

Supervision in practice: enforcement and conduct

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Solvency supervision rarely makes headlines, because its successes consist of crises that do not occur. Enforcement in the field of conduct is more visible. Three strands of FINMA's recent practice illustrate how the authority uses its powers in insurance: the supervision of supplementary health insurance, the fight against dubious intermediaries and proceedings against large insurers for breaches of approved product terms.

Supplementary health insurance occupies a special position in Swiss supervisory law. Compulsory basic health insurance is governed by social insurance law and supervised by the Federal Office of Public Health, while supplementary hospital cover is private insurance under the VAG and the VVG. For this line of business, FINMA still approves tariffs in advance, a remnant of the older model of material supervision justified by the dependence of older policyholders on their existing cover. In August 2022 FINMA ordered CSS, one of the largest health insurers, to reimburse at least 129 million francs to holders of supplementary health policies. The authority found that between 2013 and 2019 administrative costs had not been allocated between basic and supplementary insurance on a sufficiently causal basis. Supplementary insurance had borne the largest share of marketing costs, all advertising costs and, until 2018, all broker commissions, some of which were not economically justified. On the basis of these incorrect allocations FINMA had approved excessively high tariffs.¹

From 2020 FINMA also examined the invoices that hospitals and doctors sent to supplementary health insurers. It found that invoices were often opaque and apparently unjustifiably high and that some services were billed both to basic and to supplementary insurance. In a report of January 2025 the authority described progress and remaining problems. One insurer had calculated an internal reference price of 191 francs per night for a semi-private bed but had agreed a price of 855 francs with a hospital. FINMA

insisted that prices deviating significantly from internal reference prices must be reduced and announced that it would withhold approval of new supplementary hospital products until the standards were met.² This line of supervision is a reminder that the Swiss supervisor protects policyholders against abuse as well as against insolvency, as Article 1 VAG has required since 2006.

The intermediary market was the second field. After the revised Act entered into force, FINMA opened about one hundred in-depth investigations and identified more than 350 intermediaries operating without the required registration. The authority may prohibit business models, deregister intermediaries and file criminal complaints for unauthorised activity or breaches of the cold-calling ban.³ These numbers reflect a market in which thousands of small firms and individuals sell health and life insurance, often through call centres and commission-driven networks. While the new rules gave FINMA the legal instruments to act, they also committed the authority to supervising a population of small intermediaries whose number far exceeds that of the insurers themselves.

The third strand concerns large insurers. In July 2026 Zurich Insurance Group disclosed that FINMA had imposed a partial sales ban on its Swiss corporate life and pensions unit. According to press reports, the unit had sold regulated policies at prices below those agreed with FINMA, and remediation steps had not been properly followed. The unit was restricted to serving existing customers, and more than twelve employees were dismissed. Group chief executive Mario Greco expressed regret that the company had not discovered the problem itself despite its audits and controls, while stating that the measure would have no material impact on group earnings.⁴ The case shows the continuing importance of product approval in occupational pension business, where Swiss life insurers operate within tariffs and parameters that FINMA reviews in advance. It also shows that, under the FINMAG, the supervisor can impose business restrictions on a single unit of a systemically relevant group without questioning its overall solvency.

A practitioner who has advised insurers and intermediaries in such proceedings learns to distinguish three levels of FINMA's response. The first is supervisory dialogue, conducted through the key account managers assigned to each insurer and usually invisible to the public. The second is a formal requirement to restore compliance, often combined with the appointment of an audit firm or an investigating agent under the FINMAG. The third is enforcement proceedings ending in a published

ruling, a confiscation of profits or an industry ban on individuals. Most insurance matters are resolved at the first or second level. This graduated approach, which the FINMAG allows and which FINMA has used consistently, explains why published enforcement cases against insurers remain relatively rare compared with banking.

1 Notes

1. FINMA, press release “FINMA orders CSS to reimburse premiums to policyholders with supplementary health insurance”, 16 August 2022, <https://www.finma.ch/en/news/2022/08/20220816-mm-css/>. The ruling was open to appeal to the Federal Administrative Court. ↩
2. FINMA, press release “Supplementary health insurers: progress and challenges regarding settlement”, 16 January 2025, <https://www.finma.ch/en/news/2025/01/20250116-mm-leistungsabrechnung-krankenzusatzversicherer/>. ↩
3. Geissbühler, “Die Finanzmarktaufsicht geht gegen unseriöse Versicherungsvermittler vor” (cited above). ↩
4. Insurance Journal, “Zurich CEO Says Staff Let Go as Regulator Finma Imposes Partial Sales Ban”, 28 July 2026, <https://www.insurancejournal.com/news/international/2026/07/28/879269.htm>. At the time of writing, the duration of the proceedings and their final outcome had not been published. ↩

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