing Normal University. The research has helped Swiss Re develop a China flood rating tool that covers 60 of the largest flood events of the past 150 years in China, for example.

The reinsurer is also working with the CIRC and government bodies to push for the establishment of disaster pools to mitigate the risks of floods, typhoons and earthquakes.

Insurance penetration for natural disaster exposure is low in China. For example, less than 5% of economic losses from earthquakes are typically covered by insurance; the remainder is absorbed by individuals, companies and government.

However, the human and economic costs of natural disasters are mounting in China as a result of the trend towards urbanisation and the increasing asset values that accompany growth in GDP. A repetition of the Great Tangshan Earthquake of 1976 could cost an estimated RMB 600 billion or approximately USD 100 billion.





These three operating companies continue to play an important role in the market, in particular PICC Property and China Life, which dominate their respective markets. China Life was also one of the first Chinese insurance companies to seek an initial public offering in 2003, and was followed by Ping An in 2004.

Although the PICC companies continue to dominate, there were already more than 20 domestic insurers operating in China by 1997. The market had grown to an estimated USD 12bn, with the Pacific Insurance Co. and Ping An being among the most successful in challenging PICC's dominance.

Foreign interest reignited

Ever since the mid-1990s, international insurers have taken more of an interest in China. The country came to be widely regarded by many foreign insurers as the most promising insurance market in the 21st century.

In 1992, AIG became the first foreign insurer to resume operations in Shanghai. Virtually all the large international insurance groups queued up to get their hands on an entry ticket to this rapidly growing market. However, the Chinese market was only gradually opened up to a select few companies from abroad, subject to a variety of conditions. By 1997, eight European, Japanese and North American companies had been awarded licenses.

Below left and right:

Staff of Swiss Re Advisers Ltd., Hong Kong, 1960s.

Bottom left and right:

Aerial views of Hong Kong, around 1964. From Swiss Re's photo collection.









Regulation: Focus on consumer protection

The first attempt to formulate insurance legislation in China dates back to 1929 when the Nationalist government drafted legislation based on French insurance law. This was never put into effect, but in 1935 a new insurance companies law was passed by the legislature in Yuan, according to a Swiss Re representative based in China at the time.

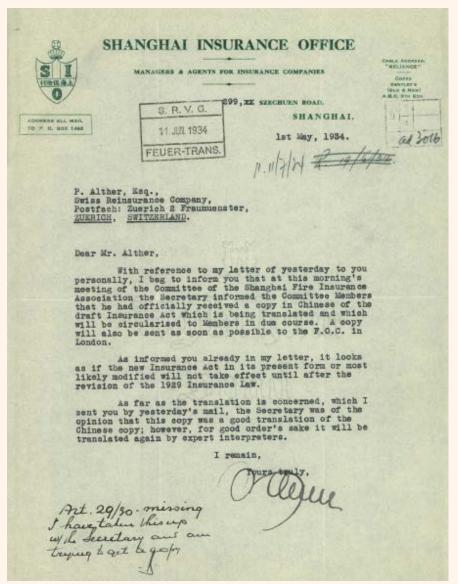
The law limited the activities of foreign insurers and their agents to the treaty ports and called for deposits and investment controls, as well as requiring brokers to register.

The proposed law, according to the representative, would have made it impossible for Chinese insurance companies to handle the volumes of business involved without the assistance of foreign insurers and reinsurers. As a result, the law was modified in 1937.

Insurance law again gained momentum from the 1980s onwards. The first significant piece of insurance legislation was passed in 1995: the Insurance Law of the People's Republic of China. It was amended for the first time in 2002 to fulfil China's WTO commitments. It was amended extensively in 2009 to incorporate a number of significant changes to China's legal and regulatory landscape for insurance and reinsurance. The amended law enhanced solvency and corporate governance rules, provided more policyholder protection and abolished priority cessions for domestic reinsurers.

Other rules and regulations have been introduced covering the operations of insurance companies and brokers, including those for health insurance in 2006 and for the pensions business in 2008.

The current regulator, the China Insurance Regulatory Commission (CIRC), was established in 1998 to oversee the insurance industry, taking over from the People's Bank. In 2010 the CIRC also introduced its first regulations for the management of insurance groups.



Letter on the development of a new Insurance Act in China, sent to Swiss Re's representative Paul Alther by the Shanghai Insurance Office on 1st May, 1934.

Swiss Re puts down roots in China

Even before the People's Republic of China established diplomatic and economic ties with the West in the 1970s, Swiss Re had maintained links with the China insurance market. The reinsurer established a working relationship with the PICC – then the country's only insurer - providing it with a marine reinsurance programme as early as 1973.

When the new insurance law came into effect in 1995, creating a stable environment for both Chinese and foreign reinsurers, Swiss Re deepened its commitment to the market and opened a representative office in Beijing in 1996, followed by the Shanghai representative office in 1997.

Following the opening of these new offices, Swiss Re's activities on the Chinese mainland increased. Demand for education was strong in the growing China market, and Swiss Re quickly began providing training and seminars to PICC employees on issues such as insurance and risk management techniques, natural disasters and products.





This page:

Four photos of Typhoon Ruby. During the 1964 Pacific typhoon season Typhoon Ruby hit Hong Kong as a powerful Category 4 storm, killing over 700 people and becoming Hong Kong's worst typhoon in history.

Opposite page:

In the 1970s and early 1980s, the offices of Swiss Re Advisers Ltd., Hong Kong, were located on the 23rd floor of the Jardine House, formerly known as Connaught Centre. The photograph shows the office tower around the time of its completion in 1972, when it was the tallest building in Asia.











2001 to the Present: The Path to Globalisation

By the beginning of the 21st century, the insurance market in China had reached a turning point. With some difficult days behind it, the insurance industry was on a firm footing and looking to unleash its true potential.

Joining the World Trade Organization provided the opportunity to accelerate regulatory and market modernisation and open the sector up to foreign competition. China's insurers were more than a match for this and continue to go from strength to strength as the market becomes increasingly sophisticated.

A key moment in the development of the insurance industry came in 2001, when the People's Republic of China became a member of the World Trade Organization. The deal saw the government agree to remove many geographical barriers to trade, giving foreign companies easier access to the market.

The move also had important implications for the domestic insurance industry, helping shape the reform of China's insurance sector. In preparing to join the WTO, the Chinese insurance regulators adopted a much more open approach and took the opportunity to study regulatory models and insurance products in Europe and North America.

In particular, the Chinese Insurance Regulatory Commission (CIRC) focused on improving the education and training of its employees in actuarial science. CIRC employees were sent to work in the United Kingdom to learn actuarial science while China's own actuarial exams were being developed.

The WTO agreement meant faster and improved access to the Chinese insurance market for foreign insurers. Bound by guidelines anchored in the WTO, the Chinese government issued new licenses for foreign insurance companies in both the life and non-life insurance markets.

Before China joined the WTO, a number of foreign insurance companies were allowed to operate in Shanghai, Guangzhou, Shenzhen and Foshan only. After the 2001 accession, the cities of Dalian, Beijing, Chengdu, Chongqing, Fuzhou, Suzhou, Xiamen, Ningbo, Shenyang, Wuhan and Tianjin were added to the list on a timed schedule before the eventual lifting of all geographical restrictions.

By 2002, foreign companies from eleven different countries held 22 licenses, with seven licenses for property-liability insurance and 15 for life insurance.

Left:

Suzhou, in China's eastern Jiangsu province, 2007.

Boom in personal insurance

During the 1980s, life and health insurance grew in importance. According to a CIRC report for that year, 77% of insurance companies' premium income came from life, accident and health insurance compared to only 23% from property insurance.

This development was reflected in the astonishing increase in the regular sales force: some 1.6 million insurance sales people earned commission from insurance sales in China, according to a 2007 industry report.

The driving force behind non-life insurance sales in China has been motor insurance. China's growing middle classes are expected to add millions of cars in the years to come.

Demand for reinsurance increases

In a bid to stimulate competition and boost the contribution of the reinsurance sector, the Chinese government has also sought to encourage more private-sector involvement in reinsurance since the early 2000s.

The liberalisation of the reinsurance sector is seen as pivotal to the nation's economic reforms and to helping to protect companies and individuals as the state scales back its involvement. Consumers are increasingly using insurance to protect their health, wealth and families, while reinsurance and insurance have an important role to play in supporting plans to boost agriculture.

Reinsurance is vital to a young and growing insurance market like China. It helps protect against volatile disaster risks - such as floods, earthquakes and typhoons - and provides additional capacity to enable insurers to expand. Reinsurers also bring actuarial skills and knowledge as well as expertise and services in product development, underwriting and claims.

Demand for reinsurance in China in recent decades has been fuelled by the rapid growth of the domestic Chinese insurance market

There are also opportunities for reinsurers as a result of the government's plans to build an insurance system to help offer protection against and mitigate the effects of natural disasters. In addition, reinsurance is seen as vital to managing the risks of large infrastructure projects and the development of strategically important industries like agriculture.

China looks to build a professional reinsurance sector

In 1996, PICC Reinsurance, the reinsurance arm of the state-owned insurer, was transformed into China's first professional reinsurer: the China Reinsurance Company. Up until 2002 it was the only specialised reinsurer operating in China, while during the same period the number of domestic insurers increased from 11 to 46.

The situation in the reinsurance market began to change after China joined the World Trade Organization in 2001, which allowed foreign reinsurers to operate through joint ventures, branches and subsidiaries, with no limits on the regions in which they could operate in.



Above:

Swiss Reinsurance Company Beijing Branch was officially opened on 19 December 2003. Eric Gao, Ulrich Bremi, Bin Yang, and Peter Forstmoser.

Above right:

In July 2009, Swiss Re concluded its first reinsurance contract with the Beijing government. The three parties signing the treaty are (left to right) Swiss Re, the Beijing government, and China Re.

Right:

Swiss Re China Forum in July 2013: a client event to discuss insurance innovation.





Bancassurance: an engine of growth

Bancassurance in China has been growing at breath-taking speed, and China's banks have done much to propel growth in the country's insurance market.

The practice of selling insurance through banks in China has proved successful for domestic insurance companies, helping them reach new customers more easily. It can also be scaled faster and is more cost effective than the traditional distribution channel through agencies attached to insurance companies.

In 2002, bancassurance premiums amounted to just USD 730 million, but after regulatory changes allowed banks to start offering products from more than one insurer, the market exploded. In 2008, Chinese bancassurers sold life insurance worth USD 52 billion in premiums, which accounted for about 48% of all life premiums in China.

Many state-owned banks are now showing a strategic interest in the insurance industry, reflecting a desire to turn banks and insurers into financial conglomerates under the wings of the state. With their investments in foreign joint-venture insurance companies, large domestic banks such as the Bank of China, Bank of Communications or China Construction Bank are contributing to the increasing "domestication" of these partnerships.



Above:

The Lujiazui Financial District in Pudong, Shanghai.

Social insurance challenge

Another aspect of insurance history that must be given attention is social insurance. Social insurance was accepted as a principle by the Chinese Communist Party from the 1930s and put into practice since the establishment of the People's Republic of China in 1949.

Currently, social insurance is defined by the Social Insurance Law of 2008 and includes the five areas of old-age pension, medical, accident, unemployment and

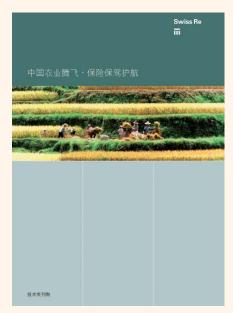
childbirth. This sector has faced numerous challenges, including an ageing population and rising expectations among Chinese consumers

The sheer scale of provision is stunning: from 1990 to 2006, the social security fund arew from RMB 18.7 billion to RMB 825.6 billion, while the number of participants in the state retirement schemes ballooned from 48 million people to

141 million and the participation in medical insurance more than doubled from 72.9 million to 157.3 million people.

Despite the obvious growing demand for welfare-related insurance, foreign life and health insurers were limited to joint ventures with a maximum holding of 50%. State-owned enterprises continue to play an important role in China, but the government's flotation of the PICC and China Life on the stock exchange in 2003 was a major step towards reform.

Agriculture: Swiss Re breaks new ground with public-private partnership



Above:

Swiss Re report on agricultural insurance in China, 2008.

China is one of the world's agricultural giants. According to the United Nations, the country accounts for the production of more than half of the world's aquaculture, a third of its meat, a quarter of its fruit and vegetables and a fifth of its cereals.

As in other countries, food security is also high on China's political agenda. Demand in China continues to increase as a result of economic and population growth and a shift from rice and cereals to a diet with higher levels of protein. Some estimates suggest that grain production will need to increase by 30% over the next 25 years to satisfy demand.

However, as demand grows, the country is increasingly faced with a challenging situation: available arable land is limited and crops are threatened by floods, droughts and typhoons. In the first decade of the 21st century alone, droughts, floods, typhoons, pests and diseases destroyed about 10% of annual crops with some regions recording losses as high as 80%.

With so much at stake, the Chinese government decided to take action, and in 2004 it embarked on its "three-dimensional rural issues" plan. The plan aims to increase agricultural output by industrialising agriculture, increasing farmers' access to finance and making improvements to infrastructure.

A central element of the plan is to develop the market for agricultural insurance, which plays an important role in stabilising farmers' income and stimulating investment in agriculture and technology.

Chinese insurers have offered livestock insurance since the 1950s and crop insurance since the 1980s. The agricultural insurance market took off in a big way in 2007, after the government began subsidising agricultural insurance premiums, which stimulated demand for these products. By 2010 the agricultural insurance market was worth CNY 14 billion, making China the world's second largest agricultural insurance market after the US.

Reinsurance has an important role to play in developing the agricultural insurance sector in China, providing capacity and expertise.

In 2008 Swiss Re entered into a groundbreaking partnership with the Beijing Municipal Government to provide reinsurance to the region's agricultural insurance scheme. Under the partnership, which ultimately covers some 400000 farmers, Swiss Re provides tailor-made reinsurance protection for livestock, crops and fruit against diseases, flood, wind, hail and rainstorms.

As the lead reinsurer, Swiss Re pays the first part of a reinsurance claim to Chinese insurers under the government-subsidised agricultural insurance scheme. However, the very largest losses are shared between the insurance companies, Swiss Re, China Re and the Beijing Municipal Government Agricultural Catastrophe Risk Reserve.

This public-private partnership was the first of its kind in China and marks a departure from the post-disaster financing of the past and a shift towards a pre-emptive risk management strategy. It is hoped that collaboration between Swiss Re and China will be increased and enhanced in the future.

The liberalisation of the Chinese reinsurance sector reached a critical juncture in 2004 with the restructuring of the stateowned China Reinsurance Company.

Up until 2004, China Re had dominated the estimated USD 7bn reinsurance market in China through a mandatory cessation: non-life insurers were required to cede some 20% to the state-owned company. Foreign reinsurers were restricted to foreign currency business, which accounted for just 10% of the total market.

Recognising the need to stimulate competition and bound by WTO commitments, the government sought to open up the sector to domestic and foreign players and loosen China Re's grip on the sector. The compulsory ceding of policies was gradually reduced before being finally eliminated in 2006.

China Re was then restructured with three new entities - China Life Reinsurance Co., China Property Reinsurance Co. and China Dadi (Continent) Property Reinsurance - under a new holding company, China Reinsurance Company.

Swiss Re and China Re had close ties from the very first years. In 1999 Swiss Re hosted China Re Chairman Dai Fengju and his delegation on their first official business visit outside of China. The main purpose of the visit was to strengthen ties between the two companies and recognise the role of the Swiss reinsurer's expertise in helping to develop the Chinese insurance market. Swiss Re also saw it as an opportunity to learn from China Re about how to adapt to the fast-changing environment in China.

Dai Fengju's visit followed a visit to China by a Swiss Re delegation headed by Swiss Re Chairman Walter Kielholz in the previous year, which included a visit to the new office in Beijing and demonstrated the reinsurer's commitment to the Chinese market.

China Re underwent further modernisation in 2007 when it was renamed China Reinsurance (Group) Corporation and embarked on strategy to become a professional international reinsurance company. At the same time, it received

Below:

China's rapid infrastructure development presents both great opportunities as well as big challenges for re/insurers in China. Swiss Re has provided risk management services for many projects including several Metro Lines in Shanghai.



a USD 4 billion capital injection from Central Huijin Investment Ltd, becoming the largest reinsurer in Asia by capital.

The company remains state owned, although foreign investors have taken stakes in subsidiary companies, and the intention is to eventually privatise the group through a public offering.

Opposite:

Cities are getting bigger and the number of megacities is increasing substantially. The urban population of China is expected to grow by about 276 million between 2011 and 2030. By 2050, China will have the world's largest urban population with 1 billion people living in an urban environment. The speed of urbanisation makes it difficult to build essential infrastructure fast enough and is creating serious challenges and a new risk landscape in some cities. Risk transfer to the private sector should be an integral part of city risk management to help alleviate the financial and personal burden that can strike many in the wake of a catastrophic event.

Below:

Gambling has a long tradition in Macau. Today's Special Administrative Region has seen big investments in its infrastructure that needed comprehensive insurance solutions

Foreign reinsurers provide capital and expertise

Although foreign reinsurers were allowed to participate in the market for several years prior to 2004, this was only under strict conditions - including CIRC approval, at least 30 years' experience in the industry and minimum assets of USD 5 billion.

Swiss Re and Munich Re were the first foreign reinsurers to obtain licences to underwrite reinsurance on a local currency basis in 2003, and they were soon followed by other leading European reinsurers. At around the same time, the leading reinsurance brokers opened offices in China and began to play an active role in the market.

The branch office in Beijing was opened by then Swiss Re Chief Executive John Coomber to provide life and health and property and casualty reinsurance to China's growing insurance market in the original currency. Within two years of opening, the branch's staff had expanded from just six employees to 60, requiring the reinsurer to seek bigger premises and making Beijing one of the company's largest offices in Asia.

In line with the growing status of its new branch, Swiss Re stepped up its reinsurance operations in China, including its highly regarded research capabilities. For example, it added Chinese language versions of its market leading research series, sigma, in 1999, followed by an online version in 2003.

Swiss Re has worked with a number of leading Chinese Universities and research institutions, including Peking University, Tsinghua University, Fudan University and Nankai University, to improve the understanding of risk in China.





Micro-insurance to meet the needs of the many

There is no doubt that the mainstream insurance business in China has benefited from economic growth and increasing urban prosperity and consumer demand, but recent years have also seen a number of successful new micro-insurance initiatives.

These micro-insurance programmes, launched by large insurance companies, are designed to meet the needs of groups that are otherwise not well served by insurance, including farmers, low-income residents and migrant workers in Chinese cities. They are typically distributed via rural organisations and agencies, such as the Women's Federation and village committees.

A Swiss Re study estimated that microinsurance could cover four billion people worldwide, generating insurance premiums worth some USD 40 billion. The Asia-Pacific region is the fastest-growing micro-insurance market, although growth has also been strong in Latin America and Africa.

For example, a partnership between Swiss Re, Chinese insurers and the Beijing Municipal Rural Affairs Committee provides affordable insurance that protects smallholders in China against all perils, including diseases and weather events such as prolonged frost or flooding.

Beijing's agricultural insurance scheme has been a great success. Reinsured by Swiss Re and China Re, it currently covers more than 200000 farming households. Around 35% of the crops and 55% of livestock in the Beijing municipality are now insured.



Above:

Lu Jin Fon, a pig farmer not far from Beijing, who bought insurance encouraged by Beijing's agricultural insurance scheme. The picture was taken by Mathias Braschler and Monika Fischer for Swiss Re's photo project "Protecting Generations".

Education and training

Rapidly developing markets exhibit greater demand for technical training and knowledge. In response, Swiss Re offered an increasing number of seminars and workshops to aid the transfer of knowledge and best practices. Early on, the company ran risk management workshops in association with the National Accounting Institute in Beijing, the first of which was attended by 42 participants from Petro-China and China National Petroleum Corp.

Among the many key events organised by Swiss Re in China, the CFO roundtable and the China Forum have served as important platforms for senior executives in China to exchange views. These events are good examples of how a global reinsurer like Swiss Re shares its international knowledge and experience, as well as helping to build a global dialogue with the international insurance community.

Transferring expertise and knowledge

Since opening its office in Beijing, Swiss Re has also increased its participation in the Chinese insurance and reinsurance sector. It was the first foreign company to join the China Nuclear Insurance Pool, adding capacity and sharing know-how in 2005.

Among other initiatives, Swiss Re developed the first weather index insurance solution for the energy sector in China in 2011. And in 2006, Swiss Re launched the first e-business platform with Ping An P&C Insurance Co to support export product liability underwriting. The following year the reinsurer signed its first commercial motor fleet agreement with Huatai, cementing its relationship with one of the key Chinese insurers and opening a new chapter for Swiss Re in the fastgrowing Chinese motor market.

The reinsurer's support of Chinese clients has been recognised by the industry, and it has won China Insurance Marketing's China Reinsurer of the Year award four times since 2010.

Below:

Hong Kong in the 21st century. Swiss Re's offices are located on the 61st Floor, Central Plaza - the tall building on the right.



Longevity: Will China get rich before it gets old, or old before it gets rich?

China's impressive economic growth has been aided by its great population advantage. But demographics could also be storing up a potential future storm.

China has undergone some fundamental demographic changes in modern times. Its population has more than doubled since 1950 to 1.27 billion today.

And in recent decades some 400 million people - more than the population of western Europe - have migrated from the countryside to China's growing cities. It is thought to be the largest human migration in history.

Like many other major economies, China faces the daunting challenge of an ageing population. Historically, China has enjoyed high fertility, but the birth rate has slowed dramatically in recent decades. And by 2030 the population growth rate is expected to turn negative.

People are also living longer. Some 80% of the people who will be alive in China in 2030 are already alive and living there today, giving us a good idea of what the country will look like.

Projections suggest that China's population will be barely larger than it is today, but there will be far fewer people under 50 years of age, and even fewer in their twenties. In 2010 about 115 million Chinese were 65 or older. By 2020 there are expected to be 240 million.

Adding to the challenge, China is also undergoing a revolution in family structure, which is seeing a decline in the traditional support given to the elderly by extended families. However, the Chinese welfare system is also being further developed.



Photo taken from Swiss Re's archives, Hong Kong, 1960s.

Maturing market place

China weathered the financial crisis that struck the US and Europe in 2008, although downside risks for the Chinese economy increased in the past few years. However, longer-term growth in GDP is still expected to be significant.

The insurance market also continues to grow at a considerable pace. In 2011, non-life premiums increased by 21% to RMB 488 billion, while life insurance was stable at RMB 1,055 billion. Between 2013 and 2022, non-life premiums are projected to increase by an average of 9.1%, while the prospects for life insurance are also favourable, with business expected to grow by an average of 8% a year until 2022.

Non-life premium growth has been stimulated primarily by the expansion of motor sales and infrastructure investments. The robust demand for motor insurance is expected to slacken in the coming years, although policy-driven growth in agriculture and liability insurance should generate new business.

Dominant players

Chinese insurers continue to dominate the mainland insurance market, with the state-owned companies leading the way. However, three Chinese non-life insurers and four life insurance groups had listed in Hong Kong and Shanghai by 2011 and more are expected to follow. The CIRC is keen to see large domestic insurers seeking initial public offerings.

By 2011, there were 38 domestic non-life insurers in China, and 21 foreign branches. The top five non-life companies had a 75% market share – PICC was the largest with a 37% share – while foreign insurers had a 1% share.

In the life sector, 35 domestic companies were competing with 25 Sino-foreign joint ventures and one foreign branch. The top five companies had a 75% market share, while foreign companies had 3.8%.

Bancassurance is an important feature of the Chinese market, being the largest single form of distribution. An increasing number of banks have been investing in the life insurance sector, while a number of insurers have invested in local banks.

Below:

A medical team for disaster relief from the Qinghai-Tibet Station of the General Logistics Department set up a field hospital in the Jiegu Town of Yushu County, providing treatment to injured people. Postcard by the Ministry of National Defense of the People's Republic of China.



Motor insurance: a driver of growth

There are over 240 million vehicles on China's roads, and the numbers keep rising. In 2012, 15 million new cars were added, more than the entire car population at the end of 1999.

This exponential growth in car ownership has given a huge boost to the property and casualty insurance sector in China.

In 2007 Swiss Re established a dedicated motor insurance team in Asia in anticipation of the expected growth in markets like China.

Today, motor insurance is the biggest non-life business line in China, representing over 70% of non-life premiums.

The growth in motor insurance has attracted well-established foreign insurance companies. However, foreign insurance companies in this promising segment have been subject to regulatory constraints, since initially they were not allowed to offer mandatory third-party liability insurance in China.

The government plans to open the motor compulsory liability insurance market to foreign participation, while motor tariff liberalisation in China is expected to lead to greater freedom in pricing and promote more competition.

Growth in China's motor market has slowed in recent years, reflecting environmental concerns. China has phased out an auto purchase subsidy scheme and begun to restrict car ownership and usage in major cities to control congestion and pollution.

Motor premiums are weaker from lower vehicle sales, below the exceptional 20%+ annual growth rates seen in recent years.

Below:

The road system of Beijing, 2009.



Chinese firms are going from strength to strength. Meanwhile, the efforts of foreign companies on the Chinese market have, at first glance, been somewhat less than successful. By 2010, they had yet to achieve a market share of more than 1% in non-life insurance and 5.6% in life insurance.

However, these figures do not reflect foreign insurers' focus on the big cities -Shanghai, Beijing, Guangzhou and Shenzhen. Foreign companies in Shanghai and Beijing have a 25% share of the market on average across all lines. And foreign insurers are now looking to other Chinese provinces, such as Fashan, Haikou, Dalian, Tianjin, Chengdu and Chongging.

Overleaf:

Swiss Re also provided risk management services for several large engineering projects such as the Jiaozhou Bay Bridge in Qingdao.

Conclusion

For most of the first century and a half of the history of insurance in China, foreign insurance companies prospered there due to their concentration in the treaty ports and regulatory protection. But now, in the age of reform, it is Chinese companies that are enjoying the advantage.

The competitive advantage of foreign insurers has decreased significantly as the domestic insurance market has become more mature and customer oriented. In particular, the collaboration between Chinese banks and insurers gives domestic insurers a competitive advantage.

Internationally, China leads all other emerging markets and regional economies in terms of growth in insurance premiums. In 2010, China had the highest real premium growth rate in life insurance, at 26%, compared to an average growth rate of 18% for the Asian region. In terms of non-life insurance premium growth, China achieved a 28% increase and accounted for 73% of all non-life premiums in the Asian region.

It is thus clear that insurance has been a considerable success in reform-driven China. The growth of the industry has created strong domestic competition.

That is not to say that foreign companies are not important to China's rapid development. The first insurers on Chinese soil were established and run by foreign traders, and much was learnt from Western insurers. In more recent years, considerable technology transfer has taken place to enable the Chinese insurance industry to reach its current heights.

Foreign reinsurers and insurers are also playing an important role in helping China's insurers develop important new markets, such as agricultural insurance and liability lines. In addition, they are also applying their global expertise to some of the major risks facing future generations in China, such as the ageing population and the increasing burden of natural disasters.

Reinsurers' contribution to building the modern China

Reinsurers like Swiss Re have been making a contribution to the development of the Chinese economy by providing risk management expertise and reinsurance capacity for infrastructure projects.

Swiss Re has provided insurance and risk management expertise for many Chinese infrastructure projects, including the 50 km Hong Kong Zhuhai-Macau Bridge, the largest sea-bridge in the world. It provided the project with reinsurance and assisted with the acclaimed risk management programme.

Multi-billion dollar projects, such as the Three Gorges Dam and Xinjiang-Shanghai gas pipeline, are too large for single insurers, but reinsurers can boost available insurance capacity and cope with the high values at stake.

Reinsurers also bring risk management expertise and share best practices for very large and complex construction projects. For example, Swiss Re helped introduce the Joint Code of Practice for Tunnel Works in 2005, as well as promoting best practices for metro construction in the country by conducting site surveys.

The reinsurers established risk management schemes to help metro contractors identify risks and provide mitigation measures.

One of the downsides of rapid economic development is the potential for environmental damage. Pollution became a major issue in the first decade of the 21st century following stronger government enforcement and a significant increase in environmental laws and regulations. Swiss Re has been working with the Chinese insurance industry to encourage a market for specialist liability products.

The value of Reinsurance

Today, insurance is an integral part of our lives. Building a house, marketing a product, driving a vehicle, all would be unthinkable without taking appropriate insurance cover.

By contrast, reinsurance remains virtually unknown by the general public, even though it plays a key role in taking on risk and enabling economic growth and progress.

Reinsurance is "insurance for insurers". It carries out one of the fundamental principles of insurance, namely that risks need to be spread as widely as possible. The more broadly they are shared, the more cost effective it becomes to cover them

From the very beginning the reinsurance business was international, helping its clients offset their risks

across the globe. Similarly, its breadth of activity across lines of life and non-life business let specialised insurers diversify their risks over a wider range. And through its longstanding client relationships, some dating back to the 19th century, a third dimension has opened up of distributing risk over extended periods of time.

Reinsurers accept risks of virtually every kind, from natural catastrophes to higher mortality and motor insurance to aviation liability. These risks are transferred to them by the primary insurers, who then need to keep less risk capital tied up and can write more business as a result.

As the premiums paid for reinsurance are invested via the financial markets, both primary insurers

and reinsurers contribute significantly to the economy, which helps drive growth and benefits society in general.

Reinsurance naturally researches risks and the nature of risk more than any other part of the financial services industry. Knowledge accumulated over centuries today is harnessed in statistics and state-of-the art models to better understand the risks of the 21st century. This effort directly benefits clients and society as a whole.

And reinsurers are also an active voice in the public discussion on risk. For addressing the big issues of our time and coping with natural perils or epidemics, insuring large-scale projects and consumer products, and, ultimately, insuring our everyday lives, reinsurance has become indispensable.





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