

Schweizerische Versicherungsgesellschaften im Machtbereich des «Dritten Reichs»

Swiss insurance companies in the area governed by the Third Reich
(Publications of the ICE, volume 12)

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Summary

This volume examines the role of Swiss insurance companies during the National Socialist period. Based on company records which have recently become available for the first time, the study covers the activities of all the Swiss insurers operating through branches and subsidiaries on National Socialist territory between 1933 and 1945. The study is problem-based and does not aspire to be a comprehensive history of the Swiss insurance industry during the period in question. It is accompanied by a separate legal opinion, entitled *«Die Geschäftstätigkeit der schweizerischen Lebensversicherer im «Dritten Reich»: Rechtliche Aspekte und Judikatur»* (Publications of the ICE, Volume 19). The study is structured on a chronological and thematic basis.

Part I describes the international situation and the development of the Swiss insurance industry into the post-war period, examines the general conditions prevailing in National Socialist Germany, and clarifies the position of Swiss branches at that time.

The Swiss insurance companies developed as multinational companies; even in the early stages, their growth was based to a considerable extent on foreign business operations, which generated a good 60 percent of premium revenue at the end of the 1930s, with Germany the most important foreign market. In the 1930s and up to the end of the war, branches in Germany recorded results ranging from satisfactory to favourable. A slow but steady increase in the volume of premiums was set against highly advantageous developments relating to losses. During the war years, many companies were able to boost their technical reserves beyond what was necessary and accumulate hidden reserves. The Swiss insurers emerged at the end of the war with their structures largely intact and with a healthy financial base, whereas most of their international competitors were only saved from bankruptcy by the injection of state subsidies (Chapter 2). Business activity in Germany during the period from 1933-1945 took place under changed conditions. When the National Socialists came to power, a restructuring of the insurance industry also began. After the introduction of new ideological criteria governing the primary tasks of insurance, the industry was integrated into the group organisation of the commercial economy (*Gruppenorganisation der gewerblichen Wirtschaft*), with new appointments to the insurance industry's regulatory body following later. The private insurance sector finally emerged as the victors from the discussions about the nationalisation of private insurance companies. The Swiss companies were important allies for the German private insurance sector here, and this paid off through favourable arrangements in other areas (especially in German-Swiss insurance payment transactions). Overall, however, the Swiss companies were obliged to make way for their German competitors, especially after the beginning of the war, when the Wehrmacht's campaigns of conquest opened up major new market potential. The German branches of Swiss insurance companies were subject to the German insurance industry regulator and, in general, to German law. However, they did not possess their own legal personality but constituted an economic and legal unit with their parent companies. All key decisions were taken by the Swiss head offices, which were able to maintain their control over the branches until the final weeks of the war (Chapter 3).

Part II examines the Swiss insurance companies' response to the National Socialist state's policy of «coordination» (*Gleichschaltung*) and Aryanisation. Maintaining business operations in Germany meant that Swiss companies were confronted with fundamental issues of an economic, legal and moral nature. After the beginning of the war, the question whether activities in Germany should be suspended was raised on several occasions. However, despite the concerns voiced, all the companies ultimately decided, for financial reasons, to continue with their generally profitable German business. This meant that they remained exposed to pressure from the National Socialist regime to adapt and conform. They defended themselves against German nationalist aspirations in the insurance industry and against economic disadvantage, but were prepared to declare themselves «Aryan companies». Indeed, some companies even took steps to demonstrate that they had «Aryan» directors and shareholders, thus opening the way for anti-Semitic legislation to develop its discriminatory impact in Switzerland as well (Chapter 4). In Germany, under pressure from state decrees and the National Socialist workplace organisations, most branches of Swiss companies conformed unquestioningly to the demands of the new ideology; card-carrying National Socialists were appointed and, in some cases, promoted to key positions. *Gleichschaltung* had particularly serious consequences in terms of the dismissal of Jewish employees. In the majority of cases, these measures were carried out before the relevant legislation had been passed. Furthermore, Swiss insurers refused to honour dismissed Jewish workers' legal entitlements to redundancy benefits in some cases (Chapter 5). This excessive zeal in complying with the new regime's demands was also apparent in the termination of contracts with Jewish tenants, which often took place in advance of the legally defined time limit (Chapter 6), and in the handling of claims after *Reichskristallnacht*. Here, Swiss property insurers and reinsurers adopted the solution negotiated between the leading German insurers and Göring, even though this particular case would have offered an opportunity to protest against the measures on easily justified and objective grounds and draw international attention to the injustices perpetrated by the National Socialist regime (Chapter 7).

Part III of the study deals with a central aspect of the mandate, i.e. the impact of German exchange controls and discriminatory confiscation policy on the business practices of Swiss insurance companies, and the issue of reparations in the post-war period. In the 1920s, Swiss insurers in Germany led the field in foreign currency insurance policies (mostly in Swiss francs or US dollars). These were aimed primarily at providing security in the face of unstable exchange rates, and many policy-holders also hoped to gain additional legal protection from them. At the same time, they were often used by wealthy clients as a way of diverting capital and taxes into Switzerland (Chapter 8). The 1930s then saw the gradual state-ordered conversion of foreign currency policies. The companies tried to shift the negative effects of these measures, as far as possible, on to their clients, many of whom were Jewish (Chapter 9). Even more disastrous for Jewish policy-holders than the conversion of foreign currency insurance policies were the seizure and confiscation of their policies. In order to pay special taxes and duties, and to finance their escape from the country to save their lives, most Jewish policy-holders had cashed in their policies by the beginning of the war. Others had their insurance assets seized by the National Socialist state. With the enactment of the 11th Decree of the Reich Citizenship Law in November 1941, the regime mandated the direct and wholesale confiscation of insurance assets belonging to Jewish clients. The Swiss insurers reacted in different ways to this state-sponsored theft. Some companies, through a mixture of protest, evasion and delaying tactics, were successful in ensuring that only a small percentage of these forfeit policies were actually paid out to the National Socialist authorities. Others had no hesitation in supplying the German exchequer with the names of Jewish policy-holders, handing over the assets without protest, and in some cases even pushing for the rapid conclusion of the process in order to minimise their own risk. The volume and percentage of insurance assets paid out by them to the German financial authorities was correspondingly high. The insurance companies took the view that their payment obligations were settled with the pay-out of the cash-in value to the German

financial authorities; the policy was thus deemed, in their eyes, to have expired. Their attitude towards policy-holders in the post-war period was therefore less than generous. On the other hand, the clients who had suffered losses took the view that the confiscations had been illegal, arguing that the policies were therefore still in force, and that the companies had a duty to pay out. Swiss insurance companies often reacted with greater indignation and resolution to the legitimate claims of victims of National Socialism than to the earlier injustices of the National Socialist regime. Thus it was left to the Swiss courts to decide who should bear the burden of the Nazi injustices which had been carried out with legal force. In the final instance, they ruled against the injured policy-holders who had placed their faith in Switzerland as a safe haven for their assets and taken out insurance policies with Swiss companies. These policy-holders had no choice but to embark on the often lengthy, humiliating and complicated route of claiming «reparations» from Germany (Chapter 10). The other issue relating to the fate of Jewish insurance assets, i.e. the question of «dormant assets», had less significance for the insurance sector and never assumed the same dimensions as with the banks. It has not been possible to determine the exact number of «dormant» policies. Swiss reinsurers were also affected by the confiscation measures introduced by the National Socialist authorities. In the 1920s and early 1930s, they had issued guarantee certificates on behalf of partner companies on National Socialist territory. These declarations were designed to protect clients in the event of the insurers' insolvency and devaluation of their claims. Under Swiss law, the confiscation of policies held by the Jewish owners of guarantee certificates would have enabled these policy-holders to claim their entitlements from the guarantor. Yet even now, the reinsurers concerned deny that they have a general obligation to pay out on the policies, although they have agreed on settlements in individual cases. Death, deportation and the «Iron Curtain» also prevented many policy-holders from registering their claims (Chapter 11).

Finally, *Part IV* examines the changes brought about by the war, focussing especially on the new market opportunities which opened up for Swiss companies on National Socialist territory and, conversely, Switzerland's importance for the German insurance industry: the potential for business expansion arose in particular in non-life insurance and reinsurance. However, in Germany itself, foreign insurers were only able to take advantage of new market opportunities to a limited extent, and even in the occupied territories of Eastern Europe, the market share which became available was divided primarily between domestic, German and Italian insurance companies. In the parts of Western Europe under occupation by the Wehrmacht, however, the greater role played by the Swiss companies proved useful for the national and wartime economy. Swiss fire and transport insurers were able to expand in France, Belgium and Holland and take over business segments previously dominated by expelled British companies. Through their membership of the Association to Cover Major Risks (*Vereinigung zur Deckung von Grossrisiken*), Swiss reinsurers participated in the integrated economic area (*Europäische Grossraumwirtschaft*) project (Chapter 12). Furthermore, in occupied Western Europe, Swiss non-life insurers played a major role in speculative war risk insurance, and thus helped to meet the demand for insurance cover in this economically important sector as well (Chapter 13). While the National Socialist area was a key source of business for Swiss companies, neutral Switzerland was also an important business location for German insurers. As early as the 1920s, insurance companies from Germany had sought to protect themselves from inflation and loss of confidence by setting up subsidiary companies and purchasing shareholdings in companies in Switzerland. After Hitler seized power, the task of the German offshoots in Switzerland was initially to safeguard German companies' existing insurance contracts. More and more the subsidiaries in Switzerland started to handle new business as well before passing it on to their German parent companies. To protect these key companies in Switzerland from the economic blockade imposed by the Allies, a variety of measures were adopted at the start of the war to camouflage them as Swiss firms. These operations – generally based on fiduciary

arrangements – proved very successful, despite the Allies' blacklists, until their general collapse shortly before the end of the war (Chapter 14).

The study concludes that during the National Socialist period, the Swiss insurance companies remained committed to a strict economic logic, and, when making decisions with wider implications, largely ignored moral and ethical issues (Chapter 15).

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