

# Measuring Re-insurance activity: the case of Switzerland

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This presentation shows how re-insurance is treated in the Swiss national accounts. In Switzerland, re-insurance plays an important role as part of the subsector insurance companies and pension funds. Some large and internationally operating re-insurance companies are located in Switzerland, and this activity has seen continued expansion in recent years with new market participants settling in; re-insurance activity accounts currently for about one quarter of the output of insurance services and moreover is responsible for nearly all international flows of insurance services and the volume of premiums now exceeds that of all other types of direct insurance.

To deal adequately with this particular situation, the Swiss national accounts treat re-insurance in a way that is not aligned with the rules of the ESA 1995 which recommends entering only operations on goods and services measured as the net flow between the re-insurer and the direct insurer. In Switzerland, re-insurance operations are already entered symmetrically to direct insurance transactions– a treatment that is also foreseen by the 2008 SNA and the ESA 2010. In addition, this measurement of the insurance service broadly follows one of the methodologies foreseen in the 2008 SNA/ESA 2010, the so-called accounting method – which reduces fluctuations in measured insurance services, without however completely eliminating them. This accounting method, favoured in the Swiss case, not only avoids negative values but is also useful in tracking re-insurance activity over the business cycle.