

АГЕНЦИЈА ЗА СУПЕРВИЗИЈА НА ОСИГУРУВАЊЕ



Bylaw

RULEBOOK

**ON THE NECESSARY DOCUMENTATION ENCLOSED TO THE LICENSE APPLICATION
IN ACCORDANCE WITH THE LAW ON INSURANCE SUPERVISION**

Skopje, June 2012

Pursuant to Article 158-o, item 1), and related to Article 31, paragraph (8) of the Law on Insurance Supervision – consolidated text ("Official Gazette of the Republic of Macedonia" no. 30/2012), the Council of Experts of the Insurance Supervision Agency adopted the following

I. GENERAL PROVISIONS

Article 1

This Rulebook prescribe the necessary documentation enclosed to the application for obtaining the following licenses from the Agency for Insurance Supervision (hereinafter: the Agency), in accordance with the Law on Insurance Supervision (hereinafter: the Law):

1. licence for performing insurance activities;
2. license for introducing a new line of business insurance by the insurance company;
3. license to transfer the insurance portfolio by the insurance company;
4. license for transferring extent activities (outsourcing) by the insurance company;
5. license to perform statute changes of the insurance company.

II. ISSUING A LICENSE FOR PERFORMING INSURANCE ACTIVITIES

Article 2

(1) issuing license for insurance activities to the Agency a request for authorization to perform insurance activities appropriate prescribed form given in Annex 1 of the Directive and is its integral part.

(2) The application referred to in paragraph (1) of this Article shall be supplemented by the applicant (or its authorise representative) by the following documentation:

1. Draft Statute that should contain at least the following information:
 - Company name and seat of the insurance company;
 - Lines of business insurance under which the insurance company will perform the insurance activities;
 - Amount of the equity capital required for the establishment and operation of the company;
 - Nominal value of the shares, count of shares of each type and class, rights, obligations, restrictions, and benefits arising thereof;
 - Manner of acquisition and termination of the rights of the company's shareholders;
 - Procedure for convening and holding the Assembly;
 - Type, composition, count, manner and conditions for selection, mandate, rights, duties, responsibilities, and modus operandi of company's bodies;
 - Manner of resolving disputes between the company's shareholders;
 - Manner of resolving conflict of interests and protection of the confidentiality of company's data;
 - Manner of managing the insurance company representation of the company by the members of the Management Board;
 - Manner of amending the Company Statute;
 - Conditions and cases of cessation of the company's operations, and
 - Other data in accordance with the law.
2. Operational Plan of the Company, which should include at least the following information:
 - Bases of the insurance company business policy with a rationale, that is to say, analysis of the

- reasons for establishment of the company, business goals of the company, overview of the market where the company will be active, structure of the company's customers and other data;
- Lines of business insurance under which the insurance company plans to perform the insurance activities;
 - Principles of reinsurance, including tables for maximum coverage for all lines of business insurance under which the company will perform insurance activities;
 - Calculation of the required solvency margin in accordance with Articles 75 or 76 of the Law;
 - Planned amount of the costs for establishment, organizational costs and development costs;
 - Liquidity assessment, and financial sources required to fulfil the obligations and provide the required level of solvency margin;
 - Projection study on the expected business results for at least three years, primarily on the expected income from premiums, the expected claims, expenses for performing insurance, expected profit, and the amount of technical and other provisions. The Study should include:
 - Detailed Balance Sheet, Income Statement and Cash Flow Statement with a comment for each item and the basic assumptions underlying the projection,
 - Movement of the financial indicators and supervisory standards, such as the volume of capital, the required solvency margin, the amount of technical provisions, the assets covering the technical provisions, liquidity and profitability indicators, and other data;
 - Description of the management and internal control systems;
 - Seat of the company, and the potential count and location of subsidiaries, branches, and other organisational forms, as well as the deadline when the company intends to open them;
 - Organizational structure of the company with a special description of the scope of work and the responsibilities of persons with special rights and the responsibilities of each organizational unit, inter-relations and relations with the management and supervisory bodies of the company, and a description of the required count of employees and their qualification structure;
 - Specification of assets available to the insurance required to meet the non-monetary liabilities (assistance funds), if the insurance company intends to conduct insurance activities in the tourist assistance line of business insurance.
3. General and special conditions for insurance and premium tariffs in terms of lines of business insurance as specified in Article 5, items 2 and 10 of the Law, along with the technical bases for calculation of the tariffs, as well as an opinion from a certified actuary thereof;
4. Other draft acts on the company's business policy, as follows:
- Rulebook on the establishment of technical provisions and/or mathematical provisions for insurance and the policy for management of assets covering the technical provisions and/or mathematical provisions;
 - Rulebook on the disbursement of technical provision assets;
 - Rulebook on the establishment of a prevention fund, and the management and use of said fund, if the establishment of the prevention fund is provided in the Company Statute;
 - Reinsurance programme;

- Rulebook on the right of recourse, and
 - Other draft acts.
5. Proof that the equity capital has been paid-in in a separate provisional account at a payment transaction carrier, that is to say, proof that the foreign legal or natural person - applicant has paid the foreign currency funds in a special account at the National Bank;
 6. List of shareholders of the insurance company, stating the name, surname, and address for natural persons and name and seat for legal persons, as well as data on the total nominal amount of shares held and the share percentage in the equity capital of the insurance company;
 7. If the applicant is a legal person:
 - Decision of the competent body of the legal person - founder for establishing or participation in the insurance company;
 - Sources of funding for payment of the capital, as follows: (1) Statement of the legal person's competent body - founder given under full criminal and material responsibility on the origin of the funds invested as equity capital of the company, and (2) appropriate proof of the source of funding invested by the person in the company (audit report of the legal entity, final account or other appropriate proof);
 - **Ceased to be valid by a Decision of the Constitutional Court of RM U. No. 129/2011 from February 2nd 2013 ("Official Gazette of RM" No 23/2013);**
 - **Ceased to be valid by a Decision of the Constitutional Court of RM U. No. 130/2011 from May 2nd 2012 ("Official Gazette of RM" No 60/2012);**
 - Proof that a bankruptcy or liquidation procedure has not been initiated against legal persons - founder, as follows: (1) Certificate from a Central Registry, that is to say, any other relevant institution, and (2) Statement of the competent body of the legal person - founder given under full criminal and material responsibility that no bankruptcy procedure has been initiated against the legal person - founder;
 - Proof that the legal person - the founder is not working and will not work contrary to the provisions of the Law on Prevention of Money Laundering and Other Proceeds from Punishable Offences and Financing of Terrorism, as follows: Statement of the competent body of the legal person - founder given under full criminal and material responsibility that it is not working and will not work contrary to the provisions of the Law on Prevention of Money Laundering and Other Proceeds from Punishable Offences and Financing of Terrorism;
 - List of persons associated with the legal person - founder, including proof of the manner of association under Article 16-a of the Law on Insurance Supervision, as follows: (1) Statement of the competent body of the legal person - founder given under full criminal and material responsibility for all the persons associated with the legal persons - founder with proof on the manner of association; (2) List of persons possessing in the legal persons, directly or indirectly, more than 10% of the shares, that is to say, stocks, signed by an authorised representative of the legal person - founder; (3) Statement from the Central Depository of Securities, that is to say, any other public registry on the shareholders of the legal person - founder; (4) List of legal persons where the legal person owns, directly or indirectly, more than 10% of the shares, that is to say, stocks, signed by an authorised representative of the legal person - founder; (5) Statement by the Central Depository of Securities, that is to say, any other public registry on the share, that is to say, stock ownership of the legal person - founder;
 - Articles of Association, that is to say Statute of the legal person - founder;
 - List of members of the management body of the legal person - founder (excerpt from the Central Registry or any other appropriate public registry);

- Excerpt from the registry where the legal entity - founder is registered;
 - Copy of the Book of Shares, that is to say, proof from any other appropriate public registry on the legal person - founder;
 - Audit report for the last two business years of legal person - founder, that is to say, final account for the last two business years if the legal person - founder has no obligation to audit the financial statements. Legal persons established and operating less than two years are obliged to provide audit reports or financial statements for the last two business years for its shareholders - legal persons, that is to say, to submit the appropriate documentation referred to in item 6) of this paragraph for its shareholders - natural persons who have a share in the capital of the legal person - founder exceeding 10%. The audit report, which is submitted for a foreign legal person - founder should be prepared by a reputable international auditor. For domestic legal person - founder or for shareholder of the legal person - founder an audit report is submitted if it is stipulated in the Law on Trade Companies that said person is obliged to prepare an audit report;
 - Other proof for assessment of the solvency of the legal person - founder, and assessment of its shareholders, that is to say, stockholders.
8. If the applicant is a natural person:
- Copy of its ID card or passport (for foreign natural person) - for inspection;
 - Sources of funding for payment of the capital, as follows: (1) A statement of the natural person - founder given under full criminal and material responsibility on the origin of the funds invested as equity capital of the insurance company, and (2) appropriate proof for the source of the funds that the person is investing in the company (resolution for inheritance, certificate from a bank or another financial institution for the amount and date of invested funds, document for the amount of salary and income earned on other grounds, annual tax return, and any other relevant proof);
 - **Ceased to be valid by a Decision of the Constitutional Court of RM U. No. 129/2011 from February 2nd 2013 ("Official Gazette of RM" No 23/2013);**
 - **Ceased to be valid by a Decision of the Constitutional Court of RM U. No. 130/2011 from May 2nd 2012 ("Official Gazette of RM" No 60/2012);**
 - Statement of the natural person - founder given under full criminal and material responsibility that in the last three years it has not been a member of a management body, supervisory body or person with special rights and responsibilities within an insurance company or another legal person for which bankruptcy procedure has been initiated;
 - Proof that the natural person - the founder is not working and will not work contrary to the provisions of the Law on Prevention of Money Laundering and Other Proceeds from Punishable Offences and Financing of Terrorism, as follows: Statement of the natural person - founder given under full criminal and material responsibility that it is not working and will not work contrary to the provisions of the Law on Prevention of Money Laundering and Other Proceeds from Punishable Offences and Financing of Terrorism;
 - List of persons associated with the natural person - founder, including proof of the manner of association under Article 16-a of the Law on Insurance Supervision, as follows: (1) Statement of the natural person - founder given under full criminal and material responsibility for all persons associated with the natural person - founder, including proof on the manner of association; (2) List of legal persons in which the natural person owns, directly or indirectly, more than 10% of the shares, that is to say, the stocks, signed by an authorized representative of the legal person - founder; (3) Excerpt from the Central Depository of Securities, that is to say, any other public

- registry, where the natural person - founder owns stocks or shares;
- Other proof on the assessment of the solvency of the natural person - founder.
9. Documentation proving whether the conditions related to the proposed members of the supervisory body have been met, as follows:
- Statement of the person nominated for member of the management body given under full criminal and material responsibility, that it is not a member of a management body, supervisory body or procurator in another insurance company or in another company;
 - Statement of the person nominated as member of the supervisory body given under full criminal and material responsibility, that it is not a member of the Council of Experts of the Insurance Supervision Agency or an employee of the Agency;
 - Statement of the person nominated as member of the supervisory body given under full criminal and material responsibility, that it has not executed office of a person with special rights and responsibilities within an insurance company or another legal person for which bankruptcy procedure has been initiated;
 - Proof that the person nominated as member of the supervisory body is not a related person to a legal person where the insurance company owns, directly or indirectly, more than 10% of the capital or the voting rights of said legal person, as follows: (1) Statement of the person proposed to be a member of the management body given under full criminal and material responsibility for all persons who are related (via capital, management, family) with it, including proof on the manner of association, (2) Statement of the person proposed as member of the management body given under full criminal and material responsibility that is not associated with a legal entity in which the insurance company, directly or indirectly, owns more than 10% of the capital or voting rights in said legal person, and (3) Statement of the Central Depository of Securities, the Central Registry, or any other public notary, on the capital contributions of the person proposed to be a member of the management body of a legal person;
 - Statement of the person proposed as a member of the supervisory body given under full criminal and material responsibility that will be employed in another insurance company;
 - Statement of the person nominated as member of the supervisory body given under full criminal and material responsibility that it is not working and will not work contrary to the provisions of the Law on Prevention of Money Laundering and Other Proceeds from Punishable Offences and Financing of Terrorism;
 - Statement of the person nominated as a member of the supervisory body given under full criminal and material responsibility that it meets the requirements for an independent member as per the provisions in the Law on Trade Companies, and
 - Statement of the person nominated as a member of the supervisory body given under full criminal and material responsibility that it has not be selected in more than five boards of directors as a non-executive member, nor in more than five supervisory boards of joint stock companies established in the Republic of Macedonia.
10. Draft contracts for outsourcing external activities, if the insurance company plans to authorize other entities to perform outsourced activities;
11. Documentation upon which it may be ascertained that the insurance company is capable in terms of human, technical and organizational capacity to carry out the activities provided in the Articles of Association of the insurance company, including data for the information system and the technical equipment of the insurance company;

12. Study on the organisation and operations of the Internal Audit Service and the Internal Audit and the Risk Management Rules;
13. Data on the authorized actuary performing the actuarial work in the insurance company with proof that the person meets the conditions laid down in Article 110 of the Law on Insurance Supervision, accompanied by a letter of intent to enter into a contract for engagement of the actuary signed by the company founders and certified by a notary;
14. Data on the authorized auditor who will be appointed as an internal auditor in the insurance company with proof that the person meets the conditions prescribed in Article 110 of the Law on Insurance Supervision and the Law on Audit, accompanied by a letter of intent to enter into an employment contract for the internal auditor signed by the company founders and certified by a notary;
15. Programme for implementation of the measures for prevention of money laundering and financing of terrorism along with an opinion on this programme from the Office for Prevention of Money Laundering and Terrorist Financing;
16. Confirmation from an authorised actuary that the insurance company will be able to ensure the required solvency margin regarding the projected volume and type of activities; and
17. Proof of paid fee for issuing the license for performing insurance activities, according to the Tariff Pricelist of the Agency.

(3) In addition to the documentation referred to in paragraph (2) of this Article, if the shareholder is a foreign legal person or a domestic legal person who is, directly or indirectly, majority owned by foreign natural or legal persons, the application for license to perform insurance activities referred to in paragraph (1) of this Article shall be also accompanied by:

1. Proof from the foreign insurance company that it has a license to perform insurance activities in the domicile country, if the foreign shareholder is an insurance company;
2. Opinion of a foreign institution authorized to supervise the insurance company, if the foreign shareholder is an insurance company; and
3. Audit report from premium audit company for the last business year, if the foreign shareholder is not an insurance company.

(4) In addition to the documentation referred to in paragraphs (2) and (3) of this Article, the Agency may request any additional documentation referring particularly, but not exclusively, to the following documents, data and information:

- Statement on the condition of the bank accounts for a certain period, which refers to a person who intends to establish an insurance company;
- Information about the legal status, financial status and ownership structure of the persons who have a qualified share in the person intending to establish an insurance company;
- Data on the composition of the insurance, banking or any other group, if the person intending to establish a company is a member of such group, including a list of individual entities in the group and a description of their association;
- Audited financial statements of other members in the insurance, banking or any other group, if the person intending to establish a company is a member of such group, or of others persons associated with the person intending to establish a company, whose business may affect the operation and/or the risks to which the established company would be exposed.

(5) Simultaneously with the submission of the application for license to perform insurance activities referred to in paragraph (1) of this Article, the applicant shall submit to the Agency also an application for consent to perform the function of a member/s of the management body along with the documentation

envisaged for the issuance of said consent.

(6) Appropriate organizational capacity of the company in terms of paragraph (2), item 11 of this Article shall mean the establishment of such an organization in the company which allows successful performance of its activities to the extent specified in the Statute and the Operational Plan, proven by adopted draft-acts on the internal organization and systematization of employment positions, decision to organize the working units, rulebooks for the operation of the internal audit, and the like.

(7) Appropriate technical capability of the company in terms of paragraph (2), item 11 of this Article shall mean:

- Business premises for conducting the insurance activities that meet the required standards regarding the projected number of employees;
- Project for implementation of the appropriate IT equipment and software solution for conducting insurance activities, which in size and technical features corresponds to the count of employees and the planned scope of work of the company.

(8) The Project for implementation of the IT system should include a detailed description of the intended hardware and software infrastructure, equipment specification, and functionality of the application, an implementation plan with defined steps and deadlines, description of the security measures that will be implemented, and the manner of ensuring business continuity. The Project should take into account the generally accepted standards for security of the IT system and ensure business continuity, unless otherwise specified by the Agency. If the functioning of the IT system is envisaged to depend on external suppliers (outsourced company), the insurance company must incorporate the appropriate documentation obtained from the supplier in the project plan, clearly defining the scope and quality of the service, the security measures, and characteristics of delivery.

(9) The appropriate staffing capacity of the company in terms of paragraph (2) item 11 of this Article shall mean the envisaged qualification structure of employees with the required length of service and experience for each specific job, and planned schedule for filling the jobs that should follow the schedule for increasing the size of operations and expansion of the company's organizational network. It is required to specify the count of employees by organisational units, data on the education of those who will be involved in carrying out the financial activities, and the plan for staff training for the next three years.

(10) When ruling upon the issuing of license for performing insurance activities, it will be assessed whether the company meets the criteria prescribed by the Law on Insurance Supervision, at least through:

- Establishing the identity of persons intending to establish an insurance company, the persons connected with them and their legal form;
- Determining whether the financial condition of the persons intending to establish an insurance company is appropriate in terms of value of shares they intend to acquire;
- Assessing the opportunities to support the planned growth of the funds of the insurance company provided by the persons intending to establish an insurance company;
- Determining the sources of funding, their origin and legality;
- Assessing the quality and viability of the operational plan. The plan shall be evaluated in terms of the intended way of managing operational risks, the method of establishing internal control systems, the viability of realisation of the projections of the financial activities and the financial statements, and the possibility of realizing the shareholders' plan for future development of the insurance company;
- Assessing the insurance tariffs and conditions in certain lines of business insurance in terms of their consistency with the technical basis for the calculation thereof;
- Assessing the adequacy of the required count of employees in the insurance company for the

purpose of effective and successful management and operation. Required count of employees shall mean the count that ensures that the insurance company will normally and regularly perform the planned scope of activities;

- Assessing the qualification, experience, training and reputation of the members of the supervisory and management boards, and of the persons intending to establish an insurance company in terms of the financial activities that will be performed by said insurance company;
- Assessing the adequacy of the IT system and the technical equipment of the insurance company for the purpose of the successful and secure execution of the financial activities. The IT system shall be considered adequate if it enables continuous and reliable support of the insurance company, and provides basis for timely and accurate reporting of the persons with special rights and responsibilities, Insurance Supervision Agency. The insurance company should have adequate business premises and technical equipment that will ensure its safe and uninterrupted operation, as well as adequate separation of business processes;
- Assessing the adequacy of the organizational structure of the insurance company, which means at least defining the operational procedures for all business processes that will take place in the company, according to the planned activities, defining the lines of responsibility and decision-making, and establishing a system of internal control for all business processes involving certain degree of risk;
- Assessing whether the insurance company has the ability to identify, measure, monitor and control the risks to which it will be exposed while performing the planned activities;
- Assessing the adequacy of the system for prevention of money laundering and financing of terrorism based on the established processes and software solution for monitoring the risk exposure of the insurance to money laundering and financing of terrorism;
- Determining whether there are inconsistencies in the application that cannot be explained.

III. ISSUING A LICENSE FOR INTRODUCING A NEW LINE OF BUSINESS INSURANCE

Article 3

(1) For the purpose of issuing a licence for new line of business insurance by the insurance company, it shall submit to the Agency an application for obtaining a license to introduce a new line of business insurance.

(2) The insurance company shall enclose the following documentation to the application referred to in paragraph (1) of this Article:

1. Decision for introducing a new line of business insurance adopted by a competent management body of the insurance company;
2. The documentation referred to in Article 2, paragraph (2), items 2, 3, 4, 5 and 16 of this Rulebook;
3. Proof of paid fee for issuing a license for introducing a new line of business insurance, according to the Tariff Pricelist of the Agency.

(3) Simultaneously with the submission of the application for obtaining a license for introducing a new line of business insurance referred to in paragraph (1) of this Article, the applicant shall submit to the Agency also an application for consent to change the Company Statute along with the documentation envisaged for the issuance of said consent.

(4) The additional documentation that may be requested by the Agency, in accordance with the Law on Insurance Supervision, for the purpose of ruling on the application for issuing license for introducing a new line of business insurance, may refer particularly, but not exclusively, to the following documents, data and information:

- Statement on the condition of the bank accounts for a certain period, pertaining to the insurance company;
- Audited financial statements of the insurance company;
- Other data for assessment of the compliance with the conditions for introducing a new line of business insurance.

IV. ISSUING A LICENSE FOR TRANSFERRING THE INSURANCE PORTFOLIO

Article 4

(1) For the purpose of issuing a license for transferring the insurance portfolio, an application for issuing a license for transferring the insurance portfolio shall be submitted to the Agency.

(2) The application for issuing a license for transferring the insurance portfolio referred to in paragraph (1) of this Article shall be submitted to the Agency by the insurance company transferring the insurance portfolio.

(3) The application referred to in paragraph (1) of this Article shall be accompanied by the following documentation:

1. Decision to transfer the insurance portfolio adopted by a competent management body of the company transferring the portfolio;
2. Decision to take over the insurance portfolio adopted by a competent management body of the company taking over the portfolio;
3. Contract for transferring of the insurance portfolio entered into by the company transferring the portfolio and the company taking over the portfolio;
4. List of insurance contracts by different lines and sub-lines of business insurance subject to the transfer, as well as the general and special conditions and the insurance tariffs for said insurance contracts;
5. Calculation of the technical provisions and/or mathematical provision signed by an authorized actuary with regard to the portfolio which is subject of the transfer;
6. Data on the assets covering the technical provisions and/or mathematical provision (by types of assets and share percentage in the total assets covering the technical provisions), stating their volume and data that may be used to check the volume, compared to the portfolio subject to transfer;
7. Opinion from an authorised actuary that the insurance company taking over the insurance portfolio, upon the completion of the taking over, and in terms of the planned type of scope of activities, will be able to ensure the required solvency margin;
8. Opinion of the foreign institution authorized to supervise the insurance company transferring, that is to say, taking over the insurance portfolio, if the company transferring or taking over the insurance portfolio is a foreign insurance company;
9. Amendments in the operation plan of the insurance company taking over the insurance portfolio, arising from the transfer; and
10. Proof of paid fee for issuing the license for transferring the insurance portfolio, according to the Tariff Pricelist of the Agency.

(4) If the insurance portfolio transfers the insurance portfolio to its subsidiary in a Member State before adopting the decision for issuing a license for transferring the insurance portfolio, the Agency will request an opinion from the competent supervisory body of said Member State.

V. ISSUING A LICENCE FOR TRANSFERRING EXTERNAL ACTIVITIES (OUTSOURCING)

Article 5

(1) For the purpose of issuing a license for transferring external activities, an application for obtaining a license for transferring external activities shall be submitted to the Agency.

(2) The application referred to in paragraph (1) of this Article shall be accompanied by the following documentation:

1. Decision to transfer the external activities adopted by the competent management body of the insurance company;
2. Contract for transferring of external activities entered into with the entity that will take over the external activities with a detailed description of the activities that are transferred, the rights and obligations of the contracting parties, the contract duration, as well as the manner of supervision of the entity taking over the external activities;
3. Data on the legal status, the financial status and the operations of the entity with whom the contract for transferring of external activities was signed;
4. Statement of the authorized person of the entity taking over the external activities, given under full material and criminal responsibility, that it will afford the Agency full access to the data at its disposal in order to conduct an uninterrupted supervision over the operations of the insurance company;
5. Proof of paid fee for issuing the license for transferring of external activities, according to the Tariff Pricelist of the Agency.

(3) For the purpose of issuing a license for transferring external activities, the Agency may request fulfillment of additional conditions by the entities taking over the performance of external activities, if it is necessary to protect the interests of the insureds.

VI. ISSUING A LICENSE FOR STATUS CHANGES

Article 6

(1) Within the meaning in this Rulebook, status changes shall mean the following:

1. Merging of two or more insurance companies or merging of one or more insurance companies with other legal persons into single insurance company, where all companies and/or legal persons lose their legal identity and a new insurance company is established that will receive the total assets and liabilities of the merging companies and/or legal persons, in exchange for shares in the new company;
2. Acquisition of an insurance company or any other legal person (acquired company/s) to another insurance company (acquiring company), by transfer of the entire assets and liabilities of the acquired company, without having to carry out liquidation of the latter, in exchange for shares in the acquiring company;
3. Division of an insurance company through:
 - Separation by incorporation, with transfer of the entire assets and liabilities to two or more new insurance companies and/or new legal persons, where the insurance company which is divided ceases to exist without conducting liquidation;

- Separation by acquisition, with transfer of the entire assets and liabilities to two or more existing insurance companies and/or existing legal persons, where the insurance company which is divided ceases to exist without conducting liquidation;
- Partition by incorporation, with transfer of part of the assets and liabilities to one or more new insurance companies and/or new legal persons, where the insurance company which is divided does not cease to exist;
- Partition by takeover, with transfer of part of the assets and liabilities to one or more existing insurance companies and/or existing legal persons, where the insurance company which is divided does not cease to exist.

(2) For the purpose of issuing a license for status changes - merger, an application for obtaining license for status changes - merger shall be submitted to the Agency.

(3) The application referred to in paragraph (2) of this Article shall be accompanied by the following documentation:

1. Decision of the competent bodies of the merging insurance companies and/or legal persons for the commencement of the merging procedure;
2. Merger agreement entered into between the supervisory boards of the companies, that is to say the management bodies of the merging insurance companies/legal persons, which should adequately contain the information prescribed by the Law on Trade Companies;
3. Opening balance sheet of the new insurance company containing the amount of its initial equity capital. The initial balance shall be obtained upon consolidating the mutual receivables and liabilities of the merging insurance companies and/or legal persons, and it must be audited by an authorised auditor;
4. Proof that the required amount of money to achieve the initial equity capital has been paid on a provisional account at a payment transactions carrier, if an additional payment of money is needed to achieve the required amount of initial capital;
5. The adequate documentation referred to in Article 2, paragraph (2), items 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, paragraphs (3), (4) and (5) of this Rulebook; and
6. Proof of paid fee for issuing the license for status changes, according to the Tariff Pricelist of the Agency.

(4) For the purpose of issuing a license for status changes - acquisition, an application for obtaining license for status changes - acquisition shall be submitted to the Agency.

(5) The application referred to in paragraph (4) of this Article shall be accompanied by the following documentation:

1. Decision of the competent body of the insurance company, that is to say, of the acquired legal person and the acquiring insurance company for the commencement of the acquisition procedure;
2. Potentially a new or amended Statute of the acquiring insurance company, which should contain the information specified in Article 2, paragraph (2), item 1 of this Rulebook.
3. Acquisition agreement entered into between the supervisory board of the insurance company, that is to say, of the management body of the acquired legal person and the supervisory board of the acquiring insurance company. The agreement should contain the adequate information prescribed by the Law on Trade Companies;
4. Opening balance sheet of the acquiring insurance company containing the amount of its initial equity capital. The balance of the acquiring company obtained after the consolidation of the mutual receivables and liabilities with the acquired companies, that is to say, legal persons, audited by an authorised auditor;

5. Strategic and operational plan for the economic feasibility of the acquisition, which should include an analysis of the need for the merger and projections of the financial statements of the acquiring insurance company, drafted in accordance with Article 2, paragraph (2), item 2 of this Rulebook;
6. The adequate documentation referred to in Article 2, paragraph (2), items 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, paragraphs (3), (4) and (5) of this Rulebook; and
7. Proof of paid fee for issuing the license for status changes, according to the Tariff Pricelist of the Agency.

(6) For the purpose of issuing a license for status changes - division, an application for obtaining license for status changes - division shall be submitted to the Agency.

(7) The application referred to in paragraph (6) of this Article shall be accompanied by the following documentation:

1. Decision of a competent body of the divided insurance company for the commencement of the procedure for division;
2. Plan for division adopted by the supervisory board of the insurance company, that is to say, the management body of the divided company, which should adequately contain the information prescribed by the Law on Trade Companies.

(8) In case of division with separation by incorporation or partition by incorporation, beside the documentation referred to in paragraph (7) of this Article, the application for issuing a license for status changes shall be accompanied by the following documentation:

3. Opening balance sheet of the new insurance companies containing the amount of the initial equity capital. The initial balance shall be obtained after the division of the receivables and liabilities of the divided insurance company, and must be audited by an authorised auditor;
4. Proof that the required amount of money to achieve the initial capital has been paid on the provisional account at a payment transactions carrier, if the division of the company has not provided the required amount of initial capital for the new insurance companies;
5. The adequate documentation referred to in Article 2, paragraph (2), items 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, paragraphs (3), (4) and (5) of this Rulebook; and
6. Proof of paid fee for issuing the license for status changes, according to the Tariff Pricelist of the Agency.

(9) In case of division by takeover or partition by takeover, beside the documentation referred to in paragraph (7) of this Article, the application for issuing a license for status changes shall be accompanied by the following documentation:

- Potentially a new or amended Statute of the divided insurance company and the existing insurance companies, which should contain the information specified in Article 2, paragraph (2), item 1 of this Rulebook;
- Strategic and operational plan for the economic feasibility of the division, which should include an analysis of the need for division and projections of the financial statements of the divided acquiring insurance company and the existing insurance companies, drafted in accordance with Article 2, paragraph (2), item 2 of this Rulebook;
- If there are changes in the organizational structure of the divided insurance company and of the existing insurance companies, the new organization structure with data on the scope of work and responsibilities of the persons with special rights and responsibilities of each organizational unit, their inter-relations and the relations with the supervisory and management bodies of the divided company and the existing companies, as well as the potential required count of employees and their qualification structure shall be also

submitted;

- Balance sheets of the divided insurance company and the existing companies containing the amount of capital of the divided insurance company and the existing insurance companies. The balance sheets shall be obtained after the division and/or consolidation of the receivables and liabilities of the divided insurance company and the existing insurance companies, and must be audited by an authorised auditor;
- Data on the count and education of the employees taken over by the divided insurance company, and for the employees who are taken over and will have in the existing insurance companies the status of persons with special rights and responsibilities, also data on their professional history;
- The requirements referred to in Article 2, paragraph (5), and Article 3 of this Rulebook, if the division changes the management or supervisory boards of the divided insurance company or the existing insurance companies or in the lines of business insurance which will be performed by the divided insurance company, that is to say, the existing insurance companies, requiring a consent from the Agency in accordance with the Law on Insurance Supervision;
- Data referred to in Article 2, paragraph (2), items 7 and 8 of this Rulebook, if there are changes in the shareholder structure of the existing insurance companies.

(10) In cases where the status change entails establishment of new legal persons that are not insurance companies, and whose establishment and operations, in accordance with the existing regulations, require a license, consent or any other authorisation from the competent body in the country, the new legal persons shall be obliged to initiate a separate proceedings to secure the necessary authorisation.

Specifying the form of submission of documentation

Article 7

(1) The application for issuing licenses referred to in Article 1 of this Rulebook shall be accompanied by data on the authorised person for contact with the Agency (name and surname, telephone number, fax number, e-mail).

(2) All certificates, statements, and questionnaires, which are part of the documentation enclosed to the application for issuing the licenses referred to in Article 1 of this Rulebook, should be signed by the authorised person or the respective competent body. Said documents should be either originals or copies certified by an authorised person (notary). In case the document to be submitted is in another language, translation into Macedonian, translated by an authorised court translator and certified by notary, shall be enclosed to the original.

(3) All certificates, statements, and the questionnaire, which are part of the documentation enclosed to the application for granting the approvals referred to in Article 1 of this Rulebook, may not be issued more than six months before the date the application for issuing a license has been submitted.

(4) If the legislation of the country of the foreign person intending to establish an insurance regulates otherwise the documentation submitted along with the application for issuing a license referred to in Article 1 of this Rulebook, an appropriate document or a legal opinion from a lawyer that can confirm the difference in the regulation, that is to say, other relevant document confirming the fulfillment of the envisaged legal obligation should also be submitted.

(5) The Agency shall review and rule on the application for issuing a license referred to in Article 2 paragraph (1), Article 3 paragraph (1), Article 4 paragraph (1), Article 5 paragraph (1), and Article 6 paragraphs (2), (4) and (6) of this Rulebook with the complete documentation. Complete documentation shall mean the documentation prescribed in this Rulebook, the documentation additionally requested by

the Agency, as well as the respective documents, data, and information that should be received from the competent domestic and foreign institutions.

Ruling on the application for issuing a license for performing insurance brokerage activities

Article 8

(1) When ruling on the application referred to in Article 2 paragraph (1), Article 3 paragraph (1), Article 4 paragraph (1), Article 5 paragraph (1), and Article 6 paragraphs (2), (4) and (6) of this Rulebook, the Agency shall assesses whether the conditions laid down in the Law on Insurance Supervision have been met.

(2) In relation to the requirements in Article 2 paragraph (1), and Article 6 paragraphs (2), (4) and (6) of this Rulebook, the Agency shall adopt a resolution for issuing the license or rejecting the application, within 4 months from the date of submission of the application with the complete documentation in accordance with these Rulebook.

(3) In relation to the requirements in Article 3 paragraph (1), Article 4 paragraph (1), and Article 5 paragraph (1) of this Rulebook, the Agency shall adopt a resolution for issuing the license or rejecting the application, within 2 months from the date of submission of the application with the complete documentation in accordance with these Rulebook.

Final provisions

Article 9

This Rulebook shall enter into force on the day of its publication in the "Official Gazette of Republic of Macedonia".

No. 0201-1571/3

31.07.2012

PRESIDENT OF THE COUNCIL OF EXPERTS

Dr. Klime Poposki

APPENDIX 1

АГЕНЦИЈА ЗА СУПЕРВИЗИЈА НА ОСИГУРУВАЊЕ



APPLICATION

FOR ISSUING A LICENSE FOR PERFORMING INSURANCE ACTIVITIES

1. Proposed name of the insurance company	
2. Proposed seat on the insurance company (street and number, city)	
3. Proposed initial equity capital of the	

1.	Proposed name of the insurance company	
	insurance company	
4.	Name and surname or name of the persons intending to establish the insurance company	
5.	Authorized person for contact with the Agency	
5.1.	Phone and fax of the authorized person	
5.2.	E-mail address of the authorized person	
5.3.	Address and ID card number or passport (for foreign person) of the authorized person	

I/We _____

(name and surname of the natural persons - founder or name and surname of the authorised person of the legal person - founder) hereby declare under full moral, material and criminal responsibility that:

1. the data and information contained in this application, and the entire documentation that I am/we are submitting with the application for issuing of license for performing insurance activities are accurate and do not contain falsified data and documents;
2. in case of change in the data contained in this application, as well as in the documentation enclosed to this application, will inform the Agency within 3 working days thereof;
3. will ensure compliance with the adopted laws and bylaws, and supervisory standards of the Agency, implement the measures imposed by the Agency and deliver all data and information requested by the Agency for the purpose of performing efficient supervision.

I/we hereby give consent for the data stated in this application to be registered, processed, updated, and published for the purposes of the Agency.

In Skopje, on _____, Signature of the Applicant