

New Financial Services Agreement with the United Kingdom

Areas of action for insurance brokers



In late December 2023, Switzerland and the United Kingdom signed the “Berne Financial Services Agreement” on mutual recognition in the area of financial services. With the aim of facilitating cross-border market access, the legal and supervisory framework for financial services will be mutually recognized as equivalent and supplemented by increased supervisory and regulatory cooperation. Among the areas covered by the agreement are banking, investment services, asset management, financial market infrastructures and insurance. Insurance brokerage is also included in the insurance segment. We will highlight the specific implications of the agreement and can offer support in this regard.

With respect to insurance brokerage, the provisions of the Agreement apply to Swiss insurance intermediaries who are authorized and supervised in accordance with Article 2(1)(c) of the Insurance Supervision Act (ISA), as well as authorized and supervised insurance intermediaries domiciled in the United Kingdom. Accordingly, these insurance intermediaries may broker certain insurance contracts to certain customers from the respective other country.

Services in scope

Under the agreement, Swiss insurance brokers may sell insurance contracts in the United Kingdom in the following classes of insurance, subject to certain restrictions:

- Maritime shipping, commercial aviation and space launches/cargo
- Goods in international transit
- Loans and guarantees
- Land vehicles
- Fire and natural disasters
- Other property damage
- Motor vehicle liability (with the exception of third-party liability, which must be insured with an authorized insurer)
- General liability (with the exception of liability, which must be insured with an authorized insurer)
- Miscellaneous financial losses
- Cover for difference in conditions or sums



By contrast, insurance brokers from the United Kingdom are generally permitted to sell insurance contracts from insurance companies authorized and supervised in Switzerland. Under certain restrictions, insurance intermediaries from the United Kingdom may also broker insurance contracts from insurance companies in the United Kingdom in the following classes of insurance in Switzerland:

- Land or rail vehicles and inland sea, river and canal vessels
- Goods in non-cross-border traffic, incl. goods and luggage
- Property damage in connection with theft, damage or other causes (with the exception of fire, explosion, flooding, inundation, storm, hail, avalanches, snow pressure, rockfall and landslides)
- Nuclear facilities
- Credit (including general insolvency, export credit, installment sales and mortgages)
- Direct and indirect guarantees
- Various financial losses such as occupational risks, bad weather, loss of profit, loss of value and loss of rent or income
- Legal protection
- Business travel insurance for employees
- Liability towards third parties (responsibility claims, warranty claims from buyers and sellers as well as indemnification claims for cyber risks)

Reinsurance contracts are not explicitly mentioned here, as insurance companies domiciled abroad providing only reinsurance in Switzerland are already not subject to supervision under the ISA.

Clients in scope

A key point of the agreement is that it does not apply to retail customers. The relief under the agreement applies only to companies domiciled in the respective country that meet at least two of the following three requirements at the time of concluding, renewing or amending an insurance or brokerage contract:

- Turnover of more than GBP 36 million / CHF 40 million;
- total assets of more than GBP 18 million / CHF 20 million; or
- more than 250 employees.



Other key regulations

It is important to note that independent insurance brokers from the United Kingdom must comply with Swiss law when providing services in Switzerland. However, the localization obligation under Article 41(2)(a) ISA, according to which independent insurance intermediaries must have their registered office, domicile or a branch in Switzerland, is not applicable here.

Apart from that, the agreement clarifies that tied insurance brokers from the United Kingdom are exempt from any obligation to comply with the licensing and supervisory requirements of Switzerland in accordance with the ISA. However, it requires that clients are informed in writing within a reasonable period of time before concluding the contract that the client is personally responsible for paying the mandatory taxes levied on the insurance premiums in Switzerland.

Likewise, information must also be provided on the place of jurisdiction and the applicable contract law. Policyholders also have the right to receive documents. Unlike insurance companies, insurance brokers from the United Kingdom are not required to notify and report to FINMA.

The agreement does not grant such an exemption for Swiss insurance brokers. Swiss insurance brokers must comply with UK law when selling insurance contracts.

It is currently still unclear when the agreement will definitely come into force. The Federal Council now has to prepare a dispatch and submit it to Parliament. This is because the parliaments in both the UK and Switzerland must approve the agreement before it can enter into force.

How KPMG supports insurers

The financial services agreement between Switzerland and the UK creates both strategic and legal opportunities and risks. We can help you to position yourself in the best possible way in the industry.

Our offer

- Providing straightforward answers relating to issues of interpretation and implementation
- Consulting on location and sales strategy
- Reviewing or preparing directives, forms and similar documents
- Training staff and management committees
- Developing and carrying out implementation plans and projects

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