

Press release

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Life insurer Zenith Life SA

FINMA orders portfolio transfer and initiates bankruptcy proceedings

The life insurance company, Zenith Life SA, no longer fulfils its regulatory capital requirements. In order to protect Zenith's policyholders, the Swiss Financial Market Supervisory Authority FINMA has ordered the transfer of all its policyholder portfolios to a newly founded company supported by private life insurance companies. Owing to its over-indebtedness, FINMA has also initiated bankruptcy proceedings against Zenith.

Following its investigations, FINMA found that Zenith was over-indebted and no longer capable of recapitalising the company.

Portfolio transfer to newly founded company

To maximise policyholder protection, on 5 December 2014 FINMA ordered the transfer of all Zenith's policyholder portfolios and tied assets to Palladio Versicherungen AG, a company specifically set up for this purpose. This new company is supported by Swiss Life, AXA Winterthur, Zurich, Generali and Mobiliar by way of a foundation. Palladio will be managed by Swiss Life, who will reinsure the risks arising from Palladio's insurance activity. The new company will not write any new insurance contracts. Zenith's continued over-indebtedness has caused FINMA to initiate bankruptcy proceedings as of 15 December 2014.

Adjustments to some insurance contract terms and conditions

As part of the portfolio transfer, FINMA ordered certain contract terms and conditions promised by Zenith that are atypical to market conditions to be changed. This is necessary to still guarantee continuation of coverage of the contract terms via a receiving company. It concerns, in particular, an interest rate deduction commonly applied in the sector to the surrendering of insurance policies, as well as structural changes to unit-linked policies. Those changes do not affect any current insurance benefits – rather they concern future options which were already part of the terms and conditions agreed upon with the policyholders. Current annuities are not affected and are fully guaranteed.

No interruption of insurance coverage

The transfer of portfolios, including the necessary adjustments to contract terms and conditions, preserves the policyholders' interests. Had Zenith filed for bankruptcy without any portfolio transfer, all its insurance contracts would have been cancelled immediately. The approach adopted thus allows Zenith clients to maintain their insurance coverage. Palladio will manage and secure their insurance contracts.

Contact

For policyholders' questions, see FINMA website (in [German](#) and [French](#)).

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