

# Professionalism

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# INTRODUCTION

Actuaries work with insurance and financial risks. The insurance business and financial transactions are essentially random and uncertain by nature (loss frequency and cost, interest, returns on equities and bonds etc), and the job of actuaries is to calculate the risks associated with them. In order to calculate such risks, in-depth knowledge of stochastics (probability theory, mathematical statistics, financial mathematics etc) in particular is required. The main duties are pricing, reserving, reporting, asset liability management and risk management.

Actuaries develop mathematical models to illustrate the risks, are responsible for creating appropriate statistical bases, calculate premiums, develop insurance products, are responsible for determining and creating appropriate technical reserves, carry out asset liability management, monitor solvency, calculate the risk capital required for a given collateral, arrange reinsurance programmes, place insurance risks on the stock exchange (securitisation) and more.

Actuaries undertake a significant social responsibility in their work. The models used have an impact on broad sections of the population. Relationships can be complex, meaning that it is often not easy to convey results and reasons in a generally understandable way. It is therefore extremely important that the public has trust in the actuarial profession. This trust must be built up and maintained by the profession.

The "Professionalism" training is intended to demonstrate what professionalism means and to explain which rules must be followed in professional work. This is set out in four modules.



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**BASICS**

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# MODULE 1

## Learning objectives

The aim of the "Basics" module is to explain how the term "professionalism" is understood by the IAA and to introduce the most important professional associations from a Swiss perspective. An SAA actuary should be aware of their obligation to undertake continuing professional development and be familiar with the disciplinary process.

How does the IAA understand the concept of "professionalism" and what consequences does this have for the Swiss Association of Actuaries (SAA)?

Which professional organisations work with the actuarial profession and represent the interests of actuaries?

How is the continuing professional development concept structured?

How does the disciplinary process work?

## 1. Professionalism

The IAA has prepared a document<sup>1</sup> in which the concept of "professionalism" is divided into three sub-areas and each sub-area is explained in detail. Professional organisations that are members of the IAA and have "Full Member Association" status are obliged to implement the requirements specified therein at a local level, by means of appropriate regulations and with organisational measures.

### Knowledge and expertise

The IAA understands this sub-area as follows: An actuary shall perform professional services only if competent and appropriately experienced enough to do so, ie they possess the required specialist knowledge and sufficient professional experience.

### Values and behaviour

Actuaries act honestly. They demonstrate integrity, skill and care. They do so in order to fulfil the profession's responsibility to the public and to uphold the reputation of the actuarial profession.

### Professional accountability

The actuary is accountable to a professional or similar supervisory organisation.

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<sup>1</sup> [https://actuaries.org/app/uploads/2025/04/PG1\\_Principles\\_Professionalism.pdf](https://actuaries.org/app/uploads/2025/04/PG1_Principles_Professionalism.pdf)

## 2. Professional organisations

Associations such as the International Actuarial Association (IAA), the Actuarial Association of Europe (AAE) or the Swiss Association of Actuaries (SAA) possess the attributes of a professional or specialist organisation. All three organisations therefore offer a wide range of activities. The activities of the three organisations complement each other perfectly. The IAA and the AAE are designed as umbrella organisations for national and local associations. The SAA is a national organisation to which natural and legal persons belong.

### International Actuarial Association (IAA)

[www.actuaries.org](http://www.actuaries.org)

The International Actuarial Association (IAA), established in its current form in 1998, is a worldwide, not-for-profit, non-political, non-governmental association of professional actuarial associations and provides a link between actuaries and actuarial associations. It works in close cooperation with associations such as the International Association of Insurance Supervisors (IAIS) and the International Accounting Standard Board (IASB).

#### Vision<sup>2</sup> of the IAA

Actuarial professionals are globally recognised as leading experts in risk and financial security, contributing to the wellbeing of society.

#### IAA mission statement

The mission of the IAA, as the worldwide organisation of actuarial associations, is to:

- Inform and influence global stakeholders,
- Secure the profession's reputation and
- Promote the competence of the profession.

Member organisations should be actively involved in achieving this objective.

#### Values of the IAA

The IAA adheres to the values of integrity, accountability, transparency and objectivity when engaging with member associations, other stakeholders and the public.

#### The IAA has six sections

AFIR/ERM (financial risks and ERM), ASTIN (non-life insurance), IAAHS (health), IAALS (life insurance), IACA (consulting) and PBSS (pension benefits and social security).

The IAA is currently divided into 13 different committees (including actuarial standards, advice and support, audit and financing, education, membership, insurance accounting, insurance regulation, strategic planning), which meet twice a year.

#### Strategic objectives

**Impact:** Supranational relationships

Develop relationships with key supranational institutions, providing actuarial expertise on issues of relevance in global forums.

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<sup>2</sup> <https://www.actuaries.org/IAA/Documents/ABOUT/Governance/IAAstrategicVisionMissionValuesandObjectives.pdf>

**Assure:** Promotion of the profession

Support the development of the actuarial profession worldwide and promote appropriate professional/education standards through member associations.

**Advance:** Development of competence

Promote the advancement of scientific knowledge and the skills of the actuarial profession.

## The Actuarial Association of Europe (AAE)

[www.actuary.eu](http://www.actuary.eu)

The Actuarial Association of Europe (AAE) was founded in 1978 under the name Groupe Consultatif Actuariel Européen to represent actuarial associations in Europe. Its purpose is to provide advice and opinions to the various organisations of the European Union – the Commission, the Council of Ministers, the European Parliament, EIOPA and their various committees – on actuarial issues in European legislation. The AAE currently has 37 member associations in 35 countries, representing over 20 000 actuaries.

### Objectives ("Vision Statement")

The AAE wants actuaries throughout Europe to be recognised as the leading professional advisers in financial services, risk management and social protection, contributing to the wellbeing of society, and for European institutions to recognise the valuable role that the AAE plays as a leading source of advice on actuarial issues.

### AAE mission ("Mission Statement")

The AAE wants to stress its role in the actuarial sector in Europe as an independent, professional, leading adviser and spokesperson to the European institutions and stakeholders in all matters of actuarial relevance, to be widely recognised and respected in this role and to serve the general public.

The AAE is organised into various committees, which meet regularly and discuss their areas of interest:

- Education
- Insurance
- Risk management
- Pensions
- Professionalism

### Strategic objectives<sup>3</sup>

**Strategic objective 1:** Enhance relations with European institutions

Establish and maintain relationships with key European institutions, so that the AAE can effectively provide them with high-quality professional advice to improve the soundness of decisions from an actuarial perspective; reinforce existing relationships with the European Commission, EIOPA, the European Parliament and the Council of the EU;

Maintain contact with other European organisations such as industry and consumer protection bodies.

**Strategic objective 2:** Promote professionalism

Promote consistent standards of education and professionalism among actuaries in Europe;

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<sup>3</sup> <https://actuary.eu/about-the-aae/strategic-plan/>

Prescribe minimum requirements for the education of actuaries to be applied by member associations;

Maintain a mutual recognition agreement which is consistent with the requirements of the EU Recognition of Professional Qualifications Directive;

Support the development and recognition of individual member associations; help to ensure that regulated actuarial work is performed by those properly qualified to undertake it and subject to relevant professional and technical actuarial standards.

**Strategic objective 3: Promote a European community of actuaries**

Promote a European community of actuaries between AAE member associations, their members and the AAE;

Encourage the exchange of information and ideas;

Facilitate networking between actuaries, especially in wider fields;

Strengthen awareness among member associations and their members of the work of the AAE;

Facilitate mutual assistance between member associations.

### Swiss Association of Actuaries (SAA)

[www.actuaries.ch](http://www.actuaries.ch)

The Swiss Association of Actuaries (SAA), founded in 1907, is the not-for-profit, non-political, non-governmental association of actuaries working in Switzerland. As a link between actuaries and the authorities, it determines the necessary training and sets out professional rules, guidelines and recommendations.

The Board of Directors of the Swiss Association of Actuaries (SAA) is divided into four different departments, to which numerous commissions and working groups are assigned. Presidential department: SAA Professional Ethics Committee, PFE Professional Ethics Committee, Editorial Commission

Public relations and professional statements department: Commission for Professional Issues, Commission for 1st and 2nd Pillar Issues, Joint Commission, Accounting Commission  
Education/science department: Training Committee, Audit Commission for Pension Fund Experts PFE, Audit Commission for SAA Actuaries, CERA Commission, Continuing Education Committee, Commission for the Fund for the Promotion of Actuarial Mathematics, SAA Syllabus Commission, PFE Syllabus Commission

International contacts department: Member of the International Actuarial Association (IAA), representation in the Actuarial Association of Europe (AAE), European Actuarial Journal (EAJ)

#### Purpose and activities (Article 2 (1) of the SAA statutes)

The association's purpose is to protect the image, rights and interests of actuaries in Switzerland and abroad and to advocate for the independence of actuaries.

The association establishes professional standards and, to this end, sets out rules of conduct, regulations, guidelines and orders in which the principles for the proper practice of actuarial work are laid down.

The association ensures that actuaries are highly qualified by way of a demanding training system and ongoing professional development.

The association makes the latest scientific findings in the field of insurance, financial mathematics and enterprise risk management available to actuaries.

- 1) The association maintains relations with universities, supervisory authorities and national and foreign professional associations, as evidenced by its

membership of the Actuarial Association of Europe (AAE), the International Actuarial Association (IAA) and the CERA Global Association (CGA).

- 2) The association participates in discussions and decisions relating to politics and business in which actuarial considerations are to be taken into account, ensuring that these considerations are given appropriate weight.
- 3) The association conducts the higher professional examinations for pension fund experts.

#### **Important activities of the SAA**

- Conducting training for actuaries and the corresponding specialist examination
- Issuing statements on government consultations, particularly in the field of "social security"
- Actively participating in the Board of Directors and in the working groups of the IAA and the AAE
- Representing the interests of actuaries at insurance companies
- Activities to protect actuarial titles

#### **Membership (Article 3 of the Statutes)**

The association's members are divided into the categories of ordinary, corporate, honorary and corresponding.

### 3. Continuing professional development (CPD)

The Swiss Association of Actuaries (SAA) has developed a programme and guidelines for continuing professional development (CPD) in accordance with the recommendations of the International Actuarial Association (IAA). Events hosted by the SAA and by other European actuarial associations are all recognised, as are (some) in-house training courses.

#### Scope

The requirements are binding on: members of the Actuary SAA section

#### Continuing professional development (CPD)

Primarily, the CPD programme is intended to uphold and enhance the quality and reputation of the actuarial profession in Switzerland's financial community and abroad. The CPD programme is also an opportunity to involve members of the Swiss Association of Actuaries more closely in the activities of the organisation. With a mandatory CPD programme, the Swiss Association of Actuaries (SAA) will be better able to encourage more active involvement in its existing committees and attract more participants to its events.

As of 1 January 2012, CPD is mandatory for all members of the Actuary SAA section. Similar concepts have been or are about to be implemented by actuarial associations elsewhere in Europe.

SAA actuaries must provide proof of compliance with the CPD obligations. The Swiss Association of Actuaries (SAA) offers internet-based support for this purpose.  
[www.actuaries.ch](http://www.actuaries.ch)

#### Examples of CPD measures

**There are two categories:**

- Technical skills (resulting in technical points)
- Professionalism and business/management skills (these do not result in technical points)

**These include, for example:**

- Attending specialised seminars, lectures or courses (including in-house)
- Lecturing on technical issues and professionalism, provided the topics are new for the lecturer
- Training colleagues in the context of an actuarial (continuing) education
- Supervising actuarial exams (including at other national and international actuarial associations accredited by AAE or IAA)
- Authoring publications in refereed journals (including patents, scientific articles)
- Participating in committee work (including at other national and international actuarial associations)
- Studying towards an advanced degree
- Conducting courses of self-study on technical topics

#### About the CPD credits

- One CPD credit point is awarded for each training session of 45 to 50 minutes

- Each SAA member must accumulate 20 CPD points during each calendar year, including 10 technical CPD points.
- If, as of 31 December, a member has more than 20 points, the excess is automatically transferred to the following calendar year as a positive balance. A maximum of 20 points can be carried forward.

### Role of the SAA Secretariat

- When SAA actuaries participate in an SAA event, the SAA Secretariat will automatically assign the credit to their account, providing the actuaries confirm their presence by signing the attendance sheet.
- Points for other CPD or activities will be recorded by the Secretariat upon provision of corresponding proof. You can contact the SAA Secretariat via email.
- The Secretariat maintains the CPD account electronically. It can be viewed on the SAA website. Logging in: Surname.First name, then request the password (applies to SAA actuaries, if they provided the SAA Secretariat with their email address when they joined the SAA).

### Failure to comply with CPD obligations

- If an actuary's balance is negative as of 31 December, they will receive a reminder at the beginning of the following year, and will be considered to have failed to meet their CPD obligations.
- After three consecutive failures, or if the actuary's balance is lower than minus 40, the Continuing Education Commission will apply to the SAA Board of Directors for their exclusion from the Actuary SAA section.
- They will be required to earn 60 CPD points within a calendar year should they wish to apply for readmission.
- Retired SAA actuaries can apply for an exemption from the obligation to pursue CPD.

### Fulfilment of CPD obligations

- The names of the SAA actuaries who have fulfilled their CPD obligations are published on a list which can be viewed by any visitor to the SAA website (in the public section).

## 4. Disciplinary proceedings

Violations of the principles of actuarial regulations, rules and standards of conduct are subject to disciplinary proceedings. There are two disciplinary committees:

- The "Actuary SAA section" Professional Ethics Committee (SAA Professional Ethics Committee)
- The "Pension Fund Experts" Professional Ethics Committee (SKPE Professional Ethics Committee)

### Functions of the Professional Ethics Committees

The **SAA Professional Ethics Committee** exercises disciplinary and supervisory functions. It is responsible for violations of the Code of Conduct, professional norms and guidelines for SAA actuaries (Article 2.1 of the Regulations of the Professional Ethics Committees).

The **SKPE Professional Ethics Committee** exercises disciplinary and supervisory functions. It is responsible for violations by members of the SAA and/or members of the Swiss Chamber of Pension Fund Experts (SKPE) against the Code of Conduct, professional norms and guidelines for pension fund experts (Article 2.2 of the Regulations of the Professional Ethics Committees).

#### Disciplinary action

If the Professional Ethics Committee comes to the conclusion that a breach of the Code of Conduct has occurred, it applies to the Board of Directors of the SAA or SKPE for implementation of one of the following disciplinary measures:

- Warning
- Removal from office in the SAA or SKPE
- Warning with the threat of expulsion

The employer and actuarial associations with a justified interest are informed.

- Exclusion from the SAA and/or SKPE

The employer, members of the association, actuarial associations with a justified interest and the relevant supervisory authority are informed.

#### Disciplinary process

- Written notification to the SAA Secretariat, which shall then decide which professional ethics committee will be responsible for handling the process.
- The Professional Ethics Committee shall decide whether the formal requirements for conducting disciplinary proceedings have been met.
- The proceedings shall be carried out in writing and should be completed within nine months, if possible.
- The reported member shall be invited to submit a written statement or to be heard by the Professional Ethics Committee.
- The Professional Ethics Committee shall draw up a written decision, which must contain at least the following points:
  - Reason for initiating the disciplinary proceedings
  - Description of the investigations carried out
  - Description of the outcomes of the investigation
  - Final assessment and definition of any disciplinary action with justification
  - Notice of the legal remedies available ("instruction on the right of appeal")

- After the appeal period has elapsed, the Board of Directors of the SAA or SKPE will make a final decision and implement the ruling. Otherwise, the appeal proceedings will commence.

### Appeal process

- The application to appeal must be submitted to the SAA Secretariat within 30 days of receipt of the decision of the Professional Ethics Committee.
- The Board of Directors of the SAA or SKPE (if the case has been dealt with by the SKPE Professional Ethics Committee) assesses whether the appeal is justified and whether the case must therefore be looked at again.

#### **If yes:**

- The case is handed over to the SAA Appeals Commission for review.
- This commission consists of three members of the SAA Board of Directors.
- The proceedings are always conducted in writing.
- The proceedings should be concluded within three months if possible.
- Both the reported member and the reporting party are heard.
- The Appeals Commission then draws up a written decision, which must contain at least the following points:
  - The outcome of the hearing
  - The acceptance or rejection of the appeal and the reasons for this decision
- The decision will be sent to the reported member, the reporting party and the Professional Ethics Committee.

In the event of a further appeal, the SAA Board of Directors shall make a final decision on the proceedings.

The member can have recourse to standard legal remedies (civil action etc) against the disciplinary action imposed before the competent courts.

### Rules of Procedure

Each Professional Ethics Committee sets out the formal requirements and the procedure for the conducting of disciplinary proceedings in the Rules of Procedure (cf Article 3.1 of the Regulations of the Professional Ethics Committees).

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# MODULE 2

## Learning objectives

The objectives of the "Professional situations" module are to address specific professional situations.

The aim is to provide SAA actuaries with an insight into the regulations in the occupational pensions sector that are particularly relevant for accredited pension actuaries.

What is meant by whistleblowing? What questions do SAA actuaries need to ask themselves when they pass on sensitive information to third parties? What needs to be considered in terms of labour law?

What are the fundamental aspects of communication and presentation?

What is the role of an actuary in public life?

Which specialist regulations does the actuary have to comply with when working in the occupational pensions sector?

## 1. Whistleblowing and labour law

Classic, "real" whistleblowing is the unauthorised disclosure of information to third parties (usually to the media) about an irregularity, a defect etc in the employer's business, where the disclosure in the specific case is to be regarded as a violation of labour law regulations or is detrimental to the employer's interests.

### Regulatory whistleblowing due to specialist regulations

There are specialist regulations that require the actuary or pension actuary to inform external third parties (usually the competent supervisory authority) in specifically defined situations. This can be called regulatory whistleblowing. There are two types of regulatory whistleblowing in this respect:

#### **Supervisory whistleblowing**

There is a legal or professional obligation to inform the relevant authority if the actuary identifies a violation of legal provisions. In Switzerland, supervisory whistleblowing only exists in the occupational pensions sector, cf Note 1.

#### **Professional disciplinary reporting**

There are actuarial associations that require the actuary to report violations of professional guidelines or of their association's code of conduct. Unlike in many other countries, actuaries in Switzerland only have the obligation to inform their management in such a case. There is no further obligation in the Code of Conduct in Switzerland.

Since it is often not clear whether the facts of the case justify (supervisory) whistleblowing (in the occupational pensions sector), the actuary can easily find themselves feeling a moral conflict between professional duty and loyalty to the client (ie the pension fund). Employees should, if possible, consult internally before making such a report. The employer may express its displeasure by means of a warning, job reassignment etc, or even termination of the employment contract, possibly even termination of the employment contract without notice. In some countries, employees have a conditional immunity to civil claims.

If the supervisor (ie the employer) or the client unduly deters the actuary from fulfilling their obligation to report information, the competent supervisory authority (eg FINMA, OPSC) can take action against the employer or the client by means of a warning, increased supervisory activity, withdrawal of approval etc.

### Note 1: Supervisory whistleblowing

Swiss pension law provides that the pension actuary must inform the supervisory authority in certain cases (see sections "Article 41 BVV 2 Relationship with the supervisory authority" and "Article 41a BVV 2 Special tasks in the event of pension underfunding" in Chapter 4).

### Note 2: Protection of the employee in accordance with Article 319 *et seq.* CO (legal provisions in the Swiss Code of Obligations for employment contracts)

- In principle, an employer may terminate an employment relationship governed under private law at any time, even if there is no real grounds to do so. The employer only has to observe the notice period (which is set out in the employment contract or is otherwise governed by Article 335c CO; the employee can also be released from their duties, meaning that they are no longer working for the company with immediate effect, similar to termination without notice, only they will continue to receive their salary during the notice period). The employer must comply with various protective provisions, eg the proscribed periods in the event of incapacity for work (Article 336c CO: incapacity for work, maternity leave etc). The employer should, if possible, refrain from termination in the case of older employees who have been with the company for many years (early retirement is readily possible as soon as this is feasible under pension law) and also in the case of employees with particular family support obligations (due to illness, disability, birth defects, partner's unemployment etc).
- Only in the case of dismissal without notice must there be a reason that justifies this measure, ie "good cause" within the meaning of Article 337 CO. Otherwise, the dismissal without notice shall be deemed unlawful. Termination without notice will nevertheless remain valid (if it is contested and proves to be unlawful), unless protection from termination is provided in accordance with Art. 336c CO (for health-related reasons, see above). In the event of unjustified termination without notice, the employee may demand compensation before a court. The judge may set this amount at a maximum of six months' salary (Article 336a (2) CO). Entitlement to bonuses that have not yet become due will be lost (unless the employment contract expressly stipulates otherwise).

In labour disputes with an amount in dispute of no more than CHF 30 000, the employee will not be charged the court costs nor the employer's expenses if they (ie the employee) do not or only partially win their case. Such disputes shall be settled before the district or local court (if available: before the labour court). It is advisable for the employee to first apply to a magistrate and try to solve the dispute via mediation.

## 2. Communication and presentation

### Specialist literature, courses and practical experience

There are hundreds of books about communication and an inconceivably wide range of courses and further training. Actuaries should ensure that they receive training in this field every 5 to 10 years as part of their continuing professional development, eg by attending workshops run by their employer.

The saying "practice makes perfect" is particularly relevant to communication. Thorough preparation for the specific situation is highly recommended.

### Communication

The following principles must be adhered to:

#### In general

Adopt a communicative attitude: listen actively; remain calm and objective at all times; if possible, do not judge the participant or third party.

Accept the diversity of people: accept other opinions. It is by no means unusual for people to have different opinions on a particular topic.

Be aware that there are often topics that can never be covered exhaustively. A discussion can be held by means of "rounds" (eg three rounds) and/or ended with two final rounds: Each person participating in the discussion has a chance to speak (eg three times) and/or the discussion is ended once each person has had a further two "turns". If you are asked about your own error (eg an oversight or omission) and there is indeed a mistake: Acknowledge the error, but try not to draw too much attention to it (for example, with colourful, strong language or a long explanation). Try to move on from the conversation about it as soon as possible. A good way to do this is by asking a question, thus changing the subject.

#### Communicating information and non-verbal cues

Communicate in simple terms; as few "alien" foreign concepts as possible. But explain the facts correctly as far as possible.

Ask open-ended questions: Questions that require a "yes" or "no" answer are called "closed" questions. The respondent is often unable to give good answers to these questions, because the question is seen as restrictive, not constructive, wrong etc. In such cases, the answer is often unclear, evasive etc.

Answering questions: Listen to the question carefully. Answer the question concisely (if possible).

Be aware of the non-verbal cues you might be giving: gestures, voice, posture. Learn to master and potentially use these non-verbal cues in such a way that third parties do not perceive them as inappropriate.

#### Receiving information and non-verbal cues

Pay attention to other people's non-verbal cues: demeanour, gestures, voice, posture.

Allow others to speak; if someone has been speaking for too long or has gone off topic, maybe signal this with a particularly friendly and gentle look or gesture; maybe agree on speaking time or other rules.

Repeat what has been said – especially if the other person has the impression that their statements have not been understood or taken seriously.

## Presentation

**The following principles must be adhered to:**

Ensure that you are well prepared: Statements and documents should not contain errors. Schedule enough time in your appointment calendar, postpone other tasks until later or hand them over to a colleague.

Structure the presentation well: introduction (with "icebreaker"?), main body, conclusion (summary, concluding remarks).

Engage the audience: address those present; make eye contact.

In addition, refer to the "Communication" section, particularly the "In general" part.

Familiarise yourself with the technical equipment beforehand and, if possible, perform a "test run". Ask who can provide technical support in the event of issues.

Be prepared for unforeseen circumstances: do not get irritated; remain calm and, if possible, continue with the topic at hand.

### 3. The role of the actuary in the public sphere

An actuary's activities are not limited to insurance companies and pension funds. Their role in the public sphere, as a consultant on political/economic commissions and committees, is particularly important.

The Code of Conduct for SAA Actuaries of the Swiss Association of Actuaries (SAA) mentions in Article 2 that the actuary (...) shall not act contrary to the public interest.

#### Possible roles in the public sphere

Providing information to stakeholders (eg EV, statistics)

Making personal efforts to contribute to fair and truthful reporting of actuarial topics

Clear, understandable presentation of complex issues

"Advisory role" in political decisions (conversion rate, minimum interest rate etc).

Drawing up and presenting forecasts (economic, demographic etc).

#### Note

Make sure that information is understandable, see the "Communication and presentation" section above.

## 4. FSOPP and BVV 2

SAA actuaries working in the occupational pensions sector must also comply with all regulations applicable to pension actuaries, cf Article 7 of the Code of Conduct for SAA Actuaries.

The following describes the function and activity of an accredited pension actuary as set out in the Federal Statute on Occupational Pension Plans (FSOPP) and the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2). Pension actuaries receive their accreditation from the Federal Occupational Pension Supervisory Commission (OPSC). The accreditation is based on Article 52d FSOPP and the directives of the OPSC.

If SAA actuaries are not accredited as pension actuaries, they can work in the occupational pensions sector in the same way as an accredited pension actuary with the following exception: Reports and confirmations that pension actuaries must submit to the respective pension fund require the (co-)signature of an accredited pension actuary.

### Federal Statute on Occupational Pension Plans (FSOPP)

#### Art 52e: Duties of a pension actuary

- Pension actuaries shall periodically verify that the pension fund provides assurance that it can meet its obligations; and whether the actuarial provisions on benefits and financing correspond to the statutory provisions.
- They shall make recommendations to the highest governing body of the pension fund, in particular regarding
  - a. The technical interest rate and other technical bases;
  - b. The measures to be taken in the event of pension underfunding.

### Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV)

#### Article 40 BVV 2: Independence

(Article 52a (1) FSOPP)

Pension actuaries must be independent and their opinions and recommendations must be formed objectively. Independence must not be compromised, either in fact or in appearance.

#### The following in particular are incompatible with independence:

- a. Membership of the highest governing body or of the management of the pension fund, having decision-making power in the fund or an employment relationship with the latter;
- b. Direct or indirect participation in the founder company or the management of the pension fund;
- c. A close familial or economic relationship with a member of the highest governing body or management or with another person with decision-making power;
- d. Being involved in the management of the fund;
- e. Entering into a contract leading to a longer-term economic dependency;
- f. Concluding a contract under terms and conditions that are not in line with the market or a contract that gives rise to an interest on the part of the pension actuary in the audit result;

g. An obligation to follow the employer's instructions if the pension fund is in-house; if the employer has divided its company into several independent legal entities, the employer is deemed to be the group.

The provisions on independence apply to all persons involved in the audit. If the pension actuary is a partnership or a legal person, the provisions on independence shall also apply to the members of the highest governing or administrative body and to other persons with decision-making power.

The Federal Occupational Pension Supervisory Commission (OPSC) defines the concept of independence in the "Independence of Pension Actuaries" directive (W-03/2013).

#### **Article 41 BVV 2: Relationship with the supervisory authority**

(Articles 52e, 62 (1) and 62a FSOPP)

Pension actuaries must follow the instructions of the supervisory authority in fulfilling their mandate. They must immediately inform the supervisory authority if the situation at the pension fund requires rapid intervention or if their mandate expires.

#### **Article 41a BVV 2: Special tasks in the event of pension underfunding**

(Articles 52e and 65d FSOPP)

1. If there is underfunding, the pension actuary prepares an actuarial report on an annual basis.
2. The pension actuary reports in particular on whether the measures taken by the competent body to remedy underfunding are in line with Article 65d FSOPP and provides information about their effectiveness.
3. If a pension fund takes no or insufficient measures to rectify the underfunding, the pension actuary must report this to the supervisory authority.

#### **Article 43 BVV 2: Reinsurance coverage**

(Article 67 FSOPP)

1. A pension fund that intends to cover the risks itself must have reinsurance if
  - a. The pension actuary considers this to be necessary or
  - b. The pension plan covers fewer than 100 active insured persons; in the case of pension funds established after 31 December 2005, if it covers fewer than 300 active insured persons.
2. The type and extent of the reinsurance is decided by the body deemed to be competent pursuant to the regulatory provisions; it must obtain an opinion from a pension actuary beforehand.

#### **Article 44a BVV 2: Employer contribution reserves with waiver of use in the event of underfunding**

(Article 65e (3) FSOPP)

The pension actuary reports on whether the employer contribution reserves can be legitimately liquidated and confirms this to the supervisory authority.

## 5. Directives of the Federal Occupational Pension Supervisory Commission and professional guidelines of the Swiss Chamber of Pension Fund Experts

In addition to the aforementioned provisions of pension law that relate directly to the activities of a pension actuary, the latter must also consider in their work numerous provisions relating to the financing of pension plans (Article 65 *et seq.* FSOPP) and Article 42 BVV 2 and the directives (of the Federal Council) on remedying underfunding of occupational pensions of 27 October 2004.

The Federal Occupational Pension Supervisory Commission (OPSC) and the Swiss Chamber of Pension Fund Experts (SKPE) have supplemented these provisions with directives, in the case of the OPSC, or with professional guidelines, in the case of the SKPE.

For further details on the content of these documents, please visit the OPSC website: <http://www.oak-bv.admin.ch> or the SKPE website: <http://www.skpe.ch>.

### OPSC directives with regard to pension actuaries

- Directive on the accreditation of pension actuaries
- Directive on the compilation of SKPE professional guidelines on minimum standards
- Directive on the independence of pension actuaries

### Professional guidelines for occupational pensions

- FRP 1 Funding ratio calculation
- FRP 2 Pension capital and technical reserves
- FRP 2a Calculation of pension capital for variable pensions
- FRP 3 Partial liquidation
- FRP 4 Technical interest rate  
Note: The reference interest rate is calculated annually as of 30 September and published on the SKPE website.
- FRP 5 Audit of the pension fund in accordance with Article 52e (1) FSOPP
- FRP 6 Underfunding/remediation measures
- FRP 7 Audit of pension funds with several pension plans pursuant to Article 52e FSOPP



**PRACTICE**

**MODULE**

**1**

**MODULE**

**2**

**MODULE**

**3**

**MODULE**

**4**

# MODULE 3

## Learning objectives

The aim of the "Practice" module is to become familiar with and discuss the Code of Conduct and the "Actuarial Practice Guideline". The course participants should also ask questions regarding their application in everyday life and discuss them with their colleagues. It also provides an overview of the IAA guidelines on professionalism.

Why are codes of conduct and guidelines established?

- What are the most important requirements in the Code of Conduct?
- Is the Code of Conduct not sufficient?
- What is the additional value provided by the "Actuarial Practice Guideline"?

Are guidelines mandatory?

- Do actuaries have to adhere to these?

To whom do they apply?

What are the key messages of the guidelines discussed?

## 1. Purpose of guidelines

What characterises a profession? This is a key question, especially for actuaries. Today, various documents provide the answer, with the American Academy of Actuaries' consultation paper "**Structural Framework of U.S. Actuarial Professionalism**" (published in 2004) being one of the first.

The following two quotations, with references, can also be found therein: *"A profession is distinct from an occupation in that it has been given the right to control its own work"* and *"Only a profession can determine who legitimately can do its work and how the work should be done"*.

The standard reference work "Professionalism – The Third Logic" (published in Chicago in 2001) begins with the following sentence: *"In the most elementary sense, professionalism is a set of institutions which permit the members of an occupation to make a living while controlling their own work"*.

Rules and guidelines for a profession are nothing new, but they have gained special significance for actuaries since the beginning of this century.

In December 2000 in England, Equitable Life was forced to close to new business. An investigation was then launched into the role of actuaries in the insurance industry. "The Morris Review of the UK Actuarial Foundation" (published in the August 2005 edition of "Actuary Magazine") provides an overview of the resulting consequences for the actuarial profession. The investigation report "Final Report Morris Review of the Actuarial Profession" (also published in 2005) reached the following conclusions, among others:

*"The review identified a number of weaknesses in the current framework of self-regulation by the actuarial profession including:*

- professional standards that have been weak, ambiguous or too limited in range, and perceived as influenced by commercial interests;
- an absence of pro-active monitoring of members' compliance with professional standards."

As a result, the actuarial profession in England is today supervised by an independent body (Financial Reporting Council/FRC). Actuarial standards, meaning regulations and guidelines, are also set by an independent body, the Board for Actuarial Standards (BAS).

The introduction of "Due Process for International Standards of Actuarial Practice" (IAA, approved 23 January 2012, revised 13 May 2021) states:

"A standard of actuarial practice is a statement of behaviour expected of actuaries operating within a specified context. The intention of a standard of actuarial practice is to achieve greater consistency of approach to actuarial practice in a given situation, so as to increase the confidence of clients and the public in the actuarial work product, but without unnecessarily constraining the exercise of actuarial judgement or creativity. It sets standards on matters such as the methodology to be employed, the approach to be used in setting assumptions, the contents of the resulting report or opinion, and the way in which the report or opinion should be presented."

The Swiss Association of Actuaries (SAA) has adopted this verbatim in the introduction to the "Actuarial Practice Guideline" (approved by the Board of Directors on 28 August 2020), which is the subject of this module:

*"In producing it, the intention is that the trust of clients and the public in our work should be enhanced, without diminishing the creativity and personal judgement of our members".*

The aim of the "Actuarial Practice Guideline" is not to protect actuaries from legal action under labour or liability law. It cannot be ruled out, however, that compliance with these guidelines will be used in such actions to measure compliance with standard norms of the profession.

## 2. Conduct: Code of Conduct for Actuaries

The Code of Conduct for Members of the Actuary SAA Section (current version approved at the General Meeting of 6 September 2014) addresses all aspects of professional actuarial activity, including CPD (dealt with separately in Module 1), ie not only the professional execution of the work. The Code of Conduct is intentionally formulated in a general manner.

### Legal framework

- Article 7 (2) of the Statutes of the Swiss Association of Actuaries: "The Code of Conduct, professional norms and guidelines of the Association for specified groups and activities of its members must be complied with by the members concerned."
- Article 11 of the Statutes of the Swiss Association of Actuaries: "The Actuary SAA section has a Code of Conduct based on generally accepted international standards. It makes provision for disciplinary proceedings in the event of the Code of Conduct being breached."
- Section 2.2.2 (c) of the IAA Internal Regulations

### General principles for execution of the work

**Article 2 of the Code of Conduct requires members to comply with the following principles:**

- They shall provide their professional services in an honest, competent and diligent manner.
- They shall adhere to actuarial principles and comply with the provisions of the law as currently in force.
- They shall fulfil their professional responsibility towards the client (and/or their employer) at all times.
- They shall not act against the interests of the general public.
- They shall at all times behave in such a manner as to maintain the good reputation of the profession. They shall refrain from all comparative or unfair advertising.
- They shall work loyally with those other persons who are also working for the same client or employer.

### Personal responsibility, professional competence and CPD

**Article 3 of the Code of Conduct requires the following of members:**

- They shall carry out their actuarial work under their own responsibility.
- They shall deliver actuarial services only when in possession of the necessary qualifications, unless they are working with someone who possesses the necessary knowledge or experience and who assumes responsibility for the service in question.
- They are responsible for maintaining the level of knowledge required to perform their actuarial work.
- They shall provide evidence of continuing professional development (cf Chapter 4).
- They are obliged to comply with all regulations and principles laid down by the Association which are applicable to the performance of their professional duties.

### Conduct towards clients and employers

**Article 4 of the Code of Conduct requires the following of members:**

- They shall treat the information they receive as confidential.
- They shall be bound to professional secrecy in respect of all business and personal circumstances of which they become aware in the course of their work.
- They shall endeavour to present their results clearly and comprehensibly.
- They shall be willing to provide additional information and explanations of their work.

### Conduct in the event of conflicts of interest

**Article 5 of the Code of Conduct requires the following of members:**

- They shall check whether they can nevertheless carry out the task to their best of their knowledge and belief. If so, they shall draw the attention of all parties involved to the conflict of interest.
- Should they accept a task where they are not acting as an independent expert, they shall provide the client with their employer's details.

### Fees

Article 6 of the Code of Conduct requires members to disclose to the client, in writing and in good time, all sources of income arising from work performed on behalf of the client.

### Work as a pension fund expert

Article 7 of the Code of Conduct requires members of the Actuary SAA section working in the field of occupational pensions to adhere to the same regulations as members of the SKPE.

### Disciplinary proceedings

Article 8 of the Code of Conduct draws members' attention to the fact that disciplinary proceedings shall be initiated in the event of a breach of the Code. Members shall be required to recognise the final decision in the disciplinary proceedings.

### 3. The SAA's "Actuarial Practice Guideline"

#### Approval

The "Actuarial Practice Guideline" of the Swiss Association of Actuaries (SAA) was approved by the Board of Directors on 28 August 2020.

#### Distinction from the Code of Conduct

**The first sentence of the "Actuarial Practice Guideline" reads:**

*"This guideline is intended as a supplement to the code of conduct in relation to actuarial work".*

**Also note the following points:**

- The Code of Conduct is mandatory. There is no provision for deviations in justified cases.
- The Code of Conduct also includes several behavioural standards for actuarial practice. However, it also sets out other general standards.
- The Code of Conduct essentially corresponds to the minimum requirements of the International Actuarial Association (IAA). (See the IAA's Internal Regulations).

#### Content of the "Actuarial Practice Guideline"

##### 1. Introduction

This guideline is intended as a supplement to the code of conduct in relation to actuarial work. In producing it, the intention is that the trust of clients and the public in our work should be enhanced, without diminishing the creativity and personal judgement of our members.

The International Association of Actuaries (IAA) and the Actuarial Association of Europe (AAE) have also developed standards that can be adopted by the member associations either unchanged or modified.

The SAA has decided to continue maintaining its own guidelines, following on from the existing framework dated 1 August 2009. The fundamental elements of these guidelines are in line with ISAP 1 (International Standard of Actuarial Practice) from the IAA and ESAP 1 (European Standard of Actuarial Practice) from the AAE.

These guidelines will constitute part of an actuary's training in the requirements for professional conduct, while establishing the basis for the settlement of any disputes in the SAA Commission.

##### 2. Scope

These guidelines are intended for all SAA members (hereinafter "members") providing actuarial services or submitting actuarial opinions on issues. They are binding on members of the SAA Actuaries' section. Deviations from these guidelines are permissible if there are reasonable grounds. The Commission will base decisions relating to disciplinary proceedings on these guidelines and judge the appropriateness of justifications for any deviations from them.

##### 3. Actuarial practice

3.1. Members deliver actuarial services only when in possession of the necessary qualifications and experience, unless they are carrying out a mandate in collaboration with or under the supervision of an expert who possesses the necessary knowledge or experience. In addition to knowledge of a purely actuarial nature, the necessary expertise includes knowledge of the pertinent laws, guidelines and the code of conduct. In relation to

the actuarial reserves for statutory accounting or reporting for a supervisory authority, members must be conversant with and take due account of the relevant accounting principles, national statutory requirements and valid directives. To guarantee the quality of the work, members must consider the necessary time and resources.

3.2. In providing their services, members may use, base their work on and rely upon the results and products of the work of third parties only if they are aware of the underlying processes and control mechanisms of such work that they themselves have not carried out and if said processes and mechanisms are documented. It must be clear where members have relied on or based their work on the work of a third party, and the source must be stated. It must be made clear if no responsibility is accepted for this part of the work. If the end product is the work of a team, the team leader is responsible.

3.3. Members must carry out the checks necessary to enable them to evaluate the suitability and quality of the data used.

3.4. Important verbal statements must be confirmed in writing.

3.5. Written statements, reports and resources (here below "report")

3.5.1. It should be clearly specified to whom the report is being addressed and the role being assumed by members in the evaluation. In particular, the identity of the client or principal client and the purpose and scope of the mandate should be specified.

3.5.2. The data used must be described and evaluated. In particular, it should be clear whether the member considers the data reliable and appropriate or has reservations about it.

3.5.3. It should be stated, documented and evaluated which assumptions and methods have been used by the member. The report should provide an indication as to how far the methods and assumptions have been modified since the last report of this nature and the scope of these modifications. Furthermore, the report should provide information about the sensitivity of the results in terms of the basis selected and any potential events related to the results.

3.5.4. If certain parameters, models or assumptions legally prescribed or laid down by the client are not considered appropriate by the member within the given context or purpose in question, this should be mentioned in an unambiguous manner within the report. What is more, they should also indicate the influence on the results of the assumptions and models that they deem appropriate.

3.5.5. Any recommendations made in a report should contain the information on each relevant factor and on the results of members' research required by the recipient of the report so as to be able to judge the suitability of the recommendations and the consequences of their implementation.

3.5.6. Written reports on point estimates of expected values should indicate that future observations will usually deviate from these estimates. The point estimate is to be accompanied by a statement on uncertainty where possible, and can consist of a distribution, confidence interval, standard deviation or other appropriate value or information and can, if necessary, be supplemented by special scenario observations.

3.6. Members should communicate such that the recipient is able to understand the conclusions and core messages. This point is particularly important if the methods used by members deviate from those generally used by recipients or if the conclusions of members deviate from the expectations of the recipient.

3.7. Insurance terminology comprises a series of frequently used terms that may not be generally understood or can be interpreted in various ways. Members should ensure that such terms are clearly defined.

3.8. Members providing advice of an actuarial nature on pension schemes in the 2nd Pillar shall adhere, in addition to the SAA guidelines, to the general principles and guidelines for pension fund experts published jointly by the SAA and the Swiss Chamber of Pension Fund Experts, as well as to the directives and official communications of the Occupational Pension Supervisory Commission (OPSC).

3.9. Members shall determine the extent to which a report should be reviewed by a third

party before it is ultimately submitted to the intended users. The purpose of third-party review is to ensure the quality of a report. If a review is deemed necessary, it must be carried out independently and the auditor must be able to demonstrate sufficient knowledge and experience in the field concerned.

3.10. Members shall keep the necessary documents for a reasonable period of time in order to facilitate third-party review or audit. The storage of documents must comply with legal requirements and the specifications of the client. Documentation will be considered sufficient if it is detailed enough for another qualified member in the same field to comprehend the work and to understand and evaluate the assumptions made.

## 4. International regulations and guidelines

The IAA and the AAE develop Actuarial Model Standards and Actuarial Notes. The Board of Directors of the Swiss Association of Actuaries (SAA) has confirmed (endorsed) ISAP 1 and ESAP 1 for Switzerland.

The IAA draws up the International Standards of Actuarial Practice (ISAP) and International Actuarial Notes (IAN) and the AAE draws up European Standards of Actuarial Practice (ESAP) and European Actuarial Notes (EAN). These are model standards of actuarial practice and, as such, are not binding on any actuary. They become binding only if the SAA endorses them or writes its own corresponding guideline. Actuarial Notes are training documents that contain input from all members of the IAA or AAE.

The IAA has the following ISAPs:

- ISAP 1 – General Actuarial Practice
- ISAP 2 – Financial Analysis of Social Security Programs
- ISAP 3 – IAS 19 Employee Benefits
- ISAP 4 – IFRS 17 Insurance Contracts
- ISAP 5 – Insurer Enterprise Risk Models
- ISAP 6 – Enterprise Risk Management Programs and IAIS Insurance Core Principles
- ISAP 7 – "Current estimates" and other matters in relation to the IAIS capital standards

The IAA has the following IANs:

- IAN 3 – Classification of Contracts under International Financial Reporting Standards IFRS [2005]
- IAN 4 – Measurement of Investment Contracts and Service Contracts under International Financial Reporting Standards IFRS [2005]
- IAN 5 – Current Estimates under International Financial Reporting Standards IFRS [2005]
- IAN 6 – Liability Adequacy Testing, Testing for Recoverability of Deferred Transaction Costs, and Testing for Onerous Service Contracts under International Financial Reporting Standards IFRS [2005]
- IAN 7 – Recognition and Measurement of Contracts with Discretionary Participation Features under International Financial Reporting Standards IFRS [2005]
- IAN 8 – Changes in Accounting Policies under International Financial Reporting Standards IFRS [2006]
- IAN 9 – Accounting for Reinsurance Contracts under International Financial Reporting Standards IFRS [2007]
- IAN 10 – Embedded Derivatives and Derivatives under International Financial Reporting Standards IFRS [2007]
- IAN 11 – Business Combinations under International Financial Reporting Standards IFRS [2008]
- IAN 12 – Disclosure of Information about Insurance Contracts under International Financial Reporting Standards IFRS [2008]

The AAE has the following ESAPs:

- ESAP 1 (2019): General Actuarial Practice
- ESAP 2 (2016): Actuarial Function Report under Directive 2009/138/EC (Solvency II)

- ESAP 3 (2017): Actuarial practice in relation to the ORSA process under Solvency II

The AAE has the following EANs:

- EAN 1 (2020): EAN on ESAP 3 and ORSA

The SAA has only adopted ISAP 1 and ESAP 1 in the Actuarial Practice Guideline.



**REQUIREMENTS**

**MODULE**

**4**

**MODULE**

**3**

**MODULE**

**2**

**MODULE**

**1**

# MODULE 4

## Learning objectives

The aim of the "Requirements for actuarial work in Switzerland" module is to become familiar with the importance of various types of requirements (regulations, guidelines and recommendations), ie both legal/supervisory requirements (in particular laws, ordinances and circulars) and those issued by actuarial associations (in particular codes of conduct, guidelines and recommendations of the SAA), and to know which guidelines and rules are relevant for actuaries.

What are the important actuarial requirements?

Where can I find these requirements (internet, brochures etc)?

Which of these requirements are particularly important to me in my job?

Do I know the content of the requirements that are relevant to me?

# 1. Meaning of actuarial requirements

What is a law? How do I handle a circular?

How important is the Code of Conduct?

The following is a brief outline of the most important actuarial requirements and their significance.

## Law

A law is a rule issued by the state (legislature) and is legally binding. Adhering to the law is the top priority.

## Ordinance

An ordinance refers to a rule similar to a law issued by an executive authority which primarily defines the legal provisions in more detail; accordingly, an ordinance must also be adhered to.

## Directive

An instruction from an authority of a binding (command-like) nature, the purpose of which is to request that the addressees act in a certain way.

## Circular

The circulars (formerly directives) issued by the Swiss Financial Market Supervisory Authority (FINMA) are particularly important. These circulars clarify how financial market legislation is to be applied. They are binding by nature.

## Order

An order is a binding, command-like request.

## Statute

A statute is a collection of legal norms.

## Code of conduct

A code of conduct is a professional practice and ethical guideline for work and behaviour in general.

## Guideline

The guidelines issued by the Swiss Association of Actuaries (SAA) are of particular importance. They set out binding rules for action, but they are not legal in nature.

**Recommendation**

A recommendation is non-binding advice or guidance.

**Statement**

A statement is an official declaration on a particular event.

## 2. Types of actuarial requirements

Laws, supervisory ordinances and orders as well as statutes, codes of conduct and guidelines – national and international – form the basis for actuarial work.

### Overview

The requirements/regulations for actuaries can generally be differentiated by whether they were issued by the legislator or a supervisory authority or by a professional organisation (actuarial association). In addition, they can be classified according to the type of requirement/regulation, ie whether they are general or specialist.

### Examples

(A description of the individual requirements and their abbreviations is provided on the following pages)

	Who issued the requirement/regulation	
	Legislator/ supervisory authority	Professional organisation/ actuarial association
<b>General</b>	<ul style="list-style-type: none"> <li>· ISA</li> <li>· Insurance Supervision Ordinance</li> <li>· FINMA Insurance Supervision Ordinance</li> <li>· FINMA Circular 2017/4</li> </ul>	<ul style="list-style-type: none"> <li>· Code of Conduct</li> <li>· "Actuarial Practice Guideline"</li> </ul>
<b>Specialist</b>	<ul style="list-style-type: none"> <li>· Accident Insurance Act (AIA)/Accident Insurance Ordinance (AIO)</li> <li>· FSOPP/BVV 2</li> <li>· Federal Law on Health Insurance</li> <li>· FINMA Circular 2016/03 on ORSA</li> </ul>	<ul style="list-style-type: none"> <li>· Guidelines on the Actuarial Report for Life/Non-Life Insurance</li> <li>· Guideline on "Life insurance reserves"</li> </ul>

### Legislation and supervision – Swiss Financial Market Supervisory Authority (FINMA)

#### Insurance Supervision Act (ISA)

[www.admin.ch](http://www.admin.ch)

The Insurance Supervision Act (ISA) has been in force since 1 January 2006; some provisions were amended later. It regulates federal supervision of insurance companies and insurance brokers and, in particular, aims to protect insured parties against the insolvency risks of the insurance companies and against abuses.

It focuses on the long-term stability of insurance companies, improving the protection of insured parties and incorporating the most important developments in the EU. The ISA is divided into nine chapters.

The new ISA came into force on 1 January 2024, following a partial revision over a number of years, which was commissioned by the Federal Council in 2016.

### **Insurance Supervision Ordinance (ISO)**

[www.admin.ch](http://www.admin.ch)

An ordinance of the Federal Council, pertaining to the Insurance Supervision Act (ISA). The ISO has also been in force since 1 January 2006 and is divided into 11 titles and 3 annexes. As of 1 July 2015, the ISO was subject to a partial revision. Some amendments were made, specifically to Article 22, which names the SST as the sole solvency test instrument (unless international treaty-based obligations require other solvency rules) and in relation to the SST overall (third chapter and Annex 3). The ISO was also subject to a partial revision, which came into force on 1 January 2024.

### **FINMA Insurance Supervision Ordinance (ISO-FINMA)**

[www.admin.ch](http://www.admin.ch)

The ordinance of the Swiss Financial Market Supervisory Authority (FINMA) pertaining to the Insurance Supervision Act (ISA), ISO-FINMA, has also been in force since 1 January 2006 and consists of only four sections.

As its name implies, FINMA has the power to enact the ISO-FINMA, while the Federal Council has the power to enact the ISO. This is because the ISA contains provisions that assign implementation to the Federal Council in some cases, and to FINMA in others.

Following the revision of the ISA and ISO, the ISO-FINMA was also partially revised. The preliminary consultation was concluded in November 2023, with implementation of the new ISO-FINMA planned for Q3 2023.

### **Federal Accident Insurance Act (AIA)**

[www.admin.ch](http://www.admin.ch)

Legal basis for obligatory accident insurance in Switzerland; in force since 1 January 1984, revision (first AIA revision) in force since 1 January 2017. It is divided into 11 titles.

### **Accident Insurance Ordinance (AIO)**

[www.admin.ch](http://www.admin.ch)

Ordinance pertaining to the Federal Accident Insurance Act (AIA); in force since 1 January 1984, various amendments with transitional provisions in connection with the first AIA revision. Divided into 11 titles and 3 annexes.

### **Federal Statute on Occupational Pension Plans (FSOPP)**

[www.admin.ch](http://www.admin.ch)

This law regulates occupational pensions in Switzerland. In force since 1 January 1985, revision (first FSOPP revision) in force since 2006. It is divided into eight parts.

### **Federal Act on Data Protection**

SR 835.1

The purpose of this law is to protect the personality and fundamental rights of natural persons whose personal data is processed.

In particular, it points out that

- Personal data must only be processed lawfully;
- The processing must be carried out in good faith and be proportionate;
- Personal data may only be processed for the purpose specified during collection, which is apparent from the circumstances or provided for by law;
- The collection of personal data and in particular the purpose of its processing must be recognisable to the data subject;
- Personal data may not be transferred abroad if this would seriously endanger the data subject's personality, in particular because of the lack of legislation ensuring adequate protection;
- Personal data must be protected against unauthorised processing by appropriate technical and organisational measures;
- Any person may request information from the controller of a data collection as to whether data about them is being processed.

### **General Data Protection Regulation of the European Union (GDPR)**

[www.edoeb.admin.ch](http://www.edoeb.admin.ch)

The new General Data Protection Regulation (GDPR) of the European Union (EU) has been in force since 25 May 2018. It can directly apply to actors operating in the EU. The new rules give citizens more control over their personal data; the GDPR also increases the responsibility of companies while reducing their reporting obligations. The role of data protection authorities is also strengthened. Many Swiss companies could be directly affected by the General Data Protection Regulation.

### **Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2)**

[www.admin.ch](http://www.admin.ch)

The ordinance pertaining to the Federal Statute on Occupational Pension Plans (FSOPP), which has been in force since 1 January 1985, variously amended with transitional provisions, in particular in connection with the first FSOPP revision, is divided into seven chapters and one annex.

## **FINMA circulars/communications/guidelines**

www.finma.ch

The Swiss Financial Market Supervisory Authority (FINMA, until 2008 the Federal Office of Private Insurance, FOPI) publishes at irregular intervals documents on various supervisory topics that are of great importance to insurance companies. In addition to more precise specifications regarding the processes that ensure compliance with the law, deadlines, methods etc are also specified.

### **FINMA's supervisory practice**

FINMA uses circulars to explain how it applies financial market legislation in carrying out its supervisory duties.

FINMA circulars in accordance with Article 7 (1) of the Financial Market Supervision Act aim to ensure that the authority applies financial market legislation consistently and appropriately.

FINMA circulars clarify partially defined legal norms and define how FINMA will exercise its available discretion. FINMA is bound by its circulars. The supervisory duties themselves are subject to review by the court.

### **Basis**

While FINMA circulars do not require an explicit basis in formal legislation, their content must be linked to an overarching legal provision. FINMA can decide whether or not to use circulars to define its practice. Before issuing a circular, FINMA holds a consultation for the relevant stakeholders.

In general, some FINMA circulars were revised in the course of the ISO revision of 1 July 2015. Others are no longer valid.

You can find links to recently implemented and drafts of planned circulars at <https://www.finma.ch/en/documentation/consultations/>.

In connection with the SST, Circular 2016/2 (issued 3 December 2015/effective date 1 January 2016) on disclosure to insurers (principles for the financial condition report) is important.

### **Examples of other FINMA documents**

(see [www.finma.ch](http://www.finma.ch))

- Q&A (can be found under FAQ)
- "Swiss Quality Assessment" document
- SST documents (Excel templates, documentation, results)
- Guidance on a wide range of topics, eg tied assets, treatment of the AIA in the SST etc
- Excel template for the periodic survey of the financial situation of insurance companies
- "Self-declaration for the settlement of claims in motor vehicle liability insurance" questionnaire
- Documents for annual FINMA reporting
- Documents for "Occupational pensions" company accounting

## **Requirements from actuarial associations**

An overview of the requirements of actuarial associations (in particular the IAA and SAA) relevant to SAA actuaries can be found in the set of slides for this module.

### **International Actuarial Association (IAA)**

[www.actuaries.org](http://www.actuaries.org)

It is also helpful for actuaries working in Switzerland to be familiar with international guidelines. Many of these international guidelines are binding on all actuarial associations that are members of the IAA (including the SAA) when issuing national standard regulations. One particular example of this is the International Actuarial Association's (IAA) ISAP 1, already detailed in Module 3, which was confirmed (endorsed) for Switzerland by the SAA Board of Directors.

Also worth mentioning are the "Principles of Professionalism" (2012) set out in Module 1, the "2013 IAA Education Guidelines" and "Education Syllabus" (both approved in May 2012), "The Role of the Actuary" and "Value Proposition" (both from June 2013).

### **Actuarial Association of Europe (AAE)**

[www.actuary.eu](http://www.actuary.eu)

AAE website – formerly the Groupe Consultatif

Various official documents (governance documents), in particular the "Code of Professional Conduct", which came into force on 1 January 2014, the content of which is covered by the Actuarial Practice Guideline (together with the Code of Conduct).

These are also binding on all actuarial associations that are members of the AAE (including the SAA) when issuing national standard regulations.

### **International Association of Insurance Supervisors (IAIS)**

[www.iaisweb.org](http://www.iaisweb.org)

Website of the International Association of Insurance Supervisors

### **Swiss Association of Actuaries (SAA)**

[www.actuaries.ch](http://www.actuaries.ch)

An overview of the current documents available on this website can also be found in the set of slides. The most important are:

#### **Statutes/Code of Conduct**

A prerequisite for actuarial work in Switzerland is knowledge of the current statutes and Code of Conduct.

#### **Guidelines**

The Swiss Association of Actuaries (SAA) publishes guidelines on important topics in the actuarial sector. The most important for actuarial work is the "Actuarial Practice Guideline", which is addressed in detail in Module 3.

#### **Recommendations**

The Swiss Association of Actuaries (SAA) publishes recommendations on important topics in the actuarial sector.

#### **Statements**

The Swiss Association of Actuaries (SAA) publishes statements on important topics in the actuarial sector.

### **Swiss Chamber of Pension Fund Experts**

[www.skpe.ch](http://www.skpe.ch)

This chamber is the professional organisation for independent pension fund experts in Switzerland. You can find more information about it in Module 1.

## **Other federal offices and organisations**

### **Federal Office of Public Health (FOPH)**

[www.bag.admin.ch](http://www.bag.admin.ch)

The Federal Office of Public Health (FOPH) is dedicated to the health of the Swiss population. On the one hand, it seeks to enable individuals to take responsibility for their own health; on the other hand, it aims to comprehensively and consistently improve people's health as much as possible through health promotion, disease prevention and health protection campaigns and the curing of illnesses and alleviation of suffering caused by disease and accidents.

### **Federal Social Insurance Office (FSIO)**

[www.bsv.admin.ch](http://www.bsv.admin.ch)

The Federal Social Insurance Office (FSIO) ensures the smooth functioning of the social security system, constantly adapting it to the new challenges which arise. It is responsible for old-age and survivors' insurance (OASI), invalidity insurance, supplementary benefits, occupational benefits (pension funds), loss of earnings compensation for military and civilian service personnel, maternity payments, and family allowances. The FSIO is the supervisory authority for national and international pension funds. It is also the principal supervisory authority.

### **Swiss Insurance Association (SIA)**

[www.svv.ch](http://www.svv.ch)

The SIA is the umbrella organisation representing the private insurance industry.

### **Swiss Expert Association for Audit, Tax and Fiduciary**

[www.treuhand-kammer.ch](http://www.treuhand-kammer.ch)

The Swiss Expert Association for Audit, Tax and Fiduciary is the top-ranking organisation in the fiduciary sector, specialising in auditing, financial consultancy, accounting, financial statement and tax advice.

### 3. Examples of important actuarial requirements, divided by topic

Actuaries are primarily employed in the insurance and financial sectors, in management consultancy, and in public authorities and associations. Actuaries can alternatively work as freelancers and experts. Depending on their specialism, they deal with issues relating to insurance, capital investment and pension provision.

Depending on the focus of their activities, various legal and economic environmental factors, and thus other regulations and guidelines, are relevant to their work.

Some examples of current topics and some of the important external requirements associated with them are listed below:

#### Actuarial requirements for the Swiss Solvency Test (SST)

The Swiss Solvency Test (SST) is a requirement of the Swiss Financial Market Supervisory Authority (FINMA) for quantifying the risks of Swiss insurance companies. It is a (stochastic) model that covers the market, credit and insurance risk. The SST defines the risk-bearing capital and the target capital, the former being the economically available capital and the latter being the required risk capital.

#### Insurance Supervision Ordinance (ISO)

[www.fedlex.admin.ch](http://www.fedlex.admin.ch)

**Article 41–53** Requirements for target capital, risk-bearing capital, models and other provisions

#### Swiss Financial Market Supervisory Authority (FINMA)

[www.finma.ch](http://www.finma.ch)

The Swiss Financial Market Supervisory Authority (FINMA), the developer of the Swiss Solvency Test (SST), provides a lot of important information about the SST on its website. You can find information about the current SST process as well as on the applicable guidelines and methods. Presentations and results of SST test runs are also provided.

#### FINMA website: Supervision– Insurers – SST

- Processes
- Basis
- Annual SST: tools and additional explanations
- Results
- Presentations
- Development and working groups

#### Swiss Association of Actuaries (SAA)

[www.actuaries.ch](http://www.actuaries.ch)

Here you will find further documents on the subject of the SST. These are mostly SAA statements, for example on FINMA Circular 2017/03.

## Actuarial requirements for appointed actuaries

(See also Chapter 3 of Module 1)

### Insurance Supervision Act (ISA)

[www.fedlex.admin.ch](http://www.fedlex.admin.ch)

Articles 23 and 24 provide information about the appointment and role of an appointed actuary and define the tasks undertaken by an appointed actuary.

At the time of drafting this document on professionalism, the partial revision of the ISA had already been approved by the Federal Council and some adjustments are expected, especially with regard to the limitation of the appointed actuary's responsibility for tied assets and for the SST on the liabilities side of the balance sheet.

### Insurance Supervision Ordinance (ISO)

<https://www.finma.ch/en/documentation/legal-basis/laws-and-ordinances/insurers/>

The ISO is also a key legal basis for appointed actuaries and there are numerous articles that are important. The following should be highlighted, as they deal specifically with the tasks of an appointed actuary:

[Article 13 Dual functions](#)

[Article 99 Appointed actuary](#)

[Article 21–53 Solvency](#)

[Article 54–69 Technical reserves](#)

[Article 70–95 Tied assets](#)

### FINMA Insurance Supervision Ordinance (ISO-FINMA)

<https://www.finma.ch/en/documentation/legal-basis/laws-and-ordinances/insurers/>

The FINMA Insurance Supervision Ordinance is also of particular importance for appointed actuaries, since it provides, among other things, information about the additional amount pursuant to Article 18 ISA, about the tasks undertaken by an appointed actuary, and about the content of actuarial reports and the proceedings for terminating a collaborative relationship.

[Article 1 Technical reserves and tied assets](#)

[Article 2–4 Appointed actuary](#)

### Swiss Financial Market Supervisory Authority (FINMA)

[www.finma.ch](http://www.finma.ch)

The FINMA website contains numerous important documents relating to appointed actuaries. For example, all [circulars relating to reserves for life insurance, non-life insurance, reinsurance and health insurance under the Insurance Contract Act \(ICA\) \(see the following chapters\)](#) as well as the above-mentioned documents relating to the SST. We also consider the following documents to be key:

[FINMA Circular 2017/04: "Appointed actuary"](#)

This circular describes the requirements for an appointed actuary and contains the status declaration.

**FINMA Circular 2017/05: "Business plans – insurers"**

This circular sets out the requirements to be met by the business plans of insurance companies and thus also, in particular, the elements relevant for actuaries, such as Form D.

**FINMA Circular 2016/05: "Investment guidelines – insurers"**

This circular sets out the requirements for capital investments in total assets and also in tied assets.

**Circular 2017/02: "Corporate governance – insurers"**

The purpose of this guideline is to precisely define the supervisory provisions on corporate governance, risk management and the internal control system.

**Swiss Association of Actuaries (SAA)**

[www.actuaries.ch](http://www.actuaries.ch)

The website of the Swiss Association of Actuaries (SAA) also contains important information on appointed actuaries. Examples:

[SAA motion for amendment of Article 24 ISA "Appointed actuary"](#) [SAA statement on the partial revision of the Insurance Supervision Act ISA](#) [SAA statement on "Circular 17/XX: Appointed actuary"](#) [SAA Guidelines on the Actuarial Report for Life Insurance](#)  
[Guidelines on the Actuarial Report for Non-Life Insurance](#)

In addition, you can also find here a wealth of documents under the "Appointed Actuary" specialist group, including non-binding templates and checklists for actuarial reports.

## Actuarial requirements for non-life insurance reserves

### Insurance Supervision Act (ISA)

[www.fedlex.admin.ch](http://www.fedlex.admin.ch)

#### Article 16 Technical reserves

### Insurance Supervision Ordinance (ISO)

[www.fedlex.admin.ch](http://www.fedlex.admin.ch)

#### Article 54 Principles

#### Article 69 Types of technical reserves

### Swiss Financial Market Supervisory Authority (FINMA)

[www.finma.ch](http://www.finma.ch)

#### FINMA Circular 08/42: Non-life insurance reserves

These guidelines regulate the formation and disbursement of technical reserves for the statutory balance sheet based on Article 16 of the ISA, Article 54 (4) and Article 69 ISO. It defines the requirements with regard to the type and scope of technical reserves and the principles for how they are determined.

### Swiss Association of Actuaries (SAA)

[www.actuaries.ch](http://www.actuaries.ch)

#### Guidelines for loss reserves in non-life insurance

The guidelines for loss reserves in non-life insurance set out the necessary principles that must be observed by actuaries when estimating loss reserves and thus ensure related standards for members of the Swiss Association of Actuaries. At the time of writing this document, these guidelines are being revised.

## Actuarial requirements for actuaries in life insurance

### Insurance Supervision Act (ISA)

[www.admin.ch](http://www.admin.ch)

#### Articles 36 and 37

Articles 36 and 37 of the Insurance Supervision Act (ISA) are given as examples here.

Article 36 contains important information about the maximum interest rate and profit-sharing for life insurance.

Article 37 comments on special rules for the occupational pension business.

### Insurance Supervision Ordinance (ISO)

[www.admin.ch](http://www.admin.ch)

#### Article 54–65

These articles deal with technical reserves and tied assets in life insurance and the formation and disbursement of technical reserves in life insurance.

#### Article 120–153

These articles contain important provisions for life insurance, such as:

- Rating
- Settlement and repurchase
- Requirements for life insurance contracts

- Residual debt insurance contracts
- Regulations regarding profits in life insurance outside of the occupational pensions sector
- Special provisions for insurance in the occupational pensions sector

### Swiss Financial Market Supervisory Authority (FINMA)

[www.finma.ch](http://www.finma.ch)

As of 1 January 2016, Circulars 08/39 and 08/40 were replaced by Circular 2016/6, which was mentioned earlier. It deals with FINMA's practices (1) relating to the rating of life insurance contracts, (2) for the calculation of amounts payable when life insurance contracts (excluding occupational pension schemes) are converted and surrendered, (3) for profit-sharing in life insurance and (4) relating to unit-linked life insurance.

Other important circulars relating to life insurance are:

- FINMA Circular 08/43 on life insurance reserves
- FINMA Circulars 08/12, 08/13, 08/36 on occupational pensions

### Swiss Association of Actuaries (SAA)

[www.actuaries.ch](http://www.actuaries.ch)

On 4 June 2013, the SAA Board of Directors adopted the 37-page [guidelines of the Swiss Association of Actuaries on the determination of sufficient technical reserves for life insurance pursuant to FINMA Circular 2008/43 "Life insurance reserves"](#) and then on 18 June 2013 published a 14-page brochure with additional explanations regarding these guidelines.

A further example:

Guidelines on the biometric calculation bases from 2001 ("Specification of the requirements for the quality standard for individual endowment insurance – biometric calculation bases").

## Actuarial requirements for actuaries in health insurance

### Insurance Supervision Ordinance (ISO)

[www.fedlex.admin.ch](http://www.fedlex.admin.ch)

Articles 155–160 are mentioned here, which have the following content:

Addition of ageing reserves

Closed portfolios

Tariff classes and experience-based tariffs in collective daily sickness allowance insurance

Place of jurisdiction for collective daily sickness allowance insurance

Insurance of children

Disability insurance

Coordination between supervisory authorities

### Swiss Financial Market Supervisory Authority (FINMA)

[www.finma.ch](http://www.finma.ch)

There are several documents relevant to actuaries, specifically for health insurance, for example

Documents on the "Health insurance rate review", including the ["Guidance – applications regarding the submission of rate adjustment templates in supplementary health insurance"](#)

The key circular "[FINMA Circular 2010/3: Health insurance pursuant to the ICA](#)"

### **Swiss Association of Actuaries (SAA)**

[www.actuaries.ch](http://www.actuaries.ch)

A number of important statements can be found here, including:

[Statement on "Controlling medical benefit costs"](#)

[Statement on the partial revision of FINMA Circular 2010/3 "Health insurance pursuant to the ICA"](#)

[SAA statement on the preliminary consultation on FINMA Circular 2010/3](#)

[SAA statement on the risk measurement field test in the SST for health insurance](#)

[Statement on the valuation method for ageing reserves in the SST](#)

## **Actuarial requirements for actuaries in accident insurance**

### **Federal Accident Insurance Act (AIA)**

[SR 832.20](#)

This law forms the legal basis for obligatory accident insurance in Switzerland.

### **Ordinances on accident insurance (AIO, APO, AISO)**

- Accident Insurance Ordinance (AIO): [SR 832.202](#)
- Ordinance on the Prevention of Accidents and Occupational Diseases (APO): [SR 832.30](#)
- Ordinance on Accident Insurance Statistics (AISO): [SR 431.835](#)

### **General Aspects of Social Security Law**

Key aspects of obligatory accident insurance, also relevant from an actuarial perspective, are regulated here:

- Federal Act on General Aspects of Social Security Law (GSSLA): [SR 830.1](#)
- Ordinance on General Aspects of Social Security Law (GSSLO): [SR 830.11](#)

### **Requirements of the Federal Office of Public Health (FOPH)**

<https://www.bag.admin.ch/en>

The FOPH supervises obligatory accident insurance in accordance with the AIA and issues various requirements. The following are of particular importance from an actuarial perspective:

- Requirements for AIA accounting documents
- Uniform accounting principles according to Article 89 (1) AIA and Article 108 AIO for determining mathematical reserves for pensions
- Circulars and informational letters

### **Swiss Insurance Association**

<https://svv.ch/en>

Various information materials, statistics and circulars on obligatory accident insurance

### **Guidelines on obligatory accident insurance (AIA)**

These guidelines provide useful information on the practical implementation and execution of the AIA. They are not a substitute for legal commentary, but supplement insurance

contracts, information sheets, laws and regulations.

- Guidance from the SIA: see <https://svv.ch/en>
- Guidance from Suva: <https://www.suva.ch/>

### **Requirements for the Swiss Solvency Test (SST)**

[finma.ch](https://www.finma.ch)

- Technical description of the standard model for non-life insurance
- Technical description of the standard model for non-life insurance, AIA annex

### **Actuarial requirements for actuaries in reinsurance**

#### **Legislation and the Swiss Financial Market Supervisory Authority (FINMA)**

[www.finma.ch](https://www.finma.ch)

All provisions of the ISA, with the exception of Articles 15, 17–20, 32–34, 36, 37, 55–59 and 62, apply to insurance companies that only carry out reinsurance.

#### **FINMA Circular 11/3: Reinsurance**

- This circular governs the formation and disbursement of technical reserves in connection with reinsurance activities pursuant to Article 16 of the Insurance Supervision Act (ISA; SR 961.01).
- It lays down minimum requirements regarding their determination, in particular with regard to the type and scope of the technical reserves (Article 54 (4) of the Insurance Supervision Ordinance [ISO; SR 961.011]).
- It governs the determination of technical reserves, on the one hand from a market-oriented perspective and on the other hand for statutory accounts. The requirements for determining market-oriented technical reserves apply to the Swiss Solvency Test.

## 4. Other important sectors with separate actuarial requirements

### Captives

[www.finma.ch](http://www.finma.ch)

All captives, in particular reinsurance captives, are newly subject to the SST. Similar to the Solvency II regulations, the partially revised ISO no longer allows for special treatment for captives. A new SST template for reinsurance captives is available on the FINMA website.

### External audit

FINMA website, Circular 08/41 – Auditing

Swiss Expert Association for Audit, Tax and Fiduciary ([www.treuhand-kammer.ch](http://www.treuhand-kammer.ch))

### Groups/conglomerates

[www.finma.ch](http://www.finma.ch)

Conglomerate supervision is now explained in two circulars:

2016/04 ("Insurance groups and conglomerates") and 2008/30 (deals with Solvency I for insurance groups, but is increasingly less important for supervision).

### Solvency II

The bases of the Solvency II Regulation are summarised in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (Text with EEA relevance). ([Link](#)). Note the reference to the "current consolidated version". The Directive is transposed into national law.

The implementing provisions are set out in Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (Text with EEA relevance) ([link](#)). Note the reference to the "current consolidated version". The Delegated Regulation is directly legally binding.

The European Insurance and Occupational Pensions Authority (EIOPA) has compiled these and other relevant regulations in an interactive single rulebook ([link](#)). The User Guide ([link](#)) contains the complete regulation.

### Insurance Europe

<https://www.insuranceeurope.eu/>

Insurance Europe, founded in 1953, is the umbrella association of the national associations of European insurance companies and acts as an advocate primarily at European level. Until March 2012, the association, headquartered in Brussels, was named Comité Européen des Assurances. The SIA is a member.

### International Financial Reporting Standards (IFRS)

[www.iasb.org](http://www.iasb.org)

The International Accounting Standards Board (IASB) is an international private-sector body of accounting experts that develops and, if necessary, revises the International Financial Reporting Standards. The IFRS define the principles on the basis of which the annual

financial statements of companies are drawn up for the purposes of the international capital markets. They are permitted or required in almost 120 countries. These include the countries of the European Union and Switzerland.

IFRS 4 "Insurance Contracts", which governs the accounting of insurance contracts, is particularly relevant for actuaries and was replaced by the new IFRS 17 standard on 1 January 2023.

Other standards with actuarial relevance are IAS 19 "Employee Benefits", which governs, among other things, the measurement of pension obligations, plus IFRS 9 "Financial Instruments" (formerly IAS 39, although the old standard can continue to be used for insurance companies until the introduction of IFRS 17), which governs the measurement of financial instruments.