

## Press release

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**Contact:**  
Vinzenz Mathys, Spokesperson  
Phone +41 (0)31 327 19 77  
[vinzenz.mathys@finma.ch](mailto:vinzenz.mathys@finma.ch)

# FINMA publishes the partly revised Circular “Health insurance under the ICA”

**The Swiss Financial Market Supervisory Authority FINMA is integrating its existing and established supervisory practice on supplementary health insurance, specifically the protection of insured persons from abuse, into its revised circular. The circular enters into force on 1 June 2021.**

In its judgement of 25 November 2019 (2C\_717/2017), the Federal Supreme Court confirmed that FINMA’s existing approach to combating abuse in supplementary health insurance is lawful. FINMA has now codified this practice in its Circular 2010/03 “Health insurance under the ICA”. The [approval of supplementary health insurance tariffs](#) is intended to protect insured persons from abusive premiums and unequal treatment. The partly revised circular underwent a public consultation ([press release](#)) and will enter into force on 1 June 2021.

### Limits on unequal treatment and profit margins

The Federal Supreme Court ruling confirmed that unequal treatment of insured persons is only permissible under certain limited circumstances. FINMA has incorporated this ruling into its practice by restricting commercial premium rebates that are not justifiable on actuarial grounds to a maximum of ten per cent of the premium.

FINMA also makes clear in its circular that profit margins of over ten per cent of premium income in a supplementary insurance product will usually be regarded as abusive. Hence FINMA will not approve any tariffs which lead to profit margins of over ten per cent. If a profit margin exceeds fifteen per cent on average over a three-year period, the insurance undertaking must lower the tariff and re-submit it to FINMA for approval.

Judicial practice has established that insured persons in a closed client base deserve special protection, particularly from excessive increases in premiums. FINMA thus sets out the conditions on which tariffs may be increased and the maximum permissible increases in its circular.

### **Changes following the consultation**

The introduction of transparency requirements for premiums for older customers met with broad agreement from insurance industry participants in the consultation. Various participants also argued that they should be permitted to adjust tariffs on an exceptional basis and avail of unlimited margins in their technical results. FINMA made a number of changes as a result of the contributions to the consultation. FINMA's response to the contributions and the results of the consultation are set out in the final report.

[FINMA's role in supervising companies offering supplementary health insurance](#)