Eidgenössische Finanzmarktaufsicht FINMA
Autorité fédérale de surveillance des marchés financiers FINMA
Autorità federale di vigilanza sui mercati finanziari FINMA
Swiss Financial Market Supervisory Authority FINMA

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FINMA and supplementary health insurance

FINMA is responsible for supervising health insurers offering supplementary health insurance. This task entails, first and foremost, ensuring that supplementary health insurance products are financially sound and that policyholders are protected from abusive insurance practices. FINMA also monitors the financial position, risk management and corporate governance of supplementary health insurers.

Switzerland's healthcare system ensures that every resident receives appropriate care in the event of illness, accident or disability. This is achieved primarily through compulsory basic insurance, which is supervised by the Federal Office of Public Health. Anyone who wishes to receive additional benefits or protect themselves against additional risks can take out supplementary insurance. FINMA is responsible for monitoring these supplementary insurance providers.

Supplementary health insurance: a billion-dollar market

On 1 January 2022, there were 19 private insurance companies operating mainly in the supplementary health insurance business. In contrast, there were ten health insurance companies that offered basic insurance in addition to supplementary insurance in the same business unit. Other non-life and life insurers also offer private health insurance products. Premium income in supplementary insurance totals approximately CHF 7 billion. The premium volume in basic insurance is CHF 33 billion (figures as of 31 December 2021).

There are currently almost 600 products on the supplementary health insurance market. These differ greatly, both in terms of their level of cover and their types of cover: they range from simple dental care insurance and daily allowance insurance in the event of incapacity to work due to illness to coverage of hospital costs in a private ward.

Freedom of product design in supplementary health insurance

In principle, supplementary insurance companies have economic freedom in the design of their insurance products. The companies are therefore free to calculate their products and tariffs and in how they market them. However, freedom of tariffs has limits from the perspective of financial market law: insurers may not jeopardise their own solvency with their tariffs and products, nor harm the interests of insured persons (protection against abuse).

Supplementary health insurance comes under private law. This means that insurers are also free to conclude such contracts. In contrast to basic

insurance, which has to accept everyone, the health insurance companies may, at their own discretion and without giving reasons, refuse customers who want supplementary insurance.

FINMA approves tariffs and cover

As in all other insurance sectors, FINMA ensures that the solvency of health insurance companies is guaranteed. It checks that the institutions are at all times in a position to provide the benefits specified in the insurance contract. The aim is to protect policyholders as far as possible from the consequences of insolvency. This also includes ensuring that the responsible bodies correctly assess the commercial risks and offer a guarantee of irreproachable business conduct.

Before launching a supplementary insurance product on the market, the health insurer must submit various information to FINMA, such as the insurance conditions and tariffs. FINMA checks the information and approves the products if the assumptions made by the health insurance company are plausible and the tariffs are neither abusively high nor threaten the solvency of the company. Preventing unfair practices is particularly important, since it is often difficult for older people or those with chronic conditions to switch their insurance cover. However, the tariffs may also include a profit in this context.

If the health insurers' assumptions are plausible and the premiums are neither abusively high nor threaten the solvency of the company, FINMA approves the premiums.

Each time a health insurer changes a supplementary insurance policy, it must seek FINMA's approval again. As a rule, tariffs that have already been approved can only be increased due to a general increase in claims costs that is not due to changes in the pool of insured people. It is the responsibility of the insurance company to make any necessary adjustments to the tariffs in good time and to have them approved.

FINMA intervenes to protect against unequal treatment

FINMA intervenes on its own initiative if the premiums subject to approval demonstrably no longer comply with the legal framework. For example, a tariff can be considered abusive if a health insurance company makes excessive profits in the long run with a certain insurance product.

FINMA also intervenes if it identifies unlawful unequal treatment in tariffs and discounts. In supplementary health insurance, discounts on the applicable tariffs may only be offered if they can be justified by lower costs or are within narrow limits. This is to prevent policyholders of a health insurer from having to pay for unjustified discounts granted to policyholders with other insurance products from the same insurer.

Policyholders with products no longer sold in the market must be able to switch to other insurance solutions that continue to attract new customers and therefore have a better mix of risks. FINMA makes sure that such transfer rights are granted correctly and intervenes if necessary.

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