

Circular 2010/3 "Health insurance under the ICA" - partial revision

Key Points

1. September 2020

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1. FINMA Circular 2010/3 “Health insurance under the ICA” (FINMA Circ. 10/3) sets out FINMA’s practice regarding technical matters and rate audits in particular. In its judgement of 25 November 2019 the Federal Supreme Court recently confirmed FINMA’s approach to combating abuse in the supplementary health insurance sector. The revision of the circular aims to incorporate this development in a transparent way.
2. Existing and established practice on the protection of insured persons from abusive premiums, the limitation of the profit margin permissible for insurance companies and the combating of unjustified unequal treatment of insured persons will be incorporated into FINMA Circ. 10/3.
3. An important element for guaranteeing the protection of insured persons from abuse is transparent contractual information, which is why this is also a focus of the revision and is closely linked to FINMA’s task of reviewing supplementary insurance products. Practice has shown that the information provided to insured persons is not always sufficient. The effects of changing age category on the premium must now be stated in the contractual documents. This will ensure that policyholders are adequately informed when entering into a contract.
4. Insured persons in closed client bases should be protected from excessive premium increases. Like for open client bases, the proven exogenous inflation can therefore be passed on to the insured persons as a maximum. This takes account of judicial practice, which has emphasised the protection of insured persons when insurance portfolios are closed.
5. Certain margin numbers of the circular will be specified in further detail without resulting in a change to the content. In this context, selected definitions will also be clarified.
6. FINMA has carried out a pre-consultation and an official consultation on the drafts.
7. The adoption and entry into force are scheduled for the first quarter of 2021.