

Press release

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FINMA publishes insurance circular

The Swiss Financial Market Supervisory Authority FINMA publishes one new and three revised circulars relating to the insurance sector, marking the end of a revision process which began in 2015 and which further reduces the volume of regulation.

Following a period of [consultation](#), FINMA today publishes four circulars on insurance supervision, completing the second and last revision package for this sector. The circulars enter into force on 1 January 2017. Last year, in the initial revision package, FINMA introduced changes to bring the FINMA Insurance Supervision Ordinance and a number of other circulars in line with the Federal Council's revised Insurance Supervision Ordinance ([press release dated 10 December 2015](#)).

This latest revision package, which further reduces the volume of regulation, consists of one new and three fully revised circulars. One circular (2008/35 "Internal audit - insurers") was revoked. The main changes are as follows:

- The new **circular 2017/5 "Business plans - insurers"** consolidates and harmonises insurers' business planning practice which had previously been described in a number of different documents. The fact that the provisions of this circular focus on the approval of business plans or changes to them sets them clearly apart from provisions which relate to ongoing supervision, as defined in other circulars.
- The fully revised **FINMA Circular 2017/2 "Corporate governance - insurers"** defines corporate governance principles for the organisation, management and control of insurance companies. It includes provisions on the composition and organisation of the board of directors, the required number of board members and their independence. It also incorporates the provisions previously set out in circular "Internal audit - insurers" which has been revoked.

- The fully revised **FINMA Circular 2017/3 "SST"** clarifies the provisions of the Insurance Supervision Ordinance (ISO) in relation to the Swiss Solvency Test (SST) and regulates the principles, processes and reporting requirements for the SST. Current practice, which had previously been defined in a variety of other documents, is now set out in this restructured and simplified circular.
- The revised **FINMA Circular 2017/4 "Actuary responsible "** now requires that deputisation arrangements be put in place for the actuary responsible.

Consultation receives positive feedback; minor amendments made

While the proposals were generally well received, FINMA made changes in response to a number of specific submissions. Recognition of the principle of proportionality in applying the circular is explicitly stated and clarified. In relation to corporate governance, FINMA has waived the requirement for internal audit to audit all the business areas and functions of insurance companies at appropriate intervals. Instead, audit frequency will now be aligned to risk. FINMA has also simplified the wording of the circulars wherever possible.