

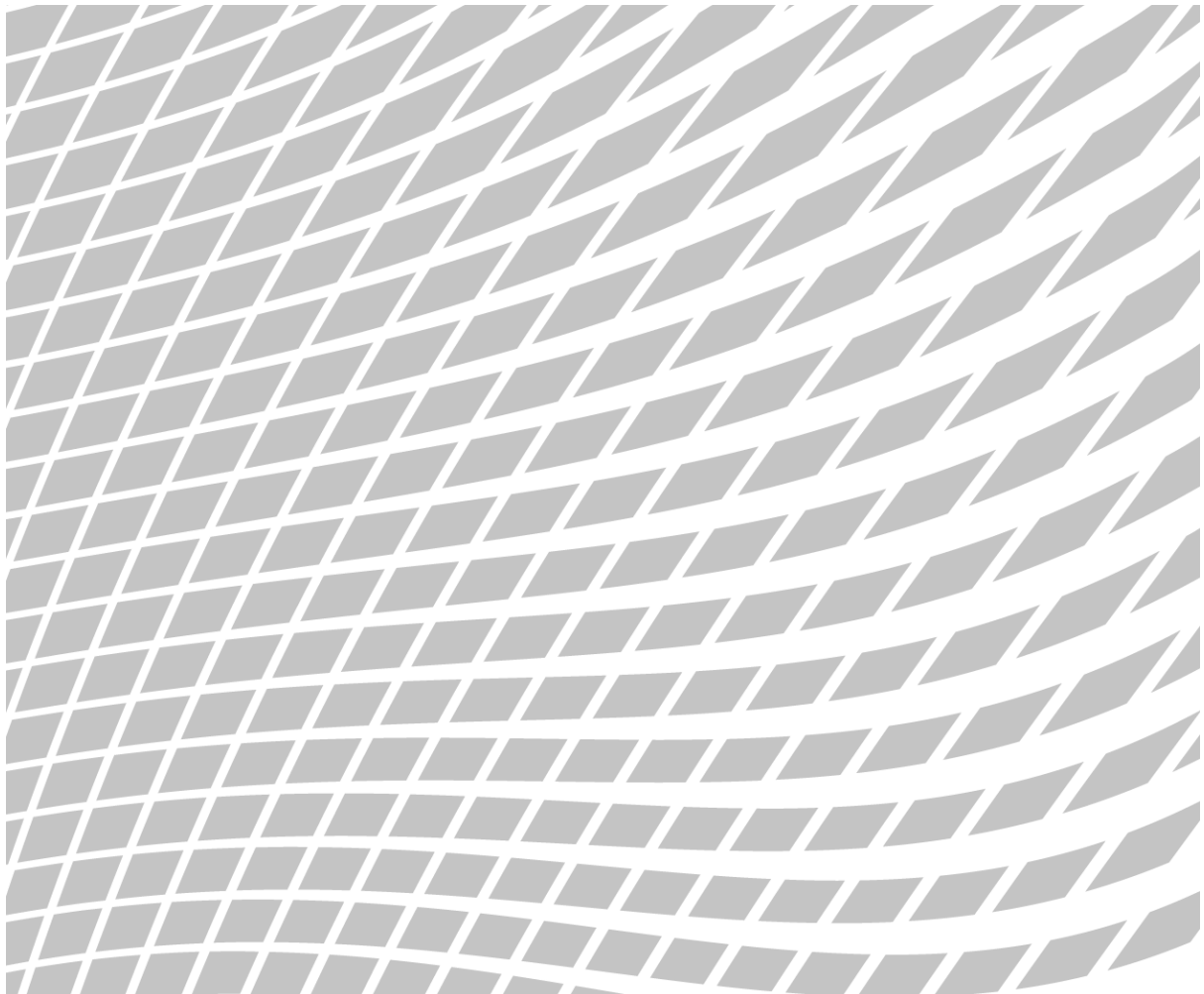
25 January 2012

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## **Explanatory notes**

### on the business plan of insurance companies

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**Legal basis:**

Article 4 Insurance Supervision Act  
Article 4 Insurance Supervision Act

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## 1 Introduction and legal basis

Swiss insurance companies intending to offer direct insurance or reinsurance and insurance companies domiciled abroad intending to engage in insurance activities in or from Switzerland require authorisation from FINMA to do so. Insurance companies must submit an application to FINMA along with a business plan (Art. 3 para. 1 and Art. 4 para. 1 ISA). Any changes to the business plan itself must also be submitted to FINMA.

The legal requirements on the content of the business plan, the conditions for approval of business plans and changes to business plans are set out in Article 4 para. 2 and Articles 5-6 ISA.

Two different scenarios can be distinguished with respect to submission of the application for approval of the business plan:

1. Submission of the business plan in the context of a new application for authorisation of insurance activities ("initial approval");
2. Submission of changes to an already approved business plan ("approval of changes").

The explanatory notes below serve to provide further important details on the legal requirements set out in Article 4 para. 2 ISA.

## 2 Procedure

FINMA provides forms for recording business plan data. These forms must be filled out by the insurance company according to the type of insurance written (see table under point 3), signed in accordance with the "Declaration" form, and submitted to FINMA by mail. Additionally, any enclosures requested by FINMA must also be forwarded.

The insurance company may submit additional relevant information. FINMA may also request further information and documentation if necessary for evaluating the application (Art. 4 para. 4 ISA).

The forms can be downloaded from the FINMA website and the information entered directly into the Microsoft Word document. Annexes 1 and 2 to Forms G and H may also be downloaded from the FINMA website.

The insurance company must observe the following:

1. For initial approval:

All forms listed in the table under point 3 must be filled out and submitted to FINMA on paper.

2. For approval of changes:

The forms relevant to the changes must be filled out and submitted to the supervisory authority.

**The period according to article 5, para. 2 ISA begins at the day after reception of the communication of the modification of the business plan with a legally binding signature and sufficiently specifies.**

The information must be submitted with the name of the insurance company, the date, and the legally binding signatures of its responsible corporate body. All information must be provided in one of the following official languages of Switzerland: German, French or Italian.

### 3 Table of forms and applicability according to type of insurance

The following table provides an overview of the forms made available by FINMA and their applicability to the various types of insurance.

Art. 4 para. 2 ISA	Form	Title	Types					
			Non-life <sup>1</sup>	Non-life, subsidiaries in CH <sup>2</sup>	Life	Life, subsidiaries in CH <sup>2</sup>	Re	Health
let. a	A	Articles of association (or incorporation)	X	X	X	X	X	X
let. b	B	Organisation	X	X	X	X	X	X
let. c	C	Activities abroad	X	X	X	X	X	X
let. d	D	Financial resources, technical provisions	X	X	X	X	X	X
let. e	E	Annual financial statement	X	X	X	X	X	
let. f	F	Holdings	X		X		X	
let. g	G	Direction	X	X	X	X	X	
let. h	H	Responsible actuary	X	X	X	X	X	X
let. i	I	Independent auditor	X	X	X	X	X	X <sup>3</sup>
let. j	J	Outsourcing	X	X	X	X	X	X
let. k	K	Insurance classes	X	X	X	X	X	X
let. l	L	National Bureau of Insurance	X	X				
let. m	M	Assistance services	X	X				
let. n	N	Reinsurance	X	X	X	X	X	X
let. o	O	Development costs	X	X	X	X	X	
let. p	P	Projected balance sheets	X	X	X	X	X	
let. q	Q	Risk management	X	X	X	X	X	X <sup>3</sup>
let. r	R	Rates, GTCI	Rates and GTCI subject to approval for group occupational pension schemes and supplementary health insurance					

<sup>1</sup> Including non-life insurers (only) providing health insurance.

<sup>2</sup> Only branches of foreign companies are recorded here.

<sup>3</sup> See explanatory notes on Forms I and Q.

## 4 Explanatory notes on the forms

### 4.1 Form A: Articles of association or incorporation (Art. 4 para. 2 let. a ISA)

Different forms are provided for insurance companies domiciled in Switzerland (A1), for branches of foreign insurance companies (A2) and for health insurance companies (A3).

#### **Insurance companies domiciled in Switzerland (A1)**

The articles of association are primarily based on the legal provisions of the Code of Obligations. Insurance companies must also observe the following points:

Detailed description of the purpose of the insurance company: alongside their insurance business, insurance companies may only engage in business that is directly connected with insurance (Art. 11 ISA). Insurance companies offering direct life insurance may in addition only offer accident and health insurance (Art. 12 ISA).

Cooperative societies that have not issued share certificates to their members must also have the minimum capital prescribed in Article 8 ISA. The capital is specified in the articles of association and must be included as company capital in the annual financial statements.

Allocation to the legal reserve fund (Art. 671 and Art. 860 of the Code of Obligations) must amount to at least 10% of annual profits for insurance companies offering life insurance and at least 20% of annual profits for other insurance companies, until a profit reserve of 50% of the statutory capital is reached or reached again if it has been drawn on (Art. 5 ISO- FINMA; SR 961.011.1).

For initial approval, the articles of association may be presented to FINMA **in draft format** for review. Subsequently, a certified copy of the articles of association and an extract from the Commercial Register must be presented to FINMA for approval.

For changes to business plan(s), the draft articles of association (or incorporation) must be presented for approval. Following approval, a certified copy of the articles of association (or incorporation) and an extract from the Commercial Register must be submitted.

#### **Branches of foreign insurance companies (A2)**

The articles of association (or incorporation) of the insurance company approved in the country of domicile must be submitted to FINMA with an extract from the Commercial Register for its branch in Switzerland.

If an insurance company does not want to register its Swiss branch in the Commercial Register, it must submit to FINMA confirmation from the responsible cantonal Commercial Registry Office, stating that there is no obligation to register. In this case, FINMA publishes the name of the fully authorised representative as well as the address of the office responsible for the whole business in Switzerland.

### **Health insurance companies (A3)**

Health insurance companies offering supplementary health insurance must specify this in their articles of association.

## **4.2 Form B**

### **Organisational structure and geographical areas of activity (Art. 4 para. 2 let. b ISA)**

#### **Organisational structure**

The insurance company must have an appropriate organisational structure in Switzerland.

By principal functions we understand, as a minimum, those functions listed in Section 4.10 of this document "Outsourcing important functions" and the internal audit. The insurance company can also mention other functions it considers fundamental to its organisation.

☞ See Circular 08/35 of 20 November 2008 on Internal audit - insurers.

☞ See Circular 08/32 of 20 November 2008 on Corporate governance - insurers.

#### **Geographical areas of activity**

The insurance company is to provide information on the geographical distribution of the insurance activities carried out in Switzerland and abroad.

#### **Insurance activities outside Switzerland:**

In Form C, information is to be provided on the scope of activities that are permissible abroad. In Form B, the practical circumstances are to be described.

If the insurance company is part of an insurance group or insurance conglomerate, a group organisational chart is to be submitted, and including where necessary, additional explanations.

#### **Branches**

In terms of organisation, the provisions listed above for branches of foreign insurance companies in Switzerland apply by analogy. The authorised representative is primarily responsible for the principal

functions of the branch. If other people within the branch are entrusted with principal functions, they must be included in the form with a description of their responsibilities.

The local operations of the branch must be outlined in Form A2.

#### 4.3 Form C

##### Licence issued by responsible foreign supervisory authority or equivalent certification (Art. 4 para. 2 let. c ISA)

The term "insurance activities abroad" assumes active business of a Swiss insurance company abroad. Active business abroad exists in particular when a Swiss insurance company targets a foreign market, when insurance contracts are solicited outside Switzerland on site by an organisation independent of the insurance company, or when publicity is carried out on site or via the Internet targeting legal entities or natural persons domiciled outside Switzerland.

The laws of the country where an insurance company is active determines the conditions under which it may engage in activities abroad. Often there is a general licensing requirement, and issuing a licence depends on certain conditions, such as setting up a subsidiary or branch. It may be, however, that a country does not have any licensing requirement in general or the licensing requirement for certain business activities does not apply.

Proof that an insurance company may lawfully engage in business abroad may be provided by presentation of the operating licence of the country in which the business is performed. If the activities of the insurance company are not subject to a licensing requirement in the country where the activities are performed but are compatible with the legal requirements of that country, the insurance company must provide proof thereof to FINMA. Proof consists primarily of certification by the supervisory authority of the country in which the business is performed. If such certification cannot be presented, e.g. because the country in which the business activity is carried out does not have insurance supervision or the supervisory authority of that country is unwilling to issue such certification, proof may for instance be provided by an independent, clear, and relevant legal opinion (Swiss national language or English) from the country in which the business is performed.

Reinsurance companies are called upon to indicate in which jurisdictions they require a licence under which law. Relevant records must be presented.

A foreign insurance company only carrying out foreign business from Switzerland must also provide proof that the supervisory authority of the home country agrees to the establishment of a branch in Switzerland (Art. 20 para. 1 ISO).

#### 4.4 Form D

Details of financial resources and technical provisions (Art. 4 para. 2 let. d ISA)

##### 4.4.1 Financial resources

###### Capital resources and solvency

For initial approval, the insurance company domiciled in Switzerland must provide proof of payment of the capital resources necessary to meet the solvency requirements (including hybrid instruments) and the organisation funds by submitting a copy of the credit advice issued by a bank. For approval of changes, the appropriate information must be submitted.

For initial approval, the foreign insurance company domiciled in an EU State must provide solvency certification and proof of a solvency margin as set out in Article 9 ISA.

A foreign non-life insurance company domiciled outside the EU and Liechtenstein and a foreign life insurance company must

- hold capital as set out in Article 8 ISA at its head office;
- calculate the solvency margin separately as set out in Article 9 ISA for insurance business performed by the branch. The assets for the coverage of the solvency margin must be deposited in Switzerland.
- lodge a security deposit at the Swiss National Bank corresponding to 10% of the required solvency margin for insurance business conducted from a branch (Arts. 23-26 and Arts. 27-32 ISO). In the case of initial approval, however, minimum requirements must be met in accordance with Article 15 para. 2 ISA.

###### Tied assets

The technical provisions for Swiss business must be ensured by means of tied assets.

###### Life insurance

The target amount consists of the elements set out in Article 56 ISO. It must be at least CHF 750,000 upon its creation (Art. 70 let. a ISO), and the resources must be paid into a financial institution licensed in Switzerland.

###### Non-life insurance (including health insurance)

The target amount consists of the elements set out in Article 68 ISO. It must be at least CHF 100,000 upon its creation (Art. 70 let. b ISO), and the resources must be paid into a financial institution licensed in Switzerland.

In the case of initial approval, the insurance company must provide proof of payment of the minimum amount by means of a copy of the credit advice issued by the bank.

#### **4.4.2 Life insurance: technical provisions**

Information on the formation and dissolution of technical provisions must be submitted to FINMA.

☞ See Circular 08/43 of 20 November 2008 on Technical provisions - life insurance.

#### **4.4.3 Non-life insurance: technical provisions**

The insurance company must describe the principles, procedures, and methods according to which it establishes, verifies, strengthens, and dissolves technical provisions in the insurance classes offered.

☞ See Circular 08/42 of 20 November 2008 on Technical provisions - non-life insurance.

The provisioning methods and principles must be justified and documented for each class and provision category in a way that is understandable to a knowledgeable third party. In particular, the statistical principles and parameters for each class and provision category must be explained. In the case of classes for which fluctuation provisions are required according to generally recognised principles, the non-life insurance company must ensure that they have been sufficiently established.

The types of technical provisions are prescribed in Article 69 ISO.

#### **4.4.4 Health insurance: technical provisions**

The insurance company is to indicate the principles, procedures and methods it applies to determine, form and use technical provisions in health insurance. The requirements are set out in FINMA Circular 10/03 of 18 March 2010, "Health insurance under ISA". Practical guidance on the details to be provided can be found in the guidelines on the technical part of the business plan (This document is available in German and French, see <http://www.finma.ch/d/beaufsichtigte/versicherungen/Seiten/krankenzusatzversicherung.aspx>).

#### **4.4.5 Reinsurance: technical provisions**

The requirements defined in FINMA-Circ. 11/3 must be taken in account when technical provisions are established. The models, methods and assumptions used to calculate the market-consistent and the statutory best estimate technical provisions must be justified and documented. They need to be laid down in the business plan together with the required details in a transparent and explicable manner.

Futhermore, reasons, methods and principles governing the establishment and release of equalisation provisions are to be laid down in the business plan.

FINMA-Circ 11/3 has been in force since 1 September 2011. The details and documentation on the technical provisions according to the business plan are to be submitted to FINMA for the first time by 30 June 2012.

#### 4.5 Form E

Annual financial statements for the past three fiscal years or, if a new insurance company, opening balance sheet (Art. 4 para. 2 let. e ISA)

##### **Scope**

This form applies to the following scenarios:

1. Insurance companies relocating their head office from abroad to Switzerland must submit annual financial statements for the past three years that were prepared in the country of origin.
2. Insurance companies domiciled abroad (not including reinsurance companies) intending to open a branch in Switzerland must submit the company's annual financial statements for the past three fiscal years.
3. Companies wanting to obtain a new licence for insurance activities must submit an opening balance sheet. With every substantial expansion of insurance classes, an opening balance sheet relating to the new insurance classes must also be submitted to FINMA. Substantial expansion includes any change to the company's risk profile. This applies particularly to the introduction of categories such as liability, accident insurance and reinsurance.

##### **Annual financial statements**

The statutory annual financial statements (consisting of the income statement, balance sheets, notes, and annual report) must be submitted.

If the balance sheet is shown prior to profit appropriation, supplemental information on profit appropriation must be presented.

The report of the independent auditor must be submitted with the annual financial statements.

If business reports of the insurance company and / or of the insurance group or insurance conglomerate affiliated with the insurance company exist, they must also be submitted with the annual financial statements.

##### **Opening balance sheet**

The opening balance sheet must indicate which capital resources have been paid in or contributed in kind, and the form in which these funds are kept.

The legally required organisation funds must be entered separately under liabilities.

#### 4.6 Form F

Details of persons who directly or indirectly hold at least 10% of the capital or voting rights of the insurance company or who may exert significant influence on its business activities (Art. 4 para. 2 let. f ISA)

##### **General remarks**

Holdings must be notified irrespective of whether the third party is an insurance company, another legal entity or a natural person.

Furthermore, reporting requirements under Article 21 ISA apply.

##### **Direct and indirect holdings**

A direct holding exists when a natural person or legal entity is a shareholder or cooperative member of an insurance company, i.e. is an owner of the participation rights. An indirect holding exists if additional participation relationships are interposed, leading to an indirect holding of at least 10% of the capital or voting rights.

For legal entities with direct holdings, an organisational chart of the group in question must be included.

##### **Significant influence on the business activities of the insurance company**

Significant influence may, for instance, be exerted:

- by a member of the board of directors involved in management;
- by an advisor close to the insurance company who makes decisions;
- by a majority of the board of directors in the case of specific representation of interests;
- etc.

#### 4.7 Form G

Identification by name of persons entrusted with ultimate management, supervision, control and conduct of business and / or fully authorised (e.g. holding a general power of attorney) representative (Art. 4 para. 2 let. g ISA)

This provision covers all leading decision-makers and / or responsible persons (for branches: the fully authorised representative exclusively) in the areas mentioned, irrespective of the legal form and organisational structure of the insurance company and the designation of the position in individual cases.

Under Article 14 para. 1 ISA, these persons must be of good reputation and provide assurance of proper business conduct.

☞ See Circular 08/32 of 28 November 2008 on Corporate governance - insurers.

Each person mentioned in Form G must fill out and sign the documents listed in Annex 1, including:

- a curriculum vitae
- the self-declaration (in accordance with Annex 1.3 to Form G).

In addition, each person must submit an extract from the criminal register. FINMA may also request a character reference. This data allows FINMA to ensure the individuals are of good character and can provide assurance of proper business conduct (Art. 14 ISA).

#### 4.8 Form H

##### Designation of responsible actuary (Art. 4 para. 2 let. h ISA)

☞ See Circular 08/16 of 20 November 2008 on Responsible actuary requirements.

☞ See "FAQs / Responsible Actuary"

<http://www.finma.ch/e/faq/beaufsichtigte/pages/faq-va-versicherer.aspx>

#### 4.9 Form I

##### Designation of independent (external) auditor and the persons responsible for the mandate (Art. 4 para. 2 let. i ISA)

##### 4.9.1 General remarks

Under Article 28 ISA, the insurance company must appoint an independent auditor to audit its management.

In the case of health insurers who within the same legal entity also operate a supplementary health insurance business under the Insurance Contract Act, Article 28 ISA only applies to companies with a large business volume (health insurers with an ICA market share of at least 2%; and possibly other companies with a relatively complex risk structure or that are involved in major financial risks).

FINMA publishes a list of licensed audit companies

(<http://www.finma.ch/e/beaufsichtigte/bewilligungstraeger/pages/default.aspx>).

##### 4.9.2 Authorised audit firms and auditors

The special statutory licence to audit insurance companies requires a basic licence from the Federal Audit Oversight Authority (FAOA). The conditions for authorising audit firms and lead auditors are set down in Article 26 FINMASA and defined in the FINMA Audit Ordinance (FINMA-PV) and FINMA Cir-

cular 08/41 in conjunction with the FOPI Directive No. 2/2007 about the recognition of external audit firms and lead auditors.

#### 4.10 Form J

Contracts or other agreements according to which important functions are to be outsourced (Art. 4 para. 2 let. j ISA)

##### **Principle**

The outsourcing of an insurance company's activities may not endanger the interests of the insured parties nor impede FINMA in its supervision.

When outsourcing tasks, Article 47 para. 4 ISA in particular must be observed, according to which natural persons and legal entities assuming tasks of the insurance company are also obliged to provide information to FINMA.

The insurance company is to designate one internally responsible person for each outsourced area.

##### **Principles and object of the approval requirement**

Outsourcing in the meaning of Article 4 para. 2 let. j ISA also includes the transfer of tasks between the Swiss branch of a foreign insurance company and the foreign head office or another unit of the company.

An outsourcing procedure is subject to approval if all of the following conditions are met:

- The outsourcing concerns important functions or processes of an insurance company (see "Outsourcing of important functions" below).
- The outsourcing is long-term.
- The service provider has entrepreneurial discretion in fulfilling its tasks<sup>4</sup>.

##### **Areas that may not be outsourced**

Ultimate management, supervision and control by the board of directors and other key management responsibilities may not be outsourced.

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<sup>4</sup> This means in particular that a mere contractual relationship in which the insurance company maintains its right of instruction in detail cannot be deemed outsourcing. If, for instance, the processing of some claims is carried out by an external law firm, this is not qualified as outsourcing of an entrepreneurial function.

Exceptions:

- Outsourcing of internal audit in accordance with the rules set out in section V. paragraph E of Circular 08/35 of 28 November 2008 on Internal audit - insurers.
- Outsourcing of the management of captive reinsurers to appropriately specialised captive management companies.
- Outsourcing of certain control functions within an insurance group or insurance conglomerate subject to group supervision.

### **Outsourcing of important functions**

Important functions in the meaning of Article 4 para. 2 let. j are those functions necessary for the effective operation of an insurance company.

Such functions are:

Core functions:

4. Production (product development, distribution, risk underwriting)
5. Administration of client base (administration of policies)
6. Claims settlements

Other important functions:

1. Accounting
2. Asset investment / management
3. IT

### **Outsourcing of important functions is possible under the following conditions**

- Of the core functions set out in points 1 to 3 above, a maximum of 2 may be outsourced, provided that such outsourcing is sufficiently justified. Outsourcing also includes partial outsourcing (e.g. the outsourcing of product development as part of the core function of "Production").
- The other important functions set out in points 4 to 6 above may be outsourced.
- Captives may outsource all important functions set out in points 1 to 6 above to specialised captive management companies.
- Companies in run-off after renouncing a licence may outsource all important functions set out in points 1 to 6 above, as long as this appears useful in specific individual cases (e.g. if only few contracts and claims remain to be processed).

#### 4.11 Form K

Planned insurance classes and nature of the risks to be insured (Art. 4 para. 2 let. k ISA)

##### **General remarks**

Depending on the insurance classes, different risks exist that the insurance company may cover. Form K must be filled out according to the insurance classes of life and non-life insurance listed in Annex 1 to the ISO. The risks must be assigned to the appropriate insurance classes.

##### **Life insurance**

- Independent risk insurance in the case of death, inability to work, or disability should be assigned to other life insurance (class A3).
- Residual debt insurance in the case of death, inability to work, or disability should be assigned to collective life insurance other than group occupational pension schemes (subclass A3.4).
- Capital redemption (class A6) encompasses transaction based on a mathematical procedure, according to which certain obligations are assumed in return for one-time payments or regularly recurring payments, the duration and amount of which are precisely specified. Capital redemption transactions may only be deemed "capital redemption insurance" if a biometric risk is a compulsory part of the insurance coverage. In order to assign a life insurance product to insurance class A6 (capital redemption), capital protection of at least 90% must be granted.
- Tontines (class A7) are contracts providing that paid-in amounts of insured persons are capitalised jointly and specifying how the accumulated assets are distributed among the survivors or the legal successors of the deceased.

##### **Non-life insurance**

According to insurance class or type of performance in line with Annex 1 to the ISO, B1 to B18.

##### **Reinsurance**

According to insurance class or type of performance in line with Annex 1 to the ISO, C1 to C3.

#### 4.12 Form L

Statement of membership of National Bureau of Insurance and National Guarantee Fund (Art. 4 para. 2 let. l ISA)

The prerequisites for granting authorisation to provide motor vehicle liability insurance (class B10) are the two following points:

- proof that the insurance company has joined the National Bureau of Insurance and the National Guarantee Fund.

**Address:**

Swiss National Bureau of Insurance /  
Swiss National Guarantee Fund  
P.O. Box, 8085 Surich  
Tel. 0800 831 831, Fax 044 628 87 67  
Tel. from outside Switzerland: +41 44 628 89 30  
E-mail nbingf@zurich.ch  
Website www.nbingf.ch

- name and address of the claims settlement officer whom the insurance company has appointed in each country to which Switzerland grants reciprocity in accordance with Art. 79e of the Road Traffic Act.

At the same time as the application for authorisation, the insurance company must apply for a company code from the Swiss Insurance Association (SIA). The cantonal Road Traffic Authorities need to enter this code in the vehicle registration card.

#### 4.13 Form M

Details of resources available to provide assistance services (Art. 4 para. 2 let. m ISA)

The resources mentioned are non-financial. Direct and indirect, personal and tangible resources, including the qualification of medical teams and the quality of equipment that the insurance company must possess to meet its obligations are included.

The insurer must show that it either has its own organisation to provide the assistance services specified in the contract or that it has concluded a contract with a third party possessing such an organisation, where such agreement obliges the third party to deliver the assistance specified in all countries falling within the scope of the contract.

#### 4.14 Form N

Reinsurance plan or retrocession plan (Art. 4 para. 2 let. n ISA)

**Information on management of the credit risk arising from reinsurance or retrocession claims**

- Description of the method or criteria for selecting reinsurers or retrocessionaires;
- Ways in which reinsurance and retrocession claims are actively managed;
- Description of the methods for determining the limits on reinsurance claims in relation to individual reinsurers (reinsurance group) or retrocessionaires and on individual countries or country groups.

**Information on reinsurance or retrocession strategy**

- Description of the concept or the principles applicable to the purchase of reinsurance (reinsurance concept, self-retention or strategy for purchasing reinsurance: coverage of peak risks, etc.).
- In the case of a start-up, an overview of the planned contracts must be provided, with an indication of the most important parameters such as the nature of the contract (proportional, not proportional), the total sum insured, the retained amount and the ceded premium.
- In the case of a start-up, the insurance company must show that the reinsurer(s) is / are willing to assume the risk. The retained amount for all business should not be less than 20% for reinsurance companies and not less than 10% per class for direct insurers. FINMA may allow well-founded exceptions.

#### 4.15 Form O

##### Estimate of costs required to build up the insurance company (Art. 4 para. 2 let. o ISA)

Under Article 10 ISA, an insurance company must have an organisation fund that allows for the costs of formation and development or an extraordinary expansion of business to be covered. Article 26 para. 2 ISA prescribes that the formation costs, capital increase costs and organisational costs must be charged to the organisation fund in the year in which they are incurred. As in Article 11 ISO, the organisation fund generally amounts to 20% of the minimum capital. It may be used for purposes other than those referred to in Article 10 para. 1 ISA at the earliest three years after its creation and only with FINMA's approval. For insurance companies authorised to provide insurance class C3, the organisation fund must amount to at least CHF 300,000.

In order to determine the amount of the organisation fund, the insurance company must, at the time of its establishment, indicate the planned costs for development and expansion of the insurance company over the first three years after its start-up.

#### 4.16 Form P

##### Projected balance sheets and projected income statement for the first three fiscal years (Art. 4 para. 2 let. p ISA)

The designations of the items correspond to the accounts structure of reporting via FIRST.

Only the most important positions on the balance sheet and the income statement are considered (including accrued and deferred income and expenses, however).

The net amounts of the technical provisions must be carried forward.

#### 4.17 Form Q

##### Details of risk identification, limitation and monitoring (Art. 4 para. 2 let. q ISA)

☞ See Circular 08/32 of 20 November 2008 on Corporate governance - insurers.

☞ See Circular 08/35 of 20 November 2008 on Internal audit - insurers.

Significant changes to the documentation within the meaning of section IV paragraph D.4.4 of Circular 08/32 are considered as a change to the business plan.

Subsidiaries and branches that follow the risk management principles of the parent company or the head office of the whole company, must submit documentation to this effect. It must be ensured that this subsidiary and / or branch is integrated into the comprehensive risk management framework of the organisation.

In the case of health insurers providing supplementary health insurance under the Insurance Contract Act within the same legal entity, this rule only exceptionally applies, i.e. for health insurance companies with a large business volume (companies with an ICA market share of at least 2%; and possibly companies with a relatively complex risk structure or that are involved in major financial risks).

#### 4.18 Form R

##### Rates and general terms and conditions of insurance (group occupational pension schemes and health insurance) (Art. 4 para. 2 let. r ISA)

The rates and general conditions and terms of insurance for group occupational pension schemes and supplementary health insurance are subject to the preventive approval requirement.

The rates must be justified by means of appropriate, statistical-technical documentation (Art. 38 ISA). The general conditions and terms of insurance must be compatible with the binding provisions of Swiss law (Art. 117 ISO).