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LAW ON INSURANCE SUPERVISION

SECTION I

GENERAL PROVISIONS

General provisions

Article 1

This law shall govern the conditions for performing the activities of life and non-life insurance and reinsurance, insurance brokering activities, incorporation, operation, supervision and termination of activities of insurance and reinsurance trade undertakings (hereinafter: insurance undertakings), insurance brokerages and the National Insurance Bureau.

Right for insurance

Article 2

Legal entities and natural persons performing certain activities, and citizens of the Republic of Macedonia shall be insured with insurance undertakings incorporated in accordance with this Law.

Insurance Undertakings

Article 3

(1) Insurance undertakings are incorporated as joint stock undertakings with their main offices in the Republic of Macedonia under the conditions laid down in this law and the Law on Trade Undertakings.

(2) The name «insurance undertaking » or any words derived from the words « insurance

undertaking » may not be included in the name of a trade company or a legal entity which does not meet the conditions set forth in the paragraph 1 of this ariticle and may not be entered as such in the Trade Registry.

Insurance and Reinsurance Activities

Article 4

(1) Insurance undertakings may only conduct insurance and/or reinsurance activities.

9. Other property insurance covers damage or loss of property (other than damage covered in indents 3 to 7 of this Article) due to hail or frost, and damages other than those referred to in indent 8 of this Article (ex. theft);
10. Liability insurance in use of motor vehicles;
11. Liability insurance in the use of aircrafts covers damage that has occurred as a result of the use of an aircraft including the liability of the owner.
12. Liability insurance in the use of vessels covers damage that has occurred as a result of the use of a vessel including the liability of the owner
13. General liability insurance covers insurance liabilities other than those referred to in indents 10 to 12 of this Article.
14.

21. Life insurance linked with shares in investment funds, when the insurant assumes the investment risk in terms of change of value of the investment coupons or other investment fund securities;
22. Insurance of tontina (association of rental agencies??) is insurance of individuals joined together for the purpose of capitalizing their contributions paid in and distributing in proportion thereto the funds accumulated among persons that have reached a given age, or among the beneficiaries of insurance of deceased persons.
23. Insurance of funds for payment *(Capital redemption insurance)* is based on actuarial calculation whereby in exchange for one-off or periodical payments, insurants receive claims valid for a given period of time and in a certain amount.

Activities of insurance undertakings

Article 6

(1) Insurance undertakings may conduct insurance and reinsurance activities within separate classes of insurance classified in the following groups of insurance:

1) life insurance Activities, covering classes 19 to 23 of Article 6 of this law
2) non-life insurance, covering classes 1 to 18 of Article 6 of this law.

(2) Notwithstanding the provisions of paragraph 1 of this Article, an insurance undertaking conducting insurance activities which fall in the group of li

Article 7

(1) The following entities may conduct insurance activities.

1. Insurance undertakings with their main offices in the Republic of Macedonia that have been granted a license by the Minister of Finance to conduct insurance activities;
2. Branches of foreign insurance undertakings that have been granted a license by the Ministry of finance to conduct insurance Activities;
3. Insurance undertakings from member countries which, under this law, have set up branch offices on the territory of the Republic of Macedonia, or which, in accordance with this law have been authorized (licensed) to conduct directly insurance activities on the territory of the Republic of Macedonia.

(2) Insurance undertakings identified in paragraph 1 of this Article have the right to conduct only insurance activities as licensed by the ministry of finance

(3) For the purposes of this law, foreign countries are countries which are not EU members.

(4) For the purposes of this law, foreign insurance undertakings are insurance undertakings on the territory of a foreign country, and natural persons with their place of residence on the territory of a foreign country.

(5) For the purposes of this law, insurance undertakings of a member country are insurance undertakings on the territory of a EU member country or natural persons with a permanent place of residence in a member country.

Ban on Conducting Insurance Activities

Article 8

Only entities listed in Article 7 paragraph 1 of this law may carry on insurance activities.

Application of the Law to Domestic Insurance Undertakings and Other Entities

Article 9

(1) Provisions of this law shall apply to insurance undertakings and insurance brokerages with their main office in the Republic of Macedonia, insurance brokers and the association of insurers.

(2) Provisions of this law shall also apply to insurance undertakings conducting only re-insurance activities (hereinafter: re-insurance undertakings), unless otherwise laid down in this law.

(3) Notwithstanding the provisions of paragraph 2

Article 11

(1) Provisions of this law shall apply to insurance undertakings with main offices on the territory of a foreign country if they conclude insurance contracts on the territory of the Republic of Macedonia or if their services are in any manner promoted in the Republic of Macedonia.

(2) Special provisions of this law pertaining to insurance undertakings with their main offices on the territory of the Swiss confederation (hereinafter: Swiss insurance undertakings) and their branch offices shall be applicable only in cases of non-life insurance.

SECTION TWO
INSURANCE UNDERTAKING

Chapter 1
General Provisions

Insurance Undertaking

Article 12

(1) Insurance undertaking is a joint stock undertaking with a head office in the Republic of Macedonia licensed by the Minister of Finance to carry on insurance activities:

(2) Insurance undertakings may be incorporated as:

1) insurance undertakings;
1) reinsurance undertakings;
2) insurance and reinsurance undertakings.

Incorporation of Insurance Undertakings

Article 13

Legal entities and natural persons may incorporate insurance undertakings.

Stockholders of Insurance undertakings

Article 14

Stockholder in an insurance undertakings can not be person that is subject to bankruptcy proceedings.

Share Capital

Article 15

(1) The share capital of an insurance undertaking must be at a level not lower than the guaranty fund explained in Article 77 of this law.

(2) The Article of incorporation of an insurance undertaking defines the minimum amount of Sharecapital (hereinafter: share capital) necessary for the incorporation and operations of an insurance undertaking .

(3) In addition to the share capital explained in paragraph 2 of this Article, the insurance undertaking must also have upon incorporation additional funds to cover the costs of administrative and organizational establishment of the insurance undertaking in line with the cost estimate provided in the operational plan (hereinafter: organizational fund).

(4) Domestic legal entities and natural persons shall pay the respective denar counter values of the share capital explained in paragraph 2 of this Article and of the organizational fund explained in paragraph 3 of this Article, calculated at the applicable exchange rate of the National bank of the Republic of Macedonia on the date of payment, into separate interim accounts held with a payment transaction agent.

(5) Foreign legal entities and natural persons pay the funds referred to in paragraph 2 and paragraph 3 of this Article into a foreign currency account held with the National Bank of the Republic of Macedonia.

(6) Insurance undertakings must maintain the value of their share capital.

Share in the Capital of an Insurance undertaking

Article 16

(1) An individual stockholder may hold a stake of not more than 25% of the number of stocks of the insurance undertaking with a management right.

(2) When an insurance undertaking founds another insurance undertaking, then there are no limitations on the equity stake held.

(3) In terms of paragraph 1 of this law, individual shall mean any legal entity or natural person or related parties.

(4) For the purposes of this law, related parties shall mean two or

Chapter 2
Qualifying stakes

Consent on Acquisition of Qualifying stakes

Article 18

(1) Consent of the Minister of Finance is required for any direct or indirect acquisition of stocks in an insurance undertaking the aggregate amount of which exceeds the level of qualifying stakes in the insurance undertaking .

(2) Consent referred to in paragraph 1 of this Article is also required for acquisition, gradual or one-off, of 20%, 33%, 50% or 75% of the stocks conferring the right to manage the insurance undertaking .

(3) When the party that has obtained the consent referred to in paragraphs 1 and 2 of this Article wants to sell the stocks, thus reducing the stake under the limit consented to, they should notify the Ministry of Finance thereof.

(4) The Ministry of Finance, prior to issuing a decision to grant consent to acquisition of stocks referred to in paragraphs 1 and 2 of this Article, must notify the relevant supervisory body of a member country, if the prospective holder of qualifying stakes is:

1. an insurance undertaking licensed to operate in the insurance industry in that member country;
2. a controlling or a controlled undertaking of the insurance undertaking referred to in indent 1 of this paragraph.

(5) In the prospective holder of qualifying stakes is an insurance undertaking from a member country or a foreign insurance undertaking , the application for consent to the acquisition of qualifying stakes is supported by a consent or an opinion of the relevant regulatory body of that country.

(6) For the purposes of this law, qualifying stakes shall mean direct or indirect holdings of stocks or other rights on the basis of which the holder acquires 10% of the stocks conferring management rights in another legal entity.

Issuing a Decision to Grant the Consent for Acquisition of Qualifying stakes

Article 19

(1) Parties wishing to acquire qualifying stakes

(1) The Minister of Finance shall issue a decision to withdraw the consent for acquisition of qualifying stakes if:

1. the consent was granted on the basis of inaccurate information;
2. the holder of the qualifying stake or parties related therewith through certain activities or matters undertaken pose a threat to the operations of the insurance undertaking as specified in the rules on risk management;
3. the holder of the qualifying stake or parties related therewith either through performance of some activities or matters or in terms of the nature of their relationship render the supervision of the insurance undertaking impossible or considerably hampered;
4. in the event of a foreign party – holder of a qualifying stake: if in terms of the applicable legislation in their country of origin or with regard to the practice in the application of the legislation the supervision of the insurance undertaking is rendered impossible or is considerably hampered.

(2) Once the decision to withdraw consent for acquisition of qualifying stakes becomes effective, the holder of the qualifying stake loses the right to vote for the stocks in excess of 10% of the total number of voting stocks in the insurance undertaking .

Chapter 3
Managing Body and Supervisory Body of the Insurance Undertaking

Managing Body and Supervisory Body of the Insurance Undertaking

Article 22

(1) For the purposes of this law, managing bodies shall mean the managing board or the executive directors of the insurance undertaking.

(2) For the purposes of this law, supervisory body shall be the supervisory board or the non-executive directors in the insurance undertaking.

Conditions for the Performance of the Function Member of the Managing Board of the Insurance Undertaking

Article 23

(1) Individuals meeting the following conditions may be appointed members of the managing body:

1. Relevant professional qualifications and experience in managing an insurance undertaking
2. no record of a conviction punishable under the property or financial codes.

(2) The condition referred to in paragraph 1 indent 1 of this Article is deemed met when a person has university education - VII 1 degree and a minimum of 3 years working experience in managing insurance operations and financial operation.

Consent for Performance of the Function Member of the Managing Body

Article 24

(1) Consent of the Ministry of Finance is required for the performance of the function member of the managing body of an insurance undertaking .

(2) The insurance undertaking must apply for the consent referred to in paragraph 1 of this Article with the Ministry of Finance.

(3) Relevant documentation is attached to the application referred to in paragraph 2 of this Article evidencing that conditions specified in Article 23 of this law have been met.

(4) During the procedure on issuing the decision to grant the consent explained in paragraph 1 of this Article, the Ministry of Finance may decide that the applicant should present his/her management concept.

(5) When the Minister of Finance finds, on the basis of the documentation explained in paragraph 3 of this Article, that the applicant satisfies the conditions required for the performance of the function member of the managing body of the insurance undertaking , it shall issue a decision to grant the consent referred to in paragraph 1 of this Article.

(6) The Minister of Finance may refuse to grant the consent if the documentation provided on the previous work record and activities of the applicant shows that s/he could pose a threat to the operations of the insurance undertaking as specified in the risk management rules.

(7) When a person receives the consent to perform the function member of the managing body of the insurance undertaking , then s/he must, prior to being appointed to the same function in

another insurance undertaking , re-apply with the Ministry of Finance for the consent explained in paragraph 1 of this Article. Provisions of paragraph 4, 5 and 6 of this Article shall be appropriately applied to the granting of the consent explained in this Article.

(8) In response to the application for the license to conduct insurance activities, the procedure for issuing the decision to grant the consent explained in paragraph 1 of this Article runs concurrently with the procedure for awarding the license to conduct insurance activities.

Liabilities of the Members of the Managing Body of the Insurance undertaking

Article 25

The members of the managing body of the insurance undertaking shall:

1. ensure that the insurance undertaking operates in abidance with the risk management rules and in compliance with this law and other laws which govern the operations of the insurance undertaking;
2. control operating risks of the insurance undertaking and undertake relevant risk management measures;
3. introduce an internal control system of all aspects of the operations of the insurance undertaking , and an internal aud1eyo1(i)-4elevant risk

(2) Members of the managing body of the insurance undertaking must immediately notify the supervisory body in writing on the following:

1. appointment or end of mandate in supervisory bodies of other legal entities;
2. transactions on the basis of which a member of the managing body or his/her close relatives have directly or indirectly acquired stocks in a legal entity on the basis of which the participation of the member of the managing body, together with his/her close relatives, has exceeded the level of qualifying stakes in that legal entity, as well as in cases where his/her participation has dropped bellow the level of qualifying stakes in that legal entity.

Withdrawal of Consent for Performance of the Function Member of the Managing Body

Article 27

(1) The Minister of Finance shall issue a decision to withdraw the consent for the performance of the function member of the managing body if:

1. the consent was granted on the basis of inaccurate information;
2. actions of the member of the supervisory body are contrary to Articles 25 and 26 of this law.

(2) When a procedure for withdrawal of consent for the performance of the function member of the managing board is initiated due to non-compliance, which is also the reason for initiating a procedure for revocation of the license to conduct insurance activities of the insurance undertaking , the Ministry of Finance may decide to run the two procedures concurrently.

Supervisory Body of the Insurance Undertaking

Members of the Supervisory Body

Powers of the Supervisory Body of the Insurance Undertaking

Article 29

In addition to the powers laid down in the Law on Trade Undertakings, the supervisory body of the insurance undertaking shall also have the following powers:

1. adopt decisions taken by the managing body in terms of business policy of the insurance undertaking ;
2. adopts decisions taken by the managing body in terms of the financial plan of the insurance undertaking ;
3. adopts decisions taken by the managing body in terms of introduction of the internal audit system
4. adopts decisions taken by the managing body in terms of the annual operating plan of the internal audit department;
5. takes decisions on other issues as specified in this law.

Responsibilities of the Members of the Supervisory Body of the Insurance Undertaking

Article 30

(1) Members of the supervisory body of the insurance undertaking shall:

1. supervise the relevance of procedures and the efficiency of the internal audit
2. discuss the findings of the Ministry of Finance, the tax inspection and other relevant bodies in the procedure of supervision of the insurance undertaking ;
3. review annual reports and balance sheets of the insurance undertaking and provide an opinion thereto;
4. provide an opinion on the annual report of the internal audit and the annual report of the managing body and present the said documents to the Assembly of Stockholders of the insurance undertaking .

(2) Members of the supervisory body of the insurance undertaking are jointly and severally liable with the insurance undertaking for any loss resulting form their failure to meet the obligations specified in paragraph 1 of this Article, unless they can prove that they have demonstrated due care, diligence and honesty in their work.

(3) Members of the supervisory body of the insurance undertaking must immediately notify in writing the supervisory body on the following:

1. appointment or end of mandate in the supervisory bodies of other legal entities;
2. transactions on the basis of which a member of the managing body or his/her close relatives have directly or indirectly acquired stocks in a legal entity on the basis of which the participation of the member of the managing body, together with his/her close relatives, has exceeded the level of qualifying stakes in that legal entity, as well as in cases where his/her participation has dropped bellow the level of qualifying stakes in that legal entity.

SECTION THREE
INCORPORATION AND OPERATION OF THE INSURANCE UNDERTAKING

Chapter 1
Licenses to Conduct Insurance Activities

1. Types of License

Article 31

(1) The insurance undertaking shall obtain an incorporation and operation license from the Minister of Finance (hereinafter: license to conduct insurance activities).

(2) The insurance undertaking shall obtain a license from the Ministry of Finance for any introduction of a new class of insurance (hereinafter: license for introduction of a new class of insurance).

(3) The insurance undertaking shall obtain a license from the Minister of Finance for any transfer of insurance contracts to another insurance undertaking (hereinafter: license for transfer of insurance portfolios).

(4) The insurance undertaking shall obtain a license form the Minister of Finance for execution of a contract for transfer of a significant portion of their activities to another insurance undertaking or legal entity (hereinafter: license for outsourcing activities).

(5) The insurance undertaking shall obtain a license from the Minister of Finance for any change in the status of the insurance undertaking (hereinafter: license for changes in status).

(6) A foreign insurance undertaking shall obtain a license from the Minister of Finance for

incorporation and operation of a branch in the Republic of Macedonia (hereinafter: license for incorporation and operation of a branch office of a foreign insurance undertaking).

(7) An insurance undertaking shall obtain a license from the Minister of Finance to establish and operate a branch office in a foreign country (hereinafter: license for establishment and operations of a branch abroad).

2. License for Performance of Insurance Activities

Application for license for Performance of Insurance Activities

Article 32

(1) The following is attached to the application for license to conduct insurance activities:

1. draft Articles of incorporation;
2. draft charter;
3. plan of operations;
4. plan of operatit charter;

3.1.

activities;

10. documentation which could be used to ascertain that the insurance undertaking has the human, technology and organizational resources to conduct the activities specified in the Articles of incorporation of the insurance undertaking .

(2) If the stockholder is a foreign natural person or legal entity that is a direct or indirect majority stakeholder of foreign physical or legal entities, the following is attached to the application referred to in paragraph 1 of this Article:

1. evidence that the foreign insurance undertaking is licensed to operate in the country of origin, if the foreign stakeholder is an insurance undertaking ;
2. opinion of the foreign supervisory body of the insurance undertaking , if the foreign stakeholder is an insurance undertaking ;
3. audit report produced by a chartered audit house on the last preceding business year if the foreign stakeholder is a legal entity which is not an insurance undertaking .

(3) A certificate issued by an authorized actuary should be attached to the application for license to conduct insurance activities confirming that the insurance undertaking shall provide the required level of solvency margin to ensure the carrying on of the planned type and scope of activities.

Decisions Related to Granting a License to Carry on Insurance Activities

Refusal of the Application for License to Carry on Insurance Activities

Article 34

(1) The Minister of Finance shall refuse the application for license to carry on insurance activities if:

1. stockholders of qualifying stakes have not received the consent as required by Article 18 paragraph 1 and 2 of this law;
2. proposed members of the managing body of the insurance undertaking have not received the consent for the performance of the function member of the managing body as required by Article 24 paragraph 1 of this law;
3. the documentation provided shows that the insurance undertaking is poorly equipped in terms of personnel, technology and organizational set up to carry on the activities specified in the plan of operations ;
4. the draft business policy documents of the insurance undertaking show that there are no conditions in place for the performance of insurance activities by the insurance undertaking as required by this law;
5. the draft charter and the draft business policy documents of the insurance undertaking are in breach of the provisions of this law;
6. the premiums and the provisions calculated are insufficient for a permanent and full coverage of the liabilities of the undertaking which arise from insurance contracts;
7. the insurance undertaking has failed to satisfy the other conditions required by this or other law and the relevant secondary legislation pertaining to the performance of insurance activities in general and/or performance of insurance activities which fall into a specific class of insurance which are covered by the license to conduct insurance activities.

(2) Without prejudice to the provisions of paragraph 1 of this Article, the Minister of Finance shall refuse the application for license to carry on insurance activities within the classes of compulsory insurance and the supplementary (*top up)* health insurance, if the general and the special conditions of insurance policies are contrary to the provisions regulating the compulsory and the supplementary (*top up)* health insurance.

Articles of Incorporation

Article 35

The insurance undertaking shall adopt the Articles of incorporation within 60 days following the

date on which license to conduct insurance activities was granted.

Entry in the Trade Registry

Article 36

(1) Insurance undertakings shall acquire the status of legal entities upon entry in the trade registry.

(2) In addition to the documentation required by the Law on Trade Undertakings, the following is attached to the application for entry in the trade registry:

1) Evidence that the necessary amount of share capital and organizational fund required has been paid into separate interim accounts held with a payment transaction agent, or evidence that the foreign founder has paid the foreign currency amount into a separate account held with the National Bank of the Republic of Macedonia;
2) Evidence that stockholders of the insurance undertaking have transferred the non-material *(intangible, in-kind)* assets required for the organizational fund
3) The license explained in Article 31 paragraph 1 of this law.

(3) Within 30 days from the day of the entry in the trade registry, the assets of the stockholders in nonmaterial form on the account of the organizational fund are transferred into the possession of the insurance undertaking.

(4) Following the entry in the trade registry, the court shall send a copy of the decision on entry in the trade registry to the Ministry of Finance.

(5) The Ministry of Finance keeps records of insurance undert

(2) The insurance undertaking must notify in writing the Ministry of Finance on commencement or termination of activities falling under a given class of insurance for which the insurance undertaking has received the license upon commencement or termination.

Plan of Operations

Article 38

(1) The plan of operations referred to in indent 1, paragraph 1 Article 32 of this law contains:

1. basis of business policy
2. classes of insurance within which the insu

Business Policy Documents

Article 39

(1) Business policy documents of the insurance undertaking are:

1) general and special insurance terms and conditions by groups and classes of insurance;

2) premium tariffs by groups and classes of insurance with a premium structure as specified in Articles 78 and 79 of this law;

3) rulebook on formation of technical provisions for insurance and policy of managing funds;

4) rulebook on placement of technical provision assets;

paragraph 1 of this Article, provisions of Article

2. data on the assets covering the technical and/or mathematical provisions, indication of their size and data on the basis of which the size may be checked;
3. modifications of the plan of operations of the insurance undertaking assuming the insurance portfolio which are a result of the transfer;
4. agreement on the transfer of the insurance portfolio.

thereto. If the relevant supervisory body of the Member country fails to provide consent within 3 months from the receipt of the request for consent, it will be deemed to have no objections to the transfer of the insurance portfolio.

(6) Provisions of paragraph 4 of this Article shall also apply to the transfer of the insurance portfolio of a branch of a Swiss Insurance undertaking in the Republic of Macedonia.

(7) If a foreign insurance undertaking applies for consent from the Ministry of Finance to transfer the insurance portfolio to a branch in a member country, then the Ministry of Finance shall take a relevant decision.

(8) If an insurance undertaking from a member country plans to transfer the insurance portfolio to a branch in the Republic of Macedonia, the Ministry of Finance shall inform the relevant supervisory body of the member country on any likely objections to the transfer within three months from the receipt of the application for consent.

(9) If a confirmation is requested from the Ministry of Finance for a transfer of the insurance portfolio of an insurance undertaking from a member country as specified in paragraph 4 of this Article, the Ministry of Finance shall issue or refuse to issue the relevant confirmation.

(10) When an insurance undertaking from a member country plans to transfer the insurance portfolio to an insurance undertaking from another member country, whereby the insurance portfolio transferred also covers risks on the territory of the Republic of Macedonia, the Minister of Finance, in accordance with paragraph 5 of this Article, may refuse to give consent to the transfer, if the interests of the insurants are jeopardized. The decision to refuse to give consent shall be issued within three months from the receipt of the notification of the planned transfer by the relevant supervisory body of the respective member country.

5. License to Outsource Activities

Agreement on Outsourcing Activities

Article 45

(1) The agreement on outsourcing activities is an agreement with which the insurance undertaking transfers a significant part of their activities to another insurance undertaking or a legal entity.

(2) For the purposes of this law, the following shall be outsourced activities:

1) management of funds which cover the technical provisions and/or mathematical provisions of the insurance undertaking ;
2) satisfaction (*payment)* of claims, and
3) accounting.

(3) It must be stipulated in the agreement on outsourcing non-principal activities that the entity agreeing to assume the activities must provide the insurance undertaking with the data as specified in paragraph 2 Article 47 of this law to be used by the insurance undertaking only for the purposes listed in paragraph 2 Article 47 of this law.

License for Outsourcing Activities

Article 46

(1) The Minister of Finance shall refuse the application for license to outsource activities if due to the type and the scope of outsourced activities the interests of the insurants are jeopardized, or if the outsourcing of activities renders the supervision of the insurance undertaking impossible or difficult.

(2) To grant the license for outsourcing activities, the Ministry of Finance may require that additional conditions be satisfied by entities agreeing to conduct the outsourced activities, if so required in order to ensure that interests of the insurants are protected.

Supervision of Performance of Outsourced Activities

Article 47

(1) Provisions of this law applying to the supervision of insurance undertakings shall also apply to entities agreeing to perform the outsourced activities.

(2) Insurance undertakings must submit data to the Ministry of Finance on the legal status, financial condition and operations of the entity wi0 TD-ed

6. License on Changes in Status

Article 48

(1) The insurance undertaking shall obtain a license from the Minister of Finance for any changes in status.

(2) Changes in status in terms of paragraph 1 of this Article shall mean merger (*amalgamation)* of insurance undertakings or de-merger of an insurance undertaking into several independent insurance undertakings.

(3) Unless otherwise laid down in this law, provisions specified in Article 32 to 39 of this law shall apply to the license to make changes in status referred to in paragraph 1 of this Article.

(4) The decision to grant the license referred to in paragraph 1 of this Article shall be issued concurrently with the decision to grant the license referred to in paragraph 1 Article 31 of this law, unless the application for license of paragraph 1 of this Article is filed after the license to conduct insurance activities has been granted.

Chapter 2
Conditions of Insurance Policies and Disclosure to Insurants

Insurance Contracts and General Terms and Conditions of Policies

Article 49

(1) If the insurance covers risks on the territory of the Republic of Macedonia, the insurance contract shall in particular contain the following data:

1) events on the basis of which the liability arises of the insurance undertaking to make payments due on the basis of the insurance contract, as well as events due to which the liability of the insurance undertaking disappears;
2) method of satisfaction, scope and falling due of liabilities of the insurance undertakings;
3) amount and terms and conditions for premium payment, as well as legal consequences in cases of overdue payment;
4) validity period of the insurance contract, which should contain in particular:

- method of automatic renewal *(extension)* of the insurance contract;

6) the right to delay or cancel the insurance contract;
7) referral to the ministry of finance, as the relevant supervisory body of insurance undertakings to which a complaint may be lodged with reference to insurance undertakings and insurance brokerages.

(2) In cases of life insurance or insurance against accidents with a right to a refund of a portion of the insurance premium, in addition to the data listed in paragraph 1 of this Article, the notification sent to the insured shall also contain:

1) basis and criteria for distribution of profits;
2) table of policy surrender value;
3) minimum amount of premium and minimum amount of insurance required for capitalization of the insurance contract and the associated rights of the insurant;
4) where the investment risk is borne by the insurant, funds set aside to cover the mathematical provisions against that particular type of insurance and the structure of investment of those funds;
5) tax legislation applicable to insurance.

Informing Insurants During the Period of Validity of the Insurance Contract

Article 51

(1) During the period of validity of the insurance contract specified in Article 83 of this law, the insurance undertaking or the insurance brokerage shall inform the insurant of:

1) any change of the name, legal status, main office or address of the insurance undertaking or its branch office through which the insurance contract was concluded;
2) change of data specified in Article 50 of this law or data specified in indents 1 to 4 paragraph 2 Article 50 of this law, if these changes occurred as a result of modification of regulations.

(2) During the period of validity of the insurance contract referred to in paragraph 2 Article 50 of this law, the insuranc

Content of General Terms and Conditions of Policies and Reporting on Policies

Article 52

The language of the General and special terms and conditions of policies and the notification referred to in Article 50 and 51 of this law shall be clear and unambiguous Macedonian.

Chapter 3
Performance of Insurance Activities Outside the Territory of the Republic of Macedonia

Performance of Insurance Activities in a Member Country

Article 53

(1)The insurance undertaking, either through a branch office or directly, may conduct insurance activities on the territory of a member country for those classes of insurance as licensed by the Minister of Finance to conduct insurance activities on the territory of the Republic of Macedonia provided that they meet the conditions specified in the regulations of that member country.

(2) When the insurance undertaking concludes insurance contracts covering risks in a member country, it will be deemed to conduct insurance activities in that member country.

(3) Paragraph 2 Article 10 of this law shall apply in determining the choice of the country where risks are covered.

Commencement of Insurance Activities in a Member Country

Article 54

(1) Insurance undertakings planning to commence insurance activities in a member country must give a prior notice to the Ministry of Finance identifying the member country. The notice shall contain a description of insurance activities to be conducted by the insurance undertaking, the type and the scope of activities by given classes of insurance, expanded plan of operations and a confirmation specified in paragraph 2 Article 32 of this law.

(2) When an insurance undertaking plans to establish a branch office in a member country, then

the notice of paragraph 1 of this Article shall also contain:

1) the names of the individuals to manage the branch office;
2) the address of the branch office in the member country, wherefrom documentation on the branch office may be obtained.

(3) The ministry of finance shall not later than within one month forward the notice explained in paragraph 1 and 2 of this Articl

Article 54 of this law plans to expand their operations to other classes of insurance which are not listed in the notice of paragraph 1 and 2 of Article 54 of this law, or if conditions or circumstances have changed.

Reporting on Operations in a Member Country

Article 57

(1) Insurance undertakings conducting insurance activities in a member country shall furnish the Ministry of Finance with separate annual reports on their operations in each member country. Separate reports are produced for insurance activities carried on through a branch office and insurance activities carried on directly.

(2) The report referred to in paragraph 1 of this Article shall contain data on premiums, damages and commissions, including re-insurance data.

(3) The Minister of Finance shall prescribe the detailed content of the reports and give the deadline for submission.

(4) At the request of the relevant supervisory body of a member country, the Ministry of Finance shall provide a full compilation of information on the reporting data referred to in paragraph 1 of this Article.

Performance of Insurance Activities in a Foreign Country

Article 58

(1) Insurance undertakings may conduct insurance activities in a foreign country only through a branch office.

(2) Insurance undertakings shall obtain a license from the Minister of Finance to establish and operate through a branch office in a foreign country.

(3) Provision of paragraph 1,2,4, 5 and 6 of Article 54 of this law shall apply to the issuing of the decision to grant the license to establish and operate through a branch office in a foreign country.

(4) The Minister of Finance may also refuse to grant the license for establishment and operation of a branch in a foreign country if, taking into consideration the legislation of the country where a branch is to be established and/or the common practice of application of the legislation in that country, the supervision as required by this law is likely to be seriously hampered.

Chapter 4
Free (*Unrestricted)* Performance of Insurance Activities by an Insurance Undertaking from a Member Country

Insurance Undertakings from a Member Country

Article 59

(1) Insurance undertakings from a member country that hold the license to conduct insurance activities in given classes of insurance in that member country may carry on those classes of insurance activities on the territory of the Republic of Macedonia either through a branch or directly.

(2) With respect to the operations of the insurance undertaking referred to in paragraph 1 of this Article or a branch office of the undertaking on the territory of the Republic of Macedonia, the following provisions of this law shall apply:

1) Article 49 to 52 of this law;
2) Article 145 of this law;
3) Provisions of the law which regulates the compulsory transport insurance.

Commencement of Performance of Insurance Activities

Article 60

of the classes of insurance within which the insurance undertaking conducts insurance activities in the member country.

(4) A branch office of an insurance undertaking from a member country shall discontinue the performance of insurance activities in the Republic of Macedonia if:

1) the relevant supervisory body of the member country decides that the insurance undertaking does not have the capital required to continue to carry on insurance activities through a branch office, or;
2) the license of the insurance undertaking to conduct insurance activities in the member country expires.

(5) Notwithstanding the provisions of paragraph 1 of this Article, the insurance undertaking from a member country may commence the carrying on of activities of compulsory insurance on the territory of the Republic of Macedonia, if it presents a document to the ministry of finance, issued by the National Association of Insurers, evidencing that the insurance undertaking is a member of the association.

(6) Notwithstanding the provisions of paragraph 1 of this Article, the insurance undertaking from a member country may commence the carrying on of activities of compulsory insurance for transportation or top up health insurance if it receives from the Ministry of Finance an approval of the general and special conditions of policies with respect to those classes of insurance.

Supervision of Insurance Undertakings from a Member country

Article 61

(1) The supervision of insurance undertakings from member countries conducting insurance activities on the territory of the Republic of Macedonia is carried out by the relevant supervisory bodies of their respective member countries.

(2) The relevant supervisory body of the member country or their authorized persons have the right to directly supervise the insurance undertaking's operations on the territory of the Republic of Macedonia.

(3) In cases explained in paragraph 1 of this Article, the relevant supervisory body from the member country, or their authorized persons, have the same authorizations as the Ministry of finance under the provisions of Article 202 of this law.

(4) The ministry of finance shall, at a request made by the relevant supervisory body of the

Chapter 5
Carrying on of Insurance Activities by a Foreign Insurance Undertaking

Carrying on of Insurance Activities

Article 64

the insurance undertaking establishing the branch is and/or taking into consideration the practice acquired trough the application of the said legislation there is a likelihood that the supervision as required by this law may be seriously hampered.

2) insurance undertakings with main offices in the Republic of Macedonia may not conduct insurance activities in a country in which the main office of the insurance undertaking establishing a branch is or if under the regulation in that country insurance undertakings with their main offices on the territory of the republic of Macedonia do not share a competitive opportunity to conduct insurance activities with the national insurance undertakings.

Special Provisions for Establishment and Operations of a Branch of a Swiss Insurance Undertaking

Article 65

(1) Prior to issuing a decision to grant the license for establishment and operation of a branch office of a Swiss insurance undertaking , the Ministry of Finance shall notify and seek an opinion from the relevant supervisory body of the Swiss confederation. If the relevant supervisory body of the Swiss confederation fails to respond within three months from the receipt of the notification, it shall be deemed to have no objections to the establishment and operations of the branch.

(2) Prior to issuing a decision to grant the license for establishment and operation of a branch office of a Swiss insurance undertaking , the Ministry of Finance shall notify and seek an opinion form the relevant supervisory body of the Swiss confederation. If the Ministry of Finance issues a ban on conclusion of new insurance contracts to the branch office of the Swiss insurance undertaking during the period preceding the receipt of the opinion, it shall immediately notify the relevant supervisory body of the Swiss Confederation thereof.

Chapter 6
Consent

Article 66

(1) The insurance undertaking shall apply for consent from the Ministry of Finance to:

1) modification of the Charter
2) modification of the Articles of incorporation;

3) gradual or one-off acquisition of stocks with an aggregate cumulative value of 10,20,33,50 and 75 % of the total number of stocks issued with the management right of the insurance undertaking , irrespective of whether the stocks are acquired by one or several related parties;
4) proposed members of the managing body;
5) change of the name of the insurance undertaking ;
6) assignment of insurance contracts specified in Article 199 of this law;

(2) The Minister of Finance shall prescribe in greater details the method, the procedure and the documentation required to obtain consent of paragraph 1 of this Article.

SECTION FOUR
RISK MANAGEMENT

Chapter 1
General Provisions

Risk Management

Article 67

(1) Insurance undertakings shall at any time have the required capital base with respect to the scope of work and the classes into which insurance activities conducted fall, as well as the risks to which insurance undertakings are exposed in the carrying on of activities (hereinafter: required level of margin of solvency).

Capital of Insurance undertakings

Article 68

The capital of the insurance undertaking (hereinafter: capital) is made up of the basic and additional capital and is calculated in the manner specified in the provisions of this chapter.

Basic Capital

Article 69

(1) When calculating the basic capital of the undertaking , the following items shall be taken into considerations:

1) paid-up share capital excluding the paid-up share capital from cumulative preferred stocks;
2) provisions of the undertaking (statutory and specified in the charter) which do not arise from insurance contracts;
3) undistributed profit carried forward;
4) current year undistributed profit (after taxes and other contributions and the dividend payable), if the amount of the profit has been verified by an authorized auditor;

(2) When calculating the basic capital of the insurance undertaking , the following items shall be not be included:

1) stocks held by the insurance undertaking;
2) long terms non-material *(intangible)* assets;
3) uncovered loss carried forward and current year loss;
4) other potential liabilities that the insurance undertaking is obliged to show in the off-balance sheet.

Safety Provisions

Article 70

(1) Safety provisions are assets earmarked for the satisfaction of long term insurance liabilities.

(2) Insurance undertakings shall set aside in the safety provisions not less than one third of the profit shown in the end-of-year accounts unless the profit is used to cover previous years' losses.

(2)Insurance undertakings that have set aside safety provisions at a level not lower than 50% of the average insurance premiums collected over the last two years, whereby previous years' premiums are increased for the value of the retail price index growth, inclusive of the year for which the profit is distributed, do not have the obligation to set aside a portion of the profit into the safety provisions.

Additional Capital

Article 71

(1) When calculating the additional capital of the insurance undertaking , the following items are taken into consideration:

1) paid-up share capital from

2) Investment made by the insurance undertaking into stocks or subordinate debt instruments issued by another insurance undertaking or other financial institution other than those referred to in indent 1 of this paragraph, which exceed 10% of the capital of the insurance undertaking calculated prior to the deduction of the items listed in indent 1 of this paragraph and this item.

Article 73
Investments of Insurance Undertaking 's Assets

(1) Insurance undertakings shall keep the funds on accounts held in the Republic of Macedonia and invest the funds in the Republic of Macedonia.

(2) Individual restrictions on investments that an insurance undertaking may make shall amount up to:

1) 60% of the capital investments in real estate, and capital investments in other insurance undertakings, financial institutions and other legal entities;
2) 15% of the capital in advance payments and loans which the insurance undertaking approves under the general terms and conditions of insurance with presentation of their own policies for which premiums are paid on time, whereby individual investments of the insurance undertaking in such loans may not exceed 1% of the value of capital.

(3)The insurance undertaking may invest the assets of the capital in banks and may approve loans to legal entities by securing a bank guarantee without limitations, abiding by the principles of liquidity, safety and profitability.

(4) The total investments of the insurance undertaking in one bank may not exceed 25% the capital of the insurance undertaking .

(5) The total investments of an individual entity which is not a bank may not exceed 10% of the capital of the insurance undertaking .

(6) Loans of paragraph 3 of this Article are ap

Regulation on Risk Management

Article 74

The Ministry of Finance shall prescribe in greater details:

1) the method and the degree to which individual items shall be used in the computation of the capital and the required level of the margin of solvency of the insurance undertaking ;
2) the type and the description of items which will be considered in the computation of the capital of the insurance undertaking ;
3) features of subordinate debt instruments referred to in paragraph 3 of Article 71 of this law;
4) rules of computation of the required level of margin of solvency of the insurance undertaking consistent with Article 75 and 76 of this law;
5) rules and minimum standards of computation of technical provisions;
6) types and properties of assets covering the technical provisions and assets covering the mathematical provisions, as well as the details on the investments and limitations on investments and their evaluation.
7) method of computation of the amount of own stocks of the insurance undertaking in the table of maximum cover and the method of computation of the highest possible damage;
8) method of computation of the ratios of liquidity and minimum level of liquidity;
9) detailed content of the reports explained in Article 104 of this law, as well as deadlines and reporting methods.

Required Level of Margin of Solvency of Insurance Undertakings Conducting Non-life Insurance Activities

Article 75

(1) The capital of the insurance undertaking conducting non-life insurance activities and/or reinsurance must at any time be at least equal to the required level of margin of solvency of the

1) the total amount of gross insurance and re-insurance premiums in the last business year is reduced by the amount of suspended or written off premium amounts in that business year.
2) the result:
   - is multiplied by 0.18 for up to EURO 10 000 000
   - is multiplied by 0.16 for any amount exceeding EURO 10 000 000
3) The result from the application of this method is obtained when the sum total of the two scores specified in indent two of this paragraph is multiplied with the ratio (not lower than 50%) obtained as a result of :
   - the amount of gross payments of damage claims in the last preceding business year, excluding damages covered with re-insurance;
   - the amount of gross payments of damage claims in the last preceding business year, including damages covered with re-insurance.

(3) When applying the method **damage rate,** the required level of margin of solvency is computed in the following manner:

1) total amount of gross payments of damage claims for insurance and reinsurance for the last three business years is increased by the gross damage provisions on the basis of insurance and reinsurance at the end of the last business year of the period and reduced by the gross damage provisions on the basis of insurance and reinsurance as at the beginning of the period, divided by 3.
2) The result:
   - is multiplied by 0.26 for up to EURO 7 000 000
   - is multiplied by 0.23 for any amount exceeding EURO 7 000 000
3) The result from the application of this method is obtained when the sum total of the two scores specified in indent two to this paragraph is multiplied with the ratio (not lower than 50%) obtained as a result of :
   - the amount of gross payments of damage claims in the last preceding business year, excluding damages covered with re-insurance;
   - the amount of gross payments of damage claims in the last preceding business year, including damages covered with re-insurance.

(4) Insurance undertakings providing insurance against one or several risks: credits and guarantees, storms, hail or frost, when calculating the amount the average amount referred to in paragraph 3 indent 1 take into consideration the period of the last seven business years, divided by 7.

(5) The required level of the margin of solvency for the first year of business of the insurance

undertaking is computed only by applying the premium rate method.

(6) Notwithstanding the provisions of paragraph 1 of this Article, the required level of margin of solvency, with respect to health insurance to which probability tables and calculations similar to life insurance apply, shall be equivalent to one third of the required level of margin of solvency explained in paragraph 1 of this Article or paragraph 2 of Article 76 of this law, provided that it is higher and that the following conditions are met:

1) insurance premiums are calculated on the basis of computations of probability, applying actuarial basis

insurance covered with reinsurance.

(3) The **Second result** is calculated for those classes of insurance where the risk capital is not a negative figure in the following manner:

1) The total amount of risk capital as at the last day of the preceding business year, including the risk capital against insurance covered with reinsurance is multiplied with 0.003;
2) The result obtained as explained in indent 1 of this paragraph is multiplied with the ratio applicable in the last preceding business year (not lower than 50%) obtained as a result of:
   - the sum total of the risk capital as at the last day of the last preceding business year, excluding the risk capital against insurance covered with reinsurance; and
   - the sum total of the risk capital as at the last day of the last preceding business year, including the risk capital against insurance covered with reinsurance.

(4) The risk capital explained in paragraph 3 of this Article is a difference between the insured amount in the event of death and the mathematical provisions set aside.

(5) When calculating the required level of margin of solvency of insurance undertakings conducting life insurance activities to cover death, the amount referred to in paragraph 3 indent 1 of this Article is multiplied with 0.001 if the insurance contract is made for a period of 3 years, or 0.0015 if the insurance contract is for a period of four years.

(6) When insurance undertakings conducting life insurance activities provide supplementary (top up) insurance related to insurance against personal injuries, including loss of business capacity, insurance against death as a result of an accident and insurance against disability as a result of accident or sickness, the required level of margin of solvency for those classes of insurance is calculated in the following fashion:

1) average amount of gross premiums for insurance and reinsurance in the last business year is reduced by the gross suspended or written off premium amounts for that business year;
2) The result:
   - is multiplied by 0.18 for up to EURO 10 000 000
   - is multiplied by 0.16 for any amount exceeding EURO 10 000 000
3) The result from the sum total of the two scores specified in indent 2 of this paragraph is multiplied with the ratio of the last preceding business year (not

lower than 50%) obtained as a result of :

- the amount of gross payments of damage claims in the last preceding business year, excluding damages covered with re-insurance;
- the amount of gross payments of damage claims in the last preceding business year, including damages covered with re-insurance.

(7) Notwithstanding the provisions of paragraph 1 of this Article, the required level of margin of solvency in respect of capital redemption insurance explained in indent 23 paragraph 1 Article 5 of this law should bear to the first sum explained in paragraph 2 of this Article.

(8) Notwithstanding the provisions of paragraph 1 of this Article, the required level of margin of solvency in respect of insurance specified in indent 21 paragraph 2 Article 6 of this law should be computed in the following manner:

1) Where the insu

in indents 10, 11, 12, 13 and 15 of paragraph 2 Article 5 of this law;
2) EURO 500 000**,** if insurance policies cover all or some risks of classes of insurance specified in indents 1, 2, 3, 4, 5, 6, 7, 8, 16 and 18 of paragraph 2 Ar

Article 79

Life insurance premium is made up of:

1) portion of the premium against mathematical provisions – saving element;
2) portion of the premium against risk premium; and
3) portion of the premium against operating costs of the insurance undertaking.

Chapter 3
Technical Provisions
Technical Provisions

Article 79

(1) For the purposes of permanently securing the

Provisions in Respect of Bonuses and Discounts

Article 82

Provisions for bonuses and discounts are set aside at the level equivalent to the amount which insurants are entitled to receive on the basis of:

1) the right to a share of the profit as well as other rights arising from insurance contracts (bonuses);
2) the right to a partial reduction of the premium level (discounts)
3) the right to refund of the portion of the premium related to the unused period of insurance due to early termination of insurance (cancellation).

Provisions in Respect of Damages

Article 83

(1) Provisions for damages are set aside at a level of the estimated liabilities which the insurance undertaking is due to satisfy on the basis of contracts for insurance where the insured event occurred prior to the expiry of the accounting period irrespective of whether the event was reported or not, including all costs arising form overdue payments of obligations of insurance undertakings of satisfied damage claims.

(2) Damage provisions, in addition to the estimated liabilities against reported and unsettled damages, include the estimated liabilities against damages which have occurred but have not been reported.

Mathematical provisions

Article 84

(1) Mathematical provisions are set aside at the level of the current value of estimated future liabilities of insurance undertakings arising from insurance contracts reduced for the current value of future premiums payable under the said contracts.

(2) The mathematical provisions are calculated by using respective actuarial estimates, taking into consideration all the future liabilities of the insurance undertaking arising from individual insurance contracts, including the following:

1) guaranteed payments to which insurants are entitled;
2) bonuses to which insurants are entitled, individually or jointly with other insurants irrespective of the form of bonuses;
3) any right which the insurants may opt for on the basis of insurance contracts; and

4) costs, including commission payments.

(3) When deciding on the methods of actuarial evaluation, regard should be taken of the methods of evaluation of assets covering the technical provisions applied by the insurance undertaking .

(4) The mathematical provisions should be calculated separately for each individual contract. Respective generalizations may only be applied when it is obvious that the results obtained are approximate to the one obtained in the individual calculation.

(5) Where on the basis of the insurance contract the insurant is entitled to a payment of the policy surrender value, the mathematical provisions set aside in respect of the relevant insurance contract shall not be below the policy surrender value.

(6) The insurance undertaking shall attach to the annual report an explanation of the basis and the methods applied to calculate the mathematical provisions.

Other Technical Provisions

Article 85

Other types of technical provisions shall be set aside against anticipated future liabilities and risks of large scale damages arising from the insurance cover against liability of a pharmaceutical producer, earthquake, flood, as well as other liabilities and risks arising from insurance contracts which are not subject to any of the provisions specified in indent 1 to 3 paragraph 1 and paragraph 2 and 3 of Article 80 of this law.

Chapter 4
Assets Covering Technical Provisions

Assets covering Technical Provisions

Article 86

(1) Assets covering technical provisions are funds of the insurance undertaking used to cover future liabilities of the insurance undertaking arising from insurance contracts, as well as any possible losses in respect of those risks associated with the performance of insurance activities against which the insurance undertaking has the obligation to set aside funds for technical provisions.

(2) The insurance undertaking shall invest funds at a level not lower than the value of the technical provisions (hereinafter: assets covering the technical provisions) subject to the provisions of this Chapter and the associated secondary legislation adopted on the basis of indent 6 Article 74 of this law.

Investment of Assets covering Technical Provisions

Article 87

(1) When deciding on the type of investment of assets covering the technical provisions, the insurance undertaking shall take into account the classes of insurance activities it carries on in such manner as to ensure safety, profitability and liquidity of investments.

(2) Assets covering the technical provisions shall be diversified in such manner as to ensure that there is no excessive reliance on any category of assets, markets or investments.

(3) The insurance undertaking shall adjust those investments of assets covering the technical provisions which are exposed to a risk of potential loss due to a change in interest rates, exchange rate fluctuations, credit risk and other market risks to the liabilities under insurance contracts on which those changes may have an impact.

(4) When investing the assets covering technical provisions the insurance undertaking is obliged to take into consideration the maturity of its liabilities arising from the insurance contracts.

(5) Notwithstanding the provisions of paragraph 4 of this Article, the insurance undertaking may adjust their investments of funds for Mathematical provisions to the liabilities under insurance contracts with amounts contingent upon the fluctuation of the exchange rate only up to 80%.

Types of Allowed Investments

Article 88

(1) Assets covering the technical provisions may be invested as follows:

1) bank accounts and deposits in banks licensed by the National Bank of the Republic of Macedonia, provided that they bear interest.
2) bonds or other securities issued or guaranteed by the National Bank of the Republic of Macedonia.
3) certificate of deposits and other securities issued by banks licensed by the national

Bank of the Republic of Macedonia.

4) mortgage securities issued by banks licensed by the National Bank of the Republic of Macedonia.
5) bonds and other securities issued or guaranteed by the Republic of Macedonia.
6) stocks issued on the basis of an approval granted by the Securities and Exchange Commission listed on the primary and secondary market of the Macedonian Stock Exchange or some other recognized exchange supervised by the Commission.
7) bonds and other securities issued by joint stock companies on the basis of an approval granted by the Securities and Exchange Commission listed on the primary and secondary market of the Macedonian Stock Exchange or some other recognized exchange supervised by the Commission;
8) commercial notes issued by blue chip joint stock companies in the Republic of Macedonia.
9) documents confirming a holding in stocks and units of investment funds in the Republic of Macedonia operating in compliance with the Law on Investment funds;
10) bonds and other securities issued by foreign governments and central banks of EU member countries, Japan or the USA;
11) bonds and other securities issued by foreign non-governmental companies or banks from EU member countries, Japan or the USA;
12) bonds and other securities traded on the main stock exchanges in EU member countries, Japan or the USA*;*
13) documents confirming a holding in stocks and units of licensed investment funds with main offices in a EU member country, Japan or the USA which have invested mainly in (listed) registered stocks on respective stock exchanges;
14) forward contracts denominated in foreign currency and financial derivatives, provided that those types of investment are made for risk hedging purposes;
15) other types of investment in line with the rules specified by the Ministry of Finance, provided that they are not contrary to paragraph 2 Article 89 of this law;

(2) In accordance with Article 74 indent 6 of this law, the Minister of finance shall prescribe other types of investment of assets covering the technical provisions, ensuring that they are in adherence to the principles of safety, profitability and tradability.

(3) Trading in securities issued by insurance undertakings is done only on regulated secondary capital markets, except in cases of government issued securities and bank certificates of deposit which may be acquired directly from the issuer, and in respect of documents of units and stocks in investment funds, which may also be directly acquired from an open or a closed type

investment fund.

Limitations of Certain Investments

Article 89

(1) Investments by certain types of instruments referred to Article 88 paragraph 1 of this law are subject to the following limitations;

1) not more than 20% pecuniary assets covering the technical provisions may be invested in instruments of a foreign issuer outside of the Republic of Macedonia. This limitation applies to all the provisions of this Article.
2) not more than 80% of assets covering the technical provisions may be invested in instruments referred to in Article 88 paragraph 1 indent 2 and 5 of this law;
3) not more than 60% of assets covering the technical provisions may be invested in instruments referred to in Article 88 paragraph 1 indent 1, 3 and 4 of this law;
4) not more than 40% of assets covering the technical provisions may be invested in instruments explained in Article 88 paragraph 1 indent 7 and 8 of this law;
5) not more than 30% of assets covering the technical reserves may be invested in instruments explained in Article 88 paragraph 1 indent 6 of this law;
6) not more than 20% of assets covering the technical reserves may be invested in instruments explained in Article 88 paragraph 1 indent 9 of this law.

(2) In addition to the limitations listed in paragraph 1 of this Article, investments of assets covering the technical provisions shall be subject to the following limitations:

1. not more than 5% of the value of assets covering the technical provisions may be invested into stocks, bonds or other securities of a single issuer, or into loans extended to a single borrower;
2. not more than 3% of the value of assets covering the technical provisions may be cash-in-hand investments.

(3) Assets covering the technical reserves shall not be invested in:

1. stocks, bonds and other securities not listed on a recognized exchange or not publicly traded;
2. instruments which cannot be legally disposed with (which cannot be legally alienated)
3. tangible assets which are rarely registered on recognized markets and with unreliable appraisal, such as for example antiques, works of art and motor vehicles;
4. real estate or any share in a real estate other than securities issued against a

mortgage and indirect investment in investment funds;

5. stocks, bonds and other securities issued by:
   -1. stockholder of an insurance undertaking
   -2. individuals and entities associated with those listed in sub-item 1 of this indent
6. futures contracts, options and other derivatives, with exception of forward foreign currency contracts and other financial instruments used only for risk hedging purposes;

Chapter 5
Assets covering the Mathematical Provisions

Assets covering the Mathematical Provisions

Article 90

(1) Assets covering the mathematical provisions are those assets covering the technical provisions earmarked for the covering of liabilities of the insurance undertaking arising from those classes of insurance that require the setting aside of the mathematical provisions.

(2) Assets covering the mathematical provisions may only be used to pay damages arising from those classes of insurance for which the mathematical provisions were set aside.

Requisite Cover

Article 91

(1) The requisite cover includes the mathematical provisions. In respect of life insurance, including life insurance where the insurants bear the investment risk burden, the requisite cover, in addition to the mathematical provisions, also includes provisions for premiums carried forward, provisions for damages and provisions for bonuses and discounts.

(2) The requisite cover shall be calculated separately for each class of insurance, in accordance with paragraph 2 Article 92 of this law.

Obligation to Set Aside Assets Mathematical Provisions

Article 92

(1) The insurance undertaking issuing policies of those classes of insurance for which it has an

obligation to set aside mathematical provisions shall set aside and manage the assets to cover the mathematical provisions separately from the other assets of the undertaking .

(2) The insurance undertaking shall set aside separate assets to cover the mathematical provisions for each of the following classes of insurance:

1) life insurance other than life insurance explained in indent 2 of this paragraph;
2) life insurance where the investment risk is borne by the insurant with exception to the premiums carried forward, the reserve for damages and the additional

Article 94

(1) Where the insurants' rights arising from insurance contracts are directly contingent upon the

(3) As regards life assurance and those types of insurance to which probability tables and calculations similar to life assurance apply, use of assets covering mathematical provisions shall be restricted to that portion of assets covering mathematical provisions the value of which:

1. is in equal relation to the requisite cover with regard to that insurance from which the claim arises, as is the relation between the total assets covering mathematical provisions and requisite cover for all policies issued by the insurance undertaking within the class of insurance for which assets covering mathematical provisions were set aside;

2. does not exceed the requisite cover with regard to the insurance from which the claim arises.

Separating Investments in Securities

Article 96

(1) The insurance undertaking shall open a separate account with the Central Securities Registry for each type of asset invested in securities to cover the mathematical provisions.

(2) The Central Securities Registry shall at the request made by the Ministry of finance furnish the ministry of finance with information on the balance of securities in which assets covering the mathematical provisions are invested and allow control thereto.

Investments in Bank Deposits and Loans

Article 97

(1) With regard to investments relating to assets covering mathematical provisions in the form of bank deposits or loans, an insurance undertaking shall enter into an agreement with a bank or debtor in its own name and on behalf of the assets covering mathematical provisions.

(2) If the loan referred to in paragraph 1 of this Article is secured with a mortgage on real estate, the insurance undertaking shall ensure that the lien be entered in the land registry to the credit of the assets covering Mathematical provisions as a creditor.

(3) If the loan referred to in paragraph 1 of this Article is secured with a pledge on securities, the insurance undertaking shall ensure that the lien be entered in the central registry to the credit of the assets covering Mathematical provisions as creditor.

(4) In all other types of Lombard loans relating to paragraph 1 of this Article which are not regulated by paragraphs 2 and 3 of this Article, the pledge must be established to the credit of the

1. a table of maximum cover compiled on the basis of the share capital, safety provisions, statutory provisions and the premium due;

2. basis and criteria for determining the highest probability of loss with regard to the present circumstances of importance for the risk and the level of agreed cover.

(3) In the calculations referred to in paragraph 2 of this Article, the insurance undertaking shall take into account in particular:

1. the volume of capital and the required level of margin of solvency;
2. the total volume of business;
3. insurance premiums collected within groups and classes of insurance;
4. amount of the risk taken (level of agreed coverage) in individual classes of insurance according to the bases referred to in indents 2 and 3 of this paragraph ;
5. adjustments due to deviations within individual classes of insurance.

Coinsurance

Article 101

An insurance undertaking shall not co-insure the level of risk exceeding the risk it is not capable of covering as per individual classes of insurance in accordance with the tables of maximum cover referred to in indent 1 of paragraph 2 Article 100 of this Law.

Statistical Standards in Insurance

Article 102

(1) In the statistical processing of concluded insurance contracts, risk covered by them, events insured against and claims, insurance undertakings shall adhere to statistical standards in insurance.

(2) Insurance statistical standards shall be adopted by the National Insurance Bureau, following an approval issued by the Ministry of Finance.

Liquidity Management

Article 103

(1) An insurance undertaking shall manage its assets so as to be able, at any point in time, to satisfy liabilities due.

(2) In order to secure against liquidity risk, an insurance undertaking shall execute the policy of regular liquidity management, through:

1. the planning of both forecasted and likely cash outflows and relevant cash inflows;
2. the regular monitoring of liquidity; and
3. the adoption of appropriate measures to prevent or eliminate causes of non-liquidity.

(3) An insurance undertaking shall calculate th

solvency laid down in Articles 75 or 76 of this Law;

2. if, on account of dividend payout, the insurance undertaking ’s capital would decrease under the level of the required margin of solvency laid down in Articles 75 or 76 of this Law;
3. if the insurance undertaking fails to achieve the minimum liquidity stipulated by the regulation referred to in indent 8 of Article 74 of this Law;
4. if, on account of dividend payout, the insurance undertaking was not able to achieve the minimum liquidity stipulated by the regulation referred to in indent 8 of Article 74 of this Law;
5. if the Ministry of Finance instructed the insurance undertaking to eliminate the inappropriate presentation of items on the assets and liabilities sides of the balance sheet, of which an appropriate presentation would affect the insurance undertaking’s profit-and-loss account, until the insurance undertaking eliminates the violations specified in the said instruction.

Measures Taken by the Managing Body to Provide the

Relevant Level of Margin of Solvency

Article 106

(1) If the insurance undertaking , as a result of increased capital requirements or for some other reasons, fails to secure the relevant level of margin of solvency as required by Article 75 and 76 of this law, the managing body shall immediately take measure as authorized to secure the relevant level of margin of solvency or propose measure to be undertaken under the remit of other bodies of the insurance undertaking .

(2) The managing body shall inform the Ministry of Finance of the proposed or undertaken

Protection of personal data and in accordance with stand alone special regulations relating to databases in the field of insurance.

(2) Insurance undertakings and the National Insurance Bureau may establish and maintain the following databases:

1. database on insurants;
2. database on losses suffered;
3. database intended to assess insurance cover and level of compensation.

(3) In the database referred to in indent 1 of paragraph 2 of this Article , the following personal data shall be collected:

1. name and surname, date and place of birth, permanent or temporary residence of the insurant ;
2. name of insurance undertaking , number of policy, validity period of insurance, insured event and insurance cover.

(4) In the database referred to in indent 2 paragraph 2 of this Article , the following personal data shall be collected:

1. name and surname, date and place of birth, permanent and temporary residence, nationality of persons involved in a loss event, as well as the same data on witnesses;
2. criminals offences and violations relating to loss events;
3. type of loss event;
4. place, time and the course of loss event;
5. description of the loss relevant to the loss event.

(5) In the database referred to in indent 3 of paragraph 2 of this Article , the following data shall be collected:

1. name and surname, date and place of birth, permanent or temporary residence of the insured person with regard to which the insurance cover is being established,

(6) Personal data referred to in paragraphs 3, 4, and 5 of this Article shall be collected in the following way:

1. as a rule, directly from the relevant individual;
2. from other persons (witnesses to loss occurrences);
3. the data referred to in paragraph 3 of this Article may also be collected from databases kept by individual insurance undertakings and the National Insurance Bureau;
4. the data referred to in indents 1, 3, 4 and 5 of paragraph 4 of this Article may also be collected from databases kept by the ministry of interior;
5. the data referred to

Article 110

(1) For the purposes of this Law, actuarial tasks are performed by certified actuaries.

(2) A certified actuary shall be a person holding a license to perform the tasks of certified actuary granted by the Ministry of finance.

(3)The Ministry of finance may authorize a body or a legal entity to grant the license for a professional occupation actuary and certified actuary.

Autonomy in the Performance of the Function of Certified Actuary

Article 111

Certified actuaries are independent and autonomous in the conduct of their activities and are liable for the accuracy of determined actions**.**

Condition to Operate as a Certified Actuary

Article 112

(1) Only persons meeting the following conditions may obtain a license of a certified actuary:

1. higher education (*university degree level);*
2. no criminal record in the area of commercial or property law;
3. the applicant has passed a professional examination which tests the expertise required to perform the tasks of certified actuary;
4. a minimum of three years of experience in the insurance industry or to work on conducting insurance supervision .

(2) The Minister of Finance shall prescribe in greater details the conditions for and organize the testing of the expertise required to obtain the license of a certified actuary.

(3) The Minister of Finance shall issue a decision to withdraw the license to perform the tasks of a certified actuary in the following cases:

1) if the license was obtained by stating false data;
2) if the person has been found guilty of an offense punishable under the property and commercial laws over the last three years;
3) if the certified actuary severely violates the rules of the

(5) Supervision of certified actuaries shall be carried out by the Ministry of Finance. The provisions of Articles 159 to 162 and Articles 165 and 166 of this Law shall reasonably apply to the supervision of certified actuaries.

appoint a new certified actuary, the Minister of Finance shall issue a decision on the elimination

actuary on the annual accounts.

(8) If the certified actuary finds in performing the tasks referred to in the paragraph 2 of this Article that the premiums have not been calculated or the technical provisions not set aside in accordance with the provisions of this law, or they are calculated or set aside in such a way that the long-term satisfaction of the insurance undertaking ’s obligations arising from the abovementioned insurance contracts is threatened, he/she shall immediately report to the managing body of the insurance undertaking . If the managing body fails to take into consideration the certified actuary’s report, the actuary shall immediately inform the Ministry of Finance thereof.

Preparation and Presentation of Annual Accounts

Article 120

(1) Insurance undertaking shall prepare annual accounts for each business year, which shall be the same as the calendar year and submit to the Ministry of Finance within the first quarter of the current year for the last preceding year.

(2) Insurance undertakings shall use accurate and true data in their annual accounts.

Verifications by a Certified Actuary of Annual Reports

Article 121

(1) The annual report of insurance undertakings must include the confirmation issued by a certified actuary referred to in paragraph 3 of Article 116 of this Law, together with his/her opinion on whether premiums and technical provisions were calculated in

Article 125

(2) Internal auditors shall prepare an annual report on internal auditing, which shall contain:

1. a report on the realization of the annual programme of operation;
2. an overview of significant knowledge gained in the examination of operation.

Reporting to the Ministry of Finance

Article 130

If, during the audit, the auditor finds that the insurance undertaking or a person related to the insurance undertaking act in breach of the risk management rules, and the insurance undertaking encounters a threat of non-liquidity or insolvency, or the safety of insurants is jeopardized, the auditor must immediately inform the Ministry of Finance thereof.

Content of the Audit Report

Article 131

(1) The Certified auditor audits and reports on:

1) the balance sheet;
2) the profit and loss account;
3) changes in the financial position;
4) balance and changes in the technical provisions;
5) balance and structure of investments of assets covering the technical provisions;
6) balance and structure of investments of assets covering the mathematical provisions;
7) application of risk management rules;
8) internal audit;
9) manner of maintaining trade books;
10) quality of the information system of the insurance undertaking;
11) accuracy and completeness of reports sent to the ministry of finance;
12) evaluation of balance sheet and off-balance sheet items and the accounting policy;
13) distribution of profits.

(2) The Minister of Finance shall prescribe in greater details the form and the content of audit reports, as well as the minimum audit coverage.

(3) The Ministry of Finance may ask for additional clarification related to the audit.

(4) Where the audit or the audit report are not prepared as required by paragraph 1 and 2 of this Article, the Ministry of Finance shall not approve the report and request that audit be carried out again by another certified auditor, with expenses covered by the insurance undertaking .

Publication of the Audit Report

Article 132

The insurance undertaking shall publish the audit re

Chapter 2
Insurance brokers
Insurance Brokering activities

Article 135

(1) For the purposes of this law, the following are insurance brokering activities: intermediation in the negotiations for insurance and reinsurance cover and in the realization of damage claims against an actual insured loss event.

(2) The provisions of the obligations law applying to agreements on intermediation shall apply to contracts on insurance brokering activities, unless otherwise laid down in this Law.

Carrying on of Insurance broker Activities

Article 126

(1) Insurance brokering activities may be performed by insurance brokers in employ of the insurance brokerage undertaking referre

3) he/she has not been found guilty of an offence punishable on conviction under the property or financial law.

(2) The Ministry of finance shall issue a decision to withdraw the license for insurance brokerage if:

1) it was obtained on the basis of a statement of false data;
2) the insurance broker has been found guilty of an offense punishable on conviction under the property or financial law;
3) operates contrary to the provisions of paragraph 1 of Article 134 of this Law;
4) operates contrary to the provisions of paragraph 3 of Article 142 of this Law,
5) operates in breach of the code of good practice.

Insurance Broker License

Article 139

(1) The application for an insurance broker license is filed with the Ministry of Finance.

(2) Documentation evidencing that the conditions specified in paragraph 1 Article 138 of this law are met is attached to the application referred to in paragraph 1 of this Article.

(3) The Minister of Finance shall issue a decision in response to the application referred to in paragraph 1 of this Article to grant or refuse the license.

(4) Applications filed without the documentation referred to in paragraph 2 of this Article shall be refused with a decision.

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insurant;

2) act as an intermediary on behalf of the insurant in the conclusion of the insurance contract which, taking into account all the relevant circumstances of the insurant, provides the best possible cover;
3) inform the insurance undertaking of the proposal of an insurant to enter into an insurance contract; and submit to the insurant the policy conditions, informing him of the regulations on premium determination;
5) check the contents of the insurance policy;
6) lend assistance to the insurant during the term of validity of the insurance contract both prior to and after the occurrence of the event insured against, and in particular ensure that legal activities relevant to retaining and exercising the rights arising from the insurance contract are performed by insurants by the deadlines determined with regard to such legal activities.

(3) Where insurance brokers act as intermediaries in the realization of damage claims, they shall cooperate with the individuals in charge - services of the clients to prepare the evidence on the basis and the level of the claim and gather all other relevant evidence.

Clash of interests

Article 141

(1) An insurance broker shall disclose to the insurant all the legal and economic relations with a particular insurance undertaking which may affect the impartiality of an insurance broker in fulfilling the obligations towards insurants.

(2) The legal and economic relations under paragraph 1 of this Article shall be considered to be, in particular, the clauses of agreements on brokering made with an insurance undertaking on the basis of which an insurance broker is entitled to a special or higher commission rate for brokering in respect of particular classes of insurance or for certain insurance undertakings.

Commission

Article 142

(1) An insurance broker shall not be entitled to charge commission or any other payment from the insurant, unless otherwise stipulated in the agreement on brokering made with the insurant.

(2) If it is stipulated in the agreement on brokering made with the insurant that the insurance broker is entitled to commission, he/she shall acquire the entitlement to the commission when the insurance contract for which he/she is brokering takes effect.

(3) Provisions stipulated in the agreement on brokering which are in breach of paragraph 2 of this Article are deemed null and void.

(4) The insurance broker shall notify the insurant on the amount of commission charged to the insurance undertaking as per the insurance brokering contracts concluded.

Ban on Brokering

Article 143

(1) Insurance brokers broker in the conclusion of contracts only with insurance undertakings incorporated in compliance with this law.

Article 145

(1) License granted by the Minister of Finance (hereinafter: license to carry on insurance brokering activities) is required for carrying on insurance brokering activities.

(2) Provisions of Article 32 paragraph 1 shall reasonably apply to the application for license to carry on insurance brokering activities.

(3)Insurance brokerages should attach to the application for license to carry on insurance activities evidence that the conditions specified in Article 148 and 150 have been met.

Application for License

Article 146

The application for license to carry on insurance brokering activities is filed with the Ministry of Finance.

Activities of Insurance Brokerages

Article 147

(1) Insurance brokerages carry on insurance brokering activities through insurance brokers.

(2) Insurance brokerages may only carry on insurance brokering activities.

(3) Without prejudice to the provisions of paragraph 1 of this Article, insurance brokerages may perform activities specified in indent 3 to 6 paragraph 4 Article 4 of this law.

Incorporation of Insurance Brokerage

Article 148

(1) Insurance brokerages are incorporated as joint stock companies headquartered in the Republic of Macedonia licensed by the Minister of Finance to perform insurance brokering activities.

(2) Domestic and/or foreign legal entities and/or natural persons may found insurance brokerages.

(3) The minimum initial capital required for the performance of insurance brokering activities is EURO 75 000.

(4) Insurance brokerages shall employ a minimum of two brokers in order to perform insurance brokering activities.

Business Policy Documents of Insurance Brokerages

Article 149

The following are business policy documents of insurance brokerages:

1. business policy basis;
2. fees for conducted services;
3. feasibility study with a projection of anticipated business results for a minimum of a three year period.

Insuring Liabilities of Insurance Brokerages

Article 150

Insurance brokerages shall insure their liabilities towards policy holders in the event of breach of the provisions of the intermediation contract in a given amount which in respect of an individual insured event shall not be lower than EURO 250 000 and/or in respect of all insured events in a given year not lower than EURO 500 000.

Reporting

Article 151

Insurance brokerages shall report to the Ministry of Finance on:

1. modification of data entered in the trade registry;
2. structure and scope of insurance brokering activities separately for all insurance undertakings on a quarterly basis;
3. legal and economic relations referred to in paragraph 2 Article 141 of this law.

Register of Insurance Agents and Brokers and Insurance Brokerages

Article 152

(1) The National Insurance Bureau shall keep a register of insurance brokerage and insurance undertakings authorized to perform businesses related to insurance brokerage on the territory of the Republic of Macedonia in compliance with this law.

(2) An insurance undertaking shall keep a register of insurance agents employed by the insurance undertaking .

(3) Each insurance brokerage shall keep a regist

businesses related to insurance brokering activities from indent 1 of paragraph 1 Article 138 of this law;

2. regulations on the method of keeping the register referred to in Article 152 of this

Article 157

(1) On the territory of the Republic of Macedonia, a foreign insurance brokerage may perform insurance brokering activities through a branch.

(2) Provisions of this chapter, save for Article 155 and 156 of this law, shall apply to a foreign insurance brokerage which has established a branch on the territory of the Republic of

out by the Ministry of Finance, in co-operation with the competent supervisory authority.

(4) If an insurance undertaking engages in the insurance business referred to in indent 18 of Article 5 of this Law, the Ministry of Finance shall also conduct supervision of the technical qualifications of the persons providing travel aid.

Carrying out of Supervision

Article 160

(1) The Ministry of Finance shall conduct the supervision of insurance undertakings by:

1. permanent off-site supervision of the activities of insurance undertakings by, collecting, analyzing and verifying reports and notifications by insurance undertakings and other entities in accordance with the provisions of this law;
2. annual on-site (in part or in full) supervision of the activities of insurance companies (control) as well as additional supervision where it is in the best interest and for protection of rights of insurants;
3. determining measures of supervision in compliance with this Law.

(2) The Ministry of Finance, during the supervision, may request form the insurance undertaking;

1. to provide reports and information on the activities of the undertaking;
2. to provide reports on the audit and any additional information associated with the audit;
3. statistical and other data by groups and classes of insurance and reinsurance, as well as extraordinary reports on the operations of the insurance undertaking.

(3) During the supervision, the insurance undertaking shall make all the documentation freely available to the authorized officers. Authorized officers may retain and take with them only copies of the documents of the insurance undertaking.

Annual Fees for Carrying Out Supervision

Article 161

(1) For the carrying out of the supervision specified in indents 1 and 2 of Article 160 of this Law, insurance undertakings shall pay an annual supervision fee credited to the budget of the Republic of Macedonia, in an amount to be set by the Decision for determination of the fee for conducting

insurance supervision of the Ministry of Finance.

(2) If an insurance undertaking fails to pay the fee by the deadlines stipulated by the Decision specified in paragraph 1 of this Article, the court shall issue an order to the insurance undertaking for a mandatory collection of the fee.

(3) The Minister of Finance shall prescribe the Decision for determination of the fee for conducting insurance supervision.

Costs of supervision

Article 162

(1) When a measure of supervision in compliance with the provisions of this Law is imposed on an insurance undertaking , the insurance undertaking must pay a one-off fee to be credited to the Central budget of the Republic of Macedonia to cover the costs of supervision in line the Decision specified in paragraph 1 Article 161 of this law.

(2) The insurance undertaking pays the one-off fee specified in paragraph 1 of this Article as directed or instructed in the supervision measures.

Reporting

Regular Reporting and Reporting Require(If a(gula)1quirn602(n)-.4e)-4.6(ll.TTf2d)5.1(Re)T1

6. major changes in ownership structure of shares conferring managing rights save for cases referred to in Article 66 paragraph 3 of this law where consent is not required;
7. there are legal grounds for termination of the insurance undertaking or withdrawal of license to carry on insurance activities;
8. change of the main office of the insurance undertaking;
9. modification of business policy documents;
10. introduction of new products.

(2) The managing body of an insurance undertaking shall immediately notify the Ministry of Finance in writing if:

1. the liquidity or solvency of the insurance undertaking becomes endangered;
2. grounds exist for withdrawal of the license to perform insurance activities or withdrawal of the license to perform insurance activities of a given class of insurance;
3. the financial position of the insurance undertaking changes to such an extent that the insurance undertaking no longer provides the required level of margin of solvency under Articles 75 or 76 of this Law.

Chapter 3
Measures of supervision

1. General provision

Measures of supervision
Article 164

Pursuant to this law, the measures of supervision of an insurance undertaking shall be as follows:

1. direction to eliminate violations;
2. imposition of additional measures;
3. withdrawal of license;
4. liquidation of the insurance undertaking;
5. proposal for initiation of a bankruptcy procedure against the insurance undertaking;

2. Elimination of violations

Direction to Eliminate Violations

Article 165

(1) The Ministry of Finance shall issue a direction to eliminate violations if it is discovered during the supervision process of an insurance undertaking that:

1. a member of the managing board of the insurance company does not have the consent under Article 24 of this Law;
2. an insurance undertaking no longer satisfies the conditions for performing insurance activities;
3. an insurance undertaking performs activities which under this Law, it is not licensed to perform;
4. an insurance undertaking violates risk management rules;
5. an insurance undertaking violates rules on maintaining books of account and business reports, on internal audits, or

eliminated, the Minister of finance shall issue a decision to render the direction out of force, stating that the violations have been eliminated. The Ministry of Finance may, before issuing the decision, carry out a partial supervision of operation of the insurance undertaking.

(3) The Minister of Finance shall issue the decision referred to in paragraph 2 of this Article within 30 days of receiving the report on the elimination of violations. Otherwise, it shall be deemed that the violations have been eliminated.

Additional Measures

Article 167

(1) If during the supervision it is ascertained that an insurance undertaking operates in breach of risk management rules, the Minister of Finance it may issue an instruction to eliminate the referred to in paragraph 1 of this Article 165 of this law violations, imposing therewith the following additional measures:

1. it shall instruct the managing board of the insurance undertaking to adopt a plan of measures to ensure the required margin of solvency of the insurance undertaking ;
2. instruct the managing board of the insurance undertaking and the supervisory board to convene a general Assembly of shareholders and to propose the adoption of appropriate resolutions, such as:
    - a resolution to increase the initial capital of the insurance undertaking through new rights issue;
    - a resolution to increase the initial capital of the insurance undertaking by means of profit;
3. prohibit the insurance undertaking from entering into new insurance contracts;
4. impose a ban on the insurance undertaking from making particular types of payments and/or payments to particular entities;
5. impose a bank on the insurance undertaking from engaging in transactions with individual shareholders, members of the managing board, members of the supervisory board, related entities or investment funds managed by a company which is an entity related to the insurance undertaking ;
6. instruct the managing board of the insurance undertaking to undertake measures relating to:
    - improving risk management procedures;
    - changing the activities of the insurance undertaking in respect of particular classes of insurance;

- restricting the granting of loans;
- improving procedures for collecting overdue receivables of the insurance undertaking ;
- the correct valuation of balance-sheet and off-balance-sheet items;

dismiss a member or several members of the board of directors and appoint a new member or several members of the board of directors if the insurance undertaking continuously fails to satisfy the obligation for timely and due reporting or provision of data to the Ministry of Finance or if it otherwise obstructs the supervision.

(4) Where the Minister of Finance has instructed the insurance undertaking to undertake additional measures specified in paragraph 1 of this Article, the report explained in paragraph 1 Article 166 shall also contain an explication and supporting evidence on the additional measures undertaken.

Withdrawal of License to Carry On Insurance Activities

Grounds for Withdrawal of License to Carry On Insurance Activities

Article 168

(1) The Minister of Finance shall issue a decision to withdraw the license granted to an insurance undertaking to perform insurance activities in the following cases:

1. if the license was obtained by providing false data;
2. if the insurance undertaking has failed to produce a report on elimination of violations in accordance with paragraph 1 Article 166 of this Law;
3. it is found on the basis of the report referred to in paragraph 1 Article 166 of this law or on the basis of the partial supervision referred to in paragraph 2 Article 166 pf this law that the violations detected have not been eliminated or that additional measures have not been undertaken.
4. it makes any changes without consent specified in Article 66 of this law;
5. the supervisory board failed to dismiss a member or several members of the managing board and appoint new ones within the deadline set in paragraph 2 of this law, or if the newly appointed members of the managing board did not ensure the elimination of violations as defined in paragraph 3 of Article 167 of this Law within two months of their appointment;
6. it refuses to cooperate with the Ministry of Finance in the carrying out of the on and off-site supervision and fails to provide access to the full documentation

classes of insurance.

(3) Insurance companies shall terminate their activities following the issuing of the decision referred to in paragraph 1 of this Article.

4. Liquidation

Grounds for Initiation of Liquidation

Article 169

(1) The Ministry of Finance shall issue a decision for the initiation of liquidation in the following cases:

1. if the general Assembly of shareholders takes a decision to terminate insurance undertaking;
2. if the license to carry on insurance activities has been withdrawn;
3. if an authorization to perform the function of member of the managing board has been withdrawn, or if a member has been dismissed, or has not performed the function of a member of the managing board for more than six months and the supervisory board has, within a period of three months, not appointed a new member of the managing board in compliance with this Law and, for this reason, the insurance undertaking does not have at least two members of the board of directors.
4. the insurance undertaking has failed to bring its activities in compliance with the provisions of this law

(2) The Minister of Finance must issue the decision specified in this Article within eight days, which shall run:

1. in the case under indent 1 of paragraph 1 of this Article, from the date of receipt of the notification sent by the managing board;
2. in the case under indent 2 of paragraph 1 of this Article , from the day on which the decision to withdraw the license was issued;
3. in the case under indent 3 of paragraph 1 of this Article , from the expiry of the three-month deadline for the appointment of a new member of the managing board.
4. in the case under indent 4 paragraph 1 of this Article, from the date of expiry of the deadline for bringing the activities of the insurance undertaking in compliance with the provisions of this law.

(3) The Ministry of Finance shall file an application with the court of competent jurisdiction for the commencement of liquidation with the decision verifying that the conditions for initiation of a liquidation procedure are in place attached thereto.

Bodies Administering the Liquidation

Article 170

(1) The court based in the region in which the insurance undertaking's main office is shall be the court of competent jurisdiction for the commencement and implementation of liquidation.

(2) The liquidation council and the liquidator are bodies of the court of competent jurisdiction implementing the liquidation.

(3) The court designates the liquidation council.

Decision to Initiate Liquidation

Article 171

(1) The liquidation council shall issue a decision to open a liquidation within eight days as of the day of receipt of the application for initiation of liquidation without a hearing.

8. the date of investigative hearing.

Delivery and Announcement of the Decision to Initiate Liquidation

Article 174

(1) The decision to initiate liquidation is delivered to the Ministry of Finance, the insurance undertaking concerned, the banks and the payment transaction agent where the insurance undertaking's account is held.

(2) The decision to initiate liquidation is also delivered to the court administering the trade registry.

(3) The court referred to in paragraph 2 of this Article shall register the initiation of liquidation ex officio on the basis of the decision to initiate liquidation.

(4) The decision to initiate liquidation is made public by posting on the bulletin board of the court of competent jurisdiction.

Prohibition from Entering into New contracts

Article 175

Upon initiation of liquidation, the liquidator of the company may not conclude new contracts other than contracts necessary for the for the realisation of the assets in liquidation with a previous consent given by the liquidation council and the court of competent jurisdiction.

Legal Effects of Liquidation

Article 176

As of the date of issuing of the decision on initiation of liquidation, all rights and obligations of the members of the managing board and the superv

from the date of initiation of liquidation and report clarifying the balance items for liquidation.

(2) The liquidator shall forward the balances for liquidation and the report mentioned in paragraph 1 of this Article to the competent court and the Ministry of Finance within 15 days following the date of initiation of liquidation.

Rights and Responsibilities of Liquidator

Article 178

(1) The liquidator has the rights and responsibilities of the managing body of the insurance undertaking.

(2) The liquidator represents the insurance undertaking.

(3) the liquidator signs in a manner in which the suffix “liquidation” is attached to the trade name.

Termination of Contracts

Article 179

Liabilities of the insurance undertaking arising from the insurance contracts shall disappear in liquidation within 30 days following the date of initiation of liquidation.

Distribution of Assets

Article 180

(1) The liquidator has the duty to collect the insurance undertaking’s claims, convert the remaining assets into cash and settle the liabilities outstanding to the insurants arising from insurance contracts and to the remaining creditors.

(2) Following the conversion of assets into cash, the liquidator informs the liquidation council with a proposal for distribution of the liquidation estate.

(3) On the basis of the proposal made by the liquidator, the liquidation council shall issue the decision to distribute the liquidation estate to creditors whose claims have been verified.

(4) With the decision referred to in paragraph 3 of this Article, the assets remaining after the

liabilities to creditors have been satisfied is distributed between the shareholders of the insurance undertaking. The assets are distributed in proportion to the nominal amounts of stocks held, unless otherwise provided in the charter.

Reporting to the Ministry of Finance

Article 181

The liquidator shall file quarterly reports on the liquidation procedure with the Ministry of Finance.

Erasure of the insurance Undertaking

Article 182

(1) Following the completion of liquidation, the liquidator shall file an application for erasure of Ere Article 182

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Application of the Provisions of the Bankruptcy Law

Article 184

(1) Provisions of the Law on Trade Companies and the Bankruptcy Law shall apply to the liquidation procedure unless otherwise provided in this law.

(2) Provisions of the Bankruptcy Law regulating the previous procedure of determining the conditions for opening of a bankruptcy procedure, the management and disposal with assets which form the bankruptcy estate, the satisfaction of creditors in the bankruptcy procedure, the restructuring plan, the personal management, rel

3. the insurance undertaking is not capable of satisfying the due liabilities within 45 days from the date they fell due, as well as in cases of over indebtedness;
4. when conditions for initiation of a bankruptcy procedure specified in Article 183 of this law have been met.

Proposal for Initiation of Bankruptcy Procedure

Article 187

(1) The Ministry of Finance shall file with the competent court an application for the initiation of bankruptcy procedure on the first working day after the issuing of the decision on the establishment of the grounds for the initiation of a bankc oma b omhe iheo-18.12036 TD-.0011 TcD-ste in.1(u)a4

Assets Covering Mathematical Provisions Are Set Aside

Application of Provisions

Article 192

The provisions of this Subsection shall apply to life assurance and accident and health insurance to which probability tables and calculations similar to life assurances apply.

Termination of Insurance Contracts

Article 193

Thirty days after the initiation of bankruptcy proceedings against an insurance undertaking , the insurance contracts referred to in Article 192 of this Law shall be terminated.

Closing of the List of Claims and Liabilities

Article 194

(1) The bankruptcy trustee shall request that the curator close the list of investment of assets covering the mathematical provisions with the balance closing on the date of initiation of the bankruptcy procedure.

(2) Assets covering the mathematical provisions shall constitute a separate bankruptcy estate in the bankruptcy procedure.

(3) The level of claims arising from insurance contracts of Article 192 of this law and the level of assets covering the mathematical provisions shall be determined by the curatoivl08 T- 1 Th(n)5(e4(m)pn])1.5

Article 197

(1) In order to safeguard the interests of claimants referred to in paragraph 1 of Article 195 of this Law, the bankruptcy council shall, at the proposal of the Ministry of finance, appoint a curator by virtue of issuing a decision on the initiation of bankruptcy.

(2) A person fulfilling the conditions for appointment as a bankruptcy trustee and having adequate knowledge and experience in the field of insurance may be appointed as curator.

(3) A bankruptcy trustee shall ensure that the curator will have free access to the books of account and other records, as well as the documentation of the insurance undertaking , within the scope necessary for determining the level of assets covering mathematical provisions, the registration of claims of claimants and the exercising of other powers granted to the curator in compliance with this Law.

(4) The bankruptcy trustee shall obtain consent of the curator regarding management of assets covering mathematical provisions.

(5) The curator shall prepare a report on the registered claims by classes of insurance of Article 192 of this law and on the level of assets covering the mathematical provisions and deliver it to

(3) Where a claim is registered by both the curator and the claimant, the registration made by the claimant shall be taken into consideration and examined only in the part in which it exceeds the claim registered by the curator.

Assignment of Insurance Contracts

Article 199

(1) Where an insurance undertaking engaged in life insurance activities faces liquidation or bankruptcy, the Ministry of Finance shall undertake all relevant measures to ensure that insurance contracts and assets covering the mathematical reserves are assigned to other insurance undertakings, provided that the insurance undertakings in question are willing to assume the said insurance contracts and assets covering the mathematical provisions.

(2) In the event explained in paragraph 2 of this Article, obligations assumed in relation to the insurants shall not be subject to any change.

(3) Insurants shall form a committee for the purposes of adopting the Articles of incorporation and/or assignment of insurance contracts mentioned in paragraph 1 of this Article, which will be responsible for undertaking any preparatory activities necessary for the incorporation of a new

activities and stating the reasons for non-compliance. Evidence of the measures undertaken to discontinue the performance of these activities should be attached thereto.

(3) If the legal entity, the natural person or the representative office continue to acct in breach of the order explained in paragraph 1 of this Article, the minister of finance shall file an application for erasure of the said legal entity or natural person from the trade registry, while the Ministry of Economy shall initiate a procedure for erasure of the representative office from the registry of

(2) The statement referred to in paragraph 1 of this Article shall be delivered by the party concerned to the Ministry of Finance within 8 days from the receipt of the invitation.

(3) Following the expiry of the deadline mentioned in paragraph 2 of this Article, the party shall not have the right to present either new facts or new evidence.

Chapter 2

Supervision Procedure

1. General Provisions

Application of Provisions

Article 204

Provisions of this chapter shall apply to all the procedure of supervision carried out by the Ministry of Finance in accordance with the provisions of this law.

Party in the supervision Procedure

Article 205

(1) Party in the supervision procedure is a legal entity or a natural person subject to the supervision carried out by the Ministry of Finance (:hereinafter: subject to supervision).

(2) Party in the supervision procedure of the insurance undertaking is the managing body of the insurance undertaking.

Authorized Individuals

Article 206

(1) Supervision of the subject to supervision is carried out by individuals authorized by the Minister of Finance to carry out the supervision (hereinafter: supervisors form the Ministry of Finance).

(2) The Minister of Finance may authorize an auditor or some other qualified individuals to carry out some parts of the supervision.

(3) Authorized individuals mentioned in paragraph 2 of this Article carry the same authorizations

from Article 207 to 209 of this law as the supervisors from the Ministry of Finance for the part of which they are in charge.

On site Supervision

Article 207

(1) The subject to supervision shall provide the supervisors from the ministry of finance with the conditions required for the carrying out of the on site supervision of activities in the main office of the subject to supervision and in other locations in which the subject to supervision or entities authorized by the subject to supervision perform activities in relation to which the Ministry of Finance carries out the supervision.

(2) Supervisors from the Ministry of Finance may also carry out on site supervision of legal entities related to the subject to supervision if it is required for the purposes of completing the supervision.

(3) The subject to supervision is obliged to provide the supervisors of the Ministry of Finance to examine the books of account, business documents, administrative and other business evidence.

(4) The subject to supervision is obliged to provide the supervisors from the Ministry of Finance copies of the documentation referred to in paragraph 3 of this Article.

Reports and Information

Article 208

(1) During the supervision the supervisors from the Ministry of Finance may request from the subject to supervision reports and information on all matters pertinent to the assessment as to whether the activities of the entity supervised are in compliance with the provisions of this law.

(2) Supervisors from the Ministry of Finance may request the information and reports referred to in paragraph 1 of this Article from the members of the managing body and from the employees.

(3) Supervisors from the Ministry of Finance may request from the individuals identified in paragraph 2 of this Article to produce a written report on matters referred to in paragraph 1 of this Article with a 3 days deadline.

Method of Carrying out On Site Supervision

Article 209

The Minister of Finance shall prescribe in details the basic procedures and the rules of carrying out on site supervision.

Supervision Measures

Article 210

(2) If the objection is filed within the deadline referred to in paragraph 1 of this Article, the deadline for elimination of violations given in the order will be extended for the period of time covering the filing of the objection to the issuing a decision with reference to the objection.

(3) Notwithstanding paragraph 2 of this Article and in cases when due to the nature of violation the enforcement of the order cannot be postponed, the Minister of Finance may state in the order for elimination of violations that the objection does not delay the enforcement of the order.

(4)The Minister of Finance shall issue a decision in response to the objection referred to in paragraph 1 of this Article within 15 days from the date of receipt of the objection.

Grounds for Objection

Issuing a Decision on the Objection

Article 216

(1) The Minister of Finance shall decide on the objection referred to in paragraph 1 of Article 213 of this law by issuing a decision.

(2) The Minister of Finance decides on the objection only on the basis of facts and evidence attached thereto.

(3) With the decision of paragraph 1 of this Article the minister of finance may refuse or reject the objection, alter the order or annul the order.

(4) The Minister of Finance may reject the objection if there are no legal grounds therefore.

(5) The Minister of Finance shall reject the objection if:

1. it does not contain the documentation of paragraph 1 Article 215 of this law;
2.

(2) The decision referred to in paragraph 1 of this Article may be appealed with the Commission of the Government of the Republic of Macedonia within 8 days of delivery of the decision.

(3) The commission of the Government of the Republic of Macedonia shall, with a decision, decide on the appeal within 30 days from the date of receipt of the appeal.

(4) The appeal referred to in paragraph 2 of this Article shall not have an effect of delaying the enforcement of the decision to revoke the license.

(5) The Ministry of Finance shall publish the revocation of license in a minimum of one daily newspaper within 7 days from the date of effectiveness of the decision.

4. Withdrawal of Consent

Decision to Withdraw Consent

Article 218

(1) The Minister of Finance shall issue a decision to withdraw consent (hereinafter; decision to withdraw consent).

(2) The decision referred to in paragraph 1 of this Article may be appealed with the Commission of the Government of the Republic of Macedonia within 8 days of delivery of the decision.

(3) The commission of the Government of the Republic of Macedonia shall, with a decision, decide on the appeal within 30 days from the date of receipt of the appeal.

(4) The appeal referred to in paragraph 2 of this Article shall not have an effect of delaying the enforcement of the decision to withdraw consent.

Chapter 3
Procedure for Adopting a Decision to Grant License or Consent

Application of Provisions

Article 219

The provisions of this Chapter shall apply to the procedure of adopting decisions regarding the granting of a license or consent in addition to the general provisions for the procedure for adopting decisions by the Ministry of Finance.

Fee for the Adoption of a Decision

Article 220

For the adoption of a decision regarding the granting of a license or consent, the applicants must pay the fee stipulated in the Decision for determination of the fee for conducting insurance supervision of the Ministry of Finance for supervision of insurance.

Parties to the procedure

Article 221

(1) A party to the procedure shall be the applicant for license or consent (hereinafter: applicant).

(2) A party to the procedure shall also be a person whose legal interest might be affected by the decision of the Ministry of Finance, if it declares its participation in the procedure in writing.

(3) Each party shall bear their own costs relating to the procedure.

Initiation of the Procedure

Article 222

(1) The procedure shall be initiated upon the filing of an application for license or consent (hereinafter: application).

(2) The application referred to in paragraph 1 of this Article is filed with the Ministry of Finance.

(3) The Minister of Finance issues a decision to either grant the license or consent or refuse the application.

(4) The decision to refuse the application may be appealed with the Commission of the Government of the Republic of Macedonia within 8 days of delivery of the decision.

(5) The commission of the Government of the Republic of Macedonia shall, with a decision,

decide on the appeal referred to in paragraph 4 of this Article within 30 days from the date of receipt of the appeal.

Procedural Assumptions for the Adoption of Decisions

Article 223

(1) In the procedure of the preliminary testing of the application, the Ministry of Finance shall test whether the procedural preconditions for the adoption of decisions in the matter have been fulfilled:

1. whether the application was filed by an authorized person;

INSURANCE AND REINSURANCE POOLS
Insurance and Reinsurance Pools

Article 226

(1) Two or more insurance companies may found an insurance or reinsurance pool in order to perform insurance and reinsurance business covering the risks of large scale damages.

(2) Provisions of the Law on Trade companies regarding commercial interest associations (*cooperatives)* shall apply to insurance or reinsurance pools, unless otherwise provided in this Law.

(3) Provisions of the chapter 3 to 9 and Chapter 11, excluding the provision of paragraph 1 of Article 125 of this Law, shall apply to an insurance or reinsurance pool, as appropriate.

SECTION FOURTEEN
NATIONAL INSURANCE BUREAU

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National Insurance Bureau
Article 227

(1) Insurance companies shall make an agreement to establish the National Insurance Bureau (hereinafter: Bureau).

(2) The Bureau referred to in paragraph 1 of this Article shall be established by a minimum of two insurance undertakings referred to in Article 13 of this law.

(3) The Bureau shall become legal entity upon entry in the Trade Registry.

Activities of the Bureau

Article 228

(1) The Bureau shall perform the following activities:

1. conduct activities assumed under adopted international agreements on insuring the civil liability of owners of motor vehicles (Green Card) and represent insurance companies in international organizations of insurance companies;
2. issue and print international green cards for the needs of members;
3. set the level of additional premium for issuance of green cards;

4. perform tasks relating to the guarantee fund;
5. adopt insurance statistical standards;
6. performs tasks which are of genera

(6) Provisions of Article 38, Article 102 paragraph 1 and Section 7 and 11 of this Law shall apply, as appropriate, for the performance of the activities of the Bureau referred to in indent 5 of paragraph 1 of this Article .

Agreement on Establishment of the Bureau

Article 229

(1) The agreement for establishment of the Bureau shall determine:

1) its activities;
2) method of financing;
3) organizational structure;
4) management and decision making;
5) general rules;
6) acceptance of new members;
7) withdrawal and expulsion of members;
8) manner of calculating and mutual reconciliation of damages described in Article 228 paragraph 2 of this law;
9) other issues of interest to the Bureau and its members.

(2) The approval of the agreement described in paragraph (1) of this Article is obligatory by Ministry of Finance.

Expulsion of a Member from the Bureau

Article 230

(1) Where a member of the Bureau fails to meet the obligations for financing and other obligations stipulated in the Establishment Agreement, as well as obligations assumed by the Bureau with respect to its membership in international associations of insurers, or stipulated in international agreements, the Bureau shall set a deadline for the satisfaction of obligations which may not be longer than 30 days and inform the ministry of finance thereof.

(2) If a member of the association fails to meet the obligations within the deadline specified in paragraph 1 of this Article, the Bureau, with a previous consent given by the Ministry of Finance, shall expel the insurance undertaking from the association and withdraw the consent granting the insurance undertaking the authorization to issue green cards.

Supervision of the Bureau

Article 231

The Ministry of Finance shall supervise the activities of the Bureau.

SECTION FIFTEEN

well as branches and direct performance of insurance activities by insurance undertakings from member countries in the Republic of Macedonia;

4. branches performing insurance activities in foreign countries and branches of foreign insurance undertakings ac

Informing the European Commission on Relations with Foreign Countries

Article 235

(1) The Ministry of Finance shall inform the European commission on:

1. license granted to an insurance undertaking of which the direct or indirect controlling company is a legal entity with a main office in a foreign country;
2. consent granted for acquisition of qualifying stakes on the basis of which a foreign legal entity assumes a status of a controlling company of the respective insurance undertaking.

(2) The Ministry of Finance shall inform the European Commission on any significant obstacles faced by the insurance undertaking active in the insurance business in foreign countries.

(3) If the European Commission adopts a decision that the relevant supervisory bodies of member countries should stop or suspend adoption of decisions referring to entities from certain foreign countries, the Ministry of Finance shall issue the decision to suspend the procedure for a period of up to three months, if the decisions in procedure pertain to:

1. application for license to carry on insurance activities by an insurance undertaking the direct or indirect controlling company of which is a legal entity with their main office in a foreign country to which the decision issued by the European commission refers;
2. application for consent to acquire qualifying stakes on the basis of which a foreign legal entity with their main office in a foreign country to which the decision issued by the European commission refers assumes the status of a controlling company of the said insurance undertaking.

(4) During the period of suspension referred to in paragraph 3 of this Article, there is a freeze on the period allowed for the adoption of the decision referred to in paragraph 1 and 2 of Article 224 of this law.

(5) If the European commission adopts a decision to extend the stoppage or suspension of procedures referred to in paragraph 3 of this Article, the ministry of finance shall issue a decision to extend the period of suspension of the procedure referred to in paragraph 3 of this Article as advised in the decision issued by the European commission.

(6) Measures explained in paragraph 3 and 5 of this Article shall not apply if:

1. incorporation of an insurance undertaking as a controlled company which at the moment of issuance of the decision specified in paragraph 3 and 5 of this Article holds a license to carry on insurance activities in a member country, or a controlled company of the said insurance undertaking;
2. acquisition of qualifying stakes by an insurance undertaking which at the moment of issuance of the decision specified in paragraph 3 and 5 of this Article holds a license to carry on insurance activities in a member country, or by a controlled company of the said insurance undertaking;

(7) The Ministry of Finance shall, in response to a request made European commission, inform the European commission about the application of paragraph 1 of this Article, where a foreign legal entity assumes the status of a controlling company of an insurance undertaking, so as to ensure that those facts pertinent to the issuing of the decision referred to in paragraph 3 and 5 of this Article are ascertained.

SECTION SIXTEEN

PENAL PROVISIONS

Major Violations by Insurance Undertakings

Article 236

(1) A fine of between MKD 250.000,00 and 300.000,00 shall be imposed on an insurance undertaking for an offence:

1. if it performs activities in contravention of Article 3, 4 and 6 of this law;
2. if it performs insurance businesses with regard to classes of insurance without a license from the Ministry of Finance as required by paragraph 1 of Article 33 of this law;
3. if within 30 days from the day of the entry in the trade registry, does not transfer the assets of the stockholders in nonmaterial form on the account of the organizational fund into the possession of the insurance undertaking as required by paragraph 3 of Article 36 of this law;
4. if it does not prepare a plan of operations and does not submit it to the Ministry of Finance as required by Article 38 paragraph 4 of this law;
5. if it begins performing insurance activities in a Member State in contravention of Article 54 of this law;

6. if it establishes a branch in a foreign country without a license from the Ministry of Finance as required by paragraph 2 of Article 58);
7. if it does not make a report to the Ministry of Finance as required by Article 104 of this law;
8. if it fails to set aside assets covering technical provisions as required by Article 80 of this law and fails to invest the assets covering the technical provisions in line with Articles 86 to 89 of this law and the relevant secondary legislation;
9. if it fails to set aside assets covering mathematical provisions, or if it fails to manage assets covering mathematical provisions in compliance with Articles 90 to 98 of this Law, or secondary legislation issued on the basis thereof;
10. if it fails to reinsure the liabilities as required by Article 99 of this law;
11. if it fails to maintain the required level of margin of solvency as required by Articles 75 and 76 of this law;
12. fails to form safety reserves in accordance with Article 77 of this law;
13. if it fails to maintain the value of the share capital in accordance with Article 15 paragraph 6 of this law;
14. if it makes changes without obtaining the consent a specified in Article 66 of this law;
15.

Article 237

(1) A pecuniary fine of between MKD 150.000,00 and 250.000,00 shall be imposed on an insurance undertaking for an offence:

1. if it fails to submit the annual account to the Ministry of Finance in compliance with the Article 120 paragraph 1 of this Law;
2. if it fails to ensure an audit of their financial statements and annual accounts and fails to submit the said reports to the Ministry of Finance within the deadline given in Article 129 of this law;
5. if it operates contrary to the provisions of Articles 49 to 52 of this Law;

(2) The responsible person of an insurance company who has committed an offence paragraph 1 of this Article shall be fined between MKD 45.000,00 and 50.000,00.

(3) In addition to the pecuniary fine for violations listed in paragraph 1 of this Article, a one ban to perform the function of a responsible person will be imposed.

Violations by a Management or Supervisory Board Member

Article 238

(1) A fine of between MKD 45.000,00 and 50.000,00 shall be imposed on a member of the

position of responsibility in an insurance brokerage for an offence of paragraph 1 of this Article:

(3) A fine of between SIT 45.000,00 and 50.000,00 shall be imposed on the insurance broker for an offence:

1. if s/he operates contrary to the provisions of Articles 49 to 52 of this Law;
2. if s/he operates contrary to provisions of Article 135 or Article 144 of this Law.

Violations by Other Parties

Article 240

Violations by Certified Actuaries

Article 242

A fine of between MKD 250.000,00 and 300.000,00 shall be imposed on a certified actuary for a violation if he/she fails to notify the Ministry of Finance at once of the circumstances defined in Article 116 paragraph 8 of this Law.

Violations with Regard to the Protection of Confidential Data

Article 243

(1) A fine of between MKD 250.000,00 and 300.000,00 shall be imposed on an insurance undertaking which has violated the obligation to maintain confidential data referred to in Article 108 of this Law.

(2) A fine of between MKD 250.000,00 and 300.000,00 shall be imposed on the responsible person of an insurance company who commits an offence defined in the paragraph 1 of this Article .

(3) A fine of between MKD 45.000,00 and 50.000,00 shall be imposed on an individual for an

(2) Any material gains acquired through the committal of the criminal act referred to in paragraph 1 of this Article shall be forfeited.

SECTION SEVENTEEN

TRANSITIONAL AND FINAL PROVISIONS

Compliance of Insurance Undertakings

Article 245

(1) The existing insurance undertakings must bring their organizations, incorporating acts and their business policy acts, as well as documents, in compliance with the provisions of this law within 6 months from the date on which this law comes into force.

(2) Insurance undertakings mentioned in paragraph 1 of this law shall submit a report on compliance to the Ministry of Finance immediately after they have brought their operations in compliance, which report shall contain:

1. the charter of the insurance undertaking brought incompliance with this law;
2. the Articles of incorporation of the insurance undertaking;
3. the business policy documents of the insurance undertaking;
4. plan of operations;
5. structure of shareholders as in the Central Securities Registry;
6. description of the organization of the internal audit and rules of operation of the internal audit;
7. other documentation required to bring the insurance undertaking in compliance with this law.

(3) Insurance undertakings referred to in paragraph 1 of this law shall within a six months deadline from the date this law takes effect ensure that the members of the managing board receive the consent from the Ministry of Finance to perform the function member of the managing body.

(4) Without prejudice to paragraph 3 of this Article, the person who, on the date on which this law comes into force, is performing the function of a member of the managing body of the insurance undertaking and who has been performing the function for a minimum of four years prior to the entry into force of this law, shall be deemed to have received the consent to perform the function of a member of the managing body of the insurance undertaking on the day this law

comes into force.

(5) Notwithstanding paragraph 1 of

3. calculate separately the capital and the required level of margin of solvency for life and non-life insurance.

Compliance of the National Insurance Bureau

Article 247

National Insurance Bureau is obliged to comply its organization and its activities with the provisions of this Law within 6 months of the day of the entry into force of this law and to submit a written notification of the compliance to the Ministry of Finance.

Certified Actuaries

Article 248

With regard to persons who, prior to the entry into force of this Law, have obtained the title of

Article 251

(1) The provisions of Article 16 paragraph 1, Article 73 of this law shall be in force until the commencement of stage two of the implementation of the Agreement on Stabilization and

Republic of Macedonia;

8. Article 233 paragraph 3 indent 3 pertaining to the provision of information to supervisory bodies from member countries.

Entering into Force

Article 252

This Law shall enter into force on the eighth day after its publication in the “Official Gazette of the Republic of Macedonia”.