



meet its financial obligations to policyholders.

5. **Operational Restrictions:** In some cases, regulatory bodies might impose operational restrictions, limiting the insurer's ability to make certain types of investments or undertake new ventures until compliance is restored.

These consequences underline the importance of adherence to established investment guidelines to ensure operational stability, regulatory compliance, and the safeguarding of policyholder interests.



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You are a helpful assistant. Make direct answers with good explanations. Do not lie and if you do not know the answer, say you do not know. Answer this question:  
How should claims of non-life insurers against reinsurers be handled?



Claims of non-life insurers against reinsurers are handled carefully under the guidelines set by FINMA Circular 2016/5 to ensure that the reinsurance recoverables are secure and contribute appropriately to the solvency and liquidity needs of the non-life insurers. Here's how these claims should be managed:

1. **Crediting of Reinsured Portions:** The reinsured portions of the provisions are offset against the tied assets of non-life insurance companies. This means that the amounts recoverable from reinsurers can be included in the assets that secure policyholder claims.
2. **Crediting Limits Based on Credit Rating:**
  - Reinsurers with a credit rating of 2 or better can be credited up to 20% of the target amount of the tied assets.
  - For credit rating level 3, the limit is 10% of the target amount.



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