

# What happens in case of a Swiss or Liechtenstein insurance companies' bankruptcy?

This information is being provided to assure you that your interests are protected even in the unlikely event of the insurance carrier's bankruptcy.

## Rock-solid insurance industry

Safety is enhanced by the quality of the insurance companies entrusted with your wealth, not least due to strict regulatory supervision of financial companies in Switzerland and Liechtenstein. Throughout its almost 150-year history, no single Swiss or Liechtenstein insurance company has failed nor has a claim been forfeited.

With respect to the general safety of insurance companies and the effects of an insurance company's bankruptcy, the following points are relevant

### What would happen if a Swiss insurance company should go bankrupt?

The bankruptcy of a life insurance company falls under the Federal Law on Securing Life Insurance Benefits ("Bundesgesetz über die Sicherstellung von Ansprüchen aus Lebensversicherungen" or SALV). To protect the policy holder and beneficiaries in the case of bankruptcy, this law provides for special conditions which differ substantially from normal bankruptcies.

According to Article 1 of SALV, every life insurance company must set aside reserves for all life insurance contracts closed. These reserves must be segregated from the company's other assets. In case of a bankruptcy proceeding, which according to Art. 18 of SALV can only be filed with the approval of the Department of Justice and Police, decisions over the disposal of reserve funds can only be made by this same Department. There are two possibilities in this regard: either the reserve funds, including the relevant insurance contracts, are transferred to one or more other insurers, without effecting any cancellation of insurance agreements (Art. 27 para. 2, Art. 28 SALV), or the reserve funds with the relevant insurance contracts become a legal entity of their own, which will be liquidated by the Department for the policy holder and the beneficiaries. The latter procedure ensures that the reserve funds are not distributed to other creditors of the company.

### What would happen if a Liechtenstein insurance company should go bankrupt?

According to information from the relevant bankruptcy court of the Principality of Liechtenstein, the case of a bankruptcy of a Liechtenstein insurance company will be treated as a special case under Article 45, paragraph 1 of the Liechtenstein Bankruptcy Law (Liechtensteini-sche Konkursordnung, KO).

The interests of insured persons are also protected by Liechtenstein insurance regulators. Under the principles contained in Article 51 of the insurance supervision law (VersAG), the insurance authorities have jurisdiction over the liquidation of an insurance company and the effects of this on existing policies when the government revokes the company's business permit. In particular, insurance authorities have the power to limit or deny access to the assets of the company and to transfer management of the assets to appropriate persons.

According to the currently applicable law on insurance contracts (Article 36 VVG), the insured person has the right to renege on his policy when the business permit of the insurance company is revoked. If he does so, he can thereby ask for payment of the insured amount. In addition, he retains the right to receive payment for damages.

Once bankruptcy proceedings start, insurance contracts will lose effect after four weeks, calculated from the day of the announcement of bankruptcy proceedings. The insured person has the right to demand payment of the insured amount and retains the right to receive payment for damages (Article 37 VVG).

### What would happen if JML should go out of business?

Since your contractual partners are the insurance companies we recommend, your assets will remain fiduciary holdings of these top-quality institutions.

For more information visit our website at:

<http://www.jml.com/legal>

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