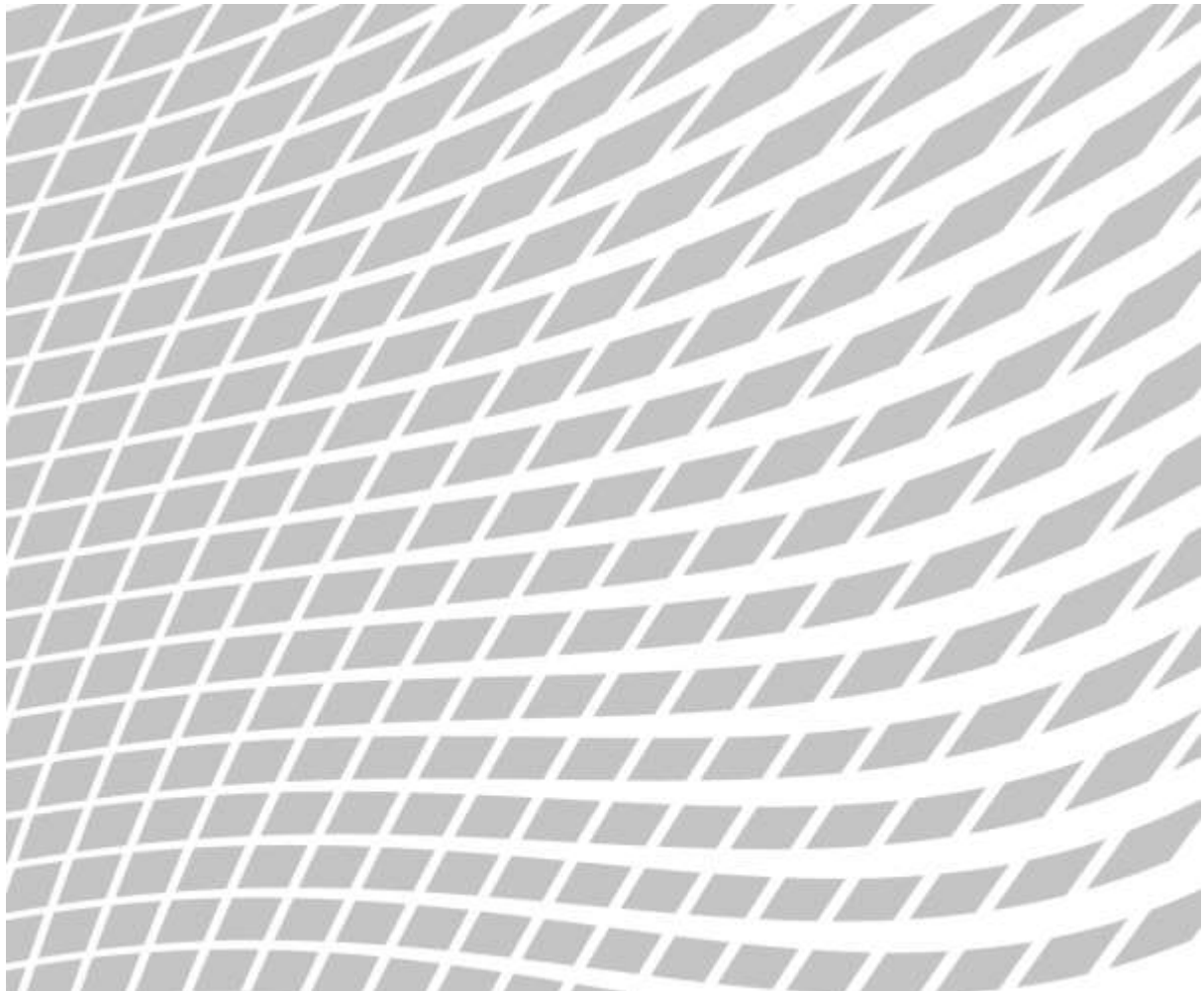


31 May 2016

FINMA Circular on Insurance Supervision; new circular and three revised circulars; one circular repealed

Key points



1. The revised Insurance Supervision Ordinance (ISO), which came into force on 1 July 2015, lays the foundation for compliance with important international requirements, as well as providing a framework for EU recognition of equivalence. Following its completion, the first circular revision package came into force on 1 January 2016 and will be followed by a second one scheduled to come into force on 1 January 2017.
2. In line with the first revision package, the second one should establish compatibility and consistency between the provisions set out in the revised ISO and their interpretation in the circulars. The second package comprises one new and three fully revised FINMA circulars.
3. The only new circular focuses on business plans submitted by insurers (FINMA Circular 2017/xx “Business plans – insurers”). It defines the statutory provisions on insurance plans (i.e. Art. 4 para. 2 in conjunction with Art. 5 ISA) and is partially based on a number of existing documents (e.g. guidelines, explanatory notes), which can still be accessed on FINMA’s website.
4. FINMA Circular 2008/32 “Corporate governance – insurers” will be fully revised. It focuses mainly on the rules governing the composition of the board of directors, i.e. number of members, their independence and organisation of the board, and in particular the duty to organise committees for certain categories of insurers.
5. FINMA Circular 2017/xx “SST” details the AVO provisions on the SST and describes its basic principles, execution and reporting, in addition to the main aspects of the relevant processes (e.g. SST reporting and model approval process). Compared with the former version (FINMA Circular 2008/44 “SST”), the current version has been fully revised, better structured and condensed. It also contains certain aspects taken from guidelines (e.g. Guidelines on changing models). Moreover, adjustments to the AVO have led to changes in supervisory practice, in particular regarding the use of models for the SST. Consistent interpretation of the current principles will now apply to the evaluation at the end of the one-year period starting from the SST reference date.
6. FINMA Circular 2008/16 “Responsible actuary” has been brought in line with the supervisory practice adopted by FINMA in recent years. One particular aspect has been aligning the circular with the work carried out by the responsible actuary (e.g. information about provisions, insurance risks, financial risks, and scenarios and their aggregation).
7. The content of FINMA Circular 2008/35 “Internal audit – insurers” will be integrated in its entirety into FINMA Circular 2017/xx “Corporate governance – insurers” and be subsequently repealed.