



PUBLIC DISCLOSURE IN THE SWISS INSURANCE MARKET

FIRST EXPERIENCES WITH THE REPORT ON THE FINANCIAL CONDITION

Study 2018

Zürcher Hochschule
für Angewandte Wissenschaften

zhaw School of
Management and Law

 MAZARS



MANAGEMENT SUMMARY

This study examines the first experiences with the new disclosure requirement (Public Disclosure) in the Swiss insurance market. The findings suggest that the interest in the financial condition report (FCR) among policyholders has so far been limited. From the point of view of many of the insurers surveyed, the costs exceed the benefits and Public Disclosure is perceived as a compulsory exercise with little added value.

To date policyholders have rarely made use of the additional information that has become available with the publication of the financial condition reports as single-digit download figures and rare queries to insurers demonstrate. We therefore assume that the financial condition reports currently have no influence on the decision-making behaviour of customers. The low interest may be attributed to the limited media echo as well as the technical language and complexity of the reports. The respective circular requires the publication of actuarial and risk-based figures. For a large part of the target audience, namely the policyholders, the report is probably difficult to understand. Moreover, the report has not yet been perceived as a marketing or communication tool by the insurance companies surveyed. The survey participants state that they mainly used the report to compare themselves with their direct competitors. In light of the cost-benefit relation, it does not come as a surprise that many participants expect greater practical orientation from the supervisor.

Almost half of the insurance companies surveyed stated that the publication of the report was the first publication of their financial condition, although the majority of companies had already published an annual report in previous years. The main challenges of the reporting were the timing, the availability of human resources and the interpretation of regulatory requirements. However, embedding the report in existing processes or defining the necessary responsibilities did not cause problems.

The preparation of the report entailed an initial effort. At the time of the survey, the vast majority of respondents received feedback from FINMA, for the most part suggestions for improvement for the next report.

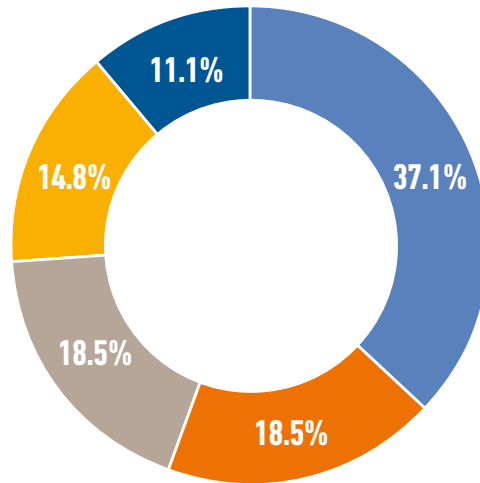
From the standpoint of the financial market, the standardised publication of financial information can be regarded as positive. The reports simplify the comparability between competitors and, in particular, over time and thus strengthen market discipline. However, disclosure has its price. The benefits for customers can hardly be improved without feedback regarding comprehensibility and legibility of the reports. The delivery of the content could be more strongly focused on customers and the availability of the reports more widely known.

This study on public disclosure in the Swiss insurance market was published in German. The English version at hand provides a summary of the main findings. For more detailed information you may contact the authors.

Illustration 1: Methodological Approach



Illustration 2: Line of business of company whose financial condition reports were analysed (n=54)



■ Property insurer ■ Reinsurer ■ Health insurer ■ Legal protection insurer ■ Life insurance

Illustration 3: Place of publication of the financial condition report (n = 54)

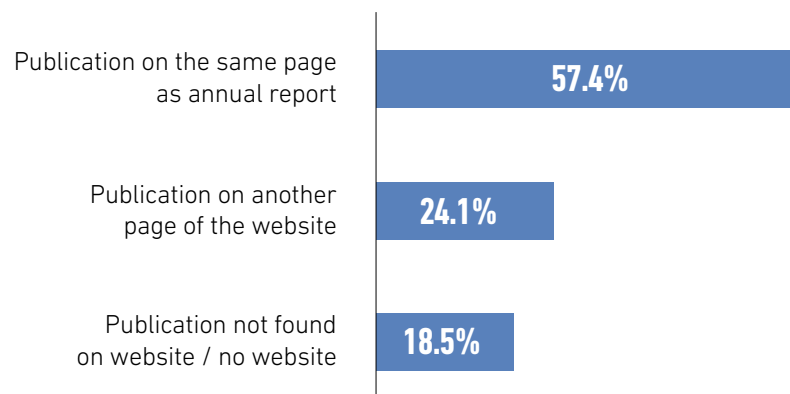


Illustration 4: Document language of financial condition report (n = 50)

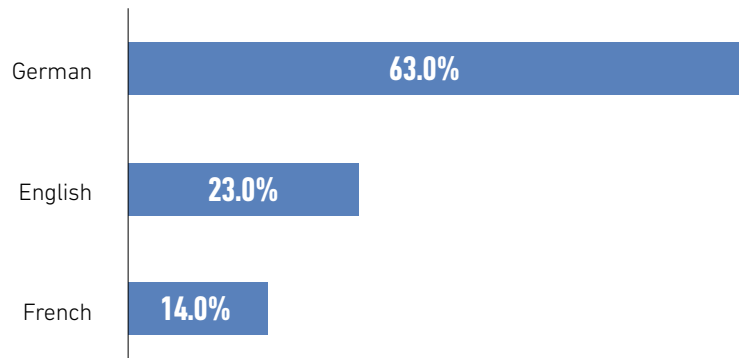


Illustration 5: Length of financial condition reports by page count (n = 46)

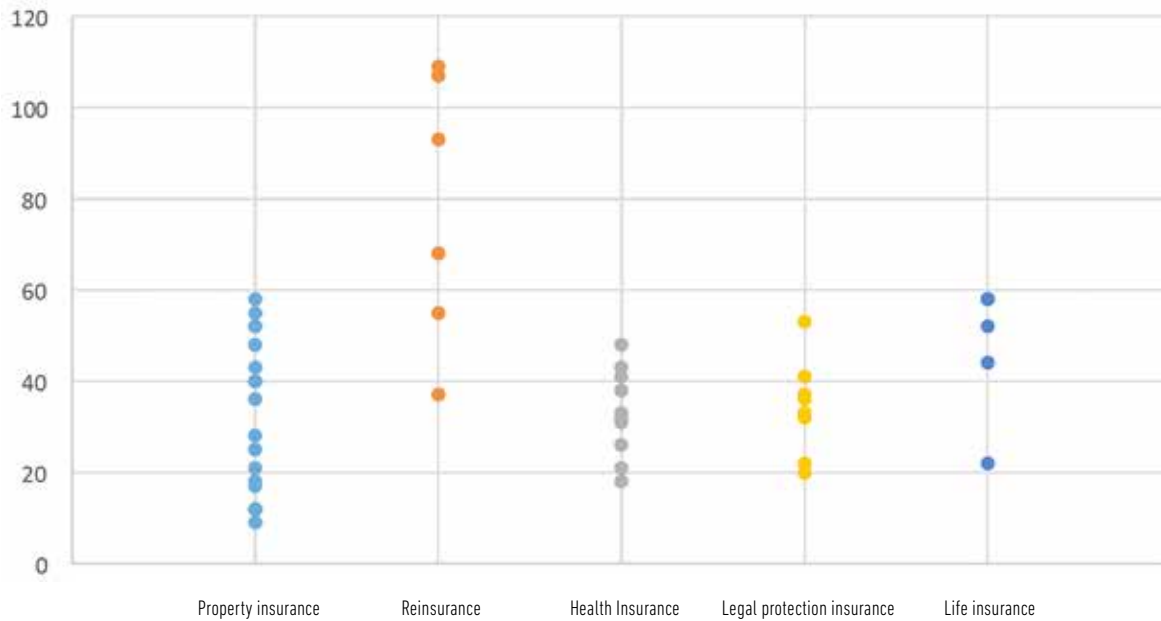


Illustration 6: Disclosure of significant unusual events in financial condition reports (n = 50)

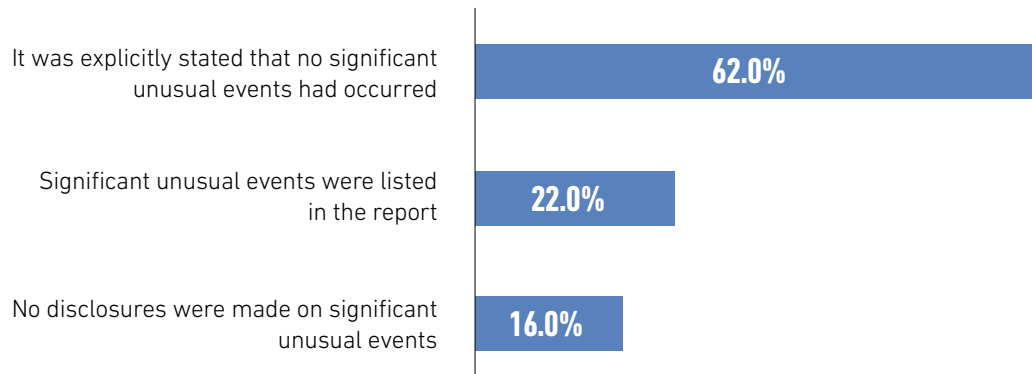


Illustration 7: What is the legal form of your company? (n = 52)

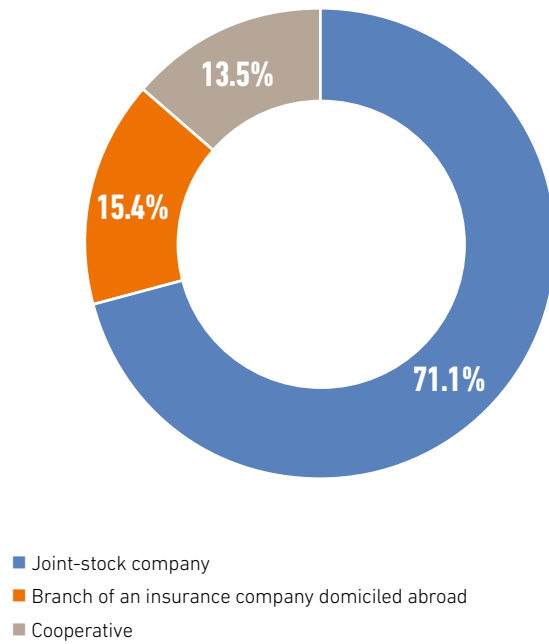


Illustration 8: What type of business is your company in? (n = 52)

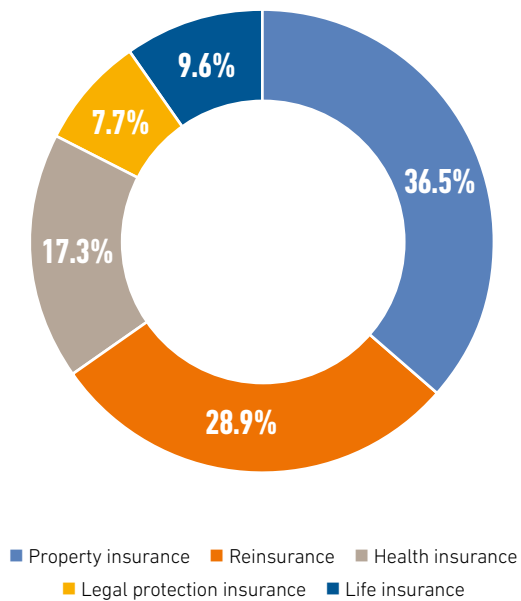


Illustration 9: Please select the FINMA supervisory category to which your company is assigned. (n = 52)

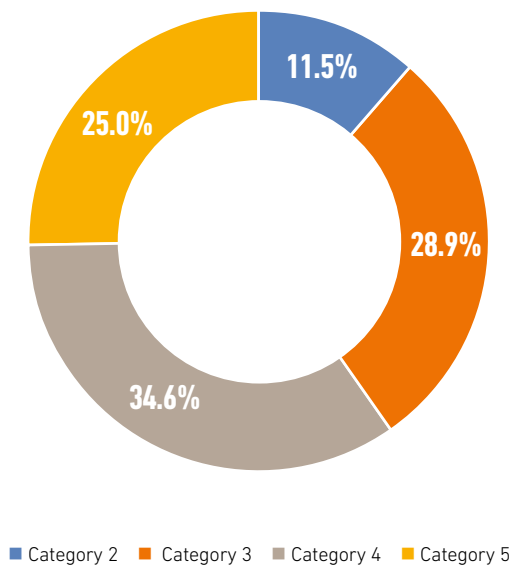


Illustration 10: How do you use the financial condition report in addition to fulfilling regulatory requirements? (n = 52), (multiple answers)

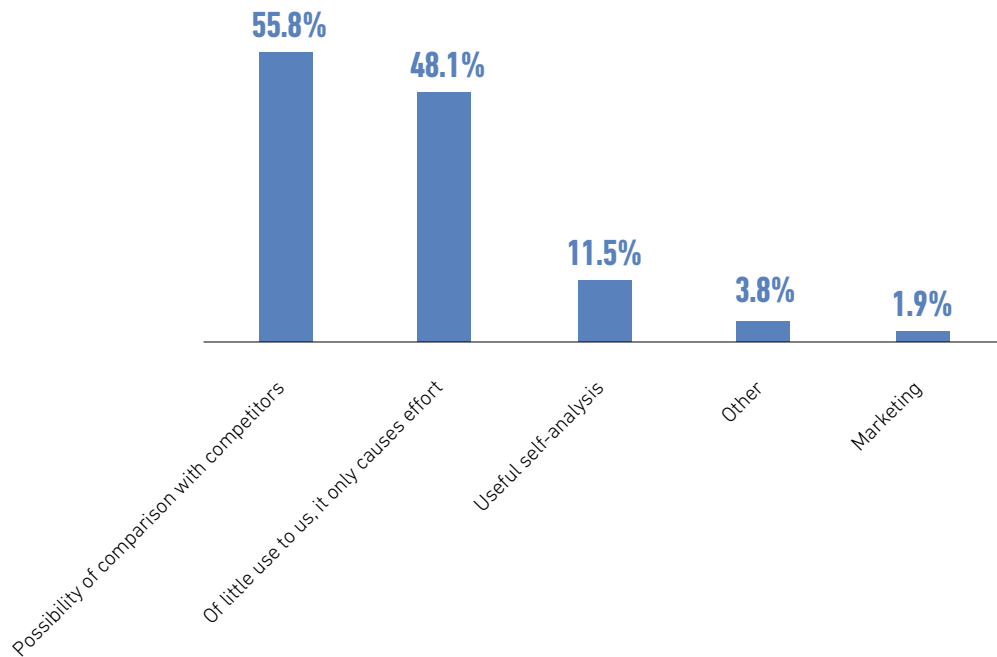


Illustration 11: How would you relate the benefits to the costs of the financial condition report? (Keyword cost/benefit analysis) (n = 47)

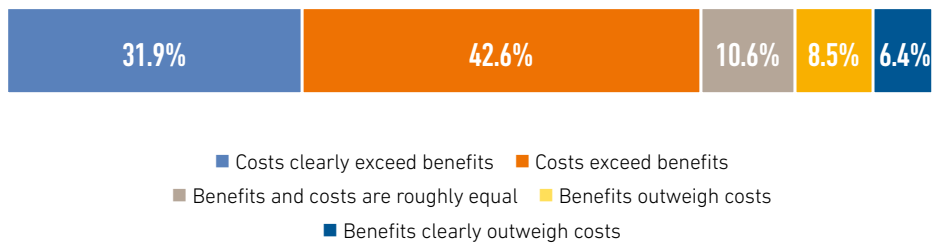


Illustration 12: Does the financial condition report provide added value? (n = 52)

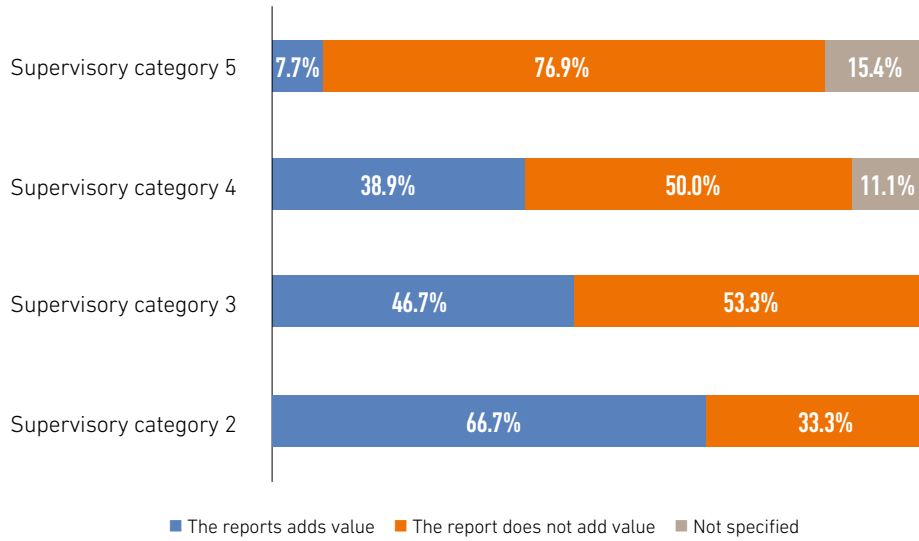


Illustration 13: Who is responsible for preparing the financial condition report? (n = 52), (multiple answers)

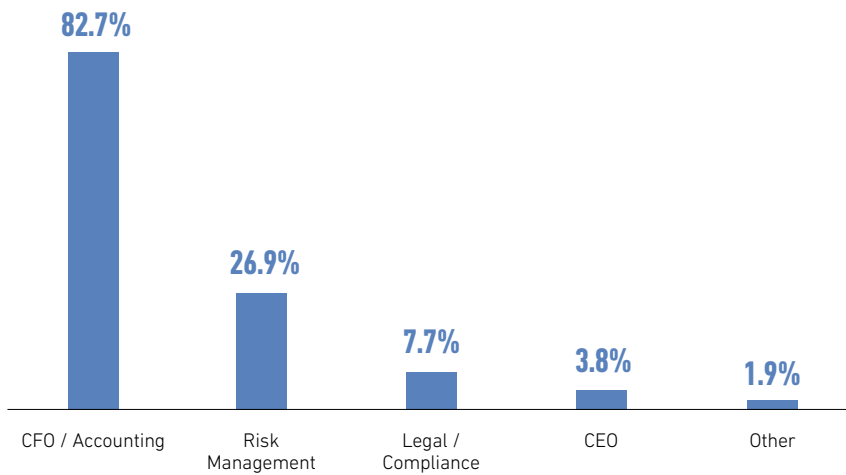


Illustration 14: Which areas of the company were involved in the preparation of the financial condition report? (n = 52), (multiple answers)

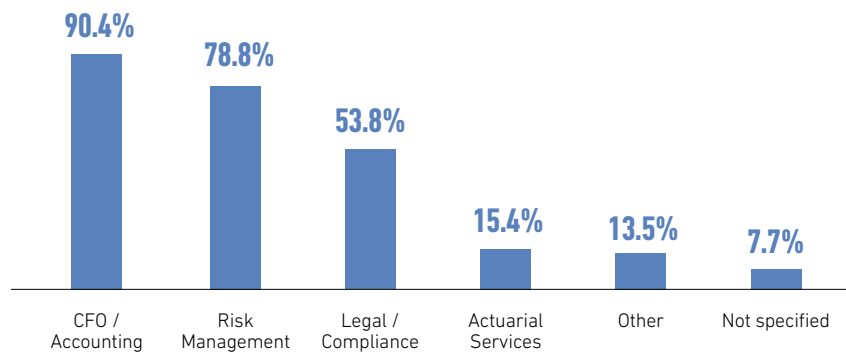


Illustration 15: What was your initial effort to prepare the financial condition report (in man-days)? (n = 47)

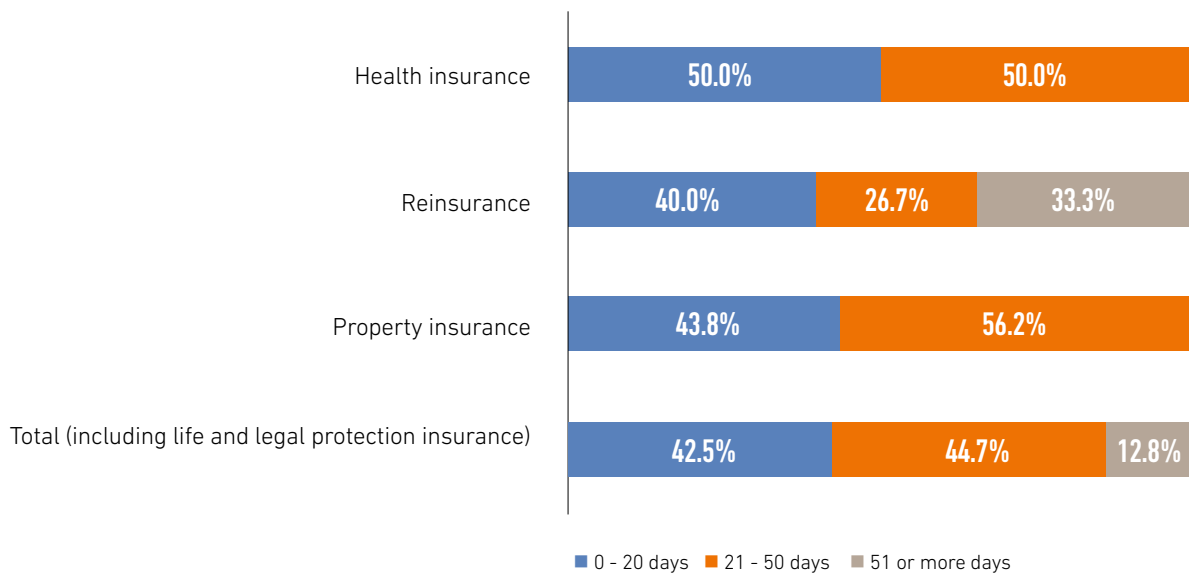


Illustration 16: What was your initial effort to prepare the financial condition report (in man-days)? (n = 47)

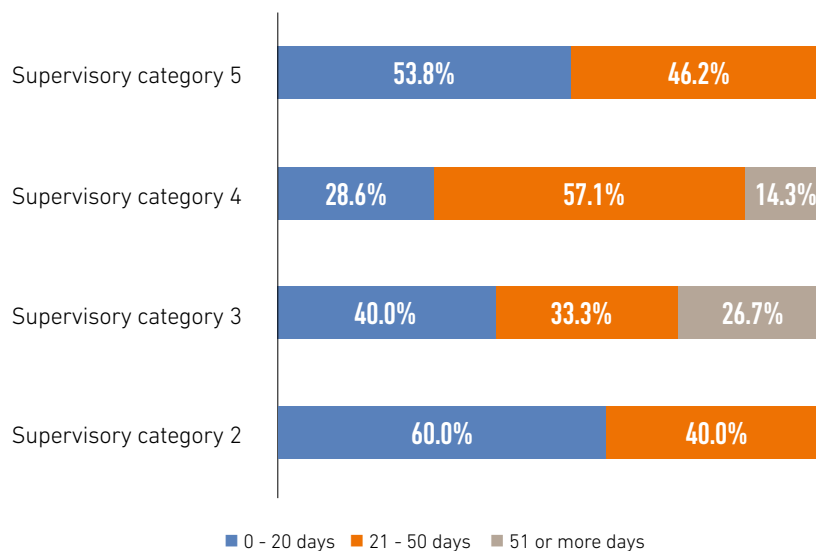


Illustration 17: What was your effort to prepare the financial condition report for 2017? (n = 47)

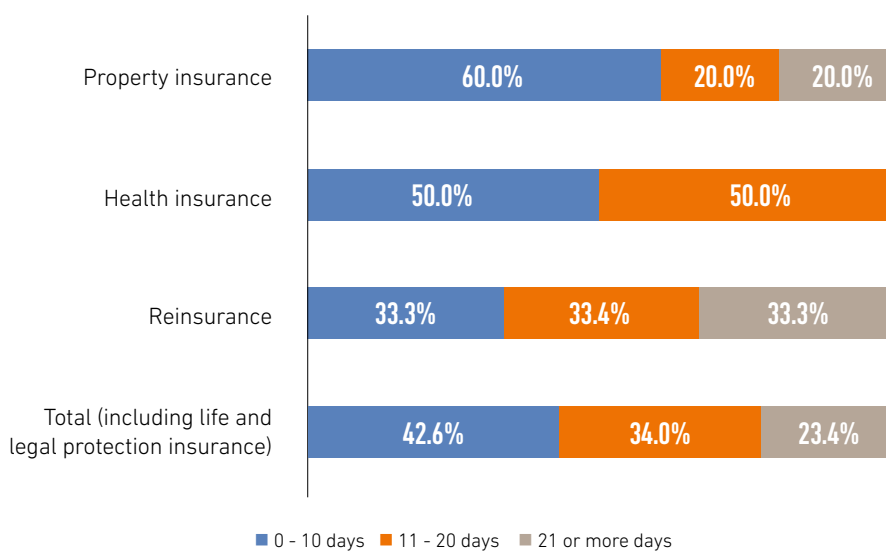


Illustration 18: What were the challenges in preparing the financial condition report? (n = 47)

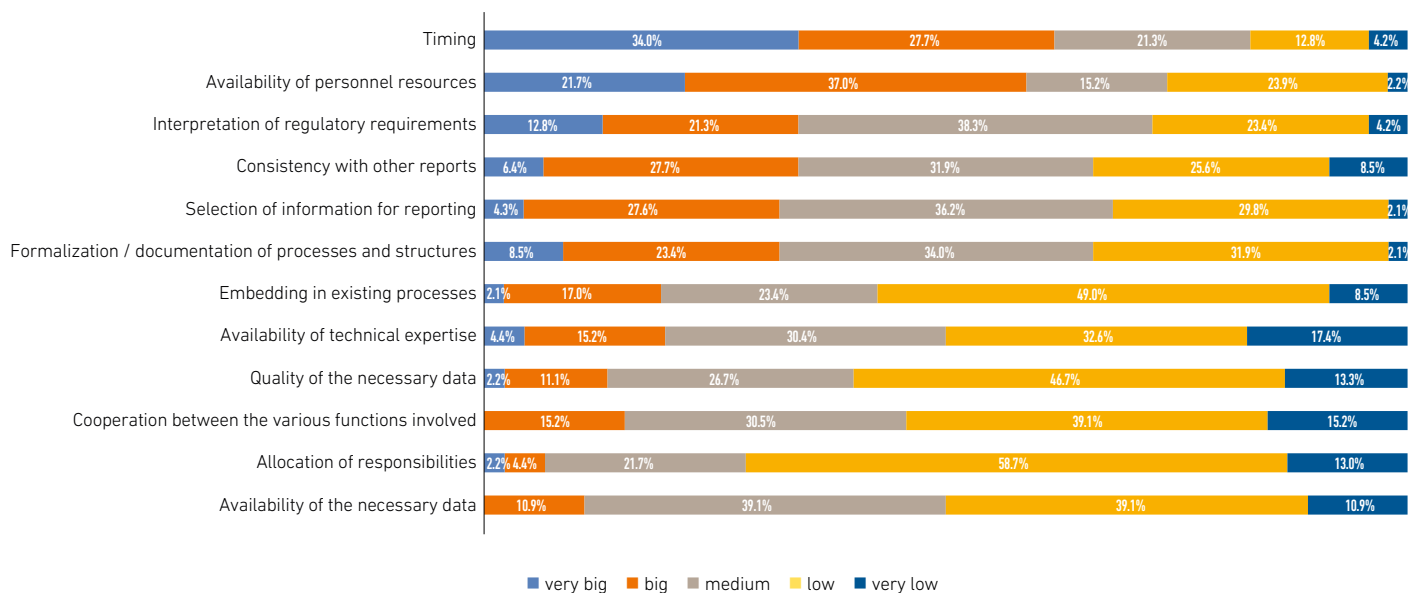


Illustration 19: How did you approach the preparation of the financial report? (n = 52)

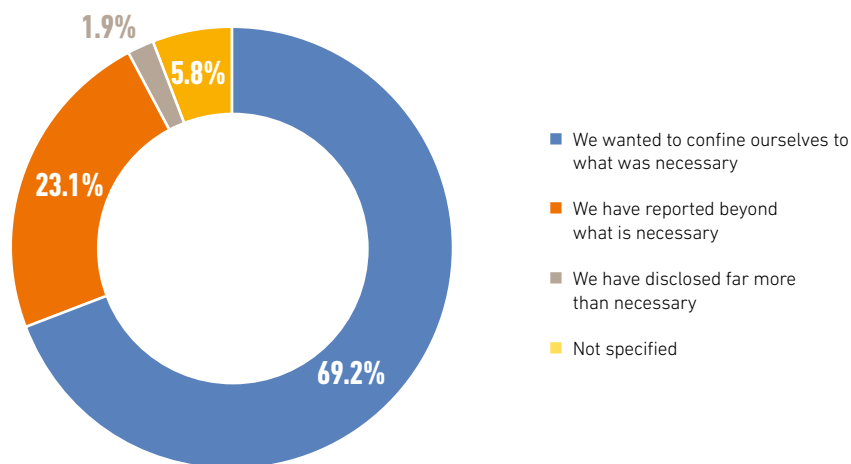


Illustration 20: How large was the influence of the Board of Directors in the preparation of the report on the financial condition in terms of approach and meaningfulness? (n = 52)

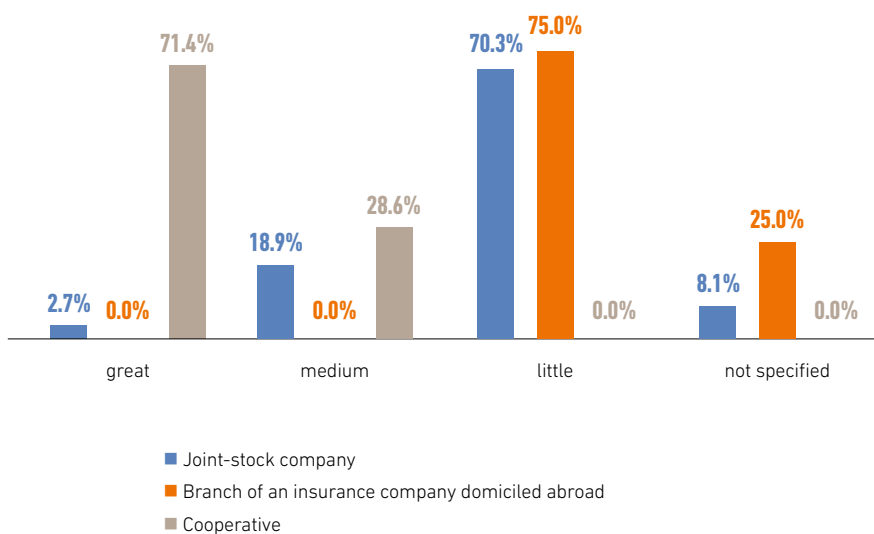


Illustration 21: How often has the financial condition report been downloaded? (n = 52)

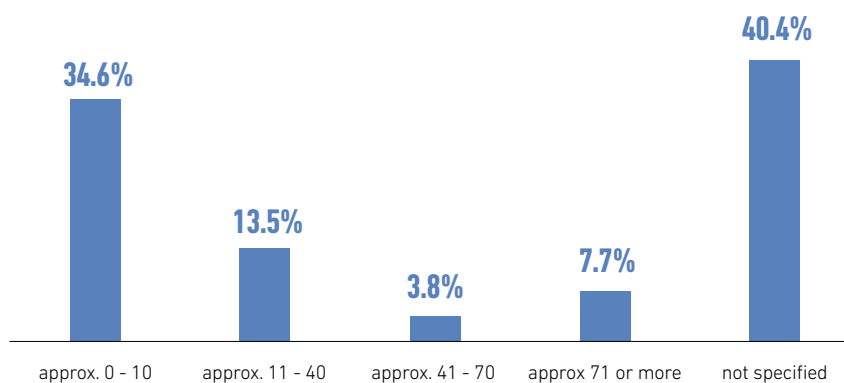


Illustration 22: Have you already received feedback from FINMA? (n = 52)

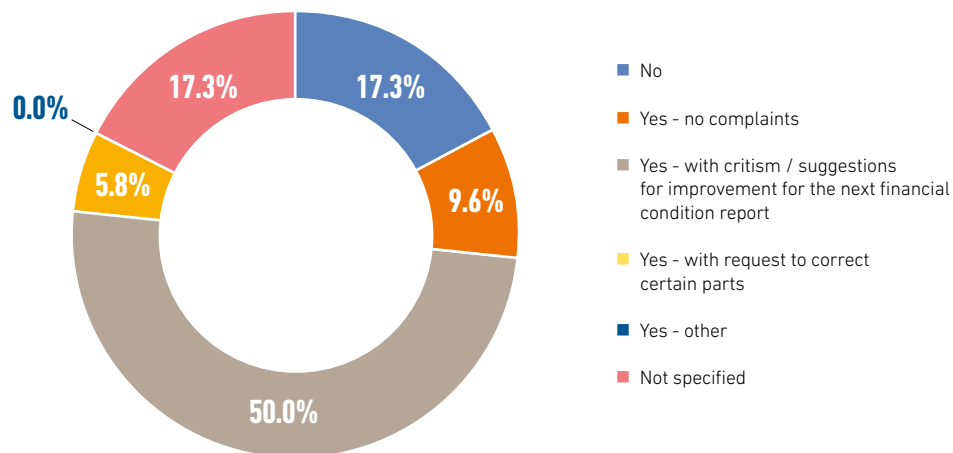
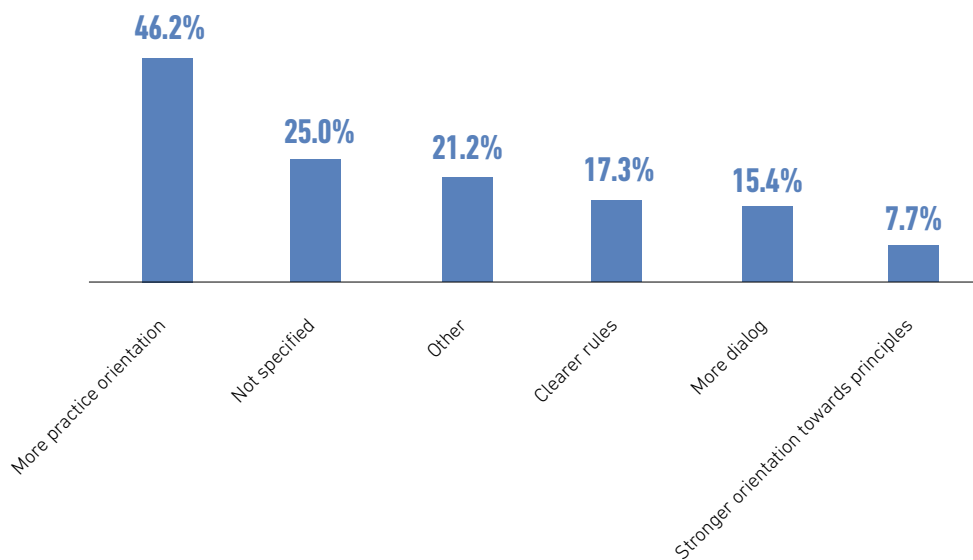


Illustration 23: What do you expect from politics and/ or supervision concerning the reporting in the context of Public Disclosure? (n = 52), (multiple answers)





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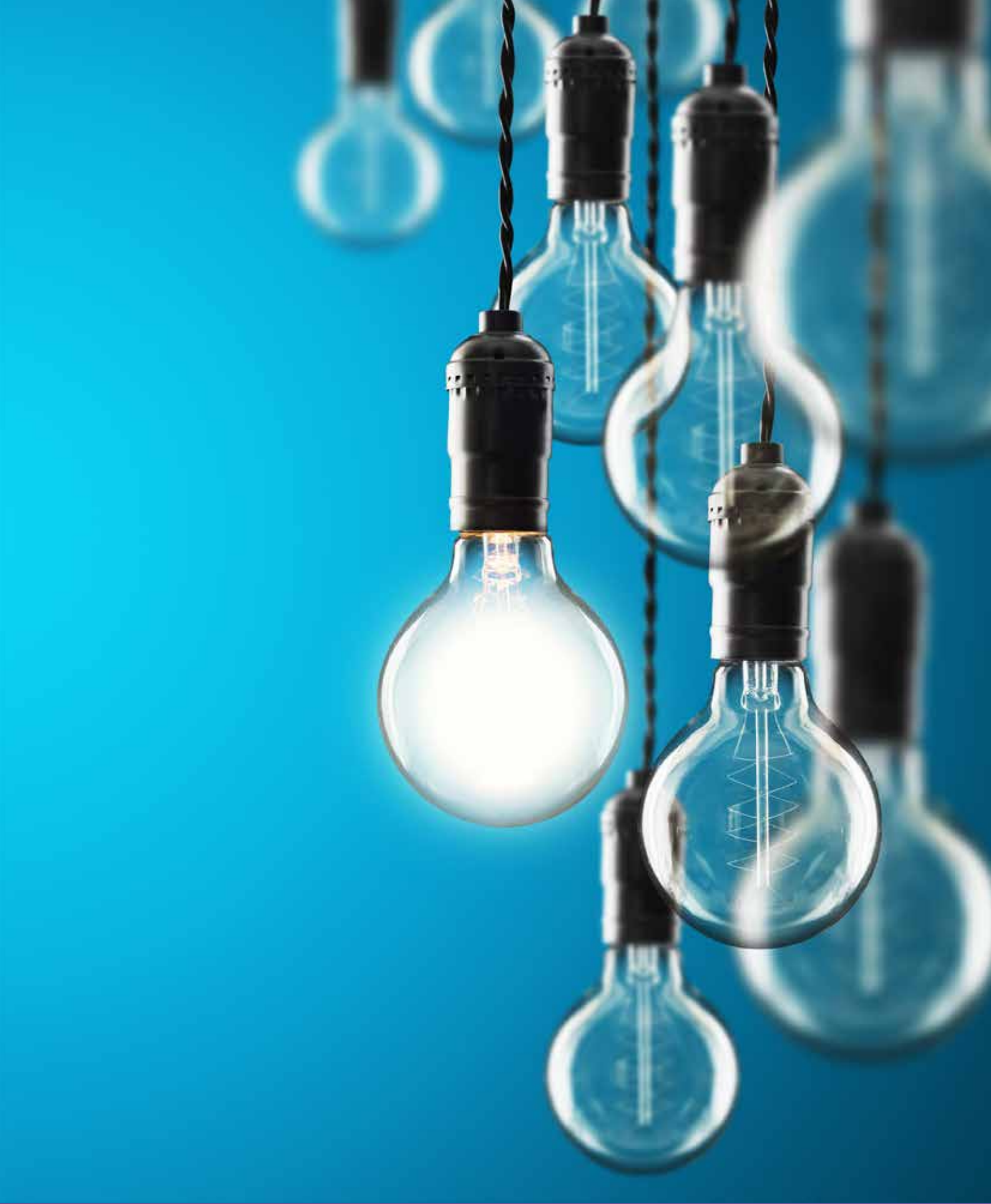
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