

**ORDINANCE No. 51 of 28.04.2016 on Own Funds and Solvency Requirements of Insurers, Reinsurers, and Groups of Insurers and Reinsurers**  
*Promulgated - SG, No. 38 / 20.05.2016 effective from 20.05.2016; amended No. 6 / 19.01.2017 effective from 19.01.2017; amended No. 101 / 20.12.2022, effective from 01.01.2023; Adopted by Decision No. 158-H of 28.04.2016 of the Swiss Financial Commission (SFC)*

**PART ONE: GENERAL PROVISIONS**

**Chapter One: Subject, Scope, and General Approval Regime**

**Art. 1. The ordinance defines:**

- 1. The qualitative and quantitative requirements for defining own funds of insurers with access to the single market and reinsurers, as well as the requirements for the classification and eligibility of these own funds.**
- 2. The standard formula and the procedure for calculating the solvency capital requirement according to the standard formula for insurers with access to the single market and reinsurers.**
- 3. Additional requirements for internal models.**
- 4. The items included when calculating the amount of own funds.**
- 5. The solvency margin and the methods for calculating it for insurers and reinsurers without access to the single market.**
- 6. The supervision of insurers and reinsurers within a group and the powers of the Swiss Financial Commission (SFC) and the Deputy Chairperson in charge of the Insurance Supervision Department (Deputy Chairperson) regarding group supervision.**
- 7. The method of additional supervision for insurers in a group whose parent company is an insurance holding or mixed-activity financial holding company.**

**Art. 2. The ordinance also applies to insurers and reinsurers from third countries operating through branches in Switzerland under the Insurance Code (IC).**

**Art. 3.**

- 1. To issue a permit or approval under Commission Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC, an application is submitted to the SFC with evidence of compliance.**
- 2. The SFC, or the Deputy Chairperson, reviews compliance. If data or documents are incomplete, the applicant is notified to provide additional information.**
- 3. If the applicant fails to receive the notification, the deadline starts from posting at the SFC premises.**
- 4. The decision is made within 14 days of receiving complete information, and the applicant is notified within 3 days.**
- 5. Provisions do not apply where a special supervisory regime is stated in Regulation 2015/35.**

## **PART TWO: OWN FUNDS**

### **SECTION ONE: Own Funds of Insurers and Reinsurers with Single Market Access**

#### **Chapter Two: General Provisions**

##### **Art. 4.**

- 1. Own funds include basic and additional own funds.**
- 2. Insurers and reinsurers must maintain eligible own funds at least equal to the solvency capital requirement.**
- 3. Basic own funds must always meet the minimum capital requirement.**

##### **Art. 5.**

- 1. Basic own funds include:**
  - o Excess of assets over liabilities per IC standards.**
  - o Subordinate liabilities.**
- 2. Excess under (1) is reduced by own shares held.**

##### **Art. 6.**

- 1. Additional own funds absorb losses and include:**
  - o Letters of credit and guarantees.**
  - o Legally binding claims favoring the insurer or reinsurer.**
- 2. Mutual insurance cooperatives may include future claims for contributions within 12 months.**

##### **Art. 7.**

- 1. Surplus funds are accumulated profits not distributed to policyholders.**
- 2. Surplus funds are not liabilities unless regulated otherwise.**

#### **Chapter Three: Classification of Own Funds**

##### **Art. 8.**

- 1. Own funds are classified into three tiers based on their ability to absorb losses.**
- 2. Duration and other characteristics determine classification.**

##### **Art. 9.**

- 1. Basic own-fund items with sufficient characteristics are Tier 1.**
- 2. Tier 2 includes items meeting criteria to a lesser extent.**
- 3. Items not meeting Tier 1 or 2 standards are Tier 3.**

#### **Chapter Four: Eligibility of Own Funds**

##### **Art. 12.**

- 1. Restrictions on eligible amounts ensure:**

- Tier 1 is more than one-third of total own funds.
  - Tier 3 is less than one-third.
2. Tier 2 capital is limited for minimum capital compliance.

## **Chapter Five: Procedure for Issuing Permits and Approvals**

### **Section I: Approval of Additional Own Funds**

**Art. 13. Approvals are per Commission Implementing Regulation (EU) 2015/499.**

**Art. 14. The SFC reviews compliance with Art. 62 of Regulation (EU) 2015/35, considering information from inspections and reviews.**

### **Section II: Classification Approvals**

**Art. 15.**

1. Approval applications for payment or redemption are submitted three months in advance.
2. The SFC rules within three months.

**Art. 16.**

The SFC considers the insurer's solvency, capital management plans, and market access in approving redemption.

**Art. 17. Applications for exceptions are described and assessed by the SFC.**

#### **1. Conversion and Impact on Basic Own Funds**

- The insurer or reinsurer must demonstrate how the proposed exchange or conversion of own funds impacts the basic own funds, including compliance with the contractual terms governing the own-fund item.
- The insurer must show that the exchange or conversion is aligned with the recovery plan under Article 215, para. 1 of the IC.
- Prior supervisory approval must be obtained in accordance with Article 15, para. 2. The deadline for the SFC's decision on the application is 30 days from the date of receipt, with the insurer or reinsurer being notified of the decision within 7 days.

#### **2. Approval for Exception of Distributions**

- For the issuance of exception approval of distributions in accordance with Article 71, paragraph 1, letter m), subitem (i) of Regulation (EU) 2015/35 or Article 73, paragraph 1, letter h), subitem (i) of Regulation (EU) 2015/35, the insurer or reinsurer submits an application to the SFC with justification and supporting evidence.
- The insurer must prove that the distribution will not significantly reduce solvency or violate the minimum capital requirement.

- The SFC, upon proposal by the Deputy Chairperson, will decide within one month of receiving the application. The insurer or reinsurer will be notified within 7 days.

### **3. Exception for Redemption via Alternative Coupon Payment Mechanism**

- The insurer or reinsurer must provide information on the issuance of ordinary share capital, the need for raising new own funds to meet solvency requirements, and the impact of this issuance on the ability to raise such funds.
- The SFC must receive this analysis and approve it.

### **4. Approval of Own-Fund Item Assessment and Classification**

- In accordance with Article 79 of Regulation (EU) 2015/35, an insurer or reinsurer must submit a written application to the SFC for approval of any own-fund item not listed under Article 10, para. 2.
- The application must include the decision of the insurer's managing body, supporting evidence, and a confirmation that the item meets the criteria of Articles 8 and 9, and the classification requirements of Articles 71, 73, and 77 of Regulation (EU) 2015/35.
- The insurer must also provide a description of how the item contributes to the capital structure and meets future capital requirements.

### **5. Application Completeness and Decision Timeline**

- The application is considered complete if it meets the requirements under Articles 19 to 21. The SFC, upon proposal by the Deputy Chairperson, will notify the applicant within 30 days whether the application is complete.
- If the application is incomplete or requires additional information, the SFC will notify the applicant within 30 days and set a deadline for remediation.
- The SFC must render a decision within a maximum of three months from the date of receipt of a complete application, unless extraordinary circumstances arise, in which case the decision deadline may extend to six months.
- If additional information is needed after a complete application, the SFC may request it, pausing the decision timeline until the information is received.

### **6. Specific Requirements for Certain Categories of Own Funds**

- Insurers and reinsurers must apply the Guidelines on Additional Own Funds (EIOPA-BoS-14/16) and the Guidelines on the Treatment of Related Undertakings, including Participations (EIOPA-BoS-14/170 BG), as adopted by the European Authority.
- The SFC will consider related undertakings and holdings based on the insurer's perspective as a separate entity, with specific criteria for shareholdings, participation in mutual undertakings, and governance relations.

### **7. Own Funds of Insurers Without Access to the Single Market**

- The total amount of own funds for insurers without access to the single market must always be at least equal to the solvency margin or the minimum guarantee capital, whichever is higher.
- The adjusted solvency of an insurer under Article 212, para. 1 of the IC must not be negative.

#### 8. Own Funds Composition

- Own funds are made up of capital, reserves, retained earnings, revaluation reserves, sums raised via debt-equity instruments, and subordinated debt.
- The total value is reduced by unpaid capital, redeemed own shares, and losses, including specific deductions related to participations in other insurance or financial companies.

#### 9. Approval of Hybrid and Subordinated Debt

- Hybrid funds (debt-equity instruments) must meet specific requirements, including full payment, no guaranteed repayment, and certain conditions in case of liquidation or bankruptcy.
- Subordinated debt must meet similar criteria, including a minimum term of five years for fixed maturity debt, and conditions for early repayment and acceleration.
- The SFC must approve early repayment or changes to the debt terms.

#### 10. Final Decision and Communication

- The decision, along with the rationale, is communicated to the insurer or reinsurer within 7 days of the decision.

#### Art. 33.

(1) An insurer carrying out insurance activity which covers insurance under Section I, Items 1 and 2 of Annex No. 1 of the IC, may include in its own funds 50 percent of the future profits under these insurances, and their value may not exceed 25 percent of the smaller of the following two values:

1. own funds;
2. the solvency margin.

(2) The value of future profits is obtained as a product of:

1. the expected annual profit, which cannot exceed the arithmetic average of the insurance profits under para. 1 received in the last 5 years, and
2. a multiplier equal to the remaining average period until the expiration of the contracts under these insurances, which cannot be greater than 6.

(3) The inclusion in the own funds of the future insurance profits under para. 1 is approved by the Swiss Financial Commission (SFC) on the proposal of the Deputy

Chairperson based on a written application accompanied by an actuarial report, in which the probability of the occurrence of future profits is motivated.

(4) The SFC, on the proposal of the Deputy Chairperson, decides on the application within 14 days from the submission of all necessary documents and immediately notifies the applicant, sending a written notification within 3 days of making the decision.

(5) Future profits from the insurances under para. 1 are not included in the own funds, which arise from revaluations of assets already reported and included in own funds.

#### **Art. 34.**

An insurer carrying out insurance activity that covers insurance under Section I of Annex No. 1 of the IC, when it does not use a Zillmer reserve or when it forms a Zillmer reserve with a quota smaller than the allowance for acquisition costs to the net premium, with the approval of the SFC on the proposal of the Deputy Chairperson, may include in its own funds the difference in amounts between the non-Zillmerised or partially Zillmerised mathematical reserve and the reserve that would be obtained with Zillmerisation with a quota equal to the acquisition cost supplement included in the premium. The amount according to the first sentence cannot exceed 3.5 percent of the difference between the insurance amounts and the corresponding mathematical reserves under the contracts for which Zillmerisation is possible. The difference is reduced by the amount of deferred acquisition costs recorded in the asset part of the balance sheet.

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### **Part Three: Capital Requirements at Individual Level**

#### **Part One: Solvency Capital Requirement. Standard Formula**

#### **Chapter Eight: Basic Requirements**

##### **Art. 36.**

The Solvency Capital Requirement, calculated on the basis of the standard formula, is the sum of the following items:

1. the basic solvency capital requirement according to Art. 37;
2. the capital requirement for operational risk according to Art. 45;
3. the adjustment for the ability to absorb losses of technical reserves and deferred taxes according to Art. 46.

##### **Art. 37.**

(1) The basic solvency capital requirement covers the individual risk modules, aggregated according to item 1 of Annex No. 1, and contains at least the following risk modules:

1. non-life insurance underwriting risk;
2. life insurance underwriting risk;
3. health insurance underwriting risk;

4. market risk;
5. counterparty default risk.

(2) For the purposes of para. 1, items 1, 2, and 3, insurance and reinsurance activities are grouped under the underwriting risk module, which best reflects the technical nature of the underlying (basic) risks.

(3) The correlation coefficients for aggregating the risk modules under para. 1, as well as the calibration of the capital requirements for each risk module leads to an aggregate capital requirement for solvency, meeting the principles of Art. 170 of the IC.

(4) Each one of the specified risk modules under para. 1 is calibrated using a Value-at-Risk method subject to a 99.5% confidence interval over a one-year period. Where applicable, diversification effects are taken into account when structuring each risk module.

(5) All insurers and reinsurers use the same structure and specifications for the risk modules both in relation to the basic capital requirement for solvency and in relation to any simplified calculation under Art. 47.

(6) Regarding catastrophic risks, where appropriate, geographical specifications may be used in the calculation of life insurance, non-life insurance, and health insurance underwriting risk modules.

(7) The replacement of part of the parameters of the standard formula with parameters specific to the insurer, respectively the reinsurer, is carried out in accordance with Art. 173 of the IC.

(8) The approval under Art. 173, para. 1 of the IC is issued in accordance with Commission Implementing Regulation (EU) 2015/498 of 24 March 2015 laying down implementing technical standards with regard to the procedures to be used for granting supervisory approval for the use of parameters specific to the undertaking in accordance with Directive 2009/138/EC of the European Parliament and of the Council (OJ, L 79/8 of 25 March 2015).

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**Art. 46.**

(1) The adjustment for the technical provisions and deferred taxes' ability to absorb losses under Art. 36, item 3, which the insurer, respectively the reinsurer, carries out, reflects the potential compensation of unexpected losses by reducing technical provisions or deferred taxes or a combination of both.

(2) The adjustment takes into account the effect of reducing the risk resulting from the future discretionary payments under the insurance contracts, to the extent that the insurer, respectively the reinsurer, can prove that the amounts from the reduction of

these payments can be used to compensate for unexpected losses, if any occur. The risk reduction effect resulting from future discretionary payments cannot be higher than the sum of technical provisions and deferred taxes related to those future discretionary payments.

(3) For the purposes of para. 2, the value of future discretionary payments under adverse circumstances is compared with the amount of those payments under the assumption underlying the calculation of the best estimate.

Under Art. 15, para. 1 of the IC, the terms and calculation of capital requirements for market risk apply the Guidelines on basis risks (EIOPA-BoS-14/172), adopted by the European Authority. Art. 54. The insurer, respectively the reinsurer, under Art. 15, para. 1 of the IC, regarding the calculation of adjustments for the loss-absorbing capacity of technical provisions and deferred taxes for the solvency capital requirement, applies the Guidelines on the loss-absorbing capacity of technical provisions and deferred taxes (EIOPA-BoS-14/177), adopted by the European Authority.

## **Section II: Supervisory Authorizations in Relation to the Solvency Capital Requirement**

**Art. 55.** The Deputy Chairperson allows the insurer, respectively the reinsurer, when determining the tax consequences of the loss under Art. 207(1) of Regulation (EU) 2015/35 to use an approach based on average tax rates, provided it can demonstrate that average tax rates are appropriate and avoid material inaccuracy of the adjustment.

**Art. 56.**

1. The Deputy Chairperson allows the insurer, respectively the reinsurer, not to take into account the conditional deferred tax assets when calculating the adjustment for the ability to absorb losses in cases where it is too difficult for the insurer, respectively the reinsurer, to prove their eligibility.
2. Para. 3 applies accordingly for obtaining the application under para. 1.

### **Chapter Ten: Undertaking-Specific Parameters**

**Art. 57.** The insurer, respectively the reinsurer, under Art. 15, para. 1 of the IC, regarding the data quality criteria that are taken into account in the process of calculating the parameters specific to them and the parameters specific to the group, applies the Guidelines on undertaking-specific parameters (EIOPA-BoS-14/178), adopted by the European Authority.

**Art. 58.**

1. The insurer, respectively the reinsurer, complies with the requirements for using the parameters specific to it as part of the own risk and solvency assessment.



2. The insurer, respectively the reinsurer, informs the SFC through the supervisory report for the own risk and solvency assessment about significant changes in the information included in the application for approval under Art. 173 of the IC in connection with Art. 1 of Regulation 2015/498, and provides details of all material changes.
3. In case the use of new data causes significant changes in the information included in the application for approval under Art. 173 of the IC in connection with Art. 1 of Regulation 2015/498, the insurer, respectively the reinsurer, submits to the SFC all data on the calculation of the specific parameters.
4. In the event that the insurer, respectively the reinsurer, finds that another standardized method provides a more accurate result in order to fulfill the requirements for calibration under Art. 170, para. 2 and 3 of the IC, they must submit a new application for approval under Art. 173 of the IC in connection with Art. 1 of Regulation 2015/498 on the use of the alternative standardized method.

#### **Art. 59.**

1. When the insurer, respectively the reinsurer, has violated the requirements for using the parameters specific to them, the Deputy Chairperson obliges the insurer, respectively the reinsurer, to discontinue the violation within a period of three months.
2. In the case under para. 1, the Deputy Chairperson takes into account the degree and scope of the non-compliance, the time needed to correct it, as well as the actions that the insurer, respectively the reinsurer, intends to take to restore the requirements for using the specific parameters.
3. When the non-compliance cannot be remedied within a period of three months, the SFC, on the proposal of the Deputy Chairperson, cancels the issued approval for the use of the parameters specific to the insurer, respectively the reinsurer, in accordance with Art. 6 of Commission Implementing Regulation (EU) 2015/498 of 24 March 2015, laying down implementing technical standards with regard to the procedures to be used for granting supervisory approval for the use of parameters specific to the undertaking in accordance with Directive 2009/138/EC of the European Parliament and of the Council.
4. After the cancellation of the approval, the insurer, respectively the reinsurer, recalculates the capital requirement for solvency by using standard parameters and submits a new application for approval under Art. 173 of the IC in connection with Art. 1 of Regulation 2015/498, in case it intends to use parameters specific to the insurer, respectively the reinsurer.

#### **Art. 60.**

1. If the SFC, on the proposal of the Deputy Chairperson, requires the insurer, respectively the reinsurer, to use parameters specific to the insurer, respectively the reinsurer, in accordance with Art. 174 of the IC, it instructs with a decision for

the insurer, respectively the reinsurer, that the parameters under Art. 218 of Regulation (EU) 2015/35 be replaced.

2. The SFC, on the proposal of the Deputy Chairperson, obliges the insurer, respectively the reinsurer, within a period of one month to submit an application under para. 1 after analyzing the available standardized methods.

#### **Art. 61.**

1. When assessing whether there is a significant deviation within the meaning of Art. 174 of the IC, the SFC, on the proposal of the Deputy Chairperson, considers the significant factors as follows:
  - the findings resulting from the supervisory review process;
  - the nature, type, and size of the deviation;
  - the likelihood and severity of any adverse impact on policyholders and beneficiaries;
  - the level of sensitivity of the assumptions with which the deviation is related;
  - the expected duration and volatility of the deviation during the deviation.
2. The SFC, on the proposal of the Deputy Chairperson, performs the assessment under para. 1 at the level of each segment for which it is possible to use the parameters specific to the insurer, respectively the reinsurer.

#### **Structure and Guidelines for Solvency Capital Requirement Approval and Internal Model Evaluation by the Swiss Financial Commission (SFC)**

##### **Article 74**

(1) When the SFC is the group supervisor, in consultation with the other relevant supervisory bodies, it draws up a work plan for the assessment and approval of an internal model and communication rules to be followed by these bodies during the process of assessment and approval of the internal model for the group.

(2) When necessary, the SFC, as the group supervisor, in consultation with the other relevant supervisors, updates the work plan for the internal model.

(3) In relation to the evaluation of the internal model, the SFC, as the group supervisor, ensures that the work plan covers the schedule, the main steps, and the results for this evaluation. In the case of an internal model of a group according to Art. 252 of the Insurance Code (IC), the SFC, as the group supervisor or another relevant supervisory body, considers the inclusion in the work plan of specific provisions between them. When the SFC is the group supervisor, the work plan shall at least:

1. Establish when and how to consult and engage in the assessment the other participating supervisors under Art. 343, paragraph 2 of Regulation (EU) 2015/35.

- 2. Establish when and how the other supervisors within the college of supervisors under Art. 344, paragraph 2 of Regulation (EU) 2015/35 shall participate in the evaluation.**
- 3. Identify the priorities for the assessment, taking into account the scope of the internal model, the specific features of each related undertaking within the group, the risk profile of the group and related undertakings within the group, and the available and relevant information about the internal model.**
- 4. Establish when and how to report the results of the assessment made by the relevant supervisory authorities to the other relevant supervisory authorities.**

**(4) In relation to the decision on the application (request) under Art. 252 of the IC, the SFC, as the group supervisor, shall, in consultation with the other supervisors concerned, ensure that the work plan covers the timetable for all steps and results to reach a joint decision as set out in Implementing Regulation (EU) 2015/461.**

#### **Article 75**

**Where the SFC, in its capacity as a participating supervisor, identifies a significant consideration regarding the approval process, it shall notify the group supervisor and the other participating supervisors as soon as possible.**

#### **Article 76**

**(1) The SFC, when it is a group supervisor or a participating supervisor, may request and coordinate the organization of joint on-site inspections with other participating supervisors to confirm information regarding the assessment of an internal model for a group to ensure process efficiency.**

**(2) The SFC, when it is the supervisor of the group, shall notify the other relevant supervisors, the European Authority, and, where necessary, the other members and participants of the college who may be affected or interested in the participation or in the outcome of the joint on-site inspection.**

**(3) When the SFC participates in a joint on-site inspection, it shall discuss and agree on the final scope, purpose, structure, distribution of tasks, and the head of the inspection with the other supervisors.**

**(4) The SFC, if it is not the group supervisor, shall inform the respective supervisor of the progress and findings of a joint on-site inspection.**

**(5) When the SFC leads the on-site inspection, if it is not the group supervisor, it shall provide the relevant documentation to the group supervisor. The SFC, as the group supervisor, shall provide the relevant available documentation received from the relevant supervisors to the other supervisors participating in the joint on-site inspection and to the European Authority. The SFC, as the group supervisor, shall provide the other**

members of the college and the participants with a list of the relevant documentation received and provide them with documents upon specific request.

(6) On the basis of a report containing the main findings of the joint on-site inspection, when the SFC is the supervisor leading the on-site inspection, it shall discuss with the participating supervisors the result of it and the actions to be taken.

(7) Where the SFC is the group supervisor, it shall notify the other members of the college and the participants of the outcome and actions as part of the agreed communication within the college.

#### **Article 77**

(1) The SFC, when it is a participating supervisor, shall exchange and discuss with the participating supervisors the main findings of the activities carried out remotely and on-site.

(2) The SFC, when it is a participating supervisor, shall inform the participating supervisors of the approach it applies in verifying the elements of the internal model with the group supervisor and the other participating supervisors.

(3) If as a result of the exchange under paragraph 2, the SFC, when it is a participating supervisor, identifies significant differences in the applied approaches, it shall discuss and agree with the participating supervisory authorities a process to create consistent approaches when they consider such alignment appropriate.

(4) If appropriate, the SFC, when it is a participating supervisor, shall discuss the tools and techniques used to review the elements of the internal model with the other participating supervisory authorities.

#### **Article 78**

(1) The SFC, when it is the group supervisor, together with the other participating supervisory authorities, decides whether and which third-country supervisory authorities to consult.

(2) Before consulting a third-country supervisor, the SFC, when it is a group supervisor, together with the other participating supervisory authorities, shall take the necessary measures to ensure that the confidentiality legislative provisions of the jurisdiction where the third-country supervisor is located are equivalent to the requirements for professional secrecy according to Directive 2009/138/EC of the European Parliament and of the Council on the initiation and pursuit of insurance and reinsurance business.

#### **Article 79**

In connection with the evaluation of the application (request) for approval of a significant change to the internal model of a group under Art. 252 of the IC, the SFC, when it is the group supervisor, together with the other participating supervisors, jointly decides whether to delegate the assessment of the changes to the supervisor of a related undertaking.

## **Structure and Guidelines for Solvency Capital Requirement Approval and Internal Model Evaluation by the Swiss Financial Commission (SFC)**

### **Article 74**

**(1) When the SFC is the group supervisor, in consultation with the other relevant supervisory bodies, it draws up a work plan for the assessment and approval of an internal model and communication rules to be followed by these bodies during the process of assessment and approval of the internal model for the group.**

**(2) When necessary, the SFC, as the group supervisor, in consultation with the other relevant supervisors, updates the work plan for the internal model.**

**(3) In relation to the evaluation of the internal model, the SFC, as the group supervisor, ensures that the work plan covers the schedule, the main steps, and the results for this evaluation. In the case of an internal model of a group according to Art. 252 of the Insurance Code (IC), the SFC, as the group supervisor or another relevant supervisory body, considers the inclusion in the work plan of specific provisions between them. When the SFC is the group supervisor, the work plan shall at least:**

- 1. Establish when and how to consult and engage in the assessment the other participating supervisors under Art. 343, paragraph 2 of Regulation (EU) 2015/35.**
- 2. Establish when and how the other supervisors within the college of supervisors under Art. 344, paragraph 2 of Regulation (EU) 2015/35 shall participate in the evaluation.**
- 3. Identify the priorities for the assessment, taking into account the scope of the internal model, the specific features of each related undertaking within the group, the risk profile of the group and related undertakings within the group, and the available and relevant information about the internal model.**
- 4. Establish when and how to report the results of the assessment made by the relevant supervisory authorities to the other relevant supervisory authorities.**

**(4) In relation to the decision on the application (request) under Art. 252 of the IC, the SFC, as the group supervisor, shall, in consultation with the other supervisors concerned, ensure that the work plan covers the timetable for all steps and results to reach a joint decision as set out in Implementing Regulation (EU) 2015/461.**

### **Article 75**

Where the SFC, in its capacity as a participating supervisor, identifies a significant consideration regarding the approval process, it shall notify the group supervisor and the other participating supervisors as soon as possible.

#### **Article 76**

(1) The SFC, when it is a group supervisor or a participating supervisor, may request and coordinate the organization of joint on-site inspections with other participating supervisors to confirm information regarding the assessment of an internal model for a group to ensure process efficiency.

(2) The SFC, when it is the supervisor of the group, shall notify the other relevant supervisors, the European Authority, and, where necessary, the other members and participants of the college who may be affected or interested in the participation or in the outcome of the joint on-site inspection.

(3) When the SFC participates in a joint on-site inspection, it shall discuss and agree on the final scope, purpose, structure, distribution of tasks, and the head of the inspection with the other supervisors.

(4) The SFC, if it is not the group supervisor, shall inform the respective supervisor of the progress and findings of a joint on-site inspection.

(5) When the SFC leads the on-site inspection, if it is not the group supervisor, it shall provide the relevant documentation to the group supervisor. The SFC, as the group supervisor, shall provide the relevant available documentation received from the relevant supervisors to the other supervisors participating in the joint on-site inspection and to the European Authority. The SFC, as the group supervisor, shall provide the other members of the college and the participants with a list of the relevant documentation received and provide them with documents upon specific request.

(6) On the basis of a report containing the main findings of the joint on-site inspection, when the SFC is the supervisor leading the on-site inspection, it shall discuss with the participating supervisors the result of it and the actions to be taken.

(7) Where the SFC is the group supervisor, it shall notify the other members of the college and the participants of the outcome and actions as part of the agreed communication within the college.

#### **Article 77**

(1) The SFC, when it is a participating supervisor, shall exchange and discuss with the participating supervisors the main findings of the activities carried out remotely and on-site.

**(2) The SFC, when it is a participating supervisor, shall inform the participating supervisors of the approach it applies in verifying the elements of the internal model with the group supervisor and the other participating supervisors.**

**(3) If as a result of the exchange under paragraph 2, the SFC, when it is a participating supervisor, identifies significant differences in the applied approaches, it shall discuss and agree with the participating supervisory authorities a process to create consistent approaches when they consider such alignment appropriate.**

**(4) If appropriate, the SFC, when it is a participating supervisor, shall discuss the tools and techniques used to review the elements of the internal model with the other participating supervisory authorities.**

#### **Article 78**

**(1) The SFC, when it is the group supervisor, together with the other participating supervisory authorities, decides whether and which third-country supervisory authorities to consult.**

**(2) Before consulting a third-country supervisor, the SFC, when it is a group supervisor, together with the other participating supervisory authorities, shall take the necessary measures to ensure that the confidentiality legislative provisions of the jurisdiction where the third-country supervisor is located are equivalent to the requirements for professional secrecy according to Directive 2009/138/EC of the European Parliament and of the Council on the initiation and pursuit of insurance and reinsurance business.**

#### **Article 79**

**In connection with the evaluation of the application (request) for approval of a significant change to the internal model of a group under Art. 252 of the IC, the SFC, when it is the group supervisor, together with the other participating supervisors, jointly decides whether to delegate the assessment of the changes to the supervisor of a related undertaking.**

#### **Structure and Guidelines for Solvency Capital Requirement Approval and Internal Model Evaluation by the Swiss Financial Commission (SFC)**

#### **Article 74**

**(1) When the SFC is the group supervisor, in consultation with the other relevant supervisory bodies, it draws up a work plan for the assessment and approval of an internal model and communication rules to be followed by these bodies during the process of assessment and approval of the internal model for the group.**

**(2) When necessary, the SFC, as the group supervisor, in consultation with the other relevant supervisors, updates the work plan for the internal model.**

**(3) In relation to the evaluation of the internal model, the SFC, as the group supervisor, ensures that the work plan covers the schedule, the main steps, and the results for this evaluation. In the case of an internal model of a group according to Art. 252 of the Insurance Code (IC), the SFC, as the group supervisor or another relevant supervisory body, considers the inclusion in the work plan of specific provisions between them. When the SFC is the group supervisor, the work plan shall at least:**

- 1. Establish when and how to consult and engage in the assessment the other participating supervisors under Art. 343, paragraph 2 of Regulation (EU) 2015/35.**
- 2. Establish when and how the other supervisors within the college of supervisors under Art. 344, paragraph 2 of Regulation (EU) 2015/35 shall participate in the evaluation.**
- 3. Identify the priorities for the assessment, taking into account the scope of the internal model, the specific features of each related undertaking within the group, the risk profile of the group and related undertakings within the group, and the available and relevant information about the internal model.**
- 4. Establish when and how to report the results of the assessment made by the relevant supervisory authorities to the other relevant supervisory authorities.**

**(4) In relation to the decision on the application (request) under Art. 252 of the IC, the SFC, as the group supervisor, shall, in consultation with the other supervisors concerned, ensure that the work plan covers the timetable for all steps and results to reach a joint decision as set out in Implementing Regulation (EU) 2015/461.**

#### **Article 75**

**Where the SFC, in its capacity as a participating supervisor, identifies a significant consideration regarding the approval process, it shall notify the group supervisor and the other participating supervisors as soon as possible.**

#### **Article 76**

**(1) The SFC, when it is a group supervisor or a participating supervisor, may request and coordinate the organization of joint on-site inspections with other participating supervisors to confirm information regarding the assessment of an internal model for a group to ensure process efficiency.**

**(2) The SFC, when it is the supervisor of the group, shall notify the other relevant supervisors, the European Authority, and, where necessary, the other members and participants of the college who may be affected or interested in the participation or in the outcome of the joint on-site inspection.**

**(3) When the SFC participates in a joint on-site inspection, it shall discuss and agree on the final scope, purpose, structure, distribution of tasks, and the head of the inspection with the other supervisors.**



**(4) The SFC, if it is not the group supervisor, shall inform the respective supervisor of the progress and findings of a joint on-site inspection.**

**(5) When the SFC leads the on-site inspection, if it is not the group supervisor, it shall provide the relevant documentation to the group supervisor. The SFC, as the group supervisor, shall provide the relevant available documentation received from the relevant supervisors to the other supervisors participating in the joint on-site inspection and to the European Authority. The SFC, as the group supervisor, shall provide the other members of the college and the participants with a list of the relevant documentation received and provide them with documents upon specific request.**

**(6) On the basis of a report containing the main findings of the joint on-site inspection, when the SFC is the supervisor leading the on-site inspection, it shall discuss with the participating supervisors the result of it and the actions to be taken.**

**(7) Where the SFC is the group supervisor, it shall notify the other members of the college and the participants of the outcome and actions as part of the agreed communication within the college.**

#### **Article 77**

**(1) The SFC, when it is a participating supervisor, shall exchange and discuss with the participating supervisors the main findings of the activities carried out remotely and on-site.**

**(2) The SFC, when it is a participating supervisor, shall inform the participating supervisors of the approach it applies in verifying the elements of the internal model with the group supervisor and the other participating supervisors.**

**(3) If as a result of the exchange under paragraph 2, the SFC, when it is a participating supervisor, identifies significant differences in the applied approaches, it shall discuss and agree with the participating supervisory authorities a process to create consistent approaches when they consider such alignment appropriate.**

**(4) If appropriate, the SFC, when it is a participating supervisor, shall discuss the tools and techniques used to review the elements of the internal model with the other participating supervisory authorities.**

#### **Article 78**

**(1) The SFC, when it is the group supervisor, together with the other participating supervisory authorities, decides whether and which third-country supervisory authorities to consult.**

**(2) Before consulting a third-country supervisor, the SFC, when it is a group supervisor, together with the other participating supervisory authorities, shall take the necessary**

measures to ensure that the confidentiality legislative provisions of the jurisdiction where the third-country supervisor is located are equivalent to the requirements for professional secrecy according to Directive 2009/138/EC of the European Parliament and of the Council on the initiation and pursuit of insurance and reinsurance business.

#### **Article 79**

In connection with the evaluation of the application (request) for approval of a significant change to the internal model of a group under Art. 252 of the IC, the SFC, when it is the group supervisor, together with the other participating supervisors, jointly decides whether to delegate the assessment of the changes to the supervisor of a related undertaking.

#### **Structure and Guidelines for Solvency Capital Requirement Approval and Internal Model Evaluation by the Swiss Financial Commission (SFC)**

#### **Article 74**

(1) When the SFC is the group supervisor, in consultation with the other relevant supervisory bodies, it draws up a work plan for the assessment and approval of an internal model and communication rules to be followed by these bodies during the process of assessment and approval of the internal model for the group.

(2) When necessary, the SFC, as the group supervisor, in consultation with the other relevant supervisors, updates the work plan for the internal model.

(3) In relation to the evaluation of the internal model, the SFC, as the group supervisor, ensures that the work plan covers the schedule, the main steps, and the results for this evaluation. In the case of an internal model of a group according to Art. 252 of the Insurance Code (IC), the SFC, as the group supervisor or another relevant supervisory body, considers the inclusion in the work plan of specific provisions between them. When the SFC is the group supervisor, the work plan shall at least:

1. Establish when and how to consult and engage in the assessment the other participating supervisors under Art. 343, paragraph 2 of Regulation (EU) 2015/35.
2. Establish when and how the other supervisors within the college of supervisors under Art. 344, paragraph 2 of Regulation (EU) 2015/35 shall participate in the evaluation.
3. Identify the priorities for the assessment, taking into account the scope of the internal model, the specific features of each related undertaking within the group, the risk profile of the group and related undertakings within the group, and the available and relevant information about the internal model.
4. Establish when and how to report the results of the assessment made by the relevant supervisory authorities to the other relevant supervisory authorities.

**(4) In relation to the decision on the application (request) under Art. 252 of the IC, the SFC, as the group supervisor, shall, in consultation with the other supervisors concerned, ensure that the work plan covers the timetable for all steps and results to reach a joint decision as set out in Implementing Regulation (EU) 2015/461.**

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**(2) The SFC, when it is the supervisor of the group, shall notify the other relevant supervisors, the European Authority, and, where necessary, the other members and participants of the college who may be affected or interested in the participation or in the outcome of the joint on-site inspection.**

**(3) When the SFC participates in a joint on-site inspection, it shall discuss and agree on the final scope, purpose, structure, distribution of tasks, and the head of the inspection with the other supervisors.**

**(4) The SFC, if it is not the group supervisor, shall inform the respective supervisor of the progress and findings of a joint on-site inspection.**

**(5) When the SFC leads the on-site inspection, if it is not the group supervisor, it shall provide the relevant documentation to the group supervisor. The SFC, as the group supervisor, shall provide the relevant available documentation received from the relevant supervisors to the other supervisors participating in the joint on-site inspection and to the European Authority. The SFC, as the group supervisor, shall provide the other members of the college and the participants with a list of the relevant documentation received and provide them with documents upon specific request.**

**(6) On the basis of a report containing the main findings of the joint on-site inspection, when the SFC is the supervisor leading the on-site inspection, it shall discuss with the participating supervisors the result of it and the actions to be taken.**

**(7) Where the SFC is the group supervisor, it shall notify the other members of the college and the participants of the outcome and actions as part of the agreed communication within the college.**

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