

Press release

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FINMA opens bankruptcy proceedings over PANVICALife

PANVICALife Cooperative had been operating in the life insurance business without any authorisation from the Swiss Financial Market Supervisory Authority FINMA. As the company does not meet the requirements for retrospective licensing and there are justified concerns that it is over-indebted, FINMA has initiated bankruptcy proceedings over PANVICALife. Moreover, FINMA has ordered the company to use all its assets to cover policyholders' claims in order to ensure that its clients are protected.

PANVICALife Cooperative, which belongs to the PANVICA Group, had been operating as a life insurance company without any authorisation. Extensive investigations revealed that the company did not meet the organisational requirements for retrospective licensing. Furthermore, there are justified concerns that the company is over-indebted and that there is no reasonable prospect of being able to restructure it. To protect its policyholders, various possibilities have been explored to transfer their insurance contracts to a licensed institution. It has, however, not been possible to identify a company willing to assume this business due to the high level of contractual obligations in the current environment.

This situation has required FINMA to act rapidly. FINMA has ordered PANVICALife to discontinue its insurance business. Due to justified concerns that the company is over-indebted, FINMA had to initiate bankruptcy proceedings over the company and has appointed Transliq AG as bankruptcy liquidator. The measures taken by FINMA only concern PANVICALife Cooperative's life insurance business. All other companies belonging to the PANVICA Group and the business they conduct are not affected. PANVICALife has more than 800 active insurance contracts and assets amounting to over CHF 60 million.

FINMA measures aim to protect policyholders

FINMA has ordered the cooperative to treat all its assets as tied assets in order to protect policyholders. Tied assets are special assets at the disposal of an insurance company and should first be used to secure the claims arising out of insurance contracts in the event of bankruptcy.

As a further step, FINMA also ordered the realisation of tied assets which causes immediate termination of the insurance contracts. This enables the assets that constitute bankruptcy assets to be paid out to the policyholders as swiftly as possible.

By undertaking these measures, FINMA's objective is to avoid to the extent possible any financial loss being suffered by the policyholders. Based on the information currently available to FINMA, the supervisory authority expects that it should be possible to reimburse surrender values, i.e. the capital accrued including interest after deducting risk and administrative costs. The amount to be paid out to policyholders will, however, only be known following completion of the bankruptcy proceedings. FINMA assumes the assets will be paid out in the first half of 2014.

Contact

For policyholders' questions, see FINMA [website](#).

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