

Supervision: the OAK BV and the BSABB

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The supervision of occupational provision was restructured by the amendment of the BVG of 19 March 2010 on the structural reform, which entered into force in stages in 2011 and 2012. Before the reform, supervision had been divided between the Federal Social Insurance Office for funds with a national or international scope and the cantonal authorities for the remaining funds. The reform created the Occupational Pension Supervisory Commission (OAK BV) as an independent federal authority that supervises the cantonal and regional supervisory authorities and directly supervises the guarantee fund, the substitute institution and the investment foundations.¹

The direct supervision of pension funds was transferred to cantonal or regional authorities, which must be institutions of public law with their own legal personality and independent of the cantonal administration. Several cantons joined together to establish regional authorities. The cantons of Basel-Stadt and Basel-Landschaft established a common authority, the BVG- und Stiftungsaufsicht beider Basel (BSABB), which supervises the pension funds and classical foundations domiciled in the two cantons. Name and structure to be verified.² The BSABB reviews the annual reports of the funds, examines changes to regulations, takes measures in case of underfunding and handles complaints. Its supervision thus covers the PKBS, the BLPK, the corporate funds of the Basel groups and numerous collective foundations.

The OAK BV has used its powers to issue directives on a range of subjects, from the content of the annual report and the independence of the auditor to the requirements on pension actuaries and the governance of collective foundations. It also publishes an annual report on the financial situation of pension institutions, based on a survey of all funds, which has become the most important source on the risks of the system as a whole.³ Since the funds and the supervisors also depend on the work of external experts, the

requirements imposed on pension actuaries and auditors form part of the supervisory system. Their independence is protected by the BVG and by professional standards issued by the Swiss Chamber of Pension Fund Experts.

Pension fund supervision differs in an important respect from FINMA's supervision of insurers, which chapter II of this Part described. Pension funds hold no licence of the kind required of insurance undertakings and face no prudential capital requirements. They are institutions whose financial balance is assessed through the coverage ratio and the actuarial expertise of the pension actuary, while the insured persons share in the risk through restructuring measures. Insurers, on the other hand, guarantee their promises with their own capital under the Swiss Solvency Test.⁴ This difference explains why the full-insurance model, in which an insurer assumes all risks, has come under pressure.

1 Notes

1. On the structural reform of occupational provision (amendment of the BVG of 19 March 2010), the establishment of the OAK BV (Art. 64–64c BVG) and its supervisory tasks, see the federal legislation and the OAK BV annual reports. Dates of entry into force to be verified. ↩
2. On the BVG- und Stiftungsaufsicht beider Basel (BSABB) as the joint supervisory authority of Basel-Stadt and Basel-Landschaft for pension institutions and classical foundations, see the intercantonal agreement establishing it and its annual reports. To be verified. ↩
3. On the directives of the OAK BV and its annual report on the financial situation of pension institutions, see the publications on its website. To be verified. ↩
4. On the differences between pension fund supervision under the BVG and the prudential supervision of insurance undertakings by FINMA under the Insurance Supervision Act and the Swiss Solvency Test, see the federal legislation and Part I, chapter II, of this book. To be verified. ↩

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