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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Circular on SST adjustments

Key points

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Key points

- Under current legislation, returns on government bonds are key to fixing the SST interest curve. The adjustment foreseen in FINMA-Circ. 13/xy "SST Adjustments" to setting the interest curve presupposes that the Federal Council will adapt the Insurance Supervision Ordinance (ISO; SR 961.011) in advance accordingly. If the Ordinance is not changed, FINMA-Circ. 08/44 "SST" cannot be aligned and the temporary adjustments to the interest curve cannot be implemented.

- FINMA-Circ. 13/xy "SST Adjustments" will introduce temporary adjustments to the SST which concern the interest curve and measures linked to the SST intervention ladder.

- FINMA-Circ. 08/44 "SST" will remain in force unchanged. Where FINMA-Circ. 08/44 "SST" and the new FINMA-Circ. 13/xy "SST Adjustments" are contradictory, the rules set out in the new FINMA-Circ.13/xy "SST Adjustments" have priority.

- The adjustment to the interest curve involves setting a long-term interest rate for the Swiss franc and other main currencies against which the interest curves should converge. The returns on government bonds which have up to now been the only basis for fixing the interest curve will be replaced by swap rates corrected downwards by10 bps as the reference interest rates.

- This adjustment draws on EU practice within the framework of the Fifth Quantitative Impact Study (Solvency II / EU) and is valid for three years. It is restricted to in-force business and does not apply to any new business. To ensure transparency, insurance companies must also submit a shadow calculation in which the adjustments are not taken into account.

- FINMA is adapting its supervisory intervention ladder by temporarily relaxing specific measures under certain conditions, i.e. the measures prescribed in FINMA-Circ. 08/44 "SST" such as a ban on the payment of dividends, surplus participations and conducting new business.