

Pursuant to Article 158-j item 1), Article 122 paragraph (1), items 2) and 3) of the Law on Insurance Supervision (Official Gazette of the Republic of Macedonia No. 27/02, 79/07, 88/08, 67/10, 44/11, 188/13, 43/14, 112/14, 153/15, 192/15 and 23/16), the Council of Experts of the Insurance Supervision Agency adopted the following:

RULEBOOK
on the form and content of the Financial Reports and the detailed content of the Annual Report on the operations of the insurance and/or reinsurance companies

General Provisions
Article 1

(1) This Rulebook regulates the form and content of the Financial Reports and detailed content of the Annual Report of the insurance and/or reinsurance companies (hereinafter: insurance companies) for the purpose of reporting to the Insurance Supervision Agency (hereinafter: the Agency) and other users as well as the deadlines and manner of reporting to the Agency.

(2) In the preparation of the Financial Reports and the Annual Report insurance brokerage companies and insurance agencies use the prescribed forms that apply to trade companies.

II. Annual Report
Article 2

(1) The Annual Report of the insurance companies contains:

- 1.1. Annual Financial Reports and
- 1.2. Annual Report on the operations.

(2) The Annual Report referred to in paragraph 1 of this Article must compulsory include information and disclosures prescribed by the Law on Insurance Supervision, the Law on Trade Companies, the Rulebook on Accounting, i.e. International Financial Reporting Standards (hereinafter: IFRS) translated and published in the Republic of Macedonia, and the provisions of this Rulebook.

(3) The Annual Report referred to in paragraph 1 of this Article must be mandatorily signed by all members of the management body of the insurance company.

Form and content of the Financial Reports
Article 3

(1) The Annual Financial Reports of the insurance companies referred to in Article 2, paragraph 1, item 1.1 of this Rulebook shall comprise the following reports:

- 1.1. Report on the financial position (Balance Sheet)
- 1.2. Report of comprehensive income (Profit and Loss Account)
- 1.3. Cash Flow Report

- 1.4. Report on Changes in Equity, and
- 1.5. Notes to the Financial Reports.

(2) Quarterly reports of the insurance companies consist of the following reports:

- 2.1. Report on the financial position (Balance Sheet) and
- 2.2. Report of comprehensive income (Profit and Loss Account).

(3) Insurance companies are obliged to compile financial reports referred to in items 1.1, 1.2, 1.3 and 1.4 of paragraph 1 and items 2.1 and 2.2 of paragraph 2 of this Article in accordance with the form and content of the same prescribed with the forms - Financial reports of the insurance companies which are given in Annex 1 of this Rulebook and are its integral part.

(4) Insurance companies are obliged to compile the Financial Reports referred to in items 1.1, 1.2, 1.3 and 1.4 of paragraph 1 and items 2.1 and 2.2 of paragraph 2 of this Article in accordance with the Instructions for Filling in the Financial Reports and the Overview of the Groups of Accounts and Accounts from the Account Plan for the insurance and reinsurance companies by individual positions in the Financial Reports provided in Appendix 3 to this Rulebook and are its integral part.

(5) In the Financial Reports, in the column for the previous business year, the insurance companies are obliged to present only amounts from the audited financial reports of the insurance company for the previous business year.

(6) All amounts in the financial reports are expressed in Macedonian denars.

Notes to the Financial Reports **Article 4**

(1) The notes to the financial reports referred to in Article 3 paragraph 1 item 1.5 of this Rulebook shall be compiled in accordance with the provisions of IFRS in such manner as to give:

1. Information on the basis for the compilation of financial reports and certain applied accounting policies and valuation methods in accordance with IAS 1;
2. Information in accordance with the requirements of IFRSs that are not presented in the Report on the financial position (Balance Sheet), Report on comprehensive income (Profit and Loss Account), Report on Changes in Equity or Cash Flow Report;
3. Notes to the financial reports that provide additional information which are not presented elsewhere in the financial reports but are necessary for understanding any component of the financial reports. These data shall include at least the data listed in Appendix 2 of this Rulebook and are its integral part.

Annual Report on the operations **Article 5**

Unofficial refined text

- (1) The annual report on the operation of insurance companies should include a description the general economic environment in which the company operates, the business policy of the company, analysis of the company's operations, financial result, financial condition, description of the underlying risks to which the company is exposed, share capital and shareholders of the company, development of the company, subsidiaries/affiliates of the company, activities of subsidiaries/branches abroad, basic data on the insurance group (if the company is part of a group), corporate governance, organizational structure and structure of the company's business network.
- (2) When describing the general economic environment, the insurance company needs to list the main factors that have a direct or indirect impact on the business operation of the company. In cases where the insurance company performs a significant amount of its activities in foreign markets, it is necessary to describe the most important economic trends in these countries and their impact on the activities of the company.
- (3) Regarding the business policy and objectives of the company, the insurance company should explain the long-term goals of its business policy and outline the planned activities to fulfill these goals in the coming years. In planning these activities special attention shall be paid to the risk management measures. The insurance company should explain the extent to which the forecast was realized for the financial year.
- (4) With regard to the analysis of the operations of the company, the insurance company should provide a detailed description of the operations under certain classes of insurance.
- (5) Regarding the financial result, the insurance company should disclose the main categories of income and expenses of the company for the business year and explain the changes in each individual item compared to the previous business year.
- (6) Regarding the financial position, the insurance company should disclose the structure of the assets and liabilities in the balance sheet by category of assets or liabilities and explain the changes in each individual item compared to the previous business year.
- (7) Regarding the description of the basic risks to which the company is exposed, the insurance company should explain the market, credit, operational and risk of insolvency as well as possible other risks that the company faces if they are relevant for assessing the assets and liabilities of the company, its financial position and financial result. In the description, the company is obliged to include measures and activities for managing all of the above risks.
- (8) Regarding the share capital and shareholders of the company, the insurance company shall disclose the total number of issued shares, the names of the shareholders, as well as the number and the nominal value of the shares held by the shareholders.
- (9) The report should include a description of the company's previous and future development, its research and development activities, as well as the investments made.

(10) The Report on the operation of the insurance company shall include other data relevant to its operation, such as data on the business network of the company, activities of the subsidiaries of the company abroad, investments of the company, activities of the insurance company in the field of research and development, number of employees and their qualification structure, support of information technology and other data that are considered important for accurate and reliable presentation.

(11) The report on the operation of the insurance company should include data on the relations (legal and economic) of the company with its parent company.

(12) An insurance company that is a management company within an insurance group shall present basic information about the insurance group and identify the groups of companies included in the report. The data on the companies in the insurance group shall include the name of the company, type of activity, ownership stake in the company, share in the voting rights, the nominal value of the shares at the end of the business year and structure of corporate governance.

(13) The report should also include information about the members of the management body and the supervisory body of the company.

(14) The Annual Report on the operations of the company shall also include:

- a) Legal status and head office of the insurance company, the date of its establishment and description of the changes in the internal Rulebooks during the business year;
- b) Name, address and date of appointment of a certified auditor;
- c) List of classes of insurance for which the insurance company has a license, along with the date of issue of the license for each class of insurance and the date on which the insurance company started operating in each class of insurance;
- d) List of types of insurance contracts that the insurance company provides concluded during the business year, stating the commercial name of each type of contract and its class of insurance.

III. Manner and deadlines for reporting

Annual Financial Reports and Annual Report

Article 6

(1) Insurance companies are obliged to submit to the Agency unaudited Annual Financial Reports and Annual Report for the business year which is equal to the calendar year no later than March 1 in the current year for the previous year.

(2) The company shall be obliged to submit the reports referred to in paragraph 1 of this Article to the Insurance Supervision Agency within the stated deadlines by electronic mail in a manner determined by the Agency.

Quarterly Financial Reports

Article 7

(1) Insurance companies are obliged to prepare quarterly Financial Reports referred to in Article 3 paragraph 2 of this Rulebook as of 31 March, 30 June, 30 September and 31 December in the current business year.

(2) Insurance companies are obliged to submit to the Agency quarterly reports within 30 days from the expiration of the last day of the accounting period for which the reports are prepared.

(3) The company shall be obliged to submit the reports referred to in paragraph 1 of this Article to the Agency within the specified deadlines in electronic form in a manner determined by the Insurance Supervision Agency.

IV. Transitional and final provisions

(Article 7 of the Rulebook on the form and content of balance sheets and detailed content of the annual report on the operations of the insurance and/or reinsurance companies published in the "Official Gazette of the Republic of Macedonia" No. 5/11)

This Rulebook shall enter into force on the day of its publication in the "Official Gazette of the Republic of Macedonia" and shall start to be applied in the preparation of the financial reports and the annual report of the insurance companies as of 31.12.2011.

(Article 3 of the Rulebook amending and supplementing the Rulebook on the form and content of balance sheets and detailed content of the annual report on the operations of the insurance and/or reinsurance companies published in the "Official Gazette of the Republic of Macedonia" No. 41/11)

This Rulebook shall enter into force on the day of its publication in the "Official Gazette of the Republic of Macedonia" and shall be applied from the date of application of the Rulebook on the form and content of the balance sheets and the detailed content of the annual report on the operations of the insurance companies and/or reinsurance ("Official Gazette of RM" No. 5/2011).

(Article 6 of the Rulebook amending and supplementing the Rulebook on the form and content of balance sheets and detailed content of the annual report on the operations of the insurance and/or reinsurance companies published in the "Official Gazette of the Republic of Macedonia" No. 64/11)

This Rulebook shall enter into force on the day of its publication in the "Official Gazette of the Republic of Macedonia" and it shall start to be applied in the preparation of the quarterly financial reports as of 30 September 2011.

(Article 4 of the Rulebook on amending and supplementing the Rulebook on the form and content of the financial reports and the detailed content of the annual report on the operations of the insurance and/or reinsurance companies published in the "Official Gazette of the Republic of Macedonia" No. 187/2013)

This Rulebook enters into force on the day of its publication in the "Official Gazette of the Republic of Macedonia" and it shall be applied in the preparation of the quarterly financial reports as of March 31.

(Article 3 of the Rulebook on amending and supplementing the Rulebook on the form and content of the financial statements and the detailed content of the annual report on the operations of the insurance and/or reinsurance companies published in the Official Gazette of the Republic of Macedonia No. 61/16)

(1) This Rulebook shall enter into force on the day of its publication in the "Official Gazette of the Republic of Macedonia", and shall be applied as of 1 April 2016.

(2) The companies are obliged to apply this Rulebook in the preparation of quarterly reports for the second quarter of 2016.

No. _____
from _____
Skopje

**President of the Council of Experts
Klime Poposki, Ph.D.**

Annexes are not translated in English