

Press release

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Insurance circulars under revision: **Further tightening of regulation in the insurance sector**

The Swiss Financial Market Supervisory Authority FINMA has opened a consultation on a number of circulars in the insurance sector. Comprising four FINMA circulars, the revision package will tighten insurance regulation and is the result of revision work initiated in 2015.

On 1 July 2015, the Federal Council put the revised Insurance Supervision Ordinance (ISO) into effect. Its revision was an important step towards gaining recognition from the European Commission of the equivalence of the Swiss insurance supervision system, which was declared equivalent with the EU Solvency II directive on 5 June 2015 (see [link](#)). In its first revision package, FINMA brought the FINMA Insurance Supervision Ordinance and some of its circulars in line with the Federal Council's revised Insurance Supervision Ordinance (see [link](#)). The current revision package concludes the revision work. The consultation runs until 12 July 2016, with the circulars coming into force on 1 January 2017.

One new circular; three fully revised and tightened circulars

The revision package comprises one new and three fully revised circulars; one circular will also be abolished. FINMA has thus reduced the volume of regulation considerably.

- **FINMA Circular 2017/XX “Business plans – insurers” (new):** This new circular is based on current business plan practice and provides a better overview of the existing documentation. The new provisions apply to the business plan approval stage and to any changes made to them; they do not touch upon ongoing supervision, which is dealt with in other circulars.
- **FINMA Circular 2017/XX “Corporate governance – insurers” (revised):** This circular sets out corporate governance principles for the organisation, management and control of insurance companies. Specifically, it contains provisions on the composition and organisation of the board of directors, the number of members and their independence. The previous circular 2008/35 “Internal revision – insurers”, which has been integrated into FINMA Circular 2017/XX, has subsequently been abolished.

- **FINMA Circular 2017/XX “SST” (revised):** This circular has been restructured. The defined practice for changing models and the approval process currently set out in separate guidelines has also been integrated into the circular, while other elements have been removed and are no longer included in the circular, e.g. standard models.. The revision also takes account of adjustments to supervisory practice and the use of models for the Swiss Solvency Test (SST).
- **FINMA Circular 2017/XX “Actuary responsible” (revised):** This circular defines the requirements related to the work carried out by the actuaries responsible. A deputising rule has now been included; however, designated deputies must not be authorised.

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